

Annual Report  
2021



Realizing  
dreams  
no matter  
how small



**Prime Finance**  
& Investment Limited





**Prime Finance**  
& Investment Limited



Realizing  
dreams  
no matter  
how small



We are providing comprehensive investment and financial solutions in an integrated manner to individuals, small and medium enterprises and large corporate houses. We have diversified financial services to serve the financial needs of our valued clients.

This year we are working through a unique approach, addressing the specific needs of various target populations who are out of financial inclusion. A new product has been introduced this year, especially for those groups of people in society who have many small dreams but don't have the privilege to grow.

We are aware of the diversity among the people, and we carefully choose and provide customized financial services to best fulfill their unique needs.

We desire to change their future by trying to be the top provider of financial services to the underprivileged. We always promise to take a holistic approach to their development by caring for their needs.

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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 2021**

We are pleased to present before you the Company's Annual Report 2021 along with the Audited Financial Statements (Consolidated and Separate) for the year ended on 31 December 2021 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,



**Mohammad Zaman ACS, LL.M**

Company Secretary

# NOTICE OF THE 26<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that we received an order (Company Matter No. 113 of 2023) from the honorable High Court division of Supreme Court of Bangladesh to call, conduct and hold the Annual General Meetings of the Company for the calendar year 2021 and accordingly the 26th Annual General Meeting of the Shareholders of Prime Finance & Investment Limited will be held on Sunday, 10 September 2023 at 10:30 a.m. at virtually by using digital platform to transact the following businesses:

|              |  |
|--------------|--|
| AGM 21-26-01 | To receive, consider and adopt the audited financial statements of the Company for the year ended on 31 December 2021 together with the reports of the Directors' and Auditors' thereon; |
| AGM 21-26-02 | To declare dividend for the year 2021 as recommended by the Board of Directors;  |
| AGM 21-26-03 | To elect or re-elect the Directors;  |
| AGM 21-26-04 | To appoint the Auditors and fix their remuneration;  |
| AGM 21-26-05 | To re-appoint Independent Director;  |
| AGM 21-26-06 | To appoint Corporate Governance Code Compliance Auditor and fix their remuneration.  |

By Order of the Board of Directors

**Mohammad Zaman ACS, LL.M**  
Company Secretary

Dated: Dhaka  
17 August 2023

## Notes :

1. Members whose names appeared in the Members'/Depository Register on Record Date i.e. 29 August 2023 will be eligible to attend/ participate and vote in the Annual General Meeting through Digital Platform.
2. 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.
3. Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2021 will be sent to the Members' respective e-mail addresses as available with us. The Annual Report 2021 will be available in the Company's website at [www.primefinancebd.com](http://www.primefinancebd.com) .
4. Members whose e-mail addresses updated/changed subsequently, are requested to email us at [ird@primefinancebd.com](mailto:ird@primefinancebd.com) referring their full name, BO ID and e-mail address to get the digital platform meeting invitation.
5. 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 at which will be provided in the Company's website at [www.primefinancebd.com](http://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](http://www.primefinancebd.com).
6. The Shareholders are encouraged to login to the system prior to the meeting at 10:30 a.m. The Shareholders may Contact Mobile No. 01737900339 and 01976504051 for any IT related guidelines in accessing the virtual meeting.
7. 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. 100/- must be communicated through e-mail to [ird@primefinancebd.com](mailto:ird@primefinancebd.com) not later than 48 hours before the meeting.
8. 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 26th Annual General Meeting.

# INVESTORS RELATION

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Glimpses of all Departments & Branch Offices



## OUR VISION

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

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 profitability;



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.

## 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:

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.

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.

## 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.

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.

## 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.

Relationship with our stakeholders is continually being built through integration and interaction. PFI 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.

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.

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.

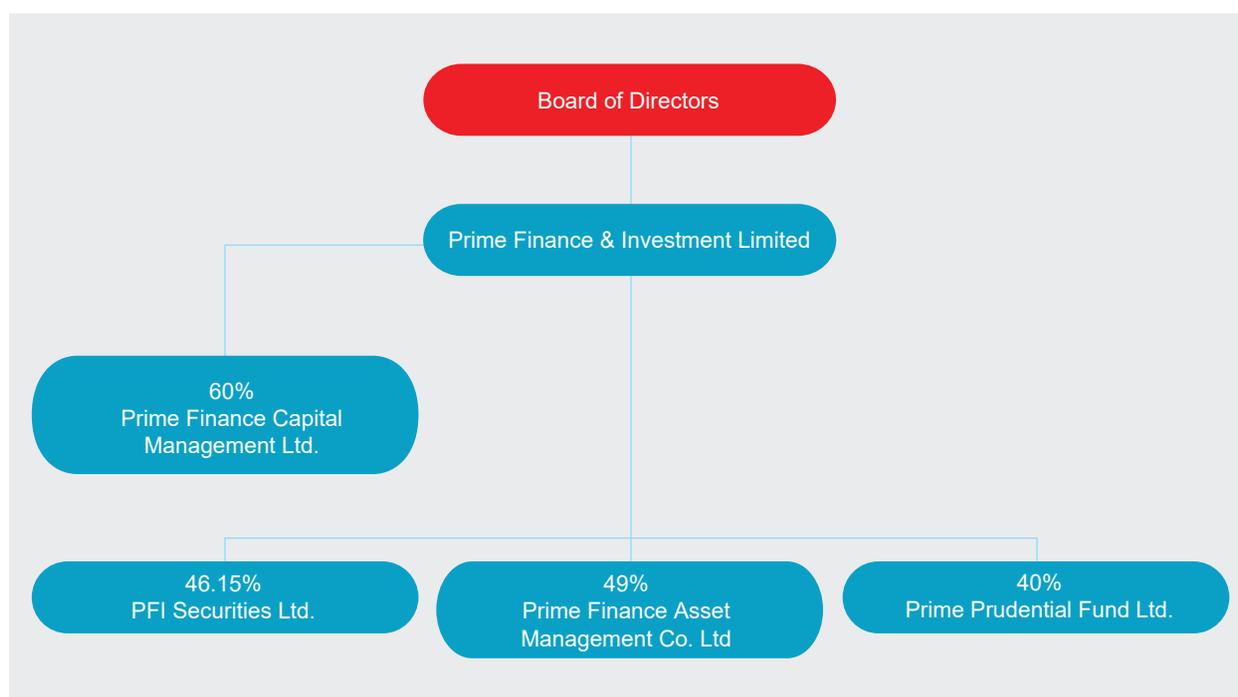
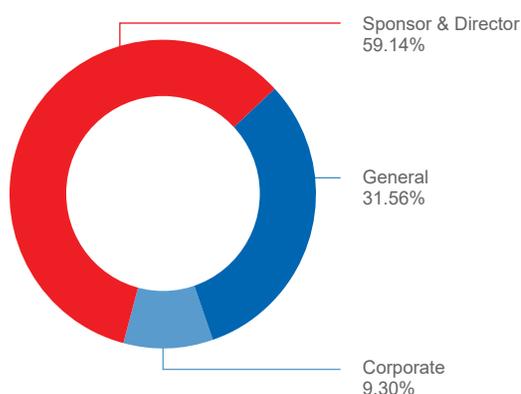
# OVERVIEW OF THE COMPANY



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 PFI Tower (5th and 6th Floor), 56-57 Dilkusha C/A, Dhaka-1000. The operations of the company are being carried out through its five branches located in Dilkusha, Gulshan, Uttara, Chattogram 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.

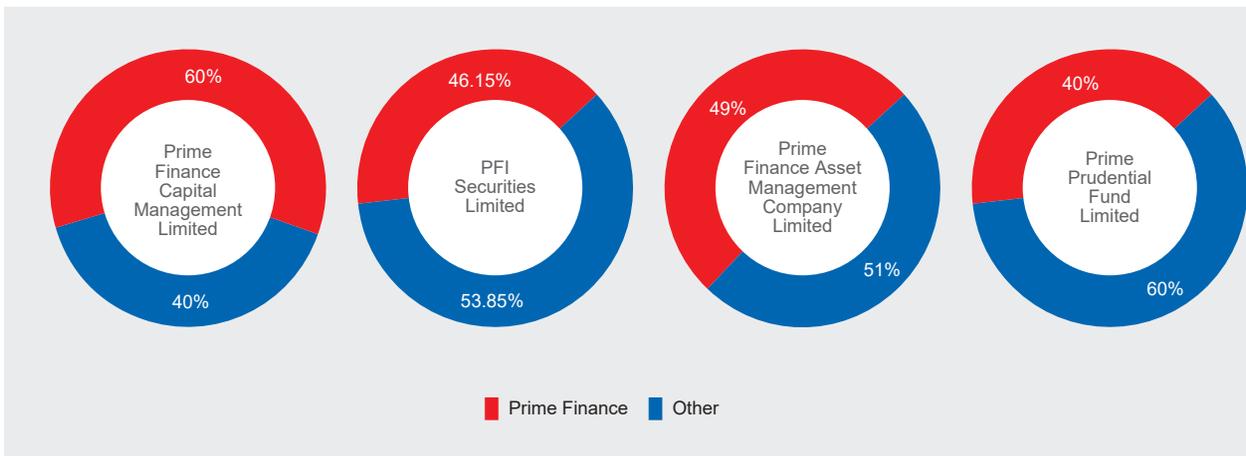
Shareholding Structure as on 31 December 2021





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 Bangladesh Securities and Exchange Commission (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.

# PRODUCTS & SERVICES



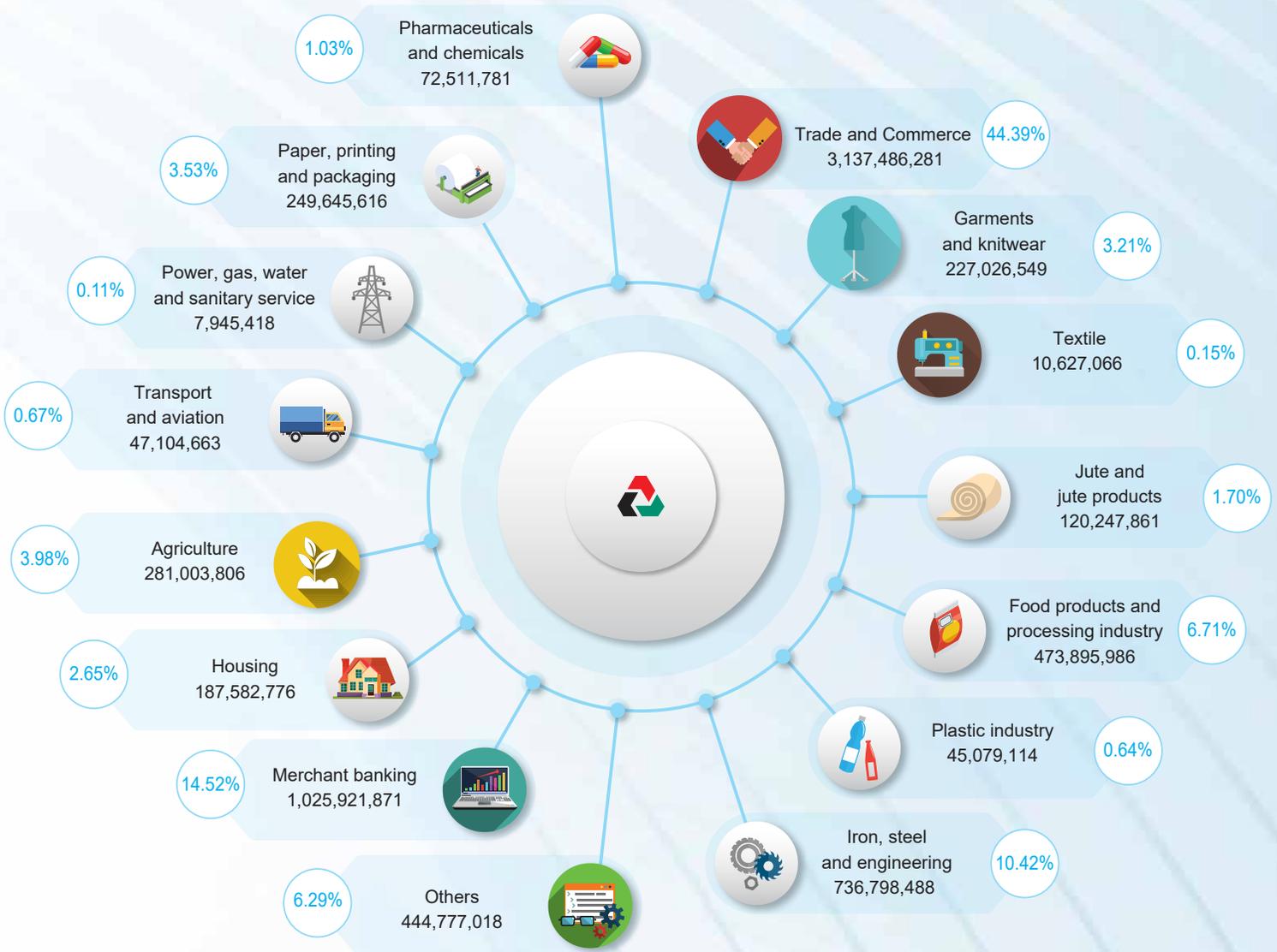
Prime Finance & Investment Limited commenced operations by providing leasing and hire purchase financing for clients. Subsequently the Company have gone through a metamorphosis and based on the demands of the time, started diversifying into Corporate, SME and Real Estate sector (corporate & individual) in the form of term and lease financing.

- ▶ SME Finance
- ▶ Retail SME Finance
- ▶ Term Finance
- ▶ Lease Finance
- ▶ Real Estate Finance
- ▶ Consumer Finance
- ▶ Green Finance
- ▶ Women Entrepreneur Finance
- ▶ Bridge/equity Finance
- ▶ Syndicated Finance
- ▶ Factoring
- ▶ Car Finance
- ▶ Bill Discounting
- ▶ Hire Purchase

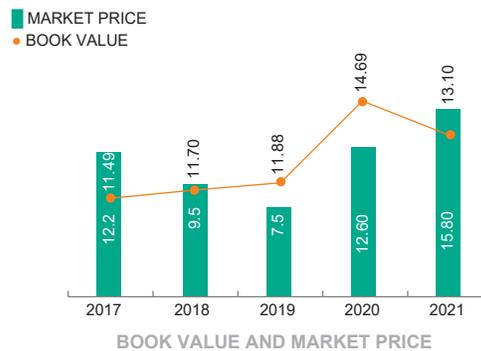
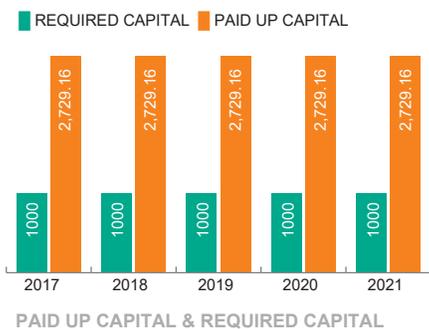
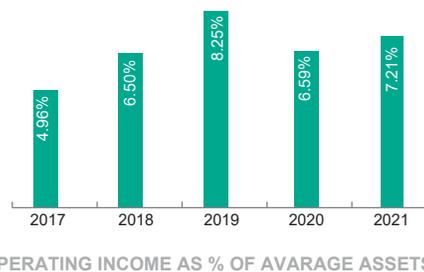
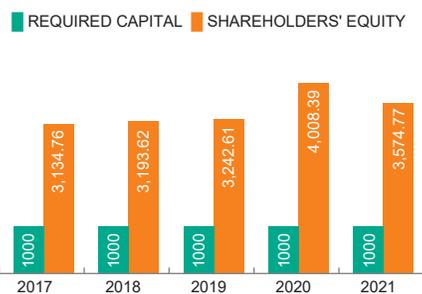
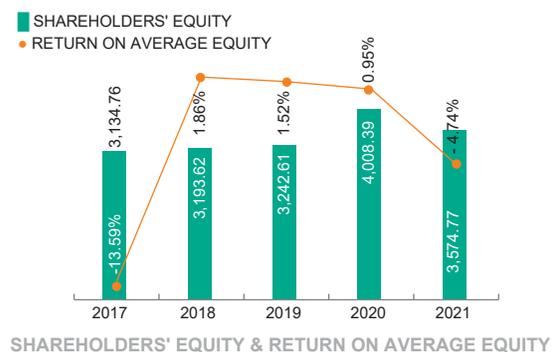
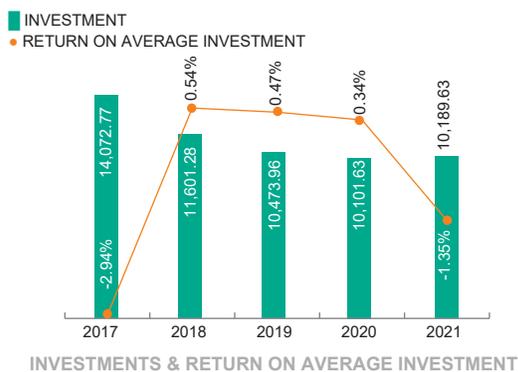
- ▶ Sonchoy Plus (MID)
- ▶ Quarterly Income Deposit
- ▶ Half-yearly Income Deposit
- ▶ Annual Income Deposit
- ▶ Cumulative Income Deposit
- ▶ Monthly Income Deposit
- ▶ Pension Deposit Scheme
- ▶ Double Income Deposit
- ▶ Triple Income Deposit
- ▶ Earn Ahead Deposit
- ▶ Priority Fixed Deposit
- ▶ Professional fixed deposit
- ▶ Doctors' fixed deposit

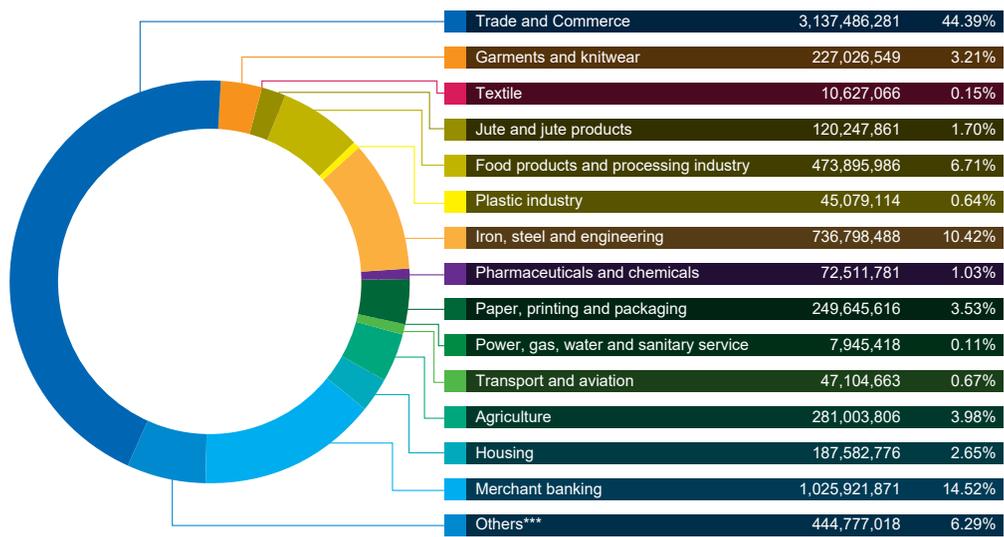
- ▶ Housing Deposit Scheme
- ▶ Sonchoy DPS
- ▶ Fortune DPS

# SECTOR WISE INVESTMENT

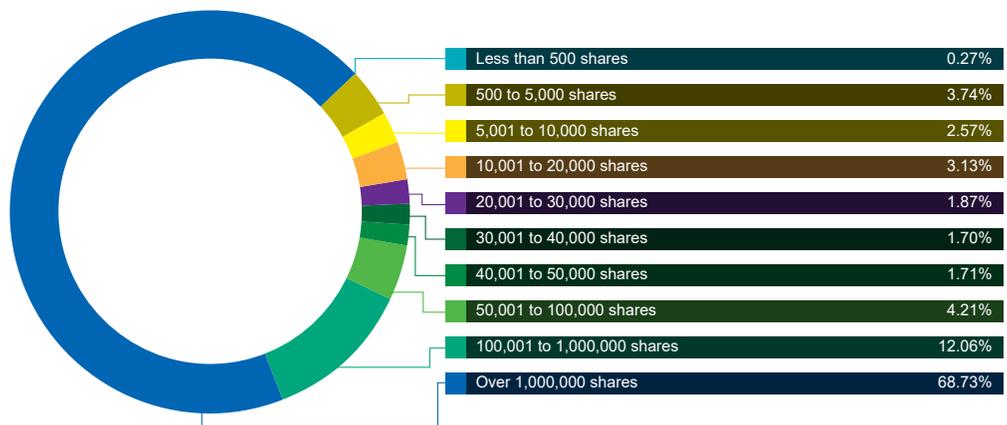


# FINANCIAL SNAPSHOT

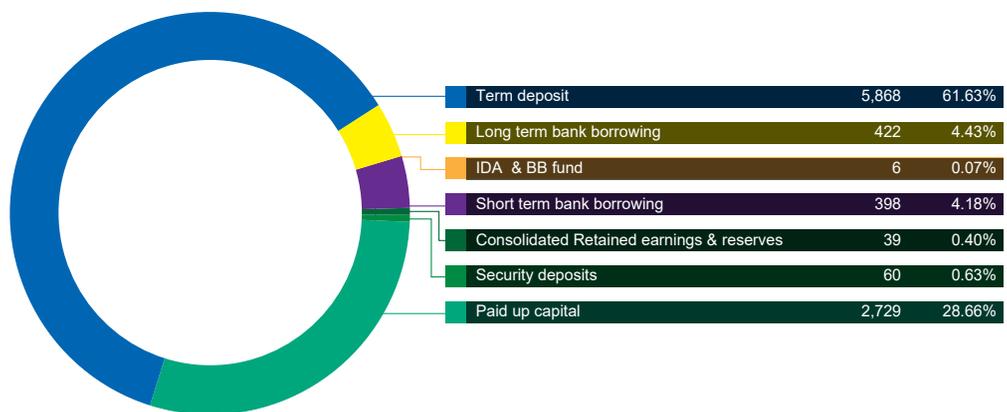




SECTOR WISE LOANS, ADVANCES AND LEASES



RANGE OF SHAREHOLDINGS



SOURCES OF FUND

## FINANCIAL HIGHLIGHTS

### AS PER BANGLADESH BANK

| Sl. | Particulars   |        | FY 2021   | FY 2020   |
|-----|---|--------|-----------|-----------|
| 1   | Paid-up capital   | BDT mn | 2,729.16  | 2,729.16  |
| 2   | Total capital   | BDT mn | 2,434.12  | 3,575.14  |
| 3   | Capital surplus/ (shortage)   | BDT mn | 580.79    | 2,162.81  |
| 4   | Total assets  | BDT mn | 13,098.15 | 13,239.67 |
| 5   | Total deposits  | BDT mn | 5,868.11  | 5,428.14  |
| 6   | Total loans, advances and leases  | BDT mn | 8,515.99  | 8,685.03  |
| 7   | Total Contingent liabilities and commitments                            | BDT mn | -         | 10.00     |
| 8   | Loans deposits ratio  | (%)    | 89.21     | 83.83     |
| 9   | Percentage of classified loans against total loans, advances and leases | (%)    | 69.37     | 14.80     |
| 10  | Net profit after tax and provision                                      | BDT mn | (179.82)  | 34.42     |
| 11  | Classified loans, advances and leases during the year                   | BDT mn | 4,902.76  | 1,056.57  |
| 12  | Provision against classified loans, advances and leases                 | BDT mn | 512.61    | 393.29    |
| 13  | Surplus/ (shortage) in provision against loans, advances and leases     | BDT mn | (841.79)  | -         |
| 14  | Fund cost   | (%)    | 8.93      | 9.51      |
| 15  | Interest earning assets   | BDT mn | 12,256.08 | 12,468.68 |
| 16  | Non-interest earning assets   | BDT mn | 842.08    | 770.99    |
| 17  | Return on average investment (ROI)                                      | (%)    | (1.35)    | 0.34      |
| 18  | Return on average assets (ROA)  | (%)    | (1.04)    | 0.27      |
| 19  | Income from debentures, bonds etc.                                      | BDT mn | -         | -         |
| 20  | Net income per share  | BDT    | (0.69)    | 0.14      |
| 21  | Earnings per share  | BDT    | (0.69)    | 0.14      |
| 22  | Price earnings ratio  | Times  | (22.95)   | 90.83     |

# FIVE YEARS' FINANCIAL SUMMARY

| Particular                   |        | 2021     | 2020   | 2019     | 2018     | 2017     |
|------------------------------|--------|----------|--------|----------|----------|----------|
| <b>Results of operations</b> |        |          |        |          |          |          |
| Operating revenue            | BDT mm | 949.27   | 855.01 | 1,100.49 | 1,013.20 | 895.30   |
| Operating expenses           | BDT mm | 1,086.36 | 819.82 | 1,048.47 | 944.15   | 1,344.19 |
| Profit before tax            | BDT mm | (137.10) | 35.19  | 52.02    | 69.05    | (448.90) |
| Net profit                   | BDT mm | (179.82) | 34.42  | 48.99    | 58.85    | (457.12) |

## Balance sheet and cash flow data

|                                |        |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|
| Total investments              | BDT mm | 10,189.63 | 10,101.63 | 10,473.96 | 11,601.28 | 14,072.77 |
| Total deposits                 | BDT mm | 5,868.11  | 5,428.14  | 5,510.07  | 6,634.96  | 8,938.85  |
| Total liabilities              | BDT mm | 9,523.39  | 9,231.28  | 9,485.95  | 10,817.81 | 14,038.33 |
| Paid up capital                | BDT mm | 2,729.16  | 2,729.16  | 2,729.16  | 2,729.16  | 2,729.16  |
| Shareholders' equity           | BDT mm | 3,574.77  | 4,008.39  | 3,242.61  | 3,193.62  | 3,134.76  |
| Property, Plant and Equipments | BDT mm | 564.15    | 956.53    | 340.36    | 338.60    | 350.42    |
| Net Operating cash flow        | BDT mm | 174.68    | 82.32     | 24.04     | (740.53)  | 891.50    |

## Business ratios and other financial ratios

|  |       |         |       |       |       |        |
|--|-------|---------|-------|-------|-------|--------|
| Statutory Liquidity Reserve (Ratio)(%)                   | %     | 11.99   | 8.75  | 7.19  | 7.46  | 14.35  |
| Return on average assets (%)                             | %     | (1.04)  | 0.27  | 0.39  | 0.44  | (2.49) |
| Net Asset Value per share (times)                        | Times | 10.14   | 11.76 | 8.94  | 8.75  | 8.52   |
| Capital Adequacy ratio (%)                               | %     | 13.13   | 25.31 | 24.01 | 21.92 | 17.92  |
| Cash Reserve Ratio (%)                                   | %     | 1.60    | 2.74  | 2.55  | 2.65  | 3.34   |
| Dividend covers ratio (times)                            | Times | -       | -     | 0.97  | -     | -      |
| Non performing assets to loans/leases (%) <sup>(4)</sup> | %     | 69.37   | 14.80 | 15.94 | 17.12 | 12.44  |
| Return on average investment (%)                         | %     | (1.35)  | 0.34  | 0.47  | 0.54  | (2.94) |
| Price earning ratio (times)                              | Times | (22.95) | 90.83 | 38.47 | 42.82 | (7.25) |
| Deposit investment ratio (%)                             | %     | 57.59   | 53.74 | 52.61 | 57.19 | 63.52  |

## Ordinary shares information

|   |        |          |          |          |          |          |
|---|--------|----------|----------|----------|----------|----------|
| EPS                                       | BDT mm | (0.69)   | 0.14     | 0.19     | 0.22     | (1.68)   |
| EPS (restated)                            | BDT mm | (0.69)   | 0.14     | 0.19     | 0.22     | (1.68)   |
| Dividend                                  | %      | -        | -        | 2.00     | -        | -        |
| Book value per share of Tk. 10            | BDT mm | 13.10    | 14.69    | 11.88    | 11.70    | 11.49    |
| Ordinary shares outstanding of Tk. 10     | BDT mm | 272.92   | 272.92   | 272.92   | 272.92   | 272.92   |
| Year end market price per share of Tk. 10 | BDT mm | 15.80    | 12.60    | 7.50     | 9.50     | 12.20    |
| Market capitalisation                     | BDT mm | 4,312.08 | 3,438.75 | 2,046.87 | 2,592.71 | 3,329.58 |

## Others (at year-end)

|                 |    |    |    |    |    |    |
|-----------------|----|----|----|----|----|----|
| No. of branches | No | 05 | 05 | 05 | 05 | 05 |
|-----------------|----|----|----|----|----|----|

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& Investment Limited

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## 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 of East Coast Shipping Lines Ltd. He was first appointed to the Board on 09 January 2008 and last re-appointed on 26 November 2020.

Mr. Masudur Rahim is a highly experienced professional with a successful track record and held different positions with different capacities in his long 23 years of career in the East Coast Group of Companies. Currently, he is furnishing his responsibilities as the Chief Executive Officer.

Mr. Rahim, as a proven dynamic leader, has engaged himself in diversified businesses under the East Coast Group umbrella and has enormous experiences in banking, lease-financing, international trading, renewable energy, CNG & gasoline filling operations, plastic products manufacturing, 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 obtained his master's in economics from the University of Dhaka and afterwards he completed an MBA major in Finance & Marketing as well. He has attended courses in Cost and Management Accounting at ICMAB, Dhaka. He has attended several seminars, training, leadership management and skill development programs at home & abroad. Mr. Rahim has also travelled to many countries for strategic business & meeting purposes.

He relates to many social and benevolent organizations.



**Md. Aminul Haque**  
Director

Mr. Md. Aminul Haque was a member of the Board of Directors nominated by Acorn Limited. He was 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 was actively associated with a number of companies in the areas of Banking, Insurance, Telecommunication, Manufacturing etc.

Mr. Haque was 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.

## BOARD OF DIRECTORS



**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 June 2019. He is the Chairman of 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 Institutions and with the Capital Market sector of Bangladesh since 1995. He is a certified CRM professional for Non-Banking Financial Institutions from International Finance Corporation, World Bank Group. He has worked as a consultant in A. Quasem & Associates Ltd., in Grameen Phones' Sarbanes Oxley (SOA) project in 2005. He was Sr. Asst. Vice President of EC Securities Ltd., & Manager of Fareast Finance & Investment Ltd., in Portfolio & Operations Management.

Mr. Ali is the Chief Executive Officer of Nouvelle Securities Ltd., (NSL) since 2008; a Stock Broker & Dealer of Dhaka Stock Exchange Limited; NSL is a full service depository participant of Central Depository Bangladesh Ltd., having TREC number 112

He is a Business Administration professional, completing his Bachelors in Business Administration with double major 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.

He is the member of Army Golf Club & Gulshan Club Ltd.



**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 12 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.

## BOARD OF DIRECTORS



**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 26 November 2020. 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 Director of Prime Finance Capital Management Ltd. and Mawsons 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 an Associates member of the Institute of Chartered Secretaries of Bangladesh. Mr. Saha is a highly experienced professional with successful track record and held different positions in different capacities in his long 20 years of career in different corporate organizations. He started his carrier with The Westin Hotel owned by Unique Hotel & Resorts Limited (UHRL), Dhaka in 2003. Thereafter he left UHRL in 2006 and worked as a Head of Finance and Company Secretary at Libra Group for 5 years then he worked at GQ Group as a Sr. Vice President, Finance & Company Secretary since 2011. Currently, he is holding the position of current charge of Managing Director of GQ Ball Pen Industries Ltd.

Mr. Saha wears multiple hats in different capacities. He has diversified knowledge in Corporate Business and finance. He is the Chief Operating Officer of Maladesh International (Pvt) Ltd, Head of Finance of GQ Group, Member of the Co-ordination Committee of GQ Group, and 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.

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 is well-known for his expertise in the areas of Financial Reporting and Management, Banking, Insurance, and Manufacturing Industries.

## BOARD OF DIRECTORS



**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 Chief Operating Officer (COO) of the company. Mr. Ahmed has more than 21 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.



**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 22 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.

## BOARD OF DIRECTORS



**Ahmed Kamal Khan Chowdhury**  
Independent Director

Mr. Ahmed Kamal Khan Chowdhury, Independent Director of Prime Finance & Investment Limited, has over 31 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, PBExchange 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 Software Shop Limited. He is also the Chairman of Redshift Trading & Consulting 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 member & Past President of Rotary Club of Banani Dhaka and a Paul Harris Fellow.



**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 22 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) and a council member of ICAB for the term of 2022-2024. He has been elected Vice President of ICAB for the year 2023. Mr. Hadee is a VAT Consultant and Agent with licenses from NBR. He was also an adjunct faculty of Master of Accountancy in Taxation (MAT) Program, Department of Accounting and Information Systems, Dhaka University. Mr. Hadee is the Convener of DCCI Standing Committee on Customs, VAT, Taxation & NBR Related Issues – 2023.

Mr. MBM Lutful Hadee retired as Independent Director on 30 October 2021.

## MANAGEMENT COMMITTEE

Prime Finance is managed by a team of qualified and experienced professionals in-consonance with the strategy of the Board of Directors. These seasoned veterans offer a very clear vision and mission, evident by the incredible turn-around and new growth that the Company has experienced in recent years.



### **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 26 years of experience out of which 24 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**

SEVP & 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 a 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.



### **Mohammed Faruque**

VP & Head of IT

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 experience technology executive with 17 years of experience in finance industry. His areas of expertise include IT strategy, enterprise architecture (technology, infrastructure, business 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 function.

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.



### **Mohammad Yeamin Kabir**

Vice President

With Prime Finance: Since 2003

Mr. Mohammad Yeamin Kabir, VP and Head of Special Asset Management (SAM) & Legal Department, Joined Prime Finance & Investment Ltd. on 01 June 2003 in SME Finance Department. He has over 20 years work experience in different department of the company including SME, Operation & Monitoring, Legal & Special Asset Management. Presently he is the Head of SAM, Recovery & Legal Department. He has vast experience in Special Asset Management. During his entire career he contributed a lot for the growth of the company. He has also been rewarded from the organization for his extra ordinary effort, loyalty and ownership. He is managing and discharging his responsibility with the power of leadership capability, strong sense of ownership & loyalty. He attended different training programs on his related field. He has completed BBA, MBA and LLB from different prominent University of Bangladesh.



### **Mohammad Zaman ACS, LL.M**

Company Secretary

With Prime Finance: Since 2021

Mr. Mohammad Zaman is a Associate member of The Institute of Chartered Secretaries of Bangladesh (ICSB). Mr. Zaman also completed his Master's in Accounting and Management. Later on, he completed Masters in Law (LL.M). Mr. Zaman has attended courses in Cost and Management Accounting at ICMAB, Dhaka. He has an excellent professional background and long experience for more than 15 years. He started his career in SMEC BD Ltd as Manager cum Accounts & Administration in 2008. Later he joined MIDAS Financing Limited as an "Assistant Company Secretary" in 2009 and served up to 2020 as "Deputy Company Secretary". After that he joined "Bangas Tallu Group" in 2021 as Group Company Secretary. Currently he is serving as "Company Secretary" of Prime Finance & Investment Limited.

Mr. Zaman is also the Member of Dhaka Taxes Bar Association in 2017 and have vast experience in the field of Company Formation, Corporate Governance Audit, Companies Act Matters, Securities Laws, Rules & Regulation, Dematerialization of shares, IPO related works, Income Tax related matters, Strategic Planning, Company Secretarial Work, Legal documents drafting, Management Consultancy and so on.

Mr. Zaman appeared in many short and long training from Bangladesh Foreign Trade Institute (BFTI), Institute of Financial Excellence Limited, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Bangladesh Securities and Exchange Commission (BSEC). He also completed his internship under Company Secretary of IFIC Bank Limited.

