



2010
annual report

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VISION

Build a long-term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance

MISSION

- Long Term Sustainable Growth—diversified business with robust risk management
- Financial Inclusion—bring unbanked population into banking network through low cost and technology based service delivery
- Accountable to all stakeholders—customers, shareholders, employees & regulators
- Highest level of compliance and transparency at all levels of operation



VALUES



This is how we **Grow**

GENERAL MEETING





Registered Office : Peoples Insurance Bhaban
36, Dilkusha C/A- Dhaka-1000, Bangladesh

12Zg ewil R̄ mvavi Y mfvi weÁwB

GZØvi v weÁwB cØ vb Kiv hv`Q th, UØ ÷ e`vsK wj wgtUW-Gi 12Zg ewil R̄ mvavi Y mfvi wbtb³ vel qvej x m`úv` bKtí 7 Rb 2011, g½j evi mKvj 11Uvq Mj d MvWØ, AvwqMj d Kve, Gqvi tcvU⁹i vW, XvKv tmbwbevm, XvKvq AbyØZ nte |

KvhmPx

mvavi Y KvhmPx:

1. 31 wWtm[†] 2010 Zwi tL mgvB eQti i cwi Pvj Ke[†] i cØZte`b Ges tKv`úvbx i wbi w[†] Z Awl_ R̄ weei Yx I wbi w[†] tKi cØZte`b wetePbv I MØY |
2. cwi Pvj bv cl[†] i mpcwi kµtg 31 wWtm[†] 2010 Zwi tL mgvB eQti i Rb` j f`vsk tNvi Yv |
3. cwi Pvj Ke[†] i cptubePb |
4. wbi w[†] K wbtqvM Ges Zwt` i cwi kitgK wba[†] Y |

wetkl KvhmPx:

5. 1984 m[†]bi AvqKi Aa`vt` tki aviv 29 Gi Dcaviv (5) Gi weavb Abyv[†] 2011 m[†]b e`vstKi tgvU Avtqi AbwaK 5% t`úkvj wi Rv[†] dvt[†] Ú`vbrš[†] |
6. cwi Pvj K cl[†] i mpcwi kµtg Ges wmkDwi wR GÜ G- tPÁ Kvgktbi m`úvZ mvtc[†] 100 UvKv wclgqvq mn cØZw 200 UvKv g[†] cØZ 5wU tkqv[†] i weci[†] Z 1wU ivBU tkqv[†] Bmji wclq wetePbv Ges wmxvS-MØY |

cwi Pvj bv cl[†] i Av[†] kµtg
-vt/
tKv`úvbx miPe

Zwi L: 5 tg 2011

`be`:

- K) m`m`eww/wCwRUwi ti wR ÷ vt[†] Øti KW[†] WUØ A_ 4 Gic[†] 2011 Zwi tL th mKj m`tm`i bvg AS[†] wj , Zwi v ewil R̄ mvavi Y mfvg thw[†] vbi I j f`vsk cØBi thw[†] nteb |
- L) e`vstKi eZ[†] wbi w[†] K tgmvm[†] hv[†] j v` vi BDbjn GÜ tKvs, PvU[†] GKvD[†] U`vUm, ci ci wZb eØi wbi w[†] K wntmte` wqZ[†] cvj b Kti tQb | evsj vt` k e`vstKi mskøØ wewa tgvZvteK Zv[†] v cptub[†] qvtMi thw[†] b[†]nb | D[†] t[†] Z mfvg GKRB bZb wbi w[†] K tK wbtqvM Ki tZ nte | AvMØx PvU[†] GKvD[†] U`vU dvg`mgatK 15 tg 2011 Zwi tLi g[†] Zvt` i cØve Rgv t` qvi Rb` Av[†] v[†] Kiv nt`Q |
- M) mvavi Y mfvg thw[†] vb I t[†] vU` v[†] bi thw[†] GKRB m`m` Zwi cwi etZ[†] thw[†] vb I t[†] vU` v[†] bi Rb` GKRB cØ wbtqvM w` tZ cvi t[†]eb |
- N) mwKfvte c[†] YKZ I 10 (`k) UvKv WvKgmj h[†] ØcØ digØ tKv`úvbx ti wR ÷ w[†] Awd[†] m ewil R̄ mvavi Y mfvi b`bZg 48 NÈv c[†] eRgv w` tZ nte |
- O) tKv`úvbx GKRB Kt[†] c[†] i U tkqv[†] t[†] vi Zvi cwi Pvj bv cl[†] i wmxvS[†] t[†]g th[†] Kvb e`w[†] tK cØZw[†] wntmte` ewil R̄ mvavi Y mfvg thw[†] vb I t[†] vU` v[†] bi t[†] gZv cØ vb Ki tZ cvi t[†]eb | D[†] wmxvS[†] t[†] Ab[†] w[†] ewil R̄ mvavi Y mfvi b`bZg 72 NÈv c[†] e tKv`úvbx ti wR ÷ w[†] Awd[†] m Rgv w` tZ nte |
- P) ewil R̄ mvavi Y mfvg thw[†] vbi Rb` m`m`MY/cØ MY[†] K ewil R̄ cØZte` t[†] bi m[†] t[†] cØi Z ØDcw` wZ c[†] TØ mwKfvte c[†] Y Kti mvt`_ Avb[†] tZ nte |
- Q) m`m`MY/cØ MY[†] K 7 Rb 2011 Zwi tL mgqgZ Zwt` i Dcw` wZ wj wce[†] Kivi Rb` Ab[†] i va Kiv hv`Q | tejv 10Uvi ci tKvb Dcw` wZ wj wce[†] Kiv nte bv |
- R) hw` tKvb m`m` WvK[†] th[†] t[†] cØi Z ewil R̄ cØZte`b bv t[†] c[†] t[†] v[†] K[†] b, Zte D[†] ewil R̄ cØZte`b 30 tg 2011 Gi g[†] t[†] tKv`úvbx ti wR ÷ w[†] Awd[†] m t[†] t[†] K m[†] MØh Ki tZ cvi t[†]eb | ewil R̄ mvavi Y mfvi t[†] t[†] Kvb ewil R̄ cØZte`b weZiY Kiv nte bv |
- T) m`m`MY[†] K Zwt` i e`vsk GKvD[†] U Ges wKv[†] v[†] i th[†] K[†] t[†] bv cwi eZ[†] Zwt` i wR wR wCwRUwi cwi w[†] t[†] c[†] U (w[†] w[†]) Gi gra[†] t[†]g nvj bv Mv` Kivi Rb` Ab[†] i va Kiv hv`Q |



Registered Office : Peoples Insurance Bhaban
36, Dilkusha C/A- Dhaka-1000, Bangladesh

NOTICE OF THE 12TH ANNUAL GENERAL MEETING

Notice is hereby given to the effect that the 12th Annual General Meeting of the Members of Trust Bank Limited will be held on 07 June 2011 at 11.00 am at Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka to transact the following items of business and adopt necessary resolutions thereof:

AGENDA

Ordinary business:

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended on 31 December 2010 and the Balance Sheet as at that date together with the Reports of Directors and the Auditors thereon;
2. To declare dividend as recommended by the Board of Directors;
3. To re-elect Directors in accordance with the provisions of the Articles of Association of the Company;
4. To appoint Auditors of the Company for the term until conclusion of the next Annual General Meeting and to fix their remuneration.

Special business:

5. To transfer an amount not exceeding 5% of total income (as defined in Income Tax Ordinance, 1984) of financial year 2010 to Special Reserve Fund in accordance with Sub-section (v) of Section 29 of Income Tax Ordinance, 1984.
6. Consideration of issuance of 1 (one) right share for every 5 (five) shares held at a price of Tk.200/- (including a premium of Tk. 100/- each), as recommended by the Board of Directors subject to consent of Securities and Exchange Commission.
7. To transact any other business with the permission of the Chair.

By order of the Board of Directors
Sd/
Company Secretary

Dated: 05 May 2011

Notes:

- a) The Members, whose names appeared in the Register of Members of the Company or in the Depository on the Record Date (04 April 2011) will be eligible to attend AGM and receive bonus shares.
- b) Existing Auditors M/s Howladar Yunus & Co. Chartered Accountants 67, Dilkusha C/A (2nd floor) Dhaka-1000 has completed 3 years since their appointment and hence they are not eligible for re-appointment. Shareholders will be required to appoint new Auditors in the 12th AGM. Interested Chartered Accountant firms are advised to submit their proposal on or before 15 May 2011.
- c) Any Member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf.
- d) The instrument appointing a proxy duly signed by the Member and stamped (of Tk. 10/-) must be submitted at the Registered Office of the Company at least 48 (forty-eight) hours before the meeting.
- e) A corporate member of the Company may nominate, by virtue of a decision of its Board of Directors, any person to attend and vote at the AGM. Such decision must be submitted at the registered office of the Company at least 72 hours before the AGM;
- f) Admission into the venue of the meeting will be allowed on production of attendance slip attached with the proxy form.
- g) Members are requested to register themselves for attending the meeting in time and the registration counters will close at 10.00 a.m.
- h) In case of non-receipt of Annual Report sent via courier service, Members may collect the same from the Company's registered office within 30 May 2011. No annual report will be distributed at the AGM venue.
- i) Members are advised to update change of address and bank account (if any) through their respective Depository Participants.

CORPORATE INFORMATION



Registered Name of the Company

Trust Bank limited

Legal Form

The company was incorporated on 17 June 1999 under the Companies Act 1994 as a public company limited by shares for carrying out all kinds of banking activities.

Registration Number & Date	C-37960 (2260)/99, 17 June 1999
Sponsor Shareholders	Army Welfare Trust
Certificate of Incorporation Received on	17 June 1999
Certificate of Commencement of Business Received on	17 June 1999
Banking Licenses Received on	15 July 1999
First Branch Licenses Received on	9 August 1999
Formal Inauguration on	29 November 1999
Corporate Web Site	www.trustbank.com.bd
Email	info@trustbanklimited.com

Initial Public Offering

Publication of Prospectus	17 May 2007
Subscription Opening	15 July 2007
Subscription Closing	19 July 2007
Listed With Dhaka Stock Exchange (DSE) on	25 September 2007
Listed with Chittagong Stock Exchange (CSE) on	24 September 2007
Commencement of Trading of Shares at DSE	01 October 2007
Commencement of Trading at CSE	01 October 2007

Company Secretary

Mr. Farhad Uddin

Auditors

Howlader Yunus & Co., Chartered Accountants
67 Dilkusha C/A, Dhaka-1000

Tax Consultant

M/S ADN Associates
Kaizuddin Tower (8th floor), 47 Bijoy Nagar, Dhaka-1000

Registered Office & Head Office

Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka-1000
Tel: 9570261, 9570263, 9572012-3, Fax: 880-2-9572315

Financials at a Glance

Results for the year December 31st	2009	2010	
Return on Average Assets (%)	1.13%	2.27%	
Return on Average Shareholders Fund (%)	17.59%	29.04%	
Cost/Income Ratio (%)	44.95%	37.48%	
Capital Adequacy	2009	2010	
Tier I capital Ratio (%)	10.91%	7.69%	
Tier II capital (%)	1.75%	1.37%	
Total capital (Tier I & II) (%)	12.66%	9.06%	
			Taka in Million
Results for the year	2009	2010	% Changes
Income			
Profit Before Income Tax	1,150.57	2,140.36	86.03%
Income Tax	539.66	865.58	60.39%
Profit After Income Tax	610.91	1,274.78	108.67%
Profit Available After Appropriation	1.10	846.70	76872.73%
			Taka in Million
At The Year End	2009	2010	% Changes
Shareholders Fund	3,754.87	5,025.36	33.84%
Total Deposits	48,464.64	50,413.29	4.02%
Total Loans And Advances	32,663.11	39,799.92	21.85%
Total Assets	54,206.65	58,276.33	7.51%
			Taka at Actual
Information Per Ordinary Share	2009	2010	% Changes
Earnings (BDT)	33.06	57.48	73.87%
Dividends-Bonus	20.00	20.00	0.00%
Net Asset Value	203.19	226.61	11.53%
Ratios	2009	2010	% Changes
Return on Average Equity (%)	17.59%	29.04%	65%
Liquidity Ratio (%)			
Capital Adequacy (%) Basel II	12.66%	9.06%	-28%

TBL Market Share Information

TBL Share transaction information – DSE

SI	Month	High (Taka)	Low (Taka)	Volume
1	January	458.50	405.50	18,33,500
2	February	517.00	416.00	37,43,450
3	March	443.00	380.00	11,91,750
4	April	399.00	330.00	9,78,650
5	May	475.00	345.00	48,39,150
6	June	560.00	415.25	67,02,900
7	July	560.00	498.25	68,50,750
8	August	546.00	495.00	29,78,250
9	September	547.00	513.00	25,86,300
10	October	689.00	536.00	69,73,750
11	November	750.00	660.00	59,19,850
12	December	845.00	612.00	39,66,450

TBL Share transaction information - CSE

SI	Month	High (Taka)	Low (Taka)	Volume
1	January	457	408	202,881
2	February	514	418	417,248
3	March	440	380	144,949
4	April	398	300	154,028
5	May	474	348	519,947
6	June	560	416	530,161
7	July	570	497	472,183
8	August	546	500	202,047
9	September	548	513	168,448
10	October	690	535	461,065
11	November	750	570	430,829
12	December	840	602	337,278

LAST 5 YEARS' GROWTH



Particulars	2010	2009	2008	2007	2006	2005
Operating Results						
Taka in million						
Total Operating Income	3,643.05	2,467.67	2,006.11	1,328.66	844.19	511.46
Total Operating Expense	1,365.39	1,109.31	753.67	474.95	297.29	215.19
Operating Profit	2,277.66	1,358.35	1,252.44	853.71	546.90	296.27
Provision For Loans, Investment and Other	137.30	207.78	262.97	273.94	39.20	69.98
Profit Before Tax	2,140.36	1,150.57	989.47	579.77	507.70	226.29
Profit After Tax	1,274.78	610.91	463.05	239.03	263.16	121.29
Financial Positions						
Authorized Capital	5,000.00	5,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Paid-Up Capital	2,217.61	1,848.00	1,540.00	1,166.67	500.00	500.00
Total Shareholders' Equity	5,025.36	3,754.87	3,119.65	2,154.29	1,155.00	991.97
Deposits	50,413.29	48,464.64	32,919.76	27,101.59	18,985.95	12,704.90
Loans And Advances	39,799.92	32,663.11	27,528.08	18,682.16	13,188.09	9,738.32
Total Liabilities	53,250.98	50,451.78	35,355.99	28,227.93	19,905.77	13,790.18
Investments	8,559.94	8,705.61	4,962.66	3,785.45	3,122.81	2,447.95
Fixed Assets	413.12	381.92	342.39	194.22	146.05	110.62
Earning Assets	47,433.50	48,845.47	34,475.64	27,636.29	18,608.06	13,708.73
Total Assets	58,276.33	54,206.65	38,475.64	30,382.22	21,060.77	14,782.15
Other Business						
Import	35,310.60	23,680.00	16,660.98	13,816.16	11,483.00	9,746.00
Export	20,331.00	12,770.00	6,078.79	3,980.87	2,884.00	2,911.00
Foreign Remittance	9,247.00	8,669.00	5,788.87	2,532.98	765.00	535.20
Guarantee Issued	4,783.19	1,527.64	847.70	1,114.84	726.51	1,627.29
Capital Measures						
SOLO Basis						
Total Risk Weighted Assets	64,104.60	33,297.68	27,362.42	19,573.21	14,075.99	8,925.76
Core Capital (Tier-I)	4,926.74	3,632.30	3,045.37	2,092.89	1,155.00	991.97
Supplementary Capital (Tier-II)	878.20	583.68	459.07	297.73	155.95	123.10
Total Capital	5,804.94	4,215.98	3,504.44	2,390.62	1,310.95	1,115.07
Tier-I Capital Ratio	7.69%	10.91%	11.13%	10.69%	8.21%	11.11%
Tier-II Capital Ratio	1.37%	1.75%	1.68%	1.52%	1.11%	1.38%
Total Capital Ratio	9.06%	12.66%	12.81%	12.21%	9.32%	12.49%
Credit Quality						
Non-Performing Loans	960.02	860.72	693.28	506.65	174.37	128.97
% Non-Performing Loans	2.41%	2.65%	2.52%	2.71%	1.32%	1.32%
Share Information						
Market Price Per Share	753.25	434.00	445.00	929.25	-	-
Earning Per Share	57.48	33.06	31.96	28.37	52.63	24.26
Price Earning Ratio	7.63	7.62	13.92	32.75	-	-
Net Asset Per Share	226.61	203.19	202.57	184.60	231.00	198.39
Other Information						
Cost Income Ratio	37.48%	44.95%	37.57%	35.75%	35.22%	42.07%
Return on Average Equity	29.04%	17.59%	17.56%	14.45%	24.51%	13.02%
Return on Average Assets	2.27%	1.32%	1.20%	0.79%	1.24%	0.82%
No of Branches	52	42	37	31	26	18
No of SME/AGRI Branches	7	4	-	-	-	-
No of Foreign Correspondent	24	24	23	19	19	15

BOARD OF DIRECTORS





General Md Abdul Mubeen, ndc, psc
Chairman



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc
Vice Chairman



Brig Gen Md Nazrul Hasan
Director



Brig Gen K A R M Mostafa Kamal, ndc, psc
Director



Brig Gen Tushar Kanti Chakma, ndc, psc
Director



Begum Rokeya Din
Director



Mr. Helal Uddin Ahmed
Director



Brig Gen Md Imamul Huda, psc
Director



Mr. M Shah Alam Sarwar
Managing Director

COMMITTEES





Executive Committee Members

1. Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc, Vice Chairman, TBL and Chairman, EC
2. Brig Gen K A R M Mostafa Kamal, ndc, psc, Director, TBL and Member, EC
3. Brig Gen Tushar Kanti Chakma, ndc, psc, Director, TBL and Member, EC
4. Begum Rokeya Din, Director, TBL and Member, EC
5. Mr. M Shah Alam Sarwar, Managing Director, TBL and Member, EC

Audit Committee Members

1. Brig Gen Md Nazrul Hasan
Director, TBL and Convener, Audit Committee
2. Brig Gen K A R M Mostafa Kamal, ndc, psc
Director, TBL and Member, Audit Committee
3. Mr. Helal Uddin Ahmed
Director, TBL and Member, Audit Committee





CHAIRMAN'S MESSAGE

Dear Shareholders,

Time has come round again to invite you to the annual general meeting of your bank. This year we are holding 12th AGM of the Bank. As envisaged last year, I am happy to present a much better picture of the Bank for the year 2010 compared to previous years. All the performance indicators registered a significant increase in 2010. You will get a complete picture of our performance in 2010 from the Directors' Report. I would like to congratulate the employees of all levels for their persistent effort to take the Bank to a newer height everyday.

As envisaged last year, I am happy to present a better picture of the Bank for the year 2010 compared to previous years. All performance indicators registered a significant improvement in 2010. You will get a complete picture of our performance in 2010 from the Directors' Report. In this regard, I would like to congratulate the employees of all levels for persistent and concerted effort to take the Bank to a newer height everyday and you for your seamless and healthy partnership with the Bank.

During the year under review, our focus and strategy was concentrated on sustainable growth of business, improving the quality of assets, rationalizing the cost of operation, improving operational efficiency and productivity of resources, expansion of branches and ATMs, offering new retail and SME products and thus, finally, strengthening overall performance. All our products and services combined with our strategies produced a better result for us which will be evident from the financials.

We have opened 13 branches and SME/Krishi branches during the year under review and total number of branches now total number stands at 59. Moreover, 15 ATM booths were opened during the year, bringing the total number to 25. To prove our strong presence throughout the country, we have planned to open 41 more branches and 35 ATMs in 2011. We have built capacity in SME and Retail and we introduced many products with a view to assisting SME and Retail Clients. You will also be happy to find from the Directors' Report that we achieved healthy growth in deposits and advances. The Bank continued to expand loan portfolio without compromising on the quality.

Your bank has achieved all operating successes by maintaining resilience form various risks. This is evident from recent acute liquidity crisis in financial system in the country. Your Bank has maintained its resilience and remained immune from the crisis. Strong strategic fund management and full compliance with all regulatory guidelines yielded this resilience. We place utmost importance on managing credit risk and operation risk.

Dear Partners in Progress,

I now would like to bring light on our future commitments. We have adopted a vision for the Bank that is 'A Bank for Financial Inclusion'. We want to touch the life of maximum number of people with financial services. This will ensure a deep-rooted place of the Bank among mass people which will ultimately yield sustainable foundation for us.

With this end in view, we have already chalked out a 5-year plan for the Bank and started implementing it from 2011 containing action path 'Build long term capacity within 2012 and achieve higher trajectory of growth from 2013 onward'. The roll out plan evolves around realizing three key objectives such as achieve long term sustainable growth, build capacity for financial inclusion, and remain accountable to all stakeholders indiscriminately.

We are building a robust IT platform for low cost technology driven delivery channels across the country in connection with long term sustainable growth and financial inclusion. We expect to reach a milestone of 400 branches at the end of 2015. Besides, we want achieve financial inclusion through ATM coverage, mobile money, pay points, third party delivery, rural delivery channel for SME and other technology driven low cost delivery channels.

We are developing business processes which will ensure Credit and Operation Risks Management by building analysis based risk management model and segregation of duties. We are focusing on sourcing our deposits from small savers and investing in low risk portfolio aligned with our financial inclusion. In this regard, we have already achieved successes in retail banking and SME where many new products and services were introduced.

On behalf of the Board of Directors, I reiterate our commitment to remain as a compliant bank in all our actions. We do not approve making quick profit at the cost of compliance, integrity, and transparency in management. We encourage earning a sustainable profit that will ensure strong position of the Bank in the long run. To ensure compliance of applicable laws, rules, and regulations, risk based audits are conducted depending on risk analysis of branches or divisions of Head Office. Board Audit Committee has an Auditor who reviews the internal audit report and conducts audit in branches, if it is felt necessary.

Finally, I would like to draw your attention that Board of Directors provides strategies, policies, guidelines and support. It is responsibility of Management to implement those. In this aspect I am very happy to announce that an optimum discharge of Board and the Management made Trust Bank a unique institution in the country. I am thankful to members of the Board of Directors for their policy guidelines and adequate support to the management in these years bygone. On behalf of Board of Directors, I reiterate that Board of TBL has always been supportive to Management and will remain so in delivering their responsibilities. We value meritocracy based management where performance and professionalism will be recognized with reward. It is our commitment to build Trust Bank a work place of choice for performers.

Before I conclude, I would like to thank my fellow directors for their generous support to me in discharging my duty. I would also like to thank the Managing Director and all our employees for their personal commitment for the cause of the Bank.

With best regards,



Gen Md Abdul Mubeen, ndc, psc
Chairman



FROM THE DESK OF MANAGING DIRECTOR

Dear Honourable Shareholders

I find it a great honor to present a round up of financial and operating success your bank achieved during the year 2010 and our commitments for 2011. The Bank ensured a significant performance in current business in 2010 as well as took various steps for a sustainable growth for the future.

Operating Results

Financial statements of 2010 contain numbers to testify Bank's excellent performance and sound health. Your bank recorded 75 percent growth in operating profit in 2010, by earning Tk.2,374.58 million in 2010 compared to Tk.1,358.35 million in the preceding year. Net income rose by 112 percent to Tk.1,294.44 million from Tk.610.91 million in 2009. Earning per share and return on investment stood Tk.57.48 and 21.96 percent respectively in 2010 compared to Tk.33.06 and 14.49 percent respectively in 2009.

As you know that a subsidiary company named 'Trust Bank Investment Limited (TBIL)', a fully owned subsidiary company of your bank was formed with paid up capital of Tk.3,000 million for carrying out Merchant Banking operation of the Bank in 2010. Income from this subsidiary company showed a remarkable growth in the year. Operating profit of TBIL grew by 150 percent to Tk.1,008.91 million in 2010 from Tk.366.01 million in 2009.

Other operating results showed that, loans and advances grew by 31 percent to Tk.42,760.43 million at the end of 2010 as against Tk.32,667.11 million in the year 2009. Total deposits stood at Tk.50,357.91 million in 2010 from Tk.48,464.64 million in 2009, posting a growth of 4 percent. The growth rate is lower compared to growth in other ratios because deposits Tk.5,300 million was withdrawn in 2010 which was one-time deposit received from IPO application proceeds of Trust First Mutual Fund, which is fully non-repetitive. If we do not consider the above noted deposit as deposit of 2009, our deposit growth will be 17 percent. Another reason is that funds drain from banking sector resulting from lower interest rate on bank deposits in 2010.

Capital Adequacy & Solvency

In the year, total shareholders' equity stood at Tk.5,045 million which is 34 percent higher than that of 2009. Total regulatory capital stood at Tk.5,744.36 million maintaining capital adequacy ratio at 9.09 percent of total risk weighted assets against minimum requirement of 9 percent. For raising Tier-II capital, issuance of subordinated bond worth Tk.250 crore is in progress. Our capital adequacy ratio will be further strengthened after issuance of said bonds and proposed right shares.

Regulatory Compliance and Transparent Management

Trust Bank at its core is committed to remain as a compliant bank in all activities showing zero tolerance to non compliant actions. We do not approve making quick profit at the cost of compliance, integrity, and transparency in management. This is worthwhile to mention that in recent acute liquidity crisis in financial system in the country, TBL maintained its resilience and remained immune from the crisis. Your bank has been lending about Tk.4,500 million on average everyday in the Call Money Market. Strong strategic fund management and full compliance with all regulatory guidelines yielded this resilience.

Other major achievements in 2010

TBL has aimed at its core to be a bank for financial inclusion and in connection with this core objective we have opened 13 new branches in 2010 extending network to 59 branches including 7 SME/Agri branches. We have also a plan to open 41 new branches including SME/Krishi branches in 2011 subject to getting approval from Bangladesh Bank. The Bank has been setting up 50 ATMs around the country. Your bank is playing pioneer role in implementing full fledged mobile banking titled 'Trust Mobile Money' in the country. Mobile banking will facilitate electronic fund transfer, payment of remittance, cash withdrawal & deposits through ATM/POS/Pay points etc. We also launched Digital Pay System through which members of Bangladesh Army have been getting their salaries and allowance electronically.

In the face of acute shortage of fuel and power in the country, corporate credit is getting squeezed and as alternative financing mode retail banking and SME become focused area where our achievements was overwhelming in 2010. We introduced various products such as 'Trust Bunon', Trust Ekota' and 'Sufala' under cluster approach for SME. We declared Sreepur as Bio-Gas Palli in the line with putting emphasis on group financing and facilitating eco-friendly projects. We have already signed an outsourcing agreement with EDCL for financing alternative energy sources under SME and development various financing model for SME financing for rural sector.

In Retail Banking segment our concentration was to build capacity in terms of technology, human resources, and business processes. All existing retail products were reviewed and customized fulfilling clients' needs and demands in 2010. All retail deposit products have been segregated into 'Trust Haateykhori' for students, 'Trust Manobee' for women and 'Trust Savers' for all kinds of customers. We recruited a good number of officers for developing segmented and customer focused products and marketing those. Our chief objective under retail banking is to reduce concentration on large clients for deposit and increase customer numbers with diversified and technology driven door to door service delivery and deployment of sales agent.

Last year we made a promise to build meritocracy based HR and we have started to materialize our commitment to build on environment of meritocracy through fair recruitment and engagement policies. In this regard, review and upgradation of HR manual is in progress. We have been recruiting fresh as well as experienced bankers with specific skills set after conducting gap analysis in all departments and branches. Our core objective in HR is to establish culture and environment where people are paid and rewarded for performance and professionalism. One will get recruited, grown and promoted only for his/her talents, performance and professionalism.

Commitments for 2011

Our Board of Directors approved a five year roll-out plan for the Bank and started implementing it from 2011 containing action path 'Build long term capacity within 2012 and achieve higher trajectory of growth from 2013 onward'. The roll out plan evolves around realizing three key objectives: i. achieve long term sustainable financial growth; ii. build capacity for Financial Inclusion; and iii. discharge accountability towards all stakeholders without discrimination. This roll-out plan contains eleven strategic actions identified to be implemented within specific time frames.

Long Term Sustainable Growth

In line with roll-out plan, our key objectives in 2011 under long term sustainable growth are to First, achieve growth of Deposits, Loans & Advances & Profit in a sustainable way through diversifying portfolio and low cost delivery of services; Second, build technology driven robust business processes; Third, manage Operating Risk through segregation of duties and centralization of process; Fourth, manage Credit Risk by building analysis based risk assessment model and segregation of duties between marketing & credit risk management; Fifth, build real time MIS and performance tracking capability; and Finally, ensure compliance to regulatory requirement all time.

We are trying to make optimum balance between fund-based income and income from no-fund engaging activities, increase substantially in fee-based income, and get sectoral & segment balance in credit portfolio. TBIL is building itself as a sustainable institution with full-fledged investment banking services and products. There will be strong financial analyst team who will develop and provide many fee-based products and services.

Financial Inclusion

We believe and acknowledge that people has right to get financial services at minimum price wherever they stay either in city or very remote village. This strategy poses a number of challenges such as increasing service delivery. Besides opening new branches, we will deliver services through SME service centers, ATMs, Paypoints, Customer Care Centers, Mobile Money, and Internet Banking. We expect to reach a milestone of 400 branches at the end of 2015. We are also materializing our financial inclusion through activities such financing renewable energy Bio-Gas Plant, financing farmers under 'Four Cow Model' and 'Trust Sufola' etc.

Accountability to stakeholders

The third imperative that we want to achieve is to serve all our stakeholders indiscriminately. We respect contributions made by all of our stakeholders. Long term business has to do with dispensing responsibilities equally towards owners, employees, regulators, government and society at large. Our policy is to maximize long term value for all stakeholders. We do not consume much time and attention on short term earning management to fight myopia plaguing your bank.

We are committed as ever to enhance our service quality and bond relationship with our clients. On behalf of Management, I am expressing my sincere thanks and gratitude to the members of the Board of Directors for their policy guidelines and adequate support to the management to implement those. An optimum mixture of Board's support and management's diligent discharge of responsibility made your bank a unique institution in the country. We pledge our commitment to build on this further and take TBL to its new heights of success while complying strictly with all regulatory and internal requirements.

On the occasion of 12th Annual General Meeting, I would like to extend my heartfelt thanks to the respected shareholders and all other stakeholders for the trust and confidence that you have reposed in the Management of the Bank.

I would conclude by expressing my special thanks and wholehearted gratitude to clients, Government Agencies, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, and my beloved colleagues of Trust Bank Limited.

With best regards,



M Shah Alam Sarwar
Managing Director

ECONOMIC VALUE ADDITION REPORT



Economic Value Addition Report

Trust Bank Limited, at its core, works to enhance the interest of all stakeholders and meet their expectation. A shareholder must get his/her wealth increased via increasing cash flow from dividends and capital gain through price appreciation of shares held by him/her; a depositor must get risk free custody of deposits simultaneously a competitive return on funds; and an employee must get a justified share of income earned by the Bank. Thus, the Bank's overall mission is to deliver optimum value to our customers, employees, shareholders and the nation. Our business strategy is geared towards achieving all of these. The Bank's policy is to deliver optimum value in a manner that is consistent with the highest level of fairness and transparency. Interest of one stakeholder has not been sacrificed on the altar of maximizing interest of another.

For the Bank, it has been a case of building financial value and enhancing the bottom line through fair and ethical means. Building sustainable value of all stakeholders is an important corporate goal.

Capital Management

As part of risk management system, it is the policy of TBL to maintain strong capital adequacy ratio to have sufficient cushion to absorb any unforeseen shocks arising from any potential risk, to ensure long term solvency of the Bank and to help sustainable profit growth of the Bank that maximize value for stakeholders.

At the end of 2010, Bank's regulatory capital stood at Tk.5,804.94 million as against Tk. 4,215.98 million as at 31 December 2009.

Summary of total capital and capital adequacy ratio of the Bank is as follows

Taka in million

Particulars	2010	2009	Growth
Computation of capital:			
Tier I capital	4926.74	3632.30	36%
Tier II capital	878.20	583.68	50%
Total capital (Tier I & II)	5804.94	4,215.98	38%
Risk weighted assets (RWA)	64,104.60	33,297.68	93%
Tier I capital (against minimum requirement of 4.5%)	7.69%	10.91%	
Tier II capital	1.37%	1.75%	
Total capital (against minimum requirement of 10% of RWA)	9.06%	12.66%	

Maintenance of Net Income-value creation for shareholders

The Bank increased its net profit by 109 percent or Tk.610.91 million to Tk.1274.77 million in 2010 from Tk.610.91 million in 2009. The net profit is analyzed in the following table:

Source of Income	2010	2009	Growth
Interest Income	4,686.64	4,027.20	16%
Income from Investment	963.81	785.03	23%
Commission, Exchange Brokerage	465.13	355.61	31%
Other Operating Income	741.42	412.65	80%
Total Income	6,857.00	5,580.49	23%

Distribution of Income	2010	2009	Growth
Interest Paid on Deposits and Borrowings	3,213.95	3,112.82	3%
Operating Expenses	1,249.79	1,045.11	20%
Contribution to Special Reserve Fund	115.60	64.20	80%
Total Provision	137.30	207.78	-34%
Provision for Taxes	865.59	539.67	60%
Total Distribution	5,582.23	4,969.58	12%
Net Profit	1,274.77	610.91	109%

Sustainable dividend policy to ensure growth and maximize share value

TBL's dividend policy is designed in a way to ensure sustainable growth of the Bank with strong capital adequacy ratio which must maximize value for shareholders. TBL paid 20% stock dividend in 2009. The proposed stock dividend for 2010 is 20%.

Providing valued services at affordable cost

Bank provides loans and advances at very competitive price keeping very low spread between interest earned on loans and advances and interest paid on deposits. Moreover, Bank also provides other ancillary services at affordable prices so as to retain existing customers and attract new customers.

Congenial working atmosphere for employees

A high quality and competent human resources is crucial to continued growth and success of the Bank which can be achieved by improving skill, knowledge and productivity of employees. TBL focuses on attracting, developing and motivating the best individuals in the industry and encouraging professionalism by imparting training to staff both home and abroad.

Contribution to national exchequer

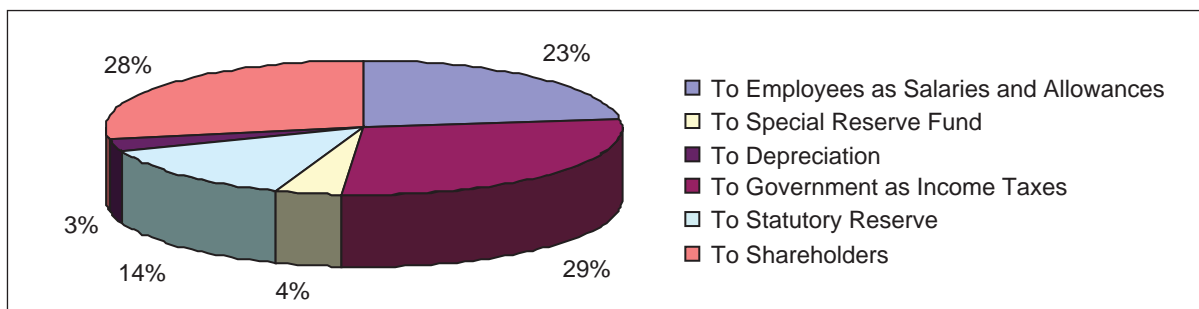
TBL made significant contribution to the government in boosting its revenue collection. As per the prevailing law of the country, the Bank being corporate citizen pays tax and VAT on its own income. Besides, the Bank deducts income tax, VAT and excise duty at source from employees, clients, depositors and suppliers, and deposits the same to the national exchequer. In addition to the Bank's own income tax, the Bank contributed Taka 1121.70 million to national exchequer as tax, vat, income tax and excise duty deducted at source from employees, clients, and suppliers in the reporting year.

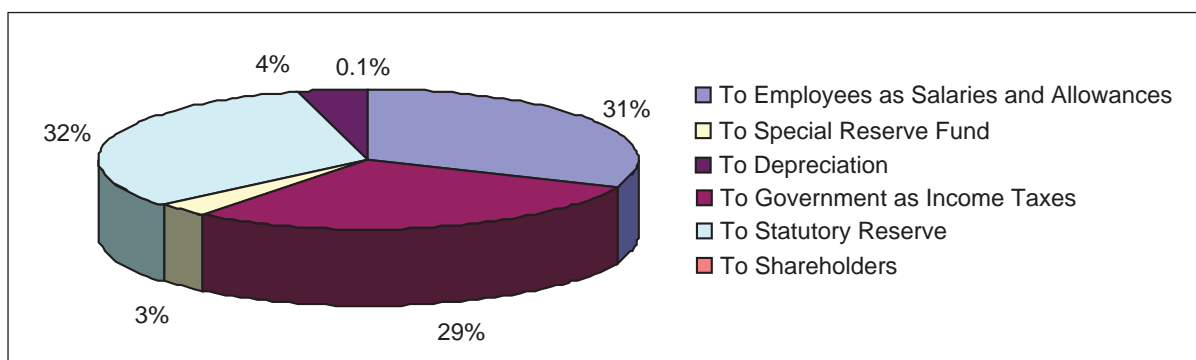
Value Added Statement

TBL made significant contribution to the government in boosting its revenue collection. As per the prevailing law of the country, the Bank being corporate citizen pays tax and VAT on its own income. Besides, the Bank deducts income tax, VAT and excise duty at source from employees, clients, depositors and suppliers, and deposits the same to the national exchequer. In addition to the Bank's own income tax, the Bank contributed Taka 577.29 million to national exchequer as tax, vat, income tax and excise duty deducted at source from employees, clients, and suppliers in the reporting year.

Taka in million

Particulars	2010		2009		Growth %
	Taka	%	Taka	%	
Income from banking services	6,857.00		5,580.49		23%
Less: Cost of services and supplies	3,674.12		3,490.68		5%
Provision for deferred tax	9.41		2.83		233%
Value added by banking services	3,192.29		2,092.64		53%
Less: Provision for loan loss and other provisions	137.30		207.78		23%
Total value added	3,054.99		1,884.86		62%
Distribution of added value					
To employees as salaries and allowances	694.65	23%	590.76	31%	18%
To Government as income taxes	875	29%	542.5	29%	61%
To Special Reserve Fund	115.6	4%	64.2	3%	80%
To statutory reserve	428.07	14%	609.8	32%	-30%
To depreciation	94.97	3%	76.5	4%	24%
To Shareholders	846.7	28%	1.1	0.06%	76873%
	3,054.99	100%	1,884.86	100%	62%





Economic Value Added (EVA) Statement

Economic Value Added (EVA) is used world wide to measure the performance of an organization. It indicates how much absolute value has been created by the Bank for its shareholders after deducting the minimum rate of return required by the shareholders i.e. cost of equity. The Bank has been consistently able to depict high EVA to its shareholders:

Taka in million

Particulars	2010	2009	2008
Shareholders' equity	5,025.36	3754.87	3119.65
Add: Provision for loan loss and other provisions	1,098.62	961.32	753.54
Total invested fund by Shareholders	6,123.98	4716.19	3873.19
Average Shareholders' equity [A]	5,420.09	4294.69	3259.03
Net Profit after taxation	1,274.78	610.91	463.05
Add: Provision for loan loss and other provisions	137.30	207.78	62.97
Less: Loan written off	-	-	-
Earning for the year [B]	1,412.08	818.69	726.02
Cost of equity [C] (Based on weighted average rate of Sanchaya Patra issued by Bangladesh Government) plus 2% risk premium	12.64%	12.26%	12.26%
Cost of average equity [D= (A X B)]	685.10	526.53	399.56
Economic Value Added [B-C]	726.98	292.16	326.46

Market Value Added Statement

Market value added is the difference between the total market value (based on the price quoted in the main bourse of the country) of equity and the total book value of equity of the Bank at the 31 December of the year.

Taka in million

Particulars	2010	2009
Total market value of the equity	9,725.81	8,020.34
Less: Total book value of the equity	2,217.61	1,848.00
Market Value added	7,508.20	6,172.34

DIRECTORS' REPORT



Directors' Report

Dear Shareholders

We have the privilege of welcoming you to the Bank's 12th annual general meeting and the pleasure of presenting before you the Directors' Report, along with the audited financial statements of the Bank for the year ended on 31 December 2010 and the Auditors' Report thereon for the consideration and approval of our valued shareholders.

External Environment Report

Bangladesh Economy

GDP Growth

According to the final estimates of Bangladesh Bureau of Statistics, Bangladesh economy has posted a growth of 5.8 per cent in FY2010 which was 0.2 per cent lower than the targeted growth of 6 per cent. An impressive performance of the agriculture sector, the resilience of the service sector, some momentum in public investment, and sustained high levels of remittance flow helped the economy to attain this growth rate. The possibility of a better performance of the economy was undermined by the lagged impact of global recession and lack of adequate infrastructural support for the manufacturing sector.

Industry Sector

The industrial growth of 6 per cent in FY2010 was lower than growth rate of 6.5 per cent registered in FY2009. The sector's performance was hampered by lack of infrastructure, particularly by severe power outage and natural gas shortage, as well as the ongoing global economic crisis. Within the industrial sector, growth rate of manufacturing sub-sector experienced significant slowdown. The sub-sector posted a growth of only 5.7 per cent in FY2010 against 6.7 per cent in FY2009.

Service and Other Sub-Sectors

Growth in services sector increased to 6.4 per cent in FY2010 from 6.3 per cent in FY2009, with strong growth in different sub-sectors such as hotel and restaurants, public administration and defense, education, health and social services. However, growth in trade, transport and communication and financial intermediaries declined in FY2010 compared with FY2009.

Agriculture Sector

The moderate GDP growth in FY2010 was underpinned, on the supply side, by overall robust growth in agriculture and service sectors. The government's broad-based support for agriculture with timely and adequately delivery of inputs, disbursing large amount of agriculture loan and subsidy, providing electricity and fuel in the dry season helped to attain robust growth of 4.7 per cent in FY2010 from 4.1 per cent in FY2009. The crops and horticulture sub-sector attained higher output growth in FY2010 – 4.1 per cent. Forestry and related services, animal farming and fishing sub-sectors achieved a slightly lower growth rate of 5.6, 3.3 and 4.0 per cent in FY2010 as compared with 4.7, 3.5 and 4.2 per cent respectively in FY2009.

Export

Total export earnings of Bangladesh reached USD 16.2 billion registering a growth of 4.3 per cent in FY2010 compared to the 10.3 per cent growth in FY2009. In the first two quarters of FY2010, performance of the external sector of the country suffered from negative impact of the recent global financial crisis, as was manifested in the export growth. Exports started to pick up in the third quarter and gained some momentum in the fourth quarter. This trend closely followed the performance of readymade garments sector, the dominant player in the export scenario.

Import

Bangladesh's import experienced sluggish growth in FY2010. Total merchandise import of Bangladesh in the year was USD 23.74 billion, which was 5.5 per cent higher compared to that of FY2009. The declining trend dominated imports in the first quarter of the fiscal year with considerable volatility during subsequent two quarters. The last quarter witnessed a reversal of the trends with significant upturn for most of the products other than edible oil and crude petroleum. Import share of petroleum, oil and lubricant was the highest – 8.5 per cent, followed by textile 8.4 per cent, iron and steel 6.1 per cent and raw cotton 6 per cent. Import of food grains declined by 5.2 per cent, with rice import falling by 68.5 per cent. Good harvest of rice during FY2010 resulted in huge decline in import of rice.

Remittance

Remittance flow during the first half of FY2010 was excellent, though by the second half of the fiscal year growth had slowed down quite significantly. During FY2010, remittance earnings reached USD 11 billion, an increase of 13.4 per cent against the high benchmark growth of 22.5 per cent in FY2009.

Savings and Investments

Share of domestic savings in GDP has stagnated in the recent past. IN FY2010, domestic savings as a percentage of GDP experienced substantial deceleration from 20.1 per cent in FY2009 to 19 per cent. Price hike of essential items in the second half of FY2010, particularly of food items, was perhaps a contributing factor to this decline. At the same time, due to a slowdown in remittance flow during the latter half of FY2010, national savings as a share of GDP have decelerated to reach 28.8 per cent of GDP, as against 29.6 per cent in FY2009. Gross capital formation, in terms of FY1996 prices, registered lower growth rate in FY2010, posting 5.8 per cent compared to 6.2 per cent in FY2009. This was much lower than the relevant general trend which hovers between 8 to 9 per cent. There was a marginal improvement in gross investment as percentage of GDP, recording 25 per cent in FY2010 compared to 24.4 per cent of GDP in FY2009.

Domestic Credit

During the year Bangladesh Bank increased the rate of CRR twice once in May and again in December, each time by 0.5 percentage point. The decision to increase CRR was basically a contractionary monetary policy with a view to making credit more expensive. Notwithstanding this rise, growth in domestic credit was higher at 17.89 per cent in June 2010 as opposed to the central bank's target of 15.5 per cent. The increase was mainly due to the expansion of credit to the private sector.

Banking Sector in 2010

Cash Reserve Ratio (CRR)

Bangladesh Bank increased the CRR twice during the year. First increase became effective on 15 May from 5 per cent to 5.5 per cent of total demand and time liabilities. The ratio was 5 per cent since October 1, 2005. Then again CRR was increased to 6 per cent with effect from 15 December. Banks are now required to maintain CRR daily at the rate of 6 per cent on average on bi-weekly basis, provided that CRR would not be less than 5.5 per cent in any day with effect from December 15, 2010.

Statutory Liquidity Requirement (SLR)

Statutory liquidity requirement (SLR) of scheduled banks, excluding those banks and branches of conventional banks based and operated on Islamic Shariah and also the specialized banks (except Basic Bank Ltd.) was increased twice during the year. First increase was made on 15 May from 18 per cent to 18.5 per cent of total time and demand liabilities (excluding inter-bank items). Then again SLR was increased from 18.5 per cent to 19 per cent with effect from 15 December.

Non-Performing Loan (NPL)

The most important indicator intended to identify problems with asset quality in the loan portfolio is the ratio of gross non-performing loans (NPLs) to total loans and net NPLs to net total loans. FCBs have the lowest and DFIs have the highest ratio of gross NPLs to total loans. The gross NPLs to total loans of the SCBs, PCBs, FCBs and DFIs were recorded as 20.5, 3.7, 2.4 and 24.6 per cent respectively at the end of FY2010. The ratio of NPL to total loans of all the banks shows an encouraging trend since its decline from the peak (34.9 per cent) in 2000. The ratio ended up 8.7 per cent at the end of FY2010.

Rationalization of schedule of charges

Bangladesh Bank has rationalized the charges of some services to ensure the interest of depositors/investors/customers and advised all scheduled banks to display the schedule of charges prominently in suitable visible place of branches and head office. Bangladesh Bank also advised not to charge any account maintenance fee for average deposit balance up to Tk. 5000. Furthermore it has been decided that Maximum Tk. 100/- may be charged as account maintenance fee for average deposit up to Tk. 25000/-.

Rationalization of Rate of Interest

Considering the existing inflation rate and global economic situation, the maximum rate of interest on agriculture, term loans and working capital for large and medium scale industry, housing sector loan, trade financing and financing to NBFIs by Banks has been fixed at 13%. Also, with a view to ensuring adequate supply of essential commodities and keeping the price of these commodities within a reasonable limit during Ramadan, the rate of interest on import financing of edible oil, chickpeas, lentils, beans, onions, spices, dates, fruits and sugar has been fixed to a maximum of 12%.

Review of Business Operations and Strategy

Our Business

The principal activities of the Bank are banking and related businesses under the Bank Companies Act-1991. The core banking businesses include accepting deposits and granting loans and advances out of those deposits and earning profit through creating value from gap between interest paid on deposits and interest earned on loans and advances. The depositors supply funds for loans and advances. The Bank collects deposits through deposit mobilization strategy comprising various deposit products under conventional banking and Islamic banking. The Bank's central revenue producing activities include all kinds of commercial banking products and services to the customers including project finance, working capital finance and trade finance for corporate customers, SME loans to small traders & businesses; house building loan, car loan as well as wide range of life style and need based loans for retail customers. The Bank has been able to develop state-of-the-art IT platform and online banking systems facilitating any branch banking, phone banking, SMS banking, internet banking, any time banking for 24 hours a day and 7 days a week through ATM.

Client as Development Partner

We look after our every client to make him/her a development partner through addressing needs and wants by providing best services at affordable prices. We put a client in the ladder where he/she climbs customer-supporter-advocate phases and finally becomes development partner of the Bank. Our mission is customer focused and we consider it as the customers' right to get modern, online and full range of banking services at an affordable price at anytime and anywhere. We are promise-bound through our mission to make the banking easy for our customers and support entrepreneurship, social responsibility and economic development of the country.

