

Annual Report
2019

**STRIVING ON THE PATH
TO A GREATER OBJECTIVE**



Prime Finance
& Investment Limited

Prime Finance is a diversified financial service provider that is known for its quality services, outstanding customer service, prudent risk management and its focus on the future. Prime Finance has also been recognized as one of the most respected and trusted companies of the country.

Since its inception, Prime Finance has been committed to a set of core values that were embodied by the Company's founders and remains the cornerstone of our Philosophy. These values shape everything we do—from how we develop and market our products to how we serve our customers, employees and communities.



TURN AROUND THROUGH BALANCING RESOURCES AND ENHANCING DELEGATION

Prime Finance & Investment Limited started its operation in the year 1996 sponsored by renowned corporate houses and individual entrepreneurs of the country under the Financial Institutions Act, 1993. As a registered Public Limited Company, it has also presence in both bourses of Bangladesh.











Since inception, among others the focus was on the diversity of business which was found as main strength of Prime Finance. Its growth strategy was aimed at increasing profitability through diversification of operations and broadening the services offered to the customers.

Prime Finance & Investment Limited has been progressively growing over 24 years by providing prompt and comparatively quality services to its diverse customers across the country. Prime Finance strongly believes in market leader providing integrated financial solution with special focus on creating value. Incessant development and providing financial solutions in Term finance, Lease finance, Real estate finance, Bridge/equity finance, Syndicated finance, SME Finance and other potential sectors are significant concerns of the company. As part of endeavors to capitalize the competitive advantages through widening the financial services, Prime Finance has lucrative deposit schemes for the potential depositors.

After a break through, the Company faced challenges in its regular operation during the years from 2015 to 2017. But, in the year 2018, some unprecedented changes took place in the company. And, its continuity the Board of Directors and its Management put their keen attention on reconstitution, timely decision, balancing resources, and enhancing delegation to turn around from the darkest hour. The Company was trying to accomplish this by strengthening the self-confidence among existing personnel, increasing team work, effectively manage the operating expenses, utmost effort on recovery, reducing NPL, introducing new products and services, and protecting the interest of the Hon'ble Shareholders.

We believe what we did in the recent years will give consistent result in the coming years.

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LETTER OF TRANSMITTAL

To
All Shareholders of Prime Finance & Investment Limited
Bangladesh Bank (BB)
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms of Bangladesh (RJSC)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)


Dear Sir,

Annual Report of Prime Finance & Investment Limited for the year 2019

We are pleased to present before you the Company's Annual Report 2019 along with the Audited Financial Statements (Consolidated and Separated) for the year ended on 31 December 2019 for your kind information and record. The Financial Statements of 'The Company' comprise with consolidated Financial Statements of 'The Company' and its subsidiary and associates [Prime Finance Capital Management Limited, and PFI Securities Limited, Prime Finance Asset Management Company Limited, and Prime Prudential Fund Limited] presented separately.

Thanking you,

Yours truly,



Md. Mohsin Reza Khan ACS
Company Secretary

Registered Office :

63, Dilkusha, C.A., Dhaka-1000

E-mail : ird@primefinancebd.com

Website : www.primefinancebd.com

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Notice is hereby given to all Hon'ble Shareholders of Prime Finance & Investment Limited that the 24th Annual General Meeting (AGM) of the Company will be held on Thursday, 26 November 2020 at 10:30 a.m. virtually by using digital platform to transact the following businesses:

AGM 20-24-01	To receive, consider and adopt the audited financial statements of the Company for the year ended on 31 December 2019 together with the reports of the Directors and the Auditors thereon;
AGM 20-24-02	To declare dividend for the year 2019 as recommended by the Board of Directors;
AGM 20-24-03	To elect or re-elect of the Directors;
AGM 20-24-04	To re-appoint the Auditors for the year 2020 and fix their remuneration;
AGM 20-24-05	To re-appoint the Corporate Governance Code Compliance Auditors for year 2020 and fix their remuneration.

By Order of the Board of Directors



Md. Mohsin Reza Khan ACS
Company Secretary

Dated: Dhaka, 12 November 2020

Notes :

- Members whose names appeared in the Members'/Depository Register on Record Date i.e. 22 October 2020 will be eligible to attend/participate and vote in the Annual General Meeting through Digital Platform and to receive dividend.
- Pursuant to the BSEC's Order No. SEC/SRMRC/04-231/25 dated 08 July 2020, the AGM will be held virtually by using digital platform via live webcast. The AGM Notice, Link for joining in the Audio-Visual meeting (Digital Platform) and detail login process will be mailed to the respective Members' e-mail address available with us.
- Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2019 will be sent to the Members' respective e-mail addresses as available with us. The Annual Report 2019 will be available in the Company's website at www.primefinancebd.com.
- Members whose e-mail addresses updated/changed subsequently, are requested to email us at ird@primefinancebd.com referring their full name, BO ID and e-mail address to get the digital platform meeting invitation.
- For login to the system, the shareholders need to put their 16-digit BO ID Number and other credentials as proof of their identity while visiting the AGM Link: <https://pfildagm.alphanext.digital> which will be available in the Company's website at www.primefinancebd.com. The Shareholders will be able to submit their questions/comments electronically 24 hours before commencement of the AGM and during the AGM. The full login/participation process to the Digital Platform meeting will also be available in the Company's website at www.primefinancebd.com.
- The Shareholders are encouraged to login to the system prior to the meeting at 10:30 a.m. The Shareholders may Contact Mobile No. 01844-52 67 32, 01844-52 67 33, 01844-52 67 34, and 01844-52 67 35 for any IT related guidelines in accessing the virtual meeting.
- A Member entitled to attend/participate and vote in the Annual General Meeting, may appoint a proxy in his/her stead. Scanned copy of the proxy form, duly filled, signed and stamped with Tk. 20/- must be communicated through e-mail to ird@primefinancebd.com not later than 48 hours before the meeting.
- As per BSEC circular no. SEC/CMRRCD/2009-193/154 dated 24.10.2013 "No Gift, Gift Coupon or Food Box shall be given to the Members to participate in the 24th Annual General Meeting.

INVESTORS' RELATION



Our Vision & Mission



Our Vision is to

be a market leader providing integrated financial solutions with special focus on creating value

- For our clients** Working closely with our clients;
- For our shareholders** Maximizing shareholders' wealth achieving superior performance;
- For our employees** Providing a workplace in which employees are rewarded and respected properly;
- For our communities** Supporting community initiatives in health, education, arts and economic & social development.



Our Mission is to

be a market leader providing integrated financial solutions with special focus on creating value

- Grow profitably** Through partnership with our clients delivering innovative solutions to cater their financial needs;
- Create shareholders' value** Through client satisfaction and employee commitment to excellence;
- Enhance the ability of our employees** Giving every opportunity to have access to adventurous experience through which they can raise their self-esteem, realize their full potential and achieve more than they ever thought possible;
- Serving communities** With integrity and pride.

Our Goal



Our Goal is to

Be an undisputed leader in financial services creating long-term shareholders' value aiming to achieve this by –

- Building quality investment portfolio;
- Focusing on minimizing default loans within the portfolio;
- Developing and maintaining dependable and long-term relationship with our clients;
- Sustaining solid growth without compromising profit ability;
- Achieving higher return on equity;
- Maintaining strong relationship with a wide variety of partners;
- Responding quickly to new opportunities;
- Assessing and managing business risk prudently.

OBJECTIVE AND STRATEGY

Every company has to realistically understand where it is currently positioned and where it wishes to go in the near future. The company's objective has to be set based on the resources that it has and a roadmap for the future.

The aim of strategic planning is to shape the company's businesses and products so that they yield target profits and growth. Much has been achieved by the company over the years. When we look forward, we find that a lot more needs to be done to achieve our rightful place in the financial sector of the country. We constantly keep on scanning the horizon and constantly redefine our objective setting and strategies to shape and win the market.

Objective



Creating value for our shareholders is our prime objective. We can do so only if we achieve operational excellence and continue to improve our financial performance. We invest for future sustainable growth and are financially disciplined and we develop, recruit and retain skilled, talented and motivated people. In each area we aim to increase our focus. As a consequence, we have identified specific objectives in the following areas:

Performance

By improving efficiency, we can improve our key financial indicators. Among other measures, we have identified that multiple skill development hold the key to our future. This will enable us to improve our operational efficiency and cut costs. At the same time, job satisfaction is likely to improve significantly.

Growth

We aim to generate value from our investments by moving into a sustainable growth model. This can be achieved through improvement in operating performance of our systems, by selecting investments that will provide the best returns, or in case of diversification, by selecting businesses where we can obtain synergies for the benefit of our customers and shareholders. In order to deliver sustainable growth, we must be disciplined in the way we manage our Balance Sheet. This means that we will return cash to shareholders to the extent it is not required for our investment objectives.

Talent

In order to recruit, develop and retain talented people, we aim to achieve a more inclusive and diverse workforce. A number of areas have been identified to help achieve our vision of developing and operating our business in a way that results in a more inclusive and diverse profile, and to be seen as an employer of choice. Performance measures are used to monitor our objective of promoting inclusion and diversity, contain the employee turnover ratio and pursuit of gender equality in our organization.

Relationship

We build and maintain relationships with our customers, regulators, fund providers and the communities by providing quality services, prompt responses when things go wrong and dedication to continued improvement. One of the critical elements in our regulatory relationship is in building trust. This involves being responsive to the need of our regulators for accurate information, complying with rules and regulations, operating in an ethical way and most importantly, delivering on our promises.

We aim to work in partnership with our lenders developing constructive relationship, and working together effectively. Our objective is to developing contractual arrangements with our lenders and depositors that align their interests with our own as far as possible and share financial risk appropriately. Prime Finance's role as a good corporate citizen supports our strategic ambitions and is delivered through a sustained and consistent approach. In all our investment, we aim to develop our business, support our employees, support our communities and enhance our reputation. Our approach is based on two principles: Investment in our communities and investment in our people. Sharing of best practices across our business and working collaboratively with key partners and stakeholders enable us to maximize how communities benefit from our activities.

Responsibility

Responsibility and accountability underpins everything we do. Although our activities have no direct impact on environment, we are committed to taking positive action to reduce our contribution to climate change and our other impacts on the environment. We want to operate to the highest standards of corporate governance and we believe in strong business ethics, based on our core values. We are committed to continuous improvement in our environmental performance. Our objective is to help protect the environment for future generations. In addition we are committed to:

- Being cautious in financing our clients with special focus on how and for what purpose the fund will be utilized,
- Financing clients which are compliant to environmental issues.

We are committed not only to ensuring that all our behaviors are lawful and that we comply with our policies and regulatory guidelines, we also expect all of our employees to live up to our core values.

Strategy



For a Financial Institution like PFIL, the objective and strategies can never remain static. It is a dynamic concept that constantly requires readjustment of the priorities based on the money market situation and above all the macroeconomic situation prevailing in the country. It is based on this underlying spirit that on account of the contractionary monetary policy, we changed our priorities from business growth to balancing of our profit centres. Among the host of changes that took place, the following should be a true reflection of our intent and purpose:

Performance

Key performance indicators have been identified and implemented as a measure of performance. The company has slowly but surely moved into a result oriented organization where objective setting and strategy is being defined and implemented. In association with the company's strategic think tank, each of the functional departments have formulated strategies for achieving the objectives.

Talent

Transparent recruitment through creative ads in the national dailies and job sites and head hunting is the cornerstone of our HR policy. In certain situations, head hunting would appear to be the logical choice in the senior positions. At the same time, skill levels are constantly being upgraded through meaningful training programmes at home and abroad.

Responsibility

Being a responsible corporate citizen is the hallmark of our business motto. As a result, we have been at the forefront in adopting measures for Bangladesh Financial Intelligence Units Money Laundering and Terrorist Financing measures. At the same time in every investment activity, strict adherence to environmental matters is central to our business objectives. Today we can say we have laid the foundation for the highest standards of corporate governance.

Growth

We have partially moved away from the capital market operation and focused on the core business. Our strategy has moved from sporadic growth to sustainable development. There is a gradual shift in our priorities in terms of investments from corporate organizations to small and medium enterprises. The main reason is that the small and medium sector holds nearly 50.39% of the total business entities.

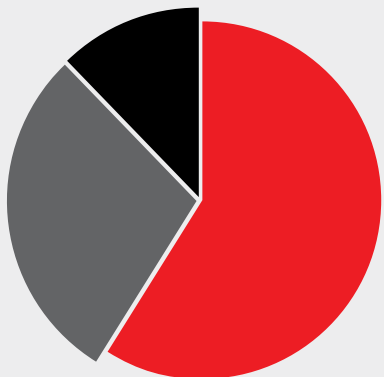
Relationship

Relationship with our stakeholders is continually being built through integration and interaction. PFIL has been able to establish a positive image among the shareholders, regulators and the banking community through constructive engagements at every level. Our Corporate Social Responsibility has been stepped up and we aim to have a more constructive role in future in the nation building activities.

OVERVIEW OF THE COMPANY



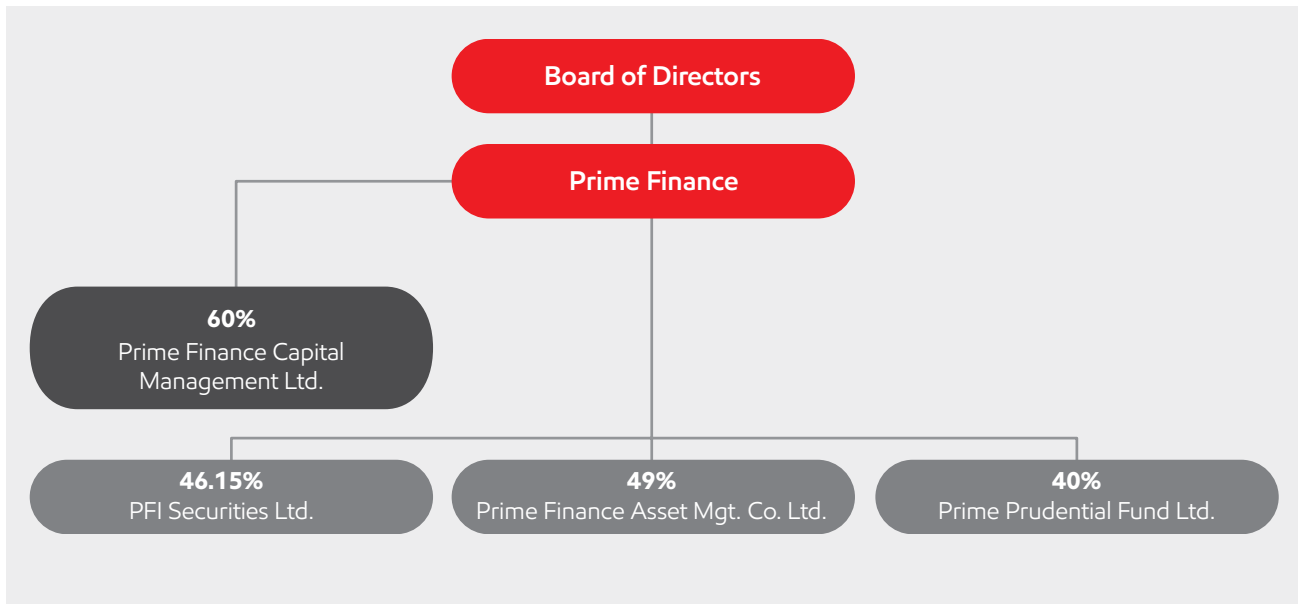
Shareholding Structure as on 31 December 2019



- Sponsor & Director 59.14%
- General 28.90%
- Corporate 11.96%

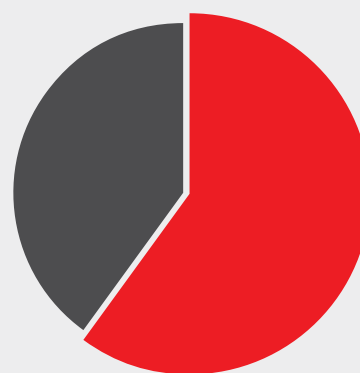
Prime Finance & Investment Limited was incorporated in Bangladesh in March 1996, as a public limited company under the Companies Act 1994. Prime Finance started its operation in the year 1996, obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. Prime Finance also obtained license from Bangladesh Securities & Exchange Commission (BSEC) in July 1999, to operate in the capital market as a full-fledged Merchant Bank.

The Company is listed with the Dhaka and the Chittagong Stock Exchange Limited. The registered office of the Company is located at 63, Dilkusha C.A., Dhaka-1000. The operations of the company are being carried out through its five branches located in Dilkusha, Gulshan, Uttara, Chittagong and Rajshahi. The Company is a nonbanking financial institution, principal activities of which is to render financial services like lease finance, term finance, SME finance, real estate finance, car finance, consumer finance, factoring of receivables, etc. Prime Finance is the parent of Prime Finance Capital Management Limited, 60% owned subsidiary of the Company. Besides, the Company is currently holding 46.15% of equity of PFI Securities Limited, 49% of equity of Prime Finance Asset Management Company Limited, and 40% of equity of Prime Prudential Fund Limited.



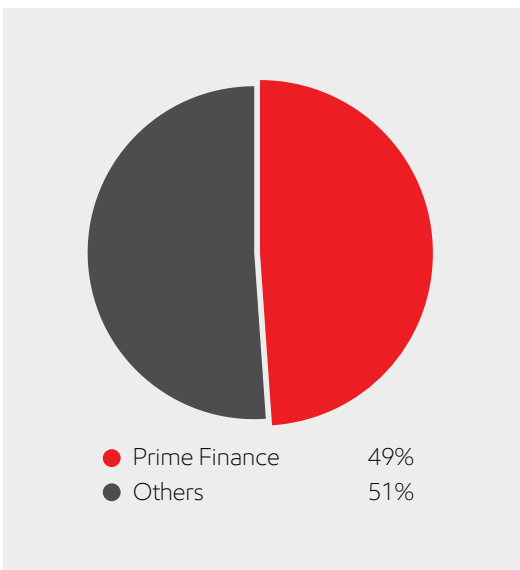


Prime Finance Capital Management Limited is a public limited company incorporated on 18 March 2010 in Bangladesh under the Companies Act, 1994. The Company has obtained Merchant Banking license (registration certificate no. MB-50/2010) from Bangladesh Securities and Exchange Commission (BSEC) on 29 November 2010. The main objectives of the Company are to carry on business of merchant banking in all its respect, including acting as manager to issues and offers, whether by way of public offer or otherwise, of securities, underwriting and/or management of issues, managing portfolio of investors whether discretionary or nondiscretionary, advising clients on merger and amalgamation, capital restructuring etc. The registered office of the Company is situated in Bangladesh.

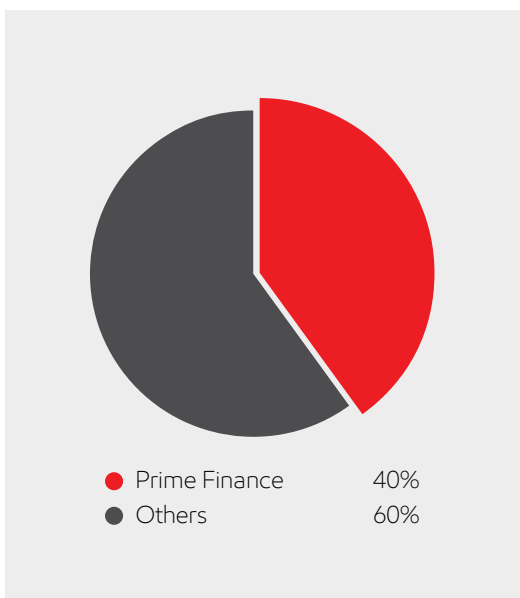


PFI Securities Limited was incorporated on 06 August 1997 under the Companies Act, 1994 as a private limited company bearing registration no. C-33546 (292)/97 and having its corporate office at 57 Dilkusha C/A, Dhaka, Bangladesh. The Company has converted to Public Limited Company on 06 April 2010. The main objective of the company is to act as a security trading company under the license from Bangladesh Securities & Exchange Commission. The company has been operating in the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited as stock broker since 01 December 2002 and stock dealer from 18 June 2008. The company is engaged primarily to provide the service to the institutions and individual investors for trading of securities with both the stock exchanges and to extend margin loan facilities to the investors.





Prime Finance Asset Management Company Limited was incorporated in Bangladesh on 09 June 2008 as a public limited company under the Companies Act, 1994 and licensed under BSEC. The main objective of the company is to manage the assets or any trust fund of any type and/or character and hold, acquire, sell or deal in such asset or any trust fund, take part in the management of any mutual fund operation. Prime Finance owns 49% shares in this company.

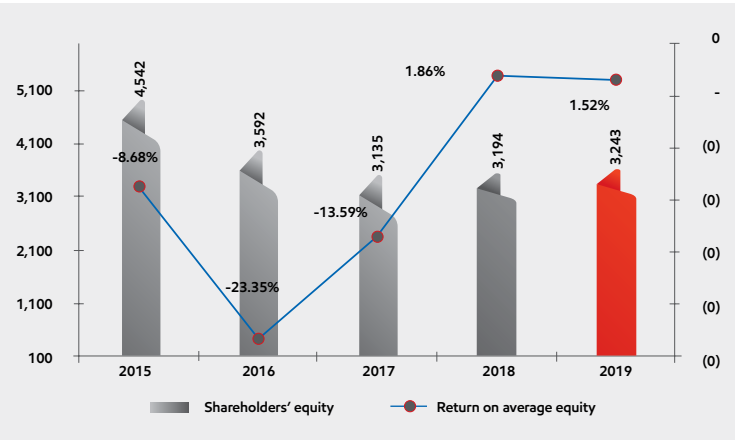
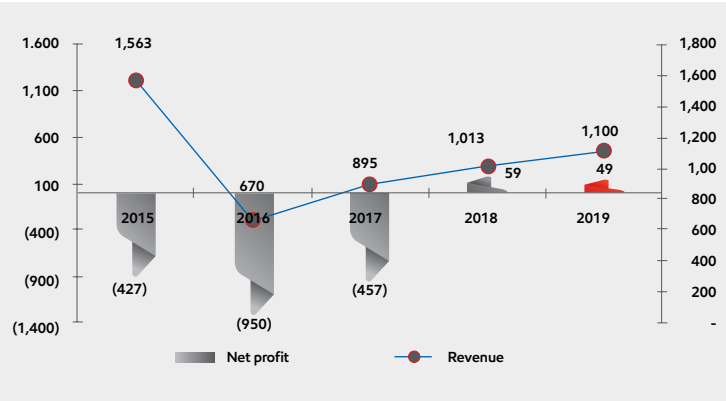


Prime Prudential Fund Limited is a public limited company incorporated on 16 July 2009 in Bangladesh under the Companies Act, 1994. The main objectives of the company are to manage funds of the company and its investors and provide other financial services including corporate advisory services, merger & acquisition, equity investment, joint venture sourcing and consummation, corporate restructuring, financial and socio-economic consultancy, corporate research and project studies, privatization and other related services. Prime Finance owns 40% shares in this company.



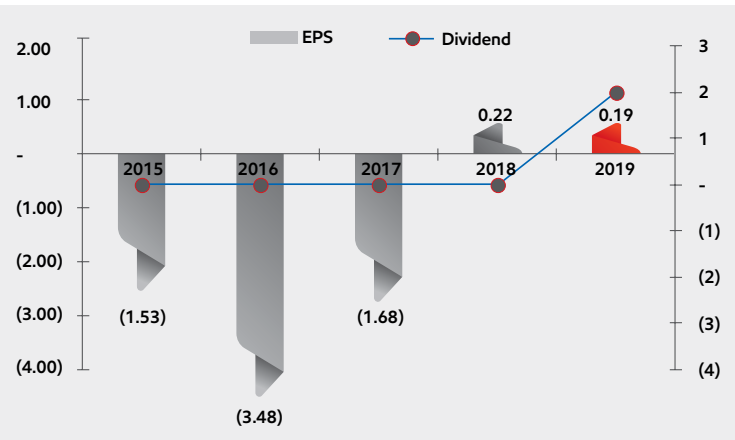
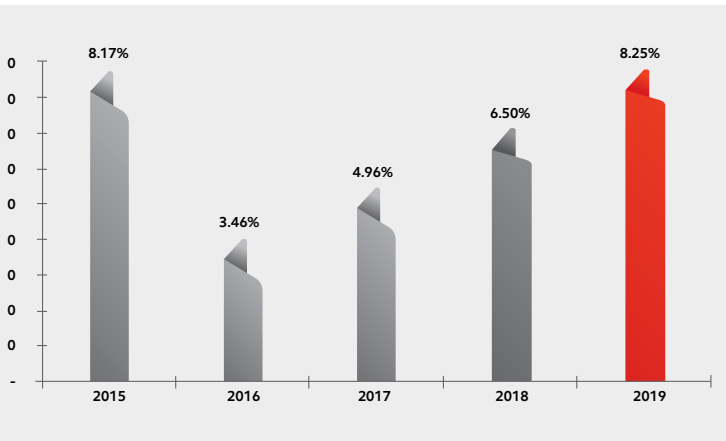
FINANCIAL SNAPSHOT

Net Profit & Revenue

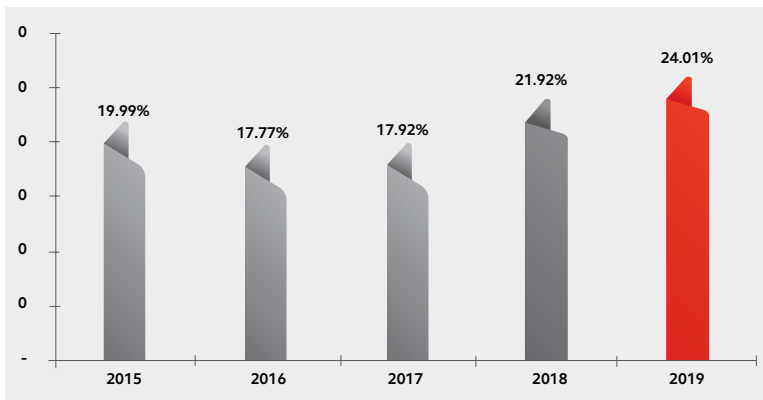


Shareholders' equity & Return on average equity

Operating Income as % of Average Assets

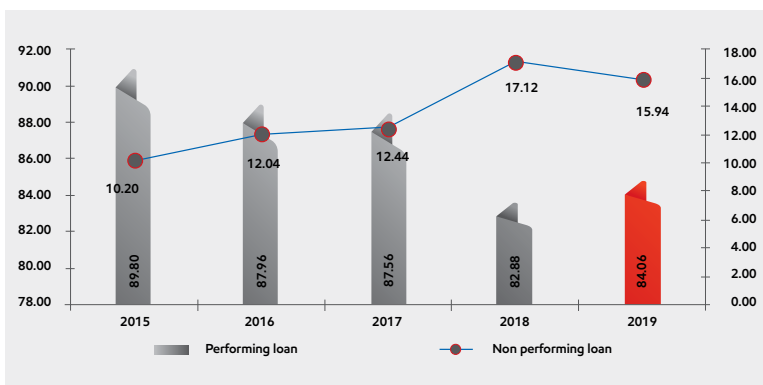
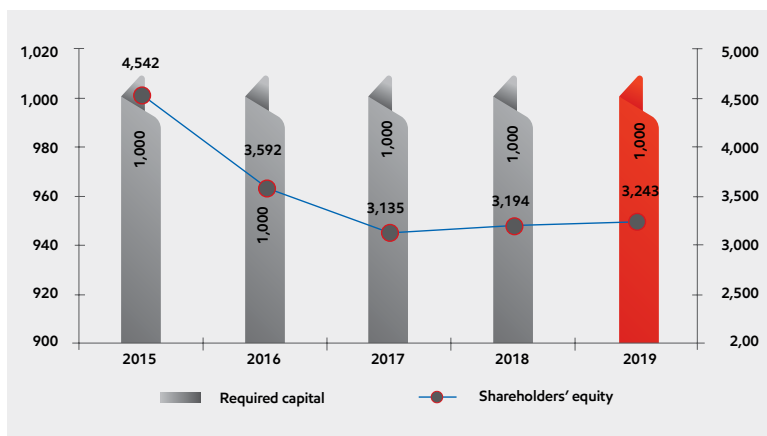


EPS & Dividend



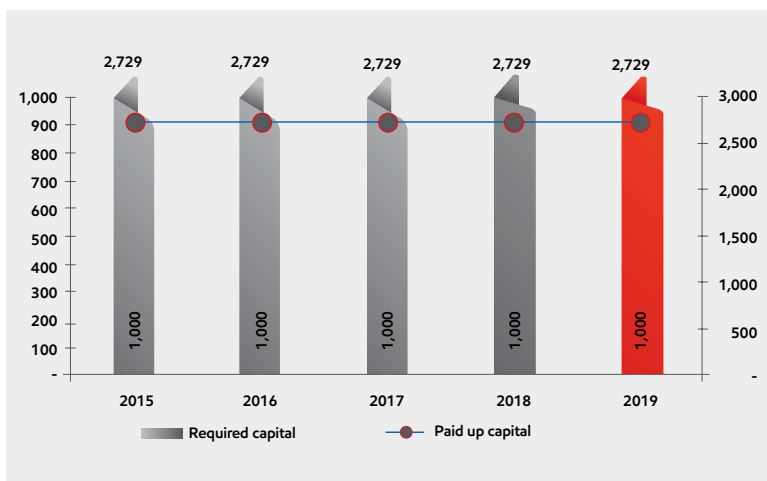
Capital Adequacy Ratio (CAR) %

Shareholders' equity & Required capital

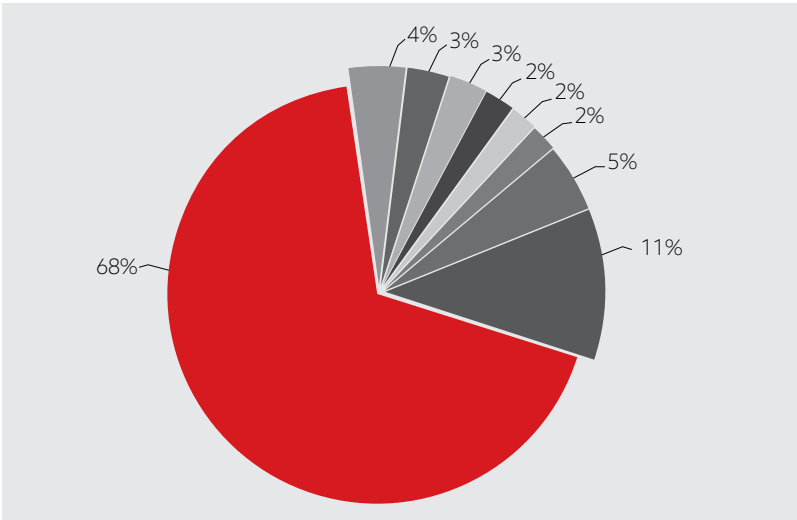


Performing vs Non Performing Loan

Paid up capital & Required capital

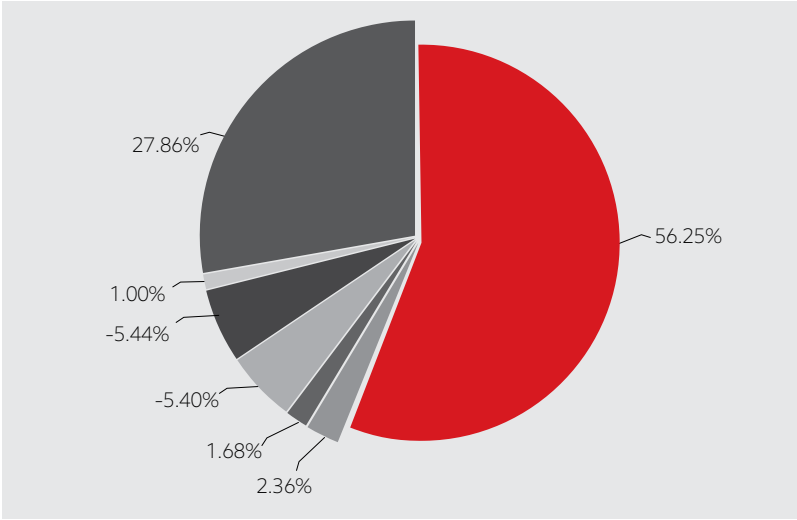


Range of Shareholdings



- Less than 500 shares
- 500 to 5,000 shares
- 5,001 to 10,000 shares
- 10,001 to 20,000 shares
- 20,001 to 30,000 shares
- 30,001 to 40,000 shares

Sources of Fund



- Term deposit
- Bank loan
- IDA & BB fund
- Short term borrowings
- Retained earnings & reserves
- Security deposits
- Paid up Capital

FINANCIAL HIGHLIGHTS

AS PER BANGLADESH BANK

Sl. No.	Particulars		Year	
			2019	2018
1	Paid-up Capital	BDT mn	2,729.16	2,729.16
2	Total Capital	BDT mn	3,214.55	3,149.99
3	Capital Surplus/(Shortage)	BDT mn	1,875.52	1,713.26
4	Total Assets	BDT mn	12,708.88	14,011.42
5	Total Deposits	BDT mn	5,510.07	6,634.96
6	Total Loans, Advances and Leases	BDT mn	9,046.12	9,935.37
7	Total Contingent Liabilities and Commitments	BDT mn	10.00	25.00
8	Loans Deposits Ratio	%	89.58	149.74
9	Percentage of Classified Loans against total Loans, Advances and Leases	%	15.94	17.12
10	Net Profit after Tax and Provision	BDT mn	48.99	58.85
11	Classified Loans, Advances and Leases during the Year	BDT mn	1,194.74	1,449.81
12	Provision against Classified Loans, Advances and Leases	BDT mn	454.22	466.90
13	Surplus/(Shortage) in Provision against Loans, Advances And Leases	BDT mn	-	-
14	Fund Cost	%	10.90	10.80
15	Interest Earning Assets	BDT mn	11,917.32	13,203.94
16	Non-interest Earning Assets	BDT mn	791.56	807.48
17	Return on Average Investment (ROI)	%	0.47	0.54
18	Return on Average Assets (ROA)	%	0.39	0.44
19	Income from Debentures, Bonds etc.	BDT mn	-	-
20	Net Income Per Share	BDT	0.19	0.22
21	Earnings Per Share	BDT	0.19	0.22
22	Price Earnings Ratio	Times	38.47	42.82

FIVE YEARS' FINANCIAL SUMMARY

Particular	2019	2018	2017	2016	2015
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Results of Operations

Operating Revenue	BDT mn	1,100.49	1,013.20	895.30	670.03	1,562.72
Operating Expenses	BDT mn	1,048.47	944.15	1,344.19	1,610.37	1,982.38
Profit Before Tax	BDT mn	52.02	69.05	(448.90)	(940.34)	(419.66)
Net Profit	BDT mn	48.99	58.85	(457.12)	(949.67)	(427.49)

Balance Sheet and Cash Flow Data

Total Investments	BDT mn	10,473.96	11,601.28	14,072.77	16,460.57	16,435.57
Total Deposits	BDT mn	5,510.07	6,634.96	8,938.85	9,016.19	9,544.21
Total Liabilities	BDT mn	9,466.27	10,817.81	14,038.33	15,322.11	15,232.08
Paid up Capital	BDT mn	2,729.16	2,729.16	2,729.16	2,729.16	2,729.16
Shareholders' Equity	BDT mn	3,242.61	3,193.62	3,134.76	3,591.89	4,541.55
Property, Plant and Equipment	BDT mn	340.36	338.60	350.42	360.15	360.31
Net Operating Cash Flow	BDT mn	4.37	(740.53)	891.50	(911.23)	986.74

Business ratios and other financial ratios

Statutory Liquidity Reserve (Ratio)	%	6.88	7.46	14.35	6.69	17.92
Return on Average Assets	%	0.39	0.44	(2.49)	(4.97)	(2.19)
Net Asset Value per share (times)	Times	8.94	8.75	8.52	10.21	13.69
Capital Adequacy Ratio (%)	%	24.01	21.92	17.92	17.77	19.99
Cash Reserve Ratio (%)	%	2.55	2.65	3.34	2.57	2.54
Dividend Covers Ratio (times)	Times	0.97	-	-	-	-
Non Performing Assets to Loans/Leases (%)	%	15.94	17.12	12.44	12.04	10.20
Return on Average Investment (%)	%	0.47	0.54	(2.94)	(5.72)	(2.59)
Price Earnings Ratio (times)	Times	38.47	42.82	(7.25)	(2.81)	(7.46)
Deposit Investment Ratio (%)	%	52.61	57.19	63.52	54.77	58.07

Ordinary shares information

EPS	BDT	0.19	0.22	(1.68)	(3.48)	(1.53)
EPS (Restated)	BDT	0.19	0.22	(1.68)	(3.48)	(1.53)
Dividend	%	2.00	-	-	-	-
Book Value Per Share of Tk. 10	BDT	11.88	11.70	11.49	13.16	16.64
Ordinary Shares Outstanding of Tk. 10	BDT	272.92	272.92	272.92	272.92	272.92
Year End Market Price Per Share of Tk. 10	BDT	7.50	9.50	12.20	9.80	11.40
Market Capitalisation	BDT mn	2,046.87	2,592.71	3,329.58	2,674.58	3,111.25

Others (at Year-end)

No. of Branches	No.	05	05	05	05	05
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হোক ক্ষুদ্র হোক বড় প্রাইম ফাইন্যান্স সব সময় আছে প্রকৃত ব্যবসায়ীদের পাশে

- ◆ দ্রুত ও সহজ ঋণ প্রক্রিয়া
- ◆ মহিলা উদ্যোক্তাদের জন্য বিশেষ সুবিধা
- ◆ সুদের হার ৯%-১০%*
- ◆ ৫ লক্ষ থেকে ১০ কোটি পর্যন্ত ঋণ সীমা
- ◆ ৬ মাস থেকে ৫ বছর মেয়াদী ঋণ
- ◆ ঋণের বিপরীতে জামানত শিথিলযোগ্য
- ◆ অতিরিক্ত কোন ফিস / চার্জ নেই



প্রাইম ফাইন্যান্স
এড ইনভেস্টমেন্ট লিমিটেড



৯৫৬৩৮৮৩

প্রধান কার্যালয়ঃ ৬৩ দিলকুশা বাণিজ্যিক এলাকা, ঢাকা ১০০০ ফোন ৯৫৬৩৮৮৩ ফ্যাক্স ৯৫৬৩৬৯২

* শর্ত প্রযোজ্য

BOARD OF DIRECTORS



Mohammad Masudur Rahim

Chairman

Mr. Mohammad Masudur Rahim is the Chairman of the Board of Directors of Prime Finance & Investment Limited. Mr. Rahim has been unanimously elected as the Chairman in the Board of Directors of the Company for the second consecutive term. Mr. Rahim is the nominated Director from East Coast Shipping Lines Ltd. He was first appointed to the Board on 09 January 2008 and last re-appointed on 28 June 2018.

