Annual Report 2016



Prime Bank Limited

LETTER OF
TRANSMITTAL

To:
All Shareholders,
Bangladesh Bank,
Bangladesh Securities and Exchange Commission,
Registrar of Joint Stock Companies & Firms,
Dhaka Stock Exchange Limited and
Chittagong Stock Exchange Limited

Dear Sir(s),

Re: Annual Report under reference of the year ended on December 31, 2016

We forward herewith copy(s) of Annual Report-2106 of Prime Bank Limited along with Audited Financial Statements as on the position of December 31, 2016 for your kind perusal and record please.

The Annual Report-2016 includes Income Statements, Cash Flow Statements along with notes thereon on the financials of Prime Bank Limited, its Subsidiaries namely Prime Exchange Co. Pte. Limited, Singapore, PBL Exchange (UK) Limited, PBL Finance (Hong Kong) Limited, Prime Bank Investment Limited, Prime Bank Securities Limited and Prime Bank Foundation.

Best regards.

Yours sincerely,

Mohammed Ehsan Habib
Company Secretary



AMARSTOCK

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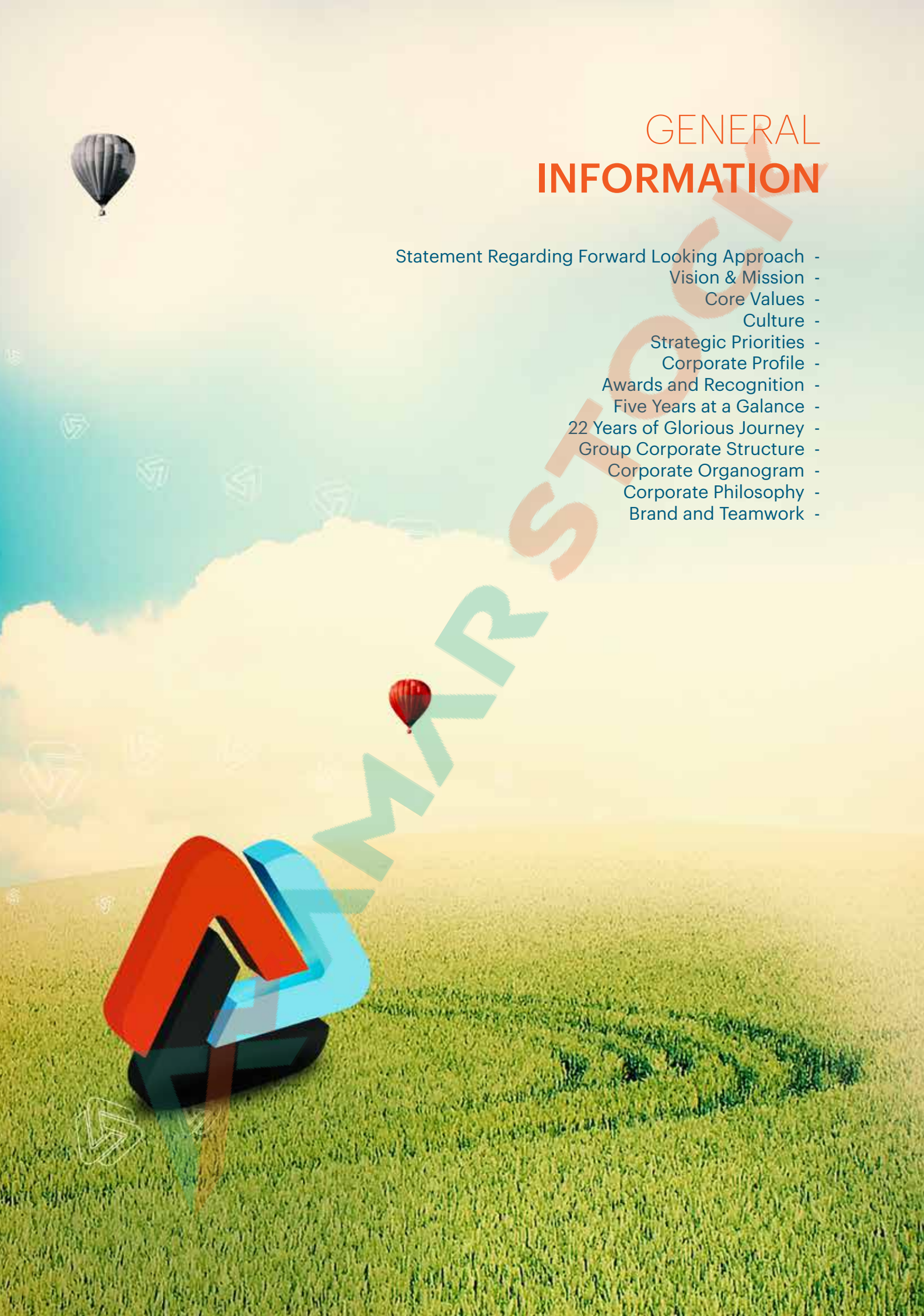

GENERAL INFORMATION

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Vision & Mission -
Core Values -
Culture -
Strategic Priorities -
Corporate Profile -
Awards and Recognition -
Five Years at a Galance -
22 Years of Glorious Journey -
Group Corporate Structure -
Corporate Organogram -
Corporate Philosophy -
Brand and Teamwork -

MARSTOCK

STATEMENT REGARDING FORWARD
LOOKING APPROACH





- We're working to build a "fortress balance sheet" by strengthening liquidity, credit reserve positions, asset quality and overall capital adequacy;
- Develop the bottom line through improved recovery processes. Recovery of NPL will be the Bank's priority area and there is significant room for performance of improvement;
- Develop innovative risk models on qualitative and quantitative data;
- Continue to invest in green banking and technology to achieve cost and time efficiency, sustainable development, improve productivity, quality and faster service to ensure customer satisfaction;
- We're increasing our lending to small and medium-sized businesses and extending credit through other innovative approaches;
- We are strong supporters of comprehensive regulatory reform. We support many of the steps that have been taken to protect consumers in the financial services sector. If properly implemented, reform should contribute to future stability of the financial system;
- Building up of maximum earning capacity ensuring stakeholder's satisfaction complying with relevant laws and regulation;
- We have a long-standing pay-for-performance philosophy that ties with executive performance. In addition, consistent with our compensation principles, our executive compensation program provides a mix of salary, benefits and incentives paid over time;
- Continuous development of overall banking services without compromising any unlawful activities;
- Maintaining corporate sustainability and continues to be an issue of critical importance to us and those we serve. We recognize our responsibility to take action to reduce environmental footprint, while having an opportunity to use our business resources to enable our clients, customers and employees to reduce their own environmental impacts.

AMARSTOCK

OUR VISION

To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity.

OUR MISSION

To build Prime Bank Limited into an efficient, market driven, customer focused institution with good corporate governance structure.
Continuous improvement of our business policies, procedures and efficiency through integration of technology at all levels.

OUR CORE VALUES

DELIVER

We deliver high standards for our customers, clients and shareholders. We share a passion for serving the financial needs of people, companies and institutional investors.

COMMITMENT

We are fully committed to achieving success for our customers, our teams and ourselves through compliance of regulatory guidelines.

TRUST

We have trust in our team. We work together to deliver the full capabilities of our Bank to all of our constituents. We strive to be consistent and straightforward in our interactions.

SUCCEED

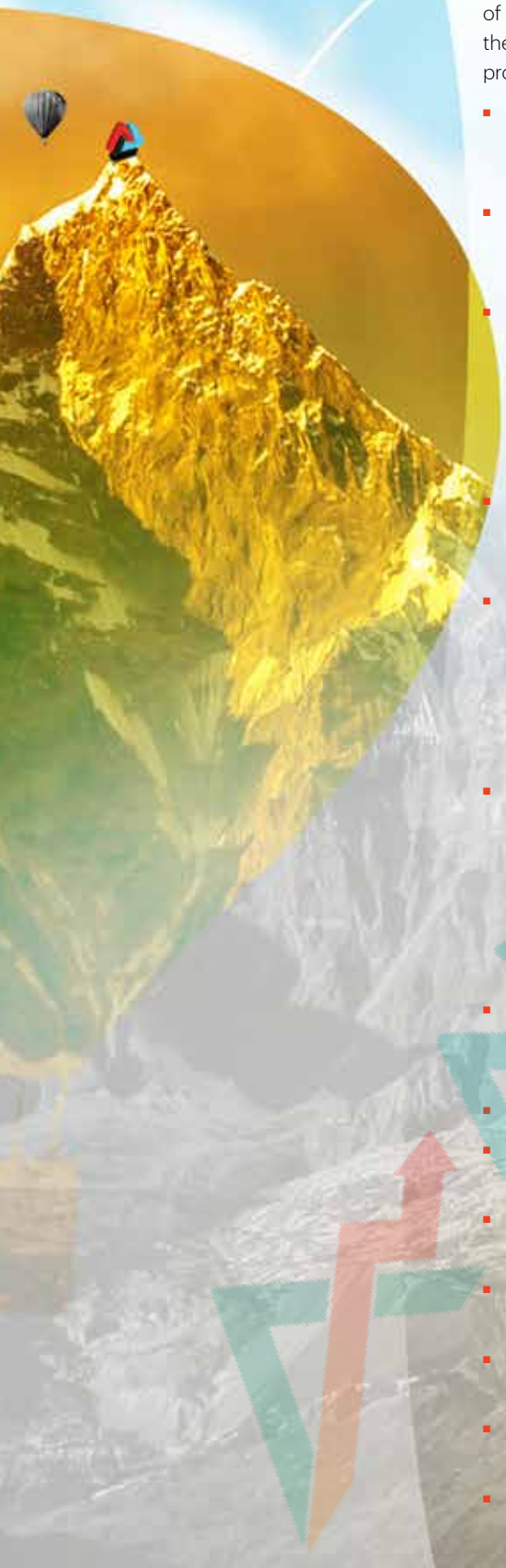
We know we succeed only when our customers, communities and environment succeed. We do business in an open, direct and sustainable way.

CULTURE

We understand that our ability to succeed ultimately depends on our culture and ensuring it holds everything we need to deliver our strategy- from the performance and compliance, to stewardship and responsibility. As an important determinant of the culture we wish to build, our dynamic and engaged leadership teams enhancing Bank's values each day and holding themselves accountable and responsible for the business, celebrating success and learning from their mistakes.



STRATEGIC **PRIORITY**



To meet the challenges of the current environment and deliver on our strategy, we have a set of strategic priorities that are reviewed and refreshed each year. We will continue to manage these priorities in a balanced way with an appropriate mix of growth, return, risk and productivity. However, our special attention will be as follows:

- Continuous development of the Human Resources and their transformation into Human Capital through constant training both at home and abroad shall be pursued more passionately than ever before;
- Online transactions and cyber security check including prevention of any nature of attack on the core IT infrastructure shall be ensured through engagement of appropriate resource personnel and supervisors;
- Maintaining quality asset & growth in terms of portfolio management is always prime objective, as such, Bank's own and unique devise 'Dashboard' shall be further enriched for generating multiple reports for serving Management as a constant source of decision making tool. This will further assure all key parameters of core risks including prudent management, good profitability, and strong asset quality along with strengthening compliance culture, transparency and accountability for the interest of all stakeholders;
- Bank aims to deliver technology driven products and services and this endeavor shall gain more momentum once on-going re-implementation/up-gradation of the existing platform is complete by third quarter of 2017;
- The Bank has already completed centralization of Trade Services and Credit Administration followed by Business processing. Consequently, management of large corporate accounts from the branches has been withdrawn to the Centre. Currently, processes for bringing MSME and Consumer banking clients under the umbrella of centralization in near complete and this is expected to infuse more dynamism in terms of efficiency and prompt disposal of business propositions;
- IT Steering Committee has been working relentlessly for completion of the ongoing up-gradation of the Core Banking Software within the projected schedule of September 2017. This is going to bring revolutionary changes in the control mechanism for both conventional and Islamic banking operations of the bank. Considering the significance of the transformation, bank has already engaged renowned international supervising firm M/s Earnest Young for the purpose of monitoring and implementation of the project in time;
- Efforts are on and shall be further strengthened for recovery of NPL including written off ones. Preventive measures shall be strongly pursued for checking emergence of fresh NPL through introduction of effective RM concept and inbuilt Early Alert System;
- Identification of Cost drivers and optimization;
- Assisting our clients to operate successfully and being their bank of choice as their business, and even personal, financial needs evolve;
- Maintain adequate level of liquidity through minimizing asset-liability mismatch and recovery of past due loans;
- Improvement of deposit mix by maintaining efficient deposit mix, increase share of low cost and no cost deposit in total deposit, increase non-funded business;
- Providing sustainable returns to stakeholders, exceeding market and shareholder expectations;
- Our intentions are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework ;
- Committed to community as a corporate citizen and contributing towards the progress of the nation as our corporate social responsibility;

CORPORATE **PROFILE**

Prime Bank was established in April, 1995 by a group of committed and visionary entrepreneurs conceive an idea of floating a commercial bank with different outlook. Prime Bank is known for its superior service quality, brand image, strong corporate governance and corporate culture. Committed for excellence, Prime Bank is a top-tier bank in Bangladesh and reputed among regulators as distinctly 'compliant' and among customers as agile and responsive to change. A Bank aligned to its vision, mission, values and strategic priorities.

With its network of 145 branches and 3 Offshore Banking Units in Bangladesh and history of over 22 years, Prime Bank has developed unique insights into the needs of every customer segment whether retail, SMEs or large corporate and has consistently demonstrated the ability to offer innovative solutions for all. Over the years, Prime Bank has built on its expertise in a wide area of financial services and today its range of services includes corporate & institutional banking, commercial banking, investment banking, merchant banking, Islamic banking, offshore banking, securities trading, lease financing and internet banking. It has achieved numerous international awards for excellence and innovation, which stand testimony to the high standards it employs in every area of its operations.

Prime Bank's mission of improving financial services is clearly demonstrated through its commitment to ensure easy access to financing for all, provide fair terms and pricing, advising customers based on their needs and being at the heart of the community. Prime Bank remains steadfast in its efforts to ensure the sustainability of its operations as well as that of the communities it serves. This is not only through efforts to finance economic development and the provision of modern financial services but also through innovative community program that impact the lives of the marginalized members of the society. Prime Bank Foundation, its healthcare and educational arm to undertake Corporate Social Responsibility initiatives, is supported by sponsors and remains a major vehicle for the Bank to positively impact many of most needy communities in an effort to build a better tomorrow for all.

Share Capital:

BDT in Million

Share Capital	2016	2015
Authorized Capital	25,000.00	25,000.00
Paid-up Capital	10,293.49	10,293.49

Distribution of Shareholdings				
Types	Number of Shares		% of Shares	
	2016	2015	2016	2015
Sponsors	3,996,150,370	4,052,540,940	38.82%	39.37%
Financial Institutions	2,795,256,750	2,602,745,660	27.16%	25.29%
Foreign Investors	38,472,820	38,472,820	0.37%	0.37%
Non- resident Bangladeshi	25,142,410	29,691,770	0.24%	0.29%
General Public	3,438,463,810	3,570,034,970	33.41%	34.68%
Total	10,293,486,160	10,293,486,160	100.00%	100.00%

Deposit and other liabilities:

BDT in Million

Particulars	2016	2015
Bank deposit	304.77	643.32
Customer deposit	197,629.20	194,181.78
Total	197,933.97	194,825.10

Loans and advance/Investment:

BDT in Million

Particulars	2016	2015
Corporate	133,383.09	115,496.52
MSME	18,190.54	17,821.21
Consumer	18,638.20	18,546.80
Total	**170,211.83**	**151,864.53**

Capital to risk weighted asset ratio:

Particulars	2016		2015	
	Solo	Consolidated	Solo	Consolidated
Tier-I Capital	9.30%	9.18%	10.00%	9.96%
Tier-II Capital	3.15%	3.12%	2.74%	2.73%

Rating Information

Particulars	2016	2015
Long-Term	AA	AA
Short-Time	ST-2	ST-2

Human Resources:

Gender	2016	2015
Male	2,285	2,299
Female	649	635
Total	**2,961**	**2,934**

Listing Information:

Organization	DSE	CSE
Prime Bank Limited	27.03.2000	15.11.1999

Corporate Office Address:	Share Division of the Bank:
Prime Bank Limited 119/120 Adamjee Court Annex Building-2 Motijheel C/A, Dhaka-1000	Sarker Mansion (8th floor) 29, Rajuk Avenue Motijheel C/A, Dhaka-1000

Subsidiaries Information of the Bank:

Inside Bangladesh	
Prime Bank Investment Limited Peoples Insurance Building (11th floor) 36, Dilkusha, Dhaka-1000	**Prime Bank Securities Limited** Sarker Mansion (3rd floor) 29, Rajuk Avenue, Dhaka-1000

Outside Bangladesh		
Prime Exchange Co. PTE Ltd (Singapore) 2A Desr Road, (2nd floor) Singapore 209549	**PBL Exchange (UK) Limited** 16 Brick Lane, London, EI6RF, UK	**PBL Finance (Hong Kong) Limited** Suit 1407,14/F, Admiralty Centre, Tower-1, 18 Harcourt Road, Hong Kong

Auditors of the Bank:	
ACNABIN Chartered Accountants BDBL Bhaban (Level 13 & 14) 12, Kawran Bazar C/A Dhaka-1215 E-mail-acnabin@bangla.net	**Syful Shamsul Alam & Co.,** Chartered Accountants Paramount Heights, (Level-6) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000 E-mail-ssac@ssacbd.com

Tax adviser of the Bank
K.M. Hasan & Co., Chartered Accountants Hometown Apartment (8th, 9th & 13th floor) 87, New Eskaton Road Dhaka-1000

AMARSTOCK

AWARDS AND **RECOGNITION**

2002

- ICAB National Awards for Best Published Accounts and Reports 2002 – Diamond (Financial Sector)

2003

- ICAB National Awards 2003 for Best Published Accounts and Reports– 2nd Prize in Financial Sector (Banking)

2005

- 6th ICAB National Awards 2005 for Best Published Accounts and Reports– 1st Prize in Financial Sector (Banking)
- Financial News Services (FNS) Award 2005 – Best Performing Local Bank
- Financial Institution Award - 10 years of Service

2006

- 7th ICAB National Awards for Best Published Accounts and Reports 2006 – 1st Prize in Financial Sector (Banking)

2007

- 8th ICAB National Awards for Best Published Accounts and Reports 2007 – 1st Prize in Financial Sector: Banking
- SAFA Best Presented Accounts Awards 2007 – Bronze Award (Banking Sector)
- ICMAB National Best Corporate Award 2007 – 2nd Position in Local Banks

2008

- 9th ICAB National Awards for Best Published Accounts and Reports 2008 – 1st Prize in Financial Sector- Banking
- SAFA Best Presented Accounts Awards 2008 – Joint Winner (Under Banking Financial Sector)

2009

- 10th ICAB National Awards for Best Published Accounts and Reports 2009- Winner (Category: Corporate Governance Disclosures)
- 10th ICAB National Awards for Best Published Accounts and Reports 2009- First (Category: Banking Sector)
- SAFA Best Presented Accounts Award 2009 – Overall Winner
- SAFA Best Presented Accounts and Corporate Governance Disclosures Awards 2009 –Winner in Banking Sector Subject to Prudential Supervision
- ICMAB Best Corporate Performance Award 2009 – 1st Position (Jointly)

2010

- 11th ICAB National Awards for Best Published Accounts and Reports 2010 – 1st Prize in Financial Sector: Banking
- SAFA Best Presented Accounts Awards 2010 – Winner - Joint (Banking Sector)
- ICMAB Best Corporate Award 2010 – 1st Prize

2011

- 12th ICAB National Awards for Best Published Accounts and Reports 2011 – 1st Position in Private Sector Banks
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2011 – Winner in Private Sector Banks (including Co-operative Banks)
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Award for Corporate Governance Disclosures 2011 – Overall 1st Runner Up
- Bangladesh Business Awards 2011 – DHL – The Daily Star
- International Star for Leader in Quality (ISLQ) Award, France



EMAL STOCK

2012

- 13th ICAB National Awards for Best Presented Annual Report 2012 – 2nd Prize in Private Sector Banks (including Co-operative Banks)
- 13th ICAB National Awards for Best Presented Annual Report 2012 – 3rd Prize in SAARC Anniversary Award for Corporate Governance
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2012 – Runner-Up in Private Sector Banks (including Co-operative Banks)
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Award for Corporate Governance Disclosures 2012 – Certificate of Merit for Corporate Governance
- ICMAB Best Corporate Award 2012 – 1st Position in Private Commercial Banks (Traditional Operation)
- The Industry 2012 – Best Rated Bank Award
- Industry Best Rated Bank Award 2012 – Awarded as Strongest Bank
- The Bizz 2012 – Inspirational Company Award
- International Platinum Star for Quality Award 2012

2013

- 14th ICAB National Awards for Best Presented Annual Report 2013 – 3rd Prize Corporate Governance Disclosure
- 14th ICAB National Awards for Best Presented Annual Report 2013 – 1st Prize in Private Sector Banks (including Co-operative Banks)
- SAFA SAARC Anniversary Awards for Corporate Governance Disclosures 2013 – Winner
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2013 – 2nd Runner up in Private Sector Banks (including Co-operative Banks)
- ICMAB Best Corporate Award 2013 – 1st Position in Private Commercial Banks (Traditional Operation)
- Best Bank of Bangladesh by Global Survey (Best Emerging Market Bank in Asia) – 2013

2014

- 15th ICAB National Award for Best Presented Annual Reports-2014 – Certificate of Merit

2015

- 16th ICAB National Award for Best Presented Annual Reports 2015 (Category: Private Sector Banks including Co-operative Banks)– 1st Prize
- 16th ICAB National Award for Best Presented Annual Reports 2015 (Category: Corporate Governance Disclosures) – 1st Prize
- 16th ICAB National Award for Best Presented Annual Reports 2015 (Category: Integrated Reporting) - 3rd Prize
- SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2015 – Joint Winner in Private Sector Banks (including Co-operative Banks)
- SAFA Best Presented Annual Report & SAARC Anniversary Awards for Corporate Governance Disclosures-2015 – First Runner Up (Category: SAARC Anniversary Awards for Corporate Governance Disclosures)
- ICSB National Award 2015 for Corporate Governance Excellence 2015- Gold Award (Category: Banking Companies)
- National Center for Sustainability Reporting- Sustainability Reporting Awards 2016 (Commendation for First Year Report)
- Serdar Patel Awards



FIVE YEARS
AT A GALANCE

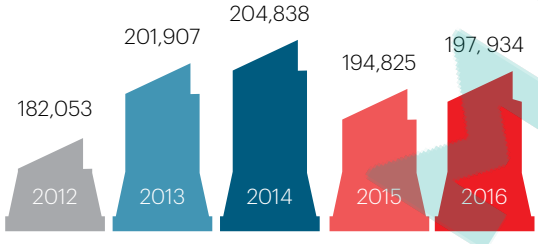
Key financial indicators

BDT in Million

Particulars	2016	2015	2014	2013	2012
Deposits	197,934	194,825	204,838	201,907	182,053
Advances	170,211	151,865	147,367	153,589	160,890
Assets	256,599	252,161	254,912	243,869	236,833
CRAR	12.45%	12.74%	12.21%	12.04%	12.73%
Operating Profit	5,757	5,906	6,157	7,474	8,551
Cost income Ratio (CIR)	52.11%	51.08%	48.29%	41.98%	36.62%
Cost of Fund	8.09%	9.72%	10.19%	11.62%	11.64%
Gross profit ratio	52.97%	45.85%	43.33%	42.15%	43.66%
CD ratio	85.99%	77.95%	71.94%	76.07%	88.38%
Return on Assets (ROA)	0.86%	0.84%	0.96%	0.76%	1.24%
Return on Equity	8.49%	8.41%	10.08%	8.35%	13.53%
Earnings per share (EPS)	2.13	2.08	2.32	1.78	2.62

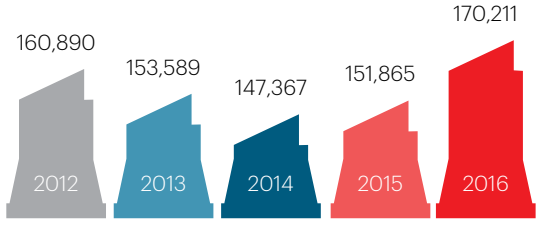
Deposits

BDT in Million



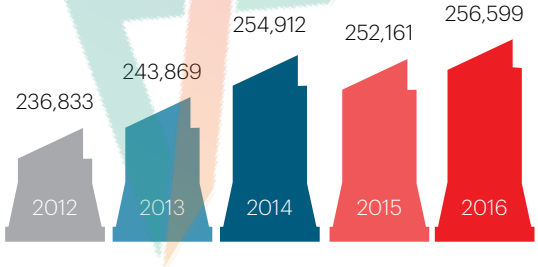
Advance

BDT in Million

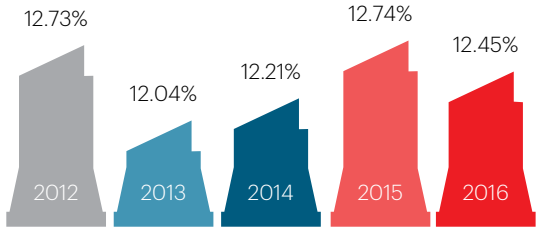


Assets

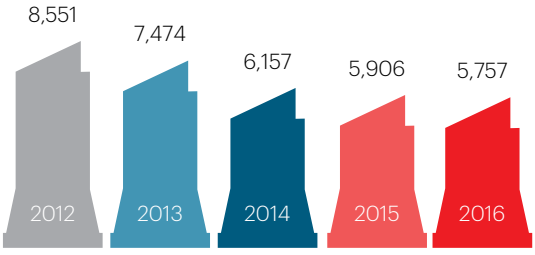
BDT in Million



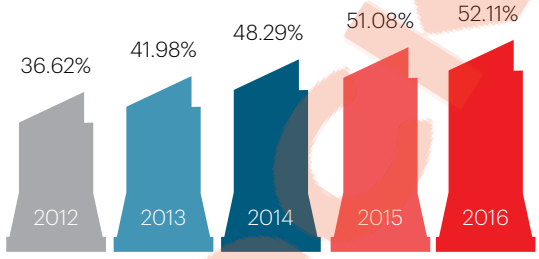
CRAR



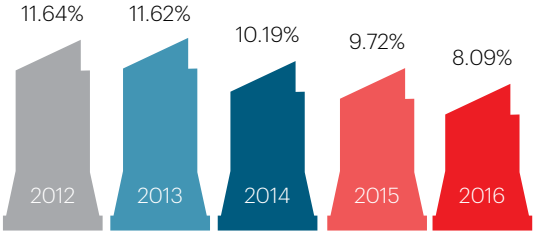
Operating Profit



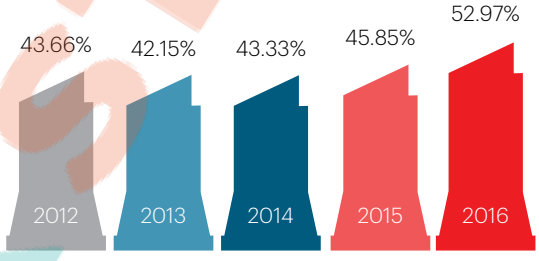
CIR



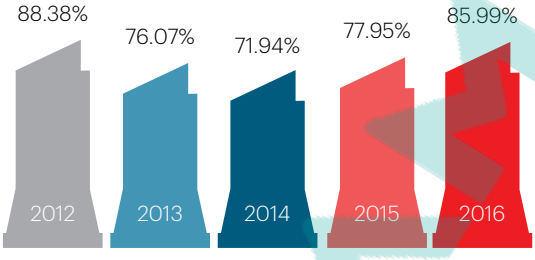
Cost of Fund



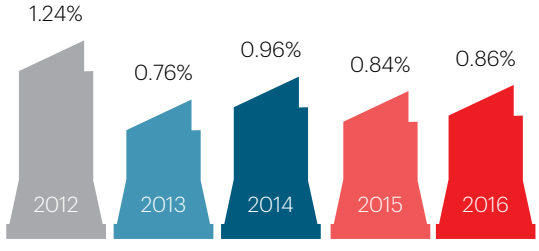
Gross Profit ratio



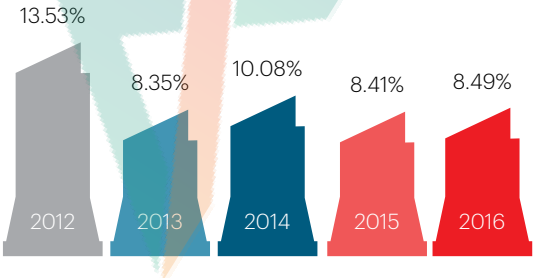
CDR



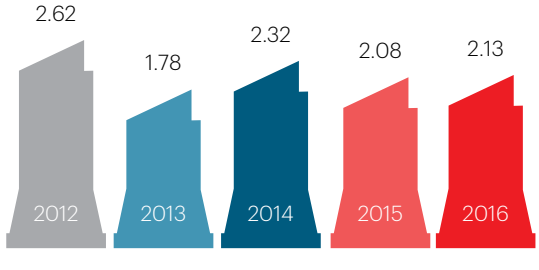
ROA



ROE



EPS



1995-99

- Memorandum and Articles of Association signed by the Sponsors
- Incorporation of the Company
- Certificate of Commencement of Business
- License issued by Bangladesh Bank
- License issued for opening the first Branch, Motijheel
- Formal launching of the Bank
- Commencement of business from the Motijheel Branch
- Commencement of Islamic banking business from IBB, Dilkusha
- Initial Public Offerings (IPO)
- Publication of Prospectus
- Subscription Opened
- Subscription Closed
- Listed with Chittagong Stock Exchange Limited



2000

- **Listed with Dhaka Stock Exchange Limited**
- **Trading of Shares on Dhaka Stock Exchange Limited**
- **Trading of Shares on Chittagong Stock Exchange Limited**
- **Dividend declared in the 5th AGM (First after the IPO)**



2001

•Registered as Merchant Banker with the Securities and Exchange Commission



2003

- **License issued from the Bangladesh Bank as Primary Dealer**

22 YEARS OF GLORIOUS JOURNEY

2007

- Opening of first Off-shore Banking Unit at DEPZ, Savar, Dhaka



2006

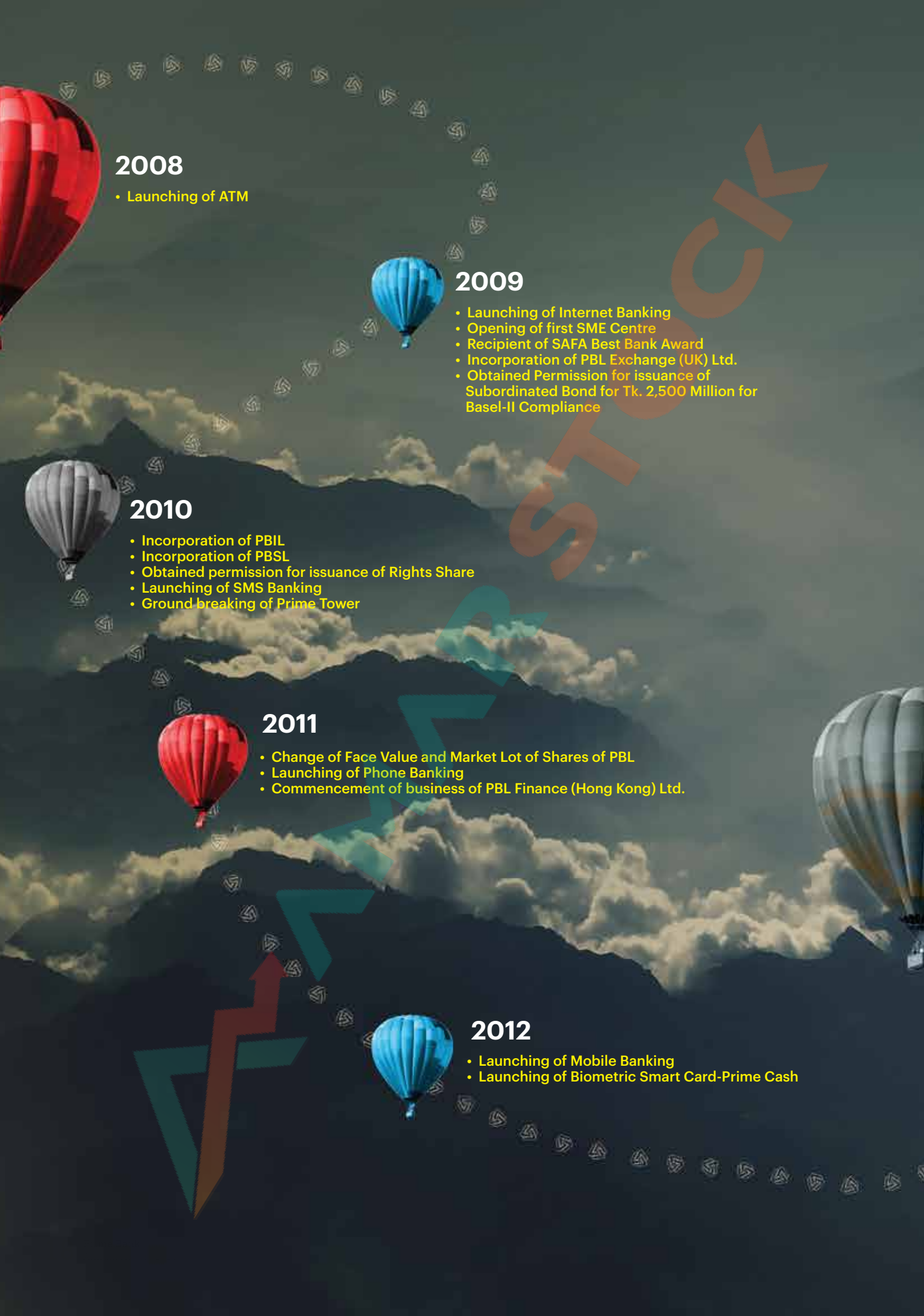
- Incorporation of Prime Exchange Co. Pte. Ltd., Singapore
- Prime Exchange Co. Pte. Ltd., Singapore formally started business

2005

- Completion of 10 years of Service
- Agreement with Temenos for Core Banking Software Temenos T24

2004

- Registered as Depository Participant of CDBL
- Trading of Shares started in Demat Form in Stock Exchanges



2008

- Launching of ATM

2009

- Launching of Internet Banking
- Opening of first SME Centre
- Recipient of SAFA Best Bank Award
- Incorporation of PBL Exchange (UK) Ltd.
- Obtained Permission for issuance of Subordinated Bond for Tk. 2,500 Million for Basel-II Compliance

2010

- Incorporation of PBIL
- Incorporation of PBSL
- Obtained permission for issuance of Rights Share
- Launching of SMS Banking
- Ground breaking of Prime Tower

2011

- Change of Face Value and Market Lot of Shares of PBL
- Launching of Phone Banking
- Commencement of business of PBL Finance (Hong Kong) Ltd.

2012

- Launching of Mobile Banking
- Launching of Biometric Smart Card-Prime Cash

2016

- Recipient of "16th ICAB National Award for Best Presented Annual Reports 2015" (Category: Private Sector Banks Including Co-operative Banks) – 1st Prize
- Recipient of "16th ICAB National Award for Best Presented Annual Reports 2015"(Category: Corporate Governance Disclosure) – 1st Prize
- Recipient of " ICSB National Award for Corporate Governance Excellence 2015" (Category: Banking Companies) – Gold Prize
- Recipient of SAFA "SAARC Anniversary Awards for Private Sector Banks including Co-operative Banks 2015"- Joint Winner.
- Recipient of SAFA "SAARC Anniversary Awards for Corporate Governance Disclosure 2015"-1st Runner Up
- Prime Bank Receives Remittance Award



2015

- Prime Bank South Zone becomes the Champion of the Bangladesh Cricket League 2014-2015
- Launching of First Business World MasterCard Credit Card in Bangladesh
- Opening of 145th Branch at Saidpur, Nilphamari
- Prime Bank Receives Remittance Award
- Recipient of "15th ICAB National Award for Best Presented Annual Reports-2014" – Certificate of Merit



2014

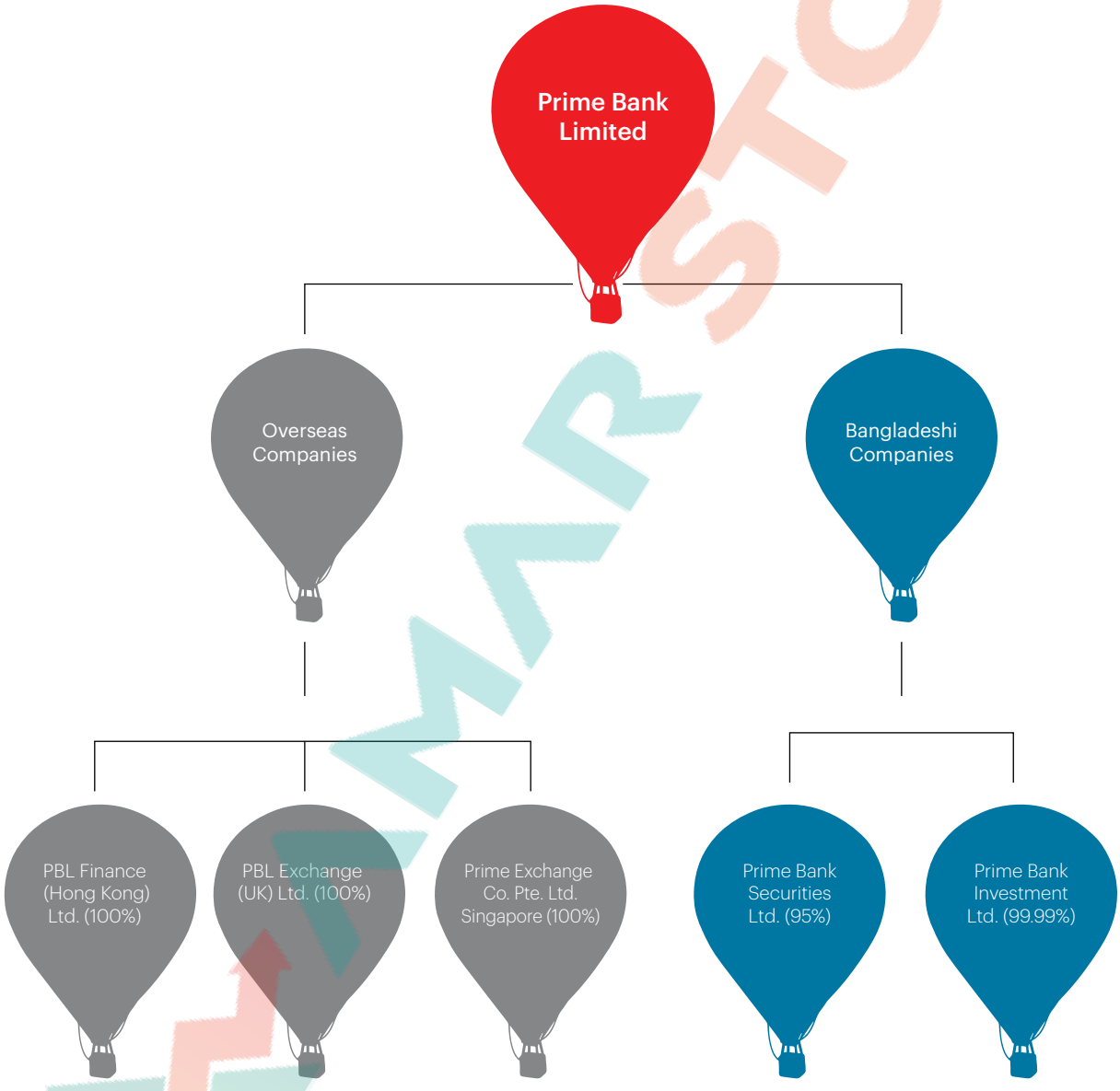
- Launching of JCB Cards in Bangladesh
- Launching of Premium Banking Service 'Monarch'
- Recipient of "14th ICAB National Award for Best Presented Annual Reports 2013" (Category: Private Sector Banks including Co-operative Banks) – 1st Prize
- Recipient of "14th ICAB National Award for Best Presented Annual Reports 2013" (Category: Corporate Governance Disclosures) – 2nd Runner Up
- Recipient of SAFA "SAARC Anniversary Awards for Corporate Governance Disclosures 2013" - Winner
- Recipient of SAFA "Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2013" – 2nd Runner Up



2013

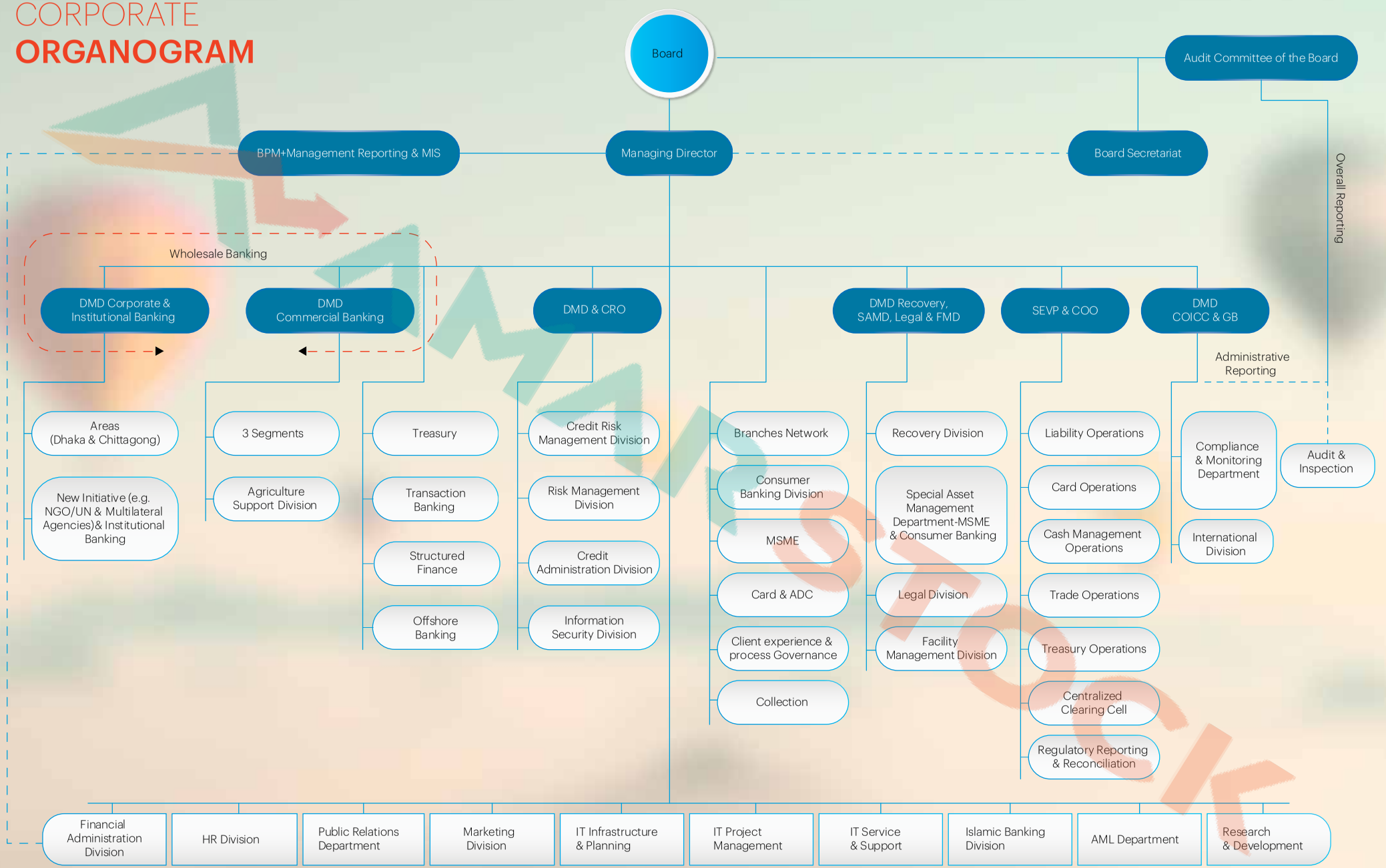
- Recipient of ICMAB Best Corporate Award-2012
- Launching of Prime Bank Nursing Institute
- Launching for the first time in Bangladesh the JCB Card's online acquiring service
- Launching of Islamic Credit Card

GROUP CORPORATE **STRUCTURE**



SMARTSTOCK

CORPORATE ORGANOGRAM



CORPORATE **PHILOSOPHY**

FOR OUR CUSTOMERS

* To provide the most courteous and efficient service in every aspect of its business

* To be innovative in the development of new banking products and services

FOR OUR EMPLOYEES

* By promoting their well-being through attractive remuneration and fringe benefits

* By promoting good staff moral through proper staff training and development, and provision of opportunities for career development

FOR OUR SHAREHOLDERS

* By forging ahead and consolidating its position as a stable and progressive financial institution

* By generating profits and fair return on their investment

FOR OUR COMMUNITY

* By assuming our role as a socially responsible corporate citizen in a tangible manner

* By adhering closely to national policies and objectives thereby contributing towards the progress of the nation

* By upholding ethical values and best practices Constantly seeking to improve performance by aligning our goals with stakeholders' expectations, because we value them.

SMARTSTOCK

BRAND

Prime Bank is passionate about continuous improvement and innovation. This is why we make every effort at being a pioneer in innovating products and services to meet our customers' needs, providing a better way of life and preparing them for the future.

TEAMWORK

- we work together as a team based on mutual respect and dignity growth
- we are passionate about constant improvement and innovation excellence and efficiency
- we are committed to delivering outstanding performance and superior service integrity
- we are honest, professional and ethical in all our dealings relationship building
- we continuously build long-term and mutually beneficial partnerships our values define what we believe in and what we stand for. These are our essential guiding principles for our hearts and minds, for those situations where the rule book provides no answers. Although our business is complex, we adopt a flexible approach when resolving issues but within the scope of stipulated guidelines. We remain steadfast in honoring our commitments, as we know that fulfilling our promises will build trust and create mutual respect among our stakeholders. Our products and services are a reflection of our belief in doing the right thing. We advice our customers on what we perceive to be in their best interests. This is why we go above and beyond for our customers. We believe our customers receive the best service because of the dedication and commitment of our people. We look to build long-term and mutually beneficial relationships as we endeavor to turn every interaction into a sustainable relationship. This could mean helping a customer start-up his first food stall, to helping his corporation expands beyond the home country. We stand by our customers, through good and tough times, helping to ensure that they have the opportunity to grow at any point. We are honored to have won our customers' hearts and gained their trust. We remain committed in delivering best-in- class services. By putting people first, each and every day, we are improving Financial Services.



BOARD OF DIRECTORS
& MANAGEMENT PROFILE

Composition of Board and Committees -
Board of Directors -
Senior Management -



COMPOSITION OF
BOARD AND COMMITTEES

Board of Directors

Mr. Azam J Chowdhury	Chairman
Mr. Md. Nader Khan	Vice Chairman
Mrs. Nasim Anwar Hossain	Vice Chairperson
Khandker Mohammad Khaled	Director
Mr. M. A. Khaleque	Director
Quazi Sirazul Islam	Director
Mr. Md. Shahadat Hossain	Director
Mr. Md. Shirajul Islam Mollah	Director
Mrs. Marina Yasmin Chowdhury	Director
Mr. Mafiz Ahmed Bhuiyan	Director
Mrs. Salma Huq	Director
Mr. Nafis Sikder	Director
Mr. Imran Khan	Director
Mr. Waheed Murad Jamil	Director
Mr. Tarique Ekramul Haque	Director
Mr. Mohammad Mushtaque Ahmed Tanvir	Director
Mr. Shamsuddin Ahmad, Ph.D	Independent Director
Dr. G. M. Khurshid Alam	Independent Director
Mr. M Farhad Hussain FCA	Independent Director

Executive Committee

Mr. Mafiz Ahmed Bhuiyan	Chairman
Quazi Sirazul Islam	Member
Mr. Md. Shirajul Islam Mollah	Member
Mrs. Nasim Anwar Hossain	Member
Mrs. Salma Huq	Member
Mr. Waheed Murad Jamil	Member
Mr. Mohammad Mushtaque Ahmed Tanvir	Member

Audit Committee

Mr. Shamsuddin Ahmad, Ph.D,	Chairman
Mr. Md. Nader Khan	Member
Mr. Tarique Ekramul Haque	Member
Dr. G. M. Khurshid Alam	Member
Mr. M Farhad Hussain FCA	Member

Risk Management Committee

Dr. G. M. Khurshid Alam	Chairman
Mr. Md. Shahadat Hossain	Member
Mr. Imran Khan	Member
Mr. Shamsuddin Ahmad, Ph.D,	Member
Mr. M Farhad Hussain FCA	Member

AMARSTOCK

BOARD OF **DIRECTORS**



Azam J Chowdhury
Chairman

Mr. Azam J. Chowdhury is a well known industrialist. He is the current Chairman of the Board of Directors, a position he held several times in the past also.

Mr. Chowdhury is the Chairman of East Coast Group (ECG), a diversified conglomerate focused on Energy Sector for more than three decades.

Presently, Mr. Chowdhury is holding the following portfolios:

President:

- Bangladesh Energy Companies Association (BECA).
- Bangladesh Ocean Going Ship Owner's Association (BOGSOA).

Chairman :

- The Consolidated Tea & Lands Company Bangladesh Limited (formerly, James Finlay Limited)
- Consolidated Tea & Plantation Limited
- Baraoora (Sylhet) Tea Company Limited

Managing Director:

- MJL Bangladesh Limited, a listed company and an alliance partner of Exxon Mobil Corporation, USA.

Director:

- Omera Petroleum Limited(OPL)
- Omera Cylinders Limited and Omera Fuels Limited.
- Central Depository Bangladesh Limited (CDBL).

In recognition to his contributions and personal reputation, Hungarian Government has honored him with the position of Honorary Consul of their country in Bangladesh.
He is a renowned Golfer and achieved laurels several times in this sporting arena.

AMARSTOCK



Md. Nader Khan
Vice Chairman

Mr. Md. Nader Khan is a Sponsor Director and past Chairman of the Board of Prime Bank. He is a prominent entrepreneur and has the credentials of setting up many high-ended business establishments in different sectors.
Currently, he is associated with the following business concerns:

Chairman:

- Artisan Ceramics Ltd.
- New Vision Information Technology Ltd.
- Pedrollo nk Limited
- PNL Holdings Ltd
- Polyexprint Ltd.
- Polyex Laminate Ltd.
- Halda Valley Tea Co. Ltd.
- Polytape Ltd.
- Hill Plantation Ltd.
- PNL Water Management Ltd

Director:

- The Consolidated Tea and Lands Company (BD) Ltd.
- Baraoora (Sylhet) Tea Company Ltd.
- Pedrollo Dairy & Horticulture Ltd.
- Halda Fisheries Ltd.
- Consolidated Tea and Plantation Ltd.

Proprietor:

- M/S Pragati Corporation

One of his business concerns, Pedrollo nk Limited, is market leader in the marketing of famous PEDROLLO brand water pumps from Italy since 1985.

Mr. Khan was honored with 'Prime Minister's Award 2010' for his contribution in tree plantation.

Mr. Khan is a kind hearted personality and actively involved in diverse CSR activities. He is the Chairman of Lion Mukhlesur Rahman Foundation, Lion Mukhlesur Rahman Plastic Surgery Hospital, Zero Club Foot Project, Founder of Cider International School, Ex- Governor (2000-2001) of Lions Club International- District 315 B4 Bangladesh, to mention a few.

He is Member of Education, Science, Technology and Cultural Development Trust (ESTCDT) of Independent University, Bangladesh (IUB) & Chairman, Finance Committee of Chittagong Independent University (CIU). He is also member of Chittagong Club, Chittagong Boat Club and founder member of Senior's Club, Chittagong.

Mr.Khan is a member of the Audit Committee and current Chairman of Prime Bank Foundation.



Nasim Anwar Hossain
Vice Chairperson

Mrs. Nasim Anwar Hossain, a sponsor Director is currently Vice Chairperson of the Board of Directors. She also held the position of Chairman, Risk Management Committee of the Board in the past. She is currently a Member of the Executive Committee of the Board of Directors.

She is a Masters in Political Science from Dhaka University.

Mrs. Hossain is a successful business personality and currently Director of the following Companies:

- Prime Cement Ltd.
- Lubricants Asia Ltd. and
- Bengal Tiger Cement Industries Limited.

Mrs. Hossain is an active social worker and takes keen interest in different benevolent and philanthropic activities.



Mafiz Ahmed Bhuiyan
Chairman, Executive Committee

Mr. Mafiz Ahmed Bhuiyan is a Sponsor Director and current Chairman of the Executive Committee. He is also past Vice Chairman of the Board of Directors.

As a Businessman, Mr. Bhuiyan, in the early years of RMG/backward linkage in Bangladesh in 1980, led in setting up joint-ventures with reputed firms belonging to the development countries of Taiwan, Hong Kong, China and Korea.

He was former Trustee/Life Member of Eastern University & South East University and Director of Australian International School (International Holdings Ltd.)

Besides, Mr. Bhuiyan is Managing Director of IPE Technology Limited, Shepherd World Trade Limited, Shepherd Consultant & Management Ltd. and Representative Director in the Board of Citizen Securities & Investment Limited (A full fledged Merchant Bank) as Chairman.



Shamsuddin Ahmad, Ph.D
Chairman, Audit Committee

Dr. Shamsuddin Ahmad has been an Independent Director of the Bank with effect from April 2015.

Dr. Ahmad is a distinguished development practitioner with 26 years of experience in the World Bank tackling development challenges in the financial sectors of several countries. As a Senior Financial Sector Specialist in the South Asia region of the World Bank, Dr. Ahmad has worked extensively with the Bangladesh Bank, the State Bank of Pakistan and the Nepal Rastra Bank in assisting these Central Banks to transform themselves into professional, efficient and modern institutions.

Dr. Ahmad retired from the World Bank Headquarters in Washington DC in February 2015, and is keen to utilize his expertise and experience to further develop the financial sector in Bangladesh.

Dr. Ahmad completed his MBA with distinction from IBA in 1977, and started his career as a banker with American Express Bank in Bangladesh. He obtained his Masters and Ph.D. degrees in Development Economics from the University of Hawaii, and returned home to join the World Bank Office in Dhaka in October 1989. He was later posted in Islamabad and Kathmandu offices of the World Bank.

He has won several awards in his educational and professional pursuits, including the prestigious Makana Award for Leadership at the East West Center. He also completed the Financial Institutions Program for Economic Development at the Kennedy School of Government in Harvard University in 2004.

Besides travelling to various countries, Dr. Ahmad loves playing tennis and bridge, and is also an enthusiastic ballroom-dancer.

He is currently Chairman of the Audit Committee, Member of the Risk Management Committee and Chairman of Prime Bank Securities Limited, a wholly owned subsidiary of Prime Bank.



Dr. G M Khurshid Alam
Chairman, Risk Management Committee

Mr. G.M. Khurshid Alam has been an Independent Director of the Bank with effect from April 2015.

Mr. Alam is also serving as a Director with Policy Research Institute (PRI), a leading policy and economic research think-tank of Bangladesh. Prior to that he served for 17 years with the World Bank as Senior Private Sector Development Specialist in its South Asia Private Sector and Finance (SASFP) Department, from where he retired in August 2012.

Mr. Alam started his professional career entering Government services in 1981 as a member of the Bangladesh Civil Service (Admin) cadre. He served in different positions both in the field administration, in Ministry of Finance and Bangladesh Biman before joining the World Bank in 1995.

Mr. Khurshid Alam is a PhD in Economics from Boston University, USA. He is married and has three children.

He is currently Chairman, Risk Management Committee and member of the Audit Committee of the Board. He is also an Independent Director of Prime Bank Investment Limited (PBIL), a subsidiary of Prime Bank.

AMARSTOCK



Khandker Mohammad Khaled
Director

Khandker Mohammad Khaled, former Chairman is a BUET graduate in Mechanical Engineering. After graduation he joined the then Water & Power Development Authority (WAPDA), now Bangladesh Water Development Board (BWDB). After having served BWDB for thirteen years, he started his own business in 1975 establishing Greenland Engineers & Tractors Company Limited better known as GETCO.

He is currently Chairman & Managing Director of GETCO Telecommunications Limited, GETCO Agro Vision Limited and GETCO Limited.

He is also Vice- Chairman and Member, Board of Governors, Primeasia University. Besides, he is associated with numerous Chamber Bodies and Societies in different capacities, prominent among which are:

- Institute of Engineers, Bangladesh
- National Heart Foundation of Bangladesh
- Diabetic Association of Bangladesh
- Bangladesh Railway Spares and Accessories Suppliers' Association
- International WHO's WHO Historical Society and
- 62-Engineers' Club.

Mr. Khaled is an amiable personality continuously contributing for the development of social and educational sector of the country.



M. A. Khaleque
Director

Mr. M. A. Khaleque, the founder and Sponsor Director of Prime Bank Limited. During the last 30 years, he has set an enviable standard by establishing high end institutions ranging from banks, non-banks, life and general insurance in the country. Mr. Khaleque's name has now become synonymous with some of the finest institutions having high professional outlook and vision.

After about a span of around 26 years, success came as a matter of choice through Prime Finance & Investment Ltd, Fareast Islami Life Insurance Company Ltd., Prime Insurance Ltd., Fareast Finance & Investment Ltd., PFI Securities Ltd., Fareast Stocks and Bonds Ltd., Prime Islami Securities Ltd., Prime Prudential Fund Ltd., Prime Financial Securities Ltd., Bangladesh Institute for Professional Development (BIPD).

Among the above named few are market leaders in their respective fields.

Having set epoch making standards in the financial arena, he set his sight into the emerging information technology, booming property sector and promising Agro based sector of the country and his dreams were fulfilled through promotion of GETCO Limited / GETCO Agro vision Ltd., HRC Technologies Ltd., Prime Property Holdings Limited and PFI Properties Ltd.

He is a member of the Board of Trustees, Primeasia University and presently Chairman of the University. His social contribution came through his foundation under the umbrella of MAK Foundation through establishment of a good number of educational institutions such as University, Degree College, Krishi College, High School, Girls' High School, Kindergartens and Madrasahs imparting quality education in the society. He is actively involved with SEBA, a benevolent organization in Bangladesh.



Quazi Sirazul Islam
Director

Quazi Sirazul Islam is a Sponsor Director & former Chairman of the Board of Directors.

A freedom fighter and elected Member of Parliament in 1996 and 2001, Mr. Islam is the Managing Director of renowned Jewellery House, Amin Jewellers Limited.

He is the Chief Advisor of Sonar Bangla Insurance Limited, Member of Gulshan Club Limited and Chairman of the City Hospital (Burn Hospital), the only Private Sector Hospital of such kind in Bangladesh.

A philanthropist by nature, Mr. Islam was awarded Kabi Jasimuddin Gold Medal, Maulana Akram Khan Gold Medal, Sufi Motahar Hossain Gold Medal and Atish Dipankar Gold Medal for his contribution in the education and social welfare sectors. He was also awarded MJF (Melvin Jones Fellow) Medal by the Lions International Foundation for his contribution to the Society.

He is the current Chairman of Bangladesh Jewellery Association and also life member of Red Crescent Society, Bangladesh and Member Trustee, People's University of Bangladesh.

Mr.Islam is currently member of the Executive Committee of the Board.



Mr. Md. Shirajul Islam Mollah
Director

Mr. Md. Shirajul Islam Mollah, M.P, a Sponsor Director, is also a past Chairman of the Board of Directors. He also held the position of Chairman of the Executive Committee of the Board on more than one occasions and is currently Member of the same Committee. A very successful business personality, Mr. Shirajul Islam Mollah is the Managing Director of:

- China-Bangla Ceramic Industries Limited
- Bengal Tiger Cement Industries Limited
- Bajnabo Textile Mills Limited
- United Shipping Lines Limited

Widely travelled, Mr. Shirajul Islam Mollah is involved with various social and educational activities and earned recognitions from a number of organizations.

He is the founder of Bajnabo Abul Faiz Mollah High School, Shibpur, Narsingdi. A philanthropist, Mr. Md. Shirajul Islam Mollah is also the Chairman of Shirajul Islam

- Mollah Samaj Seba Foundation.

Mr. Mollah is a member of Dhaka Stock Exchange (DSE) and elected Member of Parliament and current President of Bangladesh Ceramic Wares Manufacturers' Association.



Md. Shahadat Hossain
Director

A successful businessman, Mr. Md. Shahadat Hossain is a Sponsor Director of Prime Bank Limited. He is also past Vice Chairman of the Board of Directors.

His business entity consists of VIP Shahadat Poultry & Hatchery, VIP Shahadat Cold Storage and Rangpur Agro Industries.

An active social worker, Mr. Hossain is associated with different social welfare organizations dedicated to the services of general masses.

Mr.Hussain is currently a Member of the Risk Management Committee of the Board of Directors of Prime Bank Limited.



Marina Yasmin Chowdhury
Director

Mrs. Marina Yasmin Chowdhury is a Sponsor Director and former Vice Chairperson of Prime Bank Limited. She is currently the Vice Chairman of East Coast Group (ECG), a conglomerate focused on Energy Sector for last thirty two years in the country.

She is also the Chairman of EC Distribution Limited. and Parkesine Products Limited, subsidiaries of East Coast Group.

Mrs. Chowdhury is former director of Green Delta Insurance Company Limited, one of the leading general insurance companies of Bangladesh.

Outside the business, Mrs. Marina Y. Chowdhury is actively engaged in philanthropic activities conducted through East Coast Group Foundation. She also takes keen personal interest in philanthropic and charitable causes like Health and Education for the underprivileged.

In her leisure time she enjoys preparing culinary dishes for her family members.

AMARSTOCK



Salma Huq
Director

Mrs. Salma Huq is one of the Sponsor Directors and former Chairman of the Executive Committee of Prime Bank Ltd. She is a Director of GQ Group since 1986, engaged in manufacturing pen, disposable plastic wares, pp woven sacks, mosquito coils and snack foods. GQ Group is also one of the sponsors of:

- Prime Insurance Co Ltd
- Prime Finance and Investment Ltd
- PFI Securities Ltd and
- Prime Capital Management Ltd.

Mrs. Salma Huq is actively engaged in philanthropic activities consisting of providing scholarship to needy students and arranging medical treatment for the poor.

She is one of the founders of Qazi Saleema Huq Women's College and Qazi Saleema Huq Girls' High School.

She is currently Member of the Executive Committee of the Board of Directors of Prime Bank Limited.



Nafis Sikder
Director

Mr. Nafis Sikder, Director is the Managing Director of renowned Palmal Group founded by his late father, Engr. Nurul Haque Sikder, a prominent business personality of the early eighties.

Mr. Nafis after completion of 'O' and 'A' level went to Washington University, Saint Louis, Missouri, USA and obtained BS in Business Administration with distinction.

With his ingenuity and expertise in operations, strategic management & marketing skills, expanded the Group's business many folds in all spheres of RMG business. The group at present is the most prolific and trusted suppliers of Apparels to some of the reputed North American, Australian and European buyers.

Mr. Nafis Sikder is an avid philanthropist and actively contributes in the promotion and expansion of educational activities through establishing Schools and Colleges.

He is also associated with numerous socio welfare and charitable organizations actively supporting the causes of Health Care and poverty alleviation



Imran Khan
Director

Mr. Imran Khan, a promising business personality was inducted in the Prime Bank Board in the year of 2012 and subsequently served as the Vice Chairman of the Executive Committee till 2016.

He is the Director of the reputed company Pedrollo nk Limited, a market leader for importing PEDROLLO Italian Brand Water pumps, sales & distributing agent in Bangladesh. They are also sole agent of SAER, Itap, HCP, Rain Bird and many brands from around the world.

Mr. Khan is also a director of PNL Holdings Ltd., PolyexPrint Ltd., PNL Water Management Ltd., Polytape Ltd. Halda Valley Tea Company Ltd. and Hill Plantation Ltd. In addition, he is the owner of Prima Enterprise, engaged in import and trading.

Mr. Khan is an Ex-Cadet of Fauzdarhat Cadet College, Chittagong and completed his post-graduation from North South University, Dhaka.

Mr. Khan actively associates himself with CSR activities and is a member of the Chittagong Club Ltd., Chittagong Boat Club, Shaheen Golf & Country Club and governing body of Lion Mukhlesur Rahman Foundation- a renowned NGO and Charitable Organization operating in and from Chittagong for the underprivileged and poor masses.

Mr. Khan is currently a Member of the Risk Management Committee of the Board of Directors of Prime Bank Limited.



Waheed Murad Jamil
Director

Mr. Waheed Murad Jamil has been appointed Director of the Prime Bank Ltd. with effect from 28.09.2015 to represent M/s. MAWSONS Ltd, a business concern owned by his family members. An emerging business personality, Mr. Jamil is a business graduate and current Director of Primeasia University, Prime Islami Life Insurance Ltd. Fareast Islami Securities Ltd. and Managing Director of Everest Homes Ltd.

Mr. Jamil is also a member of the Executive Committee of the Board of Prime Bank Limited.



Tarique Ekramul Haque
Director

Effective December 10, 2015 Mr. Tarique Ekramul Haque has been appointed Director of the Prime Bank.

Mr. Tarique Ekramul Haque, Chairman and Director of Bangla Trac Limited, completed his graduation degree (BA Honors in Economics) from University of Manchester, United Kingdom in 2001. Afterwards, he obtained Post graduate degree (MSc in Accounting & Finance) from London School of Economics, U.K. in the year 2003.

Mr. Tarique E Haque started his career in 2001 in Goldman Sachs International, London, UK as a Financial Analyst. In 2004, upon completion of his Masters in Accounting and Finance from the London School of Economics, he returned to Bangladesh to join his family in establishing Bangla Trac Limited (Bangla CAT) - the Dealer for Caterpillar Inc. (USA) products in Bangladesh. Today, Bangla CAT is the market leader for electric power solutions and construction machineries in Bangladesh. In 2008, he led the establishment of Bangla Trac Communications Limited - an International Gateway Operator. In 2010, he led the establishment of Acorn Infrastructure Services Limited – a power plant based in Chittagong.

Mr.Tarique E Haque is currently a member of the Audit Committee of the Board.



Mohammad Mushtaque Ahmed Tanvir (Titash)
Director

Mr. Mohammad Mushtaque Ahmed Tanvir (Titash), representing Uniglory Cycle Industries Limited, was appointed Member of the Board of Prime Bank in the 433rd Board Meeting held on 13.05.2015.

Mr. Tanvir is an Architect from BUET. After graduating from BUET in 1994, he started business career in his own discipline wherein he practiced for 6 years. Subsequently, he joined Uniglory Cycle Components Limited - a sister concern of the Meghna Group as the Managing Director.

Mr. Tanvir became the Chief Executive officer (CEO) of the Transworld Bicycle Co. Ltd another Unit of the same Group wherein he was largely responsible for planning, programming, designing and managing the 100% export oriented industry. Within a short span of time, Mr. Tanvir became the Managing Director of Uniglory Paper & Packaging Ltd and director of some of the industries under the Group.

Finally he became the Executive Director of Uniglory Cycle Industries Limited, the biggest unit of the Group. During his tenure in various capacities, he made himself a symbol of innovation, persistence and entrepreneurship for the Group.

Mr. Tanvir is a sportsman having deep attachment for playing and managing Basket Ball & Golf. He is also associated with a number of organizations like Cadet College Club Ltd, Gulshan Youth Club, Bogra Golf Club, Mirzapur Ex. Cadet Association. He was also General Secretary of Athletic Club of EUCSU.

Mr. Tanvir is a widely traveled person and led a number of sports teams both locally and regionally.



M. Farhad Hussain FCA
Independent Director

Mr. M. Farhad Hussain FCA has been an Independent Director of the Bank with effect from April 2015.

Managing Partner of M/s Hussain Farhad & Co., Chartered Accountancy Firm, Mr. Hussain is a fellow member of the Institute of Chartered Accountants of Bangladesh with thirty seven years of experience in key positions of Finance and Accounts with multidisciplinary business organizations at home and abroad.

Mr. M. Farhad Hussain FCA is a council member and former President of The Institute of Chartered Accountants of Bangladesh (2007). He is also Technical Advisor of South Asian Federation of Accountants (SAFA).

In addition, Mr.Hussain is/was associated with the following organizations in different capacities:

Director:

- Dhaka WASA
- Bay Asset Management Ltd.
- Independent Director of Matin Spinning Mills Ltd and Al-Haj Textile Mills Ltd.

Former Director:

- Shadharan Bima Corporation
- Dhaka Stock Exchange (DSE)
- Agrani Bank Limited.

Past Member of the Board of :

- South Asian Federation of Accountants (SAFA)
- Confederation of Asia Pacific Accountants (CAPA) and
- Former Advisor of Bangladesh Securities and Exchange Commission &
- Financial Consultant of Oriental Bank Ltd.

Mr. Hussain is currently member of the Audit Committee and Risk Management Committee of the Board and Chairman Prime Bank Investment Limited (PBIL), a subsidiary of Prime Bank Limited.



Ahmed Kamal Khan Chowdhury
Managing Director

Mr. Ahmed Kamal Khan Chowdhury took over the charge of Prime Bank on 15th September 2014 as Acting Managing Director prior to becoming Managing Director on 14th December 2014. Before taking over the charge as Managing Director, he was Deputy Managing Director and Chief Risk Officer of the same bank. He has over 32 years of banking experience in the field of Finance, Risk Management, Internal Control and Compliance. He held important management position viz. Chief Finance Officer, Chief Risk Officer, Head of Credit Committee, CAMLCO (Chief Anti Money Laundering Compliance Officer), Head of Finance and Head of Branch in International, Specialized and Private Commercial Banks operating in Bangladesh during his banking career. Over the time he developed strong professional skills in multitasking environment and as a believer in process development was always the core team member of the process development to bring more transparency and smooth workflow.

Mr. Chowdhury is Masters in Economics from the University of Dhaka and MBA in Finance and attended various trainings, workshops and seminars at home and abroad on different aspects of banking. He is a member of the Executive Committee of Association of Bankers of Bangladesh and a member of the Board of Directors of Primary Dealers Bangladesh Limited.

SENIOR MANAGEMENT & **COMMITTEES**

Md. Touhidul Alam Khan
Deputy Managing Director

Syed Faridul Islam
Deputy Managing Director

Rahel Ahmed
Deputy Managing Director

Habibur Rahman
Deputy Managing Director



Ahmed Kamal Khan Chowdhury
Managing Director

Md. Golam Rabbani
Deputy Managing Director

SENIOR MANAGEMENT **TEAM (SMT)**



MANAGEMENT RISK **COMMITTEE**



ASSET LIABILITY **COMMITTEE**



MD

Ahmed Kamal Khan Chowdhury

DMD

Habibur Rahman
Md. Golam Rabbani
Rahel Ahmed
Md. Touhidul Alam Khan FCMA
Syed Faridul Islam

SEVP

Md. Ezaz Hossain
Md. Iqbal Hossain
Kazi Mahmood Karim
Md. Anwarul Islam
Mohammed Ehsan Habib
Hasan Mohiuddin Bhuiyan
Ziaur Rahman
Mohd. Rafat Ullah Khan
Sk. Matiur Rahman
Abdul Halim

EVP

Farhad Uddin FCMA
Muhammad Anowarul Islam
Md. Mashiur Rahman
Abu Zafar Md. Sheikhul Islam
Md. Shahadat Hossain
Md. Shahjahan Majumder FCA
Md. Shahin Alam
Abu Ashraf Siddiquee
Nuhal Ahmed Choudhury
Mohammad Jashim Uddin FCA
Syed Tofail Ali
Imtiaz Ahamed Bhuiyan
Md. Amzad Hossain
Syed Md. Nazmul Huque
Mir Md. Hassanul Zahed
Shams Abdullah Muhaimin
Kamrul Hasan Khan
Abdullah Idris
Syed Mohammed Omar Tayub
Sarqume Mohd. Kabir
Syed Sahadat Hossain
Md. Amir Hossain Majumder
Md. Tarique Parvez Jewel
Mohammad Zubayer Ershad
Md. Abul Kashem

SVP

Kazi Tozammel Huq
Mohd. Afzal Hossain
Md. Mahiuddin Ahmed
Mozammel Hoque
Md. Shahidul Alam
Mohd. Jamil Hossain
Md. Moniruzzaman
Anwarul Hoque
Md. Salah Uddin
Wasequddin Ahmed Chowdhury
Farhad Ahmad Khan
Muhammad Muzahid Hossain
Kazi Zillur Rahman
Md. Shaiful Hossain
Md. Milon Miah
A B M Habibur Rahman
Mohammed Abul Kalam
Kamruzzaman Khairul Kabir
Md. Abul Kasem
Md. Ramiz Uddin Miah
Md. Giash Uddin
Mohammed Zakaria
Md. Shamsuddin
Md. Habibur Rahman
Md. Hafizur Rahman Mallick
Md. Omar Faruque
Md. Abdul Quddus
Md. Amanullah
Md. Feroz Al Azad
Nurul Momen Khan
Mamur Ahmed
Saif-Ul-Alam Md. Al-Amin
Md. Asif Bin Idrish
Md. Moniruzzaman
Mohammad Masud Shahjahan
Bidyut Kumar Das

VP

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Md. Toufiqur Rahman Ayeni
Sharif Uddin Choudhury
Ashraf Uddin Ahmed
Md. Ibrar
Md. Masudur Rahman
M A Mubin
Mohammad Yaqub
A N M Baki Billah
Morshed Ahammed
Md. Rezaul Haque
Amirul Alam Chowdhury
Md. Reza Hossain
Md. Abul Kalam Azad
Harunur Rashid Chowdhury
Md. Firdous Alam
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Md. Hasanuzzaman
Chowdhury Fakhruddin Mahmud Siddique
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Faisal Nurul Amin
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Mollah Farid Ahmed
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Md. Showkat Kamal Sarker
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Md. Abdul Bari Mollah
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Md. Mozahid Kabir
Md. Khaled Anwar FCMA
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Tanvir Ahmed Mahboob
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Debashis Chakraborty
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Md. Saidur Rahman Dipu
Md. Rashaduzzaman
Sabina Rahman Khan
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Asif Ibne Sattar

SAVP

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Md. Kamrul Islam
Md. Aminur Rahman Akanda
Sirajul Hoque
Md. Taj Uddin Ahmed
Md. Ruhul Quisth
Syed Delwar Hossain
Md. Abdur Raafi
Sharmin Ahmed

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K. M. Sakhawat Hossain
Nahida Sultana
Md. Alamgir
Md. Ariful Hoque
Md. Rabiul Islam
Md. Rezwan Uddin Swhel
Md. Nazrul Islam
Florence Sutopa Majumder
Kamrun Nahar
Md. Mainul Kabir
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Shamima Pervin
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Shahana Pervin
A. S. M. Hafizur Rahman
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M. Riyadh Farhan
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AVP

Mohd. Baqui Billah
Md. Nasir Uddin
Siddique Ahmed
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M Faroque Hossain Suhrawardy
Mohammad Sazzad Hossain
Shahid Uddin Ahmed
Munshi Abdus Salim
Kazi Muhammad Rezaul Karim
Mohammad Mamunur Rahman
Md. Hasan Jamal
Mohammad Badrul Anam
Shubir Kumar Barua
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Iftikhar Ahmed Chowdhury
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Md. Rezaul Karim
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Md. Towhidul Karim
Rupam Chowdhury
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Afsana Kishwar
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Farjana Yeasmin ACA
Mohammad Shihab Hayat Rizvi
Rojina Parvin
Md. Tanjim Morshed Bhuiyan
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Sajib Sarkar ACA
Azizul Hoq
Sharifuzzaman Chowdhury
Md. Sariful Islam
Ahmedur Rahman
Md. Abdullah
Sherajus Salekin
Muhammad Moniruzzaman
Abul Ehsan

TAMAR STOCK



MESSAGE FROM
THE CHAIRMAN AND MANAGING DIRECTOR

From the office of the Chairman -
Managing Director & CEO's Review -

AMARSTOCK

FROM THE OFFICE OF
THE CHAIRMAN



Dear Stakeholders,

The year 2016 presented us an opportunity to pursue economic endeavors amidst ever changing shift in strategies, policies and business dynamics. Globally, it was a testing year due to upsurge in national supremacy over regional cooperation like Brexit and in the political power to win over with a promise to make America great again.

Global Economy:

During the 2016, global economy grew by 3% marking another year of stagnation taking the streak to consecutive 6 years. Global commodity price decline, focus on structural changes , priority on national economic policy over the regional ones, shift in political pole with signal of changes in major trade deals in the US with the world have marked the global economic landscape. After deal with OPEC and major oil producing non OPEC countries to curtail supply of crude oil, the rising price of crude in the last quarter of 2016 indicates positive outcome for the developed and OPEC countries in 2017 to reverse a price crash that began in mid-2014 and caused oil prices to remain at record low for two years.

Bangladesh Economy:

The economy of Bangladesh reflected a resilient performance with GDP growth of 7.1% against targeted 7.0%. The economy did well in containing inflation of food, particularly rice. Exchange rate against USD was stable despite fluctuation of other major currencies. Foreign exchange reserve was commendable over USD 32 billion. External trade of the country grew by 5 percent while overall export earnings in 2016 registered a modest 8.0 per cent growth over the previous year with around $35 billion in 2016 compared to $32 billion in 2015. Import registered around 6.9 per cent growth in 2016. Depressed global demand and appreciated BDT against USD, however, undermined the export performance.

Domestic Banking scenario:

Banking industry experienced steady rebound in terms of profits amidst rate revision on both Deposits and Advances. Though the country was rocked by the unexpected cyber heist in the early 2016, the industry managed to remain upbeat with relatively stable political situations. Deposits and Loans, both witnessed a sharp rise of 13 percent and 14 percent respectively. However, classified loan was 9.23 percent which was 8.79 percent in December 2015. The Foreign Exchange reserve hit a record $32 billion in 2016, which was enough for meeting country's eight months import cost. However, inflow of remittance witnessed downward trend due to the aversion of the remitters to use proper channel.

Overall, the developed economies and emerging markets are signaling a rebound in 2017 with greater output, good employment figure and policy stimulus this year. However, Geopolitical factors, elections in various European countries and changes in the US will all contribute to a highly uncertain global context in 2017.

Prime Bank Performance 2016:

In a relatively stable but difficult business environment, Bank's performance was steady with continuous focus on quality credit growth. Even in the absence of attractive spreads, total advance grew by 12%. Deposit growth was stable along with significant reduction of high cost deposit and increase of savings & low cost deposit by more than 15%. The advance deposit (AD) ratio was 86% (off shore included), which was 78% last year. Consequently, PBL's operating profit can be termed reasonable as the bank pursued cautious lending approach than reckless expansion of credit in a slow investment scenario to prevent surprises. Return on Equity and Asset stood at 9.52 and 11.18"% respectively which are also higher than that of the previous year.

Bank's capital adequacy at the year-end was 12.45% (Solo basis) against regulatory requirement of 10.625%. The ratio of Non Performing Loan (NPL) to total advance was around 6% which is much lower than the industry average of 9.23%.

The performance of the Subsidiaries, both local and abroad can be termed satisfactory considering the global trends and relevant aspects. While the local ones have successfully consolidated their standings through strategic measures, performance of the overseas companies are also encouraging. During the year branch network in Singapore has been expanded and accordingly distribution channels have been increased and for which performance in 2017 is expected to show better reflections.

Strategic Endeavors:

While strategic endeavors are always ongoing and integral part of the operations to cope with the market and challenges, there are areas which, however, require continuous attention and improvements. Such endeavors shall be maintained and in addition, following measure either in the current status of on-going or afresh shall be vigorously pursued for bringing positive impact on the health and overall well-being of the bank:

- Identification of Cost drivers and optimization.
- Continuous development of the Human Resources and their transformation into Human Capital through constant training both at home and abroad shall be pursued more passionately than ever before.
- Online transactions and cyber security check including prevention of any nature of attack on the core IT infrastructure shall be ensured through engagement of appropriate resource personnel and supervisors
- Maintaining quality asset & growth in terms of portfolio management is always prime objective, as such, Bank's own and unique devise 'Dashboard' shall be further enriched for generating multiple reports for serving Management as a constant source of decision making tool. This will further assure all key parameters of core risks including prudent management, good profitability, and strong asset quality along with strengthening compliance culture, transparency and accountability for the interest of all stakeholders.
- Bank aims to deliver technology driven products and services and this endeavor shall gain more momentum once on-going re-implementation/up-gradation of the existing platform is complete by third quarter of 2017.
- The Bank has already completed centralization of Trade Services and Credit Administration followed by Business processing. Consequently, management of large corporate

accounts from the branches has been withdrawn to the Centre. Currently, processes for bringing MSME and Consumer banking clients under the umbrella of centralization is near complete and this is expected to infuse more dynamism in terms of efficiency and prompt disposal of business propositions.

- IT Steering Committee has been working relentlessly for completion of the ongoing up-gradation of the Core Banking Software within the projected schedule of September 2017. This is going to bring revolutionary changes in the control mechanism for both conventional and Islamic banking operations of the bank. Considering the significance of the transformation, bank has already engaged renowned international supervising firm M/s Earnest Young for the purpose of monitoring and implementation of the project in time.
- Efforts are on and shall be further strengthened for recovery of NPL including written off ones. Preventive measures shall be strongly pursued for checking emergence of fresh NPL through introduction of effective RM concept and inbuilt Early Alert System.
- Shariah Banking is another area where bank has refocused its attention and for which specific training program both at home and abroad have been chalked out for execution.

Accolades & Recognition:

The year 2016 has been a momentous year for the bank in terms of accolades and recognition. The Bank has been yet again recognized by the renowned bodies, both local and regional like the Institute of Chartered Accountants of Bangladesh (ICAB), the Institute of Charter Secretaries of Bangladesh (ICSB) and above all South Asian Federation of Accountants (SAFA) for Corporate Governance Excellence and the Best Presented Annual Reports for year 2015.

Other activities:

Since inception, the Bank has been demonstrating its responsibility through various CSR programs in the field of education, health and Games & Sports through its Foundation. In addition, Bank as a responsible citizen has always sided with the affected and downtrodden in the form of instant relief, sponsorship and donations round the year under its philanthropic initiatives. Bank's Education Support Program, Eye Hospital, Nursing Institute etc. have been serving the community at affordable cost while ensuring quality.

Digital integration of banking with the community has been further gelled during the year (2016). The Bank has increased online transaction volume substantially with its internet banking product "Altitude". On line Collections & Payments on account of various utility Services Providers like BTCL, DPDC and Insurance Cos, Telco's and ISPs has been put in place for easing consumer's woes. More such endeavors are under way to promote Prime Bank brand and in the process transform it into a household one.

Note of Appreciation:

Finally, I express my earnest thanks to our valued customers, shareholders, countless patrons, management for their unwavering support in making the Bank one of the strongest financial institutions of the country. Particularly, I would like to express my utmost and invaluable respect to the Central Bank of Bangladesh and other regulators for their timely intervention through various policy Guidelines which has been immensely helpful in formulation of bank's own strategies at different critical times of the year.

Before I conclude, I hope that the year 2017 brings unprecedented opportunity with renewed vigor and determination to lead and achieve a brighter sustainable future and in the process see Prime Bank maintain its strength and capitalize on the diverse growth opportunities at home and beyond.



Azam J Chowdhury
Chairman

MANAGING DIRECTOR & CEO'S
REVIEW



Introduction

The bank delivered a reasonable progress in 2016, achieving a number of key milestones despite challenges in the corporate sector continued to experience prolonged slowdown in growth. Solidifying our position as one of the leading banks in Bangladesh, I am pleased to present another year of net profit growth, our 22nd consecutive year of improved performance, reflecting the underlying strength of the fundamentals of the business. Our strategy of diversifying the business mix and sustained focus on deepening our low-cost deposit has helped us deliver steady performance during the year. The Bank's retail businesses grew steadily and there was healthy growth in both retail deposits and loans. Our investments in the most relevant technologies, the right talent and above all, a customer-centric approach have helped us to successfully deliver on our strategy over the years This year; we significantly improved our ratios and maintained a comfortable liquidity and capital position. We continued to undertake a considered and disciplined approach to cost and risk management and looking ahead we will continue with our prudent strategy. In 2016, we made great strides to focus on improving our capabilities across the businesses and enhancing our core products and services for our customers.

Global Economy

Weak international trade and subdued investment, among others, conspired to slow world growth to its weakest pace. And even though the outlook is modestly brighter this New Year, unusually heightened uncertainty about policy direction in major economies casts a long shadow over the prospects of recovery. After a dreary outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections. According to the latest projections by the World Bank, world economic growth is projected to pick up to 2.7 percent in 2017 from a sluggish rate of 2.3 percent last year. Advanced-economy growth is expected to recover moderately to 1.8 percent in 2017. In the United States, manufacturing activity will likely rebound, contributing to a mild pickup in growth. In the Euro Area and Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year. In emerging and developing economies, growth is projected to accelerate to 4.2 percent in 2017 from 3.4 percent in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. In China, growth is projected to moderate to 6.5 percent in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade, and slower private investment.

Bangladesh Economy

Bangladesh economy continued to show signs of resilience throughout the FY2015-16 period. Macroeconomic stability was maintained, due to falling inflation, contained budget deficit, and large surpluses in both current and financial accounts in the balance of payments which was reinforced by impressive export growth and rising foreign direct investment and increasing foreign exchange reserves. Declining interest rate on lending has played an important role in the recovery of credit growth to the private sector. Despite the revealed macroeconomic stability, a number of concerns continued to plague the economy during FY2015-16. Stagnating private investment, declining agricultural growth, appreciation of the real effective exchange rate, weak banking sector performance, and low efficiency of development spending threaten to undermine economic potential and growth prospects.Private sector credit is projected to grow by 16.6% by December and 16.5% by June of FY17.The demand of private sector credit was expected to go beyond the ceiling, as credit growth was on the rise. Private sector credit grew by 16.4% as of May, whereas the target up to June was set at 14.8% in the last monetary policy. The credit space would be revised in December following its demand.GDP growth and CPI inflation targets are set at 7.2% and 5.8% respectively.

Board's Oversight:

Over the past several years, we've followed a strategy to simplify the company, rebuild our capital and liquidity, invest in our company and our capabilities, and pursue a straightforward model focused on responsible growth. At the core of our strategy is the commitment we made to a clear purpose: to make financial lives better by connecting those we serve to the resources and expertise they need to achieve their goals. Before reviewing our progress, I want to highlight a couple of important points. Our Board of Directors regularly reviews our strategy, the environment in which we are operating, and the progress we are making toward the goals we set. As a steward of the company on your behalf, the Board is focused on the active and independent oversight of management. The Board oversees risk management, our governance, and carries out other important duties in coordination with Board committees that have strong, experienced chairs and members. To enhance the Board's effectiveness, we conduct intensive and thoughtful annual self-assessments, regularly evaluate our leadership structure. We are committed to engaging with shareholders, and we have made enhancements to our corporate governance practices that are informed by the feedback from our engagement. The Board also regularly evaluates the company's strategy, operating environment, performance, and the progress of your company is making toward its goals. We assess how the company has performed against the prior year's plan. We examine how well the businesses are delivering for our customers and clients under the strategic plan, as well as the processes the company has in place to increase revenue, manage risk and expenses, and grow. We also consider the operating environment and management assumptions about how the environment will affect the company's results and returns. We remain committed to building long-term value in the company.

Business Performance

Stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. Weak investment is weighing on medium-term prospects across many emerging markets and developing economies. Although fiscal stimulus in major economies, if implemented, may boost global growth above expectations, risks to growth forecasts remain tilted to the downside.Despite challenges in the banking sector, Prime Bank stayed alongside the industry average growth rates and the underlying streams of revenue. Total assets increased by 1.61% to BDT 257,554 million, deposits also increased by 1.59% to BDT 197,934 million and loans and advances increased to 170,212 million from 151,865 million in

the year 2016 - a positive growth of 12.08%. The Bank contained the rising NPLs through constant monitoring and focusing on recovery efforts to finally close the year with an NPL ratio of 5.96% as against an industry average of 9.23%. Margins came under pressure in the wake of a declining interest rate regime which saw assets being re-priced faster than the liabilities. The Bank's cost of deposit has come down to 5.02% (2015: 6.64%), while capital adequacy ratios decreased slightly from 12.74% to 12.45%. Moving forward, we expect interest rates to be stable in 2017 and provide the impetus for a higher credit growth. As we head into 2017, many commercial projects that were not previously deemed financially viable could gain new life in the favorable interest rate environment. Even though our margins will be leaner, it would be compensated through growth in volume and improved asset quality with borrowers finding their credit obligations more affordable.The recent decline in remittance reflects a combination of global and local factors, but mainly driven by weaker economic activity in the Middle East. Recovery in remittance growth can be expected over the near to medium term from oil price stabilization boosting Middle East economies. Our aim has always been to focus on our fundamentals - strengthening the Balance Sheet, ensuring stability and maintaining a strong current and savings account base. Profit before tax of the Bank was BDT 2,345 million which was 14.79% lower compared to BDT 2,752 million in 2015 while earnings per share were at BDT 2.13 (BDT 2.08: 2015).

Business Model

Our target is to satisfy the needs of our customers and clients by offering a rounded value proposition – a full range of products and services – and thereby, we aim to achieve a smoother income stream and sustainable returns. PBL's competitive advantage is created by the scale and diversity of our businesses and the quality, character and relationships of our people. Improved 'Centralization' have allowed us to take advantage of synergies through the sharing of ideas and collaboration from cross-functional working groups. The Wholesale Banking based on customer relationship management was rolled out which would ensure delivery of customized product and services and at the same time streamline the processes in order to reduce the turnaround time. In order to equip the management for proper functioning of the model, enhanced business authority is delegated by the Board to them and the Executive Committee of the Board. However, this delegation will intensify very strong supervisory oversight on credit disbursement and loan recovery disciplines; with particular emphasis on risk management, internal audit and internal controls, accountability and transparency.

Business Transformation

We made significant progress in 2016 in transforming ourselves to become the 'compliant' bank for regulators and customers. During 2016 the macroeconomic environment remained challenging – economic contraction, unemployment and political and regulatory uncertainty impacted both us and our competitors. Against these uncertainties we successfully controlled branch operations while taking steps to de-risk the business. Going forward we will grow mass for our customers, leveraging strong relationship management capabilities and a comprehensive product range. This focused strategy will enable us to compete successfully with our competitors. At the same time we will continue to support our existing customers through a lower cost platform. We are continuously expanding our network across the country for attaining geographical and demographic dividend. At the end of 2016, we had 145 branches and five subsidiaries i.e. Prime Bank Investment Limited and Prime Bank Securities Limited locally while Prime Exchange Co. Pte. Ltd., Singapore, PBL Finance (Hong Kong) Limited and PBL Exchange (UK) Limited outside the country. At the end of 2016, we have as many as 168 ATM booths at different important hubs across the country. We intend to keep increasing the number of branches of PBL as well other new products of Alternate Delivery Channels across the country in 2017.

Grow within Risk Framework

As a financial services company, our business is to take risk in a responsible manner that serves our clients and helps the economy grow. Whether investing in a small business, making a credit decision, or preventing fraud, nearly every aspect of our work calls for sound judgment and a commitment to doing what's right for our customers and shareholders. Our culture emphasizes that we are one team, and we have a shared responsibility to manage risk, act responsibly, have an ownership mind set, and escalate issues so they can be addressed proactively. Over the past several years, we've reduced risk significantly— whether operating, credit or market risk. For example, nonperforming assets and delinquencies all improved in 2016. What's important here is how we did it— by focusing our efforts on core, creditworthy customers. This is at the heart of our approach to responsible growth: to understand our customers and clients well and do more with them at lower risk. Our Risk Framework is crucial to our ability to manage risk, run our business and grow responsibly. The Risk Framework is not a concept; it is a deep set of metrics against which we measure our teams to ensure that we maintain strong risk management discipline. We continue to support our business clients by making credit available. We are committed to having best-in-class risk management capabilities; because we know that managing risk well is foundational to everything else we do.

Grow in a Sustainable Way

Building a sustainable company is about how, at the core of everything we do, we are guided by our principles to make the right decisions that will hold us in good stead today and in the future. We think about this in a variety of ways. First, it's important to maintain focus on operational excellence, and on the momentum we've built managing expenses. We have made significant improvement in decreasing our operating expenses. Sustainability is also about trust. As a company, we are rebuilding trust that was impacted during the financial crisis. That comes down to everything from how we do business, to how we govern our company, to how we invest in our communities, and to how we treat our employees. We made progress in all these areas in the past year. In terms of how we govern the company, we have a diverse and experienced Board of Directors that provides independent oversight. Our Board constantly looks for ways to ensure its diversity and strength, and monitors corporate governance best practices to adapt and improve when necessary.

Basel III

Banks are required to hold 4.5% of risk-weighted assets in the form of their own equity. More capital rules include 6.25% of risk-

weighted assets of being buffer @ 0.625% every year. Risk weighted assets are the most vulnerable during a downturn, so these rules will protect the banks.Bangladesh has started implementing Basel III in banking sector and new regulatory requirements such as the Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR)" have now maintained. These measures are suggested to constrain leverage in the banking sector to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy and introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk which will soon force banks to make changes to Balance Sheets. The declining interest rate environment is another scenario banks have begun to address by managing deposit outflows and reclassifying some securities in the portfolio. Despite an improving economy, new liquidity and capital constraints will create major headwinds for profitability in 2017, making balance sheet optimization a top priority. The Banks will have to hold enough liquid assets to weather 30 days of serious market stress. As a result, balance sheets will be burdened with more low-yielding assets. The optimal asset mix will be further influenced by multiple proposals including the Net Stable Funding Ratio, a new longer-term funding and additional capital surcharges for banks involved in capital markets businesses. Achieving balance sheet efficiencies will be both critical and challenging amidst a deluge of regulatory and market forces.

Human Capital

Human Resources are the greatest strength of Prime Bank has the ability to go beyond and constantly bring about changes for the betterment and success to achieve our goal. Human Resource Division has the responsibility of energizing, developing, retaining and attracting talents and ensures the Right Person in Right Place. It's all about living our vision, values, codes, leadership, governing principles in our daily life and deliver result. Human Capital Principles in Prime Bank aims to be a leader in providing quality and value added financial services to its local and global business relationships. It is our firm belief that business must not only be conducted according to the highest standards of economic efficiency but the highest ethical standards as well. There is a greater degree of specialization that will be required and our forecasted growth presents exciting opportunities for employees of talent, ability and ambition. We strongly believe that our unique culture, which is the commonality within, is the key differentiator in a very competitive market and ensuring that we continue to maintain this edge is good business. The bank believes in certain core values as practiced by all employees to meet the mission and the broader vision of the organization. Recognizing "Service Excellence" as the prime differentiator in a market of homogeneous products and services, we continued to invest in people to enhance and upgrade their skill sets through various training programs at home and abroad.

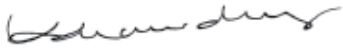
Outlook 2017

A consistent track record of delivering solid performance coupled with a strong balance sheet gives us a unique vantage point for ambitious plans for growth in the coming year. Our strategy will focus on enhancing customer convenience addressing both the virtual and face to face experiences. Deploying technology that is easily accessible and readily understood with mass appeal will be the key to attracting a generation of tech savvy youth and taking banking to the customer. Adapting our branch network to further enhance customer convenience through specialised services, opening times and location will enable attraction and retention of customer segments favouring the face to face experience. Investments in technology will also support our thrust on the financial inclusion agenda with cost effective banking solutions for a new segment of customers. We will also continue our program to facilitate access to finance for MSMEs and support capacity building in this sector focussing on the provinces and a new generation of eager entrepreneurs. Our support to MSMEs will be further enriched with a range of self-help tools that will empower them to grow. Cross pollination of ideas and entrepreneurship amongst professionals will be encouraged through access to finance and advice identified business segments building on the initiative launched in 2016 for agricultural loans. Most importantly, "Quality Credit for Sustainable Growth" will be our main agenda and have taken the challenges to reach at emerging stage from disperse situation under centralization of corporate business of the bank. We have reason to be confident of the outcome as we draw on a considerable talent pool of experienced banking professionals and rely on tried and tested structures, systems and processes to support our plans for the new markets.

Acknowledgements

As we take stock of where Prime Bank stands today, we can see the tangible results of hard work as we've simplified, strengthened and transformed our company. We have a strong foundation, we have a strategy focused on the customers we serve, and all the capabilities we possess have come together as an engine for responsible growth that is producing stronger financial results and momentum. All of this is made possible by more than 2,961 teammates who come to work every day to serve clients and improve our communities. Together, we will continue to take the company forward and deliver more value to those we serve and to our shareholders. Thank you for your continued investment in Prime Bank of Bangladesh's engine for responsible growth that is producing stronger financial results and momentum.

I take this opportunity to thank all of our customers for their cooperation and support over the years and the employees for their enthusiasm in embracing the changes. I also wish to thank the Board for their wise counsel and guidance in matters of governance and strategic direction which has set strong foundations for sustainable growth. I express my appreciation and thanks to all the regulators for their continuous help and assistance, valuable guidelines and co-operation provided to the Bank from time to time. I also thank to our external auditors' who have given us their continuous guidance on different risk management and control aspects for sustainable business growth. We believe that, as long as we adhere to the right strategy, take pro-active actions and move ahead with strong-mindedly, the year 2017 will be full of hopes and harvests.



Ahmed Kamal Khan Chowdhury
Managing Director

CORPORATE
GOVERNANCE

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DIRECTORS' **REPORT**

The Board of Directors of Prime Bank Limited with immense pleasure takes this opportunity of presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2016 together with the Report of the Auditors to the Shareholders on the occasion of 22nd Annual General Meeting (AGM) of the Bank. The Annual Report and Financial Statements of the Bank have been prepared in accordance with the regulations, standards & relevant sections mentioned in the Company Act 1994, the Bank Company Act 1991 (amended up to 2013), Bangladesh Securities and Exchange Commission Rules 1987, Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS), Bangladesh Bank circulars & guidelines and other applicable rules & regulations of the concerned Regulatory Authorities. A review of the report would reveal satisfactory performance of the bank in a stiff and competitive environment. A brief overview of the Global and Bangladesh economy during 2016 and outlook for 2017 has been presented in this report.

Global Economy

Global growth slowed down in 2016 and was 3.1 percent but this is expected to recover to 3.4 percent in 2017. The forecast, revised down by 0.1 percentages for 2016 and 2017 reflects subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further pressure on global interest rates as monetary policy is now expected to remain accommodative for longer. Global output growth was estimated at about 3 percent (at an annualized rate) for the third quarter of 2016 broadly remained unchanged relatively than the first two quarters of the year. This stable average growth rate, however, masks divergent developments in different country groups. There has been a stronger-than-expected pickup in growth in advanced economies, due mostly to a reduced drag from inventories and some recovery in manufacturing output. In contrast, it is matched by an unexpected slowdown in some emerging market economies, mostly reflecting idiosyncratic factors.

Among the advanced economies, activities rebounded strongly in the United States after a weak first half of 2016. Output remained below potential in a number of advanced economies, notably in the euro-zone. Preliminary third-quarter growth figures were somewhat stronger than previously forecast in some economies such as Spain and the United Kingdom where domestic demand held up better than expected in the aftermath of the Brexit voting. Historical growth revisions indicate that Japan's growth rate in 2016 and in preceding years was stronger than previously estimated.

The picture for emerging market and developing economies remains much more diverse. The growth rate in China was a bit higher than expected supported by continued policy stimulus. But activities was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil as well as in Turkey, which faced a sharp contraction in tourism revenues. Activities in Russia were slightly better than expected, in part reflecting firmer oil prices.

Oil price has increased in recent weeks reflecting an agreement among major producers to trim supply. With strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened. Headline inflation rates have recovered in advanced economies in recent months with the bottoming out of commodity prices but core inflation rates have remained broadly unchanged and generally below target. Inflation ticked up in China as capacity cuts and higher commodity prices have pushed producer price inflation to positive territory after more than four years of deflation.

Bangladesh Economy

The Bangladeshi economy is weathering sluggish international demand and rising global uncertainties relatively well. Bold government spending aimed at upgrading the country's infrastructure and robust private consumption due to higher salaries and low inflation are the backbone of Bangladesh's solid growth trajectory. Despite weak global demand, the all-important garment industry continues to support the external sector due to cheap labor. This situation could, however, seriously backfire as the country has so far is specialized in low-end products instead of moving up the value chain. A substantial hike in public sector wages and solid infrastructure investment have done promise to shore up growth during this fiscal year. Growth, however, will be limited by declining remittances, a widening budget deficit and weak global trade.

External factors such as export, import, remittances and foreign aid have always played important roles to Bangladesh's economy, though the relative importance of various external factors has changed over time. Based on the past performance and changes in the global economy, the study has projected the growth prospect and likely behavior of Bangladesh's external sector under three scenarios: (i) optimistic scenario (8% GDP growth per annum), (ii) business as usual scenario (6% GDP growth per annum), and (iii) base case scenario (4% GDP growth per annum). Under these three scenarios, the study has projected the level of total GDP and per capita GDP of Bangladesh till FY2020. Projections have been made about required level of exports, imports, remittances, foreign aid and foreign investment to attain a consistent GDP growth at the rate of 4%, 6% and 8% up to the year 2020. Bangladesh needs a steady growth based on industrialization both in the form of local & foreign investment, service income and trade. Future growth of Bangladesh will depend on promoting export, sustaining remittances, and triggering export. Bangladesh will require a breakthrough in the performance of the external sector which will largely depend on effective integration

of Bangladesh's economy with the global economy and accommodative political leadership to undertake necessary policy reforms and institution building measures.

Industry Outlook

With modest fiscal expansion and easing of the infrastructure bottlenecks, GDP growth is projected to rise gradually towards 7 plus percent. Bangladesh needs strong structural reforms and effective public investment efforts to be on a higher and faster growth path. Weak bank balance sheets and governance divert credit away from productive investment and impose large fiscal recapitalization costs.

Bangladesh's banking sector is one of the weakest in emerging Asia. Low capital adequacy, inadequacy in earning capacity of asset portfolio, inefficiency in management quality etc. have been identified as main flaws to challenge solvency and profitability. Under the Basel III framework, Bangladeshi banks are legally required to maintain a capital to risk-weighted asset ratio (CRAR) of at least 10 per cent and tier 1 capital ratio of at least 6 percent. Although the banking sector as a whole was able to maintain its CRAR above the minimum required level, state-owned commercial banks and financial institutions or specialized banks are still struggling to maintain adequate capital against their core risks. Moreover, banking sector's aggregate CRAR has been in a downward trend since 2013 which needs to be focused on for improvement & enhancement of banking sector's ability to absorb shocks arising from financial & economic stress at any point of time.

The year 2016 witnessed an intense competition among banks in terms of rates, but it was a boon for the clients as they got improved services and better facilities at costs lower than before. Increasing off-shore borrowing by reputed local business houses has reduced banks' scope to lend more, while rising non-performing loans have eaten up profits in the name of provision. Banks with surplus liquidity also offered additional benefits in the just-concluded year to retain good customers who have a record of regular loan payments. The overall non-performing loan (NPL) situation reveals a higher percentage of impaired loans which is around 10 percent of total outstanding loan of the banking industry. Due to rising levels of NPLs, banks will be forced to increase their loan-loss provisions which have an adverse impact on their profitability. Prime Bank Directors have already recommended following steps:

i) Strengthening vigilance

ii) Enhancing the level of efficiency in lending operation through centralization

iii) Enhancing risk management in order to contain the volume of NPLs.

Finally, banks were in a dilemma regarding a central bank order that asked all banks to give 10 percent rebate on the interests they earned from borrowers with three years of a regular loan repayment record. Payment requirement of this incentive by the Banks has been made effective from first day of January 2016.

Background of the Bank

PBL started its journey in the year 1995 with the firm commitment of excellence in customer service with a difference. Its vision remained to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, profitability along with strong liquidity.

PBL formally launched its business in April 1995 with one branch at Motijheel Commercial Area, Dhaka. It started its Islamic banking operations in December of the same year. It was listed with both the bourses of Bangladesh viz. Chittagong Stock Exchange and Dhaka Stock Exchange in 1999 and 2000 through initial public offering.

PBL became primary dealer for buying and selling securities under the license issued by Bangladesh Bank in 2003.

With the aim to offer innovative banking service to the Non Resident customers, PBL opened its first Offshore Banking unit in 2007 at DEPZ, Savar, and a new dimension in its customer friendly business activities. The bank opened two more Offshore Banking Units at CEPZ, Chittagong and Adamjee EPZ, Narayangonj subsequently.

It was registered as Merchant Banker with the Bangladesh Securities and Exchange Commission, Bangladesh in 2001 for starting its Investment Banking and Advisory services. As per directives and permission of the Bangladesh Bank, PBL converted its Merchant Banking and Investment Division (MBID) into a subsidiary in the name and style "Prime Bank Investment Ltd." in 2010. With the view to business diversification , the bank also established another subsidiary in the name and style "Prime Bank Securities Ltd." to provide brokerage services in the stock market.

PBL has also expanded its services beyond the border with a view to providing banking services globally. It opened its first fully owned subsidiary 'Prime Exchange Co. Pte. Ltd.' in Singapore and started their operation from July 2006 to offer remittance services to Bangladeshi Nationals living in Singapore. This is the first ever fully owned Exchange Company of a Private Sector Bank of Bangladesh established in Singapore with the approval of the Bangladesh Bank and the Monetary Authority of Singapore.

With permission from the Bangladesh Bank and registration of Financial Services Authority, UK, another fully owned subsidiary of PBL, Prime Exchange (UK) Limited started its operation from August 2010 in the UK along with its three branches in London, Birmingham and Manchester for engaging in remittance services.

PBL Finance (Hong Kong) Limited, a fully owned subsidiary of PBL started its operation in September 2011. The main functions of the subsidiary are to advise, negotiate, confirm and provide discounting facilities against LCs originating from PBL and other banks in Bangladesh. The company also handles remittance business.

At present, the bank has been working with 145 branches including 18 SME branches. The introduction and expansion of ATM network, Internet Banking, SMS Banking, Phone Banking, Mobile Banking, Biometric Smart Card and KIOSK ushered a new era and PBL is now well poised towards sustainability.

Vision, Mission, Corporate Philosophy, Strategic Priorities and Corporate Conduct

PBL's vision, mission, corporate philosophy, strategic priorities and corporate conduct are presented at the beginning of this annual report. In achieving bank's vision, mission and strategic priorities, the highest level of ethical standards have been vowed to be maintained.

Principal Activities

The principal activities of the bank are banking and related businesses. The banking businesses include deposits taking, cash withdrawal, extending credit to corporate organizations, organizing syndication deals, Consumer and MSME financing, trade financing, project financing, lease and hire purchase financing, credit cards, remittance services etc. The mode of banking includes both conventional and Islamic banking. The services are provided through both traditional and modern IT based products. The bank performs investment banking and advisory services through Prime Bank Investment Limited and brokerage services through Prime Bank Securities Limited. Bank's subsidiaries at Singapore and UK are engaged in providing remittance facilities to expatriate Bangladeshis. PBL Finance (Hong Kong) Limited advises, negotiates, confirms and provides discounting facilities against LCs originating from PBL and other banks in Bangladesh. The company also handles remittance business. Three (3) Off-shore Banking Units offers banking services involving foreign currency denominated assets and liabilities.

Delegation of Business authority

Simultaneously, in order to concentrate on the policies and large loan issues alone as per central bank's guidelines, Board decided to delegate more Business authority to the Management and the Executive Committee of the Board in conformity with the vision of centralization. The Board took this decision considering the requirement of professional due-diligence for diversified business propositions received at the different counters of the bank. The idea is also to allow flexibility in dealing with customers' requirements in line with the vision of becoming customer-centric.

Risk Management

The identification, evaluation and management of risks, together with the way we respond to changes in the external operating environment are the key approach for moving towards sustainable growth and underpin the robustness of our business plans and strategic objectives, protecting our license to operate and our reputation and helping create a long-term source of competitive advantage. Risk management is embedded in Prime Bank's organizational structure, operations and management systems. Business risks across the Group are addressed in a structured and systematic way through a predefined risk management structure. This ensures that the Board's assessment of risk is informed by risk factors and mitigating controls originating from and identified by the Group's assets, functional departments and operations, including the Company's subsidiaries. Moreover, Prime Bank possesses a detailed risk management system with procedures in place to support risk evaluation across the Group. The risks associated with the delivery of the business plan and annual work programs and the related mitigation measures are maintained in asset and project risk matrices and registers. Prime Bank has formed different committees for risk management. The Credit Committee and Asset and Liability Committee (ALCO) consists of the members of Bank's senior management who regularly review issues related to the product pricing, market, credit & liquidity and, accordingly, recommend and implement appropriate measures to proactively identify and mitigate risks. The Bank has an approved Asset Liability Management (ALM) policy which is being followed and reviewed by the ALCO members. The Credit Risk Management (CRM) division independently scrutinizes projects & assesses creditworthiness, business stability & capacity for generating cash flows from operation and asset quality of the borrowers before going to funding. They also assist relevant departments in setting business development priorities. These are aligned with the Bank's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also defines exceptionally high-risk sectors and gives signal to business divisions for declining proposals received from them considering the criteria set by the Bank in terms of environmental, social or ethical standards. Details of risk management are given in the "Risk Management" Chapter of this Annual Report.

Corporate Sustainability

Sustainability report conveys disclosures of an organization's most critical aspects, be those positive or negative on the environment, society and the economy. By using Global Reporting Initiative (GRI) guidelines, reporting organizations can generate reliable, relevant and standardized information to assess opportunities and risks, and enable more informed decision-making - both within the business and among its stakeholders. By developing and communicating their understanding about the connections between sustainability and business, Banks can enhance their value, measure and manage change and drive improvement and innovation. G4, the fourth generation of the guidelines, was launched in May 2013. The aim of G4 is simple: to help reporters prepare sustainability reports that matters and make robust, purposeful sustainability reporting standard practices.

Every organization tries to make their operations sustainable. Moreover, expectations that long-term profitability should go hand-in-hand with social justice and protecting the environment are achieving ground worldwide. These expectations are only set to increase and intensify the need to move to a truly sustainable economy is understood by companies' and organizations' financiers, customers and other stakeholders. Sustainability reporting helps Banks set goals, measure performance, and manage change in order to make their operations more sustainable. In doing so, sustainability reporting makes abstract issues tangible and concrete thereby assisting in understanding and managing the effects of sustainability developments on the Bank's activities and strategies. Internationally agreed disclosures and metrics enable information contained within sustainability reports is made accessible and comparable providing stakeholders with enhanced information on their decisions.

The emerging idea of integrating strategic sustainability-related information with other material financial information is a significant and positive development. Sustainability is, and will increasingly be, central to the change that Banks, Companies, Markets and Society will be navigating. Sustainability information

that is relevant or material to a bank's value prospects should therefore be at the core of integrated reports.

Apart from the CSR activities done by the Prime Bank Foundation, the Bank directly conducted various CSR activities during the year 2016, details of which are given in "Corporate Sustainability" and "Green Banking" chapters of this Annual Report.

Corporate Governance

The bank adheres strictly to the regulatory guidelines on corporate governance. Disclosures on corporate governance, in accordance with the regulations of Bangladesh Securities and Exchange Commission & Bangladesh Bank guidelines are provided in the "Corporate Governance" chapter of this Annual Report.

Human Resources

PBL is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution. A healthy environment has been created where employees enjoy working with pride. Trusting that the human resources are main elements behind the success and long term sustainability, the Bank is developing and motivating the workforce with contemporary HR policies and attractive benefits. PBL considers its human resources as the most important asset. The Company continues to implement effective human resource policies and procedures with a view to ensuring employee development as well as achieving corporate goals and objectives. We mobilise people and teams through engaging them with leading and cutting-edge financial industry practices and also do for them as an attractive employer. The Company offers a broad spectrum of opportunities for both professional and personal developments as well as a work environment that is characterised by respect, trust, cooperation and collaboration. We do so because the skills and enthusiasm of our employees are a major force that is helping us grow.

Sufficient Accounting Records

The directors' responsibilities also include overseeing whether adequate accounting records are being maintained, an effective system of risk management is working in place and preparation of the supplementary schedules has been done for inclusion in these Financial Statements. The directors have also made an assessment of the Bank's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the years ahead.

Accounting Policy and Implementation of BAS/BFRS

The Board of Directors is responsible for ensuring good governance within the Bank and does supervise Management for the preparation and fair presentation of the Bank's Annual Financial Statements comprising the Balance Sheet as at 31 December 2016 and the Profit & Loss Account, Cash Flow Statements, Statement of changes in equity for the year along with the notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes and the Directors' report in accordance with the Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS) and in the manner as required by the Bank Company Act 1991 (as amended up to 2013) and the Companies Act 1994. The directors' responsibilities also include supervision for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these Financial Statements those are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Internal Control System

Board of directors have the responsibility for approving the review of overall business strategies and significant policies of the bank; understanding the major risks run by the bank, setting acceptable levels for these risks and ensuring that senior management takes steps necessary to identify, measure, monitor and control those risks; Senior management have the responsibility for implementing strategies and policies approved by the Board; developing processes that identify, measure, monitor and control risks incurred by the bank; maintaining an organizational structure that clearly assigns responsibility, authority and reporting relationships; ensuring that delegated responsibilities are effectively carried out; setting appropriate internal control policies; and monitoring adequacy and effectiveness of the internal control system. An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. These include: top level reviews; appropriate activity controls for different departments or divisions; physical controls; checking for compliance with exposure limits and follow-up on non-compliance; a system of approvals and authorizations; and a system of verification and reconciliation.

Standards of Reporting

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as adopted by The Institute of Chartered Accountants of Bangladesh and applicable provisions of the Bank Company Act 1991 (amended up to 2013) and the Companies Act 1994 and the circulars & guidelines issued by the Bangladesh Bank. Managenment accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis so that the financial statements reflect financial performance status of the Bank in a true and fair manner.

Going Concern

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a bank to determine whether the going concern assumption is appropriate in the preparation of financial statements. The management of Prime Bank has calculated all the ratios related to the maintenance of regulatory capital & liquidity such as CRAR, LCR, NSFR, Leverage ratio, CRR & SLR and assessed adequacy of bank's liquidity as per structured liquidity profile, and has performed

stress testing to determine bank's shock absorbent capacity in different distress scenario. All the ratios and results thus calculated reveal that Prime Bank is running well above the level of different parameters set by the respective guidelines of Bangladesh Bank.

Control Environment

Control activities are the policies and procedures which help ensure that management directives are carried out and the necessary actions are taken to minimize the risks of failure to meet stated objectives. Policies and procedures are effectively established within the Bank and are continuously reviewed for compliance, adequacy and improvement opportunities. The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks. The Standard Operating Procedures (SOP) are signed off by each Head of Department to provide assurance that these standards are communicated, understood and complied with. An effective Control environment is set by top management and cascades across all business functions. Every year the top team conducts a self-assessment of key controls that affect the business and develops action plans to make the internal control environment more robust.

Supplier Payment Policy

Prime Bank follows a set of payment polices for all suppliers. While selecting vendors as per the methods prescribed in the bank's Procurement Policy, payment terms and conditions are communicated explicitly before issuing work order or purchase order. Bills are paid according to the payment terms and withholding taxes are deducted from bills as per law. As of date there is no legal case filed by the Bank or filed against the Bank by any supplier.

Business Review

Review of Operations, Products and Services of PBL:

Review of operations along with products and services of the bank has been given in "Management Report and Analysis", and other chapters in this report.

Prime Bank Investment Limited (PBIL)

PBIL was registered as Merchant Banker with the Bangladesh Securities and Exchange Commission, Bangladesh in 2001 for starting Investment Banking and Advisory services. As per directives of the Bangladesh Bank, PBL converted its Merchant Banking and Investment Division (MBID) into a subsidiary in the name and style "Prime Bank Investment Ltd." in 2010. During the year 2016, the company made operating loss of Taka 169.73 million compared to Taka 15.14 million in 2015.

Prime Bank Securities Limited (PBSL)

PBSL was established to provide brokerage services in the stock market. During the year 2016, the company made an operating loss of Taka 26.31 million as against Taka 35.12 million in 2015.

Prime Exchange Co. Pte. Ltd., Singapore

The company operates with two branches in 'Desker Road' and 'Jurong East' complying with the regulations of both Bangladesh Bank and Monetary Authority of Singapore (MAS). Growth in business of the company was possible due to marketing efforts, personalized service, efficient service platform under "RemitFast' software and enhanced distribution network. The business of the company declined in 2016 due to stiff competition. Total volume of remittance was SGD 80.80 million in 2016 compared to SGD 87.76 million in 2015. The company made profit before tax of SGD 48,432 in 2016 compared to SGD 99,987 in 2015.

PBL Exchange (UK) Limited:

The company has been operating with three branches in London, Birmingham and Manchester. The business volume has marked growth despite stiff competition. The volume of remittance was GBP 19.84 million in 2016 which was GBP 19.77 million in 2015. The company made operating profit of GBP 75,397 in 2016 compared to operating loss of GBP 9,992 in 2015. The subsidiary has taken some pragmatic steps for further acceleration of business growth.

PBL Finance (Hong Kong) Limited

Total assets of the company reached to HKD 219.25 million as on December 31, 2016 compared to HKD 160.04 million on December 31, 2015. The company made a net profit after tax of HKD 5.29 million in 2016 compared to HKD 7.08 million in 2015. The main functions of the subsidiary are to advise, negotiate, confirm and provide discounting facilities against LCs originating from PBL and other Bangladeshi Banks. The company also handles remittance business. The company has been running by executives and officials having diverse experience in foreign trade business both in Hong Kong and Bangladesh.

Performance of PBL

The Bank has maintained satisfactory growth of asset and liabilities in spite of challenges during the year 2016. Trade finance and other ancillary businesses recorded considerable growth in spite of all odds and economic turmoil. The Bank has been able to maintain a positive growth in the bottom line of Income Statement which has helped for adding a better retained earnings balance in Shareholders' equity compared to last year.

Offshore Banking

PBL is offering Offshore Banking facilities through 3 (three) Offshore Banking Units (OBU) located in Dhaka Export Processing Zone (DEPZ), Chittagong Export Processing Zone (CEPZ) and Adamjee Export Processing Zone (AEPZ). The total loans and advances of three OBUs reached to USD 226.94 million (equivalent to BDT 17,860 million) as on December 31, 2016 compared to USD 159.44 million (equivalent to BDT 12,516 million) as on December 31, 2015 recording a growth of 42 percent. During the year 2016, OBUs made operating profit of USD 2.74 million (equivalent to BDT 214.89 million) as against USD 1.65 million (equivalent to BDT 128.97 million) in 2015 with a negative growth of 3 percent.

Capital Management

Capital management of the bank is based on the objective to maintain an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-à-vis capital requirement. PBL recognizes the impact of shareholders' returns on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital in accordance with Basel framework. As per guideline issued by Bangladesh Bank, the Banks are required to maintain minimum total capital at 10.00 percent of risk-weighted assets. Tier-I capital will be minimum 6.00 percent of total capital.

Banks will have to maintain Minimum Total Capital plus Capital Conservation Buffer at 12.50 percent of risk-weighted assets.

Total consolidated capital fund of the bank increased by Taka 2,264 million and stood at Taka 31,566 million during 2016. Tier-I capital has increased by Taka 563 million and stood at Taka 23,562 million during the year under review. Total consolidated capital fund is equivalent to 12.30 percent of total risk weighted assets. More details regarding capital management are given in the "Market Discipline- Disclosures on Risk Based Capital (Basel-III)" chapter of this Annual Report.

Financial Analysis

Total Assets

Consolidated assets of the bank stood at Taka 257,554 million in 2016 as against Taka 253,474 million in 2015. Total assets of PBL stood at Taka 256,599 million in 2016 from Taka 252,161 million in 2015.

Cash and Balance with Bangladesh Bank & its Agent

Consolidated position of the Bank is Taka 17,786 million in 2016 as against Taka 17,518 million in 2015. PBL's position increased from Taka 17,461 million in 2015 to Taka 17,733 million in 2016.

Balance with other banks and financial institutions

Consolidated position of the bank is Taka 3,579 million in 2016 as against Taka 2,011 million in 2015. PBL's position increased from Taka 1,958 million in 2015 to Taka 3,365 million in 2016.

Investment

PBL's investment decreased during the year by Taka 14,484 million and stood at Taka 48,249 million as at 31 December 2016.

Loans and Advances / Investments

Consolidated loans and advances/investments (credit under Islamic Shari'ah) of the bank stood at Taka 172,490 million in 2016. Loans and advances of PBL was Taka 170,212 million during 2016. Investment of Islamic banking branches was Taka 11,251 million and with growth of 0.32 percent during 2016. Outstanding loans and advances of off-shore banking units was Taka 17,860 million showing a growth of 42 percent. Concentration of loans and advances was well managed and details of credit are given at notes to accounts no. 7(a).5. Ratio of nonperforming loan of PBL was 5.96 percent which was much below the industry average of 9.23 percent.

Liabilities

Consolidated total liabilities (excluding equity) of the bank stood at Taka 232,260 million in 2016 as against Taka 226,971 million in 2015. The total liabilities (excluding equity) of PBL stood at Taka 231,314 million in 2016 from Taka 225,746 million in 2015.

Borrowings from other banks, financial institutions and agents

The borrowing of PBL stood at Taka 12,930 million which represents PBL's borrowing against PBL Bond, refinance against SME loan from Bangladesh Bank and some other foreign Banks & financial institutions. The borrowed amount was mainly used for financing purpose as well as maintaining capital adequacy.

Deposits

In 2016, total deposits of the Bank stood at Taka 197,934 million which was Taka 194,825 million in 2015. The Bank continued its efforts for mobilization of low cost and no cost deposits to reduce cost of fund. However, high cost deposits have been utilized considering their remaining maturity for medium term funding under various projects.

Shareholders' Equity

PBL's shareholders' equity decreased by 4.28 percent during 2016. Paid-up capital of PBL stood at Taka 10,293 million during 2016. The statutory reserve increased by Taka 469 million during the year and stood at Taka 9,204 million. Distributable profit stood at Taka 2,018 million during the year. Shareholders' equity decreased by 4.28% due to transferring revaluation reserve of govt. securities to income through realization of their sale proceeds. But, this income has ultimately been utilized for building up loan provision.

Key financial figure of the Balance Sheet is given below:

BDT in Million

Particulars	2016	2015	2014	2013	2012
Assets	256,599	252,161	254,912	243,869	236,833
Deposit	197,934	194,825	204,838	201,907	182,053
Loans & Advances	170,212	151,865	147,367	153,589	160,890
Shareholder's Equity	25,285	26,415	24,461	21,907	20,787

Analysis of Income Statement of PBL

BDT in Million

Particulars	2016	2015	Change
Interest Income	13,989	15,551	-10%
Interest Expense	(10,676)	(14,257)	-25%
Net Interest Income	3,313	1,294	156%
Non-Interest Income	8,710	10,779	-19%
Operating Expenses	6,266	6,166	1.61%
Profit before Provision	5,757	5,906	-3%
Profit before Taxes	2,345	2,752	-15%
Net Profit after Taxes (NPAT)	2,195	2,139	2.62%
Earnings Per Share	2.13	2.08	2.62%

Interest Income

PBL's interest income decreased by 10 percent during 2016. Interest earned from loan and profit earned on investment was the principal component of interest income. Yield on loans and advance was 9.11 percent in 2016 as against 11.08 percent in the previous year.

Interest Expense

PBL's interest expense decreased by 25 percent during 2016. Interest cost on deposits was the main component of interest expenses whereas interest cost on borrowings also had a significant impact on Bank's cost structure in 2016. Interest cost of deposits decreased to 5.02 percent in 2016 from 6.64 percent.

Investment Income

PBL's investment income consists of interest / discount earned on treasury bills / bonds, gain on government security trading, dividend received on shares and capital gain from sale of securities of listed companies. Investment income decreased by Taka 1,786 million during the year and stood at Taka 6,203 million in 2016. The main reason was sale of govt. securities. As a result, less interest was accrued as income on the remaining balance of securities in hand.

Total Operating Income

Due to the reasons explained above, total operating income of the Bank remained almost at the same level although current year's figure decreased by 0.41% than previous year.

Total Operating Expense

Total operating expenses has slightly increased by 1.61% due to hiring new office premises to accommodate centralized business model and some other restructuring. Other than office rent, all expenses have been controlled through appropriate supervision & monitoring.

The productivity of the employee continued to grow which is evident from the following ratio:

BDT in Million

Particulars	2016	2015
Income per employee	4.06	4.11
Expense per employee	2.12	2.10
Profit before provision per employee	1.94	2.01
Profit before tax per employee	0.79	0.94
Assets per employee	86.66	85.94

Provision for Classified Loans

The provision against classified loans increased during the year due to building up provision against impaired loans. This figure has also increased due to creating provision for loans which have been written off. Information of non-performing loan is presented below:

Particulars	2016	2015
NPL ratio	5.96%	7.82%
Industry average of NPL ratio	9.23%	8.79%
Provision adequacy	100.99%	100.14%

Other Provisions

Upon assessing recovery prospects, bank made full provision against protested bills and claims originated during the course of banking operations amounting to Taka 8 million. An amount of Taka 18 million has been kept as provision against impairment loss of equity investment in subsidiaries. Bank has also maintained provision against climate risk fund and rebate to good borrower as per regulatory directives.

Net Profit before Tax

After making above provisions, net profit before tax of PBL stood at Taka 2,345 million registering a negative growth of 15 percent.

Provision for Income Tax

Provision against current year income tax of PBL was Taka 150 million compared to Taka 713 million of preceding year.

Net Profit after Tax

Net profit after tax has stood at Taka 2,195 million registering a growth of 3 percent during 2016. Earnings per share increased to Taka 2.13 as at December 31, 2016 from Taka 2.08 in the previous year. Average ROA and ROE stood at 0.86 percent and 8.49 percent respectively.

Statutory Reserve

As per Bank Company Act 1991, 20 percent of profit before tax is required to be transferred to statutory reserve. As such an amount of Taka 469 million has been transferred to statutory reserve.

Dividends

The fund available for distribution is Taka 2,018 million (Taka 1,726 million from current year profit plus Taka 292 million from retained earnings of previous year). In order to maintain a satisfactory capital adequacy ratio of the bank, the Board decided to recommend 16 percent cash dividend for the year 2016.

Remuneration of the Directors

The Bank does not pay any remuneration to its Directors. As per the BRPD circular no.03 dated 18/01/2010 and BRPD Circular letter no. 11 dated 04/10/2015 that the Chairman may be provided car, telephone, Office chamber and private secretary but other than PS and a Chamber, no other facilities were availed by the Chairman. Directors are only paid fees and relevant benefits for attending the Board, EC, Audit Committee, Risk Management Committee and Shariah supervisory committee meeting as per prevailing directives.

Only Managing Director is paid salaries and allowances as per recommendation of the Board and approval of Bangladesh Bank.

Shareholders' Value

PBL remains fully committed to delivery of higher shareholders' value. The high profitability track record underpins the value the shareholders derived from investing in the shares of PBL. The earnings per share increased and stood at Taka 2.13 and return on average equity stood at Taka 8.49 during 2016.

Financial performance of PBL

BDT in Million

Particulars	2016	2015
Loans and Advances	170,212	151,865
Investments	48,249	62,733
Fixed Assets	6,590	6,516
Total Assets	256,599	252,161
Deposits	197,934	194,825
Paid-up Capital	10,293	10,293
Shareholders' Equity	25,285	26,415
Operating Profit	5,757	5,906
Net profit after Tax	2,195	2,139
EPS	2.13	2.08

Meeting of the Board

During the year 2016 total 14 nos of Board of Directors meeting, 21 nos of Executive Committee meeting, 11 nos of Audit Committee meeting and 5 nos of Risk Management Committee meeting were held.

Appointment of Auditors

External auditors ACNABIN and Syful Shamsul Alam & Co., Chartered Accountants were appointed in 21st AGM for the year 2016 and accordingly, they have completed their audit work. Both the auditors will be retiring this year. The existing audit firms will not be eligible for reappointment as per Bangladesh Bank guideline. Shareholders will appoint Auditors for the year 2017 in the upcoming Annual General Meeting.

Annual General Meeting

22nd Annual General Meeting (AGM) of the Bank will be held on May 08, 2017 at Golf Garden, Army Golf Club, Dhaka Cantonment, Airport Road, Dhaka-1206 at 11.00 AM. In this connection Directors' Report and financial statements were approved/ adopted in the 461 Board Meeting held on March 30, 2017.

On behalf of the Board of Directors



Chairman

AMARSTOCK

CORPORATE
GOVERNANCE REPORT

Corporate governance at Prime Bank comprises carefully considered rules and practices by which the Board of Directors and Management ensures accountability, fairness and transparency in the company's relationship with all its stakeholders. The goal is to maintain trust and confidence of the stakeholders and help the businesses attain sustainability.

Prime Bank is a bank of many. It is an inclusive rather than an exclusive bank whose core business offers a wide spectrum of financial products and services to individuals and businesses. Prime Bank is firmly convinced that a traditional banking model focused on close customer relationships and advisory services best serves its purpose. Such advice is always based on customers' needs, not as a product.

Board of Directors

Policy on appointment of Directors

Prime Bank Limited does not have its own policy on appointment of Directors, except for the very first Board that was held. PBL always complies with the prescription of the regulatory authorities regarding appointment of directors. Bangladesh Bank circulars, BSEC notification, Bank Company Act and Company Act are strictly followed in this regard. In order to be a member of the Board, a Director other than a nominated, Independent and alternate Director, must maintain at least two percent shares of the company.

As per the Companies Act, 1994, Directors are subject to retirement. At least one-third of the Directors shall retire by rotation in every AGM. As per the Banking Companies Act 1991, a Director may be appointed for a period of three years and the term may be prolonged for another three years.

The term of an Independent Director is three years and may be lengthened by another three years.

With regards to nomination, removal and casual vacancy of the directors, Bank follows all relevant rules and regulations of the respective regulatory bodies.

The Managing Director is appointed for a minimum period of three years subject to approval of Bangladesh Bank. The office of the Managing Director is not subject to retirement.

Composition of the Board of Directors – Non-executive Directors and Independent Directors

All the directors of the Board are non-executive directors and almost one-fifth is Independent. Currently, there are three independent directors appointed by the Board and approved by the BSEC and the shareholders in the AGM.

Selection and Appointment of New Directors

With regards to selection and appointment of new directors, the existing Board of Directors has the following obligations and duties:

a) Frequently asses the size and structure of the Board and the mix of knowledge, skills, experience and perceptions that may be necessary to allow the Board to perform proficiently.

b) Recognize any capabilities not sufficiently represented and approve the procedure necessary to be certain that an applicant designated by the shareholders with those capabilities is nominated.

c) Casual posts, if any, are filled up by the Board in accordance with the conditions in the Companies Act and Articles of the Company.

Appointments of the Directors are also endorsed in the AGM by the Shareholders.

Retirement and Re-election of Directors

As per Companies Act, each year one-third of the Directors retire from office at the AGM and if eligible, may offer themselves for re-election by shareholders at the Annual General Meeting. In line with the requirement of BCA 1991, no Director should serve more than 3 years without seeking re-election at shareholders meeting. Accordingly following Directors will retire at the 22nd AGM completing their terms:

1. Khandker Mohammad Khaled
2. Mr. M. A. Khaleque
3. Mr. Md. Shirajul Islam Mollah
4. Mr. Md. Shahadat Hossain
5. Mr. Mafiz Ahmed Bhuiyan
6. Mr. Waheed Murad Jamil (representing M/s. MAWSONS Limited)

Among the above directors, Mr. Waheed Murad Jamil is eligible for reelection for his second term.

Independent Director

As per Bank Companies Act (Amended) 1991 at least 3 of the total directors should be Independent. As per the BSEC guidelines on Corporate Governance at least one fifth of the total Directors should be Independent Directors. Therefore, in compliance with BCA 1991 and BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012, Board of PBL nominated three independent directors (almost 1/5th of total number of Directors) so that the Board contains core skills considered appropriate in the framework of the company. The three independent directors are Dr. G. M. Khurshid Alam, Dr. Shamsuddin Ahmad and Mr. Farhad Hussain, FCA. The Board of Prime Bank affirms that the Independent Directors appointed by the Board are in compliance with the clauses of corporate governance guidelines released by the BSEC on Independent Directors.

Independent Director's independence

In order for a Director to be eligible as an Independent Director, the Board establishes that the Director has no substantial relationship with PBL either as a partner, shareholder or officer of an organization that has a relationship with PBL that would prevent that nominee from becoming an Independent Director. For the purpose of true independence, Board decided that its Independent Director do not hold any share of the Company; not associated with the Company's Promoters or Directors or Shareholders who maintains one percent or more of the total paid up share of the Company; not related with the existing Directors or families; does not have any other relationship, whether monetary or otherwise with the company or its subsidiary/ associate companies; not a member, Director or officer of any Stock exchange and who is not a shareholder, Director or officer of any stock exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term only. A person cannot be appointed Independent Director who has already been appointed such Director of three other listed companies. The Board ensures that all these guidelines are strictly followed by the Independent Directors appointed by them.

Role and Responsibilities of the Board

The Prime Bank Board is responsible for the periodic review and approval of the overall strategies, business and significant policies of the Bank. The Board also sets the Bank's core values, adopts proper standards to ensure that the Bank operates with integrity, and complies with the relevant rules and regulations.

The Board's responsibilities are, but are not limited to:

a) Reviewing and approving the strategies and business plans for the Bank.

b) Approving the Bank's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets.

c) Prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations.

d) Ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented.

e) Reviewing the adequacy and integrity of the Bank's internal control systems.

f) Overseeing the conduct and performance of the Bank's businesses.

g) Reviewing succession planning and talent management plans for the Bank and approving the appointment and compensation of senior management staff.

h) Approving changes in the corporate organization structure.

i) Approving policies relating to corporate branding, public relations, investor relations and shareholder communication program.

The Board duly complies with the guidelines issued by Bangladesh Bank, BSEC, Bank Company Act and Company Act regarding the responsibility and accountability of the Board, its Chairman and Managing Director.

Code of Conduct for the Board of Directors

The Board of Directors follows a Code of Conduct which was adopted to provide guidance to directors to carry out their duties in an honest, responsible and businesslike manner and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Articles of Association of the Company.

The Code of Conduct states:

1. The Members shall act honestly, in good faith and in the best interests of the shareholders and the company.
2. The members shall not make improper use of information acquired as a director.
3. The members shall not take improper advantage of the position as a director.
4. The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the board of directors.
5. Confidential information acquired by the members in the course of exercise of directorial duties shall remain the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company, or the person from whom the information has been received.
6. Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence.
7. To maximize effectiveness of the Board/Committee Meetings, contribution of individual director shall be monitored and appraised on an annual basis.
8. Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.
9. Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.
10. Members shall always maintain 'Fit and Proper Test Criteria', clean CIB status and other obligations declared by the Primary and other Regulators.
11. Members shall be judicious about their entitlement of benefit/privileges as per Banking Companies Act -1991 and all circulars issued by Bangladesh Bank and shall be willing to produce supporting documents, if required.
12. Members shall comply with Article 23.1 of the Bank's Memorandum and Articles of Association of the Company

while making Sale-Buy of Company's share and shall refrain from making such transaction without formal declaration.

Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors.

Directors' Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board and its Committee Meeting. As per BRPD Circular letter No. 11, dated October 04, 2015, directors are eligible for remuneration of BDT 8,000 for attending each meeting but numbers of such Meeting are also prescribed in the said circular determining the numbers with or without remuneration.

Chairman of the Board

The Chairman of the Bank is elected by the Board of Directors and the Board considers the Chairman independent.

Role and Responsibilities of the Chairman

The role and responsibilities of the Chairman are:

- As the Chairman of the Board of Directors (or Chairman of any Committee formed by the Board of Directors) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administration or operational and routine affairs of the bank.
- The Chairman may conduct on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall take necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised by the Bangladesh Bank through the Board along with the statement of the CEO.

Besides this, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank. The Chairman's responsibility is defined by the Board as directed by BSEC's notification on Corporate Governance Guidelines.

Chairman and CEO

The Chairman is independent of the CEO, and this has been in practice since inception of the Bank. This also complies with Section 1.4 of the BSEC's notification on Corporate Governance Guidelines.

Non-executive Director's independence

All the Directors except the Managing Director are non-executive Directors in the Board. None of the Directors takes part in the day to day affairs of the Company. They attend only the Board/ Committee meetings to discuss the agenda reserved for the Board/Committees.

Policy on training of Board of Directors

Prime Bank is fully committed to maintain highest standards of Corporate Governance & professionalism in driving the Bank's progress on the principles of transparency and openness. For this purpose, training at home and abroad especially on the Corporate Governance is encouraged by the Board. As such, whenever opportunities arise, bank utilizes the same to train and orient its members. There are records of Directors taking part in Training Courses abroad on Corporate Governance.

A Code of Conduct has been also adopted by the Board to be followed by its Members and annual compliance of the Code is ensured. Besides, all relevant regulations promulgated/circulated time to time by the concerned authorities are placed to the Board Meeting on a regular basis to keep the members updated.

Appraisal of the Board's performance

Prime Bank Limited doesn't have a scheme for annual appraisal of the board's performance till date, but the bank is abiding by the Code of Conduct prescribed by the regulators and formulated by the Board. The Board members have always taken decisions that have benefitted the bank as a whole and they have always performed their duties accordingly. Another way of appraising the Board's performance is analyzing the execution of the projects and proposals sanctioned by it. A quarterly evaluation of classified and non-performing loans is continuously made by the Board. In addition, evaluation of the Board also takes place at the AGM by the Shareholders.

Evaluation of the CEO by the Board

There is a five year (2015-2019) Strategic Priorities & Action Plan (KPI) for the evaluation of the CEO/Management on an annual basis and it is revised from time to time by the Board.

The CEO is also evaluated on an annual basis and is also given KPI's for the years ahead. The Board has the capability to evaluate the CEO whenever it wishes so. All CEOs are evaluated after their term, and on the basis of their evaluation, reappointment for another term is considered by the Board.

At the start of each year, the Board participates in extensive discussions with the Managing Director and decides on financial and non-financial objectives. The annual financial budget are considered and decided by the Board at the beginning of the financial year. The business and financial goals are assessed each quarter with actual accomplishments by the Board. The non-financial successes are also evaluated by the Board in each quarter. Furthermore, a yearly appraisal and assessment of the accomplishments of goals are made at the end of the year along with deviations.

A few mentionable KPIs for the CEO are to meet the annual budgetary targets of the Bank which was approved by the Board, maximize shareholders value through desired ROA, ROI, ROE and EPS as per expectation of the Board, sustainable growth on

investment and revenue for the Bank, gradually reducing the NPL ratio and improvement in the score for CAMELS rating.

Knowledge and Expertise in Finance and Accounting

The Board of Directors of Prime Bank Limited comprises of members who boast a wide diversity of knowledge and experience in finance, economics, management, business administration, marketing etc. This is to ensure that together, they can devise the appropriate policy for the growth of the bank while having expertise, ability to perceive matters in a bigger perspective and adequate independence to review the management in a sensible manner. The Bank's Independent Director, Mr. Farhad Hussain, FCA has vast knowledge in Finance and Accounting and is a financial consultant as well.

Role and Responsibilities of the CEO

The responsibilities and authorities of the Managing Director are as follows:

A. In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management.

B. The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.

C. The CEO shall include information on violation of any law, rules, regulation including Bank Company Act, 1991 while presenting memos before the Board or the committee formed by the board.

D. CEO will provide all sorts of information to Bangladesh Bank about the violation of Banking Companies Act, 1991 and/ or any violation of Laws, rules and regulations.

E. The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs.

F. The authority relating to transfer of and disciplinary measures against the staff, except those at two tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training

Besides, the Managing Director shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.

Board Meetings

The Board meets as required to discuss business strategy, financial performance, matters pertaining to compliance and governance as well as reports on matters deliberated by the respective committees. The Board reviews, amongst others, the financial performance of the Bank and subsidiaries, risk management and compliance reports and approve the quarterly results of the Bank at its meeting. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. A Board meeting is held at the beginning of the year to discuss the Bank's Business plan and budget.

Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals. Paperless meeting has been introduced using in-house developed software. This enables the Board to function and discharge their responsibilities effectively. The minimum information required for the Board to make an informed and effective decision includes background, objective, key issues, rationale, financial and non-financial impact of the proposal. Directors who are unable to attend a meeting due to unavoidable circumstances are encouraged to provide feedback to the Chairman on matters to be deliberated for their views to be given due consideration at the meetings.

Role of the Company Secretary

Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bank, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibited to deal in securities and restricted to discloseany price-sensitive information.

The responsibilities of the Company Secretary comprises of:

i. Ensuring compliance of the Bank in relation to financial and legal practices, as well as issues of corporate governance. He acts as a point of communication between the management, board of directors, company shareholders, reporting in a timely and accurate manner on company procedures and developments

ii. Ensure Bank complies with its governing document, policies, company law and any other relevant legislation i.e. regulations with Bangladesh Bank, Securities and Exchange Commission (BSEC) and Registrar of Joint Stock Companies etc. Support and advise the Chair by ensuring smooth functioning of the Board. Work in partnership with the Chief Executive and other Trustees to ensure the activities & operations of the Bank.

iii. Support the Chairman in the smooth functioning of the Board. Receive agenda items from other Directors/staff and ensure appropriate agenda items are tabled at Board meetings. This is done in consultation with the Chief Executive and the Chair who is responsible for preparing Board meeting agendas.

iv. In line with Bangladesh Bank guidelines the company secretary has to act as the Secretary to the Executive

Committee, Audit Committee and Risk Management Committee of the Board of Directors.

v. Act as a custodian of Banks governing documents and policies. Ensures the Bank pursues its objects as defined in its governing documents. Acts as a custodian of the interests of the Bank. One of the prime duty is to protect and safeguard such interests of the Bank at all levels: statutory, administrative, and arbitrational and in other policy matters. Ensures that Board meeting minutes are signed by the Chair once they have been confirmed and copies filed and kept at the Bank.

vi. Ensure the appointment of Bank's board members, that those appointed are not disqualified in law and are eligible to be members under the provisions of the governing documents and policies, and that the appointment procedure laid down in the governing document and policies is followed.

vii. Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.

viii. Ensure that Board meetings are held in compliance with Bank's governing documents and arrangements for the meetings are made.

ix. Confirms that Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) are run effectively and in accordance with the provisions of Bank's governing document. This includes checking that a quorum is present. Also make sure that agendas and minutes of AGMs and EGMs are circulated timely.

x. File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, bonus share certificates and make arrangement for disposal of fractional shares, if any.

xi. Maintain strict confidentially of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.

xii. Maintain and liaise with various corporate bodies viz. BAB, ABB, Chambers/other bodies, regulators.

Vision, Mission and Strategy approved by the Board

Vision/Mission approved by Directors

The Board of Directors has approved the vision and mission statements of Prime Bank and strictly adheres to it. They strongly believe in the vision and mission set for the bank and try to apply those in every business context possible. The Vision and Mission statements can be found on page 6.

Business objectives and areas of business focus

PBL's Board always sets business objectives and areas for focus in consistency with the market. The latest business objectives and areas of business focus can be found in the "Statement Regarding Forward Looking Approach" section of the annual report on page 5.

Strategies to achieve the business objectives

PBL always sets up a Strategic Action Plan in the beginning of the year to align with the business objectives and strategies for the year. The Board always gives direction to the management of the Bank on how to steer the bank forward for the upcoming year. Strategies set to achieve the business objectives can be found in the "Strategic Priority" section of the annual report on page 8.

Audit Committee

Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee is a BSEC approved independent non-executive director, who is not involved in the day to day operations of the bank. He is an experienced individual and qualified to be the Chairman of the Audit Committee. The Chairman is a Ph.D. in Economics from University of Hawaii, USA and MBA from IBA, Dhaka University.

Internal Audit activity Charter

The Audit Committee established a terms of reference (TOR) so that it could function effectively and smoothly. The TOR was created to define the roles and responsibilities of the Audit Committee. The committee is also empowered to investigate/ question employees and retain external counsel when required.

Composition of the Audit Committee

As per BSEC notification no. SEC/CMRRC/2006-158/129/ Admin/44 dated 7th August 2012 on Corporate Governance and Bangladesh Bank Guidelines; the current Audit Committee consists of 5 members including 3 Independent Directors. All members of the Audit Committee are non-executive directors.

All members suitably qualified

All members of the Audit Committee are qualified and have years of experience in banking and financial sectors reforms. They are also very competent and come from a variety of educational backgrounds, which brings diversity in the committee. A member of the audit committee is a managing partner of a renowned audit firm and distinguished Fellow Chartered Accountant; hence he brings a high level of expertise in the areas of finance and accounting to the committee.

Head of Internal Audit's access in the Audit Committee

The Head of Internal Audit always has access to the audit committee and can raise his concerns whenever required.

Terms of Reference

To steer the Audit Committee forward, a terms of reference (TOR) has been established. According to the TOR for the Audit Committee, some of the roles and responsibilities are as follows:

1.0 Purpose

To monitor and review the formal arrangements established by

the Board in respect of:

a. The financial reporting and narrative reporting of the Bank

b. The effectiveness of the internal controls and the risk management framework

c. Whistleblowing

d. Internal audit process

e. External auditors' appointment/reappointment.

The Committee will act independently to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control, always within the principle of all directors having a duty to act in the interests of the Bank and all directors remaining equally responsible for the Company's affairs.

2.0 Authority

The Audit Committee is an assistive committee of the Board of the Company. The Committee is authorized by the Board to:

a. Investigate any activity within its terms of reference and have such direct access to the resources of the Bank as it may reasonably require

b. Seek any information that it requires from any employee, and all employees are directed to co-operate with any request made by the Committee

c. Engage outside legal or other independent professional advisers and obtain appropriate funding for the payment of relevant fees and expenses.

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company it shall report its views to the Board of the Company. In the event of any disagreement between the Committee; members and the rest of the Board, such matters will be resolved at Board level.

3.0 Responsibilities

Financial Affairs of the Group

- To monitor the integrity of the financial statements of the Bank (and any discussion or analysis thereof including annual and interim reports), and any formal announcements relating to the Bank's actual and forecast financial performance, reviewing significant financial reporting judgments contained in them.
- To review any unusual items or matters brought to its attention requiring the exercise of managerial judgment affecting the preparation of the statements and announcements
- To provide a forum for the discussion and resolution of areas of disagreement in relation to the statements and announcements, e.g. between management and the External Auditor

Accounting, Financial Reporting and Regulatory Compliance

- To review, and challenge where necessary, the actions, estimates and judgments of management (and any changes in them), in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
  - (1) Significant accounting policies and practices, and any changes in them
  - (2) Disclosures and estimates requiring a major element of judgment
  - (3) The extent to which the financial statements are affected by any unusual transactions in the year, the methods used to account for any significant or unusual transactions where different approaches are possible, and how such transactions are disclosed
  - (4) The clarity and completeness of disclosures, and the context within which financial statements are made
  - (5) Compliance with accounting standards
  - (6) Compliance with legal and regulatory requirements
  - (7) The going concern assumption
  - (8) The representation letter to the auditors; and
  - (9) All material information presented with the financial statements including the business review, and corporate governance statements relating to the audit and risk management.
- To review the controls and procedures established by management for compliance with regulatory and financial reporting requirements and with the requirements of external regulators
- To review the content of the annual report and accounts and advise the Board on whether, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy. The review undertaken by the Committee should assess whether the narrative is consistent with the accounting information.

