ANNUAL REPORT 2017



Prime Bank

LETTER OF
TRANSMITTAL

To:
The 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 - 2017

We forward herewith Annual Report-2017 of Prime Bank Limited and 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 the dedicated CSR Wing of the Bank, Prime Bank Foundation. The Report includes Audited Financial Statements i. e. Balance Sheet, Profit and Loss Account, Changes in Equity, Cash Flow Statement along with notes thereto on the position of the bank at the closing of businesses on 31st December 2017 for your kind perusal and record please.

Yours sincerely,

Mohammed Ehsan Habib
Company Secretary



AMARSTOCK

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- Corporate Philosophy
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STATEMENT REGARDING FORWARD **LOOKING APPROACH**

- Prime Bank is creating a responsible business that will always meet customers' needs and a culture where our colleagues put customers first. This is the key to our long-term success and to fulfilling our aim to retain our position as the best private commercial Bank for customers, colleagues and shareholders;
- The transformation in the form of centralization recently undertaken will ensure we maintain the core values of the past while equipping us to succeed in the future;
- To keep pace with the rapid change in technology to bring new opportunities to improve our service to customers with faster, more convenient and more extensive propositions tailored to meet their needs;
- We aim to treat all our customers fairly and inclusively, making it easy for them to find, understand and access products that are right for them, whatever their circumstances.
- We are working to build a "strong balance sheet" by maintaining capital adequacy, asset quality, strengthening liquidity position, and adopting risk mitigation measures against market risk;
- Develop the bottom line through improved recovery processes. Recovery of NPL will be the Bank's priority area and there is significant room for improvement;
- Cost management has been a strategic priority and we like to remain focused on maintaining our competitive advantage in cost leadership aligned with our centralized business model.
- 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;
- Our approach to reward aims to provide a clear link between remuneration and delivery of the Bank's key strategic objectives, namely, becoming the best bank for customers whilst delivering long-term, superior and sustainable returns to shareholders.
- We believe in offering fair reward where colleagues are rewarded for performance aligned to the long-term sustainable success of the business, our commitment to rebuilding trust and changing the culture of the Bank.
- The increasing role of digital has heightened customer expectations for personalization while transforming the manner in which customers interact with Banks. We believe security and resilience are important factors, with the ability to respond to heightened cyber and fraud risks key to retaining customer trust in a digital environment.
- Maintaining corporate sustainability will always remain to be an issue of critical importance to us. We recognize our responsibility to take actions supporting environmental issues and to use our business resources to enable our clients, customers and employees to reduce their own environmental impacts.



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, procedure and efficiency through integration of technology at all levels.

OUR CORE VALUES

DELIVER

High standard to our customers, clients and shareholders. We share a passion for serving the financial needs of people, companies and institutional investors.

COMMITMENT

Fully committed to achieving success for our customers, our teams and ourselves through compliance with regulatory guidelines.

TRUST

Have trust in our team. We work together to deliver towards full capabilities to all our constituents. We strive to be consistent and straightforward in our interactions.

SUCCEED

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 strategies from performance and compliance to stewardship and responsibility. As an important determinant of the culture, we wish to build dynamic and engaged leadership teams who are charged with, living the Bank's values each day and holding themselves accountable and responsible for the business, celebrating success and learning from their mistakes.



STRATEGIC **PRIORITIES**

To meet the challenges of the current environment and deliver, we have a set of strategic priorities those 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:

- Assisting our clients to operate successfully and being their bank of choice for their business and personal financial needs.
- To provide delightful customer experience, Service Quality will be our top propriety for all business segments and all touch points.
- Besides, our predominant exposure in corporate customer, bank will continue to focus on MSME & Consumer customers. Moreover, to strength MSME, separate Islamic banking unit has been established to serve Islamic finance customers.
- Maintaining quality asset & business growth in terms of portfolio management is always prime objective. Technology led robust monitoring will be introduced. 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.
- 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.
- Considering customer experience, changing demands & information security of customer Data, Prime Bank has taken various initiatives to leverage state of art technology & Information Security platform in different segments. Already we have upgraded our Core Banking & Card Management Systems to ensure delightful customer experience. Besides, PBL is also implementing own payment gateway with two factor authentications to provide e-commerce services and follow PCI-DSS controls.
- Keeping protection of Customer Data & flawless customer service in mind, PBL is building a Rated III certified Data Center along with Software defined network architecture & virtualize environment, which is yet to go on live by 3rd quarter of 2018.
- Continuous development of Human Capital is a key strategy of Prime Bank. Revamping performance measurement policies to ensure high levels of motivation and employee loyalty for optimum performance and job satisfaction. The bank also believes in investing in building people skills, capacities and capabilities while engaging in right-fit talent recruitment processes.
- To gain more efficiency Bank has already completed centralization of business model (Trade Services, Credit Administration and some part of operation).
- Bank will continue its focus to improve Cost Income Ratio (CIR).
- 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 who conceived an idea of floating a commercial bank with different outlook. Prime Bank is prominent for its superior service quality, brand image, strong corporate governance and corporate culture. We always remain committed to delivering the best service for our customers. We aim to treat all of them fairly and inclusively, making it easy for them to find, understand and access products that are right for them, whatever their circumstances. We have continued to transform the Bank to become a safer, more agile and customer focused organization whilst increasing profitability. Committed for excellence, Prime Bank is a top-tier bank in Bangladesh and reputed among regulators as distinctly 'compliant'. A Bank aligned to its vision, mission, values and strategic priorities. We seek to run our business responsibly, sustainably and successfully, delivering value for all our stakeholders.

With its network of 146 branches in Bangladesh and history of over 23 years, Prime Bank has developed unique insights into the needs of every customer segment whether retail, MSME, Commercial 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.

Our simple, low risk, customer focused centralized business model is driven by our competitive positioning. 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 people included in the lower segment 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	2017	2016
Authorized Capital	25,000.00	25,000.00
Paid-up Capital	10,293.49	10,293.49

Distribution of Shareholdings in 2017

Types	BDT		% of Shares	
Sponsors	3,915,393,490	3,996,150,370	38.04%	38.82%
Financial Institutions	2,503,815,050	2,795,256,750	24.32%	27.16%
Foreign Investors	385,416,330	38,472,820	3.75%	0.37%
Non- resident Bangladeshi	27,819,790	25,142,410	0.27%	0.24%
General Public	3,461,041,500	3,438,463,810	33.62%	33.41%
Total	10,293,486,160	10,293,486,160	100.00%	100.00%

Deposit and other liabilities

(BDT in million)

Particulars	2017	2016
Deposit from Banks	2,172.35	304.77
Deposit from Customers	196,841.63	197,629.20
Total	199,013.98	197,933.97

Loans and advance/Investment

(BDT in million)

Particulars	2017	2016
C&IB	107,514	88,718
Commercial	49,038	43,898
MSME	22,232	18,191
Consumer	19,540	19,405
Total	198,323	170,212

Capital to risk weighted asset ratio (CRAR)

(BDT in million)

Particulars	2017	2016
Tier-I Capital	23,047.70	23,633.77
Tier-II Capital	9,203.20	7,998.28
Total Capital	32,250.90	31,632.05
Risk weighted assets	230,211.40	254,001.47
CRAR	14.01%	12.45%

Rating Information

Particulars	2017	2016
Long-Term	AA	AA
Short-Time	ST-2	ST-2

Human Capital

Gender	2017	Percentage	2016	Percentage
Male	2,767	79.08%	2,285	77.18%
Female	732	20.92%	649	21.92%
Total	3,499	100.00%	2,961	100.00%

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

In Bangladesh	
Prime Bank Investment Limited Tajwar Center (5th Floor); House # 34, Road # 19/A, Banani, Dhaka	Prime Bank Securities Limited Peoples Insurance Building (11th floor) 36, Dilkusha, Dhaka-1000

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

Auditors of the Bank	
Hoda Vasi Chowdhury & Co., Chartered Accountants BTMC Bhaban (7th floor) 7-9, Kawran Bazar C/A Dhaka-1215 Web: www.hodavasi.com	Aziz Halim Khair Choudhury Chartered Accountants House # 64 (1st & 2nd floor) Road # 12A Dhanmondi, Dhaka-1209 Web: www.ahkcbd.com
Credit Rating Companies of the Bank	
Credit Rating Agency of Bangladesh Ltd. (CRAB) D H Tower, Level 15, 6 Panthapath, Dhaka 1215	Credit Rating Information and Services Limited (CRISL) Nakshi Homes (4th& 5th Floor), 6/1A, Segunbagicha, Dhaka-1000
Tax adviser of the Bank	
K.M. Hasan & Co., Chartered Accountants Hometown Apartment (8th, 9th & 13th floor) 87, New Eskaton Road Dhaka-1000	

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

AMARSTOCK

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

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

2016

- 17th ICAB National Award for Best Presented Annual Reports 2016 (Category: Private Sector Banks (including Co-operative Banks)) – 3rd Prize
- ICSB National Award 2016 for Corporate Governance Excellence 2016- Gold Award (Category: Banking Companies)

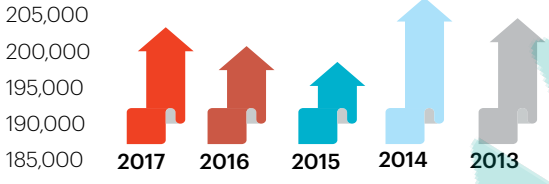
FIVE YEARS
AT A GLANCE

Key Financial Indicators

Particulars	2017	2016	2015	2014	2013
Deposits	199,014	197,934	194,825	204,838	201,907
Advances	198,323	170,211	151,865	147,367	153,589
Assets	281,275	256,599	252,161	254,912	243,869
CRAR	14.01%	12.45%	12.74%	12.21%	12.04%
Operating Profit	5,373	5,757	5,906	6,157	7,474
Cost income Ratio (CIR)	55.98%	52.11%	51.08%	48.29%	41.98%
Cost of Fund	7.91%	8.09%	9.72%	10.19%	11.62%
Gross profit ratio	55.28%	52.97%	45.85%	43.33%	42.15%
CD ratio	99.65%	85.99%	77.95%	71.94%	76.07%
Return on Assets (ROA)	0.38%	0.86%	0.84%	0.96%	0.76%
Return on Capital Equity	4.24%	8.49%	8.41%	10.08%	8.35%
Earnings per share (EPS)	1.03	2.13	2.08	2.32	1.78

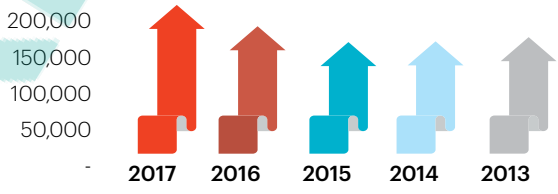
Deposits

BDT in Million



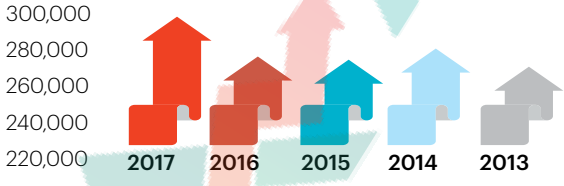
Advance

BDT in Million



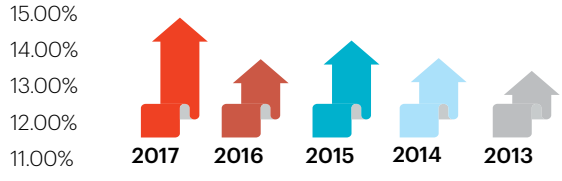
Assets

BDT in Million



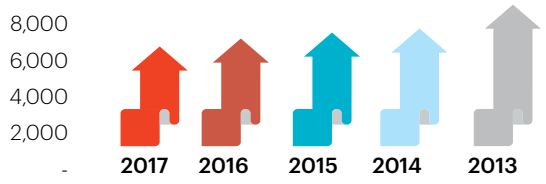
CRAR

BDT in Million



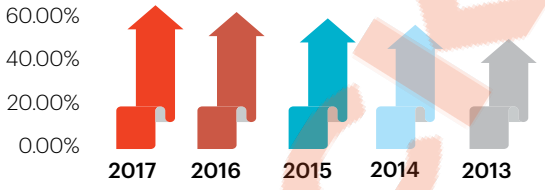
Operating Profit

BDT in Million



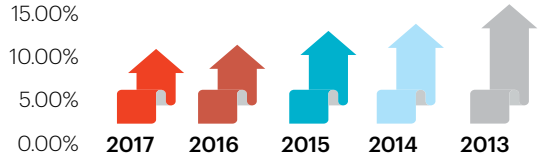
CIR

BDT in Million



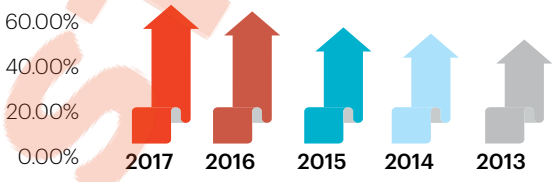
Cost of Fund

BDT in Million



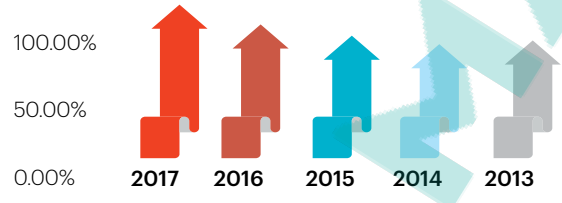
Gross Profit Ratio

BDT in Million



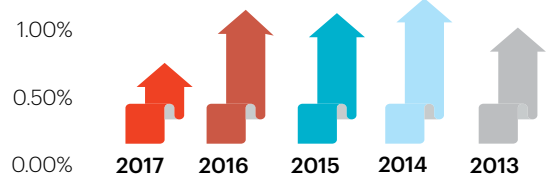
CDR

BDT in Million



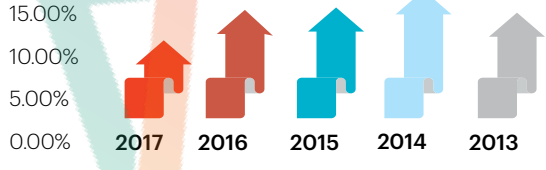
ROA

BDT in Million



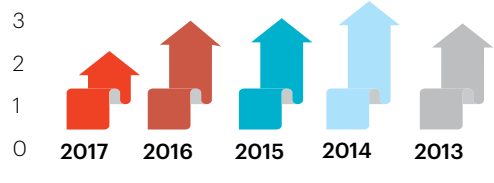
ROE

BDT in Million



EPS

BDT in Million



23 YEARS OF GLORIOUS JOURNEY

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

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

2008

- Launching of ATM

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

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

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

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

2017

- Recipient of "17th ICAB National Award for Best Presented Annual Reports 2016" (Category: Private Sector Banks Including Co-operative Banks) – 3rd Prize
- Recipient of " ICSB National Award for Corporate Governance Excellence 2016" (Category: Banking Companies) – Gold Prize

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

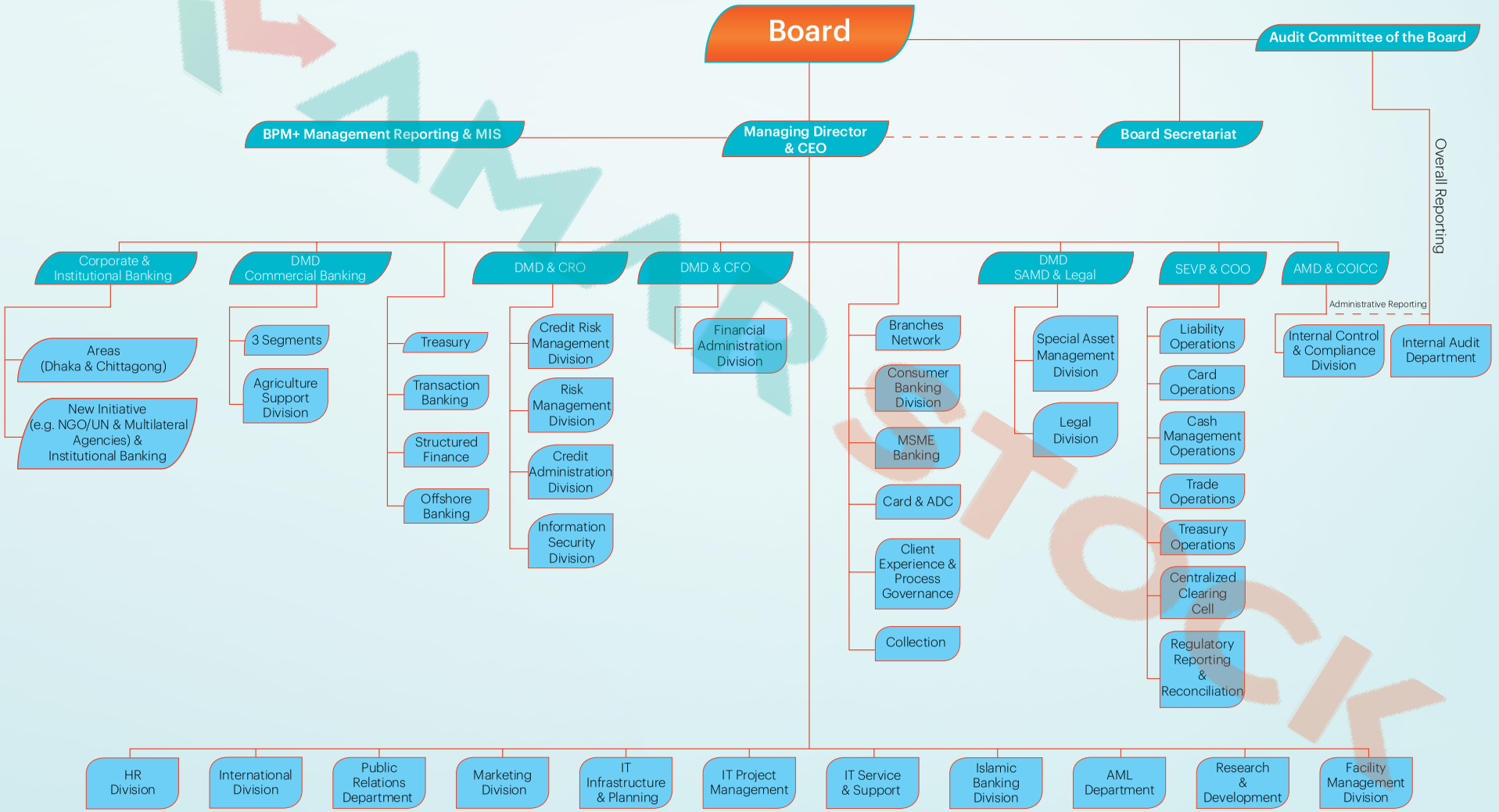
2015

- 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

CORPORATE
GROUP STRUCTURE



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.

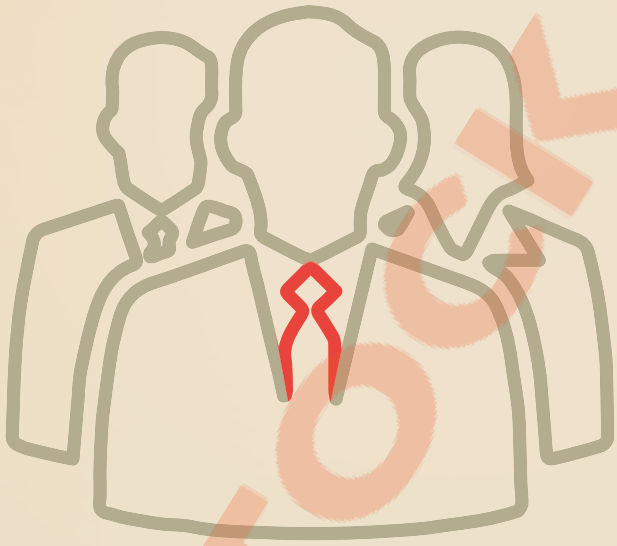
BRAND

Continuously improve and promote Prime Bank Product and Services in a manner to create an unique experience that can be repeatedly inspiring and differentiating in the minds of the customers.

TEAMWORK

- we work together as a team based on mutual respect and dignity
- 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 & Committees

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
Quazi Sirazul Islam	Director
Mrs. Marina Yasmin Chowdhury	Director
Mrs. Salma Huq	Director
Mr. Mafiz Ahmed Bhuiyan	Director
Mr. Md. Shirajul Islam Mollah	Director
Mr. Md. Shahadat Hossain	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

Quazi Sirazul Islam	Chairman
Mrs. Nasim Anwar Hossain	Member
Mrs. Salma Huq	Member
Mr. Imran Khan	Member
Mr. Tarique Ekramul Haque	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
Dr. G. M. Khurshid Alam	Member
Mr. M Farhad Hussain FCA	Member

Risk Management Committee

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

ANWAR STOCK

BOARD OF **DIRECTORS**



Azam J Chowdhury
Chairman

Azam J Chowdhury is an elite industrialist and entrepreneur in Bangladesh. He is the Chairman and owner of East Coast Group. In addition, he is the Chairman of The Consolidated Tea & Lands Company Bangladesh Limited (formerly, James Finlay Limited) and also the Chairman of Prime Bank Limited, a private sector leading commercial bank. Mr. Chowdhury is also the Managing Director of MJL Bangladesh Limited, Distributor of Exxon Mobil Corporation in Bangladesh.

In the past Mr. Chowdhury also served as the Chairman of Green Delta Insurance Company Limited (2001-2005), one of the most successful general insurance companies in Bangladesh. He is also the Director of Central Depository Bangladesh Limited (CDBL) and President of Bangladesh Association of Publicly Listed Companies (BAPLC).

Mr. Azam J Chowdhury is the Director of Omera Petroleum Ltd. one of the largest LPG operators of the country. He is also the Director of Omera Cylinders Ltd. & Omera Fuels Ltd.

Mr. Chowdhury is the President of Bangladesh Energy Companies Association (BECA) and Vice-President of LPG Operators Association of Bangladesh. He is a Member of Advisory Council of Government of the People's Republic of Bangladesh on Power, Energy & Mineral Resources. Mr. Chowdhury is the President of Bangladesh Ocean Going Ship Owner's Association (BOGSOA).

In recognition to his performance, the Hungarian Government nominated him as the Honorary Consul of Hungary 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 former Chairman of the Board of Prime Bank Limited. He is an entrepreneur and has the credentials of setting up many high level commercial establishments in different sectors.

Currently, he is associated with the following business concerns:

Chairman

Artisan Ceramics Ltd.
CIDER Education Services Ltd.

Managing Director

Pedrollo nk Limited
Halda Valley Tea Co. Ltd.
Halda Fisheries Ltd.
PNL Holdings Ltd.

Director

National Life Insurance Co. Ltd.
Hill Plantation Ltd.
The Consolidated Tea and Lands Company (BD) Ltd.
Baraoora (Sylhet) Tea Company Ltd
Consolidated Tea and Plantation Ltd.

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

Mr. Khan received the best production per acre garden award for Halda Valley Tea Garden at Bangladesh Tea Expo 2018 and honored with 'Prime Minister's Award 2010' for his contribution in tree plantation.

Mr. Khan is a kind hearted personality and involved in various CSR activities. He is the Chairman of Lion Mukhlesur Rahman Foundation, 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 a Member of Education, Science, Technology and Cultural Development Trust (ESTCDT) of Independent University, Bangladesh (IUB) & Chairman, Finance Committee of Chittagong Independent University (CIU).

Mr. Khan is currently Vice Chairman of the Board of Directors, member of the Audit Committee and current Chairman of the Prime Bank Foundation- the dedicated wing of the Bank's CSR.



Nasim Anwar Hossain
Vice Chairperson

Mrs. Nasim Anwar Hossain, a sponsor Director is currently Vice Chairperson of the Board of Directors. She is currently a Member of the Executive Committee of the Board as well.

Mrs. Hossain is a Masters in Political Science from Dhaka University.
She is a successful business personality and Director of the following Companies

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

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

AMSTOCK



Quazi Sirazul Islam
Chairman, Executive Committee

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

An 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.

Mr. Islam is immediate past Chairman of Bangladesh Jewelry Association and is a life member of Red Crescent Society, Bangladesh, and Member Trustee, People's University of Bangladesh.

He is also member of Gulshan Society, Gulshan Club and Gulshan North Club Limited.

Mr. Islam has been serving as Chairman of the Executive Committee of the Board since May 2017.



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, Kathmandu and Washington DC 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, Dr. Ahmad loves playing golf, tennis and bridge, and is also an enthusiastic ballroom-dancer.

He has been Chairman of the Audit Committee since his induction in 2015 and Chairman of Prime Bank Securities Limited, a wholly owned subsidiary of Prime Bank.

He is also a member of the Risk Management Committee (RMC) of the Board of Directors.



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 currently 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, 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 of Risk Management Committee, member of the Audit Committee of the Board, Director of Prime Bank Investment Limited (PBIL), and PBL Exchange (UK) Limited - subsidiary of Prime Bank.



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.

She is also the Chairman of Clean Fuel Filling Station 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.



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
- Prime Capital Management Ltd.

Mrs. Salma Huq is actively engaged in philanthropic activities like 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.

AMARSTOCK



Md. Shirajul Islam Mollah, M.P,
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. 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.



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.



Mafiz Ahmed Bhuiyan
Director

Mr. Mafiz Ahmed Bhuiyan is a Sponsor Director and past Vice Chairman of the Board.

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

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

As a Businessman, Mr. Bhuiyan can be termed one of the pioneers in the field of RMG in terms of setting up backward linkage industries in collaboration with reputed overseas companies belonging to developed countries.

Mr. Bhuiyan takes keen interest in Games and Sports and had been an active golfer until recently.

SMART STOCK



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 institutes through establishing new 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 being inducted in the Prime Bank Board also served as the Vice Chairman of the Executive Committee till 2016.

He is Director of the reputed company Pedrollo nk Limited, a market leader in terms of import of PEDROLLO (Italian Brand) Water pumps including sales & distribution in Bangladesh. The company also acts as sole agent of renowned SAER, Itap, HCP and Rain Bird brands in Bangladesh.

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

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 from Chittagong for the underprivileged and poor masses.

Mr. Khan is currently Member of the Executive Committee and 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 a member of the Executive Committee of the Board of Prime Bank Limited.

MYRSTOCK



Tarique Ekramul Haque
Director

Effective December 10, 2015 Mr. Tarique Ekramul Haque has been appointed Director of 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. In 2016 he also led the establishment of Tiffin Box Limited' the exclusive franchisee for Burger King quick service restaurants in Bangladesh.

Mr.Tarique E Haque is currently a member of the Executive 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 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 in BUET.

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

- 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.
- Dhaka WASA

Past Member of the Boards of:

- South Asian Federation of Accountants (SAFA)
- Confederation of Asia Pacific Accountants (CAPA)
- 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.



Rahel Ahmed
Managing Director & CEO

Mr. Rahel Ahmed has been appointed Managing Director & CEO of Prime Bank Limited with effect from December 14, 2017. Mr. Ahmed is a career banker and had been very successfully working as DMD and Chief Business Officer of the bank since joining in early 2015. He is an international banker of varied Wholesale Banking background having worked before in various leadership roles with the two largest multinational Banks in Bangladesh, ANZ Grindlays Bank and Standard Chartered Bank for more than a decade. He subsequently resided and worked in Dubai, UAE for around 7 years to work for two of the largest regional Banks, Emirates NBD Banking Group and First Gulf Bank in different senior roles including specialization in Islamic Banking. He played a leading role during last 3 years in expediting the 'Business Model Restructuring and Centralization' of Prime Bank.

Mr. Ahmed has an MBA (Major in International Business) from the Maastricht School of Business, Netherlands. He is also a certified "Credit Professional" of world reputed Omega in UK and holds Certificate of Recognition in International Trade Skill Assessment Program jointly conducted by Standard Chartered Group London and ICC. He was also awarded Outstanding Employee and CEO's award in Standard Chartered Bank and First Gulf Bank for his outstanding performance in different times. He has attended numerous domestic and international training, seminars and workshops over the past around 23 years that covered different aspects of banking and related fields.

SENIOR MANAGEMENT & **COMMITTEES**

M Habibur Rahman Chowdhury
Deputy Managing Director

Md. Touhidul Alam Khan
Deputy Managing Director

Habibur Rahman
Additional Managing Director

Syed Faridul Islam
Deputy Managing Director



Md. Golam Rabbani
Deputy Managing Director

Rahel Ahmed
Managing Director

SENIOR MANAGEMENT **TEAM (SMT)**



MANAGEMENT RISK **COMMITTEE**



ASSET LIABILITY **COMMITTEE**



SUSTAINABLE FINANCE **COMMITTEE**



CFO'S **PROFILE**



Mohammad Habibur Rahman Chowdhury,FCA
Chief Financial Officer

Mr. Mohammad Habibur Rahman Chowdhury, incumbent Chief Financial Officer (CFO) joined Prime Bank Limited in December 2017 in the rank and status of a Deputy Managing Director. Mr. Chowdhury is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) and completed article- ship in Rahman Rahman Huq, a member firm of KPMG International. He has qualified as Chartered Accountant in 2004 (Nov- Dec Session 2003). He completed his honours and masters in Accounting from Dhaka University.

Prior to joining Prime Bank, Mr. Chowdhury also worked for United Commercial Bank Limited as CFO from August 2011. In addition, Mr. Chowdhury has experience of working with Standard Chartered Bank, Bangladesh, Standard Chartered Bank, Dubai and Al Hilal Bank based in Abu Dhabi in different capacities.

Mr. Chowdhury is a qualified finance and accounting professional with extensive hands on experience in finance, capital market and banking profession. He has proven track record of transforming finance division into a key profit generating and strategic decision making point of the entity. He demonstrated expertise in leading finance team, in building successful relationship with internal and external stakeholders and in driving the organization through leadership, interpersonal and change management skills.

His areas of expertise are Financial & Strategic Planning, Capital Market & Investment, Corporate Tax & VAT, Budgeting & Forecasting, Cost Management, Audit, Balance Sheet Management, Capital Management, Financial Control & Process Reengineering, Operational Risk Management, Accounting & Financial Operations etc.

MD

Rahel Ahmed

AMD

Md. Tabarak Hossain Bhuiyan
Habibur Rahman

DMD

Md. Golam Rabbani
Md. Touhidul Alam Khan FCMA
Syed Faridul Islam
M Habibur Rahman Chowdhury FCA

SEVP

Mohammed Ehsan Habib
Md. Ezaz Hossain
Md. Iqbal Hossain
Kazi Mahmood Karim
Ziaur Rahman
Mohd. Rafat Ullah Khan
Sk. Matiur Rahman
Abdul Halim
Syed Tofail Ali
Md. Anwarul Islam
Mohammad Jashim Uddin FCA
Abu Ashraf Siddiquee
Md. Shahadat Hossain

EVP

Md. Amir Hossain Majumder
Mohammad Zubayer Ershad
Muhammad Anowarul Islam
Abu Zafar Md. Sheikhul Islam
Md. Shahin Alam
Imtiaz Ahamed Bhuiyan
Md. Amzad Hossain
Syed Md. Nazmul Huque
Mir Md. Hassanul Zahed
Shams Abdullah Muhaimin
Kamrul Hasan Khan
Syed Sahadat Hossain
Md. Tarique Parvez Jewel
Md. Abul Kashem
Md. Abul Kasem
Faruk Ahammad
Mohammed Abul Kalam
Md. Feroz Al Azad
Syed Mohammed Omar Tayub

SVP

Md. Moniruzzaman
Md. Ramiz Uddin Miah
Md. Salah Uddin
Md. Amanullah
Farhad Ahmad Khan
Mamur Ahmed
Shaila Abedin
Mohd. Afzal Hossain
Anwarul Hoque
Muhammad Muzahid Hossain
Kamruzzaman Khairul Kabir
Md. Habibur Rahman
Md. Hafizur Rahman Mallick
Md. Abdul Quddus
Nurul Momen Khan
Saif-Ul-Alam Md. Al-Amin
Md. Asif Bin Idrish
Md. Moniruzzaman
Mohammad Masud Shahjahan
Bidyut Kumar Das
Mohammad Firoz Alam
Shahbaj Talat
Mahbuba Ashraf
Abu Taher Md. Zakaria
Tofail Ahmed
Tanvir Ahmed Mahboob
Muhammad Anuarul Kabir
Mohammad Nurul Huda

VP

Md. Abdul Bari Mollah
Md. Jafar Hasan
Mollah Farid Ahmed
Harunur Rashid Chowdhury
Md. Abul Kalam Azad
Md. Iqbal
A K M Abdul Alim Ibne Khabir
Dorothy Sultana
Md. Shahidul Islam
Md. Masudur Rahman
Kazi Azaharul Islam
Ali Mohammad Nurul Huda
Md. Arman Uddin Bhuiyan
Md. Showkat Kamal Sarker
Sharmin Akther
Farid Ahmed FCMA
Rahat Masood
Ahmed Masudul Goni
Mohammad Aminul Islam
Md. Toufiqur Rahman Ayeni
Morshed Ahammed
Md. Rezaul Haque
Chowdhury Fakhruddin Mahmud Siddique
A K M Enamul Haque
Md. Mozahid Kabir
Md. Khaled Anwar FCMA
Kazi Moinul Haque
Debashis Chakraborty
Md. Syadur Rahman
Hasan-Ul-Huq
Muhammad Rashed Iqbal
Md. Moniruzzaman
Mohammed Quamrul Haque
Md. Yusuf Ali
S M Khurshed Alam
Md. Saidur Rahman Dipu
Md. Rashaduzzaman
Mohammad Khurshid Alam
Asif Ibne Sattar
Md. Nadeem
Mohammad Farhan Adel
Mohammad Anisur Rahman
Mohammed Samiullah
Syed Hasnain Mamun
Noor Hossain Zakaria
Md. Mahbubur Rashid
Md. Hasanuzzaman
Mohammad Aminur Rahman
Nafiz Hasnat

SAVP

Sirajul Hoque
Md. Abdur Raafi
Md. Taj Uddin Ahmed
Md. Nazrul Islam
Nazneen Akhter
Md. Rabiul Islam
S M Shahidul Islam
Md. Nazrul Islam
Mohammad Abu Ali
Syed Delwar Hossain
Muhammad Fazlul Hoque
Md. Mainul Kabir
Florence Sutopa Majumder
Md. Ruhul Quisth
Md. Aminur Rahman Akanda
Shubir Kumar Barua
S M Shahidul Islam
Masood Mizan
Shamima Pervin
Nazrul Islam
A H M Be-darul Alam Goni
K. M. Sakhawat Hossain
Md. Hashmot Ali Mollah
Md. Rezwan Uddin Swhel
Md. Ahsan Habib
Md. Kamrul Islam
Nahida Sultana
Md. Alamgir
Md. Ariful Hoque
Kamrun Nahar
Mohammad Jahangir Bhuiyan
Md. Moinul Hasan
Mohammad Ashrafuzzaman
S M Parvez Kabir
A T M Ahsan
Syed Mahammed Ali Suhel
Mohammad Shawkat Ali
A K M Khairul Basher
Md. Rabiul Ahasan
Mohammad Nazmul Hossain FCA
Nighat Mumtaz
Mohammad Raihan Shaheed
Shah Mohammad Mohsin
Giash Uddin Ahmed
Masud Uddin Ahmed
Md. Fazle Rabby
Md. Abu Sayeed
Shahana Pervin
A. S. M. Hafizur Rahman
Md. Mir Murad Ali

AMAR STOCK

Muntasir Quium Khan
Takiyan Chowdhury
Muhammad Anisur Rahman Bhuyan
Mohammad Mamunur Rashid
Muhammed Mustafizur Rahman
Abdullah Al Mehdi
Md. Mobinul Haque
Mohammad Mamunur Rashid
Md. Hasan Jamal
Mohammad Badrul Anam
Iftikhar Ahmed Chowdhury
Saleh Md. Mahfuzul Hassan
A. H. M. Kamrul Monem
Md. Istiaq Khaled
Md. Azad Hossain
Kazi Shafiul Azam
Sarafat Ullah
Md. Emdad Hossain
Mohammad Kamal Uddin
M. Riyadh Farhan
Kh. Md. Sufian Raji
Abul Kalam Azad
Muhammad Ebnul Alam Palash

AVP

Md. Azmal Huda
Mollah Asaduzzaman
M Faroque Hossain Suhrawardy
Rojina Parvin
Mohammad Abdus Sattar
Munshi Abdus Salim
Noor Mohammad Howlader
Sabina Easmin
Md. Masud Alam
Md. Saidur Rahman
Pijuce Kumar Roy
Probir Kumar Saha
Shamina Sultana
Afsana Kishwar
Mohammad Rafiqul Islam
Kazi Muhammad Rezaul Karim
Md. Towhidul Karim
Mohammad Nazimuddin Sheikh
Md. Abdul Halim
Ibrahim Ali
Shahid Uddin Ahmed
Md. Rezaul Karim
Md. Emdadul Haque
Md. Monirul Haque Bhuiyan
Mohammad Ansarul Karim Shahed
Shariful Ahsan
Mohammad Hanif
Siddique Ahmed
Md. Obaidul Hoque
Md. Walidul Islam
Md. Nasim Goni Chowdhury
Mohammad Mahfuzur Rahman
Kazi Foorkan Uddin
Md. Abul Hasanat
Md. Rejaul Karim
Md. Younus
Md. Shahtab Rizvi
Ashis Bhattacharjee
Md. Adil Uddin
Shakil Ahmed Khan
Nusrat Hossain
Muhammad Abu Zafor
Sharmin Jahan Khan
Mohammad Sazzad Hossain
Mohammad Mamunur Rahman
Mohammad Sazzad Hossain
Md. Saiful Hasan
A K M Humyun Kabir
Md. Shamsul Hoque
Md. Mahfuzur Rahman
Mir Mobashir Hussain
Mohammad Noor-E-Alam Siddique
Mohammed Javed Iqbal
Md. Abdul Aziz
Tareq Bin Mamun
Md. Zakir Hossain
Md. Nizam Uddin
Shahnaz Akhter
Taksima Sultana
Shahjahan Kabir
Mesbahuddin Ahmed
Bangajit Basak
Md. Shazzad Hossain
Mohsinul Hoq Sumon
Md. Mahabub Ujjaman
Md. Asaduzzaman
Muhammad Ariful Islam
Mohammad Afzalur Rahman Khan
Rumman Alam Chowdhury
Rajib Dey
Rupam Chowdhury
Rashed Mahmud
Mohammad Anisuzzaman
Farjana Yeasmin FCA
Mohammad Shihab Hayat Rizvi
Md. Tanjim Morshed Bhuiyan
Mohammed Saiful Hossain
Sajib Sarkar ACA
Sharifuzzaman Chowdhury
Md. Sariful Islam
Ahmedur Rahman
Sayeda Rehana Ferdousi
Tahmina Akter
Nawadir Ali Khan
Rony Chanddro Podder
Md. Rakibuzzaman
Nazia Jihan Tania
Md. Ziaul Hasan
Mohammad Shahadat Hossain
Sabina Yeasmin
Salahuddin Ahmed
Mehdi Ishtiaq Alam
Md. Rafiqul Islam
Md. Rehan Uddin
Mohammad Tanveer Haider Imon
Muhammad Mahbub Alam Molla
Mohammad Roichal Hoque
Abu Md. Al-Monsur
Md. Ashadul Latif
Al Meraz Ahmed
Md. Burhanul Hassan
Md. Solaiman-Al-Raji
Mohammad Shakhawat Hossain
Azizul Hoq
Sherajus Salekin
Muhammad Moniruzzaman
S. Md. Zaved Chowdhury
Md. Joynal Abedin
Md. Romjan Ali Bhuyan

YAAR STOCK

MESSAGE FROM
THE CHAIRMAN AND MANAGING DIRECTOR

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

FROM THE OFFICE OF
THE CHAIRMAN



Dear Stakeholders,

The bounce back of global economy to expanding mode and extension of growth momentum of Bangladesh economy are two distinctive phenomena for the year 2017. Such developments in global and domestic market persuaded bank to adopt befitting corporate and business strategies to sail sensibly into the future. From economic front, world appeared to be moving towards better whereas the situation is not identical in geo-political landscape. Bangladesh is continuously positioning itself as a hotspot for investment and this has created an opportunity for a leading commercial bank like Prime Bank to seize upon.

Global Economy: Enjoying an upturn

The global economy is experiencing a broad-based cyclical upturn which is evident from 3.7% growth of global GDP in 2017. For the first time since 2010, global economy has beaten expectations of the analysts displaying shining performance. The distinctive feature of recent growth of world economy is broad-based where both developed and emerging countries are contributing more equitably. Easing of financial conditions along with support from fiscal authorities helped the countries grow above global consensus. Boost of global trade due to favorable commodity prices, control of core inflation and strong recovery in European countries acted as key drivers of global growth in yester year. Among the advanced economies, USA registered 2.3% growth while Europe and Japan experienced 1.8% and 0.9% respectively. Among developing economies, India grew at 6.7% while China experienced 6.9% growth in 2017. In 2018, we expect that, robust growth prospect both in developed and emerging economies along with moderate inflation and employment growth, ongoing recovery will continue in next couple of years.

Bangladesh Economy: Striding towards stability

For Bangladesh economy 2017 will be remembered both for achievement and challenges. However, the economy did not experience any major internal or external shock that was strong enough to upset the growth momentum of the economy. From macro point of view, the country registered 7.28% growth placing itself as one of the fastest growing economy in the region. Investment to GDP ratio increased to 30.5% from previous level of 29% where the contribution of public sector increased to 7.4%. However private investment has also picked up due to lower cost of borrowing. Inflation hovered around 5.5% across the year though there was upward movement of food inflation due to flood-related crop loss and high price of imported rice. The major challenge the economy faced in the outgoing year is the widening of current account deficit. The volume of import grew at astounding rate of 27.5% due to steeper growth in the import of capital machineries, raw materials and food grain. After a period of dull performances, the flow of foreign remittance bounced back to positive growth. However, in spite of BDT depreciation against major global currencies, export grew only at 7.2% in the outgoing year. Money market experienced growth of private sector credit @ 18.5% due to fall in interest rate. However, capital market performed outstandingly with a 22.83% growth of broad index of DSE and 23.22% of CSE. We expect the ongoing growth momentum will continue in 2018 though uncertainty is looming large in political atmosphere on the ground of upcoming national election.

Bangladesh Banking Industry: Passed a turnaround year

The banking industry passed a turnaround year in 2017 considering growth of asset and liability volume of the industry. Significant growth of private sector credit due to sharp fall in lending rate is the most distinctive development of the industry last year. Such phenomenal growth of loan disbursement absorbed the long prevailing excess liquidity in the banking system. In 2017, deposit grew at a rate of 10.22% whereas the growth of credit volume was 14.13%. Particularly, in the second half of the last year, growth of private sector credit was 18.13% which is well above the monetary authority's projection. The weighted average interest rate on deposit stood at 4.91% whereas the weighted average advance was 9.35% in December, 2017 which resulted in average spread of 4.44%. Banks had no option but to cut rates on deposit and advances for maintaining a balance in terms of asset liability management. However, the cost of borrowing and lending is expected to rise in 2018 due to strong deposit demand from the banks to support their ongoing asset growth. The growth of foreign trade business experienced an impressive year due to phenomenal growth of trade finance products. Another distinctive phenomenon in the industry is the business growth of alternative delivery channels like mobile banking and agent banking. The growth of deposit in agent banking channel was 267.50% which brought new opportunities for banks to penetrate rural markets through this channel. However, the outgoing year also faced some challenges in the area of governance and management of non-performing loans. The mounting NPL which stood at 10.67% of the total outstanding loans in September, 2017 is mainly due to the errant lending scenario of state-owned banks and some of the new commercial banks.

The sudden management change in some peer banks also emerged as red flag in corporate governance of the banks.

Prime Bank's Performance 2017: Cautiously Progressing

The year of 2017 was a turnaround year as bank restructured its portfolio to deal with the changes in the dynamics of the industry. The volume of deposit and advance stood at BDT 199,014 million and BDT 198,323 million respectively.

Both advance and deposit of the bank grew by 17% and 0.55% respectively during the year. The advance deposit (AD) ratio of the bank hovered around 84% which is slightly lower than industry average. The operating profit of the bank in the outgoing year was BDT 5,373 million which is lower than that of 2016; still this volume is higher than industry average. However, the growth of operating profit declined from that of the previous year as PBL concentrated more on quality and cautious lending than reckless expansion of credit portfolio to prevent balance sheet risk from any unforeseen debacles.

In spite of increased volume of lending, spread and Net profit of the bank decreased from that of the previous year. Consequently, Return on Equity (ROE) stood at 4.24% which is below than that of previous year. Return on Asset (ROA) stood at 0.38% which is also below than that of previous year. Still both the indicators of profitability outperformed the industry averages of the year. The Non Performing Loan (NPL) was in declining trend that reflects efficient management of the balance sheet. At the end of the year, the ratio of NPL to total advance was 5.45% which is much lower than 9.31%, industry average NPL of all Banks in 2017. As cautious lending stance is being pursued, the ratio, I believe, will be lowered further within this year.

At the end of 2017 The Capital Adequacy Ratio (CAR) is around 14.01% which is above the regulatory requirement (CAR) 10%. The additional CAR will help our bank to make a smooth transition to Basel III regime, the implementation of which has already started. Adequate numbers of stress testing exercises were conducted by the bank to foresee the probable consequences under distressed scenarios. To deal with any worst-case scenario in the industry, the Bank is prepared with a strong and stable balance sheet. Such preparedness includes but not limited to diversification of business in terms of products, sectors and geographies, adoption of centralized banking practice, up-gradation of Core Banking Software (CBS) and implementation of rigorous risk management policy at all levels of banking.

Our subsidiaries also exhibited stable performance throughout the year. We are reconfiguring business model of our overseas subsidiaries considering the changing landscape of competitive forces to turn them as viable revenue streams for parent company. Initiatives like deployment of Agents at the UK market has been yielding positive dividend and the ongoing process for adding such numbers is obvious to consolidate the performance further. Our Hong Kong and Singapore offices have maintained steady performances despite the pressure of strict regulatory compliances. Our local subsidiaries dealing in Merchant banking and the capital market activities passed a successful year due to prudent turnaround initiatives and positive vibe in the capital market.

Accolades & Achievements: That makes us Inspired

I am glad to inform you that the year 2017 has been a momentous year for the bank in terms of accolades and achievements. The Bank has been again recognized by the esteemed local bodies. Prime Bank received 1st prize (Gold category) for Corporate Governance Excellence in the banking category declared by the Institute of Chartered Secretaries of Bangladesh (ICSB). Prime Bank was also acknowledged by the ICAB Award Committee among the best Annual Reports published in 2016. In addition, Bank secured Remittance award and recognition as a highest spending bank on CSR activities.

Corporate Social Responsibility: An ethical urgency

Since inception, the Bank has been demonstrating its responsibilities through various CSR programs in the field of education, health and Games & Sports through its dedicated CSR wing, Prime Bank 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. In 2017, 340 students of the country received stipends under the education support program of the bank and which will continue till the end of their studies. During the year Bank donated heftily for various causes to the Prime Minister's office on Relief etc. for the cold stricken people across the country, displaced Rohingyas, marooned people due to devastating flood as part of its CSR activities.

In the fields of Games & Sports, "Prime Bank Young Tigers National School Cricket" the biggest platform for the budding school cricketers for graduation to various national grades has been continuing satisfactorily for the third year in a row. Last year, 10,800 young cricketers from 540 schools participated in 965 matches at 70 venues of 64 districts. The number is set to increase this year as more and more schools are coming forward to avail this platform.

Along other activities, Bank's Education Support Program, Eye Hospital, Nursing Institute etc. have been playing their due roles in serving the community at affordable cost while ensuring quality as well.

Green Banking initiatives

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. The Bank has introduced Green Banking Policy, Green Office Guide, and Incorporated Environmental Risk in Credit Risk Assessment/ Management, Solid waste

Consumption Management. It may be recalled here that all Board & Committee Meeting Agenda if required to be printed are done 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 instead of Hard Copies.

As a part of Green Banking initiatives, 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.

Strategic propositions: The guiding light to go forward

Strategic moves are always an ongoing and integral part of the Bank's operations to cope up with the market opportunities and challenges. As such strategic decisions/ policies pertaining to such changes/challenges are obvious to go along naturally. In addition, following measure either in the current status of on-going or afresh shall be vigorously pursued for bringing positive impact on the financial health, corporate image and overall well-being of the bank:

- Cost Optimization
- Maintaining ideal LD Ratio (loan-deposit).
- Qualitative Credit Growth.
- Curbing NPL volume/percentage adopting preventive measures including deployment of dedicated RM and having inbuilt Early Alert System.
- Strengthening recovery of NPL & written Off loans.
- Diversification of loan portfolios to MSME & Consumer Finance to reduce concentration on corporate exposure and risk elements.
- Continuous development of Human Resources and their transformation into Human Capital through constant training and awareness programs both at home and abroad.
- Cyber security check including prevention of attack on the core IT infrastructure through deployment of appropriate firewall and engaging appropriate resource personnel and supervisors for manning those.
- Enrichment of Bank's own developed unique 'Dashboard' for generating multi-purpose reports for serving Management as a constant source of decision making tool.
- Establishing strong corporate governance culture for ensuring transparency, fairness, accountability and compliance to protect interest of the stakeholders.
- Completing centralization of remaining segments/ components of operational activities.
- Process re-engineering for bringing dynamism and efficiency of service levels including prompt disposal of business propositions.
- Continuously explore viability of new avenues and alternative delivery channels to reach out to the bigger mass of the population as part of an initiative on inclusive banking.

Note of Thanks: We acknowledge our stakeholders

Finally, I convey my gratitude to our valued customers, shareholders, patrons, management for their unwavering support in making the Bank one of the strongest financial institutions of the country. My sincerest thanks to the Prime Bank employees for their devotion and sincerity for the well-being of the Bank. I also express my appreciation to my co-members in the Board for their vision and prudence and precious time to help Bank progress in the right direction. We are also grateful to the regulators particularly Bangladesh Bank, BSEC, DSE & CSE for their timely interventions at times and constant guidance and support round the year.

In anticipation that your support and patronage to take bank forward shall continue, we look forward to coming up with better results next year.



Azam J Chowdhury
Chairman

MANAGING DIRECTOR AND CEO'S **REVIEW**



I am pleased to report that 2017 has been another successful year with significant progress strategically. We successfully attained few essential components of strategic plans and priorities by delivering improved services to our customers in an effort to treat all fairly and inclusively making it easy for them to find, understand and access products that are right for them under any circumstances. We have continued to transform the Bank to become a safer, more agile and customer focused organization whilst maintaining steady profits. Prime Bank has recently upgraded its core banking system to come at par with global standard to cover wider areas of customer convenience. Some other projects leading to enhancing capacity and ensuring compliance may be mentioned here like implementation of Moody's Credit appraisal software for internal rating of the clients; Transaction Banking, Trade Services and Credit Administration Division are fully functional under centralized module. Work is progressing fast to establish Tier III Data Center (first of its kind in Bangladesh); certification work is progressing well for making our card management EMV compliant; 24 hours central CCTV monitoring system has been already established at the FMD.

We have been a corporate-focused Bank for the most part of its tenure and till date and this sector roughly represented around 75% of Bank's balance sheet. The Bank has targeted for diversification as part of mission and vision to bring a balance between Corporate, MSME and Consumer Banking. As we look at from a macro economical point of view, corporate banking has played a major role in the development of the economy over the past few decades. The growth of the Textile, RMG and other manufacturing sectors, alongside the development of infrastructure and availability of power and energy, is directly linked with the contributions from this leading Bank.

Global Economy

A broad-based pickup in global activities has strengthened its momentum in recent months. Global growth is estimated to have grown by 3.7 percent in 2017 and the forecast for 2018 has been revised up by 0.2 percentage points to 3.9 percent, supported by higher investment, trade, and industrial production, coupled with increasing business and consumer confidence. The pickup in global growth in 2017 reflects firmer domestic demand growth in US, Euro area, Canada and Japan among the advance economic and China, emerging Europe, and Russia among the emerging market and developing economies. Global inflation rose in 2017, reflecting the continued cyclical recovery in demand and higher commodity prices. The US consumer price inflation reached 2.1 percent in 2017, up from 1.3 percent in 2016. With a stronger-than-expected recovery and higher commodity prices headline inflation in the advance economies will edge up to 1.9 percent in 2018. Although non-energy commodity prices rose modestly and crude oil prices rose by 35 percent to over $60 per barrel by December 2017, those are expected to remain so during 2018.

Looking ahead, during 2018, global growth is expected to receive support from the strengthening recovery in the euro area from rising exports amid stronger global trade performance. It is also expected to benefit from strong domestic demand, aided by supportive financial conditions and lower political risks. Japan is expected to benefit from global demand and supportive fiscal stance. China grew by 6.8 percent in 2017, underpinned by prior policy easing and some supply-side reforms. In the rest of emerging market and developing Asia, growth is expected to be strong. In India, growth in 2018 is projected to rise to 7.4 percent, up from 6.7 percent in 2017. The cyclical growth recovery in the Euro area, USA, and Canada, the main export destinations of our readymade garments, is expected to have a favorable impact on our export performance. An expected rise in commodity prices will support the oil-producing economies from where a large source of Bangladesh's remittance inflows.

Bangladesh Economy

For Bangladesh 2017 has been a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy is weakening due to a number of developments toward the second half of the year. One of the major achievements of the economy has been a 7.28 percent economic growth in Financial Year (FY) 2016-17 breaking the six percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector. Though average inflation has been around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of flood. Investment is a major impetus to Bangladesh's growth. Target was set to increase investment to 32.7 percent of GDP in FY 2016-17, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 percent, a marginal increase from 29 percent in FY 2015-16. However, the private sector's investment has been almost stagnant since FY 2015-16 hovering around 23 percent. The major boost has come from the public sector that saw an increase to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16. Domestic savings-GDP ratio increased by only 0.3 percent in FY 2016-17 while national savings-GDP ratio declined by 1.2 percentage point to 20.6 percent in FY 2016-17 from 30.8 percent in FY 2015-16 in the backdrop of the large current account deficit. The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer of hope is in the horizon with both

RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. In FY 2016-17 remittance earning growth experienced a negative growth of 15.9 percent despite increase of manpower export. At the end of 2017, general inflation was 5.93 percent whereas it was 5.32 percent at the end of last year. The government has set the inflation target at 5.5 percent for fiscal 2017-18. The World Bank has, however, painted a brighter picture for Bangladesh's economy for the next two fiscal years, pinning hopes on strong domestic demand, exports, investment and remittance.

Board's Oversight

As we look to the future, we see the external environment evolving rapidly. Changing customer behaviors, the pace of technological evolution and changes in regulation all present opportunities. Given our strong capabilities and the significant progress made in recent years we believe we are in a unique position to compete and win in this environment by developing additional competitive advantages. We will continue to transform ourselves to succeed in this digital world and the next phase of our strategy will ensure we have the capabilities to deliver future success. Before reviewing our progress, I want to highlight a couple of important points. The Board's composition and diversity are reviewed regularly and there is a commitment to ensuring we have the right balance of skills and experience within the Board. 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 Bank's strategy, operating environment, performance, and the progress toward its goals. Everyone within the Prime Bank family is firmly committed to building long-term value for sustainability.

Business Performance

Some major economic-financial indicators performed well below par in the outgoing calendar year i.e. 2017, casting their adverse impacts on Bangladesh's economic health. The underperformances are: a negative overall balance of payments (BoP), negative growth in reserve money as a result of low net foreign asset and net domestic asset with the central bank, and inadequate broad-money growth as a result of poor demand deposits. The net sales of national savings certificates continued to rise over expectation, leading to low growth of deposit in the banking sector and leaving huge liabilities for the government. And imports expanded substantially, driven mainly by import of food and machinery mostly meant for infrastructural development and capital machinery, affecting the balance of trade. Private sector credit growth stood at 19.06 percent, which is far beyond the target of 16.2 percent set by the Bangladesh Bank for the first half of the fiscal year. The unusual credit growth has got the central bank concerned as it will put pressure on inflation. The banking sector passed a bad year as the non-performing loans (NPLs) kept swelling. The rescheduling of loans has also created extra stress on the banking system in recent times as this constitutes a significant part of the Banks' total loan portfolio. The call-money rate started rising on account of slow deposits and higher outstanding loans. Savers opt for saving certificates instead of depositing their money with banks for high yields on the government borrowing tools and low interest rates on bank deposits. As such, there is a possibility that the lower lending rates as of now could go on an upturn following slow deposit and high unpaid loans. For such negative current-account balance, the net foreign asset with the central bank shrinks, impacting reserve money. The analysts said that any dramatic rise in the exports and remittances only can change the landscape of the current-account balance.

Despite the hurdles, Prime Bank tried its best to move forward with sustainable growth in 2017. Total asset size of the Bank has increased by the 3.32% which is now BDT 281,274 million. Loans and advances increased by 16.52% (BDT 28,110 million) to stand at BDT 198,322 million. This increase of loans has been funded by the sale proceeds of the investment in the govt. securities. During 2017, a total amount of BDT 24,442 million of govt. securities has been sold to make a capital gain of BDT 1,558 million. During 2017, we have kept total deposit almost at the same level with a slight increase of BDT 1,080 million and it has stood at BDT 199,013 million at the year end. Borrowings from other banks, financial institutions and agents have increased significantly by an amount of BDT 5,649 million which mostly used to increase loans in off-shore business. Net interest income in 2017 has increased by 48.49% whereas total operating income has increased by only 1.53% compared to previous year. The main reason is our investment income decreased drastically is due to off-loading govt. securities during 2016 & 2017. We have been able to increase our commission, exchange and brokerage income in 2017 by BDT 551 million (32.58%) compared to previous year. The increasing number of Non-performing

Loans (NPLs) is affecting the competitive dynamics of the Banks. Presently, Prime Bank has total classified loans of BDT 10,106 million. Due to all-out efforts in recovery, we have been able to reduce our non-performing loan (NPL) percentage to 5.45% at the end of 2017 compared to last year's position (5.96%). We have taken a provision charge of BDT 3,564.40 million in 'Profit & Loss Account' during 2017 against impaired loans and other provision. At the end of 2017, the Bank has been able to keep a total amount of BDT 10,593.69 million as provision against its total funded & non-funded exposure which certainly made our capital base more solid. Our capital to risk weighted assets ratio (CRAR) has increased to 14.01% which will further increase to touch 17% level once we shall complete the entire process of issuing Prime Bank BDT 7,000 million Subordinated Bond-3 by the end of first half of 2018.

Value Creating Business Model for our Stakeholders

Our simple, low risk, customer focused business model is driven by our competitive positioning. As a major part of our strategy, we will enhance our competitive strengths to further transform the business, help Bangladesh economy prosper and continue delivering for customers, colleagues and shareholders. Doing the right thing for our customers, colleagues and shareholders by meeting their financial needs, helping them succeed, improving our service proposition and creating value for them, is fundamental to our business model and the long-term sustainability of the business. Our product range is driven by our customers' needs and is informed through comprehensive customer analysis and insight. Our business areas are structured according to the products and services we provide to best serve our customers' financial needs. Effective 'Centralization' has allowed us to take advantage of synergies through sharing of ideas and collaboration from cross functional working groups for value creation. Leading Banks have now shifted focus from money lending to providing banking solutions and the business in Bangladesh has scaled up greatly as a whole. Prime Bank now plays an advisory role alongside. As the corporates are getting larger they are requiring more treasury management; thus, Prime Bank also provides cash management solutions alongside. The Bank also gives 360-degree solutions, taking care of the trade financing and trade solution services. Export Credit Agency (ECA) financing and supply chain management solutions also form a part of the Bank's portfolio now. We are not only lending money now but also supporting the SME growth by offering end to end solutions towards the suppliers and distributors of our large corporate clients. As a safeguard against cyber heist Prime Bank has upgraded their IT system to its latest version. Constant security checks and assessments have made the system quite reliable. As a part of security measure we have also hired IT specialists often termed as "ethical hackers" who are continuously working to monitor and detect loopholes to ensure effective operation of the current system. We seek to run our business responsibly, sustainably and successfully, delivering value for all our stakeholders.

Grow within Risk Framework

Despite the uncertain macroeconomic environment, we have continued to support the economy while operating within our prudent risk appetite. Our Risk Framework is crucial to our ability to manage risk, run our business and grow responsibly. 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. We never forget that we are ONE BANK, ONE TEAM. 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 that they can be addressed proactively. To make risk management process effective across the Bank, concerned Divisions regularly oversee Capital Management, Internal Capital Adequacy Assessment Process (ICAAP), and all kinds of piller-1 and piller-2 risks mentioned in the BASEL framework under the guidance and supervision of the Central Bank.

Grow in a Sustainable Way

Prime Bank is strategically moving towards a sustainable future as it believes in eco-friendly socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. The Bank started its journey in the year 1995 with the firm commitment of excellence in customer service with a difference and with a mission to be an efficient, market driven, customer focus Bank with good corporate governance structure through designing and adopting policies to embed sustainability into its operations, undertaking awareness and capacity building activities, supporting & financing environment friendly business initiatives, covering social dimension of sustainability concerns and ensuring transparency. We have an independent 'Sustainable Finance Unit' which is looking after Bank's sustainable financing activities and assessing environmental and social risk management aspects of the business proposals & banking activities in light of national and international standards. All these activities of the Bank are reported separately by another committee named 'Sustainability Reporting Committee' following GRI guidelines and receive GRI 'Materiality Disclosure Certification' every year which ensure transparency of our sustainable initiatives to a larger extent to the internal and external stakeholders.

Basel III

The main objective of the Basel III Framework is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Another aim is to improve risk management and governance as well as strengthening banks' transparency and disclosures. As per Basel III guideline, Banks are required to maintain 'minimum Total Capital Ratio' of 10% including 'Common Equity Tier-1 Capital Ratio' of 4.50%. Additionally, Banks have to maintain 'Capital Conservation Buffer' of 2.50% by the end of the year 2019. There are some phase-in arrangements for Basel III implementation by the Bangladesh Bank which allow the Banks to maintain 'Capital to Risk Weighted Asset Ratio (CRAR)' at 11.25% & 11.875% by the end of 2017 & 2018 respectively. Though the period of BASEL III implementation is approaching in 2019, most banks are not prepared to comply with this regulation. But, Prime Bank has already been able to maintain CRAR at 14.01% due to its strong capital base. As a result of our efficient Balance Sheet management, the Bank has consistently been maintaining all Basel ratios after release of Action Plan/Roadmap for implementation of them by Bangladesh Bank.

Human Capital

Many Banks in Bangladesh aspire to be the Best in the Market. But very few have all the elements required: talent, resources, and perseverance. Prime Bank has proven many a times that it has all three in abundance to build a solid foundation. We have made progress towards building a business our colleagues are proud to work for by creating the best environment for our colleagues to succeed. We are creating an honest and open environment where colleagues feel valued, reflected in colleague engagement scores. We continue to encourage diversity, believing that everybody should have the opportunity to reach their full potential. Engaged employees are likely to take more responsibility and embrace accountability which helps for attaining targeted goals. We are making investment in people and by transforming our ways of working, we are aiming to achieve a culture of inclusiveness and collaboration, while also up-skilling our colleagues for future needs and new career paths.

Outlook 2018

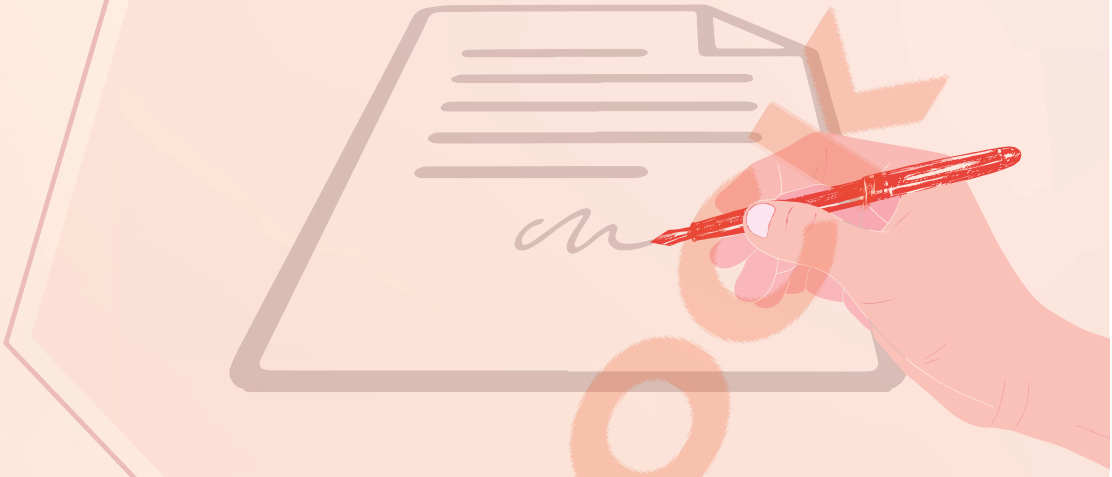
The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the least developed country (LDC) status in 2018. It will also continue its efforts toward becoming a middle-income country. Additionally, it will continue to implement the sustainable development goals (SDGs). These will hinge on a number of factors such as accelerated resource mobilization, higher investment, efficiency in infrastructure implementation, skilled human resources and strong institutional set up. Not only growth rate of Gross Domestic Product (GDP) but also quality and distributional aspects of GDP growth should be taken into consideration by the policy makers while making annual development plan. Prime Bank will also keep a close watch on the macro-economic factors and try to increase its core income through balance sheet optimization. Earning capacity of assets will be increased by maintaining quality of asset portfolios. Liquidity will be managed prudently by ensuing optimum deposit mix and efficient fund management will keep AD Ratio within the desired level. Bank will be more careful while increasing off-balance sheet exposure and special focus will be given on loan recovery. Cost management has also been a strategic priority and we shall remain focused on maintaining our competitive advantage in cost leadership due to centralized business model. All components of core risks will be further strengthened for effective risk management. Our strong foundations, centralized business model and strategic capabilities combined with the new strategic plan and a highly engaged team positions us well to succeed in coming days and we shall be the best private commercial Bank by 2021.

Acknowledgements

There is of course much more to do as we face into a rapidly changing and challenging world. However, given our clear strategy and approach to transforming the business, our customer focused values and the dedication and commitment of our colleagues; we have all the components to succeed. We have a strong foundation, and all the capabilities we possess have come together as an engine for responsible growth that is producing stronger financial results and momentum. 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. 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, to achieve our aim of becoming the best private commercial Bank in Bangladesh, we shall be continuing to provide our customers with brilliant services and seamless experience across all our channels.



Rahel Ahmed
MD & CEO



CORPORATE GOVERNANCE

- Directors' Report
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- CEO & CFO's Declaration to the Board
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DIRECTORS' **REPORT**

The Board of Directors of Prime Bank Limited has an immense pleasure of presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2017 together with the Report of Auditors to the Shareholders in the occasion of 23rd AGM of the Bank. A review of the report would reveal satisfactory performance of the bank in a stiff and competitive environment. A brief overview of the key performances of the world and Bangladesh economy during 2017 and outlook for 2018 are provided in this report.

Industry Outlook

Bangladesh's economy has achieved successes considerably in the outgoing year, despite ups and downs in the performance of major economic indicators. Some major economic-financial indicators performed well below par in the outgoing calendar year i.e. 2017, casting their adverse impacts on Bangladesh's economic health. The underperformances are: a negative overall balance of payments (BoP), negative growth in reserve money as a result of low net foreign asset and net domestic asset with the central bank, and inadequate broad-money growth as a result of poor demand deposits. The net sales of national savings certificates continued to rise over expectation, leading to low growth of deposit in the banking sector and leaving huge liabilities for the government. And imports expanded substantially, driven mainly by import of food and machinery mostly meant for infrastructural development and capital machinery, affecting the balance of trade. Private sector credit growth stood at 19.06 percent, which is far beyond the target of 16.2 percent set by the Bangladesh Bank for the first half of the fiscal year. The unusual credit growth has got the central bank concerned as it will put pressure on inflation.

The country's banking sector passed another turbulent year marred by growing bad loans. A severe governance crisis caused the industry to face a record increase in non-performing loans (NPL), financial scams and liquidity shortages. Bad loans and recapitalization in the banking sector have always been a cause for concern in Bangladesh. Banking sector of Bangladesh is one of the weakest in emerging Asia. Low capital adequacy and poor asset and management quality, continue 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 a tier-1 capital ratio of at least 6.00 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. Weak bank balance sheets and governance divert credit away from productive investment, and impose large fiscal recapitalization costs. The rescheduling of loans has also created extra stress on the banking system in recent times as this constitutes a significant part of the Banks' total loan portfolio. The call-money rate started rising on account of slow deposits and higher outstanding loans. Savers opt for saving certificates instead of depositing their money with banks for high yields on the government borrowing tools and low interest rates on bank deposits. As such, there is a possibility that the lower lending rates as of now could go on an upturn following slow deposit and high unpaid loans. For such negative current-account balance, the net foreign asset with the central bank shrinks, impacting reserve money. The analysts said that any dramatic rise in the exports and remittances only can change the landscape of the current-account balance.

Global Economy

For the financial markets and the global economy, 2017 has been a pretty good year. All the major fears about 2017 that dominated the latter stages of 2016 — a market crash in the event of a Trump presidency, a Brexit-triggered recession in the UK, and a collapse of the euro-zone following the implosion of the Italian banking system — have failed to materialise. A broad-based pickup in global activities has strengthened its momentum in recent months. Global growth is estimated to have grown by 3.7 percent in 2017 and the forecast for 2018 has been revised up by 0.2 percentage points to 3.9 percent, supported by higher investment, trade, and industrial production, coupled with increasing business and consumer confidence. The pickup in global growth in 2017 reflects firmer domestic demand growth in US, Euro area, Canada and Japan among the advance economic and China, emerging Europe, and Russia among the emerging market and developing economies. Global inflation rose in 2017, reflecting the continued cyclical recovery in demand and higher commodity prices. The US consumer price inflation reached 2.1 percent in 2017, up from 1.3 percent in 2016. With a stronger-than-expected recovery and higher commodity prices headline inflation in the advance economies will edge up to 1.9 percent in 2018. Although non-energy commodity prices rose modestly and crude oil prices rose by 35 percent to over $60 per barrel by December 2017, those are expected to remain elevated in 2018. Looking ahead, during 2018, global growth is expected to receive support from the strengthening recovery in the

euro area from rising exports amid stronger global trade performance. It is also expected to benefit from strong domestic demand, aided by supportive financial conditions and lower political risks. Japan is expected to benefit from global demand and supportive fiscal stance. China grew by 6.8 percent in 2017, underpinned by prior policy easing and some supply-side reforms. In the rest of emerging market and developing Asia, growth is expected to be strong. In India, growth in 2018 is projected to rise to 7.4 percent, up from 6.7 percent in 2017. The cyclical growth recovery in the Euro area, USA, and Canada, the main export destinations of our readymade garments, is expected to have a favorable impact on our export performance. An expected rise in commodity prices will support the oil-producing economies, a large source of Bangladesh's remittance inflows.

Bangladesh Economy

For Bangladesh 2017 has been a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy is weakening due to a number of developments toward the second half of the year. One of the major achievements of the economy has been a 7.28 percent economic growth in Financial Year (FY) 2016-17 breaking the six percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector. Though average inflation has been around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of flood. Investment is a major impetus to Bangladesh's growth. Target was set to increase investment to 32.7 percent of GDP in FY 2016-17, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 percent, a marginal increase from 29 percent in FY 2015-16. However, the private sector's investment has been almost stagnant since FY 2015-16 hovering around 23 percent. The major boost has come from the public sector that saw an increase to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16. Domestic savings-GDP ratio increased by only 0.3 percent in FY 2016-17 while national savings-GDP ratio declined by 1.2 percentage point to 20.6 percent in FY 2016-17 from 30.8 percent in FY 2015-16 in the backdrop of the large current account deficit. The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. In FY 2016-17 remittance earning growth experienced a negative growth of 15.9 percent despite increase of manpower export. At the end of 2017, general inflation was 5.93 percent whereas it was 5.32 percent at the end of last year. The government has set the inflation target at 5.5 percent for fiscal 2017-18. The World Bank has, however, painted a brighter picture for Bangladesh's economy for the next two fiscal years, pinning hopes on strong domestic demand, exports, investment and remittance.

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, a new dimension in its customer friendly business activities. The bank opened two more Offshore Banking Units at CEPZ, Chittagong and Adamjee EPZ, Narayangonj.

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 of business diversification in mind, the bank also established another subsidiary company in the name and style "Prime Bank Securities Ltd." to provide brokerage services in the stock market.

PBL has also expanded its services cross 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 service 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. The company is engaged in remittance business.

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 146 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 sustainable development.

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

PBL's vision, mission, corporate philosophy, strategic priorities and corporate conduct are given in the beginning of the report. In achieving bank's vision, mission and strategic priorities, the highest level of ethical standards are 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, retail and SME 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 faculties 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. 3 (three) Off-shore Banking Units offers banking services related to 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 all these decision considering the requirement of professional due-diligence exercise for the 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 risk, together with the way we respond to changes in the external operating environment are key to 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 associated mitigation measures are maintained in asset or project risk matrices and registers. Prime Bank possesses different committees for risk management. The Credit Committee and Asset and Liability Committee (ALCO) is constituted by the Company's senior management team which regularly reviews issues related to the markets, credit and liquidity and, accordingly, recommend and implement appropriate measures to proactively identify and mitigate risks. Prime Bank possesses an approved Asset Liability Management (ALM) policy under the responsibility of the ALCO. The Company's Credit Risk Management (CRM) department independently scrutinizes projects from a risk-weighted perspective and assists relevant departments in setting business development priorities. These are aligned with the Company's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also clearly defines exceptionally high-risk sectors and prohibits lending to those projects which the Company does not ascribe to, including those which represent negative environmental, social or ethical standards. Details of risk management are given in the "Risk Management" Chapter of this Annual Report.

Corporate Governance

The bank adheres strictly to the regulatory guidelines on corporate governance. Disclosures on corporate governance 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 of the bank, 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 ensure 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 as an attractive employer. The Company offers a broad spectrum of opportunities for both professional and personal development 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 achieve growth.

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

Board of Directors are responsible 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 then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' report, in accordance with 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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.

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 these 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 the 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 (as amended up to 2013) and the Companies Act 1994. 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 the financial operations 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, LCR, NSFR, Leverage ratio, adequacy of bank's liquidity as per structured liquidity profile, regulatory reserves and has performed stress testing to determine bank's shock absorbent capacity in different 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 guideline 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

PBL 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 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 2017, the company made operating profit of BDT111.21 million compared to loss of BDT 169.73 million in 2016.

Prime Bank Securities Limited

"Prime Bank Securities Ltd." was established to provide brokerage services in the stock market. During the year 2017, the company made an operating profit of BDT 12.48 million as against loss of BDT 26.31 million in 2016.

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 company significantly declined business in 2017. Total volume of remittance was SGD 71.50 million in 2017 compared to SGD 80.80 million in 2016. The company made profit after tax of SGD 174,391 in 2017 compared to SGD 45,747 in 2016.

PBL Exchange (UK) Limited

The company has been operating with three branches in London, Birmingham and Manchester throughout the year. The business volume has marked growth despite stiff competition. The volume of remittance was GBP 31.99 million in 2017 which was GBP 19.84 million in 2016. The company made profit after tax GBP 11,983 in 2017 compared to GBP 7,311 in 2016. 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 178.94 million as on December 31, 2017 compared to HKD 219.25 million on December 31, 2016. The company made a net profit after tax of HKD 5.36 million in 2017 compared to HKD 5.29 million in 2016. 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 run by executive 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 2017. Trade finance and other ancillary businesses recorded considerable growth in spite of all odds and economic turmoil. The bank further expanded its branch network and alternate delivery channels. New IT based products and services were introduced.

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 275.89 million equivalents to BDT 22,816.44 million as on December 31, 2017 compared to USD 226.94 million equivalents to BDT 17,860.37 million as on December 31, 2016 recording a growth of 28 percent. During the year 2017, OBUs made operating profit of USD 3.00 million equivalents to BDT 241.56 million as against USD 4.60 million equivalents to BDT 361.19 million in 2016 with a negative growth of 35 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. As per directives of Bangladesh Bank, the bank is required to maintain minimum total capital at 11.25 of risk-weighted assets. Total capital fund of the bank increased by BDT 619 million and stood at BDT 32,251 million during 2017. More details regarding capital management are given in the "Market Discipline - Disclosures on Risk Based Capital (Basel-III)" chapter of this Annual Report.

(BDT in Million)

Particulars	2017	2016
Tier-I Capital	23,048	23,634
Tier-II Capital	9,203	7,998
Total Capital	32,251	31,632
Total RWA	230,211	254,001
CRAR (Percentage)	14.01%	12.45%

Financial Analysis

Total Assets

Consolidated assets of the bank stood at BDT 282,394.94 million in 2017 as against BDT 273,177.97 million in 2016. Total assets of PBL stood at BDT 281,274.67 million in 2017 from BDT 272,223.70 million in 2016.

Cash and Balance with Bangladesh Bank & its Agent

Consolidated position of the Bank is BDT 18,114 million in 2017 as against BDT 17,786 million in 2016. PBL's position increased from BDT 17,733 million in 2016 to BDT 18,005 million in 2017.

Balance with other banks and financial institutions

Consolidated position of the bank is BDT 10,245 million in 2017 as against BDT 7,029 million in 2016. PBL's position increased from BDT 6,815 million in 2016 to BDT 10,083 million in 2017.

Investment

PBL's investment decreased during the year by BDT 24,442 million and stood at BDT 23,807 million as at 31 December 2017.

Loans and Advances / Investments

Consolidated loans and advances/investments (credit under Islamic Shari'ah) of the bank stood at BDT 200,619 million in 2017. Loans and advances of PBL was BDT 198,323 million during 2017. Investment of Islamic banking branches was BDT 14,904 million and with growth of 32 percent during 2017. Outstanding loans and advances of off-shore banking units was BDT 22,816 million showing a growth of 28 percent. Concentration of loans and advances was well managed and details of credit are given at notes to accounts no. 7(a).4. Ratio of nonperforming loan of PBL was 5.45 percent which was much below the industry average of 9.31 percent.

Liabilities

Consolidated total liabilities (excluding equity) of the bank stood at BDT 257,582 million in 2017 as against BDT 247,885 million in 2016. The total liabilities (excluding equity) of PBL stood at BDT 256,567 million in 2017 and it was BDT 246,939 million in 2016.

Borrowings from other banks, financial institutions and agents

The borrowing of PBL stood at BDT 22,087 million which represents PBL's borrowing against PBL Bond, call borrowing, repo of treasury bills and refinance against SME loan and EDF loan borrowings from Bangladesh Bank.

Deposits

In 2017, total deposits of the Bank stand at BDT 199,014 million which was BDT 197,934 million in 2016. The Bank continued its efforts for mobilization of low cost and no cost deposits. However, high cost deposit were shelled out to reduce interest expenses and better treasury management.

Shareholders' Equity

PBL's shareholders' equity decreased by 2.28 percent during 2017. Paid-up capital of PBL stood at BDT 10,293 million during 2017. The statutory reserve increased by BDT 362 million during the year and stood at BDT 9,566 million.

Key financial figure of the Balance Sheet is given below

BDT in million

Particulars	2017	2016	2015	2014	2013
Assets	281,275	272,224	252,161	254,912	243,869
Deposit	199,014	197,934	194,825	204,838	201,907
Loans & Advances	198,323	170,212	151,865	147,367	153,589
Shareholder's Equity	24,708	25,285	26,415	24,461	21,907

Analysis of Income Statement of PBL

BDT in million

Particulars	2017	2016	Change
Interest Income	14,795	13,989	6%
Interest Expense	(9,875)	(10,676)	-8%
Net Interest Income	4,920	3,313	49%
Non-Interest Income	7,287	8,710	-16%
Operating Expenses	6,834	6,266	9%
Profit before Provision	5,373	5,757	-7%
Profit before Taxes	1,809	2,345	-23%
Net Profit after Taxes (NPAT)	1,059	2,195	-52%
Earnings Per Share	1.03	2.13	-52%

Interest Income

PBL's interest income increased by 6 percent during 2017. Interest earned from loan and profit earned on investment remained the principal component of interest income.

Interest Expense

PBL's interest expense decreased by 8 percent during 2017. Interest cost on deposits was the main component of interest expenses whereas interest cost on borrowings also had a significant impact in 2017.

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 BDT 1,957 million during the year and stood at BDT 4,246 million in 2017. Since PBL is a primary dealer, securities were devolved by the Bangladesh Bank in excess of SLR requirement. As such interest/discount income became the main contributor to investment income.

Total Operating Income

Due to the reasons explained above, total operating income of the bank increased by BDT 184 million during the year and stood at BDT 12,207 million.

Total Operating Expense

Total operating expenses of PBL increased by 9.06% during the year mainly due to rental expense for the bank's hired premises. Other expenses increased mainly due to donation to Prime Minister Relief Fund for assistance to Rohingya & other welfare activities.

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

BDT in million

Particulars	2016	2015
Income per employee	3.49	4.06
Expense per employee	1.95	2.12
Profit before provision per employee	1.54	1.94
Profit before tax per employee	0.52	0.79
Assets per employee	80.39	86.66

Provision for Classified Loans

The provision against classified loans increased during the year due to change in loan classification and provisioning policy by the Bangladesh Bank. Total provision against classified loan was BDT 2,148 million during 2017 as against BDT 1,623 million of previous year. Provision adequacy ratio was 100.03 percent.

Particulars	2017	2016
NPL ratio	5.45%	5.96%
Industry average of NPL ratio	9.31%	9.23%
Provision adequacy	100.03%	100.99%

General Provision

Provision against unclassified loans was made to the tune of BDT 1,107 million during 2017 as against BDT 1,198 million of previous year. General provision requirement of BDT 292

million on off-balance sheet outstanding has been provided. This is to be noted that general provision is regarded as Tier-II capital of the bank and provides safeguard against future default as well as supports business growth by strengthening the capital base.

Other Provisions

Upon assessing the recovery prospects, the bank made full provision against protested bills and claims originated during the course of banking operations amounting to BDT 16 million and amount of BDT 62 million has been made against the provision of 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 BDT 1,809 million registering a negative growth of 23 percent.

Provision for Income Tax

Provision against current year's income tax of PBL was BDT 750 million compared to BDT 150 million of preceding year.

Net Profit after Tax

Net profit after tax stood at BDT 1,059 million registering a negative growth of 52 percent during 2017. Earnings per share decreased to BDT 1.03 as at December 31, 2017 from BDT 2.13 in the previous year. Average ROA and ROE stood at 0.38 percent and 4.24 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 BDT 362 million has been transferred to statutory reserve.

Dividends

Thus fund available for distribution is BDT 1,079 million (BDT 697 million from current year profit plus BDT 382 million from retained earnings of previous year). In order to maintain a satisfactory capital adequacy ratio of the bank, the Board decided to recommend 17 percent dividend for the year 2017. Satisfactory capital fund will enable the bank to increase business activities.

Remuneration of 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, the Chairman may be provided car, telephone, Office chamber and private secretary. In addition to above, Directors are entitled to fees and other benefits for attending the board, EC, Audit Committee and Shariah supervisory committee meeting. Managing Director is paid salaries and allowances as per approval of the Board and 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 decreased and stood at BDT 1.03 and return on average equity stood at BDT 4.24 percent during 2017.

Financial performance of PBL

Amount in million

Particulars	2016	2015
Loans and Advances	198,323	170,212
Investments	23,807	48,249
Fixed Assets	6,434	6,590
Total Assets	281,275	272,224
Deposits	199,014	197,934
Paid-up Capital	10,293	10,293
Shareholders' Equity	24,708	25,285
Operating Profit	5,373	5,757
Net profit after Tax	1,059	2,195
EPS	1.03	2.13

Meeting of the Board

During the year 2017 total 16 no. of Board of Directors meeting, 19 no. of Executive Committee meeting, 11 no. of Audit Committee meeting and 5 no. of Risk Management Committee meeting were held.

Appointment of Auditors

External auditors named 'Hoda Vasi Chowdhury & Co.' and 'Aziz Halim Khair Choudhury', Chartered Accountants were appointed in 22nd AGM for the year 2017 and accordingly, they have completed their audit work. The existing audit firms will be eligible for reappointment at the upcoming AGM of the Bank.

Annual General Meeting

23rd Annual General Meeting of the Bank will be held on 24 May 2018 at KIB Complex, Krishi Khamar Sarak at 11.00 a.m. and in this connection Directors' Report and financial statements were approved in the Board Meeting held on 10 April 2018 for presentation to the shareholders.

On behalf of the Board of Directors



Chairman

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 operations and relationship with 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 individual and businesses. Prime Bank is firmly convinced that a traditional banking model focused on closer customer relationships and advisory services best serves its purpose. Such advice is always based on customers' needs& solutions and not merely 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 notifications, Bank Companies Acts and Companies Acts 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. But as per newly amended Banking Companies Act 1991 (amended up to 2018), a Director may be in the office for a period up to nine years at a stretch and may be reappointed after a lapse of three years subject to eligibility and approval of the regulatory authorities.

The term of an Independent Director is three years and may be lengthened by another three years as per BSEC's CGG.

With regards to nomination, removal and casual vacancy of the directors, Bank follows 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 and his office is not subject to retirement by rotation.

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

All the directors of the Board are of non-executive category and almost one-fifth is Independent. Currently, there are three independent directors in the composition of the Board with the approval of the BSEC, Bangladesh Bank and the shareholders at the AGM.

Appointment of New Directors:

With regards to appointment of new directors, the Board abide by following principles as part of their obligations and responsibilities bestowed by the regulators:

a) Has to be eligible as per prevailing regulatory directives including qualifying as per proper fit & test criteria.
b) Assess size and structure of the Board and the mix of knowledge, skills, experience and perceptions that may be helpful to the Board to perform proficiently
c) Vacancies in the Board are filled up by the Board in compliance with the stipulations of Companies Act and Articles of the Company.

Appointments of the new Directors are also placed under an Agenda at the following AGM for endorsement of 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 them for re-election at the AGM. In line with the BCA 1991 (amendment # 2018), no Director should serve exceeding 9 (nine) years and give a break for a period of three years in order to be eligible to be reappointed. In pursuance to the directives, following Directors will retire at the 23rd AGM (2018) and are eligible for re-election:

1. Mr. Azam J Chowdhury (representing East Coast Shipping Lines Limited)
2. Mr. Nafis Sikder
3. Mr. Imran Khan
4. Mr. Shamsuddin Ahmad Ph.D, Independent Director
5. Dr. G M Khurshid Alam, Independent Director
6. Mr. M Farhad Hussain FCA, Independent Director

Among the above, all the independent Directors (IDs) are eligible for reappointment for one more term i.e. three years as per CG Guidelines of the BSEC. While others may continue in compliance with the section 15KaKa of BCA 1991 (Amendment -2018).

Besides, induction of the following directors will be placed at the upcoming AGM for endorsement and re-election by the shareholders since they were appointed as additional directors in the Board Meeting # 477 dated 10.04.2018 within the purview of the Banking Companies Act 1991 (amended up to 2018):

1. Mr. Md. Shahadat Hossain
2. Mr. Mafiz Ahmed Bhuiyan
3. Mr. Md. Shirajul Islam Mollah

Independent Director

As per the Banking Companies Act, 1991 at least 3 directors

should be from Independent category if the maximum number of the Board members is 20. Again, as per BSEC guidelines on Corporate Governance at least one fifth of the total Directors should be from Independent category. Therefore, in compliance with the relevant 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 Board comprises of core skills considered important for diversification in the composition of the company's directors.

Considering expiry of the tenure (1st terms of three years) of current incumbents, the board in its 477th meeting held on 10.04.2018 re-appointed them for the second term subject to approval of the regulators and endorsement of the shareholders at the upcoming AGM of the Bank. The three independent directors of the bank are Dr. G. M. Khurshid Alam, Mr. Shamsuddin Ahmad Ph.D and Mr. Farhad Hussain, FCA. The Board of Prime Bank affirms that the Independent Directors re-appointed by the Board are in compliance with the relevant directives/guidelines on corporate governance released by the BSEC with regard to appointment of Independent Directors.

Independent Director's independence

In order to be eligible as an Independent Director, Board establishes that the Director has no 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 in three other listed companies. The Board ensures that all these guidelines are strictly followed during appointment of Independent Directors.

Role of the Board

As per Banking Companies Act Section 15B, Board of Directors shall be held liable for framing and implementing policy, risk management, internal control, internal audit and compliance thereof. The section further directs that:

- Every banking Company shall constitute an Audit Committee consisting of such members, who are not member of the executive committee of the Board of Directors
- Again, every banking company shall constitute a risk management committee consisting of members of the Board of Directors

Therefore, in compliance with the directives, the Board of Prime Bank has been already performing its roles and responsibilities but not limited to the followings:

- Work planning and strategic management
- Credit & Risk Management
- Internal Control Management
- Human resources management & developments.
- Financial management
- Appointment of Chief Executive of the Bank (CEO)
- Board Meetings.

The Board ensures that in compliance with the above, guidelines issued by Bangladesh Bank, BSEC, Bank Company Act and Company Acts are duly attended.

Code of Conduct for the Board of Directors

The Board of Directors in discharging their roles & responsibilities has adopted a Code of Conduct 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 that:

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.

Each Director also assures annually having noted and gone through the Charter and shall continue to comply with the set of codes approved by the Board of Directors.

Chairman of the Board

The Chairman of the Bank is elected by the Board of Directors as per article 112.1 of the Articles of Association of the Bank, and the Board considers the Chairman independent.

Roles and Responsibilities of the Chairman

The roles and responsibilities of the Chairman are as follows:

- 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., BSEC's notification on Corporate Governance Guidelines etc.

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.

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 and the Committees' decisions.

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 it to train and orient its members. As per records, Chairman & Directors of the bank have attended workshop and training courses at home and abroad in the past.

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 have performed their duties accordingly. Another way of appraising the Board's performance is conducted by 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 and is revised/reviewed by the Board depending on prevailing scenario and trend of the market challenges.

The CEO is also evaluated on an annual basis as against the KPI's set forth at the beginning of the year. The Board has the discretion to evaluate CEO whenever it wishes to and particularly during reappointment.

At the start of each year, the Board participates in extensive discussions with the Management 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.

A few mentionable KPIs for the CEO are: meet annual budgetary targets approved by the Board, maximize shareholders value through desired ROA, ROI, ROE and EPS, maintain sustainable growth on investment and revenue for the Bank, reduction of NPL ratio and improvement in the score for CAMELS & CRMR of BB.

Directors' Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board and its Committee Meeting. Currently, 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 Meetings are also prescribed in the said circular determining the numbers with or without remuneration.

Role and Responsibilities of the CEO

The responsibilities and authorities of the CEO 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 human resource policies and sanctioned strength of employees as approved by the board.
F. The authority relating to transfer of and disciplinary measures against the staff, except those at one 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 resource policies as approved by the board, he shall nominate officers for training

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

Board Members' 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 appropriate policies for the growth of the bank while having expertise, ability to perceive matters in a bigger perspective and adequate independence to review the management actions/decisions 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.

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 decision. 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 and which are 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 disclose any price-sensitive information.

The responsibilities of the Company Secretary comprises of:

i. Ensuring the 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 the 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 the 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.

iv. In line with Bangladesh Bank guidelines the Company Secretary has to act as the Secretary to all the committees i.e. Executive , Audit and Risk Management of the Board of Directors. Act as a custodian of Banks governing documents and policies. Ensure the Bank pursues its objects as defined in its governing document. He acts as a custodian of the interests of the Bank. So it is his prime duty to protect and safeguard such interests of the Bank at all levels: statutory, administrative, and arbitrational and in other policy matters. He should also ensure that Board meeting minutes are signed by the Chair once they have been confirmed and copies filed and kept at the Bank.

v. 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.

vi. 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.

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

viii. 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.

ix. 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.

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

xi. 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 of the bank can be found on page 06.

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 05.

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 08.

Audit Committee

As per BSEC notification SEC/CMRRC/2006-158/129/Admin/44 dated 7th August 2012 on Corporate Governance and Bangladesh Bank Guidelines; the current Audit Committee has been formed with 4 members including 3 Independent Directors. All the members belong to non-executive executive category and are financially literate due to having years of experience in banking, businesses and financial sectors reforms.

The Audit Committee of the Board is headed by an independent non-executive director who is not a member of the Executive Committee. He is a retired Senior Financial Sector Specialist from the World Bank and a Ph.D. in Development Economics from University of Hawaii, USA and MBA from IBA Dhaka University with distinction. Besides the Chairman, another member of AC is a doctorate (Ph. D) in economics and also a retired World Banker and currently Director, Policy Research Institute (PRI), a leading Policy & Research Think-Tank of Bangladesh. A third member of committee is a managing partner of a renowned audit firm and distinguished Fellow Chartered Accountant.

Internal Audit Charter

The Audit Committee has an approved Charter to operate and function independently and effectively. The TOR has been suitably designed to carry out its roles and responsibilities to attain the common objective of oversight. As per Charter, Head of Internal Audit has direct access to the audit committee and can raise his concerns whenever situation so warrants.

TOR of the Audit Charter covers following areas:

1.0 Purpose

To monitor and review the formal arrangements established by the Board in respect of:

a. The financial and narrative reporting of the Bank
b. The effectiveness of the internal controls and the risk management framework
c. Whistle blowing
d. Internal audit process
e. External auditors' appointment/reappointment.

The Committee acts independently to ensure that the interests of shareholders are adequately protected through financial disclosure and internal control mechanism.

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 direct access to the information.
b. Engage third party legal or independent professional advisers.

Where the Committee considers reported issues are of grave in nature or somehow not satisfied, refers those to the Board for discussion and decision.

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 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 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 for approval at the Annual General Meeting on the appointment, reappointment and removal of the external auditor. The Audit Committee also ensures that process for appointment of external auditor passes through due procedure.
- 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 by the external auditor and the related remuneration

d) Agreeing with the Board a 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 about the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of the 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 in place and supervised. The Internal Audit Division reviews internal controls throughout all divisions/ branches of the bank and then reports to the Audit Committee. 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.

Audit committee's role in compliance with laws and regulations

PBL being a part of the banking industry 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 toadminister 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

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 auditors 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-financial 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 supports the Board of Directors by recommending that the financial statements reflect a true and fair picture of the company. The Board delegates the Audit Committee to decide on the appropriate accounting policies that are in line with accounting standards and adopted by the ICAB, IFRS, IAS and Bangladesh Securities and Exchange Commission. Therefore, AC having chosen the appropriate accounting policies recommends to the Board who generally accepts the the same for eventual 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 management the interim and annual financial statements before proposing to the Board for endorsement. 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, but 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 are an integral part of 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 availability of 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 are 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 Risk

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

- 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 following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing 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 154.

Ethics and Compliance

Prime Bank is 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. Leaders/managers at Prime bank 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 '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 educated 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 '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 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.

Whistle blowing

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 whistle blowing 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.

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 whistle blowing 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.

Prime Bank Ltd. has a senior level Management Committee which comprises of 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 2017, total 08 meetings were held by the Management Committee.

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

The Directors of the Bank 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 XX). The total cost related to employee compensation is shown in the page number XX.

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 they can attend on the day. Financial Statements (Quarterly and Half yearly) or relevant information are updated on the website and notified to all stakeholders duly. The Bank tries to maintain liaison with the 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 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 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. Shareholders are offered the chance to enquire with the Board regarding the operation of the Bank. They are also presented the opportunity and scope to make queries with 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, gas, papers etc.) at its branches, removal of the 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 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 concessional pricing.
PBL has always been committed to the environment and also been active in social activities throughout the year 2017, and will remain so in the future as well.

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& Board Meetings paperless. 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 198 and its commitment to its employees can be found in the Employee's Report on page 139.

DIRECTORS' **REMUNERATION**

A-Board Meetings:

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
1	Mr. Azam J Chowdhury	Chairman	16	12	04	Tk. 8000/-×12 Total =Tk. 96,000/-
2	Mr. Md. Nader Khan	Vice-Chairman	16	11	05	Tk. 8000/-×11 Total =Tk. 88,000/-
3	Mrs. Nasim Anwar Hossain	Vice-Chairperson	16	14	02	Tk. 8000/-×14 Total =Tk. 112,000/-
4	Quazi Sirazul Islam	Member	16	12	04	Tk. 8000/-×12 Total =Tk. 96,000/-
5	Mrs. Marina Yasmin Chowdhury	Member	16	05	11	Tk. 8000/-×5 Total =Tk. 40,000/-
6	Mrs. Salma Huq	Member	16	07	9	Tk. 8000/-×7 Total =Tk. 56,000/-
7	Mr. Nafis Sikder	Member	16	03	13	Tk. 8000/-×3 Total =Tk. 24,000/-
8	Mr. Imran Khan	Member	16	07	09	Tk. 8000/-×7 Total =Tk. 56,000/-
9	Mr. Waheed Murad Jamil	Member	16	15	01	Tk. 8000/-×15 Total =Tk. 120,000/-
10	Mr. Tarique Ekramul Haque	Member	16	05	11	Tk. 8000/-×5 Total =Tk. 40,000/-
11	Mr. Mohammad Mushtaque Ahmed Tanvir	Member	16	11	05	Tk. 8000/-×11 Total=Tk. 88,000/-
12	Mr. Shamsuddin Ahmad Ph.D	Member	16	15	01	Tk. 8000/-×15 Total =Tk. 120,000/-
13	Dr. G.M. Khurshid Alam	Member	16	14	02	Tk.8000/-×14 Total =Tk.112,000/-
14	Mr. M. Farhad Hussain FCA	Member	16	14	02	Tk. 8000/-×14 Total =Tk. 112,000/-
15	Khandker Mohammad Khaled	Member	06	0	06	Nil
16	Mr. M. A. Khaleque	Member	06	0	06	Nil
17	Mr. Md. Shahadat Hossain	Member	06	05	01	Tk. 8000/-×5 Total =Tk. 40,000/-
18	Mr. Md. Shirajul Islam Mollah	Member	06	03	03	Tk. 8000/-×3 Total =Tk. 24,000/-
19	Mr. Mafiz Ahmed Bhuiyan	Member	06	04	02	Tk. 8000/-×4 Total =Tk. 32,000/-

B-Executive Committee Meetings:

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
1	Quazi Sirazul Islam	Chairman	19	17	02	Tk. 8000/-×17 Total =Tk. 136,000/-
2	Mrs. Nasim Anwar Hossain	Member	19	18	01	Tk. 8000/-×18 Total =Tk. 144,000/-
3	Mrs. Salma Huq	Member	19	11	08	Tk. 8000/-×11 Total =Tk. 88,000/-
4	Mr. Tarique Ekramul Haque Appointed on 11.05.2017	Member	12	02	10	Tk. 8000/-×2 Total =Tk. 16,000/-
5	Mr. Waheed Murad Jamil	Member	19	16	03	Tk. 8000/-×16 Total =Tk. 128,000/-
6	Mr. Mohammad Mushtaque Ahmed Tanvir	Member	19	15	04	Tk. 8000/-×15 Total= Tk. 120,000/-
7	Mr. Mafiz Ahmed Bhuiyan	Member	07	07	0	Tk. 8000/-×7 Total =Tk. 56,000/-
8	Mr. Md. Shirajul Islam Mollah	Member	07	04	03	Tk. 8000/-×4 Total =Tk. 32,000/-

E-Audit Committee Meetings:

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
1	Mr. Shamsuddin Ahmad Ph.D	Chairman	11	11	0	Tk. 8000/-×11 Total=Tk. 88,000/-
2	Mr. Md. Nader Khan	Member	11	06	05	Tk. 8000/-×6 Total=Tk. 48,000/-
3	Dr. G. M. Khurshid Alam	Member	11	08	03	Tk. 8000/-×8 Total=Tk. 64,000/-
4	Mr. M. Farhad Hussain FCA	Member	11	10	01	Tk. 8000/-×10 Total=Tk. 80,000/-
5	Mr. Tarique Ekramul Haque	Member	04	0	04	Nil

D-Risk Management Committee Meetings:

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
1	Dr. G. M. Khurshid Alam	Chairman	05	05	0	Tk.8000/-×5 Total=Tk.40,000/-
2	Mr. Imran Khan	Member	05	0	05	Nil
3	Mr. Shamsuddin Ahmad Ph.D	Member	05	05	0	Tk.8000/-×5 Total=Tk.40,000/-
4	Mr. M. Farhad Hussain FCA	Member	05	04	01	Tk.8000/-×4 Total=Tk.32,000/-
5	Mr. Md. Shahadat Hossain	Member	02	02	0	Tk. 8000/-×2 Total =Tk. 16,000/-

SHAREHOLDING PATTERN
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

3) Shares held by Directors in 2017:

SL No.	Name of the Director	Designation	Opening Position	Closing Position	Change
1	Mr. Azam J Chowdhury (Representative of East Coast Shipping Lines Limited)	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	Quazi Sirazul Islam	Director	20,616,158	20,616,158	0.00%
5	Mrs. Marina Yasmin Chowdhury	Director	23,325,000	24,225,000	3.86%
6	Mrs. Salma Huq	Director	32,254,341	32,254,341	0.00%
7	Mr. Nafis Sikder	Director	25,826,178	25,826,178	0.00%
8	Mr. Imran Khan	Director	20,588,337	20,588,337	0.00%
9	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	20,587,749	20,587,749	0.00%
10	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	0.00%
11	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	20,760,250	20,760,250	0.00%
12	Mr. Shamsuddin Ahmad, Ph.D	Independent Director	-	-	0.00%
13	Dr. G. M. Khurshid Alam	Independent Director	-	-	0.00%
14	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	0.00%
		Total	**266,544,672**	**267,444,672**	**0.34%**

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

Sl No.	Name of Executives	% of Shares as at 31.12.2017
01.	Mr.Habibur Rahman, Additional Managing Director	-
02.	Mr. Md. Touhidul Alam Khan, Deputy Managing Director	-
03.	Syed Faridul Islam, Deputy Managing Director	-
04.	Mr. Md. Golam Rabbani, Deputy Managing Director	-
05.	Mr. Ziaur Rahman, Senior Executive Vice President	-

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Certificate on
Compliance with Conditions of Corporate Governance Guidelines to the Shareholders of Prime Bank Limited

We have been engaged by Prime Bank Limited (the "Bank") to certify whether the Bank has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission ("BSEC") in accordance with the condition no. 7 in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 and subsequent amendment SEC/CMRRCD/2006-158/147/Admin/48 dated 21st July, 2013 as at 31st December, 2017.