Mr. Masudur Rahim is a highly experienced professional with successful track record and held different positions with different capacities in his long 19 years of career in the East Coast Group of Companies. Currently, he is furnishing his responsibilities as the Chief Executive Officer. Mr. Rahim is also the Director of Radiant Alliance Limited and Bangladesh Trade Syndicate Limited.

Mr. Rahim, as a proven dynamic leader, has engaged himself in diversified businesses under the East Coast Group umbrella and has gathered vast experiences in banking, lease-financing, international trading, FMCG marketing and distribution, CNG & gasoline filling services in major cities of Bangladesh, plastic products manufacturing industry, supply management of world premium brand Lubricating Oil Additives in Bangladesh, import and installation of high quality Security products in Bangladesh, In-house asset management functions and so on.

Mr. Rahim has obtained his Masters in Economics from the University of Dhaka afterwards he has completed MBA major in Finance & Marketing as well. He has attended courses of Cost and Management Accounting at ICMAB, Dhaka. He has attended a number of seminar, training, leadership management and skill development programs at home & in abroad. Mr. Rahim has also traveled many countries for strategic business & meeting purpose.

He is connected with many social and benevolent organizations.



Md. Aminul Haque

Director

Mr. Md. Aminul Haque is a member of the Board of Directors nominated by Acorn Limited. He is also a member of the Executive Committee and the Audit Committee of the Board. He was first appointed to the Board as Director on 10 March 1996 and last re-appointed on 28 June 2018.

After completion of graduation in B.Sc Engineering from Bangladesh University of Engineering & Technology (BUET). Mr. Haque started his career in 1962 as Assistant Engineer in East Pakistan Water and Power Development Authority. In 1975 he left the organization as Executive Engineer. In the same year, he stepped into the business sector through formation of Greenland Engineers & Tractors Co. Ltd. (GETCO) as one of its Sponsor Directors. A diversified and successful business personality, Mr. Haque is actively associated with a number of companies in the areas of Banking, Insurance, Telecommunication, Manufacturing etc.

Mr. Haque is associated with other organizations namely Bangla Trac Limited, Acorn Limited, Asian Gate Ltd., B-Trac Engineering Ltd., Bangla Trac Oil & Gas Ltd., Bangla Trac Power Unit -1 Ltd., Bangla Trac Power Unit -2 Ltd. and THANE Technology.



Tauseef Iqbal Ali

Director

Mr. Tauseef Iqbal Ali is a member of the Board of Directors. He was first appointed to the Board on 07 September 1997 and last re-appointed on 30 March 2017. He is Chairman of the Executive Committee of the Board of the Company.

Mr. Ali is also associated with Prime Finance Capital Management Limited as a sponsor shareholder. He has vast exposure in Financial Institution and Capital Market Sector of Bangladesh. Having worked as a consultant in A. Quasem & Associates Ltd., in Grameen Phones' Sarbanes Oxley (SOA) project in 2005, he is a certified CRM professional. He is the member of Army Golf Club & Gulshan Club Ltd.

Mr. Ali is the Chief Executive Officer of Nouvelle Securities Ltd., (NSL) since 2008; a Stock Broker & Dealer of Dhaka Stock Exchange Limited; Trading Right Entitlement Certificate (TREC) holding register number 112. NSL is member of DSE Brokers Association of Bangladesh (DBA). Prior to joining NSL Mr. Ali was the Manager of Fareast Finance & Investment Ltd, in Portfolio & Operation Management.

He is a Business Administration professional, completing his Bachelors in Business Administration majoring in Finance as well as Economics from Independent University, Bangladesh and Masters in Business Administration majoring in International Business from Maastricht School of Management, The Netherlands.



Dr. Shamim Khan

Director

Dr. Shamim Khan is one of the members of the Board of Directors of the Company nominated by Pedrollo NK Limited. He is a prominent Business personality and Public Health Professional having more than 11 years of experiences in Health, Disability Elimination and Tea Industry.

Dr. Khan is currently serving as a Director of Halda Valley Tea Company Ltd., Executive Director of a reputed Children's Charity Organization named LMRF and an advancing not for profit Healthcare social business named LMRF Healthcare. Besides, in his close supervision and direct involvement, Halda Valley Tea Estate is now the highest yielding tea garden in Bangladesh complemented by 100% permanent irrigation system and 99% clone tea plants spread over 900 acres of cultivated land.

Dr. Khan is a medical Doctor and achieved his MBBS degree from Bangladesh Medical College under Dhaka University. He started his medical career by working in Orthopedic Surgery department of various Hospitals in different parts of Bangladesh. Along with his Medical Profession, Dr. Khan also developed himself as a social entrepreneur. In 2010, he founded the Zero Clubfoot Project, primary goal of which is to eliminate Congenital Clubfoot deformity from Bangladesh. Now this project is running under LMRF Healthcare.



Waheed Mahmud Khaled

Director

Mr. Waheed Mahmud Khaled is a member of the Board of Directors. He was first appointed to the Board on 01 June 2014 and last re-appointed on 30 March 2017. Mr. Khaled is the nominated Director from Mawsons Limited. He is a young entrepreneur with visionary thinking, committed and dedicated. He has an excellent academic record. He within a short span of time has proven his entrepreneurship skills in trading business and Merchant Banking sector.

Mr. Khaled is the Chairman of Everest Homes Ltd. and Polaris Power Engineering Limited and Director of Prime Finance Capital Management Ltd. and Mawsons Ltd. He is the Managing Director of Everest Trading Ltd. He has done BBA from Independent University, Bangladesh in 2003 and Masters in International Banking and Finance from University of Greenwich, London, UK in 2006.



Uzzal Kumar Saha

Director

Mr. Uzzal Kumar Saha is one of the members of the Board of Directors of the Company nominated by GQ Enterprise Ltd. A noted business executive, Mr. Saha wears multiple hats. He is the Chief Operating Officer of Maladesh International (Pvt) Ltd, In-Charge of GQ Ball Pen Industries Limited, Head of Finance of GQ Group, Member of the Co-ordination committee of GQ Group, Director of PFI Securities Ltd and Prime Finance Capital Management Ltd.

He is a Member of both the Audit Committee (AC) and the Executive Committee (EC) of the Board of Directors of Prime Finance & Investment Ltd nominated by GQ Enterprise Ltd.

Born in 1975 in Brahmonbaria he obtained his Master's in Accounting from Dhaka College. He also completed his Chartered Accountancy course from a reputed firm in Dhaka. He started his carrier with The Westin Hotel owned by Unique Hotel & Resorts Limited, Dhaka. He is well-known for his expertise in the areas of Financial Reporting and Management, Banking, Insurances and Manufacturing Industries.



Engr. Salah Uddin Ahmed

Director

Engr. Salah Uddin Ahmed is representing East Coast Shipping Lines Ltd. as Director in the Board of the Company since 30 October 2018. At present he is working at MJL Bangladesh Ltd. as General Manager of the company. Mr. Ahmed has more than 18 years of professional experience in the downstream petroleum industry of the country. Apart from that he also worked for 5 years at the beginning of his career as a project Engineer in Malaysia.

Being a successful personality, Mr. Ahmed worked in different positions under different capacities during his journey. He attended various seminars and trainings especially on lubricants technology and QMS.

Mr. Ahmed obtained graduation from Bangladesh University of Engineering and Technology (BUET) in Mechanical Engineering and completed his MBA in Marketing from IUB.



Ahmed Kamal Khan Chowdhury

Independent Director

Mr. Ahmed Kamal Khan Chowdhury, Independent Director of Prime Finance & Investment Limited, has over 30 years of banking experience in the field of Finance, Risk Management, Internal Control and Compliance. He is also the Chairman of the Audit Committee and a member of the Executive Committee of the Board of the Company.

He became Managing Director of Prime Bank Limited on 14th December 2014. Before taking over the charge as Managing Director, he was Deputy Managing Director and Chief Risk Officer of the same bank. He held important management position viz. Chief Finance Officer, Chief Risk Officer, Head of Credit Committee, CAMLCO (Chief Anti Money Laundering Compliance Officer), Head of Finance and Head of Branch in International, Specialized and Private Commercial Banks operating in Bangladesh. Over the time he developed strong professional skills in multitasking environment and is a believer in process development. He was always the core team member of the process development to bring more transparency and smooth workflow. He was a member of the Executive Committees of Association of Bankers of Bangladesh and Primary Dealers Association of Bangladesh. He was a member of the Board of Directors of Prime Bank Investment Limited, Prime Bank Securities Limited PBL Exchange (UK) Limited, PBL Exchange Co. PTE Ltd, Singapore, PBL Finance (Hong Kong) Ltd.

He worked as Advisor to Prime Bank Investment Limited from 2nd April 2018 to 1st April 2020. He is presently working as Group Advisor of SSL. He is also acting as Independent Director of Meghna General Insurance Company Limited.

Mr. Chowdhury is Masters in Economics from the University of Dhaka and MBA in Finance and attended various trainings, workshops and seminars at home and abroad on different aspects of banking. He is an Ex-cadet of Faujdarhat Cadet College. Mr. Chowdhury is a member of Rotary Club of Banani since 1999 took active part in various social activities of the Club and the Rotary District 3280 and 3281. He is Past President of the Rotary Club of Banani and also held important positions in Club. He is a Paul Harris Fellow.



Manzur Ahmed

Director

Mr. Manzur Ahmed is a member of the Board of Directors. He was appointed to the Board on 01 August 2016. Mr. Ahmed is the nominated Director from Agami Apparels Limited. He is a highly experienced professional with successful track record in Ready Made Garments (RMG) Industry. He held different positions with different capacities in his more than 21 years of career. Presently, he serves as the Director-Administration of Agami Apparels Limited and Globus Garments Limited, sister concerns of Dekko Group of Companies.

Mr. Ahmed is also the Director of PFI Securities Limited. He did graduation in Commerce.



MBM Lutful Hadee FCA, LLM

Independent Director

Mr. MBM Lutful Hadee is an Independent Director of the Board of Prime Finance & Investment Limited since 30 October 2018. He is also a member of Audit Committee of the Board of the Company. Mr. Hadee is the proprietor and CEO of Hadee Lutful & Co. (HLC), Chartered Accountants.

He qualified as a Chartered Accountant in 2007 and has 19 years' of work experience in reputed blue chip corporate and professional services firms. Before founding HLC, he was the Partner-in-Charge of Taxation & Legal Compliance Department of Howladar Yunus & Co. (HYC), Chartered Accountants, from January 2011 to October 2016. Prior to his time at HYC, he worked at Citycell (a SingTel Subsidiary), GP (a Telenor Subsidiary) and MFH Financial Services Ltd. (a Merchant Bank) for more than 10 years in the department of Finance, Taxation, Legal, Corporate and Secretarial Affairs.

As a professional accountant and legal expert, he has specialization on International Tax, Corporate and Individual Tax, VAT, Transfer Pricing, Customs, Foreign Investment, Company Matters, Legal Affairs and Regulatory Affairs (BSEC, BOI/BIDA, BBK, BTRC, RJSC, etc.).

Mr. Hadee obtained Master of Commerce (Accounting) and Master of Laws (LLM) from reputed universities. He is a Fellow Member of Institute of Chartered Accountants of Bangladesh (ICAB). Mr. Hadee is a VAT Consultant with license from NBR. He is also an adjunct faculty of Master of Accountancy in Taxation (MAT) Program, Department of Accounting and Information Systems, Dhaka University. Mr. Hadee was awarded Tax Card 2018 for assessment year 2017-2018 by NBR, Bangladesh, in accountant category.

PRODUCTS & SERVICES

Prime Finance & Investment Limited commenced operations by providing leasing and hire purchase financing for clients. 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.



FINANCIAL PRODUCTS

- Term finance
- Lease finance
- Real estate finance
- Bridge/equity finance
- Syndicated finance
- SME finance
- Factoring
- Car finance
- Consumer finance
- Bill discounting
- Hire purchase



DEPOSIT PRODUCTS

- Semi annual deposit
- Annual income deposit
- Cumulative income deposit
- Monthly income deposit
- Quarterly income deposit
- Half-yearly income deposit
- Sonchoy Plus MID
- Double income deposit
- Triple income deposit
- Earn ahead deposit
- Priority fixed deposit
- Professional fixed deposit
- Doctors' fixed deposit
- Contribution FDR
- Sonchoy deposit scheme
- Prime Protection TDR



DPS PRODUCTS

- Housing deposit scheme
- Sonchoy DPS
- Fortune DPS
- Prime Protection TDR

MANAGEMENT COMMITTEE



Md. Ahsan Kabir Khan

Managing Director

With Prime Finance: Since 1998

Mr. Md. Ahsan Kabir Khan, an emerged leader in the financial institutions industry has in his credit more than 23 years of experience out of which 21 years in Prime Finance & Investment Limited. Utilizing his professional experience and expertise Mr. Khan contributes towards the achievement of the organizational goal and business. He is supervising the functional areas of the institution beside his leadership involvement in strategic decision making as well as in navigating the company's business towards its success.

With his visionary leadership capability, functional experience and professional expertise Mr. Khan as Managing Director leads the institution successfully.

Mr. Khan attended numerous seminars, training, and workshop at home and abroad for different programs both professional and personal.

Mr. Khan completed his masters in Management from the University of Dhaka and he also did his MBA major in Finance. Mr. Khan completed Chartered Accountancy course from a reputed firm in Dhaka, Bangladesh. Mr. Khan is the representative Director of Prime Prudential Fund Ltd. and also representative Director of Prime Finance Capital Management Ltd.

Mr. Khan is involved in different social and professional society. He is life member of 'Bangladesh-China People's Friendship Association', and 'Lions Club of Dhaka Imperial'.



Mohammad Shahidul Islam FCA, FCS

EVP & Chief Financial Officer

With Prime Finance: Since 2009

Mr. Mohammad Shahidul Islam is a Fellow Chartered Accountant working at Prime Finance & Investment Limited since 2009 under various capacities in senior management position. Mr. Islam, formerly from KPMG Rahman Rahman Huq, Bangladesh, has vast experience in budgetary control, corporate finance, auditing, taxation and legal matters. Mr. Islam is currently serving as Chief Financial Officer of the Company. Besides, he devotes some of his time as Chief Anti Money Laundering Compliance Officer (CAMLCO) of the Company.

Mr. Islam is also an Fellow member of the Institute of Chartered Secretaries of Bangladesh. He passed all exams of Chartered Accountancy and Chartered Secretary in the very first attempt.

Mr. Islam obtained BBA and MBA from University of Dhaka having major in Accounting with an excellent academic record.

During his career, he attended a good number of training, seminar and workshop on different aspects of financial services.



Gulshan Ara Hafiz MBM

SVP & Head of CRM

With Prime Finance: Since 2002

Ms. Gulshan Ara Hafiz has been a member of the senior management team of Prime Finance. During her profound committed journey in this organization, she has guided several departments and now she is the Head of Credit Risk Management department of the company. She is also associated with the different committees formed in the company.

She completed her graduation from Dhaka City College. Then she went to Bangladesh Institute of Bank Management to earn her post graduation from Masters in Bank Management. In continuation of having a professional degree she hoped to be a part in the world of financial sector and joined in the core marketing team of Prime Finance & Investment Ltd in the year 2002. Gradually she stepped forward her career with a keen interest in business development & credit marketing of the company. She has marked her contribution in different policy development and its implementation within the company. Ms Gulshan has also attended number of training courses inside & outside of the country on i.e Core risk management, Product diversification, Effective supervisory management etc.



Mohammed Faruque

SAVP & Head of IT and Head of Liability & Fund Management (Operations)

With Prime Finance: Since 2005

Mr. Faruque started his career in teaching profession in different colleges and universities of the country. Later he joined Prime Finance in November 2005. He has been considered one of the experienced members of the Senior Management team.

Mr. Faruque is a broadly experienced technology executive with 15 years of experience in finance industry. His areas of expertise include IT strategy, Enterprise Architecture (technology, infrastructure, business process and strategy), project management, IT and business process outsourcing. He has extensive experience in IT management, with the ability to define, design, develop and deploy IT plans that achieve strategic business goals.

He has successfully carried out responsibility encompasses the Human Resources, Property & Facility Management, Maintenance and General Office Management functions.

He attended professional trainings on RDBMS, Hardware and Networking, Web based application development programs, numerous seminars and workshops organized by reputed local and foreign organizations. Mr. Faruque graduated with Bachelor of Commerce (Hons) in Marketing in 1994 and obtained Masters of Commerce in Marketing in 1995 from University of Dhaka.



Md. Mohsin Reza Khan ACS

Sr. Manager & Company Secretary

With Prime Finance: Since 2018

Mr. Md. Mohsin Reza Khan joined with Prime Finance & Investment Limited in January, 2018 as Senior Manager and Company Secretary. He has more than 10 years of professional experiences in the secretarial arena. He started at first his career with IIDFC Securities Limited, a subsidiary of IIDFC Limited under Company Secretariat since February, 2010 and transferred to IIDFC Limited under same Department on May 2013. Then, he joined with Pragati Life Insurance Limited in 2014 as Deputy Company Secretary. Upon gaining experiences, he joined with FAS Finance and Investment Limited in 2016 as Company Secretary.

During the journey, Mr. Khan was trained with different professional training program(s) in which Good Governance in Banks & NBFIs, Compliance in Corporate Governance by Listed Companies, Asset Management, Compliance and Associated Issues, Authorized Representatives of Member Company, and Basic Course on Life Insurance what organized by Bangladesh Bank, DSE and BIA Training Academy separately.

Academically, he is a Business Graduate (BBA), and secured MBA from Faculty of Business Studies from DU. Mr. Khan is also a Chartered Secretary and an Associate Member of ICSB.

GLIMPSES OF ALL EMPLOYEES

Finance & Accounts



Mohammad Shahidul Islam
Executive Vice President & CFO



Mohammad Zaved Lakiyet
Senior Assistant Vice President



Tarana Yasmin
Senior Assistant Vice President



Md. Shahidul Islam
Senior Executive Officer

Finance & Accounts



Md. Abdulla Akon
Senior Officer



Md. Ahasan Ullah Palas
Assistant Officer

Credit Risk Management



Gulshan Ara Hafiz
SVP & Head of CRM



Tazrian Hoque
Assistant Vice President

Information Technology



Mohammed Faruque
SAVP & Head of IT

Marketing



Md. Faqru Islam Majumder
SAVP & Head of Marketing

Company Secretariat



Md. Mohsin Reza Khan
Sr. Manager & CS



Mahdi Ibna Bashir
Senior Executive Officer

Legal & Special Asset Management



Mohammad Yeamin Kabir
SAVP & Head of Legal & SAM



Md. Manowar Hossain
Manager



Farhanat Ul Alam
Senior Executive Officer



Md. Shohel
Senior Executive Officer

Legal & Special Asset Management



Md. Shifat Shakhawat Hossain
Executive Officer



Sazzad Omar Faruk
Senior Officer



Md. Anowar Hossain
Officer

Internal Control & Compliance



H M Nurul Amin
Sr. Ex. Officer & In-charge

Credit Administration



Muhammad Anisuzzaman
AVP & Head of CAD



Umme Anowar Rebeka Sultana
Senior Manager



Md. Shafiul Azam
Senior Officer

Treasury



Mansura Moin
AVP & Head of Treasury

Treasury



Mohammad Moazzem Hossain
Assistant Manager



Ashraf-Ul-Majid
Officer

HRM & Administration



Md. Masudur Rahman
Senior Manager



Mahadi Hasan Tanver
Senior Executive Officer

HRM & Administration



Md. Hamidur Rahman Shagor
Executive Officer



Mohammed Zakirul Islam
Senior Manager



Md. Mynul Hasan
Senior Executive Officer

Liability & Fund Management (Marketing)



Md. Shahidul Islam
Senior Executive Officer

L & F Management (Marketing)



Md. Humayon Kabir
Officer

Liability & Fund Management (Operations)



Md. Rakibul Hasan
Senior Officer



Md. Tanvir Ahsan
Officer



Md. Azmal Hossain
Officer

Liability & Fund Management (Operations)



Md. Abdullah Al Sayed
Officer



Shamima Akter
Assistant Officer

Business Unit



Arindam Basu
Senior Manager & In-charge



Md. Mahmudul Hasan
Senior Executive Officer

Business Unit



Sanjay Kumar Mondal
Executive Officer

SME Business Unit



Md. Delwar Hossain
Assistant Manager & In-charge



Tajul Islam
Executive Officer



Nurul Islam
Officer

SME Business Unit



H.M. Solaiman Rifat
Officer

Chattogram Branch



Md. Masud Alam
Sr. Manager & Branch-In-charge



Didarul Islam
Manager



Ali Sayka Khanam
Manager

Chattogram Branch



Jolly Chowdhury
Manager



Mohammad Ataur Rahman
Executive Officer



Md. Arfan Uddin
Executive Officer



Rahat Alam Chowdhury
Senior Officer

Chattogram Branch



Md. Awlad Hossain
Officer

Rajshahi Branch



Md. Monirul Islam
Sr. Ex. Officer & Branch-In-charge



Adnan Wasim Mahmud Hasan
Senior Executive Officer



Md. Mizanur Rahman
Assistant Officer

Gulshan Branch



Md. Habibur Rahman
Sr. Ex. Officer & Branch In-charge



Monne Akter
Assistant Officer

Uttara Branch



Md. Asaduzzaman
Sr. Ex. Officer & Branch In-charge



Gopal Kumar Mohonto
Assistant Officer

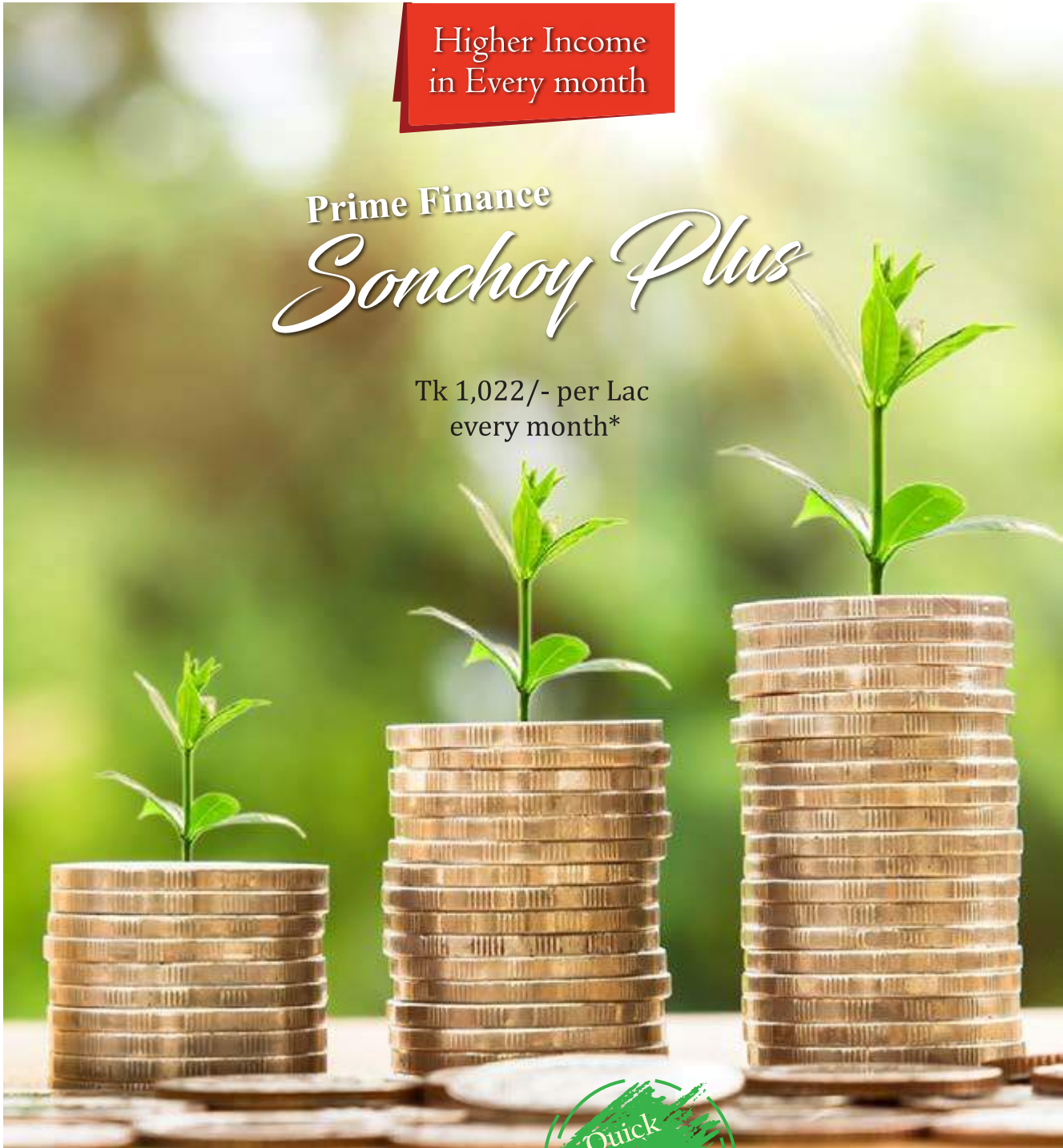


Pankaj Kumar Sen
Assistant Officer

Higher Income
in Every month

Prime Finance
Sonchay Plus

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* Tax applicable



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& Investment Limited

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BUSINESS REVIEW AND OUTLOOK



MESSAGE FROM THE CHAIRMAN



“

We remain committed to the better financial reporting, compliance and risk management practices on the first step towards recovery.

”

Dear Fellow Shareowners,

Assalamu Alaikum,

With your support and trust, we have passed another successful but challenging year in 2019.

The year 2019 was a momentous one for Prime Finance & Investment Limited. For the second time after three years, the company managed and kept consistence to turn around and register a profit of Tk. 48.99 million. It was the indefatigable spirit of Prime Finance that finally culminated in hope to ignite darkness in future. Despite severe handicaps in liquidity problem, migration of key executives to other companies, the company's creative side rose to the occasion to make a sustainable change in the bottom line.

Despite severe handicaps in liquidity, depletion of manpower, crisis of confidence in NBFIs, your company continues in it uphill task of bringing about a change for a sustainable growth in the years to come. We made concerted efforts to increase liaison with the banks and high net worth depositors to increase the funding and stop the tide of fund outflow of the company.

Resources were scarce and despite this, management made optimum utilization of the funds. It was a tight rope walking between resources for business growth and repayment of creditors. Despite all efforts new loans and advances took a severe hit since liquidity was constrained. Despite considering all limitations, the Board recommended @ 2% Cash Dividend for General Shareholders except Sponsors and Directors out of current year's net profit in compliance with BB and BSEC for the year 2019.

On a limited scale, Fund inflow and outflow was meticulously managed on a daily basis taking into consideration the dynamics of the money market. The company's Liability Management team continued to be motivated and despite severe liquidity situation, made regular contribution through injection of funds for the company.

With liquidity crunch and cautious lending among interested borrowers, the private sector credit growth was largely stunted and continued to fall. The credit growth stood at 9.87 percentages in December 2019 that reflected poor demand from the new businesspeople. Amid uneven competition and lax practice of compliances in all respects of the industry, the company was prepared enough to prevent the extension of stuck up loans and attempted to recover them significantly. Confronting all challenges throughout the year, the company's total disbursement in SME financing was Tk. 96.50 million over the previous year, which is 50.39% of total investment. However, total disbursement of the company in 2019 was Tk. 191.50 million. Accordingly, NPL of the company has reduced to 1.18 percentage. The company made all out efforts to reduce provisioning through recovery of Non Performing loan instead enhancement of loans and advances.

The total recovery in 2019 stood at Tk. 2,215.36 mn. Our core capital ratio and the total risk weighted Capital Ratio was 22.56 percentages and 24.01 percentages respectively during the year and continues to remain well above the statutory levels. Despite

the deficiency of liquidity in the financial industry, the deposit is mobilized convincingly and comparatively with lower interest rate as maintained in the previous years. We ended the year with total shareholder's equity of Tk. 3,242.61 million.

We remain committed to better financial reporting, compliance and risk management practices. We have in place a robust company-wide Risk Management architecture. Inherent risks associated with the business are accurately assessed and monitored on a continuous basis. We consistently adhere to the conditions of corporate governance code and continually promote the effective application of CG code that shall underpin company operational activities. Efforts are underway to build a low cost funding base and to look at new avenues for increasing its lending portfolio to the SME and other potential sectors. We have a clear strategy and are committed to its execution.

Prime Finance is on the threshold of a major transformation from a loss making institution to a resurgent profit making institution. The strategies are in place to ensure that despite chronic liquidity problem, the company will continue to look forward with renewed optimism.

I would like to express my appreciation to the Governor of the Central Bank of Bangladesh and the officials at the Department of Financial Institutions and Markets, for their consultative approach, cooperation and assistance extended to us throughout the year. I would also like to express my sincere gratitude to officials of the Bangladesh Securities and Exchange Commission and Stock Exchanges for their continued direction and support. I express my sincere thanks to our shareholders, clients and my colleagues on the Board for their unstinted support and cooperation. My gratitude goes to the Management team for their leadership skills and expertise, to our employees for their efforts and dedication and to all our stakeholders for their trust and continued support.

In conclusion, I am confident that your company will perform well and add value to all its stakeholders in the years to come.



Mohammad Masudur Rahim
Chairman

MESSAGE FROM THE MANAGING DIRECTOR



Hon'ble Shareholders,

Assalamu-Alaikum,

I heartily welcome all our owners of Prime Finance & Investment Limited on this august occasion of the 24th Annual General Meeting. It is great pleasure for me to be in your midst and express my gratitude all our honorable shareholders for their incessant support to the Company. It is also a huge honour for me to have the privilege to lead Prime Finance since 2018.

The year 2019 was a full of challenges for continuity of business operation like the previous year, when for all practical purposes financial industry as a whole have through a turbulence unprecedented during the past years. Contractionary monetary policy, undue influence, lax rescheduling facilities, and complex judicial system were the causes for suffering of the financial

industry. Besides, the increasing habitual loan defaulter, scarcity of liquidity and increasing immunity of defaulters made the financial sector vulnerable.

Amid the liquidity crisis like last year, there is a continual mismatch between demand and supply. Despite all the good intention of the Government to reduce the cost of borrowing and lending, so far attempts have produced limited results. Under the circumstances, majority of NBFIs saw their loans and advances plummet due to paucity of funds. This has affected all layers of borrowers specially SME's who are finding it difficult to continue their operational activities in a volatile environment. Inadequate inflow of fund throughout the industry resulted the narrow financing.

The competition for deposits has hit the 35 NBFIs, which largely rely on bank for funds. On account of chronic liquidity problem, banks abruptly cancelled, downsized and stopped disbursement of banking facilities to NBFIs resulting in vicious cycle for NBFIs. NBFIs are now focusing more on expanding their deposit portfolio by revamping the Liability Management team and introducing bonds to help them tide over the liquidity crunch.

Present strategy

In view of the paucity of funds due to contractionary conditions in the money market, your company continues to mobilise funds from depositors and use the same to pay off higher costs of funds. Meanwhile, despite severe stagnation in repayment behaviour of clients, recovery efforts have been geared up.

Intensive efforts have resulted in adjustment of stagnant loans and now we are in the threshold of higher recovery in 2020. We are optimistic that the current drive will yield results. In a situation where legal means are not giving results, efforts are underway to go for negotiated settlements with defaulting clients albeit under the existing parameters of the Central Banks.

Capital Market

In 2019, Capital Market largely remained depressed primarily because of severe liquidity problems, high rates of interest that saw flight of funds from Brokerage companies to banks, cancellation of loans in favour of Brokerage companies and Merchant Banks and above all, withdrawal of funds by foreign and local investors alike. This has negatively affected the operation all three Subsidiary and Associate companies of Prime Finance.

In 2019, there was no contribution to the profitability of Prime Finance from Subsidiary and Associate against equity to the tune of Tk. 1,597.22 mn as at December 31, 2019. The loans and advances to Subsidiary and Associates amounted to Tk. 3,699.80 mn as at December 31, 2019.

Subsidiary and Associates

In the years 2010 and 2011, Subsidiary and Associates contributed a respectable amount of profits to the overall profitability of Prime Finance. Unfortunately, down turn in the Capital Market resulted had a telling effect on the company. During 2019, the interest block on loans to Subsidiary and Associates was withdrawn and resultantly the bottom line ended up with a profit of Tk. 48.99 mn. Interest imposed by the Board on Subsidiary and Associates compelled them in making timely repayments to the parent company. Both PFI Securities Ltd. and Prime Finance Capital Management Ltd. largely managed to pay their loans. Now, the repayments with interest had a positive impact on the profitability of the Company.

Measures adopted to turn the tide

Under the guidance of the Central Bank, your company's current focus is to bring down the fund cost, rapidly downsize the company, cut down the cost and convert from a losing company into a vibrant, surging company. Our efforts have resulted in increased optimism. This is the second year when your company

has been able to post profits against losses in Tk. 457.12 mn.

In 2020, we are largely hoping to tide over the Cash Flow mismatch, move into the SME funding once again and further consolidate and reduce the cost of funds. We believe the worst is over for your company. From 2020 and beyond, we shall be in a position to continue our operation befitting that of a first rate financial institution.

Human Resources

Despite the employee turnover in 2019, we managed to disburse Tk. 191.50 mn as against Tk. 58 mn in 2018. This was possible through in depth training, greater penetration in the market, increasing the depth and the width of the market reach and above all through greater motivation. We continued to fill in the void on account of skilled employees leaving the organization. The net result is, there is a fine crop of executives ready to reach out and fill the gaps and take greater responsibilities in future. Succession plan has been fine tuned and the company can move ahead with optimism in future.

Financials

During 2019, the money market remained dry like last year and was a major constraint in making fresh disbursements. Accordingly, the company was bound to confine its business operation by 8.95% against the growth of last year. But the company has proved significantly to rein the losses within hardly disbursement and recovered an outstanding amount from non-performing loan. In turn, the management expenses made by Prime Finance reduced to Tk. 167.17 mn in 2019 from Tk. 190.95mn in 2018, which registering a decrease of 12.45%. Besides, the company was able to sustain the inflation of cost of fund by 10.90% in line with last year. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2020 shall be the better outlook for us.

Outlook

As we have mentioned, the worst is behind us and now we can go ahead with a renewed sense of optimism. The crisis has been a useful learning lesson for us and learning from the mistakes, we would know how to avoid pitfalls in a turbulent financial sector.

We welcome you to be a part of PFIL and join in our journey. Thank you for your confidence and expect your future support. As we are reaching closer to our 24 years of services, we strongly believe that we will drive our societies to a future of renewed growth and prosperity. My sincere thanks and gratitude are to our valuable lenders, depositors, shareholders, regulators and other stakeholders for their continuous support and co-operation.



Md. Ahsan Kabir Khan
Managing Director



DIRECTORS' REPORT



DIRECTORS' REPORT 2019

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah,

On behalf of the Board of Directors and the Management, it is indeed a great privilege for me to welcome you to the 24th 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 on 31 December 2019 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 03 June 2018, Dhaka and Chittagong Stock Exchange (Listing) Regulations, 2015, 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.

Industry Analysis

The NBFIs sector in Bangladesh has undergone a significant transformation over the past few years. The performance of the NBFIs has been particularly impressive in areas that are national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium size enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow.

Presently 35 NBFIs are operating in Bangladesh under close monitoring of Bangladesh Bank as regulatory authority. NBFIs have an inclusive strategy in which the system can attract the client with its innovative and multifaceted products and services with simple paper work, quick approval, easy credit process, rapid decision-making and no excess bureaucracy to get nod for the approval of a proposal. So, NBFIs sector has been capable enough to capitalize the demand of existing and potential borrowers. Ease of operation, quick decision making and interaction with the clients differentiates an NBFIs from Banks where the structure has become somewhat unwieldy.

