



ANNUAL REPORT '11



Trust Bank

A Bank for Financial Inclusion

Rationale of the Cover

We've sustained to drive our resources to convey optimum value to our customers and shareholders through our enhanced product and service.

The cover of our Annual Report is a reflection of how Trust Bank Limited is steadily putting into place the building blocks for continued growth and strengthening as a whole. The green leaves symbolize the expanse of our market space and the creative thinking to encourage our people. The physique signifies not only our prospect and rapid growth story but also our vision of creating a sustainable market-leading presence.



gubjI i RqMtb...

gubjI B kwi³, gubjI B mæbevi
ZiBtZv, Aicbvt` i Av`iq Avgvt` i e`visiKs gubjI i RqMtb!
me gubjI tK e`visiKs tmevi AvI Zivq Avbvi cL`q ibtq
Avgi v GiMtq Ptj uQ mgx AvMvgxi w tK|



ট্রাস্ট ব্যাংক
সবসময়, সবখানে, সবার জন্য

 **Trust Bank**
A Bank for Financial Inclusion



Corporate Head Office
Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka 1000
Phone : 02-9572012-13
www.trustbank.com.bd

Letter of Transmittal

All Shareholders of Trust Bank Limited
Securities and Exchange Commission
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited
Registrar of Joint Stock Companies & Firms

Annual Report for the year ended 31 December 2011

Dear Sir,

We are pleased to present before you a copy of the annual report 2011 along with audited financial statements including consolidated and separate balance sheet as at 31 December 2011, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31 December 2011 with the notes thereto of Trust Bank Limited (TBL) and its subsidiary- Trust Bank Investment Limited (TBIL). We have also enclosed separate financial statements of subsidiary company Trust Bank Investment Limited (TBIL) for record.

Yours Sincerely,

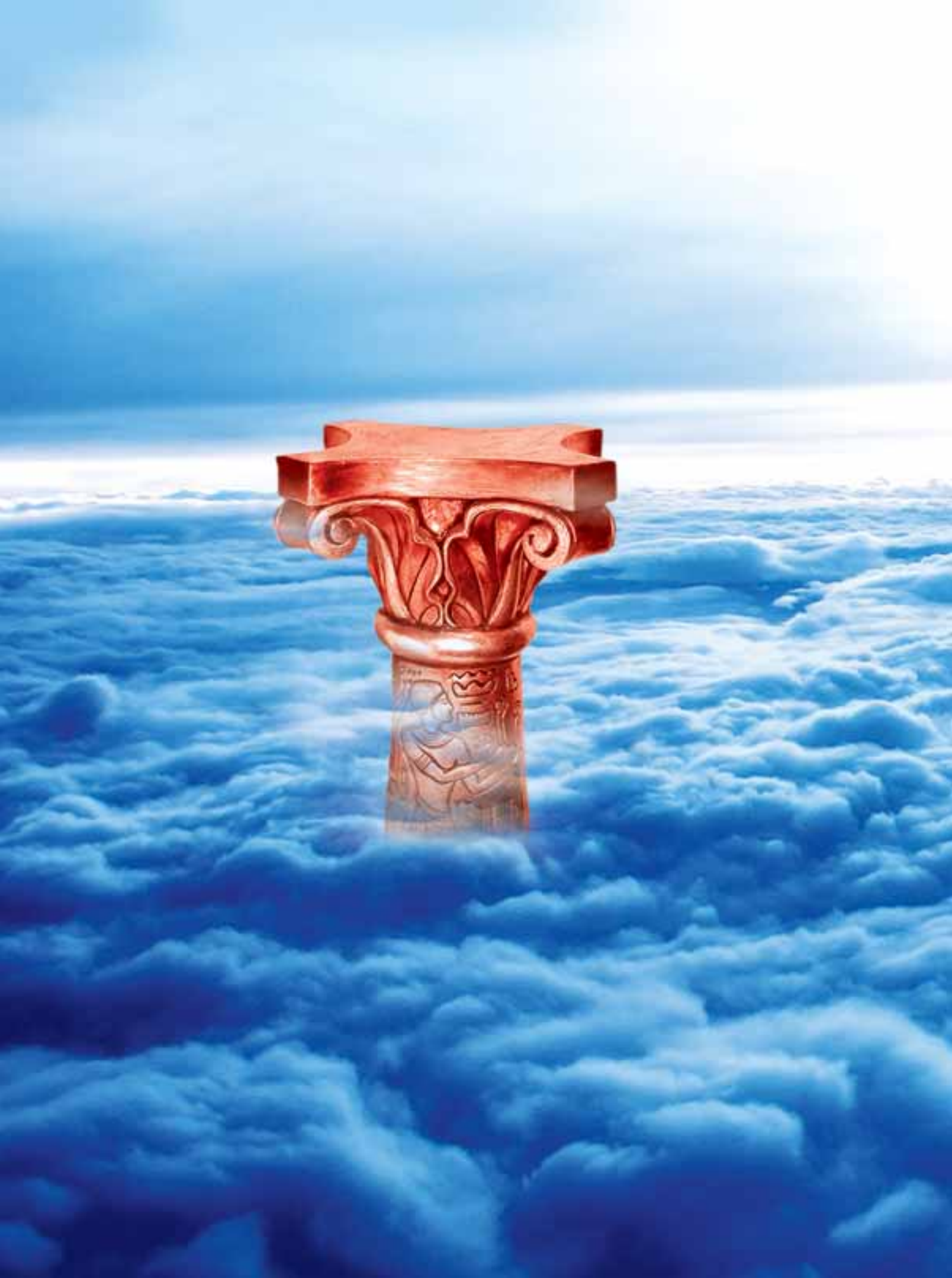


Khaled Mahbub Morshed, FCA
Company Secretary

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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 technology-based service delivery
- Accountable to All Stakeholders – customers, shareholders, employees & regulators
- Highest level of compliance and transparency at all levels of operation



Values

- Fair
- Dependable
- Reliable
- Professional
- Dynamic
- Trustworthy

This is how we Grow

Disclaimer on Forward Looking Statements

This report contains forward-looking statements that reflect management's plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. Examples of such forward-looking statements include:

Statements of the Company's plans, intentions, positioning, expectations, objectives or goals, including those relating to asset flows, mass affluent and affluent client acquisition strategy, client retention and growth of our client base, financial advisor productivity, retention, recruiting and enrollments, acquisition integration, general and administrative costs; consolidated tax rate, return of capital to shareholders, and excess capital position and financial flexibility to capture additional growth opportunities.

The Bank is not responsible for the forward-looking statements but not limited by the following information:

- — assessment of the Bank's future operating and financial results as well as forecasts of the present value of future cash flows and related factors;
- — economic outlook and industry trends;
- — the Bank's anticipated capital expenditures and plans relating to expansion of the Bank's network and development of the new services;
- — the Bank's expectations as to its position on the financial market and plans on development of the market segments within which the Bank operates;

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include:

- — risks relating to changes in political, economic and social conditions in local as well as changes in global economic conditions;
- — risks related to legislation, regulation and taxation;
- — risks relating to the Bank's activity, including the achievement of the anticipated results, levels of profitability and growth, ability to create and meet demand for the Bank's services including their promotion, and the ability of the Bank to remain competitive.

Many of these factors are beyond the Bank's ability to control and predict. Given these and other uncertainties the Bank cautions not to place undue reliance on any of the forward-looking statements contained herein or otherwise.

Company Milestones

Registration Number & Date	: C-37960(2260)/99, 17 June 1999
Date of Incorporation	: 17 June 1999
Date of Commencement of Banking Operations	: 17 June 1999
Banking License Received on	: 15 July 1999
First Branch License Received on	: 09 August 1999
Formal Inauguration on	: 29 November 1999
Publication of Prospectus	: 17 May 2007
Subscription Opening	: 15 July 2007
Subscription Closing	: 19 July 2007
Online Banking Operations across all the Branches	: January 2007
Listed with Chittagong Stock Exchange Ltd.	: 24 September 2007
Listed with Dhaka Stock Exchange Ltd.	: 25 September 2007
Commencement of Trading of Shares at DSE & CSE	: 01 October 2007
Authorized Share Capital Increased to BDT 500 Crore	: 31 May 2009
Commencement of Investment Banking Operations	: 14 November 2010
TBL Mutual Fund Trading Started on	: 27 January 2010
Established Trust Bank Investment Limited, a 99.99% owned subsidiary, to do merchant banking operations	: 09 September 2010
TBL shares denominated to Tk. 10 per share with market lot of 500 shares first traded in the DSE	: 30 November 2011



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 Shareholder: Army Welfare Trust

Corporate Web Site: www.trustbank.com.bd

Email: info@trustbanklimited.com

Company Secretary

Khaled Mahbub Morshed, FCA

Auditors

M/S ACNABIN, Chartered Accountants

BDBL Bhaban (13th Floor), 12 Kawran Bazar, Dhaka-1215

Tax Consultant

M/S ADN Associates

Kaizuddin Tower (8th floor), 47 Bijoy Nagar, Dhaka-1000

Legal Counsel

Dr. Monjur Kader

Advocate, Supreme Courte of Bangladesh, Dhaka-1000

Rating Agency

Credit Rating Agency of Bangladesh Ltd.

Sena Kalyan Bhaban, 195 Motijheel C/A, Dhaka-1000

Registered Office & Head Office

Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka-1000

Tel: 9570261, 9570263, 9572012-3, Fax: 880-2-9572315

Performance at a Glance

Figure in Million

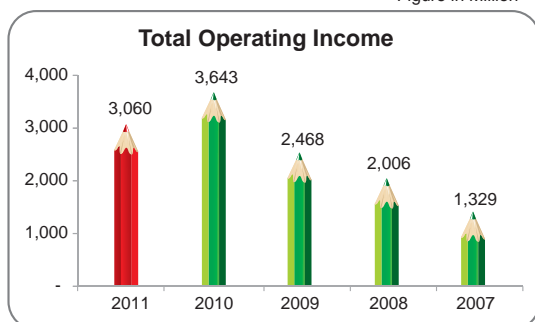


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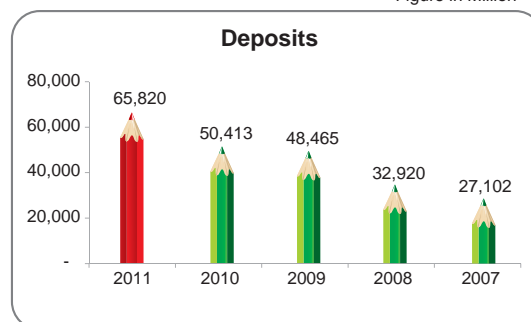


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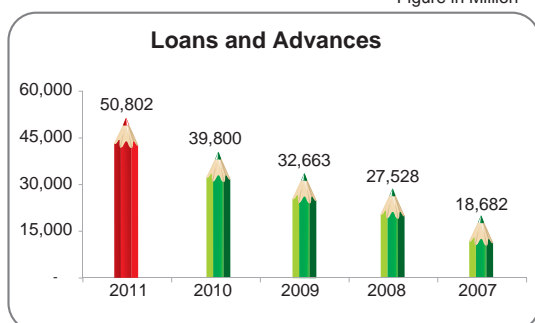


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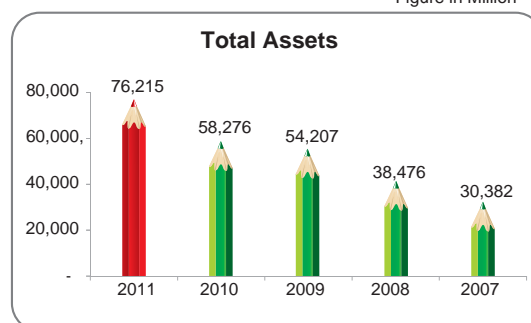


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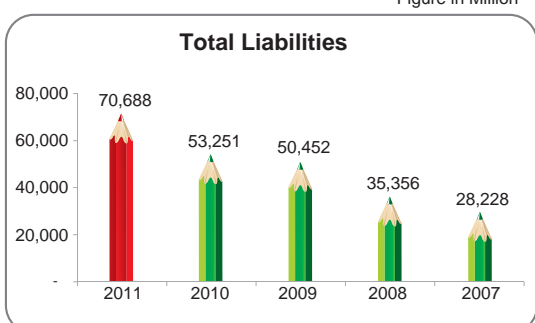


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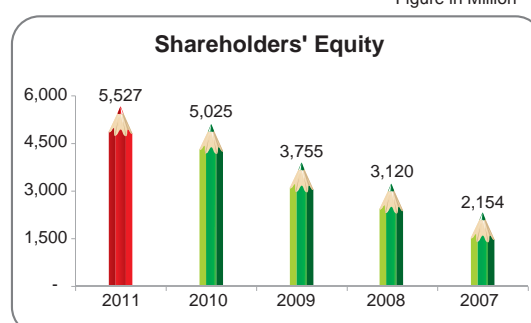


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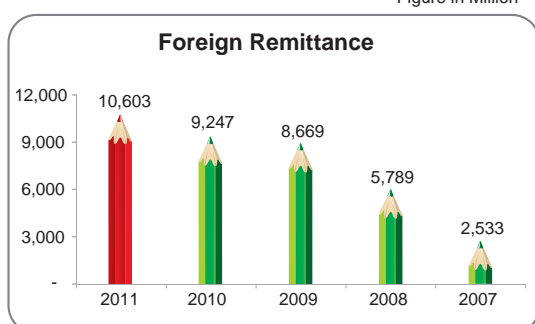


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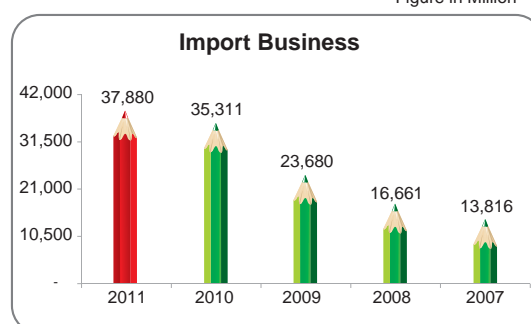


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Figure in Million

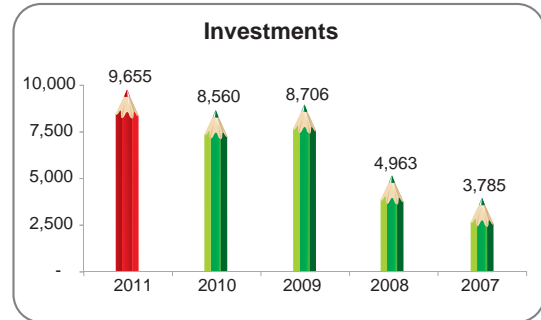


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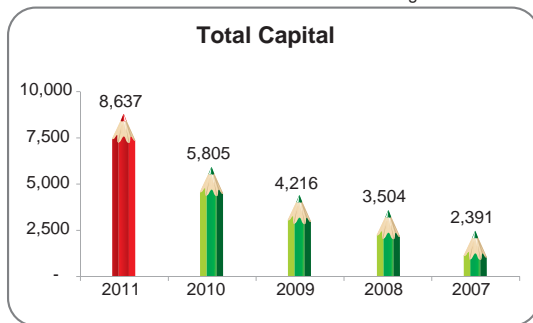


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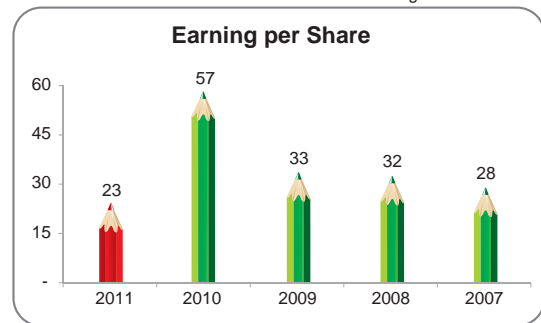


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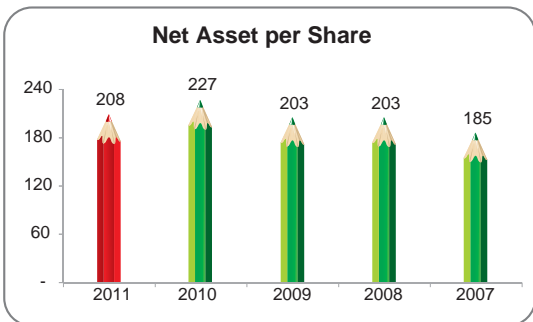


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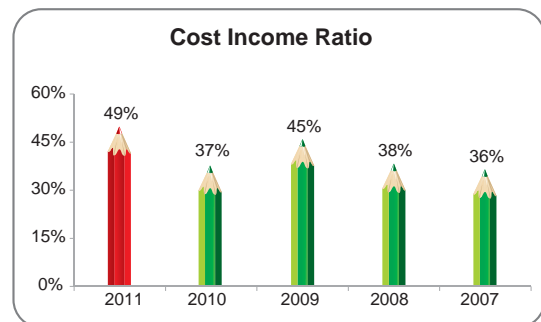


Figure in Billion

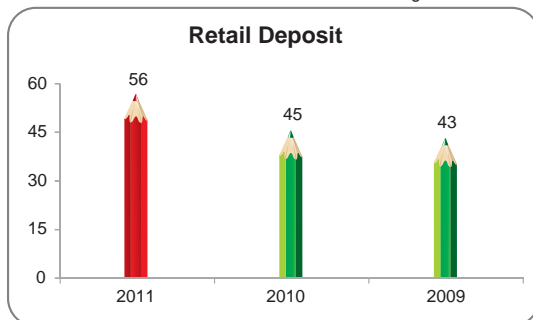
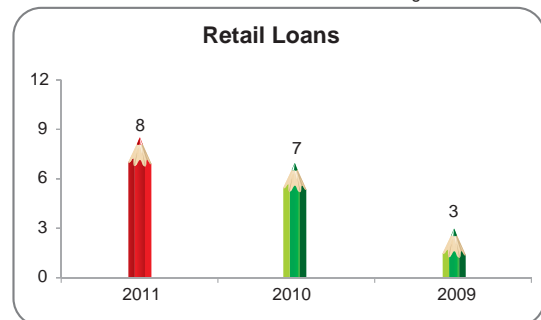
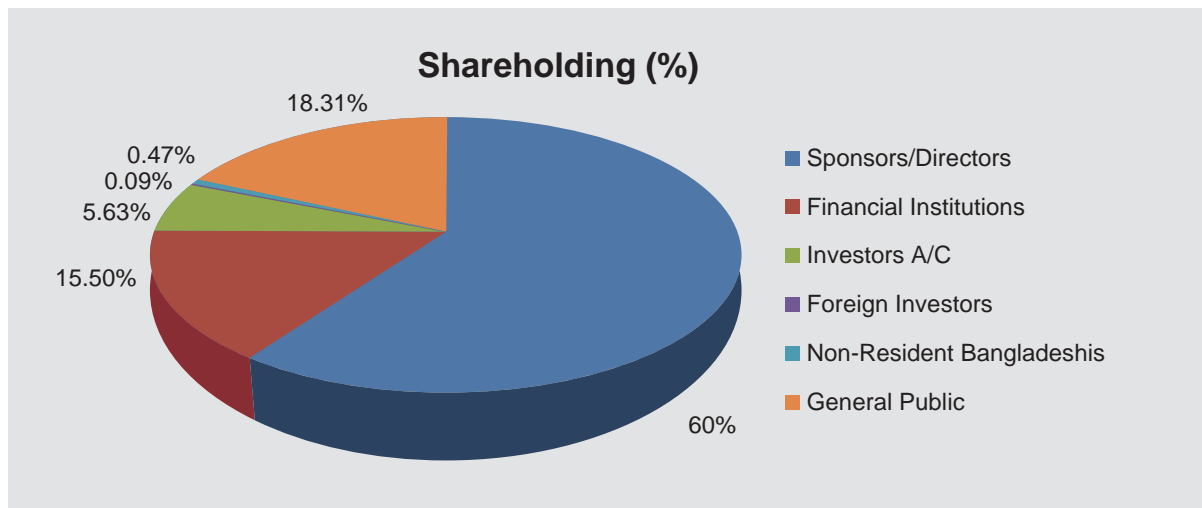
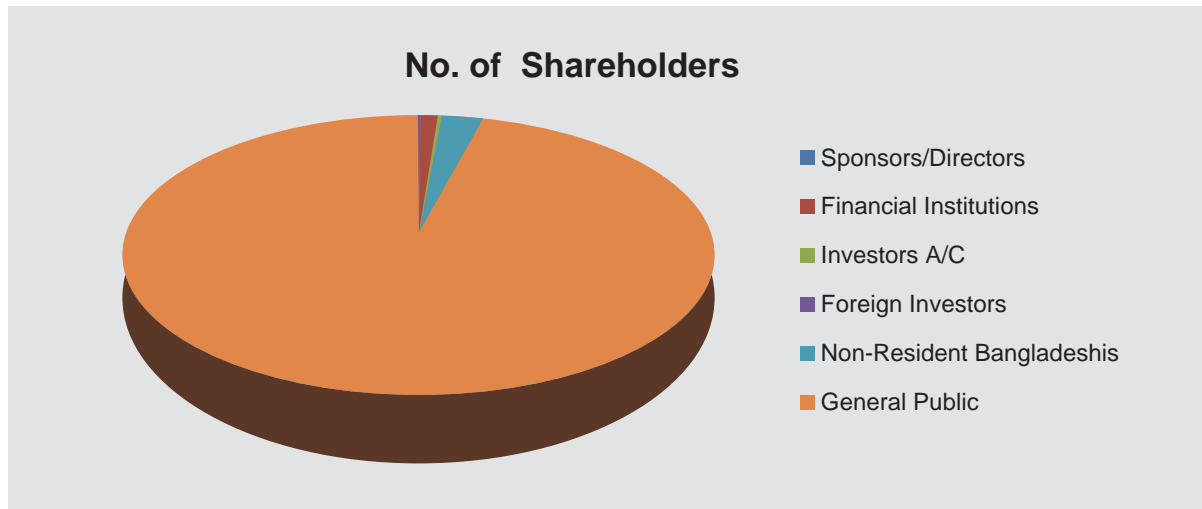


Figure in Billion



Our Shareholders







Board & Committees





General Md Abdul Mubeen
ndc, psc
Chairman



Maj Gen Ashraf Abdullah Yussuf
rcds, afwc, psc
Vice Chairman



Brig Gen KARM Mostafa Kamal
ndc, psc
Director



Brig Gen Tushar Kanti Chakma
ndc, psc
Director



Mrs. Begum Rokeya Din
Director



Mr. Helal Uddin Ahmed
Depositor and
Independent Director



Brig Gen Md Imamul Huda
psc
Director



Brig Gen Md Abdus Salam Khan
afwc, psc
Director



Mr. M Shah Alam Sarwar
Managing Director & CEO

Executive Committee Members

1. Maj Gen Ashraf Abdullah Yussuf, rcds, afwc, psc
2. Brig Gen KARM Mostafa Kamal, ndc, psc
3. Brig Gen Tushar Kanti Chakma, ndc, psc
4. Mrs. Begum Rokeya Din
5. Mr. M Shah Alam Sarwar

Mr. Khaled Mahbub Morshed

Chairman
Member
Member
Member
Managing Director
Secretary to EC

Audit Committee Members

1. Brig Gen KARM Mostafa Kamal, ndc, psc
2. Mr. Helal Uddin Ahmed
3. Brig Gen Md Imamul Huda, psc

Mr. Khaled Mahbub Morshed

Chairman
Member
Member
Secretary



Senior Executives

Sl	Name of Executives	Designation
1	Mr. M Shah Alam Sarwar	Managing Director
2	Mr. Ishtiaque Ahmed Chowdhury	Deputy Managing Director
3	Mr. M M Haikal Hashmi	Deputy Managing Director
4	Mr. Abu Zafar Hedaytul Islam	Sr Executive Vice President
5	Mr. Saaduddin Ahmed	Executive Vice President
6	Mr. Goutam Prosad Das	Executive Vice President
7	Mr. Abdul Motaleb Patwary	Executive Vice President
8	Mr. Abul Bashar	Executive Vice President





Chairman's Message

Dear Shareholders,

It is my immense pleasure to welcome you all at the Thirteenth Annual General Meeting of your Bank — Trust Bank Limited. At the outset, I would like to express my gratitude for your continuous support and patronage to the Bank. With your support, Trust Bank is evolving as a reliable and efficient brand of the country.

Directors' Report, Auditor's Report and Audited Accounts with the notes thereon for the year 2011 are already in your hands. With your consent, I shall take them as read.

The Annual Report sent to you gives a detailed overview of your Bank's performance during the year 2011. In today's meeting, I would like to share with you some thoughts on how your Bank is positioned, how we strengthen its backbone in the present scenario and the strategies designed by us to take the Bank to a new height of efficiency, profitability and most significantly towards sustainability.

Before I begin to discuss specific issues of the Bank, I would like to touch upon the economic and banking environment in which the Bank delivered its performance during the year 2011.

Economic and Banking Environment

Risks in the global economy affect Bangladesh in several ways. Downgrades of United States debt as well as the debt problems in the Euro Zone, Natural disaster in Japan etc. are affecting the international markets and renewed the fear of another global slowdown. This slowdown affects Bangladesh's balance of payments through its impact on exports and remittances, puts pressure on the exchange rate, increases economic uncertainty, and, in turn, weakens investment and growth.

Bangladesh economy also confronted with adverse economic situation following price hike of oil and essential commodities, liquidity mismatch, extreme volatility in the interbank money market, devaluation in dollar, bearish stock market, etc. However the country was able to maintain moderate growth based on improvement in macro-economic performance. Notwithstanding a good growth tempo, inflation remained the major policy concern during 2011. Rising inflation prompted the government to raise its key policy rate several times during 2011, albeit in a step-wise fashion to balance the trade-off between growth and inflation. Consistent with the Bangladesh Bank's monetary policy stance, liquidity conditions stayed tight for most part of the year. Both deposit and lending rates of commercial banks became subject to extreme uncertainty.

Global factors and prevailing domestic situation are the guiding forces for analyzing the performance of any banking institution. In spite of many constraints Trust Bank Limited succeeded in maintaining its normal level of operations and has made progress in its core banking business.

Overview of the Bank's Performance in 2011

Your Bank could successfully encounter all odds and volatility to remain focused on its course of delivering robust growth in deposit, advances and core banking business. We ensured proper liquidity management, high standard of credit risk management while pursuing increase in business. Your Bank's strong fundamentals as reflected in its Consolidated ROA (Return on Assets) at 1.21%, Consolidated ROE (Return on Equity) at 15.92% and Consolidated Net Operating Cash Flow per share at Tk. 22.50 during 2011 have helped to demonstrate its differentiation sustainably. It has grown its balance sheet at faster pace than the industry average. It has sustained the best asset quality standards. With its consistently adequate Provision Coverage Ratio of more than 100.00%, your Bank is well covered against any downside economic growth risks in the future.

Moreover, your Bank comfortably achieved all the targets under the Statement of Intent that it had committed to the Government on business, profitability and asset quality fronts.

Credit ratings of the Bank imply the strong fundamentals of the Bank in the areas of stability of fund, profitability, business growth, diversified-portfolio and loan loss coverage what has been discussed in detail in Directors' Report.

I would now like to discuss the main highlights of your Bank's performance during the year under review.

Business Performance

The Bank earned Consolidated Operating Income of Tk. 3,802.19 million for the year 2011 as compared to Tk. 3,770.04 million in the immediate preceding year, registering a growth of 0.86%. After keeping sufficient provision against classified and unclassified Loans and Advances, diminution in the value of Investment, Off-Balance Sheet exposure and other assets, consolidated profit before tax stood at Tk. 1,902.86 million and consolidated net profit after tax stood at Tk. 933.44 million in 2011.

Quality of Assets

The maintenance of sound asset quality is a fundamental aspect of our banking. We take the view that it is the prime responsibility of us to set policies and procedures to ensure that the bank maintains sound asset quality, strong portfolio management, prudent risk controls, effective credit review and classification procedures, and an appropriate methodology for dealing with problem exposures.

We are with the quality of delivered loans since that provides earnings for us. Although our non-performing asset increased to 3.02% from 2.41% during the year 2011, we assure all of you, the asset quality remained strong through very prudent strategic risk management steps. We could avoid larger setbacks that the industry has faced. We have enclosed the detailed report in Directors' Report.

Corporate Social Responsibility Initiatives

As our views, corporate social responsibility encompasses not only what we do with our profits, but also how we make them. It goes beyond philanthropy and compliance and addresses how we manage our economic, social, and environmental impacts, as well as our relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

It has been also the vision of your Bank to empower the community through socio-economic development of underprivileged and weaker sections. In its continued efforts to make a difference to the society at large, your Bank further intensified its efforts in this direction in 2011

With the view of that, Trust Bank Limited contributed Tk.80.00 million to its Special Reserve Fund for doing CSR activities in the areas of education, culture, health, sports and others for the year 2011.

Capital Adequacy

Your Bank's Consolidated Capital Adequacy Ratio stood at the comfortable level of 11.84% under Basel II as on 31 December 2011 with Tier I Capital at 8.03% against the Regulatory requirement of 10%. During the year under review, the Bank strengthened its Capital Base by raising Tk. 2,000.00 million through Unsecured Subordinated Bonds.

As on 31 December 2011, our Consolidated Core Capital stood at Tk. 5,860.18 million against Tk. 4,926.74 million in 2010.

At the end of 2011, Consolidated Regulatory Capital stood at Tk. 8,637.40 million against Tk. 5,804.94 million in 2010 registering a growth of almost 49% over the preceding year.

Business per Employee & HR

Your Bank's profitability is continuously improving on the back of steady improvement in its staff productivity. For instance, the Bank's Deposit growth per Employee was 12.73% and Loans and Advances growth was 9.85% in the year 2011.

HR Management in your Bank primarily focuses on aligning its existing HR capabilities with the future business plans with a view to maximizing returns and fulfils the objective of its business transformation plan. Bank took several initiatives during the year under review, to enhance the level of employee motivation, commitment and productivity. Your Bank is endowed with competent and motivated employees, total 1209 who are engaged in handling the extensive business operations of the Bank. During 2011, Bank implemented a comprehensive HR technology platform covering HR Manual, Training and Payroll modules enabling automation of various functions.

New Technology Platform

During 2011, Trust Bank made substantial progress in its end-to-end business and IT strategy. As you are aware, the Bank has been providing to its customers Online Banking Services which facilitate Any Branch Banking, ATM Banking, Phone Banking, SMS Banking, Internet Banking and Mobile 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 technologies, the Bank has been able to render better and efficient services to its customers, resulting in Trust Bank's image enhancement.

Initiatives in Retail Business

The Bank's Retail Business continued to be one of the main supporters to its overall business growth during 2011. Several initiatives were taken in the Deposit side considering the feedback from Customers. Trust Unfixed Deposit, Trust Payroll, Student File, Trust Loyalty Programs etc. were developed for the targeted segments in 2011.

The Road Ahead

We were entering a challenging phase with rising inflation, import-export imbalance and little growth of remittance, making the macroeconomic situation somewhat uncertain and a tight monetary policy expected to follow. Moreover, inadequate power and infrastructure is still a bottleneck for regular growth in the economy. Corporate profitability would reduce, with demand contraction and severe margin pressure, particularly in financial sector where cost of fund is increasing.

So, the financial year 2012 is going to be quite challenging for our banking industry. Given this, managing credit growth above industry-average along with superior asset quality will be the key challenge for your Bank during 2012.

However, your Bank's comfortable position with respect to capital and liquidity, strong systems of credit origination and credit monitoring, continuous investment in human capital and stable initiatives during the last couple of years give it enough confidence that it will be able to shoulder this challenge well.

Your Bank has been steadily building solid foundations for future growth by continuously working on enhancing its HR capabilities through various leadership development programs. It has also been focusing on speedy development of marketing and performing culture within the organization. Your Bank would concentrate on sharpening its competitive edge by improving its business strategies and by protecting its credibility by delivering on the promises.

Acknowledgement

I would like to take this opportunity to thank the Members of the Board of Directors for their invaluable contribution, support and prudent guidance for timely decisions. My colleagues on the Board and me place on record our appreciation for continued support and guidance received from the Government, Bangladesh Bank, Securities & Exchange Commission and other regulatory authorities, various financial institutions, banks and correspondents in here and abroad.

We specially place on record our appreciation for the support of you, our valued shareholders.

We also place on record our appreciation for the trust and support of our customers, investors and vendors reposed on us.

As in the past, our performance during 2011 was driven by the dedication and commitment of our employees. On your behalf as well as on behalf of the Board of Directors, I conveyed the employees of the Bank for another impressive performance.

In fine, I would like to thank all of you again for your presence and interest in the Bank.

Let there be good days ahead for all of us. May Almighty Allah bestow His choicest blessings on all of us.

With best regards,



Gen Md Abdul Mubeen, ndc, psc
Chairman



Message from the
Managing Director & CEO

Dear Respected Shareholders

It is a great honor to present a round up of financial and operating performance of your Bank for the year 2011. I would like to assure that, despite various unprecedented challenges in the sector; your bank achieved robust growth in its core banking business and could keep it safe from incurring any loss or provision from its exposure in volatile sectors including secondary stock market. In addition, we made significant progresses in capacity building, information technology, risk management, and financial inclusion. Overall, we experienced a challenging but successful year.

Underlying Economic Environment

Financial sector of the country experienced external challenges namely: Prolonged liquidity crunch, rising of cost of fund, bearish and illiquid capital market, and sudden depreciation of Taka against US Dollar. All these factors impacted the industry both from viewpoint of profitability and stability. Through the able guidance of the respected Board of Directors and support from Shareholders, Depositors, Customers, and Regulators, your Bank maintained a comfortable liquidity and optimum profitability. We ensured prudent management of our assets and liabilities, mobilized deposits from retail investors, diversified loans to SMEs and other solvent enterprises, and deliberately kept foreign exchange exposure at a manageable level.

Strategy and performance

The Bank rightly predicted external factors and pursued appropriate strategy to maintain resilience and immunity from those. Our strategy included actions such as repositioning sectoral exposure in Corporate Loans, initiating Retail as a thrust segment for deposits, matching between sources and uses of fund, judiciously avoiding volatile sectors such as commercial real estate and unproductive retail loans, and ensuring full compliance with all regulatory guidelines. Moreover, we simultaneously managed our normal flow of business uninterrupted. Your Bank had been lender in the Call Money Market almost throughout the year, but the Bank did not take part in unhealthy competition to gather deposits from large and corporate depositors.

Consolidated Operating Results

Total deposits stood at Tk. 65,930 million in 2011 from Tk. 50,358 million in 2010, posting a growth of 31 percent. Loans and advances grew by 28 percent to Tk. 54,552.66 million at the end of 2011 as against Tk. 42,760.43 million in the year 2010. Your bank recorded 32 percent growth in total revenue in 2011, by earning Tk. 9,191.96 million in 2011 compared to Tk. 6,981.64 million in the preceding year. But due to rise in cost of fund and drastic fall in income from secondary market, consolidated operating income of the bank could not grow from last year as expected. The Bank earned consolidated operating profit of Tk. 2,207 million in 2011 where profit from core banking was Tk. 1,563.18 million.

Robust growth in core banking

Operating profit from core banking of the Bank grew by 15 percent and stood Tk.1,563.18 million in 2011 from Tk. 1,361.80 million in 2010. The bank provided Taka 3 billion to Trust Bank Investment Limited as paid up capital, whereupon the Bank foregone interest equivalent to Tk. 360 million. This income was included in the operating income of the bank in 2010. If this income were also included in 2011, the growth would be 41 per cent from that of 2010. Income from TBIL showed a drastic fall in the year. Operating profit declined by 37 percent and stood at Tk. 646.79 million in 2011 from Tk. 1,012.78 million in 2010.

Safe and Sustainable Merchant Banking Company

Trust Bank Investment Limited, one of the largest merchant banking companies in Bangladesh, has created its image as a compliant Merchant Bank. TBIL has almost Taka 4.50 billion assets under its management along with paid up capital of Taka 3 billion. The company made decent profit by recording operating profit of Tk. 646.79 million in 2011. TBIL also prides itself of not being alleged by any regulator for any misconduct in the recent capital market turmoil. The Board of Directors and TBL Management adopted adequate and sound policies which ensure integrity of capital market operations, compliant dealings with investors, and careful investment for its own portfolio. Thus, TBIL retained its adequate safety and optimum profitability in 2011.

Capital Adequacy & Solvency

In the year, total shareholders' equity stood at Tk.5,863.65 million which is almost 17 percent higher than that of 2010. Total regulatory capital stood at Tk. 8,637.40 million in 2011 as against Tk. 5,804.94 million in 2010. Capital adequacy ratio is maintained at 11.84 percent of total risk weighted assets against minimum regulatory requirement of 10 percent. The Bank successfully floated a subordinated bond worth Tk. 2,000.00 million in a very strained market of 2011. The subordinated bond strengthened Tier-II capital. Our capital adequacy ratio will be further strengthened after completion of ongoing right shares issuance process.

Other Major Achievements

TBL has aimed at its core to be a Bank for financial inclusion and in this connection, we opened 10 new branches in 2011 extending network to 69 branches including 7 SME/Agri branches. The Bank has 60 ATMs around the country. The Bank is offering full fledged mobile banking titled 'Trust Mobile Money' through 320 outlets across the country.

The Bank achieved desired objectives regarding Human Resources including preparation of comprehensive HR Manual, streamlining recruitment, transfer, posting, and promotion Process, linking rewards to performance, rationalization of corporate hierarchy, and review of organogram. We recruited fresh as well as experienced bankers with specific skills set after conducting gap analysis in departments and branches. We also adopted cluster management process to build leadership at all levels.

Commitments for 2012

Our operating vision is to achieve long term sustainable growth. In line with that we are pursuing strategy through proper management of Balance Sheet and maintenance liquidity and long term solvency. The Bank is reducing dependency on large ticket deposits and trying to get retail deposits through diversified products and services under retail banking. In case of financing, we are focused on providing credits to SME, productive corporate and to those companies which have lower risk. Our main emphasis will be on retail banking for deposits mobilization and SME for diversified investment, in addition to our core corporate and middle market business.

The Bank is going to open ten new branches and 48 ATMS around the country in 2012 to gradually build required network for financial inclusion. We would like to improve further on areas such as Robust Core Banking solutions, Call Center and own switching, centralized processing, real time monitoring, control and MIS, improved process to enhance service, reduce cost and real time control.

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 13th 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 & CEO

Financial Calendar

Financial results of 2011

First quarter results (un-audited) approved on	20 April 2011
Second quarter results (un-audited) approved on	20 July 2011
Third quarter results (un-audited) approved on	19 October 2011
Annual Financial Statements for the year 2011 approved on	28 March 2012

12th Annual General Meeting

Price Sensitive Disclosure	23 March 2012
Record Date	04 April 2011
Date of AGM	07 June 2011
Credit of Bonus Share on	13 June 2011

13th Extra Ordinary General Meeting

Record Date	12 October 2011
Date of EGM	19 November 2011

13th Annual General Meeting

Price Sensitive Disclosure	28 March 2012
Record Date	09 April 2012
Date of AGM	06 June 2012

Rights Share Offer

Approved by the Shareholders on	07 June 2011
Securities & Exchange Commission's approval date	06 March 2012
Record Date	03 April 2012
Subscription opens on	22 April 2012
Subscription closes on	17 May 2012

Corporate Governance

Corporate Governance is defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. At Trust Bank Limited, it is the system by which the Bank directed and controlled. It is about promoting corporate fairness, transparency and accountability. In other words, 'good corporate governance' is simply 'good business'.

We ensure:

- Adequate disclosures and effective decision making to achieve corporate objectives;
- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business.





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.

The Board of Directors

The Board of Directors is the supreme authority in the Bank's affairs between shareholders' meetings. The Board at TBL 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 operation are at all times in correct and 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. As per the guideline of Bangladesh Bank and as well as in compliance with the Securities and Exchange Commission's corporate governance guideline, the Board consists one Depositor Director who is also 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. The return is submitted to RJSC & retained the certified copy.

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 the year 2011, there were 16 meetings of the Board. The attendance by directors at the Board meeting held during the year 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. 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 40 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 including one Independent Director. 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 3 meetings during the year, based on which the Committee submitted its report to the Board regarding its oversight function. The report is given in this 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 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 ACNABIN, 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 is 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 describes in SEC's notification dated 20 February 2006 on "Comply or Explain" basis. 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.

Annexure-I

16 meetings of the Board of Directors were held in the year 2011; 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	16	16	-
2	Maj Gen Abu Belal Muhammad Shafiul Huq ndc, psc	Vice Chairman	23-12-2010	16	14	Leave granted
3	Brig Gen Md Nazrul Hasan	Director	22-09-2008	16	16	-
4	Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	11-02-2009	16	16	-
5	Brig Gen Tushar Kanti Chakma ndc, psc	Director	06-04-2009	16	14	Leave granted
6	Mrs. Begum Rokeya Din	Director	28-04-2009	16	15	Leave granted
7	Mr. Helal Uddin Ahmed	Director	28-04-2009	16	16	-
8	Brig Gen Md Imamul Huda, psc	Director	21-06-2010	16	16	-
9	M Shah Alam Sarwar	Managing Director & CEO	Ex-officio	16	16	-

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

Annexure-II

40 meeting of the Executive committee were held in the year 2011; the attendance of the directors is furnished below:

SL	Name of Director	Position	Date of appointment	Meeting Held	Attended	Status
1	Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc	Chairman	23-12-2010	40	40	-
2	Brig Gen K A R M Mostafa Kamal, ndc, psc	Member	11-02-2009	40	40	-
3	Brig Gen Tushar Kanti Chakma ndc, psc	Member	06-04-2009	40	30	Leave granted
4	Mrs. Begum Rokeya Din	Member	28-04-2009	40	39	Leave granted
5	M Shah Alam Sarwar, Managing Director & CEO	Member	22-11-2009	40	38	Leave granted (Abroad)

Leave of absence was granted to directors who could not attend some of the EC meetings.

Annexure-III

The pattern of shareholding of Trust Bank Limited as of 31 December 2011

- 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	600
Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	160
Brig Gen Tushar Kanti Chakma, ndc, psc	Director	140
Mrs. Begum Rokeya Din	Director	860
Mr. Helal Uddin Ahmed	Depositor & Independent Director	16,640
Brig Gen Md. Imamul Huda, psc	Director	600
Mr. M Shah Alam Sarwar	Managing Director & CEO	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 2011: 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.	✓		
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.	✓		CFO & Company Secretary attends meetings regularly
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

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.	✓		

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
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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

Five Years' Financial Summary

Taka in million

Particulars	2011	2010	2009	2008	2007
Operating Results					
Total Operating Income	3,060.47	3,643.05	2,467.67	2,006.11	1,328.66
Total Operating Expense	1,499.89	1,365.39	1,109.31	753.67	474.95
Operating Profit	1,560.58	2,277.66	1,358.35	1,252.44	853.71
Provision For Loans,					
Investment and Other	256.38	137.30	207.78	262.97	273.94
Profit Before Tax	1,304.20	2,140.36	1,150.57	989.47	579.77
Profit After Tax	616.21	1,274.78	610.91	463.05	239.03
Financial Positions					
Authorized Capital	5,000.00	5,000.00	5,000.00	2,000.00	2,000.00
Paid-Up Capital	2,661.13	2,217.61	1,848.00	1,540.00	1,166.67
Total Shareholders' Equity	5,526.76	5,025.36	3,754.87	3,119.65	2,154.29
Deposits	65,819.51	50,413.29	48,464.64	32,919.76	27,101.59
Loans And Advances	50,801.74	39,799.92	32,663.11	27,528.08	18,682.16
Total Liabilities	70,688.46	53,250.98	50,451.78	35,355.99	28,227.93
Investments	9,654.68	8,559.94	8,705.61	4,962.66	3,785.45
Fixed Assets	421.23	413.12	381.92	342.39	194.22
Earning Assets	63,120.66	47,433.50	48,845.47	34,475.64	27,636.29
Total Assets	76,215.22	58,276.33	54,206.65	38,475.64	30,382.22
Other Business					
Import	37,879.65	35,310.60	23,680.00	16,660.98	13,816.16
Export	38,543.65	20,331.00	12,770.00	6,078.79	3,980.87
Foreign Remittance	10,603.33	9,247.00	8,669.00	5,788.87	2,532.98
Guarantee Issued	1,951.06	1,783.19	1,527.64	847.70	1,114.84
Capital Measures					
Consolidated Basis					
Total Risk Weighted Assets	72,945.30	64,104.60	33,297.68	27,362.42	19,573.21
Core Capital (Tier-I)	5,860.18	4,926.74	3,632.30	3,045.37	2,092.89
Supplementary Capital (Tier-II)	2,777.22	878.20	583.68	459.07	297.73
Total Capital	8,637.40	5,804.94	4,215.98	3,504.44	2,390.62
Tier-I Capital Ratio	8.03%	7.69%	10.91%	11.13%	10.69%
Tier-II Capital Ratio	3.81%	1.37%	1.75%	1.68%	1.52%
Total Capital Ratio	11.84%	9.06%	12.66%	12.81%	12.21%
SOLO Basis					
Total Risk Weighted Assets	71,758.10	63,209.70	33,297.68	27,362.42	19,573.21
Core Capital (Tier-I)	5,523.29	4,907.08	3,632.30	3,045.37	2,092.89
Supplementary Capital (Tier-II)	2,588.21	837.29	583.68	459.07	297.73
Total Capital	8,111.50	5,744.36	4,215.98	3,504.44	2,390.62
Tier-I Capital Ratio	7.70%	7.76%	10.91%	11.13%	10.69%
Tier-II Capital Ratio	3.60%	1.32%	1.75%	1.68%	1.52%
Total Capital Ratio	11.30%	9.09%	12.66%	12.81%	12.21%
Credit Quality					
Non-Performing Loans	1,534.31	960.02	860.72	693.28	506.65
% Non-Performing Loans	3.02%	2.41%	2.65%	2.52%	2.71%
Share Information					
Market Price Per Share - before split	429.00	753.25	434.00	445.00	929.25
Market Price Per Share - after split	42.90				
Earnings Per Share - before split	23.16	57.48	33.06	31.96	28.37
Earnings Per Share - after split	2.32				
Price Earning Ratio	5.40	7.63	7.62	13.92	32.75
Net Asset Per Share - before split	207.68	226.61	203.19	202.57	184.60
Net Asset Per Share - after split	20.77				
Other Information					
Cost Income Ratio	49.01%	37.48%	44.95%	37.57%	35.75%
Return on Average Equity	11.68%	29.04%	17.59%	17.56%	14.45%
Return on Average Assets	0.92%	2.27%	1.32%	1.20%	0.79%
No of Branches	62	52	42	37	31
No of SME/AGRI Branches	7	7	4	-	-
No of Foreign Correspondent	24	24	24	23	19



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 2011, Bank's regulatory capital stood at Tk. 8,637.40 million as against Tk. 5,804.94 million as at 31 December 2011.

Summary of Total Capital and Consolidated Capital Adequacy Ratio

Taka in Million

Particulars	2011	2010	Growth
Computation of capital:			
Tier I capital	5,860.18	4,926.74	19%
Tier II capital	2,777.22	878.20	217%
Total capital (Tier I & II)	8,637.40	5,804.94	49%
Risk weighted assets (RWA)	72,945.30	64,104.60	14%
Tier I capital (against minimum requirement of 5%)	8.03%	7.69%	
Tier II capital	3.81%	1.37%	
Total capital (against minimum requirement of 10% of RWA)	11.84%	9.06%	

Maintenance of Net Income Growth

The Bank decreased its net profit by 51% percent or Tk. 1,274.77 million to Tk. 616.21 million in 2011 from Tk. 1,274.77 million in 2010. The net profit is analyzed in the following table:

Taka in Million

Source of Income	2011	2010	Growth
Interest Income	6,271.81	4,686.64	34%
Income from Investment	1,374.45	963.81	43%
Commission, Exchange Brokerage	606.50	465.13	30%
Other Operating Income	194.18	741.42	-74%
Total Income	8,446.94	6,857.00	23%

Distribution of Income			
Interest paid on Deposits and Borrowings	5,386.47	3,213.95	68%
Operating expenses	1,419.89	1,249.79	14%
Contribution to Special Reserve Fund	80.00	115.6	-31%
Total Provision	256.38	137.3	87%
Provision for Taxes	687.99	865.59	-21%
Total Distribution	7,830.73	5,582.23	40%
Net profit	616.21	1,274.77	-51%

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 738.00 million to national exchequer as tax, vat, income tax and excise duty deducted at source from employees, clients, and suppliers in the reporting year.