The Bank's Responsibilities
Those charged with governance and management of the Bank are responsible for complying with the conditions of corporate governance guidelines as stipulated in the aforesaid notifications. Those charged with the governance of the bank are also responsible for reporting in the directors' report whether the Bank has complied with the conditions of corporate governance guidelines.

Our Responsibilities
Our responsibility is to comply with the ethical and independence requirements, to examine the Bank's status of compliance with the conditions of corporate governance and to certify thereon. Our examination for the purpose of issuing this certificate were limited to the checking of the procedures and implementations thereof, adopted by the Bank for ensuring the compliance of conditions of corporate governance and appropriate reporting of compliance status in the attached statement on the basis of evidence obtained and representations received.

Conclusion
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 corporate governance guidelines stipulated in the above mentioned BSEC notifications and reported thereon.

Howlader Mahfel Huq, FCA
Managing Partner
For **Mahfel Huq & Co.**
Chartered Accountants

Dhaka, 15 April, 2018

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REPORT ON COMPLIANCE WITH BSEC NOTIFICATION ON **CORPORATE GOVERNANCE**

Status of compliance with conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (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:			
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 director 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			
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);	√		
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.	√		
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.	√		
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.	√		

STATEMENTS OF **BOARD OF DIRECTORS**

A) Statement on Directors' Responsibility to Establish Appropriate System of Internal Control:

Banking transactions are diversified, complex and fraught with inherent risks. Again these are also no longer limited within the geographical boundaries of a country. Under the circumstances, issues relating to effective internal control systems, corporate governance, transparency and accountability have become of immense significance.

The primary objectives of internal control system in a bank are to help bank perform better through use of its resources, to communicate better internally and the external stakeholders and to comply with the applicable laws and regulations. The Bank, therefore, needs to have in place an appropriate and effective internal control environment under which 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; then appropriate and effective internal controls are developed and implemented to manage those.

The Directors recognize their obligation for the Bank's systems of internal control for establishing efficiency, effectiveness, consistency and appropriateness with regard to compliance with the relevant laws and regulations.

The Directors affirm that they are actively concerned with sound corporate governance and diligently discharge their responsibilities for establishing business strategies and adopting policies for internal control, risk management and implementing risk based internal audit as per 'section 15 kha of Banking Companies Act 1991' for ensuring 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, 2015. The Directors have attended periodical 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.

B) Board's Statement on its commitment to establishing high level of Ethics and compliance within the organization:

Compliance is a comprehensive program that helps Bank and their employees conduct operational activities ethically with the highest level of integrity as per legal and regulatory requirements. Establishing an effective Compliance and Ethics system has become a necessity to protect any 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 edge in attracting and retaining talent and generating positive reactions in the market place- 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 set of principles and best practices. A great deal depends upon fairness, honesty, integrity and the manner in which the Bank conduct its affairs. Prime Bank makes 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 of the consumers and heighten commitment of the 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 same. The Board also helps establish an organizational culture that encourages ethical conduct and a commitment towards compliance with the law.

The Board, therefore, 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) Statement that the Directors have reviewed the Adequacy Of the System of Internal Control

The Board of Directors has certain roles as stipulated in the `Banking Companies 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 `Banking Companie

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 safeguard of the Bank's asset, prevention and detection of fraud and error, adequacy and completeness of accounting records, timely preparation of financial information and the efficient management of risk.

The Board has overseen the policies for creating 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 and overall internal control processes.

The Board of Directors monitors the adequacy and effectiveness of Internal Control systems through formation of Audit Committee. While forming the Committee, all the conditions mentioned in the `Banking Companies Act 1991', Bangladesh Bank guidelines and the Corporate Governance guidelines by Bangladesh Securities and Exchange Commission were adequately 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 the 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.

On behalf of the Board of Directors



Chairman

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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 Ltd. (Bank) has a defined internal control policy and guidelines for providing reasonable assurance that the Board's objectives are attained in terms of operational activities, financial reporting, and compliance with prevailing laws and regulations. The Audit Committee through its oversight activities ensures that Management has put in place 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 control but to increase awareness and understanding as to why the Bank needs those and how to use them. The Audit Committee always stresses on these facts and ensures that Management takes proper measures for raising awareness of the employees about the internal control processes. The Committee frequently guides Management on issues of internal control and also gives decisions on critical issues.

The Audit Committee, during the year 2017, held eleven meetings to review the operational activities of the Bank and Management. Through the execution of the Internal Audit Plan, Special Investigations, and surprise inspections, the Committee ensures that internal controls are well conceived, have been properly administered and satisfactorily monitored by the Management. The Committee has been working on and monitoring closely the subject and the contents of internal control with the objective of ensuring that these are effective and workable.

b) Statement on Audit Committee's role in ensuring Compliance with Laws and Regulations:

The Board, Audit Committee and the Management, all play critically important roles in promoting a compliance culture in the operation and management of the banking affairs. As per the directives of the regulators, the Board sets the policy guidelines for Management compliance and it's the Audit Committee that ensures those are strictly complied with through its oversight functions.
As part of the responsibility, the Audit Committee, among others, also undertakes the following regular measures for ensuring compliance:

a) Reviews effectiveness of the system of monitoring compliance with the laws and regulations upon receiving investigations reports which are again followed up for regularization through appropriate actions including disciplinary ones, where warranted.

b) Establishes procedures for:

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

(ii) The confidential and anonymous submission by the employees of the Bank of any concerns regarding questionable accounting or auditing matters.

c) Reviews the findings of the examination by the regulatory agencies or other auditors.

d) Reviews the process for communicating code of conduct to the Bank personnel and monitoring compliance therewith.

e) Obtains regular updates from the Management and Bank's legal counsel regarding compliance matters.

In addition, the Audit Committee ensures that legal fees are settled on a timely basis and that the Bank does not have to bear any penalties in this regard.

It can, therefore, be stated that the Audit Committee supervises and assures the Board that the Bank complies with all the applicable laws, rules and regulations, and also takes measures to ensure that all statutory dues are being settled on time.

c) Statement on Audit Committee's involvement in the Review of the External Audit Functions:

The Audit Committee focuses on the financial management and reporting of the Bank. The Committee provides specific expertise in this critical area as effective financial management and reporting determines creditworthiness to outsiders and confirms the growth trend and successes to the insiders. These are the key determinants in establishing market value of Prime Bank – the ultimate scorecard of management's success.

The Audit Committee undertakes the following responsibilities regarding review of the external auditors' functions:

a) Reviews the external auditors' proposed audit scope and approach, including coordination of audit efforts with internal audit team.

b) Reviews the performance of the external auditors and exercises final approval on the appointment of the auditors.
In performing this review, the Committee:

i. At least annually, obtains and reviews a report by the independent external auditor describing the firm's internal quality-control procedures; material issues raised by the recent internal quality-control review, and assesses the auditor's independence in all relationships between the external auditor and the Bank.

ii. Takes into account the opinions of Management and Internal Audit Division.

iii. Reviews and evaluates the findings and recommendations of the independent external auditors.

iv. Presents conclusions with respect to the external auditors to the Board.

c) Reviews and approves any non-audit work assigned to the external auditors and ensures that such work does not compromise the independence of the external auditors.

d) Presents its conclusion with respect to the independence of the auditors to the Board.

e) Meets separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

f) Recommends appointment/ re-appointment of external auditors.

d) Statement on Audit Committee involvement in 3.2.5 Selection of appropriate Accounting Policies:

The Audit Committee is a vital Committee of the Board of Directors assigned with the responsibilities of oversight of the financial reporting and disclosure process. The Audit Committee, as such, has a large degree of responsibility regarding selection of appropriate accounting policies for the Bank, and evaluation of the annual and quarterly financial statements. In addition, members of the Committee often discuss complex accounting figures, issues, and decisions made by the Management and the application of new accounting principles or regulations. Should significant complications with regard to accounting practices or personnel arise; a special investigation is instructed by the Audit Committee using outside consulting resources, if deemed necessary. External auditors are also expected to inform the Committee about a range of issues, such as their views on management's selection of accounting principles, accounting adjustments arising from their audits, discrepancies or complexities faced in working with management, and any identified acts of fraud or illegal activities.

The Audit Committee is aware that the selection and application of the company's accounting policies must be appropriately analyzed. 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 trends, events, or uncertainties that would materially affect the reported financial statements. The Committee is always apprised of the evaluation criteria by Management in their selection of the accounting principles and methods. Proactive discussion between the Audit Committee and Management always takes 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 adequate considerations when selecting accounting policies. The Committee is actively involved in selection of appropriate accounting policies that are in line with the applicable accounting standards, and annually reviews the same.

e) Statement on the Audit Committee involvement in the review and recommendation of the Annual and Interim Financial Releases:

The annual and interim financial statements released by the Bank contain sensitive financial information that needs to be addressed carefully. The Audit Committee, therefore, always actively involves itself in reviewing these releases and recommends to the Management on ways to improve these financials statements. The Committee reviews and discusses with management all significant correction/ 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) Understands management's responsibilities and representations with regard to annual and interim financial statements.

b) Understands and assesses the appropriateness of management's selection of accounting principles and policies.

c) Understands management's judgment and accounting estimates applied in financial reporting.

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

e) Assesses whether financial statements are complete and fairly presented in all material aspect.

f) Verifies that the financial position of the company and disclosures are clear and transparent.

g) Reviews financial statements and other information presented with it prior to release.

It is to be noted 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 Bank's accounting principles and underlying estimates, and the transparency of the financial disclosures in reflecting financial performance, would be the core discussion 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 regard to interim reports, the Committee always has an extensive discussion with management regarding material issues before approval of 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 such responsibilities throughout the year 2015, to the best of their ability.

On behalf of the Audit Committee,



Mr. Shamsuddin Ahmad, Ph.D.
Chairman of the Audit Committee

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CEO & CFO'S DECLARATION **TO THE BOARD**

10th April, 2018

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/144 dated 07,August 2012 we declare that for the financial year ended 31 December, 2017:

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 statements 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.

Rahel Ahmed
Managing Director & CEO

M Habibur Rahman Chowdhury FCA
Chief Financial Officer

REPORT ON THE ACTIVITIES OF **AUDIT COMMITTEE**

Audit Committee is considered the overseer of the companies for protecting interest of the stakeholders. The process of protection is primarily executed through regular oversight functions which among others include reviewing financial reporting process, system of internal controls, audit process, management of financial risks and monitoring compliances with the prevailing laws and regulations of the country. For Banking Companies, the committee's functioning revolves around the rules and regulations issued by the primary regulator Bangladesh Bank (Bank Companies Act 1991) and other prominent regulators like Bangladesh Securities and Exchange Commission, Exchanges, NBR, Income Tax Authorities etc.

Lately, regulators are encouraging Audit Committees to additionally shift their focus on good corporate governance practices and compliance culture for the greater transparency in the operational activities of the companies. It will not be out of context to recall that a new set of (draft) Corporate Governance Guidelines has been recently circulated by the BSEC where extra emphasis has been allocated for fairness, transparency, accountability and independence which constitute the foundation/pillars of CG and the Audit Committee of Prime Bank earnestly believes in those and aspires to work for establishment of the same.

Current composition of the Audit Committee

Sl No.	Name	Designation in the Committee	Status in the Board	Educational Qualification
1.	Dr. Shamsuddin Ahmad	Chairman	Independent Director	Ph.D. (Economic Development)
2.	Mr. Md. Nader Khan	Member	Vice Chairman	B.Sc.
3.	Dr. G.M. Khurshid Alam	Member	Independent Director	Ph.D. (Economics)
4.	Mr. M. Farhad Hussain	Member	Independent Director	FCA

A-Constitution of Audit Committee

The Board of Directors in its 463rd meeting held on 11.05. 2017 reconstituted the Audit Committee with 04 (four) members giving due emphasis on the suitability and following fit and proper test criteria. All the members chosen are financially literate and possess required qualifications in keeping with the spirit & objectives laid down in the regulatory guidelines. Among the members of the Committee, three (03) including the Chairman is from the Independent category and none belong to the Executive Committee of the Board so as to avoid any conflict of interest. In addition, all the members are knowledgeable and keen to ensure compliance with the financial, regulatory and corporate laws. They have professional experience due to long engagement with corporate & financial management in addition to having the relevant academic background.

The Company Secretary supports the Committee for effective functioning in compliance with the directives of BB and BSEC guidelines.

B- Activities of the Committee during the year 2017

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

During the year, the Committee held eleven (11) meetings for discussion and decision on the following nature of internal Audit Reports and sought compliances thereof:

(i) Risk Based.;
(ii) Comprehensive;
(iii) Information System;
(iv) Special Inspection;
(v) Surprise Inspection

Summary of activities under reference of the year

Financial Reporting

- Reviewed Draft Annual Financial statements for the year ended December 31, 2016.
- Reviewed Un-audited quarterly (Q1) financial statements of the Bank as on March 31, 2017
- Reviewed Un-audited quarterly (Q2 financial statements of the Bank as on 30 June, 2017
- Reviewed Un-audited quarterly (Q3) financial statements of the Bank as on 30 Sep, 2017

Internal Control

- Reviewed self-assessment report on Anti Fraud Internal Controls (SAAFIC) for the quarter ended on March 31, 2017.
- Reviewed self-assessment report on Anti-Fraud Internal Controls (SAAFIC) for the half year ended on June 30, 2017.
- Reviewed/Evaluated overall effectiveness of the Internal Control Systems and Policies & procedures of the Bank and recommended it to the Board for endorsement.

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Internal Audit

- Reviewed and approved Audit Plan for the year 2017
- Reviewed and approved Annual IT Audit Plan for the year 2017
- Reviewed major Audit findings and observations on Information Security Division conducted by IT Audit.
- Reviewed Audit Status report of 2nd quarter as per Annual Audit Plan 2017
- Reviewed & recommended Draft Internal Audit Charter to the Board for approval
- Approved Organizational Structure of Internal Audit & Inspection division
- Approved the Annual Audit Plan – 2018
- Approved 03 years (2018-2020) Departmental Strategic Planning of the Internal Audit & Inspection division and recommended to the Board.
- Reviewed revision of Internal Audit Charter of the Audit & Inspection Division

External Audit & Auditors

- Met with the outgoing External Auditors in the 124th AC meeting held on 29.03.2017: Representatives of the Audit Firms namely M/S. ACNABIN and M/S. Syful Shamsul Alam & Co. on invitation joined the meeting for sharing their observations/ findings upon completion of the Auditing on the bank's operational activities and financials for the year 2016.
- Scrutinized applications of the aspiring External Auditors of the Bank for the year 2017 and recommending to the Board for consideration at the AGM for final appointment:

Inspections (Internal& BB)

- Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 31.12.2016.
- Reviewed Inspection Report on the documentation status of different customers of the Bank (branch-wise)
- Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 30.06.2017.
- Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 30.09.2017.

Ethical and Integrity Areas

- Reviewed implementation status of Board approved SOPs prepared by KPMG.
- Reviewed audit findings of the credit proposals approved under Management delegation (except retail).

Periodical Reporting

- Reviewed quarterly status report on Complaints received by Service Quality and Central Complaint Management Cell.

Compliance Functions:

- Reviewed Compliance of the Minutes of the respective Audit Committee Meetings.
- Reviewed major Points of Shariah Compliance/Shariah Audit Checklist
- Reviewed outstanding compliance status of the Board and EC decisions

Other functions

- Reviewed action plan designed on "Prevention and Reduction of NPL" and advised furnishing periodical updates.
- Suggested region-wise training for the officials through Video Conferencing instead of concentrating in the Capital in order to equip them adequately on different skills.
- Inquired about readiness of the Bank to combat Ransom ware (Wanna Cry) and advised remedial measures to be taken.
- Reviewed status of Deferral(s) given to customers for execution of documentation and other purposes (up to June 30, 2017).
- Allowed procurement of Computer Assisted-Auditing Tools in order to equip the Audit Division with modern technology.
- Reviewed status of awareness on the Anti-Money Laundering & Combating Terrorist Financing.

C- The Committee also carried out the following activities those are linked with the events/ occurrences with the year 2018

- Reviewed Draft Annual Financial Statements for 2017 and recommended suitable changes where required before presenting the same to the Board. The Committee also held discussions with the representatives of External Auditors: 1) M/S HodaVasi Chowdhury & Co.& 2) M/S. Aziz Halim Khair Choudhury, Chartered Accountants; to ascertain compliance with the regulatory directives and international standards in preparation and observations of the financial statements.
- Scrutinized the applications of the intending External Auditors of the bank and recommended to the Board for appointment at AGM.
- Endorsed the Activity Report of the Audit Committee for the year 2017 and reports drafted for insertion in the Annual Report- 2017 and authorized the Chairman of the Committee to sign on its behalf.

Before concluding, I would like to express my gratitude to the Members of the Committee for their valuable time, useful suggestions and taking keen interest in fulfilling the objectives of protecting the 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 since 2016. 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. As a part of strengthening Operational Risk Management, the Bank is now centralizing its total general banking operation which will hopefully significantly reduce various operational lapses that was prominent in Branch Banking. Credit Administration and Trade Service Operation already centralized in the past years. Now in 2017, the Bank has brought Liability Operations, Cash Management Operations, Treasury Operations, and Remittance Operations under the umbrella of centralized operations team. Card Operations is also being transferred to centralize operation which is hopefully to be completed by 2018.

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 ineach 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 also being monitored through the use of re-pricing gap analysis and duration analysis.

Environmental & Social (E&S) Risk Management

Prime Bank Limited (PBL) recognizes that its financing decisions have potential impact on human health and environment. Under this purview, PBL has developed and implemented Environmental & Social Risk Management policy statement and procedure manual in 2017. The Environmental and Social (E&S) Risk Management Policy Statement represents the Banks commitment towards being E&S compliant in its activities and financing and the E&S Risk Management Procedure Manual is a detailed document on the process flow, roles and responsibilities and operational procedure of E&S Risk Management for the Bank. This Environmental & Social Risk Management Policy & Procedure manual will be effective form 1st January, 2018 as per requirement of Bangladesh Bank.

During the year 2017, PBL strictly followed the ERM guideline published by Bangladesh Bank in 2011 and other regulatory instructions thereafter. In 2017, a total of 1117 Corporate and SME borrowers were eligible for Environmental Due Diligence. During 2017, the Bank has financed an amount of BDT 51.55 million for installation of ETP in 03 projects. The Bank also financed an amount of BDT 2646.08 million in 23 projects having ETP. Moreover, the Bank has extended credit facility of an amount of BDT 253.85 million in 18 garments factories to ensure Safe Working Environment for the workers. As a part of exploring new ventures in environment friendly projects, the Bank has also conducted several field visits, meetings with existing and prospective entrepreneurs, consultants and Central Bank officials. To strengthen E&S Risk Management PBL had also organized a number training, workshops, seminars etc. during 2017

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 2017, PBL has 62.62 percent of its corporate borrowers rated through External Credit Assessment Institutions (ECAIs). Through borrower rating, PBL achieved capital relief of 13,848.90million during 2017 compared to capital relief of 10,594.38million during 2016. In terms of Capital Adequacy, PBL was well ahead of minimum capital requirement of 10 percent in all the four quarters of 2017, to be exact Capital to Risk weighted Asset Ratio of the Bank was 13.38% at the end of March, 12.49% at the end of June, 15.00% at the end of September and 14.16% at the end of December, 2017. 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.

Though in reality, risk capital will remain only a number and might not be effective if banks do not assess their risk periodically and take timely corrective action when the risk exceeds the threshold limit. Thus, whether it is Basel II or Basel III, it is crucial that PBL does not depend solely on "regulatory capital". What is needed is a dynamic risk mitigation strategy, where all employees act as risk managers in their own area. RMD is trying to develop a proper risk culture across the organization where "risk" is an integral part of future business decision-making. Having said that, 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 one of the three assistive Committees of the Board besides the Executive Committee and the Audit Committee in compliance with the Banking Companies Act 1991 and 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. Imran Khan	Director	Member
4	Mr. M Farhad Hussain FCA	Independent 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 2017 05 (Five) RMC meetings were held and 33 (thirty three) memos were placed before the RMC. The agendas discussed in the RMC meeting are as below:

Sl	Name of the Memo
1	Formation & Formulation Sustainable Finance Unit
2	Review of CRM Policy
3	Large Loan Restructuring
4	Review Monthly/Quarterly Risk Management Report
5	Review of Borrower Rating Status & Capital Management
6	Review of Comprehensive Risk Management Report
7	Review of Stress Testing
8	Review of Internal Capital Adequacy Assessment Process
9	Review Minutes of Sustainable Finance Committee
10	Senior Management role on AML
11	Review of Environmental and Social (E&S) Risk Management Procedure
12	Review of Risk Appetite
13	Review Liquidity & Capital Management
14	Review of Risk Management Status

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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.

Details of the Risk Management Committee Meeting 2017 and attendence

Presence of the Directors at the RMC Meeting

SL.	Name of Directors	Designation	No. of Meetings	Present	Absent	Remuneration Drawn
01	Dr. G. M. Khurshid Alam	Chairman	05	05	0	Tk.8000/-×5Total=Tk.40,000/-
02	Mr. Imran Khan	Member	05	0	05	-
03	Mr. Shamsuddin Ahmed Ph.D	Member	05	05	0	Tk.8000/-×5 Total=Tk.40,000/-
04	Mr. M. Farhad Hossain FCA	Member	05	04	01	Tk.8000/-×4 Total=Tk.32,000/-
05	Mr. Shahadat Hossain (up to 11.05.2017)	Past Member	02	02	0	Tk.8000/-×2 Total =Tk.16,000/-

Dr. G. M. Khurshid Alam
Chairman
Risk Management Committee

AMAR STOCK

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 2017, 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 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 2017 and submitted reports thereon. Based on the reports, 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.

Based on the Committee observations, the Management of the Bank considered upgrading the existing Islamic banking software as a special project and installed T24.R16 at the branches. 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 continued and the manpower of all tiers should be brought under the process. The Committee recommended to engage manpower having sufficient knowledge on Islamic Shari'ah at the Islamic banking branches to ensure proper observation of Islamic mode of finance and banking.

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

Mohammad Shahidul Islam
Acting Chairman

ETHICS & **COMPLIANCE**

Professional Ethics

The Board and senior management have a vital role to play in shaping and embedding a healthy corporate culture, and this continued to be a focus in 2017. Main aspect of our culture is Professional ethics which encompass the personal and corporate standards of behavior expected from the Prime Bank officials. 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.

HUMAN **CAPITAL**

Many Banks in Bangladesh aspire to be the Best in the Market. But very few have all the elements required: talent, resources, and perseverance. Prime Bank has proven many a times that it has all three in abundance to build a solid foundation. We have made progress towards building a business our colleagues are proud to work for by creating the best environment for our colleagues to succeed.

Prime Bank continues to encourage diversity, believing that everybody should have the opportunity to reach their full potential. Engaged employees are likely to take more responsibility and embrace accountability which helps for attaining targeted goals. 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.

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.

Prime Bank is making investment in people and by transforming our ways of working, we are aiming to achieve a culture of inclusiveness and collaboration, while also up-skilling our colleagues for future needs and new career paths. We believe in offering fair reward where colleagues are rewarded for performance aligned to the long-term sustainable success of the business of Prime Bank.

CAPITAL **PLAN**

Capital planning should be in tune with the business plan of a bank at present keeping in mind the desired business plan for the future. It should follow a forward looking approach taking into consideration, the target growth, target RoE and target CRAR (to cover both Pillar 1 and Pillar 2 risks). To achieve the objective, capital planning should be an integral part of ICAAP which is reviewed by the central bank every year to assess whether Bank has adequate quality capital in line with its strategies.

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 our 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.

HOW DO WE MANAGE CAPITAL AT PRIME BANK

The Prime Bank's approach, to managing capital in line with Basel-3 and other risk management frameworks, is 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

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 to required level 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 regulatory capital to highlight 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, there are some other components like share premium, statutory reserve, retained earnings etc. in the core capital. The Bank also maintains subordinated debts in order to optimize capital mix and reduce overall costs of capital.

Capital to Risk Weighted Asset Ratio

The main objective of the Basel III Framework is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Another aim is to improve risk management and governance as well as strengthening banks' transparency and disclosures. As per Basel III guideline, Banks are required to maintain 'minimum Total Capital Ratio' of 10% including 'Common Equity Tier-1 Capital Ratio' of 4.50%. Additionally, Banks have to maintain 'Capital Conservation Buffer' of 2.50% by the end of the year 2019. There are some phase-in arrangements for Basel III implementation by the Bangladesh Bank which allow the Banks to maintain 'Capital to Risk Weighted Asset Ratio (CRAR)' at 11.25% & 11.875% by the end of 2017 & 2018 respectively. Though the period of BASEL III implementation is approaching in 2019, most banks are not prepared to comply with this regulation. But, Prime Bank has already been able to maintain CRAR at 14.01% at the end of 2017 due to its strong capital base. As a result of our efficient Balance Sheet management, the Bank has consistently been maintaining all Basel ratios after release of Action Plan/Roadmap for implementation of them by Bangladesh Bank.

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STATEMENT ON
NON-PERFORMING LOANS (NPL)

The overall banking sector during 2017 appeared affected due to liquidity crunch, high NPL and probability of re-classification of big loans rescheduled earlier under certain soft terms offered by the Central Bank. In addition, credit performance of few large commodity traders continued to put pressure on the NPL ratio as well as profit margin of the banks. Under such scenario, managing NPL and recoveries of bad loans appeared increasingly challenging. Prime Bank, however, on its part deployed full potentials through Special Asset Management Division (SAMD) for regularization/recovery of the problematic loans through formulation of strategies followed by appropriate execution plans:

Capacity Building to deal with NPLs

In order to prevent the growing menace, Prime Bank went into the root causes and decided to tackle those through policy decisions. As such, it remained focused to extend purpose-oriented credit facilities with adequate security/ collateral support only to prevent further escalation. In addition, it was decided to introduce increased oversight through the RMs and check scope of fund diversion, one of the identified causes of loan default.

In addition, Bank adopted following processes & strategies as part of effective NPL management:

- Trend analysis has been introduced through scrutiny of Sector-wise Age and Client-wise Age data. Sector-wise Age analysis provides information on the sectoral default level and if the default happens to be random in nature for a particular sector, the client-wise analysis is emphasized. If any sectoral default is evident, further analysis is carried out.
- Ensuring that the funds are utilized for the purpose for which they were sanctioned.
- 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 periodical basis for ensuring that the borrower sticks to the original plan and is having sufficient profits to service the debts as well as 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 stages for initiating measures at the opportune moment.
- Identification of geographical/ area-wise risk sensitivity.
- Prompt action on credit reports.
- Due diligence in the sanctioning process keeping in mind "Prevention is better than cure".
- Identification of high risk sensitive borrowers.
- Action plan for potential NPLs & targeting high value NPL accounts.

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

During the year 2017, the NPL Ratio of the Bank came down significantly to 5.45% from 5.96% of the previous year though the absolute figure shows a slightly ascend in classified portfolio from BDT 10,139.48 million in 2016 to BDT 10,799.05 million in 2017. The improvement of CL percentage (decrease in CL ratio) has occurred due to stringent and rigorous monitoring of the loan portfolio. Special efforts are also being made by the Central Recovery Task Force. All stakeholders helped to reduce the impact of the stressful economy on NPL to a moderate extent compared to the industry.

Movement of NPL

Comparative movement of NPL accounts during the years 2016 & 2017 has been depicted in the following table:

Particulars	Amount in Taka (Million)	
	2017	2016
Opening Balance (NPL)	10,139.48	11,882.80
Add: Additional NPL during the period	8,007.07	9,599.83
Less: NPL recovered during the period	1,635.79	1,489.08
Less: NPL declassified/regularized as performing during the period	2,333.23	4,096.50
Less: NPL written-off during the period	3,378.48	5,757.57
Closing Balance (NPL)	10,799.05	10,139.48

Write-offs:

During the years 2017 & 2016, the movement of written-off accounts is as under

Particulars	Amount in Taka (Million)	
	2017	2016
Opening Balance	15,428.92	9,861.23
Add: Addition during the year	3,378.48	5,757.57
Less: Collection/Reduction during the year	(570.63)	(189.88)
Closing Balance	18,236.77	15,428.92

Sector-wise Loan Exposure and Non-Performing Loan (NPL) Status

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

Sectors	Sub-sectors	Amount in Taka (Million)					
		Year 2017			Year 2016		
		Total Loans & Advances	Total NPL	Sector-wise NPL in % of Total Portfolio	Total Loans & Advances	Total NPL	Sector-wise NPL in % of Total Portfolio
Agricultural Credit		5,782.40	18.10	0.31%	4,152.37	25.74	0.62%
Industry	1. Large Scale						
	a) Food Manufacturing	10,469.00	646.50	6.18%	5,644.00	441.70	7.83%
	b) Beverage	1,061.00	-	-	593.10	-	-
	c) Tobacco	833.80	-	-	885.70	-	-
	d) RMG	15,112.50	1,432.46	4.89%	12,531.90	1,240.00	9.89%
	e) Textile	9,816.80	40.90	0.42%	10,056.80	115.50	1.15%
	f) Footwear, other wearing apparel & made up Textiles	1,124.20	124.40	11.07%	223.20	1.00	0.45%
	g) Wood Cork & allied products	-	-	-	-	-	-
	h) Furniture & Fixture	1,414.80	0.10	0.01%	1,234.30	0.10	0.01%
	i) Paper & paper products	14.00	-	-	45.20	-	-
	j) Printing, publishing & allied industries	1,439.50	1.90	0.13%	1,115.80	-	-
	k) Leather & leather products	-	-	#DIV/0!	-	-	-
	l) Rubber products	4,333.00	0.30	0.01%	2,163.70	5.10	0.24%
	m) Chemical & chemical products	456.30	-	-	702.30	16.00	2.28%
	n) Petroleum & coal products	-	-	-	-	-	-
	o) Non-metallic mineral products	5,548.40	4.60	0.08%	7,125.40	7.30	0.10%
	p) Basic metal products	13,985.90	174.50	1.25%	12,943.90	438.60	3.39%
	q) Electrical Machinery & apparatus	1,180.80	-	0.00%	691.90	-	-
	r) Other manufacturing industries	5,165.50	20.20	0.39%	5,074.10	106.90	2.11%
	s) Ship building	771.00	-	-	762.70	742.00	97.29%
	t) Ship breaking	829.40	-	-	898.60	-	-
	u) Pharmaceutical	4,221.90	-	-	1,451.60	-	-
	2. Small Scale	794.60	46.70	5.88%	1,175.80	29.30	2.49%
Construction		18,149.20	2,326.10	12.82%	17,431.20	1,449.70	8.32%
Power, Gas, Water & Sanitary Services		215.20	-	-	241.80	-	-
Transport, Storage & Communication		4,958.70	404.40	8.16%	4,629.90	461.20	9.96%
Trade Services		21,626.70	1,557.90	7.20%	17,222.90	1,476.60	8.57%

Housing Services	1. Urban						
	a) Commercial	3,956.80	719.20	18.18%	3,372.60	1,115.50	33.08%
	b) Residential	3,923.50	280.60	7.15%	3,746.00	311.00	8.30%
	2. Rural	391.50	25.60	6.54%	334.40	28.80	8.61%
Professional and Miscellaneous Services		5,985.40	798.40	13.34%	10,210.30	808.30	7.92%
Others		31,944.40	1,338.90	4.19%	25,689.93	368.14	1.43%
OBU		22,816.44	837.30	3.67%	17,860.40	951.00	5.32%
Total		**198,322.64**	**10,799.0**	**5.10%**	**170,211.80**	**10,139.48**	**5.96%**

In order to check any further escalation of NPL, Division has been re-organized through deployment of in-house lawyers and third party leading law firms. Process re-engineering of business and operational activities have been put in place under robust risk management framework which are expected to yield improved performance in 2018.

AMARSTOCK



BUSINESS REVIEW AND ANALYSIS

- Management Report & Analysis
- Financial Analysis
- Business Segment Analysis
- Employee Report
- Products and Services

MANAGEMENT REPORT **AND ANALYSIS**

The bounce back of global economy to expanding mode and extension of growth momentum of Bangladesh economy are two distinctive phenomena for the year 2017. Such developments in global and domestic market persuaded bank to adopt befitting corporate and business strategies to sail sensibly into the future. From economic front, world appeared to be moving towards better whereas the situation is not identical in geo-political landscape. Bangladesh is continuously positioning itself as a hotspot for investment and this has created an opportunity for a leading commercial bank like Prime Bank to seize upon.

Global Economy: Enjoying an upturn

The global economy is experiencing a broad-based cyclical upturn which is evident from 3.7% growth of global GDP in 2017. For the first time since 2010, global economy has beaten expectations of the analysts displaying shining performance. The distinctive feature of recent growth of world economy is broad-based where both developed and emerging countries are contributing more equitably. Easing of financial conditions along with support from fiscal authorities helped the countries grow above global consensus. Boost of global trade due to favorable commodity prices, control of core inflation and strong recovery in European countries acted as key drivers of global growth in yester year. Among the advanced economies, USA registered 2.3% growth while Europe and Japan experienced 1.8% and 0.9% respectively. Among developing economies, India grew at 6.7% while China experienced 6.9% growth in 2017. In 2018, we expect that, robust growth prospect both in developed and emerging economies along with moderate inflation and employment growth, ongoing recovery will continue in next couple of years.

Bangladesh Economy: Striding towards stability

For Bangladesh economy 2017 will be remembered both for achievement and challenges. However, the economy did not experience any major internal or external shock that was strong enough to upset the growth momentum of the economy. From macro point of view, the country registered 7.28% growth placing itself as one of the fastest growing economy in the region. Investment to GDP ratio increased to 30.5% from previous level of 29% where the contribution of public sector increased to 7.4%. However private investment has also picked up due to lower cost of borrowing. Inflation hovered around 5.5% across the year though there was upward movement of food inflation due to flood-related crop loss and high price of imported rice. The major challenge the economy faced in the outgoing year is the widening of current account deficit. The volume of import grew at astounding rate of 27.5% due to steeper growth in the import of capital machineries, raw materials and food grain. After a period of dull performances, the flow of foreign remittance bounced back to positive growth. However, in spite of BDT depreciation against major global currencies, export grew only at 7.2% in the outgoing year. Money market experienced growth of private sector credit @ 18.5% due to fall in interest rate. However, capital market performed outstandingly with a 22.83% growth of broad index of DSE and 23.22% of CSE. We expect the ongoing growth momentum will continue in 2018 though uncertainty is looming large in political atmosphere on the ground of upcoming national election.

Bangladesh Banking Industry: Passed a turnaround year

The banking industry passed a turnaround year in 2017 considering growth of asset and liability volume of the industry. Significant growth of private sector credit due to sharp fall in lending rate is the most distinctive development of the industry last year. Such phenomenal growth of loan disbursement absorbed the long prevailing excess liquidity in the banking system. In 2017, deposit grew at a rate of 10.22% whereas the growth of credit volume was 14.13%. Particularly, in the second half of the last year, growth of private sector credit was 18.13% which is well above the monetary authority's projection. The weighted average interest rate on deposit stood at 4.91% whereas the weighted average advance was 9.35% in December, 2017 which resulted in average spread of 4.44%. Banks had no option but to cut rates on deposit and advances for maintaining a balance in terms of asset liability management. However, the cost of borrowing and lending is expected to rise in 2018 due to strong deposit demand from the banks to support their ongoing asset growth. The growth of foreign trade business experienced an impressive year due to phenomenal growth of trade finance products. Another distinctive phenomenon in the industry is the business growth of alternative delivery channels like mobile banking and agent banking. The growth of deposit in agent banking channel was 267.50% which brought new opportunities for banks to penetrate rural markets through this channel. However, the outgoing year also faced some challenges in the area of governance and management of non-performing loans. The mounting NPL which stood at 10.67% of the total outstanding loans in September, 2017 is mainly due to the errant lending scenario of state-owned banks and some of the new commercial banks. The sudden management change in some peer banks also emerged as red flag in corporate governance of the banks.

Graduation from LDC to middle Income Country

Current year, 2018 will be turning point for Bangladesh in various ways. The country is about to celebrate its graduation from LDC to middle income country or developing country but this is laced with challenges. In addition, it is obligated to implement SDG goals, as such; new opportunities along with challenges are ahead of us. Bank, as such, may take the opportunity of being an investment partner in the journey to prosperity.

We like to term the journey of 2017 as 'Exciting' since that captures the essence of the year gone by. Implementation of Centralization platform started at Q4 of 2015, got its complete momentum and taken full shape within 2017; by structurally and also by conceptually. Transformation of the Branch Network into a proper Service Delivery Channel has been partially accomplished and consolidation of the Trade and Credit Administration shaped up the centralization process making Prime Bank a fully centralized commercial bank. The up-gradation of the core banking software to meet the increased demand of the customers also been accomplished. Focus on our growth journey continued excelling where Corporate and Institutional Banking (CnIB) could register a commendable performance.

Corporate and Institutional Banking

Financial Sector of Bangladesh continuing to see a static economy with moderate growth resulting a softer interest rates and increased liquidity till Q3, 2017 with few exception in Q4 in the money market and FX market. However, our primarily focus was on building strong tie with our CnIB customers and we have gained confidence and mindshare of the customers by rendering quality services and meeting customer's expectation by offering required products and services.

Our drive in developing leadership skills in every level of the team helped us to exhibit CnIB as a proficient team and the qualitative changes were evident in the exposure throughout the journey. Infusion of new team members with experiences and elevation of the team members poised the team spirit and boosted overall performance. Our sensitivity drives better business outcomes for customers; and the result is an enduring, progressive relationship. The Motto of collaboration, collaboration and collaboration helped bridging the segments in streamlining policy, process and business flow and augmented overall business growth.



Signing Ceremony with BSRM

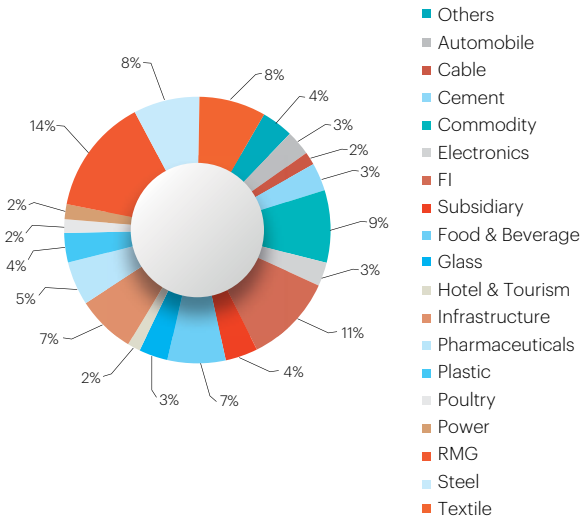
In 2017, CnIB asset portfolio grew by almost 25%, which largely ensured the overall asset growth of the bank by 16.50%. The growth has been on account of cost efficient financing provided to highly rated corporates, with strong group financials and new relationship additions to the CnIB customer fleet. We kept our focus on the industry top players in different sectors and on-boarded quite a few such names. The focus was always to optimize wallet share of the customers to maximize the outcome keeping risk level at minimal.

Non-funded business in the trade space was one of our key priorities to blend the revenue mix and also towards self liquidating product mix. Trade growth of CnIB in 2017 was 40% where Export grew 25% and Import growth was 47%.

There had been de-growth in liability by 8% while the erosion was mostly done at the last quarter of 2017. The highly liquid market, stiff competition and margin compression have been evident across the industry especially in the larger segment however Team CnIB could grow its revenue and contributed 9.84% y-o-y revenue growth in the bottom line. The portfolio health has been the highest priority and zero loan impairment cost has been maintained. A strategic focus on diversification in the portfolio mix aligned with the country's sectoral growth has always been the priority to mitigate unforeseen events.



Annual Off-Site Programme of CnIB



Additional focus on the cash management solution in the payment & collection space and trade solution had ascertained ring-fencing the wallet share with the relationships and helped to minimize the credit risk within the managed portfolio.

Commercial Banking Division

The centralization of Relationship Management for Corporate customers of Prime Bank Limited started 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 Senior Relationship Managers (SRMs), 18 Relationship Managers (RMs) and 35 Associate Relationship Managers (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 and expectations. 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. activities of CBD. 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. activities of CBD.

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As at end December-2017, CBD had 511 customers having total funded & non-funded exposure of BDT 116,357 million against which funded outstanding was BDT 45,712 million whereas non-funded outstanding was BDT 25,459 million. The portfolio was adequately covered by securities and well diversified among different sectors of the economy like Readymade Garments, Textile, Agriculture, Iron & Steel, Construction, Healthcare, Manufacturing etc.

The funded outstanding as a whole witnessed a growth over 11 percent in 2017 over the same of 2016, whereas the growth of funded outstanding of regular accounts was 17 percent. The percentage of non-performing loan was 7.29 percent.

The deposit volume of the Commercial Banking customers stood at BDT 12,377 million whereas import, export and guarantee business channeled through the Bank in 2017 stood at BDT 47,000 million, BDT 47,172 million and BDT 6,265 million respectively.

During the year 2017, CBD officials conducted 244 factory/ project visits to the customers. Moreover, they had visits to Head Office and other establishments of the customers whenever required.



Visit to a Bank Financed RMG Factory

Among the 511 customers of CBD, 243 customers were rated by External Credit Rating Agencies which resulted to capital relief (only for funded facilities) for the Bank.

In addition to procuring core business, the RMs/ARMs of CBD also contributed through cross-selling of products and services offered by other business segments of the Bank in 2017 which included 13 payroll agreements, 01 collection account and 01 Memorandum of Understanding (MoU) for credit card facilities.





The Annual Business Conference of Commercial Banking-2017 was held on 24-26 March 2017 in a hotel at Cox's Bazar with the theme "Negotiation: How Winners Do It" where a number of issues related to customer relationship management were discussed.



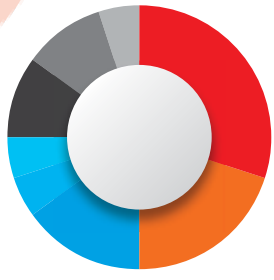


Throughout the year 2017, different talent development programs (training, workshop and seminar) on topics like relationship management, negotiation, communication skill, syndication financing, anti money laundering etc. were arranged for the employees of CBD.

Strategic Priorities of CBD are to ensure:

- Quality Credit
- Sustainable profitability
- Low NPL (Less than 2%)
- 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 2018-2021 "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 2018 & onward by adapting to changing client needs, benchmarking mobility solutions and bespoke products & services through better client knowledge.



- RMG
- Construction
- Food Manufacturing
- Trading
- Ship Breaking
- Transport
- Pharmaceuticals
- Cold-Storage
- Leather
- Agriculture (Direct/MFI)
- Healthcare
- Texttile
- ICT
- Poultry
- Furniture
- Service
- Tourism
- others
- Iron & Steel
- Printing & Packaging
- Manufacturing (Other than Food)
- Real Estate
- Jute
- Telecom
- Ceramics
- Ship Building

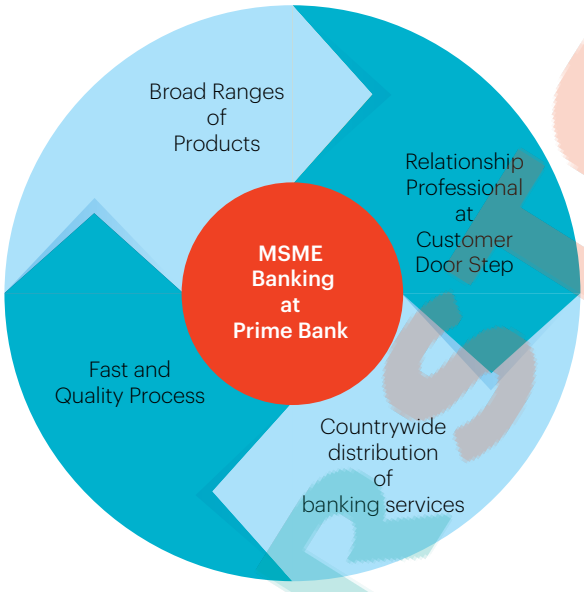
MSME Banking 2017: A Year of Rise

There are 7.81 million economic entities in Bangladesh, according to BBS Economic Census 2013 of which around 99% are CMSME in reference to size of operation. According to another ADB Institute study conducted in 2016, 99% formal businesses in Bangladesh are SME. They constitute 75% non-agricultural employment and contribute about 25 percent to the national GDP by only manufacturing set ups. Therefore, it can be said Bangladesh is a country of CMSME.

Considering such large stake and potential in economy Prime Bank rolled out a comprehensive MSME penetration initiative in 2017. The Bank adopted appropriate and advanced concept in this arena and took MSME as a high potential enterprise market segment instead of older compliance oriented unsecured limited amount 'SME Product' distribution program. Surrounding around this key concept MSME Banking Division is building appropriate product, organization, technology,

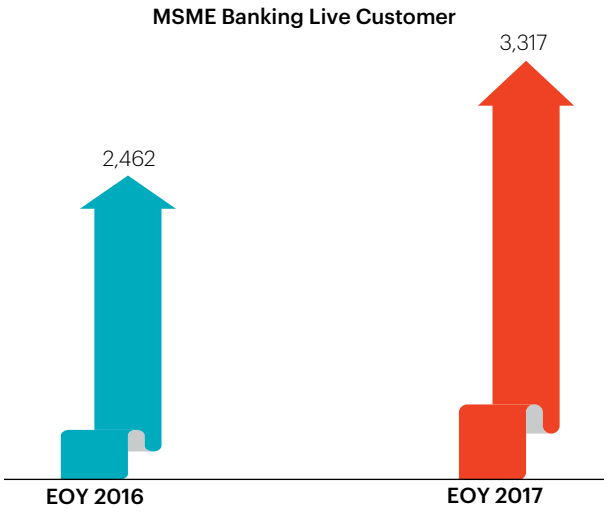
process, logistic and people infrastructure. MSME Banking offers a broad range of financial products to serve business fund, trade guarantee, transactions and efficient cash management of MSMEs. In 2017 bank deployed a large pool of well experienced MSME Relationship Managers in all major business hubs across the country to foster conventional Branch Based relationship. MSME Customers application and subsequent services are being processed from a set of dedicated professional team work in credit value chain from initiation to expiry of an account. Figure1 illustrates MSME Banking at Prime Bank by the end of 2017.

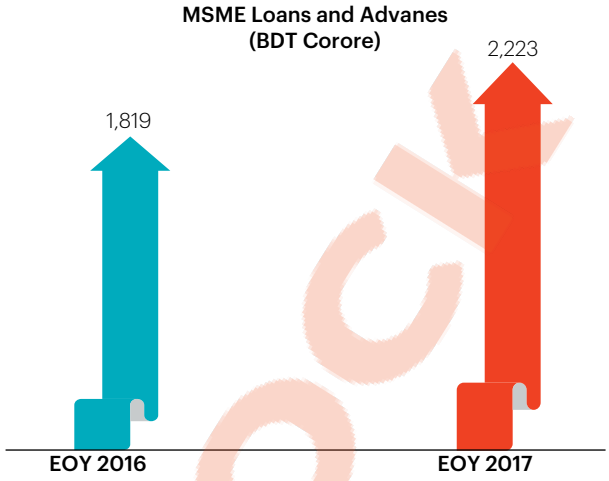
Unlike most of the commercial bank, MSME Banking of Prime Bank offers comprehensive products meeting broad ranges of generic fund, guarantee, trade service, deposit and business transaction services to MSMEs for example, Term Loan, CC (Hypo), Lease, SOD, LC, LATR, IDBP, BG, PC. In addition, a set of tailored products are revised or developed and launched in 2017 to meet specialized requirement for MSMEs. Table1 is An Illustration

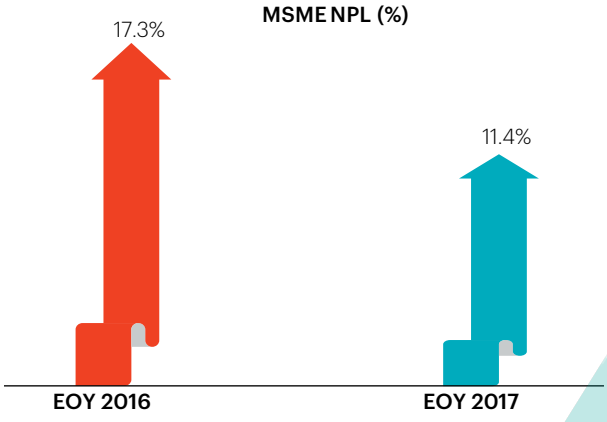


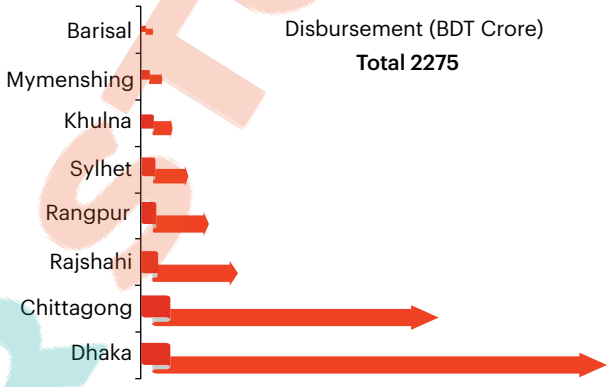
Product Name	Description
Sahaj Rin	Business loan up to BDT 10 Lakh without mortgaged collateral to expand cottage, micro & small enterprise
Prime Shombhabona	Business Loan BDT 10 Lakh to 1 Crore by taking lien of 30-50% cash security/FDR for Small & Medium Enterprise having regular and adequate sales reflected in bank statement
Prime Emarat	Up to BDT 10 Crore loan to build various type of buildings for accommodation, commerce and production
Chalti Rin	Up to BDT 3 Crore loan with mortgaged collateral to finance operating capital of MSMEs in the form of Term Loan, CC (Hypo), Bill Purchase, SOD, LC, BG, LATR etc.
Sampad Rin	Up to BDT 3 Crore loan with collateral to finance fixed asset purchase (machinery, equipment, vehicle, vessel) and/or building shop, factory, warehouse, new projects
MSME Business Account	A transactional account for MSMEs to facilitate sales proceeds realization, trade and administrative payments and other enterprise transactions
MSME Special Notice Deposit Account	An interest bearing transactional account for MSME having auto balance swapping facility with linked accounts
MSME Fixed Deposit Receipt	A Fixed Deposit Accounts for MSME provides a higher rate of interest in return after fixed tenor of time – 1, 3, 6 & 12 month etc.

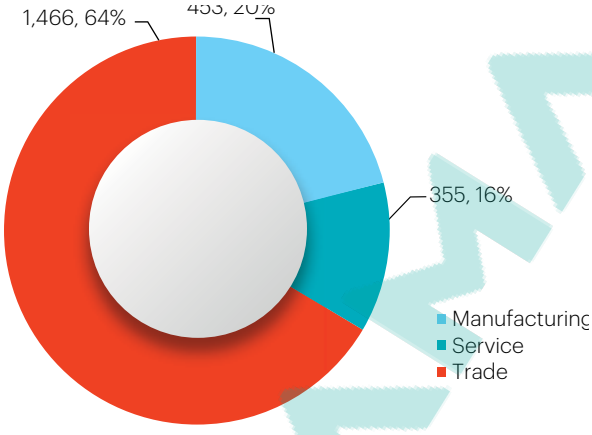
Customer across the country are attended by Relationship Managers based on nearest business hubs and branches while they can avail in person services at all 146 branches of the bank or thru ATM, internet, mobile apps and sms. Centralized MSME Channel Support, Credit Risk Management, Credit Administration and Other functional units serve the account value chain by using latest technology. As a result of joined effort MSME Banking showed a clear sign of rise in 2017. Figure2 illustrates key business MSME Banking numbers attained in 2017.











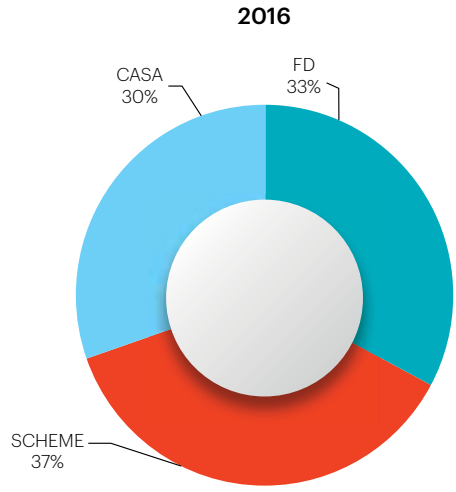
Consumer Banking

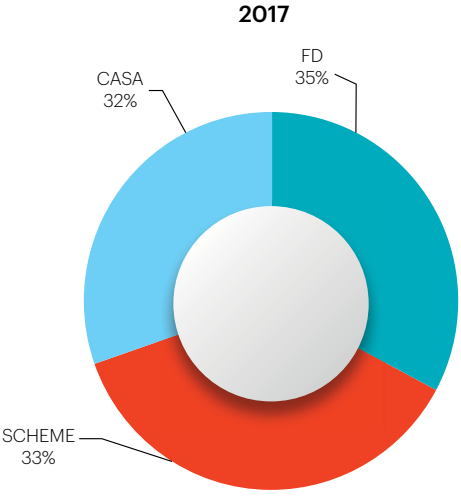
The year 2017 was a memorable journey for Consumer Banking having full of different initiatives and an intense pursuit to overcome a number of impediments.

At the outset, Consumer Banking Division had to deal with a number of challenges. It included: keeping the cost of fund at a lower level, ensuring a secured asset portfolio, creating accounts, establishing a strong service oriented culture for Monarch as well as for overall customer base and containing the delinquency level of the asset products.

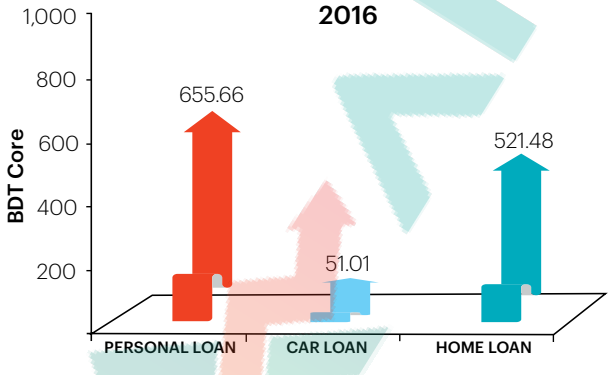
Managing Portfolio Growth

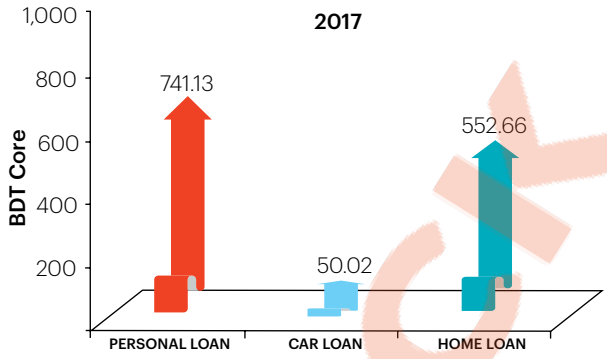
One of the major focuses for the year 2017 was to decrease the cost of fund for the bank by ensuring increase in low cost mix of the Consumer Deposit portfolio. Keeping this in mind Consumer Banking concentrated on relationship banking for CASA deposits and focused on low value accounts to bring in fresh fund. The CASA (Current and Savings account) mix in Consumer Deposit increased from 30% in 2016 to 32% in 2017.





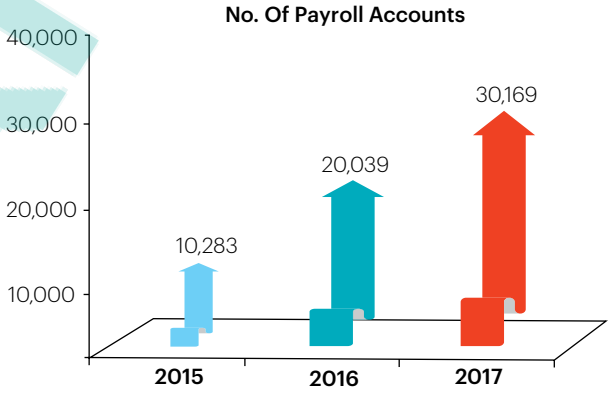
On the Consumer Banking asset side, our aim was to ensure a secured portfolio by concentrating more on Home Loan. To this end, products were redesigned and initiatives were taken to ensure short turnaround time for Home Loan disbursement. Home loan portfolio has grown from BDT 521.48 crore in 2016 to BDT 552.66 crore in 2017.





Structuring Direct Sales Team

The year started with structuring of the Direct Sales Team. This was accomplished through implementing revised organogram, introducing sales incentive, close monitoring of sales performance and introducing Performance Improvement Plan (PIP). We focused on productivity of each individual sales officer to ensure that each individual team member is contributing to the bank's overall growth. The team is divided into liability, asset and payroll teams to focus on each of the areas and provide specialized service to the customers. At the end of the year the sales team has a total headcount of 177 and productivity per Sales Officer was BDT 64 lac per month in liability and BDT 16 lac per month in asset products. A total 5,288 number of payroll accounts was also opened during the year with total payroll account number ending at 30,169.



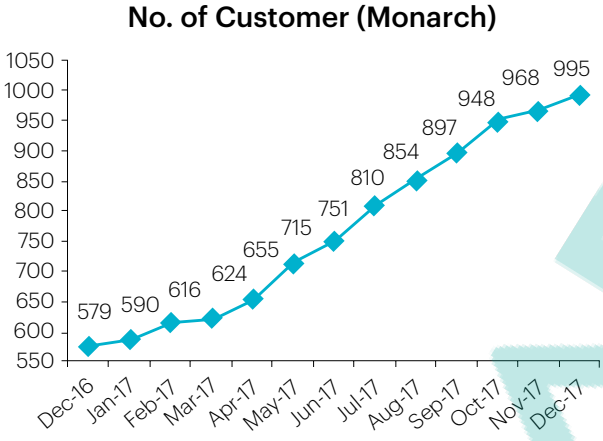
Customer Centric Product Design and Alignment

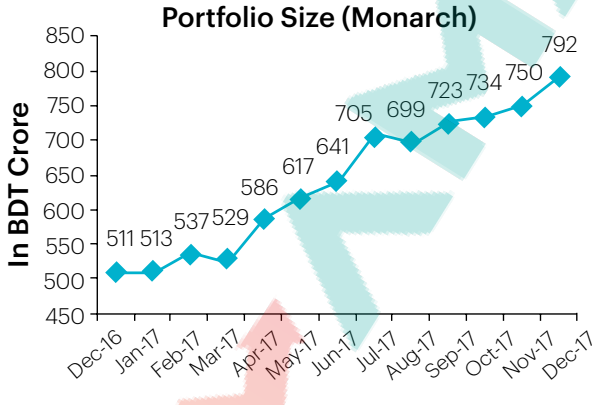
Keeping the customers' requirements in mind we aligned our product propositions and revamped customer centric Product Program Guide (PPG). The PPGs were designed in such a way so that they resonate with the changing nature of the market, offer flexibility to the customers and provide a wide array of options to choose from. We ensured a secured asset portfolio while choosing right product for desired segment of customer. In order to increase the secured portfolio we have decided to focus on home loan and the salary segment through the payroll sales team. Besides, we have successfully conducted deposit campaigns to raise deposits and at the same time reduced overall cost of fund for the bank.

Monarch: A Major Success Story

Monarch, the High Net Worth Individual (HNWI) segment/ Premium banking proposition of Prime Bank Limited, has been a major success story for the bank in 2017 as we successfully gained strong foothold in the market in terms of customer base and portfolio. We enhanced the "Relationship Model" further in Monarch through continuous interaction with the customers whether through one to one contact or through different events. We improved the customer experience/ customer service further through various programs. A number of MoUs (e.g. Thyrocare, Aster DM Healthcare) were signed to augment the service of Monarch. We also arranged a movie event and a gala music night ("Nijere Haraye Khuji") which had a full house with enthusiastic participation and interactions with the valued Monarch customers.

Monarch team has successfully increased its customer base from 579 to 995 customers. In 2017, the team achieved a 55% YOY (Year-on-year) growth taking the total portfolio to BDT 792 Crore.





To provide dedicated and RM based service, we initiated to launch a mid-segment proposition Prime Status. This will be the gateway for churning out the potential Monarch customers for HNWI Segment.

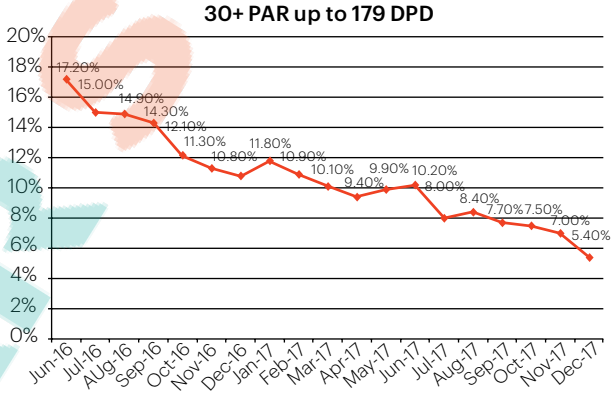
MIS and Analytics: Customer Insight & Strategies

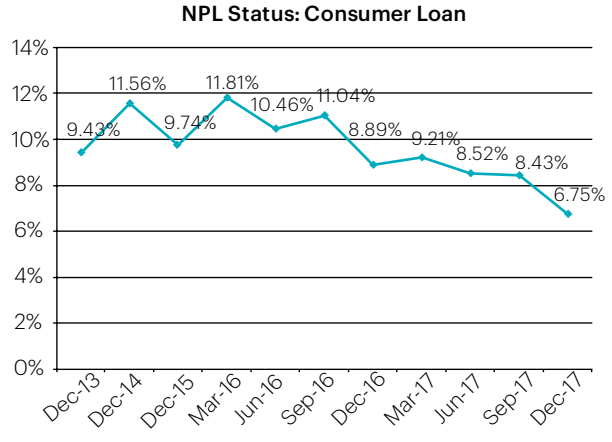
Management Information System (MIS) and Analytics are the key drivers of business in today's digital world. Timely and accurate data with deep customer insight provide the introduced Daily portfolio MIS reports of Deposit and Loan products. These reports provide insights into branch, product and segment wise data. The insights include trend, growth and shortcomings at each level where management can drill down to the root cause of the success or the challenges.

Consumer Finance has also built a robust database based on which each segment can start cross selling different products. With the help of IT, proper RM tagging to each customer and account is also initiated which will in future create the base for monitoring RM performance.

Consumer Collection: Upholding a Healthy Portfolio

Consumer Collection team has been very successful in restricting the delinquency level, upholding a healthy portfolio and directly contributing to the bottom line profitability. Incentive for Collection Team was introduced to motivate the team and to create a direct impact on the improvement of overall performance. Daily call program and continuous monitoring through collection MIS reports were strengthened.





The results are reflected in numbers as PAR rate decreased from 10.80"% in 2016 to 5.4% in 2017 while NPL rate decreased from 8.89% in 2016 to 6.75% in 2017.

Islamic Banking Division

Introduction

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.

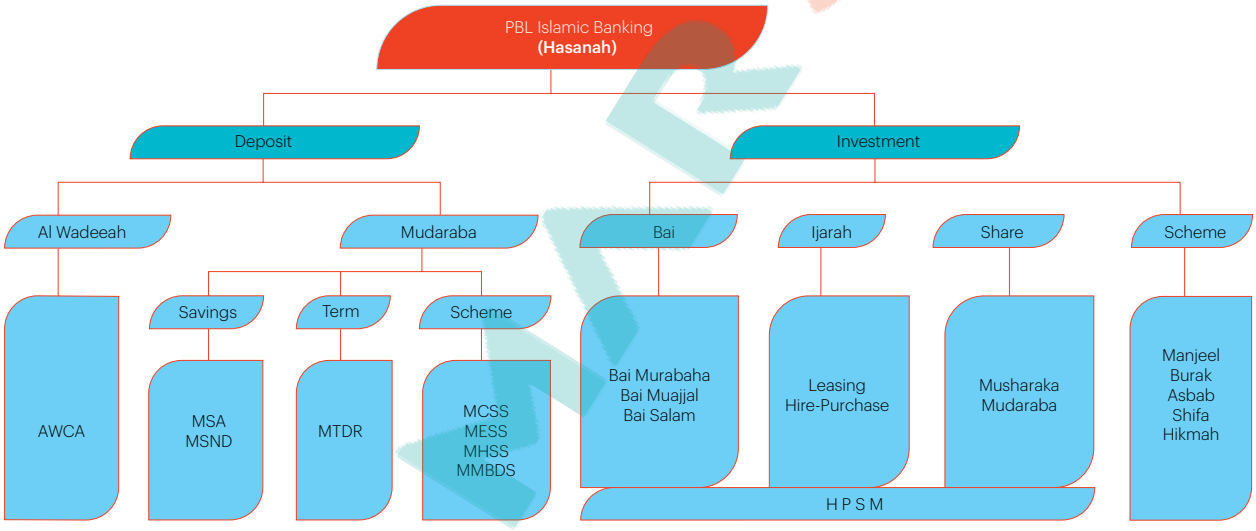
Prime Bank enjoys a very strong brand image in the banking sector and the bank has a very good market reputation and its Islamic banking business also has proved to be superior compared to others and also its own conventional system. Its Islamic banking market share and growth rate is the highest among 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 & 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

1. Al-Wadeeah Current Account (AWCA)
2. Mudaraba Savings Account (MSA)
3. Mudaraba My First Account
4. Mudaraba Brighter Tomorrow Deposit Account
5. Mudaraba Sukonna Deposit Account
6. Mudaraba Nobagoto Account
7. Mudaraba Payroll Account
8. Mudaraba Special Notice Deposit (MSND)
9. Mudaraba Term Deposit Receipt (MTDR)
10. Mudaraba Double Benefit Deposit Scheme (MDBDS)
11. Mudaraba Contributory Savings Scheme (MCSS)
12. Mudaraba Education Savings Scheme (MESS)
13. Mudaraba Hajj Savings Scheme (MHSS)
14. Mudaraba Monthly Benefit Deposit Scheme (MMBDS)
15. Mudaraba Lakhpati Deposit Scheme (MLDS)
16. Mudaraba Millionaire Deposit Scheme (MMDS)
17. Mudaraba House Building Deposit Scheme (MHBDS)
18. Mudaraba Laksma Puron Savings Scheme (MLPSS)
19. Mudaraba 150% Deposit Scheme
20. Mudaraba Cash Waqf Deposit Scheme

Investment products

1. Bai Murabaha, Bai Muajjal, Bai Salam
2. HPSM, Ijarah
3. Hasanah Home Investment (Manjeel)
4. Hasanah Auto Investment (Burak)
5. Hasanah Household Durables Investment (Asbab)
6. Hasanah Medical Investment (Shifa)
7. Hasanah Education Investment Scheme (Hikmah)
8. 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. Around 10% of Prime Bank's business is conducted under Islamic banking modes. Cost Effectiveness of Islamic banking products is better compared to overall business - Cost of Deposit 4.20%, Cost of Operation 0.93% and Cost of Fund 5.13%. In income matrix, Islamic banking business of Prime Bank also shows reasonable performance - Yield on Advance 7.74%, Spread 3.55% and Burden Coverage 90.80%.

Activities – Year 2017

As per decision of the management, 'Hajj Deposit Campaign 2017' was conducted with a view to provide 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. We also participated in the 9th Hajj and Umrah Fair and set up booth at Ashkona Hajj Camp.

Five 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 128 officials took part.

Four Iftar Mahfil and discussion programs were held at Dhaka, Chittagong and Sylhet centrally with all the branches of the cities. 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 the last nine years.

The IBBs have made considerable progress in achieving business targets competing with the conventional branches of the Bank during the Year 2017. It is expected that Islamic branches would also perform better and achieve targets of the next year under the guidance and prudent leadership of the Management of Prime Bank, In Sha Allah.

Trade Services Division

We are glad to inform that with the competent guidance, support and supervision of competent authority of our Bank, cordial cooperation of Branches and customers, Prime Bank Ltd. has successfully set and made fully operational of the centralized Trade service operation of the Bank. At present 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 have completed full centralization of bank Guarantee including Foreign Bank Guarantee of all Branches in 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 (CRM)

To provide a broad guideline towards efficient management of the credit portfolio of the Bank, a strong, clearly defined, comprehensive and appropriate Credit Risk Management environment is a pre-requisite. Credit risk management needs to be a holistic process that enables a Bank to proactively manage its assets portfolio in order to minimize losses and earn an acceptable level of return for stakeholders. Given the fast changing dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, since inception Prime Bank has been proactive to establish a strong Credit Risk Management framework under the umbrella of CRM Division.

CRM Division is always very much keen to provide collaborative effort to ensure the best practiced analytical snaps, due diligence while taking decision of a credit proposal with optimal scale of professional competency and technical knowhow. In the wake of transition towards Basel III implementation and increase in stressed loan scenario, Prime Bank's Credit Risk Management Division reviews related policies, identify to take measures for continuous evaluation to monitor and control credit risk. CRM's one of the major functions is to set out yardsticks of standard practices for managing credit risk in the Bank considering the international standards and related principles as defined from the core principles for effective banking supervision by the regulatory authorities.

In Prime Bank, CRM Division is instrumentally playing among others the following major activities in light with the aspiration to become the best commercial bank in the country by 2021 focusing on continuous improvement of business policies, procedures to lead the way for industry peers not only to register volume of growth but for ensuring remarkable as well as sustainable and healthy growth:

- Updating Bank's Credit Policy/Lending Guideline, Delegation of Business Power (DBP), procedures and control mechanisms related with all credit risks.
- Assessing risks inherent in the credit proposal sent by Relationship Teams and also evaluate proposed facility pricing based on risks, security, structuring and terms and conditions to suit the business condition and to protect Bank's interest.
- Ensuring of compliance to the existing rules and regulations of the Bank and all regulatory authorities and laws of the country.
- Advising the Relationship Teams about changes, if required, in the structure and terms and conditions of the proposed facility.
- Reviewing the performance of the customer on Off-site Basis and prescribe appropriate remedial measures.
- Reviewing risk grading of the customer from time to time based on the "Early Alert Report" and downgrade proposal submitted by business end. However, ensuring continuous monitoring to arrest further deterioration of assets health is another integral part of Early Alert Unit.
- To approve/decline credit proposal received from business end within delegated authority and to recommend to the higher authority if it is beyond delegation.
- Conducting industry analysis and detect risk involved with each industry.
- Setting up sectoral concentration cap and formulating strategy through Risk Appetite Statement (RAS) to minimize risk of lending to specific industry.
- Guiding and educate Officials of all Divisions/Branches related to credit operations following national as well as international standard.
- To visit borrowers premises either with Relationship Teams or individually to ascertain the business and other things from time to time.
- To assist Relationship Teams for monitoring the utilization of disbursed loan ensuring that it has been utilized for the stated specified purpose and report to the Senior Management in case of any deviation for corrective measures.
- Maintain required MIS including proposal processed, approved, declined, etc as per approval authority wise.
- To ensure all aspects of compliances and to provide support to Audit and Compliance related issues.
- Ensuring industry best analysis practice through implementing Moody's Risk Analyst software.
- Sharing "Lesson Learned" for future strategic steps.

To perform all the related jobs, Credit Risk Management Division has accomplished, emphasized, developed different policies, procedures, tools, among others like:

- Formulated well defined policies like CRM Policy, Lease Finance Policy, E&S Risk Management Policy Statement and Procedure.
- Credit approval authority has been decentralized to the down tiers
- Introduced different Units within CRM to meet the contemporary requirement as well as to ensure regulatory requirements, I.e. Sustainable Finance Unit (SFU), Early Alert Monitoring Unit, MIS Unit, Compliance Unit, etc.
- Endeavored continuously to equip Risk Officials with international standard training like professional certification "Credit Skill Assessment" by OMEGA, E&S training by FI Konsult, adopted Moody's Risk Analyst Software for ensuring international standard credit analysis.
- Streamlined MSME-CRM process flow, New Buyer Inclusion process for trade finance, implemented Service Level Agreement among CRM & related business teams.

Strategic priority of CRM in future:

Supporting the "Best Commercial Bank" by the most informed and prudent Credit Risk Managers to achieve not only the biggest but a sustainable Portfolio as well under the umbrella of "One Bank, One Team", CRM Division shall focus on following strategic agendas in future:

Policy & Regulatory Initiatives	Monitoring
• Policy review in line with changes in business models, globally accepted best practices and risk frameworks. • Reviewing Credit Risk Grading Model/Score Card for MSME, Consumer Finance and MFI finance. • Reviewing and implementing underwriting standards for a healthier portfolio. • Introducing loan origination system	• Strengthening monitoring acts through implementing Early Alert Policy. • Ensuring periodical review at both customer level as well as portfolio level. • Next step development and automation of monitoring MIS, De-Dupe check.
Quality Assurance	**Culture of Compliance**
• Developing teams for ensuring delivery without any lapses and improving TAT. • Arranging continuous training for team development and maximum efficiency. • Introducing hub concepts for MSME and Hub-wise training for Relationship Managers of Business Teams and Credit Analysts of CRM to ensure submission of quality credit proposals. • Improving in-house research process.	• Continually ensuring compliance to regulatory and internal Policies. • Driving for zero level audit findings both internal and regulatory. • Identifying and mitigating risk factors without hampering portfolio growth. • Complying with national and international requirement regarding Environmental and Social Risk Management.

Treasury

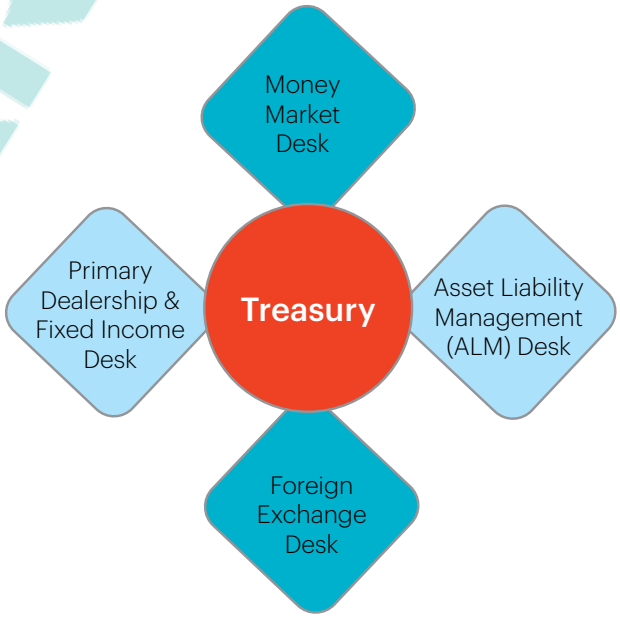
What we do in Prime Bank Treasury:

With the ever increasing pace of changes in technology, regulation and compliance within the Banking industry, Treasury has become a **strategically important business partner** for all the business divisions/wings across the Bank. Although, the function of Treasury is mainly to optimize liquidity as well as capital of a Bank while administering the financial assets but now a day's, Treasury is also responsible for making sound financial investments with the available liquidity while reducing financial risks. Prime Bank Treasury is not an exception. Over the last couple of years Prime Bank Treasury has been performing excellently well in spite of the adversaries & economic turmoil that has been observed 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.

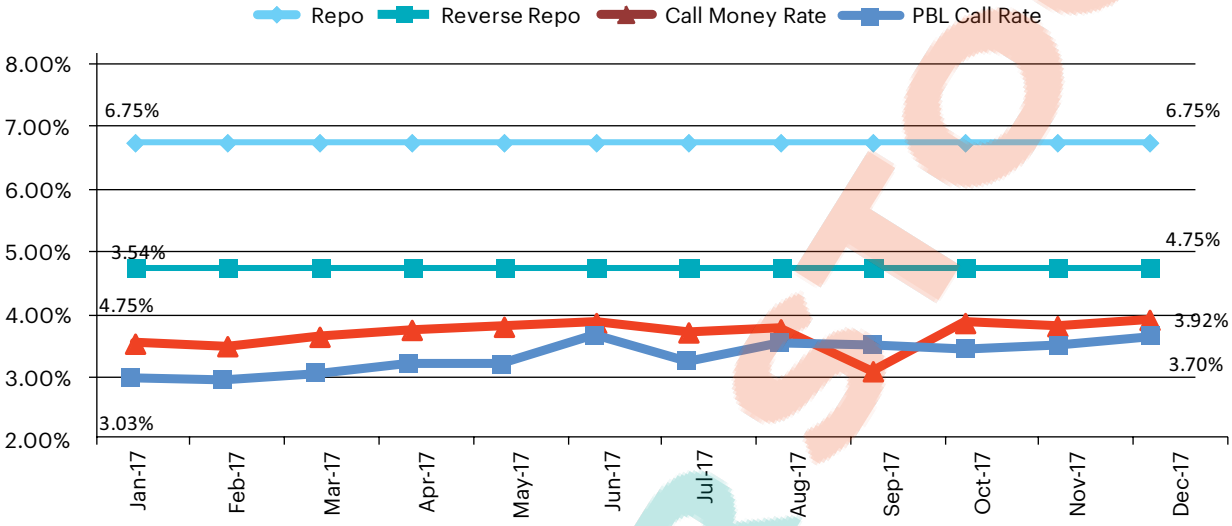


How was 2017?

In the year 2017 the overall business environment observed in the country was quite calm. People were convinced about the favorable business environment and they started to invest which was witnessed through growth in private sector credit as well as volume of import of Capital machineries and raw materials. Several indicators point to robust economic activity in the first half of FY18, aided by macroeconomic and political stability, and strong domestic demand that helped private sector credit growth to attain a level as high as 19.06%.

All through 2017, the Local Money Market was liquid. This was mainly due to lack of Govt. borrowing from 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, 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 2017 while containing inflation within 5.94%.

Industry REPO, Reverse Repo , Call money rate in comparison to PBL Call rate



Outlook of 2018

The GDP is expected to grow by 6.9% in FY2018. Private consumption is likely to stay at the current level as remittance continues to fall and income growth slows in agriculture and wage employment. Private investment will rise moderately with economic reform and better infrastructure. Some pickup in export growth is expected, since the government is implementing several transportation and energy infrastructure projects to leverage private investment. Agriculture growth is expected at lower 2.6% in FY2018. Moderate industrial growth of 10.2% and service sector growth of 6.0% is expected in FY2018. Inflation is expected to be higher at 6.0% in FY2018. Call money rate is likely to rise on some pickup in Government borrowing. Policy support will continue for micro, small, and medium-sized enterprises with renewed emphasis on employment-focused manufacturing and services, and on expanding the availability of low-interest agricultural loans. The central bank is cooperating with capital regulators to encourage startup financing for entrepreneurs in Bangladesh.

Exports are projected to return to a higher growth and raised by 6.0% in FY2018. The import payment is also expected to be higher by 10.0% in FY2018. This would mainly be due to reduction of duty from 28.0% to 2.0% for rice. Food grain imports are set to pickup to offset shortfalls in domestic production. Petroleum imports will rise to run rental power plants as demand for electricity increases. Imports of machinery and raw materials for infrastructure and liquefied natural gas projects will increase the import payment.

Forecasts for FY2018 are based on several assumptions:
Domestic revenue will rise in line with budget targets which must be met to implement the public investment program. The govt. will ensure timely implementation of policy reform and the completion of ongoing power and transportation projects. And though the national election approaches in 2018, the political stability will be well maintained. But climate & disaster resilience and whether remains a risk.

Treasury performance in 2017

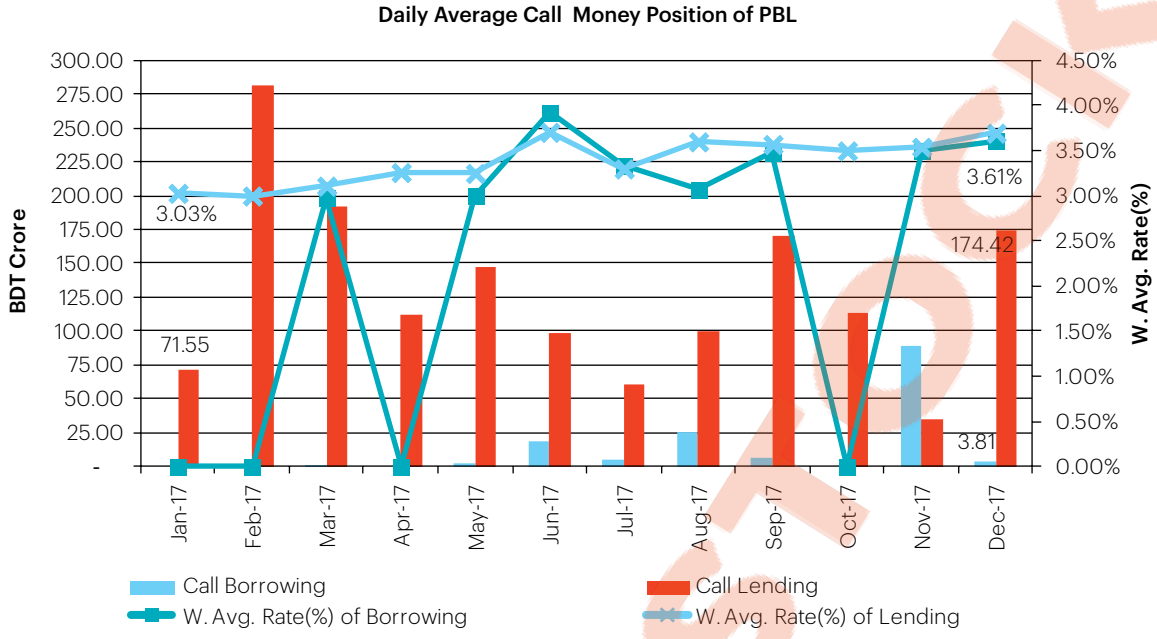
In the year 2017, Treasury achieved all of its KPIs successfully, even exceeded in some areas especially in Primary Dealing Operations, Government Securities Trading, Exchange Gain & Cross Currency dealing.

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 prudent investment strategies in Primary Dealership, Money Market as well as in Foreign Exchange Management contributed to a very successful 2017.

Prime Bank Money Market Desk

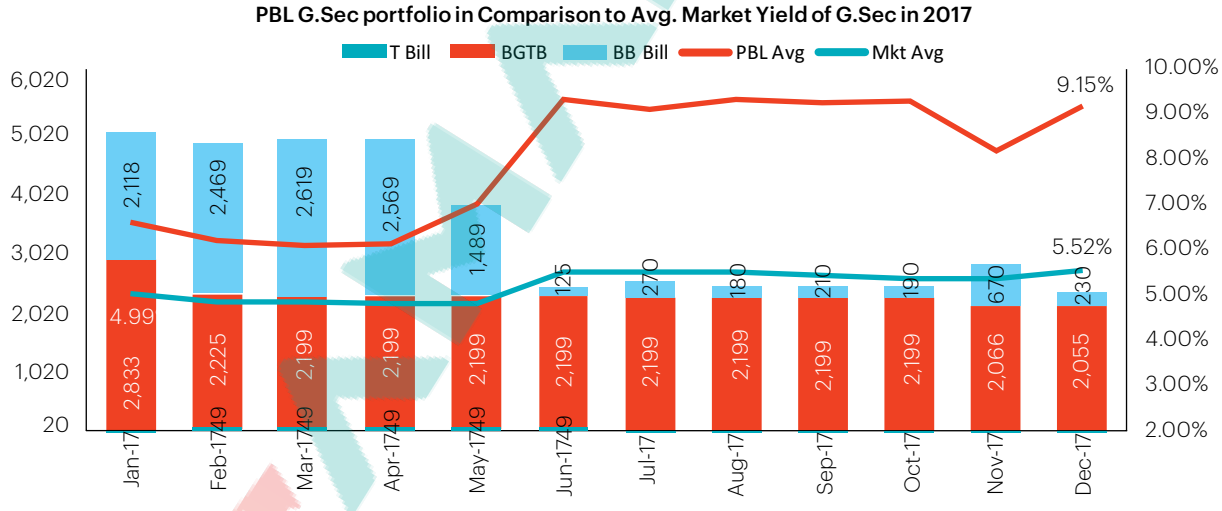
All through 2017 the interbank money market experienced a very liquid scenario. There was no single instance where money market felt a bit stretched. This was mainly possible for the accommodative monetary policy stance that was adopted by Bangladesh Bank. Call money rate hovered around 3.00% -4.00% throughout the year 2017. Alike the previous years,

Prime Bank Money Market Desk was very active in the money market all through the year 2017. The revenue generated by MM Desk in 2017 was **BDT 1,090.07 million** compared to **BDT 387 million** of 2016. The biggest challenge in 2017 was to ensure the best utilization of fund, which Money Market desk of Prime Bank did very successfully.



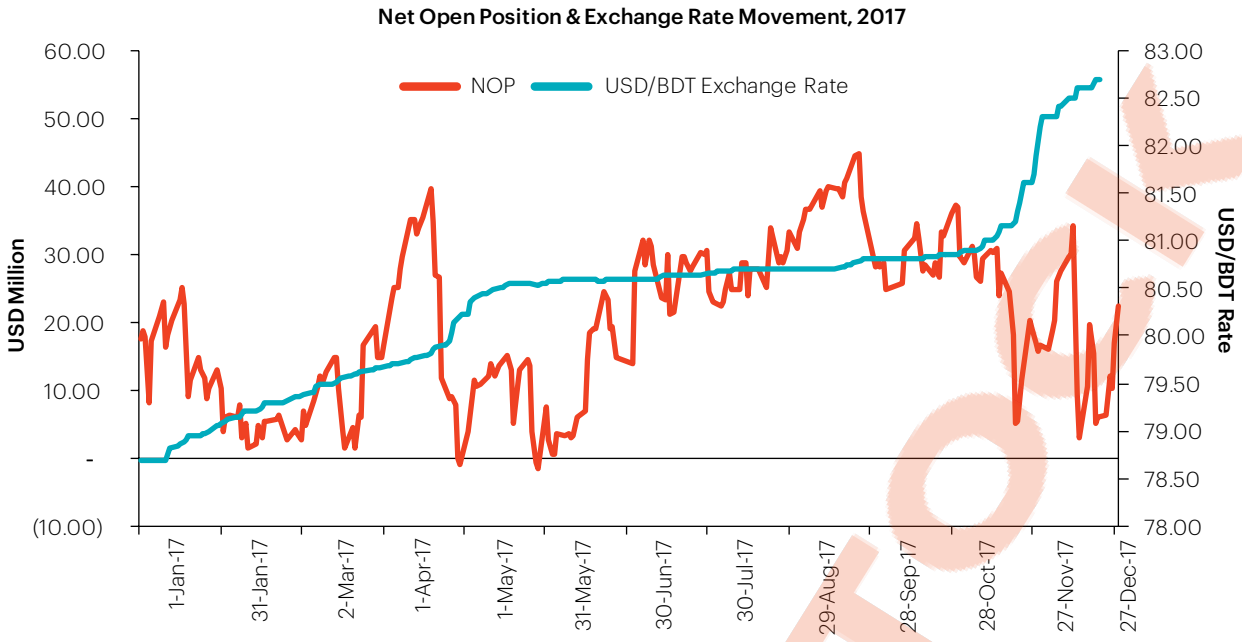
Prime Bank Primary Dealership & Fixed Income Desk

In 2017, 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. In 2017 Prime Bank Treasury registered a substantial trading income of **BDT 155.86 crore** in comparison to **BDT 209.48 crore** of 2016. It also earned underwriting commission of **BDT 0.62 crore** for successful bidding in the primary auction.



Prime Bank Foreign Exchange Desk

In FX market, Interbank Foreign Exchange rate was quite volatile and illiquid all through the year 2017. USD appreciated against BDT and stood at 82.80 level as of 31th December'17 which was 78.80 at the very beginning of 2017. Our FX Desk was able to forecast the situation very early and as such handled the situation pragmatically. In 2017, FX Desk generated **BDT 105.49 crore** as **Exchange Gain** in comparison to **BDT 63.33 crore** of 2016.



In the year 2017, FX Cross Currency desk registered a growth of 6.63% in exchange gain over 2016. During the same period, profit earned from cross currency dealing was **BDT 1.48 crore** compared to **BDT 1.31 crore** of 2016.

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 2017, 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.

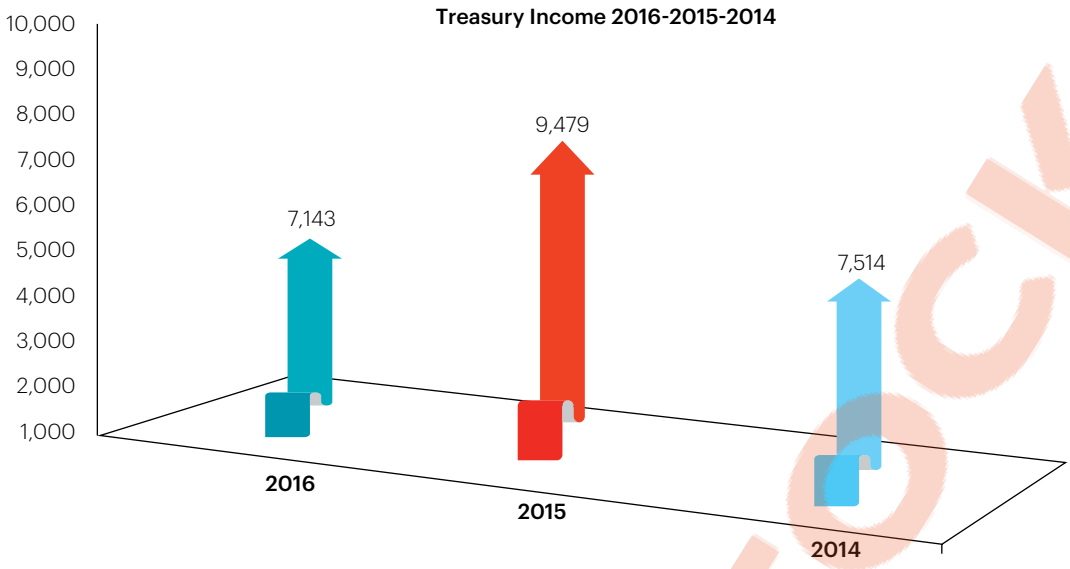
In 2017, Treasury operated within all regulatory limits. This reflects Prime Bank Treasury's commitment to operate within the rules and regulations of the Bank as well as other regulatory bodies.

Treasury Income in 2017

Treasury, as a major contributor to bank's revenue line, contributed significantly in 2017. All our strategy and policies that were adopted in 2017 paid us very well and helped us to have a profitable 2017. Overall Treasury revenue numbers in 2017 from different revenue heads are given below with a comparison of 2016 & 2015 to show the growth in its business horizon and revenue line:

BDT in Million

Treasury Income			
Particulars	**2017**	**2016**	**2015**
Foreign Exchange Gain	1,054.95	633.28	772.11
Interest Income Call Loan	43.80	24.02	41.01
Interest Income on Placement /Deposit (Local)	725.91	105.39	46.24
Interest Income on Placement /Deposit (Foreign)	320.35	257.34	204.77
Interest Income on Govt. Securities	2,312.01	3,326.80	5,317.29
Interest Income on Debenture/Bonds	23.45	37.19	45.14
Capital Gain for Sell of Govt. Sec.	1,558.59	1,946.67	1,764.53
Gain on discounted bond/bills	363.25	784.52	1,265.57
Underwriting Commission regarding Treasury Bill/Bond	6.19	28.25	22.55
Total	**6,408.51**	**7,143.46**	**9,479.21**
	-10.29%	**-24.64%**	**26.15%**



Treasury Priorities in 2018:

- Maximizing Treasury Portfolio return through exploring existing & new areas of business
- Special emphasis on developing market research expertise under ALM Desk
- Strengthening 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 Ban gladesh Bank from time to time
- Organizing knowledge sharing programs e.g. Trainings, Seminars on Treasury and Market risk Management

International Division

Foreign Remittance

During the year 2017, Prime Bank mobilised total foreign remittance of USD 472.05 million which is 15.67% higher than previous year. Prime Bank is maintaining bilateral business relationship with the renowned exchange houses and Banks in Saudi Arabia, Kuwait, Qatar, Bahrain, UAE, Oman, Malaysia, USA, Italy, South Korea and the global players like Western Union Money Transfer & Continental Exchange Solutions Inc. (RIA Financial Services). In 2017, Prime Bank took initiative to reach unexplored market and established new relationship with 'Silva Exchange, Lebanon', 'BBK, Bahrain', and 'Max Money, Malaysia'

As a part of Bank's strategic initiative to handle increased volume of inward foreign remittance, the NRB Banking Department of the Bank, backed by IT facilities, provided efficient service to procure remittance and speedy delivery of foreign remittance through wide distribution network comprising of own branches along with country-wide network of two reputed NGOs- BURO Bangladesh and UDDIPAN.

Correspondent Banking

PBL maintains active relationships with an extensive network of banks and financial institutions all over the world and provides a wide range of correspondent banking services to its customers. Customers benefit from our international reach, our relationship-based approach and high level of expertise, and our wide range of global correspondent banking services. With such a strong network, PBL has been able to offer cross border transactions at very competitive price for LC advising, confirmation, negotiation and discounting, issuance and/or confirmation of bonds, guarantees and Counter-guarantees; processing of documentary collections and Vostro Account services tocorrespondents.

Correspondent network of PBL includes 687 members, covering 243banks spread across 70 countries as on December 31, 2017. PBL also maintains 31Nostro Accounts in 9 major currencies with reputed international banks around the world in all the important global financial centres.

PBL enjoys sufficient credit limits with a large number of international banks including ADB and IFC under trade finance program. Such a wide correspondent banking network allows the bank to adequately cover the needs of its clients, both in terms of availability of confirmation lines and in terms of rates and conditions applied to our international transactions in trade finance, payments, and other transactions. PBL continued borrowings from foreign Banks and multilateral financer IFC to meet increasing demand in foreign currency lending.

Offshore Banking

PBL is offering Offshore Banking facilities in foreign currencies through its three Offshore Banking Units (OBUs) located in Dhaka Export Processing Zone, Chittagong Export Processing Zone and Adamjee Export Processing Zone. OBUs accept deposit/ borrow from non resident persons/institutions including Bangladesh nationals working abroad and 100% foreign owned enterprises in Export Processing Zones in Bangladesh. OBUs also make loans/advances to foreign owned enterprises in Export Processing Zones in Bangladesh and joint venture / local firms subject to approval from Bangladesh Investment Authority. OBUs offer wide range of services including trade finance, working capital, term loan, discounting of UPAS L/Cs and export bill of on-shore customers etc. Loan book of OBUs registered growth of 21.57% over previous year reaching to USD 275.89 million as on December 31, 2017 which is 11.50% of overall loan portfolio of the Bank.

Prime Exchange Co. Pte. Ltd., Singapore

Since modest beginning of single branch-single corridor business in 2006 in Singapore with remittance service for wage earners to Bangladesh, Prime Exchange Pte Ltd (PEC) has grown over the years and now has 3 (three) strategically located outlets in Singapore and expanded network with affiliates in India and Philippines.

PEC always strives to further expand presence in Singapore and internationally as well through affiliates in order to provide our customers with better network coverage and remittance alternatives with competitive rates and fee and providing world class service excellence. Total volume of remittance was SGD 71.70 million in 2017 compared to SGD 80.79 million in 2016. The company made operating profit of SGD 186,970.00 in 2017 compared to SGD 48,432.00 in 2016.

In order to attain Preferred Choice of Remittance Service, apart from planning to embark physical expansion into different locations in the form of self automated KIOSKs, PEC, Singapore is also actively considering FINTECH as digital push on using innovative technology to allow its customers to utilize alternative remittance channels for ease, convenience, more economical and faster fulfilment of desired remittance transactions.

With over 11 years of experience PEC, Singapore established itself as a trusted brand in the Singapore Remittance Industry. PEC, Singapore is also proud member of Singapore Business Federation (SBF) and Management Committee Member of Remittance Association (Singapore). We are also proud partners of internationally renowned banks such as DBS Bank Ltd Singapore, BDO Bank Philippines, ICICI Bank Ltd & HDFC Bank Ltd of India.

PBL Exchange (UK) Limited

The company has been operating with three Branches in London, Birmingham and Manchester since its launch of operation in 2010. In 2017 the company started Agent business to reach NRB community throughout UK with Authorised Payment Institution (API) issued by FCA. To comply with newly introduced Payment Services Regulations 2017 (PSD2), the company is under process of getting Re-Authorisation from FCA. 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 volume of remittance has been increased to GBP 31.98 million in 2017 compared to GBP 19.84 million in 2016. The Company attained substantial growth in operating profit as well in 2017 after deployment of Agents. All the three branches have been striving for business growth and expansion of customer base by rendering efficient service. The company will deploy more agents in 2018 to widen service coverage in NRB centric cities for increasing its profit.

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 a major trading relationship with Bangladeshi industries importing fabrics, accessories for RMG, clinkers and minerals products like gypsum & limestone for cement manufacturing industries, capital machineries, mobile & IT products, and few products in other sectors. Since its launch of business in September 2011, our professional and expert officials deputed from PBL and local recruits from Hong Kong has been rendering personalized services to corporate/businesses in Hong Kong. The business trend throughout the year 2017 was mixed due to the consequences of sluggish economy of 2016 which had its impact in Hong Kong. The company has expanded has earned good fee-based income through collection services during the year. It has made an operating profit of HKD 6,398,652 in 2017 compared to HKD 6,315,749in 2016. SWIFT connectivity (BIC: PRBL HK HH) has given the company a good credential. So far it has established RMA with 44 banks which has helped run its trade finance services smoothly. 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

Globally, the banking industry is facing a rapid change in competitive landscape that is putting pressure on the future profitability of the traditional banks. It is evident in last few years where rapid technological advancement, changes in consumer needs; behavior pattern has forced financial institutions to adopt technology in delivering the services to key customer segments. It offers new opportunities for understanding, serving and engaging customers. Accordingly bank has realized that innovative technology driven channels will be the model for meeting customers' expectations and building close relationship.

Today commerce is being redefined as the world moves somewhat rapidly into the advent of smart phones and mobile payments and the digitization of information across the entire commerce lifecycle. Where traditional credit card transactions were all about giving the merchant a 16 digit card number embossed on the card face, technological developments like

NFC, Smartphone payments and even innovations like digital wallet show that there's scope for a much richer interaction to go on at the moment of payment–something that's never been possible before. That's what Prime Bank is aiming at.

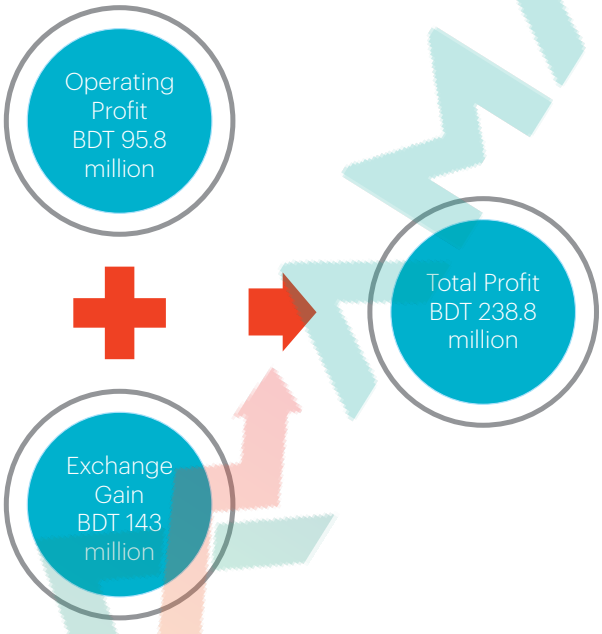
2017 was the year; several projects initiated and got momentum towards the overall system up-gradation of the bank for embedding itself into the upcoming digital ecosystem. The up-gradation projects that were entertained throughout the year of 2017 were :

- Card Management System (CMS) & Switch Up gradation Projects
- Payment Gateway, ACS/ 2 Factor Authentications (2FA)
- PCIDSS Compliance
- EMV Card issuing & ATM acquiring
- Application based CMS
- Card Personalization Solution Up-gradation
- Centralized Call Center and so on

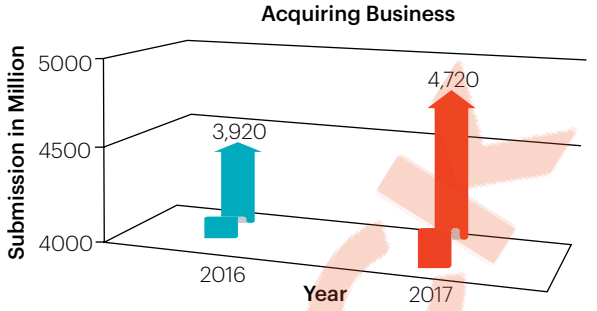
for a much richer interaction to go on at the moment of payment–something that's never been possible before. That's what Prime Bank is aiming at.

Selective strategic movements approved and gave momentum in Card Business in 2017 were-

- A market driven Product Program Guideline (PPG) of Credit Card was redesigned and implemented with all the constructive flexibilities.
- Direct Profit stood at BDT 95.8 million and indirect income stood at BDT 143 million in terms of foreign exchange gain against international card acquiring. Including direct and indirect, total operating income of the division stood at BDT 238.8 million.



- The growth of Acquiring Business is around 20% over the last year.



- Despite confined and adverse market situation of the local card industry and several massive fraud attempts by the hackers of local and cross border, card portfolio was kept in a good shape by taking different strategies.
- Achieved Card booking divisional target with a growth over 7% with the limited manpower.
- Enrichment of Prime FlexPay coverage at 2000+ outlets throughout the country.



- Carried our various occasional encouragement discount offers over the counter in collaboration with JCB, Agora, One stop and Meena Bazar chain shops.



- Ran various promotional campaign with a good number of Hotels and restaurants in Dhaka , Chittagong and Cox's Bazar as well as retail shops round the year for our valued cardholders



- Continued promotion offers of Buy One Get One (BOGO) & Buy One Get Two (BOGT) Free dining at the selected star hotels and others.