NBFIs are increasingly coming forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy. NBFIs have been playing a vital role by providing additional financial services which cannot be usually provided by the banks. In 2019, NBFIs recorded growth in total assets, borrowings, deposits, and capital. In accordance with the Bangladesh Bank, the asset of NBFIs increased by 0.9% to Tk. 851.60 billion in 2019 from Tk. 839.90 billion in 2018. At the end of June 2019, the total assets of NBFIs increased by Tk. 874.30 billion. CMSME loan disbursement by banks and non-bank financial institutions increased by 4.25% to Tk. 1,624.27 billion in 2019 compared with Tk. 1,558.09 billion in 2018. NBFIs'

investment at the end of June 2019 was 45.30% in industry, 19.4% in real estate, 2% in margin loan, 14.50% in trade and commerce, 3.40% in merchant banking, 2.50% in agriculture and 12.90% in other sectors. At the end of June 2019, the outstanding of loan/lease was increased by 5.64% to Tk. 678.10 billion from Tk. 641.90 billion. In addition to increasing loan/lease, the total NPL was also increased by 35.81% to Tk. 80.40 billion in 2019 from Tk. 59.20 billion in 2018 respectively.

Industry Outlook

In 2019 NBFIs had a roller coaster ride with a cautionary monetary policy stance from the Central Bank. There were signs that the country was heading for surge in the interest rate finally culminating in a tight liquidity situation. Deposit in the banking sector was adversely affected due to high rate of National Saving Certificates.

From the beginning of the year 2019, it was clearly evident that severe liquidity crisis would be the order of the day. This resulted in both banks and NBFIs vying for deposits at an enhanced rate. For banks and NBFIs alike, continuity of the operational activities posed a severe challenge. Funds in the Non-bank Financial Institutions (NBFIs) largely dried up resulting in severe curtailment of investment activities. For the greater part of the year, NBFIs have been busy paying off the loans and deposits of the public. With no growth in credit, the bottom line had an anemic look for the industry as a whole.

The private sector credit growth in the country decreased to 9.87 percentages in December 2019 from 13.30 percentages in December 2018 which hit a significant deterioration according to Bangladesh Bank. However the actual growth rate during this period has been decreasing as the outgoing year was the lowest growth rate since 2008 at least. Add to this the astronomical rise in Non Performing Loan (NPL), it is a recipe for concern in the years to come.

The unforeseen shock emanating from the Central Bank's decision to close the operation of Peoples Leasing & Financial Services had a disastrous effect on the overall confidence level in the NBFIs sector. This culminated in major withdrawal of deposits from NBFIs leading to an abrupt stop of all investment activities. For NBFIs this was a period of trying to balance the Cash Flow from new deposits and installments from Loans and Advances.

Unlike the banks which have been continuously injected with massive amounts of liquidity through REPO, it is unfortunate that NBFIs are yet to receive any relief from the Central Bank. This is likely to have a major detrimental effect on the CMSME sector in which the Non-Banking industry has made mammoth contributions. It is a well-known fact that most banks do not have

either the inclination of the expertise to undertake this critical task that is so important for the nation.

Source of funds has been one of the major concerns of NBFIs. Most of the banks are not willing to provide credit facilities to NBFIs. Again, in an environment where there are 64 banks and 35 NBFIs, money market is inevitably overheated. The usual rescheduling and restructuring policy for so called good defaulters is likely to further intensify the liquidity situation. Think tanks have already started to give their negative vibes that the measure could add fuel to the fire.

Capital Market Scenario

During 2019 the country's capital market was beset with lack of confidence and poor market capitalization. In the outgoing year, the market was unstable and sluggish which resulted in less IPOs, low trading, low capitalization and migration of local and foreign investors from the country's bourse. Capital Market was heading for stagnation ostensibly on account of interest rate hike, severe liquidity problem and stuck up loans in the banking system. Add to this flight of funds into the National Savings Certificates and enforcement of Central Bank's Advance Deposit ratio, withdrawal of funds by foreign investors, the outlook was discouraging. Constant erosion of the market price and intermittent adjustment of the bank's Advance Deposit ratio, the Capital Market entered into a prolonged lackluster scenario.

Although there have been sporadic movements, these were short lived. Though price index of Dhaka Stock Exchange (DSE) saw a sharp rise by 18.98 points or 0.42% which slightly increased the turnover to Tk. 319 crore from Tk. 301 crore in the last trading day, the average daily turnover value in DSE fell to Tk. 480 crore in 2019. In 2018, the average daily turnover was Tk. 552.03 crore.

Business Activities

The Company's loans and advances continued to remain stagnant on account of liquidity constraints. The greater part of the year went into repayment of the banks loans, deposit and public deposits. Many an NBFI had problems in repayment of its debts which in turn culminated in public getting disillusioned with the financial sector.

The disbursement in 2019 ended up with Tk. 904.61 crore. Despite the gloom in the Capital Market, the company's own portfolio showed a profit of Tk. (7.09) crore in 2019. Prudent Liability management policy of the company through collection of small size of deposit and imposition of interest on the loans and advances of Subsidiary and Associates resulted in an encouraging bottom line of Tk. 4.90 crore. In the outgoing year, the salary expenditure was markedly reduced as a number of employees resigned voluntarily. The minimal number of employees accomplished the same works as before instead of hiring new ones. This in turn led to reduction in operating costs.

Funds from the banking sector remained dried throughout the year. The company intensified its efforts in Liability Management and started mopping up liquidity at a slightly higher rate. The recovery drive moved into overdrive and the company had a modest degree

of success with decrease of provision to the tune of Tk. 2.52 crore in the outgoing year.

Principal Activities

Prime Finance continues to adhere to its core operation of lending in SME, Agricultural and Service sector. During the year under review there was no change in the nature of the principal business activities.

Financing Activities

During the year total disbursement of loan was Tk. 191.50 million where almost 50.39% was SME Financing. Due to the continued cautionary approach in terms of quality financing, we improved provisioning and reduced Tk. 12.68 million as provision against total classified loans of Tk. 1,194.74 million. NPL 15.94% was mainly driven by the exposures to the corporate before we started the navigational change. Considering the competitive market edge we were rational in fixing lending rate and sometimes diverged from ensuring three percent spread. In 2019, we have imposed interest and received return of the loan from subsidiary and associates against interest block. In addition, during the year significant numbers of contracts were rescheduled, restructured with lower rate to accommodate our good clients with competitive market rate. These altogether sketched the bottom line of the Company.

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. Particularly in this area, the market was characterized by severe competition and hence strong pressure on margins. Despite this difficult market environment, we managed to book new business at a satisfactory rate and our disbursement in term finance was Tk. 176.50 million in 2019.

Lease Finance

Lease financing, principal fund based activity of the Company, represents asset based financing. Through lease financing we facilitated small and medium type of 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.

Liquidity and Funding

Nagging liquidity constraints remained throughout the years. This severely affected the operational activities of the company. For the first time, the company ended in a funding mismatch in terms of its Inflow and Outflow. There are hardly encouraging signs that the money market is going improve in the near future.

Operating and Financial Performance of the Company

Loans, advances and leases of the company recorded at Tk.

9,046.12 mn on 31 December 2019 registering 8.95% down against last year. Company's investment in shares decreases by 23.22% on 31 December 2019. Deposit stood at Tk. 5,510.07 mn resulting 16.95% diminution against last year. Under the circumstances, the Bank borrowing of the company was narrowed by 21.76% representing dependency on bank fund. Due to current year's profit, equity attributable to shareholders' of the company increased to Tk. 2,440.13 mn as compared to Tk. 2,386.93 mn of last year.

Gross interest income of the company was Tk. 1,060.59 mn which was 15.87% higher than that of 2018. Other income of the company was decreased by Tk. 58.01 mn. Operational expenses in 2019 were decreased by 12.02% and provision for loans, advances, leases and shares decreased by Tk. 12.26 mn.

Share of loss/income from subsidiary and associate companies

Subsidiary and associate companies of Prime Finance & Investment Limited are engaged truly in capital market. During the year our proportionate sharing of loss/income from the subsidiary and associates were as follows:

Name of the Company	Status	Equity %	Income/ Loss	Proportionate sharing of Income/ Loss
Prime Finance Capital Management Limited	Subsidiary	60.00%	(10.54) mn	(6.32) mn
PFI Securities Limited	Associate	46.15%	2.14 mn	0.99 mn
Prime Finance Asset Management Company Limited	Associate	49.00%	0.07 mn	0.04 mn
Prime Prudential Fund Limited	Associate	40.00%	(0.05) mn	(0.02) mn

Directors' report and audited financial statements of the subsidiary are given on 129 & 135 no. pages of this Annual Report.

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 & BFRS. A statement of related party transactions has been presented in note no. 41 on 122 no. page of the Annual Report.

Capital Expenditure

The total Capital Expenditure on acquisition of property, plant, computer applications, software and equipment of the Company amounting to Tk. 4.39 million (Tk. 1.80 million in 2018). The detailed note on acquisition of Property, Plant and Equipment is given in the financial statements on 126 no. page of the Annual Report.

Dividend

The Board of Directors in its meeting held on 30 September 2020 recommended Cash Dividend @ 2% for the year 2019 for General Shareholders except Sponsors and Directors out of current year's net profit in compliance with Bangladesh Bank approval and BSEC press release ref. no. বিএসইসি/মুখপাত্র (৩য় খণ্ড)/২০১১/১২৯ তারিখ : ০২ অক্টোবর, ২০১৯ খ্রিষ্টাব্দ. The Board also states that no bonus shares or stock dividend has been paid during the year or will be paid in future as interim dividend.

The financial results of the Company for the year 2019 with a comparison of 2018 are summarized below:

(BDT in million except EPS)	2019	2018
Operating revenue	1041.62 mn	935 mn
Operating expenses	167.17 mn	191 mn
Profit before tax	60.93 mn	70 mn
Provision for tax	1.40 mn	7 mn
Profit/loss after tax	59.52 mn	63 mn
Earnings Per Share (EPS)	0.22	0.23

Five Years' Financial Summary

Key operating and financial summary of preceding 5 (five) years of the company are the part of this report and have been summarized on 18 no. page of this Annual Report.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as part of good corporate governance and to that end the directors confirm to the best of their knowledge that:

- 1 the Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 2 proper books of account as required by the law have been maintained;
- 3 appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
- 4 the Financial Statements was prepared in accordance with IAS/BAS/IFRS/BFRS;
- 5 the system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is optimistic that the Company has adequate resources to continue its operations. Accordingly, the financial statements of the Company are prepared based on the going concern concept.

Risk and Concerns

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. Fundamentally, the company believes in managing risk in a forward-looking manner and steering credit, interest rate, liquidity, market and operational risks through establishing strategies, models and parameters.

Management Discussion & Analysis

Pursuant to the BSEC's Notification dated 03 June 2018, the management discussion and analysis report is given on 45 no. page of this Annual Report.

Report on the Compliance of the Conditions of BSEC's Notification

In accordance with the BSEC's Notification dated 03 June 2018, the Board of Directors is 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 58 no. page of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as at end of the year 2019 is shown on 55 no. page of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2019, the total 9 (nine) meetings were held. The attendance in the Board meetings by each Director is given on 56 no. page of this Annual Report. Please note that the amount of total remuneration which has paid to the Directors including Independent Directors is given in note no. 30 on 119 no. page of this Annual Report.

Directors' Appointment & Re-appointment:

As per Article no. 67 of the Articles of Association of the company, one-third of the Directors of the Company are required to retire by rotation at 24th Annual General Meeting (AGM) and being eligible the following members offered themselves for re-election as per Article no. 69 & 72 of the Articles of Association of the Company:

1. Mr. Mohammad Masudur Rahim
2. Dr. Shamim Khan
3. Mr. Waheed Mahmud Khaled

Biographies of the Directors (including retiring Directors) and the names of the Company where they have interest are mentioned

in the Annual Report on 20 no. page and note no. 43 on 123 no. page.

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 Corporate Governance Code and Good Governance issued by the Bangladesh Securities and Exchange Commission and Bangladesh Bank. 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 shareholders as well as stakeholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. Besides, the minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

Appointment of External Auditor

A. Qasem & Co., Chartered Accountants, has completed their second year as the statutory auditors of the Company. As per DFIM Circular no. 04 dated 30 April, 2015 of Bangladesh Bank, BSEC's Order dated 27 July 2011, and Regulation # 15(2) of Dhaka & Chittagong Stock Exchange (Listing) Regulations, 2015, a Financial Institution can appoint any audit firm as its statutory auditors for a consecutive period of three (3) years. Hence, A. Qasem & Co., Chartered Accountants, is eligible for reappointment and they express their willingness to be reappointed. On the basis of the proposal of the Audit Committee of the Board, the Board recommends the appointment of A. Qasem & Co., Chartered Accountants, as the statutory auditors of the Company for the year 2020 and fixes their remuneration of Tk. 300,000/- (Taka three lac) only 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.

Appointment of Corporate Governance Code Compliance Auditor for the year 2020

In accordance with the BSEC's Notification dated 03 June 2018, the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting on the basis of the proposal, the Board recommends the appointment of SA Rashid & Associates, Chartered Secretaries, as Corporate Governance Code Compliance Auditor for the year 2020 at a fee of Tk. 30,000/- (Taka thirty thousand) plus VAT. Now in exercise of the power conferred upon the section 2CC of the Securities and Exchange Ordinance, 1969, the shareholders of the company will approve the appointment.

Business Outlook

The company will continue to capitalize on its strengths to generate sustainable revenue from SME and Corporate Financing, while expanding opportunities in Consumer Finance, Factoring, Treasury and Deposits. We will continue concentrating more on improving asset quality and strict recovery programs. Competition will remain intense among the NBFIs and Banks both in terms of asset and liability. As a result, interest spreads will continue to be under pressure like the previous year. Besides, we are concentrated on innovation and development to launch new products and services. To keep the pace, we hope to design more new products in the future. Overall, we are confident of recording a better financial performance for the year 2020.

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 276th meeting held on 30 September 2020 authorized the Chairman, Mr. Mohammad Masudur Rahim to sign Directors' Report 2019 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 and statutory auditors for their constructive suggestions and cooperation. We also express our appreciation for the dedication and efforts put in by the employees at all levels of the company.

For and on behalf of the Board,



Mohammad Masudur Rahim

Chairman

Dhaka, 30 September 2020

MANAGEMENT DISCUSSION AND ANALYSIS

NBFIs Industry

Presently 35 NBFIs are operating in Bangladesh under close monitoring of the Central Bank. Compared to its size, NBFIs have made impressive contribution in diverse areas like Housing, SME and has made forays into the Capital Market. In Real Estate and Housing sector, NBFIs have made an indelible mark with three companies spearheading as Specialised Housing financing companies.

NBFIs are gifted with innovative and multilayered products and services with simple paper work, quick approval, easy credit process, rapid decision-making and no excess bureaucracy to get nod for the approval of a proposal. Hence, this sector has been capable enough to capitalize the demand of existing and potential borrowers.

Strategic shift

Our main thrust in investment is still in SME and Agricultural sector. All the branches and the SME department were activated, focused on areas beyond the metropolitan cities and made penetrated into marginal areas where the needs of the SME sector were not adequately fulfilled by the banks. The immediate impact was realizing good spread and reducing Non Performance Loans.

Operational activities

Major liquidity crunch slowed down of investment efforts. Early during 2019, contractionary policy of the Central Bank, ostensibly to rein in inflation, had a major detrimental effect in funding in such areas as Loans and Advances, Capital Market operation and virtually stopped our quest to move into semi urban areas.

During the year total disbursement of loan was Tk. 191.50 million where almost 50.39% was SME Financing. During this time there was a marked increase in our due diligence process on account of slowdown in the economy. Continued efforts improved provisioning and reduced Tk. 12.68 million as provision against total classified loans of Tk. 1194 million. NPL 15.94% was mainly driven by the exposures to the corporate before we started the navigational change. Considering the competitive market edge we were rational in fixing lending rate and continued presence in the SME sector enabled us to get better returns. In 2019, we had to absorb impact of interest block of the loan to subsidiary and associates as well. Judicious rescheduling and restructuring of clients enabled clients in making largely regular payments. At the same time rational rate revision was made which resulted in decline in the bottom line of the company.

Financial overview

In 2019, Prime Finance had to make adjustments in almost all spheres of its operational activities. Strategy was to continue business as usual with our existing resources, enhanced cost cutting measures and recovery drives throughout the year. The company has proved significantly to rein in the losses and resulted in marked recovery of outstanding amount from non-performing loan. In

turn, the management expenses made by Prime Finance reduced to Tk. 167.17 mn in 2019 from Tk. 190.95 mn in 2018, which registering a decrease of 12.45%. Besides, the company was able to sustain the inflation of cost of fund by 10.90% in line with last year. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2020 shall be the better outlook for us.

Capital Market

Prime Finance has investments in Subsidiary & Associate companies in the form of equity to the tune of Tk. 1,597.34 mn as at December 31, 2019. The loans and advances to Subsidiary and Associates amounted to Tk. 3,699.80 mn as at December 31, 2019. In the years 2010 and 2011, Subsidiary and Associates contributed a respectable amount of profits to the overall profitability of Prime Finance. Unfortunately, down turn in the Capital Market resulted had a telling effect on the company. During 2019, interest block on loans to Subsidiary and Associates was withdrawn and resultantly the bottom line ended up with a consolidated profit of Tk. 48.99 mn. Interest imposed by the Board on Subsidiary and Associates compelled them in making timely repayments to the parent company. Both PFI Securities Ltd. and Prime Finance Capital Management Ltd. largely managed to pay their loans. Now, the repayments with interest had a positive impact on the profitability of the Company.

Discussion on changes in financial statements

Accounting policies and estimation for preparation of financial statements have been applied as same as previous year. There was no change in accounting policies and estimates during the year 2019. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with comparative 5 years has been given in 5 years financial summary report of this annual report. As a financial institution, the company has been coming across interest rate risk, liquidity risk, and operational risk. The company has been mitigating those risks through strategic shifting of company's business from corporate financing to SME financing with respectable margin and enhanced recovery of classified loans.

Outlook

The company is passing through a 5 years' action plan comprising short term, mid-term and long term objectives. After implementation of the action plan, investment and revenue are expected to be increased; this will ultimately increase the net profit of the company. Within this context, the company is able to present long-term financial ambitions that reflect its projection for market conditions and the presumed result of its strategy including initiatives that are currently being undertaken.



Md. Ahsan Kabir Khan

Managing Director

Save your child's future



You want your kids to get the very best beginning in life. Start planning ahead now for big future expenses like the expenditure of going to college. This can help to simplify your financial pressures later on. Explore your savings and investment options now.

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Prime Finance
& Investment Limited

OUR GOVERNANCE



BOARD'S STRUCTURE

The Board of Directors of Prime Finance & Investment Limited is entrusted by the shareholders with ultimate responsibility for functioning of the Company. It provides entrepreneurial leadership and oversees, counsels, and directs Management for the long-term interests of the Company and our stockholders.

Composition

On 31 December 2019, the Board of Directors of Prime Finance comprises of eleven members including Managing Director who is an ex-officio member of the Board. As per FID Circular No. # 9 dated 11 September, 2002 of Bangladesh Bank, the size of the Board of the Financial Institutions shall be minimum nine and maximum eleven excluding the Managing Director. As per Bangladesh Securities and Exchange Commission's Corporate Governance Notification dated 03 June 2018, an issuer listed by securities should have Independent Director of at least one-fifth of the total number of Directors. Composition of the Board in line with the aforesaid regulations is as under:

Chairman	: Mr. Mohammad Masudur Rahim
Director	: Mr. Md. Aminul Haque
	: Mr. Tauseef Iqbal Ali
	: Dr. Shamim Khan
	: Mr. Waheed Mahmud Khaled
	: Mr. Uzzal Kumar Saha
	: Mr. Manzur Ahmed
	: Engr. Salah Uddin Ahmed
Independent Director	: Mr. Ahmed Kamal Khan Chowdhury
	: Mr. MBM Lutful Hadee
Managing Director	: Mr. Md. Ahsan Kabir Khan (Ex-Officio)

Non-Executive Director:

There are ten Non-executive Directors. None of the Directors takes part in the day to day operations of the Company. They attend only in the Board/Board's Committees meeting to discuss the agenda reserved for the Board/Committee. They are expected constructively to develop strategy, to participate actively in the decision making process of the Board, and to scrutinize the performance of management in meeting agreed goals and objectives.

Chairman of the Board and its Committee:

Mr. Mohammad Masudur Rahim nominated by East Coast Shipping Lines Ltd. is the Chairman of the Board. The Chairman is the liaison between the Board, Management and Shareholders and responsible for effective functioning of the Board. As per

Articles of Association, the Chairman is elected among the Board of Directors for a certain period. Besides, Mr. Tauseef Iqbal Ali, Director is the Chairman of the Executive Committee and Mr. Ahmed Kamal Khan Chowdhury, Independent Director is the Chairman of the Audit Committee.

Independent Director:

In compliance with BSEC's Corporate Governance Code, at least one-fifth Directors should have presence as Independent Director in the Board. Accordingly, there are two Independent Directors in the Board of Prime Finance. Before appointing the Independent Director, the Board confirmed that the Independent Director shall have the eligibility as per code and also took a declaration from the Independent Director about non-engagement with the followings:

- Not associated as shareholder Director with any Financial Institution formed under the Financial Institutions Act. 1993;
- Have not been 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);
- Do not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of Prime Finance;
- Not a sponsor of the Prime Finance and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship;
- Do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;
- Not a member, director or officer of any stock exchange;
- Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;
- Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;
- Not an Independent Director of more than five (5) listed Companies;
- Have not been convicted for a criminal offence involving moral turpitude.

Tenure and Retirement:

The office of Non-executive Directors other than Independent Directors is subject to retirement. At least one-third of the non-executive Directors shall retire by rotation in every Annual General Meeting and being eligible offer themselves for re-election. The Independent Directors are appointed by the Board which requires final approval from the shareholders in AGM. The Managing

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

Directors' Honorarium:

Except Managing Director, none of the Director holds any position of office of profit and does not receive any remuneration other than honorarium (fee) for attending in the Board/Committee meetings. The fees payable to a Director is Tk. 8,000 (Taka Eight Thousand) for attending each meeting. Managing Director is not entitled to receive fee for attending Board and its Committee Meetings.

Board Committee

In compliance with Bangladesh Bank, DFIM circular letter no. 07 dated 25 September 2007 and DFIM circular letter no. 18 dated 26 October 2011, the Board has formed only two committees to consider some matters in more detail and make recommendations and in certain circumstances take decisions on behalf of the Board. All the Board Committees are comprised entirely by Non-executive Directors. Composition of the Executive Committee and the Audit Committee in line with the aforesaid regulations is as under:

Executive Committee :

Chairman	:	Mr. Tauseef Iqbal Ali
Members	:	Mr. Md. Aminul Haque
	:	Mr. Mohammad Masudur Rahim
	:	Mr. Ahmed Kamal Khan Chowdhury
	:	Mr. Uzzal Kumar Saha

Audit Committee :

Chairman	:	Mr. Ahmed Kamal Khan Chowdhury
Members	:	Mr. Md. Aminul Haque
	:	Mr. Tauseef Iqbal Ali
	:	Mr. MBM Lutful Hadee
	:	Mr. Uzzal Kumar Saha

Charter of the Board and its Committees:

The Board itself and all its Committees have a Charter that describes the purposes, duties, responsibilities and delegations. Summary of the same is available on page no. 50 of this Annual Report.

Directors' Responsibility:

Board of Directors is appointed by the shareholders to act on behalf of them to run the affairs of the business. They are accountable to the shareholders and each year the company holds Annual General Meeting (AGM) in which a report on the performance of the Company is placed. The Directors' Responsibilities have been given on page no. 42 of this Annual Report.

Communication to Director:

Interested parties may communicate with any Director by sending mail addressing the Company Secretary, Prime Finance & Investment Limited, 63 Dilkusha C.A., Dhaka-1000 or by e-mail at corporateaffairs@primefinancebd.com

CHARTER OF THE BOARD AND ITS COMMITTEES

The Board of Directors of Prime Finance & Investment Limited is comprised with eleven members who have versatile qualification, expertise and experience. There are two sub-committees of the Board i.e. the Audit Committee and the Executive Committee. The Board delegates its various responsibilities and authority to its sub-committees. Committees regularly meet on their activities and actions and if necessary report to the Board. Each of the Board committees has a written charter approved by the Board.

The purpose of the Charter is to outline the principal roles, functions, responsibilities, authorities and powers of the Board and its various Committees to enhance the coordination and communication between the Board and Management for the wellbeing of the Company and its stakeholders.

Summary of the Charter of the Board of Directors

Strategic planning process:

- Set the vision and mission of the Company.
- Determine the yearly goals of the Company and to draw up strategic plan and technique.
- Monitor quarterly implementation and effectiveness of the approved strategic plan and technique and make necessary changes, if any, after discussion with management.
- Review the Company's business plans and the inherent level of risk in these plans.

Financial management:

- Approve the annual budget and targets, annual financials and interim results and monitor financial performance.
- Ensure financial results are reported fairly and in accordance with IFRS.
- Recommend to shareholders the Annual Report/financial statements released by Management and ensure that any reports issued by the Company, including the financial statements, present a 'true and fair' view of its position and performance.
- Approve the delegation of responsibilities and authorities to Board Committees and to Managing Director and Executive Management;
- Approve purchase/construction of land, building and vehicle.

Loan/Lease/Investment management:

- Approve the policy related with proposal evaluation, acceptance, disbursement, collection and monitoring of loan/lease/investment.
- Delegate approval authority of a certain limit to Managing Director & Executive Management for sanctioning of loan/lease/investment proposal.

- Approve large loan/lease/investment.

Risk management:

Approve and review the risk management guideline.

Ensure principal risks are identified and Management has implemented appropriate systems to manage these risks.

Ensure that the systems and controls framework, including the Board structure and organizational structure of the Company is appropriate for the Company's business and associated risks.

Review the processes that ensure compliance with applicable regulatory, corporate, securities and other legal requirements.

Internal control:

- Assess the adequacy of the systems of risk management, internal control, control environment and legal compliance.

Human Resource Management:



Governance:

- Approve the Company's corporate governance framework and ensure it conforms to best practices
- and regulatory and statutory requirements.
- Approve the organizational/management structure and responsibilities.
- Establish appropriate structures and procedures to allow the Board to function independently of management.
- To the extent feasible, satisfying itself that the Managing Director and other senior officers create a culture of integrity through out the organization.

Performance measurement Systems:

- Approve performance objectives and performance measurement systems.
- Review the performance of Board, Board Committees and Executive Management.

Business Decisions:

- 1 Approve and monitor the progress of material financial restructurings, including mergers, acquisitions, annual budgets, dividends etc. affecting the balance sheet.
- 2 Approve financings and changes in authorized capital.
- 3 Approve entering into, or withdrawing from, businesses or service lines.

Compliance:

- Ensure the Company operates at all times within applicable laws and regulations, including an effective Code of Conduct and Anti Money Laundering and Countering Financing of Terrorism policies.
- Ensure that the Company's policies and procedures manuals comply with all government and regulatory requirements covering all operations.

Communications:

- Develop and implement an investor relations program or shareholder communications process for the Company.

Delegation of Authority:

- Approve the delegation of responsibilities and authorities to Board Committees and to Executive Management; and reserve certain powers for the Board.

External Auditors:

- Recommend the appointment of the external auditors (and the remuneration payable) to the shareholders and seek their no objection.

Commission & Listing Requirements:

- Oversee the ongoing obligations in respect of the listing requirements, including but not limited to issues relating to disclosure, dissemination of price sensitive information and other communication, and the prevention of market abuse and insider trading; Moreover the 'Charter of the Board' also

sets the responsibilities of the Chairman and the Managing Director of the Company.

Summary of the Charter of the Audit Committee**Risk management and Internal control:**

- Evaluate whether the Management has been able to build up the appropriate administration culture regarding the importance of internal control system and risk management;
- Review all the policies developed by the Management regarding IT system and management information system (MIS);
- Review the recommendations as provided time to time by the internal and external auditors to build a strong internal control framework have been administered by the Management or not;
- Review the existing Risk Management process to ensure effective mitigation & control system;
- Inform the Board regularly after review of the steps taken against findings of forgery, limitations of internal control system or identification of similar sectors by the internal, external and inspection team of regulatory authority;
- Monitor the effectiveness of the Company's risk based internal control system.

Financial Reporting:

- Review whether the financial statements are contained with full & applicable disclosures and are prepared in accordance with the policies and procedures directed by the Bangladesh Bank and in compliance with accounting and reporting standards required by law or supported by appropriate professional or other authorities;
- Monitor and recommend interim results announcements and any other formal announcement relating to its financial performance.

Internal audit:

- Review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- Review and assess the annual internal audit plan;
- Monitor and review the expertise & effectiveness of the company's internal audit function in the context of the company's overall risk management system;
- Recommend to the Board for changing accounting principles, if any.

External audit

- Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor;

- Review the annual audit activities and audit report;
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
- Review the management's response to the auditor's findings and recommendations.

Compliance with existing Laws & Regulations:

- Review compliance with existing laws & regulations of the relevant regulators and policies approved by the Board.

Reporting Responsibilities:

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.
- The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-
 - a. report on conflicts of interests;
 - b. suspected or presumed fraud or irregularity
 - c. or material defect in the internal control system;
 - d. suspected infringement of laws, including
 - e. securities related laws, rules and regulations;
 - f. any other matter which shall be disclosed to
 - g. the Board of Directors immediately.

Others:

- Report to the Board quarterly, regarding corrective measures taken against error, fraud, deceit, or other irregularities identified by the auditors (internal or external) or regulatory authority;

- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

Summary of the Charter of the Executive Committee

Issues require review of the Executive Committee:

- Review and preparation of short-term, medium term and long-term plans and policies to fulfill Company's goals/objectives, as per the directions of the Board.
- Review business plans to be submitted to the Board. The Committee shall periodically review Company's achievements and recommend to Board appropriately;
- Review implementation of the business policy;
- Review significant risks and quality of credit portfolio;
- Review the overdue position of clients of the company;
- Review the write off loan/lease status of the company and recovery thereof;
- Review management succession plans for executive positions;
- Review major compensation policies and recommend incentive program;
- Evaluate effectiveness of the HR Policy in carrying out the duties specified in its charter.

Issues that can be approved by the Executive Committee:

- Approve credit proposals and corporate guarantee up to certain limit;
- Approve all Pre-IPO placement up to certain limit;
- Approve all administrative expenses up to certain limit;
- Approve reduction of interest rate of lease/loan up to certain limit;
- Approve waiver of unrealized delinquent charge up to certain limit;
- Approve purchase/disposal of the fixed/floating assets of the company as per the regulatory guideline in this regard.

REPORT FROM THE AUDIT COMMITTEE

FOR THE YEAR 2019

The Audit Committee is the sub-committee of the Board of Directors of the Company and its role is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of financial statements, risk management, internal control and compliance, internal audit function and performance of external auditor of the company.

The composition of Audit Committee of the company and the qualification of Audit Committee members exist as per Bangladesh Securities and Exchange Commission's notification dated 03 June 2018. The detailed composition of the Audit Committee is given in page no 123 of this Annual Report.

Role of the Audit Committee

The role and responsibilities of the Audit Committee are set out in written terms of reference which are reviewed annually by the Committee taking into account relevant legislation and recommended good practices. The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Board.



In so doing, the Committee maintains free and open communication with the Company's independent auditors, internal audit department and management.

How the committee has discharged its responsibilities

According to the circular issued by Bangladesh Bank dated October 26, 2011, the Audit Committee must meet at least four times in a year which is also supported by the charter of the Committee. During the year 2019, the Audit Committee of the Company met 4 (four) times on the following dates: (i) 21 March, 2019, (ii) 12 May, 2019, (iii) 28 July, 2019 and (iv) 31 October, 2019. During the year, the Committee's principal activities were as follows:

1. Review of financial statements

The year-end financial statements of 2019 was prepared by the management of the company and after getting those audited by

the external auditor, the financial statements were placed to the Audit Committee for review. The Audit Committee reviewed the financial statements including relevant disclosures for the year 2019 and recommended the same to the Board for approval.

2. Review of the activities of internal control and compliance

The Committee reviewed Company's overall approach to risk management and control, and its processes, outcomes and disclosure. The Committee reviewed major activities of Internal Control & Compliance Department carried out during 2019 which are as follows:

- Reviewed and approved internal audit plan of the company
- Reviewed the report of internal auditor and advised Management to take corrective action
- Reviewed management response to the Bangladesh Bank's inspection reports
- Reviewed the report of external auditor and management response thereon
- Reviewed quarterly, half-yearly and yearly financial statements
- Recommended appointment and remuneration of the statutory auditor
- Reviewed and amended core risk policies of the company in line with regulatory guidelines and good practices
- Reviewed activity of anti-money laundering compliance procedure
- Reviewed the Management's discussion and analysis
- Discussed with representative of external auditor regarding audit of annual financial statements

3. Legal regulatory and compliance oversight

The Committee oversees legal and regulatory matters that may have a material impact on the company's financial statements and the company's code of business conduct and ethics. The Committee periodically reviews the company's compliance policies and procedures, and receives and reviews certain reports on complaints, allegations, and incidents reported pursuant to the code of business and ethics.

During year 2019, the Committee did not find any issue regarding conflicts of interests, fraud or irregularity or material defect, infringement of laws, regulatory compliance including securities related laws, rules and regulations, or any other matter to report to the Board of Directors.

Independence of external auditor

A. Qasem & Co., Chartered Accountants acted as statutory auditors of the company for audit of financial statements as of 31 December 2019. The Audit Committee sat with external auditors to discuss key audit matters and findings of audit of annual financial statements of the company for the year ended on 31 December 2019. The auditor expressed that the conduct of the audit was independently done.

As per the notification of Bangladesh Securities and Exchange Commission dated 03 June 2018, no other non-audit service

was conducted by the external auditor. Tax and other related professional services were conducted by other professional Firms. However, reports of the tax and other professional issues were made available in the external auditors during their review of financial statements.



Ahmed Kamal Khan Chowdhury
Chairman
Audit Committee

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2019

	Name & Description of Shareholders	No. of Shares held	% of Holding
A.	Parent/Subsidiary/Associate Companies and other related parties	Nil	-
B.	Directors and their Spouses and Minor Children		
	Mr. Mohammad Masudur Rahim, Representing East Coast Shipping Lines Limited	40,000	0.015
	Mr. Md. Aminul Haque, Representing Acorn Limited	Nil	-
	Mr. Tauseef Iqbal Ali	5,458,363	2.00
	Dr. Shamim Khan, Representing Pedrollo NK Limited	5,458,330	2.00
	Mr. Waheed Mahmud Khaled, Representing Mawsons Limited	Nil	-
	Mr. Uzzal Kumar Saha, Representing GQ Enterprise Ltd.	Nil	-
	Mr. Manzur Ahmed, Representing Agami Apparels Ltd.	Nil	-
	Engr. Salah Uddin Ahmed, Representing East Coast Shipping Lines Limited	Nil	-
	Mr. Ahmed Kamal Khan Chowdhury	Nil	-
	Mr. MBM Lutful Hadee	Nil	-
C.	Executives and their spouses and minor children		
	Mr. Md. Ahsan Kabir Khan, Managing Director	Nil	-
	Mr. Mohammad Shahidul Islam, Chief Financial Officer	Nil	-
	Mr. Md. Mohsin Reza Khan, Company Secretary	Nil	-
	Mr. H M Nurul Amin, In-Charge of Internal Control and Compliance	Nil	-
D.	Executives (Top five person other than MD, CFO, CS, HICC):		
	Ms. Gulshan Ara Hafiz, Senior Vice President	Nil	-
	Mr. Mohammad Zaved Lakiyet, Senior Assistant Vice President	Nil	-
	Mr. Mohammed Faruque, Senior Assistant Vice President	Nil	-
	Mr. Mohammad Yeamin Kabir, Senior Assistant Vice President	Nil	-
	Mr. Md. Faqur Islam Majumder, Senior Assistant Vice President	Nil	-
E.	Shareholders' holding 10 % (Ten percent) or more voting interest in the Company	Nil	-

DIRECTORS' MEETING AND ATTENDANCE

DURING THE YEAR 2019

Sl. No.	Name of the Directors	Status	No. of Meetings held during the year	Meeting Attended	(%)	Remarks
1	Mr. Mohammad Masudur Rahim	Chairman & Non-executive Director	9	9	100	Continuing
2	Mr. Md. Aminul Haque	Non-executive Director	9	4	44	Continuing
3	Mr. Tauseef Iqbal Ali	Non-executive Director	9	9	100	Continuing
4	Dr. Shamim Khan	Non-executive Director	9	5	56	Continuing
5	Mr. Waheed Mahmud Khaled	Non-executive Director	9	8	89	Continuing
6	Mr. Uzzal Kumar Saha	Non-executive Director	9	8	89	Continuing
7	Mr. Manzur Ahmed	Non-executive Director	9	2	22	Continuing
8	Engr. Salah Uddin Ahmed	Non-executive Director	9	8	89	Continuing
9	Mr. Ahmed Kamal Khan Chowdhury	Independent Director	9	9	100	Continuing
10	Mr. MBM Lutful Hadee	Independent Director	9	5	56	Continuing

Note: The leave of absence of the Directors who could not attend at meeting was granted by the Board

CERTIFICATE ON COMPLIANCES OF CORPORATE GOVERNANCE CODE

ANNEXURE - B
[Certificate as per
condition No. 1(5) (xxvii)]

SARashid & Associates (Chartered Secretaries)

Noakhali Tower (12th Floor, 13-D)
55/B Purana Paltan, Dhaka-1000, Bangladesh
Phone : +88 02 955 65 95, +88 02 955 87 96, +88 01 755 944 966
E-mail : sarashid12000@yahoo.com, sarashidnasso@gmail.com

S. Abdur Rashid FCS
MBS, MBA (Finance), PGDHRM, LLB, MIPM
Chartered Secretary in Practice
Private Practice Certificate No.: 003

Report to the Shareholders of Prime Finance and Investment Ltd. on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Prime Finance and Investment Ltd. for the year ended on 31 December 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except as stated in the remarks column of the Statement on Status of Compliance of the Code;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act 1994, the securities laws and other relevant laws; and
- The Governance of the Company is satisfactory.