# GLIMPSES OF ALL EMPLOYEES

## FINANCE & ACCOUNTS



**Mohammad Shahidul Islam**  
SEVP & CFO

**Mohammad Zaved Lakiyet**  
Vice President

**Tarana Yasmin**  
Vice President

**Md. Shahidul Islam**  
Assistant Manager

**Md. Mamun Miah**  
Assistant Manager

**Mst. Shirina Akhter**  
Executive Officer

**Md. Ahasan Ullah Palas**  
Officer

## HRM & ADMINISTRATION



**Md. Masudur Rahman**  
AVP & Head of HRM  
& Administration

**Kawser Miah**  
Executive Officer

**A B M Mujibur Rehman**  
Executive

**Naznin Akter Nishat**  
Executive

## CREDIT ADMINISTRATION



**Umme Anowar Rebeka Sultana**  
AVP & Head of CAD

**Md. Shafiqul Azam**  
Executive Officer

## BUSINESS UNIT



**Arindam Basu**  
AVP & In-Charge

**Md. Mahmudul Hasan**  
Assistant Manager

**Sanjay Kumar Mondal**  
Senior Executive Officer

## TREASURY



**Mansura Moin**  
SAVP & Head of Treasury

**Mohammad Moazzem Hossain**  
Manager

**Ashraf-UI-Majid**  
Senior Officer

## INFORMATION TECHNOLOGY



**Mohammed Faruque**  
VP & Head of IT

**Ehsan Aleem Avee**  
FAVP

**Tamal Basak**  
Officer

## INTERNAL CONTROL & COMPLIANCE



**H M Nurul Amin**  
Assistant Manager & In-Charge

**Shaiful Islam**  
Officer

## COMPANY SECRETARIAT



**Mohammad Zaman**  
FAVP & Company Secretary

**LEGAL & SPECIAL ASSET MANAGEMENT (SAM)**



**Mohammad Yeamin Kabir**  
VP & Head of Legal & SAM

**Md. Manowar Hossain**  
FAVP

**Md. Shoheh**  
Assistant Manager

**Md. Shifat Shakhawat Hossain**  
Senior Executive Officer

**Sazzad Omar Faruk**  
Executive Officer

**Md. Sajib**  
Senior Officer

**SME BUSINESS UNIT**



**Md. Delwar Hossain**  
Manager & In-Charge

**Tajul Islam**  
Senior Executive Officer

**Nurul Islam**  
Senior Officer

**Md. Eshhanul Hoque**  
Assistant Officer

**CREDIT RISK MANAGEMENT**



**Tazrian Hoque**  
SAVP & Head of CRM (CC)

**MARKETING**



**Md. Faqru Islam Majumder**  
VP & Head of Marketing

**LIABILITY & FUND MANAGEMENT (MARKETING)**



**Md. Mynul Hasan**  
FAVP & Head of Marketing (L&F)

**Md. Shahidul Islam**  
Assistant Manager

**Md. Humayun Kabir**  
Senior Officer

**Md. Rasheduzzaman**  
Senior Officer

**Mohammad Dulal Bepary**  
Senior Officer

**Md. Tuhin Hossen**  
Sr. Business Coordinator

**Md. Tafizul Islam**  
Sr. Business Coordinator

**Md. Abdullah**  
Sr. Business Coordinator



**Tanvirul Islam**  
Business Coordinator

**Md. Sultan Mahmud**  
Business Coordinator

**Md. Mehedi Hasan**  
Business Coordinator

**Fency Akhtar**  
Business Coordinator

**Farzana Naznin Ringki**  
Business Coordinator

**Mohammad Solaiman**  
Deputy Business Coordinator

**Md. Asif Uddin**  
Sr. Executive

**Mst. Sathi Islam**  
Sr. Executive

LIABILITY & FUND MANAGEMENT (OPERATIONS)



**Shamima Akter**  
Officer

**Monira Majumder**  
Assistant Officer

**Md. Tauhidur Rahman**  
Executive

**Iffat Imtiaz**  
Executive

**Ashima Chowdhury**  
Executive

CHATTOGRAM OFFICE



**Md. Masud Alam**  
AVP & Branch In-Charge

**Didarul Islam**  
FAVP

**Ali Sayka Khanam**  
FAVP

**Jolly Chowdhury**  
Manager

**Mohammad Ataur Rahman**  
Executive Officer

**Md. Arfan Uddin**  
Executive Officer

**Rahat Alam Chowdhury**  
Executive Officer

RAJSHAHI OFFICE



**Md. Monirul Islam**  
SEO & Branch In-Charge

**Adnan Wasim Mahmud Hasan**  
Senior Executive Officer

**Md. Mizanur Rahman**  
Officer

GULSHAN OFFICE



**Md. Awlad Hossain**  
Senior Officer & Branch In-Charge

**Monne Akter**  
Officer

UTTARA OFFICE



**Md. Asaduzzaman**  
SEO & Branch In-Charge

**Gopal Kumar Mohonto**  
Officer

**Pankaj Kumar Sen**  
Officer

**Fatama Khatun**  
Officer

RETAIL SME



**Rafiq Mohammad**  
SAVP & Head of RSME

**Dyute Chowdhury**  
Team Leader

**Prithul Dey**  
Team Leader

**Md. Robiul Islam**  
Team Leader

**Farzana Faiza**  
Team Leader

**Nasrin Akter**  
Team Leader

**Ahtashamul Ebne Sattar**  
Team Leader



**Amena Begum**  
Team Leader

**Ms. Sathi Bramachary**  
Team Leader

**Diruba Begum**  
Team Leader

**Md. Abdus sobur Mollah**  
Team Leader

**Bilkish Begum**  
Team Leader

**Md. Abdul Momin**  
Team Leader

**Md. Abdur Rahman**  
Team Leader



**Md. Abdul Hannan Badsha**  
Team Leader

**Muhammad Wobaydul Islam**  
Team Leader

**Md. Sohel Rana**  
Team Leader

**Shimul Chandra Garami**  
Team Leader

**Afroza Akhter**  
RM

**Md. Reaj Al Mamun**  
RM

**Emu Akter**  
RM



**Suraiya Ahmed**  
RM

**Jawaril Munshat**  
RM

**Anne Chowdhury**  
RM

**Shelpy Akter**  
RM

**Ripan Chandra Shil**  
RM

**Namita Biwas**  
RM

**Afrin Rahman**  
RM

RETAIL SME



**Robiul Islam**  
RM

**Rahima Akter**  
RM

**Shamsun Nahar Aklima**  
RM

**Dilal Ahmed**  
RM

**Sheikh Jasim Uddin**  
RM

**Mintu Kumar Dey**  
RM

**Md. Ruhul Amin**  
RM



**Faridul Islam**  
RM

**Ayssorja Dina Pal**  
RM

**Md. Akram Hossain**  
RM

**Md. Siful Islam**  
RM

**Farhana Hoque Lipy**  
RM

**Tumpa Chakraborty**  
RM

**Ananya Chakraborty**  
RM



**Baishakhi Bhattacharjee**  
RM

**Mohammad Mojibur Rahman**  
RM

**Shila Akter**  
RM

**Akhi Akther**  
RM

**Tripti Akter**  
RM

**Paritosh Kumar Bepari**  
RM

**Sathi Akter**  
RM

# BUSINESS REVIEW AND OUTLOOK

Message from  
the Chairman | page **32**

Message from  
the Managing Director | page **34**

## MESSAGE FROM THE CHAIRMAN



Mohammad Masudur Rahim  
Chairman

“

Subsidiary company endeavoring to make progress in its performance and we are very much optimistic that it will overcome the odds and move toward the excellence in a very short span of time.

”

Dear Fellow Shareholders,

Assalamu Alaikum,

Dear Shareholders, customers and partners, on behalf of the Board of Directors, it is my honour to present the financial statements of Prime Finance & Investment Limited for the year 2021.

Year 2021 was another challenging year. Even after two years COVID-19 became pandemic, we are still struggling with its impact on the economy, business and our lives. During the pandemic the motto of Prime Finance was to readjust the company's strategy to adopt the rapid and drastic change in operating environment. In 2021 as well, Prime Finance continued to place its core focus on building resilience through liquidity management, prudent lending. We strived to build healthy portfolios across Retail SME and Corporate segments. Not only in lending Prime Finance endeavoured itself in recovering the loan.

During the Pandemic medium and low income group people were affected most. They suffered countless hardship in terms of physically, economically and financially. I am contented to inform that in 2021 Prime Finance came forward by launching RSME Finance with a view to help small retail entrepreneurs. And in that very year Prime Finance financed 464 nos' of retail entrepreneurs.

Moving toward the world economy, following a steep decline in 2020, the world economy started to turn around in early 2021 and remained on track to surpass pre-pandemic GDP levels by the year end—setting the stage for strong post-recovery growth in 2021. The global economy posted a growth of 5.5% in 2021 after contracting 3.4% in 2020. At the same time due to a resurgence in COVID-19 in mid 2021 there was severe supply chain disruptions. With higher commodity and energy prices, these disruptions triggered rapid inflation, as a result, global inflation rose to an estimated 5.2% in 2021 which is 2% higher than the past 10 years inflation trend.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong readymade garment (RMG) exports, resilient remittance inflows and sustainable macroeconomic conditions have supported rapid economic growth over the past two decades. Bangladesh embraced all the economic challenges created by the pandemic and is recovering much faster than its regional peers. As a result, the country posted a 6.94% growth in FY21. Although the rising commodity prices, depletion of foreign exchange reserves caused by surge in import and accelerated inflation have poised new challenge for Bangladesh.

There is no denying of the changes we have witnessed over the past year and a half; as individuals and communities, as an organization, and as a society at large. At Prime Finance, we proved to be well accommodative against these changes. We are now emphasising more on small and retail financing.

However to ease the payment pressure of pandemic stricken business houses, Bangladesh Bank has given opportunities to the Business houses to remain unclassified by paying minimal rentals. As a consequence our collection in 2021 has affected much. We continued our relentless effort to bring down the Non-Performing Loans of the company in 2021 as well.

The core loan and advance portfolio of Prime Finance, during the year, is Tk.851.60 crore as compared to Tk.868.50 core. Due to liquidity constraint and selective financing the loan portfolio has declined in 2021.

In 2021 Prime Finance's operating profit is Tk 12.16 Crore compared to Tk (0.86) crore in 2020 where as profit after tax is Tk (17.98) crore compared to Tk.3.44 crore in 2020 mainly for imposing 50% provision on equity investment of subsidiary and associates company based on qualitative judgment by Bangladesh Bank due to non-receiving of dividend from those companies. The Bangladesh Bank also imposed Tk.54.58 crore provision on inter-company loan with associate company PFI Securities Limited based on qualitative judgment. Although Prime Finance recovered TK.28.59 crore, Tk.35.69 crore and Tk.16.97 crore in the year 2019, 2020 and 2021 respectively from PFI Securities Limited. As such we are compelled to maintain a sizable amount of provision.

Initiative has already been taken to regularize the loan of Associate Company within the shortest possible time. Subsidiary company endeavoring to make progress in its performance and we are very much optimistic that it will overcome the odds and move toward the excellence in a very short span of time.

Looking ahead, Bangladesh's projected GDP growth is 6.4% in 2022 with expectation of a further reopening of the economy. However, there are also many uncertainties in the horizon including rising geopolitical risks, supply chain bottlenecks, and the impact to the domestic economy arising from the global economic fallout in a potential prolonged conflict.

We are adamant to carry on our operation and ensure sustainable growth amid all the challenges poised by global and local economy in coming years. We will carry on our legacy of excellence.

Last of all I would like to take this opportunity to thank the regulatory authority for their support and the timely implementation of regulatory reforms and assistance to the sector. Furthermore I would like to thank our management for their prudent leadership and our committed colleagues for their tremendous hard work and care they have shown to our customers and to each other. To our valued customers and shareholders, thank you for your continued trust in and unwavering support for Prime Finance & Investment Limited.



Mohammad Masudur Rahim  
Chairman

## MESSAGE FROM THE MANAGING DIRECTOR



**Md. Ahsan Kabir Khan**  
Managing Director

“

As we navigated through a year of continued uncertainty and hardships, we demonstrated the strength of our resilience relying on an experienced talented team.

”

Hon'ble Shareholders,

Assalamu-Alaikum,

I am honored to present to you the Annual Report of Prime Finance & Investment Limited for the year ending on December 31, 2021. It is great pleasure for me to be in your midst and express my gratitude to all our honorable shareholders for their continuous support to the Company.

The outbreak of the COVID-19 pandemic lurched the global economy into unprecedented challenges. Organizations, communities and governments affected with multifaceted problems and hardships. Global economic recovery weakened due to the spread of different variants.

Bangladesh economy was also affected by the COVID-19 pandemic. As such, export earnings decreased, inflation increased, foreign remittance decreased, dollar value increased and import of raw material decreased etc. Despite of different difficulties Bangladesh economy performed well due to incentive packages declared by Bangladesh Bank, people and business oriented monetary policy and direct co-operation of Bangladesh government.

The year 2021 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. Though banks were awash with funds, it was a sordid state of affairs for most of the NBFIs which faced incessant negative publicity from the media primarily due to wrong doing of some NBFIs. This directly affected the reputation of the sector and some depositors became confused from placing funds.

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 shortage 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 scarcity of funds due to contractionary conditions in the money market, our company continues to mobilize funds from depositors and use the same to pay off higher costs of funds. Meanwhile, despite severe stagnation in repayment behavior 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 the next year. We are optimistic that the current drive will yield results. In a situation where legal means are sluggish in terms of results, efforts are underway to go for negotiated settlements with defaulting clients albeit under the existing parameters of the Central Banks.

### **Capital Market**

Bangladesh Securities & Exchange Commission swung into action and amidst major policy decisions buoyed the Capital Market much to the satisfaction of the stakeholders. With greater access to funds, excess liquidity in the market, the index gets on moving north.

Capital market of Bangladesh was experienced a very good year in 2021. At the end of 2020 DSE Index was 5,402 points and it was ended at 6,757 points in 2021, which reflects a significant growth of 25.08%.

Considering the market movement, Prime Finance & Investment Limited invested in listed securities of Tk. 148 million in 2021 while it was Tk. 4.5 million in 2020. Investment income was Tk. 19.47 million in 2021 compared to Tk. (28.55) million in 2020.

### **Subsidiary and Associates**

In the year 2021, subsidiary and associates of Prime Finance & Investment Limited contributed profits to the tune of Tk. 15.87 million. Interest imposed by the Board on Subsidiary and Associates compelled them in making timely repayments to the parent company. Both PFI Securities Limited and Prime Finance Capital Management Limited managed to pay their loans. As such, it improves the cash flow of the parent company.

### **Measures adopted to stem the rot**

Different measures have been taken like, started RSME (Retail SME) business for retail customer and women entrepreneurs. Highest priority has been given for collection from non performing loans and advances. Significant number of cases filed under NI Act and Artha Rin Act to increase the collection from default clients of the current loan lease portfolio. Besides, emphasis has been given to cutting down the cost which will help us to achieve operational efficiency. We have shifted our head office and some branch offices of the Company which helps us to reduce operational cost significantly.

Mobilization of deposits became a challenging proposition in the backdrop of volatile investor sentiments during lockdown times and the availability of other alternative investment options. Nevertheless, through a focused marketing drive coupled with personalized customer service, we mobilized deposits optimally and increased the base to Tk. 5,868.11 million in 2021 against which of Tk. 5,428.14 million in 2020, with a commendable growth of 8.11% compared to -1.49% growths recorded for the previous year. We have changed our focus from corporate deposits to retail deposits or individual deposits.

## Human Resources

One of the major strengths of Prime Finance is its human capital. The year 2021 was a very challenging year for us as we experienced the worst effect of Pandemic COVID-19. Despite the adverse effect of COVID-19, we the employees of Prime Finance showed utmost resilience and dedication to ensure all kinds of operations including smooth clients' service. We took every measure to ensure safety of the employees during the pandemic. The employee turnover in 2021 could not have any negative effect in operations, as 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. The employees are self motivated to exert extra effort as the Company always strives to ensure opportunity to excel beyond one's own area of expertise.

## Financials

During 2021, the money market remained dry like last year and was a major constraint in making fresh disbursements. Despite of fund constraint, Prime Finance & Investment Limited disbursed Tk. 99.4 Million in 2021. Other operating income reflects Tk. 320.31 million in 2021 as against of Tk. 154.88 million in 2020.

It is pertinent to mention here that, operating profit was Tk. 121.63 million in 2021 as against Tk. (8.6) million in 2020, imposing 50% provision on equity investment of subsidiary and associates company based on qualitative judgment by Bangladesh Bank due to non-receiving of dividend from those companies. The Bangladesh Bank also imposed Tk. 545.8 million provision on inter-company loan with

associate company PFI Securities Limited based on qualitative judgment. Although Prime Finance recovered TK. 285.9 million, Tk. 356.9 million and Tk. 169.7 million in the year 2019, 2020 and 2021 respectively from PFI Securities Limited. As such, we are compelled to maintain a sizable amount of provision. Resulting that Net profit after tax of Prime Finance was Tk. (179.82) million and Consolidated EPS was Tk. -0.69 in 2021 which was Tk. 34.42 million and Tk. 0.14 in 2020 respectively.

The company was able to sustain cost of fund by 8.93% in line with last year. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2022 shall be the better outlook for us.

## Outlook

As we navigated through a year of continued uncertainty and hardships, we demonstrated the strength of our resilience relying on an experienced talented team. I would like to extend my sincere thanks to the honourable Chairman and the member of the Board of Directors for their valuable and consistent support and insightful guidance in an extremely volatile year.

I would also like to express my sincere thanks and gratitude 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  
2021 | page **38**

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and Analysis | page **43**

# DIRECTORS' REPORT 2021

*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 26<sup>th</sup> 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 2021 for consideration, adoption and approval of our valuable Shareholders.

The Directors' Report has been prepared in compliance with the Section 184 of the Companies Act 1994, BSEC's Notification of 03 June 2018, the Dhaka and the Chittagong Stock Exchange (Listing) Regulations, 2015, guidelines of the 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

Non Banking Financial Institutions (NBFIs) have been playing a crucial role by providing additional financial services that cannot be usually provided by the banks. The NBFIs, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of the customers.

At present, there are 35 NBFIs operating in Bangladesh out of which 3 (three) are fully Government-owned, 19 (nineteen) are privately-owned local companies and remaining 13 (thirteen) are established jointly under local and foreign participation. As of end-December 2021, NBFIs operate their business activities in Bangladesh with the help of 279 urban and 24 rural branches.

Total assets of the non-banking financial Institutions (NBFIs) as of December 31 2021 stood at BDT 896.56 billion registering a year on year decline of 0.60 percent. The share of loans and leases to total assets was 72.40 percent as of end December 2021 which was 74.40 percent as of end-December 2020. As of the end-December 2021, total non-performing loans and leases increased from BDT 100.58 billion to BDT 130.17 billion representing poor performance of asset quality management of NBFIs. The ratio of non-performing loans and leases to total loans and leases jumped from 15.0 percent in 2020 to 19.3 percent in 2021.

As of end-December 2021, deposits, borrowings, and equity constituted BDT 444.20 billion, BDT 379.80 billion, and BDT 72.60 billion equivalent to 49.5 percent, 42.4 percent and 8.1 percent of total funds respectively. These shares were 50.3 percent, 39.6 percent and 10.1 percent respectively at end-December 2020.

From time to time Bangladesh Bank has taken various measures to strengthen the corporate governance and to

minimize financial risk of NBFIs. Among these noteworthy policies are: relaxation on loan/lease/advance classification, lowering the CRR from 2.5 percent to 1.5 percent on bi-weekly basis and from 2.0 percent to 1.0 percent on daily basis, restructuring and short term loan renewal facilities on easy terms and conditions. Furthermore, Bangladesh Bank facilitates interest rate subsidy and refinance scheme for pandemic affected clients of NBFIs under the Government stimulus packages for working capital financing to the industrial and service sector.

2021 was a challenging year for NBFIs. Due to the Covid-19 pandemic situation, percentage of the defaulted loans increased by large number which resulted negative financial indicators of many NBFIs. Banks abruptly stopped giving call money and term loans. At the same time, depositors also started withdrawing their fund before maturity which caused liquidity mismatch.

At end-December 2021, the key profitability measures such as return on assets (ROA) and return on equity (ROE) declined to (0.2) percent and (2.8) percent from 0.4 percent and 3.9 percent respectively at end of December 2020. The capital adequacy ratio (CAR) of the NBFIs was 12.9 percent as at end December 2021, moderately lower as compared to 14.2 percent recorded at the end of December 2020. Nevertheless, the industry's CAR remains higher than the required level.

At end-December 2020, NBFIs sector maintained a 1.6 percent of cash reserve ratio (CRR) and 21.6 percent of statutory liquidity ratio (SLR). On the other hand, both CRR and SLR increased to 1.7 percent and 22.1 percent respectively at end-December 2021 remaining the comfort zone. (The minimum requirement of CRR & SLR are 1.5 Percent and 5 percent respectively; vide DFIM circular no.03/2020)

## Capital Market Scenario in 2021

The capital market experienced a very good year in 2021. The market capitalization of Dhaka Stock Exchange (DSE) stood at BDT 5421.96 billion at the end of December 2021 which was 20.96 percent higher than that of end of December 2020. Total turnover value of traded shares stood at BDT 193.65 billion which was 10.30 percent lower than that of the same month of the last year. The Price-Earning (P/E) ratio stood at 17.58 at the end of December 2021. The market capitalization of Chittagong Stock Exchange (CSE) stood at BDT 4585.54 billion at the end of December 2021 which was 22.12 percent higher than that of December 2020. During December 2021, total turnover value of traded shares stood at BDT 11.07 billion which was 20.50 percent higher than that of the same month of the previous year. In Chittagong Stock Exchange, the yield increased to 3.71 at the end of December 2021 which was 3.11 at the end of December 2020.

## Economy of Bangladesh in 2021

In the Financial Year (FY) 2021, Bangladesh Bank has continued to facilitate the ongoing expansionary and accommodative mode supporting economic recovery process

while maintaining appropriate cautions for overall price and financial stability. Despite the recurrent shocks of COVID-19 and consequent containment measures in terms of mobility restrictions and nationwide lockdowns, Bangladesh economy has attained around 6.94 percent real GDP growth in FY21, significantly higher than preceding year's estimated growth of 5.2 percent, supported by reasonably healthy growth performances in agricultural and industrial sectors aided by the Government and Bangladesh Bank's growth supportive policy measures. The economy is expected to grow at a pace of 7.0 percent in FY 22 (Bangladesh Bank Quarterly July-September 2021, Volume XIX).

Bangladesh Bank's monetary policy has been broadly successful in taming inflationary pressure in FY21. In spite of the expansionary and accommodative monetary and fiscal policy stances along with supply chain disruptions due to COVID-19 related containment measures amid global price hike, the CPI-based average inflation declined to 5.56 percent (against the target of 5.40 percent) in FY 21 from 5.65 percent a year earlier. However, towards the end of CY 21, point-to-point inflation creep up and touched 6.05% in December 2021 owing mainly to oil price hike, transport and food inflation coupled with rising imports origination from demand for raw material and capital machinery.

The monetary policy stance and monetary program outlined for FY21 were mostly successful in terms of injecting sufficient liquidity in the system accompanied by a lower market interest rate regime, containing inflation while ensuring stability in both the local and foreign currency markets.

Bangladesh Bank's foreign exchange management and operation were also effective in maintaining the external competitiveness of Taka and ensuring stability in the interbank foreign exchange market. The overall BoP in FY21 witnessed a healthy surplus, supported by a significant inflow in financial accounts along with a relatively thinner current account deficit due mainly to very strong inward remittances growth and robust export earnings. Relying on this BoP surplus, BB's foreign exchange reserve has reached the peak of USD 46.40 billion at end of June 2021 and subsequently slightly decreased to USD 46.15 billion at end of December 2021.

The exchange rate of BDT per USD stood at 85.5 at the end-September 2021, which were 84.8 at the end of the same quarter of preceding year mainly due to rising import payments coupled with falling remittance. Bangladeshi Taka (BDT) against USD remained mostly stable for most part of the year.

### **Finalization of Financial Statements for the year ended 31 December 2021**

As per DFIM circular letter no. 04, dated 02 February 2010 the Financial Institutions are supposed to submit annual audited Financial Statements to the Bangladesh Bank within 31 March (Three months) of the following year and with permission of Bangladesh Bank this submission time would be extended maximum additional three (3) months i.e., 30 June of the following year. It is mentionable here that finalization of annual audited Financial Statements is subject to Financial Institutions Classification Loan (FICL) report by Financial Institutions Inspection Department (FIID) of Bangladesh Bank

as per section 20 of Financial Institutions Act 1993. Due to some unresolved matters with Bangladesh Bank it was not possible to finalize audited financial statements for the year ended on 31 December 2021 within the stipulated time. Prime Finance & Investment Limited also could not comply with the provision of Sub-section 81(1) and 81 (2) of Companies Act 1994. In this connection, Prime Finance & Investment Limited had to collect court order from Honorable Supreme Court of Bangladesh for conducting AGM and for finalizing of the financial statements in the Pre-AGM Board of Directors meeting for the year ended 31 December 2021 of the company. After receiving the court order (Company Matter No.113 of 2023) audited financial statements for the year ended 31 December 2021 was finalized during 303<sup>rd</sup> Board of Directors meeting held on 08 August 2023.

### **Business Activities**

Prime Finance & Investment Limited has been operating its business since 1996 as a profitable organization with reputation. After while, due to blocking of interest on loans with subsidiary and associate companies by the previous Board of Directors, the company incurred losses for three consecutive years from 2015 to 2017.

After experiencing negative profitability for a period of 3 years the Board has been reconstituted in 2018. The new Board of Directors have taken numerous initiatives to increase its financial performance. Notable steps among them are imposing interest on existing loan with subsidiary and associate company, call back of loan from related party and multiple dynamic strategies to accelerate recovery from stuck up loan.

Prime Finance & Investment Limited has set strategy to improve its business portfolio by scouting good quality assets and to maintain sustainable growth. Prime Finance & Investment Limited has taken various steps to enhance company's income.

- 1) Launching Retail SME Loan for low income people
- 2) Increasing investment in shares
- 3) Concentrated more on recovery effort
- 4) Reduction of operating expenses and cost of fund
- 5) Collection of new fund at low rate

### **Financing Activities**

In 2021, our investment in the form of loan/lease was BDT 99.42 million where 100% was SME Financing. Prime Finance & Investment Limited always tries to be innovative while making any investment decision with a focus to identify and select emerging sectors for financing and maintaining quality portfolio. The company always prefers the segmented business proposition which includes Corporate, SMEs and Retail Finance. Major financing activities of the company include Term Finance, Lease Finance, Retail Finance, SME Finance, Agriculture finance, Housing Finance and Syndicate Finance etc.

Following the industry trend, in 2021 the company has introduced small ticket loan for Retail Small & Medium Enterprises (RSME). As of December 31, 2021, the company disbursed total loan amount of BDT 13.92 million to 464 RSME clients. To increase the disbursement of the RSMEs,

the company has targeted prospective clusters in the different area. The company mainly targeted the metropolitan areas. To facilitate the demand of Retail SME loans, the company has established a strong RSME department. Hopefully, the company will be able to meet up the financial needs for the people at grassroots level through the distribution of small ticket loans and at the same time the company will also be able to earn good return from this product. A good amount of deposit has also been collected from RSME clients.

### Investment in Share

Prime Finance & Investment Limited maintains its own portfolio for investment in listed companies shares and securities. These are fully diversified with different sector of securities. The investment risk is being minimized through diversification and through major investments in fundamentally strong securities.

Prime Finance & Investment Limited has increased its investment portfolio in capital market due to continued up-ward trend in capital market during beginning of the year. As on 31 December 2021 our share market investment amount was BDT 195.42 million which was 51.92 million in previous year. Investment income has been increased to BDT 19.47 million which was BDT (28.55) million in 2020.

### Deposit Mobilization

Prime Finance & Investment Limited is offering range of deposit scheme with different maturity options, which are mainly monthly, quarterly, half-yearly, yearly, Sonchoy plus, Double income deposit, Triple income deposit & Fortune DPS etc. During the year 2021, Prime Finance has collected BDT 670.83 million as fresh deposit. The whole deposit was collected from individual customers. The deposit amount of the company stood at BDT 5,868.11 million as on 31 December 2021 resulting 8.11% increase as against BDT 5428.13 million of 31 December 2020.

### Funding Arrangements

Funds from the banking sector remained stagnant throughout the year. The company intensified its efforts in Liability Management and started mopping up liquidity at low rate. The company mainly depended on deposit mobilization, loan recovery for fund collection. The company's day-to-day funding requirements are mainly met through deposits and loan recovery. The Bank borrowing of the company was narrowed by 8.34% representing low dependency on bank fund. As on 31 December 2021 Cost of fund was 8.93% resulting 0.58% decreased as against 9.51% as on December 2020.

### Operating and Financial Performance of the Company

Loans, advances and leases of the company recorded at BDT 8515.99 million on 31 December 2021 registering 1.95% down against last year. The loan portfolio squeezed due to low investment and regular recovery. Company's investment in shares increased by 40.73% on 31 December 2021. Deposit stood at BDT 5868.11 million resulting 8.11% increased against last year.

Due to current year's loss, equity attributable to shareholders' of the company decreased to BDT 2,767.69 million as compared to BDT 3,209.35 million of previous year. Gross interest income of the company was BDT 616.92 million which was 26.23% lesser than that of 2020. On the other hand, other income of the company was increased by BDT 313.65 million. Operating expenses in 2021 were increased by 21.53 % than previous year.

In every year Prime Finance & Investment has recovered substantial amount from write-off loans, which directly affect our profitability. Prime Finance & Investment Limited has collected 23.80 million in 2021 from write off loans.

In 2021 Prime Finance's operating profit is BDT 121.63 million compared to BDT (8.60) million in 2020 whereas profit after tax was BDT (179.81) million compared to BDT 34.42 million in 2020 mainly for imposing 50% provision on equity investment of subsidiary and associates company based on qualitative judgment by Bangladesh Bank due to non-receiving of dividend from those companies. The Bangladesh Bank also imposed BDT 545.80 million provision on inter-company loan with associate company PFI Securities Limited based on qualitative judgment. Although Prime Finance recovered BDT 285.90 million, BDT 356.90 million and BDT 169.70 million in the year 2019, 2020 and 2021 respectively from PFI Securities Limited. As such we are compelled to maintain a sizable amount of provision.

### Significant variance between quarterly and annual result

The reason for significant deviation in net profit/ (loss) between quarterly and annual result was mainly due to imposing of provision on Equity investment in Subsidiary and Associate of the company. The Financial Institutions Inspection Department (FIID) of Bangladesh Bank vide letter no. FIID( I-26(2)/2022-495 imposed provision @50% on equity investment of subsidiary and associates companies based on subjective Judgment. The Financial Institutions Inspection Department also classified loan of Associate Company on subjective judgment. For which additional provision and interest suspense were taken.

Subsequently, Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank vide their letter no. DFIM (C) 1054/24/2023-235 dated January 18, 2023, has given consent to take the provision imposed by Financial Institutions Inspection Department (FIID) of Bangladesh Bank equally in eight years' time.

### 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 given separately in the Annual Report.

### 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     | Figure in million |              |                                      |
|--|------------|-------------------|--------------|--------------------------------------|
|  |            | Equity %          | Income/ Loss | Proportionate sharing of Income/Loss |
| Prime Finance Capital Management Limited       | Subsidiary | 60.00             | 20.11        | 12.07                                |
| PFI Securities Limited                         | Associate  | 46.15             | 1.86         | 0.86                                 |
| Prime Finance Asset Management Company Limited | Associate  | 49.00             | 5.10         | 2.50                                 |
| Prime Prudential Fund Limited                  | Associate  | 40.00             | 1.13         | 0.45                                 |

Directors' report and audited financial statements of the subsidiary are given in the 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 IAS & IFRS. A statement of related party transactions has been presented in note no. 41 of the Financial Statements

### Capital Expenditure

Capital Expenditure on acquisition of property, plant, computer applications, software and equipment of the Company amounting to BDT 5.61 million (BDT 2.63 million in 2020) has been detailed under the note on acquisition of Property, Plant and Equipment in the financial statements.

### Dividend

The Company will not be paying any dividend for the year 2021. As per Article-89, Schedule-I of the Companies Act, 1994, dividend shall be declared out of profit i.e. from current year's profit and from previous years' retained profit. Since the Company is carrying negative balance of accumulated profit, the Board of Directors in its meeting held on 08 August 2023 recommended "No Dividend" for the year 2021.

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.

### Disclosures on Directors' Responsibilities

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-

- 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;
- proper books of account as required by the law have been maintained;
- 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;
- the Financial Statements was prepared in accordance with IAS and IFRS;

- the system of internal control is sound in design and has been effectively implemented and monitored.
- the interest of minority shareholders have been protected;

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

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

### Management Discussion & Analysis

Pursuant to the BSEC's Corporate Governance Code, the Management's Discussion and Analysis Report is given separately in the Annual Report.

### Report on the Compliance of the Conditions of BSEC's Corporate Governance Code

In accordance with the BSEC's Corporate Governance Code, the Board of Directors is required to report on the compliance of certain conditions. The Code 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 separately in the Annual Report.

### Pattern of Shareholding

The pattern of Shareholding of the Company as at end of the year 2021 is shown in the Annual Report.

## Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2021 total 8 (eight) meetings were held. The attendance in the Board meetings by each Director and the amount total remuneration which has paid to the Directors including Independent Directors are given separately in the 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 26th 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:

- Mr. Waheed Mahmud Khaled, representing Mawsons Ltd;
- Mr. Dr. Shamim Khan, representing Perollo NK Limited;
- Mr. Manzur Ahmed, representing Agami Apparels Limited;

Biographies of the Directors proposed to be re-elected or re-appointed are given in 19 page of this Annual Report and the names of the Company where they have interest are mentioned in note no. 43 on 124 no. page of this Annual Report.

## 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 issued by the Bangladesh Securities and Exchange Commission. We establish necessary policies and procedures to protect the Company from risk and to provide it with clear strategic direction. We work to ensure all governance matters are transparent to 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

Hoda Vasi Chowdhury & Co., Chartered Accountants, has completed their first 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 the Dhaka & the 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. As a result, Hoda Vasi Chowdhury & Co., Chartered Accountants has carried out their first year as statutory auditor of the company. On the basis of the proposal of the Board's Audit Committee, the Board recommends the re-appointment of Hoda Vasi Chowdhury & Co., Chartered Accountants, as the statutory

auditors of the Company for the year 2022 and fixes their remuneration of BDT 300,000/- (Taka three lac) only plus VAT. Now in exercise of the power conferred upon by Section 210(10) of the Companies Act, 1994 the shareholders of the company will consider the appointment.

## Appointment of Corporate Governance Code Compliance Auditor for the year 2022

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 Uttam & Associates, Chartered Secretaries, as Corporate Governance Auditor for the year 2022 at a fee of BDT 30,000/- (Taka thirty thousand) plus VAT. Now in exercise of the power conferred upon by the Corporate Governance Code, the shareholders of the company will consider the appointment.

## Business Outlook

The company will continue to capitalize on its strengths to generate sustainable revenue from Retail SME, SME and Corporate Financing, while expanding opportunities in Consumer Finance, 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 2022.

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 303<sup>rd</sup> meeting held on 08 August 2023 authorized the Chairman, Mr. Mohammad Masudur Rahim to sign Directors' Report 2021 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, 08 August 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Context

The decline in the global economic growth rates by 3.3% reflected the deep economic impact of the pandemic. Advanced and emerging markets decelerated by 4.7% and 2.2% respectively. The pandemic caused a significant impact across people, trade, and manufacturing activities globally. Lockdown measures, social distancing, severe human death toll, travel restrictions and rising health and safety concerns, led to the contraction of the global economy. Successful rollouts of vaccines in many developed economies which can reduce the severity and frequency of infections, coupled with unprecedented fiscal and monetary support will help to support recovery in the short to medium timeline.

## Post Covid-19 Effects in Bangladesh

Bangladesh has already begun to feel the heat of the searing fire, as indicated by the economy's rising inflation, which was highly prominent because of frequent COVID-19 resurgence. This situation is likely to jeopardize the progress gained since the pandemic, and rising inflation is likely to limit people's disposable income, culminating in insurmountable sufferings for the general public, further resulting the borrower's to default. The repercussion of this scenario is a likely decline in deposit, which causes the incremental deposit to collapse. There is a probability for people to break off their savings as a means to tackle the swelling inflation. Due to rising inflation the financial institutions would opt out of the idea of expansion. The companies would further go as much to break off its deposits due to inability to expand as well as to curtail their cost by lay-off the employees. With a dry market and liquidity crisis looming over practically all shapes and sizes of business for the previous one year as a result of the pandemic, organizations just lately began to recover, with a stretched economy due to increasing inflation.

## Accounting policies and estimation for preparation of financial statements

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Financial Institutions. As Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Banks guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arise. Appropriate accounting policies have been consistently applied in preparation of the financial

statements and that the accounting estimates are based on reasonable and prudent judgment.

## Changes in accounting policies and estimation

The accounting principles & policies had been consistently maintained and in 2021 no accounting policies had been changed. The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods. During the reporting period the company did not change any basis of estimation.

## Comparative analysis of financial performance and financial position (based on consolidated financial statements)

The first quarter of the financial year 2020/21 commenced with the first wave of the COVID-19 pandemic. During this period, we focused on ensuring business continuity while safeguarding the safety of our employees and customers. In the second quarter we placed emphasis on providing relief to our customers through moratoriums, loans at concessionary rates, rescheduling/restructuring facilities and waiving of default interest in response to the central bank's stipulated guidelines. Our increased focus on recoveries and collections across the financial year ensured the Company's sustainability.

Operating Profit / (Loss) in the year 2021 stood at BDT 121.63 million against BDT (8.60) million of 2020 which has been increased BDT 113.03 million. The Profit / (Loss) after Tax in 2021 stood at BDT (179.82) million against BDT 34.42 million of 2020.