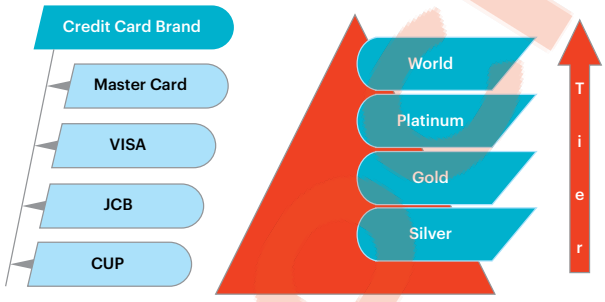


- In 2017 Card Division had frequent footprints in the world of digital communication through uploading electronic advertisements and video in Face Book, You Tube and social media. Nevertheless, allowing customers to apply for credit card through online was a notable initiative of Prime Bank.



- Got the principal membership from the **UNIONPAY INTERNATIONAL CO., LTD.** The number one plastic payment scheme in respect issuance all over the world. China UnionPay International (UPI) is recognized and favored by an increasing number of overseas customer, ranking No. 1 in card-issuance (6 Billion Cards in more than 40 countries), No. 2 in transaction volume and No. 3 in acceptance scope (160 countries), and has become the fastest growing international bankcard association worldwide in the history of plastic money.

- **Wide range of Product Line :** Prime Bank has the comparative advantage in offering wide range of product line under world prominent plastic brands as follows:





However, we are entering into digital economy and today multi-channel delivery is an imperative for every business. Customers are progressing from choosing purchases and making payments to undertaking seamless customer-driven interactions via mobile devices. This stage of connectivity is driving digital payments transformation – the migration of cash payments and plastic card payments to payments made over digital channels, either from dematerialized cards held on digital wallets or in the cloud, or from new digital payment mechanisms.

Furthermore, to augment customer experience banks are adopting internet banking; mobile banking; agent banking; call center; apps based banking etc. Hence, the transformation enables banks to expand & retain their market share as well as remains competitive in the market. The emergence of digital ecosystems will also bring up lots of new business opportunities and Prime Bank will step forward with all out support, service and technological advancement in the upcoming shifting landscape of digital payments.

Alternative Delivery Channels

Evolution of ADC

Customers are served exclusively by electronic channels other than traditional branch banking through Alternative Delivery Channels (ADC) Division since April 16, 2009.

The evolution of Alternate Delivery Channels has changed the dynamics of the branch network to provide customer service 24/7 with absolute peace of mind in fulfilling their financial needs in the most hassle-free way. The traditional branch services which included Cheque/Cash deposits, Teller Services, etc. have now shifted to other channels; ADC has now become independent of branch to provide unique services including Cash withdrawal, Cash/ Cheque Deposit, Fund Transfers, Bill Payments and now even mobile top-ups.

This exponential expansion of services has now made the customers more inclined towards ADC channel.

ADC constantly thrives to deliver superior with state of the art technological initiatives to meet the ever evolving financial needs of our esteemed customer and working hard to make the channels more attractive, utilized and convenient to divert Branch traffic of day to day transaction.

Status of ADC products are as follows:

SL.	Name of Service\ Product at ADC	Started from	Status As on 31.12.2017
1.	ATM Machine	January 2008	170
2.	a. Proprietary Debit Card	April 2008	1,91,000
	b. MasterCard Debit Card	January 2011	273,000
	c. JCB Debit Card	April 2016	5,100
3.	Prepaid Card (Dhaka Club)	November 2008	1050
4.	Altitude-Internet Banking (No. of Users)	December 2009 Handed over to ADC (12/10/2014)	32,400
5.	SMS banking (No. of Users)	July 2010	27,000
6.	Phone Banking (No. of Users)	May 2011	3,400
7.	Bank POS Service Points	February 2013	21
8.	Dual Currency Platinum Debit Card- MONARCH	Under Process	Under trial operation
9.	Cash Deposit Machine (CDM), Cash Acceptor & Cash Recycler	Under Process	
10.	Centralized Call Center	Under Process	

Brief narration on ADC Products

1.	**ATM Booths**	ATM service was Launched since January 2008. Our ATM accepts MasterCard, VISA, JCB payment scheme cards. We also accept other bank's 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 Security we already installed Anti Skimming & PIN Shield Device in our ATMs. Moreover We are in process of ATM EMV Up-gradation. We are also relocating low performing ATMs in more business & vibrant location to increase the use of our ATM on regular basis.
2.	**Proprietary Debit, Master-Card Debit & JCB Debit Card**	ATM Card service of PBL was started from March, 2008. MasterCard Debit Card launched since January 2011, JCB Debit Card launched in the year of April 2016. This new Brand of Debit Card in Bangladesh for the 1st time, no other Bank issued this card yet.
		Prime Bank joined NPSB network in September, 2014 under the supervision of Bangladesh Bank and for this Prime Bank Debit Cardholders can enjoy the cash withdrawal facility from our as well as other ATMs under NPSB Network in exchange of prescribe charge. Prime Bank Debit Card holders also can use their debit card at POS under NPSB Network.
3.	**Prepaid Card (Dhaka Club)**	We issuing DCL Prepaid Card for the Member of Dhaka Club.

4.	**Internet Banking (ALTITUDE)**	Prime Bank provided 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 Prime Bank a/c to any schedule Bank Branch of Bangladesh, Pay Bill of Credit Card of Prime Bank and other Banks, Recharge Prepaid/Postpaid Mobile, Insurance Premium, DPDC Bill Payment, DESCO Bill Payment 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. Soft/Hardware (Dongle) Token also implemented for more security. We are also in process of Mobile Apps for this service.
5.	**SMS Banking**	SMS Banking PUSH-PULL 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 26,922 registered customers are availing SMS Banking 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. **Registration Process:** To avail the service please fill up the application form and submit it to the respective branch. After completing the registration you will receive a confirmation SMS including 4 digit secret PIN in your Cell Phone. **How to Use the Service:** To get any SMS Banking service, please follow these steps: Type BAL<space> and Type your PIN send to 9933 Number ** Banglalink subscribers need to send SMS to 9934 instead of 9933
6.	**Phone Banking**	Prime Bank Limited started Phone Banking Service in May 2012. This service allows easy access in own account by dialing Prime Bank Short Code 16218. Prime Bank 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.
7.	**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 but having a Debit Card.
8.	**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 and another is USD (RFCD only). We are going to issue this Debit Card very soon.
9.	**Cash Deposit Machine (CDM), Cash Acceptor & Cash Recycler**	Considering competitive business environment, consumer demands & services, minimizing pressure of queue & gathering at branch end OTC, management has decided to launch Off-line Envelop Depository CDM, Cash Acceptor (Online CDM) and Online Cash Recycler. Introducing of CDM and Cash Recycler creates new avenue and source of revenue for the bank. The Envelope Depository CDM and Cash Acceptor (Online CDM) is a self-service terminal that lets anyone make deposits and payment transactions by cash and check which helps to ensure smarter and faster way of deposit process. The Online Cash Recycler is a self-service terminal that lets anyone make deposit and withdrawal cash on real time basis where deposited cash can be recycled also for withdrawal.
10	**Centralized Call Center**	Banks and Financial Institutions (FIs) are not only profit making institutions but also committed and accountable to provide financial customer services. In order to meet consumer demands & protection, hence to ensure utmost satisfaction to the customer by providing 24/7 services, our management has decided to launch an IVR and agent base Centralized Call Center. A Call Centre is a centralized contact point & location which is dedicated for managing customers for receiving or transmitting a large volume of requests by phone & other media. Interactive voice response (IVR) technology allows customer to interact banking service 24/7 without the help of human through the use of voice and DTMF (dual tone multi frequency) tones input via phone keypad. Through contact centers, valuable information about company are routed to appropriate people, communications to be recorded and information to be collected.

Agriculture Financing

The overall economic development of Bangladesh is closely interlinked with the development of the agricultural sector. At the moment, 15% of Bangladesh's GDP originates from agricultural sector, and the sector absorbs about 43% of the total labor force of the country, which indicate that Agriculture is the key driving force of the economy of Bangladesh. 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's Agricultural & Rural Credit Policy and Program, Prime Bank continued its proactive policy and program support to boost up agriculture financing.

Prime Bank Limited recognized that Agriculture / Rural Credit is 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. As such Bangladesh Bank's timely guidance to emphasize on this sector has created a far reaching effect not only on this particular sector but on the economy as a whole. Prime Bank Limited, in line with the guidance of the Bangladesh Bank, has been relentlessly working to increase its activities in the agricultural / rural sector and the bank has been ceaselessly trying to contribute in the sector and will continue doing so in the future for the greater interest of the country.

Introduction of Agricultural Loan products in Prime Bank Limited

PBL has been providing Agriculture Loan in the form of Abad (for crops loan), Khamar (for farm loan) and Nabanno (any agri purpose loan) to meet up working capital and capital expenditure requirements of the farms/ projects/ enterprises/ farmers.

Abad (Crops loan)

Rural people of Bangladesh are dependents on agriculture. For helping and encouraging and betterment of rural people / share cropper/ marginal farmers/ small farmers/farmers to cultivate crops/ vegetables, Prime Bank provides Abad (crop loan) to bear the cost of tilling of land, fertilizers, pesticides, irrigation, seed etc..

This product has been designed to ensure desired amount of money for the share cropper, the marginal , small and medium scale farmers at the beginning of cultivation. The farmers could repay their loan after harvesting time. This product helps them a lot in terms of benefit as they need not to take high interest loan from the local money launders, businessmen and MIFs/ NGOs. Moreover, this flexible repayment system removes their mental pressure of weekly /monthly/quarterly installments. By concentrating for better production farmers are benefiting in this process and contributing to the national production over the year.

Khamar (for farm loan)

Prime Bank has been providing Khamar Loan to meet up working capital and capital expenditure requirements of the farm of Fisheries, Hatchery, Poultry, Beef Fattening, Milching cow/Dairy, Bio-gas Plant (for Farm) , Duck rearing, Integrated Farm , Others (related to Agriculture).

Nabanno (any agri purpose loan)

Prime Bank has been providing Nabanno Loan to MFIs (for onward lending), the farmers for purchasing of Farm machineries /Agri. Equipments (Irrigation and tilling technology/ equipments, Thresher, Tractor, Harvester etc), Solar Pumps/ solar power operated irrigational equipment ,Rural transport and to meet up the capital requirement of Nursery farming, Weavers(Handloom Industry), Tissue culture farming, etc.

Agriculture Loan by purpose

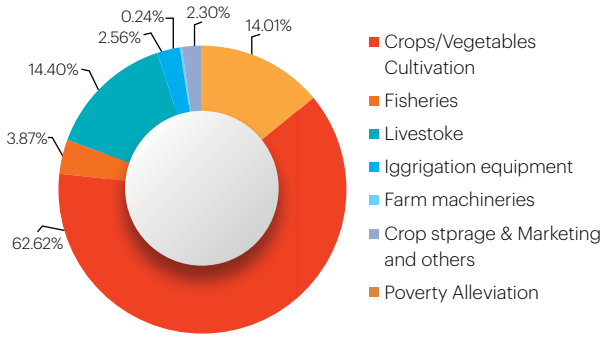
The Bank has been involved in disbursing quite a large portfolio of agriculture loans for various purposes during the year 2017, which are listed below:

Table: Agriculture Loan by purpose

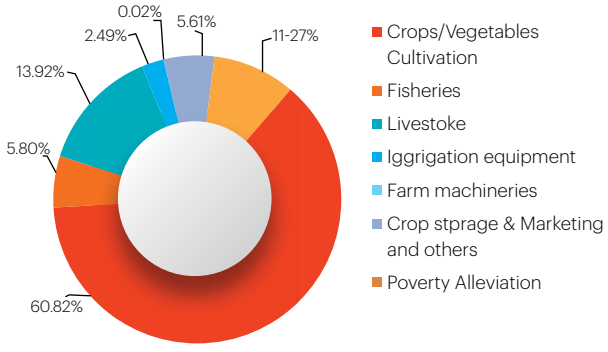
BDT in Million

Purpose	2017	
	Disbursement	Outstanding
Crops / Vegetables cultivation	3,389.21	3,516.00
Fisheries	209.67	336.01
Livestock	779.62	804.87
Irrigation equipment	138.58	143.88
Farm Machineries	12.74	0.88
Crop storage & Marketing and Others	124.66	327.96
Poverty Alleviation	758.24	651.77
Total	**5,412.72**	**5,781.37**

Agricultural Loan Disbursment During 2017



Purpose-wise Outsourcing as on 31.12.2017



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 2017, PBL has disbursed Tk.4.13 million among 39 farmers at rebate rate (4 percent) for cultivation of species and maize.

BDT in Million

Crops	Loan disbursed @ 4% interest (January 2017 to December 2017)	No. of Clients
Spices	2.48	13
Maize	1.65	26
Total	4.13	39

Moreover, Prime Bank has disbursed Tk. 6.78 million to 10 (ten) taka account holders under financial inclusion program and Tk.33.43 million has been sanctioned for disbursement the same to 10 (ten) taka account holders under financial inclusion program.

Target and achievement

Prime Bank Limited has disbursed Agricultural & Rural Credit of Tk. 5,412.72 million against total target of Tk. 2,400.00 million for the FY 2016-2017.

In line with the Agricultural & Rural Credit Policy and Programme of Bangladesh Bank, a target of agricultural credit amounting to Tk. 2,730.00 million only has been set for Prime Bank for the FY 2017-2018, out of total target, an amount of Tk. 2,165.96 million has already been achieved during the period from July 2017 to December 2017.



Prime Bank disbursed loans among the 10 Taka account holders



Financing in Guava cultivation

Anti-Money Laundering

Prevention of Money Laundering

Money Laundering involves taking criminal proceeds and disguising their illegal sources in order to use the funds to perform legal or may be other illegal activities. Simply put, money laundering is the process of making dirty money look clean. In the Section 2 (v) of Money Laundering Prevention Act (MLPA), 2012 Bangladesh has criminalized money laundering in line with "United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) (the Vienna Convention)" and "the United Nations Convention Against Transnational Organized Crime (2000) (the Palermo Convention)":

Money Laundering often involves a complex series of transactions that are difficult to separate. However, it is common to think of money laundering as occurring in three stages:



Stage One: Placement — The physical disposal of cash or other assets derived from criminal activity.

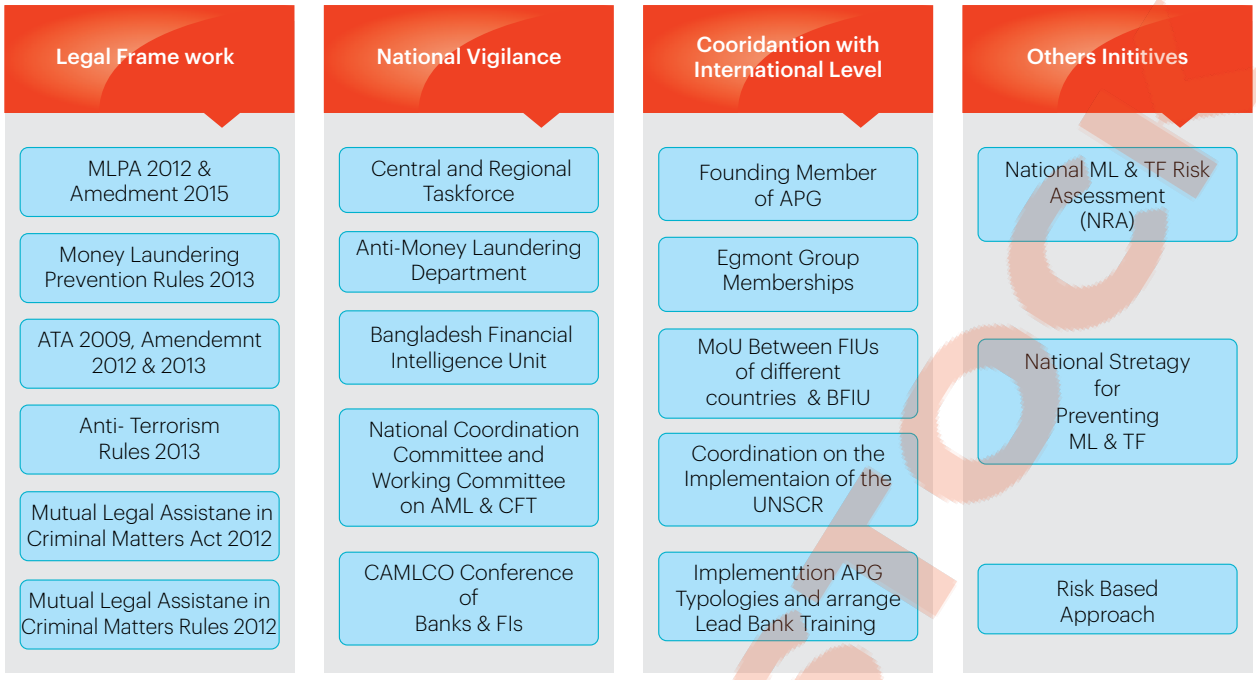
Stage Two: Layering — The separation of illicit proceeds from their source by layers of financial transactions intended to conceal the origin of the proceeds.

Stage Three: Integration — Supplying apparent legitimacy to illicit wealth through the re-entry of the funds into the economy in what appears to be normal business or

International Initiatives towards AML/CFT

United Nations	The Financial Action Task Force	The Basel Committee on Banking Supervision & EU	Other Organizations
The Vienna Convention	FATF 40 Recommendations	Statement of Principles on Money Laundering	International Organization of Securities Commissions
The Palermo Convention	FATF New Standards	Basel Core Principles for Banking	The Egmont Group of Financial Intelligence Units
International Convention for the Suppression of the Financing of Terrorism	Monitoring Members Progress	Customer Due Diligence	Asia Pacific Group on Money Laundering (APG)
Security Council Resolution 1267 & Successors	The NCCT (Non-Cooperative Countries & Territories) List	European Union (EU) Directives	
Security Council Resolution 1373	ICRG (International Co-operation Review Group)		
The Counter-Terrorism Committee			
Global Program against Money Laundering			

National Initiatives on ML & TF



Risk management and mitigation

For mitigating the AML/CFT risks, Prime Bank has its own "Money Laundering & Terrorist Financing Risk Management Guidelines duly approved by the Board of Directors. 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.

For ensuring proper implementation of Bank's AML/CFT guideline Bank has nominated a Chief-Anti Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO in head Office with specific Responsibility and Authority. Bank has also formed a Central Compliance Unit (CCU) which is headed by CAMLCO and members from different important Division/ Departments of Head Office. This CCU is going to be replaced by Central Compliance Committee (CCC) as per BFIU Circular No. 19 dated 17.09.2017 with effect from January 2018. Deputy CAMLCO is acting as a member secretary of the CCC. Beside that there is Branch Anti-Money Laundering Compliance Officer (BAMLCO) in each and every Branch for monitoring AML/CFT activities of respective Branches.

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. Beside that AML Division has also arranged Refreshers Training for the employees of the Bank. In 2017 AML Division & HRTDC jointly arranged total 16 AML Training where total 1041 Executives/Officers received day long training on Prevention of Money Laundering and Combating Terrorist Financing. Prime Bank under the provisions of section 25(1) (d) of the MLPA-2012 and section 16(1) of the ATA-2009, are obliged to submit STR/SAR to BFIU. A reasonable number of STR/SAR has been submitted to BFIU, Bangladesh in the year 2017. Prime Bank also arranged a Lead Bank Training program in Joypurhat District as per direction of BFIU, where Executives/Officers from different schedule Banks were participated.

Sl	Type of Training	Arranged by	Center	No. of Training	No. of Participants
1	Foundation Training	HRTDC	Dhaka	4	200
2	Day Long Training on AML/CFT	HRTDC	Dhaka	5	250
3	Refreshers Training on AML/CFT	AML Division	Dhaka	2	255
4	Refreshers Training on AML/CFT	AML Division	Rangpur	1	74
5	Refreshers Training on AML/CFT	AML Division	Khulna	1	45
6	Refreshers Training on AML/CFT	AML Division	Comilla	1	39
7	Refreshers Training on AML/CFT	AML Division	Sylhet	1	87
8	Refreshers Training on AML/CFT	AML Division	Chittagong	1	91
	Total				**1041**

Audit & Inspection Division has conducted AML System Check on all Branches as per BFIU prescribed format of Independent Testing Check List. Beside that AML Division has conducted AML System Check on 145 Branches for creating awareness. AML Division has also conducted visit on Liability Operations Division, TSD, International Division, NRB Banking Department and Card Division in 2017 to follow-up their activities.

Prime Bank is one of the active members of Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) and CAMLCO & Deputy-CAMLCO of the Bank has been participating in CAMLCO Conferences organized by BFIU, Bangladesh Bank each year.

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 ensuring smooth business operation by 24/7. 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 antivirus, 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.

Debit & Credit Card System Upgrade Project

To keep pace with modern technology and regulatory compliance PBL is upgrading its card management systems and transaction switching systems. This will help the bank to improve customer service, introduce new products and relevant compliance like PCIDSS, Payment Scheme (VISA/ Master Card /JCB), central bank compliances.

EMV Chip based Card Issue

The world has moved from old magnetic stripe based card to microprocessor based chip card. PBL is also introducing EMV chip based cards. This will reduce card based fraud transaction, provide greater security and increase customer confidence.

2-Factor Authentication System for E-commerce transaction

E-commerce transaction is growing popularity among card holders and shoppers. To avoid and minimize E-commerce fraud transaction, PBL introducing 2-factor authentication for card not present (CNP) transactions for its customers.

Payment Gateway for E-Merchant Acquiring & E-Commerce

Presently online business is growing rapidly. To tap this promising trend and grab immense opportunity, PBL has decided to introduce Internet Payment Gateway. Therefore, the bank is currently implementing Payment Gateway and it will go live very soon.

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.

Core Banking Software (T24) Reimplementation & Up-gradation Project

Recently, Prime Bank has successfully implemented the latest version (R16) of Core Banking Software from TEMENOS, T24 one of the best available in the market with cutting-edge technology, to offer new products and ways to serve the customer in more flexible and cost-efficient ways.

With this updated core banking software, Bank is now running all three types of banking services i.e. Conventional, Islamic, and Off-Shore Banking through a single platform and has managed to reduce infrastructure and administrative costs significantly. This system also has several built-in security features to protect the Bank against the threats like Cross-site scripting, SQL injection, DOS attacks, blocking of Directory Traversal, Command Injection, Replay Attacks, and even can protect the users from the "Coffee Shop Scenario".

Bank's vision to provide more convenient ways to perform banking transactions through new and improved alternate delivery channels like Internet Banking, Digital Wallet, Mobile Banking/Apps, Agent Banking has moved one step closer with the implementation of this latest version of CBS. With this new and improved technology, we aim to create new markets, improve efficiency and advance toward greater prosperity.

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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 can only provide reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives.

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 Audit Committee of the Board & Board of Directors. The Board of Directors of the Bank demonstrated independence from Management and formed an Audit Committee with such directors who are not the members of Executive Committee of Board 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 Internal Auditors of the Bank set out annual risk based audit plan, approved by the Audit Committee of the Board (ACB) and conducted audit activities accordingly. 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, it is continually verified that these control policies & procedures are being complied with. A summary report on the overall audit observations and compliance thereof had also been reviewed by the SMT & Audit Committee on quarterly basis.

The Bank initiates MIS Committee to ensure supply of correct and accurate information to Management and other stakeholders. The decisions of SMT, ALCO, ECB, ACB and Board meeting had been minuted properly & communicated with the concerned Divisions/Departments for rectification and comply thereof.

In addition to the above, following key strategies has also been taken which will strengthen the overall internal control system of the bank;

- Archiving all Policy, Process, Procedures, etc. regarding all activities of the Bank in "Central Repository"
- Taking over Circulation function from Operation Division and monitoring of regulatory changes as per ICC Guidelines
- Ensuring accuracy in Self-Assessment Anti-Fraud & Internal Controls through physical verification
- Minimizing the observations / lapses as well as develop compliance culture within the Bank
- Reinforce HRD to implement admonitory policy regarding punishment for lapses and ensuring that appropriate corrective & disciplinary action has been taken in the event of identified breaches
- Introducing compliance rating on Branches and reward best compliant branch

- Introducing Agenda & Compliance Management System(ACMS) for better compliance management
- Ensuring effective presentation of compliance status before the SMT & ACB (Monthly & Quarterly)
- Introducing fully automation of DCFCL & QOR with the help of IT
- Preparing dispute settlement procedure with the help of HR
- Extending on-site inspection of DCFCL, QOR and LDCL and cover at least 30%-40% branches according to ICC Guidelines
- Enriching web portal for collecting DCFCL, QOR, LDCL and reply of all audit reports from Branches and Head Office with the help of IT
- Introducing concurrent audit at selective Divisions as per ICC Guidelines
- Extending random compliance test
- Introducing IT unit for compliance of IT audit report

Research and Development (R&D) Activities

An ardent understanding of business environment, trend of industry's dynamics and forecast of major indicators play a crucial role in formulating strategies for growth and sustainable operation. Data, information and insight gathered through systematic process help the business to take the right decision. 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. Most importantly, what the customer/stakeholders think about the organization and its peer organization, determine competitive advantage. To gather the insight, there is no alternative to qualitative and quantitative studies. R&D is crucial in today's dynamic and continuously changing business arena when customers are hankering after new products and new technologies. The organization that can successfully leverage its R&D efforts by transforming the efforts in building new products and services will find itself ahead of its competitors.

R&D division of Prime Bank undertakes research studies to provide reliable, accurate, valid information on economy, market, customer and contemporary issues. Considering the business trend, present scenario and forecast- R&D designs and reengineers products and services, gathers consumer insight, proposes prospective locations for business expansion, analyzes sectors, disseminates knowledge through economic publication and undertakes ad-hoc research.

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 xpansion Program	Monthly Newsletter "In-Focus" Weekly e-Newsletter Miscellaneous Functions	Commodity Business Priority Sectors

R&D'S PRIORITY AREAS



Economy



Market



Banking



Consumer

Major activities performed by R&D Division areas follows

Market Research

Product Development

New Product Development Studies: Personalized Cards Services and Proposed Strategic Marketing & Launching Plan, Concept Overview between PayTM and bKash for exploring Digital Wallet Services for Banking, Study on Altitude Internet Banking and Peer Banks and Proposed Innovations in Digital Banking for Prime Bank, Internet Banking App Feature and Proposed Names for the App

- Calculated installment sizes with different slabs of interest and tenure for 10 Deposit Products
- Alignment of Terms and Conditions for all the Deposit Schemes of the Bank
- PPG revision of Cash Secured Facility, Personal loan, Car loan, Personal loan takeover and Home loan with Consumer Banking Division
- MSME liability product and revision of Prime Shamogro (Chalti Rin) with MSME Division
- High yield Corporate Account with Transaction Banking/Cash Management Division.

Marketing Research

- Comparative Internet Banking Features of Peer Banks in the light of INFOSYS/TEMENOS Modules
- MSME Sector at a Glance (Market Volume, Market Share and NPL of Banking Industry and Selected PCBs)
- Consumer Finance/Retail Banking at a Glance (Market Size, Market Share, Overall NPL, Product-Wise Exposure of Selected PCBs)

Sector Research on Local Industry

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, CBD 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:

- Industry paper on Stainless Steel Pipe Industry
- Cable Industry
- Poultry Feed Industry
- Denim Industry
- Fish Feed Industry



Stainless Steel Pipe



Cable



Poultry Feed



Denim



Fish feed

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.

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 throughout Bangladesh. To explore potential geographic locations where the bank can extend its services to contribute to the socio-economic development of the area and its sustainable business growth, Feasibility Studies have been conducted all over the country. To carry out the study, data on geographical, demographic, business, financial and economic data are analyzed in a holistic manner.

- 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 Twelve (12) new locations all over the country for new branch and business growth.
- Besides, for ATM expansion, feasibility studies have been carried out in Four (04) places.
- Branch Relocation Study has been conducted in Two (02) places to make a comparative analysis between existing and proposed premises of the branch
- Business feasibility study has been conducted on Agent Banking in different areas (Konabari, Mawna & Kapasia) of Gazipur district as a part of pilot study to expand alternative delivery channel of the bank.

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.
- A special issue was circulated based on the Study on Digital Banking in the Banking Industry of Bangladesh in In-Focus titled "Digital Banking, The New Era of Banking Industry.
- 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

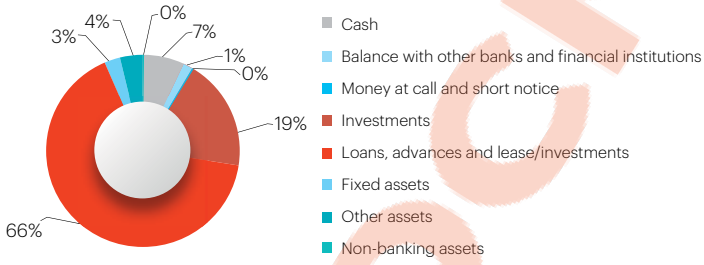
- Write up for Sustainability Report of the Bank
- Write up for different issues such as for CAMEL's reporting, Financial Stability Report etc.
- Corporate Flier Design for SIBOS.
- Designed Uniform A/C opening Form (Personal/ Non Personal/Corporate/ SME) for conventional & Islamic banking with other divisions in compliance of BB guidelines

R&D is committed to provide market intelligence and time befitting information to the Board and top management for taking competitive advantages and making strategic decisions for the sustainable growth of the Bank aligning the Bank's motto "One ,Bank One Team".

FINANCIAL ANALYSIS

Total Assets

Total Assets of PBL stood at BDT 281,274.67 million as on 31 December 2017 as against BDT 272,223.70 million of previous year registering a growth of about 3.32 percent over the year 2016. In total assets, loan and advances covered 70.51% of total assets. Contents of total assets of PBL is shown in following table:



Assets	2017	2016	Increase/ (Decrease)	Growth (%)
Cash	18,004.65	17,732.61	272.04	1.53%
Balance with other banks and financial institutions	10,082.59	6,815.23	3,267.36	47.94%
Money at call and short notice	1,500	540	960.00	177.78%
Investments	23,807.14	48,249.21	(24,442.07)	-50.66%
Loans, advances and lease / investments	198,322.73	170,211.83	28,110.90	16.52%
Fixed assets	6,434.05	6,589.68	(155.63)	-2.36%
Other assets	22,903.01	21,864.64	1,038.37	4.75%
Non - banking assets	220.5	220.5	-	0%
Total assets	281,274.67	272,223.70	9,050.97	3.32%

Cash and bank balance

Cash and bank balance includes notes and coins in hand, balance with Bangladesh bank and its agent bank and balance with other banks and financial institutions. In 2017, total Cash and bank balance was BDT 28,087.24 million compared to BDT 24,547.84 million in December 2016. Details are as follows:

Cash and Balance with other banks	2017	2016	Increase/ (Decrease)	Growth (%)
In hand (including foreign currencies)	3,031.60	2,718.85	312.75	11.50%
Balance with Bangladesh Bank and its agent bank (s)	14,973.04	15,013.76	(40.72)	(0.27)%
Cash in hand including foreign currencies	18,004.64	17,732.61	272.03	1.53%
Balance with other banks and financial institutions	10,082.59	6,815.23	3,267.36	47.94%
In Bangladesh	7,380.65	4,101.90	3,278.75	79.93%
Outside Bangladesh	2,701.94	2,713.33	(11.39)	(0.42)%

Money at Call and Short Notice

Call lending is a part of the treasury function. Bank's lending under this head of BDT 15,000 million as on December 31, 2017 and it was BDT 540 million in the same date of last year which is equivalent of 177.78 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.

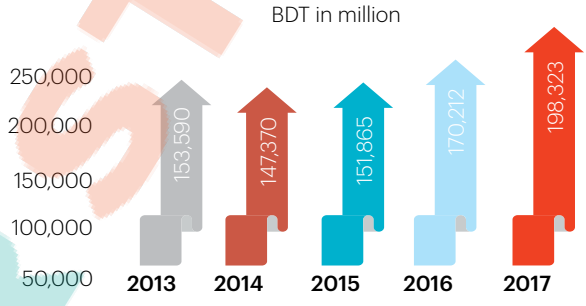
Investment

Investment in Treasury bill/bond occupies a significant portion of the total investment of the Bank which is BDT 23,655.30 million as on December 31, 2017 and it was BDT 47,649.05 million in 2016. Details are as follows:

Particulars	2017	2016	Increase/ (Decrease)	Growth (%)
Government Securities:				
Held for trading (HFT)	-	341.84	(341.84)	(100)%
Held to maturity (HTM)	21,353.99	28,425.83	(7,071.84)	(25)%
Reverse Repo	-	-	-	-
Prize Bond	2.38	4.75	(2.37)	(50)%
Other Investments:				
Share	149.45	413.15	(263.70)	(64)%
Bangladesh Bank Bills	2,301.31	18,881.38	(16,580.07)	(88)%
Bonds		182.26	(182.26)	(100)%
Total	23,807.14	48,249.21	(24,442.07)	(51)%

Loans and advances

PBL's loans and advances increased by BDT 28,110.90 million during the year 2017 and stood at BDT 198,322.73 million which was BDT 170,212 million in 2016 showing a substantial growth of 16.52 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 5.45 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. Year-wise loan figures are presented in the following chart:



Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment and vehicles etc. PBL's fixed assets decreased by BDT 156 million during the year 2017 and stood at BDT 6,434 million which was BDT 6,590 million in 2016.

Other Assets

Other assets of the bank decreased by BDT 1,038 million during the year 2017 and stood at BDT 22,903.01 million and it was BDT 21,864.64 million in 2016. The main components of other assets are investment in subsidiaries, advance income tax, advance rent, interest receivable, branch adjustment account and suspense account etc.

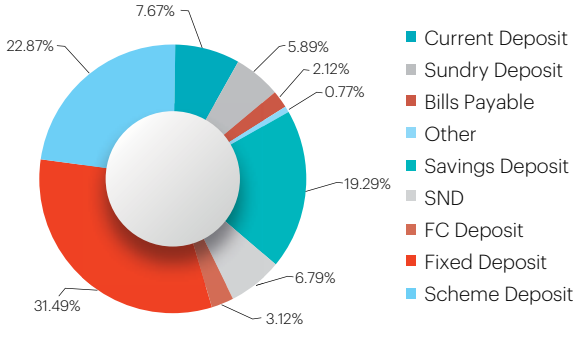
Borrowings from other Banks, Financial Institutions and Agents

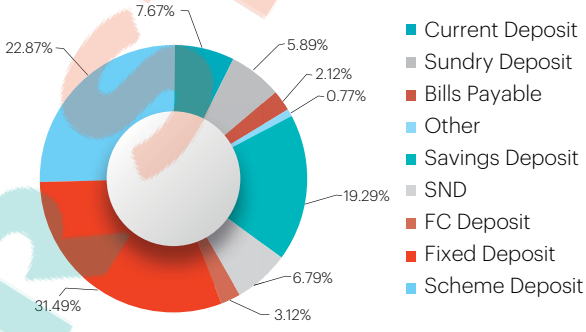
PBL has borrowed fund from other banks and financial institutions as well as Bangladesh Bank for Refinance against SME loan. PBL has also borrowed foreign currency for its OBU operation. The bank has also raised fund by issuing subordinated bond. In 2017, borrowings of the Bank stood at BDT 22,087.48 million which was BDT 16,438.22 million in 2016.

Deposits

During the year 2017 total deposits of the bank increased by BDT 1,080 million and stood at BDT 199,014 million (it was BDT 197,934 million in 2016) to present growth of 0.55 percent. Bank deposit stood at BDT 2,172 million and Customer deposit stood at BDT 196,842 million which was BDT 305 million and BDT 197,629 million respectively in 2016. In addition, No-cost & Low-cost deposit increased 3.70 percent compared to the corresponding period.

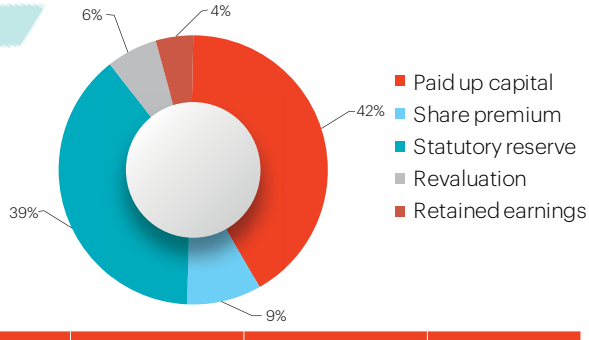
Particulars	2017	2016	Mix (%)	
			2017	2016
No Cost Deposit	3,271.06	3,379.78	16.44%	17.08%
Current Deposit	1,525.45	1,445.02	7.67%	7.30%
Sundry Deposit	1,171.85	1,280.20	5.89%	6.47%
Bills Payable	421.26	516.84	2.12%	2.61%
Other	152.50	137.73	0.77%	0.70%
Low Cost Deposit	5,812.06	5,379.05	29.20%	27.18%
Savings Deposit	3,839.77	3,562.86	19.29%	18.00%
SND	1,350.80	1,351.70	6.79%	6.83%
FC Deposit	621.48	464.49	3.12%	2.35%
High Cost Deposit	10,818.28	11,034.57	54.36%	55.75%
Fixed Deposit	6,267.73	6,015.62	31.49%	30.39%
Scheme Deposit	4,550.54	5,018.95	22.87%	25.36%
Total Deposit	19,901.40	19,793.40	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 2017, total shareholders' equity decreased by BDT 577 million from BDT 25,285 million in 2016 which is equivalent of 2.28 percent negative growth. Detail are as follows:



Shareholders' Equity	2017	2016	Increase/ (Decrease)	Growth (%)
Paid up capital	10,293.49	10,293.49	-	-
Share premium	2,241.23	2,241.23	-	-
Statutory reserve	9,565.85	9,204.06	361.79	3.93%
Revaluation	1,527.92	1,528.20	(0.28)	(0.02)%
Retained earnings	1,079.30	2,017.88	(938.58)	(46.51)%
Total Shareholders' Equity	24,707.80	25,284.85	(577.05)	(2.28)%

Analysis of Operating results of PBL

In 2017, PBL made operating income of BDT 12,207 million (it was BDT 12,023 in 2016) whereas operating expense was BDT 6,834 million in 2017 compared to BDT 6,266 million in 2016. Profit before provision and tax was BDT 5,373 million compared to BDT 5,757 million in 2016. Profit after tax was BDT 1,059 million against BDT 2,195 million in 2016. Earnings per Share stood at BDT 1.03 which was BDT 2.13 in 2016. Detail are as follows:

Particulars	2017	2016	Increase/ (Decrease)	Growth (%)
Interest Income	14,795.19	13,988.67	806.52	5.77%
Interest Expense	(9,875.35)	(10,675.51)	800.16	(7.50)%
Net Interest Income (NII)	4,919.84	3,313.16	1,606.68	48.49%
Non-Interest Income	7,287.33	8,710.16	(1,422.83)	(16.34)%
Operating Expenses	6,833.80	6,265.93	567.87	9.06%
Profit before Provision & Taxes	5,373.37	5,757.38	(384.01)	(6.67)%
Profit before Taxes (PBT)	1,808.97	2,345.04	(536.07)	(22.86)%
Net Profit after Taxes (NPAT)	1,058.97	2,195.04	(1,136.07)	(51.76)%

Interest Income

During the year 2017, interest income decreased by BDT 806.52 million and stood at BDT 14,795.19 against BDT 13,988.67 million in 2016. The major interest earning came from follows:

Particulars	2017	2016	Increase/ (Decrease)	Growth (%)
Interest on loans and advances	13,705.12	13,601.70	103.42	0.76%
Interest on balances with other Banks & FI's	725.91	105.6	620.31	587.41%
Interest on balance with foreign Bank	320.36	257.3	63.06	24.51%
Interest on call loans	43.8	24.1	19.70	81.74%
Total	14,795.19	13,988.67	806.52	5.77%

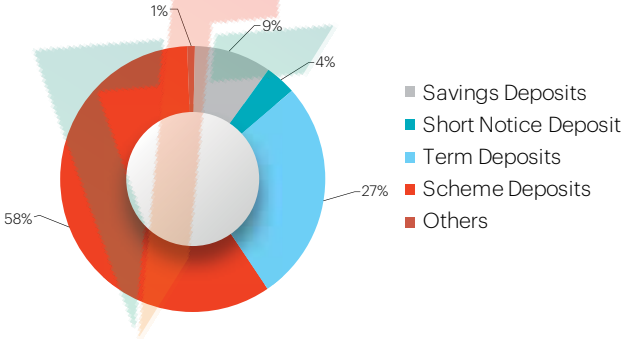
Interest Expense

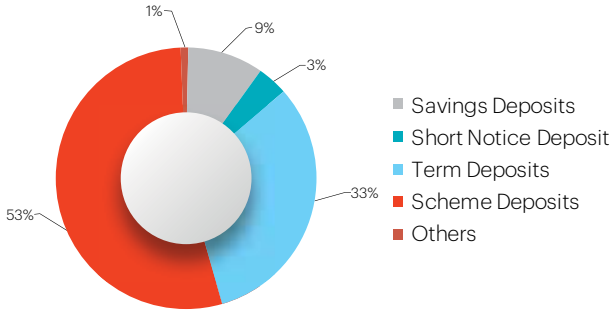
In 2017, PBL incurred BDT 9,875.35 million as interest expense and it was BDT 10,675.51 million in 2016. It reveals a negative growth of 7.50 percent during 2017. The Bank was able to maintain a strong liquidity position during the period and simultaneously managed to procure deposit at lower cost. Our average cost of deposits in 2017 was 4.52 percent which was 5.02 percent in 2016. Interest paid on borrowings was BDT 1,017 million in 2017 which was BDT 972 million in 2016.

Product wise Interest Expense Analysis

In 2017, interest expenses decreased by BDT 844.85 million and stood at BDT 8,858.33 million which was BDT 9,703.18 million in 2016. It reveals a positive growth of 8.71 percent in terms of profitability. Interest expenses decreased due to substantial decrease of high cost deposit during the year. Details are as follows.

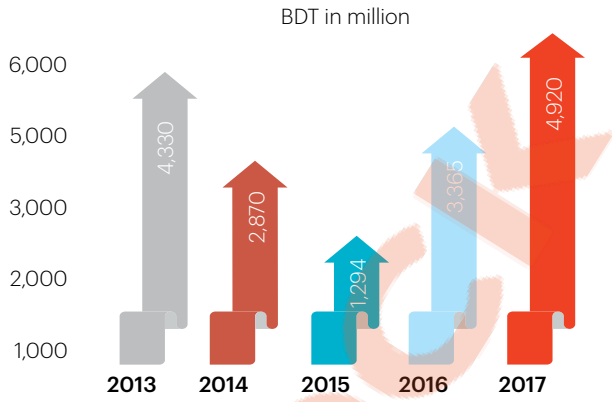
Particulars	2017	2016	Increase/ (Decrease)	Change (%)
Savings Deposits	830.16	908.99	(78.83)	(8.67)%
Short Notice Deposit	339.86	314.57	25.29	8.04%
Term Deposits	2,428.03	3,233.17	(805.14)	(24.90)%
Scheme Deposits	5,181.35	5,170.05	11.30	0.22%
Others	78.93	76.40	2.53	3.31%
Total	8,858.33	9,703.18	(844.85)	(8.71)%





Net Interest Income

PBL earned total BDT 4,919.84 million as net interest income during the year 2017 registering increase by BDT 1,606.68 million which is equivalent to 48.49 percent growth over previous year. It indicates that the management of the Bank is more efficient to manage the interest rate of loans and deposits.



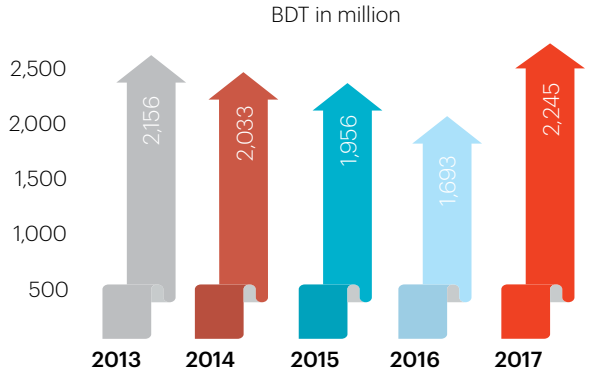
Income from Investment

PBL has earned investment income of BDT 4,245.58 million during the year 2017 which was BDT 6,203.36 million in 2016. In investment income, interest income was BDT 2,698.72 million (equivalent to 63.57 percent) and non-interest income was BDT 1,546.86 million (equivalent to 36.43 percent). The corresponding percentage in 2016 was 67 percent and 33 percent respectively. Detail is given below:

Investment Income	2017	2016	Increase/ (Decrease)	Change (%)
Interest on treasury bills/Reverse repo/bonds	2,312.01	3,326.79	(1,014.78)	(30.50)%
Interest on debentures / bonds	23.45	37.19	(13.74)	(36.95)%
Gain on discounted bond / bills	363.25	784.52	(421.27)	(53.70)%
Interest Income from investment	2,698.72	4,148.50	(1449.78)	(34.95)%
Gain on Govt. security trading	1,420.49	1,946.67	(526.18)	(27.03)%
Dividend on shares	80.60	108.18	(27.58)	(25.49)%
Gain on sale of shares	45.77	-	45.77	100%
Non-Interest Income from Investment	1,546.86	2,054.85	(507.99)	(24.72)%
Total	4,245.58	6,203.35	(1957.77)	(31.56)%

Commission, Exchange and Brokerage

During the year 2017, PBL earned total BDT 2,244.85 million as commission, exchange and brokerage which was BDT 1,693.19 million in 2016. Commission, exchange and brokerage income increased by BDT 551.66 million from previous year.



Other Operating Income

Other operating income decreased by BDT 17.01 million and stood at BDT 796.90 million in 2017. It was BDT 813.61 million in 2016.

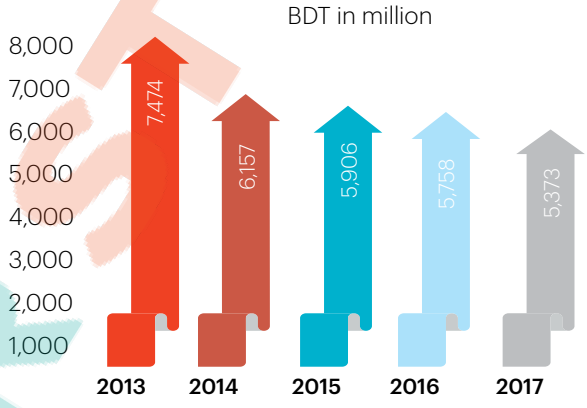
Operating Expenses

Total operating expenses during 2017 has increased by BDT 567.87 million to compute total amount of BDT 6,833.80 million. It reveals a positive growth of 9.06% which has had a negative impact on the bank's profitability. The main components of the operating expenses are as follows:

Particulars	2017	2016	Increase/ (Decrease)	Change (%)
Salaries and allowances	3,823.66	3,650.55	173.11	4.74%
Rent, taxes, insurance, electricity, etc.	906.16	755.94	150.22	19.87%
Legal expenses	83.04	52.87	30.17	57.06%
Postage, stamp, telecommunication, etc.	120.78	119.00	1.78	1.50%
Stationery, printing, advertisements, etc.	213.64	202.55	11.09	5.48%
Managing Director's salary and fees	11.52	10.80	0.72	6.67%
Directors' fees	4.49	4.94	(0.45)	(9.11)%
Auditors' fees	1.40	1.40	-	0%
Depreciation and repair of Bank's assets	365.04	380.41	(15.37)	(4.04)%
Other expenses	1304.06	1,087.50	216.56	19.91%
Total	6,833.80	6,265.93	567.87	9.06%

Operating Profit

The total operating profit of the bank for the year 2017 stood at BDT 5,373.37 million in comparison with BDT 5,757.38 million in 2016. Operating profit decreased in 2017 mainly due to lower investment income.

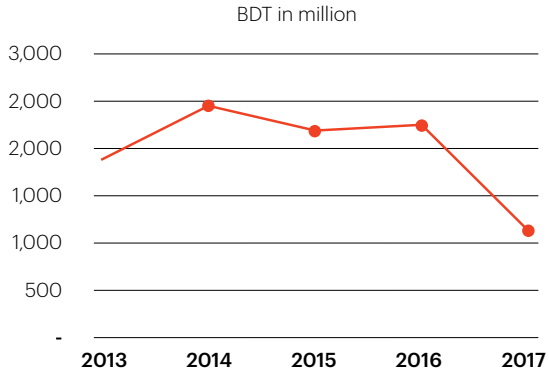


Profit before Tax

Profit before tax of the Bank stood at BDT 1,808.97 million in 2017 compared to BDT 2,345.04 million in 2016. The Bank maintained adequate amount of provision against loans and advances, off-balance sheet items, and other assets. Bank maintained adequate provision during 2017 as per regulatory requirement.

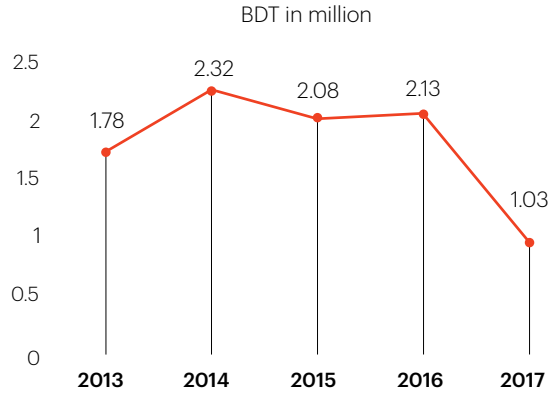
Net Profit after Tax

During the year 2017, net profit after tax decreased by BDT 1,136 million and stood at BDT 1,059 million. It was BDT 2,195 million in 2016. Net profit decreased due to increase of provision requirement for impaired Loans and current tax expense.



Earnings per Share

In 2017, PBL's earnings per share (EPS) was BDT 1.03 compared to BDT 2.13 in previous year. Earnings per share decreased due to substantial decrease 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 2017. Trade finance and other ancillary businesses recorded considerable growth in spite of all odds and economic turmoil.

PBL made operating profit of BDT 5,373.37 million in 2017 as against BDT 5,757.38 million in last year. During the year 2016, the bank made net profit of BDT 1,058.97 million as against BDT 2,195.04 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 276 million equivalents to BDT 22,816 million as on December 31, 2017 compared to USD 227 million equivalents to BDT 17,860 million as on December 31, 2016 recording a growth of 28 percent. During the year 2017, OBUs made operating profit of USD 3.00 equivalents to BDT 241.56 million as against USD 2.74 million equivalents to BDT 214.89 million in 2016 with a positive growth of 12.41 percent.

Prime Bank Investment Limited (PBIL)

During the year 2017, the company made operating Profit of BDT 111.21 million as against loss of BDT 169.73 million in 2016. PBIL made net profit of BDT 88.95 million in 2017 whereas it was BDT 42.23 million loss in last year.

Prime Bank Securities Limited (PBSL)

During the year 2017, the company made operating loss of BDT 25.34 million as against BDT 26.31 million in 2016. PBSL made net loss of BDT 0.65 million in 2017 whereas it was BDT 28.84 million in previous year.

Prime Exchange Co. PTE Ltd., Singapore

The company made net profit of SGD 186,970 equivalents to BDT 10.85 million in 2017 compared to SGD 48,432 equivalents to BDT 2.66 million in 2016.

PBL Exchange (UK) Limited

The company made operating profit of GBP 11,983 equivalents to BDT 1.25 million in 2017 compared to operating loss of GBP 75,397 equivalents to BDT 8.01 million in 2016.

PBL Finance (Hong Kong) Limited

Total assets of the company reached to HKD 178.92 million equivalents to BDT 1,854.94 million as on 31 December 2017 compared to HKD 219.25 million equivalents to BDT 2,225.40 million as on 31 December 2016. The company made a net profit after tax of HKD 5.36 million equivalents to BDT 55.57 million in 2017 compared to HKD 5.29 million equivalents to BDT 53.60 million in 2016.

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 fulfil 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 any 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 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 2017, a total of 60 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 gets 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. 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	No. of Employees	Percentage
Less than 30 years	418	11.95%
30 to 50 years	2922	83.51%
Over 50 years	159	4.54%
Grand Total	**3499**	**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 create a diverse work force.

Employees by religion

Religion	No. of Emp.	Percentage
Islam	3218	91.97%
Hindu	267	7.63%
Buddhist	12	0.34%
Christian	2	0.06%
Total	**3499**	**100.00%**

Besides, our ration of male and female employees has been increasing over the time. Currently, approximately 21% of total employees are female. On the other hand, 21% of the Board of Directors represents females.

Gender diversity among employees

Gender	No. of Employees	Percentage
Male	2767	79.08%
Female	732	20.92%
Total	**3499**	**100.00%**

Percentage of female employee over the years

Year	% of Female Employees
2013	20.52%
2014	21.00%
2015	21.64%
2016	21.93%
2017	**20.92%**

Gender diversity among Board members

Gender	No. of Members	Percentage (%)
Male	11	78.57%
Female	03	21.43%
Total	**14**	**100%**

New recruitment by gender and age

By Gender

Gender	No. of Employees	%
Male	616	85.20%
Female	107	14.80%
Total	**723**	**100.00%**

By Age:

Age group	No. of Employees	%
Below 30 years	193	26.69%
30 to 50 years	523	72.34%
Over 50 years	7	0.97%
Grand Total	**723**	**100.00%**

Employee turnover by gender and age

By Gender

Gender	No. of Employees	%
Male	176	88%
Female	25	12%
Total	**201**	**100.00%**

By Age

Age group	No. of Employees	%
Below 30 years	22	11%
30 to 50 years	144	72%
Over 50 years	35	17%
Grand Total	**201**	**100.00%**

For the year 2017, the turnover rate is 6.22%.

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 2017, Bank's internal HR Training and Development Centre arranged training on different topics for 4732 enthusiastic participants. Besides, a total of 380 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 well being 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.

Integrity/ Ethics Committee

As per the Bangladesh Bank's Instructions Integrity/ Ethics Committee, Prime Bank Limited, Head Office, Dhaka was formed in the year of 2013 for the implementation of National Integrity Strategy which has been designed and modelled by the Government of People's Republic of

Bangladesh envisioning happy-prosperous and corruption free Bangladesh and establishing rule of law in its different organs/organizations. Thereafter, lastly on 28.12.2017, the abovementioned Committee was restructured. Currently, Mr. Habibur Rahman, Deputy Managing Director (CO–ICC & Global Business) and Mr. Ziaur Rahman, Senior Executive Vice President & Head of Human Resources Division are holding the positions as Chairman and Focal Point of the Committee respectively. Apart from Chairman and Focal Point, the Integrity/Ethics Committee, Prime Bank Limited, Head Office is comprised of 05 (five) members from different Divisions/ Departments of the Bank, i.e. Branch Network Division, Legal Division, Human Resources Training & Development Centre, Marketing Division and Compliance Department. In addition, 173 Integrity/ Ethics Committee(s) are also formed in different locations in the Bank, i.e. Regional, Cluster-wise & Branch-wise Committee(s).

Moreover, on 28/12/2017 a separate "Integrity Strategy Implementation Unit/ Cell", Prime Bank Limited, Head Office, Dhaka has also been formed comprising of 05 (five) Officials/ Executives of the Bank. This Unit/ Cell came into force with immediate effect and might furnish its obligations according to the guidelines provided by Integrity Strategy Implementation Cell of Bangladesh Bank.

As per the implementation process of integrity strategy in the Prime Bank Limited, topic on integrity/ ethics has already been included in training curriculum and Human Resources Training & Development Centre has also started its effort in this regard. It is also worth mentioning here that the Branch Network Division of the Bank in their regular monthly meeting with Head of Branches and Other Branch Executives/ Officials conducts a session titled "Improvement of Ethical Values of Officials".

Besides, as per Clause No # 6.1 of the National Integrity Strategy work plan and its implementation quarterly progress report, on 11/05/2017 "Innovation Team" is also formed envisioning to ensure customer services at mass people, to increase the standard of services and to make customer friendly access to such services. Furthermore, reference to the Clause No # 6.3 of abovementioned progress report, the Right to Information Act, 2009 and in line with Bangladesh Bank's guidance on 31/12/2017 a "Responsible Officer" and "Appellate Authority" is appointed. As per Section 24 of the Right to Information Act, 2009, The "Appellate Authority" shall dispose of the application filed by any person who is aggrieved by the decision of "Responsible Officer". The "Responsible Officer" shall discharge his duties in accordance with the provisions of Section 7–10 of the said Act.

Integrity Strategy Work Plan and Implementation quarterly report of Prime Bank Limited is submitted to Bangladesh Bank regularly. Prime Bank Limited achieved "A" Grade (January – March, 2017 & April-June 2017, Quarter) for its contribution towards implementation of Integrity Strategy.

Certificate of Compliance on
Integrity Strategy Work Plan and its Implementation of
Prime Bank Limited

January – March, 2017 Quarter:

৫০১১৯

বাংলাদেশ ব্যাংক
(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)
প্রধান কার্যালয়
মতিঝিল, ঢাকা-১০০০
বাংলাদেশ

সচিব বিভাগ
শুদ্ধাচার কৌশল বাস্তবায়ন সেল

সূত্র নং-এসডি(NIS)৬০/২০১৭-৪৯৩

১১ জুন, ২০১৭

ফোকাল পয়েন্ট
নৈতিকতা কমিটি
প্রাইম ব্যাংক লিঃ
প্রধান কার্যালয়
আদমজী কোর্ট এ্যানেক্স বিল্ডিং-২
১১৯-১২০, মতিঝিল
ঢাকা ।

বিষয় ঃ জাতীয় শুদ্ধাচার কৌশল ত্রৈমাসিক (জানু-মার্চ ২০১৭) কর্মপরিকল্পনা বাস্তবায়নে প্রাপ্ত গ্রেডিং প্রসঙ্গে।

প্রিয় মহোদয়,

গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের মন্ত্রিপরিষদ বিভাগ কর্তৃক প্রণীত জাতীয় শুদ্ধাচার কৌশল কর্ম-পরিকল্পনা ও অগ্রগতি পরিবীক্ষণ কাঠামো, ২০১৬-২০১৭-এর জানুয়ারি-মার্চ, ২০১৭ ত্রৈমাসিকের বাস্তবায়ন অগ্রগতি পর্যালোচনান্তে আপনাদের প্রতিষ্ঠান 'Grade-A' অর্জন করেছে। বর্তমান কর্মকাণ্ডের ধারা অব্যাহত রেখে গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের এই মহতী উদ্যোগ বাস্তবায়নে কার্যকর ভূমিকা পালন করার জন্য আপনাদেরকে পরামর্শ দেয়া যাচ্ছে।

জাতীয় শুদ্ধাচার কৌশল বাস্তবায়ন সংক্রান্ত সব ধরনের পত্র **মহাব্যবস্থাপক, সচিব বিভাগ, শুদ্ধাচার কৌশল বাস্তবায়ন সেল, বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, ঢাকা** বরাবরে প্রেরণ করার জন্য আপনাদেরকে অনুরোধ করা হলো।

আপনাদের বিশ্বস্ত,

(নার্গিস সুলতানা)
যুগ্মপরিচালক ও ফোকাল পয়েন্ট
জাতীয় শুদ্ধাচার কৌশল বাস্তবায়ন বিষয়ক নৈতিকতা কমিটি
বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, ঢাকা।
ফোন ঃ ০১৫৫২৩৬০৩১১

ফোন ঃ ৮৮-০২-৯৫৩০০১০-৭৫, ৯৫৩০৭০০-৫৯, ফ্যাক্স ঃ ৮৮-০২-৯৫৬৬২১২, www.bb.org.bd

Certificate of Compliance on
Integrity Strategy Work Plan and its Implementation of
Prime Bank Limited

April-June 2017 Quarter:

৫০১১৯

বাংলাদেশ ব্যাংক
(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)
প্রধান কার্যালয়
মতিঝিল, ঢাকা-১০০০
বাংলাদেশ

সচিব বিভাগ
শুদ্ধাচার কৌশল বাস্তবায়ন সেল

সূত্র নং-এসডি(NIS)৬২/২০১৮-১৫

০৪ জানুয়ারি ২০১৮

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী
প্রাইম ব্যাংক লিমিটেড
প্রধান কার্যালয়
আদমজী কোর্ট এ্যানেক্স বিল্ডিং-২
১১৯-১২০, মতিঝিল ,
ঢাকা ।

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আপনাদের বিশ্বস্ত

(নার্গিস সুলতানা)
যুগ্ম পরিচালক
ও
ফোকাল পয়েন্ট
জাতীয় শুদ্ধাচার কৌশল বাস্তবায়ন বিষয়ক নৈতিকতা কমিটি
বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, ঢাকা।
ফোন ঃ ০১৫৫২৩৬০৩১১

ফোন ঃ ৮৮-০২-৯৫৩০০১০-৭৫, ৯৫৩০৭০০-৫৯, ফ্যাক্স ঃ ৮৮-০২-৯৫৬৬২১২, www.bb.org.bd

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, collect foreign remittance, 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, free of charge Standing Instruction facility. Free Internet Banking facility ALTITUDE (enables – interbank and intra bank fund transfer; credit card bill payment; utility bill payment).

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 6%.

Fixed Deposits (1/3/4/6/7/12/13 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%-9.25% depending on the tenure of the investment.



Other Deposit: Prime Premium, Prime Excel, Prime Power

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 5.50% 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.
- **Contributory Savings Scheme:** This is a monthly based deposit scheme. The interest varies from 7% to 8.50%. The minimum monthly deposit size is BDT 500 and it multiples up to BDT. 25000.
- **Prime Millionaire Scheme:** In this scheme the matured amount becomes BDT 10 Lac. The tenure of the Prime Millionaire Scheme will be 5/7/10/12 years. Maximum interest rate for the deposit is 8.50%.



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 Payroll Account: Mudaraba Payroll Account is a Savings Account in nature specially designed for the salaried individuals' where his or her salary account is maintained with Prime Bank Limited (PBL). Mudaraba Payroll Account holder will get a 'Bundle Offer' consisting: No annual Ledger / account maintenance Fee is applicable, zero Balance Maintenance in the account i.e. no minimum balance is required, 50% waiver on annual charges of Internet Banking (ALTITUDE), SMS Banking, 100% waiver on Annual fee of Master Debit Card.

Mudaraba Special Notice Deposit (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 6%.

Other Mudaraba Deposit Accounts: Mudaraba My First Account, Mudaraba Sukonna Account, Mudaraba Nobagoto Account, Mudaraba Brighter Tomorrow Deposit Account, Mudaraba Non Resident Taka Account-(NRTA), Mudaraba Non Residence Investor's Taka Account-(NITA), Mudaraba Convertible Taka Account, Mudaraba Non Resident Taka Account -(MSND), Mudaraba Non Resident Taka Account -(MSND).

Mudaraba Term Deposit Receipt (MTDR): Fixed deposit 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%-9.25% 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 and 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 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 years with an initial amount of BDT 50,000 and it's multiple thereof but maximum amount is Tk. 5,00,000/- (Five Lac) at a time.

b) Monthly-Installment Based

- **Mudaraba House Building Deposit Scheme (MHBDS):** The terminal benefit of this scheme is BDT 10 Lac to 20 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 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 Contributory Savings Scheme (MCSS):** This is a monthly based deposit scheme. The profit rate varies from 7% to 8.50%. The minimum monthly deposit size is BDT 500 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.

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, JCB Debit Card and Proprietary Debit 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

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.

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. 1 crore 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. 50,000.00 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. 1.20 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. 10 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 6 months.

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.
- **Sahaj Rin (Collateral Free Loan):** Sahaj Rin provides you an easy to access loan facility to successfully grow your small & medium enterprise business. Any justifiable business purpose for small & medium enterprise customers. Investment amount -Tk 2 lac to Tk 6 lac. Tenure - Maximum 36 months.
- **Moushami Rin (Seasonal Loan):** Moushami Rin offers you the loan facility to grab the additional opportunities in various festivals and seasonal events (i.e. Eids, Pujas, Christmas, Bengali and English New Year etc.) by organizing special business arrangements to increase sales and profit for your SME business. To meet short term financing need of any existing small and medium enterprise customers. Investment amount -Maximum Tk 50 lac for SE customers and maximum Tk 300 lac for medium enterprise customers. Tenure- Maximum 6 months.
- **Digun Rin (Double Loan):** Prime Bank's Digun Rin helps you to avoid encashing your long held saving and provide you the required capital for your business operation. Under this SME product, if you offer any encashable security i.e. FDR, you will be entitled to receive double amount of the value of security provided. Any justifiable business purpose for small and medium enterprise customers. Investment amount - Tk 2 lac to Tk 50 lac for both small enterprise and medium enterprise customers. Tenure- Maximum 60 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 8 years including grace period.
- **Prime Shomhabona:** This loan product will allow customer towards propensity to save out of their net cash flow. Now, 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 /proprietor/partners/ directors name/third-party.

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 AND CONTROL ENVIRONMENT

- Risk Management Framework & Mitigation Methodology
- Market Discipline Disclosure on Risk Based Capital (Basel-III)

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 to comply with the global norms which forms the basis of risk management of all scheduled banks in Bangladesh. The guidelines require that 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 level, managerial level, and operational level.

The risk management process of the bank operates under following structure:

- The Board of Directors (BoD) 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 (SMT), Central Compliance Unit (CCU), 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 employees of the bank can capture or surfaceanyanticipated or potential 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 2017 Five (05) RMC meetings were held where following memos were placed before the Committee:

SI	Subject
1	Formation of Sustainable Finance Unit
2	Review of CRM Policy
3	Large Loan Restructuring
4	Review Monthly/Quarterly Risk Management Report
5	Review of Borrower Rating Status & Capital Management
6	Review of Comprehensive Risk Management Report
7	Review of Stress Testing
8	Review of Internal Capital Adequacy Assessment Process
9	Review Minutes of Sustainable Finance Committee
10	Senior Management role on AML
11	Review of Environmental and Social (E&S) Risk Management Procedure
12	Review of Risk Appetite
13	Review Liquidity & Capital Management
14	Review of Risk Management Status

Basel III implementation status

Basel III is an evolution rather than a revolution for many banks. It was developed from the existing Basel II framework, and the most significant differences for banks are the introduction of liquidity and leverage ratios, and enhanced minimum capital requirements.

Globally Basel III was introduced in 2010 as the previous version of capital standard, was felt inadequate to maintain financial stability during global financial crisis started in 2007 with the intention of gradual implementation starting from January 01, 2013 and full implementation starting from January 01, 2019. In Bangladesh, Basel III phase wise implementation started back in 2015 and will fully be implemented from January 2020. Basel III changes & implementation status of Prime Bank briefly stated below -

Capital: Banks are required to hold at least 4.5% of risk-weighted assets in the form of Core Equity Tier-1 as prescribed by Bangladesh Bank. This rule is an effort to ensure that banks maintain high quality capital. In contrast to the requirement Tier-1 capital of PBL is 10.01% at the end of Dec 2017.

Liquidity ratios: The Liquidity Coverage Ratio (LCR) mandates that banks must hold high-quality liquid assets that would cover the bank's cash outflows for a minimum of 30 days in a stress scenario whereas the Net Stable Funding Requirement (NSFR) is for banks to have enough funding to last for a whole year in an emergency. PBL had a very healthy Liquidity throughout the year though, but the bank faced difficulties in maintaining LCR within regulatory threshold during last three months of 2017 due to rapid growth of Business at the end of year which was also supplemented by national liquidity crisis where the industry deposit growth was only 10% and industry credit growth was 18.6%.

Leverage Ratio and its Impact on business: The new quality capital requirement policy and leverage ratio calculation will affect all businesses proportionally and the impact would be more pressing on marginally profitable businesses, but all businesses would suffer unless the cost rise could be passed on to customers as Banks need to ensure LCR and NSFR to comply with Basel III regulations. Moreover introduction of Leverage ratio means Banks will have to have sufficient Tier-1 capital for its business expansion. In comparison to LCR, NSFR, quality capital and Leverage Ratio, PBL is in good position as the Bank is maintaining 10% of CET-1 capital against total RWA.

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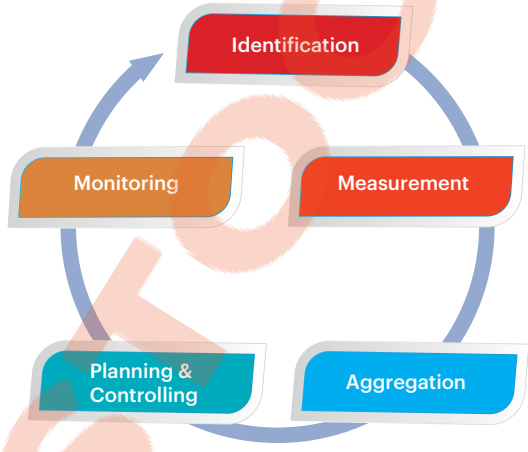
Risk Management Process

Risk management is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. 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 adequate capital requirement.



Identification: The first stage of risk management is to identify bank's risk area in order to measure and manage i.e either mitigate or risk transfer. Typically PBL distinguishes Credit risk, Market risk, Liquidity risk, Operational risk, and Information & Communication Technology (ICT) risk. Beside 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.

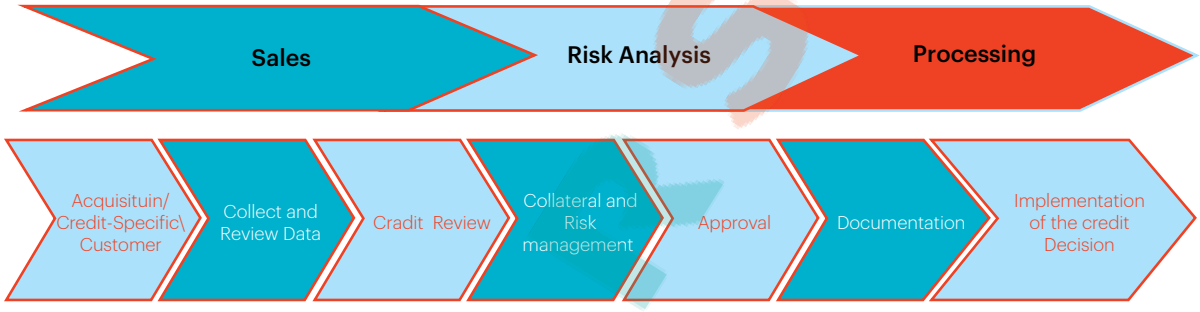
The bank has established overall credit limit at every level for groups of legally connected borrowers including individual borrowers and counterparties that aggregate in comparable and meaningful manner for different types of exposures, both in the banking & trading book and on & off balance sheet.

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. 02 dated January 16, 2014 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 on post facto basis.

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 large 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 & Social Risk Management

Environmental & Social 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 & Social Risk Management is the process of identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable environmental & Social 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 & Social 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 & Social Risk Management with Credit Risk Management in all aspects.

As instructed by the Bangladesh Bank, PBL has Environmental & Social Risk Management policy statement and Environmental & Social Risk Management Procedure Manual. The loan categories for which PBL uses Environmental & Social Risk Management Manual (ESRM) are agriculture, retail, trade, microfinance, SME, corporate finance and project finance and it is applicable for all loan proposals (New/Renewal/Enhancement/ Rescheduling/ Restructuring).

- If the Environmental & Social Risk Rating (ESRR) is low, then the transactions are approved as per the Delegation of Business Power (DBP) holder.
- If the Environmental & Social Risk Rating (ESRR) is medium, then the transactions are escalated to one (1) level up from the authority that approves low risk transactions conforming to DBP but up to the Managing Director.
- If the Environmental & Social Risk Rating (ESRR) is high, then the transactions are escalated to the Board/ Executive Committee (as applicable) after review by the MD, for approval.

Wherever the ESRR is "High", the credit risk management function is to ensure **drafting an E&S Action Plan** (ESAP) and include **additional covenants/conditions** to be used to mitigate the identified problems.

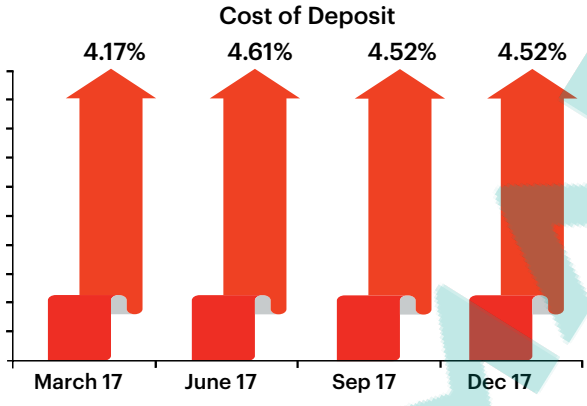
Liquidity Risk Management

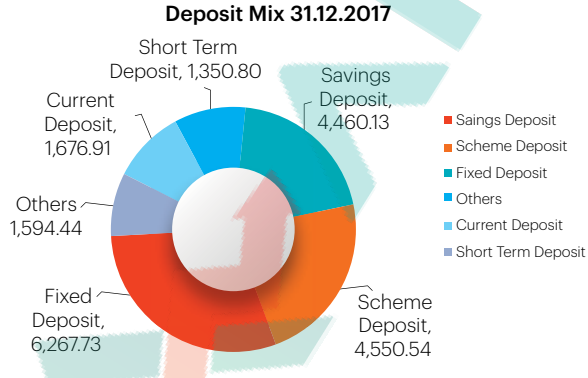
Liquidity risk is the failure to meet obligations leading to an inability to support normal business activity and to meet liquidity regulatory requirements. Liquidity risk can arise due to market liquidity or funding liquidity. Market liquidity risk is the risk of the inability to sell assets due to 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 BDT. 257,567 million, contractual maturity of liability within 1 year is BDT. 163,127 million. In the liquidity statement it is apparent that there is positive gap to 1-5 years bucket, moderate positive gap in above 5 bucket which conforms that pressure from liquidity is nominal. In reality, approximately 85-90 percent of fixed term deposits are renewed on maturity. As such, the negative gap actually converts into positive gap



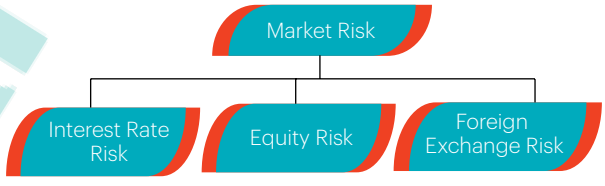


Market Risk Management

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 ALCO.

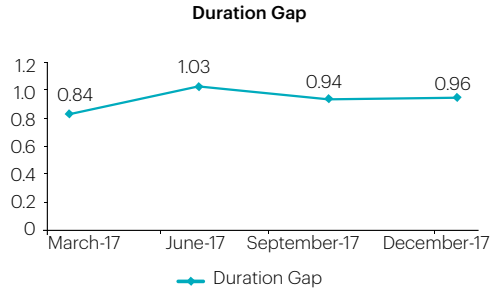
PBL uses various tools like structural liquidity profile, stress testing etc for measuring liquidity risk. PBL maintains diversified sources to facilitate the bank to meet funding requirements.



Interest Rate Risk

Interest rate risk is the risk of losing revenue 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.



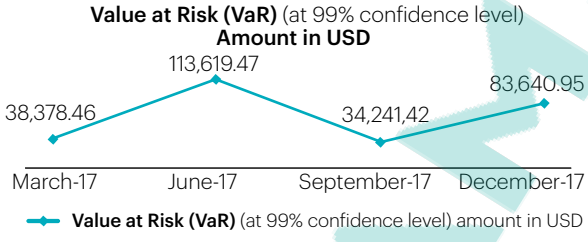
Maturity grouping of rate sensitive assets and liabilities of the Bank (see table on Interest Rate Risk Analysis) shows moderate negative gap in the first three quarters and positive gap in the last quarters. If interest rate increases by 1 percent, the Bank will enjoy a positive earnings of BDT. 25.26 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 9.48% 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.

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 6,191.43 million on overnight basis as fixed by Bangladesh Bank. The actual Net Open Position (NOP) of the Bank as on December 31, 2017 was Tk. 2,299.49 million which is equivalent to USD 27.94 million. The overall exposure did not exceed the stipulated limit at any point of time.



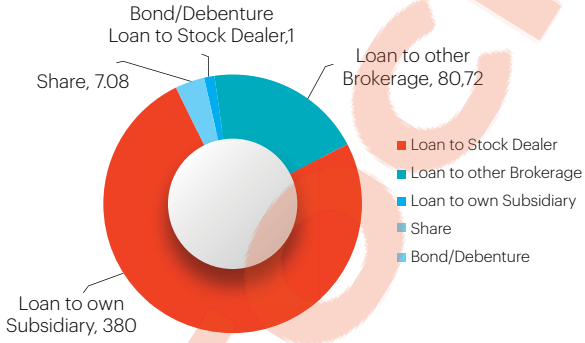
Furthermore Foreign Exchange Risk is also measured and monitored through Value at Risk (VaR) under variance – covariance method. The Value-at-Risk is the maximum loss that the Bank is likely to face within a given time period with (usually) a 95% (high) & 99% (extreme high) probability.

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 2017, Capital to Risk weighted Asset Ratio (CRAR) was greater than 10% under all equity shock levels.

Capital Market Exposure as on 31.12.2017



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;
- Regular review of system and network by Concerned Divisions and related committees
- 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 byInternal 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 2016, 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 which was letter amended on 2015 and Anti-Terrorism Act-2009 with amendment of 2012 and 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, Senior Mangement Team (SMT) 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 Department directly reports to Chief Risk Officer.

Information Security Department 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 2016-17.

To fulfill the vision, Information Security Division (ISD) 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 2017 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.

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 month, 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 Base I III Accord,

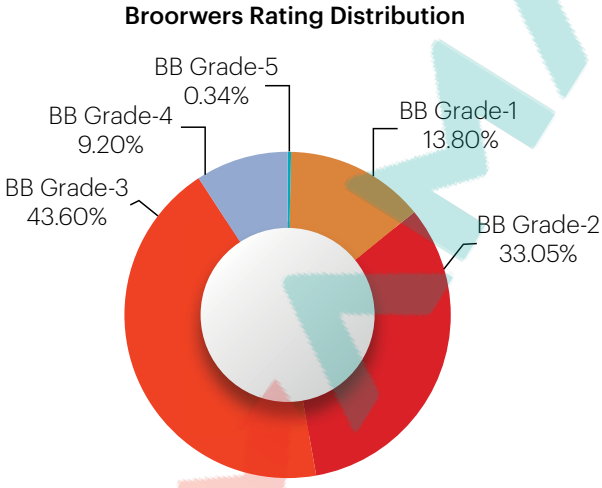
The management of PBL decided to conduct Credit Rating for Corporate Borrowers through External Credit Rating Assessment Institutions (ECAIs).

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, 469 (62.62%) borrowers out of total 749 eligible Corporate & Commercial borrowers of PBL was completed and for SME this number was 118. The rating distribution of the 587 Corporate & SME borrowers of PBL as on 31 Dec 2017 was as follows:

Bangladesh Bank Rating Grade	No. of Rated Borrowers of PBL		Percentage of Total Rated Borrowers	
	Corporate	SME	Total	Percentage
BB Grade 1	81	0	81	13.80%
BB Grade 2	188	6	194	33.05%
BB Grade 3	173	83	256	43.61%
BB Grade 4	26	28	54	9.20%
BB Grade 5	1	1	2	0.34%
Total	469	118	587	100.00%

** Risk weight for unrated exposure is 125 percent.



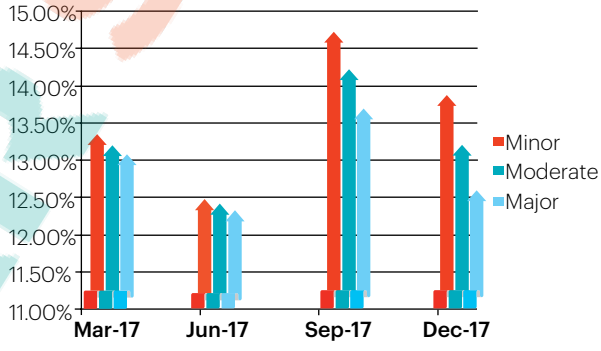
Stress Testing

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.

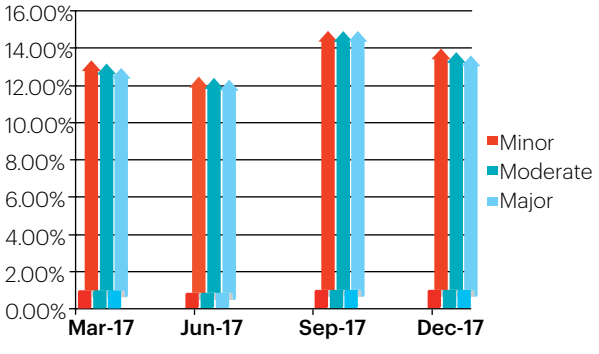
Performing loan directly downgraded to B/L- Sectoral Concentration Industry 1 (RMG & Other Manufacturing)

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 13.84 percent, 13.20 percent and 12.56 percent in minor, moderate and major levels of shock respectively when considering individual shock.



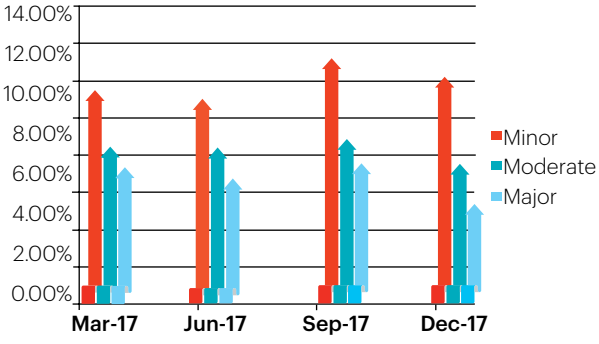
Performing loan directly downgraded to B/L-Sectoral Concentration (Textile& Construction)

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 14.06 percent, 13.84 percent and 13.63 percent in minor, moderate and major levels of shock respectively when considering individual shock.



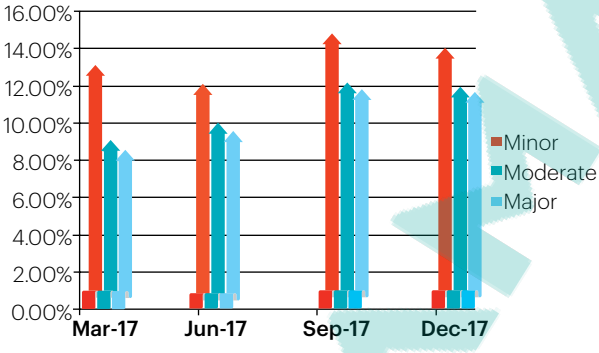
Increase in NPLs due to default of top large loan borrowers

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 10.55 percent, 6.47 percent and 4.50 percent in minor, moderate and major levels of shock respectively when considering individual shock. PBL is trying to secure more collateral coverage to avert any negative impact on capital due to default of top large loan borrowers. Moreover, the bank is continuously monitoring the performance of large loan borrowers.



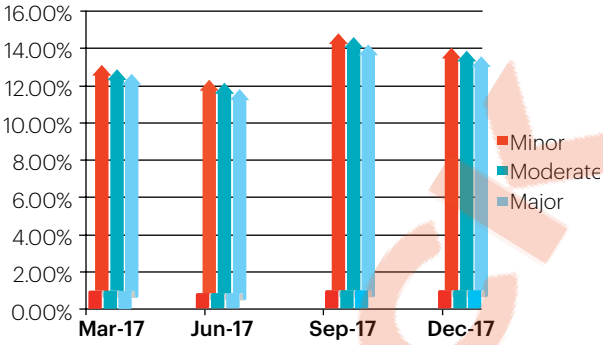
Negative shift in NPLs categories

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 13.97 percent, 11.87 percent and 11.57 percentin minor, moderate and major levels of shock respectively when considering individual shock.



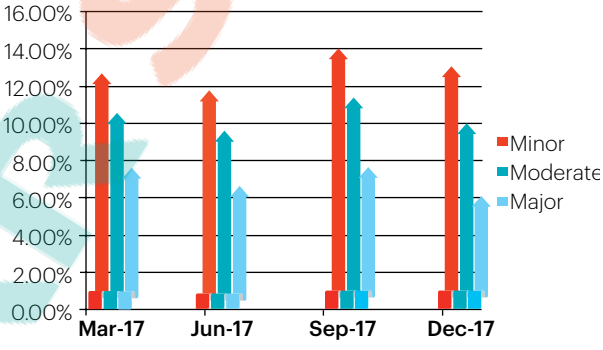
Decrease in the Forced Sale Value (FSV) of the collateral

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 14.02 percent, 13.89 percent and 13.61 percent in minor, moderate and major levels of shock respectively when considering individual shock.



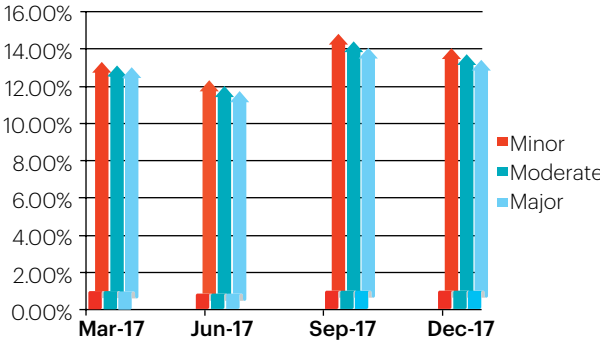
Increase in NPLs

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 12.86 percent, 9.91 percent and 6.01 percent in minor, moderate and major levels of shock respectively when considering individual shock.



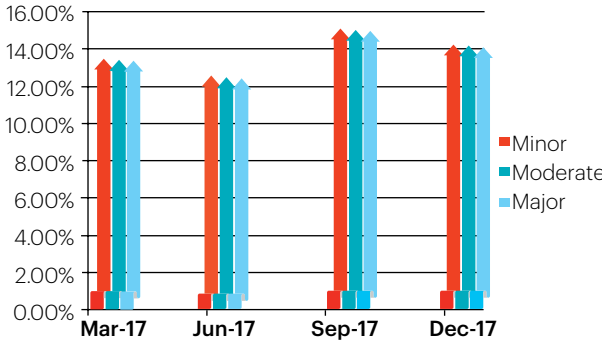
Interest rate shock

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 13.92 percent, 13.67 percent and 13.43 percent in minor, moderate and major levels of shock respectively when considering individual shock.



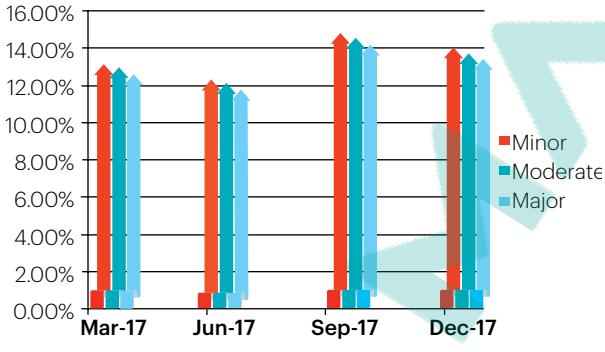
Foreign exchange shock

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 14.12 percent, 14.07 percent and 14.02 percent in minor, moderate and major levels of shock respectively when considering individual shock

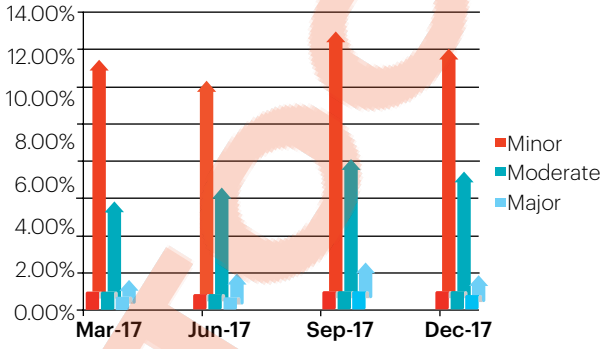


Equity shock

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 13.98 percent, 13.80 percent and 13.44 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 12.07 percent, 6.41 percent and 1.28 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 loanl ending;
- 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 146 (One Hundred and Forty Six) 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 146 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, 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

Quantitative 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. 60% for 2017.

		The amount of Tier-1 capital with separate disclosure of	Solo	Consolidated
			Taka in Crore	
Quantitative disclosure	b)	**Common Equity Tier 1 (CET 1) Capital:**		
		I. Fully Paid up capital	1,029.35	1,029.35
		II. Non repayable share premium account	224.12	224.12
		III. Statutory reserve	956.59	956.59
		IV. General reserve	-	2.80
		V. Retained earnings	107.93	111.70
		VI. Minority interest in subsidiaries	-	-
		VII. Dividend equalization account	-	-
		Sub-Total	2,317.99	2,324.56
		Additional Tier 1 Capital	-	-
		Total Tier 1 Capital	2,317.99	2,324.56
		Tier 2 Capital	978.67	979.69
		Total amount of Tier 1 and Tier 2 capital	3,296.66	3,304.25
	c)	Regulatory Adjustments/Deductions from capital	(71.57)	(72.54)
	d)	Total eligible capital	3,225.09	3,231.71

3. Capital Adequacy

Quantitative 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 14.01% & 13.74% 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	20,264.40	20,479.41
	c)	Capital requirement for Market Risk	257.35	481.93
	d)	Capital requirement for Operational Risk	2,499.40	2,550.60
		Total Risk Weighted Assets (RWA)	23,021.14	23,511.94
		Total Regulatory Capital (Tier 1 & Tier 2)	3,225.09	3,231.71
	e)	Capital To Risk Weighted Asset Ratio (CRAR)	14.01%	13.74%
		Common Equity Tier 1 (CET 1) Capital to RWA Ratio	10.01%	9.83%
		Tier 1 Capital to RWA Ratio	10.01%	9.83%
		Tier 2 Capital to RWA Ratio	4.00%	3.92%
		Minimum Capital Requirement (MCR)	2,302.11	2,351.19
	f)	Capital Conservation Buffer (2.50% * RWA)	575.53	587.80

- 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 Short-term Agricultural & Micro-credits.	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	3,168.93
Cash Credit/Mudaraba	2,749.16
Loan (General)	4,330.78
House Building Loan	237.78
Loan Against Trust Receipts (LTR)	754.92
Payment Against Documents (PAD)	0.55
Retail Loan	1,650.26
Lease Finance/Izara	457.42
Credit Card	94.39
Hire Purchase	825.86
Other Loans & Advances	4089.31
Bill purchased/discounted-Inland	1,030.53
Bill purchased/discounted-Foreign	442.38
Total	19,832.27

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	14,953.83
Chittagong Zone	2,992.59
Khulna Zone	547.15
Rajshahi Zone	477.94
Barishal Zone	14.68
Sylhet Zone	171.92
Rangpur Zone	184.65
Sub-Total: Urban	**19,342.75**
Rural: Dhaka Zone	215.63
Chittagong Zone	112.72
Khulna Zone	7.82
Rajshahi Zone	102.50
Rangpur Zone	15.36
Sylhet Zone	35.50
Sub-Total: Rural	**489.52**
Grand Total (Urban+Rural)	**19,832.27**

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	1,762.74
Export Financing	1,012.99
House Building Loan	237.78
Retail Loan	1,650.26
Small & Medium Enterprises (SME)	2,223.16
Special Program Loan	-
Staff Loan	0.77
Loans, Advances & Lease/Investments to Managing Director / CEO and other senior executives	163.64
Industrial Loans/Investments (Details are given below)	10,985.71
Other Loans & Advances	1,795.22
Total	**19,832.27**

Industrial Loans/Investments

Particulars	Taka in Crore
Agriculture	628.35
Textile Industries	601.14
Food and allied industries	1,028.98
Pharmaceutical Industries	388.55
Leather , Chemical, Cosmetics, etc.	108.36
Tobacco Industries	84.76
Cement and Ceramic Industries	394.15
Service Industries	2,564.17
Transport & Communication Industries	511.64
Other Industries including bills purchased and discounted	4,675.63
Total	**10,985.71**

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	2,314.43
Over 1 month but not more than 3 months	3,129.53
Over 3 months but not more than 1 year	8,398.97
Over 1 year but not more than 5 years	4,561.42
Over 5 years	1,427.92
Total	**19,832.27**

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	18,445.36
Special Mention Account	376.29
Sub-standard	126.36
Doubtful	44.14
Boss/Loss	840.12
Total	**19,832.27**

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	342.87
Provision on unclassified loans/investments	476.09
Provision on Off-balance sheet exposures	167.81
Provision for Off-shore Banking Units	71.63
Provision for interest receivable on loans & advances/ investments	0.95
Provision for other assets	20.24
Provision for diminution in value of investments.	1.85

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	173.10
Provision on unclassified loans/investments	140.10
Provision on Off-balance sheet exposures	29.24
Provision for Off-shore Banking Units	12.35
Provision for interest receivable on loans & advances/ investments	-
Provision for other assets	8.23
Provision for diminution in value of investments	(5.88)
Provision for impairment loss for investment in subsidiaries	(1.50)
Total	**355.64**

	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	1,013.94
			Addition/adjustment during the year	65.96
			Closing balance	1,079.90
		Movement of specific provisions for NPAs.	**Particulars**	**Taka in Crore**
			Opening balance	340.03
			Provisions made during the period	207.60
			Transferred from unclassified loan & advances including OBU	-
			Write-off	(211.25)
			Recoveries of amounts previously written off	40.99
			Closing Balance	377.37

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**	
Quantitative disclosure		**Particulars**	**Taka in Crore**			
			At cost	**At market value**	**At cost**	**At market value**
	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.	8.42	7.08	149.32	119.38
	c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	-		-	
		• Total unrealized gains (losses)	(1.34)		(29.94)	
	d)	• 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	0.71		11.94	
		• General Market Risk	0.71		11.94	

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 1.508 crore in the first quarter which has become positive in the second quarter. In the third quarter, the total year-to-date accumulated earnings impact has also been positive (Taka 1.007 crore). Hence, accumulated earning for the year 2017 owing to a 1% increase in interest rate is a gain of Taka 2.526 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	7,228.52	5,309.82	1,291.89	1,561.33
Rate Sensitive Liabilities	7,657.64	4,449.90	1,315.86	1,352.30
GAP	(429.12)	859.92	-23.96	209.03
Cumulative GAP	(429.12)	430.80	406.84	615.87
Adjusted Interest Rate Changes (IRC)	1.00%	1.00%	1.00%	1.00%
Quarterly earnings impact (Cum. GAP * IRC)	(1.508)	1.062	1.003	1.519
Accumulated earning impact to date	(1.508)	0.004	1.007	2.526
Earning impact/Avg. quarterly net profit	(3.97%)	0.02%	3.78%	9.48%

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.: • Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk; • Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk; • Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk; • 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: • Security of Investment • Fundamentals of securities • Liquidity of securities • Reliability of securities • Capital appreciation • Risk factors and • Implication of taxes etc.

Quantitative disclosure	b)	**The capital requirements for:**	**Solo**	**Consolidated**
			Taka in Crore	
		• Interest rate risk	-	-
		• Equity position risk	1.42	23.88
		• Foreign exchange risk and	24.32	24.32
		• Commodity risk	-	-
		Total Capital Requirement	25.73	48.20

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 fulfil 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: • Ensurig 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. 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: • It facilitates/encourages internal /lateral movement (Through Job Rotation) • It rewards performers than the non performers (Through Pay for Performance) • 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 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. our ant success depends in part on maintaining a plurality of perspectives.

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	418	11.95%
30 to 50 years	2,922	83.51%
Over 50 years	159	4.54%
Grand Total	3,499	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 create a diverse work force

Employees by religion:

Religion	No. of Emp.	Percentage
Islam	3,218	91.97%
Hindu	267	7.63%
Buddhist	12	0.34%
Christian	2	0.06%
Total	3,499	100.00%

Besides, our ration of male and female employees has been increasing over the time. Currently, approximately 21% of total employees are female. On the other hand, almost 22% of the Board of Directors represents females.

Gender diversity among employees:

Gender	No. of Employees	Percentage
Male	2,767	79.08%
Female	732	20.92%
Total	3,499	100.00%

Percentage of female employee over the years:

Year	% of Female Employees
2013	20.52%
2014	21.00%
2015	21.64%
2016	21.93%
2017	20.92%

Gender diversity among Board members:

Gender	No. of Members	Percentage (%)
Male	11	78.57%
Female	03	21.43%
Total	**14**	**100%**

New recruitment by gender and age:

By Gender:

Gender	No. of Employees	%
Male	616	85.20%
Female	107	14.80%
Total	**723**	**100.00%**

By Age

Age group	Grand Total	%
Below 30 years	193	26.69
30 to 50 years	523	72.34
Over 50 years	7	0.97
Grand Total	**723**	**100.00%**

Employee turnover by gender and age:

By Gender:

Gender	No. of Employees	%
Male	176	88%
Female	25	12%
Total	**201**	**100.00%**

By Age:

Age group	Grand Total	%
Below 30 years	22	11%
30 to 50 years	144	72%
Over 50 years	35	17%
Grand Total	201	100.00%

For the year 2017, the turnover rate is 6.22%.

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:

Particulars	Amount in BDT Million	
	2017	2016
Salary cost per employee	1.10	1.23
Operating cost per employee	1.95	2.10
Operating income per employee	3.49	4.11
Profit before provision per employee	1.54	2.01
Profit before tax per employee	0.52	0.94
Salary cost as percentage of operating cost	56.12	58.41
Salary cost as percentage of operating income	31.42	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 Some major economic-financial indicators performed well below par in the outgoing calendar year i.e. 2017, casting their adverse impacts on Bangladesh's economic health. The underperformances are: a negative overall balance of payments (BoP), negative growth in reserve money as a result of low net foreign asset and net domestic asset with the central bank, and inadequate broad-money growth as a result of poor demand deposits. The net sales of national savings certificates continued to rise over expectation, leading to low growth in the banking sector and leaving huge liabilities for the government. And imports expanded substantially, driven mainly by import of food and machinery mostly meant for Padma Bridge and capital machinery, affecting the balance of trade. Performance of Prime Bank greatly depends on the general economic conditions of the country. For Bangladesh 2017 has been a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy is weakening due to a number of developments toward the second half of the year. One of the major achievements of the economy has been a 7.28 percent economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector. Though average inflation has been around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of flood. Investment is a major impetus to Bangladesh's growth. Despite the relative calm in the political scenario, private investment has not picked up. Target was set to increase investment to 32.7 percent of GDP in FY 2016-17, keeping in mind the need for a growing economy The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. • Good Governance Despite a bounce back in a sluggish growth and the rise in import volumes in recent months, the financial sector faced a number of serious challenges, which could threaten progress in the year 2018. A severe governance crisis caused the industry to face a record increase in non-performing loans (NPL), financial scams and liquidity shortages. Bad loans and recapitalization in the banking sector, have always been a cause for concern in Bangladesh. The lack of good governance is another reason for the deterioration of the banking sector's health. Government's move to award licenses to new banks at a time when the sector is struggling may cause further imbalance in the economy. There was a saying that the existing 56 banks cannot cover all the people across the country; the new banks will bring all people under the banking umbrella. Economic experts opined that this is totally wrong because the new banks can never give service in the villages due to high costs, rather the existing banks could have extended their branch network to achieve the same goal. The proposed law allowing more members of the same family to be directors of the privately owned banks and extension of their tenure are apprehended to further deteriorate the governance in private banks.

			Despite the central bank's attempt to improve performance of the banking sector, improvements are not visible yet. The independence of the central has been gradually diminishing due to political influence. If reform measures are not taken, the crisis of the banking sector will have serious implications for the economy. • Foreign remittance In FY 2016-17 remittance earning growth experienced a negative growth of 15.9 percent despite increase of manpower export. One important reason for low remittances despite high growth of manpower exports is the flow of remittances through informal channels. Strong Bangladeshi Taka against the US Dollar also played a role for low export and remittances growth to some extent. Though remittances have started to pick up in recent months it is not significant since it was negative during the last fiscal year. Remittance inflow, however, accelerated in the last few months of the year as the local currency depreciated significantly against the greenback but still failed to offset the decline in the most months to lift the full-year earnings above the 2016's. • Inflation Inflation came down to 5.83 percent in December 2017, from 5.91 percent a month ago, riding on a decline in non-food prices, according to Bangladesh Bureau of Statistics. In December 2017, food inflation increased slightly but as non-food inflation decreased, the overall inflation fell. Food inflation declined for three months in a row but in December it increased as rice prices went up. Prices of many other essential commodities, including onion, also marked a rise stoking the inflation rate to set overall higher index. The government has set the inflation target at 5.5 percent for fiscal 2017-18. • Changes in credit quality of borrowers Nonperforming loans in the banking sector are on the rise this year on the back of increasing tendency of habitual defaulters to file writ petitions, which stall the loan recovery process. At the end of last year, the sector's NPL ratio stood at 9.23 percent, which crept up to 10.53 percent at the end of March. The ratio dipped to 10.13 percent over the following three months, only for it to shoot up to 10.67 percent at the end of September. Some willful defaulters continue to file writ petitions with the High Court to show their loans as unclassified. The habitual defaulters take fresh loans from banks soon after filing the writs as these give them a clean slate. The Credit Information Bureau reports they present then are flawless. "But they do not pay back the loans". Banks are yet to take the requisite tough administrative and legal actions against those habitual defaulters. 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 In 2017, the banking sector exposed further weaknesses through major indicators such as rise of nonperforming loans, lower capital adequacy and the overall lack of governance in the sector.

Though the period of BASEL III implementation is approaching in 2019, most banks are not prepared. The government has been recapitalizing the state-owned banks for their loss every year without any fruition. This has been an unfortunate example of using public money towards compensating for the greed of bank defaulters.

- Volatility in equity market

The banking sector topped the annual turnover chart on the premier bourse in 2017 replacing engineering, power and textile sectors riding on increased participation by general investors and sponsor-directors as well. In the just-concluded year 2017, the Banks listed with Dhaka Stock Exchange (DSE) featured a total turnover of above Tk 492 billion and captured 22.68 per cent of the annual market turnover. The engineering, fuel & power and textile sectors topped annual turnover chart during 2013-2016 period. After four years, the banking sector again topped the annual turnover chart in 2017 following the rally of listed banks mainly observed since June, 2017. Lower interest rate and Banks' better dividend yield inspired investors to take position in the shares of banks.