Place : Dhaka
Dated : 03 November 2020



For
SARashid & Associates

S. Abdur Rashid FCS
Chartered Secretary in Practice

COMPLIANCE STATUS OF THE CODE

ANNEXURE - C

[As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by BSEC's Notification # BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969 is presented below:

(Report under Condition # 9)

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.1	Board Size (number of Directors - minimum 5 and maximum 20)	✓		
1.2	Independent Directors:			
1.2(a)	At least one fifth (1/5) of Directors should be Independent Directors;	✓		
1.2(b) (i)	Independent Director does not hold any share or holds less than 1% share of the total paid-up shares;	✓		
1.2(b) (ii)	Not a Sponsor of the Company or non- connectivity with the company's sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship;	✓		
1.2(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1.2(b) (iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
1.2(b) (v)	Not a Member or TREC, Director or Officer of any Stock Exchange;	✓		
1.2(b) (vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exchange;	✓		
1.2(b) (vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm;	✓		
1.2(b) (viii)	Shall not be an Independent Director in more than 5 listed companies;	✓		
1.2(b) (ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution;	✓		
1.2(b) (x)	Non convicted for a criminal offence involving moral turpitude;	✓		
1.2 (c)	Appointment of Independent Director shall be by Board and subsequently approved by shareholders in the AGM.	✓		
1.2 (d)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.			N/A
1.2 (e)	Tenure of office of an Independent Director (for a period of 3 years, may be extended for 1 term only).	✓		
1.3	Qualification of Independent Director (ID)			
1.3(a)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted company;			N/A
1.3(b)(ii)	Corporate Leader who is or a top level executive of an unlisted company having 100 million paid up capital or of a listed company;	✓		
1.3(b)(iii)	Former official of government not below 5th grade of salary;			N/A
1.3(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;			N/A
1.3(b)(v)	Professional like practicing Advocate, Chartered Accountant/Cost Accountant/Chartered Secretary or equivalent qualification;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.3(c)	The Independent Director shall have at least 10 (ten) years of experiences.	✓		
1.3(d)	Relaxation of qualifications of Independent Directors subject to prior approval of the Commission.			N/A
1.4	Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :			
1.4(a)	The posts of Chairperson of the Board and MD/CEO shall be filled by different individuals.	✓		
1.4(b)	MD and/or CEO of a listed company shall not hold the same position in another listed company.	✓		
1.4 (c)	The Chairperson shall be elected form among the non-executive directors.	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	✓		
1.4 (e)	In absence of Chairperson of the Board, for the particular Board Meeting, Chairperson may be elected from one of non-executive directors and to be duly recorded.			N/A
1.5	The 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 including internal and external risk factor;	✓		
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 activities and their implications;	✓		
1.5(vi)	Detail disclosure on related party transactions;	✓		
1.5(vii)	Utilization from public issues, rights issues and/or through any others instruments;			N/A
1.5(viii)	Explanation if the financial results deteriorate after going for IPO, RPO, Rights Offer, Direct Listing, etc.;			N/A
1.5(ix)	Significant variance between Quarterly Financial performance and Annual Financial Statements and explanation thereon;			N/A
1.5(x)	Remuneration to Directors including Independent Directors;	✓		
1.5(xi)	Statement about fairness of financial statements;	✓		
1.5(xii)	Maintenance of proper books of account;	✓		
1.5(xiii)	Application of appropriate accounting policies and estimates;	✓		
1.5(xiv)	Application of International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh;	✓		
1.5(xv)	Statement about efficiency of Internal control system;	✓		
1.5(xvi)	Statement about the interest of minority shareholders have been protected;	✓		
1.5(xvii)	Statement about the ability to continue as going concern;	✓		
1.5(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained;			N/A
1.5(xix)	Key operating and financial data of at least preceding 5 (Five) years;	✓		
1.5(xx)	Reason for non declaration of dividend;			N/A
1.5(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been paid during the year or will be paid in future as interim dividend;	✓		
1.5(xxii)	Number of Board Meetings (no. of Board Meetings held and attendance by each director);	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.5(xxiii)	The pattern of shareholding;	✓		
1.5(xxiii) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5(xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	✓		
1.5(xxiii) (c)	Executives;	✓		
1.5(xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxiv)	In case of appointment/re-appointment of a Director, disclose:			
1.5(xxiv)(a)	Brief resume of the Director;	✓		
1.5(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1.5(xxv)	Management discussion and analysis signed by CEO or MD:			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		Explained in the MD's Message and in the Directors' Report 2019
1.5(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes;	✓		
1.5(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons;	✓		
1.5(xxv)(d)	Compare financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements;	✓		
1.5(xxv)(g)	Future plan or projection or forecast for company's operation shall be explained to the shareholders in the next AGM;	✓		
1.5(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition no. 3(3) shall be disclosed as per Annexure-A;	✓		
1.5(xxvii)	Report as well as certificate regarding compliance of conditions of this Code as required under condition no. 9 shall be disclosed.	✓		
1.6	Meetings of the Board of Directors			
1.6	Compliance under Bangladesh Secretarial Standards (BSS).	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC).			Code of Conduct has been laid down by the Board
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website.			Code of Conduct as laid down by the Board shall be posted on the Website
2	Governance of Board of Directors of Subsidiary Company.			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
2(b)	At least 1 Independent Director of holding company also be a director of the subsidiary company.	✓		
2(c)	Minutes of subsidiary to be placed in the following meeting of holding company.	✓		
2(d)	Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	✓		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).			
3.1	Appointment			
3.1(a)	Board shall appoint MD or CEO, CS, CFO, and HIAC;	✓		
3.1 (b)	The positions of the MD, CEO, CS, CFO & HIAC shall be filled by different individuals;	✓		
3.1 (c)	MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3.1 (e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and exchange;			N/A
3.2	Requirement to attend Board of Directors' Meetings.			
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3(a)	MD or CEO and CFO to certify that they have reviewed financial statements to the best of their knowledge.	✓		
3.3(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3.3(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance;	✓		
3.3 (b)	MD or CEO and CFO to certify on due diligence in the Report.	✓		
3.3 (c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee.			
4.i	Audit Committee.	✓		
4.ii	Nomination and Remuneration Committee.			Explained under condition no. 6(1)
5	AUDIT COMMITTEE:			
5(i)	Responsibility to the Board of Directors.	✓		
5.1(a)	Company shall have an Audit Committee as a sub-committee of the Board.	✓		
5.1(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	✓		
5.1(c)	Audit Committee shall report on its activities to the Board of Directors.	✓		
5.2	Constitution of the Audit Committee			
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
5.2(b)	Board shall appoint members of the Audit Committee who shall be non-executive director.	✓		
5.2(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5.2(d)	When the term of service of the Committee member expires, Board shall appoint new Committee member immediately or not later than 1 month of vacancy.			N/A
5.2(e)	The Company Secretary shall act as the Secretary of the Audit Committee.	✓		
5.2(f)	Quorum shall not constitute without at least 1 independent director.	✓		
5.3	Chairperson of the Audit Committee			
5.3 (a)	The Board shall select Chairperson of the Audit Committee who will be ID.	✓		
5.3 (b)	Absence of Chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.			N/A
5.3 (c)	Chairperson of the Audit Committee shall remain present in the AGM.	✓		
5.4	Meeting of the Audit Committee			
5.4(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	✓		
5.4(b)	Quorum: presence of 2 or 2/3 members whichever is higher and 1 independent director is must.	✓		
5.5	Role of Audit Committee			
5.5(a)	Oversee the financial reporting process.	✓		
5.5(b)	Monitor choice of accounting policies and principles.	✓		
5.5(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	✓		
5.5(d)	Oversee hiring and performance of external auditors.	✓		
5.5(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	✓		
5.5(f)	Review with the management, the annual financial statements before submission to the Board for approval.	✓		
5.5(g)	Review with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	✓		
5.5(h)	Review adequacy of internal audit function.	✓		
5.5(i)	Review the management's discussion and analysis before disclosing in the Annual Report.	✓		
5.5(j)	Review statement of all related party transactions submitted by the Management.	✓		
5.5(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	✓		
5.5(l)	Oversee determination of audit fees and evaluate performance of external audit.	✓		
5.5(m)	Oversee whether IPO/RPO proceeds utilized as per the published Prospectus.	✓		
5.6	Reporting of the Audit Committee			
5.6.(a)	Reporting to the Board of Directors.			
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5.6 (a) (ii)	Shall report immediately the Board on the followings			
5.6 (a) (ii)(a)	Report on conflicts of interests;			N/A
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process;			N/A
5.6 (a) (ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulations;			N/A
5.6 (a) (ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5.6.(b)	Reporting to the Authorities.			N/A

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5.7	Reporting to the Shareholders and General Investors.	✓		
6	Nomination and Remuneration Committee (NRC).			
6.1	Responsibility to the Board of Directors.			Pursuant to Bangladesh Bank circular letter no. 18 dated on 26 October, 2011, no other subcommittee of the Board is permitted except Executive Committee and Audit Committee of a Financial Institution.
6.1(a)	The company shall have a NRC as a sub-committee of the Board.			
6.1(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications and policy for remuneration of directors, top level executives.			
6.1(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.			
6.2	Constitution of the NRC			
6.2(a)	The Committee shall comprise of at least three members including an ID.			
6.2(b)	All members of the Committee shall be non-executive directors.			
6.2(c)	Members of the Committee shall be nominated and appointed by the Board.			
6.2(d)	Board have authority to remove and appoint any member of the committee.			
6.2(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.			
6.2(f)	The Chairperson of the Committee may appoint/co-opt any external non-voting expert for valuable advice.			
6.2(g)	The company secretary shall act as the secretary of the committee.			
6.2(h)	Quorum shall not constitute without at least 1 independent director.			
6.2(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium form the company.			
6.3	Chairperson of the NRC			
6.3(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee who shall be an Independent Director.			
6.3(b)	Absence of chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.			
6.3(c)	Chairperson of the NRC shall attend the AGM.			
6.4	Meeting of the NRC			
6.4(a)	The NRC shall conduct at least one meeting in a financial year.			
6.4(b)	The Chairperson of the NRC, may convene any emergency meeting.			
6.4(c)	Quorum: presence of 2 or 2/3 members whichever is higher and 1(one) independent director is must.			
6.4(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.			
6.5	Role of the NRC			
6.5(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.			
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5(b)(i)	Formulating the criteria for qualification and remuneration of the directors and top level executives considering the following:			
6.5(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.			
6.5(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.			
6.5(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance.			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6.5(b)(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.			
6.5(b)(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.			
6.5(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.			
6.5(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement.			
6.5(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.			
6.5(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.			
7.	EXTERNAL / STATUTORY AUDITORS:			
7.1	Issuer company shall not engage its external auditors to perform the following services:	✓		
7.1(i)	Appraisal or valuation services or fairness opinions.	✓		
7.1(ii)	Financial information systems design and implementation.	✓		
7.1(iii)	Book keeping or other service related to the accounting records.	✓		
7.1(iv)	Broker-dealer services.	✓		
7.1(v)	Actuarial services.	✓		
7.1(vi)	Internal/special audit services.	✓		
7.1(vii)	Any services that the Audit Committee may determine.	✓		
7.1(viii)	Certification services on compliance of corporate governance.	✓		
7.1(ix)	Any other service that may create conflict of interest.	✓		
7.2	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	✓		
7.3	Representative of External Auditors shall remain present in the AGM.	✓		
8.	Maintaining a website by the Company			
8.1	The company shall have an official website linked with that of the stock exchange.	✓		
8.2	The company shall keep the website functional from the date of listing.	✓		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	✓		
9.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
9.1	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance.	✓		
9.2	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	✓		
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions.	✓		

COMPLIANCE OF GOOD GOVERNANCE GUIDELINES

Statement of compliance with the good governance guidelines issued by the Bangladesh Bank vides DFIM Circular No. 7, dated 25 September 2007 regarding the policies on the responsibility & accountability of the Board of Directors, Chairman, and Chief Executive Officer of Financial Institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines. A status report on compliance with those guidelines is stated below:

Sl. No.	Particulars Status of Compliance	Status of Compliance
1.	Responsibilities and authorities of the Board of Directors:	
	(a) Work-planning and strategic management:	
	i. The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis. The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	ii. The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	iii. The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	(b) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	(c) Financial management:	
	i. Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	ii. Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/ lease.	Complied
	iii. Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	iv. The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(d) Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied

Sl. No.	Particulars Status of Compliance	Status of Compliance
	(iii) Any large loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(f) Internal control and compliance management:	
	An Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
	(g) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule. Only the authority for the appointment and promotion of the Managing Director/ Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(h) Appointment of CEO:	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
2.	Responsibilities of the Chairman of the Board of Directors:	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	Responsibilities of Managing Director:	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vest to the Managing Director.	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

DECLARATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

ANNEXURE-A
[As per condition No. 1(5) (xxvi)]

30 September 2020

The Board of Directors
Prime Finance & Investment Limited
63 Dilkusha C/A
Dhaka-1000

Subject: Declaration on Financial Statements for the year ended on 31 December 2019.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Prime Finance & Investment Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements collectively present 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 Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Ahsan Kabir Khan
Managing Director



Mohammad Shahidul Islam FCA, FCS
Chief Financial Officer

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prime Finance and Investment Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated financial statements of Prime Finance and Investment Limited and its subsidiaries (the "Group") as well as the separate financial statements of Prime Finance and Investment Limited (the "Company"), which comprise the consolidated and separate balance sheet as at 31 December 2019, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Company as at 31 December 2019, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of

our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2019. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matters were addressed in our audit
01. Measurement of provision for loans and advances (See the note 7.a to the Financial Statements)	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p>	<p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> - Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; - Identification of loss events, including early warning and default warning indicators; - Reviewed quarterly classification of loans (CL); - Reviewed the adequacy of the companies general and specific provisions;

At year end of 2019 the Group reported total gross loans and advances of BDT 9,046,121,796 (2018: BDT 9,935,365,022) and provision for loans and advances of BDT 553,836,787 (2018: BDT 572,554,020).

We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no. 03, dated 03 May 2006 and FID circular no.03 dated 29 April 2013;
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;
- Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

02. Implementation of IFRS 16 Leases

With reference to Note 2.8 & 3.4 to the financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing standard IAS 17 Leases. Prime Finance and Investment Limited and its subsidiaries decided to adopt the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 January 2019 opening balance sheet, of right of use of asset at group level BDT 25,964,557 and separate level 25,964,557 (net value) and lease liabilities at group level BDT 148, 64,417 and separate level BDT 14,864,417 the impact of the adaptation of the new standard is disclosed in Note 8 & 13.6 of the notes to the financial statements.

We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarize the lease data for input into their lease calculation model.

We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Obtained and read the accounting policy for compliance with IFRS 16;
- Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16. In respect of the contracts selected for testing;
 - Obtained and assess the borrowing rates;
 - Tested the assumptions used in the calculation model for the sample contracts selected for testing;
 - Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability;
 - Assessed the disclosures within the financial statements.

3. Deferred Tax Assets (See the note 13.4.2a to the Financial Statements)

In 2019, the group and the company report net deferred tax assets (DTA) amounted to BDT 23,85,525 (2018: BDT 2,631,363.)

Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.

Finally assessed the appropriateness and presentation of disclosure against IAS 12 Income tax.

Other information

Management is responsible for the other information. The other information comprises the director's reports, management discussion and analysis, statement of corporate governance, financial highlights, economic value-added statement (EVA), value added statement and certification on corporate governance but doesn't include the financial statements and our auditor's report. The director's reports, management discussion and analysis, statement of corporate governance, financial highlights, economic value added (EVA) statement, value added statement and certification on corporate governance are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover 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 identified above when it becomes available 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.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 2 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. The Financial

Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. 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.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 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. 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;
- iii. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- xi. nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv. the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk weighted assets of the Group & Company and we have spent around 960 person hours for the audit of the books and accounts of the Company;
- xvi. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii. the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- xviii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is Mohammed Hamidul Islam.

Dated, Dhaka
30 September 2020


A. Qasem & Co.
Chartered Accountants

Prime Finance & Investment Limited
Consolidated Balance Sheet
As at 31 December 2019

PARTICULARS	Notes	Amount in Taka	
		2019	2018
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		74,064	85,943
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		109,656,836	131,825,491
Total Cash	4.a	109,730,900	131,911,434
Balance with other banks and financial institutions			
In Bangladesh		340,582,799	398,469,772
Outside Bangladesh		-	-
Total balance with other banks and financial institutions	5.a	340,582,799	398,469,772
Money at call and on short notice			
		-	-
Investments			
Government		-	-
Others		790,626,389	1,029,702,639
Total Investments	6.a	790,626,389	1,029,702,639
Loans, advances and leases			
Loans, advances and leases etc.		9,046,121,796	9,935,365,022
Bills purchased and discounted		-	-
Total loans, advances and leases	7.a	9,046,121,796	9,935,365,022
Fixed assets including premises, furniture and fixtures	8.a	340,359,798	338,595,949
Other assets	9.a	1,905,357,452	2,001,281,442
Non - banking assets	10.0	176,097,907	176,097,907
Total assets		12,708,877,041	14,011,424,165
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.a	1,373,688,531	1,735,730,678
Deposits and other accounts			
Current and other accounts		-	-
Bills payable		-	-
Savings accounts		-	-
Term deposits	12.a	5,510,070,060	6,634,959,037
Bearer certificates of deposit		-	-
Other deposits		-	-
Total deposits and other accounts		5,510,070,060	6,634,959,037
Other liabilities	13.a	2,582,511,497	2,447,117,955
Total liabilities		9,466,270,088	10,817,807,670
Capital/ shareholders' equity			
Paid up capital	14.0	2,729,164,830	2,729,164,830
Statutory reserve		951,634,282	939,728,546
Share money deposit		-	-
Other reserves		-	-
Retained earnings		(1,462,611,523)	(1,503,911,533)
Revaluation reserve		221,943,750	221,943,750
Equity attributable to shareholders' of the company		2,440,131,339	2,386,925,593
Non-controlling interest	15.0	802,475,614	806,690,902
Total shareholders' equity		3,242,606,953	3,193,616,495
Total liabilities and shareholders' equity		12,708,877,041	14,011,424,165

PARTICULARS	Notes	Amount in Taka	
		2019	2018
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		-	-
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		-	-
Un-disbursed contracted loans, advances and leases	45.0	10,000,000	25,000,000
Total other commitments		10,000,000	25,000,000
Total off-balance sheet items including contingent liabilities		10,000,000	25,000,000
Net Asset Value per share (NAV)		8.94	8.75

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:



Company Secretary



Managing Director



Director



Chairman

Dated: Dhaka
30 September 2020



A. Qasem & Co.
Chartered Accountants

Prime Finance & Investment Limited
Consolidated Profit and Loss Account
 For the year ended 31 December 2019

PARTICULARS	Notes	Amount in Taka	
		2019	2018
Interest income	19.a	1,060,590,293	915,289,022
Interest paid on deposits, borrowings etc.	20.a	(847,843,386)	(868,179,112)
Net interest income		212,746,907	47,109,910
Investment income	21.a	(70,987,495)	84,941,635
Fees, commission, exchange and brokerage	22.a	20,686,248	28,487,011
Other operating income	23.a	90,201,020	(15,515,301)
		39,899,773	97,913,345
Total operating income (A)		252,646,680	145,023,255
Salaries and other employee benefits	24.a	135,829,674	155,153,440
Rent, taxes, insurance, electricity etc.	25.a	20,135,036	32,820,460
Legal expenses	26.a	1,087,616	1,837,277
Postage, stamp, telecommunication etc.	27.a	3,207,815	3,467,714
Stationery, printing, advertisements etc.	28.a	4,262,023	3,949,820
Managing director's salary and fees	29.0	9,060,000	8,141,000
Directors' fees	30.a	1,121,783	902,781
Auditors' fees	31.a	419,748	419,750
Charges on loan losses		-	-
Depreciation and repair of assets	32.a	26,105,626	19,053,405
Other expenses	33.a	11,654,472	16,214,331
Total operating expenses (B)		212,883,793	241,959,978
Profit before provision (C=A-B)		39,762,887	(96,936,723)
Provision for loans, advances and leases			
General provision	13.1	(12,551,029)	(31,400,787)
Specific provision	13.1	(12,679,205)	(146,137,100)
Provision for diminution in value of investment	13.2.a	6,459,177	8,399,906
Other provision		6,513,000	3,147,000
Total provision (D)		(12,258,057)	(165,990,981)
Total profit before tax (C-D)		52,020,944	69,054,258
Provision for taxation			
Current	13.4.1.a	5,416,011	12,832,788
Deferred	13.4.2.a	(2,385,525)	(2,631,363)
		3,030,486	10,201,425
Net profit after tax		48,990,458	58,852,833
Attributable to			
Shareholders of the company		53,205,746	60,551,773
Non-controlling interest		(4,215,288)	(1,698,940)
Appropriations			
Statutory reserve		11,905,736	12,620,036
General reserve		-	-
Proposed cash dividend		-	-
Proposed stock dividend		-	-
Weighted average no. of outstanding shares		272,916,483	272,916,483
Earnings per share (EPS)	36.a	0.19	0.22

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:


 Company Secretary


 Managing Director


 Director


 Chairman

 A. Qasem & Co.
 Chartered Accountants

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Consolidated Cash Flow Statement
 For the year ended 31 December 2019

PARTICULARS	Amount in Taka	
	2019	2018
A) Operating Activities		
Interest receipts	976,600,269	742,911,864
Interest payments	(621,180,899)	(937,282,593)
Fees and commission receipts	6,895,769	5,477,070
Dividend & Gain receipts	17,800,602	72,308,287
Cash payments to employees	(147,790,444)	(143,696,242)
Cash payments to suppliers and management expenses	(56,578,896)	(70,199,762)
Income taxes paid	(7,545,941)	(16,908,665)
Receipts from other operating activities	237,375,410	10,918,545
Payments for other operating activities	(1,137,899)	2,632,300
Cash generated before changes in operating assets and liabilities	404,437,971	(333,839,196)
Increase/ (decrease) in operating assets and liabilities		
Net loans and advances and other assets	848,732,444	2,389,047,106
Net loans and deposits from banks and other customers and trading liabilities	(1,248,801,928)	(2,795,741,933)
Cash generated from operating assets and liabilities	(400,069,484)	(406,694,827)
Net cash generated from operating activities	4,368,487	(740,534,023)
B) Investing Activities		
Acquisition of fixed assets	28,702,110	(8,124,024)
Disposal of fixed assets	-	-
Sale of securities	-	186,107,886
Investment in securities	-	(53,114,176)
Net cash used in investing activities	28,702,110	124,869,686
C) Financing Activities		
Dividend paid	-	-
Net received/(payment) for loans	(113,138,104)	7,714,186
Net cash used in financing activities	(113,138,104)	7,714,186
D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(80,067,507)	(607,950,151)
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	530,381,206	1,138,331,357
G) Cash and cash equivalents at end of the year (D+E+F)	450,313,699	530,381,206
Cash and cash equivalents at end of the year represents		
Cash in hand (including foreign currencies)	74,064	85,943
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	109,656,836	131,825,491
Balance with other banks and financial institutions	340,582,799	398,469,772
	450,313,699	530,381,206
Net operating cash flow per share (NOCFPS)	0.02	(2.71)

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
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3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:


 Company Secretary


 Managing Director


 Director


 Chairman



A. Qasem & Co.
 Chartered Accountants

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Consolidated Statement of Changes in Equity
 For the year ended 31 December 2019

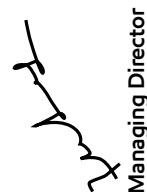
PARTICULARS	Attributable to Equity Holder of Prime Finance & Investment Ltd.					Non-controlling Interest	Total
	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings			
Balance as at 1 January 2019	2,729,164,830	939,728,546	221,943,750	(1,503,911,533)	806,690,902	3,193,616,495	
Net profit for the year 2019	-	-	-	53,205,746	(4,215,288)	48,990,458	
Transfer to statutory reserve	-	11,905,736	-	(11,905,736)	-	-	
Issue of right share	-	-	-	-	-	-	
Issue of bonus share	-	-	-	-	-	-	
Payment of cash dividend	-	-	-	-	-	-	
Balance as at 31 December 2019	2,729,164,830	951,634,282	221,943,750	(1,462,611,523)	802,475,614	3,242,606,953	
Balance as at 1 January 2018	2,729,164,830	927,108,510	221,943,750	(1,551,843,270)	808,389,842	3,134,763,662	
Net profit for the year 2018	-	-	-	60,551,773	(1,698,940)	58,852,833	
Transfer to statutory reserve	-	12,620,036	-	(12,620,036)	-	-	
Issue of right share	-	-	-	-	-	-	
Issue of bonus share	-	-	-	-	-	-	
Payment of cash dividend	-	-	-	-	-	-	
Balance as at 31 December 2018	2,729,164,830	939,728,546	221,943,750	(1,503,911,533)	806,690,902	3,193,616,495	



Chairman



Director



Managing Director



Company Secretary

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Balance Sheet
 As at 31 December 2019

PARTICULARS	Notes	Amount in Taka	
		2019	2018
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		60,000	60,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		109,656,836	131,825,491
Total cash	4.0	109,716,836	131,885,491
Balance with other banks and financial institutions			
In Bangladesh		327,647,575	379,168,664
Outside Bangladesh		-	-
Total balance with other banks and financial institutions	5.0	327,647,575	379,168,664
Money at call and on short notice		-	-
Investments			
Government		-	-
Others		240,134,946	318,521,585
Total investments	6.0	240,134,946	318,521,585
Loans, advances and leases			
Loans, advances and Leases etc.		7,493,386,305	8,470,485,952
Bills purchased and discounted		-	-
Total loans, advances and leases	7.0	7,493,386,305	8,470,485,952
Fixed assets including premises, furniture and fixtures	8.0	334,105,935	324,526,757
Other assets	9.0	2,320,853,412	2,313,456,145
Non - banking assets	10.0	176,097,907	176,097,907
Total assets		11,001,942,916	12,114,142,501
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.0	925,516,352	1,183,005,068
Deposits and other accounts			
Current and other accounts		-	-
Bills payable		-	-
Savings accounts		-	-
Term deposits	12.0	5,510,070,060	6,634,959,037
Bearer certificates of deposit		-	-
Other deposits		-	-
Total deposits and other accounts		5,510,070,060	6,634,959,037
Other liabilities	13.0	2,369,938,587	2,159,289,158
Total liabilities		8,805,524,999	9,977,253,263
Capital/ shareholders' equity			
Paid up capital	14.0	2,729,164,830	2,729,164,830
Statutory reserve	16.0	951,634,282	939,728,546
Other reserves		-	-
Retained earnings	17.0	(1,706,324,945)	(1,753,947,888)
Revaluation reserve		221,943,750	221,943,750
Total shareholders' equity		2,196,417,917	2,136,889,238
Total liabilities and shareholders' equity		11,001,942,916	12,114,142,501

PARTICULARS	Notes	Amount in Taka	
		2019	2018
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		-	-
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		-	-
Un-disbursed contracted loans, advances and leases	45.0	10,000,000	25,000,000
Total other commitments		10,000,000	25,000,000
Total off-balance sheet items including contingent liabilities		10,000,000	25,000,000
Net Asset Value per share (NAV)		8.05	7.83

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:



Company Secretary



Managing Director



Director



Chairman

Dated: Dhaka
30 September 2020



A. Qasem & Co.
Chartered Accountants

Prime Finance & Investment Limited
Profit and Loss Account
 For the year ended 31 December 2019

PARTICULARS	Notes	Amount in Taka	
		2019	2018
Interest income	19.0	955,368,825	893,048,567
Interest paid on deposits, borrowings etc.	20.0	(833,378,191)	(849,085,971)
Net interest income		121,990,634	43,962,596
Investment income	21.0	6,722,525	56,529,287
Fees, commission, exchange and brokerage	22.0	851,398	1,458,346
Other operating income	23.0	78,673,864	(15,604,476)
		86,247,787	42,383,157
Total operating income (A)		208,238,421	86,345,753
Salaries and other employee benefits	24.0	107,585,369	128,502,322
Rent, taxes, insurance, electricity etc.	25.0	12,745,811	25,077,201
Legal expenses	26.0	977,686	434,525
Postage, stamp, telecommunication etc.	27.0	3,052,241	3,274,093
Stationery, printing, advertisements etc.	28.0	4,077,780	3,619,398
Managing Director's salary and fees	29.0	9,060,000	6,191,000
Directors' fees	30.0	704,000	680,000
Auditors' fees	31.0	345,000	345,000
Charges on loan losses		-	-
Depreciation and repair of assets	32.0	20,775,981	11,634,383
Other expenses	33.0	7,847,337	11,193,329
Total operating expenses (B)		167,171,205	190,951,251
Profit before provision (C=A-B)		41,067,216	(104,605,498)
Provision for loans, advances and leases			
General provision	13.1	(12,551,029)	(31,400,787)
Specific provision	13.1	(12,679,205)	(146,137,100)
Provision for diminution in value of investment	13.2	(1,142,667)	(357,333)
Other provision		6,513,000	3,147,000
Total provision (D)		(19,859,901)	(174,748,220)
Total profit before tax (C-D)		60,927,117	70,142,722
Provision for taxation			
Current	13.4.1	3,042,964	8,465,779
Deferred	13.4.2	(1,644,526)	(1,423,239)
		1,398,438	7,042,540
Net profit after tax		59,528,679	63,100,182
Appropriations			
Statutory reserve	16.0	11,905,736	12,620,036
General reserve		-	-
Proposed cash dividend		-	-
Proposed stock dividend		-	-
Weighted average no. of outstanding share		272,916,483	272,916,483
Earnings per share (EPS)	36.0	0.22	0.23

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:


 Company Secretary


 Managing Director


 Director


 Chairman

 A. Qasem & Co.
 Chartered Accountants

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Cash Flow Statement
 For the year ended 31 December 2019

PARTICULARS	Notes	Amount in Taka	
		2019	2018
A) Operating Activities			
Interest receipts		827,033,317	856,232,635
Interest payments		(611,121,428)	(914,344,602)
Fees and commission receipts		851,398	1,458,346
Dividend & Gain receipts		6,722,525	56,529,287
Cash payments to employees		(121,109,700)	(117,015,498)
Cash payments to suppliers and management expenses		(46,720,779)	(50,461,013)
Income taxes paid		(5,103,393)	(13,431,974)
Receipts from other operating activities	34.0	156,058,003	10,918,545
Payments for other operating activities	35.0	(1,032,208)	2,432,815
Cash generated before changes in operating assets and liabilities		205,577,735	(167,681,459)
Increase/ (decrease) in operating assets and liabilities:			
Net loans and advances and other assets		969,702,380	2,273,531,320
Net loans and deposits from banks and other customers and trading liabilities		(1,248,801,928)	(2,795,741,932)
Cash generated from operating assets and liabilities		(279,099,548)	(522,210,612)
Net cash generated from operating activities		(73,521,813)	(689,892,071)
B) Investing Activities			
Acquisition of fixed assets		(167,931)	(1,750,719)
Disposal of fixed assets		-	-
Sale of securities		-	186,107,886
Investment in securities		-	(85,173,151)
Net cash used in investing activities		(167,931)	99,184,016
C) Financing Activities			
Cash dividend paid		-	-
Issuance of shares		-	-
Net cash used in financing activities		-	-
D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(73,689,744)	(590,708,055)
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		511,054,155	1,101,762,210
G) Cash and cash equivalents at end of the year (D+E+F)		437,364,411	511,054,155
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		60,000	60,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		109,656,836	131,825,491
Balance with other banks and financial institutions		327,647,575	379,168,664
		437,364,411	511,054,155
Net operating cash flow per share (NOCFPS)	38.0	(0.27)	(2.53)

Notes:

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2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:


 Company Secretary


 Managing Director


 Director


 Chairman




A. Qasem & Co.
 Chartered Accountants

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Statement of Changes in Equity
 For the year ended 31 December 2019

PARTICULARS	Amount in Taka				
	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings	Total
Balance as at 1 January 2019	2,729,164,830	939,728,546	221,943,750	(1,753,947,888)	2,136,889,238
Net profit for the year 2019	-	-	-	59,528,679	59,528,679
Transfer to statutory reserve	-	11,905,736	-	(11,905,736)	-
Issue of bonus share	-	-	-	-	-
Payment of cash dividend	-	-	-	-	-
Balance as at 31 December 2019	2,729,164,830	951,634,282	221,943,750	(1,706,324,945)	2,196,417,917
Balance as at 1 January 2018	2,729,164,830	927,108,510	221,943,750	(1,804,428,034)	2,073,789,056
Net profit for the year 2018	-	-	-	63,100,182	63,100,182
Transfer to statutory reserve	-	12,620,036	-	(12,620,036)	-
Issue of bonus share	-	-	-	-	-
Payment of cash dividend	-	-	-	-	-
Balance as at 31 December 2018	2,729,164,830	939,728,546	221,943,750	(1,753,947,888)	2,136,889,238


 Company Secretary


 Managing Director


 Director


 Chairman

Dated: Dhaka
 30 September 2020

Prime Finance & Investment Limited
Liquidity Statement (Assets and Liabilities maturity analysis)
 As at 31 December 2019

Particulars	Amount in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand and Balance with Bangladesh Bank and its agent bank	60,000	109,656,836	-	-	-	109,716,836
Balance with other banks and financial institutions	27,647,575	100,000,000	200,000,000	-	-	327,647,575
Money at call and on short notice	-	-	-	-	-	-
Investments	7,630,947	5,087,299	-	-	227,416,700	240,134,946
Loans, advances and leases	148,631,538	644,916,450	1,343,449,380	3,627,092,366	1,729,296,571	7,493,386,305
Fixed assets including premises, furniture and fixtures	1,631,706	4,345,497	12,613,520	10,364,189	305,151,023	334,105,935
Other assets	4,462,996	4,552,083	4,552,083	-	2,307,286,250	2,320,853,412
Non banking assets	-	-	-	-	176,097,907	176,097,907
Total assets (A)	190,064,762	868,558,165	1,560,614,983	3,637,456,555	4,745,248,451	11,001,942,916
Liabilities						
Borrowings from other banks, financial institutions and agents	11,625,481	16,552,432	93,306,309	804,032,130	-	925,516,352
Deposits	92,585,430	297,629,273	1,044,580,052	3,634,995,249	440,280,056	5,510,070,060
Provision and other liabilities	69,053,304	51,767,266	176,413,819	579,514,935	1,493,189,263	2,369,938,587
Total liabilities (B)	173,264,215	365,948,971	1,314,300,180	5,018,542,314	1,933,469,319	8,805,524,999
Net liquidity gap (A - B)	16,800,547	502,609,194	246,314,803	(1,381,085,759)	2,811,779,132	2,196,417,917

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1.0 REPORTING ENTITY

1.1 Domicile, legal form, country of incorporation and registered office

Prime Finance & Investment Limited (“The Company” or “Prime Finance”) is a non-banking financial institution domiciled in Bangladesh. The Company was incorporated in Bangladesh in March 1996, as a public limited company under the Companies Act 1994. Prime Finance started commercial operation in the year 1996, obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. Prime Finance also obtained license from the Bangladesh Securities & Exchange Commission (BSEC) in July 1999, to operate in the capital market as a full-fledged Merchant Bank. The Company was listed with the Stock Exchanges in 2005.

The registered office of the Company is located at 63, Dilkusha C.A., Dhaka-1000. The operations of the company are being carried out through its five offices located in Motijheel, Gulshan, Uttara, Chittagong and Rajshahi.

The Company does not have an identifiable parent on its own. Prime Finance is the parent of the Group.

1.2 Principal activities and nature of operations

The activities of the Company encompass a wide range of services, broadly classified as fund based activities, fee based activities, investments etc. The Company offers diversified deposit schemes as well.

Fund based activities

Fund based activities include lease finance, term finance, real estate finance, SME finance, hire purchase, bridge finance, bill discounting, factoring, margin loan etc.

