

annual report 2008



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# annual report 2008

## Contents

Vision, Mission & Values	:	02
Corporate Information	:	03
5 Years at a Glance	:	04
Board of Directors	:	05
Committees	:	06
List of Executives	:	07
Value Added Statement	:	08
Chairman's Message	:	09
Managing Director's Message	:	11
Directors' Reports	:	13
Auditors' Report	:	40
Financial Statements	:	42
Notice of AGM	:	83
Branch Network	:	84



# Corporate Information

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Registered Name of the Company	:	TrustBankLimited
Registration No.& date	:	C- 37960(2260)/99,17June1999
Sponsor shareholders	:	Army WelfareTrust
Certificate of Incorporation received on	:	17June1999
Certificate of Commencement Of Business received on	:	17June1999
Banking License received on	:	15July1999
First branch license received on	:	9August1999
Formal Inauguration on	:	29November 1999
Corporate Web site	:	<a href="http://www.trustbank.com.bd">www.trustbank.com.bd</a>
E-mail	:	<a href="mailto:info@trustbanklimited.com">info@trustbanklimited.com</a>

## Initial Public Offering:

Publication of Prospectus	:	17May2007
Subscription opening	:	15July2007
Subscription closing	:	19July2007
Listed with Dhaka Stock Exchange (DSE) on	:	25September 2007
Listed with Chittagong Stock Exchange (CSE) on	:	24September 2007
Commencement of trading of shares at DSE	:	01October 2007
Commencement of trading of shares at CSE	:	01October 2007

## Company Secretary

Mr. Farhad Uddin

## Auditors

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

## Legal Advisor

Lee and Associates  
Suite#5/8, City Heart (4th floor), 67 NayaPaltan,Dhaka-1217

## Tax Consultant

M/SADN Associates  
KaizuddinTower(8thfloor),47BijoyNagar,Dhaka-1000

## Registered Office & Head Office

Peoples InsuranceBuilding, 36 Dilkusha C/A, Dhaka-1000  
Tel:9570261, 9570263, 9572012-3 FAX:880-2-9572315

## 5 years at a glance

Particulars	2004	2005	2006	2007	2008
<b>Income Statement</b> <span style="float: right;">(Taka in million)</span>					
Net Interest Income	130.09	167.07	400.00	667.80	1,172.42
Net Non-interest Income	134.18	129.19	146.90	185.91	80.02
Profit before provision and tax	264.27	296.26	546.90	853.71	1,252.44
Provision for loans, investment and	47.89	69.98	39.20	273.94	262.97
Profit after provision before tax	216.38	226.29	507.70	579.77	989.47
Tax including deferred tax	40.41	105.00	244.54	340.74	526.42
Profit after tax	175.98	121.29	263.16	239.03	463.05
<b>Balance Sheet</b>					
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Paid-up Capital	500.00	500.00	500.00	1,166.67	1,540.00
Total Shareholder's equity	870.69	991.97	1,155.00	2,154.29	3,119.65
Deposits	9,314.95	12,704.90	18,985.95	27,101.59	32,919.76
Long-term liabilities	2,718.56	2,664.12	7,135.03	3,335.77	4,367.20
Loans and advances	6,804.45	9,738.32	13,188.09	18,682.16	27,528.08
Investments	3,220.78	2,447.95	3,122.81	3,785.45	4,962.66
Property, Plant and Equipment	86.18	110.62	146.05	194.22	342.39
Earning Assets	11,410.25	13,708.73	18,608.06	27,636.29	34,852.83
Total assets	12,059.71	14,782.15	21,060.77	30,382.22	38,475.64
Debt equity ratio	35.30%	18.48%	17.23%	13.10%	11.33%
<b>Other Business</b>					
Import	8,542.00	9,746.00	11,483.00	13,816.16	16,660.98
Export	2,636.00	2,911.00	2,884.00	3,980.87	6,078.79
Remittance	197.90	535.20	765.00	2,532.98	5,788.87
Guarantee Business	641.00	1,627.29	726.51	1,114.84	847.70
<b>Capital Measures</b>					
Total risk weighted assets	6,187.98	8,925.76	14,075.99	19,573.21	27,362.42
Core capital (Tier-I)	870.69	991.97	1,155.00	2,092.89	3,045.37
Supplementary capital (Tier-II)	69.83	123.10	155.95	297.73	459.07
Total Capital	940.52	1,115.07	1,310.95	2,390.62	3,504.44
Tier-I capital ratio	14.07%	11.11	8.21%	10.69%	11.13
Tier-II capital ratio	1.13%	1.38%	1.11	1.52%	1.68%
Total capital ratio	15.20%	12.49%	9.32%	12.21%	12.81%
<b>Credit Quality</b>					
Non performing loans (NPLs)	100.35	128.97	174.37	506.65	693.28
% of NPLs to total loans and advance	1.47%	1.32%	1.32%	2.71%	2.52%
General Provision	66.83	118.88	152.95	264.03	418.94
Specific Provision	41.29	56.90	63.68	225.84	311.81
<b>Share Information</b>					
Market price per share (Taka)				929.25	445.00
Earning per share (Taka)	35.20	24.26	52.63	28.37	31.96
Net assets per share (Taka)	174.14	198.39	231.00	184.60	202.57
Price earning ratio (times)				0.03	0.03
<b>Operating Performance Ratio</b>					
Net interest margin on average earning assets	1.38%	1.33%	2.48%	2.89%	3.75%
Net non-interest margin on average earning assets	1.42%	1.03%	0.91%	0.80%	0.26%
Cost income ratio	74.74%	79.49%	75.32%	73.93%	71.97%
Return on average equity	26.56%	13.02%	24.51%	14.45%	17.56%
<b>Other information</b>					
No of Branches	15	18	26	31	37
No of employees	273	359	508	842	979
No of foreign correspondents	15	15	19	19	23
Average earning assets	9,432.04	12,559.49	16,158.39	23,122.18	31,244.56
Average total assets	9,959.27	13,420.93	17,921.46	25,721.50	34,428.93
Average deposits	6,899.10	11,009.93	15,845.43	23,043.77	30,010.67
Average equity	662.49	931.33	1,073.49	1,654.65	2,636.97

## BOARD OF DIRECTORS



Vice-Chairman

Maj Gen AKM Muzahid Uddin  
ndu, afwc, psc



Director

Brig Gen Md Rafiqul Islam  
ndc, psc



Director

Brig Gen Md Nazrul Hasan



Director

Brig Gen KARM Mostafa Kamal  
ndc, psc



Director

Brig Gen Tushar Kanti Chakma  
ndc, psc



Director

Begum Rokeya Din



Director

Mohammad-al-Haroon



Director

Helal Uddin Ahmed



Managing Director

Iqbal U Ahmed



# Committees

## Executive Committee

Maj Gen AKM Muzahid Uddin, ndu, afwc, psc	Chairman
Brig Gen Md Rafiqul Islam, ndc, psc	Member
Brig Gen KARM Mostafa Kamal, ndc, psc	Member
Mr. Iqbal U Ahmed, Managing Director	Member

## Audit Committee

Brig Gen Md Nazrul Hasan	Chairman
Brig Gen KARM Mostafa Kamal, ndc, psc	Member
Mr. Farhad Uddin, Company Secretary	Member Secretary

## Management Committee

Mr. Iqbal U Ahmed	Managing Director
Mr. Ishtiaque Ahmed Chowdhury	Deputy Managing Director
Mr. Saaduddin Ahmed	Senior Vice President
Mr. Abu Zafar Hedaytul Islam	Senior Vice President
Mr. Mohammad Masoom	Senior Vice President
Mr. Shahud Ahmed	Senior Vice President
Mr. Javed Islam	Senior Vice President
Mr. Md. Ahsan Ullah	Senior Vice President



# List of Executives

## Managing Director

Mr. Iqbal U Ahmed

## Deputy Managing Director

Mr. Ishtiaque Ahmed Chowdhury

## Senior Vice Presidents

Mr. Shah Jalal Uddin Khan  
Mr. Saaduddin Ahmed  
Mr. Md. Shahriar Chowdhury  
Mr. Abu Zafar Hedaytul Islam  
Mr. Mohammad Masoom  
Mr. Shahud Ahmed

Mr. Javed Islam  
Mr. Md. Amir Hossain Khan  
Mr. Akhlasur Rahman Bhuiyan  
Mr. Md. Zillur Rahim Chowdhury  
Mr. Md. Ahsan Ullah

## Vice Presidents

Mr. Mohammad Abdul Motaleb Patwary  
Mr. Hafizur Rahman  
Mr. Md. Abul Hashim  
Mr. Md. Abul Bashar  
Mr. Goutam Prasad Das  
Mr. Khandaker Monwar Hossain  
Mr. Md. Iqbal Rezwana  
Mr. S. M. Akram Sayeed  
Ms. Musarrat Hossaini Khan  
Mr. Md. Anisur Rahman Akanda  
Mr. Hossain Shah Ali  
Mr. Md. Nurul Hasnat

Mr. Asaduzzaman  
Ms. Shamim Ara Khanom  
Mr. Farhad Uddin  
Mr. Rezwana Ahmed Choudhury  
Mr. Abul Kalam  
Mr. Chanchal Roy  
Mr. Md. Kamal Hossain Sarker  
Mr. Syed Mansur Mustafa  
Mr. Anthony D'Costa  
Mr. M. Shafiqul Islam  
Lt. Col Wahidur Rahman (Rtd)

## Senior Assistant Vice Presidents

Mr. Md. Masud Chowdhury  
Mr. Mohammad Ali Sarker  
Ms. Hasna Hena Chowdhury  
Mr. Md. Kamal Uddin Kutubi  
Mr. Md. Bisharot Hossain  
Mr. Md. Mahboob Hossain  
Mr. Md. Maroof Ur Rahman Mazumder  
Mr. Mahmudul Shamim Talukder  
Mr. Khaled Mahbub Morshed  
Mr. Gobinda Chandra Podder  
Mr. Md. Mozakkerul Islam

Mr. Mohammad Mostafa  
Mr. Tanvir Hossain  
Mr. Ali Ahmed Abidur Rahman  
Mr. Md. Rafiqul Islam  
Mr. Mohammad Mohsin  
Mr. Md. Toufiq-E-Elahi Choudhury  
Mr. Md. Abu Zafar Shamsuddin  
Mr. Shueb Ahmed Chowdhury  
Mr. Syed Sharif Zamal  
Mr. T. I. M. Rawshan Zadeed

## Assistant Vice Presidents

Mr. Md. Eunos Ali  
Mr. A. B. M. Mizanur Rahman  
Mr. B. M. Mir Hossain  
Mr. A. B. M. Moinul Hasib  
Mr. Mohammad Bishwa Noor  
Mr. Serneabat Shihab Uddin Md. Feroz  
Mr. Swapan Kumar  
Talapatra Mr. Md.  
Mahbubur Rahman Mr.  
Reaz Ahmed  
Mr. Sushanta Paul  
Mr. Mohammed Reyad Hossain  
Mr. Md. Abu Taher  
Mr. K. A. M. Tajul Hasan

Mr. Mohammad Borhan Uddin  
Mr. Abu Gursel Siddiqui Mr.  
Nazmul Islam Shipon Mr. Syed  
Hassanuzzaman Mr.  
Ikramul Haque Bhuiyan Mr. Md.  
Jashim Uddin  
Mr. Md. Ahsan Habib  
Mr. Syed Ashraf Amin  
Mr. Mohammad Burhan Uddin Khondker  
Mr. Md. Anisuzzaman Molla Mr.  
Mohammad Abul Monsur Mr.  
Mohammad Zakir Hossain Ms.  
Mahmuda Momen  
Mr. Md. Morshedur Rahman

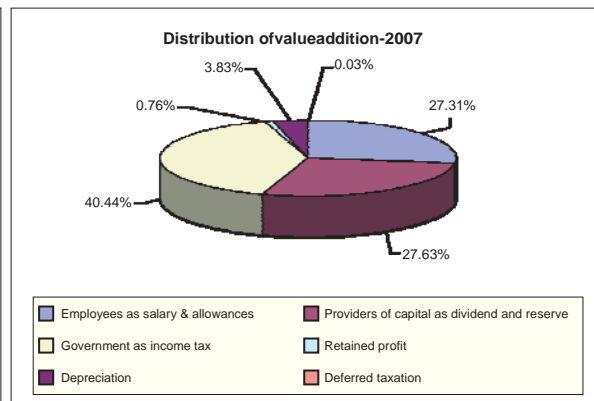
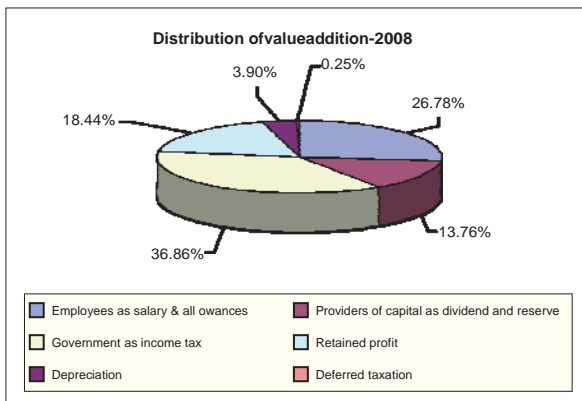
Taka in Million

**Value added statement**

	2008	2007
Income from banking service	4,468.34	3,275.03
Less: Cost of services & supplies	(2,774.80)	(2,159.04)
Value added by Banking service	1,693.55	1,116.00
Non-banking income	-	-
Provision for Loans, advances and off balance sheet items & Investment	(262.97)	(273.94)
	<u>1,430.57</u>	<u>842.05</u>

**Distribution of value addition**

To employees as salary & allowances	385.03	230.00
To providers of capital as dividend and reserve	197.89	232.62
To Government as income tax	530.00	340.50
To expansion and growth		
Retained profit	265.16	6.41
Depreciation	56.08	32.29
Deferred taxation	(3.58)	0.24
	<u>317.65</u>	<u>38.94</u>
	<u>1,430.57</u>	<u>842.05</u>



Taka in Million

**Economic Value added (EVA) statement**

	2008	2007
Shareholders' equity	3,119.65	2,154.29
Add: Provision for Loans, advances and off balance sheet items & Investment	753.54	490.57
	3,873.20	2,644.86
Average Shareholders' equity	3,259.03	2,008.57
Net Profit after taxation	463.05	239.03
Add: Provision for Loans, advances and off balance sheet items & Investment	262.97	273.94
Less: Written of during the year	-	-
	726.02	512.97
Average cost of equity (Based on weighted average rate of Shanchay Patra issued by Bangladesh Government) plus 2% risk factor	12.26%	13.50%
Cost of average equity	399.56	271.16
Economic value added	326.47	241.81
Growth over last year	35.01%	89.60%



## Chairman's Message to the Shareholders

Bismillahir Rahmanir Rahim

Distinguished Fellow Shareholders,

Assalamu Alaikum

I am pleased to welcome you all to the tenth annual general meeting of the members of the Bank. On behalf of the Board of Directors and on my personal behalf, I would like to express my heartfelt thanks and profound gratitude to all of you for your continued support and trust that you have reposed in us. The preceding year was an extremely difficult year for Bangladesh. Our exports and foreign direct investment got reduced due to recession in the world economy.

On the other hand, prices of food and essential commodities shot up abnormally due to increase in price level in the international markets, which had aggravated the situation. As a result people's purchasing power has been impaired drastically which ultimately affected investment in industrial sector. In the FY 2007-08, investment as a percent of GDP was 24.2 per cent against a target of 24.9 per cent. Besides, two consecutive floods and avian flu have badly affected the agricultural production.

Trust Bank passed another successful year of performance despite recession in the global economy and the shock of recession on domestic economy. This solid performance is a testimony of Bank's commitment and care for the stakeholders. All of our performance indicators registered significant growth during the year under review. Our deposits shot up by 21%, loans & advances by 47% and profit by 46.71% over that of previous year. The strong performance was contributed from continuous growth in loans and advances, especially retail loans and SME loans.

6 new branches were opened during the year 2008. Names of the branches will be available from the Directors' Report. We expect to open



7 more branches in 2009. Besides, our merchant banking commenced operation during the year 2008 and we have in the mean time opened branches of merchant banking at our Gulshan and Karwan Bazar branches. We have planned to further expand the merchant banking services to other strategic locations.

We also introduced Islamic Banking in 2008. Initially we have obtained license from Bangladesh Bank for opening Islamic Banking Window in any two branches. We have opened Window at Principal Branch, Dhaka and CDA Avenue branch, Chittagong. However, using our state-of-the-art online banking facility, customers are able to open and operate account under Islamic Banking from any branch.

We have achieved very impressive growth in foreign remittance. Total remittance during the year was Tk.5789 million against Tk.2612 million in 2007 registering a growth of 121.63%. Our endeavor to bring in remittances through establishing new drawing arrangements with overseas exchange companies has resulted in this impressive growth. We are still searching for new and untapped markets of remittance.

We have most of the innovative banking technologies and e-banking services of modern days. Trust Bank has achieved significant success in the implementation of electronic banking. We constantly strive to offer our best services to the customers through use of technology, so that customers

Chairman's Message

find an edge in us over our competitors. You are aware that after closing the year 2008, the Bank has entered a new regime of banking reform, i.e., Basel Capital Accord II. In line with the recommendations of Basel Capital Accord, Bangladesh Bank has fixed up minimum paid up capital plus statutory reserve for scheduled banks at Tk.400 crore, which must be attained by 11 August 2011. Bangladesh Bank imposed a restriction on payment of cash dividend until the new minimum capital is attained. The Board of Directors has drawn up a roadmap to reach Tk.400 crore within the stipulated time. As part of the roadmap, Board of Directors has recommended a moderate 20% bonus shares out of share premium, for the year 2008. Under Basel II requirement, minimum paid-up capital should be Tk.200 crore. We intend to maintain the paid-up capital at this level or marginally over the minimum requirement. This will help us giving handsome dividend to the shareholders in future.

The Board of Directors looks at the Bank as being a compliant organization and the message has been communicated to Management. I believe you will agree with me that a compliant organization is less susceptible to internal and external shocks. We do not encourage making quick profit, rather we encourage earning sustainable profit that will ensure strong position of the Bank in the long run. To ensure compliance of laws, rules and regulations, Bank's Internal Control and Compliance Division is keeping watch on the activities of the branches and the Head Office. Moreover, Board Audit Committee has an Auditor who conducts periodical audit of all the branches.

I think the Bank is well positioned to meet the challenges of the coming years and will continue to strive to innovate and capture

greater market share to ensure existing growth momentum. Bank's wide spectrum of products and services will support us in this endeavor. The Bank will continue to harness the potentialities in retail banking, credit card, SME financing and remittance market. In pursuit of growth, the Bank will always adhere to regulatory compliance and sound risk management practices and policies.

You are already aware of our CSR program, for which last year you approved transfer of 10% of Bank's total income of 2008 to a special reserve fund. We have, however, transferred 5% of Bank's total income, amounting Tk.590, 80,000/- to the fund due to amendment of the related section of Income Tax Ordinance by the govt. You will get a complete report from the Directors' Report in this regard. We solicit your support again for this noble vision.

Dear respected shareholders

In the mean time you might be aware that we have lost Prof Md. Abdullah, our respected Director, who passed away on 8 April 2009. He was with us for a short time, but we recall his contribution with gratitude. He actively participated in the decision making process and guided us in taking the right decision. I personally request you to pray to the Almighty for salvation of his departed soul.

In fine, I would like to express my gratitude to the Government of Bangladesh, Bangladesh Bank, Securities and Exchange Commission, Office of the Registrar of Joint Stock Companies and Firms, Dhaka and Chittagong Stock Exchanges, Depositors, clients, patrons, well-wishers and the shareholders for their continuous support and guidance in our quest for excellence. I would also like to take this opportunity to thank my colleagues on the Board and the executives and officers of the Bank who have given their best for continuous growth of the Bank. We also thank our Auditors, Legal Advisors and Tax Consultants for their valuable advice.



General Moeen U Ahmed, ndc, psc  
Chairman

## From the Desk of the Managing Director

It is indeed a privilege for me to briefly present our achievements and performances during the year 2008 before our respected shareholders. You are the driving force in our journey towards progress and prosperity of our beloved institution. In our presentation you will kindly find that the year 2008 was a successful year for Trust Bank Ltd. as the Bank's fundamentals are on the fulcrum of an ever increasing growth curve, despite global economic meltdown during the year. The growth is a reflection of customer focused strategy adopted by the Board as well as your unwavering support & co-operation for the betterment of the Bank.



The Bank started with a vision for fostering the national economic development process through the creation of a financial organization of excellence in the banking sector that is responsive to society's needs, and our activities are testimony to the fact that we are marching steadily towards attaining our desired goal. The bank strived to diversify and consolidate its asset portfolio in 2008 by increasing its clientele base and reducing concentration in particular sectors. The percentage of classified loans & advances of the Bank stood at 2.52% against country's average of 10.79% and private commercial Banks' 4.44% in December, 2008 which reflects marked improvement in monitoring and recovery activities of the Bank.

In 2008 we signed money transfer agreement with eleven overseas exchange companies to ensure hassle free flow of hard earned foreign currency into the country of the expatriate Bangladeshis. It is worthwhile to mention that we are no more dependent on the local foreign exchange market. Rather we sell our surplus to other Banks after meeting our own requirements.

We have deployed considerable resources in automation of the banking services for the customers. Our online connectivity is now facilitating our clients to avail any branch banking facility. Besides, our ATM network has been expanded by linking it to other major networks of the country to provide faster and efficient services to our valued customers. The investment in IT will enable us to meet future challenges, which will ultimately ensure better services for the customers and help generate revenue for us.

In December, 2008 the Bank's total capital stood at Tk. 3504.44 million, which is a good threshold to scale up our capacity to enter into the new capital requirements, of Tk. 4,000 million in the year 2011.

The Bank's capital adequacy ratio was 12.81% in December, 2008 as against minimum requirement of 10%, which shows that this Bank is adequately capitalized.

I believe that one of our biggest strength in recent years has been in our commitment to be compliant, clinging on to rules and regulations.

Credit Rating Information and Services Limited (CRISL) has upgraded long term credit rating of the Bank to A+ in 2008 from A in the previous year and reaffirmed short term rating to ST-2. The upgrading has been possible due to strong fundamentals such as business growth, good capital adequacy, moderate leverage, adequate loan loss provision, and good internal capital generation etc. of the Bank for the FY 2008.

We are equally focused on developing the SME sector which contributes about 25% to the GDP of the country, and in compliance with the directives of Bangladesh Bank we are going to set up three SME Service Centers around Dhaka very soon. Another two service centers will also be set up in convenient locations this year.

I also believe that the skilled, capable and professionally proficient manpower of an organization is the most valuable asset. The recruitment process of the Bank is devised to ensure that the best young minds of the country get the opportunity to serve in this Bank so that the future of the Bank remains in safe hands. With this end in view we introduced recruiting 'Management Trainee Officers (MTO)' in 2008, who would carry forward the torch of this Bank in future. Besides, the executives and officers are imparted training at regular intervals in order to mould them into professional individuals for assuming greater responsibilities in future.


In reciprocation to the contribution that the branches had made in different fields of operation towards growth of our beloved institution, the Management of the Bank accorded recognition to the most deserving branches for the first time in the year 2008. This recognition would boost the employees' morale to perform better in the coming days .

On the occasion of the Bank's 10th Annual General Meeting, I would like to extend our heartfelt thanks to the respected shareholders and all other stakeholders for the trust and confidence that they have reposed in the Management of the Bank. I would like to reassure that we shall exert our best efforts to render quality service and endeavor to increase our clientele-base for the unhindered growth of the Bank. The Management is expressing its sincerest thanks and gratitude to the Members of the Board of Directors for their prudent policy guidelines that have kept your Bank on the right track towards attainment of success and reputation.

Our key objectives in the year 2009 will be to ensure sustainable & solid growth in all the core

areas of banking business and to make concerted efforts for turning your Bank into one of the premier financial institutions of the country. With constant support and patronization from you all, Insha Allah , we shall fulfill your expectations by achieving the Bank's cherished goal. I also thank my colleagues at all levels for their sincere efforts in uplifting the Bank's image by rendering distinctive services to our valued clients. Sincere thanks and heart full gratitude are due to our shareholders, valued customers, patrons and well-wishers for their wholehearted support and advice in all our development programs.

I would like to conclude by expressing my special thanks and heartfelt gratitude to the Government Agencies, Bangladesh Bank, Securities & Exchange Commission, Office of the Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited and Chittagonj Stock Exchange Limited for their co-operation and support for the development of the Bank.

  
Iqbal U Ahmed  
Managing Director



Mr. Iqbal U Ahmed, Managing Director, Trust Bank Limited receiving 'Best Banker Award' from the Vice-Chancellor of International Islamic University, Chittagong.



# Directors' Report to the Shareholders



Bismillahir Rahmanir Rahim  
Dear Fellow Shareholders,  
Assalamu Alaikum,

The Board of Directors is pleased to present the 10<sup>th</sup> Annual Report of the Bank, comprising this Directors' Report and the Auditors' Report for the year ended on 31 December 2008.

