



Directors Report

On behalf of the Board of Directors and Management, It is indeed a great privilege for me to welcome you to the 19th Annual General Meeting of the Company. We are pleased to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended December 31, 2014 for your valued consideration, adoption and approval.

The Directors' Report has been prepared in compliance with the Section 184 of the Companies Act 1994, BSEC's Notification of 2012, the Listing Regulations of Dhaka and Chittagong Stock Exchanges, guidelines of Bangladesh Bank and other applicable rules and regulations. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices.

WORLD ECONOMY

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013. Global recovery was also hampered by some new challenges, including a number of unexpected shocks, such as the heightened geopolitical conflicts in various areas of the world. Six years after the global financial crisis, gross domestic product (GDP) growth for a majority of the world economies has shifted to a noticeably lower path compared to pre-crisis levels.

Growth in the Western hemisphere, other than the United States, continues to remain anemic. The Eastern hemisphere continues to radiate confidence powered by China and India. Rate of growth has slowed with

China preparing for a soft landing after powering with a breathtaking growth rate.

United States has managed to maintain an annual growth rate above 2 percent in 2014. However, the economic situation in Europe has stagnated particularly in the euro area, where growth is exceptionally weak, with some countries close to or already in recession. All major developed economies in North America, Europe and developed Asia have indeed aligned on an upward growth trajectory for the first time since 2011.

Growth rates in developing countries and economies in transition have become more divergent during 2014, as a sharp deceleration occurred in a number of large emerging economies, particularly in Latin America and the Commonwealth of Independent States (CIS). A number of these economies have encountered various country-specific challenges, including structural imbalances, infrastructural bottlenecks, increased financial risks and ineffective macroeconomic management, as well as geopolitical and political tensions. In contrast, East Asia, including China, managed to register relatively robust growth, while India led South Asia to a moderate strengthening.

In the large economies, Germany started the year strongly, but has since slowed significantly. Spain resumed positive growth in mid-2013 and has been strengthening ever since; Ireland and Portugal have also returned to positive growth, but all three recoveries remain extremely fragile. The only example of more robust growth is outside the euro area in the United Kingdom of Great Britain and Northern Ireland.

Regarding other developed countries, New Zealand became the first developed country to tighten its monetary policy stance after the Great Recession. GDP is estimated to grow favorably in Canada and Australia.

Among the developing countries, Africa's overall growth momentum is set to continue, with GDP growth expected to accelerate from 3.5 percent in 2014 to 4.6 percent in 2015.

East Asia has maintained the distinction of the world's fastest-growing region, with GDP growth estimated at 6.1 percent in 2014. China's transition to more moderate growth is expected to be partly offset by higher growth in other economies, where investment and exports will likely strengthen as activity in developed countries improves. Economic growth in South Asia is set to gradually pick up from an estimated 4.9 percent in 2014 to 5.4 percent in 2015. While the recovery will be led by India, which accounts for about 70 percent of regional output, other economies like Bangladesh and the Islamic Republic of Iran are also projected to see stronger growth. In the Middle East lower oil prices and armed conflicts in Iraq, Gaza and the Syrian Arab Republic hampered economic growth in Western Asia throughout 2014. The external environment was also not conducive to growth for non-oil exporting countries, given the relatively subdued economic growth in many developed economies.

A major weakness in the macroeconomic picture remains the employment situation, as GDP growth continued to be subdued and below potential in many parts of the world, and therefore did not create a sufficient number of productive jobs. In the developed economies, unemployment figures remain elevated in several countries, especially in the euro area, while wage levels continue to be affected by the financial crisis.

While the aggregate global inflation rate remains tame, this cannot mask a wide range of individual circumstances. Notably, inflation is elevated in about a dozen developing countries and economies in transition, while a growing number of developed economies in Europe are facing the risk of deflation.

Trade growth has been sluggish in the past few years, due mainly to the slow and uneven recovery in major developed countries and the moderate growth in developing countries. Net private capital inflows to emerging economies have been on a moderate downturn since 2013. In 2014, net private inflows to this group of economies have declined, mainly because of capital flight from the Russian Federation amid a weakening economic situation and geopolitical strains. External borrowing costs continue to be relatively low for most emerging economies, but the risks for abrupt adjustments and increased volatility driven by changes in investor sentiment remain high.

International prices of primary commodities have been on a downward trend in the past two years. International prices of oil declined sharply in the second half of 2014 and are projected to continue softening in 2015–2016, as the growth of demand for oil is expected to remain weak. Non-oil commodity prices have also been on a decreasing trend, although they still remain high relative to their long-term trend of the past decades.

OUR ECONOMY

Over the last several years Bangladesh Economy has been growing at middling rate of 6 percent. After reaching 6.7 percent in 2010-11 it has been on a decline trend. GDP growth in FY14 almost stagnant to 6.1 percent compare to 6 percent last year. Private investment, the real driver of the economy, has seen downward trajectory continuously during the last two fiscal years from 22.5 percent of GDP to 21.4 percent. A substantial reduction in the cost of fund (2%) over the last one year has not stimulated private investment. There was practically negative growth in private investment due to political uncertainty and the inadequate improvements in the provision of power, gas and infrastructure.

In manufacturing, export growth has been almost non-existent in the first quarter of this fiscal year and has seen a gradual decline. This is mainly due to garment exports. The international market recovery was not as it was expected, particularly in the European market. However, there are some positive indicators notably in the agricultural sector, which seen a hike in crop production. Public investment also performed well and rose from 6.6 percent of GDP in FY 2013 to 7.3 percent in FY2014. The rate of growth of tax revenue raised by NBR during July-November 2014 was lower than the rate during the corresponding period last year.

Inflation is still high but stable. Overall consumer inflation increased to 7.4 percent in FY14 relative to 6.8 percent in FY13, driven by an increase in food inflation. Part of the rise was due to supply disruptions caused by the political unrest of late 2013. The gap between rural and urban food inflation narrowed. Stable international oil prices and prudent monetary management helped reduce non-food inflation from 9.2 percent in FY13 to 5.5 percent in FY14.

Another opt-repeated success of the economy is the rapid increase in the stock of international reserves to over \$ 21.6 billion. Monetary management was challenged by fast reserve accumulation as the remittance was reduced by 1.6 percent. However,

Bangladesh Bank (BB) managed to keep reserve and broad money growth within target by stepping up sterilization operations. The surplus in balance of payment increased from US\$5.1 billion in FY13 to US\$5.5 billion, creating an excess supply of foreign exchange. BB's interventions in the foreign exchange market limited appreciation of taka. The real exchange rate appreciated by 8.5% in FY14 relative to FY13 due to small (2.7 percent) nominal appreciation and higher domestic inflation relative to international inflation.

