Directors’ Report

DIRECTORS' REPORT

GLOBAL ECONOMIC OUTLOOK

The global economy has, to date, withstood a series of shocks, yet another one—this time a military conflict engulfing the Middle East since the end of February— is testing this resilience. This is the latest culmination in a series of events that have been reshaping international relations and raising geopolitical tensions markedly across all regions in recent years. The conflict has already inflicted humanitarian costs, damaged critical infrastructure and severely disrupted maritime and air traffic in the affected region. Economies around the world face repercussions through the direct impact of higher commodity prices, indirect second-order effects on inflation expectations—which tend to be especially sensitive to energy and food prices—and amplification effects coming from risk-off sentiment in financial markets. Commodity-importing emerging market and developing economies are at risk of being hit harder, with a depreciation of their currencies exacerbating the impact of higher energy and food prices. The global economic impact will crucially depend on the conflict's duration, intensity and scope, which are inherently unpredictable.

This latest shock comes less than a year since the shift in US trade policies and the transition to a new international trade system is still ongoing. Following recent court rulings and executive actions, the overall US effective statutory tariff rate is about 5.3 percentage points below the level assumed in the October 2025 World Economic Outlook (WEO) and changes in the cases of a few countries are more substantial. The current environment has incentivized a growing number of countries to finalize long-standing trade negotiations or start new partnerships to foster economic ties among themselves, such as the one between the European Union (EU) and MERCOSUR (the Southern Common Market).

Amid these developments, uncertainty, although lower than the peaks it reached in 2025, is still historically high. Several inflection points in the coming months may trigger spikes. First and foremost, the situation in the Middle East remains fluid. Odds of a range of outcomes—from ceasefire to serious escalation of hostilities shift by the day. On the trade front, an extension, beyond their initial 150 days, of the Section 122 tariffs recently enacted by the US administration requires congressional approval, or similar tariffs would need to be imposed using other legal authorities. The United States–Mexico–Canada Agreement (USMCA) is set for a mandatory joint review at about the same time the extension comes due, in July 2026. Many of the US agreements with other trading partners so far provide only temporary relief and are set to expire by the end of 2026. The global economy is facing this next test of resilience as signs of unevenness lie beneath the surface. Activity in the two largest economies, China and the United States, has been stronger than was expected in the October 2025 WEO. But this strength has been uneven. In the case of China, domestic activity— especially in the housing sector—lags behind exports. In the case of the United States, strong activity has been accompanied by low employment growth, amid declining labor force growth. The unevenness raises downside risks to the outlook, adding to the risks posed by intensifying geopolitical tensions. Medium-term growth prospects remain lackluster, weighed down by geo-economics fragmentation and structural challenges. That said, it may very well be that current tailwinds, including those from continued fiscal policy support, will last long enough to carry the global economy through the disruptions from the war and to a higher growth path paved by productivity gains from artificial intelligence (AI). Even if they do, however, it will still be crucial to have the right policies in place to make sure that technological transformation leads to broadly balanced growth within and across countries.

Global Economic Outlook Growth Projections

Under the reference forecast, growth in advanced economies is projected to be 1.8 percent in 2026 and 1.7 percent in 2027. The overall effect on growth in advanced economies of the conflict in the Middle East is modest, lowering growth by 0.2 percentage point in 2026 relative to the preconflict forecast, thanks to positive terms-of-trade effects in the United States and stronger growth momentum and offsetting government measures in Japan, with a large negative effect expected only in some net energy-importing economies, such as the euro area and the United Kingdom.

In the United States, the economy is projected to expand by 2.3 percent in 2026, with growth supported by fiscal policy and the lagged impact of monetary policy rate cuts in 2025, even as the rise in trade barriers since April 2025 continues to weigh on the level of activity. This 0.1 percentage point downward revision relative to the January 2026 WEO Update reflects the balance of a small negative effect from the war—given the net-energy-exporter status of the United States—and offsets from a rebound in activity in the first quarter of 2026 compared with the fourth quarter of 2025 following the end of the 2025 federal government shutdown, stronger-than-previously-assumed productivity growth and the associated carryover. While the International Emergency Economic Powers Act (IEEPA) ruling may reduce fiscal revenues raised by tariffs, the impact on the fiscal balance and activity is expected to be small and spread over the forecast horizon. Growth is projected to remain solid at 2.1 percent in 2027, with a near-term fiscal boost from tax incentives, including those for corporate investment under the OBBBA. Technology-driven momentum is expected to moderate but still provide some offset to lower immigration and moderating consumption. Strong productivity growth is projected to gradually fade and converge to historical norms.

In the euro area, growth is expected to decline from 1.4 percent in 2025 to 1.1 percent in 2026 and to 1.2 percent in 2027. The forecast is revised downward by 0.2 percentage point in each year compared with the January 2026 WEO Update, with the effect of better-than-expected growth at the end of 2025 giving way to the negative impact of the Middle East conflict over time. The latter will add to the lingering effects of the persistent rise in energy prices since Russia's invasion of Ukraine, dragging on manufacturing, with additional pressure from the real appreciation of the euro relative to currencies of countries exporting similar products. The impact of the planned increase in defense spending for most countries is expected to materialize only in subsequent years, given commitments to reach target levels gradually by 2035. In Japan, growth is projected to drop from 1.2 percent in 2025 to 0.7 percent in 2026 and to 0.6 percent in 2027. This marks an upward revision for 2026 relative to the October 2025 figure, reflecting the fiscal stimulus package announced by the new government last November, stronger domestic-demand-driven growth carryover from 2025 and government measures to limit the effects of higher energy prices, partly offset by weaker external demand and the Middle East conflict. In the United Kingdom, the war and a slower pace of monetary easing mean that growth is projected to decline from 1.3 percent in 2025 to 0.8 percent in 2026, a downward revision of 0.5 percentage point relative to the October 2025 forecast. Growth is projected to recover to 1.3 percent in 2027, slower than expected before the war as the impact of higher energy prices lingers. In Canada, growth is projected to slow from 1.7 percent in 2025 to 1.5 percent in 2026 before recovering to 1.9 percent in 2027. The softer near-term profile reflects weaker momentum at the end of 2025 and slower population growth, while earlier monetary easing and supportive fiscal policy help sustain domestic demand. This is broadly unchanged from the October 2025 WEO forecast, with the positive terms-of-trade shock of higher oil prices offsetting the other effects of the war in the Middle East.

In emerging market and developing economies, growth is expected to fall to 3.9 percent in 2026 and recover to 4.2 percent in 2027. The conflict in the Middle East has a varied impact on growth given differential exposure—through geographic proximity, financial flows, remittances and energy dependencies. Overall, it has a larger net impact on growth in emerging market and developing economies compared with advanced economies, lowering growth in 2026 for the former group by 0.3 percentage point relative to the preconflict forecast.

Growth in emerging and developing Asia is expected to decline from 5.5 percent in 2025 to 4.9 percent in 2026 and to 4.8 percent in 2027. Growth in China for 2026 is revised upward by 0.2 percentage point, relative to October (a 0.1 percentage point downward revision from January), to 4.4 percent, reflecting the lower US effective tariff rates on Chinese goods and stimulus measures offset the negative impact of the shock induced by the Middle East conflict. The economy's growth rate is expected to decelerate to 4.0 percent in 2027 as structural headwinds—including those from a grinding slowdown in the housing sector, a declining labor force, decreasing returns on investment and slower productivity growth—assert themselves. In India, growth for 2025 is revised upward by 1.0 percentage point relative to October, to 7.6 percent, reflecting the better-than-expected outturn in the second and third quarters of the fiscal year and sustained strong momentum in the fourth quarter. For 2026, growth is revised upward moderately by 0.3 percentage point (0.1 percentage point relative to January) to 6.5 percent, led by positive contributions from the carryover of the strong 2025 outturn and the decline in additional US tariffs on Indian goods from 50 to 10 percent, which outweigh the adverse impact of the Middle East conflict. Growth is projected to stay at 6.5 percent in 2027. In several South and Southeast Asian economies, disruptions in the Middle East are expected to reduce tourism and remittance inflows, thereby weakening domestic demand. Growth in the Philippines is revised downward by 1.5 percentage points for 2026, relative to January, with the war shock compounding the negative base effects from a weaker-than-expected 2025 outturn related to a sharp decline in public investment and confidence.