However, the Company took some steps for the recovery of the loans in 2021 as a result a number of 10 (lease/ loan) accounts have been rescheduled; besides, another number of 15 lease/ loan accounts have been fully settled by the borrowers and 01(one) lease/loan account has been transferred to non- banking assets as per the instruction of Honorable Court by order.

It is pertinent to mention here that, operating profit was Tk. 121.63 million in 2021 as against Tk. (8.6) million in 2020, imposing 50% provision on equity investment of subsidiary and associates company based on qualitative judgment by Bangladesh Bank due to non-receiving of dividend from those companies. The Bangladesh Bank also imposed Tk. 545.8 million provision on inter-company loan with associate company PFI Securities Limited based on qualitative judgment. Although Prime Finance recovered TK. 285.9 million, Tk. 356.9 million and Tk. 169.7 million in the year 2019, 2020 and 2021 respectively from PFI Securities Limited. As such, we are compelled to maintain a sizable amount of provision. Resulting that Net profit after tax of

Prime Finance was Tk. (179.82) million and Consolidated EPS was Tk. -0.69 in 2021 which was Tk. 34.42 million and Tk. 0.14 in 2020 respectively.

Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank vide their letter no. DFIM (C) 1054/24/2023-235 dated January 18, 2023, has given consent to take the provision imposed by FIID of Bangladesh Bank equally in eight years.

## Comparative financial performances with the peer industry

### Finance Industry

Non-bank financial institutions (NBFIs) have continued to face a rising trend in non-performing loans and loan loss provisioning due crisis looming over all types of business for the previous two years of pandemic. Nonperforming loans influenced the sector's performance, according to the financial stability report of the Bangladesh Bank. As per BB statement the covid pandemic has made the 35 governments and non-government NBFIs more susceptible to the problem.

The total profit of the entire NBF sector declined by 61% to Tk.356 crore in 2020 as default loans rose alarmingly. Consequently, the key profitability parameters, such as return on assets (ROA) and return on equity (ROE) also dropped. As the ratio of bad loans had increased, the loan-loss provisioning had also increased substantially, influencing the profitability of this industry, which may seem to be a matter of concern from the stability point of view. The NBFIs had weakened in 2021 as the total non-performing loans and leases rose by 64% compared to the previous year. To maintain the stability of the sector, the Central Bank continued to introduce prudential measures while granting regulatory flexibility to support the sector and face the challenges emerging from the COVID-19 pandemic.

To check any possible liquidity pressure on the market Bangladesh Bank slashed Bank's existing AD ratio rate. As a result, business for banking industry became tough and most of the Banks and Financial Institutions reduced fresh disbursement. Considering the liquidity pressure in money market and stakeholder's necessity Bangladesh bank reduced CRR by 1 percentage, extended timeframe for maintaining new AD ratio. All these initiatives eased tight liquidity situation in the middle of the year but increased cost of fund of Banks and FIs. Frustratingly, liquidity situation tightened against the end of the year. Soaring Non-performing Loan (NPL) has been treated as number one problem in banking sector, which pushed down overall financial health of Banks gradually. Non-performing loans (NPLs) in the country's banking sector increased 16.38 per cent year-on-year to Tk 103,274 crore in 2021 despite a relaxed loan classification policy taken by the Bangladesh Bank. The ratio of default loans to outstanding loans and advances stood at 7.9 per cent last year in contrast to 7.6 per cent in 2020, according to the central bank data. As per the central bank rules, borrowers were allowed to avoid the default zone by giving only 15 per cent of their total

instalments of loans payable for last year. Classified loans in the banking sector stood at Tk 88,734 crore in 2020 compared to Tk 94,331 crore the year before. Borrowers also enjoyed a moratorium facility to repay loans throughout 2020 as the central bank took the move to offset the business slowdown emanating from the coronavirus pandemic.

## Risk and concerns as well as the mitigation plan related to the financial statements

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. The Board of Directors is in charge of determining the Company's fundamental attitude toward risk while setting out the risk principles as well as the level of risk exposure. The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance. 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. The principles of Prime Finance's risk management philosophy are:

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

## Strategic change

The year 2021 continued to present challenges from the impacts of the COVID-19 pandemic outbreak in the previous year. A third wave of the pandemic which emerged from April 2021, dampened growth and forced the country back into a lockdown for most part of the remainder of the year, thus impacting business and economic activities and posing further challenges to economic performance through the year. Amidst import restrictions, depleting foreign reserves and a slowdown in economic activity, the impacts of taka depreciation were felt more prominently alongside a hike in inflation. The ripple effect of these economic impacts was felt across the financial sector as well. Amidst greater risks for portfolio

deterioration, Prime Finance booked higher impairments to account for possible non-payment and defaults.

Prime Finance targeted numerous clusters throughout the country through Retail SME sector. Separate RSME department has been functioning with an enthusiastic team. Besides, all the branches and the SME department are activated, focused on areas beyond the metropolitan cities and made penetrated into marginal areas where the needs of the RSME sector were not adequately fulfilled by the banks. The immediate impact was realizing good spread and reducing Non Performance Loans.

### **Mobilizing Deposits**

The company mobilizes term deposits from corporate and individuals through its wide range of deposit schemes with different maturity options, monthly/quarterly/ half yearly/ yearly income options, double/triple money options, monthly saving options etc. with competitive interest rate offered to customers. In the year 2021, we have put more emphasized on retail/individual deposit sector considering the ongoing liquidity crisis for post covid effects.

### **Capital Market Operation**

Prime Finance has capital market involvement through its subsidiary and associate companies. Its entire four subsidiary and associate companies are largely involved in capital market. The capital market also had a remarkable year in 2021. The Dhaka Stock Exchange (DSE) witnessed a return of more than 20 per cent two years in a row. DSE's 25.1 per cent return in 2021 was one of the best in the world. Subsidiary and associates have performed considerably well which had a positive impact on the financial result of parent company.

### **Recovery & Monitoring of non-performing loans**

The impact of COVID-19 pandemic in 2020 extended throughout 2021 has been the leading force creating stresses on Non-Performing Loan (NPL) in the economy which was also same for Prime Finance. In this situation, in addition to its regular monitoring and recovery strategies, our company adopted proactive and preventive strategies to minimize the pressure on NPL. In order to help borrowers absorb the shock of pandemic, bring back gradually to operational normalcy, revitalize and recover through liquidity support in one hand and on the other hand, deferral of repayments, Bangladesh bank has given several guidelines in respect to classification and provisioning and government has extended support through stimulus packages. In fact, managing NPL to keep it at the minimum possible level is at the core of our business priorities.

Prime Finance & Investment Limited is always trying to ensure recovery from the stuck up loans or classified loans. The company's special recovery team and legal team have been working under the close supervision of the top Management and Board of the Directors to increase the recovery of such loans. Prime Finance took some initiatives to reduce NPL i.e. One to One Meeting with the client, Negotiation with the client, Meeting with the Guarantors, Random visit Client's Office, Factories & residences, Offering client to regularize the loan account through rescheduling and restructuring as per Bangladesh Bank guideline, Filing cases under NI Act, Penal Code Artha Rin Suit etc. With all efforts we have collected an approx. amount of Tk. 896.03 million during the year 2021.

Prime Finance believes that the loan recovery rate will continue to increase in the coming years and the company will be able to bring down the classified loan rate into single digit.

### **Outlook**

As a customer centric organization our recurring focus will be to assess the damage the COVID 19 pandemic has caused to our customer base and collectively finding avenues to overcome their predicament. We are sincerely grateful to the central bank initiated several regulatory actions for COVID 19 affected businesses and individuals. Because of legacy, operation of the company in 2022 is expected to be affected in terms of business and profitability. Company is planning to continue its operation with a steady outlook. Considering the market condition, PFIL planned its budget for the year 2022 with a projection of competitive development of the Company. Recovery of bad loans has been set the principal target to manage liquidity. We strongly believe that we will realize the company's future potential towards progression amidst the inevitable challenges that we are bound to encounter in the years to come.



**Md. Ahsan Kabir Khan**  
Managing Director



## 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**  
এন্ড ইনভেস্টমেন্ট লিমিটেড

Please call for details

**019 PRIMEFIN**  
**019 77463346**

# OUR GOVERNANCE

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# 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 2021, 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) |

Note: 1) Mr. MBM Lutful Hadee Retired as Independent Director on 30 October 2021;  
2) Mr. Md. Aminul Haque deceased on 03 August 2022;

## 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 (NBF1);
- 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. 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. Uzzal Kumar Saha  
          : Mr. MBM Lutful Hadee

Note: 1) Mr. MBM Lutful Hadee Retired as Independent Director on 30 October 2021;  
      2) Mr. Md. Aminul Haque deceased on 03 August 2022;

### **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. 41 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, PFI Tower 56-57 Dilkusha C.A., Dhaka-1000 or by e-mail at [corporateaffairs@primefinancebd.com](mailto: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:

- Approve service rules of the Company and any amendment thereof.
- Ensure independence of the administrative system regarding recruitment, promotion, transfer and disciplinary action are governed under the service rules.
- Ensure that succession programs and plans are in place.

### 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:

- Approve and monitor the progress of material financial restructurings, including mergers, acquisitions, annual budgets, dividends etc. affecting the balance sheet.
- Approve financings and changes in authorized capital.
- 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) Report on suspected or presumed fraud or irregularity;

- c) Material defect in the internal control system;
- d) Suspected infringement of laws, including securities related laws, rules and regulations;
- e) Any other matter which shall be disclosed to 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 OF THE AUDIT COMMITTEE

The role of the Audit Committee 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 Audit Committee is a sub-committee of the Board of Directors and it is comprised only of Non- Executive Directors and Independent Directors.

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. 116 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:

- oversight of the integrity of financial statements
- oversight of risk management and internal control arrangements
- the performance of the internal audit function
- oversight of compliance with legal and regulatory requirements;

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 2021, the Audit Committee of the Company met 4 (four) times on the following dates:

(i) 31 August 2021 (ii) 27 October 2021 (iii) 22 December 2021 (iv) 29 December 2021 to complete its duties and responsibilities. During the year, the Committee's principal activities were as follows:

### 1. Review of financial statements

The year-end financial statements of 2021 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 2021 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 2021 which are as follows:

- Reviewed and approved the internal audit plan of the company
- Reviewed the report of internal auditor and advised Management to take corrective action
- 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 the Management's Discussion and Analysis
- Discussed with representative of external auditor regarding audit of annual financial statements
- Reviewed FICL Quick Summary Report

### 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 conduct and ethics.

During the year 2021, the Committee did not find any issue regarding conflicts of interests, frauds or irregularities 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

Hoda Vasi Chowdhury & Co., Chartered Accountants acted as statutory auditors of the company for audit of financial statements as of 31 December 2021. 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 2021. 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 to the external auditors during their review of financial statements.



**Ahmed Kamal Khan Chowdhury**  
Chairman  
Audit Committee

# PATTERN OF SHAREHOLDING

As on 31 December 2021

| Sl. No | Name of Shareholder   | Description  | No. of Shares held | % of Holding |
|--------|---|--|--------------------|--------------|
| A      | Parent/Subsidiary/Associate Companies and other related parties:                |  |                    |              |
|        | East Coast Shipping Lines Limited   | Sponsor & Director Nominating Company                              | 24,407,338         | 8.94         |
|        | Acorn Limited   | Sponsor & Director Nominating Company                              | 24,920,420         | 9.13         |
|        | Pedrollo NK Limited   | Sponsor & Director Nominating Company                              | 26,768,991         | 9.81         |
|        | Mawsons Limited   | Sponsor & Director Nominating Company                              | 5,654,752          | 2.07         |
|        | GQ Enterprise Ltd.  | Sponsor & Director Nominating Company                              | 23,222,142         | 8.51         |
|        | Agami Apparels Ltd.   | Sponsor & Director Nominating Company                              | 23,088,632         | 8.46         |
|        | East Coast Shipping Lines Limited   | Sponsor & Director Nominating Company                              | 24,407,338         | 8.94         |
| B      | Directors and their Spouses and Minor Children:                                 |  |                    |              |
|        | Mr. Mohammad Masudur Rahim  | Director nominated by East Coast Shipping Lines Limited & Chairman | 40,000             | 0.015        |
|        | Mr. Md. Aminul Haque  | Director nominated by Acorn Limited                                | Nil                |              |
|        | Mr. Tauseef Iqbal Ali   | Director   | 5,458,363          | 2.00         |
|        | Dr. Shamim Khan   | Director nominated by Pedrollo NK Limited                          | Nil                |              |
|        | Mr. Waheed Mahmud Khaled  | Director nominated by Mawsons Limited                              | Nil                |              |
|        | Mr. Uzzal Kumar Saha  | Director nominated by GQ Enterprise Ltd.                           | Nil                |              |
|        | Mr. Manzur Ahmed  | Director nominated by Agami Apparels Ltd.                          | Nil                |              |
|        | Engr. Salah Uddin Ahmed   | Director nominated by East Coast Shipping Lines Limited            | Nil                |              |
|        | Mr. Ahmed Kamal Khan Chowdhury  | Independent Director   | Nil                |              |
|        | Mr. MBM Lutful Hadee  | Independent Director (retired on 30 October 2021)                  | Nil                |              |
| C      | MD, CFO, CS & HIC 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 & HIC):                      |  |                    |              |
|        | Ms. Gulshan Ara Hafiz,  | Senior Vice President  | Nil                |              |
|        | Mr. Mohammad Zaved Lakiyet,   | Senior Assistant Vice President                                    | Nil                |              |
|        | Ms. Tarana Yasmin   | Senior Assistant Vice President                                    | Nil                |              |
|        | Mr. Mohammed Faruque,   | Senior Assistant Vice President                                    | Nil                |              |
|        | Mr. Mohammad Yeamin Kabir,  | Senior Assistant Vice President                                    | Nil                |              |
| E      | Shareholders' holding 10 % (Ten percent) or more voting interest in the Company |  |                    |              |

# DIRECTORS' MEETING AND ATTENDANCE

During the year 2021

| Sl. | Name of the Directors          | Status                                       | Number of Meetings |          |                 |          |                     |          | Total Remuneration paid (Taka) |
|-----|--------------------------------|--|--------------------|----------|-----------------|----------|---------------------|----------|--------------------------------|
|     |                                |  | Board              |          | Audit Committee |          | Executive Committee |          |                                |
|     |                                |  | Held               | Attended | Held            | Attended | Held                | Attended |                                |
| 1   | Mr. Mohammad Masudur Rahim     | Chairman & Non-executive Director            | 8                  | 8        | -               | -        | 0                   | 0        | 64,000                         |
| 2   | Mr. Md. AminulHaque            | Non-executive Director                       | 8                  | 1        | 0               | 0        | 0                   | 0        | 8,000                          |
| 3   | Mr. Tauseefiqbal Ali           | Non-executive Director                       | 8                  | 8        | 4               | 4        | 0                   | 0        | 96,000                         |
| 4   | Dr. Shamim Khan                | Non-executive Director                       | 8                  | 4        | -               | -        | -                   | -        | 32,000                         |
| 5   | Mr. Waheed Mahmud Khaled       | Non-executive Director                       | 8                  | 8        | -               | -        | -                   | -        | 64,000                         |
| 6   | Mr. Uzzal Kumar Saha           | Non-executive Director                       | 8                  | 8        | 4               | 4        | 0                   | 0        | 96,000                         |
| 7   | Mr. Manzur Ahmed               | Non-executive Director                       | 8                  | 0        | -               | -        | -                   | -        | 0                              |
| 8   | Engr. Salah Uddin Ahmed        | Non-executive Director                       | 8                  | 7        | -               | -        | -                   | -        | 56,000                         |
| 9   | Mr. Ahmed Kamal Khan Chowdhury | Independent Director                         | 8                  | 8        | 4               | 4        | 0                   | 0        | 96,000                         |
| 10  | Mr. MBM LutfulHadee            | Independent Director (Retired on 30.10.2021) | 8                  | 0        | 4               | 0        | -                   | -        | 0                              |

- Note: 1) Each Director has been paid remuneration @ 8,000/- per Meeting attended;  
 2) The leave of absence of the Directors who could not attend at meeting was granted by the Board;  
 3) Mr. MBM LutfulHadee retired as Independent Director on 30 October 2021;  
 4) Mr. Md. AminulHaque deceased on 03 August 2022;

# 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 22 33 83 847, +88 01 755 944 966  
E-mail : sarashid12000@yahoo.com, sarashidnasso@gmail.com

**S. Abdur Rashid FCS**  
MBS, MBA (Finance), PGDHRM, LLB, FIPM  
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 2021. 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 : 24 August 2023



For  
**SARashid & Associates**

  
**S. Abdur Rashid FCS**  
Chartered Secretary in Practice

# STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE CODE

[As per Condition No. 1(5) (xxvii) of, and Annexure-C to, the Corporate Governance Code]

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           | <b>Board Size (number of Directors - minimum 5 and maximum 20)</b>  | √                 |              |   |
| 1.2           | <b>Independent Directors:</b>   |                   |              |   |
| 1.2(a)        | At least one fifth (1/5) of Directors should be Independent Directors;  | √                 |              | 1st tenure of Mr. MBM Lutful Hadee expired on 30 October 2021. This Vacancy has not yet been filled up. |
| 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.  | √                 |              | 1st tenure of Mr. MBM Lutful Hadee expired on 30 October 2021. This Vacancy has not yet been filled up. |
| 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           | <b>Qualification of Independent Director (ID)</b>   |                   |              |   |
| 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.  | √                 |              |   |
| 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   |

| Condition No. | Title   | Compliance Status |              | Remarks (if any) |
|---------------|---|-------------------|--------------|------------------|
|               |   | Complied          | Not Complied |                  |
| <b>1.4</b>    | <b>Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :</b>   |                   |              |                  |
| 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 from 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              |
| <b>1.5</b>    | <b>The Directors' Report to Shareholders</b>  |                   |              |                  |
| 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;   | √                 |              |                  |
| 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);  | √                 |              |                  |
| 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).  | √                 |              |                  |

| Condition No.     | Title  | Compliance Status |              | Remarks (if any)  |
|-------------------|--|-------------------|--------------|---|
|                   |  | Complied          | Not Complied |   |
| <b>1.5 (xxiv)</b> | <b>In case of appointment/re-appointment of a Director, disclose:</b>  |                   |              |   |
| 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.                                      | √                 |              |   |
| <b>1.5(xxv)</b>   | <b>Management discussion and analysis signed by CEO or MD:</b>   |                   |              |   |
| 1.5(xxv)(a)       | Accounting policies and estimation for preparation of financial statements.  | √                 |              |   |
| 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     | √                 |              | Given in described manner comparing three years' results                  |
| 1.5(xxv)(d)       | Compare financial performance or results and financial position as well as cash flows with the peer industry scenario.                                 | √                 |              | Given in described manner   |
| 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;                                  | √                 |              | Stated briefly  |
| 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;                    | √                 |              |   |
| <b>1.6</b>        | <b>Meetings of the Board of Directors</b>  |                   |              |   |
| 1.6               | Compliance under Bangladesh Secretarial Standards (BSS).   | √                 |              |   |
| <b>1.7</b>        | <b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>  |                   |              |   |
| 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 has been posted on the website. |
| <b>2</b>          | <b>Governance of Board of Directors of Subsidiary Company.</b>   |                   |              |   |
| 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. | √                 |              |   |
| 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.    | √                 |              |   |

| Condition No. | Title   | Compliance Status |              | Remarks (if any)                  |
|---------------|---|-------------------|--------------|-----------------------------------|
|               |   | Complied          | Not Complied |                                   |
| <b>3.</b>     | <b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b> |                   |              |                                   |
| <b>3.1</b>    | <b>Appointment</b>  |                   |              |                                   |
| 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                               |
| <b>3.2</b>    | <b>Requirement to attend Board of Directors' Meetings:</b><br>MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board                         |                   |              | HIAC attends as and when required |
| <b>3.3</b>    | <b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>  |                   |              |                                   |
| 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   | √                 |              |                                   |
| <b>4</b>      | <b>Board of Directors' Committee.</b>   |                   |              |                                   |
| 4.i           | Audit Committee   | √                 |              |                                   |
| 4.ii          | Nomination and Remuneration Committee.  |                   |              | Explained under condition no. 6   |
| <b>5</b>      | <b>AUDIT COMMITTEE:</b>   |                   |              |                                   |
| 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.   | √                 |              |                                   |
| <b>5.2</b>    | <b>Constitution of the Audit Committee</b>  |                   |              |                                   |
| 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 management background.       | √                 |              |                                   |
| 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.  | √                 |              |                                   |

| Condition No. | Title   | Compliance Status |              | Remarks (if any) |
|---------------|---|-------------------|--------------|------------------|
|               |   | Complied          | Not Complied |                  |
| <b>5.3</b>    | <b>Chairperson of the Audit Committee</b>   |                   |              |                  |
| 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.   | √                 |              |                  |
| <b>5.4</b>    | <b>Meeting of the Audit Committee</b>   |                   |              |                  |
| 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.                                    | √                 |              |                  |
| <b>5.5</b>    | <b>Role of Audit Committee</b>  |                   |              |                  |
| 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.                                  |                   |              | N/A              |
| 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   |                   |              | N/A              |
| <b>5.6</b>    | <b>Reporting of the Audit Committee</b>   |                   |              |                  |
| 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, relies and regulation.                 |                   |              | 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              |
| <b>5.7</b>    | <b>Reporting to the Shareholders and General Investors</b>  | √                 |              |                  |

| Condition No. | Title   | Compliance Status |              | Remarks (if any) |
|---------------|---|-------------------|--------------|------------------|
|               |   | Complied          | Not Complied |                  |
| <b>6</b>      | <b>Nomination and Remuneration Committee (NRC).</b>   |                   |              |                  |
| <b>6.1</b>    | <b>Responsibility to the Board of Directors</b>   |                   |              |                  |
| 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.  |                   |              |                  |
| <b>6.2</b>    | <b>Constitution of the NRC</b>  |                   |              |                  |
| 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 from the company.  |                   |              |                  |
| <b>6.3</b>    | <b>Chairperson of the NRC</b>   |                   |              |                  |
| 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.  |                   |              |                  |
| <b>6.4</b>    | <b>Meeting of the NRC</b>   |                   |              |                  |
| 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.  |                   |              |                  |
| <b>6.5</b>    | <b>Role of the NRC</b>  |                   |              |                  |
| 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.                                 |                   |              |                  |
| 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.                         |                   |              |                  |

Pursuant to Bangladesh Bank circular letter no. 18 dated on 26 October, 2011, no other sub-committee of the Board is permitted except Executive Committee and Audit Committee of a Financial Institution.

| Condition No. | Title  | Compliance Status |              | Remarks (if any) |
|---------------|--|-------------------|--------------|------------------|
|               |  | Complied          | Not Complied |                  |
| <b>7.</b>     | <b>EXTERNAL / STATUTORY AUDITORS:</b>  |                   |              |                  |
| <b>7.1</b>    | <b>Issuer company shall not engage its external auditors to perform the following services:</b>  |                   |              |                  |
| 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 account ion 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.  | √                 |              |                  |
| <b>7.2</b>    | <b>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.</b>            | √                 |              |                  |
| <b>7.3</b>    | <b>Representative of External Auditors shall remain present in the AGM.</b>  | √                 |              |                  |
| <b>8.</b>     | <b>Maintaining a website by the Company</b>  |                   |              |                  |
| 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.                   | √                 |              |                  |
| <b>9.</b>     | <b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>   |                   |              |                  |
| 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

The Statement of compliance with the good governance guidelines issued by the Bangladesh Bank vide 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 |
|-----------|---|----------------------|
| <b>1.</b> | <b>Responsibilities and authorities of the Board of Directors:</b>  |                      |
|           | <b>(a) Work-planning and strategic management:</b>  |                      |
|           | (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>(b) Formation of sub-committee:</b>  |                      |
|           | 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             |
|           | <b>(c) Financial management:</b>  |                      |
|           | (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             |
|           | <b>(d) Management of loan/lease/investments:</b>  |                      |
|           | (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             |
|           | (iii) Any large loan/lease/investment proposal must be approved by the Board.   | Complied             |

| Sl. No.   | Particulars   | Status of Compliance |
|-----------|---|----------------------|
|           | <b>(e) Risk management:</b>   |                      |
|           | 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             |
|           | <b>(f) Internal control and compliance management:</b>  |                      |
|           | 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             |
|           | <b>(g) Human resource management:</b>   |                      |
|           | 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             |
|           | <b>(h) Appointment of CEO:</b>  |                      |
|           | 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             |
|           | <b>(i) Benefits offer to the Chairman:</b>  |                      |
|           | 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             |
| <b>2.</b> | <b>Responsibilities of the Chairman of the Board of Directors:</b>  |                      |
|           | (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             |
| <b>3.</b> | <b>Responsibilities of Managing Director:</b>   |                      |
|           | (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 Managing Director.   | Complied             |

# DECLARATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

08 August 2023

The Board of Directors  
Prime Finance & Investment Limited  
56-57 Dilkusha Commercial Area  
Dhaka-1000

**Subject: Declaration on Financial Statements for the year ended on 31 December 2021.**

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 2021 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.

We have reviewed the financial statements for the year ended on 31 December 2021 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.

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

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# 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 & Investment Limited and its subsidiaries (the "Group") as well as the separate financial statements of Prime Finance & Investment Limited (the "Company") which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 financial position of the Group and separate financial statements of the Company as at 31 December 2021 and its consolidated and separate financial performance 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.

## Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Description of key audit matters   | Our response to key audit matters   |
|--|---|
| <b>Measurement of provision for loans, advances and leases</b>   |   |
| <p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>As at 31 December 2021, the Group reported total gross loans, advances and leases of BDT 8,515,986,704 (31 December 2020: BDT 8,685,033,846) and provision for loans and advances of BDT 573,603,886 (31 December 2020: BDT 504,190,788).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in DFIM Circular no. 04 dated 26 July 2021;</li> <li>• 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;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> | <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and</li> <li>• Finally compared the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank.</li> </ul> <p>Considering the unprecedented adverse impact on Bangladesh economy due to COVID 19, Bangladesh Bank has instructed NBFIs not to further downgrade any loan/lease/advance from its existing classification applicable as at 1 January 2021 if client has paid 15% of total outstanding of 2021 and interest income may be recognized considering on the future risk of recovery. Initially the duration of this moratorium for any further downgrade was up to 30 June 2021 considering the fact that client must have to pay 50% of total payments required for 2021, but considering longer adverse impact of COVID 19 this has been further extended to 31 December 2021 vide DFIM Circular Letter no 33 dated 19 December 2021 and payment is reduced to 15%. However, the Company has kept specific provision of BDT 119,319,095 during the current period.</p> <p>The said BB Circular has also instructed to consider all installments payable during the period from 1 January to 31 December 2021 as deferred and reschedule the number of installment and amount from 1 January 2022. As a result, the number of installments unpaid during January to December 2021 shall be added with the revised repayment schedule.</p> <p>No penal interest or additional fee/charge/commission shall be imposed on these deferred installments.</p> <p>We have selected samples to check compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future.</p> |
| See note no 7 and 13 to the financial statements   |   |

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### Measurement of deferred tax assets

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At year end of 2021, the Company reported total deferred tax assets of BDT 8,362,048 (2020: BDT 1,1263,048) and deferred tax expense of BDT 2,901,040 (2020: deferred tax income BDT 357,715).

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 Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.

We also assessed the completeness and accuracy of the data used for the estimates of future taxable income. The Company has sufficient taxable profit to recover the deferred tax assets in the foreseeable future.

We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.

Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.

See notes no 13.4.2 to the financial statements

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### IT systems and controls

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Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT-dependent manual controls.

We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.

We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.

We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

We considered the control environment relating to various interfaces, configurations and other application layer controls identified as key to our audit.

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### Legal and regulatory matters

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We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.

We inquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.

We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

We also assessed the Company's provisions and contingent liabilities disclosure.

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## Other matters

The financial statements of the Company for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 31 August 2021.

## Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 audit 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 Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Company accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of Consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these Consolidated and separate financial statements, management is responsible for assessing the Groups' and 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 Group and 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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 the 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 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 and separate balance sheet and consolidated and separate 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 were for the purpose of the Company's business for the year;
- (v) the financial statements of the Group and 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) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collect to be 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 Company and we have spent around 1,500 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.

Dhaka, 08 August 2023  
DVC: 2308221512AS822116



**Shaikh Hasibur Rahman, FCA**  
Enrolment no.: 1512  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Prime Finance & Investment Limited  
**CONSOLIDATED BALANCE SHEET**

As at 31 December 2021

| PARTICULARS  | Notes       | Amount in Taka        |                       |
|--|-------------|-----------------------|-----------------------|
|  |             | 2021                  | 2020                  |
| <b>PROPERTY AND ASSETS</b>   |             |                       |                       |
| <b>Cash</b>  |             |                       |                       |
| In hand (including foreign currencies)   |             | 67,630                | 70,656                |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) |             | 70,280,920            | 58,163,841            |
| <b>Total cash</b>  | <b>4.a</b>  | <b>70,348,550</b>     | <b>58,234,497</b>     |
| <b>Balance with other banks and financial institutions</b>                     |             |                       |                       |
| In Bangladesh  |             | 644,411,431           | 431,831,173           |
| Outside Bangladesh   |             | -                     | -                     |
| <b>Total balance with other banks and financial institutions</b>               | <b>5.a</b>  | <b>644,411,431</b>    | <b>431,831,173</b>    |
| <b>Money at call and on short notice</b>                                       |             |                       |                       |
|  |             | -                     | -                     |
| <b>Investments</b>   |             |                       |                       |
| Government   |             | -                     | -                     |
| Others   |             | 875,047,536           | 621,808,839           |
| <b>Total Investments</b>   | <b>6.a</b>  | <b>875,047,536</b>    | <b>621,808,839</b>    |
| <b>Loans, advances and leases</b>  |             |                       |                       |
| Loans, advances and leases etc.  |             | 8,515,986,704         | 8,685,033,846         |
| Bills purchased and discounted   |             | -                     | -                     |
| <b>Total loans, advances and leases</b>  | <b>7.a</b>  | <b>8,515,986,704</b>  | <b>8,685,033,846</b>  |
| Fixed assets including premises, furniture and fixtures                        | <b>8.a</b>  | 564,154,315           | 956,532,979           |
| Other assets   | <b>9.a</b>  | 2,136,796,820         | 2,096,754,867         |
| Non - banking assets   | <b>10.0</b> | 291,409,429           | 389,474,105           |
| <b>Total assets</b>  |             | <b>13,098,154,785</b> | <b>13,239,670,306</b> |
| <b>LIABILITIES AND CAPITAL</b>   |             |                       |                       |
| <b>Liabilities</b>   |             |                       |                       |
| Borrowings from other banks, financial institutions and agents                 | <b>11.a</b> | 1,244,049,586         | 1,357,282,660         |
| <b>Deposits and other accounts</b>   |             |                       |                       |
| Current and other accounts   |             | -                     | -                     |
| Bills payable  |             | -                     | -                     |
| Savings accounts   |             | -                     | -                     |
| Term deposits  | <b>12.a</b> | 5,868,114,146         | 5,428,137,532         |
| Bearer certificates of deposit   |             | -                     | -                     |
| Other deposits   |             | -                     | -                     |
| <b>Total deposits and other accounts</b>                                       |             | <b>5,868,114,146</b>  | <b>5,428,137,532</b>  |
| <b>Other liabilities</b>   | <b>13.a</b> | <b>2,411,223,179</b>  | <b>2,445,861,614</b>  |
| <b>Total liabilities</b>   |             | <b>9,523,386,911</b>  | <b>9,231,281,806</b>  |
| <b>Capital/ shareholders' equity</b>   |             |                       |                       |
| Paid up capital  | <b>14.0</b> | 2,729,164,830         | 2,729,164,830         |
| Statutory reserve  | <b>16.0</b> | 960,237,744           | 960,237,744           |
| Share money deposit  |             | -                     | -                     |
| Other reserves   |             | -                     | -                     |
| Retained earnings  |             | (1,643,516,215)       | (1,455,654,707)       |
| Revaluation reserve  |             | 721,800,493           | 975,602,724           |
| <b>Equity attributable to shareholders' of the company</b>                     |             | <b>2,767,686,852</b>  | <b>3,209,350,591</b>  |
| Non-controlling interest   | <b>15.0</b> | 807,081,022           | 799,037,909           |
| <b>Total shareholders' equity</b>  |             | <b>3,574,767,874</b>  | <b>4,008,388,500</b>  |
| <b>Total liabilities and shareholders' equity</b>                              |             | <b>13,098,154,785</b> | <b>13,239,670,306</b> |

| PARTICULARS   | Notes       | Amount in Taka |                   |
|---|-------------|----------------|-------------------|
|   |             | 2021           | 2020              |
| <b>OFF-BALANCE SHEET ITEMS</b>  |             |                |                   |
| <b>Contingent liabilities</b>   |             |                |                   |
| Acceptances and endorsements  |             | -              | -                 |
| Letters of guarantee  |             | -              | -                 |
| Irrevocable letters of credit   |             | -              | -                 |
| Bills for collection  |             | -              | -                 |
| Other contingent liabilities  |             | -              | -                 |
| <b>Total contingent liabilities</b>                                   |             | -              | -                 |
| <b>Other commitments</b>  |             |                |                   |
| 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        |
| <b>Total other commitments</b>  |             | -              | <b>10,000,000</b> |
| <b>Total off-balance sheet items including contingent liabilities</b> |             | -              | <b>10,000,000</b> |
| <b>Net Asset Value per share (NAV)</b>                                | <b>37.a</b> | <b>10.14</b>   | <b>11.76</b>      |

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chairman



Director



Managing Director



Company Secretary

This is the consolidated balance sheet referred to in our separate report of even date.

Dhaka, 08 August 2023  
DVC: 2308221512AS822116



**Shaikh Hasibur Rahman, FCA**  
Enrolment no. 1512  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Prime Finance & Investment Limited

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2021

| PARTICULARS                                     | Notes    | Amount in Taka       |                     |
|---|----------|----------------------|---------------------|
|   |          | 2021                 | 2020                |
| Interest income                                 | 19.a     | 616,917,289          | 836,314,526         |
| Interest paid on deposits, borrowings etc.      | 20.a     | (628,955,525)        | (700,134,101)       |
| <b>Net interest income</b>                      |          | <b>(12,038,236)</b>  | <b>136,180,425</b>  |
| Investment income                               | 21.a     | 135,164,681          | (26,411,255)        |
| Fees, commission, exchange and brokerage        | 22.a     | 8,859,047            | 11,583,532          |
| Other operating income                          | 23.a     | 188,324,966          | 33,524,419          |
|   |          | 332,348,694          | 18,696,696          |
| <b>Total operating income (A)</b>               |          | <b>320,310,458</b>   | <b>154,877,121</b>  |
| Salaries and other employee benefits            | 24.a     | 119,622,623          | 105,206,126         |
| Rent, taxes, insurance, electricity etc.        | 25.a     | 15,233,563           | 15,425,098          |
| Legal expenses                                  | 26.a     | 2,584,297            | 713,819             |
| Postage, stamp, telecommunication etc.          | 27.a     | 2,390,148            | 2,003,796           |
| Stationery, printing, advertisements etc.       | 28.a     | 5,792,360            | 2,077,376           |
| Managing director's salary and fees             | 29.0     | 10,120,000           | 9,060,000           |
| Directors' fees                                 | 30.a     | 769,781              | 588,448             |
| Auditors' fees                                  | 31.a     | 431,250              | 431,250             |
| Charges on loan losses                          |          | -                    | -                   |
| Depreciation and repair of assets               | 32.a     | 14,456,077           | 21,500,582          |
| Other expenses                                  | 33.a     | 27,275,882           | 6,474,953           |
| <b>Total operating expenses (B)</b>             |          | <b>198,675,981</b>   | <b>163,481,448</b>  |
| <b>Profit before provision (C=A-B)</b>          |          | <b>121,634,476</b>   | <b>(8,604,327)</b>  |
| <b>Provision for loans, advances and leases</b> |          |                      |                     |
| General provision                               | 13.1     | 936,397              | 3,788               |
| Specific provision                              | 13.1     | 119,319,095          | (60,930,787)        |
| Provision for diminution in value of investment | 13.2.a   | 131,961,192          | 5,848,293           |
| Other provision                                 | 13.0     | 6,513,000            | 11,281,000          |
| <b>Total provision (D)</b>                      |          | <b>258,729,684</b>   | <b>(43,797,706)</b> |
| <b>Total profit before tax (C-D)</b>            |          | <b>(137,095,208)</b> | <b>35,193,379</b>   |
| <b>Provision for taxation</b>                   |          |                      |                     |
| Current   | 13.4.1.a | 37,974,066           | 1,631,771           |
| Deferred  | 13.4.2.a | 4,749,121            | (861,438)           |
|   |          | 42,723,187           | 770,333             |
| <b>Net profit after tax</b>                     |          | <b>(179,818,395)</b> | <b>34,423,046</b>   |
| <b>Attributable to</b>                          |          |                      |                     |
| Shareholders of the company                     |          | (187,861,508)        | 37,860,751          |
| Non-controlling interest                        |          | 8,043,113            | (3,437,705)         |

| PARTICULARS                                       | Notes       | Amount in Taka     |                    |
|---|-------------|--------------------|--------------------|
|   |             | 2021               | 2020               |
| <b>Appropriations</b>                             |             |                    |                    |
| Statutory reserve                                 |             | -                  | 8,603,462          |
| General reserve                                   |             | -                  | -                  |
| Proposed cash dividend                            |             | -                  | -                  |
| Proposed stock dividend                           |             | -                  | -                  |
| <b>Weighted average no. of outstanding shares</b> |             | <b>272,916,483</b> | <b>272,916,483</b> |
| <b>Earnings per share (EPS)</b>                   | <b>36.a</b> | <b>-0.69</b>       | <b>0.14</b>        |

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.