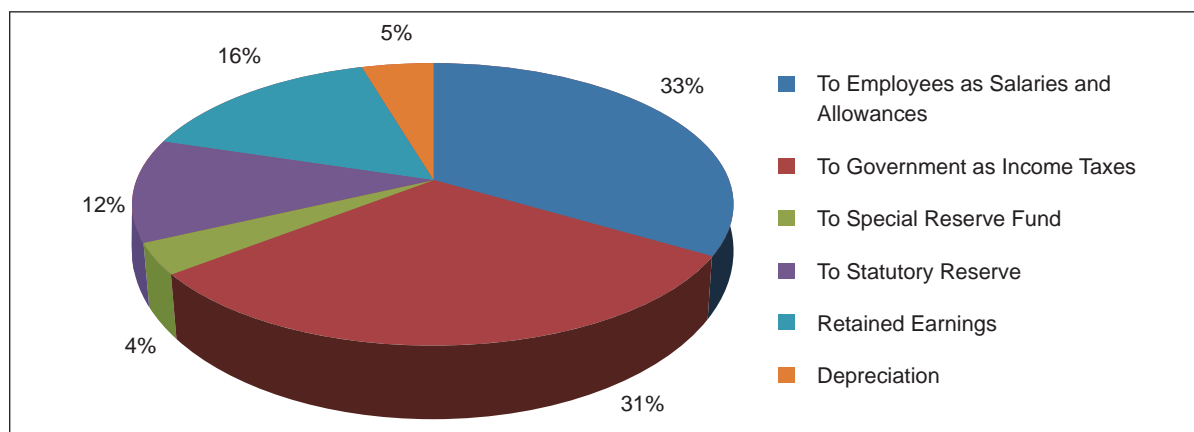
Value Added Statement

Value added is the wealth created by Trust Bank through its different banking operations. The value added statement of the Bank shows how the value was created and distributed to meet certain obligations, rewards those responsible for its creation and the portion retained for the continued operation and expansion of the Bank.

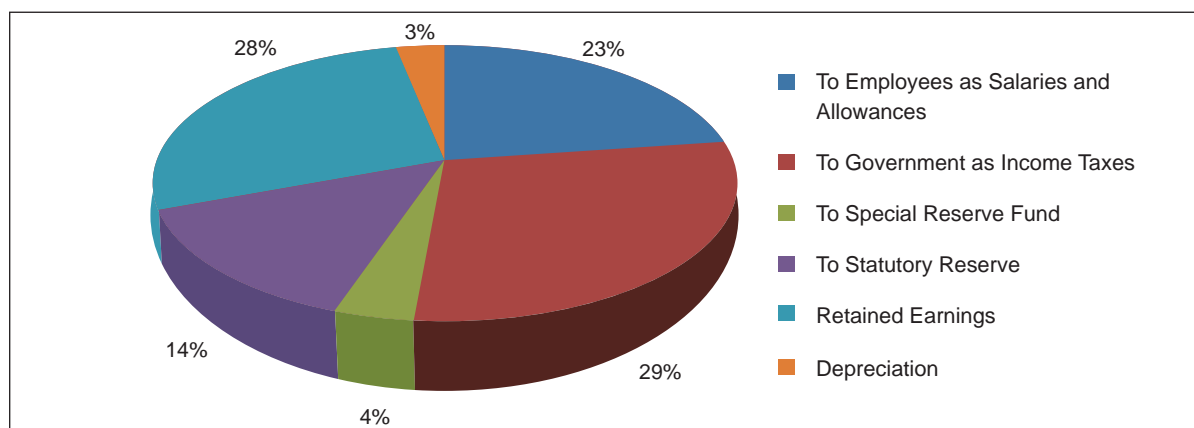
Taka in Million

Particulars	2011		2010		Growth %
	Taka	%	Taka	%	
Income from Banking Services	8,446.94		6,857.00		23%
Less: Cost of Services and Supplies	5,952.33		3,674.12		62%
Add: Deferred Tax Income	12.01		9.41		28%
Value added by Banking services	2,506.62		3,192.29		-21%
Less: Provision for Loan Loss and other Provisions	256.38		137.30		87%
Total Value Added	2,250.24		3,054.99		-26%
Distribution of Added Value					
To Employees as Salaries and Allowances	751.79	33%	694.65	23%	8%
To Government as Income Taxes	700.00	31%	875.00	29%	-20%
To Special Reserve Fund	80.00	4%	115.60	4%	-31%
To Statutory Reserve	260.84	12%	428.07	14%	-39%
	1,792.63	80%	2,113.32	69%	-15%
Retained Earnings	355.37	16%	846.70	28%	-58%
Depreciation	102.24	5%	94.97	3%	8%
To Expansion & Growth	457.61	20%	941.67	31%	-51%
Total Distribution of Added Value	2,250.24	100%	3,054.99	100%	-26%

Distribution of Added Value 2011:



Distribution of Added Value 2010:



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	2011	2010
Shareholders' Equity	5,526.76	5,025.36
Add: Provision for loan loss and other provisions	1,355.00	1,098.62
Total Invested Fund by Shareholders	6,881.76	6,123.98
Average Shareholders' Equity	6,502.87	5,420.09
Net Profit after taxation	616.21	1,274.78
Add: Provision for loan loss and other provisions	256.38	137.30
Less: Loan written off	-	-
Earning for the year	872.59	1,412.08
Cost of Equity (Based on weighted average rate of Sanchaya Patra issued by Bangladesh Govt. plus 2% risk premium)	12.00%	12.26%
Cost of Average Equity	780.34	664.50
Economic Value Added	92.25	747.58

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	2011	2010
Total market value of the equity	11,416.24	9,725.81
Less: Total book value of the equity	2,661.13	2,217.61
Market Value Added	8,755.11	7,508.20

Directors' Report

Dear Shareholders

The Board of Directors has the privilege of welcoming you to the 13th Annual General Meeting of Trust Bank Limited. The Directors take immense pleasure in presenting the Directors' Report, along with the audited financial statements of the Bank for the year ended on 31 December 2011 and the Auditors' Report thereon for your consideration and approval.





External Environment Review

Bangladesh Economy

Gross Domestic Product

In FY2011, Bangladesh achieved GDP growth of 6.66% which was 6.07% & 5.74% in the FY2010 & FY2009 respectively. The preliminary estimate of GDP growth was 6.7%. Higher growth of GDP was achieved due to growth of 4.96% in Agriculture, 8.16% in Industry and 6.63% in Service Sector. This higher growth contributed increment of per capita GNI & GDP of USD818 & USD755 which was USD751 & USD687 respectively. The government's projected growth of 7.00% in FY2012 faces downside risk as political turmoil continues in North Africa & Middle East which may push petroleum prices even higher and causing inflationary pressure in the global economy. The World Bank [WB] in its Global Economic Prospects 2012 projected GDP growth of 6.00% in FY2012 which is 1.00% below the government's target of achieving 7.00%. Bangladesh Bank's projection for the same period is 6.50% to 7.00%.

Agriculture Sector

Our agriculture sector performed as expected due to adequate subsidy by the government, continual electricity supply for irrigation, higher disbursement of agricultural loan, innovation of seeds capable to fight water salinity & adverse climate and development of the supportive area of agriculture sector. As per the provisional estimate of Bangladesh Bureau of Statistics, agriculture sector grew at 4.96% in FY2011. Data for the first half of FY2012 on agricultural output (e.g. the Aus rice crop is 9% higher than last year and bumper wheat production is expected) suggest an overall robust growth outlook.



The honorable Chairman delivering speech at Managers' Conference

Industry Sector

Industry sector was facing difficulty due to power crisis which was soothed partially in FY2011 as Quick Rental Power supply was in operation and provided much needed electricity in the national grid. Industrial sector achieved growth of 8.16% in FY2011 which was 6.49% in FY2010. Specially, manufacturing sector achieved substantial growth.

Services Sector

Growth in the services sector increased to 6.6 percent in FY2011 from 6.5 percent in FY2010, with strong growth in different sub-sectors such as wholesale and retail trade, transport, storage and communication, public administration and defense, education, health and social works. However, the growth in the financial intermediations sub-sector declined and in real estate, renting and business activities remained unchanged in FY2011 compared to FY2010.

Inflation

As per the report of Ministry of Finance, year on year average rate of inflation was 8.0% [estimated], 7.3% & 6.7% in the FY2011, FY2010 & FY2009 respectively. According to Bangladesh Bank, Monetary Policy Statement [MPS] for Jan-June 2012, inflation, averaging 10.7% in December 2011, is higher than the 7.5% average projected in the 2011/12 Budget speech. This is due to a number of factors including the lagged transmission of higher global food prices, high domestic credit growth in FY2011 and recent upward adjustments in energy and petroleum prices. In recent months overall (point to point) inflation has declined from a peak of 11.97% in September to 10.63% in December. Non-food inflation is a major challenge and increase is – partly due to energy and petroleum price

adjustments. Considering the reversal from price hike of agricultural commodities in international market for consecutive eight months till March 2011 and bumper production of Boro in FY2012, it is expected that inflationary pressure will slow down in coming months.

Savings & Investment

In FY2011 national savings is 19.59% of GDP as compared to 20.10% in FY2010. On the other hand, investment registered growth of 24.73% where private sector contributed 19.46% and public sector 5.28%. Though investment in power and other infrastructure contributed higher investment, national savings declined in FY2011 to 28.40% of GDP as compared to 30.02% in the previous year as remittance growth slowed.

Export

As the Global Economic Meltdown deepened and demand plummeted in global market, our export declined from second half of FY2009. This downturn continued till first half of FY2010 which registered 6.26% reduction in export. But the export sector turned around in FY2010 contributing growth of 14.39% in January-June of FY2010. In FY2010 our export figure stands at USD16,204.65 Million which is 4.11% more than last year. Overall export growth in first 10 months of FY2011 is staggering 40.88% higher which amounts USD18,243.28 Million. Exporters of readymade garments, which account for nearly 80% of the country's total overseas sales, attributed the blistering growth in value in FY2011 to a dramatic hike in raw materials [cotton and yarn] prices and exchange rate fluctuation. From 2011, our export of readymade garments to the European Union [EU] is expected to rise as EU relaxed the Rules of Origin under Generalized System of Preference [GSP]. Government projected 38% export growth in FY2012.

Import

For the period of first three quarters of current FY2011, import payment soared to USD24,168.2 Million which is 40.59% higher than last year. This increase cost of import is due to rise of capital machinery for power plant, industrial inputs as well as increasing prices of food grains. Fuel prices in international markets also push this import prices higher. In spite of that, we see that out of total import, 69.76% growth achieved in Capital Machinery and 66.43% in industrial input prices which bears a positive sign. As per government estimate import growth will be 45% in FY2012.

Remittance

The first time ever in Bangladesh inward remittance crossed USD10 Billion in FY2010. Total amount of inward remittance amounting USD10,987.40 Million registering growth of 13.4% than FY2009. But till April 2011, remittance growth was 4.3% than last year. This downturn was due to global recession and political & economic crisis in Middle East. Though global economic activities showed signs of recovery from recession but recent political turmoil in North Africa and its spillover impact on Middle East slowed the export of manpower from Bangladesh. After years of abandonment, Saudi Arabia resumed to allow Bangladeshi job seekers to enter their labor market. In first ten months of FY2011, total number of job seekers went abroad was 342,000 which is 4.83% less than earlier fiscal. Government estimated 5.00% growth of remittance in FY2012.

Domestic Credit

In FY2011 domestic credit grew 28.4% which was 17.6% in FY2010. This is due to government borrowing to finance import of petroleum. Credit to public sector including Government soared to 39.9% as compared to previous year. In contrast private sector witnessed credit growth of 25.8% in FY2011.

According to Bangladesh Bank, the fiscal stance is supportive of the government's growth strategy but the sharp decline in foreign aid, a rising subsidy bill and low levels of non-bank borrowing, has led to rapid growth of borrowing from the banking sector, including Bangladesh Bank. Liquidity management focused largely on the Primary Dealer banks which had to absorb a larger amount of Treasury bills/bonds than they had anticipated due to higher levels of Government borrowing from the banking sector. The extent of crowding out is limited by the fact that the weight of government borrowing in total domestic credit remains around 20% though clearly more limited government borrowing from the banking sector would free up more room for private sector credit growth.

Banking Sector in 2011

Cash Reserve Ratio (CRR)

Cash Reserve Ratio (CRR) for the scheduled banks with Bangladesh Bank remained same at 6 percent of total demand and time liabilities since December 15, 2010. Banks are now required to maintain CRR daily at the rate of 6 percent on average on bi-weekly basis, provided that CRR would not be less than 5.5 percent 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.) remain same at 19 percent for their total demand and time liabilities, excluding inter-bank items, since 15 December 2010. SLR for the Islamic Banks remained unchanged at 10 percent.

Non-Performing Loan (NPL)

The most important indicators 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 total loans. Foreign Commercial Banks (FCBs) have the lowest and Development finance institutions (DFIs) i.e., Specialized Banks have the highest ratio of gross NPLs to total loans. The gross NPLs to the total loans of the State-owned Commercial Banks (SCBs), Private Commercial Banks (PCBs), Foreign Commercial Banks (FCBs) and Development Finance Institutions (DFIs) i.e., Specialized Banks were recorded as 14.1%, 3.5%, 3.1% and 21.8% respectively at the end of FY 2011. The ratio of NPL to total loans of all banks shows an encouraging trend since its decline from the peak (34.9 percent) in 2011. The ratio ended up 7.1% at the end of FY 2011.

Repo Rates Revised Upward

Bangladesh Bank (BB) has once again used interest rates of repurchase agreement (repo) and reverse repo as a tool to curtail credits in order to rein in inflation. Revising both the rates upwards by 0.5 points it set the new repo and reverse repo rate at 6.75% and 4.75% respectively. In last few months BB adjusted these rates thrice. On 27 April 2011 BB fixed repo rate at 6.25% and reverse repo rate at 4.25%. It took some other measures like removing lending caps and injecting Dollars in the money market with the same intention.

Uniform Face Value from December 2011

The Securities & Exchange Commission (SEC) decided to fix Tk 10 uniform face value for all the listed scripts of companies and mutual funds. The decision came as a lesson learnt from the recent stock market scam where some of the alleged manipulations were centered on stock-split i.e. face value conversion. It came to effect in the first week of December 2011. The move is expected to stabilize the volatile capital market and also will lessen investors' confusions over dissimilar share prices. The regulatory body expects that the move will reduce speculations and protect gullible investors. If on time conversion is not confirmed trading of that defaulted stock or mutual fund will be suspended with immediate effect, asserted the SEC.

Activities of Trust Bank Limited

Business Operation and Strategy

Our Business Focus

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 Trusted & Development Partner

We look after our every client to make him/her a development partner through addressing their 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.

Corporate Branding

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, fairs and exhibitions related to banking products.

Cluster Management

Cluster Management is considered as new and highly efficient forms of innovation support providers that provide and channel specialized and customized business support services to enterprises. Our high quality cluster management is important to ensure cluster excellence in the Bank and efficient cluster Managers act as a driving force for clusters. Their performance is very much linked to the professional expertise and the capability of cluster managers, who dispose of good cluster insight necessary for an efficient support to cluster members.

There are eight clusters in our Bank. Cluster Managers of those clusters do the following:

- Faster time to cluster readiness
- Manage clusters with unprecedented ease
- Perform risk-free upgrades
- Simplify administration

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 operates. The personal conduct of the staff is driven by high ethical standards. The Bank furthermore places great emphasis on safe-guarding 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.

Retail Banking has already focused on Socially Desirable products and launched a variety of Innovative Deposit Products in 2011 and previous years as well.

Trust Bank had intentionally targeted women and children while developing their products. Traditionally in our country women are more incline to savings habit, so if we can provide them with lucrative features in savings product it will certainly help them to save more. On the other hand it's very important for the children to familiarize them with the savings habit from the beginning. So when they will grow up they can quickly replicate their good habit in large scale which will eventually help to increase our national savings rate.

The following products were designed considering the socio-economic benefits for the targeted customer segments:

Trust Sristi: An Interest Bearing Deposit Account for Female customers with attractive Insurance Coverage.

Trust Privilege: A Deposit Account for Children (Minors) of Trust Sristi account holders with very attractive Rate of Interest

Trust Assurance Deposit Scheme: DPS of Convenient Tenors with attractive Rate of Interest and Insurance Coverage

Trust Parua: Saving Account for Students with lots of attractive features (such as no Maintenance Fee, Debit Card facility etc.) to promote school banking.

Trust Jhinuk: Very convenient & flexible DPS facility for the students.

Branch Expansion

In line with the approved branch expansion plan, we opened 10 new branches in the year 2011 in different strategic points throughout the country. At the end of year 2011, the total number of branches stood at 69 (s) which includes 07 SME/Krishi branches & Service centers. Besides the urban growth centers, the bank established its branches at the rural areas of the country which also testifies our commitment for financial inclusion as well as the development of rural economy of Bangladesh. It is mentionable that, now Trust bank has its branches at all the 03 hill districts of Chittagong to bring the tribal and unbanked people under banking umbrella. The year 2011 saw opening of new branches, massive renovation and shifting of old branches to better locations.

The expansion of computerized branches and technology-based services are solid indicator 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 all tiers of trade and commerce.

As a part of our expansion program we have plan to open 10 (ten) more branches this year. With this growth pattern, our network is expected to be extended to 79 including SME service centers and Krishi branches at the end of 2012.

Financial Performance Review

Summary

The Bank earned Consolidated Operating Income of Tk. 3,802.19 million for the year 2011 as compared to Tk. 3,770.04 million in the immediate preceding year, registering a growth of 0.86%. After keeping Tk. 303.84 million as provision against classified and unclassified Loans and Advances, diminution in the value of Investment, Off-Balance Sheet exposure and other assets, pre-tax profit stood at Tk. 1,902.86 million though market was extremely volatile during the year 2011 whereas net profit after tax stood at Tk. 933.44 million.

Interest Income

Trust Bank earned Consolidated Interest Income plus Profit on Islamic Banking Investment for Tk. 6,768.02 million during the year 2011 as against Tk. 4,737.24 in 2010 registering a growth of 42.87% or Tk. 2,030.78 million. The healthy growth in Interest Income came as a result of maintenance of sound portfolio, high yielding loan products, proper management of placement fund and efficient utilization of fund.

Interest Expenses

Consolidated Interest and Profit paid on Deposits and Borrowings measured at Tk. 5,389.78 million as against Tk. 3,211.61 million in 2010 showing a rise by 68%. This year Interest Expenses increased due to high interest rate of deposits in the competitive market and increase in deposits amount. Significant Interest was paid on Fixed Deposit Receipts (FDR) during the year 2011.

Net Interest Income

The Consolidated Net Interest Income showed Tk. 1,378.25 million as against Tk. 1,525.63 million in the preceding year. During the year, Net Interest Income decreased by Tk. 147.38 million representing a negative growth of 10% due to high deposit rate in the market during the year 2011.

Income from Investment

In the year 2011, Consolidated Income from Investment was Tk. 1,374.61 million where as it was Tk. 963.81 million in the year 2010. Major contribution, almost 64% came from Treasury Bonds, gain from sale of shares more than 20% and 7.36% came from Income from Debentures and Bonds. Income from Investment under Islamic Banking was Tk. 8.69 million in the year 2011 where as it was Tk. 88.23 million in the year 2010.

Non-Interest Income

The Non-Interest Income consists of the commission, exchange and other operating income of the Bank. Consolidated Non-Interest Income of the Bank was Tk. 1,049.33 million in 2011 where as it was Tk. 1,280.6 million in 2010 and main reasons of decreasing the same was dramatic downturn in the capital market. Commission, Exchange and Brokerage Fees increased by Tk. 140.97 million showing a growth of almost 30% during the year 2011.

Total Operating Expenses

Consolidated Operating Expenses excluding contribution to Special Reserve Fund increased by 14.33% during the year mainly due to increase in number of branches and Salary & Allowances which was triggered by promotion and recruitment. Total Consolidated Operating Expenses shown in Profit and Loss account was amounting to Tk. 1,595.50 million in 2011 compared to Tk. 1,395.46 million in the previous year.

Salary & allowances constituted 49% of total of Operating Expenses in 2011 and there was 12.89% increase in Salary & Allowances in the year 2011 compared to the year 2010.

Though Consolidated Operating Income increased by Tk. 32.15 million but Consolidated Net Profit before Provision & Tax decreased due to increase in Rent, Rates, Insurance, Postages, Stationary & Telecommunications expenses as high rate of inflation in the economy in the year 2011.

Income Mix and Growth

Particulars	Taka in million		Growth
	2011	2010	%
Interest Income	6,768.02	4,737.24	42.87%
Interest Expense	5,389.78	3,211.61	67.82%
Net Interest Income	1,378.25	1,525.63	(9.66%)
Investment Income	1,374.61	963.81	42.62%
Non Interest Income	1,049.34	1,280.60	(18.06%)
Total Operating Income	3,802.19	3,770.04	0.85%
Total Operating Expenses (Excluding Contribution To Special Reserve Fund)	1,515.50	1,279.86	18.41%
Profit Before Provision	2,206.70	2,374.57	(7.07%)
Provisions for loans And Advances (including Off-balance sheet exposures and other assets) and diminution in the Value of Investment	303.84	178.20	70.51%
Contribution to Special Reserve Fund	80.0	115.60	(30.80%)
Profit Before Taxes	1,902.86	2,196.37	(13.36%)
Provision for Taxation (Current & Deferred)	969.42	901.93	7.48%
Net Profit After Taxation	933.44	1,294.43	(27.89%)

Profit before Provision

Consolidated Operating Profit before Provision was Tk. 2,286.7 million in the year 2011 where as it was Tk. 2,490.18 million in the year 2010 before considering contribution to Special Reserve Fund. After accounting for contribution to Special Reserve Fund of Tk. 80.00 million in 2011 and 115.60 million in 2010, operating profit stood at Tk. 2,206.70 million in 2011 compared to Tk. 2,374.57 million in 2010.

Provision for Loans and Off-Balance Sheet Exposure

During the year 2011, specific provision for classified loans and advances was Tk. 229.26 million compared to Tk. 94.42 million in the year 2010 and increased by Tk. 142.33 million due to economic condition in the country and increase in 1% general provision for unclassified loans. Provision for Diminution in value of Investment also increased by 58.85 million due to downturn in the capital market. Provision for unclassified loan is considered a part of Tier-II Capital of the Bank.

Profit before Taxes

After making above provision, Consolidated Net Profit before Tax of the Bank stood at Tk. 1,902.86 million compared to Tk. 2,196.37 million in 2010. In this downturn our interest income growth was 42.87% from 2010 but the interest expense also increased at 67.82% which reduced our net interest income.

Provision for Income Tax

Consolidated Provision for Income Tax for the current year stood at Tk. 981.43 million against Tk. 911.34 million in 2010. However, net provision for Income Tax was Tk. 969.42 million after accounting for Deferred Tax of Tk. 12.00 million in 2011.

Net Profit after Tax

Consolidated Net Profit after Tax stood at Tk. 933.44 million in the year 2011 from Tk. 1,294.43 million in the year 2010 and Earnings per Share (after split) was Tk. 3.51 in the year 2011.

Dividend

The Board of Directors of the Bank recommended 20% stock dividend considering the results achieved in the year 2011 and to enhance the capital base of the bank required for future business growth.

Financial Position Review

Summary

Despite various external challenges, Bank's overall businesses grew significantly in 2011 over that of 2010. Deposits of the Bank increased by almost 31% and stood at Tk. 65,930.04 million at the end of year 2011. Consolidated Loans and Advances increased by almost 27.58% and stood at Tk. 54,552.66 million at the end of the year 2011 compared to year 2010. Balance with Other Banks and Financial Institution increased significantly by Tk. 3,109.54 million showing growth of 421.12% compared to year 2010.

Total Assets

Consolidated Assets of the Bank stood at Tk. 77,036.02 million in 2011 as against Tk. 58,360.67 million in 2010 registering a growth of 32%. Increase in Assets was mainly driven by significant growth of customer's deposits. The growth of deposits was used for funding growth in credit and investment. Loans and Advances constituted 70.81% of total assets while investment in government and other instruments held 12.55% of the total assets. Balance with other banks and financial institutions held at 5% of total assets. Bank's also invested in the placement for Tk. 1,440.00 million showing 1.87% of total assets. Moreover, other assets which are very current in nature made up 1.81% of total assets leaving only 0.57% of total assets tied up in fixed assets including premises, furniture and fixtures. The above common size analysis showed that almost 92.60% of total assets of the Bank are utilized in different earning assets leaving 7.40% 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 %	Assets Mix %	
	2011	2010		2011	2010
Cash in Hand & Balance with BB and its	5,699.05	4,641.50	22.79%	7.40%	7.95%
Agents (including foreign currencies)					
Balance with other Banks & FI	3,847.94	738.40	421.12%	5.0%	1.27%
Money at Call & Short Notice	1,440.00	nil			
Investments	9,665.34	8,559.94	12.92%	12.55%	14.67%
Loans & Advances	54,552.66	42,760.43	27.58%	70.81%	73.27%
Fixed Assets	439.65	431.00	2.00%	0.57%	0.74%
Other Assets	1,391.41	1,229.40	13.18%	1.81%	2.11%
Total Assets	77,036.02	58,360.67	32.00%	100%	100%

Cash in Hand and Balance with Bangladesh Bank & its Agent Banks including Foreign Currencies

As at 31 December 2011, Consolidated Cash in Hand and Balance with Bangladesh Bank & its agent banks (including foreign currencies) stood at 5699.05 million as against Tk. 4,641.50 Million of 2010 registering a growth by Tk. 1,057.55 Million or 22.78 %. 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 7.40% of the total assets in the year 2011.

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 2011, Consolidated balance outstanding with other banks and financial institutions significantly increased to Tk. 3,847.93 million showing growth of 421.12% as compared to Tk. 738.4 million at the end of 2010.

Investments

At the end of year 2011, Bank's investments stood at Tk. 9,665.34 million showing an increase by 12.92% as compared to that of 2010. The reason for increase was attributable to investment in treasury bonds at maturity and investment in ordinary shares in other companies. Out of total investments, Tk. 7,724.01 million was invested in government securities and the rest amount i.e. Tk. 1,930.67 million was invested in ordinary and preference shares of different listed and unlisted companies.

Loans and Advances

Consolidated Loans and Advances of the Bank as on 31 December 2011 was Tk. 54,552.66 million as against Tk. 42,760.43 million in the year 2010, showing an increase by almost 27.58% 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 & 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. Consolidated balance of liabilities of the Bank stood at Tk. 71,132.06 million at the end of year 2011 as against Tk. 53,315.65 million in 2010, representing a rise of 33.41%. Deposits constituted 92.69% of total liabilities of the Bank.

Summary of Liabilities and Capital:

Particulars	Taka in Million		Growth %	Liabilities Mix	
	2011	2010		2011	2010
Liabilities:					
Borrowing from other Banks & Financial Institutions	2,350.05	460.24	410.61%	3.05%	0.79%
Deposits and Other Accounts	65,930.04	50,357.90	30.93%	85.59%	86.29%
Other Liabilities	2,892.28	2,497.50	14.20%	3.75%	4.28%
Total Liabilities/Non Owner's Claims on Total Assets	71,172.38	53,315.65	33.41%	92.39%	91.36%
Capital/Shareholder's Equity					
Paid Up Capital	2,661.13	2,217.61	20.00%	3.46%	3.41%
Statutory Reserve	1,827.24	1,566.40	16.65%	2.37%	2.10%
Other Reserve & Share Premium	3.48	118.28	(97.06%)	0.00%	0.56%
Retained Earnings	1,371.80	1,142.73	20.04%	1.78%	0.86%
Total Shareholder's Equity/Owner's Claims on the Total Assets	5,863.65	5,045.02	17.02%	7.61%	6.93%
Total Liabilities & Shareholder's Equity	77,036.03	58,360.67	32%	100%	100%

Deposit Portfolio

In the year 2011, Consolidated Deposits of the Bank shot up by 30.93 % to Tk. 65,930.04 million from Tk. 50,537.90 million as recorded in the year 2010. The combination of competitive interest rates, depositor's 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 63.41% total deposits. The Bank's deposits include the deposits from both conventional and Islamic banking deposit vehicle.

Type of Deposits	Taka in Million		Growth %	Deposit Mix	
	2011	2010		2011	2010
Current and Other Deposits	8,293.87	6,247.06	32.77%	12.58%	12.41%
Bills Payable	555.77	656.01	(15.28%)	0.84%	1.30%
Savings Bank Deposits	5,822.76	5,336.19	9.12%	8.83%	10.60%
Fixed Deposits	41,806.24	29,628.95	41.19%	63.41%	58.84%
Short Term Deposits	4,089.51	4,716.28	(13.29%)	6.21%	9.37%
Special Deposit Scheme	5,386.02	3,773.41	42.74%	8.17%	7.49%
Total	65,930.04	50,357.90	30.93%	100%	100%

Borrowing from Other Banks, Financial Institutions and Agents

Borrowing represents the Long Term Borrowings from Unsecured Subordinated Non-Convertible Bond. The balance stood at Tk. 2,350.05 million at the end of year as against Tk. 460.24 million in 2010. The Bank has no call money balance at the end of 2011.

Shareholder's Equity

Total Consolidated Shareholder's Equity increased by 17.02% and stood at Tk. 5,863.65 million at the end of year 2011 as against Tk. 5,045.02 million in the year 2010. The increase was mainly attributed to the issue of bonus shares of Tk. 443.52 million, increase of Tk. 261.36 million in Statutory Reserve and Retained Earnings for Tk. 268.86 million respectively in year 2011. However, Other Reserve dropped by Tk. 114.81 million in the year 2011.

Particulars	Taka in Million		Change %
	2011	2010	
Paid up Capital	2,661.13	2,217.61	20.00%
Statutory Reserve	1,827.25	1,566.40	17.00%
Other Reserve	3.48	118.28	(97.00%)
Retained Earnings	1,371.81	1,142.72	20.04%

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 the year 2011, 20% of Profit before Tax amounting to Tk. 260.84 million was transferred to Statutory Reserve and thus balance of Statutory Reserve stood at Tk. 1,827.25 million at the end of year 2011. The larger amount was transferred in order to meet regulatory capital requirement within the deadline set by Bangladesh Bank.

Asset Quality

Trust Bank Limited has 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 slightly increases from 2.41% to 3.02% during the year 2011. 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, managing and mitigating risk associated with lending.

Unclassified Loans	Taka in Million		Change (%)
	31-12-2011	31-12-2010	
Standard	48,790.88	38,193.38	27.75%
SMA	476.56	646.53	(26.29%)
Classified Loans	1,534.31	960.02	59.82%
Sub-Standard	511.78	139.51	266.85%
Doubtful	383.82	203.42	88.68%
Bad/Loss	638.73	617.096	3.51%
Total Loans	50,801.75	39,799.93	27.64%
NPL%	3.02%	2.41%	25.31%

Recovery of Classified Loan & Advances

Bank's good health means less classified loans. So, intensive efforts both formal and informal have to be always in force for recovery of past due and classified loans & advances round the years. Regular initiatives and efforts like instant follow-up, client persuasions, legal measure etc. were sustained over the year for recovery of classified loans and to keep the loans standard. With all efforts classified loans and advances of BDT 908.95 million is recovered in 2011 which was BDT 530.50 million in 2010, marking a growth of 71.34% over the year. On the other side, seven Lawsuits have been settled through the court with recovery of NPL amounting BDT 175.10 million and 19 nos. new cases have also been filed as eventual step for recovery of classified loans and advances.

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 the 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 Consolidated Core Capital Ratio (Tier – I) was 8.03% of total Risk Weighted Assets at the end of the year 2011. Core Capital represents the Paid Up capital, Minority Interest, Statutory Reserve and Retained Earnings. As on 31 December 2011, our Consolidated Core Capital stood at Tk. 5,860.18 million against Tk. 4,926.74 million in 2010. The Core Capital constituted 68% of total Capital while Paid up Capital constituted almost 45% of total Shareholder's 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 2011, our Consolidated Supplementary Capital stood at Tk. 2,777.22 million as against Tk. 878.20 million in 2010.

Total Regulatory Capital

At the end of 2011, Consolidated Regulatory Capital stood at Tk. 8,637.40 million against Tk. 5,804.94 million in 2010 registering a growth of almost 49% over the preceding year. And Consolidated Capital Adequacy Ratios were 11.84% and 9.06% of Total Risk Weighted Assets in 2011 and 2010 respectively against the Regulatory requirement of 10% and 9% respectively.

Credit Rating

Credit Rating Agency of Bangladesh (CRAB) reaffirmed Long Term Credit Rating of the Bank at AA₃ in 2011 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 AA₃ indicates very high investment grade and Short Term Rating ST-2 indicates high certainty of timely payment of financial obligations.

SME Financing

The significance of SME's is very important when it comes to efficient and pro-poor growth in labor-surplus economies. Due to many favorable attributes, SME tend to self – select themselves into lines of business with low average size of enterprise, greater intensity of labor and smaller degrees of risk. Considering all positive indicators, SME is universally recognized as engine of economic growth. 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 innumerable income generation especially in semi-urban and rural areas. As such, the Bank is moving forward to SME customer segment with market approach to meet the demand & considering the business potentials and return on investment. The business expansion and monitoring is carried out throughout its 69 country wide branches and 7 SME/ Krishi Branch/service centers dedicated to full-fledged SME business.

Trust Bank has launched different products and marketing these products matching with the customer need. 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:

'Trust - Muldhon' Loan for shopkeepers and Traders

'Trust - Projukti' Loan for light engineering,

'Trust – Bunon' Loan for power loom and handloom and other allied industries,

'Trust – Shufola' Loan for Bio-gas, Solar panel, Livestock, Fisheries & Agro-processing units,

Loan for Agri-business,

'Trust - Ekota' Group Loan with Cluster approach,

Loan for Women Entrepreneurs,

Entrepreneurship loan for Retirees,

Peak seasons loan,

SME (others)

During 2011, Trust Bank's strategy was focused on marketing the products to wide range of customers through branches network and outsourcing agent for financing manufacturers, traders, Agri and Bio-gas sector to meet the requirement of business plan, rural energy and ultimately for the expansion of SME portfolio. Banks exposure is thus well diversified to different sectors viz. power loom, Handloom, light engineering, handicrafts, Nakshi kantha, Garments accessories, Bio-gas, Fisheries, Poultry and other agri-business and the portfolio stands at TK. 2,716.00 million resulting growth of 49.64%. Disbursement for the year was TK. 2,340.00 million against the target of TK.1,500.00 million. Trust – Shufola covered 510 farm families for Bio-gas plant which produces 2448 cubic metre gas and 20,400 kg. slurry as organic fertilizer.

This extension of SME financing has created the employment opportunity for approx. 15,000 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 its positive growth.

Retail Banking

Retail Banking Unit touched significant milestone in terms of business diversification, product development, process reengineering and marketing initiatives. The journey of Trust Retail began in the year 2006, which took a very positive turn in the year 2010. As a continuous part of the success, made in 2010, it retained its consistency in 2011 as well.

The unit has been working to build capacity in terms of technology, human resources, and business processes since 2010. A good number of deposit products were developed for the targeted segments in 2011. Trust Payroll Launched in this year and has been working towards a commitment of relationship building with different organizations. A large number of Contractual Direct Sales Associates (DSA) was recruited giving more focus on providing door to door service. These Direct Sales Associates are also working as ambassadors to build the Brand Image of Trust Bank Ltd. Enormous Training programs were conducted throughout the country on all Retail Banking products (new & existing) and services in 2011. To increase low cost deposit & bank's visibility an extensive attention was given to the publicity of Deposit Products through Print Media & Electronic Media.

In year 2011, Retail Banking Introduced Service Quality Guideline along with its Theme & Slogan, to provide & maintain a Unique & standard Service Quality towards our valued customers. Attractive Deposit Campaign 'Deposit Utshob' was organized by the participation of all TBL employees and huge success was made by achieving the Target of the campaign. Trust Payroll made a significant growth in terms of MOU signing with different reputed Organizations. Retail Banking participated in several Fair / exhibition to display different Retail Deposit & Loan Products to the targeted segments at RAJUK Uttara Model College, Dhaka; BNCC Headquarter at Baipail, Savar; Bangabandhu Sheikh Mujib Novo Theatre, Notre Dame College, Dhaka; Home Economics College, Dhaka etc.



Inauguration ceremony on Speed, Accuracy and Compliance

New Initiatives in Retail Deposit

Several initiatives were taken in the Deposit side considering the feedback from Customers, TBL Branches and Market scenario. Some of the major initiatives are:

- **Trust Unfixed Deposit**
A new Deposit Account was introduced that offers high flexibility and convenience for the customers with lots of attractive features
- **Trust Payroll**
A good number of Employee Salary Accounts were opened under Payroll agreement with several renowned Large & Local Corporate Houses & organizations

- **Student File**
Student File was equipped with the development of Policy, Procedure & Requirements
- **Trust Loyalty Programs**
Loyalty Program was launched for the TBL customers to receive additional benefits (such as discount & other attractive offers) offered by several consumer outlets/ franchise (restaurants, shop etc.)
- **'Deposit Utshob'**
An internal Campaign was organized named, 'Deposit Utshob' for fund mobilization. TBL employees significantly contributed to this campaign and successfully achieved the Campaign Target.
Total exposure in Retail Deposit Portfolio is BDT 56 Billion (approx.) as of 31 December 2011 that is 123% growth from the previous year

Retail Deposit Growth Rate

Year	2009	2010	2011
Year – end Deposit Balance	42.75 Billion	45.26 Billion	55.99 Billion



Shah A Sarwar, Managing Director & CEO of Trust Bank Limited visited Spain, Italy and United Kingdom for enhancing remittance inflow through Trust Bank. In the picture, Mr Sarwar addressing a meet the press in UK where Ms Roshnara Ali, MP is seen, among others

New Initiatives in Retail Loan

A good number of features were added to most of the popular Retail Loans for both Defence and General customers. The major Changes/updates are:

- **Retail Banking Credit Policy Manual**
Retail Banking Credit Policy Manual was developed to ensure more compliant and uniformed Credit Guideline & Process
- **Central Collection Department**
Central Collection Department was formed at HO to complete the collection activities with the defaulter Retail loan customers & to reduce the delinquency rate
- **Loan Against Salary**
'Advance against Salary' (an unsecured Loan for Salaried Executives) was converted to 'Loan against Salary' with many attractive features

- **Personal Loan**

“Personal Loan” (an unsecured Loan for targeted segments) was introduced with many attractive features.

Total exposure in Retail Loan Portfolio is Approx. **BDT 8.21 Billion** (without General SOD) & BDT 15.68 Billion (with General SOD) as of 31 December 2011.

Retail Loan Growth Rate

Year	2009	2010	2011
Year-end Loan Outstanding	2.97 Billions	6.82 Billions	8.21 Billions

At present RBU offers the following products & full-fledged services to meet the demands and needs of targeted customer segments.

Product Services

Retail Deposit Products

- Savings Accounts: Savings Bank Account, Trust Porua Account, Trust Sristi Account, Trust Privilege Account, Trust Unfixed Deposit, Trust Payroll
- Current Account: Current Deposit Account, Defence Personnel Salary Account (DPSA)
- Deposit Scheme Account: Trust Assurance Deposit Scheme (TADS), Trust Maxmill, Trust Echo, Trust Jhinuk, Trust Smart Savers Scheme (TSSS), Lakhopoti Saving Scheme, Trust Money Making Scheme, Trust Money Double Scheme (TMDS), Trust Kotpoti Scheme
- Fixed Deposit Receipt (FDR) with several convenient Tenors
- Student File
- Trust Mobile Money

Retail Loan Products

- Unsecured Loan: Personal Loan, Loan Against Salary, Education Loan, Doctor's Loan, Trust Digital Loan, Any Purpose Loan for Defence Officers, Motor Cycle Loan for Defence Personnel, Marriage Loan for Defence Personnel, House Hold Durable Loan for Defence Officers, CNG Conversion Loan for Defence Officers, OD Against Salary for Defence Officers, RRDH for JCO's and Others
- Secured Loan: Car Loan, Apon Nibash Loan (House Finance), HBL against Registered Mortgage for Defence Officers, Army Officers Housing Loan Scheme, Trust Thikana- Home Loan, Loan against Commutation Benefits for Defence Personnel

Credit Cards

- Credit Card Local: VISA Classic and VISA Gold
- Credit Card Dual (Local & International): VISA Classic and VISA Gold

Debit Cards

- Debit Card Local: VISA Electron
- Prepaid Card Dual: VISA Prepaid
- Proprietary Card Local: Q-Cash Digital salary Card

Service Quality

Quality of Service is one of the most vital elements for any business organization in the present day. It also indicates the focus area & views of the organization. That is why, for any customer oriented organization, the first priority should be given to the Service area in order to sustain the long term business growth and to accomplish the mission of the organization successfully.

In course of time, the expectations of customers have been changed widely. In Trust Bank, we sincerely honor the demands and expectations of all existing & potential customers. On a Journey Towards Quality, Trust Bank Limited launched a Uniformed and International Standard Service Quality Guideline for all of its employees in September, 2011. Maximum focus is now given to Speed, Accuracy and Compliance to ensure Fast, Friendly and error free Services to the customers.

We are committed to move on with Continuous Improvement of this Journey towards Quality and to serve our customers with maximum priority & loyalty.

Islamic Banking Activities

Trust Islamic Banking (TIB) started its operation from later part of 2008 and strictly adheres to the principles of Islamic Banking. Though our bank is a conventional one, our Islamic Banking operation is characterized by Completely Separate Fund Management, Separate Profit & Loss Account and Distribution of Profit. 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) windows i.e TBL-Principal Branch, TBL-CDA Avenue 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 Sharia Supervisory Committee and Board of Directors of the Bank.



A scenario of the Shariah Council meeting of Islamic Banking Division of TBL

In 2011 we introduced new products i.e Guard against Substitute Cash Assistance (QSCA) and expecting a robust growth of business during the current year. Islamic Banking total deposit stands at Tk.2,080.58 million and investment at Tk. 1,355.60 million which shows business growth of 60% and 56% respectively in 2011 than that of 2010.

All functions of Trust Islamic Banking are operating according to the 'Guidelines for Islamic Banking' issued by 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 Bai-Murabaha, Bai-Muajjal, Bai-Salam, Musharaka and HPSM.

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 and Mobile 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.

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 & Mobile Banking are different 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:

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



A moment of mobile banking signing ceremony with Citycell. Mr. M Shah Alam Sarwar, Managing Director and other high officials of the respective organizations are also seen

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 and last few transactions (Mini Statement) using their mobile phones. Customers can also have SMS alert/notification for any financial transaction done on their account as well as activate their Debit / Credit Card through SMS. With SMS banking, convenience can be achieved 24 hours a day.

This service enables safe and easy operations:

1. Check-up of customer account balance – at request,
2. 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.



Training on branchless banking with mobile banking facilities

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. 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 around 25,000 customers availing this facility. Trust Bank has launched fund transfer facilities to the customers from their own accounts through Internet banking. Within this year customers of the bank will able to transfer their fund to each other. 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 and cash withdrawals. Computer controlled terminal is located on the premises of financial institutions or elsewhere, through which customers may withdraw their fund as they would through a bank teller. At present total number of ATMs are 75 as on 16 April 2012.

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 1,60,000 customers have debit cards as on 16 April 2012 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. Credit cards can now be used at shops & restaurants in Bangladesh and even internationally. Customers can also withdraw cash from ATM machines in Bangladesh and even internationally using these cards. Trust Bank has recently introduced SMS notification for monthly credit card statement and also for every transaction. The bank has issued approximately 4,000 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 more than 24 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.

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.



Gen Md Abdul Mubeen, ndc, psc, Chairman is seen conducting an event of opening Ceremoney of ATM booth at the Army Headquarters

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.

Defense Digital Salary

In line with the commitment of implementing Digital Bangladesh Trust Bank has taken a noteworthy step to automate the Defense Personal 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 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 services 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 Pay-Point
4. Local Remittance (P2P)
5. Payment at Point of Sale
 - i. At partner Merchant Stores
 - ii. At Partner Service Providers (hospital, cinema, parking, etc)
6. 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 Trust Mobile Money Account or new account would be opened for the service of electronic fund transfer. The electronic fund transfer would take place using Mobile Phones.

Using Mobile Phone

- To access to services hosted on the Mobile Banking platform, the user registers for mobile Banking services and chooses a preferred means of communication.
- Once registered as an authorized user and issued with a PIN, the user is ready to transact with mobile, sending requests over the mobile phone and receiving notifications when transactions are complete.

Trust Bank Investment Limited

Trust Bank Investment Limited (TBIL), 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 operations. 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. As a full-fledged merchant bank, TBIL is entitled to undertake all merchant banking activities viz, portfolio management, underwriting, issue management & corporate advisory services. TBIL is also providing different depository services to the TBL BO account holders as a custodian DP (Depository Participant) of CDBL.

The Capital Market of the country passed a challenging year in 2011 with the record fall of the DSE index followed by sharp decline of trade volume, formation of probe committee by the Govt., appointment of new members of SEC and actions from the regulators to save the investors as well strengthen the market. All the Merchant Bankers and Investors had to face a tough time in managing their portfolio due to the historic market correction during the year. As on 30 December 2010 the DSE General Index closed at 8,290 as against 5,258 as on 29 Dec 2011. The trade volume of DSE peaked at Tk. 32,495 mil in 2010 (as on 05 Dec 2010) as against average daily trade volume of Tk. 6,640 mil in 2011. In spite of these facts, TBIL has managed to keep its operation profitable and consolidated its position for future opportunities.

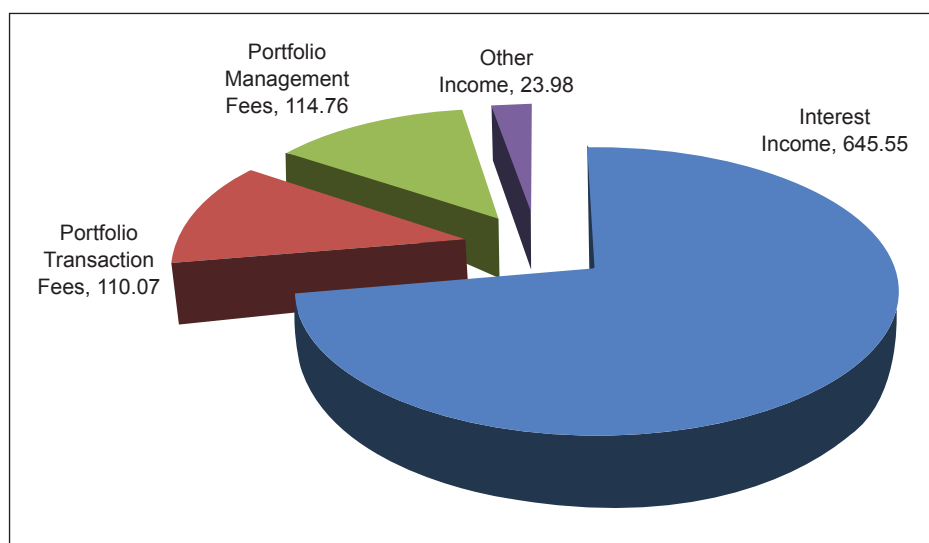
Till date portfolio management services are the major sources of earnings for TBIL. TBIL is providing "Portfolio Management Services" to its clients through IDA, BDA and NIDA accounts. TBIL maintains investors' portfolio of its clients valuing Tk. 7,747.85 mil including the margin lending of Tk. 4,396.87 mil as on 29 Dec 2011. Revenues generated from portfolio management services include Interest on Margin Loan, Portfolio Transaction Fee, Portfolio Management Fee and Annual Charges.

Underwriting is another sector of Merchant Banking Operation. TBIL entered into agreements with 8 companies for underwriting shares for a total amount of Tk. 620 mil during the year 2011.

Besides, TBIL is also appointed as Co-issue Manager of GPH Ishpat and started its issue management activity.

Managing own investment portfolio is a regulatory requirement and also a core business objective of TBIL to ensure higher return on equity. TBIL has started its direct investments under own portfolio mechanism in the later part of 2011 in compliance of the TBIL Investment Policy approved by the Board of Directors.

Component of Revenue as on 31 December 2011:



Business Position of TBIL as on 31 December 2011:

(Figure in Million)

SL	Particulars	Taka
1	No. of Accounts	5,762
2	Total Loan against Securities (Taka)	4,396.87
3	Total Portfolio Value at Market (Taka)	7,747.85
4	Average Daily Trade Volume(Taka)	281.60
5	Average (%) of Total Trade of DSE	4.24%
6	Pre-tax Profit	646.79
7	Profit after Provision	354.94

Capital market of the country will see a major structural change in coming days with the introduction of different measures viz; demutualization of Stock Exchanges, introduction of on-line trading systems, market makers etc. TBIL is already operating under fully centralized software system and is in the process of integrating internet & other modules in the system to provide better services to its clients. TBIL is equipped and will undertake measures to take advantage of the changes to remain a top performing & compliant player in the market and boosting up the profitability of the Bank as well as enhancing the shareholders' value.