In the Middle East and Central Asia, growth is projected to decline from 3.6 percent in 2025 to 1.9 percent in 2026 and recover to 4.6 percent in 2027 as the region experiences the most direct impact of the conflict and the expected subsequent rebound. For commodity exporters directly affected by the conflict, diminished production and exports imply a severe downward revision of GDP growth projections for 2026, depending on the degree of damage suffered in energy and transportation infrastructure as well as the dependence on the Strait of Hormuz and availability of alternative export routes. The contraction of GDP growth for 2026 is therefore more pronounced for Bahrain, Iran, Iraq, Kuwait and Qatar and less significant for Oman, Saudi Arabia and the United Arab Emirates. For all these economies, growth in 2027 is expected to rebound, based on the assumption that energy production and transportation are normalized over the next few months—an assumption that may need to be revised if the duration of the conflict extends and the degree of damage suffered gets reassessed.

Growth in Iran in 2026 is revised downward by 7.2 percentage points, relative to January, to –6.1 percent, while that for 2027 is revised upward by 1.6 percentage points to 3.2 percent. In Saudi Arabia, the growth forecast for 2026 is revised downward by 1.4 percentage point relative to January, to 3.1 percent and that for 2027 is revised upward by 0.9 percentage point, to 4.5 percent.

For commodity importers in the Middle East and North Africa, the terms-of-trade shock from higher

commodity prices contribute to a somewhat modest downward revision of growth projections in 2026 and 2027, with some differentiation as a result of varying exposures to imports of energy, energy derivatives and food items, as well as different economic trajectories before the conflict erupted. In Egypt, growth is projected to slow to 4.2 percent in 2026 and recover to 4.8 percent in 2027, a cumulative downward revision of 1.1 percentage points. For Caucasus and Central Asia countries, the growth momentum experienced over the past few years is expected to continue, with aggregate GDP growth for the group revised upward in 2026 and 2027, by a cumulative 0.3 percentage point. • Growth in sub-Saharan Africa is expected to be relatively stable at 4.3 percent in 2026 and 4.4 percent in 2027. This masks variation across countries, with some in the region—particularly oil-importing non-resource-intensive countries—adversely affected by the Middle East conflict. Key economies continue to benefit from past macroeconomic stabilization and reform efforts. In Nigeria, growth momentum is sustained at 4.1 percent in 2026, supported by improved macroeconomic stability and positive terms-of-trade effects, while higher goods and transport costs are headwinds. Growth is expected to strengthen in 2027 to 4.3 percent as these headwinds ease. In South Africa, the disruptions from the Middle East conflict are projected to slow growth slightly to 1.0 percent in 2026. The economy is expected to bounce back in 2027, growing at 1.3 percent, supported by a gradual resumption of structural-reform-driven private investment as disruptions from the conflict subside. Growth in other countries in the region as a whole is expected to decline from 5.6 percent in 2025 to 5.2 percent in both 2026 and 2027, revised downward relative to January by a cumulative 0.6 percentage point.

In Latin America and the Caribbean, growth is projected to remain broadly stable at 2.3 percent in 2026 and pick up to 2.7 percent in 2027. The impact from the conflict in the Middle East within the region is heterogeneous, with smaller economies affected more negatively. In Brazil, growth is projected to moderate to 1.9 percent in 2026, unchanged from October and 2.0 percent in 2027. The war is expected to have a small net positive effect in 2026, as a result of the country being a net energy exporter, boosting growth by about 0.2 percentage point. In 2027, slowing global demand, higher input costs (including of fertilizers) and tighter financial conditions are expected to dominate, reducing growth by approximately 0.3 percentage point, compared with the projection in January. Adequate international reserves, low reliance on foreign-currency debt, large government cash buffers and a flexible exchange rate are expected to help the country weather the shock. In Mexico, weaker growth in 2025 amid fiscal consolidation, restrictive monetary policy and headwinds from trade tensions is expected to give way to a mild recovery, with the economy expanding at a rate of 1.6 percent in 2026 and 2.2 percent in 2027.

In emerging and developing Europe, a sharp slowdown in 2025 to a growth rate of 2.0 percent is expected to reverse only slightly, with economies in the region expanding at an average rate of 2.0 percent in 2026 and 2.1 percent in 2027. In Russia, higher commodity prices are projected to drive the 0.3 percentage point upward revision of 2026 growth relative to January, to 1.1 percent, with the momentum continuing to register another 1.1 percent growth rate in 2027. In Türkiye, expected growth is revised downward by 0.8 percentage point for 2026 to 3.4 percent relative to the figure in the January 2026 WEO Update, as 2025 growth was weaker than expected and higher oil and gas prices weigh on activity.

Overview of the World Economic Outlook Reference Forecast

(Percent change, unless noted otherwise)

	Projections		
	2025	2026	2027
World Output	3.4	3.1	3.2
Advanced Economies	1.9	1.8	1.7
United States	2.1	2.3	2.1
Euro Area	1.4	1.1	1.2
Germany	0.2	0.8	1.2
France	0.9	0.9	0.9
Italy	0.5	0.5	0.5
Spain	2.8	2.1	1.8
Japan	1.2	0.7	0.6
United Kingdom	1.3	0.8	1.3
Canada	1.7	1.5	1.9
Other Advanced Economies	3.0	2.6	2.2
Emerging Market and Developing Economies	4.4	3.9	4.2
Emerging and Developing Asia	5.5	4.9	4.8
China	5.0	4.4	4.0
India	7.6	6.5	6.5
Emerging and Developing Europe	2.0	2.0	2.1
Russia	1.0	1.1	1.1
Latin America and the Caribbean	2.4	2.3	2.7
Brazil	2.3	1.9	2.0
Mexico	0.6	1.6	2.2
Middle East and Central Asia	3.6	1.9	4.6
Saudi Arabia	4.5	3.1	4.5
Sub-Saharan Africa	4.5	4.3	4.4
Nigeria	4.0	4.1	4.3
South Africa	1.1	1.0	1.3
Memorandum			
World Growth Based on Market Exchange Rates	2.9	2.6	2.6
European Union	1.6	1.3	1.4
ASEAN-5	4.5	4.1	4.4
Middle East and North Africa	3.2	1.1	4.8
Emerging Market and Middle-Income Economies	4.4	3.8	4.1
Low-Income Developing Countries	4.8	4.8	4.9
World Trade Volume (goods and services)	5.1	2.8	3.8
Imports			
Advanced Economies	4.7	2.6	3.1
Emerging Market and Developing Economies	5.7	2.7	4.9
Exports			
Advanced Economies	3.7	2.5	2.7
Emerging Market and Developing Economies	7.4	3.5	5.4
Commodity Prices			
Oil	-14.4	21.4	-7.6
Nonfuel (average based on world commodity import weights)	9.6	21.7	1.9
World Consumer Prices	4.1	4.4	3.7
Advanced Economies	2.5	2.8	2.2
Emerging Market and Developing Economies	5.2	5.5	4.6

Source: *World Economic Outlook (International Monetary Fund) | APRIL 2026*

Global Inflation Scenario

Global inflation is projected to pause its decline, with headline inflation increasing from 4.1 percent in 2025 to 4.4 percent in 2026 before falling back to 3.7 percent in 2027. This is a 0.7 percentage point upward revision for 2026 from the figure in the October 2025 WEO, reflecting expected higher

energy and food prices. There is divergence across countries, shaped by the stubborn dynamics in services inflation—which tends to have a larger domestic component—and the increasing share of inflation explained by country-specific factors. Gradual pass-through from higher tariffs and limited pass-through of higher energy prices along with gradually moderating services inflation amid a broadly balanced labor market mean that US core inflation is projected to return to the country's 2 percent target during 2027. Sustained strong productivity growth slowly converging back to historical norms will provide support for supply-driven disinflation. In the United Kingdom, inflation, which in 2025 increased partly because of one-off changes in regulated prices, is expected to pick up again temporarily toward 4 percent before returning to target by the end of 2027 as the effects of higher energy prices fade and a weakening labor market continues to exert downward pressure on wage growth. In Japan, inflation is expected to moderate in 2026, relative to the outturn in 2025 and converge toward the country's target by the end of 2027 as food and commodity prices ease. In the euro area, headline inflation is projected to increase temporarily to above 2 percent in 2026 and remain above target in 2027. Core inflation is expected to increase more modestly but stay above 2 percent until 2028. Inflation in China is projected to start rising from low levels, whereas inflation in India is expected to return to near target levels after subdued food prices drove a marked decline in 2025.