In the report, Bank's operational performance of 2008 as compared to 2007 has been evaluated and analyzed within the prevailing business environment. The information and analysis may be read in conjunction with the audited financial statements presented herewith.

Year 2008 was another successful year for us. All the business indicators registered significant growth. To evaluate our performance during the year 2008, a brief overview of world economy coupled with Bangladesh economy followed by a review of Bank's operation is presented in the following paragraphs.

## 1. World Economy

The October 2008 issue of IMF World Economic Outlook projected 3.9 percent global GDP growth in 2008 significantly lower than 5 percent in the past consecutive four years. Over the year 2008, the global economy has been rocked by the deepening crisis in financial crisis, by major corrections in housing markets in a number of advanced economies, and by surges in commodity prices. Indeed, the financial crisis that erupted in August 2007 after the collapse of the U.S. sub prime mortgage market entered a turbulent new phase in September 2008 that has badly shaken the confidence in global financial institutions and markets. Faced by increasingly difficult conditions, the global economy has slowed down markedly. The advanced economies grew at a collective annualized rate of 1 percent during the period from the fourth quarter of 2007 through the second quarter of 2008, down from 2.5 percent during the first three quarters of 2007.

The two main ways in which the western crisis is being transmitted to developing countries are through finance and trade. In the finance route some countries have been hit hard through investing in impaired /toxic assets and in the trade transmission route developing countries are also affected in many ways as their exports to USA and Europe have dropped sharply because the consumers have downsized their spending. The emerging and developing economies have not decoupled from this downturn. Growth in these countries eased from 8 percent in the first three quarters of 2007 to 7.5 percent in the subsequent three quarters, as domestic demand and net exports have moderated. Moreover, recent trade and business activity indicators are signaling continuing deceleration.

Despite the deceleration of global growth, headline inflation has risen around the world to the highest rate since the late 1990s, pushed up by the surge in fuel and food prices. Policymakers in emerging and developing economies have responded to rising inflation with an electric mix of measures. Many central banks have raised interest rates, but others have relied on reserve requirements and tightening credit, particularly where interest rate policy has been constrained by inflexible exchange rate management. However, some of these steps have been reversed recently in the face of intense liquidity strains related to recent financial turmoil. Some countries have also tightened fiscal policies to help restrain growth of aggregate demand. Consumer price rises have been particularly strong in emerging and developing economies and inflation is projected to increase to 9.4 per cent in 2008 reflecting strong growth of domestic demand and the greater weight of energy and particularly food in the consumer price index.

The growth of world trade volume in 2008 is projected to decline to 4.9 per cent compared with 7.2 percent in 2007. Growth of exports and imports from both the advanced and developing economies has also declined.

The latest Global Financial Stability Report released by IMF in October 2008 indicates that the global financial system has come under increasing strains and risks to financial stability, which exploded in August 2007, have developed into the largest financial shock since the great depression of 1930s. Equity markets have turned downward, liquidity remains seriously impaired despite aggressive responses by major central banks, while concern about credit risks has intensified.

## 2. BANGLADESH ECONOMY

Bangladesh is set to be one of the few countries in the Asia-Pacific region which has suffered less than others from the global economic crisis. Bangladesh achieved appreciable growth of 6.2% in 2008 down slightly from 6.4% despite the two consecutive natural catastrophes one was sidr and another was the devastating flood. With the global economic crisis deepening, growth of Bangladesh's economy is expected to further slide to 5.5% in 2009. Inflation in Bangladesh in 2008 rose to around 10.00% up from 7.2% in 2007. With the fall in oil and other commodity prices in international markets inflation has come down reasonably in the first quarter of 2009. Service sector remains the frontrunner in contribution to GDP growth. An analysis of real GDP growth in FY2008 reveals that service sector contributed 51.2 per cent of the incremental GDP, while industry and agriculture sectors contributed 31.5 per cent and 12 per cent respectively. In Bangladesh the fiscal deficit as a percentage of GDP increased from 3.7% in 2007 to 4.8% in 2008 despite the healthy growth in government revenue. In the current year the fiscal policy is expected to remain expansionary to promote growth and employment while subsidies on food and fertilizer are expected to remain in place to contain inflation and boost the production of agricultural crops,

### 2.1 Agriculture Sector

The agricultural sector experienced a lower growth of 3.6 percent in FY2008 significantly lower than 4.6 percent in FY2007. The deceleration was mainly due to lower growth in crops and horticulture sub-sector, which registered a growth of 3.4 percent in FY2008 compared to 4.4 percent in FY2007. The recession was attributable to

Decreased production of 'Aman', the second largest crop, due to severe damage caused by two rounds of flood and a devastating cyclone (SIDR) in the country. A bumper 'Boro' harvest, however, contributed significantly in terms of offsetting the loss and resulted in a lower than expected fall in the real growth performance of the crops and horticulture sub-sector. Adverse impact of avian flu became evident from the fact that real growth in animal farming sub-sector in FY2008 was only 2.4 percent, compared to 5.5 percent achieved in FY2007. Agriculture sector contributed 20.9 percent to total GDP in FY2008 which is down from 21.4 percent in FY2007.

### 2.2 Industry Sector

Within the industry sector, real growth in production of the manufacturing sub-sector (contributing 17.1 percent of the total GDP) experienced the largest slowdown, posting a real growth of 7.4 percent in FY2008 against 9.4 percent growth in FY2007. The deceleration of growth was mainly due to the loss of business confidence and labor unrest in RMG sector. The growth in mining and quarrying sub-sector, a relatively minor activity, increased by 8.6 percent in FY2008 compared to 8.3 percent in FY2007. Growth of power, gas and water supply sub-sector was significant, 4.9 percent from 2.9 percent in the previous year. Growth of construction sub-sector, however, declined significantly, 5.9 percent from 7 percent in the previous year. Growth of manufacturing sub-sector also declined significantly from 9.7 percent to 7.4 percent in FY2008. Share of industry sector in the overall GDP of FY2008 was 29.4 percent, marginally higher than 29.0 percent in FY2007.

### 2.3 Services Sector

Overall activities in the services sector registered 6.7 percent growth in FY2008 compared to 6.9 percent in FY2007. The services sector contributed 49.4 percent of total GDP in FY2008. Within this, 14.4 percent was attributable to wholesale and retail trade followed by 10.4 percent in transport, storage and communication, 7.5 percent in real estate, renting and business activities, 7.0 percent in community, social and



## 2.4 Foreign Trade Sector

### 2.4 Foreign Trade Sector

Despite the political unrest and labor turmoil, export earnings stood at US\$14,111 million at the end of FY2008, registering a respectable growth of 15.9 percent over that of FY2007. Most of the major export items posted positive growth rates. Export

earnings from woven-RMG sector increased significantly by 10.9 percent whilst export of knitwear-RMG posted a 21.5 percent growth. Export of tea recorded an impressive growth of 114.6 percent over the exports of FY2007. However, major decline in exports was recorded by fertilizer, 27.0 percent.

Import payments during FY2008 stood at USD 19486.0 million registering a growth of 25.6 percent compared to USD 15,511 million in FY2007. Except capital machinery, payments for all import items increased substantially during FY2008. Capital machinery import decreased by 13.7 percent. Food grains and other food items, consumer & intermediate goods and capital goods & others contributed to the rise of imports. In particular, food grains import increased substantially by 142.9 percent in FY2008 to USD 1411.0 million from USD 581.0 million in FY2007 due mainly to the two consecutive floods and devastating cyclone SIDR.

Remittances flow continued to demonstrate buoyant performance during FY2008, easing the pressure on balance of payments. Receipts of this sector increased by 32.4 percent to USD 7914.8 million in FY2008 from USD 5978.5 million in FY2007.

### 2.5 Fiscal & Monetary Development

Domestic savings as a percentage of GDP has declined further from 20.3 percent in FY2007 to 20.1 percent in FY2008 as a share of GDP. It implies that consumers had to allocate a larger share of their income for consumption on account of rising prices of essential items, particularly for food items. On the other hand, inspired by continued robust inflow of remittance inflow, national savings rate has been demonstrating encouraging movements since FY2005. The share of national savings to GDP increased considerably further in FY 2008 to reach 29.3 percent of GDP, as against 28.7 percent in FY2007, registering an

impressive rise of 0.5% of GDP. It is to be noted that the gap between national and domestic savings is increasing in a consistent manner in recent years.

For the second consecutive year, the gross investment rate has declined as a percent of GDP. After achieving an insignificant improvement in FY2006 to 24.7 percent of GDP (from 24.5 percent of GDP in FY2005) the gross investment rate fell back to 24.5 percent in FY2007 and then to 24.2 percent of GDP in FY2008. Bangladesh continues to remain an under-invested country; her national savings rate (29.3 percent) remains higher than the gross investment rate (24.2 percent) indicating availability of idle investible surplus equivalent to about Tk.27,470 crore (almost 5 percent of GDP).

Total domestic credit increased by 20.05 percent (Tk.41,545.6 crore) in FY2008 against an increase of 13.55 percent in FY2007 (Tk.24,550.3 crore). The rise in domestic credit is due to the rise of both private sector and public sector credit. Private sector credit experienced an increase of 24.38 percent (Tk.37,271.3 crore) during FY2008. Domestic credit to the public sector experienced an increase of 7.86 percent (Tk.4,274.3 crore) in the same period. On the other hand, credit to other public sectors declined by 32.53 percent during FY2008.

## 2.6 Banking

### 2.6.1 Bank Credit

Outstanding bank credit (excluding foreign bills and inter-bank items) during FY2008 increased by Taka 315.21 billion or 19.1 percent as against an increase of 14.7 percent in FY2007. The rise in bank credit during FY2008 was driven by increase in advances. Advances increased by Tk.344.60 billion or 23.2 percent as against an increase of 14.7 percent in FY2007. This higher growth in bank advances may be attributed to restored business confidence and higher economic activities owing to decline in real interest rate. Bills purchased and discounted declined by Taka 29.39 billion or 17.8 percent in FY2008.

### 2.6.2 Bank Deposits

Bank deposits (excluding inter-bank items) increased by Taka 347.22 billion or 17.6 percent to taka 2316.79 billion during FY2008 against 16.5

percent increase in FY2007. The rise in total bank deposits was shared by increase in both demand deposits and time deposits. Time deposits increased by Tk.276.09 billion or 17.1 percent and stood at Tk.1889.45 billion in FY2008 against growth of 16.9 percent during FY2007. Demand deposits increased by Tk.35.90 billion or 15.3 percent in FY2008 to Tk.270.53 billion against 18.9 percent increase in FY2007. The relatively higher growth rate of deposits may be attributed to upward revision of deposit rates.

**2.6.3 Credit/Deposit Ratio**

The credit/deposit ratio of the scheduled banks, excluding the specialized banks, remained same at 0.85 at the end of June 2007 and June 2008.

**2.6.4 Cash Reserve Ratio (CRR)**

Cash Reserve Ratio (CRR) for the scheduled Banks with Bangladesh Bank remained same at 5 percent of their total demand and time liabilities since 1 October 2005. It may be noted that the banks are required to maintain CRR daily at the rate of 5 percent on average on bi-weekly basis, provided that CRR would not be less than 4 percent in any day with effect from 1 October 2005.

**2.6.5 Statutory Liquidity Requirement (SLR)**

Statutory Liquidity Requirement (SLR) for the scheduled banks, except banks operating under Islamic Shariah and the specialized banks, remained same at 18.0 percent of their total demand and time liabilities, excluding inter-bank items, since 1 October 2005. SLR for the Islamic banks remained unchanged at 10.0 percent.

**2.6.6 Bank Rate**

The bank rate remained unchanged at 5.0 percent in FY2008.

**2.6.7 Interest Rates on Deposits and Advances**

Weighted average interest rates on deposits of scheduled banks increased to 7.0 percent during FY2008 as compared to 6.9 percent in FY2007. Weighted average advances rates, however, declined from 12.8 percent to 12.3 percent. Spread between advance and deposit also decreased to 5.3 percent in FY2008 from 5.9 percent in FY2007. Deposit rate increased slightly while advance rate

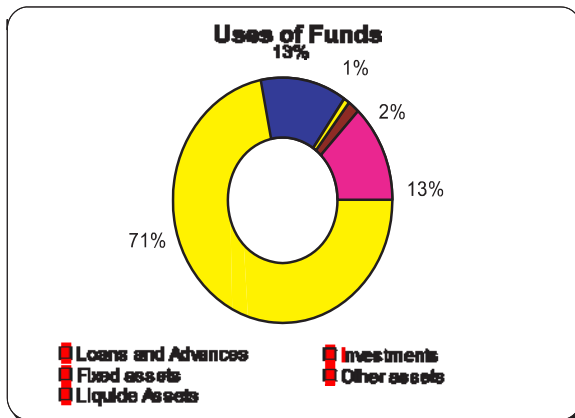
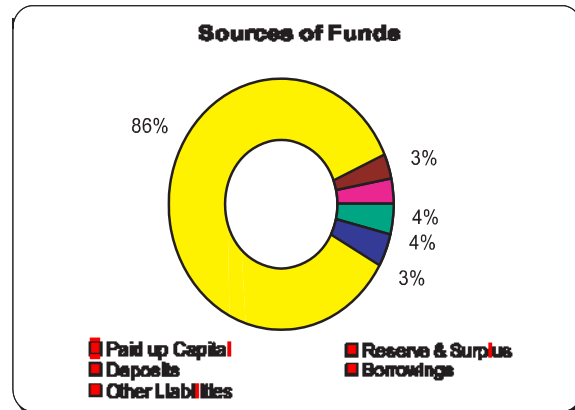
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**3.0 REVIEW OF BANK'S OPERATION**

**3.1 Business Strategy Analysis**

**3.1.1 Business and profit growth**

Bank's overall businesses grew significantly in 2008 over that of 2007. Deposits of the Bank increased by 41.47% and stood at Tk.32,919.76 million at the end of 2008. Loans and advances increased by 47.35% and stood at Tk.27,528.08 million at the end of the year. Import business increased by 20.59%, while export by 52.70%. Both local and foreign remittances grew significantly. Increase in all the business parameters resulted in higher operating profit, which increased by 46.71%.



**3.1.2 Branch Expansion**

In line with our 5-year branch expansion plan, 6 new branches were opened in 2008, namely Joydevpur Branch at Gazipur, Narsingdi Branch,

percent increase in FY2007. The rise in total bank deposits was shared by increase in both demand deposits and time deposits. Time deposits increased by Tk.276.09 billion or 17.1 percent and stood at Tk.1889.45 billion in FY2008 against growth of 16.9 percent during FY2007. Demand deposits increased by Tk.35.90 billion or 15.3 percent in FY2008 to Tk.270.53 billion against 18.9 percent increase in FY2007. The relatively higher growth rate of deposits may be attributed to upward revision of deposit rates.

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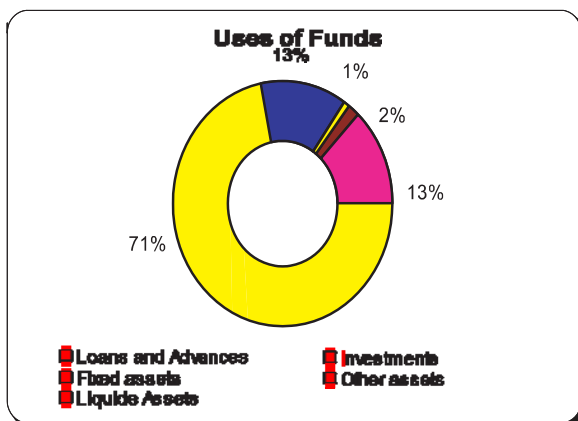
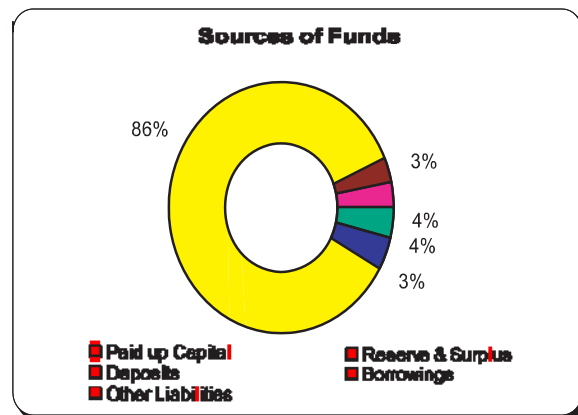
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Call center to market and serve not only its existing clients but also customers of other banks.

### 3.1.5 Islami Banking

Trust Islamic Banking (TIB) started its operation from later part of 2008 involving skilled resources and strictly adhering to the principles of Shariah under the guidance of Shariah Council of the bank. The TIB operations are characterized by;

Completely Separate Fund management-no mingling of fund with the conventional banking deposits of the Bank.

Separate Profit & Loss Account.

Investment from the Islamic banking deposits only Profit sharing with the depositors at 65:35 ratios.

TIB currently offers the following deposits and investments products:

Deposit Products

i Muduraba Saving Account.

ii Muduraba Term Deposit.

iii Muduraba Short Term Deposit.

iv Muduraba Monthly Deposit Scheme

v Alwadhiah Current Account

vi Muduraba Hajj Saving Scheme

Investment Products

i Barakat Car Scheme

ii Barakat Home Construction Scheme

ii Ihsan Apartment Purchase Scheme

iv Bai Murabaha & HPSM Investment Facilities.

v Qard Card & Qard Facilities

Profits on the deposits are initially paid at a provisional rate. Any excess/shortfall is adjusted after the year end calculation of actual profit. Actual profit is calculated at the end of each year and first such calculation was made on 31st December 2008

All products developed under TIB is thoroughly reviewed and approved by the Shairah Council of the bank which ensures the Shariah of such product & calculation.



Gen Moeen U Ahmed, ndc, psc, Chairman, Trust Bank Limited inaugurating Islamic Banking window at the Bank's Principal Branch. Late Mufti Nuruddin, Ex-chairman of Shariah Council is also seen in the picture.



### 3.1.6 Merchant Banking

Trust Bank started its Merchant Banking operation from May 10, 2008 under appropriate risk management policies and guidelines approved by the Board.

Merchant Banking Division launched BDA and IDA products under the titled "Portfolio Management Services" for the investors to invest in the secondary market having the option to operate under both margin and non-margin accounts. The scheme has diversified products with different category of investment ceiling and other value added services for more than 600 customers. The customers were also provided with assisted service facilities on the basis of published information and accounts. The division also organized "Investors Awareness Program" on regular basis. The Division managed portfolio values more than Tk. 148.93 crore under margin

accounts. Apart from this activity, the division also provided different depository services to its BO account holders as a custodian DP (Depository Participant) of CDBL. Besides the division also actively carried out Underwriting and Banker to the Issue operation in a number of Initial Public Offering (IPO) as well as Right Share Offering (RSO). As a result, profitability of MBD shown positive trend during 2008. The bank has established a well decorated and highly technology based trading facilities for the convenience of the customers in its own premises through enlisted brokerage firms. MBD has extended its branch network at Kawran Bazar and planned to extend its portfolio management services to different areas in and outside of Dhaka using designated branch of the bank. TBL has also future plan for developing assets based financial products, managing issues, sponsors of mutual funds etc.. However, the bank has planned for building capacities in terms of product development, human capital, managing information and research with a view to provide better services in 2009.



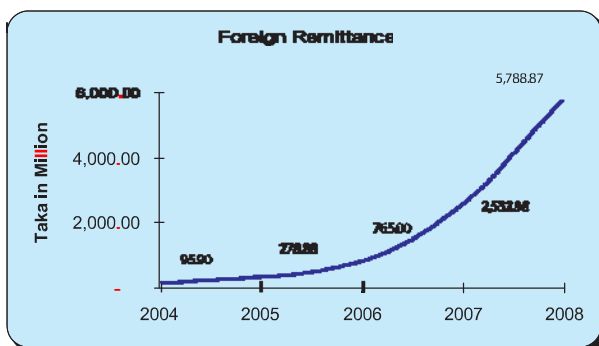
Late Prof. Md. Abdullah, former Director of the Bank, along with Managing Deirector, of the Bank, is inaugurating Merchant Banking Branch of the Bank at Kawran Bazar, Dhaka.

## SME Lending

SME is the thrust sector of our economy and has got the priority in the country's overall policy perception. SME sector has proved to be an effective vehicle for creating employment opportunity, reducing of poverty and supportive to accelerate the overall growth of the economy. Keeping in mind the above views, we have already launched 7 (seven) SME products, viz Women Entrepreneur Loan, Loan for Shopkeepers, Agri Business Loan, Loan for Poultry Farm, Loan for Light Engineering, Entrepreneur Development Loan for Retirees and Peak Seasons Loan. We are extending credit facility @ 10% to Women Entrepreneur for ensuring their participation in the main stream of economy. So far we have extended sizable amount of loan to the SME sector. Balance of SME loan outstanding as on 31<sup>st</sup> December 2008 is Tk 49.00 crore. Our endeavor for the development of SME business is going on in full swing.

### 3.1.8 Remittance

The Bank has been continuing to extend special importance to foreign remittance from the very beginning of its establishment. With this view, we have started business in inward foreign remittance with overseas remittance exchange house companies by establishing Drawing Agreement since December 2006 to meet up our internal foreign currency deficit as well as boost up foreign exchange business. During the year 2008 the bank signed money transfer agreement with overseas exchange companies. As a result, remittance flow has increased significantly. In the year 2008 total amount of the flow of remittance was Tk. 5,789 million as against Tk. 2,612 million in 2007 registering an increase of 122%.



## 3.2 Information Technology

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

### 3.2.1 Online Transaction- Definition

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

### 3.2.2 Any Branch Banking

Any Branch Banking is a facility for our customers to operate their accounts from any of our network branches. The branch where the customer maintains his account is the base branch and the branch from where he carries out his transactions is referred 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:

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



d. *Fund transfer between Customer Accounts of different TBL Branches, i.e. accountholder of one branch can transfer fund to another account maintained with any branch of TBL.*

### 3.2.3 Phone Banking

TBL customers can access account information using any phone even after regular banking hours. Information available through Phone banking:

1. About bank products†
2. Balances on accounts, turnover and performed operations†
3. Currency rates
4. Existing deposit terms, accrued interests and amounts†
5. Loan repayment schedule
6. Account statements
7. Blocking/unblocking Visa cards†
8. Accessing the bank's hot line

### 3.2.4 SMS Banking

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

This service enables safe and easy:

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

### 3.2.5 Internet Banking

Banking around the clock is no longer a remote possibility. In addition, bank does not have to have branches in overseas 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 customer's living room or even while traveling thousands of miles away from customer 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 his or her bank account. Account holder can give instructions online to the bank regarding any particular transaction.

Defense personnel stationed overseas, who are the account holders of TBL, can access their accounts to check their account activities from overseas, such as remittance with our internet banking service. At present we have over 7000 customers availing this facility.

### 3.2.6 ATM

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

Total number of ATM acquired is 8 at

1. Principal Branch
2. Gulshan Branch
3. Radisson Water Garden Hotel Branch
4. CMH, Dhaka Cantonment
5. Sylhet Corporate Branch
6. CDA Avenue Branch, Chittagong
7. Haliashahar Branch, Chittagong
8. Khwaja Yunus Ali Medical College & Hospital Branch, Sirajgonj

### 3.2.7 Online Debit Card

Online debit cards require electronic authorization of every transaction and the debits are reflected in the user's account immediately. The transaction may be

additionally secured with the personal identification number (PIN) authentication system and some online cards require such authentication for every transaction, essentially becoming enhanced automatic teller machine (ATM) cards.

Customers may directly access their savings/current/short term deposit accounts with the card. Approximately 17000 customers have debit cards and this number is increasing day by day.

### 3.2.8. VISA Credit Card

Trust Bank has introduced Visa Credit Cards to serve its existing and potential valued customers.† Credits cards can now be used at shops & restaurants all around Bangladesh and even internationally.†The bank has issued over 1500 credit cards to the eligible customers. This number is also growing day by day.

### 3.2.9 TBL as the Settlement Bank for Q-Cash Network

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

### 3.2.10 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.

### 3.2.11 Merchant Banking Automation

IT division has successfully done automation of Merchant banking operation of the bank during the past year. A Portfolio Management software has been installed which is procured from a third party vendor under license agreement. This new software has been working under a Client-Server environment and catering to the day-to-day

operation needs of Merchant Banking Division as well as our valued customers.

### 3.2.12 Islamic Banking Automation

IT division has successfully launched Islamic Banking module which is running alongside our Core Banking software as per Islamic Shariah principles and catering to the need of our customers who want to avail Islamic Banking. New products are periodically introduced as per suggestion of business team for Islamic Banking which are always ratified by our Shariah Council.