- Liquidity Crisis:

Senior bankers and experts suggest Bangladesh's banks be cautious in liquidity management from the start of 2018 as a majority of them have been facing a shortage of available liquid funds at the extreme end of this year. An increasing trend in private sector credit growth, large import payments and declining depositors' confidence on the banking sector may erode banks' liquidity base. The banks may also face a shortage of foreign currency funds because of the need to make a huge amount of import payments. The latest volatile situation in the banking sector might also put an adverse impact on depositors' confidence which will add extra pressure on banks' efforts to collect the fund from common people. The rate of interest on deposit has increased sharply which indicated that the banks are now facing a shortage of available funds. Higher interest rate on savings tools continues to encourage the common people to keep their money on the instruments avoiding the bank. Such phenomenon has emerged as a challenge for the banks. The businesspeople may take a "go-slow" policy to expand their business next year considering that it is the pre-election year, which will hit the banks' profitability.

- Digital security

Cyber heist in baking sector in different countries in recent time has jolted the board and bank management out of the stupor. SWIFT, the global messaging system used to move trillions of dollars each day, warned banks that the threat of digital heists is on the rise as hackers use increasingly sophisticated tools and techniques to launch new attacks. To prevent cyber heist Banks need to become very much alert and to make investments in strengthening their own IT infrastructure along with security measures.

			• 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 can broadly be defined as the risk of direct or indirect losses or damaged reputation due to failure attributable to technology, employees, processes, procedures or physical arrangements, including external events and legal risks. In other words, operational risk can be defined as any risk which is not credit risk, market risk, liquidity risk, strategic risk nor compliance risk. The Bank's operational risk management focuses on proactive measures in order to ensure the accuracy of information used internally and reported externally, a competent and well-informed staff, and its adherence to established rules and procedures as well as on security arrangements to protect the physical and ICT infrastructure of the Bank. The Operational Risk Management Function is responsible for monitoring, coordinating measures, reporting on operational risks and developing the framework models and methodologies as required. The Bank identifies and assesses the operational risk inherent in all its material products, activities, processes and systems. Furthermore the Bank ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is subject to adequate assessment procedures. The Bank mitigates operational risks by defining, documenting and updating the relevant business processes. Furthermore, the Bank mitigates operational risk by following strict rules for the assignment of duties and responsibilities among and within the functions and a system of internal control and supervision. The main principle for organizing work flows is to segregate the business-generating functions from the recording and monitoring functions. An important factor in operational risk mitigation is also the continuous development and upgrading of strategic information and communication systems. 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; • 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; • Ensure compliance with the core risks management guidelines at the department level, and at the desk level; • RMD will work under Bank's organizational structure and suggest to the management to take appropriate measures to overcome any existing and potential financial crisis; • Initiation to measure different market conditions, vulnerability in investing in different sectors; • RMD 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 recently 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.
		v) Approach for calculating capital charge for operational risk.	**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, 2017 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.

		Particulars	Solo Basis	Consolidated
Quantitative disclosure	b)		Taka in Crore	
		The capital requirement for operational risk	2,49.94	255.06

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) : 109.58% • Net Stable Funding Ratio (NSFR): 120.08% • Stock of High quality liquid assets: BDT 4,173.56 crore • Total net cash outflows over the next 30 calendar days: BDT 3,808.86 crore • Available amount of stable funding: BDT 21,880.80 crore • Required amount of stable funding: BDT 18,221.77 crore (The above ratios and balance are stated as per position of December 31, 2017)

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: • constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy • 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)

		Solo	Consolidated
Sl.	Particulars	In crore Taka	
A.	Tier-1 Capital	2,304.77	2,310.98
B.	On balance sheet exposure	26,082.23	27,812.50
C.	Off-balance sheet exposure	8,797.28	8,797.28
D.	Total deduction from on and off-balance sheet exposure	13.22	13.58
E.	Total exposure (B+C-D)	34,866.29	36,596.21
F.	Leverage Ratio (A/E)*100	6.61%	6.31%

11. REMUNERATION:

11.1 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 all 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.
		Information relating to the design and structure of remuneration processes. Disclosures should include: An overview of the key features and objectives of remuneration policy.	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
	(b)	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.	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: • Financial Risks; • Operational Risks; and • 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: • 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. • 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 2017. 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 221,353,676 • Number of total festival bonus: 03 • Total amount of festival bonus: BDT 318,489,621 • Number of severance payments: 194 • Total amount of severance payments: BDT 493,971,346 (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 2017
	(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 2,666,835,485 & Part–II: BDT 392,483,010
	(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 2017 due to ex post explicit adjustments. There were no reductions during the financial year 2017 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

SUSTAINABILITY **REPORT**

Sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. Prime Bank is strategically moving towards a sustainable future and playing a role of private sector partner of the Bangladesh Government who has already adopted 'whole of society' approach to ensure attainment of 'Sustainable Development Goals (SDGs)'. Innovation and Sustainability – which are closely related – are key pillars of Prime Bank's strategy. The Bank started its journey in the year 1995 with the firm commitment of excellence in customer service with a difference and with a mission to be an efficient, market driven, customer focused institution with good corporate governance structure through designing and adopting policies to embed sustainability into its operations, undertaking awareness and capacity building activities, supporting & financing environment friendly business initiatives, covering social dimension of sustainability concerns and ensuring transparency in financial as well as sustainability reporting.

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.

Prime Bank Limited believes in eco-friendly socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. In order to protect the environment, Bank is spreading its wings by introducing both in-house & external green activities towards supporting Green Economy. Energy efficient in-house Management works through reduction of energy & resource consumption such as reduction of paper-use, maximum use of day light and environment friendly business activities by financing renewable energy. Bank's Green banking activities are day-by-day flourishing towards creating a "Greener" future for the welfare of the society. For a sustainable economy Prime Bank Limited plays crucial role in financing environment friendly projects led by green banking which believes in social responsibility.

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.

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.

Prime Bank has an independent 'Sustainable Finance Unit' which is being headed by the Head of Credit Risk Management (CRM) Division. Five fulltime officials have been deployed in this unit to plan, execute and monitor Bank's sustainable banking and sustainable financing activities. The main activities of this Unit includes formulation, amendment & up-gradation of policies related to green banking, Corporate Social Responsibility, environmental and social risk management, green office guide, green strategic plan etc. They monitor all the process and procedures related to carbon footprint measurement, green marketing, and management of climate risk fund. They will also ensure implementation of directives related to sustainable development goals (SDGs) provided by the Bangladesh Government and Bangladesh Bank from time to time. They assist concerned business division and international division of the Bank in signing participation agreement and applying all on-lending / on-blending (re-finance/pre-finance/re-imbursement) scheme/fund/facility/project under 'Sustainable Finance Department' of Bangladesh Bank. They liaise in designing financial instruments and products under green finance and sustainable finance with concerned business division and Bangladesh Bank and seek approval from Bangladesh Bank in this regard. We have a 'Sustainable Finance Committee' to set annual objective of Sustainable Finance Unit and to evaluate its performance. This committee ensures appropriate coordination and support among all the relevant divisions of the Bank to accomplish the activities of Sustainable Finance Unit. All these activities of the Bank are reported separately by another committee named 'Sustainability Reporting Committee' following GRI guidelines and receive GRI 'Materiality Disclosure Certification' every year which ensure transparency of our sustainable initiatives to a larger extent to the internal and external stakeholders.

SOCIAL RESPONSIBILITY **INITIATIVES (CSR)**

The modern concept of Corporate Social Responsibility (CSR) is evolving gradually despite several obstacles. Driving forces behind this evolution is pressure from various stakeholders (Importers, Environmentalists, etc.) while slow progress is attributed to lack of Good Governance, consumer forums and above all lack of understanding by business houses that CSR is not charity but is rather an instrumental investment to achieve sustainable growth. Corporate Social Responsibility (CSR) is gaining fast global acceptance as a standard to assume environmentally sustainable and socially equitable business practices. The role of business world-wide and specifically in the developed economies has evolved from classical 'profit maximizing' approach to a 'social responsibly' approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. With increased globalization, local businesses are being integrated with the global economy than ever hence pressure is mounting on local businesses to converge on international standards of socially responsible business. As a member of the global economy, Bangladesh is also aware of the need to take positive initiative to establish an image of environmentally and socially responsible businesses. CSR as a concept is being gradually interwoven into the psyche of local business, however, the process is slow and only in its infancy.

The banking sector of Bangladesh has been actively participating in various social activities. However, these efforts were hardly recognized and labeled as CSR activities since most of the banks have not integrated CSR in their routine operation; rather these were in the form of occasional charity or promotional activities. Bangladesh Bank (BB) has taken initiatives in respect of formalizing CSR in the banking sector of Bangladesh and issued a directive to the banks and, financial institutions on June 01, 2008 in this regard. It defined the strategic objective for CSR engagement, provided some priority areas with a suggestion to foster CSR in their client businesses, and suggested a first time CSR program indicating some likely action plans. 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.

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."

AMARSTOCK



TOGETHER WE SAIL TO SUCCESS

Corporate Social Responsibility

PRIME BANK **FOUNDATION**



Progressively more, people expect businesses to do more than just to make profit. Corporate that incorporate social impact into their profit-making strategies are more likely to not only increase their profitability but enhance their sustainability in competitive business milieus. It is no longer sufficient for a corporate to hand out cash and expect markets to respond to them. That is why, perhaps, Corporate Social Responsibility (CSR) has never been more prominent on the corporate agenda than it is today. Both nationally and globally, the corporate now endeavour to show just cause that they really do care about making their country, by enlarge the world a better place. For the Prime Bank Foundation (PBF), this is the time of year when we take a close look with a yardstick to evaluate our success on CSR over the past year and identify areas where we can improve.

To us, for every single year of each strategic time slot, chasing "Success" is like shooting at a series of moving targets. Every time we hit one, a few more pop up from another direction. Just when we have achieved one goal, we feel pressure to work harder to earn more, exert more effort, and have more. The principles and examples of making "Success" may continually shift, while a fast-paced world of social problems and technological changes persistently pose new obstacles to overcome.

In the face of such unsteadiness, some organisations or people assume success requires a winner-takes-all approach. They believe that success depends on putting all their energy into achieving one business goal, be it a single-minded focus on the organisational priority area or a commitment to being one of the best contributors in society. But no matter how noble, one goal cannot satisfy all of a society's complex needs and desires. Contrary to that, we believe that success does not have to be seen as a one-dimensional tug-of-war between achievement and contentment. If we develop in the right way, the ideals of our organisation itself and society can become powerful—and manageable-factors of success. We also believe that if our organisation can have high achievements then it will realise lasting success and as such, will make a positive difference on the field of our focus and we will enjoy the processes made for the achievements. And we have learned that some of the most successful organisations have gotten where they are precisely because they have a greater understanding of what success is really about and the adaptability to make good on their areas of focus.

PBF in the reporting year continued to deepen its commitment to economic and social sustainability. 2017 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.

There are several reasons that sustainability and social responsibility are priorities at PBF. 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 impact on other lives as our CSR is designed to make social impact. We are hopeful that these efforts are resulting in an enhanced quality of life for the people we are targeting at.

Conventionally one might say that a successful workplace is one that is humming along with robust delivery services, effective meetings, with an ongoing overabundance of presentations or reporting, clientele turnouts, and of course, growing revenue. All of that sounds dandy, but the core ingredient behind any or maybe most of the successes is teamwork. Without teams, an organisation will be hard-pressed to achieve its desired successes or great results. Actually, like any organic system, an organisation is only as strong as its combined parts. In human organisations, like companies, sports teams and even families, the integral parts are made up of team members working together as one. For such entities to become and remain successful, each individual ought to work toward the common good of the organisation, and the organisations have to value individuals. Eventually strong team work automatically leads to successful achievements and positive outcomes.

We believe that a team is indeed ripe to provide emotional support, as it involves many co-workers working together, either alongside each other or in constant communication. In terms of how to provide emotional support, it can be as simple as avoiding overly harsh critiques when discussing one's work, or as simple as checking in and asking how one is coping. We have experienced that characteristics of a strong and successful team include smart and positive leadership; good morale, communications and team dynamics; and the willingness of all team members to see themselves as team players. Most of the time we have seen that teams are more effective when we operate as a democracy, but in that case effective leadership was very essential. Team members often become dissatisfied or disgruntled when they feel their opinions don't matter, or they aren't allowed to have a voice in daily happenings or about team goals. That is why we always try to keep morale high by encouraging ongoing input from team members and putting their suggestions into action. Our team members of both PBF and projects level like to feel proud not only of being a part of something bigger than themselves, but also of being validated for their individual ideas, contributions and achievements. As a leader I always try to find and maintain a delicate balance between helping members to feel good about their roles as team players and validating them as individual contributors. 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 moment 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 indebted to all of them for that dedication.

As you read this annual report, we hope it will remind you of our successes and energise you for the future. For those of PBF and its projects' team who have tirelessly committed time and energy to the success of this organisation, I do thank you a lot.

Together, we are determined to create a country where everyone enjoys the pleasure 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. As we work towards these goals, we're continuously seeking to better integrate our sustainability efforts into our daily actions.

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 at the prices that they can afford, by continuously 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 our employees, clients, suppliers, technical & business partners and shareholders for their support for and commitment to PBF in 2017.

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.

Before I come to an end, I extend my sincere 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 things possible. As this report reveals, we hope to continue to make important and exhilarating changes and look forward to updating you on more growth in the years to come.

Sincerely yours,

Dr. Iqbal Anwar
Chief Executive Officer
Prime Bank Foundation

Prime Bank Foundation (PBF) Projects in Brief

Prime Bank Foundation has been persistently continuing its initiatives with the purpose of the welfare of our society in the Corporate Social Responsibility (CSR) sector since 2007. 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 health care and the educational system.

Education Support Programme (ESP)

There are many cases of drop out each year because of the fact that still there are countless underprivileged students in the society. Our ESP through its long term but renewable scholarship programme, helps the poor but meritorious students, who fail to pursue higher studies due to poverty. Over the last 10 years, a total of 3145 students received stipends, out of which 1277 awardees have successfully completed their graduation and among them more than 644 awardees are now employed in different public and private organisation of Bangladesh. These students are truly the reflection of **"Success"** of our Education Support Programme. The accomplishment can be seen in their contribution to the families, their independence as an individual and also has an identity in the society towards success.



ESP

Prime Bank English Medium School (PBEMS)

This English Medium School provides quality English education with Interactive Method at a minimum cost which equips the students to tackle and comprehend the world. The methodology started with a mission of teaching a child to be life-long learner. The school has two branches in Dhaka city at Uttara and Mirpur with British Curriculum and National Curriculum with total number of 505 students till Dec 2017.



PBEMS

Prime Bank Eye Hospital (PBEH)

Eyes are the most crucial zones of our body. It is not possible to depict an existence without visualization. In order to address this issue, Prime Bank Foundation took its initiative in the name of PBEH which has a highly trained team of consultants and staff, international standard equipments and operation theatres to provide excellent eye-care services at a minimum cost. Screening camps, and free eye camps are carried out throughout the country, especially in remote areas helped to reach out to eye patients. With the help of such camps, it becomes easier for patients to find out early cautioning indications with such standard check-ups.



PBEH

Prime Bank College of Nursing (PBCN)

Considering the dire need of a large number of qualified nurses, PBCN began its journey with technical support of a leading nursing institute of Philippines. From 2015, a total of 114 students completed their Diploma degree till 2017. All 66 students of 1st and 2nd batch in 2015 and 2016, are now employed as Govt. 2nd class Gazetted Officer and posted at Medical College Hospital/ city/ division/ district/ upazilla level and also in different private hospitals like Apollo, Asgar Ali, Square, United, Delta, Pran RFL Group Hospitals of Bangladesh. The contribution of PBCN is not only helping to bridge the gap of nurse: patient ratio, but it also has an impact on an individual's life.



EDUCATION

EDUCATION SUPPORT PROGRAMME (ESP)

"Education is simply the soul of a society as it passes from one generation to another, quoted by G.K. Chesterton. Nelson Mandela said, "Education is the most powerful weapon which you can use to change the world". It plays a pivotal role in a country's economic goal to alleviate poverty and ensure growth. Bangladesh has the seventh largest population in the world. It is needless to emphasise the immense role that such a huge manpower can play in the economic, social and intellectual development of the country. Although we all acknowledge that education alleviates poverty, the heavy shackles of poverty sometimes restrain many from freeing themselves through educational enlightenment. Despite the general consensus associated with the importance of education, the young generation of Bangladesh, even today, faces a lot of access barriers. Poverty and financial hardships is the main reason for discontinuation of higher studies. Prime Bank Foundation formulates its strategic goal to make education more accessible to the target population.

Prime Bank Foundation also believes to return in the society as a part of Prime Bank CSR activities. Social responsibilities helps an organisation to built reputation and long term sustainability, it also increase the commitment and motivation of employees to become more innovative & productive.

In this regard, Warren Buffett said, "It takes 20 years to build a reputation and five minutes to ruin". Investment through social contribution never fails. It is a hard-edged business decision which is first-rate for a business.

It is to be noted that as per Bangladesh Bank CSR guideline (GBCSRD circular No-7, dated December 22, 2014) the ESP/ Scholarships programme is priority for every bank, and around 30% percent of the total CSR expenditure should be spent in the education sector, including scholarships/ stipends for underprivileged but meritorious students of the country.

As a part of Prime Bank's CSR activities, ESP began its journey in 2007 with 170 awardees initially. Today, after 10 rewarding years, we are proud to say that ESP has influenced the lives of 3145 awardees across the country. In order to ensure that the most deserving students are awarded for the scholarship, PBF has a three member Advisory Committee which is commissioned to develop neutral selection criteria. The Advisory Committee consists of three distinguished personalities of Bangladesh, namely Prof. M. Q. K. Talukder, Chairman, Centre for Women & Child Health and Chairperson, Bangladesh Breast Feeding Foundation (Chairperson of the Advisory Committee), Prof. Jamilur Reza Choudhury, Educationalist, Vice Chancellor of Asia Pacific University, Former Vice Chancellor of BRAC University & Professor of BUET (Member of the Advisory Committee) and Father Benjamin Costa, Educationalist & Vice Chancellor of Notre Dame University (Member of the Advisory Committee). With deep sorrow, we share the demise of our Advisory Committee member Fr. Benjamin Costa, passed away on October 13, 2017. From 2007 his contributions in our ESP is unforgettable. In order to replace the vacant position of the Advisory Committee Member, Ms. Rasheda K. Choudhury was approached who agreed to be the new member of the Advisory Committee The profile of Rasheda K. Choudhury includes as the Executive Director of Campaign for Popular Education (CAMPE), a network of more than thousand NGOs and educator groups working in the education sub-sector in Bangladesh.

In keeping the continuity of the past years, applications were invited from potential poor but meritorious students through the country's leading national dailies advertisements in 2017. We received near about 7,000 applications from 340 institutions of Bangladesh. As per Advisory Committee's cut off line, 777 students were primarily selected. After thorough Validation Exercises and all other relevant processes, 340 students were finally selected for this year. The first installment of stipends for all the students selected in 2017 was disbursed to their individual accounts by Honourable Commerce Minister Mr. Tofail Ahmed & Honourable Governor Mr. Fazle Kabir through Automation process in a formal Award Giving Ceremony held on 3rd December, 2017 at International Convention City, Bashundhara.

The ESP follows strict guidelines in case of gender equality from the beginning of the programme. Accordingly, the ratio of female to male (3:7) is maintained as per the guideline. Students from all 64 districts of the country are recipients of the PBF scholarship. We feel honoured to share that PBF Education Support Programme (ESP) has been "Successful" in bringing change to their family, society & nation as well. With the help of the PBF stipend, the first 6 batches of 2007, 2008, 2009, 2010, 2011 & 2012 have successfully completed their studies and more than 644 awardees are now established like: University & College Teachers/ Medical officers/ Engineers/ Class-1 officers/ Civil Service & Custom officers/Bankers etc. All these established young people plays a vital role in the development of the society.

বৃত্তি প্রদান অনুষ্ঠান ২০১৭ সালে পুরস্কারপ্রাপ্ত সফল কয়েকজন সাবেক শিক্ষার্থীদের একাংশ

উচ্চশিক্ষা এদের কাছে একসময় ছিল কেবলই স্বপ্ন, শিক্ষা সমাপ্ত করতে পারবে কি না এমন দুঃশ্চিন্তায় নিমগ্ন ছিল, আজ এই শিক্ষাবৃত্তির সুবাদে অত্যন্ত ভালো ফলাফল অর্জন করে শিক্ষা শেষ করতে পেরেছে তারা। এ শিক্ষাবৃত্তি পালন করতে পেরেছে অভিভাবকের ভূমিকা। তাদের অনেকেই আজ সম্মানজনক পদে কর্মরত। পরিবার এমনকি সমাজের কল্যাণে অবদান রাখছে। প্রাইম ব্যাংক ফাউন্ডেশন এরকম কিছু ছাত্র-ছাত্রীকে আনুষ্ঠানিকভাবে পুরস্কৃত করে আসছে।

পুরস্কার পাওয়া বৃত্তিপ্রাপ্ত ছাত্র-ছাত্রীদের একাংশ



শামীমা সরকার, এমবিবিএস, ঢাকা মেডিকেল কলেজ।
মেডিকেল অফিসার, স্কয়ার জেনারেল হসপিটাল।



মোঃ মনিরুজ্জামান মাসুম, ডেপুটি ডিরেক্টর, ইসলামিক ফাউন্ডেশন



জান্নাতুল নাঈমা, প্রভাষক, হিসাব বিজ্ঞান, ঢাকা বিশ্ববিদ্যালয়।



মোঃ রাকিবুল হাসান, মার্কেটিং, ঢাকা বিশ্ববিদ্যালয়।
সিনিয়র অফিসার, প্রাইম ব্যাংক



মাকসুদা আক্তার, প্রিন্সিপাল অফিসার, ওয়ান ব্যাংক লিমিটেড।



মোঃ নুরে আলম, লোক প্রশাসন, ঢাকা বিশ্ববিদ্যালয়। প্রভাষক, জাতীয় কবি কাজী নজরুল ইসলাম বিশ্ববিদ্যালয়।

Speech of Chief Guest and Special Guests During Award Giving Ceremony 2017

"Prime Bank Limited has done many CSR activities such as Education Support Programme, Prime Bank English Medium School, Prime Bank Eye Hospital and Prime Bank College of Nursing. I thank Prime Bank Limited and everyone associated with the initiatives of their CSR activity. Through ESP, many meritorious students have successfully passed their graduation and five of them are even pursuing PHD Programme. I pray for Prime Bank Limited's well being and keep contributing like this for the unfortunate section of the society as in return PBF will get the blessings of Almighty Allah."



Mr. Tofayel Ahmed
Minister, Ministry of Commerce

"Education is our only weapon through which Bangladesh has achieved development and also will be achieving in future. I am happy to know that previous awardees, who received stipends, have been able to complete their studies and now contributing to our society. But only the government will not be able to continue the initiative for educating the nation as it is a big responsibility for 16 crore people especially for those who are meritorious but poor. This is where Prime Bank Foundation is contributing and I thank you all. Those who are not privileged, it is our responsibility to be beside them. Those who received the stipends today, you all achieved it through your own capability. It is not a support but you all deserve it as it has been attained through competition and you should be proud of it. I pray that you will have a bright future and be a good citizen of our country."



Mr. Fazle Kabir
Governonr, Bangladesh Bank

"Before starting the scholarship programme we thought, how we can help for those who are poor but meritorious student and can contribute to the society. Those who are getting stipend and will receive it in future, I urge them to study properly so that they can contribute for the development of our nation.If you are successful, then it will be an achievement for our Education Support Programme."



Mr. Ajam J Chowdhury
Chairman, Prime Bank Limited

"The young people sitting here today are our biggest power as Bangladesh has been trusted with one of the fastest growing country because of this young generation. Prime Bank Foundation came forward and is helping students to gain higher education. These students are now working in higher positions of different organizations. If more opportunity is given, these students would be able to move forward. I consider myself fortunate that I am a part of Education Support Programme (ESP) through its Advisory Committee being a member. The awardees that are present today, I would like to address them that if you utilize these stipends wisely, then no one would be able to stop you. I believe, on behalf of this young generation power, our country would be able to achieve the good that we have set. I thank Prime Bank Foundation and the 644 alumni of ESP who are now employed in different organization. I pray for their success and also for the new awardees who received stipend today."



Mr. Jamilur Reza Chowdhury
AC Member, ESP, Prime Bank Foundation

শিক্ষাবৃত্তি প্রাপ্ত কয়েকজন শিক্ষার্থীর পরিবারের হালচিত্র

শিক্ষাবৃত্তিতে নির্বাচনের প্রতিটি ধাপ অতিক্রম করে এ বছর চূড়ান্তভাবে নির্বাচিত হয়েছে ৩৪০ জন অত্যন্ত মেধাবী ও হত দরিদ্র ছাত্র-ছাত্রী। এদের পরিবারের আর্থিক অবস্থা যে কতটা শোচনীয় তা নিজ চোখে না দেখলে বিশ্বাস হবে না। জরাজীর্ণ কুঁড়ে ঘর কোনরকমে মাথা গোজার ঠাঁই, ভূমিহীন, সম্পদহীন, সিন্ধুসম দারিদ্রের কষাঘাতে পিষ্ট, কারো কারো বাবা-মা জানেই না বিশ্ববিদ্যালয় কি? ভালো একটা পোশাক নেই, বই খাতা নেই। মানুষের দান দয়ার উপর ভরসা। বিশ্ববিদ্যালয়ে পড়া তাদের কাছে শুধুই স্বপ। দু'বেলা আহার যোগাতে দিনরাত পরিশ্রম করে যাচ্ছে তারা। চলুন দেখি এমন ক'জন দরিদ্র ছাত্র-ছাত্রীর পরিবারের হালচিত্রঃ



কাগজের ঠোঙ্গা বানিয়ে বাজারে বিক্রি করে যৎসামান্য আয় হয় তা দিয়ে কোন রকমে সংসার চালাচ্ছে এই বাবা-মা। ছেলে ফাইজান রেজা বাংলাদেশ কৃষি বিশ্ববিদ্যালয়ের ছাত্র।



রাজশাহী মেডিকেল কলেজের মেধাবী ছাত্র জাহিদ হাসান এর বাবা, গ্রামের একটি ধান ভাঙ্গার কলের শ্রমিক।



ঢাকা বিশ্ববিদ্যালয় এর সমাজ বিজ্ঞানের ছাত্র রিমন খন্দকার পড়ালেখার ফাঁকে ফাঁকে বাবাকে কলা বিক্রিতে সহযোগিতা করে আসছে।



বড় ভাই বিশ্ববিদ্যালয়ে পড়ছে, বাবা বেঁচে নেই, ছোট ভাই দিনমজুরী খেঁটে সংসার সচল রাখার নিরন্তর প্রচেষ্টায়।



দিনাজপুর মেডিকেল কলেজের ছাত্রী শামীমা নাসরিন সোহাগী এর বাবা রাজমিস্ত্রির হেলপার।



ঢাকা বিশ্ববিদ্যালয় একাউন্টিং এন্ড ইনফরমেশন সিস্টেমের ছাত্র সুসময় দাস এর বাবা এই চায়ের দোকানের শ্রমিক।

বৃত্তি পাওয়া এসব শিক্ষার্থীদের পারিবারিক ও শিক্ষা প্রতিষ্ঠানের অবস্থা আমরা স্বরেজমিনে পরিদর্শন করে থাকি। কথা বলি পরিবার, প্রতিবেশী ও স্থানীয় গণ্যমান্য লোকদের সাথে। শিক্ষার্থীদের লেখাপড়ার অগ্রগতি কিনা, জানার জন্য তাদের শিক্ষা প্রতিষ্ঠানে গিয়ে থাকি। কথা বলি প্রতিষ্ঠান প্রধান, বিভাগীয় প্রধানের সাথে।

বিশিষ্ট ক'জনার চোখে **প্রাইম ব্যাংক**-এর শিক্ষা বৃত্তি

আমি জেনে আনন্দিত যে প্রাইম ব্যাংক ফাউন্ডেশন ২০০৭ সাল থেকে দরিদ্র মেধাবী ছাত্র-ছাত্রীদের শিক্ষাবৃত্তি প্রদান করে আসছে যার আওতায় এ যাবৎ রাজশাহী বিশ্ববিদ্যালয়ের ৩৭ টি বিভাগ থেকে ২১১ জন ছাত্র-ছাত্রী দীর্ঘ মেয়াদি এই শিক্ষাবৃত্তি পেয়েছে।

এই শিক্ষাবৃত্তির সহযোগিতায় এপর্যন্ত অনেক ছাত্র-ছাত্রী উচ্চ শিক্ষা শেষ করেছে। তাদের মধ্যে অনেকেই ইঞ্জিনিয়ার, শিক্ষক, বিসিএস কর্মকর্তা, ব্যাংক কর্মকর্তাসহ সরকারী বেসরকারী বিভিন্ন প্রতিষ্ঠানে চাকুরীতে নিয়োজিত আছে। সমগ্র দেশের এমন হাজার হাজার হতদরিদ্র ছাত্র-ছাত্রীদের জীবনের এই পরিবর্তনে প্রাইম ব্যাংক/প্রাইম ব্যাংক ফাউন্ডেশন এর অবদান এদেশে এক অনন্য দৃষ্টান্ত হয়ে থাকবে"। প্রাইম ব্যাংক ও প্রাইম ব্যাংক ফাউন্ডেশনের উত্তরোত্তর সাফল্য কামনা করছি।



প্রফেসর এম আব্দুস সোবহান
উপাচার্য
রাজশাহী বিশ্ববিদ্যালয়

প্রাইম ব্যাংক ফাউন্ডেশন কর্তৃক, শেরেবাংলা কৃষি বিশ্ববিদ্যালয় সহ সমগ্র দেশের গ্র্যাজুয়েশন পর্যায়ের সুবিধাবঞ্চিত অথচ মেধাবী ছাত্র-ছাত্রীদের যে শিক্ষাবৃত্তি প্রদান করে আসছে তা অত্যন্ত প্রশংসনীয়। আমি জেনে অত্যন্ত খুশি হয়েছি যে "প্রাইম ব্যাংক এর এ সামাজিক কার্যক্রম দেশের ৬৪টি জেলেয় বিদ্যমান। আর্থিক সহায়তার পাশাপাশি প্রতি তিন মাস পর পর ছাত্র-ছাত্রীদের শিক্ষার মানের অগ্রগতি হচ্ছে কিনা তাও তদারকি করা হয়, এ বিশেষ পদ্ধতির কারণে তাঁরা ভালো রেজাল্ট করতেও সক্ষম হচ্ছে"।

আমি আরো জেনেছি যে ২০০৭ সাল থেকে শুরু করে এযাবৎ ৩১৪৫ জন ছাত্র-ছাত্রীকে দীর্ঘ মেয়াদি শিক্ষাবৃত্তি প্রদান করেছে। এ শিক্ষাবৃত্তির সহযোগিতায় এ পর্যন্ত একহাজার তিনশত জনের ও বেশী ছাত্র-ছাত্রী উচ্চ শিক্ষা শেষ করতে সক্ষম হয়েছে। যাদের অনেকেই এখন বিশ্ববিদ্যালয় ও কলেজ শিক্ষক, বিসিএস কর্মকর্তা, ডাক্তার, ইঞ্জিনিয়ার, ব্যাংক কর্মকর্তাসহ সরকারী বেসরকারী বিভিন্ন প্রতিষ্ঠানে চাকুরীতে নিয়োজিত। অবদান রাখতে পারছে তাদের পরিবার এমনকি গোটা সমাজের উন্নয়নে। আমি মনে করি, সমগ্র দেশে প্রাইম ব্যাংক/প্রাইম ব্যাংক ফাউন্ডেশন এর অবদান এক অনন্য দৃষ্টান্ত হয়ে থাকবে"।



প্রফেসর ড. কামাল উদ্দিন আহাম্মদ
উপাচার্য
শেরেবাংলা কৃষি বিশ্ববিদ্যালয়
শেরেবাংলা নগর, ঢাকা-১২০৭

বিশ্ববিদ্যালয় পর্যায়ে যারা ভর্তির সুযোগ পায় তারা নিঃসন্দেহে দেশের মেধাবী সন্তান, কিন্তু দূর্ভাগ্য হলেও সত্য দারিদ্রতার কারণে অনেকেই ভালভাবে লেখাপড়া শেষ করতে পারে না। শুধু তাই না অনেকে লেখাপড়া ছেড়ে দিতেও বাধ্য হয়। আমি জেনে অত্যন্ত আনন্দিত যে প্রাইম ব্যাংক ফাউন্ডেশন এরকম ৩১৪৫ জন ছাত্র-ছাত্রী কে দীর্ঘ মেয়াদি শিক্ষাবৃত্তি প্রদান করে আসছে। এই শিক্ষাবৃত্তির সুবিধা পেয়ে বাংলাদেশ কৃষি বিশ্ববিদ্যালয় থেকেই ২৩১ ছাত্র-ছাত্রী কৃতিত্বের সাথে লেখাপড়া চালিয়ে আসছে। আমি আরো জানতে পারলাম যে এই বৃত্তি সুবিধা পেয়ে এপর্যন্ত তেরোশ'র বেশী ছাত্র-ছাত্রি অত্যন্ত ভাল রেজাল্ট করে বিশ্ববিদ্যালয়ের শিক্ষাজীবন শেষ করতে সক্ষম হয়েছে। যাদের অনেকেই প্রবেশ করেছে সরকারী বেসরকারী সম্মানজনক কর্মসংস্থানে, অবদান রাখছে পরিবার ও সমাজের কল্যাণে। দেশের কল্যানে এমন একটি মহৎ উদ্যোগে সত্যিই প্রসংশনীয়।



প্রফেসর মোঃ আব্দুল কুদ্দুস
ডীন, কৃষি অনুষদ
বাংলাদেশ কৃষি বিশ্ববিদ্যালয়

প্রাইম ব্যাংক এর সামাজিক কার্যক্রমের অংশ হিসেবে প্রাইম ব্যাংক ফাউন্ডেশন ২০০৭ সাল থেকে দরিদ্র অথচ মেধাবী ছাত্র-ছাত্রীদের দীর্ঘ মেয়াদি শিক্ষাবৃত্তি প্রদান করে আসছে। উচ্চ শিক্ষার পথ প্রশস্থ করায় এই উদ্যোগকে আমি সাধুবাদ জানাচ্ছি। এই কর্মসূচি অব্যাহত রাখার জন্য প্রাইম ব্যাংক/প্রাইম ব্যাংক ফাউন্ডেশন কর্তৃপক্ষকে আন্তরিক ধন্যবাদ জানাই।

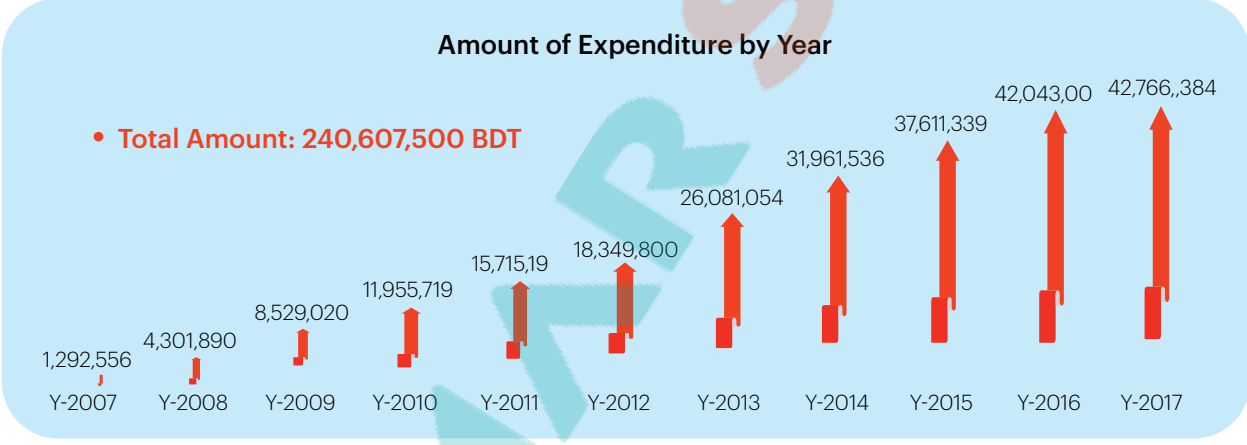


অধ্যাপক ডাঃ মোঃ আনোয়ার হাবিব
অধ্যক্ষ
রাজশাহী মেডিকেল কলেজ।

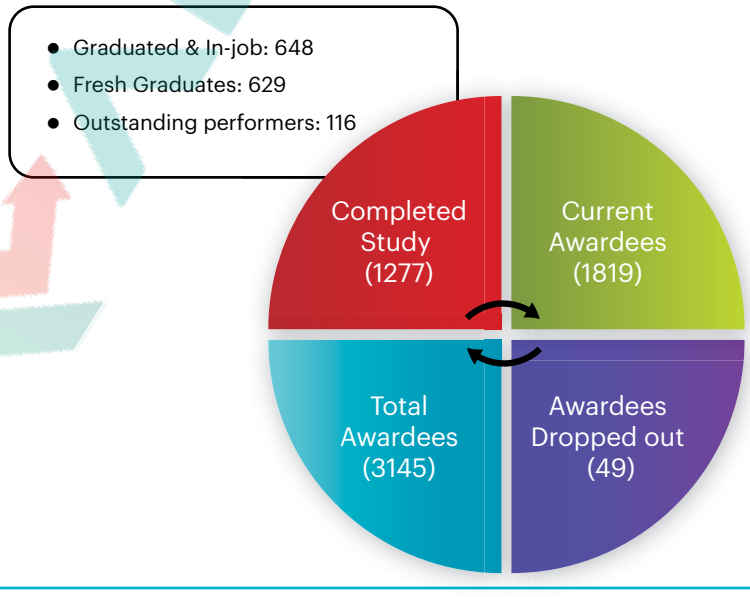
Highlights of ESP Awardees up to December 2017

Highlights of Awardees	Number
Awardees selected in 2017	340
Total awardees (2007-2017)	3145
Total awardees have completed their study (2007-2012):	1277
University Teacher	25
College Teacher	29
BCS & Govt. Officer	36
Banker	97
Pharmacist, Chemist, Lawyer etc	74
Others	106
Engineer (Beximco, Square, Samsung, Pran RFL, Group of company etc.)	93
MBBS Doctor (Birdem, Square, Green life, Addin medical college, Shishu Hospital, General hospital etc)	188
Outstanding performer of which 74 secured 1-10 position, 5 abroad for PhD	116
Existing awardees (2013-2017)	**1868**

Amount of Expenditure (in BDT) by year up to December 2017



Basic information ESP at a glance



Prime Bank English Medium School (PBEMS)

"Prime Bank English Medium School"-Helping to grow as life-long learner"

Prime Bank English Medium School (PBEMS), one of the initiatives of Prime Bank Foundation was established in the year 2008. The first campus of PBEMS is situated in Uttara and after successful operation in the area; another branch was opened later in 2012 in Mirpur.

At PBEMS, we help each and every child to nurture their distinctiveness and attributes as part of our Interactive Methodology of teaching. Our Interactive Methodology is different from the traditional method and is now widely accepted in some renowned English Medium Schools of Bangladesh. The methodology in other schools is referred to as "International Baccalaureate Curriculum". This methodology empowers the learners to co-create what they know, comprehend and can perform. The interactive method helps a student nurture creativity and individuality which is transferrable to others. This helps the community to have effective teams and leaders who can build a better future in our society.

PBEMS is distinctive in ways where learning is not only focused in one direction. At PBEMS, we address academic needs along with social, physical, emotional and cultural development. The system creates an engaging and challenging framework for the students with a focus on the growth of the child. The foundation of the Interactive Methodology is a pledge to guide when students become independent by asking questions and at the same time their learning is stimulated and related.

Over all these years, PBEMS with its Interactive Methodology has successfully completed its 8 years journey. In 2008, the school started with a total number of 25 students in Uttara campus. Now PBEMS has a total of 505 students including British and National Curriculum (both Uttara and Mirpur campus). The students who started the journey with PBEMS are preparing for their O-Level examination. On the other hand, PBEMS Mirpur started its journey in 2012 under British Curriculum and in 2016 introduced the National Curriculum.

"Success" has come in the path of PBEMS as the credibility of the school has been seen and felt by the parents as they are the best promoters of our school. We feel overwhelmed when most of the new admission enrolment comes through "word of mouth". PBEMS envisioned reaching the stage when the school will spread about the Interactive Methodology through "word of mouth". In the starting of its journey, PBEMS envisaged to bring out the best of the method and establish it in our country so that other schools can follow. Prime Bank Foundation always dreamt of its projects to be able run on its own. In order to construct a harmonious society, it is important to build a project which is pleasant for the society and at the same it is sustainable. We feel honoured to share that Prime Bank Foundation started the project PBEMS which is fulfilling part of the social responsibility and at the same time building a sustainable programme. Our project PBEMS is an example for others and eventually it has been able to achieve the common vision of the "society".

PBEMS has given a commendable performance in a challenging environment where CSR activities are not charitable and not done on ad hoc basis. The year 2017 was a year for programmatic and financial growth, driving excellence by strengthening the management processes and internal control. The growth, stability and profitability of the PBEMS bear evidence to the strategic path provided by the Board of Prime Bank Limited in managing the dynamics of risk and opportunities. By introducing the National Curriculum in 2016, and maintaining efficient staffs and teachers, our PBEMS team has deliberately changed their way to move away from a fixed approach to one continual growth which has proved to be the key characteristic of the strategy for facilitating in increasing levels of expediency and trustworthiness of PBEMS. The performance of 2017 was admirable compared to the performance of the previous year. The year 2018 will be able a year of great "Success" as PBEMS would near to another achievement of entering the 1st year of its 5 year projection plan. In line with the projection, PBEMS will be able to open another campus after completion of 2019. We continue to monitor and set in requirements into the processes in a systematic manner and receive reports on monitoring and compliance on a regular basis which are channelled through the relevant domain in line with the Foundation.

The ending of 2017 has already taken a new start as PBEMS has been able to draw its interest of Ms. Helen Salmon, Principal of Prime Bank English Medium School, who has been in the teaching line for more than 20 years and has vast experience in the Interactive Methodology. Ms. Helen wished to serve any Asian countries and thus came to Bangladesh and joined International School Dhaka as Mathematics Coordinator (2009-2015) and then PYP Coordinator in 2016.

কাহিনী -১

"Learning is a treasure"

Sumaiya Rahman, Class-VIII, a student of PBEMS, shared her views about her beloved school PBEMS. She is with PBEMS Uttara since 2008. Sumaiya talked about the importance of Interactive Methodology and how it makes her different from other students under traditional methodology. From extracurricular activities, engaging in project work, building self confidence to obeying the teachers, all these have guided her to grow and be focused in everyday life.

Sumaiya shared that PBEMS fulfilled her dream to study in a quality English Medium School and that also at a reasonable cost. She shared that "I have seen students from other schools to struggle with their studies and I have also witnessed that their parents too struggle with affording the higher tuition fees. Even after paying such a higher amount of fees, the parents are not satisfied with their children's studies, behaviour and so on. Thankfully, I and my family are really satisfied with how PBEMS has been teaching me all the lessons and at same time teaching about behaviour, kindness, friendship, gratitude and many more". The best part of morality that she learned from PBEMS is to care for each other and respecting all. The students of PBEMS are encouraged to learn and be friends to children with special need. Sumaiya shared that "PBEMS taught us the skill of empathy and understanding of other's differences and treat everyone equally. With all the love around us, humanity will win over cruelty. At PBEMS, we are taught that caring for someone cannot be based on conditions, it is something we do out of moral values". "Finally, I would like to conclude by sharing that there is no reason to be afraid when we see people with special need. The best we can do is to smile and let them know that they are beautiful just the way they are."

Speech of elite persons sharing their views on PBEMS

Mr. Mohammad Forkan Alom, Assistant Professor, Jatir Janak Bangabandhu Sheikh Mujibur Rahman Government College, Uttara, Dhaka, shared about his experience with PBEMS. He shared that "PBEMS is as an institution practicing a methodology which not only follows a unique method of teaching but at the same time teaches a child about moral values and go through physical, emotional and social development. PBEMS offers low cost tuition fee which is affordable compared to other English Medium Schools and at the same time helps a child to develop themselves by learning which they can see and explore and at the same time understand the material.

Mr. Forkan Alom, shared about his views on Interactive Methodology and how important it is to integrate the curriculum in a manner where everyday becomes learning by itself. "When I was in school, the method followed was traditional where students learnt everything from the book. Concerning the Interactive Methodology, I have seen my child being able to closely relate to the content and make real-world connections in Interactive Methodology curriculum approaches. I feel overwhelmed when I see my child understanding through real world connections and actively engaging in learning".

"I have seen my son having some different characteristics which is not limited to respecting humans but at the same time having etiquettes of maintaining relationship with everyone. My son say 'thank you' after receiving something, acknowledging that there's a mutual exchange going on". My son also understands the lessons in kindness, consideration, honesty, and gratitude as well. The best art of PBEMS that I have seen is that the institution supports inclusive education where all the staffs and teachers as well as the students treat special children equally. The teaching of moral values is successful when the students learn to care and respect all without any discrimination"

It gives me great pleasure to express my satisfaction and gratitude to Prime Bank English Medium School (PBEMS). I was amazed when I heard about an English Medium School which not only offers English medium education at an affordable cost but also follows an "Interactive Methodology" under which students go through individual, physical and moral development. The school followed the methodology in order to help the child be a life-long learner which is only possible if every child understands the value of morality. In 9 years, I have witnessed my daughter going through an important chapter of study based on the foundation of "Interactive Methodology". At PBEMS, every child is treated equally and their potential is nurtured and developed through "Interactive Methodology" because our new generation will face a different world from what we faced years ago.

My sincere thanks go to all the teachers and staffs for giving the students tremendous support and a learning environment. The culture of being a compassionate school has supported the staffs, teachers and parents of PBEMS in pursuing quality education. To end with, I would like to thank Prime Bank and Prime Bank Foundation for establishing a school like PBEMS. Thank You.



Mr. S.W. Wahidur Rahman
Deputy Director, Air Traffic Control,
Hazrat Shahajalal International Airport, Dhaka

Prime Bank College of Nursing (PBCN)

Bangladesh's public health challenges include a skilled work force in the health care sector in order to provide access to quality care. To develop this sector, Bangladesh needs skilled nurses to be able to bring out the best in providing the quality healthcare service. Considering the need of skilled nurses, Prime Bank Foundation focused on taking the initiative and contributing to the health sector. In this regard, Prime Bank College of Nursing was established in the year January 2013 with a view to contributing to the health care sector in Bangladesh.

Over all these years, Prime Bank College of Nursing has been able to complete its 5 years journey as PBCN stepped into the path of "Success". In 2015, a total of 29 students graduated in the 1st batch and in the 2nd batch 37 students graduated in 2016. In the 3rd batch, 48 students completed the Diploma degree in 2017. All the students from PBCN's 1st and 2nd batch are already employed in different public and private hospitals and organisation as a Senior Staff Nurse. Among these 66 students, 15 has joined as Govt. 2nd class Gazette Officer and posted at Medical College Hospital / city/ division/ district/ upazilla level service delivery points and rest of the 41 graduates are employed in different private hospitals like Apollo, Asgar Ali Hospital, Square, United, Delta, Pran RFL Group Hospitals of Bangladesh. Moreover, the fresh graduates of 3rd batch have already been appointed in different specialized hospital like Square, Shomorita, Green life Hospital, and Holy Family Hospital in the country. We feel proud to mention that all of them are Bangladesh Nursing and Midwifery Council (BNMC) registered nurses. The year 2017 also got the opportunity to think big as PBCN appealed to Dhaka University for opening two new programmes (Post Basic and Basic B.Sc. in Nursing). PBCN will get the Dhaka University affiliation approval by 2018.

With efficient staffs and teachers, PBCN would be able to bring "Success" in their way to move towards sustainable growth which would set an example for other nursing institutions in Bangladesh.

Clinical Practice and Extra Curriculum Activities









প্রাইম ব্যাংক কলেজ অব নার্সিং থেকে পাশকৃত সফল ছাত্র-ছাত্রীদের কয়েকজন

দক্ষ নার্স হিসেবে নিজেকে গড়তে হলে মানসম্মত নার্সিং শিক্ষার কোন বিকল্প নেই। প্রাইম ব্যাংক কলেজ অব নার্সিং ঠিক সেরকম একটি নার্সিং শিক্ষা প্রতিষ্ঠান। আমার আজকের এই অর্জনের জন্য আমি কলেজটির কাছে চির কৃতজ্ঞ।



অনন্যা মোদক
সিনিয়র ষ্টাফ নার্স
ঢাকা মেডিকেল কলেজ হাসপাতাল

এখানে মানসম্মত নার্সিং পড়ালেখার পাশাপাশি বিভিন্ন ধরনের এক্সট্রা কারিকুলাম কার্যক্রমে অংশগ্রহন আমাদের মেধা-মনন বিকশিত করেছে এবং পাশাপাশি নেতৃত্বদানের অভিজ্ঞতা, সহযোগিতা ও সহমর্মিতা আমাদেরকে আত্যপ্রত্যয়ি হতে শিখিয়েছে।



খাদিজা খাতুন
সিনিয়র ষ্টাফ নার্স
ময়মনসিংহ মেডিকেল কলেজ হাসপাতাল

স্বপ্ন ছিল পড়ালেখা শেষ করে এমন এক পেশাকে বেছে নেব যার মাধ্যমে ধর্ম, বর্ণ, বয়স ও শ্রেণী নির্বিশেষে সকল মানুষের উপকারে আসতে পারি। এ লক্ষ্যে নার্সিং শিক্ষাকে প্রাধান্য দিয়ে জানুয়ারী ২০১৩ সালে পিবিসিএন-এ প্রথমে ভর্তি এবং ডিসেম্বর ২০১৫ সালে নার্সিং পাশ করে বর্তমানে সরকারি হাসপাতালে ২য় শ্রেণী পদ মর্যাদায় নার্স হিসেবে চাকুরীতে আছি। স্বপ্ন আমার বাস্তব হয়েছে। এজন্য পিবিসিএন এর কাছে আমি কৃতজ্ঞ।



মোঃ আতিকুল ইসলাম
সিনিয়র ষ্টাফ নার্স
এপোলো হাসপাতাল লিঃ

নিয়মিতভাবে সারাবছর বাংলাদেশ আর্মড ফোর্সেস পরিচালিত সরকারী কুর্মিটোলা জেনারেল হাসপাতালে এবং পাশাপাশি বিষয়ভিত্তিক বিভিন্ন সরকারী বিশেষায়িত হাসপাতালে ক্লিনিকেল প্রশিক্ষণ আমাকে একজন দক্ষ নার্স হিসেবে গড়ে তুলতে বিশেষ ভূমিকা রেখেছে।



সাবরিনা শারমিন
সিনিয়র ষ্টাফ নার্স
ঢাকা মেডিকেল কলেজ হাসপাতাল

যুগোপযোগী আধুনিক নার্সিং শিক্ষার জন্য আমাদের কলেজটি একটি অনন্য নার্সিং প্রতিষ্ঠান। এজন্য আমি গর্বিত।



মাহবুবুর রহমান
সিনিয়র ষ্টাফ নার্স
কুর্মিটোলা জেনারেল হাসপাতাল

প্রাইম ব্যাংক কলেজ অব নার্সিং-এর বিভিন্ন স্বনামধন্য ও বিশেষায়িত হাসপাতালে ক্লিনিকেল প্রশিক্ষণসহ মানসম্পন্ন নার্সিং শিক্ষার সকল সুযোগ-সুবিধা আমাকে একজন দক্ষ নার্স হিসেবে তৈরী করেছে। এ জন্য কলেজের কাছে আমি চিরকৃতজ্ঞ।



স্বর্ণা রায়
সিনিয়র ষ্টাফ নার্স
সিলেট মেডিকেল কলেজ হাসপাতাল

নিজেকে দক্ষ নার্স হিসেবে গড়তে ক্লিনিকেল বিষয়ে বাস্তব ও যথাযথ অভিজ্ঞতা অর্জনের জন্য আমাদের কলেজের বিকল্প নেই। কারণ ৩ বছর নার্সিং কোর্সের কারিকুলাম অনুযায়ী মোট শিক্ষার ৩ ভাগের ২ ভাগ সময়েই ক্লিনিকেল বা হসপিটাল প্রশিক্ষণ।



পপি আক্তার
সিনিয়র ষ্টাফ নার্স
২৫০ বেড টিবি হাসপাতাল, ঢাকা

আমার আজকের এই অবস্থানের জন্য আমি প্রাইম ব্যাংক কলেজ অব নার্সিং-এর কাছে ঋণী। আমাকে একজন দক্ষ নার্স হিসেবে গড়ে তুলতে কলেজের অবদান অনস্বিকার্য।



প্রদীপ মারদি
সিনিয়র ষ্টাফ নার্স
রাজশাহী মেডিকেল কলেজ হাসপাতাল

কাহিনী -১

মো: শাহাদাত হোসেন, এক গর্বিত নার্সের নাম

আমি ২০১০ সালে এসএসসি এবং ২০১২ সালে এইচএসসি পাশ করি। তারপর কোথায় ভর্তি হব, কি করব এসব বিষয় নিয়ে খুবই চিন্তিত ছিলাম। তখন ২০১৩ সালে আমার বোনের পরামর্শে প্রাইম ব্যাংক কলেজ অব নার্সিং এ ডিপ্লোমা ইন নার্সিং সাইন্স এন্ড মিডওয়াইফারি কোর্সে ভর্তি হই এবং ২০১৫ সালে পাস করে বের হই। বাংলাদেশ নার্সিং এন্ড মিডওয়াইফারি কাউন্সিল এর নার্সিং লাইসেন্সিং পরীক্ষা পাস করি। তারপর ৫ মাস স্কয়ার হসপিটালে চাকুরী করেছি। এখন বর্তমানে আমি বঙ্গবন্ধু শেখ মুজিব মেডিকেল ইউনিভার্সিটি হাসপাতালে একজন সিনিয়র স্টাফ নার্স হিসেবে কর্মরত। আমার আজকের এই সাফল্যের পিছনে প্রাইম ব্যাংক কলেজ অব নার্সিং এর অবদান বলে শেষ করা যাবে না। কলেজটি আধুনিক নার্সিং শিক্ষার জন্য অত্যন্ত ভাল। কেননা এখানে অত্যন্ত অভিজ্ঞ শিক্ষকমন্ডলীর সার্বক্ষণিক তত্ত্বাবধানে আমরা শিক্ষা লাভ করেছি। ইংরেজি ও কম্পিউটার ল্যাবসহ সব ধরনের অত্যাধুনিক নার্সিং ল্যাবে অধ্যয়ন করেছি। কলেজের ছাত্র-ছাত্রীদের ইংরেজী ভাষায় দক্ষ করে গড়ে তুলতে একজন সার্বক্ষণিক অভিজ্ঞ ইংরেজি শিক্ষক আছেন এবং কম্পিউটার বিষয়ে বিদেশ থেকে ডিগ্রীধারী একজন সার্বক্ষণিক অভিজ্ঞ শিক্ষক আছেন যাদের মাধ্যমে আমরা সংশ্লিস্ট বিষয়ে সবসময়ে অনুশীলন করেছি।

নার্সিং কারিকুলাম অনুযায়ী ক্লিনিকেল বিষয়ে বাস্তব ও যথাযথ অভিজ্ঞতা অর্জনের জন্য এখানে আমরা সারা বছর নিয়মিতভাবে বাংলাদেশ আর্মড ফোর্সেস পরিচালিত সরকারি কুর্মিটোলা জেনারেল হাসপাতালে এবং বিষয়ভিত্তিক বিষয়ে বিভিন্ন বিশেষায়িত সরকারি-বেসরকারি ঢাকা মেডিকেল কলেজ হাসপাতাল, জাতীয় পঙ্গু হাসপাতাল ও ইনস্টিটিউট, ঢাকা শিশু হাসপাতাল, জাতীয় মানসিক স্বাস্থ্য হাসপাতাল ও ইনস্টিটিউট, প্রবীণ হাসপাতাল, রাড্ডা এমসিএইস-এফফি হাসপাতালে প্র্যাকটিস করেছি। কলেজে পড়ালেখার পাশাপাশি বিভিন্ন এক্সট্রা কারিকুলাম কার্যক্রমে আমরা অংশগ্রহন করেছি যা আমাদের মেধা ও মনন বিকশিত করেছে, নেতৃত্বদানের অভিজ্ঞতা, সহযোগিতা ও সহমর্মিতা আমাদেরকে আত্যপ্রত্যয়ি হতে শিখিয়েছে। নিজেকে একজন দক্ষ নার্স হিসেবে গড়ে তুলতে চাইলে প্রাইম ব্যাংক কলেজ অব নার্সিং এর উচ্চ মানসম্পন্ন নার্সিং শিক্ষার কোন বিকল্প নেই। আমি এই কলেজের একজন ছাত্র হিসেবে গর্ববোধ করি।



মো: শাহাদাত হোসেন
সিনিয়র স্টাফ নার্স
বঙ্গবন্ধু শেখ মুজিব মেডিকেল ইউনিভার্সিটি হাসপাতাল

নার্সিং শিক্ষা ও সেবা বিষয়ক সরকারী নিয়ন্ত্রক প্রতিষ্ঠান প্রধানের উদ্ধৃতি:

"প্রাইম ব্যাংক কলেজ অব নার্সিং" প্রতিষ্ঠানটি তার প্রতিষ্ঠালগ্ন ২০১৩ সাল থেকে ৩ বছর মেয়াদি ডিপ্লোমা ইন নার্সিং সাইন্স এন্ড মিডওয়াইফারি কোর্স পরিচালনা করে আসছে। কোর্সটি গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের স্বাস্থ্য ও পরিবার কল্যাণ মন্ত্রণালয় অনুমোদিত এবং বাংলাদেশ নার্সিং এন্ড মিডওয়াইফারি কাউন্সিল অধিভূক্ত। কলেজটি অত্যন্ত সাফল্যের সাথে তার ৫ম বছর শেষ করে ৬ষ্ঠ বছরে পদার্পন করেছে।

আমি জেনে অত্যন্ত আনন্দিত যে, এই কলেজ থেকে ইতোমধ্যে ২০১৫ ও ২০১৬ সালে পাশকৃত যথাক্রমে ১ম ও ২য় ব্যাচের সকল ছাত্র-ছাত্রীরা বিভাগীয় পর্যায়ে সরকারী মেডিকেল কলেজ হাসপাতালসহ দেশের বিভিন্ন বিশেষায়িত সরকারী-বেসরকারী হাসপাতালে নিয়োগ প্রাপ্ত হয়েছে এবং দক্ষতার সাথে সেবা প্রদান করছে।

মানসম্পন্ন নার্সিং শিক্ষার মাধ্যমে দক্ষ নার্স তৈরী করায় এ উদ্যোগকে আমি অভিনন্দন জানাচ্ছি। এই কলেজের উত্তরোত্তর সমৃদ্ধি কামনা করছি।





সুরাইয়া বেগম
রেজিস্ট্রার
বাংলাদেশ নার্সিং এন্ড মিডওয়াইফারি কাউন্সিল

HEALTH

Prime Bank Eye Hospital (PBEH)

Blindness is one of the major health problems in Bangladesh. Based on a survey report, done in the year 2000, it is found that 1.1% of the total population equivalent to 14 lacs is blind. Every year, another 1.5 lacs blind people are being added with the existence as new. From the survey, it is also found that 1.53% equivalent to 7.5 lacs of age more than 30 are blind. Of them, 80% equivalents to 6 lacs are only for cataract which is reversible. It is also seen that about 40 thousand children/adults are blind where 12 thousand are only for the cataract! On the other hand, about 10 thousand of children face early blindness due to "Corneal ulcer" which can be protected by a primary eye treatment.

Eye is an invaluable part and parcel of a human body. Without eyes, life is nothing but valueless. Man or woman who has blindness is considered as a burden in a family and in the society as the individual is not capable of doing any work. They have to depend on others for their food and continued existence. Low vision and blindness can have negative impacts on individuals, families and communities. Impacts may range from a decrease in quality of life and increase in the mortality due to large-scale economic consequences. The social disadvantages which occur due to blindness or low vision are also significant because it leads to a loss of social standing and decision-making authority; a large proportion of blind women note a loss of authority within their families. It is often the impoverished people who are more likely to become blind due to lack of access to health services. Due to lack awareness about eye health, they also tend to be more susceptible to eye infections and diseases. One of the major causes of eye problems in Bangladesh is "Cataract". People having cataract are found almost everywhere in the country.

Taking these aspects into consideration and the dire situation of eye health, Prime Bank took the steps to open an eye hospital through its Foundation. Prime Bank Foundation (PBF) launched Prime Bank Eye Hospital (PBEH) on January 21, 2012 located at House # 82, Road # 8A, Satmasjid Road, Dhanmondi, Dhaka-1209 under the management & technical guidance of Aravid Eye Care System (AECS), one of the centre of excellence in eye care in India. With a view to provide quality eye care services to all at an affordable cost, PBEH staffed with country's renowned Ophthalmologist and equipped with world class equipment for eye examinations, investigations and surgeries.

The year 2017 was a year of success for PBEH in both programmatic & financial aspects. In 2017, PBEH examined 20,211 patients at the base hospital. On the other hand, 16,608 patients were examined in the fields through its outreach eye camps. In the reporting year 1,398 patients were operated at PBEH which was 992 only in 2016 (surgery growth 40.92%). Income achievement was over the target in 2017. The cost recovery increased to 74.93% where the budgeted recovery was 67.71% in the reporting year.



Dr. Anthony Albert, Consultant, PBEH



Dr. Yeasmin Jahan, Consultant, PBEH



Dr. San Yaat Rabbi, Consultant, PBEH

In addition to this, building up relationship with some GOs/NGOs/Corporate Organisations was one of the achievements of 2017. About 1,50,000 new people are now linked with PBEH for getting eyecare services from PBEH for the cause of this relational agreement. PBEH made agreement with the following GOs/NGOs/Corporate Organisations in 2017: Bangladesh Baptist Church Sangha, BRAC, Concern for Environmental Development And Research (CEDER), Dhaka Ahsania Mission (DAM), Dhaka Metropolitan Police (DMP) and Matador Ball Pen Industries Ltd.

Under this agreement all staff and their family members (children/spouse/parents) are getting eyecare services at a discount rate from PBEH. PBEH patient flow has increased for this agreement indeed. The impact of this relationship in the outreach programmes is also remarkable. Many camps were organized under the direct financial support of those corporate clients which in return saves the valuable revenue of PBEH.

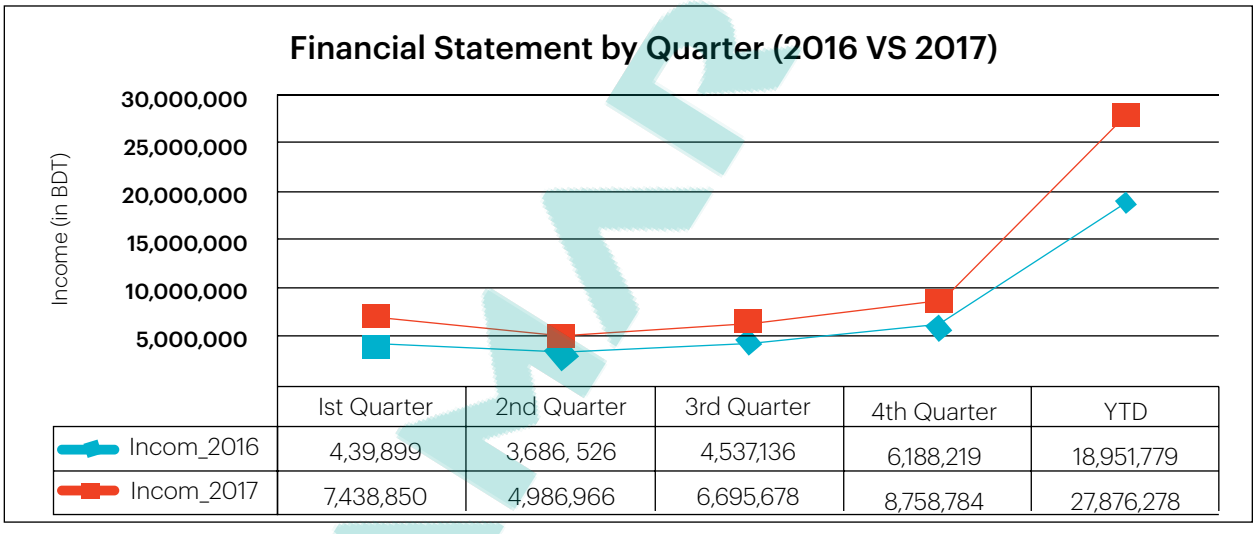
The performance of 2017 was satisfactory compared to the performance of the previous year. According to the 4 year strategic plan, PBEH in 2018 has fallen into its 3rd year.



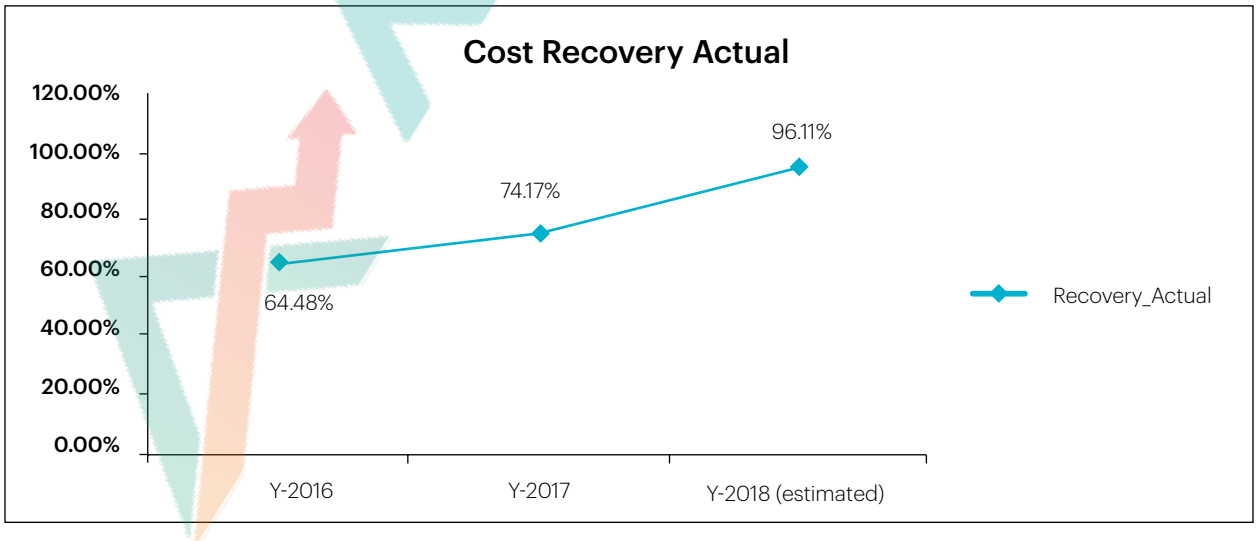
MoU signing with Dhaka Metropolitan Police



MoU signing with BRAC



	Ist Quarter	2nd Quarter	3rd Quarter	4th Quarter	YTD
Incom_2016	4,39,899	3,686, 526	4,537,136	6,188,219	18,951,779
Incom_2017	7,438,850	4,986,966	6,695,678	8,758,784	27,876,278



কাহিনী -১

The ray of light ...

Mr. Babu Ranjan Das, a 60 years of aged old man who has been living in Dhaka with his family for almost 45 (forty five) years. He used to work as a shopkeeper in "Sree Sree Dhakeshawari Bashonaloy" at Banglabazar, Sadarghat, Dhaka where bronze made utensils is prepared. He used to earn Tk. 7,000/- (seven thousand) as monthly wage from this shop. He has only one daughter in his family. Even with such little earning, there was peace in his family. Mr. Babu Ranjan Das, could work from dawn to dusk without any break. But, nowadays, he could not continue his work due to his vision problem. He took the help of a doctor for his blurred vision and found "Cataract" in his both eyes, the only solution of which was surgery. Mr. Babu Ranjan and his family thus became very unhappy and decided to go for the eye surgery immediately. Doctors advised him to manage around Tk. 12,000/- for this surgery. The required amount of money seemed to him as a burden in consideration to his income. He felt really hopeless at that moment and day by day, the problem was increasing and he could not do his work properly. For this reason, proprietor of this shop told him not to continue job in his shop furthermore. As such, his family fell into a big financial trouble at that moment. One day, he got information through an announcement that an eye camp will be held at Sree Sree Gorimat Mondir of Prime Bank Eye Hospital (PBEH). He attended in the camp in due time and was diagnosed with Cataract. The doctors suggested him to undergo cataract surgery from PBEH at a very minimum cost. As he did not wanted to waste a single moment thus, as quick as possible he registered himself at PBEH for surgery. A very was successful surgery was made on November 22, 2017 at PBEH Fortunately, he was able to see again and re-joined at work. Mr. Babu Ranjan Das is now happy for his life. He wishes for PBEH for giving him "The ray of light"





Babu Ranjan Das working at the shop

যাঁদের হাতের ছোঁয়ায় ফিরে আসে চোখের দৃষ্টি...



SPORTS

Prime Bank Cricket Club (PBCC)

Prime Bank believes that sports is not only a source of pure entertainment but also is connected with the mental and physical health and the character development of the nation. As a whole, Prime Bank has long been a patron of culture in Bangladesh, having sponsored sporting events over many years. Cricket, no doubt, is a passion of the entire nation.

Along with the health and education sectors, Prime Bank also focused on cricket because it is popular in Bangladesh and at the same time will help our country to maintain an image as one of the important cricket nation. The relationship between cricket and a cricket club continues to prosper into the present day. In this regard, Prime Bank Cricket Club (PBCC) was established in November 2011 by acquiring a club of Dhaka Premier Division. It has been able to rise as one of the best cricket clubs of Bangladesh, with championship title in key tournaments of domestic cricket within a short time through high professionalism and well-organized administration.



In the year 2017, PBCC participated in Bangladesh Cricket League (BCL) and was runners up among four teams in the tournament. PBCC also performed in Dhaka Premier League (DPL) and attained 4th position. The players of PBCC are Mahmudullah Riyad, Mehedi Maruf, Ariful Haque, Md. Zakir Hasan, Monir Hossain Khan, Delowar Hossain, Sajjadul Haque and Rubel Hossain.

CSR Expenditure Directly Conducted by PBL

Particulars	Amount Expensed in 2017 by PBL
Education	25,935,000
Health	7,030,000
Disaster Management	30,050,000
Environment	30,000
Sports	2,830,000
Art & Culture	1,427,778
Others	82,497,000
Total	**149,799,778**

Strategic Goal 1

Make education more accessible for all

- 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) has been successful in bringing change to the society. With the contribution of ESP, students graduated on time are now employed in a respectable position.
- Prime Bank English Medium School has been able to give a student the learning of moral development. As a result, these students have a positive perception towards life.

Strategic Goal 2

Make health more accessible for all

- Prime Bank Eye Hospital is continuously helping the people in need of proper eye care service. The hospital looks after every patient as it is both for the rich and the poor at the same time.
- Prime Bank College of Nursing's also has been able to witness the accomplishment as the students who graduated in the 1st and 2nd batch are employed in renowned hospitals in Bangladesh.

Strategic Goal 3

Build a strong and dynamic organisation, capable of facilitating effective education, eye and other components of the health programme

- 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 citizenship 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.

GREEN BANKING **REPORT**

The word green banking has been conceptualized to implement the broader concept like sustainable development. Sustainable development is development that meets the needs of the present without compromising about the ability of future generations to meet their own needs. Various global initiatives are underway to counter the ill effects of development such as global warming and climate change. Banks can play a decisive role in these global efforts to make our planet a better.

Green banking means operating banking business in such a fashion that proper and adequate attention is allocated in social, ecological and environmental factors of environment by minimizing conservation of nature and natural resources. Green Banking is comparatively a new concept in our country. It is a form of banking taking into account the social and environmental impacts and their main objects are to safe-guard and conserve the environment. As the intermediary of financial sector, banks can ensure that business entities adopt environment-friendly practices. The main objective is to reduce carbon footprint from banking activities as well as from financed projects.

Bangladesh Bank's initiatives

The Sustainable Finance Department of Bangladesh Bank is engaging and encouraging all Banks and FIs to expedite their green banking initiatives and standards. The necessary policy guidelines and strategies for Banks and FIs have been put into effect by the central bank which encompasses policy formulation and governance, incorporation of environmental & social risks into credit risk management, in-house environmental management, introduction of green finance, creation of a climate risk fund, capacity building through training and awareness along with periodical regulatory reporting on green banking practices.

With a view to incorporate sustainability in the financial sector; Bangladesh Bank undertook its first initiative during the year 2011 by introducing Green Banking Policy Guideline for the Banks (vide BRPD Circular No. 02 dated February 27, 2011) and later during the year 2013 it was made applicable for the FIs (vide GBCSRD Circular no. 04, dated August 11, 2013). In that policy guideline, Bangladesh Bank instructed the Banks and FIs to formulate green banking policy and establish a separate green banking unit/cell with an aim to evaluate and manage the activities related to green banking. Afterwards, Bangladesh Bank vide its GBCSRD Circular No. 08 dated December 24, 2013 instructed the Banks to assign the Risk Management Committee of the Board of Directors to supervise the overall green banking activities of the Bank.

Moreover, the Government of Bangladesh has taken initiatives to implement Sustainable Development Goals (SDG) at national level which was announced by the United Nations to implement at global arena. In line with that Honorable Prime Minister of Bangladesh has also instructed all to participate in combined manner to accomplish SDG. In this connection, to bring stability in financial sector, Bangladesh Bank has instructed the Banks & NBFIs (vide SFD Circular No. 02 dated 1st December, 2016) to:

i. Establish a Sustainable Finance Unit
ii. Establish a Sustainable Finance Committee chaired by senior most Deputy Managing Director.
iii. Ascertain the Terms of Reference (TOR) set by Bangladesh Bank for Sustainable Finance Unit and Sustainable Finance Committee in the Bank.
iv. Make responsible the Risk Management Committee (RMC) of the Board of Directors for undertaking the formulation of policy, setting strategies and programs and monitoring the overall activities related to Sustainable Banking and Sustainable Finance (Green Banking & CSR) programs.

As a regulatory body of the Banking sector, Bangladesh Bank introduced Environmental & Social Risk Management (ESRM) framework for Banks and NBFIs. The framework includes the environmental & social risk factors for ensuring the sustainable development and protection of the surroundings from further deterioration.

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 resulted ultimately in overall rating of the Bank;
- Top 10 (ten) Banks' name will be declared in the Bangladesh Bank website.
- Consideration will be given while according permission for opening new Branch of the Bank.

Bangladesh Bank also, vide GBCSRD Circular No. 04 dated September 04, 2014 instructed all scheduled banks to allocate 5% of its total funded disbursed loan for Direct Green Finance under 50 (Fifty) refinancing scheme product of Bangladesh Bank.

Prime Bank's commitment

Prime Bank Limited believes in eco-friendly and socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. In order to protect/balance the environment, Prime Bank is spreading its wings by introducing both in-house & external Green activities towards supporting Green Economy.

Green Banking Governance

As per instruction of Bangladesh Bank vide SFD Circular No. 02 Prime Bank Limited has:

- Established Sustainable Finance Unit (SFU) under CRM Division
- Established Sustainable Finance Committee chaired Deputy Managing Director & Chief Risk Officer.
- Ascertained Terms of Reference (TOR) set by Bangladesh Bank for Sustainable Finance Unit and Sustainable Finance Committee in the Bank.
- Empowered Risk Management Committee (RMC) of the Board of Directors to approve policies, strategies and programs related to Sustainable Banking and Sustainable Finance (Green Banking & CSR) programs.

Green Banking Policy of Prime Bank

In line with 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. Green Banking Policy of the Bank is in place which is duly approved by the Board of Directors.

Green Office Guide of Prime Bank

As part of Prime Bank's continuous effort of positively upholding the Green Banking initiatives, the Bank has developed Green Office Guide as a general guideline to facilitate the Green Banking objectives of the Bank. The Green Office Guide has pictorial demonstration for better understanding of the readers.

Environmental & Social Risk Management Policy & Procedure

Prime Bank recognizes that its financing decisions have potential impact on human health and environment. Under this purview, Prime Bank has developed and implemented Environmental & Social Risk Management policy statement and procedure manual. The Environmental and Social (E&S) Risk Management Policy Statement represents the Banks commitment towards being E&S compliant in its activities and financing and the E&S Risk Management Procedure Manual is a detailed document representing the process flow, roles and responsibilities and operation procedure of E&S Risk Management for the Bank. This Environmental & Social Risk Management Policy & Procedure manual has been implemented form 1st January, 2018 as per requirement of Bangladesh Bank.

During the year 2017, we strictly followed the ERM guideline published by Bangladesh Bank in 2011. As per ERM guideline, we conducted Environmental Due Diligence (EDD) and Environmental Risk Rating for all applicable projects. In 2017, a total of 1117 borrowers have been environmentally risk rated. All the eligible corporate and SME clients fall under the purview of this rating.

Major In house Green Banking Initiatives taken by Prime Bank Ltd

Keeping in mind that to reduce paper usage can actually help save trees, we are aligned with Green Banking values. Here are some initiatives that we already have taken with a view to practice Green Management in the offices. Efficient use of resources, reduction of waste, saving energy and money shall definitely improve our working environment. Some major In-house Environmental Management initiatives are as below:

Solid waste management

3R approach (Reduce, Reuse and Recycle) has been advised for lowering solid waste. However, careful management and disposal of solid waste has been advised.

Energy & water management

The Bank has advised the officials to adopt energy and water efficient practices. The officers have been advised to put emphasis to ensure efficient use of gas, fuel, electricity and water with a view to reduce carbon emission. Energy efficient equipments like energy saving bulbs, products with ecofriendly features are being used in the office. Energy saving T5 lights is being introduced in office premises.

Paper Consumption Management

Green Printing Guideline is an integral part of our Green Office Guideline which is being circulated among all employees. 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 scrap or 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 a stock in-out register to prevent misuse of papers.

Renewable Energy Usage

Up to year 2017, the Bank has installed solar panels at 29 branches as well as at 14 ATM booths and MSME unit offices as part of its commitment to the usage of renewable energy resources.

Green Travel

Prime Bank always encourages the officials to consider the following green approaches while travelling:

- Encourage employees to use Public Transport/ Carpool Program.
- Encourage employees to use eco-friendly energy for private vehicles.

Online Banking and Internet banking facilities offered by Prime Bank

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 Consumer Banking 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 Limited has also offered a safe and convenient Internet Banking, which is to 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, insurance premium payment, mobile & utility bill payment.

Automated Teller Machine (ATM)

In addition to the Bank's own 170 ATMs, the Bank has joined National Payment Switch Bangladesh (NPSB) network during the year 2014, which enabled the cardholders of the Bank to enjoy cash withdrawal facility from other 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 facilities offered by Prime Bank

Prime Bank brings SMS Banking services to ensure instant access to account holders basic information at any time. Any mobile phone user having account of Prime Bank can get the service 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. there is a detail procedural guideline in the Bank's official website regarding how to obtain different SMS banking services.

Biometric Smart Card based alternate banking service offered by Prime Bank

Prime Bank Limited in collaboration with Dipon Consultancy Services introduced a Biometric Smart Card based alternate banking service 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 a countrywide network. Most importantly, it will provide a fast, safe and simple mechanism for the un-banked people across Bangladesh in all municipalities and upazilas. The services that can be obtained 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.

Capacity Building initiatives taken by Prime Bank

For continuous capacity building of our human resource, all the foundation training courses organized by our HR-Training & Development Center had dedicated session to familiarize the participant with the concept related to Green Banking & Environmental & Social Risk Management. A day-long training program for 30 participants on "Environmental and Social Risk Management" at the Bank's HR Training & Development Center was conducted by an environment & social risk management specialist. Prime Bank Limited and IFC jointly organised a seminar on "Sustainable Energy Financing" attended by 20 officials of the Bank. Resource persons from IFC conducted the seminar by covering the various topics e.g. introduce sustainable finance opportunity; assess institutional capacity for sustainable finance and assistance to develop marketing strategy.

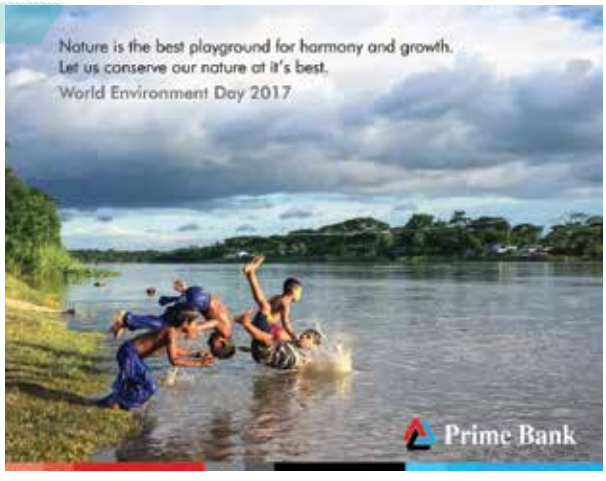
Green Event organized by Prime Bank Earth Day 2017

As part of the Bank's continuous effort to being a Sustainable Bank, the Bank celebrated Earth Day 2017 on April 22, 2017 by planting trees at Dhaka Residential Model College (DRMC) premise.



World Environment Day 2017

Prime Bank observed World Environment Day on 5th June, 2017 an advertisement for print media was developed and published in leading daily newspapers.



Green Marketing performed by Prime Bank

As part of Green Marketing, we commenced the mandatory use of jute in product packaging. Prime Bank Limited has been using its official website for advertising new products as well as the features of existing products to capture the market and also it will penetrate to get new customers. Prime Bank Limited also conveys various offers of different Credit Cards through SMS.

Financing in Green projects by Prime Bank

Green financing could be one of the suitable opportunities

to diversify the bank's business. 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 and efficient energy projects. Prime Bank has financed various projects which are environment friendly. During 2017, the Bank has financed an amount of BDT 51.55 million for installation of ETP in 03 projects. The Bank financed an amount of BDT 2646.08 million in 23 projects having ETP. The Bank has extended credit facility of an amount of BDT 253.85 million in 18 garments factories to ensure Safe Working Environment for the workers. Moreover Prime Bank has financed BDT 40 million in 03 Hybrid Hoffman Kiln (HHK) projects. In addition to the above, 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. The outcome is positive and we aspire to see the fruition of this endeavor.

Signing of participation agreement

Sustainable Finance Department of Bangladesh Bank vide a Circular instructed all the scheduled banks to sign a participation agreement. Accordingly Prime Bank Limited signed the participation agreement regarding Refinance Scheme for Green Products/Initiatives in due time.

Disclosure and Reporting of Green Banking Activities Green by Prime Bank

Prime Bank has been regularly reporting its Green Banking Activities to Bangladesh Bank on quarterly basis since 2011. 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

The Bank's continuous effort to uphold Green Banking serves as the fundamental base for reduction of carbon footprint impact. The Bank has been vigorously supporting sustainable Green Finance. The Bank adopts processes to assess the environmental and social risks and opportunities arising from its clients' business activities and manages the Bank's exposure to reduce its own carbon foot print on the environment as per Environmental Conservation Rules (ECR) 1997 and Environmental Risk Management (ERM) Guidelines of Bangladesh Bank.

Way Forward

Prime Bank is committed to build a sustainable business that brings benefit to the society, environment and the economy of Bangladesh. Some future planning regarding Green Banking are-

i. Increase of both Direct and Indirect Green Financing. Special emphasizes to be given on Bangladesh Bank' enlisted existing 52 Direct Green Finance products and the upcoming Direct 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.
iv. Now a days, Alternative Delivery Channel (ATM, Debit / Credit Card, Internet Banking, BACPS, BEFTN, SMS Banking, Bio-Metric Smart Card, Cash Back service) are ensuring modern Banking facilities and Prime Bank will introduce more creative services through Alternative Delivery Channel.
v. The Bank's remote branches will join meeting through Video Conference rather than physical visit.
vi. Some solar panels have already been installed in some of our branches, ATM booths & SME Unit Offices and we are expecting to expand the volume.
vii. Continuously monitor the inventory details such as consumption of water, paper, electricity, gas, fuel etc. to reduce the consumption of the same and ultimately protecting the environment.
viii. Arranging Training/Workshop related to Green Banking for our employees on continuous basis.
ix. Arranging more seminars to create customer awareness regarding Green Banking as well as to avail Green Products.

ENVIRONMENT & **SOCIAL INITIATIVES**

Prime Bank has a strong and longstanding commitment to managing the environmental and social risks associated with commercial lending. We recognize that a bank's major environmental impacts tend to be indirect, via business relationships, arising from the provision of financial services to business customers operating in sensitive sectors. We also believe that appropriate risk management of these environmental and social impacts is not only the right thing to do, but also makes good business sense. Our approach to environmental and social risk management is based on a combination of policy, standards and guidance. This enables us to adopt a robust approach, while maintaining the flexibility to consider potential clients and transactions on their respective merits.

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. 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 take 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.

XMARSTOCK



INTEGRATED REPORTING

- Integrated Reporting
- Statement of Value Added and its Distribution
- Economic Value Added Statement
- Market Value Added Statement

WELCOME TO OUR **INTEGRATED REPORTING**

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. 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. 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.

This report is prepared around PBL's story of value creation. The crucial features of our value creation process are the different forms of capital that provide the inputs, and the value creating actions that result in outputs and outcomes, while the entire process is driven by Bank's corporate governance. The description of the context and framework of our reporting is stated as follows:

The companies Act, 1994 requires that the company publishes its annual report within a specified period after the end of its financial year. It also stipulates particular requirements and disclosures that must be integrated in the annual report. In parallel, the Board's commitment to stewardship demands transparency on matters related to stakeholders. This Annual integrated report is prepared primarily to address and fulfill these requirements. It also 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.

PBL's value creation model aims to generate value while matching the bank's responsibilities towards its stakeholders, including its shareholder and the environment. How the bank achieved this over the year through performance and conformance is discussed comprehensively through the different segments of the report.

The Financial Statements of the bank for the year ended 31 December 2017 have been prepared in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). In addition, Bank has followed relevant 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)' in the form of 'Integrated Reporting Checklist'. The Assurance Statement is attached in the later part of this integrated reporting.

Responsibility over the Integrity of the Integrated Report

I acknowledge the responsibility to ensure the integrity of this integrated report, which addresses all material issues, presents fairly Prime Bank's integrated performance. 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.



Managing Director & CEO

Competitive intensity and our response

A detailed analysis of 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 risk 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 customers have relatively higher bargaining power. Individual consumers, especially in the retail banking marketplace, have relatively low 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.

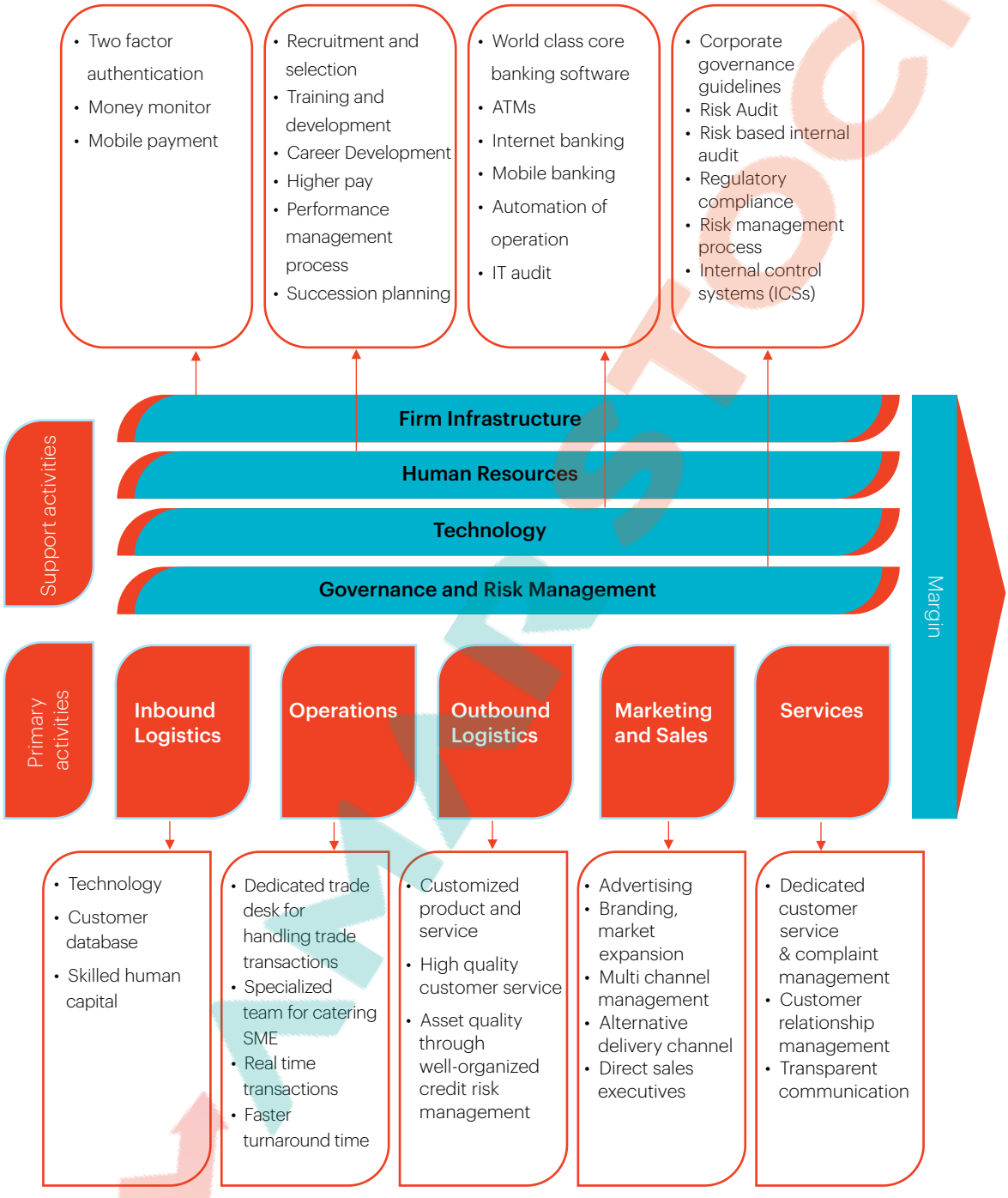
Threat of substitute product

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 remaining same in the country. Political stability have encouraged the entrepreneurs to borrow more from local sources to meet their growing demand for investment.	Entrepreneurs are starting investment again resulting private sector credit growth has risen notably that has crossed target set by Bangladesh Bank (BB). The demand of loans and advances has increased due to the growth of private investment Entrepreneurs may suffer loss due to political instability which will play a significant role in increase of NPL-most concerning issue of the banking sector.	As most of the businesses are starting investment again so the situation of NPL is going to better. PBL has taken the opportunities of private sector growth resulting the loans and advances slightly increased and the bank is ready to take up the opportunities which will open for the growth of private sector investment.
E-Economic factors		
Lower interest rates on loans and advances has inspired the businessmen to borrow additional fund from local banks for investment.	The spread has decreased affecting interest income.	PBL attracted low cost or no cost funds and decreased the loan rate which will help to retain present customers as well as to attract potential customers.
In 2017, GDP growth rate hit 7.28% which was the highest ever in history of the country's economy and more than what was targeted. Government target was 7.2 percent for the fiscal year 2017.	Surplus liquidity in the banking sector has marginally decreased for private sector credit growth notably increased. Low-cost foreign loan has been taken by some of the entrepreneur.	PBL has been working at high scale to increase its loan and advance portfolios in agriculture and SME from last few years which will continue for upcoming years.
S-Social Factors		
The life styles of the citizens have changed due to advancement of information technology which has facilitated gathering of information in no time. Customers desire a seamless banking experience and technology is developing to allow customers to enjoy services easier.	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 to increased awareness of the customers. Differentiation is the key driver to sustain in the industry.	Per capita income in fiscal year 2016-2017 was $1610 which has a positive impact on the banking sector. Life style of people has improved and this led to opening new window of financing and PBL is ready to capitalize it through its superior products and services.
T-Technological		
Technological development is growing fast as government invests at large scale to make IT infrastructure in the country. Technology is changing how customers operate their accounts. Many banks offer a mobile app to operate accounts, transfer funds, generate E-statement and pay bills on smartphones.	Banks need further investment and improve operational efficiency to meet up the demand of customers following the regulatory rules and regulations.	The core banking system (CBS), Temonos version-R16, of PBL has been up-gradated in 2017. This new CBS would further strength its processes and give opportunities for further growth with proper control in place. PBL has launched a mobile app in 2017 to operate accounts, transfer funds, generate E-statement and pay bills on smartphones.

E-Environmental		
The environment and climate change effect on human existence as well as the planet are now a global concern. The world is more conscious about green and environmentally sustainable banking. Sustainable finance is vastly 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. Bangladesh 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. PBL has launched a mobile app in 2017 to operate accounts, transfer funds, generate E-statement and pay bills on smartphones. Thus, PBL is trying to reduce individual environmental footprints.
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. Emphasis has to be put on the application of provision for loans and advances and capital adequacy.	PBL has already developed a good image for compliance issues. PBL imparts training to employees, inform the customers about the new rules and regulations to ensure requirement of compliance.

SWOT Analysis

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 key 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 core 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
PBL has 123 Conventional branches, 18 SME branches, 05 Islamic Banking branches, 03 OBU, 170 ATMs across the country	PBL will establish more banking channels nationwide, in order to providing financial services effectively.

WEAKNESS

Weaknesses	Dealing our weaknesses
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

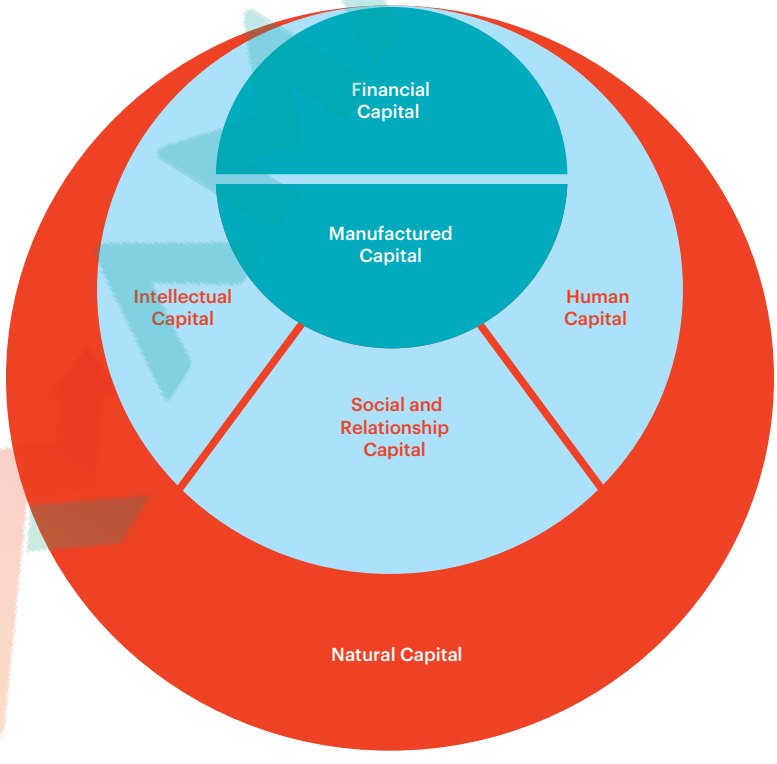
OPPORTUNITY

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
Private sector credit growth has risen notably	Opportunity to expand the loan and advances portfolio

THREAT

Threats	Responding to threats
Client losses from aggressive competitor actions	Providing topmost services to all customers
Liquidity surplus 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 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
The Banking sector has been at risk for cyber security attacks since the inception of the internet	PBL is committed to ensure top-notch cyber security with the growing use of technology with banking transactions

The Capitals Report



An organization's competitiveness depends to a great extent on the capability to efficiently manage the different sorts of capital, and that is what an integrated report is trying to capture. Delivering information about how the types of capital are managed is vital for capital providers. The bank cannot assume that its capital providers and other stakeholders will understand how different sorts of capital are linked to financial performance if the bank fails to communicate that information effectively.

Financial Capital

Financial capital is the familiar form of capital. It is generally understood as the pool of funds available to the organization. This includes both debt and equity finance. PBL uses both sort of finance to create value in short, medium and long term. Financial capital is a medium of exchange that releases its value through conversion into other forms of capital. Financial capital has an impact on the co-development and maintenance of capitals with other organization in the supply and value chain.

PBL currently uses the following major equities and debts to create value in short, medium and long term.

Paid Up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. It is a measure of how much money investors have pumped into the bank since inception in return for equity. The Paid up capital of PBL was Tk. 10,293,486,160 which played a significant role for creating value for the stakeholders.

Share Premium

Share premium is the capital that the bank raises upon issuing shares that is in excess of the face 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. The Share premium of the bank was Tk. 2,241,230,396 which played a vital role in value creation process.

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 in every year. The Statutory reserve of PBL was Tk. 9,565,853,177 as on 31 December 2017.

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". PBL 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 recognized in the financial statements as per BAS-12 "Income Taxes". The Revaluation reserve of the bank was Tk. 1,496,759,104 as on December 31, 2017

Retained Earnings

Retained earnings refer to the percentage of net earnings not paid out as dividends to shareholders, but retained by the bank to be reinvested in its core business, or any other purposes. The current retained earnings position of PBL was Tk. 1,079,304,405 as on 31 December 2017.

Borrowings from other banks, financial institutions and agents

The bank has borrowed Tk. 22,087,479,113 from different banks and agents inside Bangladesh and outside Bangladesh.

PBL raised fund by issuing two Sub-ordinated bonds which played vital role in value creation.

Prime Bank Sub-ordinated Bond

PBL issued unsecured non-convertible sub-ordinated bond on February 07, 2010 after obtaining approval from Bangladesh Bank and Bangladesh Securities & Exchange Commission 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. However, unsecured non-convertible sub-ordinated bond has been fully adjusted during the year.

Subsequently, PBL 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 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.

Total outstanding balance of Prime Bank Subordinated Bond-2 was 2,500,000,000 as on December 31, 2017.

Deposits

Currently a range of attractive products and services have been offered by PBL through 123 conventional branches, 5 Islamic banking branches and 18 SME branches. The major types of deposits are Current/Al-wadeeah current deposits, Bills payable, Savings bank/ Mudaraba term deposits, Term deposits/Mudaraba term deposits. Total amount of deposits and bills payable of the bank was Tk. 199,013,975,901 as on 31 December 2017. Deposits are the key source of finance that played crucial role in value creation process of the bank.

Manufactured Capital

This refers to 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 profit. Having identified the importance of this important capital, which is easily identifiable due to its nature, the bank focuses in developing infrastructure in order to support current business activities and also meet future challenges given the importance of this capital in the value creation process.

The bank has already been able to gain benefits of money spent on strengthening infrastructure of the bank. The bank will continuously invest in technology with the objective of delivering unmatchable customer experience through technology.

Further, the Bank is mindful of the requirement to maintain the state of art work environment within the bank premises and continuously invest sufficiently in upbringing the existing premises to be line with industry standards.

Consequent to above initiatives the total amount invested in the Manufactured Capital of the Bank which are represented in the form of Fixed Assets stood at Tk. 6,434,047,671 as on 31 December 2017.

Human Capital

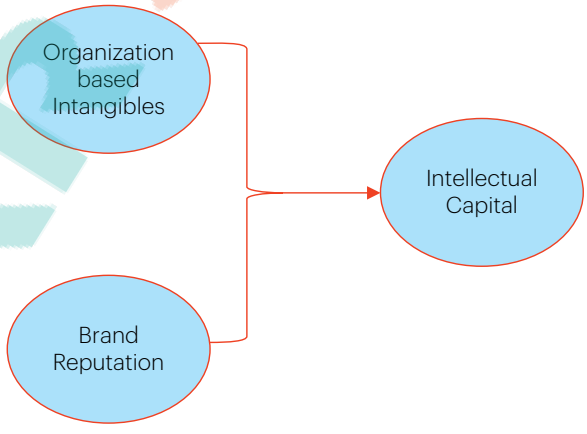
It is represented by our people; our investment in management and leadership development; and the knowledge, skills and experience they collectively bring to enable innovative, convenient and competitive solutions for our customers.

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.

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 should 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/her level best to sharpen his/her skills during his turn 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.

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.

Intellectual Capital



Intellectual Capital refers to our intellectual assets, such as our brand, research and development, innovative capacity, our reputation, and the knowledge of our employee.

This capital is enhanced through two important elements- our brand reputation and the value created by organizational intangibles. PBL is committed to learning and service excellence; we have thus generated several assets that do not appear in the Financial Statements. Our competitive strategy and differentiation have been leading facilitators to the creation of value in the form of Intellectual Capital.

During our glorious 22 years in business, we have collaborated with employees to build a massive pool of expertise and experience which is a key component of PBL's intellectual capital. This pool of knowledge consists of specialized expertise in business field, and in capital management and risk management.

We know however that knowledge gained is only as valuable as its effect and influence on the work we do. At PBL we endeavor to document and share information in as many ways as possible to maximize the value of this most important element. Knowledge sharing culture, extensive training and human capital management tools contribute to how we manage and exploit knowledg

We believe that knowledge used and shared also depends on the unspoken norms of behavior that constitute PBL's culture. It is these norms and our family friendly working environment, rather than formal systems, which shape our employees' interaction with customers, colleagues and other stakeholders.

Our brand reputation has been carefully built through the PBL differentiation strategy. We have sought to differ from our rivals through technological excellence, effective customer relationship management, market presence and strong sense of responsibility and accountability.

Social and Relationship Capital

These capital reflect our citizenship and the strong relationship 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.

Relationship capital- made up of customers and business partners- has a significant role in the PBL value creation process.

Customers, and other interactions with them, thus have a strong influence on sustaining and enhancing PBL's relationship capital. We believe that the new business environment requires companies to shift from being product-centric to being customer-centric. At PBL, customer capital thus goes beyond long term customer relationships to be viewed as an asset that is a source of organizational competitiveness.

The contribution of customers to current and future revenues is therefore fundamental to assessing how successful PBL is at converting customer relationships into a sustainable competitive advantage.