Chairman



Director



Managing Director



Company Secretary

This is the consolidated balance sheet referred to in our separate report of even date.

Dhaka, 08 August 2023  
DVC: 2308221512AS822116



**Shaikh Hasibur Rahman, FCA**  
Enrolment no. 1512  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Prime Finance & Investment Limited

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

| PARTICULARS  | Amount in Taka       |                     |
|--|----------------------|---------------------|
|  | 2021                 | 2020                |
| <b>A) Operating activities</b>   |                      |                     |
| Interest receipts  | 655,903,988          | 782,603,630         |
| Interest payments  | (555,009,444)        | (661,897,902)       |
| Fees and commission receipts   | 1,094,707            | 192,444             |
| Dividend & Gain receipts   | 23,707,878           | 12,834,115          |
| Cash payments to employees   | (128,487,285)        | (101,648,343)       |
| Cash payments to suppliers and management expenses                             | (28,393,794)         | (45,281,803)        |
| Income taxes paid  | (29,042,425)         | (6,116,305)         |
| Receipts from other operating activities                                       | 147,983,284          | 45,109,410          |
| Payments for other operating activities  | (302,117,901)        | (4,773,496)         |
| <b>Cash generated before changes in operating assets and liabilities</b>       | <b>(214,360,992)</b> | <b>21,021,750</b>   |
| <b>Increase/ (decrease) in operating assets and liabilities</b>                |                      |                     |
| Net loans and advances and other assets  | 129,097,420          | 3,935,345           |
| Net loans and deposits from banks and other customers and trading liabilities  | 259,941,596          | 57,360,839          |
| <b>Cash generated from operating assets and liabilities</b>                    | <b>389,039,016</b>   | <b>61,296,184</b>   |
| <b>Net cash generated from operating activities</b>                            | <b>174,678,024</b>   | <b>82,317,934</b>   |
| <b>B) Investing activities</b>   |                      |                     |
| Acquisition of fixed assets  | (4,819,080)          | (2,423,126)         |
| Disposal of fixed assets   | 124,688,691          | -                   |
| Sale of securities   | -                    | -                   |
| Investment in securities   | -                    | -                   |
| <b>Net cash used in investing activities</b>                                   | <b>119,869,611</b>   | <b>(2,423,126)</b>  |
| <b>C) Financing activities</b>   |                      |                     |
| Dividend paid  | -                    | (22,300,473)        |
| Net received/(payment) for loans   | (69,853,324)         | (37,518,757)        |
| <b>Net cash used in financing activities</b>                                   | <b>(69,853,324)</b>  | <b>(59,819,230)</b> |
| <b>D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>        | <b>224,694,311</b>   | <b>20,075,578</b>   |
| <b>E) Effects of exchange rate changes on cash and cash equivalents</b>        | <b>-</b>             | <b>-</b>            |
| <b>F) Cash and cash equivalents at beginning of the year</b>                   | <b>490,065,670</b>   | <b>469,990,092</b>  |
| <b>G) Cash and cash equivalents at end of the year (D+E+F)</b>                 | <b>714,759,981</b>   | <b>490,065,670</b>  |
| <b>Cash and cash equivalents at end of the year represents</b>                 |                      |                     |
| Cash in hand (including foreign currencies)                                    | 67,630               | 70,656              |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) | 70,280,920           | 58,163,841          |
| Balance with other banks and financial institutions                            | 644,411,431          | 431,831,173         |
|  | <b>714,759,981</b>   | <b>490,065,670</b>  |
| <b>Net operating cash flow per share (NOCFPS)</b>                              | <b>38.a</b>          | <b>0.64</b>         |
|  |                      | <b>0.30</b>         |

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

This is the consolidated balance sheet referred to in our separate report of even date.

Prime Finance & Investment Limited

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

| PARTICULARS  | Attributable to Equity Holder of Prime Finance & Investment Ltd. |                      |                      |                        |                        | Non-controlling Interest | Total | Amount in Taka |
|--|--|----------------------|----------------------|------------------------|------------------------|--------------------------|-------|----------------|
|  | Paid up capital  | Statutory reserve    | Revaluation reserves | Retained earnings      |                        |                          |       |                |
|  | <b>Balance as at 1 January 2021</b>                              | <b>2,729,164,830</b> | <b>960,237,744</b>   | <b>975,602,724</b>     | <b>(1,455,654,707)</b> |                          |       |                |
| Net profit for the year 2021                           | -  | -                    | -                    | (187,861,508)          | 8,043,113              | (179,818,395)            |       |                |
| Transfer to statutory reserve                          | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Issue of right share                                   | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Issue of bonus share                                   | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Payment of cash dividend (2020)                        | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Revaluation reserve of PFI Securities Ltd (note 9.1.1) | -  | -                    | (253,802,231)        | -                      | -                      | (253,802,231)            |       |                |
| Revaluation of land of the company (note 8.1)          | -  | -                    | <b>721,800,493</b>   | <b>(1,643,516,215)</b> | <b>807,081,022</b>     | <b>3,574,767,874</b>     |       |                |
| <b>Balance as at 31 December 2021</b>                  | <b>2,729,164,830</b>   | <b>960,237,744</b>   | <b>975,602,724</b>   | <b>(1,455,654,707)</b> | <b>799,037,909</b>     | <b>4,008,388,500</b>     |       |                |
| <b>Balance as at 1 January 2020</b>                    | <b>2,729,164,830</b>   | <b>951,634,282</b>   | <b>221,943,750</b>   | <b>(1,462,611,523)</b> | <b>802,475,614</b>     | <b>3,242,606,953</b>     |       |                |
| Net profit for the year 2020                           | -  | -                    | -                    | 37,860,751             | (3,437,705)            | 34,423,046               |       |                |
| Transfer to statutory reserve                          | -  | 8,603,462            | -                    | (8,603,462)            | -                      | -                        |       |                |
| Issue of right share                                   | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Issue of bonus share                                   | -  | -                    | -                    | -                      | -                      | -                        |       |                |
| Payment of cash dividend (2019)                        | -  | -                    | -                    | (22,300,473)           | -                      | (22,300,473)             |       |                |
| Revaluation reserve of PFI Securities Ltd (note 9.1.1) | -  | -                    | 158,809,996          | -                      | -                      | 158,809,996              |       |                |
| Revaluation of land of the company (note 8.1)          | -  | -                    | 594,848,978          | -                      | -                      | 594,848,978              |       |                |
| <b>Balance as at 31 December 2020</b>                  | <b>2,729,164,830</b>   | <b>960,237,744</b>   | <b>975,602,724</b>   | <b>(1,455,654,707)</b> | <b>799,037,909</b>     | <b>4,008,388,500</b>     |       |                |

  
Chairman

Director

  
Managing Director

Company Secretary

# Prime Finance & Investment Limited

## BALANCE SHEET

As at 31 December 2021

| PARTICULARS  | Notes       | Amount in Taka        |                       |
|--|-------------|-----------------------|-----------------------|
|  |             | 2021                  | 2020                  |
| <b>PROPERTY AND ASSETS</b>   |             |                       |                       |
| <b>Cash</b>  |             |                       |                       |
| In hand (including foreign currencies)   |             | 60,000                | 60,000                |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) |             | 70,280,920            | 58,163,841            |
| <b>Total cash</b>  | <b>4.0</b>  | <b>70,340,920</b>     | <b>58,223,841</b>     |
| <b>Balance with other banks and financial institutions</b>                     |             |                       |                       |
| In Bangladesh  |             | 619,740,679           | 414,108,448           |
| Outside Bangladesh   |             | -                     | -                     |
| <b>Total balance with other banks and financial institutions</b>               | <b>5.0</b>  | <b>619,740,679</b>    | <b>414,108,448</b>    |
| Money at call and on short notice  |             | -                     | -                     |
| <b>Investments</b>   |             |                       |                       |
| Government   |             | -                     | -                     |
| Others   |             | 195,424,480           | 51,922,465            |
| <b>Total investments</b>   | <b>6.0</b>  | <b>195,424,480</b>    | <b>51,922,465</b>     |
| <b>Loans, advances and leases</b>  |             |                       |                       |
| Loans, advances and Leases etc.  |             | 7,067,654,294         | 7,137,669,435         |
| Bills purchased and discounted   |             | -                     | -                     |
| <b>Total loans, advances and leases</b>  | <b>7.0</b>  | <b>7,067,654,294</b>  | <b>7,137,669,435</b>  |
| Fixed assets including premises, furniture and fixtures                        | <b>8.0</b>  | 562,642,363           | 954,138,682           |
| Other assets   | <b>9.0</b>  | 2,562,886,914         | 2,503,861,972         |
| Non - banking assets   | <b>10.0</b> | 291,409,429           | 389,474,105           |
| <b>Total assets</b>  |             | <b>11,370,099,079</b> | <b>11,509,398,948</b> |
| <b>LIABILITIES AND CAPITAL</b>   |             |                       |                       |
| <b>Liabilities</b>   |             |                       |                       |
| Borrowings from other banks, financial institutions and agents                 | <b>11.0</b> | 825,857,256           | 902,599,599           |
| <b>Deposits and other accounts</b>   |             |                       |                       |
| Current and other accounts   |             | -                     | -                     |
| Bills payable  |             | -                     | -                     |
| Savings accounts   |             | -                     | -                     |
| Term deposits  | <b>12.0</b> | 5,868,114,146         | 5,428,137,532         |
| Bearer certificates of deposit   |             | -                     | -                     |
| Other deposits   |             | -                     | -                     |
| <b>Total deposits and other accounts</b>                                       |             | <b>5,868,114,146</b>  | <b>5,428,137,532</b>  |
| <b>Other liabilities</b>   | <b>13.0</b> | 2,159,062,357         | 2,207,868,090         |
| <b>Total liabilities</b>   |             | <b>8,853,033,759</b>  | <b>8,538,605,221</b>  |
| <b>Capital/ shareholders' equity</b>   |             |                       |                       |
| Paid up capital  | <b>14.0</b> | 2,729,164,830         | 2,729,164,830         |
| Statutory reserve  | <b>16.0</b> | 960,237,744           | 960,237,744           |
| Other reserves   |             | -                     | -                     |
| Retained earnings  | <b>17.0</b> | (1,894,137,747)       | (1,694,211,571)       |
| Revaluation reserve  |             | 721,800,493           | 975,602,724           |
| <b>Total shareholders' equity</b>  |             | <b>2,517,065,320</b>  | <b>2,970,793,727</b>  |
| <b>Total liabilities and shareholders' equity</b>                              |             | <b>11,370,099,079</b> | <b>11,509,398,948</b> |

| PARTICULARS   | Notes       | Amount in Taka |                   |
|---|-------------|----------------|-------------------|
|   |             | 2021           | 2020              |
| <b>OFF-BALANCE SHEET ITEMS</b>  |             |                |                   |
| <b>Contingent liabilities</b>   |             |                |                   |
| Acceptances and endorsements  |             | -              | -                 |
| Letters of guarantee  |             | -              | -                 |
| Irrevocable letters of credit   |             | -              | -                 |
| Bills for collection  |             | -              | -                 |
| Other contingent liabilities  |             | -              | -                 |
| <b>Total contingent liabilities</b>                                   |             | -              | -                 |
| <b>Other commitments</b>  |             |                |                   |
| 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                    | <b>45.0</b> | -              | 10,000,000        |
| <b>Total other commitments</b>  |             | -              | <b>10,000,000</b> |
| <b>Total off-balance sheet items including contingent liabilities</b> |             | -              | <b>10,000,000</b> |
| <b>Net Asset Value per share (NAV)</b>                                | <b>37.0</b> | <b>9.22</b>    | <b>10.89</b>      |

The annexed notes from 1 to 58 form an integral part of these financial statements.



Chairman



Director



Managing Director



Company Secretary

This is the balance sheet referred to in our separate report of even date.

Dhaka, 08 August 2023  
DVC: 2308221512AS822116



**Shaikh Hasibur Rahman, FCA**  
Enrolment no. 1512  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Prime Finance & Investment Limited  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2021

| PARTICULARS                                     | Notes  | Amount in Taka       |                     |
|---|--------|----------------------|---------------------|
|   |        | 2021                 | 2020                |
| Interest income                                 | 19.0   | 606,218,588          | 781,292,490         |
| Interest paid on deposits, borrowings etc.      | 20.0   | (574,012,201)        | (648,443,538)       |
| <b>Net interest income</b>                      |        | <b>32,206,387</b>    | <b>132,848,952</b>  |
| Investment income                               | 21.0   | 19,473,592           | (28,547,080)        |
| Fees, commission, exchange and brokerage        | 22.0   | 490,726              | 142,444             |
| Other operating income                          | 23.0   | 174,802,391          | 21,709,219          |
|   |        | 194,766,709          | (6,695,417)         |
| <b>Total operating income (A)</b>               |        | <b>226,973,096</b>   | <b>126,153,535</b>  |
| Salaries and other employee benefits            | 24.0   | 90,717,530           | 83,703,116          |
| Rent, taxes, insurance, electricity etc.        | 25.0   | 11,795,146           | 11,757,480          |
| Legal expenses                                  | 26.0   | 2,312,292            | 645,489             |
| Postage, stamp, telecommunication etc.          | 27.0   | 2,234,515            | 1,860,201           |
| Stationery, printing, advertisements etc.       | 28.0   | 4,766,579            | 1,832,273           |
| Managing Director's salary and fees             | 29.0   | 10,120,000           | 9,060,000           |
| Directors' fees                                 | 30.0   | 512,000              | 304,000             |
| Auditors' fees                                  | 31.0   | 345,000              | 345,000             |
| Charges on loan losses                          |        | -                    | -                   |
| Depreciation and repair of assets               | 32.0   | 13,196,462           | 17,615,192          |
| Other expenses                                  | 33.0   | 8,373,673            | 5,023,905           |
| <b>Total operating expenses (B)</b>             |        | <b>144,373,197</b>   | <b>132,146,656</b>  |
| <b>Profit before provision (C=A-B)</b>          |        | <b>82,599,899</b>    | <b>(5,993,121)</b>  |
| <b>Provision for loans, advances and leases</b> |        |                      |                     |
| General provision                               | 13.1   | 936,397              | 3,788               |
| Specific provision                              | 13.1   | 119,319,095          | (60,930,787)        |
| Provision for diminution in value of investment | 13.2   | 126,451,586          | -                   |
| Other provision                                 | 13.0   | 6,513,000            | 11,281,000          |
| <b>Total provision (D)</b>                      |        | <b>253,220,078</b>   | <b>(49,645,999)</b> |
| <b>Total profit before tax (C-D)</b>            |        | <b>(170,620,179)</b> | <b>43,652,878</b>   |
| <b>Provision for taxation</b>                   |        |                      |                     |
| Current tax expense                             | 13.4.1 | 26,404,957           | 993,284             |
| Deferred tax expense/(income)                   | 13.4.2 | 2,901,040            | (357,715)           |
|   |        | 29,305,997           | 635,569             |
| <b>Net profit after tax</b>                     |        | <b>(199,926,176)</b> | <b>43,017,309</b>   |

| PARTICULARS                                      | Notes       | Amount in Taka     |                    |
|--|-------------|--------------------|--------------------|
|  |             | 2021               | 2020               |
| <b>Appropriations</b>                            |             |                    |                    |
| Statutory reserve                                | 16.0        | -                  | 8,603,462          |
| General reserve                                  |             | -                  | -                  |
| Proposed cash dividend                           |             | -                  | -                  |
| Proposed stock dividend                          |             | -                  | -                  |
| <b>Weighted average no. of outstanding share</b> |             | <b>272,916,483</b> | <b>272,916,483</b> |
| <b>Earnings per share (EPS)</b>                  | <b>36.0</b> | <b>-0.73</b>       | <b>0.16</b>        |

The annexed notes from 1 to 58 form an integral part of these financial statements.



Chairman



Director



Managing Director



Company Secretary

This is the balance sheet referred to in our separate report of even date.

Dhaka, 08 August 2023  
DVC: 2308221512AS822116



**Shaikh Hasibur Rahman, FCA**  
Enrolment no. 1512  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Prime Finance & Investment Limited  
**CASH FLOW STATEMENT**

For the year ended 31 December 2021

| PARTICULARS  | Notes       | Amount in Taka       |                     |
|--|-------------|----------------------|---------------------|
|  |             | 2021                 | 2020                |
| <b>A) Operating Activities</b>   |             |                      |                     |
| Interest receipts  |             | 568,398,309          | 753,280,557         |
| Interest payments  |             | (553,471,302)        | (654,337,538)       |
| Fees and commission receipts   |             | 490,726              | 142,444             |
| Dividend & gain receipts   |             | 11,182,998           | 1,761,148           |
| Cash payments to employees   |             | (100,837,530)        | (86,215,774)        |
| Cash payments to suppliers and management expenses                             |             | (28,869,875)         | (39,383,541)        |
| Income taxes paid  |             | (26,404,957)         | (3,816,326)         |
| Receipts from other operating activities                                       | 34.0        | 168,164,744          | 56,769,910          |
| Payments for other operating activities  | 35.0        | (301,979,909)        | (4,673,334)         |
| <b>Cash generated before changes in operating assets and liabilities</b>       |             | <b>(263,326,796)</b> | <b>23,527,546</b>   |
| <b>Increase/ (decrease) in operating assets and liabilities:</b>               |             |                      |                     |
| Net loans and advances and other assets  |             | 109,054,875          | (40,667,888)        |
| Net loans and deposits from banks and other customers and trading liabilities  |             | 252,941,596          | 57,360,839          |
| <b>Cash generated from operating assets and liabilities</b>                    |             | <b>361,996,471</b>   | <b>16,692,951</b>   |
| <b>Net cash generated from operating activities</b>                            |             | <b>98,669,675</b>    | <b>40,220,497</b>   |
| <b>B) Investing Activities</b>   |             |                      |                     |
| Acquisition of fixed assets  |             | (5,609,056)          | (2,628,539)         |
| Disposal of fixed assets   |             | -                    | -                   |
| Sale of land   |             | 124,688,691          | -                   |
| Sale of securities   |             | -                    | -                   |
| Investment in securities   |             | -                    | -                   |
| <b>Net cash used in investing activities</b>                                   |             | <b>119,079,635</b>   | <b>(2,628,539)</b>  |
| <b>C) Financing Activities</b>   |             |                      |                     |
| Cash dividend paid   |             | -                    | (22,300,473)        |
| Issuance of shares   |             | -                    | -                   |
| <b>Net cash used in financing activities</b>                                   |             | <b>-</b>             | <b>(22,300,473)</b> |
| <b>D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>        |             | <b>217,749,310</b>   | <b>15,291,485</b>   |
| <b>E) Effects of exchange rate changes on cash and cash equivalents</b>        |             | <b>-</b>             | <b>-</b>            |
| <b>F) Cash and cash equivalents at beginning of the year</b>                   |             | <b>472,332,289</b>   | <b>457,040,804</b>  |
| <b>G) Cash and cash equivalents at end of the year (D+E+F)</b>                 |             | <b>690,081,599</b>   | <b>472,332,289</b>  |
| <b>Cash and cash equivalents at end of the year represents</b>                 |             |                      |                     |
| Cash in hand (including foreign currencies)                                    |             | 60,000               | 60,000              |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) |             | 70,280,920           | 58,163,841          |
| Balance with other banks and financial institutions                            |             | 619,740,679          | 414,108,448         |
|  |             | <b>690,081,599</b>   | <b>472,332,289</b>  |
| <b>Net operating cash flow per share (NOCFPS)</b>                              | <b>38.0</b> | <b>0.36</b>          | <b>0.15</b>         |

The annexed notes from 1 to 58 form an integral part of these financial statements.

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

This is the balance sheet referred to in our separate report of even date.

Prime Finance & Investment Limited  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

| PARTICULARS  | Amount in Taka       |                    |                      |                        |                      |
|--|----------------------|--------------------|----------------------|------------------------|----------------------|
|  | Paid up capital      | Statutory reserve  | Revaluation reserves | Retained earnings      | Total                |
| <b>Balance as at 1 January 2021</b>                    | <b>2,729,164,830</b> | <b>960,237,744</b> | <b>975,602,724</b>   | <b>(1,694,211,571)</b> | <b>2,970,793,727</b> |
| Net profit for the year 2021                           | -                    | -                  | -                    | (199,926,176)          | (199,926,176)        |
| Transfer to statutory reserve                          | -                    | -                  | -                    | -                      | -                    |
| Issue of bonus share                                   | -                    | -                  | -                    | -                      | -                    |
| Payment of cash dividend (2020)                        | -                    | -                  | -                    | -                      | -                    |
| Revaluation reserve of PFI Securities Ltd (note 9.1.1) | -                    | -                  | -                    | -                      | -                    |
| Revaluation of land of the company (note 8.1)          | -                    | -                  | (253,802,231)        | -                      | (253,802,231)        |
| <b>Balance as at 31 December 2021</b>                  | <b>2,729,164,830</b> | <b>960,237,744</b> | <b>721,800,493</b>   | <b>(1,894,137,747)</b> | <b>2,517,065,320</b> |
| <b>Balance as at 1 January 2020</b>                    | <b>2,729,164,830</b> | <b>951,634,282</b> | <b>221,943,750</b>   | <b>(1,706,324,945)</b> | <b>2,196,417,917</b> |
| Net profit for the year 2020                           | -                    | -                  | -                    | 43,017,309             | 43,017,309           |
| Transfer to statutory reserve                          | -                    | 8,603,462          | -                    | (8,603,462)            | -                    |
| Issue of bonus share                                   | -                    | -                  | -                    | -                      | -                    |
| Payment of cash dividend (2019)                        | -                    | -                  | -                    | (22,300,473)           | (22,300,473)         |
| Revaluation reserve of PFI Securities Ltd (note 9.1.1) | -                    | -                  | 158,809,996          | -                      | 158,809,996          |
| Revaluation of land of the company (note 8.1)          | -                    | -                  | 594,848,978          | -                      | 594,848,978          |
| <b>Balance as at 31 December 2020</b>                  | <b>2,729,164,830</b> | <b>960,237,744</b> | <b>975,602,724</b>   | <b>(1,694,211,571)</b> | <b>2,970,793,727</b> |

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

**LIQUIDITY STATEMENT (ASSETS AND LIABILITIES MATURITY ANALYSIS)**

For the year ended 31 December 2021

| Particulars  | Amount in Taka     |                    |                      |                      |                      | Total                 |
|--|--------------------|--------------------|----------------------|----------------------|----------------------|-----------------------|
|  | Up to 1 month      | 1-3 months         | 3-12 months          | 1-5 years            | Above 5 years        |                       |
| <b>Assets</b>  |                    |                    |                      |                      |                      |                       |
| Cash in hand and Balance with Bangladesh Bank and its agent bank | 60,000             | 70,280,920         | -                    | -                    | -                    | 70,340,920            |
| Balance with other banks and financial institutions              | 30,358,903         | 150,000,000        | 439,381,777          | -                    | -                    | 619,740,679           |
| Money at call and on short notice                                | -                  | -                  | -                    | -                    | -                    | -                     |
| Investments  | 37,001,945         | 74,003,875         | 37,001,945           | -                    | 47,416,716           | 195,424,480           |
| Loans, advances and leases                                       | 132,620,235        | 93,919,680         | 1,129,000,581        | 4,454,449,022        | 1,257,664,775        | 7,067,654,294         |
| Fixed assets including premises, furniture and fixtures          | 316,527            | 621,392            | 9,320,690            | 36,292,665           | 516,091,089          | 562,642,363           |
| Other assets   | 4,462,997          | 1,966,667          | 1,966,667            | -                    | 2,554,490,584        | 2,562,886,914         |
| Non banking assets   | -                  | -                  | -                    | -                    | 291,409,429          | 291,409,429           |
| <b>Total assets (A)</b>  | <b>204,820,607</b> | <b>390,792,534</b> | <b>1,616,671,660</b> | <b>4,490,741,687</b> | <b>4,667,072,592</b> | <b>11,370,099,079</b> |
| <b>Liabilities</b>   |                    |                    |                      |                      |                      |                       |
| Borrowings from other banks, financial institutions and agents   | 14,305,198         | 14,227,886         | 83,311,831           | 628,912,340          | 85,100,001           | 825,857,256           |
| Deposits   | 125,265,429        | 218,628,015        | 1,307,124,750        | 3,648,035,907        | 569,060,045          | 5,868,114,146         |
| Provision and other liabilities                                  | 56,953,798         | 34,151,774         | 443,148,193          | 709,454,911          | 915,353,682          | 2,159,062,357         |
| <b>Total liabilities (B)</b>                                     | <b>196,524,425</b> | <b>267,007,675</b> | <b>1,833,584,774</b> | <b>4,986,403,158</b> | <b>1,569,513,728</b> | <b>8,853,033,759</b>  |
| <b>Net liquidity gap (A - B)</b>                                 | <b>8,296,182</b>   | <b>123,784,859</b> | <b>(216,913,114)</b> | <b>(495,661,471)</b> | <b>3,097,558,865</b> | <b>2,517,065,320</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

## 1.0 COMPANY AND ITS ACTIVITIES

### 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 PFI Tower 56-57, Dilkusha C.A., Dhaka-1000. The operations of the company are being carried out through its five offices located in Motijheel, Gulshan, Uttara, Chattogram 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, soncholy 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 2021 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 2021 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.

#### 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 and significant accounting policies

### 2.1 Statement of compliance

The consolidated financial statements and separate financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement which is stated at market value in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Securities and Exchange Rules, 2020 & the (Listing) Regulation, 2015 of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No. 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements. The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in note-2.3 & Annexure-C.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in note-2.3 & 3 by following the provision of Para 20 of IAS-1 (Presentation of Financial Statements).

### 2.2 Basis of measurement

This financial statements have been prepared based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

### 2.3 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and 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 -3 along with financial impact where applicable.

### 2.4 Significant accounting policies

Same disclosed accounting policies and methods of computation have been followed in these Financial

Statements as were applied in the preparation of the financial statements of Prime Finance & Investment Limited & Group as at and for the year ended 31 December 2020.

### 2.5 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

- (i) Consolidated and Separate Balance Sheet as at 31 December 2021;
- (ii) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2021;
- (iii) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2021;
- (iv) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2021;
- (v) Liquidity Statement for the year ended 31 December 2021;
- (vi) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021.

### 2.6 Directors' responsibility statement

The Board of Directors' takes the responsibility for the preparation and presentation of these financial statements.

### 2.7 Date of authorisation

The Board of directors has authorised this financial statements for public issue on 8 August 2023.

### 2.8 Reporting period

The financial statements of the company covers one year period ranging from 1 January 2021 to 31 December 2021.

### 2.9 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

### 2.10 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the management continue to adopt going concern basis in preparing the financial statements. The current recovery from loans, leases and advances of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

However there were some indications that may affect the management assumption regarding going concern.

Indicators are mentioned below which may affect the management decisions.

The Company has reported a negative accumulated retained earnings in the consolidated statement of financial position since 2015. Besides, a loss of BDT 179,818,395 is reported in the consolidated statement of profit and loss for the year ended 31 December 2021.

"The Company has a provision shortfall of BDT. 1,705,021,674 ( Annexure C) among which BDT. 841,788,442 is for the provision of loans, advances and

leases ( Note 7.16) ; BDT 774,310,825 for provision against equity investment ( Note 13.2) ; BDT. 88,922,407 for the Interest suspense provision on overdue installments ( Note 13.3). The Company applied to Bangladesh Bank for deferral benefit for a term of 8 years. Eventually, after the approval from Bangladesh Bank, the Company is required to keep a provision of BDT. 243,574,525 per year.

The average profitability of the Company's profit before provision in recent years indicates uncertainty about the Company's ability to provide the deferred installments in future years .

Total classified loans and advances at 31 December 2021 was BDT. 4,902,756,995 or 69.37% of total portfolio, as compared to BDT. 1,056,568,283 or 14.80% at 31 December 2020 as per Bangladesh Bank.

The Financial Institution Inspection Department (FIID) of Bangladesh Bank vide their letter no. FIID (I-26(2)/2022-495 dated 12 June 2022 imposed a provision on equity investment of subsidiary and associate companies on qualitative criteria due to non-receiving of dividends from those companies.

This comprises Tk. 37.73 crore for PFI Securities Limited (50% on equity investment), Tk. 48.00 crore for Prime Finance Capital Management Limited (50% on equity investment), Tk. 2.35 crore for Prime Finance Asset Management Company Limited (50% on equity investment), and Tk. 0.40 crore for Prime Prudential Fund Limited (50% on equity investment).

The FIID of Bangladesh Bank also imposed provisions on inter-company loans with associate company PFI Securities Limited amounting to Tk. 272.94 crore based on qualitative criteria. Prime Finance recovered Tk. 28.59, Tk. 35.69 and Tk. 16.97 crore in the years 2019, 2020, and 2021 respectively.

Subsequently, the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank vide their letter no. DFIM(C) 1054/24/2023-235 dated January 18, 2023, has given consent to take the provision imposed by FIID of Bangladesh Bank equally in eight years' time.

"However, the Company took some steps for the recovery of the loans in 2022 as a result a number of 10 (lease/ loan) accounts have been rescheduled; besides, another number of 15 lease/ loan accounts have been fully settled by the borrowers and 01(one) lease/loan account has been transferred to non- banking assets as per the instruction of Honorable Court by order. The Company has a loan to PFI Securities Ltd. which is 38.62% of total NPL ratio of the Company. The Company realized the required down payment from PFI Securities Ltd., and the Board of Directors has already approved the rescheduling proposal which got the approval from Bangladesh Bank ref. no: DFIM(S)1055/59(PFIL)/ 2023-296 dated 22 January 2023.

As some reschedule, settlement and recovery for 26 lease/loan accounts have been taken place, the provision against lease/loan has been decreased by Tk. 86.45 crore in 2022. There is enough profit to accommodate the remaining provision in the following year.

So, the management believes that there is no material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

## 2.11 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- (i) Provision of impairment loans and advances
- (ii) Gratuity
- (iii) Useful life of depreciable assets

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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

### Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

### Contingent Assets

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.

## 2.12 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'.

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 2021, status and applicability of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) in the case of Prime Finance are as under:

| <b>IASs</b> | <b>Title of the IASs</b>   | <b>Applicability</b> |
|-------------|--|----------------------|
| IAS 1       | Presentation of Financial Statements                                     | Applied              |
| IAS 2       | Inventories  | Not applicable       |
| IAS 7       | Statements of cash flows   | Applied              |
| IAS 8       | Accounting Policies, Changes in Accounting Estimates & Errors            | Applied              |
| IAS 10      | Events after the Reporting Period  | Applied              |
| IAS 12      | Income Taxes   | Applied              |
| IAS 16      | Property, Plant and Equipment  | Applied              |
| IAS 19      | Employee Benefits  | Applied              |
| IAS 20      | Accounting for Government Grants and Disclosure of Government Assistance | Not applicable       |
| IAS 21      | The Effects of changes in Foreign Exchange Rates                         | Applied              |
| IAS 23      | Borrowing Costs  | Applied              |
| IAS 24      | Related Party Disclosures  | Applied              |
| 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              |
| IAS 29      | Financial Reporting in Hyperinflationary Economies                       | Not applicable       |
| IAS 31      | Interests in Joint Ventures  | Applied              |
| IAS 33      | Earnings Per Share   | Applied              |
| IAS 34      | Interim Financial Reporting  | Applied              |
| IAS 36      | Impairment of Assets   | Applied              |
| IAS 37      | Provisions, Contingent Liabilities and Contingent Assets                 | Applied              |
| IAS 38      | Intangible Assets  | Applied              |
| IAS 40      | Investment Property  | Not applicable       |
| IAS 41      | Agriculture  | Not applicable       |

| <b>IFRSs</b> | <b>Title of the IFRSs</b>   | <b>Applicability</b> |
|--------------|---|----------------------|
| IFRS 1       | First-Time Adoption of International Financial Reporting Standard | 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              |
| IFRS 8       | Operating Segments  | Applied              |
| IFRS 9       | Financial Instruments   | Applied              |
| IFRS 10      | Consolidated Financial Statements                                 | Applied              |
| 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              |

As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.3 & 3).

## 2.13 Offsetting

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

## 2.14 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". The consolidation of the financial statements have been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

The total profits of the Company and its subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as 'Non-controlling Interest'.

All assets and liabilities of the Company and of its subsidiaries are shown in the consolidated balance sheet. The interest of non-controlling shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

## 2.15 Branch accounting

The Company has five branches, with no overseas branch as on December 31, 2021. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

## 2.16 Accounting for term finance & other finances

Books of accounts for term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealised principal for long-term finance, real estate finance, car loans and other finances are accounted for as term finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

## 2.17 Accounting policy for Leases (IFRS 16)

### PFIL as a lessee

PFIL recognises 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 remeasurements 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 amortised 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.

PFIL presents right of use assets in **Annexure A** and lease liabilities in note-13.6 separately.

### PFIL as a lessor

When PFIL acts as a lessor, it determines at lease inception whether each lease is a finance lease or an 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 16 to allocate the consideration in the contract. PFIL recognises lease payments received under operating leases as income over the lease term.

## 2.18 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.

## 2.19 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.

## 2.20 Accounting for margin loan

Margin Loan to Portfolio investors is given at an agreed ratio (not more than the ratio prescribed by BSEC) between investor's deposit and loan amount to purchase securities against respective investor account. The new investor are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to changes

in market price of share. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain the margin as per rules otherwise the securities are sold to bring the margin to the required level.

## 2.21 Investment in securities

Investment in marketable ordinary shares has been shown at cost, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012.

As per IFRS 9: "Financial Instruments", Financial Assets are classified as either: (i) Amortised cost, (ii) Fair value through profit or loss or (iii) Fair Value through other comprehensive income. In case of valuation of investment in government bonds (Note-6), we have followed amortised cost method, as it meets both of the following assessment criteria:

- i) Business model assessment: The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- ii) Contractual cash flow assessment: The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date.

## 2.22 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.

## 2.23 Provision for loans and advances

Provision for investments and advances is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on Bangladesh Bank guidelines.

PFIL's 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. Provision for loans and advances is made on the basis of periodical review by the management and of instructions of Bangladesh Bank. The Classification rates are given below:

| Particulars                               | Rate    |
|---|---------|
| <b>General provision on:</b>              |         |
| Unclassified loans and advances (SME)     | 0.25%   |
| Unclassified loans and advances (Non SME) | 1.00%   |
| Special mention account (SMA)             | 5.00%   |
| <b>Specific provision on</b>              |         |
| Substandard loans and advances (SS)       | 20.00%  |
| Doubtful loans and advances (DF)          | 50.00%  |
| Bad/loss loans and advances (BL)          | 100.00% |

## 2.24 Fixed assets including premises, furniture and fixtures

### i) Recognition and measurement

#### Own assets

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.

#### ii) Subsequent expenditure on fixed assets

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.

#### iii) 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.

#### iv) 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         |

## 2.25 Intangible assets and amortisation of 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.

## 2.26 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.

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.

## 2.27 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.

## 2.28 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.

## 2.29 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.

## 2.30 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.

## 2.31 Statutory reserve

As per clause no. 06 of Financial Institutions Regulations, 1994, financial institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of share premium account (if any) and statutory reserves is less than the required paid up capital of that financial institution. As per DFIM Circular No. 05, dated July 24, 2011, required capital for financial institution should not be less than BDT 100 crore or minimum capital required based on risk-weighted asset.

## 2.32 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.

### 2.33 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.

### 2.34 Revenue recognition

Revenue is only recognised when it meets the following five steps model framework as per IFRS 15: "Revenue from Contracts with Customers"

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting and where applicable, on the basis of instruction from Bangladesh Bank considering on the future risk of recovery.