TBIL/Merchant Banking Division at a glance:

(Figure in Million)

Sl. No.	Particulars	2008	2009	2010	2011
1	Deposits	105.70	188.25	565.68	134.64
2	Loans	887.92	4,131.58	4,091.11	4,396.87
3	Total Income	46.85	690.00	1,514.32	894.19
4	Total Expenditure	39.45	323.98	499.48	248.08
5	Operating Profit / (Loss)	7.40	366.01	1,014.83	646.11
6	Borrowings	0.00	0.00	1,126.91	652.93

Human Resources Division- Attract, Engage and Retain

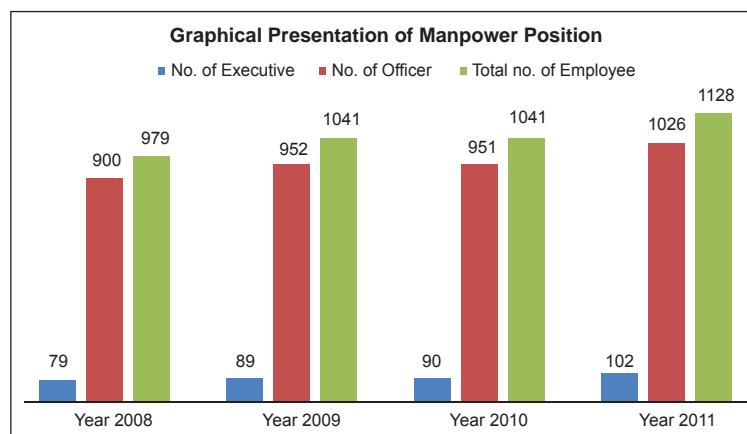
Trust Bank HR Division has formulated its comprehensive policy in line with bank's vision- "Build a long term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance", which can only be achieved when we have talented and motivated individuals delivering their best. Thus HR always tries to attract, develop and retain the right talents.

For a service based organization like a bank, customer's impression matters most in creating and enhancing brand value. So, people are the key to any business actually who provides the right direction for achieving the business goals. Recruiting the right talent in right place was one of the key focuses of trust bank HR. Keeping this in mind

we have hired 3rd batch Management Trainee Officer in 2011 to develop our future leader. Trust Bank HR provided comprehensive support and assistance at the time of opening its new branches through recruitment, selection and development of employees. A total of 240 employees were hired including entry level and other lateral position at Trust Bank in the year 2011. This year TBL HR also focusing on MTO recruitment to pool future leader and Trainee Assistant Officer to facilitate our alternative distribution channels.

The total number of permanent employees at the close of year 2011 stood at 1,128. A Comparison of last four years on number of employees is given below:

TBL HR introduced centralized salary and benefit process from last year. In addition to the competitive package, TBL provides various short and long term benefits to their people. Short term facilities/benefits include House Furniture Allowances (for employees from AVP to above level), House Building Loan and also introduced a market competitive Car Loan Scheme in the last year. Apart from this there is also Incentive bonus and annual increment to motivate employee & adjust their cost of living.



Long term benefits include bank's contribution to PF, Gratuity and Superannuation Fund. Bank creates required provision each year to maintain these funds.

Training and Development

A vast number of functional and soft skill training, workshop and seminar were organized in 2011 to refresh as well as sharpen skills and knowledge of the people. A total of 1,419 employees participated in 117 training program, of which 39 programs were in-house and 78 were public courses at external venue.

Risk Management Unit

The recognition and management of risk is in the core of the business of banking. Risk management, hence, does not mean minimizing risk; rather the goal of risk management is to optimize risk-reward trade – off for the bank. With this perspective, the Bank has developed a robust and highly integrated Risk Management Framework to ensure that the Bank accepts only those risks that have been defined and can be adequately compensated by the system.

With TBL, Risk Management is a Board driven function in the Bank with the Risk Management Committee of the Board at the apex level supported by operational level committee of top executives for managing various risks.

Various tools and systems like prudential limits, Credit Audit, VaR models for Foreign Exchange & Market risks, Self assessment exercise coupled with tracking of Key Risk Indicators for operational risk have been introduced for assessing/measuring the identified risks. Data warehousing project to provide comprehensive historical data for analysis is in process.

The Bank is also preparing for migration to more sophisticated approaches for enhancing the effectiveness and robustness of risk management systems.

Green Banking

Green Banking encompasses all social and environmental factors in conducting banking operations. Green Banks are engaged in creation of socially responsible investment funds and sustainable project financing. Environmental concern is at the core of green banking strategy and banking practices that adversely affect environment.

Green Banking Policy manual of Trust Bank Limited was approved by the Board of Directors as per BRPD circular no: 02/2011. The policy was approved considering three yearly phases starting 2011 and building up and completion within 2013 within specific phase-wise instruction for completion within the time frame of each phase as per the instructions of the guideline.

Phase I: Within 31 December 2011 the Bank has implemented green banking policies, initiated green environmental activities like environmental risk management, green in-house management for reducing waste (electricity, paper, ink, etc.), green financing, green marketing, green awareness building, online banking services, reporting of green banking activities, etc.

Phase II: Within 31 December 2012 the Bank would be continuing and broadening the Phase I activities and initiating sector specific green banking and financing policies, utilizing environmentally friendly technology for opening green branches, and standardizing the reporting of green banking activities.

Phase III: Within 31 December 2013 the Bank would be continuing and broadening the Phase I and Phase II activities and designing innovative financing products, improving environmentally friendly strategic planning and implementing internationally accepted reporting standards of Global Reporting Initiative.

Environmental Risk Management

Environmental Risk Management more commonly known as ERM has incorporated into the CRM guidelines of Trust Bank Limited as per Bangladesh Bank Circular no: 01 dated 30 January 2011 through environmental due diligence checklists. This environmental risk evaluation process enables the bank to judge whether the client is capable of managing the environmental risk in a way that limits the bank's exposure. Banks need to reduce their exposure to credit risks arising from environmental and climate changes issues that lead to lower NPLs. ERM improved borrower's environmental performance implies greater acceptance, particularly in international markets.

Trust Bank Limited maintains the following two (2) guidelines for credit approval procedures:

1. Credit Risk Management including Credit Risk Grading as borrower analysis.
2. Environmental Risk Management due diligence checklists for Environmental Risk Rating (EnvRR).

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 part of CSR through direct participation program, the Bank established a special reserve fund named Trust Bank Limited Special Reserve Fund in 2009. An amount not exceeding 5 percent of Bank's operating income every year is transferred to the fund.

Taka in Million

Year	Transferred to the Fund	Contribution from the Fund
2009	59.08	55.10
2010	64.20	41.49
2011	115.60	81.46
Total	238.88	178.05



Maj Gen Abu Belal Md Shafiul Huq, ndc, psc (Ex Vice Chairman) handing over ambulance to MIST



The Vice Chairman of the Bank, Maj Gen Ashraf Abdullah Yussuf, rcds, afwc, psc is handing over a cheque to the Headmaster of Anandabag Shishu Palli, Fulbaria, Mymensingh

Modus of Operandi of the Fund

The fund is run by a Board of Trustees which comprises the Chairman of Trust Bank Limited as Chairman of BOT and six members from Board of Directors and Management of Trust Bank Limited.

Notable Donations During 2011

As per approved policy of the Bank, 5 percent of total profit of 2010 amounting to Tk.115.60 million was transferred to the Special Reserve Fund for conducting CSR activities during 2011. We proudly contributed to various benevolent and philanthropic activities and in this regard, we disbursed Tk. 81.46 million from the fund. Major recipients of donation include various education and training institutes, hospital, families of martyred freedom fighters and unwell people for medical treatment. The following table contains notable recipients of donation from the fund in 2011:

SL	Name of Recipients	Amount (Taka in Million)
1	Combined Medical Hospital (CMH) for procurement of medicine for poor patients	25.00
2	PROYASH –A School for autistic children	20.00
3	Trust Technical Training Institute	10.50
4	Taka 1 million each to eight Cantonment Board School for setting up Computer Lab	8.00
5	Muktijudda Jadugar Nirman	5.00
6	Military Institute of Science & Technology	3.70
7	A Micro Bus to Bangladesh University of Professionals	1.78
8	Tawekwondo Federation	1.00
9	Two families affected in Peelkhana Carnage on 25 February 2009 (Monthly Contribution @ 40,000/-)	0.96
10	Matri Sadan Sashthaya Seba	0.77
11	Palliative Care Cancer Center	0.74
12	67 families of martyred freedom fighters of Nalitabari Upazilla of Sherpur	0.54
13	Donation to Maj Md Abdur Rashid for his retirement	0.50
14	34 families of martyred and war-wounded freedom fighters of Surjadi Village of Sherpur	0.50
15	Others	2.47
	Total	81.46



Maj Gen Abu Belal Md Shafiul Huq, ndc, psc (Ex Vice Chairman) handing over microbus to Mr. Abdullah Abu Sayeed, Chairman & CEO of Bishwo Shahitto Kendro

Corporate Governance

The Bank has complied with the Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20.02.2006 for ensuring corporate governance in the company. As per mentioned notification of SEC, the compliance status of the Bank has been reported in this Annual Report for information.

Election of Directors

In accordance with clauses 107 and 108 of the Articles of Association of the Company, the following Directors will retire at this Annual General Meeting:

1. Maj Gen Ashraf Abdullah Yussuf, rcds, afwc, psc
2. Brig Gen Md Abdus Salam Khan, afwc, psc

As per Article 109 of the Articles of Association of the company and as per Companies Act, 1994, the retiring Directors are eligible for re-election.

Appointment of Auditors

In the 12th Annual General Meeting of the Bank, M/S ACNABIN was appointed as External Auditors for the first term till conclusion of the next Annual General Meeting. They are eligible to re-appoint in the 13th Annual General Meeting.

Directors' Responsibility for Internal Control & Financial Reporting

The Board of Directors of the Bank is responsible for bank's system of internal control. It has set appropriate policies on internal control, and seeks regular assurance that the system is functioning effectively. Through the establishment of the 'Audit Committee' the Board of Directors regularly monitor the adequacy & effectiveness of internal control system of the bank.

The MANCOM also reviews the overall effectiveness of the control system of the bank & provide a certificate on yearly basis to the Board of Directors on the effectiveness of internal control policies, practices & procedures.

As per directives of Bangladesh Bank a special meeting of the Board of Directors is arranged annually for reviewing the compliance/implementation status of the observations/recommendations of Bangladesh Bank's comprehensive inspection report of the Bank.

In accordance with Company Law, the directors are responsible for the preparation of the annual financial statements. The annual financial statements conform to Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and fairly present the affairs of the Trust Bank Limited and its subsidiary as at the end of the financial year, profit & loss and cash flows for that period.

Accounting policies supported by judgments, estimates and assumptions in compliance with BAS and BFRS are applied on the basis that the bank shall continue as a going concern. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with BFRS and to maintain accountability for the bank's assets and liabilities.

The directors have a reasonable expectation that the bank and its subsidiary will have adequate resources to continue in operational existence and as a going concern for the foreseeable future.

The 2011 annual financial statements were approved by the board of directors on 28 March 2011 and signed on its behalf directors.

Conclusion

The Bank closed the year 2011 displaying substantial improvement in core areas of operation in terms of volume of business and net profit. This was possible due to the dedicated efforts of the employees of the Bank and sincere cooperation of all concerned. Above all strong liquidity base, prudent fund & credit management, continued guidance and inspiration to the Management by the members of the Board immensely contributed to the overall development. The Board of Directors is indebted to the valued clients, shareholders, business associates, and numerous well wishers at home and abroad for their continued support, patronage and trust they reposed on the Bank. The Board of Directors expresses gratitude and thanks to the Government of Bangladesh, Ministry of Finance, Bangladesh Bank, Securities & Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange, Chittagong Stock Exchange and other regulatory bodies for their valuable guidance from time to time.

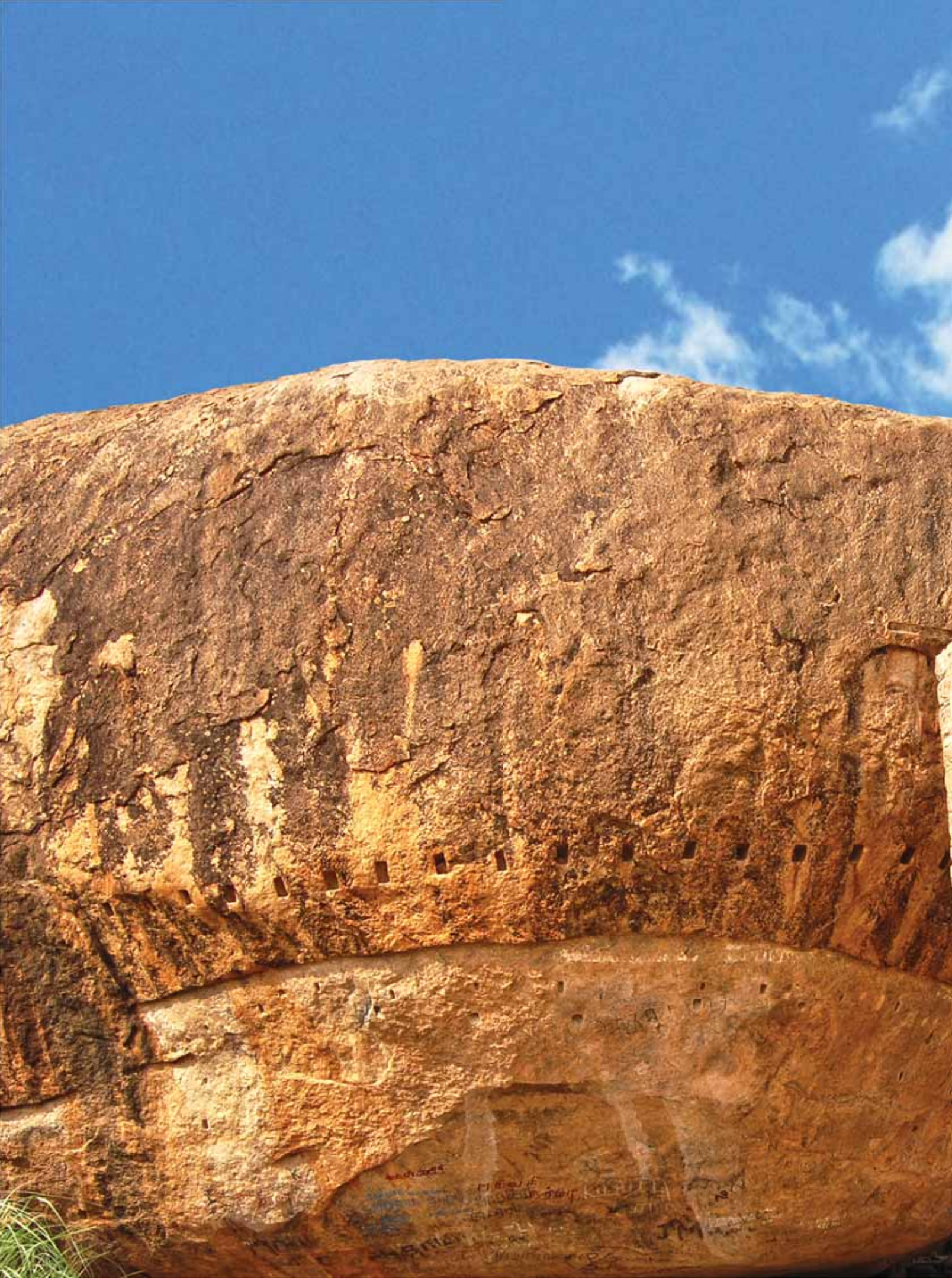
The Board of Directors also like to place on record the warm appreciation for sincere and dedicated service rendered by the executives, officers and staffs of the Bank that played an instrumental role for sustaining the growth of the Bank.

The Bank aspires to do better in future and with this expectation we place before the esteemed shareholders the accounts of the Bank for the year 2011 for approval.

On behalf of the Board of Directors,



Gen Md Abdul Mubeen, ndc, psc
Chairman





Risk Management Report

Risk Management Report

The recognition and management of risk is in the core of the business of banking. Risk management, hence, does not mean minimizing risk; rather the goal of risk management is to optimize risk-reward trade – off for the bank. With this perspective, the Bank has developed a robust and highly integrated Risk Management Framework to ensure that the Bank accepts only those risks that have been defined and can be adequately compensated by the system. Hence, it takes a holistic organizational overview of the risk and its mitigation exercises.

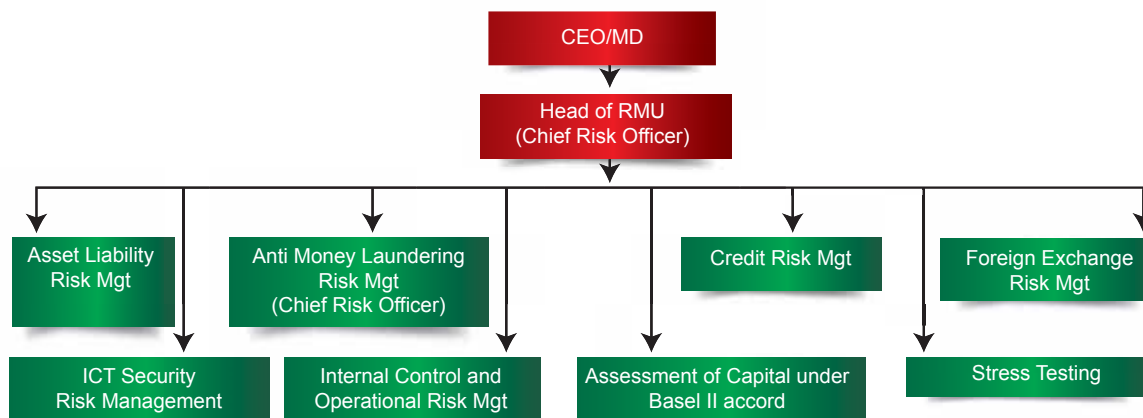
The Key Principles Underlying Our Risk Management Framework Are As Follows:

- ▶ The Board of Directors has oversight on all the risks assumed by the Bank. Board approves policies and processes of risk management recommended by the management. The Risk Committee reviews risk management policies of the Bank in relation to various risks and regulatory compliance issues. It reviews key risk indicators covering areas such as credit risk, interest rate risk, liquidity risk, and foreign exchange risk and the limits framework, including stress test limits, for various risks. It also carries out an assessment of the capital adequacy based on the risk profile of the Bank's balance sheet and reviews the status with respect to implementation of Basel II norms. The Credit Committee reviews developments in key industrial sectors and Bank's exposure to these sectors as well as to large borrower accounts. The Audit Committee provides direction to and also monitors the quality of the internal audit function. The Asset Liability Management Committee is responsible for managing the balance sheet and reviewing asset-liability position of the Bank.
- ▶ Policies approved from time to time by the Board of Directors/Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.
- ▶ Independent risk management units, viz. Credit Risk Management (CRM) division, Credit Administration Department (CAD), Credit Monitoring and Recovery Unit, Internal Control & Compliance Division, IT Division and Anti-Money Laundering Department and compliance officers of the branches are engaged in managing various risks.

The Bank has dedicated committees at management level to monitor risk through Credit Review Committee, operational risk through Management Committee (MANCOM) and IC&C Division, market and liquidity risk through Asset Liability Committee (ALCO). These committees are completely independent of all business operations and coordinate with representatives of the business units to implement Trust Bank's risk management methodologies.

Organogram

Following Risk Management diagram has to be maintained under Risk Management Unit for risk assessment as per Bangladesh Bank instructions:



Considering the total scope of the Risk Management Unit and its objectives prescribed by Bangladesh Bank, we have segregated the duties of Risk Management Unit into 2 (two) broad categories for proper implementation:

- Risk Management Committee, and
- Risk Management Unit.

The Risk Management Committee comply with the policy, decision making and other strategic objectives of the Bank and the Risk Management Unit comply with the operational objectives of the risk management guidelines.

Risk Management Committee

As the Risk Management Unit (RMU) under Bangladesh Bank's directive incorporates all 6 (six) core risk management compliances, Basel II accord and Stress Testing compliance, the Risk Management Committee was formed headed by the Chief Risk Officer (CRO) with the following Heads of Divisions/Department of Head Office as members:

- i. Head of CRM/Head of CAD for Credit Risk Management
- ii. Head of International Division & Treasury for FEX Risk Management
- iii. Head of International Division & Treasury for Asset-Liability Risk Management
- iv. Head of IC&CD for Internal Control & Compliance Risk Management
- v. Head of AMLD for Money Laundering Risk Management
- vi. Head of IT, Cards & ADC Division for ICT Security 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.



Participants are seen along with Mr. S K Sur Chowdhury, Deputy Governor, Bangladesh Bank with other resource person at the workshop on Stress Testing.

Responsibilities of Risk Management Committee

- ▶ To advise the Board on risk management and to foster a culture that emphasizes and demonstrates the benefits of a risk-based approach to risk management.
- ▶ To make appropriate recommendations to the board on all significant matters relating to the risk strategy and policies of the Bank
- ▶ To monitor the performance of the risk management systems and review reports prepared by relevant parties
- ▶ To keep under review the effectiveness of the risk management infrastructure of the Bank, including:
 - ◆ assessment of risk management procedures in accordance with changes in the operating environment
 - ◆ consideration of risk audit reports on the key business areas to assess the level of business risk exposure
 - ◆ consideration of any major findings of any risk management reviews and the response of management
 - ◆ assessment of the risks of new ventures and other strategic, project and operational initiatives
- ▶ To review the risk exposure of the Bank in relation to the risk appetite of the board and the risk capacity of the Bank.
- ▶ To consider the development of risk management and make appropriate recommendations to the board to consider whether disclosure of information regarding risk management policies and key risk exposures is in accordance with financial reporting standards

Risk Management Unit

As per regulatory compliance of Bangladesh Bank, a separate Risk Management Unit was formed headed by the Chief Risk Officer (CRO) to cover the operational aspects of the Risk Management policies. As the job descriptions of Risk Management Unit and the Basel II Implementation Cell are intertwined, the cell annexed into the Risk Management Unit for compliance of both the circulars of DOS and BRPD. The Unit will interact with the other Divisions/Departments of Head Office and Risk Management Committee members to comply with Bangladesh Bank guidelines. They will also arrange preparation of Risk Management Papers for placement to Risk Management Committee meetings.

Risk Management Unit's Role to Bangladesh Bank

- i. Risk Management Unit of Trust Bank Ltd. complies with all type of Risk Assessment under Risk Management Monitoring Section, Department of Off-site Supervision (DOS) of Bangladesh Bank.
- ii. Risk Management Unit assesses the overall risk profile and strategy for maintaining adequate capital as per Banking Regulation & Policy Department (BRPD) of Bangladesh Bank.

Sources of Information

Information for Risk Management Unit activities mainly come from the following sources:

- ▶ Various reports from Risk Management Group (six core risk management divisions/departments)
- ▶ Reports from Finance Department
- ▶ Report from Credit Committee meeting
- ▶ Report of ALCO paper and minutes of ALCO meeting
- ▶ Economic, political research articles from research unit
- ▶ Quarterly reports on monetary policy published by BB
- ▶ Internal Audit Reports prepared by Internal Control & Compliance Department
- ▶ Comprehensive inspection report prepared by BB
- ▶ Recent negative print/electronic media report (if any)
- ▶ Recent directives regarding violation of laws and regulations issued from different departments of BB
- ▶ Government import and export policy etc.

Credit Risk Management

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. Banks should also consider the relationships between credit risk and other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization.

Loans are the largest and most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a bank, including in the banking book and in the trading book, and both on and off the balance sheet. Banks are increasingly facing credit risk (or counterparty risk) in various financial instruments other than loans, including acceptances, interbank transactions, trade financing, foreign exchange transactions, financial futures, swaps, bonds, equities, options, and in the extension of commitments and guarantees, and the settlement of transactions.

Since exposure to credit risk continues to be the leading source of problems in banks world-wide, banks should be able to draw useful lessons from past experiences. Banks should now have a keen awareness of the need to identify, measure, monitor and control credit risk as well as to determine that they hold adequate capital against these risks and that they are adequately compensated for risks incurred. The Basel Committee is issuing this document in order to encourage banking supervisors globally to promote sound practices for managing credit risk.

TBL specifically address the following areas for sound practices of Credit Risk Management:

- (i) Establishing an appropriate credit risk environment;
- (ii) Operating under a sound credit-granting process;
- (iii) Maintaining an appropriate credit administration, measurement and monitoring process; and
- (iv) Ensuring adequate controls over credit risk.



TBL 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;
- ▶ Head Office Management of TBL has specific delegation authority to approve credit facility (ies) from the Board of Directors;
- ▶ 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 there against 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.

Asset Liability and Interest Rate Risk Management

The bank is managing its assets and liabilities in order to ensure sustainable 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 ALM process, the bank has established a committee called "Asset Liability Committee (ALCO)" headed by Managing Director, which holds meeting at least once in a 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 the Treasury department. 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 based 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.
- ▶ Reviews the actual performance against the projections made and analyzes the reasons for any effect on the spreads.
- ▶ Contingency funding - the bank always maintains adequate liquidity to ward off liquidity crisis.

The principal responsibility of liquidity risk management of the bank rests with the 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 1) setting tolerance limit or cumulative cash flow mismatches, 2) setting limit on loan to deposit ratio and 3) setting limits on dependency on institutional deposits which are volatile in nature.

The objective of the Bank's Asset Liability and Interest Rate risk management strategies is to identify and manage the sensitivity of net interest income to changing interest rates and to minimize the interest rate risk between interest-earning assets and interest-bearing liabilities at various maturities. This is done in conjunction with the need to maintain adequate liquidity and the overall goal of maximizing net interest income.

TBL manages its exposure to fluctuations in interest rates through policies established by the Asset/Liability Committee ("ALCO") of the Bank. The ALCO meets monthly and has the responsibility for approving asset/liability management policies, formulating and implementing strategies to improve balance sheet positioning and/or earnings and reviewing the interest rate sensitivity of the Company. ALCO tries to minimize interest rate risk between interest-earning assets and interest-bearing liabilities by attempting to minimize wide fluctuations in net interest income due to interest rate movements. The ability to control these fluctuations has a direct impact on the profitability of the Bank. Management monitors this activity on a regular basis through analysis of its portfolios to determine the difference between rate sensitive assets and rate sensitive liabilities.

Foreign Exchange Risk Management

Foreign Exchange rate risk arises from exchange rate movements which affect the profit of the bank from its foreign exchange net open positions. Because of bank's exposure to foreign currency, foreign exchange risk management is a fundamental component in market risk management of the bank. It involves prudent management of foreign currency positions in order to control, within set parameters, the impact of changes in exchange rates on the financial position of the Bank. The frequency and direction of rate changes, the extent of the foreign currency exposure and the ability of counterparties to honor their obligations to the Bank are significant factors in foreign exchange risk management. This risk is managed by setting pre-determined limits on open foreign exchange positions, and the monitoring of the open positions against these limits.

In order to manage the foreign exchange risk and protect the bank's financial position, the bank follows following procedures:

- ▶ Establish and implement sound and prudent foreign exchange risk management policies.
- ▶ Develop and implement appropriate and effective foreign exchange risk management and control procedures.

Foreign exchange risks are measured and monitored by Treasury Division of our Bank. To address the issue, all foreign exchange activities have been segregated between front office, mid office and back office which are responsible for currency transactions, deal verification, limit monitoring and settlement of transactions separately. Mid Office acts to bridge between the front office and back office in terms of providing MIS, analytical observation/recommendation, projection of market trends, budget planning, contingency planning of both local and foreign currency. Trust Bank follows all the prudential guidelines of foreign exchange risk management set by Bangladesh Bank. Treasury Division always monitors the market scenario for risks and manages the foreign exchange operations in such a way that earnings are not hampered against any adverse movement in market prices. All NOSTRO accounts are reconciled on day to day basis at desk level and on monthly basis for management reporting and outstanding entries beyond 30 days are appraised by the Division for settlement. The NOSTRO accounts are also verified by the external auditor and reports are submitted to Bangladesh Bank on monthly basis. Presently Trust Bank has adopted Value at Risk (VaR) based calculation to measure the risk associated with FX position exposure.

Internal Control and Compliance Risk Management

The primary objective of a bank's internal control system is to help the bank improve its regulatory and financial performance through the use of a well developed compliance and risk management system. An adequate internal control system will help ensure that a bank's management promptly identifies weaknesses and takes appropriate measures to mitigate those weaknesses. They also help safeguard bank assets; promote the efficiency and effectiveness of operating activities; assist the board and management guard against fraud and financial mismanagement; and ensure compliance with laws, regulations, and the institution's own policies.

Trust Bank Ltd. 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 follow-up, 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.

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.

No. of Audit in 2011:

No. of Comprehensive Audit	63
No. of Spot Inspection	20
No. of Special Inspection	19

Bangladesh Bank's Inspection: The Central Bank conducts inspection on the activities of the bank on regular intervals. Inspection Report is placed before the board for review and appropriate actions where necessary. The Board of Director suggests the Management for improvement and compliance, if required. To comply with the directives of Bangladesh Bank a special meeting of the Board of Directors was held on November 16, 2011 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 Ordinance, 2008 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.
- ▶ to conduct, or attempt to conduct a financial transaction with an intent to avoid a reporting requirement under this ordinance.
- ▶ to do or attempt to do such activities so that the illegitimate source of the fund or property can be concealed or disguised or knowingly assist to perform or conspire to perform such activities.

Like other banks and FSI (Financial Services Industry) 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 of the bank, 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 cannot 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.

Organogram

Role and responsibilities of individual officer/ executive involved in anti-money laundering program of the Bank is given below:

Function	Role/Responsibilities
Account Officer/ Relationship Manager/ Officers involved in Account opening	<ul style="list-style-type: none"> ▶ To exercise due diligence in establishing the identity of customer prior to opening the Account ▶ To obtain as much information as possible on the customer that might help proper consideration of the nature and type of account ▶ To ensure that all required documents in respect of account opening are obtained and proper documentation is complete in case of loan account ▶ To ensure that transaction profile is obtained and reviewed when transactions are being carried out ▶ To obtain documentary evidence of large cash transactions are being carried out ▶ To report to BAMLCO for any suspicious transaction, deems necessary
Operation Manager	<ul style="list-style-type: none"> ▶ Obtain documentary evidence of large cash deposits ▶ Ensure that all control points are completed prior to transaction monitoring ▶ Ongoing diligence on transaction trends for clients ▶ Update customer transaction profiles in the ledger/system ▶ Perform AML risk assessment for the Business ▶ Perform periodic quality assurance on the AML program in the Branch
Branch Anti Money Laundering Compliance Officer (BAMLCO)	<ul style="list-style-type: none"> ▶ To manage transaction monitoring process ▶ To report on suspicious transaction to CAMLCO ▶ To make Officials of Branch aware of AML program ▶ To update Bank's AML Policy in line with any change or revision in the country's AML policy ▶ To submit Branch Returns to Central Compliance Unit
Head of Branch or Both	<ul style="list-style-type: none"> ▶ To ensure that AML program is effectively accomplished in the Branch or Booth ▶ To act as first point of contact in respect of any AML issues
Chief Anti Money Laundering Compliance Officer (CAMLCO)	<ul style="list-style-type: none"> ▶ To ensure that the bank's all business activities are carried out in conformity with AML program and that an effective AML program is in place in the bank ▶ To implement and to enforce the bank's AML policies ▶ To report on suspicious clients to Bangladesh bank through Head of Anti Money Laundering Department ▶ To inform Head of Branch or all Divisional Head in the Head office of required action related to AML program ▶ To turn up the employees on AML program as ongoing policy

ICT Security Risk Management

Trust Bank Limited follows the guideline published by Bangladesh Bank on April, 2010 "Guideline on ICT Security for Scheduled Banks and Financial Institutions" Version 2.0 for all Banks and Financial Institution. The ICT Management of Trust Bank ensures that the ICT functions and operations are efficiently and effectively managed. The ICT Management of Trust Bank also ensures maintenance of appropriate systems documentations, particularly for systems, which support financial reporting.

IT has become widely and deeply interconnected with business operations. Therefore, IT Risk has grown to prominence as a component of total operational risk. More than just specialty area of Operational Risk Management, IT Risk Management is emerging separate practice because of the unique role that IT plays in today's organizations. The objective of ICT management is to achieve the highest levels of technology service quality by minimum operational risk. IT Risk includes Data Security Risk, Data Confidentiality Risk, Data Integrity Risk, Data Availability Risk, Hardware Risk and Network Risk.


There are also three types of inappropriate computer activity or computer fraud:

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

Trust Bank Limited follows a robust, effective and efficient Information Technology with its Centralized Core Banking System, In-House developed Systems, Network Infrastructure, Data Center and Disaster Recovery Site. Trust Bank has established a Disaster Recovery system along with Data Protection facility, which includes a Disaster Recovery site for restoring and retrieval of bank data with efficient fall back plan and 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 secessions help participants understand the risks involved IT operation and how to minimize those risks.

Trust Bank has taken necessary steps to identify, asses, remediate and managing IT risk using the effective and right tools. The main goal of IT Risk Management is to increase information security, hardware security and network security. IT Risk Management helps to reduce management costs and achieve greater compliance by effectively assessing classifying IT risk. Moreover, IT Risk Management enables the management to initiate effective management decision to ensure smooth the business operations.



Disclosures on Risk-based Capital (Basel II)



Introduction

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 2011.

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 is 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-1) : The Equity Capital of the Bank as on 31 December 2011 stood at Tk. 8,637.39 million in the forms of Paid-up Capital of Tk. 2,661.13 million, Statutory Reserve of Tk. 1,827.24 million, Retained Earnings of Tk. 1,371.81 million and Minority Interest in Subsidiaries of Tk. 705.00 only.

Tier-2 Capital: Supplementary capital of the Bank represents general provision, revaluation reserve of held-to-maturity securities (50% of such reserve) and subordinated debt (30% of equity capital). At the close of business on 31 December 2011, our supplementary capital consisted of General Provision of Tk. 1,017.43 million and Revaluation Reserve for Securities of Tk. 1.74 million and subordinated debt of Tk. 1,758.05 million.

Quantitative Disclosures:

Capital Adequacy of Trust Bank Limited under Basel II during 2010 and 2011:

(Amount in Million)

Particulars	3 December 2011	31 December 2010
Tier-1 (Core Capital)		
Fully Paid-up Capital/Capital Deposited with BB	2,661.13	2,217.61
Statutory Reserve	1,827.24	1,566.40
Retained Earnings	1,371.81	1,142.73
Total Eligible Tier-1 Capital	5,860.18	4,926.74
Tier-2 (Supplementary Capital)		
General Provision (Unclassified loans + SMA + off Balance Sheet exposure)	1,017.43	819.06
Revaluation Reserves for Securities up to 50%	1.74	59.14
Subordinated debt	1,758.05	0.00
Total Eligible Tier-2 Capital	2,777.22	878.20
Total Eligible Capital	8,637.39	5,804.94

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 26 June 2004. Bangladesh Bank has issued revised guidelines on 29 December 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 31 March 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 11.84% as on 31 December 2011 (as against prescribed 10%). The Core Capital to Risk Weighted Assets (RWA) stands at 8.03% and Supplementary Capital to RWA at 3.81%.

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.

(Amount in Million)

D) Credit Risk

Definitions of Past Due And Impaired (For Accounting Purposes):

- Risk Identification
- Risk Assessment
- Risk Grading
- Risk Pricing
- Risk Monitoring

Past Due/Over Due

Impaired Loan

Type of Loan	Substandard	Doubtful	Bad/Loss
Continuous	$6 \leq O < 9$	$9 \leq O < 12$	$O \geq 12$
Demand	$6 \leq O < 9$	$9 \leq O < 12$	$O \geq 12$
Term Loan (≤ 5 years)	$6 \leq O < 12$	$12 \leq O < 18$	$O \geq 18$
Term Loan (> 5 years)	$12 \leq O < 18$	$18 \leq O < 24$	$O \geq 24$
SAC/MC	$12 < O \leq 36$	$36 < O \leq 60$	$O > 60$

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Qualitative Judgment

Sometimes a loan (continuous or demand or fixed term) may not be classified according to the rules of objective criteria of loan classification. But such loan will be classified on the basis of qualitative judgment when there is uncertainty/doubt involved with the realization of loan. Basis of classifying loan are given below:

- ▶ If the factors change which were considered at the time of sanctioning the loan; or
- ▶ Erosion of capital of the borrowers due to adverse situation; or
- ▶ If the value of the security declines; or
- ▶ If the uncertainty of loan realization arises due to any adverse situation.
- ▶ Moreover (a) frequently and unnecessary rescheduling or violation of the rules of rescheduling; or (b) the tendency of continuous limit over run ; or (c) filing suit for realization of loan ; or (d) if loan is sanctioned without any approval of proper authority.

Condition	Status of Loan
▶ If it is expected that due to above mentioned reasons or any other reason there is a possibility to impair the value of loan but there is a reasonable prospect that the loan's condition could be improved if proper steps are taken	Substandard
▶ If it is expected that it is unlikely to recover the full amount of loan by taking all steps properly	Doubtful
▶ If it is expected that it is very unlikely to recover the loan even wholehearted efforts are taken	Bad/Loss

Note: If any loan is classified by the Inspection Team of Bangladesh Bank, the same can be declassified with the approval of the Board of Directors of the respective bank. However, before placing such case to the Board of Directors, the Managing Director/Chief Executive Officer and the respective Branch Manager of the bank shall have to certify that the terms and conditions of declassification have been duly fulfilled by the borrowers.

The bank will have to inform such declassifications to the Department of Banking Inspection/ concerned offices of Bangladesh Bank within 15 days of such decision taken by the Board of Directors. Bangladesh Bank will examine these matters on case-to-case basis and if any irregularities/deviations is detected, necessary legal action will be taken against the concerned officials.

Description of approaches followed for specific and general allowances

General Provision: Bank maintains general provision in the following way–

Loan Status	Type of Loan	Rate of Provision
Unclassified Loan	Small & Medium Enterprise Financing (SMEF)	1%
	Consumer Financing (Other than HF & LP)	5%
	Consumer Financing (House Financing, HF)	2%
	Consumer Financing (Loans for Professional to setup business, LP)	2%
	Loans to BHS/MBs/Sds against Shares, etc	2%
	All Other Credit	1%
	Short Term Agri Credit & Micro Credit	5%
Special Mention Account		5%

Specific Provision: Bank maintain specific provision in respect of Continuous, Demand and Fixed Term Loans–

Loan Status	Type of Loan	Rate of Provision
Substandard	Short Term Agri Credit & Micro Credit	5%
	Other than Short Term Agri Credit & Micro Credit	20%
Doubtful	Short Term Agri Credit & Micro Credit	5%
	Other than Short Term Agri Credit & Micro Credit	50%
Bad/Loss		100%

Base for provision:

The computational methods for provisioning requirements are as bellow–

a) Base for Provision =

[Outstanding Balance– (Value of eligible securities + Balance of interest suspense)]

b) Required Provision = (Base for Provision x Rate of Provision)**Interest treatment of classified account**

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 keeping in view Bangladesh Bank Guidelines to ensure best practice in credit risk management and maintain quality asset. Authorities are properly delegated ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification and management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system.

There is a separate credit risk management division for dedicated credit risk management, separate credit administration division for ensuring perfection of securities a credit monitoring and recovery of irregular loans.

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 April 2005
- 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
- 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
- A well-defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts
- 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
- 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**A) Total Gross Credit Risk Exposures Broken Down By Major Types of Credit Exposure**

(Amount in Million)

Outstanding as on 31 December 201	Domestic	Overseas	Total
Loans & Advances	54,552.66	0	54,552.66
Commitments			
Other non-derivative off-balance sheet exposures			
Debt Securities			
OTC Derivatives			
Total	54,552.66		

B) 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	Short Term Agri. Credit	Total
Dhaka	12,605.74	9,807.05	16,386.19	50.03	38,849.01
Chittagong	2,110.95	7,208.57	3,000.79	0.00	12,320.31
Sylhet	483.91	39.23	664.67	0.30	1,188.11
Rajshahi	273.84	36.73	438.43	6.61	755.61
Barishal	2.65	0.00	22.18	0.00	24.83
Khulna	172.99	278.40	601.43	0.00	1,052.82
Rangpur	61.50	3.24	297.23	0.00	361.97
Total	15,711.58	17,373.22	21,410.92	56.94	54,552.66

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

(Amount in Million)

	Public Sector		Private Sector	
Industry Type	Term Loan	Working Capital	Term Loan	Working Capital
Small & Cottage Industry	-		247.90	252.20
Medium Scale Industry	-	27.30	584.00	350.10
Large Scale Industry	-	124.90	6,781.40	11,788.10
Total	-	152.20	7,613.30	12,390.40

D) 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	TBIL	Total
Up to 1 month	2,589.23	6,398.62	303.97	50.58	4,396.87	13,739.28
1 to 3 months	1,792.19	4,373.32	54.52	24.01	0.00	6,244.04
3 to 6 months	1,937.78	2,923.43	168.86	499.20	0.00	5,529.27
6 to 12 months	4,431.82	4,499.49	545.80	45.34	0.00	9,522.45
1 to 2 years	2.24	0.18	2,780.35	51.07	0.00	2,833.83
2 to 3 years	0.00	0.00	2,718.78	140.56	0.00	2,859.34
3 to 4 years	0.00	0.00	3,786.56	18.00	0.00	3,804.56
4 to 5 years	0.00	0.00	3,134.18	0.29	0.00	3,134.48
5 to 7 years	0.00	0.00	2,533.48	0.00	0.00	2,533.48
7 to 10 years	0.00	0.00	2,261.31	0.00	0.00	2,261.31
Over 10 years	0.00	0.00	2,090.62	0.00	0.00	2,090.62
Total	10,753.26	18,195.04	20,378.44	829.05	4,396.87	54,552.66

E) By Major Industry or Counterparty Type of TBL:

• **Amount of Impaired Loans And If Available, Past Due Loans, Provided Separately:**

(Amount in Million)

Industry	Impaired	Past due
Agriculture	13.60	24.90
Industry (Other than Working capital)	506.30	796.90
Working Capital	291.30	511.70
Export Financing	0.00	0.00
Import Financing	20.00	553.20
Transport & Communication	24.80	32.70
Internal Trade Financing	202.90	371.20
Housing	243.60	324.20
Special Programme	0.00	0.00
Others	231.70	317.20
Inland & Foreign Bills	0.10	0.00
Total	1,534.30	2,932.00

• **Specific and General Provisions:**

(Amount in Million)

	General Provision	Specific Provision
Consumer Financing	210.36	31.10
Small & Medium Enterprise Financing	27.77	16.37
Housing Finance	95.20	24.39
Loans to BHs/MBs/SDs against Shares, etc	14.32	0.00
Loans for Professionals to Setup Business	0.36	0.33
Other Corporate Credit	385.41	267.18
Agricultural Credit	2.82	0.02
Total	736.23	339.39

• **Charges For Specific Allowances and Charge-offs During the Period.**

(Amount in Million)

Against Classified Loans & Advances	
Provision held on 1 January	304.75
Fully provided debts written off	
Recoveries from previously written off debts	
Provisions made during the year	34.64
Net Charge to the Profit Loss Account	34.64
Provision held at end of year	339.39

Against Unclassified Loans & Advances	
Provision held on 1 January	575.32
Provisions made during the year	139.94
Provision held at end of year	715.26
Against Special Mention Accounts	
Provision held on 1 January	28.83
Provisions made during the year	(7.85)
Provision held at end of year	20.98

General Provision for Off Balance Sheet Exposures	
Provision held on 1 January	174.00
Provisions made during the year	19.26
Provision held at end of year	193.26

F) Gross Non Performing Assets (Npas) (Including Sma) of TBL:

(Amount in Million)

Gross Non Performing Assets (NPAs)	2,010.86
Non Performing Assets (NPAs) to outstanding loans & advances	3.96%
Movement of Non Performing Assets (NPAs)	
Opening Balance	1,606.55
Additions	1,313.26
Reductions	(908.95)
Closing Balance	2,010.86
Movements of Specific Provisions for NPAs	
Opening Balance	304.75
Provision made during the period	34.64
Write-off	0.00
Write Back of Excess Provisions	0.00
Closing Balance	339.39

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. 1005.95 million
Fair Market Value of shares in Listed Securities	Tk. 924.46 million

- ▶ The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
 - Tk. 14.51 million
- ▶ Total unrealized gains (losses)
 - Tk. 81.49 million
- ▶ 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 vulnerability of an institution towards the adverse movements of the interest rate can be gauged by using Duration GAP under stress testing analysis.

Trust Bank has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its on-balance sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its on-balance sheet positions (as the bank holds no interest bearing off-balance sheet positions and/or derivatives) under the assumption of three different interest rate changes i.e. 1%, 2%, and 3%.

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.

(Amount in Million)

Interest Risk-Increase in Interest Rate: (Magnitude of Shock)	Situation-1 1%	Situation-2 2%	Situation-3 3%
Regulatory Capital (After shock)	7,589.70	7,068.00	6,546.40
RWA (After shock)	70,518.00	70,518.00	70,518.00
CAR (After shock)	10.76%	10.02%	9.28%
Total Assets	76,215.00	76,215.00	76,215.00
Duration Gap in years	0.77	0.77	0.77
Changes in Market value of Equity due to an increase in interest Rate, Δ MVE	(521.64)	(1,043.28)	(1,564.92)

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.

Market Risk Management System:

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

Liquidity Risk:

Liquidity risk is defined as the risk that the bank will be unable to meet its payment obligations on a day-to-day basis. In broader sense structural liquidity risk is defined as the possibility that the financial resources to meet future payment obligations will not be available as and when they fall due, in full, in standard market terms.

Key Requirements of a Liquidity Risk Management Policy:

The liquidity risk management policy must reflect the daily strategy and longer-term liquidity plans, and have as its major components:

- (a) The measurement of liquidity position;
- (b) Monitoring liquidity; and
- (c) Contingency planning.

Measurement of Liquidity Position:

Our Risk Management Unit uses the following tools for review the Liquidity Risk:

- (a) Indicators
 - ▶ Loan to Deposit Ratio
 - ▶ Loan to Adjusted Deposit Ratio
 - ▶ Liquid Assets to Total Deposits Ratio
 - ▶ Liquid Assets to Total Assets Ratio
 - ▶ Short term & Medium term funding Ratio
 - ▶ Low cost Deposit Ratio
 - ▶ Deposit Trend
 - ▶ CRR & SLR position
 - ▶ Un-drawn commitment
 - ▶ Proposal for fresh Loans & Advances
 - ▶ Concentration of deposit
 - ▶ Counterparty wise limit utilization status
- (b) Maturity Mismatch Analysis
- (c) Cash Flow Projections
- (d) Stock of Liquid Assets

Interest Rate Risk:

It is the potential loss from unexpected changes in interest rates which can significantly alter a bank's profitability and market value of equity. The amount at risk is a function of the magnitude and direction of interest rate change and the size and maturity structure of the mismatch position.

If Interest Rate rises, the cost of fund increases more rapidly than the yield on assets, thereby reducing net Income. If the exposure is not managed properly it can erode both the profitability and shareholder value.

Key Requirements of an Interest Rate Risk Management Policy:

- (a) The measurement of appropriate limits on risk taking;
- (b) Adequate systems and standards for measuring risk;
- (c) Standards for valuing positions and measuring performance;
- (d) A comprehensive interest rate risk reporting and interest rate risk management review process;
- (e) Effective internal controls.

Measurement of Interest Rate Risk Position:

- (a) Maturity Gap analysis
- (b) Duration Gap Analysis
- (c) Simulation
- (d) Value at Risk

Foreign Exchange Risk

Foreign Exchange Risk can be defined as a measure by the variance of the domestic currency value of an asset, liability or operating income that is attributable to unanticipated change in the exchange rates. Simply put it, is the risk that relates to the gain/losses that arise due to fluctuations in the exchange rates.

All assets and liabilities denominated in foreign exchange are exposed to foreign exchange risk. An appreciation or depreciation in the exchange rate will lead to a change in value of all assets and liabilities that are denominated in foreign currency. An appreciation in domestic currency will decrease the value of assets and liabilities, while depreciation in the domestic currency will enhance the value of assets and liabilities.

TBL Exchange Rate Committee meets on a daily basis to review the prevailing market condition, exchange rate, exposure and transactions to mitigate foreign exchange risk.

Key Requirements of Foreign Exchange Risk Management Policy:

- (a) A statement of risk principles and objectives governing the extent to which the institution is willing to assume foreign exchange risk;
- (b) Explicit and prudent limits on the institutions' exposure to foreign exchange risk;
- (c) Clearly defined levels of delegation of trading authorities.

Measurement of Foreign Exchange Risk Position:

- (a) Currency wise holding review
- (b) Instances of limit breaches
- (c) Sensitivity analysis
- (d) Un-reconciled Nostro accounts over 90 days

Policies and Processes for Mitigating Market Risk:

To minimize the risk, TBL has maintained sound portfolio management procedure to minimize risk through diversification of assets. On the other hand there are approved limit for credit deposit ratio, maturity mismatch, liquid assets to total assets ratio, Commitments for on-balance sheet items and off- balance sheet items and borrowing from money market and foreign exchange position. The ALCO committee of the bank meets on a regular basis to analysis the current market position, exchange rate, foreign exchange position to mitigate foreign exchange risks.

Quantitative Disclosures:

The Capital requirements for specified risk are as follows:

(Amount in Million)

SL	Market Risk	Total Capital Charge
A	Interest Rate Related instruments	188.47
B	Equities	186.94
C	Foreign Exchange Position	13.20
D	Commodities	
	Total	388.61

h) Operational Risk:

Qualitative Disclosures

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputation risks. Operational risks in the Bank are managed through a comprehensive internal control framework. The control framework is designed based on categorization of all functions into front-office, comprising business groups; mid-office, comprising credit and treasury mid-offices; back-office, comprising operations; and corporate and support functions.