Fiscal policy is affected by revenue collection and development budget implementation shortfalls. The overall fiscal deficit in FY14 was a modest 3.1 percent of GDP. Public debt as a share of GDP is declining. The financial system remains under stress and capital market activities have been weak. Several financial scams and resultant loan defaults in the state-owned commercial banks (SCBs) moved them into a position of insolvency. Capital market activities remained generally weak throughout FY14. A rise in default risk across the board due to losses inflicted by a prolonged disruption in production and trade has worsened the state of the banking sector. The growing nonperforming loans of private commercial banks were also a matter of concern. Asset quality in the state-owned commercial banks (SCB) deteriorated in FY14. While their aggregate stock of assets and share in the total assets of the banking system declined, deposits continued to grow at a healthy rate, thus ensuring adequate liquidity.

Bangladesh continues to make progress on human development and reducing extreme poverty.

Political uncertainty and weak competitiveness are dragging acceleration of private investment and growth. To sustain growth in the near- and medium-term, private investment need to increase significantly along with improving the quality of public investment. Improvement in infrastructural support and avoiding of confrontational politics will assist towards sustainable growth.

Some structural reforms have moved forward. NBR is implementing a comprehensive reform program to enhance policies and modernize tax administration. Reforms seek to encourage voluntary compliance by simplifying and automating the tax payment system and by reducing the discretionary power of tax officials. To enhance the efficiency of customs administration, the Automated System for Customs Data (world clearance system) has been introduced at all major customs houses, aiming to have a national paperless customs management system operating in the near future. The government adopted the National Occupational Safety and Health (OSH) Policy, minimum wage for the

garment workers working in the lowest grade has been raised to BDT 5300 from BDT 3000, amendments to the Labor Law have been made and draft "Bangladesh Export Processing Zone (EPZ) Labor Act, 2014" has been approved to protect both non-EPZ and EPZ workers fundamental rights to freedom of association and collective bargaining, duty free import of fire safety equipment was allowed in the FY15 budget.

OUTLOOK AND RISKS

Traditional risks remain while newer challenges mount. The global economy is slowly getting back on its feet, albeit with some hesitancy and unevenness. Bangladesh's growth outlook depends on internal stability and structural reforms.

The outlook is subject to several macro vulnerabilities: further growth slowdown due to internal strife, the prospect of resurgent inflation due to disruptions in supply chain and wage push factors, decline in exports and remittance growth, fiscal expansion due to increased recurrent expenditures in response to political pressures, and failure of financial intermediation.

The risks stemming from the impending political turbulence have grown significantly while new risks and challenges have gained prominence, including notably the risks associated with the damaged image of Bangladesh's major manufacturing success story - the garments industry.

The major challenge is to elevate private investment to the level envisaged in the perspective plan. Despite relentless efforts, the whole setting is not yet conducive for private sector investment. Conversely, the areas of strengths and opportunities are extensive and bright. Firmness in export and remittance earnings, ongoing higher investment in physical and social infrastructure, progress in human development, diffusion of technology, matured macroeconomic management, and vibrant domestic economy are giving competitive edge to Bangladesh.

CAPITAL MARKET SCENARIO

Capital market of the country grew significantly in the decade, the size of the market is still relatively small compared to others in Asia. However, the country's capital market is the third largest in south Asia region. Capital Market, overall, 2014 has been a year of some recovery and relative stability. The stock index gained grounds in the second half of FY14 after remaining sluggish in the first half. The benchmark index of Dhaka

Stock Exchange, DSEX, gained 5 percent between January and June. The uptrend started at the beginning of the calendar year, following national parliamentary election on January 5, 2014. DSEX reached its peak at 4,845 on February 6, 2014. The post-election euphoria dissipated shortly and the benchmark index lost 5.7 percent in the following five months, reaching its lowest at 4,363 on June 23, 2014. From July onward it moved within a band of 4,400 to 4,600. Stocks with good fundamentals marked higher return compared to the overall return on the market portfolio. DS30, the blue chip index, marked a sustained 12.7 percent yield, which is more than double the return on the benchmark index.

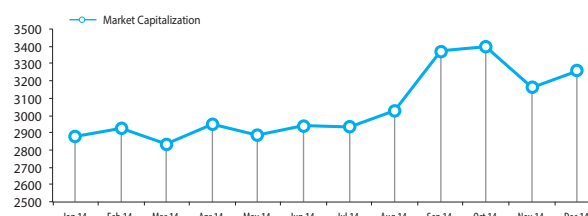
The trade volume improved between January and June, 2014. Average daily turnover exceeded the Tk. 6 plus billion in January 2014 for the first time after 2011, when the average daily turnover was Tk. 6.6 billion following the 2010 market crash. Improvement in the average daily turnover was also a result of the excess liquidity that accumulated on account of slowdown in investment. After declining to around Tk. 3 billion in May, daily turnover started picking up again from early August and crossed Tk. 6 billion mark once again on September 4, 2014.

Although it will take long time to recover from the setback that it suffered in 2010, the general investors were more comfortable as artificial market swing was not a usual phenomenon, capital market behaved more consistently in 2014 than 2013. However, cautious investors tried to minimize their portfolio loss. Net foreign investment in the bourses increased by 33.69% in 2014 on year on year basis, total foreign trade turnover stood at USD 795.51 mn in 2014 compare to USD 432.7 mn in 2013. In terms of corporate profitability, listed companies achieved 28.9% earnings growth as of Sep 14. This growth was mainly due to robust growth in net profit of banking sector of 91.5% during the same period. Average daily turnover slightly enhanced to BDT 4,993.79 mn in 2014 to BDT 4,003.12 mn in 2013 where yearend market PE was 15.69 and 15.07 respectively for 2014 and 2013.

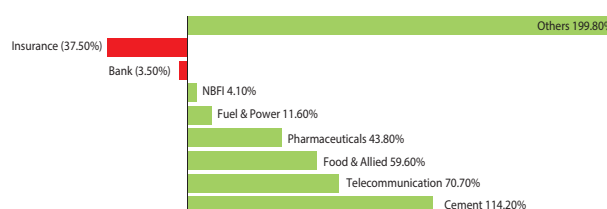
Capital Market in 2014 in Comparison with 2013

Market capitalization	Increased by 21%
DSE daily average turnover	Increased by 24.75%
No. of new companies listed	17
Fund collected through IPO process	Decreased by 6.08%
Fund collected through rights offer	Increased by 1044.2%

Among the major sectors, cement, telecom, food & allied and pharmaceutical sectors were leading the market in 2014 registering enhancement of market capitalization by 114.2%, 70.70%, 59.60% and 43.80% respectively.