### 3.2.13 Work in Progress

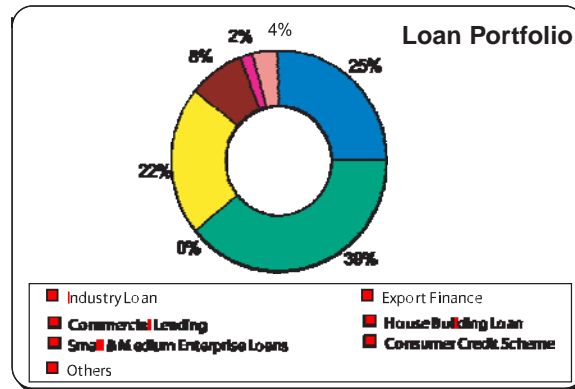
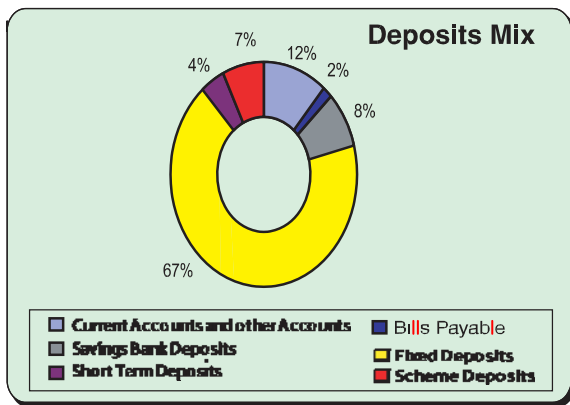
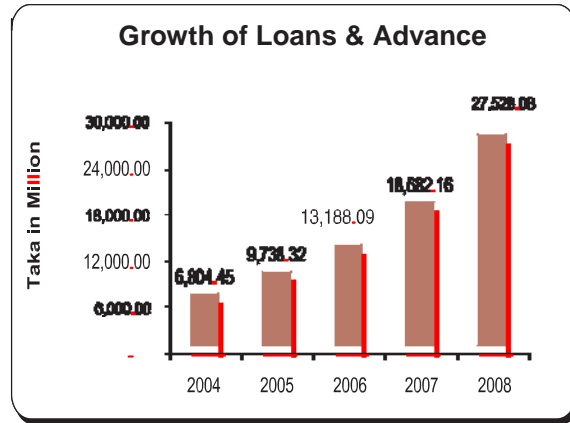
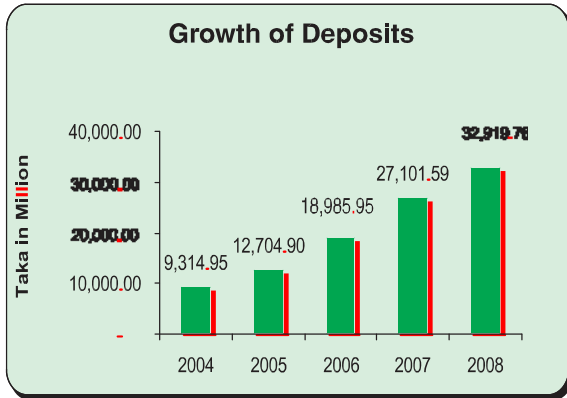
- 1 Human Resource Management System
- 1 Bangladesh Automated Clearing House (BACH)
- 1 Western Union Money Transfer System
- 1 Central Customer Support Center

## 3.3 Summary of Financial Performance

### 3.3.1 Deposits

In the year 2008 the deposits of the Bank shot up to Taka 32,919.76 million from Taka 27,101.59 million as recorded in the year 2007. The increase in deposits during this period was recorded as 21.47%. The combination of competitive interest rates, depositors' trust in the Bank and mobilization efforts of the Bank Management resulted in this notable growth of deposits. But there is no room for complacency; we have still a long way to go. The Bank evolved a number of attractive deposit schemes to cater to the requirements of small and medium savers which also brought qualitative changes in deposits structure of the Bank. The deposit mix of the Bank as on 31 December 2008 was as follows:

	Taka in Million	Percentage of Total Deposits
Current and Other Deposits	3793.75	12%
Bills Payable	514.88	2%
Savings Bank Deposits	2662.67	8%
Fixed Deposits	22126.9	67%
Short Term Deposits	1400.26	4%
Deposits under different deposit schemes	2421.30	7%
Total	32919.76	100%

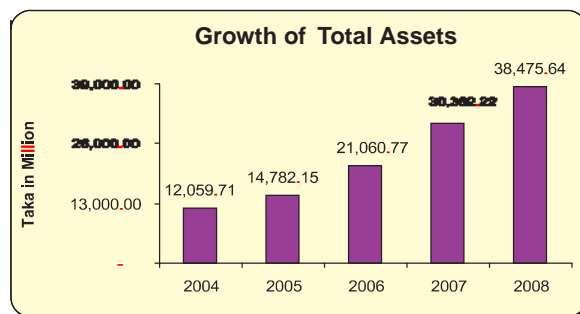


### 3.3.2 Loans & advances

Total loans & advances of the Bank as on 31 December 2008 was Taka 27,528.08 million as against Taka 18,682.16 million in the year 2007, showing an increase by 47.35% over the preceding year. The credit portfolio of the bank is a mix of scheme loans, namely-Renovation and Reconstruction of Dwelling House Loan (RRDH), Consumers Durable Scheme Loan (CDS), Marriage Loan, Car Loan, HBF Loan and Commercial Loan. Commercial Loans comprise Trade financing in the form of working capital and industrial loans (both large and medium scale industries) with both funded & non-funded credit facilities. 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 classified loans & advances accounted for 2.52% of the total loans & advances against industry average of 4.44% (PCBs).

### 3.3.3 Total assets

Total assets of the Bank stood at Tk. 38,475.64 million in 2008 from Tk.30,382.22 million in 2007 registering a growth of 26.64%. Increase in assets was mainly driven by significant growth of customer deposits. The growth of deposits was used for funding growth in credit and investment.



### 3.3.4 Investments

The Bank's investments grew by Tk. 1,177.21 million during the year and stood at Tk.4,962.66 million at the end of 2008 as against Tk.3,785.45 million in 2007. The Bank purchased government treasury bills and treasury bonds to cover the increased requirement of SLR. Out of the total investments, Tk. 759.03 million was invested in listed and unlisted shares of different companies.

### 3.3.5 Borrowings from other banks, financial institutions and agents

Consolidated balance stood at Tk.1,131.04 million at the end of the year, which represents Tk.1,010.00 million call loans from other banks and Tk.121.04 million refinance loans from Bangladesh Bank. The consolidated balance of 2007 was Tk.244.30 million.

### 3.3.6 Total Liabilities

Total liabilities balance of the Bank stood at Tk.35,355.99 million at the end of 2008 as against Tk.28,227.93 million in 2007, registering a growth of 25.25%. Increase in liabilities was mainly due to 21.47% increase in deposits over the corresponding year.

### 3.3.7 Capital Maintenance

The amount of minimum capital that should be maintained by the Bank against its risk weighted assets is measured by the capital adequacy ratio laid down by Basel Capital Accord. Capital adequacy is measured by the ratio of Bank's capital to risk weighted assets, both on balance sheet and off balance sheet transactions. All assets have been assigned weights from 0% - 100%. Off balance sheet items are included in the computation by converting them into balance sheet equivalents before being allocated a risk weight. Bank's capital has two components, Tier – I (Core Capital) and Tier – II (Supplementary Capital)

#### Core Capital (Tier I)

The core capital ratio (Tier I) was 11.13% of total risk weighted assets against the standard of 5%.

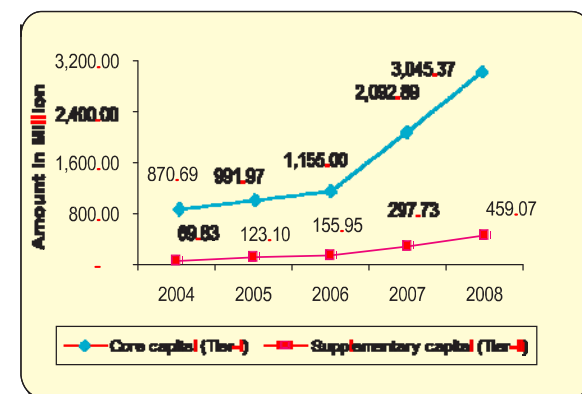
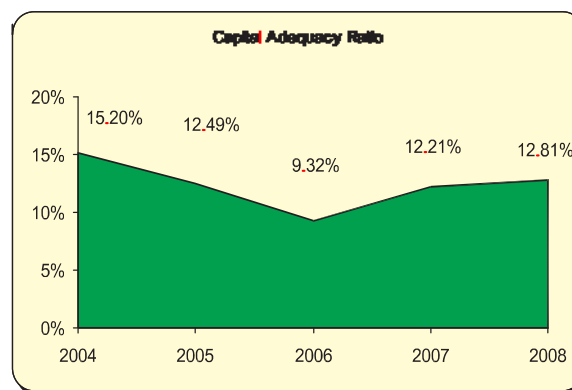
capital, share premium, statutory reserve and retained earnings. As on 31 December 2008, our Core Capital stood at Tk.3,045.37 million against Tk.2,092.89 million in 2007.

#### Supplementary Capital (Tier II)

Supplementary capital represents asset revaluation reserve, general provision for loans and advances, preference share capital and other subordinated debt. At the close of business on 31 December 2008, our supplementary capital stood at Tk.459.07 million.

#### Total Capital

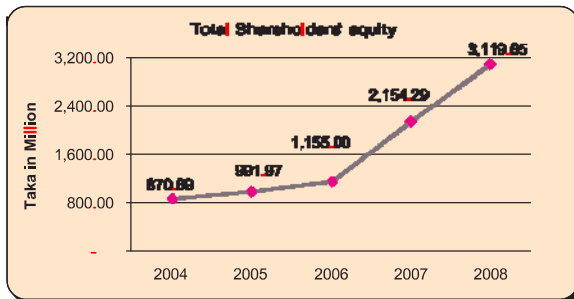
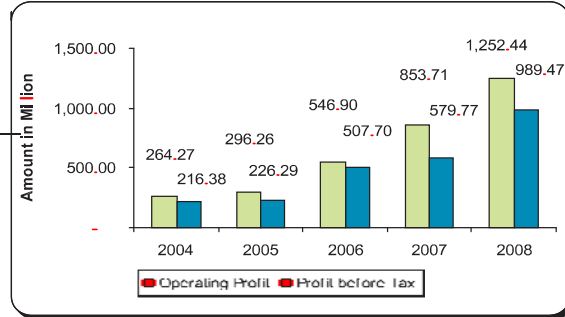
Therefore, our total capital stood at Tk. 3,504.44 million against Tk.2,390.62 in 2007 and maintained a ratio of 12.81% of total risk weighted assets against the standard of 10%. At the end of 2008, statutory Reserve of the Bank stood at Tk. 528.53 million as against 330.63 million in 2007.



### 3.3.8 Shareholders' Equity

Total shareholders' equity increased by 44.81%

and stood at Tk. 3,119.65 million at the end of 2008 as against Tk.2,154.29 million in 2007. The increase was due to issue of bonus shares for Tk.116.67 million and right share for Tk.256.67 million (including premium) and also increase in statutory reserve. Statutory reserve increased by Tk.197.90 million.



### 3.3.9 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. As such an amount of Tk.197.90 million has been transferred to Statutory Reserve during the year and the balance of the reserve stood at Tk.528.53 million at the end of the year 2008.

### 3.3.10 Profit and Operating Result

The Bank earned operating profit of Taka 1252.44 million during 2008 as compared to 853.71 million in the immediate preceding year, registering a growth of 46.71%. After keeping Taka 85.97 million as provision against classified loans & advances, Taka 110.44 million as provision against unclassified loans, Taka 0.49 million as provision for special mention account (SMA), Taka 21.49 million as provision for diminution of value of investment and Taka 44.58 million as other provision, pre-tax profit stood at Tk. 989.47 million. After keeping income tax provision of Tk. 526.42 million, net profit stood at Tk. 463.05 million. Earning per share was Tk. 31.96. Accumulated retained earnings stood at Tk.486.83 million at the end of 2008.

### 3.3.11 Net Interest Income

Net interest income registered a significant growth by 75.56% over the last year's figure. Interest from loans and advances remained the principal component of interest income and interest paid on deposits was the main component of interest expenses.

### 3.3.12 Investment Income

Investment income represents interest earned on treasury bills, Bangladesh Bank bills & treasury bonds, interest on reverse repo, dividend income and capital gain from sale of listed securities. Income from investment stood at Tk. 394 million registering a growth of 31.57% over that of 2007 and the principal contribution came from interest earned on treasury bills.

### 3.3.13 Total Operating Expenses

Total operating expenses increased by 58.68% during the year mainly due to increase in number of employees and number of branches. Increase in number of branches resulted in increase in business volume and increase in profit. Additional human resources had to be hired to support business growth.

## 3.4 Human Resource Development

*End of the day, we bet on 'people', not in strategy or market – it's the people, who matters most for any business : Ratan Tata.*

In spite of all technological and intellectual developments – human resources still remain the single most influential factor behind the success of any organization. The ability to attract and retain



performers has become a critical issue for the Banks, especially in these days of fierce competition and market uncertainty. But the availability of prudent bankers of any level is disproportionately scarce in the market against the demand. Open market opportunities have changed the concept of 'aspiration' & 'loyalty'. Thus ensuring the motivation and managing the attrition issue – are the keys of today's HRM.

Trust Bank Ltd. has a fairly detailed HR manual and service rule covering the recruitment guidelines, promotion criteria, training and other related issues. With the passage of time the issues are reviewed and updated for the best interest of the institution. The core strength of TBL – HRD is its transparency and continuous endeavors for achieving the excellence.

### 3.4.1 Existing Staff Strength

Trust Bank Ltd. is expanding its branch network as well as business activities very fast. Resultantly the need of human resources has also increased as shown in the following fig;

Sl #	Designation/Position	31-12-2007	31-12-2008
1	Executive	63	79
2	Officer (Mid Level)	182	252
3	Officer (Junior Level)	597	592
4	MTO	0	56
	Total	842	979
†	Number of Branches	31	37

**Comparison of Employees**  
597

■ Executive ■ Officer (Mid Level) ■ Officer (Junior Level) ■ MTO

### 3.4.2 Recruitment

To meet the manpower requirements of the

expanding network of the Bank, TBL-HRD has acquired the required human resources through fresh recruitments of Jr. Officers and through lateral entry of skilled hands from other banks. The 1<sup>st</sup> batch of MTOs of the Bank was also recruited during 2008. However, there is a dearth of mid-level Officers and Executives in the Bank and as such the Bank would take necessary steps to address the situation.

### 3.4.3 Training

During 2008 calendar year TBL has arranged 8 (eight) training courses at its Training Academy with a duration of total 89 days which were participated by 370 officers. In addition to the above, TBL officers and executives have also participated in 8 (eight) workshops arranged by different external bodies & institutes.

Moreover, Bank's IT Division & Islamic Banking Division routinely organized in-house training courses for the TBL employees of different levels. Moreover, 32 executives & officers took training from Bangladesh Bank Training Academy and 51 officers from BIBM during this period. TBL Training Academy gives value to the development of skills of its human resources with high morality to ensure that the future of the Bank remains in safe hands.



First batch of Management Trainee Officers were imparted foundation training at BIBM. Participants pose for photograph with senior Bank officials and BIBM Faculty.

### 3.5 Risk Management

We believe that risk is an integral part of business, and the main role of our risk management principle is to find the optimal balance of risk and return. In today's challenging environment, effective risk management is vital for maximization of



shareholders' wealth. The Bank's risk management process encompasses mitigating credit risk, asset-liability/balance sheet risk, foreign exchange risk, internal control & compliance risk and money laundering risk.

### 3.5.1 Credit Risk Management

Credit risk is the risk of erosion of value of assets due to simple default or non-payment by the borrower. Credit risk management is at the heart of the overall risk management system of the Bank. It is designed and continuously updated to identify, measure, manage and mitigate credit risk to maintain and improve quality of loan portfolio and reduce actual loan losses and to ensure that approved policies and procedures are followed and appropriate due diligence are made in approving credit facilities.

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

### 3.5.2 Asset-Liability or Balance Sheet Risk Management

Asset-Liability risk can be defined as potential changes in earnings due to changes in the rate of interest and exchange rates which are not of trading nature. Asset-Liability management (ALM) is concerned with strategic balance sheet management involving risks caused by changes in liquidity risk, interest rate risk, exchange rate risk, credit risk and market risk. In order to mitigate asset-liability risk, the Bank:

- Reviews the interest rate structure and compares the same to the interest/product pricing of both assets and liabilities;
- Examines the loan and investment portfolios in light of the foreign exchange risk and liquidity risk that might arise;
- Examines the credit risk and contingency risk that may originate either due to rate fluctuations or otherwise and assess the quality of assets; and

• Reviews the actual performance against the projections made and analyzes the reasons for any effect on the spreads.

### 3.5.3 Foreign Exchange Risk Management

Foreign exchange risk arises due to fluctuation in the exchange rates. The Bank has undertaken strong policy guidelines to minimize foreign exchange risk due to exposure in currency movements. The foreign exchange risk of the Bank is minimal as most of the transactions are carried out on behalf of the customers against L/C commitments and remittance requirements. To address the issue, all foreign exchange activities have been segregated between front office and back office which are responsible for currency transactions, deal verification, limit monitoring and settlement of transactions separately. Our Bank follows all the prudential guidelines of foreign exchange risk management set by Bangladesh Bank. Treasury Division always monitors the market scenario of risks and manages the foreign exchange operations in such a way so that earnings are not hampered against any adverse movement in market prices. All NOSTRO accounts are reconciled on monthly basis and outstanding entries are reviewed regularly for settlement. Dealing Room has been furnished with separate phone, fax, cable TAV, computer, voice recorder and Reuters System as per Bangladesh Bank guidelines.

### 3.5.4 Internal Control and Compliance Risk Management

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

The bank has set up Internal Control & Compliance (IC & C) Division at Head Office to ensure that the

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

Loan Documentation Checklist and Quarterly Operations Report of the branches and other mechanisms.

In 2008 IC & C Division conducted comprehensive audit in 25 branches and 03 divisions at Head Office of the bank. In the same year the internal audit team of IC & C division carried out 82 spot audits in different branches. Also 13 special audits on different issues were conducted in the year

2008. In addition, audit was conducted in the Investment Wing of Merchant Banking Division of the bank on monthly basis and the desks dealing with NRB accounts of different AD branches came under audit as well on quarterly basis during the year 2008.

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

observations of Bangladesh Bank along with the management of the bank.

### 3.5.5 Money Laundering Risk management.

In accordance with Money Laundering Prevention Ordinance, 2008 enacted for the purpose of reenactment of Money Laundering Prevention Act,

2002 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. The enactment of Anti-Terror Ordinance, 2008 in the same year has given 'terrorist financing' a deserved area of

specialization for the financial institutions. Like other banks and FSI 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, 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 ill practices, for the sake of a disciplined financial management and social stability.

To implement the bank's policy effectively the Central Compliance Unit (CCU) of AML Department at Head Office of the bank has been strengthened by delegating more power and authority to the Chief Anti-Money Laundering Compliance Officer (CAMLCO) to comply with the provisions of the legislation as well as the directives of Bangladesh Bank and other regulatory bodies. The CCU functions under the direct supervision of the Managing Director of the bank. In the branch level there

advice/suggestions designated case of Bangladesh Bank's inspection compliance officer, called Branch Anti-Money Laundering Compliance Officer (BAMLCO). All officers & executives of the bank are well conversant with the process of 'Know Your Customer' (KYC) through the exercise of due

diligence. Bank has also introduced uniform account opening forms as Bangladesh Bank has prescribed for all banks, to have adequate information about the account operators. 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 account transactions.

#### **4.0 CORPORATE GOVERNANCE**

Corporate governance is the system of internal controls and procedures used to define and protect the rights and responsibilities of various stakeholders. The Bank has adequately complied with all the corporate governance guidelines of Bangladesh Bank and SEC. It is ensured by the Board that all activities and transactions of the Bank are conducted in compliance with best practices to protect the highest interest of all the stakeholders.

##### **4.1 Board of Directors**

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 manuals of various segments of business in order to establish effective risk management mechanism in all the operational activities of the Bank. The Board also reviews the policies and guidelines issued by Bangladesh Bank and gives directions for their due compliance. During the year 2008 the Board met 14 times. Attendance in Board meeting is provided at Annexure-I.

##### **4.2 Depositor Director and Independent Director**

In compliance with Bangladesh Bank's notification, two Directors from the depositors were appointed on 15 Jan 2009. To comply with SEC's guidelines on corporate governance, one independent Director will be appointed soon.

##### **4.3 Executive Committee**

In order to discharge Board's functions more effectively, the Board has constituted an Executive Committee comprising 3 Board members including

the Vice Chairman. The Executive Committee scrutinizes the proposals sent to Board for Board's decision. The Executive Committee met 13 times during the year and played an instrumental role for the Board in approving the strategic plans and policy guidelines. Attendance in EC meeting is provided at Annexure-II.

##### **4.4 Audit Committee**

Towards ensuring transparency and accountability in the operations of the Bank and to ensure that the activities of the Bank are conducted within the framework of policies, principles and plans as laid down by the Board, and the guidelines of the regulatory authorities issued from time to time, an Audit Committee is in place in accordance with Bangladesh Bank BRPD Circular No. 12 dated 23.12.2002. The Committee is headed by a senior Director and comprises two other Directors. The Committee has unrestricted access to all accounts, books and records to ensure that its job is conducted properly. The Committee had 3 meetings during the year, based on which the Committee submitted its report to the Board regarding different aspects of the Bank.

Apart from the Audit Committee, the Board has appointed an independent auditor to assist both the Committee and the Board in discharging their supervisory function.

##### **4.5 Delegation of Power**

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 powers to Management for quick and efficient discharge of Bank's activities.

##### **4.6 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.



Mr. Iqbal U Ahmed, Managing Director, Trust Bank Limited, delivering lecture at an investors' awareness program jointly organized by Trust Bank Ltd. & Dhaka Stock Exchange Ltd.

## 5.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

### 5.1 Special Reserve Fund

It was reported in the Annual Report 2007 that the Board Directors constituted a special reserve fund with contribution not exceeding 10% of Bank's total income every year, in accordance with sub-section v of section 29 of Income tax Ordinance, 1984 in order to perform Bank's CSR. Accordingly, in the 9<sup>th</sup> annual general meeting held on 3 June 2008, shareholders approved transfer of maximum 10% of Bank's total income of 2008 to the special reserve fund and authorized the Board of Directors to determine the actual amount of contribution within the given limit. In the mean time, the government has amended the relevant section of Income Tax Ordinance and maximum allowable expenditure under the said sub-section is 5% of Bank's total income.

In compliance with latest government amendment of IT Ordinance, Board of Directors, in its 136<sup>th</sup> meeting held on 17 March 2009, approved a contribution of Tk.5,90,80,000/-, representing 5% of Bank's total income, for the special reserve fund. The Board of Directors is planning to establish a technical training institute out of the contribution from this fund. The objective of the proposed training institute will be to prepare technically skilled human resources to meet both domestic and overseas demands. As per initial plan, the training institute will run under affiliation of Bangladesh Technical Education Board and will

impart different vocational trainings to the both serving/retired army personnel and unemployed youths of the country.

You are aware that Government accorded its approval for establishment of the special reserve fund and hence contribution to the fund will be considered as allowable expense by the Income Tax authority for determination of bank's tax liability. However, government has accorded its approval subject to the following conditions:

- i) At least one Director from the public shareholders will have to be included in the Trustee Board of the fund; and
- ii) Any contribution to the fund out of Bank's profit shall have to be approved by the shareholders in each case.

To comply with the conditions imposed by the government, only Director from public shareholders Mrs. Begum Rokeya Din has been included in the Trustee Board of the fund. Regarding contribution to the fund, Board of Directors proposes that 5% of Bank's total income (as defined in the Income Tax Ordinance) of the year 2009 may be contributed to the fund. In accordance with government conditions, the matter has been included on the agenda of 9<sup>th</sup> AGM.

In the mean time the Bank has received request for assistance from Sena Sahayak School, established for the disabled and autistic children. The Bank will consider such humanitarian calls since this falls within the purview of the objectivity of the fund. Besides, in future the Bank will consider other assistance like granting stipend to poor but meritorious students of different educational institutions, establishing healthcare centers for the underprivileged section of the society and offering financial assistance to affected people during natural calamities.

### 5.2 Promoting Sports

As part of our CSR, we are currently sponsoring Taekwondo game. In 2008 we gave them Tk.10 lac too meet their various expenses. We have decided to contribute Tk.10 lac every year.





Managing Director and other senior officials of Trust Bank Ltd. attending inaugural ceremony of Trust Bank 8th National Senior /Junior Taekwondo Championship 2008. Dr. C.S. Karim, the then Advisor of Agriculture is also seen in the picture.

### 5.3 Passport Application Processing

Like previous year passport application processing service has been extended to 4 more branches and 17 branches are now rendering the services. Names of those branches will be available from the list of branches provided inside the Annual Report. In 2008, we delivered 35660 passports. In the mean time we have approached Passport and Immigration Department to include 14 more branches of our Bank for the service.

### 6. CREDIT RATING

Credit Rating Information and Services Limited (CRISL) upgraded long term credit rating of Trust Bank Limited (TBL) to A+ (pronounced as A plus) from A (pronounced as A) and reaffirmed short term rating to ST-2. The rating has been arrived at from financial and other relevant Information for the FY2008. The above rating is on the basis of good fundamentals such as business growth, good capital adequacy, moderate leverage, adequate loan loss provision, good internal capital generation etc. However, above fundamentals are constrained, to some extent, by its moderate liquidity, increase in rescheduled loan, increase in NPL, relatively high employee turnover, rise in operating cost etc. Banks rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a banking entity with sound profile of timely repayment of financial obligations. Risks are modest and may vary slightly from time to time because of economic conditions. Short term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also reviewed the bank with "Stable Outlook" in consideration of its market share improvement together

with business expansion in the areas of Merchant Banking and introduction of Islamic Banking Services.