Our 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. Audit committee of the Board oversees the activities of Internal Control & Compliance Division (ICCD) to protect against all operational risk.

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 corrective measures taken by the management as regards fraud, forgery & deficiency detected by internal & external auditors.

Performance gap of executives and staffs

TBL has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. TBL strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.

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 documents policies and guidelines.

Internal Control & Compliance Division has been established to look into the 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 ensure regular reporting of pertinent information to senior management and the Board of Directors, who review proactive management of operational risk with utmost importance.

IC&C Division ensures the following objectives considering the Operational Risk:

- 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 is submitted to Bangladesh Bank quarterly.

Approach for calculating capital charge for operational risk

Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date. 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. 2009, 2010 and 2011 is considered for computing the capital charge.

Quantitative Disclosures

The capital requirements for operational risk = Tk. 511.29 Million

Green Banking





Introductory Note

The publication of the first Sustainability Report of Trust Bank Limited (TBL) represents its continued commitment to publish information on sustainability matters every year.

The Sustainability Report consists of only the GRI technical section to meet the requirements of the Global Reporting Initiative.

The scope of the information provided in this report basically covers the activities of Trust Bank Limited in Bangladesh.

This report was prepared to make adherence to an application level of the Global Reporting Initiative and is unconfirmed by external assurances.

For more information about sustainability at Trust Bank Limited please go to www.trustbank.com.bd

01. Strategy and Analysis

1.1 Chairman's Statement

Please see the statement from the Chairman of Trust Bank Limited's Board of Directors published at the beginning of the Annual Report 2011.

1.2 Key Impacts, Risks and Opportunities

The impacts of the activity of Trust Bank Limited come essentially from three factors:

- ▶ Its importance as a reference institution in the Bangladesh financial sector;
- ▶ Its position as a substantial participant in the Bangladesh market;
- ▶ The importance of the financial sector to balanced economic growth and the contribution that this growth can make to incorporating sustainability more in the economy in general.

Therefore, considering the specificity of the financial business, there are a number of positive caused by TBL's activity, namely:

- ▶ Sustainable economic development;
- ▶ Stepping up the competitiveness, capacity for innovation and globalization of Bangladeshi companies;
- ▶ The stability and solidity of the financial system;
- ▶ Job creation;
- ▶ Development of local communities;



Participants are seen alongwith resource person Mr. Khondkar Morshed Millat, Joint Director, Bangladesh Bank at the workshop on environmental risk management and green banking.

- ▶ Social responsibility;
- ▶ Promotion of responsible consumption by means of products encouraging this;
- ▶ Promotion of renewable energies by offering products fostering their use;
- ▶ Encouragement of sustainable development at schools and banks and in society as a whole through promoting School Banking;

- A reduction in the environmental impact in general and climate change in particular as, although this is not a specific aspect of the financial sector, it is an issue in which TBL wishes to play an active role.

After identifying the positive impacts and the inevitable negative ones of TBL's activity have been identified (e.g. the use of natural resources linked with our activity, the production of effluent and waste), it is possible for us to understand the risks and opportunities brought to our business by sustainability.

The main risks we face are:

- Living up to the expectations of the market and society;
- Risk of fraud and money laundering;
- Anticipating financial risks arising from our customers' environmental factors;
- Customers' perceived satisfaction with the quality of our service.

Opportunities:

Creating financial products that promote:

- the development of companies operating in the environmental sector;
- social and financial inclusion;

02. Organisational Profile

2.1 Name of the Organisation

Trust Bank Limited also referred to as TBL throughout this document.

2.2 Primary Brands, Products and/or Services

TBL is one of the larger financial intermediaries in Bangladesh. It also has a 100% owned subsidiary, namely Trust Bank Investment Limited, which covers the capital market through merchant banking services. Within the group, TBL is the main company and accounts for 93.12% of its credit product.

TBL's branches, SME Centre's and SME/Krishi Branches offer a vast range of products for private and corporate customers.

Retail Banking: ■ Car Loan Scheme (CLS) ■ Cash Collateral (FDR/SP/WEDB) ■ Consumer Durable Scheme (CDS) ■ House Building Loan (Residential) ■ HBL against Commutation Benefit ■ Loan agt. Cash Collateral ■ Marriage Loan Scheme (MLS) ■ Micro Credit (Reconst & Repairing of Dwelling) ■ Overdraft A/C (OD) - ATM Card ■ Credit Card - Local ■ Credit Card - International ■ Trust Money Making Scheme (TMMS) Loan ■ Car Loan agt. New Car ■ Car Loan agt. Recond. Car ■ Household Durables Loan ■ Doctor's Loan ■ Loan Against Salary ■ Any Purpose Loan ■ Hospitalization Loan ■ Education Loan ■ Travel Loan ■ Marriage Loan - Other than Army ■ Any Purpose Loan - Defense Office ■ Education Loan - Defense Office ■ Doctor's Loan - Defense Office ■ CNG Conversion - Defense Office ■ Consumer Durable Scheme (3M) ■ CNG Conversion Loan ■ Apon Nibash (House Finance) ■ Car Loan - Defence Office ■ Household Durable - Defence Office ■ RRDH 3M ■ HBL- Refinancing Facility of BB ■ Marriage Loan Scheme (MLS) for other ranks ■ Army Officers Housing Scheme Loan ■ MOTOR CYCLE LOAN for defense officers ■ Trust Thikana ■ Trust Digital Loan ■ Personal Loan (PL) ■ Trust Ekota 1st Class Police Officers Housing Loan Scheme

SME: ■ Small Loan ■ Women Entrepreneur Loan ■ Entrepreneurship Development Loan for Retirees ■ Loan for Shopkeepers ■ Agri Business Loan ■ Loan for Poultry Farm ■ Loan for Light Engineering ■ Peak Seasons Loan ■ Overdraft/Cash Credit - SME ■ Overdraft/Cash Credit -Women Entrepreneur ■ SME - Time Loan ■ SME - Term Loan ■ Trust Bunon -OD ■ Trust Bunon -Term loan ■ Trust Shufola Biogas ■ Shufola Solar Energy ■ Shoufola Fisheries ■ Shoufola Poultry & Livestock ■ Shoufola Agro Processing ■ Agriculture Loan

Corporate Banking: ■ Cash Credit (Hypo) ■ Cash Credit (Pledge) ■ Export Cash Credit ■ House Building Loan (Mortgage) ■ House Building Loan (Commercial) ■ Loan agt. Imported Merchandise (LIM) ■ Loan agt. Trust Receipt (LTR) ■ Overdraft (OD) ■ Overdraft (Working Capital) ■ Packing Credit (Loan agt. Packing Credit) ■ Payment agt. Documents (PAD) ■ SOD (Industrial) ■ SOD (Secured Overdraft) - General ■ Term Loan (Commercial) ■ Term Loan (General) ■ Term Loan (Industrial) ■ Time Loan ■ Loan Others ■ Car Loan - Corp. (Bus, Truck) ■ Syndication facilities

Islamic Banking: ■ Bai-Muajjal ■ Hire Purchase under Shirkatul Melk ■ IHSAN Apartment Purchase Scheme ■ BARAKAT Home Construction Scheme ■ BARAKAT Car Scheme ■ HPSM-Real Estate ■ Murabaha TR ■ Bai-Salam ■ Murabaha, Import Bills (MIB) ■ TIB House Building Scheme-HBL (RM) ■ TIB Doctors Scheme- (Doctors Loan) ■ TIB Car Scheme (Car Loan) ■ TIB Household Durable Scheme (Household Durable) ■ TIB CNG Scheme (CNG Conversion Loan) ■ TIB AOHS (AOHS) ■ FDBP – TIB ■ Musharaka agt. IBP

TBL has a Bank distribution network that covers the whole country and commercial facilities in most of the districts.

Note: More detail on products and services can be found at www.trustbank.com.bd

2.3 Operational Structure of TBL, including main Divisions, Operating Companies, Subsidiaries and Joint Ventures

The scope of the information in this report essentially covers the activities of Trust Bank Limited in Bangladesh. The figure below shows the TBL's operating structure in terms of geographical location and business area.

TBL's operating (ownership) structure as at 31 December 2011

Trust Bank Limited	Shareholding	Percentage
Commercial Banking	Sponsors/Directors	60.00%
	Financial Institutions	15.50%
	Investors A/C	5.63%
	Foreign Investors	0.09%
	Non Resident Bangladeshis	0.47%
	General Public	18.31%
	Trust Bank Limited	100.00%
Merchant Banking (Trust Bank Investment Limited)		

2.4 Location of Organisation's Headquarters

TBL's registered office is at 98 Shaheed Sharani, Dhaka Cantonment, Dhaka and Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka.

2.5 Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

At the end of 2011, TBL's commercial network had 69 branches in Bangladesh, 9 more than in the previous year, as shown in the table below.

Commercial network of Trust Bank Limited in Bangladesh

	Dhaka	Chittagong	Sylhet	Rajshahi	Barisal	Khulna	Rangpur
BRANCHES	28	18	6	4	1	3	2
SME/KRISHI BRANCHES	4	-	1	2	-	-	-

Year wise branch operating area expansion:

Year	Branch Opened	Branch Name	Geographical Locations Covered
1999	5	Principal, Comilla Cantonment, Sena Kalyan Bhaban, Bogra Cantonment, Chittagong Cantonment	Dhaka, Comilla, Bogra, Chittagong
2000	3	Momenshahi Cantonment, Jessore Cantonment, Rangpur Cantonment	Mymensingh, Jessore, Rangpur
2001	2	Savar Cantonment, Jalalabad Cantonment	Dhaka, Sylhet
2002	1	Agrabad	Chittagong
2003	2	Dhanmondi, S.S. Cantonment	Dhaka, Tangail
2004	2	Khatunganj, Gulshan	Dhaka, Chittagong
2005	3	Dilkusha, KYAMCH, Radisson Water Garden Hotel	Dhaka, Shirajgonj
2006	8	CDA Avenue, Halishahar, Beani Bazar, Goala Bazar, Millennium, Uttara, Moulvi Bazar, Sylhet	Chittagong, Sylhet, Dhaka, Moulvi Bazar
2007	8	Naval Base, Mirpur, Joypara, Karwan Bazar, Feni	Chittagong, Dhaka, Feni
2008	6	Jubilee Road, Narayanganj, Ashuganj, Narsingdi, Joydevpur, Shahjalal Uposhahor	Chittagong, Narayanganj, Sylhet, Brahmanbaria, Narsingdi, Gazipur

Year	Branch Opened	Branch Name	Geographical Locations Covered
2009	9	Chowmuhani, Dholaikhal, Kafrul, Mirerbazar, Khulna, Madhabdi, Amirabad Lohagara, Tamai, Tongi	Noakhali, Dhaka, Gazipur, Khulna, Narsingdi, Chittagong, Sirajganj, Gazipur
2010	13	Barisal, Rajshahi, Kadamtali, Ashulia, Comilla, Rajendrapur Cantonment, Cox's Bazar, Manikgonj, Rangamati, Natore, Progati Sarani, Kazirbazar, Elephant Road	Barisal, Rajshahi, Chittagong, Dhaka, Comilla, Gajipur, Cox's Bazar, Manikgonj, Rangamati, Natore, Sylhet
2011	10	Bandarban, Gopalganj, Khagrachari, Kishorganj, Khawja Gariba Newaz Avenue, Mongla, Banani, Dayarampur, Faridpur, Saidpur	Bandarban, Gopalganj, Khagrachari, Kishorganj, Dhaka, Bagerhat, Natore, Fridpur, Saidpur

2.6 Nature of Ownership and 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. Shareholding structure is given in 2.4.

2.7 Markets Served (including geographic breakdown, sectors served and types of customers/beneficiaries)

Please see point 2.5.

2.8 Scale of the reporting Organisation

The table below provides information illustrating the scale of TBL's activity.

Main figures on activity of Trust Bank Limited in 2011

	Millions of BDT in 2010	Millions of BDT in 2011	Change 2011/2010
Banking Revenue	3,643.05	3,060.47	0.84
Net Profit	1,274.78	616.21	0.48
Distribution of Dividend	369.60	443.52	1.20
Loans Disbursed	43,478.30	49,793.70	1.14
Deposits	50,357.90	65,263.70	1.30

	No. of Employees in 2010	No. of Employees in 2011	Change 2011/2010
Employees in Bangladesh	1,041	1,175	1.13

2.9 Significant changes during the reporting period regarding size, structure or ownership

In 2011, the Board of Directors approved 20% bonus shares resulting in share capital increase of BDT 443.52 million ascending the capital to BDT 2661.13 million.

TBL opened 10 new branches in 2011.

2.10 Awards received by TBL in 2011

TBL did not receive any awards in 2011.

03. Report Parameters

3.1 Reporting period for information provided

Calendar year - 2011.

3.2 Date of most recent previous report

This is the first sustainability report under Green Banking initiatives.

3.3 Reporting cycle

TBL publishes sustainability reports on an annual basis.

3.4 Contact point for questions regarding the report or its content

For further information on the 2011 Sustainability Report 2011 please contact Trust Bank Limited, Green Banking Unit, Head Office, Peoples Insurance Bhaban, 36 Dilkusha C/A, 16th Floor, Dhaka-1000.

3.5 Process for defining report content

This Sustainability Report is based on the GRI principles:

- ▶ Relevance - The GRI method was used to identify material issues to be reported based on the findings of Green Banking Unit.
- ▶ Clarity and inclusion of stakeholders - We identified strategic stakeholders and the way in which their questions were answered and expectations met. We have explained the process used in identifying strategic stakeholders and the action taken and planned to strengthen relations with them. The 2011 CGD Sustainability Report has been divided into two separate sections in order to meet the information needs of different readers. The Institutional Section is for ordinary readers, while the GRI Technical Section is for readers more interested in technical details.
- ▶ Context of sustainability - The 2011 TBL Sustainability Report contains information on the main trends and challenges in the area. TBL's sustainability performance is described throughout the report.
- ▶ Balance - The report addresses positive and negative aspects of CGD's sustainability performance. The less positive aspects are confronted and described as challenges and opportunities for improvement.
- ▶ Comparability - The purpose of the information is to enable readers to assess TBL's performance in the last two years. The figures for 2011 have been calculated in accordance with the GRI for the period so that they can be compared with other companies' performance.
- ▶ Accuracy and reliability - All the information reported is accurate and reliable. Methodological notes are added whenever estimates are made. External assurances would be completed in the subsequent sustainability reports as per regulatory requirements.
- ▶ Scope - This report contains information about all the relevant activities of TBL. in a sustainability context. The information reported relates to all relevant activities undertaken by TBL only not including its subsidiary.

3.6 Boundary of the report

The report covers the activity of Trust Bank Limited in Bangladesh.

These operations represent:

- ▶ 93.12% of the TBL's consolidated credit product portfolio;
- ▶ 66.02% of its net profit;
- ▶ 96.68% of its employees.

3.7 State any specific limitations on the scope and boundary of the report

All limitations on the scope and boundary of the report are mentioned next to each indicator, if applicable.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations

When drafting the report, the activity of Trust Bank Investment Limited and its local branches, were not considered.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report

All the methodological notes required for a proper understanding of the information reported and changes in calculation methods are mentioned next to the indicators to which they refer.

3.10 Explanation of the effect of any re-statements of information in previous reports and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)

This is the first sustainability report.

3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report

This is the first sustainability report.

3.12 Table identifying the location of the standard disclosures in the report

The Sustainability Report responds to all the standard disclosures.

3.13 Policy and current practice with regard to seeking external assurance for the report

The GRI Technical Section abides by level A of GRI G3 guidelines. However, assurance from external auditor would be completed as per regulatory guidelines of Bangladesh Bank, as necessary.

04. Governance, Commitments And Stakeholder Engagement

4.1 TBL's Governance structure, including committees under the Board of Directors responsible for specific tasks, such as setting strategy or organisational oversight

The Board of Directors:

The Board of Directors is the supreme authority in the Bank's affairs between shareholders' meetings. The Board at TBL 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 operation are at all times in correct and 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. As per the guideline of Bangladesh Bank and as well as in compliance with the Securities and Exchange Commission's corporate governance guideline, the Board consists one Depositor Director who is also Independent Director.

Executive Committee

As approved by Bangladesh Bank, the Board has Executive Committee. The committee comprises five members from the Board. 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.

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 including one Independent Director. 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.

4.2 Indicate whether the chair of TBL's Board of Directors is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)

TBL's corporate bodies are:

1. The Executive Committee; and
2. The Audit Committee.

4.3 Number of TBL Directors that are Independent and/or Non-Executive Members

At present the total number of Directors is 8 in the Board of Directors of the Bank where 3 of them are Nominated Directors (Nominated by Army Welfare Trust), one is Independent & Depositor Director and rest is Director from general shareholder. The Board of Trust Bank Limited consists of nine members including Managing Director as executive director. Other than Managing Director and Independent Director, all of them are Non-executive Directors.

4.4 Mechanisms for the Shareholder and Employees to provide recommendations or direction to TBL's Board of Directors

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, Annual General Meeting is arranged as statutory duty to give the 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.

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 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.

4.5 Linkage between compensation for TBL Directors, senior Managers and Executives (including decision-taking agreements) and the organisation's performance (including social and environmental performance)

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 BDT 5,000/- for attending the Board/Committee meetings.

4.6 Processes in place for TBL's board of Directors to ensure conflicts of interest are avoided

TBL's directors comply with all standards on conflict of interest in place by the regulators. All information including shareholding, business interests, etc. are disclosed properly to the regulators.

The Employee's Service Manual is applicable for all employees and different policies are applicable for internal corporate bodies demonstrates TBL's firm commitment to avoiding conflict of interest in relations between its directors, employees, shareholder and customers. Breach of the Code of Conduct by any TBL employee may result in disciplinary action and sanctions in accordance with its severity.

4.7 processes in place for determining the qualifications and expertise of the Members of TBL's Board of Directors for guiding the organisation's strategy on economic, environmental and social performance

Applicable legislation / regulations are obeyed by TBL in all instances.

4.8 Internally developed statements of Mission or Values, Codes of Conduct and principles relevant to economic performance and the status of their implementation. explain the degree to which these are applied across TBL in different regions and departments/units and relate to internationally agreed standards

TBL's mission and strategic vision statements for 2012, is available in the 2011 Annual Report.

4.9 Procedures of the Board of Directors for overseeing TBL's identification and management of economic, environmental and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, Codes of Conduct and principles and frequency with which it assesses sustainability performance

There is effective oversight of the way in which TBL identifies and manages performance, risks and economic opportunities. It is described in detail in the Annual Report, from which some examples have been drawn: the Board of Directors boards and committee, the operational risk and internal control & compliance policies and activities of the Internal Control & Compliance Division.

4.10 Processes for evaluating the TBL's Board of Directors' performance, particularly with respect to economic, environmental and social performance

The Board Secretariat is responsible for drafting an annual report on compliance with the goals set for the Board of Directors.

4.11 Explanation on whether and how the precautionary principle or approach is addressed by TBL

Through its environmental risk management policy, approved by the Board of Directors in 2011, TBL included environmental variables in its risk management policy. Furthermore, TBL also has precautionary policies and practices for operational risks and internal control & compliance, as required by law, as guaranteed by the Internal Control & Compliance Risk Management Policy.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives to which TBL subscribes or endorses

In 2011, Bangladesh Bank has prescribed guidelines on Environmental Risk Management and Green Banking for implementation in the banking arena in Bangladesh.

4.13 Significant membership in associations and/or national or international advocacy organisations in which TBL has positions in Corporate Governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; views membership as strategic

Main organizations to which TBL belongs and considers its membership as strategic or highly important and also has positions in some governance bodies:

- Association of Bankers Bangladesh (ABB).

4.14 List of stakeholder groups engaged by TBL

The stakeholders identified by TBL that needs to be kept informed, engaged with and consulted are:

- ▶ The shareholders;
- ▶ Employees;
- ▶ Private and corporate customers;
- ▶ Suppliers;
- ▶ Regulatory bodies;
- ▶ Local communities: non-governmental organizations and private charities.

4.15 Base for identification and selection of Stakeholders with whom TBL engages

The Risk Management Unit of TBL has performed survey through questionnaires to identify and rank shareholders.

4.16. Approaches to Stakeholder engagement, including frequency of engagement by type and by Stakeholder group

Annual General Meetings (AGM) are held on annual basis between shareholders and Board of Directors of TBL.

4.17. Key topics and concerns that have been raised through Stakeholder engagement, and how TBL has responded to those key topics and concerns, including through its reporting

Question and answering sessions are part of AGM wherein the queries raised by TBL's shareholders are addressed and noted for future implementation, if required.



The Managing Director of the Bank is delivering speech at the seminar on Bio-gas project at Gararon, Sreepur, Gazipur petronized by Trust Bank Limited. Honorable Governor of Bangladesh Bank and foreigners participated in the seminar.

Economic Management Approach

Goals and performance

The main purpose of TBL's strategic vision for 2011-2015 is to build a long-term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance.

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. 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.

In order to enhance TBL's role as a driving force in the Bangladeshi economy, Trust Bank Limited has set up branches all over the country.

Policy

TBL's economic activities, aimed at Corporate, SMEs, Retail and Islamic Banking credit and deposit clients, represents a high stake in the economic development that TBL offers to the Bangladeshi sectors, with positive impacts on the national economy in terms of its contribution to the balance of payments and economic growth.

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

Component	2010 BDT Million	% of Distributed Wealth Per Stakeholder	2011 BDT Million	% of Distributed Wealth Per Stakeholder
Wealth Created	3,951.37	100%	3,566.91	100%
Banking Revenue (Income from Banking Services)	6,857.00		8,446.94	
Wealth Distributed to Stakeholders:				
General Administrative Costs	692.44	17.52%	1,578.58	44.25%
Employees	694.65	17.58%	756.19	21.2%
Shareholders	846.70	21.43%	357.45	10.02%
Taxes	875.00	22.14%	700	19.62%
Society	115.60	2.93%	80	2.25%
Accumulated Economic Value (Banking Product – Wealth Distributed)	726.98	18.40%	94.69	2.66%

EC2 Financial implications and other risks and opportunities for TBL's activities due to climate change

There are two types of environmental impacts resulting from TBL's activity that require our attention, direct and indirect impacts. These impacts are described in this report (especially in the sections on management approach and environmental performance indicators) and refer to activity in Bangladesh by TBL.

Direct impacts are the result of work at our central buildings and branches and of travel. They take the form of consumption of energy, water and other raw materials required for normal operation and CO₂ emissions from the use of fuel and other energy sources.

Indirect impacts are associated with the way in which our customers use the loans we grant and investments made by TBL. Business activity can have negative environmental impacts, which must be considered in investments and when granting loans. This consideration must favor investment in and use of environmentally friendly technologies and the promotion of projects that in some way minimize the use of natural resources or include environmental risk management criteria in analyses of credit risks.

Direct and indirect impacts are sources of risk. The direct impacts are essentially related to the risk of having to bear the costs of inoperability and fines and losses resulting from a bad reputation. Indirect impacts are the result of losses related to polluted collateral from foreclosed mortgages and the risk of default by companies financed for environmental reasons (as they may be fined or suffer damage to their reputation due to environmental issues, which may lead to default in extreme cases).

We can give examples of initiatives aimed at minimizing risks and creating or enhancing opportunities of this kind.

Where operational risks are concerned, there is TBL's Business Continuity Plan. This plan provides solutions in the event of disasters resulting in generalized inoperability of TBL's physical infrastructures, while considering workstations and technological support, or in employees being unable to travel to the workplace. It provides for the following environmental events that may pose threats to TBL's activity:

- Natural disasters: floods, earthquakes and fires;
- Environmental contamination and epidemics.

The plan formalizes and promotes appropriate responses that ensure the continuation of business and the processing of operations from an organizational and technological point of view in disaster situations.

Regarding indirect impacts and their risks, TBL's goal is to include environmental risk management aspects in company credit risk analyses. This environmental facet of credit risk assessment will help the businesses to anticipate the requirements of future legislation.

EC3 Coverage of TBL's defined benefit plan obligations

This indicator does not apply to TBL.

EC4 Significant financial assistance received from government

This indicator does not apply to TBL as no financial benefits were received during 2011.

EC5 Range of ratios of standard entry level wage compared to local minimum wage

The ratio between the lowest wage paid by TBL and the national minimum wage is 3.43 : 1.

EC6 Policies, practices and proportion of spending on locally based suppliers

TBL has no specific policies or practices for hiring local suppliers.

EC7 Procedures for local hiring and proportion of senior management hired from the local community

TBL has no procedure in place for local hiring.

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

TBL's contributions to social and public benefits are summarized as follows:

Nature of Investment	Amount in BDT Million	% of Total
Sports	1.00	1.23%
Education, Financial Literacy And Training	43.98	53.99%
Health	26.51	32.54%
Historical Development	5.00	6.14%
Solidarity	2.50	3.07%
Other	2.47	3.03%
Total	81.46	100.00%

EC9 – Understanding and describing significant indirect economic impacts, including the extent of impacts

TBL's daily activity has a number of positive indirect economic impacts.

These impacts are the result of some of the products that TBL sells and are in line with its priorities, market sustainability trends and political agendas - financing businesses (especially SMEs) and products for disadvantaged people.

The main indirect economic impacts of these products are:

- Higher productivity of companies and organizations often by improving skills and knowledge;
- Economic development in less developed areas;
- Economic and financial inclusion of disadvantaged people;
- Improvement in social and environmental conditions.

Environmental Management Approach

Goals and performance

TBL's strategic program for climate change stressed in its Green Banking Policy and is designed to help reduce TBL's environmental impact in a scenario of sustainable development while endeavoring to instill good practices in its stakeholders.

Policy

In 2011 the Green Banking Policy of Trust Bank Limited was defined containing all three phases of implementation. It defines strategic spheres of action, goals and guidelines.

Organizational Responsibility

The approval of TBL's Green Banking Policy and Environmental Risk Management Policy in 2011 will redefine and increase formal responsibilities for these issues and will involve the Board of Directors more directly.

Training and awareness

Workshop on Green Banking and Environmental Risk Management took place in the Training Academy of Trust Bank Limited in October 2011 with resource person from Bangladesh Bank.

It was attended by a number of senior executives of Trust Bank Limited and discussed various aspects of Green Banking and Environmental Risk Management, highlighting the importance of the subject matter - climate change, social impacts, sustainable development, the information society and sustainable financing.

Monitoring and follow-up

TBL's environmental performance is monitored by the Green Banking Unit under the supervision of the Chief Risk Officer of the Bank.

Environmental Performance Indicators

EN1 Materials used by weight or volume

TBL does not have a systematic procedure for calculating the total weight of raw materials used in its commercial network; the data is gathered in monetary terms. TBL has utilized following raw materials during its daily operation:

Breakdown of materials used by monetary values (BDT million)

Raw Materials Used	2010	2011	Change 2011/2010
Paper	6.36	9.41	1.48

Breakdown of materials used by unit

Raw Materials Used	2010	2011	Change 2011/2010
Ink Cartridges	25	36	1.44
Toner	1,442	1,885	1.31
Ribbon	323	452	1.40
Fax Film	111	148	1.33

The increase in use of consumables from 2010 to 2011 was due to increase in number of branches and business portfolio.

EN2 Percentage of materials used that are recycled input materials

TBL does not use recycled paper in its offices and branches. The paper used throughout our network of branches and central buildings (Legal and A4 only) is produced in Bangladesh and procured locally.

EN3 Direct energy consumption by primary energy source

TBL's direct energy consumption is based on non-renewable sources and is received from the local electrical power connections. In addition it used fuel as follows: petrol and diesel in its fleet, diesel in generators and natural gas in the CNG converted vehicles.

Direct energy consumption in buildings (BDT Million)

	2010	2011	Change 2011/2010
Fuel Oil	25.95	6.47	0.25
Gas	0.33	0.51	1.55

The use of fuel oil during 2011 decreased substantially due to substantial improvement in power outage scenario during 2011.

Fuel consumption by TBLs fleet of cars (BDT Million)

Branch Vehicle	2010	2011	Change 2011/2010
CNG	1.141	1.58	1.39
Octane	0.69	0.81	1.17

EN4 Indirect energy consumption by primary energy source**Electricity consumption at premises (BDT Million)**

	2010	2011	Change 2011/2010
Head office	0.02	0.028	1.40
Branches	25.95	17.55	0.68

EN5 Energy saved due to conservation and efficiency improvements

TBL assesses the performance of initiatives of this type. However, we are not in a position to provide total savings figures. We can, however, give several examples of this type of initiative and reductions achieved (see indicators EN18 and EN26).

EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives

TBL offers products and services of this kind (see indicators EN5, EN26 and FS8), though it is not possible to provide figures for benefits achieved. Communicating this figure depends both on Trust Bank Limited and on end-users of this type of equipment, i.e. customers.

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

TBL assesses the performance of initiatives of this type. However, we are not in a position to provide total savings figures.

EN8 Total water withdrawal by source

TBL does not have a systematic procedure for calculating the total volume of mains water used in its commercial network, due to the fact that TBL has branches all over the country and they have different water suppliers. Furthermore, the total amount of water used by TBL was not identified in our materiality study as a material issue to be reported.

Water consumption at premises (BDT Million)

	2010	2011	Change 2011/2010
Head Office & Branches	0.92	1.14	1.24

Type of water consumption considering location of building:

Location of Building	Type of water consumed			Total
	Jar	Tap	Jar & Tap	
Urban	6	17	2	25
Rural	23	6	14	43
Total	29	23	16	68

EN9 Water sources significantly affected by withdrawal of water

TBL does not have a systematic procedure for calculating the total volume of water used in its commercial network, due to the fact that TBL has branches all over the country and they have different water suppliers and sources.

EN10 Percentage and total volume of water recycled and reused

TBL does not use recycled water in its offices and branches.

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas****EN13 Habitats protected or restored****EN14 Strategies, current actions, and future plans for managing impacts on biodiversity**

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

These indicators do not apply to TBL, as its operations are located in urban and rural residential and commercial areas. No branches are located in forests or environmentally protected areas to have any impact on biodiversity. However, TBL is contributing BDT 0.12 million per year for bird conservation project namely Pokkhikuler Asroy & Khaddo Nischitkoron Prakalpa at Bonpara, Natore.

EN16 Total direct and indirect greenhouse gas emissions by weight

Total direct and indirect greenhouse gas emissions resulting from TBL's activities arise essentially from its energy consumption. However, TBL does not have a systematic procedure for calculating total greenhouse gas emissions, both direct and indirect.

EN17 Other relevant indirect greenhouse gas emissions by weight

TBL does not have a systematic procedure for calculating total greenhouse gas emissions, both direct and indirect.

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved

TBL has taken up initiatives to reduce greenhouse gas emissions in its operations through concentrated efforts of its Head Office and Branches through in-house environmental management systems, reduction of electricity usage replacement of existing lighting equipment with energy efficient ones, carpooling, teleconferencing, etc.

In addition, TBL has taken up initiatives for keeping pot plants in the branches to act as carbon sinks targeting its urban branches. Information of pot plants is as follows:

Type of Branch	No of pot plants within office
Rural	173
Urban	1,067
Grand Total	1,240

EN19 Emissions of ozone-depleting substances by weight

According to the Global Reporting Initiative, ozone-depleting substances in products and equipment from use or disposal are not covered by this indicator. It therefore does not apply to TBL.

EN20 NOx, SOx and other significant air emissions by type and weight

Considering the energy consumption by the emergency generators and TBL's vehicles is insignificant, this indicator is not considered material.

EN21 Total water discharge by quality and destination

TBL's premises are located in urban and rural residential and commercial areas with sewer and rainwater drainage systems, which mean that this indicator does not apply to its activities.

EN22 Total weight of waste by type and disposal method

TBL does not have a systematic procedure for calculating the total volume of waste produced in its commercial network.

EN23 Total number and volume of significant spills

This indicator does not apply to TBL, as it does not use chemical products in any significant quantities that might cause spills with relevant environmental impacts.

EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

This indicator does not apply to TBL, as it does not use chemical products in any significant quantities that might cause spills with relevant environmental impacts.

EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff

TBL does not have a systematic procedure for calculating the effect of discharge of water and runoff in its commercial network.

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

This indicator does not apply to TBL, as it does not use chemical/biological/toxic etc. substances in any significant quantities that might cause environmental impacts.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category

In 2011, TBL issued 111,990 debit and credit cards. Total amount of plastic used is negligible.

EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations

In 2011 there were no significant fines or non-monetary sanctions for violation of environmental laws or regulations.

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

TBL does not have a systematic procedure for calculating total greenhouse gas emissions, from its vehicle fleet's fuel usage.

EN30 Total environmental protection expenditures and investments by type

TBL's environmental protection expenditures and investments are accounted for. Full communication of this type of expenditure pursuant to environmental accounting standards is a future commitment

Labour Management Approach

Goals and performance

Promotion to next hierarchy designation is considered subject to availability of vacancy in the next grade along with adequate skill set, potentially to take over broader responsibility. No employee will have a claim to be promoted to a higher grade by virtue of his seniority alone. All promotions shall be made on the basis of performance and criterion laid down by the Management of TBL from time to time.

Policies

TBL has created an atmosphere of trust and support within the organization which will encourage employees to work well together as a team. TBL also guarantees employment opportunities conform to the established and acceptable practices of the country.

Organizational responsibility

TBL has developed an effective internal communication and attachment system which will encourage the employees to identify them with the organizations and its activities.

Training and awareness

The Bank identifies the interdependence between the employer and the employee and believes that each should give the other a fair treatment. Therefore, Bank usually arranges, as well as, participate various trainings and workshops on different type's compliance related issues to act in accordance with the laws and practice of industry and the country for raising awareness in relation to the Labor Aspects.

Labour Performance Indicators**LA1 Total workforce by employment type, employment contract, and region****Direct employees by type of contract and employment as at 31 December**

Type of Contract	2010			2011		
	Part-time	Full-Time	Total	Part-time	Full-Time	Total
Fixed Term Contract	0	67	67	0	71	71

Internship programs

	2010	2011
Interns	45	32
No of Internships	450	360
No of Student Internships	450	360

Internship Employees by Division or District

Division	2010	2011
Dhaka	778	798
Chittagong	175	191
Sylhet	54	52
Rajshahi	36	48
Barisal	4	6
Khulna	22	23
Rangpur	10	11

LA2 Total number and rate of employee turnover by age group, gender, and region

Trust Bank Limited has a diversified team in terms of gender and age group. In 2011, 71 employees left, most of them in the 18 to 34 age group (for better opportunities).

Total number of employees leaving by age and gender

Gender	Age Group	2010	2011
Female	Over 65	0	0
	55 to 64	0	1
	45 to 54	0	0
	35 to 44	1	8
	18 to 34	9	23
	Total	10	32
Male	Over 65	0	0
	55 to 64	02	0
	45 to 54	04	5
	35 to 44	09	16
	18 to 34	56	97
	Total	71	118

Turnover by age and gender

Gender	Age Group	2010	2011
Female	Over 65	0	0
	55 to 64	0	33.33
	45 to 54	0	0
	35 to 44	1.48	11.85
	18 to 34	3.97	10.15
Male	Over 65	0	0
	55 to 64	16	0
	45 to 54	9.09	11.36
	35 to 44	5.49	9.76
	18 to 34	9.65	16.71

Methodological note: Turnover for each period was calculated as follows: [(No. of employees leaving during the period/Average no. of employees during the period)]*100

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees**Employee benefits**

Benefit	Permanent Employees	Contractual Employees
Invalidity Pension	Superannuation Fund	N/A
Retirement Benefits	Provident Fund, Gratuity and Leave Encashment	N/A

LA4 Percentage of employees covered by collective bargaining agreements

These indicators do not apply to TBL.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

As per Employee's Service Manual of TBL, minimum notice period varies on case to case basis.

LA6 Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advice on occupational health and safety programmes

These indicators do not apply to TBL.

LA7 Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region

These indicators do not apply to TBL.

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

These indicators do not apply to TBL.

LA9 Health and safety topics covered in formal agreements with trade unions

These indicators do not apply to TBL.

LA10 Average hours of training per year per employee by employee category

Hours of Training by employee category

Training Category	Year 2011	
	Training Programs	Participants
In-house Training	39	1299
Local Training	78	120
Foreign Training	Nil	Nil
Total	117	1419

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

TBL ensures that each employee is developed as fully as his or her ability, performance and opportunity within which the Bank may permit. To this end periodic reviews will be made to determine the performance and potential of employees and, if necessary, the training required to enable them to progress more senior positions.

LA12 Percentage of employees receiving regular performance and career development reviews

Hundred percent of confirmed employees are receiving regular performance and career development reviews.

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

Employees by category and gender

	Male		Female	
	2010	2011	2010	2011
Executive	90	94	8	7
Officer	680	734	299	292
Support Staff	2	2	0	0
Total	772	830	307	299

Number of employees by category and age group

GRI Category	Age Group	2010	2011
Executive	18 to 34	5	7
	35 to 44	52	53
	45 to 54	29	31
	55 to 64	12	10
	Over 65	0	0
	Total	98	101
Officer	18 to 34	798	800
	35 to 44	156	202
	45 to 54	20	20
	55 to 64	5	4
	Over 65	0	0
	Total	979	1,026
Support Staff	18 to 34	2	2
	35 to 44	0	0
	45 to 54	0	0
	55 to 64	0	0
	Over 65	0	0
	Total	2	2
Total		1,079	1,129

LA14 Ratio of basic salary of men to women by employee category

Ratio of average salaries of men and women by category

Category	Ratio in 2010	Ratio in 2011
Executive	1.07 : 1	1.15 : 1
Officer	1 : 1.05	1 : 1.05
Total	1 : 0.91	1 : 0.95

Human Rights Management Approach

Goals and performance

The way in which human rights issues are managed at TBL is reflected in its labor management approach. TBL deals with People, not paper, not the rigid application with policies.

Organizational responsibility

Policy/Programme	Corporate Bodies With Formal Responsibility
Human Resource Aspects	Human Resources Division
Supplier Relations	General Services & Security Department

Training and awareness

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. The human rights aspects are a well-established part of the numerous training curriculums of Foundation and Advanced Training programs undertaken each year by the academy.

Human Rights Performance Indicators

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

These indicators do not apply to TBL.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

TBL undertakes to treat all suppliers equally in accordance with the procurement policy approved by its Board of Directors. Although we do not yet conduct specific human rights screening of suppliers, this aspect is one of TBL's future commitments.

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Total hours of employee training

Name of Training	Nos. of Training	Total Hours	Employees Trained	% of Employees
Foundation Training	2	144	45	3.83%
Advanced Training	4	300	102	8.68%
Refreshers Course	6	240	138	11.74%

HR4 Total number of incidents of discrimination and actions taken

There have been no incidents of discrimination in TBL during 2011.

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

These indicators do not apply to TBL.

HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour

These indicators do not apply to TBL.

HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour

These indicators do not apply to TBL.

Social Management Approach

Goals and performance

TBL sets clearly defined goals for a wide variety of society-related aspects. Examples are our different commitments, such as financial inclusion, community engagement, and compliance. The performance indicators on these issues can be found in this section.

Policies

The following are examples of TBL's social policies:

- ▶ The TBL Employee's Service Manual is for all its employees and it reinforces TBL's commitment to the highest ethical and moral standards;
- ▶ The operational risk management, internal control & compliance risk management, and money laundering risk management manual requires internal control systems to guarantee respect for the law and regulations on the prevention of money laundering and funding of terrorism;
- ▶ The annual plans of activities of the Internal Control & Compliance Division, which ensure that legislation, regulations and internal rules are respected by the different corporate bodies;
- ▶ Internal control procedures for money laundering.

Organizational responsibility

The Board of Directors are ultimately responsible for the correct implementation of the above policies, programs and commitments which have been formally delegated to corporate bodies as detailed below.

Policies and programs and organizational responsibility

Policy/Programme	Corporate Bodies With Formal Responsibility
Employee's Service Manual	Human Resources Division
Operational Risk Management	Internal Control & Compliance Division
Internal Control & Compliance Risk Management	Internal Control & Compliance Division
Money Laundering Risk Management	Central Compliance Unit & AML Department

Training and awareness

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. The social management aspect is a well-established part of the numerous training curriculums of Foundation and Advanced Training programs undertaken each year by the academy.

Social Performance Indicators

SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting

As decisions on opening or closing branches and offices are included in the bank's strategic growth, as a rule TBL conducts studies of the impact of these decisions on the region's economy and economic development conducted by the Operations Division.

Before TBL begins operations in a new location, it drafts a business plan, which includes an analysis of the impact on the local community. Several factors are analyzed when identifying these impacts, such as the current and future scale of the region, the community's socio-economic conditions, existing business activity, the needs of local SMEs, existing competition and potential complementarity and improvement in the services of the local commercial network.

After these analyses, it may happen that TBL will open a branch even though the prospects for business growth in the area are not favorable. This is because its intention is to be present in many points of the country and promote access to banking services to as many people as possible, even in places with low population density and buying power, with a view to financial inclusion.

These practices are closely related to the fact that TBL always seeks to establish long-lasting, personalized business relationships with companies and private customers, which means that employees', customers' and the community's interests are considered when entering or exiting.

SO2 Percentage and total number of business units analyzed for risks related to corruption

Risks of corruption are analyzed in the Internal Control & Compliance Risk Management and by the Internal Control & Compliance Division.

In 2011 the Internal Control & Compliance Division conducted on-site audits of:

- ▶ No. of Comprehensive Audit: 63
- ▶ No. of Spot Inspection: 20
- ▶ No. of Special Inspection: 19

SO3 Percentage of employees trained in TBL's anti-corruption policies and procedures

Number of employees trained in prevention of money laundering and funding of terrorism by category

Category	Number of Employees	Nos. of Training	Total Hours
Officers/Executives	200	4	32

SO4 Actions taken in response to incidents of corruption

There was no incident of corruption in TBL in 2011.

SO5 Public policy positions and participation in public policy development and lobbying

TBL responds to requests for opinions on current standards from regulatory bodies, providing them with its views and positions, which contribute to the drafting of legal documents regarding the sector's activity. It also participates in sectoral working groups, where it expresses its opinions.

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

This indicator is not applicable for TBL as there were no contribution of this form during 2011.

SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes

No legal actions were brought against TBL for anticompetitive behavior or monopoly practices in 2011.

SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

No instances of monetary or non-monetary fines/sanctions were brought against TBL for non-compliance with laws and regulations in 2011.

Product Responsibility Management Approach

Goals and performance

With this end in view, we 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 evolve around realizing three key objectives such as achieve long term sustainable growth, build capacity for financial inclusion, and remain accountable to all stakeholders indiscriminately.

The different commitments in this report are an example of this, such as those concerning business, stakeholder engagement and communication. The performance indicators on these issues are shown in this section.

Policies

The Internal Control & Compliance Division is a TBL corporate body that answers directly to the Board of Directors and is responsible for monitoring compliance with the duty to provide legal and regulatory information on TBL's products and services. Furthermore, all corporate bodies involved in product/service development are responsible for fulfilling these duties.

Organizational responsibility

The above goals and commitments are considered strategic by the Board of Directors, which is ultimately responsible for proper compliance with these goals, programs and initiatives.

Policies and programs and organizational responsibility

Policy/Programme	Body with Formal Responsibility
Quality of Service Assessment Program	Internal Control & Compliance Division
Centralizing, Analysis and Handling Of Suggestions and Complaints	Complaint Cell at Head Office & Office of Cluster Heads
Compliance With Regulatory Compliance	Internal Control & Compliance Division
Business Continuity Plan	IT Division

Training and Awareness

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. The product responsibility aspects of the financial products of Trust Bank Limited are a well-established part of the numerous training curriculums of Foundation and Advanced Training programs undertaken each year by the academy.

Product Responsibility Performance Indicators

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

TBL's products and services have no direct impact on its customers' health or safety and so it has no specific procedure for assessing them. However, TBL provides all its customers with information on the safe use of its internet banking services, credit and debit card safety.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

No instances of incidents of non-compliance were charged against TBL in 2011.

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

TBL has a set product development process namely Product Program Guidelines provide clear information on the issue, sale and advertising of all TBL financial products and services. These rules include the specific conditions and characteristics of each product and service. In addition, TBL's enlisted legal advisors are utilized for legal screening of the products.

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

No instances of incidents of non-compliance were charged against TBL in 2011.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Ongoing improvement of quality of service and customer satisfaction is one of TBL's strategic priorities. Information regarding complaints is as follows:

Number of complaints

	2010	2011
Total for Year	NIL	NIL
Daily Average		

Main subjects of complaints

Means of Payment	Nil
Credit	Nil
Banking Network	Nil
Deposits and Financial Investment	Nil
Automated Services	Nil
Others	Nil

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

Marketing communications, advertising, promotion, and sponsorship for TBL's financial products and services comply with all duties of information required by law.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

No instances of incidents of non-compliance were charged against TBL in 2011.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

No instances of substantiated complaints were received for breaches of customer privacy and losses of customer data.

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

No instances of fines were charged against TBL for non-compliance with laws and regulations concerning the provision and use of products and services in 2011.

Social and Environmental Impacts of Products and Services

(Financial Service Sector Supplement)

Goals and performance

TBL's sustainability strategy devotes special attention to managing the environmental and social impacts of its products and services.

Policies

One of TBL's strategic goals is to establish formal policies that reflect its commitments concerning the environmental and social impacts of the products that it sells. Examples include the Board of Directors' approval of Green Banking Policy Manual for sustainability in our environmental policy.

Organizational responsibility

TBL's Green Banking Policy for sustainability enumerates these issues and was approved in 2011.

Training and awareness

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. One of TBL's strategic goals is to provide employees with training and increase their awareness of the environmental and social impacts of our products and services. The aspects of the financial products and services provided by Trust Bank Limited are a well-established part of the numerous training curriculums of Foundation and Advanced Training programs undertaken each year by the academy.

Monitoring and follow-up

The policy of governance for sustainability approved by the Board of Directors in 2011 will ensure the monitoring and follow-up of social and environmental policies and practices concerning products and services.

Performance Indicators from the Financial Service Sector Supplement

FS1 Policies with specific environmental and social components applied to business lines

The inclusion of environmental aspects in the design and sale of products and services is one of the facets of Green Banking Policy Manual of Trust Bank Limited. Furthermore, TBL's environmental risk management policy has been approved and thereby strengthens the bank's commitment. TBL has formal policies addressing the environmental risk components.

FS2 Procedures for assessing and screening environmental and social risks in business lines

The consideration of environmental and social criteria in the evaluation of credit risk is one of TBL's strategic commitments. TBL is working towards compliance of the environmental laws of the Government of Bangladesh and the Environmental Risk Management guideline of Bangladesh Bank.

Although a proper analysis has not yet been conducted of the environmental and social risks of TBL's business lines, it is certainly working towards this end.

FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions

TBL is monitoring compliance through obtaining of Site and Environmental Clearance Certificates and on-site visits to check compliance of environmental and social covenants.

FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

There are several examples of training and environmental awareness campaigns for TBL employees:

- ▶ Workshops were arranged by TBL and conducted by Mr. Khondaker Morshed Millat, Joint Director of Banking Regulation & Policy Department, Bangladesh Bank on Green Banking and Environmental Risk Management for Executives and Officers of TBL.

FS5 Interactions with clients/investees/business partners regarding environmental and social risks and opportunities

TBL is working on arranging training and awareness building events for clients and stakeholders.

FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector

Credit disbursed by economic activity (BDT Millions)

Economic Activity	2010		2011	
	BDT Millions	%	BDT Millions	%
Agriculture	202.80	0.47%	364.20	0.73%
Industry (Other than Working Capital)	3,193.10	7.34%	5,754.40	11.56%
Working Capital	11,167.00	25.68%	14,984.60	30.09%
Export Financing	193.00	0.44%	784.30	1.58%
Import Financing	9,559.60	21.99%	6,828.10	13.71%
Transport & Communication	377.20	0.87%	729.50	1.47%
Internal Trade Financing	5,367.20	12.34%	6,034.50	12.12%
Housing	4,723.20	10.86%	3,809.30	7.65%
Special Programme	0.00	0.00%	53.30	0.11%
Others	8,695.20	20.00%	10,451.50	20.99%
Total	43,478.30	100.00%	49,793.70	100.00%

Credit outstanding by type of customer (BDT Millions)

Type of Customer	2010		2011	
	BDT Millions	%	BDT Millions	%
Retails Loans	6,153.43	15.46%	8,981.71	17.68%
SMEs	1,815.00	4.56%	2,716.09	5.35%
Corporate	29,752.87	74.76%	36,997.45	72.83%
Islamic Banking	642.89	1.62%	1,091.96	2.15%
Staff Loan	246.85	0.62%	298.73	0.59%
Merchant Banks & Brokerage House	1,188.86	2.99%	715.80	1.41%
Total	39,799.90	100.00%	50,801.74	100.00%

Deposits by type of customer (BDT Millions)

Type of Customer	2010		2011	
	Amount in Million	%	Amount in Million	%
Individual/Joint Ac	33,759.67	67.84%	46,589.44	71.36%
Current & SND	2,467.00	4.96%	3,772.05	5.78%
DPS	1,187.91	2.39%	1,535.64	2.35%
Savings	5,126.81	10.30%	5,533.11	8.47%
Term Deposit	24,977.95	50.19%	35,748.64	54.75%
Limited Companies	8,056.08	16.19%	6,649.66	10.18%
Current & SND	2,943.16	5.91%	1,839.02	2.82%
DPS	0.02	0.00%	0.03	0.00%
Savings	5.97	0.01%	19.65	0.03%
Term Deposit	5,106.93	10.26%	4,790.97	7.34%
Partnership	71.31	0.14%	94.25	0.14%
Current & SND	28.29	0.06%	57.22	0.09%
DPS	0.10	0.00%	0.16	0.00%
Savings	0.54	0.00%	0.57	0.00%
Term Deposit	42.38	0.09%	36.30	0.06%
Proprietary Concerns	859.98	1.73%	1,056.81	1.62%
Current & SND	599.30	1.20%	602.71	0.92%
DPS	0.45	0.00%	0.38	0.00%
Savings	4.19	0.01%	2.99	0.00%
Term Deposit	256.04	0.51%	450.73	0.69%
Societies, Club	3,722.15	7.48%	6,205.01	9.50%

Current & SND	1,285.19	2.58%	1,601.62	2.45%
Savings	116.20	0.23%	215.05	0.33%
Term Deposit	2,320.76	4.66%	4,388.33	6.72%
Staff	347.69	0.70%	579.82	0.89%
Current & SND	119.94	0.24%	232.62	0.36%
DPS	19.35	0.04%	24.80	0.04%
Savings	80.40	0.16%	80.42	0.12%
Term Deposit	127.99	0.26%	241.98	0.37%
Others	2,950.23	5.93%	4,117.27	6.31%
Grand Total	49,767.12	100.00%	65,292.26	100.00%

FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line

Monetary value of products and services designed to deliver a specific social benefit for each business line.

Business Line	Product / Service	Description of Product/Service	Amount disbursed in Million BDT	Socio-economic benefits
Retail Banking	House Building Loan (Mortgage)	Purchasing apartment, Constructing New House(s), Taking over of house Building Loans from other Banks/Non-Banking Finance Institutions.	570.46	We have disbursed this amount to 306 Defense personnel; can easily able to make their house building and accommodate them. Moreover; after retirement they get benefit from their rental income. About 3,000 people directly or indirectly receive benefit.
	Apon Nibash (House Finance)	Purchasing apartment, Constructing New House(s), Taking over of house Building Loans from other Banks/Non-Banking Finance Institutions.	55.31	We have disbursed this amount to 245 individuals. Its results and helping to make townships specially in metropolitan areas' where directly or indirectly 2500 urban people accommodated
	Army Officers Housing Scheme Loan	To purchase residential plots for house building by the defense officers from 'Jolshiri Abashon' a sister concern of Army Housing Scheme	175.70	We have disbursed this amount to 1563 Defense Personnel in service. This is resulting housing community for defense officers and all about 7800 community people directly or indirectly receive benefit.
	Marriage Loan Scheme (MLS)	Defense Personnel (in the age group from 26 to 40 years ranking from 2nd lieutenant to above.	7.11	We have disbursed this amount to 541 among the Defense Personnel in service for making family bonding.
	Marriage Loan Scheme (MLS) for other ranks	Defense Personnel (JCO and other ranks)	2.00	We have disbursed this amount to 473 in service JCO and other ranks; resulting in the said segmented income group can easily make their happy journey to their married life.

Business Line	Product / Service	Description of Product/Service	Amount disbursed in Million BDT	Socio-economic benefits
SME	Trust – Bunon	To meet the fund requirement of the owner of Power loom, Handloom and other allied Industries for purchasing fixed asset and working capital to run the business	311.30	We have disbursed this amount to 187 enterprises which resulting permanent employment of 2409 people.
	Trust - Prochesta	Loan for Women entrepreneurs	114.00	We have disbursed this amount to 149 enterprises which resulting permanent employment of 447 women.
	Trust - Shufola	Loan for Bio-gas, Solar energy, fisheries, livestock, Poultry and agro-processing units	152.00	We have disbursed this amount to 472 enterprises which resulting permanent employment of 472 families, production of 2025.60 m3 gas, production of 11816 litter milk, production of 12660 kg organic fertilizer per day and 432 ton fish per season.
	Trust - Ekota	Group Loan for micro, small enterprises with cluster approach	7.80	We have disbursed this amount to 160 micro enterprises which resulting permanent employment of 160 families for production of Nakshikantha, Gamchha, pottery and others.
Corporate	Square Hospital	320 beds capacity tertiary care hospital providing international standard multidisciplinary Health Services to the people.	Term Loan / W. Capital F-300 NF-150	i) Provides international standard health services at least cost. ii) Helps saving foreign currency. iii) Creates employment.
	Summit Group	i) Generates power for industries and households. ii) Contributes in economic development.	Term Loan / W. Capital F-18050 NF-2400	i) Helps combating national power crisis by producing 560 MW power. ii) Industrialization will take place and more employment opportunity will be created. iii) Facilitates children to go to school due to electrification.
	Brac	Provides collateral free loans to the poor people.	W. Capital F-900 NF-50	i) Creates self-employment of 3,50,000 farmers. ii) Creates employment for 9.00 million poor people. ii) 4.6 million disadvantaged children will have opportunity to learn in BRAC school. iii) Creates sensitization among the poor people.

Business Line	Product / Service	Description of Product/Service	Amount disbursed in Million BDT	Socio-economic benefits
	Buro Tangail	Provides collateral free loans to the poor people.	Term Loan F-45.00 out of syndicated finance	i) Creates self-employment of 0.28 million poor people. ii) Creates sensitization among the poor people.
	Owntech	Generates power for the marginalized and poor people of Barkal under Rangamati District.	Term loan F-9.67	i) Generates electricity 250KW/per hour for people living around the project. ii) People educationally and economically will be benefited.
	Grameenphone	Provides telecommunication services.	W. Capital F-800 NF-1200	i) Number of subscribers reached to 36 million. ii) Network coverage nearly 99 percent of the country's population. iii) Rural people will have day to day market information.
	Banglalink	Provides telecommunication services.	Term Loan F-500	Number of subscribers reached to 50.47 million.

FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line

Amount of products with positive impacts on the environment in each business line

Business Line	Amount of products with positive impacts on the environment in each business line
SME	Bio-gas plant finance – BDT 115.70 million.
Corporate	Project finance having ETP – BDT 18.13 million.

FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures

One of TBL's goals is to make an effort to conduct specific audits to assess implementation of environmental risk management policy under the environmental due diligence and environmental risk rating assessment models prescribed by Bangladesh Bank. This type of audit is being implemented from 2012.

FS10 Percentage and number of companies held in TBL's portfolio with which it has interacted on environmental or social issues

Efforts are ongoing for implementation of environmental risk management guidelines of Bangladesh Bank to mitigate environmental issues.

FS11 Percentage of assets subject to positive and negative environmental or social screening

TBL does not have any assets that fall under the above categories.

FS12 Voting policy(ies) applied to environmental or social issues for shares over which TBL holds the right to vote shares or advises on voting

TBL recognizes its importance as an institutional investor. However, Trust Bank Limited is essentially a commercial bank but it does not have shareholdings in companies in which it has voting right.

FS13 Access points in low-populated or economically disadvantaged areas

TBL has a bank distribution network in Bangladesh that covers the entire country and enables it to provide financial products and services in low-populated or economically disadvantaged areas. TBL therefore plays a crucial role in the financial inclusion of disadvantaged populations.

Distribution of commercial network in Bangladesh:

Division	Branches	SME/Agri Centres	Head Offices
Dhaka	28	4	3
Chittagong	18	-	-
Sylhet	6	1	-
Rajshahi	4	2	-
Barisal	1	-	-
Khulna	3	-	-
Rangpur	2	-	-
Total	62	7	3

FS14 Initiatives to provide access to financial services for disadvantaged people

TBL believes and acknowledges that people has right to get financial services at minimum price wherever they stay either in city or very remote village. Besides opening new branches, TBL delivers services through SME service centers, ATMs, Pay points, Customer Care Centers, Mobile Money, and Internet Banking. TBL is also materializing its financial inclusion through activities such financing renewable energy Bio-Gas Plant, financing farmers under 'Four Cow Model' and 'Trust Shufola etc.

FS15 Policies for the fair design and sale of financial products and services

TBL abides by the requirements and regulations issued by regulators to ensure the design and sale of financial products and services. It also has internal standards to ensure that its interests and those of its employees are in line with customers' expectations.

FS16 Initiatives to enhance financial literacy by type of beneficiary

TBL is working on arranging training and awareness building events for clients and stakeholders.

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 30th January 2012. 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 KARM Mostafa Kamal, ndc, psc | Chairman |
| 2. Mr. Helal Uddin Ahmed | Member |
| 3. Brig Gen Md. Imamul Huda, psc | 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 enunciation in the aforementioned BRPD circular with special emphasis on ensuring compliance in the light of all applicable legislations, the prime responsibilities of the Audit Committee, among other things, are as follows:

a) Internal Control

- i) Evaluate whether Management is setting up the appropriate compliance culture by strengthening the internal control and the management of risks and ensuring that all employees have good understating of their roles and responsibilities;
- ii) Review the arrangement made by 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 the effective internal check and control system;
- v) Review the corrective measures taken by 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/guidelines 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, if any 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 2011, 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 2012 to deal in the Auditors' Report and financial statements of 2011, 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 2011

The Committee in its 02/2012 meeting held on 19 March 2012 reviewed the annual financial statements for the year 2011 wherein representative of external auditors was present. The external auditors 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 2011 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 KARM Mostafa Kamal, ndc, psc
Chairman, Audit Committee

Annual Report of Shariah Supervisory Committee - 2011

All praise is for Allah subhanahu-wa-tayala Who is the One and Second to none, Beneficent, 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 2011, Trust Bank Limited operates its Islamic Banking Operations through 5 designated branches.

We report the following to the Shareholders:

- i) During the Year 2011, Shariah Supervisory Committee of Trust Bank Limited held 01 (one) meeting.
- 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 Supervisory Committee.
- iii) The committee 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 Supervisory Committee was satisfied on the performance of Trust Islamic Banking during the year 2011 for achieving tremendous growth in deposit and investment

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 Supervisory Committee

Positive Indicators in 2011

Exclusive Information for Shareholders

Growth in %

Head	TBL	Consolidated (TBL & TBIL)
Total Loans & Advances	27.64%	27.58%
Total Investment	12.79%	12.92%
Total Assets	30.56%	30.92%
Placment 144 Cr due to Liquidity Mgt in 2011		
Total Deposits	30.56%	30.92%
Total Regulatory Capital	48.79%	48.79%
Capital Adequacy Ratio	11.84%	11.91%
Total Shareholder's Equity	10.05%	17.02%
Statutory Reserve	16.65%	16.65%
Total Interest/Profit Income	34%	42.87%
Income from Investment	43%	42.62%
Cash in Hand and Balance with BB	22.79%	22.79%
Cash Flow from Operating Activities	168%	183%
Cash Flow from Financing Activities	505%	147%

Auditors' Report & Financial Statements of Trust Bank Limited





Auditors' Report **To The Shareholders of Trust Bank Limited**

We have audited the accompanying consolidated financial statements of Trust Bank Limited (the bank) and its subsidiary namely Trust Bank Investment Limited and also the financial statements of the Bank which comprise balance sheet as at 31 December 2011, profit and loss account, cash flow statement, statement of changes in equity and liquidity statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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 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. 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 auditor's 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 auditor 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 referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular no. 14 dated 25 June 2003 and in accordance with Bangladesh Financial Reporting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2011 and of the results of its operations and its cash flows for the period from 01 January 2011 to 31 December 2011 and comply with the Companies Act 1994, the Bank Company Act 1991, Rules and Regulations issued by Bangladesh Bank, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further report that:

- (i) 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;
- (ii) in our opinion, proper books of accounts as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the 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 accounts and returns;
- (iv) the expenditures incurred were for the purpose of the Bank's operations;
- (v) the financial position of the Bank as at 31 December 2011 and the profit for the period from 01 January 2011 to 31 December 2011 have been properly reflected in the financial statements, and 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 Company Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) the records and statements submitted by the branches have been properly maintained and in the financial statements;
- (ix) 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;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- (xii) as far as it was revealed from our test checks, the existing rules and regulations for loan sanctioning and disbursements have been followed properly;
- (xiii) it appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- (xiv) guidelines of Core Risk Management issued by Bangladesh Bank vide BRPD Circular # 17 dated 07 October 2003 were complied except ICT which is under process;
- (xv) adequate capital of the Bank, as required by law, has been maintained during the period under audit;
- (xvi) we were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;
- (xvii) 80% of the risk-weighted assets of the Bank have been audited; and
- (xviii) we have spent approximately 2,650 man hours for the audit of books and accounts of the Bank.

Dhaka,
28 March 2012


ACNABIN
Chartered Accountants

Trust Bank Limited
and its subsidiary
Consolidated Balance Sheet
As of 31 December 2011

	Notes	31.12.2011 Taka	31.12.2010 Taka
PROPERTY AND ASSETS			
Cash	3	5,699,053,332	4,641,502,209
Cash in hand (including foreign currencies)		1,087,074,071	519,467,958
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,611,979,261	4,122,034,251
Balance with Other Banks and Financial Institutions	4 (a)	3,847,932,917	738,392,744
In Bangladesh		2,763,975,554	318,714,725
Outside Bangladesh		1,083,957,363	419,678,019
Money at Call and Short Notice	5	1,440,000,000	-
Investments	6 (a)	9,665,330,275	8,559,939,769
Government		7,724,014,821	6,714,007,381
Others		1,941,315,454	1,845,932,388
Loans and Advances/Islami Banking Investments	7 (a)	54,552,659,781	42,760,432,995
Loans, Cash Credit, Overdrafts etc./Investment		52,839,235,499	41,501,591,601
Bills purchased and discounted		1,713,424,282	1,258,841,394
Fixed assets including premises, furniture and fixtures	8 (a)	439,641,335	431,006,157
Other assets	9 (a)	1,391,409,813	1,229,399,926
Non-banking assets		-	-
Total Assets		77,036,027,453	58,360,673,800
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	10 (a)	2,350,052,256	460,247,719
Deposits and other accounts	11 (a)	65,930,044,950	50,357,901,282
Current/Al-wadeeah Current Accounts and other Accounts		8,293,865,131	6,247,062,620
Bills Payable		555,764,433	656,010,698
Savings Bank Deposits/Mudaraba Savings Deposits		5,822,755,118	5,336,185,241
Fixed Deposits/Mudaraba Term Deposits		51,257,660,268	38,118,642,723
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other Liabilities	12 (a)	2,892,278,702	2,497,504,163
Total Liabilities		71,172,375,908	53,315,653,164
Capital/Shareholders' Equity			
Paid up Capital	13.2	2,661,127,400	2,217,606,200
Minority Interest	13 (a)	774	705
Share Premium Account		-	-
Statutory Reserve	14	1,827,243,070	1,566,403,090
Other Reserve	15	3,475,004	118,280,731
Retained Earnings	16 (a)	1,371,805,297	1,142,729,910
Total Shareholders' Equity		5,863,651,545	5,045,020,636
Total Liabilities and Shareholders' Equity		77,036,027,453	58,360,673,800

	Notes	31.12.2011 Taka	31.12.2010 Taka
CONSOLIDATED OFF-BALANCE SHEET ITEMS			
Contingent Liabilities	17 (a)	19,325,631,569	18,950,680,529
Acceptances and Endorsements		5,451,673,426	3,733,538,904
Letter of Guarantees		3,112,474,349	4,074,580,745
Irrevocable Letter of Credits		7,906,081,049	8,208,530,370
Bills for Collection		2,855,402,745	2,934,030,510
Other Contingent Liabilities			
Value of travelers' cheques in hand		-	-
Total:		19,325,631,569	18,950,680,529
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		19,325,631,569	18,950,680,529

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


Vice Chairman


Director


Director


Managing Director

This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,
28 March 2012


ACNABIN
Chartered Accountants

Trust Bank Limited
and its subsidiary
Consolidated Profit and Loss Account
For the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
OPERATING INCOME			
Interest income/Profit on Investment	19 (a)	6,768,016,384	4,737,245,740
Interest/Profit paid on deposits and borrowings, etc	20 (a)	5,389,771,680	3,211,610,939
Net Interest/Profit Income		1,378,244,704	1,525,634,801
Income from investments	21 (a)	1,374,606,614	963,808,154
Commission, exchange and brokerage	22 (a)	607,196,429	466,228,417
Other operating income	23 (a)	442,137,049	814,368,948
		2,423,940,092	2,244,405,519
Total operating income		3,802,184,796	3,770,040,320
Salaries and allowances	24 (a)	781,068,649	691,880,229
Rent, taxes, insurance, electricity, etc	25 (a)	186,617,620	155,474,527
Legal expenses		2,604,034	812,533
Postage, stamps, telecommunications, etc	26 (a)	57,448,673	38,669,117
Stationery, printing, advertisement etc	27 (a)	84,234,987	59,620,654
Managing Director's salary and benefits		11,140,000	11,140,000
Directors' fees	28 (a)	1,702,400	1,485,800
Auditors' fee		635,000	690,000
Charges on loan losses		-	-
Depreciation and repair of bank's assets	29 (a)	137,297,112	120,300,756
Other expenses	30 (a)	332,745,059	315,387,226
Total operating expenses		1,595,493,534	1,395,460,842
Profit before provision		2,206,691,262	2,374,579,478
Provision for loans & advances/Investments	31(a)	229,258,242	94,411,143
Provision for Diminution in value of Investment	32(a)	69,983,652	11,134,747
Other provision	33	4,589,988	72,662,701
		303,831,882	178,208,591
Total Profit before Tax		1,902,859,380	2,196,370,887
Provision for Taxation			
Current tax	12.5 (a)	981,431,931	911,344,335
Deferred tax		(12,009,187)	(9,411,751)
		969,422,744	901,932,584
Net Profit after Tax		933,436,636	1,294,438,303
Appropriations			
Statutory Reserve	14.1	260,839,980	428,072,760
General Reserve		-	-
		260,839,980	428,072,760
Retained surplus		672,596,656	866,365,543
<i>Earning per share (EPS) before split *Restated</i>	35 (a)	35.08	* 48.64
<i>Earning per share (EPS) after split *Restated</i>		3.51	* 4.86

The annexed notes form an integral part of the Consolidated Profit and Loss Account


Vice Chairman


Director


Director


Managing Director

This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Dhaka,
28 March 2012


ACNABIN
Chartered Accountants

Trust Bank Limited
and its subsidiary
Consolidated Cash Flow Statement
For the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
A. Cash flow from operating activities			
Interest received in cash		6,747,079,996	4,778,175,673
Interest paid		(4,755,889,925)	(3,383,906,247)
Dividend received		97,585,927	32,328,818
Fees and commission received in cash		465,367,171	465,583,268
Recoveries of loans previously written off		-	-
Cash paid to employees		(815,733,385)	(698,193,857)
Cash paid to suppliers		(52,786,141)	(40,593,444)
Income Taxes paid		(900,282,879)	(676,644,058)
Received from other operating activities	36 (a)	1,690,656,415	1,748,751,621
Paid for other operating activities	37 (a)	(688,247,037)	(536,146,128)
Operating Profit before changes in operating Assets and Liabilities		1,787,750,142	1,689,355,646
Increase/(Decrease) in Operating Assets & Liabilities			
Statutory Deposits		-	-
Net Investment in trading securities		(95,383,066)	(1,173,271,050)
Loans & advances to other banks		-	-
Loans & advances to customers		(10,658,848,511)	(9,994,345,175)
Other assets (item-wise)	38 (a)	(22,260,634)	152,268,089
Deposits from other banks		171,538,000	128,647,000
Deposits from customers		14,809,212,479	1,936,925,625
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities (item-wise)	39 (a)	(5,503,242)	93,733,443
Net cash from operating activities (A)		5,986,505,168	(7,166,686,422)
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of government securities		(1,124,752,367)	1,315,338,165
Purchase of property, plant & equipment		(168,893,395)	(175,540,346)
Purchase of intangible assets		(40,917,865)	(6,191,246)
Sale of property, plant & equipment		52,537,060	32,251,124
Net cash from investing activities (B)		(1,282,026,567)	1,165,857,697
C. Cash flow from financing activities			
Increase/(Decrease) in Borrowing:		-	-
Call loan		-	-
Other borrowings		759,199,195	306,843,927
Share Capital A/c		-	700
Share Premium A/c		-	-
Net cash from financing activities (C)		759,199,195	306,844,627
D. Net increase in cash and cash equivalent (A+B+C)		5,463,677,796	(5,693,984,098)
E. Effects of exchange rate changes on cash and cash equivalents		143,474,300	4,249,146
F. Opening cash and cash equivalent		5,382,476,153	11,072,211,105
G. Cash and cash equivalents at the end of year (D+E+F)		10,989,628,249	5,382,476,153

Trust Bank Limited
and its subsidiary
Consolidated Statement of changes in Equity
For the year ended 31 December 2011

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 January 2011	2,217,606,200	-	705	1,566,403,090	118,280,731	1,142,729,910	5,045,020,636
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	-	(114,805,727)	-	(114,805,727)
Currency transaction difference	-	-	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	69	-	-	933,436,567	933,436,636
Statutory reserve	-	-	-	260,839,980	-	(260,839,980)	-
Dividend (Bonus Share)	443,521,200	-	-	-	-	(443,521,200)	-
Issue of share capital	-	-	-	-	-	-	-
Balance as at 31 December 2011	2,661,127,400	-	774	1,827,243,070	3,475,004	1,371,805,297	5,863,651,545
Balance as at 01 January 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 profit/(loss) for the year after tax	-	-	5	-	-	1,294,438,298	1,294,438,303
Statutory reserve	-	-	-	428,072,760	-	(428,072,760)	-
Dividend (Bonus Share)	369,601,000	(182,001,600)	-	-	-	(187,599,400)	-
Issue of share capital	-	-	700	-	-	-	700
Balance as at 31 December 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 2011

	Notes	31.12.2011 Taka	31.12.2010 Taka
PROPERTY AND ASSETS			
Cash	3	5,699,053,332	4,641,502,209
Cash in hand (including foreign currencies)		1,087,074,071	519,467,958
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,611,979,261	4,122,034,251
Balance with other banks and financial institutions	4	3,847,932,917	738,392,744
In Bangladesh		2,763,975,554	318,714,725
Outside Bangladesh		1,083,957,363	419,678,019
Money at call and short notice	5	1,440,000,000	-
Investments	6	9,654,676,043	8,559,939,769
Government		7,724,014,821	6,714,007,381
Others		1,930,661,222	1,845,932,388
Loans and Advances/Islami Banking Investments	7	50,801,744,235	39,799,923,991
Loans, Cash Credit, Overdrafts, etc/Investment		49,088,319,953	38,541,082,597
Bills purchased and discounted		1,713,424,282	1,258,841,394
Fixed assets including premises, furniture and fixtures	8	421,227,415	413,124,269
Other assets	9	4,350,587,201	4,123,449,303
Non-banking assets		-	-
Total Assets		76,215,221,143	58,276,332,285
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	2,343,073,502	463,945,447
Deposits and other accounts	11	65,819,509,706	50,413,290,971
Current/Al-wadeeah Current Accounts and other Accounts		8,159,229,466	5,681,378,972
Bills Payable		555,764,433	656,010,698
Savings Bank Deposits/Mudaraba Savings Deposits		5,822,755,118	5,336,185,241
Fixed Deposits/Mudaraba Term Deposits		51,281,760,689	38,739,716,060
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	12	2,525,877,387	2,373,738,680
Total Liabilities		70,688,460,595	53,250,975,098
Capital/Shareholders' Equity			
Paid up Capital	13.2	2,661,127,400	2,217,606,200
Share Premium Account		-	-
Statutory Reserve	14	1,827,243,070	1,566,403,090
Other Reserve	15	3,475,004	118,280,731
Retained Earnings	16	1,034,915,074	1,123,067,166
Total Shareholders' Equity		5,526,760,548	5,025,357,187
Total Liabilities and Shareholders' Equity		76,215,221,143	58,276,332,285

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

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

**Vice-Chairman****Director****Director****Managing Director**

This is the Balance Sheet referred to in our separate report of even date.

Dhaka,
28 March 2012
ACNABIN
Chartered Accountants

	31.12.2011 Taka	31.12.2010 Taka
17	19,325,631,569	18,950,680,529
	5,451,673,426	3,733,538,904
	3,112,474,349	4,074,580,745
	7,906,081,049	8,208,530,370
	2,855,402,745	2,934,030,510
	-	-
	19,325,631,569	18,950,680,529
	-	-
	-	-
	-	-
	-	-
	19,325,631,569	18,950,680,529

Trust Bank Limited
Profit and Loss Account
For the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Interest income/Profit on Investment	19	6,271,814,846	4,686,638,621
Interest/Profit paid on deposits and borrowings etc.	20	5,386,471,372	3,213,947,255
Net Interest/Profit Income		885,343,474	1,472,691,366
Income from investments	21	1,374,451,123	963,808,154
Commission, exchange and brokerage	22	606,497,350	465,133,566
Other operating income	23	194,177,684	741,418,369
		2,175,126,157	2,170,360,089
Total operating income		3,060,469,631	3,643,051,455
Salaries and allowances	24	740,651,293	683,513,583
Rent, taxes, insurance, electricity, etc	25	171,931,507	152,923,246
Legal expenses		2,604,034	812,533
Postage, stamps, telecommunications, etc	26	55,209,573	38,363,837
Stationery, printing, advertisement etc	27	82,818,062	54,747,195
Managing Director's salary and benefits		11,140,000	11,140,000
Directors' fees	28	1,489,400	1,419,800
Auditors' fee		433,750	517,500
Charges on loan losses		-	-
Depreciation and repair of bank's assets	29	130,680,297	119,336,638
Other expenses	30	302,932,406	302,615,872
Total operating expenses		1,499,890,322	1,365,390,204
Profit before provision		1,560,579,309	2,277,661,251
Provision for loans & advances/Investments	31	182,232,000	53,500,000
Provision for Diminution in value of Investment	32	69,557,420	11,134,747
Other provision	33	4,589,988	72,662,701
		256,379,408	137,297,448
Total Profit before Tax		1,304,199,901	2,140,363,803
Provision for Taxation			
Current tax	12.5.1	700,000,000	875,000,000
Deferred tax		(12,009,187)	(9,411,751)
		687,990,813	865,588,249
Net Profit after Tax		616,209,088	1,274,775,554
Appropriations			
Statutory Reserve	14.1	260,839,980	428,072,760
General reserve		-	-
		260,839,980	428,072,760
Retained surplus		355,369,108	846,702,794
<i>Earning per share (EPS) before split *Restated</i>	35	23.16	*47.90
<i>Earning per share (EPS) after split *Restated</i>		2.32	*4.79

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


Vice-Chairman


Director


Director


Managing Director

This is the Profit and Loss Account referred to in our separate report of even date.

Dhaka,
28 March 2012


ACNABIN
Chartered Accountants

Trust Bank Limited
Cash Flow Statement
For the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
A. Cash flow from operating activities			
Interest received in cash		6,250,878,458	4,727,568,554
Interest paid		(4,752,589,616)	(3,386,242,563)
Dividend received		97,585,927	32,328,818
Fees and commission received in cash		464,668,092	464,488,417
Recovery of loans previously written off		-	-
Cash paid to employees		(777,416,029)	(689,827,211)
Cash paid to suppliers		(52,326,033)	(39,605,485)
Income Taxes paid		(844,021,578)	(676,644,058)
Received from other operating activities	36	1,442,654,548	1,675,801,042
Paid for other operating activities	37	(638,256,922)	(515,430,095)
Operating profit before changes in operating Assets and Liabilities		1,191,176,847	1,592,437,419
Increase/(Decrease) in operating assets & liabilities			
Statutory Deposits		-	-
Net Investment in trading securities		(84,728,834)	(1,173,271,050)
Loans & advances to other banks		-	-
Loans & advances to customers		(10,999,047,311)	(7,033,836,171)
Other assets (item-wise)	38	(86,664,793)	(2,742,187,255)
Deposits from other banks		171,538,000	128,647,000
Deposits from customers		14,643,287,545	1,992,315,314
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities (item-wise)	39	26,584,030	47,223,438
Net cash from operating activities (A)		4,862,145,484	(7,188,671,305)
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of government securities		(1,124,752,367)	1,315,338,165
Purchase of property, plant & equipment		(159,519,239)	(157,658,458)
Purchase of intangible assets		(40,917,865)	(5,785,279)
Sale of property, plant & equipment		47,593,728	32,251,124
Net cash from investing activities (B)		(1,277,595,743)	1,184,145,552
C. Cash flow from financing activities			
Increase/(Decrease) in Borrowing:		-	-
Call loan		-	-
Other borrowings		1,879,128,055	310,541,655
Share Capital A/c		-	-
Share Premium A/c		-	-
Net cash from financing activities (C)		1,879,128,055	310,541,655
D. Net increase in cash and cash equivalent (A+B+C)		5,463,677,796	(5,693,984,098)
E. Effects of exchange rate changes on cash and cash equivalents		143,474,300	4,249,146
F. Opening cash and cash equivalent		5,382,476,153	11,072,211,105
G. Cash and cash equivalents at the end of year (D+E+F)	40	10,989,628,249	5,382,476,153

Trust Bank Limited
Statement of changes in Equity
For the year ended 31 December 2011

Particulars	Paid up Capital Taka	Share Premium Taka	Statutory Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 01 Jan 2011	2,217,606,200	-	1,566,403,090	118,280,731	1,123,067,166	5,025,357,187
Changes in accounting policy	-	-	-	-	-	-
Restated balance	-	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	(114,805,727)	-	(114,805,727)
Currency transaction difference	-	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	-	-	616,209,088	616,209,088
Statutory reserve	-	-	260,839,980	-	(260,839,980)	-
Dividend (Bonus Share)	443,521,200	-	-	-	(443,521,200)	-
Issue of share capital	-	-	-	-	-	-
Balance as at 31 Dec 2011	2,661,127,400	-	1,827,243,070	3,475,004	1,034,915,074	5,526,760,548
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 profit/(loss) for the year after tax	-	-	-	-	1,274,775,554	1,274,775,554
Statutory reserve	-	-	428,072,760	-	(428,072,760)	-
Dividend (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)
For the year ended 31 December 2011

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	1,087,074,071	-	-	-	-	1,087,074,071
Balance with Bangladesh Bank and Sonali Bank	1,107,975,708	-	-	-	3,504,003,553	4,611,979,261
Balance with other banks and financial institutions	1,175,937,367	122,995,550	2,549,000,000	-	-	3,847,932,917
Money at call and short notice	1,440,000,000	-	-	-	-	1,440,000,000
Investments	1,193,303,222	492,387,575	-	4,628,989,763	3,339,995,483	9,654,676,043
Loans and Advances	10,895,097,381	5,721,026,685	15,565,687,075	12,543,104,618	6,076,828,476	50,801,744,235
Fixed Assets including premises, furniture and fixtures	-	-	-	-	421,227,415	421,227,415
Other assets	522,240,022	462,409,526	337,610,038	28,328,315	2,999,999,300	4,350,587,201
Non-banking assets	-	-	-	-	-	-
Total Assets	17,421,627,771	6,798,819,336	18,452,297,113	17,200,422,696	16,342,054,227	76,215,221,143
Liabilities:						
Borrowing from Bangladesh Bank, other banks financial institutions and agents	-	113,265,710	-	1,727,837,204	501,970,588	2,343,073,502
Deposits	18,304,136,651	19,462,771,646	19,208,090,428	3,193,121,246	1,567,867,144	61,735,987,115
Other accounts	4,083,522,591	-	-	-	-	4,083,522,591
Provision and other liabilities	477,836,619	182,687,163	1,162,380,630	481,244,254	221,728,721	2,525,877,387
Total Liabilities	22,865,495,861	19,758,724,519	20,370,471,058	5,402,202,704	2,291,566,453	70,688,460,595
Net Liquidity Gap	(5,443,868,090)	(12,959,905,183)	(1,918,173,945)	11,798,219,992	14,050,487,774	5,526,760,548

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

Trust Bank Limited
Notes to the Financial Statement
For the year ended 31 December 2011

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 June 1999 with the primary objective to carry on all kinds of banking business in and outside Bangladesh. The Bank had Sixty Two (62) branches and seven (7) SME Service Centers/Krishi Branches operating in Bangladesh as at 31 December 2011. The Bank had no overseas branches as at 31 December 2011. 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 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 Islami Banking (TIB) started its operation from later part of 2008 and strictly adheres to the principles of Islamic Banking. Though our bank is a conventional one, our Islami Banking operation is characterized by Completely Separate Fund Management, Separate Profit & Loss Account and Distribution of Profit. 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 Islami Banking (TIB) has 5(five) TIB windows i.e TBL-Principal Branch, TBL-CDA Avenue Branch, TBL-Gulshan Branch, TBL-Dilkusha Branch & TBL- Sylhet Corporate Branch. All investment under TIB is made from the Islami Banking Deposits. All products developed under TIB is thoroughly reviewed and approved by the 4 (four) member Sharia Supervisory Committee of the bank.

In 2011 we introduced new products i.e Quard against Substitute Cash Assistance (QSCA) and expecting a robust growth of business during the current year. Islami Banking total deposit stands at Tk. 2080.58 million and investment at Tk. 1355.60 million which shows business growth of 60% and 56% respectively in 2011 than that of 2010. A separate Balance Sheet, Profit and Loss Account and Statement of Cash Flows shown in annexure-D, the figure appearing in the annexures have been incorporated in the related heads of financial statement as recommended by the Bangladesh Bank."

1.3 Retail Banking Activities

"Retail Banking Unit (RBU) touched significant milestone in terms of business diversification, product development, process reengineering and marketing initiatives. The journey of Trust Retail began in the year 2006, which took a very positive turn in the year 2010. As a continuous part of the success, made in 2010, it retained its consistency in 2011 as well. "

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.

Retail Banking unit has been working to build capacity in terms of technology, human resources, and business processes since 2010. A good number of deposit products were developed for the targeted segments in 2011. Trust Payroll Launched in this year and has been working towards a commitment of relationship building with different organizations. A large number of Contractual Direct Sales Associates (DSA) were recruited giving more focus on providing door to door service. These Direct Sales Associates are also working as an ambassador to build the Brand Image of Trust Bank Ltd. Enormous Training programs were conducted throughout the country on all Retail Banking products (new & existing) and services in 2011. To increase low cost deposit & bank's visibility an extensive attention was given to the publicity of Deposit Products through Print Media & Electronic Media.

In year 2011, Retail Banking Introduced Service Quality Guideline along with its Theme & Slogan, to provide & maintain a Unique & standard Service Quality towards our valued customers. Attractive Deposit Campaign "Deposit Utshob" was organized by the participation of all TBL employees and huge success was made by achieving the Target of the campaign. Trust Payroll made a significant growth in terms of MOU signing with different reputed Organizations.

Retail Banking participated in several Fair/exhibition to display different Retail Deposit & Loan Products to the targeted segments at, Bangladesh bank school, RAJUK Uttara Model College, Dhaka; BNCC Headquarter at Baipail, Savar; Bangabandhu Sheikh Mujib Novo Theatre, Notre Dame College, Dhaka; Home Economics College, Dhaka, etc.

Retail Loan Products of TBL are very cost effective and without any hidden charges. Retail Deposit Portfolio is BDT 56 Billion (approx.) as of 31 December 2011.

1.4 SME Financing

The significance of SME's is very considerable when it comes to efficient and pro-poor growth of labor-surplus economies. Due to many favorable attributes, SME tend to self – select themselves into lines of business with low average size of enterprise, greater intensity of labor and smaller degrees of risk. Considering all positive indicators, SME is universally recognized as engine of economic growth. 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 innumerable income generation especially in semi-urban and rural areas. As such, the Bank is moving forward to SME customer segment with market approach to meet the credit & considering the business potentials and return on investment. The business expansion and monitoring is carried out throughout its 69 nos. country wide branches and 7 SME/Krishi Branch/service centers dedicated to full-fledged SME business.

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, Loan for Bio-gas, Solar panel, Livestock, Fisheries & Agro-processing units, Loan for Agri-business, Group Loan with Cluster approach, Loan for Women entrepreneurship, Entrepreneurship loan for Retirees, Peak seasons loan, SME (others).

"During 2011, Trust Bank's strategy was focused on marketing the products to wide range of customers through branches network and outsourcing agent for financing manufacturers, traders, Agri and Bio-gas sector to meet the requirement of business plan, rural energy and ultimately for the expansion of SME portfolio. Banks exposure is thus well diversified to different sectors viz. power loom, handloom, light engineering, handicrafts, garments accessories, agri-business. This extension of SME financing has created the employment opportunity at about 15,000 people directly or indirectly throughout the country.

1.5 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 Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, 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 Company 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 have been prepared to a common financial year ended 31 December.

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 the common financial year ended 31 December.

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 Groups 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 2011 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		Provision Rate
a. Substandard		
i. Other than Short Term Agriculture & Micro Credit		20%
ii. Short Term Agriculture & Micro Credit		5%
b. Doubtful		
i. Other than Short Term Agriculture & Micro Credit		50%
ii. Short Term Agriculture & Micro Credit		5%
c. Bad/Loss		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 atleast 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 Investment in Govt. Securities - 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 on December 31, 2011 the amount of our investment in Government Treasury Bills in HTM Category is Tk.492,387,575 and the amount of investment in Government Treasury Bonds in HTM is Tk.7,158,985,246.

2.9.2 Investment in Govt. Securities - Held for Trading

Investments classified in this category are held indeed for 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. The value of the bank's investment in government securities in HFT category at the year ended on 31 December 2011 was Nil.

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) Super annuation 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

In today's rapid changing economic and financial environment effective risk management is a must for sustainable growth and for maximizing share-holders wealth. Banking business is in fact a business of risk taking and risk managing. So, it is very vital to manage all possible risks efficiently in effective way to emerge as winner out of risk ventures. TBL has always prioritized adopting different credit risk management tools & techniques as "prevention is better than cure" for all type of credits in all the stages i. e. from receiving application to approval level for more safe and sound credit portfolio.

Credit risk originates from:

- a) Market Risk;
- b) Supplier's Risk;
- c) Financial Risk;
- d) Business Risk;
- e) Management Risk;
- f) Structural Risk;
- g) Security Risk;
- h) Infrastructural Risk;
- i) Information/Data Risk;
- j) Technological Risk etc.

Bank considers all relevant information and financials of the customers, their business performances, sectoral conditions, arrangement & strength of supply chain, succession status etc for assessment and analyses all factors and results of it in order to adopting appropriate risk mitigation if the client's proposal is viable for financing.

Bank manages its credit risk in the following manners

Bank has a clearly structured and established process for approving new credits as well as enhancement of existing credits. Board of Directors is the supreme authority to approve all sorts of credit policies and maximum lendable credit facility as per Bangladesh Bank's directive. Similarly, Executive Committee of the Board of Directors and Management can approve credit facility up to certain limit for speedy disposal of client's proposal as per power of delegation allowed by the Board of Directors. Before recommendation for approval in every case, Credit Risk Management Division suggests appropriate mitigation as necessary.

Diverse Credit Portfolio

Portfolio diversification is done in the form of sectoral cap as well as single borrower exposure cap to diversify risk concentration from a single client or sector.

Maintaining Appropriate Credit Administration and Monitoring

Bank has in place a system for monitoring proper documentation and credit disbursement. After disbursement the status of individual accounts including determining the adequacy of provisions and reserves are continuously monitor to safeguard the good health of the bank.

Effective NPL Management

There is an established system in the bank to provide Early Alert for accounts tend to be non-performing for taking early precautions to avoid classification. For NPL management ongoing regular review is done with all concerned and the results of such reviews are communicated to the respective authority for taking appropriate action timely.

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".

To support the ALM process at TBL, the Bank has established "Asset Liability Management Committee (ALCO)" consisting of nine (09) members headed by the Managing Director along with Head of FCAD as member secretary. It shall hold meeting at least once in every month. ALM Desk, an exclusive functional and operational desk for the asset liability management, is spearheaded by the ALCO to function under the umbrella of Treasury Department.

The ALM policy manual has been designed under main 4 (four) broader heads including (i) Understanding of Asset Liability Management (ALM), (ii) Strategic policy for ALM, (iii) Operational policy for ALM and (iv) Review, Monitoring & Control.

ALM especially focuses on "Risk Management" of core functional domain of the bank. It covers the widest range of the Banking activities in day-to-day operation. Introduction of ALM in a Bank simply ensures the existence of a healthy and prudent Assets Liability management system in the Institution. In the Complex Banking Era, there are so many risk factors - any one of which is good enough to lead the bank to a negative growth. Therefore, identification of factors and effective control over them are important and essential.

ALM Process in Gist

Assessing various Banking Risks

Actively altering A-L portfolio

Strategically taking & managing risk

With the objective of Profit Maximization

1. To comply with the Central Bank regulatory requirement
2. To formulate effective business plan and to establish effective control for fruitful implementation
3. To address Balance Sheet gap
4. To reduce cost of fund i.e. Average cost of deposit and borrowing
5. To maximize earning yield.
6. To maintain day-to-day liquidity position
7. To formulate and review liquidity contingency plan.

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.

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 on daily basis. Dealers have individual approved limit for undertaking foreign exchange transaction. Dealers maintain the concept of square position which is supervised and controlled by the back office. Bank set up overnight limit and selectively undertaking active day time trading. Treasury support unit or Back Office ensures the settlement of transactions and reconciliation of each Foreign currency account wise reconciliation to bring the accuracy and transparency of the accounts of the books. Mid Office acts to bridge the front office and the back office in terms of providing information, analysis, projections of market trends, and undertakes to prepare budget plan and contingency plan of the FX & treasury division.

Presently, the bank has also adopted Value at Risk (VaR) approach to measure the risk associated with forward exposures. Thus the open position limits together with the gap limits form the risk management approach to forex operations. For monitoring such risks TBL follows the instructions contained in bank's Foreign Exchange Treasury Guidelines as prepared in line with Bangladesh Bank's guideline related to the core risk management in foreign exchange

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 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 follow up, 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 2011 IC & C Division conducted comprehensive audit in 54 branches and 09 divisions/departments at Head Office of the bank. In the same year the internal audit team of IC& C division carried out 20 spot audits in different branches. Also 19 special audits on different issues were conducted in the year 2011. In addition, audit was also conducted in Trust Bank Investment Ltd. in 2011.

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 November 16, 2011 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.

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 (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:

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.

- 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. In 2011, the bank submitted one STR to the FIU of Bangladesh Bank.

2.15.6 IT risk management

IT enabled Organizations, across sectors and industries have begun to consolidate functions to develop a more comprehensive focused approach to IT Risk. IT Risk includes Data Security Risk, Data Confidentiality Risk, Data Integrity Risk, Data Availability Risk, Hardware Risk and Network Risk. IT has become widely and deeply interconnected with business operations. Therefore, IT Risk has grown to prominence as a component of total operational risk. More than just specialty area of Operational Risk Management, IT Risk Management is emerging separate practice because of the unique role that IT plays in today's organizations. Trust Bank Limited follows a robust, effective and efficient Information Technology with its Centralized Core Banking System.

In-House developed Systems, Network Infrastructure, Data Center and Disaster Recovery Site. Trust Bank has established a Disaster Recovery system along with Data Protection facility, which includes a Disaster Recovery site for restoring and retrieval of bank data with efficient fall back plan and utmost security measures. Trust Bank has developed ICT security Policy complying with Bangladesh Bank guideline. Trust Bank has taken necessary steps to identify, assess, remediate and managing IT risk using the effective and right tools. The main goal of IT Risk Management is to increase information security, hardware security and network security. IT Risk Management helps to reduce management costs and achieve greater compliance by effectively assessing classifying IT risk. Moreover, IT Risk Management enables the management to initiate effective management decision to ensure smooth the business operations.

2.16 Liquidity risk management

The risk that bank or business will be unable to meet its commitment as and when they fall due leading to bankruptcy or rise in funding cost. It is the solvency of the bank and has special reference to the degree of readiness in which assets can be converted into cash without loss. TBL always maintain their CRR and SLR properly as per Bangladesh Bank's policy. TBL traditionally use the REPO facility and their borrowing capacity in the volatile interbank money market as the sources of liquidity. Also TBL apply conscious approach to measure and monitor the liquidity position in tenure based bucket and recommend the ALCO on evaluating different ratio of parameters to act accordingly in order for fight unforeseen catastrophe in the future to safeguard the sustainable growth of the bank. We can learn and draw immense benefit by sharing the best practices, tools and techniques of liquidity management. Liquidity Risk arises from funding of long term assets by short term liabilities, thereby making the liabilities subject to rollover or refinancing Risk.

Dimensions of Liquidity Risk

Funding Risk: unanticipated withdrawals/non renewal of deposits (wholesale/retail).

Time Risk: need to compensate for non receipt of expected inflow - performing assets turning into NPAs.³

Liquidity Risk - Symptoms

- Offering higher rate of interest on deposits
- Delayed payment of matured proceeds
- Delayed disbursement to borrowers against committed lines of credit
- Deteriorating asset quality
- Large contingent liabilities
- Net deposit drain

Liquidity Risk – Measurement Method

- Ratio Analysis
- Time bucket analysis

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 banks 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 word 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

Operations 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 1988 the "Basel Committee on Banking Regulations and Supervisory Practices" first released a capital adequacy framework, now known as Basel-I. This initiative set out the internationally accepted framework for measuring capital adequacy and a minimum ratio to be achieved by the banks. This norm was widely adopted in over 100 countries, and in Bangladesh, it was implemented in 1990s. On June 26, 2004, the Basel Committee on Banking Supervision (BCBS) released the document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework", which was supplemented in November 2005 by an update of the Market Risk Amendment. This document, popularly known as "Basel II Framework", offers a new set of international standards for establishing minimum capital requirements for the banking organizations. It capitalizes on the modern risk management techniques and seeks to establish a more risk-responsive linkage between the banks' operations and their capital requirements.

Basel-II was implemented from 1st January 2009 with the following specific approaches as initial steps in Bangladesh: 1. Standardized Approach for calculating Risk Weighted Assets (RWA) against Credit Risk supported by External Credit Assessment Institutions (ECAIs) 2. Standardized Rule Based Approach against Market Risk and 3. Basic Indicator Approach for Operational Risk.

Under Pillar I, in order to comply with the Basel-II requirements, TBL has taken necessary steps to face the challenges. A Basel-II Implementation Unit comprising of senior executives is in place for ensuring oversight on the risk based capital assessment process of the Bank and for extending necessary guidelines. There is also a Basel-II implementation Cell under Risk Management Unit (RMU) which is engaged in developing the required database and calculation of risk weighted assets of the Bank as well as capital adequacy requirement. Furthermore, the Bank has stepped up efforts to prudently manage risk weighted asset under the Basel-II guidelines by expediting credit rating of corporate/large borrowers from approved external credit rating agencies which shall be instrumental in efficient and optimum capital management

Under Pillar II, the Bank has formed a Supervisory Review Process team comprising members from the senior management which will participate in dialogues with the SREP team of Bangladesh Bank on the issue of maintenance of adequate capital to compensate all the risk associated in the business in addition to the risks under Pillar-I. TBL has taken initiatives to devise a proper capital management and take the necessary steps towards raising the required amount under Additional Capital Requirement to be set in the SRP-SREP dialogue with Bangladesh Bank. The bank has developed an internal capital adequacy assessment process (ICAAP) document based on Bangladesh Bank's guidelines for setting capital targets that are appropriate with the bank's risk profile.

The Bank published Market Disclosure in line with Pillar-III of Basel-II as part of annual report of 2010 as per Bangladesh Bank guidelines which would be updated in annual report of 2011.

In addition, the Bank has taken up steps for forward looking capital management process to cover the minimum capital requirement, adequate capital requirement and stress testing shortfalls.

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.

- e. Other assets are on the basis of their realization/adjustment.
- f. Borrowing from other banks, financial institutions and agents as per their maturity/repayment term.
- 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.