#### 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.

#### Mutual fund management

As per the Securities and Exchange Commission (Mutual Fund) Rules, 2001, the Fund shall pay a management fee based on following criteria:

- i. 2.50 percent per annum of the weekly average NAV up to BDT 5.00 crore (Five crore BDT);
- ii. 2.00 percent per annum for additional amount of the weekly average NAV up to BDT 25.00 crore (Twenty Five crore BDT) over BDT 5.00 crore (Five crore BDT);
- iii. 1.50 percent per annum for additional amount of the weekly average NAV up to BDT 50.00 crore (Fifty crore BDT) over BDT 25.00 crore (Twenty Five crore BDT); and
- iv. 1.00 percent per annum for additional amount of the weekly average NAV over BDT 50.00 crore (Fifty crore BDT), accrued and payable quarterly at the end of the period.

### **Mutual fund formation fee**

As per the Securities and Exchange Commission (Mutual Fund) Rules, 2001, the fund shall pay mutual fund formation fee to the asset management company as mentioned in the published prospectus of the fund approved by Bangladesh Securities and Exchange Commission.

### **Mutual fund Pre-scheme**

As per BSEC Directive vide ref no.: SEC/CMRRCD/2009 – 193/ 160 dated 28 May 2014, Asset Manager can accrue management fees from scheme of the Mutual Fund for the period starting from the registration date of the scheme to pre-trade period according to the Rule 65(2).

## **2.35 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.

## **2.36 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.

## **2.37 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**

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements.

The Company provides disclosures based on the classes of assets and liabilities related to the temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognized for all taxable temporary differences and it is probable that temporary differences will not reverse in the foreseeable future. Both the Deferred tax assets and liabilities are reviewed at each reporting date considering the probability of benefit or detriment realizable. Deferred tax assets and liabilities are not offset and are presented separately as per Bangladesh Bank directive.

## **2.38 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.

## **2.39 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.

#### **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 2021, 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.

### **2.40 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.

### **2.41 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) Balances with other banks and financial institutions are on the basis of their maturity term.
- (ii) Investments are on the basis of their expected liquidation & residual maturity term.
- (iii) Loans, advances and leases are on the basis of their repayment schedule.
- (iv) Fixed assets are on the basis of their useful lives.
- (v) Other assets are on the basis of their adjustment terms.
- (vi) Borrowings from other banks and financial institutions as per their maturity/repayment terms
- (vii) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
- (viii) Other long term liabilities are on the basis of their maturity terms.
- (ix) Other liabilities are on the basis of their settlement terms.

### **2.42 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.

### **2.43 Employee benefits**

#### **2.43.1 Employee benefits**

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.

#### **2.43.2 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.

### **2.44 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.

### **2.45 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.

### **2.46 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.

## 2.47 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.

## 2.48 BASEL II & its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' were introduced on January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" came fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, PFIL has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord. Latest status of Capital Adequacy Ratio (CAR) has been shown in note - 14.1

## 2.49 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.

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.

## 2.50 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.

### 3.0 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

| SL No. | Nature of Departure   | Title of IAS/IFRS               | Treatment of IAS/IFRS  | Treatment Adopted as per Bangladesh Bank   | Financial or Presentation Effect of the Departure   |
|--------|---|---------------------------------|--|--|---|
| 1      | Measurement of provision for leases, loans and advances (financial assets measured at amortized cost) | IFRS 9 "Financial Instruments"  | An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.<br><br>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:<br><br>a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or<br><br>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). | As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006, FID circular No. 03, dated 29 April 2013 and DFIM circular No. 04, dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans and Special Mentioned Accounts (SMA)) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.<br><br>Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue. | In financial statements, an amount of Taka 0.936 million has been increased against general provision for leases, loans and advances for the year end 31.12.2021.<br><br>Accumulated provision for leases, loans and advances as at 31.12.2021 stand at Taka 568.094 million. |
| 2      | Valuation of Investments in quoted and unquoted shares  | IFRS 9 "Financial Instruments"  | Investment in shares falls either under at "fair value through profit/loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit of loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.   | As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.   | During this year, total market value of investment in Quoted shares of Prime Finance & Investment Limited is less than its cost price.<br><br>As on December 31, 2021 there was BDT 15.83 million unrealized loss on investment in quoted shares.                             |
| 3      | Recognition of interest income for SMA and classified lease, loans and advances.                      | IFRS 9 "Financial Instruments"  | Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.   | As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.  | Prime Finance & Investment Limited maintained interest suspense accordingly.  |
| 4      | Presentation of cash and cash equivalent  | IAS 7 "Statement of Cash Flows" | Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period.<br><br>In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.  | Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs.<br><br>The templates of financial statements provided detail presentation for statement of cash flows.   | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.  |

| SL No. | Nature of Departure   | Title of IAS/IFRS   | Treatment of IAS/IFRS   | Treatment Adopted as per Bangladesh Bank  | Financial or Presentation Effect of the Departure  |
|--------|---|---|---|---|--|
| 5      | Measurement of deferred tax asset   | IAS 12 "Income Tax"   | A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.  | As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against the provision for lease, loans and advances.  | During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against the provision for leases, loans and advances.  |
| 6      | Presentation and disclosure of Financial Statements and Financial Instruments | IAS 1 "Presentation of Financial Statements"<br>IFRS 9 "Financial Instruments"<br>&<br>IFRS 7 "Financial Instruments: Disclosure" | Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.<br><br>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.<br><br>IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments. | Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs.<br><br>The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.<br><br>Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets.<br><br>As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IAS 39. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts. | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.   |
| 7      | Preparation of "Statement of Cash Flows"                                      | IAS 7 "Statement of Cash Flows"   | The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.   | As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.   | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.  |
| 8      | Current/Non-current distinction   | IAS 1 "Presentation of Financial Statement"   | As per Para 60 of IAS 1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.   | As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.  | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained. |
| 9      | Off-balance sheet items   | IAS 1 "Presentation of Financial Statements"  | There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.   | As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.   | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.<br><br>There is no financial impact for this departure but there is a disclosure in the financial statements.   |

| SL No. | Nature of Departure                               | Title of IAS/IFRS                            | Treatment of IAS/IFRS  | Treatment Adopted as per Bangladesh Bank   | Financial or Presentation Effect of the Departure  |
|--------|---|--|--|--|--|
| 10     | Impairment of Margin Loan (Loans and receivables) | IFRS 9 "Financial Instruments"               | Measurement after initial recognition at amortized cost and recording of changes through profit and loss.  | As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan shall be kept at 20% on each quarter for the five quarters starting from December 2016.  | There is no such impact for this.  |
| 11     | Complete set of financial statements              | IAS 1 "Presentation of Financial Statements" | As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are<br>i) statement of financial position,<br>ii) statement of profit or loss and other comprehensive income,<br>iii) statement of changes in equity,<br>iv) statement of cash flows,<br>v) notes, comprising significant accounting policies and other explanatory information and<br>vi) statement of financial position at the beginning of preceding period for retrospective restatement. | As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are<br>i) balance sheet,<br>ii) profit and loss account,<br>iii) cash flow statement,<br>iv) statement of changes in equity,<br>v) liquidity statement,<br>vi) notes, comprising significant accounting policies and other explanatory information.  | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.<br><br>There is no financial impact for this departure in the financial statements. |
| 12     | Intangible asset                                  | IAS 1 "Presentation of Financial Statements" | As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.  | As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet.<br><br>We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line.  | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.<br><br>There is no financial impact for this departure in the financial statements. |
| 13     | Other comprehensive income                        | IAS 1 "Presentation of Financial Statements" | As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.  | Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement.<br><br>As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. | Financial Statements for 2021 and corresponding year 2020 have been prepared as per the guideline and templates issued by Bangladesh Bank.<br><br>There is no financial impact for this departure in the financial statements.                       |
| 14     | Disclosure of presentation of profit              | N/A  | There is no requirement to show appropriation of profit in the face of statement of comprehensive income.  | As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.   | Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.<br><br>There is no financial impact for this departure in the financial statements. |

|  | Amount in Taka     |                    |
|--|--------------------|--------------------|
|  | 2021               | 2020               |
| <b>4.0 CASH</b>  |                    |                    |
| <b>Cash In hand:</b>   |                    |                    |
| Local currency   | 60,000             | 60,000             |
| Foreign currencies   | -                  | -                  |
|  | <b>60,000</b>      | <b>60,000</b>      |
| <b>Balance with Bangladesh Bank:</b>   |                    |                    |
| Local currency   | 70,280,920         | 58,163,841         |
| Foreign currencies   | -                  | -                  |
|  | <b>70,280,920</b>  | <b>58,163,841</b>  |
|  | <b>70,340,920</b>  | <b>58,223,841</b>  |
| <b>4.a CASH (consolidated)</b>   |                    |                    |
| Prime Finance & Investment Limited   | 60,000             | 60,000             |
| Prime Finance Capital Management Limited   | 7,630              | 10,656             |
|  | <b>67,630</b>      | <b>70,656</b>      |
| <b>Balance with Bangladesh Bank:</b>   |                    |                    |
| Prime Finance & Investment Limited   | 70,280,920         | 58,163,841         |
| Prime Finance Capital Management Limited   | -                  | -                  |
|  | <b>70,280,920</b>  | <b>58,163,841</b>  |
|  | <b>70,348,550</b>  | <b>58,234,497</b>  |
| <b>4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)</b>  |                    |                    |
| 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 which was revised on June 21, 2020 through DFIM circular no.03.  |                    |                    |
| As per revised circular Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% instead 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 1.5% 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. |                    |                    |
| <b>4.1.1 Cash Reserve Requirement (CRR)</b>  |                    |                    |
| <b>1.5% of average balance of term deposits</b>  |                    |                    |
| Required reserve   | 67,256,371         | 55,941,008         |
| Actual reserve held  | 71,585,110         | 61,409,643         |
| <b>Surplus/ (deficit)</b>  | <b>4,328,739</b>   | <b>5,468,635</b>   |
| <b>4.1.2 Statutory Liquidity Requirement (SLR)</b>   |                    |                    |
| <b>5.0% of average liabilities excluding fund from Banks &amp; FIs</b>   |                    |                    |
| Required reserve   | 287,825,240        | 269,950,259        |
| Actual reserve held (note 4.1.4)   | 690,081,599        | 472,332,289        |
| <b>Surplus/ (deficit)</b>  | <b>402,256,359</b> | <b>202,382,030</b> |
| <b>4.1.3 Held for Cash Reserve Requirement (CRR)</b>   |                    |                    |
| Balance with Bangladesh Bank and its agent bank  | 70,280,920         | 58,163,841         |
|  | <b>70,280,920</b>  | <b>58,163,841</b>  |
| <b>4.1.4 Held for Statutory Liquidity Requirement (SLR)</b>  |                    |                    |
| Cash in hand   | 60,000             | 60,000             |
| Balance with Bangladesh Bank and its agent bank  | 70,280,920         | 58,163,841         |
| Balance with other banks and financial institutions (note 5.0)   | 619,740,679        | 414,108,448        |
|  | <b>690,081,599</b> | <b>472,332,289</b> |

#### 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, NBF1 can not 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 @ 1.5% 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 2021, 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.

|   | Amount in Taka     |                    |
|---|--------------------|--------------------|
|   | 2021               | 2020               |
| <b>Fixed deposit account</b>            |                    |                    |
| Dhaka Bank Limited                      | 300,000,000        | 300,000,000        |
|   | <b>300,000,000</b> | <b>300,000,000</b> |
| <b>Current account</b>                  |                    |                    |
| Southeast Bank Limited                  | 915,820            | 1,000,855          |
|   | <b>915,820</b>     | <b>1,000,855</b>   |
| <b>Short term deposit account</b>       |                    |                    |
| BASIC Bank Limited                      | 2,124              | 3,174              |
| Dutch Bangla Bank Limited               | 1,870,152          | 1,042,770          |
| Jamuna Bank Limited                     | 130,603            | 130,725            |
| Mercantile Bank Limited                 | 4,906,524          | 259,366            |
| Meghna Bank Ltd                         | 50,309             | 36,066,930         |
| Modhumoti Bank Ltd                      | 1,524,234          | 20,757             |
| One Bank Limited                        | 33,225             | 34,537             |
| Pubali Bank Limited                     | 1,390,648          | 2,525,229          |
| Prime Bank Limited                      | 5,903,222          | 8,384,843          |
| SBAC Bank Limited                       | 6,950,426          | 4,392,773          |
| Shahajalal Islami Bank Limited          | 2,724,994          | 3,819,490          |
| Southeast Bank Limited                  | 272,367,720        | 34,135,040         |
| Standard Bank Ltd                       | 198,268            | 1,346,479          |
| Prime Bank Limited (dividend accounts)* | 20,772,409         | 20,945,480         |
|   | <b>318,824,859</b> | <b>113,107,593</b> |
|   | <b>619,740,679</b> | <b>414,108,448</b> |

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 1.5% 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       | 30,358,902         | 94,497,722         |
| 1 month to 3 months | 150,000,000        | 100,000,000        |
| 3 months to 1 year  | 439,381,777        | 200,000,000        |
| 1 year to 5 years   | -                  | 19,610,726         |
| More than 5 years   | -                  | -                  |
|                     | <b>619,740,679</b> | <b>414,108,448</b> |

#### 5.a BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)

|  |                    |                    |
|--|--------------------|--------------------|
| Prime Finance & Investment Limited       | 619,740,679        | 414,108,448        |
| Prime Finance Capital Management Limited | 24,670,752         | 17,722,725         |
|  | <b>644,411,431</b> | <b>431,831,173</b> |

|  | Amount in Taka     |                   |
|--|--------------------|-------------------|
|  | 2021               | 2020              |
| <b>6.0 INVESTMENTS</b>   |                    |                   |
| 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)   | 195,424,480        | 51,922,465        |
|  | <b>195,424,480</b> | <b>51,922,465</b> |

### 6.1 Other investments

| Ordinary share                   | As at 31 December 2021         |                    | Cost               |                   |
|----------------------------------|--------------------------------|--------------------|--------------------|-------------------|
|                                  | No. of Company                 | Market Value       | 2021               | 2020              |
|                                  | Listed securities (note 6.1.1) | 27                 | 132,172,025        | 148,007,780       |
| Unlisted securities (note 6.1.2) | 4                              | 44,416,700         | 44,416,700         | 44,416,700        |
| Unit fund (note 6.1.3)           | 1                              | 3,000,000          | 3,000,000          | 3,000,000         |
|                                  | <b>32</b>                      | <b>179,588,725</b> | <b>195,424,480</b> | <b>51,922,465</b> |

#### 6.1.1 Listed securities:

##### Details of listed securities (Sector-wise):

|                                 | As at 31 December 2021 |                    |                    |
|---------------------------------|------------------------|--------------------|--------------------|
|                                 | No. of shares          | Cost price         | Market price       |
| Banking companies               | 1,435,000              | 24,452,405         | 23,651,500         |
| Investment companies            | 400,000                | 4,488,000          | 7,920,000          |
| Insurance sector                | 325,000                | 26,535,582         | 23,297,500         |
| IT Sector                       | 320,010                | 8,365,600          | 7,200,225          |
| Fuel & power sector             | 221,100                | 10,598,223         | 7,576,750          |
| Manufacturing sector and others | 1,057,500              | 73,567,970         | 62,526,050         |
|                                 |                        | <b>148,007,780</b> | <b>132,172,025</b> |

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 2021 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                   | 20,000,000        | 20,000,000        |
| Ananda Shipyard and Slipways Limited  | 15,000,000        | 15,000,000        |
|                                       | <b>44,416,700</b> | <b>44,416,700</b> |

\*The unlisted investments are shown at cost.

#### 6.1.3 Unit fund

|                             | Cost price       |                  |
|-----------------------------|------------------|------------------|
| Prime Finance 1st Unit Fund | 3,000,000        | 3,000,000        |
|                             | <b>3,000,000</b> | <b>3,000,000</b> |

Prime Finance & Investment Limited (PFIL) invested BDT. 3.00 Million in Prime Finance 1st Unit Fund, an alternative unit fund. The objective of the fund is to provide superior risk adjusted returns over medium to long term by investing in high growth companies, with good management and corporate governance through equity and equity link instruments.

#### 6.1.4 Sector wise investments (at cost price)

|                                 |                    |                   |
|---------------------------------|--------------------|-------------------|
| Banking sector                  | 24,452,405         | -                 |
| Investment companies            | 4,488,000          | 27,488,000        |
| Insurance sector                | 26,535,582         | -                 |
| IT Sector                       | 8,365,600          | -                 |
| Fuel & power sector             | 10,598,223         | -                 |
| Manufacturing sector and others | 73,567,970         | 24,434,465        |
|                                 | <b>148,007,780</b> | <b>51,922,465</b> |

All investments in marketable securities are valued on an aggregate portfolio basis, at cost value, at the balance sheet date. Market price for securities not listed as on reporting date, has been shown at cost for calculation purpose.

|                               | Amount in Taka     |                   |
|-------------------------------|--------------------|-------------------|
|                               | 2021               | 2020              |
| <b>Maturity wise grouping</b> |                    |                   |
| Up to 1 month                 | 37,001,944         | 17,765            |
| 1 month to 3 months           | 74,003,875         | -                 |
| 3 months to 1 year            | 37,001,945         | -                 |
| 1 year to 5 years             | -                  | -                 |
| More than 5 years             | 47,416,716         | 51,904,700        |
|                               | <b>195,424,480</b> | <b>51,922,465</b> |

## 6.a INVESTMENTS (consolidated)

|  |                    |                    |
|--|--------------------|--------------------|
| Prime Finance & Investment Limited       | 195,424,480        | 51,922,465         |
| Prime Finance Capital Management Limited | 679,623,056        | 569,886,374        |
|  | <b>875,047,536</b> | <b>621,808,839</b> |

## 7.0 LOANS, ADVANCES AND LEASES

### Inside Bangladesh:

|  |                      |                      |
|--|----------------------|----------------------|
| Lease finance (note 7.1)                 | 166,825,436          | 195,299,227          |
| Advance against lease finance (note 7.2) | 3,258,928            | 3,258,928            |
| Term finance (note 7.3)                  | 6,665,425,761        | 6,700,095,399        |
| Real estate finance (note 7.4)           | 113,674,636          | 126,435,700          |
| Housing finance (note 7.5)               | 73,908,142           | 65,317,111           |
| Loan against deposits (note 7.6)         | 27,840,744           | 27,338,811           |
| Staff loan (note 7.7)                    | 16,184,322           | 19,387,934           |
| Factoring Finance (note 7.8)             | 536,325              | 536,325              |
|  | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

### Outside Bangladesh

|  |                      |                      |
|--|----------------------|----------------------|
|  | -                    | -                    |
|  | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

Loans, advances and leases include SME Finance amounting to Tk. 737,144,515 as at 31 December 2021 (2020: Tk. 953,143,072).

## 7.1 Lease finance

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Principal outstanding (note 7.1.1) | 111,319,390        | 138,544,362        |
| Accounts receivable                | 55,506,046         | 56,754,865         |
|                                    | <b>166,825,436</b> | <b>195,299,227</b> |

### 7.1.1 Principal outstanding

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Gross rental receivables | 141,081,623        | 148,895,455        |
| Unearned lease income    | (29,762,233)       | (10,351,093)       |
| <b>Net investment</b>    | <b>111,319,390</b> | <b>138,544,362</b> |

### Movement of lease finance:

#### Cost of lease assets (A)

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Balance at 1 January          | 735,150,044        | 876,776,576        |
| Addition during the year      | -                  | -                  |
| Disposal during the year      | (249,599,822)      | (141,626,532)      |
| <b>Balance at 31 December</b> | <b>485,550,222</b> | <b>735,150,044</b> |

#### Accumulated depreciation (B)

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Balance at 1 January          | 596,605,682        | 692,063,776        |
| Addition during the year      | 297,841,864        | 274,380,731        |
| Adjustment due to disposal    | (520,216,714)      | (369,838,825)      |
| <b>Balance at 31 December</b> | <b>374,230,832</b> | <b>596,605,682</b> |

#### Written down value of lease assets (A-B)

|  |                    |                    |
|--|--------------------|--------------------|
|  | <b>111,319,390</b> | <b>138,544,362</b> |
|--|--------------------|--------------------|

|  | Amount in Taka     |                    |
|--|--------------------|--------------------|
|  | 2021               | 2020               |
| <b>7. 1.2 Aging analysis of lease receivable</b> |                    |                    |
| Up to one year                                   | 54,688,492         | 46,150,801         |
| Above one year to three years                    | 67,005,591         | 30,373,200         |
| Above three years to five years                  | 43,195,276         | 3,511,987          |
| More than five years                             | 1,936,077          | 115,263,239        |
|  | <b>166,825,436</b> | <b>195,299,227</b> |

## 7. 2 Advance against lease finance

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Advance against lease finance | 3,258,928        | 3,258,928        |
|                               | <b>3,258,928</b> | <b>3,258,928</b> |

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 | 5,627,042,074        | 6,021,376,070        |
| Accounts receivable   | 1,038,383,687        | 678,719,329          |
|                       | <b>6,665,425,761</b> | <b>6,700,095,399</b> |

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                 | 6,021,376,070        | 6,184,991,782        |
| Investment during the year           | 99,420,000           | 45,100,000           |
| Recovery/ adjustment during the year | (493,753,996)        | (208,715,712)        |
| <b>Balance at 31 December</b>        | <b>5,627,042,074</b> | <b>6,021,376,070</b> |

### 7. 3.1 Aging analysis of term finance

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Up to one year                  | 3,230,333,605        | 1,862,249,528        |
| Above one year to three years   | 2,678,620,535        | 2,131,514,441        |
| Above three years to five years | 742,665,870          | 1,586,119,242        |
| More than five years            | 13,805,751           | 1,120,212,188        |
|                                 | <b>6,665,425,761</b> | <b>6,700,095,399</b> |

## 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 | 43,584,022         | 124,639,808        |
| Accounts receivable   | 70,090,614         | 1,795,892          |
|                       | <b>113,674,636</b> | <b>126,435,700</b> |

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                    | 124,639,808       | 118,404,398        |
| Investment/ capitalized during the year | -                 | 17,246,051         |
| Recovery/ adjustment during the year    | (81,055,786)      | (11,010,641)       |
| <b>Balance at 31 December</b>           | <b>43,584,022</b> | <b>124,639,808</b> |

### 7. 4.1 Aging analysis of real estate finance

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Up to one year                  | 92,640,610         | 78,695,265         |
| Above one year to three years   | 21,034,026         | 28,246,841         |
| Above three years to five years | -                  | 18,147,514         |
| More than five years            | -                  | 1,346,080          |
|                                 | <b>113,674,636</b> | <b>126,435,700</b> |

Amount in Taka

2021 2020

## 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 | 52,904,188        | 64,709,224        |
| Accounts receivable   | 21,003,954        | 607,887           |
|                       | <b>73,908,142</b> | <b>65,317,111</b> |

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                    | 64,709,224        | 75,034,917        |
| Investment/ capitalized during the year | -                 | -                 |
| Recovery/ adjustment during the year    | (11,805,036)      | (10,325,693)      |
| <b>Balance at 31 December</b>           | <b>52,904,188</b> | <b>64,709,224</b> |

### 7. 5.1 Aging analysis of Housing Finance

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Up to one year                  | 17,387,617        | 15,170,268        |
| Above one year to three years   | 34,775,234        | 30,180,657        |
| Above three years to five years | 19,654,518        | 17,056,546        |
| More than five years            | 2,090,772         | 2,909,640         |
|                                 | <b>73,908,142</b> | <b>65,317,111</b> |

## 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 | 27,840,744        | 27,338,811        |
|                       | <b>27,840,744</b> | <b>27,338,811</b> |

### 7.6.1 Movement of loan against term deposit:

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Balance at 1 January                | 27,338,811        | 36,365,997        |
| Investment during the year          | 2,919,000         | 8,740,000         |
| Recovery/adjustment during the year | (2,417,067)       | (17,767,186)      |
| <b>Balance at 31 December</b>       | <b>27,840,744</b> | <b>27,338,811</b> |

## 7. 7 Staff loan

Staff loan includes loan provided to the eligible employees as per company's approved policy.

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Employee's home loan | 11,981,490        | 15,654,505        |
| Employee's car loan  | 4,202,832         | 3,733,429         |
|                      | <b>16,184,322</b> | <b>19,387,934</b> |

## 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   | 536,325        | 536,325        |
|                       | <b>536,325</b> | <b>536,325</b> |

### 7.8.1 Movement of factoring finance (Principal outstanding):

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Balance at 1 January                | 536,325        | 631,008        |
| Investment during the year          | -              | -              |
| Recovery/adjustment during the year | -              | (94,683)       |
| <b>Balance at 31 December</b>       | <b>536,325</b> | <b>536,325</b> |

|   | Amount in Taka |                |
|---|----------------|----------------|
|   | 2021           | 2020           |
| <b>7. 8.2 Aging analysis of factoring finance</b> |                |                |
| Up to one year                                    | 536,325        | 536,325        |
| Above one year to three years                     | -              | -              |
| Above three years to five years                   | -              | -              |
| More than five years                              | -              | -              |
|   | <b>536,325</b> | <b>536,325</b> |

## 7. 9 Classification wise loans, advances and leases

### Unclassified:

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Standard (SME)                | 262,966,279          | 650,598,568          |
| Standard (other than SME)     | 1,901,931,020        | 5,348,011,459        |
| Special Mention Account (SMA) | -                    | 82,491,125           |
|                               | <b>2,164,897,299</b> | <b>6,081,101,152</b> |

### Classified:

|              |                      |                      |
|--------------|----------------------|----------------------|
| Sub-standard | 2,868,798,083        | 62,853,322           |
| Doubtful     | 558,788,112          | 7,333,598            |
| Bad/loss     | 1,475,170,800        | 986,381,363          |
|              | <b>4,902,756,995</b> | <b>1,056,568,283</b> |
|              | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

## 7. 10 Geographical location wise loans, advances and leases

|                     |                      |                      |
|---------------------|----------------------|----------------------|
| Dhaka Division      | 4,971,455,500        | 4,881,525,325        |
| Chattogram Division | 1,730,380,081        | 1,887,304,613        |
| Rajshahi Division   | 77,191,750           | 73,065,708           |
| Khulna Division     | 36,676,473           | 52,518,491           |
| Rangpur Division    | 251,950,490          | 243,255,298          |
| Mymensingh Division | -                    | -                    |
|                     | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

## 7. 11 Sector wise loans, advances and leases

As per Bangladesh Bank circular, sector wise loans and advances are as follows:

### Sectors

|  |                      |                      |
|--|----------------------|----------------------|
| <b>Trade and Commerce</b>                    | <b>3,137,486,281</b> | <b>3,182,881,407</b> |
| <b>Industry</b>                              |                      |                      |
| Garments and knitwear                        | 227,026,549          | 235,042,545          |
| Textile                                      | 10,627,066           | 15,512,166           |
| Jute and jute products                       | 120,247,861          | 100,050,615          |
| Food products and processing industry        | 473,895,986          | 487,818,812          |
| Plastic industry                             | 45,079,114           | 54,205,918           |
| Leather and leather-goods                    | -                    | -                    |
| Iron, still and engineering                  | 736,798,488          | 734,136,236          |
| Pharmaceuticals and chemicals                | 72,511,781           | 68,258,273           |
| Cement and allied industry                   | -                    | -                    |
| Telecommunication and information technology | -                    | -                    |
| Paper, printing and packaging                | 249,645,616          | 300,726,872          |
| Glass, glassware and ceramic industry        | -                    | -                    |
| Ship manufacturing industry                  | -                    | -                    |
| Electronics and electrical products          | -                    | 18,214               |
| Power, gas, water and sanitary service       | 7,945,418            | 19,707,442           |
| Transport and aviation                       | 47,104,663           | 49,971,693           |
| <b>Agriculture</b>                           | <b>281,003,806</b>   | <b>286,605,505</b>   |
| <b>Housing</b>                               | <b>187,582,776</b>   | <b>191,752,812</b>   |
| <b>Others:</b>                               |                      |                      |
| Merchant banking                             | 1,025,921,871        | 1,005,879,326        |
| Margin loan                                  | -                    | -                    |
| Others                                       | 444,777,018          | 405,101,599          |
| <b>Grand Total</b>                           | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

|  | Amount in Taka       |                      |
|--|----------------------|----------------------|
|  | 2021                 | 2020                 |
| <b>7. 12 Significant concentration wise loans, advances and leases</b> |                      |                      |
| <b>Loans, advances and leases to-</b>                                  |                      |                      |
| Directors and their concerns   | 67,355,915           | 59,238,659           |
| Chief executive and other senior executives                            | 16,184,322           | 19,387,934           |
| Customer groups  | 6,984,114,057        | 7,059,042,842        |
|  | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

### 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 2021 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

|  |                      |                      |
|--|----------------------|----------------------|
| I. Loans considered good in respect of which the Company is fully secured  | 6,997,144,317        | 6,984,617,118        |
| II. Loans considered good against which the Company holds no other security than the debtors' personal guarantee   | 3,154,063            | 8,106,495            |
| III. Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor   | 67,355,914           | 144,945,822          |
| IV. Loans/leases adversely classified; provision not maintained there-against  | -                    | -                    |
| <b>Total</b>   | <b>7,067,654,294</b> | <b>7,137,669,435</b> |
| V. Loans due by directors or officers of the Company or any of them either severally or jointly with any other persons   | 16,184,322           | 19,387,934           |
| 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  | 67,355,915           | 59,238,659           |
| 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  | 4,902,756,995        | 1,056,568,283        |
| A. Increase/(decrease) of provision (specific)   | 119,319,095          | (60,930,787)         |
| Amount of debts written off  | -                    | -                    |
| Amount realized against the debts previously written off   | 23,807,445           | 14,415,463           |
| B. Provision kept against the debt classified as bad/loss at the date of balance sheet   | 28,761,941           | 346,962,243          |
| C. Amount of interest creditable to the interest suspense account  | 183,260,128          | 170,556,927          |
| 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          |

## 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:

- (i) Loans/ leases classified as Bad and Losses against which 100% provision has been made;
- (ii) Approval from the Board of Directors is required;
- (iii) 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 2021 | As on 31-Dec-21 | Cumulative<br>As on 31-Dec-20 |
|--|-------------|-----------------|-------------------------------|
| 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             | 23,807,445  | 342,121,430     | 318,313,985                   |

## 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             |
| Subsidiary & associates           | UC                    | 2             |
| 6 to 11 months                    | SMA                   | 5             |
| 12 to 17 months                   | SS                    | 20            |
| 18 to 23 months                   | DF                    | 50            |
| 24 months and above               | BL                    | 100           |

Required provision according to classification status is mentioned below:

|   | Base for<br>provision | Rate  | Provision<br>2021    | Provision<br>2020  |
|---|-----------------------|-------|----------------------|--------------------|
| <b>Unclassified - General provision</b>   |                       |       |                      |                    |
| Standard (SME)*   | 262,966,279           | 0.25% | 657,416              | 1,524,276          |
| Standard (Other than SME)   | 876,009,149           | 1%    | 8,760,092            | 49,243,612         |
| Loan/lease to the Subsidiaries/Sister Concerns,<br>Brokerage House, Merchant Banks, Stock Dealers | 1,025,921,871         | 2%    | 20,518,437           | -                  |
| Special Mention Account (SMA)   | -                     | 5%    | -                    | 3,781,324          |
| Extra provision for providing COVID related   | 1,605,222,051         | 2%    | 32,104,441           | -                  |
| Provision for other assets  | -                     |       | -                    | -                  |
|   | <b>3,770,119,350</b>  |       | <b>62,040,386</b>    | <b>54,549,212</b>  |
| <b>Classified - Specific provision</b>  |                       |       |                      |                    |
| Sub-standard  | 2,779,358,218         | 20%   | 555,871,644          | 44,633,563         |
| Doubtful  | 429,825,836           | 50%   | 214,912,918          | 1,693,770          |
| Bad/loss  | 586,925,281           | 100%  | 577,057,774          | 346,962,243        |
|   | <b>3,796,109,336</b>  |       | <b>1,347,842,336</b> | <b>393,289,576</b> |
| <b>Required provision for loans, advances and leases</b>  |                       |       | <b>1,409,882,722</b> | <b>447,838,788</b> |
| <b>Total provision maintained for loans, advances and leases</b>                                  |                       |       | <b>568,094,280</b>   | <b>447,838,788</b> |
| <b>Provision to be maintained</b>   |                       |       | <b>841,788,442</b>   | <b>-</b>           |

- \* DFIM, Bangladesh Bank, vide letter no. DFIM© 1054/24/2023/235 dated January 18, 2023 permitted 8 (eight) years to build up provision against classified loans ,advances and leases of Tk. 962.04 million upon application by Prime Finance & Investment Limited (PFIL). PFIL maintained provision Tk. 568.09 million up to the year end 2021 and rest of the amount of Tk 841.79 million has to be maintained in the year 2022 to 2028 equally. Per year provision requirement stands Tk. 120.26 million. Details are shown in Annexure C.
- \* 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.
- \* Provision for other asset has been rearranged accordingly in the Previous years figure.

|                                     | Amount in Taka       |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | 2021                 | 2020                 |
| <b>7. 17 Maturity wise grouping</b> |                      |                      |
| Not more than 3 months              | 226,539,915          | 927,855,631          |
| 3 months to 1 year                  | 1,129,000,581        | 1,121,673,300        |
| 1 year to 5 years                   | 4,454,449,022        | 3,845,150,429        |
| More than 5 years                   | 1,257,664,775        | 1,242,990,075        |
|                                     | <b>7,067,654,294</b> | <b>7,137,669,435</b> |

#### 7.a LOANS, ADVANCES AND LEASES (consolidated)

|  |                      |                      |
|--|----------------------|----------------------|
| Prime Finance & Investment Limited       | 7,067,654,294        | 7,137,669,435        |
| Prime Finance Capital Management Limited | 2,474,254,281        | 2,553,243,737        |
| Adjustment for dealing with subsidiary   | (1,025,921,871)      | (1,005,879,326)      |
|  | <b>8,515,986,704</b> | <b>8,685,033,846</b> |

#### 8.0 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

##### Cost:

|  |                    |                      |
|--|--------------------|----------------------|
| Land & Land Development                                    | 516,091,089        | 900,000,000          |
| Right-of-use-Asset   | 45,988,220         | 45,988,220           |
| Furniture and fixtures                                     | 14,829,215         | 19,167,021           |
| Office decoration  | 41,778,067         | 37,207,657           |
| Electric equipment   | 33,636,514         | 33,522,513           |
| Owned vehicles   | 23,759,016         | 23,759,016           |
| Leased vehicles  | 9,717,341          | 12,197,061           |
| Intangible assets (software)                               | 3,581,211          | 3,408,486            |
| <b>Total cost</b>  | <b>689,380,673</b> | <b>1,075,249,974</b> |
| Less: Accumulated depreciation / amortization / impairment | 126,738,311        | 121,111,292          |
| <b>Written down value at the end of the year</b>           | <b>562,642,363</b> | <b>954,138,682</b>   |

Details are shown in Annexure - A.