Standards of Internal Control

- To review the arrangements of the Bank's systems of internal controls in relation to financial management, compliance with laws and regulations and safeguarding of assets, and the procedures for monitoring the effectiveness of such controls
- To monitor any significant deficiencies and material weaknesses in internal controls and disclosure controls and procedures, as reported by Internal Audit and the External Auditor, and the implementation by management of appropriate remedial action
- To review arrangements for the receipt, retention and treatment of complaints including those regarding accounting, internal accounting controls or auditing matters. To review procedures by which employees may, in confidence and with anonymity, raise concerns including those of questionable financial reporting, accounting or auditing matters.
- To monitor and review in broad terms the scope, nature of the work and effectiveness of Internal Audit and to receive and review its reports, findings and recommendations covering key operating risks.
- Review the arrangements made by the management for building a suitable Management Information System (MIS)

including computerization system and its application

- Review the existing risk management procedures for ensuring an effective internal check and control system
- Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities
- Review the corrective measures taken by the management as regards the reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis

The Group's Relationship with its External Auditors

- Make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, on the appointment, reappointment and removal of the external auditor. The Audit Committee shall oversee the process for selecting the external auditor
- Oversee the relationship with the external auditor, including:
  a) Approving the terms of engagement (and the engagement letter) of the external auditor, including the remuneration to be paid
  b) Assessing the external auditor's effectiveness, independence and objectivity, ensuring that key partners are rotated at appropriate intervals
  c) Agreeing the policy for, and where required by that policy, approving the provision of non-audit services and the related remuneration
  d) Agreeing with the Board policy on the employment of former employees of the Bank's auditor, and monitoring the implementation of this policy
- Review and approve the annual audit plan, and ensure that it is consistent with the scope of the audit engagement, and coordinated with the activities of the Internal Audit function
- Discuss with the external auditor, before the audit commences, the nature and scope of the audit and review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements
- Review the findings of the audit with the external auditor, considering the external auditor's management letter and management's responsiveness to the auditor's findings and recommendations
- Review reports prepared by the external auditor as the Audit Committee shall require, considering management's response to any major external audit recommendations
- Review annually and report to the Board on the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process, with a recommendation on whether to propose to the shareholders that the external auditor be re-appointed. The assessment should cover all aspects of the audit service provided by the audit firm, and include obtaining a reporting on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency report where available
- Ensure that the audit committee section of the annual report should include an explanation of how the committee has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, including length of term
- Review the audit representation letters before signature, giving particular consideration to any non-standard issues within the representations.

Other Responsibilities

- Place compliance report before the board on quarterly basis regarding regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of regulatory authorities
- Perform other oversight functions as requested by the board and evaluate the committee's own performance on a regular basis

Audit committee's review on internal controls

The Internal Audit Division of the bank reviews the internal control systems of the bank and ensures that internal controls are considered properly managed and satisfactorily supervised. The Internal Audit Division reviews internal controls throughout all divisions/branches of the bank and then reports to the Audit Committee on their findings. The Audit Committee then reviews the report submitted by the Internal Audit Division, and provides feedback on the lapses found. The Audit Committee also guides the Internal Audit Division on how to properly monitor internal control and ensure that internal controls are being correctly administered throughout the bank. The Audit Committee is committed that internal controls are well conceived, properly administered and satisfactorily monitored by the bank in 2016.

Audit committee's role in compliance with laws and regulations

PBL being a part of the banking industry in Bangladesh is obliged to act in accordance with applicable laws and regulations. There are several regulatory authorities, primarily Bangladesh Bank, who are associated with the company's operation and performance. The Audit Committee supervises and guarantees the Board, that the company obeys all the applicable laws, rules and regulations of various regulatory authorities. The Audit Committee takes all measures to ensure that PBL complies with all laws and regulations and that all statutory dues are being settled timely.

Audit committee's contribution in the external audit function

The Audit Committee analyses the audited financial statements with management and the external auditors to ensure that the Company's financial statements are objectively presented in compliance with the relevant Bangladesh Financial Reporting

Standards, International Financial Reporting Standards and Bangladesh Accounting Standards in all substantial aspects, based on its review and consultations with management and the external auditors.External Auditors' are requested to attend the Audit Committee meeting where Financial Statements of PBL is placed for review and recommendation. The Committee also implements an annual assessment of the efficiency of the Company's Internal Audit function and certifies that Internal Audit has sufficient resources to accomplish its duties.

The audit committee has quite a few roles regarding the external audit functions:

1. Ensure effective coordination of external audit function

Frequent and open interaction between the audit committee and the auditor is necessary to acquire the information it needs to accomplish its responsibilities to administer the company's financial reporting processes. The quality of communications also provides opportunities to assess the auditor's performance. The auditors should correspond with the audit committee as noteworthy issues develop. Such communications will emphasis on the key accounting or auditing issues that, in the auditor's finding, give rise to a greater risk of material misstatement of the financial statements, as well as any questions or concerns of the audit committee. Through proper communication, the audit committee ensures the effective coordination of the external audit function.

2. Ensure independence of external audit function

The auditor must be independent of Prime Bank Limited. Audit committee is familiar with the statutory and regulatory independence requirements for auditors. The technical competency of the auditor alone is not appropriate to ensure a high-quality audit. The auditor also must exercise a high level of objectivity and professional skepticism. The audit committee's interactions with the auditor during the audit provide numerous opportunities to evaluate whether the auditor demonstrated integrity, objectivity and professional skepticism.

3. Review the external auditors' findings in order to be satisfied that appropriate action is being taken

There are many reviews that happen throughout the entire process during the audit committee meetings held. The audit committee extensively reviews all findings of the external auditors and ensures that management is informed and is taking action for resolving any discrepancies.Before the financial statements are signed, the audit committee reviews all the findings and ensures that they are satisfied with the actions that management has taken.

4. Review and approve non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditor

External auditors should not carry out work that does not relate directly to the discharge of audit functions, if it would impair the auditors' independence, or might give rise to a reasonable perception that their independence could be impaired. The audit committee must ensure that external auditors do not undertake any work that might compromise their independence. If any work is being done by the external auditors, the audit committee must approve before the work commences. In short, the audit committee is responsible that the independence of the external auditors is not comprised under any circumstance.

5. Recommend external auditor for appointment/reappointment

The audit committee does an extensive review on the audit work done by the auditors after the audited financial statements have been signed. The audit committee evaluates the auditors on a very detailed level, and ensures that there were no threats to independence or any other issues with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment / reappointment for the next year/AGM.

Audit committee's involvement in selection of appropriate accounting policies

The Audit Committee shall support the Board of Directors in certifying that the financial statements reflect a true and fair view of the company and is maintaining a good supervising system within the Bank. The Board delegates the duty to the Audit Committee to decide on the appropriate accounting policies that are in line with applicable accounting standards as applicable and adopted by the ICAB, IFRS, IAS and Bangladesh Securities and Exchange Commission. After choosing the appropriate accounting policies, the Audit Committee recommends the Board concerning implementation of the selected accounting guidelines. The Board subsequently accepts the selected accounting policies for implementation.

Audit committee's involvement in the review of annual and interim financial reports

As per the Corporate Governance guideline of BSEC, the Audit Committee is expected to assess alongside with management, the interim and annual financial statements before proposing to the Board for consent. PBL's Audit Committee appraises the interim and annual financial releases whether audited or unaudited and places it before the Board for approval. The audit committee always ensures that the financial statements reflect a true and fair view of the company and analyzes the financials for any discrepancies.

Reliability of management information used for computation in financials

The Audit committee ensures that the management information used for computation in the financials is true and fair. In order to ensure reliability of the information, the audit committee always has an extensive meeting with management regarding issues of the financial statements. The Audit committee queries management on issues that they find material to the financial statements and makes sure that management has a proper response to their queries. Through meetings with management the Audit committee is able to understand the reliability of the information used for computation in the financials.Management always assures that the information presented is fair and true and that all the information is derived from the system of the Bank.

Internal Control

A system of effective internal controls is a critical component of bank management and a foundation for the safe and sound operation of the organization. A system of strong internal controls can help ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability targets, and maintain reliable financial and managerial reporting. Such a system can also help ensure that the bank will comply with laws and regulations as well as policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to the bank's reputation.

Internal control is a process established by the board of directors, senior management and all levels of personnel. It is not solely a procedure or policy that is performed at a certain point in time, rather it is continually operating at all levels within the bank. The board of directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis; however, each individual within an organization must participate in the process. The main objectives of the internal control process can be categorized as follows:

1. Efficiency and effectiveness of activities (performance objectives);
2. Reliability, completeness and timeliness of financial and management information (information objectives); and
3. Compliance with applicable laws and regulations (compliance objectives).

Performance objectives for internal controls pertain to the effectiveness and efficiency of the Bank in using its assets and other resources and protecting the bank from loss.

Information objectives address the preparation of timely, reliable, relevant reports needed for decision-making within the banking organization. They also address the need for reliable annual accounts, other financial statements and other financial-related disclosures and reports to shareholders, supervisors, and other external parties.

Compliance objectives ensure that all banking business complies with applicable laws and regulations, supervisory requirements, and the organization's policies and procedures. This objective must be met in order to protect the Bank's reputation.

Director's responsibility to establish appropriate system of internal control

The Board of Directors has always been extremely active in establishing appropriate systems of internal control. The Board of Directors has no sympathy for any type of fraud in the Bank, and always promotes a sound and strong internal control system inside the Bank. The Board of Directors has always appreciated the internal controls that have been set up by management and have also given advice on any matters when required. The Board has always been very responsible and active in establishing an appropriate system of internal control.

Key features of Internal Control System and the manner in which the system is monitored

Key features of Internal Control System are as follows:

1. Management oversight and the control culture
2. Risk recognition and assessment
3. Control activities and segregation of duties
4. Information and communication
5. Monitoring activities and correcting deficiencies

Management oversight and the control culture

The board of directors provides governance, guidance and oversight to senior management. It is responsible for approving and reviewing the overall business strategies and significant policies of the organization. The board of directors has the ultimate responsibility for ensuring that an adequate and effective system of internal controls is established and maintained.

Senior management is responsible for carrying out the directives of the board of directors, including the implementation of strategies and policies and the establishment of an effective system of internal control.

An essential element of an effective system of internal control is a strong control culture. It is the responsibility of the board of directors and senior management to emphasize the importance of internal control through their actions and words. This includes the ethical values that management displays in their business dealings, both inside and outside the organization.

Risk recognition and assessment

An effective internal control system requires that the material risks that could adversely affect the achievement of the bank's goals are being recognized and continually assessed. This assessment should cover all risks facing the bank (which are credit risk, country and transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk and reputational risk). Internal controls may need to be revised to appropriately address any new or previously uncontrolled risks.

Control activities and segregation of duties

Control activities should be an integral part of the daily activities of a bank. An effective internal control system requires that an appropriate control structure is set up, with control activities defined at every business level. These should include: top level reviews; appropriate activity controls for different departments or divisions; physical controls; checking for compliance with exposure limits and follow-up on noncompliance; a system of approvals and authorizations and, a system of verification and reconciliation.

Information and communication

An effective internal control system requires there are adequate and comprehensive internal financial, operational and compliance data, as well as external market information about events and conditions that are relevant to decision making. Information should be reliable, timely, accessible, and provided in a consistent format.

Monitoring activities and correcting deficiencies

The overall effectiveness of the bank's internal controls should be monitored on an ongoing basis. Monitoring of key risks should be part of the daily activities of the bank as well as periodic evaluations by the business lines and internal audit.

The Board of Directors of Prime Bank performs the following activities to monitor the Internal Control System:

1. Periodic discussions with management concerning the effectiveness of the internal control system.
2. Timely review of evaluations of internal controls made by management, internal auditors, and external auditors.
3. Periodic efforts to ensure that management has promptly followed up on recommendations and concerns expressed by auditors and supervisory authorities on internal control weaknesses.
4. Periodic review of the appropriateness of the bank's strategy and risk limits.

Through the establishment of the Audit Committee, the Board of Directors monitors the effectiveness of internal control system. The Audit Committee evaluates whether management is setting the appropriate compliance culture by communicating the importance of internal control among the employees. They also review the corrective measures taken by the management relating to operational lapses.

Senior management of Prime Bank develops processes that identify, measure, monitor and control risks incurred by the bank; maintains an organizational structure that clearly assigns responsibility, authority and reporting relationships; ensures that delegated responsibilities are being carried out effectively; sets appropriate internal control policies; and monitors the adequacy and effectiveness of the internal control system. They ensure proper control through techniques such as top level reviews, activity controls, physical controls, compliance with exposure limit, approvals & authorizations and verification & reconciliation of transactions of the Bank.

Review of the adequacy of the system of internal controls by Directors

In almost every Audit Committee meeting the issue of adequacy of the system of internal controls is a factor that is taken into consideration. The Audit Committee is responsible to the Board of Directors to ensure that the system of internal controls is adequate to protect against any type of fraud. The committee has reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee places all the compliance report before the Board of Directors and regulators on a timely basis and has performed all other oversight functions in relation to Internal Control System of the Bank. In this way, the Directors review the adequacy of the system of internal controls.

Identification of risks to which PBL is exposed internally and externally

Banking industry is unique in many ways and one of the features that set it apart from other business is the diversity and complexity of the risks it is exposed to. Deregulated regimes along with globalization of business have opened new frontiers that warrant risk management an even greater priority. The failure to adequately manage these risks exposes banks not only to business losses but also may result in circumstances that they cannot remain in business. Following are the core risk areas of banking:

1. Credit Risk
2. Asset and Liability/Balance Sheet Risk
3. Foreign Exchange Risk
4. Internal Control and Compliance risk
5. Money laundering Risk
6. Information and Communication Technology Security Risk
7. Environment

Banking companies in Bangladesh, while conducting day-to-day operations, may face some other risks both internally and externally:

- Credit risk also includes concentration risk, country risk, transfer risk, and settlement risk
- Market risk (including interest rate risk in the banking book, foreign exchange risk and equity market risk)
- Liquidity Risk
- Operational Risk
- Strategic Risk
- Reputation Risk

Strategies adopted to manage and mitigate the risks

Prime Bank adopted the following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing the balance sheet
- Managing the funding structure
- Determining general principles for measuring, managing, and reporting the bank's risks
- Developing risk policies for business units
- Determining the overall investment strategy
- Identifying, monitoring, and managing the bank's current and potential operational risk exposures
- Handling "critical risks" (risks that require follow-up and further reporting)
- Following up on reviews by and reports from Bangladesh Bank and informing the Board of issues affecting the bank's operational risks
- Following up on reports prepared by Internal Audit and informing the Board through Audit Committee of unusual circumstances
- Preparing management information on issues such as IT security, physical security, business continuity, and compliance.

More information regarding Risk management techniques used by management to identify and mitigate risk can be found in the Risk Management chapter on page 145.

Ethics and Compliance

Prime Bank is always committed to establishing the highest level of business compliance and ethical standard.

The Bank has an **'Employee Code of Ethics and Business Conduct'** – a framework of ethical behavior for all the employees of the organization.

The leaders/managers are required to exemplify the highest standards of conduct and ethical behavior. The leaders/managers are expected to:

- Lead according to Prime Bank standards of ethical conduct, in both words and actions.
- Create and maintain an environment where employees feel comfortable asking questions or reporting concerns.
- Be diligent in enforcing the Bank's ethical standards and taking appropriate action if violations occur.
- Contact the Human Resources Division when in need of assistance.

The Employee Code of Ethics and Business Compliance also specify the grounds of punishment to refrain employees from any unwanted behavior. For instances, an employee shall be liable to disciplinary actions, if he/she:

- Is convicted of any offence involving moral turpitude; or
- Is corrupt or may reasonably be considered to be corrupt; or
- Assumes a style of living beyond his/her ostensible means; or
- Is engaged or is reasonably suspected of being engaged in subversive activities, or is reasonably suspected of being associated with others engaged in subversive activities, and whose retention in service is therefore considered prejudicial to national security; or
- Is in possession of pecuniary resources or property disproportionate to his/her known sources of income etc.

The code of employee ethical behavior gives focus on the followings:

- Protecting Privacy of Customers' and Confidential Company Information,
- Preventing Money Laundering and/or Fraud,
- Avoiding Drug/ Substance/ Alcohol Abuse in the Workplace
- Protecting Bank's assets
- Avoiding any conflict of interest etc.

Each of the above stated issue is properly explained as separate section in the 'Employee Code of Ethics and Business Conduct'.

Integrity

The 'Employee Code of Ethics and Business Conduct' starts with the phrase "Uncompromising integrity". Employees of Prime Bank are judged not only in terms of competencies, but also with their integrity. The reputation and continued success of Prime Bank largely depend on a shared commitment to the core value of integrity. Respecting this value is the responsibility of each and every member of the organization.

Conflict of interest

The Code of Ethics and Business Conduct aware employees to avoid situations where their personal interests conflict, or may appear to conflict, with those of the Bank. Employees are advised to take particular care when they are responsible for dealing with customers, suppliers, agents on behalf of the Bank. Any failure to disclose a conflict of interest leads to a disciplinary action.

Compliance with the laws and regulations

Prime Bank maintains its reputation as a law-abiding organization and a good corporate citizen. It complies with all the prevailing laws and regulations of the country. Employees are trained and guided to conduct business in compliant manner. The policy and procedures regarding Prime Bank's business process are prepared in adherence to the laws and regulations.

Communication of the statement of ethics & business practices

All employees are properly inducted to comply with Code of Ethics and conform to the relevant laws and regulations. HR Division makes sure that during joining employees read, understand the 'Code of Ethics and Business Conduct' and acknowledge the same by signing. HR continuously raises awareness on regular interval among employees to ensure that business decisions and actions undertaken by employees are completely in compliance with the prevalent rules and regulations. The leaders/managers of the Bank are mandatorily required to communicate and help their employees to understand how ethics apply to their positions and everyday behavior.

The Board of Directors of Prime Bank has approved the 'Employee Code of Ethics and Business Conduct' with a commitment to setting high ethical standards so that customers' expectations and interests are protected in a compliant manner.

The Board's commitment to establishing high level of ethics and compliance within the organization

The Board of Director has always been committed to establishing a high level of ethics and compliance among all employees of the organization. They have always encouraged management to ensure that everyone maintains a high ethical standard within the Bank. The Board guides management on principles that should be adopted and followed by everyone in the Bank.

Whistleblowing

Whistle blowing about bad practices can help ensure that problems are identified before it is too late. This helps prevent disasters ranging from customer mistreatment to huge financial loss. Prime Banks whistleblowing procedures encourage employees to disclose concerns using appropriate channels before these concerns become a serious problem which might jeopardize Bank's reputation through negative publicity, regulatory investigation, fines and/or compensation.

Whistleblowing is increasingly recognized as an important tool in the prevention and detection of corruption and other malpractice.

The clandestine nature of corrupt behavior means that it may never come to light unless cases are reported by people who discover them in the course of their work.

Employees are encouraged to report any wrong-doing within the Bank. The Head of Internal Control and Compliance and Human Resources Divisions are the primary channel to report any incident. The Reporting channels offer the employees the opportunity to report while maintain their identity confidential. However, from experience Prime Bank understands that an effective whistleblowing policy demands for a shift in the culture. The Bank has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity.

Remuneration Committee

Composition and Charter

Prime Bank Ltd. has a Senior Management Team which comprises Managing Director, Deputy Managing Directors and other Heads of Division to review, discuss and decide on important business issues. In addition to the regular roles and responsibilities, the Committee assist in formulation of remuneration related policies and practices in alignment of the Bank's short and long-term business objectives.

The roles and responsibilities of the committee are the followings:

- Review the effectiveness of remuneration policy to ensure that whether the Board's set objectives and expectations are being met;
- Ensure that an effective remuneration policy, procedure and practice are in place, aligned with the Bank's strategy, and is applied consistently for all employee levels.
- Ensure that the structure and mix of fixed and variable pay and other elements are in alignment with the overall business objectives;
- Guide and give suggestion to HR team during preparation and review of any policy or process related to compensation and benefits;
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified, appropriately valued and promoting the performance based reward & recognition etc.

Disclosure of key policies with regard to remuneration of directors, senior management and employees

All employees including the Senior Management employees are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time based on Bank's performance and affordability. The remuneration also stresses on ensuring internal and external pay equity.

Meetings and work performed

The committee holds meeting on a regular interval throughout the year. So, if any remuneration related issue needs committee's attention, it is placed as agenda for necessary review. However, if required, the meeting is held on need basis to review and discuss any remuneration related issue exclusively. In 2016, total 07 meetings were held by the Senior Management Team.

Disclosure of Remuneration of Directors, Chairman, Chief Executive and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. On the other hand, the Managing Director is paid salary and allowances as fixed by the Bangladesh Bank (the details are shown in page number 334). The total cost related to employee compensation is shown in the page number 332.

Human Capital

Employees are the key driving force of Prime Bank's continuous success

A group of motivated and engaged employees with diverse talents are the key asset of Prime Bank. Prime Bank is highly reputed in the market as an employer of choice. The Bank has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive widened opportunities to realize their diverse potentials fully as well as benefit the organization by demonstrating value creating behaviors.

To ensure long term sustainability, Prime Bank has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high-performance culture and pleasant working atmosphere where employees are able to escalate their grievance and receive counseling.

Recruitment and selection process with 'best-fit' ethos followed by clearly defined policy and procedures

The recruitment and selection in Prime Bank follows the 'best fit' approach. As per Bank's requirement Human Resources Division ensures that the potential candidates are properly assessed, selected and placed on-time as per required competencies (KSA – Knowledge, Skill & Attributes) and experience. Prime Bank has a recruitment policy that clearly states the criteria and procedures to recruit fresh and lateral entrants. The Bank has a Management Trainee Program which is aimed to recruit outstanding fresh graduates and develop them as the future leaders of Prime Bank Ltd.

Ensuring adequate learning & development opportunities through effectively designed training programs and on-the-job experience

PBL continuously thrives to transform Human Resources to Human Capital through appropriate learning and development initiatives in every aspects of work area. HR Division regularly undertakes effectively designed training programs targeting the right group of employees through proper training need assessment. The Bank has a separate HR Training & Development Centre.

Well-crafted compensation & benefits package to have a positive impact on employees' overall well-being

PBL has a flexible compensation and benefits system that helps ensure pay equity, is linked with performance that is understood by employees, and keeps in touch with employee desires and what's coveted in the market, while maintaining a balance with the business affordability.

All employees are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time based on Bank's performance and affordability.

Ensuring horizontal and vertical career growth

PBL always plans for employees so that they can advance their career goals. This includes advancement into more responsible positions. The company supports career opportunities internally so that talented employees are placed in upgraded positions and thereby enables them to deliver their greatest value to the organization. In addition to vertical career growth, employees may also grow horizontally. Whenever possible Human Resources Division mobilizes employees across different functions and branches; thus assisting them to progress with varied skills and experience.

Succession planning for the talents in different layers of the organizational hierarchy

Besides encouraging individual employee growth and development, PBL also gives effort to identify and retain the human resources who can potentially be the successors of mission critical roles. PBL acknowledges that Succession Planning & Management is vital to the continued success of the Bank. PBL continuously assesses organizational, divisional and team capability gaps to identify, develop and retain the successors in a timely manner to meet the demands of the future.

Comprehensive performance management program to reward employees and drive further development

PBL has a comprehensive performance management program that evaluates employees' yearly performance against business targets at the year-end. This performance appraisal system is considered as crucial for the Bank as this is a very important tool to identify and distinguish the performers and non-performers. Prime Bank believes that a well-executed performance appraisal system can help reward the deserving employees, as well as help ensure further development program for the rest.

Reward & recognition program to meet employees' intrinsic psychological need for appreciation

PBL has a well-designed Reward & Recognition program that gives special attention to employees' actions, efforts, behavior and performance. It meets the intrinsic psychological need for appreciation of employees' efforts and supports business strategy by reinforcing certain behaviors (e.g., extraordinary accomplishments) that contribute to Bank's success.

Grievances and counseling

Since employee's behavior affects work discipline, HR Division always encourages employees to report if they have any work related grievance. In PBL there is formal procedure to address the employee grievance. Time to time HR Division also counsels employees as part of its job as people's advocate.

Ensuring a decent workplace where employees can participate in work with respect

Prime Bank believes that the business can grow favorably if the organization enables employees through creating and maintaining a decent workplace. In PBL, there is a decent work environment where employees can work with dignity, have the freedom to express opinions, can participate in the decision making process that affect their lives, and receive equal treatment and opportunity. PBL ensures security in the workplace and social protection for employees' families, better prospects for their personal development and social integration.

Communication to Shareholders & Stakeholders

Company's policy/strategy to facilitate effective communication with shareholders and other stakeholders

Prime Bank ensures that all shareholders are notified at least 2 weeks before the AGM so that all shareholders may attend on the day. Also all other types of accounts (Quarterly and Half yearly) or information are updated on the website and notified to all stakeholders on a duly basis. The Bank tries to maintain liaison with all major shareholders as much as possible and ensures that all stakeholders are informed about the bank's activities on a routine basis. PBL also engages with all types of stakeholders as much as possible to ensure that information is effectively communicated.

The Directors appreciate the importance of general shareholders of the Bank and use the Bank's AGM as further opportunities to communicate with them. PBL provides copies of the annual report in order that these are made available to them well in advance for detail and constructive discussion. It is the company's policy to give the shareholders the opportunity to ask questions about its activities and prospects at the AGM. The Board also structures these meetings so that shareholders can vote separately on each matter, by proposing separate resolutions for each item to be considered.

Company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM

PBL tries its utmost to ensure that all shareholders can participate in the AGM. Annual Reports are sent at least 2 weeks before the AGM to ensure all shareholders are notified about the event date, place and time. Also, PBL always ensures that AGM is held at a convenient place where all shareholders may attend. Notices to shareholders are made by publication in the daily newspapers and through the digital media as well. To ensure compliance with regulatory bodies, PBL ensures that it publishes in two widely circulated newspapers in English and Bangla and sent to the stock exchanges and BSEC.

PBL ensures effective communication with the shareholders and encourages shareholder participation at the AGM. PBL connects with the investors through AGM, EGM, Annual Report and

Company's website. All of the Bank's publications to the market may be retrieved through the Company's website. Shareholders are offered the chance to interrogate the Board regarding the operation of the Bank. They are also presented the ability to query the Company's auditors concerning topics linked to the audit of the Company's financial statements at the AGM.

Environmental and Social Obligation

Description of the company's policies and practices relating to social and environmental responsibility of PBL

A natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety are what PBL has always believed in. In harmony with this, PBL is constantly working towards decreasing consumption of energy (especially electricity, water and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. The importance is on diminishing paper transactions to the extent that the Credit Committee has already been made paperless, and PBL is moving forward and thinking about implementing it more through the branches. Board and its Committee Meetings are also made paperless through using in-house built software. One of the key objectives for financing manufacturing companies is to ensure that they try to lessen their carbon footprint.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and giving refinance to the solar energy, bio-gas and effluent treatment plant (ETP) sectors at eased interest rates.

PBL has always been committed to the environment and also been active in social activities throughout the year 2016, and will remain to do so in the future.

Specific activities undertaken by the PBL regarding environmental and social responsibilities

PBL has always been active regarding its activities for the environment. One of its achievements was to make the Credit Committee paperless in 2014. It is also in the process of issuing a green manual for how to make all branches and divisions more environmental friendly. Also, solar panels have been set up in quite a few branches as well, and the initiative has been taken to install more solar panels in branches in the future. Environmental activities during the year can be found more in details in the Green Banking Report.

PBL has always been an active member of society and has tried to enhance people's lives and its employees as well. Prime Bank Foundation was solely initiated for the purpose of Corporate Social Responsibility. PBL's social activities can be found on the Prime Bank Foundation chapter on page 186 and its commitment to its employees can be found in the Employee's Report on page 133..

AMARSTOCK

DIRECTORS' REMUNERATION

Presence of the Directors at the Board Meeting

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Mr. Azam J Chowdhury	Chairman	14	11	03	Tk. 8000/- × 11 Total =Tk. 88,000/-
02	Mr. Md. Nader Khan	Vice-Chairman	14	9	05	Tk. 8000/- × 9 Total =Tk. 72,000/-
03	Mrs. Nasim Anwar Hossain	Vice-Chairperson	14	11	03	Tk. 8000/- × 11 Total =Tk. 88,000/-
04	Khandker Mohammad Khaled	Member	14	03	11	Tk. 8000/- × 3 Total =Tk. 24,000/-
05	Mr. M. A. Khaleque	Member	14	03	11	Tk. 8000/- × 3 Total =Tk. 24,000/-
06	Quazi Sirazul Islam	Member	14	14	0	Tk. 8000/- × 14 Total =Tk. 112,000/-
07	Mr. Md. Shahadat Hossain	Member	14	14	0	Tk. 8000/- × 14 Total =Tk. 112,000/-
08	Mr. Md. Shirajul Islam Mollah	Member	14	09	05	Tk. 8000/- × 9 Total =Tk. 72,000/-
09	Mrs. Marina Yasmin Chowdhury	Member	14	06	08	Tk. 8000/- × 6 Total =Tk. 48,000/-
10	Mr. Mafiz Ahmed Bhuiyan	Member	14	14	0	Tk. 8000/- × 14 Total =Tk. 112,000/-
11	Mrs. Salma Huq	Member	14	09	05	Tk. 8000/- × 9 Total =Tk. 72,000/-
12	Mr. Nafis Sikder	Member	14	03	11	Tk. 8000/- × 3 Total =Tk. 24,000/-
13	Mr. Imran Khan	Member	14	06	08	Tk. 8000/- × 6 Total =Tk. 48,000/-
14	Mr. Waheed Murad Jamil	Member	14	12	02	Tk. 8000/- × 12 Total =Tk. 96,000/-
15	Mr. Tarique Ekramul Haque	Member	14	05	09	Tk. 8000/- × 5 Total =Tk. 40,000/-
16	Mr. Mohammad Mushtaque Ahmed Tanvir	Member	14	09	05	Tk. 8000/- × 9 Total=Tk. 72,000/-
17	Mr. Shamsuddin Ahmad Ph.D	Member	14	14	0	Tk. 8000/- × 14 Total =Tk. 112,000/-
18	Dr. G.M. Khurshid Alam	Member	14	12	02	Tk. 8000/- × 12 Total =Tk. 96,000/-
19	Mr. M. Farhad Hussain FCA	Member	14	10	04	Tk. 8000/- × 10 Total =Tk. 80,000/-

Presence of the Directors at the Executive Committee Meeting

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Mr. Mafiz Ahmed Bhuiyan	Chairman	21	21	0	Tk. 8000/- × 21 Total =Tk. 168,000/-
02	Quazi Sirazul Islam	Member	21	19	02	Tk. 8000/- × 19 Total =Tk. 152,000/-
03	Mr. Md. Shirajul Islam Mollah	Member	21	11	10	Tk. 8000/- × 11 Total =Tk. 88,000/-
04	Mrs. Nasim Anwar Hossain	Member	21	18	03	Tk. 8000/- × 18 Total =Tk. 144,000/-
05	Mrs. Salma Huq	Member	21	11	10	Tk. 8000/- × 11 Total =Tk. 88,000/-
06	Mr. Waheed Murad Jamil (appointed on 22.05.2016)	Member	13	12	01	Tk. 8000/- × 12 Total =Tk. 96,000/-
07	Mr. Mohammad Mushtaque Ahmed Tanvir (appointed on 22.05.2016)	Member	13	11	02	Tk. 8000/- × 11 Total= Tk. 88,000/-

Past Members of the Executive Committee

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Mr. Imran Khan	Member	08	03	05	Tk. 8000/- × 3 Total =Tk. 24,000/-
02	Mr. Md. Shahadat Hossain	Member	08	07	01	Tk. 8000/- × 7 Total =Tk. 56,000/-

Presence of the Directors at the Audit Committee Meeting

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Mr. Shamsuddin Ahmad Ph.D	Chairman	11	11	0	Tk. 8000/- × 9* Total =Tk. 72,000/-
02	Mr. Tarique Ekramul Haque (appointed on 22.05.2016)	Member	06	0	06	-
03	Mr. Md. Nader Khan	Member	11	06	05	Tk. 8000/- × 4* Total=Tk. 32,000/-
04	Dr. G. M. Khurshid Alam	Member	11	10	01	Tk. 8000/- × 8* Total=Tk. 64,000/-
05	Mr. M. Farhad Hussain FCA	Member	11	11	0	Tk. 8000/- × 9* Total=Tk. 72,000/-

Past Members of the Audit Committee

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Khandker Mohammad Khaled	Member	05	0	05	-

* Remuneration is not drawn against 02 nos. of Audit Committee meeting (AC-114 & AC-120) as per BRPD circular letter no.11 dated 04.10.2015.

Presence of the Directors at the Risk Management Committee Meeting

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Dr. G. M. Khurshid Alam	Chairman	05	04	01	Tk. 8000/- × 4 Total=Tk. 32,000/-
02	Mr. Shahadat Hossain (appointed on 22.05.2016)	Member	02	02	0	Tk. 8000/- × 2 Total=Tk. 16,000/-
03	Mr. Imran Khan (appointed on 22.05.2016)	Member	02	01	01	Tk. 8000/- × 1 Total =Tk. 8,000/-
04	Mr. Shamsuddin Ahmad Ph.D	Member	05	04	01	Tk. 8000/- × 4 Total=Tk. 32,000/-
05	Mr. M. Farhad Hussain FCA	Member	05	03	02	Tk. 8000/- × 3 Total=Tk. 24,000/-

Past Members of the Risk Management Committee

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Mrs. Nasim Anwar Hossain	Chairperson	03	03	0	Tk. 8000/- × 3 Total =Tk. 24,000/-
02	Khandker Mohammad Khaled	Member	03	0	03	-

THE PATTERN OF SHAREHOLDING ALONG **WITH NAME WISE DETAILS**

1) Parent/Subsidiary/Associated Company and other related: Nil

2) Shareholding of CEO, CFO, Company Secretary & Head of Internal Audit: Nil

Sl No.	Name of Executives	% of Shares as at 31.12.2016
01.	Chief Executive Officer and his spouse and minor children	-
02.	Chief Financial Officer and his spouse and minor children	-
03.	Company Secretary and his spouse and minor children	-
04.	Head of Internal Audit and his spouse and minor children	-

3) Shares held by Directors in 2016

Sl	Name of the directors	Status	Opening position	Closing position	Change
01.	Mr. Azam J Chowdhury (Representative of East Coast Shipping Lines Ltd.)	Chairman	20,601,158	20,601,158	0.00%
02.	Mr. Md. Nader Khan	Vice Chairman	38,019,361	38,019,361	0.00%
03.	Mrs. Nasim Anwar Hossain	Vice Chairperson	23,365,749	23,365,749	0.00%
04.	Mr. Khandker Mohammad Khaled	Director	28,570,378	28,570,378	0.00%
05.	Mr. M. A. Khaleque	Director	21,846,820	21,846,820	0.00%
06.	Quazi Sirazul Islam	Director	20,616,158	20,616,158	0.00%
07.	Mr. Md. Shirajul Islam Mollah	Director	20,644,922	20,644,922	0.00%
08.	Mr. Mafiz Ahmed Bhuiyan	Director	20,591,099	20,591,099	0.00%
09.	Mr. Md. Shahadat Hossain	Director	27,811,583	27,811,583	0.00%
10.	Mrs. Marina Yasmin Chowdhury	Director	21,132,328	23,325,000	10.38%
11.	Mrs. Salma Huq	Director	32,254,341	32,254,341	0.00%
12.	Mr. Nafis Sikder	Director	25,826,178	25,826,178	0.00%
13.	Mr. Imran Khan	Director	20,588,337	20,588,337	0.00%
14.	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	20,587,749	20,587,749	0.00%
15.	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	0.00%
16.	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	20,760,250	20,760,250	0.00%
17.	Mr. Shamsuddin Ahmed, Ph.D	Independent Director	-	-	-
18.	Dr. G.M. Khurshid Alam	Independent Director	-	-	-
19.	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	-
20.	Mr. Ahmed Kamal Khan Chowdhury	Managing Director	-	-	-
	Total		**383,816,802**	**386,009,474**	**0.57%**

4) Shareholding of Senior Executive (Top five salaried executives other than CEO, CFO, CS, HIA):

Sl No.	Name of Executives	% of Shares as at 31.12.2016
01.	Mr. Habibur Rahman, Deputy Managing Director	-
02.	Mr. MD. Golam Rabbani, Deputy Managing Director	-
03.	Mr. Rahel Ahmed, Deputy Managing Director	-
04.	Mr. Md. Touhidul Alam Khan, Deputy Managing Director	-
05.	Syed Faridul Islam, Deputy Managing Director	-

5) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details) - Nil

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কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

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McMillan Woods International
Professionalism at the forefront

Compliance Certificate
on
Corporate Governance Guidelines
To the Shareholders of

Prime Bank Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Prime Bank Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012 and subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

To the best of our information and according to the explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the bank for the year ended 31 December, 2016.

K. M. Hasan FCA
Managing Partner

K. M. HASAN & CO. CHARTERED ACCOUNTANTS

Dhaka
Date: 30/03/2017

REPORT ON COMPLIANCE OF BSEC'S NOTIFICATION ON **CORPORATE GOVERNANCE**

BSEC Checklist: (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	Board of Directors			
1.1	Board's size shall not be less than 5 and more than 20	√		
1.2	Independent Director			
1.2 (i)	Independent director: At least 1/5th of the total number of directors	√		
1.2 (ii)	For the purpose of this clause "independent director" means:			
1.2 (ii) a)	Independent director does not hold any share or holds less than one percent (1%) shares of total paid up capital.	√		
1.2 (ii) b)	Independent Director is not a sponsor of the company and is not connected with the company's Sponsor Or Director Or Shareholder who holds 1% or more shares of the company (certain family members are also required to comply with this requirement).	√		
1.2 (ii) c)	Independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2 (ii) d)	Independent directors are not the members, directors or officers of any stock exchange.	√		
1.2 (ii) e)	Independent director is not the shareholder, director or officers of any member of Stock Exchange or an Intermediary of the capital market.	√		
1.2 (ii) f)	Independent director is/was not the partners or executives during preceding 3 (three) years of concerned company's statutory audit firm.	√		
1.2 (ii) g)	Independent directors is not the independent director in more than 3 (three) listed companies.	√		
1.2 (ii) h)	Independent director is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBFI).	√		
1.2 (ii) i)	Independent director has not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	The independent director shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	√		
1.2 (iv)	The post of independent directors cannot remain vacant for more than 90 days.	√		
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual Compliance of the Code to be recorded.	√		
1.2 (vi)	The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Independent director shall be knowledgeable individual with integrity who is able to ensure required compliance.	√		
1.3 (ii)	The independent director must have at least 12 (twelve) years of corporate management/ professional experiences along with other requisites.	√		
1.3 (iii)	In special cases above qualification may be relaxed by the Commission	N/A		
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities.	√		
1.5	Directors Report to Shareholders			

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	N/A		
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√		
1.5 (vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the company have been maintained.	√		
1.5 (xiii)	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.	√		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as --applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts upon the company's ability to continue as a going concern.	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	**The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:**			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxi) c)	Executives (top five salaried employees of the company other than stated in 1.5(xxi)b);	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	N/A		
1.5 (xxii)	**In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:**			
1.5 (xxii) a)	a brief resume of the Director;	√		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas.	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	**Chief Financial Officer, Head of Internal Audit & Company Secretary**			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	√		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		
3	**Audit Committee:**			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall 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.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 members.	√		
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director.	√		
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	Filling of Casual Vacancy in Committee	N/A		
3.1 (v)	The Company Secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 independent director.	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		
3.4.	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) a)	Report on conflicts of Interests.	√		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	√		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	NIL		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√		
3.4.2	Reporting of anything having material financial impact to the Commission.	NIL		
3.5	Reporting to the Shareholders and General Investors.	NIL		
4	**External/Statutory Auditors should not be engaged in:**			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	√		
4(ix)	Audit/certification services on compliance of corporate governance as required under clause(i) of conditionNo.7	√		
5	**Subsidiary Company**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (v)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	√		
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall certify to the Board that:			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief:	√		
6 (i) a)	These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
6 (i) b)	These financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/ Secretary (CA/CMA/CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

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STATEMENTS OF
BOARD OF DIRECTORS

a) Director's statement regarding Adequacy of Internal Control Systems

The Board of Directors has certain roles as stipulated in the 'Bank Company (amended) Act 1991'. Accordingly, the directors have worked on maintaining sound corporate governance and diligently discharged their responsibilities. The directors have established broad business strategies, adopted significant policies for internal control and risk management and implemented risk based internal audits as per 'sections 15 Kha & 15 Ga of the Bank Company (amended) Act 1991' for ensuring that the Bank is appropriately and effectively managed and controlled.

The Board has reviewed the policies and manuals of various segments of businesses in order to establish an effective internal control system, which is adequate for achieving sustainable growth through orderly and efficient conduct of business. The directors have also checked the control procedures for ensuring the safeguarding of the Bank's asset, the prevention and detection of fraud and error, the adequacy and completeness of accounting records, timely preparation of financial information and the efficient management of risk.

The Board has overseen the policies and several parts of businesses to create a productive internal control system which is vital for sustainable development while upholding an efficient manner of business. They have also considered the competence and fullness of accounting records, sound preparation of financial information, and systematic management of risk, intensifying bank assets and overall internal control processes.

The Board of Directors monitors the adequacy and effectiveness of Internal Control systems through the establishment of Audit Committee. While preparing the Audit Committee, all the conditions mentioned in the Bank Company (amended) Act 1991, Bangladesh Bank guidelines and the Corporate Governance guidelines by Bangladesh Securities and Exchange Commission have been properly addressed. The committee has reviewed the system of internal control and management of core risks faced by the Bank. It has also reviewed the audit process, the Bank's process for monitoring compliance with laws and regulations and codes of business conduct.

The Audit Committee has reviewed the arrangements made by management for adding the control features to the existing Management Information System (MIS). The committee has also reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control revealed in previous years. It has placed all the compliance reports before the Board of Directors and regulators on a timely basis and has performed all other oversight functions relating to Internal Control Systems of the Bank.

b) Director's statement for establishing of high level of Ethics and Compliance

Compliance is a comprehensive program that helps the Bank and their employees conduct operations and activities ethically; with the highest level of integrity, and in compliance with legal and regulatory requirements. Establishing an effective Compliance and Ethics system has become a necessity to protect any highly regulated organization. At its core, an effective system protects an organization by detecting and preventing improper conduct and promoting adherence to the organization's legal and ethical obligations.

The Board believes failure in corporate governance is a real threat to the future of the Bank. With effective corporate governance based on core values of integrity and trust the Bank will have competitive advantage in attracting and retaining talent and generating positive reactions in the marketplace – if the Bank has a reputation for ethical behavior in today's marketplace it creates not only customer loyalty but employee loyalty as well. Effective corporate governance can be achieved by adopting a set of principles and best practices. A great deal depends upon fairness, honesty, integrity and the manner in which the Bank conduct their affairs. PBL must make a profit in order to survive and grow; however, the pursuit of profits must stay within ethical bounds. The Bank has adopted policies that include environmental protection, whistle blowing, ethical training programs and so on. Such compliance mechanisms help develop and build a corporate image and reputation, gain loyalty and trust from consumers and heighten commitment to employees.

The Board is knowledgeable about the content and operation of the compliance and ethics system in the Bank and exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics system prevalent in the Bank. The Board has also helped to establish an organizational culture that encourages ethical conduct and a commitment to compliance with the law. The Board would like to state that it has been actively involved in establishing standards and procedures designed to prevent and detect misconduct and also promote a high level of ethics and compliance within the Bank.

c) Director's Responsibility to establish appropriate System of Internal Control

Nowadays banking activities have high risks and are diversified and complex, so they are no longer limited within the geographic boundary of a country. The issues of effective internal control systems, corporate governance, transparency and accountability has become more significant to ensure smooth performance of a bank in recent times. The overall attitude, awareness and action of directors regarding internal control systems plays a key role for achieving operational excellence, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

Internal control is a process which is affected by the Bank's board of directors, management and other personnel at all level within the organization. The process includes all the policies and procedures established and implemented to manage and control a particular risk or business activity to which the Bank is exposed to.

The Bank needs to have in place an appropriate and effective internal control environment under which internal controls are developed, implemented and monitored. The control environment consists of the mechanisms and arrangements that ensure internal and external risks to which the Bank is exposed to are identified; appropriate and effective internal controls are developed and implemented to soundly and prudently manage these risks; reliable and comprehensive systems are to be put in place to appropriately monitor the effectiveness of these controls.

The Directors recognize their obligation for the Bank's systems of internal control for establishing efficiency, effectiveness, consistency, appropriateness, comprehensiveness and compliance with relevant laws and regulations. They annually evaluate the qualification, proficiency and resources, and independence of the external auditors and the effectiveness of the audit procedure and a recommendation on re-appointment.

The directors affirm that they are actively concerned with sound corporate governance and diligently discharge their responsibilities of establishing broad business strategies, adopting significant policies for internal control, risk management and implementing risk based internal audit as per 'section 15 kha of Bank Company (amended) Act 1991' for ensuring that the Bank is appropriately and effectively managed and controlled. The directors also affirm that the Board, through its committees, has appraised the effectiveness of the bank's systems of internal control for the year ended 31 December, 2016. The Directors attend periodic review meetings with senior management to discuss the effectiveness of the internal control systems of the Bank and ensure that management has taken appropriate actions as per recommendations of the auditors and regulators.

On behalf of the Board of Directors



Azam J Chowdhury
Chairman

STATEMENTS OF THE **AUDIT COMMITTEE**

a) Statement on Audit Committee's review to ensure that internal controls are well conceived properly Administered and satisfactorily monitored

Prime Bank Limited has defined internal control as a process to provide reasonable assurance that PBL's goals are achieved in terms of appropriate and effective business activities, reliable financial reporting and compliance with applicable legislation and regulations. The entire management has the responsibility of ensuring the working environment is safe and effective. One important way the Audit Committee helps management achieve this goal is to establish and follow appropriate policies and procedures on internal control.

A successful internal control environment requires management's commitment and support. Management's goal is not to make each person an expert in internal controls, but to increase awareness and understanding of why the Bank needs them and how to use them. The Audit Committee always stresses on these facts and ensures that management takes all steps to safeguard that employees are aware of the processes of internal control. The Committee guides Management on issues of internal control frequently and also gives many decisions regarding critical issues.

The Audit Committee throughout the year has held 11 meetings with the Management of PBL. The Committee can ensure that internal control are well conceived in the Bank, and have been properly administered and satisfactorily monitored by the Management. The Committee has been working closely with the Bank and is sufficiently content with the way that internal control is being managed by the Bank.

b) Statement on Audit Committees' Role in ensuring compliance with Law and Regulations

Management, the Board, and the Audit Committee all play critical roles in an organization's tone at the top. Based on board expectations, executive management establishes the tone. It is the audit committee's responsibility, though, to monitor that tone as well as oversee the organization's ethical environment and compliance with laws and regulations.

The Audit Committee has a pivotal role in ensuring that the Bank is in compliance with laws and regulations from all authorities. The Committee takes quite a few measures for compliance which are as follows:

a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

b) Establish procedures for:

   (1) The receipt, retention and treatment of complaints received by the Bank regarding accounting, internal controls, or auditing matters; and

   (2) The confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting or auditing matters.

c) Review the findings of any examinations by regulatory agencies, and any auditor observations.

d) Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.

e) Obtain regular updates from management and company legal counsel regarding compliance matters.

It should also be noted that, the Audit Committee always ensures that legal fees are settled on a timely basis and that the Bank does not have to bear any late fees or fines.

To conclude, the Audit Committee supervises and guarantees the Board, that the company obeys all the applicable laws, rules and regulations of various regulatory authorities. The Audit Committee takes all measures to ensure that PBL complies with all laws and regulations and that all statutory dues are being settled timely.

c) Statement of Audit committees' involvement in the review of the external Audit Function

The Audit Committee focuses on the financial management and reporting of the company. The Committee provides a high level of specific expertise in this critical area of PBL. Financial management and reporting determine the creditworthiness to outsiders and growth targets and successes to insiders. They are the key determinants in establishing the market value of PBL – the ultimate scoreboard for management's results.

The Audit Committee has taken up the following responsibilities regarding the review of external audit function:

a) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal auditing.

b) Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee will:

   i. At least annually, obtain and review a report by the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and to assess the auditor's independence in all relationships between the independent auditor and PBL.

   ii. Take into account the opinions of management and internal audit.

   iii. Review and evaluate the findings and recommendations of the independent auditor.

   iv. Present its conclusions with respect to the external auditor to the Board.

c) Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors.

d) Present its conclusions with respect to the independent auditor to the Board.

e) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

f) Recommend external auditor for appointment/ reappointment.

Throughout the year, the Audit Committee has competently fulfilled its roles towards the Bank. The Committee has been extensively involved in the review of the external audit function, and carried out its role competently.

d) Statement on Audit committees' involvement in selection of appropriate Accounting Policies

The audit committee is an operating committee of the board of directors charged with oversight of financial reporting and disclosure. Hence, the audit committee always has a large degree of responsibility regarding selection of appropriate accounting policies. The Audit committee evaluates financial statements quarterly and annually of Prime Bank Limited. In addition, members of the committee often discuss complex accounting estimates and decisions made by management and the application of new accounting principles or regulations. Should significant complications with accounting practices or personnel be recognized, a special investigation may be instructed by the audit committee, using outside consulting resources if deemed necessary. External auditors are also expected to inform the committee on a range of issues, such as their views on management's selection of accounting principles, accounting adjustments arising from their audits, any discrepancy or complexities faced in working with management, and any identified fraud or illegal acts.

The Audit committee is aware that the selection and application of the company's accounting policies must be appropriately reasoned. The committee is aware that investors increasingly demand full transparency of accounting policies and their effects. In line with this, the committee always encourages management to disclose about trends, event, or uncertainties known to management that would materially affect reported financial information. The committee is always apprised of the evaluation criteria by management in their selection of the accounting principles and methods. Proactive discussions between the audit committee and management always take place before signing of the annual report regarding critical accounting policies.

In view of the above, the Audit Committee would like to state that it takes all necessary steps to ensure that management is taking precaution when selecting accounting policies. The committee is actively involved in selection of appropriate accounting policies that are in line will applicable accounting standards and annual review.

e) Statement of Audit Committees' involvement in the review of the Annual and Interim Financial Releases

The annual and interim financial release of the company contains sensitive financial information, which needs to be addressed cautiously. The Audit committee always is actively involved in reviewing these releases and always has recommendations to management on ways to improve these financials. The Committee reviews and discusses with management all significant correcting adjustments (whether or not made) to ensure that all material adjustments are properly reflected in the financial reports.

The Audit Committee assumes the following responsibilities with regards to annual and interim financial statements:

a) Understand management's responsibilities and representations with regards to annual and interim financial statements

b) Understand and assess the appropriateness of management's selection of accounting principles and the most critical accounting policies

c) Understand the management's judgments and accounting estimates applied in financial reporting

d) Confer with both management and the external auditors about the financial statements

e) Assess whether financial statements are complete and fairly presented, in all material aspect, the financial position of the company and that disclosures are clear and transparent

f) Review earnings releases, financial statements, and other information presented within the financial statements prior to release

It is mentionable that it is management's responsibility to prepare complete and accurate financial statements and disclosures in accordance with financial reporting standards and applicable rules and regulations. The Audit committee assures itself that the external auditors are satisfied that the accounting estimates and judgments made by management, and that management's selection of accounting principles reflect an appropriate application of IFRS, IAS and BFRS. The appropriateness, including the degree to which management bias, if any, is evident, of the company's accounting principles and underlying estimates, and the transparency of the financial disclosures in reflecting financial performance, would be the core discussions between the committee and external auditors. The committee is always interested in discussing and understanding the auditor's views on accounting issues and actively seeks to develop a relationship with the external auditor that allows a full, frank and timely discussion of all material issues. With regards to interim reports, the committee always has an extensive discussion with management regarding material issues before approving the interim accounts.

The Audit committee of Prime Bank Limited has always been extensively involved in the review of the financial statements and has provided recommendations whenever needed. The committee has duly carried out its responsibilities throughout the year 2016.

On behalf of the Audit Committee,



Shamsuddin Ahmad, Ph.D
Chairman of the Audit Committee

CEO & CFO'S DECLARATION
TO THE BOARD

30th March, 2017

Board of Directors
Prime Bank Limited
Adamjee Court Annex Building-2
119-120 Motijheel Commercial Area
Dhaka-1000

SUB: CEO & CFO DECLARATION TO THE BOARD

The following is provided to the Board of Directors of Prime Bank Limited in our capacity as the persons responsible for performing the functions of Managing Director & CEO and Chief Financial Officer of the Bank.

In accordance with the notification of Bangladesh Securities and Exchange Commission No.SEC/ CMRRCD/2006-158/134/ Admin/44 dated 07, August, 2012 we declare that for the financial year ended 31 December, 2016:

i) i) We have reviewed the financial statements for the year and that to the best of our Knowledge and belief:

   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;

ii) There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.

Ahmed Kamal Khan Chowdhury
Managing Director & CEO

Shahjahan Majumder FCA
Head of Financial Administration /CFO

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REPORT ON THE ACTIVITIES OF **AUDIT COMMITTEE**

Audit Committee undertakes, among others, oversight responsibilities on behalf of the Board of Directors by reviewing the financial reporting process, the system of internal controls, the audit process, the management of financial risks, and Bank's process for monitoring compliance with the laws and regulations in force and to be enforced, including its own code of business conduct. In so doing, it is guided by the rules and regulations issued by Bangladesh Bank (BB), the Bangladesh Securities and Exchange Commission (BSEC) and the Bank Companies Act, 1991.

Recently, regulators are encouraging the Audit Committee to move focus on ensuring good corporate governance practices in the Bank and inspiring a compliance culture for greater transparency in all operational activities which the Audit Committee welcomes in the interest of the stakeholders.

Constitution of Audit Committee

The Board of Directors has been very meticulous in the formation of the Audit Committee, which consists of 05 (five) members.

All the members are financially literate and possess the required qualifications in keeping with the spirit & objectives as laid down in the regulatory directives. Out of the five members in the Committee, three (03), including the Chairman, are from the Independent category and none belong to the Executive Committee of the Board so as to avoid any conflict of interest. The Company Secretary supports the Chairman and the Members for effective functioning of the Committee, discharging the functions as Secretary in compliance with the directives of BB and BSEC guidelines.

The current Audit Committee constituted by the Board in its 449th Meeting held on 22/05/2016 comprises of the following Directors:

Sl.	Name	Designation in the Committee	Status in the Board	Educational qualification
01	Dr. Shamsuddin Ahmad	Chairman	Independent Director	Ph.D (Economics)
02	Dr. G.M. Khurshid Alam	Member	Independent Director	Ph.D (Economics)
03	Mr. M. Farhad Hussain	Member	Independent Director	FCA
04	Mr. Md. Nader Khan	Member	Director	B.Sc
05	Mr. Tarique Ekramul Haque	Member	Director	M.Sc. in accounting & Finance

All the members are knowledgeable, enthusiastic to perform their role and have the ability to ensure compliance with the financial, regulatory and corporate laws. They have professional experience due to their long involvement with corporate & financial management in addition to having the relevant academic background.

The responsibility of the Audit Committee has further been widened with the promulgation of revised ICC Guidelines and some other Risk related circulars besides amendment of "The Bank Companies Act, 1991", and accordingly the Committee has to discharge manifold functions including special assignments requested by the Board.

Activities of the Committee in the year 2016:

The Audit Committee held eleven (11) meetings during the year 2016 where engaging discussions were held on the agenda consisting of: (i) Risk Based Internal Audit Reports; (ii) Comprehensive Internal Audit Reports; (iii) Information Systems Internal Audit Reports; (iv) Exclusive Inspection reports; and (v) Surprise Inspection and Special Investigation Reports on the branches, Divisions/Units of Head Office, individual borrowers and employees. The Committee discussed these reports and passed on appropriate decisions including calling for immediate compliance.

Some of the significant activities of the Committee during the period under reporting are as under:

- Reviewed and approved the Audit Plan for the year 2016
- Reviewed interim Financial Reports (Quarterly and Half-yearly) of the year 2016 before presenting to the Board for approval.
- Reviewed half yearly status report on complaints received, compiled and presented by the Complaint Management Cell.
- Had discussion with the Statutory Auditors of the Bank engaged for the year 2016 to share their observations/ findings upon completion of the Comprehensive Audit of the Bank on the operational activities and the financials statements.
- Reviewed the Draft Annual Financial statements for the year ended December 31, 2016.
- Scrutinized and evaluated the performance of the existing external Auditors of the bank before recommending to the board for onward placing of their names in the AGM for appointment for the year 2016.
- Reviewed and approved revised Guidelines on Internal Control & Compliance in the Bank for meticulous compliance.
- Reviewed the IT Audit Plan -2016 and approved it.

- Reviewed the Inspection Reports of the overseas subsidiaries of Prime Bank: namely, PBL Finance (Hong Kong) Limited, Hong Kong; PBL Exchange (UK) Limited, United Kingdom & Prime Exchange Co. Pte. Ltd., Singapore.
- Scrutinized and approved restructured organogram of Internal Control & Compliance Division (ICCD).
- Directed management through meeting Minutes to develop Software or a program for generating various reports to be utilized for Off Site supervision purpose by the Audit Committee.
- Asked for and reviewed report on the status of deferral(s) given to different customers.
- Reviewed quarterly progress report of Audit & Inspection Division of the Bank.
- Reviewed audit findings and observations found during conducting IT Audit on 'e-Doc' Software used for checking and preservation of 'Security Documents' in electronic form.
- Reviewed report on Comprehensive inspection conducted on Islamic banking division, Head Office
- Reviewed Integrated Report on the Health of Prime Bank Limited for the year 2016.
- Reviewed few disciplinary actions taken by Management in response to the irregularities pointed out by the various audit teams.
- Called into question the performance of those Audit Teams that failed to highlight and draw attention of the competent authorities regarding the irregularities uncovered during their audit
- Perused and recommended the Compliance Policy – 2016 of Prime Bank for consideration of the Board.
- Perused and approved "Compliance Rating format for the Branches"
- Reviewed and recommended the Internal Control & Compliance Manual 2016 to the Board for consideration/ approval.
- Reviewed compliance status of Internal Audit objections
- Reviewed the compliance status of objections raised by Bangladesh Bank Inspection team before placing those to the Board.
- Reviewed common observations on Departmental Control Function Checklist (DCFCL) and Quarterly Operations Report (QOR)
- Directed management through meeting minutes to set up a Business Intelligence Unit at the Head Office (CRM) to assist Management taking appropriate decision on critical business propositions.
- Perused Revised Internal Audit Charter of Audit & Inspection Division
- Reviewed self-assessment of Anti-fraud Internal Controls

The Minutes of the Audit Committee Meetings were placed to the Board on quarterly basis for information and endorsement.

The Committee also carried out the following activities:

- Reviewed the Draft Annual Financial Statements for 2016 and recommended suitable changes where required before presenting to the Board. In this regard, the Committee also held discussions with the representatives of External Auditors: 1) M/S ACNABIN; and 2) M/S Syful Shamsul Alam & Co.; to ascertain compliance with the regulatory requirements & international standards in preparation and observation of the financial statements.
- Scrutinized the applications of the intending External Auditors of the bank before placing their names in the AGM for appointment for the year 2017.
- Endorsed the Activity report of the Audit Committee for the year 2016 and related reports drafted for insertion in the Annual Report- 2016 of the Bank and authorized the Chairman of the Committee to sign on its behalf.

Before concluding this report, I would like to express my gratitude to all the Members of the Committee for giving their valuable time and services to fulfill the objectives of the Committee in the best interest of the stakeholders. I would also like to thank the Management & the Board of Directors for allowing the Committee to discharge its duties and responsibilities as an independent Committee of the Board.



Shamsuddin Ahmad Ph.D
Chairman, Audit Committee

REPORT ON RISK MANAGEMENT BY **CHIEF RISK OFFICER**

Identifying, measuring, monitoring and controlling various type of risks are vital for ensuring the health of a Bank as well as the whole financial systems. In addition to the traditional risks faced by the Banks in credit and market risks, various operational risks are created due to following reasons:

- Increasing use of automated technology
- Growing importance of IT integration and shared services across financial institutions and entities
- Necessity of reducing earnings volatility and achieving cost efficiencies
- Shifting from vanilla type products to technology based products which are creating more complexity in product and product development
- Increasing customer needs
- Evolving outsourcing arrangements and increasing dependency
- Increasing focus by regulators on legal, fraud, and compliance issues.
- Knowledge gap and lack of supervision.

This has necessitated development of enterprise wise risk management framework for the Banks. Prime Bank Limited (PBL) is increasingly focusing on development of appropriate risk management framework for managing risks of the Bank. Risk Management Division has been set up which shall Identify, monitor and report various type of risks and develop Bank-wide integrated risk management culture. The Division has been working on identifying the gaps in the risk management procedure of the Bank, placing those issues to Management Risk Committee (MRC) comprising of members from all key business / risk areas and following up for rectification. Major activities of RMD include preparing Risk Management Paper, performing stress testing, vetting of different Product Program Guidelines, process manuals, developing various risk models and acting as an operation layer for Internal Capital Adequacy Assessment.

Credit Risk Management

Increased focus has been given in managing Credit Risk Management. Total Credit Administration Process has been centralized which have mitigated various risks arising from human error in branch banking. Similarly, Trade related functions of branches have been shifted to centralized Trade Service division during the year 2015. To reduce the residual risks, the security related documents is being revalidated by legal firms and also cross examined by the independent audit firms. Corrective measures have been taken as per the audit report issued. Periodical Stock verification and insurance coverage has been made mandatory before sanctioning or renewing any credit proposals. Since the Bank has significant exposure in RMG sector, a separate Merchandiser Team has been formed with people having adequate experience in RMG operation. This has enhanced the Bank's capability to identify risks and mitigate them on time. In order to shift to risk adjusted return on capital borrower's rating is considered while considering any price adjustment. This is encouraging the borrowers to come under rating procedure of rating agencies.

Operational Risk Management

Operational Risk Management (ORM) is a continual cyclic process which includes risk assessment, risk decision making, and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. ORM is the oversight of operational risk, including the risk of loss resulting from inadequate or failed internal processes and systems; human factors; or external events. Operational Risk Management of the bank is guided by the "principles for the sound management of Operational Risks" suggested by Basel committee on Banking supervision. One of the principles is to have a strong control environment that utilizes policies, processes, and systems; appropriate internal control; and appropriate risk mitigation and/or transfer strategies. Bank, follows a sound internal control program that consists of five components of that are integrated to risk management process; Control environment, risk assessment, control activities, information & Communication and monitoring activities.

Risk Management and Control functions units of the bank requires to ensure appropriate operational risk management by implementing Segregation of duties, system automation, data accuracy, proper supervision, on and off-site monitoring with the aid of MIS & Reports and senior management overview. The bank is consciously driving the culture to implement bank wide operational risk management involving all its employees.

Information Technology Risk

PBL has an IT audit team, which has been formed as per the Central Bank's guideline. The team conducts IT Audit in each branch on a periodic basis and provides suggestions to higher management. Moreover, independent Information Security Department has been formed to assess the IT related risks faced by the Bank and suggest appropriate measures to mitigate risk.

Market Risk

Market risk is actively monitored by the Treasury Division of the Bank. As per stress testing, the Bank is unlikely to face any major risks in liquidity, interest rates and foreign exchange. A system based Value at Risk (VaR) Model is being used by the Bank to assess the risk related to the Foreign Exchange position. Treasury Mid office monitors risk limits including position limits and stop loss limits for the trading book and reviews periodically. Interest rate risk is monitored through the use of re-pricing gap analysis and duration analysis.

Environmental & Social (E&S) Risk Management

PBL has incorporated Environment Risk Management (ERM) policy in the CRM policy manual and made Environmental Risk Rating (EnvRR) and Environmental Due Diligence (EDD) mandatory in the credit proposals. The bank has also appointed E&S Risk Manager as custodian of environmental and social risk management policies and procedures who is responsible for development, review, and administration of E&S risk management system in the bank. During 2016, the Bank has financed an amount of BDT 3631.5 million in 17 projects having ETP. To explore new ventures in environment friendly projects, the Bank has conducted several field visits, meetings with existing and prospective entrepreneurs, consultants and Central Bank officials. In 2016, approximately 385 employees have been enlightened with sessions on green banking. Furthermore, the Bank has arranged various external workshop/training/seminar related to green banking organized by different external bodies for the nominated officials of the Bank. Yet our effort will continue for making our business sustainable which will ultimately improve the quality of "life" in the long run.

Pillar 1 Risk Management

PBL has been maintaining capital above the minimum capital requirement as against Credit, Market and Operational risk. The Bank has proper credit risk mitigation process in place. Moreover, PBL is consistently trying to rate its corporate borrowers not only to have expert opinion on the borrowers but also to have capital relief. As of December 2016, PBL has 38.91 percent of its corporate borrowers rated through External Credit Assessment Institutions (ECAIs). Through borrower rating, PBL achieved capital relief of 10,594.38 million during 2016 compared to capital relief of 8,679.42 million during 2015. In terms of Capital Adequacy, PBL was well ahead of minimum capital requirement of 10 percent in all the four quarters of 2016, to be exact Capital to Risk weighted Asset Ratio of the Bank was 13.55% at the end of March, 12.79% at the end of June, 12.21% at the end of September and 12.71% at the end of December, 2016. Besides, Proper organizational structure and procedures are also in place to ensure mitigation of operational risk and market risk.

Pillar 2 Risk Management

The key principle of the Supervisory Review Process (SRP), the second Pillar of Basel-III is that "Banks shall have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level". SRP covers additional risks like Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk etc. PBL assessed its additional capital requirement under Pillar 2 and submitted the statements on Internal Capital Adequacy Assessment Process (ICAAP) to Bangladesh Bank. PBL has also been conducting stress testing on its financials and asset portfolio on quarterly basis and reporting the outcomes to Bangladesh Bank, as a part of Pillar 2 risk management.

Pillar 3: Market Discipline

PBL always delivers the appropriate disclosures not only to meet the regulatory requirements but also as per international best practices. Disclosures on the position of PBL's risk profile, capital adequacy, and risk management system has been included in this Annual Report also. As per the Bank Companies Act 1991 (Amended up to 2013), and as guided by the Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013 the Risk Management Committee (RMC) of the Board has been formed to look after the risk management issues of the Bank.

Revised Regulatory Capital Framework for banks in line with Basel III

Bangladesh Bank vide BRPD Circular No – 18 dated December 21, 2014 issued "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" with effect from January 01, 2015. The new guidelines aimed to strengthen the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. PBL is well poised for implementing Basel III phase by phase during the period 2015-2019. It is mentionable that, PBL is maintaining much higher Common Equity Tier-1 (CET-1) capital ratio than the prescribed minimum ratio of 4.5% by Bangladesh Bank. Last of all but not the least, PBL always had the reputation of being one step ahead and committed to continue the same in the coming days.

REPORT ON THE ACTIVITIES OF
RISK MANAGEMENT COMMITTEE

Risk Management Committee Disclosures

The Risk Management Committee (RMC) is the third Committee of the Board besides the Executive Committee and the Audit Committee in consistence with the Bank Company Act 1991 (amended up to 2013) and subsequent BRPD Circular no. 11, dated October 27, 2013 of Bangladesh Bank. At Present, following Directors of the Board are representing the Risk Management Committee:

Sl	Name	Status in the Bank	Status in the Committee
1	Dr. G.M. Khurshid Alam	Independent Director	Chairman
2	Mr. Shamsuddin Ahmad, Ph.D.	Independent Director	Member
3	Mr. M Farhad Hussain FCA	Independent Director	Member
4	Mr. Shahadat Hossain	Director	Member
5	Mr. Imran Khan	Director	Member

Duties and Responsibilities

- Identifying different risks, introduce and implement proper strategies to control those risks, review existing risk management principles & procedures and take corrective measures if necessary;
- Ensure appropriate organizational structure for risk management;
- Form separate committees at Management level for compliance of instructions under risk related guidelines and supervision of their activities;
- Review risk management policies and guidelines, review loan approval limit and submission to the Board for necessary revision each year;
- Examine and approve the preservation of data and reporting implemented by the management and ensure implementation of the same;
- Inform the Board of Directors about the summary of minutes of meetings of the committee;
- Submit decisions/recommendations of the Committee to the Board on quarterly basis. If sought by the committee, internal and external auditors will submit evaluation report to the committee.

The Board of Directors of the Bank has formed the Risk Management Committee (RMC) as per guidelines of Bangladesh Bank. Risk Management Committee of the Board oversees the overall risk management of the bank. The committee also reviews risk management policies, process & guidelines of the bank and submit it to the Board for prior approval or renewal as necessary. During 2016 Five (05) RMC meetings were held and forty four (44) memos were placed before the RMC. The agendas discussed in the RMC meeting are as below:

Sl	Name of the Memo	Number of Memo
1	Borrower Rating Status	4
2	Compliance of Core Risk Inspection	4
3	Compliance Status of RMC meeting	5
4	Data Leakage Prevention (DLP) and Bring Your Own Device (BYOD) Policy	1
5	Environmental and Social (E&S) Risk Management Policy	1
6	Green Banking Activities	3
7	Internal Capital Adequacy Assessment Process statement	2
8	Internal Credit Limit of the Bank	1
9	Internet Banking Security Policy	1
10	Large Loan restructuring	7
11	Money Laundering & Terrorist Financing Risk Assessment Guideline	1
12	Risk Appetite Statement	1
13	Risk Management Policy	5
14	Risk Management Report	4
15	Stress Testing Report	4
	Total	44

PRIME BANK STOCK

The committee likes to extend sincerest thanks to all the members of the Risk Management Committee for their valuable time and support for facilitating to carry forward the objectives of the Board. The Committee also likes to thank the Management & the Board for assisting the Committee to discharge its due role.

Risk Management Committee Meeting: 2016

Present Members of the Risk Management Committee

Sl	Name of Directors	Designation	Presence of the Directors at the Meetings			Remuneration Drawn
			No. of Meetings	Present	Absent	
01.	Dr. G. M. Khurshid Alam	Chairman	05	04	01	Tk. 8000/- × 4 Total= Tk. 32,000/-
02.	Mr. Shahadat Hossain (Appointed on (22.05.2016)	Member	02	02	0	Tk. 8000/- × 2 Total= Tk. 16,000/-
03.	Mr. Imran Khan (Appointed on (22.05.2016)	Member	02	01	01	Tk. 8000/- × 1 Total= Tk. 8,000/-
04.	Mr. Shamsuddin Ahmed Ph.D	Member	05	04	01	Tk. 8000/- × 4 Total=Tk. 32,000/-
05.	Mr. M. Farhad Hossain FCA	Member	05	03	02	Tk. 8000/- × 3 Total= Tk. 24,000/-

Past Members of the Risk Management Committee

01.	Mrs. Nasim Anwar Hossain	Chairperson	03	03	0	Tk. 8000/- × 3 Total = Tk. 24,000/-
02.	Khandker Mohammad Khaled	Member	03	0	03	Nil



Dr. G.M. Khurshid Alam

Chairman, Risk Management Committee

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REPORT OF PRIME BANK
SHARI'AH SUPERVISORY COMMITTEE

Bismillahir Rahmanir Rahim.

All praises are for Allah Subhanahu-wa-ta'ala. He is the One and Second to none.

Salat and Salam are on Hazrat Muhammad (peace be upon him) who is the best Prophet and the last messenger of Allah.

In the year 2016, four meetings of Prime Bank Shari'ah Supervisory Committee were held where different operational issues including those referred to by the Management of the Bank were perused by the Committee and necessary guidelines and counseling were provided thereon. Respected members of the Committee also addressed Iftar Mahfils arranged by the Islamic Banking Division of the Bank and held formal and informal discussions on Shari'ah issues that inspired all concerned for compliance with Shari'ah principles. Apart from this, the Muraqibs audited all Islamic banking branches during the year 2016 and submitted reports thereon. Based on the reports, some branches were advised to improve their standard of Shari'ah compliance in certain areas.

After reviewing Shari'ah audit reports, the Prime Bank Shari'ah Supervisory Committee opined that awareness on Shari'ah compliance has been increased during the year under report, among the officials related to investment and also among the investment clients as compared to the previous year. It has also been observed from the reports of the Muraqibs that desk level violations in investment deals have been substantially decreased. Most of the Shari'ah violations occur due to weakness in the Islamic banking software which is now under implementation of an up-graded version and expected to do away with the weaknesses after completion of the up-gradation process very soon.

Based on the Committee observations, the Management of the Bank considered installing Islamic banking software as a special project and has given top priority to install the software at the earliest. It has also been observed that Shari'ah audit conducted by the Muraqibs resulted in increased commitment on Shari'ah compliance among the branch officials.

Besides providing observations and guidelines, the Shari'ah Supervisory Committee also recommended the Management for doing the needful for advancement of Islamic banking operations at Prime Bank. It was suggested that training on Shari'ah principles should be increased and the manpower of Islamic banking branches of all tiers should be brought under the process.

The Committee recommended to engage manpower having sufficient knowledge and to impart training on Islamic Shari'ah at all Islamic banking branches to ensure proper conbuction of Islamic mode of finance and banking in investment operation and the Committee also felt that officials should be more cautious about Shari'ah compliance while financing, especially in buying and selling of goods. Furthermore, strict supervision of Islamic banking activities based on Manual/SOP prepared for the purpose was stressed by the Shari'ah Supervisory Committee.

May Allah give us Taufique to attain His satisfaction through implementation of Shari'ah in every sphere of life.

Ameen.

Abu Zafar Md. Sheikhul Islam
Member Secretary

Prof. Maolana Mohammad Salahuddin
Chairman

ETHICS & **COMPLIANCE**

Professional Ethics:

Compliance should not be seen as restrictive, but rather as a positive approach that is in all of our interests. It contributes to developing Prime Bank's business. The commitment of our employees, at all levels, to compliance issues serves as a reflection of our shared values. Prime Bank has its own Charter of Professional Ethics that reflects our ambitions, commitments and principles of excellence. It sets out our fundamental ethical principles and serves to guide our professional conduct.

Respect for rules and others:

Rules on professional conduct and compliance have always been a key part of our business. These rules go beyond simply applying the legal provisions and regulations currently in force. The conduct of each individual should be guided by the principles of good faith and honesty. Everyone has a responsibility to comply with the law and regulations – particularly those that relate specifically to banking – in the interests of all stakeholders.

Customer insight:

Prime Bank has put in place a series of procedures and tools that enable it to identify and gain a better understanding of its customers. The processes for opening accounts for new customers and for creating and updating customer files are governed by strict rules.

Preventing conflicts of interest:

Prime Bank has put in place decision-making systems to prevent conflicts of interest from arising, in particular by separating its investment and commercial divisions and adopting a collective approach to lending decisions.

Respect for others:

This principle demands that the conduct of every individual be governed by the notions of good faith, honesty, moral integrity, precision and professionalism. Employees are expected to serve customers with loyalty, care and discretion.

Respect for professional secrecy:

Prime Bank employees are bound by professional secrecy. They are prohibited from using any confidential information of which they may become aware in the course of their work to perform transactions, whether directly or indirectly, for their own profit or that of others.

Transparency:

Our Banks inform customers of the conditions and rates that apply to the products and services they offer. Our employees are expected to give their customers clear information about the services, products and loans on offer.

Meeting our commitments:

Customer-facing employees must be aware of the level of service that can be delivered to customers and take care not to enter into commitments that cannot reasonably be met.

Collective disclosure requirements:

Employees can directly alert the Group's managers, directors or shareholders of any anomalies that they notice, particularly with regard to ethics, without fear of reprisals or sanctions.

Combating money laundering and the financing of terrorism:

Prime Bank have introduced an internal handbook on ways of combating money laundering and the financing of terrorism. All employees are expected to remain vigilant in this regard. This vigilance is based upon knowing their customers well. The bank does not engage in transactions or financial deals with individuals or corporations of whose identity and/or activities it is not aware.

FMARKET STOCK

HUMAN **CAPITAL**

The term human capital in an organizations and businesses are an important and essential asset who contributes to development and growth, in a similar way as physical assets such as machines and money. The collective attitudes, skills and abilities of people contribute to organizational performance and productivity. Any expenditure in training, development, health and support is an investment, not just an expense.

Human capital refers to the knowledge and skills of an individual. Putting a monetary value directly on human capital would be an impossible task. However, we commonly measure the value of human capital as the present value of a person's future wage and salary income. For example, if a person were starting a 45-year career with an initial salary of Tk.40, 000 and expected his or her salary to grow at an average annual rate of 3%, then using an 8% rate for the time value of money, this person's human capital at the start of his or her career will be Tk.705, 224. Higher growth rates or lower time value of money rates will produce higher human capital valuations. It is certainly reasonable to identify the human capital of many new college graduates as being worth more than Tk.1m.

As we mature, for most of us our human value will actually initially increase as we acquire more skills and knowledge. However, eventually the reduction in the number of remaining years of work will begin to reduce our human capital value. On the day we retire and give up all future employment, our human value as we normally measure it would become zero. For most people, their human capital is their single most valuable asset. As such, it is extremely important that this asset be protected with such tools as life insurance and disability income insurance.

An organization can't survive if there are no employees. Organization runs with the help of individuals who contribute in their own way in its success and productivity. Employees spend maximum part of their day in offices and strive hard to achieve the goals and objectives of the organization. Employees ought to be motivated from time to time so that they develop a sense of attachment towards their organization and also deliver their best. Every employee in his/her tenure acquires some set of skills through his experience, exposure, trainings and so on which further increase his/her productivity eventually benefitting the organization. Knowledge and expertise which employees develop in due course of time to further increase the productivity of organizations refer to human capital. Every employee tries his level best to sharpen his/her skills during his stint with the organization. Human capital is defined as the collective stock of skills, attributes, knowledge, and expertise of employees which further plays an integral role in increasing the productivity of the organization.

In summary, people should be treated as an asset rather than an expense item. Every effort should be taken, whether formally or informally, to develop skills and abilities and to provide opportunities for people to maximize their contribution.



CAPITAL **PLAN**

Capital planning is a dynamic and ongoing process that, in order to be effective, is forward-looking in incorporating changes in a bank's strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy. Capital planning assists the bank's Board of Directors and senior management to:

1. Identify risks, improve their understanding of the bank's overall risks, set risk tolerance Levels, and assess strategic choices in longer-term planning;
2. Identify vulnerabilities such as concentrations and assess their impact on capital;
3. Integrate business strategy, risk management, capital and liquidity planning decisions, including due diligence for a merger or acquisition and
4. Have a forward-looking assessment of the bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment.

The most effective capital planning considers both short-term and long-term capital needs and is coordinated with a bank's overall strategy and planning cycles, usually with a forecast horizon of at least 5 years. Banks need to factor events that occur outside of the normal capital planning cycle into the capital planning process; for example, a natural disaster could have a major impact on future capital needs.

The capital planning process should be tailored to the overall risk, complexity, and corporate structure of the bank. The bank's range of business activities, overall risks and operating environment have a significant impact on the level of detail needed in a bank's capital planning. A more complex institution with higher overall risk is expected to have a more detailed planning process than an institution with less complex operations and lower risks. While the exact content, extent, and depth of the capital planning process may vary, an effective capital planning process includes the following components:

a) Identifying and evaluating risks;

b) Setting and assessing capital adequacy goals that relate to risk;

c) Maintaining a strategy to ensure capital adequacy and contingency planning;

d) Ensuring integrity in the internal capital planning process and capital adequacy assessments.

Our approach to capital management is driven by its strategic objectives whilst ensuring that the regulatory requirements, capital targets and risk appetite are met at all times across the Bank. Effective capital management is fundamental to the sustainability of the Bank. As such, the Prime Bank proactively manages its capital position, capital mix and capital allocation to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the return on capital commensurate with risks undertaken by respective business units and subsidiaries. The process involves an on-going review and approval by Prime Bank's senior management and Board of Directors in line with the Bank's risk appetite and target capital adequacy ratios. The role of capital management is to ensure capital levels are adequate and with efficient capital mix to:

Maintain adequate capital ratios at levels sufficiently above the minimum regulatory requirements which will support business growth and material risks undertaken.

i. Maintain the Bank's strong credit ratings from reputed rating agencies;

ii. Allocate and deploy capital efficiently to business units and subsidiaries to optimize return on capital;

iii. Remain flexible to take advantage of future opportunities; and

iv. Build and invest in business, even in businesses reasonably stressed.

HOW DO WE MANAGE CAPITAL AT PRIME BANK

Our capital management is guided by robust capital management policies and procedures across the Bank. The Prime Bank's approach to managing capital is set out in various frameworks which are approved by the Risk Management Committee (RMC) and the Board and includes amongst others:

Capital Management Framework

The Capital Management Framework comprises the governance, policies and procedures which set out the requirements for effective management of capital at Prime Bank level and its entities, including identification, assessment, monitoring, managing and reporting of any capital matters to relevant committees such as RMC and the Board.

The Capital Management Framework contains the basis for setting of internal capital targets and also the principles for the development and usage of Risk Adjusted Return on Capital (RAROC) to measure and manage the return on capital across the Bank.

Capital Contingency Plan

Safeguarding the capital levels of all entities across the Prime Bank is of paramount importance. The Capital Contingency Plan is to ensure robust monitoring of capital position and provides a framework for effective governance and escalation process in the event of a capital crisis. The Capital Contingency Plan also formalizes the basis, strategies and action plans to restore capital back to healthy levels in the fastest possible time without affecting business plans, assets growth and strategic agenda.

Annual Capital Plan

The Annual Capital Plan involves detailed planning of the Bank's strategic capital plan over at least a 3-year horizon period. The plan highlights the capital projections, capital requirements, levels of capital and capital mix to support the Bank's business plan and strategic objective.

CAPITAL STRUCTURE

Prime Bank places strong emphasis on the quality of its capital in order to continue meeting the minimum regulatory requirements and support business growth and risks undertaken. Thus, the Prime Bank holds a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on going concern basis. In addition to common equity, the Prime Bank also maintains other types of capital instruments such as subordinated debts in order to optimize capital mix and reduce overall costs of capital.

CAPITAL ADEQUACY RATIO

The Prime Bank is required to comply with Capital Adequacy Framework (Capital Components) for the determination of capital and computation of Capital to Risk Weighted Asset Ratio (CRAR) which are subject to a series of transitional arrangements, commencing 1 January 2015 and to be fully effective by 2019. Under BB's capital adequacy framework, which came into effect on 1 January 2015, we are required to maintain the regulatory capital as per the followings table. The regulatory minimum capital requirements will also include the introduction of Capital Conservation Buffer of 2.5% which will be phase-in from 1 January 2016 to 1 January 2019.

	2015	2016	2017	2018	2019
Minimum Common Equity Tier 1 Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	0	0.625%	1.25%	1.875%	2.50%
Minimum CET1 plus Capital Conservation Buffer	4. 5%	5.125%	5.75%	6.3375%	7.00%
Minimum Tier 1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

STATEMENT OF
NON-PERFORMING LOAN (NPL)

The overall banking sector got impacted by certain factors: excess liquidity, very high NPL, probability of re-classification of loans earlier rescheduled taking the temporary flexibility from regulators, and slower demand for credit from private sectors. Moreover, credit performance of few large commodity traders and importers continues to put pressure on NPL as well as profitability of banking sectors. Establishing or maintaining good governance, managing NPL including collecting bad loans and increasing profitability were major challenges for 2016 since recovery from rescheduled loans was not encouraging. Major industrial sectors did not perform in line with expectations mainly due to infrastructural bottlenecks.

From the micro-prudential perspective, it is in the Prime Banks' interest to reduce the amount and number of NPLs, as it protects solvency and liquidity, which is ultimately aimed at protecting our clients' interests. At the same time, resolving the issue of NPLs has a macro-prudential dimension as well, considering that the high rate of NPLs can pose a systemic risk. Systemic risk can occur if the aggregate lending activity is lower than it would be if the NPL ratio was not that high. The evidence shows that the level of NPLs is the indication of problems faced by a country's economy and its real sector, which is not capable to repay its debt, but it can also be a sign of a poor economic scenario.

Non-Performing Loan (NPL) is a debt obligation where the borrower has not paid previously agreed upon interest and principal repayments to the designated lender for an extended period of time. The non-performing assets are therefore not yielding any income to the lender in the form of principal and interest payments. Therefore, managing Non-Performing Loan (NPL) to keep it at the lowest possible level is at the core of our business priorities. We have embedded the essence of asset quality in our business values, therefore, instituted the best local as well as international industry practices throughout our business processes.

Prime Bank has a Recovery Division, dedicated for management, settlement and recovery of problem credits. Major responsibility of this Division is to formulate strategy and action plans for minimization of risk, prevention of credit losses, maximization of recoveries, and rescheduling, recovery and/or pursuing legal actions.

The collection process of Prime Bank Ltd. is defined as the set of coordinated, appropriate, and timely activities aimed at full collection of loans from clients. The process is intended to convert the receivables into liquid assets as quickly and efficiently as possible, while at the same time maintaining the goodwill of the client in case of future transactions. As such, the collection process requires significant interaction with the client, beginning with a careful analysis of the client's situation and continuing through timely and frequent contact over the duration of the loan. Clients should be offered payment alternatives that are timely and appropriate to each situation, and all collection activities should be recorded to facilitate continuous monitoring and follow-up as well as control of client compliance with negotiated agreements.

Key Priorities

In order to achieve the general goal, Prime Bank has identified several key areas and decided to make improvements in regulatory framework, capacity building and implementation of laws:

- Structural development of the Division all through the year;
- Enhancing banks' capacity & strategy to deal with NPLs;
- Enabling business processes & structures to facilitate NPL Management;
- Improving and promoting out-of-court debt settlement;
- Improving in-court debt resolution.

Enhanced Prime Banks' Capacity to deal with NPLs

Furthermore, Banks are required to establish efficient monitoring of lending, including the system of early warning for increased credit risks, which enables timely identification of debtors with whom this increase occurred and which includes the definition of qualitative and quantitative indicators for early observance of increased credit risk.

NPL management is one of the topmost priorities of Prime Bank. At Prime Bank, monitoring starts from the very beginning of the business process. The steps of NPL Management work flow are as follows:

- Prime Bank has promulgated self-credit policies in line with best practices which are guiding business relationship teams to involve their best business efforts towards quality business through systematic management of any potential risk for being highly judicious in selecting borrowers.
- Relationship Managers are preparing loan proposals without any interference of any third party, top management of the Bank or the client. Our Credit Risk Management Team independently reviews the credit proposals, approves, recommends for onward approval where the potential risks are being screened of ensuring adequate protection against any latent NPL.
- The credit proposals are also being reviewed by the Head Office Credit Review Committee consisting top officials from different Divisions who also put into a wide variety of inputs from different aspects ensuring the least possibility of NPL.
- Even after approval of credit facilities, the post-approval activities like credit facility documentations and executions are carried out by separate Division namely- Credit Administration Division and vetting of credit facility and collateral documentations are taken care of by separate division namely Legal Division which are independent in reporting line from business units to avoid conflict of interests.

- Post disbursement activities like monitoring, supervision, early alerts etc. are performed by Credit Risk Management Division. Recovery, regularization, rescheduling from non-performing assets activities are initiated by Recovery Division which continuously thrives for protection against NPLs. Regular due date and overdue status, reminders through SMS, e-mails, letters, telecommunications, meetings, discussions, visits etc. with the clients are consistently carried out by the respective Divisions which facilitate managing NPL at the lowest possible level.
- For managing NPL cases arising out even after all the above mentioned efforts, dedicated teams are in place to directly monitor, put into action and intensify recovery and collection drives through internal recovery officers and third party recovery agents, where necessary. Litigation Unit of Legal Division is well organized with the assistance of internal law officers and leading law firms of the country to ensure all out legal actions for collection of Bank's dues.
- Risk Management Division, Credit Risk Management Division and Audit & Inspection Division are consistently reviewing and monitoring the implementation and execution of policies, procedures, systems; blowing whistles where necessary; updating with approval of competent authority with various stake-holding Divisions.
- Top Management of the Bank is very vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; to ensure asset quality maintaining the NPL Ratio towards its desired goals outperforming the industry ratio.
- On top of all, there are several Recovery Task Forces which periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality asset portfolio and maximize business and profitability growth.

Under the present overall socio economic dynamics, Prime Bank has prioritized to extend purpose-oriented credit facilities with required security/collateral support as their policy priority since diversion of fund is one of the identified causes of loan default. So, it becomes of imperative need to keep a close watch on the borrower's business operations and the movement of its financial indicators in an empirical manner.

Prime Bank has formulated well-structured NPL management strategy covering following areas:

- Ensuring that the funds are utilized for the purpose for which they were sanctioned. To see that the terms and conditions are complied with.
- Monitoring of the project implementation for avoiding time lag and consequential cost over runs.
- Evaluation of the performance in terms of production, sales, profits on a periodic basis for ensuring that the borrower is keeping to the original plan and is having sufficient profits to service the debts as well as for the sake of maintaining normal business momentum.
- Assessment of the impact of negative externalities on the performance of the company.
- Detection of the symptom of sickness at the early stage for initiating measures at the opportune moment.
- Identification of geographical area-wise risk sensitivity.
- Prompt action on credit reports.
- Capacity building of Recovery related RMs.
- Goals of monitoring and follow up.
- No compromise with due diligence in the sanctioning process keeping in mind "Prevention is better than cure".
- Identification of highly risk sensitive borrowers in the credit portfolio.
- Action plan for potential NPLs.
- Targeting high value end NPL accounts (having exposure of Tk. 0.50 crore and above).

Prime Bank believes that its intense recovery strategies and innovative approaches will lead to a transition in aspired higher growth trajectory.

During the year 2016, the NPL Ratio of the Bank has significantly decreased to 5.96% from previous year's 7.82%. The absolute figure shows a sharp decline in classified portfolio from BDT 11,882.80 million in 2015 to BDT 10,139.48 million in 2016. The improvement has occurred due to stringent and rigorous monitoring over the loan portfolio. Special efforts are being made by forming various Recovery Task Forces during the course of the year, which is reflected in the performance of 2016. All stakeholders helped to reduce the impact of the stressful economy on NPL to a moderate extent comparing to the industry.

Movement of NPL:

The movement in NPL accounts during the years 2016 & 2015 has been depicted in the following table:

Particulars	BDT in Million	
	2016	2015
Opening Balance (NPL)	11,882.80	11,214.64
Add: Addition NPL during the period	9,597.24	12,988.55
Less: NPL recovered during the period	(1,489.08)	(2,757.89)
Less: NPL declassified/regularized as performing during the period	(4,096.50)	(7,214.21)
Less: NPL written-off during the period	(5,754.98)	(2,348.29)
Closing Balance (NPL)	**10,139.48**	**11,882.80**

Written-offs:

During the years 2016 & 2015, the movement of written-off accounts is as under:

Particulars	BDT in Million	
	2016	2015
Opening Balance	10,098.86	7,848.48
Add: Addition during the year	5,754.98	2,348.29
Less: Collection/ reduction during the year	(424.85)	(97.91)
Closing Balance	**15,428.99**	**10,098.86**

Sector-wise Loan Exposure and NPL Status:

Following Table shows sector-wise exposure vis-à-vis sector-wise NPL of Prime Bank Ltd.:

Sectors	Sub-sectors	BDT in Million					
		Year 2016			Year 2015		
		Total Loans & Advances	Total Classified Loans	Sector-wise NPL in % of Total Portfolio	Total Loans & Advances	Total Classified Loans	Sector-wise NPL in % of Total Portfolio
Agricultural Loans		4,152.37	25.74	0.62%	1,968.40	15.20	0.77%
Industry	1. Large Scale						
	a) Food Manufacturing	5,644.00	441.70	7.83%	5,214.50	1,189.00	22.80%
	b) Beverage	593.10	-	-	150.10	-	-
	c) Tobacco	885.70	-	-	880.20	-	-
	d) RMG	12,531.90	1,240.00	9.89%	9,291.60	1,157.10	12.45%
	e) Textile	10,056.80	115.50	1.15%	8,718.60	143.60	1.65%
	f) Footwear, other wearing apparel & made up Textiles	223.20	1.00	0.45%	530.40	0.40	0.08%
	g) Wood Cork & allied products	-	-	-	-	-	-
	h) Furniture & Fixture	1,234.30	0.10	0.01%	818.00	6.80	0.83%
	i) Paper & paper products	45.20	-	-	75.40	-	-
	j) Printing, publishing & allied industries	1,115.80	-	-	1,192.90	62.60	5.25%
	k) Leather & leather products	-	-	-	12.70	-	-
	l) Rubber products	2,163.70	5.10	0.24%	2,475.60	662.50	26.76%
	m) Chemical & chemical products	702.30	16.00	2.28%	717.10	-	-
	n) Petroleum & coal products	-	-	-	-	-	-
	o) Non-metallic mineral products	7,125.40	7.30	0.10%	5,814.00	8.90	0.15%
	p) Basic metal products	12,943.90	438.60	3.39%	12,346.50	398.40	3.23%
	q) Electrical Machinery & apparatus	691.90	-	-	482.00	10.60	2.20%
	r) Other manufacturing industries	5,074.10	106.90	2.11%	4,688.60	71.00	1.51%

	s) Ship building	762.70	742.00	97.29%	686.70	-	-
	t) Ship breaking	898.60	-	-	1,250.60	-	-
	u) Pharmaceutical	1,451.60	-	-	1,127.90	-	-
	2. Small Scale	1,175.80	29.30	2.49%	1,621.10	107.50	6.63%
Construction		17,431.20	1,449.70	8.32%	12,732.80	364.00	2.86%
Power, Gas, Water & Sanitary Services		241.80	-	-	169.00	-	-
Transport, Storage & Communication		4,629.90	461.20	9.96%	4,492.80	172.40	3.84%
Trade Services		17,222.90	1,476.60	8.57%	20,310.90	2,660.90	13.10%
Housing Services	1. Urban						
	a) Commercial	3,372.60	1,115.50	33.08%	9,655.60	1,253.60	12.98%
	b) Residential	3,746.00	311.00	8.30%	4,148.60	352.10	8.49%
	2. Rural	334.40	28.80	8.61%	370.30	32.40	8.75%
Professional and Miscellaneous Services		10,210.30	808.30	7.92%	5,978.20	1,051.40	17.59%
Others		25,689.93	368.14	1.43%	21,427.23	1,213.79	5.66%
OBU		17,860.40	951.00	5.32%	12,516.20	948.60	7.58%
Total		170,211.80	10,139.48	5.96%	151,864.53	11,882.79	7.82%

Prime Bank projects domestic demand-driven economic activity will remain relatively buoyant, as indicated by credit growth, industrial activity and import needs which are reflected in the loan portfolio of our Bank. During past few years, Prime Bank maintained a supervisory vigilance on lending efficiency and risk management which will further be strengthened with particular emphasis on transparent, accountable corporate governance and substantial reduction in loan defaults. Prime Bank also decides to go for socially responsible financing to foster social cohesion, with output initiatives that promote entrepreneurship, create more and better jobs, protect environment and reduce NPL substantially. To shrink NPL rate substantively, Prime Bank has also been making efforts to nudge the loan sanctioning system toward addressing long-term sustainability concerns, by supporting an inclusive, job-intensive and environmentally sustainable growth mainstreaming financial inclusion initiatives.

In order to arrest NPL, our focus was not only on reducing NPL portfolio, but also avoiding further NPL. In line with that, we have strengthened our recovery and monitoring drives, deployed external sources where found suitable, strengthened our legal team, thereby intensified recovery initiatives which brought in defaulting clients under negotiation and thereby sizable recovery was possible in the year 2016 in comparison with 2015. On the other hand, in order to check any further significant NPL, we have extensively reorganized our Division and enhanced in-house lawyers incorporating leading law firms and re-engineered business and operational processes putting into a strong risk management framework in place which are expected to result further improvement in the year 2017.

BUSINESS REVIEW
& ANALYSIS

Management Report & Analysis -
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MANAGEMENT REPORT
AND ANALYSIS

General overview and future outlook

Bangladesh has been undertaken major restructuring for establishing a market economy, with the major thrust coming from the private sector. The country enjoys modest but steady economic growth. Its current development strategy is based on the premise that the creation and distribution of wealth occurs through the acceleration of growth driven by competitive market forces, with the government facilitating growth and making a clean break from the practices of a controlled economy where private investment is constrained. With this end in view, the government has been gradually withdrawing its involvement in the industrial and infrastructure. Regulatory controls and constrains have been reduced to a minimum. The government has steadily liberalized its trade regime. Significant progress has been achieved in reducing non-tariff restrictions on trade, rationalizing tariff rates and improving export incentives. The introduction of VAT has helped rationalization of the import tariff and domestic tax structures. The tariff structure and the import policy are kept under constant review to identify areas where further improvements are called for.

The economy now a day is weathering sluggish international demand and rising global uncertainties relatively well. Bold government spending aimed at upgrading the country's infrastructure and robust private consumption due to higher salaries and low inflation are the backbone of Bangladesh's solid growth trajectory. Despite weak global demand, the all-important garment industry continues to support the external sector due to the country's cheap labor. This situation could, however, seriously backfire in the future as the country is specializing in low-end products instead of moving up the value chain.

While the under-banked nature of Bangladesh's economy suggests that there is immense potential for growth and investment opportunities in Bangladeshi banks, we remain cautious on the outlook of the banking sector as it is fundamentally one of the weakest in Asia. The industry has been plagued by poor asset quality, low capital adequacy ratio, and poor risk management, and the trend is likely to persist. This will likely continue to weigh on the profitability of the banking sector and pose financial stability risks in the country over the coming quarters. The situation is made worse by the country's poor business environment and rising domestic security threat which has deterred investors, posing more downside risks to the sector's growth outlook.

State-owned commercial banks continue to be plagued by poor capitalization, weak asset quality and substandard management quality despite several attempts by the government to reform the sector, according to a recent analysis. They are also burdened by obligatory lending towards priority sectors and other state-owned enterprises as well as corruption and political patronage. Bangladesh's banking sector is one of the weakest in emerging Asia, as factors, such as low capital adequacy and poor asset and management quality, continue to challenge solvency and profitability.

Strong and relatively stable foreign-currency revenue from remittances and garments exports, two main pillars of Bangladesh's economy, support the external balances and overall credit profile. Bangladeshi exports have only been moderately affected by the current global trade slowdown: Import growth stands at 9.5%, moderate growth in export at 6.2% and slowdown in remittance inflows by -15.6% during July-Nov.16. Exports are expected to pick up with improving growth outlook; At the same time, weak global conditions imply downside risks to foreign demand for exports and Bangladeshi workers abroad. Inflows, combined with Bangladesh Bank's foreign-exchange interventions aimed at keeping the taka relatively stable against the US dollar, have led to a build-up of foreign reserves to a record-high of USD32 bn.

Under the Basel III framework, Bangladeshi banks are legally required to maintain a capital to risk-weighted asset ratio (CRAR) of at least 10 percent and a tier 1 capital ratio of at least 5.5 per cent. Although the banking sector as a whole was able to maintain its CRAR above the minimum requisite, state-owned commercial banks and developmental financial institutions or specialized banks have not been compliant. Moreover, the banking sector's aggregate CRAR has been on a downtrend since 2013 and stood at just 10.3 percent in June 2015, which is slightly above the minimum requirement.

Bangladesh has one of the highest non-performing loan ratios in the region. Although the overall NPL ratio in the sector dropped from 10 percent in December 2015 to 9.7 percent in June 2016. "Over the coming quarters, we believe that NPLs will continue to stay elevated as a large portion of these bad loans lies within the state-owned and specialized banks, which have traditionally been inefficient in their operations." One of the key weaknesses of Bangladesh's banking system lies in the poor management quality, which has resulted in inefficiencies and high cost of operation. Although management quality is largely based on qualitative aspects rather than quantitative indicators, the expense-to-income ratio can be used as proxy to measure the efficiency of the management and its soundness. The expense-to-income ratios of the state-owned and specialized banks are higher than the private and foreign commercial banks.

Despite various efforts by policymakers to turn around the poorly managed state banks - such as privatizing them, converting them into limited liability companies and appointing new management - progress has been slow. The profitability and earning ability of Bangladesh's banking sector has been declining over the past few years. For instance, in June last year, return on assets (ROA) and return on equity (ROE) stood at a low 0.5 percent and 6.6 percent respectively. Due to rising levels of NPLs, banks will be forced to increase their loan-loss provisions, which will weigh on their profitability.

Furthermore, the rising level of excess liquidity in the banking sector underscores a lack of profitable lending opportunities as well as the poor business environment in the country. Excess liquidity, as defined by cash held by a bank above what is required

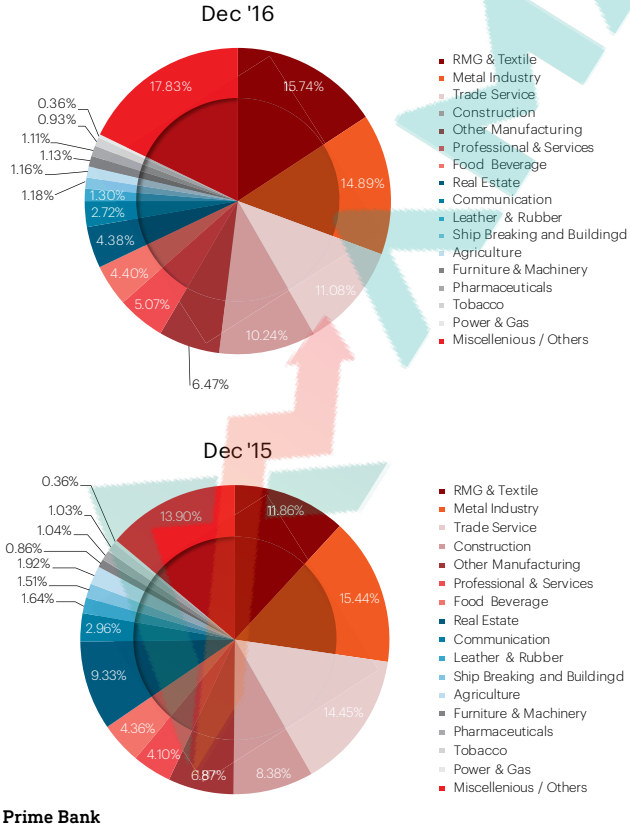
by the regulatory authorities. "Over the coming quarters, we believe that this situation will persist as the rise in domestic security threats will continue to curb investor appetite and weigh on credit growth."

Few factors continue to hinder growth: infrastructure bottlenecks; power and primary energy shortage; credit shocks in the banking system; difficulties of doing business; and lack of reform continuity. Bangladesh needs strong structural reforms and effective public investment efforts to be on a higher and faster growth path. Weakness in the financial sector also disrupts investment and growth. Weak bank balance sheets and governance in the State owned Banks limit lending capacity, divert credit away from productive investment, and impose large fiscal recapitalization costs. High levels of non-performing loans and the high rates on national savings certificates increase banks' operating and funding costs, keeping interest rates high despite large excess liquidity.

Corporate and Institutional Banking:

Started operating with a new path since Q4 of 2015 given the changed business process on a Centralized platform wherein the Wholesale Banking's Client Relationship model has been further deepened during the year 2016. This year has been a blend of opportunities and challenges for the Banking Sector. Despite the challenges, Corporate and Institutional Banking (C&IB) continued performing better than ever by leveraging both on stronger client relationship and our banks core balance sheet strength. C&IB continued with the momentum gathered since its inception and achieved significant growth in 2016 by focussing more on the transformation from branch coverage to centralized relationship coverage as well as clinching greater wallet share of the existing clientele groups.

Sectoral Focus
Sectorwise C & IB Asset Allocation



Developing leadership skills across various levels has also been one of our key focus areas towards capacity building and making qualitative changes in the process. Infusion of leadership at the senior and mid-level management of the division, expedited changes in the mind set which in terms reflected at the performances of C&IB in 2016. The unique features of Centralization brought speedy service, simplified and convenient solutions to customers while they grapple with a dynamic business environment on a daily basis. Our sensitivity drives better business outcome for customers; and the result has been an enduring, progressive relationship.

After a period of intermittent volatility in global financial market since early 2016, global markets have reverted to a risk on environment, with increasing capital flows into emerging market. This optimism was partially contributed by commodities prices having also gone up, with crude prices up 42% from the lowest levels in January 2016. The domestic financial market had a different picture all together; the private sector Capex remained weak due to continuing bottlenecks for many stranded projects due to infrastructure and shortage of power and energy however the credit growth hovered around 15-16% both in private and public sector which could have been higher.

During this scenario, C&IB asset portfolio grew by 30%, which singlehandedly contributed towards the 12% asset growth of the Bank. This occurred due to cost efficient financing solution offered to highly rated corporates, with strong group financials and continuous addition of new relationships to the Bank within C&IB space. We continued with our focus on the industry's top players in different sectors and leveraged our relationship strength for bagging them and increasing their wallet with our bank to maximize the outcome keeping risk level at minimal.

The non-funded business in terms of augmenting trade volume was one of our key priorities to blend the revenue mix and also towards self-liquidating product mix. Though the bank's overall trade growth was not up to satisfactory level but C&IB registered phenomenal growth of 23% in overall trade volume. Limiting C&IB's balance sheet dependencies also was partially taken care of by increasing the deposit growth by 210%. Due to the overall highly liquid market and stiff market competition, margin compression was evident across the industry especially in the larger segment however our segment grow its revenue and contributed 16% y-o-y revenue growth in the bottom line. The portfolio health has been the highest priority and zero loan impairment cost was maintained during the period.

Bank's overall outlook towards investment in technology aligned with regulatory initiatives will ascertain faster movement of fund flow in the business. Efficient cash management solution in the payment & collection and trade solutions will ascertain further ring fencing of our attained and projected wallet share.

In 2017 C&IB will further focus to gain more of market leadership, strongly position the brand in the large segment of private corporates/deals and the chosen public sector activities while not compromising on asset quality. Diversification of portfolio and product capability would be one of the key focuses to accommodate unconventional transactions utilizing in-house and global networks. Increasing non-funded income by enhancing further in the trade volume and continuing to invest in human resources as well as technology would improve productivity

and customer satisfaction, as we expect. We see a better 2017 leveraging on an exceling 2016 results that C&IB achieved and are committed towards delivering the 'best which is yet to come'.

Commercial Banking:

The centralization of Relationship Management for Corporate customers of Prime Bank Limited started formally with Board's decision to segregate the corporate customers based on their annual turnover. Accordingly, Commercial Banking Division (CBD) was assigned for the corporate having annual turnover in the range of BDT 250 million & above to below BDT 8,000 million.

CBD started its operation on 13 October 2015. In the beginning, existing Executives/Officers from Credit Department of Branches were posted at CBD as Relationship Manager (RM) or Associate Relationship Manager (ARM) where a number of Head of Branches were posted to this Division either as Segment Head or Senior Relationship Manager (SRM).

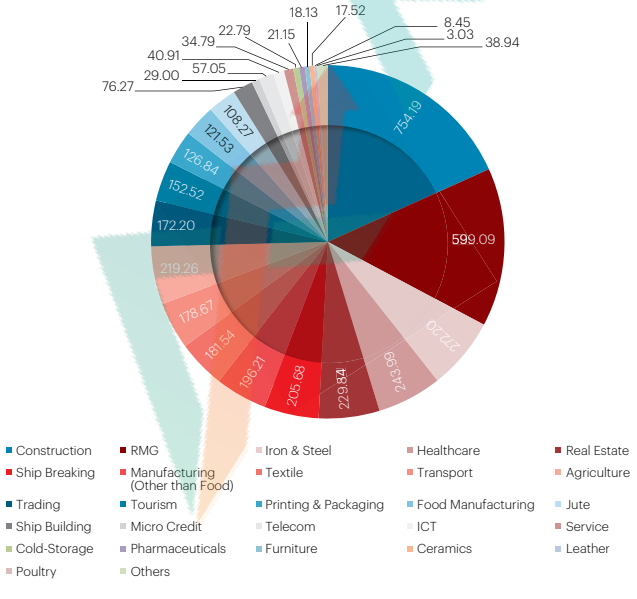
At present, CBD has 03 (three) segments for which there are 03 Segment Heads, 02 SRMs, 18 RMs and 27 ARMs. Moreover, CBD has three Hubs at Chittagong, Rajshahi & Khulna under these segments. The team CBD is headed by the Deputy Managing Director & Chief Business Officer (CBO) of Commercial Banking Division. The CBO is also assisted by the Business Planning Manager (BPM), MIS Officer and the Secretary to plan and manage the overall activities of CBD.

Key features of customers of CBD are- they are of diverse nature, from different cultural background, have different management patterns, requirements & expectations and are unpredictable. The RMs & ARMs have been discharging their responsibility for providing services to these Commercial Banking customers, retaining existing customers in a stiff competitive market, booking of new clients to ensure sustainable growth, regularizing problematic accounts as well as ensuring internal & regulatory compliance.

As at end December-2016, CBD had 492 customers having total funded & non-funded exposure of BDT 115,700 million against which funded outstanding was BDT 41,301 million whereas non-funded outstanding was BDT 22,095 million. The portfolio which was adequately covered by securities was well diversified among different sectors of the economy like Construction, RMG, Iron & Steel, Healthcare, Real Estate, Textile, Manufacturing (other than food), transport etc.

The funded outstanding as a whole witnessed a growth over 10 percent in 2016 over the same of 2015, whereas the growth of funded outstanding of regular accounts was 34 percent. The percentage of non-performing loan was 4.23 percent which was quite satisfactory compared to industry standard.

Sector-wise Loans and Advances as on December 31, 2016



The deposit volume of the Commercial Banking customers stood at BDT 10,905 million whereas import, export and guarantee business channeled through the Bank in 2016 stood at BDT 37,544 million, BDT 42,693 million and BDT 4,356 million respectively.

During the year 2016, CBD officials conducted 253 factory visits to the customers. Moreover, they had visits to Head Office and other establishments of the customers whenever required.

Among the 492 customers of CBD, 204 customers were rated by External Credit Rating Agencies which resulted to capital relief (only for funded facilities) of BDT 127.67 crore for the Bank.

As per guidelines of Bangladesh Bank, 06 (six) customers of CBD were selected as Good Borrowers and incentives were handed over to them.

CBD organized a Conference on Commercial Banking on 26-27 February 2016 with the theme "Heading to Strategic Relationship Management" where a number of issues related to customer relationship management were discussed.

Throughout the year 2016, different talent development programs (training, workshop and seminar) on topics like relationship management, negotiation, communication skill, syndication financing, anti money laundering etc. were arranged for the employees of CBD.

Strategic Priorities of CBD are to ensure:

- Quality Credit
- Sustainable profitability
- Low NPL (Less than 5%)
- Human Capital
- Retain worthy Client
- Best-in-class in quality of service and reputation
- Capital Relief for Higher Capital Adequacy
- Compliance
- Diversified Portfolio
- Better Relationship Management.

The Team CBD has set its vision statement for 2017-2020 "Quality Credit for Sustainable Growth" and the officials/executives of the division have taken the challenges to reach at emerging stage from disperse situation under centralization of corporate business of the bank. CBD will bring new dimension as well in 2017 & onward years by adapting to changing client needs, benchmarking mobility solutions and bespoke products & services through better client knowledge.

MSME Banking:

Micro, Small and Medium Enterprises are acknowledged worldwide as the life-blood of local trade, commerce and industry. In Bangladesh, MSME plays a vital role in economic development and the contribution to the GDP from this sector is more than 25%.

Banking industry has started changing its direction towards new opportunities. Bangladesh, being a developing country, there are lack of corporate bodies in this emerging market. Several factors already suggest that MSME markets will be big winner in the near future. Banks in MSME markets are increasing substantially and it has plenty of opportunities to grow. A large portion of the MSME sector is still unbanked; the access to formal credit is very limited due to lack of capacity, experience, documentation, collaterals etc.

Bangladesh Bank has formulated SME policy strategies to assist in achievement of the sustainable development goals. Accordingly, Bangladesh Bank has introduced array of schemes for new entrepreneurs under different focus sectors with special funds to provide refinance for banks and NBFIs against lending to MSMEs.

Looking forward to the excellence in service and business performance, Prime Bank established a separate MSME Banking Division in 2009 by formulating a comprehensive policy on MSME financing to explore the immense opportunity in small & medium sized business. Prime Bank Limited has made significant progress in financing this sector through offering tailor-made lending products and services so that MSMEs can aspire to grab opportunities for growth and wealth maximization. Bank's exposure under MSME are thus well diversified among potential MSME customers to different sectors viz. cottage, handy crafts, power loom, auto parts, garments accessories, rice mills, light engineering, permitted brick field, poultry farming, fish processing/dry fish, animal feed, agro-based and agro-processing industry, furniture, hospital / diagnostic center, packaging industry, leather goods sector, jute goods and jute-mixed goods, computer software and ICT goods, artificial flower making , LP gas businesses, Solar electricity plant, green financing-renewable energy etc.

During the year 2016 the prime bank disbursed **BDT 1,817.16 Cr.** as MSME Loans to **2,527** borrowers. As on 31/12/2016, Bank's MSME portfolio was **BDT 1,819.05** crore out of Bank's total portfolio of **BDT 17,021.18** crore where MSME represents 10.69% of Bank's total Loans and Advance

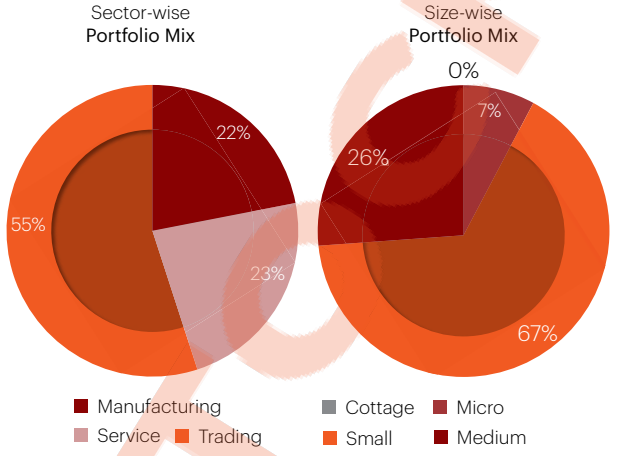
Capacity Building Activities of MSME:

With a view to increasing the focus on the MSME business, Prime Bank has put utmost effort for the development of this sector by participating in various road shows, workshops, forums and fairs to build awareness among the customers as well as for capacity building of the MSME officials. In line with the trend of contemporary business and regulatory requirement, the all branches of the bank are now focusing on MSME. Therefore, all Branches have separate target for selling MSME products in order to strengthen the base of the bank.

MSME Marketing Strategy:

Prime Bank is relentlessly working to ensure a vibrant national economy through financing in the MSME sector. Prime Bank Limited has already taken several initiatives conducive to the overall growth of this sector; it is putting an increased focus on the development of MSME sector by following the guidelines of Bangladesh Bank.

Prime Bank has already centralized its Corporate and Commercial Banking Business from Branch Banking model, so all the branches are able to deliver dedicated service for the MSME and Consumer Banking business. Thus Bank will have further opportunities to grow in MSME Banking business area.



In order to focus on push marketing, the bank will establish Own-Sales-Force which will act with existing branches-networking. This will help Prime Bank Limited to penetrate the market further and make available finance to the door steps of Micro, Small and Medium enterprises.

With a view to increasing focus on the sustainable business, MSME Banking launched three different campaigns titled-

i. MSME Portfolio Growth Campaign,

ii. MSME Deposit Growth Campaign, &

iii. MSME Debt Collection Campaign in last quarter of 2016.

Prime Bank also organized 'Road Show' promoting MSME business at different place across the country. Besides these, bank has participated different local MSME fair organized by Bangladesh Bank.

MSME's Plan for Facing Upcoming Challenges:

Considering existing competition in the market and to remain in track, it is obvious that MSME Banking has to be fortified with qualified manpower for smooth operation to cater the client base. It is expected that MSME Banking of Prime Bank will progress uninterruptedly under the prudent guidelines from the management time to time and hope to grip a remarkable share in the banking industry.

Financing Women Entrepreneurs under MSME:

The importance of women entrepreneurs in the national development process has been acknowledged. Prime Bank has successfully established 'Women Entrepreneurs Development Unit' at Head office level with a view to increasing focus on the development of Women Entrepreneurs and to be in compliance with the regulatory guide lines. Bank has designed a separate product 'Anchol' for women entrepreneurs as well as disbursed MSME loans under this product at a lower interest rate. This unit is taking initiatives to find out and to develop new women

business clusters in different parts of Bangladesh and to bring the unbanked and under-banked women entrepreneurs under Prime Bank umbrella. Bank has participated in different local 'MSME Women Entrepreneur Fair' organized by Bangladesh Bank. The fair accommodated the MSME Women Entrepreneurs with stalls to show their products.

New Look of MSME Banking:

MSME Banking Division intends to be one of the **BEST MSME Bank** in Bangladesh by 2020. To underpin with this vision, MSME Banking have started enormous transforming works which include redesign of approval process through introducing End-to-End process, introducing KPI for creating performance culture, establishment of own-sales-force along with branches to penetrate the un-tapped area for ensuring foot at door step of the clientele.

Consumer Banking:

Prime Bank has passed another successful year both in terms of asset and liability business procurement. This was possible because Prime Bank is different from the competitors and customers can easily differentiate bank's products from others. The agility in terms of expanding the delivery channels, augmenting value added products, creating new avenues of services, inventing new alternative delivery channels for expanding bank's customer base in distant urban and rural areas were the contributing factors for a steady performance.

In the last couple of years, Prime Bank went through a massive transformation to better serve our valuable clients. This year the bank also brought down the interest rate to a single digit for certain products. For consumer banking, this was indeed a challenge. Focus on improving the overall standard of customer service is one of our core agendas for the coming year and that's why we are planning to introduce Meet & Greet in branches to enhance customer experience.

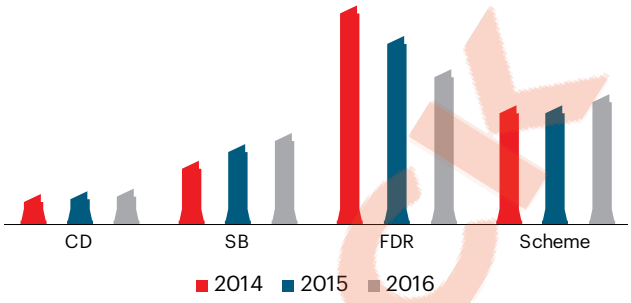
Portfolio Status:

In 2016, the whole consumer banking structure was reshuffled to address the requirement of the market. Strategic decision was taken to review liability products, discontinue high cost schemes, introduce new process & sales governance and also enhance payroll penetration. While things were changing in the backdrop, efforts were given to bring down the overall cost of fund. This ultimately resulted in a steep ascent in low cost-no cost fund while a good percentage of high cost FDRs brought down.

In BDT Crore

	2014	2015	2016
CD	1130.86	1294.36	1426.16
SB	2510.58	3071.40	3562.72
FDR	8581.06	7311.80	6014.94
Scheme	4640.55	4672.54	5018.95
Total	**16863.05**	**16350.10**	**16022.76**

YoY Product-Trend

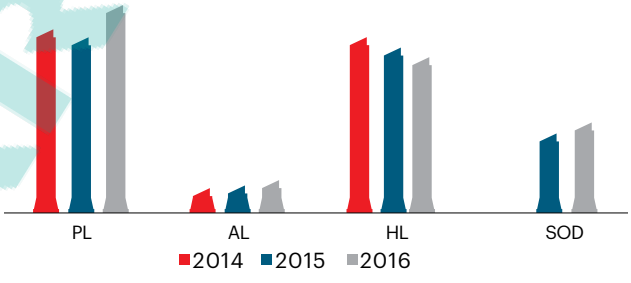


From an asset point of view, we focused mainly on Personal loan and Home loan although the mortgage loan rate came down sharply in the entire banking industry.

In BDT Crore

	2014	2015	2016
Personal Loan	623.59	600.94	702.63
Auto Loan	40.47	45.12	51.02
Home Loan	593.92	556.09	522.35
SOD	-	275.19	310.87
Total	**1257.98**	**1477.33**	**1586.87**

YoY Product-Trend



Product Concentration:

Apart from business, a lot of focus was given in reviewing the product guidelines. Efforts were given in operational areas that resulted in faster loans processing. A number of new consumer banking products were conceptualized and are now ready to be launched on Q1 2017. We are also working on changing the asset product mix of consumer banking. Our Present product mix is 47% secured and 53% unsecured. Our goal is scale up secured product up to 60% by the end of 2020. We also want to incorporate segmentation approach and as such, of the 40% unsecured portfolio, we want to ensure that at least 80% of that portfolio is availed by Salaried segment. We are now working on amending the Consumer Banking PPG while keeping product simplification in mind. We will promote location based specific consumer product offering to ensure maximization of asset penetration.

Segment Concentration:

In 2014 Prime Bank initiated relationship management modality for the retail HNW (High Net Worth) customers by launching

Monarch (Priority Banking Service of PBL). Monarch is a symphony of banking benefits, personalized service and exclusive lifestyle benefits that bring complete harmony to all financial needs of our Priority customers. The proposition was designed to manage the wealth and enrich the life of our Priority customers with exceptional privileges.

2016 marks the year when the portfolio of 'MONARCH' successfully crossed BDT 500 Crore mark. With a small frontline team, the team has successfully brought in 579 customers under the umbrella of Monarch. Out of all the Monarch customers, 28% are NTB (New to Bank). In 2016, Monarch team clocked in a YOY (Year on Year) CASA growth of BDT 57.68 Crore while taking the overall portfolio to BDT 511.34 Crore.

Considering the customer demand, Prime Bank decided to expand its periphery to set up a new lounge at Uttara. The lounge will be officially inaugurated in Q1 2017 to better serve the customer in the vicinity. In addition to this lounge, Prime Bank is also planning to open up a few counters where clients will have dedicated service personnel to cater to their service needs. In addition to that we are in the process of launching an Exclusive Dual Currency Debit Card with Higher Withdrawal Limit.

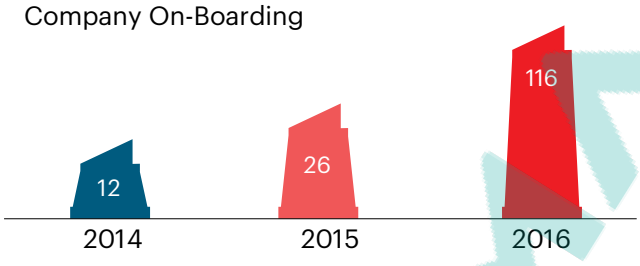
Last year, Monarch Value Center team has added a number of additional privileges to better cater to our valued customers. Organizations like Al-Hassan Diamond Jewelry, New Jarwa House, Gitanjali Lifestyle, Grand Sultan Tea Resort & Golf, Ocean Paradise Hotel & Resort, The Palace Luxury Resort, Meraki Dhaka, Grand Oriental Hotel, WESTIN, Raffles Hospital and United Hospital have come under an agreement with Prime Bank to act as valued service partners of Monarch.

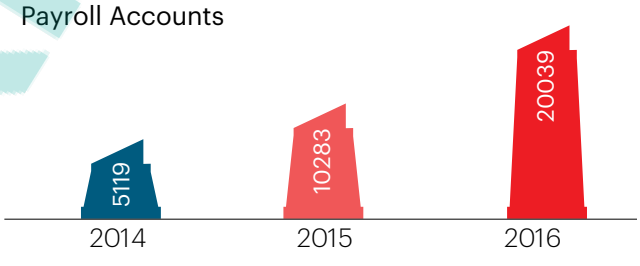
Looking at the steady growth potential of such segment, we are planning to launch a new proposition to tap into the mid market segment. This specific segment has an asset appetite and if we can play our cards right, we believe we will be able to strengthen both the quality and quantity of our asset portfolio.

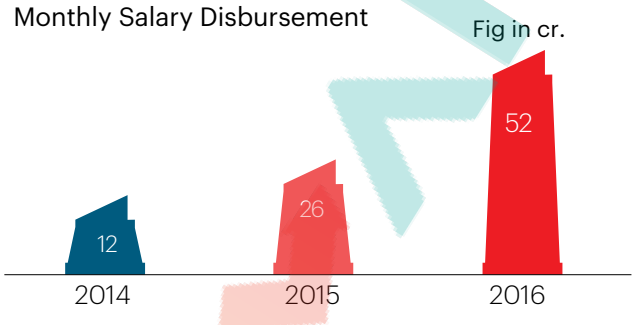
Prime Payroll:

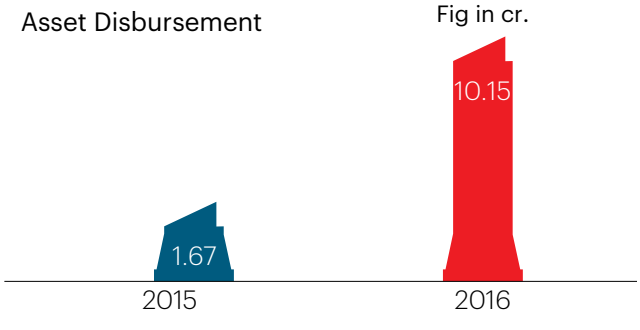
Prime Payroll is a value added proposition to the corporate segment extending its foot step growingly since 2014. It brings a platform for a corporate person to find a complete personal banking solution so that ultimate sustainable relationship is ensured. In 2016, we drove for excelling the portfolio not only in low cost deposit collection but also in consumer assets parallely which directed us towards a healthy asset portfolio. Besides, to make the payroll stand competitive in terms of service and operations comparing with peer banks, we also stepped up a number of developing activities such as Dedicated Payroll & Branch **RM** assignment, **Mudaraba Payroll** Inclusion (Islamic), Introduction of **Customized Payroll Offer** based on company potential, structuring **Payroll Process Flow** for minimization of operational & financial loss and **Central Monitoring System** to enhance better customer experience. In 2017, we will focus more in Consumer Asset acquisition in addition to low cost deposit collection and ensure superior service standard.

Portfolio Trend









Collection & Recovery Concentration:

Another success of 2016 was that we were able to bring in NPL to 8.89%. Appropriate steps were taken across our network to bring it down from a whooping 11.81% in the beginning of the year. If we can keep it up then we believe that the number can even drop down to 6.5%.

The Consumer Banking Division has taken strong measures to make sure that it remains the bank of choice for the customers. As the bank is operating in the very competitive market, the Consumer Banking Division continues to develop a range of products for all tiers of customers. It leads to an increase in the number of customers and an increase in low or no cost fund in retail liability portfolio thereby making the asset products more lucrative. The Division is going to bring noteworthy changes like business process improvement and applying different concepts in consumer banking.

Islamic Banking Business:

Islamic banking products and services based on Islamic Shari'ah principles introduced by Prime Bank through its five Islamic banking branches got tremendous response from a considerable portion of its clientele who are eager to accept Shari'ah compliant products and services. Prime Bank is also offering Islamic banking products and services through Islamic Banking Service Desks set up at some of its conventional banking branches.

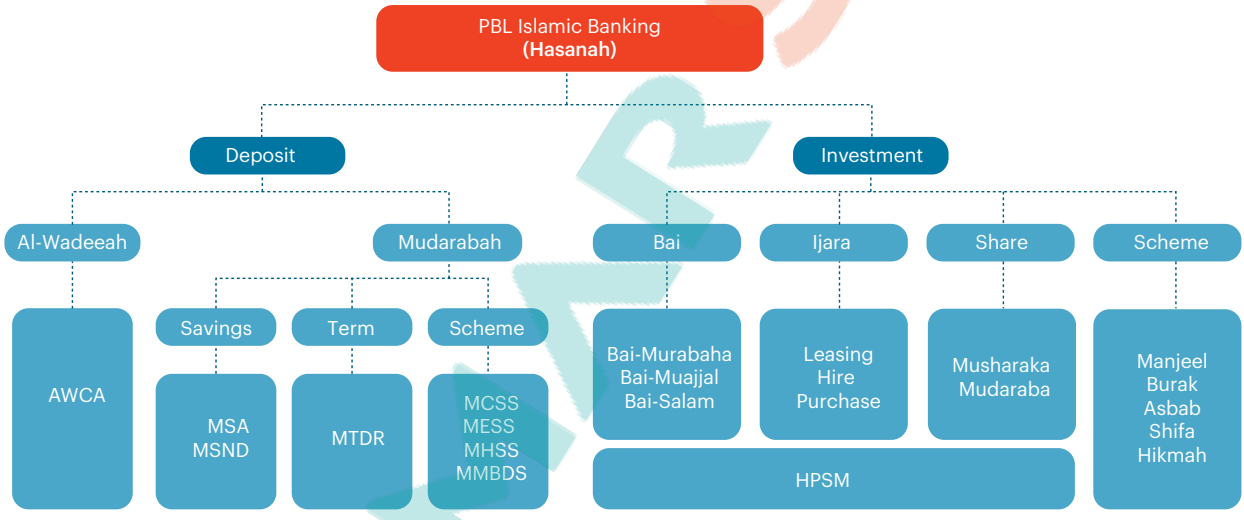
Prime Bank enjoys a very strong brand image in the banking sector and the bank has a very good market reputation and its Islamic banking business also has proved to be superior compared to others and also its own conventional system. Its Islamic banking market share and growth rate is the highest among the conventional banks having Islamic banking branches. Considering the fact that the Islamic banking industry is at its growth stage in the country and competitive rivalry among the industry members is increasing, Prime Bank have set the vision to be a trend setter in this field by adopting proper strategy and objective in order to achieve its goal.

The bank identifies all of its Islamic banking activities by adopting a generic name 'Hasanah' - the brand name for Islamic products and services of the bank, which has been used in the Qur'an and the Hadith to denote good deed, welfare, virtue, beauty spot etc. The strategy to launch 'Hasanah' brand has proved to be a good move - the Islamic banking business is growing at a competitive rate despite various limitations for its expansion. This growth is also remarkable compared to the overall growth of the Islamic banking sector of the country.

The Islamic banking manpower of the bank is more than one hundred for whom the bank arranges regular training programs on operation of Islamic banking. Prime Bank is an active member of Central Shari'ah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum. Thus Prime Bank is committed to uphold the sentiment of majority of the people in the country as 'A bank with a difference'.

Products and services

Presently Prime Bank offers almost all the products those are available in the country under its Islamic banking operations for sourcing and utilization of funds or in other words, pooling resources and deployment of the said resources. The following products are available now:



Deposit products

Al-Wadeeah Current Account (AWCA)
Mudaraba Savings Account (MSA)
Mudaraba Special Notice Deposit (MSND)
Mudaraba Term Deposit Receipt (MTDR)
Mudaraba Double Benefit Deposit Scheme (MDBDS)
Mudaraba Contributory Savings Scheme (MCSS)
Mudaraba Education Savings Scheme (MESS)
Mudaraba Hajj Savings Scheme (MHSS)
Mudaraba Monthly Benefit Deposit Scheme (MMBDS)
Mudaraba Lakhpati Deposit Scheme (MLDS)
Mudaraba Millionaire Deposit Scheme (MMDS)
Mudaraba House Building Deposit Scheme (MHBDS)
Mudaraba Laksma Puron Savings Scheme (MLPSS)
Mudaraba 150% Deposit Scheme
Mudaraba My First Account
Mudaraba Brighter Tomorrow Deposit Scheme
Mudaraba Sukonna Deposit Account
Mudaraba Cash Waqf Deposit Scheme
Nobagoto (Hasanah) Account
Mudaraba Payroll Account

Investment products

Bai Murabaha, Bai Muajjal, Bai Salam
HPSM, Ijarah
Hasanah Home Investment (Manjeel)
Hasanah Auto Investment (Burak)
Hasanah Household Durables Investment (Asbab)
Hasanah Medical Investment (Shifa)
Hasanah Education Investment Scheme (Hikmah)
Hasanah Card (Islamic Credit Card)

Financial analysis

Nationwide, Islamic banking earned over 30% market share of the banking sector (private commercial banks) of Bangladesh.

Among the Islamic banks, full fledged Islamic banks conduct around 95% of the Islamic banking business of the country while the rest is done by the conventional banks having Islamic branches and windows. Among these banks, Prime Bank is one of the top performers.

Since inception, Islamic banking business of Prime Bank marked steady growth in all areas - deposit, investment and profit. With only 5 branches, around 10% of Prime Bank's business (in terms of profit) is being conducted under Islamic banking modes. Cost Effectiveness of Islamic banking products is better compared to overall business - Cost of Deposit 5.03%, Cost of Operation 1.13% and Cost of Fund 6.16%. In income matrix, Islamic banking business of Prime Bank also shows reasonable performance - Yield on Advance 10.11%, Spread 5.08% and Burden Coverage 76.76%.

In Islamic banking, employee productivity of Prime Bank is also in a better position – income per employee 8.67 million taka, expenditure per employee 1.75 million taka, profit per employee 6.88 million taka and employee expenses to operating profit 14.78%.

Activities – Year 2016

As per decision of the management, 'Hajj Deposit Campaign 2016' was conducted with a view to providing different services to the Hajj Pilgrims and mobilize low-no cost deposit in the process. For the purpose, a team of officials worked under the supervision of Islamic Banking Division to provide marketing and sales effort. The performance of the team was excellent – targeted number of agent accounts was opened and fees of thousands of pilgrims were mobilized. We also participated in the 9th Hajj and Umrah Fair and set up booth at Ashkona Hajj Camp.

Three special workshops were conducted on Islamic banking for the officials of Islamic Banking Branches (IBBs) and concerned officials of Head Office at Dhaka, Chittagong and Sylhet by HRTDC in association with Islamic Banking Division where 98 officials took part.

Three Iftar Mahfils and discussion programs were held at Dhaka, Chittagong and Sylhet centrally with all the branches of the cities where a Paper was presented by renowned Islamic scholars before huge gatherings. The programs were widely publicized through print and electronic media.

Four meetings of Prime Bank Shari'ah Supervisory Committee were arranged where different operational issues were reviewed and the Muraqibs of Shari'ah Supervisory Committee conducted Shari'ah audit and inspection at the Islamic banking branches and submitted reports thereon. Besides, Medical Camp at Bishwa Ijtema was arranged where thousands of devotees were given primary medical services consecutively for seven years.

The Islamic banking branches (IBB) have made considerable progress in achieving business targets competing with the conventional branches of the Bank during the Year 2016. It is expected that Islamic branches would also perform better and achieve targets this year under the guidance and prudent leadership of the Management of Prime Bank, In Sha Allah.

Trade Services:

Trade Services Division has centralized Import and Export activities of all Branches of the Bank through three service points namely: Motijheel Hub, Gulshan Hub and Chittagong Hub.

Trade Services Division (TSD) is running with a team of dedicated and qualified bankers who are well conversant in International Trade & Foreign Exchange Business. At present Trade Services Division supports Branches of the Bank by opening all forms of LCs, Issuing Shipping Guarantees, Handling Import Documentary Collections, Advising LCs, Purchasing or Negotiating Local & Foreign Export Documents, Handling of Export Documentary Collections.

We are also glad to inform that Centralization of Bank Guarantees of our Bank has been inaugurated since December 2016 from our Gulshan Hub. We hope to complete full centralization of bank Guarantee including Foreign Bank Guarantee of all Branches by the end second quarter of 2017.

Since inception as a Department, the primary objective of centralization of Trade Finance through this division has been to ensure efficiency, grow specialized expertise in Trade Finance and necessary utilization of Manpower performing compliance of rules and regulation of concerned regulatory authorities like Bangladesh Bank and other Govt. authorities and international standard banking practices.

With the Centralization of Trade Services, TSD is offering improved customer services and Trade Finance offerings can be ably extended even to low volume branches leading to pooling of resources and reduced operational costs, ensuring internal controls adherence to the highest level of standards and compliance. It has increased visibility on transaction and supervision at a Centralized point lead to mitigation of risks.

Trade Finance is process-oriented, document-intensive and highly skill demanding division. Trade finance processes have not been optimized sufficiently due to paper-based practices slowing down key processes such as discrepancies handling. Staff with the requisite skills may not be present at all branches, and deploying trade specialists for low volume branches may not always be economically viable. This necessitates centralization of Trade Finance operations. Letters of Credit, Collections, are the various common methods for providing documentary credit for domestic and cross-border trade. The process involves in-depth credit analysis, and the criteria for evaluation may differ each time. Multiple approvals are required for LC processing, and exception handling - back and forth - is an issue. Pressure from competitors has made it imminent for the process defined to be agile and flexible, adaptable to the dynamic market environment. Cross-boundary trade is heavily government regulated - which mandates compliance and necessitates comprehensive control and monitoring of operations.

Key Benefits

- Centralized trade operations with trade finance processing at a central hub
- Trade business can be extended at the doorstep of all branches
- With ease of implementing new products, new revenue

generation opportunities are envisaged

- Better reconciliation and effective financial control
- Compliance, monitoring of transaction and uniformity in transactions in line with the International Banking standard practice and regulations of Central bank and other Govt. authorities.

Credit Risk Management:

Credit Risk Analysts advise banks on any potential risks to the profitability or asset quality in different stages. They trail out and assess threats, design plans in place for if things go wrong and find out the way to avoid, reduce or transfer risks. Risk is predominantly inherent in all types of business transactions since inception. However, for Banks and financial institutions credit risk is considered to be the toughest one as because it requires proactive actions. Credit risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with the agreed terms and conditions. Since formation Credit Risk Management (CRM) Division of Prime Bank is working to maintain sound credit portfolio.

In Prime Bank, CRM Division is playing among others the following major activities in light with the mission of the Bank specifically for continuous improvement of business policies, procedures:

- Formulating and/or up-grading different policies, process flow, credit related circulars, guiding the business teams for addressing the risk aspects, etc.
- Assessing risks inherent in the credit proposal with due diligence i.e. identification of credit risk, way out of risk mitigation, assessment of credit requirement, credit structuring, evaluate proposed facility pricing and repricing.
- Monitoring of credit portfolio through review to ensure sound asset quality.
- Complying with internal (Bank's own Credit Policy / Lending Guidelines, circulars) & regulatory authorities.
- Identifying problematic borrowers through periodical review e.g. Early Alert Review of different types of credits, maintain effective follow-up and supervision and take all possible measures in time to save from classification in light of: structuring, cash flow generating prospect by the business entity itself, adequacy of security, pricing and profitability, financial analysis, performance, turnover, repayment history of the customer.
- Guiding/ Assisting Business wings regarding both the business issues as well as the compliance issues.
- Guiding Business Teams for formulating/ reviewing different Product Program Guidelines (PPG)
- To pursue Business Teams for obtaining credit rating of borrower by the External Credit Rating Institutions (ECAIs) to get relief in capital cushion as well as to ensure sound credit portfolio in exchange of the scope to award less pricing benefit to the superior borrowers.
- Participating in the Business Process Re-engineering in different functional areas to improve efficiency and bring in required structural change.

During 2016, CRM Division has emphasized on following areas:

- Implemented the 'Delegation of Business Power (DBP)' approved by the Board of Directors with a view to centralizing the credit approval process to have better control and monitoring of the credit portfolio.
- Implemented the End to End credit approval process and guided the Business Teams to adopt the process.
- Introduced MIS wing under CRM Division for portfolio review and to meet managerial data requirement for onward decision making.
- Guided the Business Teams for addressing the risk aspects while formulating/ reviewing of various PPGs to bring product diversification in the credit portfolio.
- CRM ensured Bank wide E&S awareness through case sharing, instruction mails and by arranging training to equip the Credit Analysts of the Bank for E&S Risk Management area. Besides, in 2016, all the Officials of CRM Division accorded online certification from International Finance Corporation (IFC) through their online training module on 02 issues :

a. Managing Environmental & Social Performance

b. Sustainability Training & E-Learning Program (STEP)

- Risk Appetite Statement (RAS) was formulated to allocate sector wise internal limit along with corresponding risk tolerance ceiling duly approved by the competent authority.
- CRM Division has adopted new organogram in line with the centralized corporate account management process to ensure better credit assessment, due diligence, smooth decision making, efficient account management, compliance as well.
- Formulated Bank's Environmental and Social Risk Management Policy Statement-2016
- Streamlined Early Alert Reporting process.
- Taken initiatives to identify good borrowers to recognize their contribution for strengthening asset quality.
- Designed Key Performance Indicators (KPI) for CRM Personnel
- Reviewed MSME and Consumer PPGs
- Contributed in (a) MSME Collection strategy and (b) Consumer Collection strategy
- Reviewed the credit proposal formats
- Last but not the least, in terms of ensuring compliance, as a Division CRM has satisfactorily complied with the Bangladesh Banks audit findings and related guidelines in 2016 like previous years which will have direct impact on CAMELS rating as usual hopefully.

Strategic priority of CRM in 2017:

CRM Division shall focus on following strategic agendas in the next year:

- To review the CRM Policy in light with the guideline of Bangladesh Bank. In this regard CRM Division has already accorded clearance from the Risk Management Committee (RMC) of the Board for onward approval by

the Board of Directors

- To launch Sustainable Finance Unit & Express Trade Desk
- To review the Delegation of Business Power (DBP) as an annual review
- To establish Market Intelligence Unit for industry analysis
- To meet global standard in credit assessment and to facilitate credit certification
- To establish the concept of "Industry Champion Official" within CRM Division through adequate training and preparing structural framework as well as database maintenance to explore the expertise of the said teams for decision making more efficiently.

Treasury Management

The function of Treasury is mainly to optimize liquidity as well as capital of a Bank while administering the financial assets. Treasury is also responsible for making sound financial investments with the available liquidity while reducing financial risks. Again nowadays, with the ever increasing pace of changes in technology, regulation and compliance within the Banking sector, Treasury is increasingly becoming a **strategic business partner** across all areas of the Banking Business. Prime Bank Treasury is not an exception. Over the last couple of years Prime Bank Treasury has been performing very well in spite of the adversaries & economic turmoil globally as well as within the country.

Prime Bank Treasury primarily focuses on the followings:

- Expanding transaction volume
- Utilizing different market opportunities within all risk and regulatory limits
- Strengthening ALM operations
- Creating a diversified fund management channel
- Minimize market, liquidity and interest rate risks
- Enhancing profitability

Prime Bank Treasury has the following desks through which it offers a complete and well diversified range of services to its customers both in the interbank and corporate market.



How was 2016?

The year 2016 was unlike the previous years. The overall business environment observed in the country was quite calm in comparison to that observed in 2013 & 2014. Once people were convinced about the favorable business environment, they started investing which was witnessed through growth in private sector credit as well as volume of export & import business. Several indicators point to robust economic activity in the first half of FY17, aided by macroeconomic and political stability, and strong domestic demand that helped private sector credit growth at a three year high of 15%-16%.

All through 2016, the Local Money Market as well as Foreign Exchange Market was liquid. This was mainly due to lack of Govt. borrowing for the Banking Sector. Non-bank budget financing shifted from market-based tools (bank loans and government securities) to non-marketable instruments, e.g., National Savings Certificates (NSCs). Such large scale recourse to non-marketable borrowing is creating an environment that is stifling development of bond market, pension funds market and so forth. In this situation, to support country's economic growth and to revive investor's confidence, Bangladesh Bank took several steps under inclusive banking specially credit accessibility for agricultural as well as small and medium enterprises (SME), empowerment of women, green banking, modernization of financial sector, mobile banking, e-commerce, export promotion and liberalizing foreign exchange transaction. All these steps along with the prudent monetary policy adopted by Bangladesh Bank ensured steady economic growth in 2016 while containing inflation within 5.50%.

Outlook of 2017:

The GDP growth forecast for FY2017 is 7.2% with the expectation that exports will grow up to 7% with continued economic recovery in the US and the euro area. Import is expected to grow at 8.0% with a higher domestic production requiring pick in import of capital machineries and a rebound in demand for raw materials. A projected increase in oil prices are also taken into account. Remittance inflows are likely to decline by 3.0% in FY2017. But the declining remittance is likely to receive some support from both Government & Bangladesh Bank through different initiatives such as relaxed policy for establishment of drawing arrangement between the overseas exchange houses and the banks operating in Bangladesh, approving deploy agents by exchange houses owned by Bangladeshi Banks abroad, the higher number of workers going abroad and the better economic prospects in the Middle East countries aided by rising oil price. Nonetheless, the current account is expected to show a surplus of 1.0% of GDP in FY2017. Government needs to continue its program of structural reform toward fiscal strengthening through revenue mobilization and improved public finance management. The central bank indicated in its monetary policy statement, that it would continue a cautious but pro-growth monetary policy that supports the government's growth objective and inflation target. Moreover, the strategy of selective credit easing to support credit growth will be continued.

Forecasts for FY2017 are based on several assumptions:

The central bank will adopt measures to contain inflation while

ensuring adequate credit flows to support higher private investment and growth. The Govt. will accelerate its investment spending while strengthening efforts to attain its higher revenue target. The govt. will also ensure timely implementation of key infrastructure projects; exporters and investors confidence will require continued political stability, concrete efforts will be taken towards climate & disaster resilience and finally, whether remains a risk.

Treasury performance in 2016:

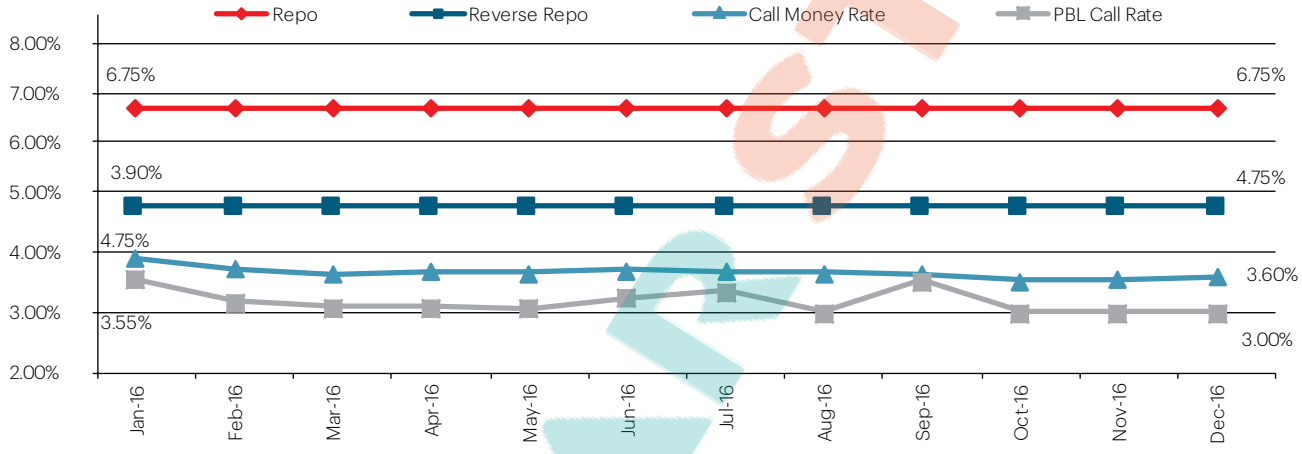
In the year 2016, Treasury achieved all of its KPIs successfully, even exceeded in some areas especially in Primary Dealing Operations, Government Securities Trading and Cross Currency dealing.

Prime Bank Treasury, at the very beginning of the year, through its own market research and market intelligence anticipated the market condition and accordingly adopted a dynamic fund management and investment strategy for the bank. Our investment strategies in Primary Dealership, Money Market as well as in Foreign Exchange Management contributed to a very successful 2016.