Fee based activities

Fee based activities include issue management, underwriting, portfolio management and corporate advisory services performed through its subsidiary company named Prime Finance Capital Management Limited and stock brokerage services performed through its associate company PFI Securities Limited.

Deposit schemes

Prime Finance offers various deposit schemes to cater the deposit from the valued customers. Deposit schemes include annual Income deposit, double money deposit, triple money deposit, cumulative income deposit, monthly income deposit, earn ahead deposit, priority fixed deposit, doctor’s fixed deposit, professional fixed deposit, housing deposit, fortune deposit, sonchoy plus deposit etc.

Investments

Prime Finance is also involved in investment in both listed and non-listed securities. Another part of investment includes investment through treasury line both in short and long form.

1.3 Information regarding subsidiary and associate companies

As on 31 December 2019 Prime Finance has 01 (one) subsidiary company to include for preparation of consolidated financial statements as per International Financial Reporting Standard (IFRS) 10, ‘Consolidated Financial Statements’. Besides, as on 31 December 2019 Prime Finance has 03 (three) associate companies. The results of operations of the associates have been included in these financial statements following the equity method of accounting as per International Accounting Standard (IAS) 28, ‘Investment in associates’. A brief description of the companies is described below:

1.3.1 Prime Finance Capital Management Limited (Subsidiary Company)

Prime Finance Capital Management Limited is a public limited company incorporated on 18 March 2010 in Bangladesh under the Companies Act 1994. The main objectives of the company are to carry on business of merchant banking. Prime Finance holds 60 percent shares in its subsidiary.

1.3.2 PFI Securities Limited (Associate Company)

PFI Securities Limited is a public limited company incorporated in Bangladesh on 6 August 1997 under the Companies Act 1994. The principal activities of the company is to carry on stock brokerage activities having DSE’s TREC No. 079. Prime Finance holds 46.15 percent shares in PFI Securities Limited.

1.3.3 Prime Finance Asset Management Company Limited (Associate Company)

Prime Finance Asset Management Company Limited was incorporated in Bangladesh on 09 June 2008 as a public limited company incorporated under the Companies Act 1994 and licensed under the BSEC. The main objective of the company is to manage the assets of any Trust or Fund of any type and/or character and hold, acquire, sell or deal in such asset or any trust funds, take part in the management of any mutual fund operation. Prime Finance owns 49% shares in this company.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1.3.4 Prime Prudential Fund Limited (Associate Company)

Prime Prudential Fund Limited is a public limited company incorporated on 16 July 2009 in Bangladesh under the Companies Act 1994. The main objectives of the company are to manage funds of the company and its investors and provide other financial services including corporate advisory services, merger & acquisition, equity investment, joint venture sourcing and consummation, corporate restructuring, financial and socio-economic consultancy, corporate research and project studies, privatization and other related services. Prime Finance owns 40% shares in this company.

2.0 BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), DFIM circular no. 11 dated 23 December 2009 and requirement of the Financial Institutions Act, 1993, the Companies Act, 1994, the Bangladesh Securities and Exchange Rules, 1987, the Listing Rules of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, Guidelines of Bangladesh Bank and other applicable laws and regulations.

There are some areas where application of International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) differs from the application suggested by the Bangladesh Bank through DFIM circulars. As Bangladesh Bank is our primary regulator; we are required to follow the guidelines of Bangladesh Bank. At the same time we are also required to follow the guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC). For mitigating presentation and disclosure conflict, we prepared the financial statements following DFIM circulars and present separate disclosure where deviation exists.

2.1 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company as per the provision of the Companies Act, 1994.

The financial statements of the company includes the following components:

- (i) Balance sheet providing the information on the financial position of the Company at the year end.
- (ii) Profit and loss account providing the information on the financial performance of the Company for the year.
- (iii) Cash flow statement providing the information on the ability of the Company to generate cash & cash equivalents and the utilization of those.
- (iv) Statement of Changes in Equity depicting all changes in shareholders' equity during the year.
- (v) Notes to the Financial Statements comprising accounting policies used for preparation of these financial statements and other notes.

2.2 Reporting period:

The financial statements of the company covers one year period ranging from 1 January 2019 to 31 December 2019.

2.3 Functional & presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/Tk.), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances. Actual result could differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised.

Significant accounting estimate and areas where judgements were made by the management in the application of accounting policies are as follows:

- (i) Provision for diminution in value of investment (refer to note 3.18 and 13.2)
- (ii) Provision for loans, advances and leases (refer to note 3.18 and 13.1)
- (iii) Income taxes (refer to note 3.19 and 13.4)
- (iv) Depreciation/amortization of assets (refer to note 3.5 and 32)
- (v) Impairment of assets (refer to note 3.7 and 32)

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

2.5 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by International Accounting Standard (IAS) 1, 'Presentation of Financial Statements'.

2.6 Offsetting

Assets and Liabilities and income and expenses are not set-off unless permitted by the International Accounting Standards (IASs).

2.7 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with International Accounting Standards (IASs) requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- (i) When the Company has an obligation as a result of past events;
- (ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) Reliable estimate can be made of the amount of the obligation.

2.8 Changes in accounting policies and estimates- IFRS 16 Leases

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, Prime Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8. Prime Finance however applied the same accounting and valuation principles in 2019 as in financial statements for 2018. Except application of new accounting policy in accordance with IFRS-16.

Definition of a lease

Under IFRS 16, PFIL assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, PFIL evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

2.9 Segment reporting

In line with International Financial Reporting Standard (IFRS) 8, 'Operating Segments', an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

2.10 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

The total profits of the company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'Non-controlling Interest'. All assets and liabilities of the company and of its subsidiary are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

2.11 Statement of compliance

The financial statements (consolidated and separate financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act 2015 and other applicable laws and regulations. The titles and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and, in the view of management, IFRSs titles and format give better presentation to the shareholders.

In addition to the above, listed companies are required to comply with Bangladesh Securities and Exchange Commission's accounting and disclosure requirements. The Rules 1987 as amended in 1997, requires listed companies to follow International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires the production of a Cash Flow Statement and Statement of Changes in Shareholders' Equity as a part of the Annual Report.

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise of International Accounting standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as IAS & IFRS. As at 31 December 2019, status and applicability of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) in the case of Prime Finance are as under:

IASs	Title of the IASs	Applicability	Remarks
IAS 1	Presentation of Financial Statements	Applied	See note 58 & 59
IAS 2	Inventories	Not applicable	
IAS 7	Statements of cash flows	Applied	See note 3.22
IAS 8	Accounting Policies, Changes in Accounting Estimates & Errors	Applied	See note 2.8
IAS 10	Events after the Reporting Period	Applied	See note 3.32 & 51
IAS 12	Income Taxes	Applied	See note 3.19 & 13.4
IAS 16	Property, Plant and Equipment	Applied	See note 3.5 & 8
IAS 19	Employee Benefits	Applied	See note 3.25
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable	
IAS 21	The Effects of changes in Foreign Exchange Rates	Applied	See note 49
IAS 23	Borrowing Costs	Applied	See note 3.17
IAS 24	Related Party Disclosures	Applied	See note 3.27 & 41
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Applied	
IAS 27	Separate Financial Statements	Applied	
IAS 28	Investment in Associates and Joint Ventures	Applied	See note 3.3 & 9.1
IAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable	
IAS 31	Interests in Joint Ventures	Applied	
IAS 33	Earnings Per Share	Applied	See note 3.21 & 36
IAS 34	Interim Financial Reporting	Applied	See note 56
IAS 36	Impairment of Assets	Applied	See note 3.7
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied	See note 3.13 & 45
IAS 38	Intangible Assets	Applied	See note 3.6 & 32
IAS 40	Investment Property	Not applicable	
IAS 41	Agriculture	Not applicable	

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

IASs	Title of the IASs	Applicability	Remarks
IFRS 1	First-Time Adoption of International Financial Reporting Standards	Not applicable	
IFRS 2	Share Based Payment	Not applicable	
IFRS 3	Business Combinations	Not applicable	
IFRS 4	Insurance Contracts	Not applicable	
IFRS 5	Non-current Assets Held for Sale & Discontinued Operations	Not applicable	
IFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable	
IFRS 7	Financial Instruments: Disclosures	Applied	See note 3.10 & 59
IFRS 8	Operating Segments	Applied	See note 2.9
IFRS 9	Financial Instruments	Applied	
IFRS 10	Consolidated Financial Statements	Applied	See note 2.10
IFRS 11	Joint Arrangements	Not applicable	
IFRS 12	Disclosure of Interests in Other Entities	Not applicable	
IFRS 13	Fair Value Measurement	Not applicable	
IFRS 15	Revenue from Contracts with customers	Applied	
IFRS 16	Leases	Applied	

2.12 Departure from IAS/IFRS:

Bangladesh Bank is the prime regulatory body for all non-banking financial institutions in Bangladesh. Some requirements of Bangladesh Bank contradict with those of IAS/IFRS. As such the company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed in note no. 58 and 59 of these financial statements.

3.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balance with Bangladesh Bank and its agent bank, and balance with other banks and financial institutions.

3.2 Investment in securities

Investment in securities are classified broadly in two categories and accounted for as under:

Investment in listed securities:

Investments in listed securities are carried at cost. Adequate provision has been made considering total market price and cost price of securities on net basis as guided by Bangladesh Bank. Unrealized gains are not recognized in the profit and loss account.

Investment in unlisted 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.

3.3 Investments in subsidiary and associates

A subsidiary is an entity in which the company has control as per as shareholding (more than 50 percent) or voting right is concerned. As on the reporting date Prime Finance has one subsidiary company named 'Prime Finance Capital Management Limited'. Consolidated financial statements have been prepared for investment in subsidiary as per International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". Interest of the minority shown as 'non-controlling interest' as separate line item of the shareholders equity which includes share capital of non-controlling portion as well as profit earned that goes to the minority.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with International Accounting Standard 28: Accounting for investment in associates and Joint Ventures. Such investments are classified as other assets in the balance sheet and the share of profit/ loss of such investment is classified under other operating income in the profit and loss account as guided by Bangladesh Bank.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

3.4 Loans, advances and leases

3.4.1 Lease operations

Under International Accounting Standard 17: "Leases", has been following the finance lease method for accounting of lease income. A finance lease is a lease that transfers substantially all the risks and rewards to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Prime Finance as a lessor

Under finance leases, Prime Finance recognizes the leased assets in the balance sheet as investment in lease assets at an amount equal to the net investment in the lease. The lease payments are broken down into the finance charge and the redemption payment. The redemption payment reduces the amount of the outstanding liability (net investment); the finance charge is treated as interest income. Interest and similar income is recognized on the basis of a constant, periodic rate of return relating to the net investment outstanding.

In contrast, assets held under operating leases are recognized and valued using the same principles as property, plant and equipment. Prime Finance, currently, does not hold any property under operating lease.

To classify each lease, PFIL makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, PFIL considers certain indicators such as whether the lease is for the major part of the economic life of the asset. If an arrangement contains lease and non-lease components, PFIL applies IFRS 15 to allocate the consideration in the contract. PFIL recognises lease payments received under operating leases as income over the lease term.

Prime Finance as a lessee

Under finance lease, the asset is recognized as property, plant and equipment, and the obligation as a liability. Each asset is stated at the lower of the following two values: either the fair value of the lease asset at the inception of the lease or the present value of the minimum lease payments whichever is lower. In calculating the present value of the minimum lease payments, the interest rate implicit in the lease is applied.

Lease payments relating to finance leases are broken down into two components: the finance charge and the redemption payment. The redemption payment reduces the residual liability and the finance charges are shown as interest expenses.

PFIL recognizes a right of use asset and a lease liability from the beginning of 2019. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date (from the beginning of 2019) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date (from the beginning of 2019), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, PFIL's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in PFIL's estimate of the amount expected to be payable under a residual value guarantee, or if PFIL changes its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

3.4.2 Term finance and other finance

Term finance are stated at un-amortized amount. The recovery of principal amount is amortized and the carrying amount is adjusted with the principal recovery and stated at un amortized principal amount.

Investments are classified as non-accrual when there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Whenever investments becomes special mention accounts (SMA), those are classified as non accrual even if they are fully secured.

When loans/leases are identified as non-accrual, the recognition of accrued interest is discontinued and credited to interest suspense account. Interest received on non-accrual investments are credited to profit & loss account on cash basis. Non-accrual investments are returned to performing status when required amounts including interest has been collected.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

3.5 Fixed assets including premises, furniture and fixtures

Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation in compliance with the International Accounting Standard (IAS) 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, if any.

Subsequent costs

Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses.

Disposal

On disposal of fixed assets, the cost and accumulated depreciation are eliminated 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 sales proceeds.

Depreciation

Depreciation of an asset begins when the asset is available for use. Depreciation is provided for the period in use of the assets. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets:

Motor vehicles	20% per annum
Electric equipment	20% per annum
Furniture & fixtures	15% -20% per annum
Office decoration	20% per annum
Right of use assets	Lease term

3.6 Intangible assets

Components

The main item included in intangible asset is software.

Basis of recognition

An Intangible Asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the Balance Sheet at cost less accumulated amortization.

Subsequent costs

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Intangible asset is valued at amortized cost and written down within 5 to 10 years.

3.7 Impairment of assets

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in line with International Accounting Standard 36: Impairment of Assets. If any such indication exists, the recoverable amount of assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

An impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the other standard. After the recognition of an impairment loss, the depreciation/amortization charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

3.8 Receivables

Accounts receivables

Accounts receivables include mainly rentals/ installments due from the clients but not received. No such receivables are accounted for if the loans are classified as bad and loss. Receivables carry interest for the periods for which the delay continues in payments of the amounts due from the clients continues. Such interest is not recognized as income until it is received in cash. Receivables from clients are stated at their nominal value.

Other receivables

Other receivables include mainly receivable from IDCP (Interest During Construction Period) and interest receivable. These receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

3.9 Bank loans, deposits etc.

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

3.10 Financial instruments:

Financial instrument includes non-derivative financial instruments such as cash and equivalents, money at call and on short notice, investments in shares, loans, advances and leases, borrowing from other banks and financial institutions, deposits etc.

3.11 Employees benefit plans

Prime Finance offers a number of benefit plans which includes contributory provident fund, gratuity plan, pension scheme, death and disability plan, hospitalization benefit including annual health check-up and maternity benefit. The recognition and disclosure for employee benefits are made in accordance with International Accounting Standard 19: Employee Benefits.

3.12 Statutory reserve

Financial Institutions Regulations 1994, section 06 (1) requires NBFIs to transfer 20% of its current year's profit to reserve fund until such reserve equals to its paid up share capital.

3.13 Provisions, contingent liabilities and contingent assets

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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation as per the International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets.

3.14 Guarantee, commitments and contingencies

Corporate guarantee represents irrevocable assurance that the Company will make payments in the event that a client cannot meet its obligation to third parties. The term of this guarantee is for one year and renewable at the expiry of the term.

In the normal course of operations, the Company provides indemnifications, which are often standard contractual terms to counter parties in transactions such as purchase agreements, service agreements, contract with employees and leasing transactions. This indemnification clause may require us to compensate the counter parties for cost incurred as a result of charges in laws and regulations or litigation claims that may be suffered by the counter party as a consequence of the transaction. The terms of these indemnifications clause vary based upon the contract.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

3.15 Litigation

The Company is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans/leases repayment and against various level of tax authority regarding some disputed tax issues. The Company, however, provides adequate provisions as per guidelines of International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets.

3.16 Revenue recognition

Lease income

The excess of gross lease rentals receivable over the cost of the leased assets constitutes the total unearned income at the commencement of the execution of lease. This income is allocated over the period of lease that reflects a constant periodic return on the net investment. The pattern of the periodic return, however, differs in case of structured lease finance depending on the structure of the particular lease contract. Income is recognized when it is earned, i.e. income on due installments on unclassified leases irrespective of whether received or not. Income is not taken into profit and loss account when a lease is classified as SMA and above and kept in interest suspense account. Interest on classified lease is accounted for on cash basis.

Income from term finance

Interest income on term finance is recognized on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognized as income in the financial statements. Interest on term finance ceases to be taken into income when such term finance are classified as SMA and above and kept in interest suspense account. Interest on classified term finances is accounted for on cash basis.

Income from stock on hire

This consists of interest accrued on investment made under stock on hire scheme (hire purchase investment). Income is recognized when the income is earned, i.e. interest on due installments on unclassified advances irrespective of whether received or not. Interest ceases to be taken into income when such investments are classified as SMA and above, and kept in interest suspense account. Interest on classified investment is accounted for on cash basis.

Income from real estate finance

Interest income from real estate finance is recognized on accrual basis. Interest portion of the installments that become receivable is recognized as income in the financial statements. Interest on such finance ceases to be taken into income when such finance is classified as SMA and above and kept in interest suspense account. Interest on classified finance is accounted for on cash basis.

Income from secured term finance

Income from secured term finance is recognized on accrual basis.

Dividend income

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend. Dividend from preference shares is recognized on cash basis.

Share of Income from associates and subsidiary

In accordance with International Accounting Standard (IAS) 28, equity method has been followed to recognize share of income from associates and is presented as a separate item in the Profit & Loss Account of the Company. Any distribution received from the associate reduces the carrying amount of investment. However, consolidated financial statements has been prepared for the subsidiary.

Fee based income

Fee based income is recognized on cash basis.

Gain on sale of securities

Capital gain on disposal of securities listed in the stock exchanges is recorded on realized basis. i.e. only when the securities are sold in the market. Unrealized capital gains are not accounted for in the profit and loss account.

3.17 Borrowing costs

In line with International Accounting Standard (IAS) 23: Borrowing Costs, all borrowing costs are recognized in the profit and loss account in the period in which they are incurred. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Prime Finance capitalize borrowing costs that are directly attributable to the acquisition of a qualifying asset as part of the cost of the asset and recognize other borrowing costs as an expense in the period in which it incurs them.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

3.18 Provision for doubtful losses

The provision for doubtful losses is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but are not yet identifiable. The provision is increased by the provision for doubtful losses, which is charged to profit and loss account, and decreased by the amount of write-offs, net of reverses.

The provision is determined based on management's identification and evaluation of problem accounts, estimated probable losses that exist on the remaining portfolio and on other factors including the composition and quality of the portfolio and changes in economic condition.

The provision is estimated based on two principles: (1) International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets, and (2) Bangladesh Bank guidelines. Methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular 08 dated August 03, 2002 and subsequent updated by Bangladesh Bank in this regard is the basis for calculating the provision for doubtful losses.

3.19 Income tax

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using, the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax

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. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit and loss account.

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 Prime Finance intends to settle its current tax assets and liabilities on a net basis.

3.20 Dividend to company's shareholders

Interim dividends are recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the International Accounting Standard (IAS) 10: 'Events After the Reporting Period'. Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established. International Accounting Standard (IAS) 1: 'Presentation of Financial Statements', also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

3.21 Earnings per share

The Company calculates Earnings Per Share (EPS) in accordance with International Accounting Standard (IAS) 33: 'Earnings Per Share', which has been shown on the face of Profit and Loss account, and the computation of EPS is stated in the notes to the financial statements.

Basic earnings per share

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

Prime Finance & Investment Limited

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Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2019, there was no scope for dilution and hence no diluted EPS is required to be calculated.

Weighted average number of ordinary shares outstanding during the year

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

3.22 Cash flow statements:

Cash flow statement of the company is prepared and presented as per the requirement of International Accounting Standard (IAS) 7: 'Statement of cash flows', and DFIM circular no. 11 dated 23 December 2009.

3.23 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 bases:

- (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, advances and leases are on the basis of their repayment schedule.
- (iv) Fixed assets are on the basis of their respective maturity.
- (v) Other assets are on the basis of their realization/amortization.
- (vi) Borrowings from other banks, financial institutions and agents 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.

3.24 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

3.25 Employee benefits

3.25.1 Defined contribution plan

Contributory provident fund

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by equal contribution from the Company and the employees. This fund is invested separately from the Company's assets.

3.25.2 Defined benefit plan

Gratuity scheme

Prime Finance has a funded gratuity for all eligible employees who completed minimum 5 (five) years of continuous service with the Company. This scheme was approved by the National Board of Revenue (NBR) and is administered by an independent Board of Trustee. This fund is invested separately from the Company's assets. Required amount of gratuity is calculated on the basis of last basic depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the end of the respective financial year.

Superannuation scheme

Prime Finance has a pension scheme for employees who complete 10 years of service length. Obligation for contribution is recognized as expenses in the profit and loss account as incurred.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

3.26 Interest suspense account

Accrued interest on lease, term finance, real estate finance, hire purchase agreement classified as Special Mentioned Account, Sub-Standard, Doubtful and Bad loan are not recognized as income rather transferred to interest suspense account as complied with Bangladesh Bank guidelines. Recovery of overdue credited to interest suspense account is recognized as income on cash basis.

3.27 Related party transactions

Related parties are identified and disclosed as per International Accounting Standard (IAS) 24: 'Related Party Disclosure'. Related party disclosures have been given in note 41.

3.28 Interim financial reporting

In accordance with International Accounting Standard (IAS) 34: 'Interim Financial Reporting', publicly traded entities encourages to provide interim financial reports that conform to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

Prime Finance apply the same accounting policies in its interim financial statements as are applied in its annual financial statements.

3.29 Uniform accounting policies

The financial statements of Prime Finance & Investment Limited, PFI Securities Limited, Prime Finance Asset Management Company Limited, Prime Prudential Fund Limited and Prime Finance Capital Management Limited have been prepared in accordance with the uniform accounting principles.

3.30 BASEL-II and its implication

Risk based capital adequacy (BASEL-II) under the Capital Adequacy and Market Discipline (CAMD) guideline is become applicable for the Company on January 1, 2012. With a view to ensuring proper implementation of Basel Accord in the Company, Basel Implementation Unit (BIU) was formed which is headed by the Managing Director. As per the CAMD guideline of Bangladesh Bank, financial institutions are required to maintain Capital Adequacy Ratio (CAR) of minimum 10%. Details of the risk weighted assets and CAR are given in note 14.1 to this financial statements.

3.31 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and equity risk), liquidity risk and operational risk. The overall risk management strategy of the Company seeks to minimize potential adverse effects on the financial performance. Risk Management Forum (RMF) and Risk Analysis Unit (RAU) of the Company take care of the financial risks and the appropriate financial risk governance framework for the Company. The RMF and RAU provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Credit Risk

Credit risk is the likelihood that a borrower or counterparty will not honor its obligations in accordance with the terms of agreement. i.e. the risk of default which is one of the most vulnerable risk faced by any financial institution. Credit Risk is inherent to all financial institutions where the main business is lending. The main aim of the Credit Risk Management is to minimize the risk and to maximize the risk adjusted rate of return of the Company.

As part of credit risk management the Credit Risk Management (CRM) department of the Company performs thorough assessment and due diligence before sanction of any credit facility. The risk assessment includes borrower risk analysis, financial analysis, industrial analysis, historical performance of the customer, security of the proposed customer and various critical risk factors.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: interest rate risk and equity price risk since these are related with the Company. Financial instruments affected by market risk include loans, advances and leases, borrowings, deposits and investment in shares.

Prime Finance & Investment Limited

Notes to the Financial Statements

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In order to limit interest rate risk the Board has set limits with respect to maximum and weighted average maturity. Management of equity price risks is done by ongoing monitoring of the values with respect to any impairment and appropriate risk-based capital allocation. Besides, to mitigate market risk management of the Company prepared VaR modeling, sensitivity analysis and stress testing, including an assessment of concentration risk and the assessment of illiquidity under stressful market scenarios

Liquidity risk

Liquidity risk occurs when the Company is unable to fulfill its commitments in time when payment falls due. Liquidity risks can be classified into four categories: Term liquidity risk, withdrawal/call risk, structural liquidity risk and market liquidity risk.

The Company monitors its risk to a shortage of funds using the liquidity planning tool. In this regard the Company implements prudent liquidity risk management which includes the maintenance of sufficient cash reserves and marketable securities in addition to regular forward planning and forecasting of liquidity requirements.

Operational risk

Operational Risk is 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 reputational risk.

To mitigate operational risk of the Company, a separate independent internal control and compliance department was established. Customer compliant cell monitors and mediates the complaint. Customer feedback system was developed to assess level of customer satisfaction on the Company.

3.32 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the reporting date that are non adjusting events are disclosed in the notes when material.

		Amount in Taka	
		2019	2018
4.0	CASH		
	Cash In hand:		
	Local currency	60,000	60,000
	Foreign currencies	-	-
		60,000	60,000
	Balance with Bangladesh Bank:		
	Local currency	109,656,836	131,825,491
	Foreign currencies	-	-
		109,656,836	131,825,491
		109,716,836	131,885,491
4.a	CASH (consolidated)		
	Prime Finance & Investment Limited	60,000	60,000
	Prime Finance Capital Management Limited	14,064	25,943
		74,064	85,943
	Balance with Bangladesh Bank:		
	Prime Finance & Investment Limited	109,656,836	131,825,491
	Prime Finance Capital Management Limited	-	-
		109,730,900	131,911,434

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)

Cash Reserve Requirement and Statutory Liquidity Requirement have been calculated and maintained in accordance with Financial Institutions Act - 1993, Financial Institutions Regulations 1994, FID circular no. 06 dated 6 November 2003 and FID Circular no. 02 dated 10 November, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on total term deposits which is preserved in current account maintained with Bangladesh Bank.

Statutory Liquidity Requirement (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on total term deposit. SLR is maintained in liquid assets in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank, other banks and financial institutions, investment at call, prize bond, savings certificate and any other assets approved by Bangladesh Bank.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
4.1.1	Cash Reserve Requirement (CRR)		
	2.5% of average balance of term deposits		
	Required reserve	106,223,604	131,242,174
	Actual reserve held	108,266,612	139,181,810
	Surplus/ (deficit)	2,043,008	7,939,636
4.1.2	Statutory Liquidity Requirement (SLR)		
	5.0% of average liabilities excluding fund from Banks & FIs		
	Required reserve	317,774,257	342,640,558
	Actual reserve held (note 4.1.4)	437,364,411	511,054,155
	Surplus/ (deficit)	119,590,154	168,413,597
4.1.3	Held for Cash Reserve Requirement (CRR)		
	Balance with Bangladesh Bank and its agent bank	109,656,836	131,825,491
		109,656,836	131,825,491
4.1.4	Held for Statutory Liquidity Requirement (SLR)		
	Cash in hand	60,000	60,000
	Balance with Bangladesh Bank and its agent bank	109,656,836	131,825,491
	Balance with other banks and financial institutions (note 5.0)	327,647,575	379,168,664
		437,364,411	511,054,155
4.1.5	Cash in hand		

Cash in hand represents the amount under imprest system of petty cash to meet petty cash expenses both for head office and branch offices. As per Bangladesh Bank guidelines, NBFIs cannot make any cash transaction except petty cash.

4.1.6 Balance with Bangladesh Bank & its agent bank

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As per Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. As on 31 December 2019, CRR has been maintained according to Bangladesh Bank Guideline.

5.0 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

This represents balance with various banks and financial institutions in Bangladesh.

Fixed deposit account

Social Islami Bank Limited	-	200,000,000
Jamuna Bank Limited	-	100,000,000
The Farmers Bank Limited	-	20,045,101
Dhaka Bank Limited	300,000,000	-
	300,000,000	320,045,101

Current account

Southeast Bank Limited	1,874,200	58,080
	1,874,200	58,080

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

	Amount in Taka	
	2019	2018
Short term deposit account		
BRAC Bank Limited	4,181	28,631
Dutch Bangla Bank Limited	781,688	1,632,424
Islamic Bank Bangladesh Limited	-	24,528
Jamuna Bank Limited	1,378,997	1,315,233
Mercantile Bank Limited	545,868	148,773
Meghna Bank Ltd	96,216	-
Modhumoti Bank Limited	21,468	10,458,145
One Bank Limited	28,630	44,886
Pubali Bank Limited	1,953,746	26,685,487
Premier Bank Limited	-	2,503
Prime Bank Limited	10,256,959	5,868,011
SBAC Bank Limited	1,338,866	-
Shahajalal Islami Bank Limited	2,043,888	1,140,262
Southeast Bank Limited	7,062,188	10,983,208
Standard Bank Ltd.	258,842	170,605
United Commercial Bank Limited	1,838	562,787
	25,773,375	59,065,483
	327,647,575	379,168,664
Fixed deposits are maintained with commercial banks and non-banking financial institutions for maintaining Statutory Liquidity Requirement as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain Statutory Liquidity Requirement (SLR) @ 5% including the CRR of 2.5% on total time and demand liabilities, excluding loans from banks and financial institutions. Prime Finance maintained these reserve mostly in the form of deposits.		
Maturity wise grouping		
Up to 1 month	27,647,575	69,123,563
1 month to 3 months	100,000,000	10,045,101
3 months to 1 year	200,000,000	300,000,000
1 year to 5 years	-	-
More than 5 years	-	-
	327,647,575	379,168,664
5.a BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)		
Prime Finance & Investment Limited	327,647,575	379,168,664
Prime Finance Capital Management Limited	12,935,224	19,301,108
	340,582,799	398,469,772
6.0 INVESTMENTS		
This represents investment made by the Company both in listed and unlisted securities. The investment is made up as under:		
Government securities	-	-
Other investments (note 6.1)	240,134,946	318,521,585
	240,134,946	318,521,585

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
6.1	Other investments		
	As at 31 December 2019		
		Cost	
	Ordinary share	2019	2018
	No. of Company		
	Market Value		
	Listed securities (note 6.1.1)	12,718,246	64,104,885
	Unlisted securities (note 6.1.2)	224,416,700	224,416,700
	Unit fund (note 6.1.3)	3,000,000	30,000,000
	15	240,134,946	318,521,585
6.1.1	Listed securities:		
	Details of listed securities (Sector-wise):		
		As at 31 December 2019	
		No. of shares	Cost price
			Market price
	Banking companies	207,801	5,816,395
	Investment companies	400,000	4,488,000
	Engineering Sector	12,544	587,860
	IT Sector	19,361	572,458
	Manufacturing sector and others	143,263	1,703,794
		12,718,246	13,891,083
	Investments have been recorded at cost and adequate provision for probable future losses as per Bangladesh Bank guidelines has been made. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date for 2019 was 30 December).		
6.1.2	Unlisted securities		
	Details of unlisted securities:		
		Cost price	
	Central Depository Bangladesh Limited	4,416,700	4,416,700
	LankaBangla Securities Limited	5,000,000	5,000,000
	PFI 2nd Mutual Fund	200,000,000	200,000,000
	Ananda Shipyard and Slipways Limited	15,000,000	15,000,000
		224,416,700	224,416,700
	The unlisted investments are shown at cost.		
6.1.3	Unit fund		
		Cost price	
	Prime Finance 1st Unit Fund	3,000,000	30,000,000
		3,000,000	30,000,000
6.1.4	Sector wise investments (at cost price)		
	Banking sector	5,816,395	7,096,614
	Investment companies	207,488,000	279,373,578
	Engineering Sector	587,860	-
	IT Sector	572,458	-
	Fuel & power sector	-	2,474,867
	Manufacturing sector and others	25,670,233	29,576,526
		240,134,946	318,521,585

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
	Maturity wise grouping		
	Up to 1 month	7,630,947	25,641,954
	1 month to 3 months	5,087,299	38,462,931
	3 months to 1 year	-	-
	1 year to 5 years	-	-
	More than 5 years	227,416,700	254,416,700
		240,134,946	318,521,585
6.a	INVESTMENTS (consolidated)		
	Prime Finance & Investment Limited	240,134,946	318,521,585
	Prime Finance Capital Management Limited	550,491,443	711,181,054
		790,626,389	1,029,702,639
7.0	LOANS, ADVANCES AND LEASES		
	Inside Bangladesh:		
	Lease finance (note 7.1)	248,517,787	427,478,184
	Advance against lease finance (note 7.2)	3,258,928	3,258,928
	Term finance (note 7.3)	6,957,165,229	7,775,162,524
	Real estate finance (note 7.4)	151,999,170	136,897,995
	Housing finance (note 7.5)	75,187,139	71,101,351
	Loan against deposits (note 7.6)	36,365,997	29,362,520
	Staff loan (note 7.7)	20,261,047	26,593,442
	Factoring Finance (note 7.8)	631,008	631,008
		7,493,386,305	8,470,485,952
	Outside Bangladesh	-	-
		7,493,386,305	8,470,485,952
	Loans, advances and leases include SME Finance amounting to Tk. 1,149,948,048 as at 31 December 2019 (2018: Tk. 1,883,008,352).		
7.1	Lease finance		
	Principal outstanding (note 7.1.1)	184,712,800	332,895,532
	Accounts receivable	63,804,987	94,582,652
		248,517,787	427,478,184
7.1.1	Principal outstanding		
	Gross rental receivables	206,001,242	365,825,432
	Unearned lease income	(21,288,442)	(32,929,900)
	Net investment	184,712,800	332,895,532
	Movement of lease finance:		
	Cost of lease assets (A)		
	Balance at 1 January	1,010,137,466	1,278,683,045
	Addition during the year	-	-
	Disposal during the year	(133,360,890)	(268,545,579)
	Balance at 31 December	876,776,576	1,010,137,466
	Accumulated depreciation (B)		
	Balance at 1 January	677,241,934	767,342,205
	Addition during the year	317,539,603	274,032,158
	Adjustment due to disposal	(302,717,761)	(364,132,429)
	Balance at 31 December	692,063,776	677,241,934
	Written down value of lease assets (A-B)	184,712,800	332,895,532

Prime Finance & Investment Limited

Notes to the Financial Statements

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		Amount in Taka	
		2019	2018
7.1.2	Aging analysis of lease receivable		
	Up to one year	85,255,582	123,619,309
	Above one year to three years	45,632,591	102,393,795
	Above three years to five years	4,015,385	1,801,480
	More than five years	113,614,229	199,663,600
		248,517,787	427,478,184
7.2	Advance against lease finance		
	Advance against lease finance	3,258,928	3,258,928
		3,258,928	3,258,928
These represent amount paid for procurement of lease assets, which are yet to be executed. On execution of lease, advances will be transferred to lease finance.			
7.3	Term finance		
	Principal outstanding	6,184,991,782	7,130,312,771
	Accounts receivable	772,173,447	644,849,753
		6,957,165,229	7,775,162,524
Term finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.			
Movement of term finance (Principal outstanding):			
	Balance at 1 January	7,130,312,771	8,814,687,429
	Investment during the year	176,500,000	579,900,000
	Recovery/ adjustment during the year	(1,121,820,989)	(2,264,274,658)
	Balance at 31 December	6,184,991,782	7,130,312,771
7.3.1	Aging analysis of term finance		
	Up to one year	1,912,659,123	2,177,219,111
	Above one year to three years	2,089,932,915	1,650,078,578
	Above three years to five years	1,419,755,815	1,102,346,025
	More than five years	1,534,817,376	2,845,518,810
		6,957,165,229	7,775,162,524
7.4	Real estate finance		
This represents disbursement made to the real estate developers usually for a period not exceeding 60 (sixty) months. Details are as under:			
	Principal outstanding	118,404,398	90,174,705
	Accounts receivable	33,594,772	46,723,290
		151,999,170	136,897,995
Real estate finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.			
Movement of real estate finance (Principal outstanding):			
	Balance at 1 January	90,174,705	121,285,598
	Investment/ capitalized during the year	38,611,450	-
	Recovery/ adjustment during the year	(10,381,757)	(31,110,893)
	Balance at 31 December	118,404,398	90,174,705

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
7.4.1	Aging analysis of real estate finance		
	Up to one year	67,534,583	59,946,414
	Above one year to three years	11,141,444	2,513,929
	Above three years to five years	-	733,229
	More than five years	73,323,143	73,704,423
		151,999,170	136,897,995
7.5	Housing finance		
	This includes disbursement made against Bangladesh Bank Housing refinancing scheme and also includes housing finance to individuals. The usual term of the finance is matched with the facilities provided by the Bangladesh Bank. Details are as under:		
	Principal outstanding	75,034,917	51,684,526
	Accounts receivable	152,222	19,416,825
		75,187,139	71,101,351
	Housing finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.		
	Movement of housing finance (Principal outstanding):		
	Balance at 1 January	51,684,526	59,542,953
	Investment/ capitalized during the year	29,137,193	-
	Recovery/ adjustment during the year	(5,786,802)	(7,858,427)
	Balance at 31 December	75,034,917	51,684,526
7.5.1	Aging analysis of Housing Finance		
	Up to one year	14,290,030	1,645,571
	Above one year to three years	27,186,007	64,531,194
	Above three years to five years	29,428,209	1,309,284
	More than five years	4,282,893	3,615,302
		75,187,139	71,101,351
7.6	Loan against deposits		
	This represents outstanding loans given to depositors against term deposits. As per company's policy, Prime Finance provides finance facilities to depositors based on the agreement done with the depositors on TDR value.		
	Principal outstanding	36,365,997	29,362,520
		36,365,997	29,362,520
7.6.1	Movement of loan against term deposit:		
	Balance at 1 January	29,362,520	29,134,637
	Investment during the year	39,288,269	37,917,429
	Recovery/adjustment during the year	(32,284,792)	(37,689,546)
	Balance at 31 December	36,365,997	29,362,520
7.7	Staff loan		
	Staff loan includes loan provided to the eligible employees as per company's approved policy.		
	Employee's home loan	16,508,174	20,604,413
	Employee's car loan	3,752,873	5,989,029
		20,261,047	26,593,442
7.8	Factoring finance		
	This represents disbursement made to borrowers usually for a period not exceeding 90 days. Details are as under:		
	Principal outstanding	-	-
	Accounts receivable	631,008	631,008
		631,008	631,008
7.8.1	Movement of factoring finance (Principal outstanding):		
	Balance at 1 January	631,008	2,321,660
	Investment during the year	-	794,214
	Recovery/adjustment during the year	-	(2,484,866)
	Balance at 31 December	631,008	631,008