2.23 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 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	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 General

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

3.	CASH	31.12.2011 Taka	31.12.2010 Taka
3.1	Cash in hand		
	In local currency	1,050,926,633	474,078,809
	In foreign currencies	36,147,438	45,389,149
		1,087,074,071	519,467,958
3.2	Balance with Bangladesh Bank and its agent bank(s)		
	Balance with Bangladesh Bank		
	In local currency	3,987,427,961	3,398,049,217
	In foreign currencies	485,545,471	690,904,466
		4,472,973,432	4,088,953,683
	Balance with Sonali Bank in local currency (as agent of Bangladesh Bank)	139,005,829	33,080,568
		4,611,979,261	4,122,034,251
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 Company 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 2011 is shown below:		
3.3.1	Cash Reserve Requirement (CRR) for Conventional Banking	31.12.2011 Taka	31.12.2010 Taka
	Average Demand and Time Liabilities of the month earlier of the previous month	63,709,155,500	51,710,100,000
3.3.1.1	Average Required Reserve (6% of Average Demand and Time Liabilities)	3,822,549,330	3,102,606,000
	Average Reserve held (6.19% of Average Demand and Time Liabilities)	3,942,252,681	3,280,502,633
	Surplus	119,703,351	177,896,633
3.3.1.2	Minimum Required Reserve (5.5% of Average Demand and Time Liabilities)	3,504,003,553	2,844,055,500
	Actual Reserve held with B. Bank as on 31 December 2011 (6.19% of Average Demand and Time Liabilities)	3,942,252,681	3,407,464,030
	Surplus	438,249,128	563,408,530
3.3.2	Statutory Liquidity Ratio for Conventional Banking (SLR)		
	Required Reserve (19% of Average Demand and Time Liabilities)	12,104,739,545	9,824,919,000
	Actual Reserve held with B. Bank as on 31 December 2011 (20.13% of Average Demand and Time Liabilities)		
	Actual Reserve held with B. Bank as on year end	12,822,350,502	10,477,921,779
	Surplus	717,610,957	653,002,779
3.3.3	Components of Statutory Liquidity Ratio (SLR)		
	Cash in Hand	1,087,074,000	519,465,000
	Balance with B. Bank and its agent Bank(s)	4,075,759,681	3,286,364,030
	Government Bills	492,387,575	33,080,568
	Government Bonds	7,158,985,246	6,611,426,181
	Other Approved Securities	2,644,000	2,586,000
	TT in Transit	5,500,000	25,000,000
		12,822,350,502	10,477,921,779
3.3.4	Cash Reserve Requirement (CRR) for Islamic Banking		
	Average Demand and Time Liabilities of the month earlier of the previous month	1,749,795,333	1,262,160,833

	31.12.2011 Taka	31.12.2010 Taka
3.3.4.(a) Average Required Reserve (6% of Average Demand and Time Liabilities)	104,987,720	75,729,650
Average Reserve held (7.76% of Average Demand and Time Liabilities)	135,774,564	91,129,032
Surplus	30,786,844	15,399,382
3.3.4.(b) Minimum Required Reserve (5.5% of Average Demand and Time Liabilities)	96,238,743	69,418,840
Actual Reserve held with B. Bank as on 31 December 2011 (7.76% of Average Demand and Time Liabilities)	135,774,564	96,100,000
Surplus	39,535,821	26,681,160
3.3.2.(a) Statutory Liquidity Ratio for Islamic Banking (SLR)		
Required Reserve (11.5% of Average Demand and Time Liabilities)	201,226,463	145,148,496
Actual Reserve held with B. Bank as on 31 December 2011 (11.76% of Average Demand and Time Liabilities)		
Actual Reserve held with B. Bank as on year end	205,774,564	146,100,000
Surplus	4,548,101	951,504
3.3.5 Held for Statutory Liquidity Ratio		
Cash in Hand	-	-
Balance with B. Bank and its agent Bank(s)	135,774,564	96,100,000
Government Bills	-	-
Government Bonds	-	-
Government Islamic Investment Bonds	70,000,000	50,000,000
	205,774,564	146,100,000
4. BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
4.1 In Bangladesh		
Current Deposits		
Sonali Bank Limited	56,455,544	40,797,712
Rupali Bank Limited	3,024,891	13,024,635
The City Bank Limited	4,394,315	4,747,261
Janata Bank Limited	2,451,404	14,957,170
Agrani Bank Limited	3,499,339	4,411,926
BRAC Bank Limited	22,154,511	9,532,448
	91,980,004	87,471,152
Short Term Deposits		
Sonali Bank Limited	28,347,505	20,194,529
AB Bank Limited	3,423,835	1,370,242
CITI Bank NA	6,683,273	4,130,130
Rupali Bank Limited	59,390	7,036,286
Janata Bank Limited	7,015,834	3,062,728
Prime Bank Limited	2,001,834	16,074,627
Standard Chartered Bank	15,543,484	2,652,018
Dutch Bangla Bank Limited	26,847,642	22,983,669
Bank Asia Limited	25,420,877	6,284,350
Standard Bank Limited	2,397,898	2,305,279
Al Arafah Islami Bank Limited	122,664	72,257
NCC Bank Limited	45,291	560,166
Southeast Bank Limited	5,086,023	2,017,292
	122,995,550	88,743,573
Fixed Deposits		
<u>FDR with Banks-Local Currency</u>		
Eastern Bank Limited	500,000,000	-
Standard Bank Limited	250,000,000	-
National Bank Limited	500,000,000	-
AB Bank Limited	950,000,000	-
Mashreq Bank NY Psc	329,000,000	142,500,000
	2,529,000,000	142,500,000

4.2

Mudaraba Term Deposits

MTDR with Ahsania-Malayasia Hajj Investment

Outside Bangladesh

Current Account

Dollar Account

Citibank N.A., USA

Union De Banques, HKG

Mashreqbank psc, USA

Standard Chartered Bank, USA

HSBC Bank, USA

ICICI Bank Limited, Hongkong

Conimez Bank, AG Germany

Wachovia Bank, NY USA

Sonali Bank Ltd. UK

GBP Account

Standard Chartered Bank, UK

Citibank N.A., UK

HSBC, PLC, UK

Japanese Yen Account

Standard Chartered Bank, Japan

Wachovia Bank, NY USA

EURO Account

HSBC, PLC, UK

Standard Chartered Bank, UK

ICICI Bank Limited, Mumbai, India

Citibank N.A., UK

Commerzbank AG, Germany

ACUD Account

Citibank N.A., Mumbai, India

ICICI Bank Limited, Mumbai, India

HSBC Bank, Pakistan

HSBC Bank, Mumbai, India

AB Bank, Mumbai, India

Mashreqbank, Mumbai, India

Standard Chartered Bank, Mumbai, India

CHF Account

Habib Bank, Zurich

(For details please refer to Annexure - A)

4.3

Remaining maturity grouping of balance with other banks and financial institutions

On demand

Upto 1 month

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

31.12.2011 Taka	31.12.2010 Taka
20,000,000	-
2,763,975,554	318,714,725
626,225,187	122,428,179
4,917,489	1,729,642
18,118,898	18,545,671
40,106,011	41,445,021
160,344,897	38,279,766
17,531,694	8,582,479
5,802,920	-
30,282,349	15,953,216
1,999,779	-
3,379,612	1,460,071
2,532,596	9,200,773
3,570,839	19,550,189
566,193	803,435
429,052	506,455
9,121,164	10,489,203
62,659,044	24,306,887
3,463,931	571,180
7,874,171	37,729,858
618,697	-
1,484,573	6,405,648
32,655,765	14,071,377
3,568,761	6,494,718
7,034,909	3,325,235
19,360,877	18,291,549
9,835,440	9,625,061
8,725,557	8,332,579
1,746,958	1,549,827
1,083,957,363	419,678,019
3,847,932,917	738,392,744
1,175,937,367	507,149,171
122,995,550	88,743,573
2,549,000,000	142,500,000
-	-
-	-
-	-
3,847,932,917	738,392,744

		31.12.2011 Taka	31.12.2010 Taka
4 (a)	CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
	In Bangladesh		
	Trust Bank Limited	2,763,975,554	318,714,725
	Trust Bank Investment Limited	24,100,421	621,073,337
		2,788,075,975	939,788,062
	Less : Inter Company Transaction	24,100,421	621,073,337
		2,763,975,554	318,714,725
	Outside Bangladesh	1,083,957,363	419,678,019
		3,847,932,917	738,392,744
5.	MONEY AT CALL AND SHORT NOTICE		
	Banking company		
	Prime Bank Limited	440,000,000	-
	Uttara Bank Limited	400,000,000	-
	Jamuna Bank Limited	100,000,000	-
	Mutual Trust Bank Limited	50,000,000	-
	Southeast Bank Limited	100,000,000	-
		1,090,000,000	-
	Non-Banking Financial Institutions		
	Investment Corporation of Bangladesh	350,000,000	-
		350,000,000	-
		1,440,000,000	-
6.	INVESTMENTS		
	Government Securities		
	Treasury Bills		
	Treasury Bills -HTM	492,387,575	-
	Treasury Bills-HFT	-	-
		492,387,575	-
	Treasury Bonds		
	Treasury Bond - HFT	-	6,501,426,181
	Treasury Bond - HTM	7,158,985,246	160,000,000
	Bangladesh Govt. Islamic Investment Bond - HTM	70,000,000	50,000,000
		7,228,985,246	6,711,426,181
	National Investment Bond	-	-
	Bangladesh Bank Bill	-	-
	Prize Bond	2,642,000	2,581,200
		7,724,014,821	6,714,007,381
	Other Investment		
	Preference Share		
	1,000,000 Shares of BRAC Bank Limited @ Tk. 100 each	100,000,000	100,000,000
	6,00,000 Shares of Khulna Power Company Limited @ Tk. 100 each	60,000,000	80,000,000
		160,000,000	180,000,000
	Ordinary Shares Quoted	1,005,952,892	792,682,408
	Unquoted	24,708,330	33,249,980
		1,030,661,222	825,932,388
	Debentures and Bond	740,000,000	840,000,000
		1,930,661,222	1,845,932,388
		9,654,676,043	8,559,939,769
6 (a)	Consolidated Investments		
	Trust Bank Limited	1,930,661,222	1,845,932,388
	Trust Bank Investment Limited	10,654,232	-
		1,941,315,454	1,845,932,388

Particulars	31.12.2011			31.12.2010		
	No. of Securities	At Cost	Market Value	No. of Securities	At Cost	Market Value
Listed Securities	19	1,005,952,892	924,462,711	14	792,682,408	1,099,464,858
Unlisted Securities :						
Bond	5	740,000,000	740,000,000	5	840,000,000	840,000,000
Ordinary Share	2	24,708,330	24,708,330	2	33,249,980	3,000,000
Preference Share	2	160,000,000	160,000,000	2	180,000,000	180,000,000
Balance as on 31 December	28	1,930,661,222	1,849,171,041	23	1,845,932,388	2,122,464,858

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 29 December 2011).

	31.12.2011 Taka	31.12.2010 Taka
Sector-wise investment in listed securities at cost		
Banking Companies	13,848,523	3,247,482
Manufacturing Companies and others	186,644,305	152,224,081
Power Sector	111,545,099	86,999,885
IBBL Bond	80,746,239	140,210,960
Mutual Fund	609,870,000	410,000,000
Telephone	3,298,726	-
	1,005,952,892	792,682,408

Unlisted Securities

Ordinary Share

Investment in ordinary share includes Tk. 20 million in ITCL & Tk. 4.71 Million in Central Depository Bangladesh Limited (CDBL). The unlisted investments are shown at cost.

Preference Share

Trust Bank Limited invested Tk. 100.00 million and Tk. 60 million in preference shares of BRAC Bank Limited and Khulna Power Company Limited respectively, representing 0.73% and 1.99% 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".

	31.12.2011 Taka	31.12.2010 Taka
6.1 Treasury Bills - at Present Value		
91 days Treasury Bills	492,387,575	-
182 days Treasury Bills	-	-
364 days Treasury Bills	-	-
	492,387,575	-
6.2 Treasury Bonds - at Present Value		
05 years Treasury Bonds	4,158,989,763	3,820,365,885
10 years Treasury Bonds	1,999,996,694	1,939,858,190
15 years Treasury Bonds	999,998,789	951,202,106
	7,158,985,246	6,711,426,181

Repo & Reserve Repo during the year 2011:

As per Bangladesh Bank DOS circular no.-6 dated: 15 July 2010 regarding disclosure of repo and reserve repo the outstanding net position of such transactions are as follows:

Outstanding Repo as on 31 December 2011

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

Outstanding reverse repo as on 31 December 2011

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

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			
1. With Bangladesh Bank	191,978,545	674,733,410	379,299,563
2. With other Banks & FI	-	-	-
Securities			
1. With Bangladesh Bank	-	-	-
2. With other Banks & FI	-	-	-

		31.12.2011 Taka	31.12.2010 Taka
6.3	Investment in Bond		
	<u>Rate of Interest</u>		
	Prime Bank Limited Subordinated Bond	130,000,000	130,000,000
	Dhaka Bank Limited Subordinated Bond	50,000,000	50,000,000
	National Bank Limited Subordinated Bond	50,000,000	50,000,000
	Orascom Telecom Bd Limited	400,000,000	500,000,000
	MTBL Partly Convertible Subordinated Bond	110,000,000	110,000,000
		740,000,000	840,000,000
6.4	Investment in Ordinary Share - Quoted		
	Under Conventional Banking	831,281,415	611,867,473
	Under Islamic Banking	174,671,477	180,814,935
		1,005,952,892	792,682,408
6.5	Remaining maturity grouping of Investments		
	On demand	1,190,661,222	1,008,513,588
	Upto 1 month	2,642,000	-
	Over 1 month but not more than 3 months	492,387,575	-
	Over 3 months but not more than 1 Year	-	-
	Over 1 Year but not more than 5 Years	4,628,989,763	6,260,224,075
	Over 5 Years	3,339,995,483	1,291,202,106
		9,654,676,043	8,559,939,769
7.	LOANS AND ADVANCES UNDER COVENTIONAL BANKING		
	Loans and Advances		
	Repair & Recon. of Dwelling House (RRDH)	1,637,113,521	1,332,031,090
	Consumer Durable Scheme Loans (CDS)	4,115,414	4,357,943
	Marriage Loans (ML)	41,016,163	44,358,145
	Car Loans (CL)	277,135,389	367,089,861
	House Building Loans (HBL)	5,132,837,621	4,270,346,943
	Term Loans	11,030,033,957	10,108,538,794
	Other Retail Loans	1,189,438,804	1,273,352,458
	Time Loan	8,468,949,180	3,080,206,634
	Other Loans	909,841,792	294,688,518
	Staff Loans	298,730,214	246,857,526
	Loans against Credit Card	58,387,712	26,607,640
	Loans against Trust Receipts (LTR)	6,574,959,158	6,198,599,148
	Payment Against Documents (PAD)	596,176,239	1,191,025,991
	Packing Credit (Loan agt. Packing Credit)	46,583,973	1,462,409
		36,265,319,137	28,439,523,100

	31.12.2011 Taka	31.12.2010 Taka
INVESTMENTS UNDER ISLAMIC BANKING		
Islamic Investment		
Bai-Muajjal	141,445,809	42,599,722
Hire Purchase under Shirkatul Melk	279,744,028	233,589,055
IHSAN Apartment Purchase Scheme	10,273,789	10,519,138
BARAKAT Home Construction Scheme	16,655,370	17,074,332
BARAKAT Car Scheme	21,372,084	22,576,642
HPSM-Real Estate	61,764,094	32,249,320
TIB House Building Scheme-HBL (RM)	23,790,223	-
Murabaha TR	299,457,199	161,053,303
Bai-Salam	90,665,567	48,153,793
	945,168,163	567,815,305
Cash Credit		
Cash Credit	1,332,849,628	1,115,203,581
Cash Collateral	265,430,937	178,000,891
	1,598,280,565	1,293,204,472
Overdraft		
Overdrafts	2,804,877,227	2,653,282,587
Secured Overdrafts	7,474,674,861	5,587,257,133
	10,279,552,088	8,240,539,720
Total Loans, Cash Credits and Overdrafts	49,088,319,953	38,541,082,597
Bills Purchased and Discounted		
Under Conventional banking Note - 7.6	1,566,629,665	1,183,765,378
Under Islamic banking	146,794,617	75,076,016
	1,713,424,282	1,258,841,394
	50,801,744,235	39,799,923,991
7.1 Residual maturity grouping of Loans and Advances including Bills Purchased and Discounted		
Repayable on demand	8,014,358,957	5,099,223,861
Upto 1 month	2,880,738,424	3,606,231,220
Over 1 month but not more than 3 months	5,721,026,685	3,849,091,227
Over 3 months but not more than 1 Year	15,565,687,075	9,282,748,931
Over 1 Year but not more than 5 Years	12,543,104,618	11,144,025,593
Over 5 Years	6,076,828,476	6,818,603,159
	50,801,744,235	39,799,923,991
7.2 Loans and Advances including Bills Purchased and Discounted Inside Bangladesh		
Loans	37,210,487,300	29,007,338,405
Cash Credit	1,598,280,565	1,293,204,472
Overdraft	10,279,552,088	8,240,539,720
Bills purchased and discounted	1,713,424,282	1,258,841,394
	50,801,744,235	39,799,923,991
Outside Bangladesh	-	-
	50,801,744,235	39,799,923,991
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	13,170,127	13,731,872
Advances to CEO and Senior Executives	49,745,805	38,120,563
Advances to Customers (Group wise)	16,724,422,000	801,315,000
Industrial Advances (Project finance)	5,321,779,980	543,575,000
Other Staff Loan	248,984,409	208,736,963
Other Customers	28,443,641,914	38,194,444,593
	50,801,744,235	39,799,923,991

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 15% 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:

		31.12.2011 Taka	31.12.2010 Taka
Total Capital	(Note-13.3)	8,111,498,709	5,744,364,822
No. of Customers		17	25
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 31.12.2011	Total 31.12.2010
			Funded	Non-Funded		
1	Jolshiri Abashon	UC	2,218,191,000	-	2,218,191,000	-
2	Masud & Brothers	UC	902,664,000	946,173,000	1,848,837,000	847,127,000
3	Rising Steel Limited	UC	810,577,000	1,008,207,000	1,818,784,000	1,292,400,000
4	SQ Celcius Limited	UC	786,907,000	614,369,000	1,401,276,000	1,567,000,000
5	United Ashuganj Power Limited,	UC	985,645,000	397,189,000	1,382,834,000	427,246,000
6	Modern Steel Mills Limited	UC	1,001,392,000	262,951,000	1,264,343,000	513,600,000
7	Taqwa Fabrics Limited	UC	607,514,000	655,577,000	1,263,091,000	774,738,000
8	GPH Ispat Limited	UC	772,751,000	443,543,000	1,216,294,000	602,800,000
9	Abul Khair Group	UC	813,556,000	359,044,000	1,172,600,000	-
10	Khulna Shipyard Limited	UC	-	1,094,003,000	1,094,003,000	-
11	Bashundara Group	UC	748,888,000	280,372,000	1,029,260,000	927,488,000
12	Radiant Business Consortium Limited	UC	657,997,000	340,189,000	998,186,000	945,310,000
13	Pacific Motors Group	UC	799,693,000	5,425,000	805,118,000	-
14	BSRM Steels Limited	UC	295,751,000	413,137,000	708,888,000	586,300,000
15	S. A. Group	UC	676,951,000	6,201,000	683,152,000	455,050,000
16	Summit Communication Limited	UC	561,494,000	100,060,000	661,554,000	1,042,669,000
17	Trust Bank Investment Limited	UC	645,953,000	-	645,953,000	1,130,605,300
18	Nasir Group of Industries	UC	-	-	-	620,137,000
19	Best Wool Sweaters Limited	UC	-	-	-	454,264,000
20	Desh Energy Limited	UC	-	-	-	721,482,000
21	Anwar Group	UC	-	-	-	423,470,000
22	T. K. Group of Industries	UC	-	-	-	783,178,000
23	Hamid Weaving Mills Limited	UC	-	-	-	691,339,000
24	Abdul Monem Group	UC	-	-	-	590,351,000
25	M/S. Abir Fashions	UC	-	-	-	538,998,000
26	Marrine Vegetable Oil Limited	UC	-	-	-	527,838,000
27	H R Textiles Mills Limited	UC	-	-	-	523,146,000
28	Paradise Spinning Mills Limited	UC	-	-	-	517,808,000
29	RL Group	UC	-	-	-	480,588,000
Total			13,285,924,000	6,926,440,000	20,212,364,000	17,984,932,300

7.3.3 Industry-wise concentration of Loans and Advances

	31.12.2011 Taka	31.12.2010 Taka
Agro-sector	777,776,203	330,449,799
Automobiles	207,278,979	236,622,251
Cement & Building Materials	1,123,967,876	537,379,431
Chemical & Pharma	1,262,573,864	830,079,765
Paper	1,231,014,875	815,506,747
Rubber	485,104,674	350,109,735
Edible Oil	189,720,765	372,259,737
Energy & Power	1,689,783,988	1,142,287,486
Fisheries	51,317,876	8,707,855
Steel & Engineering	4,120,982,876	2,983,669,767
Textile & Garments	5,115,895,876	6,255,679,744
Food & Allied	1,441,574,964	1,581,767,649
Construction	1,185,360,876	1,123,609,979
Housing	7,697,951,977	5,170,809,951

	31.12.2011 Taka	31.12.2010 Taka
Trading	6,295,446,879	4,453,309,746
Telecom & Transport	2,256,657,976	353,939,749
NBFI	1,247,764,977	2,005,619,565
Medical services	680,137,005	342,569,786
Personal services	6,418,074,000	2,320,119,413
Others	7,323,357,729	8,585,425,836
	50,801,744,235	39,799,923,991
7.3.4 Geographical location-wise concentration of Loans and Advances		
Inside Bangladesh		
Dhaka Division	35,187,531,891	26,010,471,541
Chittagong Division	12,349,506,357	11,338,729,861
Khulna Division	1,058,149,672	702,426,161
Sylhet Division	1,196,171,605	1,074,183,978
Rangpur Division	363,171,138	314,827,830
Barisal Division	24,842,062	-
Rajshahi Division	622,371,510	359,284,620
	50,801,744,235	39,799,923,991
Outside Bangladesh	-	-
	50,801,744,235	39,799,923,991
7.3.5 Nature-wise Loans and Advances		
Continuous	11,960,662,933	9,577,628,385
Demand Loan	17,373,212,6146	11,995,613,364
Term Loans up to 5 Years	11,183,510,863	9,494,730,105
Term Loans above 5 Years	9,928,682,114	8,479,001,364
Short Term Agri. Credit & Micro Credit	56,945,965	6,093,247
Staff Loan	298,730,214	246,857,526
	50,801,744,235	39,799,923,991
7.4 Classification of Loans and Advances including Bills Purchased and Discounted		
a. Unclassified Loans and Advances (including staff loan)		
1. Consumer Financing (House Financing, HF)	5,058,258,211	3,757,870,154
2. Consumer Financing (Loans for Professional, LP)	18,125,196	32,117,569
3. Consumer Financing (Other than HF & LP)	3,643,030,749	2,238,276,459
4. Small & Medium Enterprise Financing (SMEF)	2,568,536,268	1,735,310,316
5. Loans to BHs/MBs/Sds against Shares, etc	715,803,808	1,188,865,020
6. All Other Credit	36,436,811,143	28,988,111,977
7. Short Term Agri Credit	51,582,708	6,093,247
8. Staff Loans	298,730,214	246,728,885
	48,790,878,297	38,193,373,627
b. Special Mentioned Accounts	476,555,430	646,527,296
c. Classified Loans and Advances		
1. Sub-Standard Loans and Advances	511,771,676	139,504,180
2. Doubtful Loans and Advances	383,812,181	203,423,240
3. Bad/Loss Loans and Advances	638,726,651	617,095,648
	1,534,310,508	960,023,068
	50,801,744,235	39,799,923,991
7.5 Particulars of Loans and Advances		
(i) Debts considered good in respect of which the bank is fully secured.	30,045,034,675	25,457,397,950
(ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	965,233,140	795,998,480
(iii) Debts considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	17,780,610,482	11,939,977,197

	31.12.2011 Taka	31.12.2010 Taka
(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.	311,900,341	260,589,398
(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.	311,900,341	260,589,398
(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	34,640,000	(134,248,000)
Amount of loan written off	-	-
Amount realized against loan previously written off	-	-
b) Provision kept against loans classified as bad debts	255,158,000	221,207,000
c) Interest credited to interest Suspense Account	294,833,472	292,060,539
(xi) Cumulative amount of written off loans		Opening Balance
2,700	2,700	
Amount written off during the year	-	-
	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	1,418,748,994	1,023,287,032
Payable out side Bangladesh	147,880,671	160,478,346
	1,566,629,665	1,183,765,378
7.7 Remaining maturity grouping of bills purchased and discounted		
Payable with in one month	374,869,310	476,950,373
Over one month but less than three months	313,400,723	557,630,859
Over three months but less than 01 year	878,359,632	149,184,146
	1,566,629,665	1,183,765,378
7.8 Litigation filed by the Bank		
As of the reporting date, the Bank filed lawsuit against recovery of its defaulted loans and advances as under:		
Name of the Branch		
Principal Branch	55,323,891	448,424,744
Sena Kalyan Bhaban Branch	5,409,543	5,156,417
Bogra Cantonment Branch	1,044,807	1,044,807
Agrabad Branch	292,171,015	650,506,726
Khaja Yunus Ali Medical College & Hospital Branch	197,639	197,639
Gulshan Corporate Branch	36,400,289	22,008,450
Sylhet Corporate Branch	453,667	-
Dhanmondi Branch	54,654,143	-
Jublee Road Branch	408,000	-
Beani Bazar Branch	4,465,575	-
Jessore Cantt. Branch	39,644,000	-
Karwan Bazar Branch	1,445,240	-
Dilkusha Corporate Branch	10,264,942	11,495,093
	501,882,751	1,138,833,876

		31.12.2011 Taka	31.12.2010 Taka
7 (a) Consolidated Loans and Advances/Investment			
Trust Bank Limited	Note - 7	50,801,744,235	39,799,923,991
Trust Bank Investment Limited		4,396,869,273	4,091,114,346
		55,198,613,508	43,891,038,337
Less : Inter Company Transaction		645,953,727	1,130,605,342
		54,552,659,781	42,760,432,995
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		127,001,329	115,373,659
Office equipment		358,906,701	274,040,220
Motor vehicles		51,715,068	140,145,542
Office renovation		233,496,091	188,389,837
		783,959,658	730,789,727
Less: Accumulated depreciation		362,732,243	317,665,458
		421,227,415	413,124,269
For details please refer to Annexure - B			
8 (a) Consolidated Fixed assets including premises, furniture and fixtures			
Trust Bank Limited	Note - 8	421,227,415	413,124,269
Trust Bank Investment Limited		18,413,920	17,881,888
		439,641,335	431,006,157
9. OTHER ASSETS			
i) Investment in shares of subsidiary companies		In Bangladesh	
	2,999,999,300	2,999,999,300	
Outside Bangladesh	-	-	
ii) Stationery, stamps, printing materials in stock, etc		39,501,339	29,038,453
iii) Advance Rent and Advertisement		104,925,270	73,481,523
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable	Note - 9.1	292,814,062	238,084,613
v) Security Deposits		8,480,786	7,751,061
vi) Preliminary, formation and organization expenses renovation/ development expenses and prepaid expenses	Note - 9.2	13,178,368	12,446,323
vii) Branch Adjusting (net)		146,286,853	175,886,225
viii) Suspense Account		282,073,065	239,779,218
ix) Silver		-	-
x) Others	Note - 9.3	463,328,158	346,982,587
		4,350,587,201	4,123,449,303
9.1 Interest/Profit accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable;			
Interest accrued on investments and deposits	Note - 9.1.1	288,650,340	232,275,849
Interest accrued on Loans & advances	Note - 9.1.2	-	-
Commission Receivable on SP & WEDB		4,163,722	5,808,764
		292,814,062	238,084,613
9.1.1 Interest accrued on investments and deposits			
Interest accrued on Fixed Deposits/MTDR	Note - 9.1.1.1	20,928,055	-
Interest accrued on Short Term Deposits		-	2,450,000
Interest accrued on Money at Call		2,458,333	-
Interest accrued on Bonds		37,596,663	10,478,778
Interest accrued on Government Treasury Bond		227,667,289	219,347,071
		288,650,340	232,275,849

	31.12.2011 Taka	31.12.2010 Taka
9.1.1.1 Interest/Profit accrued on Fixed Deposits/MTDR		
Interest accrued on Fixed Deposits	20,562,500	-
Profit accrued on MTDR	365,555	-
	20,928,055	-
9.1.2 Interest accrued on Loans & advances		
Interest accrued on Conventional Loans & advances	-	-
Profit Receivable on TIB Investment	-	-
	-	-
9.2 Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses		
Pre-opening Expenses	-	-
Prepaid Expenses	13,178,368	12,446,323
	13,178,368	12,446,323
9.3 Others		
Deferred Tax Asset Note - 9.3.1	28,328,315	16,319,128
Intangible Assets	37,391,754	6,295,963
Intl. Credit Report Agency Charge	6,039,847	3,205,264
Encashment of Sanchaya patra awaiting reimbursement-Principal	76,086,281	85,682,108
Encashment of Sanchaya patra awaiting reimbursement-Interest	117,591,317	74,407,590
Encashment of WEDB awaiting reimbursement-Principal	86,172,375	71,291,500
Encashment of WEDB awaiting reimbursement-Interest	78,577,816	44,635,664
US\$ Premium Bond - Principal	-	534,375
US\$ Premium Bond - Interest	-	89,996
US\$ Investment Bond - Principal	987,000	16,063,313
US\$ Investment Bond - Interest	501,211	2,096,798
Advance against Capital Expenditure	36,176,740	42,300,300
Clearing Adjustment	(4,524,498)	(16,189,412)
Receivable on Death Risk Benefit-WEDB	-	250,000
	463,328,158	346,982,587
9.3.1 Deferred tax Asset		
Balance as on 1 January	16,319,128	6,907,377
Addition during the year	12,009,187	9,411,751
Closing Balance	28,328,315	16,319,128

As per BRPD Circular # 11 Dated 12 December 2011 regarding accounting for Deferred Tax are as follows:

Particulars	Book Value	Tax Base	(Deductible)/Taxable Temporary Difference	Deferred Tax (Asset)/ Liability
Fixed Assets (Annexure - B)	421,227,415	487,882,274	(66,654,859)	(28,328,315)

Balance of 31.12.2010

Deferred Tax Asset	16,319,128	6,907,377
Deferred Tax Liability		
16,319,128	6,907,377	Net Deferred Tax Assets

Increase in deferred tax asset recognised in P&L Account
Decrease in deferred tax liability recognised in P&L Account
Total deferred tax income recognised in P&L Account during 2011
Balance as at 31 December 2011

12,009,187	9,411,751
-	-
12,009,187	9,411,751
28,328,315	16,319,128

Deferred Tax recognition and Measurement

Trust Bank Limited recognizes deferred tax liability where it has identified a taxable temporary difference between an asset's or liability's carrying amount for accounting purposes and its value for tax purposes. A deferred tax asset arises where the carrying amount of an asset/(liability) for accounting purposes is less/(greater) than its tax value as per BAS 12 para 12.15

A deferred tax asset or liability is calculated multiplying the temporary difference by relevant tax rate.

	31.12.2011 Taka	31.12.2010 Taka
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Adjustment

To recognize deferred tax asset Trust Bank Limited assess its recoverability as being probable.

- 9.3.1.1 To maintain the deferred tax asset of Tk.28,328,315 as on 31 December 2011, a deferred tax Income of Tk.-12,009,187 has been made during the year ended 31 December 2011 as per BAS-12 -Income Taxes.

9.4 Break-up of Other Assets

Income generating other assets	2,999,999,300	2,999,999,300
Non income generating other asset	1,350,587,901	1,123,450,003
	4,350,587,201	4,123,449,303

- 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 31.12.2011 as of 31.01.2012 (subsequent position) are given below:

	No. of unrespondent entries		Unrespondent entries (Taka)	
	Debit	Credit	Debit	Credit
Upto 3 months	1,883	348	879,490,000	596,885,000
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
Total	1,883	348	879,490,000	596,885,000

- 9.6 Provision for other asset has been made @ 50% for prepaid legal expenses against unsettled suit of Tk. 4,629,262 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.

9 (a) Consolidated other assets

	31.12.2011 Taka	31.12.2010 Taka
Trust Bank Limited	4,350,587,201	4,123,449,303
Trust Bank Investment Limited	40,821,912	105,949,923
	4,391,409,113	4,229,399,226
Less: Investment in Trust Bank Investment Limited	2,999,999,300	2,999,999,300
	1,391,409,813	1,229,399,926

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

Long term Borrowings

Unsecured Subordinated Non-Convertible Bond	2,000,000,000	-
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Short term Borrowings

Borrowing from Bangladesh Bank - EDF	140,749,967	326,084,112
Bangladesh Bank: Re-finance	202,323,535	137,861,335
	2,343,073,502	463,945,447
<u>Outside Bangladesh</u>	-	-
	2,343,073,502	463,945,447

As per Bangladesh Bank letter ref # BRPD (BIC)661/14B(P)/2011-264 dated: May 31, 2011& Guidelines on Risk Based Capital Adequacy (December 2010) [Annex A] Unsecured Subordinated Non-Convertible Bond has been shown as long term borrowings.

Unsecured Subordinated Non-Convertible Bond

Trust Bank Limited issued Unsecured Subordinated Non-Convertible Bond of Taka 2,000,000,000 for a term of Seven years (7) to strengthen the capital base of the Bank on the consent with SEC vide letter ref # SEC/CI/CPLC-48/2001-339 date:May 03, 2011& Bangladesh Bank permission letter ref # BRPD (BIC)661/14B(P)/2011-264 dated: May 31, 2011 for consideration of 30% of Tire-I capital as a component of Supplementary Capital (Tire-II) of the Bank. The interest rate is 12.5% per annum. Repayment of this bond will start after three years from the date of issue.

			31.12.2011 Taka	31.12.2010 Taka																																																							
10.1 Security-wise borrowings																																																											
Secured Borrowings			-	-																																																							
Unsecured Borrowings			2,343,073,502	463,945,447																																																							
			2,343,073,502	463,945,447																																																							
10.2 Repayment nature-wise borrowings																																																											
Repayment on Demand			-	463,945,447																																																							
Others			2,343,073,502	-																																																							
			2,343,073,502	463,945,447																																																							
10.3 Remaining maturity grouping of Borrowings from other banks, financial institutions and agents Payable																																																											
On demand			-	463,945,447																																																							
Upto 1 month			113,265,710	-																																																							
Over 1 month but within 3 months			-	-																																																							
Over 3 months but within 1 Year			-	-																																																							
Over 1 Year but within 5 Years			1,727,837,204	-																																																							
Over 5 Years			501,970,588	-																																																							
			2,343,073,502	463,945,447																																																							
10 (a) Consolidated borrowings from other Banks, financial institutions and agents																																																											
Trust Bank Limited	Note - 10		2,343,073,502	463,945,447																																																							
Trust Bank Investment Limited			652,932,481	1,126,907,614																																																							
			2,996,005,983	1,590,853,061																																																							
Less: Inter company transaction			645,953,727	1,130,605,342																																																							
			2,350,052,256	460,247,719																																																							
11. DEPOSITS AND OTHER ACCOUNTS																																																											
Current/Al-wadeeah Current Accounts and other Accounts	Note - 11.2		8,159,229,466	5,681,378,972																																																							
Bills Payable	Note - 11.3		555,764,433	656,010,698																																																							
Savings Bank Deposits/Mudaraba Savings Deposits	Note - 11.4		5,822,755,118	5,336,185,241																																																							
Fixed Deposits/Mudaraba Term Deposits	Note - 11.5		51,281,760,689	38,739,716,060																																																							
			65,819,509,706	50,413,290,971																																																							
11.1 Remaining maturity grouping of Deposits and Other Accounts																																																											
<table border="1"> <thead> <tr> <th>Inside Bangladesh</th><th>Banks</th><th>Other than Banks</th><th></th><th></th></tr> </thead> <tbody> <tr> <td>Payable</td><td></td><td></td><td></td><td></td></tr> <tr> <td>On demand</td><td>-</td><td>9,666,620,744</td><td>9,666,620,744</td><td>7,883,096,592</td></tr> <tr> <td>Upto 1 month</td><td>171,538,000</td><td>12,549,500,498</td><td>12,721,038,498</td><td>7,902,898,456</td></tr> <tr> <td>Over 1 month but within 3 months</td><td></td><td>19,462,771,646</td><td>19,462,771,646</td><td>14,688,281,202</td></tr> <tr> <td>Over 3 months but within 1 Year</td><td>-</td><td>19,208,090,428</td><td>19,208,090,428</td><td>16,363,997,894</td></tr> <tr> <td>Over 1 Year but within 5 Years</td><td></td><td>3,193,121,246</td><td>3,193,121,246</td><td>2,672,276,667</td></tr> <tr> <td>Over 5 Years</td><td></td><td>1,567,867,144</td><td>1,567,867,144</td><td>902,740,160</td></tr> <tr> <td></td><td>171,538,000</td><td>65,647,971,706</td><td>65,819,509,706</td><td>50,413,290,971</td></tr> <tr> <td>Outside Bangladesh</td><td>-</td><td>-</td><td>-</td><td>-</td></tr> <tr> <td></td><td>171,538,000</td><td>65,647,971,706</td><td>65,819,509,706</td><td>50,413,290,971</td></tr> </tbody> </table>					Inside Bangladesh	Banks	Other than Banks			Payable					On demand	-	9,666,620,744	9,666,620,744	7,883,096,592	Upto 1 month	171,538,000	12,549,500,498	12,721,038,498	7,902,898,456	Over 1 month but within 3 months		19,462,771,646	19,462,771,646	14,688,281,202	Over 3 months but within 1 Year	-	19,208,090,428	19,208,090,428	16,363,997,894	Over 1 Year but within 5 Years		3,193,121,246	3,193,121,246	2,672,276,667	Over 5 Years		1,567,867,144	1,567,867,144	902,740,160		171,538,000	65,647,971,706	65,819,509,706	50,413,290,971	Outside Bangladesh	-	-	-	-		171,538,000	65,647,971,706	65,819,509,706	50,413,290,971
Inside Bangladesh	Banks	Other than Banks																																																									
Payable																																																											
On demand	-	9,666,620,744	9,666,620,744	7,883,096,592																																																							
Upto 1 month	171,538,000	12,549,500,498	12,721,038,498	7,902,898,456																																																							
Over 1 month but within 3 months		19,462,771,646	19,462,771,646	14,688,281,202																																																							
Over 3 months but within 1 Year	-	19,208,090,428	19,208,090,428	16,363,997,894																																																							
Over 1 Year but within 5 Years		3,193,121,246	3,193,121,246	2,672,276,667																																																							
Over 5 Years		1,567,867,144	1,567,867,144	902,740,160																																																							
	171,538,000	65,647,971,706	65,819,509,706	50,413,290,971																																																							
Outside Bangladesh	-	-	-	-																																																							
	171,538,000	65,647,971,706	65,819,509,706	50,413,290,971																																																							
11.2 Current/Al-wadeeah Current Accounts and other Accounts																																																											
Under Conventional Banking	Note - 11.2.1		8,094,425,760	5,631,715,497																																																							
Under Islami Banking	Note - 11.2.2		64,803,706	49,663,475																																																							
			8,159,229,466	5,681,378,972																																																							
11.2.1 Under Conventional Banking																																																											
Current Account			4,010,903,169	2,698,132,604																																																							
Other Accounts	Note - 11.2.3		4,083,522,591	2,933,582,893																																																							
			8,094,425,760	5,631,715,497																																																							
11.2.2 Under Islami Banking																																																											
Al-wadeeah Current Accounts			31,054,040	33,016,922																																																							
Other Accounts - profit payable			33,749,666	16,646,553																																																							
			64,803,706	49,663,475																																																							

			31.12.2011 Taka	31.12.2010 Taka
11.2.3 Other Accounts				
Foreign Currency Deposits			2,013,798,652	1,548,238,587
Interest Payable on Deposits			1,321,511,369	747,221,292
Sundry Deposits			748,212,570	638,123,014
			4,083,522,591	2,933,582,893
11.3 Bills Payable				
Demand Draft payable			39,488,651	44,525,252
Pay Order payable			516,275,782	611,485,446
			555,764,433	656,010,698
11.4 Savings Bank Deposits/Mudaraba Savings Deposits				
Savings Bank Deposits			5,481,288,584	5,105,732,885
Mudaraba Savings Deposits			341,466,534	230,452,356
			5,822,755,118	5,336,185,241
11.5 Fixed Deposits/Mudaraba Term Deposits				
11.5.1 Under Conventional Banking				
Fixed Deposits			40,261,937,060	29,273,164,437
Short Notice Deposits			4,081,558,688	4,708,205,538
Scheme Deposits			5,325,017,412	3,742,144,956
			49,668,513,160	37,723,514,931
11.5.2 Under Islami Banking				
Mudaraba Term Deposits			1,544,292,219	976,855,423
Mudaraba Short Notice Deposits			7,949,481	8,075,750
Mudaraba Scheme Deposits			61,005,829	31,269,956
			1,613,247,529	1,016,201,129
			51,281,760,689	38,739,716,060
11.5.3 Fixed Deposits				
	Banks	Other than Banks		
One month	-	921,110,306	921,110,306	1,430,090,148
Three months	-	13,686,873,031	13,686,873,031	12,039,478,905
Six months	-	11,025,402,619	11,025,402,619	3,603,791,982
One year	-	10,242,427,081	10,242,427,081	11,485,391,350
Two years	-	3,643,867,718	3,643,867,718	177,660,305
Three years	-	295,375,105	295,375,105	429,884,639
Five Years	-	259,067,914	259,067,914	84,107,211
More than five years	-	187,813,289	187,813,286	22,759,898
	-	40,261,937,063	40,261,937,060	29,273,164,437
11.5.3.a Mudaraba Term Deposits				
	Banks	Other than Banks		
One month	-	8,035,400	8,035,400	57,921,006
Three months	-	1,188,280,552	1,188,280,552	626,316,679
Six months	-	64,848,385	64,848,385	115,058,015
One year	-	281,257,922	281,257,922	176,594,485
Three years	-	369,960	369,960	965,238
Five Years	-	1,500,000	1,500,000	-
	-	1,544,292,219	1,544,292,219	976,855,423
11.6 Geographical location-wise concentration of Deposits & Other Accounts				
Inside Bangladesh				
Dhaka Division			50,849,810,457	39,297,176,989
Chittagong Division			8,753,144,042	6,136,833,125
Khulna Division			1,674,055,939	1,134,463,925
Sylhet Division			2,451,219,028	2,258,970,643
Rangpur Division			692,434,911	2,927,765
Barisal Division			58,728,274	-
Rajshahi Division			1,340,117,055	1,582,918,524
			65,819,509,706	50,413,290,971
Outside Bangladesh			-	-
			65,819,509,706	50,413,290,971

		31.12.2011 Taka	31.12.2010 Taka
11.7 Sector-wise deposits			
Government		2,286,412,000	1,152,509,000
Deposit money banks		171,538,000	128,647,000
Other public		4,324,666,913	2,664,107,000
Private		55,701,582,772	44,155,921,539
Foreign Currency Deposits		2,013,798,652	1,548,238,587
Interest Payable on Deposits		1,321,511,369	763,867,845
		65,819,509,706	50,413,290,971
11 (a) CONSOLIDATED DEPOSITS AND OTHER ACCOUNTS			
Current/AI-wadeeah Current Accounts and other Accounts			Trust Bank Limited
8,159,229,466		5,681,378,972	
Trust Bank Investment Limited		134,635,665	565,683,648
		8,293,865,131	6,247,062,620
Bills Payable		555,764,433	656,010,698
Savings Bank Deposits/Mudaraba Savings Deposits		5,822,755,118	5,336,185,241
Fixed Deposits/Mudaraba Term Deposits		51,281,760,689	38,739,716,060
Less: Inter Company Transaction		24,100,421	621,073,337
		51,257,660,268	38,118,642,723
		65,930,044,950	50,357,901,282
12. OTHER LIABILITIES			
Provision for Loans and Advances	Note - 12.1	1,268,882,000	1,082,900,000
Provision for Investment		81,490,180	11,932,760
Provision for Other Asset	Note - 12.2	4,629,262	3,789,274
Provision for Special Reserve Fund		80,000,000	115,600,000
Provision for Gratuity		-	41,559,109
Unearned profit on TIB Investment		18,755,038	11,785,925
Interest Suspense Account	Note - 12.3	294,833,472	292,060,539
Exchange Equalization Fund	Note - 12.4	-	-
Provision for Income Tax Less Advance Income Tax	Note - 12.5	432,761,498	576,783,076
Interest Payable on Unsecured Subordinated Bonds		42,465,758	-
Accrued Expenses		166,699,105	128,294,703
Audit Fees Payable		261,250	517,500
Sundry Creditors		133,883,864	107,866,541
Others		1,215,960	649,253
		2,525,877,387	2,373,738,680
12.1 Provision for Loans and Advances/Islami Banking Investments			
Specific Provision			
Against Classified Loans & Advances		339,392,000	304,752,000
General Provision			
Against Unclassified Loans & Advances		715,257,000	559,811,000
Against Special Mention Accounts		20,976,000	28,830,000
Against Off Balance Sheet Exposures		193,257,000	189,507,000
		929,490,000	778,148,000
		1,268,882,000	1,082,900,000
12.1.1 Against Classified Loans & Advances			
Provision held on 1 January		304,752,000	439,000,000
Fully provided debts written off		-	-
Recoveries from previously written off debts		-	-
Provisions made during the year		34,640,000	(134,248,000)
Net Charge to the Profit Loss Account		34,640,000	(134,248,000)
Provision held at end of year		339,392,000	304,752,000

	31.12.2011 Taka	31.12.2010 Taka
12.1.2 Against Unclassified Loans & Advances		
Provision held on 1 January	559,811,000	398,900,000
Provisions made during the year	155,446,000	160,911,000
Provision held at end of year	715,257,000	559,811,000
12.1.3 Against Special Mention Accounts		
Provision held on 1 January	28,830,000	17,500,000
Provisions made during the year	(7,854,000)	11,330,000
Provision held at end of year	20,976,000	28,830,000

12.1.4 Required Provision against Loans and Advances

Particulars	Base for Provision	Rate		
Unclassified				
a. Consumer Financing (House Financing)	4,531,403,777	2%	90,628,000	75,157,000
b. Consumer Financing (Loans to Professional)	18,125,196	2%	363,000	642,000
c. Consumer Financing (Other than a & b)	4,169,885,193	5%	208,494,000	111,914,000
d. Small & Medium Enterprise Financing	2,568,536,268	1%	25,686,000	17,353,000
e. Loans to BHs/MBs/Sds against Shares, etc	715,803,808	2%	14,316,000	23,777,000
f Short Term Agriculture & Micro Credit	51,582,708	5%	2,579,000	305,000
g. All other Credit	36,436,811,143	1%	364,368,000	289,881,000
	48,492,148,093		706,434,000	519,029,000
Special Mention Accounts	419,508,971	5%	20,975,000	28,830,000
Classified				
a. Substandard				
i. Other than Short Term Agriculture & Micro Credit	288,820,331	20%	57,764,000	8,447,000
ii. Short Term Agriculture & Micro Credit	439,250	5%	22,000	-
b. Doubtful				
i. Other than Short Term Agriculture & Micro Credit	52,896,050	50%	26,448,000	75,098,000
ii. Short Term Agriculture & Micro Credit	-	5%	-	-
c. Bad/Loss	255,158,000	100%	255,158,000	221,207,000
	597,313,631		339,392,000	304,752,000
	49,508,970,695		1,066,801,000	852,611,000

	31.12.2011 Taka	31.12.2010 Taka
12.1.5 General Provision for Off Balance Sheet Exposures		
Provision held on 1 January	189,507,000	118,507,000
Provisions made during the year	3,750,000	71,000,000
	193,257,000	189,507,000
12.1 (a) Consolidated General Provision for Loans and Advances		
Trust Bank Limited	929,490,000	778,148,000
Trust Bank Investment Limited	87,937,385	40,911,143
	1,017,427,385	819,059,143
12.2 Provision for Other Asset		
Balance on 1 January	3,789,274	2,126,573
Provisions made during the year	839,988	1,662,701
	4,629,262	3,789,274
12.3 Interest Suspense Account		
Balance on 1 January	292,060,539	189,080,502
Amount transferred during the year	375,427,118	293,369,827
Amount recovered during the year	(356,321,444)	(189,862,677)
Amount written off/waived during the year	(16,332,741)	(527,113)
	294,833,472	292,060,539
12.4 Exchange Equalization Fund		
Balance on 1 January	-	2,996,337
Less: Transferred to extra ordinary gain as per BBK circular	-	2,996,337
	-	-

	31.12.2011 Taka	31.12.2010 Taka
12.5 Provision for Income Tax Less Advance Income Tax		
Provision for Income Tax		
Balance on 1 January	1,947,500,000	1,096,470,800
Provisions made during the year	700,000,000	875,000,000
Provision made for previous year(s)	-	-
Settlement for previous year(s)	-	(23,970,800)
	2,647,500,000	1,947,500,000
Less: Advance Income Tax		
Balance on 1 January	1,370,716,924	718,043,666
Paid during the year	844,021,578	676,644,058
Settlement for previous year(s)	-	(23,970,800)
	2,214,738,502	1,370,716,924
Net Closing Balance	432,761,498	576,783,076
12.5 (a) Consolidated tax expenses		
Trust Bank Limited	700,000,000	875,000,000
Trust Bank Investment Limited	281,431,931	36,344,335
	981,431,931	911,344,335

12.5.1 Provision for current tax of Tk. 70,000,000 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.

12 (a) Consolidated other liabilities			
Trust Bank Limited	Note - 12	2,525,877,387	2,373,738,680
Trust Bank Investment Limited		366,401,315	123,765,483
		2,892,278,702	2,497,504,163
Less: Inter company transaction		-	-
		2,892,278,702	2,497,504,163

13. CAPITAL

13.1 Authorized Capital		
50,000,000 Ordinary shares of Tk. 100 each	5,000,000,000	5,000,000,000

13.2 Issued, Subscribed and Paid Up Capital

116,667,000	Ordinary shares of Tk. 10 each issued for cash	1,166,670,000	1,166,670,000
11,666,700	Ordinary shares of Tk. 10 each issued bonus shares	116,667,000	116,667,000
25,666,740	Ordinary shares of Tk. 10 each issued for rights issue (1:5)	256,667,400	256,667,400
30,800,080	Ordinary shares of Tk. 10 each issued bonus shares	308,000,800	308,000,800
36,960,100	Ordinary shares of Tk. 10 each issued bonus shares	369,601,000	369,601,000
44,352,120	Ordinary shares of Tk. 10 each issued bonus shares	443,521,200	-
266,112,740		2,661,127,400	2,217,606,200

As per SEC Order Ref # SEC/CMRRCD/2009-193/109 Dated: September 15, 2011 regarding uniform face value of share price of Taka 10 each, In compliance with the SEC Order we have changed our shares face value of shares which is approved at our 13th EGM held on 19 Novemebr, 2011.