Prime Bank Money Market Desk:

All through 2016 the interbank money market experienced a very liquid scenario and there was no single instance where money market felt a bit stretched. This was mainly possible for the accommodative monetary policy stance that was adopted by Bangladesh Bank. Call money rate hovered around 3.00% -3.50% for most of the year 2016. Alike the previous years, Prime Bank Money Market Desk was very active in the money market all through the year 2016. The revenue generated by MM Desk in 2016 was **BDT 387 million** compared to **BDT 292 million of 2015**. The biggest challenge in 2016 was to ensure the best investment of excess liquid fund, which Money Market desk of Prime Bank was able to do successfully.

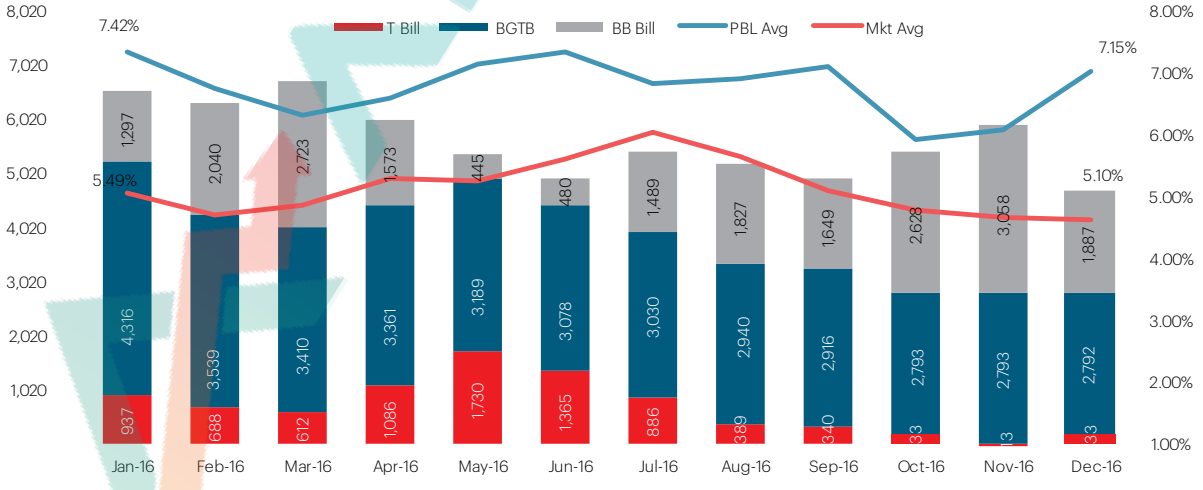
Industry REPO, Reverse Repo, Call Money rate in comparison to PBL Call rate



Prime Bank Primary Dealership & Fixed Income Desk:

In 2016, Prime Bank continued its position as the Best Primary Dealer Bank in Bangladesh. It expanded its dominance in both Primary & Secondary Market of Govt. securities trading. Bangladesh Bank's recognition in this connection depicts it all. Overall trading of Govt. securities by the desk stood at **BDT 6,479.00 Crore** and we registered substantial trading income of **BDT 194.67 crore** in comparison to **BDT 129.48 crore** of 2015. We have also earned underwriting commission of **BDT 2.83 crore** for successful bidding in the primary auction market.

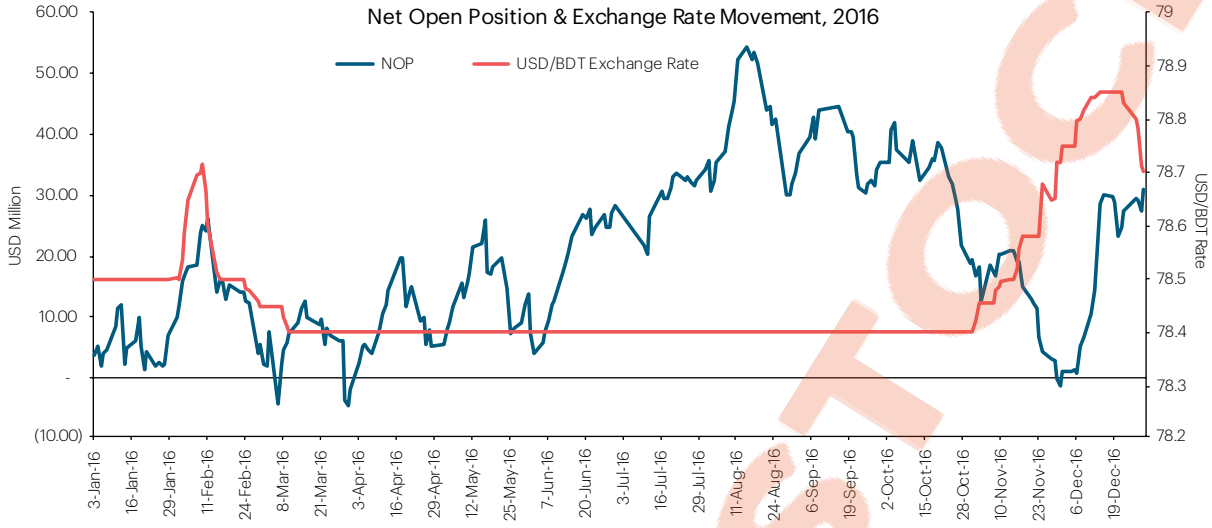
PBL G.Sec portfolio in Comparison to Avg. Market Yield of G.Sec in 2016



Prime Bank Foreign Exchange Desk:

In FX market, Interbank Foreign Exchange rate was quite stable and liquid up until end of October'16 when USD/BDT rate was 78.40. After that USD started to appreciate against BDT and stood at 78.85 as of 20th December'16 before reversing the gain. Our FX Desk was able to handle the situation pragmatically. In 2016, FX Desk generated **BDT 63.33 crore as Exchange Gain.**

In the year 2016, FX Cross Currency desk registered a remarkable growth of 61.40% in exchange gain over 2015. During the same period, profit earned from cross currency dealing was **BDT 1.31 crore** compared to **BDT 0.81 crore** of 2015.



Asset Liability Management (ALM) Desk:

Asset Liability Management (ALM) is an integral part of Bank Management. Head of Treasury is the member secretary of ALCO. Through ALM our Bank mainly aims to achieve objectives such as:

- Growth in assets & liabilities
- Containment of risk in a coherent manner
- Stability and consistency in earnings and
- Profitability

ALM desk, through its own market research and market intelligence presented the market outlook throughout the year, gives an explicit idea about the market liquidity for availing market opportunities for investment and fund deployment in the market. Throughout 2016, the desk helped in pricing the products of both assets and liabilities to gain the competitive advantage from the market movement. It also presented the bank's overall financial position in front of the senior management to formulate an effective investment and fund management strategy for the bank. In 2016, Bangladesh Bank issued a new ALM policy which was far more pragmatic considering the present context banking business. Our ALM desk accordingly also updated Prime Banks ALM policy and got it approved from the board.

In 2016, Treasury operated within all regulatory limits and there was no single instance where Treasury violated any regulatory limit which reflects Prime Bank Treasury's commitment to operate within the rules and regulations of the Bank as well as other regulatory bodies.

Treasury Income in 2016:

Treasury, as a major contributor to bank's revenue line, contributed significantly in 2016. All our strategy and policies that were adopted in 2016 paid us very well and helped us to have a profitable 2016. Overall Treasury revenue numbers in 2016 from different revenue heads are given below with a comparison of 2015 & 2014 to show the growth in its business horizon and revenue line:

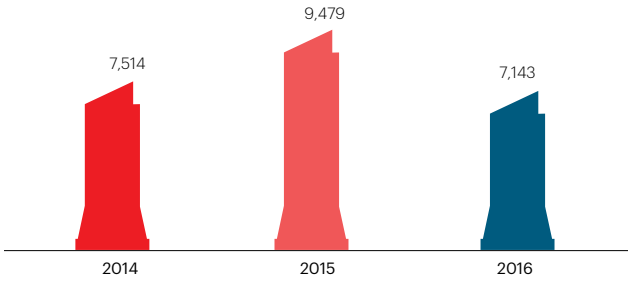
Treasury Income

Figures in Million

Particulars	2016	2015	2014
Foreign Exchange Gain	633.28	772.11	876.41
Interest Income Call Loan	24.02	41.01	83.11
Interest Income on Placement /Deposit (Local)	105.39	46.24	1.89
Interest Income on Placement /Deposit (Foreign)	257.34	204.77	165.66
Interest Income on Govt. Securities	3,326.80	5,317.29	4,998.19
Interest Income on Debenture/Bonds	37.19	45.14	56.71
Capital Gain for Sell of Govt. Sec.	1,946.67	1,764.53	255.90
Gain on discounted bond/bills	784.52	1,265.57	1,029.56
Underwriting Commission regarding Treasury Bill/Bond	28.25	22.55	46.57
Total	7,143.46	9,479.21	7,514.01
Growth	-24.64%	26.15%	

PRIMEBANKSTOCK

Treasury Income 2014-2015 -2016



Treasury Priorities in 2017:

- Maximizing Treasury Portfolio return through exploring existing & new areas of business
- Special emphasis on developing market research expertise under ALM Desk
- Strengthening Fixed Income as well as Foreign Exchange corporate sales desk
- Emphasizing on cross currency trading desk
- Strengthening relationship with all counterparts (both Interbank & Corporate)
- Managing Balance sheet in the most efficient way
- Special Emphasize for building awareness among corporate customers regarding hedging and its benefits
- Updating the policies related to treasury in line the changed/ modified/amended policies as endorsed by Bangladesh Bank from time to time

International Division:

Foreign Remittance:

Inward remittance flow of the country dropped sharply in 2016 mainly due to depreciation of major currencies (Pound Sterling, Euro, Singapore Dollar & Malaysian Ringgit) against US dollar, rising use of informal illegal remittance channel and decline in oil prices on the global market which has adversely affected job market and income/savings of wage earners in Middle East where more than 80 percent of Bangladeshi migrants are working. Likewise total flow of inward foreign remittance from different parts of the world through Prime Bank Limited in 2016 declined to USD 408.11 million which is 18% lower than previous year. However, Prime Bank is maintaining years of effective and fruitful relationship with the renowned exchange houses and Banks in Saudi Arabia, Kuwait, Qatar, UAE, Oman, Malaysia, USA, Italy, South Korea and the global players like Western Union Money Transfer & Continental Exchange Solutions Inc. (RIA Financial Services). Inclusion of 'Send Exchange LLC', UAE and 'Hello Paisa Pty Limited' which is the largest Mobile based Money Transfer Company in South Africa has expanded Prime Bank's Remittance reach to previously unexplored market.

The NRB Banking Department of the Bank backed by state-of-the-art IT facilities has given their utmost dedication and effort towards the sourcing and speedy distribution of foreign remittance throughout the year 2016. As a part of Bank's strategic initiative to handle increased volume of inward foreign remittance, the Bank has continuously proved its efficiency and competency in speedy delivery of inward remittance to the beneficiary through its excellent distribution network comprising of own branches along with country-wide network of two reputed NGO- BURO Bangladesh and UDDIPAN.

Correspondent Banking:

Over the years PBL has been maintaining strong correspondent banking relationship with internationally reputed banks to facilitate foreign trade and other international transactions such as issuance, advising, confirmation, reimbursement of L/Cs, discounting of bills, international transfers, documentary and clean collection, guarantee among many others.

Correspondent network of PBL includes 684 members, covering 245 banks spread across 75 countries as on December 31, 2016. The bank is successfully maintaining such relationships around the world to facilitate international trade transactions.

Prime Bank maintains 34 Nostro Accounts in 9 major currencies with reputed international banks around the world in all the important global financial centers. The Bank also offers Vostro account service to foreign correspondents. PBL enjoys sufficient credit lines from its correspondents including Credit Limit from Asian Development Bank (ADB) under Trade Finance Facilitation Program (TFFP) and from International Finance Corporation (IFC) under Global Trade Finance Program (GTFP) for adding confirmation to letter of credit as and when required. The Bank also avails bilateral loan in USD from IFC, FMO and other Correspondent Banks to finance trade finance transactions through Offshore Banking Units.

During 2016 the "Automated Sanction Screening" procedure has been introduced for filtering all messages and transactions which helped us to reach international standard to address concern relating AML/CFT. In order to facilitate counterparties access to our bank's KYC related information / documents in a transparent and efficient manner, Prime Bank has registered KYC Registry introduced by Swift. Prime Bank has been able to retain and expand correspondent banking relationship with all major banks by attending their enhanced due diligence reviews from time to time.

Offshore Banking

Prime Bank is offering Offshore Banking facilities through 3 (three) Offshore Banking Units (OBU) located in Dhaka Export Processing Zone, Chittagong Export Processing Zone and Adamjee Export Processing Zone. Total Loans and Advance of three OBUs reached to USD 226.94 million as on December 31, 2016 compared to USD 159.44 million as on December 31, 2015, recording a growth of 42.33%. During the year 2016, OBUs have made a profit of USD 4,603,053.65 compared to USD 1,654,515 in 2015 registering a growth of 178.21%.

Prime Exchange Co. Pte. Ltd., Singapore

After obtaining long awaited regulatory permission and license from Monetary Authority of Singapore (MAS), Prime Exchange Co. Pte. Ltd. (PEC) has opened its third branch in Joo Koon and launched operation in Sep 2016. The Company now has network of three branches including the other two branches in

Deskar Road and Jurong East. The Company has created a good customer base with effective marketing effort, personalized service, enhanced distribution network with support of Prime Bank's in-house developed versatile software platform "Remitfast".

Total volume of remittance was SGD 80.79 million in 2016 compared to SGD 87.76 million in 2015. The company made operating profit before tax of SGD 45,747 in 2016 compared to SGD 99,987 in 2015. Competitive market and declining flow of worker entry in Singapore, wide-spread availability and use of informal channels has made the business environment challenging during the year 2016 causing decline in NRB remittance. PEC is expected to achieve better result by adopting initiative for deployment of agent network at different worker centric locations in Singapore.

PEC's remittance service to Non-resident Indians (NRIs) through HDFC Bank has become very effective and fruitful in short time. It has extended its NRI service in 2016 through ICICI Bank which has helped increase its coverage in India manifold. The Company is actively considering launching its service to Indonesia corridor. Remittance services to Philippines started in 2015 under agreement with BDO UNIBANK INC; Philippines will be strengthened with proper marketing plan.

The Company has been effectively utilizing PBL branches as well as outlets of Sonali Bank, Janata Bank, Pubali Bank and branch network of reputed NGOs in Bangladesh for distribution of remittance to beneficiaries in the far flung areas timely and efficiently.

PBL Exchange (UK) Limited

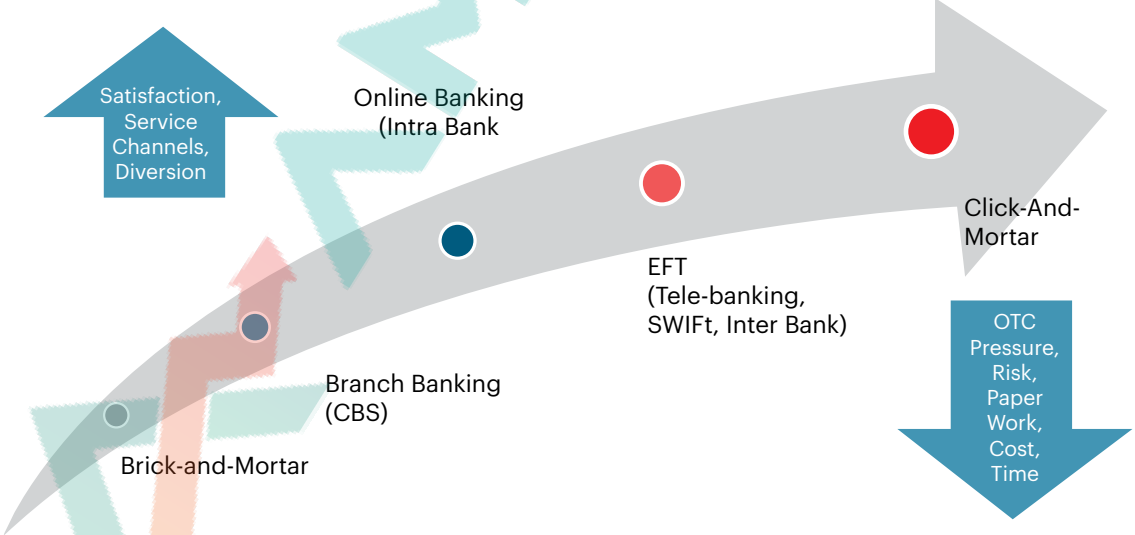
The company has been operating with three Branches in London, Birmingham and Manchester since its launch of operation in 2010. Tightening of UK Immigration policies, BREXIT referendum and its aftermath, and strict adherence with compliance issues has made the money service business environment very challenging for the MSBs in UK. The business figures has remained static at volume of remittance GBP 19.84 million in 2016 compared to GBP 19.77 million in 2015. The Company attained profit before tax of GBP 7, 309; this is for the first time in last 6 years after gradual reduction of loss year on year. All the three branches have been striving for business growth and expansion of customer base by rendering efficient service. Recent approval from Bangladesh Bank for deployment of Agents at different NRB centric cities has given the company scope to expand its service reach widely and very soon remittance service through agent network is going to be launched. The Company is expected to reach a better position in 2017.

PBL Finance (Hong Kong) Limited

PBL Finance (Hong Kong) Ltd., the third fully owned overseas subsidiary of Prime Bank Limited has become well acquainted within the Hong Kong business houses who have trading relationship with Bangladesh RMG industry, cement manufacturing industry and a few other sectors. Since its launch of business in September 2011, our professional and expert officials, who are on deputation from PBL and local recruits from Hong Kong as well, team has been rendering personalized service to corporate/businesses in Hong Kong. The business trend throughout the year 2016 has been sluggish all over the world as well as in Hong Kong. The company has expanded its business through documentary collection which has given good fee based income. The company has made an operating profit of HKD 6,315,749 in 2016 compared to HKD 8,478,879 in 2015. SWIFT connectivity (BIC: PRBL HK HH) has given the company good credential, established RMA with 31 Financial Institutions which has helped run its trade finance services operations smooth. The company is going to strive forward to increase its revenue/ fee based income through advising, negotiation, confirmation in addition to funded business through discounting facilities against banker's acceptance on L/Cs originating from Prime Bank Limited and other Bangladeshi Banks.

Card Business

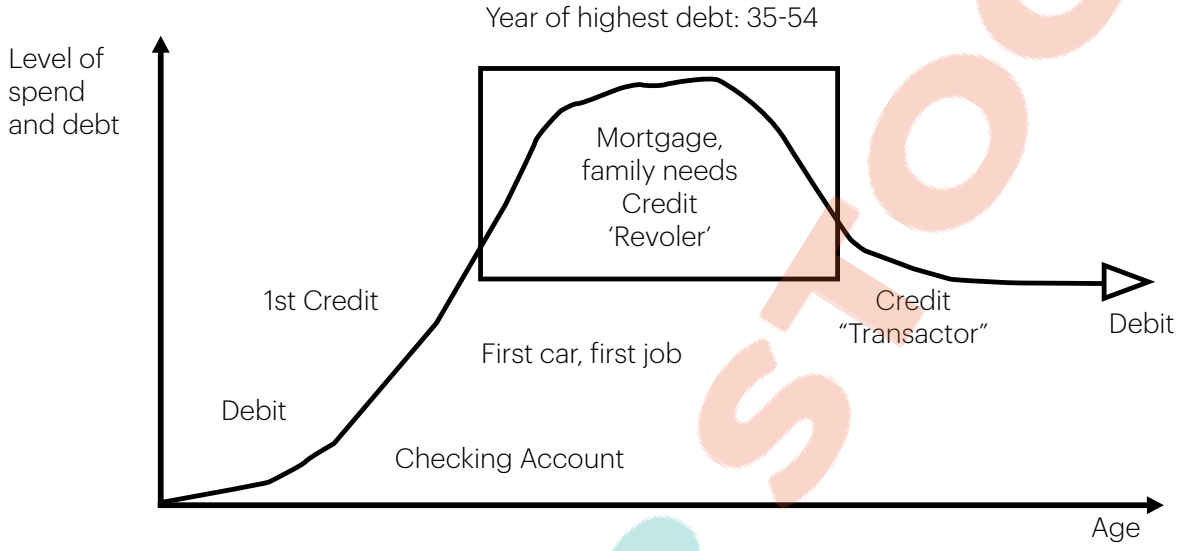
Evolving Smart Banking

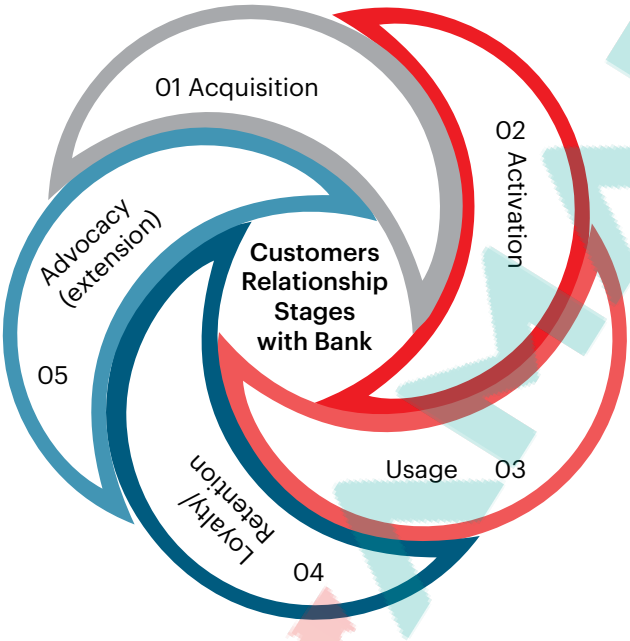


Technology has drastically changed all the sectors including the financial sector, and the transactions in the banking system have also undergone a remarkable change. The traditional concept of payment through cash is replaced by the credit cards or the debit cards called 'plastic money' that people are using to draw money or to make purchases.

While credit cards have been introduced in developed countries decades ago, their introduction in the developing countries like Bangladesh is relatively new. With the advancement of technology, a dramatic shift in financial sector has been observed specially in the banking sector in Bangladesh. One of such remarkable additions in banking sector is "plastic money". The development of plastic money is probably one of the most significant phenomenon of the modern banking era, making huge impact on the financial sector. Now banks are providing online transaction facilities, bill payment facilities and so on. Here, the term 'plastic money' is used predominantly in reference to the hard plastic cards which are used in place of actual bank notes such as credit cards, debit cards, pre-paid cards etc. Traditional system of payment through cash is gradually being replaced by these debit and credit cards. Banks are competing to attract customers to use this plastic money. They are trying to improve their credit/debit card services simultaneously.

Demographic Aspects of Customers Life Cycle





Selective strategic movements approved and gave momentum in card business in 2016 were- Easy Pay Plan facility which brought a hype in advance, 10% cash back on local purchase during the Ramadan, 16% discount at Agora & Meena Bazar in the month of National Victory, lifetime annual fee free campaign for selective University teachers & defense persons as push selling strategy, enhanced PMI coverage, BOGO and BOGT programs at different hotels and restaurants etc.

The recent year end offerings of Buy One Get Two (BOGT) program at Long Beach, Le Meridien, Sarina, Regency & The Way Dhaka along with existing Buy One Get One (BOGO) program at The Westin Dhaka, Amari, Picasso & Six Seasons leaded an unparallel bench mark in value bundle offering over competitors in 2016.

Prime Bank Cards are now more aspired for its value added feature- FlexiPay Program (FPP). It's now not so far to make your dream true. Just chose from a wide range of products/services, grab it and enjoy without taking the financial burden in one go.

What is FlexiPay Program (FPP)?

A FlexiPay Program is a privileged loan facility against the card available limit with the flexible payment option.The FPP can be availed in two different modes:

- **Easy Pay Plan (EPP):** Easy Pay Plan is an easy payment option for the cardholders to pay off any purchase/ transaction in easy & small equal monthly installments (EMI) up to 36 months against paying interest @12% p.a. on the loan amount. Any retail purchase or 95% of available credit limit can be converted into Easy Pay Plan (Only local transaction but no ATM transaction amount). One Easy Pay for one transaction only.
- **PMI @ 0% interest:** A cardholder can enjoy instant purchase of a product/service from the Prime Bank selected merchants and Pay in Monthly installments @ 0% interest with the prescribed tenor of loan facility.

In 2016 many remarkable merchants got tied with Prime Bank. Up to 50% discount at more than 75 merchants throughout year also added extra mileage in card promotion. It's indeed a matter of rejoicing that we issued total 624 Reward Cards favoring our valued Cardholders and disbursed BDT 4,128,608 as a loyal return

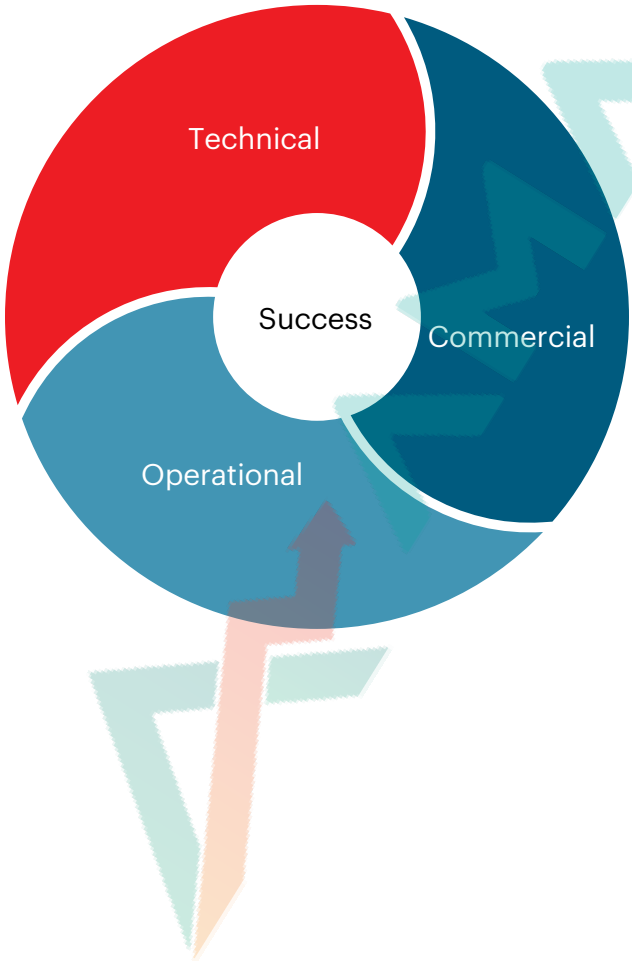
to them against their card usage in 2016.

However, to facilitate increasing online transactions, security and efficiency are essential and so is the required infrastructure. To step forward with compliance regulations and world class standard various aggressive initiatives taken over in 2016 gave momentum on the progression of the projects like EMV issuing, PCIDSS compliance, 2FA compliance, National Payment System (NPSB)and Expansion of Merchant Network through procuring GPRS POS terminals.

As a continuous process, the bank achieved technological advancement, service improvement and product development during the year which contributed in the growth of Card business which leaded to mark our card base above one lack at the number of around 108,000 plus.

21st Century Banking has become wholly customer & technology driven. Technology intensive delivery channels like net banking, mobile banking, E-Commence etc. will create a win-win situation by extending great convenience & multiple options for customer. The strategy should be emphasizing on the differentiating factors of plastic money through regular advertising thereby creating awareness among customers. Nevertheless, it's now high time to re-concentrate over new card booking through strong branch network along with other retail & SME products apart from corporate focus. However, no development can be brought into effective until the right alignment of technical, operational and commercial movements.

Alignment among Pillars of Success



The users are thinking that using of plastic money is prestigious and it adds value to their lifestyle. Banks are also introducing new services and new offers through these cards. Interestingly, customers who are habituated of using cards, do not feel comfortable or are not willing to purchase goods or services through cash. Apart from withdrawing money from an ATM or transacting at a Point of Sale (POS) in a retail market, plastic money brings with it enhanced security, portability, 24 hour accessibility to account balances, easy payment of monthly utility bills, transfer funds between accounts. In a developing country like Bangladesh, higher value purchases are increasingly being made through plastic money and customers get the opportunity to buy high value products in installments. With these immense benefits, plastic money is gradually becoming the major mode of transaction in Bangladesh. But still there are many limitations and problems prevail in terms of using plastic money, specially, in the context of Bangladesh. So, if the problems and the prospects that are facing by the ultimate users be known, that can be addressed and measures can be taken accordingly to improve.

Alternative Delivery Channels

Customers are served exclusively by electronic channels other than traditional branch banking through Alternative Delivery Channels (ADC) Division since April 16, 2009.

To provide customer service 24/7 with absolute peace of mind in fulfilling their financial needs in the most hassle-free way, ADC of PBL constantly thrives to deliver superior with state of the art technological initiatives. It has an arsenal of different alternative channels (i, e ATM Machine, Debit Card, Internet Banking – Altitude, SMS Banking, Prime Cash (Biometric Smart Card, Customer Helpdesk Service) to meet the ever evolving financial needs of our esteemed customer. ADC is working hard to make the channels more attractive, utilized and convenient to divert Branch traffic at day to day transaction.

Status of ADC products are as follows:

SL.	Name of Service\Product at ADC	Started from	Status As on 31.12.2016
1	ATM Machine	January 2008	168
2	a. ATM Card - Proprietary	April 2008	1,91,000
	b. Debit Card - MasterCard	January 2011	2,49,000
3	Prepaid Card (Dhaka Club)	November 2008	900
4	Altitude-Internet Banking (No. of Users)	December 2009 Handed over to ADC (12/10/2014)	29,900
5	SMS banking (No. of Users)	July 2010	26,800
6	Phone Banking (No. of Users)	May 2011	3,405
7	Prime Cash-Biometric Smart Card (No. of A/C)	May 2012	1,52,000
8	Bank POS Service Points	February 2013	20
9	JCB Debit Card	April 2016	1150
10	Cash Back Service Points	January 2014	19
11	Dual Currency Platinum Debit Card- MONARCH	Under Process	Under trial operation
12	EasyCash (Mobile Banking)	Under Process	
13	Stand alone/Automated CDM	Under Process	

Brief narration on ADC Products:

1.	ATM Booths	We were launching ATM services in January 2008. At the end of 2016, our LIVE ATMs are 168 across the country. We accept MasterCard, Visa Card, JCB Card, Prime Cash, PBL Proprietary Debit Card & any other card under NPSB Network. We Provided ATMs at different premises that have facilitated services 24/7. Bank has also set up 02 units of solar systems at ATM booths (Prime View & New Eskaton). To enhance the use of our ATM we are going to relocate low performing ATMs in more business & vibrant location.
2.	ATM Card / Debit Card	ATM Card service of PBL was started from March, 2008 and by the end of 2016 the number of ATM Cards (proprietary) is 191,000. MasterCard Debit Card launched since January 2011, the number of MasterCard Debit Card reached to 2,49,000 at the end of December 2016. PBL joined NPSB network in September, 2014 under the supervision of Bangladesh Bank and for this PBL Debit Cardholders can enjoy the cash withdrawal facility from our 168 LIVE ATMs as well as other ATMs under NPSB Network where 48 Banks included in exchange of prescribe charge. PBL debit Card holders also can use their debit card at POS under NPSB Network.
3.	Prepaid Card (Dhaka Club)	A value added service for the Member of Dhaka Club is DCL Prepaid Card.
4.	Internet Banking (ALTITUDE)	Prime Bank launched Internet Banking Service, ALTITUDE in the year 2012. ALTITUDE users can View & download their account statements, transfer funds to any Prime Bank account in real time, transfer funds from PBL a/c to any schedule Bank Branch of Bangladesh, Pay Bill of Credit Card of Prime Bank and other Banks, Recharge Prepaid/Postpaid Mobile and WiMAX accounts instantly. ALTITUDE website is verified by VeriSign and it uses Two Factor (2FA) Authentication to authorize an ALTITUDE user to perform any transaction. For these features customers can rely on this product more confidently. At the end of the year 2016, the total number of customers of ALTITUDE was around 29,900.

5.	SMS Banking	SMS Banking service enables accountholders to get instant account related information through mobile phone. This service also includes different SMS alert service based on the transactions made by the accountholder. Prime Bank as one of the advanced bank in the country introduced this service in 2010. Each client of the bank is receiving SMS alert to their mobile number. Around 26,800 registered customers are availing PUSH-PULL services through which they may receive their account balance, mini statement, and currency exchange rate information at anytime from anywhere using their mobile handset.
6.	Prime Cash (Biometric Smart Card)	"Prime Cash"- a biometric smart card based alternative delivery channels provides a new way of secure banking for the unbanked/under banked urban and rural people of the country. The service does not require any signature verification and allows its customer to authenticate their transaction through thumb impression as well as PIN. Prime bank issued around 152,000 number of "Prime Cash" card through its 638 agents including 145 branched network (Prime Bank branch) in different location of the country. Customers are students, farmers, garments worker, fisher man, driver, daily labor etc. As part of it we already start a project to enrolled 1.5 million fishermen under Prime Cash. Prime Cash cardholders can enjoy different banking services like Cash Deposits & withdrawal, Fund transfer, ATM withdrawal, Mobile top-up and Salary Disbursement. The service also supports Foreign Remittance Disbursement facility to the cardholder.
7.	Phone Banking	Prime Bank Limited launched Phone Banking Service in May 2012. This service allows easy access in own account. PBL Phone Banking Service provide balance enquiry, activation/block debit card, available limit enquiry/total outstanding/minimum payable amount/last date of payment of Credit Card through IVR (Interactive Voice Response) system.
8.	Bank POS Service	A new service has been introduced named Bank POS as a supplement of ATM Service. Bank POS Service expedites cash withdrawal through Debit Card facilities from the branches when there is no cheque book with the customer. There are 20 bank POS in various branches of PBL.
9.	Cash Back Service	We have started Cash Back service from Jan 16, 2014 that allows PBL Debit Card holders to meet the instant requirement of cash through POS terminals of selected merchant point at the time of shopping in exchange of prescribe charges. We have 19 (nineteen) outlets under this service.
10.	JCB Debit Card	As part of development and offering different product to our valued customer we launch this new Brand of Debit Card in Bangladesh for the 1st time as no other Bank has officially issued this card as yet. With the help of this new Branded card PBL Debit Cardholders can enjoy the cash withdrawal facility from our 168 LIVE ATMs as well as other ATMs/POS under NPSB Network in exchange of prescribe charge. We are already acquiring this Card at our ATM/POS terminals and issued a few Debit Card. Very soon we are going to start this Debit Card in full fledge.
11.	Dual Currency Platinum Debit Card-MONARCH	Monarch-a Premium Banking Service through which we offer this Dual Currency Debit Card for our valued customer. Prime Bank Limited will provide hassle free services to its esteemed customers through this. This card can be used in any MasterCard Location worldwide. Two accounts are tagged with a single Card; One is BDT another is USD (RFCD only). We are going to issue this Debit Card very soon.
12.	Easy Cash (Mobile Banking)	With a goal to provide Banking Service primarily to the unbanked population, Prime Bank Limited started its activities towards the implementation of Mobile Banking Service with the brand name EasyCash in 2012. But due to some technical reasons we were not able to launch commercially.
13.	Cash Deposit Machine (CDM)	As part of continuous development we are planning to launch Cash Deposit Machine (both Real time & Stand Alone envelop based). A customer can deposit their money by 24/7 by using this service.

Agriculture Support Division:

Agriculture is the key driving force of the economy of Bangladesh. The overall economic development of the country is closely interlinked with the development of the agricultural sector. There is no alternative but to increase production through the development of agriculture to ensure food security. Similarly, agriculture is still now the largest employment generating sector of Bangladesh. Besides, agriculture makes the largest contribution to favorable Balance of Payment position through poverty alleviation, providing raw materials for industry, reducing imports and enhancing exports. According to the Agricultural/ Rural Credit Policy and Program of Bangladesh Bank, crop, fisheries, livestock and green finance will have to be given priority.

Agriculture as a sector depends more on credit than any other sector because of seasonal variations in farmers' returns and a changing trend from subsistence to commercial farming. In the absence of necessary working capital for buying water, fertilizer and pesticides, coupled with it the lack of the knowledge for their balanced application, farmers often fail to reap a better harvest from modern technology-led crops.

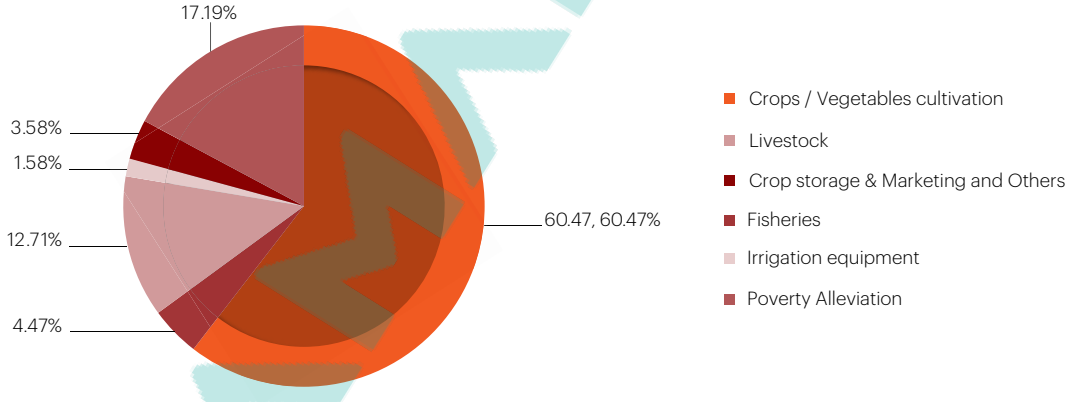
In line with Government efforts as well as the Bangladesh Bank guidelines, PBL continued its proactive policy and program support to boost up agriculture financing. PBL also recognizes Agriculture / Rural Credit as one of the major tools for ensuring "inclusion" of the rural people into the banking activities and plays a major role in the overall economic development of the country. In the absence of own branch network the bank has largely been depending on third party networks (NGOs / MFIs). It is pertinent to mention that while using third party network the bank is extremely selective in choosing the NGOs/MFIs in order to eliminate or reduce the possibilities of the accounts being delinquent. In spite of all odds PBL has been ceaselessly trying to contribute to the sector and will continue doing so in the future for the greater interest of the country.

Prime Bank Limited also believe that if the nation's agriculture and rural base economy walk through a techno-based eco-friendly process, all the targeted goals will be achieved in a sustainable way. With the same vision, Bangladesh Bank (BB) announced a farmer-friendly agriculture and rural credit policy for the fiscal year 2016-17.

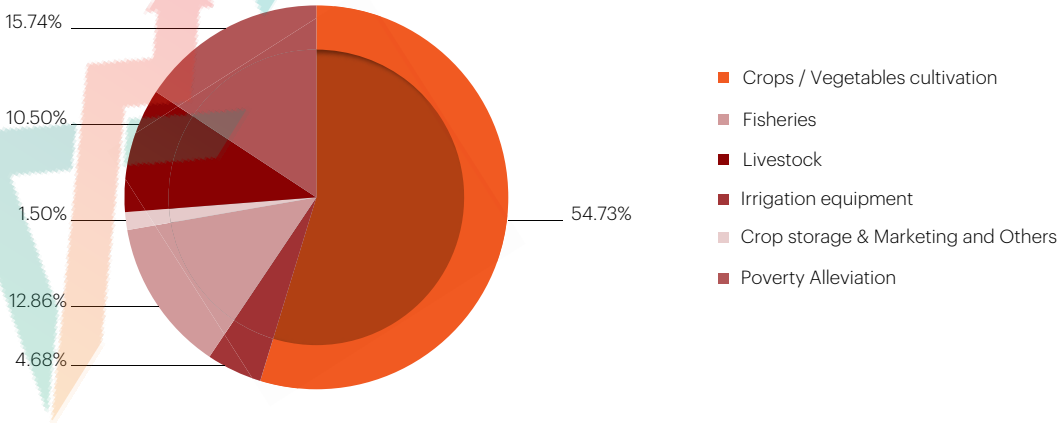
The Central Bank of Bangladesh declared that disbursement of agriculture and rural loan would be considered as an integral part of assessing the performance of the country's banks as agriculture loan ensures financial stability.

It is expected that the farmer friendly credit disbursement policy of the central bank would help diversify crops, lead to increased production and consolidate the success in food production.

Product-wise Outstanding 2016



Agricultural Loan Disbursement During 2016



The Bank has been involved in disbursing quite a large portfolio of agriculture loans during the year, which are listed below.

BDT in Million

Purpose	2016	
	Disbursement	Outstanding
Crops / Vegetables cultivation	2415.93	2510.90
Fisheries	206.60	185.61
Livestock	567.89	527.62
Irrigation equipment	66.16	65.70
Farm Machineries	0.00	0.00
Crop storage & Marketing and Others	463.32	148.71
Poverty Alleviation	694.67	713.83
Total	4414.56	4152.37

Bangladesh is endowed with a favorable climate and soil conditions for the production of variety of crops all the year round. The major crops cultivated in the country are rice, wheat, maize, sugarcane, potato, jute, pulses, oilseeds, spices and vegetables. For climate change, there is a growing need to change the cropping pattern in the country. Water efficient high value crops (such as maize, spices, oilseeds and pulses) should be promoted in the drought prone region of the country through distribution of high quality seeds and saplings at subsidized price along with provision for agricultural credit at rebate / low interest rate.

The Central Bank has advised all banks that Credit facilities shall be allowed at rebate rate (4%) under interest loss compensation scheme of Government for cultivation of pulse, oil seeds and spices to reduce dependency on import and to save huge amount of foreign exchange incurred for importing the items. Bank may receive 6% interest loss compensation from Government through Central Bank after realizing the loan from borrower in full. Prime Bank Limited has positive intention to contribute in flourishing the crop diversification in the country with a view to attaining multifarious output in production, saving foreign exchange, substituting rice and other conventional crops.

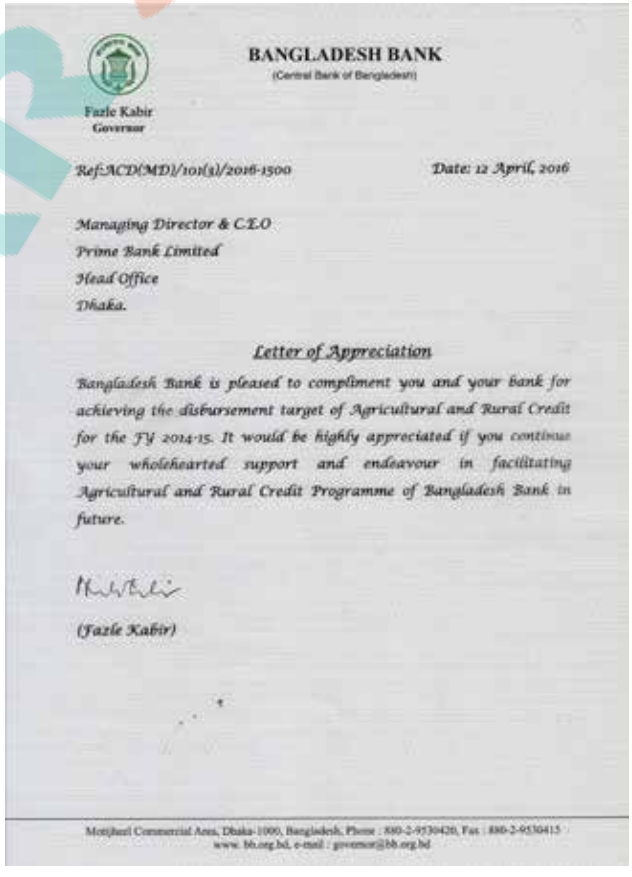
In line with this the Bank has financed a substantial amount for cultivation of Maize and spices. Credit facilities are allowed at rebate rate (4 percent) for cultivation of species and maize to reduce dependency on import and save huge amount of foreign currency incurred for importing the items under interest loss compensation from Government. During the year of 2016, PBL has disbursed Tk.2.51 million among 20 farmers at rebate rate (4 percent) for cultivation of species and maize.

BDT in Million

Crop	Loan disbursed @ 4% interest (January 2016 to December 2016)	No. of Clients
Spices	1.55	6
Maize	0.96	14
Total	2.51	20

Letter of Appreciation Received:

On April 12, 2016, Prime Bank has been appreciated by Bangladesh Bank for achieving the disbursement target of Agricultural and Rural Credit for the FY 2014-2015.



BANGLADESH BANK
(Central Bank of Bangladesh)

Fazle Kabir
Governor

Ref:ACD(MD)/101(1)/2016-1500 Date: 12 April, 2016

Managing Director & C.E.O
Prime Bank Limited
Head Office
Dhaka.

Letter of Appreciation

Bangladesh Bank is pleased to compliment you and your bank for achieving the disbursement target of Agricultural and Rural Credit for the FY 2014-15. It would be highly appreciated if you continue your wholehearted support and endeavour in facilitating Agricultural and Rural Credit Programme of Bangladesh Bank in future.

(Fazle Kabir)

Motijheel Commercial Area, Dhaka-1000, Bangladesh, Phone : 880-2-9530420, Fax : 880-2-9530415
www.bb.org.bd, e-mail : governor@bb.org.bd

Target and achievement:

Prime Bank Limited has achieved the Agricultural & Rural Credit disbursement target of Tk.3672.14 million against total target of Tk.2500.00 million for the FY 2015-2016.

In line with the Agricultural & Rural Credit Policy and Programme of Bangladesh Bank, a target of agricultural credit amounting to Tk.2400.00 million only has been set for PBL for the FY 2016-2017, out of total target, an amount of Tk.1227.82 million has already been achieved during the period from July 2016 to December 2016.

Anti-Money Laundering:

Bangladesh Bank (Central Bank) through BRPD Circular No. 17 dated 07 October, 2003 among others advised all scheduled commercial Banks operating in the country to put in place effective risk management system which includes Money Laundering Risk Management. Money laundering, a criminal act which is recognized all over the world has very severe consequences in the economy and security of the society. For strengthening the AML/CFT activities Bangladesh Government has enacted Money laundering Prevention Act-2012 (Amended in 2015) and Anti-Terrorism Act-2009 (Amended in 2012 & 2013). Beside that Bangladesh Financial Intelligence Unit (BFIU) has been formed in 2012. BFIU is issuing circulars from time to time and has issued "Money Laundering & Terrorist Financing Risk Management Guidelines for Banking Sector" in September, 2015 with instruction to implement the same by June, 2016.

Prime Bank in accordance with the instructions of related acts and guidelines of BFIU has updated its Anti-Money Laundering Guidelines in 2016. It includes Senior Management's commitment to the anti-money laundering program. The Management has evolved a culture for the Bank so that all the employees strictly adhere to each and every provision of Money Laundering Prevention Act-2012 (with amendment in 2015) and Anti-Terrorism Act-2009 (with amendment in 2012 & 2013). All employees of the Bank, irrespective of the positions they hold, are accountable to the top Management and regulatory bodies for their activities which might directly or indirectly relate to money laundering.

Activities of Anti-Money Laundering Division during the year 2016 include:

- A message sent from the desk of the Chief Executive Officer on January 04, 2016 to all employees of the Bank emphasizing compliance of AML issues.
- Submitted Reports to the Chief Executive Officer on half-yearly basis regarding AML/CFT Activities.
- Use of Uniform A/C Opening Form as prescribed by Bangladesh Bank with Bangla translation.
- Declaration of Transaction Profile has been obtained for all accounts.
- Reporting of Cash Transaction Report (CTR) through CD Media and web based Application (goAML) per instruction of BFIU.
- Reporting of Suspicious Transactions/Activity Report (STR/SAR) to BFIU was regular.
- Collected and reviewed the Self-Assessment reports from all of the Branches and took corrective action when needed.
- Solution of the problems/issues as and when received from BFIU.
- Compliance of Bangladesh Bank's requirements from time to time and attending all bi-monthly meetings of Central Task Force arranged by BFIU of Bangladesh Bank.
- AML Division has arranged 07 (seven) Training Programs in Dhaka, Chittagong, Sylhet, Khulna, Rajshahi and Comilla where total 601 participants received day long training on Prevention of Money Laundering and Combating Terrorist Financing.
- As per requirement of AML Division, HRTDC has been regularly arranging training programs on AML/CFT for the Officers who did not receive any AML/CFT training within last two years.
- Internal Audit & Inspection teams have conducted AML Inspection on all of our Branches to find out lapses in AML/CFT issues.
- Surprise visits have also been paid by AML Division on our 53 Branches to detect & rectify weakness in AML/CFT activities and to build up awareness among the employees.
- Follow up and monitoring of Audit reports (related to anti-money laundering) as and when received from the Bank's Audit & Inspection Division and external auditors of the Bank.
- Conducting warm-up sessions round the year for updating knowledge of the Money Laundering Prevention Act-2012(with amendment in 2015) and Anti-Terrorism Act-2009 (with Amendment in 2013) with special focus on BFIU Circular No. l0 dated 28.12.2014.
- Money Laundering and Terrorist Financing Risk Management Guidelines has been reviewed in accordance with the provisions of the Money Laundering Prevention Act-2012 (with Amendment in 2015), Anti-Terrorism Act-2009 (with amendment in 2012 & 2013) and the ML & TF Risk Management Guidelines issued by BFIU of Bangladesh Bank which is intended to ensure that all directors and employees of Prime Bank understand and comply with the requirements and obligations imposed on them. The new guideline has been duly approved by the Board of Directors and uploaded in the Bank's website.
- Introduction of Automated Sanction Screening Solutions for screening the information of on boarding customers, periodical screening of existing customers, screening of all cross-border transactions including outward & inward SWIF messages and remittances.

Information Technology:

Information Technology (IT) Division of Prime Bank Limited (PBL) was established at the beginning of its banking operation. The division is well equipped not only with technology, but also with a dedicated professional workforce which has been built-up for support as well as development of new satellite applications. Information technology of PBL enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Technological development of the bank tremendously increases its customer service as well as trust worthiness of the stakeholder towards the bank.

Information Technology Infrastructure

The banking sector requires a secure and reliable communication infrastructure to ensure operational efficiency. PBL has a robust network infrastructure with scalable, secure, redundant and load balanced architecture to support its customers regarding the on-line transactions with highest level of security. PBL uses world renowned Active Devices in its network infrastructure. Connectivity to and from PBL networks and external networks are carefully planned and controlled. PBL IT staffs are strictly ensuing security policies when designing new or upgrading existing networks taking into consideration for managing users, dividing networks into segments and restricting access to information based on different business and security policies.

Groups of information services, users and information systems are segregated on networks. To mitigate the risk of unauthorized access to network devices the following guidance is in place:

- Production, staging and development zones are established and physically and/or logically separated using firewalls;
- Network zones are implemented and managed in a way that segregation of environments are there;
- Firewalls are used to provide granular access control between the various network zones and only required communication ports, protocols, devices and servers are permitted;
- Users are only being granted access to those areas of the network and systems for which they are authorized.

Strict policies are in place for maintaining different network segregation to manage the network infrastructure like internet, intranet and extranet.

Datacenter is connected with the head office and different branches all over the country through this network. All the branches are connected with the core router at the datacenter using fiber optic, radio link or VSAT.

Redundancy: As per the business continuity plan of the bank, redundancy has been kept for all the devices installed in the Datacenter, Disaster Recovery Site as well as the branches. Link level redundancy as well as device level redundancy has been maintained for all branches to ensure maximum uptime and better services to the customers. Link and device level redundancy has been maintained in datacenter for different network devices like Core Router, Core Switch, Core Firewall and Distribution Switch.

Load balancing: Application control engine (NLB) has been used to provide load balancing facilities for different banking application servers like core banking, mobile banking, switching, and e-commerce gateway.

Security: Network security remains essential to protecting data and privacy. Many services / devices have been installed to secure PBL network such as firewalls, encryption, intrusion prevention and intrusion detection. By combining a few key security features and procedures, PBL maintains the privacy of data, ensuring the safety and security of network, and preventing access to malicious hackers and non-authorized users by adopting latest technologies. The objectives of the Network Security procedure are:

- To provide an overview of the risks associated with connectivity to external networks.
- To define the security and control requirements to protect the firm in relation the protection of the network perimeter.
- To provide security guidance to system administrators to ensure the continued secure management of network perimeter infrastructure as per our central bank's security policy.

The security controls are properly applied to reduce the risks associated with connectivity to external/internal networks. The implementation of connectivity with external/internal networks is properly authorized, authenticated, monitored, encrypted and managed by IT staffs who are properly trained in networking technologies.

Monitoring: NMS system with a dedicated NOC team is in place for monitoring the PBL network. PBL has the technology to monitor and manage the network infrastructure.

Access Control System: PBL can monitor and control the door access and for visitor management and perimeter monitoring. PBL is equipped with a 32-bit Windows based GUI point-and-click interface. This security interface animates whenever activity occurs on the security system, be it a door opening or a person entering the datacenter.

CCTV System: PBL is using CCTV systems to monitor the building premises. Cameras and software are being used to monitor and record all type of activities.

Agent Banking for Exchange House

Prime Bank is always focused to expand its remittance business since inception. At the moment, there is significant and growing demand for PBL Exchange (UK) Limited to increase remittance through Agent rather than introducing PBL Exchange Branches. That is why our In-house Development teams of IT I&P incorporated Agent Banking Module in our existing RemitF@st system according to the business requirements. Through this newly developed system, our agencies will collect remittances and deposits them into PBL Exchange (UK) Limited bank account. The PBL Exchange will transfer the fund to Prime Bank, Bangladesh and release instructions to the relative correspondent bank for payment to the beneficiaries account or pay cash over the counter from Prime Bank Branches.

SMS Notification System

Transaction notification or alert plays a vital role to ensure bigger customer satisfaction, reliability and transparency. SMS Notification System has been developed and upgraded to accommodate with almost all types of account transactions including ATM and clearing transactions. Also Prime Bank has made connectivity and software integration with major telecommunication operators to ensure branded SMS of Prime Bank.

Electronic Bill Payment & Presentment (EBPP) System

Prime Bank has extended the scope of its EBPP System by integrating with BTCL (online telephone bill collection) and online TITAS Gas bill collection. Also DPDC bill collection facility has been made available in Internet Banking, ALTITUDE. Integration of other utility bills collection in ALTITUDE is also in progress.

Corporate Client Automated MIS

Prime Bank has enriched and incorporated facility for automated and customized MIS for large and demanding clients or groups. Current list includes PRAN-RFL, Square, HAMIM, KSRM, MetLife etc.

T24 Reimplementation & Up-gradation Project

Prime Bank has been using TEMENOS T24 (R06) Core Banking Solution for its Conventional and Islamic banking operation in Bangladesh since 2007.

Based on Bank's requirement, Business segmentations & processes, latest products & services and to bring all the three types of Banking i.e. Conventional, Islamic and Off-shore Banking under the same platform, Prime Bank had decided for reimplementation and upgradation of its existing Core Banking System T24 (R06) to meet the changes in customer behavior, evolving banking regulations as well as the current challenging economic situation.

T24 (R16) will dramatically increase flexibility and productivity, resulting in improved customer service, including shorter time to market for new products and substantial cost savings. The latest CBS T24 (R16) is planned to go-live and roll-out across all the Branches by the end of year 2017.

Internal Control and Compliance Division:

Banking is a diversified and multifarious financial activity which involves different types of risks. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the banking industry.

The responsibility of implementing internal controls starts with the business lines, which are the "first lines of defense" against breaches that could cause the bank not to fulfill its objectives, not to report properly, or not to comply with laws and regulations. Beyond that, in any bank, the three important "control functions" are risk management, compliance, and internal audit. This triumvirate of key functions is underpinned by, and in turn implements and reinforces, the system of internal controls. The first two of these control functions constitute the "second lines of defense" against mishaps. The final, or "third line of defense" is the internal audit function.

The Directors are responsible for maintaining and reviewing the effectiveness of overall internal control system of the bank in order to accomplish a satisfactory standard of its portfolio. To meet this requirement and to discharge its obligations, procedures have been designed for achieving bank's basic mission and vision; for ensuring timely, accurate, and comprehensive reporting concerning financial and non-financial, internal and external; and for conducting activities and taking specific actions in accordance with applicable laws and regulations.

These procedures are designed covering five components of internal control system to ensure the effectiveness of internal control system within the Bank in accordance with "Guidelines on Internal Control & Compliance in Banks" issued by Bangladesh Bank.

The Bank maintains a culture and environment that provides for a sound and effective internal control system, together with a commitment by all employees to adhere with the principles of integrity and transparency. Accordingly, the bank has prepared banks own Internal Control & Compliance guidelines requiring that management and staff at every level in the bank have a role, duly and responsibility for maintaining sound internal control. The Bank has also established an organizational structure of ICCD after getting proper approval from ACB & Board of Directors. The Board of Directors is independent from management and exercises oversight over the development and effectiveness of the internal control environment.

Banks are in the business of risk-taking. Consequently, it is imperative that, as part of an internal control system, these risks are being recognized and continually assessed. From an internal control perspective, a risk assessment should identify and evaluate the internal and external factors that could adversely affect the achievement of banking organization's performance, information and compliance objectives. The Risk Management Committee of the Board continually reviews and monitors the development, identification & assessment of risks relating to business objectives, assessment procedures.

The Bank has formal policies, procedures, manuals and guidelines including general control activities over technology to support the achievement of objectives which is updated and developed on regular basis. In order to ensure the effectiveness of the internal control system, continually verifying that these control policies & procedures are being complied with. The Bank initiates MIS Committee to ensure supply of correct and accurate information to Management and other stakeholders.

In addition to the above key internal control procedures includes the followings;

- Ensuring that control policies and procedures are being complied with throughout on site as well as off site supervision of DCFCL, QOP, LDCL & SAAFIC
- Updating the existing DCFCL and develop new ones for the Divisions/Departments involving financial transitions
- Develop a portal for ICCD to receive DCFCL & QOR in soft form in spite of receiving any hard copies
- Reporting internal control deficiencies to appropriate management level immediately
- Reporting material control deficiencies to ACB with specific recommendations
- Prepare separate exception report for any deviations identified in the Quarterly Operations Report
- Reporting on the type/ nature of credit discrepancies in credit documentations to MD & ACB on Quarterly basis.
- Reviewing the compliance status of documentation between sanction advice along with LDCL and uploaded documents at edoc
- Compliance test/audit to check compliances and follow up for non-compliances
- Ensuring that compliance policy is observed and appropriate corrective action has been taken in the event

of identified breaches

- Introducing Compliance Committee Meeting for resolving major deviations
- Depute Audit & Inspection Department to carry out an audit on the specific deviations (if any)

R&D Activities:

In a highly competitive Banking industry, external factors such as intense competitive rivalry, change in technology, new trends and change in policy poses manifold challenges along with keeping up with existing business. Along with conducive economic factors, growth of business depends on formulating strategies based on insight, data, information and competitive intelligence. In this digital era, where data may be at one's finger tips, however, information without primary research and appropriate qualitative and quantitative research methods cannot ensure the reliability and validity of the data. Research and Development (R&D) division of the Bank systematically undertakes research on the Bank's priority areas that requires comprehensive collection of data and validation of information.

R&D's focus is on changing business environment, trend of industry's dynamics, forecast of major indicators, consumer insight for new product development and reengineering, customer service excellence, business feasibility studies etc. Besides, opportunities of business avenues can also be explored and existing business can be also given new dimension to increase the business volume and sustainable growth. R&D division of the Bank undertakes research studies on economy, market, customer and contemporary issues for strategic insights and disseminates knowledge through economic publication and undertakes ad-hoc research.

R&D'S PRIORITY AREAS


Economy


Market


Banking


Consumer

R & D DIVISION'S ACTIVITIES

Market Research	Operations Research	Business and Economic Policy Research	Industry Studies
New Product Development, Product Reengineering Consumer Insight	Branch Expansion Program (BEP) ATM Expansion Program	Monthly Newsletter "In-Focus" Weekly e-Newsletter Miscellaneous Functions	Commodity Business Priority Sectors

Major activities performed by R&D Division are as follows:

Market Research

Product Development

- *New Product Development:* After initial screening and conceptualization, R&D proposed PPG for Gift Card and Gift Cheque to delight the customers with innovative features and value propositions.
- Calculated installment sizes with different slabs of interest and tenure for 10 Deposit Products
- R&D Division designed some new asset products for SME Division as per refinance program of Bangladesh Bank for the new entrepreneurs.
- For introducing new competitive CASA products, R&D designed a unique or Special Savings Account in addition to its existing general savings accounts. It was also recommended that the Bank may also categorize its current account customers in two segments- Current Account and Current Plus.
- *Product Re-engineering:* Among the Deposit Scheme (DS) Products, comparative feature analysis on Double Benefit, Monthly Benefit, CSS, Account 150%, Prime Millionaire, LaksmaPuron, Brighter Tomorrow, Nobagoto DS- have been conducted to aid ALCO of the Bank. Consequently, revision of interest rate, provisional profit rate tenure and all the applicable and expected installment sizes for the mentioned scheme products (Conventional & Islamic) had been done following suggestions of the Bank's ALCO.

Marketing Research:

- Study on Revealing reasons of declining bank's Import-Export share with Region and Branch-wise Findings & Recommendations
- Mystery Shopping Survey at Branch Level (145 Branches) to Ensure Service Excellence for the Year 2016
- Performance analysis and improvement strategies for Prime Bank Eye Hospital
- The division recommended some revisions/modifications modified features of Revision of SME Asset Products (Anchol, Chalti, Subidha, Sampad, Sahaj etc.) after measuring the problems and prospects of SME Asset products of the Bank.
- Comparative analysis of Home Loan Tenure in PCBs

- Comparative feature analysis on the Bank's 11 Deposit Schemes for ALCO
- Comparative Data Analysis on Bank Statement Fee & Balance Confirmation
- Comparative Data Analysis on Schedule of Charges (GB, Credit, FX, ADC, Cards, Premium Banking etc) of different banks vis-à-vis Prime Bank.
- Customer Charter and Service Standard of Prime Bank were prepared for submission to Internal Control and Compliance Division (ICCD).
- Development of Customer Complaint Lodgment and Management Module as per guidelines of the Central Bank

Industry Studies

R&D Division provides up-to-date information on the industry/ sector as per instruction of the Board of Directors of the Bank. In addition, it is also a requirement of CRM of the Bank and different business units of the Bank. In this regard, R&D Division has already prepared and submitted the following reports to the Bank's internal stakeholders:

- Light Engineering Sector focusing Cluster Locations, Product Lines, Raw Materials, SWOT analysis etc.
- Food & Beverages Industry report
- RMG sector of Bangladesh
- Plastic Industry of Bangladesh
- Paper manufacturing industry of Bangladesh
- Ship Breaking Industry of Bangladesh
- Bangladesh Steel & Re-rolling mills Industry

These reports have provided market information focusing on size of market, total supply, production capacity/utilization, top market players, future outlook/prospect of the respective industry based on secondary as well as available primary data.


Ship


Food and Beverage


Plastic


Steel Rerolling


Paper

Operations Research

The Business Feasibility Study is one of the crucial and frequent studies undertaken by R&D for serving the bank in setting up any Branch, ATM Booth at recommended and prospective areas over the country based on geographical, demographic, business, financial and economic data analysis.

- To explore potential geographic locations where the bank can extend its services to contribute to the socio-economic development of the area, Feasibility Studies have been conducted on around Forty One (41) new locations all over the country for new branch and business growth.
- Besides, for ATM expansion, feasibility studies have been carried out in Ten (10) places.
- Branch Relocation Study has been conducted in seven (7) places last year to make a comparative analysis between existing and proposed premises of the branch
- Business performance assessment has been conducted on an SME branch of Chittagong region considering operational cost and relative performance. Based on findings regarding incurring continuous loss, recommendations had been prescribed as way out means and to grow profitably.

Business and Economic Policy Research

- The monthly publication "In-Focus" has focused on contemporary issues that are critical to global and domestic economy as well as financial markets and institutions. In total eight (8) unique issues have been circulated to all stakeholders.
- To celebrate the winning momentum of Prime Bank Cricket Club (PBCC), a special issue was circulated. The issue mainly focused on the glorious journey of the PBCC, man behind the winning strategy, and milestones of PBCC in a vibrant manner.
- Besides, a weekly e-newsletter is being disseminated to provide financial insights to valued readers on a weekly basis. Fifty (52) issues have been communicated to the internal stakeholders of the Bank.

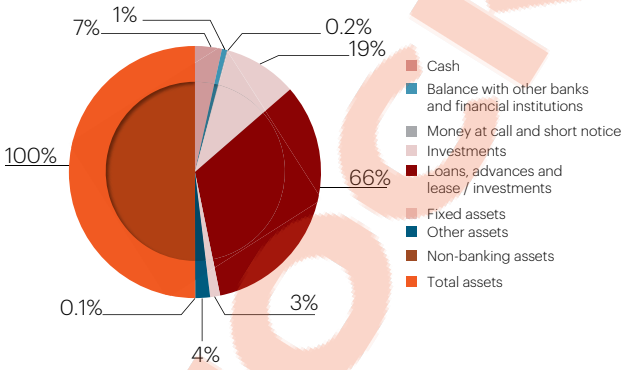
Miscellaneous Activities

- Write up for Sustainability Report of the Bank
- Write up for different issues such as for CAMEL's reporting, Financial Stability Report etc.
- Measuring Economic loss of Prevailing situation with facts and figures from Prime bank Ltd
- Combined Data on Financial Inclusion sought by Bangladesh Bank
- SMS Banking Charges of different banks report to MANCOM
- Redesign of Account opening form (Corporate, Personal & Islamic) redesigning
- Development of Complaint Management System of the Bank for submission to RMD
- Study on the Risk Management Framework of other Banks to support RMD for incorporation in their proposed framework

FINANCIAL ANALYSIS

Total Assets

Total Assets of PBL stood at BDT 256,599 million as on 31 December 2016 as against BDT 252,161 million of previous year registering a growth of about 1.76 percent over the year 2015. In total assets, loan and advances covered 66% of total assets. Contents of total assets of PBL is shown in following table.



BDT in million

Assets	2016	2015	Growth (%)
Cash	17,732.61	17,461.06	1.56%
Balance with other banks and financial institutions	3,365.23	1,957.68	71.90%
Money at call and short notice	540.00	420.00	28.57%
Investments	48,249.21	62,732.86	-23.09%
Loans, advances and lease / investments	170,211.83	151,864.53	12.08%
Fixed assets	6,589.68	6,516.43	1.12%
Other assets	9,690.07	10,988.16	-12.57%
Non - banking assets	220.50	220.50	0.00%
Total assets	**256,599.13**	**252,161.23**	**1.76%**

Cash and bank balance

Cash and bank balance includes notes and coins on hand, balance with Bangladesh bank and its agent bank and balance with other banks and financial institutions. In 2016, total Cash and bank balance was BDT 21,098 million compared to BDT 19,419 million in December 2015. Details are as follows:

BDT in million

Cash and Balance with other banks	2016	2015	Growth (%)
In hand (including foreign currencies)	2,718.85	2,391.18	13.70%
Balance with Bangladesh Bank and its agent bank (s)	15,013.76	15,069.88	-0.37%
Cash in hand including foreign currencies	17,732.61	17,461.06	1.56%
Balance with other banks and financial institutions	3,365.23	1,957.68	71.90%
In Bangladesh	651.90	112.22	480.91%
Outside Bangladesh	2,713.33	1,845.46	47.03%

Money at Call and Short Notice

Call lending is a part of the treasury function. Bank's lending under this head of BDT 540 million as on December 31, 2016 and it was BDT 420 million in the same date of last year which is equivalent to 29 percent growth compared to the corresponding period. Positive growth indicates that banks has strong liquidity position as well as bank is efficient in generating income.

Investment

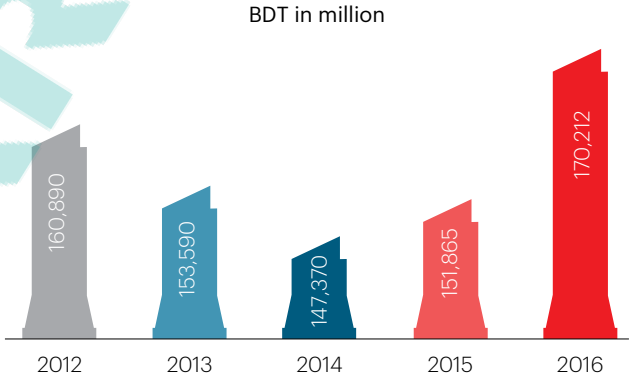
Investment in Treasury bill/bond occupies a significant portion of the total investment of the Bank which is BDT 47,649.03 million as on December 31, 2016 and it was BDT 61,746.06 million in 2015. Details are as follows:

BDT in million

Particulars	2016	2015	Growth (%)
Government			
Held for trading (HFT)	341.82	25,620.92	-98.67%
Held to maturity (HTM)	28,425.83	32,129.71	-11.53%
Reverse Repo	-	376.46	-100.00%
Prize Bond	4.75	6.35	-25.20%
Other Investment			
Share	413.15	321.91	28.34%
Bangladesh Bank Bills	18,881.38	3,995.43	372.57%
Bonds	182.26	282.08	-35.39%
Total	**48,249.21**	**62,732.86**	**-23.09%**

Loans and advances

PBL's loans and advances increased by BDT 18,347 million during the year 2016 and stood at BDT 170,212 million which was BDT 151,865 million in 2015 showing a substantial growth of 12 percent over the previous year. Concentration of loans and advances was well managed and details of concentration are given at notes to the financial statements. The ratio of non-performing loan was 5.96 Percent which is much lower than the industry average. The Bank continued its participation in different credit program for financing in industrial projects, import, export, house building, retail, agriculture etc.



Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment and vehicles etc. PBL's fixed assets increased by BDT 74 million during the year 2016 and stood at BDT 6,590 million which was BDT 6,516 million in 2015.

Other Assets

Other assets of the bank decreased by BDT 1,298 million during the year 2016 and stood at BDT 9,690 million and it was BDT 10,988 million in 2015. The main components of other assets are investment in subsidiaries, advance rent, interest receivable, branch adjustment account and suspense account etc.

Borrowings from other Banks, Financial Institutions and Agents

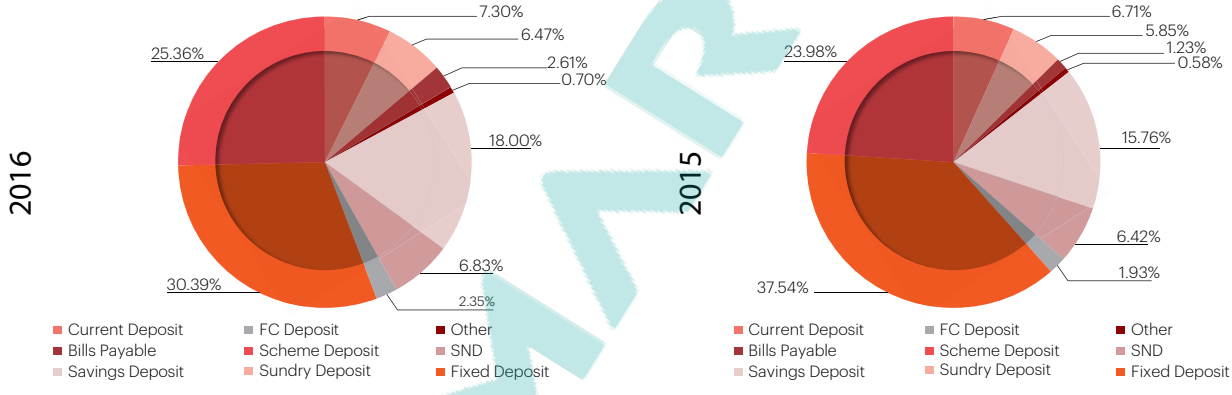
PBL has borrowed fund from other banks and financial institutions as well as Bangladesh Bank for Refinance against SME loan. PBL has also borrowed foreign currency for its OBU operation. In addition, PBL issued subordinate bond. In 2016, borrowing stood of the Bank 12,930 million and it was BDT 10,442 million in 2015.

Deposits

During the year 2016 total deposits of the bank increased by BDT 3,109 million and stood at BDT 197,934 million and it was BDT 194,825 million in 2015 representing growth of 1.60 percent. Wherein Bank deposit stood at BDT 305 million and Customer deposit stood at BDT 197,629 million and it was BDT 643 million and BDT 194,182 million respectively in 2015. In addition, No-cost/Low-cost deposit increased 5.78 percent compared to the corresponding period.

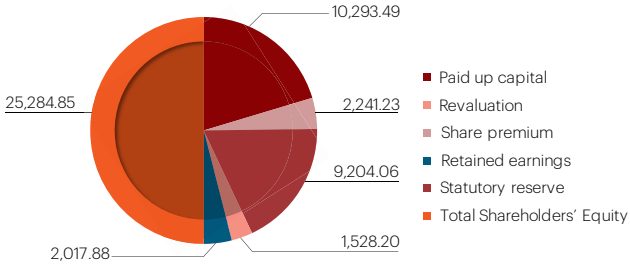
BDT in million

Particulars	2016	2015	Mix (%)	
			2016	2015
No Cost Deposit	**33,797.90**	**27,993.70**	**17.08%**	**14.37%**
Current Deposit	14,450.20	13,076.50	7.30%	6.71%
Sundry Deposit	12,802.00	11,392.80	6.47%	5.85%
Bills Payable	5,168.40	2,387.30	2.61%	1.23%
Other	1,377.30	1,137.10	0.70%	0.58%
Low Cost Deposit	53,790.40	46,974.70	27.18%	24.11%
Savings Deposit	**35,628.50**	**30,714.00**	**18.00%**	**15.76%**
SND	13,517.00	12,504.60	6.83%	6.42%
FC Deposit	4,644.90	3,756.10	2.35%	1.93%
High Cost Deposit	**110,345.70**	**119,856.70**	**55.75%**	**61.52%**
Fixed Deposit	60,156.20	73,131.20	30.39%	37.54%
Scheme Deposit	50,189.50	46,725.40	25.36%	23.98%
Total Deposit	**197,934.00**	**194,825.10**	**100.00%**	**100.00%**



Shareholders' Equity

Total shareholders' equity includes paid up capital, share premium, statutory reserve and retained earnings and other reserves. By the end of the year 2016, total shareholders' equity decreased by BDT 1,130 million from BDT 26,415 million in 2015 which is equivalent to 4.28 percent negative growth. Detail are as follows:



BDT in million

Shareholders' Equity	2016	2015	Change (%)
Paid up capital	10,293.49	10,293.49	-
Share premium	2,241.23	2,241.23	-
Statutory reserve	9,204.06	8,735.04	5.36%
Revaluation	1,528.20	3,309.40	-53.82%
Retained earnings	2,017.88	1,835.87	9.92%
Total Shareholders' Equity	25,284.85	26,415.03	-4.28%

Analysis of Operating results of PBL

In 2016, PBL reached the operating income of BDT 12,170 million and it was BDT 12,073 in 2015 whereas operating expense was BDT 5,948 million in 2016 as against BDT 6,166 million in 2015. Profit before provision and taxes was BDT 6,222 million which was BDT 5,906 million in 2015. Profit after tax was BDT 2,840 million as against BDT 2,139 million in 2015. Earnings per Share was stood at BDT 2.78 and it was BDT 2.08 in 2015. Detail are as follows:

Particulars	2016	2015	Change (%)
Interest Income	13,988.67	15,550.67	-10%
Interest Expense	(10,675.51)	(14,256.81)	-25%
Net Interest Income(NII)	3,313.16	1,293.87	156%
Non-Interest Income	8,710.16	10,781.99	-19%
Operating Expenses	6,265.93	6,166.43	2%
Profit before Provision & Taxes	5,757.38	5,909.42	-3%
Profit before Taxes(PBT)	2,345.04	2,752.02	-15%
Net Profit after Taxes (NPAT)	2,195.04	2,139.02	3%

Interest Income

During the year 2016, interest income decreased by BDT 1,562 million and stood at BDT 13,988.67 against BDT 15,550.70 million in 2015. The major interest earning came from follows:

BDT in million

Particulars	2016	2015	Change (%)
Interest on loans and advances	13,601.70	15,258.70	-11%
Interest on balances with other Banks & FI's	105.60	46.20	129%
Interest on balance with foreign Bank	257.30	204.80	26%
Interest on call loans	24.10	41.00	-41%
Total	13,988.67	15,550.70	-10%

Interest Expense

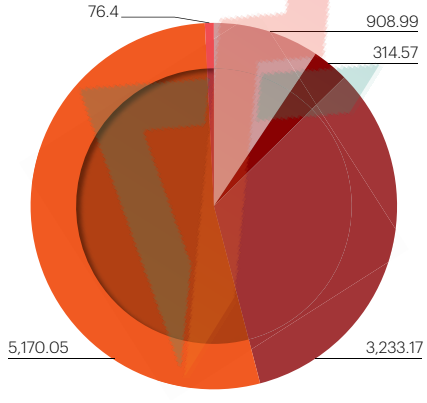
In 2016, PBL incurred BDT 9,703 million as interest expense and it was BDT 13,265 million in 2015 which is equivalent to 27 percent of positive growth of the Bank. Bank has strong liquidity position throughout the period and of the date of reporting accordingly bank was able to procure deposit at lower cost. Our average cost of deposits in 2016 was 5.02 percent which was 6.54 percent in 2015. Interest paid on borrowings was BDT 972 million in 2016 which was BDT 992 million in 2015.

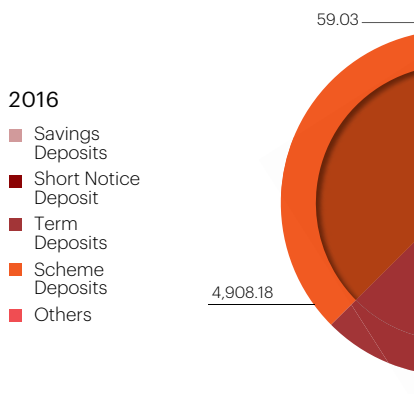
Product wise Interest Expense Analysis

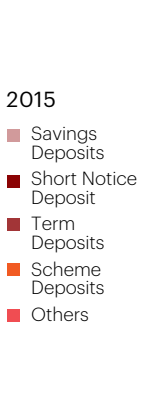
In 2016, interest expenses decreased by BDT 3,562 million and stood at BDT 9,703 million which was BDT 13,265 million in 2015 which is equivalent to 0.87 percent positive growth of the Bank. Interest expenses decrease due to substantially decrease the high cost deposit during the year. Details are as follows.

BDT in million

Particulars	2016	2015	Change (%)
Savings Deposits	908.99	1,117.14	-19%
Short Notice Deposit	314.57	667.51	-53%
Term Deposits	3,233.17	6,512.90	-50%
Scheme Deposits	5,170.05	4,908.18	5%
Others	76.40	59.03	29%
Total	9,703.18	13,264.76	87%



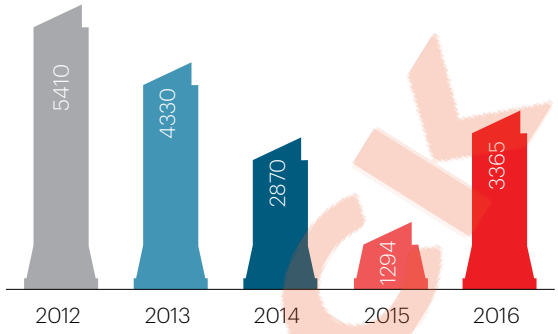




Net Interest Income

PBL earned total BDT 3,313 million as net interest income during the year 2016 registering increases by BDT 2,019 million which is equivalent to 156 percent growth over previous year. It indicates that the management of the Bank is more efficient to manage the interest rate of loans and advances and deposits.

BDT in million



Income from Investment

PBL has earned investment income of BDT 6,203 million during the year 2016 which was BDT 7,989 million in 2015. In investment income, interest income covered by BDT 4,148 million which is equivalent to 67 percent and non-interest income covered by BDT 2,055 million which is equivalent to 33 percent and it was 83 percent and 17 percent respectively in 2015. Detail are as follows:

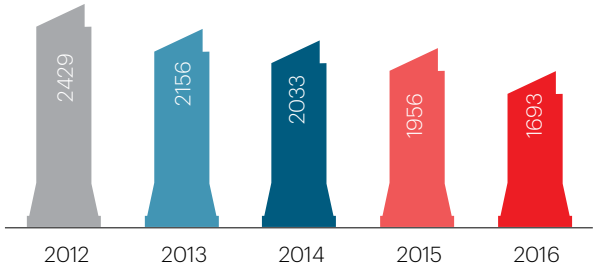
BDT in million

Investment Income	2016	2015	Change (%)
Interest on treasury bills/Reverse repo/bonds	3326.79	5317.29	-37%
Interest on debentures / bonds	37.19	45.14	-18%
Gain on discounted bond / bills	784.52	1265.65	-38%
Interest Income from investment	**4148.50**	**6,628.08**	**-37%**
Gain on Govt. security trading	1946.67	1294.77	50%
Dividend on shares	108.18	65.88	64%
Non-Interest Income from Investment	**2054.85**	**1360.65**	**51%**
Total	**6203.35**	**7988.73**	**-22%**

Commission, Exchange and Brokerage

During the year 2016, PBL earned total BDT 1,693 million as commission, exchange and brokerage and it was BDT 1,956 million in 2015. Commission, exchange and brokerage income declined by BDT 263 million from previous year.

BDT in million



Other Operating Income

Other operating income increased by BDT 74 million and stood at BDT 908 million in 2016 which was BDT 834 million in 2015.

Operating Expenses

Total operating expenses during 2016 increased by BDT 100 million from BDT 6,166 million in 2015 to BDT 6,266 million in 2016 which is equivalent to 2% percent growth over last year. The main components of the operating expenses are as follows:

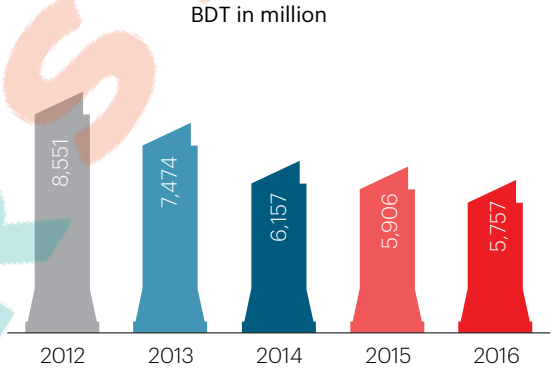
BDT in million

Particulars	2016	2015	Change (%)
Salaries and allowances	3,650.55	3,591.88	2%
Rent, taxes, insurance, electricity, etc.	755.94	675.18	12%
Legal expenses	52.87	55.05	-4%
Postage, stamp, telecommunication, etc.	119.00	137.64	-14%
Stationery, printing, advertisements, etc.	202.55	221.59	-9%
Managing Director's salary and fees	10.80	10.06	7%
Directors' fees	4.94	3.45	43%
Auditors' fees	1.40	1.15	22%
Depreciation and repair of Bank's assets	380.41	394.55	-4%
Other expenses	1,087.50	1,075.88	-8%
Total	**6,265.93**	**6,166.43**	**2%**

In operating expenses, salary and allowances for the employees covered more than 58 percent of total expenses which record a growth of 2 percent. The reasons for this moderate increase of salary and allowances were the incremental added over the last year and increase of number of employees by 27. Expenses for rent, taxes, insurance, electricity etc. increased by 11.96 percent mainly due to expansion of branch network to 145 and ATM booth to 168 from 166.

Operating Profit

The total operating profit of the bank for the year 2016 stood at BDT 5,757.38 million in comparison to BDT 5,906 million of 2015. A moderate growth of interest expense and operating expense contributed highest to reach at the operating profit of 2016. Interest expense decreased by 25.12 percent in 2016 amount in BDT 10,675 million compared to BDT 14,256 million in 2015. Non-interest income was BDT 8,710.16 million which was 19 percent lower than previous year and operating expense was BDT 6,266 million which was 1.62 percent higher than previous year.

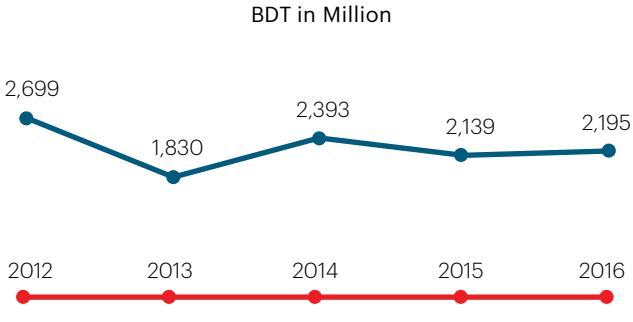


Profit before Tax

Profit before tax of the Bank stood at BDT 2,345 million in 2016 compared to BDT 2,752 million in 2015. The Bank maintained adequate amount of provision against loans and advances, off-balance sheet items, diminution value of investments and other delinquent assets. Bank maintained more than 100 percent provision against regulatory requirement in 2016.

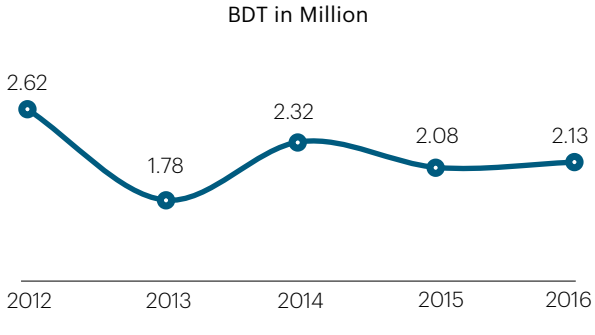
Net Profit after Tax

During the year 2016, net profit after tax increased by BDT 56 million and stood at BDT 2,195 million and it was BDT 2,140 million in 2015 which is equivalent to 3 percent growth over the previous year.Net profit increased due to significant decline the provision requirement of tax. However, Bank maintained substantial amount of provision for payment of tax for its income for the income year 2016 which was BDT 150 million against BDT 713 million.



Earnings per Share

In 2016, PBL earnings per share was BDT 2.13 compared to BDT 2.08 in previous year. Earnings per share increase due to substantial increase of net profit.



BUSINESS
SEGMENT ANALYSIS

PBL is dedicated to provide best services by offering innovative products to the society where it operates. PBL also provides services in local geographic areas and demographics segment. PBL can often best define market segments based on product benefits when it offers multiple products. In segmenting the market, the potential customers are divided into several sections with similar needs. From the very beginning, PBL is offering attractive financial products and services considering the concurrent needs of customers.

Prime Bank Limited (PBL)

PBL has maintained reasonable growth of asset and liabilities in spite of all challenges during the year 2016. Trade finance and other ancillary businesses recorded considerable growth in spite of all odds and economic turmoil.

PBL made operating profit of BDT 5,757.38 million in 2016 as against BDT 5,906.42 million in last year. During the year 2016, the bank made net profit of BDT 2,195.04 million as against BDT 2,139.02 million in previous year.

Offshore Banking Units (OBU)

PBL has been offering Offshore Banking facilities through 3 (three) Offshore Banking Units located in Dhaka Export Processing Zone (DEPZ), Chittagong Export Processing Zone (CEPZ) and Adamjee Export Processing Zone (AEPZ). The total loans and advances of OBUs reached to USD 226.94 million equivalents to BDT 17,860.37 million as on December 31, 2016 compared to USD 159.44 million equivalents to BDT 12,516 million as on December 31, 2015 recording a growth of 42 percent. During the year 2016, OBUs made operating profit of USD 2.74 equivalents to BDT 214.89 million as against USD 1.66 million equivalents to BDT 128.97 million in 2015 with a positive growth of 65 percent.

Prime Bank Investment Limited (PBIL)

During the year 2016, the company made operating loss of BDT 169.73 million as against loss of BDT 15.14 million in 2015. PBIL made net loss of BDT 42.23 million in 2016 whereas it was BDT 5.81 million profit in last year.

Prime Bank Securities Limited (PBSL)

During the year 2016, the company made operating loss of BDT 26.31 million as against BDT 28.23 million in 2015. PBSL made net loss of BDT 28.84 million in 2016 whereas it was BDT 47.61 million in previous year.

Prime Exchange Co. PTE Ltd., Singapore

The company made net profit of SGD 48,432 equivalents to BDT 2.66 million in 2016 compared to SGD 99,987 equivalents to BDT 5.72 million in 2015.

PBL Exchange (UK) Limited

The company made operating profit of GBP 75,397 equivalents to BDT 8.01 million in 2016 compared to operating loss of GBP 9,992 equivalents to BDT 1.18 million in 2015.

PBL Finance (Hong Kong) Limited

Total assets of the company reached to HKD 219.25 million equivalents to BDT 2,225.40 million as on 31 December 2016 compared to HKD 160.04 million equivalents to BDT 1621.08 million as on 31 December 2015. The company made a net profit after tax of HKD 5.29 million equivalents to BDT 53.60 million in 2016 compared to HKD 7.08 million equivalents to BDT 71.42 million in 2015.

AMARSTOCK

EMPLOYEE REPORT

Motivated and Engaged Employees

Prime Bank has a diverse group of motivated and engaged employees. From experience it knows that if employees are properly empowered, they become more engaged and go extra miles to fulfill organization's ambition. Engaged employees are likely to take more responsibility and embrace accountability which helps to achieve the sustainability strategies. The Bank has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive plenty of development opportunities. Prime Bank has a special focus on:

- Ensuring a balanced diversity
- Promoting human capital development
- Providing competitive compensation and benefits
- Promoting a performance centric culture
- Protecting human rights
- Ensuring workplace health and safety
- Ensuring equal opportunity

All the people related issues in Prime Bank are governed by the well-defined policies and procedures which are duly reviewed by the Management time to time.

Compensation & Benefits

To maintain the market competitiveness, the compensation and benefits of Prime Bank are regularly reviewed through market and peer group study. The well-crafted total rewards help the Bank to attract, motivate and retain talent.

In PBL, the Board of Directors is not eligible for any compensation. They are paid honorarium for attending meetings only. On the other hand, all employees are paid competitive remuneration package. The remuneration policy of the Bank does not allow any discrimination between male and female employees. In addition, employees are paid bonus based on yearly business performance.

In addition to monthly competitive base pay and a good number of allowances (e.g., House Rent allowance, Medical allowance, Conveyance allowance etc.), Prime Bank has variety of market-competitive Benefits schemes designed to motivate the employees. The various cash and non-cash benefits include:

- Company provided car for top level Executive employees
- Car allowance for all Executive level employees
- Leave fair assistance allowance
- Medical treatment allowance
- Maternity benefits
- Car loan facility
- House loan facility
- Staff loan at reduced interest rate
- House furnishing allowance
- Mobile phone allowance
- Travel allowance
- Technical allowance
- Festival bonus
- Allowance for employees' meritorious students
- Annual leave
- Maternity leave
- Study leave etc.

The Bank also provides long-term as well as retirement benefits to employees:

- Leave encashment
- Provident fund
- Gratuity benefit
- Retirement benefit
- Partial and full disability benefit
- Death benefit to family members etc.

Broadbanding Pay Structure:

The Management introduced Broad banding Pay Structure which aims to ensure a performance driven work culture through a strategic compensation plan synced with the performance of individual employee. Since inception, Prime Bank has practiced a scale based pay structure for each grade, so to reward individual performance the new policy offers a flexible pay plan that will compensate the person, not the grade. It places an increased emphasis on encouraging employees to develop new skills and paying for the skills according to their contribution and equity. In a nutshell, broad banding is a more flexible pay system for both the employees and for the employers where career progression takes a different route. Given that, the specific reasons behind introduction of this new pay structure is:

1. It facilitates/encourages internal /lateral movement (Through Job Rotation)
2. It rewards performers than the non-performers (Through Pay for Performance)

3. It puts added trust & greater autonomy in line management (Through Teamwork/ Relationship)

Moreover, the policy states that when one employee reaches the highest grade within a Band, the employee will grow further when he/she is ready to take or has taken higher responsibilities and match the criteria of the next Band.

The total compensation and benefits system of Prime Bank tracks costs and is linked with performance, while maintaining a balance with the business affordability.

Performance Management Program

Prime Bank has a comprehensive performance management program that evaluates employees' yearly performance against business targets at the year-end. In addition, their functional and leadership competencies are also rated by the line management. This appraisal process also identifies the competency gap and training needs of employees. All employees (except employees under probation or training) of the Bank undergo annual performance appraisal process. The process ensures that clear feedback on improvement points (performance and professional capabilities) is provided to employees by their Managers to promote employees' long-term career development and improved contribution to organizational performance. All regular employees undergo the annual performance and career development review.

Work-life Balance

Prime Bank wants its employees to balance the work and personal life and has organization-wide practices and policies that actively support employees to achieve success at both work and home. Management is also open and shows flexibility in regard to a balanced work-life.

In Prime Bank, employees are entitled to sufficient annual leave and sick leave with pay. To enjoy vacation with family, Bank provides Leave Fare Assistance Allowance to employees. All female employees are eligible for Maternity Leave (Parental Leave) with pay for a period of six months. In 2016, a total of 59 female employees availed Maternity leave. After completion of the leave, they returned to work and are still continuing with the organization.

Culture

Culture plays a vital role to create a high performance environment that supports sustainability strategy implementation. Prime Bank carefully develop, shape and impact organizational culture by: practicing values appropriate for the bank; defining working relationship and communication pattern between superior and subordinates; governing rules and regulations which control employees' behavior; promoting a strong employer brand through which employees identify with the organization; maintaining effective reward system that affects employees' loyalty and empowering employees to demonstrate their innovativeness not only to be competitive in the market but also to achieve a sustainable growth.

Healthy and Safe Work Environment

In Prime Bank, the physical, mental and social well-being of the employees always get priority. Healthy, productive and motivated employees are the foundation of a successful organization. Prime Bank helps employees to assume responsibility for their own personal behavior in health-related matters, and support health-promoting general conditions within the Company. We continuously focus on improving health and safety of employees that includes proper work place design and decoration of head office and branches, maintaining the cleanliness at workplace, holding awareness session related to physical and psychosocial well-being, email communication on various health and safety related topics, sending alerts to employees on emergency situations, arranging fire drill sessions, financial support for medical care etc. Because of the nature of operations, Bank employees are not usually exposed to work-related injury, occupational diseases or fatality. Yet, the Bank remains cautious so as not to create any hazardous work condition.

Decent Workplace

Prime Bank has a decent work environment where employees can work with dignity, have the freedom to express opinions, can participate in the decision making process that affect their lives, and receive equal treatment and opportunity. The Bank is committed to ensure the best practices in compliance with the labor code of the country. Bank Management believes that the business can grow favorably if the organization enables employees through creating and maintaining a decent workplace.

In Prime Bank, employees have the right to exercise freedom of association or collective bargaining following the legal procedure of country laws. However, employees have never formed or wanted to form any collective bargaining agency. The Bank follows non-discriminatory approach in all HR policies and practices. The salary of an employee is determined based on his/her competency, experience and performance. During the period of 2016 neither any incident regarding discrimination nor any grievance related to labor practices or human right has been reported. The Bank neither employs child labor nor has any provision for forced labor. Employees have the right to resign from their employment serving proper notice period and following the internal procedures.

Ensuring a decent workplace also encompass Bank's investment decisions as well as agreements with the suppliers and contractors. For instance, human right, as appropriate, is covered as an integral part of decision making for major financial investments. Among all the significant investments, garments and manufacturing industry contain major stakes where issues related to human rights are more relevant and critical. Hence, any such investment agreement is subject to screening of human right issues along with other criteria.

On the other hand, all the agreements of Prime Bank with suppliers or contractors undergo due assessment process which requires complying with Labor Code and other applicable laws

of the country. Moreover, the procurement decisions are also subject to conformity with International Labor Conventions. The team involved in procurement visits suppliers and contractors' premises on need basis to monitor working conditions and other relevant issues like labor practices, human right etc.

The security personnel employed by the Bank are formally trained and aware of policies and procedures regarding human right issues. The training requirement also applies to third party organizations that provide security personnel to the Bank.

The most recent addition to encourage female employees at the workplace is that they are now able to avail child day-care facility in Motijheel area. Female employees having offices in Motijheel and peripheral area now can avail child day-care facility where they can keep their children in a safe and secured environment. This will not only help to retain female employees but will relieve them of the dilemma of leaving their child/children at home.

Diversity in Workplace

Prime Bank believes that diverse, heterogeneous teams generate greater creativity, innovation and business development. An inclusive culture maintains and drives workforce diversity by fostering the exchange of ideas and collaboration among individuals and across groups. To speak simply, our constant success depends in part on maintaining a plurality of perspectives.

Employees by age group:

Age group	Grand Total	Percentage
Less than 30 years	390	13.17%
30 to 50 years	2420	81.73%
Over 50 years	142	5.10%
Grand Total	**2961**	**100.00%**

We practice equal employment opportunity; for competent candidates regardless of their gender, age, locality or ethnicity. While recruiting fresh graduates, the Bank sources the pool from different recognized public and private universities; with a view to creating a diverse work force.

Employees by religion:

Religion	No. of Emp.	Percentage
Islam	2745	92.71%
Hindu	205	6.92%
Buddhist	11	0.37%
Christian	0	0%
	2961	**100.00%**

Besides, our ration of male and female employees has been increasing over the time. Currently, approximately 22% of total employees are female. On the other hand, almost 16% of the Board of Directors represents females.

Gender diversity among employees:

Gender	No. of Employees	Percentage
Male	2285	77.17%
Female	649	21.93%
Total	**2961**	**100.00%**

Increasing percentage of Female over the years:

Year	% of Female Employees
2012	19.77%
2013	20.52%
2014	21.00%
2015	21.64%
2016	**21.93%**

Gender diversity among Board members:

Gender	No. of Members	Percentage (%)
Male	16	85.21%
Female	03	15.79%
Total	**19**	**100%**

New recruitment by gender and age (By Gender):

Gender	No. of Employees	%
Male	134	75.28%
Female	44	24.72%
Total	**178**	**100.00%**

By Age:

Age group	Grand Total	%
Below 30 years	73	41.01%
30 to 50 years	104	58.43%
Over 50 years	01	0.56%
Grand Total	**178**	**100.00%**

Employee turnover by gender and age:

By Gender:

Gender	No. of Employees	%
Male	130	79.27%
Female	34	20.73%
Total	**164**	**100.00%**

By Age:

Age group	Grand Total	%
Below 30 years	19	11.59%
30 to 50 years	128	78.05%
Over 50 years	17	10.37%
Grand Total	**164**	**100.00%**

For the year 2016, the turnover rate is 5.56%.

Learning & Development

In Prime Bank, Human Resources (HR) Division regularly undertakes effectively designed training programs targeting the right group of employees through proper training need assessment. Prime Bank believes that continuous efforts should be given so that employees acquire and develop the right set of skills required to face the challenge of ever changing market.

In Prime Bank, the employee development plan is based on proper training need assessment. In 2016, Bank's internal HR Training and Development Centre arranged training on different topics for 3777 enthusiastic participants. Besides, a total of 470 employees were sent to participate in various training programs/ conferences in home and abroad.

The banking sector is complex and diverse with evolving nature of threats and the risks. So, the training module is updated time to time for employees of the Bank in the changing context of financial market.

Openness in communication for a better employee-management relation

Employee communications and consultation are the lifeblood of any business. Proper exchange of information and instructions help the Bank to function more efficiently and provides the opportunity to build greater trust among employees and management in discussing issues of mutual interest. To ensure effective employee communications, management takes a positive lead.

The Management has introduced a Whistleblower Protection Policy which intended to encourage and enable employees and others to raise serious concerns internally so that the Management can address and correct inappropriate conduct and actions. Employees have an avenue to report concerns about violations of code of ethics or suspected violations of law or regulations. The policy covers the protection of a whistleblower in two important areas – confidentiality and against retaliation. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Additionally, now there is an avenue to report sexual harassment in the workplace. The policy aims to ensure a working environment in line with our values, where all individuals are treated equally, fairly and with dignity and also foster compliance with governing laws pertaining to sexual harassment. Such policy creates awareness about the nature of offences and the consequences of an offender. This not only fosters a neutral environment but gives a feeling of assurance that any wrong doing will be strictly addressed by the Management.

Any operational changes are properly planned and managed. Management follows a participative approach during any major transformation followed by prior communication to the employees. Since there is no trade union or employee association, no notice period regarding operational change is stipulated by any collective agreement.

Ethical and Lawful Behavior in Prime Bank

Prime Bank is always committed to establish the highest level of ethical standard. Employees are properly oriented to comply with Code of Ethics & Business Conduct. All employees duly signed the 'Code of Ethics & Business Conduct' and the copy is preserved in respective Employee Records. During joining, HR Division makes sure that all the new employees read and accept this policy by signing.

Bank also has 'Service Excellence Handbook' & 'General Code & Discipline', which are read by each employee including new employees while joining in the Bank and record of these are preserved in personal file after signing by employees.

The "Prime Bank Employee Code of Ethics and Business Conduct" – is a framework of ethical behavior for all the employees of the organization that embodies all the factors mentioned above. It is a reflection of Prime Bank's role as a socially responsible corporate citizen which believes in providing the most courteous and efficient service through innovative banking services and products. However, Prime Bank's most farsighted objective is to uphold and build upon the honor of Bangladesh as a nation, through exhibiting its own competence as a local organization that can perform at least on par with a multinational one, if not better than one.

The employees of Prime Bank are trained to put their own duties and ethics before everything else. They treat their colleagues with reverence and honor, and their customers as esteemed guests. They also learn to abide by the laws that govern our business,

and contribute to the strength and wellbeing of our community and shareholders. In addition to their regular responsibilities employees are also expected to demonstrate the below ethical behavior:

- Protect Privacy of Customers' and Confidential Company Information;
- Prevent Money Laundering and/or Fraud;
- Demonstrate Workplace Respect;
- Avoid Offensive Behavior and Sexual Harassment;
- Avoid Drug/Substance/Alcohol Abuse in the Workplace;
- Protect the Bank's Assets;

It is mandatory for every employee of Prime Bank Limited to abide by the 'Employee Code of Ethics and Business Conduct' and also comply with any other orders or directions provided by the Management or Board of Directors from time to time.

AMARSTOCK

PRODUCTS & SERVICES

Conventional Banking

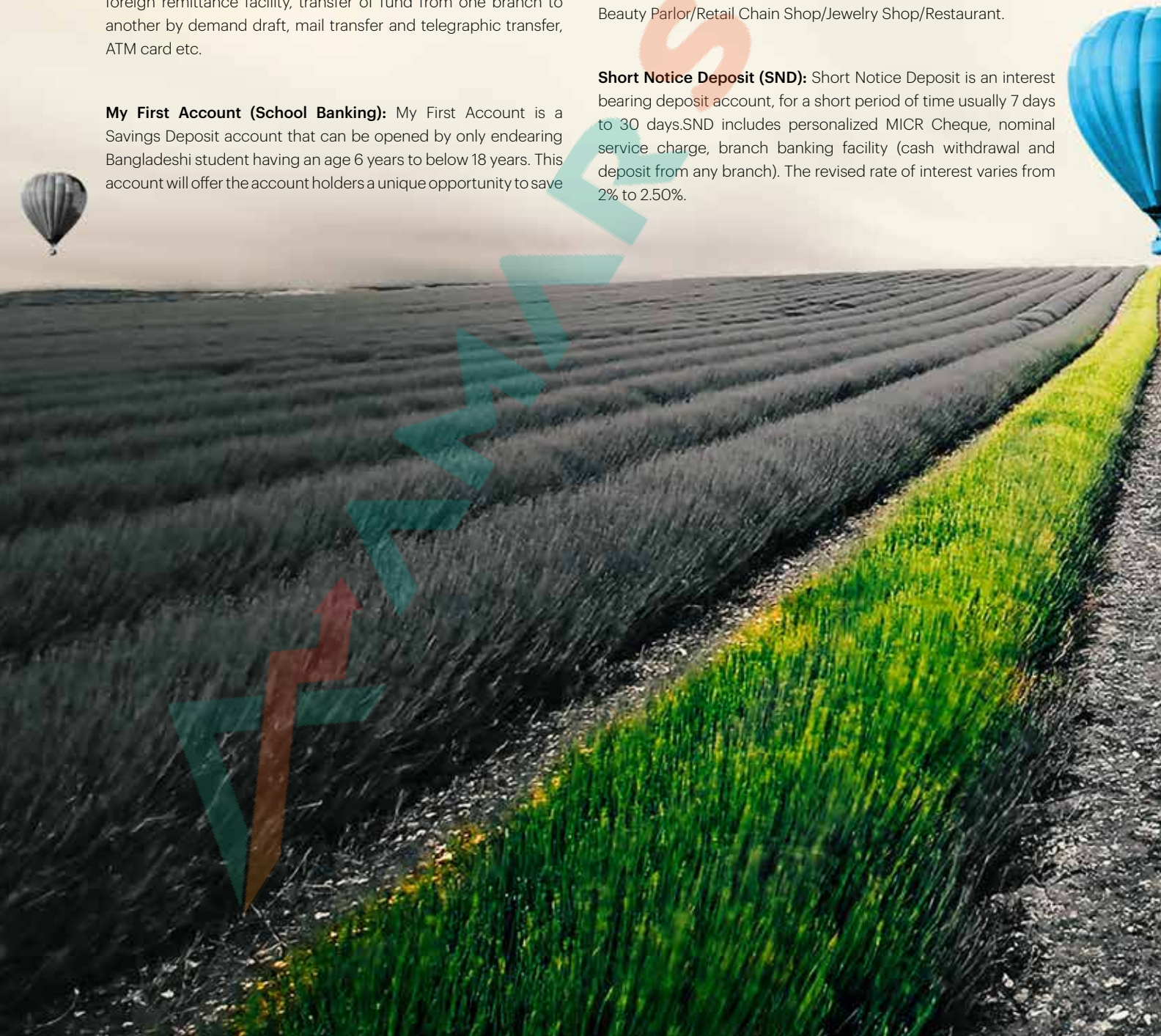
Current Account: Current Account is designed to facilitate business persons. Taka can be freely deposited and withdrawn. At the time of opening, this account is also accompanied by a Special Notice Deposit (SND) account. The account has cheque-book facility, safe deposit locker facility, and foreign remittance, transfer of fund from one branch to another by demand draft, mail transfer, and telegraphic transfer. It also offers transfer of fund on standing instruction arrangement, collection of cheques through clearing house, online banking service and Prime Bank Branded ATM card

Savings Account: It is an account for any Bangladeshi national with an age of 18 years or above. The account consists of Cheque-book facility, safe deposit locker facility, utility payment service, foreign remittance facility, transfer of fund from one branch to another by demand draft, mail transfer and telegraphic transfer, ATM card etc.

My First Account (School Banking): My First Account is a Savings Deposit account that can be opened by only endearing Bangladeshi student having an age 6 years to below 18 years. This account will offer the account holders a unique opportunity to save from an early stage of life to ensure better education and other financial needs in future. It has all the features of Savings Account. Minimum BDT 100.00 will be required to open this account. No fees and charges are applicable for "My First Account" (except Government fees as applicable by NBR time to time).

Shukonna' (Female SB Account): Shukonna is a special type of Savings Deposit Account for women. This type of account can be opened by any women 18 years of age and above. This account will earn interest on daily balance basis and interest will be credited at the end of the month. The product has daily basis interest of 2.5% per annum on daily balance; interest will be created after end of the month. 50% concession on account service charge, 50% concession on processing fees on marriage loan and special reward for the account holder on International Women Day. Account holders will enjoy discount at selected Beauty Parlor/Retail Chain Shop/Jewelry Shop/Restaurant.

Short Notice Deposit (SND): Short Notice Deposit is an interest bearing deposit account, for a short period of time usually 7 days to 30 days.SND includes personalized MICR Cheque, nominal service charge, branch banking facility (cash withdrawal and deposit from any branch). The revised rate of interest varies from 2% to 2.50%.



Fixed Deposits (1/3/6/12 months): Fixed deposit is a term product where customer is paid interest based on time of the investment. It starts from one (1) month to 1 year and above. The interest ranges from 3.5%-4.25% depending on the tenure of the investment.

Deposit Schemes

a. Single-Installment Based

- **Double Benefit Deposit Scheme:** In this scheme the initial amount becomes double within a period. Currently, the product matures within 10 years at an interest rate of 7.23%. Besides, depositor can take loan against this deposit.
- **Monthly Benefit Deposit Scheme:** This is a Deposit Scheme where the depositor gets a fixed amount of profit every month without disturbance of the principal. The lower ceiling is BDT 1 Lac
- **Account 150% Deposit Scheme:** Deposit will be estimated 1.5 times of the initial deposit. The tenure of the investment period will be 6 years. Minimum deposit amount BDT. 10,000.00.
- **Brighter Tomorrow:** Brighter tomorrow can be opened by any My First Account holder (school banking account of Prime Bank). The deposit account can be opened for 12 months and can be renewed for next cycle/s. The interest is 4.75% and investment amount can be 25000 multiple and maximum 10 crore.

b. Monthly-Installment Based

- **House Building Deposit Scheme:** The terminal benefit of this scheme is BDT 10 Lac and monthly installment varies according to tenure. The tenure of the scheme is 5/7/10 years. The interest ranges from 7-8%.
- **LaksmaPuron Deposit Scheme:** This is a deposit scheme where the customer gets his or her targeted investment within 3-5 years based on suitable monthly installment size. The minimum desired amount is BDT 50,000 and interest is 7%.
- **Lakhopati Deposit Scheme:** In this scheme the matured amount becomes BDT 1 Lac. The tenure of the Lakhopati Deposit Scheme will be 3/5/10/15 years. Maximum interest rate for the deposit is 8.50%.
- **Nobagoto Account:** This is a monthly based deposit scheme for the infants or new born. The interest varies from 8% to 8.50%. The minimum monthly deposit size is BDT 500 and it multiples up to BDT. 25000.



Islamic Banking

Al-Wadeeah Current Account (AWCA): Al-Wadeeah Current Account is designed to facilitate business persons. Taka can be freely deposited and withdrawn. At the time of opening, this account is also accompanied by a Special Notice Deposit (SND) account. The account has cheque-book facility, safe deposit locker facility, and foreign remittance, transfer of fund from one branch to another by demand draft, mail transfer, and telegraphic transfer. It also offers transfer of fund on standing instruction arrangement, Collection of cheques through Clearing House, Online banking service and Prime Bank Branded ATM card

Mudaraba Savings Account (MSA): It is an account for any Bangladeshi national with an age of 18 years and above. The account consists of Cheque-book facility, safe deposit locker facility, utility payment service, foreign remittance facility, transfer of fund from one branch to another by demand draft, Mail transfer and telegraphic transfer, ATM Card etc.

Mudaraba My First Account: My First Account is a Savings Deposit Account that can be opened by only endearing Bangladeshi student having an age of 6 years to below 18 years. This account will offer the account holders a unique opportunity to save from an early stage of life to ensure better education and other financial needs in future. It has all the features of Savings Account. Minimum BDT 100.00 will be required to open this account. No fees and charges are applicable for "My First Account" (except Government fees as applicable by NBR from time to time).

Mudaraba Shukonna Deposit Account: Shukonna is a special type of Savings Deposit Account for Women. This type of account can be opened by any women of age 18 years and above. This account will earn profit on daily balance and profit will be credited at the end of the month. The product has daily basis provisional profit rate of 2.50% per annum on daily balance; profit will be credited at the end of the month. 50% concession on account service charge, 50% concession on processing fees on marriage loan and special reward for the account holder on International Women Day. Account holders will enjoy discount at selected Beauty Parlor/Retail Chain Shop/Jewelry Shop/Restaurant.

Mudaraba Special Notice Deposit (MSND): MSND Short Notice Deposit is a profit bearing deposit account, for a short period of time usually 7 days to 30 days. SND includes personalized MICR Cheque, Nominal service charge, any branch banking facility (cash withdrawal and deposit from any branch). The revised rate of profit varies from 2% to 2.50%.

Mudaraba Term Deposit Receipt (MTDR): MTDR is a term product where customer is paid profit based on their time in the investment. It starts from one (1) month and 1 year and above. The profit ranges from 3.5%-4.25% depending on the tenure of the investment.

Mudaraba Deposit Schemes:

a) Single-Installment Based:

- **Mudaraba Double Benefit Deposit Scheme (MDBDS):** In this scheme the initial amount can become double within the estimated period. Currently, the product matures within an estimated period of 10 years at a provisional profit rate of 7.23%. Besides, loan can be taken against this deposit.
- **Mudaraba Monthly Benefit Deposit Scheme (MMBDS):** This is a Deposit Scheme where the depositor gets an estimated mature amount every month without disturbance of the principal. The lower ceiling is BDT 1 Lac.
- **Mudaraba 150% Deposit Scheme:** Deposit will be estimated 1.5 times of the initial deposit. The estimated tenure of the investment period will be 6 years. Minimum deposit amount BDT. 10,000.00.
- **Mudaraba Education Savings Scheme (MESS):** The scheme can be opened for 5,7,10 years with an initial amount of BDT 50,000 and it's multiple.
- **Mudaraba Brighter Tomorrow Deposit Scheme:** Brighter tomorrow can be opened by any My First Account holder (school banking account of Prime Bank). The deposit account can be opened for 12 months and can be renewed for next cycle/s. The provisional profit rate is 4.75% and investment amount can be 25000 multiple and maximum 10 crore.

b) Monthly-Installment Based:

- **Mudaraba House Building Deposit Scheme (MHBDS):** The terminal benefit of this scheme is BDT 10 Lac and monthly installment varies according to tenure. The tenure of the scheme is 5/7/10 years. The provisional profit ranges from 7-8%.
- **Mudaraba LaksmaPuron Deposit Scheme (MLPSS):** This is a deposit scheme where the customer gets his or her targeted investment within an estimated 3-5 years based on suitable monthly installment size. The minimum desired amount is BDT 50,000 and provisional profit rate is 7%.
- **Mudaraba Lakhopati Deposit Scheme (MLDS):** In this scheme the matured amount becomes BDT 1 Lac. The estimated tenure of the Lakhopati Deposit Scheme will be 3/5/10/15 years. Maximum provisional profit rate for the deposit is 8.50%.
- **Mudaraba Nobagoto Account:** This is a monthly based deposit scheme for the infants or new born. The provisional profit varies from 8% to 8.5%. The monthly deposit size is BDT 500, BDT 1000 and it multiples up to BDT. 25000.
- **Mudaraba Hajj Savings Scheme (MHSS):** This is a deposit scheme for the pious Muslims who intend to go for Hajj. Different tenures and installment are there to realize the estimated matured amount.
- **Mudaraba Cash Waqf Deposit Scheme:** This is a perpetual deposit scheme where provisional profit is 8%. The installment size is BDT 10,000 and it's multiple. Profit under this scheme shall be payable to the respective sector/institution/project / person determined by the Waqf on annual basis.

Premium Banking "Monarch"

Monarch is designed to manage the wealth and enrich the life of our premium clients with exceptional privileges. At Prime Bank, it is a symphony of banking benefits, unique investment products, personalized service and exclusive lifestyle benefits that bring complete harmony to all financial needs of our valued customers. As premium customers, Monarch clients get exclusive services

with discount not only at Prime Bank but also at our partner organizations in home and abroad

NRB Banking Services

Foreign Remittance

The foreign remittance service is provided to the customers to receive foreign currency services. The services under this are Web-based Instant Cash Remittance, TT Remittance, Wire Transfer Remittance (SWIFT) and DD Remittance.

Investment Bond for NRBs

The services/products under Investment Bond for NRBs are Wage Earner's Development Bond, US Dollar Investment Bond and US Dollar Premium Bond

Account Facilities for NRBs:

The facilities for NRBs are Foreign Currency (FC) Account, Non-Resident Foreign Currency Deposit (NFCD) Account, Non-Resident Taka Account (NRTA), Non-Resident Investors Taka Account (NITA), Prime NFCD Account and Resident Foreign Currency Deposit (RFCD) Account.

Treasury Services

- Forex & Fund Management/ Money Market Services include SPOT, Forward & SWAPS, Import/Export Financing, Call Money, Term Lending & Borrowing and Investment in Corporate Debenture and Bonds
- Primary Dealer Services include Treasury bill, Treasury Bonds, REPOs and Reverse REPOs

Fund Transfer:

Prime bank provides fund transfer through Inter-Branch Money Transfer, SWIFT, Issuing and encashing foreign drafts, Bangladesh Electronic Fund Transfer (BEFTN) and Bangladesh Automated Cheque Processing System (BACPS), Real Time Gross Settlement (RTGS).

Off-Shore Banking Services:

Off shore banking services includes funded and Non-funded facilities (EXP certifying, LC Opening, Advising, Export Negotiation, Export Bill Discounting, LTR Creation, Short Term Loan, OD for Working Capital, Guarantee etc.)

Other Services

ALTITUDE Internet Banking: ALTITUDE is becoming popular among the Customers of PBL for its unique inter-intra bank financial services. Moreover, using ALTITUDE, customers can view the account details; pay utility bill, credit card bill of PBL and other Banks from anywhere, anytime.

SMS Banking: SMS Banking comprises SMS PUSH-PULL, Bulk SMS and Alert SMS Service. By PUSH-PULL services registered customer may receive their account balance, mini statement, and currency exchange rate information at anytime from anywhere using their mobile handset.

Phone Banking: PBL Phone Banking Service provides various services to the customers such as balance enquiry, activation/ block debit card, available limit enquiry/total outstanding/ minimum payable amount/last date of payment of Credit Card through IVR (Interactive Voice Response) system.

Prime Cash: As a part of inclusion banking, Prime bank introduced "Prime Cash" service. It's easy to use, unique and it's the first ever in the country. Based on Biometric Smart Card, the service is highly secure and authenticates transaction matching cardholder thumb impression only.

ATM/Proprietary/Prepaid Cards:

Debit Cards

To give the customer the benefit of withdrawing money from anywhere and anytime, prime bank offers the following card services under Debit Card:

- Prime Bank Master Debit Card and Prime ATM Card

Credit Cards

To offer wide range of customer purchase from different merchants, Prime Bank provides blend of credit cards fulfill the customers' need.

- MasterCard Gold Credit Card
- VISA Gold Credit Card
- MasterCard Silver Credit Card
- VISA Classic Credit Card
- International Credit Card
- Platinum Credit Card
- Hasanah Credit Card
- JCB Credit Card



Utility Bills Pay Service: Prime bank Utility Bills Pay service will enable customer to pay post-paid cell phone bills flexibly. Customer can avail the service at Prime Bank ATM booths or Information Kiosks round the clock

Locker Services: Prime Bank offers locker services of 3 sizes (Small, Medium and Large) to secure the customers' most precious possessions. The service charge varies according to different sizes of the locker.

Loans and Advances

Corporate Banking

- **General Credit:**

Prime Bank provides the credit facilities to finance current assets and loans to finance fixed assets in the form of Working Capital Finance, Capital Machinery Finance, and Real Estate Finance, Work order Financing/Construction Business, Import and Trade Finance etc.

- **Export Finance:**

To provide complete banking solutions to our export-oriented customers, we have a separate Export Finance Unit as well as AD branches and OBUs.

- **Project Loan:** Prime Bank offers project loan to export-oriented customers for setting up new projects as well as for expansion and BMRE of existing projects.
- **Working Capital (WC):** The mode of WC may be as mentioned here depending on the nature and requirement of the business: Back-to-Back L/C and EDF Facility, PC/ Overdraft, L/C & LTR, SOD (CI) etc.

Structured Finance:

Our Structured Finance Unit deals with project financing and covers virtually every sector of the economy with a focus on infrastructure projects, project finance, acquisition finance, securitization, and advisory services.

Lease Finance

Prime Bank provides one of the most convenient long term sources of loans in the industry for acquiring capital machinery, various equipments and vehicles under lease financing. It is a very popular scheme whereby a customer is given the opportunity to have an exclusive right to use an asset, usually for an agreed period of time, against payment of installments.

Retail Banking

1) **Swapna Neer Home Loan** fulfills customer's dream of building or purchasing home/apartment. Maximum 70% of the cost/price is financed for maximum of 25 years. Service-holders, Businessmen, Landowners can avail this home loan at competitive interest rates. Home Loan varies from the amount of Tk.5 Lac to Tk.1.2 crore for maximum 25 years.
2) **Swapna Shaj Home Loan:** Swapna Shaj Home Loan varies from the amount of Tk.5 Lac to Tk.1crore for maximum 15 years including grace period.
3) **Abash Home Loan:** Customer can make use of their vacant land which is just outside the Metropolitan Zone to build semi-pacca houses through Abash Home Loan. Loan amount can be of Tk.5 Lac to Tk. 30 Lac for maximum 10 years in addition to 6-month grace period.
4) **Car Loan:** Car Loan allows maximum of 50% of the vehicle price but loan ceiling up to Tk. 40 Lac for maximum 6 years at competitive rate processed within shortest time.
5) **Any Purpose (Personal) Loan:** Customer can take loan amount of Tk.50, 000/= to Tk. 1,000,000 for maximum of 5 years. Early/full/partial settlement is allowed.
6) **CNG Conversion Loan:** With the 'CNG Conversion Loan', customer can make carbon-fueled personal vehicle energy-efficient by converting it into CNG. Customer can take loan amount of Tk.50, 000/= to Tk. 1 Lac for maximum 02 years. Two personal guarantees are required for this loan facility.
7) **Doctor's Loan:** Doctor's loan is designed to support MBBS professionals for purchasing medical equipments as well as opening own chambers/expanding premises. Maximum tenure is 5 years while loan amount to be maximum 30% of the item costs or up to Tk. 10 Lac.
8) **Marriage Loan:** 'Marriage Loan' varies from Tk.50, 000.00 to Tk. 3 Lac for maximum of 5 years. Eligible male or female singly or jointly can take this loan to meet their financial needs for marriage purpose.
9) **Travel Loan:** Provide 'Travel Loan' to the potential customers at easy terms and competitive rates. As loan, Tk.50, 000/= to Tk. 2 Lac is allowable for maximum 05 years. Customer can enjoy flexible repayment schedule.
10) **Household Durables Loan:** Household Durables Loan will enable customer to buy desired home appliances/household durables at competitive rates with attractive features. Loans starting from Tk.50, 000.00 to Tk. 10 Lac for maximum 05 years.
11) **Education Loan:** For an educated nation, we are providing 'Education Loan' at competitive rates for the potential students. To meet up educational expenses, eligible borrowers can take loan up to Tk. 10 Lac for maximum of 5 years at easy terms.
12) **Hospitalization Loan:** Prime Bank provides Tk.50,000.00 to Tk. 5 Lac for maximum 02 years for treatment purpose at convenient terms.
13) **Loan against Salary:** Prime Bank provides loan facilities of maximum of 14 times against salary at easy terms and competitive rates, minimal documentation with shortest processing time.
14) **Carnival Loan:** Prime Bank provides this type of 'Carnival Loan' to meet up personal financial expenses for celebrating festivals, a loan up to Tk. 10 Lac for maximum 05 years at easy terms.
15) **Retail SOD (FO):** This loan facility will enable you to serve your emergency requirement without en-cashing FDR/ DPS maintained with the Bank or other Banks/NBFIs. Customer can borrow maximum 90% of principal value of Prime Bank's FDR and Deposit Schemes for 01 year renewable.

16) **Retail Secured EMI:** Against FDR/DPS you have with us or any other Financial Institutions, customer can avail 'Retail Secured EMI' at easy terms and convenient rates. Maximum loan amount is 90% of the principal value of the instrument and maximum tenure is 5 years.

Islamic Banking Hasanah (Investments)

- **Home Investment (Manjeel):** Investment is given for up to Tk. 1 crore for maximum 25 years. Profit rates on a monthly/ quarterly reducing balance is applicable with 03-18 months grace period. This product is based upon the Shariah concept 'Hire Purchase under Shirkatul Melk.
- **Auto Investment (Burak):** Customer can buy a brand new/ reconditioned personal vehicle with our Shariah Compliance auto finance 'Burak'. Investment amount is up to Tk. 20 Lac for maximum 06 years. Partial or early settlement facilities are allowed.
- **Household Durables Investment (Asbab):** Our 'Asbab' investment will enable you to buy your desired household products with competitive rates, convenient features and simple procedures. Investment amount is up to Tk. 5 Lac for maximum 5 years. Income of spouse, parents and siblings if any are considered.
- **Medical Investment (Shifa):** Our 'Shifa' investment is designed to support medical graduates or physicians for establishment of chambers, clinics as well as procuring modern medical equipments. This easy and flexible financial instrument is based upon the Ijara concept. Investment amount is up to Tk. 10 Lac for maximum of 5 years.
- **Quard-e-Hasana:** In Islamic Banking Branches of Prime Bank, this investment is offered against pledge of Term Deposit. Generally 80% of the Term Deposit is allowed to the holder for Halal activities without any profit. It is also called Quard against Term Deposit Receipt. A Quard is sanctioned for maximum of 1 year.

SME Banking

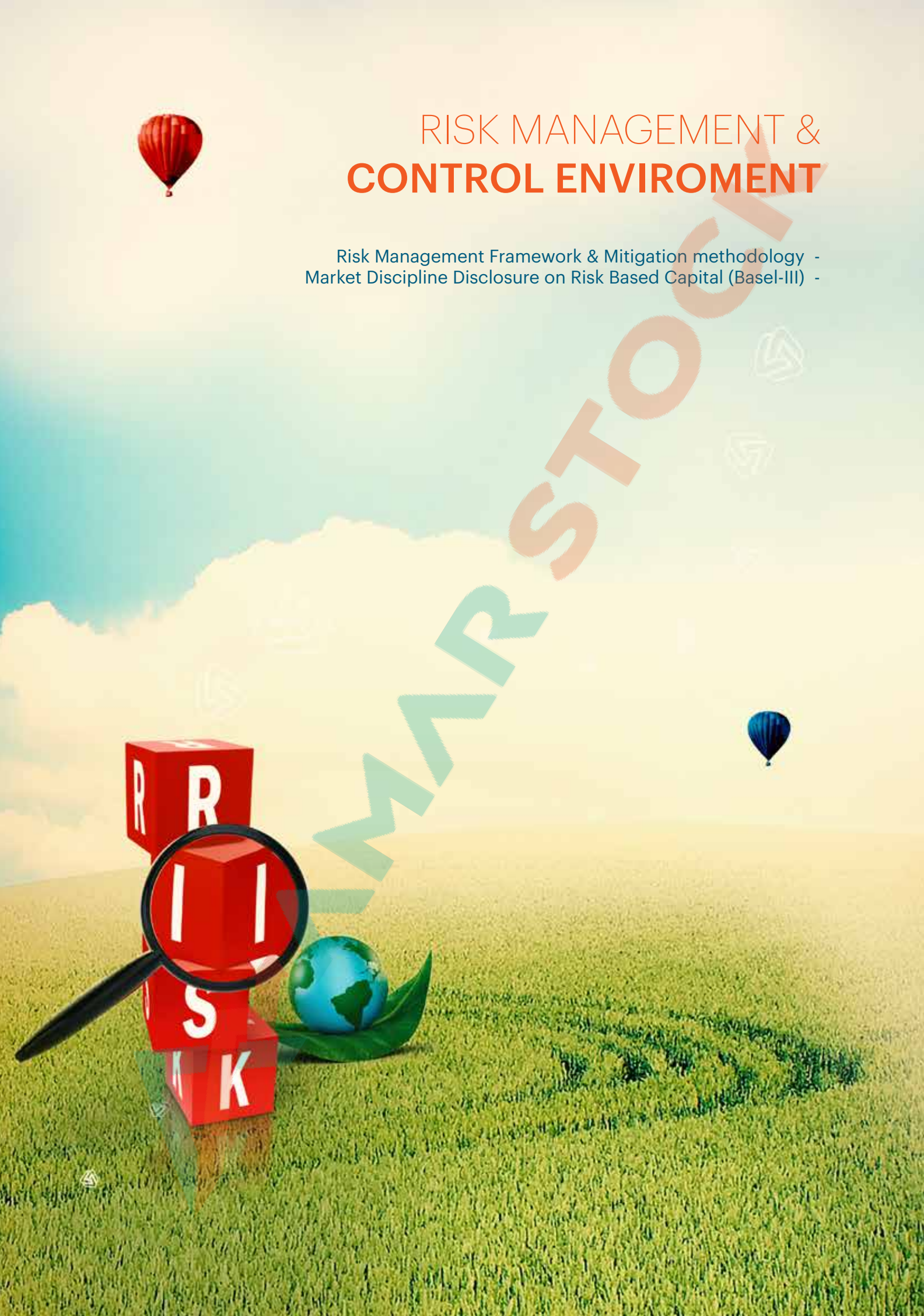
- **Anchol (Women Entrepreneur's Loan):** Prime Bank's 'Anchol' is the credit facility for the women entrepreneurs to expand and operate their businesses at desired level. Loan size is Tk 1 lac to Tk 50 lac while unsecured loan is up to Tk. 25.00 lac. Tenure is Maximum 12 months for continuous loan and maximum 60 months for term loan. Interest rate is only 10% p.a.
- **Chalti Rin (Working Capital Loan):** Our 'Chalti Rin' offers you loan facility to increase the working capital base by financing day- to-day business of your SME business. Loan size is Tk. 2 lac to Tk 50 lac for Small Enterprise (SE) customers and Tk. 2 lac to Tk 300 lac for Medium Enterprise (ME) customers. Tenure is Maximum 12 months for continuous loan and maximum 60 months for term loan.
- **Sampad Rin (Capital Loan):** Our 'Sampad Rin' offer you the loan facility to augment capital base for your business expansion, purchase/ expansion of business space and purchase of capital machineries, light or heavy vehicles for business use etc. Loan size is Tk. 2 lac to Tk 50 lac for Small Enterprise (SE) customers and Tk. 2 lac to Tk 300 lac for Medium Enterprise (ME) customers. Tenure is maximum 60 months and grace period may be allowed for maximum 6 months.
- **Prime Subidha:** Under this SME Loan product, the bank will finance in creditworthy business which are partially secured by financial obligation (FDR/Deposit Schemes) placed in Prime Bank under the name of business /owners/third-party. Loan size is Tk. 2 lac to Tk 30 lac for Cottage, Micro and Small (CMS) Enterprise customers and Tk. 2 lac to Tk 40 lac for Medium Enterprise (ME) customers. Tenure is up to 5 years (Loan General)
- **Srijon Loan:** Our 'Srijon Rin' is designed to provide adequate credit assistance to the members of the "Bangladesh Gayan o Srijonsil Processor Samity' or other creative publishers. Sole Proprietorship/ Partnership/ Private Limited Company will be eligible for this "Srijon Rin". The loan size is minimum Tk.2.00 lac to maximum Tk.30.00 lac for Micro and Small Enterprise. Loan tenure will be maximum 9 months.
- **Prodip Loan:** With the objective to extend financial support to SME under refinance or pre-finance scheme of Bangladesh Bank, this loan product is being offered to market. In case of new enterprise/project finance, the owner of the project will have to sufficient knowledge about the project or experienced employee/consultant will have to recruit. Loan size is minimum Tk.5 lac to maximum Tk.5 crore at attractive interest rates. Tenure is 1 year to maximum years 8 years including grace period.

Agriculture Banking

- **Abad (Crop Loan):** To support farmers, croppers and landless farmers for bearing the cost of tilling of land, fertilizers, pesticides, irrigation, seed etc. for producing different crops and vegetables, Prime Bank offers 'Abad' loan. Loan size is up to Tk.3.00 lac and its tenure is maximum 6 months (Maximum 12 months for financing on banana & mango cultivation)
- **Khamar (Farm/Non-Crop Loan):** Any justifiable capital expenses and/or working capital and Project finance in the areas of Fisheries, Hatchery, Poultry, Dairy, Bio-gas plant, Feed-mills, solar panel for farm can be availed from Prime Bank under Khamar Loan. Loan size is up to Tk. 1 crore. Tenure is maximum 1 year for Cash Credit (CC) and maximum 3 years for Term loan.
- **Nabanno (for any Agri-purpose Loan):** Under Nabanno, Prime Bank offers loan facility for any justifiable capital expenses and/or working capital and Project finance in the areas of farm machinery, nursery, weavers, flower cultivation, mushroom cultivation, Bio-gas plant, rural transport and many more. Loan size is up to Tk. 1 crore. Tenure is maximum 1 year for Cash Credit (CC) and maximum 5 years for Term.

RISK MANAGEMENT & **CONTROL ENVIROMENT**

Risk Management Framework & Mitigation methodology -
Market Discipline Disclosure on Risk Based Capital (Basel-III) -



MARSTOCK

RISK MANAGEMENT FRAMEWORK & MITIGATION METHODOLOGY

Risk is the probability that an investment's actual return will be different than expected which includes the possibility of losing partial or full of the original investment. As such the Prime Bank Limited (PBL) manages the risk through coordinated steps to keep the loss at a tolerable limit which includes but not limited to control and monitoring only.

The objective of risk management is to identify and analyze risks and manage their consequences. Basel II/III Accord, the standards of Risk Management as guided by the Bank for International Settlements (BIS) and particularly Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh i.e. Bangladesh Bank also issued guidelines which forms the basis of risk management of all scheduled banks in Bangladesh. The guidelines require that the banks adopt enhanced policies and procedures of risk management. PBL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. PBL continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements but also to ensure better risk-adjusted return and optimal capital utilization keeping in mind of the business objectives. For sound risk management, PBL manages risk in strategic layer, managerial layer, and operational layer.

The risk management process of the bank operates under following structure:

- The Board approves overall risk management policies of the Bank in line with the regulatory guidelines. The Board also sets the Risk Appetite of the Bank at the beginning of the year;
- Executive Committee (EC) of the Board is responsible for all sort of decision making as set by the Board. All decisions taken by EC are ratified by the Board afterward;
- Audit Committee (AC) of the Board reviews the internal audit reports of the bank and operational risk and assesses whether internal control of the Bank is proper or not;
- Risk Management Committee (RMC) of the Board oversees the overall Risk Management of the Bank. The committee also reviews risk management policies & guidelines, loan approval limit and submits to the Board for necessary revision each year;
- For managing risk, PBL established Credit Risk Management Division (CRM), Credit Administration Division (CAD), Recovery Division, Legal Division, Internal Control and Compliance Division (ICCD), Internal Audit & Inspection Division and Risk Management Division (RMD). For managing money laundering risk, Branch Anti Money Laundering Compliance Officer (BAMLCO) for every Branch under dedicated Chief Anti Money Laundering Compliance Officer (CAMLCO) has been placed;
- PBL also formed various risk committees at management level, like Head Office Credit Review Committee (HOCRC), Asset Liability Committee (ALCO), Senior Management Team (MT), Central Compliance Unit CCU), Management Reporting System Committee (MRS) and Management Risk Committee (MRC) to Identify, assess, mitigate and monitor of risk throughout the organization; In addition to these Committees, a Risk Management Forum (RMF) has also been introduced by Risk Management Division (RMD) to capture, evaluate and mitigate operational risk at different level of activities through combined effort. To assist this forum and formally capture various events, an online module named Risk Platform has also been developed where each employee of the bank can capture any surfaced or anticipated risks. RMD is also intensely involved in the ongoing CBS up gradation to pro-actively identify and manage system and technology risk and assisting the senior management to establish right kind of business model best fit for the organization to ensure maximum profitability.

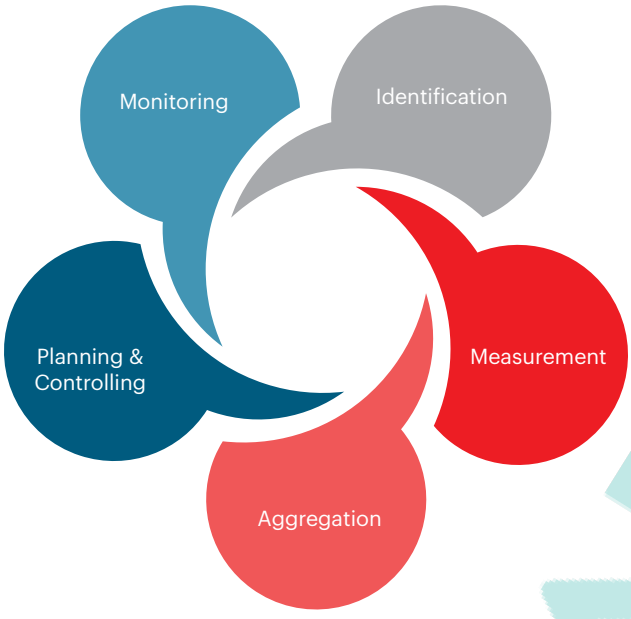
Risk Management Committee of the Board:

To oversee the risk management of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises various risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity etc. Presently five (05) members of the Board of Directors are representing in the Risk Management Committee. During 2016 Five (05) RMC meetings were held and forty four (44) memos were placed before the RMC. The agendas discussed in the RMC meeting are as below:

Sl	Name of the Memo	Number of Memo
1	Borrower Rating Status	4
2	Compliance of Core Risk Inspection	4
3	Compliance Status of RMC meeting	5
4	Data Leakage Prevention (DLP) and Bring Your Own Device (BYOD) Policy	1
5	Environmental and Social (E&S) Risk Management Policy	1
6	Green Banking Activities	3
7	Internal Capital Adequacy Assessment Process statement	2
8	Internal Credit Limit of the Bank	1
9	Internet Banking Security Policy	1
10	Large Loan restructuring	7
11	Money Laundering & Terrorist Financing Risk Assessment Guideline	1
12	Risk Appetite Statement	1
13	Risk Management Policy	5
14	Risk Management Report	4
15	Stress Testing Report	4
	Total	44

Risk Management Process

Risk management is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. The risk management function of PBL strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative and qualitative examination of the embedded risks. Risk is managed through a framework of policies and principles approved by the Board of Directors which ensures that the Bank operates within its risk appetite. The policies and procedures established for this purpose are continuously benchmarked with international best practices. Furthermore, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks other than the risks under Pillar-1 of Basel III and Calculates the additional capital requirement.



Identification: A Bank's risks have to be identified before they can be measured and managed. Typically PBL distinguishes Credit risk, Market risk, Liquidity risk, Operational risk, Islamic banking risk and Information & Communication Technology (ICT) risk. Besides these, concentration risk, strategic risk, residual risk, reputation risk, settlement risk, environmental & climate risk etc are covered under Internal Capital Adequacy Assessment Process (ICAAP).

Measurement: The consistent assessment of the above mentioned types of risks is an essential prerequisite for successful risk management. For example, in order to assess credit risk associated with any corporate financing proposal, PBL carries out various risk assessment like financial spreadsheet analysis, credit risk grading and other risk like concentration related to the borrower and the relevant industry.

Aggregation: PBL closely monitors aggregate risk in order to minimize its exposure to adverse financial developments- such as a credit crunch or even insolvency- arising from a counterparty or client. While aggregating risks, it is important to take into account correlation effects which cause a Bank's overall risk differing from the sum of the individual risks. This applies to risks both within a risk category as well as across different risk categories.

Planning & Controlling: PBL takes into consideration the business strategy while planning and setting control for mitigating risk. As risk management is the trade-off between risk and return, PBL always tries to manage the risk without hampering the business growth and stakeholders return. Internal Capital Adequacy Assessment Process (ICAAP) is one of the largest part of planning and controlling of risk.

Monitoring: Risk monitoring is the most challenging task in the whole risk management cycle as monitoring helps the Bank to identify earlier any probable risk that may take in place in many cases. Risk monitoring also helps to track whether the risks actually incurred lie within the prescribed limits, thus ensuring an institution's capacity to bear those risks.

The above process of risk management is being undertaken by PBL which implies that if any risk(s) remains un-attended, that will be addressed through the repetition of the process which started with identification of those factors and the process continues.

Credit Risk Management

Management of Credit Risk in PBL

While financial institutions have faced difficulties over the years for a multitude of reasons, the major cause of serious banking problems continues to be directly related to lax credit standards for borrowers and counterparties, poor portfolio risk management, or a lack of attention to changes in economic or other circumstances that can lead to a deterioration in the credit standing of a Bank's counterparties. Credit risk is most simply defined as the potential that a Bank's borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a Bank's risk adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization. That is why a risk based asset review framework has also been put in place wherein the frequency of asset review would be higher for high exposure cases and/or poor credit rating.

Sound practices that the Bank is trying to ensure are -

- Establishing an appropriate credit risk environment;
- Operating under a sound credit granting process;
- Maintaining an appropriate credit administration measurement and monitoring process;
- Ensuring adequate controls over credit risk

The following sets of principles are used for the sustainable risk management culture:

Balancing Risk and Return: Risk is taken considering the interest of Bank's stakeholders, in line with Bank's strategy and within its risk appetite.

Responsibility: All employees ensure that risk-taking is disciplined and focused.

Accountability: Risk is taken only by delegated authorities and where there is appropriate infrastructure and resources. PBL maintains a clear and transparent process for all risk-taking decisions.

Anticipation: PBL seeks to anticipate future risks and ensures awareness of all known risks.

Competitive advantage: The bank seeks to achieve competitive advantage through efficient and effective risk management and control. The credit risk management policy of PBL operates under the following broad principles:

A. Establishing an appropriate Credit Risk environment

The Board of Directors is responsible for approving and reviewing the credit risk strategies and policies of the bank periodically. The strategy reflects Bank's tolerance for risk and the level of profitability the bank expects to achieve for incurring various credit loss.

Senior management is responsible for implementing the credit risk strategy approved by the Board and for developing standard policies and procedures for identifying, measuring, monitoring and controlling any type of risk associated with the strategy. Such policies and procedures address credit risk of the Bank's activities and at both the individual credit and portfolio level.

PBL ensures that the risks inherent in products and activities which are apparently new to the bank are subject to adequate procedures and controls before being introduced or undertaken, and approved in advance by the Board of Directors or its appropriate committee. In order to streamline risk control features in a more effective manner, PBL has put in place Standard Operating Procedure (SOP) in line with internationally accepted best practices. Moreover, the Bank has centralized its corporate credit to ensure better management of corporate borrowers. Besides, Credit Risk Management Division also set different limits in regards to sector concentration, area concentration, Off-Balance Sheet Exposure etc.

B. Operating under a sound credit granting process

PBL follows sound, well defined credit-granting criteria. These criteria include a thorough assessment of the borrower or the counterparty, as well as the purpose and structure of the credit, and its source of repayment.

- Credit facilities are allowed in a manner so that asset growth can be maintained ensuring optimum asset quality and without compromising the Bank's standard of excellence;
- PBL carefully avoids name lending. Credit facility is being granted on business consideration with absolute due diligence;
- Risks inherent in a credit proposal are being identified and appropriate mitigating steps are taken accordingly;
- Collateral offered against a credit facility is properly valued and verified by the concerned Relationship Officer or Relationship Manager periodically. In addition, the same collateral is valued and verified by an enlisted surveyor of the bank which is now applicable for all customers irrespective of any amount;
- Risk grading of the accounts is being done as per the Bangladesh Bank's guidelines. Any credit approval/ sanction are subject to the banking regulations in force or imposed by the regulatory body from time to time and subject to changes of the Bank's policy. Data collection check list and limit utilization format are prepared for regular assessment. Internal Audit & Inspection Division independently reviews the risk assessment at the time of conducting internal audit.
- PBL also performs borrower rating to assess its borrowers for ensuring sound asset quality.
- The bank has established overall credit limit at every level for groups of legally connected borrowers including individual borrowers and counterparties that aggregate in comparable and meaningful manner for different types of exposures, both in the banking & trading book and on & off balance sheet.

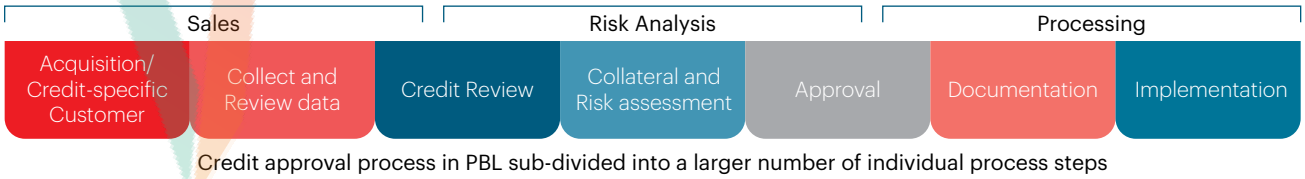
The bank has established overall credit limit at every level for groups of legally connected borrowers including individual borrowers and counterparties that aggregate in comparable and meaningful manner for different types of exposures, both in the banking & trading book and on & off balance sheet.

PBL always complies with the prevailing banking regulations regarding Single Borrower Exposure Limit set by the Bangladesh Bank from time to time. Credit facilities to a single customer (Individual, Enterprise, Company, Corporate, Organization, and Group) are being treated as Large Loan if total limit amount exceeds 10 percent of the total capital of the Bank. As per BRPD Master Circular no. 05 dated April 09, 2005 on Single Borrower Exposure Limit, PBL has always maintained the percentage ceiling of Large Loan Portfolio exposure.

The bank has a clearly-established process in place for approving new credits as well as the extension of existing credits. A thorough credit risk assessment is done before granting loans. The Credit Risk Assessment includes borrower risk analysis, industry risk analysis, historical financial analysis, projected financial performance, conduct of account, and security against the proposed loan.

The assessment originates from relationship manager/ account officer and is reviewed by Head Office Credit Review Committee. The Credit analyst or executive duly delegated by proper authority approves the credit proposals. Executive Committee of the Board approves the proposals beyond the delegated authority limit of the Management. The Board of Directors also reviews the proposals approved by the Executive Committee.

All credit extensions are made on an arm's length basis. In particular, credits to related companies and individuals are monitored with particular care and other appropriate steps are taken to control or mitigate the risks of connected lending. Credit granting process at PBL operates within the defined risk limit so that the bank can achieve its growth target and superior return on capital.



Credit approval process in PBL sub-divided into a larger number of individual process steps

C. Maintaining an appropriate credit administration, measurement and monitoring process

A system has been put in place by the bank for ongoing administration of various credit risk-bearing portfolios. Dedicated independent risk management units are developed for these purposes. Dedicated committees at management level have been set up to monitor risk. PBL segregated the total credit process into Relationship Management/Marketing, Credit Approval/Risk Management, Credit Administration to improve the knowledge levels and expertise in each department and to impose controls over the disbursement of authorized loan facilities and obtain an objective and independent judgment of credit proposals. Credit Administration Division completes security documentation after getting approval from Credit Risk Management Division and ensures adherence to approved terms and other requirements before limit creation and disbursement. To minimize credit losses, monitoring procedures and systems are placed which provides an early indication of the deteriorating financial health of a borrower.

Early Alert system is an example of such monitoring procedures. An Early Alert Account is one that has risks or potential weaknesses of a material nature requiring monitoring, supervision, or close attention of the management. If such weaknesses are left uncorrected, they may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date with a likelihood of being downgraded. Early identification, prompt reporting and proactive management of Early Alert Accounts are prime responsibilities of all Relationship Managers / Officers and the whole process is a continuous one. An Early Alert Report is completed by the Relationship Manager and sent to the approving authority in Credit Risk Management Division for any account that is showing signs of deterioration. The Risk Grade is also changed and referred to Credit Risk Management Division for assistance in recovery.

The bank has also put a system in place for monitoring the condition of individual credits including determining the adequacy of provisions and reserves. The guidelines established by the Bangladesh Bank for Credit Information Bureau (CIB) reporting, provisioning and write-off of bad and doubtful debts and suspension of interest are followed meticulously in all cases. Provision is maintained for any shortfall in the Forced Sale Value (FSV) to cover total loan outstanding once an account is classified.