In 2014, 17 companies raised BDT 9,893.7 mn through the primary market which was a bit lower than 2013. 43% of total fund withdrawn was utilized to repay debt. After inclusion of new securities, total number of listed Companies in 2014 stand at 317 and 289 in DSE and CSE respectively. On the other hand 9 listed companies raised BDT 20,630.45 mn from the secondary equity market through issuing rights shares which is 1044.2% higher than the FY 2013. In 2014, Bangladesh Securities and Exchange Commission (BSEC) introduced pilot project where investors could deposit IPO subscription fee to some brokerage houses and merchant banks in addition to Banks. BSEC is expected to establish this project in 2015.



Sectoral performance return in 2014 as compared with 2013

Both the bourses started 2014 with demutualized status and continue reformation through launching of Shariah based index, surveillance software, commencement of CRO's operation, implementation of NASDAQ OMX designed trading software and initiation of single share market lot etc.

INDUSTRY ANALYSIS

NBFIs have turned out to be engines of growth and are integral part of the Bangladesh financial system; enhancing competition and diversification in the financial sector have been increasingly recognized as complementary of banking system at competitive

prices. Simplified sanction procedures, flexibility and timeliness in meeting the credit needs and low cost operations resulted in the NBFIs getting an edge over banks in providing long term funding.

Like the economy of other countries, NBF sector in addition to banking sector, play a vital role in the national economy of Bangladesh. It contributes significantly in manufacturing, agriculture, industry, power, transport, trade service and so on. Recently NBFIs have become more integrated with the general masses through creative products in the Assets and Liabilities side and have displayed a certain degree of resilience despite the tension in the economic and political developments.

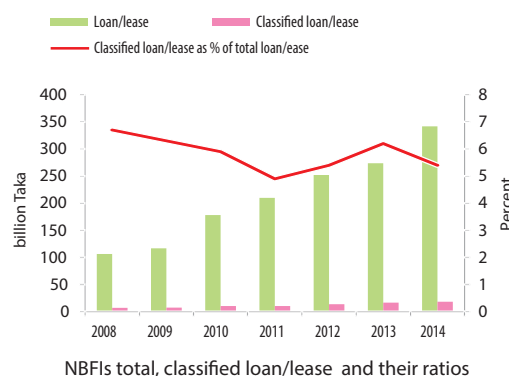
Small- and medium-sized enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow and generate badly needed new jobs for the region. With the growing importance assigned to financial inclusion, NBFIs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors. In line with the central bank's policy directives, loans to agriculture and SMEs are being prioritized considering their role in contributing to inclusive economic growth and job creation.

With total assets equivalent to less than 4 percent of GDP in 2014, the role of nonbanking financial institutions (NBFIs) has been growing. In 2014, NBFIs recorded notable growth in total assets, borrowings, deposits, and capital. The asset of NBFIs have increased substantially in FY14, by 30.7 percent to BDT 436.3 billion in 2013 from BDT 333.9 billion in 2012. At the end of June 2014, total assets stood at BDT 500.6 billion. As of June 2014 investment of NBF sector was majorly driven to industry 43 percent, real estate 16.9 percent, trade and commerce 15.4 percent, power, gas, water and sanitary service 12 percent, garment and textile 9 percent and so on. Despite the overall Investment scenario in 2014 was almost same to 2013, an

enhancement of 4.1 percent in trade & commerce has been observed. As of September 2014, total BDT 2,441.70 mn disbursed in SME sector.

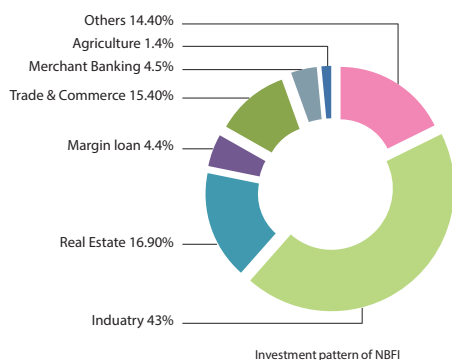
Asset quality of NBF sector remained stable compare to banking sector. As of June 2014, the number of default loans of NBFIs

increased at a lower rate i.e. increased by 4.69 percent as compared to the Banks 26 percent. As of June 2014 nonperforming loan ratio was 5.4 percent for the NBF sector. In the total asset composition of all NBFIs, the concentration of loans, lease and advances is 72.2 percent. At the end of June 2014, the industry as a whole was able to maintain adequate provision. As of June, 2014 the total outstanding of loan/lease was BDT 341.7 billion against which NPL was BDT 18.5 billion i.e. 5.4 percent which was 5.6 percent in December 2013. At the end of September 2014, most NBFIs listed on stock exchange posted better profit than September 2013. Efficient management system has driven the industry to a better position despite substantial competition and negative growth in private sector investment. According to CAMELS rating, majority of the NBFIs have been performed satisfactorily.



Few years back NBFIs were dependent to Banks as their major source of funding which making them vulnerable to systemic risks in the financial system. But now, NBFIs are generating fund directly from the market as short or long term deposits like banks which lowering down the dependency on the banks at a greater extent. Almost every NBF have their own deposit mobilization team with versatility in deposit products. Total deposits of the NBFIs are gradually increasing; in 2013 it was BDT 198.3 billion whereas in 2012 it was BDT 145.4 billion and as of June 2014 it increased to BDT 233.2 billion represented almost 58 percent of total liabilities. Despite narrow business line comparison to banks NBFIs are offering some products to a greater extent than banks. NBFIs are working as multi- product financial institutions. Direct sourcing of fund followed by comparatively stable financial market conditions helped NBFIs to reduce their cost of fund index to 10 percent last year.

Bangladesh bank's (BB) monitoring on NBFIs remains prudent and during a year hundreds of various reports



are required to be submitted to BB by each NBFIs. As a part of better transparency complete schedule of charges and base rate are displaying by every NBFIs. No charge, fees or commission in any kind other than stipulated range prescribed by Bangladesh Bank can be charged. In 2014 BB emphasized on green financing to ensure sustainable development of the country and to finance in renewable energy and eco-friendly projects. In 2014 BB launched an automated system to detect the financial problems of any NBFIs and to protect them from devastating loss in sudden business crisis.

INDUSTRY OUTLOOK

Despite inclusive growth focused monetary policy, the overall economic progress will be slowed further unless political tension eases and share of private sector investment in gross domestic product increases significantly. The biggest challenge for the private sector growth will be restoring business confidence besides prompt addressing to the infrastructure and power.

Cost of fund is reducing gradually and it is expected that the money market will continue to remain ease. Excess liquidity of the banks due to poor demand from borrowers will push the banks not to take deposits at higher rates which may have impact on reducing lending rates. Competition will intensify as the environment may not be conducive for business growth. However, incremental output from the agriculture, refinancing and SME financing could be the options to maintain minimum spread in the adverse economic condition.