## 7. DIVIDEND

You are aware that the government has amended the Bank Company Act, 1991 and fixed up Bank's paid-up capital plus statutory reserve at Tk.400 crore minimum, which will have to be attained by 11 August 2011. Of this Tk.400 crore, paid-up capital must be Tk.200 crore minimum. In this connection, Bangladesh Bank has imposed a condition that no cash dividend can be distributed unless the minimum capital (Tk.400 crore) is attained. In order to attain the minimum capital target, Board of Director has drawn a roadmap to reach to Tk.400 crore by August 2011. As part of that roadmap, Board of Directors has recommended 20% bonus shares, i.e., issuance of 1 (one) bonus share for every 5 (five) shares held on the record date, 30 April 2009.

## 8. ELECTION AND RE-ELECTION OF DIRECTORS

According to Article 107 of the Articles of Association of the Bank, one-third of the directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. Director from Group B shareholders was elected in

2008. We have six directors from Group-A shareholders, two of them namely Brig Gen Md Rafiqul Islam and Brig Gen Md Nazrul Hasan will retire (in order of date of becoming Director). Brig Gen Md Rafiqul Islam has completed 6 years (including his predecessor's tenure) and he is not eligible for re-appointment. Brig Gen MD Nazrul Hasan is eligible for re-election and he has expressed his desire. In place of Brig Gen Md Rafiqul Islam, another Director will be elected from Group-A shareholders in the 10th AGM.

## 9. APPOINTMENT OF AUDITORS

The present auditors of the Bank M/S Howladar Yunus & Co, Chartered Accountants will retire at this 10th Annual General Meeting. Since they have audited the books of accounts of the Bank for one year only i.e. the year ended on 31 December 2008, so they are eligible for re-appointment as auditors for the year 2009 as per Bangladesh Bank's Circular No. BCD(P)748/3/546 dated 31.03.1991. They have expressed their desire for re-appointment with a request to increase their fee.

of Directors, commitment of top management, perseverance of all employees and continuous support of the shareholders and our valuable clients. The Board of Directors would like to express its gratitude and sincere thanks to all of our shareholders, valued clients, patrons, all employees and well wishers for their continued support and cooperation. We are also indebted to Bangladesh Bank, Securities and Exchange Commission and other regulatory authorities for their continued support to the Bank.

## 10. ACKNOWLEDGEMENT

The performance of the Bank in the year 2008 provides testimony to the dedication of the Board

On behalf of the Board of Directors



General Moeen U Ahmed, ndc, psc  
Chairman

### References:

1. World Economic Outlook, October 2008, IMF
2. Quarterly Economic Update, ADB, September 2008 & December 2008
3. Bangladesh Bank Annual Report 2007-2008
4. State of the Bangladesh Economy in FY 2007-2008 and Outlook for FY 2008-2009



# DIRECTORS' REPORT

Annexure-I

Directors' Report to the Shareholders' as per SEC notification dated 20 February 2006 (under condition no. 1.4)

The Directors also report that:

- a) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the 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 judgement.
- d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- 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.
- g) There is no significant deviation in the operating results from the result of the last year.
- h) Key operating and financial data of 5 preceding years have been presented in summarized form (Page No. 04).
- i) Number of Board meetings and Executive Committee meetings held and the attendance of Directors during the year 2008 are presented in Annexure II
- j) The pattern of shareholding along with name wise details of:
  - i) Parent/Subsidiary/Associated companies and other related parties: Nil
  - ii) a) Director:

Name of Director	Position	No. of Share
General Moeen U Ahmed, ndc, psc	Chairman	79
Maj Gen AKM Muzahid Uddin, ndu, afwc, psc	Vice-Chairman	nil
Brig Gen Md Rafiqul Islam, ndc, psc	Director	13
Brig Gen Md. Nazrul Hasan	Director	10
Brig Gen KARM Mostafa Kamal, ndc, psc	Director	10
Brig Gen Tushar Kanti Chakma, ndc, psc	Director	nil
Mrs. Begum Rokeya Din	Director	50
Mr. Mohammad-al-Haroon	Depositor Director	nil
Mr. Helal Uddin Ahmed	Depositor Director	964
Mr. Iqbal U Ahmed	Managing Deirector	nil

- b) Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children: Nil
- iii) Senior Executives: Nil
- iv) Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2008: Army Welfare Trust.

Annexure-II

Number of Board meetings and the attendance of Directors

Name of Directors	Position	Meeting held	Attended
General Moeen U Ahmed, ndc, psc	Chairman	15	15
Maj Gen Md Matiur Rahman, ndu, psc	Vice Chairman	15	15
Brig Gen Md Zillur Rahman, MCPS, MSC	Director	15	15
Brig Gen S M Mahbubul Karim	Director	15	13
Brig Gen Md Rafiqul Islam, ndc, psc	Director	15	14
Brig Gen Mohd Mahbubul Hasan, ndc, psc	Director	15	15
Professor Md. Abudllah	Director	09	09
Brig Gen Md Nazrul Hasan	Director	04	04
Mr. Iqbal U Ahmed	Managing Director	15	15

Number of Executive Committee meetings and the attendance of Directors

Name of Directors	Position	Meeting held	Attended
Maj Gen Md Matiur Rahman, ndu, psc	Chairman	13	13
Brig Gen Md Rafiqul Islam, ndc, psc	Member	13	13
Brig Gen Md Nazrul Hasan	Member	03	03
Mr. Iqbal U Ahmed	Member	13	13

Annexure-III

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRC/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.		✓	Presently Bangladesh Bank is working on the issue
	(ii) The independent director(s) should be appointed by the elected directors.			Not applicable
1.3 Chairman & CEO	The positions of the Chairman of the Board and the Chief Executive Officer of the company should preferably be filled by different individuals. The Chairman of the company should be elected from among the directors of the company. The Board of Directors should clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		

1.4: Directors' Report to Shareholders

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

Directors' Report



	f) There are no significant doubts up on the issuer company's ability to continue as a going concern. If the issuer company is not considered to	✓		No doubt exists
	be a going concern, the fact alongwith reasons thereof should be disclosed.			
	(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 resultis 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.			Not Applicable
	(j) The number of Board meetings held during the year and attendance by each director should be disclosed.(See at Annexure-II)	✓		
	(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);  (iv) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).(iii) Executives; and	✓		Given in Annexure-I

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	✓		Company Secretary attends meetings regularly; CFO attends meetings as and when required.

	and/or the Company Secretary.			
3.00 Audit Committee	<p>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.</p> <p>The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee should be clearly set forth in writing.</p>	✓		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.	✓		Independent Director yet to be appointed; Bangladesh Bank is working on the issue
	(iii) When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors should appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			Not applicable

### 3.2 Chairman of Audit Committee

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

### 3.3 Reporting of the Audit Committee

#### 3.3.1 Reporting to the Board of Directors

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

#### 3.4. Reporting to the Shareholders and General Investors

	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.3.1 (ii) above during the year, should be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			Audit Committee Report contains regular affairs of the Bank which do not deserve reporting to shareholders.
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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



Bismillahir Rahmanir Raheem

## ANNUAL REPORT OF SHARIAH COUNCIL, 2008

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.

In the Year 2008, Trust Bank Limited catered its Islamic Banking Operations through 02 (two) designated branches at the following locations :

01. Principal Branch : 98 Shaheed Sarani, Dhaka Cantonment, Dhaka.

02. CDA Avenue Branch : Holding No - 1827(New), Elite House (1st & 2nd floor),  
CDA Avenue, Chittagong

We report the following to the Shareholders :

- i) During the Year 2008, Shariah Council of Trust Bank Limited held 3 (three) meetings.
- ii) The account of Islamic Banking operations of Trust Bank Limited were being kept separately from Conventional Banking accounts. All the products of Trust Islamic Banking are marketed after approval of Shariah Council.
- iii) The Council gave considered decision and guidelines on issues of Islamic Banking operations referred by the Management of the Bank and reviewed the operational issues in respect of Islamic Banking of the Bank.
- iv) The Shariah Council was satisfied that Trust Bank Limited was blessed with a sufficient number of qualified & committed officers to carry out Islamic Banking operations smoothly.

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.

Ameen.

On behalf of Shariah Council

Sd/-  
Mufti Md. Abdullah  
Chairman



## AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF TRUST BANK LIMITED

We have audited the accompanying Balance Sheet of the Trust Bank Limited as of December 31, 2008 and the related profit and loss account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and notes to the financial statements for the year then ended. These financial statements are the responsibility of the company's management. 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 (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the Bank as of December 31, 2008 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the Bank's Balance Sheet and Profit and Loss account dealt with by the report are in agreement with the books of account and returns,
- iv) the expenditure incurred was for the purposes of the Bank's operations;



- v) the financial position of the Bank as of December 31, 2008 and the profit for the year then ended have been properly reflected in the financial statements; the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the financial statements have drawn up in conformity with the Bank Companies Act. 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii) adequate provisions have been made for advances which are in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x) the information and explanations required by us have been received and found satisfactory

  
~~Howladar Yunus~~  
HOWLADAR YUNUS & CO.

**Dated: Dhaka**  
**March 17, 2009**

# TRUST BANK LIMITED

## Profit and Loss Account

### For the year ended as at 31 December 2008

	Notes	31.12.2008 Taka	31.12.2007 Taka
Interest income / Profit on Investment	19	3,634,651,908	2,614,806,274
Interest / Profit paid on deposits and borrowings etc.	20	2,462,230,880	1,947,001,047
<b>Net interest income</b>		<b>1,172,421,028</b>	<b>667,805,227</b>
Income from investments	21	394,047,235	299,490,240
Commission, exchange and brokerage	22	306,162,733	307,901,831
Other operating income	23	133,480,091	53,467,566
		<u>833,690,059</u>	<u>660,859,637</u>
<b>Total operating income</b>		<b>2,006,111,087</b>	<b>1,328,664,864</b>
Salaries and allowances	24	376,879,059	222,548,718
Rent, taxes, insurance, electricity, etc.	25	83,606,413	61,014,133
Legal expenses		956,835	118,407
Postage, stamps, telecommunications, etc.	26	32,042,077	24,272,316
Stationery, printing, advertisement etc.	27	23,836,251	18,145,148
Managing Director's salary and benefits		8,146,667	7,446,666
Directors' fees	28	663,000	632,000
Auditors' fee		188,100	125,400
Charges on loan losses		-	-
Depreciation and repair of bank's assets	29	67,275,945	40,878,223
Other expenses	30	160,073,673	99,770,347
<b>Total operating expenses</b>		<b>753,668,020</b>	<b>474,951,358</b>
<b>Profit before provision</b>		<b>1,252,443,067</b>	<b>853,713,506</b>
Provision for loans / Investments	31	196,900,064	229,445,936
Provision for Diminution in value of Investment	32	21,490,218	-
Other provision	33	44,583,452	44,497,104
		<u>262,973,734</u>	<u>273,943,040</u>
<b>Total Profit before Taxes</b>		<b>989,469,333</b>	<b>579,770,466</b>
Provision for Taxation			
Current tax	12.6.1	530,000,000	340,500,000
Deferred tax	9.4.1	(3,580,213)	241,773
		<u>526,419,787</u>	<u>340,741,773</u>
<b>Net Profit after Taxation</b>		<b>463,049,546</b>	<b>239,028,693</b>
<b>Appropriations:</b>			
Statutory Reserve (@ 20% on profit before taxes)		197,893,867	115,954,093
General reserve		-	-
		<u>197,893,867</u>	<u>115,954,093</u>
<b>Retained surplus</b>	16	<b>265,155,679</b>	<b>123,074,600</b>
Annualized Earning per share (EPS)	35	31.96	16.93

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

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

  
Director

  
Director

  
Director

  
Managing Director

Signed as per annexed report on even date

March 17, 2009

  
Howladar Yunus & Co.  
Chartered Accountants



**TRUST BANK LIMITED**  
**Cash Flow Statements**  
For the year ended as at 31 December 2008

Notes	31.12.2008 Taka	31.12.2007 Taka
<b>A. Cash flow from operating activities</b>		
Interest received in cash	3,737,621,966	2,493,439,670
Interest payments	(2,364,917,530)	(1,815,760,153)
Dividend receipts	12,177,144	2,535,018
Fees and commission receipts in cash	330,456,925	309,712,269
Recoveries of loans previously written off	-	-
Cash paid to employees	(365,043,658)	(219,783,175)
Cash paid to suppliers	(20,880,652)	(13,138,803)
Income Taxes paid	(462,063,306)	(250,944,998)
Received from other operating activities (item-wise) 36	495,777,925	350,555,392
Payments for other operating activities (item-wise) 37	(288,412,670)	(218,483,060)
<b>Operating profit before changes in operating Assets and Liabilities</b>	<b>1,074,716,144</b>	<b>638,132,160</b>
<b>Increase/(Decrease) in operating assets &amp; liabilities</b>		
Statutory Deposits	-	-
Net Investment in trading securities	(449,921,819)	407,574,447
Loan & advance to other banks	-	-
Loan & advance to customers	(8,822,700,773)	(5,431,963,906)
Other assets (item-wise) 38	67,701,762	(152,359,843)
Deposits from other banks	31,316,075	332,242,231
Deposits from customers	5,691,370,473	7,650,668,344
Other liabilities account of customers	-	-
Trading liabilities	-	-
Other liabilities (item-wise) 39	22,247,630	(51,701,048)
<b>Net cash from operating activities (A)</b>	<b>(2,385,270,508)</b>	<b>3,392,592,385</b>
<b>B. Cash flow from investing activities</b>		
Proceeds from sale of securities	-	-
Payments for purchase of government securities	(712,590,824)	(1,009,327,387)
Purchase of property, plant & equipment	(204,462,252)	(80,457,972)
Purchase of intangible assets	(2,009,266)	(16,154,326)
Sale of property, plant & equipment	1,105,950	-
<b>Net cash from investing activities (B)</b>	<b>(917,956,392)</b>	<b>(1,105,939,685)</b>
<b>C. Cash flow from financing activities</b>		
Increase/(Decrease) in Borrowing:		
Call loan	780,000,000	(190,000,000)
Re-purchase agreement (REPO)	-	-
Other borrowings	106,735,000	8,300,000
Share Capital A/c	256,667,400	466,670,000
Share Premium A/c	256,667,400	233,335,000
<b>Net cash from financing activities (C)</b>	<b>1,400,069,800</b>	<b>518,305,000</b>
<b>D. Net increase in Cash and Cash Equivalent (A+B+C)</b>	<b>(1,903,157,100)</b>	<b>2,804,957,700</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>	<b>(25,185,213)</b>	<b>514,887</b>
<b>F. Opening Cash and Cash Equivalent</b>	<b>6,957,738,301</b>	<b>4,152,265,714</b>
<b>Cash and cash equivalents at end of period (D+E+F) 40</b>	<b>5,029,395,988</b>	<b>6,957,738,301</b>

## Trust Bank Limited

### Statement of changes in Equity

For the year ended as at 31 December 2006

	Paid up Capital	Share Premium	Statutory Reserve	Retained Earnings	Other Reserve	Total
	<u>Ta</u> <u>ka</u>	<u>Tak</u> <u>a</u>	<u>Tak</u> <u>a</u>	<u>Tak</u> <u>a</u>	<u>Tak</u> <u>a</u>	<u>Ta</u> <u>ka</u>
<b>Balance as at 01 January 2008</b>	1,166,670,00	233,335,00	330,632,07	362,254,56	61,400,07	2,154,291,71
Changes in accounting policy	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-
Surplus/Deficit on revaluation of investment	-	-	-	-	12,887,04	12,887,04
Currency transaction difference	-	-	-	-	9	49
Net gain and losses not recognized in the income statement	-	-	-	-	-	-
Net profit/(loss) for the year after tax	-	-	-	463,049,54	-	463,049,54
Statutory reserve	-	-	197,893,86	6	-	6
Dividends (Bonus Share)	116,667,00	-	7	(197,893,86	-	-
Issue of Share Capital (Right Share)	0	256,667,40	-	7)	-	-
Income Tax Provision	256,667,40	0	-	(116,667,00	-	513,334,80
<b>Balance as at 31 December 2008</b>	<b>1,540,004,40</b>	<b>490,002,40</b>	<b>528,525,94</b>	<b>486,833,11</b>	<b>74,287,12</b>	<b>3,119,652,97</b>

**TRUST BANK LIMITED**  
**Notes to the Financial Statements for**  
**the year ended 31 December 2008**

**1 STATUS OF THE BANK**

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 with the primary objective to carry on all kinds of banking business in and outside Bangladesh. The Bank had thirty seven (37) branches operating in Bangladesh as of 31 December 2008. The Bank had no overseas branches as of 31 December 2008. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general class of shares.

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

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

**1.1 Nature of business**

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

**1.2 Merchant Banking Activities**

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

The Bank is engaged in buying and selling of securities for its customers through brokerage firm. It also extends margin loan to its customers against their margin for investment in the listed companies. The required margin level is monitored daily and pursuant to establish guidelines, customers are required to deposit additional margin to reduce the position, where necessary. It also under takes investment of its Bank's fund in the capital market. A separate balance sheet and income statement of our Merchant Banking Division are shown in Annexures- D & E.

**1.3 Islami Banking Activities**

Islamic banking refers to a system of banking or banking activity that is consistent with Islamic law (Shariah) stated in the Holy Qur'an and Sunnah of the Prophet Muhammad, pbuh.

The most important feature of Shariah is the prohibition of Riba, the collection and payment of interest. Shariah also prohibits trading in financial risks which are gambling in nature and investing in businesses that are considered unlawful, or haram in Islam (e.g. alcohol or pork, or businesses that produce pornography).

Islamic banking is a trade based operation while the conventional banking is lending based. All banking activities of Islamic banking stand & structured on the underlying contract between the bank and the client.

Trust Islamic Banking (TIB) started its operation from later part of 2008 and strictly adheres to these principles of Islamic banking in its operation. It is a centralized operation and managed from Islamic banking division at Head Office. All Islamic deposits are loaded at TBL-Principal Branch & TBL-CDA Branch. All investment under TIB is made from the Islamic banking deposits. Mingling of Islamic banking fund with the conventional fund of the Bank is strictly avoided.

Profits earned from the investments are shared with the mudaraba deposits are minimum 65:35 in favor of the depositors and ultimately credited to individual accounts as per weightage. Profits on the deposits are initially paid at a provisional rate and any excess/shortfall is adjusted after the year end calculation of actual profit. Actual profit is calculated at the end of each year (31st Dec.).

All products developed under TIB is thoroughly reviewed and approved by the 5 (five) member Sharia Council of the bank who ensures the sharia compliance of such product & calculation.

**1.4 Retail Banking Activities**

Consumer credit program is an important development scheme in the banking sector in most of the developing economies. In Bangladesh, people of limited monthly income are faced with the problem of improving their standard of living. Considering customer's need and enormous potential of this sector, we have introduced Consumer Credit Program under Retail Banking Unit from 2006. The core objectives of this scheme are to provide consumer credit facility to service holders as well as businessmen at a reasonable/affordable rate of interest, which will enable them to

## 1.5 Pilot Project of Passport

The Bilateral agreement of pilot project Passport processing services was signed between Trust Bank Limited and Department of Immigration and Passport on October 07, 2007 which ensured a six month long pilot project started with 04 (four) Dhaka based Branches. Thereafter, on April 06, 2008 further an Agreement was signed and accordingly, Passport Processing Services was extended for another 01(one) year with additional 13 (thirteen) branches.

The Government of the People's Republic of Bangladesh vide its Gazette Notification published on November 4, 2007, has empowered Trust Bank to introduce Passport Application Processing Service at its 04 (four) branches in Dhaka covering 14 police stations primarily. Accordingly, Trust Bank has started the activities of receiving Application Forms from the applicants for issuance of different categories of Passports and Deliveries of the Ready Passports w.e.f November 08 2007, informally while formally started on November 20, 2007.

In order to ensure better and quick services to the applicants of Passport, Recently, Trust Bank has allocated Dhaka-based 08 (Eight) branches which cover 24 police stations of Dhaka city and 09 (Nine) branches of outside Dhaka that includes 36 police stations.

## 1.6 SME Financing

SME is recognized as the thrust sector of the economy which has provided the new vista & appetite for bringing consistency in the banks credit portfolio by striking balance between SME & corporate lending. The case of fostering SME growth in Bangladesh is irrefutable as these industries offer bright prospects for creating large scale employment and income earning opportunities at relatively low cost for the unemployed especially in the urban & rural areas. So the bank is going forward to SME clientele base with market approach to meet the credit & considering the business potentials & return on investment. The business expansion & monitoring is carried out throughout its 37 nos. country wide branches. Furthermore the institution has decided to set up 12 nos. SME service centre which will be dedicated for SME business and all these will be under full-fledged operation by 2009 with IT support for hassle free & one stop service.

Trust Bank is working through of different products in the market. It is emphasizing on women entrepreneurship through marketing an independent product. The bank is also emphasizing on shop keepers, Agri-Business, & light engineering.

It is evident that substantial increase in SME portfolio with commercial, Corporate & industrial lending, would lead the bank to its growth, dispersion risks of leading through portfolio diversification. As such Trust Bank Ltd. has taken up necessary & comprehensive business strategy to contribute in this sector meaningfully with the notion in mind that Today's SME will be the future corporate houses in the graduation process.

## 1.7 Corporate Social Responsibility

As part of our Corporate Social Responsibility (CSR), the Board of Directors decided to establish a special reserve fund with contribution not exceeding 10 percent of Bank's total income every year, in accordance with sub-section v of section 29 of Income tax Ordinance, 1984.

The objects of the fund will be, among other things:

- > To establish health care center for retired army staff or army staff in service.
- > To establish health care center for executives, officers & staff of the Bank.
- > To establish educational institution(s).
- > To establish school for disabled children of Army Personnel and general public, provide necessary support to the school including stipend to students.
- > To act for the welfare of retired army staff or army staff in service.
- > To act for the welfare of the executives, officers & staff of the Bank as well as for the public in general.
- > To contribute during natural calamities e.g. flood, cyclone, earthquake etc.
- > To provide scholarship to the children of retired and serving Army personnel, Bank's officers and staff as well as meritorious students of the general public.
- > To contribute for any humanitarian purpose as may be decided by the Board of Trustees.

In addition, with a view to promote sports in the country the Bank has decided to sponsor a national sports event. Accordingly, the Bank is sponsoring Bangladesh Taekwondo Federation for promoting Taekwondo in the country. With the financial assistance of the Bank, Taekwondo Federation has organized tournaments, provided training to the young players and purchased different equipment & required for training.



## **2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 Basis of preparation of the financial statements**

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

### **2.2 Consolidation**

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.

### **2.3 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.

### **2.4 Foreign currencies**

Transactions in foreign currencies are translated into taka 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 on 31 December 2008 in foreign currencies under regular accounts are converted into equivalent taka currency at the average rates prevailing at the Balance Sheet date.

### **2.5 Taxation**

#### **2.5.1 Provision for taxation**

In compliance with BAS-12 "Income Taxes", provision for current income tax has been made @ 45% on business income and @ 20% on dividend income as prescribed in the Finance Ordinance 2008 after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance 1984.

#### **2.5.2 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".

### **2.6 Assets and basis of their valuation**

#### **2.6.1 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.

#### **2.6.2 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.

### 2.6.3 Provision for loans and advances

Provision for loans and 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 and BRPD Circular No. 05 dated 05 June 2006 issued by Bangladesh Bank. Details of which are shown in Note # 12.1:

<b>General provision on</b>	<b>Provision Rate</b>
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. All Other Credit	1%
g. Special Mention Account	5%
<b>Specific provision on</b>	
a. Substandard Loans and Advances	20%
b. Doubtful Loans and Advances	50%
c. Bad/Loss Loans and Advances	100%

#### **Specific provision**

Specific provision for classified loans and advances has been maintained @ 20% to 100% as prescribed by Bangladesh Bank.

#### **General provision**

General Provision for small and medium enterprise financing, consumer financing, Agriculture financing and special mention account has been maintained @ 1% to 5%. General Provision for all other unclassified loans and advances has been maintained @ 1% as prescribed by Bangladesh Bank.

### 2.6.4 Provision for off balance sheet exposures

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.

### 2.7 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 Requirement (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.

#### 2.7.1 Held to maturity

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity' other than those which are floating and/or free to trade in the market at prevailing prices are classified as held to maturity. The securities in HTM are to be held up till maturity. These securities in HTM must be amortized at the end of the year before maturity and the increase/decrease is to be accounted in the 'statement of changes in equity' (as Revaluation Reserve-HTM). According to Bangladesh Bank DOS Circular Letter No. 05 dated May 26, 2008, a bank can only hold 70% of its total value of securities in HTM as on January 01, 2008. These investment securities can be transferred to and/or reclassified as HFT any time after getting approval from the Board of Directors of the Bank.