Review of Bangladesh Economy

The Bangladesh economy is now at a critical juncture, transitioning from a possible economic meltdown toward substantial macroeconomic stabilization and laying the foundations for renewed growth. Coordinated reform efforts launched by BB have yielded tangible improvements in the banking sector governance and overall macroeconomic management. BB's initial priority was restoration of external trade financing from foreign correspondent banks by eliminating accumulated external payment arrears in the amount of USD 3.5 billion, rebuilding of foreign exchange reserves and stabilization of the exchange-rate. Supported by robust inflow of workers' remittances, the current account of the balance of payments moved from a large deficit in FY24 to a sizable surplus in FY25. As a result, notwithstanding the adoption of a flexible, market-based exchange-rate regime with no intervention, the Bangladesh Taka (BDT) has stabilized against the US dollar during the first half of FY26. Despite subdued export performance, strong remittance inflows and moderated import demand helped build up the level of foreign exchange reserves from USD 25.6 billion (about 4 month of imports coverage) in August 2024 to USD 33.2 billion in December 2025 (about 5 month of imports coverage). The resumption of regular servicing of foreign obligations including elimination of all deferred payments has now restored confidence of external creditors and helped alleviate pressures on both foreign exchange reserves and the exchange rate.

Against this backdrop, the current issue of BB's half-yearly Monetary Policy Statement (MPS) outlines the monetary stance for the second half of FY26, taking into account the evolving global and domestic political and macroeconomic environment, actual outcomes observed in H1FY26, credit projections and extensive stakeholder consultations. The key objectives of this MPS are to anchor inflation expectations, guide inflation toward BB's target, address the unacceptably elevated NPLs and restore public confidence in the banking system through improved governance and close coordination with fiscal and other relevant authorities.

Although GDP growth has begun to recover, momentum remains subdued as the cost of living and the cost of doing business have not eased as rapidly as expected. Inflation remains persistently above BB's 7.0 percent target, despite exchange rate stability and favorable global commodity price developments, reflecting entrenched structural rigidities rather than purely monetary factors. With global commodity prices moderating and the exchange rate remarkably stable, imported inflation is expected to remain contained. The disinflation path, however, has been uneven, as domestic prices exhibit significant "stickiness" due to supply-side constraints and structural bottlenecks.

Despite these challenges, BB's contractionary monetary stance has delivered several critical outcomes. Exchange-rate stability has been restored through relatively higher rewards on Taka dominated assets, foreign exchange reserves have recovered sharply and the real policy rate has shifted decisively into positive territory—encouraging savings and deposit growth and reinforcing policy credibility. As these measures gain further auction traction, broader inflationary pressures are beginning to ease and the gap between real wage growth and inflation is narrowing, signaling a gradual return toward macroeconomic normalization.

Real GDP Growth by Sectors in Bangladesh

Sector	2022-23	2023-24	2024-25
A. Agriculture	**3.37**	**3.30**	**2.42**
1. Agriculture, forestry and fishing	3.37	3.30	2.42
a) Crops & horticulture	3.15	4.00	1.84
b) Animal Farmings	3.17	3.07	3.08
c) Forest and related services	5.13	4.99	4.91
d) Fishing	2.80	0.79	1.41
B. Industry	**8.37**	**3.51**	**3.71**
2. Mining and quarrying	12.73	-1.15	1.65
a) Natural gas and crude petroleum	-4.18	-5.98	-6.72
b) Other mining & coal	17.02	-0.14	3.29
3. Manufacturing	8.89	3.16	5.83
a) Large Industry	8.38	1.02	5.94
b) Small, Medium and Micro Industry	9.15	4.66	5.92
c) Cottage Industry	10.01	6.92	5.34
4. Electricity, gas, steam and air conditioning supply	2.46	0.98	5.26
a) Electricity	3.40	1.55	6.80
b) Gas	-1.84	-1.78	-2.44
5. Water supply; sewerage, waste management and remediation activities	8.88	3.95	3.33
6. Construction	6.98	5.63	-1.45
C. Services	**5.37**	**5.09**	**4.35**
7. Wholesale and retail trade; repair of motor vehicles and motorcycles	6.38	5.77	4.77
8. Transportation and storage	5.49	5.14	4.33
a) Land Transport	6.10	5.29	4.66
b) Water transport	-2.16	0.59	-0.28
c) Air transport	8.21	6.15	6.67
d) Warehousing and support activities	3.54	9.43	3.31
e) Postal and courier activities	3.77	2.53	1.75
9. Accommodation and food service activities	5.84	5.60	4.38
10. Information and communication	6.35	4.06	2.69
11. Financial and insurance activities	2.55	1.21	1.64
a) Monetary intermediation (Banks)	2.55	1.09	1.64
b) Insurance	1.08	1.09	0.89
c) Other financial auxiliaries	4.39	2.91	2.63
12. Real estate activities	3.68	3.50	3.18
13. Professional, scientific and technical activities	8.80	7.64	6.10
14. Administrative and support service activities	7.51	8.86	9.67
15. Public administration and defence; compulsory social security	7.03	5.58	5.70
16. Education	5.53	6.56	4.75
17. Human health and social work activities	7.22	9.27	6.59
18. Arts, entertainment and recreation	6.34	6.42	6.55
19. Other service activities	3.24	3.14	3.07
Total GVA at constant basic price	6.25	4.29	3.89
Tax less subsidy	-6.26	2.24	-8.47
GDP at constant market price	5.78	4.22	3.49

Source: *Bangladesh Bureau of Statistics.*

(The parentheses indicate the percentage share of total producer price GDP at constant price.)

Economic growth in FY25 was subdued, reflecting the lingering effects of earlier shocks that emerged from political unrest, supply chain disruptions and slow private investment growth. Provisional estimates by BBS indicate 3.97 percent real GDP growth for FY25 but actually it was 3.49 percent as per final data reported by BBS recently, marking the slowest expansion in recent years. Sectoral performance was mixed—estimated agricultural growth slowed to approximately 1.79 percent, impacted by severe floods and supply bottlenecks during H1FY25. Industrial growth is estimated at around 4.34 percent, supported by a modest recovery in large-scale manufacturing and export-oriented industries, such as the Ready-Made Garments (RMG) sector. Whereas, updated reports published by BBS reveals that the industrial growth was achieved only 3.71 percent marking a clear difference between estimation and achievement in this sector. Similarly, in case of the services sector, it is estimated to expand by around 4.51 percent, driven by increased activity in trade, transport and communications as the country gradually benefits from availability of foreign exchange and political stability but at the end it was achieved 4.35 percent growth rate in service sector.

Several factors have shaped Bangladesh's growth dynamics in recent years. On the positive side, the external sector has remained favorable throughout FY25 with promising growth in remittances and robust export performance, underpinning external balances and supporting domestic demand. Policy support through fiscal discipline, coupled with the central bank's inflation-containment stance, aided economic stability. The export sector, however, recorded negative growth rate during July-December 2025 due to the uncertainties associated with the U.S. tariff restrictions and increased competitions in the EU market from the Indian and Chinese exports. Despite being well-positioned compared to its competitors on US tariffs, Bangladesh could not capitalize on a trade advantage due to a productivity gap. The private sector, on the other hand, faced the dilemma of crowding out of credit by the public sector borrowing contributing to slower private-sector credit growth. In response to the political uncertainty stemming from the forthcoming national election, investors remained cautious in making new investments. Stress in the banking sector, including rising non-performing loans and cautious lending by banks have further constrained private sector expansion. Additionally, global headwinds, including sluggish growth in key trading partners (EU, US and Japan), rising trade barriers and geopolitical uncertainties, continue to pose risks to export demand and FDI inflows.

External Sector Developments

After two years of intense pressure on the balance of payment (BoP), the external position of Bangladesh has continued recovering since FY25 and the stability of the sector strengthened further in H1FY26, supported by improving external balances, evolving exchange rate flexibility gained from the introduction of a market-oriented exchange rate regime and ongoing firm monetary policy accompanied by fiscal retrenchment through expenditure restrains. The recovery of the sector was reflected in a reversal of the BoP to an overall surplus, a stable exchange rate, increasing interbank foreign exchange spot transactions and a rebuilding of the foreign exchange reserve.

According to the latest data available as of November 2025, the BoP flipped to an overall surplus of USD 769 million in the first five months (July – November) of FY26 – a notable improvement from a deficit of USD 2.54 billion during the same period of FY25. This improvement was driven mainly by the return of the financial account to a notably large surplus from a deficit, while the current account continued with a moderate deficit. The current account deficit widened somewhat to USD 769 million in July-November of FY26 – up from USD 568 million in the same period of FY25. Despite strong remittance inflows and subdued import growth, sluggish exports amid increasing global trade uncertainties were the precipitating factor of the current account deficit.