BUSINESS ACTIVITIES

The financial system is the ultimate engine for achieving economic prosperity of a country, and is involved in the mobilization of financial resources from the surplus to the deficit sector. The development of both banks and non-bank financial institutions are necessary for assuring a strong and stable financial system for the country as a whole. Financial sector in Bangladesh has come across a turbulent year facing many odds and pitfalls in the macroeconomic fundamentals. However, defying all odds the company's total investment portfolio at December 31, 2014, stood at BDT 14,703 mn representing an increase of 6.01 percent over the last year. The Company's investment activities were driven mainly by term, lease and SME financing. A total of 130 agreements were executed during the year 2014 for BDT 3,334.41 mn.

Prime Finance's strategic objective is to ensure diversification of its total investment portfolio in a balance and prudent manner. This year the Company has also been able to maintain the objective of diversification. Out of total investment BDT 3,402.29 mn this year highest allocation was in Trade & Commerce sector at 29.71 percent followed by BDT 1,495.80 mn in Merchant Banking sector at 13.06 percent and so on.

In order to meet our funding requirements, we have diversified our funding sources and continued emphasizing on deposit mobilization. At the end of the year, deposits were 59 percent of total liabilities. On the other hand we judiciously used call money as one of our funding sources since interbank call money rate this year remained soft and somewhat stable in comparison with the previous year.

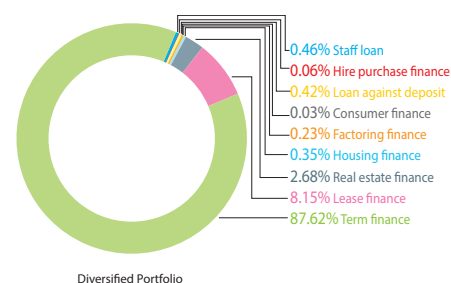
The country's secondary stock market experienced sluggishness throughout the year. Though we could not ensure hefty return on our investment but we ended this year with a positive return.

PRINCIPAL ACTIVITIES

Prime Finance commenced operations by providing leasing and hire purchase financing for customers. Subsequently the Company have gone through a metamorphosis and based on the demands of the time, started diversifying into Corporate, SME and Real Estate sector (corporate & individual) in the form of term and lease financing. During the year under review Prime Finance introduced car loan, factoring and personal loan as complementary to our mainstream products. Investment products in the form of deposits are remaining the mainstream liability side products of the Company. Apart from mentioned above there was no significant change in the nature of the principal business activities in 2014.

DIVERSIFIED PORTFOLIO

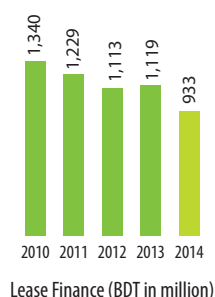
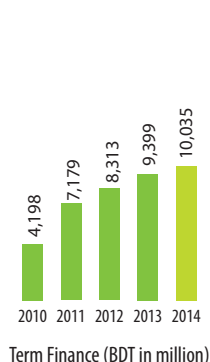
Diversification of products is one of the Company's strategic priorities. Well diversified portfolio of Prime Finance includes Term Loan Finance that represents 87.62 percent of total loans and Lease



Finance 8.15 percent which includes SME term and lease finance of 19.54 percent.

FINANCING ACTIVITIES

Despite economic slowdown and political turmoil throughout the year and low industrial activities the year ended with a fresh financing of BDT 2,992.33 mn which is 1.93 percent enhancement from the previous year of BDT 2,935.66 mn and total 6.26 percent cumulative enhancement. Prime Finance continued its investment strategy of cautious, selective and specific segment penetrative policy. We remained focused in terms of the quality of finance and maintain high credit requirements for clients. While pricing we considered the risk profile of the transaction. Our strict lending and pricing policy helped to stabilize profitability in 2014 and to ensure three percent spread over financing. Due to economic sluggishness and overall slow movement of the industry expected return from the recovery of loans/leases could not be attained. But our relentless effort helped in ending the year with a decrease in NPL from 7.63 to 5.86 last year.



Term finance

Term finance continued to be a leading product for Prime Finance. The strategy of focusing on the profitable, low risk business was continued with a specific focus on SME sector. Particularly in this area, the market was characterized by fierce competition and hence strong pressure on margins. Despite this difficult market environment, we managed to book new business at a satisfactory rate and our investment in term finance enhanced 6.77 percent compare to 2013. As on 31 December 2014 gross installments receivables were BDT 493.61mn which is 42.14 percent enhanced.

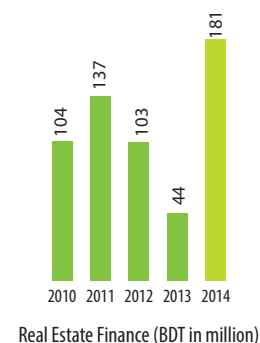
Lease finance

Lease financing activity represents asset based financing. Through lease financing we facilitated small and medium type enterprises to access to the finance. We offer leasing as a modern financial instrument for

managing corporate investments in movable equipment. We concentrated only on full payout financial lease transaction for financing a wide range of capital machinery, equipment and vehicles. In 2014, Prime Finance was able to maintain consistent growth in lease finance. During the year, total investment under finance lease was BDT 312.05 mn. As on 31 December 2014 gross lease rental receivables were BDT 872.14 mn. Lease income earned during the year marginally increased by 3.90 percent.

Real-estate finance

Historically Prime Finance used to concentrate on the real estate developers for construction of residential apartment, construction of commercial building and corporate office. The real estate sector of the country is stuck in a quagmire. One of the visible indicators marking the difficult time the sector is passing through is the decline in apartment sales a phenomenon that has been lingering for consecutive years. Non-availability of electricity and gas connections, prolonged political turbulence, absence of active secondary market for real estate, high transfer taxes and inadequate policy contributed to the overall slowdown of real estate sector business. Despite this in 2014, total investment in this product was BDT 200 mn which has been provided to selective and proven customers.



Consumer Finance

We offer affordable and flexible housing finance, car finance at a competitive interest rate to the desired consumers who have dream of owning a home or car into reality. We started housing finance in 2010 with a portfolio of BDT 3.5 mn only where we ended 2014 with a portfolio of BDT 40 mn in housing finance. Our efforts in generating more avenues of finance and in 2014 we have financed BDT 2.50 mn and BDT 2 mn in our newly introduced car and personal finance respectively.

Factoring Finance

We offer factoring as a comprehensive financial service that includes credit protection, accounts receivable bookkeeping, collection services and financing to the small businesses that face challenges to access financing to utilize their production cycle. We started factoring this year and ended with considerable financing of BDT 24.96 mn.

Geographical segments

We are keen to facilitate small and medium businesses to access to the finance at their convenience. We provide service through five offices geographically diversified in Dhaka, Chittagong and Rajshahi division of the country to cater the financial need of the entrepreneurs and consumers residing in urban and semi urban area.