#### 2.7.2 Held for trading

Investments classified in this category are held indeed selling or purchasing –in short- trading as decided by the management of the bank or treasury. After initial recognition, investments of such categories are measured at their fair value once in a week and any change in the fair value is recognized in the statement of capital (as Revaluation Reserve-HFT) for the period before next appreciation. According to Bangladesh Bank DOS Circular Letter No. 05 dated May 26, 2008, no dividend will be allowed to pay to its shareholders on the amount of increase and/or decrease in income generated out of revaluation of securities held for trading. Transaction cost, if any, are not added to the fair value measurement at initial recognition of investments as per IAS-39 "Financial Instruments: Recognition and Measurement".

Value of investments has been enumerated as follows :

<b>Items</b>	<b>Applicable accounting value</b>
--------------	------------------------------------

Government treasury bills	At Present Value
Prize bond	At cost
Investments in shares	At cost

## 2.8 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	2.5% p.a.
Furniture & Fixtures	10% p.a.
Office Equipment	20% p.a.
Motor Vehicles	20% p.a.
Decoration & Renovation	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.

## 2.9 Liabilities and Provisions

### 2.9.1 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

Gratuity fund benefits are given to the employees of the bank in accordance with the approved Gratuity fund rules. 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 Incomer Tax Ordinance 1984 w.e.f. 20 November 2006. Employees are entitled to get Gratuity benefit after completion of minimum 5 years of services. The Bank contributes to the Fund annually, two times of basic pay for each completed year, which is calculated for the employees who have completed minimum one-year service. Gratuity so calculated are transferred to the fund and charged to expenses 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 Incomer Tax Ordinance 1984 w.e.f. 22 December 2004. The Bank pays Tk. 1,600,000 annually as bank's contribution to the Fund.

## 2.10 Revenue recognition

### i) Interest income

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**

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.

**2.11 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.

**2.12 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 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.

**2.12.1 Credit risk management**

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

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

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

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

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

**2.12.2 Asset liability risk management**

Asset Liability Management (ALM) has been defined as a planned, structured and systematic process of managing the asset and liability with a view to lead the bank to a balanced and sustainable growth through minimizing various



business risk factors – market risk and liquidity risk. Asset Liability Management (ALM) has become an almost universally accepted approach to risk management. Successful banking requires efficient and effective management of its assets and liabilities. Trust Bank Limited is managing its assets and liabilities in order to ensure sustained profitability so that the bank can maintain and augment its capital resources.

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

#### **2.12.3 Foreign exchange risk management**

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

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

#### **2.12.4 Internal control and compliance risk management**

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

The bank has set up Internal Control & Compliance (IC & C) Division at Head Office to ensure that the internal control processes are in place through establishment of Audit Committee as per the instructions of Bangladesh Bank, which reviews the internal and external audit reports and Bangladesh Bank inspection report without any intervention of the bank management and ensures that the management takes effective measures in case any deficiency/ lapse is found in the internal control system. The bank has introduced ‘Risk Based Internal Audit (RBIA)’ to assess the business risk as well as control risk associated with the branches and determine how much care, monitoring & periodicity of comprehensive internal audit would be required to reposition the branches.

#### **2.12.5 Money laundering risk management**

In accordance with Money Laundering Prevention Ordinance, 2008 enacted for the purpose of reenactment of Money Laundering Prevention Act, 2002 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. The enactment of Anti-Terror Ordinance, 2008 in the same year has given ‘terrorist financing’ a deserved area of specialization for the financial institutions. It is generally recognized that effective efforts to combat money laundering and counter the financing for terrorism (CFT) can not be carried out without the co-operation of financial intermediaries.

With this end in view the Central Compliance Unit (CCU) of AML Department at Head Office of the bank has been strengthened by delegating more power and authority to the Chief Anti-Money Laundering Compliance Officer (CAMLCO) to comply with the provisions of the legislation as well as the directives of Bangladesh Bank and other regulatory bodies. The CCU functions under the direct supervision of the Managing Director of the bank. In the branch level there is a designated anti-money laundering compliance officer, called Branch Anti-Money Laundering Compliance Officer (BAMLCO). All officers & executives of the bank are well conversant with the process of ‘Know Your Customer’ (KYC) through the exercise of due diligence. Bank shall continue to deploy considerable resources to establish and maintain employees’ awareness of the risk of money laundering & terrorist financing and to enhance their competence to identify and report suspicious account transactions.

#### **2.12.6 IT risk management**

The objective of performing IT risk management is to enable the organization to accomplish its mission by better securing the IT systems that store, process, or transmit organizational information; by enabling management to make well-informed risk management decisions to justify the expenditures that are part of an IT budget; and by assisting management in authorizing or accrediting the IT systems on the basis of the supporting documentation resulting from the performance of risk management.

Trust bank contains a centralized Data-Center where all financial data is securely preserved. In addition, Trust Bank has a Disaster Recovery Site (DRS) which can assist in immediate recovery of lost data. Furthermore, Data Backup is maintained on a day-to-day basis via various sources such as tape, DVD and hard-disk-drive.

The IT infrastructure of the bank also maintains several layers of security such as network, system, application and data-base security. These layers of security prevent any kind of illegal infiltration into the bank's IT system.

IT division of TBL arranges training programs for bank's employees on a regular basis on banking software operation, hardware maintenance and network security in a wide area networking as well as Local area networking environment. These training sessions help participants to understand the risks involved in IT operation and how to minimize those risks. Training programs also creates interactions among the participants and helps in sharing experiences and solving critical problems and thus minimizes operational risks.

Trust Bank is going to introduce SMS banking facility to its plastic cardholders (Debit & Credit Card) which will effectively minimize the risks of fraudulent transactions by unscrupulous persons. In this solution customers will be notified for all transactions they have made through their cards by instant SMS service to their respective mobile numbers. Note that only interested customers will get this service by choosing this option of SMS service.

### **2.13 Liquidity risk management**

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

### **2.14 Interest rate risk management**

The interest rate risk is the risk of reduced earnings due to adverse movements of interest rates. A bank's interest rate exposure arises from the mismatches in the interest repricing tenors of assets and liabilities. Since most of the balance sheet items of a bank are indexed to interest rates, any instability or shift in interest rates have direct bearing on earnings.

Keeping that in view, the management of the bank relentlessly monitors gap and duration of risk-sensitive assets and liabilities. Thus, interest rate risk is managed by predicting the volatility of interest rates and portfolio restructuring-including interest rate swap.

### **2.15 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.

The absence of efficient tracking and reporting of such risks can result in disastrous consequences for the bank. Even, there is requirement for capital allocation for this category of risk. So, in line with BASEL-II requirements, the bank management has established an exclusive department to deal with operation-related risks which are controlled through a stringent set of functional checks and balances. Moreover, robust internal control and monitoring mechanisms are in place to mitigate such operational lapses.

### **2.16 Preparation of Basel II Accord**

Basel II is more risk sensitive and comprehensive and its implementation will require improved risk management system in bank. To comply with Basel II requirement, the Bank has already implemented prudential guidelines in core risk areas and initiated all the measures with the support of our Board to reinforce the capital base. The risk based capital accord under the Basel II regime exposes challenge and at the same time the opportunity for capacity building to come up to the wave length of international standard as a matter of compliance with the essentials of the stringent regulatory capital requirement of Basel II. Realizing magnitude of requirement we have already started imparting training to the concerned officers and executives for their capacity building and to manage and streamline the banking operations in prudent manner. We have already segregated the functionaries with the delineated periphery of responsibilities to get them prepared for being responsive to the competitive but regulated financial environment.

## **2.17 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.

### **Basic earning**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary item, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

### **Weighted average number of ordinary shares outstanding during the year**

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time weighting factor. The time weighting factor is the numbers of months the specific shares are outstanding as a proportion of the total number of months in the year.

### **Basic earning per share**

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

### **Diluted earning per share**

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

## **2.18 Cash flow statement**

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

## **2.19 Statement of liquidity**

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

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their maturity.
- c) Loans and advances and lease receivables are on the basis of their repayment / maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their realization/adjustment.
- f) 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.

## **2.20 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
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet 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 Rates	21	Applied
Borrowing Costs	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	Applied
Operating Segments	8	N/A

#### 2.21 Auditors' work-hour

The external auditors, M/s Howladar Yunus & Co., Chartered Accountants, one of the oldest and largest auditing and accounting firm of the country in associated with BDO International BV Accounts & Consultants, one of the leading accounting conglomerates of the World, of the Bank worked about in excess 3,150 work-hours at the Bank's Head Office and different branches. During their audit, they audited above 80% of the Bank's risk weighted assets as of the reporting date.

#### 2.22 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.

	31.12.2008 Taka	31.12.2007 Taka
<b>3 CASH</b>		
<b>3.1 Cash in hand</b>		
In local currency	256,349,800	169,319,265
In foreign currencies	46,952,136	52,143,680
	<b>303,301,936</b>	<b>221,462,945</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
<b>Balance with Bangladesh Bank</b>		
In local currency	1,327,256,458	1,122,021,965
In foreign currencies	460,214,715	395,743,851
	1,787,471,173	1,517,765,816
<b>Balance with Sonali Bank in local currency (as agent of Bangladesh Bank)</b>	46,710,781	8,224,155
	<b>1,834,181,954</b>	<b>1,525,989,971</b>
<b>3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR)</b>		
Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and BRPD Circular Nos. 11 and 12 dated 25 August 2005 issued by Bangladesh Bank.		
The average cash reserve ratio (CRR) has been calculated @ 5% on the Bank's average time & demand liabilities of the month earlier of the previous month and maintained with Bangladesh Bank in current account and 18% Statutory Liquidity Requirement (SLR) including CRR on the same liabilities has also been maintained in the form of Treasury Bills and Bonds including FC balance with Bangladesh bank. Both reserves maintained by the Bank are excess of the statutory requirements, as shown below:		
<b>3.3.1 Cash Reserve Ratio (CRR) : 5% of Average Demand and Time Liabilities</b>		
<b>Average Demand and Time Liabilities</b>	<b>32,181,088,000</b>	<b>25,236,123,000</b>
<b>3.3.1.1 Average Required Reserve 5% of Average Demand and Time Liabilities</b>	1,609,054,400	1,261,806,150
Actual Reserve held with Bangladesh Bank	1,611,518,516	1,274,282,581
<b>Surplus</b>	<b>2,464,116</b>	<b>12,476,431</b>
<b>3.3.1.2 Minimum Required Reserve 4% of Average Demand and Time Liabilities</b>	1,287,243,520	1,009,444,920
Actual Reserve held with Bangladesh Bank as on year end	1,327,256,458	1,122,021,965
<b>Surplus</b>	<b>40,012,938</b>	<b>112,577,045</b>
<b>3.3.2 Statutory Liquidity Requirement (SLR) : 18% of Average Demand and Time Liabilities</b>		
Required Reserve	5,792,595,840	4,542,502,140
Actual Reserve held as on year end	5,957,916,068	4,956,878,085
<b>Surplus</b>	<b>165,320,228</b>	<b>414,375,945</b>
<b>3.3.3 Held for Statutory Liquidity Requirement</b>		
Cash in Hand	303,301,936	221,462,945
Balance with B. Bank and its agent Bank(s)	1,373,967,239	1,130,246,120
Government Bills	2,641,763,903	2,775,169,020
Government Bonds	1,558,882,990	700,000,000
TT in Transit	80,000,000	130,000,000
	<b>5,957,916,068</b>	<b>4,956,878,085</b>
<b>4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>		
<b>In Bangladesh</b>		
<u>Current Deposits</u>		
Sonali Bank Ltd.	33,483,073	15,999,585
Rupali Bank Ltd.	2,944,974	2,761,478
The City Bank Ltd.	4,309,765	3,357,597
Janata Bank Ltd.	4,072,271	2,016,908
Agrani Bank Ltd.	4,196,824	3,628,138
BRAC Bank Ltd.	4,466,875	1,566,479
	53,473,782	29,330,185
<u>Short Term Deposits</u>		
Sonali Bank Ltd.	25,672,332	9,446,130
AB Bank Ltd.	1,401,770	9,606,128
CITI Bank NA	41,152,344	115,685,523
Rupali Bank Ltd.	24,048,630	10,951,689
Janata Bank Ltd.	6,238,539	95,829
Prime Bank Ltd.	3,218,130	5,519,661
Standard Chartered Bank	3,098,538	746,322
Jamuna Bank Ltd.	953	-
Dutch Bangla Bank Ltd.	5,656,306	1,940
	110,487,542	152,053,222



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	31.12.2008	31.12.2007
	Taka	Taka
<u>Fixed Deposits</u>		
<u>FDR with Banks-Local Currency</u>		
AB Bank Ltd	200,000,000	1,200,000,000
BRAC Bank Ltd.	-	300,000,000
Bank Alfalah Ltd	50,000,000	-
Eastern Bank Ltd.	-	200,000,000
First Security Bank Ltd.	-	150,000,000
Standard Bank Ltd.	100,000,000	-
Southeast Bank Ltd.	-	200,000,000
<u>FDR with Bank - Foreign Currency</u>		
Commercial Bank of Ceylon	43,393,907	31,162,500
<u>FDR with Investment and Leasing Co. - Local Currency</u>		
Bangladesh Industrial Finance Co. Ltd.	200,000,000	320,000,000
Bay Leasing & Investment Ltd.	100,000,000	100,000,000
Delta-Brac Housing Finance Company Ltd.	150,000,000	100,000,000
Fareast Finance & Investment Company Ltd.	20,000,000	20,000,000
GSP Finance Company (Bangladesh) Ltd.	-	50,000,000
Industrial & Infrastructural Development Finance Co. Ltd.	200,000,000	200,000,000
International Leasing & Financial Services Ltd.	250,000,000	300,000,000
IPDC of Bangladesh Ltd.	100,000,000	200,000,000
Islamic Finance & Investment Ltd.	50,000,000	50,000,000
Lanka Bangla Finance Co. Ltd.	-	100,000,000
MIDAS Financing Ltd.	150,000,000	200,000,000
Peoples Leasing & Financial Services Ltd.	70,000,000	100,000,000
Phoenix Leasing Company Ltd.	150,000,000	200,000,000
Prime Finance & Investment Ltd.	300,000,000	350,000,000
Union Capital Ltd.	-	150,000,000
Uttara Finance & Investment Ltd.	100,000,000	200,000,000
	<u>2,233,393,907</u>	<u>4,721,162,500</u>
<b>Balance carried forward</b>	<b>2,397,355,231</b>	<b>4,902,545,907</b>
<b>Outside Bangladesh (Nostro Accounts)</b>		

Current Account

USD Account

Citibank N.A., USA	2,852,403	12,387,273
HSBC, USA	57,930,453	859,675
Mashreqbank psc, USA	3,274,724	346,208
Standard Chartered Bank, USA	15,125,958	666,781
ICICI Bank Ltd., Hongkong	1,251,019	-
Union De Banques, HKG	78,110	2,156,260
Wachovia Bank, NY USA	896,707	-

GBP Account

Citibank N.A., UK	3,670,784	949,239
HSBC, PLC, UK	58,148,245	62,572,196
Standard Chartered Bank, UK	9,645,745	2,750,798

Japanese Yen Account

Standard Chartered Bank, Japan	100,574	86,654
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EURO Account

Citibank N.A., UK	4,134,000	6,793,700
HSBC, PLC, UK	1,726,607	418,513
Standard Chartered Bank, UK	1,364,496	1,130,608

ACUD Account

AB Bank, Mumbai, India	1,895,004	157,940
Citibank N.A., Mumbai, India	4,082,140	2,630,340
HSBC, Mumbai, India	518,421	208,050
HSBC, Pakistan	1,444,895	247,925
ICICI Bank Ltd., Mumbai, India	1,957,100	1,049,960
Mashreqbank, Mumbai, India	326,179	-
Standard Chartered Bank, Mumbai, India	587,173	-

CHF Account

Habib Bank, Zurich	565,830	1,156,258
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<b>171,576,567</b>	<b>96,568,378</b>
<b>2,568,931,798</b>	<b>4,999,114,285</b>

For details please refer to Annexure - A

**4.1 Remaining maturity grouping of balance with other banks and financial institutions**

On demand	225,050,349	125,898,563
Upto 1 month	1,272,157,542	1,053,215,722
Over 1 month but not more than 3 months	151,723,907	1,010,000,000
Over 3 months but not more than 1 Year	920,000,000	2,810,000,000
Over 1 Year but not more than 5 Years	-	-
Over 5 Years	-	-
	<u>2,568,931,798</u>	<u>4,999,114,285</u>

		31.12.2008 Taka	31.12.2007 Taka
<b>5</b>	<b>MONEY AT CALL AND SHORT NOTICE</b>		
	<b>Banking company</b>		
	Dhaka Bank Ltd.	100,000,000	-
		<b>100,000,000</b>	<b>-</b>
	<b>Non-banking financial institutions</b>		
	Lanka Bangla Finance Co. Ltd.	-	50,000,000
	Industrial & Infrastructural Development Finance Co. Ltd.	10,000,000	-
	Bay Leasing & Investment Ltd.	80,000,000	-
	Peoples Leasing & Financial Services Ltd.	20,000,000	-
	Bangladesh Industrial Finance Co. Ltd.	90,000,000	50,000,000
	MIDAS Financing Ltd.	-	30,000,000
	Union Capital Ltd.	20,000,000	30,000,000
	Fareast Finance & Investment Company Ltd.	-	50,000,000
		<b>220,000,000</b>	<b>210,000,000</b>
		<b>320,000,000</b>	<b>210,000,000</b>
<b>6</b>	<b>INVESTMENTS</b>		
	<b>Government Securities</b>		
	<b>Treasury Bills</b>		
	Treasury Bills -HTM	303,387,070	2,372,907,943
	Treasury Bills-HFT	2,338,376,833	402,261,077
		2,641,763,903	2,775,169,020
	<b>Treasury Bonds</b>		
	Treasury Bond - HFT	701,076,034	-
	Treasury Bond - HTM	857,806,956	700,000,000
		1,558,882,990	700,000,000
	National Investment Bond	-	-
	Bangladesh Bank Bill	-	-
	Prize Bond	2,980,300	1,171,100
		<b>4,203,627,193</b>	<b>3,476,340,120</b>
	<b>Other Investment</b>		
	Preference Share - 1,000,000 Shares of BRAC Bank Ltd. @ Tk. 100 each	100,000,000	100,000,000
	Preference Share - 1,000,000 Shares of Khulna Power Company Ltd. @ Tk. 100 each	100,000,000	-
	Ordinary Shares:		
	Quoted	556,032,624	206,110,805
	Unquoted - 3 Shares of CDBL @ Tk. 1,000,000 each	3,000,000	3,000,000
		<b>759,032,624</b>	<b>309,110,805</b>
		<b>4,962,659,817</b>	<b>3,785,450,925</b>

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

	No. of the Company	Market Value	At cost	
Listed Securities	15	541,272,506	556,032,624	206,110,805
Unlisted Securities :				
Ordinary Share	1	3,000,000	3,000,000	3,000,000
Preference Share	2	200,000,000	200,000,000	100,000,000
<b>Balance at 31 December</b>	<b>18</b>	<b>744,272,506</b>	<b>759,032,624</b>	<b>309,110,805</b>

#### 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 2008 was 30 December).

#### Sector wise investment in listed securities at cost

Banking Companies	292,564,757	20,139,987
Investment Companies	2,158,853	54,828,443

Manufacturing Companies and others	261,309,014	124,217,656
Non Banking Financial Institution	-	6,924,719
	<b>556,032,624</b>	<b>206,110,805</b>

**Unrealised gain on investment in listed securities**

At 31 December 2008, there was Tk.6.73 million of gross unrealised gain on investment in listed security.

**Unlisted Securities**

**Ordinary Share**

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

**Preference Share**

Trust Bank Limited invested in the preference shares of Khulna Power Company Limited and BRAC Bank Limited for Tk. 100.00 million and Tk. 100.00 million respectively, representing 2.33% and 5.88% of their total capital (ordinary and preference ) respectively. As at 31 December 2008, Tk. 90.00 lac was received from BRAC Bank Limited as 1st year dividend @ 9%.

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.

	31.12.2008	31.12.2007
	Taka	Taka
<b>6.1 Treasury Bills-at Present Value</b>		
28 days Treasury Bills	-	894,978,581
91 days Treasury Bills	69,822,550	594,937,563
182 days Treasury Bills	1,431,038,275	226,851,968
364 days Treasury Bills	1,140,903,078	-
728 days Treasury Bills	-	282,511,089
1820 days Treasury Bills	-	775,889,819
	<b>2,641,763,903</b>	<b>2,775,169,020</b>
<b>6.2 Treasury Bonds-at Present Value</b>		
05 years Treasury Bonds	1,558,882,990	700,000,000
	<b>1,558,882,990</b>	<b>700,000,000</b>
<b>6.3 Remaining maturity grouping of Investments</b>		
On demand	762,012,924	310,281,905
Upto 1 month	947,563,262	930,924,662
Over 1 month but not more than 3 months	176,852,520	750,738,623
Over 3 months but not more than 1 Year	2,215,155,077	1,093,505,735
Over 1 Year but not more than 5 Years	861,076,034	700,000,000
Over 5 Years	-	-
	<b>4,962,659,817</b>	<b>3,785,450,925</b>
<b>7 LOANS AND ADVANCES / ISLAMI BANKING INVESTMENT</b>		
<b>Loans</b>		
Repair & Recon. of Dwelling House (RRDH)	263,526,278	286,168,873
Consumer Durable Scheme Loans (CDS)	7,973,535	14,973,308
Marriage Loans (ML)	45,473,823	52,656,532
Car Loans (CL)	262,556,317	140,168,657
House Building Loans (HBL)	1,213,735,092	910,157,694
Term Loans	9,401,113,852	5,286,136,357
Other Loans	3,057,360,419	1,984,289,918
Staff Loans	59,907,804	103,483,851
Loans against Credit Card	21,545,086	3,639,034
Loans against Trust Receipts (LTR)	4,380,449,094	4,414,042,082
Payment Against Documents (PAD)	212,691,529	430,707,552
Packing Credit (Loan agt. Packing Credit)	11,301,144	-
	<b>18,937,633,973</b>	<b>13,626,423,858</b>
<b>Cash Credit</b>		
Cash Credit	442,171,821	401,292,942
Cash Collateral	130,180,940	110,220,141
	<b>572,352,761</b>	<b>511,513,083</b>
<b>Overdraft</b>		
General Overdrafts	1,323,999,385	192,290,558
Secured Overdrafts	5,691,532,590	3,692,584,551
	<b>7,015,531,975</b>	<b>3,884,875,109</b>
<b>Total Loans, Cash Credits and Overdrafts</b>	<b>26,525,518,709</b>	<b>18,022,812,050</b>
Bills Purchased and Discounted	1,002,565,678	659,352,604
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.1 Residual maturity grouping of Loans and Advances including Bills Purchased and Discounted</b>		
Repayable on demand	4,197,373,536	2,575,180,246
Upto 1 month	2,147,239,740	2,086,709,368
Over 1 month but not more than 3 months	2,904,952,575	2,409,823,898
Over 3 months but not more than 1 Year	6,491,256,260	4,794,311,590
Over 1 Year but not more than 5 Years	8,244,835,220	5,562,667,707
Over 5 Years	3,542,427,056	1,253,471,845
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.2 Loans and Advances including Bills Purchased and Discounted Inside Bangladesh</b>		
Loans	18,937,633,973	13,626,423,858
Cash Credit	572,352,761	511,513,083
Overdraft	7,015,531,975	3,884,875,109
Bills purchased and discounted	1,002,565,678	659,352,604
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>Outside Bangladesh</b>	-	-
	<b>27,528,084,387</b>	<b>18,682,164,654</b>

Notes - 7.6

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**31.12.2008**                      **31.12.2007**  
**Taka**                                      **Taka**

**7.3 Loans and Advances on the basis of significant concentration**

**7.3.1 Advances to Directors and Others**

Advance to Directors and their allied concerns	Notes - 43.1	8,000,358	8,124,194
Advances to CEO and Senior Executives		8,313,208	15,228,220
Advances to Customers (Group wise)		6,408,440,000	5,505,584,000
Industrial Advances ( Project finance)		5,274,805,000	3,249,287,749
Other Staff Loan		51,594,596	88,255,631
Other Customers		15,776,931,225	9,815,684,860
		<b>27,528,084,387</b>	<b>18,682,164,654</b>

**7.3.2 Disclosure of Large Loan**

As per BRPD Circular No. 5 dated 9 April 2005 issued by Bangladesh Bank, disclosure on large loan i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under.