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
7. 8.2	Aging analysis of factoring finance		
	Up to one year	631,008	631,008
	Above one year to three years	-	-
	Above three years to five years	-	-
	More than five years	-	-
		631,008	631,008
7. 9	Classification wise loans, advances and leases		
	Unclassified:		
	Standard (SME)	760,624,932	1,388,356,773
	Standard (other than SME)	5,404,221,492	5,433,734,576
	Special Mention Account (SMA)	133,800,719	198,584,220
		6,298,647,143	7,020,675,569
	Classified:		
	Sub-standard	117,112,549	109,608,886
	Doubtful	12,371,803	89,884,698
	Bad/loss	1,065,254,810	1,250,316,799
		1,194,739,162	1,449,810,383
		7,493,386,305	8,470,485,952
7. 10	Geographical location wise loans, advances and leases		
	Dhaka Division	5,275,715,347	5,971,142,962
	Chattogram Division	1,855,317,821	1,984,936,681
	Rajshahi Division	77,491,525	210,999,435
	Khulna Division	55,381,231	108,521,518
	Rangpur Division	229,480,381	194,885,356
	Mymensingh Division	-	-
		7,493,386,305	8,470,485,952
7. 11	Sector wise loans, advances and leases		
	As per Bangladesh Bank circular, sector wise loans and advances are as follows:		
	Sectors		
	Trade and Commerce	3,300,728,224	3,449,671,220
	Industry		
	Garments and knitwear	243,268,420	265,568,649
	Textile	18,590,854	21,470,043
	Jute and jute products	118,966,227	136,488,123
	Food products and processing industry	493,981,236	554,984,360
	Plastic industry	50,722,898	81,578,983
	Leather and leather-goods	-	18,588,572
	Iron, still and engineering	714,047,716	720,414,887
	Pharmaceuticals and chemicals	60,457,100	77,031,451
	Cement and allied industry	-	-
	Telecommunication and information technology	-	41,085
	Paper, printing and packaging	363,064,245	438,970,995
	Glass, glassware and ceramic industry	-	-
	Ship manufacturing industry	33,997,209	116,666,660
	Electronics and electrical products	18,214	28,509,167
	Power, gas, water and sanitary service	23,726,288	26,208,381
	Transport and aviation	71,527,634	181,315,547
	Agriculture	288,923,705	430,088,601
	Housing	227,224,487	208,773,895
	Others:		
	Merchant banking	961,276,093	1,082,246,029
	Margin loan	-	-
	Others	522,865,755	631,869,304
	Grand Total	7,493,386,305	8,470,485,952

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
7.12	Significant concentration wise loans, advances and leases		
	Loans, advances and leases to-		
	Directors and their concerns	72,288,376	75,114,000
	Chief executive and other senior executives	20,261,047	26,593,442
	Customer groups	7,400,836,882	8,368,778,510
		7,493,386,305	8,470,485,952
7.13	Details of large loans, advances and leases		
	As per Section 14 (1) (ga) of the Financial Institutions Act 1993, a financial institution can not sanction any loan exceeding 30 percent of its capital (capital plus reserve) without permission from Bangladesh Bank. During the year 2019 Prime Finance has not disbursed large loans, advances and leases.		
	No. of clients	-	-
	Amount of outstanding loans, advances and leases	-	-
	Amount of classified loans, advances and leases	-	-
	Measures taken for recovery	Not applicable	Not applicable
		-	-
7.14	Particulars of loans, advances and leases		
	SL		
	Particulars		
	i. Loans considered good in respect of which the Company is fully secured	7,032,814,362	7,992,584,421
	ii. Loans considered good against which the Company holds no other security than the debtors' personal guarantee	98,755,833	191,100,336
	iii. Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	361,816,110	286,801,195
	iv. Loans/leases adversely classified; provision not maintained there-against	-	-
	Total	7,493,386,305	8,470,485,952
	v. Loans due by directors or officers of the Company or any of them either severally or jointly with any other persons	20,261,047	26,593,442
	vi. Loans due by companies or firms in which the directors or officers of the Company are interested as directors, partners or managing agents or, in case of private companies, as members	72,288,376	75,114,000
	vii. Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the company or any of them either severally or jointly with any other persons	-	-
	viii. Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the company are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
	ix. Due from banking companies/financial institutions	-	-
	x. Classified loan for which interest not charged	1,194,739,162	1,449,810,383
	A. Increase/decrease of provision (specific)	(12,679,205)	(146,137,102)
	Amount of debts written off	-	-
	Amount realized against the debts previously written off	74,642,568	9,024,290
	B. Provision kept against the debt classified as bad/loss at the date of balance sheet	338,428,993	422,508,867
	C. Amount of interest creditable to the interest suspense account	193,430,767	232,444,046
	xi. Cumulative amount of the written off loans/leases:		
	Opening balance	812,543,573	812,543,573
	Amount written off during the year	-	-
	Cumulative to date	812,543,573	812,543,573
	The amount of written off loans for which law suit filed	812,543,573	812,543,573

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

Amount in Taka	
2019	2018

7.15 Write-off of loans, advances and leases

As per DFIM Circular no. 02 dated 01 April 2019 of Bangladesh Bank, a financial institution should write-off its loans/ leases to clean-up its financial statements subject to fulfillment of the following criteria:

- Loans/ leases classified as Bad and Losses against which 100% provision has been made;
- Approval from the Board of Directors is required;
- Best endeavors shall be made to recover the written-off loans/ leases and legal process should be initiated if not started before.

As per Bangladesh Bank guidelines, Prime Finance has written-off its loans/ leases as under:

	During 2019	Cumulative	
		As on 31-Dec-19	As on 31-Dec-18
Cumulative amount of loans/ leases written-off	-	812,543,573	812,543,573
No. of agreements written-off	-	63	63
No. of clients written-off	-	48	48
Interest suspense against written-off loans/ leases	-	(141,389,222)	(141,389,222)
Provision adjusted against written-off loans/ leases	-	(651,055,147)	(651,055,147)
Recovery against write-off loans/ leases	74,642,568	303,898,522	229,255,954

7.16 Particulars of required provision for loans, advances and leases

Required provision has been made as per Bangladesh Bank guidelines. As per BB guidelines, provisions at the following rates have been made in the financial statements depending on the status of classification.

Investment up to 5 years term	Classification status	Provision (%)
Up to 2 months*	UC (SME)	0.25
Up to 2 months	UC (other than SME)	1
3 to 5 months	SMA	5
6 to 11 months	SS	20
12 to 17 months	DF	50
18 months and above	BL	100
Investment exceeding 5 years term	Classification status	Provision (%)
Up to 5 months*	UC (SME)	0.25
Up to 5 months	UC (other than SME)	1
6 to 11 months	SMA	5
12 to 17 months	SS	20
18 to 23 months	DF	50
24 months and above	BL	100

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
Required provision according to classification status is mentioned below:			
	Base for provision	Rate	Provision
			2019
			2018
Unclassified - General provision			
Standard (SME)*	760,624,930	0.25%	1,698,208
Standard (Other than SME)	5,404,221,492	1%	44,496,659
Special Mention Account (SMA)	539,411,139	5%	8,350,557
Provision for other assets	-		45,071,000
	<u>6,704,257,561</u>		<u>99,616,424</u>
Classified - Specific provision			
Sub-standard	329,307,086	20%	63,483,510
Doubtful	104,615,719	50%	52,307,860
Bad/loss	368,031,513	100%	338,428,993
	<u>801,954,318</u>		<u>454,220,363</u>
Required provision for loans, advances and leases			553,836,787
Total provision maintained for loans, advances and leases			553,836,787
Excess provision for loans, advances and leases			-
* As per DFIM circular letter no. 03, dated 29 April 2013 of Bangladesh Bank general provision of 0.25% is required to be maintained for Standard SME loans, advances and leases.			
● Total provision for the year 2019 has been maintained as per DFIM letter ref no. DFIM(C)1054/24/2020-1321, DFIM(C)1054/24/2020-1467 & DFIM(C)1054/24/2020-1493 dated 12 August 2020, 31 August 2020 & 03 September 2020 respectively.			
7. 17 Maturity wise grouping			
Repayable on demand			-
Not more than 3 months			793,547,988
3 months to 1 year			1,343,449,381
1 year to 5 years			3,627,092,366
More than 5 years			1,729,296,570
			<u>7,493,386,305</u>
			<u>8,470,485,952</u>
7.a LOANS, ADVANCES AND LEASES (consolidated)			
Prime Finance & Investment Limited			7,493,386,305
Prime Finance Capital Management Limited			2,514,011,585
Adjustment for dealing with subsidiary			(961,276,094)
			<u>9,046,121,796</u>
			<u>9,935,365,022</u>
8.0 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES			
Cost:			
Land			305,151,022
Right-of-use-Asset			-
Furniture and fixtures			18,535,044
Office decoration			35,893,940
Electric equipment			32,839,668
Owned vehicles			23,759,016
Leased vehicles			12,197,061
Intangible assets (software)			3,408,486
Total cost			457,748,794
Less: Accumulated depreciation / amortization / impairment			123,642,859
Written down value at the end of the year			334,105,935
			324,526,757
Details are shown in Annexure - A .			

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
8.a	FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES (consolidated)		
	Prime Finance & Investment Limited	334,105,935	324,526,757
	Prime Finance Capital Management Limited	6,253,863	14,069,192
		340,359,798	338,595,949
	Land		
	Prime Finance acquired 15 kathas of land at a cost of Taka 305.15 million at 10 Panthapath, Dhaka for constructing the Company's corporate office.		
9.0	OTHER ASSETS		
	Income generating other assets:		
	Investment in associates (note 9.1)	637,215,057	636,212,556
	Investment in subsidiary (note 9.2)	960,000,000	960,000,000
	Accrued interest	41,813,548	41,670,519
		1,639,028,605	1,637,883,075
	Non income generating other assets:		
	Advance office rent	-	1,322,580
	Deposits with T & T, Petroleum Corporation etc.	454,100	454,100
	Advance corporate tax	590,723,553	585,617,464
	Deferred tax assets (note 13.4.2)	10,905,373	9,260,847
	Receivable from brokerage houses against sale of shares	483,292	165,128
	Others	79,258,489	78,752,951
		681,824,807	675,573,070
	Total	2,320,853,412	2,313,456,145

9.1 Investment in associates

Investment in associates are recorded under the equity method as per the Bangladesh Accounting Standard (BAS) 28, 'Investment in Associates'. Under the equity method, the investments in the associates are carried in the Balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associates. Losses in excess of the cost of the investment in an associate are recognized when the company has incurred obligations on its behalf. Profit and loss account reflects the Company's share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Prime Finance has three associate companies on reporting date.

Movement of investment in associates

	Balance as at Jan 01, 2019	Investment/ (Adjustment)	Revaluation reserve	Profit/(loss) under equity method	Balance as at Dec 31, 2019
PFI Securities Limited	589,366,787	-	-	989,207	590,355,994
Prime Finance AMCL	40,524,430	-	-	35,011	40,559,441
Prime Prudential Fund Limited	6,321,340	-	-	(21,718)	6,299,622
	636,212,557	-	-	1,002,500	637,215,057

A brief description of the associates, percentage of shareholding by Prime Finance and book value of shares in brief are given below:

Name of the company	Nature of the business	Type of shares held	% of share holding	Face value of shares	Book value per share
PFI Securities Limited	Stock brokerage	Ordinary	46.15	10	6.25
Prime Finance AMCL	Asset management	Ordinary	49.00	100	101.12
Prime Prudential Fund Ltd.	Investment in securities, debentures, bonds etc.	Ordinary	40.00	10	6.07

The book value per share is calculated based on audited financial statements of respective company.

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
9.2	Investment in subsidiary		
	Prime Finance has one subsidiary company as on the reporting date. Consolidated financial statements has been prepared for subsidiary following the requirements of Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'.		
	Prime Finance Capital Management Limited	960,000,000	960,000,000
		960,000,000	960,000,000
	The subsidiary company engaged in merchant banking activities having paid-up capital of Tk. 2,032.80 million. Prime Finance holds 60% of ordinary shares of this company.		
9.a	OTHER ASSETS (consolidated)		
	Prime Finance & Investment Limited	2,320,853,412	2,313,456,145
	Prime Finance Capital Management Limited	544,504,040	647,825,297
	Adjustment for dealing with subsidiary	(960,000,000)	(960,000,000)
		1,905,357,452	2,001,281,442
10.0	Non - banking assets		
	Non - banking assets	176,097,907	176,097,907
		176,097,907	176,097,907
	This represents assets owned under the 'Certificate of Ownership' given by the competent court under section 33(7) of Artha Rin Adalat Ain 2003.		
11.0	BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS		
	In Bangladesh		
	Secured	-	-
	Un secured		
	Bank loan (note 11.1)	231,094,890	170,802,981
	ADB fund under refinancing scheme (note 11.2)	-	1,548,621
	Fund from Bangladesh Bank under refinancing scheme(note 11.3)	164,987,239	377,484,433
	Short term borrowing (note 11.4)	529,434,223	633,169,033
		925,516,352	1,183,005,068
	Outside Bangladesh	-	-
	Total	925,516,352	1,183,005,068
11.1	Bank loan		
	This represents long term loan taken from different commercial banks and its movement is as under:		
	Balance at 1 January	170,802,981	193,881,597
	Received during the year	100,000,000	161,685,661
	Repayment during the year	(39,708,091)	(184,764,277)
	Balance at 31 December	231,094,890	170,802,981
	Bank Loans are secured by way of first charge on all fixed and floating assets of the Company, ranking pari passu among all the lenders. The period of such loans ranges from one year to five years.		
11.2	ADB fund under refinancing scheme		
	Fund received from Asian Development Bank (ADB) through Rupantarita Prakritik Gas Company Limited (RPGCL) & refinancing scheme. Details are as under:		
	Balance at 1 January	1,548,621	7,736,934
	Received during the year	-	-
	Repayment during the year	(1,548,621)	(6,188,313)
	Balance at 31 December	-	1,548,621

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
11.3	Fund from Bangladesh Bank under refinancing scheme		
	This fund was reimbursed from Bangladesh Bank under refinancing scheme against financing to small & medium enterprises as well as agricultural projects. The period of loan ranges from one to five years, matching the terms of respective projects. Details are as under:		
	Balance at 1 January	377,484,433	646,085,335
	Received during the year	-	24,800,000
	Repayment during the year	(212,497,194)	(293,400,902)
	Balance at 31 December	164,987,239	377,484,433
11.4	Short-term borrowings		
	This represents money at call and on short notice and bank overdraft and short term borrowing availed to meet short-term fund requirements.		
	Money at call and on short notice		
	As on the reporting date Taka 165.00 million was outstanding as money at call and short notice. According to DFIM circular no. 01, dated 29 January 2017, non-banking financial institution can avail Call Money facility maximum up to 30% of its equity. Based on the circular mentioned above, the maximum limit of call money for the company was Taka 647.44 million only (calculated based on the yearly report of 2018 of the Company).		
	Bank Overdraft		
	This represents Taka 308,934,223 received as bank overdraft from various commercial banks.		
11.5	Maturity wise grouping		
	Repayable on demand	-	15,655,770
	Up to 1 month	11,625,481	13,336,396
	1 month to 3 months	16,552,432	54,778,086
	3 months to 1 year	93,306,309	149,247,406
	1 year to 5 years	804,032,130	949,987,410
	More than 5 years	-	-
		925,516,352	1,183,005,068
11.a	BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS (consolidated)		
	Prime Finance & Investment Limited	925,516,352	1,183,005,068
	Prime Finance Capital Management Limited	1,409,448,275	1,634,971,639
	Adjustment for dealing with subsidiary	(961,276,096)	(1,082,246,029)
		1,373,688,531	1,735,730,678
12.0	DEPOSITS AND OTHER ACCOUNTS		
	This comprises interest bearing deposits from individuals and organizations for period ranging from 3 months to 12 years.		
	Banks and other financial institutions		
	Term Deposit	1,419,000,000	1,700,000,000
	Other Institutions		
	Term Deposit	1,888,362,962	2,369,036,062
	Monthly Income Deposit	-	-
		1,888,362,962	2,369,036,062
	Individuals		
	Term Deposit	1,202,650,257	1,752,969,126
	Housing Deposit	6,979,000	6,257,000
	Fortune DPS	117,931,500	102,785,000
	Sonchoy DPS	8,344,229	96,619
	Monthly Income Deposit	866,802,112	703,815,230
		2,202,707,098	2,565,922,975
	Total	5,510,070,060	6,634,959,037

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
12.1	Movements of deposits:		
	Balance at 1 January	6,634,959,037	8,938,854,327
	Received/ renewed during the year	2,893,711,191	4,142,440,844
	Repayment during the year	(4,018,600,168)	(6,446,336,134)
	Balance at 31 December	5,510,070,060	6,634,959,037
12.2	Maturity wise grouping		
	Repayable on demand	-	-
	Repayable within 1 month	92,585,430	167,471,243
	1 month to 3 months	297,629,273	255,937,666
	3 months to 1 year	1,044,580,052	1,966,089,453
	1 year to 5 years	3,634,995,249	4,224,174,175
	5 years to 10 years	440,280,056	20,386,500
	More than 10 years	-	900,000
		5,510,070,060	6,634,959,037
12.a	DEPOSITS AND OTHER ACCOUNTS (consolidated)		
	Prime Finance & Investment Limited	5,510,070,060	6,634,959,037
	Prime Finance Capital Management Limited	-	-
		5,510,070,060	6,634,959,037
13.0	OTHER LIABILITIES		
	Provision for loans, advances and leases (note 13.1)	508,765,787	533,996,021
	Provision for diminution in value of investments (note 13.2)	4,001,000	5,143,667
	Other provision	45,071,000	38,558,000
	Interest suspense (note 13.3)	193,430,767	232,444,046
	Provision for tax (note 13.4)	451,341,564	448,298,600
	Financial expenses payable	408,199,528	536,414,647
	Advance and security deposit (note 13.5)	152,496,322	205,502,822
	Excise duty payable	-	84,600
	Withholding tax payable	-	5,232,156
	Accrued expenses and other payables (note 13.6)	606,632,619	153,614,599
		2,369,938,587	2,159,289,158
	Excise duty payable represents excise duty deducted from deposit and other accounts but not yet deposited to government exchequer within 31 December 2019. The amount was subsequently deposited.		
	Withholding tax payable represents tax and VAT deducted from various suppliers but not yet deposited to government exchequer within 31 December 2019. The amount was subsequently deposited.		
	Other provision represents provision made for other assets.		
	Previous year's figures have been rearranged whenever necessary to conform to current year's presentation.		
13.1	Provision for loans, advances and leases		
	Management, on the basis of guidelines issued by Bangladesh Bank has computed provisions for loans, advances and leases. Adequate provision has been kept as per BB circular to cover possible future losses.		
	General provision on unclassified loans, advances and leases	54,545,424	67,096,453
	Specific provision on classified loans, advances and leases	454,220,363	466,899,568
	Provision as on 31 December	508,765,787	533,996,021

Prime Finance & Investment Limited
Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
Movement in general provision on unclassified loans/ leases:			
	Provision as on 1 January	67,096,453	98,497,240
	Add: Provision made/ (released) during the year	(12,551,029)	(31,400,787)
	Provision as on 31 December	54,545,424	67,096,453
Movement in specific provision on classified loans/ leases:			
	Provision as on 1 January	466,899,568	613,036,668
	Less: Adjustment for write off	-	-
	Add: Provision made/ (released) during the year	(12,679,205)	(146,137,100)
	Provision as on 31 December	454,220,363	466,899,568
	Total	508,765,787	533,996,021
13.2	Provision for diminution in value of investments		
	Provision as on 1 January	5,143,667	5,501,000
	Add: Provision made/ (adjusted) during the year	(1,142,667)	(357,333)
	Provision as on 31 December	4,001,000	5,143,667
13.2.1	Allocation of provision		
	Listed securities	-	1,142,667
	Unlisted securities	4,001,000	4,001,000
		4,001,000	5,143,667
13.2.a	Provision made during the year (consolidated)		
	Prime Finance & Investment Limited	(1,142,667)	(357,333)
	Prime Finance Capital Management Limited	7,601,844	8,757,239
		6,459,177	8,399,906
13.3	Interest suspense		
	Balance as on 1 January	232,444,046	270,664,941
	Add: Transferred during the year	13,101,977	44,415,975
	Less:		
	Amount of interest suspense recovered	(52,115,256)	(82,636,870)
	Write off during the year	-	-
	Balance as on 31 December	193,430,767	232,444,046
<p>Bangladesh Bank FID circular no. 3 of 2006 requires that interest on loans/ leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities classified as SMA, SS, DF and BL has been set-aside in this interest suspense account.</p>			
13.4	Provision for tax		
	Provision for tax comprises provision for current tax and provision for deferred tax.		
13.4.1	Provision for current tax made during the year		
	The Company calculated taxable profit/ losses based on Income Tax Ordinance 1984 and determined current tax liability as per applicable rate enacted through Finance Act 2018.		
	Balance at 1 January	448,298,600	439,832,821
	Provision made during the year	3,042,964	8,465,779
	Balance at 31 December	451,341,564	448,298,600

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

	Amount in Taka	
	2019	2018
13.4.1.a Provision for current tax (consolidated)		
Prime Finance & Investment Limited	3,042,964	8,465,779
Prime Finance Capital Management Limited	2,373,047	4,367,009
	5,416,011	12,832,788

13.4.2 Provision for deferred tax

Provision for deferred tax has been kept in the financial statements as per the requirement of Bangladesh Accounting Standard (BAS) 12, 'Income Taxes'. Deferred tax asset is arrived at as follows:

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
Year: 2019			
Fixed assets including premises, furniture and fixtures	25,995,253	55,076,247	(29,080,994)
	<u>25,995,253</u>	<u>55,076,247</u>	<u>(29,080,994)</u>
Applicable tax rate			37.50%
Deferred tax assets (A)			<u>(10,905,373)</u>
Year: 2018 (B)			<u>(9,260,847)</u>
Deferred tax expense (A-B)			<u>(1,644,526)</u>
13.4.2.a Provision for deferred tax (consolidated)			
Prime Finance & Investment Limited		(1,644,526)	(1,423,239)
Prime Finance Capital Management Limited		(740,999)	(1,208,124)
		<u>(2,385,525)</u>	<u>(2,631,363)</u>

13.5 Advance and cash security deposit

The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/ installments or repaid at the end of term. This is made up as under:

Balance at 1 January	205,502,822	242,809,859
Received during the year	15,347,102	8,817,162
Adjusted during the year	(68,353,602)	(46,124,199)
Balance at 31 December	152,496,322	205,502,822

Breakup of advances and cash security deposits on the basis of category of finance is as under:

Lease advance	15,037,056	19,196,346
Term finance advance	39,484,862	44,241,474
Stock on hire advance	8,000	8,000
Cash security deposit	97,966,404	142,057,002
	152,496,322	205,502,822

Advance and cash security deposit reduce the exposure with the clients and thereby reduce the risks. No interest is payable on advances while cash security deposits are interest bearing.

13.6 Accrued expenses and other payables

Suspense receipts	66,024,753	78,216,547
Accrued management expenses	-	36,175,161
Lease Liability	14,864,417	-
Other payables	525,743,449	39,222,891
	606,632,619	153,614,599

Suspense receipts represent amount received from clients for various reasons such as rentals adjustment, transfer price, advance rentals, IDCP and other advances. When combined cheques are given by the clients that also initially posted into suspense receipts account.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

	Amount in Taka	
	2019	2018
13.a OTHER LIABILITIES (consolidated)		
Prime Finance & Investment Limited	2,369,938,587	2,159,289,158
Prime Finance Capital Management Limited	212,572,910	287,828,797
Adjustment for dealing with subsidiary	-	-
	2,582,511,497	2,447,117,955

14.0 SHARE CAPITAL

As at 31 December 2019, a total of 272,916,483 (FY 2018: 272,916,483) ordinary shares of Taka 10 each were issued, subscribed and fully paid up. Details are as follows:

Authorized capital

300,000,000 Ordinary shares of Taka 10 each	3,000,000,000	3,000,000,000
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Issued, subscribed, called up and paid up capital:

Total ordinary shares 272,916,483 of Taka 10 each	2,729,164,830	2,729,164,830
Total bonus shares of Taka 10 each	-	-
	2,729,164,830	2,729,164,830

Details of sponsors/ Director shareholding

Sponsor/ Director Shareholders	No. of shares held	Percentage
East Coast Shipping Lines Limited	24,407,338	8.94
Acorn Limited	24,920,420	9.13
Pedrollo Nk. Limited	26,768,991	9.81
Mawsons Limited	5,654,752	2.07
GQ Enterprise Limited	23,222,142	8.51
Khaled Textile Mills Limited	22,382,420	8.20
Agami apparels limited	23,088,632	8.46
Abeeco Industries Ltd.	5,508,634	2.02
Mr. Tauseef Iqbal Ali	5,458,363	2.00
Mr. Md. Aliuzzaman	2,427	0.001

Composition of shareholdings

Composition of shareholdings as on 31 December 2019 and 2018 was as under:

Group	No. of Shareholders		No. of Shares		Percentage	
	2019	2018	2019	2018	2019	2018
Sponsors/ Director (Institutions)	8	9	155,953,329	176,298,447	57.14	64.59
Sponsors/ Director (Individuals)	2	2	5,460,790	5,500,790	2.00	2.02
General Public (Institutions)	224	186	32,641,256	24,310,805	11.96	8.91
General Public (Individuals)	12,532	13,622	78,861,108	66,806,441	28.90	24.48
	12,766	13,819	272,916,483	272,916,483	100.00	100.00

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
14.1	Capital Adequacy Ratio (CAR)		
	As per section 4(Gha) of the Financial Institutions Regulations 1994, the minimum paid up capital of the Financial Institution shall be Taka 100 crore. Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined under the Risk Based Assets of the Company. The surplus eligible capital of the Company as on December 31, 2019, on consolidation basis, were Taka 1,875.52 million and capital adequate ratio was 24.01%.		
	Details of Capital Adequacy Ratio (CAR):		
	Tier-1 (Core capital)		
	Fully paid-up capital	2,729,164,830	2,729,164,830
	Statutory reserve	951,634,282	939,728,546
	General reserve	-	-
	Retained earnings	(1,462,611,523)	(1,503,911,536)
	Non-controlling interests	802,475,614	806,690,902
	Total eligible Tier-1 capital	3,020,663,203	2,971,672,742
	Tier-2 (Supplementary capital)		
	General provision (Unclassified loans up to specified limit + SMA+ off Balance Sheet exposure)	82,914,334	67,346,453
	Assets revaluation reserves up to 50%	110,971,875	110,971,875
	Total eligible Tier-2 capital	193,886,209	178,318,328
	(i) Total eligible capital	3,214,549,412	3,149,991,070
	(ii) Total Risk Weighted Assets (RWA)	13,390,280,852	14,367,343,887
	(iii) Minimum Capital Requirement (MCR) (10% of RWA)	1,339,028,085	1,436,734,389
	(iv) Excess {(i) - (iii)}	1,875,521,327	1,713,256,681
	Capital Adequacy Ratio (CAR) {(i) / (ii)} [%]	24.01%	21.92%
15.0	NON-CONTROLLING INTEREST		
	Pursuant to the Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements', non-controlling interest has been presented in the consolidated Balance Sheet within equity, separately from the equity of the owners of the parent. Non-controlling interest is made up as follows:		
	Balance as on 1 January	806,690,902	808,389,842
	Profit/(loss) after tax for the year	(4,215,288)	(1,698,940)
	Balance as on 31 December	802,475,614	806,690,902
16.0	STATUTORY RESERVE		
	Balance as on 1 January	939,728,546	927,108,510
	Add: Transferred during the year	11,905,736	12,620,036
	Balance as on 31 December	951,634,282	939,728,546
17.0	RETAINED EARNINGS		
	Balance as on 1 January	(1,753,947,888)	(1,804,428,034)
	Payment of cash dividend	-	-
	Profit/(loss) after tax for the year	59,528,679	63,100,182
	Transferred to statutory reserve	(11,905,736)	(12,620,036)
	Balance as on 31 December	(1,706,324,945)	(1,753,947,888)

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

	Amount in Taka	
	2019	2018
18.0 INCOME STATEMENT		
Income:		
Interest, discount and similar income (note 19)	955,368,825	893,048,567
Dividend income (note 21)	15,136,249	42,670,676
Gains less losses arising from dealing in securities	-	-
Fees, commission, exchange and brokerage (note 22)	851,398	1,458,346
Gains less losses arising from investment in securities (note 21)	(8,413,724)	13,858,611
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income (note 23)	78,673,864	(15,604,476)
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
Total income (A)	1,041,616,612	935,431,724
Expenses:		
Interest paid on deposits, borrowings etc. (Note 20)	833,378,191	849,085,971
Administrative expenses	138,547,887	168,123,539
Depreciation and impairment on banking assets	20,775,981	11,634,383
Other operating expenses	7,847,337	11,193,329
Total expenses (B)	1,000,549,396	1,040,037,222
Operating surplus (A-B)	41,067,216	(104,605,498)
19.0 INTEREST INCOME		
Income from lease finance	27,109,414	45,868,895
Income from term finance	871,696,813	804,891,789
Income from real estate finance	19,708,741	3,397,802
Income from other finance	36,853,857	38,890,081
	955,368,825	893,048,567
19.a INTEREST INCOME (consolidated)		
Prime Finance & Investment Limited	955,368,825	893,048,567
Prime Finance Capital Management Limited	217,137,434	135,643,299
Adjustment for dealing with subsidiary	(111,915,966)	(113,402,844)
	1,060,590,293	915,289,022
20.0 INTEREST PAID ON DEPOSITS, BORROWINGS etc.		
Interest on bank loan	21,776,021	6,907,100
Interest on IDA and ADB fund under re-financing scheme of Bangladesh Bank	63,176	300,192
Interest on fund from Bangladesh Bank under re-financing schemes	12,559,835	24,938,707
Interest on term deposits	724,564,042	702,862,926
Interest on money at call and on short notice	28,144,830	41,750,548
Interest on cash security deposit	10,548,882	11,994,982
Interest on overdraft facility	33,884,411	60,331,516
Interest on lease rent	1,836,994	-
	833,378,191	849,085,971

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
20.a	INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)		
	Prime Finance & Investment Limited	833,378,191	849,085,971
	Prime Finance Capital Management Limited	126,381,161	132,495,985
	Adjustment for dealing with subsidiary	(111,915,966)	(113,402,844)
		847,843,386	868,179,112
21.0	INVESTMENT INCOME		
	Capital gain on sale of securities (note 21.1)	(8,413,724)	13,858,611
	Dividend income	15,136,249	42,670,676
		6,722,525	56,529,287
21.1.	Capital gain on sale of securities		
	Gain on sales of securities	3,460,140	15,846,838
	Loss on sales of securities	(11,873,864)	(1,988,227)
	Net gain from sale of securities	(8,413,724)	13,858,611
21.a	INVESTMENT INCOME (consolidated)		
	Prime Finance & Investment Limited	6,722,525	56,529,287
	Prime Finance Capital Management Limited	(77,710,020)	28,412,348
		(70,987,495)	84,941,635
22.0	FEES, COMMISSION, EXCHANGE AND BROKERAGE		
	Service charge, factoring charge etc.	851,398	1,458,346
		851,398	1,458,346
22.a	FEES, COMMISSION, EXCHANGE AND BROKERAGE (consolidated)		
	Prime Finance & Investment Limited	851,398	1,458,346
	Prime Finance Capital Management Limited	19,834,850	27,028,665
		20,686,248	28,487,011
23.0	OTHER OPERATING INCOME		
	Income from associates (note 9.1)	1,002,500	(26,523,022)
	Delinquent Interest, IDCP etc.	-	-
	Renewals and proceeds	842,939	333,510
	Write-off & others	76,828,425	10,585,036
		78,673,864	(15,604,476)
	Write-off & others included amount received from write-off clients prepayment charges for early settlement of loan etc. Which are rescheduled as income as per DFIM Circular no. 02 dated 01 April 2019 of Bangladesh Bank.		
23.a	OTHER OPERATING INCOME (consolidated)		
	Prime Finance & Investment Limited	78,673,864	(15,604,476)
	Prime Finance Capital Management Limited	11,527,156	89,175
		90,201,020	(15,515,301)
24.0	SALARIES AND OTHER EMPLOYEE BENEFITS		
	Salaries & allowances	103,267,731	109,687,261
	Medical & employee welfare	4,317,638	18,815,061
		107,585,369	128,502,322

Medical and employee welfare includes, among others, provision for retirement benefits, death and disability benefits and hospitalization benefits. The funds are managed separately by a board of trustee and management believes that company's contribution to these funds are adequate.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
24.a	SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)		
	Prime Finance & Investment Limited	107,585,369	128,502,322
	Prime Finance Capital Management Limited	28,244,305	26,651,118
		135,829,674	155,153,440
25.0	RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
	Office rent & maintenance	10,958,250	23,367,863
	Electricity bill	1,787,561	1,709,338
		12,745,811	25,077,201
25.1	Disclosure related to Rent, rate and taxes:		
	Actual rent expenses	22,896,804	23,367,863
	Less: Reclassification of rent expenses (as per IFRS 16: Leases)	(11,938,554)	-
	Rent expenses as reported	10,958,250	23,367,863
In addition the above mentioned change in rent expense, implementation of IFRS 16 has resulted in charging of depreciation against Right-of-use asset as disclosed in Annexure A and of Interest expense on lease rent, as disclosed in Note 20.			
25.a	RENT, TAXES, INSURANCE, ELECTRICITY ETC. (consolidated)		
	Prime Finance & Investment Limited	12,745,811	25,077,201
	Prime Finance Capital Management Limited	7,389,225	7,743,259
		20,135,036	32,820,460
26.0	LEGAL EXPENSES		
	Legal expenses include fees for professional services for tax consultancy, credit rating, RJSC consultancy, recovery agent fee, corporate governance certification etc.		
26.a	LEGAL EXPENSES (consolidated)		
	Prime Finance & Investment Limited	977,686	434,525
	Prime Finance Capital Management Limited	109,930	1,402,752
		1,087,616	1,837,277
27.0	POSTAGE, STAMP, TELECOMMUNICATION ETC.		
	Postage, telephone and fax	2,071,412	2,225,260
	Charges, levies, stamps and duties	980,829	1,048,833
		3,052,241	3,274,093
27.a	POSTAGE, STAMP, TELECOMMUNICATION ETC. (consolidated)		
	Prime Finance & Investment Limited	3,052,241	3,274,093
	Prime Finance Capital Management Limited	155,574	193,621
		3,207,815	3,467,714
28.0	STATIONERY, PRINTING, ADVERTISEMENTS ETC.		
	Printing and stationery	2,402,170	3,122,296
	Books and periodicals	54,736	52,377
	Advertisement and publicity	1,620,874	444,725
		4,077,780	3,619,398
28.a	STATIONERY, PRINTING, ADVERTISEMENTS ETC. (consolidated)		
	Prime Finance & Investment Limited	4,077,780	3,619,398
	Prime Finance Capital Management Limited	184,243	330,422
		4,262,023	3,949,820
29.0	MANAGING DIRECTOR'S SALARY AND FEES		
	Managing Director's salary includes basic salary, house rent allowance, house maintenance allowance, medical allowance, entertainment allowance, recreation allowance and fuel bill up to a certain limit.		