Our attitude to sustaining and enhancing customer capital involves managing customers' experiences and superseding their expectations with our products and services. Understanding client needs and aspiration allows us to gear our supply chain better to finally deliver products that satisfy the customer. This is supported by our focus on regular engagement and ethical marketing.
PBL reaches its existing and potential clients across multiple platforms. Our branch networks and SME centers make up one of the largest, most modern banking networks in Bangladesh.

Relationships with our business partners are a key driver of value and an important part of our strategy. We engaged in partnership with only those who share our core values. Once we begin a relationship with a business partner, high priority is given to managing every aspect of that relationship in a mutually beneficial manner. This approach has enabled PBL to secure enriching relationships with local and global business partners.

Strong relationships cultivated over many years with the world's best, have enabled us to deliver on our strategic approach of collaboration while offering unique products and services to diverse group of customers.

Natural Capital

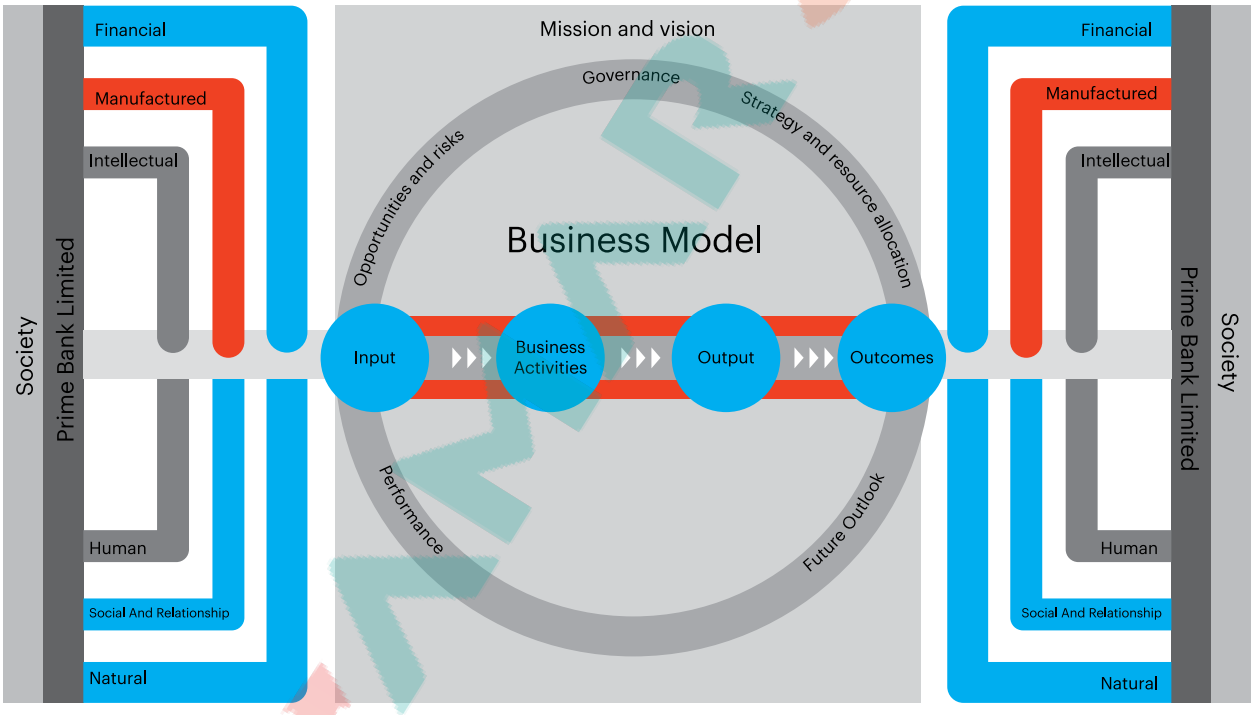
Natural Capital refers to naturally occurring biological, physical, biophysical, chemical and mineral assets, as well as their interplay through healthy functioning ecosystems, on which all life depends. Within the financial sector, the impact, both positive and negative, of our operations and business activity on natural resources are considered.

MARSTOCK

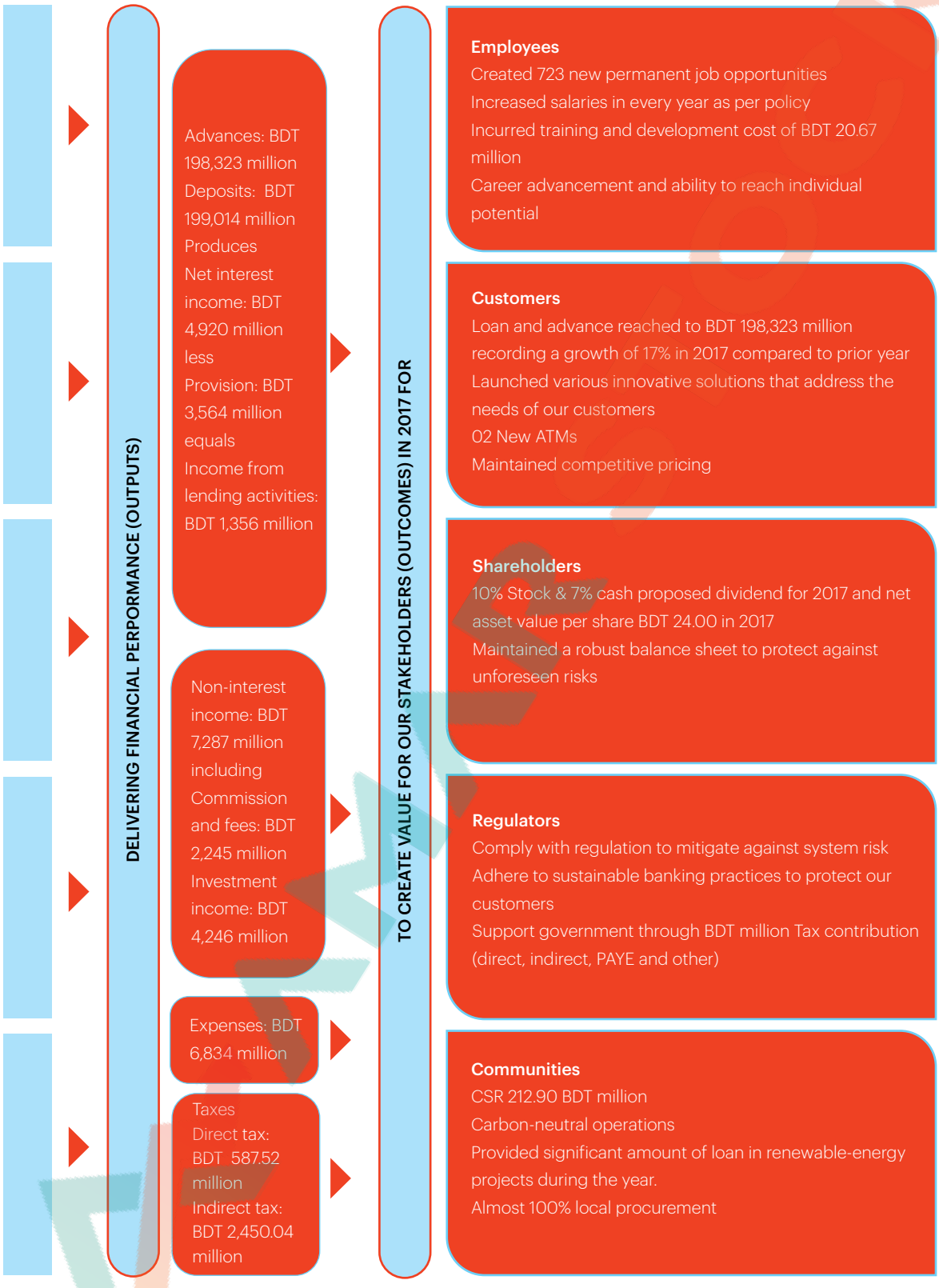
OUR VALUE-CREATING BUSINESS MODEL
(VALUE ADDED BY PRIME BANK LIMITED)

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
BDT 24,708 million Equity
BDT 199,014 million Deposit
Details have been described in our capital report (Page)
Human Capital
3499 talented employees
Details have been described in our capital report (Page)
Manufactured Capital
170 ATMs
Digital channels and products
Details have been illustrated in our capital report (Page)
Intellectual Capital
Details have been demonstrated in our capital report (Page)
Social and Relationship Capital
Details have been explained in our capital report (Page)
Natural Capital
Details have been described in our capital report (Page)
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 198,323 million
Deposits: BDT 199,014 million
Produces
Net interest income: BDT 4,920 million
less
Provision: BDT 3,564 million
equals
Income from lending activities: BDT 1,356 million
Non-interest income: BDT 7,287 million including
Commission and fees: BDT 2,245 million
Investment income: BDT 4,246 million
Expenses: BDT 6,834 million
Taxes
Direct tax: BDT 587.52 million
Indirect tax: BDT 2,450.04 million
TO CREATE VALUE FOR OUR STAKEHOLDERS (OUTCOMES) IN 2017 FOR
Employees
Created 723 new permanent job opportunities
Increased salaries in every year as per policy
Incurred training and development cost of BDT 20.67 million
Career advancement and ability to reach individual potential
Customers
Loan and advance reached to BDT 198,323 million recording a growth of 17% in 2017 compared to prior year
Launched various innovative solutions that address the needs of our customers
02 New ATMs
Maintained competitive pricing
Shareholders
10% Stock & 7% cash proposed dividend for 2017 and net asset value per share BDT 24.00 in 2017
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 million Tax contribution (direct, indirect, PAYE and other)
Communities
CSR 212.90 BDT 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 08.**

The above 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 research and development 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.

At PBL we believe that our purpose as a bank is to contribute to the sustainable development of society by empowering people to stay a step ahead in life and in business. In 2017, we made good progress implementing our strategy and promoting the organization and culture we need to deliver on our client promise.

In 2017, we continued to build on our think forward strategy to empower customers and provide them with a differentiating customer experience. That includes a focus on being leading bank in the digital customer experience based on easy, 24/7 access in ATMs, simple products and services, and tools to support customers make sound financial decisions.

Those goals are reflected in our customer promise to be clear and easy, make financial services available anytime-anywhere, empower, and to keep getting better for customers.

Contributing to the sustainable development of the society is also an integral part of the think forward strategy. Our sustainability direction focuses on two areas: enhancing the financial capabilities of clients and potential clients, and supporting companies to make the transaction to more sustainable business model.

Our main differentiators that powers PBL competitive advantage

We financially empower by making banking accessible and easier to understand in line with our customer needs. We see sustainability as a source of competitive advantage of bank. We broadened our sustainability approach in corporate lending and in general lending and also extended it in retail banking.

The success of our strategy will ultimately depend on how well it enables us to adopt to change and continue to deliver a superior experience for our customers.

PBL is focusing not on price leadership but on offering a superior customer experience, conforming that this is the area bank need to focus on to succeed.

Consumers are rapidly turning to digital services for an increasing number of needs. What they are experiencing with digital leading bank is shaping their expectations.

Challenges in executing our strategy

The following challenges offer a board 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 in number 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 center 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 requires 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 vital 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 center of everything we do.

(Risk Management Framework & Mitigation Methodology on **page 154** 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.

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 determining material aspects of the Bank have been reported in **Sustainability Report**)

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 and 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 2017 have been jointly audited by Hoda Vasi Chowdhury & Co., Chartered Accountants and Aziz Halim Khair Choudhury, 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 2017 has been audited by MAHFEL HUQ & CO., Chartered Accountants. Auditor has certified that PBL has compiled with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC).
- The financial statements of Prime Bank Foundation for the year ended 31 December 2017 have been audited by S F Ahmed & 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, an actuarial firm, 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)".

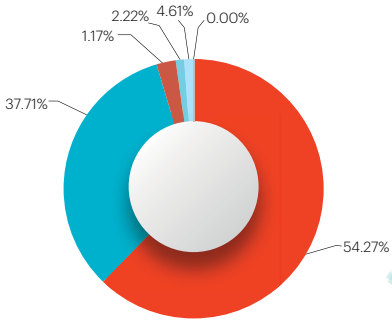
MARSTOCK

STATEMENT OF VALUE ADDED AND **ITS DISTRIBUTION**

BDT. in million

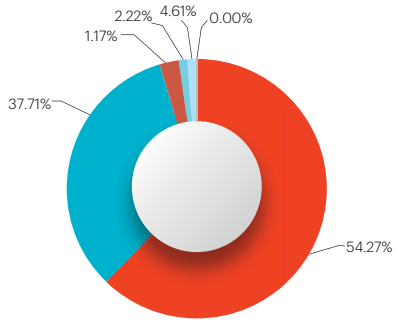
Particulars	2017	2016
Income from banking services	22,083	22,698
Less: Cost of services & supplies	(12,597)	(12,969)
Value added by banking service	9,486	9,729
Non-banking income	-	-
Provision for loans & off-balance sheet exposure	(3,564)	(3,412)
	5,921	**6,317**
Distribution of value addition		
To employees as salaries & allowances	3,835	3,661
To providers of capital as dividend & reserve	1,059	2,116
To Government as income tax	750	150
To expansion and growth		
Retained profit by the entity	0.32	79
Depreciation	277	311
Deferred taxation	-	-
	277	390
Total	**5,921**	**6,317**

Distribution of value addition-2016



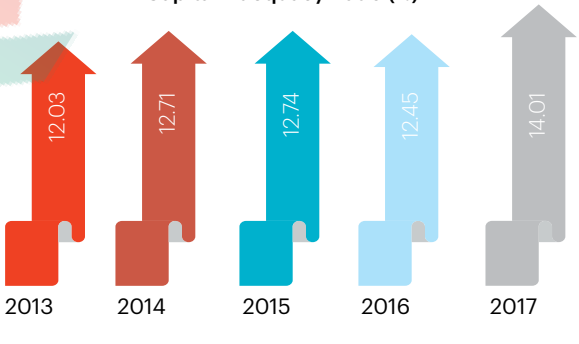
- To employees as salaries & allowances
- To providers of capital as dividend & reserve
- To Government as income tax
- Retained profit
- Depreciation
- Deferred taxation

Distribution of value addition-2016



- To employees as salaries & allowances
- To providers of capital as dividend & reserve
- To Government as income tax
- Retained profit
- Depreciation
- Deferred taxation

Capital Adequacy Ratio (%)

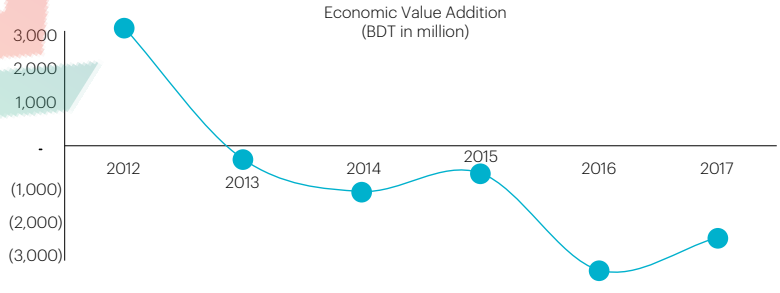


ECONOMIC VALUE ADDED **STATEMENT**

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		
	2017	2016	2015
Shareholders' equity	24,708	25,285	26,415
Add: Cumulative provision for loans/investments, off-balance sheet exposure and Off-shore Banking Units	10,594	8,739	8,937
	35,301	**34,024**	**35,352**
Average shareholders' equity	**34,663**	**34,688**	**33,614**
Earnings			
Profit after taxation	1,059	2,195	2,139
Add: Provision for loans/investments, off-balance sheet exposure and Off-shore Banking Units	3,564	3,412	3,154
Less: Waiver during the year	(25)	(73)	(79)
Less: Written-off during the year	(2,095)	(3,626)	(1,548)
	2,504	**1,908**	**3,667**
Average cost of equity (based on weighted average rate of Shanchay Patra issued by the Government of Bangladesh) plus 2% risk premium.	12.11%	12.17%	12.29%
Cost of average equity	4,198	4,222	4,130
Economic value added	(1,694)	(2,313)	(463)
Growth over last year	26.77%	-399.68%	43.14%

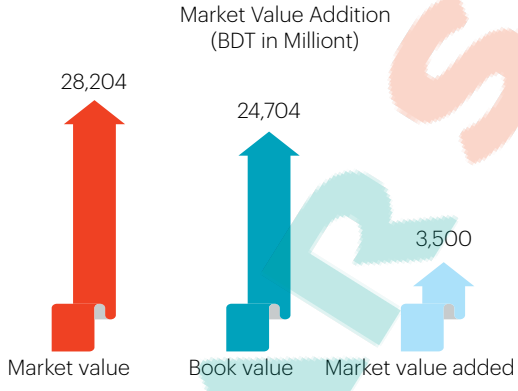
Maturity analysis	BDT in million			
	Below 1 year	1-5 years	Above 5 years	Total
Interest earning assets	155,871	56,836	21,005	233,712
Non-interest earning assets	7,955	2,967	36,641	47,563
Total assets	**163,826**	**59,803**	**57,646**	**281,275**
Interest bearing liabilities	150,494	35,808	30,586	216,888
Non-interest bearing liabilities	12,646	2,391	24,642	39,679
Total liabilities	**163,140**	**38,199**	**55,228**	**256,567**
Maturity Gap	**686**	**21,604**	**2,418**	**24,708**
Cumulative Gap	**686**	**22,290**	**24,708**	

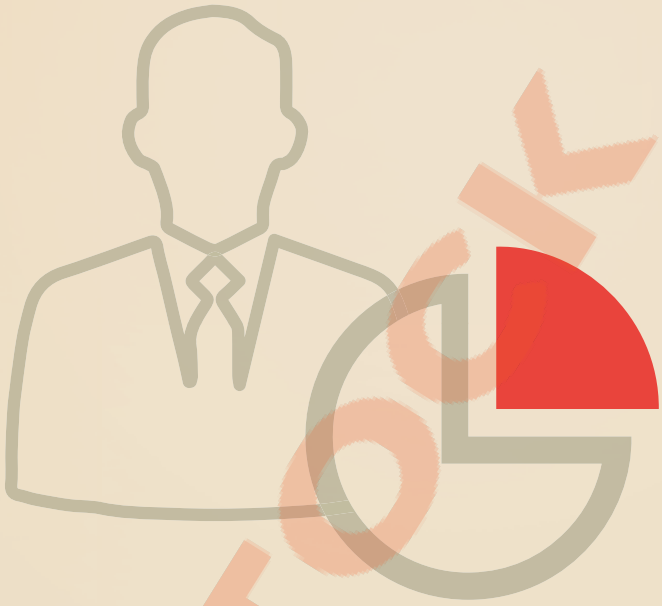


MARKET VALUE ADDED **STATEMENT**

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 28,204 million whereas the book value of the shares stood at Tk 24,704 million, resulting a Market Value introduce of Tk 3,500 million as of December 31, 2017. The calculation of Market Value Added is given below:

Particulars	No. of shares	Value in Taka	Taka in million
Market value	1,029,348,616	27.40	28,204
Book value	1,029,348,616	24.00	24,704
Market value added			**3,500**





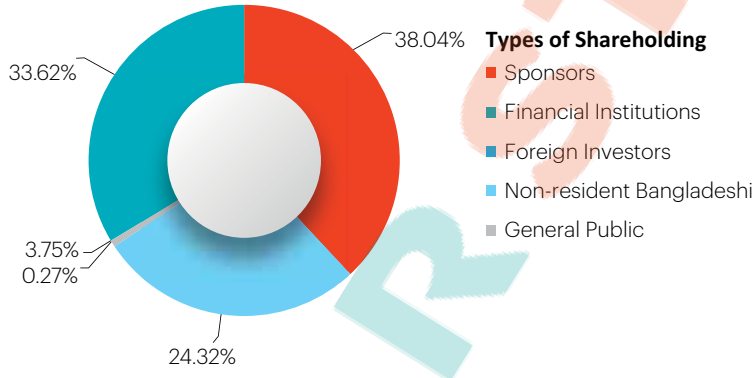
SHAREHOLDERS' INFORMATION

- Shareholders' Information
  (a) Distribution of Shareholdings
  (b) Shareholdings of the Directors
  (c) Redressal of Investors Complaints
- Key Financial Data & Key Ratios-PBL
- Horizontal/Vertical Analysis
- Graphical Presentation-PBL
- Segment Analysis
- Stock Performance - Market Price Information
- Economic Impact Report
- Capital Adequacy
- Liquidity Statement
- Payment of Dividends
- Disclosure on Non Performing Assets

SHAREHOLDERS' INFORMATION

Distribution of Shareholdings in 2017

Types	Number of Shares		% of Shares	
	2017	2016	2017	2016
Sponsors	3,915,393,490	3,996,150,370	38.04%	38.82%
Financial Institutions	2,503,815,050	2,795,256,750	24.32%	27.16%
Foreign Investors	385,416,330	38,472,820	3.74%	0.37%
Non- Resident Bangladeshi	27,819,790	25,142,410	0.27%	0.24%
General Public	3,461,041,500	3,438,463,810	33.62	33.40%
Total	**10,293,486,160**	**10,293,486,160**	**100.00%**	**100.00%**



Shares held by Directors in 2017

Sl. No.	Name of the Director	Designation	Opening Position	Closing Position	Change
01.	Mr. Azam J Chowdhury (Representative of East Coast Shipping Lines Limited)	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.	Quazi Sirazul Islam	Director	20,616,158	20,616,158	0.00%
05.	Mrs. Marina Yasmin Chowdhury	Director	23,325,000	24,225,000	3.86%
06.	Mrs. Salma Huq	Director	32,254,341	32,254,341	0.00%
07.	Mr. Nafis Sikder	Director	25,826,178	25,826,178	0.00%
08.	Mr. Imran Khan	Director	20,588,337	20,588,337	0.00%
09.	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	20,587,749	20,587,749	0.00%
10.	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	0.00%
11.	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	20,760,250	20,760,250	0.00%
12.	Mr. Shamsuddin Ahmad, Ph.D	Independent Director	-	-	
13.	Dr. G. M. Khurshid Alam	Independent Director	-	-	
14.	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	
Total			**266,544,672**	**267,444,672**	0.34%

Investors' Relation

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 provides 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.

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

AMARSTOCK

Key Financial Data & Key Ratios-PBL

BDT in million

Particulars	2017	2016	2015	2014	2013	2012
Operating Performance (Income Statement)						
Interest income	14,795	13,989	15,551	22,011	22,822	16,737
Interest expenses	9,875	10,676	14,257	17,678	17,410	12,648
Net interest income	4,920	3,313	1,294	4,332	5,411	4,089
Investment income	4,246	6,203	7,989	5,583	4,633	4,215
Commission, exchange and brokerage	2,245	1,693	1,956	2,155	2,429	2,689
Other Operating Income	797	814	834	813	1,018	652
Operating Income	12,207	12,023	12,073	12,883	13,492	11,645
Operating expenses	6,834	6,266	6,166	5,750	5,409	4,941
Earning before interest, depreciation and tax	11,961	13,331	17,345	19,187	21,422	23,024
Profit before provision and tax	5,373	5,757	5,906	7,133	8,083	6,704
Provision for loans and assets	3,564	3,412	3,154	2,877	4,029	3,216
Profit after provision before tax	1,809	2,345	2,752	4,257	4,054	3,488
Tax including deferred tax	750	150	613	887	1,616	2,636
Profit after tax	1,059	2,195	2,139	3,370	2,438	852
Balance Sheet (Financial Position)						
Authorized capital	25,000	25,000	25,000	25,000	25,000	25,000
Paid-up capital	10,293	10,293	10,293	10,293	10,293	9,358
Total shareholders' equity	24,708	25,285	26,415	24,461	23,030	20,787
Deposits	199,014	197,934	194,825	204,838	201,907	182,053
Long-term liabilities	93,427	90,593	95,170	104,040	91,424	84,827
Current liabilities	163,140	140,721	130,576	126,276	129,415	131,219
Loans and advances	198,323	170,212	151,865	147,367	153,589	160,890
Investments	23,807	48,249	62,733	72,642	56,940	45,862
Property, Plant and Equipment	6,434	6,590	6,516	6,613	6,407	4,363
Earning assets	226,332	221,978	216,975	221,521	211,399	212,204
Current assets	163,826	157,004	140,218	147,341	144,437	133,953
Net current assets	686	16,283	9,641	21,064	15,023	2,735
Total assets	281,275	272,224	267,322	269,218	256,927	236,833
Total liabilities	256,567	246,939	240,907	244,758	233,897	216,046
Current ratio	1.00	1.12	1.07	1.17	1.12	1.02
Gearing ratio	78.89	77.80	78.91	81.42	80.67	80.97
Quick Ratio	1.00	1.12	1.07	1.17	1.12	1.01
Cash Reserve Ratio (CRR)	6.76	6.65	7.04	6.71	6.97	6.06
Statutory liquidity Ratio (SLR)	14.96	28.04	33.18	29.83	38.39	34.02
Equity debt ratio (%)	9.63	10.24	10.96	9.99	9.85	9.62
Other Business						
Import	186,050	134,914	114,747	126,571	133,219	168,532
Export	107,002	89,720	88,827	110,096	127,091	143,612
Remittance	38,120	32,119	39,146	39,484	32,628	42,443
Guarantee Business	31,597	32,350	35,000	30,155	31,170	29,391

BDT in million

Particulars	2017	2016	2015	2014	2013	2012
Capital Measures						
Total risk weighted assets	230,211	254,001	229,843	214,892	220,020	202,340
Tier-1 Capital (going concern capital)	23,047	23,634	22,977	22,511	21,404	20,511
Tier-2 Capital (gone-concern capital)	9,203	7,998	6,306	4,802	5,091	5,241
Total capital	32,250	31,632	29,283	27,313	26,495	25,752
Capital Required	23,021	25,400	22,984	21,489	22,002	20,234
Capital Surplus	9,229	6,232	6,299	5,824	4,493	5,518
Tier-1 capital to RWA	10.01	9.30	10.00	10.48	9.73	10.14
Tier-2 capital to RWA	4.00	3.15	2.74	2.23	2.31	2.59
Total Capital to Risk Weighted Asset Ratio (CRAR)	14.01	12.45	12.74	12.71	12.04	12.73
Leverage ratio (Basel-III)	6.61	7.36	7.57	N/A	N/A	N/A
Liquidity Coverage Ratio (LCR)	109.58	139.90	178.71	145.86	N/A	N/A
Net Stable Funding Ratio (NSFR)	120.08	120.56	109.12	107.25	N/A	N/A
Credit Quality						
Non-performing loans (NPLs)	10,799	10,139	11,883	11,215	7,815	6,168
NPLs to total loans and advances (%)	5.45	5.96	7.82	7.61	5.09	3.83
Provision for unclassified loans	4,647	3,503	2,031	1,741	1,691	2,025
Provision for classified loans	4,266	3,787	5,749	4,586	3,733	1,949
Share Information						
Market price per share (Taka)	27.40	17.70	18.10	19.60	25.90	37.00
No. of shares outstanding (Million)	1,029.35	1,029.35	1,029.35	1,029.35	1,029.35	935.77
No. of shareholders (actual)	15,102	15,876	18,652	23,102	25,632	23,964
Earnings per share (Taka)	1.03	2.13	2.08	3.27	2.37	2.88
Dividend:	17.00%	16.00%	15.00%	15.00%	12.50%	20.00%
Cash	7.00%	16.00%	15.00%	15.00%	12.50%	10.00%
Bonus	10.00%	0.00%	0.00%	0.00%	0.00%	10.00%
Effective dividend ratio (%)	17.00	16.00	15.00	15.00	13.10	21.82
Dividend cover ratio (times)	0.61	1.33	1.39	2.18	1.90	1.44
Dividend yield (%)	6.20	9.04	8.29	7.65	4.83	5.41
Market capitalization	28,204	18,219	18,631	20,175	26,660	34,624
Net asset value per share (Taka)	24.00	24.56	25.66	23.76	22.37	22.21
Price earning ratio (times)	26.62	8.31	8.71	5.99	10.93	12.85
Operating Performance Ratio (%)						
Net interest margin (NIM)	2.58	2.02	0.86	1.91	2.75	3.61
Net non-interest margin on average earning assets	0.20	1.11	2.10	1.29	1.26	1.34
Earning base in assets (average)	81.00	86.28	81.73	82.28	85.79	89.69
Gross profit ratio	55.28	52.97	45.85	42.15	43.66	47.94
Net interest income as a percentage of working funds	1.78	1.30	0.48	1.65	2.19	1.87
Profit per employee	1.54	1.94	2.01	2.49	2.98	2.64
Operating profit as a percentage of working funds	1.94	2.26	2.20	2.71	3.27	3.07
Non interest income to total income	33.00%	38.37%	40.94%	27.98%	26.15%	31.11%
Net Profit Before Tax to Gross Income	8.19%	10.33%	10.45%	13.93%	13.12%	14.36%
Net Profit After Tax to Gross Income	4.80%	9.67%	8.12%	11.03%	7.89%	3.51%
Cost-income ratio	55.98	52.11	51.08	44.63	40.09	42.43
Credit-deposit ratio	99.65	85.99	77.95	71.94	76.07	88.38
Cost of Deposit	4.46	4.94	6.64	7.36	8.80	8.75
Cost of Fund	7.91	8.13	9.72	10.19	11.62	11.64

BDT in million

Particulars	2017	2016	2015	2014	2013	2012
Yield on average advance	7.44	8.45	10.20	12.09	13.85	15.17
Return on average assets	0.38	0.81	0.80	1.28	0.99	0.39
Return on average equity	4.24	8.49	8.41	14.19	11.13	4.27
Return on Capital Employed	4.55	4.97	4.86	5.55	7.06	6.35
Other information						
No. of branches	128	127	127	122	117	113
No. of SME branches/centers	18	18	18	18	17	17
Number of ATM	170	168	168	160	151	134
No. of employees	3,499	2,961	2,934	2,867	2,710	2,544
No. of foreign correspondents	687	684	658	638	661	660
Rating (CRISL)						
Long Term	"AA"	"AA"	"AA"	"AA"	"AA"	"AA+"
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2	ST-1
Rating (CRAB)						
Long Term	"AA2"	"AA2"	"AA2"	"AA2"	"AA2"	-
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2	-
Average earning assets	224,155	219,477	219,248	216,460	211,802	195,871
Average total assets	276,749	269,773	268,270	263,073	246,880	218,392
Average deposits	198,474	196,380	199,831	203,372	191,980	170,934
Average loans & advances	184,267	161,038	149,616	150,478	157,239	149,869
Average equity	24,996	25,850	25,438	23,745	21,908	19,941

Horizontal Analysis

Balance Sheet

BDT in million

Particulars	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
PROPERTY AND ASSETS												
Cash												
In hand (including foreign currencies)	3,031.61	11.50%	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%
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	14,973.04	-0.27%	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%
	18,004.65	1.53%	**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%
Balance with other banks and financial institutions												
In Bangladesh	7,380.65	79.93%	4,101.90	3555.23%	112.22	-56.65%	258.88	6.03%	244.17	-2.87%	251.39	-33.40%
Outside Bangladesh	2,701.94	-0.42%	2,713.33	47.03%	1,845.46	47.19%	1,253.81	100.12%	626.53	-55.01%	1,392.74	22.32%
	10,082.59	47.94%	**6,815.23**	248.13%	**1,957.68**	29.42%	**1,512.69**	73.73%	**870.70**	-47.04%	**1,644.13**	8.44%
Money at call and short notice	**1,500.00**	**178%**	**540.00**	**29%**	420.00	**100%**	-	-	-	-	-	-
Investments												
Government	23,657.69	-50.36%	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%
Others	149.46	-74.90%	595.41	-39.27%	980.45	-42.78%	1,713.52	116.26%	792.35	-14.36%	925.21	-5.80%
	23,807.14	-50.66%	**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%
Loans, advances and lease / investments												
Loans, cash credits, overdrafts, etc./ investments	183,593.66	16.33%	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%
Bills purchased and discounted	14,729.07	18.85%	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%
	198,322.73	**16.52%**	**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%**
Fixed assets including premises, furniture and fixtures	**6,434.05**	**-2.36%**	**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%**
Other assets	**22,903.01**	**4.75%**	**21,864.64**	**-16.39%**	**26,149.38**	**11.88%**	**23,373.30**	**8.82%**	**21,478.77**	**12.50%**	**19,092.38**	**209.16%**
Non - banking assets	**220.50**	**0.00%**	**220.50**	**0.00%**	**220.50**	**0.00%**	**176.34**	**100.00%**	-	-	-	-
Total assets	**281,274.67**	**3.32%**	**272,223.70**	**1.83%**	**267,322.45**	**-0.70%**	**269,218.28**	**4.78%**	**256,927.11**	**3.59%**	**248,029.06**	**24.05%**

Horizontal Analysis

Balance Sheet

BDT in million

Particulars	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
LIABILITIES AND CAPITAL												
Liabilities												
Borrowings from other banks, financial institutions and agents	**22,087.48**	**34.37%**	**16,438.22**	**21.80%**	**13,496.28**	**20.18%**	**11,229.61**	**91.05%**	**5,877.91**	**-74.31%**	**22,880.29**	**108.57%**
Deposits and other accounts												
Current / Al-wadeeah current deposits	33,196.23	4.05%	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%
Bills payable	4,212.57	-18.49%	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%
Savings bank / Mudaraba savings deposits	38,397.70	7.77%	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%
Term deposits / Mudaraba term deposits	123,207.47	-1.62%	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%
Bearer certificate of deposit		-		-	-	-	-	-	-	-	-	-
Other deposits		-		-	-	-	-	-	-	-	-	-
	199,013.98	**0.55%**	**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%**
Other liabilities	**35,465.41**	**8.90%**	**32,566.66**	**-0.06%**	**32,586.04**	**13.58%**	**28,690.22**	**9.87%**	**26,112.44**	**17.05%**	**22,308.86**	**121.54%**
Total liabilities	**256,566.87**	**3.90%**	**246,938.85**	**2.50%**	**240,907.42**	**-1.57%**	**244,757.57**	**4.64%**	**233,897.49**	**2.93%**	**227,242.02**	**25.65%**
Capital / Shareholders' equity												
Paid up capital	10,293.49	0.00%	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%
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	9,565.85	3.93%	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%
Revaluation gain / (loss) on investments	17.75	16.17%	15.28	-99.15%	1,791.99	305.92%	441.47	304.30%	109.19	453.73%	19.72	-91.89%
Revaluation reserve	1,496.76	-0.63%	1,506.29	-0.34%	1,511.41	0.52%	1,503.52	-0.53%	1,511.49	500.74%	251.60	0.00%
Foreign currency translation gain	13.41	102.11%	6.64	10.70%	6.00	17.88%	5.09	12.69%	4.51	-10.02%	5.02	-42.31%
Other reserve	-	-	-		-	-	-	-	-	-	-	-
Surplus in profit and loss account / Retained earnings	1,079.30	-46.51%	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%
Total Shareholders' equity	**24,707.80**	**-2.28%**	**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%**
Total liabilities and Shareholders' equity	**281,274.67**	**3.32%**	**272,223.70**	**1.83%**	**267,322.45**	**-0.70%**	**269,218.28**	**4.78%**	**256,927.11**	**3.59%**	**248,029.06**	**24.05%**

Vertical Analysis

Balance Sheet

BDT in million

Particulars	2017	%	2016	%	2015	%	2014	%	2013	%
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	3,031.61	1.08%	2,718.85	1.00%	2,391.18	0.89%	2,340.06	0.87%	2,683.87	1.04%
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	14,973.04	5.32%	15,013.76	5.52%	15,069.88	5.64%	15,194.72	5.64%	14,958.78	5.82%
	18,004.65	**6.40%**	**17,732.61**	**6.51%**	**17,461.06**	**6.53%**	**17,534.78**	**6.51%**	**17,642.65**	**6.87%**
Balance with other banks and financial institutions										0.00%
In Bangladesh	7,380.65	2.62%	4,101.90	1.51%	112.22	0.04%	258.88	0.10%	244.17	0.10%
Outside Bangladesh	2,701.94	0.96%	2,713.33	1.00%	1,845.46	0.69%	1,253.81	0.47%	626.53	0.24%
	10,082.59	**3.58%**	**6,815.23**	**2.50%**	**1,957.68**	**0.73%**	**1,512.69**	**0.56%**	**870.70**	**0.34%**
Money at call and short notice	**1,500.00**	**0.53%**	**540.00**	**0.20%**	**420.00**	**0.16%**	**-**	**-**	**-**	**-**
Investments										0.00%
Government	23,657.69	8.41%	47,653.80	17.51%	61,752.41	23.10%	70,928.31	26.35%	56,147.17	21.85%
Others	149.46	0.05%	595.41	0.22%	980.45	0.37%	1,713.52	0.64%	792.35	0.31%
	23,807.14	**8.46%**	**48,249.21**	**17.72%**	**62,732.86**	**23.47%**	**72,641.83**	**26.98%**	**56,939.52**	**22.16%**
Loans, advances and lease / investments										0.00%
Loans, cash credits, overdrafts, etc./ investments	183,593.66	65.27%	157,818.46	57.97%	143,778.65	53.78%	142,780.10	53.04%	147,380.88	57.36%
Bills purchased and discounted	14,729.07	5.24%	12,393.36	4.55%	8,085.88	3.02%	4,586.55	1.70%	6,207.88	2.42%
	198,322.73	**70.51%**	**170,211.83**	**62.53%**	**151,864.53**	**56.81%**	**147,366.65**	**54.74%**	**153,588.76**	**59.78%**
Fixed assets including premises, furniture and fixtures	**6,434.05**	**2.29%**	**6,589.68**	**2.42%**	**6,516.43**	**2.44%**	**6,612.69**	**2.46%**	**6,406.72**	**2.49%**
Other assets	**22,903.01**	**8.14%**	**21,864.64**	**8.03%**	**26,149.38**	**9.78%**	**23,373.30**	**8.68%**	**21,478.77**	**8.36%**
Non - banking assets	**220.50**	**0.08%**	**220.50**	**0.08%**	**220.50**	**0.08%**	**176.34**	**0.07%**	**-**	**0.00%**
Total assets	**281,274.67**	**100.00%**	**272,223.70**	**100.00%**	**267,322.45**	**100.00%**	**269,218.28**	**100.00%**	**256,927.11**	**100.00%**

TAXTOCK

Vertical Analysis

Balance Sheet

BDT in million

Particulars	2017	%	2016	%	2015	%	2014	%	2013	%
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from other banks, financial institutions and agents	**22,087.48**	**7.85%**	**16,438.22**	**6.04%**	**13,496.28**	**5.05%**	**11,229.61**	**4.17%**	**5,877.91**	**2.29%**
Deposits and other accounts										
Current / Al-wadeeah current deposits	33,196.23	11.80%	31,905.54	11.72%	28,234.43	10.56%	27,586.63	10.25%	26,612.33	10.36%
Bills payable	4,212.57	1.50%	5,168.36	1.90%	2,387.28	0.89%	2,942.89	1.09%	2,081.42	0.81%
Savings bank / Mudaraba savings deposits	38,397.70	13.65%	35,628.62	13.09%	30,713.92	11.49%	25,106.12	9.33%	21,125.91	8.22%
Term deposits / Mudaraba term deposits	123,207.47	43.80%	125,231.44	46.00%	133,489.47	49.94%	149,202.09	55.42%	152,087.48	59.19%
Bearer certificate of deposit	-	-	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-	-	-
Total Deposit	**199,013.98**	**70.75%**	**197,933.97**	**72.71%**	**194,825.10**	**72.88%**	**204,837.73**	**76.09%**	**201,907.14**	**78.59%**
Other liabilities	**35,465.41**	**12.61%**	**32,566.66**	**11.96%**	**32,586.04**	**12.19%**	**28,690.22**	**10.66%**	**26,112.44**	**10.16%**
Total liabilities	**256,566.87**	**91.22%**	**246,938.85**	**90.71%**	**240,907.42**	**90.12%**	**244,757.57**	**90.91%**	**233,897.49**	**91.04%**
Capital / Shareholders' equity										
Paid up capital	10,293.49	3.66%	10,293.49	3.78%	10,293.49	3.85%	10,293.49	3.82%	10,293.49	4.01%
Share premium	2,241.23	0.80%	2,241.23	0.82%	2,241.23	0.84%	2,241.23	0.83%	2,241.23	0.87%
Statutory reserve	9,565.85	3.40%	9,204.06	3.38%	8,735.05	3.27%	8,184.65	3.04%	7,528.63	2.93%
Revaluation gain / (loss) on investments	17.75	0.01%	15.28	0.01%	1,791.99	0.67%	441.47	0.16%	109.19	0.04%
Revaluation reserve	1,496.76	0.53%	1,506.29	0.55%	1,511.41	0.57%	1,503.52	0.56%	1,511.49	0.59%
Foreign currency translation gain	13.41	0.00%	6.64	0.00%	6.00	0.00%	5.09	0.00%	4.51	0.00%
Other reserve	-	-	-	-	-	-	-	-	-	-
Surplus in profit and loss account / Retained earnings	1,079.30	0.38%	2,017.88	0.74%	1,835.87	0.69%	1,791.27	0.67%	1,341.08	0.52%
Total Shareholders' equity	**24,707.80**	**8.78%**	**25,284.85**	**9.29%**	**26,415.03**	**9.88%**	**24,460.71**	**9.09%**	**23,029.62**	**8.96%**
Total liabilities and Shareholders' equity	**281,274.67**	**100.00%**	**272,223.70**	**100.00%**	**267,322.45**	**100.00%**	**269,218.28**	**100.00%**	**256,927.11**	**100.00%**

LAZER STOCK

Horizontal Analysis

Profit and Loss Account

BDT in million

Particulars	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12
Interest income / profit on investments	14,795.19	-4.86%	13,988.67	-10.04%	15,550.67	-15.70%	18,445.89	-16.20%	22,010.66	-3.55%
Interest / profit paid on deposits, borrowings, etc.	(9,875.35)	-30.73%	(10,675.51)	-25.12%	(14,256.81)	-8.45%	(15,573.52)	-11.91%	(17,678.36)	1.54%
Net interest / net profit on investments	**4,919.84**	**280.24%**	**3,313.16**	**156.07%**	**1,293.87**	**-54.95%**	**2,872.36**	**-33.70%**	**4,332.30**	**-19.94%**
Investment income	4,245.58	-46.86%	6,203.36	-22.35%	7,988.73	28.97%	6,194.36	10.96%	5,582.71	20.49%
Commission, exchange and brokerage	2,244.85	14.76%	1,693.19	-13.44%	1,956.08	-3.79%	2,033.13	-5.68%	2,155.49	-11.28%
Other operating income	796.90	-4.47%	813.61	-2.47%	834.18	3.44%	806.47	-0.75%	812.59	-20.17%
Total operating income (A)	**12,207.17**	**1.11%**	**12,023.31**	**-0.41%**	**12,072.86**	**1.40%**	**11,906.31**	**-7.58%**	**12,883.08**	**-4.51%**
Salaries and allowances	3,823.66	6.45%	3,650.55	1.63%	3,591.88	9.52%	3,279.74	11.59%	2,939.02	9.94%
Rent, taxes, insurance, electricity, etc.	906.16	34.21%	755.94	11.96%	675.18	15.89%	582.60	5.88%	550.26	27.71%
Legal expenses	83.04	50.84%	52.87	-3.95%	55.05	53.54%	35.85	-5.04%	37.76	32.15%
Postage, stamp, telecommunication, etc.	120.78	-12.25%	119.00	-13.55%	137.64	22.40%	112.45	-16.09%	134.00	5.02%
Stationery, printing, advertisements, etc.	213.64	-3.59%	202.55	-8.59%	221.59	5.12%	210.81	-7.25%	227.29	-25.33%
Managing Director's salary and fees	11.53	14.59%	10.80	7.30%	10.06	15.98%	8.67	-25.15%	11.59	1.24%
Directors' fees	4.50	30.22%	4.94	43.07%	3.45	-9.15%	3.80	-12.94%	4.36	-15.29%
Auditors' fees	1.38	20.00%	1.38	20.00%	1.15	0.00%	1.15	66.67%	0.69	20.00%
Charges on loan losses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Depreciation and repair of Bank's assets	365.04	-7.48%	380.41	-3.58%	394.55	-1.43%	400.25	14.98%	348.12	4.95%
Other expenses	1,304.06	21.21%	1,087.50	1.08%	1,075.88	-3.45%	1,114.31	-3.59%	1,155.85	12.49%
Total operating expenses (B)	**6,833.80**	**10.82%**	**6,265.93**	**1.61%**	**6,166.43**	**7.25%**	**5,749.63**	**6.30%**	**5,408.92**	**9.47%**
Profit / (loss) before provision (C=A-B)	**5,373.37**	**-9.02%**	**5,757.38**	**-2.52%**	**5,906.42**	**-4.06%**	**6,156.69**	**-17.63%**	**7,474.16**	**-12.59%**
Provision for loans / investments										
Specific provision	1,731.00	-35.65%	1,622.00	-39.70%	2,690.00	1.76%	2,643.50	-11.29%	2,980.00	100.00%
General provision	1,401.00	378.16%	1,444.95	393.16%	293.00	157.02%	114.00	-82.24%	642.00	167.50%
Provision for Off-Shore Banking Units	123.50	209.52%	54.45	36.47%	39.90	-47.50%	76.00	-79.01%	362.00	-
Provision for off-balance sheet exposures	292.45	-327.56%	228.75	234.43%	68.40	4629.80%	(1.51)	-115.10%	10.00	-92.86%
	3,255.50	5.31%	3,121.40	0.97%	3,091.30	9.16%	2,831.99	-29.09%	3,994.00	113.58%
Provision for diminution in value of investments	(60.52)	964.51%	9.12	30.29%	7.00	200.00%	(7.00)	-128.54%	24.53	-44.00%
Other provisions	369.42	558.42%	281.82	402.30%	56.11	8.74%	51.60	409.11%	10.14	-99.22%

Horizontal Analysis

Profit and Loss Account

BDT in million

Particulars	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12
Total provision (D)	**3,564.40**	**13.00%**	**3,412.34**	**8.18%**	**3,154.41**	**9.66%**	**2,876.59**	**-28.60%**	**4,028.66**	**25.28%**
Total profit / (loss) before taxes (C-D)	**1,808.97**	**-34.27%**	**2,345.04**	**-14.79%**	**2,752.02**	**-16.10%**	**3,280.10**	**-4.80%**	**3,445.50**	**-35.42%**
Provision for taxation	-		-	-	-	-	-	-	-	-
Current tax	750.00	5.19%	150.00	-78.96%	713.00	-39.58%	1,180.00	-26.98%	1,616.00	-34.04%
Deferred tax	-	-100.00%	-	-100.00%	(100.00)	-65.85%	(292.80)	-	-	-100.00%
	750.00	22.35%	150.00	-75.53%	613.00	-30.91%	887.20	-45.10%	1,616.00	-38.70%
Net profit after taxation	**1,058.97**	**-50.49%**	**2,195.04**	**2.62%**	**2,139.02**	**-10.61%**	**2,392.90**	**30.80%**	**1,829.50**	**-32.22%**

AMAR STOCK

Vertical Analysis

Profit and Loss Account

BDT in million

Particulars	2017	%	2016	%	2015	%	2014	%	2013	%
Interest income / profit on investments	14,795.19	67.00%	13,988.67	61.63%	15,550.67	59.06%	18,445.89	67.13%	22,010.66	72.02%
Interest / profit paid on deposits, borrowings, etc.	(9,875.35)	-44.72%	(10,675.51)	-47.03%	(14,256.81)	-54.15%	(15,573.52)	-56.67%	(17,678.36)	-57.85%
Net interest / net profit on investments	**4,919.84**	**22.28%**	**3,313.16**	**14.60%**	**1,293.87**	**4.91%**	**2,872.36**	**10.45%**	**4,332.30**	**14.18%**
Investment income	4,245.58	19.23%	6,203.36	27.33%	7,988.73	30.34%	6,194.36	22.54%	5,582.71	18.27%
Commission, exchange and brokerage	2,244.85	10.17%	1,693.19	7.46%	1,956.08	7.43%	2,033.13	7.40%	2,155.49	7.05%
Other operating income	796.90	3.61%	813.61	3.58%	834.18	3.17%	806.47	2.93%	812.59	2.66%
Total operating income (A)	**12,207.17**	**55.28%**	**12,023.31**	**52.97%**	**12,072.86**	**45.85%**	**11,906.31**	**43.33%**	**12,883.08**	**42.15%**
	-		-							
Salaries and allowances	3,823.66	17.32%	3,650.55	16.08%	3,591.88	13.64%	3,279.74	11.94%	2,939.02	9.62%
Rent, taxes, insurance, electricity, etc.	906.16	4.10%	755.94	3.33%	675.18	2.56%	582.60	2.12%	550.26	1.80%
Legal expenses	83.04	0.38%	52.87	0.23%	55.05	0.21%	35.85	0.13%	37.76	0.12%
Postage, stamp, telecommunication, etc.	120.78	0.55%	119.00	0.52%	137.64	0.52%	112.45	0.41%	134.00	0.44%
Stationery, printing, advertisements, etc.	213.64	0.97%	202.55	0.89%	221.59	0.84%	210.81	0.77%	227.29	0.74%
Managing Director's salary and fees	11.53	0.05%	10.80	0.05%	10.06	0.04%	8.67	0.03%	11.59	0.04%
Directors' fees	4.50	0.02%	4.94	0.02%	3.45	0.01%	3.80	0.01%	4.36	0.01%
Auditors' fees	1.38	0.01%	1.38	0.01%	1.15	0.00%	1.15	0.00%	0.69	0.00%
Charges on loan losses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Depreciation and repair of Bank's assets	365.04	1.65%	380.41	1.68%	394.55	1.50%	400.25	1.46%	348.12	1.14%
Other expenses	1,304.06	5.91%	1,087.50	4.79%	1,075.88	4.09%	1,114.31	4.05%	1,155.85	3.78%
Total operating expenses (B)	**6,833.80**	**30.95%**	**6,265.93**	**27.60%**	**6,166.43**	**23.42%**	**5,749.63**	**20.92%**	**5,408.92**	**17.70%**
Profit / (loss) before provision (C=A-B)	**5,373.37**	**24.33%**	**5,757.38**	**25.36%**	**5,906.42**	**22.43%**	**6,156.69**	**22.40%**	**7,474.16**	**24.46%**
Provision for loans / investments			-							
Specific provision	1,731.00	7.84%	1,622.00	7.15%	2,690.00	10.22%	2,643.50	9.62%	2,980.00	9.75%
General provision	1,401.00	6.34%	1,444.95	6.37%	293.00	1.11%	114.00	0.41%	642.00	2.10%
Provision for Off-Shore Banking Units	123.50	0.56%	54.45	0.24%	39.90	0.15%	76.00	0.28%	362.00	1.18%
Provision for off-balance sheet exposures	292.45	1.32%	228.75	1.01%	68.40	0.26%	(1.51)	-0.01%	10.00	0.03%
	3,255.50	14.74%	3,121.40	13.75%	3,091.30	11.74%	2,831.99	10.31%	3,994.00	13.07%
Provision for diminution in value of investments	(60.52)	-0.27%	9.12	0.04%	7.00	0.03%	(7.00)	-0.03%	24.53	0.08%
Other provisions	369.42	1.67%	281.82	1.24%	56.11	0.21%	51.60	0.19%	10.14	0.03%

Vertical Analysis

Profit and Loss Account

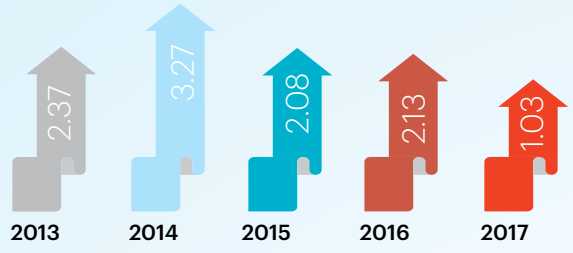
BDT in million

Particulars	2017	%	2016	%	2015	%	2014	%	2013	%
Total provision (D)	**3,564.40**	**16.14%**	**3,412.34**	**15.03%**	**3,154.41**	**11.98%**	**2,876.59**	**10.47%**	**4,028.66**	**13.18%**
Total profit / (loss) before taxes (C-D)	**1,808.97**	**8.19%**	**2,345.04**	**10.33%**	**2,752.02**	**10.45%**	**3,280.10**	**11.94%**	**3,445.50**	**11.27%**
Provision for taxation										
Current tax	750.00	3.40%	150.00	0.66%	713.00	2.71%	1,180.00	4.29%	1,616.00	5.29%
Deferred tax	-	0.00%	-	0.00%	(100.00)	-0.38%	(292.80)	-1.07%	-	0.00%
	750.00	3.40%	150.00	0.66%	613.00	2.33%	887.20	3.23%	1,616.00	5.29%
Net profit after taxation	**1,058.97**	**4.80%**	**2,195.04**	**9.67%**	**2,139.02**	**8.12%**	**2,392.90**	**8.71%**	**1,829.50**	**5.99%**

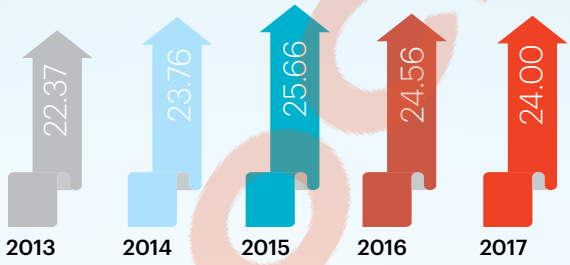
AMAR STOCK

GRAPHICAL PRESENTATION
PBL

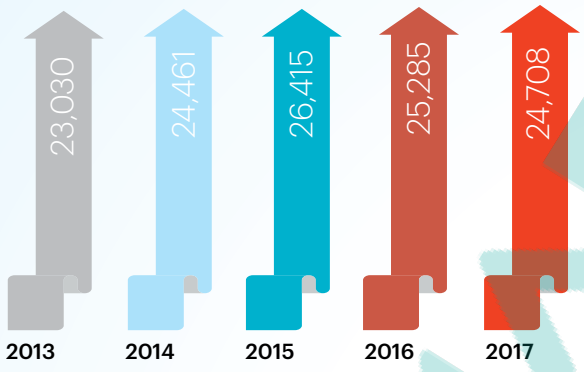
Earnings per Share
(BDT)



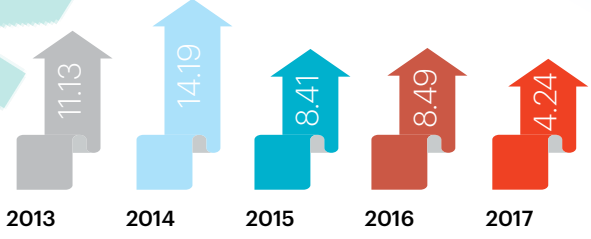
Net Asset Value per Share
(BDT)



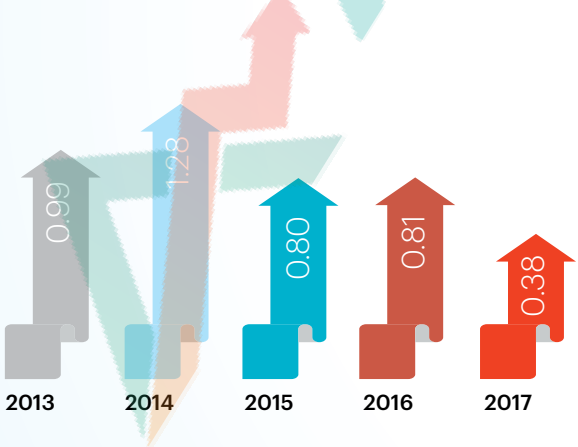
Shareholders' Equity
(BDT)



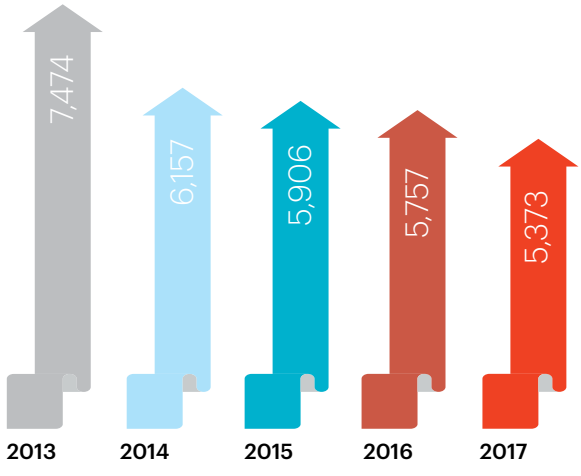
Return on Equity
(%)



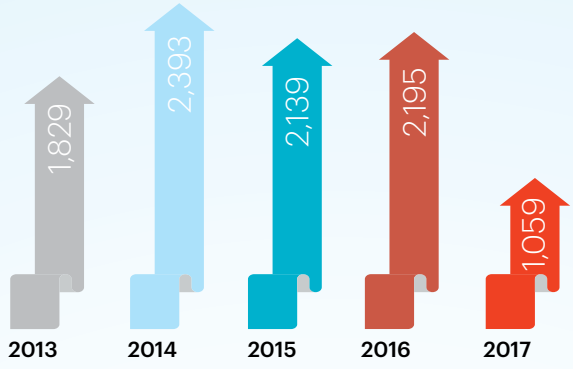
Return on Assets
(%)



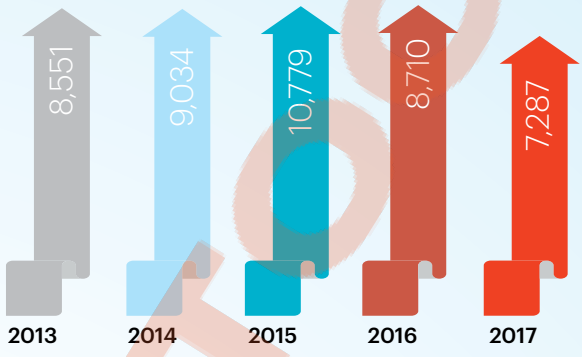
Operating Profit
(%)



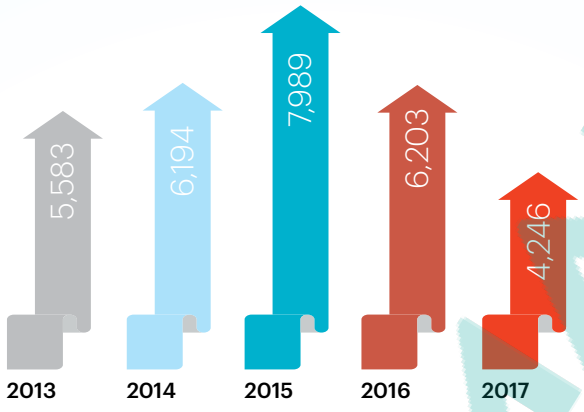
Profit after Tax
(BDT in Million)



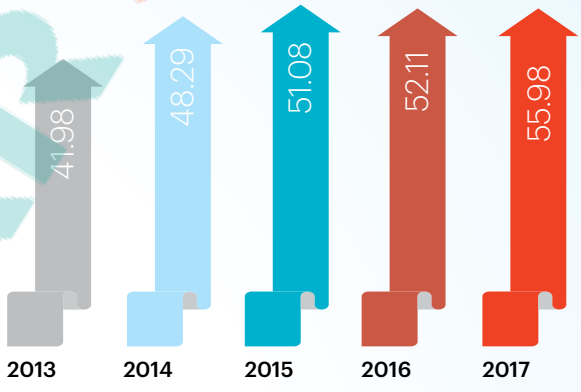
Non-Interest Income
(BDT in Million)



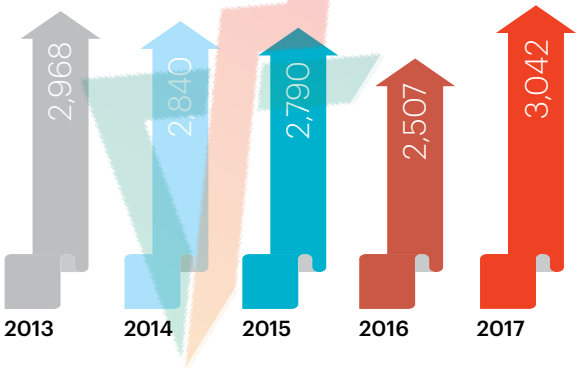
Investment Income
(BDT in Million)



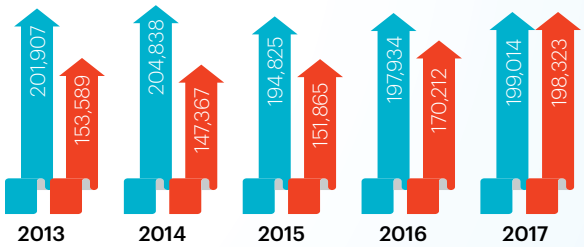
Cost-Income Ratio
(%)



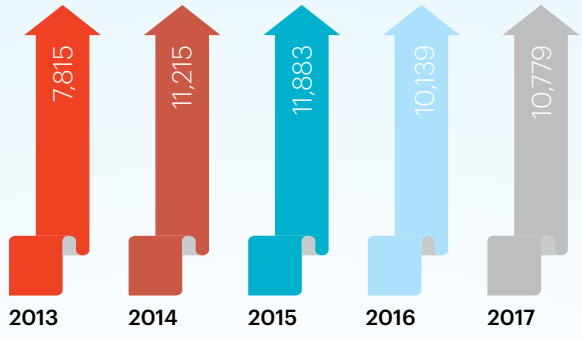
Fee based Income
(BDT in Million)



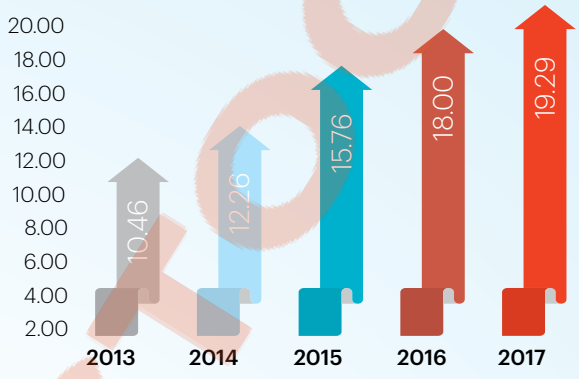
Deposit & Advance
(BDT in Million)



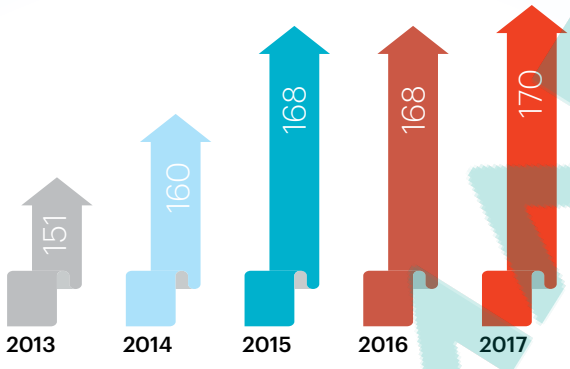
Non-Performing Loans
(BDT in Million)



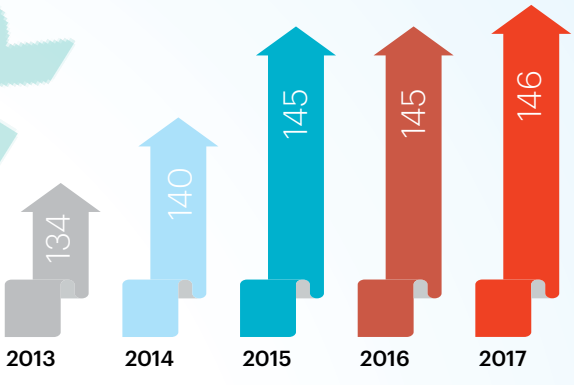
Savings Deposit as % of Total Deposit
%



Number of ATM



Branch Network



SEGMENT ANALYSIS

BDT in Million

Deposits	2017	2016
Corporate & Institutional Banking	28,420	28,890
Commercial Banking Division	13,763	12,586
MSME	18,634	18,220
Consumer Other Deposits	138,196	138,238
Total Deposits	**199,014**	**197,934**

BDT in Million

Loan and Advance	2017	2016
Corporate & Institutional Banking	107,514	88,718
Commercial Banking Division	49,038	43,898
MSME	22,232	18,191
Consumer Banking Division	19,540	19,405
Total Loan and Advance	**198,323**	**170,212**

BDT in Million

Export	2017	2016
Corporate & Institutional Banking	57,290	45,633
Commercial Banking Division	47,170	42,690
MSME	2,542	1,397
Total Export	**107,002**	**89,720**

BDT in Million

Import	2017	2016
Corporate & Institutional Banking	135,360	92,236
Commercial Banking Division	46,999	37,544
MSME	3,691	5,135
Total Import	**186,050**	**134,914**

BDT in Million

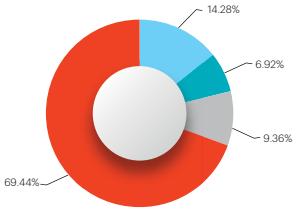
Guarantee	2017	2016
Corporate & Institutional Banking	4,970	4,760
Commercial Banking Division	6,265	4,360
MSME	1,842	3,440
Counter Guarantee	18,520	19,790
Total Guarantee	**31,597**	**32,350**

Sector

BDT in Million

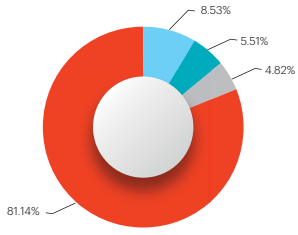
Sector	Dec-17	Dec-16
Construction	18,149	17,431
Trade Service	21,627	17,223
Metal Industry	13,948	12,944
RMG	15,113	12,532
Textile	9,817	10,057
Professional & Services	8,661	8,623
Real Estate	8,272	7,453
Non Metallic Industry	5,548	7,125
Other Manufacturing	7,087	6,295
Food Processing	10,469	5,644
Communication	4,959	4,630
Rubber	4,333	2,164
Pharmaceuticals	4,222	1,452
Furniture & Fixture	1,415	1,234
Paper and Printing	1,454	1,161
Agriculture	5,783	1,031
Ship Breaking	829	899
Tobacco	834	886
Ship Building	771	763
Chemical	456	702
Machinery	1,180	692
Beverage	1,061	593
Power & Gas	215	242
Leather	-	223
OBU	22,816	17,860
Miscellaneous (Other)	29,305	30,354
Total	**198,322.73**	**170,211.80**

Deposits Dec '17



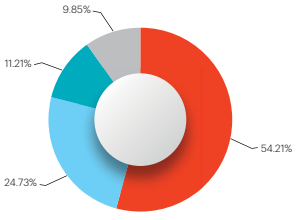
- C & IB
- CBD
- MSME
- Consumer and others

Deposits Dec '16



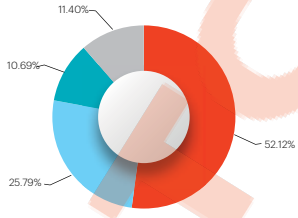
- C & IB
- CBD
- MSME
- Consumer and others

Advance Dec '17



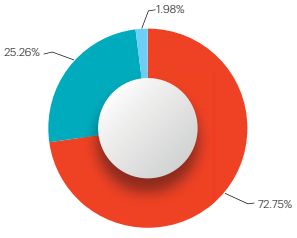
- C & IB
- CBD
- MSME
- Consumer

Advance Dec '16



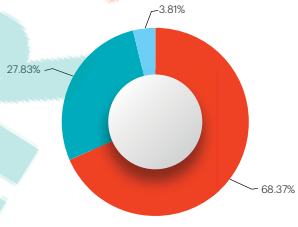
- C & IB
- CBD
- MSME
- Consumer

Import Dec '17



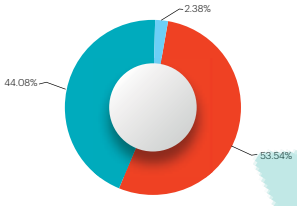
- C & IB
- CBD
- MSME

Import Dec '16



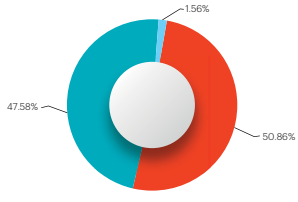
- C & IB
- CBD
- MSME

Export Dec '17



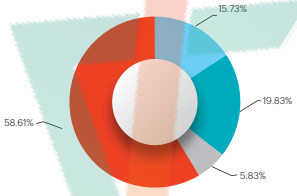
- C & IB
- CBD
- MSME

Export Dec '16



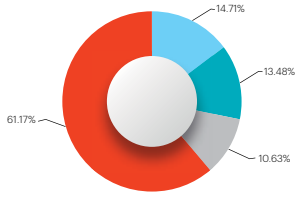
- C & IB
- CBD
- MSME

Guarantee Dec '17



- C & IB
- CBD
- MSME
- Counter Guarantee

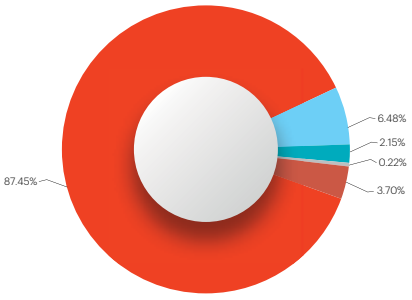
Guarantee Dec '16



- C & IB
- CBD
- MSME
- Counter Guarantee

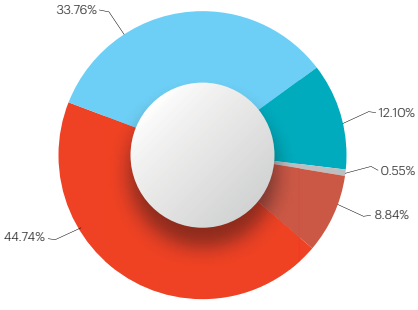
GROUP

Operating Revenue



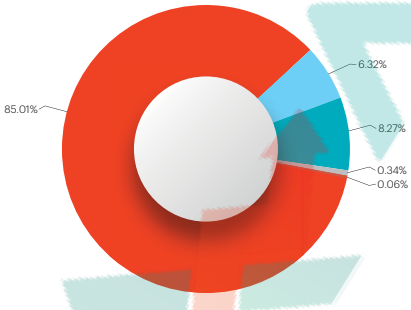
- Conventional Banking
- Islamic Banking
- Off-shore Banking
- Local Subsidiaries (PBIL, PBSL)
- Overseas Subsidiaries (Exchange House, Finance Co.)

Assets Employed



- Conventional Banking
- Islamic Banking
- Off-shore Banking
- Local Subsidiaries (PBIL, PBSL)
- Overseas Subsidiaries (Exchange House, Finance Co.)

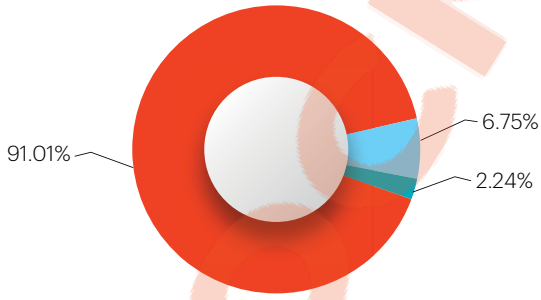
Profit before Tax



- Conventional Banking
- Islamic Banking
- Off-shore Banking
- Local Subsidiaries (PBIL, PBSL)
- Overseas Subsidiaries (Exchange House, Finance Co.)

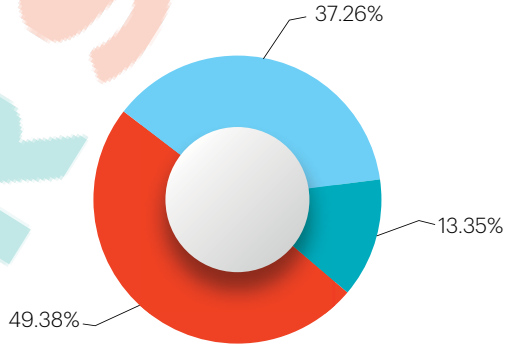
PBL

Operating Revenue



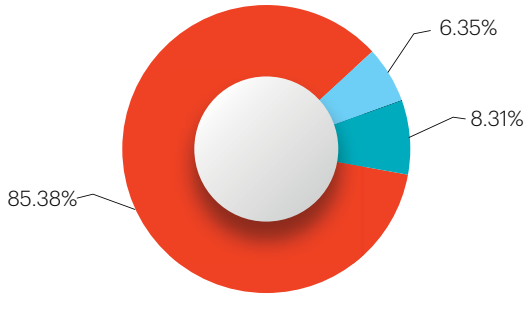
- Conventional Banking
- Islamic Banking
- Off-shore Banking

Assets Employed



- Conventional Banking
- Islamic Banking
- Off-shore Banking

Profit before Tax



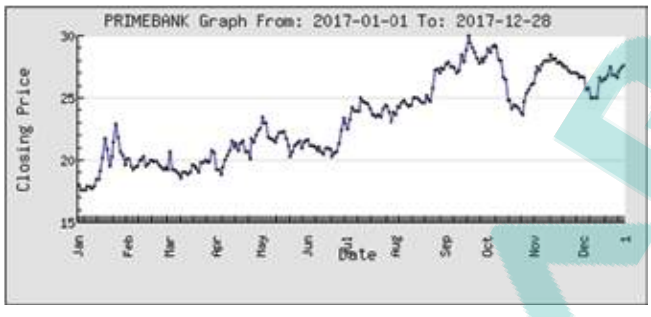
- Conventional Banking
- Islamic Banking
- Off-shore Banking

Stock Performance

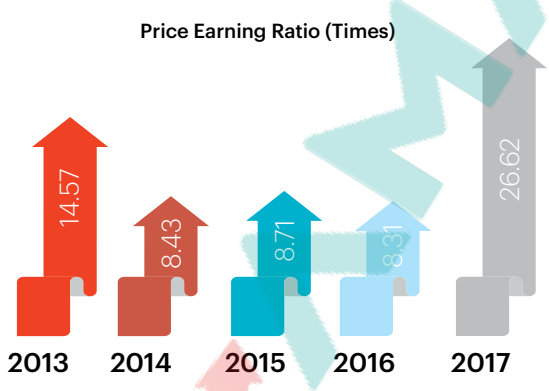
Market Price Information

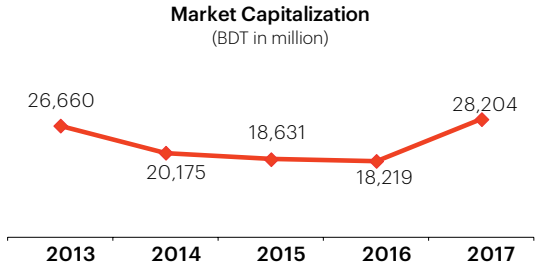
The reported high and low prices and volume of shares of Prime Bank Limited traded during the year 2017 on Dhaka Stock Exchange and Chittagong Stock Exchange are given below:

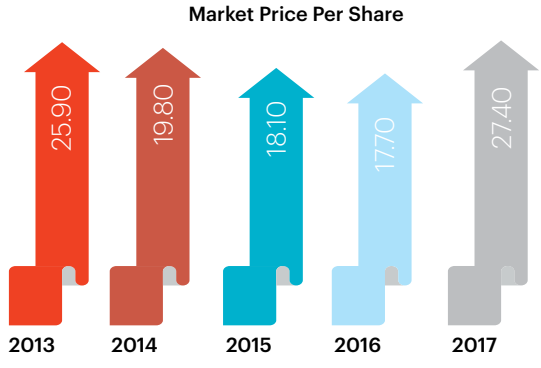
Month	DSE			CSE			Total Volume on DSE & CSE
	High Taka	Low Taka	Volume	High Taka	Low Taka	Volume	
January	22.20	17.40	23767818	23.00	17.10	282086	24049904
February	20.30	19.10	8463659	20.40	18.00	133498	8597157
March	21.40	18.10	17688781	21.20	18.10	1439031	19127812
April	23.20	18.60	95493867	23.00	18.60	5296956	100790823
May	24.00	20.10	59108080	23.80	20.20	2522918	61630998
June	23.80	20.40	39937551	23.40	20.10	2787759	42725310
July	25.10	22.30	124365256	25.10	22.40	3255237	127620493
August	27.70	23.40	111039527	27.60	23.50	13202163	124241690
September	30.50	26.70	91501835	30.40	25.10	5859082	97360917
October	29.70	23.40	58748522	29.60	23.50	2243006	60991528
November	28.70	26.40	51398851	28.60	26.20	971002	52369853
December	27.80	24.60	20586510	27.70	24.80	874778	21461288











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

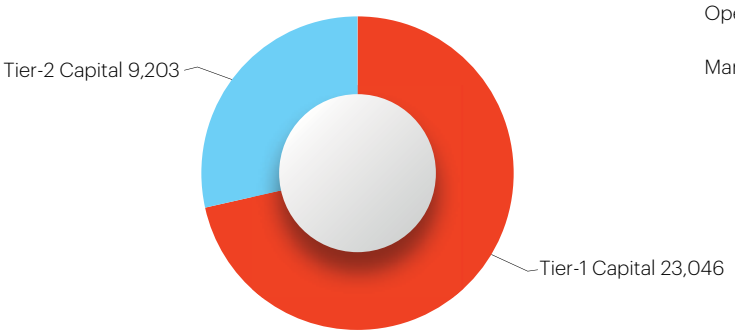
Capital adequacy symbolizes the financial strength and stability of a bank. It limits the extent up to which banks can expand their business in terms of risk weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by acquiring property, plant 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.

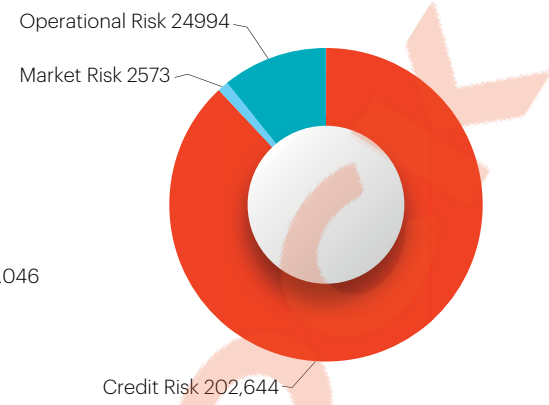
The capital adequacy computation on Slolo basis as at December 31, 2017 is given below:

Details of Eligible Capital	Taka in million	
	2017 (Basel-III)	2016 (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	9,566	9,204
Surplus in consolidated profit and loss account / Retained earnings	1,079	2,018
Total CET-I Capital	**23,180**	**23,757**
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	111	47
Reciprocal Crossholdings	22	76
	132	**123**
Total Tier-1 Capital	23,048	23,634
Tier-2 Capital		
General provision (Eligible for inclusion in Tier-2 will be limited to a maximum 1.25% of Credit risk-weighted assets)	6,314	4,915
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	2,500
Exchange equalization account	-	-
	9,787	**8,387**
Less: Regulatory adjustments:		
Revaluation Reserves for fixed assets, securities, and wquity securities etc.	583	389
Total Tier-2 Capital	**9,203**	**7,998**
Total capital	32,251	31,632
Total risk-weighted assets	**230,211**	**254,001**
Core capital ratio (%)	10.01	9.30
Supplementary capital ratio (%)	4.00	3.15
Total Capital to Risk Weighted Asset Ratio (CRAR)	**14.01%**	**12.45%**

Tier-1 and Tier-2 Capital-2016
(BDT in million)



Credit Risk, Market Risk and Operational Risk
(BDT in million)



Liquidity Statement

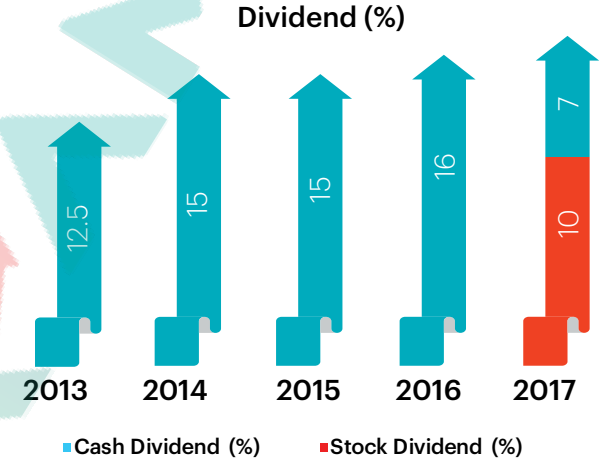
The liquidity policy of the bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in the 1 to 30 days category. Our liquidity remained at optimum levels during the year. The Statutory Liquidity Ratio stood at 14.96% (required 13% of total demand & time deposits) in December 2017.

The assets and liabilities committee (ALCO) of the bank monitors the situation and maintains a satisfactory trade-off between liquidity and profitability.

Divident Declaration of 5 Years

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 stock dividend 10% and cash dividend of 7% for the year 2017.



DISCLOSURE OF NON PERFORMING ASSETS

Movement of NPA

Particulars	BDT in Million	
	2017	2016
Opening Balance	10,139.48	11,882.80
Add: Addition NPA during the period	8,007.07	9,599.83
Less: NPA recovered during the period	(1,635.79)	(1,489.08)
Less: NPA declassified/regularized as performing during the period	(2,333.23)	(4,096.50)
Less: NPA written-off during the period	(3,378.48)	(5,757.57)
Closing Balance (NPA)	**10,799.05**	**10,139.48**
No. of rescheduled loans during the year (incl. Retail Banking Div. & SME Banking Div.)	**102**	**227**
Movement of Provisions made against NPA		
Opening Balance	3,824.06	5,749.30
Add: addition during the year	2,558.40	1,774.08
Less: Adjustmen during the year	(2,112.53)	(3,699.31)
Closing Balance	**4,269.94**	**3,824.06**
Statement of Value Added and its Distribution		
Government as Taxes		
Tax	587.52	433.68
TDS	2,450.04	2,035.55
VAT	386.77	370.58
Total	**3,424.34**	**2,839.81**
Shareholders as Dividend	1,749.89	1,646.96
Employees as bonus/remuneration	3,835.19	3,661.34
Retained by the entity		
Market Share information of the Company's product/services		
Economic value added		



FINANCIAL STATEMENTS

- Independent Auditors' Report to the Shareholder
- Consolidated Balance Sheet
- Consolidated Profit and Loss Account
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Equity
- Balance Sheet of Prime Bank Limited
- Profit and Loss Account of Prime Bank Limited
- Cash Flow Statement of Prime Bank Limited
- Statement of Changes in Equity of Prime Bank Limited
- Notes to the Financial Statements
- Financial Statements of Islamic Banking Branches
- Financial Statements of Offshore Banking Units

INDEPENDENT AUDITORS' REPORT
To The Shareholders of Prime Bank Limited

We have audited the accompanying consolidated financial statements of Prime Bank Limited and its subsidiaries (together referred to as 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 2017, consolidated and separate Profit and Loss Accounts, consolidated and separate Statements of Changes in Equity and 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

Management is responsible for the preparation and fair presentation of these 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 (BFRSs) as explained in Note 2 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 Banking Companies Act, 1991 and the central bank (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 (BSAs). 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 the 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider 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 the 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 2017, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Banking Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditors' 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 Control:

(a) internal audit, internal control and risk management arrangements of the Bank as disclosed in note 2.12 & 2.20 of the financial statements appeared to be materially adequate;

(b) 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;

(iii) financial statements of the subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

(iv) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

(v) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vi) the expenditures incurred was for the purpose of the Bank's business;

(vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(viii) adequate provisions have been made for investments and other assets of the Bank which are in our opinion, doubtful of recovery;

(ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements of the Bank;

(x) the information and explanations required by us have been received and found satisfactory;

(xi) we have reviewed over 80% of the risk weighted assets of the Bank and spending over 7,860 person hours; and

(xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained by the Bank.

Aziz Halim Khair Choudhury
Chartered Accountants

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, Dated, April 10, 2018

AMAR STOCK

CONSOLIDATED BALANCE SHEET
as at 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)		3,140,588,297	2,772,028,445
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		14,973,037,651	15,013,759,704
		18,113,625,948	17,785,788,149
Balance with other banks and financial institutions	4		
In Bangladesh		7,471,466,377	4,156,407,180
Outside Bangladesh		2,773,249,334	2,872,544,857
		10,244,715,711	7,028,952,037
Money at call and short notice	5	**1,500,000,000**	**540,000,000**
Investments	6		
Government		23,657,686,975	47,653,799,061
Others		2,222,449,188	2,618,012,934
		25,880,136,163	**50,271,811,995**
Loans, advances and lease /investments			
Loans, cash credits, overdrafts etc./ investments	7	184,066,239,687	158,022,379,691
Bills purchased and discounted	8	16,552,939,609	14,467,473,496
		200,619,179,296	**172,489,853,187**
Fixed assets including premises, furniture and fixtures	9	6,487,041,211	6,610,488,699
Other assets	10	19,329,742,018	18,230,570,859
Non - banking assets	11	220,500,640	220,500,640
Total assets		**282,394,940,987**	**273,177,965,566**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	22,137,997,510	16,596,719,762
Deposits and other accounts	13		
Current / Al-wadeeah current deposits		33,182,700,323	31,868,669,008
Bills payable		4,212,571,458	5,168,363,915
Savings bank / Mudaraba savings deposits		38,397,699,341	35,628,622,433
Term deposits / Mudaraba term deposits		123,207,326,048	125,169,606,738
Bearer certificate of deposit		-	-
Other deposits		-	-
		199,000,297,169	**197,835,262,094**
Other liabilities	14	**36,443,698,543**	**33,452,593,365**
Total liabilities		**257,581,993,222**	**247,884,575,221**
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	61	60
Statutory reserve	16	9,565,853,177	9,204,058,242
Revaluation gain / loss on investments	17	55,285,288	53,313,727
Revaluation reserve	18	1,496,759,104	1,506,285,073
Foreign currency translation gain	19	15,334,146	5,907,315
General reserve		28,002,888	28,002,888
Surplus in profit and loss account / Retained earnings	20	1,116,996,544	1,961,106,485
Total Shareholders' equity		**24,812,947,765**	**25,293,390,345**
Total liabilities and Shareholders' equity		**282,394,940,987**	**273,177,965,566**

CONSOLIDATED BALANCE SHEET
as at 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
OFF - BALANCE SHEET EXPOSURES			
Contingent liabilities	**21**		
Acceptances and endorsements	**21.1**	49,721,797,256	35,566,350,756
Letters of guarantee	**21.2**	72,966,435,302	67,416,908,068
Irrevocable letters of credit	**21.3**	34,112,938,262	27,311,640,065
Bills for collection	**21.4**	10,766,851,918	8,263,541,574
Other contingent liabilities		-	-
		167,568,022,737	**138,558,440,463**
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		240,823,450	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
		-	-
		240,823,450	-
Total Off-Balance Sheet exposures including contingent liabilities		**167,808,846,187**	**138,558,440,463**

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.

Aziz Halim Khair Choudhury
Chartered Accountants
Dated, 10 April 2018

Hoda Vasi Chowdhury & Co
Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Interest income / profit on investments	23	14,879,403,193	13,907,214,815
Interest / profit paid on deposits, borrowings, etc.	24	(9,885,293,129)	(10,701,356,878)
Net interest / net profit on investments		**4,994,110,064**	**3,205,857,937**
Investment income	25	4,396,502,019	6,262,520,697
Commission, exchange and brokerage	26	2,453,506,591	1,828,474,793
Other operating income	27	860,057,321	873,883,827
Total operating income (A)		**12,704,175,995**	**12,170,737,254**
Salaries and allowances	28	3,966,047,129	3,759,398,508
Rent, taxes, insurance, electricity, etc.	29	963,386,657	802,822,971
Legal expenses	30	88,016,667	56,674,403
Postage, stamp, telecommunication, etc.	31	130,629,227	127,888,384
Stationery, printing, advertisements, etc.	32	218,387,455	206,494,639
Managing Director's salary and fees	33	11,528,936	10,795,129
Directors' fees	34	5,200,364	5,357,475
Auditors' fees	35	2,558,659	2,520,465
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37	375,487,188	388,433,628
Other expenses	38	1,353,717,503	1,181,539,791
Total operating expenses (B)		**7,114,959,786**	**6,541,925,394**
Profit / (loss) before provision (C=A-B)		**5,589,216,209**	**5,628,811,861**
Provision for loans & advances	39	3,255,500,000	3,121,400,000
Provision for diminution in value of investments	39	(141,676,723)	9,120,000
Provision for impairment of client margin loan	39	106,528,754	(137,965,251)
Other provisions	39	372,364,941	281,819,577
Total provision (D)		**3,592,716,972**	**3,274,374,326**
Total profit / (loss) before taxes (C-D)		**1,996,499,237**	**2,354,437,534**
Provision for taxation:			
Current tax	40	781,212,608	173,596,248
Deferred tax		(241,630)	(7,247,065)
		780,970,978	**166,349,183**
Net profit after taxation		**1,215,528,259**	**2,188,088,351**
Retained earnings brought forward from previous year	20.1	263,263,221	242,026,441
		1,478,791,480	**2,430,114,791**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Appropriations			
Statutory reserve		361,794,935	469,008,307
Minority interest		1.33	(0.45)
General reserve		-	-
		361,794,936	**469,008,307**
Retained surplus	**20**	**1,116,996,544**	**1,961,106,485**
Earnings per share (EPS)	**45**	**1.18**	**2.13**

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

Aziz Halim Khair Choudhury
Chartered Accountants

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dated, 10 April 2018

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

Particulars		Notes	Amount in Taka	
			2017	2016
A)	**Cash flows from operating activities**			
	Interest receipts in cash		17,266,709,150	18,017,529,832
	Interest payments		(10,329,512,430)	(11,742,784,691)
	Dividend receipts		135,923,182	108,182,304
	Fees and commission receipts in cash		2,453,506,591	1,828,474,793
	Recoveries of loans previously written off		409,904,161	151,078,792
	Cash payments to employees		(4,093,129,740)	(3,768,433,426)
	Cash payments to suppliers		(745,612,408)	(734,562,901)
	Income taxes paid		(587,515,461)	(433,679,075)
	Receipts from other operating activities	41	2,785,058,008	3,664,406,064
	Payments for other operating activities	42	(2,151,058,384)	(1,797,203,126)
	Cash generated from operating activities before changes in operating assets and liabilities		**5,144,272,670**	**5,293,008,567**
	Increase / (decrease) in operating assets and liabilities			
	Purchase of trading securities (Treasury bills)		16,912,134,608	(7,814,840,835)
	Loans and advances to customers		(29,444,601,255)	(23,622,528,930)
	Other assets	43	6,883,801,999	26,708,645,164
	Deposits from other banks / borrowings		8,313,001,382	6,729,026,911
	Deposits from customers		315,343,333	1,914,314,010
	Other liabilities account of customers		(955,792,457)	2,781,086,228
	Other liabilities	44	315,079,735	(3,121,302,077)
			2,338,967,345	**3,574,400,471**
	Net cash from operating activities		**7,483,240,015**	**8,867,409,037**
B)	**Cash flows from investing activities**			
	Payments for purchases of securities		213,301,771	(215,435,065)
	Purchase of property, plant and equipment		(285,131,076)	(386,108,900)
	Proceeds from sale of property, plant and equipment		3,748,894	644,750
	Net cash used in investing activities		**(68,080,411)**	**(600,899,215)**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

Particulars		Notes	Amount in Taka	
			2017	2016
C)	**Cash flows from financing activities**			
	Payments for Redemption of sub-ordinated bond		(1,250,000,000)	(1,250,000,000)
	Dividend paid		(1,705,034,284)	(1,620,672,401)
	Net cash used in financing activities		**(2,955,034,284)**	**(2,870,672,401)**
D)	Net increase/(decrease) in cash and cash equivalents (A+B+C)		4,460,125,319	5,395,837,421
E)	Effects of exchange rate changes on cash and cash equivalents		41,104,854	8,678,233
F)	Cash and cash equivalents at beginning of the year		25,359,486,586	19,954,970,932
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**29,860,716,758**	**25,359,486,586**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)		3,140,588,297	2,772,028,445
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		14,973,037,651	15,013,759,704
	Balance with other banks and financial institutions		10,244,715,711	7,028,952,037
	Money at call and short notice		1,500,000,000	540,000,000
	Prize bonds **(note-6a)**		2,375,100	4,746,400
			29,860,716,758	**25,359,486,586**

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, 10 April 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

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 2017	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	1,961,106,485	25,293,390,345
Changes in accounting policy / Last year's profit	-	-		-	-	-	-	-	11,207,022	11,207,022
Restated balance	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	1,972,313,507	25,304,597,367
Surplus / (deficit) on account of revaluation of properties	-	-	-	-	-	(9,525,969)	-	-	-	(9,525,969)
Adjustment of last year revaluation gain on investments	-	-	-	-	-	-	(37,161,320)	-	-	(37,161,320)
Surplus / (deficit) on account of revaluation of investments	-	-	-	-	-	-	39,132,881	-	-	39,132,881
Currency translation differences	-	-	-	-	-	-	-	9,426,831	(4,016,003)	5,410,829
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	55,285,288	15,334,146	1,968,297,504	25,302,453,788
Net profit for the year	-	-	-	-	-	-	-	-	1,215,528,259	1,215,528,259
Dividends (Bonus shares)	-	-	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	(1,705,034,284)	(1,705,034,284)
Minority interest	-	-	-	-	1	-	-	-	-	1
Issue of share capital-right share	-	-	-	-	-	-	-	-	-	-
Appropriation made during the year	-	361,794,935	-	-	-	-	-	-	(361,794,935)	-
Balance as at 31 December 2017	**10,293,486,160**	**9,565,853,177**	**28,002,888**	**2,241,230,396**	**61**	**1,496,759,104**	**55,285,288**	**15,334,146**	**1,116,996,544**	**24,812,947,765**
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**	**1,961,106,485**	**25,293,390,345**

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman **Director** **Director** **Managing Director**

Dated , 10 April 2018

EMAIL STOCK

BALANCE SHEET
as at 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
PROPERTY AND ASSETS			
Cash	3a		
In hand (including foreign currencies)		3,031,607,478	2,718,851,574
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		14,973,037,651	15,013,759,704
		18,004,645,129	**17,732,611,278**
Balance with other banks and financial institutions	4a		
In Bangladesh		7,380,647,955	4,101,897,760
Outside Bangladesh		2,701,942,497	2,713,329,031
		10,082,590,452	**6,815,226,791**
Money at call and short notice	5	**1,500,000,000**	**540,000,000**
Investments	6a		
Government		23,657,686,975	47,653,799,061
Others		149,457,283	595,407,957
		23,807,144,258	**48,249,207,018**
Loans, advances and lease / investments			
Loans, cash credits, overdrafts, etc./ investments	7a	183,593,663,315	157,818,461,771
Bills purchased and discounted	8a	14,729,065,476	12,393,363,484
		198,322,728,791	**170,211,825,255**
Fixed assets including premises, furniture and fixtures	9a	6,434,047,671	6,589,682,408
Other assets	10a	22,903,009,700	21,864,644,686
Non - banking assets	11	220,500,640	220,500,640
Total assets		**281,274,666,641**	**272,223,698,076**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12a	22,087,479,113	16,438,219,620
Deposits and other accounts	13a.1.c		
Current / Al-wadeeah current deposits		33,196,233,861	31,905,539,890
Bills payable		4,212,571,458	5,168,363,915
Savings bank / Mudaraba savings deposits		38,397,699,341	35,628,622,433
Term deposits / Mudaraba term deposits		123,207,471,242	125,231,442,610
Bearer certificate of deposit		-	-
Other deposits		-	-
		199,013,975,901	**197,933,968,848**
Other liabilities	14a	**35,465,414,699**	**32,566,658,168**
Total liabilities		**256,566,869,713**	**246,938,846,636**
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	9,565,853,177	9,204,058,242
Revaluation gain / (loss) on investments	17a	17,749,598	15,278,978
Revaluation reserve	18	1,496,759,104	1,506,285,073
Foreign currency translation gain	19a	13,414,088	6,637,162
Other reserve		-	-
Surplus in profit and loss account / Retained earnings	20a	1,079,304,405	2,017,875,429
Total Shareholders' equity		**24,707,796,928**	**25,284,851,440**
Total liabilities and Shareholders' equity		**281,274,666,641**	**272,223,698,076**

BALANCE SHEET
as at 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
OFF - BALANCE SHEET EXPOSURES			
Contingent liabilities	**21a**		
Acceptances and endorsements	**21a.1**	49,721,797,256	35,566,350,756
Letters of guarantee	**21a.2**	72,966,435,302	67,416,908,068
Irrevocable letters of credit	**21a.3**	34,112,938,262	27,311,640,065
Bills for collection	**21a.4**	10,766,851,918	8,263,541,574
Other contingent liabilities		-	-
		167,568,022,737	**138,558,440,463**
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		240,823,450	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
		240,823,450	-
Total Off-Balance Sheet exposures including contingent liabilities		**167,808,846,187**	**138,558,440,463**

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.

Aziz Halim Khair Choudhury
Chartered Accountants

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dated, 10 April 2018

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Interest income / profit on investments	23a	14,795,189,516	13,988,673,599
Interest / profit paid on deposits, borrowings, etc.	24a	(9,875,345,368)	(10,675,509,165)
Net interest / net profit on investments		**4,919,844,147**	**3,313,164,433**
Investment income	25a	4,245,579,605	6,203,358,940
Commission, exchange and brokerage	26a	2,244,846,406	1,693,185,380
Other operating income	27a	796,902,990	813,605,590
Total operating income (A)		**12,207,173,149**	**12,023,314,343**
Salaries and allowances	28a	3,823,661,492	3,650,547,556
Rent, taxes, insurance, electricity, etc.	29a	906,160,291	755,938,697
Legal expenses	30a	83,038,972	52,874,871
Postage, stamp, telecommunication, etc.	31a	120,783,289	118,995,368
Stationery, printing, advertisements, etc.	32a	213,643,401	202,549,154
Managing Director's salary and fees	33	11,528,936	10,795,129
Directors' fees	34a	4,495,414	4,939,175
Auditors' fees	35a	1,380,000	1,380,000
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37a	365,042,696	380,409,014
Other expenses	38a	1,304,063,983	1,087,504,265
Total operating expenses (B)		**6,833,798,475**	**6,265,933,231**
Profit / (loss) before provision (C=A-B)		**5,373,374,674**	**5,757,381,112**
Provision for loans & advances	39a	3,255,500,000	3,121,400,000
Provision for diminution in value of investments	39a	(60,516,500)	9,120,000
Other provisions	39a	369,416,500	281,819,577
Total provision (D)		**3,564,400,000**	**3,412,339,577**
Total profit / (loss) before taxes (C-D)		**1,808,974,674**	**2,345,041,535**
Provision for taxation			
Current tax	40a	750,000,000	150,000,000
Deferred tax		-	-
		750,000,000	150,000,000
Net profit after taxation		**1,058,974,674**	**2,195,041,535**
Retained earnings brought forward from previous years	20.1a	382,124,666	291,842,201
		1,441,099,340	**2,486,883,736**
Appropriations			
Statutory reserve		361,794,935	469,008,307
General reserve		-	-
		361,794,935	469,008,307
Retained surplus	20a	**1,079,304,405**	**2,017,875,429**
Earnings per share (EPS)	45a	**1.03**	**2.13**

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 date

Aziz Halim Khair Choudhury
Chartered Accountants
Dated, 10 April 2018

Hoda Vasi Chowdhury & Co
Chartered Accountants

CASH FLOW STATEMENT
for the year ended 31 December 2017

Particulars		Notes	Amount in Taka 2017	2016
A)	**Cash flows from operating activities**			
	Interest receipts in cash		16,885,847,491	17,768,687,316
	Interest payments		(10,022,462,361)	(11,386,340,924)
	Dividend receipts		80,601,232	108,182,304
	Fees and commission receipts in cash		2,244,846,406	1,693,185,380
	Recoveries of loans previously written off		409,904,161	151,078,792
	Cash payments to employees		(3,950,744,104)	(3,659,582,474)
	Cash payments to suppliers		(723,477,625)	(665,713,050)
	Income taxes paid		(587,515,461)	(433,679,075)
	Receipts from other operating activities	41a	2,625,848,888	3,544,671,314
	Payments for other operating activities	42a	(2,027,471,255)	(1,642,032,013)
	Cash generated from operating activities before changes in operating assets and liabilities		**4,935,377,372**	**5,478,457,571**
	Increase / (decrease) in operating assets and liabilities			
	Purchase of trading securities (Treasury bills)		16,912,134,608	(7,814,840,835)
	Loans and advances to customers		(29,772,028,217)	(24,351,094,771)
	Other assets	43a	6,944,608,143	26,801,172,174
	Deposits from other banks / borrowings		8,766,832,663	6,877,796,696
	Deposits from customers		315,343,333	1,823,668,063
	Other liabilities account of customers		(955,792,457)	2,781,086,228
	Other liabilities	44a	222,731,088	(3,079,631,490)
			2,433,829,161	**3,038,156,064**
	Net cash flows from operating activities		**7,369,206,532**	**8,516,613,635**
B)	**Cash flows from investing activities**			
	Proceeds from sale of securities		263,688,699	(91,235,139)
	Purchase of property, plant and equipment		(285,131,076)	(386,108,900)
	Proceeds from sale of property, plant and equipment		3,748,894	644,750
	Net cash used in investing activities		**(17,693,483)**	**(476,699,289)**
C)	**Cash flows from financing activities**			
	Payments for redemption of sub-ordinated bond		(1,250,000,000)	(1,250,000,000)
	Dividend paid		(1,646,957,786)	(1,544,022,924)
	Net cash used in financing activities		**(2,896,957,786)**	**(2,794,022,924)**
D)	Net increase / (decrease) in cash and cash equivalents (A+B+C)		4,454,555,264	5,245,891,422
E)	Effects of exchange rate changes on cash and cash equivalents		42,470,948	1,599,728
F)	Cash and cash equivalents at beginning of the year		25,092,584,469	19,845,093,319
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**29,589,610,681**	**25,092,584,469**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)		3,031,607,478	2,718,851,574
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		14,973,037,651	15,013,759,704
	Balance with other banks and financial institutions		10,082,590,452	6,815,226,791
	Money at call and short notice		1,500,000,000	540,000,000
	Prize bonds **(note-6a)**		2,375,100	4,746,400
			29,589,610,681	**25,092,584,469**

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman **Director** **Director** **Managing Director**

Dated, 10 April 2018

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

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 2017	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
Changes in accounting policy / Last year's profit	-	-	-	-	-		11,207,022	11,207,022
Restated balance	10,293,486,160	2,241,230,396	9,204,058,242	1,506,285,073	15,278,978	6,637,162	2,029,082,452	25,296,058,463
Surplus / deficit on account of revaluation of properties	-	-	-	(9,525,969)	-	-	-	(9,525,969)
Adjustment of last year revaluation gain on investments	-	-	-	-	(37,161,320)	-	-	(37,161,320)
Surplus / deficit on account of revaluation of investments	-	-	-	-	39,631,941	-	-	39,631,941
Currency translation differences	-	-	-	-	-	6,776,926	-	6,776,926
Net gains and losses not recognized in the income statement	-	-	-	-	17,749,598	13,414,088	2,029,082,452	25,295,780,040
Net profit for the year	-	-	-	-	-	-	1,058,974,674	1,058,974,674
Dividends (Bonus shares)	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	(1,646,957,786)	(1,646,957,786)
Share premium	-	-	-	-	-	-	-	-
Issue of share capital (Right share)	-	-	-	-	-	-	-	-
Appropriation made during the year	-	-	361,794,935	-	-	-	(361,794,935)	-
Balance as at 31 December 2017	**10,293,486,160**	**2,241,230,396**	**9,565,853,177**	**1,496,759,104**	**17,749,598**	**13,414,088**	**1,079,304,405**	**24,707,796,928**
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**

These financial statements should be read in conjunction with the annexed notes 1 to 51.