Brand Image

Our clients are the principal torchbearers of our brand and we believe a delighted client is the best medium of our advertisement to enhance the brand image of the Bank. Employees are also well trained and motivated to provide efficient services, thereby upholding the brand image further. Moreover, image of the bank would be harnessed through participating and/or sponsoring various programs and/or festivals like debate competitions, fair and exhibition related to banking products.

Regulatory and Compliance Culture

The Bank's dealings with clients are guided by principles of fair dealing, honesty and integrity. The Bank's objective is to observe all standards of market integrity, good practice and conduct expected by participants in the markets in which it conducts. The personal conduct of the staff is driven by high ethical standards. The Bank furthermore places great emphasis on safeguarding the confidentiality of client information. Internal Auditors are entrusted with responsibility to ensure that rules and policies relating to above mentioned issues are in place. Above all, the Bank is committed to prompt and spontaneous compliance of all rules, regulations and guidelines issued by regulators from time to time.

Emphasis on Socially Desirable Products

The Bank continually tries to contribute to social value addition through financing socially important projects via structured finance, SME and corporate credit. Bank's exposure is thus well diversified to different sectors viz. power loom, Handloom, light engineering, handicrafts, garments accessories, agri-business, etc. Included examples are financing renewable energy production project under SME financing and contribution to agriculture through establishment of agriculture branch which are of paramount importance to the society.



Under its CSR program, Trust Bank donated an ambulance to Palliative Care Cancer Center of Rotary Club Dhaka Midtown. Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc, Adjutant General, Bangladesh Army and Vice-Chairman, Trust Bank Limited is seen handing over the key of the ambulance to Rtn Md. Shamsur Rahman, President of Rotary Club Dhaka Midtown. Directors, Managing Director and senior officials of Trust Bank are also seen in the photograph

Branch Expansion Program

In 2010, ten (10) branches were opened in different strategic locations of the country. With these new branches total number of branches of the Bank stood at Fifty nine (59) at the end of the year, out of which 33(thirty three) branches are located at urban growth centers nineteen (19) are at the rural areas of the country and remaining 7 (seven) are SME/Krishi branches which also reflect our commitment for the improvement of rural economy of the country. The expansion of computerized branches and technology-based services are solid indications of our inherent strength and potentiality. Through a countrywide network of branches, linked by state-of-the-art technology, the Bank provides a portfolio of services catering to all tiers of trade and commerce. As part of our expansion program, we have a plan to open forty one (41) more branches in 2011. With this growth pattern, our network is expected to be extended to 100 locations including SME/Agri branches at the end of year 2011.

Alternative Delivery Channels

In addition to branches, SME/Krishi Branch & SME Service Centre, Bank has already developed alternative delivery channels such as ATMs (total 25 no as on 31.12.2010), Card based POS, Mobile Banking, E-banking (balance inquiry, fund transfer), etc.

Loans & Advances

Total loans & advances of Trust Bank as on 31 December 2010 was Taka 42760.43 million as against Taka 32663.10 million in the year 2009, showing an increase by 30.91% over the preceding year. The Loans and Advances cover up the areas of Corporate (based on both conventional and Islamic Shariah mode), SME, Retail and Credit Card. Corporate lending is still the core business of the Bank and continued to remain the major segment of business. Trust Bank provides comprehensive services to corporate and institutional clients by way of commercial lending in the form of working capital & Industrial loans (both large and medium scale industries) with both funded and non-funded credit facilities. Corporate finance showed steady growth during the year and it is expected that the progress will continue during 2011. While providing loans to the customers both internal policies and external policies of Bangladesh Bank and other regulators are strictly followed. The portfolio has been diversified to avoid risk of single industry concentration and remains in line with the Bank's credit norms relating to risk quality. The Customer Relationship has been strengthened and frequent visits to the clients have been ensured for further cementing of existing relationship. Our endeavor in identifying, measuring, managing and mitigating credit risk for each borrower as well as at the portfolio level will be continued to improve quality of loans and to reduce potential and actual loss.

Appropriate due diligence is done and structured approval processes are followed at Branch and Head Office level in approving credit facilities. We manage, limit, and control concentrations of credit risk wherever we identify them. As a result, non-performing loan decreased from 2.64% to 2.41% during the year which is much lower than the market average. As such the asset quality of the Bank may be termed as strong. It is to be mentioned here that Trust Bank made adequate provision against bad and doubtful debt as per Bangladesh Bank requirement during 2010.

SME Business

SME is commonly agreed and recognized as the thrust sector and engine of economic growth. Therefore, it is urgently felt to bring a striking balance between SME and corporate lending. The issue of fostering SME growth in Bangladesh can in no way be ignored as it helps generating huge employment opportunities in semi-urban and rural areas and contribute to economic growth. As such, the Bank is moving forward to different customer segment with market approach to meet their credit need. The business development and monitoring is carried out throughout its 59 branches and 5 SME/Krishi Branches and 2 SME Service centers.

Trust Bank has launched as many as 9 (nine) SME products, and is marketing these products matching with the customers need. It has also put emphasis on Cluster/Area approach to explore the possibilities and potentialities of different locations of the country. The Products are as follows:

- ❑ Loan for shopkeepers and Traders,
- ❑ Entrepreneurship loan for Retirees
- ❑ Loan for light engineering,
- ❑ Loan for power loom and handloom and other allied industries,
- ❑ Agri-business loan,
- ❑ Loan for Women Entrepreneurship,
- ❑ Peak seasons loan,
- ❑ Loan for Bio-gas, Solar Energy & other agro-based industries,
- ❑ SME (others)

In 2010, our achievement in SME business was 106% of target and at the end of the year outstanding stood at TK.1912.85 million, showing a growth of 43.47% over that of last year. It is worthwhile to mention that the Bank has gone for financing Bio-gas plant to meet the requirement of rural energy and to ensure the supply of organic fertilizer in the agriculture land and for the expansion of SME portfolio. The investment in Bio-gas sector was TK.24.80 million and for women entrepreneurs TK.56.20 million. Bank's exposure is thus well diversified to different sectors viz. power loom, Handloom, light engineering, handicrafts, garments accessories, agri-business etc. In view of diversification of portfolio it is imperative to say that the substantial increase of SME lending would lead the bank to its positive growth.



Dr. Atiur Rahman, Governor, Bangladesh Bank is seen visiting Trust Bank's stall at SME Fair

SME Financing & Growth

Taka in million

Year	Small Enterprise	Medium Enterprise	Total	% of growth
2010	1299.70	515.30	1815.00	43.48%
2009	793.00	472.00	1265.00	157.64%
2008	360.00	131.00	491.00	115.15%
2007	111.00	117.21	228.21	

Establishment of SME/Agri branches

The Bank has already opened seven (07) SME/Agri branches to reach and fulfill the unmet demands of the small and medium business entrepreneurs. We positioned these SME/Agri branches at significant locations, such as Dholaikhal under Sutrapur Thana of Dhaka City Corporation, Mirer Bazar of Gazipur, Madhabdi of Narshingdi, Tamai under Belkuchi of Sirajgonj, Kazirbazar under Sylhet City Corporation, Manikgonj and Natore. We have also plan to open more SME/Agri branches in 2011.

Delivery of SME through Third Party

TBL came in contract with Enterprise Development Company Limited to reach out SME services and products across the country. For the development of rural economy Trust Bank has launched two new products namely Trust Bunon and Trust Sufala Bangladesh under SME finance, and signed an agreement with Enterprise Development Company Limited (EDCL) for financing alternative renewable energy sources and delivery of other SME businesses to the rural sector.

Retail Banking

Trust Bank Ltd. is in continuous pursuit to make an impact in ever changing retail banking arena in Bangladesh. This line of business targets middle to high net worth individuals as their customers. The retail banking market in our country has undergone significant changes in recent years due to increasing competition, product and service diversification as well as greater usage of online and alternative delivery channels. To face the ever increasing challenge, the bank is building its capacity to reduce concentration on a few large clients for deposit and to increase number of customers with diversified product and low cost alternative delivery channels.

Trust Bank Ltd introduced retail banking business in 2006 under Retail Banking Unit (RBU) with 11 loan and 7 deposit products. Since the inception of retail banking, the Bank has been strengthening retail-banking unit to provide financial solutions to the clients of all walks of life.

In 2010, Retail banking unit worked to build capacity in terms of technology, human resources, and business processes. All existing retail-banking products have been reviewed and modified for the sake of providing better services to the customers and delivering the same with seamless operational efficiency. Similarly, in 2010 thorough market analysis has been carried out and accordingly products and services have been aligned and new features have been added as per market demand All deposit products of RBU have been segregated as Trust Haateykhori (for students), Trust Manobee (for women), & Trust Savers for all type of customers. It is worthwhile to mention here that RBU has launched two loan products titled as Motor Cycle Loan and Trust Thikana (Home loan) in 2010. Army Housing Scheme and Police Officer Housing Scheme have also been launched during the year under Retail Credit.

In addition to other achievements, we have successfully launched low cost deposit account for salaried personnel to cater to the needs of almost nine thousand employees of different organizations. In order to meet the demand of the time, recently we have restructured the retail banking unit for embracing business expansion throughout the country and also established sales centers for door to door service delivery.

At the end of 2009 Trust Bank had 46 branches and 10 ATMs but at the end of 2010 the number of branches increased to 59 with 25 ATMs. At the end of 2009 the number of accounts were 1,50,935 but at the end of 2010 the number of accounts stands at 1,90,134. This is in line with bank's commitment to spread its network and with the objective of inclusion of unbankable people by reaching to their door steps.

At present RBU offers full fledged services with 14 different types of loan products and 12 deposit products.

Retail Deposit Products:

- ❑ Savings Accounts: Savings Bank Account, Trust Porua Account, Trust Sristi Account, Trust Privilege Account
- ❑ Current Accounts: Current Deposit Account, Defense Personnel Salary Account
- ❑ DPS Account: Trust Assurance Deposit Scheme, Trust Max, Trust Echo, Trust Jhinuk, Trust Smart Savers Scheme, Lakhopoti Saving Scheme, Trust Money Making Scheme, Trust Double Scheme, Trust Educare, Interest First Deposit Scheme, Trust Target 50.

- ❑ Fixed Deposit Receipt (FDR)
- ❑ Trust Mobile Money

Retail Loan Products:

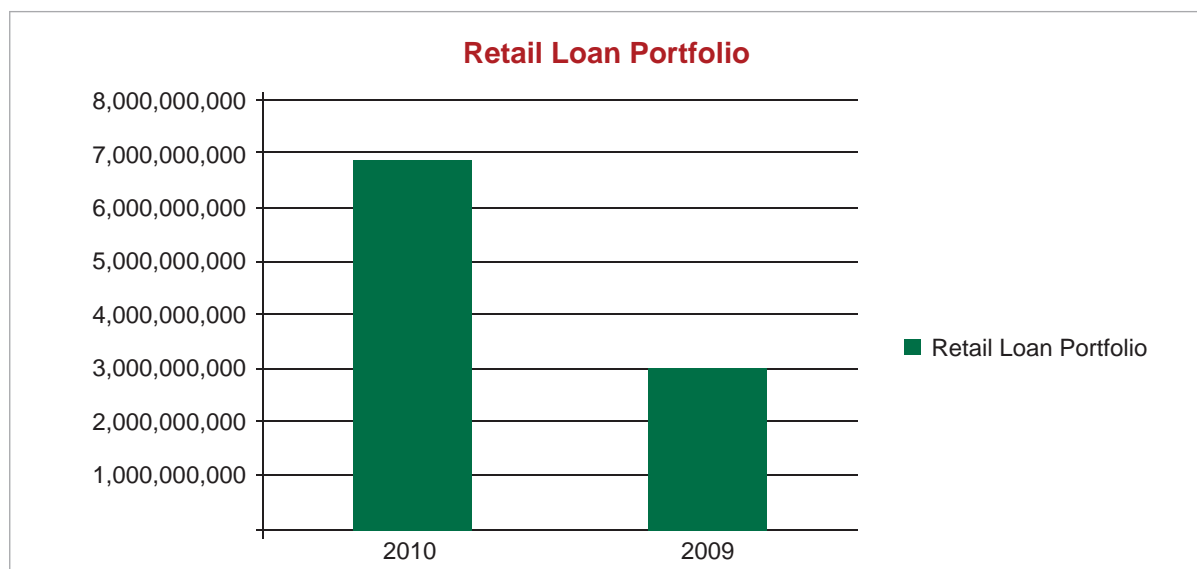
- ❑ Unsecured Loan: Any Purpose Loan, Advance Against Salary, Household Durables Loans, Education Loan, Travel Loan, Marriage Loan, Hospitalization Loan, Doctor’s Loan, CNG Conversion Loan, Car Loan, RRDH for JCO’s and Other’s, Motor Cycle Loan for Defense Personnel, Trust Digital Loan.
- ❑ Secured Loan: Apon Nibash Loan (House Finance), HBL against Registered Mortgage for Defense Officers, Army Officers Housing Loan Scheme, Trust Thikana- Home Loan, Loan against Commutation Benefits for Defense Personnel.

Cards:

- ❑ Credit Card Local: VISA Classic and VISA Gold
- ❑ Credit Card International: VISA Classic and VISA Gold/Dual

Our total exposure in the retail portfolio is **BDT 6,820 million** as of 31st December 2010.

	2010	2009	Growth%
Retail Loan Portfolio	6,820,729,915	2,974,218,818	129%



Retail Banking Unit will keep on providing services one step ahead of its competitors, through understanding the ever changing needs of the customers and delivering the best possible solutions, which will suffices the very need of the customer.

Merchant Banking

The year 2010 was remarkable in respect of the growth in the capital market. Strong participation both from the institution and individual has driven the DSE General Index to the historic height at 8771 as on 6th December, 2010 and as on 30th December it stood at 8290.

As a part of regulatory compliance Trust Bank Investment Limited, a fully owned subsidiary of Trust Bank Limited, was formed and incorporated on 09 September 2010 as a public limited company under the Companies Act, 1994 in Bangladesh to handle the capital market operation of TBL. The Company received permission of the Securities and Exchange Commission on 25 October 2010 as a full-fledged Merchant Bank and started its operation on 14 November 2010 by taking over the assets and liabilities of the Merchant banking division of TBL.

TBIL is providing “Portfolio Management Services” to its clients through IDA, BDA and NIDA accounts. The accounts are categorized Standard, Supreme and Platinum on the basis of investment size of the account. In the year 2010 TBIL has gained a substantial growth in the portfolio from Tk.731 crore to Tk.1402 crore. Apart from this TBIL actively participated in the Underwriting, Banker to the issue and Right share offering operation in different issues. Besides, TBIL is starting their issue management activity shortly.



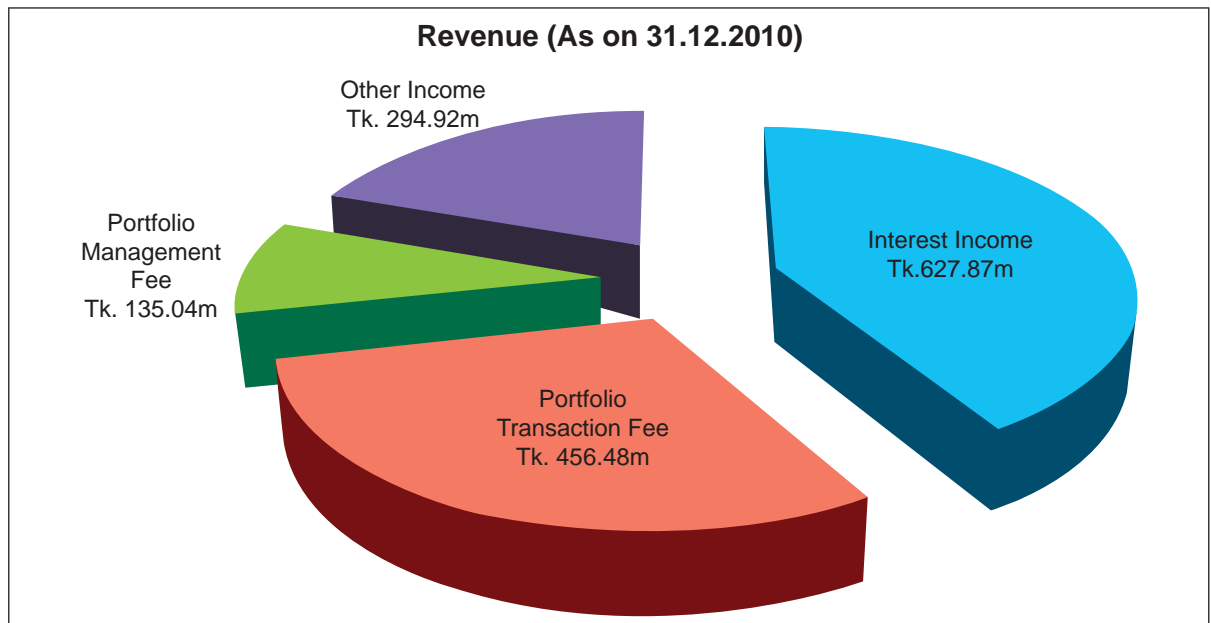
Gen Md Abdul Mubeen, ndc, psc, Chief of Army Staff, Bangladesh Army and Chairman, Trust Bank Limited, along with Governor Bangladesh Bank, Vice-Chairman, Trust Bank Limited, MD, Trust Bank Limited and MD, Trust Bank Investment Limited is seen cutting cake at the launching ceremony of Trust Bank Investment Limited, a fully owned subsidiary of Trust Bank Limited

Business position of TBIL as on 31.12.2010:

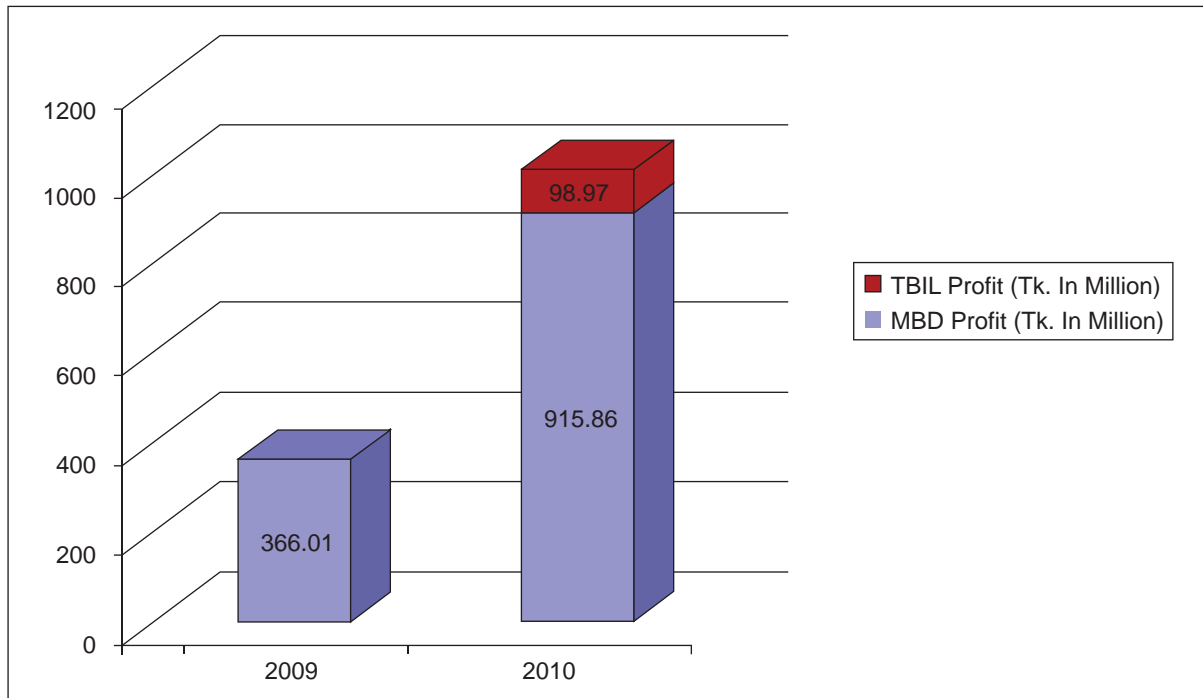
Taka in million

SL	Particulars	
1	No. of Accounts	5,872
2	Total Loan against securities (Taka)	274,27,08,357
3	Total Portfolio Value at Market (Taka)	409,11,24,344
4	Average Daily Trade Volume (Taka)	110,00,00,000
5	Average (%) of Total Trade of DSE	6.00%

Components of Revenue:



Comparative Profit Position:

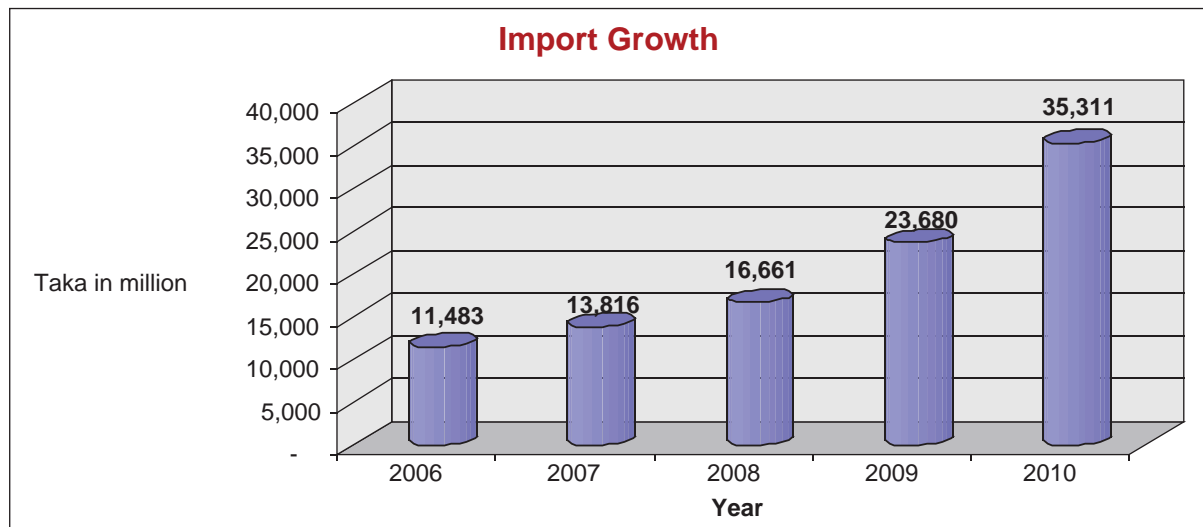


Future Development:

TBIL is actively working in developing the existing “Research Cell” into an effective “Research Unit” to strengthen and build the TBIL as a Merchant Bank of International Standard. Strong research unit for future growth and capacity building is a must which will also help us in introducing new products for the market.

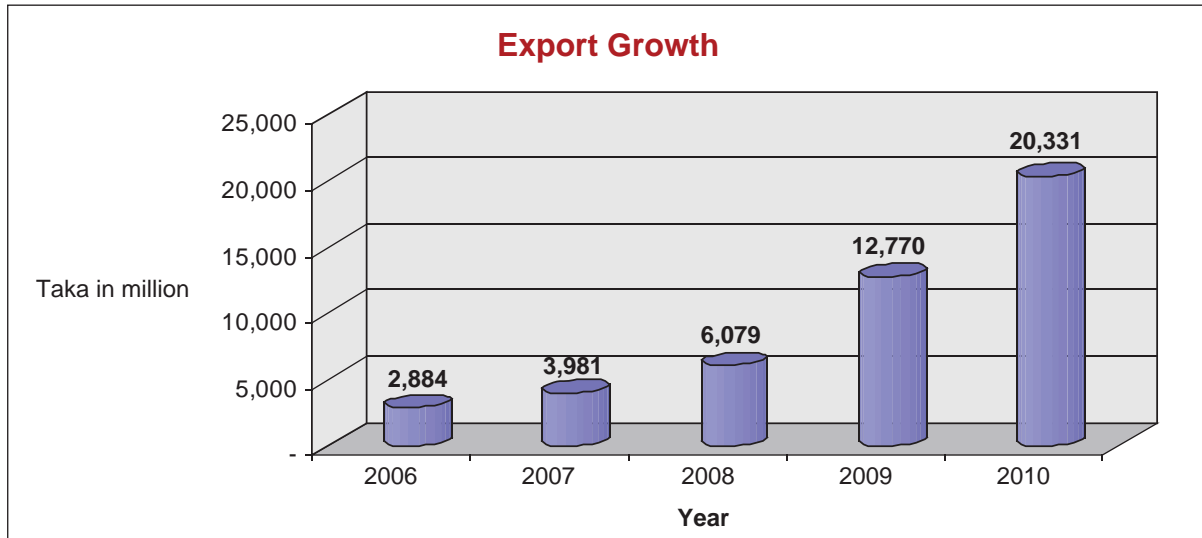
Import:

In FY2010 Import business of the bank has stood Tk 35,310.60 million which is 59.21% higher than that of FY 2009. Import remained confined mainly to consumer goods, food grains, industrial raw materials, fabrics and accessories of garments industries etc.



Export:

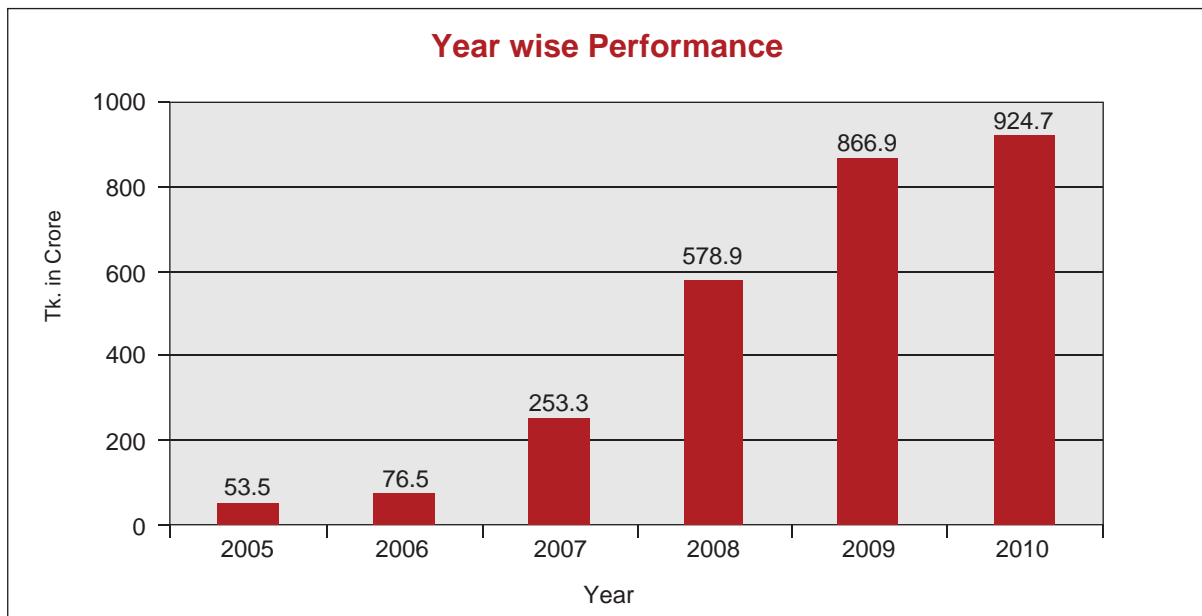
Export volume of the bank reached Tk 20,331.00 million which is 49.12% higher than that of FY 2009. Major export items involved with the bank’s foreign trade activities were readymade garments and non-traditional items.



Foreign Remittance:

The country passed crucial time in the year 2010 in exporting fresh manpower and in deportation of sizeable migrants from the emergent foreign remittance markets because of recent global economic meltdown. In the year 2010, the growth of remittance of the country dropped down to 2.7% from 19% over the preceding year. The bank always strives to sustain its remittance growth like previous years by keeping special focus. With this end in view, the Bank maintains closer links and stronger relationship with the overseas exchange houses to increase exponentially the flow of remittances through our Bank. The Bank has endeavored to the best to make the remittance settlement simple and easy by providing personalized quality services to the beneficiaries of NRBs.

Despite the global recession world-wide, the in flow of foreign remittance through the Bank was very promising having a good number of Money Transfer Agreement (MTA) with renowned Exchange Houses abroad. During the year 2010, the inflow of inward foreign remittance was TK.9247 Million whereas in the previous year 2009 the amount was TK.8669 Million which is TK.578 Million higher than the previous year registering 7% growth. This volume of inward foreign remittance has given tremendous support to the financing of foreign trade of the Bank having direct strategic link, and kept significant contribution to the bank's overall profitability like previous year.



Islamic Banking

Trust Islamic Banking (TIB) strictly adheres to the principles of Islamic Banking. It is operated through 05 (five) windows i.e TBL-Principal Branch, TBL-CDA Avenue Branch, TBL-Gulshan Corporate Branch, TBL-Dilkusha Corporate Branch and TBL-Sylhet Corporate Branch. Different types of liability and investment products are duly approved by the Board of Directors and the Shariah Supervisory Committee of the bank.

In 2010 TIB introduced new products i.e TBL Barakat Hajj Deposit Scheme and Istisna Investment Facility and expecting a robust growth of business during the current year. The total deposits and investment of TIB stand Tk. 1,279.67 million and Tk. 823.71 million respectively in 2010 which is higher compared to 2009 by 56.79% and 67.84 % respectively .The actual rate of profit for 2010 was highly competitive and it was 9.95% for 01 (one) year MTD and 12.43% for Barakat Hajj Deposit Scheme.

All functions of Trust Islamic Banking are operating according to the “Guidelines for Islamic Banking” issued by the Bangladesh Bank. Trust Islamic Banking (TIB) is proactively working for the development and growth of both depositors and Investors, through investment in different retail and corporate investment modes such as Murabaha, Bai-Salam, Bai-Muajjal, HPSM and Istisna.

Asset Quality

Trust Bank Limited has a structured approval process in its Head Office level for approving credit facilities. However, some delegation is also conferred to Branches for allowing specific credit facilities with proper documentation formalities and compliance. Our Non-performing asset decreases from 2.65% to 2.41% during the year 2010, which is quite lower than the market average of 3.15% of NPL of private commercial banks as of December 2010. As such, the asset quality may be termed as strong. Moreover, our endeavor towards regularization as well as conversion of our existing Non-performing loans into performing ones for maintaining the assets quality of the bank is continuing through identifying, measuring, managing and mitigating risk associated with lending.

Unclassified Loans	31-12-2010	31-12-2009	Growth
Standard	38,193,374	31,451,472	17.65%
SMA	646,528	350,918	45.72%
Classified Loans	960,022	860,718	10.34%
Sub-standard	139,504	52,846	62.12%
Doubtful	203,423	24,082	88.16%
Bad/Loss	617,096	783,789	-27.01%
Total Loans	39799,924	32,663,107	17.93%
NPL%	2.41%	2.64%	

Recovery of Classified Loans and Advances

We have taken up different measures for recovery of classified loans and advances. So far, we have initiated 49 (forty nine) legal cases against defaulters for realization of classified loans. In most of the cases we got decree in our favor and filed execution cases for recovery of loans. Total no. of cases settled in 2010 is 14 (fourteen) and amount realized there against is Tk.30.16 crore.

In 2010, we have realized Tk.53.05 crore in cash against classified loans registering a growth by 662.21% over the previous year and rescheduled Tk.49.61 crore for regularization of classified loans.

Besides, we prioritize compromise settlement with the defaulted borrowers through constant negotiation and close follow up for recovery of classified loans. We are very much hopeful that sizable amount of classified loans will be recovered in the year 2011.

Capital Management Plan

The Board of Directors is contemplating to maintain a strong capital base to support business growth, to comply with regulatory requirement and to obtain good credit rating as well as CAMELS rating. A strong capital base is also considered as a cushion to absorb any unforeseen shock arising from credit, operations and market risks. The amount of minimum capital that should be maintained by the Bank against its risk-weighted assets is measured by the capital adequacy ratio laid down by Basel Capital Accord. Capital adequacy is measured by the ratio of Bank's capital to risk weighted assets, both on balance sheet and off balance sheet transactions. All assets have been assigned weights ranging from 0% - 100%. Off-balance sheet items are included in the computation by converting them into balance sheet equivalents before being allocated a risk weight. Bank's capital has two components, Tier-I (Core Capital) and Tier-II (Supplementary Capital).

Core Capital (Tier I)

The core capital ratio (Tier I) was 7.69% of total risk weighted assets against the required 4.5%. Core capital represents the paid up ordinary share capital, Minority Interest, statutory reserve and retained earnings. As on 31 December 2010, our Core Capital stood at Tk.4926.74 million against Tk. 3,632.30 million in 2009. The core capital constituted 85% of total capital while paid-up capital constituted almost 50% of total shareholders' equity.

Supplementary Capital (Tier II)

Supplementary capital of the Bank represents general provision, exchange equalization fund, and revaluation reserve of held-to-maturity securities (50% of such reserve). At the close of business on 31 December 2010, our supplementary capital stood at Tk.878.20 million as against Tk.583.68 million in 2009.

Total Capital

At the end of 2010, total capital stood at Tk.5804.94 million against Tk.4215.98 in 2009 registering a growth of 37.69 percent over the preceding year. And capital adequacy ratios were 9.06% and 12.66% of total risk weighted assets in 2010 and 2009 against the regulatory requirement of 9% and 10% respectively.

Credit Rating

Credit Rating Information and Services Limited (CRISL) reaffirmed long-term credit rating of the Bank at AA- in 2010 and short term rating ST-2. These ratings imply the strong fundamentals of the Bank in the areas of stability of fund, profitability, business growth, diversified-portfolio and loan loss coverage etc. Long term rating of AA- indicates very high investment grade and short term rating ST-2 indicates high certainty of timely payment of financial obligations.

Information Technology

In January 2007, Trust Bank successfully launched Online Banking Services which facilitate Any Branch Banking ATM Banking, Phone Banking, SMS Banking, & Internet Banking. All the branches of the Bank are currently using Centralized Banking Software for their daily transaction processing and routine reporting. The Bank has subscribed to ATM, VISA Debit and Credit cards, which is an important milestone in automation of banking services. With the introduction of modern technology, the Bank has been able to render better and efficient services to its customers, resulting in Trust Bank's image enhancement.



Trust Bank signed an MoU with Access to Information Program of Prime Minister's Office for rendering branchless banking service to the rural people through Union Information and Service Center (UISC). Mr. M. Shah Alam Sarwar, MD, Trust Bank Limited is seen exchanging contract document with Md. Nazrul Islam Khan, National Project Director of Access to Information, Prime Minister's Office

Any Branch Banking

Online transaction facilitates “Any Branch Banking” to all customers meaning, customer is able to deposit or withdraw money from any Branch of Trust Bank nationwide. In addition, ATM Banking, Phone Banking, SMS Banking, & Internet Banking are alternate delivery channels offered by the bank, which support online transactions.

Any Branch Banking is a facility for our customers to operate their accounts from any of our network branches. The branch where a customer maintains his/her account is the base branch and the branch from where he/she carries out his/her transactions is referred to as the remote branch. Any Branch Banking facility is available at ALL branches of Trust Bank.

At present, following online banking services can be made with the system:

- a) Cash deposits, i.e. accountholder of one branch can deposit cash in his/her account at another branch.
- b) Cash withdrawals, i.e. accountholder of one branch can withdraw cash from another branch.
- c) TBL Cheque deposits, i.e. accountholder of one branch can deposit TBL Cheque in his/her account at another branch.

Phone Banking

TBL customers can access to their accounts' information using any phone even after regular banking hours. A customer can have the following information through the phone banking services:

- ✓ About bank products
- ✓ Balances on accounts, turnover and performed operations
- ✓ Currency rates
- ✓ Existing deposit terms, accrued interests and amounts
- ✓ Loan repayment schedule
- ✓ Account statements
- ✓ Blocking/unblocking visa cards
- ✓ Accessing the bank's hot line

SMS Banking

SMS Banking is a mobile technology that allows customer to request and receive banking information from bank on customer mobile phone via Short Message Service (SMS). Individuals or corporate bodies can manage their bank accounts, check their account balances, money transfers, pay some bills and perform other banking transactions using their mobile phones. With SMS banking, convenience can be achieved 24hrs a day.

This service enables safe and easy:

1. Check-up of customer account balance – at request, daily and upon movement,
2. Effecting of payments – to pre-defined accounts. Security of using SMS banking services is based on a PIN and customer mobile telephone number, as well as on pre-defined and registered account numbers to which payments are possible.

Internet Banking

Banking round the clock is no longer a remote possibility. In addition, bank does not have to have overseas branches to provide banking services to its customers traveling abroad.

Internet banking is now a huge success for Trust Bank. Internet banking refers to banking operations carried out between banks and their clients through Internet. Internet banking helps in expediting banking operations, reducing the cost and ensuring that customer can utilize various banking services from their living room or even while traveling thousands of miles away from their home. The process of Internet banking begins with every customer being given a unique user name and password by the bank. The customer can log on to the bank's web site with the user name and password to access to his or her bank account. Account holder can give instructions online to the bank regarding any particular transaction.

Defense personnel stationed overseas, who are the account holders of TBL can access to their accounts to check their account activities from overseas, such as remittance with our internet banking service. At present Trust Bank have over 7000 customers availing this facility. Trust Bank has launched fund transfer facilities to the customers from their own account through Internet banking. Customers of Trust Bank are also able to pay GP & TBL Credit bill through internet banking.

Automated Teller Machine (ATM)

Via Online Services and Visa Electron (Debit Card), ATMs now allow customers to retrieve 24x7 hours Account information such as account balance checkup through mini-statements and cash withdrawals. Computer-controlled terminal is located on the premises of financial institutions or elsewhere, through which customers may make deposits, withdrawals or other transactions as they would through a bank teller.

Total Number of ATM

01. Principal Branch (01)	13. 11 Signal Battalion, Dhaka
02. Principal Branch (02)	14. Kafrul Branch, Dhaka
03. Gulshan Branch	15. Mirpur Branch, Dhaka
04. Radisson Water Garden Hotel Branch	16. Bogra Cantonment, Branch, Bogra
05. CMH, Dhaka Cantonment, Dhaka	17. Savar Cantonment, Branch, Savar
06. Mirpur Cantonment, Dhaka	18. Joydebpur Branch, Gazipur
07. Sylhet Corporate Branch	19. Khulna Branch, Khulna
08. CDA Avenue Branch, Chittagong	20. Ashugonj Branch, B. Baria
09. Haliashahar Branch, Chittagong	21. Agrabad Branch, Chittagong
10. Chittagong Cantonment Branch	22. Rangamati Branch, Chittagong
11. Khwaja Yunus Ali Medical College & Hospital Branch, Sirajgonj	23. Kabab Ghar, Airport Road, Dhaka
12. Moynamoti Cantonment, Comilla	24. Naval Headquarter, Dhaka
	25. Dhanmondi Branch, Dhaka

Online Debit Card

Online debit cards require electronic authorization for every transaction and the debits are reflected in the user's account immediately. The transaction may be additionally secured with the personal identification number (PIN) authentication system and some online cards require such authentication for every transaction, essentially becoming enhanced automatic teller machine (ATM) cards. Customers may directly access their savings/current/short term deposit accounts with the card. Approximately 17000 customers have debit cards and this number is increasing day by day.

VISA Credit Card

Trust Bank has introduced Visa Credit Cards, both local and international, to serve its existing and potential valued customers. Credits cards can now be used at shops & restaurants in Bangladesh and even internationally. Trust Bank has recently introduced SMS notification for monthly credit card statement and also for every transaction. The bank has issued over 1500 credit cards to the eligible customers. This number is also growing day by day.

TBL as the Settlement Bank for Q-Cash Network

Trust Bank is a member of Q-Cash Network which is a consortium of ATM network of 16 member banks in Bangladesh. Trust Bank has established itself as the Settlement Bank for the entire Q-Cash Network.

Interface with other ATM Networks

Being the Settlement Bank for Q-Cash network, Trust Bank plays a lead role for expansion and sharing ATM Network with different Banks at a competitive rate. Customers of Trust Bank may also use Dutch Bangla & BRAC Bank ATMs for a nominal fee. This arrangement makes 24 hour banking transactions flexible for the customers of all banks involved in this expanded network.

Launch Local and International Prepaid Card

In order to fulfill customer needs and TC arrangement & related services Trust Bank has launched International Prepaid cards against Travel quota entitlement. In an addition the local prepaid card has been launched to drag the non accountholders of the bank under the service of plastic card. Moreover the prepaid card has given an alternative collection method of remitted money by Western Union.

Expansion of ATM Network & Bank POS deployment

In order to adopt the automated banking TBL has extended the ATM network all over Bangladesh. TBL is selecting the ATM locations to reach the valued customers round the clock, which will indirectly add value to the existing services. At the same time the deployment of Bank's POS in every branch is enabling the customer to withdraw cash, deposit cash and also fund transfer with the help of Card. Bank's POS is established with the view of making the teller system automated.

Launching of Defense Digital Salary

In line with the commitment of implementing Digital Bangladesh Trust Bank has taken a noteworthy step to automate the Defense Salary System. By the digital salary system the defense personnel are provided with a debit card by which they can access to their salary account round the clock. As per the project requirement Trust Bank has also extended the ATM network all over Bangladesh to make the salary system successful.

Mobile Banking

Trust Bank recently launched Digital Wallet mobile banking system titled "Trust Mobile Money". Trust Mobile Money enables subscribers to quickly, easily, and securely transfer balances to other subscribers via their mobile phones. Transfers are carried out electronically, requiring no intermediary. Any mobile subscriber can use the mobile money service, and after a transaction is completed, both parties receive automatic SMS notification as confirmation.

The services provided by Trust Mobile Money:

1. Electronic Fund Transfer
2. Payment of Inward Foreign Remittance
3. Cash in/out from ATM/POS/Pay-Point
4. Local Remittance (P2P)
5. Payment at POS
 - a) At partner Merchant Stores
 - b) At Partner Service Providers (hospital, cinema, parking, etc)
6. Payment of Utility Bills
7. Purchase of E-Top up

The Way the Product would Operate:

All transactions would be through bank account. Existing bank account will be linked to the Digital Wallet or new account would be opened for the service of electronic fund transfer. The electronic fund transfer would take place using two means, which are Electronic Prepaid Cards and Mobile Phones,

Using Electronic Prepaid Card:

- To access to the service using Prepaid Card, Customers would be given a Card with a secret PIN.
- Card would be used to deposit or to draw cash directly from the ATM.

Using Mobile Phone:

- To access to services hosted on the Digital Wallet platform, the user registers for mobile commerce services and chooses a preferred means of communication.
- For applications that demand a higher level of security, the subscriber downloads the application to the handset.
- Once registered as an authorized user and issued with a PIN, the user is ready to transact with mobile, sending requests over the phone and receiving notifications when transactions are complete.

Human Resource Development

Among the many, core strength of Trust Bank Human Resources Management is the immaculate process of recruitment, training, promotion and other related activities. However, the Bank has taken a comprehensive HR plan for 2011 concentrating on knowledge based activities to achieve excellence with the help of state of the art technology.



The Board of Directors in the Managers' Conference

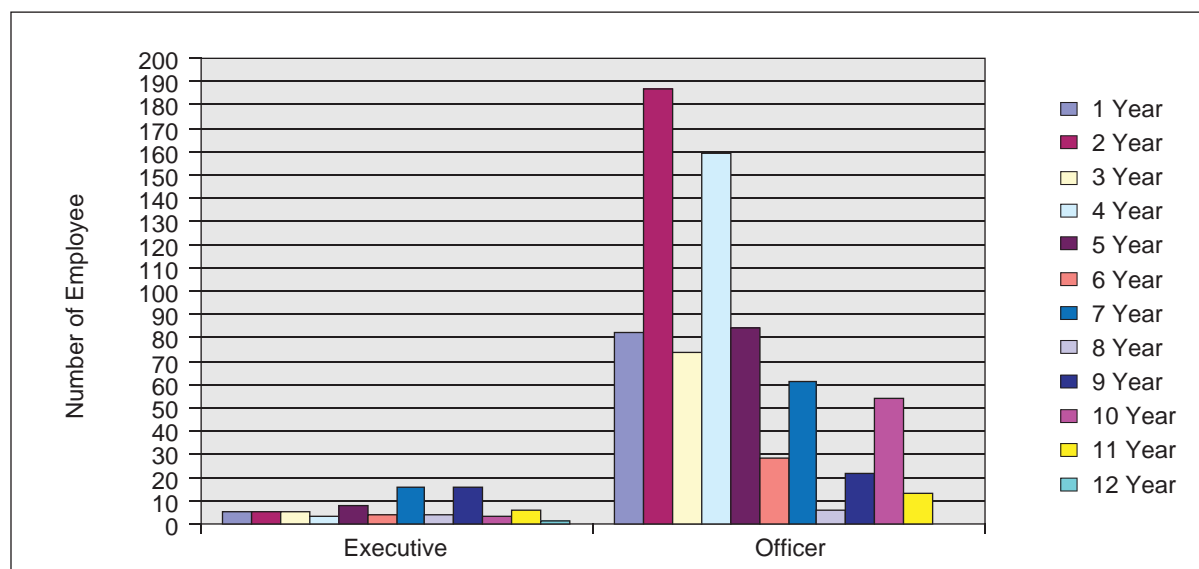
At the end of 2010, the number of regular employees in various units of the bank was as follows:

Designation	Number	Recruitment
MD	1	-
DMD	1	-
EVP	2	-
SVP	19	1
VP	24	3
SAVP	21	1
AVP	22	2
SEO	32	1
EO	77	-
PO	122	-
SO	113	2
MTO	26	-
OFF	301	1
JO	280	57
Total	1041	68



Participants of Managers' Conference 2011 pose for photograph with top management

Human capital is the success factor in any sort of industry. At the end of the day, human resource is one of the major balancing factors in banking business. The year 2010 has been frictional for the banking industry of the country because of economic as well as political changes in home and abroad. In spite of these changes, Trust Bank Limited has been able to get hold of the situation for robust business growth in 2010 which is the outcome of strategic human resource positioning of Trust Bank Limited.



Service Length and Number of Employees

Strengthening Efficiency of Human Resources through Training and Workshops

Human resources development through training is the most indispensable part for organizational growth since it enriches knowledge, skill and professional expertise. In today's world, training is regarded as one of the essential tools, through which capacity building of an organization can easily be done. The absolute need for professional development of employees of Trust Bank Limited has always been duly recognized by the Board of Directors and the Management of the Bank. Therefore, with the aim to achieve the following objectives, Trust Bank Training Academy is in place since the beginning of the year.

- ❑ To build quality human resources.
- ❑ To make highly quality professional in Trust Bank Limited.
- ❑ To prepare the bankers to face the future challenges.
- ❑ To keep the executives/officers up-to-date with the latest banking rules and regulations.
- ❑ To make the employees well conversant, thorough and confident about the banking activities.
- ❑ And finally to create expert bankers emphasizing on a particular area viz. Credit, Foreign Trade, General Banking, etc.

Trust Bank Training Academy is committed to develop the human resources, the main driving force of the Bank through structured modular training programs, with a view to achieve the professional excellence in Banking. The Session Schedule is prepared by setting topics & classes in proper order. Appropriate Speakers for the topics are selected from the executives of the Bank. Besides internal resource persons, Training Academy invites experienced and knowledgeable external resource persons from Bangladesh Bank, Bangladesh Institute of Bank Management (BIBM), and other relevant organizations to deliver lecture and conduct practical sessions.

In 2010, Training Academy provided training to as many as 885 participants through more than 19 different training programs and 9 workshops covering areas like General Banking, Credit Risk Management, Foreign Exchange Risk Management, Anti Money Laundering, Financial Control, Lending Risk Analysis (LRA), Credit Risk Grading Manual, BASEL-II, Different types of Acts (The Bank Company Act 1991, The Companies Act 1994, The Contract Act 1872 & The Partnership Act 1932), Retail Banking, Marketing Policies, Investment Procedure & Policies, Islamic Banking and Computer Software & Application, etc.

Trust Bank Training Academy has been working with its full dedication & efforts and continuous support from Management to provide excellence in Banking through development of attitude, knowledge and skill, keeping in view the organizational goal.

Further, 115 Executives and Officers were imparted training at various prestigious and eminent institutions.