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 31 December 2011 is shown below:

Tier – I (Core Capital)

Paid up Capital	2,661,127,400	2,217,606,200
Share Premium Account	-	-
Statutory Reserve	1,827,243,070	1,566,403,090
Retained Earnings	1,034,915,074	1,123,067,166
	5,523,285,544	4,907,076,456

	31.12.2011 Taka	31.12.2010 Taka
<u>Tier –II (Supplementary Capital)</u>		
General Provision	929,490,000	778,148,000
Exchange Equalization	-	-
Bond (30% of Tier-1)	1,656,985,663	-
Revaluation reserves (50% of such reserve)	1,737,502	59,140,366
	2,588,213,165	837,288,366
A. Total Capital (Tier-I + Tier-II)	8,111,498,709	5,744,364,822
B. Total Risk Weighted Assets (RWA)	71,758,100,000	63,209,700,000
C. Required Capital based on RWA @ 10% on B	7,175,810,000	5,688,873,000
D. Surplus Capital as per Bank weighted Assets (A - C)	935,688,709	55,491,822
Capital Adequacy Ratio		
Core Capital to RWA	7.70%	7.76%
Supplementary Capital to RWA	3.60%	1.32%
	11.30%	9.09%

13.3 (a) Capital Adequacy Ratio under Consolidated basis

<u>Tier – I (Core Capital)</u>		
Paid up Capital	2,661,127,400	2,217,606,200
Minority Interest	774	705
Share Premium Account	-	-
Statutory Reserve	1,827,243,070	1,566,403,090
Retained Earnings	1,371,805,297	1,142,729,910
	5,860,176,541	4,926,739,905
<u>Tier –II (Supplementary Capital)</u>		
General Provision	1,017,427,385	819,059,143
Exchange Equalization	-	-
Bond (30% of Tier-1)	1,758,052,962	-
Revaluation reserves (50% of such reserve)	1,737,502	59,140,366
	2,777,217,849	878,199,509
A. Total Capital (Tier-I + Tier-II)	8,637,394,390	5,804,939,414
B. Total Risk Weighted Assets (RWA)	72,945,300,000	64,104,600,000
C. Required Capital based on RWA @ 10%	7,294,530,000	5,769,414,000
D. Surplus Capital as per Bank weighted Assets (A - C)	1,342,864,390	35,525,414
Capital Adequacy Ratio		
Core Capital to RWA	8.03%	7.69%
Supplementary Capital to RWA	3.81%	1.37%
	11.84%	9.06%
Total Risk Weighted Assets (RWA)		

Risk Wiegthed 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

Particulars	Amount (in Taka)		Percentage (%)	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Sponsors	1,596,719,160	1,330,740,100	60.00%	60.01%
Financial Institutions	562,188,110	411,162,400	21.13%	19.51%
Foreign Investors	2,273,000	-	0.09%	-
Non-Resident Bangladeshi	12,411,000	9,256,800	0.47%	0.41%
General Public	487,536,130	466,446,900	18.32%	20.08%
Total	2,661,127,400	2,217,606,200	100.00%	100.00%

13.5 Shareholding Range on the basis of shareholdings as on 31 December 2011

Shareholding Range			No. of Sh. Holders	Number of Shares	%
1	to	500	10976	2,068,256	0.78%
501	to	5,000	16777	23,426,304	8.80%
5,001	to	10,000	881	6,345,370	2.38%
10,001	to	20,000	418	5,740,020	2.16%
20,001	to	30,000	138	3,417,690	1.28%
30,001	to	40,000	47	1,652,850	0.62%
40,001	to	50,000	38	1,724,560	0.65%
50,001	to	100,000	76	5,395,870	2.03%
100,001	to	1,000,000	86	23,336,360	8.77%
1,000,001	and More		12	193,005,460	72.53%
Total			29,449	266,112,740	100.00%

13 (a) MINORITY INTEREST

Share Capital (7 nos. shares of TBIL @ Tk. 100 each)

Profit as of 1 January 2010

Profit for the year

31.12.2011 Taka	31.12.2010 Taka
700	700
5	-
69	5
74	5
774	705

14. STATUTORY RESERVE

Balance on 1 January

Reserve made during the year

Closing Balance

1,566,403,090	1,138,330,330
260,839,980	428,072,760
1,827,243,070	1,566,403,090

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

15. OTHER RESERVE

Revaluation Reserve

Balance on 1 January

Reserve made/(adjusted) during the year

Closing Balance

118,280,731	122,565,154
(114,805,727)	(4,284,423)
3,475,004	118,280,731

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.

16. RETAINED EARNINGS

Balance on 1 January

Issue of Bonus Shares

Income Tax Provision for the previous Income year

Net Profit for the year transferred from Profit and Loss Account

Less: Transferred to Statutory Reserve

Closing Balance

1,123,067,166	463,963,772
(443,521,200)	(187,599,400)
-	-
679,545,966	276,364,372
616,209,088	1,274,775,554
260,839,980	428,072,760
355,369,108	846,702,794
1,034,915,074	1,123,067,166

16 (a) Consolidated retained earnings

Trust Bank Limited Note - 16

Trust Bank Investment Limited

Less minority interest

Closing Balance

1,034,915,074	1,123,067,166
336,890,297	19,662,749
1,371,805,371	1,142,729,915
74	5
1,371,805,297	1,142,729,910

	31.12.2011 Taka	31.12.2010 Taka
17. CONTINGENT LIABILITIES		
17.1 Acceptances and endorsements		
Acceptance Bills - Local	2,317,995,322	2,174,497,354
Acceptance Bills - Foreign	2,820,231,811	1,208,218,702
Acceptance Liabilities - Back to Back L/C	313,446,293	350,822,848
	5,451,673,426	3,733,538,904
17.2 Letters of Guarantee		
Letters of Guarantee - Local	3,046,785,073	4,072,730,745
Letters of Guarantee -Foreign	65,689,276	1,850,000
	3,112,474,349	4,074,580,745
17.2.1 Money for which the bank is contingently liable in respect of guarantees favoring :		
Directors or Officers	-	-
Government	1,376,823,534	1,760,354,672
Banks and other financial institutions	284,700,108	789,336,456
Others	1,450,950,707	1,524,889,617
	3,112,474,349	4,074,580,745
17.3 Irrevocable Letter of Credits		
Letter of Credit - Local	99,069,608	358,803,438
Letter of Credit - Foreign	6,583,599,180	5,952,895,505
Letter of Credit - Back to Back L/C	516,736,940	1,234,417,914
Letter of Credit - Usance (Foreign)	706,675,321	662,413,513
	7,906,081,049	8,208,530,370
17.4 Bills for Collection		
Outward Bills for Collection	42,612,629	37,721,285
Foreign Bills for Collection	-	2,120,000
Inland Bills for Collection	50,000	50,000
Local Documentary Bill for Collection	1,973,657,541	2,173,230,253
Inward Foreign Documentary Bills for Collection	371,849,000	287,917,625
Foreign Documentary Bills for Collection	467,233,575	432,991,347
	2,855,402,745	2,934,030,510
18. INCOME STATEMENTS		
Income:		
Interest/Profit, discount and similar income	7,534,165,831	5,300,276,552
Dividend income	97,585,927	32,328,818
Fees, commission and brokerage	606,497,350	465,133,566
Gains less losses arising from dealing in securities	14,514,211	317,841,405
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income	194,177,684	741,418,369
Profit less losses on interest rate changes	-	-
	8,446,941,003	6,856,998,710
Expenses:		
Interest/profit paid on deposits, borrowings, etc	5,386,471,372	3,213,947,255
Losses on loans and advances	-	-
Administrative expenses	1,168,517,791	1,038,408,915
Other operating expenses	302,932,406	302,615,872
Depreciation on banking assets	28,440,125	24,365,417
	6,886,361,694	4,579,337,459
	1,560,579,309	2,277,661,251

	2011 Taka	2010 Taka
19. INTEREST INCOME		
19.1 Interest Income under Conventional banking		
Interest from Loans and Advances		
Interest on Repair & Recon. of Dwelling House (RRDH)	139,650,748	90,611,369
Interest on Consumer Durable Scheme	82,114	308,115
Interest on Marriage Loans	4,038,456	4,774,863
Interest on Car Loans	42,162,386	51,307,377
Interest on House Building Loans	382,738,814	242,364,557
Interest on Term Loans	1,336,896,041	1,167,194,888
Interest on Other Loans	1,024,143,260	568,976,252
Interest on SME Loan	81,281,247	31,448,989
Interest on PAD - EDF	13,000,523	8,949,908
Interest on Staff Loan	19,002,392	15,161,623
Interest on LTR	918,494,802	614,555,433
Interest on Payment Against Documents (PAD)	100,557,421	62,188,793
Interest on Cash Credit	164,750,361	111,618,236
Interest on Cash Collateral	31,481,574	22,505,561
Interest on Overdraft	361,392,518	129,638,658
Interest on SOD	826,472,081	1,207,102,360
Interest on Inland Bills Purchased and Discounted	158,784,523	123,736,385
Interest on Foreign Bills Purchased and Discounted	16,403,410	3,697,163
	5,621,332,671	4,456,140,530
Interest from Banks and Other Financial Institutions		
Interest on FDR Account	161,252,202	94,507,909
Interest on Bangladesh Bank Foreign Currency Accounts	1,806,147	2,352,382
Interest on SND Account	2,066,409	15,295,649
Interest on Call Deposits	383,305,833	63,377,694
	548,430,591	175,533,634
Interest received from Foreign Banks	459,945	285,523
	6,170,223,207	4,631,959,687
19.2 Profit under Islami banking		
Profit on BARAKAT Car Scheme	3,064,425	2,752,480
Profit on IHSAN Apartment Purchase Scheme	1,307,408	1,096,876
Profit on BARAKAT Home Construction Scheme	2,366,021	644,700
Profit on HPSM-Capital Machinery	33,133,380	27,166,621
Profit on HPSM- Real Estate	3,147,232	3,622,817
Profit on Murabaha (RM)	-	100,277
Profit on Bai-Muajjal	10,850,737	4,083,522
Profit on Bai-Salam	7,328,302	3,024,829
Profit on Murabaha TR	25,396,724	7,725,057
Profit on Murabaha Import Bills (MIB)	344,362	-
Profit on TIB House Building Scheme-HBL (RM)	541,723	-
Profit on Musharaka agt. IBP	14,111,325	4,461,755
	101,591,639	54,678,934
Profit from Banks and Other Financial Institutions		
Profit on Mudaraba Term Deposits	-	-
	101,591,639	54,678,934
	6,271,814,846	4,686,638,621
19 (a) Consolidated Interest Income/profit on investment		
Trust Bank Limited Note - 19	6,271,814,846	4,686,638,621
Trust Bank Investment Limited	645,549,144	73,672,181
	6,917,363,990	4,760,310,802
Less : Inter Company Transaction	149,347,606	23,065,062
	6,768,016,384	4,737,245,740

	2011 Taka	2010 Taka
20. INTEREST PAID ON DEPOSITS AND BORROWINGS		
20.1 Interest paid on deposits		
Interest on SND Account	190,179,442	198,215,815
Interest on FDR Account	3,880,655,131	2,342,231,571
Interest on Foreign Currency Deposit	2,856,023	5,420,843
Interest on Savings Account	218,973,716	203,171,791
Interest on Scheme Deposits	466,499,832	364,768,611
	4,759,164,144	3,113,808,631
20.2 Profit paid on Islami Banking Deposits		
Profit Paid on Mudaraba Savings Account	12,509,485	8,639,035
Profit Paid on Mudaraba SND	260,683	431,259
Profit Paid on Mudaraba TDR	121,898,146	68,691,885
Profit Paid on Mudaraba MTDR - 1 Month	1,282,215	3,605,723
Profit Paid on TBL Barakat Hajj Deposit Scheme	101,221	29,848
Profit Paid on Mudaraba Monthly Savings Scheme	4,280,748	1,892,904
	140,332,498	83,290,654
20.3 Interest paid on borrowings		
Interest on Call Deposits	3,490,764	6,440,972
Interest on Repo	1,432,530	3,290,396
Interest on Other Borrowings	482,051,436	7,116,602
	486,974,730	16,847,970
	5,386,471,372	3,213,947,255
20 (a) Consolidated Interest/profit paid on deposits, borrowings, etc on investment		
Trust Bank Limited Note - 20	5,386,471,372	3,213,947,255
Trust Bank Investment Limited	152,647,914	20,728,746
	5,539,119,286	3,234,676,001
Less : Inter Company Transaction	149,347,606	23,065,062
	5,389,771,680	3,211,610,939
21. INCOME FROM INVESTMENTS		
21.1 Income from Conventional Banking		
Income from Treasury bonds	878,799,241	517,523,957
Income from Reverse REPO	-	54,945
Profit on sale of Securities	275,522,874	-
Income from Other Approved Securities	-	9,084,660
Income from Debentures & Bond	101,236,370	71,909,839
Dividend Income	96,825,927	32,138,818
Gain from sales of shares	13,370,956	244,862,307
	1,365,755,368	875,574,526
21.2 Income from Islami Banking Investments		
Dividend Income	760,000	190,000
Profit on Investment in Islami Bank Bond	6,792,500	15,064,530
Profit on Sale of Shares	1,143,255	72,979,098
	8,695,755	88,233,628
	1,374,451,123	963,808,154
21 (a) Consolidated Income from Investment		
Trust Bank Limited	1,374,451,123	963,808,154
Trust Bank Investment Limited	155,491	-
	1,374,606,614	963,808,154
22. Commission, exchange and brokerage		
Demand Draft, Money Transfer, Telegraphic Transfer, Pay Order, etc	5,966,861	3,274,684
Travelers Cheque	3,870	18,336
Bills	16,315,193	10,391,981
Letter of Guarantees	36,475,077	40,956,808

		2011 Taka	2010 Taka
Letter of Credits		167,986,601	133,775,476
Foreign Remittances		3,291,909	2,074,290
Commission on Sale of Government Securities		4,742,991	11,186,165
Fund Transfer Commission		23,356	52,571
Commission on Sale & Purchase of Shares		467,640	596,147
Under writing Commission		1,975,239	3,673,356
Acceptance Commission		62,045,170	46,014,172
Foreign Correspondence Charges		53,672	126,000
Miscellaneous Commission		21,875,885	21,427,502
		321,223,464	273,567,488
Foreign Currency Exchange Gain		285,273,886	191,566,078
		606,497,350	465,133,566
22 (a) Consolidated Commission, exchange and brokerage			
Trust Bank Limited	Note - 22	606,497,350	465,133,566
Trust Bank Investment Limited		699,079	1,094,851
		607,196,429	466,228,417
23. OTHER OPERATING INCOME			
Locker Rent		936,475	838,250
Swift Charge (Net)		7,312,857	6,699,622
Postage Charge (Net)		1,896,012	1,575,702
Incidental Charges		6,562	-
Sale Proceeds of Forms		973,722	1,008,082
Service Charges		42,623,768	74,678,589
Service Compensation		903,000	2,000,000
Front End Fees		29,517,787	37,109,861
Notice Pay		2,055,618	1,794,800
Closing Charge		708,469	745,115
Sale Proceeds of Cheque books		45,500	47,500
BO Account Transfer Fee		-	16,262,208
Introductory Commission		-	781,875
Syndication Fees		1,673,583	161,085
Income through Credit & ATM Card		12,736,075	8,909,999
Profit on sale of Fixed Assets		-	769,012
Port Folio Management Fees		-	112,162,008
Take up Commission		949	-
Extra Ordinary Gain		-	2,996,337
Port Folio Transaction Fees		-	406,919,616
Insurance Premium Income		36,824	-
Service Charge on Passport		-	548,600
Miscellaneous Foreign Exchange Income		58,644,172	39,941,581
Miscellaneous Earnings		34,106,311	25,468,527
		194,177,684	741,418,369
23 (a) Consolidated other oprating income			
Trust Bank Limited	Note - 23	194,177,684	741,418,369
Trust Bank Investment Limited		247,959,365	72,950,579
		442,137,049	814,368,948
24. Salaries and allowances			
Basic Salary		264,127,418	237,743,764
House Rent Allowances		129,763,141	118,928,689
Conveyance Allowances		17,653,354	17,976,070
Medical Allowances		63,730,487	62,361,162
Leave Fare Assistances		25,663,755	25,154,495
Leave Encashment		3,125,410	7,224,450
Utility Allowances		3,056,237	2,853,034

		2011 Taka	2010 Taka
	Telephone Allowance	201,490	105,506
	Club Membership Allowance	989,500	168,500
	Personal Pay	538,710	-
	Contractual Staffs Salary	1,942,005	-
	Managers' Charge Allowance	1,343,500	1,297,500
	Key Holding Allowance	883,500	718,500
	Commission to Sales Promotion Officers	-	232,005
	Festival Bonus	47,687,770	44,102,106
	Incentive Bonus	107,602,181	99,658,964
	Bank's Contribution to Provident Fund	24,177,614	21,829,729
	Bank's Contribution to Superannuation Fund	1,600,000	1,600,000
	Bank's Contribution to Employees' Gratuity Fund	46,565,221	41,559,109
		740,651,293	683,513,583
24 (a)	Consolidated salaries and allowances		
	Trust Bank Limited	740,651,293	683,513,583
	Trust Bank Investment Limited	40,417,356	8,366,646
		781,068,649	691,880,229
25.	RENT, TAXES, INSURANCE, ELECTRICITY, ETC		
	Rent	104,642,784	89,826,107
	Electricity and Lighting	19,347,027	16,666,820
	Insurance	35,711,314	35,356,638
	Rates, Taxes & Excise Duty	919,872	718,615
	Fees & Renewals	7,133,374	5,688,372
	Generator Fuel	3,035,204	3,589,579
	Gas/Water Bill	1,141,932	1,077,115
		171,931,507	152,923,246
25 (a)	Consolidated rent,taxes,insurance, electricity, etc		
	Trust Bank Limited	171,931,507	152,923,246
	Trust Bank Investment Limited	14,686,113	2,551,281
		186,617,620	155,474,527
26.	POSTAGE, STAMPS, TELECOMMUNICATION, ETC		
	Stamp	71,449	36,304
	ATM Connectivity Charges	1,277,430	1,021,568
	ATM Maintenance Charges	4,250,000	3,000,000
	Online Expenses	31,791,471	20,873,693
	ATM Card Expenditure	3,296,500	1,783,700
	Internet Charge	4,389,638	2,094,922
	Router Charge	2,239,002	2,010,974
	Telegram, Telex, Telephone, Trunk Call, etc (Net)	7,894,083	7,542,676
		55,209,573	38,363,837
26 (a)	Consolidated postages, stamps, telecommunication, etc		
	Trust Bank Limited	55,209,573	38,363,837
	Trust Bank Investment Limited	2,239,100	305,280
		57,448,673	38,669,117
27.	STATIONERY, PRINTING, ADVERTISEMENT, ETC		
	Printing and Stationery (Net)	42,198,623	29,772,374
	Publicity and Advertisement	40,619,439	24,974,821
		82,818,062	54,747,195
27 (a)	Consolidated stationery, printing, advertisement, etc		
	Trust Bank Limited	82,818,062	54,747,195
	Trust Bank Investment Limited	1,416,925	4,873,459
		84,234,987	59,620,654
28.	DIRECTORS' FEES		
	Meeting fees	1,489,400	1,419,800
	Other benefits	-	-
		1,489,400	1,419,800

		2011 Taka	2010 Taka
28 (a) Consolidated directors fees			
Trust Bank Limited	Note - 28	1,489,400	1,419,800
Trust Bank Investment Limited		213,000	66,000
		1,702,400	1,485,800
29. Depreciation and repair of bank's assets			
Depreciation			
Fixed assets (For details please refer to Annexure - B)		102,240,172	94,971,221
Repairs			
Building		409,496	227,225
Furniture and fixtures		1,400,920	931,960
Office equipment		9,665,516	7,999,922
Bank's vehicles		11,324,047	8,485,189
Maintenance		5,640,146	6,721,121
		28,440,125	24,365,417
		130,680,297	119,336,638
29 (a) Consolidated depreciation and repair of bank's assets			
Trust Bank Limited	Note - 29	130,680,297	119,336,638
Trust Bank Investment Limited		6,616,815	964,118
		137,297,112	120,300,756
30. OTHER EXPENSES			
Business Development Expenses		29,680,112	9,651,985
Clearing House Charge		107,960	96,185
Conveyance		7,338,719	8,380,335
Entertainment		14,598,845	11,727,195
Car Expenses		18,744,774	120,352
Cash Handling Charge		1,538,330	1,508,650
Bank Charges		85,643	70,264
Meeting Expenses		7,694,126	11,594,308
Donation, Subscription and Membership Fees		2,883,892	2,136,868
News Paper and Periodicals		649,346	639,628
Oil and Lubricant		4,841,118	8,145,116
Remittance Charges		2,236,537	1,424,817
Other Contractual Service		64,291,311	41,127,038
Internship Allowances		1,668,969	2,152,083
Honorarium for Banking Diploma		800,000	650,000
Ex-Gratia		145,740	557,182
Training & Recruitment Expenses		10,195,817	4,461,835
Traveling Expenses		7,920,964	7,244,476
Up Keep of Office Premises		4,197,820	3,687,960
Washing Charges		865,356	695,955
Loss on Sale of Fixed Assets		1,582,193	-
Foreign Correspondence Expenses		2,526,058	2,002,708
Pre-opening Expenses		-	427,563
Amortization of Intangible Assets		9,822,074	5,672,138
Special Reserve Fund		80,000,000	115,600,000
CDBL Charges		599,655	55,506,421
Security Expenses		2,720,669	3,431,372
Foreign Remittance Expenses		1,513,805	1,730,175
Share/Bond Issue Expense		18,277,085	-
Sales Commission		2,864,635	-
Cash Carrying Charges		1,232,745	938,119
Wages paid to Daily Labor		96,810	45,595
Purchase of Utensils		622,698	539,039
Medical Expenses		10,024	10,991
Contact Point Verification Fees (RB)		253,905	238,076
Miscellaneous Expenses		324,671	401,443
		302,932,406	302,615,872

		2011 Taka	2010 Taka
30 (a) Consolidated other expenses			
Trust Bank Limited	Note - 30	302,932,406	302,615,872
Trust Bank Investment Limited		29,812,653	12,771,354
		332,745,059	315,387,226
31. PROVISION FOR LOANS AND ADVANCES/INVESTMENTS			
Specific Provisions-against classified loans & advances		34,640,000	(134,248,000)
General Provisions-against un-classified loans & advances		155,446,000	176,418,000
General Provisions-against special mentioned accounts		(7,854,000)	11,330,000
		182,232,000	53,500,000
31(a) Consolidated Provision for Loans & Advances/Investment			
Trust Bank Limited	Note - 31	182,232,000	53,500,000
Trust Bank Investment Limited		47,026,242	40,911,143
		229,258,242	94,411,143
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		69,557,420	11,134,747
- Unquoted		-	-
		69,557,420	11,134,747
		69,557,420	11,134,747
Provision for Investment in Share has been made as per BRPD Circular No. 14 dated 25 June 2001 issued by Bangladesh Bank.			
32(a) Consolidated Provision for diminution in value of investments			
Trust Bank Limited		69,557,420	11,134,747
Trust Bank Investment Limited		426,232	-
		69,983,652	11,134,747
33. OTHER PROVISION			
General Provision for Off Balance Sheet Exposures		3,750,000	71,000,000
Provision for Other Assets		839,988	1,662,701
		4,589,988	72,662,701
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, 2007 and September 18, 2007 respectively issued by Bangladesh Bank respectively.		
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		616,209,088	1,274,775,554
Nos of Ordinary Outstanding Share *Restated for bonus share		26,611,274	26,611,274
Earning per share (before split) *Restated		23.16	*47.9
Earning per share (after split) *Restated		2.32	*4.79
35 (a) Consolidated Earning per Share (EPS)			
Profit attributable to outstanding ordinary share holders		933,436,636	1,294,438,303
Nos of Ordinary Outstanding Share *Restated for bonus share		26,611,274	26,611,274
Earning per share (before split) *Restated		35.08	*48.64
Earning per share (after split) *Restated		3.51	*4.86
36. INCOME RECEIVED FROM OTHER OPERATING ACTIVITIES			
Locker Rent		936,475	838,250
Swift Charge (Net)		7,393,515	6,635,829
Postage Charge (Net)		1,896,012	1,575,702
Incidental Charges		6,562	-

	2011 Taka	2010 Taka
Sale Proceeds of Forms	973,722	1,008,082
Service Charges	42,623,768	74,678,589
Service Compensation	903,000	2,000,000
Front End Fees	29,517,787	37,109,861
Notice Pay	2,055,618	1,794,800
Closing Charge	708,469	745,115
Sale Proceeds of Cheque books	45,500	47,500
BO Account Transfer Fee	-	16,262,208
Introductory Commission	-	781,875
Syndication Fees	1,673,583	161,085
Income through Credit & ATM Card	12,736,075	8,909,999
Income from Government Securities	1,125,853,125	533,396,041
Interest on Debentures & Bond	101,236,370	71,909,839
Profit on Investment in Islamic Bank Bond	6,792,500	15,064,530
Income from sale proceed of shares	14,514,211	317,841,405
Port Folio Management Fees	-	112,162,008
Take up Commission	949	-
Port Folio Transaction Fees	-	406,919,616
Insurance Premium Income	36,824	-
Service Charge on Passport	-	548,600
Miscellaneous Foreign Exchange Income	58,644,172	39,941,581
Miscellaneous Earnings	34,106,311	25,468,527
	1,442,654,548	1,675,801,042
36 (a) Consolidated Income from Other Operating Activities		
Trust Bank Limited	1,442,654,548	1,675,801,042
Trust bank Investment Limited	248,001,867	72,950,579
	1,690,656,415	1,748,751,621
37. EXPENSES PAID FOR OTHER OPERATING ACTIVITIES		
Business Development Expenses	(29,680,112)	(9,651,985)
Clearing House Charge	(107,960)	(96,185)
Conveyance	(7,338,719)	(8,380,335)
Entertainment	(14,173,323)	(11,769,836)
Car Expenses	(18,744,774)	(120,352)
Cash Handling Charge	(1,538,330)	(1,508,650)
Bank charges	(85,643)	(70,264)
Meeting Expenses	(7,694,126)	(11,594,308)
Donation, Subscription and Membership Fees	(2,883,892)	(2,134,868)
News Paper and Periodicals	(645,146)	(625,069)
Oil and Lubricant	(5,042,728)	(7,906,224)
Remittance Charges	(2,010,728)	(1,369,703)
Other Contractual Service	(64,269,895)	(41,158,302)
Internship Allowances	(1,668,969)	(2,152,083)
Honorarium for Banking Diploma	(800,000)	(650,000)
Ex- Gratia	(145,740)	(557,182)
Pre-opening Expenses	-	(199,837)
Training Expenses	(10,195,817)	(4,461,835)
Traveling Expenses	(7,920,964)	(7,244,476)
Up Keep of Office Premises	(4,197,820)	(3,687,960)
Washing Charges	(865,356)	(695,955)
Foreign Correspondence Expenses	(2,526,058)	(2,002,708)
Special Reserve Fund	(115,600,000)	(64,200,000)
CDBL Charges	(599,655)	(55,506,421)
Security Expenses	(2,720,669)	(3,431,372)
Foreign Remittance Expenses	(1,513,805)	(1,730,175)
Share/Bond Issue Expense	(18,277,085)	-
Sales Commission	(2,864,635)	-
Cash Carrying Charges	(1,232,745)	(938,119)
Wages paid to daily Labor	(96,810)	(45,595)

	2011 Taka	2010 Taka
Purchase of Utensils	(622,698)	(539,039)
Medical Expenses	(10,024)	(10,991)
Contact Point Verification Fees (RB)	(253,905)	(238,076)
Miscellaneous Expenses	18,327,128	(5,684,530)
Publicity and Advertisement	(40,619,439)	(24,974,821)
Rent, Taxes, Insurance, Lighting, etc	(201,693,158)	(173,162,874)
Legal Expenses	(4,284,010)	(4,137,935)
Postage, Telegram, Telephone	(53,039,787)	(36,797,813)
Audit Fee	(690,000)	(209,000)
Directors Fee	(1,489,400)	(1,419,800)
Repairs and maintenance of Fixed Assets	(28,440,125)	(24,365,417)
	(638,256,922)	(515,430,095)
37 (a) Consolidated Expenses paid for Other Operating Activities		
Trust Bank Limited	(638,256,922)	(515,430,095)
Trust bank Investment Limited	(49,572,206)	(20,716,033)
	(687,829,128)	(536,146,128)
38. CHANGES IN OTHER OPERATING ASSETS		
Security Deposits	(729,725)	(426,676)
Intl. Credit Report Agency Charge	(2,834,583)	(3,205,264)
Investment in Subsidiary Company	-	(2,999,999,300)
Encashment of Sanchaya patra awaiting reimbursement-Principal	9,595,827	6,090,915
Encashment of Sanchaya patra awaiting reimbursement-Interest	(43,183,727)	63,590,211
Encashment of WEDB awaiting reimbursement-Principal	(14,880,875)	(49,550,500)
Encashment of WEDB awaiting reimbursement-Interest	(33,942,152)	(19,455,446)
US\$ Premium Bond - Principal	534,375	(534,375)
US\$ Premium Bond - Interest	89,996	(89,996)
US\$ Investment Bond - Principal	15,076,313	(15,020,063)
US\$ Investment Bond - Interest	1,595,587	(2,050,460)
Inter Office Adjusting Account	29,599,372	12,127,477
Receivable on Death Risk Benefit-WEDB	250,000	(250,000)
Advance against Capital Expenditure	6,123,560	15,647,311
Clearing Adjustment	(11,664,914)	16,192,791
Suspense Account	(42,293,847)	234,746,120
	(86,664,793)	(2,742,187,255)
38 (a) Consolidated Changes in Other Operating Assets		
Trust Bank Limited	(86,664,793)	(2,742,187,255)
Trust Bank Investment Limited	64,404,159	(105,543,956)
	(22,260,634)	(2,847,731,211)
Less: Investment in Trust Investment Ltd.	-	(2,999,999,300)
	(22,260,634)	152,268,089
39. CHANGES IN OTHER LIABILITIES		
Sundry Creditors	26,017,323	46,870,076
Others	566,7607	353,362
	26,584,030	47,223,438
39 (a) Consolidated Changes in Other Operating Liabilities		
Trust Bank Limited	26,584,030	47,223,438
Trust Bank Investment Limited	(32,761,751)	46,510,005
	(6,177,721)	93,733,443
40. CLOSING CASH AND CASH EQUIVALENT		
Cash in hand (including foreign currencies)	1,087,074,071	519,467,958
Balance with Bangladesh Bank & Sonali Bank (Incl. FCs)	4,611,979,261	4,122,034,251
Balance with Other Bank and Financial Institutions	3,847,932,917	738,392,744
Call Loan to other Banks	1,440,000,000	-
Prize Bond	2,642,000	2,581,200
	10,989,628,249	5,382,476,153

41. EXPENDITURE INCURRED FOR EMPLOYEES

Salaries, allowances and benefits

Number of employees at 31 December 2011 was 1209; (31 December 2010 was 1041) who were in receipt of remuneration for that year 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 consists of a chairman, two members and a member secretary. The Honorable Members of the committee are as follows:

Name	Status with Bank	Status with committee	Educational Qualification
Brig Gen KARM Mostafa Kamal, ndc, psc	Director	Convenor	MDS
Brig Gen Md. Imamul Huda, psc	Director	Member	MDS/MWS
Mr. Helal Uddin Ahmed	Director	Member	MA
Mr. Khaled Mahbub Morshed	Company Secretary	Member Secretary	M. Com, FCA

42.b During the year ended 31 December 2011, the following number of meetings of the Audit Committee were 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	15-Mar-11
2nd	22-May-11
3rd	27-Sep-11

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.

43. Related Party Disclosures

a) Name of Directors and their interest in different Entities as on 31 December 2011

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
			Trust Bank Investment Ltd.	Chairman, Board of Directors	Nominated
2	Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc	Vice Chairman	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
			Army Housing Scheme	Chairman, Board of Directors	Nominated
			Trust Technical Training Institute	Chairman, Board of Directors	Nominated
			Trust Bank Investment Ltd.	Vice Chairman, Board of Directors	Nominated
3	Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	Army Welfare Trust	Managing Director	Ex-Officio
			Army Housing Scheme	Managing Director & Director	Nominated
			Trust Bank Investment Ltd.	Director, Board of Directors	Nominated
			Trust Technical Training Institute	Director, Board of Directors	Nominated
4	Brig Gen Tushar Kanti Chakma, ndc, psc	Director	-	-	-
5	Brig Gen Md Imamul Huda, psc	Director	-	-	-
6	Mrs. Begum Rokeya Din	Director	-	-	-
7	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 Shafiul Huq, ndc, psc Vice- Chairman, Board of Trustees, Army Welfare Trust
		Briq 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 Tonqi Branch	General Md Abdul Mubeen, ndc, psc Chairman, Board of Trustees, Sena Kalyan Sangstha
		Maj Gen Abu Belal Muhammad Shafiul 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 Shafiul Huq, ndc, psc Vice- Chairman, Board of Trustees, Army Welfare Trust
		Briq 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: Tk. 13,170,127
- 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 2011 has been shown in Annexure - C.

45. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 04/2012 meeting held on 28 March 2012, has recommended bonus shares @ 10% i.e. 1 (One) bonus for every 10 (Ten) shares and cash dividend @ 10%. i.e. Taka 1 (One) per share of Taka 10 (Ten) each for the year 2011 subject to the approval of the shareholders at the next Annual General Meeting (AGM).

46. Auditor's Work Hour

The External Auditor of the Bank, ACNABIN Chartered Accountants covered 80% of the Bank's risk weighted assets and has spent around 2,650 man-hours to complete the audit as per Bangladesh Standard on Auditing (BSA).


Vice- Chairman


Director


Director


Managing Director

Dhaka,
28 March 2012

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

Name of the Bank	Name of the foreign currency	31.12.2011			31.12.2010		
		Amount in foreign currency	Exchange rate as on 31.12.2011	Total amount equivalent to Taka	Amount in foreign currency	Exchange rate as on 31.12.2010	Total amount equivalent to Taka
Citibank N.A., USA	USD	7,613,680.09	82.25	626,225,187	1,718,290.23	71.25	122,428,179
Union De Banques, HKG	USD	59,787.10	82.25	4,917,489	24,275.68	71.25	1,729,642
Mashreqbank psc, USA	USD	220,290.55	82.25	18,118,898	260,290.12	71.25	18,545,671
Standard Chartered Bank, USA	USD	487,611.08	82.25	40,106,011	581,684.50	71.25	41,445,021
HSBC Bank, USA	USD	1,949,482.03	82.25	160,344,897	537,259.88	71.25	38,279,766
ICICI Bank Ltd., Hongkong	USD	213,151.30	82.25	17,531,694	120,455.85	71.25	8,582,479
Commerz Bank, AG Germany	USD	70,552.22	82.25	5,802,920	-	-	-
Wachovia Bank, NY USA	USD	368,174.45	82.25	30,282,349	223,904.79	71.25	15,953,216
Sonali Bank Ltd. UK	USD	24,313.42	82.25	1,999,779	-	-	-
Standard Chartered Bank, UK	GBP	26,279.40	128.60	3,379,612	13,034.82	112.01	1,460,071
Citibank N.A., UK	GBP	19,693.12	128.60	2,532,596	82,140.15	112.01	9,200,773
HSBC, PLC, UK	GBP	27,766.35	128.60	3,570,839	174,534.84	112.01	19,550,188
Standard Chartered Bank, Japan	YEN	520,733.00	1.09	566,193	887,872.00	0.90	803,435
Wachovia Bank, NY USA	YEN	394,603.00	1.09	429,052	559,681.00	0.90	506,455
HSBC, PLC, UK	EURO	84,375.22	108.10	9,121,164	109,762.99	95.56	10,489,203
Standard Chartered Bank, UK	EURO	579,626.76	108.10	62,659,044	254,354.85	95.56	24,306,887
ICICI Bank Ltd., Mumbai, India	EURO	32,043.05	108.10	3,463,931	5,977.00	95.56	571,179
Citibank N.A., UK	EURO	72,839.93	108.10	7,874,171	394,817.00	95.56	37,729,858
Commerz Bank, AG Germany	EURO	5,723.25	108.10	618,697	-	-	-
Citibank N.A., Mumbai, India	ACU	18,049.52	82.25	1,484,573	89,903.83	71.25	6,405,648
ICICI Bank Ltd., Mumbai, India	ACU	397,030.58	82.25	32,655,765	197,493.01	71.25	14,071,377
HSBC Bank, Pakistan	ACU	43,389.19	82.25	3,568,761	91,153.94	71.25	6,494,718
HSBC Bank, Mumbai, India	ACU	85,530.81	82.25	7,034,909	46,669.96	71.25	3,325,235
AB Bank, Mumbai, India	ACU	235,390.60	82.25	19,360,877	256,723.50	71.25	18,291,549
Mashreqbank, Mumbai, India	ACU	119,579.82	82.25	9,835,440	135,088.57	71.25	9,625,061
Standard Chartered Bank, Mumbai, India	ACU	106,085.80	82.25	8,725,557	116,948.48	71.25	8,332,579
Habib Bank, Zurich	CHF	19,863.56	87.95	1,746,958	20,305.62	76.33	1,549,826
Total				1,083,957,363			419,678,019

Schedule of Fixed Assets

As at 31 December 2011

PARTICULARS	COST				DEPRECIATION				
	Balance on 1 January 2011 Taka	Additions during the year Taka	Disposal/ adjustment during the year Taka	Balance at 31 December 2011 Taka	Balance on 1 January 2011 Taka	Charge for the year Taka	Disposal/ adjustment during the year Taka	Balance at 31 December 2011 Taka	Written Down Value at 31 December 2011 Taka
Leasehold Land	160,469	-	-	160,469	-	-	-	-	160,469
Office Building	12,680,000	-	-	12,680,000	660,431	317,004	-	977,435	11,702,565
Furniture and Fixtures	115,373,659	13,477,670	1,850,000	127,001,329	43,542,330	9,178,295	1,559,049	51,161,576	75,839,753
Office Equipment	274,040,220	84,918,330	51,849	358,906,701	147,420,482	52,135,140	4,921	199,550,701	159,356,000
Motor Vehicles	140,145,542	16,016,985	104,447,459	51,715,068	57,536,915	23,175,878	55,609,417	25,103,376	26,611,692
Office Renovation	188,389,837	45,106,254	-	233,496,091	68,505,300	17,433,855	-	85,939,155	147,556,936
31 December 2011	730,789,727	159,519,239	106,349,308	783,959,658	317,665,458	102,240,172	57,173,387	362,732,243	421,227,415
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

Financial Highlights

SI No	Particulars	Base	31.12.2011	31.12.2010
1	Paid up Capital	Taka	2,661,127,400	2,217,606,200
2	Total Capital	Taka	8,637,394,390	5,804,939,414
3	Capital surplus/(deficit)	Taka	1,342,864,390	35,525,414
4	Total Assets	Taka	76,215,221,143	58,276,332,285
5	Total Deposits	Taka	65,819,509,706	50,413,290,971
6	Total Loans and Advances	Taka	50,801,744,235	39,799,923,991
7	Total Contingent Liabilities and Commitments	Taka	19,325,631,569	18,950,680,529
8	Credit Deposit Ratio	%	77.18	78.95
9	Percentage of classified loans against total loans and advances	%	3.02	2.41
10	Profit after tax and provision	Taka	616,209,088	1,274,775,554
11	Amount of classified loans during current year	Taka	574,287,440	99,305,380
12	Provisions kept against classified loan	Taka	339,392,000	304,752,000
13	Provision surplus/(deficit)	Taka	8,824,000	40,782,000
14	Cost of fund	%	8.98	6.38
15	Interest earning Assets	Taka	63,120,658,077	47,433,498,211
16	Non-interest earning Assets	Taka	13,094,563,066	10,842,834,074
17	Return on Investment (ROI)	%	7.13	21.96
18	Return on Asset (ROA)	%	0.81	2.19
19	Income from Investment	Taka	1,374,451,123	963,808,154
20	Earning per Share (EPS) before split *Restated	Taka	23.16	*47.90
21	Earning per Share (EPS) after split *Restated	Taka	2.32	*4.79
22	Net income per Share	Taka	23.16	47.90
23	Price Earning Ratio	Times	5.40	7.63
24	Net Asset Value (NAV)	Taka	5,526,760,548	5,025,357,187
25	Net Operating Cash Flow Per Share (NOCFPS) before split	Taka	182.71	(324.16)
26	Net Operating Cash Flow Per Share (NOCFPS) after split	Taka	18.27	(32.42)

Balance Sheet of Islami Banking Division

As of 31 December 2011

	30.12.2011 Taka	31.12.2010 Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	-	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	135,774,564	96,100,000
	135,774,564	96,100,000
Balance with other banks and financial institutions		
In Bangladesh	20,000,000	-
Outside Bangladesh	-	-
	20,000,000	-
Placement with banks and other financial institution	-	-
Investments in Shares and Securities		
Government	70,000,000	50,000,000
Others	175,773,677	180,814,935
	245,773,677	230,814,935
Investments		
General Investments, etc	943,113,319	567,815,305
Bills purchased and discounted	146,794,617	75,076,016
	1,089,907,936	642,891,321
Fixed assets including premises	-	1,843,149
Other assets	628,358,887	341,412,587
Non-banking assets	-	-
Total Assets:	2,119,815,064	1,313,061,992
LIABILITIES AND CAPITAL		
Liabilities:		
Placement from banks and other financial institutions	-	-
Deposits and other accounts:		
Al-wadeeah Current Accounts and Other Deposit Accounts	125,867,621	49,663,475
Mudaraba Savings Deposits	341,466,534	230,452,356
Mudaraba Term Deposits	1,613,247,529	1,016,201,129
Other Mudaraba Deposits	-	-
Bills Payable	297,953	-
	2,080,879,637	1,296,316,960
Other liabilities	38,935,427	16,745,032
Total Liabilities:	2,119,815,064	1,313,061,992

Profit and Loss Account of Islami Banking Division

For the year ended 31 December 2011

	2011 Taka	2010 Taka
Investment Income	101,347,078	57,133,195
Profit paid on deposits	140,332,497	83,260,806
Net Investment Income	(38,985,419)	(26,127,611)
Income from investments in Shares/Securities	9,793,960	88,233,628
Commission, exchange and brokerage	15,007,734	-
Other operating income	5,260,207	-
	30,061,901	88,233,628
Total operating income	(8,923,518)	62,106,017
Salaries and allowances	1,374,220	4,015,502
Rent, taxes, insurance, electricity, etc	-	-
Legal expenses	6,800	-
	23,976	-
Stationery, printing, advertisement, etc	-	-
Chief Executive's Salary & Fees	-	-
Directors' Fees and Expenses	-	-
Shariah Supervisory Committee's Fees ad Expenses	14,400	28,800
Auditors' Fees	-	-
Changes in Investment Losses	-	-
Depreciation and repair to bank's assets	-	416,630
Zakat Expenses	-	-
Other expenses	-	-
Total operating expenses	1,419,396	4,460,932
Profit before provision	(10,342,914)	57,645,085

Cash Flow Statements of Islami Banking Division

For the year ended as of 31 December 2011

	2011 Taka	2010 Taka
A. Cash flow from operating activities		
Interest/Investment Income received in cash	101,347,078	58,107,501
Interest/Profit paid on Deposits	(140,332,497)	(78,756,589)
Dividend received	1,015,000	190,000
Fees and commission receipts in cash	-	-
Recoveries of written off Loans/Investments	-	-
Cash paid to employees	(1,374,220)	(4,015,502)
Cash paid to suppliers	-	-
Income Taxes paid	-	-
Received from other operating activities	29,046,901	88,043,628
Payments for other operating activities	(1,419,396)	(28,800)
Operating profit before changes in operating Assets and Liabilities	(11,717,134)	63,540,238
Increase/(Decrease) in operating assets & liabilities		
Statutory Deposits	-	-
Net Investment in trading securities	5,041,258	30,588,935
Loan & advance/Investments to other banks	-	-
Loan & advance/Investments to customers	(447,016,615)	(363,528,536)
Other assets (item-wise)	(275,229,166)	(116,491,617)
Deposits from other banks	-	-
Deposits from customers	784,562,677	475,685,908
Other liabilities account of customers	-	-
Trading liabilities	-	-
Other liabilities (item-wise)	22,190,395	6,379,389
Net cash from operating activities (A)	77,831,415	96,174,317
B. Cash flow from investing activities		
Proceeds from sale of securities	-	-
Payments for purchase of government securities	(20,000,000)	(50,000,000)
Purchase of property, plant & equipment	1,843,149	(74,317)
Purchase of intangible assets	-	-
Sale of property, plant & equipment	-	-
Net cash from investing activities (B)	(18,156,851)	(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)	59,674,564	46,100,000
E. Effects of exchange rate changes on cash and cash equivalents	-	-
F. Opening cash and cash equivalent	96,100,000	50,000,000
G. Cash and cash equivalents at end of year (D+E+F)	155,774,564	96,100,000

TBL Market Share Information

TBL Share transaction information – DSE

SI	Month	High (Taka)	Low (Taka)	Volume
1	January	521.00	810.00	1,354,798
2	February	425.00	650.00	865,145
3	March	410.00	574.80	988,427
4	April	323.00	498.80	488,282
5	May	335.00	419.00	734,001
6	June	370.00	465.00	921,873
7	July	410.00	570.00	3,198,632
8	August	435.00	520.00	535,620
9	September	410.00	515.00	485,753
10	October	345.00	466.50	489,257
11	November	355.00	453.00	562,389
12	December	33.00	46.00	6,073,670

TBL Share transaction information - CSE

SI	Month	High (Taka)	Low (Taka)	Volume
1	January	532.00	765.00	131545
2	February	428.00	650.00	50299
3	March	400.00	584.00	68352
4	April	335.00	599.00	38199
5	May	354.25	410.00	31915
6	June	386.00	449.00	65927
7	July	436.00	566.50	239445
8	August	461.00	515.00	58478
9	September	432.25	503.00	36251
10	October	372.50	464.00	36202
11	November	367.00	450.00	19864
12	December	35.20	45.00	456940

The background of the page is an abstract composition. It features a bright blue sky with soft, white, fluffy clouds. In the lower right corner, there are several white, rectangular blocks stacked on top of each other, creating a staircase-like effect. On the left side, there are a few more white geometric shapes, including a small square and a larger rectangle, partially overlapping the sky and clouds. The overall aesthetic is clean, modern, and professional.

Auditors' Report & Financial Statements of Trust Bank Investment Limited



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, 2011 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.

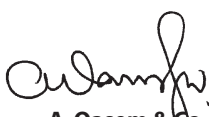
Opinion

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, 2011 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 500 man hours.