Inflation

Although inflationary pressures are subsiding, they still remain elevated and uneven; suggesting that a premature policy rate reduction would be imprudent. Maintaining exchange-rate stability remains essential to containing imported inflation and any premature rate cut before further deceleration in inflation could risk renewed downward pressure on the Taka. Moreover, several near-term inflation risks persist, including the upcoming national elections, the holy month of Ramadan and the potential implementation of a new national pay scale—each of which typically boosts demand and consumer spending. These considerations underscore the need for a cautious and balanced monetary approach. BB observed that, at the prevailing Standing Deposit Facility (SDF) rate, some banks were opting to place excess liquidity with the central bank rather than extending credit to the interbank market or the private sector. To discourage such passive liquidity placement and to stimulate interbank activity and private-sector lending, BB has decided to reduce the SDF rate by 50 basis points, while keeping the policy rate and the Standing Lending Facility (SLF) rate unchanged. This adjustment is intended to incentivize more active liquidity management, deepen interbank market transactions and facilitate greater credit flow to private sectors.

Exports

In H1FY26, total export earnings (shipments) declined by 0.54 percent to USD 24.40 billion – down from USD 24.53 billion in the corresponding period of the previous fiscal year. The slowdown in exports stemmed mainly from a decline in demand for ready-made garments (RMG), which accounted for around 80 percent of total exports. The export of RMG declined by 1.04 percent to USD 19.67 billion in H1FY26. Weak apparel demand from the US amid price increases from reciprocal tariffs and intense competition in the EU market from major export competitors, which faced higher tariffs in the US, contributed to the moderation of RMG exports.

Imports

Total imports continued to recover at a slower pace amid decline in commodity prices (including energy) in the international market, slower economic growth, heightened domestic political uncertainties and receding demand for export-related raw materials. Imports grew by 5.16 percent to USD 23.33 billion in the first five months of FY26, driven mainly by food grains, petroleum products, fertilizer and capital goods, while an upturn in capital machinery imports by 16.72 percent in this period pointed to a positive outlook for investment demand and economic turnaround.

Remittance

Maintaining a robust growth of 18.04 percent, remittance inflows amounted to USD 16.26 billion in. The inflow of remittances accelerated further to 45 percent in January 2026 and the outlook remains favorable in the coming months. A prevailing market-oriented exchange rate, strict oversight of informal networks and accessible financial services helped boost remittance inflows in this period.

(Source: Bangladesh Bank, Monetary Policy Statement for January-June 2026).

Banking Sector Performance

The banking sector of Bangladesh plays a pivotal role in driving the country's economic growth, financial inclusion and industrial development. As the primary source of financing for businesses and individuals, banks remain the backbone of the financial system, accounting for major portion of total financial assets in the economy.

Over the past decade, Bangladesh's banking industry has expanded in terms of both assets and services. The sector now consists of 6 (six) state-owned commercial banks, 3 (three) specialized development banks, 33 (thirty-three) private commercial banks including 10 (ten) full fledge Islamic banks and 9 (nine) foreign commercial banks. Among these, private banks dominate in terms of deposits, lending and profitability, while state-owned banks continue to serve large-scale government and public-sector enterprises.

Deposits form the foundation of Bangladesh's banking system, serving as the primary source of funds for credit creation, investment and overall financial intermediation. Over the past decade, Bangladesh has witnessed a consistent rise in bank deposits, driven by expanding financial inclusion, digital banking initiatives and growing participation of both urban and rural savers. In continuation of this, the banking sector demonstrated strong deposit performance, with total outstanding deposits reaching Tk. 2,100.5 thousand crore at the end of December 2025, against 1,883.7 thousand crores in Dec 2024 reflecting sustained growth amid economic and policy challenges. This upward trend indicates that banks continued to attract new funds even under negative real interest rate conditions, as households increasingly preferred financial security and formal savings channels. Moreover, the steady increase was supported by stable financial intermediation, higher household savings and consistent remittance inflows. Notably, first-generation private commercial banks and state-owned commercial banks played a leading role in driving this overall deposit growth. Together, these developments highlight the banking sector's resilience and its continued ability to mobilize deposits despite a moderately tightening macroeconomic environment.

NPLs indicate deterioration in asset quality and represent credit risk exposure for banks. A high NPL ratio reflects weaknesses in loan management, borrower repayment capacity, or overall economic conditions, while effective control of NPLs is essential for maintaining financial stability and banking sector soundness. The rising NPL ratio in banking sector is alarming: from 19.9 percent in December 2024 to 36.3 percent in September 2025 and 31.2 percent in December 2025. Islamic banks and state-owned banks are particularly vulnerable, signaling weak credit discipline and possible governance issues. Foreign banks, in contrast, maintain very low default levels, reflecting stricter risk management. In case of private commercial generation-wise, first and fourth generation banks show the highest descent, second generation banks show lower; while fifth generation banks and foreign banks maintain stable, low NPL ratios. On the other hand, second-generation banks moved against the overall market trend by growing their NPL ratio from 17.7 percent in Sep 2025 to 18.2 percent in Dec 2025.

Classified loan ratios increased across all industries, with trade, agriculture and industry facing the highest risks. 43.0 percent of total loans are accumulated in industry (term loan and working capital) sector with

30.8 percent classified loans whereas 33.5 percent of total loans are distributed in trade & commerce sector with 42.5 percent classified loans. This indicates deep-rooted stress in the real economy, possibly due to global economic challenges and weak financial discipline.

(Source: Banking Sector Update December, 2025 published by Bangladesh Bank)

Discussion on Operating Performance of 2025 of Trust Bank PLC.

Summary

The Bank earned consolidated operating income of BDT 23,090.50 million for the year 2025. After keeping BDT 10013.35 million as provision against classified and unclassified loans and advances, diminution in the value of investments, off-balance sheet exposures and other assets, the pre-tax profit and net profit after tax stood at BDT 4,224.25 million and BDT 3,363.28 million respectively for the year 2025.

Interest Income

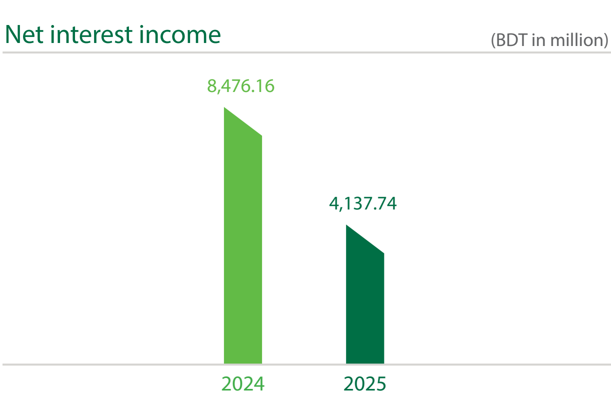
Trust Bank PLC. (TBL) earned consolidated interest income from loans and advances and profit from Islamic Banking investment amounting BDT 39,107.36 million during the year 2025 as against BDT 34,466.78 million in 2024 registering a positive growth of 13.46% or BDT 4,640.57 million.

Interest Expenses

Consolidated interest and profit paid on deposits and borrowings measured at BDT 34,969.61 million in 2025 against BDT 25,990.63 million in 2024, showing an increase by 34.55% or BDT 8,978.99 million.

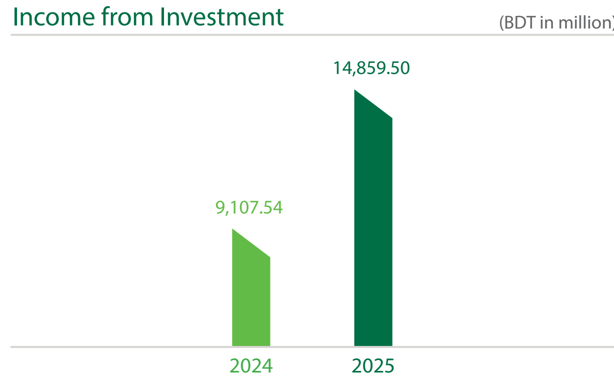
Net Interest Income

The consolidated net interest income amounted BDT 4,137.74 million as against BDT 8,476.16 million in the preceding year. During the year, net interest income decreased by BDT 4,338.42 million, representing a negative growth of 51.18%.