Chairman **Director** **Director** **Managing Director**

Dated, 10 April 2018

Notes to the Financial Statements
as at and for the year ended 31 December 2017

1 The Bank and its activities

1.1 Status of the Bank

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 146 (One Hundred Forty Six) 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 146 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.

1.2 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).

1.3 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.**

1.4 The Bank has 5 (Five) Subsidiaries with following detail as presented in note no. 1.4.1 to 1.4.5:

1.4.1 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.**

1.4.2 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.**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

1.4.3 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.**

1.4.4 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.**

1.4.5 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, 2017 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.

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence Bangladesh Financial Reporting Standards (BFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly the financial statements of the Bank continue to be prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

Notes to the Financial Statements
as at and for the year ended 31 December 2017

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, 2017.

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, 2017. 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	61.82250	111.74420	10.58492
For income & expenses	Average price	58.03310	103.97490	10.36740

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 82.7000 (closing rate as at 31st December 2017) and Taka 80.4432 (average rate at year-end).

Notes to the Financial Statements
as at and for the year ended 31 December 2017

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.

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 2017.

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, 25a, 26a.1).**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

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 no19, dated December 27, 2012, BRPD Circular no 05, dated May 29, 2013, BRPD Circular no 16, dated November 18, 2014, BRPD Circular no12, dated August 20,2017 and BRPD Circular no 15, dated September 27, 2017 . The rates of provision for loans and advances / investments are given below:

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.

g) General Provision against all unclassified Credit Card loans under Consumer Financing: BRPD Circular No-12 dated 20 August, 2017

h) Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017

Notes to the Financial Statements
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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

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.

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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)	**Rate**
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.

Notes to the Financial Statements
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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).**

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Notes to the Financial Statements
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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. The bond has been fully adjusted during the year.

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.

Notes to the Financial Statements
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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 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.7 to 6a.8 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, 2017 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 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.

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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 Benefits". 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. 08.01.0000.035.02.0016.2013/217, 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 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.

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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 2017.

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 2017.

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.

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 2017 has not been recognized as a liability in the balance sheet in accordance with the BAS-10 : Events After the Reporting Period.

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.

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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 Banks 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).**

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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.

Notes to the Financial Statements
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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.

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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 4 (Four) members of the Board and it does comply with the BRPD Circular no. 11, dated October 27, 2013.

Notes to the Financial Statements
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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)	Dr. G M Khurshid Alam	Independent Director	Member
iv)	Mr. M Farhad Hussain FCA	Independent Director	Member

During the year 2017, 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 4 (Four) 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. Shamsuddin Ahmad, Ph.D.	Independent Director	Member
iii)	Mr. Imran Khan	Director	Member
iv)	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) Formation & Formulation Sustainable Finance Unit
ii) Review of CRM Policy
iii) Large Loan Restructuring
iv) Review Monthly/Quarterly Risk Management Report
v) Review of Borrower Rating Status & Capital Management
vi) Review of Comprehensive Risk Management Report
vii) Review of Stress Testing
viii) Review of Internal Capital Adequacy Assessment Process
ix) Review Minutes of Sustainable Finance Committee
x) Senior Management role on AML
xi) Review of Environmental and Social (E&S) Risk Management Procedure
xii) Review of Risk Appetite
xiii) Review Liquidity & Capital Management
xiv) Review of Risk Management Status

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.

Notes to the Financial Statements
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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 2017 and segmental profit and loss account for the year ended 31 December 2017 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	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 for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A **
Separate Financial Statements	27	Applied

Notes to the Financial Statements
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Name of the BAS	BAS no	Status
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
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
Regulatory Deferral accounts	14	N/A
Revenue from contracts with customers	15	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 accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

Notes to the Financial Statements
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In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.
A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

(c) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

(d) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

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 2017 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:

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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.

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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 dated15 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 collaterallisedrepo 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.

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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. Audit Committee of the Board 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.

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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 year 2017, 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 April 10, 2018.

2.22 Significant Deviation

In 2017, the presentation of the financial statements have been changed regarding 'placement to other banks' (in the form of term placement/FDR). Previously, it was presented under 'other assets' which are now being presented under 'Balance with other Banks' as per advice of regulatory bodies. As a result, there is a movement of Taka 345 crore between two above stated heads which are affecting the balance of Net Operating Cash Flow Per Share. In cash flow statement, other asset figure has decreased by the amount of Taka 345 crore which was previously treated as cash outflow due to purchase of assets but now been restrained. As a result, balance of 'Net cash from operating activities' has increased in 2016. Accordingly, figure of 'Net Operating Cash Flow Per Share' has also increased in 2016. Same disclosure has been followed in the financial statements for the year 2017.

2.23 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.

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
3.	**Consolidated cash**		
i.	**Cash in hand**		
	Prime Bank Limited **(note-3a.1)**	3,031,607,478	2,718,851,574
	Prime Bank Investment Limited	13,263	8,801
	Prime Bank Securities Limited	13,004	20,906
	Prime Exchange Co. Pte. Ltd., Singapore	108,954,552	53,147,164
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		3,140,588,297	**2,772,028,445**
ii.	**Balance with Bangladesh Bank and its agent bank(s)**		
	Prime Bank Limited **(note-3a.2)**	14,973,037,651	15,013,759,704
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		14,973,037,651	**15,013,759,704**
		18,113,625,948	**17,785,788,149**
3a	**Cash of the Bank**		
3a.1	**Cash in hand**		
	In local currency	2,969,745,031	2,679,060,117
	In foreign currency	61,862,447	39,791,457
		3,031,607,478	**2,718,851,574**
3a.2	**Balance with Bangladesh Bank and its agent bank(s)**		
	In local currency	13,327,279,601	12,956,788,248
	In foreign currency	882,931,213	1,353,504,737
		14,210,210,815	14,310,292,984
	Sonali Bank as agent of Bangladesh Bank (Local currency)	762,826,836	703,466,720
		14,973,037,651	**15,013,759,704**
		18,004,645,129	**17,732,611,278**

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	12,819,834,250	12,662,168,670
	Actual reserve maintained **(note-3a.2)**	13,327,279,601	12,956,788,248
	Surplus / (deficit)	**507,445,351**	**294,619,578**
b)	**Statutory Liquidity Ratio**		
	Required reserve	24,618,572,690	24,303,456,050
	Actual reserve maintained- **(note-3a.5)**	28,335,052,502	52,429,622,091
	Surplus / (deficit)	**3,716,479,812**	**28,126,166,041**
	Total required reserve	37,438,406,940	36,965,624,720
	Actual reserve held	41,662,332,104	65,386,410,339
	Total surplus	**4,223,925,164**	**28,420,785,619**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
3a.4	**Maturity grouping of cash**		
	Payable on demand	-	-
	Up to 1 month	5,184,810,879	5,070,442,608
	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	12,819,834,250	12,662,168,670
		18,004,645,129	**17,732,611,278**
3a.5	**Held for Statutory Liquidity Ratio**		
	Cash in hand **(note -3a.1)**	3,031,607,478	2,718,851,574
	Balance with Bangladesh Bank and its agent bank(s) **(note-3a.2)**	1,645,758,050	2,056,971,456
	Government securities (note-6a.ii)	-	332,065,658
	Government bonds (note-6a.ii)	21,356,374,056	28,440,351,533
	Bangladesh Bank bills (note-6a.ii)	2,301,312,919	18,881,381,869
	Debenture of HBFC (note-6a.ii)	-	-
		28,335,052,502	**52,429,622,091**
4	**Consolidated balance with other banks and financial institutions**		
	In Bangladesh		
	Prime Bank Limited **(note-4a.1)**	7,380,647,955	4,101,897,760
	Prime Bank Investment Limited	5,988,774	45,835,946
	Prime Bank Securities Limited	98,508,380	107,380,228
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		7,485,145,109	4,255,113,934
	Less: Inter-company transaction	13,678,732	98,706,754
		7,471,466,377	**4,156,407,180**
	Outside Bangladesh		
	Prime Bank Limited **(note-4a.2)**	2,701,942,497	2,713,329,031
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	32,063,881	15,093,793
	PBL Finance (Hong Kong) Limited	39,242,956	144,122,034
		2,773,249,334	2,872,544,857
		10,244,715,711	**7,028,952,037**
4a	**Balance with other banks and financial institutions of the Bank**		
	In Bangladesh **(note-4a.1)**	7,380,647,955	4,101,897,760
	Outside Bangladesh **(note-4a.2)**	2,701,942,497	2,713,329,031
		10,082,590,452	**6,815,226,791**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
4a.1	**In Bangladesh**		
	Current account		
	Agrani Bank Ltd., Principal Branch, Dhaka	438,502	441,405
	Agrani Bank Ltd., Purana Paltan Branch, Dhaka	87,989	89,289
	Agrani Bank Ltd., Bhairab Bazar, Kishoregonj	-	-
	Agrani Bank Ltd., Mirzapur Branch, Mirzapur	64,033,648	28,828,792
	Agrani Bank Ltd., Takerhat Branch	-	423
	AB Bank Ltd. Principal Branch, Dhaka	2,997,108	2,997,108
	Bank Al-Falah, Motijheel Branch	770,000,000	-
	The City Bank Ltd, Dhaka	272,289	272,289
	Dutch-Bangla Bank Ltd., Mirzapur Branch, Tangail	-	6,133
	Exim Bank Ltd., Motijheel Branch, Dhaka	1,695,541	1,698,191
	Islami Bank BD Ltd., Local Office, Dhaka	7,265,821	7,274,471
	Islami Bank BD Ltd., Jhikorgacha	569	856
	Janata Bank Ltd., Local Office, Dhaka	3,351,936	3,368,086
	Janata Bank Ltd., Ishwardi Branch	175,548	546,945
	Janata Bank Ltd., Corporate Branch, Bogra	-	-
	National Bank Ltd., Rangpur Branch	43,905	44,825
	Pubali Bank Ltd., Dhaka Stadium Branch, Dhaka	1,179,599	1,184,319
	Rupali Bank Ltd. ,Motijheel Branch, Dhaka	3,110,214	3,112,864
	Sonali Bank Ltd., Rangpur Branch	35,012,289	41,565,314
	Sonali Bank Ltd., Sunamganj Branch	-	-
	Sonali Bank Ltd., Local Office, Dhaka	7,041,308	7,058,628
	Sonali Bank Ltd., Narayanganj	3,248,044	510,778
	Sonali Bank Ltd., Fakirapool Branch, Dhaka	490,928	490,928
	Sonali Bank Ltd., Faridpur Branch, Faridpur	16,054,398	8,280,945
	Sonali Bank Ltd., Narsingdi Branch	11,570,045	14,441,145
	Sonali Bank Ltd., Satkhira	-	9,573,570
	Standard Chartered Bank, Bangladesh	37,309,911	5,084,353
	United Commercial Bank Ltd., Principal Branch, Dhaka	7,436,592	7,439,242
	Off-shore Banking Units	243,518,761	569,147,844
	Uttara Bank Ltd., Local Office, Dhaka	168,541	170,191
		1,216,503,484	**713,628,934**
	Less: Off-shore Banking Units	243,518,761	569,147,844
		972,984,724	**144,481,090**
	Special notice deposit accounts		
	Agrani Bank Ltd., Principal Branch, Dhaka	355,201	345,349
	Agrani Bank Ltd., Takerhat Branch	7	-
	ICB Islamic Bank Ltd., Principal Office, Motijheel, Dhaka	13,069	13,299
	ICB Islamic Bank Ltd., Sylhet	16,786	16,786
	Dutch-Bangla Bank Ltd., Local Office	844,817	819,445
	Janata Bank Ltd., Local Office, Dhaka	6,232,963	6,022,419
	National Bank Ltd., Narayanganj Branch, Dhaka	5	1,450
	Sonali Bank Ltd., Bhairab Bazar, Kishoregonj	950	950
	Social Islami Bank Ltd., Principal Branch, Dhaka	10,158	11,883
		7,473,954	**7,231,581**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
	Savings accounts		
	Al Arafah Islami Bank Ltd., Dhaka	74,667	72,420
	Bank Al Falah Ltd., Dhaka	39,011	39,030
	Social Islami Bank Ltd., Principal Branch, Dhaka	75,599	73,640
		189,277	**185,090**
	Fixed deposits		
	The City Bank Limited, Islamic Banking Branch, Sylhet	-	500,000,000
	Standard Bank Limited		200,000,000
	BRAC Bank Limited	1,900,000,000	600,000,000
	Bank Al-falah	-	100,000,000
	AB Bank Limited	-	800,000,000
	Dhaka Bank Limited	500,000,000	550,000,000
	Southeast Bank Limited	500,000,000	700,000,000
	IFIC Bank Limited	1,000,000,000	-
	EXIM Bank Limited	1,200,000,000	-
	Commercial Bank of Ceylon	300,000,000	-
	IDLC Finance Limited	-	350,000,000
	Delta Brac Housing Finance Corporation	1,000,000,000	150,000,000
		6,400,000,000	**3,950,000,000**
		7,380,647,955	**4,101,897,760**
4a.2	**Outside Bangladesh (NOSTRO Accounts)**		
	Current account		
	AB Bank Ltd., Mumbai, India	60,485,930	56,234,564
	Bank of Bhutan Phuentsholing, Bhutan	2,272,171	5,434,811
	The Bank of Tokyo Mitsubishi Ltd., Japan	13,095,533	14,227,953
	SMBC, Tokyo, Japan	31,559,036	7,057,520
	Citibank N.A., London , UK	6,610,183	5,113,111
	Citibank N.A., New York, USA	861,507,600	1,522,743,056
	Commerz Bank AG, Frankfurt , Germany (EURO)	32,985,576	17,913,509
	Commerz Bank AG, Frankfurt , Germany (US$)	29,696,789	41,732,035
	Commonwealth Bank of Australia, Australia	5,229,892	7,746,585
	Habib American Bank, New York, USA	18,577,471	35,568,345
	Habib Metropolitan Bank Ltd, Karachi	40,702,396	101,593,738
	Habib Bank Ltd, Karachi	-	4,349,027
	Habib Allied International Bank PLC London	-	673,439
	HDFC Bank Limited, Kolkata, India	46,318,239	53,276,261
	HSBC Bank USA, New York, USA	-	13,449,511
	ICICI Bank Ltd, Mumbai, India	56,163,133	71,660,044
	Intesa Sanpaolo SPA, Milano, Italy	394,565	1,745,821
	J. P. Morgan Chase Bank, New York	10,698,366	101,621,449
	Korea Exchange Bank Seoul	3,780,822	32,283,341
	Mashreq Bank PSC, New York, USA	16,827,636	176,560,530
	Mashreq Bank PSC, Mumbai, India	69,152,037	39,687,170
	National Westminister Bank, London, UK	65,243,763	45,845,564
	The National Commercial Bank, Jeddah	10,676,322	8,846,591

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
	Outside Bangladesh (NOSTRO Accounts) Cont.		
	Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	1,694,191	7,060,787
	NCB, Jeddah	-	4,193,880
	People's Bank, Colombo, Sri Lanka	20,185,925	20,793,131
	Skandinaviska Enskilda Banken, Sweden	2,112,730	3,567,399
	Sonali Bank, Kolkata, India	26,084,971	21,429,018
	Standard Chartered Bank, Kolkata, India	74,277,724	125,462,899
	Standard Chartered Bank, New York, USA	1,013,196,068	50,166,770
	Standard Chartered Bank, Singapore	86,720,335	36,333,006
	Standard Chartered Bank, Frankfurt, Germany	3,346,778	3,829,980
	Unicredito Italiano SPA, Milano, Italy	4,995,003	1,884,255
	Wells Fargo Bank N. A. Newyork	79,472,060	63,935,241
	Zuercher Kantonal Bank, Zurich	7,879,253	9,308,690
	(Annexure -A)	**2,701,942,497**	**2,713,329,031**
4a.3	**Maturity grouping of balance with other banks and financial institutions**		
	Payable on demand	3,682,573,417	2,865,210,132
	Up to 1 month	17,035	16,659
	Over 1 month but not more than 3 months	6,400,000,000	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	-	-
		10,082,590,452	**3,365,226,791**
5	**Money at call and short notice**	**1,500,000,000**	**540,000,000**
6	**Consolidated investments**		
	Government		
	Prime Bank Limited **(note-6a)**	23,657,686,975	47,653,799,061
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		23,657,686,975	**47,653,799,061**
	Others		
	Prime Bank Limited **(note-6a)**	149,457,283	595,407,957
	Prime Bank Investment Limited	1,286,057,720	1,280,491,784
	Prime Bank Securities Limited	786,934,185	742,113,193
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		2,222,449,188	**2,618,012,934**
		25,880,136,163	**50,271,811,995**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
6a	**Investments of the Bank**		
	i) Investment classified as per Bangladesh Bank Circular:		
	Held for trading (HFT)	2,301,312,919	19,223,222,987
	Held to maturity (HTM)	21,353,998,956	28,425,829,673
	Other securities	151,832,383	600,154,357
		23,807,144,258	**48,249,207,018**
	ii) Investment classified as per nature:		
	a) Government securities:		
	28 days treasury bills	-	-
	91 days treasury bills	-	-
	182 days treasury bills	-	199,708,508
	364 days treasury bills	-	132,357,150
	5 years treasury bills	-	-
		-	**332,065,658**
	30 days Bangladesh Bank bills	**2,301,312,919**	**18,881,381,869**
	Government bonds:		
	Prize bonds	2,375,100	4,746,400
	Government bonds - **(note-6a.2)**	21,353,998,956	28,435,605,133
		21,356,374,056	**28,440,351,533**
		23,657,686,975	**47,653,799,061**
	b) Other investments:		
	Dhaka Bank Subordinated Bond interest rate @ 11.65% **(note-6a.3)**	-	68,572,144
	National Bank Subordinated Bond interest rate @ 11.50% **(note-6a.4)**	-	82,600,391
	Lanka Bangla Finance Zero coupon bond interest rate @11.50% **(note-6a.5)**	-	31,089,440
	Shares **(note-6a.6)**	149,457,283	413,145,981
		149,457,283	**595,407,957**
		23,807,144,258	**48,249,207,018**
6a.1	**Maturity grouping of investments**		
	On demand	-	-
	Up to 1 month	2,835,989,800	19,768,193,927
	Over 1 month but not more than 3 months	482,388,935	1,850,000,000
	Over 3 months but not more than 6 months	983,406,822	321,341,469
	Over 6 months but not more than 1 year	1,557,246,079	1,532,709,646
	Over 1 year but not more than 5 years	11,222,086,597	11,372,655,355
	Over 5 years	6,726,026,025	13,404,306,621
		23,807,144,258	**48,249,207,018**
6a.2	**Government bonds**		
	Name of the bonds		
	HTM		
	2 years Bangladesh Government Islami Investment Bonds	800,000,000	900,000,000
	5 years Bangladesh Government treasury bonds **(9.66%)**	204,094,416	204,047,896
	10 years Bangladesh Government treasury bonds **(8.75%-11.72%)**	13,575,624,899	16,499,462,070
	15 years Bangladesh Government treasury bonds **(8.69%-14.00%)**	4,986,920,433	6,123,581,480
	20 years Bangladesh Government treasury bonds **(9.10%-10.25%)**	1,787,359,208	4,698,738,227
		21,353,998,956	**28,425,829,673**
	HFT		
	5 years Bangladesh Government treasury bonds **(11.50%)**	-	9,775,460
		-	**9,775,460**
		21,353,998,956	**28,435,605,133**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
6a.3	**Dhaka Bank Ltd. Subordinated Bond**		
	Opening balance	68,572,144	120,001,253
	Add: Interest accrued during the year	7,459,883	13,626,940
	Less: Principal redemption during the year	(68,000,000)	(51,000,000)
	Less: Interest received during the year	(8,032,028)	(14,056,049)
	Redeemable value	-	**68,572,144**
6a.4	**National Bank Ltd. Subordinated Bond**		
	Opening balance	82,600,391	103,250,489
	Add: Interest accrued during the year	8,871,253	11,802,169
	Less: Principal redemption during the year	(81,920,000)	(20,480,000)
	Less: Interest received during the year	(9,551,644)	(11,972,267)
	Redeemable value	-	**82,600,391**
6a.5	**Lanka Bangla Finance Zerocoupon Bond**		
	Opening balance	31,089,440	58,832,107
	Add: Interest accrued during the year	2,242,560	5,589,334
	Less: Principal redemption during the year	(24,518,222)	(27,418,880)
	Less: Interest received during the year	(8,813,778)	(5,913,120)
	Redeemable value	-	**31,089,440**
6a.6	**Investment in shares**		
	Quoted		
	AB Bank Ltd.	-	47,632,736
	Bank Asia Ltd.	-	24,429,908
	The City Bank Ltd.	-	29,538,943
	DESCO	19,262,511	19,262,511
	Dhaka Bank Ltd.	-	26,313,698
	Eastern Bank Ltd.	-	37,410,456
	Jamuna Bank Ltd.	-	18,370,447
	Mutual Trust Bank Ltd.	-	6,962,625
	National Bank Ltd.	27,970,098	27,970,098
	One Bank Ltd.	-	22,130,581
	Uttara Bank Ltd.	37,009,980	37,009,980
		84,242,590	**297,031,983**
	Unquoted		
	Central Depository Bangladesh Limited (CDBL)	15,694,430	15,694,430
	Investment in SWIFT	4,184,430	4,184,430
	Market Stabilization Fund	5,000,000	5,000,000
	Star Ceramics Preference Share	40,335,833	40,335,833
	Summit Barisal Power Preference Share	-	50,899,306
		65,214,693	**116,113,999**
	(Annexure -B)	**149,457,283**	**413,145,981**

6a.7(i) Disclosure regarding outstanding Repo

Counterparty name	Agreement date	Reversal date	Amount
			-
Total			-

6a.7(ii) Disclosure regarding outstanding Reverse Repo

Counterparty name	Agreement date	Reversal date	Amount
			-
Total			-

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016

6a.8 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	-	-	-
Securities purchased under Reverse Repo			
From Bangladesh Bank	-	-	-
From other Banks & FIS	198,818,600	6,028,631,768	381,796,484

7	**Consolidated loans, advances and lease / Investments**		
	Prime Bank Limited **(note-7a)**	183,593,663,315	157,818,461,771
	Prime Bank Investment Limited	5,559,563,333	5,585,519,854
	Prime Bank Securities Limited	303,394,498	354,629,060
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		189,456,621,146	163,758,610,685
	Less: Inter-company transactions	5,390,381,459	5,736,230,995
		184,066,239,687	**158,022,379,691**
	Consolidated bills purchased and discounted (note-8)	**16,552,939,609**	**14,467,473,496**
		200,619,179,296	**172,489,853,187**
7a	**Loans, advances and lease / investments of the Bank**		
	i) Loans, cash credits, overdrafts, etc.		
	Inside Bangladesh		
	Secured overdraft / Quard against TDR	31,689,318,860	27,357,622,131
	Cash credit / Murabaha	27,491,571,481	23,565,991,267
	Loans (General)	43,307,835,504	35,293,770,507
	House building loans	2,377,824,399	2,717,300,308
	Loans against trust receipt	7,549,221,685	4,986,322,521
	Payment against document	5,473,814	13,038,825
	Retail loan	16,502,624,225	14,989,383,816
	Lease finance / Izara **(note - 7a.2)**	4,574,176,766	5,159,876,733
	Credit card	943,911,975	1,037,631,670
	Hire purchase	8,258,639,171	7,021,592,617
	Other loans and advances	40,893,065,436	35,675,931,379
		183,593,663,315	**157,818,461,771**
	Outside Bangladesh	-	-
		183,593,663,315	**157,818,461,771**
	ii) Bills purchased and discounted (note-8a)		
	Payable Inside Bangladesh		
	Inland bills purchased	10,305,266,336	6,684,930,303
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	4,423,799,140	5,708,433,181
		14,729,065,476	**12,393,363,484**
		198,322,728,791	**170,211,825,255**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
7a.1	**Residual maturity grouping of loans, advances and lease / investments including bills purchased and discounted**		
	Repayable on demand	-	-
	Up to 1 month	23,144,262,450	19,863,720,007
	Over 1 month but not more than 3 months	31,295,326,603	26,859,426,025
	Over 3 months but not more than 1 year	83,989,675,643	72,084,707,996
	Over 1 year but not more than 5 years	45,614,227,622	39,148,719,809
	Over 5 years	14,279,236,473	12,255,251,418
		198,322,728,791	**170,211,825,255**
7a.2	**Lease finance/Izara**		
	Lease rental receivable within 1 year	244,836,425	315,780,313
	Lease rental receivable within 5 years	3,798,348,175	4,321,529,269
	Lease rental receivable after 5 years	638,973,778	691,932,892
	Total lease/Izara rental receivable	**4,682,158,378**	**5,329,242,475**
	Less: Unearned interest receivable	107,981,612	169,365,742
	Net lease/Izara finance	**4,574,176,766**	**5,159,876,733**
7a.3	**Loans, advances and lease/investments under the following broad categories**		
	Loans	124,412,772,975	106,894,848,374
	Cash credits	27,491,571,481	23,565,991,267
	Overdrafts	31,689,318,860	27,357,622,131
		183,593,663,315	157,818,461,771
	Bills purchased and discounted **(note-8)**	14,729,065,476	12,393,363,484
		198,322,728,791	**170,211,825,255**
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	1,636,356,279	1,707,071,045
c)	Loans, advances and lease/investments to customer groups:		
i)	Commercial lending	17,627,433,722	22,047,172,833
ii)	Export financing	10,129,882,686	8,376,915,339
iii)	House building loan	2,377,824,399	2,717,300,308
iv)	Retail loan	16,502,624,225	14,989,383,816
v)	Small and medium enterprises	22,231,588,927	18,190,541,370
vi)	Staff loan	7,732,483	8,414,368
vii)	Industrial loans / investments detail **(note-7a.4 d)**	109,857,118,491	76,517,538,028
viii)	Other loans and advances	17,952,167,579	25,657,488,149
		196,686,372,513	168,504,754,211
		198,322,728,791	**170,211,825,255**
d)	Details of Industrial loans / investments		
i)	Agricultural industries	6,283,463,091	2,615,602,545
ii)	Textile industries	6,011,362,136	6,348,250,708
iii)	Food and allied industries	10,289,786,237	4,524,794,358
iv)	Pharmaceutical industries	3,885,498,731	1,390,076,334
v)	Leather, chemical, cosmetics, etc.	1,083,580,056	559,529,789
vi)	Tobacco industries	847,605,401	904,203,963
vii)	Cement and ceramic industries	3,941,484,392	3,892,595,284
viii)	Service Industries	25,641,663,347	14,332,670,533
ix)	Transport and communication industries	5,116,391,088	2,413,320,593
x)	Other industries including bills purchase and discounted	46,756,284,011	39,536,493,921
		109,857,118,491	**76,517,538,028**

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		Amount in Taka	
		2017	2016
7a.5	**Loans, advances and leases/investments -geographical location-wise**		
	Inside Bangladesh		
	Urban		
	Dhaka Division	149,538,338,568	122,816,293,214
	Chittagong Division	29,925,870,752	30,200,045,108
	Khulna Division	5,471,505,539	5,691,311,581
	Rajshahi Division	4,779,369,324	4,451,767,484
	Barisal Division	146,758,907	116,342,001
	Sylhet Division	1,719,183,890	1,552,901,397
	Rangpur Division	1,846,482,273	1,167,492,928
		193,427,509,253	**165,996,153,714**
	Rural		
	Dhaka Division	2,156,302,898	1,990,022,636
	Chittagong Division	1,127,151,461	946,660,354
	Khulna Division	78,185,093	65,100,032
	Rajshahi Division	1,025,031,309	624,802,512
	Rangpur Division	153,584,182	194,147,496
	Sylhet Division	354,964,595	394,938,511
		4,895,219,538	**4,215,671,541**
	Outside Bangladesh	-	-
		198,322,728,791	**170,211,825,255**
7a.6	**Sector-wise loans, advances and lease / investments including bills purchased and discounted**		
	Public sector	342,952,738	20,249,575
	Co-operative sector	-	-
	Private sector	197,979,776,053	170,191,575,680
		198,322,728,791	**170,211,825,255**
7a.7	**Details of pledged collaterals with the Bank**		
	Collateral of movable / immovable assets	88,446,175,401	78,440,889,008
	Local banks and financial institutions guarantee	6,232,329,801	8,433,161,225
	Government guarantee	-	-
	Foreign banks guarantee	1,778,513,368	-
	Export documents	1,073,179,498	374,432,515
	Fixed deposit receipts	17,136,628,698	13,962,160,283
	FDR of other banks	2,733,767,420	1,275,541,017
	Government bonds	70,873,554	8,434,424
	Personal guarantee	8,826,197,321	11,003,908,961
	Other securities	72,025,063,730	56,713,297,823
		198,322,728,791	**170,211,825,255**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

	Amount in Taka	
	2017	2016

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 32,250.88 million as at 31 December 2017 (Taka 31,632.05 million in 2016).

Number of clients	29	29
Amount of outstanding advances / investments	117,967,600,000	80,904,400,000
Amount of classified advances / investments	-	-
Measures taken for recovery	N/A	N/A

Name of clients	Outstanding (Tk. in million)		Total	Total
	Funded	Non-funded	(Tk. in million)	(Tk. in million)
Abdul Monem Group	1,620.30	1,729.70	3,350.00	3,332.50
ACI Group	3,645.30	1,216.40	4,861.70	-
Annata Apparel Group	1,490.50	1,680.10	3,170.60	2,983.90
Abul Khair Group	2,580.60	1,893.50	4,474.10	4,768.20
BSRM Group	2,739.70	1,665.60	4,405.30	4,392.30
BSRM Limited	236.60	710.90	947.50	-
Bangladesh Rural Advancement Committee	4,206.50	20.20	4,226.70	4,809.30
BSM Group	191.90	1,031.50	1,223.40	-
BSA Group	28.80	121.90	150.70	659.40
BPC Group	-	1,155.30	1,155.30	1,439.80
BRB Group	-	2,726.40	2,726.40	8.40
City Group	1,908.60	2,777.30	4,685.90	3,604.70
Confidence Group	1,416.40	4,364.70	5,781.10	3,869.50
Dipon Group	253.30	1,113.80	1,367.10	-
Energypac Group	247.50	931.60	1,179.10	86.10
Envoy Group	409.50	145.20	554.70	-
Globe Group	1,653.70	362.00	2,015.70	-
GMS Group	-	622.90	622.90	-
Hameem Group	417.20	984.80	1,402.00	-
Kabir Group	3,238.10	917.00	4,155.10	4,340.10
KDS Group	2,398.40	1,377.00	3,775.40	2,889.50
Labib Group	1,298.10	1,690.80	2,988.90	-
MAX Group	-	-	-	1,493.70
Meghna Group	-	4,800.60	4,800.60	7,172.60
Molla Group	2,368.70	941.30	3,310.00	1,106.40
Nasir Group	1,900.00	2,383.60	4,283.60	4,438.20
Noman Group	2,207.10	868.50	3,075.60	2,070.40
NDE Group	824.40	2,186.80	3,011.20	-
Prime Bank Investment Ltd & Prime Bank Securities Ltd	3,611.90	100.00	3,711.90	3,183.60
Pran-RFL Group	2,962.20	1,056.00	4,018.20	2,465.00
Project Builders Ltd.	-	-	-	2,903.00
Pakiza Group	1,499.20	808.20	2,307.40	2,221.70
Reedisha Group	850.20	553.80	1,404.00	-
RB Group	1,443.90	609.50	2,053.40	1,021.10
Square Group	635.40	545.30	1,180.70	1,225.50
Standard Group	2,324.20	1,252.60	3,576.80	3,092.20
Summit Group	1,580.10	9,028.60	10,608.70	3,387.70
TK Group	609.70	1,883.30	2,493.00	3,998.50
Transcom Group	826.40	786.50	1,612.90	-
Toma Group	1,596.10	1,866.00	3,462.10	2,624.00
Uttara Group	8.60	2,734.90	2,743.50	1,317.10
Viyellatex Group	385.70	708.70	1,094.40	-
	55,614.80	**62,352.80**	**117,967.60**	**80,904.40**

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		Amount in Taka	
		2017	2016

7a.9 Large loan restructuring

i.) The outstanding of restructured Loan (General) liability against Jamuna Denims Limited stands at BDT 176,54,03,455.00 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".

ii.) The outstanding of restructured Loan (General) liabilities of S. A. Oil Refinery Limited and Samannaz Super Oil Limited stand at BDT 74,63,26,990.10 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".

7a.10 Particulars of loans, advances and lease / investments

i)	Loans/investments considered good in respect of which the Bank is fully secured	120,031,688,735	102,659,613,048
ii)	Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	18,886,692,414	17,321,344,403
iii)	Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	59,404,347,642	50,230,867,804
iv)	Loans/investments adversely classified; provision not maintained there against	-	-
		198,322,728,791	170,211,825,255
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)**	1,644,088,762	1,715,485,412
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.	1,644,088,762	1,715,485,412
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,	-	-
ix)	Partners or managing agents or in the case of private companies, as members 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)**	10,799,049,005	10,139,475,240
	b) Provision on classified loans and advances / investments **(for details see note-14a.3 & 14a.5)**	4,269,942,337	3,824,063,411
	c) Provision kept against loans / investments classified as bad debts	4,116,989,852	3,536,080,700
	d) Interest credited to Interest Suspense Account **(note-14a.6)**	4,693,505,469	4,488,241,878
xi)	Cumulative amount of written off loans / investments		
	Opening Balance	15,428,923,708	9,861,233,374
	Amount written off during the year	3,378,479,304	5,757,572,334
		18,807,403,012	15,618,805,708
	Amount realised against loans / investments previously written off	570,627,187	189,882,000
		18,236,775,825	15,428,923,708
	The amount of written off / classified loans / investments for which law suits have been filed **(note-7a.14)**	**27,933,517,037**	**23,388,653,924**

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			Amount in Taka	
			2017	2016
7a.11	**Classification of loans, advances and lease / investments**			
	Unclassified			
	Standard including staff loan		183,760,782,299	155,587,951,886
	Special mention account (SMA)		3,762,897,487	4,484,398,129
			187,523,679,786	**160,072,350,015**
	Classified			
	Sub-standard		1,263,564,872	1,178,687,613
	Doubtful		441,392,332	291,804,036
	Bad / Loss		9,094,091,802	8,668,983,591
			10,799,049,005	**10,139,475,240**
			198,322,728,791	**170,211,825,255**

7a.12 Particulars of required provision for loans, advances and lease/investments

Status	Base for provision	Rate (%)		
General Provision				
Loans/investments (Including SMA)	187,523,679,786	*Various	4,635,009,488	3,496,608,348
Interest receivable on loans/ investments (Less: Staff loan)	697,895,524	1	6,978,955	6,338,240
			4,641,988,443	**3,502,946,588**

*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	462,762,044	20	92,552,409	188,801,733
Doubtful	113,151,638	50	56,575,819	62,362,971
Bad / Loss	4,116,989,852	100	4,116,989,852	3,536,080,700
			4,266,118,080	3,787,245,404
Required provision for loans, advances and lease / investments			8,908,106,523	7,290,191,992
Total provision maintained **(note - 14, 14a3 & 14a.5)**			8,915,603,361	7,362,724,435
Excess / (short) provision at 31 December 2017			**7,496,838**	**72,532,443**

7a.13 Particulars of required provision on Off-balance Sheet Exposures

	Base for provision	**Rate 1%**		
Acceptances and endorsements	49,721,797,256		497,217,973	355,663,508
Letter of guarantee	72,966,435,302		729,664,353	674,169,081
Letter of credit	34,112,938,262		341,129,383	273,116,401
Bills for collection	10,766,851,918		107,668,519	82,635,416
Forward assets purchased and forward deposits placed	240,823,450		2,408,235	-
Required provision on Off-balance Sheet Exposures			**1,678,088,462**	**1,385,584,405**
Total provision maintained **(note - 14a.4)**			1,678,090,000	1,385,640,000
Excess / (short) provision at 31 December 2017			**1,538**	**55,595**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016
7a.14	**Suits filed by the Bank (Branch wise details)**		
	Agrabad Branch	692,305,532	687,027,539
	Adamjee EPZ Branch	4,082,489	69,666,446
	Asad Gate Branch	193,769,474	195,291,949
	Ashugonj Branch	1,506,854	-
	Ashulia Branch	7,494,867	132,029,703
	Banani Branch	29,396,548	30,835,306
	Baridhara Branch	4,628,918	-
	Baneswar Branch	19,606,885	7,934,216
	Bangshal Branch	64,317,413	37,267,642
	Banshkhali Branch	647,875	1,162,649
	Barisal Branch	545,085	1,604,055
	Bashaboo Branch	8,477,376	9,614,124
	Barelekha Branch	616,180	2,199,195
	Bashundhara Branch	12,643,147	7,133,308
	Beani Bazar Branch	-	147,891
	Bhairab Bazar Branch	18,128,714	10,707,714
	Biswanath Bracnh	904,834	754,480
	Bogra Branch	158,028,634	158,423,551
	Boalmari Branch	811,952	936,088
	Bijoynagar Branch	3,081,752	3,081,752
	Head Office, FAD,FMD,CBD & Card	1,856,974,074	257,532,090
	Chaumuhani Branch	3,560,816	10,341,897
	Chaudagram Branch	2,914,012	4,342,887
	Comilla Branch	3,314,780	3,314,780
	Court Road Branch	6,660,446	7,889,446
	Cox's Bazar Branch	22,290,295	21,421,186
	Damudya Branch	1,148,617	-
	Dhanmondi Branch	6,892,292	7,130,876
	Dinajpur Branch	29,458,667	23,288,888
	Elephant Road Branch	1,297,155,209	1,149,944,909
	Fatickchari Branch	553,169	1,130,000
	Faridpur Branch	141,488,899	131,341,802
	Foreign Exchange Branch	149,220,985	149,513,500
	Ganakbari Branch	4,100,000	828,209
	Garib-e-Newaz Branch	13,747,889	626,495
	Gulshan Branch	1,761,037,856	1,689,628,708
	Hajigonj Branch	1,424,380	1,307,451
	Halishahar Branch	20,097,408	6,048,455
	Hathazari Branch	3,766,490	6,298,552
	Hobiganj Branch	735,107	735,107
	IBB, Amberkhana Branch	9,434,520	16,759,956
	IBB, Dilkusha Branch	1,496,574,340	1,492,346,501
	IBB, Mirpur Branch	447,801,558	364,735,851
	IBB, O.R. Nizam Road Branch	481,498,474	84,511,638
	IBB, Pahartali Branch	100,594,841	25,350,677
	Ibrahimpur Branch	2,852,450	2,852,450
	Ishwardi Branch	19,276,422	14,439,718

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	Amount in Taka	
	2017	2016
Suits filed by the Bank (Branch wise details)		
Islampur Branch	738,175	738,175
Jamalpur Branch	2,434,493	1,218,950
Jatrabari Branch	6,807,034	7,193,810
Jessore Branch	1,474,495,409	1,480,286,149
Joypara Branch	1,399,000	1,399,000
Joydevpur Chowrasta Branch	-	352,452
Joypurhat Branch	9,489,398	1,194,069
Jikorgacha Branch	1,463,573	760,282
Jubilee Road Branch	3,220,024,882	3,004,954,838
Kadomtoli Branch	1,639,593	-
Kawran Bazar Branch	89,514,577	102,477,729
Khatunganj Branch	1,773,622,169	1,683,016,018
Khulna Branch	1,297,403,290	1,297,403,290
Kishoreganj	4,514,158	4,514,158
Kustia Branch	123,452,204	1,821,268
Laldighi East Branch	1,342,446,934	1,329,965,616
Madhabdi Branch	48,788,555	58,237,262
Madhabpur Branch	1,057,930	1,057,930
Mirpur-1 Branch	141,907,012	50,716,268
Motijheel Branch	4,832,966,325	5,037,796,372
Mohakhali Branch	484,640,847	93,859,772
Mouchak Branch	21,915,354	21,578,387
Modhunaghat Branch	2,030,545	1,923,833
Moulvibazar Branch, Dhaka	84,005,965	43,189,607
Muradpur Branch	2,197,743	1,499,441
Mymensingh Branch	99,296,368	8,150,000
Nabiganj Branch	39,831,964	40,360,209
Natore Branch	6,835,670	2,896,805
Naogaon Branch	33,365,892	32,541,744
Narayanganj Branch	44,657,833	46,443,269
New Eskaton Branch	1,359,559	1,359,559
Oxygen More Branch	3,089,696	3,089,696
Off-shore Banking Unit, CEPZ	905,255,530	-
Pabna Branch	10,742,582	11,924,328
Pallabi Branch	15,548,584	5,013,025
Panthapath Branch	1,058,406,742	1,060,906,743
Pragati Sarani Branch	14,061,665	17,887,039
Prabortak More Branch	25,613,821	6,106,673
Rajshahi Branch	217,126,312	233,026,197
Rangpur Branch	3,431,513	3,415,157
Retail Banking Division	240,292,691	-
Ring Road Branch	226,611,409	189,297,532
Satkhira Branch	840,146	534,495
Sat Masjid Road Branch	165,937,724	145,845,182
Savar Branch	236,229,343	-
SBC Tower Branch	171,847,201	172,752,852

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		Amount in Taka	
		2017	2016
	Suits filed by the Bank (Branch wise details)		
	Shibpur Branch	2,588,636	7,588,636
	Simrail Branch	10,070,627	9,844,088
	Sirajdikhan Branch	6,469,700	1,962,000
	SME Banking, Dhaka	115,291,681	125,376,540
	Sremangal Branch	39,135,560	39,214,106
	Sylhet Branch	4,571,214	3,902,155
	Subidbazar Branch, Sylhet	61,693,478	65,502,490
	Tangail Branch	3,146,348	2,419,195
	Tajpur Branch	709,840	2,163,052
	Tongi Branch	9,022,266	10,328,786
	Uposhahar Branch, Sylhet	253,000	1,718,163
	Uttara Branch	31,825,048	67,737,008
	Vatiari Branch	49,775,104	8,654,289
	Wari Bracnh	4,058,600	4,058,600
		27,933,517,037	**23,388,653,924**
8	**Consolidated bills purchased and discounted**		
	Prime Bank Limited **(note-8a)**	14,729,065,476	12,393,363,484
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	1,823,874,133	2,074,110,013
		16,552,939,609	**14,467,473,496**
8a	**Bills purchased and discounted**		
	Payable in Bangladesh	10,305,266,336	6,684,930,303
	Payable outside Bangladesh	4,423,799,140	5,708,433,181
		14,729,065,476	**12,393,363,484**
8a.1	**Maturity grouping of bills purchased and discounted**		
	Payable within one month	3,425,855,329	2,492,525,228
	Over one month but less than three months	6,799,206,546	4,400,233,390
	Over three months but less than six months	3,966,558,122	2,615,576,149
	Six months or more	537,445,480	2,885,028,717
		14,729,065,476	**12,393,363,484**
9	**Consolidated fixed assets including premises, furniture and fixtures**		
	Prime Bank Limited (note-9a)	6,434,047,671	6,589,682,408
	Prime Bank Investment Limited	30,507,630	7,429,503
	Prime Bank Securities Limited	9,902,298	333,638
	Prime Exchange Co. Pte. Ltd., Singapore	3,702,920	3,034,610
	PBL Exchange (UK) Ltd.	8,707,332	9,620,175
	PBL Finance (Hong Kong) Limited	173,360	388,365
		6,487,041,211	**6,610,488,699**

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		Amount in Taka	
		2017	2016
9a	**Fixed assets including premises, furniture and fixtures of the Bank**		
	Property, Plant & Equipment		
	Land	3,719,444,788	3,706,444,788
	Building	1,725,237,651	1,791,774,512
	Furniture and fixtures	936,801,363	906,685,628
	Office equipment and machinery	1,696,596,756	1,725,699,570
	Vehicles	391,461,992	351,500,569
	Library books	1,820,037	1,820,037
		8,471,362,587	**8,483,925,104**
	Leased property:		
	Leased vehicles	31,690,384	31,690,384
	ATM		
	Hardware & equipment	306,378,843	289,961,414
	Furniture & fixtures	46,776,602	45,423,849
		353,155,445	**335,385,263**
	Off-shore Banking Units		
	Furniture and fixtures	3,006,420	2,991,998
	Office equipment and machinery	1,894,047	1,789,032
	Vehicles	1,352,742	1,352,742
		6,253,210	**6,133,773**
		8,862,461,626	**8,857,134,524**
	Less: Accumulated depreciation	**2,538,930,494**	**2,314,044,260**
		6,323,531,132	**6,543,090,264**
	Intangibles assets		
	Software-core banking	353,144,552	268,397,034
	Software-ATM	43,212,614	43,212,614
	Cost of intangibles assets	**396,357,165**	**311,609,648**
	Less: Accumulated amortization	285,840,626	265,017,503
		110,516,539	**46,592,145**
	Net book value at the end of the year (See annexure-C for detail)	**6,434,047,671**	**6,589,682,408**
	The fixed assets recognised and measurements policy are described in note 2.2.4		
10	**Consolidated other assets**		
	Prime Bank Limited **(note-10a)**	22,903,009,700	21,864,644,686
	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)
		19,051,298,179	**18,012,933,165**
	Prime Bank Investment Limited (investment in PBSL)	37,500,000	37,500,000
	Prime Bank Investment Limited	101,594,607	75,034,820
	Prime Bank Securities Limited	96,018,372	86,068,562
	Prime Exchange Co. Pte. Ltd., Singapore	5,204,094	5,705,624
	PBL Exchange (UK) Ltd.	7,347,628	6,550,447
	PBL Finance (Hong Kong) Limited	30,779,137	6,778,242
		278,443,839	**217,637,695**
		19,329,742,018	**18,230,570,859**

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		Amount in Taka	
		2017	2016
10a	**Other assets of the Bank**		
	Stationery and stamps	38,027,828	35,984,087
	Exchange adjustment account	-	4,038,333
	Investment in subsidiary **(note-10a.5)**	3,814,211,521	3,814,211,521
	Off-shore Banking Units	9,360,494,044	8,964,114,616
	Due from Off-shore Banking Units	248,339,125	215,528,997
	Prepaid expenses	20,129,129	10,670,383
	Interest/profit receivable on loan **(note-10a.1)**	963,842,394	633,823,969
	Interest receivable on Govt. securities	614,889,406	700,100,706
	Advance deposits and advance rent	355,000,715	348,574,727
	Prepaid expenses against house furnishing	8,460,103	6,371,911
	Branch adjustments account	18,516,520	18,501,509
	Suspense account **(note -10a.2)**	283,396,487	132,163,478
	Encashment of PSP/BSP	457,207,387	284,886,250
	Advance income tax paid **(note-10a.6)**	16,182,416,743	15,594,901,282
	Credit card	92,911,810	78,212,407
	Sundry assets **(note -10a.3)**	53,999,656	202,204,122
		32,511,842,870	**31,044,288,298**
	Less: Off-shore Banking Units	**9,608,833,170**	**9,179,643,613**
		22,903,009,700	**21,864,644,686**

* Previously, advance income tax of Taka 15,594,901,282 was reported under the note no. 14a after netting-off the amount against the provision of income tax. Now it has seperately been presented in the note no. 10a:' Other Assets'.

*Previously, investment of term placement of Taka 3,450,000,000 was reported under the note-10a 'Other Assets'. Now the same amount has been presented under the head: 'Balance with other Banks and financial institutions' note -4a.

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	17,827,354	19,196,468
Islamic Transit Account	2,876,066	-
Others	33,296,235	183,007,654
	53,999,656	**202,204,122**

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	17,827,354	100%	17,827,354	19,196,468
Legal Expenses	2,340,543	50%	1,170,272	1,548,389
Others	114,085,282	100%	114,085,282	23,082,531
Required provision for other assets			204,082,908	114,827,387
Total provision maintained **(note - 14a.8)**			204,083,148	120,116,648
Excess / (short) provision at 31 December			**239**	**5,289,260**

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**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016

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.

10a.6 Advance income tax paid

Opening Balance	15,594,901,282	15,161,222,207
Add: Paid during the year	587,515,461	433,679,075
Less: Advance tax adjustment with tax provisions	-	-
	16,182,416,743	**15,594,901,282**

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)**	22,087,479,113	16,438,219,620
Prime Bank Investment Limited	3,228,886,961	3,342,064,734
Prime Bank Securities Limited	433,499,527	450,927,651
Prime Exchange Co. Pte. Ltd., Singapore	-	-
PBL Exchange (UK) Ltd.	-	-
PBL Finance (Hong Kong) Limited	1,778,513,368	2,101,738,752
	27,528,378,969	22,332,950,757
Less: Inter-company transactions	5,390,381,459	5,736,230,995
	22,137,997,510	**16,596,719,762**

12a Borrowings from other banks, financial institutions and agents of the Bank

In Bangladesh **(note-12a.1)**	8,728,345,506	7,353,535,957
Outside Bangladesh **(note-12a.2)**	13,359,133,607	9,084,683,663
	22,087,479,113	**16,438,219,620**

12a.1 In Bangladesh

Priem Bank Subordinated Bond	2,500,000,000	3,750,000,000
Financial Sector Support Program	762,068,738	29,670,729
EDF borrowings from Bangladesh Bank	5,397,210,402	3,478,762,031
Refinance against SME loan from Bangladesh Bank	69,066,366	95,103,196
	8,728,345,506	**7,353,535,957**

Previously, EDF Borrowing of Taka 3,478,762,031 was reported under the note-14a 'Other Liabilities'. Now it has been reported under the note-12a: 'Borrowings from other Banks, financial institutions'.

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		Amount in Taka	
		2017	2016
12a.2	**Outside Bangladesh**		
	Emirates NBD, Dubai, UAE	573,524,500	558,785,620
	Emirates Islami Bank	1,930,032,752	-
	Bank Muscat	855,696,900	-
	Habib Bank Ltd, Kabul, Afganistan	-	236,106,600
	Habib Bank Ltd, Hong Kong	-	236,106,600
	First Gulf Bank, UAE	-	388,315,081
	First Abu Dhabi Bank	643,406,000	-
	FMO, Netherlands	1,378,333,333	1,967,555,000
	Noor Bank Limited	827,000,000	-
	SCB, Singapore	691,195,022	677,238,334
	SCB, Hong Kong	1,293,924,200	534,605,254
	National Bank of Rash-Al Khaima	481,065,900	787,022,000
	Commercial Bank of Qatar	-	1,337,883,174
	International Finance Corporation	4,684,955,000	2,361,066,000
		13,359,133,607	**9,084,683,663**
12a.3	**Security against borrowings from other banks, financial institutions and agents**		
	Secured (Treasury bills)	-	-
	Unsecured	22,087,479,113	16,438,219,620
		22,087,479,113	**16,438,219,620**
12a.4	**Maturity grouping of borrowings from other banks, financial institutions and agents**		
	Payable on demand	-	-
	Up to 1 month	6,159,279,140	716,231,747
	Over 1 month but within 3 months	4,940,887,452	1,927,238,334
	Over 3 months but within 1 year	8,918,246,155	5,723,592,582
	Over 1 year but within 5 years	2,069,066,366	4,062,724,196
	Over 5 years	-	500,000,000
		22,087,479,113	**12,929,786,860**
13	**Consolidated deposits and other accounts**		
	Current deposits and other accounts		
	Prime Bank Limited **(note-13a.1.c)**	33,196,233,861	31,905,539,890
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		33,196,233,861	**31,905,539,890**
	Less: Inter-company transactions	13,533,538	36,870,882
		33,182,700,323	**31,868,669,008**
	Bills payable		
	Prime Bank Limited **(note-13a.1.c)**	4,212,571,458	5,168,363,915
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		4,212,571,458	**5,168,363,915**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016
	Savings bank / Mudaraba savings deposits		
	Prime Bank Limited **(note-13a.1.c)**	38,397,699,341	35,628,622,433
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		38,397,699,341	**35,628,622,433**
	Term / Fixed deposits		
	Prime Bank Limited **(note-13a.1.c)**	123,207,471,242	125,231,442,610
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		123,207,471,242	**125,231,442,610**
	Less: Inter-company transactions	145,194	61,835,872
		123,207,326,048	**125,169,606,738**
		199,000,297,169	**197,835,262,094**
13a	**Deposits and other accounts of the Bank**		
	Deposits from banks **(note -13a.1.a)**	2,172,343,252	304,770,082
	Deposits from customers **(note-13a.1.b)**	196,841,632,649	197,629,198,766
		199,013,975,901	**197,933,968,848**
13a.1	**a) Deposits from Banks**		
	Current deposits and other accounts	18,742,909	3,811,272
	Savings bank / Mudaraba savings deposits	711,519,437	7,045,261
	Special notice deposits	940,174,448	293,913,549
	Fixed deposits	501,906,458	-
		2,172,343,252	**304,770,082**
	b) Customer Deposits		
	i) Current deposits and other accounts		
	Current / Al-wadeeah current deposits	15,235,757,391	14,446,391,872
	Foreign currency deposits	6,458,348,587	5,214,000,665
	Security deposits	8,362,116	8,509,416
	Sundry deposits **(note -13a.2)**	11,718,541,620	12,801,974,510
		33,421,009,713	**32,470,876,462**
	Less: Off-shore Banking Units	243,518,761	569,147,844
		33,177,490,952	**31,901,728,618**
	ii) Bills payable		
	Pay orders issued	4,193,952,419	5,137,961,158
	Pay slips issued	2,484,749	3,759,339
	Demand draft payable	15,806,529	25,466,324
	Foreign demand draft	313,592	313,592
	T. T. payable	-	855,000
	Bill Pay ATM	14,169	8,502
		4,212,571,458	**5,168,363,915**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016
	iii) Savings bank / Mudaraba savings deposits	**37,686,179,903**	**35,621,577,172**
	iv) Term / Fixed deposits		
	Fixed deposits / Mudaraba fixed deposits	62,175,439,920	60,156,202,902
	Special notice deposits	12,567,863,806	13,223,095,870
	Non resident Taka deposits	1,516,641,540	1,368,757,538
	Scheme deposits	45,505,445,071	50,189,472,752
		121,765,390,336	124,937,529,061
		196,841,632,649	197,629,198,766
		199,013,975,901	**197,933,968,848**
	c) Deposits and other accounts		
	Current deposits and other accounts		
	Deposits from banks **(note -13a.1.a)**	18,742,909	3,811,272
	Deposits from customers **(note-13a.1.b.i)**	33,177,490,952	31,901,728,618
		33,196,233,861	**31,905,539,890**
	Bills payable		
	Deposits from banks **(note -13a.1.a)**	-	-
	Deposits from customers **(note-13a.1.b.ii)**	4,212,571,458	5,168,363,915
		4,212,571,458	**5,168,363,915**
	Savings bank/mudaraba savings deposit		
	Deposits from banks **(note -13a.1.a)**	711,519,437	7,045,261
	Deposits from customers **(note-13a.1.b.iii)**	37,686,179,903	35,621,577,172
		38,397,699,341	**35,628,622,433**
	Term / Fixed deposits		
	Deposits from banks **(note -13a.1.a)**	1,442,080,906	293,913,549
	Deposits from customers **(note-13a.1.b.iv)**	121,765,390,336	124,937,529,061
		123,207,471,242	**125,231,442,610**
		199,013,975,901	**197,933,968,848**
13a.2	**Sundry deposits**		
	F.C. held against back to back L/C	5,258,292,710	6,577,134,629
	Sundry creditors	728,433,241	619,460,750
	Risk fund and service charges (CCS and lease finance)	56,200,155	57,534,004
	Sale proceeds of PSP / BSP	217,085,000	255,810,000
	Margin on letters of guarantee	956,397,206	1,055,916,182
	Margin on letters of credit	1,891,208,659	1,581,813,526
	Margin on FDBP / IDBP, export bills, etc	167,063,116	115,786,586
	Lease deposits	64,845,357	80,732,755
	Interest / profit payable on deposits	866,375,072	1,013,492,065
	Withholding VAT/Tax /Excise duty payable to Government Authority	546,056,541	394,092,487
	Others	966,584,562	1,050,201,527
		11,718,541,620	**12,801,974,510**
13a.3	**Payable on demand and time deposits**		
	a) Demand deposits		
	Current deposits	15,254,500,299	14,450,203,144
	Savings deposits (9%)	3,455,792,941	3,206,576,019
	Foreign currency deposits (Non interest bearing)	6,214,829,826	4,644,852,821
	Security deposits	8,362,116	8,509,416
	Sundry deposits	11,718,541,620	12,801,974,510
	Bills payable	4,212,571,458	5,168,363,915
		40,864,598,260	**40,280,479,824**

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		Amount in Taka	
		2017	2016
	b) Time deposits		
	Savings deposits (91%)	34,941,906,400	32,422,046,414
	Fixed deposits	62,677,346,377	60,156,202,902
	Special notice deposits	13,508,038,254	13,517,009,419
	Deposits under schemes	45,505,445,071	50,189,472,752
	Non resident Taka deposits	1,516,641,540	1,368,757,538
		158,149,377,641	**157,653,489,024**
		199,013,975,901	**197,933,968,848**
13a.4	**Sector-wise break-up of deposits and other accounts**		
	Government	1,690,935,354	2,243,123,982
	Deposit money banks	2,172,343,252	304,770,082
	Other public	3,109,713,568	3,261,805,417
	Foreign currency	6,214,829,826	4,644,852,821
	Private	185,826,153,901	187,479,416,546
		199,013,975,901	**197,933,968,848**
13a.5	**Unclaimed deposits and valuables**		
	Current deposits	-	6
	Savings deposits	42,537	17,155
	SDR	-	74,000
	Sundry Deposit	87,274	411,628
		129,811	**502,789**
13a.6	**Maturity analysis of deposits**		
	a) Maturity analysis of deposits from Banks		
	Payable on demand	-	-
	Up to 1 month	18,742,909	3,811,272
	Over 1 month but within 3 months	796,135,138	33,497,481
	Over 3 months but within 1 year	501,906,458	-
	Over 1 year but within 5 years	855,558,748	267,461,330
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		2,172,343,252	**304,770,083**
	b) Maturity analysis of customer deposits excluding bills payable		
	Payable on demand	-	-
	Up to 1 month	24,021,106,165	31,952,721,606
	Over 1 month but within 3 months	38,703,976,533	37,109,859,857
	Over 3 months but within 1 year	66,433,874,081	51,944,661,127
	Over 1 year but within 5 years	32,883,887,194	43,453,729,940
	Over 5 years but within 10 years	30,586,087,406	27,999,359,531
	Over 10 years	129,811	502,789
		192,629,061,191	**192,460,834,851**
	c) Maturity analysis of bills payable		
	Payable on demand	4,212,571,458	5,168,363,915
	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	-	-
		4,212,571,458	**5,168,363,915**
		199,013,975,901	**197,933,968,848**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016
14	**Consolidated other liabilities**		
	Prime Bank Limited (note-14a)	35,465,414,699	32,566,658,168
	Prime Bank Investment Limited	697,688,931	684,060,772
	Prime Bank Securities Limited	169,586,547	148,586,756
	Prime Exchange Co. Pte. Ltd., Singapore	57,330,044	15,754,540
	PBL Exchange (UK) Ltd.	28,492,648	15,520,080
	PBL Finance (Hong Kong) Limited	25,185,674	22,013,050
		36,443,698,543	**33,452,593,365**
	Less: Inter-company transactions	-	-
		36,443,698,543	**33,452,593,365**
14a	**Other liabilities of the Bank**		
	Exchange adjustment account	29,385	-
	Expenditure and other payables	142,722,657	145,660,513
	Provision for bonus	106,978,887	222,532,563
	Provision for income tax **(note - 14a.1)**	18,335,551,971	17,585,551,971
	Deferred tax liability **(note-14a.2)**	930,373,650	932,054,703
	Unearned commission on bank guarantee	32,536,560	10,277,531
	Unearned profit (Markup)	156,808,065	-
	Provision for off-balance sheet exposures **(note-14a.4)**	1,678,090,000	1,385,640,000
	Provision for Off-shore Banking Units **(note-14a.5)**	716,350,000	592,850,000
	Fund for employee welfare fund (EWF)	3,617,950	4,690,083
	Fund for Prime Bank Foundation (PBF)	72,358,987	93,801,662
	Provision for loans and advances / investments **(note - 14a.3)**	8,189,736,061	6,760,357,135
	Provision for Interest receivable on loans and advances / investments	9,517,300	9,517,300
	Provision for diminution in value of investments	16,928,249	77,444,749
	Interest suspense account **(note - 14a.6)**	4,693,505,469	4,488,241,878
	Provision for Impairement loss for investment in subsidiaries	93,994,092	108,994,092
	Provision for climate risk fund	8,000,000	5,000,000
	Provision of rebate for good borrower	10,207,111	15,000,000
	Other liabilities	64,025,157	8,927,340
	Other provision **(note - 14a.7)**	204,083,148	120,116,648
		35,465,414,699	**32,566,658,168**
14a.1	**Provision for income tax**		
	Opening Balance	17,585,551,971	17,435,551,971
	Add: Addition during the year	750,000,000	150,000,000
	Less: Adjustment with advance tax	-	-
		18,335,551,971	**17,585,551,971**

* Corporate tax position of the bank is shown in **annexure-D**

* Previously, provision for income tax of Taka 17,585,551,971 was reported after netting-off against the amount of advance income tax. Now it has seperately been reported under the note no. 14a: 'Other liabilities'.

14a.2	**Deferred tax liability**		
	Balance as on 1 January	932,054,703	926,928,345
	Add/(Less): Provision for revaluation of land and building	(1,681,053)	5,126,358
	Add: Addition / Adjustment during the year **(note-40a)**	-	-
	Balance as on 31 December	**930,373,650**	**932,054,703**

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		Amount in Taka	
		2017	2016
14a.3	**Provision for loans, advances and lease / investments**		
	Movement in specific provision on classified loans / investments:		
	Provision held as on 1 January	3,400,363,411	5,326,596,814
	Less: Fully provided debts written off during the year	(2,112,525,235)	(3,699,312,195)
	Add: Recoveries of amounts previously written off	409,904,161	151,078,792
	Add: Specific provision made during the year for other accounts	-	-
	Add: Transferred from General Provision	-	-
	Less: Provision no longer required	-	-
	Add: Net charge to profit and loss account **(note-39a)**	2,076,000,000	1,622,000,000
	Provision held as on 31 December	**3,773,742,337**	**3,400,363,411**
	Movement in general provision on unclassified loans / investments		
	Provision held as on 1 January	3,359,993,724	1,915,043,724
	Add: Amount transferred to classified provision	-	-
	Add: General provision made during the year **(note-39a)**	1,056,000,000	1,444,950,000
	Provision held as on 31 December	**4,415,993,724**	**3,359,993,724**
		8,189,736,061	**6,760,357,135**
14a.4	**Provision for off-balance sheet exposures**		
	Provision held as on 1 January	1,385,640,000	1,156,890,000
	Add: Amount transferred from classified provision	-	-
	Add: Provision made during the year **(note-39a)**	292,450,000	228,750,000
	Provision held as on 31 December	**1,678,090,000**	**1,385,640,000**
14a.5	**Provision for Off-shore Banking Units**		
	Movement in specific provision on classified loans / investments:		
	Provision held as on 1 January	423,700,000	422,700,000
	Add: Transferred from Unclassified Provision of OBU	-	-
	Add: Net charge to profit and loss account **(note-39a)**	72,500,000	1,000,000
	Provision held as on 31 December	**496,200,000**	**423,700,000**
	Movement in general provision on unclassified loans / investments		
	Provision held as on 1 January	169,150,000	115,700,000
	Add: Amount transferred to classified provision of OBU	-	-
	Add: General provision made during the year **(note-39a)**	51,000,000	53,450,000
	Provision held as on 31 December	**220,150,000**	**169,150,000**
		716,350,000	**592,850,000**
14a.6	**Interest suspense account**		
	Balance as on 1 January	4,488,241,878	4,502,882,848
	Add: Amount transferred to "interest suspense" account during the year	1,875,009,156	3,598,885,426
	Less: Amount recovered from "interest suspense" account during the year	(246,136,963)	(1,309,034,584)
	Less: Amount written-off during the year	(1,423,608,602)	(2,304,491,812)
	Balance as on 31 December	**4,693,505,469**	**4,488,241,878**
14a.7	**Other provision for classified assets**		
	Balance as on 1 January	120,116,648	112,506,648
	Add: Addition during the year (note-39a)	83,966,500	7,610,000
	Less: Adjustment during the year	-	-
	Balance as on 31 December	**204,083,148**	**120,116,648**

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		Amount in Taka	
		2017	2016
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**

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	2017 Taka	2016 Taka	2017 %	2016 %
Sponsors	3,915,393,490	3,996,150,370	38.04%	38.82%
Financial Institutions	2,503,815,050	2,795,256,750	24.32%	27.16%
Foreign Investors	385,416,330	38,472,820	3.75%	0.37%
Non- resident Bangladeshi	27,819,790	25,142,410	0.27%	0.24%
General Public	3,461,041,500	3,438,463,810	33.62%	33.41%
	10,293,486,160	**10,293,486,160**	**100.00%**	**100.00%**

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15.5 Shareholding range on the basis of shareholdings as at 31 December 2017

Shareholding range	Number of share holders	Taka	
		Shares	Percentage
Less than 500	5,512	980,139	0.09%
500- 5,000	6,450	11,816,474	1.15%
5,001 - 10,000	1,197	9,049,171	0.88%
10,001 - 20,000	742	10,955,322	1.06%
20,001 - 30,000	243	6,144,432	0.60%
30,001 - 40,000	134	4,665,573	0.45%
40,001 - 50,000	136	6,350,081	0.62%
50,001 - 100,000	217	15,859,403	1.54%
100,001 - 1,000,000	340	106,702,601	10.37%
Over 1,000,000	131	856,825,420	83.24%
	15,102	**1,029,348,616**	**100.00%**

15.6 Name of the Directors and their shareholdings as at 31 December 2017

Sl	Name of the directors	Status	Opening position	Closing position	% of shares as at 31.12.2017
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	Quazi Sirazul Islam	Director	20,616,158	20,616,158	2.00
5	Mrs. Marina Yasmin Chowdhury	Director	23,325,000	24,225,000	2.35
6	Mrs. Salma Huq	Director	32,254,341	32,254,341	3.13
7	Mr. Nafis Sikder	Director	25,826,178	25,826,178	2.51
8	Mr. Imran Khan	Director	20,588,337	20,588,337	2.00
9	Mr. Waheed Murad Jamil (Representative of Mawsons Ltd.)	Director	20,587,749	20,587,749	2.00 (Share holding of Mawsons Ltd.)
10	Mr. Tarique Ekramul Haque	Director	20,600,391	20,600,391	2.00
11	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.)
12	Mr. Shamsuddin Ahmad, Ph.D	Independent Director	-	-	-
13	Dr. G. M. Khurshid Alam	Independent Director	-	-	-
14	Mr. M. Farhad Hussain, FCA	Independent Director	-	-	-
15	Mr. Rahel Ahmed	Managing Director	-	-	-
			266,544,672	**267,444,672**	

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".

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	Amount in Taka	
	2017	2016

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 dated May 31, 2016, required capital of the Bank (Consolidated) at the close of business on 31 December 2017 was Taka 23,511,939,339 as against available Tier-I capital of Taka 23,109,781,567 and Tier-II capital of Taka 9,207,296,395 making a total capital of Taka 32,317,077,962 thereby showing a surplus capital / equity of Taka 8,805,138,624 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)**	61	60
Statutory reserve **(note-16)**	9,565,853,177	9,204,058,242
General reserve	28,002,888	28,002,888
Surplus in consolidated profit and loss account / Retained earnings **(note-20)**	1,116,996,544	1,961,106,485
	23,245,569,226	**23,727,884,232**
Additional Tier-1 (AT-1) Capital		
Non-cumulative irredeemable preference shares	-	-
	-	-
Less: Regulatory Adjustments for CET-1 Capital		
Goodwill and all other intangible assets	110,516,539	77,856,907
Reciprocal Crossholdings	25,271,120	88,351,597
	135,787,659	**166,208,504**
Total Tier-1 Capital	**23,109,781,567**	**23,561,675,728**
Tier-2 Capital		
General provision maintained against unclassified loan/investments **(note-14a.3)**	4,415,993,724	3,359,993,724
General provision on off-balance sheet exposures **(note-14a.4)**	1,678,090,000	1,385,640,000
General provision on off-shore Banking Units **(note-14a.5)**	220,150,000	169,150,000
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	2,500,000,000
	9,796,890,402	**8,397,440,402**
Less: Regulatory Adjustments		
Revaluation Reserves for fixed assets, securities and equity securities	589,594,007	393,062,671
Total Tier-2 Capital	**9,207,296,395**	**8,004,377,731**
A) **Total Regulatory capital**	**32,317,077,962**	**31,566,053,459**
Total assets including off-balance sheet exposures	450,203,787,174	411,736,406,028
B) Total risk weighted assets	235,119,393,387	256,595,355,777
C) Required capital based on risk weighted assets (10% on B)	23,511,939,339	25,659,535,578
D) **Surplus (A-C)**	**8,805,138,624**	**5,906,517,882**
Capital to risk weighted assets ratio	**13.74%**	**12.30%**

Capital requirement	Required	Held	Required	Held
Tier -1 Capital	5.50%	9.83%	5.00%	9.18%
Tier -2 Capital	4.50%	3.92%	5.00%	3.12%
Total Capital to risk weighted assets ratio	**10.00%**	**13.74%**	**10.00%**	**12.30%**

Leverage Ratio

Particulars	Required	Held	Required	Held
Leverage ratio	3.00%	6.31%	3.00%	7.39%

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	Amount in Taka	
	2017	2016
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)**	9,565,853,177	9,204,058,242
Surplus in consolidated profit and loss account / Retained earnings **(note-20a)**	1,079,304,405	2,017,875,429
	23,179,874,138	**23,756,650,227**
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	110,516,539	46,592,145
Reciprocal Crossholdings	21,707,400	76,293,178
	132,223,939	**122,885,323**
Total Tier-1 Capital	**23,047,650,199**	**23,633,764,905**
Tier-2 Capital		
General provision maintained against unclassified loan/investments **(note-14a.3)**	4,415,993,724	3,359,993,724
General provision on off-balance sheet exposures **(note-14a.4)**	1,678,090,000	1,385,640,000
General provision on off-shore Banking Units **(note-14a.5)**	220,150,000	169,150,000
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	2,500,000,000
	9,786,727,815	**8,387,277,815**
Less: Regulatory Adjustments		
Revaluation Reserves for fixed assets, securities and equity securities	583,496,455	388,997,636
Total Tier-2 Capital	**9,203,231,360**	**7,998,280,179**
A) **Total Regulatory capital**	**32,250,881,560**	**31,632,045,084**
Total assets including off-balance sheet exposures	449,083,512,828	410,782,138,539
B) Total risk weighted assets	230,211,415,637	254,001,469,464
C) Required capital based on risk weighted assets (10% on B)	23,021,141,564	25,400,146,946
D) **Surplus (A-C)**	**9,229,739,996**	**6,231,898,137**
Capital to risk weighted assets ratio	**14.01%**	**12.45%**

Capital requirement	Required	Held	Required	Held
Tier -1 Capital	5.50%	10.01%	5.00%	9.30%
Tier -2 Capital	4.50%	4.00%	5.00%	3.15%
Total Capital to risk weighted assets ratio	**10.00%**	**14.01%**	**10.00%**	**12.45%**

Leverage Ratio

Particulars	Required	Held	Required	Held
Leverage ratio	3.00%	6.61%	3.00%	7.36%

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		Amount in Taka	
		2017	2016
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	1	(0.45)
		61	**60**
16	**Statutory reserve**		
	Balance on 1 January	9,204,058,242	8,735,049,935
	Addition during the year (20% of pre-tax profit)	361,794,935	469,008,307
	Balance at 31 December 2017	**9,565,853,177**	**9,204,058,242**
17	**Consolidated revaluation gain / loss on investments**		
	Prime Bank Limited (note-17a)	17,749,598	15,278,978
	Gain on revaluation of Investment at Prime Exchange Co. Pte. Ltd., Singapore	38,757,000	32,658,135
	Gain on revaluation of Investment at Prime Exchange (UK) Ltd.	(480,524)	(8,249,824)
	Gain on revaluation of Investment at PBL Finance (Hong Kong) Limited	(740,786)	13,626,438
		55,285,288	**53,313,727**
17a	**Revaluation gain / loss on investments of the Bank**		
	Opening balance on 1 January	15,278,978	1,791,992,895
	Add: Amortized/Revaluation Gain	39,631,941	366,728,827
	Less: Adjustment of amortization/revaluation gain against sale/maturity	(37,076,239)	(2,143,380,756)
	Add: Adjustment of revaluation gain/(loss) of OBU fixed assets	(85,082)	(61,988)
	Less: Adjustment of Revaluation loss	-	-
		17,749,598	**15,278,978**
18	**Revaluation reserve**		
	Balance on 1 January	1,778,219,183	1,778,219,183
	Adjustment during the year	(11,207,022)	-
	Balance at 31 December 2017	1,767,012,161	1,778,219,183
	Less: Provision for deferred tax	(270,253,057)	(271,934,110)
		1,496,759,104	**1,506,285,073**
	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)**	13,414,088	6,637,162
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	660,837	(28,574)
	PBL Exchange (UK) Ltd.	93,100	(756,277)
	PBL Finance (Hong Kong) Limited	1,166,122	55,003
		15,334,146	**5,907,315**
19a	**Foreign currency translation gain/ (loss)**		
	Balance on 1 January	6,637,162	5,995,523
	Addition during the year	6,776,926	641,640
	Balance at 31 December 2017	**13,414,088**	**6,637,162**

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		Amount in Taka	
		2017	2016
20	**Consolidated retained earnings / movement of profit and loss account**		
	Prime Bank Limited (note-20a)	1,086,081,331	2,018,517,069
	Prime Bank Investment Limited	66,646,548	(22,307,686)
	Prime Bank Securities Limited	(58,315,338)	(58,968,820)
	Prime Exchange Co. Pte. Ltd., Singapore	13,487,817	8,152,744
	PBL Exchange (UK) Ltd.	(36,245,907)	(32,358,465)
	PBL Finance (Hong Kong) Limited	112,115,577	124,632,911
		1,183,770,028	**2,037,667,754**
	Less: Minority Interest	(1.33)	0.45
	Less: Transfer to statutory reserve	-	-
	Less: Profit Remitted by Prime Exchange Co. Pte. Ltd., Singapore	(2,706,530)	(5,671,257)
	Less: Profit Remitted by PBL Finance (Hong Kong) Limited	(55,369,969)	(70,978,220)
	Less: Foreign currency translation gains	(8,696,984)	88,208
		1,116,996,544	**1,961,106,485**
20a	**Retained earnings / movement of profit and loss account of the Bank**		
	Balance on 1 January	2,017,875,429	1,835,865,125
	Revaluation reserve	11,207,022	-
	Addition during the year	1,058,974,674	2,195,041,535
	Transfer to statutory reserve	(361,794,935)	(469,008,307)
	Cash dividend	(1,646,957,786)	(1,544,022,924)
	Issue of bonus shares	-	-
	Balance at 31 December 2017	**1,079,304,405**	**2,017,875,429**
	Add: Foreign currency translation gain/ (loss)	6,776,926	641,640
		1,086,081,331	**2,018,517,069**
20.1	**Consolidated retained earnings brought forward from previous year**		
	Prime Bank Limited **(note-20.1a)**	382,124,666	291,842,201
	Prime Bank Investment Ltd.	(22,307,687)	19,922,830
	Prime Bank Securities Ltd.	(58,968,820)	(30,126,512)
	Prime Exchange Co. Pte. Ltd., Singapore	(225,043)	(280,399)
	PBL Exchange (UK) Ltd.	(32,358,465)	(47,872,274)
	PBL Finance (Hong Kong) Limited	(1,715,278)	732,243
		266,549,373	**234,218,089**
	Foreign currency translation gain on 1 January	(3,286,152)	7,808,351
		263,263,221	**242,026,441**
20.1a	**Retained earnings brought forward from previous year of the Bank**		
	Balance on 1 January	2,017,875,429	1,835,865,125
	Transferred from revaluation reserve	11,207,022	-
	Bonus shares issued	-	-
	Cash dividend paid	(1,646,957,786)	(1,544,022,924)
	Balance at 31 December 2017	**382,124,666**	**291,842,201**
	Foreign currency translation gain on 1 January	-	-
		382,124,666	**291,842,201**

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		Amount in Taka	
		2017	2016
21	**Consolidated contingent liabilities**		
21.1	**Acceptances and endorsements**		
	Prime Bank Limited **(note-21a.1)**	49,721,797,256	35,566,350,756
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		49,721,797,256	**35,566,350,756**
21.2	**Letters of guarantee**		
	Prime Bank Limited **(note-21a.2)**	72,966,435,302	67,416,908,068
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		72,966,435,302	**67,416,908,068**
21.3	**Irrevocable Letters of Credit**		
	Prime Bank Limited **(note-21a.3)**	34,112,938,262	27,311,640,065
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		34,112,938,262	**27,311,640,065**
21.4	**Bills for collection**		
	Prime Bank Limited **(note-21a.4)**	10,766,851,918	8,263,541,574
	Prime Bank Investment Limited	-	-
	Prime Bank Securities Limited	-	-
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		10,766,851,918	**8,263,541,574**
		167,568,022,737	**138,558,440,463**
21a	**Contingent liabilities of the Bank**		
21a.1	**Acceptances and endorsements**		
	Back to back bills (Foreign)	45,317,201,322	30,667,409,651
	Back to back bills (Local)	3,919,321,492	4,282,915,295
	Back to back bills (EPZ)	485,274,442	616,025,810
		49,721,797,256	35,566,350,756
	Less: Margin	(5,258,292,710)	(6,577,134,629)
		44,463,504,546	**28,989,216,127**

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		Amount in Taka	
		2017	2016
21a.2	**Letters of guarantee**		
	Letters of guarantee (Local)	18,760,045,926	17,979,885,396
	Letters of guarantee (Foreign)	54,206,389,376	49,437,022,672
	Foreign counter guarantees	-	-
		72,966,435,302	67,416,908,068
	Less:Margin	(956,397,206)	(1,055,916,182)
		72,010,038,095	**66,360,991,886**
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or officers	-	-
	Government	-	30,011,805
	Banks and other financial institutions	433,397,375	1,027,924,567
	Others	72,533,037,927	66,358,971,696
		72,966,435,302	67,416,908,068
	Less: Margin	**(956,397,206)**	**(1,055,916,182)**
		72,010,038,095	**66,360,991,886**
21a.3	**Irrevocable Letters of Credit**		
	Letters of credit (Sight)	10,929,931,499	7,715,413,296
	Letters of credit (Deferred)	16,474,904,713	13,360,187,105
	Back to back L/C	6,708,102,050	6,236,039,663
		34,112,938,262	27,311,640,065
	Less: Margin	(1,891,208,659)	(1,581,813,526)
		32,221,729,603	**25,729,826,539**
21a.4	**Bills for collection**		
	Outward bills for collection	10,766,851,918	8,263,541,574
		10,766,851,918	8,263,541,574
	Less: Margin	(167,063,116)	(115,786,586)
		10,599,788,801	**8,147,754,988**
		167,568,022,737	**138,558,440,463**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
22.	**Income statement**		
	Income		
	Interest, discount and similar income **(note-22.1)**	18,960,167,889	20,083,850,234
	Dividend income **(note-25a)**	80,601,232	108,182,304
	Fees, commission and brokerage **(note-22.2)**	1,189,898,112	1,059,906,928
	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)**	1,054,948,294	633,278,452
	Income from non-banking assets	-	-
	Other operating income **(note-27a)**	796,902,990	813,605,590
	Profit less losses on interest rate changes	-	-
		22,082,518,517	**22,698,823,508**
	Expenses:		
	Interest / profit paid on deposits, borrowings, etc. **(note-24a)**	9,875,345,368	10,675,509,165
	Losses on loans, advances and lease/ investments	-	-
	Administrative expenses **(note-22.3)**	5,252,733,135	4,867,486,387
	Other operating expenses **(note-38a)**	1,304,063,983	1,087,504,265
	Depreciation on banking assets **(note-37a)**	277,001,356	310,942,578
		16,709,143,843	**16,941,442,397**
		5,373,374,674	**5,757,381,112**
22.1	**Interest, discount and similar income**		
	Interest income / Profit on investments **(note-23a)**	14,795,189,516	13,988,673,599
	Interest income on treasury bills/reverse repo/bonds **(note-25a)**	2,312,012,468	3,326,795,892
	Gain on Discounted bond / bills **(note-25a)**	363,253,515	784,518,296
	Gain on sale of shares **(note-25a)**	45,767,648	-
	Gain on Govt. security trading **(note-25a)**	1,558,585,966	2,094,810,781
	Interest on debentures **(note-25a)**	23,452,633	37,189,947
		19,098,261,746	**20,231,988,514**
	Less: Loss on revaluation of security trading **(note-25a)**	138,093,857	148,138,280
		18,960,167,889	**20,083,850,234**
22.2	**Fees, commission and brokerage**		
	Commission **(note-26a)**	1,189,898,112	1,059,906,928
	Settlement fee-PBIL **(note-26a)**	-	-
		1,189,898,112	**1,059,906,928**
22.3	**Administrative expenses**		
	Salary and allowances **(note-28a)**	3,823,661,492	3,650,547,556
	Rent, taxes, insurance, electricity, etc. **(note-29a)**	906,160,291	755,938,697
	Legal expenses **(note-30a)**	83,038,972	52,874,871
	Postage, stamp, telecommunication, etc. **(note-31a)**	120,783,289	118,995,368
	Stationery, printing, advertisement, etc. **(note-32a)**	213,643,401	202,549,154
	Managing Director's salary and fees **(note-33)**	11,528,936	10,795,129
	Directors' fees **(note-34a)**	4,495,414	4,939,175
	Auditors' fees **(note-35a)**	1,380,000	1,380,000
	Repair of Bank's assets **(note-37a)**	88,041,340	69,466,436
		5,252,733,135	**4,867,486,387**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
23	**Consolidated interest income / profit on investment**		
	Prime Bank Limited **(note-23a)**	14,795,189,516	13,988,673,599
	Prime Bank Investment Limited	228,663,893	157,289,993
	Prime Bank Securities Limited	38,781,210	6,512,675
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	113,416,557	85,039,848
		15,176,051,175	**14,237,516,114**
	Less: Inter-company transactions	296,647,983	330,301,299
		14,879,403,193	**13,907,214,815**
23a	**Interest income / profit on investment of the Bank**		
	Loans (General) / Musharaka	2,332,224,449	2,251,943,925
	Loans against trust receipts	545,264,437	422,467,576
	Packing credit	30,587,404	33,213,703
	House building loan	241,614,388	418,376,048
	Lease finance / Izara	371,923,591	456,482,951
	Hire purchase	709,280,624	677,774,292
	Payment against documents	486,990	3,126,251
	Cash credit / Bai-Muajjal	2,226,030,916	1,639,540,265
	Secured overdraft	1,905,603,343	2,073,083,111
	Consumer credit scheme	1,835,855,104	1,940,218,256
	Staff loan	109,528,687	112,385,274
	Small and Medium Enterprise (SME)	-	612,137,579
	Agricultural Loan	338,435,076	231,289,613
	Forced loan	10,906,250	22,712,179
	Documentary bills purchased	662,156,052	524,160,493
	Interest income from credit card	217,446,486	209,475,041
	Other loans and advances / Investments	2,167,776,750	1,973,313,782
	Total interest / profit on loans and advances / investments	13,705,120,547	13,601,700,339
	Interest/profit on balance with other banks and financial institutions	725,912,786	105,553,256
	Interest on call loans	43,802,000	24,080,713
	Interest / profit received from foreign banks	320,354,183	257,339,290
		14,795,189,516	**13,988,673,599**
24	**Consolidated interest/profit paid on deposits, borrowings, etc.**		
	Prime Bank Limited **(note-24a)**	9,875,345,368	10,675,509,165
	Prime Bank Investment Limited	224,300,298	289,822,087
	Prime Bank Securities Limited	27,658,506	34,476,594
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	55,091,265	32,145,086
		10,182,395,437	**11,031,952,932**
	Less: Inter-company transactions	297,102,308	330,596,054
		9,885,293,129	**10,701,356,878**

Notes to the Financial Statements
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			Amount in Taka	
			2017	2016
24a	**Interest / profit paid on deposits, borrowings, etc. of the Bank**			
	i)	Interest / profit paid on deposits:		
		Savings bank / Mudaraba savings deposits	830,159,718	908,995,874
		Special notice deposits	339,861,568	314,572,132
		Term deposits / Mudaraba term deposits	2,428,032,520	3,233,166,142
		Deposits under scheme	5,181,353,430	5,170,050,960
		Foreign currency deposits **(note-24a.1)**	45,121,211	40,791,185
		Others	33,804,682	35,609,078
			8,858,333,129	**9,703,185,369**
	ii)	Interest / Profit paid for borrowings:		
		Call deposits	4,422,333	1,409,111
		Repurchase agreement (repo)	-	37,614
		Bangladesh Bank-refinance	(26,055,023)	3,849,416
		Local bank accounts	268,018,126	241,081,514
		Foreign bank accounts	470,951,256	281,666,208
		PBL bond	299,675,546	444,279,933
			1,017,012,239	**972,323,796**
			9,875,345,368	**10,675,509,165**
24a.1	**Foreign currency deposits**			
	Interest / profit paid on F.C		37,368,651	30,707,905
	Interest / profit paid on N.F.C.D		7,752,559	10,083,279
	Interest / profit paid on R. F.C.D		-	-
			45,121,211	**40,791,185**
25	**Consolidated investment income**			
	Prime Bank Limited **(note-25a)**		4,245,579,605	6,203,358,940
	Prime Bank Investment Limited		130,852,413	47,348,429
	Prime Bank Securities Limited		20,070,001	11,813,328
	Prime Exchange Co. Pte. Ltd., Singapore		-	-
	PBL Exchange (UK) Ltd.		-	-
	PBL Finance (Hong Kong) Limited		-	-
			4,396,502,019	**6,262,520,697**
	Less: Inter-company transactions		-	-
			4,396,502,019	**6,262,520,697**
25a	**Investment income of the bank**			
	Interest on treasury bills / Reverse repo / bonds		2,312,012,468	3,326,795,892
	Interest on debentures / bonds		23,452,633	37,189,947
	Gain on discounted bond / bills		363,253,515	784,518,296
	Gain on sale of shares		45,767,648	-
	Gain on Govt. security trading		1,558,585,966	2,094,810,781
	Dividend on shares		80,601,232	108,182,304
			4,383,673,462	**6,351,497,220**
	Less: Loss on sale/revaluation of security trading		138,093,857	148,138,280
			4,245,579,605	**6,203,358,940**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
26	**Consolidated commission, exchange and brokerage**		
	Prime Bank Limited **(note-26a)**	2,244,846,406	1,693,185,380
	Prime Bank Investment Limited	60,231,933	27,298,226
	Prime Bank Securities Limited	35,429,471	21,410,038
	Prime Exchange Co. Pte. Ltd., Singapore	63,746,807	51,456,699
	PBL Exchange (UK) Ltd.	49,251,974	35,124,450
	PBL Finance (Hong Kong) Limited	-	-
		2,453,506,591	**1,828,474,793**
26a	**Commission, exchange and brokerage of the Bank**		
	Commission on L/Cs	291,934,820	240,819,833
	Commission on L/Cs-back to back	404,973,354	316,010,176
	Commission on L/Gs	390,140,349	384,045,933
	Commission on remittance	81,128,241	74,233,821
	Commission for services rendered to issue of shares	-	-
	Merchant Commission	-	657,624
	Underwriting Commission regarding Treasury bill/ Bond	6,187,413	28,251,778
	Commission from sale of BSP /PSP/Others	15,533,935	15,887,762
		1,189,898,112	1,059,906,928
	Exchange gain **(note - 26a.1)** - including gain from FC dealings	1,054,948,294	633,278,452
	Settlement fees / Brokerage	-	-
		2,244,846,406	**1,693,185,380**
26a.1	**Exchange gain**		
	Exchange gain	1,060,424,884	633,644,529
	Exchange gain-credit card	-	-
	Less: Exchange loss	(5,476,591)	(366,077)
		1,054,948,294	**633,278,452**
27	**Consolidated other operating income**		
	Prime Bank Limited **(note-27a)**	796,902,990	813,605,590
	Prime Bank Investment Limited	11,451,309	7,481,624
	Prime Bank Securities Limited	205,468	322,598
	Prime Exchange Co. Pte. Ltd., Singapore	574,238	173,164
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	51,377,641	52,595,606
		860,511,646	**874,178,582**
	Less: Inter-company transactions	454,325	294,755
		860,057,321	**873,883,827**
27a	**Other operating income of the Bank**		
	Rent recovered	9,038,754	8,972,701
	Service and other charges	175,479,365	157,083,300
	Retail Income	207,702,689	214,282,471
	Income from ATM service	81,769,391	84,744,662
	Credit card income **(note-27a.2)**	48,908,262	47,281,719
	Postage / telex / SWIFT/ fax recoveries	92,659,312	90,702,354
	Incidental charges	-	-
	Rebate from foreign Bank outside Bangladesh	61,313,177	63,964,753
	Profit on sale of fixed assets	567,374	125,072
	Miscellaneous earnings **(note-27a.1)**	119,464,667	146,448,557
		796,902,990	**813,605,590**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
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	22,069,890	21,363,795
	Inter-change fees	26,595,506	25,501,476
	Others	242,866	416,448
		48,908,262	**47,281,719**
28	**Consolidated salaries and allowances**		
	Prime Bank Limited **(note-28a)**	3,823,661,492	3,650,547,556
	Prime Bank Investment Limited	49,861,605	30,436,464
	Prime Bank Securities Limited	19,882,869	13,907,356
	Prime Exchange Co. Pte. Ltd., Singapore	26,676,133	23,658,388
	PBL Exchange (UK) Ltd.	19,954,135	16,718,497
	PBL Finance (Hong Kong) Limited	26,010,894	24,130,247
		3,966,047,129	**3,759,398,508**
28a	**Salaries and allowances of the Bank**		
	Basic pay	1,745,093,391	1,593,168,604
	Allowances	1,180,091,308	1,094,639,714
	Bonus	424,296,530	505,419,446
	Bank's contribution to provident fund	167,193,128	153,076,032
	Retirement benefits/ Leave encashment	24,868,055	14,679,863
	Gratuity	282,119,080	289,563,898
		3,823,661,492	**3,650,547,556**
29	**Consolidated rent, taxes, insurance, electricity, etc.**		
	Prime Bank Limited **(note-29a)**	906,160,291	755,938,697
	Prime Bank Investment Limited	16,517,556	9,440,381
	Prime Bank Securities Limited	8,664,115	5,945,907
	Prime Exchange Co. Pte. Ltd., Singapore	12,861,296	12,815,589
	PBL Exchange (UK) Ltd.	10,427,747	10,468,621
	PBL Finance (Hong Kong) Limited	8,755,653	8,213,776
		963,386,657	**802,822,971**
29a	**Rent, taxes, insurance, electricity, etc. of the Bank**		
	Rent, rates and taxes	616,511,195	475,785,037
	Lease rent	100,229	84,298
	Insurance	147,851,952	141,898,853
	Power and electricity	141,696,916	138,170,509
		906,160,291	**755,938,697**
30	**Consolidated legal expenses**		
	Prime Bank Limited **(note-30a)**	83,038,972	52,874,871
	Prime Bank Investment Limited	678,500	211,525
	Prime Bank Securities Limited	681,206	518,750
	Prime Exchange Co. Pte. Ltd., Singapore	997,647	1,317,114
	PBL Exchange (UK) Ltd.	2,537,403	1,730,800
	PBL Finance (Hong Kong) Limited	82,939	21,344
		88,016,667	**56,674,403**
30a	**Legal expenses of the Bank**		
	Legal expenses	77,411,730	46,934,226
	Other professional charges	5,627,242	5,940,645
		83,038,972	**52,874,871**

Notes to the Financial Statements
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		Amount in Taka	
		2017	2016
31	**Consolidated postage, stamp, telecommunication, etc.**		
	Prime Bank Limited **(note-31a)**	120,783,289	118,995,368
	Prime Bank Investment Limited	1,167,069	1,123,702
	Prime Bank Securities Limited	782,939	753,008
	Prime Exchange Co. Pte. Ltd., Singapore	1,417,168	1,175,060
	PBL Exchange (UK) Ltd.	633,103	626,900
	PBL Finance (Hong Kong) Limited	5,845,658	5,214,347
		130,629,227	**127,888,384**
31a	**Postage, stamp, telecommunication, etc. of the Bank**		
	Postage & Courier	15,009,606	17,259,721
	Telegram, telex, fax and internet	31,337,070	33,030,658
	Data communication	33,840,555	37,198,707
	Telephone - office	40,161,267	30,970,993
	Telephone - residence	434,792	535,289
		120,783,289	**118,995,368**
32	**Consolidated stationery, printing and advertisements, etc.**		
	Prime Bank Limited **(note-32a)**	213,643,401	202,549,154
	Prime Bank Investment Limited	1,388,901	836,422
	Prime Bank Securities Limited	320,813	397,295
	Prime Exchange Co. Pte. Ltd., Singapore	2,091,687	1,801,326
	PBL Exchange (UK) Ltd.	604,406	508,340
	PBL Finance (Hong Kong) Limited	338,247	402,101
		218,387,455	**206,494,639**
32a	**Stationery, printing and advertisements, etc. of the Bank**		
	Office and security stationery	70,152,763	65,107,216
	Computer consumable stationery	72,559,959	67,974,031
	Publicity and advertisement	70,930,679	69,467,908
		213,643,401	**202,549,154**
33	**Managing Director's salary and fees**		
	Basic salary	7,199,033	6,631,935
	Bonus	1,210,000	1,100,000
	House rent allowance	1,200,000	1,200,000
	Bank's contribution to provident fund	719,903	663,194
	Utility allowance	360,000	360,000
	House maintenance allowance	480,000	480,000
	Others	360,000	360,000
		11,528,936	**10,795,129**
34	**Consolidated Directors' fees**		
	Prime Bank Limited (note-34a)	4,495,414	4,939,175
	Prime Bank Investment Limited	504,850	305,600
	Prime Bank Securities Limited	200,100	112,700
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	-	-
		5,200,364	**5,357,475**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
34a	**Directors' fees of the Bank**		
	Meeting fees	2,656,000	2,944,000
	Other benefits	1,839,414	1,995,175
		4,495,414	**4,939,175**

As per BRPD circular letter no. 11 dated 04 October 2015 Taka 8,000/- has been paid as Honarioum to the Directors, per Board or Board Committee Meeting held during the year 2017.

35	**Consolidated Auditors' fees**		
	Prime Bank Limited **(note-35a)**	1,380,000	1,380,000
	Prime Bank Investment Limited	115,000	115,000
	Prime Bank Securities Limited	115,000	115,000
	Prime Exchange Co. Pte. Ltd., Singapore	232,132	219,473
	PBL Exchange (UK) Ltd.	478,077	478,063
	PBL Finance (Hong Kong) Limited	238,450	212,929
		2,558,659	**2,520,465**
35a	**Auditors' fees of the Bank**		
	External Audit fee	1,380,000	1,380,000
		1,380,000	**1,380,000**
36	**Charges on loan losses**		
	Loan -written off	-	-
	Interest waived	-	-
		-	**-**
37	**Consolidated depreciation and repair of Bank's assets**		
	Prime Bank Limited **(note-37a)**	365,042,696	380,409,014
	Prime Bank Investment Limited	3,793,896	3,126,631
	Prime Bank Securities Limited	1,253,339	741,865
	Prime Exchange Co. Pte. Ltd., Singapore	2,238,221	1,887,360
	PBL Exchange (UK) Ltd.	2,814,601	1,571,446
	PBL Finance (Hong Kong) Limited	344,436	697,312
		375,487,188	**388,433,628**
37a	**Depreciation and repair of Bank's assets**		
	Depreciation - **(see annexure-C for detail)**		
	Fixed assets	256,178,233	270,847,221
	Leased assets	-	-
		256,178,233	**270,847,221**
	Amortization -**(see annexure-C for detail)**		
	Software-core banking	17,823,268	33,343,157
	Software-ATM	2,999,856	6,752,200
		20,823,123	**40,095,357**
	Repairs		
	Building	16,306,568	11,750,332
	Furniture and fixtures	18,447,887	8,851,778
	Office equipment	38,397,331	33,511,026
	Bank's vehicles	10,229,300	10,110,162
	Maintenance	4,660,253	5,243,139
		88,041,340	69,466,436
		365,042,696	**380,409,014**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
38	**Consolidated other expenses**		
	Prime Bank Limited **(note-38a)**	1,304,063,983	1,087,504,265
	Prime Bank Investment Limited	21,662,760	73,729,861
	Prime Bank Securities Limited	9,586,399	9,402,256
	Prime Exchange Co. Pte. Ltd., Singapore	6,956,312	6,098,173
	PBL Exchange (UK) Ltd.	9,698,779	2,245,302
	PBL Finance (Hong Kong) Limited	1,749,271	2,559,934
		1,353,717,503	**1,181,539,791**
38a	**Other expenses of the Bank**		
	Security and cleaning	190,730,775	195,754,911
	Entertainment	39,679,632	30,994,137
	Car expenses	187,506,794	163,582,227
	ATM expenses	151,802,042	148,246,173
	Retail expenses	49,001,212	70,377,948
	Books, magazines and newspapers, etc.	1,797,923	2,247,644
	Liveries and uniforms	2,077,762	1,118,541
	Medical expenses	107,511	406,036
	Bank charges and commission paid	9,238,599	5,647,972
	Loss on sale of fixed assets	75,138,098	1,336,030
	House furnishing expenses	2,965,506	2,765,863
	Subscription to institutions	11,266,286	11,813,943
	Donations	140,540,489	63,008,915
	Sponsorship	27,356,812	15,988,551
	Prime Bank Cricket Club	65,049,148	48,499,482
	Traveling expenses	49,671,722	34,800,145
	Corporate action fees	1,450	11,952
	Local conveyance, labor, etc.	20,640,566	19,006,763
	Business development	47,801,448	41,097,200
	Training and internship	20,670,880	17,263,532
	Remittance charges	10,092,716	9,561,016
	Cash reward to branches	2,547,000	1,252,500
	Laundry, cleaning and photographs, etc.	6,266,013	5,892,654
	Credit card expenses	39,193,078	35,534,590
	Consolidated salary (staff)	32,745,626	26,085,362
	Annual General Meeting	3,179,500	2,630,499
	Exgratia	16,638,380	16,879,037
	Welfare fund	3,617,950	4,690,083
	Prime Bank Foundation	72,358,987	93,801,662
	Miscellaneous expenses	24,380,079	17,208,898
		1,304,063,983	**1,087,504,265**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
39	**Consolidated provision for loans, investments, off balance sheet exposure & other assets**		
	Provision for bad and doubtful loans and advances / investments-PBL **(note-39a)**	2,076,000,000	1,622,000,000
	Provision for unclassified loans and advances / investments-PBL **(note-39a)**	1,056,000,000	1,444,950,000
	Provision for bad and doubtful loans and advances (OBU) **(note-39a)**	72,500,000	1,000,000
	Provision for unclassified loans and advances / investments (OBU) **(note-39a)**	51,000,000	53,450,000
	Provision for off-balance sheet exposure-PBL **(note-39a)**	292,450,000	228,750,000
	Provision for diminution in value of investments-PBL **(note-39a)**	(60,516,500)	9,120,000
	Provision for diminution in value of investments-PBIL	(83,335,464)	-
	Provision for impairment of client margin loan-PBIL	95,843,663	(137,965,251)
	Provision for impairement loss for investment (PBSL)-PBIL	2,948,441	-
	Provision for diminution in value of investments-PBSL	2,175,241	-
	Provision for impairment of client margin loan-PBSL	10,685,091	-
	Provision for impairement loss for investment in subsidiaries (note-39a)	(15,000,000)	32,459,577
	Provision for climate risk fund **(note-39a)**	3,000,000	3,000,000
	Provision for Good Borrower rebate **(note-39a)**	5,000,000	10,000,000
	Provision for other assets **(note-39a)**	83,966,500	7,610,000
		3,592,716,972	**3,274,374,326**

As per BSEC instruction circular reference # BSEC/CMRRCD/2009-193/203 dated December 28, 2017 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	2,076,000,000	1,622,000,000
	Provision for unclassified loans and advances / investments	1,056,000,000	1,444,950,000
	Provision for bad and doubtful loans and advances (OBU)	72,500,000	1,000,000
	Provision for unclassified loans and advances / investments (OBU)	51,000,000	53,450,000
	Provision for off-balance sheet exposure	292,450,000	228,750,000
	Provision for diminution in value of investments	(60,516,500)	9,120,000
	Provision for impairement loss for investment in subsidiaries	(15,000,000)	32,459,577
	Provision for climate risk fund	3,000,000	3,000,000
	Provision for Good Borrower rebate	5,000,000	10,000,000
	Provision for other assets	83,966,500	7,610,000
		3,564,400,000	**3,412,339,577**
40	**Consolidated tax expenses**		
	Current tax		
	Prime Bank Limited **(note-40a)**	750,000,000	150,000,000
	Prime Bank Investment Limited	7,035,706	10,647,570
	Prime Bank Securities Limited	11,831,212	2,362,666
	Prime Exchange Co. Pte. Ltd., Singapore	729,998	147,321
	PBL Exchange (UK) Ltd.	857,793	-
	PBL Finance (Hong Kong) Limited	10,757,898	10,438,691
		781,212,608	**173,596,248**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
	Deferred tax		
	Prime Bank Limited **(note-40a)**	-	-
	Prime Bank Investment Limited	(237,468)	(181,205)
	Prime Bank Securities Limited	(4,162)	167,550
	Prime Exchange Co. Pte. Ltd., Singapore	-	-
	PBL Exchange (UK) Ltd.	-	(7,233,410)
	PBL Finance (Hong Kong) Limited	-	-
		(241,630)	**(7,247,065)**
		780,970,978	**166,349,183**
40a	**Tax expenses of the Bank**		
	Current tax	750,000,000	150,000,000
	Deferred tax	-	-
		750,000,000	**150,000,000**
41	**Consolidated receipts from other operating activities**		
	Prime Bank Limited **(note-41a)**	2,625,848,888	3,544,671,314
	Prime Bank Investment Limited	99,224,798	54,830,053
	Prime Bank Securities Limited	8,032,443	12,135,926
	Prime Exchange Co. Pte. Ltd., Singapore	574,238	173,164
	PBL Exchange (UK) Ltd.	-	-
	PBL Finance (Hong Kong) Limited	51,377,641	52,595,606
		2,785,058,008	**3,664,406,064**
41a	**Receipts from other operating activities of the Bank**		
	Rent recovered	9,038,754	8,972,701
	Service and other charges	175,479,365	157,083,300
	Retail Income	207,702,689	214,282,471
	Income from ATM services	81,769,391	84,744,662
	Credit card income	48,908,262	47,281,719
	Postage / Telex / Fax / SWIFT charge recoveries	92,659,312	90,702,354
	Rebate from foreign Bank outside Bangladesh	61,313,177	63,964,753
	Gain from sale of treasury bond / shares	1,829,513,273	2,731,190,798
	Miscellaneous earnings	119,464,666	146,448,556
		2,625,848,888	**3,544,671,314**
42	**Consolidated payments for other operating activities**		
	Prime Bank Limited **(note-42a)**	2,027,471,255	1,642,032,013
	Prime Bank Investment Limited	40,645,735	84,926,069
	Prime Bank Securities Limited	20,029,759	16,847,621
	Prime Exchange Co. Pte. Ltd., Singapore	22,464,555	21,625,408
	PBL Exchange (UK) Ltd.	23,775,109	15,549,686
	PBL Finance (Hong Kong) Limited	16,671,971	16,222,329
		2,151,058,384	**1,797,203,126**
42a	**Payments for other operating activities of the Bank**		
	Rent, rates and taxes	906,160,291	755,938,697
	Legal expenses	83,038,972	52,874,871
	Postage and communication charges, etc.	120,783,289	118,995,368
	Directors' fees	4,495,414	4,939,175
	Other expenses	912,993,289	709,283,902
		2,027,471,255	**1,642,032,013**

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
43	**(Increase) / decrease of consolidated other assets**		
	Prime Bank Limited **(note-43a)**	6,944,608,143	26,801,172,174
	Inter-company capital	-	-
	Prime Bank Investment Limited	(26,559,787)	(50,116,276)
	Prime Bank Securities Limited	(9,949,810)	(33,678,847)
	Prime Exchange Co. Pte. Ltd., Singapore	501,529	1,555,012
	PBL Exchange (UK) Ltd.	(797,181)	(6,550,447)
	PBL Finance (Hong Kong) Limited	(24,000,895)	(3,736,452)
		6,883,801,999	**26,708,645,164**
43a	**(Increase)/ decrease of other assets of the Bank**		
	T & T bonds	21,353,998,956	28,617,867,109
	Stationery and stamps	38,027,828	35,984,087
	Advance deposits and advance rent	355,000,715	348,574,727
	Branch adjustment account	18,516,520	18,501,509
	Suspense account	283,396,487	132,163,478
	Encashment of PSP / BSP	457,207,387	284,886,250
	Credit card	92,911,810	78,212,407
	Sundry assets	3,899,569,427	3,927,047,706
		26,498,629,131	**33,443,237,274**
		6,944,608,143	**26,801,172,174**
44	**Increase / (decrease) of consolidated other liabilities**		
	Prime Bank Limited **(note-44a)**	222,731,088	(3,079,631,490)
	Prime Bank Investment Limited	13,628,159	(82,647,579)
	Prime Bank Securities Limited	20,999,791	66,696,691
	Prime Exchange Co. Pte. Ltd., Singapore	41,575,504	1,234,324
	PBL Exchange (UK) Ltd.	12,972,568	(6,948,712)
	PBL Finance (Hong Kong) Limited	3,172,624	(20,005,311)
		315,079,735	**(3,121,302,077)**
44a	**Increase / (decrease) of other liabilities of the Bank**		
	Expenditure and other payables	142,722,657	145,660,513
	Provision for bonus	1,178,887	3,032,563
	Unearned commission on bank guarantee	32,536,560	10,277,531
	Interest suspense account	4,693,505,469	4,488,241,878
		4,869,943,573	**4,647,212,485**
		222,731,088	**(3,079,631,490)**
45	**Consolidated earnings per share (CEPS)**		
	Net profit after tax (Numerator)	1,215,528,259	2,188,088,351
	Number of Ordinary shares outstanding (Denominator)	1,029,348,616	1,029,348,616
	Consolidated earnings per share (CEPS)	**1.18**	**2.13**

Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".