Dated: Dhaka
March 15, 2012


A. Qasem & Co.
Chartered Accountants

Trust Bank Investment Limited

Balance Sheet

As at 31 December 2011

	Notes	31.12.2011 Taka	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		24,100,421	621,073,337
Outside Bangladesh		-	-
		24,100,421	621,073,337
Money at call and short notice	5	-	-
Investments	6		
Government		-	-
Others		10,654,232	-
		10,654,232	-
Loans and Advances	7		
Loan to Investors		4,396,869,273	4,091,114,346
Other Loan		-	-
		4,396,869,273	4,091,114,346
Fixed assets including premises, furniture and fixtures	8	18,413,920	17,881,888
Other assets	9	40,821,912	105,949,923
Non-banking assets	10	-	-
Total Assets:		4,490,859,758	4,836,019,494
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings	11	652,932,481	1,126,907,614
Deposits and other accounts	12		
Deposit from Investors		134,635,665	565,683,648
Other Deposits		-	-
		134,635,665	565,683,648
Other liabilities	13	366,401,315	123,765,483
Total Liabilities		1,153,969,461	1,816,356,745
Capital/Shareholders' Equity			
Paid up Capital	14.2	3,000,000,000	3,000,000,000
Share Premium Account		-	-
Statutory Reserve	15	-	-
Other Reserve	16	-	-
Retained Earnings	17	336,890,297	19,662,749
Total Shareholders' Equity		3,336,890,297	3,019,662,749
Total Liabilities and Shareholders' Equity		4,490,859,758	4,836,019,494

Trust Bank Investment Limited
Profit and Loss Account
For the period ended as on 31 December 2011

	Notes	31.12.2011 Taka	31.12.2010 Taka
Interest income	20	645,549,144	73,672,181
Interest paid on deposits and borrowings etc.	21	152,647,914	20,728,746
Net interest income		492,901,230	52,943,435
Income from investments	22	155,491	-
Commission, exchange and brokerage	23	699,079	1,094,851
Other operating income	24	247,959,365	72,950,579
		248,813,935	74,045,430
Total operating income		741,715,165	126,988,865
Salaries and allowances	25	35,528,366	8,366,646
Rent, taxes, insurance, electricity, etc.	26	14,686,113	2,551,281
Legal expenses		-	-
Postage, stamps, telecommunications, etc.	27	2,239,100	305,280
Stationery, printing, advertisement etc.	28	1,416,925	4,873,459
Managing Director's salary and benefits		4,888,990	-
Directors' fees	29	213,000	66,000
Auditors' fee		201,250	172,500
Charges on loan losses		-	-
Depreciation and repair of bank's assets	30	6,616,815	964,118
Other expenses	31	29,812,653	12,771,354
Total operating expenses		95,603,212	30,070,638
Profit before provision		646,111,953	96,918,227
Provision for loans & advances	32	47,026,242	40,911,143
Provision for diminution in value of investment		426,232	-
Other provision		-	-
		47,452,474	40,911,143
Total Profit before Taxes		598,659,479	56,007,084
Provision for Taxation			
Current tax	13.2.1	281,431,931	36,344,335
Deferred tax		-	-
		281,431,931	36,344,335
Net Profit after Taxation		317,227,548	19,662,749
Appropriations:			
Statutory Reserve		-	-
General Reserve		-	-
		-	-
Retained surplus		317,227,548	19,662,749
Earning per share (EPS)	35	10.57	0.66

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

Dated: Dhaka
March 15, 2012


A. Qasem & Co.
Chartered Accountants

Trust Bank Investment Limited
Cash Flow Statements
For the period ended as on 31 December 2011

	Notes	31.12.2011 Taka	31.12.2010 Taka
A. Cash flow from operating activities			
Interest received in cash		645,549,144	73,672,181
Interest payments		(152,647,914)	(20,728,746)
Dividend receipts		-	-
Fees and commission receipts in cash		699,079	1,094,851
Recoveries of loans previously written off		-	-
Cash paid to employees		(38,317,356)	(8,054,646)
Cash paid to suppliers		(460,108)	(1,334,409)
Income Taxes paid		(56,261,301)	(246,972)
Received from other operating activities (item-wise)	36	248,001,867	72,950,579
Payments for other operating activities (item-wise)	37	(49,990,115)	(19,850,679)
Operating profit before changes in operating Assets and Liabilities		596,573,296	97,502,159
Increase/(Decrease) in operating assets & liabilities			
Statutory Deposits		-	-
Net Investment in trading securities		(10,654,232)	-
Loan & advance to other banks		-	-
Loan & advance to customers		(305,754,927)	(4,091,114,346)
Other assets (item-wise)	38	64,404,159	(105,197,506)
Deposits from others		-	-
Deposits from customers		(431,047,983)	565,683,648
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities (item-wise)	39	(32,087,272)	46,444,977
Net cash from operating activities (A)		(118,566,959)	(3,486,681,068)
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payments for purchase of government securities		-	-
Purchase of property, plant & equipment		(9,374,156)	(18,683,352)
Purchase of intangible assets		-	(469,857)
Sale of property, plant & equipment		4,943,332	-
Net cash from investing activities (B)		(4,430,824)	(19,153,209)
C. Cash flow from financing activities			
Increase/(Decrease) in Borrowing:		-	-
Call loan		-	-
Other borrowings		(473,975,133)	1,126,907,614
Share Capital A/c		-	3,000,000,000
Share Premium A/c		-	-
Net cash from financing activities (C)		(473,975,133)	4,126,907,614
D. Net increase in Cash and Cash Equivalent (A+B+C)		(596,972,916)	621,073,337
E. Effects of exchange rate changes on cash and cash equivalents		-	-
F. Opening Cash and Cash Equivalent		621,073,337	-
G. Cash and cash equivalents at end of year (D+E+F)	40	24,100,421	621,073,337

Trust Bank Investment Limited

Statement of changes in Equity

For the period as at 31 December 2011

Particulars	Paid up Capital <u>Taka</u>	Statutory Reserve <u>Taka</u>	Other Reserve <u>Taka</u>	Retained Earnings <u>Taka</u>	Total <u>Taka</u>
Balance as at 1 January 2011	3,000,000,000	-	-	19,662,749	3,019,662,749
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	-	-	-	317,227,548	317,227,548
Statutory reserve	-	-	-	-	-
Dividends (Bonus Share)	-	-	-	-	-
Issue of Share Capital (Right Share)	-	-	-	-	-
Balance as at 31 December 2011	3,000,000,000	-	-	336,890,297	3,336,890,297

Trust Bank Investment Limited
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2011

Particulars	Up to 01 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
<u>Assets:</u>						
Cash in Hand	-	-	-	-	-	-
Balance with Bangladesh Bank and Sonali Bank	-	-	-	-	-	-
Balance with other banks and financial institutions	24,100,421	-	-	-	-	24,100,421
Money at call and short notice	-	-	-	-	-	-
Investments	10,654,232	-	-	-	-	10,654,232
Loans and Advances	4,396,869,273	-	-	-	-	4,396,869,273
Fixed Assets including premises, furniture and fixtures	3,661,085	5,674,682	7,322,170	3,661,085	(1,905,102)	18,413,920
Other assets	25,242,587	5,153	20,835	-	15,553,337	40,821,912
Non-banking assets	-	-	-	-	-	-
Total Assets	4,460,527,598	5,679,835	7,343,005	3,661,085	13,648,235	4,490,859,758
<u>Liabilities:</u>						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	652,932,481	-	-	-	-	652,932,481
Deposits	134,635,665	-	-	-	-	134,635,665
Other accounts	-	-	-	-	-	-
Provision and other liabilities	5,267,243	2,951,360	270,245,326	-	87,937,385	366,401,315
Total Liabilities	792,835,389	2,951,360	270,245,326	-	87,937,385	1,153,969,461
Net Liquidity Gap	3,667,692,209	2,728,475	(262,902,321)	3,661,085	(74,289,150)	3,336,890,297

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

Trust Bank Investment Limited

Notes to the Financial Statements

As at 31 December 2011

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.

1.2 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 @ 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.

2.4 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 Investment

These are acquired and held primarily for the purpose of selling them in future or held for dividend income and reported at cost. Unrealized gains are not recognized in the Profit and Loss Account. Provision for diminution in value of investment is provided in the Financial Statements on those securities whose market price is below the cost of investment.

2.4.3 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:

- 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.

2.10 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 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

Name of BAS	BAS No.	Status
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 500 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

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

3	CASH	31.12.2011 Taka	31.12.2010 Taka
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)	-	-
		-	-
4	BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
	In Bangladesh		
	Special Notice Deposits		
	Trust Bank Limited	24,100,421	621,073,337
		24,100,421	621,073,337
	Outside Bangladesh	-	-
		24,100,421	621,073,337
4.3	Remaining maturity grouping of balance with other banks and financial institutions		
	On demand	-	-
	Upto 1 month	24,100,421	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	-	-
		24,100,421	621,073,337

	31.12.2011 Taka	31.12.2010 Taka
5 MONEY AT CALL AND SHORT NOTICE	-	-
6 INVESTMENTS	-	-
Government Securities	-	-
Other Investments	-	-
Ordinary Shares	-	Quoted
10,654,232	-	-
Unquoted	-	-
	10,654,232	-
	10,654,232	-
6.1 Remaining maturity grouping of Investments		
On demand	10,654,232	-
Upto 1 month	-	-
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	-	-
	10,654,232	-
7 LOANS AND ADVANCES		
Loans and Advances		
Loan to Investors	4,396,869,273	4,091,114,346
	4,396,869,273	4,091,114,346
7.1 Residual maturity grouping of Loans and Advances		
Repayable on demand		
Upto 1 month	4,396,869,273	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	-	-
	4,396,869,273	4,091,114,346
7.2 Loans and Advances		
Inside Bangladesh		
Loans	4,396,869,273	4,091,114,346
Cash Credit	-	-
Overdraft	-	-
Bills purchased and discounted	-	-
	4,396,869,273	4,091,114,346
Outside Bangladesh	-	-
	4,396,869,273	4,091,114,346
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	4,396,869,273	4,091,114,346
	4,396,869,273	4,091,114,346
7.3.2 Industry-wise concentration of Loans and Advances		
Agro-sector	-	-
Automobiles	-	-
Cement & Building Materials	-	-
Chemical & Pharmaceuticals	-	-
Edible Oil	-	-

	31.12.2011 Taka	31.12.2010 Taka
Energy & Power	-	-
Fisheries	-	-
Steel & Engineering	-	-
Textile & Garments	-	-
Food & Allied	-	-
Construction	-	-
Trading	-	-
Telecom & Transport	-	-
Others	4,396,869,273	4,091,114,346
	4,396,869,273	4,091,114,346
7.3.3 Geographical location-wise concentration of Loans and Advances		
Inside Bangladesh		
Dhaka Division	4,396,869,273	4,091,114,346
Chittagong Division	-	-
Khulna Division	-	-
Sylhet Division	-	-
Barisal Division	-	-
Rangpur Division	-	-
Rajshahi Division	-	-
	4,396,869,273	4,091,114,346
Outside Bangladesh	-	-
	4,396,869,273	4,091,114,346
7.4 Classification of Loans and Advances including Bills Purchased and Discounted		
a Unclassified Loans and Advances (including staff loan)	4,396,869,273	4,091,114,346
b Special Mentioned Accounts	-	-
c Classified Loans and Advances		
1 Sub-Standard Loans and Advances	-	-
2 Doubtful Loans and Advances	-	-
3 Bad /Loss Loans and Advances	-	-
	-	-
	4,396,869,273	4,091,114,346
7.5 Particulars of Loans and Advances		
(I) Debts considered good in respect of which the Company is fully secured.	4,396,869,273	4,091,114,346
(ii) Debts considered good for which the Company holds no other security than the debtor's personal security.	-	-
(iii) Debts considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	-	-
(iv) Debts considered doubtful or bad not provided for	-	-
(v) Debts due by directors or officers of the Company or any of them either severally or jointly with any other person.	-	-
(vi) Debts due by companies or firms in which the directors of the Company 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 company or any of them either severally or jointly with any other persons.	-	-
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the Company are interested as directors, partners or managing agents or in the case of private company.	-	-
(ix) Due from Banking Companies.	-	-

	31.12.2011 Taka	31.12.2010 Taka
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	2,250,683	2,178,398
Office equipment	9,367,873	5,946,510
Motor vehicles	-	3,081,168
Office renovation	10,268,930	7,477,276
Leasehold Land	-	-
	21,887,486	18,683,352
Less: Accumulated depreciation	3,473,566	801,464
	18,413,920	17,881,888
For details please refer to Annexure - A		
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.;	7,730	346,450
iii) Advance Rent and Advertisement	15,530,345	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	22,992	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	25,260,845	86,168,480
	40,821,912	105,949,923

		31.12.2011 Taka	31.12.2010 Taka
9.1 Others			
Intangible Assets		20,835	405,967
Port Folio Management Fees Receivable		-	-
Brokers Account		76	70
Advance against Capital Expenditure		-	-
Sundry Debtors		25,239,934	85,762,443
		25,260,845	86,168,480
9.2 Break-up of Other Assets			
Income generating other assets		-	-
Non income generating other asset		40,821,912	105,949,923
		40,821,912	105,949,923
10 NON BANKING ASSET		-	-
11 BORROWINGS			
<u>In Bangladesh</u>			
Borrowing from Trust Bank Limited		652,932,481	1,126,907,614
		652,932,481	1,126,907,614
<u>Outside Bangladesh</u>		-	-
		652,932,481	1,126,907,614
11.1 Security wise borrowings			
Secured Borrowings		652,932,481	1,126,907,614
Unsecured Borrowings		-	-
		652,932,481	1,126,907,614
11.2 Repayment nature wise borrowings			
Repayment on Demand		-	-
Others		652,932,481	1,126,907,614
		652,932,481	1,126,907,614
11.3 Remaining maturity grouping of Borrowings from other banks, financial institutions and agents Payable			
On demand		-	-
Upto 1 month		652,932,481	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		-	-
		652,932,481	1,126,907,614
12 DEPOSITS AND OTHER ACCOUNTS			
Current and Other Accounts		134,635,665	565,683,648
Bills Payable		-	-
Savings Bank Deposits		-	-
Fixed Deposits		-	-
		134,635,665	565,683,648
12.1 Remaining maturity grouping of Deposits and other accounts			
<u>Inside Bangladesh</u>	Banks	Other than Banks	
Payable			
On demand	-	-	-
Upto 1 month	-	133,926,707	133,926,707
Over 1 month but within 3 months	-	-	-
Over 3 months but within 1 Year	-	-	-
Over 1 Year but within 5 Years	-	-	-
Over 5 Years	-	-	-
	-	133,926,707	133,926,707
Outside Bangladesh	-	-	-
	-	133,926,707	133,926,707
			565,683,648

		31.12.2011 Taka	31.12.2010 Taka	
12.2	Unclaimed Deposits for 10 Years and Above	-	-	
13	OTHER LIABILITIES			
	Provision for Loans and Advances	13.1	87,937,385	40,911,143
	Provision for Investment		426,232	-
	Provision for Other Asset		-	-
	Provision for CSR Fund		-	-
	Provision for Gratuity		2,412,000	312,000
	Unearned profit on TIB Investment		-	-
	Interest Suspense Account		-	-
	Exchange Equalization Fund		-	-
	Provision for Income Tax Less Advance Income Tax	13.2	261,267,993	36,097,363
	Accrued Expenses		10,100,513	33,676,772
	Audit Fees Payable		172,500	172,500
	Sundry Creditors		3,965,250	12,595,705
	Others		119,442	-
			366,401,315	123,765,483
13.1	Provision for Loans and Advances			
	Specific Provision			
	Against Classified Loans & Advances		-	-
	General Provision			
	Against Unclassified Loans & Advances	13.1.2	87,937,385	40,911,143
	Against Special Mention Accounts		-	-
	Against Off Balance Sheet Exposures		-	-
			87,937,385	40,911,143
			87,937,385	40,911,143
13.1.1	Against Classified Loans & Advances			
	Provision held on 01 January		-	-
	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 01 January		40,911,143	-
	Provisions made during the year		47,026,242	40,911,143
	Provision held at end of year		87,937,385	40,911,143
13.1.3	Against Special Mention Accounts			
	Provision held on 01 January		-	-
	Provisions made during the year		-	-
	Provision held at end of year		-	-
13.1.4	Interest Suspense Account			
	Balance on 01 January		-	-
	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 01 January		36,344,335	-
	Provisions made during the year		281,431,931	36,344,335
	Provision made for previous year (s)		-	-
	Settlement for previous year(s)		-	-
			317,776,266	36,344,335

	31.12.2011 Taka	31.12.2010 Taka
Less: Advance Income Tax		
Balance on 01 January	246,972	-
Paid during the year	56,261,301	246,972
Settlement for previous year(s)	-	-
	56,508,273	246,972
Net Closing Balance	261,267,993	36,097,363

- 13.2.1 Provision for current tax of Tk. 281,431,931 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 Company during the year after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules, 1984.

14 CAPITAL

14.1 Authorized Capital

50,000,000 Ordinary shares of Tk. 100 each

5,000,000,000	5,000,000,000
---------------	---------------

14.2 Issued, Subscribed and Paid Up Capital

30,000,000 Ordinary shares of Tk. 100 each issued for cash

30,000,000

3,000,000,000	3,000,000,000
3,000,000,000	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 2011 is shown below:

Tier – I (Core Capital)

Paid up Capital

Statutory Reserve

Retained Earnings

3,000,000,000	3,000,000,000
-	-
336,890,297	19,662,749
3,336,890,297	3,019,662,749

Tier –II (Supplementary Capital)

General Provision

87,937,385	40,911,143
87,937,385	40,911,143

A. Total Capital (Tier-I + Tier-II)

3,424,827,682	3,060,573,892
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B. Total Risk Weighted Assets (RWA)

4,459,289,000	4,206,005,000
---------------	---------------

C. Required Capital based on RWA @ 9% on B

401,336,010	378,540,450
-------------	-------------

D. Surplus Capital as per Company's weighted Assets (A - C)

3,023,491,672	2,682,033,442
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Capital Adequacy Ratio

Tier - I : Required @ 4.5% of RWA

74.83	71.79
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Tier –II :

1.97	0.97
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Total : Required @ 9% of RWA

76.80	72.77
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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 2,999,999,300

Maj Gen Abu Belal Muhammad Shafiul Haque, ndc, psc 1 100 100

Brig Gen Md. Nazrul Hasan 1 100 100

Brig Gen KARM Mostafa Kamal, ndc, psc 1 100 100

Mr. Helal Uddin Ahmed 1 100 100

Mr. M Shah Alam Sarwar 1 100 100

Mr. M. M. Haikal Hashmi 1 100 100

Mr. A. Z. Hedaytul Islam 1 100 100

Total	30,000,000	3,000,000,000	3,000,000,000
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	31.12.2011 Taka	31.12.2010 Taka
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 2011

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	29,999,993	100.00%
Total	8	30,000,000	100.00%

15 STATUTORY RESERVE

Opening Balance	-	-
Reserve made during the year	-	-
Closing Balance	-	-

16 OTHER RESERVE

-	-
-	-

17 RETAINED EARNINGS

Opening Balance	19,662,749	-
Income Tax Provision for the previous Income period	-	-
	19,662,749	-
Net Profit for the year transferred from Profit and Loss Account	317,227,548	19,662,749
Less: Issue of Bonus Share	-	-
Less: Transferred to Statutory Reserve	-	-
	317,227,548	19,662,749
Closing Balance	336,890,297	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	-	-
	-	-

	31.12.2011 Taka	31.12.2010 Taka
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	645,549,144	73,672,181
Dividend income	-	-
Fees, commission and brokerage	699,079	1,094,851
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment securities	155,491	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income	247,959,365	72,950,579
Profit less losses on interest rate changes	-	-
	894,363,079	147,717,611
Expenses:		
Interest/profit paid on deposits, borrowings etc,	152,647,914	20,728,746
Losses on loans and advances	-	-
Administrative expenses	59,173,744	16,335,166
Other operating expenses	33,824,434	13,572,818
Depreciation on banking assets	2,605,034	162,654
	248,251,126	50,799,384
	646,111,953	96,918,227
20 INTEREST INCOME		
Interest from Loans and Advances		
Interest on Other Loans	645,501,905	71,202,461
	645,501,905	71,202,461
Interest from Banks and Other Financial Institutions		
Interest on Special Notice Deposits	47,239	2,469,720
	47,239	2,469,720
	645,549,144	73,672,181
21 INTEREST PAID ON DEPOSITS AND BORROWINGS		
Interest paid on deposits		
Interest on TBIL Depositors Account	3,300,308	121,132
	3,300,308	121,132
Interest paid on borrowings		
Interest on Other Borrowings	149,347,606	20,607,614
	149,347,606	20,607,614
	152,647,914	20,728,746
22 INCOME FROM INVESTMENTS		
	155,491	-
	155,491	-

		31.12.2011 Taka	31.12.2010 Taka
23	Commission on		
	Introductory Commission	335,329	1,027,351
	Underwriting Commission	363,750	67,500
		699,079	1,094,851
	Foreign Currency Exchange Gain	-	-
		699,079	1,094,851
24	OTHER OPERATING INCOME		
	Documentation Charges	(271,920)	7,380
	BO Account Transaction Fees	12,449,454	-
	Port Folio Management Fees	114,758,176	22,878,067
	Port Folio Transaction Fees	110,067,013	49,562,213
	Other Service Charges	10,363,901	502,919
	Profit on sale of Fixed Asset	112,989	-
	Miscellaneous Earnings	479,752	-
		247,959,365	72,950,579
25	Salaries and allowances		
	Basic Salary	12,352,115	1,896,308
	House Rent Allowances	6,176,058	948,155
	Conveyance Allowances	750,381	124,875
	Medical Allowances	3,085,885	495,225
	Leave Fare Assistances	1,327,542	205,275
	Leave Encashment	259,050	19,200
	Utility Allowances	180,387	22,000
	Telephone Allowance	13,600	1,600
	Club Membership Allowance	57,516	17,500
	Personal Pay	-	-
	Festival Bonus	2,223,538	1,000
	Incentive Bonus	5,817,250	4,158,377
	Employer's Contribution to Provident Fund	1,185,044	165,131
	Employer's Contribution to Employees' Gratuity Fund	2,100,000	312,000
		35,528,366	8,366,646
26	RENT, TAXES, INSURANCE, ELECTRICITY, ETC.		
	Rent	9,785,630	2,243,566
	Electricity and Lighting	936,333	150,000
	Insurance	134,680	20,015
	Rates, Taxes & Excise Duty	65,000	55,700
	Fees & Renewals	3,348,076	20,000
	Generator Fuel	330,243	55,000
	Gas/Water Bill	86,151	7,000
		14,686,113	2,551,281
27	POSTAGE, STAMPS, TELECOMMUNICATION, ETC.		
	Stamp	5,460	2,140
	Online Expenses	1,525,000	200,000
	Internet Charge	138,000	23,000
	Postage Charge	30,670	5,660
	Telegram, Telex, Telephone, Trunk Call etc.	539,970	74,480
		2,239,100	305,280
28	STATIONERY, PRINTING, ADVERTISEMENT, ETC.		
	Printing and Stationery	798,828	987,959
	Publicity and Advertisement	618,097	3,885,500
		1,416,925	4,873,459

	31.12.2011 Taka	31.12.2010 Taka
29 DIRECTORS' FEES		
Meeting fees @ Taka 3,000 per Director	213,000	66,000
Other benefits	-	-
	213,000	66,000
30 Depreciation and repair of bank's assets		
Depreciation		
Fixed assets	4,011,781	801,464
For details please refer to Annexure - A		
Repairs		
Building	-	-
Furniture and fixtures	-	770
Office equipment	147,829	69,475
Company's vehicles	1,174,155	75,531
Maintenance	1,283,050	16,878
	2,605,034	162,654
	6,616,815	964,118
31 OTHER EXPENSES		
Travelling Expense	17,222	-
Training Expense	17,000	-
Utility & Service Charge	665,686	-
Conveyance	182,435	17,597
Entertainment	441,641	146,475
Bank charges	32,387	5,175
Meeting Expenses	-	24,000
News Paper and Periodicals	30,861	9,748
Books and Periodicals	1,200	-
Other Contractual Service	3,257,736	474,023
Internship Allowances	56,000	8,000
Up Keep of Office Premises	355,978	43,456
Washing Charges	10,775	2,190
CDBL Charge	23,989,600	11,900,000
Purchase of Utensils	5,460	-
Wages paid to Temporary Employees	350,500	68,000
Amortization of Intangible Assets	385,132	63,890
Uniform and Other Apparels	13,040	8,800
	29,812,653	12,771,354
32 PROVISION FOR LOANS AND ADVANCES /INVESTMENTS		
Specific Provisions-against classified loans & advances	-	-
General Provisions-against un-classified loans & advances	47,026,242	40,911,143
General Provisions-against special mentioned accounts	-	-
	47,026,242	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	426,232	-
- Unquoted	-	-
	426,232	-
	426,232	-

Provision for Investment in Share has been made as per DFIM Circular No. 11 dated 23 December 2001 issued by Bangladesh Bank.

	31.12.2011 Taka	31.12.2010 Taka
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	317,227,548	19,662,749
Share Outstanding before right issue		
Share Outstanding as on 1 January	30,000,000	30,000,000
Issue of Bonus Share	-	-
	30,000,000	30,000,000
Earning per Share	10.57	0.66
36 INCOME RECEIVED FROM OTHER OPERATING ACTIVITIES		
Documentation Charge	(271,920)	7,380
BO Account Transaction Fees	12,449,454	-
Port Folio Management Fees	114,758,176	22,878,067
Port Folio Transaction Fees	110,067,013	49,562,213
Other Service Charge	10,363,901	502,919
Profit on sale of Fixed Asset	-	-
Income from Investment	155,491	-
Miscellaneous Earnings	479,752	-
	248,001,867	72,950,579
37 EXPENSES PAID FOR OTHER OPERATING ACTIVITIES		
Travelling Expense	(17,222)	-
Training Expense	(17,000)	-
Utility & Service Charge	(665,686)	-
Conveyance	(182,435)	(17,597)
Entertainment	(441,641)	(146,475)
Bank charges	(32,387)	(5,175)
Meeting Expenses	-	(24,000)
News Paper and Periodicals	(30,861)	(9,748)
Books and Periodicals	(1,200)	-
Other Contractual Service	(3,257,736)	(474,023)
Internship Allowances	(56,000)	(8,000)
Up Keep of Office Premises	(355,978)	(43,456)
Washing Charges	(10,775)	(2,190)
CDBL Charge	(23,989,600)	(11,900,000)
Purchase of Utensils	(5,460)	-
Wages paid to Temporary Employees	(350,500)	(68,000)
Amortization of Intangible Assets	-	-
Uniform and Other Apparels	(13,040)	(8,800)
Publicity and Advertisement	(618,097)	(3,885,500)
Rent, Taxes, Insurance, Lighting etc.	(14,686,113)	(2,551,281)
Postage, Telegram, Telephone	(2,239,100)	(305,280)
Audit Fee	(201,250)	(172,500)
Directors Fee	(213,000)	(66,000)
Repairs and maintenance of Fixed Assets	(2,605,034)	(162,654)
	(49,990,115)	(19,850,679)

	31.12.2011 Taka	31.12.2010 Taka
38 CHANGES IN OTHER OPERATING ASSETS		
Security Deposits	(2,000)	(20,992)
Stationery, stamps, printing materials in stock etc.;	-	-
Advance Rent	199,501	(15,729,846)
Suspense Account	3,684,155	(3,684,155)
Others	60,522,503	(85,762,513)
	64,404,159	(105,197,506)
39 CHANGES IN OTHER LIABILITIES		
Sundry Creditors	(8,630,455)	12,595,705
Accrued Expense	(23,576,259)	33,676,772
Audit Fee Payable	-	172,500
Others	119,442	-
	(32,087,272)	46,444,977
40 CLOSING CASH AND CASH EQUIVALENT		
Balance with Other Bank and Financial Institutions	24,100,421	621,073,337
	24,100,421	621,073,337

41 EXPENDITURE INCURRED FOR EMPLOYEES

Salaries, allowances and benefits

Number of employees at 31 December 2011 was 37; (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 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.

43 Related Party Disclosures

a) Name of Directors and their interest in different Entities as on 31 December 2011

1	General Md Abdul Mubeen, ndc, psc	Chairman	Sena Kalyan Shangstha	Chairman, Board of Trustee	Nominated
			Sena Hotel Development Ltd.	Chairman, Board of Directors	Nominated
			Bangladesh Machine Tools Factory Ltd.	Chairman, Board of Directors	Nominated
			Army Welfare Trust	Chairman, Board of Directors	Nominated
			Trust Bank Limited	Chairman, Board of Directors	Nominated
2	Maj Gen Abu Belal Muhammad Shafiq Huq, ndc, psc	Vice Chairman	Sena Kalyan Shangstha	Member, Board of Trustees	Nominated
			Sena Hotel Development Ltd.	Vice Chairman, Board of Directors	Nominated
			Army Welfare Trust	Vice Chairman, Board of Trustees	Nominated
			Trust Bank Limited	Vice Chairman, Board of Directors	Nominated
3	Brig Gen K A R M Mostafa Kamal, ndc, psc	Director	Army Welfare Trust	Managing Director, Board of Trustees	Nominated
			Trust Bank Limited	Director, Board of Directors	Nominated
4	Mr. Helal Uddin Ahmed	Depositors and Independent Director	Purbachal Green Enterprise	Director, Board of Directors	Nominated
			Trust Bank Limited	Director, Board of Directors	Nominated
5	Mr. M Shah Alam Sarwar	Director	Trust Bank Limited	Managing Director	Nominated
6	Mr. M. M. Haikal Hashmi	Director	Trust Bank Limited	Deputy Managing Director	Nominated
7	Mr. A. Z. Hedaytul Islam	Director	Trust Bank Limited	Senior Executive Vice President	Nominated

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

44 FINANCIAL HIGHLIGHTS

As per DFIM Circular # 11, dated 23 December 2009, Financial Highlights of the Company for the year ended on 31 December 2011 has been shown in Annexure - B.


Vice Chairman


Director


Director


Managing Director

Schedule of Fixed Assets

As at 31 December 2011

PARTICULARS	COST				DEPRECIATION				
	Balance on 1 January 2011 Taka	Additions during the period Taka	Disposal/ adjustment during the period Taka	Balance at 31 December 2011 Taka	Balance on 1 January 2011 Taka	Charge for the year Taka	Disposal/ adjustment during the period Taka	Balance at 31 December 2011 Taka	Written Down Value at 31 December 2011 Taka
Leasehold Land	-	-	-	-	-	-	-	-	-
Office Building	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	2,178,398	591,046	518,761	2,250,683	63,234	321,232	88,761	295,705	1,954,978
Office Equipment	5,946,510	3,421,363	-	9,367,873	271,201	1,712,115	-	1,983,316	7,384,557
Motor Vehicles	3,081,168	2,570,093	5,651,261	-	211,243	1,039,675	1,250,918	-	-
Office Renovation	7,477,276	2,791,654	-	10,268,930	255,786	938,759	-	1,194,545	9,074,385
31 December 2011	18,683,352	9,374,156	6,170,022	21,887,486	801,464	4,011,781	1,339,679	3,473,566	18,413,920
31 December 2010	-	18,683,352	-	18,683,352	-	801,464	-	801,464	17,881,888

Annexure - B

SI No	Particulars	Base	31.12.2011	31.12.2010
1	Paid up Capital	Taka	3,000,000,000	3,000,000,000
2	Total Capital	Taka	3,336,890,297	3,019,662,749
3	Total Assets	Taka	4,490,859,758	4,836,019,494
4	Total Deposits	Taka	134,635,665	565,683,648
5	Total Loans and Advances	Taka	4,396,869,273	4,091,114,346
6	Credit Deposit Ratio	%	3,265.75	723.22
7	Profit after tax and provision	Taka	317,227,548	19,662,749
8	Provisions kept against classified loan	Taka	-	-
9	Cost of fund	%	-	-
10	Interest earning Assets	Taka	4,431,623,926	4,712,187,683
11	Non-interest earning Assets	Taka	59,235,832	123,831,811
12	Return on Investment (ROI)	%	9.51	0.65
13	Return on Asset (ROA)	%	7.06	0.41
14	Income from Investment	Taka	155,491	-
15	Earning per Share	Taka	10.57	0.66
16	Net income per Share	Taka	10.57	0.66
17	Price Earning Ratio	%	-	-
18	Operating Profit	Taka	646,111,953	96,918,227
19	Pre tax Profit	Taka	646,111,953	96,918,227
20	Post Tax Profit	Taka	317,227,548	19,662,749
21	CSR	Taka	-	-
22	Net Asset Value (NAV)	Taka	3,336,890,297	3,019,662,749
23	NAV Per Share	Taka	111.23	100.66

Photo Gallery

Corporate Social Responsibility



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque for treatment



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque to Tawekwondo Federation



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque to a blind School



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque to TTTI



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque as a part of CSR



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque to MIST



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice-Chairman) handing over a cheque as a part of CSR



Maj Gen Abu Belal Muhammad Shafiul Huq, ndc, psc (Ex Vice Chairman) handing over cheque to Monoghor, Rangmati



Mr. M Shah Alam Sarwar, Managing Director handing over Free Medicine to CMH



Distribution of blankets to the poor people at Rangpur



TBL plays an important role in the sports area

Branch Opening



A moment of Gopalganj Branch opening. Hon'ble Chairman of the Bank Gen Md Abdul Mubeen, ndc, psc is seen



Few moments of Kishoreganj Branch opening



Few moments of 'Green Banking' Branch opening



Few moments of 'Green Banking' Branch opening



A moment of the opening of Khaja Goribe Newaj Branch



A moment of the opening of Banani Branch

Participations in Festivals



At Home Economics College



HR Job Fair at AIUB



Retail Fair at NDC



A School Banking Program arranged by Trust Bank Limited



Managing Director of the Bank is delivering speech at the inauguration ceremony of the National Science Festival 2011 & 21st GKC organized by Notre Dame Science Club. The Education Minister Mr. Nurul Islam Nahid, MP and the Principal of Notre Dame College were present.

Meetings



Members of the Board of Directors at 12th Annual General Meeting



Hon'ble Chairman of the Bank introducing with the shareholders



Attendance of the hon'ble shareholders at 12th AGM



Partial view of the members of the Board of Directors at the Manager's Conference



Managing Director is giving answers to the questions arised from the audiance at the Managers' Conference

Investment





Registered Office: Peoples Insurance Bhaban
36 Dilkusha C/A, Dhaka – 1000, Bangladesh
www.trustbank.com.bd

Notice of The 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of Trust Bank Limited will be held on Thursday, 06 June 2012 at 11.00 am at Army Golf Club, Airport Road, Dhaka to transact the following business:

A. Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2011 including approval of transfer of an amount not exceeding 5% of total income to Special Reserve Fund together with the Directors' and Auditors' Report thereon.
2. To declare Dividend as recommended by the Board of Directors.
3. To elect/re-elect Directors.
4. To appoint Auditors and fix their remuneration for the financial year 2012.

B. Special Business:

1. To consider the proposal for increasing Authorized Capital of the Bank to Tk.1000.00 crore (Taka one thousand crore) from Tk.500.00 crore (Taka five hundred crore) through amendment in the relevant clauses/articles of the Memorandum & Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT "the increase of Authorized Capital of the Bank to Tk.1000.00 crore (Taka one thousand crore) from Tk.500.00 crore (Taka five hundred crore) be and is hereby approved as amendment and accordingly clause VI of Memorandum of Association and the Article 4 of the Articles of Association be and are hereby amended to read as 'Proposed' below:

Clause/ Article No.	Memorandum of Association	
	Existing	Proposed
VI	'The Authorized Share Capital of the Company is Tk. 500,00,00,000 (Taka five hundred crore) only divided into 50,00,00,000 ordinary shares of Tk. 10.00 (Taka ten) each, with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and divide the shares in the Company for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special right, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.'	The Authorized Share Capital of the Company is Tk. 1000,00,00,000 (Taka one thousand crore) only divided into 100,00,00,000 ordinary shares of Tk. 10.00 (Taka ten) each, with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and divide the shares in the Company for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special right, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

	Articles of Association	
	Existing	Proposed
4	'The Authorized Share Capital of the Company shall comprise ordinary shares of Tk. 500,00,00,000 (Taka five hundred crore) only divided into 50,00,00,000 ordinary shares of Tk. 10.00 (Taka ten) each.'	The Authorized Share Capital of the Company shall comprise ordinary shares of Tk. 1000,00,00,000 (Taka one thousand crore) only divided into 100,00,00,000 ordinary shares of Tk. 10.00 (Taka ten) each."

2. To consider the proposal for deleting the interpretation clause 2(ii) and 2(xi-a) of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT “the deletions of the interpretation clause 2(ii) and 2(xi-a) of the Articles of Association of the Company be and is hereby approved as ‘Proposed’ below:

Articles of Association		
	Existing	Proposed
2 (ii)	“Alternate Director” means the Director for the time being of the Company as appointed under Article 99 of the Articles of Association	Deleted
2 (xi-a)	“Independent Director” means a director who does not hold any share in the Company or who holds less than one percent (1%) shares of the total paid-up shares of the Company, who is not connected with the Company’s promoters or directors or shareholder who holds one percent (1%) or more than one percent (1%) shares of the total paid-up shares of the Company on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/ associated companies, who is not a member, director or officer of any stock exchange, and who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	Deleted

3. To consider the proposal for changing the Article 96 of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT “the changing of the Article 96 of the Articles of Association of the Company be and is hereby approved and accordingly the Article 96 of the Articles of Association be and is hereby amended to read as ‘Proposed’ below:

Articles of Association		
	Existing	Proposed
96	Unless otherwise determined by the Company in the General Meeting, the number of Directors shall be not less than 5 (five) and not more than 11 (eleven) including the Independent Director elected in accordance with Article 96B below but excluding the directors appointed from the depositors by Bangladesh Bank as stated in Article 96A below	Unless otherwise determined by the Company in the General Meeting, the number of Directors shall be not less than 5 (five) and not more than 11 (eleven) excluding the Managing Director.”

4. To consider the proposal for deleting the Articles 96A and 96B of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT “the deletions of the Articles 96A and 96B of the Articles of Association of the Company be and are hereby approved as ‘Proposed’ below:

	Articles of Association	
	Existing	Proposed
96A	Bangladesh Bank in accordance with Section 15 (5) of the Bank Companies Act 1991 (as amended), may in the manner prescribed by rules framed by Bangladesh Bank, appoint from amongst the depositors of the Company, two persons as directors in the Board of Directors of the Company	Deleted
96B	One tenth (1/10) of the total number of the Company's Board of Directors, subject to a minimum of one, shall be Independent Directors	Deleted

5. To consider the proposal for changing the Article 98(i) of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT "the changing of the Article 98(i) of the Articles of Association of the Company be and is hereby approved and accordingly the Article 98(i) of the Articles of Association be and is hereby amended to read as 'Proposed' below:

	Articles of Association	
	Existing	Proposed
98(i)	The qualification to become a Director excluding the Managing Director of the Company shall be holding in his own name at least 10 (ten) Ordinary Shares in the Company	The qualification to become a Director excluding Nominated Director and the Managing Director of the Company shall be holding in his own name at least 500 (Five Hundred) Ordinary Shares in the Company."

6. To consider the proposal for changing the Article 98(ii) of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT "the changing of the Article 98(ii) of the Articles of Association of the Company be and is hereby approved and accordingly the Article 98(ii) of the Articles of Association be and is hereby amended to read as 'Proposed' below:

	Articles of Association	
	Existing	Proposed
98(ii)	A Director who is required to hold the Qualification Share, may be elected and/or nominated as a Director before acquiring his Qualification Share, but shall in any case acquire the same within sixty days after his election and/or nomination as such	A Director who is required to hold the Qualification Share, may be elected as a Director before acquiring his Qualification Share, but shall in any case acquire the same within sixty days after his election as such."

7. To consider the proposal for deleting the Articles 99 and 100 of the Articles of Association of the Company & adopt the following Special Resolution:

RESOLVED THAT "the deletions of the Articles 99 and 100 of the Articles of Association of the Company be and are hereby approved as 'Proposed' below:

	Articles of Association	
	Existing	Proposed
99	Subject to Section 101 of the Act, the Director shall at the request of any Director (hereinafter called the "Original Director") appoint as his	Deleted

Articles of Association		
	Existing	Proposed
	Alternate Director any person nominated by him and such appointment shall have effect from the Date of Nomination of the Alternate Director by the Original Director and the former shall while he holds office as Alternate Director be entitled to Notice of Meetings of the Directors and in the absence of the Original Director, to attend and vote thereat, but he shall not be required to hold any qualification shares and shall ipso facto vacate Office if and when the Original Director vacates office or the Alternate Director is removed from Office at the request of the Original Director, and any Appointment or Removal under this Article of the Alternate Director shall be effected by the Original Director is to represent or represents	
100	Every person acting as an Alternate Director shall be an Officer of the Company and shall not be deemed to be the Agent of the Director whom he represents	Deleted

09 May 2012

By order of the Board of Directors
Sd/--
Khaled Mahbub Morshed, FCA
Company Secretary

Notes:

- The **Record Date** of AGM was **Monday, 09 April 2012**. Members' names appearing in the Register of Members of the Company on mentioned Record Date are eligible to attend the meeting and vote thereat.
- Any member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his/her behalf. A Member being a corporation or company may appoint its representative, duly appointed and authorized, to attend and vote on its behalf.
- The Proxy Form, duly signed by the Member and stamped by the Revenue Stamp of Taka 10.00 (ten) each, must be submitted at the Registered Office of the Company at any time not less than 72 hours before the time fixed for the meeting.
- Attendance Slip and Proxy Form along with the Notice are being sent to the entitled Member (Shareholder) by post/courier. These also be collected, if so required, from the Registered Office or the website www.trustbank.com.bd of the Company.



The image features a series of tall, metallic, T-shaped structures that recede into the distance on a dark, reflective surface. The structures are made of a material that looks like brushed metal or polished stone, with a vertical stem and a horizontal top flange. They are arranged in a perspective line, with the closest one being the largest and most detailed. The surface they stand on is dark and highly reflective, showing clear, slightly distorted reflections of the structures. The background is a dark, cloudy sky. A semi-transparent white rectangular box is centered over the middle of the image, containing the text "Branch Network".

Branch Network

Branch Network Relating to Year 2011

Branch Network:

1. Number of Branches & SME Service Centre as on 31 December 2011 : 69 (Sixty Nine)
2. Number of Branches SME/Krishi Branch & SME Service Centre opened in 2011 : 10 (Ten)
(Number of Branches opened in 2011 : 10, Number of SME/Krishi Branch opened in 2011 : 00 & Number of SME Service Centre opened in 2011 : 00)
3. Number of ATM Booths as on 31 December 2011 : 60 (Sixty)
4. Number of ATM Booths opened in 2011 : 36 (Thirty Six)
5. Future Projection in 2012 : 10 (Ten) branches
6. Future Projection in 2012 : 73 (Seventy Three) ATM Booths
7. Current Branches as on 31 December 2011 :

Branches:

S/N	Branch Name	Address	Telephone number
1	Principal Branch	98 Shaheed Sarani, Dhaka Cantonment, Dhaka – 1206	PABX- 02-8712751, 02-8712753, 02-888068. 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 Branch	Shilpa Bank Bhaban (1st 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, 02-862520, Dir:02-886594,9886592
16	Dilkusha Corporate Branch	Peoples Insurance Bhaban,(1st 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(KhajwaYounus 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 (1st and Ground Floor), CDA Avenue, Chittagong	PABX : 031- 2550936-7 Direct – 031-2550938
20	Sylhet Corporate Branch	BMA Bhaban, (1st 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

S/N	Branch Name	Address	Telephone number
23	Halishahar Branch	Holding No.-2030/A, Block –G, Road No.-3 Plot 2, Bara Pul, Port, Connecting Road, Chittagong	PABX : 031-2512592 Direct : 031-2512593
24	Beani Bazar Branch	Al-Amin Super Market, College Road Beani Bazar, Sylhet	Direct: 08223-56008
25	Moulvi Bazar Branch	Holding No.-10, Court Road, Chowmohona, Kotowali, Moulvibazar	Direct : 0861-62883
26	Goalabazar Branch	Hazi Nasib Ullah Market, (1st Floor), Main Road, Goalabazar, Osmani Nagar, 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 (1st Floor), Potenga, Chittagong	PABX : 031-741833 031-741834
29	Karwan Bazar Branch	EDB Trade Centre, 93 Kazi Nazrul Islam Avenue (ground floor), 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	Dir-9451684, PA-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, 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	1st 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	1st Floor of Ka- 74, Progati Sarani, Kuril Chowrasta, Dhaka	Direct : 8412245 PABX : 8412258
44	Cox's Bazar Branch	1st Floor of Degenta Annexure Complex, Cinema Hall Super Market, Bazar Ghat Cox's Bazar	Direct : 0341- 52108 PABX : 0341- 52109
45	Ashulia Branch	1st Floor of Bhuiyan National Plaza- 1, Jamgara Chowrasta, Ashulia, Dhaka	Direct : 7790843
46	Kadamtali Branch	1st & 2nd Floor of Royal Plaza, 431, DT Road, Kadamtali Bus Station, Kadamtali, Chittagong	Direct : 031-2529951-4
47	Rangamati Branch	1st Floor of SR Tower, 107, Shahid Abdul Rashid Sarak, Banarupa, Rangamati	Direct : 0351- 61885-6
48	Rajshahi Branch	1st 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	1st & 2nd floor of Omori Mansion Badurtala 1st Lane, Kandirpar, Comilla	Direct : 081-64249 FAX: 081-64250
51	Elephant Road Branch	1 st Floor of M. R. Mansion 19, Elephant Road, Dhaka	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
53	Dayarampur Branch, Natore	1st Floor of MK Shopping Complex, Doyarampur Bazar, Kadirabad Cantt Road, Doyarampur	

S/N	Branch Name	Address	Telephone number
54	Khawja Garib Newaz Avenue Branch, Dhaka	1st Floor of Plot no 36 Khawja Gharib Newaz Avenue, Sector- 11, Uttara, Dhaka	
55	Banani branch, Dhaka	1st Floor of dalta Dahlia Complex, 36, Kamal Ataturk Avenue, Dhaka	
56	Gopalganj Branch, Gopalganj	1st Floor of Holding no. 172, Adhunik Shamobay Biponi, Puratan Bazar Road, Gopalganj	
57	Kishorganj Branch	1st Floor of Hajee Abdul Majid Munshi Building, Ishakhan Road, Terripatty, Bara Bazar, Kishoregonj	
58	Fridpur Branch	M K Shopping Complex, Holding no-15/18, Faridpur Sadar, Faridpur	
59	Saidpur Branch	Old CMH Complex, Building no-TOI-28, Bir Sharasto Ruhul Amin Sarani, Saidpur Cantt, Saidpur	
60	Khagrachari Branch	Mahdi Complex (Ground floor), Santinagar, Changi Square, PS-Khagrachari Sadar	
61	Mongla Branch	Khagrachari Hill Tracts 1st Floor of BN School & College Campus	
62	Bandarban Branch	PS-Mongla , Bagerhat 1st Floor of Chairman Market, Bandarban Bazar Fund, Plot no 240 (C), PS- Bandarban Sadar, Bandarban Hill Tracts	

SME /Krishi Branch:

S/N	Branch Name	Address	Telephone number
1	Mirer Bazar SME Service center	Salam Complex ,Mirer Bazar Chowrasta (Tongi Kaligonj Road) Union – Pubail Thana – Gazipur Sadar, Dist- Gazipur	Direct : 02-9816765
2	Madhabdi SME Service center	R M Building - 3, Phalpatra Road Poourasava – Madhabdi , Thana – Madhabdi Dist- Narsingdi	Direct : 02-9446806
3	Tamai SME Service center	Protigga Banijjik BhabanUP –Vangabari, Thana – Belkuchi, Dist- Sirajgonj	Direct : 07522-56357
4	Manikgonj SME/Krishi Branch	1st Floor of Anjoli Super Market, 75, Shaheed Rafique Sarak, Kali Bari, Manikgonj	Direct : 0651-62061 FAX: 66942
5	Natore SME/ Krishi Branch	1st Floor of Shahara Plaza, Kanai Khali, Natore Sadar, Natore	Direct : 0771-66889 FAX: 62067
6			
7			



Registered Office: Peoples Insurance Bhaban
36 Dilkusha C/A, Dhaka – 1000, Bangladesh
www.trustbank.com.bd

PROXY FORM

I/We..... of
..... being a member of Trust Bank Limited, do hereby appoint
Mr./Ms. as my/our PROXY to attend & vote on my/our
behalf at the 13th Annual General Meeting of the Company to be held on Thursday, 06 June 2012 at 11.00 am
at Army Golf Club, Airport Road, Dhaka and at any adjournment thereof. As witness my/our hand this
..... day of 2012.

Signature of Shareholder(s)

Signature of PROXY

No. of Shares held

Folio No.	
-----------	--

Revenue
Stamp
Tk.10.00

BO ID No.																			
-----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Note: A member entitled to attend at the Annual General Meeting may appoint a PROXY to attend in his/her behalf. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company at least 72 hours before the scheduled time of the meeting. Signature of the Member should agree with the specimen signature registered with the Company/CDBL

Signature Verified

Authorized Signatory



Registered Office: Peoples Insurance Bhaban
36 Dilkusha C/A, Dhaka – 1000, Bangladesh
www.trustbank.com.bd

ATTENDANCE SLIP

I hereby record my attendance at the 13th Annual General Meeting of the Company to be held on Thursday, 06 June 2012 at 11.00 am at Army Golf Club, Airport Road, Dhaka.

Name of the Shareholder/Proxy																			
Folio No.																			
BO ID No.																			
Contact No.																			

Signature of Shareholder/Proxy

Signature verified by

Notes: Please deposit this Slip at the Reception Desk. Children and non-Shareholders will not be allowed at the meeting.