PBL also has information systems and analytical techniques that enable the management to measure the credit risk inherent in all on and off-balance sheet activities. PBL has taken initiative to make management information system more robust and sophisticated for monitoring the asset quality of the Bank. At present total limit loading and disbursement procedure of the Bank is fully centralized within Credit Administration Division (CAD) and various MIS reports for monitoring purpose e.g overdue report, EOL report, disbursement report etc. can be generated from this end as well. All credit approvals are given complying with the requirements of Bank's Memorandum and Articles of Association, the Bank Company Act-1991(amended up to 2013), as amended from time to time, the Bangladesh Bank's circulars, guidelines and other applicable laws, rules and regulations, Bank's Credit Risk Management Policy, Credit Operational Manual and all relevant circulars that are currently in force. Any deviations from the internal policy of the bank are well documented and subject to approval from competent authority/Board of Directors. The portfolio is well diversified with respect to sector and industry. Concentration of credit is carefully avoided to minimize risk.

PBL takes into consideration of potential future changes in economic conditions while assessing individual credits and credit portfolios. An important element of sound credit risk management involves discussing what could potentially go wrong with individual credits and within the various credit portfolios, and factoring this information into the analysis of the adequacy of capital and provisions.

D. Ensuring adequate controls over credit risk

PBL has established a system of independent, ongoing credit review and the results of such reviews are communicated directly to the Board of Directors and senior management. PBL ensures that the credit-granting function is being properly managed and that credit exposures are within levels, consistent with prudential standards and internal limits. The bank has established and enforced internal controls and other practices to ensure that exceptions to policies, procedures and limits are reported in a timely manner to the appropriate level of management.

Prime Bank Limited has taken initiative to introduce Risk Based Pricing Model and the model has already been developed which is currently under scrutiny of senior management. After getting vetting by RMC and subsequently approved by the Board of Directors, the Risk Based Pricing Model will be in place for pricing corporate loans. Benefits of Risk Based Pricing are:

- Enhance shareholders value by ensuring that credit risk associated with the transaction is appropriately measured and priced
- Enable the Bank to know well ahead of time, what kind of price will satisfy its risk/return preferences
- Enhance the achievement of credit portfolio goals and objectives.

PBL also has a system in place for managing problem credits and various other workout situations. All NPLs are assigned to Account Manager(s) within the Recovery Division, who is responsible for coordinating and administering the action plan / recovery of the account and serve as the primary customer contact after the account is downgraded to doubtful.

Environmental Risk Management

Environmental risk may be defined as an actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion etc. arising out of an organization's activities. These effects increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

Environmental Risk Management is the process of identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable environmental risks. An organization may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy (or combination of strategies) in proper management of future events having impact on the environment.

Environmental risk is one of the several risks that the Bank must take into account while assessing financing opportunities as it affects credit risk to a great extent. As environmental risk is a facilitating element of credit risk, the Bank has integrated Environmental Risk Management with Credit Risk Management in all aspects.

As instructed by the Bangladesh Bank, PBL has incorporated Environmental Risk Management guidelines into Credit Risk Management Policy. PBL use Environmental Risk Rating (EnvRR) both financing of new, green field projects as well as those pertaining to existing facilities.

- If the EnvRR is high, then the proposal for financing will have to be approved by the Board or its Executive Committee.
- If the EnvRR is low or moderate, then the financing decision can be undertaken on the basis of the usual credit risk management guidelines.
- If the EnvRR is unclear, then it is required for the Bank to collect more information from the borrower so as to gain an understanding of the inherent risks and arrive at a high/ moderate/low decision. If a risk factor is not applicable, it may be excluded from the total number of questions used in calculating.

Wherever the EnvRR is "High", the credit risk management function will ensure that additional conditions / covenants are included.

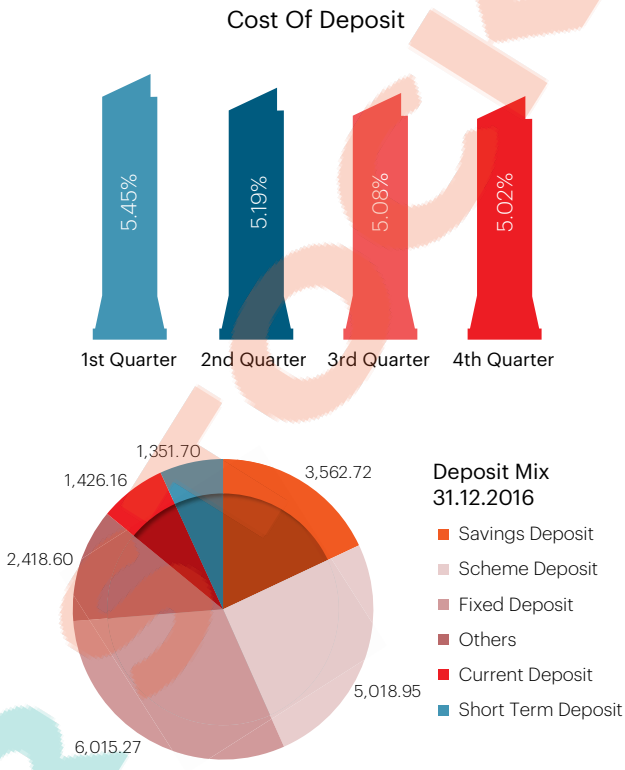
Liquidity Risk Management

Liquidity risk is the failure to meet obligations leading to an inability to support normal business activity and to meet liquidity regulatory requirements. Liquidity risk can arise due to market liquidity or funding liquidity. Market liquidity risk is the risk of the inability to sell assets due to lack of liquidity in the market. Funding liquidity risk is the risk of the inability to meet liabilities when they fall due or can only be met at abnormal high price.

To manage liquidity risk, PBL maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits. The principle responsibility of the liquidity risk management of the bank rests with Treasury Division which maintains liquidity based on historical requirements, current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position. ALCO manages the liquidity risk by:

- Setting tolerance limit for cumulative cash flow mismatches,
- Setting limit on loan to deposit ratio and
- Setting limits on dependence on institutional deposits which are volatile in nature.

From the liquidity statement it can be seen that out of total deposit liabilities of Tk. 197,933.97 million, maturity of deposit liability within 1 year is Tk. 126,212.92 million. It is apparent from the liquidity statement that there is positive gap in 1 months and 3 to 12 months maturity bucket, moderate negative gap in 1-3 months bucket, moderate positive gap in 1 to 5 years bucket and over 5 years maturity bucket which conforms that there is minimal liquidity pressure on the bank. In reality, above 80 percent of fixed term deposits are renewed on maturity. As such, the negative gap actually converts into positive gap.



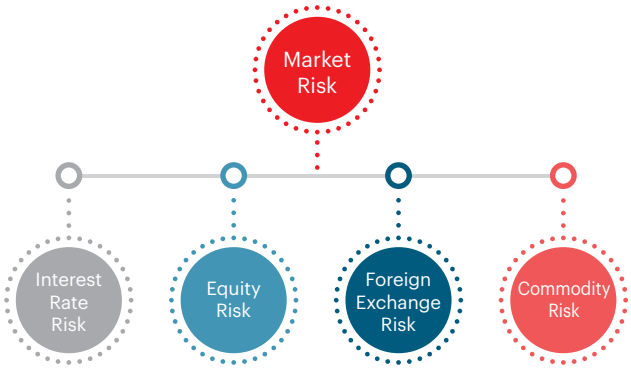
Market Risk Management

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices which may impact the Bank's earnings and capital. The purpose of market risk management framework is to minimize the risk of loss and maximize profit in trading portfolio. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Besides, the Bank is also exposed to liquidity or funding risk.

Market Risk management is guided by well laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits. The Asset Liability Management Committee (ALCO) meets periodically and reviews the positions of trading groups, interest rate sensitivity, sets deposit and benchmark lending rates and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment. Treasury Front office has developed MAT policy to manage stressed liquidity. Treasury mid office has been formed which is responsible to monitor, measure and analyze the risks inherent in treasury operations of the Bank. Treasury back office before formation of Mid office used to monitor risk limits including position limits and stop loss limits for the trading book and reviews periodically. For managing and monitoring foreign exchange risk PBL has started calculation of Value at Risk (VaR). Interest rate risk is monitored through the use of re-pricing gap analysis and

duration analysis. Interest rate risk is further monitored through the ALCO.

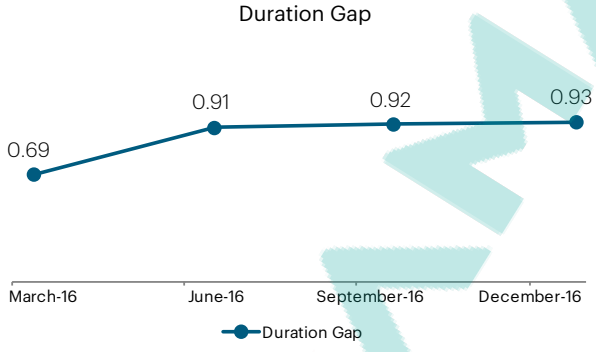
PBL uses various tools like structural liquidity profile, stress testing etc for measuring liquidity risk. PBL maintains diversified sources to facilitate the bank to meet funding requirements.



Interest Rate Risk

Interest rate risk is the risk of losing profit by an interest-bearing asset, such as a loan or a treasury bond etc due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.

PBL monitors interest rate risk through duration gap analysis, sensitivity analysis, and Daily Earning At Risk (DEAR) analysis. The short term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, which raise the risk of losing the net worth arising out of all re-pricing mismatches and other interest rate sensitive position.



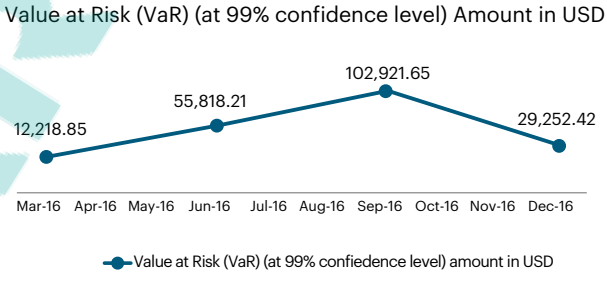
Maturity grouping of rate sensitive assets and liabilities of the Bank (see table on Interest Rate Risk Analysis) shows moderate negative gap in the first three quarters and positive gap in the last quarter. If interest rate increases by 1 percent, the Bank will enjoy a positive earning of Tk. 26.18 million during 1 year period and vice versa. The impact is very insignificant compared to total revenue of the Bank and also within the acceptable limit as stipulated by the Bangladesh Bank. The statement also shows that there will be 4.90% impact on quarterly net profit which is also within the stipulated limit of 10 percent.

Moreover interest rate risk is also monitored through DEAR or Daily Earnings at Risk. DEAR is defined as the estimated potential loss of a portfolio's value over a one-day period as a result of adverse movement in market conditions, such as changes in interest rates, foreign exchange rates or market volatility.

Foreign Exchange Risk Management

It is the risk that the bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position in an individual foreign currency. In addition, the bank is also exposed to interest rate risk and settlement risk on account of its foreign exchange business.

Foreign exchange risks are measured and monitored by Mid office under Risk Management Division. To evaluate the extent of foreign exchange risk, a Liquidity Gap Report is prepared for each currency. Gap or mismatch of maturities can arise due to a customer transaction resulting in a long or a short position for the bank. The Net Open position Limit (NOP) of the Bank is ± USD 75.23 million which is equivalent to ± BDT 5,898.03 million on overnight basis as fixed by Bangladesh Bank. The actual Net Open Position (NOP) of the Bank as on December 31, 2016 was Tk. 1379.80 million which is equivalent to USD 17.60 million. The overall exposure did not exceed the stipulated limit at any point of time.



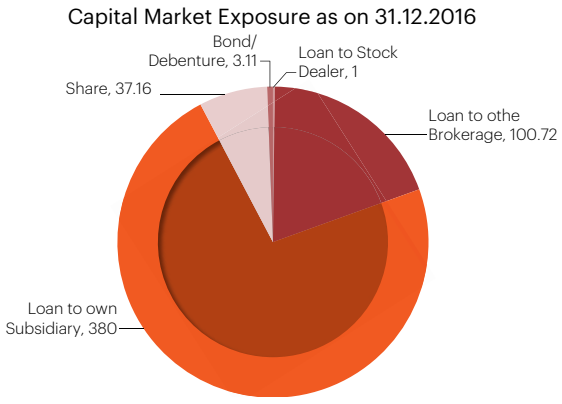
Furthermore Foreign Exchange Risk is also measured and monitored through Value at Risk (VaR) under variance – covariance method. The Value-at-Risk is the maximum loss that the Bank is likely to face within a given time period with (usually) a 95% (high) & 99% (really high) probability.

Equity Risk Management

Equity risk is defined as losses due to changes in market price of equity held by the bank. To measure and identify the risk, mark to market valuations of the share investment portfolios are done. Mark to market valuation is done against a predetermined limit.

Equity Risk of the Bank is also monitored through analysis of own investment on shares by subsidiaries, margin loan against investment in share by subsidiaries and loan statement against shares.

Furthermore, PBL measures equity risk through stress testing by devaluing equity portfolio held by the bank 10%, 20% and 40% under minor, moderate and major shock level respectively. During 2016, Capital to Risk weighted Asset Ratio (CRAR) was greater than 10% under all equity shock levels.



Operational Risk Management,

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks vary in their components. Some are very high occurrence with low impact and some are low occurrence with high impact risks. Third consultative paper of Basel-II recommended following event based classification of operational risks:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Client, products and business practices;
- Damage to physical assets;
- Business disruption and system failure;
- Execution, delivery and process management.

In PBL, operational risks are identified and measured in the following manner:

- Risks are identified with reference to the relevant policy manuals, processes, procedures and practices;
- Controls are evaluated as per Departmental Control Function Check List (DCFCL);
- Incident reporting and analysis of causes and actions taken on losses from both internal & external fraud and control lapses;
- Review of safety and control measures of premises.

Risk control and measurement in PBL are as under:

- Manuals and Standard Operating Procedures are in place and implementation of those are regularly monitored;
- As per KPMG's guideline and based on feedback of respective branches and divisions a policy on Access Control Management of the Bank's Core Banking Software T24 has been developed & approved by the top management of the Bank;
- Regular review of system and network by Senior Management Team (SMT) and Management Reporting System Committee (MRSC)
- Internal Audit & Inspection Division of the Bank undertake Risk Based Internal Audit, Comprehensive audit, special audit and IT audit of branches and departments at Head Office for review of the operation and compliance of statutory requirement respectively and submit the major audit findings to Audit Committee of the Board. Upon getting guidelines from the Committee Internal Control, Compliance & Government Relations Division communicate with related branches for immediate compliance on mentioned issues and thereafter submit the updated compliance status to the Audit Committee of the Board.
- Self-Assessment of Anti-Fraud Internal Control are being carried out with due diligence under the purview of best practices in the banking industry.
- Risk Based Internal Audit (RBIA) is being carried out by Internal Audit & Inspection Division.
- Independent Anti Money Laundering (AML) Inspection is being conducted at branch level by Internal Audit & Inspection Division.
- Segregation of duties and multi-tier approval procedure are in place.
- IT Audit is being carried out on regular basis
- Establishing a Data Center for backup of data and information
- Regular testing of system's back-up procedure and contingency plan

Prevention of Money Laundering

Money Laundering means properties acquired or earned directly or indirectly through illegal means or illegal transfer or use of legally earned money, conversion and concealment of ownership and source of fund. Bangladesh Bank through BRPD Circular No. 17 dated October 07, 2003 advised the scheduled commercial banks operating in the country to put in place effective risk management system which includes Money Laundering Risk Management among others.

PBL has updated Anti Money Laundering Guidelines in 2012, which includes Senior Management commitment to the anti-money laundering program. The Management has developed such a culture for the Bank so that all the employees strictly adhere to each and every provision of Money Laundering Prevention Act 2012 and Anti-Terrorism Act-2009 with amendment of 2012. Later Circular was issued for compliance of the Anti-Terrorist (Amended) Act-2013. All employees of the Bank, irrespective of the position they hold, are accountable to the Top Management and regulatory bodies for their activities which might directly or indirectly relate to money laundering. Details of Anti Money Laundering activities are included in the 'Corporate Governance' chapter of this Annual Report.

For mitigating the risks, the management of the Bank has formed Anti Money Laundering Department. The Bank has also nominated CAMLCO, Deputy CAMLCO centrally and BAMLCO at branches for monitoring compliance issues related to Anti Money Laundering. The regulatory requirements are being complied with the guidelines.

The CAMLCO of the Bank has been participating in the CAMLCO Conference organized by Bangladesh Bank every year. The Central Bank has been arranging district level AML related training for employees of all schedule Banks operating in the district(s).

Internal Control and Compliance

Internal Control and Compliance is a management process designed to achieve effectiveness and efficiency of operations, reliable

financial reporting and compliance with laws and regulations.

Internal Audit & Inspection Division conducts internal audit in all the Branches of our Bank to identify lapses/irregularities related to account opening, preparation and update of KYC and other related issues, preparation of accurate Transaction Profile (TP) and to build up the knowledge about AML issues/matters and forwards those to Internal Control, Compliance & Government Relations Division for follow-up.

Pillar 1 and Pillar 2 of Basel Accord also focuses on operational risk and supervisory review respectively attaching considerable importance to internal control & compliance and on supervision & monitoring. As prescribed in the Bangladesh Bank core risk guideline on Internal Control & Compliance, Management Committee (MANCOM) of PBL reviews the overall effectiveness of internal control system.

The chapter on 'Corporate Governance' of this Annual Report contains detail discussion on internal control & compliance measures of the Bank.

Islamic Banking Risk Management

Islamic banking is becoming a popular mode of banking because of its Shari'ah complied principles. In many countries, there are separate Islamic banking banks and also banks which are operating under both conventional and Islamic mode of banking. In addition to the investment risk, market risk, liquidity risk and operational risk there are other risks in Islamic banking operation.

- Shari'ah Non-Compliance Risk arises from the failure of the banks to comply with Shari'ah rules and regulations. As more and more banks are operating under both conventional and Islamic banking, it is becoming increasingly important to comply with Shari'ah rules and regulations for the sustainability of Islamic banking. Based on historical reviews, the potential areas of Shari'ah non-compliance is assessing potential profits that cannot be recognized as eligible profits under Shari'ah Principle.
- Fiduciary risk is the risk that arises from Bank's failure to perform in accordance with explicit and implicit standards applicable to their fiduciary responsibilities. As a result of losses in investments, banks may become insolvent and therefore unable to (i) meet the demands of current account holders for repayment of their funds and (ii) safeguard the interests of their PLS (Profit Loss Sharing) deposit holders. Banks may fail to act with due care when managing investments resulting in the risk of possible forgone profits to PLS deposit holders. In order to reduce Shari'ah non-compliance risk, the Muraqibs regularly conducted Shari'ah audit. Fiduciary risk is controlled through Bank's risk management process.

Information & Communication Technology Risk Management

We are living in an era of information and communication technology and the banks have become more technology driven these days. Use of computer, internet has become a common practice in the banking industry. There are certain risks involved in the use of information and communication technology. This risk may arise from malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking etc.

PBL has a robust network infrastructure with scalable, secure, redundant and load balanced architecture to support its customers regarding the on-line transactions with highest level of security. PBL uses world renowned Active Devices in its network infrastructure.

PBL has adopted world class Core Banking Software "TEMENOS T24" and also implemented Disaster Recovery (DR) site which is located in Uttara to make sure that the bank operates smoothly under unavoidable circumstances.

PBL has an IT audit team also, formed as per the Central Bank's guideline. The team conducts IT Audit in each branch on a periodic basis and provides reports to higher management. IT Division is also managing IT related training programs to make sure that employees are aware of IT risk related issues. The chapter on 'Corporate Governance' in this Annual Report contains details of IT audit.

Information Security Management

Information security (ISec) describes activities related to the protection of information and information infrastructure assets against the risks of loss, misuse, disclosure or damage whereas Information security management (ISM) describes controls that an organization needs to implement to ensure that it is sensibly managing these risks. Information Security Division directly reports to Chief Risk Officer.

Information Security Division conducting Information Security Risk Assessment of various Applications, Systems & Business Processes on regular basis with consideration of latest vulnerabilities, threats and information security breaches. In consequence Information Security Department have conducted assessment on Internet Banking System-Altitude, Debit & Credit Card Production systems and its operational activities, Storage Area Network (SAN), User Role review at Core Banking System-Temenos T24 & others during the year 2015.

To fulfill the vision, ISD (Information Security Division) has been solely working for last three years to mitigate PBL's information risks and ensure bare minimum information security breaches. ISD was able to successfully justify his role in the organization with some remarkable achievements in year 2016 and continues the succession by conducting Information Security Risk Assessment of various Applications, Systems & Business Processes on regular basis with consideration of latest vulnerabilities, threats and information security breaches. As follow through ISD have conduct risk assessment on, Debit & Credit Card Production systems and its operational activities, Storage Area Network (SAN), SWIFT systems, User Role review at Core Banking System-TemenosT24 & others.

ISD analyze information security incidents and set priority items mainly to eliminate information leaks. ISD usually do regular Risk assessment on mission critical systems as well as applications. ISD have identified problems systematically and making improvement plans based on assessment results. Other than these, daily activities of the division includes regular monitoring of Information Technology and regular assessment of applications and systems involved in the Information Technology system of

Prime Bank Limited.

On the other hand, ISD have initiated vulnerability assessment and penetration testing project by third party in IT environments including measures against increasingly complex security threats, advance technologies. ISD also does periodic vulnerability assessment and penetration testing internally.

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Internal Capital Adequacy Assessment Process (ICAAP)

The Bank conducts ICAAP process every year as stipulated by the Bangladesh Bank. ICAAP is aimed at ensuring that the bank maintains an amount of capital commensurate to its risk profile and improves upon its risk management systems and framework. It involves realistic assessment of the level of risks inherent in the business operations of the bank and setting aside adequate capital to cover all such risks like Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk etc. The assessment is done considering the operational presence, activities, and processes etc. Monitoring all the material risks also forms part of ICAAP. In short, ICAAP is integrated into the management and decision making process and is reflected in the processes and business operations of the Bank.

Risk Management Paper

As per Bangladesh Bank (BB) requirement, Risk Management Division (RMD) prepares Risk Management Report which is presented in the meeting of Management Risk Committee (MRC) on monthly basis. At the end of each quarter, Risk Management Report along with the minutes is submitted to Bangladesh Bank by Risk Management Division. Risk Management Report is a comprehensive document related to risk issues which is being placed in the Management Risk Committee's monthly meeting. It also allows identification and mitigation of risk under necessary guidance of the Senior Management of the Bank.

In addition to the prescribed format of Bangladesh Bank, PBL has incorporated various analyses on Credit Risk, Market Risk, Liquidity Risk, Operational Risk as well as Strategic Risk.

Risk Management Paper is also being submitted to the Risk Management Committee of the Board and the decisions are being communicated with relevant divisions of the bank for necessary initiatives.

Borrowers' Rating

As prescribed by Bangladesh Bank (BB), all banks in Bangladesh assessing credit risk under the Standardized Approach of the Risk Based Capital Adequacy framework (Basel III), where External Credit Assessment Institutions (ECAIs) duly recognized by BB performs borrower rating against which risk weight mapped with the credit rating category and risk weighted assets (RWA) is determined for calculating the capital requirement of banks against credit risk.

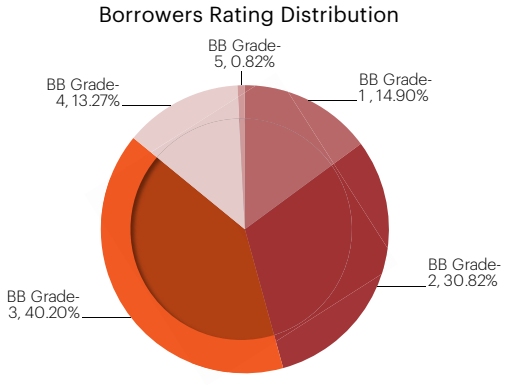
Basel-III, in respect of capital measurement and capital standards, aligns capital of a bank more closely with the underlying risk. With a view to smooth implementation of Basel III Accord, The management of PBL decided to conduct Credit Rating for Corporate Borrowers through External Credit Rating Assessment Institutions (ECAIs).

Capital Management is one of the key strategic issues these days in the banking business. Borrower rating not only plays an important role in improving capital adequacy of the bank through capital relief but also helps the bank to understand the risk associated with the borrowers. In this regard, RMD calculates capital relief on the basis of rated customers quarterly.

As a result of vigorous effort and continuous persuasion, 386 (38.91%) borrowers out of total 992 eligible Corporate & Commercial borrowers of PBL was completed and for SME this number was 104. The rating distribution of the 490 Corporate & SME borrowers of PBL as on 31 Dec 2016 was as follows:

Bangladesh Bank Rating Grade	No. of Rated Borrowers of PBL			Percentage of Total Rated Borrowers	
	Corporate	SME	Total	Corporate	SME
BB Grade 1	72	1	73	18.65%	0.96%
BB Grade 2	146	5	151	37.82%	4.81%
BB Grade 3	143	54	197	37.05%	51.92%
BB Grade 4	22	43	65	5.70%	41.35%
BB Grade 5	3	1	4	0.78%	0.96%
Total	386	104	490	100.00%	100.00%

** Risk weight for unrated exposure is 125 percent.



Stress Testing

A stress test, in financial terminology, is an analysis or simulation designed to test the ability of a given financial institution to deal during forecasted economic crisis. Instead of doing financial projection on a "best estimate" basis, a bank or its regulators do stress testing where it looks at how robust institutions is in certain crashes, a kind of "What-If" scenario analysis.

This type of analysis has become increasingly widespread, and has been taken up by various governmental bodies as a regulatory requirement on certain financial institutions to ensure adequate capital allocation to cover potential losses incurred during extreme, but plausible, events.

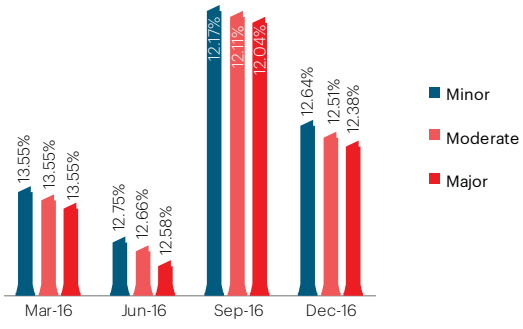
Stress testing framework as provided by Bangladesh Bank assesses

the impact on Capital to Risk Weighted Asset Ratio (CRAR) due to minor, moderate and major level of shock in terms of credit risk, exchange rate risk, liquidity risk, equity price risk and interest rate risk. Stress testing for credit risk assesses the impact of increase in the level of Non-Performing Loans (NPLs) of the banks.

Performing loan directly downgraded to B/L- Sectoral Concentration RMG

It is a measure of the concentration risk where the bank has the highest investment. It assumes that 3 percent, 9 percent and 15 percent of the performing loan will be directly downgraded to B/L category in minor, moderate and major levels of shock respectively. CRAR of PBL will be 12.64 percent, 12.51 percent and 12.38 percent in minor, moderate and major levels of shock respectively when considering individual shock.

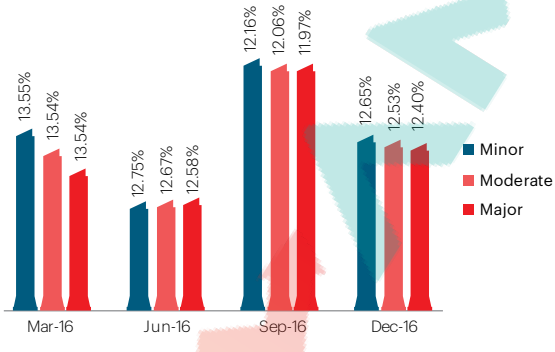
Sectoral Concentration RMG



Performing loan directly downgraded to B/L- Sectoral Concentration Textile

It is a measure of the concentration risk where the bank has the second highest investment. It assumes that 3 percent, 9 percent and 15 percent of the performing loan will be directly downgraded to B/L category in minor, moderate and major levels of shock respectively. CRAR of PBL will be 12.65 percent, 12.53 percent and 12.40 percent in minor, moderate and major levels of shock respectively when considering individual shock.

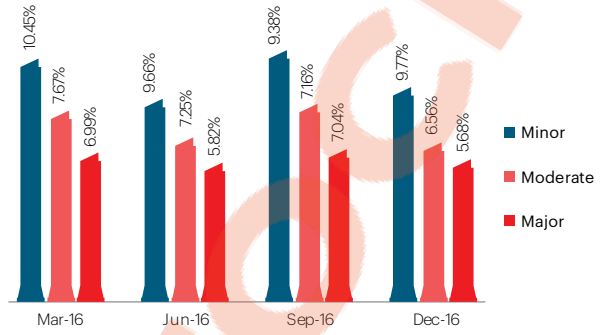
Sectoral Concerntration Textile



Increase in NPLs due to default of top large loan borrowers

It represents the scenario of the bank when top large borrowers default. It is assumed that top 3, 7 and 10 borrowers of the bank will default in minor, moderate and major levels of shock respectively. CRAR of PBL will be 9.77 percent, 6.56 percent and 5.68 percent in minor, moderate and major levels of shock respectively when considering individual shock. PBL is reducing the exposure in large loan borrower and focusing on diversification of credit portfolio. Moreover, the Bank is trying to secure more collateral coverage to avert any negative impact on capital due to default of top large loan borrowers. However, the bank is continuously monitoring the performance of large loan borrowers..

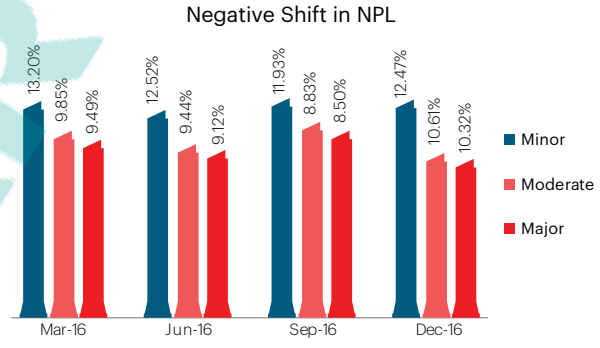
Top Borrowers Default



Negative shift in NPLs categories

It represents the shift of a loan from one NPL category to the next category. It is based on the assumption of 5 percent, 10 percent and 15 percent downward shift in the NPLs categories in minor, moderate and major levels of shock respectively. CRAR of PBL will be 12.47 percent, 10.61 percent and 10.32 percent in minor, moderate and major levels of shock respectively when considering individual shock.

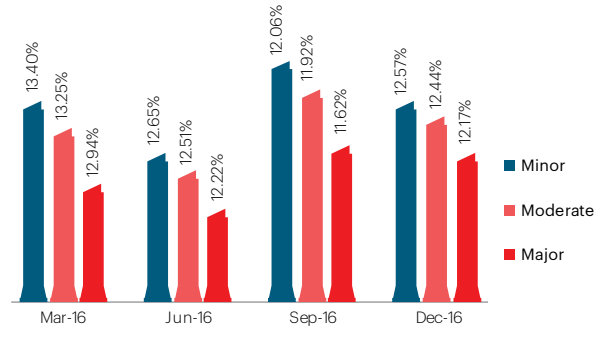
Negative Shift in NPL



Decrease in the Forced Sale Value (FSV) of the collateral

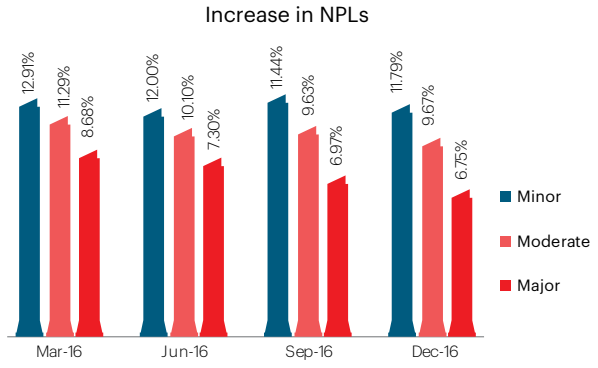
It represents the Bank's condition when FSV of collateral decreases sharply. It is based on the assumption that FSV of collateral will fall by 10 percent, 20 percent and 40 percent in minor, moderate and major levels of shock respectively. CRAR of PBL will be 12. 57 percent, 12.44 percent and 12.17 percent in minor, moderate and major levels of shock respectively when considering individual shock.

Decrease in FSV



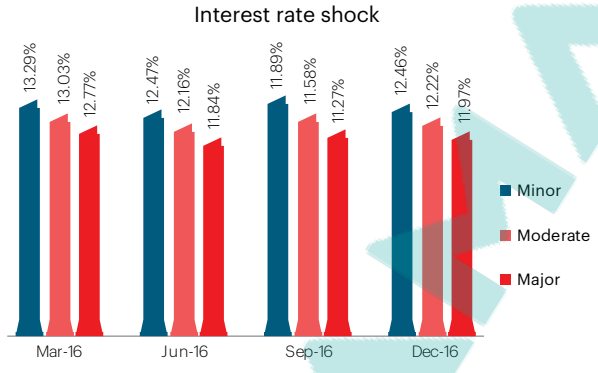
Increase in NPLs

It represents the condition of the bank when Non-Performing Loans increases significantly. It is based on the assumption that 3 percent, 9 percent and 15 percent of performing loans will be downgraded to Bad & Loss category having 100% provisioning requirement in minor, moderate and major levels of shock respectively. Capital Adequacy Ratio (CAR) of PBL will be 11.79 percent, 9.67 percent and 6.75 percent in minor, moderate and major levels of shock respectively when considering individual shock.



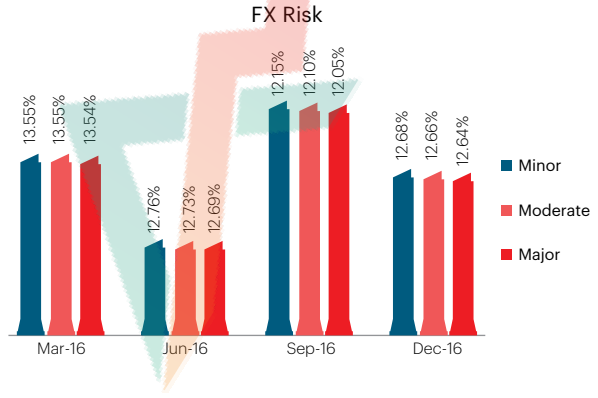
Interest rate shock

It represents the condition of the bank when interest rate changes significantly. It is based on the assumption that interest rate will change by 1 percent, 2 percent and 3 percent in minor, moderate and major levels of shock respectively. Capital Adequacy Ratio (CAR) of PBL will be 12.46 percent, 12.22 percent and 11.97 percent in minor, moderate and major levels of shock respectively when considering individual shock.



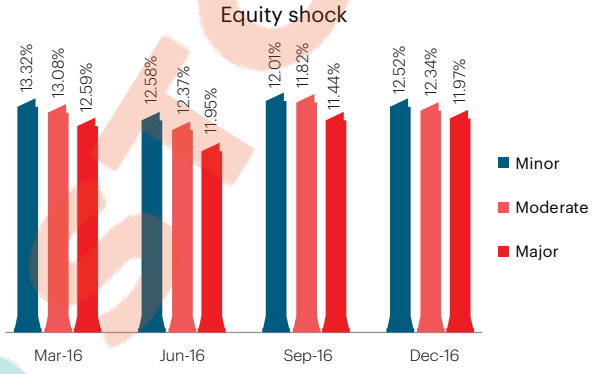
Foreign exchange shock

It represents the condition of the bank when exchange rate changes significantly. It is based on the assumption that exchange rate will change by 5 percent, 10 percent and 15 percent in minor, moderate and major levels of shock respectively. Capital Adequacy Ratio (CAR) of PBL will be 12.68 percent, 12.66 percent and 12.64 percent in minor, moderate and major levels of shock respectively when considering individual shock.

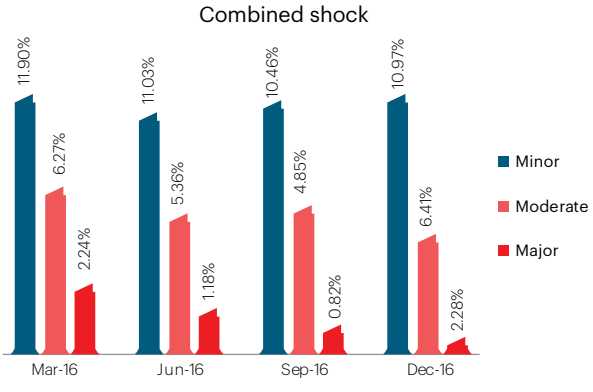


Equity shock

It represents the Bank's condition when market value of share falls sharply. It is based on the assumption that share price will change by 10 percent, 20 percent and 40 percent in minor, moderate and major levels of shock respectively. Capital Adequacy Ratio (CAR) of PBL will be 12.52 percent, 12.34 percent and 11.97 percent in minor, moderate and major levels of shock respectively when considering individual shock.



When all the shocks are considered together, Capital Adequacy Ratio (CAR) of PBL will be 10.97 percent, 6.41 percent and 2.28 percent in minor, moderate and major levels of shock respectively. So, the Bank can absorb minor level of shock only when all the shocks are considered together. However, for absorbing other levels of shock which is very unlikely in the industry, the bank may require additional capital and reserve.



For absorbing different shocks under Stress Testing, PBL took the following measures:

- Exposure on large loan customers are being monitored closely;
- Emphasize on enhancing collateral coverage against large loan exposure;
- Encouraging focus on MSME & Consumer loan lending;
- Regular loans are being monitored closely in order to avoid classification;
- Persuading unrated Corporate and MSME customers to bring them under the umbrella of ECAI's credit rating.

MARKET DISCIPLINE
DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

1. Scope of Application

Qualitative disclosure	a)	The name of the top corporate entity in the group to which this guidelines applies.	Prime Bank Limited
	b)	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Prime Bank Limited has 5 (Five) subsidiaries viz. (i) Prime Bank Investment limited, (ii) Prime Bank Securities Limited, (iii) Prime Exchange Co. (Pte.) Limited, Singapore, (iv) PBL Exchange (UK) Limited and (v) PBL Finance (Hong Kong) Limited. A brief description of the Bank and its subsidiaries is given below: **Prime Bank Limited:** The Prime Bank Limited ("the Bank") was incorporated as a public limited company in Bangladesh under Companies Act, 1994 with the registered office of the company at 119-120 Motijheel C/A, Dhaka-1000. It commenced its banking business with one branch from April 17, 1995 under the license issued by Bangladesh Bank. Presently the Bank has 145 (One Hundred and Forty Five) branches including 18 (Eighteen) SME Centers/ Branches all over Bangladesh and 2 (Two) booths located at Dhaka Club, Dhaka and at Chittagong Port, Chittagong. Out of the above 145 branches, 05 (five) branches are designated as Islamic Banking branch complying with the rules of Islamic Shariah. Also the Bank has 3 (Three) Off-shore Banking Units (OBU), 5 (Five) subsidiary Companies (3 Foreign subsidiaries & 2 Local subsidiaries). The Bank went for Initial Public Offering in 1999 and its shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general classes of share. The principal activities of the Bank are to provide all kinds of commercial banking services to its customers through different business divisions and branches. **Subsidiaries of PBL:** i) Prime Bank Investment Limited: Prime Bank Investment Limited (PBIL) is a subsidiary company of Prime Bank Limited incorporated as a public limited company on April 27, 2010 with the registrar of Joint Stock Companies, vide certificate of incorporation no.C-84266/2 dated 28 April 2010 which has commenced its business on the same date. The main objectives of the company are to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting, corporate advisory services etc. ii) Prime Bank Securities Limited: Prime Bank Securities Limited was incorporated on April 29, 2010 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on business of stock brokers / dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. The company commenced its operation from May 2011. iii) Prime Exchange Co. (Pte.) Limited, Singapore: Prime Exchange Co. (Pte.) Ltd., Singapore a fully owned subsidiary company of Prime Bank Limited was incorporated in Singapore on January 06, 2006 and commenced its remittance business with one (1) Branch from July 08, 2006. In 2011 the Company has also opened another Branch located at Jurong East Branch, Block: 134 #01-305 Jurong Gateway Road, Singapore 600134. The principal activities of the company are to carry on the remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange house. iv) PBL Exchange (UK) Limited: PBL Exchange (UK) Limited was incorporated as a private limited company with Companies House of England and Wales under registration no. 7081093 dated 19 November 2009. The company is a wholly owned subsidiary of Prime Bank Limited. The company commenced its operation on 02 August 2010 with three Branches located at Brick Lane of London, Coventry Road of Birmingham and North Oldham of Manchester. The registered office is located at 16 Brick Lane, London E1 6RF. v) PBL Finance (Hong Kong) Limited: PBL Finance (Hong Kong) Limited, a fully owned subsidiary of Prime Bank Limited. PBL Finance (Hong Kong) Limited was incorporated with Companies Registries of Hong Kong (Certificate of incorporation no. 1584971 and Business Registration no. 58197431 both dated April 7, 2011). PBL Finance (Hong Kong) Limited obtained Money Lending Licenses # 307/2011 issued by Honorable Court of Hong Kong on 28th July 2011. It has commenced its operation from August 2011 with one branch located at 608, 6/F, Admiralty Centre, Tower-2, 18 Harcourt Road, Hong Kong.

	c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable
Quantitative disclosure	d)	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not applicable

2. Capital Structure

Qualitative disclosure	a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier 1 or Tier 2.	As per **Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)** introduced by Bangladesh Bank, 'Common Equity Tier-1 (CET 1)' Capital of PBL consists of (i) Paid-up Capital, (ii) Non-repayable Share Premium Account, (iii) Statutory Reserve, (iv) Retained Earnings and (v) Minority Interest in Subsidiaries. Prime Bank does not have 'Additional Tier 1 (AT 1)' Capital since it did not issue any instrument that meets the qualifying criteria for Additional Tier 1 Capital. Subsidiaries did not issue AT 1 capital to third parties as well. **Tier-2 Capital** consists of (i) General Provision (ii) Subordinated Debt/Instruments issued by the Banks that meet the qualifying criteria for Tier 2 Capital. (iii) Revaluation Reserves (50% of Fixed Assets & Govt. Securities and 10% of equity instruments) subject to regulatory adjustment/deduction i.e. 40% for 2016.

Quantitative disclosure	b)	The amount of Tier-1 capital with separate disclosure of:	Solo	Consolidated
			Taka in Crore	
		Common Equity Tier 1 (CET 1) Capital:		
		Fully Paid up capital	1,029.35	1,029.35
		Non repayable share premium account	224.12	224.12
		Statutory reserve	920.41	920.41
		General reserve	-	2.80
		Retained earnings	201.79	196.11
		Minority interest in subsidiaries	-	-
		Dividend equalization account	-	-
		Sub-Total	2,375.67	2,372.79
		Additional Tier 1 Capital	**-**	**-**
		Total Tier 1 Capital	**2,375.67**	**2,372.79**
		Tier 2 Capital	**838.73**	**839.74**
		Total amount of Tier 1 and Tier 2 capital	**3,214.40**	**3,212.53**
	c)	Regulatory Adjustments/Deductions from capital	(51.19)	(55.93)
	d)	**Total eligible capital**	**3,163.21**	**3,156.60**

3. Capital Adequacy:

Qualitative disclosure	a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	The Bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank. The Bank has maintained Capital to Risk Weighted Asset Ratio (CRAR) at 12.45% & 12.30% for stand-alone and for consolidated group respectively. As per guideline, Bank is required to maintain a Capital Conservation Buffer (CCB) of 2.50%, comprised of Common Equity Tier-1 (CET-1) Capital, above the regulatory Minimum Capital Requirement (MCR) of 10%. The following table shows that Bank has adequate Tier-1 & Tier-2 Capital to maintain all the ratios at the required level. It has covered both MCR as well as CCB (required for 2017) with its eligible capital after considering all regulatory adjustments. The Bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The Bank maintains capital levels that are sufficient to absorb all material risks. The Bank also ensures that the capital levels comply with regulatory requirements and satisfy the external rating agencies and other stakeholders including depositors. The main objective of the capital management process in the Bank is to ensure that Bank has adequate capital to meet up its all sorts of obligations any time.

Quantitative disclosure		Particulars	Solo	Consolidated
			Taka in Crore	
	b)	Capital requirement for Credit Risk	22,814.50	22,851.95
	c)	Capital requirement for Market Risk	192.54	380.05
	d)	Capital requirement for Operational Risk	2,393.11	2,427.53
		Total Risk Weighted Assets (RWA)	25,400.15	25,659.54
		Total Regulatory Capital (Tier 1 & Tier 2)	3,163.20	3,156.61
	e)	Capital To Risk Weighted Asset Ratio (CRAR)	12.45%	12.30%
		Common Equity Tier 1 (CET 1) Capital to RWA Ratio	9.30%	9.18%
		Tier 1 Capital to RWA Ratio	9.30%	9.18%
		Tier 2 Capital to RWA Ratio	3.15%	3.12%
		Minimum Capital Requirement (MCR)	2,540.01	2,565.95
	f)	Capital Conservation Buffer (2.50% * RWA)	635.00	641.49

- Minimum Tier 1 Capital Ratio: 6.00%,
- Minimum Total Capital Ratio: 10.00%,
- Capital Conservation Buffer: 2.50%
- Minimum Total Capital plus Capital Conservation Buffer: 12.50%

4. Credit Risk:

Qualitative disclosure	a)	The general qualitative disclosure requirement with respect to credit risk, including:	
		i) Definitions of past due and impaired (for accounting purposes);	With a view to strengthening credit discipline and bring classification and provisioning regulation in line with international standard, a phase-wise program for classification and provisioning was undertaken by the Bank as per Bangladesh Bank circulars issued from time to time. In this regard, all the loans and advances/investments are grouped into four categories for the purpose of classification, namely (i) Continuous Loan, (ii) Demand Loan, (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro Credit. They are classified as follow: Continuous & Demand Loan are classified as: ▪ Sub-standard- if it is past due/overdue for 03(three) months or beyond but less than 06 (six) months; ▪ Doubtful- if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months; ▪ Bad/Loss- if it is past due/overdue for 09 (nine) months or beyond. In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting up to Taka 1 million is not repaid within the due date, the amount of unpaid installment(s) are treated as "past due or overdue installment". Such types of Fixed Term Loans are classified as under: ▪ Sub-standard- if the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loans are classified as "Sub-standard". ▪ Doubtful- if the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loans are classified as "Doubtful. ▪ Bad/Loss- if the amount of past due installment is equal to or more than the amount of installment(s) due within 12(twelve) months, the entire loans are classified as "Bad/Loss". In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Taka 1 million is not repaid within the due date, the amount of unpaid installment(s) are treated as "past due or overdue installment". Such types of Fixed Term Loans are classified as under: ▪ Sub-standard- if the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loans are classified as "Sub-standard". ▪ Doubtful- if the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loans are classified as "Doubtful". ▪ Bad/Loss- if the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loans are classified as "Bad/Loss".

			Short-term Agricultural and Micro Credit will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement and will be classified as under: ▪ **Sub-standard-** if the irregular status continues after a period of 12 (twelve) months, the credits are classified as "Sub-standard". ▪ **Doubtful-** if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as "Doubtful". ▪ **Bad/Loss-** if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss". A Continuous loan, Demand loan or a Term Loan which remained overdue for a period of 02 (two) months or more, is treated as **"Special Mention Account (SMA)".**

		ii) Description of approaches followed for specific and general allowances and statistical methods;	The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:

Particulars	Rate
General provision on unclassified Small and Medium Enterprise (SME) financing.	0.25%
General provision on unclassified loans and advances/investments other than Consumer Financing, Loans to Brokerage House, Merchant Banks, Stock Dealers etc., SMA as well as SME Financing)	1%
General provision on interest receivable on loans / investments.	1%
General provision on off-balance sheet exposures (Provision has been made on the total exposure and amount of cash margin & value of eligible collateral were not deducted while computing off-balance sheet exposure).	1%
General provision on unclassified loans and advances/investments for housing finance, loans for professionals to set-up business under consumer financing scheme.	2%
General provision on the unclassified loans to Brokerage House, Merchant Banks, Stock Dealers, etc.	2%
General provision on unclassified amount for Consumer Financing.	5%
*General provision on outstanding amount of loans kept in **Special Mention Account (SMA)** will be at the same respective rate as stated above (0.25% to 5%) as per BRPD Circular No. 05 dated 29.05.2013.*	
Specific provision on Sub-Standard loans & advances / investments	20%
Specific provision on Doubtful loans & advances / investments	50%
Specific provision on bad / loss loans & advances / investments	100%

Quantitative disclosure	b)	Total gross credit risk exposures broken down by major types of credit exposure.	Total gross credit risk exposures broken down by major types of credit exposure of the Bank:

Particulars	Taka in Crore
Secured Overdraft/Quard Against TDR	2,729.09
Cash Credit/Mudaraba	2,305.55
Loan (General)	3,518.47
House Building Loan	271.73
Loan Against Trust Receipts (LTR)	498.63
Payment Against Documents (PAD)	1.30
Retail Loan	1,498.94
Lease Finance/Izara	515.98
Credit Card	103.76
SME Loan	73.90
Hire Purchase	702.16
Other Loans & Advances	3,562.30
Bill purchased/discounted-Inland	668.49
Bill purchased/discounted-Foreign	570.84
Total	**17,021.18**

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

Particulars	Taka in Crore
Urban:	
Dhaka Zone	12,281.63
Chittagong Zone	3,020.00
Khulna Zone	569.13
Rajshahi Zone	445.17
Barishal Zone	11.64
Sylhet Zone	155.29
Rangpur Zone	116.75
Sub-Total	**16,599.61**
Rural:	
Dhaka Zone	199.00
Chittagong Zone	94.66
Khulna Zone	6.51
Rajshahi Zone	62.48
Rangpur Zone	19.42
Sylhet Zone	39.50
Sub-Total	**421.57**
Grand Total (Urban + Rural)	**17,021.18**

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

Particulars	Taka in Crore
Commercial Lending	2,204.72
Export Financing	837.69
House Building Loan	271.73
Retail Loan	1,498.94
Small & Medium Enterprises (SME)	1,819.05
Special Program Loan	-
Staff Loan	0.84
Other Loans & Advances (SOD)	2,565.75
Loans, Advances & Lease/Investments to Managing Director / CEO and other senior executives	170.71
Industrial Loans/Investments (Details are given below)	7,651.75
Total	**17,021.18**
Industrial Loans/Investments	
Particulars	**Taka in Crore**
Agriculture	261.56
Textile Industries	634.83
Food and allied industries	452.48
Pharmaceutical Industries	139.00
Leather , Chemical, Cosmetics, etc.	55.95
Tobacco Industries	90.42
Cement and Ceramic Industries	389.26
Service Industries	1,433.27
Transport & Communication Industries	241.33
Other Industries including bills purchased and discounted	3,953.65
Total	**7,651.75**

PRIME STOCK

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

Particulars	Taka in Crore
Repayable on Demand	-
Up to 1 month	1,986.37
Over 1 month but not more than 3 months	2,685.94
Over 3 months but not more than 1 year	7,208.47
Over 1 year but not more than 5 years	3,914.87
Over 5 years	1,225.53
Total	17,021.18

	f)	By major industry or counterparty type:	
		i) Amount of impaired loans and if available, past due loans, provided separately;	The amount of classified loans and advances/investments of the Bank are given below as per Bangladesh Bank guidelines.

Particulars	Taka in Crore
Standard	15,558.79
Special Mention Account	448.44
Sub-standard	117.87
Doubtful	29.18
Bad/Loss	866.90
Total	17,021.18

		ii) Specific and general provisions; and	Specific and general provisions were made on the amount of classified and unclassified loans and advances/investments, off-balance sheet exposures and off-shore banking units, interest on receivable, diminution in value of investment and other assets-suspense of the Bank according to the Bangladesh Bank guidelines.

Particulars	Taka in Crore
Provision on classified loans/investments	340.04
Provision on unclassified loans/investments	335.99
Provision on Off-balance sheet exposures	138.56
Provision for Off-shore Banking Units	59.28
Provision for interest receivable on loans & advances/investments	0.95
Provision for other assets	12.01
Provision for diminution in value of investments.	7.74
Total	894.57

		iii) Charges for specific allowances and charge-offs during the period.	During the year the specific and general provisions were made on the amount of classified and unclassified loans and advances/investments, off-balance sheet exposure, off-shore banking units, interest on receivable, diminution in value of investment and other assets-suspense of the Bank as per Bangladesh Bank guidelines.

Particulars	Taka in Crore
Provision on classified loans/investments	162.20
Provision on unclassified loans/investments	144.49
Provision on Off-balance sheet exposures	22.88
Provision for Off-shore Banking Units	5.44
Provision for interest receivable on loans & advances/investments	-
Provision for other assets	0.76
Provision for diminution in value of investments	0.91
Provision for impairment loss for investment in subsidiaries	3.25
Total	399.93

	g)	Gross Non Performing Assets (NPAs).		
		Non Performing Assets (NPAs) to Outstanding loans and advances.		
		Movement of Non Performing Assets (NPAs).	Particulars	Taka in Crore
			Opening balance	1,188.28
			Addition/adjustment during the year	(174.33)
			Closing balance	**1,013.95**
		Movement of specific provisions for NPAs.	Particulars	Taka in Crore
			Opening balance	532.66
			Provisions made during the period	162.20
			Transferred from unclassified loan & advances including OBU	-
			Write-off	(369.93)
			Recoveries of amounts previously written off	15.11
			Closing Balance	**340.04**

5. Equities: Disclosures for Banking Book Positions

Qualitative disclosure	a)	The general qualitative disclosure requirement with respect to equity risk, including:	
		Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts: i) Quoted Securities (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets). ii) Unquoted securities include shares of Central Depository Bangladesh Limited (CDBL), investment in SWIFT and Market Stabilization Fund (MSF).
		Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

			Solo		Consolidated	
			Taka in Crore			
			At cost	At market value	At cost	At market value
Quantitative disclosure	b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	29.70	26.98	165.56	120.73
	c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	-			4.75
	d)	• Total unrealized gains (losses)		(2.72)		(44.83)
		• Total latent revaluation gains (losses)	-		-	
		• Any amounts of the above included in Tier-2 capital.	-		-	
	e)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements (10% on market value).				
		• Specific Market Risk	2.70		12.07	
		• General Market Risk	2.70		12.07	

6. Interest Rate Risk in the Banking Book (IRRBB)

Qualitative disclosure	a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). To evaluate the impact of interest rate risk on the net interest margin, Prime Bank monitors the size of the gap between rate sensitive assets and rate sensitive liabilities in terms of the remaining period to repricing. Repricing refers to the point in time when adjustments of interest rates on assets and liabilities occur owing to new contracts, renewal of expiring contracts or that a contract specifies a floating rate that adjusts at fixed time intervals. A maturity mismatch approach is used to measure Prime Bank's exposure to interest rate risk. A positive mismatch means that more assets than liabilities are repriced in a given period. With a positive mismatch, a rise in market interest rates will have a positive effect on the bank's earnings. On the other hand, a negative mismatch, where more liabilities are repriced than assets in a given period, means a drop in earnings if interest rates had increased. The table presented below showing the Interest Rate Risk Analysis of Prime Bank Limited. The analysis shows that Bank may have a negative earnings impact of Taka 0.671 crore in the first quarter which has become positive (Taka 0.593 crore) in the second quarter. In the third quarter, the total year-to-date accumulated earnings impact has been positive (Taka 0.666 crore). Hence, accumulated earning for the year 2016 owing to a 1% increase in interest rate is a gain of Taka 2.618 crore. The rule of thumb suggests that quarterly gaps, causing an earnings impact of 10% of the Bank's average quarterly net profit for each 1% change in interest rates, should be carefully handled by the Bank's Management. The last row of the following table reveals that earnings impact on Prime Bank's average quarterly net profit is not significant and remains within the acceptable limit as prescribed by Bangladesh Bank.

Interest Rate Risk Analysis (for 1% change in the market rate of interest)

Quantitative disclosure	b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	Particulars	1 to 90 days	Over 3 months to up to 6 months	Over 6 months to up to 9 months	Over 9 months to up to 1 year
				Taka in Crore			
			Rate Sensitive Assets	7,805.18	3,480.06	1,407.71	1352.51
			Rate Sensitive Liabilities	8,077.23	2,967.49	1,346.44	862.70
			GAP	(272.05)	512.57	61.27	489.81
			Cumulative GAP	(272.05)	240.52	301.79	791.60
			Adjusted Interest Rate Changes (IRC)	1.00%	1.00%	1.00%	1.00%
			Quarterly earnings impact (Cum. GAP * IRC)	(0.671)	0.593	0.744	1.952
			Accumulated earning impact to date	(0.671)	(0.078)	0.666	2.618
			Earning impact/Avg. quarterly net profit	(1.25%)	(0.15)%	1.25%	4.90%

7. Market Risk:

Qualitative disclosure	a)	i) Views of Board of Directors (BOD) on trading/ investment activities.	Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and equity prices in the bank's trading book, in respect of exposure to risks deriving from changes in foreign exchange rates and commodity price in the overall banking activity. The total capital requirement for banks against their market risk shall be the sum of capital charges against: ▪ Interest rate risk ▪ Equity position risk ▪ Foreign exchange (including gold) position risk throughout the bank's balance sheet and ▪ Commodity risk.

		ii) Methods used to measure Market risk.	Measurement Methodology:
			As banks in Bangladesh are now in a stage of developing risk management models, Bangladesh Bank has suggested the banks for using Standardized Approach for credit risk capital requirement for banking book and Standardized (rule based) Approach for market risk capital charge in their trading book.
			Maturity Method has been prescribed by Bangladesh Bank in determining capital against market risk. In the maturity method, long or short positions in debt securities and other sources of interest rate exposures, including derivative instruments, are slotted into a maturity ladder comprising 13 time-bands (or 15 time-bands in case of low coupon instruments). Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to the next re-pricing date.
			In Standardized (rule based) Approach the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) are determined separately.
			The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. e.g.:
			a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
			b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk;
			c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk;
			d) Capital Charge for Commodity Position Risk = Capital charge for general market risk.

		iii) Market Risk Management system.	Treasury Division manages the market risk and ALCO monitors the activities of treasury Division in managing such risk.
		iv) Policies and processes for mitigating market risk.	To mitigate the several market risks the bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices/polices and risk management prudential limits have been set up and followed. The Treasury Division are taking following measures to minimize the several market risks: **i) Foreign exchange risk management:** it is the risk that the bank may suffer losses as a result of adverse exchange rate movement during a period in which it has an open position in an individual foreign currency. This risk is measured and monitored by the Treasury Division. To evaluate the extent of foreign exchange risk, a liquidity Gap report is prepared for each currency. **ii) Equity Risk:** Equity risk is defined as losses due to changes in market price of the equity held. To measure and identify the risk, mark to market valuation of the investment portfolios of share is being done. Mark to market valuation is done against a predetermined limit. At the time of investment, following factors are taken into consideration: a. Security of Investment b. Fundamentals of securities c. Liquidity of securities d. Reliability of securities e. Capital appreciation f. Risk factors and g. Implication of taxes etc.

Quantitative disclosure	b)	The capital requirements for:	Solo	Consolidated
			Taka in Crore	
		Interest rate risk	0.01	0.01
		Equity position risk	5.40	24.15
		Foreign exchange risk and	13.85	13.85
		Commodity risk	-	-
		Total Capital Requirement	**19.26**	**38.01**

8. Operational Risk:

Qualitative disclosure	a)	i) Views of BOD on system to reduce Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputation risk. It is inherent in every business organization and covers a wide spectrum of issues. The Board of Directors (BOD) of the Bank and its Management firmly believe that an effective internal control systems has been established within the Bank to ensure adequacy of the risk management framework and compliance with a documented set of internal policies concerning the risk management system which mainly include, ▪ Top-level reviews of the Bank's progress towards the stated objectives; ▪ Checking for compliance with management controls; ▪ Policies, processes and procedures concerning the review, treatment and resolution of non-compliance issues; and ▪ A system of documented approvals and authorizations to ensure accountability to the appropriate level of management. Bank has ensured some other internal practices to be in place as appropriate to control operational risk. Examples of these include: ▪ Close monitoring of adherence to assigned risk limits or thresholds; ▪ Maintaining safeguards for access to, and use of, bank's assets and records; ▪ Ensuring that staffs have appropriate expertise and training; ▪ Regular verification and reconciliation of transactions and accounts. The BOD has modified Bank's operational risk management process by issuing a high level standard like SOP, supplemented by more detailed formal guidance. This explains how the bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with local regulatory requirements. The Bank maintains and tests contingency facilities to support operations in the event of disasters. Additional reviews and tests are conducted in the event that any branch of the bank is affected by a business disruption event, to incorporate lessons learned in the operational recovery from those circumstances. Plans have been prepared for the continued operation of the bank's business, with reduced staffing levels.
		ii) Performance gap of executives and staffs.	Human Resources Motivated and Engaged Employees Prime Bank has a diverse group of motivated and engaged employees. From experience it knows that if employees are properly empowered, they become more engaged and go extra miles to fulfill organization's ambition. Engaged employees are likely to take more responsibility and embrace accountability which helps to achieve the sustainability strategies. The Bank has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive plenty of development opportunities. Prime Bank has a special focus on: ▪ Ensuring a balanced diversity ▪ Promoting human capital development ▪ Providing competitive compensation and benefits ▪ Promoting a performance centric culture ▪ Protecting human rights ▪ Ensuring workplace health and safety ▪ Ensuring equal opportunity All the people related issues in Prime Bank are governed by the well-defined policies and procedures which are duly reviewed by the Management time to time.

			Compensation & Benefits To maintain the market competitiveness, the compensation and benefits of Prime Bank are regularly reviewed through market and peer group study. The well-crafted total rewards help the Bank to attract, motivate and retain talent. In PBL, the Board of Directors is not eligible for any compensation. They are paid honorarium for attending meetings only. On the other hand, all employees are paid competitive remuneration package. The remuneration policy of the Bank does not allow any discrimination between male and female employees. In addition, employees are paid bonus based on yearly business performance. In addition to monthly competitive base pay and a good number of allowances (e.g., House Rent allowance, Medical allowance, Conveyance allowance etc.), Prime Bank has variety of market-competitive Benefits schemes designed to motivate the employees. The various cash and non-cash benefits include: ▪ Company provided car for top level Executive employees ▪ Car allowance for all Executive level employees ▪ Leave fair assistance allowance ▪ Medical treatment allowance ▪ Maternity benefits ▪ Car loan facility ▪ House loan facility ▪ Staff loan at reduced interest rate ▪ House furnishing allowance ▪ Mobile phone allowance ▪ Travel allowance ▪ Technical allowance ▪ Festival bonus ▪ Allowance for employees' meritorious students ▪ Annual leave ▪ Maternity leave ▪ Study leave etc. The Bank also provides long-term as well as retirement benefits to employees: ▪ Leave encashment ▪ Provident fund ▪ Gratuity benefit ▪ Retirement benefit ▪ Partial and full disability benefit ▪ Death benefit to family members etc. Broadbanding Pay Structure: The Management introduced Broadbanding Pay Structure which aims to ensure a performance driven work culture through a strategic compensation plan synced with the performance of individual employee. Since inception, Prime Bank has practiced a scale based pay structure for each grade, so to reward individual performance the new policy offers a flexible pay plan that will compensate the person, not the grade. It places an increased emphasis on encouraging employees to develop new skills and paying for the skills according to their contribution and equity. In a nutshell, broadbanding is a more flexible pay system for both the employees and for the employers where career progression takes a different route. Given that, the specific reasons behind introduction of this new pay structure is:

			1. It facilitates/encourages internal /lateral movement (Through Job Rotation) 2. It rewards performers than the non performers (Through Pay for Performance) 3. It puts added trust & greater autonomy in line management (Through Teamwork/ Relationship) Moreover, the policy states that when one employee reaches the highest grade within a Band, the employee will grow further when he/she is ready to take or has taken higher responsibilities and match the criteria of the next Band. The total compensation and benefits system of Prime Bank tracks costs and is linked with performance, while maintaining a balance with the business affordability. Performance Management Program Prime Bank has a comprehensive performance management program that evaluates employees' yearly performance against business targets at the year-end. In addition, their functional and leadership competencies are also rated by the line management. This appraisal process also identifies the competency gap and training needs of employees. All employees (except employees under probation or training) of the Bank undergo annual performance appraisal process. The process ensures that clear feedback on improvement points (performance and professional capabilities) is provided to employees by their Managers to promote employees' long-term career development and improved contribution to organizational performance. All regular employees undergo the annual performance and career development review. Work-life Balance Prime Bank wants it's employees to balance the work and personal life and has organization-wide practices and policies that actively support employees to achieve success at both work and home. Management is also open and shows flexibility in regard to a balanced work-life. In Prime Bank, employees are entitled to sufficient annual leave and sick leave with pay. To enjoy vacation with family, Bank provides Leave Fare Assistance Allowance to employees. All female employees are eligible for Maternity Leave (Parental Leave) with pay for a period of six months. In 2016, a total of 59 female employees availed Maternity leave. After completion of the leave, they returned to work and are still continuing with the organization. Culture Culture plays a vital role to create a high performance environment that supports sustainability strategy implementation. Prime Bank carefully develop, shape and impact organizational culture by: practicing values appropriate for the bank; defining working relationship and communication pattern between superior and subordinates; governing rules and regulations which control employees' behaviour; promoting a strong employer brand through which employees identify with the organization; maintaining effective reward system that affects employees loyalty and empowering employees to demonstrate their innovativeness not only to be competitive in the market but also to achieve a sustainable growth. Healthy and Safe Work Environment In Prime Bank, the physical, mental and social well-being of the employees always get priority. Healthy, productive and motivated employees are the foundation of a successful organization. Prime Bank helps employees to assume responsibility for their own personal behaviour in health-related matters, and support health-promoting general conditions within the Company. We continuously focus on improving health and safety of employees that includes proper work place design and decoration of head office and branches, maintaining the cleanliness at work space, holding awareness session related to physical and psychosocial well-being, email communication on various health and safety related topics, sending alerts to employees on emergency situations, arranging fire drill sessions, financial support for medical care etc. Because of the nature of operations, Bank employees are not usually exposed to work-related injury, occupational diseases or fatality. Yet, the Bank remains cautious so as not to create any hazardous work condition.

Decent Workplace

Prime Bank has a decent work environment where employees can work with dignity, have the freedom to express opinions, can participate in the decision making process that affect their lives, and receive equal treatment and opportunity. The Bank is committed to ensure the best practices in compliance with the labour code of the country. Bank Management believes that the business can grow favourably if the organization enables employees through creating and maintaining a decent workplace.

In Prime Bank, employees have the right to exercise freedom of association or collective bargaining following the legal procedure of country laws. However, employees have never formed or wanted to form any collective bargaining agency. The Bank follows non-discriminatory approach in all HR policies and practices. The salary of an employee is determined based on his/her competency, experience and performance. During the period of 2016 neither any incident regarding discrimination nor any grievance related to labour practices or human right has been reported. The Bank neither employs child labour nor has any provision for forced labour. Employees have the right to resign from their employment serving proper notice period and following the internal procedures.

Ensuring a decent workplace also encompass Bank's investment decisions as well as agreements with the suppliers and contractors. For instance, human right, as appropriate, is covered as an integral part of decision making for major financial investments. Among all the significant investments, garments and manufacturing industry contain major stakes where issues related to human rights are more relevant and critical. Hence, any such investment agreement is subject to screening of human right issues along with other criteria.

On the other hand, all the agreements of Prime Bank with suppliers or contractors undergo due assessment process which requires complying with Labour Code and other applicable laws of the country. Moreover, the procurement decisions are also subject to conformity with International Labour Conventions. The team involved in procurement visits suppliers and contractors' premises on need basis to monitor working conditions and other relevant issues like labour practices, human right etc.

The security personnel employed by the Bank are formally trained and aware of policies and procedures regarding human right issues. The training requirement also applies to third party organizations that provide security personnel to the Bank.

The most recent addition to encourage female employees at the workplace is that they are now able to avail child day-care facility in Motijheel area. Female employees having offices in Motijheel and peripheral area now can avail child day-care facility where they can keep their children in a safe and secured environment. This will not only help to retain female employees but will relieve them of the dilemma of leaving their child/children at home.

Diversity in Workplace

Prime Bank believes that diverse, heterogeneous teams generate greater creativity, innovation and business development. An inclusive culture maintains and drives workforce diversity by fostering the exchange of ideas and collaboration among individuals and across groups. To speak simply, our constant success depends in part on maintaining a plurality of perspectives.

Employees by age group and gender:

Age group	Grand Total	Percentage
Less than 30 years	390	13.17%
30 to 50 years	2420	81.73%
Over 50 years	142	5.10%
Grand Total	**2961**	**100.00%**

We practice equal employment opportunity; for competent candidates regardless of their gender, age, locality or ethnicity. While recruiting fresh graduates, the Bank sources the pool from different recognized public and private universities; with a view to creating a diverse work force.

Employees by religion:

Religion	No. of Emp.	Percentage
Islam	2745	92.71%
Hindu	205	6.92%
Buddhist	11	0.37%
Christian	0	0%
Total	**2961**	**100.00%**

Besides, our ration of male and female employees has been increasing over the time. Currently, approximately 22% of total employees are female. On the other hand, almost 16% of the Board of Directors represents females.

Gender diversity among employees:

Gender	No. of Employees	Percentage
Male	2285	77.17%
Female	649	21.93%
Total	**2961**	**100.00%**

Increasing percentage of Female over the years:

Year	% of Female Employees
2012	19.77%
2013	20.52%
2014	21.00%
2015	21.64%
2016	**21.93%**

Gender diversity among Board members:

Gender	No. of Members	Percentage (%)
Male	16	85.21%
Female	03	15.79%
Total	19	100%

New recruitment by gender and age (By Gender):

Gender	No. of Employees	%
Male	134	75.28%
Female	44	24.72%
Total	**178**	**100.00%**

By Age:

Age group	Grand Total	%
Below 30 years	73	41.01%
30 to 50 years	104	58.43%
Over 50 years	01	0.56%
Grand Total	**178**	**100.00%**

Employee turnover by gender and age:

By Gender:

Gender	No. of Employees	%
Male	130	79.27%
Female	34	20.73%
Total	**164**	**100.00%**

By Age:

Age group	Grand Total	%
Below 30 years	19	11.59%
30 to 50 years	128	78.05%
Over 50 years	17	10.37%
Grand Total	**164**	**100.00%**

For the year 2016, the turnover rate is 5.56%.

Learning & Development

In Prime Bank, Human Resources (HR) Division regularly undertakes effectively designed training programs targeting the right group of employees through proper training need assessment. Prime Bank believes that continuous efforts should be given so that employees acquire and develop the right set of skills required to face the challenge of ever changing market.

In Prime Bank, the employee development plan is based on proper training need assessment. In 2016, Bank's internal HR Training and Development Centre arranged training on different topics for 3777 enthusiastic participants. Besides, a total of 470 employees were sent to participate in various training programs/conferences in home and abroad.

The banking sector is complex and diverse with evolving nature of threats and the risks. So, the training module is updated time to time for employees of the Bank in the changing context of financial market.

Openness in communication for a better employee-management relation

Employee communications and consultation are the lifeblood of any business. Proper exchange of information and instructions help the Bank to function more efficiently and provides the opportunity to build greater trust among employees and management in discussing issues of mutual interest. To ensure effective employee communications, management takes a positive lead.

The Management has introduced a Whistleblower Protection Policy which intendeds to encourage and enable employees and others to raise serious concerns internally so that the Management can address and correct inappropriate conduct and actions. Employees have an avenue to report concerns about violations of code of ethics or suspected violations of law or regulations. The policy covers the protection of a whistleblower in two important areas – confidentiality and against retaliation. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Additionally, now there is an avenue to report sexual harassment in the workplace. The policy aims to ensure a working environment in line with our values, where all individuals are treated equally, fairly and with dignity and also foster compliance with governing laws pertaining to sexual harassment. Such policy creates awareness about the nature of offences and the consequences of an offender. This not only fosters a neutral environment but gives a feeling of assurance that any wrong doing will be strictly addressed by the Management.

Any operational changes are properly planned and managed. Management follows a participative approach during any major transformation followed by prior communication to the employees. Since there is no trade union or employee association, no notice period regarding operational change is stipulated by any collective agreement.

Ethical and Lawful Behavior in Prime Bank

Prime Bank is always committed to establish the highest level of ethical standard. Employees are properly oriented to comply with Code of Ethics & Business Conduct. All employees duly signed the 'Code of Ethics & Business Conduct' and the copy is preserved in respective Employee Records. During joining, HR Division makes sure that all the new employees read and accept this policy by signing.

Bank also has 'Service Excellence Handbook' & 'General Code & Discipline', which are read by each employee including new employees while joining in the Bank and record of these are preserved in personal file after signing by employees.

"The Prime Bank Employee Code of Ethics and Business Conduct" – is a framework of ethical behavior for all the employees of the organization that embodies all the factors mentioned above. It is a reflection of Prime Bank's role as a socially responsible corporate citizen which believes in providing the most courteous and efficient service through innovative banking services and products. However, Prime Bank's most farsighted objective is to uphold and build upon the honour of Bangladesh as a nation, through exhibiting its own competence as a local organization that can perform at least on par with a multinational one, if not better than one.

The employees of Prime Bank are trained to put their own duties and ethics before everything else. They treat their colleagues with reverence and honour, and their customers as esteemed guests. They also learn to abide by the laws that govern our business, and contribute to the strength and wellbeing of our community and shareholders. In addition to their regular responsibilities employees are also expected to demonstrate the below ethical behavior:

- Protect Privacy of Customers' and Confidential Company Information;
- Prevent Money Laundering and/or Fraud;
- Demonstrate Workplace Respect;
- Avoid Offensive Behavior and Sexual Harassment;
- Avoid Drug/Substance/Alcohol Abuse in the Workplace;
- Protect the Bank's Assets;

It is mandatory for every employee of Prime Bank Limited to abide by the 'Employee Code of Ethics and Business Conduct' and also comply with any other orders or directions provided by the Management or Board of Directors from time to time.

Human Resources Accounting in PBL:

To understand and draw an inference on how well the Human Resources are yielding on the investment made, Prime Bank tracks the profit and related HR costs. In this process, the costs of recruitment, training, compensation, other direct cost related to employees are measured to estimate the overall investment. The costs are then compared with several parameters. This analysis helps the Bank to have an outlook and make prudent decisions on future HR investment. Valuing the human resources and measuring the direct impact of the cost spent for employees is difficult as there is no specific or widely adopted method. Human Resources accounting is the process of valuing human resources as assets. Presently, this is not accounted in the conventional accounting practices. The period of existence of a set of human resources in an organization cannot be predicted; hence treating and valuing them as assets in strict sense is not plausible. However, Followings are some of the parameters which are tracked year on year.

(Taka in Million)

Particulars	2016	2015
Salary cost per employee	1.24	1.23
Operating cost per employee	2.12	2.10
Operating income per employee	4.06	4.11
Profit before provision per employee	1.94	2.01
Profit before tax per employee	0.79	0.94
Salary cost as percentage of operating cost	58.43	58.41
Salary cost as percentage of operating income	30.45	29.83

iii) Potential external events

Risk factors/Potential external events:

There are certain risk factors which are external in nature but can affect the business of the Bank. The factors discussed below can significantly affect the banking business:

- General business and political condition

Performance of Prime Bank greatly depends on the general economic conditions of the country. Despite the relative calm in the political scenario, private investment has not picked up. In fact, it has been stagnant at around 22 percent of GDP for the past few years. Binding constraints such as the high cost of doing business, difficulties of procuring land, high rates of corporate taxation, severe shortage of energy, the inefficiency of trade logistics and limited availability of skills have to be overcome to win over private investors. All the mega projects in the transport and energy sectors have to be completed within timeline for boosting private sector.

- Foreign remittance

Remittance inflow fell by more than 9 percent in 2016 due to oil price on the global market and transfer of money from abroad through illegal means. Foreign exchange reserve will be impacted upon as the remittance inflow remained in the negative zone. The negative growth in remittance is believed to hit the current-account balance in the balance of payment parameter of the economy. It will ultimately lessen the central bank's foreign currency reserve. To overcome this situation, exchange-rate regime should be handled prudently and spread between official channel & unofficial channel should be kept low to attract remittance.

- Inflation

Inflation remained stable throughout the year and was much lower than the government's target. The government has aimed to contain inflation within 5.8 percent level. Moderate level of global commodity prices and proactive management of market liquidity may be the main tool to contain inflation.

- Changes in credit quality of borrowers

Aggressiveness in disbursement of loans favoring few business people fuelled some credit growth in the banking sector. But, most of those borrowers took fresh loans from the market to repay their previous loans. This is certainly not a good sign for the banking sector. Credit flow to the private sector needs to be monitored properly to ensure that disbursed loans are being used properly and there is no fund diversion at the borrowers' end.

- Implementation of Basel-III in Bangladesh

After finding numerous weaknesses in the global regulatory framework and in banks' risk management practices, the regulatory authorities have focused on streamlining the global capital and liquidity rules (Basel III) with a view to improving and strengthening the banking sector's ability to absorb shocks arising from financial and economic stress. The table presented in the 'Capital Adequacy' part of this document shows shat Prime Bank has adequate Tier-1 & Tier-2 Capital to maintain all the ratios at the required level. It has covered both Minimum Capital Requirement (MCR) as well as Capital Conservation Buffer (CCB) with its eligible capital after considering all regulatory adjustments.

			▪ Volatility in equity market The capital market ended 2016 with hope and aspiration as the index recorded an almost 9 percent gain in the course of the year. This current situation would only be sustainable if regulators can overcome hindrance from financial indiscipline and shortage of diversified products in our capital market. ▪ Digital security Cyber heist in baking sector in different countries in recent time has jolted the board and bank management out of the stupor. To prevent cyber heist Banks have become very much alert and are making investment in strengthening their own IT infrastructure. ▪ The risk of litigation In the ordinary course of business, legal actions, claims by and against the bank may arise. The outcome of such litigation may affect the financial performance of the Bank. ▪ Success of strategies PBL is proceeding with its strategic plan and its successful implementation is very important for its financial performance. Major deviation due to external and internal factors will affect the performance of the Bank.
		iv) Policies and processes for mitigating operational risk.	Operational Risk is the risk of financial losses related to breakdown in internal control and corporate governance. Such breakdown can be the result of human error, inadequate or failed internal process and technical system, fraud or any other adverse external event. Operational risk may be the most devastating and at the same time most difficult to anticipate. Risk Management Division (RMD) of the bank is primarily responsible to drive and look after the overall risk management function including operational risk management. RMD under the leadership of Chief Risk Officer (CRO) is entrusted to ensure: ▪ Drive and populate the culture of pro-active risk identification and mitigation. ▪ Lead bank wide integrated risk management approach. ▪ Validate and improve the reliability and effectiveness of business operation and the operations of the risk management framework. ▪ Quickly identify the Bank's operational deficiencies. ▪ Increase accuracy and visibility of risk information. ▪ Designing of organizational structure by clearly defining roles and responsibilities of individuals to support the identification, assessment, control and reporting of key risk indicators; ▪ Formulation of overall risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, defining an acceptable level of risk, mitigation of all the core risks in line with their respective guidelines provided by Bangladesh Bank; ▪ Reviewing and updating all risks on systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them. Beside the six core risks and operational risk, following risks are also being reviewed by RMD: ▪ Legal Risk; ▪ Reputation risk; ▪ Environmental & social risk; ▪ Insurance Risk;

- Strategic risk; and
- Sustainability Risk

- Setting the portfolio objectives and tolerance limits/parameters for each of the risks;
- Developing organizational capability in ensuring safety of the employees;
- Development of information systems/MIS inflow and data management capabilities to support the risk management functions of the Bank.
- Ensure compliance with the core risks management guidelines at the department level, and at the desk level;
- The unit will work under bank's organizational structure and suggest to the management to take appropriate measures to overcome any existing and potential financial crisis;
- Analysis of self resilience capability of the Bank;
- Initiation to measure different market conditions, vulnerability in investing in different sectors;
- The unit will also work for substantiality of capital to absorb the associated risk in banking operation

Activities undertaken by "Risk Management Division" since inception and recent approaches

- Risk Management Division (RMD) is the propagator of effective risk management across the bank;
- Aligned the division's structure and committees in line with the central bank directives/circulars;
- Ensured all the regulatory reporting are prepared and submitted on time;
- Reviewed Product Program Guidelines (PPG) and suggested a standard template to bring discipline and uniformity in managing asset and liability products.
- Driving the initiatives of business continuity management across the bank;
- Ensured that development or review of internal processes/policies/guidelines/ Manuals are vetted by RMD;
- RMD played a vital role in determining strategies in consistency with risk management policy, which can measure, monitor, and maintain acceptable risk level of the bank;
- Prudently oversaw Capital Management, Internal Capital Adequacy Assessment Process (ICAAP), Credit Risk, Market Risk (Foreign Exchange Risk, Interest Rate Risk, and Equity Risk), Liquidity Risk, Operational Risk (Internal Control & Compliance Risk, Reputation Risk, and Money Laundering Risk) as guided by the central bank;
- RMD analyzed the overall portfolio of the Bank through Risk Management Paper, Stress Testing and ICAAP, also effectively engaged in preparation of efficient Management Information System (MIS) report for the higher management and for the Risk Management Committee of the Board.
- Risk Management Division has formed a Risk Management Forum (RMF), a common platform among the all divisions for driving the culture of pro-active risk identification and escalation of risk across the bank. The member of Risk Management Forum meets regularly in monthly meeting to analyze identified/ potential risks and suggest mitigation followed by monitoring.
- Risk Management Division (RMD) has developed an online module named *'Risk Platform'* for escalation and reporting of identified & anticipated risk events of the Bank proactively to the management as part of integrated risk management approach.

			Stress Testing in PBL: Stress testing framework as provided by Bangladesh Bank assesses the impact on CAR due to minor, moderate and major level of shock in terms of credit risk, exchange rate risk, liquidity risk, equity price risk and interest rate risk. Stress testing for credit risk assesses the impact of increase in the level of Non-Performing Loans (NPLs) of the banks for the following scenario - ▪ Performing loan directly downgraded to B/L- Sector wise Concentration 1 ▪ Performing loan directly downgraded to B/L- Sector wise Concentration 2 ▪ Increase in NPLs due to default of top large loan borrowers ▪ Negative shift in NPLs categories ▪ Decrease in the Forced Sale Value (FSV) of the collateral The stress testing based on the financial performance of the Bank as on December 31, 2015 has also been completed which shows that the bank has adequate capital to absorb minor level of shocks for combined shock. However, for absorbing moderate and major levels of shock which is very unlikely in the industry, the bank may require additional capital.
		v) Approach for calculating capital charge for operational risk.	The Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by 'α (alpha)' of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average. The capital charge may be expressed as follows: $K = [(GI\ 1 + GI2 + GI3)\ \alpha]/n$ Where- K = the capital charge under the Basic Indicator Approach GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded) α = 15 percent n = number of positive annual gross income of the bank over the past three years Gross income: Gross Income (GI) is defined as "Net Interest Income" plus "Net non-Interest Income". It is intended that this measure should: i) be gross of any provisions; ii) be gross of operating expenses, including fees paid to outsourcing service providers; iii) exclude realized profits/losses from the sale of securities held to maturity in the banking book; iv) exclude extraordinary or irregular items; v) exclude income derived from insurance.

Quantitative disclosure		Particulars	Solo Basis	Consolidated
			Taka in Crore	
	b)	The capital requirement for operational risk	2,39.31	242.75

9. Liquidity Ratio:

Qualitative Disclosure	(a)	- Views of BOD on system to reduce Liquidity Risk - Methods used to measure Liquidity Risk - Liquidity risk management system - Policies and processes for mitigating Liquidity Risk.
		Bank is maintaining the ratios mentioned in the Bangladesh Bank guideline considering all the relevant factors, policies and procedures to mitigate Liquidity Risk. A brief discussion on the emergence of those ratios and their interpretation is stated in the following part:
		In the aftermath of the financial crisis of 2008-09, the Basel Committee of Banking Supervision (BCBS) emphasized on a program of sustainability revising its existing guidelines with a goal to promote a more resilient banking sector through further restructuring of the existing approach by strengthening global capital and liquidity rules within the global regulatory framework. BCBS proposed two liquidity ratios in December 2009 i.e. 1. Liquidity Coverage Ratio (LCR) and 2. Net Stable Funding Ratio (NSFR). Following that Bangladesh Bank vide its BRPD Circular No-07 dated March 31, 2014, declared the road map for implementing the Revised Regulatory Capital Framework for banks in line with Basel III in Bangladesh starting from the year 2015. According to the revised road map issued vide BRPD Circular No. 18/2014, from January 2015 and onwards Banks have to maintain a standard LCR and NSFR, the minimum standard of which is defined by Bangladesh Bank. Prior to LCR and NSFR, Cash Reserve Ratio (CRR), Statutory Liquidity Reserve (SLR), and Advance Deposit Ratio (ADR) were grossly used as benchmark parameter of measuring a bank's liquidity in most of the countries. But in the wake of financial crisis due to the limitations, as well as ineffectiveness of those ratios, the BCBS suggested more reforms in the liquidity measures like LCR and NSFR which are more relevant with the structure and mix of Bank's balance sheet as well as funding. For the LCR, the stock of high quality liquid assets is compared with expected cash flows over a 30 day stress scenario. The expected cash outflows are to be covered by sufficient liquid, high quality assets. It aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. The minimum standard set by BB is that LCR shall be greater than or equal to 100. On the other hand, the NSFR compares available funding sources with funding needs resulting from the assets on the Balance Sheet. Like the LCR, the NSFR calculations assume a stressed environment. It aims to limit over-reliance on short-term wholesale funding (mostly interbank) during times of abundant market liquidity, increase stability of the funding mix, encourage better assessment of liquidity risk across all on- and off-balance sheet items, and promotes funding stability. The minimum standard set by BB is that NSFR shall be greater than 100.
Quantitative Disclosures	(b)	- Liquidity Coverage Ratio (LCR) : 139.90% - Net Stable Funding Ratio (NSFR): 120.56%% - Stock of High quality liquid assets: BDT 6,505.48 crore - Total net cash outflows over the next 30 calendar days: BDT 4,650.20 crore - Available amount of stable funding: BDT 22,318.85 crore - Required amount of stable funding: BDT 18,512.67 crore (The above ratios and balance are stated as per position of December 31, 2016)

10. Leverage Ratio

Qualitative Disclosures	(a)	**Views of BOD on system to reduce excessive leverage policies and processes for managing excessive on and off-balance sheet leverage:** In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy b) reinforce the risk based requirements with an easy to understand and a non-risk based measure Prime Bank calculates leverage ratio on quarterly basis and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank along with CRAR report. **Approach for calculating exposure:** A minimum Tier-1 leverage ratio of 3% has been prescribed by Bangladesh Bank to maintain by the Banks both at solo and consolidated level. Accordingly, Prime Bank maintains leverage ratio on quarterly basis. The formula for calculating leverage ratio is as under: Leverage Ratio = Tier-1 Capital (after related deductions)/ Total Exposure (after related deductions)

Quantitative Disclosures	(b)	Sl.	Particulars	Solo	Consolidated
				In crore Taka	
		A.	Tier-1 Capital	2,363.38	2,356.17
		B.	On balance sheet exposure	25,305.18	25,072.52
		C.	Off-balance sheet exposure	6,813.18	6,813.18
		D.	Total deduction from on and off-balance sheet exposure	12.29	16.62
		E.	Total exposure (B+C-D)	32,106.07	31,869.08
		F.	Leverage Ratio (A/E)*100	7.36%	7.39%

11. Remuneration:

11.1 Qualitative Disclosure:

Qualitative Disclosure	(a)	Information relating to the bodies that oversee remuneration. Disclosures should include: Name, composition and mandate of the main body overseeing remuneration. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	Prime Bank has a flexible compensation and benefits system that helps to ensure pay equity, is linked with performance that is understood by employees, and keeps in touch with employee desires and what's coveted in the market, while maintaining a balance with the business affordability. The compensation and benefits are reviewed through market and peer group comparison. The balanced total rewards help the Bank to attract, motivate and retain talent that produces desired business results. Remuneration Committee is generally understood to be derived from among the Board. The Board of Directors of the Bank approves the remuneration policy in accordance with the Remuneration and Increment & Promotion Policy recommended by the Senior Management. The policy approved by the Board of Directors is implemented by the Management with the support and/or under the supervision of Human Resources Division. The officials are evaluated by a Committee which is formed comprising of 05 DMDs and Head of HR. The Committee is responsible for Performance Appraisal Rating, Promotion and implementation of the Pay Progression Strategy of the Bank. Though the Bank has no permanent external consultant for managing remuneration, but expert opinion may have been sought by the Management, in case to case basis, regarding Gratuity related provisioning accounting and settlement of end service benefits of the separated employees.

	(b)	Information relating to the design and structure of remuneration processes. Disclosures should include: An overview of the key features and objectives of remuneration policy. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that was made. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	**Policy Objective:** Prime Bank Limited aims to create a future-oriented, strategic compensation plan in order to attract and retain its talent through using a modern compensation strategy called "Broadbanding Pay Structure". This policy applies to all the Full Time and Permanent Employees of Prime Bank Limited. The Remuneration Policy is designed to establish broad pay-ranges based on performance, skills or competencies and avoid multiple pay structures. The policy is also empowering managers & encourage the professionals for career development **Broadbanding Pay Structure:** The Management introduced Broadbanding Pay Structure which aims to ensure a performance driven work culture through a strategic compensation plan synced with the performance of individual employee. It places an increased emphasis on encouraging employees to develop new skills and paying for the skills according to their contribution and equity. In a nutshell, broadbanding is a more flexible pay system for both the employees and for the employers where career progression takes a different route. **Salary Structure:** Salary component is as under: **Part–I:** (i) Basic; (ii) House Rent; (iii) Medical Allowance; **Part–II:** (i) Conveyance; (ii) Leave Fare Assistance **Annual Performance Bonus:** As a part of employee motivation through monetary incentive, a bonus policy formulated. The Bank has been paying the bonus to the employees every year on the basis of their performance. The objective of bonus policy is to promote the performance of individual employee as well as team.
	(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include: An overview of the key risks that the bank takes into account when implementing remuneration measures. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed). A discussion of the ways in which these measures affect remuneration. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	Bank takes into account the following key risks when managing and determining remuneration arrangements: (a) Financial Risks; (b) Operational Risks; and (c) Compliance Risks. While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered and accordingly the result of the performance varies from one to another and thus affects the remuneration as well.

	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include: An overview of main performance metrics for bank, top-level business lines and individuals. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Prime Bank Ltd. uses modern standardized strategies for determining pay progression within the newly proposed Bands to adjust pay rates of individual employees over time. It is determined on the following basis: 1. **Inflation Support based:** It includes process for adjusting basic pay increase across the Organization & all employees receive the same amount of percentage increase to maintain & balance lifestyle expenditures; what is commonly referred to as inflation support. 2. **Performance based:** It includes process for Performance Planning & Management, Performance Assessment, Incentives and Recognition to determine the amount of pay increases. It differentiates performers from non-performers and also creates positive effects on employee motivation.
	(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include: A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	To maintain the market competitiveness, the compensation and benefits of Prime Bank are regularly reviewed through market and peer group study. The well-crafted total rewards help the Bank to attract, motivate and retain talent. All employees are paid competitive remuneration package. The remuneration policy of the Bank does not allow any discrimination between male and female employees. Prime Bank has variety of market-competitive Benefits schemes designed to motivate the employees. The various cash and non-cash benefits include: ▪ Company provided car for top level Executive employees ▪ Car allowance for all Executive level employees ▪ Leave fair assistance allowance ▪ Medical treatment allowance ▪ Maternity benefits ▪ Car loan facility ▪ House loan facility ▪ Staff loan at reduced interest rate ▪ House furnishing allowance ▪ Mobile phone allowance ▪ Travel allowance ▪ Technical allowance ▪ Festival bonus ▪ Allowance for employees' meritorious students ▪ Annual leave ▪ Maternity leave ▪ Study leave etc. The Bank also provides long-term as well as retirement benefits to employees: ▪ Leave encashment ▪ Provident fund ▪ Gratuity benefit ▪ Retirement benefit ▪ Partial and full disability benefit ▪ Death benefit to family members etc.

	(f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include: An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description of the factors that determine the mix and their relative importance.	The Bank pays variable remuneration on cash basis (i.e. direct credit to the employee Bank account and/or Pay Order/ Cheque), as the case may be, as per Employees' Service Rule/ practice. Bank provides annual increments based on performance to the employees with the view of medium to long term strategy and adherence to Prime Bank's values.

11.2 Quantitative Disclosure:

Quantitative Disclosure	(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	There were 05 (Five) meetings of the Committee, which is responsible for Performance Appraisal Rating, Promotion and implementation of the Pay Progression Strategy of the Bank, held during the year 2016. All the members of the Committee are from the core banking area/operation of the Bank. No additional remuneration was paid to the members of the Committee for attending the meeting except their regular remuneration.
	(h)	Number of employees having received a variable remuneration award during the financial year. Number and total amount of guaranteed bonuses awarded during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year.	▪ Performance Bonus/incentives: BDT 222,532,563 ▪ Number of total festival bonus: 03 ▪ Total amount of festival bonus: BDT 287,229,036.00 ▪ Number of severance payments: 146 ▪ Total amount of severance payments: BDT 296,843,518.25 ▪ (including provident fund, gratuity fund, retirement benefit and leave encashment)
	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	No deferred remuneration was paid out in the financial year 2016.
	(j)	Breakdown of amount of remuneration awards for the financial year to show: - fixed and variable. - deferred and non-deferred. - different forms used (cash, shares and share linked instruments, other forms).	Part–I: BDT 2,431,015,000.00 & Part–II: BDT 364,588,142.00
	(k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Total amount of reductions during the financial year due to ex post explicit adjustments. Total amount of reductions during the financial year due to ex post implicit adjustments.	No amount is outstanding of deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. There were no reductions during the financial year 2016 due to ex post explicit adjustments. There were no reductions during the financial year 2016 due to ex post implicit adjustments.

SUSTAINABILITY **ANALYSIS**

Sustainability Report -
Social Responsibility Initiatives (CSR) -
Prime Bank Foundation -
Prime Bank Cricket Club -
Green Banking Report -
Environmental & Social Initiatives -



ANNUAL REPORT

SUSTAINABILITY **REPORT**

Sustainability report conveys disclosures of an organization's most critical impacts – be they positive or negative – on the environment, society and the economy. By using the Global Reporting Initiative (GRI) guidelines, reporting organizations can generate reliable, relevant and standardized information with which to assess opportunities and risks, and enable more informed decision-making – both within the business and among its stakeholders. By developing and communicating their understanding about the connections between sustainability and business, companies can enhance their value, measure and manage change, and drive improvement and innovation. G4, the fourth generation of the guidelines, was launched in May 2013. The launch marked the culmination of two years of extensive stakeholder consultation and dialogue with hundreds of experts from across the world from a wide variety of sectors, including companies, civil society, labor organizations, academia, and finance. The aim of G4 is simple: to help reporters prepare sustainability reports that matter – and to make robust and purposeful sustainability reporting standard practice.

A number of organizations want to make their operations sustainable. Moreover, expectations that long-term profitability should go hand-in-hand with social justice and protecting the environment are achieving the ground worldwide. These opportunities are only set to increase and intensify as the need to move to a truly sustainable economy is understood by companies' and organizations' financiers, customers and other stakeholders. In doing so, sustainability reporting makes abstract issues tangible and concrete, thereby assisting in understanding and managing the effects of sustainability developments on the organization's activities and strategy. Internationally agreed disclosures and metrics enable information contained within sustainability reports to be made accessible and comparable, providing stakeholders with enhanced information to inform their decisions.

Transparency about the sustainability of organizational activities is of interest to a diverse range of stakeholders, including business, labor, non-governmental organizations, investors, accountancy and others. This is why GRI has relied on the collaboration of a large network of experts from all of these stakeholder groups in consensus-seeking consultations. These consultations, together with practical experience, have continuously improved the Reporting Framework since GRI's founding.

In this context G4 was planned and developed. The GRI Sustainability Reporting Guidelines are periodically reviewed to provide the best and most up-to-date guidance for effective sustainability reporting. The aim of G4, the fourth such update, is simple: to help reporters prepare sustainability reports that matter, contain valuable information about the organization's most critical sustainability-related issues, and make such sustainability reporting standard practice.

G4 has an increased emphasis on the need for organizations to focus the reporting process and final report on those topics that are material to their business and their key stakeholders. This 'materiality' focus will make reports more relevant, more credible and more user-friendly. This will, in turn, enable organizations to better inform markets and society on sustainability matters. While organizations may monitor and manage a far wider array of sustainability-related topics due to their everyday management activities, this new focus on materiality means that sustainability reports will be centered on matters that are really critical in order to achieve the organization's goals and manage its impact on society.

The Guidelines have been developed through an extensive process involving hundreds of reporters, report users and professional intermediaries from around the world. G4 therefore offers a globally relevant framework to support a standardized approach to reporting, encouraging the degree of transparency and consistency that is required to make information useful and credible to markets and society. G4 is designed to be universally applicable to all organizations, large and small, across the world. The features of G4 – to make the Guidelines easier to use, both for experienced reporters and for those new to sustainability reporting from any sector – are supported by other GRI materials and services.

The emerging idea of integrating strategic sustainability-related information with other material financial information is a significant and positive development. Sustainability is, and will increasingly be, central to the change that companies, markets and society will be navigating. Sustainability information that is relevant or material to a company's value prospects should therefore be at the core of integrated reports.

Corporations have become more sensitive to social issues and stakeholder concerns are striving to become better corporate citizens. Whether the motivation is a concern for society and the environment, government regulation, stakeholder pressures, or economic profit, the result is that managers must make significant changes to more effectively manage their social, economic, and environmental impacts. Companies hunt for ways to improve their performance, determining the best ways to thoroughly integrate these improvements into all parts of the organization still facing challenges. These challenges are because implementing sustainability is fundamentally different than implementing other strategies in the organization. For operating goals, the direct link to profit is usually clear. For innovation, the goals are long-term and often difficult to predict and measure, the intermediate goal is new products and the ultimate goal is increased profit. However, for sustainability, the goal is to simultaneously achieve excellence in both social and environmental and financial performance.

It is difficult to implement the proper systems to pursue sustainability and to evaluate the impacts of sustainability on financial performance and the trade-offs that ultimately must be made. Often, it is unclear how trade-offs between financial and environmental or social performance should be made. There is considerable uncertainty about how shareholders will respond to these trade-offs. Moreover, the trade-offs keep changing—at certain times, shareholders may want the company to place substantial weight on social performance and the environment, whereas at other times they may want the company to place

more weight on short-term profits. The costs of implementing sustainability are also constantly changing. For example, potential technology improvements may make it far cheaper to implement pollution reduction later rather than earlier. Even when sustainability is thought to provide financial benefits, the benefits can, at best, only be measured over long time horizons, which make it difficult to measure the impact of social and environmental performance and to quantify the resulting benefits. The constant uncertainty about how far to move toward sustainability, the constantly changing emphasis on and costs of implementing sustainability, and the long time horizons therefore make it difficult to implement sustainability in the same way that other strategic initiatives are implemented.

The standard implementation approaches often fail. In order to improve the integration of social and environmental impacts into day-to-day management decisions, companies must tie the measurement and reporting of these impacts into decision making processes. Further, these impacts must be measured and reported in financial terms and then integrated into the traditional investment models. So how can companies integrate sustainability into day-to-day decision-making? Through the combination of a clear and well-articulated and communicated sustainability strategy, senior management commitment to a broader set of objectives than profit alone, and utilizing appropriate structures and systems to drive sustainability through the organization.

The importance of vision and communicated core values are well accepted. But these commitments to social and environmental concerns must be consistently communicated both in words and actions. Companies must exercise leadership to decide how much integration of social and environmental concerns they want and how they want to do it, align the organization, articulate the trade-offs to managers, and continually reinforce these objectives throughout the organization. They must also choose a strategy that is consistent with the mission, culture, and aligned with geography, customer, product, community, and other stakeholder requirements. Strategy and leadership are minimum enablers to successful sustainability implementation. Just as the formulation of sustainability strategy is critical, so is the execution. Management must also make choices about how to implement the sustainability strategy and integrate economic, social, and environmental impacts into their organizations. These impacts are sometimes managed using "soft" leadership elements and culture along with a variety of informal systems. In their recruitment and developing practices, companies may seek to create in their employees a passion and commitment to sustainability. They in effect create a culture to support sustainability decisions. This culture is firmly embedded in the beliefs, values, and mission and vision statements of companies that serve to inspire and motivate employees to take sustainability obligations seriously.

Sustainability impacts can also be managed through "hard" or formal implementation systems like compensation, incentives, and performance evaluations. Many companies have created performance measurement and management systems that include social and environmental indicators in addition to financial performance measures. Some are also including rewards and incentives that are based on social and environmental performance. Companies can also change their organizational design or structure to signal a commitment to sustainability. The right mix of soft and hard systems depends on the nature of the impacts: the potential magnitude, the degree of understanding and the time horizons involved. It also depends on customer, product, geographic, and other characteristics.

Reporting Principles and Standard Disclosures – contains Reporting Principles, Standard Disclosures, and the criteria to be applied by an organization to prepare its sustainability report 'in accordance' with the Guidelines. These Standard Disclosures provide a general strategic view of the organization's sustainability, in order to provide context for subsequent, more detailed reporting against other sections of the Guidelines. The Strategy and Analysis may draw on information provided in other parts of the report, but is intended to give insight on strategic topics rather than simply summarize the contents of the report. General Standard Disclosure is those that set the overall context for the report, providing a description of the organization and its reporting process. They apply to all organizations, regardless of their materiality assessment. There are seven types of General Standard Disclosures, ranging from the organization's strategic perspective on addressing sustainability issues, and how it involves stakeholders in this process, to how it approaches key issues such as governance and ethics and integrity.

Specific Standard Disclosures is another part of the standards and these are divided into two areas: DMA and Indicators. The Disclosures on Management Approach (DMA) provide the organization with an opportunity to explain how it is managing its material economic, environmental or social impacts (Aspects), thus providing an overview of its approach to sustainability issues. The DMA focus on three things: describing why an Aspect is material, how its impacts are being managed, and how the approach to managing this Aspect is being evaluated. Indicators allow companies to provide comparable information on their economic, environmental and social impacts and performance. Much of this is in the form of quantitative data. Organizations are only required to provide Indicators on Aspects that they and their stakeholders have identified as material to the business. G4 contains Indicators for a wide range of sustainability issues. For example, these could include (but not limited to) water usage, health and safety, human rights or an organization's impact on local communities. The Specific Standard Disclosures are not listed in this report as the number of indicators is numerous.

Sustainability reporting practices is extremely important in organizations if they want to sustain in the future. Organizations should disclose non-financial performance in proper standardized ways by using proper sustainability reporting framework. Though voluntary, organizational social and environmental performances became part of metrics of corporate performances and accountability. Moreover corporate sustainability reporting should not be seen as a cost of corporate house but as an opportunity to sustain itself for the long in future. While more and more organization started disclosing their performances on their annual report, websites and in some cases separate reports. Organizations do not always integrates sustainability reporting practices because lack of awareness. Therefore, problems in implementation of sustainability initiatives arise. Based on above discussion on the best sustainability reporting framework, GRI framework is a globally accepted framework which organizations should adhere to in the future for better reporting purposes and transparency.

SOCIAL RESPONSIBILITY **INITIATIVES (CSR)**

CSR mainstreaming campaign in Bangladesh's financial sector has enthused all banks into a broad range of direct and indirect CSR engagements including humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' initiatives arresting environmental degradation, and so forth. Direct and indirect budgetary CSR commitments of banks have increased over the years.

The dedicated CSR unit/foundation will propose budgetary allocations for CSR programs annually for approval of the board of the bank and the board will approve allocations by appropriations from annual post tax net profits.

BB's DOS Circular No 01 of June 2008 and the subsequent circulars on the subject comprehensively enumerate the expected ranges and areas of CSR engagements of banks in the communities they operate in. Given the current pattern of relative urgencies of needs in diverse areas, broad adherence to the following allocation pattern is advisable:

i) Education and job focused vocational training being crucial in widening advancement opportunities for the underprivileged population segments, around thirty percent of total CSR expenditure should be:
   (a) for scholarships/stipends for students from low income family in reputed academic and vocational training institutions, and
   (b) for support towards upgrading of facilities in academic and vocational training institutions substantially engaged with students and trainees from the underprivileged rural and urban population segments. Selection processes for scholarships and stipends should elicit enough information to preclude applicants from drawing benefits from multiple banks sources.

ii) Preventive and curative healthcare support assistance for underprivileged population segments comes next in priority, around twenty percent of total CSR expenditure allocation in this area would be appropriate.
   a) Support assistances in this area would include direct grants towards costs of curative treatment of individual patient, towards costs of running hospitals and diagnostic centers engaged substantially in treatment of patients from underprivileged population segments, and
   b) towards costs of preventive public health and hygiene initiatives like provision of safe drinking water, hygienic toilet facilities for poor households and for floating population in urban areas, and so forth.

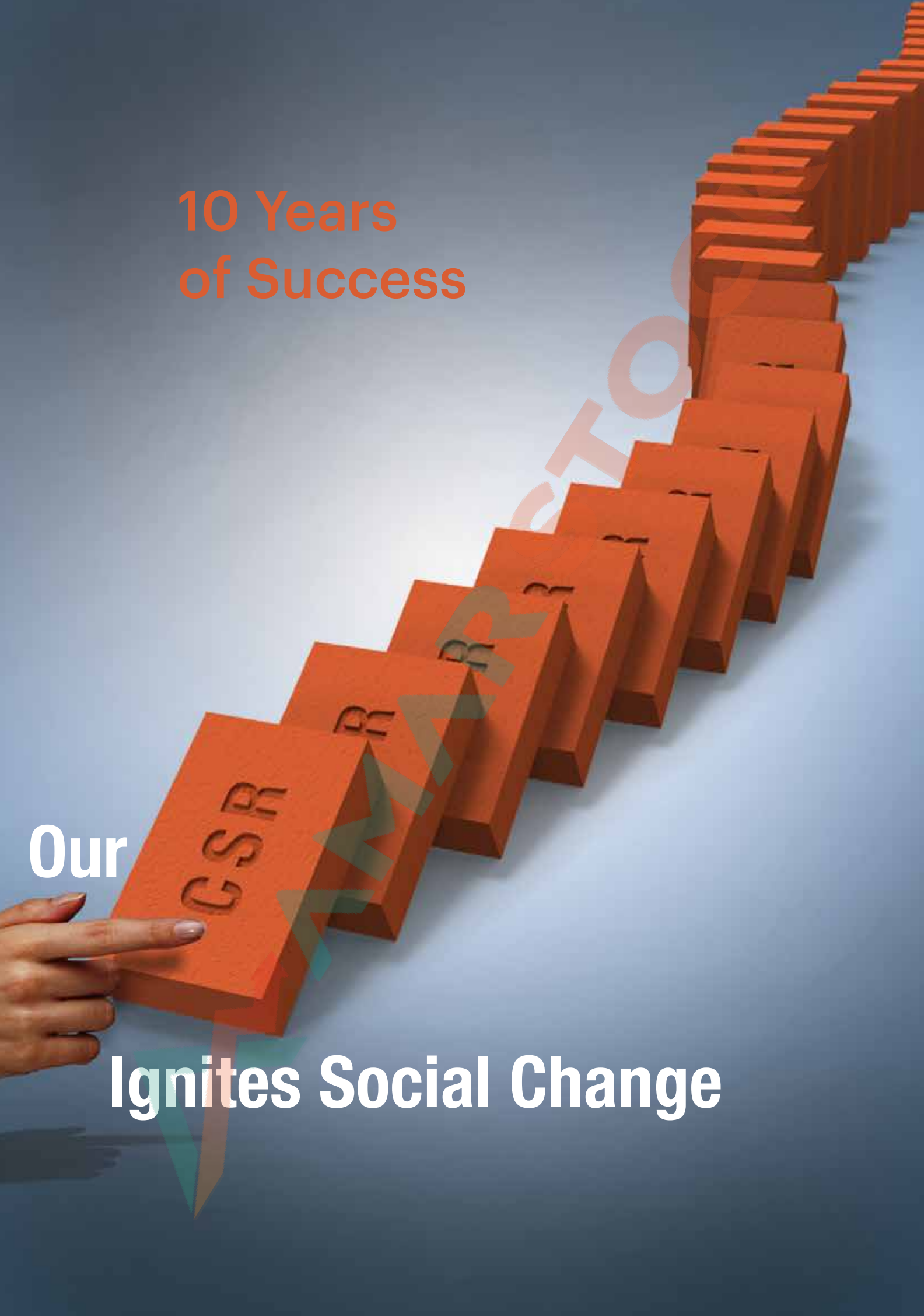
iii) The remainder of direct budgetary CSR expenditure allocations should be used in such other areas as:
   a) emergency disaster relief, promoting adoption of environmentally sustainable output practices and
   b) lifestyles, promoting artistic, cultural, sports and recreational facilities for the underprivileged, upgrading facilities and lifesavings equipment's in emergency rescue services like the fire brigades etc.,
   c) infrastructure improvement for disadvantaged communities in remote far flung areas and so forth.

The above outlined indicative allocation guidelines are for direct budgetary CSR expenditures only. Indirect costs associated with promotion of inclusive financing for productive SME initiatives in agriculture, manufacturing and services, and for environmentally beneficial 'green' projects are partly mitigated by such policy supports as concessional refinance lines, with the remainder to be viewed as investment costs of expanding into newer client bases.

Every bank is responsible for monitoring of proper utilization of the CSR support assistances for the intended purposes. In case of CSR assistances to institutions/organizations, it would be advisable for the concerned dedicated CSR units/foundations to get into Memorandums of Understanding (MOUs) with the assistance recipients stipulating phased disbursements commensurate with progress in proper end use. In cases of assistances to individuals, the dedicated CSR unit/foundation should collect and file reports/documents sufficient to ascertain proper end use, withholding the assistance in unsatisfactory cases. Boards of banks institutions should review reports of CSR allocation end use monitoring annually before approving fresh allocations for subsequent years; and all end use monitoring records should be kept available for inspection by internal and external audit.

Over the past 10 years, Prime Bank Foundation (PBF) has played a pivotal role in the field of national development in the education and health sector. PBF is a staunch believer of empowerment rather than aid and this belief is reflected clearly in the long term projects that PBF has undertaken over the years. Sustainable growth, rather than charity has been the core objective of all of PBF's projects. The projects of PBF aim not only to make health and education more accessible to the target population but also to contribute to the national development through its initiatives. A country's development depends largely on the well-being of its population as well as a strong educational backbone, and that is exactly what PBF strives to accomplish. PBF hopes to expand its sphere of influence through its initiatives and provide more opportunities of better health and education in order to ensure equal opportunities for the less privileged people of our society.

Prime Bank Foundation (PBF), being the CSR wing of Prime Bank, has a unique business philosophy which believes that "Sustainability for self and others, private and public interests are one and the same." This means that PBF's business activities must sustain not only for the Foundation's own benefits, but also for the society and the nation. The idea behind this dogma represents the essence of our CSR, and has been carried on in the Foundation's Mission Statement, which also includes: "We aim to constantly stay a step ahead in dealing with change, create new value, and contribute broadly to society and its development."


10 Years
of Success
Our
CSR
Ignites Social Change

PRIME BANK **FOUNDATION**

MESSAGE FROM **THE CEO**



Dr. Iqbal Anwar
Chief Executive Officer
Prime Bank Foundation

Corporate Social Responsibility (CSR) has never been more prominent on the corporate agenda than it is today. For us, this is the time of year where we take a moment to evaluate our success on CSR over the past year and identify areas where we can improve.

2016 being the **10th Year** of our CSR since its intensification in 2007, was an eventful one for Prime Bank Foundation. It was a year of emphasis for addressing more the issue of sustainability of Prime Bank Foundation's initiatives/programmes. We launched our second strategic plans, designed a new operating model and began our transformation into a more cost-efficient and sustainable programmes. We achieved strong programmatic and financial performance, continued to successfully implement our strategy and laid a strong foundation for our future. After the first year of this three-year strategy cycle, we are well on track to meet our key targets for 2016. Our social business purpose clearly shows the path we have chosen–to develop enterprises and society through education and health sector programmes.

I as a development practitioner do believe, if we take that spark of potential that those persons have, and we ignite it, we can take a person from any background to a lifetime of creativity and success. As a whole, our CSR work acts as an "ignition" or a "key driver" for sustainable development and focuses on the areas where we have the biggest impact on our target groups of beneficiaries and the society. Prime Bank Foundation like many other national and international corporations has deepened its commitment to economic and social sustainability. There are several reasons that sustainability and social responsibility are priorities at Prime Bank Foundation. First and foremost, it is the right thing to do. Beyond that, it makes good business sense. This report outlines Prime Bank Foundation's social responsibility efforts, addressing our strategy and our achievements. CSR issues of particular materiality to PBF are discussed at length and in depth. Deeper corporate commitments to sustainability and social responsibility and regular and formal documentation of corporate efforts in these areas are helping to bring significant issues to critical target groups. It is our belief that all our CSR work is important when it has an impact on other lives as our CSR is designed to make social change or impact. We are hopeful that these efforts are resulting in an enhanced quality of life for the people we are focusing on.

2016 was an important milestone on our path toward our long-term sustainability goal: By 2021 we want to triple the value we create for our clients and beneficiaries, for the communities in which we operate – compared to our eye healthcare service and educational footprints of our operations and services.

As you read this annual report, we hope it will remind you of our successes and energise you for the future. For those of you who have tirelessly committed time and energy to the success of this organisation, I do thank you a lot.

At Prime Bank Foundation, we take great pride in our employees who make PBF what it is today: one of the key education and eye healthcare providers in the country. As one of the key CSR leaders in Bangladesh, we strive to have the best team, not just the best players. Every day, we address the exciting new opportunities that our work brings to us as a strong organisational team that is pulling in the same direction and leverages each other's strengths. That is why, let me express how proud I am that Prime Bank Foundation employees have overwhelmingly embraced the concept of social responsibility. That reflects extremely well on our organisation and I am grateful to all of them for that dedication.

Together, we are determined to create a country where everyone enjoys the delight of being educated and healthy and lives a life without limitations. From this vision, two long-term goals are derived: To meet our clients' needs by developing innovative approach and solutions, and to improve access to education and eye healthcare for many thousands of people.

We are committed to creating sustainable value for all our priority target groups by providing access to education and health for thousands of people who need the services but cannot afford to pay, by continually innovating to offer the best solutions to our clients or beneficiaries, by investing in the personal growth and development of our employees, and by applying best friendly practices across all our programme and business activities. I would like to thank all of our employees, clients, suppliers, business partners and shareholders for their support for and commitment to PBF in 2016.

I would like to thank all Prime Bank Foundation staffs and its programme's/project's employees for their dedication and contribution to our excellent social business performance. I would also like to thank our governing bodies, the Board of Directors of Prime Bank Limited and Foundation Management Committee for their valuable guidance and advice. I would like to especially thank you, our shareholders, for your continued trust and support. And finally, I would like to thank our clients and beneficiaries around the county for their confidence in our organisation, people, brands and technologies.

As you review our 2016 Annual Report, you will read about many of the programmes and services we provide. While this work is extremely important, it simply cannot be accomplished without the people who make it happen. I am personally very grateful to each person who has helped the Foundation. You are the ones who made our story happen. And it's all thanks to you: our CSR projects implementing teams, partners and FMC for caring about others!

Before I conclude, I extend my kind thanks to you all for taking time to review our activities this year and for sharing with us a sense of optimism for what we make possible. As this report reveals, we hope to continue to make important and exciting changes and look forward to updating you on further progress in the years ahead.

Sincerely yours,



Dr. Iqbal Anwar
Chief Executive Officer
Prime Bank Foundation

ANWAR STOCK

Summary

On this journey of **10 Years** of Prime Bank Foundation, we have travelled a long way, where the footsteps left behind have shown social change a way to portray the impact which is becoming visible today. The initiation from the Foundation towards social change created an impact. The outcome of the change led to it because of the fact that such events occur due to developmental intervention on human surroundings. Such impacts take different forms with which significant benefits flow from different development actions.

Now, we will head towards a beginning of a new conclusion. **10 Years** have passed and with time the commencement of Prime Bank Foundation's projects is able to witness positivity in continuation to its aftermath. In the next section, we are going to enter into a small sphere where everything is an abridgment of what we will call a difference with positivity.

Education Support Programme (ESP):

This year in November 2016, ESP marked its **10th Year** of Award Giving Ceremony. ESP has continued to bring changes in individual lives which already have an impact on their personal, family and social level. Education truly is a foundation for achieving the goal and here Prime Bank Foundation played the role of the base to succeed. Moving forward, now we will get introduced to some cases of the influence being brought forward due to change. ESP is helping to reduce the dropout rate and at the same time is providing opportunities to poor students.

In the next few lines, we will get a glimpse of such cases where impacts are greater than the changes being made.

Shilpi Begum, an awardee of ESP, had nothing in their family. An individual whose completion of higher studies was uncertain, today she is educating hundreds of university students.....*

Another awardee of ESP, Saiful Islam, shared "no matter what happens or no matter how much I earn, even if I earn 6 million taka in 3 months, it would not be equivalent of the scholarship amount I received from Prime Bank Foundation"....*

Saifullah Al Noman, an awardee of ESP, added, "Though I had tremendous pressure from studies, my only source of money was through private tutoring. I wasn't sure back then if I will be able to fulfill my dream of becoming a doctor"....*

Prime Bank English Medium School (PBEMS):

This initiative is a contribution to the education sector. PBEMS projected to come up with a unique method of teaching which is different from the standard curriculum of Bangladesh. Along with education, the school teaches every child the importance of morality because "every child is special". Now, we will put light to the testimony of a parent who shared his responses on PBEMS."Three of my children LOVE to attend and learn at PBEMS. I am positive that PBEMS has set a solid foundation for their education".....*

Another testimony is from a student sharing his views on the journey of 9 years and how moral education changed his view towards the world. Ayman shared "With more love in the world, kindness will follow and ultimately replaces cruelty. It is not necessary that everything in the world should be returned based on what we have given"....*

Prime Bank College of Nursing (PBCN):

Another education initiative of Prime Bank Foundation is Prime Bank College of Nursing which came in the year 2013 with the purpose of bringing in skilled nurses to Bangladesh for contributing to the national healthcare development. Prime Bank College of Nursing has completed its four successful academic years by graduating 29 students under 1st batch in 2015 and 37 students under 2nd batch in 2016. With the completion of 2 batches, it is time to look at the achievements of the students of PBCN. Not only they have found a direction, but it has brought an impact to their life and in the society as well. Now, we will share some cases of the 1st and 2nd batch of PBCN students and their parents. Munni Akhter's mother shared "The total cost incurred in my daughter's Nursing Course at PBCN was Tk. 2,50,000. Now, my daughter is earning Tk. 27,578 per month which is about Tk. 9,93,000 in just 3 years"....*

Another case is of a PBCN student, Atiqul shared "after getting the registration of Bangladesh Nursing and Midwifery Council, I joined in a renowned specialized non-governmental hospital, Apollo Hospital Dhaka, as a Senior Staff Nurse"....*

Prime Bank Eye Hospital (PBEH):

With the Foundation's contribution to the health, PBEH has been able to witness cases of change along with impact. In the section of PBEH, we will come across two such cases where the impact has been on their personal and social life.

Mr. Alhaj Engr. Sheikh Abdul Quadir, General Manager, PRAN Production, shared his response after undergoing an operation at PBEH. He said "I underwent a surgery on July 27, 2016 with the American IQ Alcon Lens. Now I can see crystal clear like my childhood. I would like to give a special thanks to Prime Bank Eye Hospital for their extraordinary service and would also like to suggest all other eye patients to take service from PBEH for a better treatment"....*

Another case is of Jan Mohammad, now working as a barber after undergoing an operation at PBEH. He shared, "I was facing the problem of blurred vision and it was causing trouble in my work. As a result, I had to stop my traditional work! Since, my expertise is on cutting hair"....*

* The continuation of all the above case stories can be seen in the main section. Please proceed forward to get the full case stories.

"You cannot get through a single day without having an impact on the world around you. What you do makes a difference and you have to decide what kind of difference you want to make."

-Jane Goodall, UN Messenger of Peace

Prime Bank Foundation's Projects:

Prime Bank Foundation, an initiative of Prime Bank Limited, has gradually been able to witness the change in a decade. Over the past **10 Years**, PBF has obstinately pursued an array of activities with the sole principle of benefitting its target people. Prime Bank Foundation (PBF) has been working relentlessly since 2007 in the Corporate Social Responsibility (CSR) sector as a responsible corporate citizen. Together we can institute that social change truly is the impact of CSR because Prime Bank Foundation addresses unique social issues. Our aim is not only to increase employment but also to contribute to the health sector of the country. Taking into account the income gap of the society, Prime Bank Foundation, has taken the initiative for the unfortunate people having access to healthcare and the educational system. PBF has come a long way which can prompt others to make significant and systemic contribution towards social issues.

EDUCATION

Education Support Programme (ESP)

Education is considered as a vehicle to our goal and engine of development. Education is not only considered as the pillar of success but it also brings change to every life. It helps in the alleviation of poverty but it is also true that because of poverty in Bangladesh, children are unable to get a quality education. So there is clearly a gap between interrelationship of education and poverty. Without quality and higher education, a nation cannot develop. Education is an essential component of human development and empowerment of a nation.

Bangladesh is the seventh largest nation in the world. It has enormous potential for rapid development in the new world economy. The people of the country are have ambitions, hard working, extremely conscious of democratic norms and the value of education, especially higher education. Unfortunately, due to poverty, many students fall behind and as a result, there are dropouts in the graduation level. For this, PBF took its initiative known as Education Support Programme (ESP), a long term but renewable scholarship programme for underprivileged but meritorious students from across the country intended to remove the barriers of many economic hardship-hit deserving students so that they can achieve their desired level of education. These eligible students receive monthly stipends that allow them to pursue graduation and post-graduation level studies. These students are the illustration of social change that brings impact along with its result. The effect can be seen in their families, their independence as an individual and also has an identity in the society. With PBF's stipend, the first 5 batches (2007, 2008, 2009, 2010 & 2011) successfully completed their study and more than 600 awardees are in job as Medical officer/Engineer/ Class-1 officer/Civil Service & Custom officer/University & College Teacher/Banker etc. About 13% of students achieved outstanding results in their respective department. Among them, 4 students are doing PhD from renowned universities in abroad. In this life-changing journey of the students, they are not only makers of themselves, but also playing a vital role in the development of their family, society & nation as well. The selection of the most deserving candidates' is made by the Advisory Committee (AC). The Advisory Committee consists of three distinguished personalities of Bangladesh. ESP was launched in 2007 initially with 170 awardees. In continuation of it, marking **10th Year** of its programme in 2016, the same practice of the previous years was followed. The applications from underpriviledged but meritorious



students were invited through advertisements published in the country's leading national dailies. In response to the Ad, we received nearly about 10,000 applications from all over the country. The Advisory Committee based on the selection criteria set by them preliminarily selected a total of 755 students for the Validation Exercises (VE), the final filtering process undertaken before generating the final list of awaredees. After the VE, a total of 345 students were selected finally in 2016 and with the addition of those 345 new awardees, PBF's total ESP awardeees since 2007 stood at 2,790.The first installment of 2016 stipends for all the selected students was disbursed at the Award Giving Ceremony 2016. These installments were transferred to their individual accounts by Mr. Nurul Islam Nahid M.P. Honourable Minister, Ministry of education and Honourable Governor Mr. Fazle Kabir through Automation process during the event held on November 12, 2016 at International Convention Center, Bashundhara (ICCB), Dhaka.

It is worth mentioning here that the first phase of ESP activities was first approved by the Foundation Management Committee (FMC) for a period of 5 (five) years starting from 2007. In 2010, considering the highly visible outcomes & impacts of ESP in the society, the FMC, again, gave an approval for continuation of ESP as the 2nd phase for another 5 (five) years starting from 2012. The ESP is in its **10th Year** or final year of the 2nd phase. Accordingly a comprehensive review on ESP was done by it's Advisory Committee. The AC members were very pleased to see the overall outcomes/impact of ESP & appreciated its overall process. They also expressed that there is no reason to stop the good work that ESP is doing.

২০১৬ সাল, প্রাইম ব্যাংক ফাউন্ডেশন এর শিক্ষা বৃত্তির সফলতার **১০ বছর**। দরিদ্র অথচ মেধাবী ছাত্র-ছাত্রীদের উচ্চ শিক্ষার পথ সুগম করার অভিপ্রায়ে ২০০৭ সালে ১৭০ জন ছাত্র/ছাত্রী নিয়ে শিক্ষা সহায়তা কর্মসূচীর যাত্রা শুরু হয়। এটা বলার অপেক্ষা রাখেনা যে এই শিক্ষা বৃত্তির ছাত্র-ছাত্রী নির্বাচনের সাথে রয়েছেন দেশ বরেণ্যে তিন জন প্রথিতযশা শিক্ষাবিদ প্রফেসর জামিলুর রেজা চৌধুরী, প্রফেসর এম কিউ কে তালুকদার ও ফাদার বেঞ্জামিন কস্তা। এই কর্মসূচীর সম্মানিত Advisory Committee এর সদস্য যাদের নিবির পর্যবেক্ষনে এবং প্রাইম ব্যাংক ফাউন্ডেশন এর সিইও ডঃ ইকবাল আনোয়ার এর নেতৃত্বে ব্যতিক্রমি এই শিক্ষা বৃত্তির কার্যক্রম সফলতার সাথে চলে আসছে। প্রতি বছর আমাদের শিক্ষা বৃত্তিতে ব্যয় হচ্ছে প্রায় চারকোটি টাকা। শুরুতে আমি ভাবতাম কি দাড়াবে এর ফলাফল। কি হবে শিক্ষার্থি বা তাদের পরিবারের ভবিষ্যৎ। দশ বছর পর!! আমি সত্যিই অবাক হলাম!!! সমগ্র দেশে ছড়িয়ে পড়ছে এর ইমপ্যাক্ট!!! সেই হতদরিদ্র শিক্ষার্থিরা এখন সমাজের আলোচিত ব্যক্তিত্ব। ২০১৬ সাল পর্যন্ত আমরা শিক্ষা বৃত্তিতে ব্যয় করেছি প্রায় বিশ কোটি টাকা, অথচ আমাদের (প্রথম পাঁচ ব্যাচ এর) শিক্ষার্থি যারা লেখাপড়া শেষ করে কর্মে নিয়োজিত তাদের ২০১৬ পর্যন্ত উপার্জন একুশ কোটি টাকার উপরে (প্রায়)। উচ্চ শিক্ষা অর্জন করে এসব মেধাবীরা এখন অনেকেই দেশ বিদেশে অত্যন্ত সম্মানজনক অবস্থানে কর্মরত। এদের কেউ ডাক্তার, ইঞ্জিনিয়ার, বিশ্ববিদ্যালয়/কলেজের শিক্ষক, বিসিএস কর্মকর্তা, ব্যংক কর্মকর্তা সহ সরকারী বেসরকারী বিভিন্ন প্রতিষ্ঠানে চাকুরীতে নিয়োজিত। যারা পরিবর্তন করে চলছে তাদের ব্যক্তি, পরিবার এমনকি গোটা সমাজ। এদের অনেকেই আবেগাপ্লুত কণ্ঠে আমাদেরকে বলেন, আমাদের এই পরিবর্তনে প্রাইম ব্যাংক ফাউন্ডেশন এর ভূমিকা চিরস্মরনীয়। সমগ্র দেশের হাজার হাজার হতদরিদ্র শিক্ষার্থি এমনকি তাদের পারিবারিক জীবনের এই পরিবর্তনে প্রাইম ব্যাংক/প্রাইম ব্যাংক ফাউন্ডেশন এর অবদান এদেশে এক অনন্য দৃষ্টান্ত হয়ে থাকবে। এই কার্যক্রম/ শিক্ষা বৃত্তির ও শিক্ষার্থিদের প্রশংসা করতে দেরিকরেনি বিশ্ববিদ্যালয়ের ভিসি সহ দেশ বরেন্য অনেকেই।

"Since my beginning, I have visited many students' place. I got the opportunity to witness and speak with the neighbours and even with the teachers and classmates of the awardees. We can only understand their pain and the situation they are facing after witnessing it ourselves. Every year, 4 crore taka is spent on Education Scholarship. Earlier, I used to think what would be the outcome of this contribution and the student's impact on personal and family level. Now after 10 year, I am amazed with the outcomes! ESP's impact has spread across the country! The awardees are now a popular figure in the society. We have spent around 20 crore taka for the Education Scholarship till 2016 and in return the first 5 batches of the students are now employed and in total earning more than 21 crore taka".

-Md. Jahangir Alam, Programme Officer, Prime Bank Foundation

২০১৬ সালে প্রাইম ব্যাংক ফাউন্ডেশনের শিক্ষাবৃত্তি পাওয়া ছাত্র-ছাত্রীদের একাংশ



সাফল্য গাঁথা ক'জন শিক্ষার্থীর কথা

কা হি নী - ১

শত বাঁধা ডিঙ্গিয়ে শিল্পী বেগম এখন ঢাকা বিশ্ববিদ্যালয়ের শিক্ষক!

ঢাকা বিশ্ববিদ্যালয়ের প্রভাষক শিল্পী বেগম বলেন "আমার জীবনের যতটুকু সফলতা" আজ দেখতে পারছেন তার মূলেই প্রাইম ব্যাংক ফাউন্ডেশনের শিক্ষা বৃত্তি। আমি যখন মাস্টার্সের রেজাল্ট পাই, প্রথম শ্রেণিতে প্রথম স্থান অর্জন করি আমি প্রথমেই প্রাইম ব্যাংক ফাউন্ডেশন কে আমার রেজাল্টটি জানাই। আসলে সেই মূহুর্তের অনুভূতি আমি বলে প্রকাশ করতে পারব না। আমার সেই দুর্দিনে প্রাইম ব্যাংক ফাউন্ডেশনের শিক্ষা বৃত্তিটা আমার জীবনে যে কত বড় অভিভাবকের ভূমিকা পালন করেছে তা আজ আমি হাঁড়ে হাঁড়ে বুঝতে পারছি।

শিল্পী বেগমের লক্ষনীয় পরিবর্তন:

নরসিংদীর বেলাবো থানার এক অতি হত দরিদ্র কৃষক পরিবারের সন্তান শিল্পী বেগম। তিন বছর বয়সে বাবাকে হারিয়ে সাত সদস্যের পরিবারটি গভীর সঙ্কটে পড়ে। ছয় ভাই বোন কে নিয়ে "মা কে, যখন দু বেলা খাবার জোটাতে মানুষের দারস্ত হতে হতো তখন বিশ্ববিদ্যালয়ে পড়া আমার জন্য ছিল কেবলই দিবা স্বপ্ন। শত সংগ্রাম করে ঢাকা বিশ্ববিদ্যালয়ে ভর্তি হলেও শিক্ষা জীবন শেষ হবে কিনা সেটা ছিল চরম অনিশ্চয়তায়। ২০০৭ সালে সেই মূহুর্তে পাশে দাড়িয়েছিল প্রাইম ব্যাংক ফাউন্ডেশন। আমাকে আজকের এই অবস্থানে আসতে যাদের ভূমিকা চিরস্মরণীয়। এই বৃত্তিটা আমাকে শুধু আর্থিক সহায়তাই দেয়নি বরং ভাল রেজাল্ট করতেও বিশাল ভূমিকা পালন করেছে।

শিল্পী বেগম বলেন আজ আমার এই পরিবর্তন, আমার পরিবার এবং সমাজকে কতটুকু মর্যাদার আসনে প্রতিষ্ঠিত করেছে তা আপনারা সহযেই বুঝতে পারছেন। এলাকায় যাদের সঙ্গে এক সময় দেখা করতে ভয় পেতাম আজ সেই সমস্ত গণ্যমাণ্য অনেকেই আমার সাথে দেখা করতে আসে। তাদের সন্তানদের লেখাপড়ার ব্যাপারে বিভিন্ন পরামর্শ নেয়। পরিবারের কিছুই ছিল না এই শিল্পী বেগমের। নিজের লেখাপড়ায় যেখানে অনিশ্চিত ছিল আজ সেই শিল্পী বেগম এর হাতে উচ্চ শিক্ষিত হচ্ছে শত শত ছেলে মেয়ে। সমাজের এক গুরুত্বপূর্ণ আসনে আজ শিল্পীর অবস্থান। এর পিছনে প্রাইম ব্যাংক ফাউন্ডেশনের অবদান সারা জীবন মনে থাকবে শিল্পী বেগমের। শিল্পী বলেন আমার জীবনের শ্রেষ্ঠ পাওয়া প্রাইম ব্যাংক ফাউন্ডেশনের শিক্ষা বৃত্তি। আমি প্রাণ ভরে প্রাইম ব্যাংক এর উদ্যোক্তাদেরজন্য দোয়া করি। এই শিক্ষাবৃত্তির সুফলে অনেকেই আজ সমাজে প্রতিষ্ঠিত এবং নিশ্চয়ই আজীবন প্রাইম ব্যাংকের এই অবদানের কথা স্মরণ করবে। আমি যদি কখনো প্রাইম ব্যাংক ফাউন্ডেশনের এতটুকু উপকার করতে পারি, নিজেকে স্বার্থক মনে করব।

By overcoming all the hurdles, Shilpi Begum is now a "Teacher" of Dhaka University

Shilpi Begum, a lecturer at the University of Dhaka, said: "All of my success in life so far has been possible because of Prime Bank Foundation's Education Scholarship. When I got my Master's result, firstly, I shared it with Prime Bank Foundation of securing the first class first. In fact, I cannot express my feelings of that moment in words. Prime Bank Foundation' Scholarship has played a role of a guardian during my tough times, the impact of which is visible today".



Some impacts from Shilpi Begum's life:

Shilpi shared, "this Scholarship has not only given me the financial support but has played a great role for the achievement of my excellent result". Shilpi Begum belongs to a very poor peasant family of Narsingdi Belabo Thana. She lost her father at an age of 3 years and fell into deep crisis belonging to a seven-member family. Shilpi added, "During that time, pursuing higher education was only a dream when I used to see my mother with six brothers and sisters struggling for two times meal a day. At that time in 2007, Prime Bank Foundation stood by me. Today, the change brought in my life and my family with dignity is visible in the society. There was a time when I used to be afraid of meeting the prominent people, now those people come to me. They seek for my advice regarding their children's education".

Shilpi Begum had nothing in their family. An individual whose completion of higher studies was uncertain, today she is educating hundreds of boys and girls. Shilpi holds an important position in the society.

"I will be indebted to Prime Bank Foundation's contribution for the rest of my life. I pray whole heartedly for Prime Bank. Because of this Education Scholarship Programme, many have been able to establish themselves in the society and will forever remember Prime Bank's contribution. I will consider myself lucky if I can benefit Prime Bank Foundation for a bit".

কা হি নী - ২

"প্রাইম ব্যাংক এর শিক্ষা বৃত্তি, আমার জীবনের শ্রেষ্ঠ পাওয়া"

সাইফুল ইসলাম

সাইফুল ইসলাম বলেন "আমার জীবনের শ্রেষ্ঠ পাওয়া প্রাইম ব্যাংক এর শিক্ষা বৃত্তি। প্রাইম ব্যাংক ফাউন্ডেশনের সেদিনের শিক্ষাবৃত্তিটাই আমার সফলতার মূল উদ্যোক্তা/চাবিকাঠি"। ঢাকা বিশ্ববিদ্যালয়ে ভর্তির পর টিউশনিই ছিল আমার একমাত্র ভরসা, লেখাপড়ায় প্রচন্ড বিঘ্নতা ঘটলেও আমার আর কোন উপায় ছিল না,অবশেষে পি বি এফ এর বৃত্তিটাই আমার জীবন পাল্টে দেয়। সেই সময় প্রাইম ব্যাংক ফাউন্ডেশন আমাকে প্রতি তিন মাস পর পর ছয় হাজার করে টাকা দিত। যা দিয়ে আমার লেখাপড়ার পাশাপাশি পরিবারকেও আমি সহায়তা করতে পারতাম। গভীর আগ্রহে থাকতাম! কখন আসবে আমার একাউন্টে বৃত্তির টাকা।

সাইফুল ইসলাম এর পারিবারিক ও সামাজিক পরিবর্তন:

সাইফুল ইসলাম বলেন" আজ আমি পল্লী বিদ্যুতের এজিএম হিসেবে অনেক টাকা বেতনে কর্মরত। সম্প্রতি আমি বিসিএসে পুলিশ প্রশাসনে চূড়ান্ত ভাবে নির্বাচিত হই। আজ আমি যাই হই না কেন! আর যত টাকাই আমার আয় হোক না কেন, এমনকি তিন মাসে যদি এখন ছয় কোটি টাকাও আয় করি,প্রতি তিন মাস পর পর আপনাদের দেয়া সেই ছয় হাজার টাকার সমান হবে না। আমার আজীবন মনে থাকবে এই শিক্ষাবৃত্তির কথা। জীবনের সবচেয়ে দুঃখের সময়ে, প্রাইম ব্যাংক আমার পাশে দাড়িয়েছে। যার সহায়তায় সমাজে আজ আমার একটা শক্ত অবস্থান হয়েছে"।

সাইফুল আজ সমাজের গুরুত্বপূর্ণ ব্যক্তিত্ব। ব্যক্তিগত ভাবে মর্যাদার আসনে তো বটেই, পাল্টে গেছে তার পরিবারের মর্যাদা। জীবনের দুঃখ গাথা মূহুর্ত গুলো আজ সাইফুলের কাছে স্মৃতি। সত্যি বদলে গেছে সাইফুলের পরিবার এমনকি সেই সমাজে তাদের জীবন ধারা। সাইফুল এখন সমাজের একজন উজ্জ্বল দৃষ্টান্ত।

প্রাইম ব্যাংক এর বৃত্তি সম্পর্কে সাইফুল ইসলামের অভিমত:

সাইফুল বলেন, আমার জানামতে অনেকেই তখন বিভিন্ন ব্যাংক থেকে বৃত্তি পেয়েছিল। কিন্তু প্রাইম ব্যাংকের বৃত্তির পদ্ধতিটা ছাত্র/ছাত্রীদের জন্য এতটাই সহায়ক ছিল যে, রেজাল্ট ভালো করতেও এই বৃত্তিটা অনেক সহায়তা করেছে, আমি চেষ্টা করেও প্রাইম ব্যাংক এর নাম স্মৃতি থেকে মুছে ফেলতে পারবোনা। আমার বন্ধু মহলে এখনও প্রসঙ্গক্রমে শিক্ষা বৃত্তির কথাটা চলে আসলেই শ্রদ্ধায় আমার চোখ ভিজে আসে। আমি কি বলে প্রাইম ব্যাংকের এই অবদানের প্রশংসা জানাবো তা আমার জানা নেই। আজ সমাজের অসংখ্য উচু শ্রেণির লোকজন আমার শুভাকাঙ্খি। সত্যি বলতে আমার এই অর্জনের পিছনের কারিগর প্রাইম ব্যাংক। এই অবদানকে আজীবন শ্রদ্ধা ভরে স্মরণ করব আমি। এই শিক্ষা বৃত্তিটি চালু থাকুক এই কামনাই করছি। তাহলে আমার মতো অসংখ্য সাইফুল পেয়ে যাবে তাদের স্বপ্নের সিঁড়ি।

"The greatest achievement of my life is Prime Bank's Education Scholarship"

Saiful shared, "The greatest achievement of my life is Prime Bank's Education Scholarship. The scholarship which I received is the main promoter of my success or key to success. After getting enrolled in University of Dhaka, giving tuition was my only support, though it created severe interruption in my studies but



I had no other option. At last, the Education Scholarship of PBF changed my life. During that time, Prime Bank Foundation used to give Six Thousand taka after every three months. In addition to the support of my studies, I also could provide help to my family with the scholarship money. I used to eagerly wait for the transfer of scholarship amount to my account".

Change in Saiful Islam's social and family life

"Today, I get paid a lot of money working as an AGM in Palli Bidyut. Recently, I got elected in 33rd BCS. However, no matter what happens or no matter how much I earn, even if I earn sixty million taka in three months it would not be equivalent to the scholarship amount I received from Prime Bank Foundation. I will remember this scholarship for the rest of my life. During the extreme difficult phase, Prime Bank Foundation stood beside me. With the support of Prime Bank Foundation, I am now a prominent figure in the society".

Today, Saiful is an important personality of the society. Not only he has succeeded in his personal life but it changed his family's dignity as well. The ode of his difficult time is now only a memory. Saiful's family has really changed and even their way of life. Now, Saiful is a bright example in the society.

Saiful Islam's opinion regarding Prime Bank's Scholarship:

Saiful said that "according to my knowledge, many received a scholarship from the various banks. But Prime Bank's scholarship method was so helpful for students that it also supported in scoring a good result which cannot be erased from the memory. Whenever the topic of Scholarship is raised among my friends, I become emotional and remember Prime Bank with respect. I cannot express in words the recognition of Prime Bank's contribution. Today, many high-class people of the society are my well-wishers. I will always remember the contribution of Prime Bank with respect for this achievement of mine. I pray for the continuation of this Education Scholarship Programme. Only then many of Saiful like me will be able to attain their flow of dream".

কা হি নী - ৩

স্বপ্ন নয়! সাইফুল্লাহ আল নোমান এখন এমবিবিএস ডাক্তার...

নোমানের পরিবারের বর্ননা: সাইফুল্লাহ আল নোমান ফরিদপুর জেলার এক অতি সাধারন পরিবারের সন্তান। বাবা-মা, চার ভাইসহ ছয় সদস্যের পরিবার।

অর্থনৈতিক দূরাবস্থার চিত্র: ফরিদপুরের নগরকান্দা উপজেলার এক নিম্ন মধ্যবিত্ত পরিবারের সন্তান সাইফুল্লাহ। ছয় সদস্যের সংসার চালাতেই যেখানে তার বাবাকে কঠিন সংগ্রাম করতে হয়েছে, সেখানে চার ভাইএর লেখাপড়ার খরচ দেয়া তার বাবার পক্ষে ছিল একেবারেই অসম্ভব। পরিবার থেকে সাইফুল্লাহ কোনো খরচ পেতোনা, টিউশনি করে কোনরকমে তার লেখাপড়ার খরচ জোগাতো। বাবা ছিল খুবই সামান্য বেতনে গ্রামের স্কুলের শিক্ষক। সামান্য আয়ে কোনরকমে চলছিল তাদের সংসার। সহায় সম্পত্তি বলতে অতি সাধারন একটি বসতঘর ছাড়া কিছুই ছিলনা তাদের।

বৃত্তি পাওয়ার পূর্বের অবস্থান: ২০০৭ সালে অসম্ভব কে সম্ভব করে ভর্তি হই ময়মনসিং মেডিকেল কলেজে, এম বি বি এস পড়ানোর মতো অবস্থা আমার বাবার ছিলনা। কোন রকমে গ্রাজুয়েশন করবো এরকমই ধারনা ছিল পরিবারের, কারন বড় পরিবার। বাবা খুবই সামান্য আয়ের একমাত্র উপার্জণক্ষম ব্যক্তি। লেখাপড়ার প্রচন্ড চাপ থাকা সত্বেও টিউশনি করতাম। অনেক হতাশায় ছিলাম ডাক্তার হওয়ার স্বপ্ন আমার পূরন হবে কিনা!!

নোমানের বর্তমান অবস্থা: সাইফুল্লাহ আল নোমান ৩৩ তম বিসিএস এ মেডিকেল কেডারে নির্বাচিত হয়। বর্তমানে নরসিংদি সদর হাসপাতালের মেডিকেল অফিসার পদে কর্মরত। অত্র এলাকায় সাইফুল্লাহ আল নোমান এখন একটি প্রতিষ্ঠিত নাম।

সাইফুল্লাহ আল নোমানের অনুভূতি: একটি কথা আমি আজ না বল্লেই না, প্রাইম ব্যাংক ফাউন্ডেশন আমাকে দির্ঘ ৫ বছর আর্থিক সহায়তা তো দিলই। ৩ মাস পর পর আমাদের শিক্ষার মান অগ্রগতি কিনা তা জানিয়ে একটি প্রতিবেদন দিতে হতো। এই পদ্ধতির কারনে আমার এমনকি যেকোন ছাত্র-ছাত্রির ভালো রেজাল্ট করতে সহায়তা করেছে। নোমান বলেন, আমার ত্রবং আমাদের এই আমূল পরিবর্তনে প্রাইম ব্যাংক ফাউন্ডেশন এর অবদান অনেক। চোখে পড়ার মতো আমাদের সামাজিক পরিবর্তনে আমি অনেক আনন্দিত। যার পিছনে প্রাইম ব্যাংক ফাউন্ডেশন এর অবদান অপরিসীম। আমি আজীবন শ্রদ্ধা ভরে স্বরণ করবো প্রাইম ব্যাংক এর অবদানের কথা। এই শিক্ষা-বৃত্তির উদ্দোক্তাদের জন্য আজীবন দোয়া থাকবে আমার ।

"A Dream Came True!
Saifullah Al Noman is now an MBBS Doctor"

Noman's Family: Saifullah Al Noman, comes from a very ordinary family in Faridpur district. He used to live in a 6-member family.

Story of his financial struggle: He came from a lower middleclass family in Nagarkanda Upojila, Faridpur district. His father had to go through a great deal of hardship with running his family expenses hence paying tuition fee for education on top of everything was beyond his ability. Saifullah did not receive any funding from his family hence he had to do multiple private tutoring to provide the additional money. His father was a teacher at a private school and earned very little to support the family. They only had their house as the lone means of wealth.

Situation before receiving the scholarship: Saiful shared, "In the year 2007, I made the impossible to possible by admitting in Mymensingh Medical College. My father could not afford to pay the fees for the MBBS programme. My aim was to merely complete the graduation. Though I had tremendous pressure from studies, my only source of money was through private tutoring. I wasn't sure back then if I will be able to fulfill my dream of becoming a doctor".



Dr. Saifullah is examining a patient

Noman's current Situation: Saifullah Noman has been selected in the 33rd BCS examination in Medical cadre. He is currently appointed as the Medical officer in Norshingdi Shadar Hospital. His brothers are also pursuing their career after completing their respective studies. Today, Saifullah Al Noman is a name that is admired by many.

Saifullah Al Noman's Feelings:"There is one thing which I must mention that is, not only did Prime Bank provided me with 5 years of financial assistance for my studies but I had to regularly send them an update regarding my progress of every 3 months. Because of this practice, I am sure any student will be able to achieve good results. Due to the noticeable change in my societal status, I am really grateful and happy. All of this has been possible only because of Prime Bank Foundation. I will forever be grateful to Prime Bank Foundation and admire their generosity. I will always hope that this amazing initiative by Prime Bank Foundation can change the lives of many more and bring great change".

নাহ!!! এখানেই শেষ না ...