Liquidity and funding

The Company maintains sufficient facilities to meet its normal funding requirements. These facilities are primarily in the form of bank facilities arranged on a bilateral basis with a number of commercial banks and term deposits mobilized from individuals and institutions ranging for a period from 3 months to 10 years. The Company preferably utilize fund of the call money market to meet its immediate requirement of funds, which subsequently either repay or transform into term loan.

OPERATING AND FINANCIAL

PERFORMANCE OF THE COMPANY

Profit before tax improved from BDT 469.19 mn in the previous year to BDT 492.92 mn in the year under review and profit after tax also reflected an increase from BDT 370.68 mn to BDT 469.73 mn. Other operating income decreased from BDT 316.30 mn to BDT 151.34 mn in the year under review. Operating income consists of leases and loans. Intensified marketing efforts successfully grew the total investment portfolio. However, as the loan lease portfolio consists majorly of corporate clients, there was a certain degree of margin compression which resulted in a lower contribution towards growth. The net interest income of BDT 348.14 mn reflects an increase of 54.68 percent compared to BDT 225.07 mn in the previous financial year. Operating expenses at BDT 270.66 mn reflects an increase of 26.54 percent over BDT 213.87 mn due to increase in provision of employee retirement benefit expenses and other overheads. The rigorous credit evaluation process enabled the company to contain asset quality with gross non-performing loans on core business inclusive of leases and loans (NPL) to total advances recorded at 5.86 percent. Interest bearing liabilities accounted for 59.88 percent of the total liabilities and shareholders' funds, a marginal incline compared to 14.76 percent in the previous year. Deposits from customers grew from

BDT 6,770.98 mn to BDT 7,763.33 mn in the current year, an increase of 14.65 percent. The weighted average number of ordinary shares outstanding during the year was 272.91 mn. The financial results of the Company for the year 2014 with a comparison of 2013 are summarized below:

(BDT in mn except per share data)	2014	2013
Operating revenue	2,102.61	2,149.61
Operating expenses	1,553.13	1,581.03
Profit before tax	492.92	469.19
Provision for tax	23.19	98.51
Profit after tax	469.73	370.68
Earnings Per Share (EPS)	1.59	1.10

SIGNIFICANT DEVIATION IN OPERATING RESULTS

There is no significant deviation in the operating results of the Company in 2014 compared to 2013.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL RESULTS

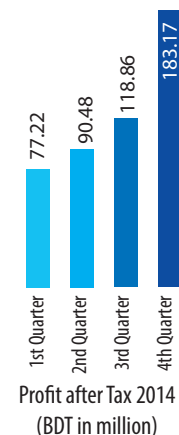
Performance of the Company has moved consistently throughout the year and there is no significant variance between quarterly and annual results.

TEN YEARS DATA

Key operating and financial data of preceding 10 (Ten) years of the Company are the part of this report and have been summarized on pages 46-47 of this Annual Report.

SUBSIDIARY

Prime Finance Capital Management Limited (PFCML) is a subsidiary of country's leading financial institution-Prime Finance & Investment Limited and has positioned itself as a market leader among merchant banking sector. Since 1996, PFCML has been in the capital market as a full-fledged merchant banking wing of Prime Finance & Investment Limited to serve individual clients, small and large companies with a full range of issue management, underwriting, portfolio management and corporate advisory services. Later on, as per BSEC's guidelines, the merchant banking wing was converted into separate subsidiary company and



was incorporated in 18 March 2010 as a public limited company with initial authorized capital of BDT 2,500 (two thousand five hundred) mn and an initial paid-up capital of BDT 1,000 (one thousand) mn. Presently the company has BDT 1,936 mn paid up capital.

PFCML is recognized across the country for its expertise in issue management service. It has a track record of managing 42 issues (29 IPOs and 13 Rights Issues) of as many 10 sectors ranging from manufacturing to power sector. As a full-fledged merchant bank, Prime Finance Capital Management Ltd. actively participates in underwriting of Initial Public Offering (IPOs), Repeat Public Offering, Rights Issues, Alternative Securities like various types of Bonds. The company has so far underwritten 106 public issues. It is evident that PFCML has the attitude to comply the relevant laws very strictly. Thus, it has built hard earned image of “fully compliant Merchant Bank”.

Besides, the company provides portfolio management services with high standard, excellent customer services, professionalism. Clients receive tailored financial solutions for trading securities. Currently it has more than a thousand portfolios managed through 4 designated brokerage houses. PFCML offers industry leading support to its clients through a suite of innovative, easy-to-use services. Working with its clients as strategic partners, it creates and executes winning solutions, which address our clients’ most pressing strategic, financial and investment needs anywhere in Bangladesh.

The team members of PFCML stand by clients through building and maintaining solid partnerships. The team always places its client relationships first and is proud to conduct its business based on Client Satisfaction, Respect to the Individual, Teamwork, Responsible Citizenship, and Integrity.

SHARE OF INCOME FROM SUBSIDIARY AND ASSOCIATE COMPANIES

Prime Finance Capital Management Ltd. (PFCML), the subsidiary company, presently has BDT 1,936 mn paid up capital where Prime Finance holds 60% shares. The Board of Directors of PFCML has recommended 5% stock dividend for the year ended 31 December 2014.

PFI Securities Ltd., a full fledged international standard Stock Dealer and Stock Broking company provides services to the individuals and institutional Investors. PFI Securities Limited is a registered member of both the bourses in Bangladesh; Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). PFI Securities Ltd. is the associate company of Prime Finance. Presently, the company has BDT 1,758.12 mn paid up capital where Prime Finance holds 46.15% shares. The Board of Directors of PFI Securities Ltd. has not recommended dividend for the year ended 31 December 2014.

Prime Finance Asset Management Company Limited, the asset manager of first ever unit fund in the Bangladesh Capital Market along with few others mutual and unit fund is the another associate company of Prime Finance. Presently the company has BDT 66 mn paid up capital where Prime Finance holds 49% shares. The Board of Directors of Prime Finance Asset Management Company Limited has recommended 15% cash dividend of BDT 100 per share for the year ended 31 December 2014.

Prime Prudential Fund Limited is also an associate company of Prime Finance. Presently the company has BDT 24.60 mn paid up capital where Prime Finance holds 40% shares. The Board of Directors of Prime Prudential Fund Limited has not recommended dividend for the year ended 31 December 2014.

Audited financial statements of the subsidiary and associate companies are given on pages 280 to 302 of this Annual Report.