Total Capital	Notes - 13.3	3,504,440,763	2,390,622,704
Total Loans and Advances		9,924,271,000	10,999,827,000
No. of Customers		21	32
Classified amount thereon		Nil	Nil
Measures taken for recovery of classified loans:		N/A	N/A

**Details of Large Loans and Advances**

SL	Name of the Client	CL Status	Outstanding Loan		Total 31.12.2008	Total 31.12.2007
			Funded	Non-Funded		
1	BRAC	UC	1,004,680,000	10,086,000	1,014,766,000	703,600,000
2	M/S. Masud & Brothers	UC	212,422,000	426,827,000	639,249,000	-
3	Badar Spinning Mills Ltd.	UC	441,033,000	156,506,000	597,539,000	357,426,000
4	Bangladesh Police Officers Bohumukhi Somobai Somithi	UC	587,038,000	-	587,038,000	-
5	Lafarge Surma Cement Ltd.	UC	287,996,000	284,104,000	572,100,000	406,272,000
6	La-Belle Group	UC	355,778,000	172,294,000	528,072,000	-
7	T. K. Group of Industries	UC	477,808,000	22,826,000	500,634,000	-
8	Meghna Group	UC	219,837,000	278,599,000	498,436,000	292,059,000
9	Abul Khair Group	UC	327,033,000	140,436,000	467,469,000	577,021,000
10	Bangladesh Steel Re-Rolling Mills Ltd.	UC	407,100,000	45,900,000	453,000,000	-
11	Paradise Spinning Mills Ltd.	UC	287,508,000	139,124,000	426,632,000	350,824,000
12	Hamid Weaving Mills Ltd.	UC	313,509,000	101,905,000	415,414,000	-
13	Radiant Pharmaceuticals Ltd.	UC	278,174,000	133,718,000	411,892,000	-
14	Marrine Vegetable Oil	UC	303,681,000	101,258,000	404,939,000	-
15	GPH Ispat Limited	UC	342,100,000	56,100,000	398,200,000	-
16	S Q Quantum	UC	254,575,000	136,673,000	391,248,000	-
17	Radiant Business Consortium Ltd.	UC	115,712,000	264,707,000	380,419,000	-
18	Bengal Indigo Group	UC	165,663,000	172,132,000	337,795,000	378,304,000
19	Bengal Plastics Ind. Ltd.	UC	278,182,000	33,124,000	311,306,000	-
20	Pacific Motors Ltd.	UC	305,433,000	5,610,000	311,043,000	300,447,000
21	Grameenphone Limited	UC	277,080,000	-	277,080,000	-
22	Modern Corporation	UC	-	-	-	552,264,000
23	Musa & Sons	UC	-	-	-	523,352,000
24	Shabnam Vegetable Oil	UC	-	-	-	450,836,000
25	Sena Kalyan Sangstha	UC	-	-	-	448,026,000
26	Mostafa Group	UC	-	-	-	406,112,000
27	Rangs Telecom Ltd.	UC	-	-	-	388,268,000
28	S. A. Group	UC	-	-	-	377,112,000
29	Bashundhara Steel Complex Ltd.	UC	-	-	-	370,888,000
30	R L Group	UC	-	-	-	351,973,000
31	KDS Group	UC	-	-	-	299,110,000
32	H R Textile Mills Ltd.	UC	-	-	-	298,441,000
33	PHP Overseas Ltd.	UC	-	-	-	292,706,000
34	Anwar Cement Ltd.	UC	-	-	-	282,345,000
35	Yasir Enterprise	UC	-	-	-	277,400,000
36	BD Foundry & Engineering Works Ltd.	UC	-	-	-	272,504,000
37	MEB Group	UC	-	-	-	263,694,000
38	M/S. Abir Fashions	UC	-	-	-	262,333,000
39	Samuda Chemical Complex Ltd.	UC	-	-	-	249,747,000
40	Smile Foods Products Ltd	UC	-	-	-	245,051,000
41	Madina & Bengal Trading	UC	-	-	-	233,975,000
42	Best Wool Sweaters	UC	-	-	-	232,438,000
43	Apex Terry Towel Ltd.	UC	-	-	-	230,243,000
44	Bangladesh Machine Tools Factory Ltd. (BMTF)	UC	-	-	-	165,895,000
45	Singer Bangladesh Ltd.	UC	-	-	-	159,161,000
			<b>7,242,342,000</b>	<b>2,681,929,000</b>	<b>9,924,271,000</b>	<b>10,999,827,000</b>

	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>Taka</b>	<b>Taka</b>
<b>7.3.3 Industry-wise concentration of Loans and Advances</b>		
Agro-sector	1,120,092,097	824,660,205
Automobiles	454,025,039	453,900,113
Cement & Building Materials	599,777,052	242,930,061
Chemical & Pharmaceuticals	1,023,030,089	162,020,040
Edible Oil	371,578,032	781,050,195
Energy & Power	201,261,017	246,250,061
Steel & Engineering	2,339,939,203	2,160,420,538
Textile & Garments	5,076,089,440	3,408,250,850
Food & Allied	604,336,052	1,330,200,331
Construction	595,397,052	1,035,980,258
Trading	5,788,846,502	1,858,410,463
Telecom & Transport	346,780,030	213,200,053
Others	9,006,932,782	5,964,891,486
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.3.4 Geographical location-wise concentration of Loans and Advances</b>		
<b>Inside Bangladesh</b>		
Dhaka Division	19,392,978,824	11,567,960,934
Chittagong Division	7,200,010,903	6,622,320,015
Khulna Division	113,937,012	91,974,254
Sylhet Division	614,961,962	279,250,456
Barisal Division	-	-
Rajshahi Division	206,195,686	120,658,995
	27,528,084,387	18,682,164,654
<b>Outside Bangladesh</b>	-	-
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.3.5 Nature wise Loans and Advances</b>		
Continuous	13,834,809,895	10,373,563,656
Demand Loan	1,546,093,125	1,191,559,041
Term Loans up to 5 Years	7,835,872,127	4,772,601,992
Term Loans above 5 Years	4,244,265,599	2,235,926,205
Short Term Agri. Credit & Micro Credit	7,135,837	5,029,909
Staff Loan	59,907,804	103,483,851
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.4 Classification of Loans and Advances including Bills Purchased and Discounted</b>		
Unclassified Loans and Advances (including staff loan)		
Consumer Financing (House Financing, HF)	1,526,267,671	1,073,031,412
Consumer Financing (Loans for Professional to setup business, LP)	35,850,892	15,996,345
Consumer Financing (Other than HF & LP)	832,607,491	407,493,579
Small & Medium Enterprise Financing (SMEF)	482,115,566	116,215,763
All Other Credit	23,588,831,024	16,163,988,098
Short Term Agri Credit	7,135,837	5,029,909
Staff Loans	59,907,804	103,483,851
	26,532,716,285	17,885,238,957
Special Mention Accounts	302,089,099	292,302,111
Classified Loans and Advances		
Sub-Standard Loans and Advances	43,971,829	25,972,382
Doubtful Loans and Advances	98,785,336	317,805,298
Bad /Loss Loans and Advances	550,521,838	160,845,906
	693,279,003	504,623,586
	<b>27,528,084,387</b>	<b>18,682,164,654</b>
<b>7.5 Particulars of Loans and Advances</b>		
(I) Debts considered good in respect of which the bank is fully secured.	19,261,662,195	18,188,197,284
(ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	1,223,752,987	192,825,189
(iii) Debts considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	6,047,301,103	301,142,181
(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.	67,908,162	111,608,045
(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.	-	-



	31.12.2008 Taka	31.12.2007 Taka
(vi) 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.	67,908,162	111,608,045
(vii) 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	85,969,752	162,161,248
Amount of loan written off	-	-
Amount realised against loan previously written off	-	-
b) Provision kept against loans classified as bad debts	280,428,000	97,347,000
c) Interest credited to interest Suspense Account	108,983,042	85,764,082
	Notes - 12.4	
(xi) Cumulative amount of written off loans		
Opening Balance	2,700	2,700
Amount written off during the year	-	-
	<u>2,700</u>	<u>2,700</u>
The amount of written off loans for which law suit has been filed	-	-
<b>7.6 Bills purchased and discounted</b>		
Payable in Bangladesh	898,307,158	554,665,947
Payable out side Bangladesh	<u>104,258,520</u>	<u>104,686,657</u>
	<b><u>1,002,565,678</u></b>	<b><u>659,352,604</u></b>
<b>7.7 Remaining maturity grouping of bills purchased and discounted</b>		
Payable with in one month	552,743,617	193,107,980
Over one month but less than three months	291,833,856	392,522,835
Over three months but less than 01 year	157,853,447	73,520,124
More than 01 year	<u>134,758</u>	<u>201,665</u>
	<b><u>1,002,565,678</u></b>	<b><u>659,352,604</u></b>
<b>7.8 Litigation filed by the Bank</b>		
As of the responding date, the Bank filed lawsuit against recovery of its defaulted loans and advances as under:		
<b>Name of the Branch</b>		
Principal Branch	40,369,249	42,548,790
Sena Kalyan Bhaban Branch	4,929,543	4,929,543
Bogra Cantonment Branch	2,646,013	6,123,088
Agrabad Branch	411,868,565	-
Dhanmondi Branch	1,941,000	-
Dilkusha Corporate Branch	<u>2,250,000</u>	<u>-</u>
	<b><u>464,004,370</u></b>	<b><u>53,601,421</u></b>
<b>8 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES</b>		
<b>Cost</b>		
Office Building	12,680,000	-
Furniture and fixtures	87,076,565	70,327,086
Office equipment	170,882,258	121,807,361
Motor vehicles	105,003,519	12,213,898
Office renovation	129,562,640	100,222,054
Leasehold Land	<u>160,469</u>	<u>160,469</u>
	<b><u>505,365,451</u></b>	<b><u>304,730,868</u></b>
Less: Accumulated depreciation	<u>162,972,891</u>	<u>110,506,078</u>
	<b><u>342,392,560</u></b>	<b><u>194,224,790</u></b>
For details please refer to Annexure - B		

		31.12.2008 Taka	31.12.2007 Taka
<b>9 OTHER ASSETS</b>			
i) Investment in shares of subsidiary companies (In Bangladesh and outside In Bangladesh Outside Bangladesh		-	-
ii) Stationery, stamps, printing materials in stock etc.;		10,974,661	9,159,665
iii) Advance Rent and Advertisement		58,566,968	54,806,433
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable;	Note - 9.1	116,215,746	203,987,159
v) Security Deposits		2,152,050	2,465,677
vi) Preliminary, formation and organization expenses, renovation/ development expenses and prepaid expenses;	Note - 9.2	7,698,314	6,462,669
vii) Branch Adjusting (net)		58,582,986	258,655,052
viii) Suspense Account		95,719,211	64,886,739
ix) Silver		-	-
x) Others	Note - 9.3	266,179,188	163,391,317
		<b>616,089,124</b>	<b>763,814,711</b>
<b>9.1 Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable;</b>			
Interest accrued on investments and deposits	Note - 9.1.1	111,240,308	198,694,764
Commission Receivable on SP & WEDB		4,975,438	5,292,395
		<b>116,215,746</b>	<b>203,987,159</b>
<b>9.1.1 Interest accrued on investments and deposits</b>			
Interest accrued on Fixed Deposits		91,707,345	193,220,764
Interest accrued on Money at Call		267,361	1,724,000
Interest accrued on Government Treasury Bond		19,265,602	3,750,000
		<b>111,240,308</b>	<b>198,694,764</b>
<b>9.2 Preliminary, formation and organization expenses,</b>			
Pre-opening Expenses		530,340	443,243
Prepaid Expenses		7,167,974	6,019,426
		<b>7,698,314</b>	<b>6,462,669</b>
<b>9.3 Others</b>			
Deferred Tax Asset	Note - 9.4	4,075,848	495,635
Intangible Assets		8,403,864	12,255,643
Fees Receivable on Qcash ATM		1,207,978	-
Encashment of Sanchaya patra awaiting reimbursement-Principal		72,728,259	22,469,110
Encashment of Sanchaya patra awaiting reimbursement-Interest		13,038,237	32,778,972
Encashment of WEDB awaiting reimbursement-Principal		68,506,000	29,455,500
Encashment of WEDB awaiting reimbursement-Interest		52,501,745	33,208,310
US\$ Premium Bond - Principal		2,429,000	-
US\$ Premium Bond - Interest		564,403	231,694
US\$ Investment Bond - Principal		4,204,764	69,250
US\$ Investment Bond - Interest		946,170	560,838
Advance against Capital Expenditure		37,569,541	31,862,986
Clearing Adjustment		3,379	3,379
		<b>266,179,188</b>	<b>163,391,317</b>
<b>9.4 Deferred tax Asset</b>			
Balance as on 1 January		495,635	737,408
Addition during the year		3,580,213	(241,773)
Closing Balance		<b>4,075,848</b>	<b>495,635</b>
<b>9.4.1</b>	To maintain the deferred tax Asset of Tk.4,075,848 as at 31 December 2008, a deferred tax Income of Tk. 3,580,213 has been made during the period ended 31 December 2008 as per BAS-12 -Income Taxes.		
<b>9.5 Break-up of Other Assets</b>			
Income generating other assets		-	-
Non income generating other asset		616,089,124	763,814,711
		<b>616,089,124</b>	<b>763,814,711</b>
<b>9.6</b>	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 31.12.2008 as of 31.01.2009 (subsequent position) are given below:		
		No. of unrespondent entries	Unrespondent entries (Taka)
		Debit	Credit
Upto 3 months		8	4
Over 3 months but within 6 months		2	-
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
		<b>10</b>	<b>4</b>
		<b>201,751</b>	<b>9,728</b>
<b>9.7</b>	Provision for other asset has been made @ 50% for prepaid legal expenses against unsettled suit of Tk. 2,625,111 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.		

		Taka	Taka
<b>10</b>	<b>BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS</b>		
	<u>In Bangladesh</u>		
	<u>Call loans</u>		
	<b>Call Loan from Banks</b>		
	Bank Alfalah Ltd	90,000,000	-
	National Bank Ltd.	300,000,000	-
	Citibank NA	70,000,000	-
	Pubali Bank Ltd.	150,000,000	-
	Agrani Bank Ltd.	50,000,000	50,000,000
	Dutch-Bangla Bank Ltd	200,000,000	30,000,000
	BASIC Bank Ltd.	150,000,000	150,000,000
		<b>1,010,000,000</b>	<b>230,000,000</b>
	Call Loan from Leasing Co.	-	-
	Call Loan from Insurance Co.	-	-
	Call Loan from Other Institutions	-	-
	<b>Other Borrowings</b>		
	Bangladesh Bank: Re-finance	121,035,000	14,300,000
		<b>1,131,035,000</b>	<b>244,300,000</b>
	<u>Outside Bangladesh</u>	-	-
		<b>1,131,035,000</b>	<b>244,300,000</b>
<b>10.1</b>	<b>Security wise borrowings</b>		
	Secured Borrowings	-	-
	Unsecured Borrowings	1,131,035,000	244,300,000
		<b>1,131,035,000</b>	<b>244,300,000</b>
<b>10.2</b>	<b>Repayment nature wise borrowings</b>		
	Repayment on Demand	1,010,000,000	230,000,000
	Others	121,035,000	14,300,000
		<b>1,131,035,000</b>	<b>244,300,000</b>
<b>10.3</b>	<b>Remaining maturity grouping of Borrowings from other banks, financial institutions and agents</b>		
	<b>Payable</b>		
	On demand	1,010,000,000	230,000,000
	Upto 1 month	-	-
	Over 1 month but within 3 months	8,746,000	2,000,000
	Over 3 months but within 1 Year	33,636,875	-
	Over 1 Year but within 5 Years	61,386,000	12,300,000
	Over 5 Years	17,266,125	-
		<b>1,131,035,000</b>	<b>244,300,000</b>
<b>11</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>		
	Current / Al-wadeeah Current Accounts and other Accounts	3,793,749,145	3,550,791,925
	Bills Payable	514,875,597	344,851,475
	Savings Bank Deposits/Mudaraba Savings Deposits	2,662,673,386	2,258,599,934
	Fixed Deposits / Mudaraba TDR	25,948,466,570	20,947,341,767
		<b>32,919,764,698</b>	<b>27,101,585,101</b>
<b>11.1</b>	<b>Remaining maturity grouping of Deposits and other accounts</b>		
	<b>Inside Bangladesh</b>	<b>Banks</b>	<b>Other than Banks</b>
	<b>Payable</b>		
	On demand	-	3,282,989,446
	Upto 1 month	31,316,075	9,933,779,876
	Over 1 month but within 3 months	-	4,400,865,460
	Over 3 months but within 1 Year	-	11,718,595,605
	Over 1 Year but within 5 Years	-	2,124,965,634
	Over 5 Years	-	1,427,249,555
		<b>31,316,075</b>	<b>32,888,445,576</b>
	<b>Outside Bangladesh</b>	-	-
		<b>31,316,075</b>	<b>32,888,445,576</b>
		<b>32,919,764,698</b>	<b>27,101,585,101</b>
<b>11.2</b>	<b>Current / Al-wadeeah Current Accounts and other Accounts</b>		
	Current / Al-wadeeah Current Accounts	1,654,566,412	1,752,840,693
	Other Accounts	2,139,182,733	1,797,951,232
		<b>3,793,749,145</b>	<b>3,550,791,925</b>
<b>11.2.1</b>	<b>Other Accounts</b>		
	Foreign Currency Deposits	1,053,425,133	732,599,488
	Interest Payable on Deposits	698,177,342	602,684,293
	Sundry Deposits	387,580,258	462,667,451
		<b>2,139,182,733</b>	<b>1,797,951,232</b>

# Annual Report-2008

		31.12.2008 Taka	31.12.2007 Taka
<b>11.3</b>	<b>Bills Payable</b>		
	Demand Draft payable	38,901,112	20,150,323
	Pay Order payable	475,974,485	324,701,152
		<b>514,875,597</b>	<b>344,851,475</b>
<b>11.4</b>	<b>Fixed Deposits / Mudaraba TDR</b>		
	Fixed Deposits / Mudaraba TDR	22,126,901,190	18,250,712,889
	Short Term Deposits	1,400,261,876	1,404,107,883
	Scheme Deposits	2,421,303,504	1,292,520,995
		<b>25,948,466,570</b>	<b>20,947,341,767</b>
<b>11.4.1</b>	<b>Fixed Deposits / Mudaraba TDR</b>		
		<u>Banks</u>	<u>Other than Banks</u>
	One month	-	3,718,052,759
	Three months	-	3,312,121,079
	Six months	-	1,303,759,905
	One year	-	12,577,885,665
	Two years	-	285,485,178
	Three years	-	843,134,739
	Five Years	-	73,057,763
	More than five years	-	13,404,102
		<b>22,126,901,190</b>	<b>22,126,901,190</b>
<b>11.5</b>	<b>Geographical location-wise concentration of Deposits &amp; Other Accounts</b>		
	<b>Inside Bangladesh</b>		
	Dhaka Division	26,080,981,642	21,245,495,066
	Chittagong Division	3,911,933,163	3,166,970,710
	Khulna Division	497,497,929	515,926,509
	Sylhet Division	1,198,827,006	1,074,970,017
	Barisal Division	-	-
	Rajshahi Division	1,230,524,958	1,098,222,798
		32,919,764,698	27,101,585,100
	<b>Outside Bangladesh</b>	-	-
		<b>32,919,764,698</b>	<b>27,101,585,100</b>
<b>11.6</b>	<b>Sector-wise deposits</b>		
	Government	505,601,005	1,016,588,844
	Deposit money banks	31,316,075	332,242,231
	Other public	4,006,548,039	1,772,204,963
	Private	26,624,697,104	22,645,265,282
	Foreign Currency Deposits	1,053,425,133	732,685,153
	Interest Payable on Deposits	698,177,342	602,769,790
		<b>32,919,764,698</b>	<b>27,101,756,263</b>
<b>12</b>	<b>OTHER LIABILITIES</b>		
	Provision for Loans and Advances	730,742,000	489,871,936
	Provision for Investment	21,490,218	-
	Provision for other asset	1,312,556	699,104
	Unearned Interest on Government Treasury Bond	-	3,612,725
	Interest Suspense Account	108,983,042	85,764,082
	Exchange Equalization Fund	2,996,337	2,996,337
	Interest Payable on Borrowings	772,778	94,583
	Provision for Income Tax Less Advance Income Tax	322,381,768	230,534,950
	Accrued Expenses	61,669,759	35,878,944
	Audit Fees Payable	125,400	125,400
	Sundry Creditors	54,575,546	32,331,483
	Others	139,487	135,920
		<b>1,305,188,891</b>	<b>882,045,464</b>
<b>12.1</b>	<b>Provision for Loans and Advances/Islami Banking Investments</b>		
	<b>Specific Provision</b>		
	Against Classified Loans & Advances	311,807,000	225,837,248
	<b>General Provision</b>		
	Against Unclassified Loans & Advances	316,814,000	206,371,000
	Against Special Mention Accounts	14,353,000	13,865,688
	Against Off Balance Sheet Exposures	87,768,000	43,798,000
		418,935,000	264,034,688
		<b>730,742,000</b>	<b>489,871,936</b>
<b>12.1.1</b>	<b>Against Classified Loans &amp; Advances</b>		
	Provision held on 1 January	225,837,248	63,676,000
	Fully provided debts written off	-	-
	Recoveries from previously written off debts	-	-
	Provisions made during the year	85,969,752	162,161,248
	Net Charge to the Profit Loss Account	85,969,752	162,161,248
	Provision held at 31 December	<b>311,807,000</b>	<b>225,837,248</b>

			<b>31-12-2008</b>	<b>31-12-2007</b>
			<b>Taka</b>	<b>Taka</b>
<b>12.1.2 Against Unclassified Loans &amp; Advances</b>				
Provision held on 1 January			206,371,000	143,708,000
Provision made during the year			110,443,000	62,663,000
Provision held at 31 December			<b>316,814,000</b>	<b>206,371,000</b>
<b>12.1.3 Against Special Mention Accounts</b>				
Provision held on 1 January			13,865,688	9,244,000
Provision made during the year			487,312	4,621,688
Provision held at 31 December			<b>14,353,000</b>	<b>13,865,688</b>
<b>12.1.4 Required Provision against Loans and Advances</b>				
	<b>Particulars</b>	<b>Base for Provision</b>	<b>Rate</b>	
	Unclassified			
	a. Consumer Financing (House Financing)	1,526,268,000	2%	30,525,000
	b. Consumer Financing (Loans to Professional)	35,851,000	2%	717,000
	c. Consumer Financing (Other than a & b)	832,607,000	5%	41,630,000
	d. Small & Medium Enterprise Financing	482,116,000	1%	4,821,000
	e. Short Term Agriculture & Micro Credit	7,136,000	5%	357,000
	f. All other Credit	23,586,666,000	1%	235,867,000
		26,470,644,000		313,917,000
	Special Mention Accounts	287,065,000	5%	14,353,000
	Classified			
	a. Substandard	23,548,000	20%	4,710,000
	b. Doubtful	53,337,000	50%	26,669,000
	c. Bad/Loss	280,428,000	100%	280,428,000
		357,313,000		311,807,000
		<b>27,115,022,000</b>		<b>640,077,000</b>
				<b>446,074,000</b>
<b>12.1.5 General Provision for Off Balance Sheet Exposures</b>				
Provision held on 1 January			43,798,000	-
Provision made during the year	Notes - 33.1		43,970,000	43,798,000
Provision held at 31 December			<b>87,768,000</b>	<b>43,798,000</b>
<b>12.2 Provision for other asset</b>				
Balance on 1 January			699,104	-
Amount transferred during the year	Notes - 33.2		613,452	699,104
Closing Balance			<b>1,312,556</b>	<b>699,104</b>
<b>12.3 Unearned Interest on Investments</b>				
Unearned Interest on Treasury Bills			-	-
Unearned Interest on Treasury Bonds			-	3,612,725
			<b>-</b>	<b>3,612,725</b>
<b>12.4 Interest Suspense Account</b>				
Balance on 1 January			85,764,082	23,656,219
Amount transferred during the year			125,588,419	195,820,640
Amount recovered during the year			(102,369,459)	(133,712,777)
Amount written off / waived during the year			-	-
Closing Balance			<b>108,983,042</b>	<b>85,764,082</b>
<b>12.5 Exchange Equalization Fund</b>				
Balance on 1 January			2,996,337	2,996,337
Add: Net exchange gains on open exchange position arising on refixation of value of Taka currency in relation to foreign currencies during the year			-	-
Closing Balance			<b>2,996,337</b>	<b>2,996,337</b>
<b>12.6 Provision for Income Tax Less Advance Income Tax</b>				
<b>Provision for Income Tax</b>				
Balance on 1 January			340,500,000	245,000,000
Provision made during the year	Notes - 12.6.1		530,000,000	340,500,000
Provision made for previous year			23,910,124	1,141,442
Settlement for previous years			-	(246,141,442)
			894,410,124	340,500,000
<b>Less: Advance Income Tax</b>				
Balance on 1 January			109,965,050	105,161,494
Paid during the year			462,063,306	250,944,998
Settlement for previous years			-	(246,141,442)
			572,028,356	109,965,050
<b>Net Closing Balance</b>			<b>322,381,768</b>	<b>230,534,950</b>
<b>12.6.1</b>	Provision for current tax of Tk. 530,000,000 has been made @ 45% on Business Income and 20% on Dividend Income of the accounting profit made by the Bank during the year after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules, 1984.			

# Annual Report-2008

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31.12.2008  
Taka

31.12.2007  
Taka

## 12.7 Deferred tax liability

Balance as on 1 January  
Addition during the period  
Closing Balance

(495,635)	(737,408)
(3,580,213)	241,773
<b>(4,075,848)</b>	<b>(495,635)</b>

To maintain the deferred tax Asset of Tk.4,075,848 as at 31 December 2008, a deferred tax Income of Tk. 3,580,213 has been made during the period ended 31 December 2008 as per BAS-12 -Income Taxes.