শিক্ষার্থি নির্বাচনের সকল ধাপ অতিক্রম করে এ বছর আবার বৃত্তি পেল ৩৪৫ জন মেধাবী অথচ হত-দরিদ্র ছাত্রছাত্রী। বিশ্ববিদ্যলয়ে পড়া যাদের কাছে শুধুই স্বপ্ন, মাসের পর মাসেও জোটেনি যাদের একটু ভালো খাবার, পোষাক-পরিচ্ছদের নেই কোন গতি। একদিন কাজ না করলে আহার যোটে না যাদের, অভাব-অনটন যাদের নিত্য সঙ্গি, অথচ যারা একটু সহায়তা পেলে ছুঁতে পারে স্বপ্নের চুঁড়া।

বৃত্তিপ্রাপ্ত ক'জন ছাত্র/ছাত্রীর পরিবারের হালচিত্র



কুয়েট, খুলনায় সিভিল ইঞ্জিনিয়ারিং পড়ুয়া আব্দুস সাত্তারের বাবা, বয়সের ভারে নুহ্য তবুও দিনমজুরী খাটছে ছয় সদস্যের পরিবারের আহার যোগাতে।



প্রাইম ব্যাংক ফাউন্ডেশনের বৃত্তিপ্রাপ্ত ছাত্র মোজাহারুল ইসলাম এর বাবা, নিজ গ্রামে এভাবেই ভ্যান চালিয়ে সংসার সচল রাখছে।



মোজাহারুল ইসলাম এর বাবা-মা অন্যের বাড়িতে বাড়িতে গিয়ে ধান মাড়াই করে মৌসুমে যে ধান পায় তাতে তিন চার মাস খাবার চলে তাদের।



ঢাকা বিশ্ববিদ্যালয়ের ছাত্র আশিকুর রহমানের বাবা-মা, আশিকুর ভাল রেজাল্ট করলে পত্রিকায় ছাপা হয় তা দেখে কান্নায় ভেঙ্গে পড়ছে।



বৃত্তিপ্রাপ্ত এক ছাত্রের বাবা অন্যের জমিতে দিনমজুরী খাটছে।



বর্গা পালিত গরু দিয়ে মানুষের জমিতে চাষ বাস করছে আশিকুরের বাবা-মা।

Impact of Education Support Programme

The students who dropped out without completing their graduation have fewer life prospects. This has a direct impact on their earnings and might have to face an extreme difficult phase in adjusting to a quickly changing knowledge-based economy and thus the economy faces higher risks of unemployment. Educational failure also imposes high costs on the society. Poorly educated people limit the economies' capacity to create, cultivate and innovate. This failure damages social unity and imposes additional costs on public. By reducing the dropout rate, ESP is providing opportunities to poor students and helping to create an educated nation because it increases the capacity of these students and also the society to counter recession leading to contribution in economic growth and social well-being.

Through Prime Bank Foundation's Education Support Programme, the students of batches 2007, 2008, 2009, 2010 and 2011 have successfully completed their study. After completion of their studies more than 600 of our awardees are now in prestigious jobs like University & Government College teacher/BCS Officer/Custom Officer/Banker etc. all over the country & around thirteen percent students obtained outstanding result by overcoming all kinds of hurdles. These students are examples of what may be achieved if a helping hand is extended to students in dire need. The ESP achieved a highly visible impact in the society and nation. A few of them are seen receiving crests from the Honorable Education Minister and Governor of Bangladesh Bank in the Award Giving Ceremony 2016:



Arifa Parvin Kemi, 1st Class 1st, Marketing, Begum Rokeya University, Rangpur



Shamima Nasrin Mukta, 1st Class 1st (Lecturer CUET), Accounting & Information System, Chittagong University



Edris Ali, 1st Class 2nd,History, Dhaka University



Md. Mustafizur Rahman, 1st Class 1st, Social Welfare, Dhaka University



Md. Marjan Sarker, (BCS Fisheries), Bangladesh Agricultural University



Md. Abdul Wazed, 1st Class 1st (BCS Education),English, Begum Rokeya University

Quotes from Honourable Chief Guest, Special Guest & Chairperson of PBL at ESP Award Giving Ceremony 2016



Mr. Nurul Islam Nahid, M.P
Honourable Minister, Ministry of Education

"I thank Prime Bank Limited authority and Prime Bank Foundation for taking this wonderful initiative of providing the opportunity to poor but meritorious students to pursue higher education.
I suppose this contribution will continue in future so that others can follow this initiative as an example. I believe, together we will be able to move forward as a nation".



Mr. Fazle Kabir
Honourable Governor, Bangladesh Bank

"Give me an educated mother, I will give you an educated nation, this quote resembles Prime Bank Limited's initiative of ESP and I express my heartfelt thanks to Prime Bank Limited for taking this initiative. With little assistance, they can go a long way and become Doctor, BCS Cadre and so on. Not everyone in the unfortunate section of the society gets the privilege to obtain better education. But with the contribution of Prime Bank Limited, many students have been able to get that privilege and so far 2,789 students have got the assistance. I also thank the renowned personalities of the Advisory Committee, who have given their time in the selection process".



Mr. Ajam J. Chowdhury
Honourable Chairman, Prime Bank Limited

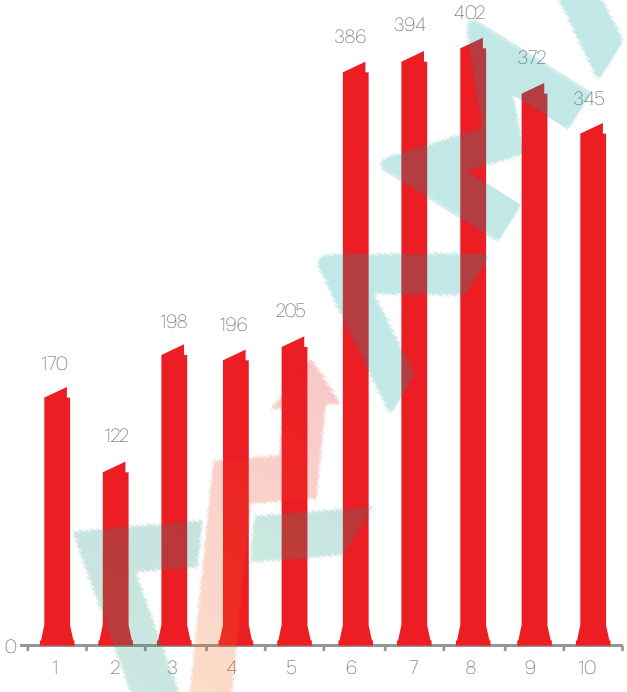
"In this initiative, we have the accountability of the awardees receiving monthly stipends. After every 3 months, their performance is reviewed through an evaluation process. This procedure acts as guidance for the students through which a sense of responsibility develops among them. Every year the number is increasing and we have asked the Advisory Committee to select whoever is eligible for the Scholarship and Prime Bank will provide its assistance. I am happy to share that Prime Bank Authority has given the consent in this regard".

Statement of awardees by profession up to December 2016 by year:

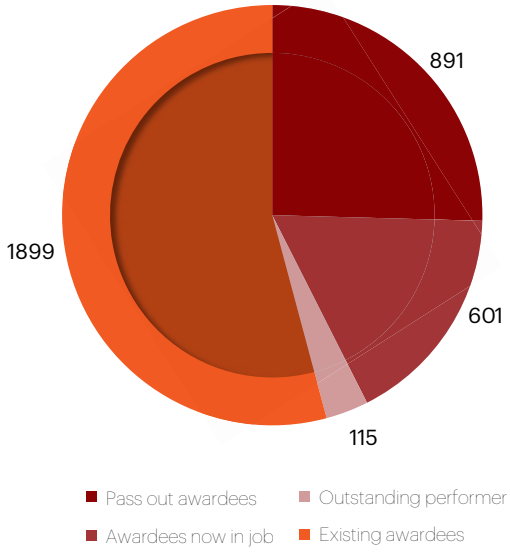
Year (Stipends Start)	No. of Stipends Student			No. of Students by Profession							
	Selected Awardees	No. of Drop Out Student	No. of Student Completed Study	MBBS Doctor	Engineer	University teacher, Banker, BCS Officer, Govt. Officer, Others	Lawyer, Chartered Executive, DVM,Chemist, Pharmacist, Agronomist	Outstanding performer	Sub Total	Students waiting to join in the job Sector	Total
Y-2007	170	3	167	58	10	87	2	44	157	10	167
Y-2008	122	5	117	33	11	44	18	18	106	11	117
Y-2009	198	6	192	39	20	81	22	21	162	30	192
Y-2010	196	2	194	22	14	34	15	15	85	109	194
Y-2011	205	2	203	32	38	4	17	18	91	112	203

Awardees by Graph

Total Awardees-2790



Total Awardees-2790



Prime Bank English Medium School

Prime Bank English Medium School (PBEMS), one of the initiatives of Prime Bank Foundation started its journey in 2008 in Uttara and later in 2012 in Mirpur. It is an idyllic institution which practices Interactive Method fit for a child and giving a shape in order to serve the nation in the future. PBEMS not only has a unique method of teaching with their Interactive Learning Method but also teaches students the true nature of life. PBEMS with its Interactive Learning Method encourages a child to build their own life and at the same time serve the nation.

PBEMS is unique in ways where we give importance to education to a deeper context. Learning is a never ending process and throughout our life we learn new things every single day. The lessons learnt help us to move forward and know the difference between real and unreal. In recent times, it is important for a child to go through individual development, physical development and also moral development. Today's world has become so open that it is not possible to command an individual to know the results of forbidden fruits. With more development there is a rise in crime, drug and alcohol abuse, violence, teen parenthood, suicide and choosing the path of terrorism in recent years. In order to avoid such incidents, it has become important to let children know the importance of morality. A child is like a tree, with proper nurturing it grows and becomes a shadow for every passerby. Here PBEMS plays a very important role in involving its students in various activities. These actions not only helps the child to develop themselves by using logic, but it also helps the child to act according to its weight against the consequences.

PBEMS envisioned morality in the starting of its journey. It envisaged to bring in morality in children because they will be the own maker of their life. Now, in the context of Bangladesh, recently, we came across incidence of something which is far away from morality. In either case, the reality changed the fact that it is not class, institution, poverty or economic barrier. It is about teaching a child the importance of morality with awareness and the outcome.

This is where PBEMS is different with giving equal importance to lessons of life along with schooling. If a child learns the assessment of right and wrong, then it will not be difficult to have education with the vast use of the internet in recent times. Since the entry into this new era is easily accessible, it is to be assured that a child is properly educated to have access to this world.

PBEMS focuses on character education in school on everything from community service to teaching students, their intrinsic worth, building good habits, gratifying positive behavior, and developing a students' capacity for moral reasoning.

At PBEMS, students engage themselves in individual development through various activities like the annual sports day where every student participates. Such activities help to boost the students' confidence level. Whenever the students perform something and is appreciated and rewarded, it motivates them in a positive way.

At PBEMS, we strictly discourage our students to not follow the book without understanding the meaning of what it is written in the book. The best possible way to comprehend it is to see and explore which is done by learning from Interactive Method. This is where PBEMS is different from other schools. Students are not given any lessons at home; instead, all the homework's are given via project work, creative writing or some activities related to their lessons. For reference, students are advised to take help from related materials in their project work. This allows them to widen their area of knowledge, enrich their vocabularies, and gather information. This process also helps to make learning more interesting which can be explored, creating a difference with the usual pressure of studies in Bangladesh.

"A child is an uncut diamond"

-Austin O'Malley



Students performing in Spring Festival 2016 at PBEMS Uttara



Students of PBEMS with non-perishable food items

Throughout the year 2016, PBEMS Uttara & Mirpur arranged different activities which were carried out in order to go through individual development, physical development and also moral development.

On February 11, 2016, Mirpur & Uttara campuses celebrated the spring festival. The two schools simultaneously staged a programme showcasing students' talent in singing, dancing and drama. Boshonto Utshob was celebrated in a colorful manner as students came to school wearing sarees/kameez and panjabis/ fatuas mostly with yellow color and other colors in the spring season. This is part of individual development where self-discovery is achieved and at the same time awareness of the identity of a culture an individual belongs.



Students at Annual Sport Fest



Flags of different countries prepared by students

On February 21 2016, International Mother Language Day was observed, as a tribute to the language movement and the ethno-linguistic rights of people around the world. In Uttara campus, the day was also celebrated through essay writing and poem recitation contests. All students' from Class 3 to Class 7 participated in the essay writing contest. There were thirteen contestants for the poem recitation with a contest piece written by Abu Jafor Obaydullah entitled "Mago Ora Bole". This observation is important for individual development because it's part of knowing the importance of "Ekushey February" and the sacrifices made for Bangla Language.

In March 2016, the Annual Sports Event took place. It was three days Sports Fest filled with fun and energy of the students. This is part of physical development and individual development as well.

These activities are essential for every student since it raises a child's confidence with being competitive in the race and at the same time they also learn about the interaction.

November 20, marks the day on which the United Nation's Assembly adopted the Declaration of the Rights of the Child in 1959, and the Convention on the Rights of the Child in 1989. Thus, UN later declared the day as Universal Children's Day. PBEMS joined in the observance of Universal Children's Day, devoted to promoting the ideals on the welfare of the children around the world. On this regard, PBEMS Mirpur and Uttara simultaneously celebrated Universal Children's Day in November, by giving students the opportunity to grow and develop in their potentials and talents through a variety show.

In December 2016, National Victory Day with a Pitha Festival was observed. On this special day, students dressed in green and red came to school with varieties of pitha (cake) from home. It was a fun filled and enjoyable day for all students, teachers, and parents of PBEMS.

Students surely benefit from performing community service because it will remind them of the important virtues, and how to practice good habits. In December 2016, students of Class 6 students from Uttara and students of Class 2 & 3 in Mirpur brought the non-perishable food items that the students shared on December 5th in observance of the International Volunteer Day. The visit was very touching to some students as they saw and interacted with the sick, abandoned, orphaned, mentally & physically challenged and elderly people taken care by the missionary sisters of Mother Teresa, commonly known as the Missionaries of Charity.

International Volunteer Day (IVD) has been an international observance designated by the United Nations since 1985 and celebrated every December 5th each year. It offers an opportunity for volunteer organisations and individual volunteers to make their contributions more visible and pay special tribute to people's participation in making a difference locally, nationally and globally. The non-perishable food items that students shared will be donated to shelters or centers serving the poor, elderly, sick, abandoned and mentally challenged people like the Mother Teresa Compassion House.

কা হি নী - ১

Cultivating a Moral Identity...

A student of PBEMS, Ayman Awsuf Khan, Class-8, shared his views on the moral values being taught at PBEMS. He is with PBEMS Uttara since 2008. Ayman talked about the importance of moral values and how it changed his viewpoint towards normal practices in life. From activities to cooperating teachers, all these guided him to grow with positivity in everything. The best part of morality that he learned from PBEMS is to care unconditionally with all the things around us. "With more love in the world, kindness will follow and ultimately replaces cruelty. It is not necessary that everything in the world should be returned based on what we have given. Ultimately, kindness and love is not based on conditions, it is something we do out of moral values".

Ayman also shared his views on the practice of being against private tuition. Ayman said 'I truly believe that it is a very good practice because this practice teaches us to be honest with the

school. Whatever we learn from the school is enough to proceed and do assignments. Our teachers are very much cooperative and the lessons are taught through interactive method which we can easily understand.'

Speaking of cooperation, according to Ayman, "working together in a team is essential because it teaches an individual how to cooperate, share different ideas and most importantly it leads to the creation of something new". PBEMS taught him this idea through activities and group work with a common goal. If it is not done, a few may gain, but at the end, it will be a failure for everyone".

"Finally, I would conclude by sharing how I learnt about respecting or the meaning of respect at my beloved PBEMS. Throughout my journey of 9 years, I have learned the word respect is not limited, but it means respecting different religions, races, sexes, ideas, and life-styles. No matter wherever I go, I will always carry this belief, you learn more, when you get to socialize more and equally respect all".

> "Our greatest natural resource is the minds of our children."
>
> -Walter Elias Disney

কা হি নী - ২

The ability to comprehend.....

"Three of my children LOVE to attend and learn in their school. I am positive that PBEMS has set a solid foundation for their education regarding which my children have developed a true affection for learning. In fact, my children share each and every story of their day as soon as they reach home". These words are from Mr. Raihanul Islam, the father of Fahmid Bin Raihan (Class-K.G), Fahim Bin Raihan (Class-1) & Fatin Binte Raihan (Class-7).

Honesty is a guide to morality in life. Speaking of honesty, Mr. Islam said "my children are so friendly with me and their mother; we are no less than friends". According to Mr. Islam, his children love their school and share each and every detail of their everyday life. This practice helped them as a parent to become close to their children.

Learning out of the box....The school takes the children for regular field trips. These educational trips help them to get hands-on experience and knowledge regarding the materials being taught in class. Like for instance, museums or zoo displays similar things being taught in their lesson which children can see and explore and at the same time understand the material by them.

Field or educational trips give children a break from their routine life. Children are always excited about such trips and look forward to and prepare for it beforehand. They also get to spend the day outside of the classroom and at the same time complete the lesson as well. Learning in various ways can encourage children to succeed whether they are illustrative or auditory learners.

Talking about private tuition prohibition, Mr. Islam said "It is an excellent practice as students are more eager to learn by themselves instead of depending on private tuition. The school is properly educating them. I do not feel the need of providing them any private tuition".

"The best part of PBEMS is, they address each student's problem individually. My son, Fahim, used to become aggressive sometimes during playtime. Mr. Bikram Das, Dean of Discipline and Students Affairs at PBEMS Uttara, addressed the issue personally to me and later on I took care of it. In fact, regular parents and teacher meeting are held where we get the opportunity to know our children's performance, behavioural skills and discipline. It is a very good practice of PBEMS which is unique from other schools. I am confident we made the BEST choice for our children by choosing PBEMS".

Prime Bank College of Nursing

At the start of PBCN's journey, it envisioned to provide Nursing education through which the gap of the nursing to patient ratio can be minimised. In Bangladesh, the low nursing/physician ratio is evident, where ideally this would be greater. After 3 years, we can see the outcome of our visualisation. In the year 2016, the People's Republic of Bangladesh took some steps to develop the country's health services. It included upgrading the status of nurses to 2nd class in Government level job. For the first time in the history of Bangladesh, around 10,000 Senior Staff Nurses got appointed and at the same time posted the same number of Nurses in different Government Hospitals.

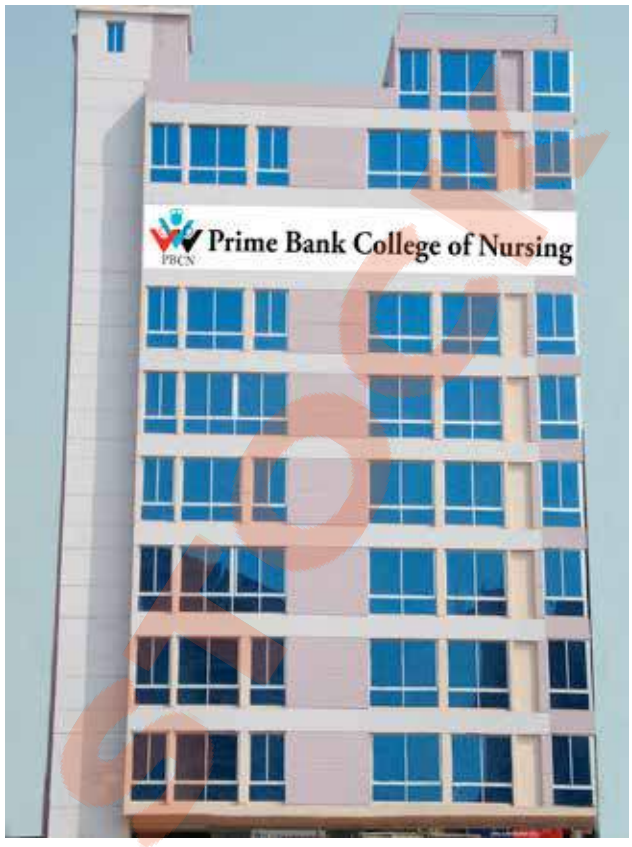
Fortunately, in the 1st batch, a total of 29 students graduated from Prime Bank College of Nursing in "Diploma in Nursing Science and Midwifery". Among these 29 graduates, 15 got the opportunity in Government's 2016 initiative of appointing 10,000 Senior Staff Nurses. The rest of the 14 graduates are employed in different private hospitals namely Apollo Hospitals Dhaka, Square Hospital and United Hospital.

Meanwhile, the Government of Bangladesh is also thinking of upgrading the civil service rank to 1st class which will help in improving the quality of health services. In 2016, Government of Bangladesh gave the approval to BSMMU for opening M.Sc in Nursing Course considering the superiority of nursing education. The admission process has been completed. The classes for M.Sc in nursing course will start from January 2017. The Government of Bangladesh has also announced to recruit more 10,000 Nurses in 2017 in government level jobs.

As a result of these initiatives, plenty of nursing opportunities have been created in the public and private healthcare sector of the Bangladesh. On the other hand, the nursing profession is seen as honourable and noble profession with a lot of growing demand of nurses worldwide. Bangladesh can easily get foreign currency by producing such quality nurses. The government of Bangladesh is taking necessary steps to ensure the quality of public/private nursing educational institutions considering the matter of "quality service to ensure the need of superior nurses". Reflecting upon this, PBCN was established in January 2013 for building skilled and qualified nurses. PBCN offers Diploma in Nursing Science and Midwifery Course, which is approved by MoH&FW and affiliated with Bangladesh Nursing and Midwifery Council (BNMC).

Prime Bank College of Nursing has completed its four successful academic years by graduating 29 students under 1st batch in 2015 and 37 students under 2nd batch in 2016. All of the 1st batch students already employed in public and private sectors as a Senior Staff Nurse. Of 29 students, 15 joined as a govt. 2nd class gazetted officer & posted at Medical College Hospital/city/division/district/upazila level service delivery points and the rest 14 in the specialised private hospitals like Apollo, Square, United, Uttara Lakeview Specialised, Delta and Pran RFL Group Hospitals in the country. All of them are BNMC registered nurses.

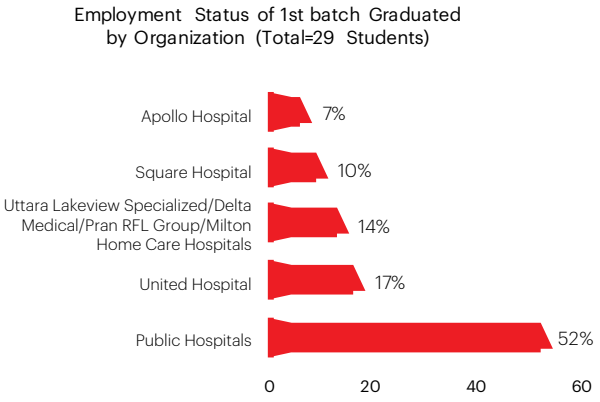
PBCN believes that nursing is a kind of education which is not received but achieved. It is an art, a humanistic orientation, a feeling for the value of the individual blended with an intuitive sense of ethics. Unless there is any commitment in nursing, there will be only promises and hopes; but no plans and actions. That



is why, we at PBCN try to educate our nursing students' heart not only their mind. Prime Bank College of Nursing has been able to create nurses, who are now an example of positivity. PBCN provides all the support and assistance in providing adequate qualified nurses with proper educational preparation. PBCN has attractive & easily accessible 10 storied building, highly skilled and dedicated faculty members, well-equipped classrooms, standard Nursing Labs, modern computer lab, up to date English language lab, sophisticated library and well furnished hostel facility in the same building. PBCN also gives the opportunity to its students to do clinical practice in Kurmitola General Hospital throughout the year, where they perform all the duties like a professional nurse.

Clinical learning is a basic part of nursing education and covers about two-third of nursing education curriculum. In clinical learning, students get the opportunities to practice themselves for their future career. Clinical learning is effective on clinical learning outcomes. The clinical learning occurs in an intricate environment. This type of exposure gives them hands on experience in learning. Students learn more by doing, therefore, knowledge and clinical practice can only be integrated when the students explore in real practice situations. For midwifery practice, students get an adequate hands-on practical skill in midwifery at the Dhaka Medical College Hospital where there is an adequate case loads & case mix and ample opportunities for assessment, management of pregnancy & childbirth, conduct normal labour, post natal care & identify complicated pregnancy, childbirth & care of newborn.

Moreover, students also get clinical practice opportunities in different specialised hospitals like Dhaka Shishu Hospital; National Institute of Mental Health Hospital, National Institute of Traumatology and Orthopaedic Rehabilitation Hospital; Prabin





Hetoyishi Hospital, Radda MCH-FP etc. to fulfill the requirements of the curriculum.

In addition, other developmental training called Breast Feeding Training is undertaken which supports to increase students learning. Prime Bank College of Nursing arranged a 3 days training programme from 13th to 15th March 2016 and 20th to 22nd of March 2016 on infant feeding and maternal nutrition for 3rd year students of Diploma in Nursing and Midwifery course by the technical and financial support of Bangladesh Breast Feeding Foundation (BBF). Apart from the regular curriculum, PBCN encourages the students to involve themselves in numerous extracurricular activities by organising and participating in different events like debating, observing Florence Nightingale's birthday as International Nurses Day on 12th May, celebrating International Mother Language Day on 21st February, Iftar Party, farewell ceremony and other national days where they can showcase their talent.

কা হি নী - ১

"মুন্নী" আমার সংসারের দু:খ দূর করেছে ...

আমাদের আদরের মেয়েটাকে নিয়ে আমরা অনেক স্বপ্ন দেখতাম একজন আদর্শ সেবিকা হিসেবে তৈরী করব। এ স্বপ্ন পূরণ করতে ২০১৩ সালের জানুয়ারীতে প্রাইম ব্যাংক কলেজ অব নার্সিং এ মেয়েকে তার বাবা ভর্তি করে দিয়ে আসেন। বাড়িতে এসে আমাকে মেয়ের বাবা নার্সিং কলেজ, হোস্টেল ও শিক্ষক-শিক্ষিকাদের সর্ম্পকে সবকিছু অবহিত করেন। সব শুনে আমি বুঝতে পেরেছিলাম আমাদের মেয়ে সেখানে খুব ভাল থাকবে। তাই কখনও দুঃচিন্তা করতাম না। মেয়ে যখন ছুটিতে বাড়িতে আসতো তখন কলেজ, হোস্টেল ও শিক্ষক-শিক্ষিকা সকলের গল্প করত। তা শুনে আরো নিশ্চিন্ত হয়েছি।

মেয়ে যখন থার্ড ইয়ার সেকেন্ড সেমিস্টারে পড়ে তখন মেয়ের বাবা হঠাৎ মারা যান। এসময় আমাদের পরিবারে নেমে আসে চরম বিপর্যয় চতুর্দিকে অন্ধকার দেখতে পাই। আমি দিশেহারা হয়ে যাই, কি করব, কোথায় যাব, কিভাবে মেয়ের নার্সিং কোর্সটা শেষ করব! ছোট ছেলের স্থানীয় স্কুলে পড়াশুনারই বা কি করব! নিকট আত্মীয়-স্বজন, পাড়া-প্রতিবেশী বা শুভাকাঙ্খী কারো কাছ থেকে কোন সাহায্য বা সহযোগিতা পাইনি অধিকন্তু সবাই ছেলে-মেয়ের পড়াশুনা বন্ধ করে দিতে উপদেশ দিল। উল্লেখ্য আমাদের পরিবারে একমাত্র উপার্জনক্ষম ব্যক্তি ছিলেন মেয়ের বাবা এবং তার এই অনিয়মিত আয়ে অনেক কষ্টে আমাদের সংসার চলতো। এমনই এক কঠিন অবস্থায় প্রাইম ব্যাংক ফাউন্ডেশন মেয়ে এবং আমাদের পরিবারের ভবিষ্যতের কথা চিন্তা করে পাশে এসে দাড়ায়। ফাউন্ডেশন তখন আমার মেয়ের যাবতীয় পড়াশুনার খরচ বহন করে। আমি তখন মনে অনেক শান্তি পেলাম এবং পরম করুনাময় আল্লাহ্ পাকের কাছে লাখো শুকরিয়া আদায় করলাম। জীবনের সাথে যুদ্ধ করে আবার নতুন করে স্বপ্ন দেখা শুরু করি কয়েক মাসের মধ্যে মেয়ে নার্স হয়ে বেরুবে ও চাকুরি করে পরিবারের হাল ধরবে।

অবশেষে ২০১৫ সালে মেয়ে নার্সিং কোর্স সম্পন্ন করে এবং ফেব্রুয়ারীতে বাংলাদেশ নার্সিং এন্ড মিডওয়াইফারি কাউন্সিলের লাইসেন্সিং পরীক্ষা দিয়ে নার্সিং রেজিষ্টেশন লাভ করে। বর্তমানে আমার মেয়ে সরকারী হাসপাতালের একজন সিনিয়র স্টাফ নার্স এবং পদমর্যাদায় একজন সরকারি দ্বিতীয় শ্রেণীর কর্মচারী। এসব ভেবে আমার বুক গর্ভে ভরে যায়। আর প্রাইম ব্যাংক ফাউন্ডেশনের সহযোগিতার কথা কৃতজ্ঞচিত্রে স্বরণ করি। ফাউন্ডেশনের সাহায্য না পেলে আমাদের স্বপ্ন শুধু স্বপ্নই থেকেই যেত। আমার পরিবারে এখন স্বচ্ছলতা ফিরে আসছে। আমার মেয়ে তার ছোট ভাইয়ের পড়ালেখার দায়িত্ব নিয়েছে। ছেলেটি স্থানীয় স্কুল থেকে সদ্য জেএসসি পরীক্ষা দিয়েছে। খুব ভাল ফলাফলের আশা করছি।

আজ মেয়ের চাকুরির কারনে সমাজে আমাদের সম্মান বেড়েছে। মেয়েকে ভাল পরিবারে ভাল পাত্রের হাতে বিয়ে দিয়েছি। এজন্য খোদার কাছে লাখো শুকরিয়া আদায় করি। দোয়া করি আল্লাহ্ প্রাইম ব্যাংক ফাউন্ডেশনের জন্য সাহায্যের হাত বাড়িয়ে দেন যাতে তারা আরো বেশি করে মানুষককে সাহায্য করতে পারে।

মেয়েকে নার্সিং পড়াতে মাসে প্রায় ৭,০০০/- (সাত হাজার) টাকা করে ৩ বছরে ফাউন্ডেশনের ৭ মাসের প্রদেয় ৪৯,০০০/- টাকা সহায়তাসহ আনুমানিক সর্বমোট ২,৫০,০০০/- (দুই লক্ষ পঞ্চাশ হাজার) টাকা খরচ করেছি। আর এখন চাকুরি থেকে মাসে পাচ্ছে মোট ২৭,৫৭৮/- টাকা করে অর্থাৎ ৩ বছরে প্রায় ৯,৯৩,০০০/- (নয় লক্ষ তিরানব্বই হাজার) টাকা। খরচ বাদ দিয়ে নেট আয় হবে আনুমানিক ৭,৪৩,০০০/- (সাত লক্ষ তেতাল্লিশ হাজার) টাকা। অন্যভাবে বলা যায় মেয়ের নার্সিং পড়ার মোট ব্যয় চাকুরীর মাত্র ৯ (নয়) মাসের মধ্যে উঠে আসবে।

অভিভাবিকা
মুন্নি আক্তার (সিনিয়র ষ্টাফ নার্স)



Munni Removed my Sufferings...

"We dreamed a lot about of our beloved daughter becoming an ideal nurse. In order to adapt this dream into reality, she was admitted in Prime Bank College of Nursing in January 2013 by her father. After her father came home, he shared all the details of the nursing college, PBCN's hostel and teachers. Then I realized that our daughter is in safe hands. That is why I never worried about her. When my daughter visited home during vacations, she used to share stories of her college, hostel and teachers. By hearing all the stories, I used to be at ease.

When my daughter was in her 2nd semester, suddenly her father passed away. During that time, our family was in deep shock and we were surrounded by darkness. I was lost and didn't know what to do or where to go! I was concerned about how my daughter will finish her Nursing Education! What will happen to my younger son's studies! I did not get any support from my relatives, neighbors or well-wishers. Most of them advised me to stop their education. The only earner in our family was my husband and the source of income was not regular. In such a difficult time, Prime Bank Foundation stood by our side thinking about the future of my family. Prime Bank foundation incurred all the educational expenses of my daughter. I thanked Almighty Allah for the great relief. After facing a lot of struggles in life, I started dreaming again that my daughter will be employed as a nurse in a few months.

Finally, in 2015, my daughter, completed her Nursing Course and in February got the registration of Bangladesh Nursing and Midwifery Council License by appearing in the exam. Currently, my daughter is working in a Government Hospital as a Senior Staff Nurse and is a second-class public employee. I feel proud of my daughter! I will be indebted to Prime Bank Foundation's support. My dreams would have never turned into reality without Prime Bank's Foundations support. My family is now solvent. My daughter took over the responsibility of my younger son's education. My son appeared in JSC examination from a local school and I am expecting a good result.

Today, I have gained respect in the society due to my daughter's employment. I got her married to a respected family. I thank God a million times for this. I pray to Allah for Prime Bank's Foundation success so they can support more people in the society".

Mother of Munni Akhter, Senior Staff Nurse

The total cost incurred for my daughter's Nursing Course at PBCN was Tk. 2,50,000 which included Foundations' contribution of Tk. 49,000 for 7 months. Now, my daughter is earning Tk. 27,578 which is about Tk. 9,93,000 in 3 years. Excluding the expenses, the approximate amount is Tk. 7,43,000 . In other words, the total cost of her Nursing Course will yield the return in just 9 months!

কা হি নী - ২

আতিকুল, এক গর্বিত নার্সের নাম

এইচএসসি পাশ করার পূর্বে প্রায়ই আমি আমার ভবিষ্যৎ নিয়ে চিন্তা করতাম পড়ালেখা শেষ করার পর আমি কোন পেশাকে বেছে নিব। আমার ভাবনায় সবসময় ছিল এমন এক পেশাকে বেছে নিব যার মাধ্যমে ধর্ম, বর্ণ, বয়স ও শ্রেণী নির্বিশেষে সকল মানুষের উপকারে আসতে পারি। এ বিবেচনায় মনে করেছি নার্সিং পেশাই মহৎ এবং উত্তম। তাই এইচএসসি পাশ করার পর ঠিক করেছি নার্সিং লাইনে পড়ালেখা করব। ভর্তির জন্য খবর নিতে গিয়ে প্রাইম ব্যাংক কলেজ অব নার্সিং এর কথা শুনি এবং মা-বাবার দোয়া নিয়ে এখানে জানুয়ারী ২০১৩ সালে ভর্তি হই।

এখানে এসে আমি খুবই গর্বিত শ্রদ্ধেয় মেজর (অব:) ডালিয়া হোসেন ম্যাডাম এর মত অত্যন্ত অভিজ্ঞ ও স্বনামধন্য প্রিন্সিপাল এবং এরকম একটা ভিন্ন ধরনের উন্নত পরিবেশ পেয়ে। অত্যন্ত দক্ষ্য ও অভিজ্ঞ শিক্ষকমন্ডলি দ্বারা শিক্ষা লাভ করেছি। এখানে কম্পিউটার ও ইংরেজি ল্যাবসহ সব ধরনের অত্যাধুনিক নার্সিং ল্যাবে আমরা অধ্যয়ন করেছি। ইংরেজী ও কম্পিউটার বিষয়ে বিদেশ থেকে পাশ করা দুজন সার্বক্ষণিক অভিজ্ঞ শিক্ষক আছেন যাদের মাধ্যমে আমরা সংশ্লিস্ট বিষয়ে সবসময়ে চর্চা করেছি।



এখানে নার্সিং কারিকুলাম অনুযায়ী, ক্লিনিকেল বিষয়ে বাস্তব ও যথাযথ অভিজ্ঞতা অর্জনের জন্য আমরা সারাবছর আর্ম ফোর্সেস পরিচালিত কুর্মিটোলা জেনারেল হাসপাতালে এবং বিষয়ভিত্তিক বিভিন্ন সরকারি ও বেসরকারি বিশেষায়িত হাসপাতালে প্র্যাকটিস করেছি। আমাদের হাসপাতালে পাঠানোর জন্য গাড়ি এবং থাকার জন্য ক্যাম্পাস বিল্ডিং এ হোস্টেল এর সুব্যবস্থা ছিল।

এখানে পড়ালেখার পাশাপাশি আমরা বিভিন্ন ধরনের এক্সট্রা কারিকুলাম কার্যক্রমে অংশগ্রহন করেছি যা আমাদের মেধা ও মনন বিকশিত হয়েছে, নেতৃত্বদানের অভিজ্ঞতা, সহযোগিতা ও সহমর্মিতা শিখিয়েছে। এক কথায় সব মিলিয়ে খুব আনন্দের সাথে নার্সিং শিক্ষা অর্জন করেছি। যেখানে আমরা কোন কিছুর অভাব বোধ করিনি। যার কারনে আমরা নিজেকে একজন দক্ষ নার্স হিসেবে গড়ে তুলতে পেরেছি। প্রাইম ব্যাংক কলেজ অব নার্সিং থেকে ২০১৫ সালে ৩ বছর মেয়াদী ডিপ্লোমা ইন নার্সিং সাইন্স এন্ড মিডওয়াইফারি কোর্স সম্পন্ন করি। ফেব্রুয়ারী ২০১৬ সালে বাংলাদেশ নার্সিং এন্ড মিডওয়াইফারি কাউন্সিলের লাইসেন্সিং পরীক্ষা দিয়ে নার্সিং রেজিষ্টেশন লাভ করি। তারপর দেশের স্বনামধন্য ও বিশেষায়িত বেসরকারী এপোলো হাসপাতাল লি: এ সিনিয়র ষ্টাফ নার্স পদে চাকুরিতে যোগদান করি। আমার আজকের এই অবস্থানের জন্য আমি প্রাইম ব্যাংক কলেজ অব নার্সিং এবং এর শ্রদ্ধেয় শিক্ষকবৃন্দের কাছে চিরকৃতজ্ঞ। যুগপোযোগি আধুনিক নার্সিং শিক্ষার জন্য আমাদের কলেজটি একটি অনন্য প্রতিষ্ঠান।

মো: আতিকুল ইসলাম
সিনিয়র ষ্টাফ নার্স, এপোলো হাসপাতাল লি:

Atiqul, a name of a proud nurse

"Before passing my HSC examination, I often used to think which profession I will choose after my graduation. I always wanted to choose a profession through which I will be able to help everyone regardless of their religion, race, age and class. Considering this, I think nursing profession is the best of all. So, I decided to choose the nursing profession after passing HSC. I heard about Prime Bank college of Nursing and finally with my parents blessings got enrolled in January 2013.

I felt very proud when I stepped inside the College where the environment is pleasant and developed, and also met our honorable Principal, Major (rtd) Dalia Hussein Madam. I got to learn under highly experienced and skilled teachers. We got the opportunity to learn in advanced computer labs, English lab and Nursing lab. At Prime Bank College of Nursing, we also got the opportunity to practice throughout under full-time English and computer teachers, who completed their graduation from abroad.

Here, under the Nursing curriculum, we completed Clinical Learning and did the practice at Kurmitola General Hospital, and also Public and Private Hospitals throughout the year. We had the transport facility to go for practices at Hospitals and also have the facility of Dormitory for females. In addition to our regular Curriculum, we also participated in various extracurricular activities which have helped to develop our intelligence and intellect, experience, leadership, cooperation and empathy. In one word, I have achieved my nursing education in an enjoyable manner. We did not feel the lack of anything. This is the reason for which we have been able to build ourselves as a skilled nurse.

I completed my 3 years Diploma in Nursing Science and Midwifery Course from Prime Bank College of Nursing in 2015. In February 2016, I got the registration of Bangladesh Nursing and Midwifery Council by appearing in the Licensing examination. After that, I joined in a renowned specialized non-governmental hospital, Apollo Hospital Dhaka, as a Senior Staff Nurse. Whatever I am today, I will be indebted to Prime Bank College of Nursing and the respected faculty members. Prime Bank College of Nursing is an efficient institution for modern nursing education".

Md. Atiqul Islam
Senior Staff Nurse, Apollo Hospital Ltd.

কা হি নী - ৩

"তানভিরুল ইসলাম"

প্রাইম ব্যাংক কলেজ অব নার্সিং-এর এক গর্বিত ছাত্র

যখন থেকে বুঝতে পেরেছি যুগপোযোগি শিক্ষা ও একজন আদর্শ মানুষের বিকল্প নেই তখন থেকেই নার্সিং শিক্ষাকে বেছে নিয়েছি। আর তাই একজন আদর্শ মানুষ হওয়ার জন্য প্রাইম ব্যাংক কলেজ অব নার্সিং এ ভর্তি হয়েছিলাম। এই কলেজের সেরা শিক্ষকদের অক্লান্ত পরিশ্রম এবং অত্যাধুনিক টেকনোলজিই আজ আমাকে ইন্টার্নশীপ না করতেই একটি বহুজাতিক কোম্পানীতে চাকুরি করার যোগ্য করে তুলেছে এবং তাদের আদর্শ মতো গড়ে উঠতে আমাকে স্টুডেন্ট অব দ্যা ইয়ার হিসেবে ঘোষিত করেছে। সত্যিই আমি প্রাইম ব্যাংক কলেজ অব নার্সিং এর কাছে কৃতজ্ঞ।

তানভিরুল ইসলাম
ইন্ডাস্ট্রিয়াল সিনিয়র ষ্টাফ নার্স

Tanvirul, a proud student of "Prime Bank College of Nursing"

"The moment I realized there was no alternative for contemporary education and an ideal man, I choose Nursing Education. In order to become an ideal man, I got enrolled in Prime Bank College of Nursing for completing my Nursing Education. Only because of the endless efforts of PBCN teachers and the sophisticated technology helped me to get a job in a Multinational Company before completing my Internship. PBCN also supported me to be an ideal person like them by declaring me as the Student of the Year. I'm really grateful to Prime Bank College of Nursing".

Tanvirul Islam
Industrial Senior Staff Nurse



HEALTH

Prime Bank Eye Hospital (PBEH)

In a country like Bangladesh, prevalence of blindness puts an additional burden to our socio-economic conditions. Blindness is one of the key areas in healthcare that needs to be addressed on a priority basis. This has profound impact on the country with huge economic loss to the country in one hand and on the other hand, dependency of this group on others for their day to day living. Compared to the magnitude of the problem, country's existing eye care facilities and services are inadequate. According to the Bangladesh National Blindness and Low Vision Survey 2001, the age standardised blindness prevalence rate is 1.53% and thus, there are approximately 675,000 blind adults (in 30 and above age group) in the country.

Cataract is the major cause of blindness in Bangladesh having 79.6%. Refractive error follows that with 7.4%. The rest 13% are due to some other causes like glaucoma, macular degeneration and posterior segment problems. In order to level out this problem the country has about 626 ophthalmologists. The population per ophthalmologist is about 240,332 and the population per eye hospital bed is 52,384. The statistics were more than enough for the Prime Bank Foundation to justify the need of attaching importance to this neglected component of health by establishing an international standard eye hospital in Bangladesh.

The concept of a comprehensive eye care service involves the components of eye health promotion and prevention of common preventable eye diseases, treatment of a range of common eye diseases. As such, Prime Bank Foundation with the technical and management assistance from Aravind Eye Care System (AECS), Tamilnadu, India has been operating its state-of-art Prime Bank Eye Hospital (PBEH) in Dhanmondi, Dhaka since January 2012. The hallmark of PBEH is quality eye care at prices that everyone can afford. Being charged by a core principle, PBEH provides services to the rich and poor alike, yet is financially self-supporting. This principle is to be achieved through high quality, high volume care and a well-placed and functional system. The elimination of avoidable blindness of Vision 2020 Initiative has provided a new impetus to the development of this concept. In one hand, the availability of basic eye care provides opportunities for those persons who are in need of those by provision and use of the services at a reasonable cost, while on the other hand it provides the opportunities of need based, highly sophisticated eye care services for the walk-in and referred patients through the same delivery facility minimising the hassles of receiving the required services. This has been possible for PBEH because of one-stop approach of eye care service delivery from the facility equipped and staffed as per international standard, which have been able to restore the eyesight of 6,913 patients.

Unfortunately, in Bangladesh, the common barriers in uptake of eye care services are something like; patients do not seek treatment because of logistical and economic constraints. Geographical isolation limits access to facilities posing a serious problem for women without sons who often cannot find an escort. Other major obstacles include: transportation costs, loss of wages as a result of accompanying family members for treatment, fears, superstitions and other socio-cultural barriers.

Consultants are Examining Patients







With a view to offering more services to a wider range of target population, in the reporting year, the PBEH's slogan of "we help blind people to see again, and prevent people from going blind wherever we can" was amplified through intensification of its marketing and promotional activities, and increasing the catchment areas through outreach programmes. Because of

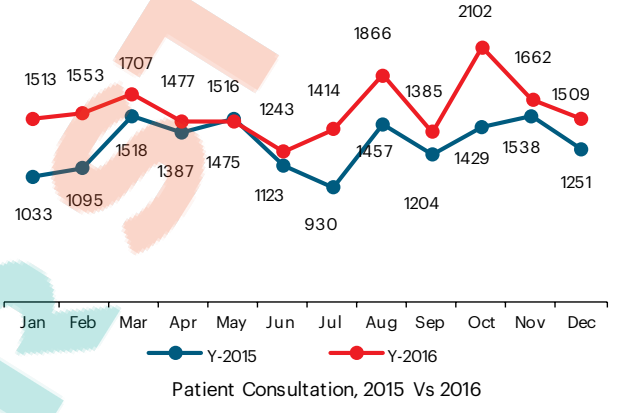
the outreach programme, 39,586 patients have been able to get treatment from this hospital. Among them, 992 patients underwent a surgery from Prime Bank Eye Hospital and fortunately got the ability to see again. The efforts and investments made in the amplification and expansion of outreach programmes started paying dividends, which have been well revealed by hospital's annual performances as shown in the following table:

Sl. #	Source of information	Y-2015	Y-2016	Growth
1	Word of Mouth	2036	7701	278%
2	Self	468	1153	146%
3	Park Camp	117	471	303%
4	Staff Relative	100	292	192%
5	PBL Staff	98	397	305%
6	PBEH Camp	51	113	122%
7	School Screening Camp	45	76	69%
8	Doctor's Referral	39	330	746%
9	NGO/Corporate Client	19	142	647%
10	Religious Referral	18	13	-28%

The patients who come for eye care treatment and surgery at "Prime Bank Eye Hospital" has been increasing significantly. As a result, PBEH has been able to witness a growing trend of patients from internal and external sources. The increased turnouts of patients compared to 2015 (22% increase) has brought a significant change in the hospital's revenue. This is the reason why the magnitude of total annual income of 108.19%, is higher than previous year.

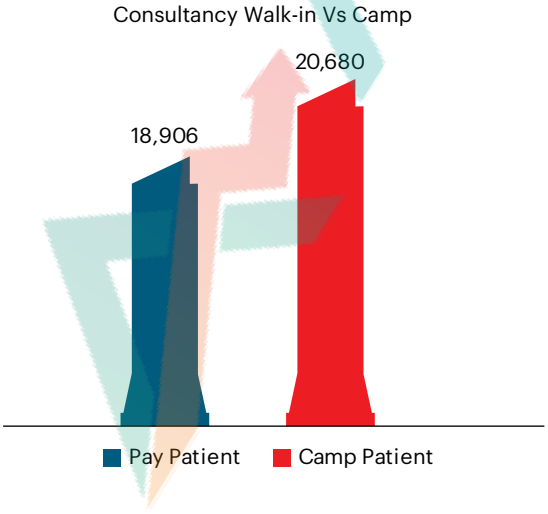
Prime Bank Foundation strongly believes in the power of partnerships and collaborative efforts and as such, in the reporting year, we have intensified our efforts to work with the NGO and the corporate sector. We through our eye hospital have started partnering with a variety of organisations who share our vision – a country where no one is needlessly blind or visually impaired. We are looking to forge relationships and create mutually beneficial strategic partnerships with organisations that share our vision and work towards the elimination of avoidable blindness. We will continue to work closely with the private sector in general and the eye care industry to identify, design and implement partnerships that leverage the strengths of the corporate sector of country's eye health. In 2016, we formalized our partnerships with 12 different organisations by signing MOU.

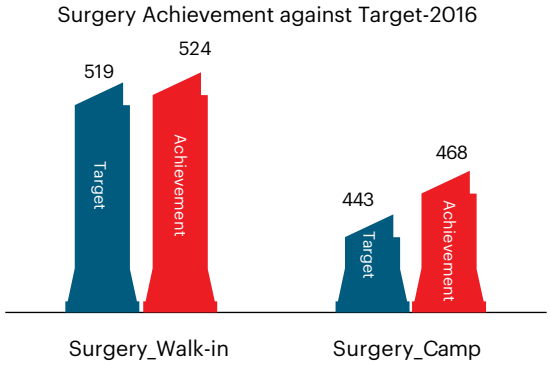
In Bangladesh, Diabetic Retinopathy has appeared as an emerging problem and is likely to get compounded by changing lifestyles and ageing of the population. The prevalence of diabetic retinopathy among the diabetic patient is about 27 percent. If the condition is diagnosed and treatment initiated early, it can prevent blindness. Available technology with laser treatment can easily help prevent this blinding disease. During the reporting year, the current capacity in the hospital to diagnose and treat diabetic retinopathy has been enhanced to deal with this huge burden. Now the hospital fully equipped and staffed by a recently trained team of Consultant and ophthalmic nurses for early detection and treatment of diabetic retinopathy and all other posterior segment eye diseases. We are now in a position to change the lives of people at risk of sight loss for the long term, not just today.



Patient Consultation, 2015 Vs 2016


Dr. San Yaat Rabbi receiving the certificate of 15 month long term fellowship on Vitreo Retina





কাহিনী - ১

Discovered the Ray of Light...

Jan Mohammad, 56 years of old, lives in Mirpur-11, Dhaka for about 40 years with his seven member family. Mr. Jan is the sole earner in his family. He started his career as a 'Barber' in Mirpur, Dhaka. After a break, he started working again at 'Nur Hair Dresser' with full enthusiasm.

According to Mr. Jan, the work of a barber is not easy. It requires creativity, concentration, and a very good vision. Mr. Jan shared, "I fulfilled all the criteria except one that is a 'Healthy Vision'. I was facing the problem of blurred vision and it caused a lot of trouble in my work. As a result, I had to stop my traditional work! Since, my expertise is on cutting hair, I couldn't find a better job for myself. It had a direct impact on my earnings. I was depressed for not being able to bear the cost of running my family's expenditure. After a few days, I met a friend of mine at Mirpur, recommended me for getting the eyecare treatment from PBEH. He was carrying a file of PBEH where the address of PBEH was mentioned. He gave me the address and suggested for an immediate appointment. In one fine morning, I set out for PBEH with a view to have an eye check up. After doctors examined my vision, I was diagnosed with "cataract", which is the foremost cause of blindness in



Bangladesh. The doctor advised me for an immediate cataract surgery from PBEH. At first, I was worried about the cost of incurring the operation. To my surprise, the doctor told me that 'there are many packages for Cataract Surgery at PBEH and I can choose any one which is suitable'. Finally, I underwent a surgery from PBEH on July 27, 2016 by the minimum package rate. Now, I can see clearly. I've again joined at 'Nur Hair Dresser' and have a decent earning source. The financial sufferings are no longer there. I and all my family members are now happy. Thanks to Prime Bank Eye Hospital (PBEH) for making me to discover the 'Ray of Light' in my life once again"!

কাহিনী - ২

A Dream of Overcoming Regret

Alhaj Engr. Sheikh Abdul Quadir has been working as a General Manager for PRAN-RFL Group since long. He leads a happy life with one daughter and a son. His son is a Computer Engineer and daughter is an MBA graduate. In the year 2014, he was identified with blurred vision problem and was receiving treatment since then. But, unfortunately, the vision problem got worse, which was alarming for Mr. Abdul Quadir. He then started looking for a suitable doctor. PRAN-RFL is a corporate partner of Prime Bank Eye Hospital (PBEH). As a corporate partner, like others, PRAN-RFL also gets the special eyecare service with a discount rate from PBEH. Under this facility, (staff of PRAN-RFL) parents/spouse/ children are also getting the same benefits from PBEH as well. In 2015, PBEH had an eye camp at PRAN Industrial Park (PIP), Ghorashal, Narsingdi where almost 2,000 PRAN-RFL staffs were examined. Alhaj Engr. Sheikh Abdul Quadir, General Manager, PRAN Production, PIP was the pioneer as a patient during that camp. Mr. Quadir was diagnosed at the eye camp by the PBEH Consultant and identified with matured cataract and was suggested for an immediate surgery at PBEH (base hospital).

Mr. Quadir shared, "I was a bit confused about the surgery. Thus, the issue got delayed and delayed.... The consequence of which was not good for me. My vision problem became worse day by day. Then I went to PBEH for an eye check-up. It was my first visit to PBEH. The interior, services and the facilities provided at PBEH attracted me. After completing the necessary registration formalities, I was then taken to a doctor for eye examination. I was amazed with the service and the approach of the doctor towards their patient. I was really pleased! Later on, based on the advice of the doctor, I decided to undergo surgery by American



IQ Alcon Lens. My surgery was done on July 27, 2016 with the same lens. Now I can see as crystal clear like my childhood. It is a great feeling! I would like to give a special thanks to Prime Bank Eye Hospital for their extraordinary service. I would also like to suggest all other eye patients to take service from PBEH for a better treatment".

PBEH's motto is to provide quality eyecare service to all groups of eye patient with an affordable cost. PBEH carefully follows the WHO standard and is willing to be a proud member of Vision-2020. Keeping this in mind, PBEH is continually moving forward. Thus, patients of all classes like Alhaj Engr. Sheikh Abdul Quadir, GM, PRAN-RFl & Jan Mohammad, Barber, are coming to PBEH with full conviction for receiving eyecare services.

প্রাইম ব্যাংক আই হসপিটাল
প্রাইম ব্যাংকের একটি জনকল্যানমূলক প্রতিষ্ঠান

CSR Contribution Conducted Directly by Prime Bank during the Period Jan-Dec, 2016

Health:

- Donation to Jahirul Haque for his daughter's treatment
- Donation to Md. Shaheb Ali for his treatment
- Donation to Khulna Child Hospital
- Donation to Holy Family Red Crescent Medical College Hospital
- Donation to Bangladesh Thalassaemia Hospital

Sports:

- Contributing BCB for promoting School Cricket around the Country
- Sponsorship to Chittagong Club Limited for organizing a Friendship Tournament-2016

Arts & Culture:

- Sponsorship for 11th National Children Art Competition and Exhibition organized by Zainul Abedin Art School
- Sponsorship for 6th Bangladesh Book Fair Kolkata-2016
- Sponsorship to Bottala for organizing a 10 day long theatre festival of New Plays of 2015-2016

Disaster Management:

- Donation to the Prime Minister's Relief Fund
- Donation to Jessore Red Crescent Unit for helping flood affected people

STRATEGIC GOALS

Make education more accessible to the target population we work for — Goal-1

- Education is the most significant part in order to alleviate poverty and ensure growth.
- Prime Bank Foundation's scholarship programme has been able to reach out to the poor but meritorious students from all sixty four districts of the country. Education Support Programme (ESP) is successful in bringing change to the society in an individual's life. With ESP's support, students who graduated on time are now employed in a respectable position and a proud member of the society.
- Prime Bank English Medium School is unique from its inception since it has been able to give a student the learning of moral development. As a result, these students have a positive perception towards life.
- Prime Bank College of Nursing also has been able to see the change in the lives of the individuals who chose the nursing profession and now they are employed in renowned hospitals in Bangladesh.

Make health more accessible to the target population we work for — Goal-2

- Prime Bank Eye Hospital reaches out to both the rich and the poor at the same time. Here cost is not an issue when it comes to treating a patient.

Build a strong and dynamic organisation, capable of facilitating effective education, eye and other components of the health programme — Goal-3

- Our capacity development venture is envisioned to establish learning processes and methodically systematize information flow, experiences, best approach and lessons learned at project level and the organisation we work with.
- We aim to institutionalize the values of being a responsible corporate citizen into the way of doing business and to professionalize the practice of CSR.
- Monitor measure and report on the impact of the work that we do.
- Implemented information sharing and communication systems to lead our people and programmes.
- Increased efficiency in managing organisational resources.
- Continued building capacity of project staff and systems to support our target people.

PRIME BANK
CRICKET CLUB

In conjunction with the health and education sectors, Prime Bank Foundation believes that sport also makes important contribution towards national development and adds value in enhancing the country's image to the international arena. Sport being extremely popular in all the strata of the country's population doesn't not only act as a source of amusement, it is equally important for both physical and mental health and character development of our nation. From a very wide range of sports, Prime Bank has chosen to focus on cricket because of its very high popularity and potentials to enable Bangladesh to maintain a worldwide identity as one of the important cricket playing nations. Thus, as an active corporate citizen, Prime Bank has taken up the lead role in promoting cricket through consistent patronage.

Prime Bank Cricket Club (PBCC) began its journey in November 2011 by acquiring a club of Dhaka Premier Division and eventually by playing its first match of the Dhaka Premier Division League on May 14, 2012. Since then it has evolved as one of the best cricket clubs of the country, securing championships in key tournaments of domestic cricket within a short span of time. PBCC was established in the hope of offering players a chance to experience the life of professional cricket and to improve their skills, while providing an opportunity for local young players a chance to experience the international taste. The club has achieved considerable success within a short span of time through high professionalism and efficient management which are the hallmarks of a successful cricket club. Hope PBCC has been able to prove itself as a gateway for the upcoming and talented root-level players to nurture themselves not only as a player, but also as an individual with intellectual growth to meet the ever changes and demands of the cricketing world.

Another important area of crickets that PBCC has been focusing on is to bring about qualitative improvement in the domestic cricket arena while building a permanent platform through an infrastructure for grooming talents for the future. As such, it has decided to promote School Cricket sponsoring Prime Bank Young Tiger's School Cricket Tournament for the next six years, starting from 2016 in partnership with BCB in the hope that such efforts will prove beneficial for the cause of cricket. Subsequent plans involve the development of an integrated cricket development programme which will be instrumental in building a pathway for continued sporty progress for promising talents.

In the year 2016, PBCC continued to keep its position as one of the clubs of super league of Dhaka Premier League (DPL). The national star players like Sabbir Rahman, Shuvagata Hom, Mehedi Hasan and Rubel Hossain were in the team for the DPL. In 2016, PBCC also participated in Bangladesh Cricket League.



PBCC players giving their best in the last match of the season against the Giant Abahani!



Our new member in the PBCC family, Mr. Khaled Masud Pilot, new Head Coach of Prime Bank Cricket Club

GREEN BANKING **REPORT**

Green banking refers to operating banking activities in such a manner that adequate attention is allocated to the social, ecological and environmental issues and in the process nature and its resources are conserved for the future generations. As an intermediary and facilitator of industrialization, banks can play a pivotal role by convincing the business entities for adopting environment-friendly practices and in the process reducing carbon Foot Print in the banking activities and their financed projects.

Bangladesh Bank's initiatives

The Sustainable Finance Department of Bangladesh Bank has been engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards. Policy guidelines and work plans for the banks and FIs have been put into effect by the central bank which encompasses Policy formulation and governance, incorporation of environmental risks into CRM (credit risk management), in-house environmental management, introduction of sector-specific green finance, creation of climate risk fund, capacity building through training and awareness along with mandatory periodical reporting on green banking practices.

With a view to incorporating sustainability in the financial sector; Bangladesh Bank undertook its first initiative in the year 2011 by introducing Green Banking Policy Guideline for the Banks (vide BRPD Circular No. 02 dated February 27, 2011) and later in the year 2013 it was made mandatory for the FIs (vide GBCSRD Circular no. 04, dated August 11, 2013). In the said policy guidelines, Bangladesh Bank instructed the Banks and FIs to formulate Green Banking Policy and establish a separate Green Banking Unit/Cell with the objective to evaluate and manage the activities related to Green Banking. Afterwards, Bangladesh Bank vide GBCSRD Circular No. 08 dated December 24, 2013 instructed Banks to assign Risk Management Committee of the Board of Directors to supervise overall Green Banking activities of the Bank.

Subsequently, Government of Bangladesh also took initiatives with the objective of implementing the Sustainable Development Goals (SDG) at national level to comply with the United Nations efforts to implement the same globally. In line with the objectives, Honorable Prime Minister of Bangladesh also appealed to all concerned to join the movement in order to accomplish the SDG. In this connection Bangladesh Bank also instructed the Banks & FIs vide SFD Circular No. 02 dated 1st December, 2016 for the followings:

i. Establish a Sustainable Finance Unit under CRM Division

ii. Establish a Sustainable Finance Committee chaired by senior most Deputy Managing Director.

iii. Formulate Terms of Reference (TOR) as per guidelines set by Bangladesh Bank for the Sustainable Finance Unit and Sustainable Finance Committee in the Bank.

iv. Make Risk Management Committee (RMC) of the Board of Directors responsible for undertaking required measures for formulation of policies, setting strategies and programs and monitoring the overall activities related to Sustainable Banking and Sustainable Finance (Green Banking & CSR) programs.

As a regulator of the Banking business and activities, Bangladesh Bank introduced Environmental Risk Management (ERM) framework for banks and FIs in 2011. The framework includes environmental risk factors for ensuring sustainable development and protection of the surroundings from further deterioration. ERM aims at ensuring habitable environment and reducing climate effects.

To promote Green Banking, Bangladesh Bank has declared the following preferential treatments for the compliant banks:

- Points to be awarded on 'management' component while computing CAMELS rating of the concerned Bank;
- Top 10 (ten) Banks' name will be hosted in the Bangladesh Bank website.
- Separate consideration while according permission for opening new Branches of the Bank.

Bangladesh Bank also, vide GBCSRD Circular No. 04 dated September 04, 2014 instructed all scheduled banks to allocate 5% of its funding for Direct Green Finance to reap refinancing benefit against the 50 (Fifty) products/scheme declared by it.

Prime Bank's commitment

Prime Bank believes in eco-friendly and socially responsible banking system that drives the whole nation towards a healthy environment and presents an excellent opportunity for future. In order to protect/and maintain environmental balance , Bank is spreading its wings by introducing both in-house & external Green activities for supporting the Green Economy.

Green Banking Policy:

In line with the Circular No.02 dated February 27, 2011 of Banking Regulations & Policy Department, Bangladesh Bank; Prime Bank Limited outlined a comprehensive Green Banking Policy for implementing Green Banking activities. During the year 2014-15, revised Green Banking Policy was approved by the Board at the recommendation of the Risk Management Committee.

Green Office Guide:

As part of Bank's continuous effort for upholding Green Banking initiatives, Bank developed Green Office Guide version- II to facilitate Green Banking objectives of the Bank. The modified Green Office Guide comes with pictorial demonstration for better understanding of the readers.

Incorporation of Environmental Risk in Credit Risk Management:

Prime Bank recognizes that its financing decisions have potential impact on people and the environment as such, it incorporated the Environmental Risk components in the Policy on Credit Risk Management as part of environmental due diligence. Incorporation of environmental assessment of the borrowers has improved CRM principles significantly as a longstanding commitment to manage environmental risks associated with commercial lending.

The number of projects eligible for Environmental Due Diligence (EDD) and Projects being rated (i.e. Environmental Risk Rating - Env RR) has been increasing appreciably over the time. Environmental risk rating is an integral part of the credit appraisal process. The prudent Credit Risk Management team has put up an efficient end to end process for the appraisal of the potential borrowers. Bangladesh Bank vides ERM Guideline stated that Environmental risk rating is to be done for all individual customers (corporate, institutional, personal, small and medium enterprise) whose aggregate facilities are above the following financing thresholds:

- Small and Medium Enterprises (SMEs) financing > BDT 2.5 million
- Corporate financing > BDT 10 million
- Real estate financing > BDT 10 million.

In 2016, 367 borrowers have been rated on the environmental risks and as a matter of policy, all the eligible corporate and SME clients fall under the purview of such rating.

Environmental and Social Risk Management:

The bank formed ESMS implementation team (representatives from different divisions) to develop & review Environmental & Social Risk Management Policies & Procedures. The E&S Risk Management Policy Statement has been approved by the Board in the 453rd Board Meeting dated 25 September 2016. As the next course of action, preparation of detailed E&S procedure manual is under process by the consultant under the guidance of the Managers. Through the manual, checklist and sector wise guidelines based on Bangladesh Bank directives and international best practices will be addressed.

Major In house Green Banking Initiatives:

Keeping in mind the urgency of reducing paper usage which indirectly helps save natural resources, bank is aligned with Green Banking values. Here are some initiatives that bank has already taken with a view to practicing Green Management in the offices in the form of efficient use of resources, reduction of wastage and saving energy are few towards improvement of work environment. Some major in-house Environmental Management initiatives of the bank are furnished below:

- **Solid waste management:** 3R approach (Reduce, Reuse and Recycle) has been advised for lowering solid waste.
- **Energy & water management:** The Bank has advised the officials to adopt energy and water efficient practices. The officers have been advised to ensure efficient use of gas, fuel, electricity and water with a view to reducing carbon emission. Energy saving Bulbs (T5 Lights) has been already introduced in the offices to minimize electricity consumption and environmental impacts.
- **Paper Consumption Management:** Green Printing Guideline is an integral part of Green Office Guideline. Internal communications are done through emails. All staffs have dedicated email IDs for office use. Customer communications are being done through emails, SMS or ATM displays. Use of one side used papers for note pad has become usual practice in the workplace. One side used papers are also used for printing draft copies of the office assignments. All divisions and branches have been instructed to maintain stock in & out register to prevent misuse of papers.
- In addition, all Board & Committee Meeting Agenda are printed on either side of the paper. Agenda and compliance Management software has been introduced and the Directors are encouraged to use Lap Tops/I-PADs etc. in the Board Room for review and decision on the Agenda instead of Hard Copies.
- **Renewable Energy Usage:** Up to year 2016, the Bank has installed solar panels at 29 branches as well as at 13 ATM booths and SME unit offices as part of its commitment to usage of renewable energy resources.
- **Green Travel:** Prime Bank always encourages the officials to consider the following green approaches while travelling:

i. Encourage employees to use Public Transport/ Carpool Program.

ii. Encourage employees to use eco-friendly energy for private vehicles.

Online and Internet banking:

Online banking system is a great way to reduce paper consumption. Prime Bank has been one of the pioneers in introducing online Banking and it covers 146 branches. All the 146 branches of the Bank are providing online banking facilities through its core banking system namely "Temenos T24". Fund Transfer to Other bank's Accounts through BEFTN has been made available through Online Banking for the Customers. As a result, customers can execute fund transfer through paperless and automated Online Banking over internet to any other account in Bangladesh.

Prime Bank has also offered a safe and convenient Internet Banking, which is accessible 24/7. By using real-time internet banking our customers can avail the services like Balance enquiry, View account statement, View loans & deposit of their own, Fund Transfer & Credit Card Payment both in-house and with other banks, and Utility Bill Payments etc.

Automated Teller Machine (ATM)

In addition to the Bank's own 168 ATMs, the Bank has joined National Payment Switch Bangladesh (NPSB) network during the year 2014, which enabled the Debit Cardholders of the Bank to enjoy cash withdrawal facility from other bank ATMs under NPSB Network. Prime Bank has used the BACH and BEFTN mechanism for convenient payment activities which to a great extent supports the concept of green banking.

SMS banking:

Prime Bank brings SMS Banking services to ensure instant access to ones account information at any time. Any mobile phone user having account with Prime Bank can get the services through the mobile phone upon registration. By using SMS banking our customers can avail the services like Balance Enquiry, Mini Statement, Exchange Rate, PIN Change etc.

Biometric Smart Cards:

Prime Bank in collaboration with Dipon Consultancy Services introduced Biometric Smart Card based alternate banking services in the brand name "Prime Cash" for the un-banked rural and urban people to address their banking and payment needs. Prime Cash offers day long banking hours (12 hours) through Prime Cash Service Point which has countrywide network. Most importantly, it provides fast, safe and simple mechanism for the un-banked population across the country including all municipalities and upazilas. The services that can be availed through Prime Cash are Account Opening, Deposit, Withdrawal, Local Money Transfer, Inward Foreign Remittance, DPS, Prime Bank ATM Facility, Mobile Recharge, Salary Disbursement, Balance Inquiry, and Mini Statement.

Cash Back:

Cash Back Service allows debit cardholders of the Bank to meet instant requirement of cash through POS terminals of selected merchant points while shopping. Cash Back service meets instant requirement of cash which ultimately increase customer's satisfaction.

Capacity Building initiatives:

For continuous capacity building of the human resource, all the foundation training courses organized by the HR-Training & Development Center have dedicated session to familiarize the participant with the concept of Green Banking & Environmental Risk Management Guidelines. Moreover, existing employees are encouraged to undertake an E-Learning Course namely "Managing Environmental and Social Performance" offered by IFC to enhance their knowledge base. In 2016, approximately 385 employees have been enlightened with sessions on green banking. Furthermore, Bank nominated its officials for various external workshop/training/seminar related to green banking organized by different external bodies.

Green Events:

Prime Bank observed World Environment Day on June 05 by planting trees all over the country. To mark the occasion, the Bank published an advertisement in the leading news papers. Moreover, an awareness message was circulated to all the employees of the bank to observe World Earth Day on April 22, 2016.

Green Marketing:

As part of Green Marketing, bank has been advocating for mandatory use of jute in product packaging and also communicating offers and information related to Credit Cards or products or services through SMS, Face Book etc.



Financing Green projects:

Green financing could be one of the suitable opportunities to diversify bank's businesses. It is also sensible initiative to keep our environment better. Prime Bank is committed to promote sustainable growth in the economy. We have launched 50 lending products to support green initiatives. During 2016, the Bank has financed an amount of BDT 3631.5 million in 17 projects having ETP. To explore new ventures in environment friendly projects, the Bank has conducted several field visits, meetings with the existing and prospective entrepreneurs, consultants and Central Bank officials. The outcome is positive and we aspire to see the fruition of this endeavor.

Disclosure and Reporting of Green Banking Activities:

Prime Bank has been reporting its Green Banking Activities to Bangladesh Bank on quarterly basis since 2011. In view to highlighting Green Banking activities and creating awareness amongst the stakeholders, a separate section has been incorporated in the Annual Report. Moreover, there is a detail section namely "Sustainable Finance" in Bank's official website for disclosing our Green Banking activities.

Management Approach towards Green Banking:

Bank has been continuously upholding Green Banking principles as the fundamental base for reduction of carbon footprint impacts. It has been vigorously supporting the requirement for sustainable Green Financing. It adopts processes to assess environmental and social risks arising from its clients' business activities in an effort to reduce carbon foot print on the environment in compliance with the Environmental Conservation Rules (ECR) 1997 and Environmental Risk Management (ERM) Guidelines of Bangladesh Bank.

Way Forward:

Prime Bank is committed to building a sustainable business environment for the country that brings benefit to the society, its inhabitant and the economy. Some future planning regarding Green Banking is:

i. Increase both Direct and Indirect Green Financing. Special emphasizes to be given on Bangladesh Bank's listed 50 Green Finance products and banks own upcoming Green Finance products.

ii. Creating Climate Risk Fund for supporting the environmental disaster like flood, cyclone. Prime Bank shall finance in the affected areas at the regular interest rate without charging additional risk premium. Regular financing flows shall also be ensured in these vulnerable areas and sectors.

iii. Organize Green Events like observing World Earth Day, World Environment Day etc. in befitting manner for awareness and compliance.

iv. Introduction/addition of more Alternative Delivery Channel products and services.

v. Bringing remote branches under the umbrella of on line services and contacts through Video Conferencing rather than undertaking physical visits.

vi. Emphasize on increased usage of alternate available energy sources.

vii. Continuously monitor through inventories and records of the consumables like water, paper, electricity, gas, fuel etc. to reduce consumption in an effort to protect environment.

viii. Arranging regular Training/Workshop, Seminars related to Green Banking activities and products for the employees and the entrepreneurs.

AMARSTOCK

ENVIRONMENT & **SOCIAL INITIATIVES**

Our vision reflects our conviction that to be successful we must be trusted; corporate responsibility is essential to our efforts to win and maintain the trust of our stakeholders. Its ten principles underline our determination to do business with integrity: serving our stakeholders diligently while supporting our communities and respecting the environment. In 2016, we brought this determination to life in a number of ways. Effective governance and control frameworks are essential in doing business with integrity. During 2016 Prime Bank simplified its business divisions to align these more closely to our four main client groups – C&IB, Commercial, MSME and Consumer clients. We strengthened our corporate governance, implementing more stringent client adoption and "Know Your Client" procedures to ensure that the new business we accept matches our criteria. The Bank is also discontinuing some client relationships, which have a higher risk profile. We increased the resources we devote to combating financial crime, increasing our anti-financial crime staff. In the past year we also stepped up efforts to resolve our outstanding legal and regulatory issues. We believe that only by building teams of people with different backgrounds, educational achievements, skills, and experiences can create the type of value we need across the bank. We seek to nurture environments where we welcome different ways of thinking about our challenges. As one of the renowned private commercial Bank in the country our belief and trust always centered on the corporate sustainability through various standard measures which are as follows:

Sustainable operations:

Some initiatives include:

- Becoming carbon neutral relative to energy consumption and transportation emissions – worldwide.
- Purchasing green power.
- Setting up new systems to encourage the reuse of surplus office equipment and furniture.
- Making choices to reduce the amount of paper used in bank operations and choosing post-consumer recycled paper more often.
- Reducing energy consumption in branches and offices by using programmable thermostats, economizing heating and air conditioning systems and energy-efficient lighting systems.

Sustainable lending:

Here are some other innovations in sustainable lending:

- Developing guidelines for transactions that have implications for Green-based diversity.
- Working with clients to minimize the climate change effects of their operations.
- Partnering with sustainable industries to enhance Bangladesh's green economy.

Green products and services:

- Here are just a few of the options customers have when it comes to sustainable banking:
- Easy automatic payments reduce the need to write and send cheques by mail.
- Paperless statements, bills and annual reports.
- Offering a special line of credit to help homeowners invest in energy-efficiency upgrades for their home.
- Offer credit cards co-branded with environmental charities.

With a view to taking care of the environment we have been following some unique principles in our business:

Our business model:

Our business model is based on a strong partnership with our clients, a large countrywide network, the know-how and skills of our employees, and a broad range of banking products and services. These include commercial and investment banking, retail banking, transaction banking, and Asset Management and Wealth Management to corporations, governments, institutional investors, small and medium-sized businesses, and private clients. We help to circulate money, enable access to financial capital, and manage assets and risk. We employed more than 2,800 people and contributed to society as a financial intermediary, taxpayer, and through our foundations and corporate citizenship initiatives. In doing so, we are playing our part in tackling global environmental and social challenges such as the transition to a low-carbon economy and realizing the UN Sustainable development goal.

Our materiality assessment:

In order to focus our efforts on the areas that matter most of our internal and external stakeholders, we assess the issues material to our business. These non-financial drivers, or material issues, are those that may have a direct or indirect material impact on Prime Bank's ability to create, preserve, or reduce economic, environmental, and social value for itself, its stakeholders and society—now and in the future.

Global change affecting our operating environment:

As a global business, the issues that we define as material are shaped by global economic, social, and environmental trends, as well as stakeholder expectations. We look for the opportunities in these changes while mitigating risk to the business. In 2016, we continued to respond to a range of factors that have had a profound impact on our business. These included continued high volatility in capital markets, an interest rate environment which remained at a historic low, and a challenging regulatory environment in the financial sector. As the world continues to become ever-more digital, greater opportunities are emerging to

offer a more seamless customer experience. However, this also presents risks to customer privacy and cyber security.

Our approach to corporate responsibility:

Our approach to corporate responsibility (CR) focuses on the three dimensions of sustainability to create economic, environmental, and social value. It aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility. We aim for transparency, seize new business opportunities arising from global trends such as climate change, and mitigating environmental and social risks arising from our core business. In addition, we manage our business operations sustainably, for example, by reducing CO2 -emissions and committing us to carbon neutrality. We embrace our responsibility as a corporate citizen. We act to enable communities and economies to prosper. We support education projects that empower the next generation to achieve their full potential, and help to remove social and economic barriers that hold them back. We assist enterprises that help drive positive change in society to get off the ground and reach their next level. And we contribute to stronger and more inclusive communities through local provision for key concerns, and by enriching the cultural landscape.

AMARSTOCK

INTEGRATED **REPORTING**

Integrated Reporting -
Statement of Value Added and its Distribution -
Economic Value Added Statement -
Market Value Added Statement -



MARSTON

INTEGRATED **REPORTING**

Establishing a correlation between a Bank's business activities and the impact on Society in terms of 'value added' is, by its nature, very challenging. Integrated Reporting primarily focus on this correlation and communicate stakeholders of a Bank about the effect of banking activities on social and relationship capital. It promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to learn about a more efficient and productive outcome achieved by a Bank in terms of social & relationship capital.

In the wake of financial crisis, Banks have come under scrutiny for being exclusively profit focused and not serving a socially beneficial role in society. To address this perception Banks are now more explicitly demonstrating their beneficial impact on society. When a Bank carries out its business of extending loans, it has powerful impact on the economy. Lending of a Bank will impact the financial resources available to a society for economic prosperity. Additionally, lending to small & medium enterprises (SMEs) or low income earners has a significant effect on the 'value chain' as creating 'job' and 'knowledge' in the lower segments of the society.

The activity of a Bank can affect all types of capital. Other than financial capital, the elements of capital most impacted are 'its reputation' and 'social license to operate'. These are elements of social and relationship capital that the Bank's activities help preserve, enhance, reduce or even destroy. Like many other capitals, changes in social and relationship capital may ultimately affect financial capital. The correlation between the Bank's activities and the resulting financial impact will possibly depend on the Bank's business model and purpose behind its activities. It also seeks to explain how the Bank interacts with the external environment and the capitals to create value over short, medium and long term.

Prime bank is committed to the principles of integrated reporting as it supports to our thinking and approach to long-term value creation and the role we play as a Bank in society for enhancing our social and relationship capital. Integrated reporting allows us to tell stakeholders a clear and comprehensive story about our commitment for value creation and provides details of our successes and challenges in real scenario as well as our strategies and targets for going towards long term sustainability.

In case of preparing this Integrated Reporting, all criteria mentioned in the framework issued by the 'International Integrated Reporting Council (IIRC)' and the guidelines issued by the 'Institute of Chartered Accountants of Bangladesh (ICAB)' have been followed properly. We have presented information which is relevant to our key stakeholders, including our employees, regulators, clients and communities to learn about 'value creation' through our banking activities. We have also tried to embed most of the guiding principles and fundamental concepts contained in the framework to best serve the information needs of our stakeholders.

Ahmed Kamal Khan Chowdhury
Managing Director

AMARBOI.COM

Competitive intensity and our response

A detailed analysis of the competitive intensity PBL faces while conducting business in country's vibrant banking industry and PBL responses to absorb the shock of these risks on its business model have been considered relevant in providing information to our stakeholders. Our endeavor to manage the risks as those cannot be eliminated totally. We have done it through illustrating our risks structure by using Michael Porter's five forces model.

Threat of new entrants

Despite the regulatory and capital requirements of starting a new bank, a number of new banks have entered in the market. With so many new banks in the market is obvious to intensify the competition and the possibility of new entrants will intensify it further.

Buyer power

Corporate and high net worth individual clients have relatively greater bargaining power. Individual consumers, especially in the retail banking marketplace, have relatively little bargaining power. However, in the aggregate, the bargaining power of consumers is greater.

Supplier power

The two main suppliers for a bank are the depositors who supply the primary resource of capital and employees who supply the resource of work. The power of the suppliers is largely based on the market, their power is often considered to fluctuate between low to medium.

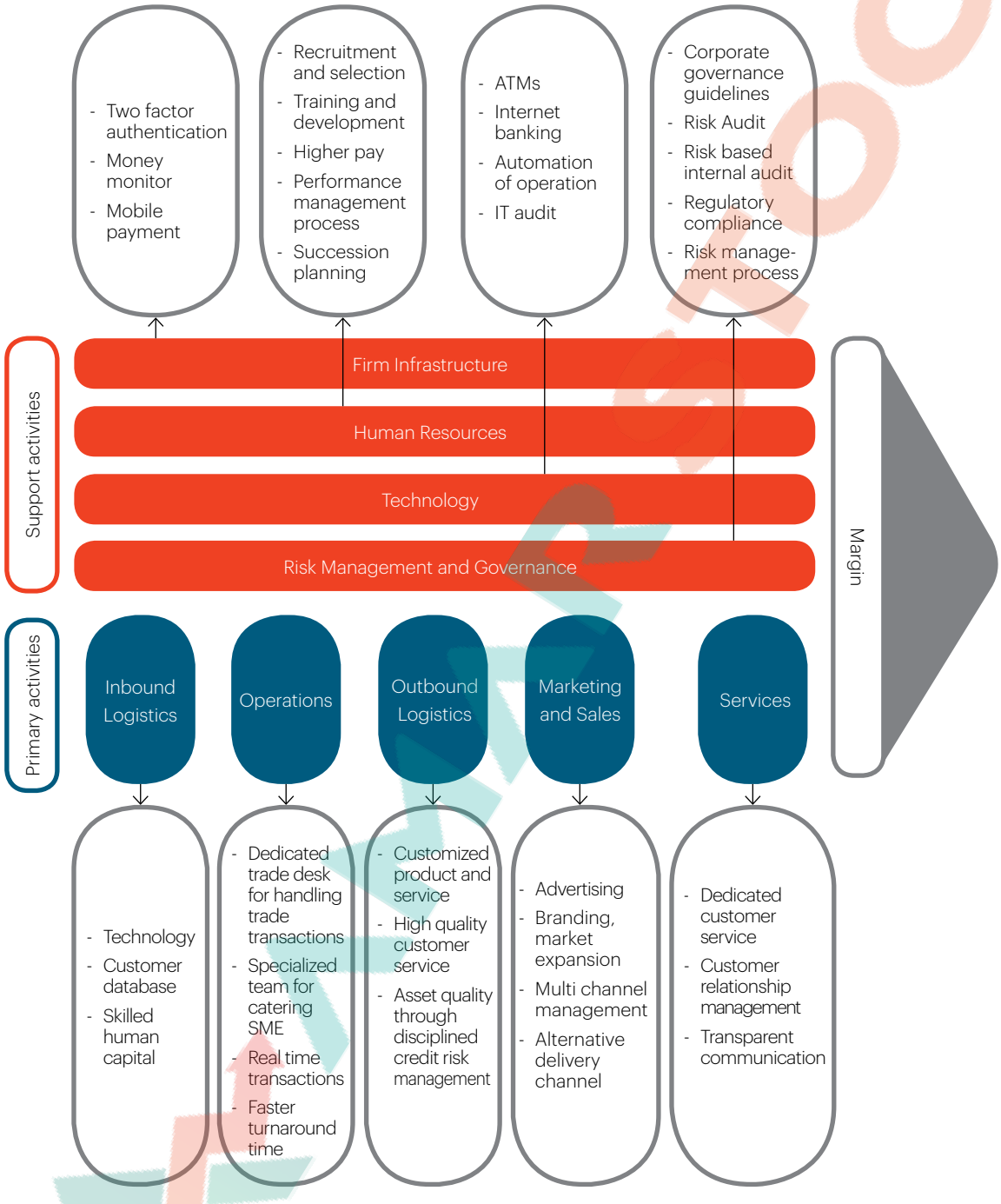
Threat of substitute product

In addition to the threat from the new entrants, PBL is also exposed to competition from the other financial intermediaries offering substitute products. These include the non-banking finance companies and the new entrants as well as the substitute products are adding on to the already existing competition from the present players.

Competitive rivalry

The banking industry of Bangladesh is considered highly competitive. Because of this, PBL must attempt to attract clients by offering cutting-edge services, higher rates, investment services, and greater conveniences compared to its rivals. The banking competition is often a race to determine whether PBL can offer both the best and fastest services.

VALUE CHAIN OF PBL



PESTEL Analysis

Macroeconomic factors	Impact on industry	Our Front
P-Political factors		
Political stability is continuing in the country. However, political turmoil has been observed in the past couple of years.	In the period of political turmoil most of the businessmen stopped investment and which they have resumed. Most of the businesses have suffered losses due to political instability which played a significant role in the increase of NPL- most concerning issue of the banking sector.	Increase in NPL mainly due to political situation which is currently stable. Most of the businesses have resumed investment and the situation is going towards better. It is expected that NPL will decrease if political stability lingers.
Government has set the strategy to create a stable environment where businessmen can do their business without any interruption.		
E-Economic factors		
Lending and inflation rate both have declined during the year.	The spread has decreased affecting interest income significantly.	PBL attracted low cost or no cost funds and decreased the lending rate which is expected to help retain existing as well as attract potential customers.
In 2016, GDP growth hit 7.11% which is the highest in the history of Bangladesh. Government targets economic growth of 7.2 percent for fiscal year 2017, with BB forecasting growth of 7.1-7.3 percent well above the World Bank's 6.3 percent the International Monetary Fund's forecast of 6.9 percent in 2017.	Surplus liquidity in the banking sector has become a major concern as it signifies lower lending for growth-enhancing investments. Private sector credit growth slightly increased though it was not at expected level and it is expected that this will increase further in the periods ahead. Foreign loan has been taken by some of the local organizations due to the lower interest rate.	PBL has been working at high scale to increase its loan portfolios in agriculture and SME for several years which will continue during the upcoming years. PBL is prepared to take up the opportunities which will lead to growth of private sector investment.
S-Social Factors		
The country has welcomed its promotion from a low income country (LIC) to a lower middle income country (LMIC). The life styles of the citizens have changed due to advancement of information technology which has facilitated gathering of information in no time.	Banks analyze the demands of customers in different ways as customers lifestyle has changed. Information providing sources have changed and qualities of services have improved due increased awareness of the customers. Differentiation is as such the key driver for sustainability in the market.	Per capita income in December'2016 was $1466 which made a positive impact on the banking sector. Life style of people has improved and this has led to opening of new windows of financing and PBL is ready to capitalize it through its superior products and services.
T-Technological		
Technological improvement has been immense due to government investment on large scale to lay down robust IT infrastructure in the country. Customers are using internet to get the banking services without physically coming to the branches. They are conscious about the services and are able to compare the services extended by the banks.	Banks need further investment and improve operational efficiency to meet up the demand of the customers following the regulatory directives/guidelines..	PBL is ready to invest further to make infrastructure development in 2017 and accordingly allocated a budget for investing BDT 86 core in the IT Infrastructure for 2017. PBL has already taken up-gradation project of its core banking system, Temonos version-R16, which would further strength its processes and give opportunities for further growth with proper control in place.

E-Environmental		
The environment and climate change affects human existence and is a global concern now. The world is more conscious about green and environmentally sustainable banking. Sustainable finance is also highly appreciated by the community.	A separate department namely sustainable finance department has been opened by Bangladesh Bank which is engaging and encouraging all banks and FIs to step-up their green banking initiative and standards. Regulatory monitoring has been increased on green financing. Central Bank also introduced green baking policy for all banks.	PBL has outlined a comprehensive green banking policy for implementing green banking activities. PBL has also incorporated the environmental risk management policy in its credit risk management policy as a part of environmental due diligence.
L-Legal		
Banking sector are faced with stringent laws and regulations set by regulators.	Increase in regulatory demand placing greater pressure on employees and increasing the cost of compliance.	PBL has already developed a good image for compliance issues. PBL imparts training to the employees, inform the customers about the new rules and regulations to ensure requirement of compliance.

SWOT ANALYSIS

S- STRENGTH

Strengths	Strengthening our bank further
Strong capital base	Strong ability for playing significant role on growth platform
Strong brand among local banks	keep up our efforts to boost up the goodwill for creating good image
Highly qualified and experienced employees	Invest in people as they are the prime assets of the bank
Customized products and services and high level of customer service	Continue market research to innovate new product and service line
Credit portfolio is diversified by multiple criteria and categories	Maintain the diversification to minimize the credit risk
Proper asset liability management	Keep continuing best class practice
Advance risk management and pricing systems	Continue proactive initiative to manage the risk
Transparent structure, high degree of flexibility and fast decisions	Invest in process and technology to improve the decision making
Conventional and sustainable business policy	Continue strong monitoring and response in time to cope up the changes
Rigorous regulatory adherence	Comply the regulatory rules and regulations for the betterment of the bank
World class banking software	Obtain the best benefits for our sustainable growth
Excellent job environment	Continue to uphold the pleasant environment where an employee can perform without any fear

W- WEAKNESS

Weaknesses	Dealing our weaknesses
Higher liquidity	Expend the product line, Creating new market
Dependency on interest income from loan and advance as a key source of income	Diversify the portfolio, innovate the new products and services in line with the demand of customers

O- OPPORTUNITY

Opportunities	Capitalizing on Opportunities
Unique culture and competitive positioning in the market continue to attract top talent	Talented employees will play strong role with the current talented employees
Building new client relationships	Opportunity to expand the business
Several new initiatives introduced to increase the product portfolio and enhance cross-selling	Customers will attract for others products and services
Growing economy	Opportunity to expand the loans and advances

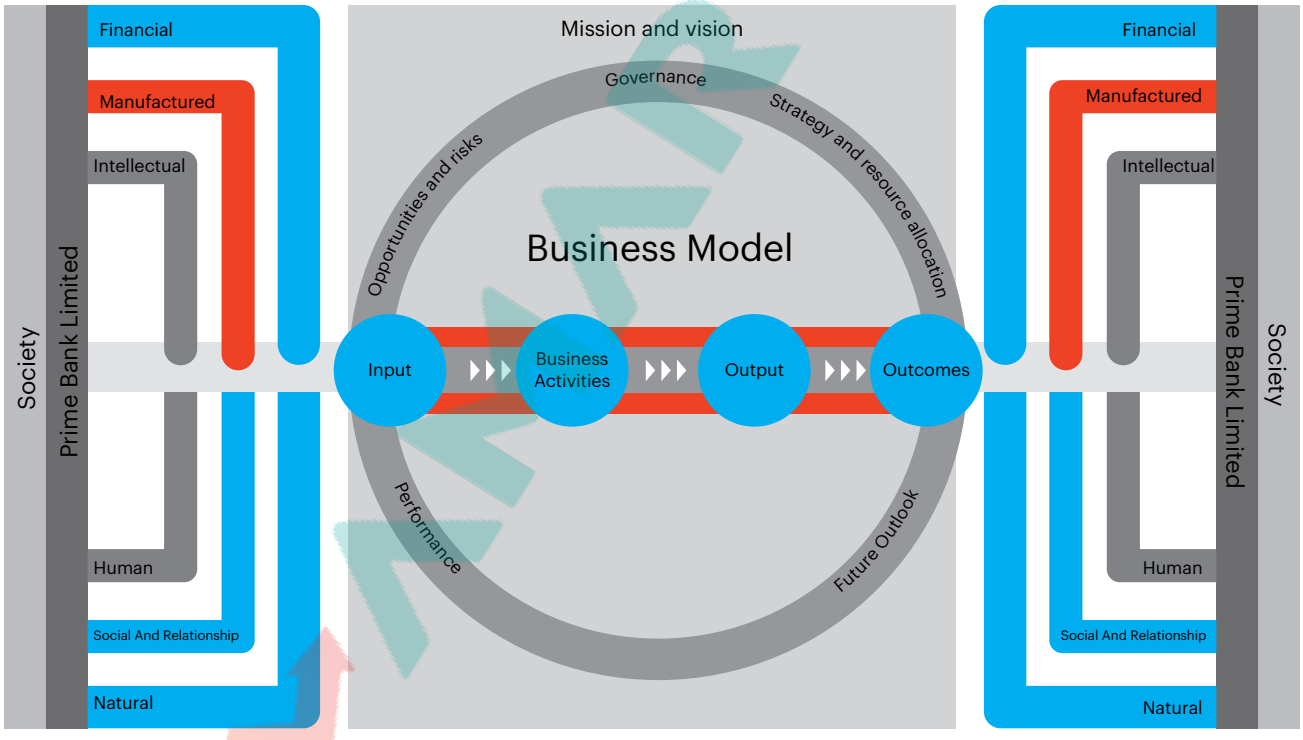
T- THREAT

Threats	Responding to threats
Client losses from aggressive competitor actions	Providing top class services to all customers
Liquidity surplus and downgrade of investment opportunities driving banking sector participants towards unhealthy price wars to grab the best customers	Creating new loan market, Select customers very carefully, Attract new customers by offering differentiated products and services
The increase in regulatory demand placing greater pressure on employees and increasing the cost of compliance	Train employees properly, Educate the customers, Change the system to cope up the changes
Scarce skills representing challenges for new appointments and potential loss of key employee to peers	Make the succession plan for the key positions

OUR VALUE-CREATING BUSINESS MODEL
(VALUE ADDED BY PRIME BANK LIMITED)

Prime Bank offers an integrated set of products and services across retail banking, commercial banking, corporate & institutional banking, MSME, green banking & agricultural finance, structured finance and wealth management. We serve individuals, small & large businesses, corporations, institutions and governments. Prime Bank seeks to satisfy the needs of our customers and clients by offering a well-rounded value proposition- a wide range of products and services- and thereby deliver a smoother income stream and sustainable returns. We have a business model that sits at the heart of our Bank to target all the segments of the society in a profitable way. Outcomes are generally reflected in financial capital as well as social & relationship capital to reveal a positive growth towards sustainability. A portion of Bank's operating profit is spent every year for performing social responsibilities which has a positive impact on social capital. Bank is also generating relationship capital along with social capital by contributing to the underprivileged segment of the society through providing them with education, health support as well as creating job opportunities by transforming them as competent human resource.

Prime Bank's competitive advantage arises from the scale and diversity of our business and the quality, character and relationships we build up and maintain in the society. Our business model exploits inputs (i.e. various types of capital e.g. financial, natural, human etc.) which are transformed through business activities into outputs (i.e. products or services) in order to create a particular outcome in terms of the effects on the capitals and the value is ultimately created. Hence, our business model is very much aligned with the 'value creation process' which is the key element of Integrated Reporting.



OUR CAPITALS (INPUTS)

Financial Capital relates to our capital and funding from investors and customers those are used to leverage our business and operational activities.

BDT 25,285 million Equity

BDT 197,934 million Deposit

Human Capital is represented by our people; our investment in management and leadership development; and the knowledge, skills and experience they collectively bring to enable innovative, convenient and competitive solutions for our customers.

2961 talented employees

Manufactured Capital embraces our business structure and operational processes, including our physical and digital infrastructure, as well as information technology that provides the framework and machines of how we do business and make money.

168 ATMs

Digital channels and products

Intellectual Capital refers to our intellectual assets, such as our brand, research and development, innovative capacity, our reputation, and the knowledge of our employee

Social and Relationship Capital reflect our citizenship and the strong relationships we have with all our stakeholders, including the communities we live in, as we recognize the important role that banks play in building a strong and thriving nation.

Natural Capital refers to naturally occurring biological, physical, biophysical, chemical and mineral assets, as well as their interplay through healthy functioning ecosystems, on which all life depends. Within the financial sector, the impact, both positive and negative, of our operations and business activity on natural resources are considered.

Tilt of our lending in line with carbon emissions and water extraction limits.

Operations that are carbon neutral.

ENABLE OUR VALUE-ADDING ACTIVITIES

We lend to our clients, in line with their risk profile, our risk appetite and capital availability, while providing for bad debts.

We source deposits that generate a fair return for our customers and other finance providers.

We facilitate payments and transactions.

We offer global standard services.

We generate related income.

We reward and invest in developing and retaining our people.

We maintain and invest in our operations, including technology, marketing and infrastructure.

We pay direct and indirect taxes.

DELIVERING FINANCIAL PERFORMANCE (OUTPUTS)

Advances: BDT 170,212 million

Deposits: BDT 197,934 million

Produces

Net interest income: BDT 3,313 million

Provision has been kept BDT 3,412 million for 2016

Non-interest income: BDT 8,710.15 million

including

Commission and fees: BDT 1,693 million

Investment income: BDT 6,203 million

Expenses: BDT 6,265.93 million

Taxes

Direct tax: BDT 433.68 million

Indirect tax: BDT 2406.13 million

TO CREATE VALUE FOR OUR STAKEHOLDERS (OUTCOMES) IN 2016 FOR

Employees

Created 178 new permanent job opportunities

Increase salaries in every year as per policy

Incurred training and development cost of BDT 17.26 million

Career advancement and ability to reach individual potential

Customers

Loan and advance reached to BDT 170,212 million recording a growth of 12% in 2016 compared to last year.

Launched various innovative solutions that address the needs of our customers

02 New ATMs

Maintained competitive pricing

Shareholders

Proposed dividend 16% for 2016 and net asset value per share BDT 24.56 in 2016

Maintained a robust balance sheet to protect against unforeseen risks

Regulators

Comply with regulation to mitigate against system risk

Adhere to sustainable banking practices to protect our customers

Support government through BDT 2,839.81 million tax contribution (direct, indirect, PAYE and other)

Communities

CSR BDT 156.81 million

Carbon-neutral operations

Provided significant amount of loan in renewable-energy projects during the year

Almost 100% local procurement

Strategy and Resource Allocation

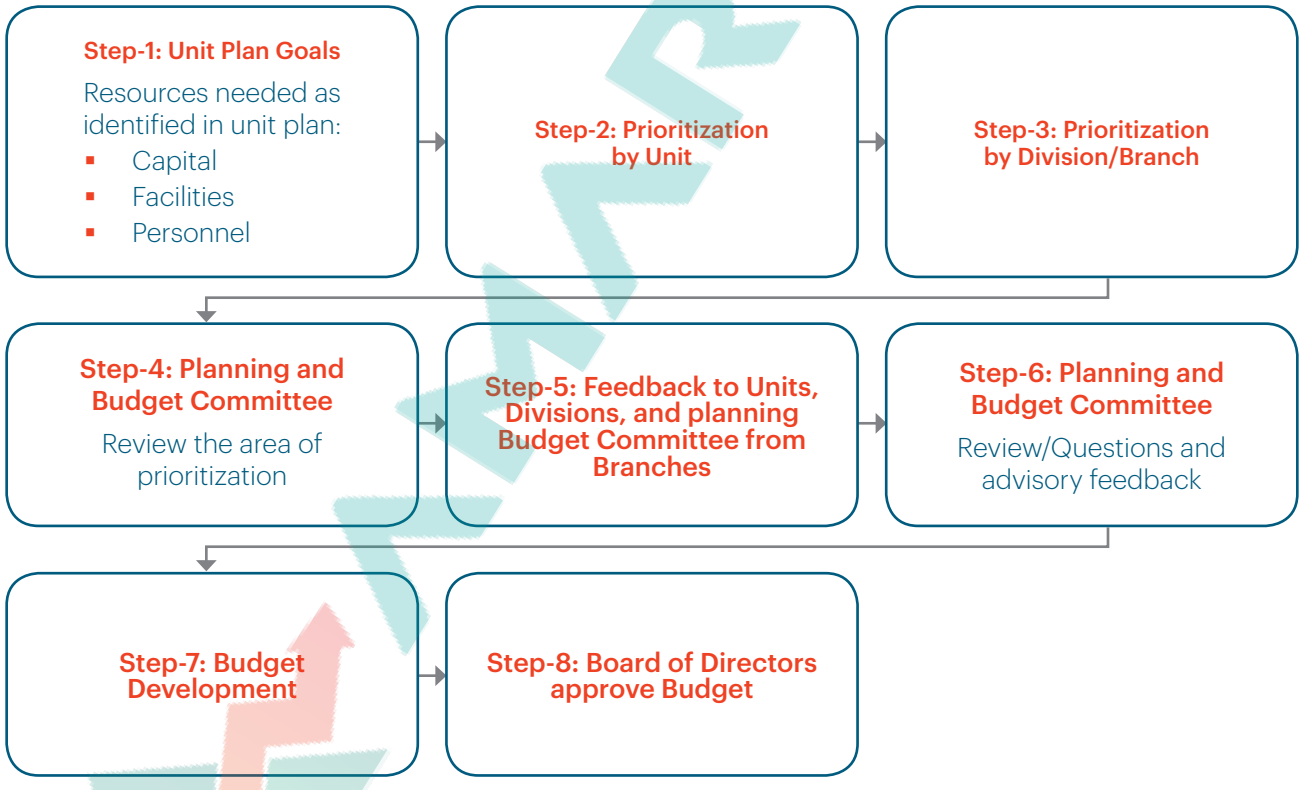
Our strategy is primarily aimed at creating value for our shareholders (long-term capital providers) which has been described on page 8.

The strategic objectives will be achieved by

- Crafting constantly excellent customer experience by understanding our customers and offering the products, services and solutions they require to serve their purpose.
- Serving our customers swiftly, competently, reliably and politely online and in person, as they choose.
- Satisfying the promises we make to our customers through vigilantly planned and executed processes that are fully leveraged by our scale.
- Providing our employees with what they need to deliver outstanding customer experience.
- Fostering a deep connection among all our employees with our purpose and our customers.
- Creating a great place to work.
- Empowering our employee to deliver against our strategy by encouraging them to make the most of every opportunity to achieve their full potential, and by rewarding their contribution.
- Honoring our strong culture attributes while encouraging and entrenching focused customer-centric behavior.
- Continuing dynamic and engaged leadership teams who live our values and are focused on doing the right business the right way, who hold themselves accountable for the business, and who celebrate success and learn from their mistakes.
- Increasing innovation to deliver new products and services which meet the demand of customers.
- Continuing the investment in IT infrastructure to meet up the requirements of customers.

Resource Allocation Plan of PBL

In line with our focus on improving bank economic profit and ROE, we will optimize financial resource allocation. PBL allocates resources to execute the strategy for realizing the short, medium and long-term goal. The following steps are followed for resource allocation:



Challenges in executing our strategy

The following challenges offers a broad forward looking view of what we need to manage as we carry out our strategy over the short to medium term as well as long term, and are reflective of the issues deliberated on by management across our business. To realize our vision we need to be proactive in how we plan for and handle these challenges, allowing us to leverage the associated opportunities.

Maintaining awareness of these challenges in our planning ensures that the way we do things is informed by strong decision making and ultimately results in better service to our customers, balanced by our commitments to our other stakeholders.

Increasing Competition

Private Banks are expanding their presence in different areas of the country and competition is being driven by advances in technology. In this context, we need to defend and grow our position by providing our best services at cost effective rate. Our legacy and position as an integrated financial services bank differentiates us in the banking industry.

Changing Regulatory Landscape

The number of new financial services regulations continues to grow. The various ways in which new regulations are circulated within country can lead to uncertainty. Ensuring an efficient customers experience while adhering to regulatory demands is an ongoing consideration. Our customers focus align to the spirit of these regulations, which is ultimately protect customers.

Technological Development

New technologies present us with reflective opportunities to compete more effectively by meeting changing customer expectations. They also introduce major new challenges. Building a digital financial bank needs to be managed in a way that does not compromise system stability and customer experience. In addition to, the value of information as an asset makes it a potential target for cyber-attacks, furthermore, theft of fund. Globally, cyber-attacks are increasing and sophistication, as is the utilization systems and people.

Customer Expectations

The competences of new technologies- and the speed with which they are being adopted- mean that customers increasingly expect highly customized yet affordable products and services that are available whenever they choose. The emergence of new services from competitors, the simplicity with which customers can change to a different bank and the speed at which negative experiences can be shared through the social media greater focus on customer experience.

People and Culture

Realizing our objectives of placing our customers at the centre of everything we do finally depends on our employees' ability to provide vast customer experience, whether directly through their communications with customers, through the products and services we develop or through the management of compliance processes that could impact on the perceived quality of service. Structuring a digital financial services bank require us to employ and develop new skills, and for our employees to adjust to new ways of working. In light of the challenges in executing our strategy, and to maintain trust, we need to ensure a culture that values customer fairness and market integrity in everything we do.

Managing Associated Risks

Aligning Risk Management to Our Customer Focus

Understanding our customers forms a key part of managing risk on the continent and will benefit from our customer focus. A key initiative in this regard is bringing risk management closure to the functions where risk arise, identifying risks early and, in our customer-facing functions, gaining deeper insight into our customers.

Other projects include aligning the collection of financial and risk data to improve our view of the size and potential consequences of exposures, and implementing measures to better understand the complex interrelationships between different risk types.

These initiatives are supported by our investment in technology, and will allow us to customize our products and services in a way that better manages our risk exposures and reduces related capital requirements.

Building a Risk-aware Culture

Building a flexible and steady risk-aware culture is crucial in effectively managing the challenges that may arise in executing our strategy. We build a risk-aware culture by ensuring accountability, responsibility and sufficient coverage of the risk landscape.

Acting Ethically and Fairly in Everything We Do

Conduct risk is the risk that the bank itself poses to our customers, and to the effective operation of financial markets, through conduct that is not ethical or fair. The way we execute our day-to-day activities- including how we design and market products, how we communicate with customers and how we meet their expectation-prescribes the culture we wish to build, and therefore determines our ability to keep the promises we make to our customers and place them to the centre of everything we do.

(Risk Management Framework & Mitigation Methodology on page 145 provides more details on the bank's approach to risk management)

Determining Our Material Matters

Our proactive engagement with our stakeholders updates our business strategy and material issues, shapes our products and services, assists us handle and respond to social expectations, mitigates reputational risk and influences our operating environment.

Business units enabling functions are authorized to connect directly with stakeholders and are responsible for identifying stakeholder concerns and taking suitable action. For strategic engagement, the stakeholder relations team undertakes engagement based on the identified needs and concerns of our stakeholders.

We take the following steps to determine our material matters

Investigate

We identify all issues that have the potential to impact our earning sustainability and the ability to create value for our stakeholders. The process of identifying potential material maters is a group wide responsibility, requiring input from all business units and divisions, and taking into account input and feedback from all our stakeholders. Areas of potential impact that are assessed include financial, environmental, social, strategic, competitive, legislative, reputational, and regulatory matters (including policy matters), as well as our stakeholders.

Rank

The issues identified are prioritized according to greatest relevance and highest potential to impact significantly on the viability of our business and relationships with stakeholders. While this is a collaborative effort, the responsibility of prioritizing material matters ultimately rests with the executive management team and Board of Directors.

Integrate

The material matters that have been identified and prioritized inform our long-term business strategies and targets as well as short-to-medium-term business plans.

Assess

Material matters are continuously assessed to ensure that our strategic focus areas remain relevant to our stakeholder needs and the environment.

(The details of material aspects of the Bank have been reported in Sustainability Report)

Remuneration Report

PBL has a management committee which comprises Managing Director, Deputy Managing Directors and other Senior Personnel to review, discuss and decide on important business issues. In addition to the regular roles and responsibilities, the committee assist in formulation of remuneration related policies and practices in alignment of the Bank's short and long-term business objectives.

We have a remuneration policy that provides a framework for the management of total remuneration within the bank, and which also supports the PBL employee proposition. Set out below is a summary of the main aims of our remuneration policy.

Remuneration Policy Principles

The following aims of our remuneration policy are the guiding principles of our approach to remuneration:

- To enable the attraction, motivation and retention of high caliber people, with the right mix of experience, skills and knowledge to deliver on strategy.
- To support and reinforce our desired culture and encourage behavior consistent with our values, thereby stimulating employee engagement.
- To create an appropriate balance and alignment between the needs, expectations and risk exposure of our stakeholders, including our employees, shareholders, customers, regulators, suppliers and communities, to ensure the creation of sustainable long-term value for each of them.
- To incentivize employees to deliver high level of performance and excellent execution of our strategic priorities, while being aware of the impact this delivery has on our risk profile and exposure.
- To enable appropriate transparency in the development of remuneration programs and allocation of individual remuneration to ensure equity and fairness based on valid and appropriate external and internal benchmarks.

ASSURANCE

External Assurance

PBL makes use of various independent service providers to get assurance on various aspects of the business operations including elements of internal & external reporting.

Annual integrated report includes information generated from various sources on which assurance has been provided by the external auditors, credit rating agencies and an independent professional actuary, such as:

- The consolidated annual financial statements and the financial statements of PBL for the year ended 31 December 2016 have been jointly audited by ACNABIN and Syful Shamsul Alam & Co., Chartered Accountants and an unqualified opinion has been expressed on those financial statements by the auditors.
- Our compliance on corporate governance guidelines for the year ended 31 December 2016 has been audited by K. M. Hasan & Co., Chartered Accountants. Auditor has certified that PBL has compiled with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities Exchange Commission (BSEC).
- The financial statements of Prime Bank Foundation for the year ended 31 December 2016 have been audited by S F Ahmed & Co., Chartered Accountants and an unqualified opinion has been expressed on those financial statements by the auditor.
- The financial statements of Prime Bank Employees' Provident Fund for the year ended 31 December 2016 have been audited by K. M. Hasan & Co., Chartered Accountants and an unqualified opinion has been expressed on those financial statements by the auditor.
- The financial statements of Prime Bank Employees' Gratuity Fund for the year ended 31 December 2016 have been audited by K. M. Hasan & Co., Chartered Accountants and an unqualified opinion has been expressed on those financial statements by the auditor.
- Actuarial valuation for Prime Bank Employees' Gratuity Fund is performed by Z Halim & Associates every year.
- The credit rating report of Prime Bank is issued to the Bank Management upon assessment by two External Credit Assessment Institutions (ECAI) namely "Credit Rating Information and Services Limited (CRISL)" and "Credit Rating Agency of Bangladesh (CRAB)"

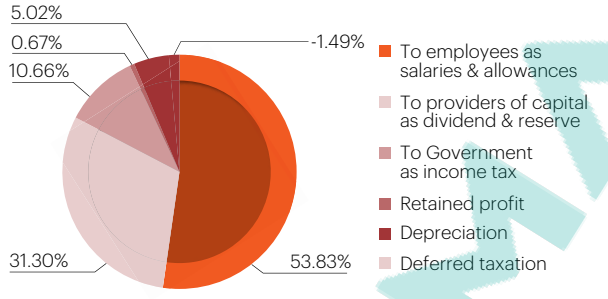
AMAR STOCK

STATEMENT OF VALUE ADDED AND **ITS DISTRIBUTION**

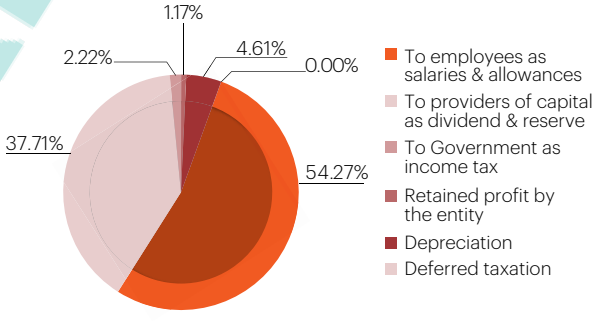
Taka in million

Particulars	2016	2015
Income from banking services	22,698	26,330
Less: Cost of services & supplies	(12,969)	(16,485)
Value added by banking service	**9,729**	**9,844**
Non-banking income	-	-
Provision for loans & off-balance sheet exposure	(3,412)	(3,154)
	6,317	**6,690**
Distribution of value addition		
To employees as salaries & allowances	3,661	3,602
To providers of capital as dividend & reserve	2,197	2,094
To Government as income tax	150	713
To expansion and growth		
Retained profit by the entity	79	45
Depreciation	311	336
Deferred taxation	-	(100)
	390	280
Total	**6,398**	**6,690**

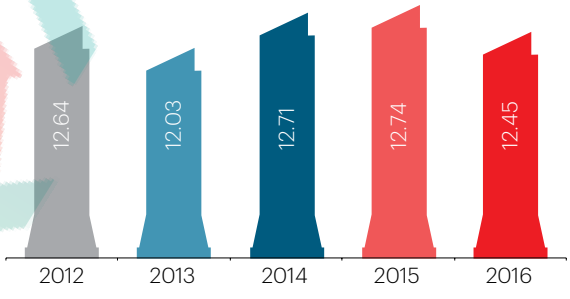
Distribution of value addition-2015



Distribution of value addition-2016



Capital Adequacy Ratio (%)

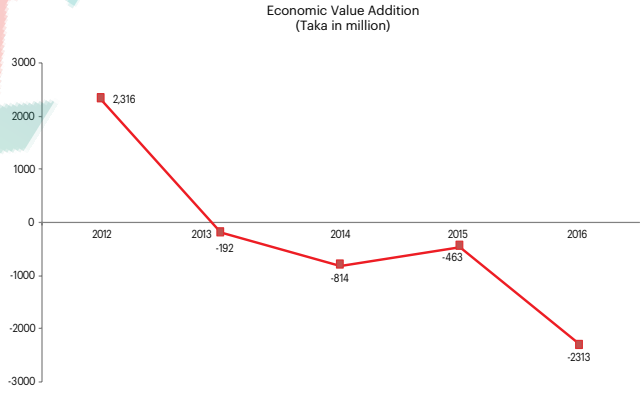


ECONOMIC VALUE ADDED
STATEMENT

Economic value added is a measure of profitability which takes into consideration the cost of total invested equity. Shareholders / equity providers are always conscious about their return on capital invested. As a commercial banking company, we are deeply concerned for delivery of value to all of our shareholders / equity providers.

	BDT in Million		
	2016	2015	2014
Shareholders' equity	25,285	26,415	24,461
Add: Cumulative provision for loans / investments, off-balance sheet exposure and Off-shore Banking Units	8,739	8,937	7,416
	34,024	35,352	31,877
Average shareholders' equity	34,688	33,614	30,710
Earnings			
Profit after taxation	2,195	2,139	2,393
Add: Provision for loans / investments, off-balance sheet exposure and Off-shore Banking Units	3,412	3,154	2,877
Less: written-off during the year	(3,699)	(1,627)	(2,123)
	1,908	3,667	3,147
Average cost of equity (based on weighted average rate of Shanchay Patra issued by the Government of Bangladesh) plus 2% risk premium.	12.17%	12.29%	12.90%
Cost of average equity	4,222	4,130	3,961
Economic value added	(2,313)	(463)	(814)
Growth over last year	-399.62%	43.14%	-325.27%

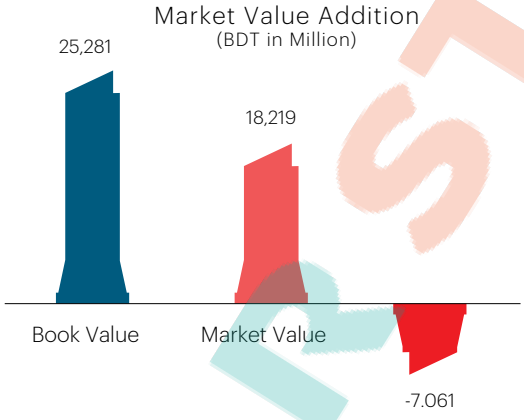
Maturity analysis	BDT in Million			
	Below 1 year	1-5 years	Above 5 years	Total
Interest earning assets	146,185	50,521	25,660	222,366
Non-interest earning assets	10,819	3,004	20,410	34,233
Total assets	157,004	53,525	46,070	256,599
Interest bearing liabilities	129,411	47,784	28,500	205,695
Non-interest bearing liabilities	11,310	2,707	11,602	25,619
Total liabilities	140,721	50,491	40,102	231,314
Maturity Gap	16,283	3,034	5,968	25,285
Cumulative Gap	16,283	19,317	25,285	



MARKET VALUE ADDED
STATEMENT

Market Value Added (MVA) statement is the difference between the total market value and the total book value of shares of a bank. A high MVA indicates that the bank has created substantial wealth for the shareholders. MVA is equivalent to the present value of all future expected economic value added. The share market value of bank's shares stood at Tk 18,219 million whereas the book value of the shares stood at Tk 25,281 million, resulting a Market Value reduce of Tk 7,061 million as of December 31, 2016. The calculation of Market Value Added is given below:

Particulars	No. of shares	Value in Taka	BDT in Million
Market value	1,029,348,616	17.70	18,219
Book value	1,029,348,616	24.56	25,281
Market value added			**(7,061)**



SHAREHOLDERS' **INFORMATION**

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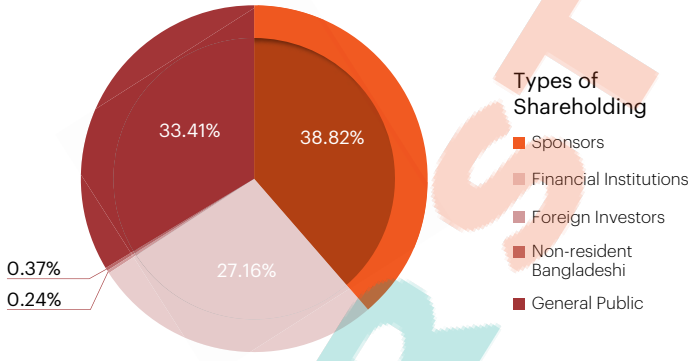
SHAREHOLDERS' INFORMATION

Distribution of Shareholdings in 2016

Types	Number of Shares		% of Shares	
	2016	2015	2016	2015
Sponsors	3,996,150,370	4,052,540,940	38.82%	39.37%
Financial Institutions	2,795,256,750	2,602,745,660	27.16%	25.29%
Foreign Investors	38,472,820	38,472,820	0.37%	0.37%
Non- resident Bangladeshi	25,142,410	29,691,770	0.24%	0.29%
General Public	3,438,463,810	3,570,034,970	33.41%	34.68%
Total	10,293,486,160	10,293,486,160	100.00%	100.00%



Shares held by Directors in 2016

Sl	Name of the directors	Status	Opening position	Closing position	Change
1	Mr. Azam J Chowdhury (Representative of East Coast Shipping Lines Ltd.)	Chairman	20,601,158	20,601,158	0.00%
2	Mr. Md. Nader Khan	Vice Chairman	38,019,361	38,019,361	0.00%
3	Mrs. Nasim Anwar Hossain	Vice Chairperson	23,365,749	23,365,749	0.00%
4	Mr. Khandker Mohammad Khaled	Director	28,570,378	28,570,378	0.00%
5	Mr. M. A. Khaleque	Director	21,846,820	21,846,820	0.00%
6	Quazi Sirazul Islam	Director	20,616,158	20,616,158	0.00%
7	Mr. Md. Shirajul Islam Mollah	Director	20,644,922	20,644,922	0.00%
8	Mr. Mafiz Ahmed Bhuiyan	Director	20,591,099	20,591,099	0.00%
9	Mr. Md. Shahadat Hossain	Director	27,811,583	27,811,583	0.00%
10	Mrs. Marina Yasmin Chowdhury	Director	21,132,328	23,325,000	10.38%
11	Mrs. Salma Huq	Director	32,254,341	32,254,341	0.00%
12	Mr. Nafis Sikder	Director	25,826,178	25,826,178	0.00%
13	Mr. Imran Khan	Director	20,588,337	20,588,337	0.00%
14	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	20,587,749	20,587,749	0.00%
15	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	0.00%
16	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	20,760,250	20,760,250	0.00%
17	Mr. Shamsuddin Ahmed, Ph.D	Independent Director	-	-	-
18	Dr. G.M. Khurshid Alam	Independent Director	-	-	-
19	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	-
20	Mr. Ahmed Kamal Khan Chowdhury	Managing Director	-	-	-
	Total		383,816,802	386,009,474	0.57%

Redressal of Investors' Complaint

Prime Bank Limited is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors, or foreign shareholders. To ensure equal treatment of all shareholders the bank created various mechanisms, such as:

- Shareholders who are unable to attend the shareholders' meeting, the bank provide proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the standard format, are sent along with the annual report.
- The shareholders' meetings proceed according to the order of the agenda, without adding new and uniformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making a decision. Moreover, there are no changes to the important information in the shareholders' meeting.
- The bank sees the importance of the consideration of transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including the rules and regulations of the Bangladesh Securities and Exchange Commission and the Dhaka Stock Exchange and the Chittagong Stock Exchange transactions, Directors, management and those who are related persons do not participate in the consideration to approve such transactions.
- The bank provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the bank's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of Director.

Complaint redressal is supported by a review mechanism, to minimize the recurrence of similar issues in future.

PBL follows the following principles:

- Investors must be treated fairly at all times;
- Complaints raised by investors must be dealt with courtesy and in a timely manner;
- Investors are informed of avenues to raise their complaints within the organization;
- Complaints are treated efficiently and fairly;
- PBL employees work in good faith and without prejudice, towards the interests of the investors.

Way of Redress Investor Complaints

- Investor can complain through email info@primebank.com.bd;
- An investor can make a written complaint through letter;
- The Company maintains investor grievance file in which full detail of every written
- Complaint shall enter;
- We have 3 designated person look after the investor grievances in due time;
- The full detail of the written complaint must be passed on to the concerned department and inform the compliance officer of the Company as soon as it is received;
- A letter or email must be written to all the investor who have submitted written Complaints by the designated person or Compliance Officer acknowledging receipt of Complaint and informing them it will be dealt with;
- Audit & Compliance Department will obtain all information available on the complaint which is considered necessary for a proper investigation, look into all the necessary information and resolve these as soon as possible;

The bank continues to have regular communication with the shareholders through periodic updates of performance and at any other time when it believes it to be in the best interest of shareholders generally.

Investors' inquiries / Complaint

Any queries relating to shareholdings for example transfer of shares, changes of name and address, and payment of dividend should be sent to the following address:

Share Department

Sarker Mansion (8th Floor)
29, Rajuk Avenue, Dhaka – 1000
Phone: 9567265/261

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Key Financial Data & Key Ratios-PBL

BDT in Million

Particulars	2016	2015	2014	2013	2012	2011
Operating Performance (Income Statement)						
Interest income	13,989	15,551	18,446	22,011	22,822	16,709
Interest expenses	10,676	14,257	15,574	17,678	17,410	12,648
Net interest income	3,313	1,294	2,872	4,332	5,411	4,061
Investment income	6,203	7,989	6,194	5,583	4,633	4,157
Commission, exchange and brokerage	1,693	1,956	2,033	2,155	2,429	2,689
Other Operating Income	814	834	806	813	1,018	652
Operating Income	12,023	12,073	11,906	12,883	13,492	11,559
Operating expenses	6,266	6,166	5,750	5,409	4,941	4,132
Earning before interest, depreciation and tax	13,331	17,345	19,187	21,422	23,024	19,666
Profit before provision and tax	5,757	5,906	6,157	7,474	8,551	7,427
Provision for loans and assets	3,412	3,154	2,877	4,029	3,216	661
Profit after provision before tax	2,345	2,752	3,280	3,445	5,335	6,766
Tax including deferred tax	150	613	887	1,616	2,636	3,132
Profit after tax	2,195	2,139	2,393	1,829	2,699	3,634
Balance Sheet (Financial Position)						
Authorized capital	25,000	25,000	25,000	25,000	25,000	10,000
Paid-up capital	10,293	10,293	10,293	10,293	9,358	7,798
Total shareholders' equity	25,285	26,415	24,461	23,030	20,787	19,095
Deposits	197,934	194,825	204,838	201,907	182,053	159,816
Long-term liabilities	90,593	95,170	104,040	91,424	84,827	63,379
Current liabilities	140,721	130,576	126,276	129,415	131,219	117,433
Loans and advances	170,212	151,865	147,367	153,589	160,890	138,848
Investments	48,249	62,733	72,642	56,940	45,862	39,172
Property, Plant and Equipment	6,590	6,516	6,613	6,407	4,363	3,975
Earning assets	221,978	216,975	221,521	211,399	212,204	179,537
Current assets	157,004	140,218	147,341	144,437	133,953	119,695
Net current assets	16,283	9,641	21,064	15,023	2,735	2,262
Total assets	256,599	252,161	254,912	243,869	236,833	199,950
Total liabilities	231,314	225,746	230,451	220,839	216,046	180,856
Current ratio	1.12	1.07	1.17	1.12	1.02	1.02
Gearing ratio	77.80	78.91	81.42	80.67	80.97	77.88
Quick Ratio	1.12	1.07	1.17	1.12	1.01	1.01
Cash Reserve Ratio (CRR)	6.65	7.04	6.71	6.97	6.06	6.22
Statutory liquidity Ratio (SLR)	28.04	33.18	29.83	38.39	34.02	32.96
Equity debt ratio (%)	10.93	11.70	10.61	10.43	9.62	10.56
Other Business						
Import	134,914	114,747	126,571	133,219	168,532	174,384
Export	89,720	88,827	110,096	127,091	143,612	133,396
Remittance	32,119	39,146	39,484	32,628	42,443	36,890
Guarantee Business	32,350	35,000	30,155	31,170	29,391	27,844

BDT in Million

Particulars	2016	2015	2014	2013	2012	2011
Capital Measures						
Total risk weighted assets	**254,001**	**229,843**	**214,892**	**220,020**	**202,340**	**193,257**
Tier-1 Capital (going concern capital)	23,634	22,977	22,511	21,404	20,511	18,592
Tier-2 Capital (gone-concern capital)	7,998	6,306	4,802	5,091	5,241	5,477
Total capital	**31,632**	**29,283**	**27,313**	**26,495**	**25,752**	**24,069**
Capital Required	25,400	22,984	21,489	22,002	20,234	19,326
Capital Surplus	6,232	6,299	5,824	4,493	5,518	4,743
Tier-1 capital to RWA	9.30	10.00	10.48	9.73	10.14	9.62
Tier-2 capital to RWA	3.15	2.74	2.23	2.31	2.59	2.83
Total Capital to Risk Weighted Asset Ratio (CRAR)	**12.45**	**12.74**	**12.71**	**12.04**	**12.73**	**12.45**
Leverage ratio (Basel-III)	7.36	7.59	N/A	N/A	N/A	N/A
Liquidity Coverage Ratio (LCR)	139.90	178.71	145.86	N/A	N/A	N/A
Net Stable Funding Ratio (NSFR)	120.56	109.12	107.25	N/A	N/A	N/A
Credit Quality						
Non-performing loans (NPLs)	10,139	11,883	11,215	7,815	6,168	1,908
NPLs to total loans and advances (%)	5.96	7.82	7.61	5.09	3.83	1.37
Provision for unclassified loans	3,503	2,035	1,741	1,691	2,025	1,725
Provision for classified loans	3,787	5,743	4,586	3,733	1,949	778
Share Information						
Market price per share (Taka)	17.70	18.10	19.60	25.90	37.00	44.50
No. of shares outstanding (Million)	1,029.35	1,029.35	1,029.35	1,029.35	935.77	779.81
No. of shareholders (actual)	15,876	18,652	23,102	25,632	23,964	26,030
Earnings per share (Taka)	2.13	2.08	2.32	1.78	2.88	4.70
Dividend:	16.00%	15.00%	15.00%	12.50%	20.00%	30.00%
Cash	16.00%	15.00%	15.00%	12.50%	10.00%	10.00%
Bonus	0%	0%	0.00%	0.00%	10.00%	20.00%
Effective dividend ratio (%)	16.00	15.00	15.00	13.10	21.82	40.21
Dividend cover ratio (times)	1.33	1.39	1.55	1.42	1.44	1.57
Dividend yield (%)	9.04	8.29	7.65	4.83	5.41	6.74
Market capitalization	18,219	18,631	20,175	26,660	34,624	34,702
Net asset value per share (Taka)	24.56	25.66	23.76	22.37	22.21	24.49
Price earning ratio (times)	8.31	8.71	8.43	14.57	12.85	9.47
Operating Performance Ratio (%)						
Net interest margin (NIM)	2.06	0.86	1.91	2.75	3.61	3.19
Net non-interest margin on average earning assets	1.11	2.10	1.52	1.48	1.60	2.12
Earning base in assets (average)	86.28	86.48	86.80	88.12	89.69	89.51
Gross profit ratio	52.97	45.85	43.33	42.15	43.66	47.75
Net interest income as a percentage of working funds	1.30	0.51	1.15	1.80	2.48	2.29
Profit per employee	1.94	2.01	2.15	2.76	3.36	3.24
Operating profit as a percentage of working funds	2.26	2.33	2.47	3.11	3.92	4.19
Non interest income to total income	38.37%	40.94%	32.87%	27.98%	26.15%	30.98%
Net Profit Before Tax to Gross Income	10.33%	10.45%	11.94%	11.27%	17.26%	27.95%
Net Profit After Tax to Gross Income	9.67%	8.12%	8.71%	5.99%	8.73%	15.01%
Cost-income ratio	52.11	51.08	48.29	41.98	36.62	35.75
Credit-deposit ratio	85.99	77.95	71.94	76.07	88.38	86.88

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BDT in Million

Particulars	2016	2015	2014	2013	2012	2011
Cost of Deposit	4.94	6.64	7.36	8.80	8.75	8.15
Cost of Fund	8.13	9.72	10.19	11.62	11.64	11.06
Yield on average advance	8.45	10.20	12.09	13.85	15.17	13.09
Return on average assets	0.86	0.84	0.96	0.76	1.24	2.05
Return on average equity	8.49	8.41	10.08	8.35	13.53	20.19
Return on Capital Employed	4.97	4.86	4.79	6.53	8.10	9.01
Other information						
No. of branches	127	127	122	117	113	102
No. of SME branches/centers	18	18	18	17	17	17
Number of ATM	168	168	160	151	134	81
No. of employees	2,961	2,934	2,867	2,710	2,544	2,292
No. of foreign correspondents	684	658	638	661	660	644
Rating (CRISL)						
Long Term	"AA"	"AA"	"AA"	"AA"	"AA+"	"AA+"
Short Term	ST-2	ST-2	ST-2	ST-2	ST-1	ST-1
Rating (CRAB)						
Long Term	"AA2"	"AA2"	"AA2"	"AA2"	-	-
Short Term	ST-2	ST-2	ST-2	ST-2	-	-
Average earning assets	219,477	219,248	216,460	211,802	195,871	158,557
Average total assets	254,380	253,537	249,391	240,351	218,392	177,146
Average deposits	196,380	199,831	203,372	191,980	170,934	142,195
Average loans & advances	161,038	149,616	150,478	157,239	149,869	127,452
Average equity	25,850	25,438	23,745	21,908	19,941	18,002

Horizontal Analysis

Balance Sheet

BDT in Million

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10
PROPERTY AND ASSETS												
Cash												
In hand (including foreign currencies)	2,718.85	13.70%	2,391.18	2.18%	2,340.06	-12.81%	2,683.87	30.32%	2,059.50	40.67%	1,464.10	15.50%
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	15,013.76	-0.37%	15,069.88	-0.82%	15,194.72	1.58%	14,958.78	5.96%	14,117.94	17.33%	12,032.57	44.81%
	17,732.61	1.56%	**17,461.06**	-0.42%	**17,534.78**	-0.61%	**17,642.65**	9.06%	**16,177.44**	19.86%	**13,496.68**	40.93%
Balance with other banks and financial institutions												
In Bangladesh	651.90	480.91%	112.22	-56.65%	258.88	6.03%	244.17	-2.87%	251.39	-33.40%	377.48	-9.47%
Outside Bangladesh	2,713.33	47.03%	1,845.46	47.19%	1,253.81	100.12%	626.53	-55.01%	1,392.74	22.32%	1,138.64	83.86%
	3,365.23	71.90%	**1,957.68**	29.42%	**1,512.69**	73.73%	**870.70**	-47.04%	**1,644.13**	8.44%	**1,516.12**	46.31%
Money at call and short notice	**540.00**	100%	**420.00**	100%	-	-	-	-	-	-	-	-
Investments												
Government	47,653.80	-22.83%	61,752.41	-12.94%	70,928.31	26.33%	56,147.17	24.95%	44,936.70	30.65%	34,395.65	77.59%
Others	595.41	-39.27%	980.45	-42.78%	1,713.52	116.26%	792.35	-14.36%	925.21	-5.80%	982.15	-12.01%
	48,249.21	-23.09%	**62,732.86**	-13.64%	**72,641.83**	27.58%	**56,939.52**	24.15%	**45,861.90**	29.63%	**35,377.80**	72.71%
Loans, advances and lease / investments												
Loans, cash credits, overdrafts, etc./ investments	157,818.46	9.76%	143,778.65	0.70%	142,780.10	-3.12%	147,380.88	-3.95%	153,440.71	15.73%	132,589.36	22.02%
Bills purchased and discounted	12,393.36	53.27%	8,085.88	76.30%	4,586.55	-26.12%	6,207.88	-16.66%	7,449.14	9.23%	6,819.53	-7.80%
	170,211.83	12.08%	151,864.53	3.05%	147,366.65	-4.05%	153,588.76	-4.54%	160,889.85	15.41%	139,408.89	20.12%
Fixed assets including premises, furniture and fixtures	**6,589.68**	1.12%	**6,516.43**	-1.46%	**6,612.69**	3.21%	**6,406.72**	46.83%	**4,363.35**	9.76%	**3,975.46**	134.58%
Other assets	**9,600.07**	-11.81%	**10,988.16**	21.19%	**9,067.22**	7.68%	**8,420.46**	6.64%	**7,896.33**	27.86%	**6,175.55**	12.42%
Non - banking assets	**220.50**	0.00%	**220.50**	25.04%	**176.34**	100.00%	-	-	-	-	-	-
Total assets	**256,599.13**	1.76%	**252,161.23**	-1.08%	**254,912.20**	4.53%	**243,868.80**	2.97%	**236,833.01**	18.45%	**199,950.49**	29.55%

Horizontal Analysis

Balance Sheet

BDT in Million

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10
LIABILITIES AND CAPITAL												
Liabilities												
Borrowings from other banks, financial institutions and agents	12,929.79	23.82%	10,442.20	36.16%	7,668.88	98.77%	3,858.26	-81.34%	20,681.98	88.53%	10,969.85	110.37%
Deposits and other accounts												
Current / Al-wadeeah current deposits	31,905.54	13.00%	28,234.43	2.35%	27,586.63	3.66%	26,612.33	-2.78%	27,373.82	15.85%	23,628.85	9.20%
Bills payable	5,168.36	116.50%	2,387.28	-18.88%	2,942.89	41.39%	2,081.42	-39.17%	3,421.44	14.33%	2,992.60	22.76%
Savings bank / Mudaraba savings deposits	35,628.62	16.00%	30,713.92	22.34%	25,106.12	18.84%	21,125.91	10.09%	19,188.83	6.94%	17,943.89	17.26%
Term deposits / Mudaraba term deposits	125,231.44	-6.19%	133,489.47	-10.53%	149,202.09	-1.90%	152,087.48	15.16%	132,068.78	14.59%	115,250.38	35.28%
Bearer certificate of deposit	-	-	-	-	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-	-	-	-	-
	197,933.97	1.60%	194,825.10	-4.89%	204,837.73	1.45%	201,907.14	10.91%	182,052.87	13.91%	159,815.72	28.29%
Other liabilities	20,450.52	-0.14%	20,478.90	14.12%	17,944.88	19.05%	15,073.79	13.24%	13,311.12	32.19%	10,069.95	31.71%
Total liabilities	231,314.27	2.47%	225,746.20	-2.04%	230,451.49	4.35%	220,839.19	2.22%	216,045.97	19.46%	180,855.52	31.59%
Capital / Shareholders' equity												
Paid up capital	10,293.49	0.00%	10,293.49	0.00%	10,293.49	0.00%	10,293.49	10.00%	9,357.71	20.00%	7,798.10	35.00%
Share premium	2,241.23	0.00%	2,241.23	0.00%	2,241.23	0.00%	2,241.23	0.00%	2,241.23	0.00%	2,241.23	0.00%
Statutory reserve	9,204.06	5.37%	8,735.05	6.72%	8,184.65	8.71%	7,528.63	10.08%	6,839.53	18.48%	5,772.51	30.62%
Revaluation gain / (loss) on investments	15.28	-99.15%	1,791.99	305.92%	441.47	304.30%	109.19	453.73%	19.72	-91.89%	243.16	-82.83%
Revaluation reserve	1,506.29	-0.34%	1,511.41	0.52%	1,503.52	-0.53%	1,511.49	500.74%	251.60	0.00%	251.60	0.00%
Foreign currency translation gain	6.64	10.70%	6.00	17.88%	5.09	12.69%	4.51	-10.02%	5.02	-42.31%	8.69	733.26%
Other reserve	-	-	-	-	-	-	-	-	-	-	-	-
Surplus in profit and loss account / Retained earnings	2,017.88	9.91%	1,835.87	2.49%	1,791.27	33.57%	1,341.08	-35.28%	2,072.23	-25.45%	2,779.68	-0.80%
Total Shareholders' equity	**25,284.85**	**-4.28%**	**26,415.03**	**7.99%**	**24,460.71**	**6.21%**	**23,029.62**	**10.79%**	**20,787.04**	**8.86%**	**19,094.98**	**12.93%**
Total liabilities and Shareholders' equity	**256,599.13**	**1.76%**	**252,161.23**	**-1.08%**	**254,912.20**	**4.53%**	**243,868.80**	**2.97%**	**236,833.01**	**18.45%**	**199,950.49**	**29.55%**

Vertical Analysis

Balance Sheet

BDT in Million

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	2,718.85	1.06%	2,391.18	0.95%	2,340.06	0.92%	2,683.87	1.10%	2,059.50	0.87%
Balance with Bangladesh Bank and its agent bank (s) including foreign currencies)	15,013.76	5.85%	15,069.88	5.98%	15,194.72	5.96%	14,958.78	6.13%	14,117.94	5.96%
	17,732.61	**6.91%**	**17,461.06**	**6.92%**	**17,534.78**	**6.88%**	**17,642.65**	**7.23%**	**16,177.44**	**6.83%**
Balance with other banks and financial institutions								0.00%		0.00%
In Bangladesh	651.90	0.25%	112.22	0.04%	258.88	0.10%	244.17	0.10%	251.39	0.11%
Outside Bangladesh	2,713.33	1.06%	1,845.46	0.73%	1,253.81	0.49%	626.53	0.26%	1,392.74	0.59%
	3,365.23	**1.31%**	**1,957.68**	**0.78%**	**1,512.69**	**0.59%**	**870.70**	**0.36%**	**1,644.13**	**0.69%**
Money at call and short notice	**540.00**	**0.21%**	**420.00**	**0.17%**	-	-	-	-	-	-
Investments								0.00%		0.00%
Government	47,653.80	18.56%	61,752.41	24.49%	70,928.31	27.82%	56,147.17	23.02%	44,936.70	18.97%
Others	595.41	0.23%	980.45	0.39%	1,713.52	0.67%	792.35	0.32%	925.21	0.39%
	48,249.21	**18.80%**	**62,732.86**	**24.88%**	**72,641.83**	**28.50%**	**56,939.52**	**23.35%**	**45,861.90**	**19.36%**
Loans, advances and lease / investments								0.00%		0.00%
Loans, cash credits, overdrafts, etc./ investments	157,818.46	61.50%	143,778.65	57.02%	142,780.10	56.01%	147,380.88	60.43%	153,440.71	64.79%
Bills purchased and discounted	12,393.36	4.83%	8,085.88	3.21%	4,586.55	1.80%	6,207.88	2.55%	7,449.14	3.15%
	170,211.83	**66.33%**	**151,864.53**	**60.23%**	**147,366.65**	**57.81%**	**153,588.76**	**62.98%**	**160,889.85**	**67.93%**
Fixed assets including premises, furniture and fixtures	**6,589.68**	**2.57%**	**6,516.43**	**2.58%**	**6,612.69**	**2.59%**	**6,406.72**	**2.63%**	**4,363.35**	**1.84%**
Other assets	**9,690.07**	**3.78%**	**10,988.16**	**4.36%**	**9,067.22**	**3.56%**	**8,420.46**	**3.45%**	**7,896.33**	**3.33%**
Non - banking assets	**220.50**	**0.09%**	**220.50**	**0.09%**	**176.34**	**0.07%**	-	**0.00%**	-	**0.00%**
Total assets	**256,599.13**	**100.00%**	**252,161.23**	**100.00%**	**254,912.20**	**100.00%**	**243,868.80**	**100.00%**	**236,833.01**	**100.00%**

Vertical Analysis

Balance Sheet

BDT in Million

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from other banks, financial institutions and agents	12,929.79	5.04%	10,442.20	4.14%	7,668.88	3.01%	3,858.26	1.58%	20,681.98	8.73%
Deposits and other accounts								0.00%		0.00%
Current / Al-wadeeah current deposits	31,905.54	12.43%	28,234.43	11.20%	27,586.63	10.82%	26,612.33	10.91%	27,373.82	11.56%
Bills payable	5,168.36	2.01%	2,387.28	0.95%	2,942.89	1.15%	2,081.42	0.85%	3,421.44	1.44%
Savings bank / Mudaraba savings deposits	35,628.62	13.88%	30,713.92	12.18%	25,106.12	9.85%	21,125.91	8.66%	19,188.83	8.10%
Term deposits / Mudaraba term deposits	125,231.44	48.80%	133,489.47	52.94%	149,202.09	58.53%	152,087.48	62.36%	132,068.78	55.76%
Bearer certificate of deposit	-	-	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-	-	-
	197,933.97	77.14%	194,825.10	77.26%	204,837.73	80.36%	201,907.14	82.79%	182,052.87	76.87%
Other liabilities	20,450.52	7.97%	20,478.90	8.12%	17,944.88	7.04%	15,073.79	6.18%	13,311.12	5.62%
Total liabilities	231,314.27	90.15%	225,746.20	89.52%	230,451.49	90.40%	220,839.19	90.56%	216,045.97	91.22%
Capital / Shareholders' equity										
Paid up capital	10,293.49	4.01%	10,293.49	4.08%	10,293.49	4.04%	10,293.49	4.22%	9,357.71	3.95%
Share premium	2,241.23	0.87%	2,241.23	0.89%	2,241.23	0.88%	2,241.23	0.92%	2,241.23	0.95%
Statutory reserve	9,204.06	3.59%	8,735.05	3.46%	8,184.65	3.21%	7,528.63	3.09%	6,839.53	2.89%
Revaluation gain / (loss) on investments	15.28	0.01%	1,791.99	0.71%	441.47	0.17%	109.19	0.04%	19.72	0.01%
Revaluation reserve	1,506.29	0.59%	1,511.41	0.60%	1,503.52	0.59%	1,511.49	0.62%	251.60	0.11%
Foreign currency translation gain	6.64	1.11%	6.00	0.00%	5.09	0.00%	4.51	0.00%	5.02	0.00%
Other reserve	-	-	-	-	-	-	-	-	-	-
Surplus in profit and loss account / Retained earnings	2,017.88	0.79%	1,835.87	0.73%	1,791.27	0.70%	1,341.08	0.55%	2,072.23	0.87%
Total Shareholders' equity	25,284.85	9.85%	26,415.03	10.48%	24,460.71	9.60%	23,029.62	9.44%	20,787.04	8.78%
Total liabilities and Shareholders' equity	256,599.13	100.00%	252,161.23	100.00%	254,912.20	100.00%	243,868.80	100.00%	236,833.01	100.00%

Horizontal Analysis

Profit and Loss Account

BDT in Million

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
Interest income / profit on investments	13,988.67	-10.04%	15,550.67	-15.70%	18,445.89	-16.20%	22,010.66	-3.55%	22,821.50	36.36%
Interest / profit paid on deposits, borrowings, etc.	(10,675.51)	-25.12%	(14,256.81)	-8.45%	(15,573.52)	-11.91%	(17,678.36)	1.54%	(17,410.29)	37.65%
Net interest / net profit on investments	**3,313.16**	**156.07%**	**1,293.87**	**-54.95%**	**2,872.36**	**-33.70%**	**4,332.30**	**-19.94%**	**5,411.21**	**32.34%**
Investment income	6,203.36	-22.35%	7,988.73	28.97%	6,194.36	10.96%	5,582.71	20.49%	4,633.33	9.91%
Commission, exchange and brokerage	1,693.19	-13.44%	1,956.08	-3.79%	2,033.13	-5.68%	2,155.49	-11.28%	2,429.44	-9.65%
Other operating income	813.61	2.47%	834.18	3.44%	806.47	-0.75%	812.59	-20.17%	1,017.96	56.11%
Total operating income (A)	**12,023.31**	**-0.41%**	**12,072.86**	**1.40%**	**11,906.31**	**-7.58%**	**12,883.08**	**-4.51%**	**13,491.95**	**15.86%**
Salaries and allowances	3,650.55	1.63%	3,591.88	9.52%	3,279.74	11.59%	2,939.02	9.94%	2,673.29	29.90%
Rent, taxes, insurance, electricity, etc.	755.94	11.96%	675.18	15.89%	582.60	5.88%	550.26	27.71%	430.87	17.22%
Legal expenses	52.87	-3.95%	55.05	53.54%	35.85	-5.04%	37.76	32.15%	28.57	75.14%
Postage, stamp, telecommunication, etc.	119.00	-13.55%	137.64	22.40%	112.45	-16.09%	134.00	5.02%	127.60	-3.37%
Stationery, printing, advertisements, etc.	202.55	-8.59%	221.59	5.12%	210.81	-7.25%	227.29	-25.33%	304.37	18.14%
Managing Director's salary and fees	10.80	7.30%	10.06	15.98%	8.67	-25.15%	11.59	1.24%	11.45	27.16%
Directors' fees	4.94	43.07%	3.45	-9.15%	3.80	-12.94%	4.36	-15.29%	5.15	44.33%
Auditors' fees	1.38	20.00%	1.15	0.00%	1.15	66.67%	0.69	20.00%	0.58	10.05%
Charges on loan losses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Depreciation and repair of Bank's assets	380.41	-3.58%	394.55	-1.43%	400.25	14.98%	348.12	4.95%	331.71	22.19%
Other expenses	1,087.50	1.08%	1,075.88	-3.45%	1,114.31	-3.59%	1,155.85	12.49%	1,027.53	-4.35%
Total operating expenses (B)	**6,265.93**	**1.61%**	**6,166.43**	**7.25%**	**5,749.63**	**6.30%**	**5,408.92**	**9.47%**	**4,941.12**	**17.92%**
Profit / (loss) before provision (C=A-B)	**5,757.38**	**2.52%**	**5,906.42**	**-4.06%**	**6,156.69**	**-17.63%**	**7,474.16**	**-12.59%**	**8,550.83**	**14.70%**

IMPRINTOK

Horizontal Analysis

Profit and Loss Account

BDT in Million

Particulars	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
Provision for loans / investments										
Specific provision	1,622.00	-39.40%	2,690.00	1.76%	2,643.50	-11.29%	2,980.00	100.00%	1,490.00	559.29%
General provision	1,444.95	393.16%	293.00	157.02%	114.00	-82.24%	642.00	167.50%	240.00	-21.31%
Provision for Off-Shore Banking Units	54.45	36.47%	39.90	-47.50%	76.00	-79.01%	362.00	#DIV/0!	-	0.00%
Provision for off-balance sheet exposures	228.75	-234.43%	68.40	4629.80%	(1.51)	-115.10%	10.00	-92.86%	140.00	7.69%
	3,350.15	8.37%	3,091.30	9.16%	2,831.99	-29.09%	3,994.00	113.58%	1,870.00	182.90%
Provision for diminution in value of investments	9.12	-30.29%	7.00	200.00%	(7.00)	-128.54%	24.53	-44.00%	43.80	100.00%
Other provisions	53.07	-5.41%	56.11	8.74%	51.60	409.11%	10.14	-99.22%	1,301.94	100.00%
Total provision (D)	**3,412.34**	**8.18%**	**3,154.41**	**9.66%**	**2,876.59**	**-28.60%**	**4,028.66**	**25.28%**	**3,215.74**	**386.50%**
Total profit / (loss) before taxes (C-D)	**2,345.04**	**-14.79%**	**2,752.02**	**-16.10%**	**3,280.10**	**-4.80%**	**3,445.50**	**-35.42%**	**5,335.09**	**-21.47%**
Provision for taxation										
Current tax	150.00	-75.53%	713.00	-39.58%	1,180.00	-26.98%	1,616.00	-34.04%	2,449.80	-15.74%
Deferred tax	-	-100.00%	(100.00)	-65.85%	(292.80)	#DIV/0!	-	-100.00%	186.30	-17.02%
	150.00	-75.53%	613.00	-30.91%	887.20	-45.10%	1,616.00	-38.70%	2,636.10	-15.83%
Net profit after taxation	**2,195.04**	**2.62%**	**2,139.02**	**-10.61%**	**2,392.90**	**30.80%**	**1,829.50**	**-32.22%**	**2,698.99**	**-26.30%**