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
30.0	DIRECTORS' FEES		
	During the year, a Director, in accordance with the Bangladesh Bank, DFIM Circular No. 13 dated 30 November 2015, was entitled to receive a fee of Tk. 8,000 for attending each meeting of the Board and its Committee. Detail of the fees paid to the Directors in the year 2019 was as under:		
	Total board meetings (nos.)	9	8
	Total board audit committee meetings (nos.)	4	4
	Total board executive committee meetings (nos.)	1	5
	Total fees paid	704,000	680,000
	No. of members in the Board	10	10
	No. of members in the Audit Committee	5	5
	No. of members in the Executive Committee	5	5
30.a	DIRECTORS' FEES (consolidated)		
	Prime Finance & Investment Limited	704,000	680,000
	Prime Finance Capital Management Limited	417,783	222,781
		1,121,783	902,781
31.0	AUDITORS' FEES		
	Auditors' fees	300,000	300,000
	VAT on audit fees	45,000	45,000
		345,000	345,000
31.a	AUDITORS' FEES (consolidated)		
	Prime Finance & Investment Limited	345,000	345,000
	Prime Finance Capital Management Limited	74,748	74,750
		419,748	419,750
32.0	DEPRECIATION AND REPAIR OF ASSETS		
	Depreciation of fixed assets - freehold	20,560,131	11,418,534
	Depreciation of fixed assets - leasehold vehicle	-	-
	Amortization of intangible assets	215,850	215,849
		20,775,981	11,634,383
	As on 31 December 2019, the company assesses the indication of impairment of assets and as per the assessment no such indication of an impairment loss present.		
32.a	DEPRECIATION AND REPAIR OF ASSETS (consolidated)		
	Prime Finance & Investment Limited	20,775,981	11,634,383
	Prime Finance Capital Management Limited	5,329,645	7,419,022
		26,105,626	19,053,405
33.0	OTHER EXPENSES		
	HR development	1,099,273	211,198
	Travelling and conveyance	2,557,393	2,837,754
	Motor vehicle expenses	1,666,145	1,433,038
	Subscription and fees	1,771,298	1,785,105
	Meeting expenses	80,400	62,400
	AGM expenses (note 33.1)	225,323	320,882
	Entertainment, public relation etc.	420,882	399,873
	Others	26,623	4,143,079
		7,847,337	11,193,329

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
33.1	AGM expenses		
	Rent for AGM venue	93,000	127,368
	Printing, database management etc.	8,400	30,700
	Publication of notice	83,673	107,564
	Entertainment	26,312	15,000
	Others	13,938	40,250
		225,323	320,882
33.a	OTHER EXPENSES (consolidated)		
	Prime Finance & Investment Limited	7,847,337	11,193,329
	Prime Finance Capital Management Limited	3,807,135	5,021,002
		11,654,472	16,214,331
34.0	RECEIPTS FROM OTHER OPERATING ACTIVITIES		
	IDCP etc.	-	-
	Renewals and proceeds	842,939	333,510
	Write-off & others	76,828,425	10,585,035
	Net proceeds from sale of trading securities	78,386,639	-
		156,058,003	10,918,545
35.0	PAYMENTS FOR OTHER OPERATING ACTIVITIES		
	Advance against office rent, renovation & decoration	(1,032,208)	2,432,815
	Advance against advertisement	-	-
		(1,032,208)	2,432,815
36.0	EARNINGS PER SHARE		
	Earnings per share (EPS) is calculated in accordance with International Accounting Standard (IAS) 33, 'Earnings per share', which has been shown on the face of profit and loss account.		
	Basic earnings per share		
	The calculation of basic earnings per share at 31 December 2019 was based on the profit/(loss) attributable to ordinary shareholders of Tk. 59,528,679 (2018: Tk. 63,100,182) and a weighted average number of ordinary shares outstanding as at 31 December 2019 of 272,916,483 (2018: 272,916,483).		
	Profits attributable to ordinary shareholders		
	Net profit for the year	59,528,679	63,100,182
	Weighted average number of ordinary shares		
	Ordinary shares at 1 January	272,916,483	272,916,483
	Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483
	Earnings per share (EPS)	0.22	0.23
	Diluted earnings per share		
	The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2019 and hence no diluted earnings per share is required to be calculated.		
36.a	EARNINGS PER SHARE (consolidated)		
	Profits attributable to ordinary shareholders of the Company		
	Net profit for the year	53,205,746	60,551,773
	Weighted average number of ordinary shares		
	Ordinary shares at 1 January	272,916,483	272,916,483
	Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483
	Earnings per share (consolidated)	0.19	0.22

Prime Finance & Investment Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
37.0	NET ASSET VALUE (NAV) PER SHARE:		
	Total shareholders' equity (A)	2,196,417,917	2,136,889,238
	Number of shares outstanding (B)	272,916,483	272,916,483
	Net Asset Value (NAV) per share (A÷B)	8.05	7.83
37.a	Net Asset Value (NAV) per share (consolidated):		
	Equity attributable to shareholders' of the company (A)	2,440,131,339	2,386,925,593
	Number of shares outstanding (B)	272,916,483	272,916,483
	Net Asset Value (NAV) per share (A÷B)	8.94	8.75
38.0	Net operating cash flow per share (NOCFPS):		
	Net cash flow from operating activities (A)	(73,521,813)	(689,892,071)
	Number of shares outstanding (B)	272,916,483	272,916,483
	Net operating cash flow per share (NOCFPS) (A÷B)	(0.27)	(2.53)
38.a	Net operating cash flow per share (NOCFPS) (consolidated):		
	Net cash flow from operating activities (A)	4,368,487	(740,534,023)
	Number of shares outstanding (B)	272,916,483	272,916,483
	Net operating cash flow per share (NOCFPS) (A÷B)	0.02	(2.71)
39.0	Reconciliation of Net Profit with Cash Flows from Operating Activities:		
		Separate	Consolidated
		(2019)	(2019)
	Net profit after tax	59,528,679	48,990,458
	Add: Adjustments for non-cash items:		
	Depreciation of company's assets	20,775,981	26,105,626
	Provisions for loans, advances and leases		
	General provision	(12,551,029)	(12,551,029)
	Specific provision	(12,679,205)	(12,679,205)
	Other provision	6,513,000	6,513,000
	Provisions for the diminution in the value of investments	(1,142,667)	6,459,177
	Provision for taxation	1,398,438	3,030,486
	(Increase)/decrease in operating assets	969,702,380	848,732,444
	(Increase)/decrease in trading securities	78,386,639	237,375,410
	Increase/(decrease) in operating liabilities and accruals	(1,183,454,029)	(1,147,607,880)
	Net cash flows from / (used in) operating activities	(73,521,813)	4,368,487

40.0 MARKET CAPITALISATION AND SHARE PRICE

Market Capitalization of the Company, which is the number of ordinary shares in issued, multiplied by the market value of a share. Total number of ordinary shares outstanding as at 31 December 2019 was 272,916,483 and the market value per share of last trading day (30 December 2019) was Tk. 7.50 in DSE. Thus market capitalization based on DSE value was Tk. 2,046.87 million.

Market for Prime Finance's ordinary shares

Prime Finance's ordinary shares are traded on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) under the symbol of 'PRIMEFIN' and 'PFIL' respectively. The following table indicated the high and low prices for shares of Prime Finance, as reported by DSE and CSE sets forth for each quarter in the year 2019.

Quarters	DSE		CSE		
	High	Low	High	Low	
High low share price	First quarter	11.10	9.10	11.20	8.50
	Second quarter	11.00	8.90	10.90	8.80
	Third quarter	10.50	7.00	10.30	8.10
	Fourth quarter	8.10	5.90	8.80	6.00
No. of shareholders	There were 12,766 shareholders as per Share Register as on 31 December 2019.				

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

Amount in Taka

2019	2018
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41.0 RELATED PARTY TRANSACTIONS

Prime Finance in normal course of business carried out a number of transactions with other entities that fall within the definition of related party mentioned in International Accounting Standard 24: Related Party Disclosures.

Total on-balance sheet exposure with the related parties as at 31 December 2019 was as under:

Name of the related party	Relationship	Nature of transaction	Outstanding receivable/ (payable) 2019
PFI Properties Limited	Common Directors	Term finance	68,387,136
Prime Finance Asset Mgt. Company Ltd.	Associate Company	Term deposit	(25,000,000)
PFI Securities Limited	Associate Company	Term finance	2,738,522,869
PFI Securities Limited	Associate Company	Other Payable	(335,147,700)
Prime Finance Capital Management Ltd.	Subsidiary Company	Term finance	961,276,093
GQ Enterprise Limited	Director	Term finance	3,901,240
Prime Prudential Fund Limited	Associate Company	Term deposit	(9,000,000)
Total			3,402,939,638

Key management personnel

Managing Director's salary and allowance	9,060,000	6,191,000
	9,060,000	6,191,000

41.1 Significant contract where Prime Finance is party and wherein Directors have interest

As on 31 December 2019 no such contract exists.

41.2 Share issued to Directors and executives without consideration or exercisable at a discount

As on 31 December 2019 no share issue exists.

41.3 Lending policy to related parties

Loans, advances and leases extended to related parties were as per the credit policy of the company.

41.4 Investment in the securities of directors and their related concern

As on 31 December 2019 no such investments exists.

42.0 PARTICULARS OF THE DIRECTORS

Sl. No.	Directors	Nominated by	Designation	Address	% of shares as at 31 December 2019
1.	Mr. Mohammad Masudur Rahim	East Coast Shipping Lines Ltd.	Chairman	East Coast Centre, SW(G), 8 Gulshan Avenue, Gulshan-1, Dhaka-1212	8.94
2.	Engr. Salah Uddin Ahmed	East Coast Shipping Lines Ltd.	Director	Mobil House, CWS(C) - 9, Gulshan 1, Dhaka 1212	
3.	Mr. Md. Aminul Haque	Acorn Limited	Director	Acorn Limited, Plot-68, Block-H, Road-11, Level-5, Banani, Dhaka	9.13
4.	Mr. Tauseef Iqbal Ali	N/A	Director	House # CEN-C2, Road # 95, Gulshan-2, Dhaka-1212.	2.00
5.	Dr. Shamim Khan	Pedrollo NK Limited	Director	Pedrollo Plaza", 5, Jubilee Road, Chittagong-4000	9.81
6.	Mr. Waheed Mahmud Khaled	Mawsons Limited	Director	House # 63, Avenue # 5, Block # A, Section # 6, Mirpur, Dhaka-1216.	2.07
7.	Mr. Uzzal Kumar Saha	GQ Enterprise Ltd.	Director	331/2 Tajuddin Ahmed Swarani, Bara Maghbazar, Dhaka-1217	8.51
8.	Mr. Manzur Ahmed	Agami Apparels Ltd.	Director	Flat # 1/D, House # 28, Road # 9/A, Dhanmondi R/A, Dhaka -1209	8.46
9.	Mr. Ahmed Kamal Khan Chowdhury	N/A	Independent Director	Tajwar Centre (5th Floor), House No. 34, Road- 19/A, Block- E, Banani, Dhaka- 1213	NIL
10.	Mr. MBM Lutful Hadee	N/A	Independent Director	House # 77, 2nd Floor, Road # 4, Block # C, Banani, Dhaka-1213	NIL

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

43.0 DIRECTORS AND THEIR ENTITIES IN WHICH THEY HAVE INTEREST

Sl. No	Name of the Directors	Designation	Entities where they have interest
1	Mr. Mohammad Masudur Rahim	Chairman	1. Radiant Alliance Ltd. 2. Bangladesh Trade Syndicate Ltd. 3. Prime Finance Capital Management Limited
2	Mr. Md. Aminul Haque	Director	1. Acorn Limited 2. Asia Gate Ltd. 3. B-Trac Engineering Ltd. 4. Bangla Trac Ltd. 5. THANE Technology 6. Bangla Trac Power Unit-1 Ltd. 7. Bangla Trac Power Unit-2 Ltd.
3	Mr. Tauseef Iqbal Ali	Director	1. Prime Finance Capital Management Limited
4	Dr. Shamim Khan	Director	1. Progressive Trading 2. Orko Health Ltd. 3. Halda Valley Food & Beverage Ltd. 4. Pedrollo Nk Ltd. 5. Halda Valley Tea Co. Ltd. 6. PNL Holdings Ltd. 7. Polyexprint Ltd. 8. Halda Fisheries Ltd. 9. Pedrollo Dairy & Horticulture Ltd. 10. Poly Tape Ltd. 11. PNL Water Management Ltd. 12. NUOVO Renewable Energy Ltd.
5	Mr. Waheed Mahmud Khaled	Director	1. Mawsons Limited 2. Prime Finance Capital Management Limited 3. Everest Homes Ltd.
6	Engr. Salah Uddin Ahmed	Director	-
7	Mr. Uzzal Kumar Saha	Director	1. Prime Finance Capital Management Limited 2. PFI Securities Limited
8	Mr. Manzur Ahmed	Director	1. PFI Securities Limited
9	Mr. Ahmed Kamal Khan Chowdhury	Independent Director	1. Prime Finance Capital Management Limited
10	Mr. MBM Lutful Hadee	Independent Director	1. Prime Bank Securities Ltd. 2. ReCom Consulting Ltd. 3. Skill Bangladesh (a company limited by guarantee and licensed under section 28 of the Companies Act, 1994) 4. Business Icons Limited 5. Aadi Dhaka Restaurant & Resorts Limited 6. Green Valley Holdings Limited

44.0 DISCLOSURES ON THE BOARD AUDIT COMMITTEE**Composition and qualification:**

The Audit Committee consists of the following directors of the Board:

Name	Status with the Company	Status with the Committee	Educational Qualification
Mr. Ahmed Kamal Khan Chowdhury	Independent Director	Chairman	Masters in Economics
Mr. Mohammad Aminul Haque	Director	Member	B. Sc Engineer
Mr. Tauseef Iqbal Ali	Director	Member	MBA
Mr. MBM Lutful Hadee	Independent Director	Member	FCA, LLM
Mr. Uzzal Kumar Saha	Director	Member	M.Com (Accounting)

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

Audit Committee meetings held during the year 2019:

SL.	Meeting no.	Meeting date
1	79 no. Audit Committee Meeting	21-Mar-2019
2	80 no. Audit Committee Meeting	12-May-2019
3	81 no. Audit Committee Meeting	28-Jul-2019
4	82 no. Audit Committee Meeting	31-Oct-2019

Major issues discussed in the Audit Committee Meeting during the year 2019 were as under:

- Reviewed the draft financial statements of the Company and its Subsidiary.
- Recommended the Board for appointment of statutory auditors and fixation of their remuneration.
- Reviewed the effectiveness of external audit process.
- Reviewed the Internal Audit Plan.
- Reviewed the Core Risk Management Policies of the Company.
- Reviewed and approved the 'Audit Committee Report'.
- Reviewed the quarterly financial statements.
- Reviewed the quarterly report on compliance of internal policy and operations report.

45.0 CONTINGENT LIABILITIES & OTHER COMMITMENTS

	Amount in Taka	
	2019	2018
Contingent liabilities:	-	-
Other commitments:		
Un-disbursed contracted loans, advances and leases	10,000,000	25,000,000
	10,000,000	25,000,000

This represents loans, advances and leases sanctioned during the year but not yet disbursed.

46.0 LEGAL PROCEEDINGS

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

47.0 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2019, 09 (Nine) Board Meetings were held. As on 31 December 2019, there were 10 members in the Board, which include two Independent Directors. As per FID circular no. 09 dated 11 September 2002, a non-banking financial institution shall have maximum 11 (eleven) Directors in the Board. The Managing Director is an ex-officio Director having no voting right.

48.0 NUMBER OF EMPLOYEES

A total number of 93 employees, including 21 sub staffs were employed in Company as at 31 December 2019. All the employees received salary of Taka 36,000 and above per annum during the year 2019.

49.0 REPORTING CURRENCY AND LEVEL OF PRECISION

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest integer.

50.0 IMPACT OF INFLATION AND CHANGING PRICES

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs.

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

51.0 EVENTS AFTER THE REPORTING PERIOD

None as on 31 December 2019

52.0 FOREIGN CURRENCY EXPOSURE PROFILE

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

53.0 COMPARATIVE FIGURES

Comparative information in respect of the preceding period as specified in IAS 1, para 38 has been disclosed in respect of the year 2019 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Previous years figures have been rearranged whenever considered necessary to ensure comparability with the current period.

54.0 FINANCIAL HIGHLIGHTS

Key financial highlights of the company are annexed as **Annexure-B**.

55.0 GEOGRAPHICAL AREA OF OPERATION

Prime Finance continues its business operation through its offices at Dilkusha, Gulshan, Chittagong, Rajshahi and Uttara.

56.0 INTERIM FINANCIAL REPORTING

Prime Finance prepared its interim financial statements on quarterly and half-yearly basis as per the requirements of International Accounting Standard (IAS) 34, 'Interim financial reporting'. The Company publishes its interim financial statements in the website of the Company as required by the Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2008-183/Admin/03-34, dated September 27, 2009.

57.0 DISAGREEMENT WITH AUDITORS

There were no disagreement with the Auditors on accounting and financial disclosures.

58.0 DEPARTURE FROM IAS 1

According to DFIM Circular no. 11 dated 23 December 2009 there is no scope to use the name or include Statement of Financial Position and Other Comprehensive Income. As such the company does not use the captioned and also not prepare the same.

59.0 DEPARTURE FROM IAS 39

The requirement of DFIM Circular no. 11 dated 23 December 2009 contradicts with the requirement of IAS 39. As per IAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year end is to be taken to profit and loss account or revaluation reserve respectively. Prime Finance followed the guidelines of Bangladesh Bank Circular in recognizing investment in share and maintaining provision on the same.

60.0 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 30 September 2020.

Prime Finance & Investment Limited
Schedule of fixed assets
 Including premises, furniture and fixtures
 As at 31 December 2019

Particulars	Cost			Depreciation/Amortization/Impairment			Written down Value as at Dec' 31, 2019
	Balance as at Jan' 01, 2019	Addition during the year	Disposal/ adjustment during the year	Balance as at Dec' 31, 2019	Charged during the year	Disposal/ adjustment during the year	
Freehold assets:							
Land	305,151,022	-	-	305,151,022	-	-	305,151,022
Right-of-use-asset	-	25,964,557	-	25,964,557	-	-	14,898,212
Furniture and fixtures	18,535,044	-	-	18,535,044	1,268,279	-	1,424,791
Office decoration	35,893,940	-	-	35,893,940	3,717,997	-	3,524,096
Electrical equipment	32,671,737	1,67,931	-	32,839,668	2,132,724	-	1,488,334
Owned vehicles	19,536,344	4,222,672	-	23,759,016	2,374,787	-	6,280,072
Intangible assets:							
Software	3,408,486	-	-	3,408,486	215,850	-	1,339,403
Leasehold assets:							
Leased vehicles	12,197,061	-	-	12,197,061	-	-	5
As at 31 December 2019	427,393,634	30,355,160	-	457,748,794	20,775,981	-	334,105,935
As at 31 December 2018	425,642,915	1,750,719	-	427,393,634	11,634,383	-	324,526,757

Annexure - B

HIGHLIGHTS

Sl. No	Particulars	Financial Year	
		2019	2018
1	Paid-up capital	2,729,164,830	2,729,164,830
2	Total capital	3,214,549,412	3,149,991,070
3	Capital surplus/ (shortage)	1,875,521,327	1,713,256,681
4	Total assets	12,708,877,041	14,011,424,165
5	Total deposits	5,510,070,060	6,634,959,037
6	Total loans, advances and leases	9,046,121,796	9,935,365,022
7	Total Contingent liabilities and commitments	10,000,000	25,000,000
8	Loans deposits ratio (%)	89.58	149.74
9	Percentage of classified loans against total loans, advances and leases	15.94	17.12
10	Net profit after tax and provision	48,990,458	58,852,833
11	Classified loans, advances and leases during the year	1,194,739,162	1,449,810,384
12	Provision against classified loans, advances and leases	454,220,363	466,899,568
13	Surplus/ (shortage) in provision against loans, advances and leases	-	-
14	Fund cost (%)	10.90	10.80
15	Interest earning assets	11,917,321,333	13,203,939,661
16	Non-interest earning assets	791,555,707	807,484,504
17	Return on average investment (ROI) (%)	0.47	0.54
18	Return on average assets (ROA) (%)	0.39	0.44
19	Income from debentures, bonds etc.	-	-
20	Net income per share	0.19	0.22
21	Earnings per share	0.19	0.22
22	Price earnings ratio (times)	38.47	42.82

This Annexure - B has been prepared as per the requirement of Bangladesh Bank's DFIM circular no. 11, dated 23 December 2009.

SUBSIDIARY AND ASSOCIATES



PRIME FINANCE CAPITAL MANAGEMENT LIMITED

Directors' Report

For the financial year 2019

Dear Shareholders,

The Directors have the pleasure in presenting their Report with the audited financial statements of the Company for the year ended on 31 December 2019 together with the Auditors' Report thereon for consideration and approval of our valued Shareholders. These Reports were approved by the Board of Directors of the Company on 27 September 2020. The Directors' Report has been prepared in compliance with Section 184 of The Companies Act, 1994 and other applicable rules & regulations.

Global Economy**Economic performance**

Global growth this year recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already under way.

Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico and Russia. Worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen) rounded out the difficult picture.

With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened, although there was a pick up in the second quarter of 2019. This was particularly evident with automobiles, where regulatory changes, new emission standards, and possibly the shift to ride-shares weighed on sales in several countries.

Central banks reacted aggressively to the weaker activity. Over the course of the year, several—including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks—cut interest rates, while the ECB also restarted asset purchases. These policies averted a deeper slowdown. Lower interest rates and supportive financial conditions reinforced still-resilient purchases of nondurable goods and services, encouraging job creation. Tight labor markets and gradually rising wages, in turn, supported consumer confidence and household spending.

As concerns about the global economy grew, central banks around the world—including the U.S. Federal Reserve and the European Central Bank—eased monetary policy through rate cuts and unconventional tools. The combined number of policy rate cuts in advanced and emerging-market economies were the largest since the global financial crisis in 2008.

The improvement in market sentiment is reflected in one of the most commonly cited indicators of downside risks, the 10-year–2-year yield curve slope, which measures the difference between yields on 2- and 10-year government debt. The slope had

flattened significantly since early 2018, suggesting increasing investor concern about the economic outlook. However, the slope started to steepen again in the fourth quarter of 2019 in the United States, United Kingdom, and Germany, suggesting that investors had regained some optimism about the outlook.

Taking a longer-term view, however, the easing of global financial conditions so late in the economic cycle and the continued buildup of financial vulnerabilities—including the rise in asset valuations to stretched levels in some markets and countries, the rise in debt, and large capital flows to emerging markets—could threaten growth in the medium term. It is therefore crucial that policy makers continue to monitor the buildup of financial vulnerabilities and take steps to address them where appropriate in order to reduce the chance that such vulnerabilities may amplify the adverse impact of shocks to the global economy.

World capital market outlook

A world in which many of the major economies have passed their growth peak and uncertainty continues to increase. While the euro zone and many emerging markets are likely to experience an economic slowdown in the coming year, negative political stress factors will drive the sharpest market reactions.

Added to this is the global trade dispute between the US and China. This trade conflict may increasingly morph into a battle for economic and technological market leadership. It's essentially about who's going to set the standards. While it will remain full steam ahead for the US economy, growth rates in most other major economic regions will slow in 2019 compared with 2018.

Despite major political challenges, Deutsche Bank expects the euro zone economy to largely continue on its growth trend next year. The outlook for the US economy remains healthy. At 2.8 percent, growth in 2019 should be approximately as strong as in the current year. Although global capital markets remain in thrall to the dominance of the US dollar, the twin deficits (the combination of the fiscal and current account deficits) of the United States could weigh on confidence in the greenback in future. Fixed-income investors are unlikely to see any improvements in the situation in the coming year. On the contrary, bond yields can be expected to continue rising in the US and the euro zone as a result of a generally positive economic development. In the portfolio context, nevertheless, bonds play a major role in diversifying and

controlling overall risk. The bonds preferred for this have short maturities or variable interest rates.

Stock market investors became more nervous in 2019; despite companies generally reporting good figures, stocks declined sharply at times. After nearly 10 years of prices trending upwards, market participants are reacting more sensitively – especially to political news. US firms are likely to continue to benefit from the strength of the US economy and the fiscal measures of the Trump administration. In the USA the commodities, industrials and financial sectors, for example, might be appealing to correspondingly risk-seeking investors. They are valued lower than the market as a whole but at the same time offer high earnings prospects.

In Europe it is valuations in particular that make equities interesting for investors. As soon as the situation eases with regard to the Brexit negotiations or in the conflict with Italy, investors are likely to regain confidence and start buying again. In Asian equity markets it is primarily the trade dispute between China and the US that is generating negative sentiment and has driven down share prices. However, sentiment is worse than the actual situation.

Bangladesh Economy

Review of economic events and outcome of the same for Bangladesh economy during 2019 can be made systematically, beginning from the global through macro to micro economics contexts.

Globally, no major setback was suffered by Bangladesh economy during 2019 on a sustained basis, inflicting irreparable damage. This may be attributed to the limited degree of globalization effected by Bangladesh economy till now. But some headwind stemmed from slowed-down export and import growth due to shrinking global economic growth. Loss of market to competitors with greater comparative advantage, particularly in garment manufacturing, could also have played its part in whatever decline in exports took place during the year under discussion. According to Bangladesh Bureau of Statistics (BBS), exports from Bangladesh declined by 7.6% in the first five months of the current fiscal while imports dropped by 3.20% during the same period. The World Trade Organization (WTO) projected that global trade volume would have shrunk by 2.60% in 2019. The International Monetary Fund (IMF) in its update on global economy estimated that global growth during 2019 would have receded to an extent that would be the weakest pace since the 2008 financial meltdown. Trade tensions arising from Trump Administration's tariff impositions on China and Europe contributed to shrinking of global trade, according to experts. The fallout of this turmoil could have impacted on Bangladesh exports, including garments. The global context appears to be becoming more relevant to Bangladesh economy's performance at present compared to the past.

On the macro-economic front the growth of the economy has maintained its upward trend clocking 8.13% according to projection made by BBS which has been corroborated by Asian Development Bank (ADB). Deductions from this growth rate by World Bank and IMF are not large enough to call for drastic deduction of the growth rate projected by BBS.

Bangladesh has seen export-led growth in recent years driven by the private sector and so the continued rise of GDP (Gross Domestic Product) year-on-year in the backdrop of fall in export during 2019 calls for an explanation. The increase in GDP by 8.13% may have happened because in recent years growth is being driven by public sector which has undertaken a number of mega projects with huge investments. This is corroborated by an increase in the rate of public investment at 8.03% during 2018-2019 compared to 7.97% during the previous fiscal. Because of massive public borrowing from banks and liquidity crisis due to huge volume of non-performing loans (NPLs) private sector investment, on the other hand, has increased only by 0.28%, from 23.26% in 2017-18 to 23.54 percent during 2018-19. Consistent with this has been the private sector credit growth which reached 1.55% during four months to October, 2019 from 2.73% in 2017-18.

Because of the preponderance of public sector investments and their long gestation period expenditures contributed to inflationary pressure during 2019, as it did in previous years. This was aggravated by the leap in the remittance by 23% most of which were spent by the recipients on consumption goods. The annual average inflation rate was 4.49% in September, 2019 which inched up to 5.56% in November. Point-to-point inflation rose to 6.05% after November compared to 5.3% in November last year. According to BBS, the annual average inflation rate was 5.49% in September, 2019 which rose to 5.56% in November. Headline inflation is likely to face upside risks in the near term due to crop losses during the recent cyclone 'Bulbul', according to a report by Bangladesh Bank. For the first time in recent years inflation as an event in macro economics has become a problem to be reckoned with seriously by policy makers.

In the micro-economics area growing volume of non-performing loans (NPLs) of commercial banks was the most serious development during 2019. While the amount of NPLs has gone on increasing, frequent re-scheduling of defaulted loans and write-offs of the same have aggravated the situation. Of all the monetary policies, the decision by Bangladesh Bank to allow re-scheduling of defaulted loans and their write-offs has been the most controversial among analysts. Mishandling of the NPL incidence has detracted from the otherwise sound macro-economic management in respect of the banking sector.

The state of the Bangladesh economy during 2019 judged by the performance with reference to global, macro and micro levels presents a mixed picture. The positive aspects of performance have been buffeted by equally strong factors in the macro and micro economic spheres. This deserves special mention because these are within the remit of intervention by the government. Even the global context of exports is amenable to change by government policies, however incremental it may be.

The review of the performance of Bangladesh economy at the end of 2019 gives the impression of the economy being on a knife's edge, poised between sustained growth and muddling through uncertainly. It will be interesting to see which direction the economy takes during 2020.

Bangladesh capital market scenario

The capital market passed yet another gloomy year as the core index of the Dhaka Stock Exchange (DSE) lost 18.5 per cent year-on-year in 2019, after hitting a 42-month low. After the stock market crash in 2010-2011, the government came up with some instant market supportive measures. The market even after nine years of a fragile journey failed to get a strong foothold, as investors were discouraged by one issue after another. The market has been in the doldrums almost throughout the year 2019 amid investors' confidence crisis. People familiar with the market said round-the-year liquidity crunch in the banking sector, gloomy macroeconomic outlook, soaring non-performing loans, some policy changes and foreign investors' pulling funds out of the market worsened the situation.

They said dearth of quality stocks, liquidation of People's Leasing and Financial Services (PLFS) coupled with telecom regulator's spat with Grameenphone also sapped local and foreign investor's confidence. The financial sector remained volatile with liquidity crunch while soaring interest rate, huge non-performing loans and pressure on the exchange rate spilled over into the capital market. The index was hovering between 4,390 and 5,950 points during the year. The index reached highest at 5,950 on January 24 while dipping to 42-month low to 4,390 on December 24 amid lack of institutional investor participation. Between January 01 and December 30, 2019, DSEX, the prime index of DSE, lost 1,012 points or 18.52 per cent to close the year at 4,452.

The growth of the country's capital market is falling behind the overall economic development as the market cap to GDP ratio of Dhaka Stock Exchange (DSE) has been declining for the last eight years. In 2014, the market capitalization to GDP ratio stood at 24%, which has come down to 11.86% as of September, 2019. The size is the lowest among the emerging bourses in the Asia-Pacific countries. The ratio was at its peak at 50.67% in 2010, and it slumped to 33.23% within a year after the biggest market crash in the country's history in 2010-11. The market cap to GDP ratio of country's primer bourse Dhaka Stock Exchange is the lowest among the emerging Asian-Pacific countries, with 11.86% in September, 2019. The ratio was at its highest at 50.67% in 2010, which came down to 33.23% within a year after the biggest market crash in the country's history in 2010-11. The ratio was 17% in 2018, 21% in 2017, 20% in 2016 and 21% in 2015.

The market capitalization at Dhaka Stock Exchange (DSE) has dropped in the last nine months of this year. The market cap in September was USD 37.32bn, which was USD 43.11bn in January this year. Market operators observe that share price loss of large cap companies affected the overall market cap at DSE. Three large cap companies – Grameenphone, British American Tobacco Bangladesh (BATBC) and Brac Bank – mostly led the fall in capitalization in the last couple of months of last year. Grameenphone led the fall of index as investors remained cautious about the ongoing dispute over audit claim between GP and the telecom regulator.

The overall market scenario was also negative in 2019 as investors

were discouraged by one issue after another, and sales pressure from foreigners worsened the scenario. Investors went through a volatile financial sector amid financial scams, non-performing loans, and poor management that dampened investor moods.

Industry outlook

Merchant banks play a vital role in bringing good companies to the capital market, thus, increasing market depth and liquidity. Therefore, these institutions have to find good companies that can provide fair and sustainable returns to shareholders. Furthermore, merchant banks should also groom prospective companies and teach them to practise proper corporate governance before entering the capital market through IPO (initial public offering).

Bringing a company to general investors through IPO is challenging, as it forces companies to be accountable to those investors. Sometimes, we have to provide practical suggestions to shape regulations related to our scope of services. Apart from that, merchant banks have a crucial role in promoting financial literacy among investors so that they can make correct decisions, and also provide professional portfolio management services.

High bank interest rates, failing to secure bank loans and flexible terms of stock market are some of the reasons that attracted companies to go public. Besides, good exposure to foreign buyers that favour listed firms for sourcing products and the demutualization of the Dhaka Stock Exchange (DSE) are two other major reasons to attract firms to get listed on the premier bourse, initially through IPOs.

According to DSE's latest data, a total of 9 (nine) companies have raised funds worth Tk. 540 crore in 2019 which was Tk. 546 crore in the last year. Out of them, two companies have raised Tk. 250 crore using the book building method, while seven companies collected Tk. 290 crore under the fixed price method.

Company outlook

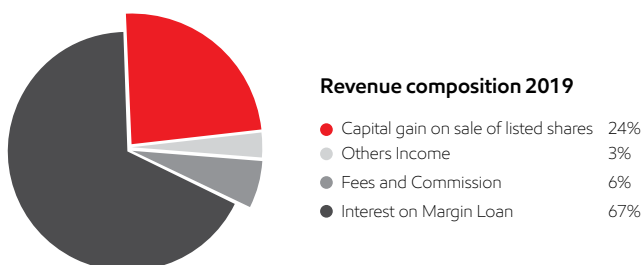
Prime Finance Capital Management Limited (PFCML) is a subsidiary of country's leading financial institution-Prime Finance & Investment Limited. Since 1996, PFCML has been in the capital market as a full-fledged merchant bank under the merchant banking wing of Prime Finance & Investment Limited to serve individual clients, small and large companies with a full range of issue management, underwriting, portfolio management and corporate advisory services. However, as per BSEC's guideline, the merchant banking wing was converted into subsidiary company and incorporated in 18 March 2010 as a public limited company with authorized capital of Tk. 250 crore and an initial paid-up capital of Tk. 100 crore. Currently, as on 31 December 2019 the paid up capital of the Company is Tk. 203.28 crore.

Principal activities

The main objectives of the company are to provide comprehensive range of services which include issue management, portfolio management, underwriting, corporate advisory, registrar to issue etc.

Operational performance

The Company reported net loss after tax attributable to equity holders of the Company of Tk. 10,538,221/- for the year ended on 31 December 2019 against the net loss after tax of Tk. 4,247,350/- for the year ended on 31 December 2018. The Company has made a provision of Tk. (2,373,047/-) as income tax on capital gain and dividend. Total investment of the Company in margin loan was Tk. 2,514,011,585/- and investment in shares including unquoted shares was Tk. 550,491,443/- for the year ended on 31 December 2019.



Addition of fixed assets

During the year 2019 total written down value of fixed assets stood at Tk. 6,253,863/- compared to Tk. 14,069,192/- in 2018. In the current year, addition of fixed assets was for Tk. 1,736,989/- and disposal of fixed assets was for Tk. 9,292,788/-.

Reserve & surplus

The reserve & surplus of the Company includes retained earnings only. As on 31 December 2019 balance of retained earnings stood at Tk. (26,610,965) which was Tk. (16,072,744) on 31 December 2018.

Dividend

The Company's profitability status is not in a position to pay out dividend. The Board in its meeting held on 27 September 2020 recommended "No dividend" for the year 2019.

Book closure

According to Section 42 of The Companies Act 1994, a company may on giving seven day's previous notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situated close the register of members for any time or times not exceeding on the whole forty-five days in each year but not exceeding thirty days at a time. Accordingly, Register of Members and Share Transfer Book of the Company will remain closed on 1 November 2020.

Annual General Meeting

The 10th Annual General Meeting of the Company will be held on 18 November 2020 to transact the following ordinary businesses:

- To receive, consider and adopt the audited financial statements of the Company for the year ended on 31 December 2019 including the reports of the Directors and the Auditors;

- To consider dividend for the year 2019 as recommended by the Board of Directors;
- To elect/ re-elect Directors in terms of the relevant provision of the Articles of Association of the Company; and
- To appoint the statutory auditors for the year 2020 and fixation of their remuneration.

Auditors

K. M. Hasan & Co., Chartered Accountants, 87 New Eskaton Road, Dhaka-1000, was appointed as the Auditors of the Company for the year 2019 in the 9th Annual General Meeting. The Auditors will retire in the 10th Annual General Meeting. The Board recommended to the Shareholders to appoint K. M. Hasan & Co., Chartered Accountants as the Auditors of the Company for the year 2020 at a remuneration of Tk. 65,000/- (Taka sixty five thousand) only plus VAT.

Retirement and Re-appointment of Directors

Retirement by rotation:

As per Article 126 of the Articles of Association of the Company, one third of the total number of Directors for the time being, shall retire from the office in every Annual General Meeting. Independent Directors shall not fall under the purview of retirement by rotation. Accordingly, following Directors as per Article 126 of the Articles of Association of the Company shall retire by rotation from the Board in the 10th Annual General Meeting as recommended by the Board of Directors in its meeting held on 27 September 2020:

1. Mr. Uzzal Kumar Saha;
2. Mr. Tauseef Iqbal Ali; and
3. Mr. Waheed Mahmud Khaled

As per Article 128 of the Article of Association of the Company the retiring directors are eligible for re-election in the 10th Annual General Meeting of the Company which was recommended by the Board of Directors in its meeting held on 27 September 2020 .

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 2019 that has significantly affected or may significantly affect the operations of the Company.

For and on behalf of the Board of Directors,

Md. Ahsan Kabir Khan

Chairman

Board of Directors

Prime Finance Capital Management Limited



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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

of Prime Finance Capital Management Limited

Report on the audit of Financial Statements

Opinion

We have audited the financial statements of Prime Finance Capital Management Limited, which comprise the Statement of Financial Position as at 31 December 2019 and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended 31 December 2019 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give true and fair view of the financial position of Prime Finance Capital Management Limited as at 31 December 2019 and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' 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 on the other information obtained prior to the date of this auditor's report, 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Commission (BSEC) Rules 1987 the Companies act 1994 and other applicable laws and regulations. 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.

In preparing the financial statements, management is responsible for assessing the organization'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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' 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 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedure that as 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 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.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, We also report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d. The expenditures incurred was for the purpose of the Company's business.