Notes to the Financial Statements
as at and for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
45a	**Earnings per share (EPS) of the Bank**		
	Net profit after tax (Numerator)	1,058,974,674	2,195,041,535
	Number of Ordinary shares outstanding (Denominator)	1,029,348,616	1,029,348,616
	Earnings per share (EPS)	**1.03**	**2.13**

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 3,499.

47 Assets pledged as security for liabilities of the Bank

Treasury bills & bonds to Bangladesh Bank for Repo	-	-

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Notes to the Financial Statements
as at and for the year ended 31 December 2017

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 4 (Four) 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
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:

Sl No	Meeting No	Held on
1	123rd	1/30/2017
2	124th	3/29/2017
3	125th	4/24/2017
4	126th	5/2/2017
5	127th	6/14/2017
6	128th	7/27/2017
7	129th	8/24/2017
8	130th	9/27/2017
9	131st	10/26/2017
10	132nd	11/27/2017
11	133rd	12/21/2017

c) Activities of the Committee during the year 2017:

Financial Reporting:

- Reviewed Draft Annual Financial statements for the year ended December 31, 2016.
- Reviewed Un-audited quarterly (Q1) financial statements of the Bank as on March 31, 2017.
- Reviewed Un-audited quarterly (Q2) financial statements of the Bank as on 30 June, 2017.
- Reviewed Un-audited quarterly (Q3) financial statements of the Bank as on 30 Sep, 2017.

Internal Control:

- Reviewed self-assessment report on Anti Fraud Internal Controls (SAAFIC) for the quarter ended on March 31, 2017.
- Reviewed self-assessment report on Anti-Fraud Internal Controls (SAAFIC) for the half year ended on June 30, 2017.
- Reviewed/Evaluated overall effectiveness of the Internal Control Systems and Policies & procedures of the Bank and recommended it to the Board for endorsement.

Notes to the Financial Statements
as at and for the year ended 31 December 2017

Internal Audit:

• Reviewed and approved Audit Plan for the year 2017.

• Reviewed and approved Annual IT Audit Plan for the year 2017.

• Reviewed major Audit findings and observations on Information Security Division conducted by IT Audit.

• Reviewed Audit Status report of 2nd quarter as per Annual Audit Plan 2017.

• Reviewed & recommended Draft Internal Audit Charter to the Board for approval.

• Approved Organizational Structure of Internal Audit & Inspection division.

• Approved the Annual Audit Plan – 2018.

• Approved 03 years (2018-2020) Departmental Strategic Planning of the Internal Audit &Inspection division and recommended to the Board.

• Reviewed revision of Internal Audit Charter of the Audit & Inspection Division.

External Audit & Auditors:

• Met with the outgoing External Auditors in the 124th AC meeting held on 29.03.2017: Representatives of the Audit Firms namely M/S. ACNABIN and M/S. Syful Shamsul Alam & Co. on invitation joined the meeting for sharing their observations/ findings upon completion of the Auditing on the bank's operational activities and financials for the year 2016.

• Scrutinized applications of the aspiring External Auditors of the Bank for the year 2017 and recommending to the Board for consideration at the AGM for final appointment.

Inspections (Internal & Bangladesh Bank):

• Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 31.12.2016.

• Reviewed Inspection Report on the documentation status of different customers of the Bank (branch-wise).

• Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 30.06.2017

• Reviewed Compliance status of Internal Audit observations and Bangladesh Bank Inspection as on 30.09.2017.

Ethical and Integrity Areas:

• Reviewed implementation status of Board approved SOPs prepared by KPMG.

• Reviewed audit findings of the credit proposals approved under Management delegation (except retail).

Periodical Reporting:

• Reviewed quarterly status report on Complaints received by Service Quality and Central Complaint Management Cell.

Compliance Functions:

• Reviewed Compliance of the Minutes of the respective Audit Committee Meetings.

• Reviewed major Points of Shariah Compliance/Shariah Audit Checklist.

• Reviewed outstanding compliance status of the Board and EC decisions.

Other functions:

• Reviewed action plan designed on "Prevention and Reduction of NPL"and advised furnishing periodical updates.

• Suggested region-wise training for the officials through Video Conferencing instead of concentrating in the Capital in order to equip them adequately on different skills.

• Inquired about readiness of the Bank to combat Ransomware (WannaCry) and advised remedial measures to be taken.

• Reviewed status of Deferral(s) given to customers for execution of documentation and other purposes (up to June 30, 2017).

• Allowed procurement of Computer Assisted-Auditing Tools in order to equip the Audit Division with modern technology.

• Reviewed status of awareness on the Anti-Money Laundering & Combating Terrorist Financing.

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Notes to the Financial Statements
as at and for the year ended 31 December 2017

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 2017**	

(Figure in Taka)

Name of Directors	Relationship with the Bank	Nature of transaction	Approved limit	Outstanding amount
Azam J Chowdhury	Chairman	Credit Card	1,000,000	448,544
Mr.Md.Nader Khan	Vice Chairman	Credit Card	500,000	15,002
Mr. Imran Khan	Director	Credit Card	1,000,000	237,510
Mrs. Marina Yasmin Chowdhury	Director	Credit Card	1,000,000	118,074
Mrs. Salma Huq	Director	Credit Card	500,000	115
Mr.Nafis Sikder	Director	Credit Card	500,000	394,649
Mr. Tarique Ekramul Haque	Director	Credit Card	500,000	137,409
Quazi Sirazul Islam	Director	Credit Card	500,000	8,170
Dr. G. M. Khurshid Alam	Independent Director	Credit Card	500,000	252,506

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
Lease agreement	Common Director	2,475,168
Lease agreement	Common Director	280,800
Lease agreement	Common Director	1,786,680
Lease agreement	Common Director	634,800
Lease agreement	Common Director	4,788,540
Lease agreement	Common Director	2,760,000

v)	**Lending policies in respect of related party**	
	a) Amount of transaction regarding loans and advances, deposits, guarantees and commitment as on 31.12.2017	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: 01.09.2013 to 31.08.2019
Lease agreement	Head Office	Quazi Sirajul Islam Director & owner of the premises	Lease period: 10.07.2016 to 09.07.2022
Lease agreement	Halishahar Branch	Mr. Azam J Chowdhury & Mrs. Marina Yasmin Chowdhury Director & owner of the premises	Lease period: 01.01.2017 to 31.12.2025

Notes to the Financial Statements
as at and for the year ended 31 December 2017

b) Service receiving companies where the Directors interest subsisted during the year

Name of party	Relationship	Nature of transaction	Amount
-	-	-	-

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	3,178,368,564
Prime Bank Securities Limited	Subsidiary Company	OD Facilities	433,499,527
Prime Bank Securities Limited	Subsidiary Company	Share Trading	84,242,590
PBL Finance (Hong Kong) Ltd	Subsidiary Company	Term Placement	1,778,513,368

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, 2017.

51 Events after the Reporting Period

The Board of Directors in its 477th meeting decided to recommend payment of 17% (seventeen percent) (10% Stock and 7% Cash) dividend for the year 2017. The total amount of dividend is Taka 1,749,892,647 (One hundred seventy four core ninety eight lac ninety two thousand six hundred forty seven) only. Out of the total amount of dividend, an amount of Taka 1,029,348,616 (One hundred two core ninety three lac forty eight thousand six hundred sixteen) will be utilized from share premium account for the aforementioned 10% Stock Dividend.

Chairman **Director** **Director** **Managing Director**

BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)

of Prime Bank Limited as at 31 December 2017

Annexure-A

Name of the Bank	Account type	2017				2016		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
AB Bank Ltd., Mumbai, India	CD	US$	731,389.72	82.700	60,485,930	714,523.41	78.702	56,234,564
Bank of Bhutan, Bhutan	CD	US$	27,474.86	82.700	2,272,171	69,055.39	78.702	5,434,811
Bank of Tokyo Mitsubishi, Japan	CD	JP¥	17,846,189.00	0.734	13,095,533	21,200,943.00	0.671	14,227,953
SMBC, Tokyo, Japan	CD	JP¥	43,007,681.00	0.734	31,559,036	10,516,346.00	0.671	7,057,520
Citibank N.A., London , UK	CD	EURO	66,630.27	99.207	6,610,183	62,427.03	81.905	5,113,111
Citibank N.A., New York, USA	CD	US$	10,417,262.39	82.700	861,507,600	19,348,163.79	78.702	1,522,743,056
Commerz Bank AG, Frankfurt , Germany	CD	EURO	332,492.76	99.207	32,985,576	218,709.74	81.905	17,913,509
Commerz Bank AG, Frankfurt , Germany	CD	US$	359,090.56	82.700	29,696,789	530,252.46	78.702	41,732,035
Commonwealth Bank of Australia, Australia	CD	AUD	81,065.62	64.514	5,229,892	137,164.27	56.477	7,746,585
Habib American Bank, New York, USA	CD	US$	224,636.89	82.700	18,577,471	451,935.84	78.702	35,568,345
Habib Metropolitan Bank, Karachi	CD	US$	492,169.24	82.700	40,702,396	1,290,862.74	78.702	101,593,738
Habib Allied Interanational Bank PLC London	CD	GBP	-	-	-	7,000.00	96.206	673,439
Habib Bank Limited, karachi	CD	US$	-	-	-	55,259.28	78.702	4,349,027
HDFC Bank Limited, Kolkata, India	CD	US$	560,075.44	82.700	46,318,239	676,934.84	78.702	53,276,261
HSBC Bank USA, New York, USA	CD	US$	-	-	-	170,891.17	78.702	13,449,511
ICICI Bank Ltd, Mumbai, India	CD	US$	679,118.90	82.700	56,163,133	910,521.48	78.702	71,660,044
Intesa Sanpaolo SPA, Milano, Italy	CD	EURO	3,977.19	99.207	394,565	21,315.09	81.905	1,745,821
J. P. Morgan Chase Bank, New York	CD	US$	129,363.55	82.700	10,698,366	1,291,214.84	78.702	101,621,449
Korea Exchange Bank Seoul	CD	US$	45,717.31	82.700	3,780,822	410,196.17	78.702	32,283,341
Mashreq Bank PSC, New York, USA	CD	US$	203,478.06	82.700	16,827,636	2,243,400.19	78.702	176,560,530
Mashreq Bank PSC, Mumbai, India	CD	US$	836,179.41	82.700	69,152,037	504,270.15	78.702	39,687,170
National Westminister Bank, London, UK	CD	GBP	583,867.11	111.744	65,243,763	476,537.37	96.206	45,845,564
The National Commercial Bank, Jeddah	CD	SAR	484,165.00	22.051	10,676,322	421,881.00	20.969	8,846,591
NCB, Jeddah	CD	SAR	-	-	-	200,000.00	20.969	4,193,880
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	CD	US$	20,485.99	82.700	1,694,191	89,715.24	78.702	7,060,787

BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)

of Prime Bank Limited as at 31 December 2017

Annexure-A Continued

Name of the Bank	Account type	2017				2016		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
People's Bank, Colombo, Sri Lanka	CD	US$	244,086.15	82.700	20,185,925	264,200.13	78.702	20,793,131
Skandinaviska Enskilda, Banken, Sweden	CD	SEK	209,866.91	10.067	2,112,730	417,434.91	8.546	3,567,399
Sonali Bank, Kolkata, India	CD	US$	315,416.82	82.700	26,084,971	272,279.79	78.702	21,429,018
Standard Chartered Bank, Kolkata, India	CD	US$	898,158.70	82.700	74,277,724	1,594,147.29	78.702	125,462,899
Standard Chartered Bank, New York, USA	CD	US$	12,251,463.94	82.700	1,013,196,068	637,425.25	78.702	50,166,770
Standard Chartered Bank, Singapore	CD	SG$	1,402,730.97	61.823	86,720,335	669,810.61	54.244	36,333,006
Standard Chartered Bank, Frankfurt, Germany	CD	EURO	33,735.33	99.207	3,346,778	46,761.02	81.905	3,829,980
Unicredito Italiano SPA, Milano, Italy	CD	EURO	50,349.35	99.207	4,995,003	23,005.26	81.905	1,884,255
Wells Fargo Bank N. A., New York	CD	US$	960,968.08	82.700	79,472,060	812,369.17	78.702	63,935,241
Zuercher Kantonal Bank, Zurich	CD	CHF	92,836.13	84.873	7,879,253	121,660.12	76.514	9,308,690
Total					**2,701,942,497**			**2,713,329,031**

TAWKIR STOCK

RECONCILIATION STATEMENT OF BALANCE WITH BANGLADESH BANK

As at 31st December 2017

Annexure-A-1

1) Balance with Bangladesh Bank-Taka account of the Bank

	Detail	Total
Balance as per Bank ledger		13,327,279,601
Unresponded debit entries in		
Bangladesh Bank statement	43,242,392	
Prime Bank's ledger	23,013,804	66,256,196
		13,261,023,405
Unresponded credit entries in		
Bangladesh Bank statement	50,096,404	
Prime Bank's ledger	3,608,998	53,705,402
Balance as per Bangladesh Bank statement		**13,314,728,808**

2) Balance with Bangladesh Bank-Foreign currency of the Bank

Balance as per Bank ledger		882,931,213
Unresponded debit entries in		
Bangladesh Bank statement	78,152,581	
Prime Bank's ledger	7,558,371	85,710,952
		797,220,262
Unresponded credit entries in		
Bangladesh Bank statement	244,488,823	
Prime Bank's ledger	548,381,609	792,870,431
Balance as per Bangladesh Bank statement		**1,590,090,693**

AMARSTOCK

INVESTMENT IN SHARES OF THE BANK

As at 31 December 2017

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 31.12.17	Total market value as at 31.12.17
Quoted:							
1	DESCO	10	329,700	19,262,511	58.42	45.40	14,968,380
2	National Bank Ltd.	10	1,669,800	27,970,098	16.75	13.00	21,707,400
3	Uttara Bank Ltd.	10	968,000	37,009,980	38.23	35.30	34,170,400
	Sub Total			**84,242,590**			**70,846,180**
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
	Sub Total			**65,214,693**			**65,214,693**
	Total			**149,457,283**			**136,060,873**

SCHEDULE OF FIXED ASSETS OF THE BANK

as at 31 December 2017

Annexure-C

Particulars	COST				DEPRECIATION				Net book value as at 31.12.17
	Opening balance as on 01.01.17	Additions during the year	Disposals/ adjustments during the year	Total balance as at 31.12.17	Opening balance as on 01.01.17	Charge for the year	Disposals/ adjustments during the year	Total balance as at 31.12.17	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	3,706,444,788	13,000,000	-	3,719,444,788	-	-	-	-	3,719,444,788
Building	1,791,774,512	22,088,161	88,625,022	1,725,237,651	128,648,721	36,976,544	11,822,807	153,802,458	1,571,435,193
Furniture and fixtures	906,685,628	36,937,461	6,821,726	936,801,363	465,555,359	46,336,981	3,819,281	508,073,059	428,728,304
Office equipment and machinery	1,725,699,570	70,506,894	99,609,708	1,696,596,756	1,117,474,210	115,478,228	15,649,911	1,217,302,526	479,294,230
Vehicles	351,500,569	39,961,423	-	391,461,992	308,096,677	25,182,947	-	333,279,624	58,182,368
Library books	1,820,037	-	-	1,820,037	1,528,004	63,415	-	1,591,419	228,618
As at 31 December 2017	**8,483,925,104**	**182,493,939**	**195,056,456**	**8,471,362,587**	**2,021,302,971**	**224,038,115**	**31,291,999**	**2,214,049,087**	**6,257,313,500**
ATM									
Office equipment and machinery	289,961,414	16,417,429	-	306,378,843	234,671,726	27,266,153	-	261,937,879	44,440,964
Furniture and fixtures	45,423,849	1,352,753	-	46,776,602	21,643,120	4,647,588	-	26,290,708	20,485,894
As at 31 December 2017	**335,385,263**	**17,770,182**	**-**	**353,155,445**	**256,314,845**	**31,913,741**	**-**	**288,228,586**	**64,926,858**
Leased Vehicles	31,690,384	-	-	31,690,384	31,690,371	-	-	31,690,371	13
As at 31 December 2017	**31,690,384**	**-**	**-**	**31,690,384**	**31,690,371**	**-**	**-**	**31,690,371**	**13**
Off-shore									
Furniture and fixtures	2,991,998	14,422	-	3,006,420	1,910,604	154,215.25	-	2,064,819	941,600.91
Office equipment and machinery	1,789,032	105,015	-	1,894,047	1,472,726	72,161.57	-	1,544,888	349,159.67
Vehicles	1,352,742	-	-	1,352,742	1,352,742	-	-	1,352,742	-
As at 31 December 2017	**6,133,773**	**119,437**	**-**	**6,253,210**	**4,736,073**	**226,376.82**	**-**	**4,962,449**	**1,290,760.58**
Sub-total	**8,857,134,524**	**200,383,558**	**195,056,456**	**8,862,461,626**	**2,314,044,260**	**256,178,233**	**31,291,999**	**2,538,930,494**	**6,323,531,132**
Software-Amortization									
Software-Core Banking	268,397,034	84,747,518	-	353,144,552	226,818,342	17,823,268	-	244,641,610	108,502,942
Software-ATM	43,212,614	-	-	43,212,614	38,199,161	2,999,856	-	41,199,017	2,013,597
Sub-total	**311,609,648**	**84,747,518**	**-**	**396,357,165**	**265,017,503**	**20,823,123**	**-**	**285,840,626**	**110,516,539**
As at 31 December 2017	**9,168,744,172**	**285,131,076**	**195,056,456**	**9,258,818,792**	**2,579,061,763**	**277,001,356**	**31,291,999**	**2,824,771,120**	**6,434,047,671**
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**

STATEMENT OF TAX POSITION OF THE BANK

as at 31 December 2017

Annexure-D

Accounting year	Assessment year	Tax provision as per accounts	Tax as per assessment order 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	-	-	Appealed against some disallowances made by the DCT before the Appellate Tribunal.
2015	2016-2017	713,000,000	-	683,420,639	-	-	Return filed but the assessment is yet to completed.
2016	2017-2018	150,000,000		224,647,577			Return filed but the assessment is yet to completed.
2017	2018-2019	750,000,000		478,121,977			Submission of Tax return is yet not due.
Total		**18,335,551,971**	**3,317,922,403**	**14,800,078,559**	**-**	**198,449,090**	

NAME OF DIRECTORS AND THEIR
interest in different entities

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.
4	Quazi Sirazul Islam	Director	Amin Jewelers Limited
			City Hospital Limited
			Bangla Gold (Pvt.) Limited
			Ducaty Apparels Limited

NAME OF DIRECTORS AND THEIR
interest in different entities

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
5	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
6	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
7	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.
8	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

NAME OF DIRECTORS AND THEIR
interest in different entities

Annexure-E

Sl no.	Name of Directors	Status with PBL	Entities where they have interest
9	Mr. Waheed Murad Jamil (Representative of Mawsons Limited)	Director	Everest Homes Limited
			The Everest Trading Limited
			Neon Consumers Products Limited
			Exuberant Developers Limited
			Prime Islami Life Insurance limited
			Fareast Islami Securities Limited
10	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 Life Insurance Limited
			PFI Securities Limited
			Asian Gate Ltd
			Acorn Limited
			Thane Technology
			Miaki Media Limited
			Bangla Trac Media Limited
			B-Trac FMCG Limited
			Tiffin Box Limited
			B-Trac Technoligies Limited
			NBM Telecom limited
			Bangla ICX Limited
11	Mr. Mohammad Mushtaque Ahmed Tanvir (Representative of Uniglory Cycle Industries Ltd.)	Director	Uniglory Cycle Components Ltd.
			Antics Graphics Limited
			Uniglory Paper & Packaging Limited
			Uniglory Packaging Industries Limited
			Uniglory Button Limited
			Fashion Pro Limited
			Satori Limited
12	Mr. Shamsuddin Ahmad, Ph.D	Independent Director	N/A
13	Dr. G. M. Khurshid Alam	Independent Director	N/A
14	Mr. M Farhad Hussain FCA	Independent Director	Bay Asset Management Company Limited

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.

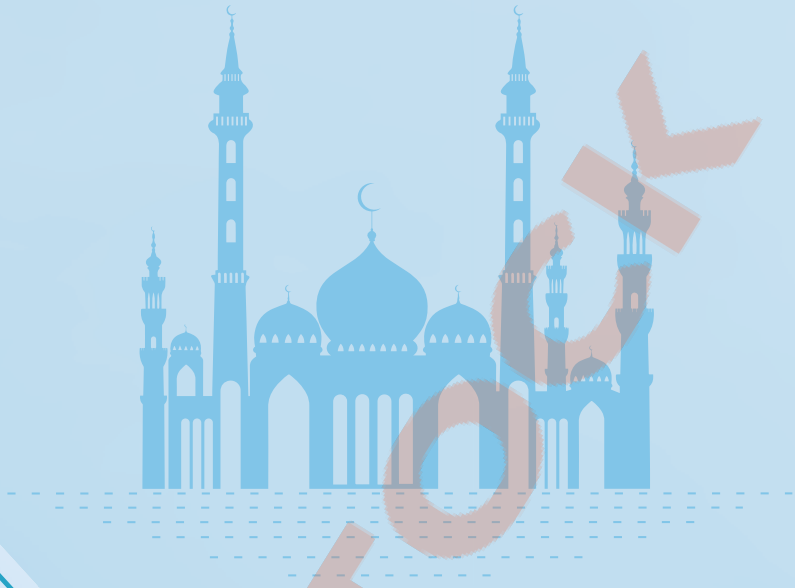
Fixation of final profit rate for the year 2017

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 2017, 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 2017 is given below:

Deposit types	Weightage	Final rate of profit for the year 2017(%)
Mudaraba Saving Deposits	0.75	5.20
Mudaraba Short Notice Deposits	0.52	3.60
Mudaraba payroll	0.75	5.20
Mudaraba Term Deposits		
36 Months	1.00	6.93
24 Months	0.98	6.79
12 Months	0.96	6.65
06 Months	0.92	6.38
03 Months	0.88	6.10
01 Month	0.84	5.82
Mudaraba Education Savings Scheme	1.20	8.32
Mudaraba Monthly Contributory Savings Scheme	1.05	7.28
Mudaraba Monthly Benefit Deposit Scheme	1.02	7.07
Mudaraba Double Benefit Scheme	1.02	7.07
Mudaraba Hajj Savings Scheme	1.20	8.32
Mudaraba Lakhpoti Deposit Scheme	1.05	7.28
Mudaraba Lakhpoti Deposit Scheme >3	1.05	7.28
Mudaraba Millionaire Deposit Scheme	1.05	7.28
Mudaraba House Building Deposit Scheme	1.05	7.28
Mudaraba My First Account	0.75	5.20
Mudaraba Sukonna Deposit	0.75	5.20
Mudaraba Nobagoto Deposit	1.05	7.28
Mudaraba 150% Deposit Scheme	1.01	7.00
Mudaraba Laksma Puran Saving Scheme	1.05	7.28
Mudaraba Brighter Tomorrow	0.96	6.65
Mudaraba Cash Waqf (Fixed)	1.20	8.32
Mudaraba Waqf (Installment)	1.20	8.32



FINANCIAL STATEMENTS
Of ISLAMIC BANKING BRANCHES

- Balance Sheet
- Profit and Loss Account
- Cash Flow Statement
- Statements of Changes in Equity
- Notes to the Financial Statements

PRIME BANK LIMITED-ISLAMIC BRANCHES

Balance Sheet as at 31 December 2017

Annexure-G

Particulars	Notes	Amount in Taka	
		2017	2016
PROPERTY AND ASSETS			
Cash in hand	1		
Cash in hand (including foreign currencies)		93,632,734	60,617,367
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-
		93,632,734	**60,617,367**
Balance with other banks and financial institutions	2		
In Bangladesh		229,289	500,227,057
Outside Bangladesh		-	-
		229,289	**500,227,057**
Placement with banks & other financial institutions	3	-	-
Investments in share & securities	4		
Government		-	-
Others		-	-
		-	-
Investments			
General investments etc	5	14,684,333,361	11,123,432,881
Bills purchased and discounted	6	220,116,921	127,943,366
		14,904,450,282	**11,251,376,246**
Fixed assets including premises	7	**18,952,884**	**21,093,233**
Other assets	8	**2,839,487,287**	**2,608,830,092**
Non - banking assets		-	-
Total assets		**17,856,752,477**	**14,442,143,995**
LIABILITIES AND CAPITAL			
Liabilities			
Placements from other banks, financial institutions and agents	9	31,012,500.00	-
Deposits and other accounts	10		
Mudaraba savings deposits		2,915,742,955	2,210,585,530
Mudaraba term deposits		11,045,473,448	9,674,512,415
Other mudaraba deposits		-	-
Al-wadeeah current deposits and other deposits accounts		1,905,030,556	2,157,092,098
Bills payable		283,966,377	91,323,856
		16,150,213,335	**14,133,513,899**
Other liabilities	11	1,675,526,642	308,630,096
Total liabilities		**17,856,752,477**	**14,442,143,995**
Capital / Shareholders' equity			
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		**17,856,752,477**	**14,442,143,995**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Balance Sheet as at 31 December 2017

Annexure-G

Particulars	Notes	Amount in Taka	
		2017	2016
OFF- BALANCE SHEET EXPOSURE			
Contingent liabilities	12		
Acceptances and endorsements	12.1	4,968,005,506	3,517,702,488
Letters of guarantee	12.2	467,277,310	367,969,762
Irrevocable letters of credit	12.3	5,557,272,523	2,250,806,561
Bills for collection	12.4	958,404,759	140,081,183
Other contingent liabilities		-	-
		11,950,960,098	**6,276,559,994**
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		**11,950,960,098**	**6,276,559,994**

AMAR STOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Profit and Loss Account for the year ended 31 December 2017

Annexure-G(I)

Particulars	Notes	Amount in Taka	
		2017	2016
Investment income	13	1,425,832,680	1,378,481,406
Profit paid on deposits	14	(766,173,726)	(714,763,586)
Net investment income		**659,658,953**	**663,717,821**
Income from investment in shares / securities		-	-
Commission, exchange and brokerage	15	115,797,589	88,266,163
Other operating income	16	48,091,308	35,072,579
Total operating income (A)		**823,547,850**	**787,056,563**
Salaries and allowances	17	91,352,918	95,793,349
Rent, taxes, insurance, electricity, etc.	18	26,649,155	24,731,043
Legal expenses	19	2,313,038	3,317,334
Postage, stamp, telecommunication, etc.	20	5,534,643	6,111,503
Stationery, printing, advertisements, etc.	21	3,746,988	4,436,707
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	5,718,746	6,961,944
Zakat expenses		-	-
Other expenses	24	14,113,816	15,801,787
Total operating expenses (B)		**149,429,305**	**157,153,667**
Profit / (loss) before provision (C=A-B)		**674,118,545**	**629,902,896**
	25		
Provision for investments		-	-
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)		**674,118,545**	**629,902,896**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Cash Flow Statement for the year ended 31 December 2017

	Particulars	Amount in Taka	
		2017	2016
A)	**Cash flows from operating activities**		
	Investment income receipts in cash	1,076,381,733	1,059,198,919
	Profit paid on deposits	(800,713,044)	(745,720,865)
	Fees and commission receipts in cash	115,797,589	88,266,163
	Cash payments to employees	(91,352,918)	(95,793,349)
	Cash payments to suppliers	(3,746,988)	(4,436,707)
	Receipts from other operating activities	48,091,308	35,072,579
	Payments for other operating activities	(51,292,966)	(52,599,339)
	Cash generated from operating activities before changes in operating assets and liabilities	**293,164,714**	**283,987,401**
	Increase / (decrease) in operating assets and liabilities		
	Investment to customers	(3,941,681,086)	(35,955,327)
	Other assets	(201,165,926)	395,640,879
	Deposits from other banks	1,906,636,778	(89,959,749)
	Deposits from customers	110,062,658	(70,979,828)
	Other liabilities	1,366,896,546	17,499,565
		(759,251,029)	**216,245,539**
	Net cash from operating activities	**(466,086,315)**	**500,232,940**
B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(896,085)	(1,979,887)
	Payment against lease obligation	-	-
	Proceeds from sale of property, plant and equipment	-	-
	Net cash used in investing activities	**(896,085)**	**(1,979,887)**
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)	(466,982,400)	498,253,053
E)	Effects of exchange rate changes on cash and cash equivalents	-	-
F)	Cash and cash equivalents at beginning of the year	560,844,424	62,591,371
G)	**Cash and cash equivalents at end of the year (D+E+F)**	**93,862,024**	**560,844,424**
	Cash and cash equivalents at end of the year		
	Cash in hand (including foreign currencies)	93,632,734	60,617,367
	Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-
	Balance with other banks and financial institutions	229,289	500,227,057
	Placement with banks & other financial institutions	-	-
	Prize bonds	-	-
		93,862,024	**560,844,424**

AMARSTOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Statement of Changes in Equity for the year ended 31 December 2017

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 2017	-	-	-	-	-	-
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 2017	-	-	-	-	-	-
Balance as at 31 December 2016	-	-	-	-	-	-

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PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Please see PBL notes 1-2

	Particulars	Amount in Taka	
		2017	2016
1	**Cash in hand**		
	i) In local currency	92,739,574	59,303,241
	ii) In foreign currency	893,160	1,314,126
	Sub-total (a)	93,632,734	60,617,367
	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)	**93,632,734**	**60,617,367**
	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)**	229,289	500,227,057
	Outside Bangladesh **(note-2.2)**	-	-
		229,289	**500,227,057**
2.1	**In Bangladesh**		
	Short-term deposit accounts		
	ICB Islamic Bank Ltd., Motijheel, Dhaka	13,069	30,085
	ICB Islamic Bank Ltd, Sylhet	16,786	-
	Social Islami Investment Bank Ltd. Dhaka	10,158	-
		40,012	**30,085**
	Savings accounts		
	Al Arafah Islami Bank Ltd. Dhaka	74,667	72,420
	Bank Al Falah Ltd. Dhaka	39,011	39,030
	Social Islami Investment Bank Ltd. Dhaka	75,599	85,523
		189,277	**196,972**
	Fixed deposit receipt		
	The City Bank Ltd	-	**500,000,000**
2.2	**Outside Bangladesh (NOSTRO Accounts)**	-	-
		229,289	**500,227,057**
3	**Placement with banks & other financial institutions**	-	-
4	**Investment in share & securities**	-	-

AMARSTOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Please see PBL notes 1-2

	Particulars	Amount in Taka	
		2017	2016
5	**Investments**		
	a) In Bangladesh		
	Quard against TDR	1,517,106,695	218,032,350
	Bai-Murabaha (cc pledge)	3,352,867,944	2,867,746,180
	Bai-Muajjal (cc hypo)	7,256,339,657	5,615,677,815
	Retail investment	540,362,128	410,625,582
	Izara **(note-5.2)**	778,480,535	641,512,474
	Bai-Salam (packing credit)	135,516,034	63,365,941
	Staff investment	92,096,935	111,169,152
	Hire purchase	1,011,563,435	1,195,303,387
		14,684,333,361	**11,123,432,881**
	b) Outside Bangladesh	-	-
		14,684,333,361	**11,123,432,881**
	Payable Inside Bangladesh		
	Inland bills purchased	29,531,644	65,666,504
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	190,585,277	62,276,861
		220,116,921	**127,943,366**
		14,904,450,282	**11,251,376,246**
5.1	**Investments under the following broad categories**		
	Investments	2,558,019,067	2,421,976,535
	Bai-Murabaha / Bai-Muajjal	10,609,207,600	8,483,423,995
	Quard against TDR	1,517,106,695	218,032,350
		14,684,333,361	11,123,432,881
	Bills purchased and discounted **(Note-6)**	220,116,921	127,943,366
		14,904,450,282	**11,251,376,246**
5.2	**Izara**		
	Lease rental receivable within 1 year	-	42,039,446
	Lease rental receivable within 5 years	779,200,531	408,627,810
	Lease rental receivable after 5 years	-	17,344,601
	Total lease / Izara rental receivable	**779,200,531**	**468,011,858**
	Less: Unearned interest receivable	719,996	41,962,465
	Net lease / Izara finance	**778,480,535**	**426,049,393**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Particulars		Amount in Taka	
		2017	2016
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	91,972,410	107,684,736
	c) Investments to customer groups:		
	i) Commercial investment	4,422,421,319	4,977,627,608
	ii) Export financing	2,055,907,773	752,747,678
	iii) House building investment	292,515,323	315,361,820
	iv) Retail investment	540,362,128	410,625,582
	v) Small and medium enterprises	1,340,849,834	994,143,380
	vi) Special program investment	-	-
	vii) Staff investment	124,525	152,813
	viii) Industrial investments	5,808,276,299	2,981,461,162
	ix) Other investment	352,020,671	711,571,468
		14,812,477,872	**11,143,691,511**
		14,904,450,282	**11,251,376,246**
	d) Details of Industrial investments		
	i) Agricultural industries	-	-
	ii) Textile industries	95,143,616	-
	iii) Food and allied industries	756,265,450	333,799,545
	iv) Pharmaceutical industries	137,384,650	-
	v) Service Industries	141,192,974	7,021,179
	vi) Transport and communication industries	229,098,771	74,130,543
	vii) Other industries including bills purchase and discounted	4,449,190,838	2,566,509,895
		5,808,276,299	**2,981,461,162**
5.4	Investments -geographical location-wise		
	Inside Bangladesh		
	Urban		
	Dhaka Division	9,912,857,150	7,073,036,912
	Chittagong Division	4,818,979,989	4,004,823,927
	Sylhet Division	172,613,144	173,515,408
		14,904,450,282	**11,251,376,246**
	Rural		
	Dhaka Division	-	-
	Chittagong Division	-	-
		-	-
	Outside Bangladesh	-	-
		14,904,450,282	**11,251,376,246**
5.5	**Details of pledged collaterals**		
	Collateral of movable / immovable assets	10,276,773,697	4,637,906,618
	Local banks and financial institutions guarantee	-	300,000,000
	Export documents	-	32,248,435
	Fixed deposit receipts	401,127,511	353,146,596
	FDR of other banks	812,679	60,000
	Personal guarantee	306,016,373	256,005,550
	Other securities	3,919,720,023	5,672,009,047
		14,904,450,282	**11,251,376,246**

AMAR STOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Particulars		Amount in Taka	
		2017	2016
5.6	**Particulars of investments**		
	i) Investments considered good in respect of which the Bank is fully secured	10,678,713,887	4,991,113,214
	ii) Investments considered good against which the Bank holds no security other than the debtors' personal guarantee	321,798,507	256,005,550
	iii) Investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	3,903,937,889	6,004,257,481
	iv) Investments adversely classified; provision not maintained there against	-	-
		14,904,450,282	11,251,376,246
	v) Investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	92,096,935	107,837,549
	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 manag ers or officers of the banking company or any of them either separately or jointly with any other person.	92,096,935	107,837,549
	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)**	458,553,319	673,770,118
	b) Provision on classified investments **(note-5.8)**	78,925,196	332,821,432
	c) Provision kept against investments classified as bad debts	67,554,949	332,064,961
	d) Profit Suspense Account **(note-11)**	125,812,975	212,727,305
	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	-	-
5.7	**Classification of investments**		
	Unclassified		
	Standard including staff investment	14,428,964,000	10,571,098,504
	Special mention account (SMA)	16,932,963	6,507,625
		14,445,896,963	**10,577,606,129**
	Classified		
	Sub-standard	157,198,564	5,018,103
	Doubtful	8,653,052	1,231,222
	Bad / Loss	292,701,704	667,520,793
		458,553,319	**673,770,118**
		14,904,450,282	**11,251,376,247**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Particulars			Amount in Taka	
			2017	2016
5.8	**Particulars of required provision for investments**			
	Status	**Base for provision**	**Rate (%)**	
	General Provision			
	Investments (Including SMA)	14,445,896,963	*Various	149,672,882 / 113,098,106
				149,672,882 / 113,098,106
	*General provision is kept @ 1% on general investments and 2% on small enterprise financing and 5% on consumer financing.			
	Specific provision			
	Sub-standard	46,261,000	20	9,252,200 / 456,709
	Doubtful	4,236,095	50	2,118,047 / 299,762
	Bad / Loss	67,554,949	100	67,554,949 / 332,064,961
				78,925,196 / 332,821,432
	Required provision for investments			**228,598,079 / 445,919,538**
	Provision maintained by Head Office			**228,598,079 / 445,919,538**
	Excess/(short) provision at 31 December 2017			- / -
5.9	**Particulars of required provision for Off-balance Sheet Exposures**			
		Base for provision	**Rate 1%**	
	Acceptances and endorsements	4,968,005,506	49,680,055	35,177,025
	Letter of guarantee	467,277,310	4,672,773	3,679,698
	Letter of credit	5,557,272,523	55,572,725	22,508,066
	Bills for collection	958,404,759	9,584,048	1,400,812
	Required provision on Off-balance Sheet Exposures			**119,509,601 / 62,765,600**
	Provision maintained by Head Office			**119,509,601 / 62,765,600**
	Excess/(short) provision at 31 December 2017			- / -
6	**Bills purchased and discounted**			
	Payable in Bangladesh			29,531,644 / 65,666,504
	Payable outside Bangladesh			190,585,277 / 62,276,861
				220,116,921 / 127,943,366
7	**Fixed assets including premises, furniture and fixtures**			
	Property, Plant & Equipment			
	Furniture and fixtures			9,448,492 / 10,369,072
	Office equipment and machinery			9,503,687 / 10,692,407
	Vehicles			5 / 30,879
	Library books			700 / 875
	Net book value at the end of the year			**18,952,884 / 21,093,233**

SMARTSTOCK

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

	Particulars	Amount in Taka	
		2017	2016
8	**Other assets**		
	Stationery and stamps	885,636	798,293
	Profit receivable	349,450,947	319,282,487
	Advance income tax	215,278	99,823
	Advance deposits and advance rent	487,916	571,916
	Branch adjustments account	2,478,879,519	2,287,488,493
	Suspense account	729,364	589,080
	Islamic transit account	2,876,066	-
	Sundry assets	5,962,561	-
		2,839,487,287	**2,608,830,092**
9	**Borrowings from other banks, financial institutions and agents**		
	In Bangladesh	31,012,500	-
	Outside Bangladesh	-	-
		31,012,500	-
10	**Deposits and other accounts**		
	Deposits from banks **(note -10.1.a)**	1,957,270,642	50,633,864
	Deposits from customers **(note-10.1.b)**	14,192,942,693	14,082,880,035
		16,150,213,335	14,133,513,899
10.1	**a) Deposits from Banks**		
	Al-wadeeah current deposits	-	-
	Bills payable	-	-
	Mudaraba savings deposits	711,441,716	7,045,076
	Mudaraba special notice deposits	745,828,926	43,588,788
	Mudaraba fixed deposits	500,000,000	-
		1,957,270,642	**50,633,864**

Sl No	Name of the Bank	Type of Account		
1	Bank Al-Falah	MSB	704,502,594	279,165
2	Islami Bank Bangladesh Ltd	MSB	6,939,122	6,765,911
	Sub Total		**711,441,716**	**7,045,076**
3	Exim Bank Ltd	MSND	715,824,644	16,019,106
4	ICB Islamic Bank Ltd	MSND	99,365	98,167
5	Social Islami Bank Ltd	MSND	6,983	6,823
6	Shahjalal Islami Bank Ltd	MSND	484,169	467,506
7	Modhumoti Bank Ltd	MSND	-	1,206,549
8	Islami Bank Bangladesh Limited	MSND	13,605,109	25,790,639
9	The City Bank Limited	MSND	844,273	-
10	Modhumati Bank Limited	MSND	1,584,473	-
11	Al-Arafah Islami Bank Limited	MSND	13,379,910	-
	Sub Total		**745,828,926**	**43,588,788**
12	Islami Bank Bangladesh Limited	MTDR	500,000,000	-
	Sub Total		**500,000,000**	-
	Grand Total		**1,957,270,642**	**50,633,864**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Particulars	Amount in Taka	
	2017	2016
b) Customer Deposits		
i) Al wadeeah current deposits and other accounts		
Al-wadeeah current deposits	649,322,780	803,161,828
Foreign currency deposits	51,657,619	64,555,548
Security deposits	123,869	123,869
Sundry deposits	1,203,926,288	1,289,250,853
	1,905,030,556	**2,157,092,098**
ii) Bills payable		
Pay orders issued	282,754,900	90,112,179
Pay slips issued	70,594	70,594
Demand draft payable	1,140,883	1,141,083
	283,966,377	**91,323,856**
iii) Mudaraba savings deposits	**2,204,301,239**	**2,203,540,454**
iv) Mudaraba term deposits		
Mudaraba fixed deposits	6,294,478,918	5,830,280,391
Mudaraba special notice deposits	719,473,088	704,901,807
Non resident Taka deposits	249,648	-
Mudaraba special scheme deposits	2,785,442,867	3,095,741,428
	9,799,644,521	**9,630,923,626**
	14,192,942,693	**14,082,880,035**
	16,150,213,335	**14,133,513,899**
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)**	1,905,030,556	2,157,092,098
	1,905,030,556	**2,157,092,098**
Bills payable		
Deposits from banks **(note -10.1.a)**	-	-
Deposits from customers **(note-10.1.b.ii)**	283,966,377	91,323,856
	283,966,377	**91,323,856**
Savings bank / mudaraba savings deposits		
Deposits from banks **(note -10.1.a)**	711,441,716	7,045,076
Deposits from customers **(note-10.1.b.iii)**	2,204,301,239	2,203,540,454
	2,915,742,955	**2,210,585,530**
Term / Fixed deposits		
Deposits from banks **(note -10.1.a)**	1,245,828,926	43,588,788
Deposits from customers **(note-10.1.b.iv)**	9,799,644,521	9,630,923,626
	11,045,473,448	**9,674,512,415**
	16,150,213,335	**14,133,513,899**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

	Particulars	Amount in Taka	
		2017	2016
11	**Other liabilities**		
	Expenditure and other payables	439,934	1,087,201
	Foreign currency held against EDF loan	1,392,434,039	94,815,590
	Unearned Profit	156,808,065	-
	Other liability	31,628	-
	Interest suspense account	125,812,975	212,727,305
		1,675,526,642	**308,630,096**
12	**Contingent liabilities**		
12.1	**Acceptances and endorsements**		
	Back to back bills (Foreign)	4,648,105,612	3,054,894,669
	Back to back bills (Local)	268,106,850	415,600,205
	Back to back bills (EPZ)	51,793,044	47,207,615
		4,968,005,506	**3,517,702,488**
	Less: Margin	(687,707,675)	(782,647,928)
		4,280,297,831	**2,735,054,560**
12.2	**Letters of guarantee**		
	Letters of guarantee (Local)	449,438,920	341,587,816
	Letters of guarantee (Foreign)	17,838,390	26,381,945
	Foreign counter guarantees	-	-
		467,277,310	**367,969,762**
	Less: Margin	(27,069,649)	(31,847,490)
		440,207,661	**336,122,272**
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or officers	-	-
	Government	-	25,015,000
	Banks and other financial institutions		
	Others	467,277,310	342,954,762
		467,277,310	367,969,762
	Less: Margin	(27,069,649)	(31,847,490)
		440,207,661	**336,122,272**
12.3	**Irrevocable Letters of Credit**		
	Letters of credit (Sight)	1,029,060,015	341,307,198
	Letters of credit (Deferred)	3,185,578,448	1,190,055,222
	Back to back L/C	1,342,634,060	719,444,140
	Bank's liabilities PAD	-	-
		5,557,272,523	**2,250,806,561**
	Less: Margin	(315,684,559)	(301,359,212)
		5,241,587,964	**1,949,447,349**
12.4	**Bills for collection**		
	Outward bills for collection	958,404,759	140,081,183
	Inward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		958,404,759	**140,081,183**
	Less: Margin	(21,008,400)	-
		937,396,359	**140,081,183**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

Particulars		Amount in Taka	
		2017	2016
13	**Investment income**		
	i) Income from general investment		
	Quard against TDR	21,270,985	10,583,280
	Bai-Murabaha (cc pledge)	354,197,127	313,017,910
	Bai-Muajjal (cc hypo)	597,141,201	427,454,627
	Retail investment loan	44,382,691	50,599,393
	Izara	70,647,155	55,631,349
	Bai-Salam (packing credit)	6,381,182	8,007,817
	Staff loan	4,378,790	6,508,886
	Hire purchase	93,865,863	133,197,481
	Other investments	225,585,778	357,027,834
	Inland bills purchased	5,822,612	16,445,479
	Sub-total (i)	**1,423,673,383**	**1,378,474,055**
	ii) Profit on deposits with other Islamic banks		
	In Bangladesh	2,159,297	7,351
	Out side Bangladesh	-	-
	Sub-total (ii)	**2,159,297**	**7,351**
	Grand total (i+ii)	**1,425,832,680**	**1,378,481,406**
14	**Profit paid on deposits**		
	a) Profit paid on deposits:		
	Mudaraba savings deposits	55,086,298	62,695,954
	Mudaraba special notice deposits	31,097,662	19,657,839
	Mudaraba term deposits	265,115,306	303,542,725
	Mudaraba special scheme deposits	322,713,736	322,292,976
	Foreign currency deposits	-	-
	Others	92,160,724	6,574,092
		766,173,726	**714,763,585**
	b) Interest / Profit paid for borrowings:		
	Bangladesh Bank/ Other Bank/ FI/Agents bank	-	-
	Islamic Bond Fund	-	-
		-	-
		766,173,726	**714,763,586**
15	**Commission, exchange and brokerage**		
	Commission on L/Cs-sight	29,806,337	20,446,298
	Commission on L/Cs-deferred	-	-
	Commission on L/Cs-back to back	47,344,629	38,877,406
	Commission on L/Gs	4,888,926	6,250,657
	Commission on remittance	4,068,374	2,766,272
	Other commission	13,794	11,211
		86,122,059	**68,351,844**
	Exchange gain **(note - 15.1)** - including gain from FC dealings	29,675,530	19,914,320
	Settlement fees / Brokerage	-	-
		115,797,589	**88,266,163**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

	Particulars	Amount in Taka	
		2017	2016
15.1	**Exchange gain**		
	Exchange gain	29,855,100	19,914,320
	Less: Exchange loss	(179,570)	-
		29,675,530	**19,914,320**
16	**Other operating income**		
	Rent recovered	558,813	542,000
	Service and other charges	15,794,574	10,842,456
	Retail Income	11,186,579	8,414,877
	Income from ATM Service	2,689,093	2,334,754
	Postage / telex / SWIFT/ fax recoveries	8,133,916	5,514,739
	Gain on sale of assets	-	51,750
	Rebate from foreign Bank	5,092,358	3,497,523
	Miscellaneous earnings (Note-16.1)	4,635,975	3,874,479
		48,091,308	**35,072,579**

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	46,345,302	49,069,368
	Allowances	31,956,816	33,902,682
	Bonus	8,471,481	8,029,121
	Bank's contribution to provident fund	4,579,319	4,792,178
		91,352,918	**95,793,349**
18	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rate and taxes	22,227,516	20,611,679
	Lease rent	24,000	24,000
	Insurance	543,132	543,407
	Power and electricity	3,854,507	3,551,957
		26,649,155	**24,731,043**
19	**Legal expenses**		
	Legal expenses	2,256,568	3,317,334
	Other professional charges	56,470	-
		2,313,038	**3,317,334**
20	**Postage, stamp, telecommunication, etc.**		
	Postage	376,008	1,040,532
	Telegram, telex, fax and e-mail	2,911,724	2,437,220
	Data communication	1,958,635	2,356,597
	Telephone - office	277,211	268,654
	Telephone - residence	11,065	8,500
		5,534,643	**6,111,503**

PRIME BANK LIMITED-ISLAMIC BRANCHES

Notes to the Financial Statements as at and 31 December 2017

	Particulars	Amount in Taka	
		2017	2016
21	**Stationery, printing and advertisements, etc.**		
	Office and security stationery	1,870,621	1,508,908
	Computer consumable stationery	1,577,054	2,324,218
	Publicity and advertisement	299,313	603,581
		3,746,988	**4,436,707**
22	**Charges on loan losses**		
	Loan -written off	-	-
	Interest waived	-	-
		-	-
23	**Depreciation and repair of Bank's assets**		
	Depreciation		
	Fixed assets	3,036,433	4,324,272
	Leased assets	-	-
		3,036,433	**4,324,272**
	Repairs		
	Building	363,335	357,808
	Furniture and fixtures	622,235	322,316
	Office equipment	1,045,308	1,437,045
	Bank's vehicles	449,835	336,806
	Maintenance	201,601	183,698
		2,682,313	**2,637,672**
		5,718,746	**6,961,944**
24	**Other expenses**		
	Security and cleaning	5,605,864	7,116,245
	Entertainment	736,686	736,201
	Car expenses	3,813,386	3,335,969
	Books, magazines and newspapers, etc.	44,193	42,996
	Subscription	1,505	-
	Bank charges and commission paid	32,900	1,640
	Loss on sale of assets	-	188,755
	Retail Expenses	617,387	1,229,991
	Traveling expenses	596,890	806,869
	Local conveyance, labor, etc.	499,849	533,327
	Business development	20,507	14,127
	Training and internship	203,060	218,702
	Remittance charges	268,991	206,819
	Laundry, cleaning and photographs, etc.	248,540	230,596
	Exgratia	406,500	465,800
	Miscellaneous expenses	1,017,558	673,750
		14,113,816	**15,801,787**
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	-	-
		-	-

FINANCIAL REPORTING BY SEGMENT OF THE GROUP
of Prime Bank Limited as at 31 December 2017

I) Geographical Segment

Annexure-H

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	11,933,730,236	273,442,913	206,899,250	66,827,644	64,321,044	49,251,974	109,702,933	12,704,175,995
Less: Inter-segmental income	-				-	-	-	-
Total income	11,933,730,236	273,442,913	206,899,250	66,827,644	64,321,044	49,251,974	109,702,933	12,704,175,995
Operating profit (Profit before unallocated expenses and tax)	11,933,730,236	273,442,913	206,899,250	66,827,644	64,321,044	49,251,974	109,702,933	12,704,175,995
Allocated expenses	(6,801,917,761)	(31,880,713)	(95,690,137)	(41,486,780)	(53,470,596)	(47,148,250)	(43,365,549)	(7,114,959,786)
Provision against loans and advances, others	(3,564,400,000)	-	(15,456,640)	(12,860,332)	-	-	-	(3,592,716,972)
Profit / (loss) before tax	1,567,412,475	241,562,200	95,752,473	12,480,532	10,850,449	2,103,724	66,337,385	1,996,499,237
Income tax including deferred tax	(750,000,000)	-	(6,798,238)	(11,827,050)	(729,998)	(857,793)	(10,757,898)	(780,970,978)
Net profit	817,412,475	241,562,200	88,954,235	653,482	10,120,450	1,245,931	55,579,486	1,215,528,259
Segment assets	**248,653,883,230**	**23,365,011,699**	**7,021,225,327**	**1,294,770,737**	**117,861,567**	**48,118,840**	**1,894,069,586**	**282,394,940,987**
Segment liabilities	**248,653,883,230**	**23,365,011,699**	**7,021,225,327**	**1,294,770,737**	**117,861,567**	**48,118,840**	**1,894,069,586**	**282,394,940,987**

II) Business Segment

Particulars	Conventional Banking including OBU	Islamic Banking	* Remittance (Outside BD)	** Investment (PBIL+PBSL)	Total
Income	11,608,282,333	823,547,850	223,275,952	273,726,894	12,928,833,028
Less: Inter segmental income	(224,657,033)	-	-	-	(224,657,033)
Total income	11,383,625,300	823,547,850	223,275,952	273,726,894	12,704,175,994
Operating profit (Profit before unallocated expenses and tax)	11,383,625,300	823,547,850	223,275,952	273,726,894	12,704,175,994
Allocated expenses	(6,684,369,170)	(149,429,305)	(143,984,395)	(137,176,917)	(7,114,959,786)
Provision against loans and advances, Others	(3,564,400,000)	-	-	(28,316,972)	(3,592,716,972)
Profit / (loss) before tax	1,134,856,130	674,118,545	79,291,558	108,233,005	1,996,499,235
Income tax including deferred tax	(750,000,000)	-	(12,345,690)	(18,625,288)	(780,970,978)
Net profit	384,856,130	674,118,545	66,945,868	89,607,717	1,215,528,258
Segment assets	**254,162,142,452**	**17,856,752,477**	**2,060,049,993**	**8,315,996,064**	**282,394,940,987**
Segment liabilities	**254,162,142,452**	**17,856,752,477**	**2,060,049,993**	**8,315,996,064**	**282,394,940,987**

* 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 2017

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)**	5,184,810,879	-	-	-	12,819,834,250	18,004,645,129
Balance with other banks and financial institutions **(note-4a.3)**	3,682,590,452	6,400,000,000	-	-	-	10,082,590,452
Money at call and short notice	1,500,000,000	-	-	-	-	1,500,000,000
Investments **(note-6a.1)**	2,835,989,800	482,388,935	2,540,652,901	11,222,086,597	6,726,026,025	23,807,144,258
Loans and advances / investments **(note-7a.1)**	23,144,262,450	31,295,326,603	83,989,675,643	45,614,227,622	14,279,236,473	198,322,728,791
Fixed assets including premises, furniture and fixtures	32,170,238	48,255,358	144,766,073	1,608,511,918	4,600,344,084	6,434,047,671
Other assets	8,404,157	2,036,949,874	500,138,285	1,357,869,751	18,999,647,633	22,903,009,700
Non banking assets	-	-	-	-	220,500,640	220,500,640
Total assets (A):	**36,388,227,976**	**40,262,920,770**	**87,175,232,902**	**59,802,695,888**	**57,645,589,105**	**281,274,666,641**
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents **(note-12a.4)**	6,159,279,140	4,940,887,452	8,918,246,155	2,069,066,366	-	22,087,479,113
Deposits **(note-13a.6)**	24,039,849,074	39,500,111,671	66,935,780,539	33,739,445,942	30,586,217,217	194,801,404,443
Other accounts **(note-13a.6)**	4,212,571,458	-	-	-	-	4,212,571,458
Provision and other liabilities	1,946,012,198	910,807,348	5,576,823,900	2,390,079,514	24,641,691,739	35,465,414,699
Total liabilities (B):	**36,357,711,870**	**45,351,806,471**	**81,430,850,594**	**38,198,591,822**	**55,227,908,956**	**256,566,869,713**
Net liquidity gap (A-B):	**30,516,106**	**(5,088,885,701)**	**5,744,382,308**	**21,604,104,066**	**2,417,680,148**	**24,707,796,928**

Chairman **Director** **Director** **Managing Director**

CONSOLIDATED LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities) As at 31 December 2017

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	5,293,791,698	-	-	-	12,819,834,250	18,113,625,948
Balance with other banks and financial institutions	3,186,902,394	7,057,813,317	-	-	-	10,244,715,711
Money at call and short notice	1,500,000,000	-	-	-	-	1,500,000,000
Investments	2,835,989,800	482,388,935	4,613,644,806	11,222,086,597	6,726,026,025	25,880,136,163
Loans and advances / investments	29,756,999,976	37,322,122,427	77,952,052,508	42,335,235,128	13,252,769,257	200,619,179,296
Fixed assets including premises, furniture and fixtures	32,170,238	48,255,358	144,766,073	1,608,511,918	4,653,337,624	6,487,041,211
Other assets	8,404,157	2,036,949,874	500,138,285	1,357,869,751	15,426,379,951	19,329,742,018
Non banking assets	-	-	-	-	220,500,640	220,500,640
Total assets (A):	**42,614,258,263**	**46,947,529,911**	**83,210,601,672**	**56,523,703,394**	**53,098,847,746**	**282,394,940,987**
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	6,159,279,140	4,940,887,452	8,918,246,155	2,119,584,763	-	22,137,997,510
Deposits	24,026,170,342	39,500,111,671	66,935,780,539	33,739,445,942	30,586,217,217	194,787,725,711
Other accounts	4,212,571,458	-	-	-	-	4,212,571,458
Provision and other liabilities	1,946,012,198	910,807,348	5,576,823,900	2,390,079,515	25,619,975,582	36,443,698,543
Total liabilities (B):	**36,344,033,138**	**45,351,806,471**	**81,430,850,594**	**38,249,110,220**	**56,206,192,800**	**257,581,993,222**
Net liquidity gap (A-B):	**6,270,225,125**	**1,595,723,440**	**1,779,751,078**	**18,274,593,174**	**(3,107,345,053)**	**24,812,947,765**

AMARSTOCK

HIGHLIGHTS OF THE BANK

Annexure-J

(Taka in million)

Sl. #	Particulars	2017	2016
1	Paid-up capital	10,293.49	10,293.49
2	Total capital (Consolidated)	32,317.08	31,566.05
3	Total capital (Solo Basis)	32,250.88	31,632.05
4	Capital surplus / (deficit) (Consolidated)	8,805.14	5,906.52
5	Capital surplus / (deficit) (Solo Basis)	9,229.74	6,231.90
6	Total assets	281,274.67	272,223.70
7	Total deposits	199,013.98	197,933.97
8	Total loans and advances / investments	198,322.73	170,211.83
9	Total contingent liabilities and commitments	167,808.85	138,558.44
10	Credit deposit ratio	99.65%	85.99%
11	Percentage of classified loans / investments against total loans and advances / investments	5.45%	5.96%
12	Profit after tax and provision	1,058.97	2,195.04
13	Amount of classified loans / investments during the year	10,799.05	10,139.48
14	Provisions kept against classified loans / investments	4,269.94	3,824.06
15	Provision surplus / (deficit) against classified loans / investments	7.50	72.53
16	Cost of Deposit	4.46%	4.94%
17	Interest earning assets	233,712.46	225,816.26
18	Non-interest earning assets	47,562.20	46,407.44
19	Return on investment (ROI)	11.78%	11.18%
20	Return on assets (ROA)	0.38%	0.86%
21	Income from investment	4,245.58	6,203.36
22	Earnings per share (Taka)	1.03	2.13
23	Net income per share (Taka)	1.03	2.13
24	Price earning ratio (times)	26.63	8.31

AMARSTOCK

FINANCIAL STATEMENTS OF
OFFSHORE BANKING UNITS

- Balance Sheet
- Profit and Loss Account
- Cash Flow Statement
- Notes to the Financial Statements

OFF-SHORE BANKING UNITS

Balance Sheet as at 31 December 2017

Annexure-K

Particulars	Notes	2017		2016
		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	2,944,604	243,518,761	569,147,844
Outside Bangladesh		-	-	-
		2,944,604	**243,518,761**	**569,147,844**
Loans and advances				
Loans, cash credits, overdrafts, etc.	4	107,387,386	8,880,936,782	6,285,338,560
Bills purchased and discounted	5	168,506,653	13,935,500,218	11,575,028,253
		275,894,039	**22,816,437,000**	**17,860,366,813**
Fixed assets including premises, furniture and fixtures	6	21,501	1,778,119	1,799,978
Other assets	7	3,667,205	303,277,819	211,087,692
Non - banking assets		-	-	-
Total assets		**282,527,348**	**23,365,011,699**	**18,642,402,327**
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	8	274,723,430	22,719,627,651	18,048,798,279
Deposits and other accounts				
Current deposits	9	3,944,557	326,214,865	281,785,254
Bills payable		-	-	-
Savings bank deposits		-	-	-
Term deposits		-	-	-
Bearer certificate of deposit		-	-	-
		3,944,557	**326,214,865**	**281,785,254**
Other liabilities	10	3,859,361	319,169,183	311,818,795
Total liabilities		**282,527,348**	**23,365,011,699**	**18,642,402,327**
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		**282,527,348**	**23,365,011,699**	**18,642,402,327**

OFF-SHORE BANKING UNITS

Balance Sheet as at 31 December 2017

Particulars	Notes	2017		2016
		USD	Taka	Taka
OFF- BALANCE SHEET EXPOSURES				
Contingent liabilities	**11**			
Acceptances and endorsements		-	-	-
Letters of guarantee		-	-	17,888,676
Irrevocable letters of credit		5,064,644	418,846,066	811,711,262
Bills for collection		10,460,543	865,086,893	862,246,512
Other contingent liabilities		-	-	-
		15,525,187	**1,283,932,959**	**1,691,846,450**
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		**15,525,187**	**1,283,932,959**	**1,691,846,450**

OFF-SHORE BANKING UNITS

Profit and Loss Account for the year ended 31 December 2017

Particulars	Notes	2017		2016
		USD	Taka	Taka
Interest income	12	11,998,402	965,189,886	663,108,573
Interest paid on deposits, borrowings, etc.	13	(9,187,554)	(739,076,233)	(478,479,463)
Net interest		**2,810,849**	**226,113,653**	**184,629,110**
Commission, exchange, brokerage, etc.	14	269,609	21,688,249	25,875,076
Other operating income	15	318,747	25,641,011	28,266,547
Total operating income (A)		**3,399,205**	**273,442,913**	**238,770,734**
Salaries and allowances	16	163,750	13,172,594	12,138,381
Rent, taxes, insurance, electricity, etc.	17	19,569	1,574,207	1,471,148
Legal expenses		7,342.87	590,684	625,093
Postage, stamp, telecommunication, etc.	18	3,349	269,444	249,328
Stationery, printing, advertisements, etc.	19	6,887	553,996	421,346
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets	20	4,221	339,516	382,228
Other expenses	21	191,194	15,380,272	8,595,852
Total operating expenses (B)		**396,313**	**31,880,713**	**23,883,377**
Profit / (loss) before provision (C=A-B)		**3,002,891**	**241,562,200**	**214,887,357**
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)		**3,002,891**	**241,562,200**	**214,887,357**
Provision for taxation				
Current tax		-	-	-
Deferred tax		-	-	-
		-	-	-
Net profit / (loss) after taxation		**3,002,891**	**241,562,200**	**214,887,357**

OFF-SHORE BANKING UNITS

Cash Flow Statement for the year ended 31 December 2017

Particulars		2017		2016
		USD	Taka	Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash	11,998,402	965,189,886	663,108,573
	Interest payments	(9,187,554)	(739,076,233)	(478,479,463)
	Fees and commission receipts in cash	269,609	21,688,249	25,875,076
	Cash payments to employees	(163,750)	(13,172,594)	(12,138,381)
	Cash payments to suppliers	(40,799)	(3,282,001)	(2,184,491)
	Receipts from other operating activities	318,747	25,641,011	28,266,547
	Payments for other operating activities	(188,950)	(15,199,741.84)	(9,223,054)
	Cash generated from operating activities before changes in operating assets and liabilities	**3,005,706**	**241,788,577**	**215,224,807**
	Increase / (decrease) in operating assets and liabilities			
	Loans and advances to other banks	-	-	-
	Loans and advances to customers	(48,957,983)	(4,048,825,225)	(5,312,002,842)
	Other assets	(985,098)	(81,467,600)	669,518,367
	Deposits from other banks / borrowings	-	-	-
	Deposits from customers	650,918	53,830,893	83,208,586
	Other liabilities	(3,392,298.13)	(280,543,055)	(97,630,918)
		(52,684,462)	**(4,357,004,988)**	**(4,656,906,806)**
	Net cash from operating activities	**(49,678,756)**	**(4,115,216,411)**	**(4,441,681,999)**
B)	**Cash flows from investing activities**			
	Purchase / sale of property, plant and equipment	(1,444)	(119,437)	(46,103)
	Proceeds from sale of property, plant and equipment	-	-	-
	Net cash used in investing activities	**(1,444)**	**(119,437)**	**(46,103)**
C)	**Cash flows from financing activities**			
	Borrowing from Prime Bank Limited, Other Bank and Bangladesh Bank	45,393,141	3,754,012,743	4,887,271,968
	Net cash use in financing activities	**45,393,141**	**3,754,012,743**	**4,887,271,968**
D)	Net increase/(decrease) in cash and cash equivalents (A+ B + C)	(4,287,060)	(361,323,105)	445,543,866
E)	Effects of exchange rate changes on cash and cash equivalents	-	35,694,022	958,088
F)	Cash and cash equivalents at beginning of the year	7,231,664	569,147,844	122,645,890
G)	**Cash and cash equivalents at end of the year (D+E+F)**	**2,944,604**	**243,518,761**	**569,147,844**
	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	2,944,604	243,518,761	569,147,844
		2,944,604	**243,518,761**	**569,147,844**

OFF-SHORE BANKING UNITS

Notes to the Financial Statements for the year ended 31 December 2017

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 from 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, 2017.

OFF-SHORE BANKING UNITS

Notes to the Financial Statements for the year ended 31 December 2017

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.

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.

OFF-SHORE BANKING UNITS

Notes to the Financial Statements for the year ended 31 December 2017

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 Benefits".

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 82.70 (closing rate as at 31st December 2017) and Taka 80.4432 (average rate which represents the year end).

OFF-SHORE BANKING UNITS
Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
3	**Balance with other banks and financial institutions**			
	In Bangladesh **(note-3.1)**	32,944,604	2,724,518,761	569,147,844
	Outside Bangladesh **(note-3.2)**	-	-	-
		32,944,604	2,724,518,761	569,147,844
	Less: Inter company transaction	30,000,000	2,481,000,000	-
		2,944,604	**243,518,761**	**569,147,844**
3.1	**In Bangladesh**			
	Prime Bank Limited	32,944,604	2,724,518,761	569,147,844
	Other Banks and Financial Institutions		-	
		32,944,604	**2,724,518,761**	**569,147,844**
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)	56,385,353	4,663,068,686	2,104,239,811
	Hire purchase	6,748,370	558,090,162	151,831,416
	Lease finance	6,395,116	528,876,064	631,211,402
	Over Draft	2,846,361	235,394,069	97,447,813
	T.R Loan	13,506,583	1,116,994,433	1,198,869,366
	Others	21,505,603	1,778,513,368	2,101,738,752
		107,387,386	**8,880,936,782**	**6,285,338,560**
	ii) Bills purchased and discounted (note-5)			
	Payable Inside Bangladesh			
	Inland bills purchased	120,099,725	9,932,247,248	6,160,133,429
	Payable Outside Bangladesh			
	Foreign bills purchased and discounted	48,406,928	4,003,252,970	5,414,894,824
		168,506,653	**13,935,500,218**	**11,575,028,253**
		275,894,039	**22,816,437,000**	**17,860,366,813**
5	**Bills purchased and discounted**			
	Payable in Bangladesh	120,099,725	9,932,247,248	6,160,133,429
	Payable outside Bangladesh	48,406,928	4,003,252,970	5,414,894,824
		168,506,653	**13,935,500,218**	**11,575,028,253**

AMARSTOCK

OFF-SHORE BANKING UNITS
Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
6	**Fixed assets including premises, furniture and fixtures Cost**			
	Furniture and fixtures	15,896	1,314,608	1,388,212
	Office equipment and machinery	5,605	463,511	411,766
	Vehicle	-	-	-
		21,501	**1,778,119**	**1,799,978**
7	**Other assets**			
	Advance deposits and advance rent	1,339	110,738	105,385
	Stationery A/c & Stamp in hand	149	12,347	35,011
	Eastern Bank Limitede	-	-	-
	Suspense	552,672	45,705,987	11,020,588
	Interest receivable on deposits and other securities	138,564	11,459,201	8,528,556
	Interest receivable on loans and advances	2,974,481	245,989,546	191,398,152
		3,667,205	**303,277,819**	**211,087,692**
8	**Borrowings from other banks, financial institutions and agents**			
	Bangladesh Bank	-	-	-
	Prime Bank Limited	113,186,143	9,360,494,044	8,964,114,616
	Other Bank & Financial Institutes	191,537,287	15,840,133,607	9,084,683,663
		304,723,430	**25,200,627,651**	**18,048,798,279**
	Less: Inter company transaction	30,000,000	2,481,000,000	-
		274,723,430	**22,719,627,651**	**18,048,798,279**
9	**Deposits and other accounts**			
	Bank deposits	-	-	-
	Customer deposits and other accounts **(note-9.1)**	3,944,557	326,214,865	281,785,254
		3,944,557	**326,214,865**	**281,785,254**
9.1	**Customer deposits and other accounts**			
	Current deposits	2,444,028	202,121,107	188,573,005
	Foreign currency deposits	195,664	16,181,453	14,352,636
	Fixed Deposit	46,486	3,844,384	3,544,275
	Security deposits receipts	-	-	-
	Sundry deposits **(note-9.1.1)**	1,258,379	104,067,920	75,315,337
		3,944,557	326,214,865	281,785,254
9.1.1	**Sundry deposits**			
	Sundry Creditors	88,566	7,324,407	3,337,943
	Margin on L/G	48,000	3,969,600	-
	Margin on L/C	444,299	36,743,510	1,577,764
	Margin on Export Bill	4,129	341,493	10,082,130
	Interest/Profit Payable on Deposit	502,370	41,546,031	53,323,494
	Withholding VAT/TAX Payable to Govt. Authority	142,325	11,770,249	4,149,758
	Others	28,690	2,372,629	2,844,249
		1,258,379	**104,067,920**	**75,315,337**

OFF-SHORE BANKING UNITS
Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
10	**Other liabilities**			
	Provision for Expenses/adjusting A/C credit	641,324	53,037,500	76,020,580
	Interest Suspense A/c	215,146	17,792,558	20,269,218
	Due to Head Office	3,002,891	248,339,125	215,528,997
		3,859,361	**319,169,183**	**311,818,795**
11	**Contingent liabilities**			
11.1	**Acceptance & endorsement**			
	Back to Back bills	-	-	-
		-	-	-
	Less: Margin	-	-	-
		-	-	-
11.2	**Letters of guarantee**			
	Letters of guarantee (Local)	-	-	17,888,676
	Letters of guarantee (Foreign)	-	-	-
	Foreign counter guarantees	-	-	-
		-	-	17,888,676
	Less: Margin	-	-	-
		-	-	**17,888,676**
11.3	**Irrevocable Letters of credits**			
	Letters of credits	5,064,644	418,846,066	811,711,262
	Back to Back letter of credit	-	-	-
		5,064,644	418,846,066	811,711,262
	Less: Margin	-	-	-
		5,064,644	**418,846,066**	**811,711,262**
11.4	**Bills for collection**			
	Outward local bills for collection	-	-	-
	Outward foreign bills for collection	10,460,543	865,086,893	862,246,512
	Inward local bills for collection	-	-	-
	Inward foreign bills for collection	-	-	-
		10,460,543	**865,086,893**	**862,246,512**
	Less: Margin	-	-	-
		10,460,543	**865,086,893**	**862,246,512**

OFF-SHORE BANKING UNITS
Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
12	**Interest income**			
	Loan (general)	2,120,350	170,567,743	98,547,359
	SOD	16,655	1,339,810	-
	LTR loan	332,228	26,725,523	25,324,304
	Lease finance	324,940	26,139,174	29,798,535
	Hire purchase	128,026	10,298,852	17,635,595
	Payment against documents	-	-	156,351
	Documentary bills purchased	7,629,478	613,739,585	450,487,156
	Others	687,256	55,285,077	40,936,182
	Interest on loans and advances	**11,238,933**	**904,095,764**	**662,885,483**
	Interest on balance with other banks and financial institutions	753,455	60,610,355	163,475
	Interest received from FC account	6,014	483,767	59,616
		759,469	61,094,122	223,091
	Total Interest income	**11,998,402**	**965,189,886**	**663,108,573**
13	**Interest on deposits, borrowings, etc.**			
	a) Interest paid on deposits	1,328	106,851	129,175
	b) Interest paid on local bank accounts	3,331,769	268,018,126	241,081,514
	c) Interest paid on foreign bank accounts	5,854,457	470,951,256	237,268,774
	d) Interest paid on Bangladesh Bank	-	-	-
		9,187,554	**739,076,233**	**478,479,463**
14	**Commission, exchange and brokerage**			
	Commission on L/Cs	121,634	9,784,590	13,859,437
	Commission on L/Gs	-	-	-
	Commission on export bills	62,094	4,995,047	5,217,341
	Commission on bills purchased	-	-	-
	Commission on accepted bills	33,534	2,697,614	3,787,016
	Commission on OBC, IBC, etc.	-	-	-
	Commission on PO, DD, TT, TC, etc.	7,395	594,877	462,568
	Commission for services rendered to issue of shares	-	-	-
	Other commission	35,361	2,844,555	2,548,714
		260,018	**20,916,685**	**25,875,076**
	Exchange gain including gain from FC dealings	9,591	771,565	-
	Brokerage	-	-	-
		269,609	21,688,249	25,875,076

OFF-SHORE BANKING UNITS

Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
15	**Other operating income**			
	Postage charge recovery	6,454	519,147	501,150
	Service & other charge	-	-	-
	SWIFT charge recovery	12,960	1,042,530	2,851,768
	Miscellaneous earnings	299,333	24,079,334	24,913,630
		318,747	**25,641,011**	**28,266,547**
16	**Salaries and allowances**			
	Basic pay	84,962	6,834,651	5,956,036
	Allowances	55,491	4,463,852	5,003,369
	Bonus	15,128	1,216,909	602,721
	Unit's contribution to provident fund	8,170	657,183	576,256
	Retirement benefits and gratuity	-	-	-
		163,750	**13,172,594**	**12,138,381**
17	**Rent, taxes, insurance, electricity, etc.**			
	Rent, rate and taxes	11,184	899,703	859,462
	Insurance	1,308	105,229	90,871
	Power and electricity	7,077	569,276	520,815
		19,569	**1,574,207**	**1,471,148**
18	**Postage, stamp, telecommunication, etc.**			
	Postage	2,651	213,273	193,621
	Telegram, telex, fax and e-mail	-	-	-
	Telephone - office	698	56,171	55,707
	Telephone - residence	-	-	-
		3,349	**269,444**	**249,328**
19	**Stationery, printing and advertisements, etc.**			
	Office and security stationery	4,725	380,093	299,963
	Computer consumable stationery	2,055	165,287	114,748
	Publicity and advertisement	107	8,617	6,635
		6,887	**553,996**	**421,346**

OFF-SHORE BANKING UNITS
Notes the Financial Statements for the year ended 31 December 2017

		2017		2016
		USD	Taka	Taka
20	**Depreciation and repair of Bank's assets**			
	Depreciation			
	Fixed assets	2,814	226,377	337,450
	Leased assets	-	-	-
		2,814	**226,377**	**337,450**
	Repairs			
	Furniture and fixtures	19	1,496	10,468
	Office equipment	1,301	104,669	22,270
	Vehicle	-	-	-
	Maintenance	87	6,974	12,041
		1,406	**113,139**	**44,778**
		4,221	**339,516**	**382,228**
21	**Other expenses**			
	Security and cleaning	16,769	1,348,979	1,391,955
	Entertainment	753	60,568	45,784
	Bank charge & commission	25,284	2,033,903	744,817
	Car expenses	16,179	1,301,457	307,903
	Books, magazines and newspapers, etc.	72	5,758	4,286
	Travel expenses	529	42,518	7,917
	Local conveyance, labor, etc.	919	73,890	66,784
	Training & internship	-	-	-
	Other professional charges	-	-	-
	Exgratia	211	17,000	17,504
	Laundry and cleaning	304	24,465	-
	Miscellaneous expenses	130,175	10,471,733	6,008,902
		191,194	**15,380,272**	**8,595,852**

FINANCIAL STATEMENTS

PRIME BANK INVESTMENT 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

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Prime Bank Investment Limited

We have audited the accompanying financial statements of Prime Bank Investment Limited (the Company) which comprise the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-46 to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Prime Bank Investment Limited as at 31 December 2017, and its financial performance and its Cash Flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Other Matter

The financial statements of Prime Bank Investment Limited for the year ended 31 December 2016 were audited by Howladar Yunus & Co. Chartered Accountants, and an unmodified opinion was expressed on 19 February 2017.

We also report that:

(a) we have obtained all the material 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; and

(c) the Company's financial position and financial performance dealt with by the report are in agreement with the books of account.

Dated, Dhaka
15 March 2018

ACNABI N
Chartered Accountants

Statement of Financial Position
As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31.12.17	31.12.16
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	30,507,630	7,429,503
Investment in Prime Bank Securities Ltd	6	37,500,000	37,500,000
Preliminary and pre-operational expenses	7	1,045,826	1,568,741
Deferred tax asset	8	1,343,612	1,106,144
Total non-current assets		**70,397,068**	**47,604,388**
Current Assets			
Advances, deposits and prepayments	9	5,639,941,099	5,647,450,946
Investment in shares	10	1,286,057,720	1,280,491,784
Prepaid expenses	11	-	254
Advance corporate income tax	12	18,827,403	10,428,589
Cash and bank balances	13	6,002,037	45,844,747
Total current assets		6,950,828,260	6,984,216,321
Total Assets		**7,021,225,328**	**7,031,820,709**
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	14	3,000,000,000	3,000,000,000
General Reserve		28,002,888	28,002,888
Retained earnings		66,646,548	(22,307,687)
Total Equity		3,094,649,436	3,005,695,201
Current Liabilities			
Loan facilities	15	3,228,886,961	3,342,064,734
Liability for withholding taxes	16	3,151,784	52,202
Client's dividend suspense A/C	17	231,494	192,107
Security deposit receipt	18	294,250	44,100
Provision for expenses	19	14,262,991	527,380
Provision for investment and margin loan	20	550,000,000	534,543,359
Corporate income tax payable	21	16,885,515	9,849,809
Accounts payable	22	1,198,941	981,441
Dividend payable	23	10	10
Other payables	24	111,663,946	137,870,365
Total current liabilities		3,926,575,892	4,026,125,508
Total Equity and Liabilities		**7,021,225,328**	**7,031,820,709**

The notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer | Managing Director & CEO | Director | Chairman

ACNABIN
Chartered Accountants

Dated, Dhaka
15 March 2018

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 01 January 2017 to 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
INCOME			
Interest income	25	228,663,893	157,289,993
Settlement fee		60,181,933	27,088,226
Management fee	26	10,161,484	6,669,369
Gain on sale of shares		87,773,489	(64,180,638)
Dividend on shares	27	43,078,924	47,348,429
Underwriting commission	28	50,000	210,000
Issue management fee & Corporate Advisory Fee	29	800,000	500,000
Bank interest on STD accounts	30	454,325	294,755
Documentation fees		35,500	17,500
		431,199,548	**175,237,634**
EXPENDITURE			
Interest expenses	31	224,300,298	289,822,087
Settlement and other fees		5,752,173	4,183,923
Salary and allowances	32	49,861,605	30,436,464
Rent, Taxes, Insurance and Electricity	33	16,517,556	9,440,381
Legal & Professional expenses	34	678,500	211,525
Postage, Stamp and Telecommunication	35	1,167,069	1,123,702
Stationery, Printing and Advertisement	36	1,388,901	836,422
Directors remuneration		504,850	305,600
Auditor's fee		115,000	115,000
Depreciation and Repair of assets	37	3,793,896	3,126,631
Entertainment, Travelling & Conveyance	38	1,956,278	1,185,609
Security expense		2,251,970	2,367,207
Development and Marketing Expenses		9,770,756	-
Other expenses	39	1,931,583	1,812,485
		319,990,435	**344,967,035**
Profit before provision and tax		**111,209,113**	**(169,729,401)**
Add/(Less): Provision for investment and margin loan		(15,456,640)	137,965,252
Profit before tax		**95,752,473**	**(31,764,150)**
Less: Tax expenses	40	(6,798,238)	(10,466,366)
Current Tax expense		7,035,706	10,647,570
Deferred Tax expense/(income)		(237,468)	(181,204)
Profit after tax		**88,954,235**	**(42,230,515)**
Earnings per share	41	**0.30**	**(0.14)**

The notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

Dated, Dhaka
15 March 2018

ACNABIN
Chartered Accountants

Statement of Changes in Equity
For the period ended 31 Decemner 2017

Particulars	Paid up capital Taka	General Reserve	Retained earnings	Total
Balance as at 01 January 2017	3,000,000,000	28,002,888	(22,307,687)	3,005,695,201
Retained Profit for the year	-	-	88,954,235	88,954,235
Balance as at 31 December 2017	3,000,000,000	28,002,888	66,646,548	3,094,649,436
Balance as at 31 Decemebr 2016	3,000,000,000	28,002,888	(22,307,687)	3,005,695,201



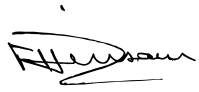
Chief Financial Officer



Managing Director & CEO



Director



Chairman

Dated, Dhaka
15 March 2018

Statement of Cash Flows
For the year ended 31 December 2017

Particulars	Amount in Taka	
	31.12.2017	31.12.2016
Cash Flows from Operating Activities:		
Cash generated from operations	(45,739,861)	(164,784,979)
Advance Income Tax	(65,000)	(30,000)
Advance to branches	(100,573)	(251)
Payment for withholding taxes	(5,154,940)	(3,463,705)
Advance deposit	(195,092)	528,500
Income tax paid	-	-
Net cash used operating activities	**(51,255,466)**	**(167,750,436)**
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(25,992,841)	(229,900)
Dividend received	34,795,542	39,375,425
Sale of shares during the year	935,569,612	418,041,852
Purchase of shares during the year	(878,779,266)	(628,355,007)
Margin Loan recovered/(provided)	12,791,744	105,056,791
Net cash from investing activities	**78,384,791**	**(66,110,839)**
Cash Flows from Financing Activities:		
Proceeds/(Repayments) of loan facilities	(76,972,036)	270,766,018
Dividend paid	-	-
Net cash used in financing activities	**(76,972,036)**	**270,766,018**
Net Cash Inflow/(Outflow) for the Year	(49,842,711)	36,904,743
Opening cash and bank balances	45,844,747	8,940,004
Closing cash and bank balances	**(3,997,963)**	**45,844,747**

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

Dated, Dhaka
15 March 2018

Notes to the Financial Statements
For the year ended 31 December 2017

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 licence in favour of Prime Bank Investment Limitee, 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 2017 to 31 December 2017.

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. 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

Notes to the Financial Statements
For the year ended 31 December 2017

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.

3.2.2 Amortisation 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.

3.6.2 Investment 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. Provision for impairment in value of investment is provided in the financial statements as the investment is having a negative equity (i.e total equity is less than total paid up share capital).

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.

Notes to the Financial Statements
For the year ended 31 December 2017

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 & 2013 and submitted tax return for the year 2014, 2015 & 2016.

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' 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.

(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.

Notes to the Financial Statements
For the year ended 31 December 2017

(d) Incentive Bonus

Prime Bank Investment Limited started an incentive bonus scheme for its employees under which the Board of Directors of the Company approves such bonus in the year in which the Company's performance is good resulting in net profit after tax. Under the scheme, the employees of the Company are given incentive bonus on a lump sum basis which is around 10% of net profit after tax as approved by the Board of Directors. This bonus amount is being distributed among the employees based on their performances. The amount is paid annually,normally in the first quarter of the following year; and the costs are accounted for in the year to 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".

4.1 Revenue Recognition

4.1.1 Interest income

In terms of the provisions of BAS-18 "Revenue", interest income is recognised on an accrual basis. 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.

4.1.2 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.

4.1.3 Fees and commission income

Fees and commission income arising on services provided by the Company are recognised on an accrual basis. 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.

4.1.4 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.

4.1.5 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.

4.2 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.

4.3 Managements' responsibility on financial statements

The management of the company is responsible for the preparation and presentation of these financial statements.

4.4 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 46.

Notes to the Financial Statements
For the year ended 31 December 2017

4.5 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

Name of the 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 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

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Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
5.	**Property, Plant and Equipment**		
	Cost		
	Opening balance	37,452,022	37,222,122
	Add: Additions during the year	25,992,841	229,900
	Less : Disposals	-	-
	Closing balance (A)	**63,444,863**	**37,452,022**
	Accumulated Depreciation:		
	Opening balance	30,022,519	27,933,215
	Add: Charge for the year	2,914,714	2,089,304
	Closing balance (B)	**32,937,233**	**30,022,519**
	Written down value (A-B)	**30,507,630**	**7,429,503**
	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**		
	Opening Balance	1,568,741	2,091,656
	Less : Amortised during the year	522,915	522,915
	Closing Balance	**1,045,826**	**1,568,741**
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 2017	1,106,144	924,940
	Addition/(Reversal) during the year	237,468	181,204
	Deferred tax asset as at 31 Dec 2017	**1,343,612**	**1,106,144**

As per section 38(b) of ITO 1984, (b) if the loss cannot be wholly so set off, the amount of the loss not so set off shall be carried forward to the next assessment year and so on for not more than six successive assessment years. This carry forward of loss will create a temporary tax difference in deferred tax calculation. But para 35 of BAS 12 suggest that the entity recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Being there is no such indication regarding sufficient taxable profit availability; no deferred tax asset was recognized on the business loss.

9.	**Advances, Deposits and Prepayments**		
	Clients' margin loan (9.01)	5,559,563,333	5,585,519,854
	Advance office rent	10,446,853	7,447,459
	Advance deposit	226,792	31,700
	Advance to branches	105,719	5,146
	Receivable from brokers (own)	38,180,418	12,763,583
	Receivable from brokers (clients)	19,565,746	32,281,468
	Receivable from clients	525,000	-
	Utility receivable from brokers	6,854,580	4,117,546
	Car loan	4,281,969	5,036,130
	CCS Staff Loan	190,688	248,060
		5,639,941,099	**5,647,450,946**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
9.01	Client margin loan		
	Gross client margin loan	5,632,902,945	5,675,735,288
	Less: Suspense account	73,339,612	90,215,434
		5,559,563,333	**5,585,519,854**

Margin Loan includes disbursed amount and interest applied thereon after adjusting the payment made by the client, dividend reciceved against the securities in the portfolio and sale of securities. Due to downward trend along with the volatility of capital market over the years, there is a significant uncertainty about the recoverablity of interest and margin loan against most of the loanees with negative equity. Hence, PBIL did not recognize interest income from margin loan in such cases with negative equity and where it is probable that such income will not flow to the company even in some portfolios with positive equity of amounting to Tk. 9.71 crore. However, the management of PBIL will take necessary efforts to recover the margin loan if the market improves.

10. Investment in Shares

	Amount in Taka			
	31.12.2017		31.12.2016	
	Cost Price	Market Price	Cost Price	Market Price
AB Bank 1st MF	4,622,924	4,620,000	-	-
Aamra Network Ltd	535,533	1,338,490	-	-
Aftab Autmobiles Ltd	2,088,628	1,926,000	-	-
Aman Feed Ltd	-	-	6,939,782	6,689,768
Apex Tannery Ltd	5,457,613	5,349,600	-	-
Bangladesh Building System Ltd	13,801,633	11,135,300	-	-
Bangladesh Shipping Corporation	9,525,499	8,172,500	-	-
Bangladesh Submarine Cable Co. Ltd	12,654,769	10,825,500	-	-
Bashundhara Paper Mills Limited	3,458,000	3,458,000		
Bata Shoe company (BD) Ltd	15,129,570	15,045,912	20,031,363	19,414,000
BBS Cables Ltd	14,407,549	12,155,500	-	-
BEXIMCO Pharmaceuticals Ltd	26,011,850	24,912,000	13,023,962	12,836,534
Brac Bank Ltd	-	-	23,406,666	22,755,500
BSRM Steel Ltd	-	-	2,774,304	2,779,360
Confidence Cement Ltd	2,471,439	3,050,000	45,902,471	33,914,000
Delta Spinning Limited	-	-	1,072,549	839,300
DESCO Limited	72,807,178	44,049,359	81,209,079	44,922,260
Doreen Power General & System Ltd	4,976,098	4,510,900	-	-
Eastern Bank Ltd	5,117,665	5,110,000	10,710,747	10,739,019
Evince Textiles Limited	1,631,213	1,394,000	-	-
Fareast Islami Life Insurance Limited	31,664,302	22,022,000	21,647,544	8,145,393
First Janata MF	-	-	32,839,882	25,318,180
Fortune Shoes Ltd.	-	-	100,630	511,200
Generation Next Fashions Limited	-	-	284,563	272,250
Grameen Phone Ltd.	10,986,837	11,063,800	12,666,291	12,969,165
Grameen Mutual Fund Two	4,688,322	4,913,500	-	-
Green Delta MF	12,900,556	11,762,200	12,900,556	9,333,050
Hamid Fabrics Ltd.	-	-	2,478,713	2,500,000
Heidelberg Cement BD Ltd.	22,718,536	18,695,600	-	-
IDLC Ltd	7,706,069	8,530,000	-	-
Information Technology Consultants Ltd	15,791,919	11,977,452	4,541,450	4,408,833
Intl. leasing & Financial Service Ltd.	-	-	1,091,025	1,208,049
Investment Corporation of Bangladesh	3,340,302	3,200,080		

Notes to the Financial Statements
For the year ended 31 December 2017

	Amount in Taka			
	31.12.2017		31.12.2016	
	Cost Price	Market Price	Cost Price	Market Price
IFIL Islamic MF-1	39,213,709	30,903,750	39,213,709	29,255,550
IPDC Finance Limited	9,235,855	9,769,500	-	-
Jamuna Oil	-	-	19,353,839	18,160,000
KDS Accessories Ltd	7,302,564	6,293,700	-	-
KPCL	8,419,796	7,020,000	4,136,280	3,500,000
LankaBangla Finance Ltd	8,410,003	10,755,000	-	-
Lafarge Surma Cement Ltd.	-	-	5,153,588	5,285,598
Linde Bangladesh Ltd	30,318,185	29,193,523	19,917,183	19,180,800
Meghna Cement Mills Limited	-	-	2,678,592	2,228,100
Mercantile Bank Limited	-	-	5,916,108	6,045,013
Midas Financing Ltd.	-	-	664,996	840,000
Nahee Aluminum Composite Panel Ltd	62,246	502,577	-	-
Oimex Electrode Limited	64,800	464,746	-	-
Olympic Industries Ltd.	27,358,182	26,898,390	1,997,141	2,001,350
Padma Islami Life Insurance Limited	-	-	3,423,578	2,185,500
PHP First MF	-	-	33,879,577	26,226,167
Popular Life 1st MF	3,859,781	3,720,000	9,875,281	8,994,191
Popular Life Insurance Co. Limited	40,064,780	26,452,197	22,742,498	10,744,370
Powergrid Co. Limited	41,126,436	29,029,099	41,450,478	30,008,718
Pragati Insurance Limited	40,654,940	11,858,642	40,655,001	10,270,683
Prime Bank 1st ICB AMCL MF	401,456,697	250,974,700	401,456,697	189,926,800
RAK Ceramics Ltd	30,747,747	28,344,680	7,433,997	7,425,091
Shahjibazar Power Co. Ltd	9,466,291	8,591,400	12,959,369	12,249,000
Square Pharmaceuticals	129,798,517	150,900,000	120,412,527	123,804,942
The City Bank Ltd.	8,024,825	7,980,000	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	29,769,849	58,126,253	33,272,184
Yeakin Polymar Ltd.			114,140	381,684
United Power Generation & Distribution	87,852,111	95,258,600	123,624,416	105,075,271
Total	**1,286,057,720**	**1,013,898,045**	**1,280,491,784**	**878,066,873**

Investment in shares has been recorded at cost and adequate provision has been maintained as per BSEC instruction circular reference #BSEC/CMRRCD/2009-193/203 dated 28 December 2017 and Bangladesh Bank circular #03 dated 12 March 2015 irrespective of compliance of BAS-39.

		Amount in Taka	
		31.12.2017	31.12.2016
11	**Prepaid Expenses**		
	Opening balance	254	747,550
	Less: Domain fee for PBIL website	(254)	(1,528)
	Less: Insurance of CEO's car for 2016	-	(56,167)
	Less: CDBL annual a/c maintenance fee	-	(689,600)
		-	**254**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
12	**Advance Corporate Income Tax**		
	Opening balance	10,428,589	8,396,003
	Addition during the year: Income tax withheld from Advance Income Tax		
	Dividend of Aman Feed Limited	8,000	-
	Dividend of Baraka Power Ltd.	-	2,400
	Dividend of Bata Shoe Co. Ltd	35,700	76,500
	Dividend of BEXIMCO Pharmaceuticals Ltd.	-	124
	Dividend of BSCCL	24,000	
	Dividend of City General Insurance	60,000	
	Dividend of Confidence Cement	62,000	502,433
	Dividend of Delta Spinners Ltd	-	10,000
	Dividend of DESCO	194,048	288,255
	Dividend of Eastern Bank Ltd	400,000	-
	Dividend of GBB Power Ltd	-	5
	Dividend of Green Delta MF	122,850	127,850
	Dividend of Fareast Islami Life Ins co. Ltd.	76,995	93,846
	Dividend of Heidelberg Cement	180,000	-
	Dividend of IDLC	52,694	-
	Dividend of IFIL Islamic MF-1	741,690	824,100
	Dividend of Jamuna Oil Ltd	200,000	-
	Dividend of KPCL	39,200	44,800
	Dividend of Lafarge Surma Cement Ltd	-	10,000
	Dividend of Lanka Bangla Finance	60,000	-
	Dividend of Linde Bangladesh Ltd	124,000	-
	Dividend of Meghna Cement Mills Ltd	6,300	-
	Dividend of Mercantile Bank Ltd.	-	115,200
	Dividend of Popular Life Insurance Co. Ltd.	295,963	123,144
	Dividend of Power Grid Company	133,372	281,157
	Dividend of PBL 1st ICB AMCL MF	4,748,170	4,748,170
	Dividend of Pragati Insurance Limited	75,798	81,798
	Dividend of RAK Ceramics Ltd	60,000	-
	Dividend of Social Islami Bank Ltd	223,190	-
	Dividend of SPCL	42,000	-
	Dividend of Square Pharma	-	361,462
	Dividend of The City Bank Ltd	48,000	
	Dividend of The Trust Bank Ltd.	-	2,800
	Dividend of United Power Generation & Distribution Ltd.	-	1,787,851
	Dividend of Titas Gas	269,410	361,723
	Issue management fee of Best Electronics Ltd	-	10,000
	Issue management fee of Fortune Shoes Ltd	-	30,000
	Underwriting commision of IDLC Finance Ltd	5,000	-
	Underwriting commission of GPH Ispat Ltd	-	21,000
	AIT for car	65,000	30,000
	Interest on bank deposit	45,433	29,475
		8,398,814	**9,964,094**
	Less: Payment of Advance tax	-	(7,931,508)
	Closing balance	**18,827,403**	**10,428,589**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
13	**Cash and Bank Balances**		
	Cash in hand	13,263	8,801
	Bank balances with Prime Bank Limited, in		
	Prime Bank Invst Limited Client Withdrw (A/C # 54501)	1,554,486	1,338,969
	Prime Bank Invst Limited Broker Payment (A/C # 54500)	544,876	36,358
	Prime Bank Invst Limited Client Deposit (A/C # 54503)	1,751,480	1,568,716
	Prime Bank Invst Limited Broker Deposit (A/C # 54502)	819,474	8,505,463
	Prime Bank Invst Limited Own(A/C # 54544)	1,283,451	2,805,069
	PBIL Public Issue Application A/C	35,006	31,581,370
		6,002,037	**45,844,747**

14 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:

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**

15 Loan Facilities

Balance of OD facilities from Prime Bank Limited	3,178,368,564	3,183,564,592
Balance of OD facilities from Bank Asia Limited	50,518,397	148,063,588
Loan from Investment Corporation of Bangladesh	-	10,436,554
	3,228,886,961	**3,342,064,734**

PBIL is enjoying OD (General) limit of Tk. 325.00 Crore from Prime Bank Limited, Motijheel Branch bearing interest @ 4.5% per annum on quarterly basis effective from 01 July, 2017.

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.

16 Liability for Withholding Taxes

Opening balance	52,202	21,718
Add: Additions during the year	8,155,898	3,901,878
Payment during the year	(5,056,316)	(3,871,393)
Closing balance	**3,151,784**	**52,202**

17 Client's dividend suspense A/C

Opening balance	192,107	99,389
Add: Additions during the year	39,387	123,079
Less: Payment during the year	-	(30,362)
Closing balance	**231,494**	**192,107**

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.

18 Security Deposit Receipt

Opening balance	44,100	44,100
Add: Additions during the year	250,150	-
Closing balance	**294,250**	**44,100**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
19	**Provision for Expenses**		
	CDBL charges	546,090	371,470
	Auditor's fee	115,000	115,000
	Fees for Financial news coverage on website	-	21,945
	Office Rent	982,253	-
	Electric bill	341,669	-
	Wasa bill,Dilkusha,Oct-Dec'17	52,347	-
	Service & maintenance, Datacraft,Jan-Dec'17	36,000	-
	Ad on Financial Express	23,000	-
	Alpine Water bill	19,480	-
	Printing & Stationary	4,600	-
	Sponsorship	10,000	-
	Plant Maintenance	29,625	-
	Security Expense	332,100	18,540
	Business Development	1,678,534	-
	Telephone Bill Dec'17	25,067	
	Link charge to IT Nov & Dec'17	66,800	
	Internet Bill	425	425
	Incentive bonus to employees	10,000,000	
		14,262,991	**527,380**
20	**Provision for investment and clients' margin loan**		
	Provision for diminution in value of investments (20.1)	89,426,813	172,762,277
	Provision for impairment of client margin loan (20.2)	457,624,746	361,781,083
	Provision for impairment of Investment in PBSL	2,948,441	-
		550,000,000	**534,543,359**

20.01 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. 28 Decemebr 2017.