INVESTOCK

Horizontal Analysis

Profit and Loss Account

BDT in Million

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%
Interest income / profit on investments	13,988.67	61.63%	15,550.67	59.06%	18,445.89	67.13%	22,010.66	72.02%	22,821.50	73.85%
Interest / profit paid on deposits, borrowings, etc.	(10,675.51)	-47.03%	(14,256.81)	-54.15%	(15,573.52)	-56.67%	(17,678.36)	-57.85%	(17,410.29)	-56.34%
Net interest / net profit on investments	**3,313.16**	14.60%	**1,293.87**	4.91%	**2,872.36**	10.45%	**4,332.30**	14.18%	**5,411.21**	17.51%
Investment income	6,203.36	27.33%	7,988.73	30.34%	6,194.36	22.54%	5,582.71	18.27%	4,633.33	14.99%
Commission, exchange and brokerage	1,693.19	7.46%	1,956.08	7.43%	2,033.13	7.40%	2,155.49	7.05%	2,429.44	7.86%
Other operating income	813.61	3.58%	834.18	3.17%	806.47	2.93%	812.59	2.66%	1,017.96	3.29%
Total operating income (A)	**12,023.31**	52.97%	**12,072.86**	45.85%	**11,906.31**	43.33%	**12,883.08**	42.15%	**13,491.95**	43.66%
Salaries and allowances	3,650.55	16.08%	3,591.88	13.64%	3,279.74	11.94%	2,939.02	9.62%	2,673.29	8.65%
Rent, taxes, insurance, electricity, etc.	755.94	3.33%	675.18	2.56%	582.60	2.12%	550.26	1.80%	430.87	1.39%
Legal expenses	52.87	0.23%	55.05	0.21%	35.85	0.13%	37.76	0.12%	28.57	0.09%
Postage, stamp, telecommunication, etc.	119.00	0.52%	137.64	0.52%	112.45	0.41%	134.00	0.44%	127.60	0.41%
Stationery, printing, advertisements, etc.	202.55	0.89%	221.59	0.84%	210.81	0.77%	227.29	0.74%	304.37	0.98%
Managing Director's salary and fees	10.80	0.05%	10.06	0.04%	8.67	0.03%	11.59	0.04%	11.45	0.04%
Directors' fees	4.94	0.02%	3.45	0.01%	3.80	0.01%	4.36	0.01%	5.15	0.02%
Auditors' fees	1.38	0.01%	1.15	0.00%	1.15	0.00%	0.69	0.00%	0.58	0.00%
Charges on loan losses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Depreciation and repair of Bank's assets	380.41	1.68%	394.55	1.50%	400.25	1.46%	348.12	1.14%	331.71	1.07%
Other expenses	1,087.50	4.79%	1,075.88	4.09%	1,114.31	4.05%	1,155.85	3.78%	1,027.53	3.33%
Total operating expenses (B)	**6,265.93**	27.60%	**6,166.43**	23.42%	**5,749.63**	20.92%	**5,408.92**	17.70%	**4,941.12**	15.99%
Profit / (loss) before provision (C=A-B)	**5,757.38**	25.36%	**5,906.42**	22.43%	**6,156.69**	22.40%	**7,474.16**	24.46%	**8,550.83**	27.67%
Provision for loans / investments										
Specific provision	1,622.00	7.15%	2,690.00	10.22%	2,643.50	9.62%	2,980.00	9.75%	1,490.00	4.82%
General provision	1,444.95	6.37%	293.00	1.11%	114.00	0.41%	642.00	2.10%	240.00	0.78%

INVESTOCK

Horizontal Analysis

Profit and Loss Account

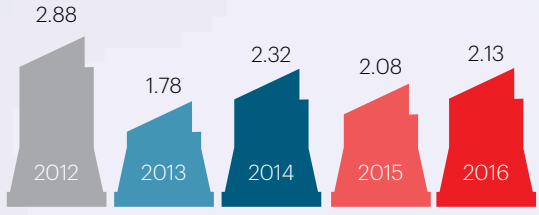
BDT in Million

Particulars	2016	%	2015	%	2014	%	2013	%	2012	%
Provision for Off-Shore Banking Units	54.45	0.24%	39.90	0.15%	76.00	0.28%	362.00	1.18%	-	0.00%
Provision for off-balance sheet exposures	228.75	1.01%	68.40	0.26%	(1.51)	-0.01%	10.00	0.03%	140.00	0.45%
	3,350.15	14.76%	3,091.30	11.74%	2,831.99	10.31%	3,994.00	13.07%	1,870.00	6.05%
Provision for diminution in value of investments	9.12	0.04%	7.00	0.03%	(7.00)	-0.03%	24.53	0.08%	43.80	0.14%
Other provisions	53.07	0.23%	56.11	0.21%	51.60	0.19%	10.14	0.03%	1,301.94	4.21%
Total provision (D)	**3,412.34**	**15.03%**	**3,154.41**	**11.98%**	**2,876.59**	**10.47%**	**4,028.66**	**13.18%**	**3,215.74**	**10.41%**
Total profit / (loss) before taxes (C-D)	**2,345.04**	**10.33%**	**2,752.02**	**10.45%**	**3,280.10**	**11.94%**	**3,445.50**	**11.27%**	**5,335.09**	**17.26%**
Provision for taxation										
Current tax	150.00	0.66%	713.00	2.71%	1,180.00	4.29%	1,616.00	5.29%	2,449.80	7.93%
Deferred tax	-	0.00%	(100.00)	-0.38%	(292.80)	-1.07%	-	0.00%	186.30	0.60%
	150.00	0.66%	613.00	2.33%	887.20	3.23%	1,616.00	5.29%	2,636.10	8.53%
Net profit after taxation	**2,195.04**	9.67%	**2,139.02**	8.12%	**2,392.90**	8.71%	**1,829.50**	5.99%	**2,698.99**	8.73%

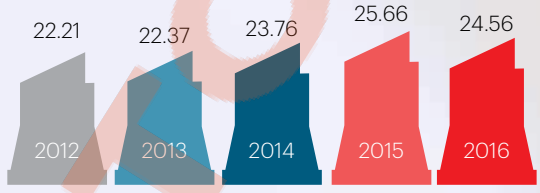
AMARSTOCK

GRAPHICAL PRESENTATION
PBL

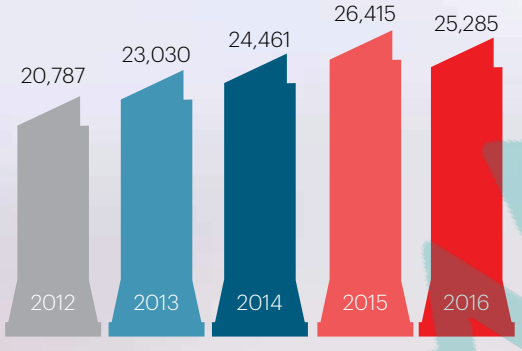
Earnings per Share (BDT)



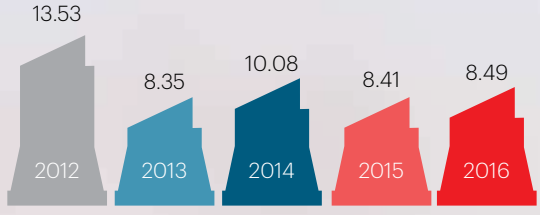
Net Asset Value per Share (BDT)



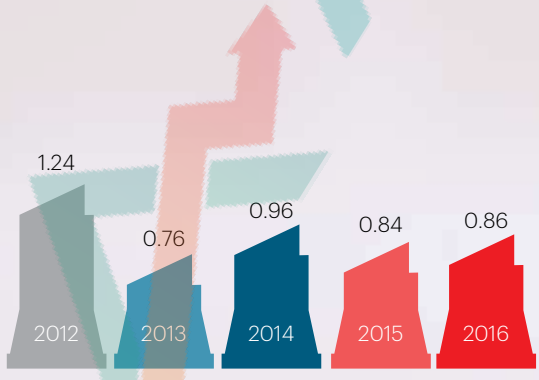
Shareholder's Equity (BDT in Million)



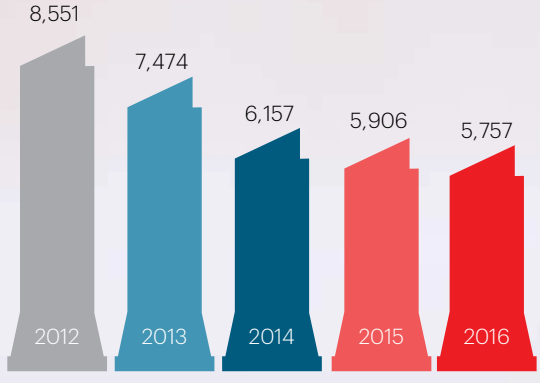
Return on Equity (%)



Return on Assets (%)



Operating Profit (BDT in Million)



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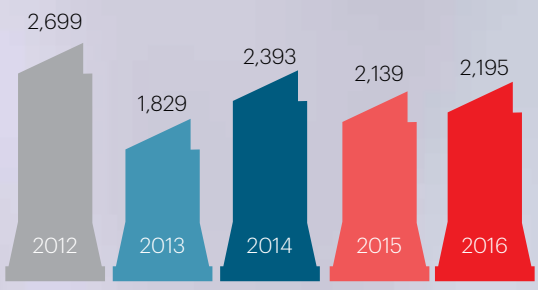
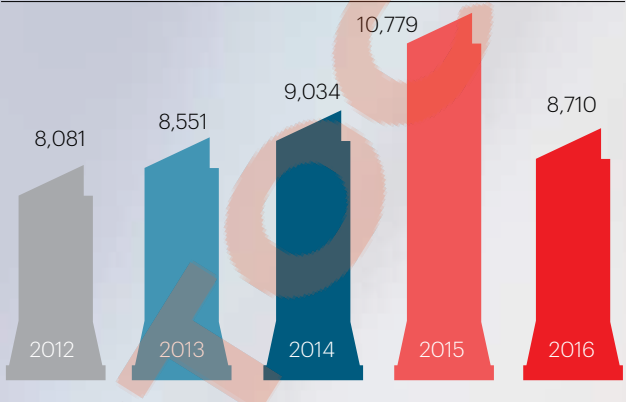
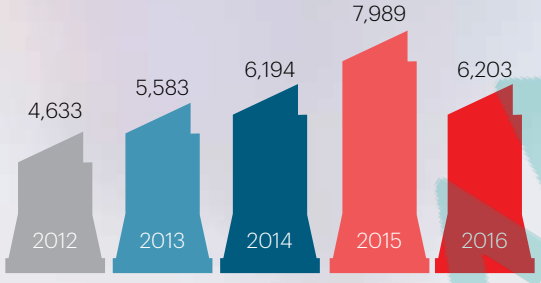
Profit after Tax (BDT in Million)



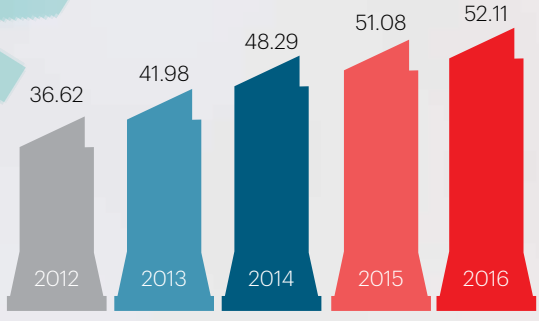
Non-Interest Income (BDT in Million)



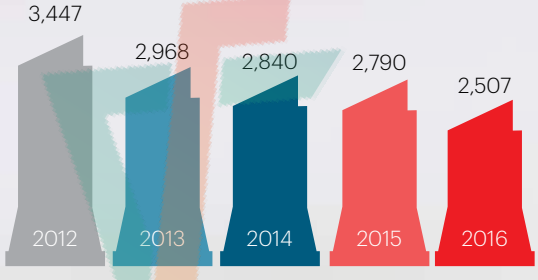
Investment Income (BDT in Million)



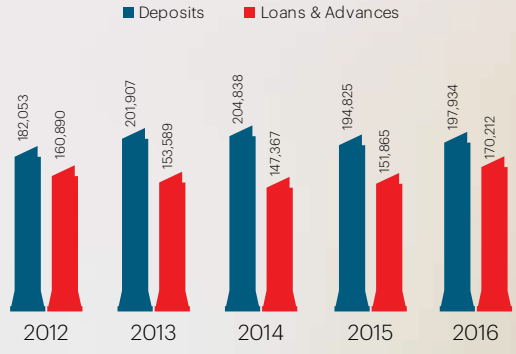
Cost-Income Ratio (%)



Fee based Income (BDT in Million)

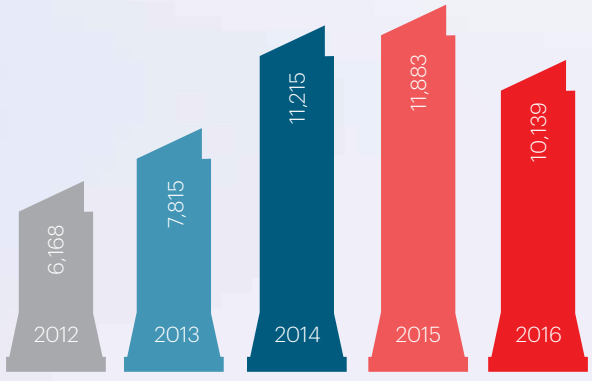


Deposit & Advance (BDT in Million)

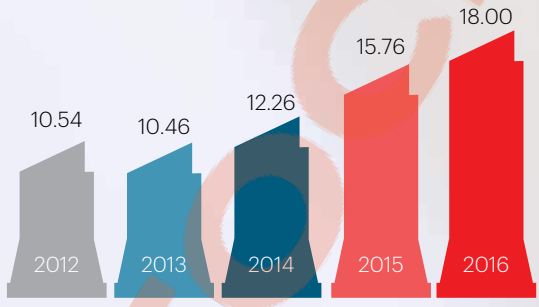


MARKET STOCK

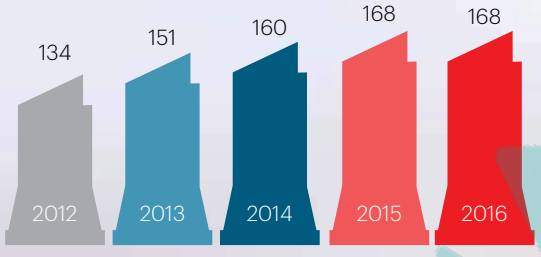
Non-Performing Loans (BDT in Million)



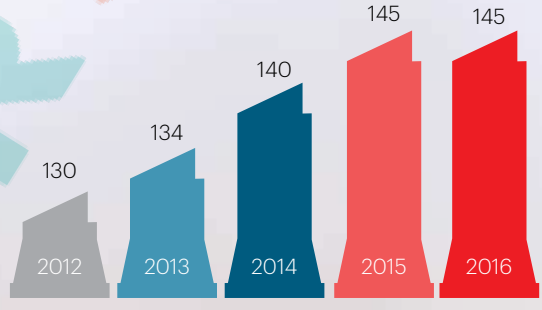
Saving Deposit as % of Total Deposit (%)



Number of ATM



Branch Network



SEGMENT ANALYSIS

Summary

BDT in Million

Deposits	Dec-16	Dec-15
Corporate & IB	16,883.50	11,026.69
Commercial	10,905.00	11,265.02
MSME	9,450.00	11,965.85
Consumer and others	160,605.43	160,567.653
Total Deposits	**197,933.93**	**194,825.10**

BDT in Million

Loan and Advance	Dec-16	Dec-15
Corporate & IB	84,388.80	63,520.00
Commercial	41,299.02	37,380.00
MSME	18,190.54	17,821.21
Consumer	18,638.20	18,546.80
Other	7,695.30	14,597.19
Total Loan	**170,211.86**	**151,864.50**

BDT in Million

Export	Dec-16	Dec-15
Corporate & IB	45,633.10	45,068.43
Commercial	44,086.40	43,761.58
Total Export	**89,719.50**	**88,830.00**

BDT in Million

Import	Dec-16	Dec-15
Corporate & IB	92,235.50	69,180.00
Commercial	37,543.66	37,716.03
MSME	5,134.34	7,850.00
Total Import	**134,913.50**	**114,746.03**

BDT in Million

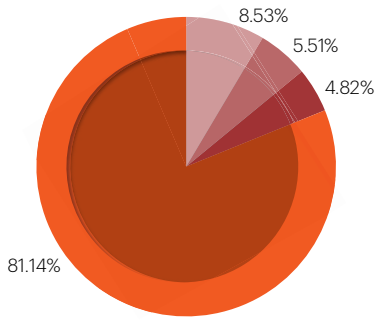
Guarantee	Dec-16	Dec-15
Corporate & IB	8,110.00	6,950.00
Commercial	4,360.00	3,980.00
MSME	90.00	80.00
Counter Guarantee	19,790.00	23,990.00
Total Guarantee	**32,350.00**	**35,000.00**

Sector

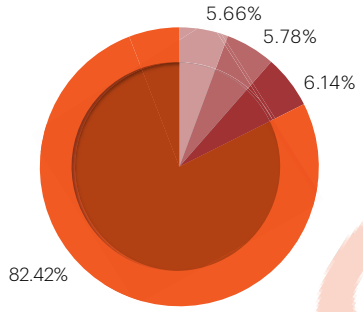
BDT in Million

Sector	Dec-16	Dec-15
RMG & Textile	26,797.10	18,010.20
Metal Industry	25,350.20	23,445.80
Trade Service	18,860.70	21,948.70
Construction	17,431.20	12,732.80
Other Manufacturing	11,014.90	10,426.10
Professional & Services	8,622.70	6,223.90
Food Beverage	7,493.90	6,621.00
Real Estate	7,453.00	14,174.50
Communication	4,629.90	4,492.80
Leather & Rubber	2,206.50	2,488.30
Ship Breaking and Buildingd	2,014.20	2,290.20
Agriculture	1,973.10	2,910.30
Furniture & Machinery	1,926.20	1,300.00
Pharmaceuticals	1,895.50	1,571.80
Tobacco	1,576.30	1,570.80
Power & Gas	613.90	541.10
Miscellenious / Others	30,352.50	21,116.20
Total	**170,211.80**	**151,864.50**

Deposits

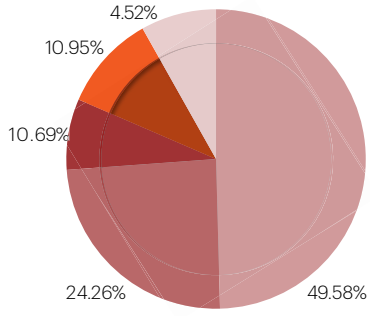


Deposits Dec '16
- Corporate & IB
- Commercial
- MSME
- Consumer

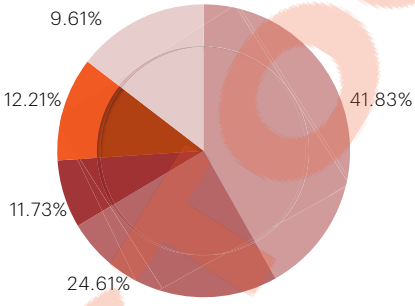


Deposits Dec '15
- Corporate & IB
- Commercial
- MSME
- Consumer

Advance

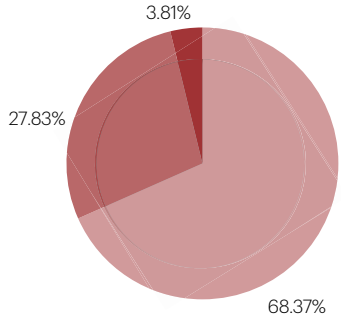


Loan Dec '16
- Corporate & IB
- Commercial
- MSME
- Consumer
- Other

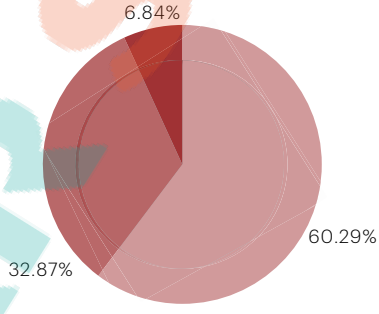


Loan Dec '15
- Corporate & IB
- Commercial
- MSME
- Consumer
- Other

Import

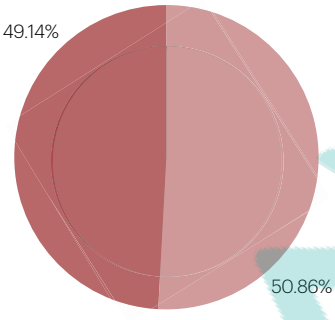


Import Dec '16
- Corporate & IB
- Commercial
- MSME

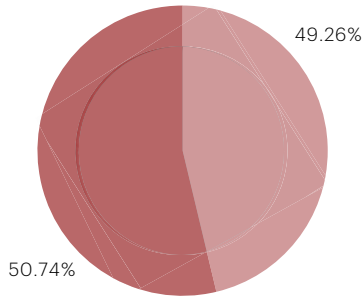


Import Dec '15
- Corporate & IB
- Commercial
- MSME

Export

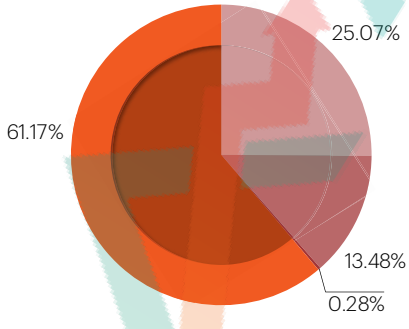


Export Dec '16
- Corporate & IB
- Commercial

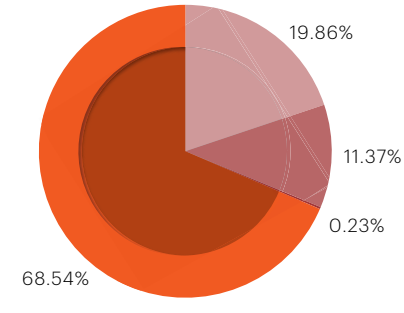


Export Dec '15
- Corporate & IB
- Commercial

Guarantee



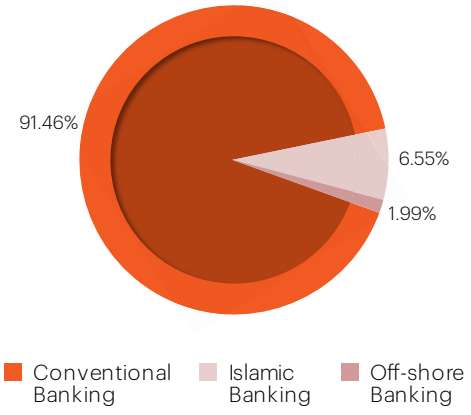
Guarantee Dec '16
- Corporate & IB
- Commercial
- MSME
- Counter Guarantee



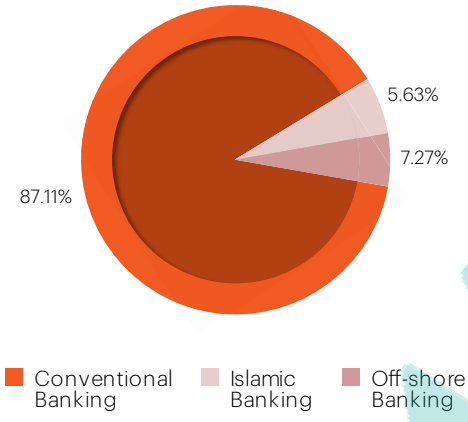
Guarantee Dec '15
- Corporate & IB
- Commercial
- MSME
- Counter Guarantee

PBL

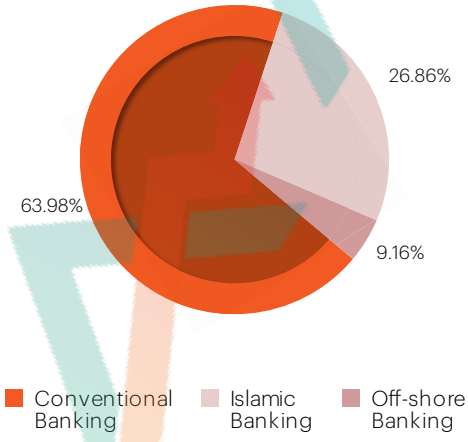
Operating Revenue



Assets Employed

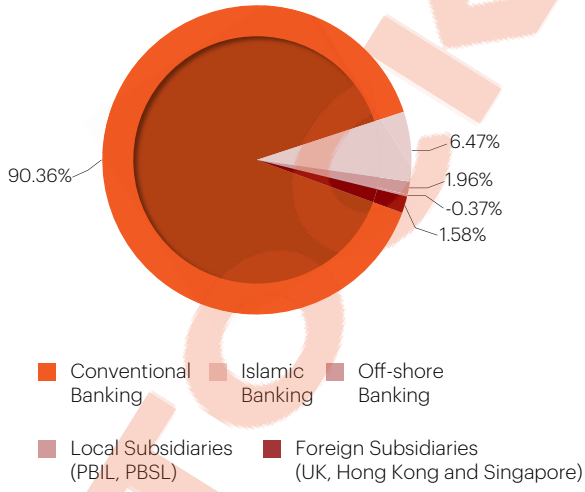


Profit before Tax

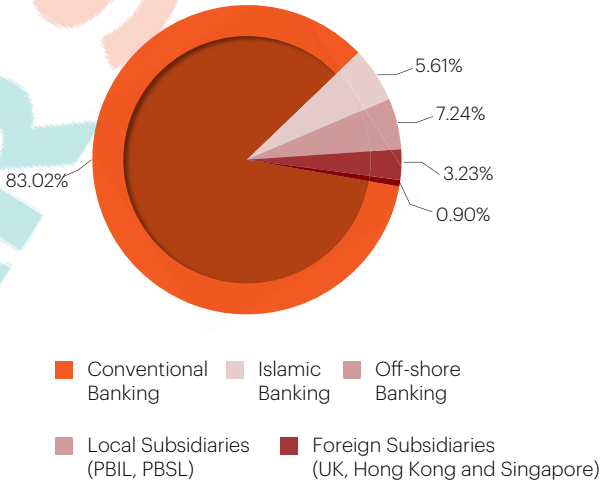


GROUP

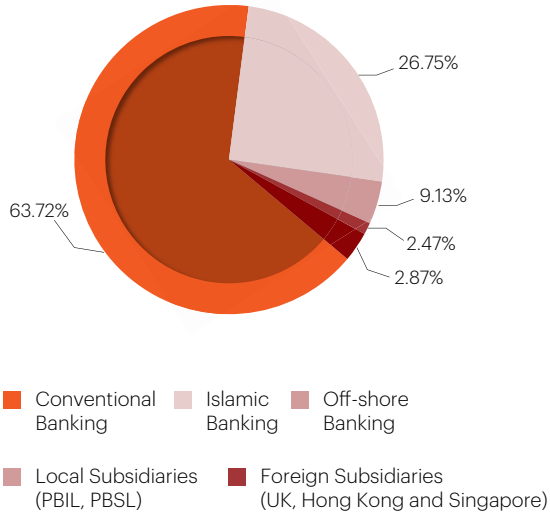
Operating Revenue



Assets Employed



Profit before Tax



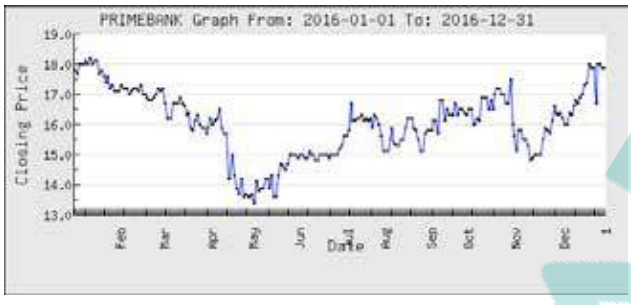
SMARTSTOCK

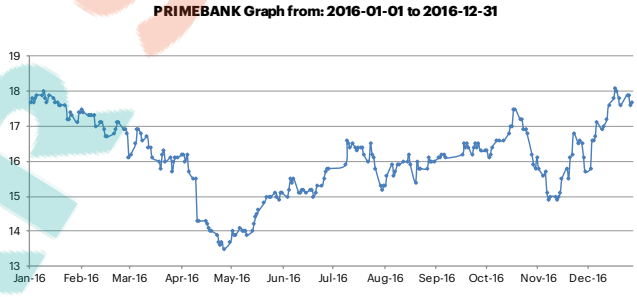
Stock Performance

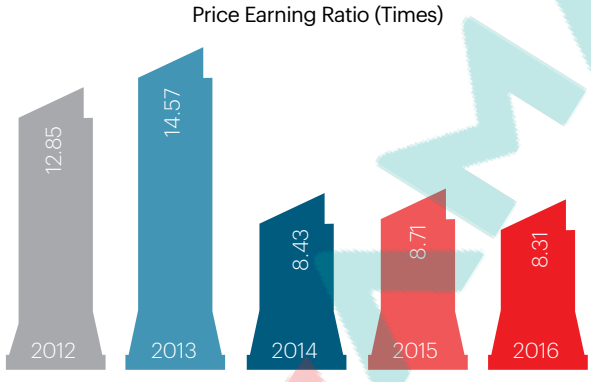
Market Price Information

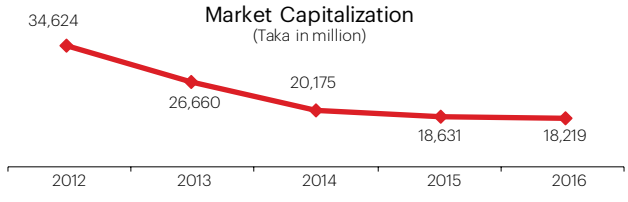
The reported high and low prices and volume of shares of Prime Bank Limited traded during the year 2015 on Dhaka Stock Exchange and Chittagong Stock Exchange are given below:

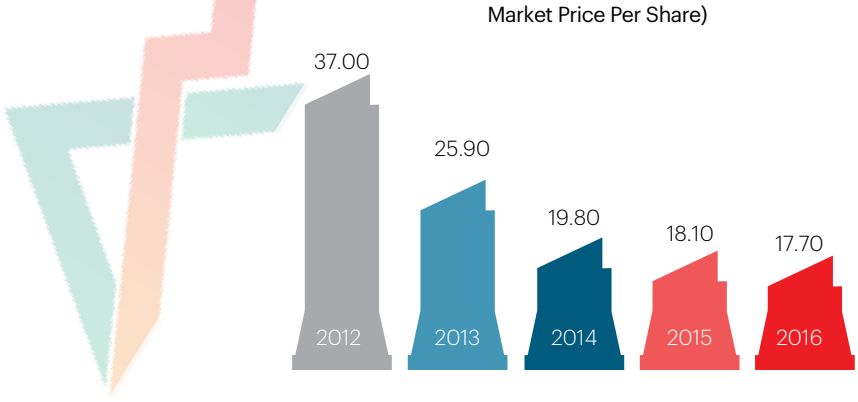
Month	DSE			CSE			Total Volume on DSE & CSE
	High Taka	Low Taka	Volume	High Taka	Low Taka	Volume	
January	18.20	16.90	5650732	18.40	17.00	166102	5816834
February	17.60	16.60	2804899	19.40	18.00	92158	2897057
March	17.20	15.20	8925510	17.60	15.30	157985	9083495
April	16.50	13.20	5049284	16.70	13.30	291428	5340712
May	18.20	16.90	10173868	15.50	13.10	232732	10406600
June	16.00	14.90	3589165	15.80	14.60	79228	3668393
July	16.90	15.00	3976829	16.70	15.00	102349	4079178
August	16.40	15.00	3506930	16.30	14.80	67809	3574739
September	16.60	15.70	2663665	16.90	15.70	176631	2840296
October	17.60	15.80	7125842	17.50	15.50	106750	7232592
November	16.90	14.60	2803265	17.00	14.80	211145	3014410
December	18.70	15.50	12297128	18.20	16.00	406934	12704062











Economic impact report

The bank's overall mission is to deliver optimum value to its customers, employees, shareholders and the nation and the business strategy is geared towards achieving this. This section covers the value the bank delivers to its shareholders and the nation at large.

The bank's policy has been to deliver optimum value in a manner that is consistent with the highest levels of fairness and transparency. For the bank, it has not been a case of building financial value and enhancing the bottom line at any cost, but rather participating in a process of creating value through fair and ethical means. Building sustainable value of all stakeholders is an important corporate goal.

Some of the measures taken to create, sustain and deliver optimum value are as follows:

Capital adequacy

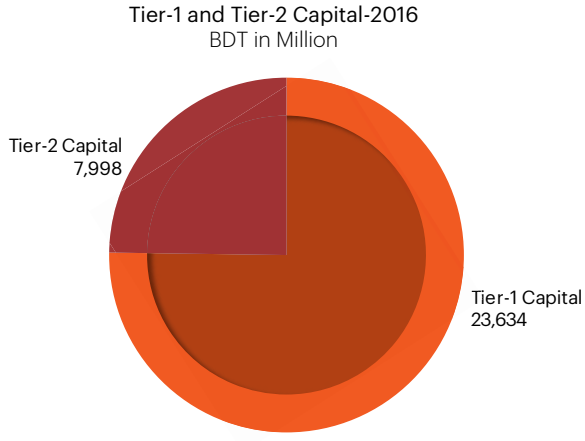
Capital adequacy symbolizes the financial strength and stability of a bank. It limits the extent up to which banks can expand their business in terms of risk weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by acquiring property, plant and equipment, opening branches, in addition to mobilizing deposits, providing loans and investing in other assets.

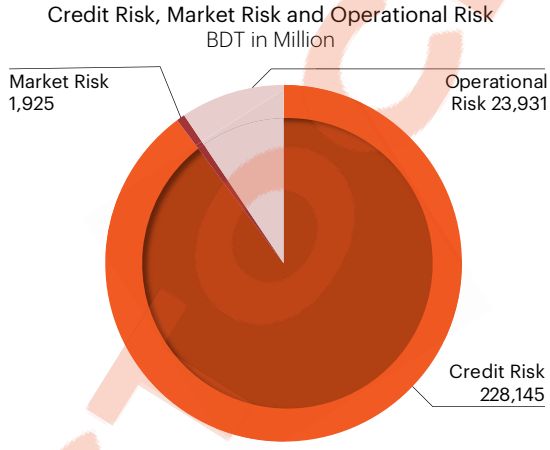
Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage (over trading), to improve the quality of bank's assets, to control the ability of the banks to leverage their growth and to lead to higher earnings on assets, leading to peace of mind of all the stakeholders. The bank keeps a careful check on its capital adequacy ratios.

The capital adequacy computation on Solo basis as at December 31, 2016 is given below:

Details of Eligible Capital	BDT in Million	
	2016 (Basel-III)	2015 (Basel-III)
Common Equity Tier-I (CET-1) Capital:		
Paid-up capital	10,293	10,293
Share premium	2,241	2,241
General Reserve	-	-
Minority interest in subsidiaries	-	-
Statutory reserve	9,204	8,735
Surplus in consolidated profit and loss account / Retained earnings	2,018	1,836
Total CET-I Capital	**23,757**	**23,106**
Additional Tier-1 (AT-1) Capital:		
Non-cumulative irredeemable preference share	-	-
Less: Regulatory adjustments:		
Shortfall in provisions required against investments in share	-	-
Goodwill and all other intangible assets	47	71
Reciprocal Crossholdings	76	58
	123	**129**
Total Tier-1 Capital	**23,634**	**22,977**
Tier-2 Capital		
General provision	4,915	2,528
Revaluation gain / loss on investment (50% of total)	221	221
Revaluation reserve for equity instruments (10% of unrealized market gain)	-	-
Revaluation reserve for fixed assets (50% of total)	752	752
Prime Bank Subordinated bond	2,500	3,000
Exchange equalization account	-	-
	8,387	**6,501**
Less: Regulatory adjustments:		
Revaluation Reserves for fixed assets, securities, and wquity securities etc.	389	194
Total Tier-2 Capital	**7,998**	**6,306**
Total capital	31,632	29,283
Total risk-weighted assets	**254,001**	**229,843**
Core capital ratio (%)	9.30%	10.00%
Supplementary capital ratio (%)	3.15%	2.74%
Total Capital to Risk Weighted Asset Ratio (CRAR)	**12.45%**	**12.74%**

MARKET STOCK





Liquidity Statement

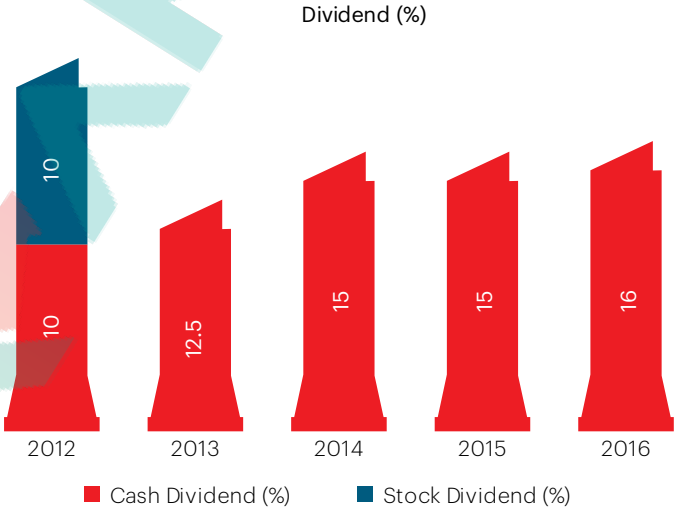
The liquidity policy of the bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in the 1 to 30 days category. Our liquidity remained at optimum levels during the year. The liquid assets ratio stood at 28.04% (required 13% of total demand & time deposits) in December 2016.

The assets and liabilities committee (ALCO) of the bank monitors the situation and maintains a satisfactory trade-off between liquidity and profitability.

Payment of Dividends

The dividend policy of bank has always been to pay a decent dividend to its shareholders while ploughing back sufficient profits to fund growth and capital adequacy requirements. As a result of this prudent dividend policy, the bank has been able to build up its shareholders' fund base to satisfactory levels.

Considering the performance of the bank over the past year, the Board has recommended cash dividend of 16% for the year 2016.



Disclosure for Non-Performing Assets

Movements of NPA

Particulars	BDT in Million	
	2016	2015
Opening Balance	11,882.80	11,214.64
Add: Addition NPA during the period	9,520.72	12,988.55
Less: NPA recovered during the period	(1,489.08)	(2,757.89)
Less: NPA declassified/regularized as performing during the period	(4,019.99)	(7,214.21)
Less: NPA written-off during the period	(5,754.98)	(2,348.29)
Closing Balance (NPA)	**10,139.47**	**11,882.80**

Sector-wise Break up of NPA

Particulars	BDT in Million	
	2016	2015
Corporate & Institutional Banking	-	7,401.67
Commercial Banking	2,396.89	
Consumer Banking	1,868.40	1,421.76
MSME	1,677.50	2,919.56
Credit Card	118.90	133.94
Others	4,077.79	5.87
Total NPA	**10,139.48**	**11,882.80**
No. of rescheduled loans during the year (incl. Retail Banking Div. & SME Banking Div.)	**227**	**321**

Movement of Provisions made against NPA

Particulars	BDT in Million	
	2016	2015
Opening Balance	5,749.30	4,586.30
Add: addition during the year	1,774.08	2,789.61
Less: Adjustmen during the year	(3,699.31)	(1,626.61)
Closing Balance	**3,824.06**	**5,749.30**

Statement of Value Added and its Distribution

Particulars	BDT in Million	
	2016	2015
Government as Taxes		
Tax	433.68	855.15
TDS	2,035.55	2,330.55
VAT	370.58	588.41
Total	**2,839.81**	**3,774.10**
Shareholders as Dividend	1,646.96	1,544.02
Employees as bonus/remuneration	3,661.34	3,601.94
Retained by the entity		
Market Share information of the Company's product/services		
Economic value added		

FINANCIAL **STATEMENTS**



Independent Auditors' Report to the Shareholders -
Consolidated Balance Sheet -
Consolidated Profit and Loss Account -
Consolidated Cash Flow Statement -
Consolidated Statement of Changes in Equity -
Balance Sheet of PBL -
Profit and Loss Account -
Cash Flow Statement -
Statement of Changes in Equity -
Notes to the Financial Statements -
Financial Statements of Islamic Branches -
Financial Statements of Offshore Banking Unit -

INDEPENDENT AUDITORS' REPORT
To The Shareholders Of Prime Bank Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Prime Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Prime Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as stated in note# 2.19 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (As amended in 2013) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as stated in note# 2.19.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 as amended in 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Controls:

i) internal audit, internal control and risk management arrangements of the Group and the Bank, as disclosed in note# 2.11 & 2.20

(i & ii) appeared to be adequate with immaterial control deficiencies as identified in management report;

ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.;

(c) financial statements of subsidiary companies of the Bank namely Prime Bank Investment Limited and Prime Bank Securities Limited have been audited by Howlader Yunus & Co. Chartered Accountants. Prime Exchange Co. (Pte) Limited, Singapore and PBL Finance (Hong Kong) Limited have been audited by C.C. Yang & Co. Chartered Accountants of Singapore and T.O Yip & Co. Limited, Certified Public Accountant. The financial statements PBL Exchange (UK) Limited have been certified by Reedy Siddiqui & Kabani as on 31st December 2016. These accounts have been properly reflected in the consolidated financial statements;

(d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

(e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

(f) the expenditure incurred was for the purposes of the Bank's business;

(g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standard as explained in note# 2.19 as well as with related meeting amongst Inspection Team of Bangladesh Bank, External Auditor and the Management of Prime Bank Limited held on 14 March 2017 and subsequent letter number DBI-1/90/2017/1189 dated 21 March 2017 issued by Bangladesh Bank.

(h) provisions as explained in note# 7a.12, 10a.4 and 14a.4 have been made for the loans & advances, other assets and off balance sheet items which are, in our opinion, doubtful of recovery.;

(i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(j) the information and explanations required by us have been received and found satisfactory; and

(k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 9,750 person hours for the audit of the books and accounts of the Bank.

ACNABIN
Chartered Accountants

Syful Shamsul Alam & Co
Chartered Accountants

Dhaka, Dated, 30 March 2017

AMARSTOCK

CONSOLIDATED BALANCE SHEET
as at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)		2,772,028,445	2,447,641,587
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		15,013,759,704	15,069,879,177
		17,785,788,149	17,517,520,764
Balance with other banks and financial institutions	4		
In Bangladesh		706,407,180	132,673,471
Outside Bangladesh		2,872,544,857	1,878,431,497
		3,578,952,037	2,011,104,968
Money at call and short notice	5	540,000,000	420,000,000
Investments	6		
Government		47,653,799,061	61,752,411,722
Others		2,618,012,934	2,878,854,992
		50,271,811,995	64,631,266,714
Loans, advances and lease /investments			
Loans, cash credits, overdrafts etc./ investments	7	158,022,379,691	145,181,210,690
Bills purchased and discounted	8	14,467,473,496	9,689,917,573
		172,489,853,187	154,871,128,263
Fixed assets including premises, furniture and fixtures	9	6,610,488,699	6,541,317,961
Other assets	10	6,055,998,848	7,261,557,215
Non - banking assets	11	220,500,640	220,500,640
Total assets		257,553,393,555	253,474,396,524
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	13,088,287,002	10,749,469,636
Deposits and other accounts	13		
Current / Al-wadeeah current deposits		31,868,669,008	28,225,121,254
Bills payable		5,168,363,915	2,387,277,687
Savings bank / Mudaraba savings deposits		35,628,622,433	30,713,923,933
Term deposits / Mudaraba term deposits		125,169,606,738	133,488,225,827
Bearer certificate of deposit		-	-
Other deposits		-	-
		197,835,262,094	194,814,548,701
Other liabilities	14	21,336,454,114	21,406,506,238
Total liabilities		232,260,003,210	226,970,524,576
Capital / Shareholders' equity			
Paid -up capital	15.2	10,293,486,160	10,293,486,160
Share premium	15.8	2,241,230,396	2,241,230,396
Minority Interest	15.9	60	60
Statutory reserve	16	9,204,058,242	8,735,049,935
Revaluation gain / loss on investments	17	53,313,727	1,833,805,066
Revaluation reserve	18	1,506,285,073	1,511,411,431
Foreign currency translation gain	19	5,907,315	6,145,156
General reserve		28,002,888	28,002,888
Surplus in profit and loss account / Retained earnings	20	1,961,106,485	1,854,740,856
Total Shareholders' equity		25,293,390,345	26,503,871,948
Total liabilities and Shareholders' equity		257,553,393,555	253,474,396,524

CONSOLIDATED BALANCE SHEET
as at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
OFF - BALANCE SHEET EXPOSURES			
Contingent liabilities	21		
Acceptances and endorsements	21.1	35,566,350,756	26,440,235,317
Letters of guarantee	21.2	67,416,908,068	63,736,691,078
Irrevocable letters of credit	21.3	27,311,640,065	16,902,956,132
Bills for collection	21.4	8,263,541,574	8,607,304,495
Other contingent liabilities		-	-
		138,558,440,463	115,687,187,022
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
		-	-
Total Off-Balance Sheet exposures including contingent liabilities		138,558,440,463	115,687,187,022

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

See annexed auditors' report to the Shareholders of the date.

ACNABIN
Chartered Accountants

Syful Shamsul Alam & Co
Chartered Accountants

Dated , 30 March 2017

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
Interest income / profit on investments	23	13,907,214,815	15,566,795,107
Interest / profit paid on deposits, borrowings, etc.	24	(10,701,356,878)	(14,294,633,015)
Net interest / net profit on investments		**3,205,857,938**	**1,272,162,092**
Investment income	25	6,262,520,697	8,029,421,639
Commission, exchange and brokerage	26	1,828,474,793	2,104,189,655
Other operating income	27	873,883,827	907,725,432
Total operating income (A)		**12,170,737,254**	**12,313,498,818**
Salaries and allowances	28	3,759,398,508	3,691,493,512
Rent, taxes, insurance, electricity, etc.	29	803,573,713	718,948,414
Legal expenses	30	56,674,404	58,841,460
Postage, stamp, telecommunication, etc.	31	127,137,642	146,287,965
Stationery, printing, advertisements, etc.	32	206,494,639	225,171,225
Managing Director's salary and fees	33	10,795,129	10,060,931
Directors' fees	34	5,357,475	3,789,780
Auditors' fees	35	2,520,465	2,334,082
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37	388,433,628	407,505,456
Other expenses	38	1,181,539,791	1,102,837,129
Total operating expenses (B)		**6,541,925,394**	**6,367,269,955**
Profit / (loss) before provision (C=A-B)		**5,628,811,860**	**5,946,228,863**
Provision for loans / investments	39		
Specific provision		1,622,000,000	2,690,000,000
General provision		1,444,950,000	293,000,000
Provision for Off-Shore Banking Units		54,450,000	39,900,000
Provision for off-balance sheet exposures		228,750,000	68,400,000
		3,350,150,000	3,091,300,000
Provision for diminution in value of investments		9,120,000	(53,959,104)
Provision for impairment of client margin loan		(137,965,251)	46,205,358
Other provisions		53,069,577	56,106,426
Total provision (D)		**3,274,374,326**	**3,139,652,680**
Total profit / (loss) before taxes (C-D)		**2,354,437,534**	**2,806,576,182**
Provision for taxation:			
Current tax	40	173,596,248	734,941,671
Deferred tax		(7,247,065)	(101,367,093)
		166,349,183	**633,574,578**
Net profit after taxation		**2,188,088,351**	**2,173,001,604**
Retained earnings brought forward from previous year	20.1	242,026,441	232,142,608
		2,430,114,792	**2,405,144,212**

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
Appropriations			
Statutory reserve		469,008,307	550,403,356
Minority interest		(0.45)	0.40
General reserve		-	-
		469,008,307	550,403,356
Retained surplus	20	1,961,106,485	1,854,740,856
Earnings per share (EPS)	45	2.13	2.11

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

See annexed auditors' report to the Shareholders of the date.

ACNABIN
Chartered Accountants

Syful Shamsul Alam & Co
Chartered Accountants

Dated , 30 March 2017

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
A) Cash flows from operating activities			
Interest receipts in cash		18,017,529,832	21,607,203,523
Interest payments		(11,742,784,691)	(15,085,117,537)
Dividend receipts		108,182,304	65,877,165
Fees and commission receipts in cash		1,828,474,793	2,104,189,418
Recoveries of loans previously written off		151,078,792	53,752,852
Cash payments to employees		(3,768,433,424)	(3,721,479,301)
Cash payments to suppliers		(734,562,901)	(658,590,295)
Income taxes paid		(433,679,075)	(855,145,169)
Receipts from other operating activities	41	3,664,406,064	3,510,137,543
Payments for other operating activities	42	(1,797,203,126)	(1,649,523,781)
Cash generated from operating activities before changes in operating assets and liabilities		**5,293,008,569**	**5,371,304,418**
Increase / (decrease) in operating assets and liabilities			
Statutory deposits		-	-
Purchase of trading securities (Treasury bills)		(7,814,840,835)	7,477,261,344
Loans and advances to other banks		-	-
Loans and advances to customers		(23,622,528,930)	(3,778,504,882)
Other assets	43	23,258,645,164	(489,017,506)
Deposits from other banks / borrowings		2,000,264,880	(2,459,520,522)
Deposits from customers		1,914,314,010	(6,636,275,008)
Other liabilities account of customers		2,781,086,228	(555,611,547)
Trading liabilities		-	-
Other liabilities	44	357,459,954	1,228,846,213
		(1,125,599,530)	(5,212,821,908)
Net cash from operating activities		**4,167,409,039**	**158,482,510**
B) Cash flows from investing activities			
Debentures		-	-
Payments for purchases of securities		(215,435,065)	(41,355,914)
Purchase of property, plant and equipment		(386,108,900)	(240,329,738)
Payment against lease obligation		-	-
Proceeds from sale of property, plant and equipment		644,750	2,997,454
Net cash used in investing activities		**(600,899,215)**	**(278,688,198)**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2016

Particulars		Notes	Amount in Taka	
			2016	2015
C)	**Cash flows from financing activities**			
	Receipts from issue of sub-ordinated bond		-	2,500,000,000
	Receipts from issue of ordinary share including premium net off Tax		-	-
	Dividend paid		(1,620,672,401)	(1,600,253,349)
	Net cash used in financing activities		**(1,620,672,401)**	**899,746,651**
D)	Net increase / (decrease) in cash and cash equivalents (A+ B + C)		1,945,837,423	779,540,963
E)	Effects of exchange rate changes on cash and cash equivalents		8,678,231	5,229,283
F)	Cash and cash equivalents at beginning of the year		19,954,970,932	19,170,200,686
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**21,909,486,586**	**19,954,970,932**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)		2,772,028,445	2,447,641,587
	Balance with Bangladesh Bank and its agent bank (s)			
	(including foreign currencies)		15,013,759,704	15,069,879,177
	Balance with other banks and financial institutions		3,578,952,037	2,011,104,968
	Money at call and short notice		540,000,000	420,000,000
	Reverse repo		-	-
	Prize bonds **(note-6a)**		4,746,400	6,345,200
			21,909,486,586	19,954,970,932

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

See annexed auditors' report to the Shareholders of the date.

Dated , 30 March 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

Particulars	Paid up capital	Statutory reserve	General reserve	Share premium	Minority interest	Revaluation reserve	Revaluation gain / loss on investments	F.C. translation gain	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2016	10,293,486,160	8,735,049,935	28,002,888	2,241,230,396	60	1,511,411,431	1,833,805,066	6,145,156	1,854,740,856	26,503,871,948
Changes in accounting policy / Last year's profit	-	-		-	-	-	-	-	-	-
Restated balance	10,293,486,160	8,735,049,935	28,002,888	2,241,230,396	60	1,511,411,431	1,833,805,066	6,145,156	1,854,740,856	26,503,871,948
Surplus / (deficit) on account of revaluation of properties	-	-	-	-	-	(5,126,358)	-	-	-	(5,126,358)
Adjustment of last year revaluation gain on investments	-	-	-	-	-	-	(2,143,442,745)	-	-	(2,143,442,745)
Surplus / (deficit) on account of revaluation of investments	-	-	-	-	-	-	362,951,406	-	-	362,951,406
Currency translation differences	-	-	-	-	-	-	-	(237,841)	7,957,985	7,720,144
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	53,313,727	5,907,315	1,862,698,841	24,725,974,395
Net profit for the year	-	-	-	-	-	-	-	-	2,188,088,351	2,188,088,351
Dividends (Bonus shares)	-	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	(1,620,672,401)	(1,620,672,401)
Minority interest	-	-	-	-	(0.84)	-	-	-	-	(0.84)
Issue of share capital-right share	-	-	-	-	-	-	-	-	-	-
Appropriation made during the year	-	469,008,307	-	-	-	-	-	-	(469,008,307)	-
Balance as at 31 December 2016	10,293,486,160	9,204,058,242	28,002,888	2,241,230,396	60	1,506,285,073	53,313,727	5,907,315	1,961,106,484	25,293,390,345
Balance as at 31 December 2015	10,293,486,160	8,735,049,935	28,002,888	2,241,230,396	60	1,511,411,431	1,833,805,066	6,145,156	1,854,740,856	26,503,871,948

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

Dated , 30 March 2017

PRIMEBANK STOCK

BALANCE SHEET
as at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
PROPERTY AND ASSETS			
Cash	3a		
In hand (including foreign currencies)		2,718,851,574	2,391,184,957
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		15,013,759,704	15,069,879,177
		17,732,611,278	17,461,064,134
Balance with other banks and financial institutions	4a		
In Bangladesh		651,897,760	112,219,948
Outside Bangladesh		2,713,329,031	1,845,464,037
		3,365,226,791	1,957,683,985
Money at call and short notice	5	540,000,000	420,000,000
Investments	6a		
Government		47,653,799,061	61,752,411,722
Others		595,407,957	980,449,941
		48,249,207,018	62,732,861,663
Loans, advances and lease / investments			
Loans, cash credits, overdrafts, etc./ investments	7a	157,818,461,771	143,778,651,854
Bills purchased and discounted	8a	12,393,363,484	8,085,882,637
		170,211,825,255	151,864,534,491
Fixed assets including premises, furniture and fixtures	9a	6,589,682,409	6,516,429,422
Other assets	10a	9,690,072,674	10,988,158,051
Non - banking assets	11	220,500,640	220,500,640
Total assets		256,599,126,065	252,161,232,386
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12a	12,929,786,860	10,442,199,709
Deposits and other accounts	13a.1.c		
Current / Al-wadeeah current deposits		31,905,539,890	28,234,427,685
Bills payable		5,168,363,915	2,387,277,687
Savings bank / Mudaraba savings deposits		35,628,622,433	30,713,923,933
Term deposits / Mudaraba term deposits		125,231,442,610	133,489,471,451
Bearer certificate of deposit		-	-
Other deposits		-	-
		197,933,968,848	194,825,100,756
Other liabilities	14a	20,450,518,917	20,478,900,456
Total liabilities		231,314,274,625	225,746,200,921
Capital / Shareholders' equity			
Paid up capital	15 .2	10,293,486,160	10,293,486,160
Share premium	15.8	2,241,230,396	2,241,230,396
Statutory reserve	16	9,204,058,242	8,735,049,935
Revaluation gain / (loss) on investments	17a	15,278,978	1,791,992,895
Revaluation reserve	18	1,506,285,073	1,511,411,431
Foreign currency translation gain	19a	6,637,162	5,995,523
Other reserve		-	-
Surplus in profit and loss account / Retained earnings	20a	2,017,875,429	1,835,865,125
Total Shareholders' equity		25,284,851,440	26,415,031,465
Total liabilities and Shareholders' equity		256,599,126,065	252,161,232,386

BALANCE SHEET
as at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
OFF - BALANCE SHEET EXPOSURES			
Contingent liabilities	21a		
Acceptances and endorsements	21a.1	35,566,350,756	26,440,235,317
Letters of guarantee	21a.2	67,416,908,068	63,736,691,078
Irrevocable letters of credit	21a.3	27,311,640,065	16,902,956,132
Bills for collection	21a.4	8,263,541,574	8,607,304,495
Other contingent liabilities		-	-
		138,558,440,463	115,687,187,022
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
		-	-
Total Off-Balance Sheet exposures including contingent liabilities		138,558,440,463	115,687,187,022

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

See annexed auditors' report to the Shareholders of the date.

ACNABIN
Chartered Accountants

Syful Shamsul Alam & Co
Chartered Accountants

Dated , 30 March 2017

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
Interest income / profit on investments	23a	13,988,673,599	15,550,674,068
Interest / profit paid on deposits, borrowings, etc.	24a	(10,675,509,165)	(14,256,808,068)
Net interest / net profit on investments		**3,313,164,433**	**1,293,866,000**
Investment income	25a	6,203,358,940	7,988,726,640
Commission, exchange and brokerage	26a	1,693,185,380	1,956,084,340
Other operating income	27a	813,605,590	834,179,112
Total operating income (A)		**12,023,314,343**	**12,072,856,092**
Salaries and allowances	28a	3,650,547,556	3,591,875,120
Rent, taxes, insurance, electricity, etc.	29a	755,938,697	675,180,264
Legal expenses	30a	52,874,871	55,050,183
Postage, stamp, telecommunication, etc.	31a	118,995,368	137,639,651
Stationery, printing, advertisements, etc.	32a	202,549,154	221,594,008
Managing Director's salary and fees	33	10,795,129	10,060,931
Directors' fees	34a	4,939,175	3,452,280
Auditors' fees	35a	1,380,000	1,150,000
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37a	380,409,014	394,546,098
Other expenses	38a	1,087,504,265	1,075,884,353
Total operating expenses (B)		**6,265,933,231**	**6,166,432,888**
Profit / (loss) before provision (C=A-B)		**5,757,381,112**	**5,906,423,204**
Provision for loans / investments	39a		
Specific provision		1,622,000,000	2,690,000,000
General provision		1,444,950,000	293,000,000
Provision for Off-Shore Banking Units		54,450,000	39,900,000
Provision for off-balance sheet exposures		228,750,000	68,400,000
		3,350,150,000	3,091,300,000
Provision for diminution in value of investments		9,120,000	7,000,000
Other provisions		53,069,577	56,106,426
Total provision (D)		**3,412,339,577**	**3,154,406,426**
Total profit / (loss) before taxes (C-D)		**2,345,041,535**	**2,752,016,778**
Provision for taxation			
Current tax	40a	150,000,000	713,000,000
Deferred tax		-	(100,000,000)
		150,000,000	613,000,000
Net profit after taxation		**2,195,041,535**	**2,139,016,778**
Retained earnings brought forward from previous years	20.1a	291,842,201	247,251,703
		2,486,883,736	**2,386,268,481**
Appropriations			
Statutory reserve		469,008,307	550,403,356
General reserve		-	-
		469,008,307	550,403,356
Retained surplus	**20a**	**2,017,875,429**	**1,835,865,125**
Earnings per share (EPS)	**45a**	**2.13**	**2.08**

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

See annexed auditors' report to the Shareholders of the date.

ACNABIN
Chartered Accountants

Syful Shamsul Alam & Co
Chartered Accountants

Dated , 30 March 2017

CASH FLOW STATEMENT
for the year ended 31 December 2016

Particulars		Notes	Amount in Taka	
			2016	2015
A)	**Cash flows from operating activities**			
	Interest receipts in cash		17,768,687,316	21,186,164,523
	Interest payments		(11,386,340,924)	(14,641,080,504)
	Dividend receipts		108,182,304	65,877,165
	Fees and commission receipts in cash		1,693,185,380	1,956,084,340
	Recoveries of loans previously written off		151,078,792	53,752,852
	Cash payments to employees		(3,659,582,474)	(3,621,860,910)
	Cash payments to suppliers		(665,713,050)	(683,457,071)
	Income taxes paid		(433,679,075)	(855,145,169)
	Receipts from other operating activities	41a	3,544,671,314	3,394,602,098
	Payments for other operating activities	42a	(1,642,032,013)	(1,564,841,681)
	Cash generated from operating activities before changes in operating assets and liabilities		**5,478,457,571**	**5,290,095,645**
	Increase / (decrease) in operating assets and liabilities			
	Statutory deposits		-	-
	Purchase of trading securities (Treasury bills)		(7,814,840,835)	7,477,261,344
	Loans and advances to other banks		-	-
	Loans and advances to customers		(24,351,094,771)	(6,124,494,616)
	Other assets	43a	23,351,172,174	1,706,829,254
	Deposits from other banks / borrowings		2,149,034,665	(2,352,463,091)
	Deposits from customers		1,823,668,063	(6,612,613,273)
	Other liabilities account of customers		2,781,086,228	(555,611,547)
	Trading liabilities		-	-
	Other liabilities	44a	399,130,541	1,237,361,514
			(1,661,843,936)	(5,223,730,415)
	Net cash from operating activities		**3,816,613,635**	**66,365,230**
B)	**Cash flows from investing activities**			
	Debentures		-	-
	Proceeds from sale of securities		-	2,564,668
	Payments for purchases of securities		(91,235,139)	-
	Purchase of property, plant and equipment		(386,108,900)	(240,329,738)
	Payment against lease obligation		-	-
	Proceeds from sale of property, plant and equipment		644,750	2,997,454
	Net cash used in investing activities		**(476,699,289)**	**(234,767,616)**

CASH FLOW STATEMENT
for the year ended 31 December 2016

Particulars		Notes	Amount in Taka	
			2016	2015
C)	**Cash flows from financing activities**			
	Receipts from issue of sub-ordinated bond		-	2,500,000,000
	Receipts from issue of ordinary share including premium net off Tax		-	-
	Dividend paid		(1,544,022,924)	(1,544,022,924)
	Net cash used in financing activities		**(1,544,022,924)**	**955,977,076**
D)	Net increase / (decrease) in cash and cash equivalents (A+ B + C)		1,795,891,422	787,574,690
E)	Effects of exchange rate changes on cash and cash equivalents		1,599,728	3,860,330
F)	Cash and cash equivalents at beginning of the year		19,845,093,319	19,053,658,299
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**21,642,584,469**	**19,845,093,319**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)		2,718,851,574	2,391,184,957
	Balance with Bangladesh Bank and its agent bank (s)			
	(including foreign currencies)		15,013,759,704	15,069,879,177
	Balance with other banks and financial institutions		3,365,226,791	1,957,683,985
	Money at call and short notice		540,000,000	420,000,000
	Reverse repo		-	-
	Prize bonds (note-6a)		4,746,400	6,345,200
			21,642,584,469	19,845,093,319

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

Dated, 30 March 2017

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

Particulars	Paid-up Capital	Share premium	Statutory reserve	Revaluation reserve	Revaluation gain / loss on investments	F.C. Translation gain	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2016	10,293,486,160	2,241,230,396	8,735,049,935	1,511,411,431	1,791,992,895	5,995,523	1,835,865,125	26,415,031,466
Changes in accounting policy / Last year's profit	-	-	-	-	-		-	-
Restated balance	10,293,486,160	2,241,230,396	8,735,049,935	1,511,411,431	1,791,992,895	5,995,523	1,835,865,125	26,415,031,466
Surplus / deficit on account of revaluation of properties	-	-	-	(5,126,358)	-	-	-	(5,126,358)
Adjustment of last year revaluation gain on investments	-	-	-	-	(2,143,442,745)	-	-	(2,143,442,745)
Surplus / deficit on account of revaluation of investments	-	-	-	-	366,728,827	-	-	366,728,827
Currency translation differences	-	-	-	-	-	641,640	-	641,640
Net gains and losses not recognized in the income statement	-	-	-	-	15,278,978	6,637,162	1,835,865,125	24,633,832,830
Net profit for the year	-	-	-	-	-	-	2,195,041,535	2,195,041,535
Dividends (Bonus shares)	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(1,544,022,924)	(1,544,022,924)
Share premium	-	-	-	-	-	-	-	-
Issue of share capital (Right share)	-	-	-	-	-	-	-	-
Appropriation made during the year	-	-	469,008,307	-	-	-	(469,008,307)	-
Balance as at 31 December 2016	**10,293,486,160**	**2,241,230,396**	**9,204,058,242**	**1,506,285,073**	**15,278,978**	**6,637,162**	**2,017,875,429**	**25,284,851,440**
Balance as at 31 December 2015	10,293,486,160	2,241,230,396	8,735,049,935	1,511,411,431	1,791,992,895	5,995,523	1,835,865,125	26,415,031,465

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman | Director | Director | Managing Director

Dated , 30 March 2017

AMARSTOCK

1.1 Prime Bank Limited

The Prime Bank Limited ("the Bank") was incorporated as a public limited company in Bangladesh under Companies Act, 1994 with the registered office of the company at 119-120 Motijheel C/A, Dhaka-1000. It commenced its banking business with one branch from April 17, 1995 under the license issued by Bangladesh Bank. Presently, the Bank has 145 (One Hundred Forty Five) branches including 18 (Eighteen) SME Centre/ Branches all over Bangladesh and 2 (Two) booths located at Dhaka Club, Dhaka and at Chittagong Port, Chittagong. Out of the above 145 branches, 05 (five) branches are designated as Islamic Banking branch complying with the rules of Islamic Shariah. Also the Bank has 3 (Three) Off-shore Banking Units (OBU), 5 (Five) subsidiary Companies (3 Foreign subsidiaries & 2 Local subsidiaries). The Bank went for Initial Public Offering (IPO) in 1999 and its shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general classes of share.

1.1.1 Principal activities

The principal activities of the Bank are to provide all kinds of commercial banking services to customers through its branches and SME centres/ branches in Bangladesh. The Bank also provides off-shore banking services through its 3 (Three) Off-shore Banking Units (OBU).

1.1.2 Off-shore Banking Units

The Bank obtained permission of Off-shore Banking Units vide letter no. BRPD(P)744(84)/2001-868 dated March 19, 2001. The Bank commenced operation of its one unit from March 15, 2007. Presently the Bank has 3 (Three) Off-shore Banking Units (OBU) located at Dhaka EPZ, Chittagong EPZ and Adamjee EPZ. The Off-shore Banking Units are governed under the rules and guidelines of Bangladesh Bank. Separate financial statements of Off -shore Banking Units are shown in Annexure-K.

1.2 The Bank has 5 (Five) Subsidiaries with following detail as presented in note no. 1.2.1 to 1.2.5:

1.2.1 Prime Bank Investment Limited

Prime Bank Investment Limited is a subsidiary company of Prime Bank Limited incorporated as a public limited company on April 27, 2010 with the registrar of Joint Stock Companies, Dhaka vide certificate of incorporation no. C-84266/10, dated April 28, 2010 which has commenced its business on the same date. Total 299,999,994 shares (out of 300,000,000 shares) of Prime Bank Investment Limited are held by Prime Bank Limited and only 6 shares are held by 6 Senior Executives of Prime Bank Limited and Prime Bank Investment Limited. The main objectives of the company for which it was established are to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting, corporate advisory services etc. Securities and Exchange Commission (SEC) thereafter issued a full fledged merchant banking license in favor of Prime Bank Investment Limited, vide letter no. SEC/Reg/MB/SUB/2010/03/208, dated June 02, 2010 with effect from June 01, 2010. Financial Statements of the company are shown in Annexure-L.

1.2.2 Prime Bank Securities Limited

Prime Bank Securities Limited was incorporated on April 29, 2010 as a private limited company under the Companies Act 1994 vide certificate of incorporation no.C-84302 /10. Prime Bank Securities Limited became member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited for brokerage transaction vide Bangladesh Securities & Exchange Commission certificate no. 3.1/DSE-219/2010/429, dated September 16, 2010 and 3.2/CSE-141/2010/239, dated August 31, 2010 respectively. Prime Bank Securities Limited commenced its operation from May 2011. The main objectives of the company are to carry on business of stock brokers / dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. Prime Bank Limited and Prime Bank Investment Limited hold 95% and 5% share of Prime Bank Securities Limited respectively. Financial Statements of the company are shown in Annexure-M.

1.2.3 Prime Exchange Co. (Pte) Limited, Singapore

Prime Exchange Co. (Pte) Ltd., a fully owned subsidiary company of Prime Bank Limited was incorporated in Singapore on January 06, 2006 and commenced its remittance business from July 08, 2006 under the remittance license issued by the Monetary Authority of Singapore (MAS) under section 7A(3) of the Money Changing and Remittance Business Act (Chapter 187) with 1 (One) branch located at 2A Desker Road, (2nd floor), Singapore 209549. In 2011, the Company has also opened another Branch located at Jurong East Branch, Block: 134 #01-305 Jurong Gateway Road, Singapore 600134. The principal activities of the company are to carry on the remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange house. Financial Statements of the company are shown in Annexure-N.

1.2.4 PBL Exchange (UK) Limited

PBL Exchange (UK) Limited was incorporated as a private limited company with Companies House of England and Wales under registration no. 7081093 dated November 19, 2009. The company is a wholly owned subsidiary of Prime Bank Limited. The company commenced its operation on August 02, 2010 with 3 (three) Branches located at Brick Lane of London, Coventry Road of Birmingham and North Oldham of Manchester. The registered office is located at 16 Brick Lane, London E1 6RF. Financial Statements of the company are shown in Annexure-O.

1.2.5 PBL Finance (Hong Kong) Limited

PBL Finance (Hong Kong) Limited, a fully owned subsidiary of Prime Bank Limited. PBL Finance (Hong Kong) Limited was incorporated with Companies Registries of Hong Kong (Certificate of incorporation no. 1584971 and Business Registration no. 58197431 both dated April 7, 2011). PBL Finance (Hong Kong) Limited obtained Money Lending Licenses # 307/2011 issued by Honorable Court of Hong Kong on 28th July 2011. It has commenced its operation from August 2011 with one branch located at 608, 6/F, Admiralty Centre, Tower-2, 18 Harcourt Road, Hong Kong. Financial Statements of the company are shown in Annexure-P.

2.00 Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

2.1.1 Statement of compliance

The financial statements of the Bank and its subsidiaries (the "Group") have been made for the year ended on December 31, 2015 and are prepared under the historical cost basis, except for certain investments which are stated at fair/market value and freehold land which are measured at revalued amount, in accordance with the First Schedule (Sec-38) of the Bank Companies Act 1991 (as Amended up to 2013), BRPD Circular # 14 dated June 25, 2003 and DFIM Circular # 11, dated December 23, 2009, other Bangladesh Bank Circulars, Bangladesh Accounting Standards ("BAS") and Bangladesh Financial Reporting Standards ("BFRS") adopted by the Institute of Chartered Accountants of Bangladesh ("ICAB"), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws & rules applicable in Bangladesh. In cases where the requirements of Bangladesh Bank differ with those of BAS/BFRS, the requirements of Bangladesh Bank have been applied.

In addition to foregoing directives and standards, the operation of Islamic Banking Branches are accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, Bahrain, and BRPD circular no-15, dated November 09, 2009. A separate balance sheet, profit and loss account and a statement of profit paid on deposits are shown in Annexure-G and G(1) and the figures appearing in the annexure have been incorporated in the related heads of these financial statements as recommended by the Central Shariah Board for Islamic Banks in Bangladesh.

2.1.2 Basis of consolidation

The consolidated financial statements include the financial statements of Prime Bank Limited and its subsidiaries, i.e. Prime Bank Investment Limited, Prime Bank Securities Limited, Prime Exchange Co. (Pte) Limited, Singapore, PBL Exchange (UK) Limited and PBL Finance (Hong Kong) Limited prepared at the end of the financial year.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS)-27, "Separate Financial Statements" and Bangladesh Financial Reporting Standard (BFRS)- 10, "Consolidated Financial Statements". The consolidated financial statements are prepared for the same financial year ended on December 31, 2016.

Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary companies are consolidated using the purchase method of accounting. The overseas subsidiary companies i.e. Prime Exchange Co. (Pte) Limited, Singapore, Prime Exchange (UK) Limited and PBL Finance (Hong Kong) Limited has a common financial year ending December 31, 2016. The conversion policy of subsidiary companies is given below:

Particulars	Price	"Prime Exchange Co. (Pte) Ltd., Singapore"	"PBL Exchange (UK) Ltd."	"PBL Finance (Hong Kong) Ltd."
For assets & liabilities	Closing price	55.49290	116.26680	10.12907
For income & expenses	Average price	57.18800	118.59095	10.08796

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

2.1.3 Use of estimates and judgments

In preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guideline.

2.1.4 Foreign currency transaction

a) Foreign currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates, i e. the functional currency. The financial statements of the group and the Bank are presented in BDT which is the Bank's functional and presentation currency.

b) Foreign currencies translation

Foreign currency transactions are converted into equivalent BDT using the prevailing exchange rates on the dates of respective transactions as per BAS-21, "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into BDT at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into equivalent BDT.

Assets and liabilities & income and expenses of Off-shore Banking Units have been converted into BDT currency @ US$1 = Taka 78.7022 (closing rate as at 31st December 2016) and Tk.78.4976 (average rate at year-end).

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at rates mentioned in contracts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in BDT terms at the rates of exchange prevailing on the balance sheet date.

d) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

e) Foreign operations

The results and financial position of the Group's operations whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

i) Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date.

ii) Income and expenses in the income statement are translated at an average rate approximating the exchange rates at the year end;

iii) Resulting exchange differences are recognized as a separate component of equity.

iv) As per BAS 21, 'Foreign Currency Transactions' i.e. foreign currency denominated both monetary and non-monetary items of the OBUs are translated at historical rate because the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and its unique nature.

AMARSTOCK

f) Consolidation of Financial Statements of foreign operations

In Consolidation, foreign exchange differences arising from the translation of net investments in foreign entities, as well as any borrowings are taken into capital reserve. When a foreign operation is disposed of, such currency translation differences are recognized in the income statement as part of the gain or loss on disposal.

2.1.5 Statement of cash flows

Statement of cash flows have been prepared in accordance with the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.1.6 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis [Annexure-I & I (1)]:

i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;

ii) Investments are on the basis of their respective maturity;

iii) Loans and advances / investments are on the basis of their repayment schedule;

iv) Fixed assets are on the basis of their useful lives;

v) Other assets are on the basis of their realization / amortization;

vi) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment terms;

vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;

viii) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

2.1.7 Reporting period

These financial statements cover one calendar year from 1st January to 31st December 2016.

2.1.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously (note-9a, 14a.1, 25a, 26a.1).

2.2 Assets and basis of their valuation

2.2.1 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.

2.2.2 Loans, advances and lease / investments

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest / profit is calculated on a daily product basis but charged and accounted for on accrual basis. Interest / profit on classified loans and advances / investments is kept in suspense account as per Bangladesh Bank instructions and such interest / profit is not accounted for as income until realised from borrowers [note - 7a.10 (x)]. Interest / profit is not charged on bad and loss loans / investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.

d) Provision for loans and advances / investments is made on the basis of year-end review by the management following instructions contained in Bangladesh Bank BCD Circular no. 34, dated November 16, 1989, BCD Circular no. 20, dated December 27, 1994, BCD Circular no. 12, dated September 4, 1995, BRPD Circular no. 16, dated December 6, 1998, BRPD Circular no. 9, dated May 14, 2001, BRPD Circular no.02, February 2005, BRPD Circular no. 09, August 2005, BRPD Circular no. 17, dated December 06, 2005, BRPD circular no.32, dated October 27, 2010, BRPD Circular no.14, dated September 23, 2012, BRPD Circular no. 19, dated December 27, 2012, BRPD Circular no. 05, dated May 29, 2013 and BRPD Circular no. 16, dated November 18, 2014 . The rates of provision for loans and advances / investments are given below:

PRIMESTOCK

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on interest receivable on loans / investments	1%
General provision on unclassified loans / investments for housing finance, loans for professionals to set-up business and loans to share business	2%
General provision on unclassified consumer financing other than housing finance, loan for professionals and loans for BGs/MBs/SDs	5%
General provision on Special Mention Account (SMA) except Short Term Agriculture Loans	0.25%-5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%

e) Loans and advances / investments are written-off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write-off however will not undermine / affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

f) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.

2.2.3 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 amortized and discounts accredited, using the effective yield method are taken to discount income. The valuation method of investments used are:

Held to maturity (HTM)

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity. Investment (HTM)-BHBFC is shown in the financial statements at cost price.

Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing -in short-trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognised in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account.

Value of investments has been enumerated as follows :

Items	Applicable accounting value
Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize bond	At cost
BHBFCs-debenture	At cost

Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future, or held for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is provided in the financial statements where market price is below the cost price of investments as per Bangladesh Bank guideline (note-14a).

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Investments in subsidiary

Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BFRS-10. Accordingly, investments in subsidiaries are stated in the Bank's balance sheet at cost, less impairment losses (if any).

2.2.4 Property, plant and equipment

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) The Bank recognises, in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

c) Revaluation of Land and Building: As per Bangladesh Accounting Standard (BAS-16) revaluation should be made with sufficient regulatory compliance to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of reporting period. The fair value of Land and Buildings is usually determined from market based evidence by an appraisal that is normally undertaken by professionally qualified Valuers. Therefore, any upward increases of the assets have positive impact on the capital adequacy of the Bank (50% of the asset revaluation is considered as Tier-2 "Supplementary Capital" subject to deduction as per roadmap for implementation of BASEL-III). With a view to qualify for higher capital adequacy, the bank revalued its Land and Buildings upon complying with all regulatory requirements.

d) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles, software and all fixed assets of ATM related on which straight line depreciation method is followed and no depreciation is charged on land:

Category of fixed assets	Rate
Land	Nil
Buildings	2.50%
Furniture and fixtures	10%
Office equipments	20%
Library books	20%
Vehicles	20%
Category of fixed assets (ATM Assets)	
Furniture and fixtures	10%
Office equipment	20%

e) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

f) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

g) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per BAS-23.

h) Leasehold properties are recorded at present value of minimum lease payments or fair market value, whichever is lower as per the provisions of BAS-17. The carrying value of leasehold properties is amortized over the remaining lease term or useful life of leasehold property, whichever is lower.

2.2.5 Intangible assets

a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses.

Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

d) Software is amortized using the straight line method over the estimated useful life of 10 (ten) years commencing from the date of the application. Software is available for use over the best estimate of its useful economic life.

2.2.6 Impairment of Assets:

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:
The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exits, or when an annual impairment testing for an asset is required, the bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered as impaired and is written down to its recoverable amount by debiting to profit & loss account.

Fixed assets are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount of an asset may be impaired.

2.2.7 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

2.2.8 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.2.9 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

2.2.10 Inventories

Inventories measured at the lower of cost and net realizable value.

2.2.11 Leasing

Leases are classified as finance leases whenever the 'terms of the lease' transfer substantially all the risks and rewards of ownership to the lessee as per BAS-17 " Leases". All other leases are classified as operating leases as per BAS-17 "Leases".

The Bank as lessor

Amount due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases (note-7a.2). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the bank's net investment outstanding in respect of the leases.

The Bank as lessee

Assets held under finance leases are recognised as assets of the Bank at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments (note-9a).

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

2.2.12 Non-banking assets:

Non-banking assets are acquired on account of the failure of a borrower to repay the loan on time after receiving the decree from the Court regarding the right and title of the mortgage property. The Bank has been awarded ownership of the mortgage properties according to the verdict of the Honorable Court in accordance with the section 33 (7) of "Artharin Adalat-2003". The value of Non-Banking Assets has been determined and reported in the financial statements on the basis of valuation report of an Independent valuer.details of which is presented in note-11.

2.2.13 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 the case of inter-branch transactions as on the reporting date are not material.

2.3 Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.3.1 Authorised Capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association. Details are shown in note 15.1.

2.3.2 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders are ranked after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 15.2.

2.4 Statutory reserve

As per Bank Companies Act, the Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital. The Bank does comply with this requirement of law every year.

2.5 Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increase amount should be credited directly to equity under the head of revaluation surplus / reserve as per BAS-16: "Property, Plant and Equipment". The Bank revalued its land and buildings during the year 2008 & 2013 which are absolutely owned by the Bank and the increased amount was transferred to revaluation reserve account accordingly. The tax effects on revaluation gain are measured and recognised in the financial statements as per BAS-12: Income Taxes.

2.5.1 Minority interest in subsidiaries

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

2.5.2 a) Prime Bank Sub-ordinated Bond

Prime Bank issued unsecured non-convertible sub-ordinated bond on 07 February 2010 after obtaining approval from Bangladesh Bank and Bangladesh Securities & Exchange Commission vide their letter # BRPD (BIC) 661 / 14B (P) /2009-319, dated 31 December 2009 and SEC / CI / CPLC-205 / 09 / 282, dated December 23, 2009 respectively. The Subordinated Bond is counted towards Tier- II capital of the Bank. The bond shall bear interest @ 11.50% per annum, payable semi-annually in arrear on 07 August and 07 February of each year.

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b) Prime Bank Sub-ordinated Bond-2

Prime Bank has issued another subordinated bond on February 19, 2015 namely "Prime Bank Subordinated Bond-2" after obtaining approval from Bangladesh Bank and Bangladesh Securities & Exchange Commission vide their letter #BRPD (BFIS) 661/14B (P)/2014-8043 dated December 18, 2014 and BSEC/CI/DS-16/2014/735 dated October 29, 2014 respectively. The bond shall bear interest with floating rate payable semi-annually on 19th February and 19th August each year. Floating rate is determined by calculating a benchmark rate i.e. peer banks' most recent average FDR rate and 2.75% margin with a floor at 11.50% and capped at 14.00% p.a.

2.5.3 Share premium

Share premium is the capital that the Bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium may be applied by the Bank in paying up unissued shares to be allotted to members as fully paid bonus shares or writing-off the preliminary expenses of the Bank or the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the Bank or in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Bank. Share premium was shown in accounts after deduction of income tax @ 3% on share premium as per finance Act-2010.

2.6 Contingent liabilities

A contingent liability is -

A possible obligation that arises form past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognised because:

a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

2.7 Deposits and other accounts

Deposits by customers and banks are recognised when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.8 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks, financial institutions and agents. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit & loss account.

Disclosures of borrowings against Repo are shown in notes- 6a.9 to 6a.10 and 47

2.9 Basis for valuation of liabilities and provisions

2.9.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2016 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 " Income Taxes".

2.9.2 Deferred taxation

Deferred tax is accounted for in accordance with BAS 12: "Income Taxes". Deferred tax normally results in a liability being recognized within the Statement of Financial Position. BAS 12 defines a deferred tax liability as being the amount of income tax payable in future periods. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized

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if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.9.3 Benefits to the employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone-5, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from July 07, 1997. The Fund is operated by a Board of Trustees consisting six members (03 members from management and other 03 members from the Board of Directors) 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 of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

The Bank operates a funded gratuity scheme on "Continuing Fund Basis", in respect of which provision is made annually according to the recommendation of Actuarial which is covering all its permanent eligible employees in accordance with Bank Service Rules. The Second Secretary (Tax Exemption), National Board of Revenue, Segun Bagicha, Dhaka has approved the Prime Bank Limited Employees' Gratuity Fund as a recognized Gratuity Fund (Letter Ref no. 08.01.0000.035.02.0016.2013/2 17, dated 22/07/2013) within the meaning of Para 2,3 & 4, read with the provisions of Part - C of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from July 22, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from the Board of Directors and other 03 members from management) of the Bank. Actuarial valuation of gratuity scheme has been made to assess the adequacy of the liabilities provided for the scheme as per BAS-19 "Employees Benefit".

c) Welfare fund

Prime Bank's employees' welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund in accordance with Bank Service Rules. The Fund has been established to provide medical support and coverage in the event of accidental death or permanent disabilities of the employees. Disbursement of loan from the fund is done as per rules for employees' welfare fund. Retirement benefit are also provided from this fund.

d) Incentive bonus

10% of net profit after tax is given to the employees in every year as incentive bonus. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually, normally in first quarter of every following year and the costs are accounted for in the period to which it relates.

2.9.4 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank.

2.9.5 Provision for liabilities

A provision is recognised in the balance sheet when the Bank has legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.9.6 Provision for Off-balance sheet exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 14, dated September 23, 2012, banks are advised to maintain provision @1% against off-balance sheet exposures.

2.9.7 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, provision is to be maintained for the un-reconciled debit balance of nostro account more than 3 months as on the reporting date of these financials. Since there is no unreconciled entries which are outstanding more than 3 months, no provision is required to be maintained.

2.9.8 Provision for rebate to good borrower

As per BRPD Circular No .06 (19 March 2015) and BRPD Circular Letter No 03 (16 February 2016) issued by Bangladesh Banks are required to provide 10% rebate on the interest closed from "good borrowers" subject to some qualifying criteria. Accordingly, the Bank has kept provision in the financial statements for the year ended 31 December 2016.

2.9.9 Provision for climate risk fund

As per GBCSRD Circular No 04 (9 July 2015) issued by Bangladesh Bank, instructs Banks to maintain a climate fund of 10% of the CSR budget. To comply with this requirement the bank has kept provision in the financial statements for the year ended 31 December 2016.

2.10 Revenue recognition

2.10.1 Interest income (Conventional Banking)

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognised on accrual basis. Interest on unclassified loans and advances are calculated at the prescribed rates to be taken into income. Interest is ceased to be taken into income when such loans and advances are marked as classified as per criteria prescribed by the Bangladesh Bank. It is then kept in interest suspense account. Interest/Profit on classified advances/investment is accounted for on a cash receipt basis.

As per Bangladesh Bank circular charging of interest shall be ceased as soon as any loan becomes 'Bad/Loss'. Existing version of Core Banking Software of the Bank accrues interest on loans & advances irrespective of their classification which necessitated a separate entry for such accrued interest.

2.10.2 Profit on investment (Islamic Banking Branches)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge / compensation on classified investments is transferred to profit suspense account instead of income account.

2.10.3 Investment income

Interest income on investments is recognised on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognised when it is realised.

2.10.4 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

2.10.5 Dividend income on shares

Dividend income on shares is recognised during the period when right to receive is established.

2.10.6 Interest paid and other expenses (Conventional Banking Branches)

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

2.10.7 Profit paid on deposits (Islamic Banking Branches)

Profit paid to mudaraba depositors is recognised on accrual basis as per provisional rate. However, the final profit is determined and to be paid to the depositors as per Annexure-F.

2.10.8 Dividend payments

Interim dividend is recognised when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed dividend for the year 2016 has not been recognized as a liability in the balance sheet in accordance with the BAS-10 : Events After the Reporting Period.

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Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.11 Risk management

Risk is inherent to the banking business and Bank adds shareholders' value by converting opportunities into profit. The Bank evaluates its opportunities in terms of risk-reward relationship. The risks that are taking by the Bank are reasonable, controlled, within its financial resources and credit competence.

In Prime Bank, risk is managed through a clear organizational structure, risk management and monitoring process that are closely aligned with the activities of the Bank's risk management policy and process as well as in line with the guidelines provided by the country's central bank, Bangladesh Bank.

The Bank's risk management policy and process is composed with all the structure, policies, process and strategies within the Bank so that it does not conflict with other risk management policies.

The essential elements of an effective risk management framework are:

1. Clearly defined roles and responsibilities to avoid conflict of interest between business lines.

2. Developing a risk culture where everyone will understand the impact of risk before taking any business decision.

3. Robust risk management and governance by the board for understanding the risks taken by the Bank for safety and protection of the assets.

2.12 Core risk management

BRPD circulars no. 17 dated 07 October 2003 and BRPD circular no.04 dated 05 March 2007 require banks to put in place an effective risk management system. The risk management system of the bank covers the following risk areas.

2.12.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the credit division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation, etc. Adequate provision has been made on classified loans / investments is shown in note-14a.3.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process at Head Office starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Unit when it is approved / declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved / declined by the Executive Committee and / or the Management of the Bank. Concentration of credit risk is shown in note -7a. 4.

In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory polices. Loans are classified as per Bangladesh Bank's guidelines. Concentration of single borrower / large loan limit is shown in note-7a.8.

2.12.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Prime Bank Limited has developed a detailed Foreign Exchange Risk Management policies to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The foreign exchange desk of treasury division is involved in foreign exchange dealing activities with different counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions are revalued at market rate as per the directive of Bangladesh Bank. All Nostro Accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

2.12.3 Asset Liability Management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

2.12.4 Money Laundering Risk

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. If money laundering is done successfully, it allows the criminals to maintain control over their proceeds and ultimately to provide a legitimate cover for their source of income. Money laundering plays a fundamental role in facilitating the ambitions of the drug trafficker, the terrorist, the organized criminal, the insider dealer, the tax evader as well as the many others who need to avoid the attention from the authorities that sudden wealth brings from illegal activities. By engaging in this type of activity it is hoped to place the proceeds beyond the reach of any asset forfeiture laws.

Prime Bank Ltd (PBL) has implemented an enterprise-wide AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) compliance program, which covers all the activities of the Bank and is reasonably designed to comply with applicable laws and regulations. It is the policy of PBL to take all reasonable and appropriate steps to prevent persons engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing PBL products and services. PBL makes every effort to remain in full compliance with all applicable AML and CFT laws, rules and standards in the jurisdictions in which it does business.

In order to facilitate compliance with AML and CFT requirements, PBL has appointed one of its Senior Executives as the CAMLCO (Chief Anti-Money Laundering Compliance Officer) and a team of employees with experience on AML and CFT requirements under law, as well as money laundering detection and prevention, to oversee PBL AML and CFT program. PBL has developed and implemented written AML and CFT policies, procedures, internal controls and systems, which include (but are not limited) a customer identification program and procedures; procedures to collect and refresh, as appropriate, customer due diligence information; processes to assess risk; processes and systems to monitor customer transactions and activity; processes and systems to identify and report suspicious activity; and, processes to keep required records. PBL educates its all employees on AML and CFT requirements and activities and also subjects its AML and CFT program to regular independent testing. PBL cooperates fully with law enforcement and regulatory investigations and inquiries in identifying the criminals involve in Money Laundering and Terrorist Activities/Financing.

2.12.5 Internal Control & Compliance Risk

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the bank in achieving its business objectives. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Prime Bank Ltd has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

The Board of Directors of Prime Bank Ltd regularly reviews the effectiveness of internal control process through its Audit Committee and Executive Committee and the Audit Committee plays an effective role amongst the Board of Directors,

Management, Shareholders, Depositors and develops an efficient, powerful and a safe Banking System. The committee also performs a very important role for publishing Bank's financial statements, developing an appropriate internal control system and maintains an effective communication with internal and external Auditors. It significantly contributes in controlling and monitoring various risks factors that arise from the business activities of the Bank. Board Audit Committee reviews the actions taken on internal control issues identified in the reports prepared by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

2.12.6 Information and communication technology

The rapid development of information and communication technologies (ICTs) has effectively facilitated in reorganizing business processes and streamlining the provision of its products and services in today's dynamic business environment. Such adoption helps the bank to develop and maintain competitive advantage for ensuring bank's profitability and survivability in the market place. The competitive advantage often brings bank numerous benefits including fast business transactions, increasing automation of business processes, improved customer service, and provision of effective decision support in a timely manner. However, the adoption of ICT applications has also brought organizations risks related to ICT such as strategic risk, financial risk, operational risk and technological risk. Risk management plays a critical role in protecting the bank's information assets. An effective risk management process is an important component of a successful IT security program. ICT risk management is referred to as the essential process to aid enterprise achieving "the new business changes, future investment in information technology system, an increasing ICT threats and an increasing dependence on delivering information in system".

In order to minimize and control these risks successfully, The Bank has developed and implemented ICT risk management policies and strategies, strengthened ICT security infrastructure, acquired centralized real time security monitoring system, implemented centralized hardware system with high availability facility and implemented Disaster Recover Site (DRS), developed Business Continuity Plan (BCP) and human resource backup plan with segregation of duties for different ICT tasks.

2.12.7 Liquidity risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance (note - 13a). Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

2.12.8 Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the 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 a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills of 28 days maturity. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

Equity risk

Equity risk arises from movement in market value of equities held. The risks are monitored by Investment Committee under a well designed policy framework. The market value of equities held was, however, lower than the cost price at the balance sheet date (Annexure-B).

2.12.9 Reputation risk arising from money laundering incidents

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

2.12.10 Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

2.12.11 Audit Committee Disclosures

The Audit Committee of the Board was duly formed by the Board of Directors of the Bank in accordance with the BRPD Circular no. 11 dated October 27, 2013 of Bangladesh Bank.

Pursuant to the BSEC notification no. SEC/CMRRCD/2006-158/129/Admin/44 dated August 07, 2012 on Corporate Governance, the current Committee is constituted with the following 5 (Five) members of the Board and it does comply with the BRPD Circular no. 11, dated October 27, 2013.

Sl No.	Name	Status with Bank	Status with Committee
i)	Mr. Shamsuddin Ahmad, Ph.D.	Independent Director	Chairman
ii)	Mr. Md. Nader Khan	Director	Member
iii)	Mr. Khandker Mohammad Khaled	Director	Member
iv)	Dr. G M Khurshid Alam	Independent Director	Member
v)	Mr. M Farhad Hussain FCA	Independent Director	Member

During the year 2016, the Audit Committee of the Board conducted 11 (Eleven) meetings in which the important issues were discussed / reviewed are presented in note no. 48.

2.12.12 Risk Management Committee Disclosures

The Board of Directors constituted with the following 5 (Five) members Risk Management Committee of the Board, the third Committee of the Board besides the Executive Committee and the Audit Committee in accordance with Bank Company (Amendment) Act 2013 and it does comply with the BRPD Circular no. 11, dated October 27, 2013.

Sl No.	Name	Status with Bank	Status with Committee
i)	Dr. G M Khurshid Alam	Independent Director	Chairman
ii)	Mr. Md. Shahadat Hossain	Director	Member
iii)	Mr. Shamsuddin Ahmad, Ph.D.	Independent Director	Member
iv)	Mr. Imran Khan	Director	Member
v)	Mr. M Farhad Hussain FCA	Independent Director	Member

The Risk Management Committee of the Board has been formed after the Central Bank's instruction issued in October 27, 2013. The Committee conducted 5 (Five) meeting during the year where the following important issues were discussed / reviewed:

i) Review the borrower rating status;

ii) Review the compliance status of RMC meeting;

iii) Data leakage prevention (DLP) and Bring Your Own Device (BYOD) policy;

iv) Compliance of core risk inspection by Bangladesh Bank;

v) Environmental and social (E&S) risk management policy;

vi) Review the green banking activities;

vii) Internal capital adequacy assessment process statement;

viii) Internal credit limit of the Bank;

ix) Review the internet banking security policy;

x) large loan restructuring;

xi) Money laundering & terrorist financing risk assessment guideline;

xii) Risk appetite statement;

xiii) Risk management policy;

xiv) Review the risk mangement report;

xv) Review the stress testing report;

2.13 Earnings per share

Basic earnings per share

Basic earnings per share has been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share is not required to be calculated for the year as there was no scope for dilution during the year under review.

2.14 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements.

2.15 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Bills for collection, savings certificates, wage earners bonds etc. fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank's format of reporting.

2.16 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Detail of related parties transaction are given in note-49.

2.17 Information about business and geographical segments

Segmental information is presented in respect of the Group's business and of Prime Bank Limited.

Business segments

Business segments report consists of products and services whose risks and returns are different from those of other business segments. These segments comprise Conventional Banking including Off-shore Banking Units, Islamic Banking, Prime Bank Investment Limited and Prime Bank Securities Limited. Business segments report are shown in **Annexure-H.**

Geographical segments

Geographical segments report consists of products and services within a particular economic environment where risks and returns are different from those of other economic environments. These segments comprise of Prime Bank Limited, Off-shore Banking Units, Prime Bank Investment limited, Prime Bank Securities Limited, Prime Exchange Co. (Pte.) Ltd. Singapore, PBL Exchange (UK) Ltd. and PBL Finance (Hong Kong) Limited. Geographical segments report are shown in **Annexure-H.**

Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments. Based on such allocation, segmental balance sheet as on 31 December 2016 and segmental profit and loss account for the year ended 31 December 2016 have been prepared.

2.18 Compliance report on 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). While preparing the financial statements, Prime Bank applied all the applicable BAS and BFRS as adopted by ICAB. Details are given below:

Name of the BAS	BAS no	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the reporting period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
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 and Reporting by Retirement Benefit Plans	26	N/A **
Separate Financial Statements	27	Applied
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied *
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	N/A
Agriculture	41	N/A
Name of the BFRS	**BFRS no.**	**Status**
First time adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contract	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: Disclosure	7	Applied

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Name of the BAS	BAS no	Status
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in other entities	12	N/A
Fair Value Measurement	13	Applied

N/A=Not Applicable

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied. Refer below **(note-2.19)** for such recognition and measurement differences that are most relevant and material to the Bank and the Group.

** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

*** The objective of BAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with BAS 34.

New and amended standards adopted by the Bank and the Group

There are no new standards, amendments to standards and interpretations that are effective for the first time for the financial year ended 31 December 2016 that have a significant impact on the Group and the Bank.

New and amended standards and interpretations not yet adopted by the Bank and the Group

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning from 1 January 2016 or later, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32, 39) but none of these have been adopted and/or endorsed locally as BAS/BFRS and as such any possible impact could not be determined.

2.19 Departures from BAS/BFRS

The consolidated financial statements of the Group and the financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations. In case, any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and Securities

BFRS: As per requirements of BAS 39, investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39, where securities T-bills and T-bonds fall under the category of "held for trading", any change in the fair value (as measured in accordance with BFRS 13) of held for trading assets is recognized through profit and loss account.

T-bills and T-Bonds designated as "held to maturity" are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of

securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) Provision on loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no.14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Other Comprehensive Income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

vii) Repo and Reverse Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement istreated as a loan and the underlying asset continues to be recognized in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no.2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter no.7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collaterallised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

viii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value (as measured in accordance with BFRS 13), and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently

carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Bangladesh Bank bills and Prize bond are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, and Treasury bills, Prize bonds are shown in investments.

x) Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

xi) Cash flow statement

BFRS: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flows is the mixture of direct and indirect method.

xii) Balance with Bangladesh Bank: (CRR)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xiii) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14.

xiv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of balance sheet.

xv) Disclosure of appropriation of profit

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) Loans and advance net of provision

BFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xvii) Uniform accounting policy

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BFRS 10. As such some disclosure, presentation and measurement requirements of BFRS 10 cannot be made in the financial statements.

2.20 The Bank's compliance with related pronouncements by Bangladesh Bank:

i) Internal Control

The objective of internal control is to ensure that management has reasonable assurance that (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability, and (iv) assets of the company are safeguarded and frauds & errors are prevented or detected.

Prime Bank Limited has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level risk culture among the personnel of the Bank, establish efficient and qualified operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Prime Bank, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. Board Audit Committee reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

ii) Internal Audit

Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). Internal Auditor works as the Eyes & Ears of the management. It may therefore be used to bridge the gap between management & shop floor. It can assure the management that the Internal Controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by the lower level are correct.

Internal Audit Mechanism is used as an important element to ensure good governance of PBL. Internal Audit Activity of PBL is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the period 2016, ICCD conducted inspection on many of the Branches/ Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance.

iii) Fraud and Forgeries

The increasing wave of fraud and forgery cases in the banking sector in recent time calls for concerted steps in identifying ways for reducing or preventing frauds and forgeries by analyzing the causes and effect of frauds and forgeries, and prescribing effective control strategies for salvaging frauds in the banking sector. Prime Bank does always pay due attention on anti-fraud internal controls for prevention of fraud and forgery. The Bank has already implemented some strategies like Financial Control Strategy, Personnel Control Strategy, Accounting Control Strategy, Credit Control Strategy, Cost Control Strategy, Administrative Control strategy, Process Control Strategy etc. in order to strengthening the control system further. Although it is not possible to eliminate all frauds because of the inherent limitations of Internal Control System, the Board of Directors and Management have taken all the measures to keep the operational risk in a very minimum level. Internal Control and Compliance Division (ICCD) assesses and evaluates the effectiveness of Bank's anti-fraud internal control measures, recommends for further improvement in implementation of aforesaid strategies and reports to the Bangladesh Bank on effectiveness of controls at the end of each quarter following their prescribed format.

2.21 The financial statements were approved by the Board of Directors on 30 March 2017.

2.22 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.

c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

		Amount in Taka	
		2016	2015
3	**Consolidated cash**		
i	**Cash in hand**		
	Prime Bank Limited **(note-3a.1)**	2,718,851,574	2,391,184,957
	Prime Bank Investment Limited	8,801	12,609
	Prime Bank Securities Limited	20,906	25,000
	Prime Exchange Co. Pte. Ltd., Singapore	53,147,164	56,419,021
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		2,772,028,445	2,447,641,587
ii	**Balance with Bangladesh Bank and its agent bank(s)**		
	Prime Bank Limited **(note-3a.2)**	15,013,759,704	15,069,879,177
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		15,013,759,704	15,069,879,177
		17,785,788,149	17,517,520,764
3a	**Cash of the Bank**		
3a.1	**Cash in hand**		
	In local currency	2,679,060,117	2,344,391,158
	In foreign currency	39,791,457	46,793,799
		2,718,851,574	2,391,184,957
3a.2	Balance with Bangladesh Bank and its agent bank(s)		
	In local currency	12,956,788,248	14,336,197,689
	In foreign currency	1,353,504,737	239,355,016
		14,310,292,984	14,575,552,705
	Sonali Bank as agent of Bangladesh Bank (Local currency)	703,466,720	494,326,472
		15,013,759,704	15,069,879,177
		17,732,611,278	17,461,064,134

Reconciliation statements regarding Bangladesh Bank balance are given Annexure-A-1

3a.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and MPD circular nos.01 & 02, dated June 23, 2014 and December 10, 2013 & DOS circular no.1 dated 19 January 2014.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6.5% has been calculated and maintained with Bangladesh Bank and 13% Statutory Liquidity Ratio for conventional banking and 5.50% Statutory Liquidity Ratio for Islamic banking , excluding CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

a)	**Cash Reserve Requirement**		
	Required reserve	12,662,168,670	13,236,417,440
	Actual reserve maintained **(note-3a.2)**	12,956,788,248	14,336,197,689
	Surplus / (deficit)	294,619,578	1,099,780,249
b)	**Statutory Liquidity Ratio**		
	Required reserve	24,303,456,050	25,422,733,180
	Actual reserve maintained- **(note-3a.5)**	52,429,622,091	64,877,278,167
	Surplus / (deficit)	28,126,166,041	39,454,544,987
	Total required reserve	36,965,624,720	38,659,150,620
	Actual reserve held	65,386,410,339	79,213,475,856
	Total surplus	28,420,785,619	40,554,325,236

		Amount in Taka	
		2016	2015
3a.4	**Maturity grouping of cash**		
	Payable on demand	-	-
	Up to 1 month	5,070,442,608	4,204,646,694
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	12,662,168,670	13,256,417,440
		17,732,611,278	**17,461,064,134**
3a.5	**Held for Statutory Liquidity Ratio**		
	Cash in hand **(note -3a.1)**	2,718,851,574	2,391,184,957
	Balance with Bangladesh Bank and its agent bank(s)	2,056,971,456	733,681,488
	Government securities **(note-6a.ii)**	332,065,658	7,026,719,442
	Government bonds **(note-6a.ii)**	28,440,351,533	50,730,260,280
	Bangladesh Bank bills **(note-6a.ii)**	18,881,381,869	3,995,432,000
	Debenture of HBFC **(note-6a.ii)**	-	-
		52,429,622,091	**64,877,278,167**
4	**Consolidated balance with other banks and financial institutions**		
	In Bangladesh		
	Prime Bank Limited **(note-4a.1)**	651,897,760	112,219,948
	Prime Bank Investment Limited	45,835,946	8,927,395
	Prime Bank Securities Limited	107,380,228	22,078,183
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		805,113,934	143,225,526
	Less: Inter-company transaction	98,706,754	10,552,055
		706,407,180	**132,673,471**
	Outside Bangladesh		
	Prime Bank Limited **(note-4a.2)**	2,713,329,031	1,845,464,037
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	15,093,793	19,892,087
	PBL Finance (Hong Kong) Limited	144,122,034	13,075,373
		2,872,544,857	**1,878,431,497**
		3,578,952,037	**2,011,104,968**
4a	**Balance with other banks and financial institutions of the Bank**		
	In Bangladesh **(note-4a.1)**	651,897,760	112,219,948
	Outside Bangladesh **(note-4a.2)**	2,713,329,031	1,845,464,037
		3,365,226,791	**1,957,683,985**

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		Amount in Taka	
		2016	2015
4a.1	In Bangladesh		
	Current account		
	Agrani Bank Ltd., Principal Branch, Dhaka	441,405	450,055
	Agrani Bank Ltd., Purana Paltan Branch, Dhaka	89,289	90,589
	Agrani Bank Ltd., Mirzapur Branch, Mirzapur	28,828,792	125,267
	Agrani Bank Ltd., Takerhat Branch	423	950
	AB Bank Ltd. Principal Branch, Dhaka	2,997,108	2,997,108
	The City Bank Ltd, Dhaka	272,289	272,289
	Dutch-Bangla Bank Ltd., Mirzapur Branch, Tangail	6,133	5,497,455
	Exim Bank Ltd., Motijheel Branch, Dhaka	1,698,191	1,700,841
	Islami Bank BD Ltd., Local Office, Dhaka	7,274,471	7,283,421
	Islami Bank BD Ltd., Jhikorgacha	856	-
	Janata Bank Ltd., Local Office, Dhaka	3,368,086	13,384,236
	Janata Bank Ltd., Ishwardi Branch	546,945	54,650
	National Bank Ltd., Rangpur Branch	44,825	45,665
	Pubali Bank Ltd., Dhaka Stadium Branch, Dhaka	1,184,319	1,189,499
	Rupali Bank Ltd. ,Motijheel Branch, Dhaka	3,112,864	3,115,514
	Sonali Bank Ltd., Rangpur Branch	41,565,314	10,548,641
	Sonali Bank Ltd., Local Office, Dhaka	7,058,628	7,075,778
	Sonali Bank Ltd., Narayanganj	510,778	3,088,525
	Sonali Bank Ltd., Fakirapool Branch, Dhaka	490,928	490,928
	Sonali Bank Ltd., Faridpur Branch, Faridpur	8,280,945	21,436,335
	Sonali Bank Ltd., Narsingdi Branch	14,441,145	9,551,324
	Sonali Bank Ltd., Satkhira	9,573,570	683,486
	Standard Chartered Bank, Bangladesh	5,084,353	8,367,891
	United Commercial Bank Ltd., Principal Branch, Dhaka	7,439,242	7,441,892
	Off-shore Banking Units	569,147,844	122,645,890
	Uttara Bank Ltd., Local Office, Dhaka	170,191	171,841
		713,628,934	227,710,071
	Less: Off-shore Banking Units	569,147,844	122,645,890
		144,481,090	105,064,180
	Special notice deposit accounts		
	Agrani Bank Ltd., Principal Branch, Dhaka	345,349	333,824
	ICB Islamic Bank Ltd., Principal Office, Motijheel, Dhaka	13,299	13,529
	ICB Islamic Bank Ltd., Sylhet	16,786	16,786
	Dutch-Bangla Bank Ltd., Local Office	819,445	798,759
	Janata Bank Ltd., Local Office, Dhaka	6,022,419	5,797,626
	National Bank Ltd., Narayanganj Branch, Dhaka	1,450	2,000
	Sonali Bank Ltd., Bhairab Bazar, Kishoregonj	950	950
	Social Islami Bank Ltd., Principal Branch, Dhaka	11,883	12,444
		7,231,581	6,975,918
	Savings accounts		
	Al Arafah Islami Bank Ltd., Dhaka	72,420	69,882
	Bank Al Falah Ltd., Dhaka	39,030	38,337
	Social Islami Bank Ltd., Principal Branch, Dhaka	73,640	71,632
		185,090	179,850
	Fixed deposits		
	The City Bank Limited, Islamic Banking Branch, Sylhet	500,000,000	-
		500,000,000	-
		651,897,760	112,219,948

		Amount in Taka	
		2016	2015
4a.2	Outside Bangladesh (NOSTRO Accounts)		
	Current account		
	AB Bank Ltd., Mumbai, India	56,234,564	89,234,389
	Banca Nazionale, del Lavoro, Rome, Italy	-	-
	Bank of Bhutan Phuentsholing, Bhutan	5,434,811	7,297,026
	The Bank of Tokyo Mitsubishi Ltd., Japan	14,227,953	4,666,337
	SMBC, Tokyo, Japan	7,057,520	2,865,364
	Citibank N.A., Mumbai, India	-	67,539
	Citibank N.A., London , UK	5,113,111	15,647,498
	Citibank N.A., New York, USA	1,522,743,056	780,868,501
	Citibank N.A., New York, USA (Off-shore Banking)	-	-
	Commerz Bank AG, Frankfurt , Germany (EURO)	17,913,509	120,894,608
	Commerz Bank AG, Frankfurt , Germany (US$)	41,732,035	20,201,726
	Commonwealth Bank of Australia, Australia	7,746,585	3,858,040
	Credit Suisse (First Boston), Switzerland	-	-
	Deutsche Bank Trust Company Americas	-	36,982,287
	Habib American Bank, New York, USA	35,568,345	15,722,503
	Habib Metropolitan Bank Ltd, Karachi	101,593,738	38,016,862
	Habib Bank Ltd, Karachi	4,349,027	12,720,108
	Habib Allied International Bank PLC London	673,439	-
	HDFC Bank Limited, Kolkata, India	53,276,261	77,658,426
	HSBC Bank USA, New York, USA	13,449,511	61,722,441
	HANA Bank, Seoul	-	329,309
	ICICI Bank Ltd, Mumbai, India	71,660,044	91,506,287
	Intesa Sanpaolo SPA, Milano, Italy	1,745,821	6,539,177
	J. P. Morgan Chase Bank, New York	101,621,449	15,914,173
	Korea Exchange Bank Seoul	32,283,341	3,977,972
	Mashreq Bank PSC, New York, USA	176,560,530	37,524,246
	Mashreq Bank PSC, Mumbai, India	39,687,170	12,857,337
	National Westminister Bank, London, UK	45,845,564	48,018,672
	The National Commercial Bank, Jeddah	8,846,591	5,082,055
	Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	7,060,787	6,061,420
	NCB, Zeddah	4,193,880	-
	People's Bank, Colombo, Sri Lanka	20,793,131	10,887,653
	Skandinaviska Enskilda Banken, Sweden	3,567,399	2,862,492
	Sonali Bank, Kolkata, India	21,429,018	30,757,984
	Standard Chartered Bank, Kolkata, India	125,462,899	102,724,015
	Standard Chartered Bank, New York, USA	50,166,770	40,331,055
	Standard Chartered Bank, Singapore	36,333,006	59,973,958
	Standard Chartered Bank, Frankfurt, Germany	3,829,980	8,702,076
	The Bank of Nova Scotia, Toronto, Canada	-	3,923,583
	Unicredito Italiano SPA, Milano, Italy	1,884,255	4,863,651
	Wells Fargo Bank N. A. Newyork	63,935,241	55,792,406
	Zuercher Kantonal Bank, Zurich	9,308,690	8,410,862
	(Annexure -A)	2,713,329,031	1,845,464,037

		Amount in Taka	
		2016	2015
4a.3	Maturity grouping of balance with other banks and financial institutions		
	Payable on demand	2,865,210,133	1,957,667,798
	Up to 1 month	16,658	16,187
	Over 1 month but not more than 3 months	500,000,000	-
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		3,365,226,791	1,957,683,985
5	Money at call and short notice	540,000,000	420,000,000
6	Consolidated investments		
	Government		
	Prime Bank Limited (note-6a)	47,653,799,061	61,752,411,722
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		47,653,799,061	61,752,411,722
	Others		
	Prime Bank Limited (note-6a)	595,407,957	980,449,941
	Prime Bank Investment Limited	1,280,491,784	1,146,778,917
	Prime Bank Securities Limited	742,113,193	751,626,134
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		2,618,012,934	2,878,854,992
		50,271,811,995	64,631,266,714
6a	Investments of the Bank		
	i) Investment classified as per Bangladesh Bank Circular:		
	Held for trading (HFT)	19,223,222,987	29,616,350,264
	Held to maturity (HTM)	28,425,829,673	32,129,716,259
	Other securities	600,154,357	986,795,141
		48,249,207,018	62,732,861,663
	ii) Investment classified as per nature:		
	a) Government securities:		
	28 days treasury bills	-	-
	91 days treasury bills	-	1,517,507,370
	182 days treasury bills	199,708,508	3,656,193,364
	364 days treasury bills	132,357,150	1,853,018,707
	5 years treasury bills	-	-
		332,065,658	7,026,719,442
	30 days Bangladesh Bank bills	18,881,381,869	3,995,432,000
	Government bonds:		
	Prize bonds	4,746,400	6,345,200
	Government bonds - (note-6a.2)	28,435,605,133	50,723,915,080
		28,440,351,533	50,730,260,280
		47,653,799,061	61,752,411,722

		Amount in Taka	
		2016	2015
	b) Other investments:		
	Debentures of HBFC-bearing interest rate @ 5.5% (note-6a.3)	-	-
	Dhaka Bank Subordinated Bond interest rate @ 11.65% (note-6a.4)	68,572,144	120,001,253
	National Bank Subordinated Bond interest rate @ 11.50% (note-6a.5)	82,600,391	103,250,489
	Lanka Bangla Finance Zero coupon bond interest rate @ 11.50% (note-6a.6)	31,089,440	58,832,107
	Shares (note-6a.7)	413,145,981	321,910,842
	Reverse Repo	-	376,455,250
		595,407,957	980,449,941
		48,249,207,018	62,732,861,663
6a.1	Maturity grouping of investments		
	On demand	-	-
	Up to 1 month	19,768,193,927	5,748,896,156
	Over 1 month but not more than 3 months	1,850,000,000	4,697,489,673
	Over 3 months but not more than 6 months	321,341,469	3,839,173,209
	Over 6 months but not more than 1 year	1,532,709,646	3,157,088,123
	Over 1 year but not more than 5 years	11,372,655,355	17,710,799,882
	Over 5 years	13,404,306,621	27,579,414,620
		48,249,207,018	62,732,861,663
6a.2	Government bonds		
	Name of the bonds		
	HTM		
	3 years T & T bonds	-	-
	2 years Bangladesh Government Islami Investment Bonds	900,000,000	900,000,000
	5 years Bangladesh Government treasury bonds (9.66%)	204,047,896	1,705,169,400
	10 years Bangladesh Government treasury bonds(8.50%-11.74%)	16,499,462,070	18,518,818,202
	15 years Bangladesh Government treasury bonds(8.69%-14.00%)	6,123,581,480	6,304,873,171
	20 years Bangladesh Government treasury bonds(9.10%-13.29%)	4,698,738,227	4,700,855,486
		28,425,829,673	32,129,716,259
	HFT		
	3 years T & T bonds	-	-
	2 years Bangladesh Government treasury bonds (8.40%-8.75%)	-	778,878,184
	5 years Bangladesh Government treasury bonds (11.50%)	9,775,460	8,507,340,307
	10 years Bangladesh Government treasury bonds(8.50%-11.75%)	-	8,621,770,200
	15 years Bangladesh Government treasury bonds(11.60%-12.30%)	-	686,210,130
	20 years Bangladesh Government treasury bonds	-	-
		9,775,460	18,594,198,822
		28,435,605,133	50,723,915,080
6a.3	Debentures of Bangladesh House Building Finance Corporation - at redeemable value		
	Principal	-	5,000,000
	Add: Accrued Interest	-	-
	Less: Redeemed up to 31 December 2016	-	(5,000,000)
	Redeemable value	-	-

		Amount in Taka	
		2016	2015
6a.4	Dhaka Bank Ltd. Subordinated Bond		
	Opening balance	120,001,253	171,430,361
	Add: Interest accrued during the year	13,626,940	19,650,961
	Less: Principal redemption during the year	(51,000,000)	(51,000,000)
	Less: Interest received during the year	(14,056,049)	(20,080,069)
	Redeemable value	68,572,144	120,001,253
6a.5	National Bank Ltd. Subordinated Bond		
	Opening balance	103,250,489	129,063,111
	Add: Interest accrued during the year	11,802,169	14,711,822
	Less: Principal redemption during the year	(20,480,000)	(25,600,000)
	Less: Interest received during the year	(11,972,267)	(14,924,444)
	Redeemable value	82,600,391	103,250,489
6a.6	Lanka Bangla Finance Zerocoupon Bond		
	Opening balance	58,832,107	83,073,414
	Add: Interest accrued during the year	5,589,334	9,090,692
	Less: Principal redemption during the year	(27,418,880)	(30,662,705)
	Less: Interest received during the year	(5,913,120)	(2,669,295)
	Redeemable value	31,089,440	58,832,107
6a.7	Investment in shares		
	Quoted		
	AB Bank Ltd.	47,632,736	47,632,736
	Bank Asia Ltd.	24,429,908	24,429,908
	The City Bank Ltd.	29,538,943	29,538,943
	DESCO	19,262,511	19,262,511
	Dhaka Bank Ltd.	26,313,698	26,313,698
	Eastern Bank Ltd.	37,410,456	37,410,456
	Jamuna Bank Ltd.	18,370,447	18,370,447
	Mutual Trust Bank Ltd.	6,962,625	6,962,625
	National Bank Ltd.	27,970,098	27,970,098
	One Bank Ltd.	22,130,581	22,130,581
	Uttara Bank Ltd.	37,009,980	37,009,980
		297,031,983	297,031,983
	Unquoted		
	Central Depository Bangladesh Limited (CDBL)	15,694,430	15,694,430
	Investment in SWIFT	4,184,430	4,184,430
	MSF	5,000,000	5,000,000
	Star Ceramics Preference Share	40,335,833	-
	Summit Barisal Power Preference Share	50,899,306	-
		116,113,999	24,878,860
	Details shown in Annexure -B	413,145,981	321,910,842

6a.8 (i) Disclosure regarding outstanding Repo

Counterparty name	Agreement date	Reversal date	Amount
			-
Total			-

6a.8 (ii) Disclosure regarding outstanding Reverse Repo

Counterparty name	Agreement date	Reversal date	Amount
			-
Total			-

PRIMESTOCK

		Amount in Taka	
		2016	2015

6a.9 Disclosure regarding Overall transaction of Repo and Reverse Repo

Counterparty name	Minimum Outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under Repo			
With Bangladesh Bank	-	-	-
With other Banks & FIS	499,234,500	499,234,500	1,364,029
Securities purchased under Reverse Repo			
From Bangladesh Bank	-	-	-
From other Banks & FIS	49,144,750	7,186,139,395	1,384,417,140

7 Consolidated loans, advances and lease / Investments

Prime Bank Limited **(note-7a)**	157,818,461,771	143,778,651,854
Prime Bank Investment Limited	5,585,519,854	5,668,562,176
Prime Bank Securities Limited	354,629,060	350,622,901
Prime Exchange Co. Pte. Ltd., Singapore	-	-
PBL Exchange (UK) Ltd.	-	-
PBL Finance (Hong Kong) Limited	-	-
	163,758,610,685	149,797,836,931
Less: Inter-company transactions	5,736,230,995	4,616,626,241
	158,022,379,691	**145,181,210,690**
Consolidated bills purchased and discounted (note-8)	**14,467,473,496**	**9,689,917,573**
	172,489,853,187	**154,871,128,263**

7a Loans, advances and lease / investments of the Bank

i) Loans, cash credits, overdrafts, etc.		
Inside Bangladesh		
Secured overdraft / Quard against TDR	27,290,994,902	24,776,655,379
Cash credit / Murabaha	23,055,501,252	22,663,517,614
Loans (General)	35,184,706,137	32,097,906,688
House building loans	2,717,300,308	3,301,459,546
Loans against trust receipt	4,986,322,521	5,303,651,218
Payment against document	13,038,825	31,860,469
Retail loan	14,989,383,816	14,451,065,292
Lease finance / Izara **(note - 7a.2)**	5,159,876,733	5,350,151,030
Credit card	1,037,631,670	1,122,503,659
SME loan	739,061,565	804,349,365
Hire purchase	7,021,592,617	6,225,517,167
Other loans and advances	35,623,051,427	27,650,014,427
	157,818,461,771	**143,778,651,854**
Outside Bangladesh	-	-
	157,818,461,771	**143,778,651,854**
ii) Bills purchased and discounted (note-8a)		
Payable Inside Bangladesh		
Inland bills purchased	6,684,930,303	3,828,649,204
Payable Outside Bangladesh		
Foreign bills purchased and discounted	5,708,433,181	4,257,233,433
	12,393,363,484	**8,085,882,637**
	170,211,825,255	**151,864,534,491**

		Amount in Taka	
		2016	2015
7a.1	Residual maturity grouping of loans, advances and lease / investments including bills purchased and discounted		
	Repayable on demand	-	-
	Up to 1 month	19,863,720,007	37,813,617,177
	Over 1 month but not more than 3 months	26,859,426,025	29,982,412,893
	Over 3 months but not more than 1 year	72,084,707,996	41,061,785,234
	Over 1 year but not more than 5 years	39,148,719,809	41,268,199,563
	Over 5 years	12,255,251,418	1,738,519,624
		170,211,825,255	**151,864,534,491**
7a.2	Lease finance / Izara		
	Lease rental receivable within 1 year	315,780,313	551,655,846
	Lease rental receivable within 5 years	4,321,529,269	4,530,503,185
	Lease rental receivable after 5 years	691,932,892	706,419,176
	Total lease / Izara rental receivable	**5,329,242,475**	**5,788,578,207**
	Less: Unearned interest receivable	169,365,742	438,427,177
	Net lease / Izara finance	**5,159,876,733**	**5,350,151,030**
7a.3	Loans, advances and lease / investments under the following broad categories		
	Loans	107,471,965,618	96,338,478,862
	Cash credits	23,055,501,252	22,663,517,614
	Overdrafts	27,290,994,902	24,776,655,379
		157,818,461,771	143,778,651,854
	Bills purchased and discounted **(note-8)**	12,393,363,484	8,085,882,637
		170,211,825,255	**151,864,534,491**
7a.4	Loans, advances and lease / investments on the basis of significant concentration including bills purchased and discounted.		
	a) Loans, advances and lease / investments to Directors of the Bank	-	-
	b) Loans, advances and lease / investments to Chief Executive and other senior executives	1,707,071,045	1,755,263,620
	c) Loans, advances and lease / investments to customer groups:		
	i) Commercial lending	22,047,172,833	29,132,063,544
	ii) Export financing	8,376,915,339	5,853,612,737
	iii) House building loan	2,717,300,308	3,301,459,546
	iv) Retail loan	14,989,383,816	14,451,065,292
	v) Small and medium enterprises	18,190,541,370	17,821,208,397
	vi) Special program loan	-	-
	vii) Staff loan	8,414,368	23,647,683
	viii) Industrial loans / investments detail **(note-7a.4 d)**	76,517,538,028	77,820,537,765
	ix) Other loans and advances (SOD)	25,657,488,149	1,705,675,907
		168,504,754,211	150,109,270,871
		170,211,825,255	**151,864,534,491**

PRIMARY STOCK

		Amount in Taka	
		2016	2015
d)	Details of Industrial loans / investments		
i)	Agricultural industries	2,615,602,545	1,968,431,491
ii)	Textile industries	6,348,250,708	5,297,102,298
iii)	Food and allied industries	4,524,794,358	3,819,089,460
iv)	Pharmaceutical industries	1,390,076,334	609,341,556
v)	Leather, chemical, cosmetics, etc.	559,529,789	402,244,140
vi)	Tobacco industries	904,203,963	880,165,799
vii)	Cement and ceramic industries	3,892,595,284	3,269,884,057
viii)	Service Industries	14,332,670,533	20,742,040,185
ix)	Transport and communication industries	2,413,320,593	3,139,819,037
x)	Other industries including bills purchase and discounted	39,536,493,921	37,692,419,741
		76,517,538,028	77,820,537,765

7a.5 Loans, advances and leases / investments -geographical location-wise Inside Bangladesh

Urban		
Dhaka Division	122,816,293,214	105,444,098,064
Chittagong Division	30,200,045,108	31,692,710,788
Khulna Division	5,691,311,581	5,538,918,688
Rajshahi Division	4,451,767,484	3,631,124,553
Barisal Division	116,342,001	121,355,000
Sylhet Division	1,552,901,397	1,178,059,595
Rangpur Division	1,167,492,928	841,639,011
	165,996,153,714	148,447,905,699
Rural		
Dhaka Division	1,990,022,636	1,650,853,915
Chittagong Division	946,660,354	853,951,155
Khulna Division	65,100,032	78,224,955
Rajshahi Division	624,802,512	539,966,163
Rangpur Division	194,147,496	-
Sylhet Division	394,938,511	293,632,603
	4,215,671,541	3,416,628,792
Outside Bangladesh	-	-
	170,211,825,255	151,864,534,491

7a.6 Sector-wise loans, advances and lease / investments including bills purchased and discounted

Public sector	20,249,575	40,264,135
Co-operative sector	-	-
Private sector	170,191,575,680	151,824,270,356
	170,211,825,255	151,864,534,491

7a.7 Details of pledged collaterals with the Bank

Collateral of movable / immovable assets	78,440,889,008	120,099,028,762
Local banks and financial institutions guarantee	8,433,161,225	9,384,539,259
Export documents	374,432,515	1,325,515,112
Fixed deposit receipts	13,962,160,283	4,917,742,073
FDR of other banks	1,275,541,017	907,446,006
Government bonds	8,434,424	2,718,597
Personal guarantee	11,003,908,961	10,725,952,295
Other securities	56,713,297,823	4,501,592,387
	170,211,825,255	151,864,534,491

	Amount in Taka	
	2016	2015

7a.8 Details of large loans, advances and lease / investments

Number of clients with outstanding amount and classified loans / investments exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 31,632.05 million as at 31 December 2016 (Tk. 29,282.83 million in 2015).

Number of clients	29	27
Amount of outstanding advances / investments	80,904,400,000	61,362,500,000
Amount of classified advances / investments	-	61,529,337
Measures taken for recovery	N/A	Negotiation under in Process

Name of clients	Outstanding (Tk. in million)		Total	Total
	Funded	Non-funded	(Tk. in million)	(Tk. in million)
Abdul Monem Group	1,931.90	1,400.60	3,332.50	1,717.50
Ananta Garments Group	-	-	-	-
Annata Apparel Group	1,085.90	1,898.00	2,983.90	1,795.30
Abul Khair Group	3,724.90	1,043.30	4,768.20	4,276.10
BSRM Group	2,096.40	2,295.90	4,392.30	2,602.80
Bangladesh Rural Advancement Committee	3,841.40	967.90	4,809.30	6,254.60
Bulk Trade Group	-	-	-	-
BSA Group	126.40	533.00	659.40	749.70
BPC Group	-	1,439.80	1,439.80	-
BRB Group	0.80	7.60	8.40	-
City Group	973.00	2,631.70	3,604.70	2,658.90
Confidence Group	1,685.10	2,184.40	3,869.50	2,515.40
Energypac Group	19.50	66.60	86.10	404.00
Kabir Group	2,888.10	1,452.00	4,340.10	2,937.40
KDS Group	1,645.50	1,244.00	2,889.50	-
MAX Group	744.60	749.10	1,493.70	1,760.00
Meghna Group	-	7,172.60	7,172.60	3,342.30
Mir Group	-	-	-	1,183.80
Molla Group	837.00	269.40	1,106.40	1,009.10
Nasir Group	2,497.80	1,940.40	4,438.20	1,878.20
Noman Group	1,692.00	378.40	2,070.40	2,366.00
Prime Bank Investment Ltd	3,183.60	-	3,183.60	2,774.10
Pran-RFL Group	668.30	1,796.70	2,465.00	2,950.70
Project Builders Ltd.	2,538.90	364.10	2,903.00	3,071.80
Pakiza Group	1,679.60	542.10	2,221.70	1,722.50
RAK Group	-	-	-	2,402.10
RB Group	449.50	571.60	1,021.10	
Square Group	14.00	1,211.50	1,225.50	890.40
Standard Group	1,694.20	1,398.00	3,092.20	1,381.30
Summit Group	1,268.60	2,119.10	3,387.70	1,362.90
TK Group	246.40	3,752.10	3,998.50	3,397.60
Toma Group	1,078.20	1,545.80	2,624.00	3,097.70
Uttara Group	-	1,317.10	1,317.10	860.30
	38,611.60	42,292.80	80,904.40	61,362.50

		Amount in Taka	
		2016	2015

7a.9 Large loan restructuring

i) The outstanding of restructured Loan (General) liability against Jamuna Denims Limited stands at BDT 188,40,36,231.00 which was restructured vide Bangladesh Bank's approval letter dated September 02, 2015 for a period of 12 years (including 12 months moratorium period) under BRPD Circular No. 04 dated January 29, 2015 on "Large Loan Restructuring". The account is regular.

ii) The outstanding of restructured Loan (General) liabilities of S. A. Oil Refinery Limited and Samannaz Super Oil Limited stand at BDT 68,41,25,910.60 which were restructured vide Bangladesh Bank's approval letter dated September 27, 2015 for a period of 6 years (including 12 months moratorium period) under BRPD Circular No. 04 dated January 29, 2015 on "Large Loan Restructuring". The account is regular.

7a.10 Particulars of loans, advances and lease / investments

i)	Loans / investments considered good in respect of which the Bank is fully secured	102,659,613,048	106,312,038,913
ii)	Loans / investments considered good against which the Bank holds no security other than the debtors' personal guarantee	17,321,344,403	10,156,248,759
iii)	Loans / investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	50,230,867,804	35,396,246,819
iv)	Loans / investments adversely classified; provision not maintained there against	170,211,825,256	151,864,534,491
v)	Loans / investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons (note-7a.4b+7a.4c.vii)	1,715,485,412	1,778,911,303
vi)	Loans / investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii)	Maximum total amount of advances / investments, 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 separately or jointly with any other person.	1,715,485,412	1,778,911,303
viii)	Maximum total amount of advances / investments, including temporary advances / investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members	-	-
ix)	Due from banking companies	-	-
x)	Classified loans and advances / investments		
	a) Classified loans and advances / investments on which interest has not been charged (note-7a.11)	10,139,475,240	11,882,795,211
	b) Provision on classified loans and advances / investments (for details see note-14a.3 & 14a.5)	3,824,063,411	5,749,296,814
	c) Provision kept against loans / investments classified as bad debts	3,536,080,700	5,623,209,928
	d) Interest credited to Interest Suspense Account (note-14a.6)	4,488,241,878	4,502,882,848
xi)	Cumulative amount of written off loans / investments		
	Opening Balance	9,269,304,652	7,642,692,134
	Amount written off during the year	3,699,312,195	1,626,612,518
		12,968,616,847	9,269,304,652
	Amount realised against loans / investments previously written off The amount of written off / classified loans / investments	151,078,792	97,912,852
	for which law suits have been filed (note-7a.14)	23,388,653,924	21,905,054,275

		Amount in Taka	
		2016	2015
7a.11	**Classification of loans, advances and lease / investments**		
	Unclassified		
	Standard including staff loan	155,587,951,886	132,243,318,958
	Special mention account (SMA)	4,484,398,129	7,738,420,321
		160,072,350,015	**139,981,739,279**
	Classified		
	Sub-standard	1,178,687,613	489,829,571
	Doubtful	291,804,036	342,861,718
	Bad / Loss	8,668,983,591	11,050,103,923
		10,139,475,240	**11,882,795,211**
		170,211,825,255	**151,864,534,491**

7a.12 **Particulars of required provision for loans, advances and lease / investments**

Status	Base for provision	Rate (%)		
General Provision				
Loans/investments (Including SMA)	160,072,350,015	*Various	3,496,608,348	2,029,309,713
Interest receivable on loans/investments	633,823,969	1	6,338,240	5,989,424
			3,502,946,588	**2,035,299,138**

*General provision is kept @ 1% on general loans and advances / investments and 0.25% on small enterprise financing, 2% on certain other types of lending and 5% on consumer financing.

Status	Base for provision	Rate (%)		
Specific provision				
Sub-standard	944,008,664	20	188,801,733	47,250,985
Doubtful	124,725,942	50	62,362,971	72,612,176
Bad / Loss	3,536,080,700	100	3,536,080,700	5,623,209,928
			3,787,245,404	**5,743,073,088**
Required provision for loans, advances and lease / investments			**7,290,191,992**	**7,778,372,225**
Total provision maintained **(note - 14, 14a3 & 14a.5)**			**7,362,724,435**	**7,789,557,838**
Excess / (short) provision at 31 December 2016			**72,532,443**	**11,185,613**

As per Bangladesh Bank letter no. DBI-1/90/2017/1189 dated 21.03.2017 the Bank has maintained adequate provision for the year ended December 31, 2016. However, Bank will maintain provision of BDT 857,215,000.00 against 'customers under writ' in 2017.

7a.13 **Particulars of required provision on Off-balance Sheet Exposures**

	Base for provision	Rate (%)		
Acceptances and endorsements	35,566,350,756		355,663,508	264,402,353
Letter of guarantee	67,416,908,068		674,169,081	637,366,911
Letter of credit	27,311,640,065		273,116,401	169,029,561
Bills for collection	8,263,541,574		82,635,416	86,073,045
Required provision on Off-balance Sheet Exposures			**1,385,584,405**	**1,156,871,870**
Total provision maintained **(note - 14a.4)**			1,385,640,000	1,156,890,000
Excess / (short) provision at 31 December 2016			**55,595**	**18,130**

7a.14 Suits filed by the Bank (Branch wise details)	Amount in Taka	
	2016	2015
Agrabad Branch	687,027,539	764,916,339
Adamjee EPZ Branch	69,666,446	2,511,129
Asad Gate Branch	195,291,949	17,009,312
Ashulia Branch	132,029,703	115,802,082
Banani Branch	30,835,306	29,871,525
Baneswar Branch	7,934,216	-
Bangshal Branch	37,267,642	39,170,540
Banshkhali Branch	1,162,649	514,774
Barisal Branch	1,604,055	1,505,795
Bashaboo Branch	9,614,124	-
Barelekha Branch	2,199,195	1,380,839
Bashundhara Branch	7,133,308	7,449,079
Beani Bazar Branch	147,891	418,291
Bhairab Bazar Branch	10,707,714	5,158,714
Biswanath Bracnh	754,480	563,880
Bogra Branch	158,423,551	228,597,931
Boalmari Branch	936,088	-
Bijoynagar Branch	3,081,752	-
Head Office, FAD,FMD,CBD & Card	257,532,090	35,040,568
Chaumuhani Branch	10,341,897	10,510,317
Chaudagram Branch	4,342,887	5,302,005
Comilla Branch	3,314,780	-
Court Road Branch	7,889,446	4,474,906
Cox's Bazar Branch	21,421,186	14,067,036
Dhanmondi Branch	7,130,876	-
Dinajpur Branch	23,288,888	1,782,297
Elephant Road Branch	1,149,944,909	2,529,018,219
Fatickchari Branch	1,130,000	930,000
Faridpur Branch	131,341,802	18,555,126
Foreign Exchange Branch	149,513,500	187,267,978
Ganakbari Branch	828,209	2,259,960
Garib-e-Newaz Branch	626,495	326,495
Gulshan Branch	1,689,628,708	790,360,100
Hajigonj Branch	1,307,451	1,522,867
Halishahar Branch	6,048,455	1,863,455
Hathazari Branch	6,298,552	7,255,230
Hobiganj Branch	735,107	-
IBB, Amberkhana Branch	16,759,956	24,859,041
IBB, Dilkusha Branch	1,492,346,501	947,923,221
IBB, Mirpur Branch	364,735,851	219,846,012
IBB, O.R. Nizam Road Branch	84,511,638	81,450,178
IBB, Pahartali Branch	25,350,677	35,464,189
Ibrahimpur Branch	2,852,450	-
Ishwardi Branch	14,439,718	-

AMAR STOCK

	Amount in Taka	
	2016	2015
Islampur Branch	738,175	-
Jamalpur Branch	1,218,950	1,218,950
Jatrabari Branch	7,193,810	14,609,073
Jessore Branch	1,480,286,149	917,104,426
Joypara Branch	1,399,000	2,293,964
Joydevpur Chowrasta Branch	352,452	352,452
Joypurhat Branch	1,194,069	-
Jikorgacha Branch	760,282	-
Jubilee Road Branch	3,004,954,838	2,384,726,000
Kawran Bazar Branch	102,477,729	102,899,915
Khatunganj Branch	1,683,016,018	922,430,047
Khulna Branch	1,297,403,290	2,357,000,102
Kishoreganj	4,514,158	4,508,606
Kustia Branch	1,821,268	-
Laldighi East Branch	1,329,965,616	1,273,805,621
Madhabdi Branch	58,237,262	27,986,508
Madhabpur Branch	1,057,930	-
Mirpur-1 Branch	50,716,268	9,682,240
Motijheel Branch	5,037,796,372	6,138,613,125
Mohakhali Branch	93,859,772	2,012,365
Mouchak Branch	21,578,387	46,484,175
Modhunaghat Branch	1,923,833	-
Moulvibazar Branch, Dhaka	43,189,607	87,022,927
Muradpur Branch	1,499,441	189,123
Mymensingh Branch	8,150,000	8,482,743
Nabiganj Branch	40,360,209	35,027,955
Natore Branch	2,896,805	3,725,502
Naogaon Branch	32,541,744	63,273,369
Narayanganj Branch	46,443,269	45,166,637
New Eskaton Branch	1,359,559	3,033,954
Oxygen More Branch	3,089,696	4,137,696
Pabna Branch	11,924,328	8,280,882
Pallabi Branch	5,013,025	5,128,092
Panthapath Branch	1,060,906,743	7,644,941
Pragati Sarani Branch	17,887,039	13,139,852
Prabortak More Branch	6,106,673	3,226,638
Rajshahi Branch	233,026,197	308,387,319
Rangpur Branch	3,415,157	3,037,537
Retail Banking Division	-	37,311,713
Ring Road Branch	189,297,532	94,770,310
Satkhira Branch	534,495	-
Sat Masjid Road Branch	145,845,182	51,744,782
Savar Branch	-	103,663,342
SBC Tower Branch	172,752,852	438,730,014
Shibpur Branch	7,588,636	588,636

		Amount in Taka	
		2016	2015
	Simrail Branch	9,844,088	10,298,059
	Sirajdikhan Branch	1,962,000	2,514,000
	SME Banking, Dhaka	125,376,540	51,296,562
	Sremangal Branch	39,214,106	40,011,512
	Sylhet Branch	3,902,155	4,352,508
	Subidbazar Branch, Sylhet	65,502,490	58,262,095
	Tangail Branch	2,419,195	857,583
	Tajpur Branch	2,163,052	3,010,347
	Tongi Branch	10,328,786	3,096,365
	Uposhahar Branch, Sylhet	1,718,163	1,889,223
	Uttara Branch	67,737,008	61,280,653
	Vatiari Branch	8,654,289	1,794,404
	Wari Bracnh	4,058,600	-
		23,388,653,924	21,905,054,275
8	Consolidated bills purchased and discounted		
	Prime Bank Limited (note-8a)	12,393,363,484	8,085,882,637
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	2,074,110,013	1,604,034,937
		14,467,473,496	9,689,917,573
8a	Bills purchased and discounted		
	Payable in Bangladesh	6,684,930,303	3,828,649,204
	Payable outside Bangladesh	5,708,433,181	4,257,233,433
		12,393,363,484	8,085,882,637
8a.1	Maturity grouping of bills purchased and discounted		
	Payable within one month	2,492,525,228	1,293,103,943
	Over one month but less than three months	4,400,233,390	4,283,123,004
	Over three months but less than six months	2,615,576,149	2,361,722,267
	Six months or more	2,885,028,717	147,933,422
		12,393,363,484	8,085,882,637
9	Consolidated fixed assets including premises, furniture and fixtures		
	Prime Bank Limited (note-9a)	6,589,682,409	6,516,429,422
	Prime Bank Investment Limited	7,429,503	9,288,907
	Prime Bank Securities Limited	333,638	949,602
	Prime Exchange Co. Pte. Ltd., Singapore	3,034,610	888,053
	PBL Exchange (UK) Ltd.	9,620,175	12,837,831
	PBL Finance (Hong Kong) Limited	388,365	924,146
		6,610,488,699	6,541,317,961

SMAR STOCK

		Amount in Taka	
		2016	2015
9a	Fixed assets including premises, furniture and fixtures of the Bank		
	Property, Plant & Equipment		
	Land	3,706,444,788	3,706,444,788
	Building	1,791,774,512	1,721,156,789
	Furniture and fixtures	906,685,628	867,425,776
	Office equipment and machinery	1,725,699,570	1,517,086,442
	Vehicles	351,500,569	322,659,539
	Library books	1,820,037	1,805,129
		8,483,925,104	8,136,578,462
	Leased property:		
	Leased vehicles	31,690,384	31,690,384
	ATM		
	Hardware & equipment	289,961,414	275,122,823
	Furniture & fixtures	45,423,849	44,477,715
		335,385,263	319,600,538
	Off-shore Banking Units		
	Furniture and fixtures	2,991,998	2,991,998
	Office equipment and machinery	1,789,032	1,742,930
	Vehicles	1,352,742	1,410,371
		6,133,773	6,145,299
		8,857,134,524	8,494,014,684
	Less: Accumulated depreciation	2,314,044,260	2,048,531,792
		6,543,090,264	6,445,482,891
	Intangibles assets		
	Software-core banking	268,397,034	252,656,062
	Software-ATM	43,212,614	43,212,614
	Cost of intangibles assets	311,609,648	295,868,676
	Less: Accumulated amortization	265,017,503	224,922,145
		46,592,145	70,946,531
	Net book value at the end of the year (See annexure-C for detail)	6,589,682,409	6,516,429,422
	The fixed assets recognised and measurements policy are described in note 2.2.4		
10	Consolidated other assets		
	Prime Bank Limited **(note-10a)**	9,690,072,674	10,988,158,051
	Less: Investment in Prime Bank Investment Limited **(note-10a.5)**	(2,999,999,940)	(2,999,999,940)
	Less: Investment in Prime Bank Securities Limited **(note-10a.5)**	(712,500,000)	(712,500,000)
	Less: PBIL investment in Prime Bank Securities Ltd.**(below)**	(37,500,000)	(37,500,000)
	Less: Investment in PBL Exchange (UK) Ltd. **(note-10a.5)**	(56,352,624)	(56,352,624)
	Less: Investment in Prime Exchange Co. Pte. Ltd., Singapore **(note-10a.5)**	(10,993,235)	(10,993,235)
	Less: Investment in PBL Finance (Hong Kong) Limited **(note-10a.5)**	(34,365,722)	(34,365,722)
		5,838,361,153	7,136,446,530
	Prime Bank Investment Limited (investment in PBSL)	37,500,000	37,500,000
	Prime Bank Investment Limited	75,034,820	24,918,544
	Prime Bank Securities Limited	86,068,562	52,389,715
	Prime Exchange Co. Pte. Ltd., Singapore	5,705,624	7,260,636
	PBL Exchange (UK) Ltd.	6,550,447	-
	PBL Finance (Hong Kong) Limited	6,778,242	3,041,790
		217,637,695	125,110,685
		6,055,998,848	7,261,557,215

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

		Amount in Taka	
		2016	2015
10a	Other assets of the Bank		
	Stationery and stamps	35,984,087	29,548,731
	Exchange adjustment account	4,038,333	986,757
	Investment in subsidiary **(note-10a.5)**	3,814,211,521	3,814,211,521
	Off-shore Banking Units	8,964,114,616	7,789,741,770
	Due from Off-shore Banking Units	362,270,449	129,879,902
	Commercial Bank of Ceylon	-	300,000,000
	National Bank of Pakistan	-	20,000,000
	Standard Bank Limited	200,000,000	200,000,000
	BRAC Bank Limited	600,000,000	600,000,000
	Bank Al-falah	100,000,000	-
	One Bank Limited	-	400,000,000
	AB Bank Limited	800,000,000	400,000,000
	IFIC Bank Limited	-	200,000,000
	Dhaka Bank Limited	550,000,000	550,000,000
	Southeast Bank Limited	700,000,000	500,000,000
	Eastern Bank Limited	-	785,003,000
	IDLC Finance Limited	350,000,000	350,000,000
	United Finance	-	150,000,000
	Delta Brac Housing Finance Corporation	150,000,000	150,000,000
	Prepaid expenses	10,670,383	14,718,908
	Interest / profit receivable on loan **(note-10a.1)**	633,823,969	598,942,439
	Interest receivable on Govt. securities	700,100,706	1,151,010,115
	Advance deposits and advance rent	348,574,727	259,576,914
	Prepaid expenses against house furnishing	6,371,911	8,068,884
	Branch adjustments account	18,501,509	18,996,235
	Suspense account **(note -10a.2)**	132,163,478	138,049,975
	Encashment of PSP / BSP	284,886,250	171,932,724
	ATM	-	3,201,558
	Credit card	78,212,407	79,984,853
	Sundry assets **(note -10a.3)**	172,533,393	93,925,437
		19,016,457,739	18,907,779,722
	Less: Off-shore Banking Units	9,326,385,065	7,919,621,671
		9,690,072,674	10,988,158,051

10a.1 Interest / profit receivable: Amount represents interest / profit receivable on loans, advances and lease / investments, interest on term placement, Government securities & foreign currency balance, etc.

10a.2 Suspense account includes TT / DD in transit, advance against Land/ Building, advance against new branch, advance against TA/ DA, printing and stationery, postage, suspense- others, clearing adjustment account etc.

10a.3 Sundry assets

Protested Bills	19,196,468	16,103,770
Less: Write off during the year	-	-
Others	153,336,925	77,821,668
	172,533,393	93,925,437

				Amount in Taka	
				2016	2015
10a.4	Particulars of required provision for other assets				
			Rate		
	Purchase of credit card bills	71,000,000	100%	71,000,000	71,000,000
	Protested bills	19,196,468	100%	19,196,468	16,103,770
	Legal Expenses	3,096,777	50%	1,548,389	1,409,798
	Others	23,082,531	100%	23,082,531	23,969,368
	Required provision for other assets			114,827,387	112,482,935
	Total provision maintained **(note - 14a.7)**			120,116,648	112,506,648
	Excess / (short) provision at 31 December			**5,289,260**	**23,713**
10a.5	Investment in subsidiaries				
	Prime Bank Investment Limited			2,999,999,940	2,999,999,940
	Prime Bank Securities Limited			712,500,000	712,500,000
	Prime Exchange Co. Pte. Ltd., Singapore			10,993,235	10,993,235
	PBL Exchange (UK) Ltd.			56,352,624	56,352,624
	PBL Finance (Hong Kong) Limited			34,365,722	34,365,722
				3,814,211,521	**3,814,211,521**

As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Security Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) alloted total 72,15,106 ordinary shares at a face value of Tk 10.00 each and Chittagong Stock Exchange Ltd. (CSE) alloted total 42,87,330 ordinary Shares at face value of Tk 10.00 each against the Membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The remaining shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act, 2013. As there is no active market for shares of DSE and CSE, we have shown the value at original cost as investment.