MOVEMENT OF INVESTMENT IN SUBSIDIARY AND ASSOCIATES

Figures in BDT	Balance as on 1 Jan 2014	Investment/ (Adjustment)	Revaluation Reserve	Profit/(loss) under equity method	Balance as on 31 Dec 2014
PFI Securities Ltd.	1,160,702,618	-	-	7,657,139	1,168,359,757
PFAMCL	35,943,728	(3,234,000)	-	4,857,539	37,567,267
Prime Prudential Fund Ltd.	13,020,340	-	-	(3,064,772)	9,955,568
Prime Finance Capital Mgt. Ltd.	960,000,000	-	-	-	960,000,000
Total	2,169,666,686	(3,234,000)		9,449,906	2,175,882,592

RELATED PARTY TRANSACTION

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & IFRS. A statement of related party transactions has been presented in page no 266 of the Annual Report.

CAPITAL EXPENDITURE

The total Capital Expenditure on acquisition of property, plant, computer applications, software and equipment, of the Company amounted to BDT 55.68 mn (BDT 6.87 mn 2013). The detailed note on acquisition of Property, Plant and Equipment is given under the Annexure-I of the Financial statements in the page no 272.

CAPITAL INFUSION

There were no changes in the issued, subscribed and paid-up capital of the Company during the financial year 2014. Presently, the authorized share capital is BDT 300 crore divided into 30,00,00,000 nos. of ordinary shares of BDT 10 each and the paid-up equity share capital is BDT 2,729,164,830 divided into 27,29,16,483 nos. of ordinary shares of BDT 10 each.

EVENTS OCCURRING AFTER THE REPORTING DATE

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year 2014 that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report other than the following:

On 25 February 2015, we recommended 12.50 percent cash dividend. Details of the dividend recommended during the financial year are disclosed in note no. 48 on page no. 270 of the Financial Statements.

MATERIAL CHANGES AFTER BALANCE SHEET DATE

There have been no material changes and commitments between the end of FY14 and the date of this report, affecting the financial position of the Company.

APPROPRIATIONS OF PROFIT

Taking into account the profit available for distribution after complying with the regulatory requirements, the

Board recommended 12.50 percent cash dividend for the year ended 31 December, 2014 for approval of Shareholders in the Nineteenth Annual General Meeting. The Board proposed the following appropriations based on separate financial statements:

	Amount in mn BDT
Net profit for the year 2014	377.29
Retained earnings at the beginning of 2014	459.92
Total profit available for appropriation	427.83
Proposed appropriations:	
Transferred to statutory reserve	75.46
Proposed cash dividend	341.14

DIVIDEND

Prime Finance aims to provide commendable and sustainable rate of dividend to its shareholders. In connection with this the Board of Directors in its meeting held on 25 February 2015 recommended 12.50 percent cash dividend for the year 2014. Moreover, the Company has been paying dividend consistently for many years.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY

The Directors confirm that to the best of each director's knowledge and belief:

- the financial statements, prepared in accordance with IAS/IFRS and BAS/BFRS as adopted by ICAB, give a true and fair view of the assets, liabilities, financial position and results of the Company, and
- the management report contained in the operational and financial review includes a fair review of the development and performance of the business and the position of the company, together with a description of principal risks and uncertainties that may face.
- the internal control system is properly designed, implemented and effectively monitored.

DIRECTORS' RESPONSIBILITIES OF PREPARATION OF FINANCIAL STATEMENTS

The Directors are of the view that the Annual Report and Company's financial statements have been prepared in accordance with applicable laws and regulations and as per requirement of regulatory

authorities. The Board confirms that a true and fair view of the state of the affairs of the Company has been ensured while preparing the Financial Statements of the Company. A statement of the Directors' responsibility in relation to financial statements has been given on pages 178 to 179 of this Annual Report.

ACCOUNTING POLICIES AND MAINTENANCE OF BOOKS OF ACCOUNTS

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

OBSERVANCE OF IAS, BAS, IFRS, BFRS & APPLICABLE LAWS

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable us to ensure that the financial statements comply with the Companies Act, 1994, the Financial Institutions Act, 1993, and the Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards and other applicable rules and regulations.

FAIRNESS OF THE ACCOUNTS

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profits for the year ended 31 December 2014.

GOING CONCERN

The Board of Directors has reviewed the Company's overall business plans, strategies and pleased that the Company has adequate resources to continue its operations in the projected future. Directors fee it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the Financial Statements. A separate report on going concern has been set out on pages 174 to 176 of this Annual Report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors, in accordance with BSEC's notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of Prime Finance, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- There exist no significant doubts as to the Company's ability to continue as a going concern.

REPORT ON THE COMPLIANCE OF THE CONDITIONS OF BSEC'S NOTIFICATION

In accordance with the BSEC's Notification dated 7 August 2012, the Board of Directors are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. A statement on the compliance with the BSEC's conditions is given on Annexure-V on pages 202 to 205 of this Annual Report.

CODE OF CONDUCT

The Board has laid down a code of conduct for the Board members. All the Board members have certified that they have received, read, understood and affirmed compliance with the code for the year ended 31 December 2014. Affirmation of annual compliance of 'Code of Conduct' by all the Directors have been recorded in the Board of Directors Meeting held on 25 February 2015. In this regard a declaration signed by the Company Secretary is given on page no 206 of this annual report.

SUBSTANTIAL SHAREHOLDINGS

BSEC's Corporate Governance Notification dated 7 August 2012 requires a listed company to disclose in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. None of the shareholders hold ten percent or above shares in

Prime Finance. The shareholding status of all sponsors shareholders as on 31 December 2014 is given in Annexure-II, page 198 of this Report.

PATTERN AND DISTRIBUTION OF SHAREHOLDING

As on December 31, 2014 the paid up capital of the Company is BDT 2,729,164,830 subdivided into 272916483 shares of BDT 10 each where the Sponsor Shareholders holding is 66.50%. The overall shareholding patterns of the Company as at the end of the year 2014 is shown in Annexure-III, page 198 of this Annual Report. The distribution of shareholdings as required by the regulatory authorities is also given in Annexure-IV, on page 199 of this Annual Report.

BOARD OF DIRECTORS

Name of the Directors who held office during the year 2014 were as under:

Name	Representing	Status
Mr. Md. Aminul Haque	Acorn Limited	non-executive Chairman
Mr. K. M. Khaled	Khaled Textile Mills Ltd.	non-executive Director
Ms. Muslima Shirin	Mawsons Limited	non-executive Director
Mr. Z. M. Kaiser	Maksons (Bangladesh) Ltd.	non-executive Director
Mr. Mohammad Masudur Rahim	East Coast Shipping Lines Ltd.	non-executive Director
Mr. M. Shahadat Hossain Kiron	Agami Apparels Ltd.	non-executive Director
Mr. Qazi Saleemul Huq	GQ Enterprise Ltd.	non-executive Director
Mr. Shahriar Khaled	Maksons (Bangladesh) Ltd.	non-executive Director (appointed on June 01, 2014 in replacement of Mr. Z. M. Kaiser)
Mr. K. M. Mobarak Hossain	Khaled Textile Mills Ltd.	non-executive Director (appointed on June 01, 2014 in replacement of Mr. K. M. Khaled)
Mr. Waheed Mahmud Khaled	Mawsons Limited	non-executive Director (appointed on June 01, 2014 in replacement of Ms. Muslima Shirin)
Mr. Tauseef Iqbal Ali		non-executive Director
Prof. Dr. Parimal Chandra Datta		Independent Director
Mr. Kazi Md. Mortuza Ali		Independent Director
Mr. Mahibul Islam Chowdhury		Independent Director

(The Board of Directors at its 225th meeting held on July 20, 2014 appointed Mr. Z. M. Kaiser as alternate Director to Mr. Shahriar Khaled and this continued till middle of January, 2015).