#### 8.1 Revaluation reserve

To disclose the land at fair market value, the company have revalued the land in accordance with the BSEC Notification no. SEC/CMRRCD/2009-193/150/Admin/ dated August 18, 2013 and as per provisions of International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS). In this respect the Company has appointed Malek Siddiqui Wali, Chartered Accountants, having address at 9-G, Mothijee C/A, 2nd Floor, Dhaka-1000, Bangladesh as valuer of the land of the 10 Panthapath, Dhaka. Accordingly Malek Siddiqui Wali, Chartered Accountants has submitted their valuation report as per which the present valuation has been assessed as under:

| Size of Land                    | Location of Land     | Valuation of Land before revaluation (Tk.) | Valuation of Land after revaluation (Tk.) 31.12.2020 | Appreciation (Tk.) |
|---------------------------------|----------------------|--|--|--------------------|
| 15 katha                        | 10 Panthapath, Dhaka | 305,151,022                                | 900,000,000  | 594,848,978        |
| Proportionate land sale in 2021 |                      |  |  | (253,802,231)      |
| Revaluation reserve 2021        |                      |  |  | 721,800,493        |

#### 8.a FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES (consolidated)

|  |                    |                    |
|--|--------------------|--------------------|
| Prime Finance & Investment Limited       | 562,642,363        | 954,138,682        |
| Prime Finance Capital Management Limited | 1,511,952          | 2,394,297          |
|  | <b>564,154,315</b> | <b>956,532,979</b> |

|   | Amount in Taka       |                      |
|---|----------------------|----------------------|
|   | 2021                 | 2020                 |
| <b>9.0 OTHER ASSETS</b>                                 |                      |                      |
| <b>Income generating other assets:</b>                  |                      |                      |
| Investment in associates (note 9.1)                     | 798,595,394          | 794,788,968          |
| Investment in subsidiary (note 9.2)                     | 960,000,000          | 960,000,000          |
| Accrued interest  | 32,564,593           | 36,316,698           |
|   | <b>1,791,159,987</b> | <b>1,791,105,666</b> |
| <b>Non income generating other assets:</b>              |                      |                      |
| Advance office rent                                     | -                    | -                    |
| Deposits with T & T, Petroleum Corporation etc.         | 454,100              | 454,100              |
| Advance corporate tax                                   | 620,944,840          | 594,539,878          |
| Deferred tax assets (note 13.4.2)                       | 8,362,048            | 11,263,088           |
| Receivable from brokerage houses against sale of shares | 12,165,896           | 22,401               |
| Others  | 129,800,043          | 106,476,839          |
|   | <b>771,726,927</b>   | <b>712,756,306</b>   |
| <b>Total</b>  | <b>2,562,886,914</b> | <b>2,503,861,972</b> |

### 9.1 Investment in associates

Investment in associates are recorded under the equity method as per the International Accounting Standard (IAS) 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<br>Jan 01, 2021 | Investment/<br>(Adjustment) | Revaluation<br>reserve | Profit/(loss) under<br>equity method | Balance as at<br>Dec 31, 2021 |
|-------------------------------|-------------------------------|-----------------------------|------------------------|--------------------------------------|-------------------------------|
| PFI Securities Limited        | 750,802,894                   | 1,858,618                   | -                      | 857,827                              | 751,660,721                   |
| Prime Finance AMCL            | 37,494,665                    | 5,098,674                   | -                      | 2,498,350                            | 39,993,016                    |
| Prime Prudential Fund Limited | 6,491,409                     | 1,125,619                   | -                      | 450,248                              | 6,941,657                     |
|                               | <b>794,788,968</b>            | <b>8,082,911</b>            | <b>-</b>               | <b>3,806,425</b>                     | <b>798,595,394</b>            |

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<br>the business                           | Type of<br>shares held | % of share<br>holding | Face value<br>of shares | Book value<br>per share |
|----------------------------|---|------------------------|-----------------------|-------------------------|-------------------------|
| PFI Securities Limited     | Stock brokerage                                     | Ordinary               | 46.15                 | 10                      | 8.07                    |
| Prime Finance AMCL         | Asset management                                    | Ordinary               | 49.00                 | 100                     | 108.75                  |
| Prime Prudential Fund Ltd. | Investment in securities,<br>debentures, bonds etc. | Ordinary               | 40.00                 | 10                      | 7.05                    |

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

#### 9.1.1 Revaluation reserve

Revaluation reserve includes proportionate revaluation reserve of PFI Securities Limited Tk. 158,809,996. In 2020 PFI Securities Limited, one of the associates of Prime Finance & Investment Limited, revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange, Land & Land Development and Building based on the prevailing market price Tk. 381,075,625.

### 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 International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements'.

|  |                    |                    |
|--|--------------------|--------------------|
| Prime Finance Capital Management Limited | 960,000,000        | 960,000,000        |
|  | <b>960,000,000</b> | <b>960,000,000</b> |

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.

|  | Amount in Taka       |                      |
|--|----------------------|----------------------|
|  | 2021                 | 2020                 |
| <b>9.a OTHER ASSETS (consolidated)</b>   |                      |                      |
| Prime Finance & Investment Limited       | 2,562,886,914        | 2,503,861,972        |
| Prime Finance Capital Management Limited | 533,909,906          | 552,892,895          |
| Adjustment for dealing with subsidiary   | (960,000,000)        | (960,000,000)        |
|  | <b>2,136,796,820</b> | <b>2,096,754,867</b> |

### 10.0 Non - banking assets

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| Non - banking assets | 291,409,429        | 389,474,105        |
|                      | <b>291,409,429</b> | <b>389,474,105</b> |

This represents assets owned under the 'Certificate of Ownership' given by the competent court under section 33(7) of Artha Rin Adalat Ain 2003 and assets owned against loan/lease receivables.

### 11.0 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

#### In Bangladesh

|   |                    |                    |
|---|--------------------|--------------------|
| Secured   | -                  | -                  |
| <b>Un secured</b>   |                    |                    |
| Bank loan (note 11.1)   | 421,573,147        | 314,373,114        |
| ADB fund under refinancing scheme (note 11.2)                 | -                  | -                  |
| Fund from Bangladesh Bank under refinancing scheme(note 11.3) | 6,354,755          | 45,254,286         |
| Short term borrowing (note 11.4)                              | 397,929,354        | 542,972,199        |
|   | <b>825,857,256</b> | <b>902,599,599</b> |
| Outside Bangladesh  | -                  | -                  |
| <b>Total</b>  | <b>825,857,256</b> | <b>902,599,599</b> |

#### 11.1 Bank loan

This represents long term loan taken from different commercial banks and its movement is as under:

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Balance at 1 January          | 314,373,114        | 231,094,890        |
| Received during the year      | 120,767,448        | 100,000,000        |
| Repayment during the year     | (13,567,415)       | (16,721,776)       |
| <b>Balance at 31 December</b> | <b>421,573,147</b> | <b>314,373,114</b> |

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          | -        | -        |
| Received during the year      | -        | -        |
| Repayment during the year     | -        | -        |
| <b>Balance at 31 December</b> | <b>-</b> | <b>-</b> |

#### 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          | 45,254,286       | 164,987,239       |
| Received during the year      | -                | 5,000,000         |
| Repayment during the year     | (38,899,531)     | (124,732,953)     |
| <b>Balance at 31 December</b> | <b>6,354,755</b> | <b>45,254,286</b> |

Amount in Taka

|  | 2021 | 2020 |
|--|------|------|
|--|------|------|

### 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 154.30 million was outstanding as money at call and short notice. According to DFIM circular letter no. 12, dated 05 August 2019, non-banking financial institution can avail Call Money facility maximum up to 40% of its equity. Based on the circular mentioned above, the maximum limit of call money for the company was Taka 926.10 million only (calculated based on the yearly report of 2020 of the Company).

#### Bank Overdraft

This represents Taka 208,029,354 received as bank overdraft from various commercial banks.

### 11.5 Maturity wise grouping

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Repayable on demand | -                  | -                  |
| Up to 1 month       | 14,305,198         | 9,563,558          |
| 1 month to 3 months | 14,227,886         | 13,366,229         |
| 3 months to 1 year  | 83,311,831         | 91,935,435         |
| 1 year to 5 years   | 628,912,340        | 787,734,377        |
| More than 5 years   | 85,100,001         | -                  |
|                     | <b>825,857,256</b> | <b>902,599,599</b> |

### 11.a BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS (consolidated)

|  |                      |                      |
|--|----------------------|----------------------|
| Prime Finance & Investment Limited       | 825,857,256          | 902,599,599          |
| Prime Finance Capital Management Limited | 1,444,114,202        | 1,460,562,387        |
| Adjustment for dealing with subsidiary   | (1,025,921,871)      | (1,005,879,326)      |
|  | <b>1,244,049,586</b> | <b>1,357,282,660</b> |

### 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

|                           |                      |                      |
|---------------------------|----------------------|----------------------|
| <b>Term Deposit</b>       | <b>1,510,296,589</b> | <b>1,515,451,438</b> |
| <b>Other Institutions</b> |                      |                      |
| Term Deposit              | 1,737,784,147        | 1,692,065,213        |
| Monthly Income Deposit    | 9,088,830            | 29,100,000           |
|                           | <b>1,746,872,977</b> | <b>1,721,165,213</b> |

#### Individuals

|                        |                      |                      |
|------------------------|----------------------|----------------------|
| Term Deposit           | 1,039,031,427        | 1,083,444,900        |
| Housing Deposit        | 3,840,000            | 5,275,000            |
| Fortune DPS            | 79,542,500           | 99,255,500           |
| Sonchoy DPS            | 31,118,070           | 20,666,848           |
| Monthly Income Deposit | 1,457,412,583        | 982,878,633          |
|                        | <b>2,610,944,580</b> | <b>2,191,520,881</b> |
| <b>Total</b>           | <b>5,868,114,146</b> | <b>5,428,137,532</b> |

### 12.1 Movements of deposits:

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Balance at 1 January              | 5,428,137,532        | 5,510,070,060        |
| Received/ renewed during the year | 1,747,169,705        | 1,323,398,548        |
| Repayment during the year         | (1,307,193,090)      | (1,405,331,076)      |
| <b>Balance at 31 December</b>     | <b>5,868,114,146</b> | <b>5,428,137,532</b> |

|                                    | Amount in Taka       |                      |
|------------------------------------|----------------------|----------------------|
|                                    | 2021                 | 2020                 |
| <b>12.2 Maturity wise grouping</b> |                      |                      |
| Repayable on demand                | -                    | -                    |
| Repayable within 1 month           | 125,265,429          | 151,036,474          |
| 1 month to 3 months                | 218,628,015          | 141,153,532          |
| 3 months to 1 year                 | 1,307,124,750        | 966,405,008          |
| 1 year to 5 years                  | 3,648,035,907        | 3,864,347,018        |
| 5 years to 10 years                | 569,060,045          | 305,195,500          |
| More than 10 years                 | -                    | -                    |
|                                    | <b>5,868,114,146</b> | <b>5,428,137,532</b> |

### 12.a DEPOSITS AND OTHER ACCOUNTS (consolidated)

|  |                      |                      |
|--|----------------------|----------------------|
| Prime Finance & Investment Limited       | 5,868,114,146        | 5,428,137,532        |
| Prime Finance Capital Management Limited | -                    | -                    |
|  | <b>5,868,114,146</b> | <b>5,428,137,532</b> |

### 13.0 OTHER LIABILITIES

|  |                      |                      |
|--|----------------------|----------------------|
| Provision for loans, advances and leases (note 13.1)         | 568,094,280          | 447,838,788          |
| Provision for diminution in value of investments (note 13.2) | 130,452,586          | 4,001,000            |
| Provision for other asset                                    | 62,865,000           | 56,352,000           |
| Interest suspense (note 13.3)                                | 183,260,128          | 170,556,927          |
| Provision for tax (note 13.4)                                | 478,739,805          | 452,334,848          |
| Financial expenses payable                                   | 415,545,048          | 395,004,149          |
| Advance and security deposit (note 13.5)                     | 100,364,652          | 114,624,604          |
| Excise duty payable  | -                    | -                    |
| Withholding tax payable                                      | -                    | -                    |
| Accrued expenses and other payables (note 13.6)              | 198,968,448          | 546,210,294          |
| Unclaimed dividend account (note 13.7)                       | 20,772,410           | 20,945,480           |
|  | <b>2,159,062,357</b> | <b>2,207,868,090</b> |

### 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        | 55,485,609         | 54,549,212         |
| Specific provision on classified loans, advances and leases         | 512,608,671        | 393,289,576        |
| <b>Provision as on 31 December</b>                                  | <b>568,094,280</b> | <b>447,838,788</b> |
| <b>Movement in general provision on unclassified loans/ leases:</b> |                    |                    |
| Provision as on 1 January   | 54,549,212         | 54,545,424         |
| Add: Provision made/ (released) during the year                     | 936,397            | 3,788              |
| <b>Provision as on 31 December</b>                                  | <b>55,485,609</b>  | <b>54,549,212</b>  |
| <b>Movement in specific provision on classified loans/ leases:</b>  |                    |                    |
| Provision as on 1 January   | 393,289,576        | 454,220,363        |
| Less: Adjustment for write off                                      | -                  | -                  |
| Add: Provision made/ (released) during the year                     | 119,319,095        | (60,930,787)       |
| <b>Provision as on 31 December</b>                                  | <b>512,608,671</b> | <b>393,289,576</b> |
| <b>Total</b>  | <b>568,094,280</b> | <b>447,838,788</b> |

\*\*DFIM, Bangladesh Bank, vide letter no. DFIM© 1054/24/2023/235 dated January 18, 2023 permitted 8 (eight) years to build up provision against loans advances and leases of Tk. 962.04 million upon application by Prime Finance & Investment Limited (PFIL) . Per year provision requirement stands Tk. 120.26 million. Details are shown in Annexure C.

|  | Amount in Taka     |                  |
|--|--------------------|------------------|
|  | 2021               | 2020             |
| <b>13.2 Provision for diminution in value of investments</b>       |                    |                  |
| Provision as on 1 January  | 4,001,000          | 4,001,000        |
| Add: Provision made/ (adjusted) during the year: Listed securities | 15,835,754         | -                |
| Equity Investment  | 110,615,832        | -                |
| <b>Provision as on 31 December</b>                                 | <b>130,452,586</b> | <b>4,001,000</b> |
| <b>Provision to be maintained</b>                                  | <b>774,310,825</b> |                  |

\* \*The Financial Institution Inspection Department (FIID) of Bangladesh Bank vide their letter no. FIID (I-26(2)/2022-495 dated 12 June 2022 imposed a provision on equity investment of subsidiary and associate companies on qualitative criteria due to non-receiving of dividends from those companies.

This comprises Tk. 37.73 crore for PFI Securities Limited (50% on equity investment), Tk. 48.00 crore for Prime Finance Capital Management Limited (50% on equity investment), Tk. 2.35 crore for Prime Finance Asset Management Company Limited (50% on equity investment), and Tk. 0.40 crore for Prime Prudential Fund Limited (50% on equity investment). Subsequently, the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank vide their letter no. DFIM(C) 1054/24/2023-235 dated January 18, 2023, has given consent to take the provision imposed by FIID of Bangladesh Bank equally in eight years' time.

Per year provision requirement stands Tk. 110.61 million. Details are shown in Annexure C.

### 13.2.1 Allocation of provision

|                     |                    |                  |
|---------------------|--------------------|------------------|
| Listed securities   | 15,835,754         | -                |
| Equity investment   | 110,615,832        | -                |
| Unlisted securities | 4,001,000          | 4,001,000        |
|                     | <b>130,452,586</b> | <b>4,001,000</b> |

### 13.2.a Provision made during the year (consolidated)

|  |                    |                  |
|--|--------------------|------------------|
| Prime Finance & Investment Limited       | 126,451,586        | -                |
| Prime Finance Capital Management Limited | 5,509,606          | 5,848,293        |
|  | <b>131,961,192</b> | <b>5,848,293</b> |

### 13.3 Interest suspense

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Balance as on 1 January               | 170,556,927        | 193,430,767        |
| Add: Transferred during the year      | 13,122,058         | 8,543,457          |
| <b>Less:</b>                          |                    |                    |
| Amount of interest suspense recovered | (418,857)          | (31,417,297)       |
| Write off during the year             | -                  | -                  |
| <b>Balance as on 31 December</b>      | <b>183,260,128</b> | <b>170,556,927</b> |
| <b>Provision to be maintained</b>     | <b>88,922,407</b>  |                    |

\* DFIM, Bangladesh Bank, vide letter no. DFIM© 1054/24/2023/235 dated January 18, 2023 permitted 8 (eight) years to build up provision against interest suspenses of Tk.101.63 million upon application by Prime Finance & Investment Limited (PFIL) . Per year provision requirement stands Tk. 12.70 million. Details are shown in Annexure C.

\*\* 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.

### 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 2021.

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| Balance at 1 January           | 452,334,848        | 451,341,564        |
| Provision made during the year | 26,404,957         | 993,284            |
| <b>Balance at 31 December</b>  | <b>478,739,805</b> | <b>452,334,848</b> |

### 13.4.1.1 Reconciliation of current tax

| Particular   | 2021         |                   | 2020  |                |
|--|--------------|-------------------|-------|----------------|
|  | %            | TAKA              | %     | TAKA           |
| Profit Before income tax as per profit and loss account  |              | (170,620,179)     |       | 43,652,878     |
| Income Tax using the domestic corporate tax rate         | 37.5%        | (63,982,567)      | 37.5% | 16,369,829     |
| <b>Factors affecting the tax charge for current year</b> |              |                   |       |                |
| Non deductible expenses                                  |              | 89,243,372        |       | (164,653)      |
| Non taxable income                                       |              | (1,427,410)       |       | (795,687)      |
| Under/Over provision                                     |              | 28,465,048        |       | 640,945        |
| Unrecognised tax loss                                    |              | (27,953,578)      |       | (15,409,489)   |
| Tax savings from reduced tax rates from dividend         |              | 2,060,092         |       | 352,339        |
| <b>Total income tax expenses (Effective tax rate)</b>    | <b>15.5%</b> | <b>26,404,957</b> |       | <b>993,284</b> |

|  | Amount in Taka    |                  |
|--|-------------------|------------------|
|  | 2021              | 2020             |
| <b>13.4.1.a Provision for current tax (consolidated)</b> |                   |                  |
| Prime Finance & Investment Limited                       | 26,404,957        | 993,284          |
| Prime Finance Capital Management Limited                 | 11,569,109        | 638,487          |
|  | <b>37,974,066</b> | <b>1,631,771</b> |

### 13.4.2 Provision for deferred tax (Restated)

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

|   | Carrying amount   | Tax base          | Taxable/ (deductible) temporary difference |
|---|-------------------|-------------------|--|
|   | Taka              | Taka              | Taka                                       |
| <b>Year: 2021</b>                                       |                   |                   |  |
| Fixed assets including premises, furniture and fixtures | 21,913,645        | 44,212,440        | (22,298,795)                               |
|   | <b>21,913,645</b> | <b>44,212,440</b> | <b>(22,298,795)</b>                        |
| Applicable tax rate                                     |                   |                   | 37.50%                                     |
| <b>Deferred tax assets (A)</b>                          |                   |                   | <b>(8,362,048)</b>                         |
| <b>Year: 2020 (B)</b>                                   |                   |                   | <b>(11,263,088)</b>                        |
| <b>Deferred tax expense (A-B)</b>                       |                   |                   | <b>2,901,040</b>                           |

Previous year figure has been restated due to changes of depreciation rate for defferd tax calculation.

### 13.4.2.a Provision for deferred tax (consolidated)

|  |                  |                  |
|--|------------------|------------------|
| Prime Finance & Investment Limited       | 2,901,040        | (357,715)        |
| Prime Finance Capital Management Limited | 1,848,081        | (503,723)        |
|  | <b>4,749,121</b> | <b>(861,438)</b> |

No deferred tax liability has been recognised on land revaluation reserve due to the fact that taxes paid at the time of land registration are final discharge of related tax liability. There is no other material temporary timing difference in classified assets / liabilities for which deferred tax asset/liability needed to be accounted for in the year.

## 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   | 114,624,604        | 152,496,322        |
| Received during the year   | 19,815,203         | 12,474,395         |
| Adjusted during the year   | (34,075,155)       | (50,346,113)       |
| <b>Balance at 31 December</b>  | <b>100,364,652</b> | <b>114,624,604</b> |
| <b>Breakup of advances and cash security deposits on the basis of category of finance is as under:</b> |                    |                    |
| Lease advance  | 10,193,273         | 12,895,548         |
| Term finance advance   | 29,699,292         | 33,154,652         |
| Stock on hire advance  | 8,000              | 8,000              |
| Cash security deposit  | 60,464,087         | 68,566,404         |
|  | <b>100,364,652</b> | <b>114,624,604</b> |

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.

|   | Amount in Taka     |                    |
|---|--------------------|--------------------|
|   | 2021               | 2020               |
| <b>13.6 Accrued expenses and other payables</b> |                    |                    |
| Suspense receipts                               | 51,783,207         | 55,997,345         |
| Lease Liability                                 | 38,421,731         | 45,134,167         |
| Other payables                                  | 108,763,510        | 445,078,782        |
|   | <b>198,968,448</b> | <b>546,210,294</b> |

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.

### 13.7 Unclaimed dividend account (note 13.7)

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Aging of unclaimed dividend |                   |                   |
| Dividend before 2011        | 4,509,997         | 4,494,578         |
| Dividend in 2012            | 1,497,177         | 1,500,867         |
| Dividend in 2013            | 9,076,318         | 9,041,554         |
| Dividend in 2014            | 4,808,924         | 4,792,239         |
| Dividend in 2019            | 879,994           | 1,116,242         |
|                             | <b>20,772,410</b> | <b>20,945,480</b> |

As per the Directive No. BSEC/CMRRCD/2021-386/03, dated January 14, 2021, and the Capital Market Stabilization Fund (CMSF) Rules, 2021, dated June 01, 2021, of Bangladesh Securities and Exchange Commission (BSEC) any entitlement dividend which remains unclaimed for a period of 3 (three) years from the date of approval or date of subscription, shall be transferred to the fund named "Capital Market Stabilization Fund" within such time as directed by the Commission or the Fund from time to time.

### 13.a OTHER LIABILITIES (consolidated)

|  |                      |                      |
|--|----------------------|----------------------|
| Prime Finance & Investment Limited       | 2,159,062,357        | 2,207,868,090        |
| Prime Finance Capital Management Limited | 252,160,822          | 237,993,524          |
| Adjustment for dealing with subsidiary   | -                    | -                    |
|  | <b>2,411,223,179</b> | <b>2,445,861,614</b> |

### 14.0 SHARE CAPITAL

As at 31 December 2021, a total of 272,916,483 (FY 2020: 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 |
|---|---------------|---------------|

#### 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                | -                    | -                    |
|   | <b>2,729,164,830</b> | <b>2,729,164,830</b> |

#### 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 2021 and 2020 were as under:

| Group                            | No. of Shareholders               |               | No. of Shares      |                    | Percentage    |               |
|----------------------------------|-----------------------------------|---------------|--------------------|--------------------|---------------|---------------|
|                                  | 2021                              | 2020          | 2021               | 2020               | 2021          | 2020          |
|                                  | Sponsors/ Director (Institutions) | 8             | 8                  | 155,953,329        | 155,953,329   | 57.14         |
| Sponsors/ Director (Individuals) | 2                                 | 2             | 5,460,790          | 5,460,790          | 2.00          | 2.00          |
| General Public (Institutions)    | 194                               | 325           | 25,390,393         | 33,502,346         | 9.30          | 12.28         |
| General Public (Individuals)     | 12,172                            | 12,735        | 86,111,971         | 78,000,018         | 31.55         | 28.58         |
|                                  | <b>12,376</b>                     | <b>13,070</b> | <b>272,916,483</b> | <b>272,916,483</b> | <b>100.00</b> | <b>100.00</b> |

## 14.1 Capital Adequacy Ratio (CAR)

2021 2020

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, 2021, on consolidation basis, were Taka 580.79 million and capital adequate ratio was 13.13%.

### Details of Capital Adequacy Ratio (CAR):

#### Tier-1 (Core capital)

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Fully paid-up capital                | 2,729,164,830        | 2,729,164,830        |
| Statutory reserve                    | 960,237,744          | 960,237,744          |
| General reserve                      | -                    | -                    |
| Retained earnings                    | (1,643,516,215)      | (1,455,654,707)      |
| Non-controlling interests            | 807,081,022          | 799,037,909          |
| Deductions from Tier -1              | (835,233,665)        | -                    |
| <b>Total eligible Tier-1 capital</b> | <b>2,017,733,717</b> | <b>3,032,785,776</b> |

#### Tier-2 (Supplementary capital)

|  |                       |                       |
|--|-----------------------|-----------------------|
| General provision (Unclassified loans up to specified limit + SMA+ off Balance Sheet exposure) | 55,485,609            | 54,549,213            |
| Assets revaluation reserves up to 50%  | 360,900,247           | 487,801,362           |
| <b>Total eligible Tier-2 capital</b>   | <b>416,385,856</b>    | <b>542,350,575</b>    |
| <b>(i) Total eligible capital</b>  | <b>2,434,119,572</b>  | <b>3,575,136,351</b>  |
| <b>(ii) Total Risk Weighted Assets (RWA)</b>   | <b>18,533,300,000</b> | <b>14,123,300,000</b> |
| <b>(iii) Minimum Capital Requirement (MCR) (10% of RWA)</b>                                    | <b>1,853,330,000</b>  | <b>1,412,330,000</b>  |
| <b>(iv) Excess {(i) - (iii)}</b>   | <b>580,789,572</b>    | <b>2,162,806,351</b>  |
| <b>Capital Adequacy Ratio (CAR) {(i) / (ii)} [%]</b>   | <b>13.13%</b>         | <b>25.31%</b>         |

## 15.0 NON-CONTROLLING INTEREST

Pursuant to the International Financial Reporting Standard (IFRS) 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              | 799,037,909        | 802,475,614        |
| Profit/(loss) after tax for the year | 8,043,113          | (3,437,705)        |
| <b>Balance as on 31 December</b>     | <b>807,081,022</b> | <b>799,037,909</b> |

## 16.0 STATUTORY RESERVE

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Balance as on 1 January          | 960,237,744        | 951,634,282        |
| Add: Transferred during the year | -                  | 8,603,462          |
| <b>Balance as on 31 December</b> | <b>960,237,744</b> | <b>960,237,744</b> |

## 17.0 RETAINED EARNINGS

|                                      |                        |                        |
|--------------------------------------|------------------------|------------------------|
| Balance as on 1 January              | (1,694,211,571)        | (1,706,324,945)        |
| Payment of cash dividend             | -                      | (22,300,473)           |
| Profit/(loss) after tax for the year | (199,926,176)          | 43,017,309             |
| Transferred to statutory reserve     | -                      | (8,603,462)            |
| <b>Balance as on 31 December</b>     | <b>(1,894,137,747)</b> | <b>(1,694,211,571)</b> |

|   | Amount in Taka     |                    |
|---|--------------------|--------------------|
|   | 2021               | 2020               |
| <b>18.0 INCOME STATEMENT</b>  |                    |                    |
| <b>Income:</b>  |                    |                    |
| Interest, discount and similar income (note 19)                           | 606,218,588        | 781,292,490        |
| Dividend income (note 21)   | 10,300,458         | 1,761,693          |
| Gains less losses arising from dealing in securities                      | -                  | -                  |
| Fees, commission, exchange and brokerage (note 22)                        | 490,726            | 142,444            |
| Gains less losses arising from investment in securities (note 21.1)       | 9,173,134          | (30,308,773)       |
| Gains less losses arising from dealing in foreign currencies              | -                  | -                  |
| Income from non-banking assets  | -                  | -                  |
| Other operating income (note 23)  | 174,802,391        | 21,709,219         |
| Profit less losses on interest rate changes                               | -                  | -                  |
| Nominal value of bonus share received                                     | -                  | -                  |
| <b>Total income (A)</b>   | <b>800,985,296</b> | <b>774,597,073</b> |
| <b>Expenses:</b>  |                    |                    |
| Interest paid on deposits, borrowings etc. (Note 20)                      | 574,012,201        | 648,443,538        |
| Administrative expenses   | 122,803,061        | 109,507,559        |
| Depreciation and impairment on banking assets                             | 13,196,462         | 17,615,192         |
| Other operating expenses  | 8,373,673          | 5,023,905          |
| <b>Total expenses (B)</b>   | <b>718,385,397</b> | <b>780,590,194</b> |
| <b>Operating surplus (A-B)</b>  | <b>82,599,899</b>  | <b>(5,993,121)</b> |
| <b>19.0 INTEREST INCOME</b>   |                    |                    |
| Income from lease finance   | 6,881,136          | 18,456,985         |
| Income from term finance  | 481,037,009        | 722,065,741        |
| Income from real estate finance   | 2,055,950          | 8,429,724          |
| Income from other finance   | 116,244,492        | 32,340,040         |
|   | <b>606,218,588</b> | <b>781,292,490</b> |
| <b>19.a INTEREST INCOME (consolidated)</b>                                |                    |                    |
| Prime Finance & Investment Limited  | 606,218,588        | 781,292,490        |
| Prime Finance Capital Management Limited                                  | 14,403,974         | 86,189,676         |
| Adjustment for dealing with subsidiary                                    | (3,705,273)        | (31,167,640)       |
|   | <b>616,917,289</b> | <b>836,314,526</b> |
| <b>20.0 INTEREST PAID ON DEPOSITS, BORROWINGS etc.</b>                    |                    |                    |
| Interest on bank loan   | 983,571            | 19,372,310         |
| Interest on IDA and ADB fund under re-financing scheme of Bangladesh Bank | -                  | -                  |
| Interest on fund from Bangladesh Bank under re-financing schemes          | 1,308,297          | 5,894,416          |
| Interest on term deposits   | 521,531,018        | 524,497,832        |
| Interest on money at call and on short notice                             | 12,722,251         | 57,123,066         |
| Interest on cash security deposit   | 3,086,954          | 10,891,907         |
| Interest on overdraft facility  | 30,030,141         | 29,211,433         |
| Interest on lease rent  | 4,349,968          | 1,452,574          |
|   | <b>574,012,201</b> | <b>648,443,538</b> |

|   | Amount in Taka     |                     |
|---|--------------------|---------------------|
|   | 2021               | 2020                |
| <b>20.a INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)</b>   |                    |                     |
| Prime Finance & Investment Limited  | 574,012,201        | 648,443,538         |
| Prime Finance Capital Management Limited  | 58,648,597         | 82,858,203          |
| Adjustment for dealing with subsidiary  | (3,705,273)        | (31,167,640)        |
|   | <b>628,955,525</b> | <b>700,134,101</b>  |
| <b>21.0 INVESTMENT INCOME</b>   |                    |                     |
| Capital gain on sale of securities (note 21.1)  | 9,173,134          | (30,308,773)        |
| Dividend income   | 10,300,458         | 1,761,693           |
|   | <b>19,473,592</b>  | <b>(28,547,080)</b> |
| <b>21.1. Capital gain on sale of securities</b>   |                    |                     |
| Gain on sales of securities   | 9,173,134          | 29,238,908          |
| Loss on sales of securities   | -                  | (59,547,681)        |
| <b>Net gain from sale of securities</b>   | <b>9,173,134</b>   | <b>(30,308,773)</b> |
| <b>21.a INVESTMENT INCOME (consolidated)</b>  |                    |                     |
| Prime Finance & Investment Limited  | 19,473,592         | (28,547,080)        |
| Prime Finance Capital Management Limited  | 115,691,089        | 2,135,825           |
|   | <b>135,164,681</b> | <b>(26,411,255)</b> |
| <b>22.0 FEES, COMMISSION, EXCHANGE AND BROKERAGE</b>  |                    |                     |
| Service charge, factoring charge etc.   | 490,726            | 142,444             |
|   | <b>490,726</b>     | <b>142,444</b>      |
| <b>22.a FEES, COMMISSION, EXCHANGE AND BROKERAGE (consolidated)</b>   |                    |                     |
| Prime Finance & Investment Limited  | 490,726            | 142,444             |
| Prime Finance Capital Management Limited  | 8,368,321          | 11,441,088          |
|   | <b>8,859,047</b>   | <b>11,583,532</b>   |
| <b>23.0 OTHER OPERATING INCOME</b>  |                    |                     |
| Income from associates (note 9.1)   | 3,806,425          | 1,997,915           |
| Delinquent Interest, IDCP etc.  | -                  | -                   |
| Renewals and proceeds   | 1,166,214          | 438,615             |
| Write-off & others  | 169,829,752        | 19,272,689          |
|   | <b>174,802,391</b> | <b>21,709,219</b>   |
| Write-off & others included amount received from write-off clients and prepayment charges for early settlement of loan etc. Which are recognised as income as per DFIM Circular no. 02 dated 01 April 2019 of Bangladesh Bank.  |                    |                     |
| <b>23.a OTHER OPERATING INCOME (consolidated)</b>   |                    |                     |
| Prime Finance & Investment Limited  | 174,802,391        | 21,709,219          |
| Prime Finance Capital Management Limited  | 13,522,575         | 11,815,200          |
|   | <b>188,324,966</b> | <b>33,524,419</b>   |
| <b>24.0 SALARIES AND OTHER EMPLOYEE BENEFITS</b>  |                    |                     |
| Salaries & allowances   | 89,098,306         | 82,176,333          |
| Medical & employee welfare  | 1,619,224          | 1,526,783           |
|   | <b>90,717,530</b>  | <b>83,703,116</b>   |
| 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. |                    |                     |

|  | Amount in Taka     |                    |
|--|--------------------|--------------------|
|  | 2021               | 2020               |
| <b>24.a SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)</b>  |                    |                    |
| Prime Finance & Investment Limited   | 90,717,530         | 83,703,116         |
| Prime Finance Capital Management Limited   | 28,905,093         | 21,503,010         |
|  | <b>119,622,623</b> | <b>105,206,126</b> |
| <b>25.0 RENT, TAXES, INSURANCE, ELECTRICITY ETC.</b>   |                    |                    |
| Office rent & maintenance  | 10,358,900         | 10,819,117         |
| Electricity bill   | 1,436,246          | 938,363            |
|  | <b>11,795,146</b>  | <b>11,757,480</b>  |
| <b>25.1 Disclosure related to Rent, rate and taxes:</b>  |                    |                    |
| Actual rent expenses   | 21,745,304         | 22,415,363         |
| Less: Reclassification of rent expenses (as per IFRS 16: Leases)   | (11,386,404)       | (11,596,246)       |
| <b>Rent expenses as reported</b>   | <b>10,358,900</b>  | <b>10,819,117</b>  |
| 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. Office rent & maintenance represents cost of service charge & others. |                    |                    |
| <b>25.a RENT, TAXES, INSURANCE, ELECTRICITY ETC. (consolidated)</b>  |                    |                    |
| Prime Finance & Investment Limited   | 11,795,146         | 11,757,480         |
| Prime Finance Capital Management Limited   | 3,438,417          | 3,667,618          |
|  | <b>15,233,563</b>  | <b>15,425,098</b>  |
| <b>26.0 LEGAL EXPENSES</b>   |                    |                    |
|  | 2,312,292          | 645,489            |
| Legal expenses include fees for professional services for tax consultancy, credit rating, RJSC consultancy, recovery agent fee, corporate governance certification etc.  |                    |                    |
| <b>26.a LEGAL EXPENSES (consolidated)</b>  |                    |                    |
| Prime Finance & Investment Limited   | 2,312,292          | 645,489            |
| Prime Finance Capital Management Limited   | 272,005            | 68,330             |
|  | <b>2,584,297</b>   | <b>713,819</b>     |
| <b>27.0 POSTAGE, STAMP, TELECOMMUNICATION ETC.</b>   |                    |                    |
| Postage, telephone and fax   | 1,581,934          | 1,190,226          |
| Charges, levies, stamps and duties   | 652,581            | 669,975            |
|  | <b>2,234,515</b>   | <b>1,860,201</b>   |
| <b>27.a POSTAGE, STAMP, TELECOMMUNICATION ETC. (consolidated)</b>  |                    |                    |
| Prime Finance & Investment Limited   | 2,234,515          | 1,860,201          |
| Prime Finance Capital Management Limited   | 155,633            | 143,595            |
|  | <b>2,390,148</b>   | <b>2,003,796</b>   |
| <b>28.0 STATIONERY, PRINTING, ADVERTISEMENTS ETC.</b>  |                    |                    |
| Printing and stationery  | 2,032,899          | 1,069,371          |
| Books and periodicals  | 20,065             | 18,782             |
| Advertisement and publicity  | 2,713,615          | 744,120            |
|  | <b>4,766,579</b>   | <b>1,832,273</b>   |
| <b>28.a STATIONERY, PRINTING, ADVERTISEMENTS ETC. (consolidated)</b>   |                    |                    |
| Prime Finance & Investment Limited   | 4,766,579          | 1,832,273          |
| Prime Finance Capital Management Limited   | 1,025,781          | 245,103            |
|  | <b>5,792,360</b>   | <b>2,077,376</b>   |

|   | Amount in Taka    |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
| <b>29.0 MANAGING DIRECTOR'S SALARY AND FEES</b>   |                   |                   |
|   | 10,120,000        | 9,060,000         |
| 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.  |                   |                   |
| <b>30.0 DIRECTORS' FEES</b>   |                   |                   |
| Directors' fees   | 512,000           | 304,000           |
| 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 2021 was as under: |                   |                   |
| Total board meetings (nos.)   | 8                 | 4                 |
| Total board audit committee meetings (nos.)   | 4                 | 2                 |
| Total board executive committee meetings (nos.)   | -                 | -                 |
| <b>Total fees paid</b>  | <b>512,000</b>    | <b>304,000</b>    |
| No. of members in the Board   | 9                 | 10                |
| No. of members in the Audit Committee   | 4                 | 5                 |
| No. of members in the Executive Committee   | 5                 | 5                 |
| <b>30.a DIRECTORS' FEES (consolidated)</b>  |                   |                   |
| Prime Finance & Investment Limited  | 512,000           | 304,000           |
| Prime Finance Capital Management Limited  | 257,781           | 284,448           |
|   | <b>769,781</b>    | <b>588,448</b>    |
| <b>31.0 AUDITORS' FEES</b>  |                   |                   |
| Auditors' fees  | 300,000           | 300,000           |
| VAT on audit fees   | 45,000            | 45,000            |
|   | <b>345,000</b>    | <b>345,000</b>    |
| <b>31.a AUDITORS' FEES (consolidated)</b>   |                   |                   |
| Prime Finance & Investment Limited  | 345,000           | 345,000           |
| Prime Finance Capital Management Limited  | 86,250            | 86,250            |
|   | <b>431,250</b>    | <b>431,250</b>    |
| <b>32.0 DEPRECIATION AND REPAIR OF ASSETS</b>   |                   |                   |
| Depreciation of fixed assets - freehold   | 12,974,855        | 17,399,340        |
| Amortization of intangible assets   | 221,607           | 215,852           |
|   | <b>13,196,462</b> | <b>17,615,192</b> |
| As on 31 December 2021, the company assesses the indication of impairment of assets and as per the assessment no such indication of an impairment loss present.   |                   |                   |
| <b>32.a DEPRECIATION AND REPAIR OF ASSETS (consolidated)</b>  |                   |                   |
| Prime Finance & Investment Limited  | 13,196,462        | 17,615,192        |
| Prime Finance Capital Management Limited  | 1,259,615         | 3,885,390         |
|   | <b>14,456,077</b> | <b>21,500,582</b> |
| <b>33.0 OTHER EXPENSES</b>  |                   |                   |
| HR development  | 59,088            | 15,000            |
| Travelling and conveyance   | 2,159,694         | 1,399,829         |
| Motor vehicle expenses  | 1,361,409         | 896,702           |
| Subscription and fees   | 1,686,514         | 2,313,927         |
| Meeting expenses  | 62,400            | 36,000            |
| AGM expenses (note 33.1)  | 236,921           | 222,260           |
| Entertainment, public relation etc.   | 223,126           | 115,766           |
| Others  | 2,584,521         | 24,421            |
|   | <b>8,373,673</b>  | <b>5,023,905</b>  |

|  | Amount in Taka |                |
|--|----------------|----------------|
|  | 2021           | 2020           |
| <b>33.1 AGM expenses</b>                             |                |                |
| Rent for AGM venue, virtual arrangement expense etc. | 157,500        | 157,500        |
| Printing, database management etc.                   | 11,900         | 40,310         |
| Publication of notice                                | 52,500         | -              |
| Entertainment  | 15,021         | 24,450         |
| Others   | -              | -              |
|  | <b>236,921</b> | <b>222,260</b> |

### 33.a OTHER EXPENSES (consolidated)

|  |                   |                  |
|--|-------------------|------------------|
| Prime Finance & Investment Limited       | 8,373,673         | 5,023,905        |
| Prime Finance Capital Management Limited | 18,902,209        | 1,451,048        |
|  | <b>27,275,882</b> | <b>6,474,953</b> |

### 34.0 RECEIPTS FROM OTHER OPERATING ACTIVITIES

|  |                    |                   |
|--|--------------------|-------------------|
| IDCP etc.  | -                  | -                 |
| Renewals and proceeds  | 1,166,214          | 438,615           |
| Write-off & others   | 24,086,362         | 19,148,772        |
| Net proceeds from sale of land/surrendered of shares & unit fund | 142,912,168        | 37,182,523        |
|  | <b>168,164,744</b> | <b>56,769,910</b> |

### 35.0 PAYMENTS FOR OTHER OPERATING ACTIVITIES

|  |                      |                    |
|--|----------------------|--------------------|
| Advance against office rent, renovation & decoration | (301,979,909)        | (4,673,334)        |
| Advance against advertisement                        | -                    | -                  |
|  | <b>(301,979,909)</b> | <b>(4,673,334)</b> |

### 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 2021 was based on the profit/(loss) attributable to ordinary shareholders of Tk. (199,926,176) (2020: Tk. 43,017,309 and a weighted average number of ordinary shares outstanding as at 31 December 2021 of 272,916,483 (2020: 272,916,483).