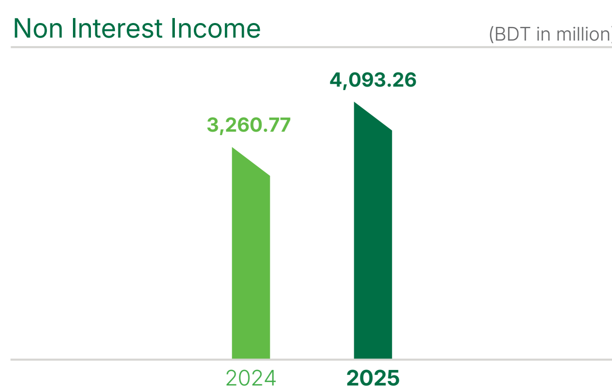
Income from Investment

Consolidated income from investment was BDT 14,859.50 million for the year 2025 whereas it was BDT 9,107.54 million in the year 2024, resulting in an increase of BDT 5,751.96 million or 63.16%.



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 BDT 4,093.26 million in 2025; whereas, it was BDT 3,260.77 million in 2024.

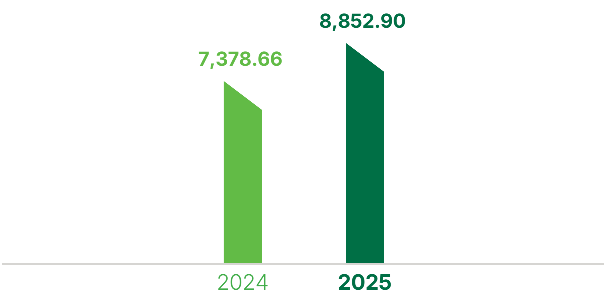


Total Operating Expenses

The consolidated operating expenses shown in Profit and Loss account was amounting to BDT 8,852.90 million in 2025 compared to BDT 7,378.66 million in the previous year. Salary and allowances constituted 47.07% of total operating expenses in 2025 and there was 3.63% increase in salary and allowances in the year 2025 from the year 2024. The total operating expenses of the Bank increased by 19.98% from the previous year.

Operating Expenses

(BDT in million)



Income Mix and Growth

BDT in Million

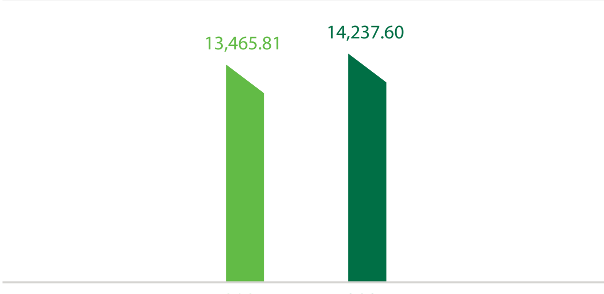
Particulars	2025	2024	Growth
Interest income / Profit on investment	39,107.36	34,466.78	13.46%
Interest / Profit paid on deposits and borrowings etc.	34,969.61	25,990.63	34.55%
Net interest income	4,137.74	8,476.16	-51.18%
Investment Income	14,859.50	9,107.54	63.16%
Non Interest Income	4,093.26	3,260.77	25.53%
Total operating income	23,090.50	20,844.47	10.78%
Total operating expenses	8,852.90	7,378.66	19.98%
Profit before provision	14,237.60	13,465.81	5.73%
Provision for loans & advances / investments, Diminution in value of investment and Others	10,013.35	5,191.71	92.87%
Total Profit before Taxes	4,224.25	8,274.10	-48.95%
Provision for Taxation (Current & Deferred)	860.97	4,748.14	-81.87%
Net Profit after Taxation	3,363.28	3,525.96	-4.61%

Profit before Provision

Consolidated operating profit before provision was BDT 14,237.60 million in the year 2025; whereas, it was BDT 13,465.81 million in the year 2024 witnessing a positive growth 5.73%.

Profit before Provision

(BDT in million)

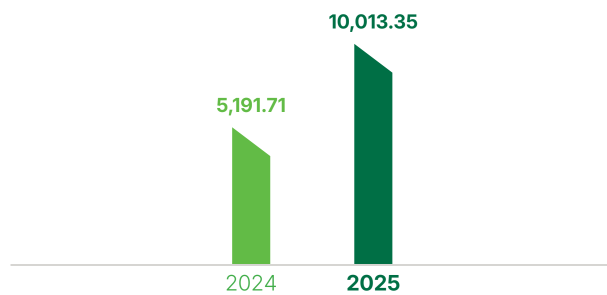


Provision for Loans and Advances, Off-balance Sheet Exposure and Others

During the year 2025, consolidated provision for loans and advances was BDT 10,013.35 million compared to BDT 5,191.71 million in the year 2024 and increased by BDT 4,821.64 million.

Provision for Loans and Advances, etc.

(BDT in million)

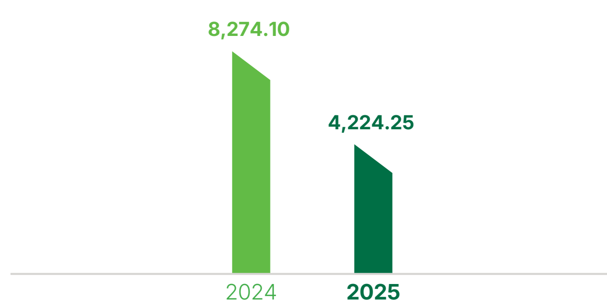


Profit before Taxes

After making the above-mentioned provision, consolidated profit before tax of the Bank stood at BDT 4,224.25 million in 2025 compared to BDT 8,274.10 million in 2024. which was a negative growth of 48.95%.

Profit before tax

(BDT in million)

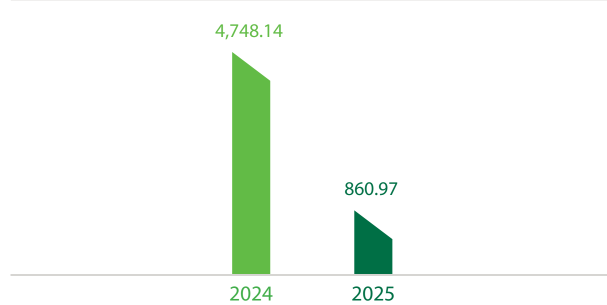


Provision for Income Tax

Consolidated Provision for Income Tax for the year 2025 stood at BDT 860.97 million against BDT 4,748.14 million in 2024. However, current income tax was BDT 982.20 million and Deferred Tax (Asset) was BDT 121.24 million in 2025.

Provision for income tax

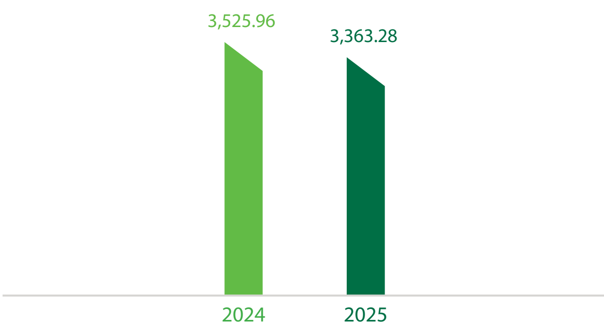
(BDT in million)



Net Profit after Tax

Consolidated net profit after tax stood at BDT 3,363.28 million in the year 2025 compared to BDT 3,525.96 million in the year 2024 and earnings per share was BDT 3.38 in the year 2025 whereas it was BDT 3.55 in the year 2024.

Profit after tax (BDT in million)



Dividend

The Board of Directors in its 377 (04/2026) Meeting held on 30 April 2026, recommended 8 % Cash Dividend & 5 % Stock Dividend for the approval of shareholders at the next Annual General Meeting (AGM) to be held on 28 July 2026.

Review of Financial Position of Trust Bank PLC.

Summary

Despite various external challenges, the Bank's overall businesses grew significantly in 2025 amid several challenges. Deposits of the Bank stood at BDT 511,124.61 million at the end of the year 2025. Consolidated loans and advances increased by 6.61% compared to year 2024 and stood at BDT 404,181.01 million at the end of 2025.