Some members of Senior Management team at the induction program of Management Trainee Officers

Number of employees attending training/workshop/seminar during 2010:

SL	Name of Training	Target Group	No of Training	No. of Participants
1.	Foundation Course	Junior Officer	6	152
2.	Advance Course	Junior Officer	9	290
3	Workshop on Anti Money Laundering	Concern Participants Chittagong Region	1	40
4	Workshop on Anti Money Laundering	Concern Participants Sylhet Region	1	47
5	Workshop on Anti Money Laundering Retail Banking & SME	Concern Participants Khulna & Jessore	1	23
6	Workshop on SME & Agro Finance	Concern Participants	1	22
7	Workshop on "Strengthening SME Financing: Quick Clientele Service"	Concern Participants	1	16
8	Workshop on "Leadership Quality"	VP & Above	1	47
9	Workshop on "Customer Relation Management"	VP & Above	1	47
10	Workshop on "Risk Management"	Concern Participants	1	48
11	Workshop on BASEL-2	JO-VP	1	56
12	Special Orientation Course	Junior Officer	1	37
13	Special Training on Business English	Concern Participants	3	60

Review of Financial Position

Summary

Despite various external challenges, Bank's overall businesses grew significantly in 2010 over that of 2009. Deposits of the Bank increased by almost 6% and stood at Tk.53,316 million at the end of 2010. Loans and advances increased by almost 30.91% and stood at Tk.42760.43 million at the end of the year. Import business increased by 59%, while export shot up by 49%. Both local and foreign remittance grew significantly and the latter registered a growth of 7% over last year. Increases in all business parameters resulted in higher net profit, which increased by 108% over that of the preceding year.

Total Assets

Total assets of the Bank stood at Tk.58,360.67 million in 2010 as against Tk.54,206.65 million in 2009 registering a growth of 8%. Increase in assets was mainly driven by significant growth of customers' deposits. The growth of deposits was used for funding growth in credit and investment. Loans and advances constituted 73.27% of total assets while investment in government and other instruments held 14.66% of the assets. Balance with other banks and financial institutions held 1.26% of total assets. Moreover, other assets which are very current in nature made up 2.10% of total assets leaving only 0.71% of assets, tied up in fixed assets including premises, furniture and fixtures. The above common size analysis showed that almost 91.95% of total assets of the Bank are utilized in different earning assets leaving 8.05% in liquid form for meeting cash withdrawal demand of customers and maintaining Cash Reserve Ratio (CRR) requirement of Bangladesh Bank.

Summary of property & assets

Particulars	Taka in million		Growth %	Mix	
	2010	2009		2010	2009
Cash in hand & Balance with BB and its Agents (including foreign currencies)	4641.50	3433.83	35.17%	7.95	6.33%
Balance with other Banks and FIs	738.40	4086.48	-81.93%	1.27	7.54%
Money at Call & Short notice	-	3550.00			6.55%
Investments	8559.94	8705.61	-1.67%	14.67	16.06%
Loans and Advances	42760.43	32663.11	30.91%	73.27	60.26%
Fixed Assets	431	381.92	12.85%	0.74	0.70%
Other Assets	1229.40	1385.70	-11.28%	2.11	2.56%
Total Assets	58,360.67	54,206.65	7.66%	100%	100%

Cash in Hand & Balances with Bangladesh Bank & Its Agent Banks Including Foreign Currencies

As at 31 December 2010, cash in hand and balances with Bangladesh Bank and its agent banks (including foreign currency) stood at Tk.4,641.50 million as against Tk.3,433.83 million of 2009 registering a growth by Tk.1,207.67 million or 35.17%. This increase in cash attributed to maintaining cash reserve ratio (CRR) with Bangladesh Bank and to providing uninterrupted cash services to our growing customers. However, this asset remains 7.95% of the total assets in the year 2010.

Balance with Other Banks and Financial Institutions

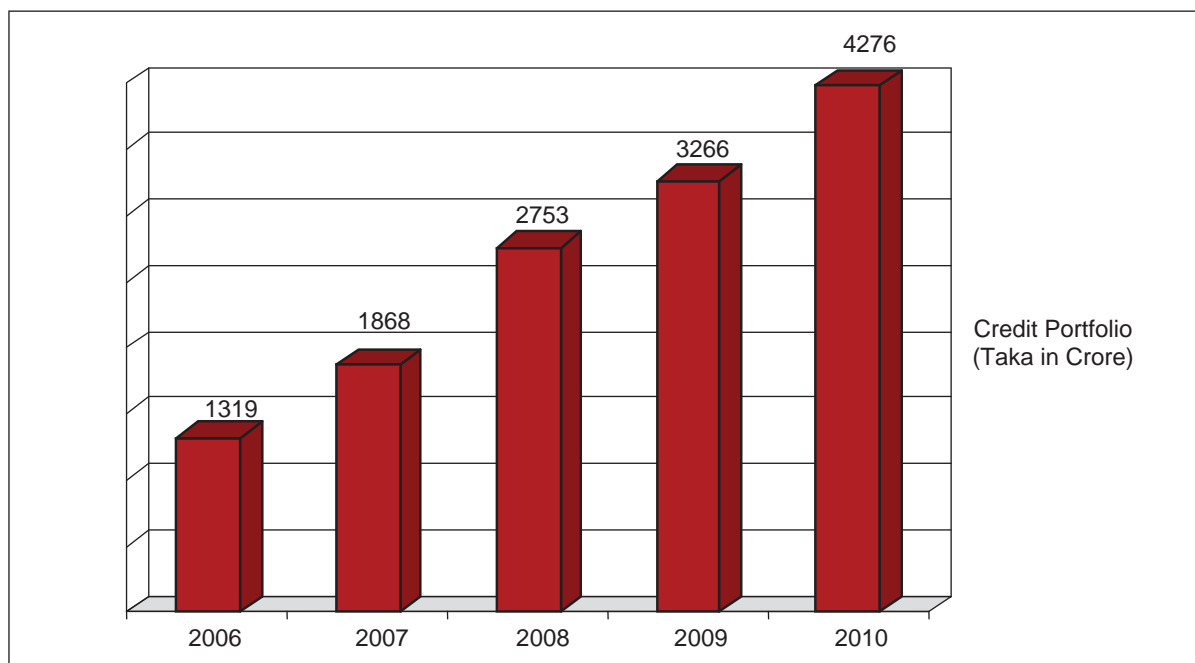
The International Banking Division of the Bank has to maintain some short-term deposit (STD) accounts and current deposit (CD) accounts with other banks in and outside the country for smooth functioning of the treasury operations and international trade finance. The Bank also places excess fund with other banks and financial institutions as term deposits for optimizing the profit of the Bank. As at 31 December 2010, balance outstanding with other banks and financial institutions significantly decreased by -81.93% to Tk.738.40 million as compared to Tk.4086.48 million at the end of 2009.

Investments

At the end of the year, Bank's investments stood at Tk. 8,559.94 million showing a decline by 1.67% as compared to that of 2009. The reason for decline was attributable to encashment of treasury bills at maturity and taking repo from the central bank. Out of the total investments, Tk.6714 million was invested in government securities and the rest amount i.e. Tk. 1,845.93 million was invested in ordinary and preference shares of different listed and unlisted companies.

Loans & Advances

Total loans & advances of the Bank as on 31 December 2010 was Tk. 42760.43 million as against Tk. 32,663.11 million in the year 2009, showing an increase by almost 30.91% over the preceding year. The Loans and advances cover up the areas of corporate (based on both conventional and Islamic Shariah mode), SME, retail and credit Card. The credit portfolio of the Bank also included mix of scheme loans, namely - Renovation and Reconstruction of Dwelling House Loan (RRDH), Consumers Durable Scheme Loan (CDS), Marriage Loan, Car Loan, HBF Loan and Commercial Loan. Corporate lending is still the core business of the Bank and continues to remain the major segment of the business. While providing loans to our customers the policy of Bangladesh Bank is strictly followed. The portfolio has been further diversified to avoid risk of single industry concentration, and remains in line with the Bank's credit norms relating to risk quality. The Customer Relationship has been strengthened and frequent visits to the clients have been ensured for further cementing existing relationship.



Total Liabilities

Total liabilities of the Bank comprise broad three items, such as borrowing from other banks, financial institutions and agents, deposits and other liabilities. Total balance of liabilities of the Bank stood at Tk. 53315.65 million at the end of 2010 as against Tk. 50,451.78 million in 2009, representing a rise of 5.68%. Deposits constituted 94.45% of total liabilities of the Bank.

Summary of Liabilities and Capital

Particulars	Taka in million		Growth %	Mix	
	2010	2009		2010	2009
Liabilities					
Borrowing from other Banks & Financial Institutions	460.24	153.40	200%	0.79%	0.28%
Deposits & other accounts	50357.90	48464.64	4%	86.29%	89.41%
Other Liabilities	2497.50	1833.74	36%	4.28%	3.38%
Total Liabilities/Non-Owners' Claims on Total Assets of the Bank	53315.65	50451.78	6%	91.36%	93.07%
Capital/Shareholders' Equity					
Paid up Capital	2217.61	1848.00	20%	3.80%	3.41%
Statutory Reserve	1566.40	1138.33	38%	2.68%	2.10%
Other Reserve & Share premium	118.28	304.58	-61%	0.20%	0.56%
Retained Earnings	1142.73	463.96	146%	1.96%	0.86%
Total Shareholders' Equity/Owners' Claim on the total Assets of the Bank	5045.02	3754.87	34%	8.64%	6.93%
Total Liabilities & Shareholders' Equity	58360.67	54206.65	8%	100%	100%

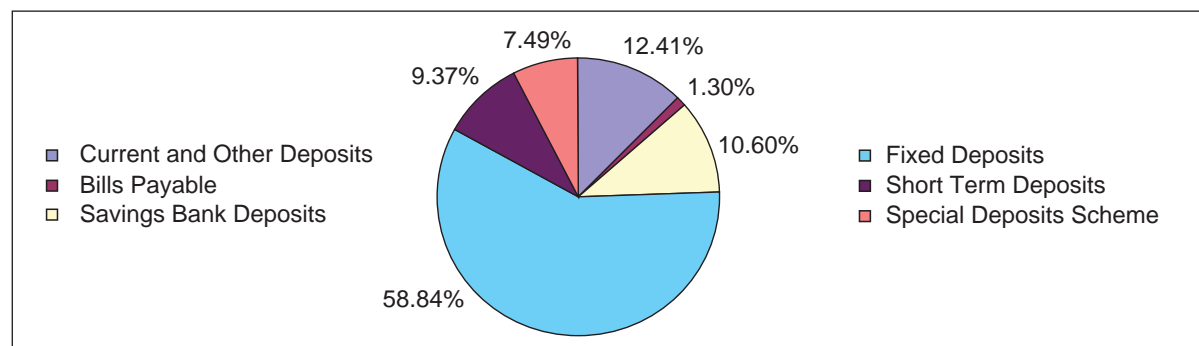
Deposit Portfolio

In the year 2010, deposits of the Bank shot up by 17% to Tk. 50,357.90 million from Tk. 48,464.64 million as recorded in the year 2009. The combination of competitive interest rates, depositors' trust in the Bank and mobilization efforts of the Bank Management resulted in the growth of deposits. Mix of deposits showed that fixed deposits contributed 65% to total deposits. The Bank's deposits include the deposits from both conventional and Islamic banking deposit vehicles.

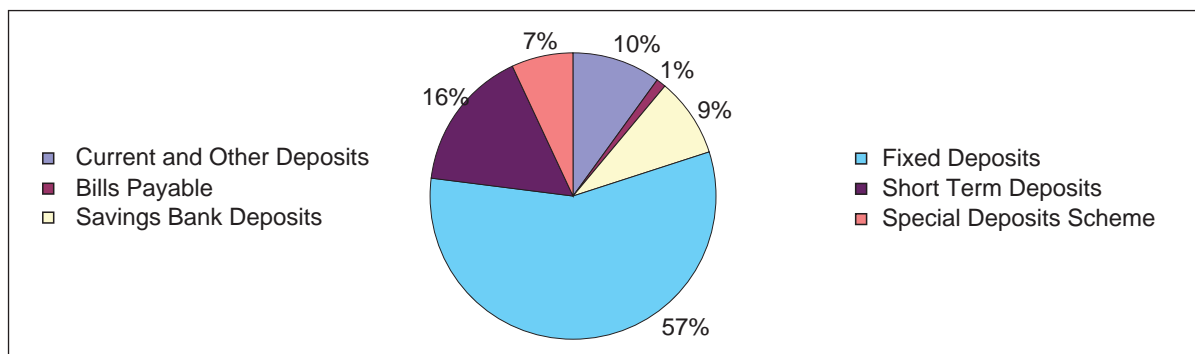
Deposit Mix and Growth

Types of Deposits	Taka in million		Growth %	Mix	
	2010	2009		2010	2009
Current and Other Deposits	6247.06	4856.81	28.62%	12.41%	10%
Bills Payable	656.01	602.88	8.81%	1.30%	1%
Savings Bank Deposits	5336.19	4230.05	26.15%	10.60%	9%
Fixed Deposits	29628.95	38774.90	-23.59%	58.84%	57%
Short Term Deposits	4716.28	7794.81	-39.49%	9.37%	16%
Special Deposits Scheme	3773.41	3253.55	15.98%	7.49%	7%
Total	50,357.90	48464.64	4.02%	100.00%	100%

Deposit Mix (%) in 2010



Deposit Mix (%) in 2009



Borrowing from Other Banks, Financial Institutions and Agents

Borrowing represents the Bank's borrowing against refinance from Bangladesh Bank. The balance stood at Tk. 460.24 million at the end of the year as against Tk. 153.40 million in 2009. The Bank repaid all its call loans outstanding at the end of the preceding year.

Shareholders' Equity

Total shareholders' equity increased by 34.36% and stood at Tk. 5045.02 million at the end of 2010 as against Tk. 3,754.87 million in 2009. The increase was mainly attributed to the issue of bonus shares of Tk. 369.60 million, increase of Tk. 428.07 million in statutory reserve and retained earnings for Tk. 659.10 million respectively in 2010. However, share premium dropped by Tk. 182 million due to issuing bonus shares out of premium in the year 2010.

Summary of Shareholders' Equity

Particulars	2010 (Taka in million)	2009 (Taka in million)	% Change
Paid up capital	2217.61	1848	20%
Statutory reserve	1566.40	1138.33	37.61%
Other reserve	118.28	122.56	-3.49%
Retained earnings	1142.72	463.96	146.30%

Statutory Reserve

In accordance with the provision of the Bank Companies Act, 1991, minimum 20% of operating profit before tax is required to be transferred to Statutory Reserve. In 2010, 20% of profit before tax amounting to Tk. 428.07 million was transferred to Statutory Reserve and thus balance of statutory reserve stood at Tk. 1566.40 million at the end of 2010. The larger amount was transferred in order to meet regulatory capital requirement within the deadline set by Bangladesh Bank.

Review of Operating Results

Summary

The Bank earned operating profit of Tk. 3,770.04 million during 2010 as compared to 2,467.67 million in the immediate preceding year, registering a growth of 52.78%. After keeping Tk. 178.20 million as provision against classified and unclassified loans & advances, diminution in value of investment, off-balance sheet exposure and other assets, pre-tax profit stood at Tk. 2,196.37 million. After keeping Tk. 901.93 million as provision for income tax, net profit stood at Tk. 1294.44 million as against Tk. 610.90 million in 2009, posting a growth of 111.90%.

Net Interest Income

Net interest income of the Bank refers to the difference between total interest income and total interest paid on deposits and borrowings. TBL's total interest income plus profit on Islamic Banking investment stood at Tk. 4,737.24 million as against Tk. 4,027.20 in 2009 registering a growth of 17.63% or Tk. 710.04 million. On the other hand, total interest and profit paid on deposits and borrowing measured at Tk. 3211.61 million as against Tk. 3,112.82 million in 2009, showing a rise by 3.17%. The net interest income showed Tk. 1525.63 million as against Tk. 914.37 million in the preceding year. During the year, net interest income increased by Tk. 611.26 million, representing a growth of 66.85%. During the year, non-interest income increased by almost 45% over that of 2009.

Income from Investment

In 2010, total income from investment was Tk. 963.81 million. Major contribution, almost 54% came from treasury bills, followed by gain from sale of shares more than 25%. Income from investment under Islamic Banking was Tk. 88.23 million which is 9.15% of total investment income.

Non-Interest Income

The non-interest income consists of the commission, exchange and other operating income of the Bank. Total non-interest income of the Bank increased by Tk. 438.29 million or 57% from Tk. 768.26 million in 2009 to Tk. 1206.55 million in 2010. Commission, exchange and brokerage fees increased by Tk. 110.61 million showing a growth of almost 31% during the year 2010. Notable growth was achieved in other operating income that grew by Tk. 401.71 million to Tk. 814.36 million in 2010 from 412.65 million in 2009 marking a rise by almost 197.34%.

Total Operating Expenses

Total operating expenses excluding contribution to special reserve fund increased by 20% during the year mainly due to increase in number of branches and salary & allowances which was triggered by promotion and recruitment. Total operating expenses shown in profit and loss account included contribution to Special Reserve Fund amounting to Tk. 115.60 million in 2010 compared to Tk. 64.20 million in the previous year. Salary & allowances constituted 50% of total of operating expenses in 2010 as against 52% in 2009. The Bank's cost-income ratio has improved remarkably to 66.78% in 2010 from 75.66% in 2009. The improvement may be attributed to significant increase in operating and net profit.

Deposit Mix and Growth

Particulars	Taka in million		Growth
	2010	2009	%
Interest Income	4737.24	4027.20	17.63%
Interest Expense	3211.61	3112.82	3.17%
Net Interest Income	1525.63	914.38	66.85%
Investment Income	963.81	785.03	22.77%
Non Interest Income	1206.55	768.26	57.05%
Total Operating Income	3770.04	2467.67	52.78%
Total Operating Expenses (Excluding Contribution To Special Reserve Fund)	1279.86	1045.11	22.46%
Profit before provision	2374.57	1358.35	74.81%
Provision For Loans And Advances (including off-balance sheet exposures and other assets) and diminution in value of investment	178.20	207.78	-14.24%
Contribution to Special Reserve fund	115.60	64.20	80.06%
Profit before taxes	2196.37	1150.58	90.89%
Provision for taxation (Current & Deferred)	901.93	539.67	67.13%
Net profit after taxation	1294.43	610.91	111.89%

Profit before Provision

Operating profit increased to Tk. 2490.18 million in 2010 from Tk. 1,422.56 million in 2009 before considering contribution to special reserve fund. After accounting for contribution to special reserve fund of Tk. 115.60 million in 2010 and 64.20 million in 2009, operating profit stood at Tk. 2374.58 million in 2010 compared to Tk.1,358.35 million in 2009, registering a growth of 74.81%.

Provisions for Loans and Off-Balance Sheet Exposure

During the year, specific provision for classified loans and advances decreased by Tk. 134.25 million or 30.58%. Decrease in provision for classified loans and advances indicate improvement in quality of loans. However, total provision for loans and off-balance sheet exposure increased by Tk. 124.50 million mainly due to increase in 1% general provision for unclassified loans. Provision for unclassified loan is considered a part of tier II capital of the bank.

Profit before Taxes

After making above provision, net profit before tax of the Bank stood at Tk. 2196.37 million compared to Tk. 1150.57 million in 2009, registering a growth of 90.90 percent. The growth is supported by robust growth in income from investment and other income of the bank.

Provision for Income Taxes

Provision for current year income tax stood Tk. 911.34 million against Tk. 542.50 million in 2009. However, net provision for income tax was Tk. 901.93 million after accounting for deferred tax of Tk. 9.41 million in 2010.

Net Profit after Tax

Net profit after tax stood at Tk. 1294.43 million from 610.90 million in 2009 registering growth of almost 112 percent. Earning per share grew to Tk. 58.37 from Tk. 33.06

Review of Other Policies

Risk Management

The policy of Board of Directors is to constantly monitor and manage various risks the Bank faces in its business. It is the prime stewardship responsibility of the Board to develop and effect an internal control system which ensures that: (i) all existing and potential risks are identified and measured; (ii) risks are accepted or rejected based on tradeoff between risk and reward; (iii) controls are designed and evaluated timely. Thus, four things are ensured:

1. The reliability and integrity of financial and operational information;
2. The effectiveness and efficiency of operations;
3. The safeguarding of assets;
4. Compliance with laws, regulations, and contracts.

The Board Audit Committee is directly responsible for effecting the above control system. Moreover, the Bank operates different risk management division. Internal control and compliance (IC & C) Division regularly assesses significant risk exposures and evaluates the controls in place for appropriateness and adequacy. Internal auditors oversee operations through various comprehensive audits in order to ensure that the risk management rules are implemented in accordance with the policies made by regulatory authorities and the Board of Directors. This report contains an elaborate report on Bank's risk management.

Corporate Social Responsibility

We at TBL believe that our revenue that leads to earning profit and increasing wealth of the stakeholders comes from our society. We acknowledge our responsibility to all of stakeholders including our society. Our commitment to socially responsible business is reflected in our business policy, pricing products, rewarding employees, discharging duties to government, and direct participation in CSR activities. As reported in the annual reports of previous years that to perform CSR through direct participation program, we have established a special reserve fund named 'Trust Bank Limited Special Reserve Fund', with 5 percent contribution from Bank's total income every year, which is run by a Board of Trustees that includes a Chairman and six members from Board of Directors and management. During the year Tk.64.20 million from net income of the bank was transferred to that fund to materialize our aforementioned objects. During 2010, we proudly contributed to various benevolent and philanthropic activities and in this regard, we disbursed Tk.41.49 million from the fund. Some of our noteworthy donations in the year 2010 are mentioned below:

- The Bank has established a technical training institute at Gazipur which is run only out the fund provided from Bank's CSR fund. Unemployed youths of the country and retired members of Bangladesh Army are given technical training on various trade courses at this training institute. During the year, the Bank contributed Tk. 13.30 million to run the activities of this institute;
- The Bank donated Tk.10 million to 'Proyash', a specialized school for the physically and mentally handicapped children at Dhaka Cantonment. Besides, the bank donated Tk. 5 lac to another such school, Society for the Welfare of Autistic Children (SWAC) at Shyamoli, Dhaka;
- In this year, a deadly fire at Nimtoly at Old Dhaka took away lives of many people and caused extensive damage to property. Besides, a building collapse at Begunbari, Tejgaon, Dhaka also caused similar havoc. TBL donated Tk. 2.5 million to PM's Relief Fund for the victims. In addition to this donation, TBL aslo donated Tk. 2.1 million to Dhaka CMH who provided medical treatment to 14 victims of Nimtoli fire accident;
- The government took an initiative to build a liberation war museum. TBL donated Tk. 5 million for this noble cause;
- TBL donated Tk. 100 million to Dhaka CMH for purchasing equipment for therapeutic treatment and purchasing costly drugs for patients which are not otherwise available from government funding;
- Matri Sadan Shasthya Seba, a non-profit voluntary organization, provides medical treatment to the distressed people of Mothbaria upazilla of Pirojpur disctrict. TBL donated an ambulance to the organization for facilitating serving the humanity. Besides, another ambulance was donated to Palliative Care Cancer Center of Rotary Club, Dhaka;

- Kurigram Trust (K-Trust), another voluntary non-profit organization provides financial assistance to the distressed people for eye cataract operation at Rangpur and Comilla. TBL donated Tk. 2 lac to K-Trust for this noble cause;
- In the year 2010, New Zealand cricket team visited Bangladesh and played a 5-match one day series with Bangladesh cricket team. Bangladesh won the series 4-0. Having been pleased with the success of the Bangladesh team, Government decided to reward a car to each member of the team. TBL contributed Tk. 2 million for this purpose;
- The Bank undertook a program to provide financial assistance to the families of a few martyred and war wounded freedom fighters of the country. Under the program, 34 martyred and war wounded freedom fighters families of Surjadi village under Sadar upazilla of Sherpur district was given a lump sum grant of Tk. 7500/- each. 26 of these families will receive a monthly grant of Tk. 1200/- each from the Bank until their death and 8 other families will be receiving the same monthly grant for 5 years. Under the same scheme, another 67 families were selected at Nalitabari upazilla of the same district. These 67 families were given lump sum donation of Tk. 7000/- each. Out of these 67 families, 37 distressed widows will get Tk. 1000/- each monthly from the Bank until their death and the remaining 30 families will get the same monthly grant for 5 years.
- Families of two officers martyred in Pilkhana carnage in February 2009, are given Tk. 40,000/- each per month. In 2010, the Bank paid Tk. 9.60 lac for this purpose.
- The Bank has been contributing Tk. 1 million every year since 2008, to Bangladesh Taekwondo Federation for promotion of Taekwondo game in the country.



Trust Bank undertook a program, under its CSR program, to provide financial assistance to the families of a few martyred and war wounded freedom fighters of Nalitabari and sadar upazillas of Shariatpur district. Begum Motia Chowdhury, Minister for Agriculture, Government of the People's Republic of Bangladesh, is seen distributing cheques among the recipients. Governor, Bangladesh Bank and MD, Trust Bank are also seen in the photograph



Dr. Atiur Rahman, Governor, Bangladesh Bank, along with MD and DMD of Trust Bank Limited, is seen inaugurating a bio-gas project financed by the bank



Maj Gen ATM Shahidul Islam, ndu, psc, Adjutant General, Bangladesh Army and Vice-Chairman of Trust Bank Limited, is seen handing over a cheque for Tk. 5 lacs to the President of Bangladesh Taekwondo Federation as part of its CSR program. Directors, Managing Director and other senior officials of Trust Bank are also seen



Mr. M. Shah Alam Sarwar, MD, Trust Bank Limited, speaking at the inaugural ceremony of Shachin Dev Burman Memorial Music Festival, sponsored by the Bank



Mr. M. Shah Alam Sarwar, MD, Trust Bank Limited, speaking at the inaugural ceremony of Notre Dame Science Festival, sponsored by the Bank



Interactive session between the MD and the Bank employees in the Town Hall Meeting

Dividend

You are already aware that a regulatory restriction is in force against distribution of cash dividend until fulfillment of minimum required capital. The Board of Directors' therefore, recommends 20% stock dividend i.e., one bonus share for every five shares held. After issuance of these shares, the Bank's actual capital will be more than minimum required capital and we hope to recommend cash dividend next year.

Election and Re-Election of Directors

According to Article 107 of the Articles of Association of the Bank, one-third of the directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. At present we have seven Directors on the Board and hence, two of them namely Gen Md Abdul Mubeen and Begum Rokeya Din will retire (in order of date of becoming Director). Both Directors are eligible for re-election and they have expressed their desire for re-election.

Appointment of Auditors

Present auditors of the Bank M/S Howladar Yunus & Co, Chartered Accountants will retire at this 11th Annual General Meeting. Since they have audited the books of accounts of the Bank for consecutive three years, they are not eligible for re-appointment as auditors for the year 2011 as per Bangladesh Bank's Circular No. BCD (P) 748/3/546 dated 31.03.1991. Hence the shareholders will be required to appoint new audit firm from those who may wish to express their interest.

Directors' Responsibility for Financial Reporting

The Board of Directors of TBL is responsible to cause preparation and true and fair presentation of the annual financial statements of year 2010 and other information and reports contained in this annual report by the management. The Directors also report that:

- a) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;



Women Customers' Evening at the Bank's Gulshan Branch

- b) Proper books of account of the Bank have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and in cases where amounts are stated based on estimate those are based on informed judgment and estimate made by the management and agreed by the Board of Directors;
- d) The financial statements have been prepared in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards as adopted by Institute of Chartered Accountants of Bangladesh and Companies Act 1994, Banking Companies Act 1991 and Securities and Exchange Rules 1987 as considered relevant and appropriate under the circumstances;
- e) An adequate internal control system is in place and sound in design and it is consistently reviewed and monitored to provide reasonable assurance that financial records are reliable for preparation of financial statements; that quality of financial reporting is maintained; that assets of the Bank are safeguarded against unauthorized use or disposition; and that accountability for assets and business transactions are maintained;
- f) There are no significant doubts upon the Bank's ability to continue as a going concern;
- g) There is no significant deviation in the operating results from the result of the last year except normal business growth;
- h) Key operating and financial data of 5 preceding years have been presented in summarized form;
- i) The number of Board meetings and executive Committee meetings and the attendance of Directors during the year 2009 presented in Annexure I & II respectively;
- j) The pattern of share holding along with name wise details are shown in Annexure III.

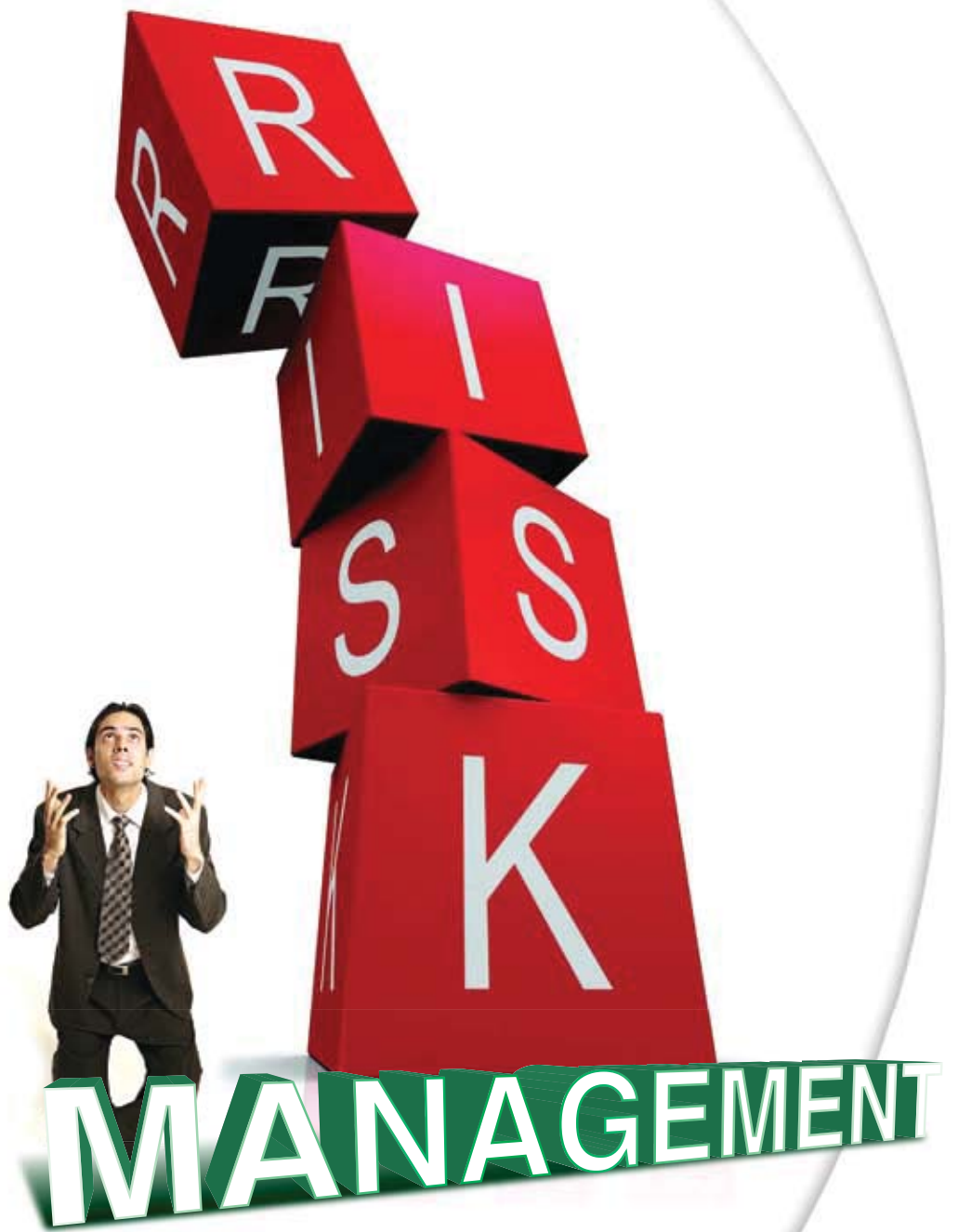
The Board of Directors understands that despite taking all cares, any internal control system may have limitations in its effectiveness. However, the Board believes that effective control was maintained over preparation of financial statements for the year ended 31 December 2010.

Appreciation

The Board would like to take this opportunity to thank Government bodies, its shareholders, investors, valued clients, patrons, all employees and well-wishers for their continuous commitment, cooperation, confidence and support in achieving Bank's objectives.

For and on behalf of the Board of Directors,

General Md Abdul Mubeen, ndc, psc
Chairman



Risk Management Report

The Bank's risk management operates by classifying risks into core risks such as credit risk, asset-liability/ balance sheet risk, foreign exchange risk, internal control & compliance risk, money laundering and ICT risk. The risk management policy of the Bank is designed under the following broad principals:

- Oversight function by the Board/Executive Committee. Board approves policies and processes of risk management recommended by the management.
- Audit committee of the Board reviews the internal audit reports of the Bank and risk management covering credit risk, operational risk including money laundering risk, market risk and liquidity risk;
- Independent risk management units, viz. Credit Risk Management (CRM) Unit, Credit Administration Department (CAD), Credit Monitoring and Recovery Department, Internal Control & Compliance Division, IT Division and Anti-Money Laundering Department and compliance officers of the branches are engaged in managing various risks.
- Dedicated committees at management level have been set up to monitor risk viz. credit risk through Credit Review Committee, operational risk through Management Committee (MANCOM) and IC&C Division, market and liquidity risk through Asset Liability Committee (ALCO).

Risk Management Units

For effective management of various types of risks, Risk Management Unit (RMU) is working dedicatedly at the Bank. The Unit looks after the following core risk areas of banking operations:

- i. Credit Risk Management (CRM)
- ii. Internal Control & Compliance (IC & C)
- iii. Foreign Exchange Risk Management
- iv. Money Laundering Risk Management
- v. Asset Liability Risk Management
- vi. IT Risk Management

Moreover, Board Audit Committee plays a pivotal role to risk management process of the Bank though evaluating effectiveness and adequacy of risk management unit and giving suggestions for further improvements thereto.



Maj Gen Ashab Uddin, ndc, psc, GOC 24 Infantry Division and Area Commander, Chittagong of Bangladesh Army, inaugurating Bank's Rangamati Branch

Credit Risk Management

Credit risk is the current and prospective risk to earnings and capital arising from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. The Bank's main asset is its loan portfolio. Therefore, carefully monitored credit risk serves as a basis for stable profits. To maintain and further improve a healthy loan portfolio it is imperative to scrutinize all applications and weed out potential problem loans during the application phase, as well as constantly monitor the current loan portfolio. While it is not the Bank's policy to issue credit only for cases of very low risk, it is of utmost importance that the price of issued credit reflects both the risk and the cost incurred. This means that a detailed assessment of individual customers, their financial positions, and the collaterals in question are prerequisites for granting credit.

Therefore, Credit risk management is at the heart of the overall risk management system of the Bank. It is designed and continuously updated to identify, measure, manage and mitigate credit risk to maintain and improve quality of loan portfolio and reduce actual loan losses and to ensure that approved policies and procedures are followed and appropriate due diligence is made in approving credit facilities.

In the evaluation process the Bank takes into account all the relevant information and financials reflecting the borrower's personal credibility, business status and prospect. Besides, the Bank always endeavors to diversify the loan portfolio across borrowers, entrepreneurs, groups to avert credit concentration risk. Risk grading is another tool for mitigating credit risk. All the new commercial loan proposals are graded according to stipulated criteria.



Mr. M. Shah Alam Sarwar, Managing Director, Trust Bank is seen visiting a project financed by the Bank

The Bank's credit risk management encompasses the following strategies:

- Board of Directors approves the major policy guidelines, growth strategy, exposure limit for particular sector, product, individual company or group, keeping in view regulatory compliance, risk management strategy and industry best practice;
- Board of Directors as the supreme authority only can approve maximum lendable exposure allowed by Bangladesh Bank;
- Executive committee of the Board of Directors can approve lendable exposure as power delegated by Board of Directors for speedy disposal of credit proposal;
- A few number of the Management Committee were also carefully delegated some approval authorities to strike a balance between adequate control and flexibility in credit operations;
- There is an independent risk management division called credit risk management (CRM) to assess credit risks and suggest mitigations before recommendation of every credit proposal;

- There is a separate credit administration department (CAD) which confirms that perfected security documents are in place before disbursement;
- There is a credit recovery unit to review the loans and advances and strengthen the recovery process;
- Interest accrued on classified loan is suspended and adequate provision is maintained thereagainst as per Bangladesh Bank's Guidelines;
- Internal Control & Compliance Division (IC&C) verifies and ensures, at least once in a year, compliance with approved lending guidelines, Bangladesh Bank's guidelines, operational procedures, and adequacy of internal control and administration;
- Status of classified loan is reported to the Board of Directors at the end of each quarter for its evaluation and review;
- Operations and performance of loans are regularly monitored to trigger the early warning system to address the loans whose performance show deteriorating trend.

Liquidity and Funding Risk Management

Liquidity and funding risk is an unavoidable source of risk in Bank's operations. Liquidity risk is the current and/or prospective risk that the Bank, though solvent, either does not have sufficient resources available to meet its liabilities when they fall due, or can secure them only at excessive cost. Liquidity risk arises from the inability to manage unplanned decreases or changes in funding sources. Liquidity risk management of any financial institution focuses on the following three factors: first, sufficient liquidity; second, asset liability management; third, contingent funding. However, the TBL's liquidity risk management include the following strategies:

Maintaining sufficient liquidity - it is the Bank's policy to always maintain sufficient liquidity by maintaining a sufficiently high ratio of liquid assets and available funding to near term liabilities and possible payment outflows in a stressed environment.

Asset and liability management-the Bank is managing its assets and liabilities in order to ensure sustained profitability so that the Bank can maintain a balanced and sustainable growth. As per Bangladesh Bank guidelines and considering the most practical aspects of the Bank, an approved policy manual on ALM has been prepared so that it could be followed consistently every sphere of the management. To support the ALM process, the Bank has established a committee called "Asset Liability Committee (ALCO)" headed by Managing Director, which holds meeting a least once in every month. ALM Desk, an executive functional and operational desk of the asset liability management, is embodied herewith the ALCO function under the direct control of Head of Treasury. The most important strategy of the ALM of the Bank is to ensure long-term funding and pre-fund what the Bank estimates will be the likely cash need during liquidity crisis. In order to manage asset-liability risk, the Bank:

- Reviews the interest rate structure and compares the same to the interest/product pricing of both assets and liabilities;
- Examines the loan and investment portfolios in light of the foreign exchange risk and liquidity risk that might arise;
- Examines the credit risk and contingency risk that may originate either due to rate fluctuations or otherwise and assess the quality of assets; and
- Reviews the actual performance against the projections made and analyzes the reasons for any effect on the spreads.

Therefore, the principle responsibility of the liquidity risk management of the Bank rests with Treasury Division. Treasury Division maintains liquidity based on historical requirements, current liquidity positions, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, and present and planned capital position. ALCO monitors the liquidity management of Treasury by i) setting tolerance limit for cumulative cash flow mismatches, ii) setting limit on loan to deposit ratio, iii) setting limits on dependence on institutional deposits which are volatile in nature.

Market risk

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in market prices and rates. Broadly speaking, the Bank concerns itself with three main components under market risk:

Interest rate risk is the risk that the value of an interest rate sensitive instruments will change as a result of a change in market interest rates.

Foreign Exchange Risk is the risk of loss due to adverse changes in foreign exchange rates.

Equity Price Risk is the risk of loss due to adverse changes in equity markets.

Interest Rate Risk

Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. In the year 2010, we observed how a bank is prone to interest rate risk caused from market interest rate movements especially when Bangladesh Bank fixed interest on certain loans and spread between interest on loans and deposits. Changes in interest rates affect a bank's both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.

The short-term impact of changes in interest rates is on the Bank's Net Interest Income (NII). On a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the Bank arising out of all re-pricing mismatches and other interest rate sensitive position. Moreover, market competition, cost of fund, market volatility and regulatory compliance are key issues that are usually taken into account to manage any adverse movement of interest rate.

Foreign Exchange Risk Management

Foreign exchange risk arises from potential changes in the rate of foreign exchange which may affect the profit of the Bank. It involves prudently managing the foreign currency position in order to control within set parameters of the Bank. The frequency and direction of rate changes, the extent of the foreign currency exposure and the ability of counterparts to honor their obligations to the Bank are significant factors in foreign exchange risk management. In addition, the Bank is also exposed in interest rate risk and settlement risk on account of its foreign exchange business.

Foreign exchange risks are measured and monitored by Treasury Division of the Bank. To address the issue, all foreign exchange activities have been segregated between front office and back office which are responsible for currency transactions, deal verification, limit monitoring and settlement of transactions separately. Trust Bank follows all the prudential guidelines of foreign exchange risk management set by Bangladesh Bank. Treasury Division always monitors the market scenario of risks and manages the foreign operations in such a way that earnings are not hampered against any adverse movement in market prices. All NOSTRO accounts are reconciled on monthly basis and outstanding entries beyond 30 days are appraised by the Management for settlement. The NOSTRO accounts are verified by the external auditor and reports are submitted to Bangladesh Bank.

Equity Price Risk

Equity risk is defined as losses due to change in market price of the equity held. To measure and identify the risk, mark-to-market valuation of the share investment portfolios is done. All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method and are taken to discount income. In accordance with BRPD Circular No. 15 dated 31 October 2005 issued by Bangladesh Bank, Government Securities purchased for maintaining Statutory Liquidity Reserve (SLR) i.e., Government Security - held to maturity (HTM) are revalued at their maturity yield at least once in a year and Government Securities - held for trading (HFT) are revalued at the market price at least once a week. Further to BRPD circular letter 15, 2005 the investments in government securities are strictly revalued as per instructions & guidelines given in DOS Circular letter no. 05 dated January 28, 2009 whereby Treasury Bills held for trading are also amortized at least once in every week. As the Treasury bonds held for trading receives coupon interest semiannually, income is taken into account in each month on accrual basis.

Investment account (margin account) where margin loan is allowed is monitored very closely against predetermined margin requirement and margin ratio. Diversification is enforced as per Bank's own policy. At the time of providing margin following factors are taken into account:

- Security of investment
- Fundamentals of the securities
- Liquidity of the securities
- Reliability of the earnings
- Capital appreciation
- Risk factors
- Implication of taxes

Operation Risk Management

Operational risk is the risk of direct or indirect loss or damage to the Bank's reputation resulting from inadequate or failed internal processes or systems, or from human error or external events that affect the Bank's image. It may arise from the risk of loss arising from fraud; unauthorized activities, error, omissions, inefficiency, and system failure from an external event. In TBL, operational risks are identified and measured in the following manner:

- Risks are identified with reference to the relevant policy manuals, processes, procedures and practices;
- Manuals and standard operating procedures are in place and implementation of these are regularly monitored;
- Review of system and network by Management Committee (MANCOM);
- Risk based and/or comprehensive audit by Internal Control & Compliance Department;
- Audit by Board Auditor.

Internal Control and Compliance Risk Management

Internal Control refers to the mechanism in place on a permanent basis to control the activities in an organization. In absence of it risks resulting in unexpected losses caused by faulty internal processes, human errors, frauds & forgery, technology failure and documentary lapses may surface. The primary objectives of internal control system are to help the bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with regulatory framework including applicable laws and regulations.

The bank has set up Internal Control & Compliance (IC & C) Division at Head Office to ensure that the internal control processes are in place through establishment of Audit Committee as per the instructions of Bangladesh Bank, which reviews the internal and external audit reports and ensures that the management takes effective measures in case any deficiency/ lapse is found in the internal control system. The bank has introduced 'Risk Based Internal Audit (RBIA)' to assess the business risk as well as control risk associated with the branches, and determines how much followup, monitoring & periodicity of internal audit would be required to bring a particular branch back to normalcy, if it is found that the performance of the branch is not satisfactory, and which may pose a potential threat for the bank. In addition, the bank has also introduced 'Spot Inspection' in the branches in order to help avoiding any fraudulent activities. In setting out a strong internal control framework within the organization the bank has already brought out its Internal Control Manual, which focuses on monitoring the functions of various departments/divisions of Head Office and branches of the bank periodically on regular basis. IC & C Division of the bank ensures its Internal Control Process through review of Departmental Control Function Checklist (DCFCL), Loan Documentation Checklist (LDCL) and Quarterly Operations Report (QOR) of the branches and other mechanisms.

In 2010 IC & C Division conducted comprehensive audit in 46 branches and 10 divisions/departments at Head Office of the bank. In the same year the internal audit team of IC & C division carried out 09 spot audits in different branches. Also 17 special audits on different issues were conducted in the year 2010. In addition, audit was also conducted in the Merchant Banking Division of the bank (which is now Trust Bank Investment Ltd.) in 2010.

Each year the IC & C Division sets out an audit plan (internal) for the year which is approved by the Managing Director. At the end of the year a summary report on audit findings and corrective action taken, is placed in a meeting of the Audit Committee of the Board for information and necessary advice/suggestions. To comply with the directives of Bangladesh Bank a special meeting of the Board of Directors was held on September 19, 2010 to review the compliance/implementation status on the observations of Bangladesh Bank's comprehensive inspection report, where the representatives of Bangladesh Bank were also present.

Money Laundering Risk Management

In accordance with Money Laundering Prevention Act, 2009 money laundering means transfer, conversion, remitting abroad or remit or bring from abroad to Bangladesh the proceeds or properties acquired through commission of a predicate offence for the purpose of concealing or disguising the illicit origin of the property or illegal transfer of properties acquired or earned through legal or illegal means. Like other banks and FSI (Financial Services Industry) across the globe TBL reckons that prevention of Money Laundering & Combating Terrorist Financing are the two challenges that confront the financial sector today. The Board of Directors of the bank, as such, have approved policy guidelines for anti-money laundering and countering of financing for terrorism (CFT) of the bank. One of the main objectives of the bank's policy on CFT & AML is to portray the procedures and measures to be taken for combating financing of terrorism & money laundering and develop a workable system within the bank for safeguards so that the institution can not be abused in any way as a conduit for financial ill practices.

To implement the bank's policy effectively AML Department has been set up at Head Office of the bank. The department functions under the direct supervision of the Managing Director of the bank. More power & authority has been delegated to the Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the bank to comply with the provisions of the legislation as well as the directives of Bangladesh Bank. The Central Compliance Unit (CCU) at Head Office oversees and monitors implementation of the policy guidelines of the bank on AML & CFT. In the branch level there is a designated Anti-Money Laundering Compliance Officer, called Branch Anti-Money Laundering Compliance Officer (BAMLCO). The branches take the following action to minimize the risk of money laundering:

- a. Monitoring of actual transactions with the clients' declared Transaction Profile (TP)
- b. Review & update of the client's KYC profiles & TPs at regular intervals
- c. Risk categorization of clients, using the parameters of KYC profile
- d. Exercise enhanced due diligence for 'high risk' customers
- e. Hold monthly meetings on AML & CFT issues
- f. Monitor Customers' accounts to detect suspicious transactions

Training is imparted on AML to the new recruits of the bank in the Foundation Course Training Program at the bank's Training Academy on regular basis. Besides, region-based training on AML is arranged every year. Bank shall continue to deploy considerable resources to establish and maintain employees' awareness of the risk of money laundering & terrorist financing through proper training and to enhance their competence to identify and report suspicious transactions.

IT Risk Management

Information technology risk refers to the possibility of facing a calamity in business due to technological glitches. In order to protect the interest of the financial institutions and the clients, the prevention of undue access to IT information, modification, physical destruction of IT systems and IT information are of paramount importance. There are mainly two types of IT risks one is loss of information permanently or temporarily and another is unauthorized use of information for alteration, modification, theft of information. There are also three types of inappropriate computer activity or **computer fraud**:

- Theft of information such customer lists, market research information, cost and pricing data, and launching plan of new products;
- Theft of assets by means, such as unauthorized electronic funds transfer or improper transfer of money from one account to another;
- Malicious destruction of information or programs by disgruntled employees or former employees, competitors, or hackers.

The Bank's IT risk management mainly focuses on safeguarding the financial and organizational information and our IT risk management is fully complied with the rules and regulations of central bank. For risk of losing information, the Bank has established a Disaster Recovery System along with Data Protection facility which includes a Disaster Recovery site for the restoring and retrieval of the Bank's data with utmost security measures. And for risk of unauthorized use of information and computer fraud, proper security measures are in place at the Bank For example, authorized employees are given ID number and password to access the information system of the Bank. However, power of user to access and manipulate data fully depends on authorization by senior management. Moreover, IT division of the Bank arranges training programs for the employees on a regular basis on banking software operation, hardware maintenance and network security in a wide area networking as well as local area networking environment. These training sessions help participants understand the risks involved IT operation and how to minimize those risks. By taking all other appropriate measures, the Bank has designed its overall IT risk management process aiming to contain the risks in this field.

Other Risks Management

Legal Risk Management

At the Bank, legal risks are covered by recognizing potential losses from litigation or possible litigation at any early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision thereagainst.

Reputation Risk Management

Reputation risk refers to the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce confidence of the customers, shareholders, investors, counterparties, business partners, credit rating agencies, regulators, public at large.