CHANGES IN THE BOARD OF DIRECTORS

During the year 2014, some changes in the Board of Directors have taken place due to withdrawal of nomination by the Corporate Sponsor Shareholders. Khaled Textile Mills Ltd. nominated Mr. K. M. Mobarak Hossain in place of Mr. K. M. Khaled; Maksons (Bangladesh) Ltd. nominated Mr. Shahriar Khaled in place of Mr. Z. M. Kaiser and Mawsons Ltd. nominated Mr. Waheed Mahmud Khaled in place of Mrs. Muslima Shirin. The said appointments have been made by the Board with effect from June 01, 2014. The Board places on record its appreciation for the valuable contribution made by Mr. K. M. Khaled, Mr. Z. M. Kaiser and Mrs. Muslima Shirin during their tenure as Director of the Company.

DIRECTORS' MEETING, ATTENDANCE & REMUNERATION

During the year ended 31 December 2014 total 09 (nine) meetings were held. During this year, averages attendance of Directors in Board meeting was more than 74 percent. The attendance in the Board meetings by each Director is given in Annexure-I on page 197 of this Annual Report. Total remuneration which has paid to the Directors including Independent Directors is given in note no 29 on page 262 of this Annual Report.

DIRECTORS TO RETIRE, RE-APPOINTMENT AND BIOGRAPHIES OF THE DIRECTORS

As per Article 67 of the Articles of Association of the Company, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible for re-election. In this connection the following Directors will retire in the Nineteenth Annual General Meeting and being eligible offered themselves for re-election as per Article 69 of the Articles of Association of the Company:

- i) Mr. Md. Aminul Haque nominated by Acorn Ltd.;
- ii) Mr. Qazi Saleemul Huq nominated by GQ Enterprise Ltd.;
- iii) Mr. Waheed Mahmud Khaled nominated by Mawsons Ltd.;
- iv) Mr. Tauseef Iqbal Ali.

As per clause no 1.2 (vi) of Corporate Governance

Notification issued by the Bangladesh Securities and Exchange Commission dated August 07, 2012, first term for a period of three years of Professor Dr. Parimal Chandra Datta, Independent Director will be completed on 27 March 2015. Now, under the said Notification, the Board in its meeting held on 25 February 2015 appointed him as Independent Director for the second term for a period of three years with effect from 28 March 2015. This may be approved by the shareholders in 19th AGM.

Biographies of the Directors (including retiring Directors) and the names of the Company where they have interest are mentioned in the Annual Report on pages 18-21.

RENEWAL OF EMPLOYMENT CONTRACT OF MANAGING DIRECTOR

Mr. Asad Khan, Managing Director of the Company was appointed to the Company for a period of three years with effect from 01 June 2011. Upon expiry of the term on 31 May 2014, the Board renewed his employment contract as Managing Director for another term for three and half years. Approval from Bangladesh Bank regarding renewal of employment contract of Managing Director has been accorded.

CORPORATE GOVERNANCE

Fundamentally, the conduct of the Company is guided by our core values, our code of ethics and a commitment to openness and transparency. Prime Finance's Board of Directors endeavors always to provide learned and strategic direction for the Company through applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission. We establish necessary policies and procedures to protect the Company from risk and to provide it with clear strategic direction. We work to ensure all governance matters are transparent to stakeholders as well as shareholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. Demonstrating the Prime Finance's continued commitment in these crucial areas of business practice, Prime Finance was honored

to receive the Corporate Governance Excellence Award from the Institute of Chartered Secretaries of Bangladesh. Chosen from a field of NBFI and Insurance categories, Prime Finance was commended for exhibiting high levels of commitment in corporate governance practice and performance disclosure. The award affirms our exceptional leadership in this area. Detail report on corporate governance has been set out on pages 119 to 135 of this Annual Report.

INTERNAL CONTROL

Internal control including financial, operational and compliance controls and risk management systems, maintained by Management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment. The Internal Audit regularly reviews of the Prime Finance's operations, examine the business processes and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks. Management will follow up and review the status of actions on recommendations made by the internal control. The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the company's policies.

There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are set out in the company's Standard Practice Instruction and are updated from time to time in tandem with changes to the business environment or regulatory guidelines. A statement on Internal Control is given on pages 148 to 150 in this Annual Report.

RISK AND CONCERNS

The Board of Directors is in charge of determining the Company's fundamental attitude toward risk while setting out the risk principles as well as the level of risk exposure. The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance.

Fundamental principles of Prime Finance's risk management philosophy are:

- Effectively managing and monitoring credit, interest rate, liquidity, market and operational risk and providing for appropriate allocation of capital among the types of risk.
- Managing risk in a forward-looking manner and identifying and analyzing risks from the beginning with the help of steering risk strategies, models and parameters.
- Creating maximum value for the shareholders, depositors and employees in long term
- Being financially reliable and strong and establishing business relations with the stakeholders that will last for many years by creating the image of a financial institution that will stay in business permanently
- Complying with Basel II and other guiding principles of Bangladesh Bank.

CORPORATE RESPONSIBILITY

Prime Finance defines Corporate Responsibility as operating with integrity at all the times, sustaining our Company's long-term viability while contributing to the present and future well being of all our stakeholders. At Prime Finance, we recognize that we have certain responsibilities to our clients, shareholders, employees and to the communities in general. We value our shareholders and their rights. We are always committed towards our shareholders to preserve their rights and to enhance their return as much as possible.

Prime Finance is committed to be equal opportunity employer, adhering to the highest social standards, the company seeks to provide a superior working environment for its employees based on diversity and respect for the importance of the individual.

Prime Finance is equally loyal for the responsibility towards the Community. Considering this Prime Finance organizes some CSR activities. We believe that a prosperous community creates a prosperous business. By supporting charitable causes, Prime Finance seeks to help people achieve their goals.