Total Assets

Consolidated assets of the Bank stood at BDT 623,726.43 million in 2025 as against BDT 551,099.48 million in 2024 registering a growth of 13.18%. Loans and Advances constituted 64.80% of total assets while investment in government and other instruments held 25.74% of the total assets. Balance with other banks & financial institutions is held at 1.75% of total assets. Moreover, other assets which are very current in nature made up 2.44% of total assets leaving only 0.66% of total assets tied up in fixed assets including premises, furniture and fixtures. The common size analysis shows that almost 95.52% of total assets of the Bank are utilized in different earning assets along with fixed assets and others leaving 4.48% in liquid form for meeting cash withdrawal demand of customers and maintaining Cash Reserve Ratio (CRR) requirements of Bangladesh Bank.

Summary of Property and Assets

BDT in Million

Particulars	Amount		Growth	Asset Mix	
	2025	2024	%	2025	2024
Cash in hand & Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	27,962.18	26,164.48	6.87%	4.48%	4.75%
Balance with other Banks & FIs	10,889.15	12,683.27	-14.15%	1.75%	2.30%
Money at call and short notice	850.50	5,960.00	-	0.14%	1.08%
Investments	160,556.91	112,449.66	42.78%	25.74%	20.40%
Loans and Advances/Islamic Banking Investments	404,181.01	379,137.40	6.61%	64.80%	68.80%
Fixed assets including premises, furniture and fixtures	4,089.29	4,170.67	-1.95%	0.66%	0.76%
Other assets	15,197.39	10,534.01	44.27%	2.44%	1.91%
Total Assets	**623,726.43**	**551,099.49**	**13.18%**	**100.00%**	**100.00%**

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

As on 31 December 2025, consolidated cash in hand and balance with Bangladesh Bank and its agent banks (including foreign currencies) stood at BDT 27,962.18 million as against BDT 26,164.48 million of 2024 registering a positive growth by 6.87%. However, this asset remains 4.48% of the total assets in the year 2025.

Balance with Other Banks and Financial Institutions

Trade Services Division of the Bank has to maintain some Special Notice Deposit (SND) 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 on 31 December 2025, proper use of the fund, consolidated balance outstanding with other banks and financial institutions was BDT 10,889.15 million as compared to BDT 12,683.27 million at the end of 2024.

Investments

In the year 2025, Bank's investments stood at BDT 160,556.91 million showing an increase by 42.78% as compared to that of 2024. Out of total investments, BDT 134,632.01 million was invested in government securities and the rest of the amount i.e. BDT 25,924.90 million was invested in Preference Shares, Ordinary Shares and Corporate Bonds, etc.

Loans and Advances

Consolidated loans and advances of the Bank as on 31 December 2025 was BDT 404,181.01 million as against BDT 379,137.40 million in the year 2024, showing an increase by 6.61% over the preceding year. The Loans and Advances cover up the areas of corporate (based on both Conventional and Islamic Shariah Mode), SME, Retail and Credit Card. The credit portfolio of the Bank also included mix of scheme loans, namely- Renovation and Reconstruction of Dwelling House Loan (RRDH), Consumers Durable Scheme Loan (CDS), Marriage Loan, Loan against Pension Benefit, 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 disbursing loans to our customers, the policy of Bangladesh Bank is strictly followed. The portfolio has further been diversified to avoid risk of single industry concentration and remains in line with the Bank's credit norms relating to risk quality. Customer Relationships have been strengthened and frequent visits have been ensured for further cementing and growing existing ties.

Total Liabilities

Total Liabilities of the Bank comprise of 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 BDT 595,375.82 million at the end of year 2025 as against 525,814.56 million in 2024, representing a rise of 13.23%. Deposits constituted 81.95% of total liabilities and Shareholders' Equity of the Bank.

Summary of Liabilities and Capital:

BDT in Million

Particulars	Amount		Growth	Asset Mix	
	2025	2024	%	2025	2024
Liabilities:					
Borrowings from other banks, financial institutions and agents	36,640.71	31,644.10	15.79%	5.87%	5.74%
Deposits and other accounts	511,124.60	448,604.45	13.94%	81.95%	81.40%
Other liabilities	47,610.51	45,566.01	4.49%	7.63%	8.27%
Total Liabilities/Non Owner's Claims on the Total Assets	**595,375.82**	**525,814.56**	**13.23%**	**95.45%**	**95.41%**
Paid-up Capital	9,940.79	9,247.25	7.50%	1.59%	1.68%
Statutory Reserve	11,279.75	10,779.75	4.64%	1.81%	1.96%
Other Reserve & Share Premium	1,267.91	206.85	512.96%	0.20%	0.04%
Retained Earnings	5,862.16	5,051.08	16.06%	0.94%	0.92%
Trust Bank Shareholders' Equity	28,350.61	25,284.93	12.12%	4.55%	4.59%
Non-Controlling Interest	-	-	-	0.00%	0.00%
Total Shareholders' Equity/Owner's Claims on the Total Assets	**28,350.61**	**25,284.93**	**12.12%**	**4.55%**	**4.59%**
Total Liabilities & Shareholders' Equity	**623,726.43**	**551,099.49**	**13.18%**	**100.00%**	**100.00%**

Deposit Portfolio

In the year 2025, consolidated deposits of the Bank increased by 13.94% and to BDT 511,118.23 million from BDT 448,604.45 million as recorded in the year 2024. 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 54.51% of total deposits. The Bank's deposits include deposits from both conventional and the Islamic Banking deposit vehicle.

BDT in Million

Particulars	Amount		Growth	Asset Mix	
	2025	2024	%	2025	2024
Current / Al-Wadeeah current accounts and other accounts	60,283.11	62,302.73	-3.24%	11.79%	13.89%
Bills payable	3,896.30	3,588.90	8.57%	0.76%	0.80%
Savings bank / Mudaraba savings deposits	73,392.88	70,037.35	4.79%	14.36%	15.61%
Fixed deposits / Mudaraba term deposits	278,603.72	228,217.49	22.08%	54.51%	50.87%
Short Notice Deposits / Mudaraba Short Notice Deposits	40,355.38	35,470.10	13.77%	7.90%	7.91%
Special Deposits Scheme	54,593.22	48,987.89	11.44%	10.68%	10.92%
Total	511,124.61	448,604.46	13.94%	100.00%	100.00%

Borrowing from Other Banks, Financial Institutions and Agents

Borrowings from Other Banks, Financial Institutions and Agents increased by 15.79%. Borrowing represents the Long-Term Borrowings from Unsecured Subordinated Non-Convertible Bond and Bangladesh Bank Refinance, EDF, IPFF, LTFF. The balance stood at BDT 36,640.71 million at the end of year 2025 as against BDT 31,644.10 million in 2024.

Shareholders' Equity

Total Consolidated Shareholders' Equity increased by 12.12% and stood at BDT 28,350.61 million at the end of year 2025 as against BDT 25,284.93 million in the year 2024. Item wise details of Shareholder's equity are given below:

BDT in Million

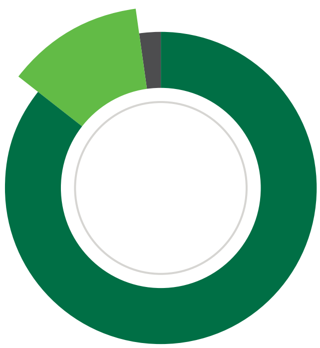
Particulars	Amount		Changes
	2025	2024	%
Paid-up Capital	9,940.79	9,247.25	7.50%
Statutory Reserve	11,279.75	10,779.75	4.64%
Other Reserve & Share Premium	1,267.91	206.85	512.96%
Retained Earnings	5,862.16	5,051.08	16.06%
Trust Bank Shareholders' Equity	28,350.61	25,284.93	12.12%
Non-Controlling Interest	0.00	0.00	0.00%
Total Shareholders' Equity/Owner's Claims on the Total Assets	28,350.61	25,284.93	12.12%

Statutory Reserve

In accordance with the provision of the Bank Companies Act 1991 (Amended from time to time), minimum 20% of operating profit before tax is required to be transferred to Statutory Reserve. In the year 2025, BDT 500.00 million was transferred to Statutory Reserve and thus balance of Statutory Reserve stood at BDT 11,279.75 million in the end of year 2025.