TBL ensures adequate awareness amongst all employees, the branches and operational divisions of any changes in the market perception. With this end in view, business policies are framed and transactions are made exercising careful consideration. Any allegation by any aggrieved party against any employee of the Bank is taken with utmost significance, investigation is carried out, and if allegation is found correct, appropriate actions are taken against the person(s) liable. Necessary precautions are in place to watch and guard significant tax, legal or environmental risks.

Basel-II accord & its implementation

In 2004, the Basel Committee on Banking Supervision endorsed the publication of the 'International Convergence of Capital Measurement and Capital Standards: a Revised Framework', commonly referred to as Basel II. Bangladesh Bank adopted Basel-II accord for implementation in Bangladesh from 1 January 2009 parallel to existing BRPD Circular No. 10, dated November 25, 2002 (Basel-I). At the end of parallel run period, Basel II regime has started and the guidelines on RBCA has come fully into force from January 01, 2010 with its subsequent supplements/revisions incorporated in Bangladesh Bank's latest revised Guidelines on Risk Based Capital Adequacy in December 2010.

The dynamic growth of financial markets and the increased use of complex bank products have brought about substantial changes and challenges in the banks' business environment. TBL has established several functioning systems to control over each risk center. Besides these, the new regulatory capital regime (Basel-II) has also placed the bank in to enhance emphasis on risk management and an integrated bank-wide risk management.

Considering the necessity for implementing the international best practices guideline and strengthening its capital base, TBL considers implementation of Risk Based Capital Adequacy for Banks (Revised Regulatory Capital Framework in line with Basel II) is one of its topmost priorities. Accordingly TBL established a Basel II Implementation Unit (BIU) in the 1st Quarter of year 2007 for effective implementation of the capital accord ensuring Board and Senior Management oversight. The BIU is exclusively assigned with the task of reviewing the nature and level of risks relating to banking assets and planning for adequate capital framework. The BIU members meet on regular basis, to monitor implementation status of Risk Based Capital Adequacy of TBL and also those issues which may directly effect capital requirement.

TBL has setup Basel-II Implementation Cell to comply with and to implement the guidelines provided by Bangladesh Bank with a view to strengthen capital structure against Bank's exposure towards credit, market and operational risk. The Cell is operating closely with Bangladesh Bank's concerned departments to perfectly follow implementation of the guidelines.

TBL has complied with the Minimum Capital Requirement Guidelines under Pillar I, Stress Testing Guidelines under Pillar II and Market Disclosure under Pillar III of RBCA guidelines (Basel II). TBL has also formed Supervisory Review Process Team (SRP Team) to review the Internal Capital Adequacy Assessment Process (ICAAP) under Pillar II for assessment of additional capital requirement for residual risks not considered under credit, market and operational risks.

Disclosure according to Basel II Pillar III

The purpose of this report issued by Trust Bank Limited (hereinafter "TBL" or "the Bank") is to comply with the regulatory disclosure requirements in accordance with the Bangladesh Bank BRPD Circular # 35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel II according to market discipline defined in Basel II Pillar III. The disclosure provided in this report should be read in conjunction with the Annual Report of 2010.

1. Objectives and policies with regard to credit, operational and market risks

The different risk categories of the Bank are monitored through various tools, committees and reports. Asset Liability Management Committee meeting, chaired by the Chief Executive Officer and comprising the high level executives of the bank takes place on a monthly basis and assesses the actual risk situation. A Basel II Implementation Committee, chaired by the Deputy Managing Director, takes place on a quarterly basis to assess the Basel II implementation situation of the bank.

On a monthly basis a Risk Management Report summarizes all major risks, identifies the risk owners and defines the deadline for solving potential issues. This report is submitted to the Risk Management Unit for discussion and approval. Checks, limits and controls are evaluated on a monthly basis by the Unit.

A complete set of policies as per Guidelines of Core Risk Management of Bangladesh Bank regulates the businesses conducted by the Bank.

a. Scope of application

Qualitative Disclosures:

a) The name of the top bank in the group to which the framework applies.

Trust Bank Limited is a scheduled commercial bank established under the Bank Companies Act, 1991 and incorporated as a Public Limited Company under the Companies Act, 1994 in Bangladesh on 17 September 1999. The Bank is the controlling entity of its single wholly owned subsidiary.

b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group

(a) that are fully consolidated;

(b) that are given a deduction treatment; and

(c) that are neither consolidated nor deducted.

The consolidated financial statements of the Bank comprise the financial statements of Trust Bank Limited and its subsidiary, Trust Bank Investment Limited (TBIL) together constitutes the 'Group'. The financial statements of the Bank are prepared on a going concern basis under historical cost convention and in accordance with First Schedule (Sec- 38) of Bank Companies Act, 1991 as amended by Bangladesh Bank (Central Bank) BRPD Circular No. 14 dated June 25, 2003, other Bangladesh Bank circulars, International Financial Reporting Standards adopted as Bangladesh Accounting Standard (BAS), the Companies Act, 1994, the Listing Rules of the Stock Exchange, the Securities and Exchange Rule 1987 and other laws and regulations applicable in Bangladesh.

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

- Not applicable.

Quantitative Disclosures:

d) The aggregate amount of capital deficiencies

- Nil.

b) Capital structure:

Qualitative Disclosures:

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

Type of Capital	Features
Equity (Tier I)	The Equity Capital of the Bank as on 31.12.2010 stood at Tk. 4926.74 million in the forms of Paid-up Capital of Tk. 2217.61 million, Statutory Reserve of Tk. 1566.40 million, Retained Earnings of Tk. 1142.73 million and Minority Interest in Subsidiaries of Tk. 705 only.
Tier II Capital	Supplementary capital of the Bank represents general provision, exchange equalization fund, and revaluation reserve of held-to-maturity securities (50% of such reserve). At the close of business on 31 December 2010, our supplementary capital consisted of General Provision of Tk. 819.06 million and Revaluation Reserve for Securities of Tk. 59.10 million.

Quantitative Disclosures:

(Amount in Million)

b)	The amount of Tier I Capital:	4926.74
	Paid-up Capital	2217.61
	Non-repayable share premium account	-
	Statutory reserve	1566.40
	General reserve	-
	Retained earnings	1142.73
	Minority interest in subsidiaries	0.00
	Non-cumulative irredeemable preference shares	-
	Dividend equalization account	-
(c)	The total amount of Tier 2 capital	878.20
	The total amount of Tier 3 capital	-
(d)	Other deductions from capital	-
(e)	Total eligible capital	5804.94

c) Capital Adequacy:

Qualitative Disclosures:

a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

In order to strengthen the capital base of banks in Bangladesh, the Bangladesh Bank in April 1992 introduced capital adequacy measures in banks, based on the capital adequacy framework (Basel I) issued by Basel Committee on Banking Supervision (BCBS). Initially, the framework addressed capital for credit risk, which was subsequently amended to include capital for market risk as well. The Bank has been compliant with regard to maintenance of minimum capital for credit and market risks.

Subsequently, the BCBS released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (popularly known as Basel II document) on June 26, 2004. Bangladesh Bank has issued revised guidelines on December 29, 2010 for implementation of the Guidelines on Risk Based Capital Adequacy – Revised Regulatory Framework in line with Basel II. In accordance with the Bangladesh Bank framework, Trust Bank Limited successfully migrated to the revised framework from 2009. The Bank has continued the Parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital Adequacy Ratio (CAR) on a quarterly basis.

In accordance with Bangladesh Bank's requirement, the Bank has continued to adopt the Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2010. Besides this, the Bank continues to apply the Standardized Approach (SA) for computing capital requirement for Market Risk. Bangladesh Bank has prescribed Banks to maintain a minimum CAR of 9% with regard to credit risk, market risk and operational risk upto June 2011 and afterwards CAR of 10% on an ongoing basis.

The CAR as per Basel II guidelines works to 9.06% as on 31.12.2010 (as against prescribed 9%). The Core Capital to Risk Weighted Assets (RWA) stands at 7.69% and Supplementary Capital to RWA at 1.37%.

The Bank has followed the Bangladesh Bank guidelines in force, to arrive at the eligible capital, risk weighted assets and CAR. As regards the adequacy of capital to support the future activities, the Bank has drawn an assessment of capital requirement for coming years with the approval of the Board. The additional eligible capital generated shall act as a buffer to support the future activities.

Quantitative disclosures

(Amount in Million)

b)	Capital requirement for Credit Risk		4946.60
c)	Capital requirement for Market Risk		400.30
d)	Capital requirement for Operation Risk		422.50
e)	Total and Tier 1 capital ratio:		
		Total Capital Ratio	Tier 1 Capital Ratio
	• For the consolidated group; and	9.06%	7.69%
	• For stand alone	9.09%	7.76%

D) CREDIT RISK:

(a) The general qualitative disclosure requirement with respect to credit risk, including:

● Definitions of past due and impaired (for accounting purposes);

Credit Risk is a possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a Bank's portfolio, Credit Risk arises mostly from lending activities of the bank, when a borrower is unable to meet its financial obligations emanating from potential changes in the credit quality /worthiness of the borrowers or counterparties. Credit Risk Management encompasses a host of management techniques, which help the banks in mitigating the adverse impacts of credit risk. The objective of the Credit Risk Management is to identify measure, monitor and control credit risk by adopting suitable methodology.

The policy of the Bank for classifying bank's loan assets is followed under the Bangladesh Bank BRPD Master Circular No. 5 dated June 05, 2006 as follows:

Past Due/Over Due

Categories	Definition of past due	When started
Continuous Loan	If not repaid/renewed within the fixed expiry date for repayment will be treated as past due.	Following day of expiry date
Demand Loan	If not repaid/rescheduled within the fixed expiry date for repayment will be treated as past due.	As above
Fixed Term Loan (not over five years)	Any installment(s) or part of installment(s) is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due	As above
Fixed Term Loan (over five years)	Any installment(s) or part of installment(s) is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due	After six months of expiry date
aAgricultural Credit & Micro Credit	If not repaid within the fixed expiry date for repayment will be considered as past due.	As above

2. Qualitative Judgment:

In addition to the above, if any uncertainty or doubt arises in respect of recovery of any Continuous Loan, Demand Loan or Fixed Term Loan, the same is classified on the basis of qualitative judgment be it classifiable or not on the basis of objective criteria. If any situational changes occur in the stipulations in terms of which the loan was extended or if the capital of the borrower is impaired due to adverse conditions or if the value of the securities decreases or if the recovery of the loan becomes uncertain due to any other unfavorable situation, the loan is classified on the basis of qualitative judgment.

- Description of approaches followed for specific and general allowances and statistical methods;

As per Bangladesh Bank guidelines, provision against Standard loans are maintained at 1%-5% and 5% provision is maintained against Special Mentioned Accounts (SMAs) after deducting interest suspense. 20% provision is maintained against Sub-Standard loans, 50% provision is maintained against Doubtful loans and 100% provision is maintained against Bad & Loss loans after deducting interest suspense and value of eligible securities as specified by Bangladesh Bank.

Past Due/Over Due

SI	Status	Interest will be credited to	If recovered
1	SS	Interest Suspense A/c	First the interest charged or not charged is to be recovered and the principal to be adjusted afterwards
2	DF	Interest Suspense A/c	
3	BL	Interest Memo A/c i.e. no charging in loan a/c)	

- Discussion of the bank's credit risk management policy;

The Bank has formulated Loan Policy which stipulates various prudential norms, bench marks, guidelines for sanctioning of credits and recovery of the same. The Bank has also formulated separate Credit Risk Management Policy, Consumer Financing Policy, SME Financing Policy and Islami Banking Policy.

Credit Risk measurement is done through Credit Risk Grading system introduced by Bangladesh Bank. Credit Risk Grading is the process wherein the merits and demerits of a borrower are captured and assigned with scorings, which enables the Bank to take a view on the acceptability or otherwise of any credit proposal.

The Bank's strategies to manage the credit risks are as under:

- Defined segment exposures delineated into retail, small and medium enterprises and to corporate clients;
- Industry-wise segment caps on aggregate lending across Branches
- Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds at the end of the previous year as per "Single Borrower" exposure limit set by Bangladesh Bank in its BRPD Master Circular No. 5 dated 09.04.2005.

- d) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels; the approach also includes diversification of credit rating wise borrowers but within acceptable risk parameters.
- e) The Bank's current entire business is within Bangladesh and hence there is no geographic cap on lending in Bangladesh. However, in respect of cross border trade which would involve exposures to banks and financial institutions located outside Bangladesh, there is a geographic cap on exposures apart from cap on individual bank/institution
- f) A well defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts
- g) A clear and well defined delegation of authority within the Bank in regard to decision making linking risk and exposure amount to level of approval.
- h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.

Quantitative disclosures:

b) Total gross credit risk exposures broken down by major types of credit exposure:

(Amount in Million)

Outstanding as on 31 December 2010	Domestic	Overseas	Total
a) Loans & advances	39,799.92	-	39,799.92
b) Commitments	-	-	-
c) Other non-derivative off-balance sheet exposures	-	-	-
d) Debt securities	-	-	-
e) OTC derivatives	-	-	-
Total	39,799.92	-	39,799.92

c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:

(Amount in Million)

Division	Continuous Loan	Demand Loan	Term Loan	Agricultural Loan	Total
Dhaka	6,766.51	5,201.53	14,040.15	2.28	26,010.47
Chittagong	1,994.13	6,657.23	2,683.56	3.81	11,338.73
Sylhet	431.59	7.39	635.2	-	1,074.18
Rajshahi	222.44	6.26	130.58	-	359.28
Barishal	-	-	-	-	0.00
Khulna	113.16	122	467.27	-	702.43
Rangpur	49.8	1.2	263.83	-	314.83
Total	9,577.63	11,995.61	18,220.59	6.09	39,799.92

d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure:

(Amount in Million)

Industry Type	Public Sector		Private Sector	
	Term Loan	Working Capital	Term Loan	Working Capital
Small & Cottage Industry	-	-	111.80	307.70
Medium Scale Industry	-	421.30	340.50	237.80
Large Scale Industry	-	-	5,822.20	6,873.10
Total	-	421.30	6,274.50	7,418.60

e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure:

(Amount in Million)

Time band	Continuous Loan	Demand Loan	Term Loan	Agricultural Credit	Total
Up to 1 month	1,993.85	6,528.55	183.05	-	8,705.45
1 to 3 months	1,033.97	2,736.83	78.29	-	3,849.09
3 to 6 months	1,917.32	1,450.46	2.51	-	3,370.29
6 to 12 months	4,630.05	1,279.77	0.19	2.45	5,912.46
1 to 2 years	2.44	-	1,936.49	-	1,938.93
2 to 3 years	-	-	3,992.30	3.64	3,995.94
3 to 4 years	-	-	4,098.63	-	4,098.63
4 to 5 years	-	-	1,110.53	-	1,110.53
5 to 7 years	-	-	5,337.29	-	5,337.29
7 to 10 years	-	-	1,481.31	-	1,481.31
Over 10 years	-	-	-	-	-
Total	9,577.63	11,995.61	18,220.59	6.09	39,799.92

f) By major industry or counterparty type:

● Amount of impaired loans and if available, past due loans, provided separately:

(Amount in Million)

Industry	Impaired	Past due
Agriculture	0	11.10
Industry (Other than Working capital)	58.10	147.50
Working Capital	396.60	974.00
Export Financing	0.00	0.00
Import Financing	19.80	850.40
Transport & communication	0.10	0.00
Internal trade financing	72.20	443.60
Housing	296.40	311.70
Special Programme	0.00	0.00
Others	116.60	376.30
Inland & Foreign Bills	0.10	0.00
Total	959.90	3,114.60

● Specific and general provisions; and

(Amount in Million)

	General Provision	Specific Provision
Consumer Financing	112.87	15.40
Small & Medium Enterprise Financing	19.01	9.19
Housing Finance	76.79	20.49
Loans to BHs/MBs/SDs against Shares etc.	23.78	-
Loans for Professionals to setup business	1.88	-
Other Corporate Credit	543.23	259.67
Agricultural Credit	0.60	-
Total	778.16	304.75
Total	959.90	3,114.60

● **Charges for specific allowances and charge-offs during the period.**

(Amount in Million)

Against Classified Loans & Advances	
Provision held on 1 January	439.00
Fully provided debts written off	-
Recoveries from previously written off debts	-
Provisions made during the year	(134.25)
Net Charge to the Profit Loss Account	(134.25)
Provision held at end of year	304.75

Against Unclassified Loans & Advances	
Provision held on 1 January	398.90
Provisions made during the year	176.42
Provision held at end of year	575.32
Against Special Mention Accounts	
Provision held on 1 January	17.50
Provisions made during the year	11.33
Provision held at end of year	28.83

General Provision for Off Balance Sheet Exposures	
Provision held on 1 January	103.00
Provisions made during the year	71.00
Provision held at end of year	174.00

***g) Gross Non Performing Assets (NPAs) (including SMA):**

(Amount in Million)

Gross Non Performing Assets (NPAs)	1606.55
Non Performing Assets (NPAs) to outstanding loans & advances	4.04%
Movement of Non Performing Assets (NPAs)	
Opening balance	1211.64
Additions	1421.51
Reductions	(1026.60)
Closing Balance	1606.55
Movements of specific provisions for NPAs	
Opening balance	439.00
Provision made during the period	0.00
Write-off	0.00
Write back of excess provisions	(134.25)
Closing Balance	304.75

e) Equities: Disclosures for Banking Book Positions:

Qualitative Disclosure:

The general qualitative disclosure requirement with respect to equity risk, including:

- **differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and**
 - Not applicable.
- **discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.**
 - Quoted shares are valued at average cost or market price, whichever is lower. Unquoted shares are valued at average cost price or book value as per latest audited accounts.

Quantitative Disclosure:

- * Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Value of Investments in Balance Sheet	
Shares in Listed Companies (valuation at average cost price)	Tk. 792.68 million
Fair Market Value of shares in Listed Securities	Tk. 1099.46 million

- * **The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.**
Tk. 244.86 million
- **Total unrealized gains (losses)**
-Nil.
- **Total latent revaluation gains (losses)**
-Nil.
- **Any amounts of the above included in Tier 2 capital.**
-Nil.
- * **Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.**
-Not applicable.

f) Interest rate risk in the banking book (IRRBB)**Qualitative Disclosures:**

- a) **The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.**

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net-worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic Value of Equity (EVE).

The impact on income (earning perspective) is measured through use of Gap Analysis by applying notional rate shock up to 200 bps as prescribed.

For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity statement and based on the remaining period from the mid point of a particular bucket; the impact for change in interest rates up to 200 bps is arrived at. The Bank has adopted Duration Gap Analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200 bps.

Quantitative Disclosures:

- b) **The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency.**

- 1) The impact of change in Interest Rate i.e. Earnings at Risk for 200 bps interest rate shock as on 31.12.2010 is Tk. 1179.25 million.
- 2) The impact of change in market value of Equity for an interest rate shock of 200 bps as on 31.12.2010 is 6.16%.

g) Market Risk:

Qualitative Disclosures:

Views of BOD on trading/investment activities

The Board of Directors approves all policies related to the market risk components, reviews transaction reports and set limits on regular basis to check key performance indicators of trading and investment activities of the bank.

Methods used to measure Market risk

Trust Bank Limited follows measurement of Market Risk through the Standardized Approach as prescribed in the RBCA guidelines. The interest rate risk is measured through calculation of "specific risk" and "general market risk". Specific risk is applicable for each interest sensitive instruments/security whether it is a short or a long position, and general market risk is applicable for the interest rate risk in the portfolio where long and short positions in different securities or instruments are offset.

Equity Risk is measured through applying the minimum capital adequacy ratio to the current market value in bank's trading book for both specific risk and the general market risk. This is applied to all instruments that exhibit market behavior similar to equities except non-convertible preference shares.

Foreign Exchange Risk is measured through applying the rate of the required minimum capital adequacy ratio of bank's overall foreign exchange exposure including gold. The calculation of foreign exchange exposure is done on consolidated basis including subsidiaries.

As the Commodities Market is non-existent in Bangladesh and with no exposure of TBL, Commodity Risk is not applicable.

Policies and processes for mitigating market risk

The portfolios of Trust Bank Limited are being revalued at an interval at current market price of marking to market basis. Besides, the portfolios have been synchronized in line with Bangladesh Bank guidelines of Risk Based Capital Adequacy (BASEL-II) for interest rate risk and foreign exchange risk.

Market Risk Management system

Under Market Risk Management, Liquidity Risk, Interest Rate Risk, and Foreign Exchange Risk are monitored.

Liquidity Risk

Risk management paper for Liquidity Risk is prepared and reviewed by Risk Management Unit on following aspects:

- Segment-wise deposit and its trend.
- Cost of deposits
- Ratio of low cost deposits
- Concentration of deposit
- Inter bank deposits and borrowings, capacity, etc.
- Credit/deposit ratio
- Bucket wise estimation of net cash flow
- SLR, CRR positions
- Liquidity contingency plan
- Un-drawn commitment
- Proposals for fresh credit facilities
- Short & Medium term funding ratio
- Ratio of liquid assets and total assets
- Counterparty wise limit utilization status.

Interest Rate Risk

Risk management paper for Interest Rate Risk is prepared and reviewed by Risk Management Unit on following aspects:

- Positions of Interest Earning Assets and Liabilities
- Positions of interest rate sensitive assets and liabilities (within one year)
- Net Interest Income
- Net Interest Margin
- Total non-funded income
- Marketwise value of shares and securities along with their average cost prices

Foreign Exchange Risk

The risk is monitored by fixing prudential limit for net open (long and short) position on continual basis. Besides, the following statements are reviewed:

- Currency wise holding
- Instances of limit breaches
- Sensitivity analysis
- Value at Risk Analysis
- Un-reconciled Nostro accounts **over 90 days**

Policies and processes for mitigating market risk

TBL has approved limits for credit deposit ratio, highly liquid asset to total asset ratio, maturity mismatch positions, money market and foreign exchange market positions. These limit and checked and monitored on regular basis to monitor market risks. In addition, undrawn commitments position of both off and on balance sheet items are monitored constantly. Moreover, the Asset Liability Committee meets every month to review market condition, exchange rate, forex and equity positions to mitigate market risks.

Quantitative Disclosures:

The capital requirements for specified risks are as follows:

(Amount in Million)

Details	Capital Charge for Specific Risk	Capital Charge for General Market Risk	Total Capital Charge
A. Interest Rate Risk	-	194.79	194.79
B. Equity Position Risk	98.95	98.95	197.90
C. Foreign Exchange Risk	-	7.60	7.60
D. Commodity Risk	-	-	-
Total (A+B+C+D):	98.95	301.35	400.30

h) Operational risk:

Qualitative Disclosures

Views of BOD on system to reduce Operational Risk

The Board of Directors has established the strategic risk philosophy & developed the risk policies, procedures and methodologies for measuring and monitoring operational risks.

The Board of Directors, through establishment of Audit committee, is fulfilling its responsibilities including implementation of the policies and procedures to identify, measure, monitor and control these risks.

The Board of Directors has put in place a comprehensive internal audit framework for Operational Risk Management. Each year Internal Audit Department of IC&C Division of Head Office sets out an audit plan which is approved by the Managing Director and submitted to the Audit Committee of the Board.

A separate meeting of the Board of Directors is arranged every year for review and assessing the compliance level of the Bank on the comprehensive inspection report of Bangladesh Bank, where the representatives of Bangladesh Bank also remain present.

Besides, on behalf of the Board the Audit Committee-

- Reviews the efficiency & effectiveness of Internal Control and internal audit function of the bank.
- Reviews the findings & recommendations made by internal Audits for removing the irregularities detected in course of conducting audit in the branch & division/department of Head office.
- Reviews the correctivemeasures taken by the management as regards fraud, forgery & deficiency detected by internal & external auditors.

Performance gap of executives and staffs

IC&C Division, through its compliance department, incorporates regulatory requirements in the work process to ensure full compliance. Compliance department of IC&C division ensures that all guidelines received from the regulatory authorities are properly disseminated among the relevant departments of the Head Office and the branches. This unit receives regulatory guidelines, maintains proper records and distributes the same among all relevant units.

Potential external events

TBL has identified some potential external events as enumerated below:

- Losses due to acts intended to defraud, misappropriate property or circumvent the law, by a third party.
- Work Place Safety
- Clients, Products and Business Practices
- Losses arising from loss or damage to physical assets from unexpected events (e.g. natural disasters)
- Business Disruption and System failures.
- Deteriorated social or political context.
- Execution, Delivery and Process Management.

Policies and processes for mitigating operational risk

Operational risk is managed or mitigated through the establishment of effective infrastructure and controls. Key elements of infrastructure include establishment of controls through documented policies and guidelines.

Internal Control & Compliance Division has been established to look into operational issues of the bank. The Division has the responsibility of implementing the processes to regularly monitor operational risk profiles and material exposures to losses and regular reporting of pertinent information to senior management and the Board of Directors, who view proactive management of operational risk with utmost importance.

IC&C Division ensures the following objectives:

- Performance Objectives: To accelerate competence and effectiveness of involvement.
- Information Objectives: To ensure dependability, efficiency and time worthiness of financial and management information.
- Compliance objectives: To adhere to regulatory framework including applicable laws and regulations.

The bank has also formed Risk Management Unit (RMU), which prepares Risk Management Papers .The unit holds monthly meeting to review the risks in operational matters and take appropriate measures to mitigate the risks. The Minutes of RMU meeting along with risk management papers are submitted to Bangladesh Bank quarterly.

Approach for calculating capital charge for operational risk

Capital charge for Operational Risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the Guidelines on Risk Based Capital Adequacy-Revised Regulatory Framework in line with Basel II, for the previous three years i.e. 2008, 2009 and 2010 is considered for computing the capital charge.

Quantitative Disclosures

- b) The capital requirements for operational risk = Tk. 422.50 Million.**

CORPORATE GOVERNANCE REPORT



Aim of Corporate Governance

The aim of the Corporate Governance framework is to ensure disclosure and transparency, to define the responsibilities of the Board and the management, to define the rights and role of shareholders and stakeholders, to ensure the equitable treatment of shareholders and to avoid conflicts of interests. Board of Directors of Trust Bank are responsible for ensuring that Management maintains a system of internal control to provide assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. Here we have made an attempt to present the actual structure and processes in place for the understanding of the users of this report.

Shareholders' Meetings

The supreme authority in the Bank's affairs, within the limits established by the Articles of Association and statutory law, rests with legitimate shareholders' meetings. The Bank's Annual General Meeting is held within statutorily allowed time every year. At shareholders' meeting, each share carries one vote. Decisions at shareholders' meetings are taken by majority vote unless there are contrary provisions in the Bank's Articles of Association or statutory law.



Board of Directors with the shareholders at 11th AGM

The Board of Directors

The Board of Directors is committed to the Bank seeking to achieve superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance.

It handles the Bank's affairs and ensures that its organization and its operation are correct and in appropriate order. The Board is, among other things, responsible for setting business objectives, strategies and business plans, formulating risk policies, confirming key aspects of the Bank's internal organization and making decisions on the establishment of branches. As a mechanism of budgetary control, the Board approves budget and reviews the business plan on quarterly basis so as to give directions as per changing economic and market environment. The Board also reviews the policies and guidelines issued by Bangladesh Bank and gives directions for their due compliance. Furthermore, Board of Directors develops and reviews corporate governance framework as well as recommends to shareholders to appoint an external auditor.

Composition

The Board of Trust Bank Limited consists of nine members including Managing Director as executive director and ex-officio member of the Board. In compliance with Bangladesh Bank's notification, the Board consists one Depositor Director and Independent Director.

Appointment of New Director

Appointment of new Director is made with the consent of all senior Directors. A detailed biography, along with a declaration of his/her non-engagement with other financial institutions is submitted to Bangladesh Bank. A declaration is also submitted to Bangladesh Bank that he/she is not a loan defaulter.

Re-election of Directors

In compliance of the Companies Act and Bank's Articles of Association, each Director, other than the Managing Director, retires by rotation once every three years and is required to stand for re-election by the shareholders at the annual general meeting.

Independent Director

To comply with Securities and Exchange Commission's corporate governance guidelines, the Board of Directors appointed an independent director on the Board. A full compliance report of the said guidelines is provided at annexure iv

Board Meetings

During year 2010, the Board met 21 times. The attendance by directors at the Board meeting held during the year 2009 is provided at annexure-I.

Executive Committee

As approved by Bangladesh Bank, the Board has Executive Committee. The committee comprises five members from the Board including Maj Gen Abu Bela Muhammad Shafiul Huq, ndc, psc as chairman of the committee. The Executive Committee mainly scrutinizes the proposals sent to Board of Directors for decision. However, in order to have functioning and quick disposal of credit proposals, Board has delegated authority to Executive Committee of the Board to approve proposal within certain limit and it is observed to be effective to accelerate the various decisions which otherwise had to wait for Board meeting. The committee met 12 times during the year and played instrumental role for the Board in approving strategic plans and policy guidelines. Attendance in EC meeting is provided in annexure-II.

Audit Committee

The Audit Committee maintains regular contact with both external and internal auditors and ensures that complaints and observations from the auditors are acted upon. Furthermore, the Audit Committee discusses accounting principles and changes thereto. The Audit Committee consults and advises the Board on the scope of internal audits. The committee keeps under review the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the auditors. The committee ensures transparency and accountability in the operations of the Bank and the activities of the Bank are conducted within framework of policies, principles and plans as laid down by the Board, and the guidelines of the regulatory authorities issued from time to time.

The necessity of the Audit Committee is further strengthened by BRPD Circular No. 12 dated 23.12.2003. The committee is headed by a senior Director and comprises two other Directors. However, the company secretary is the secretary of Audit Committee. The committee has unrestricted access to all accounts, books and records to ensure the job is conducted properly. The committee had 5 meetings during the year, based on which the Committee submitted its report to the Board regarding its oversight function. The report is given at page # of the annual report.

Directors' Remuneration

The non-executive directors (directors other than Managing Director) of the Board representing shareholders do not take any remuneration or reimbursement of any expenses for attending Board meeting or for any other purpose. The Board members receive only Tk.5000/- for attending the Board/Committee meetings. The fees given to directors are disclosed in the note 28 to the financial statements.

Management

Managing Director is the CEO of the Bank. The CEO and Board of Directors are jointly responsible for the management of the Bank. The Managing Director is responsible for day-to-day operations and in this respect observes the policy and directions of the Board of Directors. The day-to-day operations do not include measures which are unusual or extraordinary. Such measures are only taken by the Managing Director pursuant to special authorization from the Board of Directors unless waiting for a decision from the Board of Directors would seriously disadvantage the operation of the Bank. In such cases, the Board of Directors is promptly notified of the measures. The Managing Director also ensures that Bank's accounts and finances conform to applicable laws and accepted standards. Therefore, being empowered by the Board, Managing Director leads Management consisting of executives of the Bank. Management functions through several committees headed by Managing Director comprising a number of executives of the Bank. The committees are MANCOM, ALCO and Basel Committee etc. Management enjoys absolute power in respect of recruitment, posting and promotion of manpower in accordance with Bangladesh Bank's guidelines. In addition, Board has delegated adequate administrative, business and financial power to Management for quick and efficient discharge of Bank's activities.

Financial Reporting, Statutory and Regulatory Reporting

In the preparation of quarterly, semi annual and annual financial statements, the Bank has complied with the requirements of the Companies Act 1994, Bank Companies Act 1991 and rules and regulations of Bangladesh Bank, SEC and stock exchanges.

Internal Control

The Board of Directors acknowledges their overall responsibility for the Bank's system of internal control and for reviewing its effectiveness. Internal control is an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank. The Bank has taken all-out efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. Internal Control & Compliance Division and Board Audit Cell are working towards mitigation of operational and compliance risk of the Bank.

External Audit

M/S Howlader Yunus & Co. chartered accountants is the statutory auditors of the Bank. They do not provide any other accounting, taxation or advisory services to the Bank except certification of cash incentives payable to exporters.

Audit and Inspection by Bangladesh Bank

Bangladesh Bank also undertakes audit & inspection at the Bank at their determined intervals. Compliance with observations and recommendations made by Bangladesh Bank help the Bank to improve internal control, risk management, corporate governance and regulatory compliance maximizing benefit for all stakeholders.

Going Concern Assumption

The Directors confirm that they are satisfied that the Bank has adequate resources to continue to operate for the foreseeable future and are financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Relations and Communication with Shareholders

The Bank acknowledges and takes necessary steps to provide shareholders with all relevant and reliable information to allow them to make informed judgment and decisions. All relevant information is placed in website of the Bank for convenience of the shareholders. Moreover, as per SEC guidelines all the price sensitive information having possible impact on share prices of the Bank are communicated to the shareholders by publication in the national dailies and to the DSE, CSE, and SEC through official letters for appearance in their website. Quarterly Financial Statements are communicated to all the shareholders through DSE, CSE and SEC. Half-yearly Financial Statements are directly communicated to all shareholders. Audited yearly financial statements are published in two national dailies. Finally, we arrange Annual General Meeting as our statutory duty to give our shareholders parliamentary session to communicate their assertions about the Bank. All the suggestions or recommendations made by the shareholders in AGM or any time during the year are taken very seriously for compliance and better corporate governance of the Bank.

Compliance of Regulatory Guidelines

Securities and Exchange Commission (SEC) issued corporate governance guidelines (Notification dated 20 February 2006), on comply or explain basis, for the companies listed with stock exchanges. Through the said notification, SEC has asked the listed companies to report the compliance status of the said notification in the annual report. Compliance report on the said corporate governance guidelines is given in annexure III & IV.

Compliance report on SEC Notification

The Securities and Exchange Commission (SEC) requires all listed companies to report on the compliance of the conditions described in SEC's notification dated 20 February 2006. The Board of Directors of Trust Bank Limited has taken appropriate steps to comply with the conditions as detailed in Annexure-I, II, III, IV.



Partial view of shareholders at 11th AGM

Annexure-I

14 meetings of the Board of Directors were held in the year 2010; the attendance of the directors is furnished below:

SL	Name of Director	Position	Date of appointment	Meeting Held	Attended	Status
1	General Md Abdul Mubeen, ndc, psc	Chairman	28-06-2009	14	14	-
2	Maj Gen A T M Shahidul Islam, ndu, psc	Vice Chairman	02-11-2009	14	14	Resigned on 23/12/09
3	Brig Gen Md. Nazrul Hasan	Director	22-09-2008	14	14	-
4	Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	11-02-2009	14	12	Leave granted
5	Brig Gen Tushar Kanti Chakma, ndc, psc	Director	06-04-2009	14	14	-
6	Mrs. Begum Rokeya Din	Director	28-04-2009	14	14	-
7	Mr. Helal Uddin Ahmed	Depositor	28-04-2009	14	14	-
8	Brig Gen Md Imamul Huda, psc	Director	21-06-2010	9	9	-
9	Managing Director	Ex-officio		14	14	

Leave of absence was granted to director who could not attend some of the Board meetings.

Annexure-II

39 meeting of the Executive committee were held in the year 2010; the attendance of the directors is furnished below:

SL	Name of Director	Position	Date of appointment	Meeting Held	Attended	Status
01	Maj Gen A T M Shahidul Islam ndu, psc	Vice Chairman	02-11-2009	38	38	Resigned on 23-12-2010
02	Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc	Vice Chairman	23-12-2010	01	01	-
03	Brig Gen K A R M Mostafa Kamal ndc, psc	Member	11-02-2009	39	34	Leave granted
04	Brig Gen Tushar Kanti Chakma ndc, psc	Member	06-04-2009	39	39	-
05	Mrs. Begum Rokeya Din	Member	28-04-2009	38	36	Leave granted
06	Mr. Shah Alam Sarwar					
	Managing Director	Member	22-11-2009	39	39	-

Leave of absence was granted to director who could not attend some of the Board meetings.

Annexure-III

The pattern of shareholding of Trust Bank Limited as of 31 December 2009

- i) Shareholding by Parent/Subsidiary/Associated Companies and other related parties: Nil
- ii) Shareholding by Directors:

Name of Director	Position	No. of Share
General Md Abdul Mubeen, ndc, psc	Chairman	Representing Army Welfare Trust
Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc	Vice-Chairman	50
Brig Gen Md Nazrul Hasan	Director	14
Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	14
Brig Gen Tushar Kanti Chakma, ndc, ps	Director	12
Mrs. Begum Rokeya Din	Director	72
Mr. Helal Uddin Ahmed	Depositor Director	1387
Mr. M Shah Alam Sarwar	Managing Director	Nil

- iii. Shareholding by executives
- | | |
|--|-----|
| Chief Executive Officer | Nil |
| Company Secretary | Nil |
| Chief Financial Officer | Nil |
| Head of Internal Audit | Nil |
| Spouses and minor children of above executives | Nil |
- iii) Shareholding by other Senior Executives Nil
- iv) Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2009:
Army Welfare Trust

Annexure-IV

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 issued under Section 2CC of the Securities and Exchange Ordinance, 1969.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Non-complied	

1.00: Board of Directors

1.1 Board's size	The number of the Board members of the company should not be less than 5 (five) and more than 20 (twenty)	✓		
1.2 Independent Directors	(i) At least one tenth (1/10) of the total number of the company's Board of directors, subject to a minimum of one, should be independent directors.	✓		
	(ii) The independent director(s) should be appointed by the elected directors.			Not applicable
1.3 Chairman & CEO	The positions of the Chairman of the Board and the Chief Executive Officer of the company should preferably be filled by different individuals. The Chairman of the company should be elected from among the directors of the company. The Board of Directors should clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		

1.4: Directors' Report to Shareholders

	a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
	b) Proper books of account of the issuer company have been maintained.	✓		
	c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
	d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.	✓		

	e) The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
	f) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		No doubt exists
	(g) Significant deviations from last year in operating results of the issuer company should be highlighted and reasons thereof should be explained.			Not Applicable; Operating result is improving
	(h) Key operating and financial data of at least preceding three years should be summarized	✓		
	(i) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof should be given.			
	(j) The number of Board meetings held during the year and attendance by each director should be disclosed. (See at Annexure-i)	✓		
	(k) The pattern of shareholding should be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- (i) Parent/Subsidiary/ Associated companies and other related parties (name wise details); (ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); (iii) Executives; and (iv) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). (See at Annexure-iii)	✓		

2.00: Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary

2.1 Appointment	The company should appoint a Chief Financial Officer (CFO), a Head of Internal Audit and a Company Secretary. The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the Company Secretary.	✓		
2.2 Requirement to Attend Board Meeting	The CFO and the Company Secretary of the companies should attend meetings of the Board of Directors, provided that the CFO and/or the Company Secretary should not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to the CFO and/or the Company Secretary.	✓		Company Secretary attends meetings regularly; CFO attends meetings as and when required.

3.00 Audit Committee	The company should have an Audit Committee as a sub-committee of the Board of Directors. The audit committee should assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee should be clearly set forth in writing.	✓		Audit Committee constituted as per Bangladesh Bank's circular
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3.1 Constitution of Audit Committee

	(i) The Audit Committee should be composed of at least 3 (three) members	✓		
	(ii) The Board of Directors should appoint members of the Audit Committee who should be directors of the company and should include at least one independent director.	✓		
	(iii) When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors should appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			Not applicable

3.2 Chairman of Audit Committee

	(i) The Board of Directors should select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee.	✓		
	(ii) The Chairman of the audit committee should have a professional qualification or knowledge, understanding and experience in accounting or finance.	✓		

3.3 Reporting of the Audit Committee

3.3.1 Reporting to the Board of Directors

	(i) The audit Committee should report on its activities to the Board of Directors	✓		
	(ii) The Audit Committee should immediately report to the Board of Directors on the following findings, if any:-			
	(a) Report on conflicts of interests			Not applicable

	(b) Suspected or presumed fraud or irregularity or material defect in the internal control system;	}	Audit Committee submits a report to the Board of Directors quarterly & annually
	(c) Suspected infringement of laws, including securities related laws, rules and regulations; and		
	(d) Any other matter which should be disclosed to the Board of Directors immediately.		
3.3.2 Reporting to the Authorities	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee should report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times of completion of a period of 9 (nine) months from the date of first reporting to the Board of Directors, whichever is earlier.		Not applicable

3.4. Reporting to the Shareholders and General Investors

	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.3.1 (ii) above during the year, should be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
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4.00. External/Statutory Auditors

The issuer Company should not engage its external/statutory Auditors to perform the following services of the Company namely:

	(i) Appraisal or valuation services or fairness opinions;	✓		
	(ii) Financial information systems design and implementation:	✓		
	(iii) Book-keeping or other services related to the accounting records or financial statements;	✓		
	(iv) Broker-dealer services;	✓		
	(v) Actuarial services:	✓		
	(vi) Internal audit services; and	✓		
	(vii) Any other service that the Audit Committee determines.			Not applicable

ANNUAL REPORT OF SHARIAH COUNCIL - 2010

All praise is for Allah subhanahu-wa-tayala Who is the One and Second to none, Benificent, the Merciful. Durud and Salam is for our Prophet (SM) who is Rahmat for the creatures of the World.

We take the opportunity to express our appreciation to the Board of Directors, the Managing Director and all members of the Management Team for their continuous support for the development of Islamic Banking in TBL.

In the Year 2010, Trust Bank Limited operate its Islamic Banking Operations through 5 designated branches.

We report the following to the Shareholders:

- i) During the Year 2010, Shariah Council of Trust Bank Limited held 02 (two) meetings.
- ii) The account of Islamic Banking operations of Trust Bank Limited were being kept separately from Conventional Banking accounts. All the products of Trust Islamic Banking are marketed after approval of Shariah Council.
- iii) The council gave considered decision and guidelines on issues of Islamic Banking operations referred by the Management of the Bank and reviewed the operational issues in respect of Islamic Banking of the Bank.
- iv) The Shariah Council was satisfied on the performance of Trust Islamic Banking during the year 2010 earning operating profit of BDT 6.21 crore.

We pray to Almighty Allah to give us enough strength and fortitude to implement Shariah Principles in every sphere of our life. We evoke His unbound blessings on TBL and its stakeholders.

Ameen.



Mufti Muhammad Abdullah
Chairman, Shariah Council

Report of the Audit Committee

In compliance with BRPD circular # 12 dated 23 December 2003 of Bangladesh Bank, Audit Committee of the Board of Directors was formed on 5 February 2003 in the 64th Board meeting and was last reconstituted on 1 February 2010. Major objectives of Audit Committee are:

- i) To review the financial reporting process, the internal control system to mitigate risks, and other processes, systems and procedures for monitoring compliance with laws, rules, regulations and internal policies; and
- ii) To assist the Board in fulfilling its oversight functions.

Composition of Audit Committee

At present the Audit Committee consists of the following members of Board:

1. Brig Gen Md Nazrul Hasan	Convener
2. Brig Gen K A R M Mostafa Kamal, ndc, psc	Member
3. Mr. Helal Uddin Ahmed	Member

Mr. Helal Uddin Ahmed is the Independent and Depositor Director. The Company Secretary acts as the Secretary of the Audit Committee.

Roles and Responsibilities of Audit Committee

The purpose, authority, duties and responsibilities of the Audit Committee are clearly mentioned in the Audit Committee Charter. To recognize the importance of oversight responsibilities of the Board with special emphasis on ensuring compliance with all applicable legislation, the prime responsibilities of the Audit Committee, among other things, are as follows:

a) Internal Control

- i) Evaluate whether the Management is setting up the appropriate compliance culture by communicating the importance of internal control and the management of risks and ensuring that all employees have good understanding of their roles and responsibilities;
- ii) Review the arrangement made by the Management for developing and maintaining a suitable Management Information System;
- iii) Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the Management;
- iv) Review the existing risk management policy and procedures for ensuring and effective internal check and control system;
- v) Review the corrective measures taken by the Management as regards to the reports relating to fraud-forgery, deficiency in internal control system or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the Board on a regular basis;
- vi) Review the financial reporting process, the internal control system and approach to manage risks, the audit process and the processes for monitoring compliance with laws and regulations and its own code of business conduct;
- vii) Assist the Board in discharging its oversight functions including implementation of business plans.

b) Financial Reporting

- i) Review the annual financial statements and determine whether they are complete and consistent with the accounting and reporting standards set by the regulatory authorities;
- ii) Meet with Management and statutory auditors to review the financial statements before their finalization.

c) Internal Audit

- i) Review the activities and organizational structure of internal audit function and ensure that no unjustified restrictions or limitations are made;
- ii) Review the efficiency and effectiveness of internal audit function;
- iii) Review the findings and recommendations made by internal auditors for removing the irregularities, if any, detected are duly acted upon by the Management in running the affairs of the Bank.

d) External Audit

- i) Review performance of the external auditors and their audit reports;
- ii) Review that findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the Management in running the affairs of the Bank;
- iii) Make recommendation to Board regarding appointment of external auditors.

e) Compliance with existing laws and regulations

- i) Review whether laws and regulations framed by the regulatory authorities (central bank and other authorities) and internal circulars/instructions/policies/regulations approved by the Board have been complied with.

f) Miscellaneous

- i) Submit report to Board regarding regularization of the errors and omissions, fraud and forgeries and other irregularities detected by internal and external auditors and inspectors of regulatory authorities;
- ii) Perform other oversight functions as requested by the Board and evaluate committee's own performance on a regular basis.

Meetings of the Committee

During the year 2010, three meetings of the committee were held. In these meetings Managing Director, Deputy Managing Director, Head of IC&C, Head of Credit Risk Management and Head of Financial Control & Accounts were invited to attend as and when the Committee required their presence. The Committee had another meeting in March 2011 to deal in the Auditors' Report and financial statements of 2010, wherein external auditors of the Bank were present.

Functioning of Audit Committee

The Board of Directors has an auditor under the designation 'Board Auditor', who assists the Audit Committee in discharging its oversight function. Board Auditor reviews the audit reports of internal and external auditors, inspection reports of regulatory authorities and submits his findings to Audit Committee. Besides, he also conducts audit of different branches and divisions/departments of head office and submits his report to the Committee.

Activities

During the year under review, the Audit Committee focused on the following major issues:

1. Review and approval/concurrence of annual audit plan of the Board Auditor and also of IC&C;
2. Review of significant internal audit reports of different branches and divisions/departments of head office (both of Board Auditor and IC&C) and compliance thereof by Management;
3. Review the status of classified loans of the Bank;
4. Review the external auditors' report and their Management Letter and compliance thereof by Management;
5. Review of Bank's Health report (prepared by IC&C) at quarterly rest.

Review of Financial Statements of 2010

The Committee in its 1st meeting of 2011 reviewed the annual financial statements for the year 2010 wherein representative of external auditors was present. The external auditor expressed his opinion before the Committee that they have observed much improvement in the quality of Bank's assets in their 3-year period. The representative further opined that quality of Bank's financial reporting has also improved and assured the Audit Committee that the financial statements for the year 2010 prepared by Management represent a true and fair view of the state of affairs of the Bank. The Audit Committee, therefore, recommended those for approval by the Board of Directors.



Brig Gen Md Nazrul Hasan
Convener, Audit Committee

AUDITORS' REPORT & FINANCIAL STATEMENTS



AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRUST BANK LIMITED

Introduction

We have audited the accompanying consolidated financial statements of Trust Bank Limited and its subsidiaries, which comprises the consolidated Balance Sheet as at December 31, 2010 and the consolidated Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and notes to the financial statements for the year then ended. And a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Bank Company Act 1991, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular no. 14 dated 25 June 2003 and Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the Bank as of December 31, 2010 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii. the Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purposes of the Bank's operations;
- v. the financial position of the Bank as of December 31, 2010 and the profit for the year then ended have been properly reflected in the financial statements; the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi. the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii. adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- viii. the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x. the information and explanations required by us have been received and found satisfactory.