## 13 CAPITAL

### 13.1 Authorized Capital

20,000,000 Ordinary shares of Tk. 100 each

2,000,000,000 2,000,000,000

### 13.2 Issued, Subscribed and Paid Up Capital

11,666,700 Ordinary shares of Tk. 100 each issued for cash  
1,166,670 Ordinary shares of Tk. 100 each issued as bonus shares  
2,566,674 Ordinary shares of Tk. 100 each issued for cash  
**15,400,044**

1,166,670,000 1,166,670,000  
116,667,000 -  
256,667,400 -  
**1,540,004,400 1,166,670,000**

### 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 and 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 on 31 December 2008 is shown below:

#### Tier – I (Core Capital)

Paid up Capital		1,540,004,400	1,166,670,000
Share Premium Account		490,002,400	233,335,000
Statutory Reserve	Notes- 14	528,525,946	330,632,079
Retained Earnings	Notes- 16	486,833,118	362,254,563
		<b>3,045,365,864</b>	<b>2,092,891,642</b>

#### Tier –II (Supplementary Capital)

General Provision	Notes- 12.1	418,935,000	264,034,688
Exchange Equalization	Notes- 12.5	2,996,337	2,996,337
Revaluation reserves of HTM Securities (50% of such reserve)	Notes- 15.1	37,143,562	30,700,037
		<b>459,074,899</b>	<b>297,731,062</b>

#### A. Total Capital (Tier-I + Tier-II)

**3,504,440,763 2,390,622,704**

#### B. Total Risk Weighted Assets (RWA)

27,362,423,000 19,573,211,000

#### C. Required Capital based on RWA @10% on B

2,736,242,300 1,957,321,100

#### D. Surplus Capital as per Bank weighted Assets (A - C)

768,198,463 433,301,604

#### Capital Adequacy Ratio

Tier - I : Required @ 5% of RWA 11.13% 10.69%

Tier –II 1.68% 1.52%

Total : Required @ 10% of RWA 12.81% 12.21%

### 13.4 Computation of risk-weighted assets

Amount in Thousand

SL	Items	31.12.2008		31.12.2007	
		Assets	RWA	Assets	RWA
1	Cash in hand and with banks (except banks abroad)	4,027,672	368,000	6,202,111	528,000
2	Money at call and short notice	320,000	44,000	210,000	42,000
3	Foreign currency balances held	678,744	-	544,456	-
4	Export and Other Foreign Bills	104,259	52,130	104,687	52,344
5	Foreign investment	-	-	-	-
6	Import and Inland Bills	898,307	898,307	554,666	554,666
7	Advances	22,711,889	22,013,776	15,466,401	15,082,376
8	Investment (as per book value)	3,120,681	444,981	3,785,451	209,537
9	Head Office and Inter Branches Adjustments	58,583	-	258,655	-
10	Other Assets	6,524,951	3,541,229	5,703,910	3,104,288
	<b>TOTAL RISK WEIGHTED ASSETS (TRWA)</b>	<b>38,445,086</b>	<b>27,362,423</b>	<b>32,830,337</b>	<b>19,573,211</b>

### 13.5 Percentage of shareholdings at the closing date

Particulars	Amount (in Taka)		Percentage (%)	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Sponsors	924,020,600	700,000,000	60.00%	60.00%
Financial Institutions	185,330,200	163,557,000	12.03%	14.02%
Foreign Investors	-	-	-	-
Non-Resident Bangladeshi	8,540,900	15,105,000	0.55%	1.29%
General Public	422,112,700	288,008,000	27.41%	24.69%
<b>Total</b>	<b>1,540,004,400</b>	<b>1,166,670,000</b>	<b>100.00%</b>	<b>100.00%</b>

### 13.6 Shareholding Range on the basis of shareholdings as on 31 December 2008



	Shareholding Range	Number of Share Holders	Number of Shares	Percentage(%)
1	to 500	31257	2,553,840	16.58%
501	to 5,000	1081	1,204,510	7.82%
5,001	to 10,000	29	208,222	1.35%
10,001	to 20,000	28	396,700	2.58%
20,001	to 30,000	12	281,068	1.83%
30,001	to 40,000	2	75,717	0.49%
40,001	to 50,000	2	89,605	0.58%
50,001	to 100,000	5	332,043	2.16%
100,001	to 1,000,000	5	1,018,445	6.61%
1,000,001	and More	1	9,239,894	60.00%
	<b>Total</b>	<b>32,422</b>	<b>15,400,044</b>	<b>100.00%</b>

	31.12.2008 Taka	31.12.2007 Taka
<b>14 STATUTORY RESERVE</b>		
Balance on 1 January	330,632,079	214,677,986
Reserve made during the year	197,893,867	115,954,093
Closing Balance	<b>528,525,946</b>	<b>330,632,079</b>

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

**15 OTHER RESERVE**

**15.1 Revaluation Reserve**

Balance on 1 January	61,400,074	-
Reserve made during the year	80,863,098	61,400,074
Transfer to Income A/c during the year	142,263,172	61,400,074
Closing Balance	<b>67,976,049</b>	<b>-</b>
	<b>74,287,123</b>	<b>61,400,074</b>

As per BRPD Circular # 15 dated 31 October 2005, Treasury Bills which are kept for Statutory Liquidity Requirement (SLR) treated as Held to Maturity i.e., Investment Securities and revalued at the year end on Maturity Yield. Increased amount for revaluation of Investment Securities has been shown in Changes in Equity Statement.

**16 RETAINED EARNINGS**

Balance on 1 January	362,254,563	240,321,405
Income Tax Provision for the previous years	(23,910,124)	(1,141,442)
	338,344,439	239,179,963
Net Profit for the year transferred from Profit and Loss Account	463,049,546	239,028,693
Less: Issue of Bonus Share @ 10%	116,667,000	-
Less: Transferred to Statutory Reserve	197,893,867	115,954,093
	148,488,679	123,074,600
Closing Balance	<b>486,833,118</b>	<b>362,254,563</b>

**17 CONTINGENT LIABILITIES**

**17.1 Acceptances and endorsements**

Acceptance Bills - Local	809,865,662	854,304,600
Acceptance Bills - Foreign	953,485,545	786,907,000
Acceptance Bills - Cash L/C	6,547,000	-
Acceptance Liabilities - Back to Back L/C	116,576,209	52,891,700
	<b>1,886,474,416</b>	<b>1,694,103,300</b>

**17.2 Letters of Guarantee**

Letters of Guarantee - Local	1,399,007,585	1,297,608,957
Letters of Guarantee -Foreign	-	-
	<b>1,399,007,585</b>	<b>1,297,608,957</b>

**17.2.1 Money for which the bank is contingently liable in respect of guarantees given favoring :**

Directors or Officers	-	-
Government	208,171,515	276,190,762
Banks and other financial institutions	1,245,144	558,150
Others	1,189,590,926	1,020,860,045
	<b>1,399,007,585</b>	<b>1,297,608,957</b>

**17.3 Irrevocable letter of Credits**

Letter of Credit - Local	192,701,076	152,394,204
Letter of Credit - Foreign	3,083,201,995	3,931,082,767
Letter of Credit - Back to Back L/C	316,298,945	365,660,000
Letter of Credit - Usance (Foreign)	185,342,494	77,709,326
	<b>3,777,544,510</b>	<b>4,526,846,297</b>

# Annual Report-2008

	31.12.2008 Taka	31.12.2007 Taka
<b>17.4 Bills for Collection</b>		
Outward Bills for Collection	85,148,052	53,272,375
Foreign Bills for Collection	-	24,688,500
Inland Bills for Collection	-	-
Local Documentary Bill for Collection	765,898,736	592,306,081
Inward Foreign Documentary Bills for Collection	452,871,000	215,197,000
Foreign Documentary Bills for Collection	409,832,930	355,568,379
	<b>1,713,750,718</b>	<b>1,241,032,335</b>
<b>18 INCOME STATEMENTS</b>		
<b>Income:</b>		
Interest/Profit, discount and similar income	3,932,463,302	2,808,018,703
Dividend income	12,177,144	2,535,018
Fees, commission and brokerage	306,162,733	307,901,831
Gains less losses arising from dealing in securities	84,058,697	103,742,793
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income	133,480,091	53,467,566
Profit less losses on interest rate changes	-	-
	<b>4,468,341,967</b>	<b>3,275,665,911</b>
<b>Expenses:</b>		
Interest / profit paid on deposits, borrowings etc,	2,462,230,880	1,947,001,047
Losses on loans and advances	-	-
Administrative expenses	526,318,402	334,302,788
Other operating expenses	160,073,673	99,770,347
Depreciation on banking assets	67,275,945	40,878,223
	<b>3,215,898,900</b>	<b>2,421,952,405</b>
	<b>1,252,443,067</b>	<b>853,713,506</b>
<b>19 INTEREST INCOME</b>		
<b>Interest from Loans and Advances/Profit on Investment</b>		
Interest on Repair & Recon. of Dwelling House (RRDH)	29,089,157	23,521,906
Interest on Consumer Durable Scheme	1,182,737	2,427,702
Interest on Marriage Loans	5,921,519	6,727,702
Interest on Car Loans	31,655,561	12,670,325
Interest on House Building Loans	127,002,015	90,056,587
Interest on Term Loans	1,065,340,966	619,026,958
Interest on Other Loans	331,812,775	211,819,861
Interest on Staff Loan	4,683,540	6,857,469
Interest on LTR	547,434,434	454,804,657
Interest on Payment Against Documents (PAD)	64,977,098	74,363,495
Interest on Cash Credit	73,021,663	40,633,184
Interest on Cash Collateral	15,426,042	18,864,140
Interest on Overdraft	41,300,853	21,232,652
Interest on SOD	620,365,615	412,760,698
Interest on Inland Bills Purchased and Discounted	134,440,768	86,571,876
Interest on Foreign Bills Purchased and Discounted	1,797,715	1,345,068
	<b>3,095,452,458</b>	<b>2,083,684,280</b>
<b>Interest from Banks and Other Financial Institutions</b>		
Interest on Fixed Deposits	449,825,003	450,863,263
Interest on Bangladesh Bank Foreign Currency Accounts	11,130,817	16,725,545
Interest received from Local Banks	7,514,708	28,615,256
Interest on Foreign Exchange Deals	-	-
Interest on Call Deposits	64,278,778	22,347,466
	<b>532,749,306</b>	<b>518,551,530</b>
Interest received from Foreign Banks	6,450,144	12,570,464
	<b>3,634,651,908</b>	<b>2,614,806,274</b>
<b>20 INTEREST /PROFIT PAID ON DEPOSITS AND BORROWINGS</b>		
<b>Interest / Profit paid on deposits</b>		
Interest on STD Account	87,294,284	38,463,679
Interest / Profit on FDR Account / Mudaraba Term Deposits	2,001,894,374	1,713,780,146
Interest on Foreign Currency Deposit	9,062,752	11,248,078
Interest /Profit on Savings Account / Mudaraba Savings Account	130,016,628	94,388,077
Interest on Scheme Deposits	209,250,120	67,264,984
	<b>2,437,518,158</b>	<b>1,925,144,964</b>
<b>Interest paid on borrowings</b>		
Interest on Call Deposits	23,776,472	21,606,083
Interest on Other Borrowings	936,250	250,000
	<b>24,712,722</b>	<b>21,856,083</b>
	<b>2,462,230,880</b>	<b>1,947,001,047</b>

## Financial Statements

	31.12.2008 Taka	31.12.2007 Taka
<b>21 INCOME FROM INVESTMENTS</b>		
Interest on Treasury bills	231,573,092	102,742,641
Interest on Bangladesh Bank Bill	1,502,450	23,217,700
Interest on Treasury bonds	64,434,067	59,369,945
Interest on Reverse REPO	301,785	7,882,143
Dividend Income	12,177,144	2,535,018
Gain from sales of shares	84,058,697	103,742,793
	<b>394,047,235</b>	<b>299,490,240</b>
<b>22 COMMISSION, EXCHANGE AND BROKERAGE</b>		
<b>Commission on</b>		
Demand Draft, Money Transfer, Telegraphic Transfer, Pay Order etc.	3,896,687	2,807,677
Travelers Cheque	123,445	114,190
Bills	9,625,773	6,585,756
Letter of Guarantees	17,491,298	18,440,533
Letter of Credits	100,616,897	86,563,891
Foreign Remittances	490,028	363,107
Commission on Sale of Government Securities	5,912,668	5,431,650
Fund Transfer Commission	1,012	205,202
Commission on Sale & Purchase of Shares	111,825	91,129
Under writing Commission	1,769,902	225,000
Comm. on Commitment fees on FCL	1,075	-
Acceptance Commission	24,159,243	13,347,252
Foreign Correspondence Charges	96,253	-
Miscellaneous Commission	12,321,732	8,586,775
	<b>176,617,838</b>	<b>142,762,162</b>
Foreign Currency Exchange Gain	129,544,895	165,139,669
	<b>306,162,733</b>	<b>307,901,831</b>
<b>23 OTHER OPERATING INCOME</b>		
Locker Rent	511,000	483,500
Swift Charge (Net)	4,296,825	632,749
Postage Charge (Net)	1,021,308	915,224
Incidental Charges	4,826,153	2,788,866
Sale Proceeds of Forms	454,790	348,185
Service Charges	24,257,645	6,968,330
Service Compensation	1,141,677	501,555
Front End Fees	17,784,936	7,306,893
Notice Pay	515,538	226,761
Closing Charge	615,887	474,017
Sale Proceeds of Cheque books	45,100	30,900
BO Account Opening Fee	84,508	1,029,180
BO Account Transaction Fees	866,194	603,323
Introductory Commission	556,459	1,700
Service Charges on Omnibus Transaction	4,124,870	1,854,327
Recovery of Custodian Charges	47,034	1,964
Syndication Fees	173,636	2,680,530
Income through Credit & ATM Card	2,878,991	718,711
Profit on sale of Fixed Assets	888,608	-
Miscellaneous Earnings	68,388,932	25,900,851
	<b>133,480,091</b>	<b>53,467,566</b>
<b>24 Salaries and allowances</b>		
Basic Salary	134,711,059	83,329,703
House Rent Allowances	67,126,803	41,632,434
Conveyance Allowances	11,121,498	6,432,325
Medical Allowances	13,690,527	7,588,923
Leave Fare Assistances	40,534,496	16,308,952
Leave Encashment	3,063,400	-
Festival Bonus	23,927,204	16,324,691
Incentive Bonus	46,074,105	26,312,872
Bank's Contribution to Provident Fund	9,286,199	5,955,816
Bank's Contribution to Superannuation Fund	1,600,000	1,600,000
Bank's Contribution to Employees' Gratuity Fund	25,743,768	17,063,002
	<b>376,879,059</b>	<b>222,548,718</b>

# Annual Report-2008

	31.12.2008 Taka	31.12.2007 Taka
<b>25 RENT, TAXES, INSURANCE, ELECTRICITY, ETC.</b>		
Rent	45,122,028	33,789,530
Electricity and Lighting	10,324,418	12,456,879
Insurance	19,787,353	13,001,855
Rates, Taxes & Excise Duty	636,222	622,134
Fees & Renewals	5,246,955	36,000
Generator Fuel	1,866,160	552,726
Gas/Water Bill	623,277	555,009
	<b>83,606,413</b>	<b>61,014,133</b>
<b>26 POSTAGE, STAMPS, TELECOMMUNICATION, ETC.</b>		
Stamp	46,269	21,696
ATM Connectivity Charges	436,641	240,000
ATM Maintenance Charges	3,000,000	3,000,000
Online Expenses	11,500,671	11,084,162
ATM Card Expenditure	3,281,221	-
Internet Charge	5,327,657	1,235,042
Router Charge	1,677,123	1,967,676
Telegram, Telex, Telephone, Trunk Call etc. (Net)	6,772,495	6,723,740
	<b>32,042,077</b>	<b>24,272,316</b>
<b>27 STATIONERY, PRINTING, ADVERTISEMENT, ETC.</b>		
Printing and Stationery (Net)	19,267,275	12,925,345
Publicity and Advertisement	4,568,976	5,219,803
	<b>23,836,251</b>	<b>18,145,148</b>
<b>28 DIRECTORS' FEES</b>		
Meeting fees	663,000	632,000
	<b>663,000</b>	<b>632,000</b>
<b>29 Depreciation and repair of bank's assets</b>		
<b>Depreciation</b>		
Fixed assets	56,077,140	32,287,993
For details please refer to Annexure - C		
<b>Repairs</b>		
Building	1,096,923	251,261
Furniture and fixtures	500,592	324,146
Office equipment	2,849,846	6,105,303
Bank's vehicles	3,987,648	833,229
Maintenance	2,763,796	1,076,291
	<b>11,198,805</b>	<b>8,590,230</b>
	<b>67,275,945</b>	<b>40,878,223</b>
<b>30 OTHER EXPENSES</b>		
Business Development Expenses	9,209,363	4,561,092
Clearing House Charge	108,814	97,498
Conveyance	6,771,217	3,847,041
Entertainment	8,211,448	6,456,600
Car Expenses	6,077,735	17,678,463
Cash Handling Charge	1,330,500	895,089
Bank charges	7,943	334,487
Meeting Expenses	4,867,316	91,978
Donation, Subscription and Membership Fees	1,793,308	6,863,860
News Paper and Periodicals	574,868	447,997
Oil and Lubricant	4,178,521	1,320,263
Remittance Charges	1,354,248	1,315,704
Other Contractual Service	20,766,285	13,242,841
Internship Allowances	1,178,242	1,280,921
Honorarium for Banking Diploma	270,000	150,000
Ex- Gratia	1,567,245	782,770
Training & Recruitment Expenses	3,030,316	1,829,661
Traveling Expenses	7,144,013	3,209,362
Up Keep of Office Premises	2,660,250	1,910,224
Washing Charges	403,367	280,903
Financial Assistance	237,215	-
Foreign Correspondence Expenses	2,247,654	1,636,974
Pre-opening Expenses	1,202,898	1,573,717
Amortization of Intangible Assets	5,861,045	4,417,568
Special Reserve Fund	59,080,000	-
Share issue expenses	2,978,934	22,693,914
Miscellaneous Expenses	6,960,928	2,851,420
	<b>160,073,673</b>	<b>99,770,347</b>
<b>31 PROVISION FOR LOANS AND ADVANCES</b>		
Specific Provisions-against classified loans and advances	85,969,752	162,161,248
General Provisions-against un-classified loans and advances	110,443,000	62,663,000
General Provisions-against special mention accounts	487,312	4,621,688
	<b>196,900,064</b>	<b>229,445,936</b>

## Financial Statements

31.12.2008	31.12.2007
Taka	Taka

**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
- Unquoted

-	-
21,490,218	-
-	-
<b>21,490,218</b>	-
<b>21,490,218</b>	-

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

**33 OTHER PROVISION**

General Provision for Off Balance Sheet Exposures

**Total Off Balance Sheet Exposures**

Acceptances and endorsements

Letter of Guarantees

Irrevocable Letter of Credits

Bills for collection

1,886,474,416	1,694,103,300
1,399,007,585	1,297,608,957
3,777,544,509	4,526,846,297
1,713,750,718	1,241,032,335
<b>8,776,777,228</b>	<b>8,759,590,889</b>

General Provision for Off Balance Sheet Exposures

Note - 33.1

Provision for Other Assets

Note - 33.2

43,970,000	43,798,000
613,452	699,104
<b>44,583,452</b>	<b>44,497,104</b>

**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.

**33.2** Provision for other asset has been made @ 50% on legal expenses against unsettled suits of Tk. 2,625,111 as per BRPD Circular No. 14 dated 25 June 2001 issued by Bangladesh Bank.

**34** The Bank has no secured liabilities on the reporting date and therefore the Bank has no asset pledged as security against such liabilities.

**35 EARNING PER SHARE (EPS)**

Profit attributable to Ordinary Share Holders

463,049,546

239,028,693

**Share Outstanding before right issue**

Share Outstanding as on 1 January

11,666,700

11,666,700

Issue of Bonus Share

1,166,670

-

**12,833,370**

**11,666,700**

**Right Issue**

One new share for each five outstanding shares (Denominator)

2,566,674

-

Exercise Price

Taka 200

-

Last date to exercise rights (record date)

13-Aug-08

-

Market price of one ordinary share immediately before exercise right (Immediately Preceding date of the record date) on 12 August 2008

Taka 458.75

-

Theoretical ex-right value per share

415.63

-

Adjustment Factor

1.10

-

Average Number of ordinary shares outstanding (Denominator)

14,488,875

12,833,370

Earning per Share

31.96

16.93

**35.1** Weighted number of ordinary shares outstanding during the year i.e., the number of ordinary shares outstanding at the beginning of the year adjusted by issued during the period multiplied by a time-weighting factor. The weighted number of ordinary shares outstanding as on 31 December 2008 calculated as under:

Particulars	Number of ordinary shares	Time-weighting factor	Adjustment factor	Weighted number of ordinary shares
Ordinary shares before right issue	12,833,370	0.71	1.10	10,022,862
Ordinary shares after right issue	15,400,044	0.29	-	4,466,013
				<b>14,488,875</b>

**35.2** Basic earning per share for the year 2007 was reported Tk. 28.28 per share. It has been restated for right issue by dividing adjustment Factor.

	31.12.2008 Taka	31.12.2007 Taka
<b>36 INCOME RECEIVED FROM OTHER OPERATING ACTIVITIES</b>		
Locker Rent	511,000	483,500
Swift Charge (Net)	4,741,503	635,298
Postage Charge (Net)	1,021,308	915,224
Incidental Charges	4,826,153	2,788,866
Sale Proceeds of Forms	454,790	348,185
Service Charges	24,257,645	6,968,330
Service Compensation	1,141,677	501,555
Front End Fees	17,784,936	7,306,893
Notice Pay	515,538	226,761
closing Charge	615,887	474,017
Sale Proceeds of Cheque books	45,100	30,900
BO Account Opening Fee	84,508	1,029,180
BO Account Transaction Fees	866,194	603,323
Introductory Commission	556,459	1,700
Service Charges on Omnibus Transaction	4,124,870	1,854,327
Recovery of Custodian Charges	47,034	1,964
Syndication Fees	173,636	2,680,530
Income through Credit & ATM Card	2,878,991	718,711
Income from Government Securities	278,683,067	193,342,484
Income from sale proceed of shares	84,058,697	103,742,793
Miscellaneous Earnings	68,388,932	25,900,851
	<b>495,777,925</b>	<b>350,555,392</b>
<b>37 EXPENSES PAID FOR OTHER OPERATING ACTIVITIES</b>		
Business Development Expenses	(9,285,316)	(4,183,366)
Clearing House Charge	(108,814)	(97,498)
Conveyance	(6,771,217)	(3,847,041)
Entertainment	(8,263,175)	(6,388,490)
Car Expenses	(6,077,735)	(17,678,463)
Cash Handling Charge	(1,330,500)	(895,089)
Bank charges	(7,943)	(334,487)
Meeting Expenses	(4,867,316)	(91,978)
Subscription and Membership Fees	(1,793,308)	(6,863,860)
News Paper and Periodicals	(567,316)	(444,414)
Oil and Lubricant	(4,194,093)	(1,279,150)
Remittance Charges	(1,347,175)	(1,248,412)
Other Contractual Service	(20,668,778)	(13,190,809)
Internship Allowances	(1,178,242)	(1,280,921)
Honorarium for Banking Diploma	(270,000)	(150,000)
Ex- Gratia	(1,567,245)	(782,770)
Pre-opening Expenses	(1,289,995)	(799,641)
Training Expenses	(3,030,316)	(1,829,661)
Traveling Expenses	(7,144,013)	(3,209,362)
Up Keep of Office Premises	(2,660,250)	(1,910,224)
Washing Charges	(403,367)	(280,903)
Financial Assistance	(237,215)	-
Foreign Correspondence Expenses	(2,247,654)	(1,636,974)
Special Reserve Fund	(59,080,000)	-
Share issue expenses	(2,978,934)	(22,693,914)
Miscellaneous Expenses	(2,421,600)	(2,034,897)
Publicity and Advertisement	(4,568,976)	(5,219,803)
Rent, Taxes, Insurance, Lighting etc.	(88,290,692)	(86,479,700)
Legal Expenses	(2,183,738)	(1,132,246)
Postage, Telegram, Telephone	(31,527,842)	(23,176,757)
Audit Fee	(188,100)	(100,000)
Directors Fee	(663,000)	(632,000)
Repairs and maintenance of Fixed Assets	(11,198,805)	(8,590,230)
	<b>(288,412,670)</b>	<b>(218,483,060)</b>
<b>38 CHANGES IN OTHER OPERATING ASSETS</b>		
Security Deposits	313,627	(155,960)
Encashment of Sanchaya patra awaiting reimbursement-Principal	(50,259,149)	105,656,576
Encashment of Sanchaya patra awaiting reimbursement-Interest	19,740,735	2,942,877
Encashment of WEDB awaiting reimbursement-Principal	(39,050,500)	(21,942,500)
Encashment of WEDB awaiting reimbursement-Interest	(19,293,435)	(27,661,125)
US\$ Premium Bond - Principal	(2,429,000)	-
US\$ Premium Bond - Interest	(332,709)	(231,694)
US\$ Investment Bond - Principal	(4,135,514)	1,200
US\$ Investment Bond - Interest	(385,332)	(362,345)
Inter Office Adjusting Account	200,072,066	(158,010,281)
Clearing Adjustment	-	56,674
Advance against Capital Expenditure	(5,706,555)	(2,333,723)
Others	(30,832,472)	(50,319,542)
	<b>67,701,762</b>	<b>(152,359,843)</b>



## Financial Statements

31.12.2008 Taka	31.12.2007 Taka
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### 39 CHANGES IN OTHER LIABILITIES

Dividend Payable	-	(60,000,000)
Sundry Creditors	22,244,063	8,163,032
Others	3,567	135,920
	<u>22,247,630</u>	<u>(51,701,048)</u>

### 40 CLOSING CASH AND CASH EQUIVALENT

Cash in hand (including foreign currencies)	303,301,936	221,462,945
Balance with Bangladesh Bank and Sonali Bank (Including foreign currencies)	1,834,181,954	1,525,989,971
Balance with Other Bank and Financial Institutions	2,568,931,798	4,999,114,285
Call Loan to other Banks	320,000,000	210,000,000
Prize Bond	2,980,300	1,171,100
	<u>5,029,395,988</u>	<u>6,957,738,301</u>

### 41 EXPENDITURE INCURRED FOR EMPLOYEES

#### Salaries, allowances and benefits

Number of employees at 31 December 2008 was 979; (31 December 2007 was 842) who were in receipt of remuneration for that period which in the aggregate was not less than Tk 36,000 and those employed for a part of that year who were in receipt of remuneration of not less than TK. 3,000 per month.