Segment Analysis (Solo)

Operating Revenue
(BDT in million)



Conventional
49713.55

Islamic
7107.57

OBU
1159.99

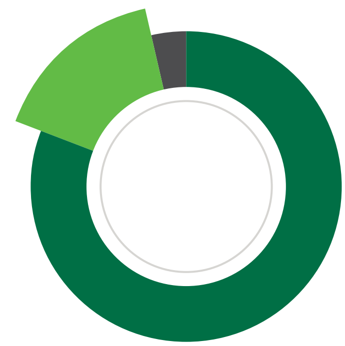
Profit before Tax
(BDT in million)

Conventional
4006.41

Islamic
177.43

OBU
202.17

Total Assets
(BDT in million)



Conventional
501360.93

Islamic
98076.92

OBU
20675.97

Five Years' Financial Summary

BDT in Million (where applicable)

Particulars	2025	2024	2023	2022	2021
Operating Results (SOLO Basis)					
Total Operating Income	22,972.61	20,643.95	17,779.42	16,763.58	16,053.17
Total Operating Expense	8,625.18	7,128.78	5,960.42	5,763.18	6,095.90
Operating Profit	14,347.43	13,515.17	11,819.18	11,000.41	9,957.27
Provision For Loans, Investment and Other	9,961.41	5,185.07	5,426.88	4,018.86	4,815.07
Profit Before Tax	4,386.01	8,330.10	6,392.30	6,981.55	5,142.20
Profit After Tax	3,542.08	3,604.69	4,318.00	2,991.50	2,744.12
Financial Positions (SOLO Basis)					
Authorized Capital	25,000.00	25,000.00	10,000.00	10,000.00	10,000.00
Paid-Up Capital	9,940.79	9,247.25	8,562.27	7,783.88	7,076.26
Total Shareholders’ Equity	28,336.09	24,985.58	22,896.31	19,845.63	18,258.82
Deposits	511,283.20	448,728.88	366,401.73	325,930.65	284,880.71
Loans And Advances	403,479.62	378,241.49	332,703.58	298,376.45	257,295.38
Total Liabilities	591,777.74	522,129.10	430,932.58	398,056.82	347,248.72
Investments	155,972.58	107,714.97	68,831.46	60,050.17	63,893.72
Fixed Assets	4,045.45	3,925.72	2,557.47	2,156.36	2,190.44
Earning Assets	522,617.24	461,832.22	374,917.05	341,871.78	303,083.20
Total Assets	620,113.82	547,114.68	453,828.89	417,902.46	365,507.54
Other Business					
Import	195,148.83	173,502.10	154,089.00	146,107.00	134,751.59
Export	95,003.60	83,649.50	68,311.00	67,790.26	46,547.89
Foreign Remittance	233,917.06	176,128.13	93,736.00	66,888.00	16,505.75
Guarantee Issued	23,130.48	25,313.10	25,986.20	19,759.66	18,540.30
Capital Measures (Consolidated Basis)					
Total Risk Weighted Assets	363,098.61	328,651.71	286,543.22	261,528.91	238,338.43
Tier-I Capital	30,690.30	28,788.14	26,799.09	23,745.34	22,443.34
Tier-II Capital	15,655.87	14,414.29	12,135.67	11,739.67	11,097.70
Total Capital	46,346.18	43,202.43	38,934.76	35,485.01	33,541.04
Tier-I Capital Ratio	8.45%	8.76%	9.35%	9.08%	9.42%
Tier-II Capital Ratio	4.31%	4.39%	4.24%	4.49%	4.66%
Total Capital Ratio	12.76%	13.15%	13.59%	13.57%	14.07%
Credit Quality (SOLO Basis)					
Non-Performing Loans	17,708.99	24,052.56	20,215.31	14,212.22	9,381.99
% Non-Performing Loans	4.39%	6.36%	6.08%	4.76%	3.65%
Share Information					
Market Price Per Share	17.30	22.00	31.70	34.90	33.30
Earnings Per Share	3.56	3.63	5.04	3.84	3.53
Price Earnings Ratio	4.86	6.07	6.29	9.08	8.59
Net Asset Per Share	28.50	27.02	26.74	25.50	25.80
Other Information					
Cost-to-Income Ratio	37.55%	34.53%	33.52%	34.38%	37.97%
Return on Average Assets	0.61%	0.72%	0.99%	0.76%	0.76%
No of Branches	118	113	109	108	108
No of SME/Krishi Branches	6	6	6	6	6
No. of Foreign Correspondence	30	30	29	30	30

Risk and Concerns

Trust Bank believes that effective management of risk is a critical component for the survival and long term success of the Bank. Therefore, the Board and management always upholds a sound and responsible approach to risk to ensure that the sustainable performance and standing of the Bank are not threatened while conducting its regular course of business.

The Board is regularly assisted by the Risk Management Committee (RMC) to review and monitor the overall risk management system of the Bank. The Risk Management system of the Bank has been described in the 'Risk Management Report' of this Annual Report.

Discussion on Continuity of any Extra-Ordinary Gain or Loss

There is no history of any extraordinary gain or loss.

Related Party Transactions

The Bank records business transactions with its directors and subsidiaries, affiliated and associated companies where it has an interest with significant influence. Details of the transactions are given in the notes section to the Financial Statements, as disclosures and placed separately, as per the guidelines of Bangladesh Bank.

For the purpose of Transactions with Bank-Related Persons, TBL follows the Bank Company Act, 1991 (amended from time to time) and guidelines of Bangladesh Bank, especially the BRPD Circular No. 03, dated 08 May 2025.

Utilization of Proceeds from Public Issues, Right Issues and/or through Any Other Instruments

Trust Bank floated its shares through Initial Public Offering (IPO) in 2007. The proceeds of the IPO were utilized in accordance with the disclosures of the then approved Prospectus. However, the Bank also raised capital through Rights Issue in 2008 and 2012.

Trust Bank issued several Subordinated Bonds after obtaining approval from Bangladesh Bank and the Bangladesh Securities and Exchange Commission. The proceeds of these Bonds were utilized to generate liquidity and provide an additional capital cushion in light of the Capital to Risk-Weighted Asset Ratio of the Bank.

Financial Results after the Raising Capital

The Bank has constantly been growing since its inception, then since the IPO and issuance of Subordinated Bond. No adverse situation has arisen till date.

Significant Variances between Quarterly and Annual Financial Statements

Despite the challenging circumstances of 2025, Trust Bank showed impressive growth compared to the performance of the year 2024. There is no significant deviation of the operating results from that of last year.

Directors Remuneration

As per section 18 (1) of the Bank Company Act, 1991 (amended from time to time) and in compliance with the related circulars/guidelines of Bangladesh Bank, the Directors are entitled to regular fees for participation in the meetings of the Board and its sub-committees. Therefore, the non-executive directors (other than the Managing Director and CEO) of the Board representing shareholders only take fees for attending meetings. The fee for attending a meeting is regulated as per BRPD circular Letter No. 02 dated 11 February 2024. As per the above BRPD circular, the Board members receive only BDT 10,000/- for attending the Board/Committee meetings including applicable deductions thereon. A disclosure on the fees given to directors is included in note section to the financial statements.

Other Benefits provided to the Directors and Managing Director: The Directors avail the following facilities from the Bank:

Incumbent	Bangladesh Bank Guidelines	Practice in Trust Bank
Chairman	An office-room, a personal secretary/ assistant, one peon/ MLSS, one telephone at office, one mobile phone to use inside the country and a vehicle in the business interest of the Bank subject to the approval of the Board as per BRPD circular no. 02, dated 11 February 2024.	Only meeting fees.
Directors	Fees and other facilities for attending each meeting of the Board or its any Committee as per BRPD circular no. 02, dated 11 February 2024.	
Managing Director and CEO	Salary and allowances as per Service Contract as per BRPD circular no. 05, dated 27 February 2024.	Salary and Allowances as per Service Contract.

Preparation of Financial Statements

The financial statements of the Bank present its state of affairs, the result of its operations, cash flows and changes in equity fairly. In the preparation of quarterly, half-yearly and annual financial statements, the Bank complies with the requirements of the Companies Act 1994, Bank Company Act 1991 (amended from time to time), Bangladesh Financial Reporting Standards (BFRSs) and rules and regulations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and Stock Exchanges.

Maintenance of Books of Account

Proper books of account of the Bank have been maintained. The external auditors have reviewed all books of account and they are in our opinion that, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books.

Application of Appropriate Accounting Policies

The Bank has consistently applied appropriate accounting policies to prepare the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

Accounting policies supported by judgments, estimates and assumptions in compliance with BAS and BFRS are applied because the Bank will 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.

Application of Reporting Standards

In accordance with Company Law, the Directors are responsible for the preparation of the annual financial statements. The Board acknowledges that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparing the financial statements and any departure therefrom has been adequately disclosed.

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 and its subsidiaries.