Howladar Yunus & Co.
HOWLADAR YUNUS & CO.
Chartered Accountants

Dated: Dhaka
March 23, 2011

TRUST BANK LIMITED
and its subsidiary
Consolidated Balance Sheet
As at 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash			
	3		
Cash in hand (including foreign currencies)		519,467,958	437,348,059
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,122,034,251	2,996,480,710
		4,641,502,209	3,433,828,769
Balance with other banks and financial institutions			
	4 (a)		
In Bangladesh		318,714,725	3,931,914,972
Outside Bangladesh		419,678,019	154,568,464
		738,392,744	4,086,483,436
Money at call and short notice			
	5	-	3,550,000,000
Investments			
	6		
Government		6,714,007,381	8,032,947,669
Others		1,845,932,388	672,661,338
		8,559,939,769	8,705,609,007
Loans and Advances/Islami Banking Investments			
	7 (a)		
Loans, Cash Credit, Overdrafts, etc./Investment		41,501,591,601	31,524,930,342
Bills purchased and discounted		1,258,841,394	1,138,177,441
		42,760,432,995	32,663,107,783
Fixed assets including premises, furniture and fixtures	8 (a)	431,006,157	381,919,144
Other assets	9 (a)	1,229,399,926	1,385,700,468
Non-banking assets		-	-
Total Assets		58,360,673,800	54,206,648,607
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10 (a)	460,247,719	153,403,792
Deposits and other accounts	11 (a)		
Current/Al-wadeeah Current Accounts and other Accounts		6,247,062,620	4,856,810,829
Bills Payable		656,010,698	602,883,159
Savings Bank/Mudaraba Savings Deposits		5,336,185,241	4,230,046,723
Fixed Deposits/Mudaraba Term Deposits		38,118,642,723	38,774,898,962
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
		50,357,901,282	48,464,639,673
Other Liabilities	12 (a)	2,497,504,163	1,833,739,086
Total Liabilities		53,315,653,164	50,451,782,551
Capital/Shareholders' Equity			
Paid up Capital	13.2	2,217,606,200	1,848,005,200
Minority Interest	13 (a)	705	-
Share Premium Account		-	182,001,600
Statutory Reserve	14	1,566,403,090	1,138,330,330
Other Reserve	15	118,280,731	122,565,154
Retained Earnings	16 (a)	1,142,729,910	463,963,772
Total Shareholders' Equity		5,045,020,636	3,754,866,056
Total Liabilities and Shareholders' Equity		58,360,673,800	54,206,648,607

	Notes	31.12.2010 Taka	31.12.2009 Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities	17		
Acceptances and Endorsements		3,733,538,904	2,189,338,630
Letter of Guarantees		4,074,580,745	1,527,643,816
Irrevocable Letter of Credits		8,208,530,370	4,592,263,738
Bills for Collection		2,934,030,510	1,331,102,185
		18,950,680,529	9,640,348,369
Other Contingent Liabilities			
Value of travelers' cheques in hand		-	-
Total:		18,950,680,529	9,640,348,369
Other commitments			
Documentary Credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		18,950,680,529	9,640,348,369

The annexed notes form an integral part of the Balance Sheet.


Vice Chairman


Director
Signed as per annexed report on even date


Director


Managing Director

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants

Dated: Dhaka
March 23, 2011

TRUST BANK LIMITED
and its subsidiary
Consolidated Profit and Loss Account
For the year ended as of 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
Interest Income/Profit on Investment	19 (a)	4,737,245,740	4,027,199,131
Interest/Profit paid on deposits and borrowings etc.	20 (a)	3,211,610,939	3,112,822,489
Net interest income		1,525,634,801	914,376,642
Income from investments	21	963,808,154	785,031,424
Commission, exchange and brokerage	22 (a)	466,228,417	355,614,342
Other operating income	23 (a)	814,368,948	412,645,488
		2,244,405,519	1,553,291,254
Total operating income		3,770,040,320	2,467,667,896
Salaries and allowances	24 (a)	692,880,229	582,320,570
Rent, taxes, insurance, electricity, etc.	25 (a)	155,474,527	127,534,124
Legal expenses		812,533	1,197,648
Postage, stamps, telecommunications, etc.	26 (a)	38,669,117	33,434,691
Stationery, printing, advertisement, etc.	27 (a)	59,620,654	48,097,074
Managing Director's salary and benefits		10,140,000	8,444,780
Directors' fees	28 (a)	1,485,800	709,200
Auditors' fee		690,000	209,000
Charges on loan losses		-	-
Depreciation and repair of bank's assets	29 (a)	120,300,756	91,781,299
Other expenses	30 (a)	315,387,226	215,585,389
Total operating expenses		1,395,460,842	1,109,313,775
Profit before provision		2,374,579,478	1,358,354,121
Provision for loans & advances/Investments	31	94,411,143	212,426,000
Provision for Diminution in value of Investment	32	11,134,747	(20,692,205)
Other provision	33	72,662,701	16,046,017
		178,208,591	207,779,812
Total Profit before Taxes		2,196,370,887	1,150,574,309
Provision for Taxation			
Current tax	12.5 (a)	911,344,335	542,500,000
Deferred tax		(9,411,751)	(2,831,529)
		901,932,584	539,668,471
Net Profit after Taxation		1,294,438,303	610,905,838
Appropriations			
Statutory Reserve	14.1	428,072,760	609,804,384
General reserve		-	-
		428,072,760	609,804,384
Retained surplus		866,365,543	1,101,454
Earning per share (EPS)	35 (a)	58.37	33.06

The annexed notes form an integral part of the Profit & Loss Account.


Vice Chairman


Director


Director


Managing Director

Signed as per annexed report on even date

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants

Dated: Dhaka
March 23, 2011

TRUST BANK LIMITED
and its subsidiary
Consolidated Cash Flow Statements
For the year ended as of 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
A. Cash flow from operating activities			
Interest received in cash		4,778,175,673	4,075,793,904
Interest payments		(3,383,906,247)	(2,875,519,267)
Dividend receipts		32,328,818	24,331,156
Fees and commission receipts in cash		465,583,268	347,300,768
Recoveries of loans previously written off		-	-
Cash paid to employees		(698,193,857)	(499,650,084)
Cash paid to suppliers		(40,593,444)	(36,119,833)
Income Taxes paid		(676,644,058)	(510,425,434)
Received from other operating activities (item-wise)	36 (a)	1,748,751,621	967,362,994
Payments for other operating activities (item-wise)	37 (a)	(536,146,128)	(382,019,026)
Operating profit before changes in operating Assets and Liabilities		1,689,355,646	1,111,055,178
Increase/(Decrease) in operating assets & liabilities			
Statutory Deposits		-	-
Net Investment in trading securities		(1,173,271,050)	86,371,286
Loan & advance to other banks		-	-
Loan & advance to customers		(9,994,345,175)	(5,054,925,936)
Other assets (item-wise)	38 (a)	152,268,089	(537,570,300)
Deposits from other banks		128,647,000	66,587,000
Deposits from customers		1,936,925,625	15,240,286,456
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities (item-wise)	39 (a)	93,733,443	6,577,323
Net cash from operating activities (A)		(7,166,686,422)	10,918,381,007
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of government securities		1,315,338,165	(3,782,123,845)
Purchase of property, plant & equipment		(175,540,346)	(119,589,279)
Purchase of intangible assets		(6,191,246)	(5,408,714)
Sale of property, plant & equipment		32,251,124	4,102,927
Net cash from investing activities (B)		1,165,857,697	(3,903,018,911)
C. Cash flow from financing activities			
Increase/(Decrease) in Borrowing:		-	-
Call loan		-	(1,010,000,000)
Other borrowings		306,843,927	32,368,792
Share Capital A/c		700	-
Share Premium A/c		-	-
Net cash from financing activities (C)		306,844,627	(977,631,208)
D. Net increase in Cash and Cash Equivalent (A+B+C)		(5,693,984,098)	6,037,730,888
E. Effects of exchange rate changes on cash and cash equivalents		4,249,146	5,084,229
F. Opening Cash and Cash Equivalent		11,072,211,105	5,029,395,988
G. Cash and cash equivalents at end of year (D+E+F)		5,382,476,153	11,072,211,105

TRUST BANK LIMITED
and its subsidiary
Consolidated Statement of changes in Equity
As at 31 December 2010

Particulars	Paid up Capital Taka	Share Premium Taka	Minority Interest Taka	Statutory Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 01 Jan 2010	1,848,005,200	182,001,600	-	1,138,330,330	122,565,154	463,963,772	3,754,866,056
Changes in accounting policy	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	-	(4,284,423)	-	(4,284,423)
Currency transaction difference	-	-	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	5	-	-	1,294,438,298	1,294,438,303
Statutory reserve	-	-	-	428,072,760	-	(428,072,760)	-
Dividends (Bonus Share)	369,601,000	(182,001,600)	-	-	-	(187,599,400)	-
Issue of Share Capital	-	-	700	-	-	-	700
Balance as at 31 Dec 2010	2,217,606,200	-	705	1,566,403,090	118,280,731	1,142,729,910	5,045,020,636

TRUST BANK LIMITED

Balance Sheet

As at 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)		519,467,958	437,348,059
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,122,034,251	2,996,480,710
		4,641,502,209	3,433,828,769
Balance with other banks and financial institutions	4		
In Bangladesh		318,714,725	3,931,914,972
Outside Bangladesh		419,678,019	154,568,464
		738,392,744	4,086,483,436
Money at call and short notice	5	-	3,550,000,000
Investments	6		
Government		6,714,007,381	8,032,947,669
Others		1,845,932,388	672,661,338
		8,559,939,769	8,705,609,007
Loans and Advances/Islami Banking Investments	7		
Loans, Cash Credit, Overdrafts, etc./Investment		38,541,082,597	31,524,930,342
Bills purchased and discounted		1,258,841,394	1,138,177,441
		39,799,923,991	32,663,107,783
Fixed assets including premises, furniture and fixtures	8	413,124,269	381,919,144
Other assets	9	4,123,449,303	1,385,700,468
Non-banking assets		-	-
Total Assets		58,276,332,285	54,206,648,607
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	463,945,447	153,403,792
Deposits and other accounts	11		
Current/Al-wadeeah Current Accounts and other Accounts		5,681,378,972	4,856,810,829
Bills Payable		656,010,698	602,883,159
Savings Bank/Mudaraba Savings Deposits		5,336,185,241	4,230,046,723
Fixed Deposits/Mudaraba Term Deposits		38,739,716,060	38,774,898,962
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
		50,413,290,971	48,464,639,673
Other liabilities	12	2,373,738,680	1,833,739,086
Total Liabilities		53,250,975,098	50,451,782,551
Capital/Shareholders' Equity			
Paid up Capital	13.2	2,217,606,200	1,848,005,200
Share Premium Account		-	182,001,600
Statutory Reserve	14	1,566,403,090	1,138,330,330
Other Reserve	15	118,280,731	122,565,154
Retained Earnings	16	1,123,067,166	463,963,772
Total Shareholders' Equity		5,025,357,187	3,754,866,056
Total Liabilities and Shareholders' Equity		58,276,332,285	54,206,648,607

		31.12.2010 Taka	31.12.2009 Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities	17		
Acceptances and endorsements		3,733,538,904	2,189,338,630
Letter of Guarantees		4,074,580,745	1,527,643,816
Irrevocable Letter of Credits		8,208,530,370	4,592,263,738
Bills for collection		2,934,030,510	1,331,102,185
		18,950,680,529	9,640,348,369
Other Contingent Liabilities			
Value of travelers' cheques in hand		-	-
Total:		18,950,680,529	9,640,348,369
Other commitments			
Documentary Credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		18,950,680,529	9,640,348,369

The annexed notes form an integral part of the Balance Sheet.


Vice Chairman


Director
Signed as per annexed report on even date


Director


Managing Director

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants


Dated: Dhaka
March 23, 2011

TRUST BANK LIMITED
Profit and Loss Account
For the year ended as of 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
Interest income/Profit on Investment	19	4,686,638,621	4,027,199,131
Interest/Profit paid on deposits and borrowings etc.	20	3,213,947,255	3,112,822,489
Net interest income		1,472,691,366	914,376,642
Income from investments	21	963,808,154	785,031,424
Commission, exchange and brokerage	22	465,133,566	355,614,342
Other operating income	23	741,418,369	412,645,488
		2,170,360,089	1,553,291,254
Total operating income		3,643,051,455	2,467,667,896
Salaries and allowances	24	684,513,583	582,320,570
Rent, taxes, insurance, electricity, etc.	25	152,923,246	127,534,124
Legal expenses		812,533	1,197,648
Postage, stamps, telecommunications, etc.	26	38,363,837	33,434,691
Stationery, printing, advertisement, etc.	27	54,747,195	48,097,074
Managing Director's salary and benefits		10,140,000	8,444,780
Directors' fees	28	1,419,800	709,200
Auditors' fee		517,500	209,000
Charges on loan losses		-	-
Depreciation and repair of bank's assets	29	119,336,638	91,781,299
Other expenses	30	302,615,872	215,585,389
Total operating expenses		1,365,390,204	1,109,313,775
Profit before provision		2,277,661,251	1,358,354,121
Provision for loans & advances/Investments	31	53,500,000	212,426,000
Provision for Diminution in value of Investment	32	11,134,747	(20,692,205)
Other provision	33	72,662,701	16,046,017
		137,297,448	207,779,812
Total Profit before Taxes		2,140,363,803	1,150,574,309
Provision for Taxation			
Current tax	12.5.1	875,000,000	542,500,000
Deferred tax		(9,411,751)	(2,831,529)
		865,588,249	539,668,471
Net Profit after Taxation		1,274,775,554	610,905,838
Appropriations			
Statutory Reserve	14.1	428,072,760	609,804,384
General reserve		-	-
		428,072,760	609,804,384
Retained surplus		846,702,794	1,101,454
Earning per share (EPS)	35	57.48	33.06

The annexed notes form an integral part of the Profit & Loss Account.


Vice Chairman


Director
Signed as per annexed report on even date


Director


Managing Director

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants

Dated: Dhaka
March 23, 2011

TRUST BANK LIMITED
Cash Flow Statements
As at 31 December 2010

	Notes	31.12.2010 Taka	31.12.2009 Taka
A. Cash flow from operating activities			
Interest received in cash		4,727,568,554	4,075,793,904
Interest payments		(3,386,242,563)	(2,875,519,267)
Dividend receipts		32,328,818	24,331,156
Fees and commission receipts in cash		464,488,417	347,300,768
Recoveries of loans previously written off		-	-
Cash paid to employees		(689,827,211)	(499,650,084)
Cash paid to suppliers		(39,605,485)	(36,119,833)
Income Taxes paid		(676,644,058)	(510,425,434)
Received from other operating activities (item-wise)	36	1,675,801,042	967,362,994
Payments for other operating activities (item-wise)	37	(515,430,095)	(382,019,026)
Operating profit before changes in operating Assets and Liabilities		1,592,437,419	1,111,055,178
Increase/(Decrease) in operating assets & liabilities			
Statutory Deposits		-	-
Net Investment in trading securities		(1,173,271,050)	86,371,286
Loan & advance to other banks		-	-
Loan & advance to customers		(7,033,836,171)	(5,054,925,936)
Other assets (item-wise)	38	(2,742,187,255)	(537,570,300)
Deposits from other banks		128,647,000	66,587,000
Deposits from customers		1,992,315,314	15,240,286,456
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities (item-wise)	39	47,223,438	6,577,323
Net cash from operating activities (A)		(7,188,671,305)	10,918,381,007
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of government securities		1,315,338,165	(3,782,123,845)
Purchase of property, plant & equipment		(157,658,458)	(119,589,279)
Purchase of intangible assets		(5,785,279)	(5,408,714)
Sale of property, plant & equipment		32,251,124	4,102,927
Net cash from investing activities (B)		1,184,145,552	(3,903,018,911)
C. Cash flow from financing activities			
Increase/(Decrease) in Borrowing:		-	-
Call loan		-	(1,010,000,000)
Other borrowings		310,541,655	32,368,792
Share Capital A/c		-	-
Share Premium A/c		-	-
Net cash from financing activities (C)		310,541,655	(977,631,208)
D. Net increase in Cash and Cash Equivalent (A+B+C)		(5,693,984,098)	6,037,730,888
E. Effects of exchange rate changes on cash and cash equivalents		4,249,146	5,084,229
F. Opening Cash and Cash Equivalent		11,072,211,105	5,029,395,988
G. Cash and cash equivalents at end of year (D+E+F)	40	5,382,476,153	11,072,211,105

TRUST BANK LIMITED
Statement of changes in Equity
As at 31 December 2010

Particulars	Paid up Capital Taka	Share Premium Taka	Statutory Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 01 Jan 2010	1,848,005,200	182,001,600	1,138,330,330	122,565,154	463,963,772	3,754,866,056
Changes in accounting policy	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	(4,284,423)	-	(4,284,423)
Currency transaction difference	-	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	-	-	1,274,775,554	1,274,775,554
Statutory reserve	-	-	428,072,760	-	(428,072,760)	-
Dividends (Bonus Share)	369,601,000	(182,001,600)	-	-	(187,599,400)	-
Issue of Share Capital	-	-	-	-	-	-
Balance as at 31 Dec 2010	2,217,606,200	-	1,566,403,090	118,280,731	1,123,067,166	5,025,357,187

TRUST BANK LIMITED
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2010

Amount in Taka

Particulars	Up to 01 Month	1- 3 Months	3-12 Months	1- 5 Years	More than 5 Years	Total
Assets:						
Cash in Hand	519,467,958	-	-	-	-	519,467,958
Balance with Bangladesh Bank and Sonali Bank	1,277,978,751	-	-	-	2,844,055,500	4,122,034,251
Balance with other banks and financial institutions	738,392,744	-	-	-	-	738,392,744
Money at call and short notice	-	-	-	-	-	-
Investments	1,008,513,588	-	-	6,260,224,075	1,291,202,106	8,559,939,769
Loans and Advances	8,705,455,081	3,849,091,227	9,282,748,931	11,144,025,593	6,818,603,159	39,799,923,991
Fixed Assets including premises, furniture and fixtures	7,914,268	15,828,536	71,228,412	224,304,071	93,848,982	413,124,269
Other assets	1,461,998,099	2,138,493,477	474,543,722	48,414,005	-	4,123,449,303
Non-banking assets	-	-	-	-	-	-
Total Assets	13,719,720,489	6,003,413,240	9,828,521,065	17,676,967,744	11,047,709,747	58,276,332,285
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agent	137,861,335	9,247,000	40,225,791	242,502,904	34,108,417	463,945,447
Deposits	12,825,540,537	14,703,506,267	16,358,997,894	2,672,276,667	902,740,160	47,463,061,525
Other accounts	2,950,229,446	-	-	-	-	2,950,229,446
Provision and other liabilities	455,092,974	125,805,063	1,147,575,589	406,126,260	239,138,794	2,373,738,680
Total Liabilities	16,368,724,292	14,838,558,330	17,546,799,274	3,320,905,831	1,175,987,371	53,250,975,098
Net Liquidity Gap	(2,649,003,803)	(8,835,145,090)	(7,718,278,209)	14,356,061,913	9,871,722,376	5,025,357,187

Net result of the Liquidity Statement represents the "Shareholders' Equity" of the Bank

TRUST BANK LIMITED
Notes to the Financial Statements
For the year ended as of 31 December 2010

1 STATUS OF THE BANK

Trust Bank Limited is a scheduled commercial bank established under the Bank Company Act, 1991 and incorporated as a Public Limited Company under the Companies Act, 1994 in Bangladesh on 17 September 1999 with the primary objective to carry on all kinds of banking business in and outside Bangladesh. The Bank had Fifty Two (52) branches and seven (7) SME Service Centers/Krishi Branch are operating in Bangladesh as at 31 December 2010. The Bank had no overseas branches as at 31 December 2010. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general class of shares.

The registered office of the Bank is located at 36, Dilkusha Commercial Area, Dhaka - 1000.

Initially the bank has started its operation in the name of "The Trust Bank Limited" but on 12 November 2006 it was renamed as "Trust Bank Limited" by the Registrar of Joint Stock Companies. The new name of the bank was approved by Bangladesh Bank on 03 December 2006.

1.1 Nature of business

Trust Bank Limited offers full range of banking services that include deposit banking, loans & advances, export, import and financing national and international remittance facilities, etc.

1.2 Merchant Banking Activities

The Bank also carries out merchant banking activities under the license issued by the Securities & Exchange Commission (SEC), Dhaka, Bangladesh.

The overall increase of activities of Merchant Banking Operations plays an important role in the improvement of capital market of the country and enhances earning capability of the Banks. Trust Bank Limited carries out Merchant Banking Operations under the license issued by the Securities and Exchange Commission (SEC), Bangladesh. Merchant Banking Division (MBD) is actively managed the portfolio of the customers by selling and buying of shares for them through different brokerage houses. It also allows margin loan facility to the customers against their equity for investment in the listed companies. MBD is also managing Bank's own portfolio through investing in listed shares for boosting up the profitability of the Bank and also enhancing shareholders' value. MBD's contribution to total operating profit of the Bank was significant from January 2010 to September 2010. A Separate income statement of Merchant Banking Division for the said period is shown in Annexure D.

The Bank has already formed a subsidiary company namely "Trust Bank Investment Limited" as per BRPD Circular Ref. # 12 Dated: 14 October 2009. Activities of the subsidiary company will be commenced with effect from 14 November 2010.

1.3 Islami Banking Activities

Islamic Banking refers to a system of banking or banking activity that is consistent with Islamic law (Shariah) stated in the Holy Qur'an and Sunnah of the Prophet Muhammad, pbuh. The most important feature of Shariah is the prohibition of Riba, the collection and payment of interest. Shariah also prohibits trading in financial risks which are gambling in nature and investing in Businesses that are considered unlawful, or haram in Islam (e.g. alcohol or pork or businesses that produce pornography). Islamic banking is a trade based operation while the conventional banking is lending based. All banking activities of Islamic banking stand & structured on the underlying contract between the bank and the client.

Trust Islamic Banking (TIB) started its operation from later part of 2008 and strictly adheres to these principles of Islamic banking. Though the Bank is a conventional bank, TIB operation is characterised by completely separate fund management, separate profit & loss account and distribution of profit. Profits earned from the investments for the year 2010 are shared with the Mudaraba depositors @ 65:35 in favor of the depositors and ultimately credited to individual accounts as per weightage. Profits on the deposits are initially paid at a provisional rate and any excess/shortfall is adjusted after the year end calculation of actual profit.

Trust Islamic Banking (TIB) has 5 (Five) TIB windows i.e., TBL-Principal Branch, TBL-CDA Branch, TBL-Gulshan Branch, TBL-Dilkusha Branch, TBL-Sylhet Corporate Branch. All investment under TIB is made from the Islamic banking deposits. All products developed under TIB is thoroughly reviewed and approved by the 4 (four) member Shariah council of the bank who ensures the shariah compliance of such product & calculation.

TIB has wide range of retail and corporate investment products. In 2010, TIB introduced new products namely TBL Barakat Hajj Deposit Scheme and Istisna Investment Facility and expecting a robust growth of businesses in coming years.

1.4 Retail Banking Activities

Trust Bank Ltd introduced retail banking business in 2006 under Retail Banking Unit (RBU) with 11 loan and 7 deposit products. Since the inception of retail banking, the Bank has been strengthening retail-banking unit and to provide financial solution for the clients of all walks of life, there are 14 loan products and 12 deposit products are available in Trust Bank Ltd. The Bank is building its capacity to reduce concentration on large clients for deposit and increase number of customers with diversified and technology driven door to door service through low cost delivery channels, develop segmented and customer focused products.

In 2010, Retail banking unit worked to build capacity in terms of technology, human resources, and business process. All retail banking products have been reviewed and modified for the sake of better service and operational easiness. Similarly, market analysis and segregation of products have also been completed in 2010. All deposit products of RBU have been segregated as Student Wallet, Women's Wallet, & Trust Savers. It is significant to mention here that we have launched two loan products titled as Motor Cycle Loan, Trust Thikana (Home loan) in 2010.

In addition to other major achievements, we have successfully introduced low cost deposit account for salaried person and almost nine thousands employees of different organizations are getting services through our 59 branches of the Bank. To meet the demand of the time, recently we have modified the retail Organogram for embracing business expansion around the country and established sales centers for door to door service delivery.

We firmly believe that customer satisfaction and reliability has no substitute to retain sustainability and best position in the market. In the process of bringing dynamism and innovation, Trust Mobile Money (Mobile Banking) is the latest innovation of Trust Bank. We feel proud to be the pioneer of launching such a revolutionary service in the Banking Industry.

Retail Loan Products of TBL are very cost effective and without any hidden charges. Our total exposure in the retail portfolio is BDT 6,820 million as of 31st December 2010 where as our total classified amount is only 0.57% of the total exposure.

1.5 SME Financing

Despite multidimensional constraints, SME is universally recognized as the thrust sector and driving force of the economy which has injected the appetite for bringing consistency in the banks credit portfolio by striking balance between SME and corporate lending. The issue of fostering SME growth in Bangladesh can in no way be ignored as these industries have huge prospects for creating large scale employment opportunities and potentialities of huge income generation especially in semi-urban and rural areas. As such, the Bank is moving forward to SME customer segment, considering the business potentials and return on investment. The business expansion and monitoring is carried out throughout its 52 country wide branches and 7 SME/Krishi branches service centers dedicated to full-fledged SME business. The Bank has launched different products, and is marketing these products matching with the customer needs. Its especial emphasis is on:

Trust Bank has launched different products and marketing these products matching with the customer need. Its especial emphasis is on Loan for shopkeepers, Loan for light engineering, Loan for power loom and handloom industries, Agri-business loan and Loan for Women Entrepreneurship. It is going for financing Bio-gas plant to meet the requirement of rural energy and ensure the supply of organic fertilizer in the farmland for the expansion of SME portfolio.

During 2010, Trust Bank's strategy was focused on marketing the products to a wide range of customers and providing working capital and term loan to different manufacturers, traders and service providers. Bank's exposure is thus well-diversified to different sectors, viz. power loom, handloom, light engineering, handicrafts, garment accessories, agri-business, etc. Through SME financing, the Bank has created the employment opportunity for about ten thousand people directly or indirectly throughout the country. In view of diversification of portfolio, it is imperative to say that the substantial increase of SME lending would lead the Bank to a positive growth. In fact, TBL has undertaken a comprehensive and competitive strategy to have a meaningful contribution in this sector.

1.6 Automated Clearing House

In line with the Bangladesh Bank's guideline toward implementation of Automated clearing house we have undertaken the following actions:

- 1) MICR encoded cheque books have already been introduced for the clients of Dhaka city area by phasing out non-standard cheques.
- 2) All required hardware for processing of MICR cheques have already been procured.
- 3) One reputed vendor has been selected to supply software and Scanner machines have already been procured.
- 4) We have also selected two vendors for establishing connectivity where they have already established connectivity between Bangladesh Bank and Trust Bank. Connectivity security has also been installed as per Bangladesh Bank guidelines.
- 5) PBM software is already installed and SIT (System Integration Testing) is going on.

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation of the financial statements

These financial statements have been prepared under the historical cost convention on a going concern basis in accordance with International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh, The Companies Act, 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh and in the format prescribed by Bangladesh Bank vide BRPD circular # 14 dated 25 June 2003 in accordance with the "First Schedule" (Sec-38) of the Bank Companies Act, 1991.

A separate set of records for consolidating the statements of affairs and income & expenditure statements of the branches are maintained at Head Office of the Bank in Dhaka based on which these financial statements have been prepared.

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of Trust Bank Limited and its subsidiary Trust Bank Investment Limited made up to the end of the financial year. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated and Separate Financial Statements. The consolidated financial statements are prepared to a common financial year ending 31 December 2010.

2.3 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary companies are consolidated using the purchase method of accounting. The subsidiary Trust Bank Investment Limited has a common financial year ending 31 December 2010.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.5 Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between Group are also eliminated on consolidation.

2.6 Foreign currencies

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of such transactions and resulting gains or losses are credited or charged to profit & loss account as per BAS-21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities as at 31 December 2010 in foreign currencies under regular accounts are converted into equivalent taka currency at the average rates prevailing at the Balance Sheet date.

2.7 Taxation

2.7.1 Provision for taxation

In compliance with BAS-12 "Income Taxes", provision for current income tax has been made @ 42.50% on business income, @ 20% on dividend income and @ 10% on capital gain on sale of shares, after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance 1984 and time to time amendment to issue different S.R.O and circular issued by the N.B.R.

2.7.2 Deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognised in the profit and loss account as per BAS-12 "Income Taxes".

2.8 Assets and basis of their valuation

2.8.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank Management for its short-term commitments.

2.8.2 Loans and advances/Investments

Loans and advances are stated at gross amount. Provision and interest suspense against loans and advances are shown separately as liability. Interest income is accounted for on accrual basis until the loans and advances are defined as Special Mention Account (SMA) or classified accounts as per Bangladesh Bank guidelines.

Interest on Special Mention Account and classified loans (other than bad/loss loans) are credited to interest suspense account instead of income account. Such interest kept in suspense account is reversed to income account only when respective loan accounts become regular and/or realized in cash.

As per Bangladesh Bank directives, interest on loans and advances classified as bad/loss is not accounted for. A separate memorandum record is maintained for such interest on bad/loss loans.

2.8.3 Provision for loans And advances

Provision for loans & advances is made on the basis of the quarter-end review by the management of the Bank and in line with the instructions contained in BCD Circular no. 34 dated 16 November 1989 and subsequently circulars issued vide BCD Circular no. 20 dated 27 December 1994, BCD circular no. 12 dated 4 September 1995, BRPD Circular no. 16 dated 6 December 1998, BRPD Circular no. 9 dated 14 May 2001, BRPD Circular no. 2 dated 15 February 2005, BRPD Circular no. 9 dated 20 August 2005, BRPD Circular no. 17 dated 6 December 2005, BRPD Circular no. 18 and 19 dated 20 December 2005, BRPD Circular no. 8 dated 8 February 2006, BRPD Circular no. 05 dated 5 June 2006 BRPD Circular no. 05 dated 29 April 2008, and BRPD Circular no. 32 dated 27 October 2010 issued by Bangladesh bank, Details of which are shown in Note # 12.1:

General provision on	Provision Rate
a. Consumer Financing (House Financing)	2%
b. Consumer Financing (Loans to Professional)	2%
c. Consumer Financing (Other than a & b)	5%
d. Small and Medium Enterprise Financing	1%
e. Short Term Agriculture & Micro Credit	5%
f. Loans to BHs/MBs/Sds against Shares etc	2%
g. All other Credit	1%
h. Special Mention Account	5%
Specific provision on	
a. Substandard Loans and Advances	20%
b. Doubtful Loans and Advances	50%
c. Bad/Loss Loans and Advances	100%

2.8.4 Provision for off balance sheet exposures

General provision for off balance sheet exposures has been made @ 1% on period end balance of total off balance sheet exposures as per BRPD circular No. 8 and 10 dated August 07, 2007 and September 18, 2007 respectively issued by Bangladesh Bank.

2.9 Investments

All investment securities are initially recognised at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortised and discounts accredited, using the effective yield method and are taken to discount income. In accordance with BRPD Circular No. 15 dated 31 October 2005 issued by Bangladesh Bank, Government Securities purchased for maintaining Statutory Liquidity Reserve (SLR) i.e., Government Security - held to maturity (HTM) are revalued at their maturity yield at least once in a year and Government Securities - held for trading (HFT) are revalued at the market price at least once a week. Further to BRPD circular letter 15, 2005 the investments in government securities are strictly revalued as per instructions & guidelines given in DOS Circular letter no. 05 dated January 28, 2009 whereby Treasury Bills held for trading are also amortized at least once in every week and the gain in amortization received due to proceed to the date of maturity is taken in income.

As the Treasury bonds held for trading receives coupon interest semiannually, income is taken into account in each month as accrual basis.

2.9.1 Held to maturity

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity' other than those which are floating and/or free to trade in the market at prevailing prices are classified as held to maturity. The securities in HTM are to be held up till maturity. These securities in HTM must be amortized at the end of the year before maturity and the increase/decrease is to be accounted in the 'statement of changes in equity' (as Revaluation Reserve - HTM). According to Bangladesh Bank DOS Circular Letter No. 05 dated May 26, 2008, a bank can only hold 50% & 25% of its total value of securities in HTM as on January 01, 2010 & January 01, 2011 respectively. These investment securities can be transferred to and/or reclassified as HFT any time after getting approval from the Board of Directors of the Bank.

2.9.2 Held for trading

Investments classified in this category are held indeed selling or purchasing – in short – trading as decided by the management of the bank or treasury. After initial recognition, investments of such categories are measured at their fair value once in a week and any change in the fair value is recognized in the statement of capital (as Revaluation Reserve-HFT) for the period before next appreciation. According to Bangladesh Bank DOS Circular Letter No. 05 dated May 26, 2008, no dividend will be allowed to pay to its shareholders on the amount of increase and/or decrease in income generated out of revaluation of securities held for trading.

Value of investments has been enumerated as follows:

Items	Applicable accounting value
Government treasury bills	At Present Value
T & T bonds and Bangladesh treasury bonds	At Present Value
Subordinated bond	At cost
Prize bond	At cost
Investments in shares	At cost or market value whichever is lower at the balance sheet date

2.10 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment".

Depreciation is charged at the following rates per annum using reducing balance method on all fixed assets other than motor vehicles and office equipment, which are depreciated on straight-line method and no depreciation on land is charged.

Category of fixed assets	Rate
Land	Nil
Building	5% p.a.
Furniture & Fixtures	10% p.a.
Office Equipment	20% p.a.
Motor Vehicles	20% p.a.
Office Decoration	12% p.a.

Depreciation at the applicable rates is charged proportionately on additions made during the year from the date of their acquisition and in case of sale upto the date of sale.

Repairs and maintenance costs of fixed assets are charged to profit & loss account, when incurred.

2.11 Liabilities and Provisions

2.11.1 Retirement benefits to the employees

i) Provident fund

Provident fund benefits are given to the confirmed staffs of the Bank in accordance with the locally registered Provident Fund Rules. The Commissioner of Income Tax, Taxes Zone - 6, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of sub-section 1 of section 2 read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984 w.e.f. 27 February 2003. The Fund is operated by a Board of Trustees consisting seven members from the employees of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount. Interest earned from the investments is credited to the members' account on yearly basis.

ii) Gratuity fund

The Bank has started making provision for liabilities of its employees' gratuity as per gratuity scheme of the Bank from the year 2004. Subsequently National Board of Revenue has approved the fund as recognized within the meaning of sections 2 and 3 read with the provision of part - C of the First Schedule of Income Tax Ordinance 1984 w.e.f. 20 November 2006. The Bank contributes to the Fund as per Gratuity Fund Rules as well as Service Rule of the bank.

iii) Superannuation fund

The Bank has also introduced a "Superannuation Fund" instead of group life insurance policy for the employees. Those employees, who will be able to fulfill the specific criteria mentioned in the policy of the fund, will be entitled to get the benefit of "Superannuation Fund". National Board of Revenue has approved the fund as recognized within the meaning of section 3 read with the provision of part - A of the First Schedule of Income Tax Ordinance 1984 w.e.f. 22 December 2004. The Bank pays Tk. 1,600,000 annually as bank's contribution to the Fund.

2.12 Minority interest in subsidiaries

Minority interest in business is an accounting concept that refers to the portion of a subsidiary corporation's stock that is not owned by the parent corporation. The magnitude of the minority interest in the subsidiary company is always less than 50% of outstanding shares, else the corporation would cease to be a subsidiary of the parent. Minority interest belongs to other investors and is reported on the consolidated balance sheet of the owning company to reflect the claim on assets belonging to other, non-controlling shareholders. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to minority shareholders.

2.13 Revenue recognition

i) Interest Income/Profit on TIB Investment

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified. It is then kept in interest suspense in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

ii) Investment Income/TIB Investment Income

Income on investments is recognized on accrual basis except from Government Securities which are recognized on the basis of BRPD Circular 15 Dated 31 October 2005 issued by Bangladesh Bank.

iii) Fees and commission income

Fees and commission income arises on services provided by the Bank are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

iv) Dividend income on shares

Dividend income from shares is recognized during the year in which they are received as per section 19(7) of Income Tax Ordinance, 1984 and Finance Ordinance 2007.

v) Interest paid and other expenses

In terms of the provisions of the BAS - 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

2.14 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries/balances in case of inter-branch transactions as on the reporting date are not material.

2.15 Risk Management

Risk management policy or process of Trust Bank encompasses risk appreciation basing on the risk appetite for the particular sector/segment of the customers and subsequent risk identification, measurement and controlling of risk components to safeguard the interest of the bank and to keep the business portfolio performing to the maximum extent.

We always prioritize to ensure risk–return tradeoff on all business transactions. The focus group as constituted by Bangladesh Bank has selected 06 core risks namely (a) Credit Risk (b) Asset liability/Balance Sheet Risk (c) Foreign Exchange Risk (d) Internal Control and Compliance Risk (e) Money Laundering Risk and (f) IT risk management in order to impart internationally accepted best practices in the Banking and Financial system. Banks as a financial intermediary(ies) are exposed to multidimensional risks but those risks are to be examined and quantified for acceptance in line with the risk appetite and credit policy of our bank.

2.15.1 Credit risk management

Credit risk is the counter party risk because of the nonperformance of the borrowers/debtors in repayment of banks loan and dues within the specified time. In other words credit risk may be defined as the possibility that the counter party will not meet its obligations in line with the agreed upon terms and conditions. In the banking parlance loans and advances are the conspicuous sources of credit risk. So, credit risk is the predominant risk in the banking business operation and it deserves to be addressed with all due diligence.

Different branches of the bank are the growth/profit centers and at the same time risks are originated from the operation of the branches in their normal course of business. We in our bank always prioritize to secure the interest of the bank by way of ensuring performing business portfolio. We also make financial analysis based on the given financial statement of the borrower/ensure the application of the maximum possible due diligence on all credit matters in the process of appraisal of the credit proposal by taking into consideration business, industry analysis, borrower's past track record of business performance, present state of condition as well as future business plan and other contingency factors in the total process of appraisal. Bank is the custodian of the depositor's money as well as they utilize the fund given by the sponsors/share holders as their equity/capital so it is the predominant obligation on our part to safeguard the interest of all the stake holders.

Active portfolio management requires to keep up the dynamics of the economy and which of imperative need for credit risk controlling and monitoring. We in our bank are alive to the requirement of comprehensive and detailed MIS (Management Information System) and CIS (Credit Information System) as they provide the backbone support for an effective credit risk management.

We also prioritize to ensure diversification of portfolio across industries, borrowers and market segments with a view to minimizing the risk to an acceptable level. Credit risk is associated with the economy and if the economy as a whole doesn't perform well that will have corollary effect on the business portfolio of the bank.

At the same time, credit portfolio having concentration in any particular segment would be affected if the segment does not perform well.

2.15.2 Asset liability risk management

Asset Liability Management (ALM) has been defined as a planned, structured and systematic process of managing the asset and liability with a view to lead the bank to a balanced and sustainable growth through minimizing various business risk factors – market risk and liquidity risk. Asset Liability Management (ALM) has become an almost universally accepted approach to risk management. Successful banking requires efficient and effective management of its assets and liabilities. Trust Bank Limited is managing its assets and liabilities in order to ensure sustained profitability so that the bank can maintain and augment its capital resources.

As per Bangladesh Bank guidelines and considering the most practical aspects of the Bank, an approved policy manual on ALM has been prepared so that it could be followed consistently every sphere of the management. To support the ALM process, the Bank has established a committee called "Asset Liability Committee (ALCO)" headed by the Managing Director and holds meeting at least one in every month. ALM Desk, an executive functional and operational desk for the asset liability management, is embodied herewith the ALCO to function under direct control of Head of Treasury. ALCO reviews the liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan at the threshold of stress liquidity situation.

2.15.3 Foreign exchange risk management

Foreign Exchange risk is defined as the potential change in earnings arising due to change in market prices. Foreign exchange rate risk arises when the bank is involved in foreign currency transactions, which may result in deficits or surpluses in the Bank's foreign currency position. These transactions include for instance foreign currency exchanges, investments, loans, borrowings and contractual commitments, etc.

International Division independently conducts the transactions relating to foreign exchange and is responsible for verification of deals and passing of their entries in the books of account. All Foreign Exchange transactions are revalued at mark-to-market rate as determined by Bangladesh Bank at the month end. All Nostro Accounts are reconciled on monthly basis and the management for its settlement reviews outstanding entry beyond 30 days.

2.15.4 Internal control and compliance risk management

Internal Control refers to the mechanism in place on a permanent basis to control the activities in an organization. In absence of it risks resulting in unexpected losses caused by faulty internal processes, human errors, frauds & forgery, technology failure and documentary lapses may surface. The primary objectives of internal control system are to help the bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with applicable laws and regulations.

The bank has set up Internal Control & Compliance (IC & C) Division at Head Office to ensure that the internal control processes are in place through establishment of Audit Committee as per the instructions of Bangladesh Bank, which reviews the internal and external audit reports without any intervention of the bank management and ensures that the management takes effective measures in case any deficiency/ lapse is found in the internal control system. The bank has introduced 'Risk Based Internal Audit (RBIA)' to assess the business risk as well as control risk associated with the branches and determine how much care, monitoring & periodicity of comprehensive internal audit would be required to reposition the branches. In addition, the bank has also introduced 'Spot Inspection' in the branches in order to help avoiding any fraudulent activities. In setting out a strong internal control framework within the organization the bank has already brought out its Internal Control Manual, which focuses on monitoring the functions of various departments/divisions of Head Office and branches of the bank periodically on regular basis.

IC & C Division of the bank ensures its Internal Control Process through review of Departmental Control Function Checklist (DCFCL), Loan Documentation Checklist and Quarterly Operations Report (QOR) of the branches and other mechanisms.

2.15.5 Money laundering risk management

In accordance with Money Laundering Prevention Act, 2009 money laundering means transfer, conversion, remitting abroad or remit or bring from abroad to Bangladesh the proceeds or properties acquired through commission of a predicate offence for the purpose of concealing or disguising the illicit origin of the property or illegal transfer of properties acquired or earned through legal or illegal means.

Like other banks and FSI across the globe TBL reckons that prevention of Money Laundering & Combating Terrorist Financing is the two challenges that confront the financial sector today. The Board of Directors, as such, has approved policy guidelines for anti-money laundering and countering of financing for terrorism (CFT) of the bank. One of the main objectives of the bank's policy on CFT & AML is to portray the procedures and measures to be taken for combating financing of terrorism & money laundering and develop a workable system within the bank for safeguards so that the institution can not be abused in any way as a conduit for financial ill practices.

To implement the bank's policy effectively the Central Compliance Unit (CCU) of AML Department at Head Office of the bank has been strengthened by delegating more power and authority to the Chief Anti-Money Laundering Compliance Officer (CAMLCO) to comply with the provisions of the legislation as well as the directives of Bangladesh Bank. The CCU functions under the direct supervision of the Managing Director of the bank. In the branch level there is a designated anti-money laundering compliance officer, called Branch Anti-Money Laundering Compliance Officer (BAMLCO). All officers & executives of the bank are well conversant with the process of 'Know Your Customer' (KYC) through the exercise of due diligence. Training is imparted on AML to the new recruits of the bank in the Foundation Course Training Program at the bank's Training Academy on regular basis. Besides, region-based training on AML is arranged every year.

Bank has also introduced uniform account opening forms as Bangladesh Bank has prescribed for all banks, to have adequate information about the account holders. Bank shall continue to deploy considerable resources to establish and maintain employees' awareness of the risk of money laundering & terrorist financing through proper training and to enhance their competence to identify and report suspicious transactions.

2.15.6 IT risk management

The prime focus of IT risk management is to safeguard the financial and organizational information fully complied with the rules and regulations of central bank. With the continued efforts of being fully automated Trust Bank established a Disaster Recovery System along with Data Protection facility which includes a Disaster Recovery site for the restoring and retrieval of bank data with utmost security measures. The IT risk management also enables the management to initiate effective management decision to justify the expenditure and also assist the management in authorizing and accrediting the IT system on the basis of the supporting documentation resulting from the performance of risk management.

2.16 Liquidity risk management

Liquidity risk is more important area to think by the banking company to match with the financing and investment. Liquidity risk is the risk that the Bank may not be able to meet cash flow obligations within a stipulated timeframe. The object of liquidity risk management is to maintain suitable and sufficient funds to meet present and future liquidity obligations whilst utilizing the funds appropriately to take advantage of market opportunity as they arise. The bank has several sources of liquidity and manages its liquidity mainly through domestic money and capital markets including repurchase market. The bank seeks to minimize its liquidity costs in line with the market situation by closely managing the liquidity position on a daily basis and restricting the holding of cash held above an appropriate level at any given time. As a part of liquidity management, the bank adheres to its funding plan, and exercises due care in using medium-term borrowings.

2.17 Interest rate risk management

Basically Interest rate risk is the risk that may arise from movements in market prices i.e. favorable and unfavorable. In the year 2010, we observed a frequent change in the Interest rate in banking industry following global economic meltdown. We also adjusted interest in line with Bangladesh Bank's directive and market scenario. So considering various internal and external factors interest rates were revised as such to maintain long term profitability. Moreover, market competition; cost of fund, market volatility and regulatory compliance are key issues that have been considered to ward off any adverse movement of interest rate. 1) Strong internal control and monitoring mechanism as well as cross checking system to find any internal and external fraudulent and untoward events. 2) Modification and up gradation of IT system and software solution have been undertaken to avoid business disruption and system failure. 3) Stringent set of rules and procedures are in place to ensure smooth execution, process and delivery system.

2.18 Operation risk management

Operation risks, relatively difficult to predict, may arise due to failure of internal systems, processes or employment practice. Operation risks also include damage to physical assets, internal and external fraud, malfunctioning of reporting system/monitoring rules etc.

- 1) MICR encoded cheque books have already been introduced for the clients of Dhaka city area by phasing out non-standard cheques.
- 2) All required hardware for processing of MICR cheques have already been procured.
- 3) One reputed vendor has been selected to supply software and scanner machines have already been procured.
- 4) We have also selected two vendors for establishing connectivity where they have already established connectivity between Bangladesh Bank and Trust Bank. Connectivity security has also been installed as per Bangladesh Bank guidelines.
- 5) PBM software is already installed and SIT (System Integration Testing) is going on.

2.19 Preparation of Basel-II Accord

In 2004, the Basel Committee on Banking Supervision endorsed the publication of the 'International Convergence of Capital Measurement and Capital Standards: a Revised Framework', commonly referred to as Basel-II. Bangladesh Bank adopted Basel-II accord for implementation in Bangladesh from 1 January 2009 parallel to existing BRPD Circular No. 10, dated November 25, 2002 (Basel-I). At the end of parallel run period, Basel-II regime has been started and the guidelines on RBCA has come fully into force from January 01, 2010 with its subsequent supplements/revisions with BBs latest revised Guidelines on Risk Based Capital Adequacy in December 2010.

To cope with the international best practices and to make the bank's capital more risk sensitive as well as more shock resilient, TBL considers implementation of Risk Based Capital Adequacy for Banks (Revised Regulatory Capital Framework in line with Basel-II) is one of its topmost priorities. Accordingly TBL established a Basel-II Implementation Unit (BIU) in the 1st Quarter of year 2007 for effective implementation of the capital accord ensuring Board and Senior Management oversight. The BIU is exclusively assigned with the task of reviewing the nature and level of risks relating to banking assets and planning for adequate capital framework. The BIU members meet on regular basis, at least monthly, to monitor implementation status of Risk Based Capital Adequacy of Banks and also those issues which may directly effect capital requirement.

TBL has setup Basel-II Implementation Cell to comply with and implement the guidelines provided by BB with a view to strengthen capital structure against Bank's exposure towards credit, market and operational risk. The Cell is operating closely with Bangladesh Bank's various departments to perfectly follow implementation of their guidelines. During the year 2010, TBL computed and reported capital on the basis of Basel-II guidelines as per BB guidelines. In accordance with this, Minimum Capital Requirement against total risk weighted assets of TBL has been calculated against Capital Adequacy Ratio (CAR) as set by BB, presently 9%.

As dynamic growth of financial markets and the increased use of complex bank products have brought about substantial changes and challenges in the banks' business environment, TBL has established several functioning systems for being limitation of and targeted control over each risk situations/center. Besides these, the new regulatory capital regime (Basel-II) has also placed the bank in an increased emphasis on risk management and an integrated intra-branch-wide management.

Basel-II Implementation Status:

Sl.	Deliverables	Format/Method	Compliance Remarks
1	Quantitative Impact Analysis (QIS)	Prescribed Questionnaire	Complied
2	Establishing Basel-II Implementation Unit	Bangladesh Bank Directive	Complied
3	Nomination of recognized External Credit Assessment Institutes (ECAIs)	BRPD Circular # 09/2008, BRPD Circular # 05/2009 and BRPD Circular	Complied
4	Pillar - 1: Minimum Capital Requirement (MCR) Reporting - Credit Risk - Operational Risk - Market Risk	Reporting Format as per BRPD Circular # 35/2010 Standardized Approach Basic Indicator Approach Standardized (Rule Based) Approach	Complied
5	Pillar - 2: Supervisory Review Process (a detailed Plan for maintaining adequate capital to compensate all risks, risk management techniques, setting capital target & pricing that are commensurate with bank's risk profile and control environment, etc.)	Chapter 8 of the BB Guideline	Supervisory Review Process (SRP) Team formed. Remaining processes to be fully complied in due time.
6	Pillar - 3: Market Discipline A Disclosure Framework (Qualitative & Quantitative)	Chapter 7 of the BB Guideline Effective Date: December 29, 2010	Complied

2.20 Earning per Share (EPS)

The Company Calculates Earning per Share (EPS) in accordance with BAS-33: Earning per Share, which has been shown on the face of Profit & loss Account and the computation of EPS is stated in Note 35.