11 Non-Banking Assets

Name of Parties	Possession date		
M/s Rima Flour Mills	18.03.2014	124,438,400	124,438,400
M/s Ripon Motors	18.03.2014	51,902,240	51,902,240
M/s Megna Bangla Trade	28.04.2014	18,399,360	18,399,360
M/s Ampang Food Industries	28.04.2014	25,760,640	25,760,640
		220,500,640	**220,500,640**

The Bank has been awarded ownership of the mortgage properties of the above mentioned parties according to the verdict of the Honorable Court in accordance with the section 33(7) of "Artharin Adalat-2003". An amount of Tk.220,500,640/- is reported in the financial statements as Non -Banking assets. The value of Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.

12 Consolidated borrowings from other banks, financial institutions and agents

Prime Bank Limited **(note-12a)**	12,929,786,860	10,442,199,709
Prime Bank Investment Limited	3,342,064,734	3,081,354,480
Prime Bank Securities Limited	450,927,651	375,927,982
Prime Exchange Co. Pte. Ltd., Singapore	-	-
PBL Exchange (UK) Ltd.	-	-
PBL Finance (Hong Kong) Limited	2,101,738,752	1,466,613,706
	18,824,517,996	15,366,095,877
Less: Inter-company transactions	5,736,230,995	4,616,626,241
	13,088,287,002	**10,749,469,636**

		Amount in Taka	
		2016	2015
12a	**Borrowings from other banks, financial institutions and agents of the Bank**		
	In Bangladesh **(note-12a.1)**	3,845,103,196	5,104,179,309
	Outside Bangladesh **(note-12a.2)**	9,084,683,663	5,338,020,400
		12,929,786,860	10,442,199,709
12a.1	**In Bangladesh**		
	PBL bond	3,750,000,000	5,000,000,000
	Standard Chartered Bank, Bangladesh	-	-
	NPSB Settlement	-	15,880,380
	Repo of Treasury Bills	-	-
	Refinance against SME loan from Bangladesh Bank	95,103,196	88,298,929
		3,845,103,196	5,104,179,309
12a.2	**Outside Bangladesh**		
	Emirates NBD, Dubai, UAE	558,785,620	392,501,500
	Habib Bank, Dubai, UAE	-	392,501,500
	Habib Bank Ltd, Kabul, Afganistan	236,106,600	235,500,900
	Habib Bank Ltd, Hong Kong	236,106,600	-
	First Gulf Bank, UAE	388,315,081	-
	FMO, Netherlands	1,967,555,000	1,962,507,500
	SCB, Singapore	677,238,334	-
	SCB, Hong Kong	534,605,254	-
	National Bank of Rash-Al Khaima	787,022,000	-
	Commercial Bank of Qatar	1,337,883,174	-
	International Finance Corporation	2,361,066,000	2,355,009,000
		9,084,683,663	5,338,020,400
12a.3	**Security against borrowings from other banks, financial institutions and agents**		
	Secured (Treasury bills)	-	-
	Unsecured	10,306,499,591	10,442,199,709
		10,306,499,591	10,442,199,709
12a.4	**Maturity grouping of borrowings from other banks, financial institutions and agents**		
	Payable on demand	-	-
	Up to 1 month	716,231,747	15,880,380
	Over 1 month but within 3 months	1,927,238,334	2,270,503,900
	Over 3 months but within 1 year	5,723,592,582	1,570,006,000
	Over 1 year but within 5 years	4,062,724,196	5,585,809,429
	Over 5 years	500,000,000	1,000,000,000
		12,929,786,860	10,442,199,709
13	**Consolidated deposits and other accounts**		
	Current deposits and other accounts		
	Prime Bank Limited **(note-13a.1.c)**	31,905,539,890	28,234,427,685
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		31,905,539,890	28,234,427,685
	Less: Inter-company transactions	36,870,882	9,306,431
		31,868,669,008	28,225,121,254

		Amount in Taka	
		2016	2015
	Bills payable		
	Prime Bank Limited **(note-13a.1.c)**	5,168,363,915	2,387,277,687
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		5,168,363,915	**2,387,277,687**
	Savings bank / Mudaraba savings deposits		
	Prime Bank Limited **(note-13a.1.c)**	35,628,622,433	30,713,923,933
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		35,628,622,433	**30,713,923,933**
	Term / Fixed deposits		
	Prime Bank Limited **(note-13a.1.c)**	125,231,442,610	133,489,471,451
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		125,231,442,610	**133,489,471,451**
	Less: Inter-company transactions	61,835,872	1,245,624
		125,169,606,738	**133,488,225,827**
		197,835,262,094	**194,814,548,701**
13a	**Deposits and other accounts of the Bank**		
	Deposits from banks **(note -13a.1.a)**	304,770,083	643,322,569
	Deposits from customers **(note-13a.1.b)**	197,629,198,766	194,181,778,188
		197,933,968,848	**194,825,100,757**
13a.1	**a) Deposits from Banks**		
	Current deposits and other accounts	3,811,272	227,265,228
	Savings bank / Mudaraba savings deposits	7,045,261	63,787,472
	Special notice deposits	293,913,549	352,269,869
	Fixed deposits	-	-
		304,770,083	**643,322,569**
	b) Customer Deposits		
	i) Current deposits and other accounts		
	Current / Al-wadeeah current deposits	14,446,391,872	12,849,210,601
	Foreign currency deposits	5,214,000,665	3,878,870,738
	Security deposits	8,509,416	8,913,666
	Sundry deposits **(note - 13a.2)**	12,801,974,510	11,392,813,343
		32,470,876,462	28,129,808,348
	Less: Off-shore Banking Units	569,147,844	122,645,890
		31,901,728,618	28,007,162,457

	Amount in Taka	
	2016	2015
ii) Bills payable		
Pay orders issued	5,137,961,158	2,344,782,078
Pay slips issued	3,759,339	3,942,234
Demand draft payable	25,466,324	38,238,164
Foreign demand draft	313,592	313,592
T. T. payable	855,000	-
Bill Pay ATM	8,502	1,620
	5,168,363,915	2,387,277,687
iii) Savings bank / Mudaraba savings deposits	35,621,577,172	30,650,136,461
iv) Term / Fixed deposits		
Fixed deposits / Mudaraba fixed deposits	60,156,202,902	73,131,243,276
Special notice deposits	13,223,095,870	12,152,345,704
Non resident Taka deposits	1,368,757,538	1,128,171,888
Scheme deposits	50,189,472,752	46,725,440,713
	124,937,529,061	133,137,201,582
	197,629,198,766	194,181,778,188
	197,933,968,848	194,825,100,757
c) Deposits and other accounts		
Current deposits and other accounts		
Deposits from banks **(note -13a.1.a)**	3,811,272	227,265,228
Deposits from customers **(note-13a.1.b.i)**	31,901,728,618	28,007,162,457
	31,905,539,890	28,234,427,685
Bills payable		
Deposits from banks **(note -13a.1.a)**	-	-
Deposits from customers **(note-13a.1.b.ii)**	5,168,363,915	2,387,277,687
	5,168,363,915	2,387,277,687
Savings bank / mudaraba savings deposits		
Deposits from banks **(note -13a.1.a)**	7,045,261	63,787,472
Deposits from customers **(note-13a.1.b.iii)**	35,621,577,172	30,650,136,461
	35,628,622,433	30,713,923,933
Term / Fixed deposits		
Deposits from banks **(note -13a.1.a)**	293,913,549	352,269,869
Deposits from customers **(note-13a.1.b.iv)**	124,937,529,061	133,137,201,582
	125,231,442,610	**133,489,471,451**
	197,933,968,848	**194,825,100,757**
13a.2 Sundry deposits		
F.C. held against back to back L/C	6,577,134,629	5,275,533,369
Sundry creditors	616,122,807	160,321,066
Risk fund and service charges (CCS and lease finance)	57,534,004	57,193,734
Sale proceeds of PSP / BSP	255,810,000	74,060,000
Margin on letters of guarantee	1,055,916,182	1,118,046,375
Margin on letters of credit	1,580,235,761	1,406,644,553
Margin on FDBP / IDBP, export bills, etc	105,704,456	94,589,168
Lease deposits	80,732,755	94,899,109
Interest / profit payable on deposits	982,737,164	1,693,568,923
Withholding VAT/Tax /Excise duty payable to Government Authority	389,942,729	364,619,972
Others	1,100,104,022	1,053,337,075
	12,801,974,510	**11,392,813,343**

		Amount in Taka	
		2016	2015
13a.3	Payable on demand and time deposits		
	a) Demand deposits		
	Current deposits	14,450,203,144	13,076,475,830
	Savings deposits (9%)	3,206,576,019	2,764,253,154
	Foreign currency deposits (Non interest bearing)	4,644,852,821	3,756,224,847
	Security deposits	8,509,416	8,913,666
	Sundry deposits	12,801,974,510	11,392,813,343
	Bills payable	5,168,363,915	2,387,277,687
		40,280,479,824	33,385,958,527
	b) Time deposits		
	Savings deposits (91%)	32,422,046,414	27,949,670,779
	Fixed deposits	60,156,202,902	73,131,243,276
	Special notice deposits	13,517,009,419	12,504,615,573
	Deposits under schemes	50,189,472,752	46,725,440,713
	Non resident Taka deposits	1,368,757,538	1,128,171,888
		157,653,489,024	161,439,142,230
		197,933,968,848	194,825,100,757
13a.4	Sector-wise break-up of deposits and other accounts		
	Government	2,243,123,982	1,690,489,720
	Deposit money banks	304,770,083	643,322,569
	Other public	3,261,805,417	4,691,418,255
	Foreign currency	4,644,852,821	3,756,224,847
	Private	187,479,416,546	184,043,645,366
		197,933,968,848	194,825,100,757
13a.5	Unclaimed deposits and valuables		
	Current deposits	6	-
	Savings deposits	17,155	17,131
	Demand Draft	-	-
	SDR	74,000	165,000
	Pay order	-	400
	Sundry Deposit	411,628	236,041
		502,789	418,572
13a.6	Maturity analysis of deposits		
	a) Maturity analysis of deposits from Banks		
	Payable on demand	-	-
	Up to 1 month	3,811,272	227,265,228
	Over 1 month but within 3 months	33,497,481	95,491,760
	Over 3 months but within 1 year	-	-
	Over 1 year but within 5 years	267,461,330	320,565,581
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		304,770,083	643,322,570

		Amount in Taka	
		2016	2015
	b) Maturity analysis of customer deposits excluding bills payable		
	Payable on demand	-	-
	Up to 1 month	31,952,721,606	37,721,191,402
	Over 1 month but within 3 months	37,109,859,857	42,949,226,207
	Over 3 months but within 1 year	51,944,661,127	35,358,682,329
	Over 1 year but within 5 years	43,453,729,940	51,255,925,724
	Over 5 years but within 10 years	27,999,359,531	24,509,056,266
	Over 10 years	502,789	418,572
		192,460,834,851	191,794,500,500
	c) Maturity analysis of bills payable		
	Payable on demand	5,168,363,915	2,387,277,687
	Up to 1 month	-	-
	Over 1 month but within 3 months	-	-
	Over 3 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		5,168,363,915	2,387,277,687
		197,933,968,848	194,825,100,756
14	Consolidated other liabilities		
	Prime Bank Limited (note-14a)	20,450,518,917	20,478,900,456
	Prime Bank Investment Limited	684,060,772	766,708,351
	Prime Bank Securities Limited	148,586,756	81,890,065
	Prime Exchange Co. Pte. Ltd., Singapore	15,754,540	14,520,217
	PBL Exchange (UK) Ltd.	15,520,080	22,468,792
	PBL Finance (Hong Kong) Limited	22,013,050	42,018,360
		21,336,454,114	21,406,506,238
	Less: Inter-company transactions	-	-
		21,336,454,114	21,406,506,238
14a	Other liabilities of the Bank		
	Foreign currency held against EDF loan	3,478,762,031	3,054,078,509
	Expenditure and other payables	145,660,513	108,705,671
	Provision for bonus	222,532,563	220,772,352
	Provision for income tax (note - 14a.1)	1,990,650,689	2,274,329,764
	Deferred tax liability (note-14a.2)	932,054,703	926,928,345
	Unearned commission on bank guarantee	10,277,531	54,304,595
	Credit card	-	10,499,916
	Provision for off-balance sheet exposures (note-14a.4)	1,385,640,000	1,156,890,000
	Provision for Off-shore Banking Units (note-14a.5)	592,850,000	538,400,000
	Fund for employee welfare fund (EWF)	4,690,083	5,504,033
	Fund for Prime Bank Foundation (PBF)	93,801,662	110,080,671
	Provision for loans and advances / investments (note - 14a.3)	6,760,357,135	7,241,640,538
	Provision for Interest receivable on loans and advances / investments	9,517,300	9,517,300
	Provision for diminution in value of investments	77,444,749	68,324,749
	Interest suspense account (note - 14a.6)	4,488,241,878	4,502,882,848
	Provision for Impairement loss for investment in subsidiaries	108,994,092	76,534,515
	Provision for climate risk fund	5,000,000	2,000,000
	Provision of rebate for good borrower	15,000,000	5,000,000
	Other liabilities	8,927,340	-
	Other provision (note - 14a.7)	120,116,648	112,506,648
		20,450,518,917	20,478,900,456

AMAR STOCK

		Amount in Taka	
		2016	2015
14a.1	**Provision for income tax**		
	Advance tax		
	Balance of advance income tax on 1 January	15,161,222,207	14,306,077,038
	Paid during the year	433,679,075	855,145,169
	Settlement of previous year's tax liability	-	-
		15,594,901,282	15,161,222,207
	Provision		
	Balance of provision on 1 January	17,435,551,971	16,722,551,971
	Provision of previous year	-	-
	Provision made during the year **(note-40a)**	150,000,000	713,000,000
		17,585,551,971	17,435,551,971
	Net balance at 31 December	1,990,650,689	2,274,329,764
	* Corporate tax position of the bank is shown **in annexure-D**		
14a.2	**Deferred tax liability**		
	Deferred tax liability		
	Balance as on 1 January	926,928,345	1,034,821,220
	Add/(Less): Provision for revaluation of land and building	5,126,358	(7,892,875)
	Add: Addition / Adjustment during the year (note-40a)	-	(100,000,000)
	Balance as on 31 December	932,054,703	926,928,345
14a.3	**Provision for loans, advances and lease / investments**		
	Movement in specific provision on classified loans / investments:		
	Provision held as on 1 January	5,326,596,814	4,165,296,479
	Less: Fully provided debts written off during the year	(3,699,312,195)	(1,626,612,518)
	Add: Recoveries of amounts previously written off	151,078,792	97,912,852
	Add: Specific provision made during the year for other accounts	-	41,605,793
	Add: Transferred from General Provision	-	-
	Less: Provision no longer required	-	(41,605,793)
	Add: Net charge to profit and loss account **(note-39a)**	1,622,000,000	2,690,000,000
	Provision held as on 31 December	3,400,363,411	5,326,596,814
	Movement in general provision on unclassified loans / investments		
	Provision held as on 1 January	1,915,043,724	1,663,649,518
	Add: Amount transferred to classified provision	-	(41,605,793)
	Add: General provision made during the year **(note-39a)**	1,444,950,000	293,000,000
	Provision held as on 31 December	3,359,993,724	1,915,043,724
		6,760,357,135	7,241,640,538
14a.4	**Provision for off-balance sheet exposure**		
	Provision held as on 1 January	1,156,890,000	1,088,490,000
	Add: Amount transferred from classified provision	-	-
	Add: Provision made during the year **(note-39a)**	228,750,000	68,400,000
	Provision held as on 31 December	1,385,640,000	1,156,890,000

		Amount in Taka	
		2016	2015
14a.5	**Provision for Off-shore Banking Units**		
	Movement in specific provision on classified loans / investments:		
	Provision held as on 1 January	422,700,000	421,000,000
	Add: Transferred from Unclassified Provision of OBU	-	-
	Add: Net charge to profit and loss account **(note-39a)**	1,000,000	1,700,000
	Provision held as on 31 December	**423,700,000**	**422,700,000**
	Movement in general provision on unclassified loans / investments		
	Provision held as on 1 January	115,700,000	77,500,000
	Add: Amount transferred to classified provision of OBU	-	-
	Add: General provision made during the year **(note-39a)**	53,450,000	38,200,000
	Provision held as on 31 December	**169,150,000**	**115,700,000**
		592,850,000	**538,400,000**
14a.6	**Interest suspense account**		
	Balance as on 1 January	4,502,882,848	2,722,214,058
	Add: Amount transferred to "interest suspense" account during the year	3,598,885,426	5,661,548,663
	Less: Amount recovered from "interest suspense" account during the year	(1,309,034,584)	(2,815,053,735)
	Less: Amount written-off during the year	(2,304,491,812)	(1,065,826,138)
	Balance as on 31 December	**4,488,241,878**	**4,502,882,848**
14a.7	**Other provision for classified assets**		
	Balance as on 1 January	112,506,648	94,538,648
	Add: Addition during the year **(note-39a)**	7,610,000	17,970,000
	Less: Adjustment during the year	-	(2,000)
	Balance as on 31 December	**120,116,648**	**112,506,648**
15	**Share capital**		
15.1	**Authorized capital**		
	2,500,000,000 ordinary shares of Taka 10 each	25,000,000,000	25,000,000,000
15.2	**Issued, subscribed and fully paid up capital**		
	30,000,000 ordinary shares of Taka 10 each issued for cash	300,000,000	300,000,000
	883,821,276 ordinary shares of Taka 10 each issued as bonus shares	8,838,212,760	8,838,212,760
	115,527,340 ordinary shares of Taka 10 each issued as right shares	1,155,273,400	1,155,273,400
		10,293,486,160	10,293,486,160

	Amount in Taka	
	2016	2015

15.3 History of paid-up capital

Given below the history of raising of share capital of Prime Bank Limited:

Accounting year	Declaration	No of share	Value in capital	Cumulative
1995	Opening capital	10,000,000	100,000,000	100,000,000
1996	60% Bonus share	6,000,000	60,000,000	160,000,000
1997	25% Bonus share	4,000,000	40,000,000	200,000,000
1999	Initial Public Offer (IPO)	20,000,000	200,000,000	400,000,000
2000	25% Bonus share	10,000,000	100,000,000	500,000,000
2001	20% Bonus share	10,000,000	100,000,000	600,000,000
2002	16.67% Bonus share	10,000,000	100,000,000	700,000,000
2003	42.86% Bonus share	30,000,000	300,000,000	1,000,000,000
2004	40% Bonus share	40,000,000	400,000,000	1,400,000,000
2005	25% Bonus share	35,000,000	350,000,000	1,750,000,000
2006	30% Bonus share	52,500,000	525,000,000	2,275,000,000
2007	25% Bonus share	56,875,000	568,750,000	2,843,750,000
2008	25% Bonus share	71,093,750	710,937,500	3,554,687,500
2009	30% Bonus share	106,640,620	1,066,406,200	4,621,093,700
	25% right share	115,527,340	1,155,273,400	5,776,367,100
2010	35% Bonus share	202,172,848	2,021,728,480	7,798,095,580
2011	20% Bonus share	155,961,911	1,559,619,110	9,357,714,690
2012	10% Bonus share	93,577,147	935,771,470	10,293,486,160
		1,029,348,616	10,293,486,160	

15.4 Percentage of shareholdings at the closing date

Particulars	2016 Taka	2015 Taka	2016 %	2015 %
Sponsors	3,996,150,370	4,052,540,940	38.82%	39.37%
Financial Institutions	2,795,256,750	2,602,745,660	27.16%	25.29%
Foreign Investors	38,472,820	38,472,820	0.37%	0.37%
Non- resident Bangladeshi	25,142,410	29,691,770	0.24%	0.29%
General Public	3,438,463,810	3,570,034,970	33.41%	34.68%
	10,293,486,160	10,293,486,160	100.00%	100.00%

15.5 Shareholding range on the basis of shareholdings as at 31 December 2016

Shareholding range	Number of share holders	Taka	
		Shares	Percentage
Less than 500	6,751	1,205,535	0.12%
500- 5,000	6,806	11,855,979	1.15%
5,001 - 10,000	992	7,111,001	0.69%
10,001 - 20,000	518	7,529,837	0.73%
20,001 - 30,000	160	3,992,641	0.39%
30,001 - 40,000	80	2,783,123	0.27%
40,001 - 50,000	70	3,200,581	0.31%
50,001 - 100,000	159	11,059,118	1.07%
100,001 - 1,000,000	206	62,652,199	6.09%
Over 1,000,000	134	917,958,602	89.18%
	15,876	1,029,348,616	100.00%

15.6 Name of the Directors and their shareholdings as at 31 December 2016

Sl	Name of the directors	Status	Opening position	Closing position	% of shares as at 31.12.2016
1	Mr. Azam J Chowdhury (Representative of East Coast Shipping Lines Ltd.)	Chairman	20,601,158	20,601,158	2.00 (Share holding of East Cost Shipping Lines Ltd.)
2	Mr. Md. Nader Khan	Vice Chairman	38,019,361	38,019,361	3.69
3	Mrs. Nasim Anwar Hossain	Vice Chairperson	23,365,749	23,365,749	2.27
4	Mr. Khandker Mohammad Khaled	Director	28,570,378	28,570,378	2.78
5	Mr. M. A. Khaleque	Director	21,846,820	21,846,820	2.12
6	Quazi Sirazul Islam	Director	20,616,158	20,616,158	2.00
7	Mr. Md. Shahadat Hossain	Director	27,811,583	27,811,583	2.70
8	Mr. Md. Shirajul Islam Mollah	Director	20,644,922	20,644,922	2.01
9	Mrs. Marina Yasmin Chowdhury	Director	21,132,328	23,325,000	2.27
10	Mr. Mafiz Ahmed Bhuiyan	Director	20,591,099	20,591,099	2.00
11	Mrs. Salma Huq	Director	32,254,341	32,254,341	3.13
12	Mr. Nafis Sikder	Director	25,826,178	25,826,178	2.51
13	Mr. Imran Khan	Director	20,588,337	20,588,337	2.00
14	Mr. Waheed Murad Jamil (Representative of Mawsons Limited.)	Director	20,587,749	20,587,749	2.00 (Share holding of Mawsons Limited)
15	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	2.00
16	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	20,760,250	20,760,250	2.02 (Share holding of Uniglory Cycle Industries Ltd.)
17	Mr. Shamsuddin Ahmad, Ph.d	Independent Director	-	-	-
18	Dr. G. M. Khurshid Alam	Independent Director	-	-	-
19	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	-
20	Mr. Ahmed Kamal Khan Chowdhury	Managing Director	-	-	-
			383,816,802	386,009,474	

Directors of the Bank complies with the requirements at SEC notification no-SEC/CMRRCD/2009-193/119/Admin/34 dated 21/11/2011 regarding holding of shares which states that "each Director other than Independent Directors of any listed company shall hold minimum 2% (Two percent) share of the Paid-up Capital otherwise there shall be a casual vacancy of Directors".

		Amount in Taka	
		2016	2015

15.7 Capital to risk weighted assets ratio (Consolidated)

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars no. 35 dated December 29, 2010, BRPD Circular no. 07 dated March 31, 2014, BRPD Circular no.18 dated 21 December 2014 and BRPD Circular Letter no. 05 adted May 31, 2016, required capital of the Bank (Consolidated) at the close of business on 31 December 2016 was Taka 25,659,535,578 as against available Tier-I capital of Taka 23,561,675,726 and Tier-II capital of Taka 8,004,377,731 making a total capital of Taka 31,566,053,457 thereby showing a surplus capital / equity of Taka 5,906,517,880 at that date. Details are shown below:

Tier-1 Capital		
Common Equity Tier-1 (CET-1) Capital		
Paid-up capital (note-15.2)	10,293,486,160	10,293,486,160
Share premium (note-15.8)	2,241,230,396	2,241,230,396
Minority interest(note-15.9)	60	60
Statutory reserve (note-16)	9,204,058,242	8,735,049,935
General reserve	28,002,888	28,002,888
Surplus in consolidated profit and loss account / Retained earnings (note-20)	1,961,106,485	1,854,740,856
	23,727,884,230	23,152,510,295
Additional Tier-1 (AT-1) Capital		
Non-cumulative irredeemable preference shares	-	-
	-	-
Less: Regulatory Adjustments for CET-1 Capital		
Goodwill and all other intangible assets	77,856,907	71,247,453
Reciprocal Crossholdings	88,351,597	82,236,679
	166,208,504	153,484,132
Total Tier-1 Capital	23,561,675,726	22,999,026,163
Tier-2 Capital		
General provision maintained against unclassified loan / investments (note-14a.3)	3,359,993,724	-
General provision on off-balance sheet exposures (note-14a.4)	1,385,640,000	-
General provision on off-shore Banking Units (note-14a.5)	169,150,000	-
* General provision including off-balance sheet exposures	-	2,516,687,762
Revaluation gain / loss on investments-50% of total (note-17)	230,897,400	230,897,400
Revaluation reserve-50% of total (note-18)	751,759,278	751,759,278
Prime Bank Sub-ordinated Bond	2,500,000,000	3,000,000,000
	8,397,440,402	6,499,344,440
Less: Regulatory Adjustments		
Revaluation Reserves for fixed assets, securities and equity securities	393,062,671	196,531,336
Total Tier-2 Capital	8,004,377,731	6,302,813,104
A) Total Regulatory capital	31,566,053,457	29,301,839,267
Total assets including off-balance sheet exposures	396,111,834,017	369,161,583,546
B) Total risk weighted assets	256,595,355,777	230,844,900,410
C) Required capital based on risk weighted assets (10% on B)	25,659,535,578	23,084,490,041
D) Surplus (A-C)	5,906,517,880	6,217,349,226
Capital to risk weighted assets ratio	12.30%	12.69%

Capital requirement	Required	Held	Required	Held
Tier -1 Capital	5.50%	9.18%	5.00%	9.96%
Tier -2 Capital	4.50%	3.12%	5.00%	2.73%
Total Capital to risk weighted assets ratio	10.00%	12.30%	10.00%	12.69%

Leverage Ratio

Particulars	Required	Held	Required	Held
Leverage ratio	3.00%	7.39%	3.00%	7.57%

* According to the Basel III guidelilnes, general provision eligible for inclusion in Tier-2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets.

	Amount in Taka	
	2016	2015
Capital to risk weighted assets ratio (Solo)		
Tier-1 Capital		
Common Equity Tier-1 (CET-1) Capital		
Paid-up capital (note-15.2)	10,293,486,160	10,293,486,160
Share premium (note-15.8)	2,241,230,396	2,241,230,396
Statutory reserve (note-16)	9,204,058,242	8,735,049,935
Surplus in consolidated profit and loss account / Retained earnings (note-20a)	2,017,875,429	1,835,865,125
	23,756,650,227	23,105,631,616
Additional Tier-1 (AT-1) Capital		
Non-cumulative irredeemable preference shares	-	-
	-	-
Less: Regulatory Adjustments for CET-1 Capital		
Shortfall in provisions required against investments in shares	-	-
Goodwill and all other intangible assets	46,592,145	70,946,531
Reciprocal Crossholdings	76,293,178	58,051,004
	122,885,323	128,997,535
Total Tier-1 Capital	23,633,764,905	22,976,634,081
Tier-2 Capital		
General provision maintained against unclassified loan / investments (note-14a.3)	3,359,993,724	-
General provision on off-balance sheet exposures (note-14a.4)	1,385,640,000	-
General provision on off-shore Banking Units (note-14a.5)	169,150,000	-
* General provision including off-balance sheet exposures	-	2,528,201,094
Revaluation gain / loss on investments-50% of total (note-17a)	220,734,813	220,734,813
Revaluation reserve-50% of total (note-18)	751,759,278	751,759,278
Prime Bank Sub-ordinated Bond	2,500,000,000	3,000,000,000
	8,387,277,815	6,500,695,185
Less: Regulatory Adjustments		
Revaluation Reserves for fixed assets, securities and equity securities	388,997,636	194,498,818
Total Tier-2 Capital	7,998,280,179	6,306,196,367
A) Total Regulatory capital	31,632,045,084	29,282,830,448
Total assets including off-balance sheet exposures	395,157,566,528	367,848,419,409
B) Total risk weighted assets	254,001,469,464	229,842,911,808
C) Required capital based on risk weighted assets (10% on B)	25,400,146,946	22,984,291,181
D) Surplus (A-C)	6,231,898,137	6,298,539,267
Capital to risk weighted assets ratio	12.45%	12.74%

Capital requirement	Required	Held	Required	Held
Tier -1 Capital	5.50%	9.30%	5.00%	10%
Tier -2 Capital	4.50%	3.15%	5.00%	2.74%
Total Capital to risk weighted assets ratio	10.00%	12.45%	10.00%	12.74%

Leverage Ratio

Particulars	Required	Held	Required	Held
Leverage ratio	3.00%	7.36%	3.00%	7.59%

* According to the Basel III guidelilnes, general provision eligible for inclusion in Tier-2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets.

		Amount in Taka	
		2016	2015
15.8	**Share premium**		
	11,552,734 ordinary shares of Taka 200 each per share	2,310,546,800	2,310,546,800
	Less: Income tax deduction at source @ 3% on total premium	69,316,404	69,316,404
		2,241,230,396	2,241,230,396
15.9	**Minority interest**		
	Share capital	60	60
	Retained earnings	(0.45)	0.40
		60	60
16	**Statutory reserve**		
	Balance on 1 January	8,735,049,935	8,184,646,579
	Addition during the year (20% of pre-tax profit)	469,008,307	550,403,356
	Balance at 31 December 2016	9,204,058,242	8,735,049,935
17	**Consolidated revaluation gain / loss on investments**		
	Prime Bank Limited **(note-17a)**	15,278,978	1,791,992,895
	Gain on revaluation of Investment at Prime Exchange Co. Pte. Ltd., Singapore	32,658,135	33,663,400
	Gain on revaluation of Investment at Prime Exchange (UK) Ltd.	(8,249,824)	1,780,776
	Gain on revaluation of Investment at PBL Finance (Hong Kong) Limited	13,626,438	6,367,995
		53,313,727	1,833,805,066
17(a)	**Revaluation gain / loss on investments of the Bank**		
	Opening balance on 1 January	1,791,992,895	441,469,626
	Add: Amortized/Revaluation Gain	366,728,827	3,113,018,555
	Less: Adjustment of amortization/revaluation gain against sale/maturity	(2,143,380,756)	(1,762,480,631)
	Add: Adjustment of revaluation gain/(loss) of OBU fixed assets	(61,988)	(14,654)
	Less: Adjustment of Revaluation loss	-	-
		15,278,978	1,791,992,895
18	**Revaluation reserve**		
	Balance on 1 January	1,778,219,183	1,778,219,183
	Addition during the year	-	-
	Balance at 31 December 2016	1,778,219,183	1,778,219,183
	Less: Provision for deferred tax	(271,934,110)	(266,807,752)
		1,506,285,073	1,511,411,431
	The Bank revalued the assets of Land and Buildings details described in **note 2.5**		
19	**Consolidated foreign currency translation gain/ (loss)**		
	Prime Bank Limited **(note-19a)**	6,637,162	5,995,523
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	(28,574)	(164,670)
	PBL Exchange (UK) Ltd.	(756,277)	23,223
	PBL Finance (Hong Kong) Limited	55,003	291,081
		5,907,315	6,145,156

		Amount in Taka	
		2016	2015
19a	**Foreign currency translation gain/ (loss)**		
	Balance on 1 January	5,995,523	5,086,036
	Addition during the year	641,640	909,487
	Balance at 31 December 2016	**6,637,162**	**5,995,523**
20	**Consolidated retained earnings / movement of profit and loss account**		
	Prime Bank Limited **(note-20a)**	2,018,517,069	1,836,774,612
	Prime Bank Investment Limited	(22,307,686)	19,922,830
	Prime Bank Securities Limited	(58,968,820)	(30,126,512)
	Prime Exchange Co. Pte. Ltd., Singapore	8,152,744	7,018,200
	PBL Exchange (UK) Ltd.	(32,358,465)	(47,872,274)
	PBL Finance (Hong Kong) Limited	124,632,911	126,313,545
		2,037,667,754	**1,912,030,401**
	Less: Minority Interest	0.45	(0.40)
	Less: Transfer to statutory reserve	-	-
	Less: Profit Remitted by Prime Exchange Co. Pte. Ltd., Singapore	(5,671,257)	(1,627,343)
	Less: Profit Remitted by PBL Finance (Hong Kong) Limited	(70,978,220)	(54,603,082)
	Less: Foreign currency translation gains	88,208	(1,059,120)
		1,961,106,485	**1,854,740,856**
20a	**Retained earnings / movement of profit and loss account of the Bank**		
	Balance on 1 January	1,835,865,125	1,791,274,627
	Addition during the year	2,195,041,535	2,139,016,778
	Transfer to statutory reserve	(469,008,307)	(550,403,356)
	Cash dividend	(1,544,022,924)	(1,544,022,924)
	Issue of bonus shares	-	-
	Balance at 31 December 2016	2,017,875,429	1,835,865,125
	Add: Foreign currency translation gain/ (loss)	641,640	909,487
		2,018,517,069	**1,836,774,612**
20.1	**Consolidated retained earnings brought forward from previous year**		
	Prime Bank Limited **(note-20.1 a)**	291,842,201	247,251,703
	Prime Bank Investment Ltd.	19,922,830	14,117,109
	Prime Bank Securities Ltd.	(30,126,512)	17,484,332
	Prime Exchange Co. Pte. Ltd., Singapore	(280,399)	38,460
	PBL Exchange (UK) Ltd.	(47,872,274)	(48,578,004)
	PBL Finance (Hong Kong) Limited	732,243	609,689
		234,218,089	230,923,289
	Foreign currency translation gain on 1 January	7,808,351	1,219,320
		242,026,441	**232,142,608**
20.1.a	**Retained earnings brought forward from previous year of the Bank**		
	Balance on 1 January	1,835,865,125	1,791,274,627
	Bonus shares issued	-	-
	Cash dividend paid	(1,544,022,924)	(1,544,022,924)
	Balance at 31 December 2016	**291,842,201**	**247,251,703**
	Foreign currency translation gain on 1 January	-	-
		291,842,201	**247,251,703**

		Amount in Taka	
		2016	2015
21	**Consolidated contingent liabilities**		
21.1	**Acceptances and endorsements**		
	Prime Bank Limited (note-21a.1)	35,566,350,756	26,440,235,317
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		35,566,350,756	26,440,235,317
21.2	**Letters of guarantee**		
	Prime Bank Limited **(note-21a.2)**	67,416,908,068	63,736,691,078
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		67,416,908,068	63,736,691,078
21.3	**Irrevocable Letters of Credit**		
	Prime Bank Limited **(note-21a.3)**	27,311,640,065	16,902,956,132
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		27,311,640,065	16,902,956,132
21.4	**Bills for collection**		
	Prime Bank Limited **(note-21a.4)**	8,263,541,574	8,607,304,495
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		8,263,541,574	8,607,304,495
		138,558,440,463	115,687,187,022
21a	**Contingent liabilities of the Bank**		
21a.1	**Acceptances and endorsements**		
	Back to back bills (Foreign)	30,667,409,651	22,217,861,839
	Back to back bills (Local)	4,282,915,295	3,795,495,346
	Back to back bills (EPZ)	616,025,810	426,878,132
		35,566,350,756	26,440,235,317
	Less: Margin	(6,577,134,629)	(5,275,533,369)
		28,989,216,127	21,164,701,947

MARSTOCK

		Amount in Taka	
		2016	2015
21a.2	**Letters of guarantee**		
	Letters of guarantee (Local)	17,979,885,396	19,902,808,871
	Letters of guarantee (Foreign)	49,437,022,672	43,833,882,206
	Foreign counter guarantees	-	-
		67,416,908,068	63,736,691,078
	Less: Margin	(1,055,916,182)	(1,118,046,375)
		66,360,991,886	**62,618,644,703**
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or officers	-	-
	Government	30,011,805	93,292,136
	Banks and other financial institutions	1,027,924,567	980,043,463
	Others	66,358,971,696	62,663,355,478
		67,416,908,068	63,736,691,078
	Less: Margin	(1,055,916,182)	(1,118,046,375)
		66,360,991,886	**62,618,644,703**
21a.3	**Irrevocable Letters of Credit**		
	Letters of credit (Sight)	7,715,413,296	4,797,132,088
	Letters of credit (Deferred)	13,360,187,105	6,213,489,934
	Back to back L/C	6,236,039,663	5,892,334,110
		27,311,640,065	16,902,956,132
	Less: Margin	(1,580,235,761)	(1,406,644,553)
		25,731,404,303	**15,496,311,580**
21a.4	**Bills for collection**		
	Outward bills for collection	8,263,541,574	8,607,304,495
		8,263,541,574	8,607,304,495
	Less:	(105,704,456)	(94,589,168)
		8,157,837,118	**8,512,715,328**
22	**Income statement**		
	Income:		
	Interest, discount and similar income (note-22.1)	20,083,850,234	23,473,523,543
	Dividend income (note-25a)	108,182,304	65,877,165
	Fees, commission and brokerage (note-22.2)	1,059,906,928	1,183,973,742
	Gains less losses arising from dealing in securities	-	-
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies (note-26a.1)	633,278,452	772,110,598
	Income from non-banking assets	-	-
	Other operating income (note-27a)	813,605,590	834,179,112
	Profit less losses on interest rate changes	-	-
		22,698,823,508	**26,329,664,160**
	Expenses:		
	Interest / profit paid on deposits, borrowings, etc. (note-24a)	10,675,509,165	14,256,808,068
	Losses on loans, advances and lease/ investments	-	-
	Administrative expenses (note-22.3)	4,867,486,387	4,754,701,605
	Other operating expenses (note-38a)	1,087,504,265	1,075,884,353
	Depreciation on banking assets (note-37a)	310,942,579	335,846,930
		16,941,442,396	**20,423,240,956**
		5,757,381,112	**5,906,423,204**

		Amount in Taka	
		2016	2015
22.1	**Interest, discount and similar income**		
	Interest income / Profit on investments **(note-23a)**	13,988,673,599	15,550,674,068
	Interest income on treasury bills / reverse repo / bonds **(note-25a)**	3,326,795,892	5,317,290,316
	Gain on Discounted bond / bills **(note-25a)**	784,518,296	1,265,573,443
	Gain on sale of shares **(note-25a)**	-	81,040
	Gain on Govt. security trading **(note-25a)**	2,094,810,781	1,764,531,911
	Interest on debentures **(note-25a)**	37,189,947	45,136,173
		20,231,988,514	23,943,286,950
	Less: Loss on revaluation of security trading **(note-25a)**	148,138,280	469,763,407
		20,083,850,234	23,473,523,543
22.2	**Fees, commission and brokerage**		
	Commission **(note-26a)**	1,059,906,928	1,183,973,742
	Settlement fee-PBIL **(note-26a)**	-	-
		1,059,906,928	1,183,973,742
22.3	**Administrative expenses**		
	Salary and allowances **(note-28a)**	3,650,547,556	3,591,875,120
	Rent, taxes, insurance, electricity, etc. **(note-29a)**	755,938,697	675,180,264
	Legal expenses **(note-30a)**	52,874,871	55,050,183
	Postage, stamp, telecommunication, etc. **(note-31a)**	118,995,368	137,639,651
	Stationery, printing, advertisement, etc. **(note-32a)**	202,549,154	221,594,008
	Managing Director's salary and fees **(note-33)**	10,795,129	10,060,931
	Directors' fees **(note-34a)**	4,939,175	3,452,280
	Auditors' fees **(note-35a)**	1,380,000	1,150,000
	Repair of Bank's assets **(note-37a)**	69,466,436	58,699,168
		4,867,486,387	4,754,701,605
23	**Consolidated interest income / profit on investment**		
	Prime Bank Limited **(note-23a)**	13,988,673,599	15,550,674,068
	Prime Bank Investment Limited	157,289,993	314,585,833
	Prime Bank Securities Limited	6,512,675	6,897,066
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	85,039,848	99,556,101
		14,237,516,114	15,971,713,068
	Less: Inter-company transactions	330,301,299	404,917,960
		13,907,214,815	15,566,795,107

		Amount in Taka	
		2016	2015
23a	**Interest income / profit on investment of the Bank**		
	Loans (General) / Musharaka	2,251,943,925	3,079,697,761
	Loans against imported merchandise / Murabaha	-	127,859
	Loans against trust receipts	422,467,576	687,232,732
	Packing credit	33,213,703	36,791,461
	House building loan	418,376,048	431,553,691
	Lease finance / Izara	456,482,951	522,888,234
	Hire purchase	677,774,292	730,351,298
	Payment against documents	3,126,251	9,979,828
	Cash credit / Bai-Muajjal	1,639,540,265	2,080,785,933
	Secured overdraft	2,073,083,111	2,739,638,189
	Consumer credit scheme	1,940,218,256	1,844,208,977
	Staff loan	112,385,274	130,593,621
	Small and Medium Enterprise (SME)	612,137,579	927,212,255
	Agricultural Loan	231,289,613	73,840,314
	Forced loan	22,712,179	37,300,398
	Documentary bills purchased	524,160,493	404,613,076
	Interest income from credit card	209,475,041	241,036,146
	Other loans and advances / Investments	1,973,313,782	1,280,809,766
	Total interest / profit on loans and advances / investments	13,601,700,339	15,258,661,538
	Interest / profit on balance with other banks and financial institutions	105,553,256	46,236,823
	Interest on call loans	24,080,713	41,007,500
	Interest / profit received from foreign banks	257,339,290	204,768,206
		13,988,673,599	15,550,674,068
24	**Consolidated interest / profit paid on deposits, borrowings, etc.**		
	Prime Bank Limited **(note-24a)**	10,675,509,165	14,256,808,068
	Prime Bank Investment Limited	289,822,087	370,054,659
	Prime Bank Securities Limited	34,476,594	40,539,482
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	32,145,086	33,442,892
		11,031,952,932	14,700,845,101
	Less: Inter-company transactions	330,596,054	406,212,086
		10,701,356,878	14,294,633,015
24a	**Interest / profit paid on deposits, borrowings, etc. of the Bank**		
i)	Interest / profit paid on deposits:		
	Savings bank / Mudaraba savings deposits	908,995,874	1,117,143,575
	Special notice deposits	314,572,132	667,506,220
	Term deposits / Mudaraba term deposits	3,233,166,142	6,512,914,372
	Deposits under scheme	5,170,050,960	4,908,180,082
	Foreign currency deposits **(note-24a.1)**	40,791,185	14,575,844
	Others	35,609,078	44,455,761
		9,703,185,369	13,264,775,853
ii)	Interest / Profit paid for borrowings:		
	Call deposits	1,409,111	9,970,972
	Repurchase agreement (repo)	37,614	1,209,580
	Bangladesh Bank-refinance	3,849,416	60,461,098
	Local bank accounts	241,081,514	173,182,477
	Foreign bank accounts	281,666,208	210,803,977
	PBL bond	444,279,933	536,404,110
		972,323,796	992,032,215
		10,675,509,165	14,256,808,068

		Amount in Taka	
		2016	2015
24a.1	**Foreign currency deposits**		
	Interest / profit paid on F.C	30,707,905	7,807,094
	Interest / profit paid on N.F.C.D	10,083,279	6,768,750
	Interest / profit paid on R. F.C.D	-	-
		40,791,185	14,575,844
25	**Consolidated investment income**		
	Prime Bank Limited **(note-25a)**	6,203,358,940	7,988,726,640
	Prime Bank Investment Limited	47,348,429	37,697,115
	Prime Bank Securities Limited	11,813,328	2,997,884
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		6,262,520,697	8,029,421,639
	Less: Inter-company transactions	-	-
		6,262,520,697	8,029,421,639
25a	**Investment income of the bank**		
	Interest on treasury bills / Reverse repo / bonds	3,326,795,892	5,317,290,316
	Interest on debentures / bonds	37,189,947	45,136,173
	Gain on discounted bond / bills	784,518,296	1,265,573,443
	Gain on sale of shares	-	81,040
	Gain on Govt. security trading	2,094,810,781	1,764,531,911
	Dividend on shares	108,182,304	65,877,165
		6,351,497,220	8,458,490,047
	Less: Loss on sale/revaluation of security trading	148,138,280	469,763,407
		6,203,358,940	7,988,726,640
26	**Consolidated commission, exchange and brokerage**		
	Prime Bank Limited **(note-26a)**	1,693,185,380	1,956,084,340
	Prime Bank Investment Limited	27,298,226	36,146,727
	Prime Bank Securities Limited	21,410,038	20,618,556
	Prime Exchange Co. Pte. Ltd., Singapore	51,456,699	51,206,364
	PBL Exchange (UK) Ltd.	35,124,450	40,133,668
	PBL Finance (Hong Kong) Limited	-	-
		1,828,474,793	2,104,189,655
26a	**Commission, exchange and brokerage of the Bank**		
	Commission on L/Cs	240,819,833	214,244,945
	Commission on L/Cs-back to back	316,010,176	379,663,140
	Commission on L/Gs	384,045,933	480,105,773
	Commission on remittance	74,233,821	70,591,373
	Commission for services rendered to issue of shares	-	-
	Merchant Commission	657,624	-
	Underwriting Commission regarding Treasury bill/ Bond	28,251,778	22,553,222
	Commission from sale of BSP /PSP/Others	15,887,762	16,815,290
		1,059,906,928	1,183,973,742
	Exchange gain **(note - 26a.1)** - including gain from FC dealings	633,278,452	772,110,598
	Settlement fees / Brokerage	-	-
		1,693,185,380	1,956,084,340

		Amount in Taka	
		2016	2015
26a.1	**Exchange gain**		
	Exchange gain	633,644,529	773,653,071
	Exchange gain-credit card	-	-
	Less: Exchange loss	(366,077)	(1,542,473)
		633,278,452	772,110,598
27	**Consolidated other operating income**		
	Prime Bank Limited **(note-27a)**	813,605,590	834,179,112
	Prime Bank Investment Limited	7,481,624	16,889,121
	Prime Bank Securities Limited	322,598	542,394
	Prime Exchange Co. Pte. Ltd., Singapore	173,164	250,255
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	52,595,606	57,158,676
		874,178,582	909,019,558
	Less: Inter-company transactions	294,755	1,294,126
		873,883,827	907,725,432
27a	**Other operating income of the Bank**		
	Rent recovered	8,972,701	8,147,564
	Service and other charges	157,083,300	63,404,965
	Retail Income	214,282,471	214,144,265
	Income from ATM service	84,744,662	106,820,338
	Credit card income **(note-27a.2)**	47,281,719	44,703,680
	Postage / telex / SWIFT/ fax recoveries	90,702,354	178,642,207
	Incidental charges	-	-
	Rebate from foreign Bank outside Bangladesh	63,964,753	58,334,327
	Profit on sale of fixed assets	125,072	497,917
	Miscellaneous earnings (note-27a.1)	146,448,557	159,483,850
		813,605,590	834,179,112

27a.1 Miscellaneous earnings include syndication fee, commission from foreign remittance house / bank, notice fee and sale proceeds of various items, etc.

27a.2 **Credit card income**

Annual fees	21,363,795	20,049,523
Inter-change fees	25,501,476	24,249,533
Others	416,448	404,623
	47,281,719	44,703,680

28 **Consolidated salaries and allowances**

Prime Bank Limited **(note-28a)**	3,650,547,556	3,591,875,120
Prime Bank Investment Limited	30,436,464	26,189,519
Prime Bank Securities Limited	13,907,356	12,237,012
Prime Exchange Co. Pte. Ltd., Singapore	23,658,388	21,122,273
PBL Exchange (UK) Ltd.	16,718,497	19,238,535
PBL Finance (Hong Kong) Limited	24,130,247	20,831,052
	3,759,398,508	3,691,493,512

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

		Amount in Taka	
		2016	2015
28a	**Salaries and allowances of the Bank**		
	Basic pay	1,593,168,604	1,546,182,253
	Allowances	1,094,639,714	1,025,326,131
	Bonus	505,419,446	452,928,007
	Bank's contribution to provident fund	153,076,032	145,488,331
	Retirement benefits	14,679,863	2,853,361
	Gratuity	289,563,898	419,097,038
		3,650,547,556	3,591,875,120
29	**Consolidated rent, taxes, insurance, electricity, etc.**		
	Prime Bank Limited **(note-29a)**	755,938,697	675,180,264
	Prime Bank Investment Limited	9,440,381	6,175,792
	Prime Bank Securities Limited	6,696,649	5,511,831
	Prime Exchange Co. Pte. Ltd., Singapore	12,815,589	12,109,502
	PBL Exchange (UK) Ltd.	10,468,621	11,815,691
	PBL Finance (Hong Kong) Limited	8,213,776	8,155,335
		803,573,713	718,948,414
29a	**Rent, taxes, insurance, electricity, etc. of the Bank**		
	Rent, rates and taxes	475,785,037	394,771,802
	Lease rent	84,298	92,393
	Insurance	141,898,853	157,257,436
	Power and electricity	138,170,509	123,058,632
		755,938,697	675,180,264
30	**Consolidated legal expenses**		
	Prime Bank Limited **(note-30a)**	52,874,871	55,050,183
	Prime Bank Investment Limited	211,525	195,500
	Prime Bank Securities Limited	518,750	57,500
	Prime Exchange Co. Pte. Ltd., Singapore	1,317,114	1,349,179
	PBL Exchange (UK) Ltd.	1,730,800	1,619,122
	PBL Finance (Hong Kong) Limited	21,344	569,976
		56,674,404	58,841,460
30a	**Legal expenses of the Bank**		
	Legal expenses	46,934,226	24,770,886
	Other professional charges	5,940,645	30,279,297
		52,874,871	55,050,183
31	**Consolidated postage, stamp, telecommunication, etc.**		
	Prime Bank Limited **(note-31a)**	118,995,368	137,639,651
	Prime Bank Investment Limited	1,123,702	1,467,110
	Prime Bank Securities Limited	2,266	377,115
	Prime Exchange Co. Pte. Ltd., Singapore	1,175,060	1,028,926
	PBL Exchange (UK) Ltd.	626,900	717,950
	PBL Finance (Hong Kong) Limited	5,214,347	5,057,213
		127,137,642	146,287,965

		Amount in Taka	
		2016	2015
31a	**Postage, stamp, telecommunication, etc. of the Bank**		
	Postage & Courier	17,259,721	17,049,863
	Telegram, telex, fax and internet	33,030,658	37,358,953
	Data communication	37,198,707	54,053,192
	Telephone - office	30,970,993	28,329,588
	Telephone - residence	535,289	848,055
		118,995,368	137,639,651
32	**Consolidated stationery, printing and advertisements, etc.**		
	Prime Bank Limited **(note-32a)**	202,549,154	221,594,008
	Prime Bank Investment Limited	836,422	1,048,374
	Prime Bank Securities Limited	397,295	168,251
	Prime Exchange Co. Pte. Ltd., Singapore	1,801,326	1,367,365
	PBL Exchange (UK) Ltd.	508,340	794,797
	PBL Finance (Hong Kong) Limited	402,101	198,430
		206,494,639	225,171,225
32a	**Stationery, printing and advertisements, etc. of the Bank**		
	Office and security stationery	65,107,216	65,617,871
	Computer consumable stationery	67,974,031	80,510,595
	Publicity and advertisement	69,467,908	75,465,543
		202,549,154	221,594,008
33	**Managing Director's salary and fees**		
	Basic salary	6,631,935	6,028,999
	Bonus	1,100,000	1,000,000
	House rent allowance	1,200,000	1,200,000
	Bank's contribution to provident fund	663,194	631,932
	Utility allowance	360,000	360,000
	House maintenance allowance	480,000	480,000
	Others	360,000	360,000
		10,795,129	10,060,931
34	**Consolidated Directors' fees**		
	Prime Bank Limited **(note-34a)**	4,939,175	3,452,280
	Prime Bank Investment Limited	305,600	293,800
	Prime Bank Securities Limited	112,700	43,700
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		5,357,475	3,789,780
34a	**Directors' fees of the Bank**		
	Meeting fees	2,944,000	1,794,000
	Other benefits	1,995,175	1,658,280
		4,939,175	3,452,280

As per BRPD circular no. 03 dated 18.01.2010, Tk 5,000/- has been paid as Honarioum to the Directors for all the meetings held before 03 October 2015. Subsequently, Bank has paid Tk. 8,000/-as Honarioum according to the BRPD circular letter no. 11 dated 04 October 2015.

		Amount in Taka	
		2016	2015
35	**Consolidated Auditors' fees**		
	Prime Bank Limited **(note-35a)**	1,380,000	1,150,000
	Prime Bank Investment Limited	115,000	115,000
	Prime Bank Securities Limited	115,000	115,000
	Prime Exchange Co. Pte. Ltd., Singapore	219,473	228,752
	PBL Exchange (UK) Ltd.	478,063	533,659
	PBL Finance (Hong Kong) Limited	212,929	191,671
		2,520,465	2,334,082
35a	**Auditors' fees of the Bank**		
	External Audit fee	1,380,000	1,150,000
		1,380,000	1,150,000
36	**Charges on loan losses**		
	Loan -written off	-	-
	Interest waived	-	-
		-	-
37	**Consolidated depreciation and repair of Bank's assets**		
	Prime Bank Limited **(note-37a)**	380,409,014	394,546,098
	Prime Bank Investment Limited	3,126,631	4,650,111
	Prime Bank Securities Limited	741,865	1,801,834
	Prime Exchange Co. Pte. Ltd., Singapore	1,887,360	3,156,149
	PBL Exchange (UK) Ltd.	1,571,446	1,915,718
	PBL Finance (Hong Kong) Limited	697,312	1,435,546
		388,433,628	407,505,456
37a	**Depreciation and repair of Bank's assets**		
	Depreciation - (see annexure-C for detail)		
	Fixed assets	270,847,221	285,485,875
	Leased assets	-	375,265
		270,847,221	285,861,140
	Amortization -(see annexure-C for detail)		
	Software-core banking	33,343,157	39,505,858
	Software-ATM	6,752,200	10,479,932
		40,095,357	49,985,790
	Repairs		
	Building	11,750,332	4,970,809
	Furniture and fixtures	8,851,778	5,363,374
	Office equipment	33,511,026	33,590,216
	Bank's vehicles	10,110,162	9,621,669
	Maintenance	5,243,139	5,153,101
		69,466,436	58,699,168
		380,409,014	394,546,098

38 Consolidated other expenses

	Amount in Taka	
	2016	2015
Prime Bank Limited **(note-38a)**	1,087,504,265	1,075,884,353
Prime Bank Investment Limited	73,729,861	10,267,486
Prime Bank Securities Limited	9,402,256	5,327,607
Prime Exchange Co. Pte. Ltd., Singapore	6,098,173	5,376,415
PBL Exchange (UK) Ltd.	2,245,302	4,149,497
PBL Finance (Hong Kong) Limited	2,559,934	1,831,771
	1,181,539,791	1,102,837,129

38a Other expenses of the Bank

Security and cleaning	195,754,911	194,080,166
Entertainment	30,994,137	38,936,422
Car expenses	163,582,227	167,231,766
ATM expenses	148,246,173	160,090,421
Retail expenses	70,377,948	65,101,170
Books, magazines and newspapers, etc.	2,247,644	2,076,086
Liveries and uniforms	1,118,541	839,455
Medical expenses	406,036	243,489
Bank charges and commission paid	5,647,972	5,114,290
Loss on sale of fixed assets	1,336,030	224,694
House furnishing expenses	2,765,863	2,530,644
Subscription to institutions	11,813,943	12,218,082
Donations	63,008,915	49,832,068
Sponsorship	15,988,551	30,790,575
Prime Bank Cricket Club	48,499,482	16,180,046
Traveling expenses	34,800,145	29,567,029
Expenses for merchant banking	11,952	63,474
Local conveyance, labor, etc.	19,006,763	15,908,174
Business development	41,097,200	20,762,286
Training and internship	17,263,532	13,754,312
Remittance charges	9,561,016	9,044,328
Cash reward to branches	1,252,500	1,708,000
Laundry, cleaning and photographs, etc.	5,892,654	6,292,173
Credit card expenses	35,534,590	34,690,664
Consolidated salary (staff)	26,085,362	29,183,835
Annual General Meeting	2,630,499	2,400,210
Exgratia	16,879,037	14,710,228
Welfare fund	4,690,083	5,504,033
Prime Bank Foundation	93,801,662	110,080,671
Miscellaneous expenses	17,208,898	36,725,563
	1,087,504,265	1,075,884,353

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		Amount in Taka	
		2016	2015
39	**Consolidated provision for loans, investments, off balance sheet exposure & other assets**		
	Provision for bad and doubtful loans and advances / investments-PBL **(note-39a)**	1,622,000,000	2,690,000,000
	Provision for unclassified loans and advances / investments-PBL **(note-39a)**	1,444,950,000	293,000,000
	Provision for bad and doubtful loans and advances (OBU) **(note-39a)**	1,000,000	1,700,000
	Provision for unclassified loans and advances / investments (OBU) **(note-39a)**	53,450,000	38,200,000
	Provision for off-balance sheet exposure-PBL **(note-39a)**	228,750,000	68,400,000
	Provision for diminution in value of investments-PBL **(note-39a)**	9,120,000	7,000,000
	Provision for diminution in value of investments-PBIL	-	(63,391,138)
	Provision for impairment of client margin loan-PBIL	(137,965,251)	35,899,749
	Provision for diminution in value of investments-PBSL	-	2,432,034
	Provision for impairment of client margin loan-PBSL	-	10,305,609
	Provision for impairement loss for investment in subsidiaries **(note-39a)**	32,459,577	31,136,426
	Provision for climate risk fund **(note-39a)**	3,000,000	2,000,000
	Provision for Good Borrower rebate **(note-39a)**	10,000,000	5,000,000
	Provision for other assets **(note-39a)**	7,610,000	17,970,000
		3,274,374,326	3,139,652,680

As per BSEC instruction circular reference #SEC/CMRRCD/2009-193/196 dated 28 December 2016 and Bangladesh Bank DOS Circular Letter no 03, dated 12 March 2015. Accordingly, provision has been made by Prime Bank Securities Limited and Prime Bank Investment Limited against diminution in value of investments and impairment of client margin loan.

39a	**Provision for loans, investments, off balance sheet exposure & other assets of the Bank**		
	Provision for bad and doubtful loans and advances / investments	1,622,000,000	2,690,000,000
	Provision for unclassified loans and advances / investments	1,444,950,000	293,000,000
	Provision for bad and doubtful loans and advances (OBU)	1,000,000	1,700,000
	Provision for unclassified loans and advances / investments (OBU)	53,450,000	38,200,000
	Provision for off-balance sheet exposure	228,750,000	68,400,000
	Provision for diminution in value of investments	9,120,000	7,000,000
	Provision for impairement loss for investment in subsidiaries	32,459,577	31,136,426
	Provision for climate risk fund	3,000,000	2,000,000
	Provision for Good Borrower rebate	10,000,000	5,000,000
	Provision for other assets	7,610,000	17,970,000
		3,412,339,577	3,154,406,426
40	**Consolidated tax expenses**		
	Current tax		
	Prime Bank Limited **(note-40a)**	150,000,000	713,000,000
	Prime Bank Investment Limited	10,647,570	7,127,747
	Prime Bank Securities Limited	2,362,666	536,228
	Prime Exchange Co. Pte. Ltd., Singapore	147,321	162,528
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	10,438,691	14,115,168
		173,596,248	734,941,671
	Deferred tax		
	Prime Bank Limited **(note-40a)**	-	(100,000,000)
	Prime Bank Investment Limited	(181,205)	(580,634)
	Prime Bank Securities Limited	167,550	(786,459)
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	(7,233,410)	-
	PBL Finance (Hong Kong) Limited	-	-
		(7,247,065)	(101,367,093)
		166,349,183	633,574,578

		Amount in Taka	
		2016	2015
40a	**Tax expenses of the Bank**		
	Current tax	150,000,000	713,000,000
	Deferred tax	-	(100,000,000)
		150,000,000	**613,000,000**
41	**Consolidated receipts from other operating activities**		
	Prime Bank Limited **(note-41a)**	3,544,671,314	3,394,602,098
	Prime Bank Investment Limited	54,830,053	54,586,236
	Prime Bank Securities Limited	12,135,926	3,540,278
	Prime Exchange Co. Pte. Ltd., Singapore	173,164	250,255
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	52,595,606	57,158,676
		3,664,406,064	**3,510,137,543**
41a	**Receipts from other operating activities of the Bank**		
	Rent recovered	8,972,701	8,147,564
	Service and other charges	157,083,300	63,404,965
	Retail Income	214,282,471	214,144,265
	Income from ATM services	84,744,662	106,820,338
	Credit card income	47,281,719	44,703,680
	Postage / Telex / Fax / SWIFT charge recoveries	90,702,354	178,642,207
	Incidental charges	-	-
	Rebate from foreign Bank outside Bangladesh	63,964,753	58,334,327
	Gain from sale of treasury bond / shares	2,731,190,798	2,560,422,986
	Miscellaneous earnings	146,448,556	159,981,767
		3,544,671,314	**3,394,602,098**
42	**Consolidated payments for other operating activities**		
	Prime Bank Limited **(note-42a)**	1,642,032,013	1,564,841,681
	Prime Bank Investment Limited	84,926,069	18,514,688
	Prime Bank Securities Limited	16,847,621	11,432,753
	Prime Exchange Co. Pte. Ltd., Singapore	21,625,408	20,092,775
	PBL Exchange (UK) Ltd.	15,549,686	18,835,919
	PBL Finance (Hong Kong) Limited	16,222,329	15,805,966
		1,797,203,126	**1,649,523,781**
42a	**Payments for other operating activities of the Bank**		
	Rent, rates and taxes	755,938,697	675,180,264
	Legal expenses	52,874,871	55,050,183
	Postage and communication charges, etc.	118,995,368	137,639,651
	Directors' fees	4,939,175	3,452,280
	Other expenses	709,283,902	693,519,303
		1,642,032,013	**1,564,841,681**

		Amount in Taka	
		2016	2015
43	(Increase) / decrease of consolidated other assets		
	Prime Bank Limited (note-43a)	23,351,172,174	1,706,829,254
	Inter-company capital	-	-
	Prime Bank Investment Limited	(50,116,276)	(1,386,055)
	Prime Bank Securities Limited	(33,678,847)	(906,890)
	Prime Exchange Co. Pte. Ltd., Singapore	1,555,012	(2,460,603)
	PBL Exchange (UK) Ltd.	(6,550,447)	-
	PBL Finance (Hong Kong) Limited	(3,736,452)	(2,191,093,212)
		23,258,645,164	(489,017,506)
43a	(Increase)/ decrease of other assets of the Bank		
	T & T bonds	28,617,867,109	51,005,998,929
	Stationery and stamps	35,984,087	29,548,731
	Advance deposits and advance rent	348,574,727	259,576,914
	Branch adjustment account	18,501,509	18,996,235
	Suspense account	132,163,478	138,049,975
	Encashment of PSP / BSP	284,886,250	171,932,724
	Credit card	78,212,407	79,984,853
	Sundry assets	7,377,047,706	8,540,321,087
		36,893,237,274	60,244,409,447
		23,351,172,174	1,706,829,254
44	Increase / (decrease) of consolidated other liabilities		
	Prime Bank Limited (note-44a)	399,130,541	1,237,361,514
	Prime Bank Investment Limited	(82,647,579)	(21,149,102)
	Prime Bank Securities Limited	66,696,691	18,097,143
	Prime Exchange Co. Pte. Ltd., Singapore	1,234,324	(12,257,109)
	PBL Exchange (UK) Ltd.	(6,948,712)	(7,252,754)
	PBL Finance (Hong Kong) Limited	(20,005,311)	14,046,521
		357,459,954	1,228,846,213
44a	Increase / (decrease) of other liabilities of the Bank		
	F.C. held against EDF L/C	3,478,762,031	3,054,078,509
	Expenditure and other payables	145,660,513	108,705,671
	Provision for bonus	3,032,563	6,872,352
	Unearned commission on bank guarantee	10,277,531	54,304,595
	Interest suspense account	4,488,241,878	4,502,882,848
		8,125,974,516	7,726,843,975
		399,130,541	1,237,361,514
45	Consolidated earnings per share (CEPS)		
	Net profit after tax (Numerator)	2,188,088,351	2,173,001,604
	Number of Ordinary shares outstanding (Denominator)	1,029,348,616	1,029,348,616
	Consolidated earnings per share (CEPS)	2.13	2.11

Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".

45a	Earnings per share (EPS) of the Bank		
	Net profit after tax (Numerator)	2,195,041,535	2,139,016,778
	Number of Ordinary shares outstanding (Denominator)	1,029,348,616	1,029,348,616
	Earnings per share (EPS)	2.13	2.08

Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".

46 Number of employees of the Bank

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a. or above were 2,961.

47 Assets pledged as security for liabilities of the Bank

Treasury bills & bonds to Bangladesh Bank for Repo	-	-

48 Disclosure on Audit Committee of the Bank

a) Particulars of Audit Committee

The audit committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular no.11 dated October 27, 2013 of Bangladesh Bank.

Pursuant to the BSEC notification no. SEC/CMRRCD/2006-158/129/Admin/44 dated August 7, 2012 on Corporate Governance, the current Committee is Constituted with the following 5 (Five) members of the Board and it is also comply with the BRPD Circular No. 11 dated 27.10.2013.

Name	Status with bank	Status with committee	Educational Qualification
Mr. Shamsuddin Ahmad, Ph.D	Independent Director	Chairman	Ph.D (Economic Development), University of Hawaii, USA
Mr. Md. Nader Khan	Director	Member	B.Sc
Khandker Mohammad Khaled	Director	Member	B.Sc. Engineer (Mechanical), Bangladesh University of Engineering and Technology (BUET).
Dr. G. M. Khurshid Alam	Independent Director	Member	Ph.D (Economic), Boston University, USA
Mr. M Farhad Hussain FCA	Independent Director	Member	"GEC "A" level from Greenmore College, Birmingham, UK. Accountancy Foundation Course, Institute of Chartered Accountants of England and Wales."

b) Meetings held by the Audit Committee during the year by date:

Meeting No	Held on
112th	07.02.2016
113th	02.03.2016
114th	20.03.2016
115th	28.04.2016
116th	11.05.2016
117th	22.06.2016
118th	24.07.2016
119th	03.10.2016
120th	26.10.2016
121st	23.11.2016
122nd	18.12.2016

c) Review by the Audit Committee and Recommended thereof:

i) Reviewed and approved Audit plan of the year.

ii Reviewed the draft Annual Financial Statements-2015.

iii) Reviewed interim financial reports (Quarterly and half-yearly) of the year-2016 before presenting to the board for approval.

iv) Reviewed half yearly status report on compliants received, complied and presented by the Compliant Management Cell.

v) Scrutinized and evaluated the performance of the existing external audiotrs of the bank before recommending to the Board for onward placing of their names in the AGM for appointment for the year 2016.

vi) Review and approved the IT Audit Plan.

vii) Reviewed quarterly progress report of Audit & Inspection report of the Bank.

viii) Reviewed audit findings and observations found during conducting IT Audit on 'e-Doc' software used for checking

and preservation of 'Security Documents' in electronic form.

ix) Reviewed report on comprehensive inspection conducted on Islamic Banking Division, Head Office.

x) Reviewed Integrated Report on the Health of Prime Bank Limited for the year 2015.

d) Steps taken for implementation of an effective internal control procedure of the Bank :

i) Reviewed and directed on revised Guidelines on Internal Control & Compliance in Banks to ensure meticulous compliance.

ii) Directed management throutgh meeting Minutes to develop a software or a program for generating various reports to be utilized for Off Site Supervision purpose by the audit committee.

49 Related Party Disclosures of the Bank

i)	Names of the Directors together with a list of entities in which they have Interest	Annexure-E
ii)	Significant contracts where Bank is a party and wherein Directors have interest during the year 2016	

(Figure in BDT)

Name of Directors	Relationship with the Bank	Nature of transaction	Approve limit	Outstanding amount
Mr.Md.Nader Khan	Vice Chairman	Credit Card	500,000	17,602
Mr. Imran Khan	Director	Credit Card	1,000,000	227,100
Mr.K.M.Khaled	Director	Credit Card	500,000	58,189
Mr. M. A. Khaleque	Director	Credit Card	1,000,000	948,895
Mr. Tarique Ekramul Haque	Director	Credit Card	500,000	73,154
Quazi Sirazul Islam	Director	Credit Card	500,000	417,309
Mr. Md. Shirajul Islam Mollah	Director	Credit Card	500,000	16,665
Dr. G. M. Khurshid Alam	Independent Director	Credit Card	500,000	290,380

iii)	Shares issued to Directors and Executives without consideration or exercisable at a discount	Nil

iv) Related party transactions

Nature of party/ contract	Relationship	Amount
Bangla Trac Ltd.	Common Director	5,469,532
Lease agreement	Common Director	2,475,168
Lease agreement	Common Director	280,800
Lease agreement	Common Director	1,786,680
Lease agreement	Common Director	189,000
Lease agreement	Common Director	199,658
Lease agreement	Common Director	2,278,418

v) Lending policies in respect of related party

a) Amount of transaction regarding loans and advances, deposits, guarantees and commitment as on 31.12.2016	Nil
b) Amount of transactions regarding principal items of deposits, expenses and commission	Nil
c) Amount of provision against loans and advances given to related party	Nil
d) Amount of guarantees and commitments arising from other off-balance sheet exposures	Nil

vi)	Disclosure of transaction regarding Directors and their related concerns	Nil
vii)	Business other than banking business with any relation concern to the Directors as per Section 18(2) of the Bank Companies Act, 1991.	

a) Lease agreement made with the Sponsor Director & Independent Director

Nature of contract	Branch Name	Name of Director and related by	Remarks
Lease agreement	Jubilee Road Branch	Mr. Md. Nader Khan Director & owner of the premises	Lease period: 01.08.2015 to 31.07.2021
Lease agreement	ATM Booth Jubilee Road Branch	Mr. Md. Nader Khan Director & owner of the premises	Lease period: 12.10.2011 to 11.10.2021
Lease agreement	Store Room (Regional)	Mr. Md. Nader Khan Director & owner of the premises	Lease period: 13.12.2014 to 12.12.2020
Lease agreement	Kulaura Branch	Mrs. Marina Yasmin Chowdhury, Director & owner of the premises	Lease period: 01.08.2013 to 31.07.2019
Lease agreement	Narshingdi SME Branch	Mr.Md. Shirajul Islam Mollah Director & owner of the premises	Lease period: 24.09.2016 to 23.09.2025
Lease agreement	Head Office	Quazi Sirajul Islam Director & owner of the premises	Lease period: 10.07.2016 to 09.07.2022

b) Service receiving companies where the Directors interest subsisted during the year

Name of party	Relationship	Nature of transaction	Amount
Bangla Trac Ltd	Common Director	Procurement of Generators	5,469,532

viii) Investment in the Securities of Directors and their related concern	Nil

ix) Business with subsidiary

Name of party	Relationship	Nature of transaction	Outstanding Amount
Prime Bank Investment Limited	Subsidiary Company	OD Facilities	3,183,564,592
Prime Bank Securities Limited	Subsidiary Company	OD Facilities	450,927,651
Prime Bank Securities Limited	Subsidiary Company	Share Trading	297,031,983
PBL Finance (Hong Kong) Ltd	Subsidiary Company	Term Placement	2,101,738,752

50 Workers Participation Fund and Welfare Fund

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Companies Act 1991 (as amended up to 2013)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2016.

51 Events after the Reporting Period

The Board of Directors in its 461th meeting decided to recommend payment of 16% (sixteen percent) cash dividend for the year 2016. The total amount of dividend is Tk.1,646,957,786 (One hundred sixty four crore sixty nine lac fifty seven thousand seven hundred eighty six) only.

Chairman | Director | Director | Managing Director

BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)
of Prime Bank Limited as at 31 December 2016

Annexure-A (Continued)

Name of the Bank	Account type	2016				2015		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
AB Bank Ltd., Mumbai, India	CD	US$	714,523.41	78.7022	56,234,564	1,136,739.46	78.5003	89,234,389
Bank of Bhutan, Bhutan	CD	US$	69,055.39	78.7022	5,434,811	92,955.39	78.5003	7,297,026
Bank of Tokyo Mitsubishi, Japan	CD	JP¥	21,200,943.00	0.6711	14,227,953	7,164,651.00	0.6513	4,666,337
SMBC, Tokyo, Japan	CD	JP¥	10,516,346.00	0.6711	7,057,520	4,399,453.00	0.6513	2,865,364
Citibank N.A., Mumbai, India	CD	US$	-	-	-	860.36	78.5003	67,539
Citibank N.A., London , UK	CD	EURO	62,427.03	81.9054	5,113,111	182,370.07	85.8008	15,647,498
Citibank N.A., New York, USA	CD	US$	19,348,163.79	78.7022	1,522,743,056	9,947,331.42	78.5003	780,868,501
Commerz Bank AG, Frankfurt , Germany	CD	EURO	218,709.74	81.9054	17,913,509	1,409,014.93	85.8008	120,894,608
Commerz Bank AG, Frankfurt , Germany	CD	US$	530,252.46	78.7022	41,732,035	257,345.84	78.5003	20,201,726
Commonwealth Bank of Australia, Australia	CD	AUD	137,164.27	56.4767	7,746,585	67,453.80	57.1953	3,858,040
Deutsche Bank Trust Company Americas	CD	US$	-	-	-	471,110.14	78.5003	36,982,287
Habib American Bank, New York, USA	CD	US$	451,935.84	78.7022	35,568,345	200,285.90	78.5003	15,722,503
Habib Metropolitan Bank, Karachi	CD	US$	1,290,862.74	78.7022	101,593,738	484,289.38	78.5003	38,016,862
habib Allied Interanational Bank PLC London	CD	GBP	7,000.00	96.2056	673,439	-	-	-
Habib Bank Limited, karachi	CD	US$	55,259.28	78.7022	4,349,027	162,038.97	78.5003	12,720,108
HDFC Bank Limited, Kolkata, India	CD	US$	676,934.84	78.7022	53,276,261	989,275.53	78.5003	77,658,426
HSBC Bank USA, New York, USA	CD	US$	170,891.17	78.7022	13,449,511	786,270.13	78.5003	61,722,441
HANA Bank, Seoul	CD	US$	-	-	-	4,195.00	78.5003	329,309
ICICI Bank Ltd, Mumbai, India	CD	US$	910,521.48	78.7022	71,660,044	1,165,680.73	78.5003	91,506,287
Intesa Sanpaolo SPA, Milano, Italy	CD	EURO	21,315.09	81.9054	1,745,821	76,213.47	85.8008	6,539,177
J. P. Morgan Chase Bank, New York	CD	US$	1,291,214.84	78.7022	101,621,449	202,727.55	78.5003	15,914,173
Korea Exchange Bank Seoul	CD	US$	410,196.17	78.7022	32,283,341	50,674.61	78.5003	3,977,972
Mashreq Bank PSC, New York, USA	CD	US$	2,243,400.19	78.7022	176,560,530	478,014.04	78.5003	37,524,246
Mashreq Bank PSC, Mumbai, India	CD	US$	504,270.15	78.7022	39,687,170	163,787.11	78.5003	12,857,337
National Westminister Bank, London, UK	CD	GBP	476,537.37	96.2056	45,845,564	413,004.16	116.2668	48,018,672
The National Commercial Bank, Jeddah	CD	SAR	421,881.00	20.9694	8,846,591	243,064.00	20.9083	5,082,055
NCB, Zeddah	CD	SAR	200,000.00	20.9694	4,193,880	-	-	-
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	CD	US$	89,715.24	78.7022	7,060,787	77,215.24	78.5003	6,061,420
People's Bank, Colombo, Sri Lanka	CD	US$	264,200.13	78.7022	20,793,131	138,695.69	78.5003	10,887,653

BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)
of Prime Bank Limited as at 31 December 2016

Annexure-A (Continued)

Name of the Bank	Account type	2016				2015		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Skandinaviska Enskilda, Banken, Sweden	CD	SEK	417,434.91	8.5460	3,567,399	307,071.78	9.3219	2,862,492
Sonali Bank, Kolkata, India	CD	US$	272,279.79	78.7022	21,429,018	391,819.96	78.5003	30,757,984
Standard Chartered Bank, Kolkata, India	CD	US$	1,594,147.29	78.7022	125,462,899	1,308,581.18	78.5003	102,724,015
Standard Chartered Bank, New York, USA	CD	US$	637,425.25	78.7022	50,166,770	513,769.44	78.5003	40,331,055
Standard Chartered Bank, Singapore	CD	SG$	669,810.61	54.2437	36,333,006	1,080,750.11	55.4929	59,973,958
Standard Chartered Bank, Frankfurt, Germany	CD	EURO	46,761.02	81.9054	3,829,980	101,421.85	85.8008	8,702,076
The Bank of Nova Scotia, Canada	CD	CAD	-	-	-	69,429.69	56.5116	3,923,583
Unicredito Italiano SPA, Milano, Italy	CD	EURO	23,005.26	81.9054	1,884,255	56,685.38	85.8008	4,863,651
Wells Fargo Bank N. A., New York	CD	US$	812,369.17	78.7022	63,935,241	710,728.57	78.5003	55,792,406
Zuercher Kantonal Bank, Zurich	CD	CHF	121,660.12	76.5139	9,308,690	105,826.42	79.4779	8,410,862
Total					2,713,329,031			1,845,464,037

FAIR STOCK

RECONCILIATION STATEMENT OF BALANCE WITH BANGLADESH BANK
As at 31st December 2016

Annexure-A-1

1)	**Balance with Bangladesh Bank-Taka account of the Bank**		
	Balance as per Bank ledger		12,956,788,248
	Unresponded debit entries in		
	Bangladesh Bank statement	24,999,419	
	Prime Bank's ledger	17	24,999,436
			12,931,788,811
	Unresponded credit entries in		
	Bangladesh Bank statement	24,649	
	Prime Bank's ledger	3,650,000	3,674,649
	Balance as per Bangladesh Bank statement		12,935,463,461
2)	**Balance with Bangladesh Bank-Foreign currency of the Bank**		
	Balance as per Bank ledger		1,353,504,737
	Unresponded debit entries in		
	Bangladesh Bank statement	15,338,746	
	Prime Bank's ledger	7,920,192	23,258,938
			1,330,245,799
	Unresponded credit entries in		
	Bangladesh Bank statement	160,419,540	
	Prime Bank's ledger	263,865,542	424,285,082
	Balance as per Bangladesh Bank statement		1,754,530,881

AMAR STOCK

INVESTMENT IN SHARES OF THE BANK
As at 31 December 2016

Annexure-B

SL. No.	Name of the Company	Face Value	No of shares	Cost / present value of holdings	Average cost	Quoted rate per share as on 31.12.16	Total market value as at 31.12.16
Quoted:							
1	AB Bank Ltd.	10	1,882,616	47,632,736	25.30	22.30	41,982,337
2	Bank Asia Ltd.	10	1,397,550	24,429,908	17.48	17.90	25,016,145
3	The City Bank Ltd.	10	1,386,000	29,538,943	21.31	27.20	37,699,200
4	DESCO	10	329,700	19,262,511	58.42	46.30	15,265,110
5	Dhaka Bank Ltd.	10	1,358,280	26,313,698	19.37	17.90	24,313,212
6	Eastern Bank Ltd.	10	1,150,000	37,410,456	32.53	29.00	33,350,000
7	Jamuna Bank Ltd.	10	1,190,000	18,370,447	15.44	15.60	18,564,000
8	Mutual Trust Bank Ltd.	10	524,160	6,962,625	13.28	23.10	12,108,096
9	National Bank Ltd.	10	1,391,500	27,970,098	20.10	10.20	14,193,300
10	One Bank Ltd.	10	1,280,812	22,130,581	17.28	18.30	23,438,860
11	Uttara Bank Ltd.	10	968,000	37,009,980	38.23	24.70	23,909,600
	Sub Total			**297,031,983**			**269,839,859**
Unquoted:							
1	Central Depository Bangladesh Ltd.	10	5,711,804	15,694,430	2.75	-	15,694,430
2	Investment in SWIFT			4,184,430	-	-	4,184,430
3	Market Stabilization Fund			5,000,000			5,000,000
4	Star Ceramics Preference Share			40,335,833			40,335,833
5	Summit Barisal Power Preference Share			50,899,306			50,899,306
	Sub Total			**116,113,999**			**116,113,999**
	Total			**413,145,981**			**385,953,858**

SCHEDULE OF FIXED ASSETS OF THE BANK
as at 31 December 2016

Annexure-C

Particulars	COST				DEPRECIATION				Net book value as at 31.12.16
	Opening balance as on 01.01.16	Additions during the year	Disposals/ adjustments during the year	Total balance as at 31.12.16	Opening balance as on 01.01.16	Charge for the year	Disposals/ adjustments during the year	Total balance as at 31.12.16	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	3,706,444,788	-	-	3,706,444,788	-	-	-	-	3,706,444,788
Building	1,721,156,789	70,617,723	-	1,791,774,512	91,019,835	37,628,886	-	128,648,721	1,663,125,792
Furniture and fixtures	867,425,776	42,140,256	2,880,404	906,685,628	419,961,255	47,269,300	1,675,195	465,555,359	441,130,268
Office equipment and machinery	1,517,086,442	212,850,184	4,237,056	1,725,699,570	1,022,011,962	99,048,808	3,586,560	1,117,474,210	608,225,360
Vehicles	322,659,539	28,914,030	73,000	351,500,569	268,060,480	40,109,196	72,999	308,096,677	43,403,892
Library books	1,805,129	14,908	-	1,820,037	1,448,777	79,227	-	1,528,004	292,033
As at 31 December 2016	8,136,578,463	354,537,101	7,190,460	8,483,925,104	1,802,502,308	224,135,417	5,334,754	2,021,302,971	6,462,622,133
ATM									
Office equipment and machinery	275,122,823	14,838,590	-	289,961,414	192,703,034	41,968,691	-	234,671,726	55,289,688
Furniture and fixtures	44,477,715	946,134	-	45,423,849	17,237,456	4,405,664	-	21,643,120	23,780,729
As at 31 December 2016	319,600,538	15,784,724	-	335,385,263	209,940,490	46,374,355	-	256,314,845	79,070,417
Leased Vehicles	31,690,384	-	-	31,690,384	31,690,371	-	-	31,690,371	13
As at 31 December 2016	31,690,384	-	-	31,690,384	31,690,371	-	-	31,690,371	13
Off-shore									
Furniture and fixtures	2,991,998	-	-	2,991,998	1,758,865	151,739.66	-	1,910,604	1,081,394.11
Office equipment and machinery	1,742,930	46,103	-	1,789,032	1,377,150	95,576.26	-	1,472,726	316,306.30
Vehicles	1,410,371	-	57,629	1,352,742	1,262,609	90,133.72	-	1,352,742	-
As at 31 December 2016	6,145,299	46,103	57,629	6,133,773	4,398,623	337,449.63	-	4,736,072	1,397,700.40
Sub-total	8,494,014,684	370,367,929	7,248,089	8,857,134,524	2,048,531,792	270,847,221	5,334,754	2,314,044,260	6,543,090,264
Software-Amortization									
Software-Core Banking	252,656,062	15,740,972	-	268,397,034	193,475,185	33,343,157	-	226,818,342	41,578,692
Software-ATM	43,212,614	-	-	43,212,614	31,446,961	6,752,200	-	38,199,161	5,013,453
Sub-total	295,868,676	15,740,972	-	311,609,648	224,922,146	40,095,357	-	265,017,503	46,592,145
As at 31 December 2016	8,789,883,360	386,108,900	7,248,089	9,168,744,172	2,273,453,938	310,942,579	5,334,754	2,579,061,763	6,589,682,409
As at 31 December 2015	8,552,685,833	240,329,738	3,132,211	8,789,883,360	1,939,999,015	335,846,930	2,392,008	2,273,453,938	6,516,429,422

STATEMENT OF TAX POSITION OF THE BANK
as at 31 December 2016

Annexure-D

Accounting year	Assessment year	Tax provision as per accounts	Tax as per assessment order	Tax paid	Excess/ (shortage) of provision	Excess/ (shortage) of tax paid	Present status
		Taka	Taka	Taka	Taka	Taka	
1995 to 2000	-	411,652	411,652	24,947,215	-	24,947,215	Assessment year 1999-2000 is final but the Tax Authority referred it to High Court Division.
2001	2002-2003	268,743,630	268,743,630	247,455,962	-	(21,287,668)	Completed
2002	2003-2004	312,590,120	312,590,120	337,138,495	-	24,548,375	Completed
2003	2004-2005	348,903,919	348,903,919	342,757,186	-	(6,146,733)	Completed
2004	2005-2006	482,287,856	482,287,856	438,405,004	-	(43,882,852)	Completed
2005	2006-2007	557,500,000	346,638,537	470,158,263	210,861,463	123,519,726	Completed
2006	2007-2008	592,362,815	481,412,744	737,606,389	110,950,071	256,193,645	Completed
2007	2008-2009	1,015,000,000	1,076,933,945	1,019,804,475	(61,933,945)	(57,129,470)	Completed
2008	2009-2010	1,012,449,724	-	915,627,471	-	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2009	2010-2011	1,735,000,000	-	1,432,194,785	-	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2010	2011-2012	2,285,000,000	-	2,033,288,558	-	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2011	2012-2013	2,866,502,255	-	2,193,417,798	-	(102,313,148)	Return filed but the assessment is yet to complete Excess payment of Tk. 102,313,148 in earlier years will be adjusted against the tax provision of 2011.
2012	2013-2014	2,449,800,000	-	1,000,000,000	(259,877,589)	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2013	2014-2015	1,616,000,000	-	1,354,221,954	-	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2014	2015-2016	1,180,000,000		866,864,811			Return filed but the assessment is yet to completed.
2015	2016-2017	713,000,000	-	-	-	-	Return filed but the assessment is yet to completed.
2016	2017-2018	150,000,000					Submission of Tax return is yet not due.
Total		**17,585,551,971**	**3,317,922,403**	**13,413,888,366**	**-**	**198,449,090**	

NAME OF DIRECTORS AND THEIR
interest in different entities of the Bank

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
1	Mr. Azam J Chowdhury	Chairman	East Coast Shipping Lines Ltd.
			EC Distribution Ltd.
			East Coast Trading (Pvt.) Ltd.
			EC Securities Ltd.
			EC Holdings Limited
			EC Aviation Limited (Corporate Interest)
			EC Bulk Carriers Ltd.
			Unicom Clean Energy Limited
			Clean Fuel Filling Station Limited (Corporate Interest)
			Omera Chemicals Limited (Corporate Interest)
			Radiant Alliance Limited (Corporate Interest)
			MJL Bangladesh Ltd. (Corporate Interest)
			Bangladesh Trade Syndicate Ltd.
			Green Delta Insurance Co. Ltd.
			Omera Fuels Ltd. (Corporate Interest)
			Nordic Woods Ltd. (Corporate Interest)
			ASP Omera Crew Management Ltd. (Corporate Interest)
			Union Capital Limited (Corporate Interest)
			Consolidated Tea & Plantation Limited (Corporate Interest)
			Baraoora (Sylhet) Tea Company Limited (Corporate Interest)
			The Consolidated Tea & Lands Co. (BD) Limited (Corporate Interest)
			Prime Finance & Investment Ltd. (Corporate Interest)
2	Mr. Md. Nader Khan	Vice Chairman	Pragati Corporation
			Pedrollo NK Limited
			PNL Water Management Limited
			Polyexprint Limited
			PNL Holdings Limited
			Halda Valley Tea Company Limited
			Pedrollo Dairy & Horticulture Limited
			Polyexlaminate Limited
			Polytape Limited
			Hill Plantation Ltd.
			Cider Education Services Ltd.
			Halda Fisheries Ltd.
3	Mrs. Nasim Anwar Hossain	Vice Chairperson	Prime Cement Ltd.
			Lubricants Asia Ltd.
			Bengal Tiger Cement Industries Ltd.

NAME OF DIRECTORS AND THEIR
interest in different entities of the Bank

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
4	Khandker Mohammad Khaled	Director	Greenland Engineers & Tractors Company Limited
			Machinery & Equipment Trading Company Limited
			GETCO Limited
			GETCO Agro Vision Limited
			GETCO Telecommunications Limited
			GETCO Online Limited
			GETCO Agri-Technologies Limited
			Fareast Stocks & Bonds Limited
			Fareast Islami Life Insurance Co. Ltd.
			Fareast Finance & Investment Limited
5	Mr. M. A. Khaleque	Director	Fareast Finance & Investment Limited
			Fareast Stocks & Bonds Limited
			Fareast Islami Life Insurance Co. Ltd.
			Maksons Bangladesh Limited
			Maksons Associates Limited
			Maksons Bay Limited
			Prime Property Holdings Limited
			PFI Properties Limited
			Prime Islami Life Insurance Ltd.
			Prime Prudential Fund Limited
			Prime Financial Securities Limited
			Prime Shops & Loves Limited
			GETCO Limited
			GETCO Agro Vision Limited
			GETCO Elevator Company Limited
			GETCO Agri Technologies
			GETCO Online Limited
			HRC Technologies Limited
			Bangladesh Institute of Professional Development Limited
6	Quazi Sirazul Islam	Director	Amin Jewelers Limited
			City Hospital Limited
			Bangla Gold (Pvt.) Limited
			Ducaty Apparels Limited
7	Mr. Md. Shahadat Hossain	Director	VIP Shahadat Cold Storage
			VIP Shahadat Poultry & Hatchery

NAME OF DIRECTORS AND THEIR
interest in different entities of the Bank

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
8	Mr. Md. Shirajul Islam Mollah	Director	China - Bangla Ceramic Industries Ltd.
			Bengal Tiger Cement Industries Ltd.
			Bajnabo Textiles Mills Ltd.
			Trustee Securities Ltd.
			United Shipping Lines Ltd.
			SR Telecom Ltd
			Dhaka-Foshan Mould Company Ltd.
9	Mrs. Marina Yasmin Chowdhury	Director	Parkensine Products Ltd.
			East Coast Trading (Pvt.) Ltd.
			EC Securities Ltd.
			EC Bulk Carriers Ltd.
			East Coast Shipping Lines Ltd.
			EC Holdings Limited
			EC Aviation Ltd.
			EC Distribution Ltd
10	Mr. Mafiz Ahmed Bhuiyan	Director	International Holdings limited
			IPE Technologies Limited
			Shepherd World Trade Limited
			Shepherd Consultant & Management Ltd
			Citizen Securities & Investment Ltd. (Representing Shepherd World Trade Ltd.)
11	Mrs. Salma Huq	Director	GQ Ball Pen Industries Limited
			GQ Industries Ltd. (PP Woven Bag)
			Maladesh International (Pvt.) Ltd. (Mosquito Coil)
			GQ Foods Limited
			GQ Enterprise Limited
12	Mr. Nafis Sikder	Director	Marina Apparels Ltd.
			Nafa Apparels Ltd.
			Ayesha Clothing Co. Ltd.
			Ayesha Washing Limited
			Ayesha Fashion Limited
			Safaa Sweaters Ltd
			Aswad Composite Mills Limited
			Cortz Apparels Limited
			K.M. Apparels (Pvt.) Ltd.
			Hamza Clothing Ltd.
			Hamza Trims Ltd.
			Modern Needlecraft Ltd.
			Palmal Garments Ltd.
			Palmal Garments Hosiery Ltd.
			Palmal Logistics
			Palmal Packaging Ltd.

NAME OF DIRECTORS AND THEIR
interest in different entities of the Bank

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
13	Mr. Imran Khan	Director	Prima Enterprise
			PNL Holdings Limited
			Polyexprint Limited
			Halda Valley Tea Co. Limited
			PNL Water Management Limited
			Pedrollo NK Limited
			Pedrollo Dairy & Horticulture Limited
			Polyexlaminate Limited
			Hill Plantation Ltd.
			Halda Fisheries Ltd.
			Polytape Limited
14	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	Everest Homes Limited
			The Everest Trading Limited
			Neon Consumers Products Limited
15	Mr. Tarique Ekramul Haque	Director	Bangla Trac Limited
			Bangla Trac Communication Limited
			Acorn Infrastructure Services Limited
			B-Trac Engineering Limited
			Bangla Trac Miaki Green Power Limited
			Bangla Trac Miaki VAS Limited
			Prime Islami Securities Limited
			Prime Life Insurance Limited
			PFI Securities Limited
			Asian Gate Ltd
			Acorn Limited
16	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	Uniglory Cycle Components Ltd.
			Antiques Graphics Limited
			Uniglory Paper & Packaging Limited
			Uniglory Packaging Industries Limited
			Uniglory Accessories Limited
			Uniglory Button Limited
			Fashion Pro Limited
			Satori Limited
17	Mr. Shamsuddin Ahmad, Ph.D	Independent Director	N/A
18	Dr. G. M. Khurshid Alam	Independent Director	N/A
19	Mr. M Farhad Hussain FCA	Independent Director	Bay Asset Management Company Limited

WWW.BDSTOCK

DISTRIBUTION OF PROFIT UNDER
Islamic Banking operation

Annexure-F

Prime Bank Limited is operating 05 (five) Islamic Banking branches based on Islamic Shariah, which absolutely prohibits receipts and payments of interest in any form. The operation of these 05 (five) branches are totally different from other conventional banking branches as they operate on the basis of profit sharing arrangement.

Fixation of final profit rate for the year 2016

Provisional profit are applied to the different types of depositors at the rates to be decided by the Bank from time to time taking into consideration of the industry trend and that of the rates of other Islamic Banks in Bangladesh. Final rates of profit are declared annually as at 31 December in every year on the basis of income earned from different investments and other business by individual branches and distributed as per weightage of the different deposit products.

For the year ended 31 December 2016, 70% of total investment income shall be distributed to the different types of Mudaraba depositors (except no cost fund) according to the weightage. The remaining 30% of the investment income will be retained by the Bank as Management fee (25%) and Investment loss Off-setting Reserve (5%).

Final Profit rate for the year 2016 is given below:

Deposit types	Weightage	Final rate of profit for the year 2016(%)
Mudaraba Saving Deposits	0.75	4.34
Mudaraba Saving Deposits (Daily basis)	0.75	4.34
Mudaraba Short Notice Deposits	0.52	4.34
Mudaraba payroll	0.75	4.34
Mudaraba Term Deposits		
36 Months	1.00	6.87
24 Months	0.98	6.73
12 Months	0.96	5.84
06 Months	0.92	5.29
03 Months	0.88	4.81
01 Month	0.84	4.59
Mudaraba Education Savings Scheme	1.20	8.24
Mudaraba Monthly Contributory Savings Scheme	1.05	7.21
Mudaraba Monthly Benefit Deposit Scheme	1.02	7.01
Mudaraba Double Benefit Scheme	1.02	7.01
Mudaraba Hajj Savings Scheme	1.20	8.24
Mudaraba Lakhpoti Deposit Scheme	1.05	7.21
Mudaraba Lakhpoti Deposit Scheme >3	1.05	7.21
Mudaraba Millionaire Deposit Scheme	1.05	7.21
Mudaraba House Building Deposit Scheme	1.05	7.21
Mudaraba My First Account	0.75	4.34
Mudaraba Sukonna Deposit	0.75	4.34
Mudaraba Nobagoto Deposit	1.05	7.21
Mudaraba 150% Deposit Scheme	1.01	6.94
Mudaraba Laksma Puran Saving Scheme	1.05	7.21
Mudaraba Brighter Tomorrow	0.96	5.84
Mudaraba Cash Waqf (Fixed)	1.20	8.24
Mudaraba Waqf (Installment)	1.20	8.24

FINANCIAL STATEMENTS OF
ISLAMIC BRANCHES

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PRIME BANK LIMITED-ISLAMIC BRANCHES
Balance Sheet as at 31 December 2016

Annexure-G

Particulars	Notes	Amount in Taka	
		2016	2015
PROPERTY AND ASSETS			
Cash in hand	1		
Cash in hand (including foreign currencies)		60,617,367	62,368,762
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-
		60,617,367	62,368,762
Balance with other banks and financial institutions	2		
In Bangladesh		500,227,057	222,608
Outside Bangladesh		-	-
		500,227,057	222,608
Placement with banks & other financial institutions	3	-	-
Investments in share & securities	4		
Government		-	-
Others		-	-
		-	-
Investments			
General investments etc	5	11,123,432,881	11,054,106,956
Bills purchased and discounted	6	127,943,366	161,313,964
		11,251,376,246	11,215,420,920
Fixed assets including premises	7	21,093,233	23,437,618
Other assets	8	2,608,830,092	3,284,134,098
Non - banking assets		-	-
Total assets		14,442,143,994	14,585,584,006
LIABILITIES AND CAPITAL			
Liabilities			
Placements from other banks, financial institutions and agents	9	-	-
Deposits and other accounts	10		
Mudaraba savings deposits		2,210,585,530	1,959,720,511
Mudaraba term deposits		9,674,512,415	10,318,656,867
Other mudaraba deposits		-	-
Al-wadeeah current deposits and other deposits accounts		2,157,092,098	1,969,274,244
Bills payable		91,323,856	46,801,854
		14,133,513,899	14,294,453,476
Other liabilities	11	308,630,096	291,130,531
Total liabilities		14,442,143,994	14,585,584,007
Capital / Shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Revaluation gain / (loss) on investments		-	-
Revaluation reserve		-	-
Other reserve		-	-
Surplus in profit and loss account / Retained earnings		-	-
Total Shareholders' equity		-	-
Total liabilities and Shareholders' equity		14,442,143,994	14,585,584,007

PRIME BANK LIMITED-ISLAMIC BRANCHES
Balance Sheet as at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
OFF- BALANCE SHEET EXPOSURE			
Contingent liabilities	12		
Acceptances and endorsements	12.1	3,517,702,488	2,210,092,972
Letters of guarantee	12.2	367,969,762	534,217,055
Irrevocable letters of credit	12.3	2,250,806,561	731,900,042
Bills for collection	12.4	140,081,183	163,937,106
Other contingent liabilities		-	-
		6,276,559,994	3,640,147,175
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Other commitments		-	-
		-	-
Total Off-Balance Sheet exposure including contingent liabilities		6,276,559,994	3,640,147,175

AMAR STOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES
Profit and Loss Account for the year ended 31 December 2016

Annexure-G(I)

Particulars	Notes	Amount in Taka	
		2016	2015
Investment income	13	1,378,481,406	1,776,975,724
Profit paid on deposits	14	(714,763,585)	(991,775,240)
Net investment income		663,717,821	785,200,484
Income from investment in shares / securities		-	-
Commission, exchange and brokerage	15	88,266,163	77,848,578
Other operating income	16	35,072,579	33,362,048
Total operating income (A)		787,056,563	896,411,109
Salaries and allowances	17	95,793,349	109,136,271
Rent, taxes, insurance, electricity, etc.	18	24,731,043	19,475,923
Legal expenses	19	3,317,334	3,644,149
Postage, stamp, telecommunication, etc.	20	6,111,503	7,216,603
Stationery, printing, advertisements, etc.	21	4,436,707	4,995,066
Chief Executive's salary and fees		-	-
Directors' fees & expenses		-	-
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Charges on investment losses	22	-	-
Depreciation and repair of Bank's assets	23	6,961,944	8,407,378
Zakat expenses		-	-
Other expenses	24	15,801,787	17,804,621
Total operating expenses (B)		157,153,667	170,680,011
Profit / (loss) before provision (C=A-B)		629,902,896	725,731,098
Provision for investments	25		
Specific provision		-	-
General provision		-	-
Provision for off-balance sheet exposures		-	-
		-	-
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)		-	-
Total profit / (loss) before taxes (C-D)		629,902,896	725,731,098

AMARSTOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES
Cash Flow Statement for the year ended 31 December 2016

	Particulars	Amount in Taka	
		2016	2015
A)	**Cash flows from operating activities**		
	Investment income receipts in cash	1,059,198,919	1,474,522,917
	Profit paid on deposits	(745,720,865)	(1,017,508,450)
	Dividend receipts	-	-
	Fees and commission receipts in cash	88,266,163	77,848,578
	Recoveries of investments previously written off	-	-
	Cash payments to employees	(95,793,349)	(109,136,271)
	Cash payments to suppliers	(4,436,707)	(4,995,066)
	Income taxes paid	-	-
	Receipts from other operating activities	35,072,579	33,362,048
	Payments for other operating activities	(52,599,339)	(50,931,139)
	Cash generated from operating activities before changes in operating assets and liabilities	**283,987,401**	**403,162,615**
	Increase / (decrease) in operating assets and liabilities		
	Statutory deposits	-	-
	Purchase of trading securities (Treasury bills)	-	-
	Investment to other banks	-	-
	Investment to customers	(35,955,327)	(313,619,932)
	Other assets	395,640,879	1,315,497,731
	Deposits from other banks	(89,959,749)	(515,020,643)
	Deposits from customers	(70,979,828)	(483,050,754)
	Other liabilities account of customers	-	-
	Trading liabilities	-	-
	Other liabilities	17,499,565	(395,667,554)
		216,245,539	(391,861,152)
	Net cash from operating activities	**500,232,940**	**11,301,463**
B)	**Cash flows from investing activities**		
	Debentures	-	-
	Proceeds from sale of securities	-	-
	Payments for purchases of securities	-	-
	Purchase of property, plant and equipment	(1,979,887)	(2,877,751)
	Payment against lease obligation	-	-
	Proceeds from sale of property, plant and equipment	-	-
	Net cash used in investing activities	**(1,979,887)**	**(2,877,751)**
C)	**Cash flows from financing activities**		
	Dividend paid	-	-
	Net Cash from financing activities	-	-
D)	Net increase / (decrease) in cash and cash equivalents (A+ B + C)	498,253,053	8,423,712
E)	Effects of exchange rate changes on cash and cash equivalents	-	-
F)	Cash and cash equivalents at beginning of the year	62,591,371	54,167,658
G)	**Cash and cash equivalents at end of the year (D+E+F)**	**560,844,424**	**62,591,371**
	Cash and cash equivalents at end of the year		
	Cash in hand (including foreign currencies)	60,617,367	62,368,762
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-
	Balance with other banks and financial institutions	500,227,057	222,609
	Placement with banks & other financial institutions	-	-
	Prize bonds	-	-
		560,844,424	**62,591,371**

AMARSTOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Statement of Changes in Equity for the year ended 31 December 2016

Particulars	Paid-up Capital	Statutory reserve	Revaluation reserve	Revaluation gain / loss on investments	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2016	-	-	-	-	-	-
Changes in accounting policy	-	-	-	-	-	-
Restated balance	-	-	-	-	-	-
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-
Adjustment of last year revaluation gain on investments	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-
Dividends (Bonus shares)	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Appropriation made during the year	-	-	-	-	-	-
Balance as at 31 December 2016	-	-	-	-	-	-
Balance as at 31 December 2015	-	-	-	-	-	-

AMAR STOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements for the year ended 31 December 2016

Please see PBL notes 1-2

		Amount in Taka	
		2016	2015
1	Cash in hand		
	i) In local currency	59,303,241	61,540,270
	ii) In foreign currency	1,314,126	828,492
	Sub-total (a)	60,617,367	62,368,762
	Cash with Bangladesh Bank and its agents		
	Balance with Bangladesh Bank	-	-
	Balance with Sonali Bank (as agent of Bangladesh Bank)	-	-
	Sub-total (b)	-	-
	Grand total (a+b)	60,617,367	62,368,762
	Required CRR and SLR of Islamic Branches are maintained at Head Office		
2	Balance with other banks and financial institutions		
	In Bangladesh (note-2.1)	500,227,057	222,608
	Outside Bangladesh (note-2.2)	-	-
		500,227,057	222,608
2.1	In Bangladesh		
	Short-term deposit accounts		
	ICB Islamic Bank Ltd., Motijheel, Dhaka	30,085	13,529
	ICB Islamic Bank Ltd, Sylhet	-	16,786
	Social Islami Investment Bank Ltd. Dhaka	-	12,444
		30,085	42,758
	Savings accounts		
	Al Arafah Islami Bank Ltd. Dhaka	72,420	69,882
	Bank Al Falah Ltd. Dhaka	39,030	38,337
	Social Islami Investment Bank Ltd. Dhaka	85,523	71,632
		196,973	179,850
	Fixed deposit receipt		
	The City Bank Ltd	500,000,000	-
2.2	Outside Bangladesh (NOSTRO Accounts)	-	-
		500,227,057	222,608
3	Placement with banks & other financial institutions	-	-
4	Investment in share & securities	-	-
5	Investments		
	a) In Bangladesh		
	Quard against TDR	218,032,350	141,091,254
	Bai-Murabaha (cc pledge)	2,867,746,180	3,276,559,208
	Bai-Muajjal (cc hypo)	5,615,677,815	5,058,745,037
	Retail investment	410,625,582	405,817,617
	Izara (note-5.2)	641,512,474	426,049,393
	Bai-Salam (packing credit)	63,365,941	105,695,009
	Staff investment	111,169,152	117,480,066
	Hire purchase	1,195,303,387	1,522,669,372
		11,123,432,881	11,054,106,956
	b) Outside Bangladesh	-	-
		11,123,432,881	11,054,106,956
	Payable Inside Bangladesh		
	Inland bills purchased	65,666,504	144,890,992
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	62,276,861	16,422,972
		127,943,366	161,313,964
		11,251,376,246	11,215,420,920

AMARSTOCK

		Amount in Taka	
		2016	2015
5.1	Investments under the following broad categories		
	Investments	2,421,976,535	2,577,711,457
	Bai-Murabaha / Bai-Muajjal	8,483,423,995	8,335,304,245
	Quard against TDR	218,032,350	141,091,254
		11,123,432,881	11,054,106,956
	Bills purchased and discounted (Note-6)	127,943,366	161,313,964
		11,251,376,246	11,215,420,920
5.2	Izara		
	Lease rental receivable within 1 year	33,459,612	42,039,446
	Lease rental receivable within 5 years	621,308,373	408,627,810
	Lease rental receivable after 5 years	15,390,301	17,344,601
	Total lease / Izara rental receivable	670,158,287	468,011,858
	Less: Unearned interest receivable	28,645,812	41,962,465
	Net lease / Izara finance	641,512,474	426,049,393
5.3	Investments on the basis of significant concentration including bills purchased and discounted.		
	a) Investments to Directors of the Bank	-	-
	b) Investments to Chief Executive and other executives & officers	107,684,736	117,446,831
	c) Investments to customer groups:		
	i. Commercial investment	4,977,627,608	4,737,972,729
	ii. Export financing	752,747,678	396,484,954
	iii. House building investment	315,361,820	-
	iv. Retail investment	410,625,582	405,817,617
	v. Small and medium enterprises	994,143,380	1,438,320,056
	vi. Special program investment	-	-
	vii. Staff investment	152,813	33,234
	viii. Industrial investments	2,981,461,162	3,450,389,414
	ix. Other investment	711,571,468	668,956,084
		11,143,691,511	11,097,974,088
		11,251,376,246	11,215,420,920
	d) Details of Industrial investments		
	i. Agricultural industries	-	180,385,018
	ii. Textile industries	-	-
	iii. Food and allied industries	333,799,545	332,161,681
	iv. Pharmaceutical industries	-	8,626,784
	v. Leather, chemical, cosmetics, etc.	-	-
	vi. Tobacco industries	-	-
	vii. Cement and ceramic industries	-	555,023,617
	viii. Service Industries	7,021,179	323,806,064
	ix. Transport and communication industries	74,130,543	47,335,974
	x. Other industries including bills purchase and discounted	2,566,509,895	2,003,050,277
		2,981,461,162	3,450,389,414
5.4	Investments -geographical location-wise		
	Inside Bangladesh		
	Urban		
	Dhaka Division	7,073,036,912	7,030,627,037
	Chittagong Division	4,004,823,927	4,021,690,706
	Khulna Division	-	-
	Rajshahi Division	-	-
	Barisal Division	-	-
	Sylhet Division	173,515,408	163,103,176
		11,251,376,246	11,215,420,920

		Amount in Taka	
		2016	2015
	Rural		
	Dhaka Division	-	-
	Chittagong Division	-	-
	Sylhet Division	-	-
		-	-
	Outside Bangladesh	-	-
		11,251,376,246	11,215,420,920
5.5	Details of pledged collaterals		
	Collateral of movable / immovable assets	4,637,906,618	7,711,935,595
	Local banks and financial institutions guarantee	300,000,000	356,598,908
	Export documents	32,248,435	161,313,964
	Fixed deposit receipts	353,146,596	156,242,132
	FDR of other banks	60,000	21,000
	Personal guarantee	256,005,550	154,923,490
	Other securities	5,672,009,047	2,674,385,832
		11,251,376,246	11,215,420,920
5.6	Particulars of investments		
i)	Investments considered good in respect of which the Bank is fully secured	4,991,113,214	7,793,638,604
ii)	Investments considered good against which the Bank holds no security other than the debtors' personal guarantee	256,005,550	154,923,490
iii)	Investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	6,004,256,788	3,266,858,826
iv)	Investments adversely classified; provision not maintainedthere against	11,251,375,553	11,215,420,920
v)	Investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	107,837,549	117,480,066
vi)	Investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii)	Maximum total amount of investments, including temporary investment made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	107,837,549	117,480,066
viii)	Maximum total amount of investments, including temporary investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors,partners or managing agents or in the case of private companies, as members	-	-
ix)	Due from banking companies	-	-
x)	Classified investments		
	a) Classified investments on which profit has not been charged **(note-5.7)**	673,770,118	379,437,496
	b) Provision on classified investments **(note-5.8)**	332,821,432	153,603,370
	c) Provision kept against investments classified as bad debts	332,064,961	147,408,859
	d) Profit Suspense Account **(note-11)**	212,727,305	194,720,850
xi)	Cumulative amount of written off investments		
	Opening Balance	-	-
	Amount written off during the year	-	-
		-	-
	Amount realised against investments previously written off		
	The amount of written off investments for which law suits have been filed		

			Amount in Taka	
			2016	2015
5.7	Classification of investments			
	Unclassified			
	Standard including staff investment		10,571,098,504	10,474,752,821
	Special mention account (SMA)		6,507,625	361,230,602
			10,577,606,129	10,835,983,423
	Classified			
	Sub-standard		5,018,103	13,638,285
	Doubtful		1,231,222	24,177,383
	Bad / Loss		667,520,793	341,621,828
			673,770,118	379,437,496
			11,251,376,247	11,215,420,920

5.8 Particulars of required provision for investments

Status	Base for provision	Rate (%)		
General Provision				
Investments (Including SMA)	10,577,606,129	*Various	113,098,106	112,465,544
			113,098,106	112,465,544

*General provision is kept @ 1% on general investments and 2% on small enterprise financing and 5% on consumer financing.

Specific provision				
Sub-standard	2,283,543	20	456,709	727,709
Doubtful	599,524	50	299,762	5,466,802
Bad / Loss	332,064,961	100	332,064,961	147,408,859
			332,821,432	153,603,370
Required provision for investments			445,919,538	266,068,914
Provision maintained by Head Office			445,919,538	266,068,914
Excess / (short) provision at 31 December 2016			-	-

5.9 Particulars of required provision for Off-balance Sheet Exposures

	Base for provision	Rate 1%		
Acceptances and endorsements	3,517,702,488		35,177,025	22,100,930
Letter of guarantee	367,969,762		3,679,698	5,342,171
Letter of credit	2,250,806,561		22,508,066	7,319,000
Bills for collection	140,081,183		1,400,812	1,639,371
Required provision on Off-balance Sheet Exposures			62,765,600	36,401,472
Provision maintained by Head Office			62,765,600	36,401,472
Excess / (short) provision at 31 December 2016			-	-

6	Bills purchased and discounted		
	Payable in Bangladesh	65,666,504	144,890,992
	Payable outside Bangladesh	62,276,861	16,422,972
		127,943,366	161,313,964

		Amount in Taka	
		2016	2015
7	**Fixed assets including premises, furniture and fixtures**		
	Property, Plant & Equipment		
	Land	-	-
	Building	-	-
	Furniture and fixtures	10,369,072	11,474,685
	Office equipment and machinery	10,692,407	11,268,643
	Vehicles	30,879	693,196
	Leased vehicles	-	1
	Library books	875	1,094
		21,093,233	23,437,618
	ATM		
	Hardware & equipment	-	-
	Furniture & fixture	-	-
	Interior decoration	-	-
		-	-
		21,093,233	23,437,618
	Less: Accumulated depreciation	-	-
		21,093,233	23,437,618
	Intangibles assets		
	Software-core banking	-	-
	Software-ATM	-	-
	Cost of intangibles assets	-	-
	Less: Accumulated amortization	-	-
		-	-
	Net book value at the end of the year	21,093,233	23,437,618
8	**Other assets**		
	Stationery and stamps	798,293	739,277
	Profit receivable	319,282,487	302,452,807
	Advance income tax	99,823	86,351
	Advance deposits and advance rent	571,916	866,984
	Branch adjustments account	2,287,488,493	2,979,155,063
	Migration account	-	-
	Suspense account	589,080	833,617
	Islamic transit account	-	-
	Sundry assets	-	-
		2,608,830,092	3,284,134,098
9	**Borrowings from other banks, financial institutions and agents**		
	In Bangladesh	-	-
	Outside Bangladesh	-	-
		-	-
10	**Deposits and other accounts**		
	Deposits from banks (note -10.1.a)	50,633,864	140,593,614
	Deposits from customers (note-10.1.b)	14,082,880,034	14,153,859,863
		14,133,513,899	14,294,453,476
10.1	a) Deposits from Banks		
	Al-wadeeah current deposits	-	-
	Bills payable	-	-
	Mudaraba savings deposits	7,045,076	63,787,472
	Mudaraba special notice deposits	43,588,788	76,806,142
	Mudaraba fixed deposits	-	-
		50,633,864	140,593,614

PRIME BANK LIMITED-ISLAMIC BRANCHES
Notes to the Financial Statements for the year ended 31 December 2016

Sl No	Name of Bank	Type of Account	Amount in Taka 2016	2015
1	Al Arafah Islami Bank Ltd	MSB	-	56,877,556
2	Bank Al-Falah	MSB	279,165	273,488
3	Social Islami Bank Ltd	MSB	-	18,383
4	Islami Bank Bangladesh Ltd	MSB	6,765,911	6,618,044
			7,045,076	63,787,472
5	Exim Bank Ltd	MSND	16,019,106	40,727,536
6	ICB Islamic Bank Ltd	MSND	98,167	2,269,513
7	Social Islami Bank Ltd	MSND	6,823	-
8	Shahjalal Islami Bank Ltd	MSND	467,506	8,576,339
9	Modhumoti Bank Ltd	MSND	1,206,549	4,688
10	Islami Bank Bangladesh Limited	MSND	25,790,639	25,228,065
11	Grameen Bank	MSND	-	-
	Sub Total		43,588,788	76,806,142
	Sub Total		-	-
	Grand Total		50,633,864	140,593,614
	b) Customer Deposits			
	i) Al wadeeah current deposits and other accounts			
	Al-wadeeah current deposits		803,161,828	598,807,329
	Foreign currency deposits		64,555,548	176,267,508
	Security deposits		123,869	123,869
	Sundry deposits		1,289,250,853	1,194,075,539
			2,157,092,098	1,969,274,244
	ii) Bills payable			
	Pay orders issued		90,112,179	45,589,877
	Pay slips issued		70,594	70,594
	Demand draft payable		1,141,083	1,141,383
	Foreign demand draft		-	-
	T. T. payable		-	-
			91,323,856	46,801,854
	iii) Mudaraba savings deposits		2,203,540,454	1,895,933,039
	iv) Mudaraba term deposits			
	Mudaraba fixed deposits		5,830,280,391	6,760,606,634
	Mudaraba special notice deposits		704,901,807	589,443,078
	Non resident Taka deposits		-	-
	Mudaraba special scheme deposits		3,095,741,428	2,891,801,014
			9,630,923,626	10,241,850,725
			14,082,880,034	14,153,859,863
			14,133,513,899	14,294,453,476
	c) Deposits and other accounts			
	Current deposits and other accounts			
	Deposits from banks (note -10.1.a)		-	-
	Deposits from customers (note-10.1.b.i)		2,157,092,098	1,969,274,244
			2,157,092,098	1,969,274,244

		Amount in Taka	
		2016	2015
	Bills payable		
	Deposits from banks **(note -10.1.a)**	-	-
	Deposits from customers **(note-10.1.b.ii)**	91,323,856	46,801,854
		91,323,856	**46,801,854**
	Savings bank / mudaraba savings deposits		
	Deposits from banks **(note -10.1.a)**	7,045,076	63,787,472
	Deposits from customers **(note-10.1.b.iii)**	2,203,540,454	1,895,933,039
		2,210,585,530	**1,959,720,511**
	Term / Fixed deposits		
	Deposits from banks **(note -10.1.a)**	43,588,788	76,806,142
	Deposits from customers **(note-10.1.b.iv)**	9,630,923,626	10,241,850,725
		9,674,512,415	10,318,656,867
		14,133,513,899	**14,294,453,476**
11	**Other liabilities**		
	Expenditure and other payables	1,087,201	2,894,108
	Foreign currency held against EDF loan	94,815,590	93,515,573
	Obligation under finance lease	-	-
	Provision for unclassified investments	-	-
	Provision for classified investment	-	-
	Provision for off-balance sheet exposure	-	-
	Interest suspense account	212,727,305	194,720,850
		308,630,096	**291,130,531**
12	**Contingent liabilities**		
12.1	**Acceptances and endorsements**		
	Back to back bills (Foreign)	3,054,894,669	1,718,126,679
	Back to back bills (Local)	415,600,205	456,777,265
	Back to back bills (EPZ)	47,207,615	35,189,028
		3,517,702,488	**2,210,092,972**
	Less: Margin	(782,647,928)	(837,835,711)
		2,735,054,560	**1,372,257,262**
12.2	**Letters of guarantee**		
	Letters of guarantee (Local)	341,587,816	294,716,027
	Letters of guarantee (Foreign)	26,381,945	239,501,028
	Foreign counter guarantees	-	-
		367,969,762	**534,217,055**
	Less: Margin	(34,018,530)	(31,847,490)
		333,951,231	**502,369,565**
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or officers	-	-
	Government	25,015,000	50,765,313
	Banks and other financial institutions		
	Others	342,954,762	483,451,742
		367,969,762	**534,217,055**
	Less: Margin	(34,018,530)	(31,847,490)
		333,951,231	**502,369,565**
12.3	**Irrevocable Letters of Credit**		
	Letters of credit (Sight)	341,307,198	263,401,298
	Letters of credit (Deferred)	1,190,055,222	179,928,344
	Back to back L/C	719,444,140	288,570,400
	Bank's liabilities PAD	-	-
		2,250,806,561	**731,900,042**
	Less: Margin	(301,359,212)	(226,951,596)
		1,949,447,349	**504,948,446**
12.4	**Bills for collection**		
	Outward bills for collection	140,081,183	163,937,106
	Inward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		140,081,183	**163,937,106**
	Less: Margin	-	-
		140,081,183	**163,937,106**

		Amount in Taka	
		2016	2015
13	**Investment income**		
	i) Income from general investment		
	Quard against TDR	10,583,280	25,805,512
	Bai-Murabaha (cc pledge)	313,017,910	477,765,200
	Bai-Muajjal (cc hypo)	427,454,627	408,022,294
	Retail investment loan	50,599,393	58,349,738
	Izara	55,631,349	50,367,226
	Bai-Salam (packing credit)	8,007,817	7,398,591
	Staff loan	6,508,886	9,231,256
	Hire purchase	133,197,481	247,657,451
	Other investments	357,027,834	460,328,816
	Inland bills purchased	16,445,479	32,034,310
	Sub-total (i)	**1,378,474,055**	**1,776,960,394**
	ii) Profit on deposits with other Islamic banks		
	In Bangladesh	7,351	15,330
	Out side Bangladesh	-	-
	Sub-total (ii)	**7,351**	**15,330**
	Grand total (i+ii)	**1,378,481,406**	**1,776,975,724**
14	**Profit paid on deposits**		
	a) Profit paid on deposits:		
	Mudaraba savings deposits	62,695,954	76,307,479
	Mudaraba special notice deposits	19,657,839	64,417,968
	Mudaraba term deposits	303,542,725	541,441,611
	Mudaraba special scheme deposits	322,292,976	301,675,452
	Foreign currency deposits	-	-
	Others	6,574,092	7,932,730
		714,763,585	**991,775,240**
	b) Interest / Profit paid for borrowings:		
	Bangladesh Bank/ Other Bank/ FI/Agents bank	-	-
	Islamic Bond Fund	-	-
		-	-
		714,763,585	**991,775,240**
15	**Commission, exchange and brokerage**		
	Commission on L/Cs-sight	20,446,298	16,607,376
	Commission on L/Cs-deferred	-	1,421,675
	Commission on L/Cs-back to back	38,877,406	32,865,512
	Commission on L/Gs	6,250,657	6,045,266
	Commission on remittance	2,766,272	2,012,921
	Other commission	11,211	21,314
		68,351,844	**58,974,063**
	Exchange gain **(note - 15.1)** - including gain from FC dealings	19,914,320	18,874,515
	Settlement fees / Brokerage	-	-
		88,266,163	**77,848,578**

		Amount in Taka	
		2016	2015
15.1	**Exchange gain**		
	Exchange gain	19,914,320	18,874,515
	Less: Exchange loss	-	-
		19,914,320	18,874,515
16	**Other operating income**		
	Rent recovered	542,000	488,487
	Service and other charges	10,842,456	2,245,356
	Retail Income	8,414,877	8,402,889
	Income from ATM Service	2,334,754	3,321,456
	Postage / telex / SWIFT/ fax recoveries	5,514,739	6,908,691
	Gain on sale of assets	51,750	6,300
	Incidental charges	-	-
	Rebate from foreign Bank	3,497,523	4,637,682
	Foreign correspondent charges	-	-
	Miscellaneous earnings **(note-16.1)**	3,874,479	7,351,188
		35,072,579	33,362,048
16.1	Miscellaneous earnings include syndication fee, commission from foreign remittance house / bank and sale proceeds of various items, etc.		
17	**Salaries and allowances**		
	Basic pay	49,069,368	57,641,170
	Allowances	33,902,682	37,280,932
	Bonus	8,029,121	8,940,334
	Bank's contribution to provident fund	4,792,178	5,273,835
		95,793,349	109,136,271
18	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rate and taxes	20,611,679	14,583,064
	Lease rent	24,000	-
	Insurance	543,407	968,069
	Power and electricity	3,551,957	3,924,791
		24,731,043	19,475,923
19	**Legal expenses**		
	Legal expenses	3,317,334	3,644,149
	Other professional charges	-	-
		3,317,334	3,644,149
20	**Postage, stamp, telecommunication, etc.**		
	Postage	1,040,532	1,592,473
	Telegram, telex, fax and e-mail	2,437,220	1,964,275
	Data communication	2,356,597	3,021,414
	Telephone - office	268,654	568,772
	Telephone - residence	8,500	69,669
		6,111,503	7,216,603

AMAR STOCK

		Amount in Taka	
		2016	2015
21	**Stationery, printing and advertisements, etc.**		
	Office and security stationery	1,508,908	2,013,067
	Computer consumable stationery	2,324,218	2,863,548
	Publicity and advertisement	603,581	118,450
		4,436,707	4,995,066
22	**Charges on loan losses**		
	Loan -written off	-	-
	Interest waived	-	-
		-	-
23	**Depreciation and repair of Bank's assets**		
	Depreciation		
	Fixed assets	4,324,272	5,617,535
	Leased assets	-	-
		4,324,272	5,617,535
	Repairs		
	Building	357,808	41,535
	Furniture and fixtures	322,316	215,653
	Office equipment	1,437,045	1,576,277
	Bank's vehicles	336,806	607,089
	Maintenance	183,698	349,289
		2,637,672	2,789,843
		6,961,944	8,407,378
24	**Other expenses**		
	Security and cleaning	7,116,245	7,305,677
	Entertainment	736,201	1,391,741
	Car expenses	3,335,969	4,817,417
	Books, magazines and newspapers, etc.	42,996	47,522
	Medical expenses	-	-
	Bank charges and commission paid	1,640	2,980
	Loss on sale of assets	188,755	8,299
	Finance charge for lease assets	-	-
	Retail Expenses	1,229,991	717,147
	Traveling expenses	806,869	595,307
	Local conveyance, labor, etc.	533,327	653,860
	Business development	14,127	13,978
	Training and internship	218,702	393,500
	Remittance charges	206,819	295,050
	Laundry, cleaning and photographs, etc.	230,596	353,438
	Exgratia	465,800	450,000
	Miscellaneous expenses	673,750	758,706
		15,801,787	17,804,621
25	**Provision for investments & off -balance sheet exposure**		
	Provision for bad and doubtful investments	-	-
	Provision for unclassified investments	-	-
	Provision for off-balance sheet exposure	-	-
	Provision for other assets	-	-
		-	-

AMAR STOCK

FINANCIAL REPORTING BY SEGMENT OF THE GROUP
of Prime Bank Limited as at 31 December 2016

Annexure-H

I) Geographical Segment

Amount in Taka

Particulars	Inside Bangladesh				Outside Bangladesh			
	PBL(Conventional & Islamic Banking)	Off Shore Banking Units	PBIL	PBSL	Prime Exchange Pte. Ltd. (Singapore)	PBL Exchange (UK) Ltd.	PBL Finance (Hong Kong) Ltd.	Total
Income	11,784,543,610	238,770,734	(50,403,815)	5,582,045	51,629,863	35,124,450	105,490,368	12,170,737,255
Less: Inter-segmental income	-				-	-	-	-
Total income	11,784,543,610	238,770,734	(50,403,815)	5,582,045	51,629,863	35,124,450	105,490,368	12,170,737,254
Operating profit (Profit before unallocated expenses and tax)	11,784,543,610	238,770,734	(50,403,815)	5,582,045	51,629,863	35,124,450	105,490,368	12,170,737,254
Allocated expenses	(6,242,049,854)	(23,883,377)	(119,325,586)	(31,894,137)	(48,972,482)	(34,347,969)	(41,451,989)	(6,541,925,394)
Provision against loans and advances, others	(3,412,339,577)	-	137,965,251	-	-	-	-	(3,274,374,326)
Profit / (loss) before tax	2,130,154,178	214,887,357	(31,764,150)	(26,312,092)	2,657,382	776,480	64,038,379	2,354,437,534
Income tax including deferred tax	(150,000,000)	-	(10,466,365)	(2,530,216)	(147,321)	-	(3,205,281)	(166,349,183)
Net profit	1,980,154,178	214,887,357	(42,230,515)	(28,842,308)	2,510,060	776,480	60,833,099	2,188,088,351
Segment assets	**228,270,074,468**	**18,642,402,327**	**7,031,820,708**	**1,290,545,587**	**61,887,397**	**31,264,415**	**2,225,398,653**	**257,553,393,554**
Segment liabilities	**228,270,074,468**	**18,642,402,327**	**7,031,820,708**	**1,290,545,587**	**61,887,397**	**31,264,415**	**2,225,398,653**	**257,553,393,554**

II) Business Segment

Amount in Taka

Particulars	Conventional Banking including OBU	Islamic Banking	* Remittance (Outside BD)	** Investment (PBIL+PBSL)	Total
Income	11,593,065,726	787,056,563	192,244,681	(44,821,770)	12,527,454,200
Less: Inter segmental income	(356,807,945)	-	-	-	(356,807,945)
Total income	11,236,257,781	787,056,563	192,244,681	(44,821,770)	12,170,646,255
Operating profit (Profit before unallocated expenses and tax)	11,236,257,781	787,056,563	192,244,681	(44,821,770)	12,170,737,254
Allocated expenses	(6,108,779,564)	(157,153,667)	(124,772,440)	(151,219,723)	(6,541,925,394)
Provision against loans and advances, Others	(3,412,339,577)	-	-	137,965,251	(3,274,374,326)
Profit / (loss) before tax	1,715,138,640	629,902,896	67,472,241	(58,076,242)	2,354,437,533
Income tax including deferred tax	(150,000,000)	-	(3,352,602)	(12,996,581)	(166,349,183)
Net profit	1,565,138,640	629,902,896	64,119,639	(71,072,823)	2,188,088,350
Segment assets	**232,470,332,801**	**14,442,143,994**	**2,318,550,465**	**8,322,366,295**	**257,553,393,554**
Segment liabilities	**232,470,332,801**	**14,442,143,994**	**2,318,550,465**	**8,322,366,295**	**257,553,393,554**

* Prime Exchange Company Pte. Ltd Singapore, PBL Exchange (UK) Ltd & PBL Finance (Hong Kong) Ltd

** PBIL- Prime Bank Investment Limited

** PBSL-Prime Bank Securities Limited

LIQUIDITY STATEMENT OF THE BANK
(Analysis of maturity of assets and liabilities) As at 31 December 2016

Annexure-I

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand **(note-3a.4)**	5,070,442,608	-	-	-	12,662,168,670	17,732,611,278
Balance with other banks and financial institutions **(note-4a.3)**	2,865,226,791	500,000,000	-	-	-	3,365,226,791
Money at call and short notice	540,000,000	-	-	-	-	540,000,000
Investments **(note-6a.1)**	19,768,193,927	1,850,000,000	1,854,051,114	11,372,655,355	13,404,306,621	48,249,207,018
Loans and advances / investments **(note-7a.1)**	19,863,720,007	26,859,426,025	72,084,707,996	39,148,719,809	12,255,251,418	170,211,825,255
Fixed assets including premises, furniture and fixtures	32,948,412	49,422,618	148,267,854	1,647,420,602	4,711,622,922	6,589,682,409
Other assets	2,375,399,689	2,737,130,916	405,125,399	1,356,604,593	2,815,812,078	9,690,072,674
Non banking assets	-	-	-	-	220,500,640	220,500,640
Total assets (A):	**50,515,931,434**	**31,995,979,559**	**74,492,152,363**	**53,525,400,359**	**46,069,662,350**	**256,599,126,065**
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents **(note-12a.4)**	716,231,747	1,927,238,334	5,723,592,582	4,062,724,196	500,000,000	12,929,786,860
Deposits **(note-13a.6)**	31,956,532,878	37,143,357,338	51,944,661,127	43,721,191,270	27,999,862,321	192,765,604,933
Other accounts **(note-13a.6)**	5,168,363,915	-	-	-	-	5,168,363,915
Provision and other liabilities	**1,395,969,830**	**598,782,071**	**4,146,406,059**	**2,707,173,267**	**11,602,187,691**	**20,450,518,917**
Total liabilities (B):	**39,237,098,370**	**39,669,377,742**	**61,814,659,768**	**50,491,088,733**	**40,102,050,012**	**231,314,274,625**
Net liquidity gap (A-B):	**11,278,833,064**	**(7,673,398,183)**	**12,677,492,594**	**3,034,311,626**	**5,967,612,338**	**25,284,851,440**

Chairman | Director | Director | Managing Director

CONSOLIDATED LIQUIDITY STATEMENT
(Analysis of maturity of assets and liabilities) As at 31 December 2016

Annexure-I (1)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	5,123,619,478				12,662,168,670	17,785,788,148
Balance with other banks and financial institutions	1,223,293,283	2,355,658,754	-	-	-	3,578,952,037
Money at call and short notice	540,000,000	-	-	-	-	540,000,000
Investments	19,768,193,927	3,872,604,977	1,854,051,114	11,372,655,355	13,404,306,622	50,271,811,995
Loans and advances / investments	20,129,565,867	27,218,898,833	73,049,452,825	39,672,666,233	12,419,269,429	172,489,853,187
Fixed assets including premises, furniture and fixtures	33,052,443	49,578,665	148,735,996	1,652,622,175	4,726,499,420	6,610,488,699
Other assets	2,375,399,689	2,917,268,610	405,125,399	356,604,593	1,600,557	6,055,998,848
Non banking assets	-	-	-	-	220,500,640	220,500,640
Total assets (A):	**49,193,124,687**	**36,414,009,839**	**75,457,365,334**	**53,054,548,356**	**43,434,345,339**	**257,553,393,554**
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	716,231,747	2,085,738,476	5,723,592,582	4,062,724,197	500,000,000	13,088,287,002
Deposits	31,942,607,475	37,138,716,967	51,909,907,240	43,705,017,948	27,970,648,548	192,666,898,178
Other accounts	3,502,357,220	1,666,006,695	-	-	-	5,168,363,915
Provision and other liabilities	1,395,969,830	1,484,717,270	4,146,406,059	2,707,173,267	11,602,187,688	21,336,454,114
Total liabilities (B):	**37,557,166,272**	**42,375,179,408**	**61,779,905,881**	**50,474,915,412**	**40,072,836,236**	**232,260,003,210**
Net liquidity gap (A-B):	**11,635,958,415**	**(5,961,169,569)**	**13,677,459,453**	**2,579,632,944**	**3,361,509,103**	**25,293,390,345**

ALAMY STOCK

HIGHLIGHTS OF THE BANK

Annexure-J
(Taka in million)

Sl. #	Particulars	2016	2015
1	Paid-up capital	10,293.49	10,293.49
2	Total capital (Consolidated)	31,566.05	29,301.84
3	Total capital (Solo Basis)	31,632.05	29,282.83
4	Capital surplus / (deficit) (Consolidated)	5,906.52	6,217.35
5	Capital surplus / (deficit) (Solo Basis)	6,231.90	6,298.54
6	Total assets	256,599.13	252,161.23
7	Total deposits	197,933.97	194,825.10
8	Total loans and advances / investments	170,211.83	151,864.53
9	Total contingent liabilities and commitments	138,558.44	115,687.19
10	Credit deposit ratio	85.99%	77.95%
11	Percentage of classified loans / investments against total loans and advances / investments	5.96%	7.82%
12	Profit after tax and provision	2,195.04	2,139.02
13	Amount of classified loans / investments during the year	10,139.48	11,882.80
14	Provisions kept against classified loans / investments	3,400.36	5,326.60
15	Provision surplus / (deficit) against classified loans / investments	72.53	11.19
16	Cost of fund	4.94%	6.64%
17	Interest earning assets	222,366.26	216,975.08
18	Non-interest earning assets	34,232.87	35,186.15
19	Return on investment (ROI)	11.18%	11.80%
20	Return on assets (ROA)	0.86%	0.84%
21	Income from investment	6,203.36	7,988.73
22	Earnings per share (Taka)	2.13	2.08
23	Net income per share (Taka)	2.13	2.08
24	Price earning ratio (times)	8.31	8.71

FINANCIAL STATEMENTS OF
OFFSHORE BANKING UNIT

Balance Sheet -
Profit and Loss Account -
Cash Flow Statement -
Notes to the Financial Statements -



MARSTON

OFF-SHORE BANKING UNITS
Balance Sheet as at 31 December 2016

Particulars	Notes	2016		2015
		USD	Taka	Taka
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-	-
		-	-	-
Balance with other banks and financial institutions				
In Bangladesh	3	7,231,664	569,147,844	122,645,890
Outside Bangladesh		-	-	-
		7,231,664	569,147,844	122,645,890
Loans and advances				
Loans, cash credits, overdrafts, etc.	4	79,862,298	6,285,338,560	5,425,114,834
Bills purchased and discounted	5	147,073,757	11,575,028,253	7,091,057,982
		226,936,055	17,860,366,813	12,516,172,816
Fixed assets including premises, furniture and fixtures	6	22,871	1,799,978	2,086,964
Other assets	7	2,682,107	211,087,692	878,346,982
Non - banking assets		-	-	-
Total assets		236,872,696	18,642,402,327	13,519,252,653
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	8	229,330,289	18,048,798,279	13,127,762,170
Deposits and other accounts				
Current deposits	9	3,293,639	259,216,660	175,556,549
Bills payable		-	-	-
Savings bank deposits		-	-	-
Term deposits		-	-	-
Bearer certificate of deposit		-	-	-
		3,293,639	259,216,660	175,556,549
Other liabilities	10	4,248,768	334,387,388	215,933,935
Total liabilities		236,872,696	18,642,402,327	13,519,252,653
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Foreign currency gain		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account / Retained earnings		-	-	-
Total Shareholders' equity		-	-	-
Total liabilities and Shareholders' equity		236,872,696	18,642,402,327	13,519,252,653
OFF- BALANCE SHEET EXPOSURES				
Contingent liabilities	11			
Acceptances and endorsements		-	-	-
Letters of guarantee		227,296	17,888,676	17,842,785
Irrevocable letters of credit		10,313,705	811,711,262	502,328,163
Bills for collection		10,955,812	862,246,512	729,388,353
Other contingent liabilities		-	-	-
		21,496,813	1,691,846,450	1,249,559,302
Other commitments				
Documentary credits and short term trade -related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-
Liabilities against forward purchase and sale		-	-	-
Other commitments		-	-	-
		-	-	-
Total Off-Balance Sheet exposures including contingent liabilities		21,496,813	1,691,846,450	1,249,559,302

OFF-SHORE BANKING UNITS

Profit and Loss Account for the year ended 31 December 2016

Particulars	Notes	2016		2015
		USD	Taka	Taka
Interest income	12	8,450,699	663,108,573	465,998,106
Interest paid on deposits, borrowings, etc.	13	(6,097,773)	(478,479,463)	(343,293,295)
Net interest		**2,352,925**	**184,629,110**	**122,704,810**
Commission, exchange, brokerage, etc.	14	329,754	25,875,076	17,470,430
Other operating income	15	360,231	28,266,547	27,393,225
Total operating income (A)		**3,042,910**	**238,770,734**	**167,568,466**
Salaries and allowances	16	154,692	12,138,381	12,112,017
Rent, taxes, insurance, electricity, etc.	17	18,748	1,471,148	1,435,141
Legal expenses		7,966	625,093	841,262
Postage, stamp, telecommunication, etc.	18	3,177	249,328	211,485
Stationery, printing, advertisements, etc.	19	5,370	421,346	452,437
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets	20	4,871	382,228	576,384
Other expenses	21	109,546	8,595,852	22,969,325
Total operating expenses (B)		**304,371**	**23,883,377**	**38,598,051**
Profit / (loss) before provision (C=A-B)		**2,738,538**	**214,887,357**	**128,970,415**
Provision for loans and advances / investments				
Specific provision		-	-	-
General provision		-	-	-
			-	-
Provision for diminution in value of investments		-	-	-
Other provision			-	-
Total provision (D)		**-**	**-**	**-**
Total profit / (loss) before taxes (C-D)		**2,738,538**	**214,887,357**	**128,970,415**
Provision for taxation				
Current tax		-	-	-
Deferred tax		-	-	-
		-	-	-
Net profit / (loss) after taxation		**2,738,538**	**214,887,357**	**128,970,415**

OFF-SHORE BANKING UNITS
Cash Flow Statement for the year ended 31 December 2016

Particulars		2016 USD	2016 Taka	2015 Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash	8,450,699	663,108,573	465,998,106
	Interest payments	(6,097,773)	(478,479,463)	(343,293,295)
	Fees and commission receipts in cash	329,754	25,875,076	17,470,430
	Cash payments to employees	(154,692)	(12,138,381)	(12,112,017)
	Cash payments to suppliers	(27,839)	(2,184,491)	(2,618,160)
	Receipts from other operating activities	360,231	28,266,547	27,393,225
	Payments for other operating activities	(117,539)	(9,223,054)	(23,321,649)
	Cash generated from operating activities before changes in operating assets and liabilities	**2,742,839**	**215,224,807**	**129,516,639**
	Increase / (decrease) in operating assets and liabilities			
	Loans and advances to other banks	-	-	-
	Loans and advances to customers	(67,494,973)	(5,312,002,842)	(3,822,975,365)
	Other assets	8,506,984	669,518,367	(804,941,129)
	Deposits from other banks / borrowings	-	-	-
	Deposits from customers	1,057,259	83,208,586	10,252,072
	Other liabilities	(1,240,511)	(97,630,918)	(108,289,643)
		(59,171,241)	(4,656,906,806)	(4,725,954,066)
	Net cash from operating activities	**(56,428,402)**	**(4,441,681,999)**	**(4,596,437,427)**
B)	**Cash flows from investing activities**			
	Purchase / sale of property, plant and equipment	(586)	(46,103)	-
	Proceeds from sale of property, plant and equipment	-	-	-
	Net cash used in investing activities	**(586)**	**(46,103)**	**-**
C)	**Cash flows from financing activities**			
	Borrowing from Prime Bank Limited, Other Bank and Bangladesh Bank	62,098,289	4,887,271,968	4,427,832,300
	Net cash use in financing activities	**62,098,289**	**4,887,271,968**	**4,427,832,300**
D)	Net increase / (decrease) in cash and cash equivalents (A+ B + C)	5,669,302	445,543,866	(168,605,127)
E)	Effects of exchange rate changes on cash and cash equivalents	-	958,088	2,950,844
F)	Cash and cash equivalents at beginning of the year	1,562,362	122,645,890	288,300,173
G)	**Cash and cash equivalents at end of the year (D+E+F)**	**7,231,664**	**569,147,844**	**122,645,890**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)	-	-	-
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-	-
	Balance with other banks and financial institutions	7,231,664	569,147,844	122,645,890
		7,231,664	569,147,844	122,645,890

OFF-SHORE BANKING UNITS
Notes to the Financial Statementsfor the year ended 31 December 2016

1.1 Status of the units

Off-shore Banking Units of Prime Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P) 744 (84)/2001-868 dated 19 March 2001. The Bank commenced the operation of its Off-shore Banking Unit from March 15, 2007. Presently the Bank has 3 (Three) units in Dhaka, Adamjee EPZ and Chittagong.

1.1.1 Principal activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its Off-shore Banking Units in Bangladesh.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The Off-shore Banking Units maintain its accounting records in USD form which accounts are prepared according to the Bank Companies Act 1991 (Amendment 2013), Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

1.2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

1.2.3 Foreign currency transaction

a) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21" The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

b) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

c) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

1.2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard-7 " Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

1.2.5 Reporting period

These financial statements cover from January 01 to December 31, 2016.

1.3 Assets and basis of their valuation

1.3.1 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 unit management for its short-term commitments.

1.3.2 Loans and advances / investments

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

1.3.3 Fixed assets and depreciation

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

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Category of fixed assets	Rate
Furniture and fixtures	10%
Office equipment	20%

c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

1.4 Basis for valuation of liabilities and provisions

1.4.1 Benefits to the employees

The retirement benefits accrued for the employees of the units as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent staffs of the OBU under the Provident Fund Rules of the Bank. The Commissioner of Income Tax, Taxes Zone - 5, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 07 July 1997. The Fund is operated by a Board of Trustees consisting six members (03 members from management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Units are contributing 10% of their basic salary as subscription to the Fund. The units also contribute equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

The Bank operates a funded gratuity scheme on "Continuing Fund Basis", in respect of which provision is made annually according to the recommendation of Actuarial which is covering all its permanent eligible employees in accordance with Bank Service Rules. The Second Secretary (Tax Exemption), National Board of Revenue, Segun Bagicha, Dhaka has approved the Prime Bank Limited Employees' Gratuity Fund as a recognized Gratuity Fund (Letter Ref no. 08.01.0000.035.02.0016.2013/217, dated 22/07/2013) within the meaning of Para 2,3 & 4, read with the provisions of Part - C of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from July 22, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from the Board of Directors and other 03 members from management) of the Bank. Actuarial valuation of gratuity scheme has been made to assess the adequacy of the liabilities provided for the scheme as per BAS-19 "Employees Benefit".

c) Welfare fund

Prime Bank's employees' welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities of the employees. Disbursement from the fund is done as per rules for employees' welfare fund. Welfare fund for Off-shore Banking Units are maintained with Head Office, Prime Bank Limited.

d) Incentive bonus

Prime Bank started a incentive bonus scheme for its employees. 10% of net profit after tax is given by the Board of directors in every year for its employees. These bonus amount distributed among the employees as per performance. The bonus amount are paid annually, normally first quarter of every following year and the cost are accounted for the period to which it relates. Provision for incentive bonus for Off-shore Banking Units is kept with Head Office, Prime Bank Limited.

1.4.2 Provision for liabilities

A provision is recognized in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

1.5 Revenue recognition

1.5.1 Interest income

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

1.5.2 Fees and commission income

Fees and commission income arises on services provided by the units 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.

1.5.3 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 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US$1 = Taka 78.7022 (closing rate as at 31st December 2016) and Tk.78.4679 (average rate which represents the year end).