Place : Dhaka

Date: 27 September 2020


K. M. HASAN & CO.
Chartered Accountants

Prime Finance Capital Management Limited
Statement of financial position
 As at 31 December 2019

	Notes	Amount in Taka	
		2019	2018
Assets			
Non-current assets			
Property, plant and equipment	7	6,253,863	14,069,192
Investment in shares	8	550,491,443	711,181,054
Deferred tax assets	9	4,899,900	4,158,901
Total non-current assets		561,645,205	729,409,147
Margin loan	10	2,514,011,585	2,547,125,099
Accounts and other receivables	11	395,144,762	395,718,033
Advance, deposit and prepayment	12	144,459,379	247,948,363
Cash and cash equivalents	13	12,949,288	19,327,051
Total current assets		3,066,565,014	3,210,118,546
Total assets		3,628,210,220	3,939,527,693
Shareholders Equity			
Share capital	14	2,032,800,000	2,032,800,000
Retained earnings	15	(26,610,965)	(16,072,744)
Total equities		2,006,189,035	2,016,727,256
Liabilities			
Term loan-long term maturity	16.01	-	60,410,283
Total non-current liabilities		-	60,410,283
Margin deposits	17	9,670,976	15,358,627
Current account with parent company	18	961,276,094	1,082,246,029
Short term loan	19	448,172,181	492,315,327
Accounts payable	20	831,607	325,719
Others payable and accrual	21	101,746,336	101,615,142
Provisions for taxes	29	100,323,991	170,529,310
Total current liabilities		1,622,021,185	1,862,390,154
Total liabilities		1,622,021,186	1,922,800,437
Total equity and liabilities		3,628,210,220	3,939,527,693
Net assets value per share (NAV) per share		9.87	9.92

The annexed notes from 1 to 34 form an integral part of these financial statements.


 CFO & Company Secretary


 Managing Director (CC)


 Director


 Chairman

Place : Dhaka
 Date: 27 September 2020


 K. M. HASAN & CO.
 Chartered Accountants

Prime Finance Capital Management Limited
Statement of profit or loss and other comprehensive income
 For the year ended 31 December 2019

	Notes	Amount in Taka	
		2019	2018
Fees and commission	22	19,834,850	27,028,665
Interest on margin loan	23	217,137,434	135,643,299
Capital gain on sale of listed shares	24	(77,710,020)	12,633,348
Other income	25	11,527,156	15,868,175
Total operating income		170,789,419	191,173,487
Financial expenses	26	(126,381,161)	(132,495,985)
Management expenses	27	(45,712,588)	(51,008,728)
Total operating expenses		(172,093,749)	(183,504,713)
Operating profit/Loss		(1,304,330)	7,668,774
Provision for Investment and margin loan	28	(7,601,844)	(8,757,239)
Profit/(loss) before income tax		(8,906,173)	(1,088,465)
Current tax	29	(2,373,047)	(4,367,009)
Deferred tax	9.01	740,999	1,208,124
		(1,632,048)	(3,158,885)
Net profit/(loss) after income tax		(10,538,221)	(4,247,350)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(10,538,221)	(4,247,350)

The annexed notes from 1 to 34 form an integral part of these financial statements.


 CFO & Company Secretary


 Managing Director (CC)


 Director


 Chairman

Place : Dhaka
 Date: 27 September 2020


K. M. HASAN & CO.
 Chartered Accountants

Prime Finance Capital Management Limited
Statement of cash flows
 For the year ended 31 December 2019

Cash flows from operating activities

Net received from/(payment to) portfolio customers
Net received from brokers
Fees and commission receipt
Payment for management expense
Received of dividend income
Received of interest income
Bank charge paid
Tax paid

Net cash generated from operating activities

Cash flows from investing activities

Received against fixed assets
Received against/ (payment for) employees car loan/home loan
Net received from/(payment for) investment in shares/bond

Net cash flow from / (used) in investing activities

Cash flows from financing activities

Net payment against term loan
Payment for financial expenses
Net Received against/ (payment for) other loan
Net received from/ (payment for) overdraft facility
Net loan payment to inter company

Net cash used in financing activities


Net cash flows for the year

Cash and cash equivalents at January 01

Cash and cash equivalents at December 31

Cash in hand
Cash at bank

Amount in Taka	
2019	2018
5,697,517	(27,387,508)
257,230,857	597,668,705
6,044,371	4,018,724
(36,538,861)	(46,419,493)
11,078,077	15,779,000
41,422	82,073
(105,691)	(100,516)
(2,442,548)	(3,476,691)
241,005,144	540,164,294
28,870,041	(6,373,305)
200,000	300,000
81,317,407	32,058,975
110,387,448	25,985,670
(48,879,688)	(23,571,022)
(123,462,315)	(136,340,835)
(38,394,070)	-
(25,034,282)	31,285,208
(122,000,000)	(454,765,411)
(357,770,355)	(583,392,060)
(6,377,763)	(17,242,096)
19,327,051	36,569,147
12,949,288	19,327,051
14,064	25,943
12,935,224	19,301,108
12,949,288	19,327,051



CFO & Company Secretary



Managing Director (CC)



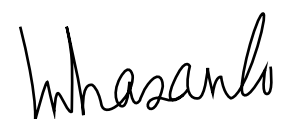
Director



Chairman

Place : Dhaka

Date: 27 September 2020



K. M. HASAN & CO.

Chartered Accountants

Prime Finance Capital Management Limited
Statement of changes in Equity
 For the year ended 31 December 2019

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Opening balance as on January 01, 2019	2,032,800,000	(16,072,744)	2,016,727,256
Addition during the year	-	(10,538,221)	(10,538,221)
Closing balance as on December 31, 2019	2,032,800,000	(26,610,965)	2,006,189,035

For the year ended 31 December 2018

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Opening balance as on January 01, 2018	2,032,800,000	(11,825,394)	2,020,974,606
Addition during the year	-	(4,247,350)	(4,247,350)
Closing balance as on December 31, 2018	2,032,800,000	(16,072,744)	2,016,727,256

The annexd notes from 1 to 34 form an integral part of these financial statements.


 CFO & Company Secretary


 Managing Director (CC)


 Director


 Chairman

Place : Dhaka
 Date: 27 September 2020


K. M. HASAN & CO.
 Chartered Accountants

Prime Finance Capital Management Limited
Schedule of Property, plant and equipment
 As at 31 December 2019

Annexure - A
 Amount in Taka

PARTICULARS	COST				Rate	DEPRECIATION				WDV as on 31.12.2019
	Balance as on 01.01.2019	Addition during the year	Disposal during the year	Balance as on 31.12.2019		Balance as on 01.01.2019	Charged during the year	Adjustment during the year	Balance as on 31.12.2019	
Furniture & Fixture	18,162,249	-	-	18,162,249	15%-20%	13,713,184	2,727,965	-	16,441,149	1,721,100
Electrical Equipment	8,763,606	823,389	-	9,586,995	20%	8,268,685	290,159	-	8,558,844	1,028,151
Motor Vehicle	13,336,128	-	9,292,788	4,043,340	20%	6,344,630	1,047,753	5,070,116	2,322,267	1,721,073
Office Decoration	8,534,826	913,600	-	9,448,426	15%	6,401,119	1,263,768	-	7,664,887	1,783,539
As on December 31, 2019	48,796,809	1,736,989	9,292,788	41,241,010		34,727,618	5,329,645	5,070,116	34,987,147	6,253,863
As on December 31, 2018	43,417,964	5,628,845	250,000	48,796,809		27,409,012	7,419,023	100,417	34,727,618	14,069,192

Prime Finance Capital Management Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1.00 Corporate history of the reporting entity

Prime Finance Capital Management Limited (“the Company”) is a public limited company incorporated on 18 March 2010 in Bangladesh under the Companies Act 1994. The Company has obtained Merchant Banking license (registration certificate no. MB-50/2010) from Bangladesh Securities and Exchange Commission (BSEC) on 29 November 2010. The main objectives of the Company are to carry on business of merchant banking in all its respect, including acting as manager to issues and offers, whether by way of public offer or otherwise, of securities, underwriting and/or management of issues, managing portfolio of investors whether discretionary or non-discretionary, advising clients on merger and amalgamation, capital restructuring etc. The registered office of the Company is situated in Bangladesh.

2.00 Address of registered office and principal place of business

The registered office and Principal Place of Business of the company is 56-57, Dilkusha C/A, Dhaka-1000.

3.00 Corporate financial statements and reporting

These comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and explanatory notes covering accounting policies.

The financial statements are prepared under the historical cost convention and in accordance with the requirements of International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); The Companies Act, 1994; The Securities and Exchange Rules, 1987; and other applicable laws and regulations.

The Board of Directors is responsible for preparing and presenting the financial statements including adequate disclosures.

3.01 Date of authorization

The Financial statements of Prime Finance Capital Management Limited for the year ended December 31, 2019 were authorized for issue in accordance with a resolution of the Board of directors on 27 September 2020.

4.00 Basis of preparation

4.01 Statement of compliance

These financial statements have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1987, and as per the requirements of the Companies Act 1994 and other applicable laws and regulations.

5.00 Basis of measurement

5.01 Going concern

The financial statements have been prepared on going concern basis under historical cost conventions.

5.02 Functional currency and presentation currency

These financial statements are presented in Bangladesh Taka, which is also the Company’s functional currency. All financial information presented in Taka have been rounded off to the nearest taka.

5.03 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Liability for gratuity.
- Selection of depreciation method and estimation of useful lives.

Prime Finance Capital Management Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

5.04 Reporting period

The financial period of the company covers one year from January 01 to December 31 and is followed consistently. These financial statements are prepared for the year ended December 31, 2019.

5.05 Accrual basis of accounting

These financial statements except the statement of cash flows have been prepared under the accrual basis of accounting.

5.06 Comparative information

Comparative information to be disclosed in respect of the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the notes, unless another Standard requires otherwise. Comparative information is provided for narrative and descriptive where it is relevant to understanding the financial statements of the current period. Comparative information of these financial statements cover the period from January 01, 2018 to December 31, 2018.

6.00 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

6.01 Property, plant and equipment

6.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labor, any other cost directly attributable to bringing the assets to a working condition for their intended use.

6.1.2 Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

6.1.3 Depreciation

Depreciation on the property, plant and equipment is recognized in the profit and loss account on a straight line basis over the estimated useful lives of each item of property, plant and equipment. Prime Finance Capital Management Limited uses the month-placed-in-service depreciation convention for all property, plant and equipment. Using this convention, depreciation begins in the month the property, plant and equipment is placed in service regardless of which day within the month the property, plant and equipment is placed in service.

In case of additions, normal rates are uniformly applied on assets from the month of acquisition.

Rate of depreciation on property, plant and equipment considering the useful life of the assets are as follows:

Class of assets	Rate
Motor vehicles	20%
Electrical equipments	20%
Furniture and fittings	15%-20%
Office decoration	15%

6.1.4 Retirements and disposals

In case of disposal of asset, no depreciation is charged in the month of disposal. Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of Profit or Loss and Other Comprehensive Income.

6.02 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deduction, adjustment or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to Statement of profit or loss and other comprehensive income.

Prime Finance Capital Management Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2019

6.03 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand , Cash at bank .

6.04 Provisions

Provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation as per the IAS-37 'Provisions, contingent liabilities and contingent assets'.

6.05 Employee benefits

The Company operates a non-funded gratuity scheme, and superannuation provision in respect of which is made annually for all eligible employees. Gratuity payable to all eligible employees at the end of each year has been determined on the basis of existing rules and regulations of the Company, actuarial valuation is not hence deemed essential.

The Company also maintains a contributory provident fund for its permanent employees which is administered by the Board of Trustees.

6.06 Income tax expense

Provision for income tax is made on the basis of the Company's computation based on best estimate of taxable profit as per requirement of the Finance Act 2020. Applicable tax rate for the Company as a Merchant Bank is 37.5%.

6.07 Deferred Tax

Deferred tax is temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they revised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

6.08 Revenue recognition

Revenue is recognized in accordance with IFRS 15: Revenue from contract with customer.

6.8.1 Income from margin loan

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties. Income is recognized on quarterly basis.

6.8.2 Income from portfolio management fee

Income from portfolio management fee is recognized on accrual basis. Such income is calculated considering daily portfolio balance of the respective parties. Income is recognized on quarterly basis.

6.8.3 Income from issue management fee, underwriting commission and corporate advisory fee

Income from issue management fee, underwriting commission and corporate advisory fee are recognized as income when invoices are raised and accepted by the customers.

6.8.4 Capital gain on listed shares

Capital gain is recognized on the basis of realization. Unrealized gain/losses are not recognized in the statement of Profit or Loss and Other Comprehensive Income.

6.09 Cash flow statement

Cash flows statement is prepared principally in accordance with IAS -7 and the cash flow from operating activities have been presented under direct method as prescribed by the securities and exchange Rules 1987.

6.10 Events after the Reporting Period

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are non adjusting events are disclosed in the notes when material.

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
7.00	Property, plant and equipment		
	Cost		
	Opening balance	48,796,809	43,417,964
	Addition during the year	1,736,989	5,628,845
	Disposal during the year	(9,292,788)	(250,000)
	Total cost	41,241,010	48,796,809
	Accumulated depreciation		
	Opening balance	34,727,618	27,409,012
	Depreciation charged during the year	5,329,645	7,419,023
	Adjustment during the year	(5,070,116)	(100,417)
	Total accumulated depreciation	34,987,147	34,727,618
	Written down value (WDV)	6,253,863	14,069,192
	Details of Property, plant & equipment are shown in the (Annexure - A)		
8.00	Investment in shares		
	Quoted shares	545,491,443	706,181,054
	Un-quoted shares	5,000,000	5,000,000
		550,491,443	711,181,054
9.00	Deferred tax assets		
	Opening balance	4,158,901	2,950,777
	Addition during the year (Note - 9.01)	740,999	1,208,124
	Closing balance	4,899,900	4,158,901
9.01	Written down value of fixed assets		
	Tax base	6,253,863	14,069,192
	Deductible temporary difference	19,320,262	25,159,594
		13,066,399	11,090,402
	Tax rate	37.50%	37.50%
	Closing balance of deferred tax asset	4,899,900	4,158,901
	Opening balance of deferred tax asset	4,158,901	2,950,777
	Addition during the year	740,999	1,208,124
10.00	Margin loan		
	Margin loan	2,514,011,585	2,547,125,099
		2,514,011,585	2,547,125,099
	Margin loan represents outstanding loan balance provided to portfolio clients against margin deposit. Margin loan is provided as per the guidelines of Bangladesh Securities and Exchange Commission.		
11.00	Accounts and others receivable		
	Receivable from PFI Securities Limited	390,166,007	385,644,140
	Receivable from Vision Capital Management Limited	543,244	103,348
	Receivable from Fareast Stock and Bonds Limited	-	109,391
	Other receivables	4,435,511	9,861,154
		395,144,762	395,718,033
12.00	Advance, deposits and prepayments		
	Advance income tax (Note - 12.1)	76,510,248	146,732,504
	Advance for investment in shares	49,431,131	47,774,262
	Other advances (Note -12.2)	18,518,000	53,441,596
		144,459,379	247,948,363

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

	Amount in Taka	
	2019	2018
12.01 Advance income tax		
Opening balance	146,732,504	291,892,950
Add: Addition during the year	2,356,110	3,476,692
	149,088,614	295,369,642
Less: Adjustment during the year	72,578,366	148,637,138
Closing balance	76,510,248	146,732,504
12.02 Other advances		
Advance against employee house building finance	15,692,369	16,783,969
Advance against employees' car finance	1,011,152	1,477,808
Other advances	1,814,479	35,179,819
	18,518,000	53,441,596

Notes:- As per Company's service rules and regulations, the Company provides house building finance and car finance facilities to the employees. The house building finance and car finance shall be adjusted in 15 years and 6 years respectively.

13.00 Cash and cash equivalents

Cash in hand (Note - 13.01)	14,064	25,943
Cash at bank (Note-13.02)	12,935,224	19,301,108
	12,949,288	19,327,051

13.01 Cash in hand

Cash in hand	676	6,653
Stamp in hand	13,388	19,290
	14,064	25,943

13.02 Cash at bank

Name of bank	Account number	Type of account	Name of branch	Balance as on December 31,2019	Balance as on December 31,2018
Mutual trust bank Ltd.	0012-0320000955	SND	Dilkusha	706,477	3,657
Shahjalal islami bank Ltd.	4001-13100001266	SND	Dhaka main branch	9,406	137,794
Shahjalal islami bank Ltd.	4001-13100002122	SND	Dhaka main branch	10,895,256	16,846,265
Shahjalal islami bank Ltd.	4001-13100002139	SND	Dhaka main branch	1,181,362	816,629
Shahjalal Islami Bank Ltd.	4001-13100002842	STD	Dhaka main branch	3,681	-
Shahjalal islami bank Ltd.	1802-13100000115	STD	Rajshahi branch	23,099	23,099
Shahjalal islami bank Ltd.	4001-13100002701	SND	Dhaka main branch	11,187	201,712
NCC bank Ltd.	0028-0325000386	SND	Dilkusha	8,615	1,132,320
First security islami bank Ltd.	0101-13100002161	SND	Dilkusha	29,312	29,768
Dutch bangla bank Ltd.	1011100030730	CD	Dilkusha	59,621	54,843
National bank Ltd.	005836003503	SND	Dilkusha	1,584	2,639
National bank Ltd.	005836001021	SND	Motijheel	1,769	2,822
Eastern bank Ltd.	1111220133464	SND	Shyamoli	3,854	49,560
Total				12,935,224	19,301,108

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

14.00 Share capital

	Amount in Taka	
	2019	2018
Authorised capital		
500,000,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000
Issued and paid capital		
100,000,000 ordinary shares of Tk. 10 each issued for cash	1,000,000,000	1,000,000,000
60,000,000 ordinary shares of Tk. 10 each issued for cash as rights issue	600,000,000	600,000,000
16,000,000 ordinary shares of Tk. 10 each issued as bonus share	160,000,000	160,000,000
17,600,000 ordinary shares of Tk. 10 each issued as bonus share	176,000,000	176,000,000
9,680,000 ordinary shares of Tk. 10 each issued as bonus share	96,800,000	96,800,000
	2,032,800,000	2,032,800,000

14.01 Share holding position are as follows

Name of shareholder	% of Share	Number of shares	Balance as on december 31,2019	Balance as on december 31,2018
Prime Finance & Investment Limited	60.00%	121,968,000	1,219,680,000	1,219,680,000
Mr. K. M. Rakib Hasan	6.00%	12,196,800	121,968,000	121,968,000
Mr. Waheed Mahmud Khaled	4.59%	9,338,175	93,381,750	93,381,750
Mr. Nazim Asadul Haque	6.00%	12,196,800	121,968,000	121,968,000
Mr. Rubaiyat Khaled	3.85%	7,830,900	78,309,000	78,309,000
Mr. Tauseef Iqbal Ali	3.00%	6,098,400	60,984,000	60,984,000
Mr. Md. Aliuzzaman	0.30%	600,600	6,006,000	6,006,000
Syeda Tasnuva Khanam	3.00%	6,098,400	60,984,000	60,984,000
GQ Enterprise Limited	4.00%	8,131,200	81,312,000	81,312,000
Agami Apparels Limited	4.00%	8,131,200	81,312,000	81,312,000
Mr. Shahriar Khaled	3.85%	7,830,900	78,309,000	78,309,000
Ms. Sarwat Khaled Simin	1.41%	2,858,625	28,586,250	28,586,250
Total	100%	203,280,000	2,032,800,000	2,032,800,000

15.00 Retained earnings

Opening balance	(16,072,744)	(11,825,394)
Profit / (Loss) during the year	(10,538,221)	(4,247,350)
Closing balance	(26,610,965)	(16,072,744)

16.00 Long term loan

Loan from International leasing and financial services ltd.	-	27,934,638
Loan from International leasing and financial services ltd.	-	20,944,821
Loan from Midland bank ltd.	-	38,394,070
Total	-	87,273,529
Current and non-current portion classification		
Term loan - long term maturity	-	60,410,283
Term loan - short term maturity	-	26,863,247
	-	87,273,530

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

Amount in Taka	
2019	2018

16.01 Term loan - long term maturity

Name of Bank	Agreement No.	Amount	Amount
International leasing and financial services ltd.	2-2299/13-0-1	-	17,830,221
International leasing and financial services ltd.	201391597-0-1	-	13,368,636
Midland bank ltd.		-	29,211,425
Total		-	60,410,283

This amount represents 2 (two) term loan, loan bearing agreement no. 2-2299/13-0-1 & TL# 201391597-0-1 respectively with International Leasing and Financial Services Limited (ILFSL) and 1 (one) term loan bearing agreement no. 0011-2510001629 with Midland Bank Limited which have been fully settled during the year of 2019.

17.00 Margin deposits

Margin deposits	9,670,976	15,358,627
	9,670,976	15,358,627

18.00 Current account with parent company

Prime Finance & Investment Limited	1,082,246,029	1,082,246,029
Adjustment during this year	(120,969,935)	-
	961,276,094	1,082,246,029

Notes:- This represents finance facilities taken from Prime Finance & Investment Limited, the parent company of Prime Finance Capital Management Limited.

19.00 Short term loan

Bangladesh Finance & Investment Company Limited	379,286,999	371,532,616
Midland Bank Limited	68,885,182	93,919,464
Term loan - short term maturity	-	26,863,247
	448,172,181	492,315,327

This amount represents outstanding overdraft balance with Midland Bank Limited. Tenure of loan is 1 year which is renewable in nature. Rate of interest is 14.00%.

Terms & Conditions

Particulars	Details
Name of financial Institute	Bangladesh Finance & Investment Company Limited
Nature of facility	Short Term Loan
Period	01 (one) year.
Purpose	To meet working capital requirement.
Name of financial Institute	Midland Bank Limited
A/C no.	0011-2050000091
Nature of facility	Overdraft (General)
Period	01 (one) year.P.A. with quarterly basis or as revised by the bank from time to time.
Credit limit	Tk.10.00 core (Taka Ten Core) only.
Purpose	To meet working capital requirement.

20.00 Accounts payable

Payable to Vision Capital Management Limited	540,902	157,731
Payable to PFI Securities Limited	290,705	58,597
Payable to Fareast Stock and Bonds Limited	-	109,391
	831,607	325,719

Notes:- Accounts payable represents balance outstanding with brokerage houses arising from transaction on client's account. These balances are confirmed by the respective brokerage houses.

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
21.00	Others payable		
	Interest payable	1,038,921	3,361,041
	Audit fee payable	74,748	74,750
	Suspense receipts PIA dividend income	7,348,421	6,285,863
	Gratuity and super annuation fund payable	3,238,217	12,211,726
	Provision for doubtful losses	53,376,115	43,542,541
	Others	36,669,913	36,139,221
		101,746,336	101,615,142
22.00	Fees and commission		
	Issue management fee	1,675,000	5,652,500
	Underwriting commission	725,000	650,000
	Portfolio management fee	16,724,210	20,176,165
	Corporate advisory fee	700,000	550,000
	Service charge from IPO	10,640	-
		19,834,850	27,028,665
23.00	Interest on margin loan		
	Interest on margin loan	217,137,434	135,643,299
		217,137,434	135,643,299
	Notes:- Interest on margin loan includes interest earned on margin loan provided to portfolio investors against their margin deposit.		
24.00	Capital gain/loss on sales of listed shares		
	Capital gain/loss on sales of listed shares	(77,710,020)	12,633,348
		(77,710,020)	12,633,348
	Notes:- Capital gain represents realized gain earned against investment in shares of listed companies under the company's portfolio investment.		
25.00	Others income		
	Income from bank interest of STD accounts	40,944	84,175
	Dividend income	11,078,638	15,779,000
	Documentation fee	29,000	5,000
	Gain on sales of fixed assets	378,574	-
		11,527,156	15,868,175
26.00	Financial expenses		
	Interest on loan	126,381,161	132,495,985
		126,381,161	132,495,985

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
27.00	Management expenses		
	Salaries and allowances	26,905,871	27,128,435
	Legal and professional fees	109,930	1,402,752
	Audit fee	74,748	74,750
	CDBL charges	366,392	224,518
	Office maintenances	1,685,873	1,376,253
	Recruitment and human resources	170,500	166,000
	Bank charges	117,213	100,516
	Books and periodicals	21,640	28,065
	Telephone, postage etc.	155,573	193,621
	Stationeries	184,243	330,422
	Directors' fees	417,783	222,781
	Car allowances	960,000	960,000
	Office rent	5,186,960	5,975,888
	Motor vehicle expenses	504,406	844,531
	Meeting expenses	55,547	42,158
	Subscription and fees	150,000	166,600
	Medical and employee welfare	378,434	512,683
	Utility expenses	1,480,423	1,775,946
	Business development and publicity	1,386,861	1,169,913
	Brokerage commission and charges	70,545	893,873
	Depreciation	5,329,645	7,419,023
		45,712,588	51,008,728
28.00	Provision for Investment and margin loan		
	Provision for doubtful loss	7,601,844	8,757,239
		7,601,844	8,757,239
	Notes:- Provision for doubtful loss represents provision made against diminishing in value of investment in shares in company's portfolio which has been made on the basis of directive of Bangladesh Securities and Exchange Commission dated 28 December 2016 and ammendment made thereon from time to time.		
29.00	Provision for taxes		
	Opening balance	170,529,310	314,799,439
	Add: Provision during the year	2,373,047	4,367,009
		172,902,357	319,166,448
	Less: Adjustment during the year	72,578,366	148,637,138
		100,323,991	170,529,310
30.00	Information based on per share		
30.01	Net assets value (NAV) with revaluation		
	Shareholders' equity	2,006,189,035	2,016,727,256
	Number of ordinary shares outstanding during the year	203,280,000	203,280,000
	Net assets value per share with revaluation surplus	9.87	9.92

Prime Finance Capital Management Limited
Notes to the Financial Statements
 As at and for the year ended 31 December 2019

		Amount in Taka	
		2019	2018
30.02	Weighted average number of shares		
	100,000,000 ordinary shares of Tk. 10 each issued for cash	100,000,000	100,000,000
	60,000,000 ordinary shares of Tk. 10 each issued for cash as rights issue	60,000,000	60,000,000
	16,000,000 ordinary shares of Tk. 10 each issued as bonus share	16,000,000	16,000,000
	17,600,000 ordinary shares of Tk. 10 each issued as bonus share	17,600,000	17,600,000
	9,680,000 ordinary shares of Tk. 10 each issued as bonus share	9,680,000	9,680,000
	Total weighted average number of shares	203,280,000	203,280,000

31.00 Other commitments, contingencies and relevant information

31.01 Contingent liability

There was no contingent liability as at December 31, 2019.

31.02 Capital expenditure commitment

There was no capital expenditure commitment or contract at December 31, 2019. There was no material capital expenditure authorized by the Board but not contracted for as at December 31, 2019.

31.03 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.

31.04 Segment reporting

As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary.

32.00 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 per annum or above was 16.

33.00 Related party transaction

All transactions involving related parties arising in normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions.

34.00 General

All the figures in the financial statements represent Bangladeshi taka currency (BDT) rounded off to the nearest figure.

To facilitate comparison, certain relevance balances pertaining to the previous year have been rearranged or reclassified whenever considered necessary to conform to current year presentation.

PFI Securities Limited
Statement of Financial Position
 As at 31 December 2019

	Amount in Taka	
	2019	2018
ASSETS		
Current Assets		
Cash and Bank Balances	391,042,906	67,184,873
Accounts Receivable from Exchange, Depository and CCP	-	-
Accounts Receivable from Securities Trading	2,257,685	7,661,361
Amounts Receivable from Margin Clients	7,001,864,197	8,361,488,719
Net Receivable from Other Clients	799,201,429	1,894,040,342
Amounts Receivable from Securities Dealer (if subsidiary)	-	-
Net Receivable Arises from Short Sale	-	-
Total Current Assets	8,194,366,217	10,330,375,296
Non-Current Assets		
Proprietary Positions in Securities & Specified Investments	85,287,161	85,263,748
Other Assets Arising from	-	-
Advance /Investments in Associated Undertaking (Long Term)	13,550,998	12,584,410
Property, Plant and Equipment	433,445,866	483,024,860
Value of Investment in Exchange (against Membership Value)	381,500,000	381,500,000
Other Long Term Assets	132,020,000	132,170,000
Advance Income Tax	31,812,541	126,642,594
Total Non-Current Assets	1,077,616,566	1,221,185,612
Total Assets	9,271,982,781	11,551,560,908
EQUITY AND LIABILITIES		
Liability		
Current Liabilities		
Payable to Clients	7,215,342	22,924,181
Short Term Borrowing from Bank	3,285,943,975	4,906,438,315
Amounts Payable to Clearing House/Exchanges/Depository etc	2,962,090	6,759,727
Other Liabilities and Provisions	2,131,548,319	2,809,268,892
Total Current Liabilities	5,427,669,726	7,745,391,116
Non-Current Liabilities		
Long Term Loan Liabilities (Other than Current Portion Amount)	2,738,522,869	2,702,522,882
Total Non-current Liabilities	2,738,522,869	2,702,522,882
Shareholders' Equity		
Share Capital	1,758,120,000	1,758,120,000
General Reserve	150,000,000	150,000,000
Revaluation Reserve	443,887,500	443,887,500
Retained Earnings	(1,246,217,316)	(1,248,360,590)
Total Equity	1,105,790,184	1,103,646,910
Total Equity and Liabilities	9,271,982,781	11,551,560,908

Sd/-

CEO & Managing Director (CC) &
 Company Secretary

Sd/-

Director

Sd/-

Chairman

Sd/-

K. M. HASAN & CO.
 Chartered Accountants

Place: Dhaka, Bangladesh
 Dated: 27 September 2020

PFI Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended on 31 December 2019

	Amount in Taka	
	2019	2018
Operating Income	767,396,812	735,743,769
Less: Operating Expenses	9,516,098	40,069,100
Gross Profit/(Loss)	757,880,714	695,674,669
Less: Management Expenses	144,649,798	142,973,886
Financial Expenses	657,925,734	612,184,379
Operating Profit/(Loss)	(44,694,818)	(59,483,596)
Add: Other Income	72,281,337	27,701,314
Profit/(Loss) Before Provision and Income Tax	27,586,519	(31,782,283)
Less: Provision for Margin Loan	18,000,000	20,000,000
Provision for Unrealised Loss	-	-
Profit/(Loss) Before Income Tax	9,586,519	(51,782,283)
Less: Provision for Income Tax	5,000,000	5,500,000
Provision for Deferred Tax	2,443,245	-
Net Profit/(Loss) After Income Tax	2,143,274	(57,282,283)
Add: Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	2,143,274	(57,282,283)
Earning per share (EPS)	0.01	(0.33)
Restated Earning per share (EPS)	0.01	(0.33)

Sd/-

**CEO & Managing Director (CC) &
Company Secretary**

Sd/-

Director

Sd/-

Chairman

Place: Dhaka, Bangladesh
Dated: 27 September 2020

Sd/-

K. M. HASAN & CO.
Chartered Accountants

Prime Finance Asset Management Company Limited

Statement of Financial Position

As at 31 December 2019

	Amount in Taka	
	2019	2018
Assets		
Non-current assets:		
Property, plant and equipment:	4,153,060	5,581,336
Deferred tax asset	920,886	774,887
Car loan to employees (Non-current portion)	-	38,920
Total non-current assets	5,073,946	6,395,143
Current assets :		
Car loan to employees (Current portion)	38,920	233,328
Advance Income Tax	13,452,248	13,196,128
Advance, deposits and prepayments	9,719,764	9,353,014
Trade and Other Receivables	13,421,588	28,549,228
Investment in marketable securities	10,639,291	10,884,655
Short term investment	25,675,000	25,675,000
Cash and cash equivalents	26,742,408	6,434,792
Total current assets	99,689,220	94,326,145
Total assets	104,763,166	100,721,288
Equity and liability		
Shareholders' equity		
Share capital	66,000,000	66,000,000
Retained earnings	328,905	257,455
Total shareholders' equity	66,328,905	66,257,455
Non-current liabilities		
Liability for gratuity	4,839,944	4,385,361
Liability for provident fund	9,118,313	7,883,753
Total non-current liabilities	13,958,257	12,269,114
Current liabilities		
Withholding tax and VAT	235,854	289,160
Provision for income tax	13,544,513	12,823,298
Payables and accruals	209,077	209,077
Other liabilities	10,486,560	8,873,184
Total current liabilities	24,476,004	22,194,719
Total liabilities	38,434,261	34,463,833
Total equity and liabilities	104,763,166	100,721,288

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Chairman

Place : Dhaka, Bangladesh
Dated : 27 September 2020

Sd/-

K. M. HASAN & CO.
Chartered Accountants

Prime Finance Asset Management Company Limited
Statement of Profit or Loss and Other Comprehensive Income
 For the year ended 31 December 2019

	Amount in Taka	
	2019	2018
Operating revenue		
Income from fees	17,682,247	18,393,373
Capital gain	2,380,773	5,678,076
Dividend income	645,033	255,092
	20,708,053	24,326,541
Operating expenses		
Administrative expenses	(22,419,134)	(27,174,845)
Financial expenses	(32,669)	(19,436)
	(22,451,803)	(27,194,281)
Profit/(loss) from operating activities	(1,743,750)	(2,867,740)
Interest income	2,863,274	2,462,678
Miscellaneous income	8,000	402,906
	2,871,274	2,865,584
Profit/(loss) before provision and income tax	1,127,524	(2,156)
Provision for diminution in value of Investment in Marketable Securities	(480,858)	-
Net profit/(Loss) before tax	646,666	(2,156)
Income tax expense:		
Current tax	(721,215)	(851,711)
Deferred tax (expense)/income	145,999	102,670
	(575,216)	(749,041)
Net profit/(Loss) after tax	71,450	(751,197)
Other comprehensive income	-	-
Total comprehensive income	71,450	(751,197)

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Chairman

Place : Dhaka, Bangladesh

Dated : 27 September 2020

Sd/-

K. M. HASAN & CO.

Chartered Accountants

Prime Prudential Fund Limited
Statement of Financial Position
 As at 31 December 2019

Particulars	Amount in Taka	
	2019	2018
Non-current assets	-	510
Current assets:		
Cash and cash equivalents	1,194,573	1,646,018
Investment in shares	3,747,390	12,783,220
Investment FDR	9,000,000	-
Advance corporate tax	823,244	719,357
Accounts Receivable	812,529	1,184,997
Total current assets	15,577,735	16,333,592
Total assets	15,577,735	16,334,102
Shareholders' equity:	14,921,427	15,803,682
Share capital	24,600,000	24,600,000
Retained earnings	(8,850,613)	(8,796,318)
Revaluation Reserve	(826,960)	-
Non-current liabilities	-	-
Current liabilities:		
Payable to Prime Finance & Investment Limited	309,075	309,075
Provision for audit fee	108,750	87,750
Liability to employees	-	-
Corporate tax liability	228,175	124,287
Vat payable	9,308	9,308
Total current liabilities	655,308	530,420
Total shareholders' equity and liabilities	15,577,735	16,334,102

Sd/-

Director

Sd/-

Director

Sd/-

Director

Place: Dhaka

Date: 22 March, 2020

Sd/-

M M RAHMAN & CO

Chartered Accountants

Prime Prudential Fund Limited
Statement of profit or loss and other comprehensive income
 For the year ended 31 December 2019

Particulars	Amount in Taka	
	2019	2018
Income		
Capital gain/(loss) from sale of shares	(959,169)	-
Cash dividend income	752,258	804,437
Misc. Income	635	-
Interest on Deposit	243,056	-
Bank interest income	40,828	47,878
Total operating income	77,608	852,315
Operating Expenses		
Salaries and allowances	-	-
Medical and employee welfare	-	-
Director remuneration fee	-	-
Office maintenance expenses	-	-
Board meeting expenses	-	-
Telephone and postage	-	-
Printing and stationery	-	-
License renewal fee	-	-
Audit fee	21,000	21,000
Fees and charges for sale of shares	2,470	2,120
Depreciation	510	2,460
Bank charge and excise duty	4,035	3,765
Total operating expenses	28,015	29,345
Other Income	-	-
Profit/(loss) before tax	49,593	822,970
Provision for tax	103,888	115,100
Profit/(loss) after tax	(54,295)	707,870

Sd/-

Director

Sd/-

Director

Sd/-

Director

Place: Dhaka
 Date: 22 March, 2020

Sd/-
M M RAHMAN & CO.
 Chartered Accountants

Notes :

A series of horizontal dotted lines for writing notes.



PROXY FORM

(This form is for use at the 24th Annual General Meeting of Prime Finance & Investment Limited to be held on 26 November 2020)

I/We of

being a member of PRIME FINANCE & INVESTMENT LIMITED and a holder of shares do hereby

appoint Mr./Ms. of

as my/our proxy to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday, 26 November 2020 at 10:30 a.m. virtually by using digital platform through the link : <https://pfildagm.alphanext.digital> and at any adjournment thereof.



Signature of the Member :

BO ID No. :

No. of shares :

Signature of the proxy :

Note:

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to participate and vote on his/her behalf. The scanned copy of "Proxy Form" duly filled, signed and stamped with Tk. 20/- must be sent through e-mail to ird@primefinancebd.com not later than 48 hours before commencement of the AGM. Signature of the shareholders should agree with the specimen signature registered with the Depository Register.



Prime Protection Term Deposit

Protection for you
and your family



Please Call : 019 77 46 33 46



Prime Finance
& Investment Limited

Credit Rating

Long term	Short term
A+	ST-3

www.primefinancebd.com

This Annual Report is also
available at our official website
www.primefinancebd.com