2.21 Cash Flow Statement

Cash Flow Statement is prepared in accordance with BAS – 7: 'Statements of Cash Flow' and Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003 issued by Bangladesh Bank.

2.22 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- Investments are on the basis of their maturity.
- Loans and advances and lease receivables are on the basis of their repayment/maturity schedule.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their realization/adjustment.
- Borrowing from other banks, financial institutions and agents as per their maturity/repayment term.
- Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- Other long term liabilities on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their payment/adjustment schedule.

2.23 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) in context of Bangladesh from the standards adopted by International Federation of Accountants Committee (IFAC) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Trust Bank Limited applied most of the BAS and BFRS, details of which are given below:

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied

Name of BAS	BAS No.	Status
Segment Reporting	14	Applied
Property, Plant and Equipment	16	Applied
Lease	17	N/A
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The effects of Changes in Foreign Exchange Rate	21	Applied
Borrowing Cost	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Disclosures in the Financial Statements of Banks and similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied
Investment Property	40	Applied
Agriculture	41	N/A
Name of BFRS	BFRS No.	Status
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	N/A
Operating Segments	8	N/A

2.24 Auditors' work-hour

The external auditors, M/s Howladar Yunus & Co., Chartered Accountants, one of the oldest and largest auditing and accounting firm of the country in associated with BDO International BV Accounts & Consultants, one of the leading accounting conglomerates of the World, of the Bank worked about in excess 3,500 work-hours at the Bank's Head Office and different branches. During their audit, they audited above 80% of the Bank's risk weighted assets as of the reporting date.

2.25 General

- Figures have been rounded off to the nearest taka.
- Prior year's figures shown for comparison purpose, have been rearranged, whenever necessary, to confirm to current year's presentation.

3 CASH

3.1 Cash in hand

In local currency
In foreign currencies

3.2 Balance with Bangladesh Bank and its agent bank(s)

Balance with Bangladesh Bank

In local currency
In foreign currencies

Balance with Sonali Bank in local currency (as agent of Bangladesh Bank)

	31.12.2010 Taka	31.12.2009 Taka
	474,078,809	394,552,978
	45,389,149	42,795,081
	519,467,958	437,348,059
	3,398,049,217	2,226,970,981
	690,904,466	721,640,797
	4,088,953,683	2,948,611,778
	33,080,568	47,868,932
	4,122,034,251	2,996,480,710

3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and MPD circular nos.05, dated December 01, 2010 issued by Bangladesh Bank.

The Cash Reserve Requirement (CRR) has been calculated @ 5.5% on the Bank's time & demand liabilities of the month earlier of the previous month and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of Treasury Bills, Bonds and Debentures including FC balance with Bangladesh Bank and the components of CRR. Both reserves have been maintained during the year by the Bank are in excess of the statutory requirements. The position of CRR and SLR as on 31 December 2010 is shown below:

	31.12.2010 Taka	31.12.2009 Taka
3.3.1 Cash Reserve Requirement (CRR) for Conventional Banking Average Demand and Time Liabilities of the month earlier of the previous month	51,710,100,000	42,845,937,000
3.3.1.1 Average Required Reserve (6% of Average Demand and Time Liabilities)	3,102,606,000	2,142,296,850
Average Reserve held (6.34% of Average Demand and Time Liabilities)	3,280,502,633	2,271,592,645
Surplus	177,896,633	129,295,795
3.3.1.2 Minimum Required Reserve (5.5% of Average Demand and Time Liabilities)	2,844,055,500	1,713,837,480
Actual Reserve held with B. Bank as on 31 December 2010 (6.57% of Average Demand and Time Liabilities)	3,407,464,030	2,226,970,981
Surplus	563,408,530	513,133,501
3.3.2 Statutory Liquidity Ratio for Conventional Banking (SLR) Required Reserve (19% of Average Demand and Time Liabilities)	9,824,919,000	7,712,268,660
Actual Reserve held with B. Bank as on 31 December 2010 (20.26% of Average Demand and Time Liabilities)	10,477,921,779	10,745,135,641
Surplus	653,002,779	3,032,866,981
3.3.3 Components of Statutory Liquidity Requirement (SLR) Cash in Hand	519,465,000	437,348,059
Balance with B. Bank and its agent Bank(s)	3,286,364,030	2,274,839,913
Government Bills	33,080,568	728,343,242
Government Bonds	6,611,426,181	7,302,705,527
Other Approved Securities	2,586,000	1,898,900
TT in Transit	25,000,000	-
	10,477,921,779	10,745,135,641
3.3.4 Cash Reserve Ratio (CRR) for Islamic Banking Average Demand and Time Liabilities of the month earlier of the previous month	1,262,160,833	-
3.3.4.(a) Average Required Reserve (6% of Average Demand and Time Liabilities)	75,729,650	-
Average Reserve held (7.22% of Average Demand and Time Liabilities)	91,129,032	-
Surplus	15,399,382	-
3.3.4.(b) Minimum Required Reserve (5.5% of Average Demand and Time Liabilities)	69,418,840	-
Actual Reserve held with B. Bank as on 31 December 2010 (7.61% of Average Demand and Time Liabilities)	96,100,000	-
Surplus	26,681,160	-
3.3.2.(a) Statutory Liquidity Requirement for Islamic Banking (SLR) Required Reserve (11.5% of Average Demand and Time Liabilities)	145,148,496	-
Actual Reserve held with B. Bank as on 31 December 2010 (11.58% of Average Demand and Time Liabilities)	146,100,000	-
Surplus	951,504	-
3.3.5 Held for Statutory Liquidity Requirement		
Cash in Hand	-	-
Balance with B. Bank and its agent Bank(s)	96,100,000	-
Government Bills	-	-
Government Bonds	-	-
Government Islamic Investment Bonds	50,000,000	-
	146,100,000	-

4	BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS	31.12.2010	31.12.2009
4.1	In Bangladesh	Taka	Taka
	Current Deposits		
	Sonali Bank Ltd.	40,797,712	18,848,591
	Rupali Bank Ltd.	13,024,635	8,330,965
	The City Bank Ltd.	4,747,261	3,777,496
	Janata Bank Ltd.	14,957,170	8,474,284
	Agrani Bank Ltd.	4,411,926	4,195,709
	BRAC Bank Ltd.	9,532,448	8,616,782
		87,471,152	52,243,827
	Short Term Deposits		
	Sonali Bank Ltd.	20,194,529	14,388,102
	AB Bank Ltd.	1,370,242	1,392,137
	CITI Bank NA	4,130,130	17,267,032
	Rupali Bank Ltd.	7,036,286	1,395,718
	Janata Bank Ltd.	3,062,728	459,138
	Prime Bank Ltd.	16,074,627	7,573,068
	Standard Chartered Bank	2,652,018	1,350,839
	Dutch Bangla Bank Ltd.	22,983,669	20,632,902
	Bank Asia Limited	6,284,350	5,257,709
	NCC Bank Limited	560,166	-
	Southeast Bank Limited	2,017,292	-
	Standard Bank Ltd.	2,305,279	474,500
	Al Arafah Islami Bank Limited	72,257	-
		88,743,573	70,191,145
	Fixed Deposits		
	FDR with Banks-Local Currency		
	BRAC Bank Ltd.	-	100,000,000
	Bank Asia	-	400,000,000
	EXIM Bank Ltd.	-	250,000,000
	Jamuna Bank Ltd.	-	200,000,000
	National Bank Ltd.	-	500,000,000
	Pubali Bank Ltd.	-	400,000,000
	The Premier Bank Ltd.	-	250,000,000
	United Commercial Bank Ltd.	-	100,000,000
	FDR with Bank - Foreign Currency		
	Mashreq Bank NY Psc	142,500,000	389,480,000
	FDR with Investment and Leasing Co. - Local Currency		
	Bangladesh Industrial Finance Co. Ltd.	-	100,000,000
	Bay Leasing & Investment Ltd.	-	150,000,000
	Fareast Finance & Investment Company Ltd.	-	30,000,000
	GSP Finance Company (Bangladesh) Ltd.	-	100,000,000
	International Leasing & Financial Services Ltd.	-	300,000,000
	Lanka Bangla Finance Co. Ltd.	-	100,000,000
	Peoples Leasing & Financial Services Ltd.	-	90,000,000
	Phoenix Leasing Company Ltd.	-	50,000,000
	Premier Leasing & finance Ltd.	-	50,000,000
	Prime Finance & Investment Ltd.	-	150,000,000
	Union Capital Ltd.	-	50,000,000
		142,500,000	3,759,480,000
	Mudaraba Term Deposits		
	MTDR with Ahsania-Malayasia Hajj Investment	-	50,000,000
		318,714,725	3,931,914,972
4.2	Outside Bangladesh		
	<u>Current Account</u>		
	<u>Dollar Account</u>		
	Citibank N.A., USA	122,428,179	19,291,732
	Union De Banques, HKG	1,729,642	1,688,026
	Mashreqbank psc, USA	18,545,671	11,281,376
	Standard Chartered Bank, USA	41,445,021	2,387,651
	HSBC Bank, USA	38,279,766	4,687,564
	ICICI Bank Ltd., Hongkong	8,582,479	13,318,013
	Wachovia Bank, NY USA	15,953,216	7,675,186

	31.12.2010 Taka	31.12.2009 Taka
<u>GBP Account</u>		
Standard Chartered Bank, UK	1,460,072	15,532,170
Citibank N.A., UK	9,200,773	18,829,703
HSBC, PLC, UK	19,550,188	28,257,659
<u>Japanese Yen Account</u>		
Standard Chartered Bank, Japan	803,435	845,783
Wachovia Bank, NY USA	506,455	794,736
<u>EURO Account</u>		
HSBC, PLC, UK	10,489,204	1,251,004
Standard Chartered Bank, UK	24,306,887	1,029,220
ICICI Bank Ltd., Mumbai, India	571,179	830,855
Citibank N.A., UK	37,729,858	2,684,799
<u>ACUD Account</u>		
Citibank N.A., Mumbai, India	6,405,649	4,445,098
ICICI Bank Ltd., Mumbai, India	14,071,377	815,566
HSBC Bank, Pakistan	6,494,718	1,295,216
HSBC Bank, Mumbai, India	3,325,235	512,014
AB Bank, Mumbai, India	18,291,549	8,464,355
Mashreqbank, Mumbai, India	9,625,061	3,736,544
Standard Chartered Bank, Mumbai, India	8,332,579	4,398,274
<u>CHF Account</u>		
Habib Bank, Zurich	1,549,826	515,920
<i>For details please refer to Annexure - A</i>		
	419,678,019	154,568,464
	738,392,744	4,086,483,436
4.3 Remaining maturity grouping of balance with other banks and financial institutions		
On demand	507,149,171	206,812,291
Upto 1 month	231,243,573	2,270,191,145
Over 1 month but not more than 3 months	-	1,069,480,000
Over 3 months but not more than 1 Year	-	540,000,000
Over 1 Year but not more than 5 Years	-	-
Over 5 Years	-	-
	738,392,744	4,086,483,436
4 (a) CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS In Bangladesh		
Trust Bank Limited Note-4.1	318,714,725	3,931,914,972
Trust Bank Investment Limited	621,073,337	-
	939,788,062	3,931,914,972
Less : Inter Company Transaction	621,073,337	-
	318,714,725	3,931,914,972
Outside Bangladesh Note-4.2	419,678,019	154,568,464
	738,392,744	4,086,483,436
5 MONEY AT CALL AND SHORT NOTICE		
Banking company		
AB Bank Ltd.	-	300,000,000
Bank Asia Ltd.	-	300,000,000
Citi Bank NA	-	150,000,000
Dhaka Bank Ltd.	-	170,000,000
Dutch Bangla Bank Ltd.	-	200,000,000
IFIC Bank Ltd.	-	250,000,000
Janata Bank Ltd.	-	200,000,000
Mercantile Bank	-	250,000,000
Mutual Trust Bank Ltd	-	300,000,000
National Bank Ltd.	-	200,000,000
One Bank Ltd.	-	200,000,000
The Premier Bank Ltd.	-	250,000,000
	-	2,770,000,000

	31.12.2010 Taka	31.12.2009 Taka
Non-Banking Financial Institutions		
Bay Leasing & Investment Ltd.	-	120,000,000
Delta-Brac Housing Finance Company Ltd.	-	70,000,000
GSP Finance Company (Bangladesh) Ltd.	-	60,000,000
International Leasing & Financial Services Ltd.	-	130,000,000
Lanka Bangla Finance Co. Ltd.	-	100,000,000
MIDAS Financing Ltd.	-	100,000,000
Peoples Leasing & Financial Services Ltd.	-	50,000,000
Phoenix Leasing Company Ltd.	-	40,000,000
Premier Leasing & finance Ltd.	-	50,000,000
Union Capital Ltd.	-	60,000,000
	-	780,000,000
	-	3,550,000,000
6 INVESTMENTS		
Government Securities		
Treasury Bills Note - 6.1		
Treasury Bills-HTM	-	-
Treasury Bills-HFT	-	728,343,242
	-	728,343,242
Treasury Bonds Note - 6.2		
Treasury Bond - HFT	6,501,426,181	7,142,705,527
Treasury Bond - HTM	160,000,000	160,000,000
Bangladesh Govt. Islamic Investment Bond - HTM	50,000,000	-
	6,711,426,181	7,302,705,527
Prize Bond	2,581,200	1,898,900
	6,714,007,381	8,032,947,669
Other Investment		
Preference Share		
1,000,000 Shares of BRAC Bank Ltd. @ Tk. 100 each Note - 6.3	100,000,000	100,000,000
8,00,000 Shares of Khulna Power Company Ltd. @ Tk. 100 each	80,000,000	100,000,000
	180,000,000	200,000,000
Ordinary Shares		
Quoted Note - 6.4	792,682,408	469,661,338
Unquoted	33,249,980	3,000,000
	825,932,388	472,661,338
Debentures and Bond	840,000,000	-
	1,845,932,388	672,661,338
	8,559,939,769	8,705,609,007

This represents investment made by the company both in listed and unlisted securities. The investment is made up as under:

Particulars	31.12.2010			31.12.2009		
	No. of Securities	At Cost	Market Value	No. of Securities	At Cost	Market Value
Listed Securities	10	792,682,408	1,099,464,858	18	469,661,303	583,649,824
Unlisted Securities :						
Bond	5	840,000,000	840,000,000		-	-
Ordinary Share	2	33,249,980	3,000,000	1	3,000,000	3,000,000
Preference Share	2	180,000,000	180,000,000	2	200,000,000	200,000,000
Balance as on 31 Dec	19	1,845,932,388	2,122,464,858	21	672,661,303	786,649,824

Listed Securities

Investment has been recorded at cost and adequate provision for probable future losses as per Bangladesh Bank guideline has been made. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date for the year 30 December 2010).

Sector wise investment in listed securities at cost	31.12.2010 Taka	31.12.2009 Taka
Banking Companies	3,247,482	41,279,941
Investment Companies	-	192,487,540
Manufacturing Companies and others	152,224,081	235,893,821
Power Sector	86,999,885	-
IBBL Bond	140,210,960	-
Mutual Fund	410,000,000	-
	792,682,408	469,661,303

Unrealized gain on investment in listed securities

As at 30 December 2010, gross unrealised gain was Tk. 306,782,450 on investment in listed security.

Unlisted Securities

Ordinary Share

Investment in ordinary share includes Tk 3.00 million in Central Depository Bangladesh Limited (CDBL). The unlisted investments are shown at cost because the fair value cannot be measured reliably.

Preference Share

Trust Bank Limited invested in the preference shares of BRAC Bank Limited and Khulna Power Company Limited for Tk. 100.00 million and Tk. 80.00 million respectively, representing 2.33% and 5.88% of their total capital (ordinary and preference) respectively.

Since the holding of Trust Bank Limited is less than 20% in both the cases and having no voting right, the investment in preference share does not fall with in the principle of Bangladesh Accounting Standard 28: "Accounting for Investment in Associate".

	31.12.2010 Taka	31.12.2009 Taka
6.1 Treasury Bills-at Present Value		
91 days Treasury Bills	-	-
182 days Treasury Bills	-	-
364 days Treasury Bills	-	728,343,242
	-	728,343,242
6.2 Treasury Bonds-at Present Value		
05 years Treasury Bonds	3,820,365,885	4,320,342,110
10 years Treasury Bonds	1,939,858,190	1,991,078,880
15 years Treasury Bonds	951,202,106	991,284,537
	6,711,426,181	7,302,705,527
6.3 Disclosure regarding outstanding Repo		

SI No.	Counter Party	Agreement Date	Reversal Date	Amount (1st Leg Cash Consideration)
1	Bangladesh Bank	30-Dec-10	2-Feb-11	518,279,795

6.4 Disclosure regarding outstanding Reverse Repo

SI No.	Counter Party	Agreement Date	Reversal Date	Amount (1st Leg Cash Consideration)
1	-	-	-	-

6.5 Disclosure regarding Overall transaction of Repo and Reverse Repo

Particulars	Minimum Outstanding during the Year	Maximum Outstanding during the Year	Daily Average Outstanding during the Year
Securities Sold under Repo:			
1. With Bangladesh Bank	100,529,825	1,196,030,131	31,481,467
2. With other Banks & FIs Bank	-	-	-
Securities Purchased under Reverse Repo:			
1. With Bangladesh Bank	300,000,000	500,000,000	2,191,781
2. With other Banks & FIs Bank	-	-	-

		31.12.2010 Taka	31.12.2009 Taka
6.6 Investment in Bond	Rate of Interest		
Prime Bank Ltd. Subordinated Bond	11.50%	130,000,000	-
Dhaka Bank Ltd. Subordinated Bond	11.65%	50,000,000	-
National Bank Ltd. Subordinated Bond	11.50%	50,000,000	-
Orascom Telecom Bd Ltd.	13.50%	500,000,000	-
MTBL Partly Convertible Subordinated Bond	11.00%	110,000,000	-
		840,000,000	-
6.7 Investment in Ordinary Share - Quoted			
Under Conventional Banking		611,867,473	258,257,468
Under Islamic Banking		180,814,935	211,403,870
		792,682,408	469,661,338
6.8 Remaining maturity grouping of Investments			
On demand		1,008,513,588	674,560,238
Upto 1 month		-	149,730,900
Over 1 month but not more than 3 months		-	192,982,664
Over 3 months but not more than 1 Year		-	385,629,678
Over 1 Year but not more than 5 Years		6,260,224,075	4,387,575,232
Over 5 Years		1,291,202,106	2,915,130,295
		8,559,939,769	8,705,609,007
7 LOANS AND ADVANCES UNDER COVENTIONAL BANKING			
Loans and Advances			
Repair & Recon. of Dwelling House (RRDH)		1,332,031,090	344,293,207
Consumer Durable Scheme Loans (CDS)		4,357,943	5,138,785
Marriage Loans (ML)		44,358,145	42,672,900
Car Loans (CL)		367,089,861	364,235,165
House Building Loans (HBL)		4,270,346,943	1,385,592,853
Term Loans		10,108,538,794	9,418,775,979
Other Retail Loans		1,273,352,458	1,202,866,754
Time Loan		3,080,206,634	1,762,527,544
Other Loans		294,688,518	276,793,471
Staff Loans		246,857,526	169,381,943
Loans against Credit Card		26,607,640	23,634,994
Loans against Trust Receipts (LTR)		6,198,599,148	5,141,631,263
Payment Against Documents (PAD)		1,191,025,991	234,719,263
Packing Credit (Loan agt. Packing Credit)		1,462,409	3,080,637
		28,439,523,100	20,375,344,758
LOANS AND ADVANCES UNDER ISLAMIC BANKING			
Islamic Investment			
Murabaha		-	5,733,092
Bai-Muajjal		42,599,722	38,976,149
Hire Purchase under Shirkatul Melk		233,589,055	144,381,150
IHSAN Apartment Purchase Scheme		10,519,138	4,740,498
BARAKAT Home Construction Scheme		17,074,332	3,045,046
BARAKAT Car Scheme		22,576,642	13,730,223
HPSM-Real Estate		32,249,320	32,417,918
Murabaha TR		161,053,303	13,905,442
Bai-Salam		48,153,793	3,914,200
		567,815,305	260,843,718
Cash Credit			
Cash Credit		1,115,203,581	795,539,793
Cash Collateral		178,000,891	181,941,798
		1,293,204,472	977,481,591
Overdraft			
Overdrafts		2,653,282,587	4,811,705,456
Secured Overdrafts		5,587,257,133	5,099,554,819
		8,240,539,720	9,911,260,275
Total Loans, Cash Credits and Overdrafts		38,541,082,597	31,524,930,342
Bills Purchased and Discounted			
Under Conventional banking Note - 7.6		1,183,765,378	1,119,658,374
Under Islamic banking (Musharaka agt. IBP)		75,076,016	18,519,067
		1,258,841,394	1,138,177,441
		39,799,923,991	32,663,107,783

	31.12.2010 Taka	31.12.2009 Taka
7.1 Residual maturity grouping of Loans and Advances including Bills Purchased and Discounted		
Repayable on demand	5,099,223,861	7,184,931,825
Upto 1 month	3,606,231,220	2,188,780,893
Over 1 month but not more than 3 months	3,849,091,227	3,217,024,353
Over 3 months but not more than 1 Year	9,282,748,931	7,149,219,383
Over 1 Year but not more than 5 Years	11,144,025,593	9,783,526,909
Over 5 Years	6,818,603,159	3,139,624,420
	39,799,923,991	32,663,107,783
7.2 Loans and Advances including Bills Purchased and Discounted Inside Bangladesh		
Loans	29,007,338,405	20,636,188,476
Cash Credit	1,293,204,472	977,481,591
Overdraft	8,240,539,720	9,911,260,275
Bills purchased and discounted	1,258,841,394	1,138,177,441
	39,799,923,991	32,663,107,783
Outside Bangladesh	-	-
	39,799,923,991	32,663,107,783
7.3 Loans and Advances on the basis of significant concentration		
7.3.1 Advances to Directors and Others		
Advance to Directors and their allied concerns	13,731,872	5,251,262
Advances to CEO and Senior Executives	38,120,563	31,561,801
Advances to Customers (Group wise)	801,315,000	7,616,760,000
Industrial Advances (Project finance)	543,575,000	5,132,631,000
Other Staff Loan	208,736,963	137,820,142
Other Customers	38,194,444,593	19,739,083,578
	39,799,923,991	32,663,107,783
7.3.2 Disclosure of Large Loan		
As per BRPD Circular No. 5 dated 9 April 2005 issued by Bangladesh Bank, disclosure on large loan i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under:		
Total Capital	5,744,364,822	4,215,979,816
Total Loans and Advances	18,892,484,300	10,333,389,000
No. of Customers	27	21
Classified amount thereon	Nil	Nil
Measures taken for recovery of classified loans:	N/A	N/A

Details of Large Loans

SL	Name of the Client	CL Status	Outstanding Loan		Total 31.12.2010	Total 31.12.2009
			Funded	Non-Funded		
1	SQ Group	UC	697,778,000	869,222,000	1,567,000,000	-
2	Rising Group	UC	614,600,000	677,800,000	1,292,400,000	440,300,000
3	TBIL	UC	1,130,605,300	-	1,130,605,300	-
4	Summit Group	UC	176,673,000	865,996,000	1,042,669,000	-
5	Radiant Group	UC	371,232,000	574,078,000	945,310,000	610,498,000
6	Bashundhara Group	UC	517,739,000	409,749,000	927,488,000	-
7	M/S. Masud & Brothers its concern	UC	598,950,000	248,177,000	847,127,000	659,189,000
8	T. K. Group of Industries	UC	436,955,000	346,223,000	783,178,000	515,025,000
9	Taqwa Fabrics Ltd. & Libas Knit Ltd.	UC	332,416,000	442,322,000	774,738,000	-
10	Desh Energy Ltd.	UC	721,482,000	-	721,482,000	-
11	Hamid Weaving Mills Ltd.	UC	282,195,000	409,144,000	691,339,000	525,896,000
12	Nasir Group of Industries	UC	570,471,000	49,666,000	620,137,000	494,094,000
13	GPH Ispat Ltd.	UC	549,300,000	53,500,000	602,800,000	383,200,000
14	Abdul Monem Group	UC	388,768,000	201,583,000	590,351,000	-
15	Bangladesh Steel Re-Rolling Mills Ltd	UC	302,700,000	283,600,000	586,300,000	615,700,000
16	M/S. Abir Fashions	UC	143,371,000	395,627,000	538,998,000	355,653,000
17	Marrine Vegetable Oil Ltd.	UC	527,838,000	-	527,838,000	524,842,000
18	H R Textiles Mills Ltd.	UC	161,044,000	362,102,000	523,146,000	-

SL	Name of the Client	CL Status	Outstanding Loan		Total 31.12.2010	Total 31.12.2009
			Funded	Non-Funded		
19	Paradise Spinning Mills Ltd.	UC	329,332,000	188,476,000	517,808,000	492,004,000
20	Modern Steel Mills Ltd.& its Sister concern	UC	385,400,000	128,200,000	513,600,000	-
21	RL Group	UC	290,615,000	189,973,000	480,588,000	-
22	Samuda Chemical Complex Ltd.	UC	271,339,000	185,914,000	457,253,000	-
23	S. A. Group	UC	419,649,000	35,401,000	455,050,000	438,395,000
24	Best Wool Sweaters Ltd.	UC	44,217,000	410,047,000	454,264,000	-
25	Bengal Indigo Group	UC	153,198,000	297,101,000	450,299,000	-
26	United Ashuganj Power Ltd.	UC	-	427,246,000	427,246,000	-
27	Anwar Group	UC	353,820,000	69,650,000	423,470,000	472,099,000
28	BRAC	UC	-	-	-	475,750,000
29	Badar Spinning Mills Ltd.	UC	-	-	-	643,736,000
30	S Q Quantum Group	UC	-	-	-	588,034,000
31	Abul Khair Group	UC	-	-	-	479,784,000
32	Bangladesh Foundry & Engineering Works	UC	-	-	-	424,673,000
33	M/S. M A Salam & Co.	UC	-	-	-	419,845,000
34	Radiant Pharmaceuticals Ltd.	UC	-	-	-	399,792,000
35	Pacific Motors Limited	UC	-	-	-	374,880,000
	Total		10,771,687,300	8,120,797,000	18,892,484,300	10,333,389,000

7.3.3 Industry-wise concentration of Loans and Advances

	31.12.2010 Taka	31.12.2009 Taka
Agro-sector	330,449,799	553,589,797
Automobiles	236,622,251	210,149,765
Cement & Building Materials	537,379,431	579,779,769
Chemical & Pharma	830,079,765	662,149,543
Paper	815,506,747	320,519,953
Rubber	350,109,735	205,196,746
Edible Oil	372,259,737	432,879,942
Energy & Power	1,142,287,486	454,432,365
Fisheries	8,707,855	37,719,944
Steel & Engineering	2,983,669,767	1,970,909,746
Textile & Garments	6,255,679,744	5,700,940,009
Food & Allied	1,581,767,649	1,070,399,976
Construction	1,123,609,979	687,860,058
Housing	5,170,809,951	3,176,737,646
Trading	4,453,309,746	3,775,119,675
Telecom & Transport	353,939,749	298,859,677
NBFI	2,005,619,565	2,198,479,971
Medical services	342,569,786	167,679,911
Personal services	2,320,119,413	1,728,279,121
Trust Bank Investment Limited	1,130,605,342	-
Others	7,454,820,494	8,431,424,169
	39,799,923,991	32,663,107,783

7.3.4 Geographical location-wise concentration of Loans and Advances

Inside Bangladesh		
Dhaka Division	26,010,471,541	22,828,147,335
Chittagong Division	11,338,729,861	8,384,250,473
Khulna Division	702,426,161	234,448,638
Sylhet Division	1,074,183,978	873,923,242
Rangpur Division	314,827,830	229,925,895
Rajshahi Division	359,284,620	112,412,200
	39,799,923,991	32,663,107,783
Outside Bangladesh	-	-
	39,799,923,991	32,663,107,783

7.3.5 Nature wise Loans and Advances

Continuous	9,577,628,385	10,995,455,545
Demand Loan	11,995,613,364	8,292,082,802
Term Loans up to 5 Years	9,494,730,105	8,365,630,233
Term Loans above 5 Years	8,479,001,364	4,831,474,523
Short Term Agri. Credit & Micro Credit	6,093,247	9,082,737
Staff Loan	246,857,526	169,381,943
	39,799,923,991	32,663,107,783

7.4 Classification of Loans and Advances including Bills Purchased and Discounted	31.12.2010 Taka	31.12.2009 Taka
a Unclassified Loans and Advances (including staff loan)		
1 Consumer Financing (House Financing, HF)	3,757,870,154	2,002,002,413
2 Consumer Financing (Loans for Professional, LP)	32,117,569	37,226,461
3 Consumer Financing (Other than HF & LP)	2,238,276,459	1,474,687,211
4 Small & Medium Enterprise Financing (SMEF)	1,735,310,316	1,259,425,025
5 Loans to BHs/MBs/Sds against Shares etc	1,188,865,020	-
6 All Other Credit	28,988,111,977	26,499,787,322
7 Short Term Agri Credit	6,093,247	9,082,737
8 Staff Loans	246,728,885	169,261,307
	38,193,373,627	31,451,472,476
b Special Mentioned Accounts	646,527,296	350,917,619
c Classified Loans and Advances		
1 Sub-Standard Loans and Advances	139,504,180	52,845,922
2 Doubtful Loans and Advances	203,423,240	24,082,176
3 Bad /Loss Loans and Advances	617,095,648	783,789,590
	960,023,068	860,717,688
	39,799,923,991	32,663,107,783
7.5 Particulars of Loans and Advances		
(i) Debts considered good in respect of which the bank is fully secured.	25,457,397,950	19,734,906,360
(ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	795,998,480	1,960,273,288
(iii) Debts considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	11,939,977,197	9,756,292,828
(iv) Debts considered doubtful or bad not provided for	-	-
(v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person.	260,589,398	174,633,205
(vi) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.	260,589,398	174,633,205
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors partners or managing agents or in the case of private company.	-	-
(ix) Due from Banking Companies.	-	-
(x) Amount of classified loan on which no interest has been charged:		
a) Increase/(Decrease) in provision	(134,248,000)	127,193,000
Amount of loan written off	-	-
Amount realized against loan previously written off	-	-
b) Provision kept against loans classified as bad debts	221,207,000	405,261,000
c) Interest credited to interest Suspense Account	292,060,539	189,080,502
(xi) Cumulative amount of written off loans		
Opening Balance	2,700	2,700
Amount written off during the period	-	-
	2,700	2,700
The amount of written off loans for which law suit has been filed	-	-
7.6 Bills purchased and discounted		
Payable in Bangladesh	1,023,287,032	1,024,525,538
Payable out side Bangladesh	160,478,346	95,132,836
	1,183,765,378	1,119,658,374

	31.12.2010 Taka	31.12.2009 Taka
7.7 Remaining maturity grouping of bills purchased and discounted		
Payable with in one month	476,950,373	484,745,309
Over one month but less than three months	557,630,859	494,005,826
Over three months but less than 01 year	149,184,146	140,907,239
More than 01 year	-	-
	1,183,765,378	1,119,658,374
7.8 Litigation filed by the Bank		
As of the responding date, the Bank filed lawsuit against recovery of its defaulted loans and advances as under:		
Name of the Branch		
Principal Branch	448,424,744	105,374,798
Sena Kalyan Bhaban Branch	5,156,417	5,156,417
Bogra Cantonment Branch	1,044,807	1,538,043
Agrabad Branch	650,506,726	650,506,726
Khaja Yunus Ali Medical College Hospital Branch	197,639	-
Gulshan Corporate Branch	22,008,450	-
Dhanmondi Branch	-	1,941,000
Dilkusha Corporate Branch	11,495,093	4,804,054
	1,138,833,876	769,321,038
7 (a) Consolidated loans, advances/Investment		
Trust Bank Limited Note - 7	39,799,923,991	32,663,107,783
Trust Bank Investment Limited	4,091,114,346	-
	43,891,038,337	32,663,107,783
Less : Inter Company Transaction	1,130,605,342	-
	42,760,432,995	32,663,107,783
8 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES		
Cost		
Leasehold Land	160,469	160,469
Office Building	12,680,000	12,680,000
Furniture and fixtures	115,373,659	106,205,359
Office equipment	274,040,220	230,307,789
Motor vehicles	140,145,542	122,840,866
Office renovation	188,389,837	145,708,204
	730,789,727	617,902,687
Less: Accumulated depreciation	317,665,458	235,983,543
	413,124,269	381,919,144
For details please refer to Annexure - B		
8 (a) Consolidated Fixed assets including premises, furniture and fixtures		
Trust Bank Limited Note - 8	413,124,269	381,919,144
Trust Bank Investment Limited	17,881,888	-
	431,006,157	381,919,144
9 OTHER ASSETS		
i) Investment in shares of subsidiary companies (In Bangladesh and outside)		
In Bangladesh	2,999,999,300	-
Outside Bangladesh	-	-
ii) Stationery, stamps, printing materials in stock etc.	29,038,453	18,811,698
iii) Advance Rent and Advertisement	73,481,523	56,702,254
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable Note - 9.1	238,084,613	282,418,761
v) Security Deposits	7,751,061	7,324,385
vi) Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses Note - 9.2	12,446,323	9,081,511
vii) Branch Adjusting (net)	175,886,225	188,013,702
viii) Suspense Account	239,779,218	474,525,338
ix) Silver	-	-
x) Others Note - 9.3	346,982,587	348,822,819
	4,123,449,303	1,385,700,468

9.1 Interest/Profit accrued on investment but not collected commission and brokerage receivable on shares and debentures and other income receivable;	31.12.2010 Taka	31.12.2009 Taka		
Interest accrued on investments and deposits Note - 9.1.1	232,275,849	273,006,000		
Commission Receivable on SP & WEDB	5,808,764	9,412,761		
	238,084,613	282,418,761		
9.1.1 Interest accrued on investments and deposits				
Interest accrued on Fixed Deposits Note - 9.1.1.1	-	40,179,933		
Interest accrued on Short Term Deposits	2,450,000	-		
Interest accrued on Money at Call	-	3,200,000		
Interest accrued on Bonds	10,478,778	-		
Interest accrued on Government Treasury Bond	219,347,071	229,626,067		
	232,275,849	273,006,000		
9.1.1.1 Interest/Profit accrued on Fixed Deposits/MTDR				
Interest accrued on Fixed Deposits	-	39,205,627		
Profit accrued on MTDR	-	974,306		
	-	40,179,933		
9.2 Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses				
Pre-opening Expenses	-	227,726		
Prepaid Expenses	12,446,323	8,853,785		
	12,446,323	9,081,511		
9.3 Others				
Deferred Tax Asset Note - 9.3.1	16,319,128	6,907,377		
Intangible Assets	6,295,963	6,182,822		
Intl. Credit Report Agency Charge	3,205,264	-		
Encashment of Sanchaya patra awaiting reimbursement-Principal	85,682,108	91,773,023		
Encashment of Sanchaya patra awaiting reimbursement-Interest	74,407,590	137,997,801		
Encashment of WEDB awaiting reimbursement-Principal	71,291,500	21,741,000		
Encashment of WEDB awaiting reimbursement-Interest	44,635,664	25,180,218		
US\$ Premium Bond - Principal	534,375	-		
US\$ Premium Bond - Interest	89,996	-		
US\$ Investment Bond - Principal	16,063,313	1,043,250		
US\$ Investment Bond - Interest	2,096,798	46,338		
Advance against Capital Expenditure	42,300,300	57,947,611		
Clearing Adjustment	(16,189,412)	3,379		
Receivable on Death Risk Benefit-WEDB	250,000	-		
	346,982,587	348,822,819		
9.3.1 Deferred tax Asset				
Balance as on 1 January	6,907,377	4,075,848		
Addition during the year	9,411,751	2,831,529		
Closing Balance	16,319,128	6,907,377		
9.3.1.1 To maintain the deferred tax Asset of Tk.16,319,129 as on 31 December 2010, a deferred tax Income of Tk. 9,411,752 has been made during the year ended 31 December 2010 as per BAS-12 -Income Taxes.				
9.4 Break-up of Other Assets				
Income generating other assets	2,999,999,300	-		
Non income generating other asset	1,123,450,003	1,385,700,468		
	4,123,449,303	1,385,700,468		
9.5 Inter Branch Adjusting Account represents outstanding inter branch and head office transactions (net) originated but yet to be responded by Balance Sheet date. However, the status of unresponded entries of 31.12.2010 as of 31.01.2011 (subsequent position) are given below:				
	No. of unrespondent entries		Unrespondent entries (Taka)	
	Debit	Credit	Debit	Credit
Upto 3 months	12	8	7,333,410	184,630
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	7	1	7,333,410	184,630
9.6 Provision for other asset has been made @ 50% for prepaid legal expenses against unsettled suit of Tk. 3,789,274 as on reporting date as per BRPD Circular No. 14 dated 25 June 2001 issued by Bangladesh Bank and shown in Note # 12.2 under Other Liability.				

	31.12.2010 Taka	31.12.2009 Taka		
9 (a) Consolidated other assets				
Trust Bank Limited Note - 9	4,123,449,303	1,385,700,468		
Trust Bank Investment Limited	105,949,923	-		
	4,229,399,226	1,385,700,468		
Less: Investment in Trust Investment Ltd.	2,999,999,300	-		
	1,229,399,926	1,385,700,468		
10 Borrowings from other Banks, Financial Institutions and Agents				
In Bangladesh				
Call loans				
Call Loan from Banks	-	-		
Call Loan from Leasing Co.	-	-		
Call Loan from Insurance Co.	-	-		
Call Loan from Other Institutions	-	-		
Other Borrowings				
Borrowing from Bangladesh Bank - EDF	326,084,112	-		
Bangladesh Bank: Re-finance	137,861,335	153,403,792		
	463,945,447	153,403,792		
Outside Bangladesh	-	-		
	463,945,447	153,403,792		
10.1 Security wise borrowings				
Secured Borrowings	-	-		
Unsecured Borrowings	463,945,447	153,403,792		
	463,945,447	153,403,792		
10.2 Repayment nature wise borrowings				
Repayment on Demand	463,945,447	153,403,792		
Others	-	-		
	463,945,447	153,403,792		
10.3 Remaining maturity grouping of Borrowings from other banks, financial institutions and agents Payable				
On demand	463,945,447	153,403,792		
Upto 1 month	-	-		
Over 1 month but within 3 months	-	-		
Over 3 months but within 1 Year	-	-		
Over 1 Year but within 5 Years	-	-		
Over 5 Years	-	-		
	463,945,447	153,403,792		
10 (a) Consolidated borrowings from other Banks, financial institutions and agents				
Trust Bank Limited Note - 10	463,945,447	153,403,792		
Trust Bank Investment Limited	1,126,907,614	-		
	1,590,853,061	153,403,792		
Less: Inter company transaction	1,130,605,342	-		
	460,247,719	153,403,792		
11 DEPOSITS AND OTHER ACCOUNTS				
Current/Al-wadeeah Current Accounts and other Accounts Note - 11.2	5,681,378,972	4,856,810,829		
Bills Payable Note - 11.3	656,010,698	602,883,159		
Savings Bank Deposits/Mudaraba Savings Deposits Note - 11.4	5,336,185,241	4,230,046,723		
Fixed Deposits/Mudaraba Term Deposits Note - 11.5	38,739,716,060	38,774,898,962		
	50,413,290,971	48,464,639,673		
11.1 Remaining maturity grouping of Deposits and other accounts				
Inside Bangladesh	Banks	Other than Banks		
Payable				
On demand	12,253,000	7,870,843,592	7,883,096,592	4,529,532,531
Upto 1 month	-	7,902,898,456	7,902,898,456	8,164,791,010
Over 1 month but within 3 months	111,394,000	14,576,887,202	14,688,281,202	12,585,629,986
Over 3 months but within 1 Year	5,000,000	16,358,997,894	16,363,997,894	17,937,500,074
Over 1 Year but within 5 Years	-	2,672,276,667	2,672,276,667	3,755,309,967
Over 5 Years	-	902,740,160	902,740,160	1,491,876,105
	128,647,000	50,284,643,971	50,413,290,971	48,464,639,673
Outside Bangladesh	-	-	-	-
	128,647,000	50,284,643,971	50,413,290,971	48,464,639,673

11.2 Current/Al-wadeeah Current Accounts and other Accounts		31.12.2010 Taka	31.12.2009 Taka
Under Conventional Banking	Note-11.2.1	5,631,715,497	4,827,365,036
Under Islamic Banking	Note-11.2.2	49,663,475	29,445,793
		5,681,378,972	4,856,810,829
11.2.1 Under Conventional Banking			
Current Account		2,698,132,604	2,202,202,211
Other Accounts	Note-11.2.3	2,933,582,893	2,625,162,825
		5,631,715,497	4,827,365,036
11.2.2 Under Islamic Banking			
Al-wadeeah Current Accounts		33,016,922	17,303,487
Other Accounts - profit payable		16,646,553	12,142,306
		49,663,475	29,445,793
11.2.3 Other Accounts			
Foreign Currency Deposits		1,548,238,587	1,188,749,260
Interest Payable on Deposits		747,221,292	924,036,555
Sundry Deposits		638,123,014	512,377,010
		2,933,582,893	2,625,162,825
11.3 Bills Payable			
Demand Draft payable		44,525,252	32,464,146
Pay Order payable		611,485,446	570,419,013
		656,010,698	602,883,159
11.4 Savings Bank Deposits/Mudaraba Savings Deposits			
Savings Bank Deposits		5,105,732,885	4,091,453,490
Mudaraba Savings Deposits		230,452,356	138,593,233
		5,336,185,241	4,230,046,723
11.5 Fixed Deposits/Mudaraba Term Deposits			
11.5.1 Under Conventional Banking			
Fixed Deposits		29,273,164,437	27,090,607,045
Short Notice Deposits		4,708,205,538	7,791,697,417
Scheme Deposits		3,742,144,956	3,244,506,691
		37,723,514,931	38,126,811,153
11.5.2 Under Islamic Banking			
Mudaraba Term Deposits		976,855,423	635,947,353
Mudaraba Short Notice Deposits		8,075,750	3,102,112
Mudaraba Scheme Deposits		31,269,956	9,038,344
		1,016,201,129	648,087,809
		38,739,716,060	38,774,898,962
11.5.3 Fixed Deposits			
	Banks	Other than Banks	
One month	-	1,430,090,148	1,430,090,148
Three months	-	12,039,478,905	12,039,478,905
Six months	-	3,603,791,982	3,603,791,982
One year	5,000,000	11,480,391,350	11,485,391,350
Two years	-	177,660,305	177,660,305
Three years	-	429,884,639	429,884,639
Five Years	-	84,107,211	84,107,211
More than five years	-	22,759,898	22,759,898
	-	29,268,164,437	29,273,164,437
			27,726,554,398
11.5.3.a Mudaraba Term Deposits			
	Banks	Other than Banks	
One month	-	57,921,006	57,921,006
Three months	-	626,316,679	626,316,679
Six months	-	115,058,015	115,058,015
One year	-	176,594,485	176,594,485
Three years	-	965,238	965,238
	-	976,855,423	976,855,423
			635,947,353

		31.12.2010 Taka	31.12.2009 Taka
11.6 Geographical location-wise concentration of Deposits & Other Accounts			
Inside Bangladesh			
Dhaka Division		39,297,176,989	39,190,997,673
Chittagong Division		6,136,833,125	5,013,568,819
Khulna Division		1,134,463,925	912,523,090
Sylhet Division		2,258,970,643	1,932,238,330
Rangpur Division		2,927,765	352,896,816
Rajshahi Division		1,582,918,524	1,062,414,945
		50,413,290,971	48,464,639,673
Outside Bangladesh		-	-
		50,413,290,971	48,464,639,673
11.7 Sector-wise deposits			
Government		1,152,509,000	1,329,940,850
Deposit money banks		128,647,000	66,586,738
Other public		2,664,107,000	4,122,149,206
Private		44,155,921,539	40,821,034,758
Foreign Currency Deposits		1,548,238,587	1,188,749,260
Interest Payable on Deposits		763,867,845	936,178,861
		50,413,290,971	48,464,639,673
11 (a) CONSOLIDATED DEPOSITS AND OTHER ACCOUNTS			
Current/Al-wadeeah Current Accounts and other Accounts			
Trust Bank Limited		5,681,378,972	4,856,810,829
Trust Bank Investment Limited		565,683,648	-
		6,247,062,620	4,856,810,829
Bills Payable		656,010,698	602,883,159
Savings Bank Deposits/Mudaraba Savings Deposits		5,336,185,241	4,230,046,723
Fixed Deposits/Mudaraba Term Deposits		38,739,716,060	38,774,898,962
Less : Inter Company Transaction		621,073,337	-
		38,118,642,723	38,774,898,962
		50,357,901,282	48,464,639,673
12 OTHER LIABILITIES			
Provision for Loans and Advances	Note - 12.1	1,082,900,000	958,400,000
Provision for Investment		11,932,760	798,013
Provision for other asset	Note - 12.2	3,789,274	2,126,573
Provision for CSR Fund		115,600,000	64,200,000
Provision for Gratuity		41,559,109	62,645,000
Unearned profit on TIB Investment		11,785,925	4,853,664
Interest Suspense Account	Note - 12.3	292,060,539	189,080,502
Exchange Equalization Fund	Note - 12.4	-	2,996,337
Provision for Income Tax Less Advance Income Tax	Note - 12.5	576,783,076	378,427,134
Accrued Expenses		128,294,703	108,710,507
Audit Fees Payable		517,500	209,000
Sundry Creditors		107,866,541	60,996,465
Others		649,253	295,891
		2,373,738,680	1,833,739,086
12.1 Provision for Loans and Advances/Islami Banking Investments			
Specific Provision			
Against Classified Loans & Advances		304,752,000	439,000,000
General Provision			
Against Unclassified Loans & Advances		575,318,000	398,900,000
Against Special Mention Accounts		28,830,000	17,500,000
Against Off Balance Sheet Exposures		174,000,000	103,000,000
		778,148,000	519,400,000
		1,082,900,000	958,400,000
12.1.1 Against Classified Loans & Advances			
Provision held on 1 January		439,000,000	311,807,000
Fully provided debts written off		-	-
Recoveries from previously written off debts		-	-
Provisions made during the year		(134,248,000)	127,193,000
Net Charge to the Profit Loss Account		(134,248,000)	127,193,000
Provision held at end of year		304,752,000	439,000,000
12.1.2 Against Unclassified Loans & Advances			
Provision held on 1 January		398,900,000	316,814,000
Provisions made during the year		176,418,000	82,086,000
Provision held at end of year		575,318,000	398,900,000

			31.12.2010	31.12.2009
			Taka	Taka
12.1.3 Against Special Mention Accounts				
Provision held on 1 January			17,500,000	14,353,000
Provisions made during the year			11,330,000	3,147,000
Provision held at end of year			28,830,000	17,500,000
12.1.4 Required Provision against Loans and Advances				
	Particulars	Base for Provision	Rate	
	Unclassified			
	a. Consumer Financing (House Financing)	3,757,870,153	2%	75,157,000
	b. Consumer Financing (Loans to Professional)	32,117,569	2%	642,000
	c. Consumer Financing (Other than a & b)	2,238,276,459	5%	111,914,000
	d. Small & Medium Enterprise Financing	1,735,310,316	1%	17,353,000
	e. Loans to BHs/MBs/Sds against Shares etc	1,188,865,020	2%	23,777,000
	f Short Term Agriculture & Micro Credit	6,093,247	5%	305,000
	g. All other Credit	28,988,111,977	1%	289,881,000
		37,946,644,741		519,029,000
	Special Mention Accounts	576,590,086	5%	28,830,000
	Classified			
	a. Substandard	42,232,559	20%	8,447,000
	b. Doubtful	150,195,263	50%	75,098,000
	c. Bad/Loss	221,206,813	100%	221,207,000
		413,634,635		304,752,000
		38,936,869,462		852,611,000
				825,194,000
12.1.5 General Provision for Off Balance Sheet Exposures				
Provision held on 1 January			103,000,000	87,768,000
Provisions made during the year			71,000,000	15,232,000
			174,000,000	103,000,000
12.1 (a) Consolidated General Provision for Loans and Advances				
Trust Bank Limited			778,148,000	519,400,000
Trust Bank Investment Limited			40,911,143	-
			819,059,143	519,400,000
12.2 Provision for other asset				
Balance on 1 January			2,126,573	1,312,556
Provisions made during the year			1,662,701	814,017
			3,789,274	2,126,573
12.3 Interest Suspense Account				
Balance on 1 January			189,080,502	108,983,042
Amount transferred during the year			293,369,827	198,259,681
Amount recovered during the year			(189,862,677)	(118,162,221)
Amount written off/waived during the year			(527,113)	-
			292,060,539	189,080,502
12.4 Exchange Equalization Fund				
Balance on 1 January			2,996,337	2,996,337
Less : Transferred to extra ordinary gain as per BBK circular			2,996,337	-
			-	2,996,337
12.5 Provision for Income Tax Less Advance Income Tax				
Provision for Income Tax				
Balance on 1 January			1,096,470,800	894,410,124
Provisions made during the year			875,000,000	542,500,000
Provision made for previous year(s)			-	23,970,800
Settlement for previous year(s)			(23,970,800)	(364,410,124)
			1,947,500,000	1,096,470,800
Less: Advance Income Tax				
Balance on 1 January			718,043,666	572,028,356
Paid during the year			676,644,058	510,425,434
Settlement for previous year(s)			(23,970,800)	(364,410,124)
			1,370,716,924	718,043,666
Net Closing Balance			576,783,076	378,427,134

		31.12.2010 Taka	31.12.2009 Taka
12.5 (a) Consolidated tax expenses			
Trust Bank Limited	Note - 12.5	875,000,000	542,500,000
Trust Bank Investment Limited		36,344,335	-
		911,344,335	542,500,000

12.5.1 Provision for current tax of Tk.855,000,000 has been made @ 42.50% on Business Income, @ 20% on Dividend Income and @ 10% on capital gain on sale of shares of the accounting profit made by the Bank during the year after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules, 1984.