CHARITABLE DONATION

Donations are a cornerstone of our community programs, with a tradition of philanthropy dating back

to our roots. We are committed to making a lasting social impact through inspiration, responsibility giving and building strong partnership with the charitable organization. As part of Corporate Social Responsibility, Prime Finance donated BDT 60,000 (sixty thousand) to Dignata Memorial Cancer Foundation, BDT 457,787 (four lac fifty seven thousand seven hundred eighty seven) for distribution of Blankets to the cold affected people in the different regions of the country, BDT 200,000 (two lac) to Bangladesh Leasing & Finance Companies Association (BLFCA) as donation to the Program - Inclusion of the name of Bangladesh in Guinness Book of the World, BDT 200,000 (two lac) to Rajdhani Mohila College for development works, BDT 1,00,00,000 (ten lac) to Muktijoddha Museum for Building Muktijoddha Museum, BDT 25,000/- (twenty five thousand) to Cancer Victim of an NBF's employee.

HEALTH & SAFETY

The Company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation and committed to continual improvement in the standards of health and safety in the workplace. The Management is always aware about providing healthy, respectful and safe working conditions to ensure high performance of our staff. As a result health and safety performance of the executives has been improved over the years.

BUSINESS ETHICS

Our customer welfare comes first. We ensure understanding our client's need, extending facilities to the right clients at fair terms. We care our clients to enjoy consistent continuous service wherever we operate. We also opened a complain box for taking care of customer complaints with highest priority. We the Board, Management and employees of the Company strictly follow all relevant applicable laws, rules and regulations of the country.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY

During the year 2014, the company contributed a total amount of BDT 30.36 mn as Corporate Tax, BDT 162.21

mn as TDS and BDT 3.66 mn as VAT, in total BDT 196.23 mn was paid to the national exchequer. Prime Finance always upholds its responsibilities to the development of the society and the country as a whole. We encourage our employees to participate in social and charitable programs. A detail report on the contribution to national economy has been given on page 86 of the annual report.

DIVERSITY AND INCLUSION

The Company renewed its commitment to the principles of diversity and inclusion during 2014. Prime Finance recognizes that the diversity of its workforce is a considerable asset to the business and believes that an inclusive environment will enable all employees to develop their full potential and enable Prime Finance to attract and retain the best talent.

OUR EMPLOYEES AND ENVIRONMENT

We, at Prime Finance believe that Human Resources can make the difference in the Industry. Considering this thought the Management of Prime Finance recruits competent people, develop them as per the demand of the time and situation, retain them with socially based, competitive and standard motivation-award and retention policies and practices.

Management is committed to creating a working environment based on the values of equal opportunity, diversity and meritocracy. All the Company's activities are reinforced by its governance structure, which complies with the leading codes of best practices.

With respect to issues that are relevant to its operating environment, Prime Finance promises to :

- Avoid and discourage discrimination and Provide equal opportunity and respect diversity;
- Ensure frequent interaction between employees and senior Management for constructive development in systems & procedure;
- Support employee efforts to achieve a healthy work-life balance;
- Organizing Training & Seminar for employee development
- Ensuring best HR practices
- An empowering Management style that develops employee and encourages performance;

- Prime Finance seeks to enhance employee motivation and performance in line with Company's strategic objectives and in accordance with Prime Finance brand promises: ethics, professionalism, innovation, pragmatism, team spirit and integrity.

ANNUAL GENERAL MEETING

Annual General Meeting is the biggest program for the Company in a year. All shareholders are entitled to receive notice and to attend and speak at the general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorized representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share held. The Notice of Annual General Meeting specifies deadlines for appointing a proxy or proxies. The notice of AGM and proxy form is also available for shareholders in the official website i.e. www.primefinancebd.com. A summary of the agenda in AGM is given below:

Ordinary Business:

- Adoption of Directors' Report, Auditors Report and Audited Financial Statements;
- Declaration of dividend;
- Re-appointment of retiring Directors;
- Appointment of Statutory Auditors.

Special Business:

Nil

NOTICE OF THE ANNUAL GENERAL MEETING

Notice of the Nineteenth Annual General Meeting of the Company is given on page 306 of the Annual report.

AUDIT INFORMATION

The Directors who held office at the date of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and

- The Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the company's Auditors are aware of that information.
- The Directors have found the Auditors' Report is clean and without having any adverse remarks.

AUDITORS

Ahmed Zaker & Co., Chartered Accountants have completed their first year as statutory auditor of the company. As per the Financial Institution Act, 1993, statutory auditor of a Financial Institutions can be appointed for three consecutive years. As such Ahmed Zaker & Co. are eligible for reappointment and they have expressed their willingness to be reappointed. The Audit Committee reviewed their expression of interest and recommended to the Board. The Board in its meeting held on 25 February 2015 recommended to the shareholders regarding appointment of Ahmed Zaker & Co., Chartered Accountants at a remuneration of BDT 325,000/- plus VAT. Now in exercise of the power conferred upon Section 210(10) of the Companies Act, 1994 the shareholders of the company will approve the appointment and to fix the Auditor's remuneration in the ensuing general meeting. In this regard prior approval from Bangladesh Bank to appoint Ahmed Zaker & Co., Chartered Accountants will be taken.

BUSINESS OUTLOOK

Bangladesh economy is expected to register a moderate GDP growth of 6.5% to 6.1% in 2014, the Company will continue to capitalize on its strengths to generate sustainable revenue from Corporate Financing and SME Financing, while expanding opportunities in Consumer Finance, Factoring, Treasury and Deposits.

Introduction of more diversified avenues to generate business in 2014 will effectively help to grow further. In financial year ending 2015, the Company expects sustainable loans growth in Consumer financing, driven mainly by home loan, car loan and personal loans. In addition to balance sheet growth, factoring will also focus on keeping growing pace. In financial year ending 2015, the lending activities are expected to grow moderately, in tandem with the continuing focus in SME financing.

Directors Report - *continued*

Competition will remain intense among the FI's and banks both in terms of asset and liability. As a result, interest spreads will continue to be under pressure like the previous year. We will continue concentrating more on improving asset quality and strict recovery programs. Overall, we are confident of recording a better financial performance for the current year.

However, "Outlook" section in this document is based on assumptions and the actual outcome is uncertain and the stakeholders will be judicious while reviewing this section.

SIGNING OF REPORT

The Board in its 230th meeting held on 25 February 2015 authorized the Chairman, Mr. Md. Aminul Haque to sign Directors' Report and any addendum thereto.

ACKNOWLEDGEMENT

We would like to acknowledge and place on record our gratitude to our valued clients, depositors and shareholders for the confidence in Prime Finance. Our sincere appreciation to the Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, NBR, Banks and Financial Institutions, other government bodies Statutory Auditors and Compliance Auditor for their constructive suggestions and cooperation. We also express our appreciation for the good work and efforts put in by the employees at all levels of the Company.

For and on behalf of the Board,



Md. Aminul Haque
Chairman
Dhaka, 25 February 2015