Opening balance	172,762,277	172,762,277
Add: Provision made for the year	-	-
Less: Reversal of provision during the year	(83,335,464)	-
Closing Balance	**89,426,813**	**172,762,277**

As per BSEC instruction circular reference #BSEC/CMRRCD/2009-193/203 dated 28 December 2017 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 31.12.2017 i.e. Tk.54,431,935/-. We have maintained provision amounting to Tk. 89,426,813/- as on 31.12.2017. The instruction prohibits payment of cash dividend if the company makes less than 100% provision on such unrealized loss.

20.02 Provision for impairment of client margin loan

As per BSEC instruction circular reference #BSEC/CMRRCD/2009-193/203 dated 28 December 2017, provision has been made for impairment of margin loan arising out of year-end (31.12.2017) revaluation of shares purchased through margin loan complying the relevant instruction. Prime Bank Investment Limited has the option to maintain 20% of total impairment of margin loan arising from diminution in value of investments as provision as at 31.12.2017 i.e. Tk.249,003,377/- . We have maintained provision amounting to Tk. 457,624,746/- as on 31.12.2017. The instruction prohibits payment of cash dividend if the company makes less than 100% provision on such impairement of margin loan.

Opening balance	361,781,083	499,746,335
Add: Provision made for the year	95,843,663	
Less: Reversal of provision during the year	-	(137,965,252)
	457,624,746	**361,781,083**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
21	**Corporate Income Tax Payable**		
	Balance as of 1 January 2017	9,849,809	7,133,748
	Add: Tax expenses for the year 2017	7,035,706	9,843,809
	Less: Adjusted during the year	-	(7,127,747)
		16,885,515	**9,849,809**
22	**Accounts Payable**		
	Payable to BEXIMCO	5,750	17,250
	Payable to BTCL	11,046	6,988
	Payable to CDBL	908,636	195,336
	Payable to Marshal Security Ltd	-	35,460
	Payable to Grameen Phone	32,947	10,000
	Payable to Link3 Technolngies Ltd	-	15,180
	Payable to M/s Alpine Fresh Water System Ltd	-	8,758
	Payable to Ornate Security Service Ltd	26,730	53,190
	Payable to Commissioner of Taxes,LTU,Dhaka	-	91,478
	Payable to Commissioner of Taxes,Taxes Zone-14,Dhaka	13,181	19,527
	Payable to DSE	6,000	-
	Payable to Tremendous Media	9,000	-
	Payable to K.I. Trading	5,130	7,030
	Payable to A.M. Printers	3,825	-
	Payable to Watermark	96,696	
	Payable to Cooper's	80,000	
	Payable to Commissioner of Taxes,taxes zone-5,Dhaka	-	800
	Payable to Howladar Yunus & Co	-	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
	Payable to Coopers	-	40,642
		1,198,941	**981,441**
23	**Dividend Payable**		
	Opening balance	10	10
	Add: Dividend payable during the year	-	-
	Less: Payment during the year	-	-
	Closing balance	**10**	**10**
24	**Other Payables**		
	Payable to Brokers	1,335,917	11,080,736
	Payable to Clients (Receivables)	19,565,746	32,281,468
	Payable to Clients (Withdrawals)	1,468,706	173,757
	Payable to Clients (Client Deposit)	525,000	-
	Payable to Clients (Credit Balance)	88,768,577	94,334,404
		111,663,946	**137,870,365**

25 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.

26 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.

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		2017	2016
27	**Dividend on Shares**		
	Aman Feed Ltd	40,000	-
	BSCCL	120,000	-
	Bata Shoe Co (BD) Ltd	414,756	382,500
	Beximco Pharma	-	868
	City General Insurance Co Ltd	300,000	-
	Confidence Cement Ltd	310,000	2,512,166
	DESCO	970,241	1,441,306
	Eastern Bank Ltd	2,000,000	
	Fareast Islami Life Ins co. Ltd.	384,975	469,232
	GBB Power Ltd.	-	24
	Green Delta MF	639,250	639,250
	Heidelberg Cement	900,000	-
	IDLC Finance Ltd.	263,472	-
	IFIL Islamic MF-1	3,708,450	4,120,500
	Jamuna Oil Ltd	1,000,000	
	Khulna Power Company Limited	196,000	224,000
	Lafarge Surma Cement Ltd	-	50,000
	Lanka Bangla Finance	300,000	-
	Linde BD Ltd	620,000	-
	Meghna Cement Mills Ltd	31,500	-
	Mercantile Bank Ltd.	-	576,000
	PBL 1st ICB AMCL MF	23,740,850	23,740,850
	Power Grid Company	666,860	1,405,784
	Pragati Insurance Ltd	379,008	408,992
	Popular Life Insurance Co Ltd	1,479,816	615,720
	RAK Ceramics Ltd	300,000	-
	Social Islami Bank Ltd	1,115,950	-
	Shahjibazar Power Co. Ltd.	210,000	-
	Square Pharma	1,400,743	1,807,980
	The City Bank Ltd	240,000	-
	Titas Gas Transmission & Dist. Co. Ltd.	1,347,052	-
	Trust Bank Ltd.	-	14,000
	United Power Generation & Distribution Company Ltd.	-	8,939,257
		43,078,924	**47,348,429**
28	**Underwriting Commission**		
	IDLC Finance Ltd	50,000	-
	GPH Ispat Ltd	-	210,000
		50,000	**210,000**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		2017	2016
29	**Issue Management & Corporate Advisory Fee**		
	Corporate advisory fee-Regent Spinning Mills Ltd	100,000	-
	Best Electronics Limited	-	50,000
	Green Care Agro	-	150,000
	Fortune shoes Ltd	-	300,000
	Issue Mgt & Corporate Advisory Fee-Everway Yarn Dyeing Ltd	100,000	-
	Corporate Advisory Fee - Genvio Pharma Ltd	50,000	-
	Issue Mgt & Corporate Advisory Fee-Flagship Dhaka CETP (BD) Ltd	300,000	-
	Issue Mgt & Corporate Advisory Fee-Health Complex One Project	250,000	-
		800,000	**500,000**
30	**Bank Interest on STD Accounts**		
	Prime Bank Limited		
	Clients' deposit	105,379	68,170
	Broker's deposit	153,411	73,330
	Own Investment	89,378	74,160
	Public Issue Application A/C	106,158	79,094
		454,325	**294,755**
31	**Interest expenses**		
	Interest on loan from Prime Bank Limited	213,898,212	263,679,619
	Interest on loan from Bank Asia Limited	10,266,121	23,647,533
	Interest on loan from ICB	135,965	2,494,935
		224,300,298	**289,822,087**
32	**Salary and Allowances**		
	Basic pay	19,057,974	14,143,494
	Allowances includes House rent, Medical, Conveyance	14,633,703	12,410,003
	Bonus	13,290,643	2,358,700
	Bank's contribution to provident fund	1,267,301	1,363,167
	Gratuity	1,371,984	-
	Leave Encashment	240,000	-
	Chauffeur Expenses	-	161,100
		49,861,605	**30,436,464**
33	**Rent, Taxes, Insurance and Electricity**		
	Rent, rate and taxes	13,804,355	7,960,468
	Insurance	140,516	88,265
	Electricity, water & service maintenance bill	2,572,685	1,391,647
		16,517,556	**9,440,381**
34	**Legal & professional expenses**		
	Professional charges	563,500	189,750
	Legal fees	115,000	21,775
		678,500	**211,525**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		2017	2016
35	**Postage, Stamp and Telecommunication**		
	Postage & Newspaper	82,933	73,270
	Internet Bill & TV Dish bill	211,432	227,860
	Link Charge	456,794	471,175
	Telephone-office	415,910	351,397
		1,167,069	**1,123,702**
36	**Stationery, Printing and Advertisement**		
	Office and printing stationery & Photocopy	1,388,901	741,221
	Publicity and advertisement	-	95,201
		1,388,901	**836,422**
37	Depreciation, Amortisation and Repair of assets		
	Depreciation/amortisation	2,914,704	2,089,304
	Amortisation of preliminary expenses	522,915	522,915
	Repair and maintenance	356,277	514,412
		3,793,896	**3,126,631**
38	**Entertainment, Traveling & Conveyance**		
	Entertainment	1,665,765	881,503
	Traveling Expenses	78,693	40,136
	Conveyance	211,820	263,970
		1,956,278	**1,185,609**
39	**Other Expenses**		
	Bank charges	132,068	111,940
	Annual renewal fee	168,600	150,000
	Car expenses	417,726	322,737
	Cleaning Expense	151,940	107,435
	Exgratia	229,300	254,400
	Subscription	66,089	87,780
	IT Enable Services	-	410,000
	Labor Charge	46,100	12,036
	Miscellaneous	25,347	80,287
	Other Subscription	79,410	78,228
	Plant Maintenance	125,825	66,600
	Training and internship	410,128	131,042
	Sponsorship	67,500	-
	Souvenir/Calender/Diary	11,550	-
		1,931,583	**1,812,485**

Notes to the Financial Statements
For the year ended 31 December 2017

		Amount in Taka	
		2017	2016

40 Tax Expenses

Current tax expenses

	Head of Income (Tk.)	Applicable tax rate (%)	Tax Liability 31.12.2017 (Tk.)	Tax Liability 31.12.2016 (Tk.)
Capital gains on sale of shares	87,773,489			
Less:Carry forward capital loss	(64,180,638)			
	23,592,851	10%	2,359,285	
Dividend on shares	43,078,924			
Less: Exemption	(25,000)			
	43,053,924	20%	8,610,785	9,843,809
Business income	-	37.5%	-	-
			10,970,070	**9,843,809**
Adjustment for the AY 2014-2015			(3,934,364)	803,761
Current Tax Expenses			**7,035,706**	**10,647,570**
Deferred tax expense/(Income)			(237,468)	(181,204)
			6,798,238	**10,466,366**

41 Earnings per share

Net profit after tax	88,954,235	(42,230,515)
Weighted average outstanding number of shares	300,000,000	300,000,000
	0.30	**(0.14)**

42 Payment to Directors & Officers

Disclosure as per requirement of schedule XI, Part II, Para 4 of Company Act 1994

Particulars	Managing Director	Others
Basic Salary	4,879,215	
House Rent	1,501,302	
Conveyance	-	
Medical	1,125,971	
Bonus/ incentives	975,843	
Total	**8,482,331**	

* Directors represent Managing Director only.

* No benefits other than the monthly emoluments is given to the Managing Director.

43 Employee position for Prime Bank Investment Limited

Disclosure as per requirement of schedule XI part II of Company Act 1994

Officer/Staff	Worker	Total Employees	Total amount
27	-	27	24,515,410

44 Aging analysis of Debtors:

Particulars	1-3 Months	4-6 Months	Above 6 months
Receivable from brokers (own)	38,180,418	N/A	N/A
Receivable from brokers (clients)	19,565,746	N/A	N/A
Receivable from clients	525,000	N/A	N/A

45 Others

45.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

45.2 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

45.3 Wherever considered necessary, previous year's figures have been rearranged to conform to current year's presentation and for the purpose of comparison.

Notes to the Financial Statements
For the year ended 31 December 2017

46 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	3,183,564,592	1,799,854,347	1,805,050,375	3,178,368,564
Prime Bank Ltd,Head office	Mutual agreement for sharing 27.65% space of Uttara br (2nd fl)	Collection of Facility charges				
Prime Bank Securities Ltd.	Associate company	Equity investment (5% of total equity Tk. 75 Cr)	37,500,000	-	-	37,500,000
Prime Bank Securities Ltd.	Prime Bank Securities Ltd is a enlisted broker of PBIL & shared the facility charges 16.67"% on Dilkusha office (Rent, Electricity & Wasa)	Collection of Facility charges				
Prime Bank Ltd, Uttara br.	Mutual agreement for sharing 50% space of Uttara br (2nd fl)	Collection of Facility charges	-			-
M Farhad Hussain, FCA Representing Prime Bank Ltd.	Chairman	Board meeting attendance fee	-	75,000	-	75,000
Ms. Saheda Pervin Trisha Representing Prime Bank Ltd.	Vice Chairperson	Board meeting attendance fee	-	52,000	-	52,000
Ms. Firoja Amin Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	70,000	-	70,000
Dr. GM Khurshid Alam	Independent Director	Board meeting attendance fee	-	59,000	-	59,000
Ahmed Kamal Khan Chowdhury	Director	Board meeting attendance fee	-	62,000	-	62,000
Capt. Imam Anwar Hossain Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	18,000	-	18,000

INVESTOCK

Notes to the Financial Statements
For the year ended 31 December 2017

Details of property, plant and equipment at 31 December 2017

Amount in Taka

Particulars	Cost				Depreciation					Written down value at 31 Dec 2017
	Balance at 01 January 2017	Additions	Adjustment/ Disposal during the year	Total at 31 Dec 2017	Rate %	Balance at 01 January 2017	Charge during the year	Adjustment/ Disposal during the period	Total at 31 Dec 2017	
Furniture and fixtures	15,730,848	291,870	-	16,022,718	10	10,274,459	1,577,901	-	11,852,360	4,170,358
Office equipments	13,129,826	3,108,705	-	16,238,531	20	12,827,836	241,941	-	13,069,777	3,168,754
Vehicles	4,320,000	8,250,000	-	12,570,000	20	4,320,000	668,243	-	4,988,243	7,581,757
Books	10,172	-	-	10,172	20	7,970	512	-	8,482	1,690
Capital Work-In-Progress	-	14,342,266	-	14,342,266	-	-	-		-	14,342,266
Sub-total (a)	33,190,846	25,992,841	-	59,183,688		27,430,266	2,488,596	-	29,918,862	29,264,826
Amortization										
Software	4,031,176	-	-	4,031,176	10	2,542,933	403,118	-	2,946,050	1,085,126
Website	230,000	-		230,000	10	49,322	23,000	-	72,322	157,678
Sub-total (b)	**4,261,176**	**-**	**-**	**4,261,176**		**2,592,255**	**426,118**	**-**	**3,018,372**	**1,242,804**
Grand Total at 31 Dec 2017 (a+b)	**37,452,022**	**25,992,841**	**-**	**63,444,864**		**30,022,521**	**2,914,714**	**-**	**32,937,234**	**30,507,630**

- Property, Plant and Equipment does not include any lease hold asset.
- All asset is owned by Prime Bank Investment Limited.

LIBSTOCK

FINANCIAL STATEMENTS
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

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Prime Bank Securities Limited

We have audited the accompanying financial statements of Prime Bank Securities Limited (the Company) which comprise the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-31 to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Prime Bank Securities Limited as at 31 December 2017, and its financial performance and its Cash Flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Emphasis of Matters

Without qualifying our opinion as above, we draw attention to the following matters:

1. In note # 5.02 to the financial statements, the company discloses reasons behind showing the 40% free portion of shares in Dhaka Stock Exchange and Chittagong Stock Exchange as "Current Assets".
2. In note # 13.01 to the finansial statements, the Company explains about reasons behind showing Overdraft (General) facility as "Non-Current Liabilities".

Other Matters

1. Managment has not set aside 5% of its net profit as Worker Profit Participation Fund which is not as per the requirment of Bangladesh Labor Act 2006.
2. The financial statements of Prime Bank Securities Limited for the year ended 31 December 2016 were audited by Howlader Yunus & Co. Chartered Accountants , and an unmodified opinion was expressed on 19 February 2017.

We also report that:

(a) we have obtained all the material 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; and
(c) the Company's financial position and financial performance dealt with by the report are in agreement with the books of account.

Dated, Dhaka
21 March 2018

ACNABI N
Chartered Accountants

Statement of Financial Position
as at 31 December 2017

Particulars	Note	Amount in Taka	
		31.12.2017	31.12.2016
ASSETS			
Non-Current Assets			
Fixed assets	3.00	9,799,540	218,190
Intangible assets	4.00	102,758	115,448
Deferred tax	15.02	780,486	776,323
Long Proprietary Securities Positions (60% Blocked Share)	5.01	398,400,000	398,400,000
Total Non-Current Assets (A)		**409,082,783**	**399,509,961**
Current Assets			
Long Proprietary Securities Positions (40% Blocked Share)	5.02	265,600,000	265,600,000
Advances, deposits and prepayments	6.00	4,019,080	231,300
Advance income tax	7.00	64,342,135	53,038,090
Investment in securities	8.00	122,934,185	78,113,193
Accounts receivable	9.00	26,876,671	32,022,850
Loan to customers		303,394,498	354,629,060
Cash and cash equivalents	10.00	98,521,384	107,401,134
Total Current Assets (B)		**885,687,953**	**891,035,627**
Total Assets (A+B)		**1,294,770,736**	**1,290,545,588**
EQUITY & LIABILITIES			
Capital & Reserves			
Share capital	11.00	750,000,000	750,000,000
Retained earnings	12.00	(58,315,338)	(58,968,820)
Shareholders equity (C)		**691,684,662**	**691,031,180**
Non-Current Liabilities			
Over Draft (General) - Long Term	13.01	433,499,527	-
Total Non-Current Liabilities (D)		**433,499,527**	**-**
Current Liabilities			
Over Draft (General) - Short Term	13.02	-	450,927,671
Accounts payable	14.00	97,903,151	101,087,508
Provision for taxation	15.00	35,429,824	23,598,612
Provision for diminution in value of investment in shares	16.00	8,348,609	6,173,367
Provision for impairment of margin loan	17.00	25,885,007	15,931,966
Provision for expenses	18.00	2,019,956	1,795,304
Total Current Liabilities (D)		**169,586,547**	**599,514,408**
Total Equity & Liabilities (C+D+E)		**1,294,770,736**	**1,290,545,588**

These financial statements should be read in conjunction with annexed notes 1 to 31.

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

Dated, Dhaka
21 March 2018

ACNABIN
Chartered Accountants

Statement of Comprehensive Income
for the period ended on 31 December 2017

Particulars	Note	Amount in Taka	
		2017	2016
Operating Income			
Revenue from brokerage commission	19.00	35,429,471	21,410,038
Interest income	20.00	38,781,210	6,512,675
Other income	21.00	205,468	322,598
Capital Gain	22.00	7,826,975	-
Dividend Income	23.00	12,243,026	11,813,328
Total operating income (A)		**94,486,150**	**40,058,639**
Operating expenses	24.00	35,965,346	25,320,741
Financial expenses	25.00	27,995,991	34,540,701
Direct expenses	26.00	5,183,949	3,555,233
Capital loss on Investment in Share		-	2,954,057
Total operating expenses (B)		**69,145,286**	**66,370,732**
Operating profit before provision C=(A-B)		**25,340,864**	**(26,312,093)**
Less: Provision for diminution in value of investment in shares	16.00	2,175,241	-
Provision for impairment of margin loan	17.00	10,685,091	-
Total provision (D)		**12,860,332**	**-**
Operating profit before taxation E=(C-D)		**12,480,532**	**(26,312,093)**
Current tax	15.01	11,831,212	2,362,666
Deferred tax	15.02	(4,162)	167,551
Total provision for tax (F)		11,827,050	2,530,216
Net profit after tax [G=E-F]		**653,482**	**(28,842,309)**
Earnings per share	27.00	**0.0087**	**(0.3846)**

These financial statements should be read in conjunction with annexed notes 1 to 31.

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

Dated, Dhaka
21 March 2018

ACNABIN
Chartered Accountants

Statement of Changes in Equity
for the period ended on 31 December 2017

Particulars	Share capital	Retained earnings	Total
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
Balance as at January 01, 2017	750,000,000	(58,968,820)	691,031,180
Profit for the year 2017	-	653,482	653,482
Balance as at September 2017	750,000,000	(58,315,338)	691,684,662

These financial statements should be read in conjunction with annexed notes 1 to 31.

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

Dated, Dhaka
21 March 2018

Statement of Cash Flows
for the year ended 31 December 2017

	Particulars	Note	Amount in Taka	
			31.12.2017	31.12.2016
A	**Cash flow from operating activities**			
	Cash inflows from Brokerage Commission & charges		40,781,118	(3,525,501)
	Cash inflows from Investment Income		58,851,210	11,031,146
	Cash Outflows to Suppliers & Employees		(45,515,088)	52,751,920
	Commission & charges Paid		(5,183,949)	(3,555,233)
	Income taxes paid		(11,304,045)	(21,591,929)
	Financial expenses Paid		(27,995,991)	(34,540,701)
	Net cashflow from operating activities		**9,633,255**	**569,702**
B	**Cash flow from investing activities**			
	Acquisition of Fixed assets		(10,775,352)	(50,000)
	Acquisiton of Intangible assets		(52,250)	(69,000)
	Disposal of Fixed Assets		3,329,150	
	Investments in securities		(44,820,992)	9,512,941
	Dividend receipts		-	4,340,799
	Net cash flows from investing activities		**(52,319,444)**	**13,734,740**
C	**Cash flows from financing activities**			
	Issue of share capital		-	-
	Dividend paid		-	-
	Borrowing/ (Paid) Loan from Bank		(17,428,124)	74,999,669
	Loans to customers		51,234,562	(4,006,159)
	Net cash from financing activities		**33,806,438**	**70,993,510**
D	**Net cash increase / (decrease) (A+B+C)**		**(8,879,751)**	**85,297,952**
E	**Cash and cash equivalents at the beginning of the year**		**107,401,135**	**22,103,183**
F	**Cash and cash equivalents at the end of the year (D+E)**		**98,521,384**	**107,401,135**
	Cash in hand		13,004	20,906
	Cash at Bank		98,508,380	107,380,229
			98,521,384	**107,401,135**

These financial statements should be read in conjunction with annexed notes 1 to 31.

Chief Financial Officer | **Managing Director & CEO** | **Director** | **Chairman**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

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 Ltd. and Chittagong Stock Exchange Ltd. 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 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 2017 to 31 December 2017

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.

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

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:

Category of assets	Rate(%)
Furniture and fixtures	20
Office equipment	25
Air conditioners	25
Computer and hardwares	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 lesscharges to Statement of 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.

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

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 Preliminary and pre-operating expenses

These are recognized 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. These are amortized over 3 years from the year of their first utilization at the rate of Tk. 631,372, Tk. 614,122 and Tk. 614,121 for the year 2011, 2012 and 2013 respectively.

1.14 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.

1.15 Provision for taxation

Provision for current income tax has been made in compliance with relevant provisions of Income Tax law.

1.16 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".

1.17 Incentive bonus

Prime Bank Securities Ltd. started a incentive bonus scheme for its employees based on profitability. This bonus amount is being distributed among the employees based on their performance. The cost are accounted for the period to which it relates.

1.18 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".

1.19 Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

1.20 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.

1.21 Capital gain on sale of share

Capital gain on investments in shares is recognized when it is realized.

1.22 Fees income

Fees income arises on services provided by the Company are recognized on accrual basis.

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

1.23 Dividend income on shares

Dividend income on shares is recognized when the shareholder's right to receive payment is established.

1.24 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.

1.25 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.

1.26 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 Managment's 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.

AMARSTOCK

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
3.00	**Fixed assets less depreciation**		
	Office equipment	1,523,534	1,255,574
	Vehicle	3,371,700	338,700
	Air conditioners	-	1,135,500
	Computer & hardware	5,728,004	5,209,104
	Furniture & fixtures	6,955,492	2,193,650
		17,578,730	**10,132,528**
	Depreciation	9,914,339	9,433,848
	Opening balance	3,320,098	
	Less : Sale/Disposal of Fixed Assists	6,594,241	
		1,184,949	480,491
	Add: Charged during the year	**7,779,190**	**9,914,339**
	Closing balance	**9,799,540**	**218,189**
4.00	**Intangible assets**		
	Back office software-Broker	1,163,250	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	69,000
		1,649,125	**1,596,875**
	Amortization		
	Opening balance	1,481,427	1,226,953
	Add: Amortization during the year	64,940	254,474
	Closing balance	1,546,367	1,481,427
		102,758	**115,448**
	Details shown in Annexure-A		
5.00	**Long proprietary securities positions at market value***		
	Shares in DSE**	5.01	507,500,000	507,500,000
	Shares in CSE**	5.02	156,500,000	156,500,000
			664,000,000	**664,000,000**

*The company has received a Trading Right Entitlement Certificate (TREC) from Dhaka Stock Exchange Limited (DSE) and also from Chittagong Stock Exchange Limited (CSE) against their DSE and CSE memberships, as stated in Note# 6 below. Though these two TRECs are intangible assets, no value has been assigned to, and recorded against, the same. This is because TREC is not a commonly tradable instrument and no purchase/ sale transaction has yet occurred after demutualization.

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

	Amount in Taka	
	31.12.2017	31.12.2016
5.01 Long Proprietary securities positions at market value (60% Blocked Share)		
Shares in DSE**	304,500,000	304,500,000
Shares in CSE**	93,900,000	93,900,000
	398,400,000	398,400,000

* 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 favour 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.

The 60% shares (DSE shares 43,29,064 and CSE shares 25,72,398) were kept in blocked accounts as per the provisions of the Exchange Demutualization Act, 2013, and as such the value of these shares have been classified as Long Propriertary Securities Position (Blocked Share) and considered under non-current assets in the books of accounts. Moreover from August 2017 onward these 60% shares have not been shown as "Long Proprietary securities positions" in the monthly report on Net Capital Balance as prescribed in rule 3(4) of the Securities and Exchange Rules 1987 to the stock exchnages.

As there is no active market for shares DSE and CSE, we have shown the value at original cost of our investment in accordance with paragraph B 5.2.3 of BFRS 9, " .....cost can be considered as an estimate of fair value if insufficient more recent information is available to measure fair value". Prior year's balances have been rearranged accordingly.

5.02 Long Proprietary securities positions at market value (40% Free Share)		
Shares in DSE**	203,000,000	203,000,000
Shares in CSE**	62,600,000	62,600,000
	265,600,000	**265,600,000**

** 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 favour 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 credited to the Beneficiary Owner's account of the Company which is 40% of the total holding of the shares. Meanwhile, PBSL has intended to sell 40% of it's curent holding and take initiative accordingly. Moreover from July 2017 onward only these 40% shares have (instead of 100%) been shown as "Long Proprietary securities positions" in the monthly report on Net Capital Balance as prescribed in rule 3(4) of the Securities and Exchange Rules 1987 to the stock exchnages. Considering above, the value of these 40% shares have been considered under current assets of the accounts.

As there is no active market for shares DSE and CSE, we have shown the value at original cost of our investment in accordance with paragraph B 5.2.3 of BFRS 9, " .....cost can be considered as an estimate of fair value if insufficient more recent information is available to measure fair value". Prior year's balances have been rearranged accordingly.

6.00 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
Advance Against IPO	553,280	-
Advance Rent	3,034,500	-
Advance to LEAD Soft Bangladesh Limited	200,000	-
	4,019,080	**231,300**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

			Amount in Taka	
			31.12.2017	31.12.2016
7.00	**Advance income tax**			
	Dhaka Stock Exchange-Broker	7.01	51,515,661	43,127,417
	Chittagong Stock Exchange-Broker	7.02	198,537	193,399
	Dhaka Stock Exchange-Dealer	7.03	454,538	338,753
	Income from dividend	7.04	2,412,176	1,947,197
	Income from interest on deposit-Broker	7.05	973,885	643,757
	Income from interest on deposit-Dealer	7.06	41,896	5,617
	Direct Income Tax	7.07	4,823,463	4,823,463
	Chittagong Stock Exchange-Dealer	7.08	6,977	986
	Income from Dividend -DSE & CSE	7.09	3,915,002	1,957,501
			64,342,135	**53,038,090**
7.01	**Dhaka Stock Exchange-Broker**			
	Opening Balance		43,127,417	37,927,748
	Add: AIT for the year		8,388,244	5,199,669
			51,515,661	**43,127,417**
7.02	**Chittagong Stock Exchange-Broker**			
	Opening Balance		193,399	183,641
	Add: AIT for the year		5,138	9,758
			198,537	**193,399**
7.03	**Dhaka Stock Exchange-Dealer**			
	Opening Balance		338,753	278,440
	Add: AIT for the year		115,785	60,313
			454,538	**338,753**
7.04	**Income from dividend**			
	Opening Balance		1,947,197	1,079,089
	Add: AIT for the year		464,979	868,108
			2,412,176	**1,947,197**
7.05	**Income from interest on deposit-Broker**			
	Opening Balance		643,757	438,275
	Add: AIT for the year		330,128	205,482
			973,885	**643,757**
7.06	**Income from interest on deposit-Dealer**			
	Opening Balance		5,617	3,086
	Add: AIT for the year		36,279	2,531
			41,896	**5,617**
7.07	**Direct Income Tax**			
	Opening Balance		4,823,463	4,519,550
	Add: AIT for the year		-	303,913
			4,823,463	**4,823,463**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
7.08	**Chittagong Stock Exchange-Dealer**		
	Opening Balance	986	-
	Add: AIT for the year	5,991	986
		6,977	**986**
7.09	**Income from Dividend -DSE & CSE**		
	Opening Balance	1,957,501	-
	Add: AIT for the year	1,957,501	1,957,501
		3,915,002	**1,957,501**
		64,342,135	**53,038,090**
8.00	**Investment in securities**		
	AB Bank 1st Mutual Fund	10,958,213	1,220,000
	The ACME Laboratories Limited	1,492,513	-
	AFC Agro Biotech Limited	171,876	
	Aman Feed Limited	-	36,632
	Bangladesh Thai Aluminum Limited	-	501,150
	Bangladesh Shipping Corporation	-	2,526,065
	Bangladesh Submarine Cable Company Limited	11,152,639	
	BEXIMCO Pharma	1,053,940	
	The City Bank Ltd.	-	4,578,419
	DESCO	19,241,464	18,273,243
	First BD Fixed Income Fund	6,805,100	-
	Fortune Shoes Limited	-	2,702,500
	Grameens MFO Scheme 2	-	2,455,700
	Heidelberg Cement Bangladesh Ltd	1,052,593	-
	Information Technology Consultants Limited (ITC)	2,013,125	-
	Keya Cosmetics Limited	51,872	-
	Lafarge Surma Cement Ltd	-	612,147
	Lankabangla Finance Ltd.	-	12,276,550
	Mercantile Insurance Limited	1,043,000	1,043,000
	Mithun Knitting Limited	-	82,500
	NAHEEACP	62,247	-
	National Feed Meal Limited	-	1,047,500
	OIMEX	64,800	-
	Olympic Limited	3,387,001	-
	Padma Oil	5,267,420	5,267,420
	Phonix Finance and Investment Ltd.	6,630,850	6,630,850
	Popular Life Insurance Limited	-	712,000
	Popular 1st Mutual Fund	7,220,411	-
	Power Grid Limited	17,373,398	5,838,806
	Rupali Insurance Limited	435,353	
	Qasam Drycell Limited	-	989,876
	Summite Alliance Port Limited	-	494,000
	Titas Gas & Distribution Limited	6,886,737	-
	Trust Bank 1st Mutual Fund Limited	7,358,848	1,260,000
	UPGDCL	-	3,592,100
	Uttara Bank Ltd.	7,645,989	5,972,735
	WMSHIPYARD	5,564,796	-
	Total cost price	**122,934,185**	**78,113,193**
	Find Details in Annexure-B		

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
9.00	**Accounts receivable**		
	Receivable from Dhaka Stock Exchange Ltd.	22,449,801	27,165,877
	Receivable from Dhaka Stock Exchange Ltd. (Dealer Account)	4,382,849	325,000
	Receivable from Chittagong Stock Exchange Ltd.	-	65,100
	Receivable from Chittagond Stock Exchange Ltd. (Dealer Account)	-	1,530,988
	Receivable from Prime Bank Investment Ltd.	44,021	2,935,885
		26,876,671	**32,022,850**

Aging Schedule of Accounts Receivable

Name of Clients	0-30 Days	30-60 Days	60-90 Days	Above 90 Days
Dhaka Stock Exchange Ltd.	22,449,801	-	-	-
Dhaka Stock Exchange Ltd. (Dealer Account)	4,382,849	-	-	-
Chittagong Stock Exchange Ltd.	-	-	-	-
Chittagond Stock Exchange Ltd. (Dealer Account)	-	-	-	-
Prime Bank Investment Ltd.	44,021	-	-	-
	26,876,671	-	-	-

10.00	**Cash and cash equivalents**		
	Cash in Hand	13,004	20,906
	Cash at Bank:		
	One Bank Limited (SND)-DSE Broker	79,053,159	46,901,176
	One Bank Limited (CD)-DSE Broker	-	898,516
	One Bank Limited (SND)-DSE Dealer	11,765,262	6,709,727
	Prime Bank Limited (CD)-Operation	1,332,065	208,948
	Prime Bank Limited (CD)-CSE Dealer	1,775,714	445,317
	Prime Bank Limited (CD)-CSE Broker	4,471,992	21,962,042
	Prime Bank Limited (SND)-IPO A/C	110,188	30,254,502
		98,508,380	**107,380,228**
		98,521,384	**107,401,134**
11.00	**Share capital**		
	Authorized capital		
	150,000,000 ordinary shares of Tk.10 each	**1,500,000,000**	**1,500,000,000**
	Issued, subscribed and paid-up capital		
	75,000,000 ordinary shares of Taka 10 each issued and fully paid each	**750,000,000**	**750,000,000**
	Shareholding position of the company is as under	Number of shares	Taka
	Prime Bank Limited	71,250,000	712,500,000
	Prime Bank Investment Limited	3,750,000	37,500,000
		75,000,000	**750,000,000**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

			Amount in Taka	
			31.12.2017	31.12.2016
12.00	**Retained earnings**			
	Opening balance		(58,968,820)	(30,126,511)
	Add: Net profit during the year		653,482	(28,842,309)
			(58,315,338)	(58,968,820)
	Less: Dividend		-	-
	Closing balance		**(58,315,338)**	**(58,968,820)**
13.00	**Loan from Bank**			
	Loan from Bank- Long Term Loan	13.01	433,499,527	-
	Loan from Bank - Short Term Loan	13.02	-	450,927,651
			433,499,527	**450,927,651**
13.01	**Overdraft (General) - Long Term**		**433,499,527**	**-**

This amount represents renewable OD (Gen) facility from Prime Bank Limited, the parent company of Prime Bank Securities Limited. The loan has renewed vide sanction advise no. Prime/HO/CAD/CnIB/2018/69, Dated: January 02, 2018 for a period of 12 Months . The facility was initially provided on September 2011 with a limit of Tk.24 crore. The amount of facility was increased to the current limit of Tk 550,000,000 on 18 March 2013. The bank has extended the loan facility to PBSL to repay the loan after 24 months of being called, if required, on its 474th Board Meeting dated 25 February 2018. As per BAS 1, Para 73 & 75, the loan has been shown as Non-current liability instead of Current Liability. Prior year balance has not been recognized, since the condition about the minimum repayment period of 24 months after being called by Bank was not there in the prior year.

13.02	**Overdraft (General) - Short Term**		**-**	**450,927,651**
	Refer to the Note 13.01 for explanation.			
14.00	**Accounts Payable**		-	
	Security Deposits		165,680	129,020
	Payable to DSE		183,902	4,787,460
	Payable to DSE DLR		2,534	244
	Payable to CSE		-	52
	Payable to CSE DLR		-	1,111
	Payable to CDBL		21,848	71,943
	Payable to Customer (Credit Balance)		37,290,483	58,351,669
	Payable in transit (General)		16,578,351	8,624,890
	Cheque in transit (PBIL)		20,306,902	21,863,161
	Cheque in transit (026)		23,103,137	6,988,118
	Payable in transit CSE (General)		-	64,840
	VAT Payable		111,753	
	Tax Payable		138,561	
	Client Balance-IPO		-	205,000
			97,903,151	**101,087,508**
15.00	**Provision for taxation**			
15.01	**Current tax**			
	Opening balance		23,598,612	34,219,614
	Add: Provision for the during year		11,831,212	2,362,666
	Less: Settlement during the period		-	12,983,668
	Closing balance		**35,429,824**	**23,598,612**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
15.02	**Deferred tax**		
	Opening balance	(776,323)	(943,874)
	Add: Provision for the during year	(4,162)	167,551
	Less: Adjustment during the year	-	-
	Closing balance	**(780,486)**	**(776,323)**
		34,649,339	**22,822,289**

The provision for income tax has been calculated based on the profit before provision considering admissible & inadmissble expenses as per provision of the Income Tax Ordinance 1984.

16.00 Provision for diminution in value of investment in shares

Opening balance	6,173,367	6,173,367
Add: Addition during the year	2,175,241	-
	8,348,609	**6,173,367**

* As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, Prime Bank Securities Ltd has the option to maintain provision @ 20% of total unrealized loss arising from diminution in value of investments as at 31/12/2017. i.e. Tk. 2,782,870. But, we have maintained provision amounting to Tk. 8,348,609.00 which is 60% of total unrealized loss as of 31/12/2017 except mutual fund.

**As per BSEC directive no. SEC/CMRRCD/2009-193/172; Dated 30 June, 2015, No provision has been made against unrealized loss on investment in closed end mutual funds as average cost price (CP) of each mutual fund is lower than or equal to 85% of the net asset value at current market price (NAVcmp). i.e. CP<= NAVcmp*85%

See Details in Note 8 and Annexure B

17.00 Provision for impairment of margin loan

Opening balance	15,931,966	15,931,966
Add: Addition during the year	10,685,091	-
Less : Writte Off during the year	(732,049)	-
	25,885,007	**15,931,966**

* As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, Prime Bank Securities Ltd has the option to maintain provision @ 20% of total negative equity arising from margin loan as at 31/12/2017. i.e. Tk. 86,28,336. But, we have maintained provision amounting to Tk. 25,885,007 which is 60% of total negative equity balance as of 31/12/2017.

18.00 Provision for expenses

Internet bill	20,000	10,350
Security and cleaning	-	46,350
Water bill	4,000	3,000
Telephone bill	35,000	25,000
Office rent	-	683,056
Electricity bill	130,000	175,000
Wasa bill	28,000	25,000
Fuel Expenses-Generator	2,000	3,000
Audit fee	115,000	115,000
Salary & Allowance	-	136,079
Incentive bonus	1,517,556	166,173
WAN Connectivity	48,400	33,350
Software maintenance	120,000	120,000
Professional fees	-	57,500
Leave fare Assistance	-	9,167
Car Allowance	-	42,333
Howla CSE	-	144,946
	2,019,956	**1,795,304**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
19.00	**Revenue from brokerage commission**		
	Commission from PBIL		
	Dhaka Stock Exchange	17,516,727	11,024,660
	Chittagong Stock Exchange	2,063	-
		17,518,790	**11,024,660**
	Commission from PBSL		
	Dhaka Stock Exchange	17,874,066	10,330,130
	Chittagong Stock Exchange	36,615	55,248
		17,910,681	10,385,378
		35,429,471	**21,410,038**
20.00	**Interest income**		
	Interest income from margin loan	35,117,057	4,432,632
	Interest on deposits	3,664,153	2,080,043
		38,781,210	**6,512,675**
21.00	**Other operating income**		
	BO Opening charge	25,000	23,442
	CDBL income	11,897	195,322
	Discount on Insurance	-	6,246
	Certification Fee	-	600
	BO Account Maintenance Fee	69,500	92,300
	Margin A/C Annul Maintenance Fee	93,500	-
	Account Closing Charge	3,536	2,158
	Cheque Dishonor Charge	-	200
	IPO Income	2,035	2,330
		205,468	**322,598**
22.00	**Capital Gain**		
	Gain from Investment in Share	7,570,227	(2,954,057)
	Gain on Sale of Fixed Assets	256,748	-
		7,826,975	**(2,954,057)**
23.00	**Dividend Income**		
	Dividend Income from DSE	7,215,106	7,215,106
	Dividend Income from CSE	2,572,398	2,572,398
	Dividend Income from Investment in Share	2,455,522	2,025,824
		12,243,026	**11,813,328**

AMAR STOCK

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

			Amount in Taka	
			31.12.2017	31.12.2016
24.00	**Operating expenses**			
	Salary & allowances	24.01	**16,799,746**	**12,748,764**
	Festival Bonus		1,731,742	1,158,593
	Incentive Bonus		1,351,381	
	Office rent		7,470,725	4,913,366
	Utility bills	24.02	**1,967,694**	**1,754,554**
	Repair & maintenance		3,450	6,900
	Conveyance and traveling		76,765	35,535
	Postage & Courier		8,635	2,266
	Board Meeting Attendance Fees		200,100	112,700
	Stationery		114,289	70,939
	Printing		22,540	40,680
	Business Development Expenses		150,927	-
	Advertisement		39,150	155,250
	Legal Fee		-	133,000
	Audit Fee		115,000	115,000
	Fees and renewal	24.03	**429,404**	**311,365**
	Professional fee		681,206	385,750
	Depreciation and amortization	24.04	**1,249,889**	**734,965**
	Donation		40,000	-
	Assets Insurance		-	28,729
	Training expenses		78,210	27,000
	Office Supply		90,672	68,289
	Security & Cleaning		666,169	454,230
	Newspaper & magazine		26,037	15,585
	Computer accessories		144,834	130,426
	Entertainment		462,689	745,095
	Vehicle expenses		920,128	515,009
	Cleaning Material		67,124	45,558
	Car Allowance		947,384	611,195
	Bidding Fee		5,000	-
	Misc Expenses		10,000	
	Office Shifting Cost		94,456	-
			35,965,346	**25,320,741**
24.01	**Salary & allowances**			
	Basic salary		9,470,046	7,106,886
	House rent		3,987,075	3,033,000
	Conveyance allowance		349,226	300,000
	Medical allowance		1,248,987	1,003,992
	Provident fund		927,639	710,685
	Leave fare assistance		816,773	594,201
			16,799,746	**12,748,764**

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
24.02	**Utility bills**		
	Electricity bill	1,028,679	870,043
	Telephone bill	273,904	226,342
	Wasa bill	125,872	102,386
	Fuel-Generator	213	5,352
	Water bill (Drinking)	38,626	26,031
	Internet bill	118,000	124,200
	WAN Connectivity	382,400	400,200
		1,967,694	**1,754,554**
24.03	**Fees & renewal**		
	Dhaka Stock Exchange Ltd	20,700	24,000
	Chittagong Stock Exchange Ltd	122,000	20,000
	Register of Joint Stock Companies & Firms	20,414	28,000
	Central Depository Bangladesh Limited	4,600	9,100
	Trade Licence Fees	24,490	35,265
	TREC Renewal - Dhaka Stock Exchange Ltd	50,000	50,000
	TREC Renewal - Chittagong Stock Exchange Ltd	50,000	50,000
	Trade Certificates Renewal	115,000	65,000
	DBA Membership Subscription	-	25,000
	Fee of TREC Holder Replacement	-	5,000
	Entrance Fee	1,200	-
	IPO Subscription Fee (DLR)	11,000	-
	TWS Shifting Charge	5,000	-
	New Branch Application Fee	2,500	-
	Office Relocation Fee	2,500	-
		429,404	**311,365**
24.04	**Depreciation & amortization**		
	Furniture & fixture	964,426	343,850
	Computer & hardware	111,422	62,648
	Office equipment	25,016	6,253
	Air conditioner	-	-
	Vehicles	84,085	67,740
		1,184,949	**480,491**
	Software	64,940	254,474
		1,249,889	**734,965**
25.00	**Financial Expenses**		
	Bank charge & commission	107,485	64,107
	BG charge & commission	230,000	-
	Interest on Bank loan	27,658,506	34,476,594
		27,995,991	**34,540,701**

AMAR STOCK

PRIME BANK SECURITIES LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

		Amount in Taka	
		31.12.2017	31.12.2016
26.00	**Direct expenses**		
	Howla	211,364	296,132
	Laga	4,255,143	2,628,651
	CDBL charge	700,055	619,362
	Investor protection fund	17,387	11,088
		5,183,949	**3,555,233**
27.00	**Earnings per share**		
	Net profit after tax	653,482	(28,842,304)
	Weighted average outstanding number of shares	75,000,000	75,000,000
	Earnings per share	**0.0087**	**(0.38)**

28.00 Bank guarantee

Prime Bank Limited has issued Prime Bank Securities Limited a Bank Guarantee no. 17/17 dated 12.01.2017 for maintaining additional member's margin as specified in sub-regulation (3) of regulation (4) of Dhaka Stock Exchange (TREC HOLDER'S MARGIN) Regulataions 2013 worth of Tk. 100,000,000 (Taka Ten Crore) from dated 12.01.2017 to 11.01.2018 under sanctined advice no. Prime/HO/CAD/SA/2017/558.

29.00 Disclosure on Payments/ Perquisites to Directors and Key Management Personnel (As per requirement of Companies Act 1994, Schedule-XI, part-II)

29.01	**Paid to Directors**		
	Board Meeting Attendance Fees	200,100	112,700
		200,100	**112,700**
29.02	**Paid to Key Management Personnel**		
	Short Term Employee Benefits	6,021,250	3,022,471
	Post Employment Benefits	313,048	146,209
		6,334,298	**3,168,680**

Key management Personnel are those Persons having authority and responsibility for Planning, Directions and Controlling the activities of the Company.

i) No Compensation/ Other allowance/ commission was allowed to Directors including Managing Director, Managing Agent or manager of the company except as stated above.

ii) There is no amount payable to Directors including including Managing Director, Managing Agent or manager of the Company for any sort of commission on purchases, profit or guarantee.

iii) BOD Meeting attendance fee for attending each Board Meeting was Tk 5,000 for each director. The remuneration was enhanced to Tk. 8,000 for each director in it's 33rd Board of Directors Meeting held on July 20, 2017.

30.00 Disclosure regarding Information of Employees (As per requirement of Companies Act 1994, Schedule-XI, part-II)

The number of employees and expenses incurred for employees during the year as follows.

Particulars	**2017**	**2016**
Number of employees:		
(i) Below Tk. 36,000 p.a.	-	-
(ii) Tk. 36,000 p.a. and above	24	19
Salary & Allowance Paid/ Payable to Employees:		
(i) Below Tk. 36,000 p.a.	-	-
(ii) Tk. 36,000 p.a. and above	19,882,869	13,907,357
	19,882,869	13,907,357

31 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

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	450,927,651	228,507,073	245,935,197	433,499,527
Prime Bank Limited	Parent Company	Rent Expense	-	1,619,754	-	1,619,754
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)	2,935,885	2,853,047,208	2,855,939,072	44,021
Prime Bank Investment Limited.	Shareholder	Brokerage Transaction (Payable)	21,863,161	1,498,636,839	1,497,080,580	20,306,901
Prime Bank Investment Limited.	Shareholder	Rent Expense	-	1,708,592	-	1,708,592
Shamsuddin Ahmed Ph.D. Representing Prime Bank Ltd.	Independent Director & Chairman	Board meeting attendance fee	-	50,600	-	50,600
Md. Shahadat Hossain Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	44,850	-	44,850
Ahmed Kamal Khan Chowdhury Representing Prime Bank Ltd.	Director	Board meeting attendance fee	-	32,200	-	32,200
MBM Lutful Hadee, FCA Representing Prime Bank Ltd.	Independent Director	Board meeting attendance fee	-	27,600	-	27,600
Md. Tabarak Hossain Bhuiyan Representing Prime Bank Investment Ltd.	Director	Board meeting attendance fee	-	44,850	-	44,850

PRIME BANK SECURITIES LIMITED

Fixed Asset Schedule

As at 31 December 2017

Annexure-A

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	267,960	-	1,523,534	25%	1,255,557	25,016	-	1,280,573	242,961
		-	-							
Air conditioners	1,135,500	-	1,135,500	-	25%	1,135,499	-	1,135,499	-	-
		-	-							
Vehicles	338,700	3,033,000	-	3,371,700	20%	294,498	84,085	-	378,583	2,993,117
		-	-							
Computer & hardwares	5,209,104	518,900	-	5,728,004	25%	5,046,638	111,422	-	5,158,060	569,944
		-	-							
Furniture & fixtures	2,193,650	6,955,492	2,193,650	6,955,492	20%	2,182,147	964,426	2,184,599	961,974	5,993,518
	10,132,528	**10,775,352**	**3,329,150**	**17,578,730**		**9,914,339**	**1,184,949**	**3,320,098**	**7,779,190**	**9,799,540**

PRIME BANK SECURITIES LIMITED

Intangible Asset Schedule

As at 31 December 2017

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	1,596,875	52,250	-	1,649,125	20%	1,481,427	64,940	-	1,546,367	102,758
Total	**1,596,875**	**52,250**	**-**	**1,649,125**		**1,481,427**	**64,940**	**-**	**1,546,367**	**102,758**

PRIME BANK SECURITIES LIMITED

Annexure-B

Investment in Securities

As at 31 December 2017

Instrument	Holding No. of Shares	Avg. Rate	Purchase price	Market rate	Market value	Unrealized Gain / loss
AB Bank 1st Mutual Fund	1,612,023	6.80	10,958,213	6.60	10,639,352	(318,861)
First BD Fixed Income Fund	1,078,003	6.31	6,805,100	5.70	6,144,617	(660,483)
Popular 1st Mutual Fund	1,077,700	6.70	7,220,411	6.20	6,681,740	(538,671)
Trust Bank 1st Mutual Fund Limited	1,075,930	6.84	7,358,848	6.70	7,208,731	(150,117)
Sub-total			**32,342,572**		**30,674,440**	**(1,668,132)**
The ACME Laboratories Limited	12,863	116.03	1,492,513	114.00	1,466,382	(26,131)
AFC Agro Biotech Limited	3,779	45.48	171,876	45.00	170,055	(1,821)
Bangladesh Submarine Cable Company Limited	100,000	111.53	11,152,638	103.10	10,310,000	(842,638)
BEXIMCO Pharma	10,000	105.39	1,053,940	103.80	1,038,000	(15,940)
DESCO	360,000	53.45	19,241,464	45.40	16,344,000	(2,897,464)
Heidelberg Cement Bangladesh Ltd	2,450	429.63	1,052,593	424.90	1,041,005	(11,588)
Information Technology Consultants Limited (ITC)	53,000	37.98	2,013,125	35.50	1,881,500	(131,625)
Keya Cosmetics Limited	4,000	12.97	51,872	12.30	49,200	(2,672)
Mercantile Insurance Limited	35,000	29.80	1,043,000	23.30	815,500	(227,500)
Nahee Aluminum Composite Panel Ltd	6,847	9.09	62,246	73.40	502,570	440,323
Oimex Electrode Limited	7,128	9.09	64,800	65.20	464,746	399,946
Olympic Limited	11,500	294.52	3,387,001	288.30	3,315,450	(71,551)
Padma Oil Company Limited	16,500	319.24	5,267,420	239.00	3,943,500	(1,323,920)
Phonix Finance and Investment Ltd.	110,880	59.80	6,630,850	37.70	4,180,176	(2,450,674)
Power Grid Limited	300,000	57.91	17,373,398	52.20	15,660,000	(1,713,398)
Rupali Insurance Company Limited	20,805	20.93	435,353	20.40	424,422	(10,931)
Titas Gas & Distribution Limited	138,198	49.83	6,886,737	44.20	6,108,352	(778,386)
Uttara Bank Ltd.	171,000	44.71	7,645,989	35.30	6,036,300	(1,609,689)
WMSHIPYARD	156,800	35.49	5,564,796	29.30	4,594,240	(970,556)
Sub-Total			**90,591,613**		**78,345,397**	**(12,246,216)**
Grand Total			**122,934,185**		**109,019,837**	**(13,914,349)**



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 2017, 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 2017 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 and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
Prime Exchange Co. Pte. Ltd.
(Incorporated in the Republic of Singapore)

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
6 March 2018

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Profit or Loss and other Comprehensive Income

For The Year Ended 31 December 2017

(Expressed in Singapore Dollars)

	Note	$	
		2017	2016
Revenue			
Commission Income		348,459	443,243
Other Items of Income			
Other Income	3	9,895	3,156
Foreign Currency Gains		749,997	494,579
Other Items of Expense			
Employee Benefits Expense	4	(459,671)	(431,185)
Depreciation	7	(29,643)	(21,232)
Other Expenses	5	(432,067)	(440,129)
Profit Before Tax from Continuing Operations		**186,970**	**48,432**
Income Tax Expense	6	(12,579)	(2,685)
Profit from Continuing Operations, Net of Tax		**174,391**	**45,747**
Other Comprehensive Income			
Other Comprehensive Income, Net of Tax		-	-
Total Comprehensive Income		**$ 174,391**	**$ 45,747**

The accompanying notes form an integral part of these financial statements

AMARSTOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Financial Position

For The Year Ended 31 December 2017

(Expressed in Singapore Dollars)

	Note	$ 2017	$ 2016
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7	59,896	55,944
Total Non-Current Assets		**59,896**	**55,944**
Current Assets			
Deposits		73,287	94,740
Prepayments		10,891	10,445
Cash and Bank Balances	8, 9	1,762,377	979,785
Total Current Assets		**1,846,555**	**1,084,970**
Total Assets		**$ 1,906,451**	**$ 1,140,914**
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	804,727	804,727
Retained Earnings		174,391	45,747
Total Equity		**979,118**	**850,474**
Non-Current Liabilities			
Deferred Tax Liabilities	11	4,677	3,813
Total Non-Current Liabilities		**4,677**	**3,813**
Current Liabilities			
Income Tax Payable		11,715	1,871
Trade and Other Payables	12	910,941	284,756
Total Current Liabilities		**922,656**	**286,627**
Total Liabilities		**927,333**	**290,440**
Total Equity and Liabilities		**$ 1,906,451**	**$ 1,140,914**

The accompanying notes form an integral part of these financial statements

AMAR STOCK

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Statement of Changes in Equity

For The Year Ended 31 December 2017

(Expressed in Singapore Dollars)

	Note	$		
		Total Equity	Share Capital	Retained Earnings
Balance at 1/1/2017		850,474	804,727	45,747
Distributions to Owner				
Dividends	16	(45,747)	-	(45,747)
Total Distributions to Owner		(45,747)	-	(45,747)
Total Comprehensive Income for the Year - 2017		174,391	-	174,391
Balance at 31/12/2017		**$ 979,118**	**$ 804,727**	**$ 174,391**
Balance at 1/1/2016		901,872	804,727	97,145
Distributions to Owner				
Dividends	16	(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**

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 2017

(Expressed in Singapore Dollars)

	Note	$	
		2017	2016
Operating Activities			
Profit Before Tax from Continuing Operations		186,970	48,432
Total Adjustment		29,643	21,232
Depreciation		29,643	21,232
Operating Cash Flows Before Changes in Working Capital		216,613	69,664
Decrease (Increase) in Other Receivables		21,453	(24,750)
Increase in Prepayments		(446)	(81)
Increase in Trade and Other Payables		626,185	32,314
Cash Flows From Operations		863,805	77,147
Income Tax Paid		(1,871)	(6,218)
Net Cash Flows From Operating Activities		**861,934**	**70,929**
Investing Activities			
Purchase of Property, Plant and Equipment		(33,595)	(61,173)
Decrease in Amount Due From Holding Company		-	50,485
Net Cash Flows Used In Investing Activities		**(33,595)**	**(10,688)**
Financing Activities			
Dividends Paid on Ordinary Shares		(45,747)	(97,145)
Net Cash Flows Used In Financing Activities		**(45,747)**	**(97,145)**
Net Increase (Decrease) in Cash and Cash Equivalents		782,592	(36,904)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance		979,785	1,016,689
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	9	**$ 1,762,377**	**$ 979,785**

The accompanying notes form an integral part of these financial statements

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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).

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 2017. 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 2018	Uncertainty Over Income Tax Treatments
FRS 109	Financial Instruments
FRS 115	Revenue from Contracts with Customers
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	
Amendments to FRS 109	Prepayment Features With Negative Compensation
FRS 116	Leases
INT FRS 123	Uncertainty Over Income Tax Treatments

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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.

2.3 Standards issued but not yet effective (Cont'd)

FRS 115 Revenue from Contracts with Customers (Cont'd)

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.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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

2.4 Property, plant and equipment (Cont'd)

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the financial year the asset is de-recognised.

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.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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 de-recognised or impaired, and through the amortisation process.

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had 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

(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 de-recognised, 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 de-recognised 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 de-recognition 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.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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.

EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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 CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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 and 9 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 2017 were $11,715 (2016 – $1,871) and $4,677 (2016 – $3,813) respectively.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Notes to the Financial Statements

31 December 2017

3. OTHER INCOME

	$	
	2017	2016
Government grants	$ 9,895	$ 3,156

4. EMPLOYEE BENEFITS EXPENSE

	$	
	2017	2016
Salaries, bonuses and Other related costs	438,398	415,265
Employer's contributions to Central Provident Fund	21,273	15,920
	$ 459,671	$ 431,185

The above includes remuneration of key management personnel as shown in Note 14(b) to the financial statements.

5. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	$	
	2017	2016
Advertisement	27,202	21,806
Bank and nets charges	65,942	61,977
Casual labour	14,429	16,290
Entertainment	8,471	6,698
General expenses	8,761	9,610
Insurance	29,112	34,545
Licence fees	6,250	5,583
Printing and stationery	8,841	11,024
Professional and legal fees	11,191	18,155
Rental of premises	175,110	178,549
Repairs & maintenance	8,925	7,583
Telephone charges	23,081	20,288
Transportation	9,197	8,743
Travelling	5,874	6,459
Utilities	17,398	16,156

6. INCOME TAX EXPENSE

	$	
Based on results for the year	2017	2016
Current tax	11,728	1,872
Deferred tax (Note 11)	(428)	2,289
	11,300	4,161
Under (Over) provision in respect of prior years		
Current tax	(13)	(1,476)
Deferred tax (Note 11)	1,292	-
	$ 12,579	$ 2,685

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 2017 and 2016 is as follows:

Profit before income tax	31,785	8,233
Tax expense calculated at tax rate of 17% (2016 – 17%)	778	2,786
Expenses not deductible for tax purposes	(1,156)	(394)
	(1,665)	-
Income not subject to tax		
Singapore statutory stepped		
Income exemption	(15,510)	(4,593)
Corporate income tax rebate	(2,932)	(1,871)
Under (Over) provision in respect of prior years		
Current tax	(13)	(1,476)
Deferred tax (Note 11)	1,292	-
	$ 12,579	$ 2,685

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Notes to the Financial Statements

31 December 2017

7. PROPERTY, PLANT AND EQUIPMENT

	$			
	Furniture & fittings	Office equipment	Renovation	Total
2017				
Cost:				
At 1.1.2017	10,781	155,626	237,602	404,009
Additions	-	6,115	27,480	33,595
At 31.12.2017	10,781	161,741	265,082	437,604
Accumulated depreciation:				
At 1.1.2017	9,953	137,182	200,930	348,065
Depreciation for the year	638	8,468	20,537	29,643
At 31.12.2017	10,591	145,650	221,467	377,708
Net book value:				
At 31.12.2017	$ 190	$ 16,091	$ 43,615	$ 59,896
2016				
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

8. CASH AND BANK BALANCES

The cash and bank balances include an amount of $880,412 (2016 – $277,395) (Note 12) received from customers for outward remittance at year end date. The amount was subsequently remitted on 4 January 2018 (2016 – 3 January 2017).

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	$	
	2017	2016
Singapore Dollars	1,426,216	752,501
Taka	177,001	154,286
Indian Rupees	143,375	54,370
Philippine Peso	15,785	18,628
	$1,762,377	**$ 979,785**

10. SHARE CAPITAL

	$	
	2017	2016
Issued and fully paid		
804,727 (2016 – 804,727) ordinary shares	**$ 804,727**	**$ 804,727**

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.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

11. DEFERRED TAX LIABILITIES

	$	
	2017	2016
Deferred tax liabilities	$ 4,677	$ 3,813

The movements in deferred tax liabilities during the year are as follows:

	Accelerated Tax Depreciation	Total
	$	$
Balance at 1.1.2016	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
Charged (Credited) to profit or loss – 2017		
- Current year **(Note 6)**	(428)	(428)
- Under provision in prior year **(Note 6)**	1,292	1,292
Balance at 31.12.2017	**$ 4,677**	**$ 4,677**

12. TRADE AND OTHER PAYABLES

	$	
	2017	2016
Accruals	30,529	7,361
Funds received from customers (Note 8)	880,412	277,395
	$ 910,941	**$ 284,756**

13. 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:

	$	
	2017	2016
Leases which expire:		
Within one year	159,500	160,500
Later than one year but within five years	457,250	76,000
	$ 616,750	**$ 236,500**

14. 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:

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE

Notes to the Financial Statements

31 December 2017

(a) Transactions with related parties

	$	
	2017	2016
Related party		
Professional fee	5,350	5,480
Other expenses	794	1,169

(b) Compensation of key management personnel

	$	
	2017	2016
Key Executive Officer		
Salary, bonus and other related costs	**$ 119,065**	**$ 106,655**

15. CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments as at the end of the reporting year are as follows:

	$	
	2017	2016
Financial assets:		
Loans and receivables (including cash and bank balances)	$1,835,664	$1,074,525
Financial liabilities:		
Financial liabilities at amortised cost	$ 910,941	$ 284,756

16. DIVIDENDS

	$	
	2017	2016
Exempt one-tier final dividend of $0.05685 (2016 – $0.12072) per ordinary share in respect of year ended 31 December 2016 (2016 – 31 December 2015)	$ 45,747	$ 97,145

17. 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.

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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 no significant concentration of credit risk. The Company has policies in place to ensure that transactions are entered into only with counterparties 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 (BDT), Indian Rupees (INR), United States dollars (USD) and Philippine Peso (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 for foreign currency risk

			2017 Increase (Decrease) in profit net of tax	2016 Increase (Decrease) in profit net of tax
			$	$
BDT/SGD	-	strengthened 9% (2016 – 3%)	13,222	3,842
	-	weakened 9% (2016 – 3%)	(13,222)	(3,842)
INR/SGD	-	strengthened 1% (2016 – 4%)	1,190	1,805
	-	weakened 1% (2016 – 4%)	(1,190)	(1,805)
PESO/SGD		strengthened 7% (2016 – 4%)	917	618
		weakened 7% (2016 – 4%)	(917)	(618)

PRIME EXCHANGE CO. PTE. LTD., SINGAPORE
Notes to the Financial Statements
31 December 2017

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.

18. 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, deposits and trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

19. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 6 March 2018.

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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

PBL EXCHANGE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of PBL Exchange (UK) Limited

Opinion

We have audited the financial statements of PBL EXCHANGE (UK) LIMITED (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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.

PBL EXCHANGE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of PBL Exchange (UK) Limited

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Seema Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui LLP

15 February 2018

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W3 7RW

PBL EXCHANGE (UK) LIMITED

Profit and Loss Account

For the Year Ended 31 December 2017

	£	
	2017	2016
Turnover	473,691	330,626
Administrative expenses	(453,452)	(323,314)
Operating profit	**20,239**	**7,312**
Interest payable and similar expenses	(6)	(3)
Profit before taxation	**20,233**	**7,309**
Tax on profit	(8,250)	68,088
Profit for the financial year	**11,983**	**75,397**

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PBL EXCHANGE (UK) LIMITED

Statement of Comprehensive Income

For the Year Ended 31 December 2017

	£	
	2017	2016
Profit for the year	11,983	75,397
Other comprehensive income	-	-
Total comprehensive income for the year	**11,983**	**75,397**

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PBL EXCHANGE (UK) LIMITED

Balance Sheet

As at 31 December 2017

	Notes	£			
		2017		2016	
Fixed assets					
Tangible assets	**4**		77,922		99,996
Current assets					
Debtors - deferred tax		59,838		68,088	
Debtors - other	**5**	5,916		-	
Cash at bank and in hand		286,940		156,891	
		352,694		224,979	
Creditors: amounts falling due within one year	**6**	(254,981)		(161,323)	
Net current assets			**97,713**		**63,656**
Total assets less current liabilities			**175,635**		**163,652**
Capital and reserves					
Called up share capital	**7**		500,000		500,000
Profit and loss reserves			(324,365)		(336,348)
Total equity			**175,635**		**163,652**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 15 February 2018 and are signed on its behalf by:

Gazi Mohammed Khurshid Alam
Director

Rahel Ahmed
Director

Company Registration No. 07081093

PBL EXCHANGE (UK) LIMITED
Statement of Changes in Equity
For the Year Ended 31 December 2017

	£		
	Share capital	Profit and loss reserves	Total
Balance at 1 January 2016	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**
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	11,983	11,983
Balance at 31 December 2017	**500,000**	**(324,365)**	**175,635**

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PBL EXCHANGE (UK) LIMITED

Statement of Cash Flows

For the Year Ended 31 December 2017

	Notes	£			
		2017		2016	
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	9		131,115		(14,196)
Interest paid			(6)		(3)
Net cash inflow/(outflow) from operating activities			**131,109**		**(14,199)**
Investing activities					
Purchase of tangible fixed assets		(1,060)		-	-
Net cash used in investing activities			**(1,060)**		-
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			**130,049**		**(14,199)**
Cash and cash equivalents at beginning of year			156,891		171,090
Cash and cash equivalents at end of year			**286,940**		**156,891**

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PBL EXCHANGE (UK) LIMITED
Notes to The Financial Statements
For the Year Ended 31 December 2017

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

1.2 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.

1.3 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% straightline
Computer equipment	25% srtaightline

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.

1.4 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 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.

PBL EXCHANGE (UK) LIMITED

Notes to The Financial Statements (Continued)

For the Year Ended 31 December 2017

1. Accounting policies

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.

1.5 Cash at bank and in hand

Cash at bank and in hand 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.

1.6 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.

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.

PBL EXCHANGE (UK) LIMITED

Notes to The Financial Statements (Continued)

For the Year Ended 31 December 2017

1. Accounting policies

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.

1.7 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.

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.9 Taxation

The tax recoverable represents the sum of deferred tax calculated based on accumulated losses brought forward. At the year end the deferred tax asset balance was £ 59,838 (£ 68,088 less movement for the year £ 8,250).

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 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

PBL EXCHANGE (UK) LIMITED

Notes to The Financial Statements (Continued)

For the Year Ended 31 December 2017

1. Accounting policies

1.13 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 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	4,598	4,500
For other services		
All other non-audit services	4,598	4,500

3. Employees

The average monthly number of persons (including directors) employed by the company during the year was 14 (2016 - 11).

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PBL EXCHANGE (UK) LIMITED
Notes to The Financial Statements
For the Year Ended 31 December 2017

4 Tangible fixed assets

	£		
	Land and buildings	Plant and machinery etc	Total
Cost			
At 1 January 2017	173,332	15,594	188,926
Additions	-	1,060	1,060
At 31 December 2017	173,332	16,654	189,986
Depreciation and impairment			
At 1 January 2017	73,832	15,097	88,929
Depreciation charged in the year	22,927	208	23,135
At 31 December 2017	96,759	15,305	112,064
Carrying amount			
At 31 December 2017	**76,573**	**1,349**	**77,922**
At 31 December 2016	**99,499**	**497**	**99,996**

5 Debtors

	£	
	2017	2016
Amounts falling due within one year:		
Other debtors	5,916	-
Amounts falling due after more than one year:		
Deferred tax asset	59,838	68,088
Total debtors	**65,754**	**68,088**

6 Creditors: amounts falling due within one year

	£	
	2017	2016
Trade creditors	245,301	158,790
Other taxation and social security	2,554	1,446
Other creditors	7,126	1,087
	254,981	**161,323**

PBL EXCHANGE (UK) LIMITED
Notes to The Financial Statements
For the Year Ended 31 December 2017

7. Called up share capital

	£	
	2017	2016
Ordinary share capital		
Issued and fully paid		
500,000 Ordinary of £1 each	500,000	500,000
	500,000	500,000

8. Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	£	
	2017	2016
	58,848	**59,623**

9 Cash generated from operations

	£	
	2017	2016
Profit for the year after tax	11,983	75,397
Adjustments for:	8,250	(68,088)
Taxation charged/(credited)		
Finance costs	6	3
Depreciation and impairment of tangible fixed assets	23,134	10,421
Movements in working capital:		
(Increase) in debtors	(5,916)	-
Increase/(decrease) in creditors	93,658	(31,929)
Cash generated from/(absorbed by) operations	**131,115**	**(14,196)**



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
- Statement of Cash Flows
- Notes to the Financial Statements

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, 2017, 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, 2017, 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.

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.

TAIWAN STOCK

INDEPENDENT AUDITOR'S REPORT

To The Members of Pbl Finance (Hong Kong) Limited

(incorporated in Hong Kong with limited liability)

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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

28th February, 2018

PBL FINANCE (HONG KONG) LIMITED

Statement of Income And Retained Earnings

FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	HK$	
		2017	2016
Interest income		10,939,730	8,387,007
Interest expenses	4	(5,313,894)	(3,236,963)
Net interest income		5,625,836	5,150,044
Other operating income	5	4,955,692	5,187,212
Total operating income		10,581,528	10,337,256
Staff costs		(2,508,912)	(2,379,832)
Depreciation	11	(31,165)	(68,772)
Other operating expenses		(1,642,799)	(1,572,903)
Total operating expenses		(4,182,876)	(4,021,507)
Profit before taxation	8	6,398,652	6,315,749
Income tax expense	9	(1,037,666)	(1,029,510)
Profit for the year		5,360,986	5,286,239
Retained earnings at start of the year		5,286,239	7,079,669
Dividends	10	(5,286,239)	(7,079,669)
Retained earnings at end of the year		5,360,986	5,286,239

The notes on pages 9 to 16 form part of these financial statements.

MARSTOCK

PBL FINANCE (HONG KONG) LIMITED

Statement of Financial Position

AS AT 31ST DECEMBER, 2017

	Notes	HK$ 2017	HK$ 2016
Non-current assets			
Property, plant and equipment	11	16,378	38,263
Current assets			
Discounted bills receivable		172,308,731	204,348,230
Deposits, prepayments and other receivables		2,907,829	298,115
Income tax refundable		-	369,700
Cash and bank balances		3,707,440	14,199,383
		178,924,000	**219,215,428**
Current liabilities			
Accrued liabilities and other payables		2,371,236	2,168,799
Amount due to ultimate holding company	12	167,700,000	208,298,653
Income tax payable		8,156	-
		170,079,392	**210,467,452**
Net current assets		**8,844,608**	**8,747,976**
		8,860,986	**8,786,239**
Equity			
Share capital	13	3,500,000	3,500,000
Retained earnings		5,360,986	5,286,239
		8,860,986	8,786,239

The financial statements on pages 6 to 16 were approved and authorised for issue by the Board of Directors on 28th February, 2018 and are signed on its behalf by :-

Shamsuddin Ahmed
Director

Quazi Sirajul Islam
Director

28 February 2018

The notes on pages 9 to 16 form part of these financial statements.

PBL FINANCE (HONG KONG) LIMITED

Notes To Statement Of Cash Flows

For The Year Ended 31St December, 2017

	Notes	HK$	
		2017	2016
Operating activities			
Profit before taxation		6,398,652	6,315,749
Adjustments for :			
Depreciation	11	31,165	68,772
Operating profit before changes in working capital		6,429,817	6,384,521
Decrease/(Increase) in discounted bills receivable		32,039,499	(45,988,683)
(Increase)/Decrease in deposits, prepayments and other receivables		(2,609,714)	2,188
Increase/(Decrease) in accrued liabilities and other payables		202,437	(1,653,374)
(Decrease)/Increase in amount due to ultimate holding company		(40,598,653)	62,984,653
Net cash (used in)/generated from operations		(4,536,614)	21,729,305
Tax paid		(659,810)	(1,725,331)
Net cash (used in)/generated from operating activities		(5,196,424)	20,003,974
Investing activities			
Purchase of property, plant and equipment	11	(9,280)	(15,798)
Net cash used in investing activities		(9,280)	(15,798)
Financing activities			
Dividend paid to equity shareholders of the Company	10	(5,286,239)	(7,079,669)
Net cash used in financing activities		(5,286,239)	(7,079,669)
Net (decrease)/increase in cash and cash equivalents		(10,491,943)	12,908,507
Cash and cash equivalents at start of year		14,199,383	1,290,876
Cash and cash equivalents at end of year		3,707,440	14,199,383
Analysis of cash and cash equivalents			
Cash and bank balances		3,707,440	14,199,383

The notes on pages 9 to 16 form part of these financial statements.

AMARSTOCK

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31St December, 2017

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.

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

(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 :-

(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.

AMAR STOCK

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

(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.

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

(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

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.

VINAR STOCK

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

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$	
	2017	2016
Bank charges and interest	38,687	66,672
Interest on amount due to ultimate holding company	5,275,207	3,170,291
	5,313,894	3,236,963

5. OTHER OPERATING INCOME

Advising commission income	353,055	410,389
Handling and checking fee	542,453	1,056,300
Other charges and commission fee	3,352,650	2,944,267
Exchange loss	(4,891)	(7,075)
Other income	712,425	783,331
	4,955,692	5,187,212

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

The following items have been recognised as expenses in determining profit before tax :-

Auditors' remuneration	23,000	21,000
Depreciation	31,165	68,772

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

9. INCOME TAX EXPENSE

Taxation in the statement of income and retained earnings represents :-

	HK$	
	2017	2016
Current tax – Hong Kong Profits Tax		
Provision for the year	1,037,666	1,029,510

The provision for Hong Kong Profits Tax is calculated at 16.5% (2016 : 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.

10. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year :-

Interim dividend declared and paid of HK$1.510354		
per ordinary share (2016: HK$2.02276 per ordinary share)	5,286,239	7,079,669

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture HK$	Leasehold improvement HK$	Total HK$
Cost				
At 31st December, 2016	254,539	79,221	238,742	572,502
Additions	6,800	2,480	-	9,280
At 31st December, 2017	261,339	81,701	238,742	581,782
Accumulated depreciation and impairment				
At 31st December, 2016	226,470	69,027	238,742	534,239
Charge for the year	26,213	4,952	-	31,165
At 31st December, 2017	252,683	73,979	238,742	565,404
Carrying amount				
At 31st December, 2017	**8,656**	**7,722**	**-**	**16,378**
At 31st December, 2016	**28,069**	**10,194**	**-**	**38,263**

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

	HK$	
	2017	2016
Issued and fully paid :-		
3,500,000 ordinary shares	3,500,000	3,500,000

PBL FINANCE (HONG KONG) LIMITED

Accounting Policies And Explanatory Notes To The Financial Statements

For The Year Ended 31st December, 2017

	HK$	
	2017	2016

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	106,786,146	146,775,290
Bank balance	827,270	1,198,103
Interest expenses	5,275,207	3,170,291

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	795,040	756,000

At the year-end, the Company had outstanding commitments under non-cancellable operating leases that fall due as follows :-

Within one year	818,064	280,452
In the second to fifth years, inclusive	303,475	-
	1,121,539	280,452

16. PARENT AND ULTIMATE HOLDING COMPANY

At 31st December, 2017, 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.

FINANCIAL STATEMENTS
PRIME BANK FOUNDATION

- Auditors' Report
- Statement of Financial Position (Balance Sheet)
- Income and Expenditure Statement
- Changes in Equity
- Receipts and Payments Statement

Prime Bank Foundation

Auditors' Report to the Members of the Foundation

For the year ended 31 December 2017

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 2017, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards the Companies Act 1994 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 give a true and fair view of the financial position of the Foundation as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994 and other 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.

S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 12 February 2018

Prime Bank Foundation

Statement of Financial Position (Balance Sheet)

As at 31 December 2017

Particulers	2017 BDT	2016 BDT
Sources of funds		
Fund account	1,687,884,889	1,594,060,227
Retained earnings/(losses)	(314,693,893)	(262,902,828)
	1,373,190,996	**1,331,157,399**
Applications of funds		
Non-current assets		
Property, plant and equipment	485,512,929	493,559,818
Current assets		
Investment in fixed deposit	465,417,814	530,462,798
Interest receivable	14,533,231	17,376,104
Advance income tax	33,371,994	29,621,337
Stock - Prime Bank Eye Hospital	1,031,908	1,189,750
Advances, deposits and prepayments	378,750,584	267,104,527
Cash and bank balances	2,019,693	3,872,470
	895,125,223	849,626,986
Less: Current liabilities		
Provision for expenses	3,582,558	8,064,613
Other payable	1,496,492	1,362,985
Security money	2,368,106	2,601,806
Net current assets	887,678,066	837,597,582
Net assets	**1,373,190,996**	**1,331,157,399**

for and on behalf of Prime Bank Foundation

Member Secretary **Member** **Chairman**

See annexed report of the date

Dhaka, Bangladesh
Dated, 12 February 2018

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 2017

Particulers	2017 BDT	2016 BDT
Income		
Interest on fixed deposit	32,719,037	30,162,422
Income from Prime Bank Eye Hospital	27,415,320	19,661,472
Income from Prime Bank English Medium School (PBEMS), Uttara	24,269,553	20,031,067
Income from Prime Bank College of Nursing (PBCN)	7,186,093	4,915,980
Income from PBEMS, Mirpur	4,037,983	3,759,185
Interest on short-term deposit	121,439	112,691
Other income	1,731,345	-
Profit on sale of furniture and air conditioner	-	1,244,096
	97,480,770	**79,886,913**
Expenditure		
Salary and allowances	52,235,650	48,041,110
Awardees stipend	39,348,000	39,112,200
Depreciation	8,827,035	20,509,779
Office rent	11,080,312	10,217,817
Repair and office maintenance	5,346,965	4,907,118
OT expenses	8,882,028	3,623,069
Car maintenance	2,346,330	2,510,618
Security service	2,115,143	1,989,060
Utility	2,496,551	2,345,311
Legal and professional fees	233,800	575,000
Advertisement	1,498,806	2,636,232
Seminar, training and workshop	312,277	609,927
Printing and stationery	1,288,970	1,036,237
Award giving ceremony	2,436,283	1,931,103
Gratuity	2,970,200	985,200
Telephone	740,335	1,008,394
Expenses - Medicine shop	1,628,542	1,110,506
Expenses - Eye camp	525,732	1,730,363
Expenses - Optic shop	998,123	610,692
Travelling and conveyance	312,152	412,433
Education affairs expenses	1,196,056	1,191,141
Books and teaching materials	1,418,382	1,194,065
Entertainment	450,895	404,720
Excise duty	228,450	104,150
Audit fee	115,000	115,000
Honorarium	45,000	60,000
Newspaper	48,405	44,856
Communication expense	87,671	54,609
Pathology	23,765	24,165

Prime Bank Foundation

Statement of Profit or Loss and other Comprehensive Income (Income and Expenditure Statement)

For the year ended 31 December 2017

Particulars	2017	2016
	BDT	BDT
Bank charges	34,977	53,187
Loss on sale of furniture	-	198,702
	149,271,835	**149,346,763**
Deficit for the year	**(51,791,065)**	**(69,459,851)**

for and on behalf of Prime Bank Foundation

Member Secretary | Member | Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 12 February.2018

S. F. AHMED & CO
Chartered Accountants

AMAR STOCK

Prime Bank Foundation
Receipts and Payments Statement
For the year ended 31 December 2017

Particulars	2017 BDT	2016 BDT
Opening 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**
Receipts		
Contribution from Prime Bank Limited	93,801,662	110,080,671
Income from Prime Bank Eye Hospital	26,716,440	19,093,502
Receivables	-	16,645,317
Interest on fixed deposit	35,561,910	15,643,210
Sales proceed of non-current assets	-	1,453,120
Income from PBEMS	14,946,009	12,738,659
Income from PBCN	48,483	140,824
Interest on short-term deposit	121,439	86,192
Security money	556,000	-
Prime sight fund	23,000	23,250
Other payable	122,632	-
Award giving ceremony from bank	1,500,000	-
	173,397,575	**175,904,745**
	707,732,843	**665,389,623**
Payments		
Salary and allowances	50,259,817	46,524,150
Awardees stipend	39,348,000	39,112,200
Office rent	9,438,586	8,937,686
Advances	106,377,801	7,546,688
Stock	-	5,032,267
Repair and office maintenance	3,445,723	3,335,138
Sundry creditors	-	197,451
Car maintenance	2,049,997	2,089,754
Advertisement	1,187,500	1,932,794
Security service	2,014,140	1,913,064
Advance income tax	3,595,657	1,818,911
Overtime	-	1,377,051
United Finance Limited	-	1,374,851
Income tax (salaries)	-	1,222,177
Books and teaching materials	1,336,079	1,078,000
Printing and stationery	1,231,757	954,371
Gratuity	-	940,800
Telephone	700,237	877,074

Prime Bank Foundation
Receipts and Payments Statement
For the year ended 31 December 2017

Particulars	2017 BDT	2016 BDT
Award giving ceremony	1,001,772	722,368
Optic shop	538,270	534,635
Eye camp	171,286	521,439
OT expenses	3,698,008	-
Provision for expenses	7,781,463	-
Furniture & fixtures	252,621	405,599
Other payables	3,428,697	-
Travelling and conveyance	293,152	399,943
Entertainment	433,684	397,073
Seminar, training and workshops	145,333	264,744
Education affairs expenses	162,269	258,720
Office equipment	100,673	244,632
Utility	272,702	233,816
Legal and professional fees	167,550	200,000
Medical equipment	300,840	148,800
Audit fee	90,000	135,000
Security money	29,880	-
Computer	10,800	-
Accounts payable	-	98,507
Library and books	19,131	-
Bank charges	34,895	56,004
Excise duty	228,450	50,000
Communication expenses	76,397	49,627
Newspaper	48,405	44,856
Pathology	23,765	24,165
	240,295,337	**131,054,355**
Closing cash and bank balances		
Cash in hand	321,126	84,624
Bank balances	1,698,566	3,787,846
Fixed deposite	465,417,814	530,462,798
	467,437,506	**534,335,268**
	707,732,843	**665,389,623**

for and on behalf of Prime Bank Foundation

Member Secretary | Member | Chairman

Dhaka, Bangladesh
Dated,12 February 2018

SUPPLEMENTARY INFORMATION

- Human Resource Accounting
- Financial Calendar 2017
- Financial Highlights-Group & PBL
- Financial Highlights-PBL
- Glimpses of 22nd AGM
- Bank's Network
- Some PBL Activities During 2017
- Notice of the 23rd Annual General Meeting
- List of Acronyms

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

To provide cost value date for managerial decisions regarding acquiring, developing, allocating and maintaining human resource so as to attain cost effective organizational objectives.

1. To provide information for effectiveness of human resource utilization.
2. To provide information for determining the status of human asset whether it is conserved properly; it is appreciating or depleting.
3. 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.

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

MARSTOCK

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.

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.

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 contain any standards regarding 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, we are following conventional accounting practice and not capitalizing any HR cost, rather 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 employee 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.

BDT in Million

Particulars	2017	2016	2015	2014	2013
Operating cost per employee	1.95	2.12	2.10	2.01	2.00
Training cost per employee	0.01	0.01	0.005	0.01	0.01
Operating profit per employee	1.54	1.94	2.01	2.15	2.76
Gross turnover per employee	6.31	7.67	8.97	9.58	11.28

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 2017

Quarterly Results

Audited consolidated results for the 4th quarter ended 31 December 2016	Announced on	30th March 2017
Unaudited consolidated results for the 1st quarter ended 31 March 2017	Announced on	11th May 2017
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2017	Announced on	27th July 2017
Unaudited consolidated results for the 3rd quarter ended 30 September 2017	Announced on	29th October 2017

Distribution of cash dividend of 16.00% in respect of financial year ended 31 December 2016	11th May 2017
Notice of Annual General Meeting	30th March 2017
Annual General Meeting	8th May 2017

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

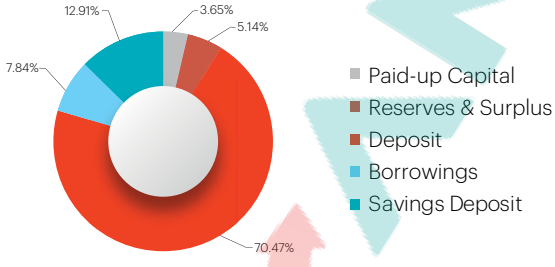
Availability of information about PBL

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.

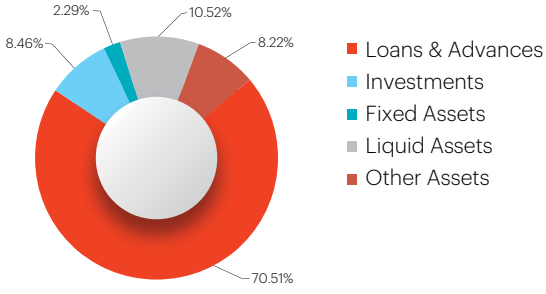
FINANCIAL HIGHLIGHTS
GROUP & PBL

Performance during the year	Prime Bank Limited			Group		
	2017	2016	Change	2017	2016	Change
	Taka in million	Taka in million	%	Taka in million	Taka in million	%
Interest income	14,795	13,989	5.77	14,879	13,907	6.99
Profit before provision and tax	5,373	5,757	-6.67	5,589	5,629	-0.70
Provision for loans and assets	3,564	3,412	4.46	3,593	3,274	9.72
Profit after provision before tax	1,809	2,345	-22.86	1,996	2,354	-15.20
Tax including deferred tax	750	150	400.00	781	166	369.48
Profit after tax	1,059	2,195	-51.76	1,216	2,188	-44.45
At the year end						
Total shareholders' equity	24,708	25,285	-2.28	24,813	25,293	-1.90
Deposits	199,014	197,934	0.55	199,000	197,835	0.59
Loans and advances	198,323	170,212	16.52	200,619	172,490	16.31
Investments	23,807	48,249	-50.66	25,880	50,272	-48.52
Property, plant and equipment	6,434	6,590	-2.36	6,487	6,610	-1.86
Total assets	281,275	272,224	3.32	282,395	273,178	3.37
Statutory Ratios (%)						
Cash Reserve Ratio	6.76	6.65	0.11	6.76	6.65	0.11
Statutory Liquidity ratio	14.96	28.04	-13.08	14.96	28.04	-13.08
Capital adequacy ratio	14.01	12.45	1.56	13.74	12.30	1.44
Share Information						
Earnings per share (Taka)	1.03	2.13	-51.64	1.18	2.13	-44.60
Dividend (%)	17.00	16.00	1.00	17.00	16.00	1.00
Net assets value per share (Taka)	24.00	24.56	-2.28	24.11	24.57	-1.90
Ratios (%)						
Non performing loans	5.45	5.96	-0.51	5.38	5.88	-0.50
Return on average shareholders' fund	4.24	8.49	-4.25	4.85	8.65	-3.80
Return on average assets	0.38	0.81	-0.43	0.44	0.85	-0.41

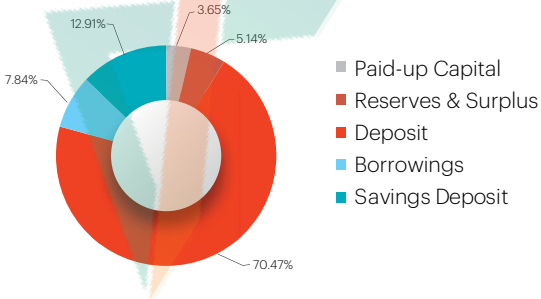
Constituents of Liabilities & Capital of PBL



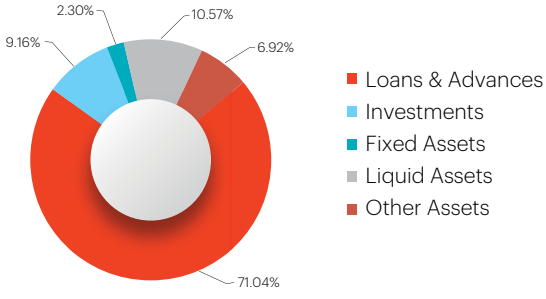
Constituents of Assets of PBL



Constituents of Liabilities & Capital of Group

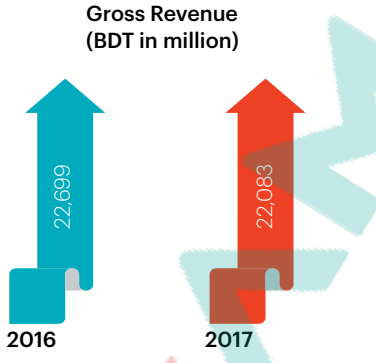


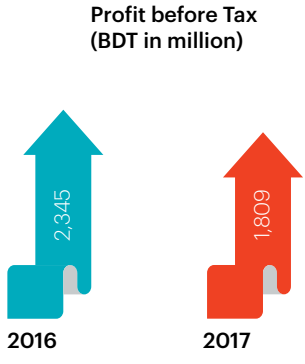
Constituents of Assets of Group

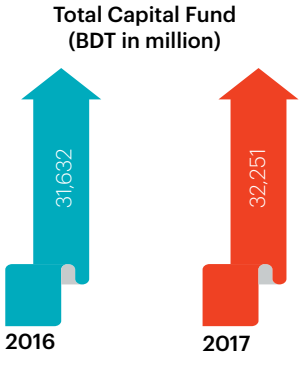


FINANCIAL HIGHLIGHTS
PBL

Particulars	2017	2016
Gross revenue	22,083	22,699
Operating income	12,207	12,023
Profit after tax	1,059	2,195
Total capital	32,251	31,632
Total deposits	199,014	197,934
Total loans & advances	198,323	170,212
Total assets	281,275	272,224
No. of deposits accounts	1,336,071	1,311,714
No. of loans & advances accounts	75,217	71,952
Return on assets (%)	0.38	0.81
Return on equity (%)	4.24	8.49
Statutory Liquidity ratio (%)	14.96	28.04
Capital adequacy ratio (%)	14.01	12.45
No. of employees	3,499	2,961
No. of branches	128	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
22nd AGM

















BRANCH NETWORK

Dhaka Division

Md. Abdul Bari Mollah
Vice President & Head
Adamjee EPZ Branch, Narayanganj
Adamjee EPZ Holding # 4
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Molla Asaduzzaman
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Munshi Abdus Salim
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Md. Mazharul Islam
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Ekram Ullah Chowdhury
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Mohammad Harunar Rashid
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Boalmari Branch
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mari Bazar, Faridpur
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Fax : 06324-56139

Md. Abdur Rouf
Senior Executive Officer & Head
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Md. Azharul Islam
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Probir Kumar Saha
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Md. Abul Kalam Azad
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Phone: 02-9662776-7, 8622592,
9673783, 9673786
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Kadamtali Branch
Motin Complex
Fenchugonj Road, Kadamtali
South Surma Sylhet
Cell : 01755-534926
Phone : 0821-728910, Direct : 0821-841319
Fax : 0821-728630

Nasir Uddin Ahmed
First Assistant Vice President & Head
Kulaura Branch
Marina Square
232, Dakkhin Bazar, Kulaura, Moulvibazar
Cell : 01730-794631
Phone : 08624-57082, 08624-57081
Fax : 08624-57080

Mohammad Hanif
First Assistant Vice President & Head
Nabiganj Branch
Anowara Biponi, Osmani Road, Nabiganj, Habiganj
Cell : 01713-255774
Phone : 08328-56025,08328- 56029
Fax :08328- 56015

Kamrul Hossain
Senior Executive Officer & Head
Sreemangal
Saptadinga Complex (1st Floor)
145, Moulvibazar Road, Sreemangal
Moulvibazar
Cell : 01714-011578
Phone : 08626-71183, 08626-71181
Fax : 08626- 71182

Wasim Ahmed Choudhury
First Assistant Vice President & Head
Subidbazar Branch
Corner View (1st Floor, West side)
980, Subidbazar, Sylhet
Cell : 01714-069967
Phone : 0821- 727688, 0821- 727629
Tele-Fax : 0821- 2830942

Md. Abu Sufian
Senior Executive Officer & Head
Sunamganj Branch
Subakth Raja Complex
414 Old Station Road, Sunamganj
Cell : 01730-373945
Phone : 0871- 62516, 0871 – 62515
Fax: 0871- 62514

Ashis Bhattacharjee
Assistant Vice President & Head
Sylhet Branch
Laldighirpar, Sylhet-3100
Cell : 01708-466505
Phone : 0821-721127, 0821-710208
Fax : 0821-710673

Ranabir Chowdhury
First Assistant Vice President & Head
Tajpur Branch
Maya View Super Market (1st Floor)
P. O. : Tajpur. P. S. : Osmaninagar
Upozilla : Balaganj, Dist : Sylhet
Cell : 01714-100498
Phone : 08242-56211, 08242-56210
Fax : 08242-56212

Md. Rezawan Uddin Sohel
Senior Asst. Vice President & Head
Upashahar Branch
Alif Center (1st Floor-Front Portion)
Subhanighat, Upashahar, P. S. Sylhet, Dist : Sylhet
Cell : 01714-100499
Phone : 0821- 723524, 0821- 811366
Fax : 0821- 710094

Khulna Division

Md. Saidur Rahman
Assistant Vice President & Head
Daulatpur Branch
Akankha Tower, 454, Khan-A-Sabur Road
Daulatpur, Khulna
Cell : 01755-545813
Phone : 041-2850877, 041-2850876
Fax : 041-2850875

Md. Robiul Islam
First Asst. Vice President & Acting Head
Jessore Branch
47, Netaji Subhas Chandra Road
Jessore Town, Jessore-7400
Cell : 01714-074014
Phone : 0421- 68815,0421- 68814
Fax : 0421- 68816

Florance Sutapa Majumder
Senior Assistant Vice President & Acting Head
Khulna Branch
7, Old Jessore Road, Khulna-9100
Cell : 01711824361
Phone : 041-725100, 811459, 041-720071
Fax : (041) 731195

Md. Wahidul Islam
Senior Executive Officer & Head
Kushtia Branch
Bangabandhu Super Market
2,N S Road, Kustia
Cell : 01730-727290
Phone : 071- 72431, 071-72432
Fax: 071- 72430

Mostafa Mhamud
First Assistant Vice President & Head
Magura Branch
Monowara Complex (1st Floor), 219
Syed Ator Ali Road, Magura Sadar,
Magura
Cell : 01730-791547
Phone : 0488-51005, 0488-51105
Fax - 0488-51200

K M Nazmul Islam
First Assistant Vice President & Head
Satkhira Branch
Islam Plaza, 0801/00, Abul Kashem
Road, Satkhira
Cell : 01755-582853
Phone : 0471-62450,0471- 63007
Fax : 0471- 63001

Barisal Division

Md. Abdur Raafi
Senior Assistant Vice President &
Head
Barisal Branch
37, Hemayet Uddin Road
Barisal-8200
Cell : 01711-824362
Phone : 0431- 64011, 0431- 64012
Fax : 0431- 63712

Rangpur Division

Pijuce Kumar Roy
First Assistant Vice President & Head
Dinajpur Branch
Mazeda laza (1st floor)
518/473 Ganashtala (near Fire Ser-
vice), Jail Road, Dinajpur
Cell : 01730-061493
Phone : 0531- 51289, 0531- 51291
Fax : 0531- 51296

Md. Safikul Islam
First Assistant Vice President & Head
Hatibandha Branch
Arif Plaza, Medical More Hatibandha,
Lalmonirhat
Cell : 01709-658465
Phone : 5923-56101, 5923-56102
Fax : 5923-56103

Md. Rejaul Karim
Assistant Vice President & Head
Rangpur Branch
Shah-Amanat Super Market (1st Floor)
268 Station Road
Jahaj Companier More, Rangpur
Cell : 01714-069972
Phone : 0521- 64119, 0521- 64120
Fax : 0521- 64118

Md. Mahafuzul Islam
Senior Executive Officer & Head
Saidpur Branch
Ali Plaza
Shahid Dr. Zikrul Haque Road Said-
pur, Nilphamari
Cell : 01709-658453
Phone : 05526-71202, 05526-71201
Fax- 05526-71203

SME Branches

Fayek Ahmed
Executive Officer & Head
Aganagar SME/Agri. Branch
Golden Plaza, Purbo Aganagar Keran-
igonj, Dhaka
Cell : 01730-096612
Phone : 02- 9571896
Tele-Fax : 02- 9571896

Rumal Borua
Executive Officer & Head
Bhujpur SME/Agri. Branch
Mokka Shoping Center (1st Floor)
Kazirhat, East Bhujpur
Fatickchari Chittagong
Cell : 01713-255771

Mohammad Mohsin
Senior Executive Officer & Head
Chatkhil SME/Agri. Branch
Mamtaz Shopping Center, CNB Road
(North side) Chatkhil, Noakhali
Cell : 01730-373921
Phone : 03222- 75113
Fax : 03222- 75119

Suprio Kumar Das
Executive Officer & Head
Companygonj SME/Agri. Branch
Mother Shopping Complex (1st floor),
Trish, Companygonj, Muradpur,
Comilla
Cell : 01730-096614
Phone : 02-659090
Fax : 02-659090

Mir Ahmed
Senior Executive Officer & Head
Heyoko SME/Ag. Branch
Chowdhury Market (1st floor)
Heakobazar, Bhujpur
Fatickchari, Chittagong
Cell : 01730-794626

Md. Shayed Hasan Khan
First Assistant Vice President & Head
Jhikorgacha SME/Agri. Branch
Zaman Market (1st Floor)
Holding No. 522,
Jhikorgacha, Jessore
Cell : 01755-582854
Phone : 04225- 71780
Fax : 04225- 71788

Md. Mahbubur Rahman
Senior Executive Officer & Head
Madhabpur SME/Agri. Branch
Madahbpur Purbo Bazar
Dhaka Sylhet Highway
Madhabpur, Habiganj
Cell : 01713187920
Phone : 08327- 56342
Fax : 08327- 56343

Md. Shoharab Khan
First Assistant Vice President
Madunaghat SME/Agri. Branch
Mabia Emporium
Madunaghat Bazar
Hathazari, Chittagong
Cell : 01755534932
Phone : 031-2573206
Fax: 031-2573205

Mohammad Jahangir Alam
Executive Officer & Head
Narsingdi SME/Ag. Branch
Molla Tower, 8 West Kandha Para
(2nd Floor), Bazirmore, Narsingdi
Cell : 01730-096613
Phone : 02- 9463343

Shamsul Haque
First Assistant Vice President & Head
Nawabpur SME Service Center
Mollick Plaza (2nd floor)
243-244, Nawabpur Road, Dhaka
Cell : 01730-096610
Phone : 02- 9571896
Tele-Fax : 02- 9571896

Afjal Sharif
Senior Executive Officer & Head
Posta SME Service Center
90, Water Tank Road, Posta
Lalbag, Dhaka
Cell : 01730-096611
Phone : 02-7343663

Mohammad Anisur Rahman
Senior Officer & Head
Poradaha SME/Agri Branch.
Sikder Super Market (1st floor),
Poradaha Puraton Bazar,
P.S. Mirpur, Dist. Kushtia
Cell : 01730-373919

Abu Sadath Mohammad Mostafizur Rahman
Executive Officer & Head
Raipur SME 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
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

Mohammad Salah Uddin Kader
Executive Officer & Head
Ramgarh Branch, Khagrachari
Holding # 471
(Feni, Ramgarh Khagrachari Road)
Munshi Market(1st Floor)
Ramgarh, Khagrachari
Cell : 01730-086828

AMAR STOCK

SOME PBL ACTIVITIES **DURING 2017**



Donation program at Prime Minister's Office



Inauguration of Prime Bank Cup Golf Tournament 2017



Celebrating Earth Day 2017



Pohela Boishakh celebration 1424



Inauguration of 146th Branch at Ramgarh, Khagrachari



Syndication Loan Signing Ceremony



1st prize for Corporate Governance Excellence in the banking category awarded by the Institute of Chartered Secretaries of Bangladesh (ICSB)



ICAB National Award for best Annual Report-2016



MOU Signing Ceremony with BIAC



FDI Agreement with BB

NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

Prime Bank Limited
a bank with a difference

Registered Office: Adamjee Court Annex Building-2
119-120 Motijheel C/A, Dhaka-1000

Notice is hereby served to all Members of Prime Bank Limited that the 23rd Annual General Meeting of the Company will be held on Thursday, 24th May 2018 at 11:00 a.m. at the following venue to transact undernoted businesses:

Venue: Krishibid Institution
KIB Complex
Krishi Khamar Sarak
Farmgate, Dhaka-1215

AGENDA

1. To receive, consider and adopt Directors' Report and Audited Financial Statements of the Bank for the year ended 31st December 2017 together with the Auditors' Report thereon.
2. To declare dividend for the year ended 31st December 2017 as recommended by the Board of Directors.
3. To elect/re-elect Directors and endorse appointment of Independent 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
Sd/-
Mohammed Ehsan Habib
Company Secretary

April 10, 2018

Notes:

a. The **'Record Date'** shall be **Sunday, May 06, 2018.**
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 10% stock & 7% cash Dividend for the year 2017.

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- 2017, 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 2017 together with the Auditors' Report thereon shall be available on bank's website from May 09, 2018 onwards.

f. Hon'ble Members are requested to update particulars of their Bank Account and 12 Digit electronic Taxpayer's Identification Number (e-TIN) through Depository Participants (DP) before the "Record Date".
Members failing to update their e-Tin details before the "Record Date," Income Tax at source will be deducted from payable Dividend @15% (Fifteen percent) instead of @10% (ten percent) as per amended Income Tax Ordinance 1984 under Section #54.

g. Concerned Brokerage Houses are requested to provide us with statement of Margin Loan account holders along with relevant details who holds Prime Bank's Shares on the 'Record date' to the company's Share Department on or before May 13, 2018 in the event dividend is required to be credited to the respective Loan accounts in compliance with BSEC rules.

N.B: No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 23rd AGM as per BSEC Directive No. SEC/CMRRCD/2009-193/154 dated 24.10.2013.

SHARESTOCK

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	Earnings 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 Team
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

IMARSTOCK

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 **23rd Annual General Meeting** of the Company to be held on Thursday, 24th May 2018 at 11.00 a.m. at the Krishibid Institution, KIB Complex, Krishi Khamar Sarak, Farmgate, Dhaka-1215 and any adjournment thereof.

Signed this ..... day of May 2018.

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 **23rd Annual General Meeting** of the Company to be held on Thursday, 24th May 2018 at 11.00 a.m. at the Krishibid Institution, KIB Complex, Krishi Khamar Sarak, Farmgate, Dhaka-1215.

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 23rd AGM as per BSEC Directive No.SEC/CMRRCD/2009-193/154 Dated 24.10.2013.



Prime Bank Limited

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