OFF-SHORE BANKING UNITS

Notes to the Financial Statementsfor the year ended 31 December 2016

		2016		2015
		USD	Taka	Taka
3	**Balance with other banks and financial institutions**			
	In Bangladesh **(note-3.1)**	7,231,664	569,147,844	122,645,890
	Outside Bangladesh **(note-3.2)**	-	-	-
		7,231,664	569,147,844	122,645,890
3.1	**In Bangladesh**			
	In Bangladesh **(note-3.1)**	7,231,664	569,147,844	122,645,890
3.2	**Outside Bangladesh (Nostro accounts)**			
	Current account			
	Citibank N.A., New York, USA	-	-	-
4	**Loans and advances**			
	i) Loans, cash credits, overdrafts, etc.			
	Loan (General)	26,736,734	2,104,239,811	2,086,742,295
	Hire purchase	1,929,189	151,831,416	257,945,451
	Lease finance	8,020,251	631,211,402	569,703,523
	Over Draft	1,238,184	97,447,813	97,197,823
	T.R Loan	15,232,984	1,198,869,366	946,912,035
	Others	26,704,956	2,101,738,752	1,466,613,706
		79,862,298	6,285,338,560	5,425,114,834
	ii) Bills purchased and discounted **(note-5)**			
	Payable Inside Bangladesh			
	Inland bills purchased	78,271,426	6,160,133,429	3,147,012,597
	Payable Outside Bangladesh			
	Foreign bills purchased and discounted	68,802,331	5,414,894,824	3,944,045,385
		147,073,757	11,575,028,253	7,091,057,982
		226,936,055	17,860,366,813	12,516,172,816
5	**Bills purchased and discounted**			
	Payable in Bangladesh	78,271,426	6,160,133,429	3,147,012,597
	Payable outside Bangladesh	68,802,331	5,414,894,824	3,944,045,385
		147,073,757	11,575,028,253	7,091,057,982
6	**Fixed assets including premises, furniture and fixtures**			
	Cost			
	Furniture and fixtures	17,639	1,388,212	1,536,453
	Office equipment and machinery	5,232	411,766	460,341
	Vehicle	-	-	90,171
		22,871	1,799,978	2,086,964
7	**Other assets**			
	Advance deposits and advance rent	1,339	105,385	105,114
	Stationery A/c & Stamp in hand	445	35,011	50,170
	Eastern Bank Limitede	-	-	785,003,000
	Suspense	140,029	11,020,588	14,915,632
	Due from Head Office	2,540,294	199,926,708	78,273,065
		2,682,107	211,087,692	878,346,982

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OFF-SHORE BANKING UNITS
Notes to the Financial Statementsfor the year ended 31 December 2016

		2016		2015
		USD	Taka	Taka
8	**Borrowings from other banks, financial institutions and agents**			
	Bangladesh Bank	-	-	-
	Prime Bank Limited	113,899,162	8,964,114,616	7,789,741,770
	Other Bank & Financial Institutes	115,431,127	9,084,683,663	5,338,020,400
		229,330,289	18,048,798,279	13,127,762,170
9	**Deposits and other accounts**			
	Bank deposits	-	-	-
	Customer deposits and other accounts **(note-9.1)**	3,293,639	259,216,660	175,556,549
		3,293,639	259,216,660	175,556,549
9.1	**Customer deposits and other accounts**			
	Current deposits	2,396,032	188,573,005	132,875,464
	Foreign currency deposits	182,366	14,352,636	14,233,413
	Fixed Deposit	45,034	3,544,275	9,029,301
	Security deposits receipts	-	-	-
	Sundry deposits	670,207	52,746,744	19,418,371
		3,293,639	259,216,660	175,556,549
10	**Other liabilities**			
	Interest on bills discount	-	-	-
	Interest on borrowing	286,759	22,568,593	16,848,558
	Provision for Expenses/adjusting A/C credit	965,927	76,020,580	47,634,090
	Interest Suspense A/c	257,543	20,269,218	21,571,386
	Due to Head Office	2,738,538	215,528,997	129,879,902
		4,248,768	334,387,388	215,933,935
11	**Contingent liabilities**			
11.1	**Acceptance & endorsement**			
	Back to Back bills	-	-	-
		-	-	-
	Less: Margin	-	-	-
		-	-	-
11.2	**Letters of guarantee**			
	Letters of guarantee (Local)	227,296	17,888,676	17,842,785
	Letters of guarantee (Foreign)	-	-	-
	Foreign counter guarantees	-	-	-
		227,296	17,888,676	17,842,785
	Less: Margin	-	-	-
		227,296	17,888,676	17,842,785
11.3	**Irrevocable Letters of credits**			
	Letters of credits	10,313,705	811,711,262	502,328,163
	Back to Back letter of credit	-	-	-
		10,313,705	811,711,262	502,328,163
	Less: Margin	-	-	-
		10,313,705	811,711,262	502,328,163
11.4	**Bills for collection**			
	Outward local bills for collection	-	-	-
	Outward foreign bills for collection	10,955,812	862,246,512	729,388,353
	Inward local bills for collection	-	-	-
	Inward foreign bills for collection	-	-	-
		10,955,812	862,246,512	729,388,353
	Less: Margin	-	-	-
		10,955,812	862,246,512	729,388,353

OFF-SHORE BANKING UNITS
Notes to the Financial Statementsfor the year ended 31 December 2016

		2016		2015
		USD	Taka	Taka
12	**Interest income**			
	Loan (general)	1,255,894	98,547,359	145,208,730
	SOD	-	-	-
	LTR loan	322,735	25,324,304	11,914,398
	Lease finance	379,754	29,798,535	12,080,867
	Hire purchase	224,749	17,635,595	28,819,738
	Payment against documents	1,993	156,351	51,254
	Documentary bills purchased	5,741,038	450,487,156	247,906,498
	Others	521,693	40,936,182	19,928,058
	Interest on loans and advances	8,447,856	662,885,483	465,909,544
	Interest on balance with other banks and financial institutions	2,083	163,474.53	-
	Interest received from FC account	760	59,616	88,561
		2,843	223,091	88,561
	Total Interest income	8,450,699	663,108,573	465,998,106
13	**Interest on deposits, borrowings, etc.**			
a)	Interest paid on deposits	1,646	129,175	548,881
b)	Interest paid on local bank accounts	3,072,358	241,081,514	173,182,477
c)	Interest paid on foreign bank accounts	3,023,769	237,268,774	169,561,937
d)	Interest paid on Bangladesh Bank	-	-	-
		6,097,773	478,479,463	343,293,295
14	**Commission, exchange and brokerage**			
	Commission on L/Cs	176,626	13,859,437	9,934,065
	Commission on L/Gs	-	-	-
	Commission on export bills	66,490	5,217,341	2,837,513
	Commission on bills purchased	-	-	-
	Commission on accepted bills	48,262	3,787,016	2,131,480
	Commission on OBC, IBC, etc.	-	-	-
	Commission on PO, DD, TT, TC, etc.	5,895	462,568	203,451
	Commission for services rendered to issue of shares	-	-	-
	Other commission	32,481	2,548,714	2,363,921
		329,754	25,875,076	17,470,430
	Exchange gain including gain from FC dealings	-	-	-
	Brokerage	-	-	-
		329,754	25,875,076	17,470,430
15	**Other operating income**			
	Postage charge recovery	6,387	501,150	302,370
	Service & other charge	-	-	-
	SWIFT charge recovery	36,343	2,851,768	1,224,914
	Miscellaneous earnings	317,501	24,913,630	25,865,941
		360,231	28,266,547	27,393,225

		2016		2015
		USD	Taka	Taka
16	**Salaries and allowances**			
	Basic pay	75,904	5,956,036	6,104,001
	Allowances	63,763	5,003,369	4,955,472
	Bonus	7,681	602,721	470,942
	Unit's contribution to provident fund	7,344	576,256	581,603
	Retirement benefits and gratuity	-	-	-
		154,692	12,138,381	12,112,017
17	**Rent, taxes, insurance, electricity, etc.**			
	Rent, rate and taxes	10,953	859,462	790,315
	Insurance	1,158	90,871	72,829
	Power and electricity	6,637	520,815	571,997
		18,748	1,471,148	1,435,141
18	**Postage, stamp, telecommunication, etc.**			
	Postage	2,467	193,621	171,406
	Telegram, telex, fax and e-mail	-	-	-
	Telephone - office	710	55,707	40,078
	Telephone - residence	-	-	-
		3,177	249,328	211,485
19	**Stationery, printing and advertisements, etc.**			
	Office and security stationery	3,823	299,963	270,906
	Computer consumable stationery	1,462	114,748	178,500
	Publicity and advertisement	85	6,635	3,031
		5,370	421,346	452,437
20	**Depreciation and repair of Bank's assets**			
	Depreciation	4,300	337,450	546,225
	Fixed assets	-	-	-
	Leased assets	4,300	337,450	546,225
	Repairs	133	10,467.62	-
	Furniture and fixtures	284	22,269.97	18,130
	Office equipment	-	-	-
	Vehicle	153	12,040.90	12,029
	Maintenance	571	44,778	30,159
		4,871	382,228	576,384
21	**Other expenses**			
	Security and cleaning	17,739	1,391,955	1,531,463
	Entertainment	583	45,784	51,345
	Bank charge & Commission	9,492	744,817	-
	Car expenses	3,924	307,903	475,923
	Books, magazines and newspapers, etc.	55	4,286	4,218
	Travel expenses	101	7,917	11,470
	Local conveyance, labor, etc.	851	66,784	57,570
	Training & internship	-	-	-
	Other Professional Charges	-	-	-
	Exgratia	223	17,504	106,991
	Miscellaneous expenses	76,578	6,008,902	20,730,344
		109,546	8,595,852	22,969,325

FINANCIAL STATEMENTS

PRIME BANK INVESTMENT LIMITED

Auditors' Report to the Shareholders -
Statement of Financial Position -
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MARSTOCK

AUDITORS' REPORT TO THE SHAREHOLDERS
of Prime Bank Investment Limited

We have audited the accompanying financial statements of Prime Bank Investment Limited, which comprise the Statement of Financial Position as at December 31, 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the period then ended, and a summary of significant accounting policies and other explanatory information.

Managements' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prime Bank Investment Limited as at December 31, 2016 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and Securities and Exchange Rules 1987.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with the report are in agreement with the books of account and returns;

d) the expenditure incurred and payments made were for the purpose of the Company's business for the period;

Dated: February 19, 2017
Dhaka

Howladar Yunus & Co.
Chartered Accountants

PRIME BANK INVESTMENT LIMITED

Statement of Financial Position

As at 31 December 2016

Particulars	Notes	Amount in Taka	
		31.12.2016	31.12.2015
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	7,429,503	9,288,907
Investment in Prime Bank Securities Ltd.	6	37,500,000	37,500,000
Preliminary and pre-operational expenses	7	1,568,741	2,091,656
Deferred tax asset	8	1,106,144	924,940
Total non-current assets		**47,604,388**	**49,805,503**
Current Assets			
Advances, deposits and prepayments	9	5,647,450,946	5,679,549,345
Investment in shares	10	1,280,491,784	1,146,778,917
Receivable Income	11	-	1,870,615
Prepaid expenses	12	254	747,550
Advance corporate income tax	13	10,428,589	8,396,003
Cash and bank balances	14	45,844,747	8,940,004
Total current assets		**6,984,216,321**	**6,846,282,435**
Total Assets		**7,031,820,709**	**6,896,087,938**
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	15	3,000,000,000	3,000,000,000
General Reserve		28,002,888	28,002,888
Retained earnings		(22,307,687)	19,922,829
Total Equity		**3,005,695,201**	**3,047,925,717**
Current Liabilities			
Loan facilities	16	3,342,064,734	3,081,354,480
Liability for withholding taxes	17	52,202	21,718
Client's dividend suspense A/C	18	192,107	99,389
Security deposit receipt	19	44,100	44,100
Provision for expenses	20	527,380	2,169,642
Provision for investment and margin loan	21	534,543,359	672,508,611
Corporate income tax payable	22	9,849,809	7,133,748
Accounts payable	23	981,441	154,002
Dividend payable	24	10	10
Other payables	25	137,870,365	84,676,522
Total current liabilities		**4,026,125,508**	**3,848,162,221**
Total Equity and Liabilities		**7,031,820,709**	**6,896,087,938**

The accompanying notes are integral part of the Financial Statements.

Chief Financial Officer | Managing Director & CEO | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

Chartered Accountants

PRIME BANK INVESTMENT LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		31.12.2016	31.12.2015
INCOME			
Interest income	26	157,289,993	314,585,833
Settlement fee		27,088,226	35,666,127
Management fee	27	6,669,369	15,536,495
Gain/(Loss) on sale of shares		(64,180,638)	325,527
Dividend on shares	28	47,348,429	37,371,588
Underwriting commission	29	210,000	480,600
Issue management fee	30	500,000	50,000
Bank interest on STD accounts	31	294,755	1,294,126
Documentation fees		17,500	8,500
		175,237,634	405,318,796
EXPENDITURE			
Interest expenses	32	289,822,087	370,054,659
Settlement and other fees		4,183,923	3,722,741
Salary and allowances	33	30,436,464	26,189,519
Rent, Taxes, Insurance and Electricity	34	9,440,381	6,175,792
Legal & Professional expenses	35	211,525	195,500
Postage, Stamp and Telecommunication	36	1,123,702	1,467,110
Stationery, Printing and Advertisement	37	836,422	1,048,374
Directors remuneration		305,600	293,800
Auditor's fee		115,000	115,000
Depreciation and Repair of assets	38	3,126,631	4,650,111
Entertainment, Travelling & Conveyance	39	1,185,609	1,246,189
Security expense		2,367,207	2,454,569
Other expenses	40	1,812,485	1,543,987
Interest waiver to affected small investors		-	1,300,000
		344,967,035	420,457,351
Profit before provision and tax		(169,729,401)	(15,138,555)
Add/(Less): Provision for margin loan		137,965,252	27,491,389
Profit before tax		(31,764,150)	12,352,834
Less: Tax expenses	41	(10,466,366)	(6,547,113)
Current Tax expense		10,647,570	7,127,747
Deferred Tax expense/(income)		(181,204)	(580,634)
Profit after tax		(42,230,515)	5,805,721
Earnings per share	42	(0.14)	0.02

The accompanying notes are integral part of the Financial Statements.

Chief Financial Officer | Managing Director & CEO | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

Howladar Yunus & Co.
Chartered Accountants

PRIME BANK INVESTMENT LIMITED

Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Paid up capital Taka	General Reserve	Retained earnings	Total
Balance as at 01 January 2016	3,000,000,000	28,002,888	19,922,829	3,047,925,717
Retained Profit for the year	-	-	(42,230,515)	(42,230,515)
Balance as at 31 December 2016	3,000,000,000	28,002,888	(22,307,687)	3,005,695,201
Balance as at 31 December 2015	3,000,000,000	28,002,888	19,922,829	3,047,925,717

Chief Financial Officer

Managing Director & CEO

Director

Chairman

Date: February 19, 2017
Dhaka

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PRIME BANK INVESTMENT LIMITED

Statement of Cash Flows

For the year ended 31 December 2016

	Amount in Taka	
	31.12.2016	31.12.2015
Cash Flows from Operating Activities:		
Cash generated from operations	(125,409,554)	(34,096,227)
Advance Income Tax	(30,000)	(130,000)
Advance to branches	(251)	(4,895)
Payment for withholding taxes	(3,463,705)	(2,541,190)
Advance deposit	528,500	(212,413)
Income tax paid	-	(1,130,987)
Net cash used operating activities	**(128,375,010)**	**(38,115,712)**
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(229,900)	(238,742)
Net Sale of shares during the year	418,041,852	99,710,260
Net Purchase of shares during the year	(628,355,007)	(143,652,017)
Margin Loan recovered	105,056,791	345,272,267
Net cash from investing activities	**(105,486,265)**	**301,091,769**
Cash Flows from Financing Activities:		
Proceeds/(Repayments) of loan facilities	270,766,018	(286,899,866)
Dividend paid	-	-
Net cash used in financing activities	**270,766,018**	**(286,899,866)**
Net Cash Inflow/(Outflow) for the Year	36,904,743	(23,923,809)
Opening cash and bank balances	8,940,004	32,863,813
Closing cash and bank balances	**45,844,747**	**8,940,004**

Chief Financial Officer | Managing Director & CEO | Director | Chairman

Date: February 19, 2017
Dhaka

PRIME BANK INVESTMENT LIMITED
Notes to the Financial Statements
For the year ended 31 December 2016

1. Reporting Entity

1.1 Prime Bank Investment Limited is a subsidiary company of Prime Bank Limited, incorporated as a public limited company on 28 April 2010 with the Registrar of Joint Stock Companies, Dhaka vide certificate of incorporation no. C-84266/10 dated 28 April 2010 which has commenced its business on the same date. The functions of investment banking were separated from Prime Bank Limited by forming a subsidiary company in terms of Bangladesh Bank's BRPD circular no. 12 dated 14 October 2009. Bangladesh Securities and Exchange Commission (SEC) thereafter issued a full fledged merchant banking license in favour of Prime Bank Investment Limited, vide letter no. SEC/Reg/MB/SUB/2010/03/208 dated 02 June 2010 with effect from 01 June 2010.

1.2 Principal Activities

The main objectives of the Company for which was established are to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting, corporate advisory services, etc.

2. Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws in Bangladesh.

2.2 Basis of presentation of financial statements

The financial statements are prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in succeeding notes:

(i) Statement of Financial Position

(ii) Statement of Comprehensive Income

(iii) Statement of Cash Flows

(iv) Statement of Changes in Equity

(v) Notes to the Financial Statements

2.3 Reporting period

The financial year of the Company covers twelve (12) months from 01 January 2016 to 31 December 2016.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment (PPE) are initially measured at cost. After initial recognition, an item of PPE is carried at cost less accumulated depreciation and impairment losses.

3.1.2 Depreciation

Depreciation is recognised in the statement of comprehensive income on monthly basis at straight-line method over the estimated useful lives of each item of property, plant and equipment.

Items of property, plant and equipment are depreciated when these come into use or are capitalised. In case of disposal, no depreciation is charged in the year of disposal.

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Rate of depreciation on various items of property, plant and equipment considering the useful lives of assets are as follows:

Asset category	Rate of Depreciation
Furniture and fixtures	10
Office and electrical equipment	20
Books	20
Vehicles	20

3.2 Preliminary and pre-operating expenses

3.2.1 Recognition and measurement

These are recognised as an asset if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably.

3.2.2Amortisation of preliminary and pre-operating expenses

These are amortised over 10 years from the year of their first utilisation at the rate of Taka 522,915 per year starting from the year ended 31 December 2010.

3.3 Advance, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory, etc.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of Comprehensive Income.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, which were held and available for use of the Company without any restriction.

3.5 Statement of cash flows

Statement of cash flows that has been prepared in accordance with the Bangladesh Accounting Standard-7 "Statement of Cash Flows" under direct method.

3.6 Investments

During the previous year all investments in securities were initially recognised at cost, being fair value of the consideration given, including acquisition charges associated with the investments. Transaction costs have been treated as expenses in accordance with BAS-39, without considering the same. The valuation methods of investments used are:

3.6.1 Investment in listed securities

These are acquired and held primarily for the purpose of selling them in future or held for dividend income and are reported at cost. Unrealised gains are not recognised in the statement of comprehensive income. Provision for diminution in value of investment is provided in the financial statements on those securities whose market price is below the cost of investment by netting off with those whose value is more than cost.

3.6.2Investment in Prime Bank Securities Limited

Investment in Prime Bank Securities Limited is stated at cost in the Company's financial statements as the fair market value of the investment is not available.

3.7 Intangible assets

(a) An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

(b) Software represents the value of computer application software licensed for use of the Company other than those applied for the operating system of computers. Intangible assets are carried at their cost, less accumulated amortisation

and impairment loss, if any.

Initial cost comprises license fees paid at the time of its acquisition and other directly attributable expenditures that are incurred in customising the software for its intended use.

(c) Expenditure incurred for software is capitalised only when it enhances and extends the economic benefits of software beyond its original specification and life and such cost is recognised as capital improvement and added to the original cost of software.

(d) Software is amortised using the straight-line method over the estimated useful life of 10 (ten) years commencing from the date of the acquisition available for use over the best estimates of its useful economic life.

3.8 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

3.9 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

3.10 Borrowing funds

Borrowing funds include borrowings from Prime Bank Limited and Bank Asia Limited, which is stated in the statement of financial position at amounts payable.

3.11 Provision for current taxation

Provision for current income tax has been made @ 37.5% on business income as per Income Tax Ordinance- 1984, and the last year's assessment has also been made at the same rate. Rates of tax on other categories of income applicable for the company are stated in note 22. It is to be noted that the company has duly paid the assessed tax by Deputy commissioner of Taxes, LTU, Dhaka for the year 2010,2011 & 2012 and submitted tax return for the year 2013, 2014 & 2015.

3.12 Provision for Deferred Taxation

Deferred tax liabilities are 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 asset, 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 date of statement of financial position. The impact on the account of changes in the deferred tax assets and liabilities has also been recognised in the statement of comprehensive income as per BAS-12 "Income Taxes".

3.13 Benefits to the Employees

The retirement benefits accrued for the employees of the Company as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefits". Bases of enumerating the retirement benefit schemes operated by the Company are outlined below:

(a) Provident Fund

Provident fund benefits are given to the permanent employees of the Company in accordance with the Company's service rules. All confirmed employees of the Company are contributing 10% of their basic salary as contribution to the Fund. The Company also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis. The fund is administered by Prime Bank Limited.

(b) Gratuity Fund

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per BAS-19 "Employee Benefits". The fund is administered by Prime Bank Limited.

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(c) Welfare Fund

Prime Bank Investment Employees' Welfare Fund is subscribed by monthly contribution of the employees. The Company also contributes to the fund from time to time. The fund has been established to provide financial assistance in the event of death or permanent disabilities of the employees. Disbursement of loan from the fund is regulated as per rules of said fund. The fund is administered by Prime Bank Limited.

(d) Incentive Bonus

Prime Bank Investment Limited started an incentive bonus scheme for its employees. Maximum 10% of net profit after tax is given to the employees in every year as incentive bonus. This bonus amount is being distributed among the employees based on their performance and is paid annually, normally first quarter of every following year and the costs are accounted for in the period in which it relates.

3.14 Provision for Liabilities

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS-37 "Provisions, Contingent Liabilities and Contingent Assets".

4. Revenue Recognition

4.1 Interest income

In terms of the provisions of BAS-18 "Revenue", interest income is recognised on an accrual basis.

4.2 Investment income

Interest income on investments is recognised on an accrual basis. Capital gains on investments in shares are also included in investment income. Capital gains are recognised when these are realised.

4.3 Fees and commission income

Fees and commission income arising on services provided by the Company are recognised on an accrual basis.

4.4 Dividend income on shares

Dividend on shares is recognised during the period in which it is declared and ascertained i.e., established as the right of shareholders.

4.5 Earnings per share

Basic earnings per share

Basic earnings per share have been calculated in accordance with BAS-33 "Earnings per Share" which have been shown on the face of statement of comprehensive income. This has been calculated by dividing the basic earnings by the number of ordinary shares outstanding during the year.

4.6 Events after the reporting period

Where necessary, all the material events after the reporting period date have been considered and appropriate adjustment/ disclosures have been made in the financial statements.

4.7 Directors' responsibility on financial statements

The board of directors of the company is responsible for the preparation and presentation of these financial statements.

4.8 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Details of related parties transactions are given in note 42.

4.9 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

While preparing the financial statements, Prime Bank Investment Limited applied most of BAS and BFRS as adopted by The Institute of Chartered Accountants of Bangladesh. Details are given below:

Name of BAS	No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting of Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economies	29	N/A
Financial Instruments: Presentation	32	Applied
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	N/A
Agriculture	41	N/A

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Name of BAS	No.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
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
Financial Instruments	9	Applied
Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in Other Entities	12	N/A
Fair Value Measurement	13	N/A
Regulatory Deferral Accounts	14	N/A
Revenue from contracts with customers	15	Applied

		Amount in Taka	
		31.12.2016	31.12.2015
5.	**Property, Plant and Equipment**		
	Cost		
	Opening balance	37,222,122	36,983,380
	Add: Additions during the period	229,900	238,742
	Less : Disposals	-	-
	Closing balance (A)	**37,452,022**	**37,222,122**
	Accumulated Depreciation:		
	Opening balance	27,933,215	24,178,708
	Add: Charge for the period	2,089,304	3,754,507
	Closing balance (B)	**30,022,519**	**27,933,215**
	Written down value (A-B)	**7,429,503**	**9,288,907**
	Category-wise details of PPE are shown in Annex-A.		
6.	**Investment in Prime Bank Securities Limited**	**37,500,000**	**37,500,000**
	An amount of Taka 37,500,000 was invested by the company in 3,750,000 ordinary shares of Taka 10 each of Prime Bank Securities Limited (PBSL), a subsidiary company of Prime Bank Limited PBSL holds two memberships of Dhaka Stock Exchange Limited, membership no. 219 and Chittagong Stock Exchange Limited, membership no. 141.		
7.	**Preliminary and Pre-Operational Expenses**		
	Opening Balance	2,091,656	2,614,571
	Less : Amortised during the period	522,915	522,915
	Closing Balance	**1,568,741**	**2,091,656**
8.	**Deferred Tax Liabilities/Assets**		
	Deferred tax liabilities recognized in accordance with the provisions of BAS 12: Income Taxes, is arrived as follows:		
	Balance as at 1 January 2016	924,940	344,306
	Addition/(Reversal) during the period	181,204	580,634
	Deferred tax asset as at 31 December 2016	**1,106,144**	**924,940**
9.	**Advances, Deposits and Prepayments**		
	Clients' margin loan (9.01)	5,585,519,854	5,668,661,565
	Advance office rent	7,447,459	2,490,842
	Advance deposit	31,700	560,200
	Advance to branches	5,146	4,895
	Receivable from brokers (own)	12,763,583	344,097
	Receivable from brokers (clients)	32,281,468	5,123,231
	Utility receivable from brokers	4,117,546	1,293,567
	Car loan	5,036,130	770,845
	CCS Staff Loan	248,060	300,103
		5,647,450,946	**5,679,549,345**
	9.01 Client margin loan		
	Gross client margin loan	5,675,735,288	5,769,169,672
	Less: Suspense account	90,215,434	100,508,106
		5,585,519,854	**5,668,661,565**

		Amount in Taka			
		31.12.2016		31.12.2015	
		Cost Price	Market Price	Cost Price	Market Price
10.	Investment in Shares				
	Agni Systems Ltd	-	-	554,729	481,500
	Aman Feed Ltd	6,939,782	6,689,768	-	-
	Bata Shoe company (BD) Ltd	20,031,363	19,414,000	-	-
	BEXIMCO Pharmaceuticals Ltd	13,023,962	12,836,534	-	-
	Brac Bank Ltd	23,406,666	22,755,500	-	-
	BSRM Steel Ltd	2,774,304	2,779,360	-	-
	Baraka Power Ltd.	-	-	317,050	307,000
	Confidence Cement Limited	45,902,471	33,914,000	138,227,886	80,935,751
	Delta Spinning Limited	1,072,549	839,300	1,532,213	870,000
	DESCO Limited	81,209,079	44,922,260	130,393,745	78,390,919
	Eastern Bank Ltd	10,710,747	10,739,019		
	Fareast Islami Life Insurance Limited	21,647,544	8,145,393	21,647,544	7,519,750
	First Janata MF	32,839,882	25,318,180	34,643,383	17,657,559
	First Security Bank Limited	-	-	1	1
	Fortune Shoes Ltd.	100,630	511,200	-	-
	GBB Power Limited	-	-	510	393
	Generation Next Fashions Limited	284,563	272,250	3,737,548	2,420,000
	Grameen Phone Ltd.	12,666,291	12,969,165	-	-
	GPH Ispat Ltd.	-	-	8,365,700	7,582,950
	Green Delta MF	12,900,556	9,333,050	12,900,556	6,008,950
	Hamid Fabrics Ltd.	2,478,713	2,500,000		
	Heidelberg Cement BD Ltd.	-	-	1,404,363	1,405,250
	Information Technology Consultants Ltd	4,541,450	4,408,833		
	Intl. leasing & Financial Service Ltd.	1,091,025	1,208,049		
	IFIL Islamic MF-1	39,213,709	29,255,550	39,213,709	25,959,150
	Jamuna Oil	19,353,839	18,160,000	-	-
	KPCL	4,136,280	3,500,000	4,136,280	4,194,400
	Lafarge Surma Cement Ltd.	5,153,588	5,285,598	1,487,292	1,119,000
	Linde Bangladesh Ltd	19,917,183	19,180,800	-	-
	M.I. Cement Factory Limited	-	-	30	34
	Maksons Spinning Mills Ltd.	-	-	588,381	507,000
	Matin Spinning Mills Ltd.	-	-	397,706	419,210
	Meghna Cement Mills Limited	2,678,592	2,228,100	2,678,592	2,244,900
	Mercantile Bank Limited	5,916,108	6,045,013	6,404,092	5,136,000
	Midas Financing Ltd.	664,996	840,000	-	-
	Olympic Industries Ltd.	1,997,141	2,001,350	-	-
	National Bank Limited	-	-	210,783	188,000
	Padma Islami Life Insurance Limited	3,423,578	2,185,500	3,423,578	2,115,750
	PHP First MF	33,879,577	26,226,167	37,094,877	18,710,846
	Popular Life 1st MF	9,875,281	8,994,191	11,832,581	6,579,791

	Amount in Taka			
	31.12.2016		31.12.2015	
	Cost Price	Market Price	Cost Price	Market Price
Popular Life Insurance Co. Limited	22,742,498	10,744,370	23,262,159	11,837,279
Powergrid Co. Limited	41,450,478	30,008,718	71,774,656	43,016,975
Pragati Insurance Limited	40,655,001	10,270,683	43,873,143	11,083,683
Prime Bank 1st ICB AMCL MF	401,456,697	189,926,800	401,456,697	149,228,200
RAK Ceramics Ltd	7,433,997	7,425,091	-	-
Shahjibazar Power Co. Ltd	12,959,369	12,249,000	-	-
Square Pharmaceuticals	120,412,527	123,804,942	8,626,475	9,716,710
The City Bank Ltd.	7,500,734	7,480,000	-	-
The Ibn Sina Pharmaceuticals Industries Ltd	4,184,227	3,970,000	-	-
Titas Gas Co. Limited	58,126,253	33,272,184	104,057,337	57,152,218
Trust Bank Ltd.	-	-	439,659	482,000
Yeakin Polymar Ltd.	114,140	381,684	-	-
United Power Generation & Distribution	123,624,416	105,075,271	32,095,663	24,482,986
	1,280,491,784	878,066,873	1,146,778,917	577,754,155

Investment in shares has been recorded at cost and adequate provision has been maintained as per BSEC instruction circular reference #SEC/CMRRCD/2009-193/196 dated 28 December 2016 and and Bangladesh Bank circular #03 dated 12 March 2015 irrespective of compliance of BAS-39.

		Amount in Taka	
		31.12.2016	31.12.2015
11	Dividend Receivable		
	Dividend of Titas Gas Co. Limited	-	1,808,615
	Dividend of Delta Spinners Ltd.	-	50,000
	Dividend of Baraka Power Ltd.	-	12,000
	Dividend of ICB	-	-
		-	1,870,615
12	Prepaid Expenses		
	Opening balance	747,550	765,968
	Add: Domain fee for PBIL website	-	1,782
	Add: CDBL annual a/c maintenance fee for 2016	-	689,600
	Add: Insurance of CEO's car for 2016	-	56,167
	Less: Domain fee for PBIL website	(1,528)	-
	Less: Insurance of CEO's car for 2016	(56,167)	(56,167)
	Less: CDBL annual a/c maintenance fee for 2015	(689,600)	(709,800)
		254	747,550
13	Advance Corporate Income Tax		
	Opening balance	8,396,003	7,603,618
	Addition during the period: Income tax withheld from		
	Advance Income Tax	-	1,230,987
	Dividend of Al Arafah Islami Bank Limited	-	135,660
	Dividend of Bank Asia Ltd	-	7,000
	Dividend of Baraka Power Ltd.	2,400	-
	Dividend of Bata Shoe Co. Ltd	76,500	735
	Dividend of BEXIMCO Pharmaceuticals Ltd.	124	-

		Amount in Taka	
		31.12.2016	31.12.2015
	Dividend of Confidence Cement	502,433	466,758
	Dividend of Delta Spinners Ltd	10,000	-
	Dividend of DESCO	288,255	100,077
	Dividend of GBB Power Ltd	5	-
	Dividend of GPH Ispat Ltd	-	62,730
	Dividend of Green Delta MF	127,850	110,065
	Dividend of Fareast Islami Life Ins co. Ltd.	93,846	76,565
	Dividend of ICB	-	5,400
	Dividend of IFIL Islamic MF-1	824,100	819,100
	Dividend of KPCL	44,800	-
	Dividend of Lafarge Surma Cement Ltd	10,000	2,800
	Dividend of Meghna Cement Mills Ltd	-	6,300
	Dividend of Mercantile Bank Ltd.	115,200	96,000
	Dividend of Popular Life Insurance Co. Ltd.	123,144	-
	Dividend of Power Grid Company	281,157	186,670
	Dividend of PBL 1st ICB AMCL MF	4,748,170	4,738,170
	Dividend of Pragati Insurance Limited	81,798	81,798
	Dividend of Shahjalal Bank Limited	-	30,000
	Dividend of Southeast Bank Ltd.	-	72,000
	Dividend of Square Pharma	361,462	16,800
	Dividend of The Trust Bank Ltd.	2,800	-
	Dividend of United Power Generation & Distribution Ltd.	1,787,851	68,699
	Dividend of Titas Gas	361,723	798,361
	Issue management fee of Best Electronics Ltd	10,000	-
	Issue management fee of Fortune Shoes Ltd	30,000	-
	Underwriting commision of Aman Feed Ltd	-	48,060
	Underwriting commission of GPH Ispat Ltd	21,000	-
	AIT for CEOS car	30,000	30,000
	Interest on bank deposit	29,475	130,339
		9,964,094	9,321,074
	Less: Payment of Advance tax for the year 2015	(7,931,508)	(8,528,689)
	Closing balance	10,428,589	8,396,003
14	Cash and Bank Balances		
	Cash in hand	8,801	12,609
	Bank balances with Prime Bank Limited, in		
	Prime Bank Invst Limited Client Withdrw (A/C # 54501)	1,338,969	2,026,669
	Prime Bank Invst Limited Broker Payment (A/C # 54500)	36,358	52,990
	Prime Bank Invst Limited Client Deposit (A/C # 54503)	1,568,716	1,860,935
	Prime Bank Invst Limited Broker Deposit (A/C # 54502)	8,505,463	2,020,635
	Prime Bank Invst Limited Own(A/C # 54544)	2,805,069	2,943,330
	PBIL Public Issue Application A/C	31,581,370	22,835
		45,844,747	8,940,004

15 Share Capital

This represents amount received from Prime Bank Limited as well as sponsor-directors which was subsequently transferred to the Company's bank account. As at 31 December 2011, a total of 300,000,000 ordinary shares of Tk. 10 each were issued subscribed and fully paid up. Details are as follows:

		Amount in Taka	
		31.12.2016	31.12.2015
Authorized capital:			
1,000,000,000 ordinary shares of Tk. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid up capital:			

	No. of shares	Percentage (%)	Taka
Prime Bank Limited	299,999,994	99.99	2,999,999,940
Individuals	6	0.01	60
	300,000,000	100	3,000,000,000

16	**Loan Facilities**		
	Balance of OD facilities from Prime Bank Limited	3,183,564,592	2,774,084,553
	Balance of OD facilities from Bank Asia Limited	148,063,588	256,851,548
	Loan from Investment Corporation of Bangladesh	10,436,554	50,418,379
		3,342,064,734	3,081,354,480

PBIL is enjoying OD (General) limit of Tk. 325.00 Crore from Prime Bank Limited, Motijheel Branch bearing interest @ 9.0% per annum on quarterly basis vide reference no. Prime/MJ/CR/2016/222 dated 11 January 2016.

PBIL is enjoying OD (General) limit of Tk. 20.00 Crore from Bank Asia Limited, Paltan Branch bearing interest @ 9.0% per annnum on quarterly basis vide reference no. BA/PAL/CR/2016/2667 dated July 28, 2016.

17	**Liability for Withholding Taxes**		
	Opening balance	21,718	95,625
	Add: Additions during the period	3,901,878	2,408,298
	Payment during the period	(3,871,393)	(2,482,206)
	Closing balance	52,202	21,718
18	**Client's dividend suspense A/C**		
	Opening balance	99,389	-
	Add: Additions during the period	123,079	134,218
	Less: Payment during the period	(30,362)	(34,829)
	Closing balance	192,107	99,389

In order to comply with BSEC (Merchant Banker & Portfolio Manager Rules) 1996 under section- 28 (3) & 36 (11), PBIL maintained Client's dividend suspense A/C until claimed from any MSDA & NMSDA clients till 12 years after which PBIL will book any outstanding amount as its income.

19	**Security Deposit Receipt**		
	Opening balance	44,100	44,100
	Add: Additions during the period	-	-
	Closing balance	44,100	44,100
20	**Provision for Expenses**		
	CDBL charges	371,470	172,091
	Incentive bonus	-	1,335,350
	Auditor's fee	115,000	115,000
	Office Rent	-	283,438
	Electric bill	-	167,523
	Wasa Bill	-	20,120
	Fees for Financial news coverage on website	21,945	21,945
	Security Expense	18,540	46,350
	Plant Maintenance	-	7,400
	Internet Bill	425	425
		527,380	2,169,642

		Amount in Taka	
		31.12.2016	31.12.2015
21	**Provision for investment and clients' margin loan**		
	Opening balance	672,508,611	700,000,000
	Provision for diminution in value of investment (21.01)	-	(63,391,138)
	Provision for impairment of client margin loan (21.02)	(137,965,252)	35,899,749
		534,543,359	672,508,611

21.01 Provision for diminution in value of investments

Investments have been recorded at cost and adequate provision for probable future losses has been made. Market value of securities has been determined on the basis of the value of securities at the last trading date's closing price of the year i.e. 29 December 2016.

Opening balance	172,762,277	236,153,415
Add: Provision made for the year	-	-
Less: Reversal of provision during the year	-	(63,391,138)
Closing Balance	172,762,277	172,762,277

As per BSEC instruction circular reference #SEC/CMRRCD/2009-193/196 dated 28 December 2016 and Bangladesh Bank circular #03 dated 12 March 2015, Prime Bank Investment Limited has the option to maintain 20% of total unrealized loss arising from diminution in value of investments as provision as at 31-12-2016 i.e. Tk.65,519,148/-. We have maintained provision amounting to Tk. 172,762,277/- which is 52.74% of total unrealized loss arising from diminution in value of investments as at 31-12-2016. The instruction prohibits payment of cash dividend if the company makes less than 100% provision on such unrealized loss.

21.02 Provision for impairment of client margin loan

As per BSEC instruction circular reference #SEC/CMRRCD/2009-193/196 dated 28 December 2016, provision has been made for unrealized loss arising out of year-end (31.12.2016) revaluation of shares purchased through margin loan complying the relevant instruction. The total unrealized loss amounted to Tk. 1,645,979,727/- whereas the required 20% provision amounts to Tk.329,195,945/- as per the above instruction. We have maintained provision amounting to Tk. 361,781,083/- which is 22% of total unrealized loss arising from diminution in value of investments as at 31-12.2016. The instruction prohibits payment of cash dividend if the company makes less than 100% provision on such unrealized loss.

Opening balance	499,746,335	463,846,586
Add: Provision made for the year		35,899,749
Less: Reversal of provision during the year	(137,965,252)	-
	361,781,083	499,746,335

22	**Corporate Income Tax Payable**		
	Balance as of 1 January 2016	7,133,748	8,534,689
	Add: Tax expenses for the year 2016	9,843,809	7,127,747
	Less: Adjusted during the year	(7,127,747)	(8,528,689)
		9,849,809	7,133,748
23	**Accounts Payable**		
	Payable to Bangladesh Institute of Capital Market (BICM)	-	8,000
	Payable to BEXIMCO	17,250	-
	Payable to BTCL	6,988	4,100
	Payable to CDBL	195,336	-
	Payable to Marshal Security Ltd	35,460	-
	Payable to Grameen Phone	10,000	10,000
	Payable to Link3 Technolngies Ltd	15,180	15,180
	Payable to M/s Alpine Fresh Water System Ltd	8,758	5,100

		Amount in Taka	
		31.12.2016	31.12.2015
	Payable to Millenium Service Center Limited	-	5,107
	Payable to Ornate Security Service Ltd	53,190	53,190
	Payable to Commissioner of Taxes,LTU,Dhaka	91,478	-
	Payable to Commissioner of Taxes,Taxes Zone-14,Dhaka	19,527	-
	Payable to K.I. Trading	7,030	-
	Payable to Commissioner of Taxes,taxes zone-5,Dhaka	800	-
	Payable to Sonali Bank Ltd	295,883	-
	Payable to NKN Securtiy & Employees Service Ltd	62,055	-
	Payable to Interior Works	35,175	-
	Payable to PBL IBB Amberkhana,Sylhet	54,660	-
	Payable to Madina Printing Press	14,300	-
	Payable to Punarbhaba Security Construction & Services Ltd	17,730	44,325
	Payable to Coopers	40,642	-
	Payable to Red Hot Communication	-	9,000
		981,441	154,002
24	Dividend Payable		
	Opening balance	10	10
	Add: Dividend payable during the period	-	-
	Less: Payment during the period	-	-
	Closing balance	10	10
25	Other Payables		
	Payable to Brokers	11,080,736	489,224
	Payable to Clients (Receivables)	32,281,468	5,123,231
	Payable to Clients (Withdrawals)	173,757	1,821,347
	Payable to Clients (Credit Balance)	94,334,404	77,242,721
		137,870,365	84,676,522

26 Interest Income

As per Para 34 of BAS -18 Revenue "Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity". Due to downward trend of capital market over the years, there is a significant uncertainty about the inflow of economic benefits from interest on margin loan against most of the loanees with negative equity. Hence we did not recognize interest income from margin loan in such cases where it is probable that such income will not flow to the company.

27 Management Fee

As per Para 34 of BAS -18 Revenue "Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity". Due to downward trend of capital market over the years, there is a significant uncertainty about the inflow of economic benefits from management fee against most of the loanees with negative equity. Hence we did not recognize income from management fee in such cases where it is probable that such income will not flow to the company.

28 Dividend on Shares

Al Arafah Islami Bank Ltd	-	678,300
Bank Asia Ltd	-	35,000
Baraka Power Ltd	-	12,000
Bata Shoe company Ltd	382,500	3,675
Beximco Pharma	868	505

		Amount in Taka	
		31.12.2016	31.12.2015
	Confidence Cement Ltd	2,512,166	2,333,788
	Delta Spinning Ltd		50,000
	DESCO	1,441,306	500,442
	Fareast Islami Life Ins co. Ltd.	469,232	382,827
	GPH Ispat Ltd		313,650
	GBB Power Ltd.	24	-
	Green Delta MF	639,250	575,325
	IFIL Islamic MF-1	4,120,500	4,120,500
	Jamuna Bank Ltd	-	114
	KPCL	224,000	-
	Lafarge Surma Cement Ltd	50,000	14,000
	Meghna Cement Mills Ltd	-	31,500
	Mercantile Bank Ltd.	576,000	480,000
	PBL 1st ICB AMCL MF	23,740,850	23,750,850
	Popular Life Insurance Co. Ltd	615,720	-
	Power Grid Company	1,405,784	933,350
	Pragati Insurance Ltd	408,992	408,992
	Premier Bank Ltd		2
	Shahjalal Islami Bank Ltd	-	150,000
	Southeast Bank Ltd	-	360,000
	Square Pharma	1,807,980	84,662
	Titas Gas Ltd	-	1,808,615
	Trust Bank Ltd.	14,000	-
	UPGDCL	8,939,257	343,493
		47,348,429	37,371,588
29	Underwriting Commission		
	Aman Feed Ltd	-	480,600
	GPH Ispat Ltd.	210,000	-
	Western Marine Shipyard Ltd	-	-
		210,000	480,600
30	Issue Management Fee		
	Best Electronics Limited	50,000	50,000
	Green Care Agro	150,000	-
	Fortune shoes Ltd	300,000	-
		500,000	50,000
31	Bank Interest on STD Accounts		
	Prime Bank Limited		
	Clients' deposit	68,170	453,419
	Broker's deposit	73,330	696,575
	Own Investment	74,160	125,603
	Public Issue Application A/C	79,094	18,528
		294,755	1,294,126

		Amount in Taka	
		31.12.2016	31.12.2015
32	**Interest expenses**		
	Interest on loan from Prime Bank Limited	263,679,619	330,935,586
	Interest on loan from Bank Asia Limited	23,647,533	35,478,792
	Interest on loan from ICB	2,494,935	3,640,281
		289,822,087	370,054,659
33	**Salary and Allowances**		
	Basic pay	14,143,494	12,371,445
	Allowances includes House rent, Medical, Conveyance	12,410,003	10,378,634
	Bonus	2,358,700	2,061,200
	Bank's contribution to provident fund	1,363,167	1,196,840
	Incentive bonus	-	-
	Chauffeur Expenses	161,100	181,400
		30,436,464	26,189,519
34	**Rent, Taxes, Insurance and Electricity**		
	Rent, rate and taxes	7,960,468	4,844,708
	Insurance	88,265	101,687
	Electricity and water	1,391,647	1,229,396
		9,440,381	6,175,792
35	**Legal & professional expenses**		
	Professional charges	189,750	138,000
	Legal fees	21,775	57,500
		211,525	195,500
36	**Postage, Stamp and Telecommunication**		
	Postage & Newspaper	73,270	73,846
	Internet Bill & Dish bill	227,860	485,731
	Link Charge	471,175	583,797
	Telephone-office	351,397	323,736
		1,123,702	1,467,110
37	**Stationery, Printing and Advertisement**		
	Office and printing stationery & Photocopy	741,221	1,032,699
	Publicity and advertisement	95,201	15,675
		836,422	1,048,374
38	**Depreciation, Amortisation and Repair of assets**		
	Depreciation/amortisation	2,089,304	3,754,505
	Amortisation of preliminary expenses	522,915	522,915
	Repair and maintenance	514,412	372,691
		3,126,631	4,650,111
39	**Entertainment, Traveling & Conveyance**		
	Entertainment	881,503	961,530
	Traveling Expenses	40,136	56,866
	Conveyance	263,970	227,793
		1,185,609	1,246,189
40	**Other Expenses**		
	Annual subscription fee for Bangladesh Merchant Bankers Association	100,000	100,000

AMARSTOCK

	Amount in Taka	
	31.12.2016	31.12.2015
Bank charges	111,940	134,349
BSEC Merchant banking license renewal fee	50,000	50,000
Car expenses	322,737	434,573
Cleaning Expense	107,435	127,491
Exgratia	254,400	258,000
Financial news coverage for website	87,780	119,653
IT Enable Services	410,000	-
Labor Charge	12,036	-
Miscellaneous	80,287	76,613
Other Subscription	78,228	69,308
Plant Maintenance	66,600	88,800
Training and internship	131,042	85,200
	1,812,485	1,543,987

41 Tax Expenses

Current tax expenses

	Head of Income (Tk.)	Applicable tax rate (%)	Tax Liability 31.12.2016 (Tk.)	Tax Liability 31.12.2015 (Tk.)
Capital gains on sale of shares	(64,180,638)	10%	-	32,553
Dividend on shares	49,219,044	20%	9,843,809	7,095,195
Business income	-	37.5%	-	-
	(14,961,594)		9,843,809	7,127,748
Deferred tax expense/(Income)			(181,204)	(580,634)
Adjustment of 2015			803,761	-
			10,466,366	6,547,114

42 Earnings per share

Net profit after tax	(42,230,515)	5,805,721
Weighted average outstanding number of shares	300,000,000	300,000,000
	(0.14)	0.02

PRIME BANK INVESTMENT LIMITED

Notes to the Financial Statements

For the year ended 31 December 2016

43 Related Party Transaction:

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business and arms' length basis. The name of related parties, nature of these transactions and their value have been set out below in accordance with the provision of BAS 24 "Related Party Disclosure":

Name of Party	Nature of Relationship	Nature of Transaction	Opening Balance	Transaction During the Period		Closing Balance
				Debit	Credit	
Prime Bank Ltd.	Parent Company	OD (General) facility	2,774,084,553	1,177,280,039	767,800,000	3,183,564,592
Prime Bank Securities Ltd.	Investment	Equity investment (5% of total equity Tk. 75 Cr)	37,500,000	-	-	37,500,000
Prime Bank Securities Ltd.	Investment	Receivables against sale of shares	872,686	661,347,193	634,340,598	27,879,281
Prime Bank Securities Ltd.	Investment	Payables against purchase of shares	35,762	851,960,007	854,860,130	2,935,885
M Farhad Hussain, FCA Representing Prime Bank Ltd.	Chairman	Board meeting attendance fee	-	40,000	-	40,000
Ms. Saheda Pervin Trisha Representing Prime Bank Ltd.	Vice Chairperson	Board meeting attendance fee	-	35,000	-	35,000
Ms. Firoja Amin Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	40,000	-	40,000
Dr. GM Khurshid Alam	Independent Director	Board meeting attendance fee	-	30,000	-	30,000
Ahmed Kamal Khan Chowdhury	Director	Board meeting attendance fee	-	30,000	-	30,000
Capt. Imam Anwar Hossain Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	30,000	-	30,000

44 Others

44.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

44.2 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

44.3 Wherever considered necessary, previous year's figures have been rearranged to conform to current year's presentation and for the purpose of comparison.

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PRIME BANK INVESTMENT LIMITED

Details of property, plant and equipment

at 31 December 2016

Amount in Taka

Particulars	Cost				Depreciation					Written down value at 31 Dec 2016
	Balance at 01 January 2016	Additions	Adjustment/ Disposal during the period	Total at 31 Dec 2016	Rate %	Balance at 01 January 2016	Charge during the period	Adjustment/ Disposal during the period	Total at 31 Dec 2016	
Furniture and fixtures	15,730,848	-	-	15,730,848	10	8,701,375	1,573,085	-	10,274,459	5,456,389
Office equipments	12,947,426	182,400	-	13,129,826	20	12,737,638	90,198	-	12,827,836	301,990
Vehicles	4,320,000	-	-	4,320,000	20	4,320,000	-	-	4,320,000	-
Books	8,672	1,500	-	10,172	20	7,683	287	-	7,970	2,202
Sub-total (a)	33,006,946	183,900	-	33,190,846		25,766,696	1,663,570	-	27,430,266	5,760,580
Amortization										
Software	3,985,176	46,000	-	4,031,176	10	2,140,199	402,734	-	2,542,933	1,488,243
Website	230,000	-		230,000	10	26,322	23,000	-	49,322	180,678
Sub-total (b)	4,215,176	46,000	-	4,261,176		2,166,521	425,734	-	2,592,255	1,668,921
Grand Total at 31 Dec 2016 (a+b)	**37,222,122**	**229,900**	**-**	**37,452,022**		**27,933,216**	**2,089,304**	**-**	**30,022,521**	**7,429,502**
PPE as at December 2015	32,782,244	224,702	-	33,006,946		22,433,252	3,333,444	-	25,766,696	7,240,251
Software as at December 2015	4,201,136	14,040	-	4,215,176		1,745,458	421,063	-	2,166,520	2,048,656
Grand total as at 31 Dec 2015	**36,983,380**	**238,742**	**-**	**37,222,122**		**24,178,709**	**3,754,507**	**-**	**27,933,216**	**9,288,907**

* Property, Plant and Equipment does not include any lease hold asset.
* All asset is owned by Prime Bank Investment Limited.

ALAMSTOCK

FINANCIAL STATEMENT

PRIME BANK SECURITIES LIMITED

Auditors' Report to the Shareholders -
Statement of Financial Position -
Statement of Profit or Loss & Other Comprehensive Income -
Statement of Changes in Equity -
Statement of Cash Flows -
Notes to the Financial Statements -



FMARSTOCK

AUDITORS' REPORT TO THE SHAREHOLDERS
of Prime Bank Securities Limited

We have audited the accompanying financial statements of Prime Bank Securities Limited, which comprise the Statement of Financial Position as at December 31, 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prime Bank Securities Limited as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and Securities and Exchange Rules 1987.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with the report are in agreement with the books of accounts;

d) the expenditure incurred and payments made were for the purpose of the Company's business for the period;

Howladar Yunus & Co.

Chartered Accountants

Dated: February 19, 2017
Dhaka

PRIME BANK SECURITIES LIMITED

Statement of Financial Position

As at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
SOURCES OF FUNDS			
Share capital	3	750,000,000	750,000,000
Retained earnings	4	(58,968,820)	(30,126,511)
Shareholders equity		691,031,180	719,873,489
APPLICATION OF FUNDS			
Non-Current Assets (A)			
Property, Plant & Equipment	5	218,190	648,680
Intangible assets	6	115,448	300,922
Deferred tax	15.1	776,323	943,873
Investment in DSE and CSE shares	7	664,000,000	664,000,000
		665,109,962	665,893,475
Current Assets (B)			
Advances, deposits and prepayments	8	231,300	251,300
Advance income tax	9	53,038,090	44,429,829
Investment in securities	10	78,113,193	87,626,134
Accounts receivable	11	32,022,850	6,764,713
Loan to customers		354,629,060	350,622,901
Cash and cash equivalents	12	107,401,134	22,103,183
		625,435,627	511,798,060
Current Liabilities (C)			
Accounts payable	13	101,087,508	24,575,539
Loan from Bank	14	450,927,651	375,927,982
Provision for taxation	15	23,598,612	34,219,614
Provision for diminution in value of investment in shares	16	6,173,367	6,173,367
Provision for impairment of margin loan	17	15,931,966	15,931,966
Provision for expenses	18	1,795,304	989,577
		599,514,408	457,818,045
Net current assets D=(B-C)		25,921,219	53,980,015
Net assets (A+D)		691,031,180	719,873,489

These financial statements should be read in conjunction with annexed notes 1 to 27.

Head of Accounts | Chief Executive Officer | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

Howladar Yunus & Co.
Chartered Accountants

PRIME BANK SECURITIES LIMITED

Statement of Profit or Loss and Other Comprehensive income

For the year ended on 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
Operating Income			
Revenue from brokerage commission	19	21,410,038	20,618,556
Interest income	20	6,512,675	6,897,066
Other operating income	21	322,598	542,394
Capital Gain/(Loss) from Investment in Share	22	(2,954,057)	3,224
Dividend income - DSE & CSE		9,787,504	-
Dividend income - Dealer		2,025,824	2,994,660
Total operating income (A)		37,104,582	31,055,900
Operating expenses	23	25,320,741	22,400,396
Financial expenses	24	34,540,701	40,633,842
Direct expenses	25	3,555,233	3,145,093
Total operating expenses (B)		63,416,675	66,179,331
Operating profit before provision C=(A-B)		(26,312,093)	(35,123,431)
Less: Provision for diminution in value of investment in shares	16	-	2,432,034
Provision for impairment of margin loan	17	-	10,305,609
Total provision (D)		-	12,737,643
Operating profit before taxation E=(C-D)		(26,312,093)	(47,861,075)
Current tax	15	2,362,666	536,228
Deferred tax (Income)/Expense	15.1	167,551	(786,459)
Total provision for tax (F)		2,530,216	(250,231)
Net profit after tax G =(E-F)		(28,842,309)	(47,610,844)
Earnings per share	26	(0.38)	(0.63)

These financial statements should be read in conjunction with annexed notes 1 to 27.

Head of Accounts | Chief Executive Officer | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

Howladar Yunus & Co.
Chartered Accountants

PRIME BANK SECURITIES LIMITED

Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Share capital	Retained earnings	Total
Balance as at January 01, 2015	750,000,000	17,484,333	767,484,333
Profit for the year 2015	-	(47,610,844)	(47,610,844)
Balance as at December 31, 2015	**750,000,000**	**(30,126,511)**	**719,873,489**
Balance as at January 01, 2016	750,000,000	(30,126,511)	719,873,489
Profit for the year 2016	-	(28,842,309)	(28,842,309)
Balance as at December 31, 2016	**750,000,000**	**(58,968,820)**	**691,031,180**

These financial statements should be read in conjunction with annexed notes 1 to 27.

Head of Accounts | Chief Executive Officer | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

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PRIME BANK SECURITIES LIMITED

Statement of Cash Flows

for the year ended 31 December 2016

		Amount in Taka	
		2016	2015
A	Cash flow from operating activities		
	Net profit during the year	(28,842,309)	(47,610,844)
	Add: Amount considered as non-cash items		
	Depreciation & amortization charged	734,965	1,801,834
	Dividend receipts	(4,340,800)	(1,909,685)
	Provision for diminution in value of investment	-	2,432,034
	Provision for negative equity under margin loan	-	10,305,609
		(3,605,835)	12,629,792
	Changes in working capital		
	(Increase)/decrease in advances, deposits and prepayments	20,000	-
	(Increase)/decrease in advance income tax	(8,608,261)	(5,705,741)
	(Increase)/decrease in investments in securities	9,512,941	2,726
	(Increase)/decrease in accounts receivable	(25,258,137)	5,585,309
	(Increase)/decrease in loans to customers	(4,006,159)	31,006,902
	(Increase)/decrease in deferred tax	167,551	(786,459)
	Increase/(decrease) in current tax	(10,621,002)	536,228
	Increase/(decrease) in provision for expenses	805,727	(1,889,342)
	Increase/(decrease) in accounts payable	76,511,969	6,712,612
	Increase/(decrease) in secured overdraft	74,999,669	4,861,195
		113,524,298	40,323,430
	Net cash flows from operating activities	81,076,153	5,342,379
B	Cash flow from investing activities		
	Fixed assets acquisition	(50,000)	(122,965)
	Intangible assets acquisition	(69,000)	-
	Net cash flows from investing activities	(119,000)	(122,965)
C	Cash flows from financing activities		
	Dividend received	4,340,799	1,909,686
	Net cash from financing activities	4,340,799	1,909,686
D	Net cash increase / (decrease)	85,297,951	7,129,100
E	Cash and cash equivalents at the beginning of the year	22,103,183	14,974,084
F	Cash and cash equivalents at the end of the year	107,401,134	22,103,183

Head of Accounts | Chief Executive Officer | Director | Chairman

Signed as per annexed report on even date

Date: February 19, 2017
Dhaka

1.1 Status of the Company

Prime Bank Securities Limited ("the Company") was incorporated as a private limited company in Bangladesh under The Companies Act, 1994 vide certificate of incorporation no. C-84302 /10. It commenced its broker business with one extension office from May 18, 2011 under license issued by Bangladesh Securities and Exchange Commission. Presently the company has 2 (two) offices including Head Office at Dhaka, Bangladesh.

The registered office of the company is located at people's Insurance Bhaban (11th floor) 36, Dilkusha Commercial Area, Dhaka-1000.

1.2 Nature of Business

Principal objectives of the Company are to act as a member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. to carry on the business of stock brokers / dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company.

1.3 Significant accounting policies and basis of preparation of financial statements

1.3.1 Basis of accounting

1.3.2 Statement of compliance

These financial statements have been prepared under the historical cost convention on a going concern basis and in accordance with Bangladesh Financial Reporting Standards (BFRS), The Companies Act-1994, Securities and Exchange Rules-1987 and other laws and rules applicable in Bangladesh.

1.3.3 Components of Financial Statements

The financial statements referred to here comprises:

a) Statement of Financial Position
b) Statement of Profit or Loss and Other Comprehensive Income
c) Statement of Changes in Equity
d) Statement of Cash Flows and
e) Notes to the Financial Statements

1.3.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

1.3.5 Statement of cash flows

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard-7 " Statement of Cash Flows" and the cash flows from operating activities have been presented under indirect method.

1.4 Reporting period

These financial statements cover one calendar year from 1 January 2016 to 31 December 2016

1.5 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

1.6 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Depreciation is charged on the basis of straight line method on all fixed assets at the following rate:

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Category of assets	Rate(%)
Furniture and fixtures	20
Office equipment	25
Air conditioners	25
Computer and hardware	25
Vehicle	20

For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

1.7 Intangible assets and amortization of intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

Software represents the value of computer application software licensed for use of the Company other than those applied for the operating system of computers. Intangible assets are carried at their cost, less accumulated amortization and impairment loss, if any.

Initial cost comprises license fees paid at the time of its acquisition and other directly attributable expenditures that are incurred in customizing the software for its intended use.

Expenditure incurred for software is capitalized only when it enhances and extends the economic benefits of software beyond its original specification and life and such cost is recognized as capital improvement and added to the original cost of software.

Software is amortized using the straight-line method over the estimated useful life of 5 (five) years commencing from the date of the acquisition available for use over the best estimates of its useful economic life.

1.8 Advance, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory, etc.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of Profit and Loss or other Comprehensive Income.

1.9 Advance Income tax

The amount of advance income tax are mainly deduction at sources by DSE & CSE on daily transaction of broker & dealer operation. Tax deduction on interest income and dividend income are also included here.

1.10 Investments in securities

Investment in marketable and non-marketable ordinary shares has been shown at cost. Full provision for diminution in value of shares (Quoted) as on closing of the year on an aggregate portfolio basis has been made in the account.

1.11 Account receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

1.12 Loans to customers

Loans to customers are stated in the balance sheet on gross basis. Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on customer loans is realized quarterly.

1.13 Cash and cash equivalents

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

1.14 Provision for taxation

Provision for current income tax has been made in compliance with relevant provisions of Income Tax law.

1.15 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 recognized 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 recognized in the profit and loss account as per BAS-12 "Income Taxes".

1.16 Secured overdraft

Borrowing fund include borrowings from Prime Bank Limited, which is stated in the statement of financial position at secured overdraft. Interest on secured overdraft is recognized in statement of comprehensive income.

1.17 Provision for liabilities

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

1.18 Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

1.19 Interest income on marginal loan

Interest income on margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective customers. Income is recognized on monthly but realized quarterly.

1.20 Capital gain on sale of share

Capital gain on investments in shares is recognized when it is realized.

1.21 Fees income

Fees income arises on services provided by the Company are recognized on accrual basis.

1.22 Dividend income on shares

Dividend income on shares is recognized when the shareholder's right to receive payment is established.

1.23 Interest paid and other expenses

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

1.24 Earnings per share

Basic earnings per share has been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

1.25 Related Party

Related Party Transaction is a transfer of resources, services or obligation between related parties, regardless whether a price is charged.

The name of the related parties and nature of these transactions have been set out in Note-27

1.26 Events after the reporting period

Where necessary, all the material events after the reporting period date have been considered and appropriate adjustment/ disclosures have been made in the financial statements.

1.27 Directors' responsibility on financial statements

The board of directors of the company is responsible for the preparation and presentation of these financial statements.

2.00 General

a) These financial statements are presented in Taka, which is the Company's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Company.

c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

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PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2016

		Amount in Taka	
		31.12.2016	31.12.2015
3	**Share capital**		
	Authorized capital		
	150,000,000 ordinary shares @ Taka 10 each	1,500,000,000	1,500,000,000
	Issued, subscribed and paid-up capital		
	75,000,000 ordinary shares @ Taka 10 each	750,000,000	750,000,000

Shareholding position

Name of the Shareholder	" Holding % "	Face Value Taka	Number of Shares	Taka
Prime Bank Limited	95%	10	71,250,000	712,500,000
Prime Bank Investment Limited	5%	10	3,750,000	37,500,000
			75,000,000	750,000,000

4	**Retained earnings**		
	Opening balance	(30,126,511)	17,484,333
	Add: Net profit during the year	(28,842,309)	(47,610,844)
	Closing Balance	(58,968,820)	(30,126,511)
5	**Property, plant & equipment**		
	Total Acquisition Value		
	Office equipment	1,255,574	1,255,574
	Vehicle	338,700	338,700
	Air conditioners	1,135,500	1,135,500
	Computer & hardware	5,209,104	5,159,104
	Furniture & fixtures	2,193,650	2,193,650
		10,132,528	10,082,528
	Depreciation		
	Opening balance	9,433,848	7,937,589
	Add: Charged during the year	480,491	1,496,259
	Closing balance	9,914,338	9,433,848
	Written Down Value	218,190	648,680
6	**Intangible assets**		
	Back office software-Broker	1,111,000	1,111,000
	Back office software-Dealer	150,000	150,000
	Web development	200,000	200,000
	Anti virus software	66,875	66,875
	IPO Module	69,000	-
		1,596,875	1,527,875
	Amortization		
	Opening balance	1,226,953	921,378
	Add: Amortization during the year	254,474	305,575
	Closing balance	1,481,427	1,226,953
		115,448	300,922

Details in Annexure-A

		Amount in Taka	
		31.12.2016	31.12.2015
7	Investment in DSE and CSE shares		
	Shares in DSE*	507,500,000	507,500,000
	Shares in CSE*	156,500,000	156,500,000
		664,000,000	664,000,000

* This represents our original investment cost for DSE and CSE memberships in exchange of which shares at a face value of Tk. 10 each have been allotted in favor of the company in November 2013 for DSE and in October 2013 for CSE. As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Security Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 72,15,106 ordinary Shares at face value of Tk.10.00 each and Chittagong Stock Exchange Ltd. (CSE) allotted total 42,87,330 ordinary Shares at face value of Tk.10.00 each against the membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act, 2013. As there is no active market for shares DSE and CSE, we have shown the value at original cost of our investment.

8	Advances, deposits and prepayments		
	Security deposit with CDBL	200,000	200,000
	Security deposit with CSE	25,000	25,000
	Security deposit with T&T	6,300	6,300
	Temporary Advance	-	20,000
		231,300	251,300
9	Advance income tax		
a)	Dhaka Stock Exchange-Broker		
	Opening Balance	37,927,748	33,075,155
	Add: AIT for the year	5,199,669	4,852,593
		43,127,417	37,927,748
b)	Chittagong Stock Exchange-Broker		
	Opening Balance	183,641	167,172
	Add: AIT for the year	9,758	16,469
		193,399	183,641
c)	Dhaka Stock Exchange-Dealer		
	Opening Balance	278,440	278,436
	Add: AIT for the year	60,313	4
		338,753	278,440
d)	Income from dividend		
	Opening Balance	1,079,089	697,153
	Add: AIT for the year	868,108	381,936
		1,947,197	1,079,089
e)	Income from interest on deposit-Broker		
	Opening Balance	438,275	336,038
	Add: AIT for the year	205,482	102,237
		643,757	438,275
f)	Income from interest on deposit-Dealer		
	Opening Balance	3,086	2,079
	Add: AIT for the year	2,531	1,007
		5,617	3,086

		Amount in Taka	
		31.12.2016	31.12.2015
g)	Direct Income Tax		
	Opening Balance	4,519,550	4,168,055
	Add: AIT for the year	303,913	351,495
		4,823,463	4,519,550
h)	Chittagong Stock Exchange-Dealer		
	Opening Balance	-	-
	Add: AIT for the year	986	-
		986	-
i)	Income from dividend -DSE & CSE		
	Opening Balance	-	-
	Add: AIT for the year	1,957,501	-
		1,957,501	-
		53,038,090	44,429,829
10	Investment in securities		
	AB Bank Limited 1st Mutual Fund	1,220,000	-
	Aman Feed Limited	36,632	-
	Bangladesh Thai Aluminum Limited	501,150	-
	Bangladesh Shipping Corporation	2,526,065	-
	The City Bank Limited	4,578,419	4,578,419
	DESCO	18,273,243	11,030,200
	Jamuna Oil Bangladesh Limited	-	24,013,576
	Fortune Shoes Limited	2,702,500	-
	Grameen MFO : Scheme 2	2,455,700	-
	Lafarge Surma Cement Limited	612,147	1,064,799
	Lankabangla Finance Limited	12,276,550	12,276,550
	Mercantile Insurance Limited	1,043,000	1,043,000
	National Housing Finance and Investment Limited	-	4,902,900
	ONE Bank Limited	-	10,845,685
	Mithun Knitting Limited	82,500	-
	National Feed Meal Limited	1,047,500	-
	Padma Oil Company Limited	5,267,420	5,267,420
	Phoenix Finance and Investment Limited	6,630,850	6,630,850
	Popular Life Insurance Limited	712,000	-
	Power Grid Company of Bangladesh	5,838,806	-
	Quasem Drycell Limited	989,876	-
	Summit Alliance Port Limited	494,000	-
	Trust Bank 1st Mutual Fund	1,260,000	-
	United Power Generation & Distribution Company Ltd.	3,592,100	-
	Uttara Bank Limited	5,972,735	5,972,735
	Total cost price (A)	78,113,193	87,626,134
	Market Price (B) (Annexure-B)	59,475,600	56,759,297
	Loss for diminution in value of investment in shares (C=A-B)	18,637,593	30,866,837
	20% provision for unrealized loss arising out of year end (2016) revaluation of shares purchased.	3,727,519	6,173,367

		Amount in Taka	
		31.12.2016	31.12.2015
	Less: Opening balance of provision for diminution in value of investment in shares	6,173,367	3,741,333
	Provision Required /(Excess) for the year	(2,445,849)	2,432,034
	Details in Annexure-B		

*As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated28 December 2016, Prime Bank Securities has the option to maintain 20% of total unrealized loss arising from diminution in value of investments as provision as at 31/12/2016 i.e. Tk.37,27,519.00 We have maintained provision amounting to Tk. 61,73,367.00 which is 33.12% of total unrealized loss as of 31/12/2016.

11	Accounts receivable		
	Receivable from DSE	27,165,877	3,438,026
	Receivable from DSE Dealer	325,000	5,950
	Receivable from CSE	65,100	-
	Receivable from CSE Dealer	1,530,988	-
	Receivable from Prime Bank Limited	-	970,000
	Receivable from Prime Bank Investment Limited	2,935,885	35,762
	Dividend receivable	-	2,314,975
		32,022,850	6,764,713
12	Cash and cash equivalents		
	Cash in hand	20,906	25,000
	Cash at Bank:		
	One Bank Limited (SND)-DSE Broker	46,901,176	21,307,248
	One Bank Limited (CD)-DSE Broker	898,516	203,450
	One Bank Limited (SND)-DSE Dealer	6,709,727	139,432
	Prime Bank Limited (CD)-Operation	208,948	113,170
	Prime Bank Limited (CD)-DSE Broker	-	1
	Prime Bank Limited (CD)-CSE Broker	21,962,042	288,701
	Prime Bank Limited (CD)-CSE Dealer	445,317	-
	Prime Bank Limited (SND)-IPO A/C	30,254,502	26,181
		107,380,228	22,078,183
		107,401,134	22,103,183
13	Accounts Payable		
	Security Deposits	129,020	124,020
	Payable to DSE	4,787,460	32,613
	Payable to DSE Dealer	244	-
	Payable to CSE	52	58,708
	Payable to CSE Dealer	1,111	-
	Payable to CDBL	71,943	92,981
	Payable to Customer (Credit balance)	58,351,669	19,648,978
	Payable to Customer DSE	15,613,008	3,753,820
	Payable to Customer CSE	64,840	-
	Payable to PBIL	21,863,161	864,419
	Client Balance-IPO	205,000	-
		101,087,508	24,575,539

		Amount in Taka	
		31.12.2016	31.12.2015
14	Loan from Bank (10477620063139)	450,927,651	375,927,982
	This amount represents overdraft (general) balance against an overdraft facility of Tk. 55 crore with Prime Bank Limited. The interest rate of the facility was 9.00% per annum on quarterly basis vide reference no. Prime/HO/C&IB/2016/ dated 11 January 2016.		
15	Provision for taxation		
	Opening balance	34,219,614	33,683,386
	Add: Provision for the during year	2,362,666	536,228
	Less: Tax Paid during the period	12,983,668	-
	Closing balance	23,598,612	34,219,614
15.1	Deferred tax Asset		
	Opening balance	(943,874)	(157,415)
	Less: Deferred Tax (Income)/Expense	167,551	(786,459)
	Closing balance	(776,323)	(943,874)
16	Provision for diminution in value of investment in shares		
	Opening balance	6,173,367	3,741,333
	Add: (Adjustment)/Required 2016	-	2,432,034
		6,173,367	6,173,367
17	Provision for impairment of margin loan		
	Impaired Margin Loan	64,212,368	79,659,829
	20% provision for unrealized loss arising out of year end (2016) revaluation of shares purchased*.	12,842,474	15,931,966
	Opening balance	15,931,966	5,626,357
	Add: (Adjustment)/Required 2016	-	10,305,609
		15,931,966	15,931,966
	*As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated28 December 2016, Prime Bank Securities has the option to maintain 20% of total unrealized loss arising from Margin Loan as provision as at 31/12/2016 i.e. Tk.1,28,42,474.00 We have maintained provision amounting to Tk. 1,59,31,966.00 which is 24.81% of total unrealized loss as of 31/12/2016.		
18	Provision for expenses		
	Internet bill	10,350	10,350
	Security and cleaning	46,350	37,080
	Water bill	3,000	4,000
	Telephone bill	25,000	27,000
	Office rent	683,056	346,124
	Electricity bill	175,000	60,000
	Wasa bill	25,000	10,000
	Fuel Expenses-Generator	3,000	3,000
	Audit fee	115,000	115,000
	Salary & Allowance	136,079	-
	Incentive bonus	166,173	166,173
	WAN Connectivity	33,350	33,350
	Software maintenance	120,000	120,000
	Professional fees	57,500	57,500
	Leave fare Assistance	9,167	-
	Car Allowance	42,333	-
	Howla CSE	144,946	-
		1,795,304	989,577

		Amount in Taka	
		31.12.2016	31.12.2015
19	Revenue from brokerage commission		
	Commission from PBIL	11,024,660	9,396,565
	Commission - DSE	10,330,130	11,125,050
	Commission - CSE	55,248	96,941
		21,410,038	20,618,556
20	Interest income		
	Interest income from margin loan	4,432,632	5,864,614
	Interest on deposits	2,080,043	1,032,452
		6,512,675	6,897,066

As per Para 34 of BAS -18 Revenue "Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity". Due to downward trend of capital market over the years, there is a significant uncertainty about the inflow of economic benefits from interest on margin loan against most of the loanees with negative equity. Hence we did not recognize interest income from margin loan in such cases where it is probable that such income will not flow to the company.

21	Other operating income		
	BO Opening charge	23,442	51,500
	CDBL income	195,322	165,273
	Rebate of CDS Bill	-	180,019
	Discount On Insurance	6,246	-
	BO Account Maintenance Fee	92,300	71,200
	Account Closing Charge	2,158	9,462
	Annual maintenance fee	-	63,500
	IPO Income	2,330	1,440
	Cheque Dishonor Charge	200	-
	Certification Fee	600	-
		322,598	542,394
22	Capital Gain/(Loss) from Investment in Share	(2,954,057)	3,224
23	Operating expenses		
	Salary & allowances(a)	12,748,764	11,320,412
	Festival bonus	1,158,593	916,600
	Office rent	4,913,366	4,153,492
	Utility bills (b)	1,754,554	1,734,542
	Repair & maintenance	6,900	-
	Conveyance and traveling	35,535	32,150
	Postage & Courier	2,266	912
	Directors' Fee	112,700	43,700
	Stationery	70,939	51,042
	Printing	40,680	27,419
	Advertisement	155,250	-
	Legal Fee	133,000	-
	Audit fee	115,000	115,000
	Fees and renewal (c)	311,365	363,028
	Professional fee	385,750	57,500

AMAR STOCK

		Amount in Taka	
		31.12.2016	31.12.2015
	Depreciation and amortization (d)	734,965	1,801,834
	Asset Insurance	28,729	-
	Training expenses	27,000	20,000
	Office Supply	68,289	42,020
	Security & Cleaning	454,230	557,745
	Newspaper & magazine	15,585	14,180
	Computer accessories	130,426	89,790
	Entertainment	745,095	232,307
	Vehicle expenses	515,009	540,447
	Cleaning Material	45,558	40,988
	Car Allowance	611,195	245,288
		25,320,741	22,400,396
a	Salary & allowances		
	Basic salary	7,106,886	6,165,412
	House rent	3,033,000	2,701,084
	Conveyance allowance	300,000	446,368
	Medical allowance	1,003,992	830,130
	Provident fund	710,685	559,277
	Leave fare assistance	594,201	618,141
		12,748,764	11,320,412
b	Utility bills		
	Electricity bill	870,043	826,369
	Telephone bill	226,342	237,796
	Wasa bill	102,386	88,645
	Fuel-Generator	5,352	29,974
	Water bill (Drinking)	26,031	13,151
	Internet bill	124,200	138,407
	WAN Connectivity	400,200	400,200
		1,754,554	1,734,542
c	Fees & renewal		
	Security Exchange Commission	-	4,000
	Dhaka Stock Exchange	24,000	20,000
	Chittagong Stock Exchange	20,000	20,000
	Register of Joint Stock Companies & Firms	28,000	12,000
	Central Depository Bangladesh Limited	9,100	-
	Trade license fees	35,265	20,210
	TREC Renewal - Dhaka Stock Exchange	50,000	50,000
	TREC Renewal - Chittagong Stock Exchange	50,000	50,000
	Authorization Fee	-	1,818
	Trader Certificate Renewal Fees	65,000	65,000
	Software maintenance fees	-	120,000
	DBA Membership Subscription	25,000	-
	Fee of TREC Holder Replacement	5,000	-
		311,365	363,028

AMARSTOCK

		Amount in Taka	
		31.12.2016	31.12.2015
d	**Depreciation & Amortization**		
	Furniture & fixture	343,850	412,787
	Computer & hardware	62,648	694,888
	Office equipment	6,253	173,074
	Air conditioner	-	147,770
	Vehicles	67,740	67,740
		480,491	1,496,259
	Software	254,474	305,575
		734,965	1,801,834
24	**Financial Expenses**		
	Bank charge & commission	64,107	94,360
	Interest on Bank loan	34,476,594	40,539,482
		34,540,701	40,633,842
25	**Direct expenses**		
	Howla	296,132	1,806
	Laga	2,628,651	2,349,399
	CDBL charge	619,362	784,984
	Investor protection fund	11,088	8,904
		3,555,233	3,145,093
26	**Earnings per share**		
	Net profit after tax	(28,842,309)	(47,610,844)
	Weighted average outstanding number of shares	75,000,000	75,000,000
	Earnings per share	(0.38)	(0.63)

AMAR STOCK

27. Related Party Transaction:

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business and arms' length basis. The name of related parties, nature of these transactions and their value have been set out below in accordance with the provision of BAS 24 "Related Party Disclosure":

Name of Party	Nature of Relationship	Nature of Transaction	Opening Balance	Transaction During the Period		Closing Balance
				Debit	Credit	
Prime Bank Limited	Parent Company	Equity investment(95% of total Equity Taka 75 Crore)	712,500,000	-	-	712,500,000
Prime Bank Limited	Parent Company	OD (General) facility	375,927,982	365,345,711	440,345,380	450,927,651
Prime Bank Limited	Parent Company	Rent Expense	-	3,169,078	-	3,169,078
Prime Bank Investment Limited	Shareholder	Equity investment(5% of total Equity Taka 75 Crore)	37,500,000	-	-	37,500,000
Prime Bank Investment Limited.	Shareholder	Brokerage Transaction (Receivable)	35,762	1,495,208,579	1,492,308,457	2,935,885
Prime Bank Investment Limited.	Shareholder	Brokerage Transaction (Payable)	864,419	639,845,605	660,844,348	21,863,161
Prime Bank Investment Limited.	Shareholder	Rent Expense	-	1,744,288	-	1,744,288
Shamsuddin Ahmed Ph.D. Representing Prime Bank Ltd.	Independent Director & Chairman	Board meeting attendance fee	-	31,050	-	31,050
Md. Shahadat Hossain Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	31,050	-	31,050
Ahmed Kamal Khan Chowdhury Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	25,300	-	25,300
Sheikh Mortuza Ahmed Representing Prime Bank Investment Ltd.	Director	Board meeting attendance fee	-	25,300	-	25,300

Financial Statements of Islamic Branches
Financial Statements of Offshore Banking Unit
Financial Statements - Prime Bank Investment Limited
Financial Statement- Prime Bank Securities Limited
Financial Statements- Prime Exchange Co. PTE. LTD., Singapore

ANNEXURE-A

PRIME BANK SECURITIES LIMITED

Schedule of depreciation

As at December 31 2016

Amount in Taka

Particulars	Cost				Depreciation					Total written down value
	Opening balance	Addition during the year	Disposal during the year	Total cost	Rate	Opening balance	Charged during the year	Disposal during the year	Total depreciation	
Office equipment	1,255,574	-	-	1,255,574	25%	1,249,305	6,253	-	1,255,557	17
Air conditioners	1,135,500	-	-	1,135,500	25%	1,135,499	-	-	1,135,499	1
Vehicles	338,700	-	-	338,700	20%	226,758	67,740	-	294,498	44,202
Computer & hardware	5,159,104	50,000	-	5,209,104	25%	4,983,990	62,648	-	5,046,638	162,466
Furniture & fixtures	2,193,650	-	-	2,193,650	20%	1,838,296	343,850	-	2,182,146	11,504
Total	**10,082,528**	**50,000**	**-**	**10,132,528**		**9,433,848**	**480,491**	**-**	**9,914,338**	**218,190**

PRIME BANK SECURITIES LIMITED

Schedule of amortization

As at December 31 2016

Amount in Taka

Particulars	Cost				Amortization					Total written down value
	Opening balance	Addition during the year	Disposal during the year	Total cost	Rate	Opening balance	Charged during the year	Disposal during the year	Total amortization	
Software	1,527,875	69,000	-	1,596,875	20%	1,226,953	254,474	-	1,481,427	115,448
Total	**1,527,875**	**69,000**	**-**	**1,596,875**		**1,226,953**	**254,474**	**-**	**1,481,427**	**115,448**

AMARSTOCK

PRIME BANK SECURITIES LIMITED

ANNEXURE-B

Investment in Securities

As at December 31 2016

Instrument	Quantity	Rate	Total cost	Market rate	Market value	Gain / loss
AB Bank 1st Mutual Fund	200,000	6.10	1,220,000.00	5.90	1,180,000.00	(40,000)
Aman Feed Limited	510	71.83	36,631.82	68.80	35,088.00	(1,544)
Bangladesh Thai Aluminum Limited	19,500	25.70	501,150.00	25.00	487,500.00	(13,650)
Bangladesh Shipping Corporation	5,336	473.40	2,526,065.39	470.20	2,508,987.20	(17,078)
The City Bank Ltd.	152,460	30.03	4,578,419.00	27.20	4,146,912.00	(431,507)
DESCO	310,000	58.95	18,273,242.62	46.30	14,353,000.00	(3,920,243)
Fortune Shoes Limited	50,000	54.05	2,702,500.00	50.80	2,540,000.00	(162,500)
Grameen MFO : Scheme 2	200,000	12.28	2,455,700.00	12.30	2,460,000.00	4,300
Lafarge Surma Cement Limited	10,000	61.21	612,147.07	82.10	821,000.00	208,853
Lanka Bangla Finance Limited	232,443	52.82	12,276,550.00	34.80	8,089,016.40	(4,187,534)
Mercantile Insurance Limited	35,000	29.80	1,043,000.00	16.50	577,500.00	(465,500)
Mithun Knitting Limited	1,500	55.00	82,500.00	56.10	84,150.00	1,650
National Feed Mill Limited	50,000	20.95	1,047,500.00	20.50	1,025,000.00	(22,500)
Padma Oil Company Limited	16,500	319.24	5,267,420.00	180.20	2,973,300.00	(2,294,120)
Phoenix Finance and Investment Ltd.	110,880	59.80	6,630,850.00	26.90	2,982,672.00	(3,648,178)
Popular Life Insurance Limited	10,000	71.20	712,000.00	69.80	698,000.00	(14,000)
Power Grid Limited	98,616	59.21	5,838,806.00	54.00	5,325,264.00	(513,542)
Quasem Drycell Limited	10,300	96.10	989,876.00	94.20	970,260.00	(19,616)
Summit Alliance Port Limited	9,500	52.00	494,000.00	51.50	489,250.00	(4,750)
Trust Bank 1st Mutual Fund Limited	200,000	6.30	1,260,000.00	6.00	1,200,000.00	(60,000)
United Power Generation & Distribution Company Ltd.	25,000	143.68	3,592,100.00	141.60	3,540,000.00	(52,100)
Uttara Bank Limited	121,000	49.36	5,972,735.00	24.70	2,988,700.00	(2,984,035)
			78,113,193		59,475,600	(18,637,593)

FINANCIAL STATEMENTS

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Independent Auditors' Report to the Member - of Prime Exchange Co. Pte. Ltd.
Statement of Profit or Loss & Other Comprehensive Income -
Statement of Financial Position -
Statement of Changes in Equity -
Statement of Cash Flows -
Notes to the Financial Statements -



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
Prime Exchange Co. Pte. Ltd.

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prime Exchange Co. Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



C. C. YANG & CO.

PUBLIC ACCOUNTANTS AND

CHARTERED ACCOUNTANTS

SINGAPORE

23 February 2017

AMARSTOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 31 December 2016

(Expressed in Singapore Dollars)

	Note	$	
		2016	2015
Revenue			
Commission Income		443,243	537,952
Other Items of Income			
Other Income	3	3,156	4,376
Foreign **Currency** Gains		494,579	357,452
Other Items of Expense			
Employee Benefits Expense	4	(431,185)	(369,348)
Depreciation	7	(21,232)	(47,809)
Other Expenses	5	(440,129)	(382,636)
Profit Before Tax from Continuing Operations		48,432	99,987
Income Tax Expense	6	(2,685)	(2,842)
Profit from Continuing Operations, Net of Tax		45,747	97,145
Other Comprehensive Income			
Other Comprehensive Income, Net of Tax		-	-
Total Comprehensive Income		$ 45,747	$ 97,145

The accompanying notes form an integral part of these financial statements

AMAR STOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Financial Position

As at 31 December 2016

(Expressed in Singapore Dollars)

	Note	$	
		2016	2015
ASSETS	7	55, 944	16,003
Non-Current Assets			
Property, Plant and Equipment	7	55,944	16,003
Total Non-Current Assets		55,944	16,003
Current Assets			
Other Receivables	8	94,740	120,475
Prepayments		10,445	10,364
Cash and Bank Balances	9, 10	979,785	1,016,689
Total Current Assets		1,084,970	1,147,528
Total Assets		$ 1,140,914	$ 1,163,531
EQUITY AND LIABILITIES			
Equity			
Share Capital	11	804,727	804,727
Retained Earnings		45,747	97,145
Total Equity		850,474	901,872
Non-Current Liabilities			
Deferred Tax Liabilities	12	3,813	1,524
Total Non-Current Liabilities		3,813	1,524
Current Liabilities			
Income Tax Payable		1,871	7,693
Trade and Other Payables	13	284,756	252,442
Total Current Liabilities		286,627	260,135
Total Liabilities		290,440	261,659
Total Equity and Liabilities		$ 1,140,914	$ 1,163,531

The accompanying notes form an integral part of these financial statements

XMAR STOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Changes in Equity

For the Year Ended 31 December 2016

(Expressed in Singapore Dollars)

	Note	$		
		Total Equity	Share Capital	Retained Earnings
Balance at 1/1/2016		901,872	804,727	97,145
Distributions to Owner				
Dividends	17	(97,145)	-	(97,145)
Total Distributions to Owner		(97,145)	-	(97,145)
Total Comprehensive Income for the Year - 2016		45,747	-	45,747
Balance at 31/12/2016		$850,474	$804,727	$45,747
Balance at 1/1/2015		833,017	250,000	583,017
Contributions by and Distributions to Owner				
Issue of Share Capital by Way of Bonus Shares Issued	11	-	554,727	(554,727)
Dividends	17	(28,290)	-	(28,290)
Total Contributions by and Distributions to Owner		(28,290)	554,727	(583,017)
Total Comprehensive Income for the Year - 2015		97,145	-	97,145
Balance at 31/12/2015		$901,872	$804,727	$97,145

The accompanying notes form an integral part of these financial statements

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Cash Flows

For the Year Ended 31 December 2016

(Expressed in Singapore Dollars)

	Note	$	
		2016	2015
Cash Flows From Operating Activities			
Profit Before Income Tax		48,432	99,987
Total Adjustment		21,232	47,809
Depreciation		21,232	47,809
Operating Profit Before Working Capital Changes		69,664	147,796
Increase in Other Receivables		(24,750)	-
Decrease (Increase) in Prepayments		(81)	1,164
Increase (Decrease) in Trade and Other Payables		32,314	(178,835)
Cash Flows From (Used In) Operations		77,147	(29,875)
Income Tax Paid		(6,218)	(17,102)
Net Cash Flows From (Used In) Operating Activities		70,929	(46,977)
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment		(61,173)	(1,838)
Decrease (Increase) in Amount Due From Holding Company		50,485	(50,485)
Net Cash Flows Used In Investing Activities		(10,688)	(52,323)
Cash Flows From Financing Activities			
Dividends Paid on Ordinary Shares		(97,145)	(28,290)
Net Cash Flows Used In Financing Activities		(97,145)	(28,290)
Net Decrease in Cash and Cash Equivalents		(36,904)	(127,590)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance		1,016,689	1,144,279
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	10	$979,785	$1,016,689

The accompanying notes form an integral part of these financial statements

XMAR STOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Notes to the Financial Statements

31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Prime Exchange Co. Pte. Ltd. is a limited liability company incorporated and domiciled in the Republic of Singapore whose registered office and principal place of business is located at 2A Desker Road Singapore 209549 and another two branches at Block 134 #01-305 Jurong Gateway Road Singapore 600134 and 55 Benoi Road #01-14 Joo Koon Bus Interchange Singapore 629907.

The Company is a wholly-owned subsidiary of Prime Bank Limited, incorporated in Bangladesh, which is also the Company's ultimate holding company.

The principal activities of the Company are to carry on the remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange house.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and the applicable requirements of the Singapore Companies Act.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be the Singapore dollars. Revenue and major costs of providing services including major operating expenses are primarily influenced by fluctuations in Singapore dollars.

The financial statements are presented in Singapore dollars.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are relevant to its operations and effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but are only effective for annual financial periods beginning on or after the respective dates.

Effective 1 January 2017	
Amendments to FRS 7	Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Effective 1 January 2018	
FRS 109	Financial Instruments
FRS 115	Revenue from Contracts with Customers
Amendments to FRS 40	Transfers of Investment Property
Amendments to FRS 102	Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers
INT FRS 122	Foreign Currency Transactions and Advance Consideration
	Effective 1 January 2019
FRS 116	Leases

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Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 is described below.

FRS 109 Financial Instruments

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The directors are currently evaluating the impact of FRS 109 on the financial statements.

FRS 115 Revenue from Contracts with Customers

FRS 115 is a new standard which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts, and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

FRS 115 also includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The directors are currently evaluating the impact of FRS 115 on the financial statements.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases and introduces a new single lease accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. The directors are currently assessing the impact of FRS 116 on the financial statements.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the profit or loss during the financial year in which it is incurred.

Depreciation is computed on the straight-line method to write off the cost of property, plant and equipment over the estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Furniture & fittings	3 years
Office equipment	3 years
Renovation	3 years

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances

indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at the end of each reporting year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.6 Financial instruments

(a) Financial assets

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the profit or loss.

The Company classifies the following financial assets as loans and receivables:

- Cash and bank balances
- Other receivables, including amount due from holding company

(b) Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.7 Impairment of financial assets

The Company assesses at the end of each reporting year whether there is any objective evidence that a financial asset or group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Employee benefits

Defined contribution plan

As required by law, the Company makes contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to these contributions.

2.11 Leases

As lessee

Operating leases

Leases where substantially all the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty.

Commission income

Commission income is recognised upon completion and delivery of the service to the customers.

2.13 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, the fair value is recognised as income in the profit or loss over the periods necessary to match them on a systematic basis to the costs for which the grants are intended to compensate.

2.14 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Income Tax Authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting year.

Current taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting year.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.15 Foreign currency transactions

Transactions in foreign currencies are measured and recorded in Singapore dollars on initial recognition at exchange rates

approximating those ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting year are recognised in the profit or loss.

2.16 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.17 Dividend

Interim dividend is recorded in the financial year in which it is declared payable. Final dividend is recorded in the financial year in which the dividend is approved by the shareholders.

2.18 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be 3 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Company's property, plant and equipment at the end of the reporting year are disclosed in Note 7 to the financial statements.

Impairment of loans and receivables

The Company assesses at the end of each reporting year whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Company considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's loans and receivables at the end of the reporting year are disclosed in Notes 8, 9 and 10 to the financial statements.

Income taxes

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Company's income tax payable and deferred tax liabilities at 31 December 2016 were $1,871 (2015 – $7,693) and $3,813 (2015 – $1,524) respectively.

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3 OTHER INCOME

	$	
	2016	2015
Government grants	$ 3,156	$ 4,376

4 EMPLOYEE BENEFITS EXPENSE

	$	
	2016	2015
Salaries, bonuses and other related costs	415,265	352,348
Employer's contributions to Central Provident Fund	15,920	17,000
	$ 431,185	$ 369,348

The above includes remuneration of key management personnel as shown in Note 15(b) to the financial statements.

5 OTHER EXPENSES

The following items have been included in arriving at other expenses:

	$	
	2016	2015
Advertisement	21,806	14,604
Bank and nets charges	61,977	36,957
Casual labour	16,290	12,710
Entertainment	6,698	6,869
General expenses	9,610	5,152
Insurance	34,545	31,968
Printing and stationery	11,024	9,306
Professional and legal fees	18,155	17,592
Rental of premises	178,549	162,000
Telephone charges	20,288	17,179
Transportation	8,743	10,145
Travelling	6,459	13,370
Utilities	16,156	16,996

6 INCOME TAX EXPENSE

	$	
	2016	2015
Based on results for the year		
Current tax	1,872	7,693
Deferred tax (Note 12)	2,289	(4,905)
	4,161	2,788
Under (Over) provision in respect of prior years		
Current tax	(1,476)	54
	$ 2,685	$ 2,842

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

Profit before income tax	$ 48,432	$ 99,987
Tax expense calculated at tax rate of 17% (2015 – 17%)	8,233	16,998
Expenses not deductible for tax purposes	2,786	3,545
Income not subject to tax	(394)	(649)
Productivity and innovation credit	-	(1,969)

	$	
	2016	2015
Singapore statutory stepped income exemption	(4,593)	(11,840)
Corporate income tax rebate	(1,871)	(3,297)
Under (Over) provision in respect of prior years		
Current tax	(1,476)	54
	$ 2,685	$ 2,842

7 PROPERTY, PLANT AND EQUIPMENT

	$			
2016	Furniture & fittings	Office equipment	Renovation	Total
Cost:				
At 1.1.2016	10,414	135,820	196,602	342,836
Additions	367	19,806	41,000	61,173
At 31.12.2016	10,781	155,626	237,602	404,009
Accumulated depreciation:				
At 1.1.2016	8,788	124,776	193,269	326,833
Depreciation for the year	1,165	12,406	7,661	21,232
At 31.12.2016	9,953	137,182	200,930	348,065
Net book value:				
At 31.12.2016	$828	$ 18,444	$36,672	$55,944
2015				
Cost:				
At 1.1.2015	9,900	134,496	196,602	340,998
Additions	514	1,324	-	1,838
At 31.12.2015	10,414	135,820	196,602	342,836
Accumulated depreciation:				
At 1.1.2015	7,717	104,530	166,777	279,024
Depreciation for the year	1,071	20,246	26,492	47,809
At 31.12.2015	8,788	124,776	193,269	326,833
Net book value:				
At 31.12.2015	$ 1,626	$ 11,044	$ 3,333	$ 16,003

8 OTHER RECEIVABLES

	$	
	2016	2015
Non-trade receivable	-	50,485
- Holding company (Note 1)	94,740	69,990
Deposits	$ 94,740	$ 120,475
Other receivables are denominated in the following currencies:		
Singapore Dollars	94,740	69,990
United States Dollars	-	50,485
	$ 94,740	$ 120,475

The non-trade receivable from holding company is unsecured, interest-free and repayable on demand. This amount is to be settled in cash.

9 CASH AND BANK BALANCES

he cash and bank balances include an amount of $277,395 (2015 – $245,342) (Note 13) received from customers for outward remittance at year end date. The amount was subsequently remitted on 3 January 2017 (2015 – 4 January 2016).

10 CASH AND CASH EQUIVALENTS

Cash and bank balances are denominated in the following currencies:

	$	
	2016	2015
Singapore Dollars	752,501	768,267
Taka	154,286	121,373
Indian Rupees	54,370	106,781
Philippine Peso	18,628	20,268
	$ 979,785	$1,016,689

11 SHARE CAPITAL

	$			
	2016		2015	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Issued and fully paid				
Balance at beginning of year	804,727	804,727	250,000	250,000
Issue of bonus shares	-	-	554,727	554,727
Balance at end of year	804,727	$ 804,727	804,727	$ 804,727

During the year 2015, a bonus issue of $554,727 fully paid ordinary shares was made by the Company to existing shareholder, by the application of $554,727 in the retained earnings account.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares of no par value carry one vote per share without restriction.

12 DEFERRED TAX LIABILITIES

	$	
	2016	2015
Deferred tax liabilities	$ 3,813	$ 1,524

The movements in deferred tax liabilities during the year are as follows:

	$	
	Accelerated Tax Depreciation	Total
Balance at 1.1.2015	6,429	6,429
Credited to profit or loss - 2015		
- Current year (Note 6)	(4,905)	(4,905)
Balance at 31.12.2015	1,524	1,524
Charged to profit or loss – 2016		
- Current year (Note 6)	2,289	2,289
Balance at 31.12.2016	$ 3,813	$ 3,813

13 TRADE AND OTHER PAYABLES

	$	
	2016	2015
Accruals	7,361	7,100
Funds received from customers (Note 9)	277,395	245,342
	$ 284,756	$ 252,442

14 OPERATING LEASE COMMITMENTS

At the end of the reporting year, the Company was committed to making the following payments in respect of rental commitments under non-cancellable operating leases:

	$	
	2016	2015
Leases which expire:		
Within one year	160,500	162,000
Later than one year but within five years	76,000	121,500
	$ 236,500	$ 283,500

15 RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party for the purpose of these financial statements if it has the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Company or vice versa, or where it is subject to common control or common significant influence.

The Company has the following significant related party transactions entered with its related parties and the effect of these transactions at terms agreed between the parties are reflected in these financial statements:

		$	
		2016	2015
(a)	Transactions with related parties		
	Related party		
	Professional fee	5,480	12,500
	Other expenses	1,169	1,595
(b)	Compensation of key management personnel		
	Key Executive Officers		
	Salary, bonus and other related costs	$106,655	$108,000

16 CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments as at the end of the reporting year are as follows:

	$	
	2016	2015
Financial assets:		
Loans and receivables (including cash and bank balances)	$1,074,525	$1,137,164
Financial liabilities:		
Financial liabilities at amortised cost	$284,756	$252,442

17 DIVIDENDS

	$	
	2016	2015
Exempt one-tier final dividend of $0.12072 (2015 – $0.11316) per ordinary share in respect of year ended 31 December 2015 (2015 – 31 December 2014)	$ 97,145	$ 28,290

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The Company's financial instruments comprise financial assets and liabilities. Financial assets and liabilities mainly relate to receivables and payables which arise directly from its operations.

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Company's operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and other price risk exposures. The management has certain practices for the management of financial risks. However, these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices.

The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations in interest and foreign exchange rates.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has concentration of credit risk for 2015 with regards to amount due from holding company and this comprises 100% of total receivables. The Company has policies in place to ensure that transactions are entered into only with counter parties that are of acceptable credit quality. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The maximum exposure to credit risk is represented by the net carrying amount of financial assets recorded in the financial statements.

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

As at the end of the reporting year, the expected contractual undiscounted cash outflows of financial liabilities are due in less than a year.

Interest rate risk

The Company has no exposure to movements in market interest rates.

Foreign currency risk

The Company's remittance activities are transacted in Taka, Indian Rupees, United States dollars and Philippine Peso. Exchange rate movements in Taka, the Indian Rupees, the United States dollars, Philippine Peso and the Singapore dollars, the Company's functional currency, exposed the Company to foreign currency risk.

The Company does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions as the Company's exposure to foreign currency risk is minimal.

Sensitivity analysis: The effect is not significant.

Equity price risk

The Company has no exposure to equity price risk.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The total capital of the Company as at the end of the reporting year is the "Total equity" as presented on the statement of financial position.

The Company is not subject to any externally imposed capital requirements.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and bank balances, other receivables and trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

20. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 23 February 2017.

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FINANCIAL STATEMENTS
PBL EXCHANGE (UK) LTD.

Independent Auditors' Report to the Members - of PBL Exchange (UK) Ltd.
Profit and Loss Account -
Balance Sheet -
Cash Flow Statement -
Notes to the Financial Statements -



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PBL EXCHANGE (UK) LIMITED

Independent Auditor's Report

To the Members of PBL Exchange (UK) Limited

We have audited the financial statements of PBL EXCHANGE (UK) LIMITED for the year ended 31 December 2016 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mrs. Seema Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabani

Chartered Accountants
Statutory Auditor

28 February 2017

183-189 The Vale
Acton
London
W3 7RW

PBL EXCHANGE (UK) LIMITED

Profit and Loss Account

For the Year Ended 31 December 2016

	Notes	£	
		Year ended 31 December 2016	Year ended 31 December 2015
Turnover	3	330,626	338,421
Administrative expenses		(348,216)	(348,216)
Operating profit/(loss)	4	7,312	(9,795)
Interest payable and similar expenses	6	(3)	(197)
Profit/(loss) before taxation		7,309	(9,992)
Taxation	7	68,088	-
Profit/(loss) for the financial year		75,397	(9,992)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PBL EXCHANGE (UK) LIMITED

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	£	
	Year ended 31 December 2016	Year ended 31 December 2015
Profit/(loss) for the year	75,397	(9,992)
Other comprehensive income	-	-
Total comprehensive income for the year	75,397	(9,992)

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PBL EXCHANGE (UK) LIMITED

Balance Sheet

As at 31 December 2016

	Notes	£			
		201 6		2015	
Fixed assets					
Tangible assets	8		99,996		110,417
Current assets					
Debtors - deferred tax		68,088		-	
Cash at bank and in hand		156,891		171,090	
		224,979		171,090	
Creditors: amounts falling due within one year	10	(161,323)		(193,252)	
Net current assets/(liabilities)			63,656		(22,162)
Total assets less current liabilities			163,652		88,255
Capital and reserves					
Called up share capital	12		500,000		500,000
Profit and loss reserves			(336,348)		(411,745)
Total equity			163,652		88,255

The financial statements were approved by the board of directors and authorised for issue on 28 February 2017 and are signed on its behalf by:

Ahmed Kamal Khan Chowdhury

Director

Md. Shirajul Islam Mollah

Director

Company Registration No. 07081093

PBL EXCHANGE (UK) LIMITED

Statement of Changes In Equity

For the Year Ended 31 December 2016

	Notes	£		
		Share capital	Profit and loss reserves	Total
Balance at 1 January 2015		500,000	(401,753)	98,247
Year ended 31 December 2015:				
Loss and total comprehensive income for the year		-	(9,992)	(9,992)
Balance at 31 December 2015		500,000	(411,745)	88,255
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	75,397	75,397
Balance at 31 December 2016		500,000	(336,348)	163,652

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PBL EXCHANGE (UK) LIMITED

Statement of Cash Flows

For the Year Ended 31 December 2016

	Notes	£			
		201 6		2015	
Cash flows from operating activities					
Cash absorbed by operations	15		(14,196)		(51,763)
Interest paid			(3)		(197)
Net cash outflow from operating activities			(14,199)		(51.960)
Investing activities					
Purchase of tangible fixed assets		-		(283)	
Net cash used in investing activities			-		(283)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(14,199)		(52,243)
Cash and cash equivalents at beginning of year			171,090		223,333
Cash and cash equivalents at end of year			156,891		171 ,090

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PBL EXCHANGE (UK) LIMITED

Notes to The Financial Statements

For the Year Ended 31 December 2016

1 Accounting policies

Company information

PBL EXCHANGE (UK) LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is 16 Brick Lane, London, UK, E1 6RF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of PBL EXCHANGE (UK) LIMITED prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts received as commission from customers.

Turnover is recognised at the fair value of the consideration received or receivable in the form of consumers' money transfer transaction fees. The transaction fees are based on the principal amount of the money transfer transaction and the locations from and to which funds are transferred. Transaction fees are set by the Company and recorded as revenue at the time of sale. The Company does not charge VAT on transactions owing to money transfer services being an exempt supply.

The Company also generates revenue based on the difference between the exchange rate set by the Company to the customer and the rate at which the Company or its agents are able to acquire the currency. This foreign exchange revenue is recognised at the same time at which the related money transfer transaction fee revenue is recognised.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10 years over the life of the lease
Fixtures, fittings & equipment	25% straight line
Computer equipment	25% srtaight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount

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of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the

impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred

tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Foreign Currency Transactions

Transactions in foreign currency are measured and recorded in Sterling by use of the exchange rate in effect at the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the rate at the statement of financial position date. All realized and unrealized exchange adjustment gains and losses are taken to the statement of movements on profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	£	
	2016	2015
Turnover	330,626	338,421

4 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	4,500	4,500
Depreciation of owned tangible fixed assets	10,421	10,587

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:	11	11
Their aggregate remuneration comprised:		
Wages and salaries	150,295	151,805
Social security costs	7,076	8,376
	157,371	160,181

		£	
		2016	2015
6	Interest payable and similar expenses		
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	3	197
7	Taxation		
	Deferred tax		
	Origination and reversal of timing differences	(68,088)	-
	The actual (credit)/charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:		
	Profit/(loss) before taxation	7,309	(9,992)
	Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2015: 0%)	1,462	-
	Tax effect of utilisation of tax losses not previously recognised	(71,634)	-
	Depreciation	2,084	-
	Taxation for the year	(68,088)	-

8 Tangible fixed assets

	£			
	Land and buildings Leasehold	Fixtures, fittings & equipment	Computer equipment	Total
Cost				
At 1 January 2016 and 31 December 2016	173,332	7,621	7,973	188,926
Depreciation and impairment				
At 1 January 2016	63,620	7,338	7,551	78,509
Depreciation charged in the year	10,213	71	137	10,421
At 31 December 2016	73,833	7,409	7,688	88,930
Carrying amount				
At 31 December 2016	99,499	212	285	99,996
At 31 December 2015	109,712	283	422	110,417

9 Financial instruments

	£	
	2016	2015
Carrying amount of financial liabilities		
Measured at amortised cost	159,877	190,967

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

10	Creditors: amounts falling due within one year		
	Trade creditors	158,790	190,217
	Other taxation and social security	1,446	2,285
	Accruals and deferred income	1,087	750
		161,323	193,252

11	**Deferred taxation**		
	The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:		
	Balances:		
	Tax losses	68,088	-
12	**Share capital**		
	Ordinary share capital		
	Issued and fully paid		
	500,000 Ordinary of £1 each	500,000	500,000
13	**Cash generated from operations**		
	Profit/(loss) for the year after tax	75,397	(9,992)
	Adjustments for:		
	Taxation credited	(68,088)	-
	Finance costs	3	197
	Depreciation and impairment of tangible fixed assets	10,421	10,587
	Movements in working capital:		
	(Decrease) in creditors	(31,929)	(52,555)
	Cash absorbed by operations	(14,196)	(51,763)

PBL EXCHANGE (UK) LIMITED

Detailed Trading and Profit and Loss Account

For the Year Ended 31 December 2016

	£	
	Year ended 31 December 2016	Year ended 31 December 2015
Turnover		
Commission	330,626	338,421
Administrative expenses	(323,314)	(348,216)
Operating profit/(loss)	7,312	(9,795)
Interest payable and similar expenses		
Bank interest on loans and overdrafts	(3)	(197)
Profit/(loss) before taxation	7,309	(9,992)

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FINANCIAL STATEMENTS
PBL FINANCE (HONG KONG) LTD.

Independent Auditors' Report to the Shareholders of PBL Finance (Hong Kong) Ltd. -
Statement of Income and Retained Earnings -
Statement of Financial Position -
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INDEPENDENT AUDITOR'S REPORT
To the Members of PBL Finance (Hong Kong) Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of PBL Finance (Hong Kong) Limited ("the Company") set out on pages 6 to 16, which comprise the statement of financial position as at 31st December, 2016, and the statement of income and retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
To the Members of PBL Finance (Hong Kong) Limited
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

T. O. Yip & Co. Limited
Certified Public Accountants (Practising)
Hong Kong

Samuel Ming Sum Yip
Practising Certificate Number : P05704

Date, 20 February 2017

PBL FINANCE (HONG KONG) LIMITED

Statement of Income and Retained Earnings

For the Year Ended 31st December, 2016

	Note	HK$ 2016	HK$ 2015
Interest income		8,387,007	9,868,809
Interest expenses	4	(3,236,963)	(3,315,131)
Net interest income		5,150,044	6,553,678
Other operating income	5	5,187,212	5,666,032
Total operating income		10,337,256	12,219,710
Staff costs		(2,379,832)	(2,064,943)
Depreciation	11	(68,772)	(142,303)
Other operating expenses		(1,572,903)	(1,533,585)
Total operating expenses		(4,021,507)	(3,740,831)
Profit before taxation	8	6,315,749	8,478,879
Income tax expense	9	(1,029,510)	(1,399,210)
Profit for the year		5,286,239	7,079,669
Retained earnings at start of year		7,079,669	5,495,536
Dividends	10	(7,079,669)	(5,495,536)
Retained earnings at end of year		5,286,239	7,079,669

The notes on pages 9 to 16 form part of these financial statements.

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PBL FINANCE (HONG KONG) LIMITED

Statement of Financial Position

As at 31st December, 2016

	Notes	HK$ 2016	HK$ 2015
Non-current assets			
Property, plant and equipment	11	38,263	91,237
Current assets			
Discounted bills receivable		204,348,230	158,359,547
Deposits, prepayments and other receivables		298,115	300,303
Income tax refundable		369,700	-
Cash and bank balances		14,199,383	1,290,876
		219,215,428	159,950,726
Current liabilities			
Accrued liabilities and other payables		2,168,799	3,822,173
Amount due to ultimate holding company	12	208,298,653	145,314,000
Income tax payable		-	326,121
		210,467,452	149,462,294
Net current assets		8,747,976	10,488,432
		8,786,239	10,579,669
Equity			
Share capital	13	3,500,000	3,500,000
Retained earnings		5,286,239	7,079,669
		8,786,239	10,579,669

The financial statements on pages 6 to 16 were approved and authorised for issue by the Board of Directors on 20 February 2017 and are signed on its behalf by:-

Ahmed Kamal KHAN CHOWDHURY
Director

Quazi Sirajul ISLAM
Director

The notes on pages 9 to 16 form part of these financial statements.

PBL FINANCE (HONG KONG) LIMITED

Statement of Cash Flows

For the Year Ended 31st December, 2016

	Notes	HK$ 2016	2016
Operating activities			
Profit before taxation		6,315,749	8,478,879
Adjustments for :			
Depreciation	11	68,772	142,303
Operating profit before changes in working capital		6,384,521	8,621,182
(Increase)/Decrease in discounted bills receivable		(45,988,683)	71,291,992
Decrease in deposits, prepayments and other receivables		2,188	47,663
(Decrease)/Increase in accrued liabilities and other payables		(1,653,374)	1,122,846
Increase/(Decrease) in amount due to ultimate holding company		62,984,653	(73,983,000)
Net cash generated from operation		21,729,305	7,100,683
Tax paid		(1,725,331)	(1,157,905)
Net cash generated from operating activities		20,003,974	5,942,778
Investing activities			
Purchase of property, plant and equipment	11	(15,798)	(5,912)
Net cash used in investing activities		(15,798)	(5,912)
Financing activities			
Dividend paid to equity shareholders of the Company	10	(7,079,669)	(5,495,536)
Cash used in from financing activities		(7,079,669)	(5,495,536)
Net increase in cash and cash equivalents		12,908,507	441,330
Cash and cash equivalents at start of year		1,290,876	849,546
Cash and cash equivalents at end of year		14,199,383	1,290,876
Analysis of cash and cash equivalents			
Cash and bank balances		14,199,383	1,290,876

The notes on pages 9 to 16 form part of these financial statements.

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PBL FINANCE (HONG KONG) LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the Year Ended 31st December, 2016

1. GENERAL INFORMATION

PBL Finance (Hong Kong) Limited ("the Company") is a limited company incorporated in Hong Kong. The address of its registered office and principal place of business is Suite 1407, 14th Floor, Admiralty Centre, Tower-One, 18 Harcourt Road, Hong Kong. The principal activities of the Company are money lending in Hong Kong and provides the following services :-

- Advising of documentary credits;
- Endorsing confirmation to the credit upon request of issuing bank;
- Negotiating/discounting of documents; and
- Remittance business.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

(a) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment :-

Office equipment	33 1/3%
Furniture and fixtures	33 1/3%
Leasehold improvement	Over the leased term

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(b) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

(d) Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(e) Borrowings

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns, sales-related taxes.

Revenue is recognised in statement of income and retained earnings provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows :-

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(i) from the rendering of confirming and advising, checking, telex, postage and other services, when the services are rendered; and

(ii) interest income; on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(g) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income and retained earnings because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(i) Foreign currency translation -- transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in statement of income and retained earnings within "finance costs". All other foreign exchange gains and losses are presented in statement of income within "other operating expenses".

(j) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

(k) Related parties

A related party is a person or entity that is related to the Company if :-

(a) A person or a close member of that person's family is related to the Company if that person :-

(i) has control or joint control of the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies :-

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third entity.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which its is a part, provides Key management personnel services to the reporting entity or to the parent of the reporting entity.

(l) Impairment of non-financial assets

PRIMARSTOCK

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that such has suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

Property, plant and equipment and depreciation

The Company determines the estimated useful lives and related depreciation charges for the Company's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Company will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. INTEREST EXPENSES

	HK$	
	2016	2016
Bank charges and interest	66,672	48,472
Interest on amount due to ultimate holding company	3,170,291	3,266,659
	3,236,963	3,315,131

5. OTHER OPERATING INCOME

Advising commission income	410,389	407,343
Handling and checking fee	1,056,300	1,722,945
Other charges and commission fee	2,944,267	2,859,343
Exchange (loss)/gain	(7,075)	7,572
Other income	783,331	668,829
	5,187,212	5,666,032

6. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to the Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows :-

Fees	-	-
Other emoluments	-	-

7. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

8. PROFIT BEFORE TAXATION

Auditors' remuneration	21,000	19,000
Depreciation	68,772	142,303

9. INCOME TAX EXPENSE

Taxation in the statement of income and retained earnings represents :-

Current tax – Hong Kong Profits Tax		
Provision for the year	1,029,510	1,399,210

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015 : 16.5%) of the estimated assessable profit for the year.

No deferred tax has been provided as the effect of all temporary difference is immaterial.

	HK$	
	2016	2016
10. DIVIDENDS		
Dividends payable to equity shareholders of the Company attributable to the year :-		
Interim dividend declared and paid of HK$2.02276 per ordinary share (2015: HK$1.57015 per ordinary share)	7,079,669	5,495,536

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture HK$	Leasehold improvement HK$	Total HK$
Cost				
At 31st December, 2015	248,941	69,021	238,742	556,704
Additions	5,598	10,200	-	15,798
At 31st December, 2016	254,539	79,221	238,742	572,502
Accumulated depreciation and impairment				
At 31st December, 2015	179,145	47,580	238,742	465,467
Charge for the year	47,325	21,447	-	68,772
At 31st December, 2016	226,470	69,027	238,742	534,239
Carrying amount				
At 31st December, 2016	28,069	10,194	-	38,263
At 31st December, 2015	69,796	21,441	-	91,237

12. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company (Note 16) is unsecured, interest-bearing at agreed premium over LIBOR and repayable within agreed maturity.

13. SHARE CAPITAL		
Issued and fully paid :-		
3,500,000 ordinary shares	3,500,000	3,500,000

14. RELATED PARTY TRANSACTIONS

In addition to the transactions, balances and guarantees disclosed elsewhere in these financial statements, the Company has the following material related party transactions during the year :-

Transactions and balances with ultimate holding company :-		
Discounted bills receivable	146,775,290	81,178,987
Bank balance	1,198,103	118,136
Interest expenses	3,170,291	3,266,659

15. OPERATING LEASE COMMITMENTS

The Company rents an office under an operating lease for a fixed period of two years, with fixed rental over the same period.

Minimum lease payments under operating leases recognised as an expense during the year	756,000	742,645

At the year-end, the Company had outstanding commitments under non-cancellable operating leases that fall due as follows :-

Within one year	280,452	756,000
In the second to fifth years, inclusive	-	280,452
	280,452	1,036,452

16. PARENT AND ULTIMATE HOLDING COMPANY

At 31st December, 2016, the directors consider the immediate parent and ultimate controlling party of the Company to be Prime Bank Limited, which is incorporated in Bangladesh. This entity produces financial statements available for public use.



PRIME BANK
FOUNDATION

Auditors' Report -
Statement of Financial Position (Balance Sheet) -
Income and Expenditure Statement -
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PRIME BANK FOUNDATION
Auditors' Report
For the year ended 31 December 2016

We have audited the accompanying financial statements of Prime Bank Foundation (the Foundation), which comprise the statement of financial position (balance sheet) as at 31 December 2016, and the related statement of profit or loss and other comprehensive income (income and expenditure statement), statement of changes in equity and receipts and payments statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the Foundation's affairs as at 31 December 2016 and of the results of its operations and comply with the applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Foundation so far as it appeared from our examination of those books; and

(c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (income and expenditure statement) dealt with by this report are in agreement with the books of account and returns.

Dhaka, Bangladesh
Dated, 13 February 2017

S. F. AHMED & CO
Chartered Accountants

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PRIME BANK FOUNDATION

Statement of Financial Position (Balance Sheet)

As at 31 December 2016

	Amount in Taka	
	2016	2015
Sources of funds		
Fund account	1,594,060,227	1,483,956,081
Retained earnings/(losses)	(262,902,828)	(193,442,977)
	1,331,157,399	1,290,513,104
Applications of funds		
Non-current assets		
Property, plant and equipment	493,559,818	510,928,092
Current assets		
Stock - Prime Bank Eye Hospital	1,189,750	762,748
Investment in fixed deposit	530,462,798	487,551,175
Accrued interest on fixed deposit	17,376,104	2,856,892
Receivable from Prime Bank Limited	-	-
Advance income tax	29,621,337	27,825,812
Advances, deposits and prepayments	267,104,527	268,376,878
Cash and bank balances	3,872,470	1,933,701
	849,626,986	789,307,206
Less: Current liabilities		
Security money	2,601,806	1,661,536
Provision for expenses	8,064,613	7,457,179
Other payable	1,362,985	603,480
Net current assets	837,597,582	779,585,011
Net assets	1,331,157,399	1,290,513,104

These financial statements should be read in conjunction with annexed notes

for Prime Bank Foundation

Member Secretary | Member | Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 13 February 2017

S. F. AHMED & CO
Chartered Accountants

PRIME BANK FOUNDATION

Statement of profit or loss and other Comprehensive Income (income and expenditure statement)

For the year ended 31 December 2016

	Amount in Taka	
	2016	2015
Income		
Interest on fixed deposit	30,162,422	37,498,966
Income from Prime Bank Eye Hospital	19,661,472	19,113,417
Income from Prime Bank English Medium School, Uttara	20,031,067	17,149,528
Income from Prime Bank Nursing Institute	4,915,980	5,472,145
Income from Prime Bank English Medium School, Mirpur	3,759,185	2,526,402
Interest on short term deposit	112,691	36,258
Profit on sale of property plant and equipment (furniture and air conditioner)	1,244,096	-
	79,886,913	81,796,716
Expenditure		
Salary and allowances	48,041,110	46,357,086
Awardees stipend	39,112,200	35,719,200
Depreciation	20,509,779	32,220,502
Office rent	10,217,817	12,911,220
Repair and office maintenance	4,907,118	3,983,778
OT expenses	3,623,069	2,863,282
Advertisement	2,636,232	1,415,424
Car maintenance	2,510,618	2,680,663
Utility	2,345,311	2,060,137
Security service	1,989,060	2,478,495
Award giving ceremony	1,931,103	1,051,851
Expenses - eye camp	1,730,363	723,390
Books and teaching materials	1,194,065	514,595
Education affairs expenses	1,191,141	598,814
Expenses - medicine shop	1,110,506	780,346
Printing and stationery	1,036,237	1,068,097
Telephone	1,008,394	855,136
Gratuity	985,200	879,400
Expenses - optic shop	610,692	673,597
Seminar, training and workshop	609,927	1,205,619
Legal and professional fees	575,000	1,514,337
Travelling and conveyance	412,433	656,522
Entertainment	404,720	436,447
Loss on sale of furniture	198,702	-
Audit fee	115,000	86,250
Excise duty	104,150	88,524
Honorarium	60,000	65,000
Communication expense	54,609	27,255
Bank charges	53,187	13,268
Newspaper	44,856	46,224
Pathology	24,165	25,855
Vision center	-	391,038
CSR area awards	-	25,004
	149,346,763	154,416,356
Deficit for the year	(69,459,851)	(72,619,640)

These financial statements should be read in conjunction with annexed notes

for Prime Bank Foundation

Member Secretary

Member

Chairman

See annexed report of the date

S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 13 February 2017

PRIME BANK FOUNDATION

Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Amount in Taka Fund account	Amount in Taka Retained earnings/ losses	Amount in Taka Total
Year 2016			
Balance as at 01 January 2016	1,483,956,081	(193,442,977)	1,290,513,104
Deficit during the year	-	(69,459,851)	(69,459,851)
Received from Prime Bank Limited	110,080,671	-	110,080,671
Received from general public -			
Prime sight fund	23,475.00	-	23,475
Balance as at 31 December 2016	1,594,060,227	(262,902,828)	1,331,157,399
Year 2015			
Balance as at 01 January 2015	1,483,956,081	(120,823,337)	1,363,132,744
Deficit during the year	-	(72,619,640)	(72,619,640)
Balance as at 31 December 2015	1,483,956,081	(193,442,977)	1,290,513,104

Member Secretary | Member | Chairman

Dhaka, Bangladesh
Dated, 13 February 2017

AMARSTOCK

PRIME BANK FOUNDATION
Receipts and Payments Statement
For the year ended 31 December 2016

	Amount in Taka	
	2016	2015
Opening cash and bank balances		
Cash in hand	34,928	215,740
Bank balances	1,898,774	4,812,948
Fixed deposit	487,551,176	531,578,559
	489,484,878	536,607,247
Contribution from Prime Bank Limited (PBL)	110,080,671	131,203,993
Income from Prime Bank Eye Hospital (PBEH)	19,093,502	15,633,387
Receivables	16,645,317	-
Interest on fixed deposit	15,643,210	39,318,176
Income from Prime Bank English Medium School (PBEMS), Uttara	10,012,598	16,656,283
Sundry creditors	2,037,751	771,115
Income from Prime Bank English Medium School, Mirpur	2,726,061	2,480,265
Sales	1,453,120	-
Advances	1,146,043	-
Income from Prime Bank College of Nursing (PBCN)	140,824	5,068,495
Interest on STD account	86,192	36,258
Prime sight fund	23,250	-
PBL contribution for eye camp and blood donation	-	3,476,300
	179,088,539	215,179,287
	668,573,417	751,786,534
Payments		
Salary and allowances	46,524,150	46,199,080
Awardees stipend	39,112,200	35,719,200
Office rent	8,937,686	9,705,447
Advances	8,692,731	6,681,832
Stock	5,032,267	1,369,341
Repair and office maintenance	3,335,138	3,762,308
Sundry Creditors	2,235,202	127,597,716
Car maintenance	2,089,754	2,396,121
Advertisement	1,932,794	1,222,368
Security service	1,913,064	2,350,661
Advance income tax	1,818,911	4,382,514
Overtime expenses	1,377,051	2,127,808
United Finance Limited	1,374,851	917,694
Income tax (salaries)	1,222,177	744,994
Books and teaching materials	1,078,000	728,139
Printing and stationery	954,371	1,025,096
Gratuity	940,800	416,756
Telephone	877,074	913,401
Award giving ceremony	722,368	869,702
Optic shop	534,635	594,208
Eye camp	521,439	424,727

AMARSTOCK

PRIME BANK FOUNDATION
Receipts and Payments Statement
For the year ended 31 December 2016

	Amount in Taka	
	2016	2015
Furniture and fixtures	405,599	2,584,742
Travelling and conveyance	399,943	330,763
Entertainment	397,073	370,548
Seminar, training and workshops	264,744	610,860
Education affairs expenses	258,720	389,038
Office equipment	244,632	565,173
Utility	233,816	1,388,999
Legal and professional fees	200,000	1,393,837
Medical equipment	148,800	1,502,348
Audit fee	135,000	-
Accounts payable	98,507	2,702,445
Bank charges	56,004	13,268
Excise duty	50,000	88,524
Communication expenses	49,627	25,350
Newspaper	44,856	46,224
Pathology	24,165	26,455
Generator	-	44,000
Honorarium	-	35,000
CSR area awards	-	25,004
Library and books	-	9,965
	134,238,149	262,301,656
Closing cash and bank balances		
Cash in hand	84,624	34,928
Bank balances	3,787,846	1,898,774
Fixed deposit	530,462,798	487,551,176
	534,335,268	489,484,878
	668,573,417	751,786,534

Member Secretary | Member | Chairman

Dhaka, Bangladesh
Dated, 13 February 2017

S. F. AHMED & CO
Chartered Accountants

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SUPPLEMENTARY **INFORMATION**

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HUMAN RESOURCE **ACCOUNTING**

Human resource accounting is accounting for people as an organizational resource. It involves measuring the costs incurred by business firms and other organizations to recruit, select, hire, train and develop human assets. It also involves measuring the economic value of people to the organization.

Concept of Human Resource Accounting

Thus, human resource accounting is primarily involved in measuring the various aspects related to human assets. Its basic purpose is to facilitate the effective management of human resources by providing information to acquiring, develop, retain, utilize, and evaluate human resources.

Objectives of human resource accounting are as follows:

1. To provide cost value date for managerial decisions regarding acquiring, developing, allocating and maintaining human resource so as to attain cost effective organizational objectives.
2. To provide information for effectiveness of human resource utilization.
3. To provide information for determining the status of human asset whether it is conserved properly; it is appreciating or depleting.
4. To assist in the development of effective human resource Management practices by classifying the financial consequences of these practices.

Methods of Valuation of Human Assets

There are a number of methods suggested for the valuation of human assets. Many of these methods are based on the valuation of physical and financial assets while others take into account human consideration. Major methods of valuation of human assets are historical cost, replacement cost, standard cost, present value of future earnings, and expected realizable value.

Historical Cost

Historical cost is based on actual cost incurred on human resources. Such a cost may be of two types – acquisition cost and learning cost. Acquisition cost is the expense incurred on training and development. This method is very simple in its application but it does not reflect the true value of human assets. For example, an experienced employee may not require much training and, therefore, his value may appear to below though his real value is much more than what is suggested by historical cost method.

Replacement Cost

As against historical cost method which takes into account the actual cost incurred on employees, replacement cost takes into account the national cost that may be required to acquire a new employee to replace the present one. In calculating the replacement cost, different types of expenses are taken into account which may be in the form of acquisition and learning cost. Replacement cost is generally much higher than the historical cost. For example, XYZ has estimated that the replacement cost of an executive in middle management level is about 1.5 to 2 times the current salary paid in that position. Replacement cost is much better indicator of value of human assets though it may present certain operational problems. For example, true replacement of a person may not be found easily with whose cost the valuation is done.

Standard Cost

Instead of using historical or replacement cost, many companies use standard cost for the valuation of human assets just as used for physical and financial assets. For using standard cost, employees of an organization are categorized into different groups based on their hierarchical positions.

Present value of future earnings

In this method, the future earnings of various groups of employees are estimated up to the age of their retirement and are discounted at a predetermined rate to obtain the present value of such earnings. This method is similar to the present value of future earnings used in the case of financial assets. However, this method does not give correct value of human assets as it does not measure their contributions to achieving organizational effectiveness.

Acquisition Cost Method

Under this method the costs of acquisition, namely, the costs incurred in recruitment. Hiring and induction of employees are taken into account. The process involves capitalization of historic costs. The cost so capitalized has to be written off over a period of time for which the employee remains with the firm. If for some reason the employee leaves the organization prematurely, the unamortized cost remaining in the books has to be written off against the profit and loss account of the particular year.

Replacement Cost Method

While in the case of acquisition cost past costs are considered, under this approach one takes in to account how much it costs to replace a firm's existing resources and thus represents a current value approach. So this is a method resource and thus represents a current market conditions. This exercise may be redundant unless the management desires to replace its present resources. It is also difficult exercise as in many cases the replacement may not be exactly similar.

ARARSTOCK

Present Value of Future Earnings Method

This is also known as capitalization of salary method. Under this method the future earnings of an employee or grades of employees are estimated up to the age of retirement and are discounted at a rate appropriate to the person or the group in order to obtain the present value.

The model may be expresses as follows:

V = the human capital value of a person y years old

I (t) = the person's annual earnings up to retirement

R = discount rate specific to the person

T= retirement age.

The above formula does not take into account the probability of a person dying before retirement or leaving the organization.

Expected realizable value

The above methods discussed so far are based on cost consideration. Therefore, these methods may provide information for record purpose but do not reflect the true value of human assets. As against these methods, expected realizable value is based on the assumption. That there is no direct relationship between cost incurred on an individual and his value to organization can be defined as the present worth of the set of future services that he is expected to provide during the period he remains in the organization.

Economic Value Method

The economist's concept of the value of an asset is equal to the present worth of its estimated future economic benefits. This approach has a strong theoretical appeal.

But this method involves the following steps:

(a) Estimation of the future benefits, and

(b) Ascertaining the present value of such benefits by using an appropriate interest (discount) rate.

Competitive Bidding Method

This is also known as the opportunity cost method. Opportunity cost is defined as the measurable value of benefits that could be obtained by choosing an alternative course of action. In the case of HRA, opportunity costs are determined by a process of competitive bidding in which various divisions and departments bid for the services of various officers. The amount of bid is added to the capital employed of the successful bidder for determining the return on investment.

Financial reporting standards

IFRS do not currently any standards requiring HRA, it could be argued that they are moving closer to providing more flexible approaches to accounting measurements and reporting. For example, the international standards IAS 38 Intangible Assets and IFRS 3 on Business Combinations allows for the recognition of the intangible asset goodwill, which indicates a willingness to allow for valuation of assets that are not traditional tangible assets, such as human resources.

Practice in Prime Bank

In Prime Bank, as there are no specific accounting standards, and we are following conventional accounting practice, we are not capitalizing any HR cost and amortize it over service life of employees. However, we are taking benefits of HR accounting concepts and using HR accounting information (such as per employee cost to the company, expected service life of employees, per capita productivity and its growth over periods and many more) in making important management decisions that will benefit the long-run strategic goals and profitability of the Company.

Amount in Lac

No. of FTE (person)	2016	2015	2014	2013	2012
Operating cost per employee	2.12	2.10	2.01	2.00	1.94
Training cost per employee	0.01	0.005	0.01	0.01	0.01
Operating profit per employee	1.94	2.01	2.15	2.76	3.36
Gross turnover per employee	7.67	8.97	9.58	11.28	12.15

Problems in Human Resource Accounting

There are certain operational problems in human accounting because it attempts to measure intangibles. Therefore, subjective factors may play crucial role.

Thus, the major operational problems involved in human resource accounting are of the following types:

1. There is no well-set standard accounting practice for measuring the Value of human resources. In the case of financial accounting, there are certain specified standards which every organization follows. However, in the case of human resource accounting, there are no such standards. Therefore, various organizations that adopt human asset valuation use their own models. With the result, value of human assets of two organizations may not be comparable.

2. The valuation of human assets is based on the assumption that the Employees may remain with the organization for certain specified period. However, this assumption may not hold true in today's context because of increased human resource mobility.

3. There is also a possibility that trade unions may oppose the use of human resource accounting. They may want parity of wages/ salaries and value of employees.

FINANCIAL
CALENDAR 2016

Quarterly Results

Audited consolidated results for the 4th quarter ended 31 December 2015	Announced on	21 March 2016
Unaudited consolidated results for the 1st quarter ended 31 March 2016	Announced on	15th May 2016
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2016	Announced on	28th July 2016
Unaudited consolidated results for the 3rd quarter ended 30 September 2016	Announced on	27th October 2016

Dividends

Distribution of cash dividend of 15.00% in respect of financial year ended 31 December 2015	28th April 2016
Notice of Annual General Meeting	28 March 2016
Annual General Meeting	26th April 2016

Stock Details

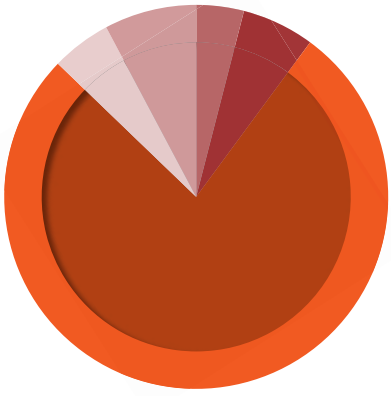
Particulars	DSE	CSE
Stock Symbol	PRIMEBANK	PBBANK
Company Code	11116	22013
Listing year	2000	1999
Market category	A	A
Electronic share	Yes	Yes
Market lot	1	1
Total number of securities	1,029,348,616	1,029,348,616

Availability of information about PBL

Annual Report 2016 and other information about PBL may be viewed on PBL's **website www.primebank.com.bd** PBL provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference. Investors may read them at their public reference room or library.

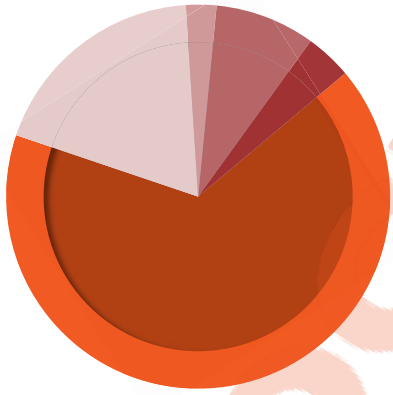
FINANCIAL HIGHLIGHTS-
GROUP & PBL

Performance during the year	Prime Bank Limited			Group		
	2016	2015	Change	2016	2015	Change
	BDT in Million	BDT in Million	%	BDT in Million	BDT in Million	%
Performance during the year						
Interest income	13,989	15,551	-10.04	13,907	15,567	-10.66
Profit before provision and tax	5,757	5,906	-2.52	5,629	5,946	-5.34
Provision for loans and assets	3,412	3,154	8.18	3,274	3,140	4.29
Profit after provision before tax	2,345	2,752	-14.79	2,354	2,807	-16.11
Tax including deferred tax	150	613	-75.53	166	634	-73.74
Profit after tax	2,195	2,139	2.62	2,188	2,173	0.69
At the year end						
Total shareholders' equity	25,285	26,415	-4.28	25,293	26,504	-4.57
Deposits	197,934	194,825	1.60	197,835	194,815	1.55
Loans and advances	170,212	151,865	12.08	172,490	154,871	11.38
Investments	48,249	62,733	-23.09	50,272	64,631	-22.22
Property, plant and equipment	6,590	6,516	1.12	6,610	6,541	1.05
Total assets	256,599	252,161	1.76	257,553	253,474	1.61
Statutory Ratios (%)						
Cash Reserve Ratio	6.65	7.04	-0.39	6.65	7.04	-0.39
Statutory Liquidity ratio	28.04	33.18	-5.13	28.04	33.18	-5.13
Capital adequacy ratio	12.45	12.74	-0.29	12.30	12.69	-0.39
Share Information						
Earnings per share (Taka)	2.13	2.08	2.40	2.13	2.11	0.95
Dividend (%)	16.00	15.00	1.00	16.00	15.00	1.00
Net assets value per share (Taka)	24.56	25.66	-4.28	24.57	25.94	-5.27
Ratios (%)						
Non performing loans	5.96	7.82	-1.86	5.88	7.67	-1.79
Return on average shareholders' fund	8.49	8.41	0.08	8.45	8.51	-0.06
Return on average assets	0.86	0.84	0.02	0.86	0.85	0.01



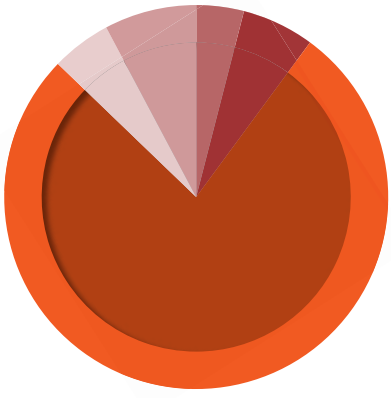
Constituents of
Liabilities &
Capital of PBL

- Deposit: 197,933.97, 77.14%
- Borrowings: 12,929.79, 5.04%
- Other Liabilities: 20,450.52, 7.97%
- Paid-up Capital: 10,293.49, 4.01%
- Reserves & Surplus: 14,991.37, 5.85%



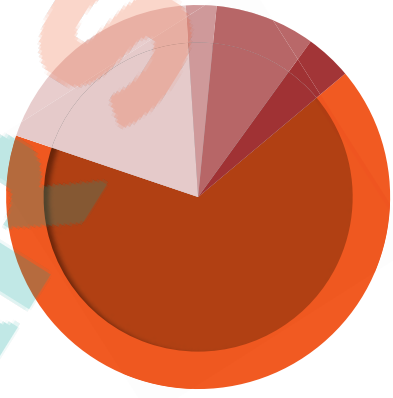
Constituents of
Assets of PBL

- Loans & Advances: 170,211.83, 66.33%
- Investments: 48,249.21, 18.80%
- Fixed Assets: 6,589.68, 2.57%
- Li uid Assets: 21,637.84, 8.43%
- Other Assets: 9,910.57, 3.86%



Constituents of
Liabilities &
Capital of Group

- Deposit: 197,835.26, 76.81%
- Borrowings: 13,088.29, 5.08%
- Other Liabilities: 21,336.45, 8.28%
- Paid-up Capital: 10,293.49, 4.00%
- Reserves & Surplus: 14,999.90, 5.82%



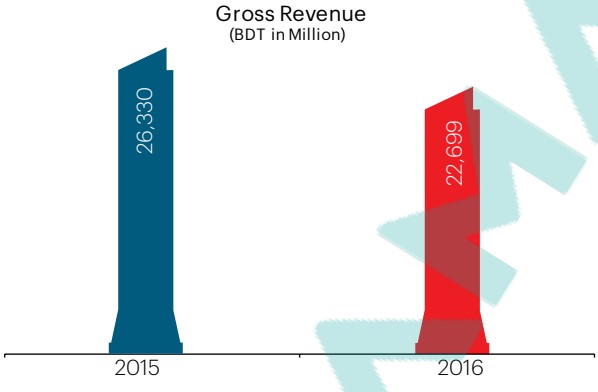
Constituents of
Assets of Group

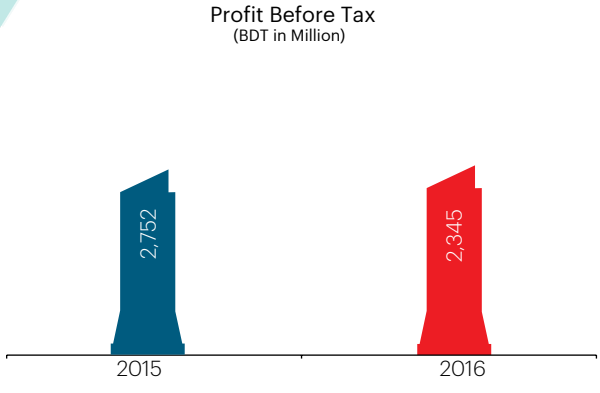
- Loans & Advances: 172,489.85, 66.97%
- Investments: 50,271.81, 19.52%
- Fixed Assets: 6,610.49, 2.57%
- Li uid Assets: 21,904.74, 8.50%
- Other Assets: 6,276.50, 2.44%

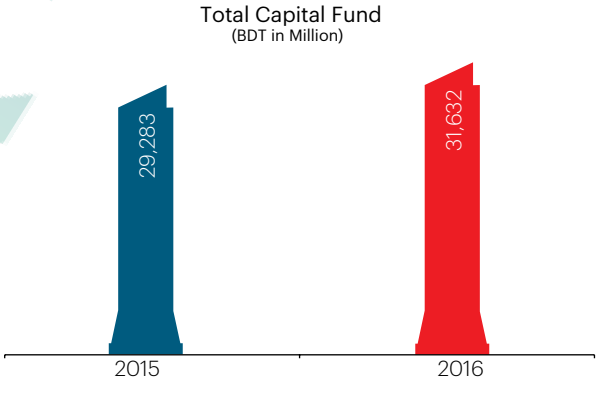
FINANCIAL HIGHLIGHTS-
PRIME BANK LIMITED

Taka in million

	2016	2015
Gross revenue	22,699	26,330
Operating income	12,023	12,073
Profit after tax	2,195	2,139
Total capital	31,632	29,283
Total deposits	197,934	194,825
Total loans & advances	170,212	151,865
Total assets	256,599	252,161
No. of deposits accounts	1,311,714	1,262,703
No. of loans & advances accounts	42,690	43,513
Return on assets (%)	0.86	0.84
Return on equity (%)	8.49	8.41
Statutory Liquidity ratio (%)	28.04	33.18
Capital adequacy ratio (%)	12.45	12.74
No. of employees	2,961	2,934
No. of branches	127	127
No. of SME branches/centers	18	18
Rating (CRISL)		
Long -term	"AA"	"AA"
Short-term	ST-2	ST-2
Rating (CRAB)		
Long -term	"AA2"	"AA2"
Short-term	ST-2	ST-2







GLIMPSES OF
21ST AGM

















BRANCH NETWORK

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PRIME BANK

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Cell : 01730-373919

Abu Sadath Mohammad Mostafizur Rahman
Executive Officer
Raipur SME/Agri. Branch
Queen Complex, Holding # 514/15 Main
Road, Raipur, Laxmipur
Cell : 01730706703
Phone : 03822-56396
Fax: 03822- 56397

Bhanu Ranjan Das
Senior Executive Officer & Head
Sherpur SME/Agri. Branch
Habib Mansion, 819 Municipal Road,
Chakbazar, Sherpur
Cell : 01730-373938
Phone : 0931- 62176
Fax: 0931-62175

Md. Ekramul Hoque
First Assistant Vice President
Sonargaon SME/Agri. Branch
Rozzab Ali Mention, Mograpara Chowrasta,
Habibpur, Sonagaon, Narayanganj
Cell : 01713255770
Phone : 02-7656359
Fax : 02-76 56362

Md. Joynal Abedin Chowdhury
Senior Executive Officer
Syedpur SME/Agri. Branch
Radhis Shopping Complex
Syedpur, Jagannathpur
Sunamgonj
Cell : 01713-255776

Md. Amjad Hossain
Senior Executive Officer & Head
Takerhat SME/Agri. Branch
Haji Lalchand Bepari Super Market
Takerhat, Rajoir, Madaripur
Cell : 01713255772
Phone : 6623-56377, 6623-56338

Md. Shahin Shahid
Executive Officer & Head
Thakurgaon SME/Ag. Branch
Chowdhury Complex(1st Floor)
272, College Road, Thakurgaon
Cell : 01730-373940
Phone : 0561- 52295
Fax: 0561- 52538

SOME PBL ACTIVITIES **DURING 2016**



Donation to "Prime Minister's Relief Fund"



Language Martyrs Day



Celebration of Pohela Baishakh 1423



Prime Bank Cup Golf Tournament



Receiving ICAB Awards



Young Tigers National School Cricket Tournament

NOTICE OF THE TWENTY-SECOND
ANNUAL GENERAL MEETING

Prime Bank Limited
a bank with a difference

Notice is hereby given to all Members of Prime Bank Limited that the 22nd Annual General Meeting of the Company will be held on Monday, 8th May 2017 at 11:00 AM at the following venue to transact undernoted businesses:

Venue	Golf Garden, Army Golf Club, Dhaka Cantonment, Airport Road, Dhaka - 1206

AGENDA:

1. To receive, consider and adopt the Directors' Report and Audited Financial Statements of the Bank for the year ended 31st December 2016 together with the Auditors' Report thereon.
2. To declare dividend for the year ended 31st December 2016 as recommended by the Board of Directors.
3. To elect/re-elect Directors.
4. To appoint Auditors for the term until the next Annual General Meeting and fix their remuneration.

By order of the Board of Directors

March 30, 2017

Mohammed Ehsan Habib
Company Secretary

Notes:

a. The '**Record Date**' shall be **Thursday, April 20, 2017**.
Shareholders whose names appear in the Members Register of the Company and/or in the Depository on the **Record Date** will be eligible to attend the meeting and qualify for dividend.

b. The Board of Directors has recommended Cash Dividend @16% for the year 2016.

c. A Member eligible to attend and vote at the Annual General Meeting may appoint a proxy on his/her behalf for which duly stamped Proxy Form must be submitted to Share Department of the Company at least 72 hours before the scheduled Meeting. Proxy Form will be available with the Annual Report- 2016, Bank's official website and at the Share Department of the Bank.

d. Shareholders and Proxies are requested to record their entry in the AGM well in time.

e. Directors' Report and Audited Financial Statements of the Bank for the year ended 31st December 2016 together with the Auditors' Report thereon shall be available on bank's website from April 23, 2017 onwards.

f. Honorable Members are requested to update particulars of their Bank Account, Address and BO ID with 12 Digit Taxpayer's Identification Number (e-TIN) through Depository Participants (DP) before the "Record Date". In the event of failure to update e-TIN before the "Record Date" Income Tax at source will be deducted @ 15% (fifteen percent) from payable Dividend instead of @10% (ten percent) as per amended Income Tax Ordinance 1984, Section 54.

g. Existing Joint Auditors, M/S ACNABIN and M/S. Syful Shamsul Alam & Co. Chartered Accountants have completed 3 (three) years as Auditors of the Bank. As such, they are not eligible for re-appointment as per Bangladesh Bank Directives. Shareholders are hereby requested to send their nomination of Audit Firms enlisted with Bangladesh Bank on or before April 11, 2017 for appointment as External Auditors of the bank in the AGM.

h. Concerned Brokerage Houses are requested to provide us with a statement with details of margin loan holders on the 'Record Date' along with name of the contact person to the company's Share Department on or before April 27, 2017. Brokerage Houses are also requested to provide us name of the Bank, Account details along with routing number etc.

N.B: No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 22nd AGM as per BSEC Directive No. SEC/CMRRCD/2009-193/154 dated 24.10.2013.

AMARSTOCK

LIST OF **ACRONYMS**

AD	Authorized Dealer
ALCO	Asset Liability Committee
ATM	Automated Teller Machine
BB	Bangladesh Bank
B/L	Bad/Loss
BAS	Bangladesh Accounting Standards
BIBM	Bangladesh Institute of Bank Management
CRR	Cash Reserve Requirement
CRG	Credit Risk Grading
CSR	Corporate Social Responsibility
CPI	Consumer Price Index
CDBL	Central Depository Bangladesh Limited
CBS	Core Banking Software
CRISL	Credit Rating and Information Services Ltd.
DCFCL	Departmental Control Function Check List
DEPZ	Dhaka Export Processing Zone
DP	Depository Participants
EPS	Earning Per Share
EPZ	Export Processing Zone
FY	Fiscal Year (July to June)
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HOB	Head of Branch
ICAB	Institute of Chartered Accountants of Bangladesh
IT	Information Technology
IMF	International Monetary Fund
IAS	International Accounting Standards
IPO	Initial Public Offering
LC	Letter of Credit
MBID	Merchant Banking and Investment Division
MTMF	Medium Term Macro Economic Framework
SMT	Senior Management Committee
NII	Net Interest Income
NPL	Non Performing Loan
NCBs	Nationalized Commercial Banks
OBU	Offshore Banking Unit
PCBs	Private Commercial Banks
PBL	Prime Bank Limited
PECL	Prime Exchange Co. Pte. Ltd.
PBIL	Prime Bank Investment Ltd.
PBSL	Prime Bank Securities Ltd.
POS	Point of Sale
PV	Present Value
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
R&D	Research and Development
ROD	Rights Share Offer Document
SAFA	South Asian Federation of Accountants
MSME	Micro, Small and Medium Enterprise
SOP	Standard Operating Procedure
SLR	Statutory Liquidity Ratio

AMAR STOCK

Prime Bank Limited

Registered Office
Adamjee Court Annex Building -2
119-120 Motijheel C/A, Dhaka - 1000

PROXY FORM

I/We.....

of (address) .....

being the Member of Prime Bank Limited do hereby appoint

Mr./Ms. .....

of .....

or (failing him/her) Mr./ Ms. .....

of .....

as my/our proxy to attend and vote on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Monday, 8th May 2017 at 11.00 a.m. at the Golf Garden, Army Golf Club, Dhaka Cantonment, Airport Road, Dhaka-1206 and any adjournment thereof.

Signed this ..... day of May 2017.

Revenue Stamp

Signature of the Member .....

Folio/BO ID Number

Number of Shares held

Signature of the Proxy .....

Folio/BO ID Number

Number of Shares held

Notes:

I. Signature must be in accordance with the Specimen Signature recorded with the CDBL.

II. A duly completed Proxy Form must be submitted at least 72 hours before the Meeting at the Share Department of the Company. Incomplete Proxy Form will not be entertained.

Prime Bank Limited

ATTENDANCE SLIP

I/We hereby record my/our presence at the 22nd Annual General Meeting of the Company to be held on Monday, 8th May 2017 at 11.00 a.m. at the Golf Garden, Army Golf Club, Dhaka Cantonment, Airport Road, Dhaka -1206.

Name of the Member (in block letters) .....

Folio/BO ID Number

Number of Shares held

Signature of the Member/Proxy.....

Attendance of the Members/Attorney/Proxy shall be recorded from 9:30 a.m. to 11.30 a.m. at the entrance of the Hall.
N.B: No Gift or Entertainment shall be offered to the Shareholders in the 22nd AGM as per BSEC Directive No.SEC/CMRRCD/2009-193/154 DATED 24.10.2013.

AMARSTOCK

HEAD OFFICE
Adamjee Court Annex Building-2, 119-120, Motijheel C/A, Dhaka-1000, Bangladesh
Phone: 9567265, 9570747-8 PABX, Fax: 880-2-9567230, 9560977, 9566215, 9560960
Telex: 642459 PRIME BJ, 671543 PBL MJ BJ
E-mail: Info@primebank.com.bd, Web Site: www.primebank.com.bd
SWIFT: PRBLBDDH