Based on the information and explanations given by management and the internal auditors, the Directors believe that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements. The 2025 annual financial statements were approved by the Board of Directors on 30 April 2026.

Effectiveness of Internal Control System

The internal control system is sound in design and effectively implemented and monitored. The Board regularly reviews the Bank's system of internal control and its effectiveness. The Bank has taken all-out efforts to mitigate all sorts of risk as per guidelines issued by Bangladesh Bank. The Internal Control framework of the Bank encompasses risk control function and compliance function and covers the whole organization, including the activities of all business, support and control unit. The Risk Management Division is responsible for recommending and monitoring the Bank's risk appetite and policies and following up and reporting on risk-related issues across all risk types. The Internal Control and Compliance Division is working towards mitigation of operational and compliance risk of the Bank and providing assurance and informs strength and potentials of the Internal Control functions.

The Board of Directors of the Bank is responsible for the 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 monitors the adequacy and effectiveness of the internal control system of the Bank.

The Senior Management Team (SMT) also reviews the overall effectiveness of the control system of the Bank and provides a certificate on a yearly basis to the Board of Directors on the effectiveness of internal control policies, practices and procedures.

Protection of Shareholders' Right

In Trust Bank, all members enjoy equal rights and are subject to the same liabilities compared to all other members of the same class. The members are entitled to exercise their fundamental rights on an equitable basis and actively participate in General Meetings and exercise their voting rights to decide important matters. Moreover, the members are regularly apprised by the Board on the success/failure in achieving business and targets set out in Bank's annual work planning and strategies. The members' have the rights to sell, purchase or transfer of shares, access to information and share the profitability/income of the Bank, etc.

The Board acknowledges that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have adequate means of redress.

Going Concern

There are no significant doubts about the Bank's ability to continue as a going concern. The Bank has adequate resources 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. The Directors have a reasonable expectation that the Bank and its subsidiaries will have adequate resources to continue in operational existence and as a going concern for the foreseeable future. A separate statement on the Going Concern Status of the Bank is appended in this report.

Operating Results

There is no significant deviation of the operating results from that of the last year.

Declaration of Dividend

The Bank's policy is to maximize the value of shareholders. The Bank distributes optimum profit to the shareholders for each year after payment of income tax, transfer of the fund to regulatory reserve, provision for loans and advances, etc. To maintain a steady growth of the business, the Bank always tries to invest in profitable and thrust sectors, after scrutinizing industry growth, financial soundness, prospects, etc.

Trust Bank sustained its commitment to the shareholders. In this regard, the Board of Directors, in its 377 (04/2026) Meeting held on 30 April 2026 recommended 08% Cash Dividend & 05% Stock Dividend for the approval of shareholders (Subject to approval from regulatory authority) at the next Annual General Meeting (AGM) to be held on 28 July 2026.

Declaration of Interim Dividend

The Board of Directors of Trust Bank did not declare any interim dividend during 2025.

Meetings of Board of Directors

The Board of Directors met several times in 2025. The statistics of the meetings are given below:

Type of Meeting	Number of Meetings
Board of Directors	11
Executive Committee	37
Audit Committee	09
Risk Management Committee	04

A separate statement on the attendance of the Board of Directors and its committees in several meetings is appended in the Corporate Governance Report (under respective types of meeting).

The Pattern of Shareholdings

The Corporate Governance Report contains a detailed discussion on the pattern of shareholdings of Trust Bank.

Brief Resume of the Directors

Brief profile of directors and their representation in other companies have been presented in the Board of Directors' section of this report.

Management's Discussion and Analysis Signed by CEO/ MD

Please see the Message from MD & CEO and Management Discussion and Analysis sections of this Annual Report.

Certification by the CEO and the CFO

The certification of the MD & CEO and the CFO has been presented on this Annual Report.

Compliance of Conditions of Corporate Governance Code by Trust Bank PLC.

Trust Bank PLC. has complied with the conditions of the Corporate Governance Code as imposed by the Bangladesh Securities and Exchange Commission in line with the rules and regulations of the primary regulator, i.e., Bangladesh Bank.

Certificate on Compliance of Corporate Governance Code

The certificate issued by Jasmine & Associates has been presented with the corporate governance report.

State of the Bank's Affairs

A detailed report on the Financial Performance of Trust Bank PLC. has been appended in the Management Discussion and Analysis section of the Annual Report.

Changes in Bank's Activities, Subsidiaries' Activities etc.

The Bank and Subsidiaries experienced no significant change in strategy and actions in 2025.

Directors' Responsibility Statement

It is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs to ensure good governance in the bank management. In the Banking Companies Act, 1991 (amended from time to time), the newly included Section 15 (Kha) and (Ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.

a) Work-planning and Strategic Management

The Board determines the objectives and goals and, to this end, chalk out strategies and work plans on an annual basis. The Board primarily engages itself in making procedures consistent with the determined objectives and goals and the issues relating to structural change and reformation to enhance institutional efficiency and other relevant policy matters. The Board analyze/monitor, at quarterly rests, the development of the implementation of the work-plans.

The Board sets the Key Performance Indicators (KPIs) for the Managing Director and CEO & the officials immediate two tiers below the Managing Director and CEO and evaluates them from time to time.

b) Credit and Risk Management

The policies, strategies, procedures etc., in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof are made with the board's approval under the purview of the existing laws, rules and regulations. The board distributes the power of sanction of loan/investment explicitly and such distribution is desirably made among the Managing Director & CEO and his subordinate executives as much as possible. No director, however, interferes, directly or indirectly, in the process of loan approval.

The Board frames policies for risk management and gets them complied with and monitor the compliance at quarterly rests and review the concerned report of the risk management team and compiles in the minutes of the Board meeting. The Board monitors compliance with the guidelines of Bangladesh Bank regarding key risk management.

c) Internal Control Management

The Board is vigilant on the bank's internal control system to attain and maintain a satisfactory qualitative standard of its loan/investment portfolio. The Board establishes such an internal control system to conduct the internal audit process independent from the management. It reviews the reports submitted by its audit committee at quarterly rests regarding the compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

d) Human Resources Management and Development

Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the Board. The chairman and the directors in no way involve themselves or interfere in or influence any administrative affairs, including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of Directors is involved in the selection committees for recruitment and promotion to different levels. However, recruitment, promotion, transfer and punishment of the officers immediately two tiers below the Managing Director & CEO; rest upon the Board. Such recruitment and promotion are carried out complying with the service rules, i.e., policies for recruitment and promotion.

The Board focuses its special attention on developing skills of the bank's staff in different fields of its business activities, including a careful appraisal of loan/investment proposals and the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board gets these programs incorporated in its annual work plan. Moreover, the Board promotes a healthy code of conducts for developing a compliance culture.

e) Financial Management

The annual budget and the statutory financial statements are finalized with the approval of the Board. The Board, at quarterly rests, reviews/monitors the positions in respect of Bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans, including legal measures.

The Board frames the policies and procedures for the Bank's purchase and procurement activities and accordingly approves the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures rests on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles, etc., for the Bank's business is adopted with the Board's approval. The Board reviews the Asset-Liability Committee (ALCO) and its working according to Bangladesh Bank guidelines.

f) Appointment of Managing Director & Chief Executive Officer (MD & CEO)

In order to strengthen the financial base of the bank and obtain the confidence of the depositors, one of the significant responsibilities of the Board of directors is to appoint an honest, efficient, experienced and suitable Managing Director & CEO. Accordingly, the Board acts with the approval of the Bangladesh Bank.

Thanks and Gratitude

The Bank fairly marked another successful the year 2025, in terms of significant improvement in core business areas covering volume of business, achievement of technological innovation and adaptability in alternative delivery channel, customers' information and data security, unveiling tuned customized banking solutions, most importantly retention of investors' confidence, ensuring customers satisfaction, among others, obviously work as a catalyst to boost net profit. This was possible due to the dedicated efforts of the employees of the Bank and sincere cooperation of all concerned. Above all, a solid liquidity base, prudent fund and 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, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC and other regulatory bodies for their valuable guidance from time to time.

The Board of Directors also likes to record its warm appreciation for the sincere and dedicated services rendered by the executives, officers and staff that played an instrumental role in sustaining the Bank's growth.

The Bank aspires to do better in future and with this expectation, we place the Audited Accounts of the Bank for the year 2025 before the esteemed shareholders for their approval.

Thank you.

On behalf of the Board of Directors',

General Waker-Uz-Zaman, SBP, OSP, SGP, psc
Chairman