#### Profits attributable to ordinary shareholders

|                         |               |            |
|-------------------------|---------------|------------|
| Net profit for the year | (199,926,176) | 43,017,309 |
|-------------------------|---------------|------------|

#### 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)

|  |               |             |
|--|---------------|-------------|
|  | <b>(0.73)</b> | <b>0.16</b> |
|--|---------------|-------------|

#### 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 2021 and hence no diluted earnings per share is required to be calculated.

|   | Amount in Taka       |                      |
|---|----------------------|----------------------|
|   | 2021                 | 2020                 |
| <b>36.a EARNINGS PER SHARE (consolidated)</b>                                       |                      |                      |
| Profits attributable to ordinary shareholders of the Company                        |                      |                      |
| <b>Net profit for the year</b>  | <b>(187,861,508)</b> | <b>37,860,751</b>    |
| <b>Weighted average number of ordinary shares</b>                                   |                      |                      |
| 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          |
| <b>Earnings per share (consolidated)</b>  | <b>(0.69)</b>        | <b>0.14</b>          |
| <b>37.0 NET ASSET VALUE (NAV) PER SHARE:</b>  |                      |                      |
| Total shareholders' equity (A)  | 2,517,065,320        | 2,970,793,727        |
| Number of shares outstanding (B)  | 272,916,483          | 272,916,483          |
| <b>Net Asset Value (NAV) per share (A÷B)</b>  | <b>9.22</b>          | <b>10.89</b>         |
| <b>37.a Net Asset Value (NAV) per share (consolidated):</b>                         |                      |                      |
| Equity attributable to shareholders' of the company (A)                             | 2,767,686,852        | 3,209,350,591        |
| Number of shares outstanding (B)  | 272,916,483          | 272,916,483          |
| <b>Net Asset Value (NAV) per share (A÷B)</b>  | <b>10.14</b>         | <b>11.76</b>         |
| <b>38.0 Net operating cash flow per share (NOCFPS):</b>                             |                      |                      |
| Net cash flow from operating activities (A)   | 98,669,675           | 40,220,497           |
| Number of shares outstanding (B)  | 272,916,483          | 272,916,483          |
| <b>Net operating cash flow per share (NOCFPS) (A÷B)</b>                             | <b>0.36</b>          | <b>0.15</b>          |
| <b>38.a Net operating cash flow per share (NOCFPS) (consolidated):</b>              |                      |                      |
| Net cash flow from operating activities (A)   | 174,678,024          | 82,317,934           |
| Number of shares outstanding (B)  | 272,916,483          | 272,916,483          |
| <b>Net operating cash flow per share (NOCFPS) (A÷B)</b>                             | <b>0.64</b>          | <b>0.30</b>          |
| <b>39.0 Reconciliation of Net Profit with Cash Flows from Operating Activities:</b> |                      |                      |
|   | <b>Separate</b>      | <b>Consolidated</b>  |
|   | <b>(2021)</b>        | <b>(2021)</b>        |
| <b>Net profit after tax</b>   | <b>(199,926,176)</b> | <b>(179,818,395)</b> |
| <b>Add: Adjustments for non-cash items:</b>   |                      |                      |
| Depreciation of company's assets  | 13,196,462           | 14,456,077           |
| <b>Provisions for loans, advances and leases:</b>                                   |                      |                      |
| General provision   | 936,397              | 936,397              |
| Specific provision  | 119,319,095          | 119,319,095          |
| Other provision   | 6,513,000            | 6,513,000            |
| Provisions for the diminution in the value of investments                           | 126,451,586          | 131,961,192          |
| Provision for taxation  | 29,305,997           | 42,723,187           |
| (Increase)/decrease in operating assets   | 109,054,875          | 129,097,420          |
| (Increase)/decrease in trading securities   | (143,502,015)        | (253,238,697)        |
| Increase/(decrease) in operating liabilities and accruals                           | 37,320,454           | 162,728,749          |
| <b>Net cash flows from / (used in) operating activities</b>                         | <b>98,669,675</b>    | <b>174,678,024</b>   |

## 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 2021 was 272,916,483 and the market value per share of last trading day (30 December 2021) was Tk. 15.80 in DSE. Thus market capitalization based on DSE value was Tk. 4,312.08 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 2021.

|                      | Quarters   | DSE   |       | CSE   |       |
|----------------------|--|-------|-------|-------|-------|
|                      |  | High  | Low   | High  | Low   |
| High low share price | First quarter  | 15.00 | 9.50  | 15.10 | 9.40  |
|                      | Second quarter   | 13.50 | 8.60  | 13.60 | 8.70  |
|                      | Third quarter  | 18.30 | 12.70 | 18.20 | 12.60 |
|                      | Fourth quarter   | 20.40 | 14.90 | 20.50 | 15.10 |
| No. of shareholders  | There were 12,376 shareholders as per Share Register as on 31 December 2021. |       |       |       |       |

## 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 2021 was as under:

| Name of the related party             | Relationship       | Nature of transaction | Outstanding receivable/ (payable) 2021 |
|---------------------------------------|--------------------|-----------------------|--|
| PFI Properties Limited                | Common Directors   | Term finance          | 67,355,915                             |
| PFI Securities Limited                | Associate Company  | Term finance          | 2,729,406,907                          |
| Prime Finance Capital Management Ltd. | Subsidiary Company | Term finance          | 1,025,921,871                          |
| Prime Prudential Fund Limited         | Associate Company  | Term deposit          | (16,761,069)                           |
| <b>Total</b>                          |                    |                       | <b>3,805,923,624</b>                   |

### Key management personnel

Managing Director's salary and allowance is Tk. 10,120,000

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

As on 31 December 2021 no such contract exists.

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

As on 31 December 2021 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 2021 no such investments exists.

## 42.0 PARTICULARS OF THE DIRECTORS

| Sl. Directors                     | Nominated by                   | Designation          | Address  | % of shares as at 31 December 2021 |
|-----------------------------------|--------------------------------|----------------------|--|------------------------------------|
| 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 (A) 13/A, Gulshan Avenue, Bir Uttam Mir Skawkat Sarak, 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 Swaroni 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 | House # 277, Road 18, New DOHS, Mohakhali, Dhaka-1206                              | NIL                                |

## 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.<br>2 Bangladesh Trade Syndicate Ltd.<br>3 Prime Finance Capital Management Limited  |
| 2      | Mr. Md. Aminul Haque       | Director    | 1 Acorn Limited<br>2 Asia Gate Ltd.<br>3 B-Trac Engineering Ltd.<br>4 Bangla Trac Ltd.<br>5 THANE Technology<br>6 Bangla Trac Power Unit-1 Ltd.<br>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<br>2 Orko Health Ltd.<br>3 Halda Valley Food & Beverage Ltd.<br>4 Pedrollo NK Ltd.<br>5 Halda Valley Tea Co. Ltd.<br>6 PNL Holdings Ltd.<br>7 Polyexprint Ltd.<br>8 Halda Fisheries Ltd.<br>9 Pedrollo Dairy & Horticulture Ltd.<br>10 Poly Tape Ltd.<br>11 PNL Water Management Ltd.<br>12 NUOVO Renewable Energy Ltd. |

| Sl. No | Name of the Directors          | Designation          | Entities where they have interest  |
|--------|--------------------------------|----------------------|--|
| 5      | Mr. Waheed Mahmud Khaled       | Director             | 1 Mawsons Limited<br>2 Prime Finance Capital Management Limited<br>3 Everest Homes Ltd |
| 6      | Engr. Salah Uddin Ahmed        | Director             | -  |
| 7      | Mr. Uzzal Kumar Saha           | Director             | 1 Prime Finance Capital Management Limited<br>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   |

#### 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. Uzzal Kumar Saha           | Director                | Member                    | M.Com (Accounting)        |

##### Audit Committee meetings held during the year 2021:

| SL. | Meeting no.                    | Meeting date |
|-----|--------------------------------|--------------|
| 1   | 85 no. Audit Committee Meeting | 31-Aug-2021  |
| 2   | 86 no. Audit Committee Meeting | 27-Oct-2021  |
| 3   | 87 no. Audit Committee Meeting | 22-Dec-2021  |
| 4   | 88 no. Audit Committee Meeting | 29-Dec-2021  |

##### Major issues discussed in the Audit Committee Meeting during the year 2021 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 |                   |
|--|----------------|-------------------|
|  | 2021           | 2020              |
| Contingent liabilities:                            | -              | -                 |
| Other commitments:                                 |                |                   |
| Un-disbursed contracted loans, advances and leases | -              | 10,000,000        |
|  | -              | <b>10,000,000</b> |

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 2021, 08 (Eight) Board Meetings were held. As on 31 December 2021, 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 82 employees, including 19 sub staffs were employed in Company as at 31 December 2021. All the employees received salary of Taka 36,000 and above per annum during the year 2021.

#### 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.

#### 51.0 EVENTS AFTER THE REPORTING PERIOD

No such events occurred.

#### 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 2020 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 Approval of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company on 8 August 2023.



Chairman



Director



Managing Director



Company Secretary

Prime Finance & Investment Limited  
**SCHEDULE OF FIXED ASSETS**  
**INCLUDING PREMISES, FURNITURE AND FIXTURES**  
 As at 31 December 2021

| Particulars                   | Cost                        |                          |                                     | Rate of depreciation/amortization | Depreciation/Amortization/Impairment |                         |                                     |                             | Written down Value as at Dec' 31, 2021 |
|-------------------------------|-----------------------------|--------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-------------------------|-------------------------------------|-----------------------------|--|
|                               | Balance as at Jan' 01, 2021 | Addition during the year | Disposal/adjustment during the year |                                   | Balance as at Dec' 31, 2021          | Charged during the year | Disposal/adjustment during the year | Balance as at Dec' 31, 2021 |  |
| <b>Freehold assets:</b>       |                             |                          |                                     |                                   |                                      |                         |                                     |                             |  |
| Land & Land Development       | 900,000,000                 | -                        | 383,908,911                         | -                                 | -                                    | -                       | -                                   | -                           | 516,091,089                            |
| Right-of-use-asset            | 45,988,220                  | -                        | -                                   | -                                 | 1,234,004                            | 8,730,183               | -                                   | 9,964,187                   | 36,024,033                             |
| Furniture and fixtures        | 19,167,021                  | 452,185                  | 4,789,991                           | 15% -20%                          | 18,188,807                           | 478,208                 | 4,789,991                           | 13,877,023                  | 952,192                                |
| Office decoration             | 37,207,657                  | 4,570,410                | -                                   | 20%                               | 34,911,060                           | 1,342,768               | -                                   | 36,253,828                  | 5,524,239                              |
| Electrical equipment          | 33,522,513                  | 413,736                  | 299,735                             | 20%                               | 32,473,022                           | 462,370                 | 299,735                             | 32,635,658                  | 1,000,856                              |
| Owned vehicles                | 23,759,016                  | -                        | -                                   | 20%                               | 19,822,408                           | 1,961,326               | -                                   | 21,783,734                  | 1,975,283                              |
| <b>Intangible assets:</b>     |                             |                          |                                     |                                   |                                      |                         |                                     |                             |  |
| Software                      | 3,408,486                   | 172,725                  | -                                   | 10%                               | 2,284,935                            | 221,607                 | -                                   | 2,506,543                   | 1,074,668                              |
| <b>Leasehold assets:</b>      |                             |                          |                                     |                                   |                                      |                         |                                     |                             |  |
| Leased vehicles               | 12,197,061                  | -                        | 2,479,720                           | 20%                               | 12,197,056                           | -                       | 2,479,719                           | 9,717,337                   | 4                                      |
| <b>As at 31 December 2021</b> | <b>1,075,249,974</b>        | <b>5,609,056</b>         | <b>391,478,357</b>                  |                                   | <b>121,111,292</b>                   | <b>13,196,462</b>       | <b>7,569,445</b>                    | <b>126,738,311</b>          | <b>562,642,363</b>                     |
| <b>As at 31 December 2020</b> | <b>457,748,794</b>          | <b>643,465,737</b>       | <b>25,964,557</b>                   |                                   | <b>123,642,859</b>                   | <b>17,615,192</b>       | <b>20,146,759</b>                   | <b>121,111,292</b>          | <b>954,138,682</b>                     |

## HIGHLIGHTS

| Sl. No | Particulars   | Financial Year |                |
|--------|---|----------------|----------------|
|        |   | 2021           | 2020           |
| 1      | Paid-up capital   | 2,729,164,830  | 2,729,164,830  |
| 2      | Total capital   | 2,434,119,572  | 3,575,136,351  |
| 3      | Capital surplus/ (shortage)   | 580,789,572    | 2,162,806,351  |
| 4      | Total assets  | 13,098,154,785 | 13,239,670,306 |
| 5      | Total deposits  | 5,868,114,146  | 5,428,137,532  |
| 6      | Total loans, advances and leases  | 8,515,986,704  | 8,685,033,846  |
| 7      | Total Contingent liabilities and commitments                            | -              | 10,000,000     |
| 8      | Loans deposits ratio (%)  | 89.21          | 83.83          |
| 9      | Percentage of classified loans against total loans, advances and leases | 69.37          | 14.80          |
| 10     | Net profit after tax and provision                                      | (179,818,395)  | 34,423,046     |
| 11     | Classified loans, advances and leases during the year                   | 4,902,756,995  | 1,056,568,283  |
| 12     | Provision against classified loans, advances and leases                 | 512,608,671    | 393,289,576    |
| 13     | Surplus/ (shortage) in provision against loans, advances and leases     | (841,788,442)  | -              |
| 14     | Fund cost (%)   | 8.93           | 9.51           |
| 15     | Interest earning assets   | 12,256,079,308 | 12,468,679,503 |
| 16     | Non-interest earning assets   | 842,075,477    | 770,990,803    |
| 17     | Return on average investment (ROI) (%)                                  | (1.35)         | 0.34           |
| 18     | Return on average assets (ROA) (%)                                      | (1.04)         | 0.27           |
| 19     | Income from debentures, bonds etc.                                      | -              | -              |
| 20     | Net income per share  | (0.69)         | 0.14           |
| 21     | Earnings per share  | (0.69)         | 0.14           |
| 22     | Price earnings ratio (times)  | (22.95)        | 90.83          |

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

## SUMMARY OF DEFERRAL PROVISION

As on 31 December 2021

| Particulars   | As per BB Inspection | 2021               | 2022 to 2028         |
|---|----------------------|--------------------|----------------------|
| <b>Total Loan Provision:</b>  |                      |                    |                      |
| Total Loan provision as on 31.12.2021                                   | 1,409,882,722        | -                  | -                    |
| Less : Opening provision as on 01.01.2021                               | (447,838,788)        | -                  | -                    |
| <b>Loan provision addition as per quick summary</b>                     | <b>962,043,934</b>   | <b>120,255,492</b> | <b>841,788,442</b>   |
| <b>Provision for equity investment for Subsidiary/ Associate :</b>      |                      |                    |                      |
| Prime Finance Capital Management Limited                                | 480,000,000          | -                  | -                    |
| PFI Securities Limited, Prime Finance AMCL & Prime Prudential Fund Ltd. | 404,926,657          | -                  | -                    |
| <b>Equity provision addition</b>  | <b>884,926,657</b>   | <b>110,615,832</b> | <b>774,310,825</b>   |
| <b>A. Total loan and equity provision addition</b>                      | <b>1,846,970,591</b> | <b>230,871,324</b> | <b>1,616,099,267</b> |
| <b>Interest Suspenses addition:</b>                                     |                      |                    |                      |
| Interest Suspense as on 31.12.2021 as per quick summary report          | 272,182,535          | -                  | -                    |
| Interest Suspense as on 01.01.2021                                      | (170,556,927)        | -                  | -                    |
| <b>B. Interest suspenses addition 2021</b>                              | <b>101,625,608</b>   | <b>12,703,201</b>  | <b>88,922,407</b>    |
| <b>Total provision and Interest Suspenses Addition (A+B)</b>            | <b>1,948,596,199</b> | <b>243,574,525</b> | <b>1,705,021,674</b> |

Prime Finance & Investment Limited (PFIL) applied to DFIM, Bangladesh Bank for extending time to keep additional provision of Tk. 1,948.60 million for deferral benefit. This amount was required for loan/leases, equity investment and interest suspense. Accordingly, DFIM, Bangladesh Bank vide letter no. DFIM© 1054/24/2023/235 dated January 18, 2023 permitted 8 (Eight) years to build up the same provision. In 2021, PFIL built up proportionate provision against loan/leases, equity investment and interest suspense. Total Provision requirement for loan/leases, equity investment and interest suspense per year stands Tk. 243.57 million.

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Credit Rating

|           |            |
|-----------|------------|
| Long term | Short term |
| A+        | ST-3       |



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**Prime Finance**  
& Investment Limited

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# SUBSIDIARY AND ASSOCIATES

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# Prime Finance Capital Management Limited

## DIRECTORS' REPORT

### for the financial year 2021

#### 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 2021 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 30 June 2022

The Directors' Report has been prepared in compliance with Section 184 of The Companies Act, 1994 and other applicable rules & regulations.

#### Global Economy

The COVID-19 pandemic has risked the global economy and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply in 2020 which is much worse than the financial crisis of 2008-09. The pandemic fades in the second half of 2020 and gradually normalize the global economy growth in 2021. Global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021, in the World Economic Outlook (WEO). Global growth is projected at 4.9% in 2020, 1.9% points below the April 2020 World Economic Outlook (WEO) forecast. The adverse impact is on the low income households.

Moreover, the global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. In 2021 global forecast is unchanged in the World Economic Outlook (WEO). The forecast for advanced economies is revised and the revisions reflect pandemic developments and changes in policy support. The forecast has been upgraded for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 for improving health.

However, the war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 with addition to inflation as fuel and food prices have increased rapidly, hitting the income adversely. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. The war induced commodity price increases and broadening price pressures have led to inflation all over the world.

Therefore, the vaccination has raised hopes of a turnaround to the pandemic. Multilateral efforts are required to prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and to end the pandemic.

#### Global Capital Market

The capital market facilitates the transfer of fund from the return seeker to those who require capital. After rebounding

in 2021, the global growth is weaker and the global inflation is notably higher, than previously owing to pandemic resurgence and leads to higher food and energy prices and more disruptions in the capital market.

Although, the investment in advanced economies are projected to return to pre pandemic trends, but in emerging market and developing economies (EMDEs) particularly will remain below as they were during the pandemic period. Various downside risks cloud be minimized, including economic disruptions, by implementing the capital market recovery policy. As EMDEs has limited policy space to provide additional support to these downside risks. EMDE policy makers also face the challenges of inflationary pressures and advanced monetary policy and constructive fiscal space. Despite budgetary consolidation, debt levels are highs in many EMDEs. Over the longer term, EMDEs will need to pursue restructured policy actions, including reforms the capital market, to reduce income inequality and enhance economy crises.

In fact, the recent data of the capital market point to moderate global growth. Though, the infections in 2021 related to the Delta variant have an adverse impact on capital market, than previous waves. Plenty of research has been conducted to boost the capital market.

In spite of these, the emerging market will be observed, if a comprehensive policy package is executed to lower the steer of the global economy. Such a package would combine policies to reduce both between country and within country inequality. It would require proactive national policies and support from the global community.

#### Bangladesh Economy

Bangladesh economy has been consistently performing well with above 6 percent of GDP growth since FY 2010-11 till COVID-19 outbreak. The growth rate was elevated to 8.15 percent in FY 2018- 19. Unfortunately, country's economic growth was slowed due to the negative impact of COVID-19 pandemic, but the Government's continuous efforts to keep up the food supply chain uninterrupted during COVID-19 pandemic worked well and helped to keep the inflation under control.

The Government has take new expenditure and resource allocation plan by setting new priorities in FY 2019-20 to deal COVID-19 pandemic situation. The major objective was to minimize the pandemic by providing financial incentives. In the revised budget of FY 2020-21, sectors those are directly involved with minimizing COVID-19 outbreak, such as: health, agriculture, social welfare, food, disaster management, employment creation etc. received increased resource allocation.

The monetary policy of the country including financial as well as credit program which has been aligned with the fiscal policy to regain the productivity of the economy and to control

inflation. Different steps were implemented under an expanded monetary policy during FY 2020-21. Bangladesh Bank reduced the repo rate from 5.25 percent to 4.75 and reverse repo rate from 4.75 to 4 percent. Besides, The Cash Reserve Requirement (CRR) was reduced from 5.5 percent to 4.0 percent for internal banking and from 5.5 percent to 2.0 percent for off-shore banking.

The capital market situation was found positively working in FY 2020-21 though both Dhaka and Chittagong Stock Exchange (CSE) were volatile for a while. Overall, there was a mentionable growth both in the capital and value index. The growth of broad index for Dhaka Stock exchange was 37.37 percent and for CSE was 39.84 percent.

The export sector has resumed back to a positive trend after overcoming the COVID-19 shock with the support of all the interventions of the government. The export earnings growth was 15.1 percent in FY 2020-21 than FY 2019-20. The amount was US\$ 38,758.31 million, which was US\$ 33,674.21 million in FY 2019-20. The import payment was also recommenced back in FY 2020-21 with 19.73 percent growth than the previous year. And the amount was US\$ 65,564.7 million. Alike, FY 2019-20 remittance inflow was also high in FY 2020-21. Due to this high inflow, during July-April of FY 2020-21, the current account balance deficit was US\$ 47 million which was US\$ 3,772 million in FY 2019-20. The total amount of remittance in FY 2020-21 was US\$ 24,777.71 million which was 36.10 percent higher (18,205 million) than the previous year. Foreign reserve amount in this period stood at US\$ 46.39 billion. The exchange rate between Taka and US dollar remained static.

Power generation or producing electricity is one of the key drivers of growth and development. The capacity of power generation reached at 21,778 megawatts in February 2021. The volume is 24,982 megawatts including renewable energy and captive. The maximum generation level 12,892 MW was achieved in 05 September 2020. Total net electricity production was 71,419 million kilowatt-hours (kWh) in FY 2019-20 and in the first seven months of FY 2020-21 (up to January 2021) total net electricity production stood at 44,439 million kWh. Out of total net generation, 38.69 percent power was generated by the public sector, 4.90 percent by joint venture, 45.76 percent power from the private sector and 10.59 percent from power import from India. At present, the total distribution line is 6.03 lac kilometer and total consumer is 3.96 crore.

Natural gas met almost 63 percent of the country's total commercial use of energy. A total of 27 gas fields have been discovered from which about 18.24 trillion cubic feet gas has been produced cumulatively (up to December 2020) and 10.63 trillion cubic feet of recoverable gas by January 2021. Besides, the country has about 13.60 lac metric ton of reserve fuel oil. In order to meet the growing demands for natural gas and fuel oil and to secure energy supply of the country in the long term, the highest emphasis is given on the diversification of energy sources, particularly on the efficient and optimum use of energy, construction of power plant which be based on coal, dual fuel, atomic renewable energy.

During this crisis period of pandemic, the Nation has strengthened the health sector and nutrition sector to provide easy and quality services to its citizens. Accordingly, a

holistic effort has been made to prevent and control the spread of Coronavirus (COVID-19) as well as to provide health care to infected people. Bangladesh has achieved an outstanding development in poverty alleviation during the last decade. According to Household Income and Expenditure Survey (HIES), the poverty rate declined to 23.3 percent in 2016 from 40 percent in 2005. The incidence of poverty was reduced to 20.5 percent in FY 2018-19. COVID -19 has forced a threat to the ongoing economic growth as well as fight against poverty alleviation worldwide. Bangladesh's situation is not an exception; the economy was adversely affected due to pandemic. In order to support them, the government provided incentives, cash support, expanded social safety, which helps to manage the crises of the country.

## Bangladesh Capital Market

Capital market acts as a bridge of long term financing for the industrial development of a country through the sale and purchase of shares, debentures, bonds, mutual funds, etc. and the turnover of capital market contributes to the GDP of the country. Capital market in Bangladesh consists of two full fledged stock exchanges the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Bangladesh Securities and Exchange Commission (BSEC), as watchdog, regulates the stock exchanges of the country.

The capital market exhibited an upward trend both in terms of index and turnover in early 2022, compared to the downward trend in terms of turnover of 2021. At early 2022, Broad index of DSE and all share price index of CSE were 2.51 percent and 3.22 percent higher respectively than that of 2021. On the other hand, total turnover value of traded shares of DSE was 61.43 percent higher whereas total turnover value of traded shares of CSE was 14.96 percent lower than that of 2021. Broad index of DSE and all share price index of CSE stood at 6926.29 points and 20298.59 points respectively at early 2022, which were 6756.66 points and 19666.07 points respectively at the end of 2021. DSEX Shariah index (DSES) and CSE Shariah index (CSES) stood at 1481.89 points and 1265.70 points respectively at early 2022, which were 1431.12 points and 1211.44 points respectively at the end of 2021.

The capital market could play the desired role to the economy of Bangladesh especially towards market capitalization, turnover, GDP, etc. The regulatory systems need to be transparent as well as sound to the investors, which cause market situation certain to the investors to invest. The intermediaries need to play the adequate role in the development of the market as the Government has taken some positive steps regarding the strengthening of SEC and the capital market. However, to upgrade the capital market for smooth financing for the stakeholders could play the fruitful role in developing the economy.

## 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 practice proper corporate governance before entering the capital market through IPO (initial public offering).

Bringing a company to general investors is challenging, as it forces companies to be accountable to those investors. Sometimes, merchant banks have to provide practical suggestions to shape regulations related to the 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 favor 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.

DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), closed the year at 6,756 points on 30 December, the last trading day of 2021, and the 25% annual gains came after the index's world beating performance in the second half of the previous year. Blue chip index DS30 secured nearly 29% annual gains while Shariah compliant securities' index DSES gained 15.22%. In 2021, the DSE saw its historic high market capitalization and at the year end, it was nearly 21% higher to increase the market value of all the listed companies to over 18% of the country's GDP. DSE's average daily turnover increased to over Tk1,475 crore from that of Tk649 crore in the previous year, it was a good year for the capital market, said the DSE in its statement. In 2020, eight companies together collected Tk986 crore in equities through their IPOs. In 2021, the total equity raising jumped by more than 60% as 14 equity IPOs were successfully floated this year.

Fixed income securities various bonds and the Sukuk from the private sector, worth around Tk12,000 crore, have got the Bangladesh Securities and Exchange Commission's approval this year. Bonds are attracting a diversified range of issuers, including the leading nongovernmental organizations, as they find it convenient and a winning deal for financing their activities.

The capital market's historic over-dependence on equity has begun to reduce in 2021 that would offer investors a better opportunity to diversify their portfolios better. However, the core task of making treasury bonds tradable on the bourses is still pending while it was planned to be done in the previous year.

## 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. 500 crore and an initial paid-up capital of Tk. 100 crore. Currently, as on 31 December 2021 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 profit after tax attributable to equity holders of the Company of Tk. 20,107,781/- for the year ended on 31 December 2021 against the net loss after tax of Tk. (8,594,263)/- for the year ended on 31 December 2020. The Company has made a provision of Tk. (11,569,109)/- as income tax on capital gain and dividend. Total investment of the Company in margin loan was Tk. 2,474,254,281/- and investment in shares including unquoted shares was Tk. 674,623,056/- for the year ended on 31 December 2021.

## Addition of fixed assets

As on 31 December 2021, the written down value of fixed assets stood at Tk. 1,511,952/- compared to Tk. 2,394,297/- on 31 December 2020. In the current year, cost of addition of fixed assets was for Tk. 377,270/- and cost of disposal of used and old fixed assets under the head of furniture and fixtures and office equipment was for Tk. 9,123,199/-, the written down value of which was Tk. 0 (Zero) as on 1 January 2022 and total sale value was Tk. 9,70,075/-. Those fixed assets were sold as per advice of the Board in its 70th meeting held on 27 September 2020 which was subsequently noted by the Board of Directors in its 79th meeting held on 30 June 2022.

## Reserve & surplus

The reserve & surplus of the Company includes retained earnings only. As on 31 December 2021 balance of retained earnings stood at Tk. (15,097,447) which was Tk. (35,205,228) on 31 December 2020.

## Dividend

The Company's profitability status is not in a position to pay out dividend. The Board in its meeting held on 30 June 2022 recommended "no dividend" for the year 2021.

## 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 August 2022.

### Annual General Meeting

The 12th Annual General Meeting of the Company will be held on 21 August 2022 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 2021 including the reports of the Directors and the Auditors;
- To consider dividend for the year 2021 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 2022 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 2021 in the 11th Annual General Meeting. The Auditors will retire in the 12th 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 2022 at a remuneration of Tk. 85,000/- (Taka Eighty 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 12th Annual General Meeting as recommended by the Board of Directors in its meeting held on 21 August 2022:

- 1) Mr. Muhammad Moniruzzaman
- 2) Mr. Mohammad Shahidul islam
- 3) Mr. Uzzal Kumar Saha

As per Article 128 of the Article of Association of the Company the retiring directors are eligible for re-election in the 12th Annual General Meeting of the Company which was recommended by the Board of Directors in its meeting held on 21 August 2022.

### 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 2021 that has significantly affected or may significantly affect the operations of the Company.

### Conclusion

There are a number of dynamics, both political and economic factors as well as pandemic of COVID-19 which could significantly affect money market and capital market in which the Company operates. As recent turmoil in the market indices, investors remain concerned about stock prices, interest rates, inflation and growth, etc. all of which will inevitably determine capital market's future directions. We are convinced of our ability to continue to thrive in all areas of our business.

Finally, we are thankful to you for having confidence on us. Your continued support is the driving force behind the growth and development of our business. Thanks for the commitment, dedication and hard work of the Company's employees who are core to our success. I also take this opportunity to recall with appreciations the support and co-operation we have received from our shareholders, clients, government agencies, regulatory bodies and everyone with whom the Company is connected to in conducting its affairs and business.

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 the 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 2021 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 2021 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 2021 and its financial performance and its cash flows for the year ended 31 December 2021 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.

### 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 2020, Companies act 1994, 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



কে. এম. হাসান এন্ড কোং  
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Chartered Accountants

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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:

- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period. 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 2020, 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.