		31.12.2010 Taka	31.12.2009 Taka
12 (a) Consolidated other liabilities			
Trust Bank Limited	Note - 12	2,373,738,680	1,833,739,086
Trust Bank Investment Limited		123,765,483	-
		2,497,504,163	1,833,739,086
Less: Inter company transaction		-	-
		2,497,504,163	1,833,739,086
13 CAPITAL			
13.1 Authorized Capital			
50,000,000 Ordinary shares of Tk. 100 each		5,000,000,000	5,000,000,000

		31.12.2010 Taka	31.12.2009 Taka
13.2 Issued, Subscribed and Paid Up Capital			
11,666,700 Ordinary shares of Tk. 100 each issued for cash		1,166,670,000	1,166,670,000
1,166,670 Ordinary shares of Tk. 100 each issued bonus shares		116,667,000	116,667,000
2,566,674 Ordinary shares of Tk. 100 each issued for right 1R:5		256,667,400	256,667,400
3,080,008 Ordinary shares of Tk. 100 each issued bonus shares		308,000,800	308,000,800
3,696,010 Ordinary shares of Tk. 100 each issued bonus shares		369,601,000	-
		22,176,062	1,848,005,200

13.3 Capital Adequacy Ratio

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars no. 1, 14, 10, 7, 5 and 3 dated January 08, 1996, November 16, 1996, November 25, 2002, August 28, 2006, May 14, 2007 and March 12, 2008 respectively, required capital, available core capital and supplementary capital of the Bank for the year ended as at December 31, 2010 is shown below:

	31.12.2010 Taka	31.12.2009 Taka
Tier-I (Core Capital)		
Paid up Capital	2,217,606,200	1,848,005,200
Share Premium Account	-	182,001,600
Statutory Reserve	1,566,403,090	1,138,330,330
Retained Earnings	1,123,067,166	463,963,772
	4,907,076,456	3,632,300,902
Tier-II (Supplementary Capital)		
General Provision	778,148,000	519,400,000
Exchange Equalization	-	2,996,337
Revaluation reserves (50% of such reserve)	59,140,366	61,282,577
	837,288,366	583,678,914
A. Total Capital (Tier-I + Tier-II)	5,744,364,822	4,215,979,816
B. Total Risk Weighted Assets (RWA)	63,209,700,000	33,297,681,000
C. Required Capital based on RWA @ 9% on B (2009: @ 10%)	5,688,873,000	3,329,768,100
D. Surplus Capital as per Bank weighted Assets (A - C)	55,491,822	886,211,716
Capital Adequacy Ratio		
Core Capital to RWA	7.76%	10.91%
Supplementary Capital to RWA	1.32%	1.75%
	9.09%	12.66%

13.3 (a) Capital Adequacy Ratio under Consolidated basis

	31.12.2010 Taka	31.12.2009 Taka
Tier-I (Core Capital)		
Paid up Capital	2,217,606,200	1,848,005,200
Minority Interest	705	-
Share Premium Account	-	182,001,600
Statutory Reserve	1,566,403,090	1,138,330,330
Retained Earnings	1,142,729,910	463,963,772
	4,926,739,905	3,632,300,902

	31.12.2010 Taka	31.12.2009 Taka
Tier-II (Supplementary Capital)		
General Provision	819,059,143	519,400,000
Exchange Equalization		2,996,336
Revaluation reserves (50% of such reserve)	59,140,366	61,282,577
	878,199,509	583,678,914
A. Total Capital (Tier-I + Tier-II)	5,804,939,414	4,215,979,816
B. Total Risk Weighted Assets (RWA)	64,104,600,000	33,297,681,000
C. Required Capital based on RWA @ 9%	5,769,414,000	3,329,768,1000
D. Surplus Capital as per Bank weighted Assets (A - C)	35,525,414	886,211,716
Capital Adequacy Ratio		
Core Capital to RWA	7.69%	10.91%
Supplementary Capital to RWA	1.37%	1.75%
	9.06%	12.66%

Total Risk Weighted Assets (RWA)

Risk Weighted Assets (RWA) has been calculated considering the Credit risk, Market Risk and Operational risk as per Guidelines on Risk Based Capital Adequacy - Revised Regulatory Framework in line with Basel II issued by Bangladesh Bank on August 2010.

13.4 Percentage of shareholdings at the closing date

	Amount (in Taka)		Percentage (%)	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Sponsors	1,330,740,100	1,108,941,900	60.01%	60.01%
Financial Institutions	411,162,400	353,084,200	19.51%	19.11%
Foreign Investors	-	-	-	-
Non-Resident Bangladeshi	9,256,800	8,204,000	0.41%	0.44%
General Public	466,446,900	377,775,100	20.08%	20.44%
Total	2,217,606,200	1,848,005,200	100.00%	100.00%

13.5 Shareholding Range on the basis of shareholdings as on 31 December 2010

Shareholding Range	No. of Sh. Holders	Number of Shares	%
1 to 500	29081	2,543,337	11.47%
501 to 5,000	1375	1,816,466	8.19%
5,001 to 10,000	75	548,602	2.47%
10,001 to 20,000	47	680,645	3.07%
20,001 to 30,000	15	362,191	1.63%
30,001 to 40,000	7	243,133	1.10%
40,001 to 50,000	4	190,316	0.86%
50,001 to 100,000	9	578,310	2.61%
100,001 to 1,000,000	7	1,907,616	8.60%
1,000,001 and More	1	13,305,446	60.00%
Total	30,621	22,176,062	100.00%

13 (a) MINORITY INTEREST

Share Capital (7 nos. shares of Trust Bank Investment Limited @ Tk. 100 each)
Profit for the year

	31.12.2010 Taka	31.12.2009 Taka
Share Capital	700	-
Profit for the year	5	
	705	

14 STATUTORY RESERVE

Balance on 1 January
Reserve made during the year
Closing Balance

	31.12.2010 Taka	31.12.2009 Taka
Balance on 1 January	1,138,330,330	528,525,946
Reserve made during the year	428,072,760	609,804,384
Closing Balance	1,566,403,090	1,138,330,330

14.1 Reserve for current year was made @ Tk. 20% on the net profit before tax under section 24 of The Bank Companies Act 1991.

	31.12.2010 Taka	31.12.2009 Taka
15 OTHER RESERVE		
Revaluation Reserve		
Balance on 1 January	122,565,154	74,287,123
Reserve made/(adjusted) during the year	(4,284,423)	48,278,031
Closing Balance	118,280,731	122,565,154
<p>Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity' other than those which are floating and/or free to trade in the market at prevailing prices are classified as held to maturity and must be amortized at the end of the year before maturity. Investments classified in the category of 'Held for Trading' are held indeed selling or purchasing –in short- trading as decided by the management of the bank or treasury. After initial recognition, investments of such categories are measured at their fair value once in a week. The increase in case of amortization of Investment under 'Held to maturity' and any change in the fair value in case of Investment under 'held for Trading' is to be accounted for in the 'Statement of changes in Equity' under the head Other Reserve as Surplus/Deficit on revaluation of investment.</p>		
16 RETAINED EARNINGS	31.12.2010 Taka	31.12.2009 Taka
Balance on 1 January	463,963,772	486,833,118
Issue of Bonus Shares	(187,599,400)	-
Income Tax Provision for the previous Income year	-	(23,970,800)
	276,364,372	462,862,318
Net Profit for the year transferred from Profit and Loss Account	1,274,775,554	610,905,838
Less: Transferred to Statutory Reserve	428,072,760	609,804,384
	846,702,794	1,101,454
Closing Balance	1,123,067,166	463,963,772
16 (a) Consolidated retained earnings		
Trust Bank Limited Note - 16	1,123,067,166	463,963,772
Trust Bank Investment Limited	19,662,749	-
	1,142,729,915	463,963,772
Less minority interest	5	-
Closing Balance	1,142,729,910	463,963,772
17 CONTINGENT LIABILITIES		
17.1 Acceptances and endorsements		
Acceptance Bills - Local	2,174,497,354	969,038,594
Acceptance Bills - Foreign	1,208,218,702	1,106,959,697
Acceptance Liabilities - Back to Back L/C	350,822,848	113,340,339
	3,733,538,904	2,189,338,630
17.2 Letters of Guarantee		
Letters of Guarantee - Local	4,072,730,745	1,527,643,816
Letters of Guarantee -Foreign	1,850,000	-
	4,074,580,745	1,527,643,816
17.2.1 Money for which the bank is contingently liable in respect of guarantees given favoring:		
Directors or Officers	-	-
Government	1,760,354,672	322,099,314
Banks and other financial institutions	789,336,456	27,534,942
Others	1,524,889,617	1,178,009,560
	4,074,580,745	1,527,643,816
17.3 Irrevocable Letter of Credits		
Letter of Credit - Local	356,803,437	349,273,856
Letter of Credit - Foreign	5,952,895,505	3,307,744,862
Letter of Credit - Back to Back L/C	1,236,417,915	455,607,846
Letter of Credit - Usance (Foreign)	662,413,513	479,637,174
	8,208,530,370	4,592,263,738
17.4 Bills for Collection		
Outward Bills for Collection	37,721,285	48,269,236
Foreign Bills for Collection	2,120,000	1,116,000
Inland Bills for Collection	50,000	-
Local Documentary Bill for Collection	2,173,230,253	770,901,444
Inward Foreign Documentary Bills for Collection	287,917,625	200,985,000
Foreign Documentary Bills for Collection	432,991,347	309,830,505
	2,934,030,510	1,331,102,185

18	INCOME STATEMENTS	31.12.2010 Taka	31.12.2009 Taka
	Income:		
	Interest/Profit, discount and similar income	5,300,276,552	4,695,260,334
	Dividend income	32,328,818	24,331,156
	Fees, commission and brokerage	465,133,566	355,614,342
	Gains less losses arising from dealing in securities	317,841,405	92,639,065
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-banking assets	-	-
	Other operating income	741,418,369	412,645,488
	Profit less losses on interest rate changes	-	-
		6,856,998,710	5,580,490,385
	Expenses:		
	Interest/profit paid on deposits, borrowings etc,	3,213,947,255	3,112,822,489
	Losses on loans and advances	-	-
	Administrative expenses	1,038,408,915	878,450,718
	Other operating expenses	302,615,872	215,585,389
	Depreciation on banking assets	24,365,417	15,277,668
		4,579,337,459	4,222,136,264
		2,277,661,251	1,358,354,121
19	INTEREST INCOME		
19.1	Interest Income under Conventional banking		
	Interest from Loans and Advances		
	Interest on Repair & Recon. of Dwelling House (RRDH)	90,611,369	24,678,275
	Interest on Consumer Durable Scheme	308,115	418,472
	Interest on Marriage Loans	4,774,863	4,958,015
	Interest on Car Loans	51,307,377	47,311,865
	Interest on House Building Loans	242,364,557	131,381,064
	Interest on Term Loans	1,167,194,888	1,266,184,485
	Interest on Other Loans	568,976,252	433,455,043
	Interest on SME Loan	31,448,989	4,876,504
	Interest on PAD - EDF	8,949,908	6,231,473
	Interest on Staff Loan	15,161,623	8,780,978
	Interest on LTR	614,555,433	528,013,313
	Interest on Payment Against Documents (PAD)	62,188,793	48,494,059
	Interest on Cash Credit	111,618,236	83,544,282
	Interest on Cash Collateral	22,505,561	19,301,370
	Interest on Overdraft	129,638,658	80,260,561
	Interest on SOD	1,207,102,360	932,252,240
	Interest on Inland Bills Purchased and Discounted	123,736,385	142,176,801
	Interest on Foreign Bills Purchased and Discounted	3,697,163	2,269,587
		4,456,140,530	3,764,588,387
	Interest from Banks and Other Financial Institutions		
	Interest on FDR Account	94,507,909	201,209,709
	Interest on Bangladesh Bank Foreign Currency Accounts	2,352,382	1,783,991
	Interest on SND Account	15,295,649	12,655,526
	Interest on Call Deposits	63,377,694	34,435,125
		175,533,634	250,084,351
	Interest received from Foreign Banks	285,523	385,219
		4,631,959,687	4,015,057,957
19.2	Profit under Islamic banking		
	Profit on BARAKAT Car Scheme	2,752,480	1,000,934
	Profit on IHSAN Apartment Purchase Scheme	1,096,876	315,986
	Profit on BARAKAT Home Construction Scheme	644,700	43,696
	Profit on HPSM-Capital Machinery	27,166,621	4,824,277
	Profit on HPSM- Real Estate	3,622,817	2,412,918
	Profit on Murabaha (RM)	100,277	631,015
	Profit on Bai-Muajjal	4,083,522	861,606
	Profit on Bai-Salam	3,024,829	47,258
	Profit on Murabaha TR	7,725,057	570,964
	Profit on Musharaka agt. IBP	4,461,755	458,214
		54,678,934	11,166,868

	31.12.2010 Taka	31.12.2009 Taka
Profit from Banks and Other Financial Institutions		
Profit on Mudarab Term Deposits	-	974,306
	54,678,934	12,141,174
	4,686,638,621	4,027,199,131
19 (a) Consolidated Interest Income/Profit on Investment		
Trust Bank Limited Note - 19	4,686,638,621	4,027,199,131
Trust Bank Investment Limited	73,672,181	-
	4,760,310,802	4,027,199,131
Less : Inter Company Transaction	23,065,062	-
	4,737,245,740	4,027,199,131
20 INTEREST PAID ON DEPOSITS AND BORROWINGS		
20.1 Interest paid on deposits		
Interest on SND Account	198,215,815	106,681,793
Interest on FDR Account	2,342,231,571	2,458,861,165
Interest on Foreign Currency Deposit	5,420,843	8,960,956
Interest on Savings Account	203,171,791	155,683,578
Interest on Scheme Deposits	364,768,611	313,569,684
	3,113,808,631	3,043,757,176
20.2 Profit paid on Islamic Banking Deposits		
Profit Paid on Mudaraba Savings Account	8,639,035	2,869,702
Profit Paid on Mudaraba SND	431,259	42,667
Interest Paid on Mudaraba TDR	68,691,885	37,789,193
Profit Paid on Mudaraba MTDR - 1 Month	3,605,723	507,809
Prifit Paid on TBL Barakat Hajj Deposit Scheme	29,848	-
Profit Paid on Mudaraba Monthly Savings Scheme	1,892,904	376,358
	83,290,654	41,585,729
20.3 Interest paid on borrowings		
Interest on Call Deposits	6,440,972	20,763,569
Interest on Repo	3,290,396	-
Interest on Other Borrowings	7,116,602	6,716,015
	16,847,970	27,479,584
	3,213,947,255	3,112,822,489
20 (a) Consolidated Interest/profit paid on deposits, borrowings etc. on investment		
Trust Bank Limite Note - 20	3,213,947,255	3,112,822,489
Trust Bank Investment Limited	20,728,746	-
	3,234,676,001	3,112,822,489
Less : Inter Company Transaction	23,065,062	-
	3,211,610,939	3,112,822,489
21 INCOME FROM INVESTMENTS		
21.1 Income from Conventional Banking		
Income from Treasury bills	-	23,965,208
Income from Treasury bonds	517,523,957	616,650,555
Income from Reverse REPO	54,945	-
Income from Other Approved Securities	9,084,660	-
Income from Debentures & Bond	71,909,839	10,151,280
Dividend Income	32,138,818	23,334,605
Gain from sales of shares	244,862,307	72,349,818
	875,574,526	746,451,466
21.2 Income from Islamic Banking Investments		
Dividend Income	190,000	996,551
Profit on Investment in Islamic Bank Bond	15,064,530	17,294,160
Profit on Sale of Shares	72,979,098	20,289,247
	88,233,628	38,579,958
	963,808,154	785,031,424
22 Commission, exchange and brokerage		
Demand Draft, Money Transfer, Telegraphic Transfer, Pay Order etc.	3,274,684	3,891,278
Travelers Cheque	18,336	19,632
Bills	10,391,981	12,571,947
Letter of Guarantees	40,956,808	19,413,672
Letter of Credits	133,775,476	93,704,012
Foreign Remittances	2,074,290	732,719
Commission on Sale of Government Securities	11,186,165	9,691,460
Fund Transfer Commission	52,571	64,087

	31.12.2010 Taka	31.12.2009 Taka
Commission on Sale & Purchase of Shares	596,147	615,186
Under writing Commission	3,673,356	9,615,465
Acceptance Commission	46,014,172	25,972,134
Foreign Correspondence Charges	126,000	121,000
Miscellaneous Commission	21,427,502	17,376,973
	273,567,488	193,789,565
Foreign Currency Exchange Gain	191,566,078	161,824,777
	465,133,566	355,614,342
22 (a) Consolidated Commission, exchange and brokerage		
Trust Bank Limited Note - 22	465,133,566	355,614,342
Trust Bank Investment Limited	1,094,851	-
	466,228,417	355,614,342
23 OTHER OPERATING INCOME		
Locker Rent	838,250	675,850
Swift Charge (Net)	6,699,622	5,450,956
Postage Charge (Net)	1,575,702	626,895
Incidental Charges	-	5,699,147
Sale Proceeds of Forms	1,008,082	622,656
Service Charges	74,678,589	30,590,514
Service Compensation	2,000,000	1,336,600
Front End Fees	37,109,861	26,119,333
Notice Pay	1,794,800	796,500
Closing Charge	745,115	746,898
Sale Proceeds of Cheque books	47,500	48,175
BO Account Transfer Fee	16,262,208	1,133,450
Introductory Commission	781,875	289,864
Syndication Fees	161,085	432,500
Income through Credit & ATM Card	8,909,999	7,216,965
Profit on sale of Fixed Assets	769,012	543,863
Port Folio Management Fees	112,162,008	56,342,770
Extra Ordinary Gain	2,996,337	-
Port Folio Transaction Fees	406,919,616	203,288,018
Service Charge on Passport	548,600	5,230,120
Miscellaneous Foreign Exchange Income	39,941,581	-
Miscellaneous Earnings	25,468,527	65,454,414
	741,418,369	412,645,488
23 (a) Consolidated other oprating income		
Trust Bank Limited Note - 23	741,418,369	412,645,488
Trust Bank Investment Limited	72,950,579	-
	814,368,948	412,645,488
24 Salaries and allowances		
Basic Salary	237,743,764	195,225,734
House Rent Allowances	118,928,688	97,619,652
Conveyance Allowances	17,976,070	15,565,154
Medical Allowances	62,361,163	38,266,049
Leave Fare Assistances	25,154,495	36,239,926
Leave Encashment	7,224,450	1,513,250
Utility Allowances	2,853,034	1,275,000
Telephone Allowance	105,506	-
Club Membership Allowance	168,500	-
Managers' Charge Allowance	1,297,500	310,500
Key Holding Allowance	718,500	140,250
Commission to Sales Promotion Officers	232,005	1,766,609
Festival Bonus	44,102,106	37,919,103
Incentive Bonus	100,658,964	74,529,612
Bank's Contribution to Provident Fund	21,829,729	17,704,731
Bank's Contribution to Superannuation Fund	1,600,000	1,600,000
Bank's Contribution to Employees' Gratuity Fund	41,559,109	62,645,000
	684,513,583	582,320,570

	31.12.2010 Taka	31.12.2009 Taka
24 (a) Consolidated salaries and allowances		
Trust Bank Limited Note - 24	684,513,583	582,320,570
Trust Bank Investment Limited	8,366,646	-
	692,880,229	582,320,570
25 RENT, TAXES, INSURANCE, ELECTRICITY, ETC.		
Rent	89,826,107	69,790,099
Electricity and Lighting	16,666,820	13,327,597
Insurance	35,356,638	26,990,809
Rates, Taxes & Excise Duty	718,615	145,046
Fees & Renewals	5,688,372	13,971,192
Generator Fuel	3,589,579	2,367,940
Gas/Water Bill	1,077,115	941,441
	152,923,246	127,534,124
25 (a) Consolidated rent, taxes, insurance, electricity, etc.		
Trust Bank Limited Note - 25	152,923,246	127,534,124
Trust Bank Investment Limited	2,551,281	-
	155,474,527	127,534,124
26 POSTAGE, STAMPS, TELECOMMUNICATION, ETC.		
Stamp	36,304	199,106
ATM Connectivity Charges	1,021,568	713,855
ATM Maintenance Charges	3,000,000	3,000,000
Online Expenses	20,873,693	17,574,747
ATM Card Expenditure	1,783,700	1,081,807
Internet Charge	2,094,922	1,753,253
Router Charge	2,010,974	1,846,444
Telegram, Telex, Telephone, Trunk Call etc. (Net)	7,542,676	7,265,479
	38,363,837	33,434,691
26 (a) Consolidated postages, stamps, telecommunication, etc.		
Trust Bank Limited Note - 26	38,363,837	33,434,691
Trust Bank Investment Limited	305,280	-
	38,669,117	33,434,691
27 STATIONERY, PRINTING, ADVERTISEMENT, ETC.		
Printing and Stationery (Net)	29,772,374	28,297,340
Publicity and Advertisement	24,974,821	19,799,734
	54,747,195	48,097,074
27 (a) Consolidated stationery, printing, advertisement, etc.		
Trust Bank Limited Note - 27	54,747,195	48,097,074
Trust Bank Investment Limited	4,873,459	-
	59,620,654	48,097,074
28 DIRECTORS' FEES		
Meeting fees	1,419,800	709,200
Other benefits	-	-
	1,419,800	709,200
28 (a) Consolidated directors fees		
Trust Bank Limited Note - 28	1,419,800	709,200
Trust Bank Investment Limited	66,000	-
	1,485,800	709,200
29 Depreciation and repair of bank's assets		
Depreciation		
Fixed assets (For details please refer to Annexure - B)	94,971,221	76,503,631
Repairs		
Building	227,225	249,789
Furniture and fixtures	931,960	648,011
Office equipment	7,999,922	4,175,623
Bank's vehicles	8,485,189	7,673,520
Maintenance	6,721,121	2,530,725
	24,365,417	15,277,668
	119,336,638	91,781,299
29 (a) Consolidated depreciation and repair of bank's assets		
Trust Bank Limited Note - 29	119,336,638	91,781,299
Trust Bank Investment Limited	964,118	-
	120,300,756	91,781,299

	31.12.2010 Taka	31.12.2009 Taka
30 OTHER EXPENSES		
Business Development Expenses	9,651,985	13,928,802
Clearing House Charge	96,185	98,347
Conveyance	8,380,335	8,114,451
Entertainment	11,727,195	10,740,902
Car Expenses	120,352	234,021
Cash Handling Charge	1,508,650	1,497,300
Bank charges	70,264	24,551
Meeting Expenses	11,594,308	7,396,145
Donation, Subscription and Membership Fees	2,136,868	4,794,805
News Paper and Periodicals	639,628	702,119
Oil and Lubricant	8,145,116	6,984,881
Remittance Charges	1,424,817	1,198,529
Other Contractual Service	41,127,038	29,365,496
Internship Allowances	2,152,083	1,856,746
Honorarium for Banking Diploma	650,000	180,000
Ex- Gratia	557,182	1,715,563
Training & Recruitment Expenses	4,461,835	4,852,753
Traveling Expenses	7,244,476	7,269,192
Up Keep of Office Premises	3,687,960	3,412,146
Washing Charges	695,955	646,573
Financial Assistance	-	960,000
Foreign Correspondence Expenses	2,002,708	1,870,833
Pre-opening Expenses	427,563	1,938,479
Amortization of Intangible Assets	5,672,138	7,629,756
Special Reserve Fund	115,600,000	64,200,000
CDBL Charges	55,506,421	27,415,626
Security Expenses	3,431,372	3,089,035
Foreign Remittance Expenses	1,730,175	1,320,272
Cash Carrying Charges	938,119	1,035,850
Wages paid to daily Labor	45,595	116,310
Purchase of Utensils	539,039	402,122
Medical Expenses	10,991	160,072
Contact Point Verification Fees (RB)	238,076	338,960
Miscellaneous Expenses	401,443	94,752
	302,615,872	215,585,389
30 (a) Consolidated other expenses		
Trust Bank Limited Note - 30	302,615,872	215,585,389
Trust Bank Investment Limited	12,771,354	-
	315,387,226	215,585,389
31 PROVISION FOR LOANS AND ADVANCES/INVESTMENTS		
Specific Provisions-against classified loans & advances	(134,248,000)	127,193,000
General Provisions-against un-classified loans & advances	176,418,000	82,086,000
General Provisions-against special mentioned accounts	11,330,000	3,147,000
	53,500,000	212,426,000
31 (a) Consolidated Provision for Loans & Advances/Investment		
Trust Bank Limited Note - 31	53,500,000	127,193,000
Trust Bank Investment Limited	40,911,143	82,086,000
	94,411,143	209,279,000
32 PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS:		
Decline in value of investment should consist of the following divisions:		
(a) Dealing securities		
- Quoted	-	-
- Unquoted	-	-
	-	-
(b) Investment securities		
- Quoted	11,134,747	(20,692,205)
- Unquoted	-	-
	11,134,747	(20,692,205)
	11,134,747	(20,692,205)

Provision for Investment in Share has been made as per BRPD Circular No. 14 dated 25 June 2001 issued by Bangladesh Bank.

	31.12.2010 Taka	31.12.2009 Taka
33 OTHER PROVISION		
General Provision for Off Balance Sheet Exposures	71,000,000	15,232,000
Provision for Other Assets	1,662,701	814,017
	72,662,701	16,046,017
33.1	General provision for off balance sheet exposures has been made @ 1% on year end balance of total off balance sheet exposures as per BRPD circular No. 8 and 10 dated August 07, and September 18, 2007 respectively issued by Bangladesh Bank.	
33.2	Provision for other asset has been made @ 50% on legal expenses of Tk. 7,578,548 as per BRPD Circular No. 14 dated 25 June 2001 issued by Bangladesh Bank.	
34	The Bank has no secured liabilities on the reporting date and therefore the Bank has no asset pledged as security against such liabilities.	
35 EARNING PER SHARE (EPS)		
Profit attributable to outstanding ordinary share holders	1,274,775,554	610,905,838
Nos of Ordinary Outstanding Share	22,176,062	18,480,052
Earning per Share	57.48	33.06
35 (a) Consolidated Earning per Share (EPS)		
Profit attributable to outstanding ordinary share holders	1,294,438,303	610,905,838
Nos of Ordinary Outstanding Share	22,176,062	18,480,052
Earning per Share	58.37	33.06
36 INCOME RECEIVED FROM OTHER OPERATING ACTIVITIES		
Locker Rent	838,250	675,850
Swift Charge (Net)	6,635,829	5,518,858
Postage Charge (Net)	1,575,702	626,895
Incidental Charges	-	5,699,147
Sale Proceeds of Forms	1,008,082	622,656
Service Charges	74,678,589	30,590,514
Service Compensation	2,000,000	1,336,600
Front End Fees	37,109,861	26,119,333
Notice Pay	1,794,800	796,500
closing Charge	745,115	746,898
Sale Proceeds of Cheque books	47,500	48,175
BO Account Transfer Fee	16,262,208	1,133,450
Introductory Commission	781,875	289,864
Syndication Fees	161,085	432,500
Income through Credit & ATM Card	8,909,999	7,216,965
Income from Government Securities	533,396,041	435,108,962
Interest on Debentures & Bond	71,909,839	10,151,280
Profit on Investment in Islamic Bank Bond	15,064,530	17,294,160
Income from sale proceed of shares	317,841,405	92,639,065
Port Folio Management Fees	112,162,008	56,342,770
Port Folio Transaction Fees	406,919,616	203,288,018
Service Charge on Passport	548,600	5,230,120
Miscellaneous Foreign Exchange Income	39,941,581	28,011,538
Miscellaneous Earnings	25,468,527	37,442,876
	1,675,801,042	967,362,994
36 (a) Consolidated Income from Other Operating Activities		
Trust Bank Limited Note - 36	1,675,801,042	967,362,994
Trust bank Investment Limited	72,950,579	-
	1,748,751,621	967,362,994
37 EXPENSES PAID FOR OTHER OPERATING ACTIVITIES		
Business Development Expenses	(9,651,985)	(13,852,849)
Clearing House Charge	(96,185)	(98,347)
Conveyance	(8,380,335)	(8,114,451)
Entertainment	(11,769,836)	(10,659,613)
Car Expenses	(120,352)	(234,021)
Cash Handling Charge	(1,508,650)	(1,497,300)
Bank charges	(70,264)	(24,551)
Meeting Expenses	(11,594,308)	(7,396,145)
Donation, Subscription and Membership Fees	(2,134,868)	(4,794,805)
News Paper and Periodicals	(625,069)	(694,619)

Oil and Lubricant	(7,906,224)	(6,764,339)
Remittance Charges	(1,369,703)	(1,173,651)
Other Contractual Service	(41,158,302)	(29,412,715)
Internship Allowances	(2,152,083)	(1,856,746)
Honorarium for Banking Diploma	(650,000)	(180,000)
Ex- Gratia	(557,182)	(1,715,563)
Pre-opening Expenses	(199,837)	(1,635,865)
Training Expenses	(4,461,835)	(4,852,753)
Traveling Expenses	(7,244,476)	(7,269,192)
Up Keep of Office Premises	(3,687,960)	(3,412,146)
Washing Charges	(695,955)	(646,573)
Financial Assistance	-	(960,000)
Foreign Correspondence Expenses	(2,002,708)	(1,870,833)
Special Reserve Fund	(64,200,000)	(59,080,000)
CDBL Charges	(55,506,421)	(27,415,626)
Security Expenses	(3,431,372)	(3,089,035)
Foreign Remittance Expenses	(1,730,175)	(1,320,272)
Cash Carrying Charges	(938,119)	(1,035,850)
Wages paid to daily Labor	(45,595)	(116,310)
Purchase of Utensils	(539,039)	(402,122)
Medical Expenses	(10,991)	(160,072)
Contact Point Verification Fees (RB)	(238,076)	(338,961)
Miscellaneous Expenses	(5,684,530)	12,013,495
Publicity and Advertisement	(24,974,821)	(19,799,734)
Rent, Taxes, Insurance, Lighting etc.	(173,162,874)	(120,036,167)
Legal Expenses	(4,137,935)	(2,825,684)
Postage, Telegram, Telephone	(36,797,813)	(33,183,343)
Audit Fee	(209,000)	(125,400)
Directors Fee	(1,419,800)	(709,200)
Repairs and Maintenance of Fixed Assets	(24,365,417)	(15,277,668)
	(515,430,095)	(382,019,026)
37 (a) Consolidated Expenses paid for Other Operating Activities		
Trust Bank Limited Note - 37	(515,430,095)	(382,019,026)
Trust bank Investment Limited	(20,716,033)	-
	(536,146,128)	(382,019,026)
38 CHANGES IN OTHER OPERATING ASSETS		
Security Deposits	(426,676)	(5,172,335)
Intl. Credit Report Agency Charge	(3,205,264)	-
Investment in Subsidiary Company	(2,999,999,300)	-
Encashment of Sanchaya patra awaiting reimbursement-Principal	6,090,915	(19,044,764)
Encashment of Sanchaya patra awaiting reimbursement-Interest	63,590,211	(124,959,564)
Encashment of WEDB awaiting reimbursement-Principal	(49,550,500)	46,765,000
Encashment of WEDB awaiting reimbursement-Interest	(19,455,446)	27,321,527
US\$ Premium Bond - Principal	(534,375)	2,429,000
US\$ Premium Bond - Interest	(89,996)	564,403
US\$ Investment Bond - Principal	(15,020,063)	3,161,514
US\$ Investment Bond - Interest	(2,050,460)	899,832
Inter Office Adjusting Account	12,127,477	(70,342,323)
Receivable on Death Risk Benefit-WEDB	(250,000)	-
Advance against Capital Expenditure	15,647,311	(20,378,070)
Clearing Adjustment	16,192,791	-
Suspense Account	234,746,120	(378,814,520)
	(2,742,187,255)	(537,570,300)
38 (a) Consolidated Changes in Other Operating Assets		
Trust Bank Limited Note - 38	(2,742,187,255)	(537,570,300)
Trust bank Investment Limited	(105,543,956)	-
	(2,847,731,211)	(537,570,300)
Less: Investment in Trust Investment Ltd.	(2,999,999,300)	-
	152,268,089	(537,570,300)

	31.12.2010 Taka	31.12.2009 Taka
39 CHANGES IN OTHER LIABILITIES		
Sundry Creditors	46,870,076	6,420,919
Others	353,362	156,404
	47,223,438	6,577,323
39 (a) Consolidated Changes in Other Operating Liabilities		
Trust Bank Limited Note - 39	47,223,438	156,404
Trust bank Investment Limited	46,510,005	-
	93,733,443	156,404
40 CLOSING CASH AND CASH EQUIVALENT		
Cash in hand (including foreign currencies)	519,467,958	437,348,059
Balance with Bangladesh Bank & Sonali Bank (Incl. FCs)	4,122,034,251	2,996,480,710
Balance with Other Bank and Financial Institutions	738,392,744	4,086,483,436
Call Loan to other Banks	-	3,550,000,000
Prize Bond	2,581,200	1,898,900
	5,382,476,153	11,072,211,105

41 EXPENDITURE INCURRED FOR EMPLOYEES

Salaries, allowances and benefits

Number of employees at 31 December 2010 was 1041; (31 December 2009 was 1040) who were in receipt of remuneration for that period which in the aggregate was not less than Tk 36,000 and those employed for a part of that year who were in receipt of remuneration of not less than TK. 3,000 per month.

42 AUDIT COMMITTEE

42.a Particulars of Audit Committee

An audit committee has been formed by the Board of Directors of the Bank in its 64th Board meeting held on 05 February 2003. In accordance with the BRPD circular letter no. 12 dated 23 December 2002, the committee constituted with a chairman, two members and a member secretary.

As on 31 December 2010, the Honorable Members of the Committee were as follows:

Name	Status with Bank	Status with committee	Educational Qualification
Brig Gen Md Nazrul Hasan	Director	Convenor	B.Sc (Eng.), EE&E
Brig Gen KARM Mostafa Kamal,ndc,psc	Director	Member	MDS
Mrs. Begum Rokeya Din	Director	Member	MA
Mr. Farhad Uddin	Company Secretary	Member Secretary	M. Com, ACMA

42.b During the year end as on 31 December 2010, the following number of meetings of the Audit Committee held with the Bank's Senior Management to consider and review the Bank's Financial Statements and Risk Management:

Meeting Number	Date of Meeting
1st	1-Feb-10
2nd	24-Mar-10
3rd	4-Oct-10

42.c Following steps have been taken for implementation of an effective Internal Control Procedures of the banks:

A strong internal control & compliance division has been formed with a view to establish compliance culture and full control. Regular review of internal and external (including Bangladesh Bank) audit reports with a view to implement the suggestion of internal and external auditors (including Bangladesh Bank), in respect of internal control techniques.

To establish an effective management system that includes planning, organizing and supervising culture in the branches as well as at head office.

Continuous monitoring & evaluation on application of internal control system, internal audit policy, policy for financial risks, existing rules and regulations (internal and external), other obligations from controlling authority, disclosure process of financial statements etc. of the bank.

Review the accounting procedures with a view to ascertain that the Bangladesh Financial Reporting Standards (BFRSs) have been applied in preparation and presentation of financial statements. Formulation of HRM policy and other operating procedures.

43 Related Party Disclosures

a) Name of Directors and their interest in different Entities as on 31 December 2010

SI	Name of the Directors	Statue with Bank	Entities where they have interest	Position	% of Interest
1	General Md Abdul Mubeen, ndc, psc	Chairman	Sena Kalyan Shangstha	Chairman, Board of Trustees	Nominated
			Sena Hotel Developments Ltd.	Chairman, Board of Directors	Nominated
			Bangladesh Machine Tools Factory Ltd.	Chairman, Board of Directors	Nominated
			Army Welfare Trust	Chairman, Board of Trustees	Nominated
2	Maj Gen Abu Belal Muhammad Shafiu Huq, ndc, psc	Vice Chairman	Trust Bank Investment Ltd.	Chairman, Board of Directors	Nominated
			Sena Kalyan Shangstha	Member, Board of Trustees	Nominated
			Sena Hotel Developments Ltd.	Vice Chairman, Board of Directors	Nominated
			Army Welfare Trust	Vice Chairman, Board of Trustees	Nominated
3	Brig Gen Md Nazrul Hasan	Director	Army Housing Scheme	Chairman, Board of Directors	Nominated
			Trust Bank Investment Ltd.	Vice Chairman, Board of Directors	Nominated
			Bangladesh Machine Tools Factory Ltd.	Director, Board of Directors	Nominated
			Bangladesh Diesel Plant Ltd.	Director, Board of Directors	Nominated
4	Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	Army Housing Scheme	Director, Board of Directors	Nominated
			Trust Bank Investment Ltd.	Director, Board of Directors	Nominated
			Army Welfare Trust	Managing Director	Ex-Officio
			Army Housing Scheme	Managing Director & Director	Nominated
5	Brig Gen Tushar Kanti Chakma, ndc, psc	Director	-	-	-
6	Brig Gen Md Imamul Huda, psc	Director	-	-	-
7	Mrs. Begum Rokeya Din	Director	-	-	-
8	Mr. Helal Uddin Ahmed	Depositor and Independent Director	Purbachal Green Enterprise	Proprietor	-
			Trust Bank Investment Ltd.	Director, Board of Directors	Nominated

b) Significant contracts where Bank is a party and wherein Directors have interest:

Nature of Contract	Branch Name	Name of Directors and related by
Lease Agreement with Army Welfare Trust	Principal Branch	General Md Abdul Mubeen, ndc, psc Chairman, Board of Trustees, Army Welfare Trust
		Maj Gen Abu Belal Muhammad Shafiu Huq, ndc, psc Vice- Chairman, Board of Trustees, Army Welfare Trust
		Brig Gen K A R M Mostafa Kamal, ndc, psc Managing Director, Army Welfare Trust
Lease Agreement with Sena Kalyan Sangstha	Sena Kalyan Bhaban Branch Khulna Branch Tongi Branch	General Md Abdul Mubeen, ndc, psc Chairman, Board of Trustees, Sena Kalyan Sangstha
		Maj Gen Abu Belal Muhammad Shafiu Huq, ndc, psc Member, Board of Trustees, Sena Kalyan Sangstha.
Advertisement Agreement with Army Welfare Trust	Head Office	General Md Abdul Mubeen, ndc, psc Chairman, Board of Trustees, Army Welfare Trust
		Maj Gen Abu Belal Muhammad Shafiu Huq, ndc, psc Vice- Chairman, Board of Trustees, Army Welfare Trust
		Brig Gen K A R M Mostafa Kamal, ndc, psc Managing Director, Army Welfare Trust

- c) Shares issued to Directors and Executives without consideration or exercisable at discount: Nil
- d) Related party Transactions: Nil
- e) Lending Policies to related Parties: Not applicable
- f) Loan and advances to Directors and their related concern: Taka 13,731,872
- g) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act – 1991: Not applicable
- h) Investments in the Securities of Directors and their related concern: Not applicable

43.1 The Bank's Directors' loan and advances as have been shown above in serial no. f, fall within purview of scheme loan launched for the defense officers for house building purposes.

44 FINANCIAL HIGHLIGHTS

As per BRPD Circular # 14, dated 25 June 2003, Financial Highlights of the Bank for the year ended on 31 December 2010 has been shown in Annexure - C.

45 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its 173th Meeting held on March 23, 2011 recommended issuance of 20% (Twenty percent) bonus share i.e., 1 (one) bonus share for every 5 (five) shares held for the year 2010 subject to approval of shareholders at annual general meeting.


Vice Chairman


Director


Director


Managing Director

Schedule of Balance with Other Banks-Outside Bangladesh (Nostro Accounts)

Name of the Bank	Name of the foreign currency	31.12.2010			31.12.2009		
		Amount in foreign currency	Exchange rate as on 31.12.2010	Total amount equivalent to Taka	Amount in foreign currency	Exchange rate as on 31.12.2009	Total amount equivalent to Taka
Citibank N.A., USA	USD	1,718,290	71.25	122,428,179	277,379.33	69.55	19,291,732
Union De Banques, HKG	USD	24,276	71.25	1,729,642	24,270.68	69.55	1,688,026
Mashreqbank psc, USA	USD	260,290	71.25	18,545,671	162,205.26	69.55	11,281,376
Standard Chartered Bank, USA	USD	581,685	71.25	41,445,021	34,329.99	69.55	2,387,651
HSBC Bank, USA	USD	537,260	71.25	38,279,766	67,398.47	69.55	4,687,564
ICICI Bank Ltd., Hongkong	USD	120,456	71.25	8,582,479	191,488.32	69.55	13,318,013
Wachovia Bank, NY USA	USD	223,905	71.25	15,953,216	110,354.94	69.55	7,675,186
Standard Chartered Bank, UK	GBP	13,035	112.01	1,460,071	139,081.56	111.68	15,532,170
Citibank N.A., UK	GBP	82,140	112.01	9,200,773	168,609.06	111.68	18,829,703
HSBC, PLC, UK	GBP	174,535	112.01	19,550,189	253,030.93	111.68	28,257,659
Standard Chartered Bank, Japan	YEN	887,872	0.90	803,435	1,077,843.00	0.78	845,783
Wachovia Bank, NY USA	YEN	559,681	0.90	506,455	1,012,790.00	0.78	794,736
HSBC, PLC, UK	EURO	109,763	95.56	10,489,203	12,459.52	100.41	1,251,004
Standard Chartered Bank, UK	EURO	254,355	95.56	24,306,887	10,250.63	100.41	1,029,220
ICICI Bank Ltd., Mumbai, India	EURO	5,977	95.56	571,180	8,275.00	100.41	830,855
Citibank N.A., UK	EURO	394,817	95.56	37,729,858	26,739.56	100.41	2,684,799
Citibank N.A., Mumbai, India	ACU	89,904	71.25	6,405,648	63,912.26	69.55	4,445,098
ICICI Bank Ltd., Mumbai, India	ACU	197,493	71.25	14,071,377	11,726.32	69.55	815,566
HSBC Bank, Pakistan	ACU	91,154	71.25	6,494,718	18,622.81	69.55	1,295,216
HSBC Bank, Mumbai, India	ACU	46,670	71.25	3,325,235	7,361.81	69.55	512,014
AB Bank, Mumbai, India	ACU	256,724	71.25	18,291,549	121,701.73	69.55	8,464,355
Mashreqbank, Mumbai, India	ACU	135,089	71.25	9,625,061	53,724.57	69.55	3,736,544
Standard Chartered Bank, Mumbai, India	ACU	116,948	71.25	8,332,579	63,239.02	69.55	4,398,274
Habib Bank, Zurich	CHF	20,305.62	76.33	1,549,827	7,631.22	67.61	515,920
Total				419,678,019			154,568,464

Schedule of Fixed Assets

As at 31 December 2010

PARTICULARS	COST				DEPRECIATION				
	Balance on 1 January 2010 Taka	Additions during the year Taka	Disposal/ adjustment during the year Taka	Balance at 31 December 2010 Taka	Balance on 1 January 2010 Taka	Charge for the year Taka	Disposal/ adjustment during the year Taka	Balance at 31 December 2010 Taka	Written Down Value at 31 December 2010 Taka
Leasehold Land	160,469	-	-	160,469	-	-	-	-	160,469
Office Building	12,680,000	-	-	12,680,000	343,427	317,004	-	660,431	12,019,569
Furniture and Fixtures	106,205,359	12,524,299	3,355,999	115,373,659	35,315,884	10,217,373	1,990,927	43,542,330	71,831,329
Office Equipment	230,307,789	52,179,787	8,447,356	274,040,220	106,664,178	42,633,623	1,877,319	147,420,482	126,619,738
Motor Vehicles	122,840,866	41,848,677	24,544,001	140,145,542	39,708,764	26,510,268	8,682,117	57,536,915	82,608,627
Office Renovation	145,708,204	51,105,695	8,424,062	188,389,837	53,951,290	15,292,953	738,943	68,505,300	119,884,537
31 December 2010	617,902,687	157,658,458	44,771,418	730,789,727	235,983,543	94,971,221	13,289,306	317,665,458	413,124,269
31 December 2009	505,365,451	119,589,279	7,052,043	617,902,687	162,972,891	76,503,631	3,492,979	235,983,543	381,919,144

Financial Highlights

SI No	Particulars	Base	31.12.2010	31.12.2009
1	Paid up Capital	Taka	2,217,606,200	1,848,005,200
2	Total Capital	Taka	5,804,939,414	4,215,979,816
3	Capital surplus/(deficit)	Taka	35,525,414	886,211,716
4	Total Assets	Taka	58,276,332,285	54,206,648,607
5	Total Deposits	Taka	50,413,290,971	48,464,639,673
6	Total Loans and Advances	Taka	39,799,923,991	32,663,107,783
7	Total Contingent Liabilities and Commitments	Taka	18,950,680,529	9,640,348,369
8	Credit Deposit Ratio	%	78.95	67.40
9	Percentage of classified loans against total loans and advances	%	2.41	2.64
10	Profit after tax and provision	Taka	1,274,775,554	610,905,838
11	Amount of classified loans during current year	Taka	99,305,380	167,438,685
12	Provisions kept against classified loan	Taka	304,752,000	439,000,000
13	Provision surplus/(deficit)	Taka	56,289,000	30,206,000
14	Cost of fund	%	6.38	7.88
15	Interest earning Assets	Taka	47,433,498,211	48,845,468,494
16	Non-interest earning Assets	Taka	10,842,834,074	5,361,180,113
17	Return on Investment (ROI)	%	22.19	14.49
18	Return on Asset (ROA)	%	2.19	1.13
19	Income from Investment	Taka	963,808,154	785,031,424
20	Earning per Share (EPS)	Taka	57.48	33.06
21	Net Income per Share	Taka	57.48	33.06
22	Price Earning Ratio	%	7.63	7.62
23	Net Asset Value (NAV)	Taka	5,025,357,187	3,754,866,056
24	Net Operating Cash Flow Per Share (NOCFPS)	Taka	(324.16)	590.82

Profit and Loss Account of Merchant Banking Division

For the period ended from January 1, 2010 to September 30, 2010

	30.09.2010 Taka	31.12.2009 Taka
Interest income/Profit on Investment	563,267,856	333,016,613
Interest/Profit paid on deposits and borrowings etc.	360,157,534	272,303,245
Net interest income	203,110,322	60,713,368
Income from investments	263,424,985	85,210,667
Commission, exchange and brokerage	1,018,645	6,582,767
Other operating income	541,355,579	265,186,431
	805,799,209	356,979,865
Total operating income	1,008,909,531	417,693,233
Salaries and allowances	20,556,700	12,656,104
Rent, taxes, insurance, electricity, etc.	6,386,192	4,393,958
Legal expenses	172,540	36,625
Postage, stamps, telecommunications, etc.	1,348,043	801,446
Stationery, printing, advertisement, etc.	1,768,325	1,531,779
Depreciation and repair of bank's assets	3,647,491	2,106,762
Other expenses	59,170,307	30,153,549
Total operating expenses	93,049,598	51,680,223
Profit before provision	915,859,933	366,013,010
Provision for loans/Investments	-	51,397,000
Provision for Diminution in value of Investment	-	1,113,202
Other provision	-	-
	-	52,510,202
Total Profit/(Loss) before Taxes	915,859,933	313,502,808

Balance Sheet of Islami Banking Division

As at 31 December 2010

	31.12.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	-	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	96,100,000	-
	96,100,000	-
Balance with other banks and financial institutions		
In Bangladesh	-	50,000,000
Outside Bangladesh	-	-
	-	50,000,000
Placement with banks and other financial institution		
	-	-
Investments in Shares and Securities		
Government	50,000,000	-
Others	180,814,935	211,403,870
	230,814,935	211,403,870
Investments		
General Investments, etc.	567,815,305	260,843,718
Bills purchased and discounted	75,076,016	18,519,067
	642,891,321	279,362,785
Fixed assets including premises		
Other assets	1,843,149	2,185,462
Non-banking assets	341,412,587	278,065,223
	-	-
Total Assets:	1,313,061,992	821,017,340
LIABILITIES AND CAPITAL		
Liabilities:		
Placement from banks and other financial institutions	-	-
Deposits and other accounts:		
Al-wadeeah Current Accounts and Other Deposit Accounts	49,663,475	29,445,793
Mudaraba Savings Deposits	230,452,356	138,593,233
Mudaraba Term Deposits	1,016,201,129	648,087,809
Other Mudaraba Deposits	-	-
Bills Payable	-	-
	1,296,316,960	816,126,835
Other liabilities		
	16,745,032	4,890,505
Deferred Tax Liabilities/(assets)		
	-	-
Total profit/(loss) before taxes		
	-	-
Total Liabilities:	1,313,061,992	821,017,340

Profit and Loss Account of Islami Banking Division

For the year ended as of 31 December 2010

	30.12.2010 Taka	31.12.2009 Taka
Investment Income	57,133,195	12,141,174
Profit paid on deposits	83,260,806	41,585,729
Net Investment Income	(26,127,611)	(29,444,555)
Income from investments in Shares/Securities	88,233,628	38,579,958
Commission, exchange and brokerage	-	-
Other operating income	-	-
	88,233,628	38,579,958
Total operating income	62,106,017	9,135,403
Salaries and allowances	4,015,502	2,695,000
Rent, taxes, insurance, electricity, etc.	-	-
Legal expenses	-	-
Postage, stamps, telecommunications, etc.	-	-
Stationery, printing, advertisement, etc.	-	-
Chief Executive's Salary & Fees	-	-
Directors' Fees and Expenses	-	-
Shariah Supervisory Committee's Fees ad Expenses	28,800	90,200
Auditors' Fees	-	-
Changes in Investment Losses	-	-
Depreciation and repair to bank's assets	416,630	358,504
Zakat Expenses	-	-
Other expenses	-	-
Total operating expenses	4,460,932	3,143,704
Profit before provision	57,645,085	5,991,699
Provision for loans/Investments	-	-
Provision for Diminution in value of Investment	5,475,138	36,841
Other provision	-	-
	5,475,138	36,841
Total Profit/(Loss) before Taxes	52,169,947	5,954,858

Cash Flow Statements of Islami Banking Division

For the year ended as of 31 December 2010

	31.12.2010 Taka	31.12.2009 Taka
A. Cash flow from operating activities		
Interest/Investment Income received in cash	58,107,501	11,166,868
Interest/Profit paid on Deposits	(78,756,589)	(29,443,423)
Dividend receipts	190,000	996,551
Fees and commission receipts in cash	-	-
Recoveries of written off Loans/Investments	-	-
Cash paid to employees	(4,015,502)	(2,695,000)
Cash paid to suppliers	-	-
Income Taxes paid	-	-
Received from other operating activities	88,043,628	37,583,407
Payments for other operating activities	(28,800)	(90,200)
Operating profit before changes in operating Assets and Liabilities	63,540,238	17,518,203
Increase/(Decrease) in operating assets & liabilities		
Statutory Deposits	-	-
Net Investment in trading securities	30,588,935	(211,403,870)
Loan & advance/Investments to other banks	-	-
Loan & advance/Investments to customers	(363,528,536)	(274,509,121)
Other assets	(116,491,617)	(285,589,741)
Deposits from other banks	-	-
Deposits from customers	475,685,908	803,984,529
Other liabilities account of customers	-	-
Trading liabilities	-	-
Other liabilities	6,379,389	-
Net cash from operating activities (A)	96,174,317	50,000,000
B. Cash flow from investing activities		
Proceeds from sale of securities	-	-
Payments for purchase of government securities	(50,000,000)	-
Purchase of property, plant & equipment	(74,317)	-
Purchase of intangible assets	-	-
Sale of property, plant & equipment	-	-
Net cash from investing activities (B)	(50,074,317)	-
C. Cash flow from financing activities		
Increase/(Decrease) in Borrowing:		
Call loan	-	-
Other borrowings	-	-
Share Capital A/c	-	-
Share Premium A/c	-	-
Net cash from financing activities (C)	-	-
D. Net increase in Cash and Cash Equivalent (A+B+C)	46,100,000	50,000,000
E. Effects of exchange rate changes on cash and cash equivalents	-	-
F. Opening Cash and Cash Equivalent	50,000,000	-
Cash and cash equivalents at end of year (D+E+F)	96,100,000	50,000,000

Auditors' Report to the shareholders of Trust Bank Investment Limited

We have audited the accompanying financial statements of **Trust Bank Investment Limited**, which comprise the Balance Sheet as at December 31, 2010 and the Profit & Loss Account, Statement of Changes in Equity and Cash Flows Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Company's affairs as at December 31, 2010 and of the results of its operations and of its cash flows for the year then ended, and comply with the applicable sections of the Financial Institutions Act 1993, the Companies Act, 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by Bangladesh Bank, and other applicable laws and regulations.