### 42 AUDIT COMMITTEE

#### 42.a Particulars of Audit Committee

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

At 31 December 2008, the Honorable Members of the committee were as follows:

Name	Status with Bank	Status with committee	Educational Qualification
Brig Gen S M Mahbubul Karim	Director	Chairman	B.Sc (Eng.), MBA
Brig Gen Mohd Mahbubul Hasan	Director	Member	ndc, psc
Mr. Farhad Uddin	Company Secretary	Member Secretary	M. Com, ACMA

- 42.b During the Period ended as on 31 December 2008, the following number of meetings of the Audit Committee held with the bank's Senior Management to consider and review the Bank's Financial Statements and Risk Management:

Meeting Number	Date of Meeting
1 <sup>st</sup>	10 March 2008
2 <sup>nd</sup>	08 July 2008
3 <sup>rd</sup>	31 August 2008

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

- 1 A strong internal control & compliance division has been formed with a view to establish compliance culture and full control.
- 2 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.
- 3 To establish an effective management system that includes planning, organizing and supervising culture in the branches as well as at head office.
- 4 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.
- 5 Review the accounting procedures with a view to ascertain that the International Financial Reporting Standards (IFRSs) have been applied in preparation and presentation of financial statements.
- 6 Formulation of HRM policy and other operating procedures.

## Annual Report-2008

### 43 Related Party Disclosures

a) Name of Directors and their interest in different Entities as on 31 December 2008

Name of the Directors	Stature with Bank	Entities where they have interest	Position	% of Interest
Gen Moeen U Ahmed, ndc, psc	Chairman	Sena Kalyal Shangstha Sena Hotel Development Ltd. Bangladesh Machine Tools Factory Ltd. Army Welfare Trust	Chairman, Board of Trustee Chairman, Board of Directors Chairman, Board of Directors Chairman, Board of Trustee	Nominated
Maj Gen Md Matiur Rahman ndu, psc	Vice Chairman	Sena Kalyal Shangstha Sena Hotel Development Ltd. Army Welfare Trust	Member, Board of Trustee Vice Chairman, Board of Directors Vice Chairman, Board of Trustee	Nominated
Brig Gen Md Zillur Rahman, MCPS, M.Sc	Director	-	-	-
Brig Gen S M Mahbulul Karim, B.Sc (Eng.), MBA	Director	Bangladesh Machine Tools Factory Bangladesh Diesel Plant Ltd.	Director, Board of Directors Director, Board of Directors	Nominated
Brig Gen Md Rafiqul Islam, ndc, psc	Director	Bangladesh Telecommunication Company Limited	Director, Board of Directors	Nominated
Brig Gen Mohd Mahbulul Hasan, ndc, psc	Director	Canteen Stores Department	Vice Chairman, Board of Directors	Nominated
Brig Gen Md Nazrul Hasan, ndc, psc	Director	Army Welfare Trust	Managing Director, Board of Trustee	Nominated
Professor Md. Abdullah	Director	-	-	-

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	Gen Moeen U Ahmed, ndc, psc Chairman, Board of Trustee, Army Welfare Trust
		Maj Gen Md Matiur Rahman ndu, psc Vice-Chairman, Board of Trustee, Army Welfare Trust
		Brig Gen Md Nazrul Hasan, ndc, psc Managing Director, Board of Trustee, Army Welfare Trust
Lease agreement with Sena Kalyan Sangstha	Sena Kalyan Bhaban	Gen Moeen U Ahmed, ndc, psc Chairman, Board of Trustee, Sena Kalyan Sangstha
		Maj Gen Md Matiur Rahman ndu, psc Member, Board of Trustee, Sena Kalyan Sangstha
Advertisement Agreement (in DGBP & Trust Filling Station)	Head Office	Gen Moeen U Ahmed, ndc, psc Chairman, Board of Trustee, Army Welfare Trust
		Maj Gen Md Matiur Rahman ndu, psc Vice-Chairman, Board of Trustee, Army Welfare Trust
		Brig Gen Md Nazrul Hasan, ndc, psc Managing Director, Board of Trustee, Army Welfare Trust

- c) Shares issued to Directors and Executives without consideration or exercisable at 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. 8,000,358
- 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 defence 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 2008 has been shown in Annexure - C.

### 45 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its 136<sup>th</sup> Meeting held on March 17, 2009 recommended 20% (Twenty percent) bonus share i.e., 1 (one) bonus share for every 5 (five) shares held, out of premium, for the year 2008, subject to approval of shareholders at annual general meeting.



Director



Director



Director



Managing Director

Financial Statements

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

Annexure - A

Name of the Bank	Name of the foreign currency	31.12.2008			31.12.2007		
		Amount in foreign currency	Exchange rate as on 31.12.2008	Total amount equivalent to Taka	Amount in foreign currency	Exchange rate as on 31.12.2007	Total amount equivalent to Taka
Citibank N.A., USA	USD	41,071.31	69.45	2,852,403	178,877.59	69.25	12,387,273
HSBC, USA	USD	834,131.79	69.45	57,930,453	12,414.08	69.25	859,675
Mashreqbank psc, USA	USD	47,152.25	69.45	3,274,724	4,999.39	69.25	346,208
Standard Chartered Bank, USA	USD	217,796.37	69.45	15,125,958	9,628.60	69.25	666,781
ICICI Bank Ltd., Hongkong	USD	18,013.23	69.45	1,251,019	-	-	-
Union De Banques, HKG	USD	1,124.70	69.45	78,110	31,137.33	69.25	2,156,260
Wachovia Bank, NY USA	USD	12,911.55	69.45	896,707	-	-	-
Citibank N.A., UK	GBP	35,659.21	102.94	3,670,784	6,815.96	139.27	949,239
HSBC, PLC, UK	GBP	564,871.28	102.94	58,148,245	449,296.32	139.27	62,572,196
Standard Chartered Bank, UK	GBP	93,701.96	102.94	9,645,745	19,751.96	139.27	2,750,798
Standard Chartered Bank, Japan	YEN	126,381.00	0.80	100,574	134,870.00	0.64	86,654
Citibank N.A., UK	EURO	41,816.71	98.86	4,134,000	66,085.55	102.80	6,793,700
HSBC, PLC, UK	EURO	17,465.26	98.86	1,726,607	4,071.07	102.80	418,513
Standard Chartered Bank, UK	EURO	13,802.38	98.86	1,364,496	10,997.96	102.80	1,130,608
AB Bank, Mumbai, India	ACU	27,285.87	69.45	1,895,004	2,280.72	69.25	157,940
Citibank N.A., Mumbai, India	ACU	58,778.12	69.45	4,082,140	37,983.27	69.25	2,630,340
HSBC, Mumbai, India	ACU	7,464.66	69.45	518,421	3,004.33	69.25	208,050
HSBC, Pakistan	ACU	20,804.83	69.45	1,444,895	3,580.14	69.25	247,925
ICICI Bank Ltd., Mumbai, India	ACU	28,179.98	69.45	1,957,100	15,161.87	69.25	1,049,960
Mashreqbank, Mumbai, India	ACU	4,696.60	69.45	326,179	-	-	-
Standard Chartered Bank, Mumbai, India	ACU	8,454.62	69.45	587,173	-	-	-
Habib Bank, Zurich	CHF	8,490.75	66.64	565,830	18,616.30	62.11	1,156,258
<b>Total</b>				<b>171,576,567</b>			<b>96,568,378</b>

PARTICULARS	C				DEPRECIAT				WRITTEN DOWN VALUE at 31 December 2008
	Balance on 1 January 2008	Additions during the year <b>Tak</b>	Disposal/ adjustment during the year <b>Tak</b>	Balance at 31 December 2008	Balance on 1 January 2008	Charge for the year <b>Tak</b>	Disposal/ adjustment during the year	Balance at 31 December 2008	

Financial Statements

78

Leasehold Land	160,469	-	-	160,469	-	-	-	-	-
Office Building	-	12,680,000		12,680,000	-	26,417	-	26,417	12,653,583
Furniture and Fixtures	70,327,086	16,987,249	237,770	87,076,565	19,672,642	7,522,014	80,334	27,114,322	59,962,243
Office Equipment	121,807,361	51,487,261	2,412,364	170,882,258	50,294,012	26,479,199	2,352,459	74,420,752	96,461,506
Motor Vehicles	12,213,898	93,967,156	1,177,535	105,003,519	7,927,994	12,195,852	1,177,534	18,946,312	86,057,207
Office Renovation	100,222,054	29,340,586	-	129,562,640	32,611,430	9,853,658	-	42,465,088	87,097,552
<b>31 December 2008</b>	<b>304,730,868</b>	<b>204,462,252</b>	<b>3,827,669</b>	<b>505,365,451</b>	<b>110,506,078</b>	<b>56,077,140</b>	<b>3,610,327</b>	<b>162,972,891</b>	<b>342,392,560</b>
<b>31 December ---</b>	<b>224,272,896</b>	<b>80,457,972</b>	<b>-</b>	<b>304,730,868</b>	<b>78,218,085</b>	<b>32,287,993</b>	<b>-</b>	<b>110,506,078</b>	<b>194,224,79</b>

## Financial Highlights

Annexure - C

Sl No	Particulars	Base	31.12.2008	31.12.2007
1	Paid up Capital	Taka	1,540,004,400	1,166,670,000
2	Total Capital	Taka	3,504,440,763	2,390,622,704
3	Capital surplus/(deficit)	Taka	768,198,463	433,301,604
4	Total Assets	Taka	38,475,641,576	30,382,222,281
5	Total Deposits	Taka	32,919,764,698	27,101,585,101
6	Total Loans and Advances	Taka	27,528,084,387	18,682,164,654
7	Total Contingent Liabilities and Commitments	Taka	8,780,303,968	8,764,455,749
8	Credit Deposit Ratio	%	83.62	68.93
9	Percentage of classified loans against total loans and advances	%	2.52	2.70
10	Profit after tax and provision	Taka	463,049,546	239,028,693
11	Amount of classified loans during current year	Taka	188,655,417	332,279,970
12	Provisions kept against classified loan	Taka	311,807,000	225,837,248
13	Provision surplus/(deficit)	Taka	2,897,000	-
14	Cost of fund	%	7.84	8.43
15	Interest earning Assets	Taka	34,852,827,444	27,636,293,247
16	Non-interest earning Assets	Taka	3,622,814,132	2,745,929,034
17	Return on Investment (ROI)	%	13.21	10.00
18	Return on Asset (ROA)	%	1.20	0.79
19	Income from Investment	Taka	394,047,235	299,490,240
20	Earning per Share	Taka	31.96	16.93
21	Net income per Share	Taka	31.96	16.93
22	Price Earning Ratio	%	7.18	3.04



**Balance Sheet of Merchant Banking Division  
As at 31 December 2008**

Annexure - D

	Taka
<b>PROPERTY AND ASSETS</b>	
<b>Cash</b>	
Cash in hand (including foreign currencies)	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	-
	-
<b>Balance with other banks and financial institutions</b>	
In Bangladesh	4,654,678
Outside Bangladesh	-
	4,654,678
<b>Money at call and short notice</b>	-
<b>Investments:</b>	
Government	-
Others	484,954,935
	484,954,935
<b>Loans and Advances/Investments</b>	
Loans, Cash Credit, Overdrafts etc./Investments	887,918,908
Bills purchased and discounted	-
	887,918,908
<b>Fixed assets including premises, furniture and fixtures</b>	8,047,775
<b>Other assets</b>	13,659,058
<b>Non-banking assets</b>	-
<b>Total Assets:</b>	<b>1,399,235,354</b>
<b>LIABILITIES AND CAPITAL</b>	
<b>Liabilities:</b>	
Borrowings from Trust Bank General Account	1,285,578,415
<b>Deposits and other accounts:</b>	
Current and other Accounts	105,696,494
Bills Payable	-
Savings Bank Deposits	-
Fixed Deposits	-
Bearer Certificates of Deposit	-
Other Deposits	-
	105,696,494
<b>Other liabilities</b>	30,947,245
<b>Total profit /(loss) before taxes</b>	(22,986,800)
<b>Total Liabilities:</b>	<b>1,399,235,354</b>



**Profit and Loss Account of Merchant Banking Division**  
For the period from 10 May, 2008 to 31 December, 2008

Annexure -E

	<b>Taka</b>
Interest income	24,208,521
Interest paid on deposits and borrowings etc.	41,877,826
<b>Net interest income</b>	<b>(17,669,305)</b>
Income from investments	12,699,997
Commission, exchange and brokerage	164,550
Other operating income	20,689,448
	33,553,995
<b>Total operating income</b>	<b>15,884,690</b>
Salaries and allowances	2,266,216
Rent, taxes, insurance, electricity, etc.	2,464,165
Legal expenses	11,050
Postage, stamps, telecommunications, etc.	266,810
Stationery, printing, advertisement etc.	321,263
Depreciation and repair of bank's assets	453,766
Other expenses	2,758,779
<b>Total operating expenses</b>	<b>8,542,049</b>
<b>Profit before provision</b>	<b>7,342,641</b>
Provision for loans	8,879,000
Provision for Diminution in value of Investment	21,450,441
Other provision	-
	30,329,441
<b>Total Profit / (Loss) before Taxes</b>	<b>(22,986,800)</b>

**Note :**

Before launching of merchant banking activities of our Bank, we invested in the stock market for own portfolio investment through our Investment Wing. After obtaining approval from Securities & Exchange Commission, we have started operation of our Merchant Banking Division on 10 May 2008 and transferred own portfolio investment to Merchant Banking Division from Investment Wing. Capital gain earned during the period from 1 January, 08 to 9 May, 08 has not been shown in the above income statement.

Details of Capital Gain from investment in shares of own portfolio during the year 2008 and provision there against as at 31 December 2008 is shown below:

	Taka
Gain during the period from 1 January, 08 to 9 May, 08	72,804,833
Gain during the period from 10 May, 08 to 31 Dec, 08	10,449,748
<b>Total Gain from Sale of share of Own portfolio</b>	<b>83,254,581</b>
Less : Provision made for diminution of Market value as of 31 Dec., 08	21,450,441
<b>Net Gain from Sale of share of Own portfolio during the year 2008</b>	<b>61,804,140</b>

## Branch Name & Address

- |   |  |
|---|--|
| <p>1 <b>Principal Branch</b><br/>Trust Bhaban, 98 Shaheed Sarani<br/>&amp; Dhaka Cantonment, Dhaka – 1206<br/>&amp; Tel: 8712751-3, 9888068 FAX: 8750276</p> <p>2 <b>SKB Branch</b><br/>Sena Kalyan Bhaban,<br/>&amp; 195, Motijheel C/A, Dhaka – 1000<br/>&amp; Tel: 9561721, Fax: 7163977<br/>&amp; PABX – 7121263, 7126157</p> <p>3 <b>Bogra Cantonment Branch</b><br/>Bogra Cantonment, Bogra<br/>&amp; Tel: 051- 69473 Fax: 051-78416</p> <p>4 <b>Comilla Cantonment Branch (Passport)</b><br/>Comilla Cantonment, Comilla<br/>&amp; Tel: 081-65004-5 Fax: 081-77023</p> <p>5 <b>Chittagong Cantonment Branch</b><br/>Bangladesh Tea Board Bhaban<br/>&amp; 171-172 Baijid Bostami Road, Nasirabad, Chittagong<br/>&amp; Tel: 031-683680 Fax: 031-2581172<br/>&amp; PABX-031-2581170-1</p> <p>6 <b>Rangpur Cantonment Branch</b><br/>Rangpur Cantonment, Rangpur<br/>&amp; Tel: 0521- 66653 Fax: 0521-67371</p> <p>7 <b>Jessore Cantonment Branch</b><br/>Jessore Cantonment, Jessore<br/>&amp; Tel: 0421- 61043 Fax: 0421-61043</p> <p>8 <b>Momenshahi Cantonment Branch</b><br/>Momenshahi Cantonment Mymensingh<br/>&amp; Tel: 091-62371 Fax: 091-62371</p> <p>9 <b>Savar Cantonment Branch</b><br/>Savar Cantonment, Dhaka<br/>&amp; Tel: 7791931 Fax: 7791263</p> <p>10 <b>Jalalabad Cantonment Branch</b><br/>Jalalabad Cantonment, Sylhet<br/>&amp; Tel: 0821-2872135 Fax: 0821-2872135</p> <p>11 <b>Agrabad Branch (Passport)</b><br/>Shilpa Bank Bhaban<br/>&amp; 106 Agrabad C/A, Chittagong<br/>&amp; Tel: 031- 2524461 Fax: 031-715791<br/>&amp; PABX- 031- 2524462-3&amp;</p> <p>12 <b>Shaheed Salahuddin Cantonment Branch</b><br/>&amp; Shaheed Salahuddin Cantonment Ghatail, Tangail,<br/>&amp; Tel: 09225 - 56141 Fax: 09225-56141</p> <p>13 <b>Dhanmondi Branch (Passport)</b><br/>BDR Gate No.- 4, Peelkhana<br/>&amp; Sat Masjid Road, Dhanmondi, Dhaka<br/>&amp; PABX :8623401, 9677553 Fax: 9677571</p> <p>14 <b>Khatungonj Branch</b><br/>&amp; 205, Main Road, Plot No. - 218<br/>&amp; Khatungonj, Chittagong Tel: -031-2861718<br/>&amp; Fax: 031-2861719 PABX: 031- 627860, 285235-6</p> <p>15 <b>Gulshan Corporate Branch (Passport)</b><br/>110 Gulshan Avenue, Gulshan, Dhaka -1212<br/>&amp; Tel: 9886592, 9886594 Fax: 9881508<br/>&amp; PABX : 8828088, 8815594, 9862520</p> <p>16 <b>Dilkusha Corporate Branch (Passport)</b><br/>Peoples Insurance Bhaban (1st Floor)<br/>&amp; 36 Dilkusha C/A, Dhaka-1000<br/>&amp; Tel: 9560944 Fax: 9560793</p> <p>17 <b>Radisson Water Garden Hotel Branch</b><br/>&amp; Airport Road,Dhaka Cantonment,<br/>&amp; Dhaka-1206<br/>&amp; Tel: 8752065 Fax: 8752065</p> <p>18 <b>Khawja Younus Ali Medical College &amp; Hospital Branch (Passport)</b><br/>&amp; Khawja Younus Ali Medical College &amp; Hospital<br/>&amp; Enayetpur, Sirajgonj<br/>&amp; Tel: 0751- 63897 Fax: 0751-63898</p> <p>19 <b>CDA Avenue Branch (Passport)</b><br/>Holding No.1837(New), Elite House<br/>(Ground and1st floor) CDA Avenue, Chittagong<br/>Tel: 031-2550938 Fax: 031-2550939<br/>PABX : 031- 2550936-7, 2553091-4</p> <p>20 <b>Sylhet Corporate Branch (Passport)</b><br/>BMA Bhaban, Chouhatta, Kotwali, Sylhet<br/>Tel: 0821-719063, 2832281 Fax: 0821-719139</p> | <p>21 <b>Millennium Corporate Branch (Passport)</b><br/>Bir Sreshtha Shaheed Jahangir Gate<br/>546 Dhaka Cantonment, Dhaka- 1206<br/>Tel: 8712076, 8712075 Fax : Ext-105</p> <p>22 <b>Uttara Corporate Branch (Passport)</b><br/>House No.- 111/a, Road No.-7<br/>Sector-4, Uttara, Dhaka-1230<br/>Tel: 8921312 Fax: 8922650<br/>PABX : 8911018, 8911052</p> <p>23 <b>Halishahar Branch</b><br/>Holding No.-2030/A (Monirat Plaza)<br/>Block –G, Road No.-3, Plot-2, Bara Pul<br/>Port Connecting Road, Chittagong<br/>Tel: 031-2512593, Fax: 031-2512591<br/>PABX : 031-2512592</p> <p>24 <b>Beanibazar Branch (Passport)</b><br/>Al-Amin Super Market, College Road<br/>Beanibazar, Sylhet<br/>Tel: 08223-56008 Fax: 08223-56009</p> <p>25 <b>Moulvibazar Branch (Passport)</b><br/>Holding No.-10, Court Road<br/>Chowmohona, Kotwali, Moulvibazar<br/>Tel: 0861-62883 Fax: 0861-62884</p> <p>26 <b>Goalabazar Branch (Passport)</b><br/>Hazi Nasib Ullah Market (1st Floor)<br/>Main Road, Goalabazar, Osmani Nagar, Sylhet<br/>Tel: 08242-56712 Fax: 08242-56711</p> <p>27 <b>Mirpur Branch (Passport)</b><br/>Swapnapuri, Holding No. 24, Main Road<br/>Block-3, Section – 11, Mirpur, Pallabi, Dhaka<br/>Tel: 9008218 Fax: 9008359<br/>PABX : 9008310</p> <p>28 <b>Naval Base Branch</b><br/>BNS Issa Khan, Naval Base Anchorage Building (1st Floor)<br/>Patenga, Chittagong<br/>Tel: 031-741833 PABX : 031-741834 Fax: 031-741831</p> <p>29 <b>Karwan Bazar Branch (Passport)</b><br/>Jenith Tower, Holding No.40, Karwan Bazar<br/>Tejgaon,Dhaka<br/>Tel: 9126554 PABX : 9120856 Fax: 9126544</p> <p>30 <b>Feni Branch (Passport)</b><br/>Kazi Centre, Holding No.-106, S.S.K Road, Feni<br/>Tel: 0331-63535 PABX : 0331-63536 Fax: 0331-63537</p> <p>31 <b>Joypara Branch (Passport)</b><br/>Azhar Ali Mozahar Ali Shopping Complex, Dohar, Dhaka<br/>Tel: 06223-56097 PABX : 06223-56097 Fax : 06223-56098</p> <p>32 <b>Joydevpur Branch</b><br/>Bhawal Point, Bhogra, Basan<br/>Joydevpur, Gazipur<br/>Tel: 9262852, 9262853 Fax: 9262859</p> <p>33 <b>Narshingdi Branch</b><br/>Salam Mansion, Holding # 13/9, Narshingdi Sadar<br/>Tel: 0628-51684, 0628-51685 Fax: 0628-51686</p> <p>34 <b>Narayangonj Branch</b><br/>1# Alam Khan Lane<br/>B.B. Road Narayangonj<br/>Tel: 7648282, 7648283 Fax: 7648208</p> <p>35 <b>Jubilee Road Branch</b><br/>Royal Tower, 64 Jubilee Road, Chittagong<br/>Tel: 031-2857212 Fax: 031-2857213</p> <p>36 <b>Shahjalal Uposahar Branch</b><br/>Shahjalal Housing State (Uposahar)<br/>Kotwali, Sylhet<br/>Tel: 0821- 2832261, 2832262 Fax: 0821-2832263</p> <p>37 <b>Ashugonj Branch</b><br/>Haji Md. Jahurul Haque Munshi Shopping Complex<br/>Char Chartala, Ashugonj, Brahmanbaria<br/>Tel : 0852-874026 Fax : 0852-874027</p> <p>38 <b>Khulna Branch</b><br/>Sena Kalyan Bhaban (1st Floor)<br/>1 # KDA Avenue, Khulna<br/>Tel: 041-2831571, 2831572 Fax : 041-2831573</p> <p>39 <b>Amirabad Lohagara Branch</b><br/>Best Chowdhury Plaza (1st Floor), Lohagara Bus Station<br/>Lohagara, Chittagong<br/>Tel: 03034-56512 Fax : 03034-56349</p> |
|---|--|