We also report that:

- a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts;
- d. the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- e. the expenditure incurred and payments made were for the purposes of the Company's business;
- f. the information and explanations required by us have been received and found satisfactory;
- g. the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the rules and regulations issued by Bangladesh Bank;
- h. 80 percent of the risk-weighted assets have been reviewed spending over 400 man hours.

Dated, Dhaka
March 23, 2011

A. Qasem & Co.
Chartered Accountants

TRUST BANK INVESTMENT LIMITED

Balance Sheet As at 31 December 2010

	Notes	31.12.2010 Taka
PROPERTY AND ASSETS		
Cash	3	
Cash in hand (including foreign currencies)		-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-
Balance with other banks and financial institutions	4	
In Bangladesh		621,073,337
Outside Bangladesh		-
		621,073,337
Money at call and short notice	5	-
Investments	6	
Government		-
Others		-
		-
Loans and Advances	7	
Loan to Investors		4,091,114,346
Other Loan		-
		4,091,114,346
Fixed assets including premises, furniture and fixtures	8	17,881,888
Other assets	9	105,949,923
Non-banking assets	10	-
Total Assets:		4,836,019,494
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings	11	1,126,907,614
Deposits and other accounts	12	
Deposit from Investors		565,683,648
Other Deposits		-
		565,683,648
Other liabilities	13	123,765,483
Total Liabilities		1,816,356,745

Capital/Shareholders' Equity

Paid up Capital	14.2	3,000,000,000
Share Premium Account		-
Statutory Reserve	15	-
Other Reserve	16	-
Retained Earnings	17	19,662,749
Total Shareholders' Equity		3,019,662,749
Total Liabilities and Shareholders' Equity		4,836,019,494

OFF-BALANCE SHEET ITEMS**Contingent Liabilities:**

Acceptances and endorsements
Letter of Guarantees
Irrevocable Letter of Credits
Bills for collection

Other Contingent Liabilities

Value of travelers' cheques in hand

Total:**Other commitments:**

Documentary Credit and short term trade -related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving facilities
Undrawn formal standby facilities, credit lines and other commitments

Total Off-Balance Sheet items including contingent liabilities:

Notes	31.12.2010 Taka
18	
	-
	-
	-
	-
	-
	-
	-
	-

The annexed notes form an integral part of the Balance Sheet.

Signed as per annexed report on even date

M/s A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
March 23, 2011

For the year ended as on 31 December 2010

	Notes	31.12.2010 Taka
Interest income	20	73,672,181
Interest paid on deposits and borrowings etc.	21	20,728,746
Net interest income		52,943,435
Income from investments	22	-
Commission, exchange and brokerage	23	1,094,851
Other operating income	24	72,950,579
		74,045,430
Total operating income		126,988,865
Salaries and allowances	25	8,366,646
Rent, taxes, insurance, electricity, etc.	26	2,551,281
Legal expenses		-
Postage, stamps, telecommunications, etc.	27	305,280
Stationery, printing, advertisement etc.	28	4,873,459
Managing Director's salary and benefits		-
Directors' fees	29	66,000
Auditors' fee		172,500
Charges on loan losses		-
Depreciation and repair of bank's assets	30	964,118
Other expenses	31	12,771,354
Total operating expenses		30,070,638
Profit before provision		96,918,227
Provision for loans & advances	32	40,911,143
Provision for Diminution in value of Investment		-
Other provision		-
		40,911,143
Total Profit before Taxes		56,007,084
Provision for Taxation		
Current tax	13.2.1	36,344,335
Deferred tax		-
		36,344,335
Net Profit after Taxation		19,662,749
Appropriations:		
Statutory Reserve		-
General reserve		-
		-
Retained surplus		19,662,749
Earning per share (EPS)	35	0.66

The annexed notes form an integral part of the Profit & Loss Account.

Signed as per annexed report on even date

M/s A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
March 23, 2011

TRUST BANK INVESTMENT LIMITED

Cash Flow Statements

For the year ended as on 31 December 2010

	Notes	31.12.2010 Taka
A. Cash flow from operating activities		
Interest received in cash		73,672,181
Interest payments		(20,728,746)
Dividend receipts		-
Fees and commission receipts in cash		1,094,851
Recoveries of loans previously written off		-
Cash paid to employees		(8,366,646)
Cash paid to suppliers		(987,959)
Income Taxes paid		-
Received from other operating activities (item-wise)	36	72,950,579
Payments for other operating activities (item-wise)	37	(20,716,033)
Operating profit before changes in operating Assets and Liabilities		96,918,227
Increase/(Decrease) in operating assets & liabilities		
Statutory Deposits		-
Net Investment in trading securities		-
Loan & advance to other banks		-
Loan & advance to customers		(4,091,114,346)
Other assets (item-wise)	38	(105,543,956)
Deposits from others		-
Deposits from customers		565,683,648
Other liabilities account of customers		-
Trading liabilities		-
Other liabilities (item-wise)	39	46,510,005
Net cash from operating activities (A)		(3,487,546,422)
B. Cash flow from investing activities		
Proceeds from sale of securities		-
Payments for purchase of government securities		-
Purchase of property, plant & equipment		(17,881,888)
Purchase of intangible assets		(405,967)
Sale of property, plant & equipment		-
Net cash from investing activities (B)		(18,287,855)
C. Cash flow from financing activities		
Increase/(Decrease) in Borrowing:		-
Call loan		-
Other borrowings		1,126,907,614
Share Capital A/c		3,000,000,000
Share Premium A/c		-
Net cash from financing activities (C)		4,126,907,614
D. Net increase in Cash and Cash Equivalent (A+B+C)		621,073,337
E. Effects of exchange rate changes on cash and cash equivalents		-
F. Opening Cash and Cash Equivalent		-
G. Cash and cash equivalents at end of year (D+E+F)	40	621,073,337

TRUST BANK INVESTMENT LIMITED

Statement of changes in Equity

For the year ended as at 31 December 2010

	Paid up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance as at 9 September 2010	3,000,000,000	-	-	-	3,000,000,000
Changes in accounting policy	-	-	-	-	-
Restated Balance	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	-	-
Currency transaction difference	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	-	19,662,749	19,662,749
Statutory reserve	-	-	-	-	-
Dividends (Bonus Share)	-	-	-	-	-
Issue of Share Capital (Right Share)	-	-	-	-	-
Balance as at 31 December 2010	3,000,000,000	-	-	19,662,749	3,019,662,749

TRUST BANK INVESTMENT LIMITED

Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2010

Particulars	Up to 01 Month	1- 3 Months	3-12 Months	1- 5 Years	More than 5 Years	Total
Assets:						
Cash in Hand	-	-	-	-	-	-
Balance with Bangladesh Bank and Sonali Bank	-	-	-	-	-	-
Balance with other banks and financial institutions	621,073,337	-	-	-	-	621,073,337
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans and Advances	4,091,114,346	-	-	-	-	4,091,114,346
Fixed Assets including premises, furniture and fixtures	66,789	133,578	601,101	12,602,646	4,477,774	17,881,888
Other assets	88,177,996	2,830,967	14,811,114	129,846	-	105,949,923
Non-banking assets	-	-	-	-	-	-
Total Assets	4,800,432,468	2,964,545	15,412,215	12,732,492	4,477,774	4,836,019,494
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	1,126,907,614	-	-	-	-	1,126,907,614
Deposits	565,683,648	-	-	-	-	565,683,648
Other accounts	-	-	-	-	-	-
Provision and other liabilities	33,547,145	12,739,455	77,478,883	-	-	123,765,483
Total Liabilities	1,726,138,407	12,739,455	77,478,883	-	-	1,816,356,745
Net Liquidity Gap	3,074,294,061	(9,774,910)	(62,066,668)	12,732,492	4,477,774	3,019,662,749

TRUST BANK INVESTMENT LIMITED
Notes to the Financial Statements
As at 31 December 2010

1 LEGAL STATUS AND NATURE OF THE COMPANY

1.1 Legal status of the Company

Trust Bank Investment Limited was incorporated on 09 September 2010 as a Public Limited Company bearing registration No. C-86981/10 under the Companies Act, 1994 in Bangladesh. The company accorded consent from the Securities and Exchange Commission on 25 October 2010 as a full fledged Merchant Bank bearing Certificate No. MB-45/10. The Company started its operation on 14 November 2010.

The registered office of the Company is located at 36, Dilkusha Commercial Area, Dhaka - 1000.

1.1 Nature of Business Activities

Trust Bank Investment Limited offers full range of merchant banking services that include Issue Management, Underwriting, Portfolio Management etc.

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation and presentation of the financial statements

These financial statements have been prepared under the historical cost convention on a going concern basis in accordance with International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh, The Companies Act, 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh and in the format prescribed by Bangladesh Bank vide DFIM Circular # 11 dated 23 December 2009 in accordance with the "First Schedule" (Sec-38) of the Bank Companies Act, 1991.

2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.3 Taxation

2.3.1 Provision for taxation

In compliance with BAS-12 "Income Taxes", provision for current income tax has been made @ 37.50% on business income, @ 20% on dividend income and @ 10% on capital gain on sale of shares, after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance 1984 and time to time amendment to issue different S.R.O and circular issued by the N.B.R.

2.4 Assets and basis of their valuation

2.4.1 Cash and cash equivalents

Cash and cash equivalents include highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the company management for its short-term commitments.

2.4.2 Loans and advances

Loans and advances are stated at gross amount. Provision and interest suspense against loans and advances are shown separately as liability. Interest income is accounted for on accrual basis until the loans and advances are defined as Special Mention Account (SMA) or classified accounts as per Bangladesh Bank guidelines.

2.5 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation as per BAS-16 “ Property, Plant and Equipment”.

Depreciation is charged at the following rates per annum using reducing balance method on all fixed assets other than motor vehicles and office equipment, which are depreciated on straight-line method and no depreciation on land is charged.

Category of fixed assets	Rate
Land	Nil
Building	5% p.a.
Furniture & Fixtures	10% p.a.
Office Equipment	20% p.a.
Motor Vehicles	20% p.a.
Office Decoration	12% p.a.

Depreciation at the applicable rates is charged proportionately on additions made during the year from the date of their acquisition and in case of sale upto the date of sale.

Repairs and maintenance costs of fixed assets are charged to profit & loss account, when incurred.

2.6 Revenue recognition

i) Interest income

In terms of the provisions of the BAS-18 “Revenue”, the interest income is recognized on accrual basis.

ii) Fees and commission income

Fees and commission income arises on services provided by the Company are credited to income at the time of effecting the transactions.

iii) Interest paid and other expenses

In terms of the provisions of the BAS - 1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

2.7 Earning per share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS-33 “Earning per Share” which has been shown on the face of Profit & loss Account and the computation of EPS is stated in Note 35.

2.8 Cash flow statement

Cash Flow Statement is prepared in accordance with BAS – 7 “Statements of Cash Flow” and Bangladesh Bank DFIM Circular No. 11 dated 23 December 2009 issued by Bangladesh Bank.

2.9 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their maturity.
- c) Loans and advances and lease receivables are on the basis of their repayment / maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their realization/adjustment.
- f)
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Other long term liabilities on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their payment /adjustment schedule.

2.10 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) in context of Bangladesh from the standards adopted by International Federation of Accountants Committee (IFAC) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, Trust Bank Investment Limited applied most of the BAS and BFRS, details of which are given below:

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipment	16	Applied
Lease	17	N/A
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The effects of Changes in Foreign Exchange Rate	21	N/A
Borrowing Cost	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Disclosures in the Financial Statements of Banks and similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earnings per Share	33	Applied

Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied
Investment Property	40	Applied
Agriculture	41	N/A
Name of BFRS	BFRS No.	Status
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	N/A
Operating Segments	8	N/A

2.11 Auditors' work-hour

The external auditors, M/s A. Qasem & Co., Chartered Accountants, one of the oldest and largest auditing and accounting firm of the country worked about in excess of 400 work-hours at the Company's Head Office. During their audit, they audited above 80% of the Company's risk weighted assets as of the reporting date.

2.12 General

- i) Figures have been rounded off to the nearest taka;

		31.12.2010 Taka
3	CASH	
3.1	Cash in hand	
	In local currency	-
	In foreign currencies	-
		-
3.2	Balance with Bangladesh Bank and its agent bank(s)	
	Balance with Bangladesh Bank	
	In local currency	-
	In foreign currencies	-
	Balance with Sonali Bank in local currency (as agent of	-
		-
4	BALANCE WITH OTHER BANKS AND FINANCIAL	
	In Bangladesh	
	Special Notice Deposits	
	Trust Bank Limited	621,073,337
		621,073,337
	Outside Bangladesh	-
		621,073,337
4.3	Remaining maturity grouping of balance with other banks and financial institutions	
	On demand	-
	Upto 1 month	621,073,337
	Over 1 month but not more than 3 months	-
	Over 3 months but not more than 1 Year	-
	Over 1 Year but not more than 5 Years	-
	Over 5 Years	-
		621,073,337
5	MONEY AT CALL AND SHORT NOTICE	-

		-
6	INVESTMENTS	
	Government Securities	-
	Other Investment	-
7	LOANS AND ADVANCES/INVESTMENTS	
	Loans and Advances	
	Loan to Investors	4,091,114,346
		4,091,114,346
7.1	Residual maturity grouping of Loans and Advances	
	Repayable on demand	-
	Upto 1 month	4,091,114,346
	Over 1 month but not more than 3 months	-
	Over 3 months but not more than 1 Year	-
	Over 1 Year but not more than 5 Years	-
	Over 5 Years	-
		4,091,114,346
7.2	Loans and Advances	
	Inside Bangladesh	
	Loans	4,091,114,346
	Cash Credit	-
	Overdraft	-
	Bills purchased and discounted	-
		4,091,114,346
	Outside Bangladesh	-
		4,091,114,346
		31.12.2010
		Taka
7.3	Loans and Advances on the basis of significant concentration	
7.3.1	Advances to Directors and Others	
	Advance to Directors and their allied concerns	-
	Advances to CEO and Senior Executives	-
	Advances to Customers (Group wise)	-
	Others Loan	4,091,114,346
		4,091,114,346
7.3.3	Industry-wise concentration of Loans and Advances	
	Agro-sector	-
	Automobiles	-
	Cement & Building Materials	-
	Chemical & Pharmaceuticals	-
	Edible Oil	-
	Energy & Power	-
	Fisheries	-
	Steel & Engineering	-
	Textile & Garments	-
	Food & Allied	-
	Construction	-
	Trading	-
	Telecom & Transport	-
	Others	4,091,114,346

(x) Amount of classified loan on which no interest has been charged:	
a) Increase/(Decrease) in provision	-
Amount of loan written off	-
Amount realized against loan previously written off	-
b) Provision kept against loans classified as bad debts	-
c) Interest credited to interest suspense account	-
(xi) Cumulative amount of written off loans	
Opening Balance	-
Amount written off during the period	-
The amount of written off loans for which law suit has been filed	-
7.6 Bills purchased and discounted	
Payable in Bangladesh	-
Payable out side Bangladesh	-
	-
7.7 Remaining maturity grouping of bills purchased and discounted	
Payable with in one month	-
Over one month but less than three months	-
Over three months but less than 01 year	-
More than 01 year	-
	-
8 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES	
Cost	
Office Building	-
Furniture and fixtures	2,178,398
Office equipment	5,946,510
Motor vehicles	3,081,168
Office renovation	7,477,276
Leasehold Land	-
	18,683,352
Less: Accumulated depreciation	801,464
	17,881,888
<u>For details please refer to Annexure - A</u>	
	31.12.2010
	Taka
9 OTHER ASSETS	
i) Investment in shares of subsidiary companies (In Bangladesh and outside)	
In Bangladesh	-
Outside Bangladesh	-
ii) Stationery, stamps, printing materials in stock etc.;	346,450
iii) Advance Rent and Advertisement	15,729,846
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable;	-
v) Security Deposits	20,992
vi) Preliminary, formation and organization expenses, renovation/ development expenses and prepaid expenses;	-
vii) Branch Adjusting (net)	-
viii) Suspense Account	3,684,155
ix) Silver	-
x) Others	86,168,480
	105,949,923

9.1	Others				
	Intangible Assets				405,967
	Port Folio Management Fees Receivable				-
	Brokers Account				70
	Advance against Capital Expenditure				-
	Sundry Debtors				85,762,443
					86,168,480
9.2	Break-up of Other Assets				
	Income generating other assets				-
	Non income generating other asset				105,949,923
					105,949,923
10	NON BANKING ASSET				-
11	BORROWINGS				
	<u>In Bangladesh</u>				
	Borrowing from Trust Bank Limited				1,126,907,614
					1,126,907,614
	<u>Outside Bangladesh</u>				-
					1,126,907,614
11.1	Security wise borrowings				
	Secured Borrowings				1,126,907,614
	Unsecured Borrowings				-
					1,126,907,614
11.2	Repayment nature wise borrowings				
	Repayment on Demand				-
	Others				1,126,907,614
					1,126,907,614
11.3	Remaining maturity grouping of Borrowings from other banks, financial institutions and agents				
	Payable				
	On demand				-
	Upto 1 month				1,126,907,614
	Over 1 month but within 3 months				-
	Over 3 months but within 1 Year				-
	Over 1 Year but within 5 Years				-
	Over 5 Years				-
					1,126,907,614
					31.12.2010
					Taka
12	DEPOSITS AND OTHER ACCOUNTS				
	Current and Other Accounts				565,683,648
	Bills Payable				-
	Savings Bank Deposits				-
	Fixed Deposits				-
					565,683,648
12.1	Remaining maturity grouping of Deposits and other accounts				
	Inside Bangladesh		Banks	Other than Banks	
	Payable				
	On demand		-	-	-

	Provisions made during the year		40,911,143
	Provision held at end of year		40,911,143
13.1	Provision for Loans and Advances		
	Specific Provision		
	Against Classified Loans & Advances		-
	General Provision		
	Against Unclassified Loans & Advances	13.1.2	40,911,143
	Against Special Mention Accounts		-
	Against Off Balance Sheet Exposures		-
			40,911,143
			40,911,143
13.1.1	Against Classified Loans & Advances		
	Provision held on 9 September		-
	Fully provided debts written off		-
	Recoveries from previously written off debts		-
	Provisions made during the year		-
	Net Charge to the Profit Loss Account		-
	Provision held at end of year		-
13.1.2	Against Unclassified Loans & Advances		
	Provision held on 9 September		-
	Provisions made during the year		40,911,143
	Provision held at end of year		40,911,143
13.1.3	Against Special Mention Accounts		
	Provision held on 9 September		-
	Provisions made during the year		-
	Provision held at end of year		-
13.1.4	Interest Suspense Account		
	Balance on 9 September		-
	Amount transferred during the year		-
	Amount recovered during the year		-
	Amount written off / waived during the year		-
	Closing Balance		-
13.2	Provision for Income Tax Less Advance Income Tax		
	Provision for Income Tax		
	Balance on 9 September		-
	Provisions made during the year		36,344,335
	Provision made for previous year(s)		-
	Settlement for previous year(s)		-
			36,344,335
	Less: Advance Income Tax		
	Balance on 9 September		-
	Paid during the year		246,972
	Settlement for previous year(s)		-
			246,972
	Net Closing Balance		36,097,363
13.2.1			

Provision for current tax of Tk. 36,344,335 has been made @ 37.50% on Business Income and 20% on Dividend Income of the accounting profit made by the Bank during the year after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules, 1984.

		31.12.2010 Taka
14	CAPITAL	
14.1	Authorized Capital	
	50,000,000 Ordinary shares of Tk. 100 each	5,000,000,000
14.2	Issued, Subscribed and Paid Up Capital	
	30,000,000 Ordinary shares of Tk. 100 each issued for cash	3,000,000,000
	30,000,000	3,000,000,000
14.3	Capital Adequacy Ratio	

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars no. 1, 14, 10, 7, 5 and 3 dated January 08, 1996, November 16, 1996, November 25, 2002 and August 28, 2006, May 14, 2007 and March 12, 2008 respectively.

Required capital, available core capital and supplementary capital of the Company for the period ended on 31 December 2010 is shown below:

Tier – I (Core Capital)

Paid up Capital	3,000,000,000
Statutory Reserve	-
Retained Earnings	19,662,749
	3,019,662,749

Tier –II (Supplementary Capital)

General Provision	-
	-
A. Total Capital (Tier-I + Tier-II)	3,019,662,749

Tier – I (Core Capital)

Paid up Capital	3,000,000,000
Statutory Reserve	-
Retained Earnings	19,662,749
	3,019,662,749

Tier –II (Supplementary Capital)

General Provision	-
	-
A. Total Capital (Tier-I + Tier-II)	3,019,662,749

B. Total Risk Weighted Assets (RWA)	4,206,005,000
C. Required Capital based on RWA @ 9% on B	378,540,450
D. Surplus Capital as per Company's weighted Assets (A - C)	2,641,122,299

Capital Adequacy Ratio

Tier - I : Required @ 4.5% of RWA	71.79
Tier –II	-
Total : Required @ 9% of RWA	71.79

31.12.2010

			Taka
14.4	Pattern of shareholdings		
	Name	Nos. of shares subscribed	
	Trust Bank Limited represented by General Md. Abdul Mubeen, ndc, psc	29,999,993	2,999,999,300
	Maj Gen Md. A T M Shahidul Islam ndu, psc	1	100
	Brig Gen Md. Nazrul Hasan	1	100
	Brig Gen KARM Mostafa Kamal ndc, psc	1	100
	Mr. Helal Uddin Ahmed	1	100
	Mr. M Shah Alam Sarwar	1	100
	Mr. Ishtiaque Ahmed Chowdhury	1	100
	Mr. A Z Hedayetul Islam	1	100
	Total	30,000,000	3,000,000,000

14.5 Percentage of shareholdings at the closing date		
	Amount (in Taka)	Percentage (%)
Sponsors	3,000,000,000	100.00%
Financial Institutions	-	0.00%
Foreign Investors	-	0.00%
Non-Resident Bangladeshi	-	0.00%
General Public	-	0.00%
Total	3,000,000,000	100.00%

14.6 Shareholding Range on the basis of shareholdings as on 31 December 2010

Shareholding Range			No. of Sh. Holders	Number of Shares	%
1	to	500	7	7	0.00%
501	to	5,000	0	-	0.00%
5,001	to	10,000	0	-	0.00%
10,001	to	20,000	0	-	0.00%
20,001	to	30,000	0	-	0.00%
30,001	to	40,000	0	-	0.00%
40,001	to	50,000	0	-	0.00%
50,001	to	100,000	0	-	0.00%
100,001	to	1,000,000	0	-	0.00%
1,000,001	and More		1		100.00%
Total			8		100.00%

15	STATUTORY RESERVE	
	Opening Balance	-
	Reserve made during the year	-
	Closing Balance	-

16	OTHER RESERVE	-
		-

		31.12.2010 Taka
17	RETAINED EARNINGS	
	Opening Balance	-
	Income Tax Provision for the previous Income period	-
	Net Profit for the year transferred from Profit and Loss Account	19,662,749
	Less: Issue of Bonus Share	-
	Less: Transferred to Statutory Reserve	-
		19,662,749
	Closing Balance	19,662,749
18	CONTINGENT LIABILITIES AND COMMITMENTS	
18.1	Claims against the Company not acknowledged as debts	
	Money for which the Company is contingently liable in respect of guarantee given favoring:	
	Directors	-
	Government	-
	Banks and other Financial Institution	-
	Others	-
		-
18.2	Commitments	
	i. Documentary credit and short term business transactions	-
	ii. Forward assets purchased and forward deposits placed	-
	iii. Existing facilities, loan facilities and other commitments not accounted for:	-
	Less than one year	
	More than one year	
	iv. Spot and forward foreign exchange contracts	-
	v. Other exchange contracts	-
		-
19	INCOME STATEMENTS	
	Income:	
	Interest/Profit, discount and similar income	73,672,181
	Dividend income	-
	Fees, commission and brokerage	1,094,851
	Gains less losses arising from dealing in securities	-
	Gains less losses arising from investment securities	-
	Gains less losses arising from dealing in foreign currencies	-
	Income from non-banking assets	-
	Other operating income	72,950,579
	Profit less losses on interest rate changes	-
		147,717,611
	Expenses:	
	Interest / profit paid on deposits, borrowings etc,	20,728,746
	Losses on loans and advances	-
	Administrative expenses	16,335,166
	Other operating expenses	13,572,818
	Depreciation on banking assets	162,654
		50,799,384

	96,918,227
	31.12.2010
	Taka
20 INTEREST INCOME	
Interest from Loans and Advances	
Interest on Other Loans	71,202,461
	71,202,461
Interest from Banks and Other Financial Institutions	
Interest on Special Notice Deposits	2,469,720
	2,469,720
	73,672,181
21 INTEREST PAID ON DEPOSITS AND BORROWINGS	
Interest paid on deposits	
Interest on TBIL Depositors Account	121,132
	121,132
Interest paid on borrowings	
Interest on Other Borrowings	20,607,614
	20,607,614
	20,728,746
22 INCOME FROM INVESTMENTS	-
	-
23 Commission on	
Introductory Commission	1,027,351
Under writing Commission	67,500
	1,094,851
Foreign Currency Exchange Gain	-
	1,094,851
24 OTHER OPERATING INCOME	
Documentation Charges	7,380
Port Folio Management Fees	22,878,067
Port Folio Transaction Fees	49,562,213
Other Service Charges	502,919
	72,950,579
25 Salaries and allowances	
Basic Salary	1,896,308
House Rent Allowances	948,155
Conveyance Allowances	124,875
Medical Allowances	495,225
Leave Fare Assistances	205,275
Leave Encashment	19,200
Utility Allowances	22,000
Telephone Allowance	1,600
Club Membership Allowance	17,500
Festival Bonus	1,000
Incentive Bonus	4,158,377

Bank's Contribution to Provident Fund	165,131
Bank's Contribution to Employees' Gratuity Fund	312,000
	8,366,646

		31.12.2010
		Taka
26	RENT, TAXES, INSURANCE, ELECTRICITY, ETC.	
	Rent	2,243,566
	Electricity and Lighting	150,000
	Insurance	20,015
	Rates, Taxes & Excise Duty	55,700
	Fees & Renewals	20,000
	Generator Fuel	55,000
	Gas/Water Bill	7,000
		2,551,281
27	POSTAGE, STAMPS, TELECOMMUNICATION, ETC.	
	Stamp	2,140
	Online Expenses	200,000
	Internet Charge	23,000
	Postage Charge	5,660
	Telegram, Telex, Telephone, Trunk Call etc.	74,480
		305,280
28	STATIONERY, PRINTING, ADVERTISEMENT, ETC.	
	Printing and Stationery	987,959
	Publicity and Advertisement	3,885,500
		4,873,459
29	DIRECTORS' FEES	
	Meeting fees @ Taka 3,000 per Director	66,000
	Other benefits	-
		66,000
30	Depreciation and repair of bank's assets	
	Depreciation	
	Fixed assets	801,464
	For details please refer to Annexure - A	
	Repairs	
	Building	-
	Furniture and fixtures	770
	Office equipment	69,475
	Bank's vehicles	75,531
	Maintenance	16,878
		162,654
		964,118
31	OTHER EXPENSES	
	Business Development Expenses	-
	Conveyance	17,597
	Entertainment	146,475
	Bank charges	5,175
	Meeting Expenses	24,000
	News Paper and Periodicals	9,748
	Other Contractual Service	474,023

Internship Allowances	8,000
Up Keep of Office Premises	43,456
Washing Charges	2,190
CDBL Charge	11,900,000
Wages paid to Temporary Employees	68,000
Amortization of Intangible Assets	63,890
Uniform and Other Apparels	8,800
	12,771,354

		31.12.2010
		Taka
32	PROVISION FOR LOANS AND ADVANCES / INVESTMENTS	
	Specific Provisions-against classified loans & advances	
	General Provisions-against un-classified loans & advances	40,911,143
	General Provisions-against special mentioned accounts	
		40,911,143
33	PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS:	
	Decline in value of investment should consist of the following divisions:	
	(a) Dealing securities	
	- Quoted	-
	- Unquoted	-
		-
	(b) Investment securities	
	- Quoted	-
	- Unquoted	-
		-
		-
34	OTHER PROVISION	
	General Provision for Off Balance Sheet Exposures	-
	Provision for Other Assets	-
		-
35	EARNING PER SHARE (EPS)	
	Profit attributable to outstanding ordinary share holders	19,662,749
	Share Outstanding before right issue	
	Share Outstanding as on 9 September	30,000,000

	Issue of Bonus Share	-
		30,000,000
	Earning per Share	0.66
36	INCOME RECEIVED FROM OTHER OPERATING ACTIVITIES	
	Documentation Charge	7,380
	Port Folio Management Fees	22,878,067
	Port Folio Transaction Fees	49,562,213
	Other Service Charge	502,919
		72,950,579

		31.12.2010
		Taka
37	EXPENSES PAID FOR OTHER OPERATING ACTIVITIES	
	Conveyance	(17,597)
	Entertainment	(146,475)
	Bank charges	(5,175)
	Meeting Expenses	(24,000)
	News Paper and Periodicals	(9,748)
	Other Contractual Service	(474,023)
	Internship Allowances	(8,000)
	Up Keep of Office Premises	(43,456)
	Washing Charges	(2,190)
	CDBL Charge	(11,900,000)
	Wages paid to Temporary Employees	(68,000)
	Amortization of Intangible Assets	(63,890)
	Uniform and Other Apparels	(8,800)
	Publicity and Advertisement	(3,885,500)
	Rent, Taxes, Insurance, Lighting etc.	(2,551,281)
	Postage, Telegram, Telephone	(305,280)
	Audit Fee	(172,500)
	Directors Fee	(66,000)
	Repairs and maintenance of Fixed Assets	(964,118)
		(20,716,033)
38	CHANGES IN OTHER OPERATING ASSETS	
	Security Deposits	(20,992)
	Stationery, stamps, printing materials in stock etc.;	(346,450)
	Advance Rent	(15,729,846)
	Suspense Account	(3,684,155)
	Others	(85,762,513)
		(105,543,956)
39	CHANGES IN OTHER LIABILITIES	
	Sundry Creditors	12,595,705

	Others	33,914,300
		46,510,005
40	CLOSING CASH AND CASH EQUIVALENT	
	Balance with Other Bank and Financial Institutions	621,073,337
		621,073,337
41	EXPENDITURE INCURRED FOR EMPLOYEES	
	Salaries, allowances and benefits	

Number of employees at 31 December 2010 was 52 who were in receipt of remuneration for that period which in the aggregate was not less than Tk 36,000 and those employed for a part of that year who were in receipt of remuneration of remuneration of not less than TK. 3,000 per month.

42 AUDIT COMMITTEE

Since the Company started its operation on 14 November 2010, the Board of Directors of the Company yet to form any Audit Committee as on reporting date.

FINANCIAL HIGHLIGHTS
Schedule of Fixed Assets
As at 31 December 2010

Annexure - A

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE at 31 December 2010
	Balance on 9	Additions during the year	Disposal/	Balance at 31 December 2010	Balance on 9	Charge for the year	Disposal/	Balance at 31 December 2010	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Leasehold Land	-	-	-	-	-	-	-	-	-
Office Building	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	-	2,178,398	-	2,178,398	-	63,234	-	63,234	2,115,164
Office Equipment	-	5,946,510	-	5,946,510	-	271,201	-	271,201	5,675,309
Motor Vehicles	-	3,081,168	-	3,081,168	-	211,243	-	211,243	2,869,925
Office Renovation	-	7,477,276	-	7,477,276	-	255,786	-	255,786	7,221,490
31 December 2010	-	18,683,352	-	18,683,352	-	801,464	-	801,464	17,881,888

FINANCIAL HIGHLIGHTS

Annexure - B

SI No	Particulars	Base	31.12.2010
1	Paid up Capital	Taka	3,000,000,000
2	Total Capital	Taka	3,019,662,749
3	Total Assets	Taka	4,836,019,494
4	Total Deposits	Taka	565,683,648
5	Total Loans and Advances	Taka	4,091,114,346
6	Credit Deposit Ratio	%	723.22
7	Profit after tax and provision	Taka	19,662,749
8	Provisions kept against classified loan	Taka	-
9	Cost of fund	%	-
10	Interest earning Assets	Taka	4,712,187,683
11	Non-interest earning Assets	Taka	123,831,811
12	Return on Investment (ROI)	%	0.65
13	Return on Asset (ROA)	%	0.41
14	Income from Investment	Taka	-
15	Earning per Share	Taka	0.66
16	Net income per Share	Taka	0.66
17	Price Earning Ratio	%	-
18	Operating Profit	Taka	96,918,227
19	Pre tax Profit	Taka	96,918,227
20	Post Tax Profit	Taka	19,662,749
21	CSR	Taka	-
22	Incentive	Taka	4,158,377
23	Net Asset Value (NAV)	Taka	3,019,662,749
24	NAV Per Share	Taka	100.66



BRANCH NETWORK

Branches:

S/N	Branch Name	Address	Telephone number
1	Principal Branch	98 Shaheed Sarani, Dhaka Cantonment, Dhaka – 1206	PABX- 02-8712751, 02-8712753, 02-9888068 FAX : 02-8750276, Direct : 02-8713282, 02- 8750298
2	SKB Branch	Sena Kalyan Bhaban, 195 Motijheel C/A, Dhaka – 1000	PABX : 7126157, 7121263 Direct : 9561721
3	Bogra Cantonment Branch	Bogra Cantonment, Bogra	Direct : 051- 82032
4	Comilla Cantonment Branch	Comilla Cantonment, Comilla	Direct : 081-65005 PABX – 081-65004
5	Chittagong Cantonment Branch	Chittagong Cantonment, Chittagong	Direct : 031-683680 PABX : 031-2581170-71
6	Rangpur Cantonment Branch	Rangpur Cantonment, Rangpur.	Direct : 0521 – 66653
7	Jessore Cantonment Branch	Jessore Cantonment, Jessore	Direct : 0421-61043
8	Momenshahi Cantonment Branch.	Momenshahi Cantonment Mymensingh.	Direct : 091-62371
9	Savar Cantonment Branch	Savar Cantonment, Dhaka.	Direct : 7791931
10	Jalalabad Cantonment Branch	Jalalabad Cantonment, Sylhet	Direct : 0821-2872135
11	Agrabad Br.	Shilpa Bank Bhaban (1 st Floor), Agrabad C/A, Chittagong.	PABX : 031- 2524462-3 Direct : 031- 2524461
12	Shaheed Salahuddin Cantt. (SSC) Branch.	Shaheed Salahuddin Cantonment, Ghatail, Tangail.	Direct : 09225- 56141
13	Dhanmondi Branch	BGB Gate No.- 4, Pilkhana, Sat Masjid Road, Dhanmondi, Dhaka	PABX : 02-8623401 FAX : 02-9677553
14	Khatungonj Branch	205, Main Road, Plot No. – 218, Khatungonj, Chittagong.	PABX : 031- 627860, Direct : 031-2861718
15	Gulshan Corporate Branch	110 Gulshan Avenue, Gulshan, Dhaka - 1212.	PABX : 02- 8828088, 02-8815594, 02-9862520, Direct : 02-9886594, 9886592
16	Dilkusha Corporate Br.	Peoples Insurance Bhaban, (1 st Floor) 36 Dilkusha C/A, Dhaka-1000.	Direct : 02-9560944 , 02-9561821
17	Radisson Water Garden Hotel Branch. (RWGH)	Airport Road, Zoar Shahara, Dhaka Cantonment, Dhaka – 1206.	Direct : 02-8752065
18	KYAMCH (Khajwa Younus Ali Medical College & Hospital) Branch	Khajwa Younus Ali Medical College & Hospital ,Enayetpur, Sirajgonj,	Direct : 0751-63897
19	CDA Avenue Branch	Holding No.1837(New), Elite House(1 st and Ground Floor), CDA Avenue, Chittagong.	PABX : 031-2550936-7 Direct : 031-2550938
20	Sylhet Corporate Branch	BMA Bhaban, (1 st Floor, Basement Floor),Chouhatta, Kotwali, Sylhet.	PABX: 0821-719063. Direct : 0821-719139
21	Millennium Corporate Branch	Bir Sreshtha Shahid Jahangir Gate 546 Dhaka Cantonment Dhaka- 1206	PABX :02-8712075-76
22	Uttara Corporate Branch	House No.- 111/a, Road No.-7, Sector-4, Uttara, Dhaka.	PABX : 8911018, 8911052, Direct : 8921312
23	Halishahar Branch	Holding No.-2030/a, (Monirat Plaza), Block –G, Road No.-3, Plot-2, BaraPul, Port Connecting Road, Chittagong.	PABX : 031-2512592 Direct : 031-2512593
24	Beani Bazar Branch	Al-Amin Super Market, College Road,	Direct : 08223-56008

S/N	Branch Name	Address	Telephone number
		Beani Bazar, Sylhet	
25	Moulvi Bazar Branch	Holding No.-10, Court Road, Chowmohona, Kotowali, Moulvibazar.	Direct : 0861-62883
26	Goalabazar Branch	Hazi Nasib Ullah Market, (1 st Floor), Main Road, Goalabazar, OsmaniNagar, Sylhet	Direct : 08242-56712
27	Mirpur Branch	Swapnapuri Holding No. 24, Main Road 3, Block, Section – 11, Mirpur, Pallabi, Dhaka	PABX : 02-9008310 Direct : 02-9008218
28	Naval Base Branch	BNS Isha Kha, Naval Base Anchor Building (1 st Floor), Potenga, Chittagong.	PABX : 031-741833 031-741834
29	Karwan Bazar Branch	Jenith Tower, Holding No.-40, Karwan Bazar, Tejgaon, Dhaka	Direct: 02-9126554 PABX : 02-9120856
30	Feni Branch	Kazi Centre (Ground Floor), Holding No.-106, A.S.K Road, Feni.	Direct: 0331- 63535 PABX 0331-63536
31	Joypara Branch	Azhar Ali Mozahar Ali Shopping Complex, Dohar, Dhaka.	Direct :06223-56097 PABX :06223-56096
32	Joydevpur Branch.	Vaowal Point, Vill: Vogra, Up: Bason, Po: National University, Thana: Joydevpur, Dist: Gazipur	PABX : 02-9262853 Direct : 02-9862852,
33	Narsingdi Branch.	Salam Mansion, Holding #13/9, Thana +Dist-Narsingdi	Direct – 9451684 PABX-9451686
34	Narayangonj Branch.	1, Alam Khan Lane, Po+Thana: Narayangonj Dist: Narayangonj	Direct : 7648282 PABX : 7648283
35	Jubilee Road Branch	Royal Tower, Jubilee Road, Chittagong City Corporation, Thana- Kotwali Chittagong	Direct : 031-2857212 PABX : 031-2859061-2
36	Shahjalal Upa-Shahar Branch	Syed Plaza, Plot No: 1, Block-D, Shahjalal Housing Estate, Sylhet City Corporation Thana – Kotwali, Dist: Sylhet	Direct : 0821-2832261 PABX : 0821-2832262
37	Ashugonj Branch	Mouza : Char Char Tala, Up : Char Char Tala Thana: Ashugonj, Dist: Brahmanbaria	Direct : 0852-874026
38	Khulna Branch	Sena Kallayan Bhaban, 1, KDA Avenue Khulna City Corporation, Thana: Sonadanga Dist: Khulna	Direct : 041-2831571 041-2831572
39	Amirabad Lohagara Branch	Best Chowdhury Plaza, Amirabad, Lohagara, Chittagong.	Direct : 03034-56349
40	Kafrul Branch	Holding # 28, North Kafrul Dhaka City Corporation, Thana- Kafrul Dist- Dhaka.	Direct : 02-8715457 02-8715458
41	Tongi Branch	1 st Floor of Senakallyan Commercial Complex Tongi Paurashova, Thana – Tongi Dist- Gazipur.	Direct : 02-9816721 PABX : 02-9816722-3
42	Chowmuhuni Branch	Feni Road, Holding # 309,310, Chowmuhuni Paurashova, Thana – Begumgonj, Dist- Noakhali.	Direct : 0321-54192 PABX : 0321-54193
43	Progati Sarani Branch	1 st Floor of Ka- 74, Progati Sarani, Kuril Chowrasta, Dhaka	Direct : 8412245 PABX : 8412258
44.	Cox's Bazar Branch	1 st Floor of Degenta Annexure Complex, Cinema Hall Super Market, Bazar Ghat Cox's Bazar.	Direct : 0341- 52108 PABX : 0341- 52109

S/N	Branch Name	Address	Telephone number
45.	Ashulia Branch	1 st Floor of Bhuiyan National Plaza- 1, Jamgara Chowrasta, Ashulia, Dhaka	Direct : 7790843
46.	Kadamtali Branch	1 st & 2 nd Floor of Royal Plaza, 431, DT Road, Kadamtali Bus Station, Kadamtali, Chittagong.	Direct : 031-2529951-4
47.	Rangamati Branch	1 st Floor of SR Tower, 107, Shahid Abdul Rashid Sarak, Banarupa, Rangamati.	Direct : 0351- 61885-6
48.	Rajshahi Branch	1 st floor of Dainik Bartta Complex, Alupatty, Ghoramara, Rajshahi	Direct : 0721- 774051 FAX: 0721-772820
49.	Barisal Branch	Ground Floor of S Rahman Marker,78, Sadar Road,Barisal City Corporation Area, Barisal	Direct : 0431-64506 FAX: 0431- 2177323
50.	Comilla Branch	1 st & 2 nd floor of Omori Mansion Badurtala 1 st Lane, Kandirpar, Comilla.	Direct : 081-64249 FAX: 081-64250
51.	Elephant Road Branch	1 st Floor of M. R. Mansion 19, Elephant Road, Dhaka- 1205	Direct : 01713-034197n
52.	Rajendrapur Cantonment Branch	Holding no 551, Nayanpur, Mirzapur, Ward no. 02, Police Station: Gazipur Sadar, District: Gazipur,	Direct : 9201791-2 FAX: 9201790

SME/Krishi Branch:

Sl. No.	Branch Name	Address	Telephone number
1.	Mirer Bazar	Salam Complex, Mirer Bazar Chowrasta (Tongi Kaligonj Road) Union – Pubail, Thana – Gazipur Sadar, Dist- Gazipur	Direct : 02-9816765
2.	Mdhabdi	R M Building # 3, Phalpatri Road Poourasava – Madhabdi , Thana – Madhabdi. Dist- Narsingdi	Direct : 02-9446806
3.	Tamai	Protigga Banijjik Bhaban UP –Vangabari , Thana – Belkuchi Dist- Sirajgonj	Direct : 07522-56357
4.	Manikgonj	1 st Floor of Anjoli Super Market, 75, Shaheed Rafique Sarak, Kali Bari, Manikgonj.	Direct : 0651-62061 FAX: 66942
5.	Natore	1 st Floor of Shahara Plaza, Kanai Khali, Natore Sadar, Natore .	Direct : 0771-66889 FAX: 62067

SME Service Centre:

Sl. No.	Branch Name	Address	Telephone number
1	Dholaikhal SME Service center	Holding # 31/1, Lalmohan Shah Street, Dholaikhal, Ward # 77, Thana - Sutrapur, Dhaka City corporation, Dist- Dhaka.	Mob : 01730323273 01730323274
2.	Kazirbazar SME Service Centre, Sylhet	Ground Floor, Holding no. 801-00, Middle Sheikh Ghat Point, Sylhet City Corporation Ward no. 12, Kazirbazar, Sylhet	Direct: 0821- 721811



Corporate Head Office

Peoples Insurance Bhaban, 36 Dilkusha C/A
Dhaka 1000, Phone: 02-9572012-13

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