**Md. Farhad Husain Suman FCA**  
Partner  
Enrollment No. : 1635

**K. M. HASAN & CO.**  
Chartered Accountants  
DVC: 2207031635AS519650

Place: Dhaka  
Dated: 30 June 2022

Prime Finance Capital Management Limited  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

| PARTICULARS                                       | Notes        | Amount in Taka       |                      |
|---|--------------|----------------------|----------------------|
|   |              | 2021                 | 2020                 |
| <b>Assets</b>                                     |              |                      |                      |
| <b>Non-current assets</b>                         |              |                      |                      |
| Property, plant and equipment                     | 11           | 1,511,952            | 2,394,297            |
| Investment in shares                              | 12           | 679,623,056          | 569,886,374          |
| Deferred tax assets                               | 13           | 3,555,542            | 5,403,623            |
| <b>Total non-current assets</b>                   |              | <b>684,690,550</b>   | <b>577,684,294</b>   |
| <b>Current assets</b>                             |              |                      |                      |
| Margin loan                                       | 14           | 2,474,254,281        | 2,553,243,737        |
| Accounts and others receivable                    | 15           | 374,514,752          | 404,699,325          |
| Advance, deposit and prepayments                  | 16           | 155,839,612          | 142,789,948          |
| Cash and cash equivalents                         | 17           | 24,678,382           | 17,733,381           |
| <b>Total current assets</b>                       |              | <b>3,029,287,026</b> | <b>3,118,466,390</b> |
| <b>Total assets</b>                               |              | <b>3,713,977,577</b> | <b>3,696,150,684</b> |
| <b>Shareholders' equity</b>                       |              |                      |                      |
| Share capital                                     | 18           | 2,032,800,000        | 2,032,800,000        |
| Retained earnings                                 | 19           | (15,097,447)         | (35,205,228)         |
|   |              | <b>2,017,702,553</b> | <b>1,997,594,772</b> |
| <b>Non-current liabilities</b>                    |              |                      |                      |
| Long term loan                                    | 20           | 338,382,824          | 356,487,119          |
| <b>Total non-current liabilities</b>              |              | <b>338,382,824</b>   | <b>356,487,119</b>   |
| <b>Current liabilities</b>                        |              |                      |                      |
| Margin deposit                                    | 21           | 19,894,549           | 11,232,083           |
| Current account with Parent Company               | 22           | 1,025,921,871        | 1,005,879,326        |
| Short term loan                                   | 23           | 79,809,507           | 98,195,942           |
| Accounts payable                                  | 24           | 1,275,629            | 14,944,715           |
| Other payables                                    | 25           | 118,812,087          | 110,854,250          |
| Provisions for taxes                              | 26           | 112,178,557          | 100,962,476          |
| <b>Total current liabilities</b>                  |              | <b>1,357,892,200</b> | <b>1,342,068,792</b> |
| <b>Total shareholders' equity and liabilities</b> |              | <b>3,713,977,577</b> | <b>3,696,150,684</b> |
| <b>Net Assets Value (NAV) per share</b>           | <b>35.01</b> | <b>9.93</b>          | <b>9.83</b>          |

The annexed notes form an integral part of these financial statements

  
 CFO & Company Secretary

  
 Managing Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed

  
**Md. Farhad Husain Suman FCA**  
 Partner  
 Enrollment No. : 1635  
**K. M. HASAN & CO.**  
 Chartered Accountants  
 DVC: 2207031635AS519650

Place: Dhaka  
 Dated: 30 June 2022

Prime Finance Capital Management Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

| PARTICULARS                                    | Notes | Amount in Taka       |                      |
|--|-------|----------------------|----------------------|
|  |       | 2021                 | 2020                 |
| Fees and commission                            | 27    | 8,368,321            | 11,441,088           |
| Interest on margin loan                        | 28    | 14,403,973           | 86,189,676           |
| Gain on sales of listed company shares         | 29    | 115,691,089          | 2,135,825            |
| Others income                                  | 30    | 13,522,575           | 11,815,199           |
| <b>Total operating income</b>                  |       | <b>151,985,958</b>   | <b>111,581,789</b>   |
| Financial expenses                             | 31    | (58,648,597)         | (82,858,203)         |
| Management expenses                            | 32    | (37,238,625)         | (31,334,792)         |
| Margin loan written-off                        | 33    | (17,064,160)         | -                    |
| <b>Total operating expenses</b>                |       | <b>(112,951,382)</b> | <b>(114,192,995)</b> |
| <b>Operating profit/(Loss)</b>                 |       | <b>39,034,576</b>    | <b>(2,611,206)</b>   |
| Provision for investment and margin loan       | 34    | (5,509,606)          | (5,848,293)          |
| <b>Profit/(loss) before income tax</b>         |       | <b>33,524,970</b>    | <b>(8,459,499)</b>   |
| <b>Provision for Taxes:</b>                    |       |                      |                      |
| Current tax                                    | 26    | (11,569,109)         | (638,486)            |
| Deferred tax                                   | 13.01 | (1,848,081)          | 503,723              |
|  |       | (13,417,190)         | (134,764)            |
| <b>Net profit/(loss) after income tax</b>      |       | <b>20,107,781</b>    | <b>(8,594,263)</b>   |
| Other comprehensive income for the year        |       | -                    | -                    |
| <b>Total comprehensive income for the year</b> |       | <b>20,107,781</b>    | <b>(8,594,263)</b>   |

The annexed notes form an integral part of these financial statements

  
CFO & Company Secretary

  
Managing Director

  
Director

  
Chairman

Signed in terms of our separate report of even date annexed



**Md. Farhad Husain Suman FCA**

Partner

Enrollment No. : 1635

**K. M. HASAN & CO.**

Chartered Accountants

DVC: 2207031635AS519650

Place: Dhaka  
Dated: 30 June 2022

Prime Finance Capital Management Limited  
**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

| PARTICULARS  | Amount in Taka      |                     |
|--|---------------------|---------------------|
|  | 2021                | 2020                |
| <b>A. Cash flows from operating activities</b>               |                     |                     |
| Net received from/(payment to) portfolio customers           | 21,529,850          | 23,440,367          |
| Net received from brokers                                    | 73,318,959          | 36,995,545          |
| Fees and Commission receipt                                  | 603,982             | 50,000              |
| Payment for management expense                               | (27,173,674)        | (21,330,831)        |
| Received of dividend income                                  | 12,524,880          | 11,072,967          |
| Received of interest income                                  | 6,870               | 54,800              |
| Bank charge paid   | (137,992)           | (100,162)           |
| Tax paid   | (2,637,469)         | (2,299,979)         |
| <b>Net Cash flows from/ (used in) operating activities</b>   | <b>78,035,406</b>   | <b>47,882,708</b>   |
| <b>B. Cash flows from investing activities</b>               |                     |                     |
| Received/ (Payment) against fixed assets                     | 789,976             | 205,413             |
| Received against/ (payment for) employees car loan/home loan | 3,303,558           | 50,000              |
| Net received from/(payment for) investment in shares/bond    | (20,181,460)        | (11,660,500)        |
| <b>Net cash flows from/ (used in) investing activities</b>   | <b>(16,087,926)</b> | <b>(11,405,087)</b> |
| <b>C. Cash flows from financing activities</b>               |                     |                     |
| Net payment against term loan                                | -                   | -                   |
| Payment for financial expenses                               | (8,888,142)         | (38,728,004)        |
| Net Received against/ (payment for) other loan               | 7,000,000           | -                   |
| Net received from/ (payment for) overdraft facility          | (22,734,308)        | 7,600,364           |
| Net loan payment to inter company                            | (30,380,029)        | (565,888)           |
| <b>Net cash flows from/ (used in) financing activities</b>   | <b>(55,002,479)</b> | <b>(31,693,528)</b> |
| <b>D. Net cash flows for the period (A+B+C)</b>              | <b>6,945,001</b>    | <b>4,784,093</b>    |
| <b>E. Opening cash and cash equivalents</b>                  | <b>17,733,381</b>   | <b>12,949,288</b>   |
| <b>F. Closing cash and cash equivalents (D+E)</b>            | <b>24,678,382</b>   | <b>17,733,381</b>   |
| Cash in hand   | 7,630               | 10,656              |
| Cash at bank   | 24,670,752          | 17,722,725          |
|  | <b>24,678,382</b>   | <b>17,733,381</b>   |

  
 CFO & Company Secretary

  
 Managing Director

  
 Director

  
 Chairman

Place: Dhaka  
 Dated: 30 June 2022

Prime Finance Capital Management Limited  
**STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2021

| Particulars                             | Share capital | Retained earnings | Amount in Taka |
|---|---------------|-------------------|----------------|
|   |               |                   | Total          |
| Opening balance as on January 01, 2021  | 2,032,800,000 | (35,205,228)      | 1,997,594,772  |
| Net profit/(loss) for the year          | -             | 20,107,781        | 20,107,781     |
| Closing balance as on December 31, 2021 | 2,032,800,000 | (15,097,447)      | 2,017,702,553  |

For the year ended on 31 December 2020

| Particulars                             | Share capital | Retained earnings | Amount in Taka |
|---|---------------|-------------------|----------------|
|   |               |                   | Total          |
| Opening balance as on January 01, 2020  | 2,032,800,000 | (26,610,965)      | 2,006,189,035  |
| Net profit/(loss) for the year          | -             | (8,594,263)       | (8,594,263)    |
| Closing balance as on December 31, 2020 | 2,032,800,000 | (35,205,228)      | 1,997,594,772  |

  
 CFO & Company Secretary

  
 Managing Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed



**Md. Farhad Husain Suman FCA**  
 Partner  
 Enrollment No. : 1635

**K. M. HASAN & CO.**  
 Chartered Accountants  
 DVC: 2207031635AS519650

Place: Dhaka  
 Dated: 30 June 2022

# Prime Finance Capital Management Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

### 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 situated at 56-57, Dilkusha C/A, Dhaka-1000, Bangladesh.

### 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, 2021 were authorized for issue in accordance with a resolution of the Board of directors on 30 June 2022

### 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.

#### 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, 2021.

#### 5.05 Accrual basis of accounting

These financial statements 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, 2021 to December 31, 2021.

## 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 has been 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.

### 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 2021. 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 Lease

International Financial Reporting Standards, IFRS 16 "Leases" effective from annual period beginning on or after January 1, 2019 has changed how the company accounts for its leases contracts. The company leases its office for operating its activities. Before the adoption of IFRS 16, all leases contracts were classified as operating leases. IFRS 16, requires all contracts that contains leases to be recognized on the balance sheet as leases liability. Only certain short term and low value leases are exempted. In compliance with the standard, the Company has elected to use the "recognition exemption" in the standard for short term leases and leases of low value items. In such cases the leases are accounted for as short term payments associated with them.

## 6.10 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 2020.

## 6.11 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.

## 7.00 Other commitments, contingencies and relevant information

### 7.01 Contingent liabilities

There was no contingent liability as at December 31, 2021.

### 7.02 Capital expenditure commitment

There was no capital expenditure commitment or contract at December 31, 2021. There was no material capital expenditure authorized by the Board but not contracted for as at December 31, 2021.

### 7.03 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.

### 7.04 Segment reporting

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

## 8.00 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of To 36,000 per annum or above was 8.

## 9.00 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.

## 10.00 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.

|  | Amount in Taka    |                   |
|--|-------------------|-------------------|
|  | 2021              | 2020              |
| <b>11.00 Property, plant and equipment</b>                             |                   |                   |
| <b>A. Cost</b>   |                   |                   |
| Opening balance  | 39,720,805        | 41,241,010        |
| Addition during the year   | 377,270           | 25,824            |
| Disposal during the year   | (9,123,199)       | (1,546,029)       |
| <b>Total cost</b>  | <b>30,974,876</b> | <b>39,720,805</b> |
| <b>B. Accumulated Depreciation</b>                                     |                   |                   |
| Opening balance  | 37,326,508        | 34,987,147        |
| Depreciation charged during the year                                   | 1,259,615         | 3,885,390         |
| Adjustment during the year   | (9,123,199)       | (1,546,029)       |
| <b>Total accumulated depreciation</b>                                  | <b>29,462,924</b> | <b>37,326,508</b> |
| <b>C. Written Down Value (A-B)</b>                                     | <b>1,511,952</b>  | <b>2,394,297</b>  |
| Details of Property, plant & equipment are shown in the (Annexure - A) |                   |                   |

### 12.00 Investment in shares

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Quoted shares    | 674,623,056        | 564,886,374        |
| Un-quoted shares | 5,000,000          | 5,000,000          |
|                  | <b>679,623,056</b> | <b>569,886,374</b> |

As per BSEC circular no. SEC/CMRRCD/2009-193/196. Date: 28 December, 2016 and BSEC/SRI/MB/Policy-5/2020/132. Date: 30 January, 2020 investment in share as marchant banker are shown in cost value. As well as if there is unrealized loss on investment in share , the marchant banker can make 20% provision on unrealized loss which is not mandatory.

### 13.00 Deferred tax assets

|  |                    |                    |
|--|--------------------|--------------------|
| Opening balance                          | (5,403,623)        | (4,899,900)        |
| Addition during the year ( Note - 13.01) | 1,848,081          | (503,723)          |
| <b>Closing balance</b>                   | <b>(3,555,542)</b> | <b>(5,403,623)</b> |

#### 13.01 Written down value of fixed assets

|   |                    |                    |
|---|--------------------|--------------------|
| Tax base  | 10,993,398         | 16,803,957         |
| Taxable temporary difference                        | (9,481,446)        | (14,409,660)       |
| Tax rate  | 37.50%             | 37.50%             |
| <b>Closing balance of deferred tax asset</b>        | <b>(3,555,542)</b> | <b>(5,403,623)</b> |
| Opening balance of deferred tax asset               | (5,403,623)        | (4,899,900)        |
| <b>Deferred tax expense/(benefits) for the year</b> | <b>1,848,081</b>   | <b>(503,723)</b>   |

### 14.00 Margin loan

|             |                      |                      |
|-------------|----------------------|----------------------|
| Margin loan | 2,474,254,281        | 2,553,243,737        |
|             | <b>2,474,254,281</b> | <b>2,553,243,737</b> |

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 (BSEC).

### 15.00 Accounts and others receivable

|   |                    |                    |
|---|--------------------|--------------------|
| Receivable from PFI Securities Limited            | 372,637,095        | 389,488,527        |
| Receivable from Vision Capital Management Limited | -                  | 13,213,433         |
| Receivable to sharp securities Limited            | -                  | 177,907            |
| Other receivables                                 | 1,877,657          | 1,819,458          |
|   | <b>374,514,752</b> | <b>404,699,325</b> |

|   | Amount in Taka     |                    |
|---|--------------------|--------------------|
|   | 2021               | 2020               |
| <b>16.00 Advance, deposit and prepayments</b> |                    |                    |
| Advance income tax (Note - 16.1)              | 80,993,591         | 78,790,206         |
| Advance for investment in shares              | 60,523,220         | 46,619,826         |
| Other advances (Note -16.2)                   | 14,322,801         | 17,379,916         |
|   | <b>155,839,612</b> | <b>142,789,948</b> |

#### 16.01 Advance income tax

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Opening balance                  | 78,790,206        | 76,510,248        |
| Add: Addition during the year    | 2,556,413         | 2,279,958         |
|                                  | <b>81,346,619</b> | <b>78,790,206</b> |
| Less: Adjustment during the year | 353,028           | -                 |
| <b>Closing balance</b>           | <b>80,993,591</b> | <b>78,790,206</b> |

#### 16.02 Other advances

|   |                   |                   |
|---|-------------------|-------------------|
| Advance against employee house building finance | 12,689,405        | 15,135,849        |
| Advance against employees' car finance          | 213,916           | 544,496           |
| Other advances                                  | 1,419,480         | 1,699,571         |
|   | <b>14,322,801</b> | <b>17,379,916</b> |

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.

#### 17.00 Cash and cash equivalents

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Cash in hand (Note - 17.01) | 7,630             | 10,656            |
| Cash at bank (Note-17.02)   | 24,670,752        | 17,722,725        |
|                             | <b>24,678,382</b> | <b>17,733,381</b> |

#### 17.01 Cash in hand

|               |              |               |
|---------------|--------------|---------------|
| Cash in hand  | 2,731        | 1,377         |
| Stamp in hand | 4,899        | 9,279         |
|               | <b>7,630</b> | <b>10,656</b> |

#### 17.02 Cash at bank

| Name of bank                    | Account number   | Type of account | Name of branch    | Balance as on Dec 31, 2021 | Balance as on Dec 31, 2020 |
|---------------------------------|------------------|-----------------|-------------------|----------------------------|----------------------------|
| Mutual trust bank Ltd.          | 0012-0320000955  | SND             | Dilkusha          | 488,139                    | 1,386,490                  |
| Shahjalal islami bank Ltd.      | 4001-13100001266 | SND             | Dhaka main branch | 7,466                      | 8,526                      |
| Shahjalal islami bank Ltd.      | 4001-13100002122 | SND             | Dhaka main branch | 21,472,541                 | 15,625,012                 |
| Shahjalal islami bank Ltd.      | 4001-13100002139 | SND             | Dhaka main branch | 2,506,432                  | 134,998                    |
| Shahjalal Islami Bank Ltd.      | 4001-13100002842 | SND             | Dhaka main branch | 11,533                     | 2,600                      |
| Shahjalal islami bank Ltd.      | 1802-13100000115 | SND             | Rajshahi branch   | -                          | 23,099                     |
| Shahjalal islami bank Ltd.      | 4001-13100002701 | SND             | Dhaka main branch | 5,422                      | 460,116                    |
| NCC bank Ltd.                   | 0028-0325000386  | SND             | Dilkusha          | 7,388                      | 7,847                      |
| First security islami bank Ltd. | 0101-13100002161 | SND             | Dilkusha          | 26,738                     | 27,739                     |
| Dutch bangla bank Ltd.          | 1011100030730    | CD              | Dilkusha          | 143,713                    | 42,419                     |
| National bank Ltd.              | 005836003503     | SND             | Dilkusha          | 0                          | 477                        |
| National bank Ltd.              | 005836001021     | SND             | Motijheel         | 1                          | 666                        |
| Eastern bank Ltd.               | 1111220133464    | SND             | Shyamoli          | 1,379                      | 2,737                      |
| <b>Total</b>                    |                  |                 |                   | <b>24,670,752</b>          | <b>17,722,725</b>          |

|   | Amount in Taka       |                      |
|---|----------------------|----------------------|
|   | 2021                 | 2020                 |
| <b>18.00 Share capital</b>  |                      |                      |
| <b>Authorized:</b>  |                      |                      |
| 500,000,000 ordinary shares of Tk 10 each                                 | 5,000,000,000        | 5,000,000,000        |
| <b>Issued and paid capital</b>  |                      |                      |
| 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           |
|   | <b>2,032,800,000</b> | <b>2,032,800,000</b> |

### 18.01 Share holding position are as follows

| Name of shareholder                | % of Share  | Number of Share    | Balance as on Dec 31, 2021 | Balance as on Dec 31, 2020 |
|------------------------------------|-------------|--------------------|----------------------------|----------------------------|
| 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                 |
| <b>Total</b>                       | <b>100%</b> | <b>203,280,000</b> | <b>2,032,800,000</b>       | <b>2,032,800,000</b>       |

### 19.00 Retained earnings

|                                 |                     |                     |
|---------------------------------|---------------------|---------------------|
| Opening balance                 | (35,205,228)        | (26,610,965)        |
| Profit / (Loss) during the year | 20,107,781          | (8,594,263)         |
| <b>Closing balance</b>          | <b>(15,097,447)</b> | <b>(35,205,228)</b> |

### 20.0 Long term loan

|                            |             |             |
|----------------------------|-------------|-------------|
| Bangladesh Finance Limited | 338,382,824 | 356,487,119 |
|----------------------------|-------------|-------------|

The Company has a short term loan with Bangladesh Finance Limited (BD Finance) which has been sanctioned under 2 (two) phases amounting Tk. 15,00,00,000/- (Taka Fifteen crore only) and Tk. 10,00,00,000/- (Taka Ten crore only) bearing agreement no. BDF/2040/2012 and BD Finance/1936/2013 respectively.

Recently, BD Finance has given consent on rescheduling of Tk. 23,10,65,696/- (Taka twenty three crore ten lac sixty five thousand six hundred ninety six) only for 12 years term loan with 6% interest rate p.a. effect from 1st January 2021.

### 21.00 Margin deposit

|                |                   |                   |
|----------------|-------------------|-------------------|
| Margin deposit | 19,894,549        | 11,232,083        |
|                | <b>19,894,549</b> | <b>11,232,083</b> |

### 22.00 Current account with Parent Company

|                                    |                      |                      |
|------------------------------------|----------------------|----------------------|
| Prime Finance & Investment Limited | 1,005,879,326        | 961,276,094          |
| Add: Addition during the year      | 52,515,754           | 44,603,232           |
|                                    | 1,058,395,080        | 1,005,879,326        |
| Less: Payment made during the year | 32,473,209           | -                    |
|                                    | <b>1,025,921,871</b> | <b>1,005,879,326</b> |

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

|   | Amount in Taka    |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
| <b>23.00 Short term loan</b>                            |                   |                   |
| Bangladesh Finance Limited (Current Portion)            | 27,147,753        | 22,799,880        |
| Midland Bank Limited (Overdraft account at 9% interest) | 52,661,754        | 75,396,062        |
|   | <b>79,809,507</b> | <b>98,195,942</b> |

#### 24.00 Accounts payable

|  |                  |                   |
|--|------------------|-------------------|
| Payable to Vision Capital Management Limited | -                | 12,732,944        |
| Payable to PFI Securities Limited            | 1,275,629        | 2,061,972         |
| Payable to sharp securities Limited          | -                | 149,799           |
|  | <b>1,275,629</b> | <b>14,944,715</b> |

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

#### 25.00 Other payables

|  |                    |                    |
|--|--------------------|--------------------|
| Audit fee payable                      | 97,750             | 86,250             |
| Suspense receipts PIA dividend income  | 8,707,968          | 8,532,730          |
| Super annuation fund payable           | 3,341,676          | 5,025,133          |
| Provision for investment & margin loan | 64,734,014         | 59,224,408         |
| Others                                 | 41,930,679         | 37,985,729         |
|  | <b>118,812,087</b> | <b>110,854,250</b> |

#### 26.00 Provision for of Income tax

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Opening balance                  | 100,962,476        | 100,323,990        |
| Add: Provision during the year   | 11,569,109         | 638,486            |
|                                  | <b>112,531,585</b> | <b>100,962,476</b> |
| Less: Adjustment during the year | 353,028            | -                  |
|                                  | <b>112,178,557</b> | <b>100,962,476</b> |

#### 27.00 Fees and commission

|                          |                  |                   |
|--------------------------|------------------|-------------------|
| Issue management fee     | 300,000          | -                 |
| Underwriting commission  | 153,982          | -                 |
| Portfolio management fee | 7,902,849        | 11,332,603        |
| Corporate advisory fee   | -                | 100,000           |
| Service charge from IPO  | 11,490           | 8,485             |
|                          | <b>8,368,321</b> | <b>11,441,088</b> |

#### 28.00 Interest on margin loan

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Interest on margin loan | 14,403,973        | 86,189,676        |
|                         | <b>14,403,973</b> | <b>86,189,676</b> |

Interest on margin loan includes interest earned on margin loan provided to portfolio investors against their margin deposit.

#### 29.00 Gain on sales of listed company's shares

|  |                    |                  |
|--|--------------------|------------------|
| Gain on sales of listed Company shares | 115,691,089        | 2,135,825        |
|  | <b>115,691,089</b> | <b>2,135,825</b> |

Capital gain represents realized gain earned against investment in shares of listed companies under the company's portfolio investment.

|   | Amount in Taka    |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
| <b>30.00 Others income</b>                |                   |                   |
| Income from bank interest of STD accounts | 6,870             | 54,806            |
| Dividend income                           | 12,518,630        | 11,072,941        |
| Documentation fee                         | 27,000            | 14,000            |
| Interest on employees' home loan          | -                 | 385,080           |
| Profit on sales of fixed assets           | 970,075           | 288,372           |
|   | <b>13,522,575</b> | <b>11,815,199</b> |

### 31.00 Financial expenses

|                  |                   |                   |
|------------------|-------------------|-------------------|
| Interest on loan | 58,648,597        | 82,858,203        |
|                  | <b>58,648,597</b> | <b>82,858,203</b> |

### 32.00 Management expenses

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Salaries and allowances            | 27,737,593        | 20,173,010        |
| Legal and professional fees        | 272,005           | 68,330            |
| Audit fee                          | 86,250            | 86,250            |
| CDBL charges                       | 370,208           | 95,690            |
| Office maintenances                | 1,130,021         | 773,248           |
| Recruitment and human resources    | 417,371           | 118,432           |
| Bank charges                       | 138,013           | 100,162           |
| Books and periodicals              | 7,152             | 6,184             |
| Telephone, postage etc.            | 145,345           | 139,987           |
| Stationeries                       | 223,447           | 81,091            |
| Directors' fees                    | 257,781           | 284,448           |
| Car allowances                     | 680,000           | 960,000           |
| Office rent                        | 1,589,208         | 2,648,680         |
| Motor vehicle expenses             | 242,467           | 255,350           |
| Meeting expenses                   | 25,781            | 28,448            |
| Subscription and fees              | 348,980           | 150,000           |
| Medical and employee welfare       | 487,500           | 370,000           |
| Utility expenses                   | 1,007,265         | 942,472           |
| Business development and publicity | 802,334           | 164,013           |
| Brokerage commission and charges   | 10,288            | 3,608             |
| Depreciation (Annexure - A)        | 1,259,615         | 3,885,390         |
|                                    | <b>37,238,625</b> | <b>31,334,792</b> |

### 33.00 Margin loan written-off

|                          |            |   |
|--------------------------|------------|---|
| Margin loans written-off | 17,064,160 | - |
|--------------------------|------------|---|

Margin loan has been written off as per approval of meeting of the Board of Directors of the company the during the year 2021.

### 34.00 Provision for Investment and margin loan

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Provision for doubtful loss | 5,509,606        | 5,848,293        |
|                             | <b>5,509,606</b> | <b>5,848,293</b> |

Provision for doubtful loss represents provision made against diminishing in value of investment in shares in company's portfolio and margin loan which have 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.

### 35.00 Information based on per share

#### 35.01 Net Assets Value (NAV)

|   |               |               |
|---|---------------|---------------|
| Shareholders' equity                                  | 2,017,639,242 | 1,997,594,772 |
| Number of ordinary shares outstanding during the year | 203,280,000   | 203,280,000   |
| <b>Net Assets Value (NAV) per share</b>               | <b>9.93</b>   | <b>9.83</b>   |

## Amount in Taka

2021

2020

**35.02 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          |
| <b>Total weighted average number of shares</b>                            | <b>203,280,000</b> | <b>203,280,000</b> |

**36.00 Related party transactions**

The company in the normal course of business has entered into transactions with other entities that fall within the definition of related party contained in IAS 24 : Related Party Disclosures. The Company believes that the terms of these related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are as follows:

| Name of Related Party                           | Relationship  | Nature of transaction | Opening Balance | Addition during the year | Adjustment during the year | Closing Balance |
|---|---|-----------------------|-----------------|--------------------------|----------------------------|-----------------|
| (A) Prime Finance & Investment Limited          | Parent  | Loan payable          | (1,005,879,326) | (52,515,754)             | 32,473,209                 | (1,025,921,871) |
| (B) PFI Securities Limited                      | Associate of Parent                                   | Receivable            | 389,488,527     | 414,451,194              | (431,302,625)              | 372,637,095     |
|   |   | Payable               | (2,061,972)     | (374,173,022)            | 374,959,364                | (1,275,629)     |
| (C) PFI Properties Limited                      | Sister Concern  | Margin Loan           | 22,955,729      | 49,477                   | (245,387)                  | 22,759,819      |
| (D) Dekko Fashions Limited A0776                | Company related to Shareholder Agami Apparels Limited | Margin Loan           | 33,188,977      | 1,770,522                | (1,969,506)                | 32,989,994      |
| (E) Dekko Accessories Limited A0858             |   |                       | 36,696,264      | 5,200,871                | (5,911,387)                | 35,985,749      |
| (F) Dekko Garments Limited A1130                |   |                       | 285,879         | 472,764                  | (1,061,614)                | (302,970)       |
| (G) Md. Shahadat Hossain & Shahid Hossain A0021 |   |                       | 49,864          | 45,960,468               | (45,985,068)               | 25,264          |

**37.00 Events after the reporting period**

**37.01** The Board of Directors in its meeting held on 30 June 2022 approved these financial statements and authorised the same for issue.

**37.02** Except the above, there were no significant events that have occurred between the balance sheet date and the date when the financial statements were authorised for issue by the directors, which require adjustment to or disclosure in the financial statements or notes thereto.

  
CFO & Company Secretary

  
Managing Director

  
Director

  
Chairman

Place: Dhaka  
Dated: 30 June 2022

Prime Finance Capital Management Limited

**SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT**

As at 31 December 2021

Annexure - A  
Amount in Taka

| PARTICULARS                    | COST                        |                             |  |                             | DEPRECIATION |                            |                               |                             | WDV as on<br>31.12.2021 |
|--------------------------------|-----------------------------|-----------------------------|--|-----------------------------|--------------|----------------------------|-------------------------------|-----------------------------|-------------------------|
|                                | Balance as on<br>01.01.2021 | Addition during<br>the year | Disposal/Adjustment<br>during the year | Balance as on<br>31.12.2021 | Rate         | Charged during<br>the year | Adjustment during<br>the year | Balance as on<br>31.12.2021 |                         |
| Furniture & Fixture            | 18,162,249                  | -                           | (9,123,199)                            | 9,039,050                   | 15%-20%      | 20,274                     | (9,123,199)                   | 9,039,050                   | -                       |
| Electrical Equipment           | 8,066,790                   | 377,270                     | -                                      | 8,444,060                   | 20%          | 293,633                    | -                             | 7,641,105                   | 802,955                 |
| Motor Vehicle                  | 4,043,340                   | -                           | -                                      | 4,043,340                   | 20%          | 808,668                    | -                             | 3,939,604                   | 103,736                 |
| Office Decoration              | 9,448,426                   | -                           | -                                      | 9,448,426                   | 15%          | 137,040                    | -                             | 8,843,166                   | 605,260                 |
| <b>As on December 31, 2021</b> | <b>39,720,805</b>           | <b>377,270</b>              | <b>(9,123,199)</b>                     | <b>30,974,876</b>           |              | <b>1,259,615</b>           | <b>(9,123,199)</b>            | <b>29,462,924</b>           | <b>1,511,952</b>        |
| <b>As on December 31, 2020</b> | <b>41,241,010</b>           | <b>25,824</b>               | <b>(1,546,029)</b>                     | <b>39,720,805</b>           |              | <b>3,885,390</b>           | <b>(1,546,029)</b>            | <b>37,326,508</b>           | <b>2,394,297</b>        |

Prime Finance Capital Management Limited

UNIFORM COMPONENTS OF FINANCIAL REPORTING AND DISCLOSURES

As at 31 December 2021

Annexure-B

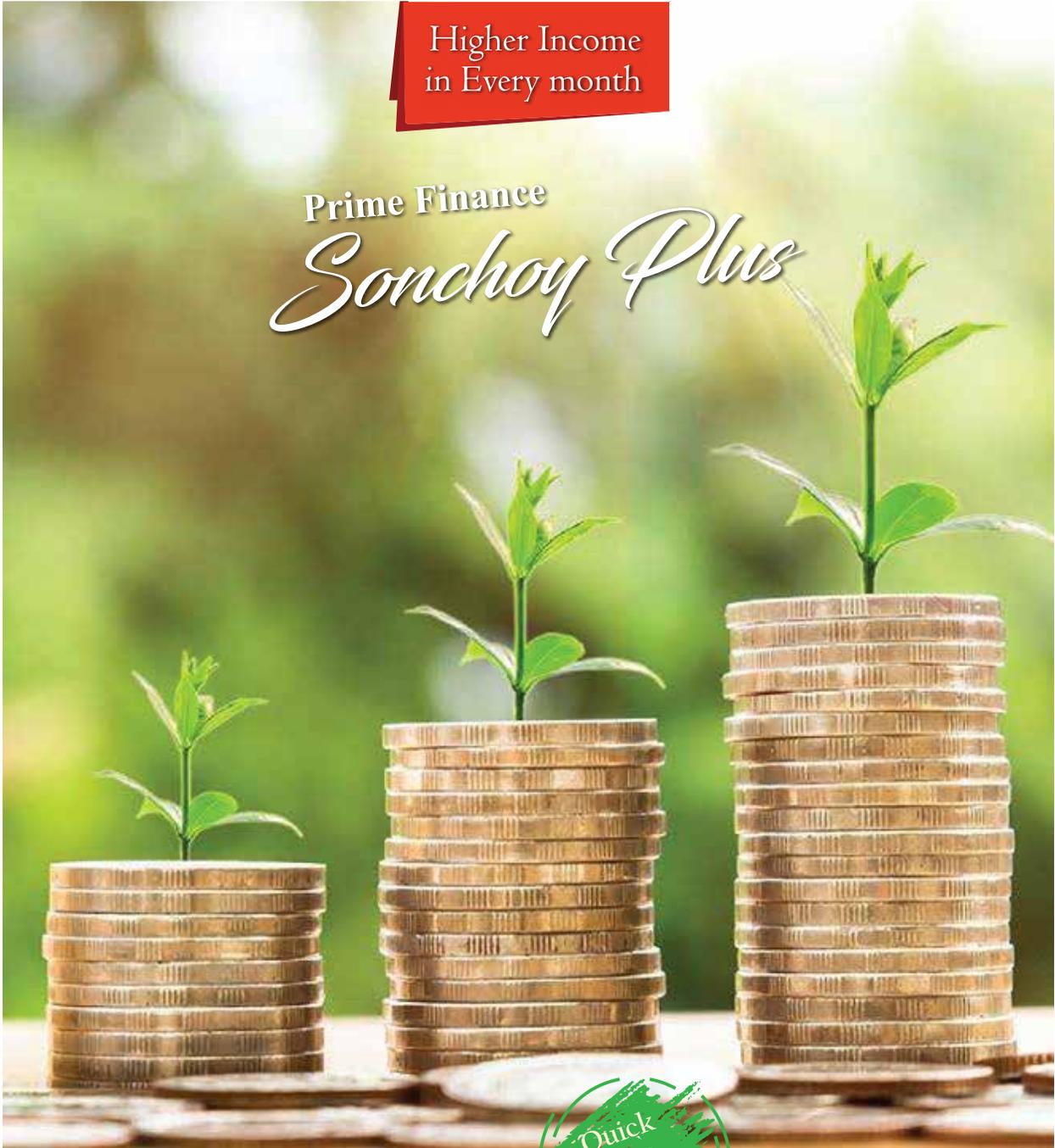
| Item     | Assets  | Note ref.  | Amount in Taka        |                       |             |
|----------|---|--|-----------------------|-----------------------|-------------|
|          |   |  | Amount as in 31.12.21 | Amount as in 31.12.20 |             |
|          |   |  | Balance sheet         | Balance sheet         |             |
| <b>1</b> | <b>Cash and Bank Balances</b>   | <b>17</b>  | <b>24,678,382</b>     | <b>17,733,381</b>     |             |
|          | Cash in Hand  |  | 7,630                 | 10,656                |             |
|          | Cash at Bank in Company's account   |  | 3,192,789             | 1,637,597             |             |
|          | Cash at Bank in trading accounts (Stock Dealer A/C)   |  | -                     | -                     |             |
|          | Cash at Bank accounts for clients (consolidated customer account)                                       |  | 21,472,541            | 15,625,012            |             |
|          | Cash at Bank at IPO Account   |  | 5,422                 | 460,116               |             |
|          | Investments in FDR  |  |                       |                       |             |
| <b>2</b> | <b>Amounts Receivable from Exchange, Depository and CCP</b>   |  |                       | <b>-</b>              |             |
|          | Cash deposits with Exchanges (as margin) (mandatory/excess)   |  |                       | -                     |             |
|          | Mandatory   |  |                       | -                     |             |
|          | Excess over mandatory   |  |                       | -                     |             |
|          | Cash deposits with Clearing House (as margin) (mandatory/excess)  |  |                       | -                     |             |
|          | Mandatory   |  |                       | -                     |             |
|          | Excess over mandatory   |  |                       | -                     |             |
|          | Cash deposit with depository (as per rule) (mandatory/excess)   |  |                       | -                     |             |
|          | Mandatory   |  |                       | -                     |             |
|          | Excess over mandatory   |  |                       | -                     |             |
| <b>3</b> | <b>Amounts Receivable from Securities Trading</b>   |  | <b>1,366,915</b>      | <b>15,939,480</b>     |             |
|          | Receivable from DSE (categorize as A, B, G, N, Z and DVP)   |  |                       |                       |             |
|          |   | Receivable against A, B, G and N category        |                       | -                     |             |
|          |   | Receivable against Z category                    |                       | -                     |             |
|          |   | Receivable against DVP category                  |                       | -                     |             |
|          | Receivable from CSE (categorize as A,B,G,N, Z and DVP):   |  |                       |                       |             |
|          |   | Receivable against A, B, G & N category          |                       | -                     |             |
|          |   | Receivable against z category                    |                       | -                     |             |
|          |   | Receivable against DVP category                  |                       | -                     |             |
|          | Receivable from Stock Broker/Stock Dealer   | 15   | 1,366,915             | 15,939,480            |             |
|          | Receivable from Merchant Banker   |  |                       | -                     |             |
|          | Receivable from selling agents Receivable from others   |  |                       | -                     |             |
| <b>4</b> | <b>Amounts receivable from margin clients -</b>   | <b>14</b>  | <b>2,474,254,281</b>  | <b>2,553,243,737</b>  |             |
|          | Receivable to Clients having no margin or full erosion of equity (e.g. no equity against debit balance) |  | 655,292,438           | 643,668,092           |             |
|          | Receivable to Clients fall under force sale condition (e.g. equity is >DB but < 125% of DB)             |  | 1,742,859,365         | 1,842,158,972         |             |
|          | Receivable to Clients fall under margin call (e.g. equity is >125% of DB but <150% of DB)               |  | 55,165,422            | 50,593,100            |             |
|          | Receivable to regular Margin Clients (e.g. equity is >150% of debit balance)                            |  | 20,937,056            | 16,823,573            |             |
| <b>5</b> | <b>Amounts Receivable from other Clients-</b>   |  |                       | <b>-</b>              |             |
|          |   | Receivable after securities trading              |                       |                       |             |
|          |   | Receivable arises from fee, commission & charges |                       |                       |             |
| <b>6</b> | <b>Amounts receivable from securities dealer (if subsidiary)</b>  |  |                       | <b>-</b>              |             |
| <b>7</b> | <b>Amounts Receivable arises from short sale</b>  |  |                       | <b>-</b>              |             |
| <b>8</b> | <b>Proprietary positions in securities and specified investments</b>                                    |  | <b>679,623,056</b>    | <b>569,886,374</b>    |             |
|          | Proprietary positions in Equity securities  |  | 679,523,056           | 569,786,374           |             |
|          |   | Value of "A" category instruments                | 12                    | 576,446,530           | 455,339,301 |

| Item      | Assets   | Note ref. | Amount in Taka        |                       |
|-----------|--|-----------|-----------------------|-----------------------|
|           |  |           | Amount as in 31.12.21 | Amount as in 31.12.20 |
|           |  |           | Balance sheet         | Balance sheet         |
|           | Value of B/C/N/ category instruments   | 12        | 95,426,016            | 108,846,173.00        |
|           | Value Z category instruments   | 12        | 2,650,510             | 600,900               |
|           | Value OTC category instruments   |           | -                     | -                     |
|           | Value Nonlisted instruments  | 12        | 5,000,000             | 5,000,000             |
|           | Proprietary positions in MFs & CISs including Afs  |           | 100,000               | 100,000               |
|           | Value of listed funds  |           | -                     | -                     |
|           | Value of non listed funds  | 12        | 100,000               | 100,000               |
|           | Value of AIFs  |           |                       |                       |
|           | Proprietary positions in Debt instruments & ABSs   |           |                       | -                     |
|           | Value of listed debt instruments   |           |                       | -                     |
|           | Value of non listed debt instruments   |           |                       | -                     |
|           | Value of ABSs  |           |                       | -                     |
|           | Proprietary Position in strategic Instruments  |           |                       | -                     |
|           | Value of listed strategic investments  |           |                       | -                     |
|           | Value of non listed strategic investments  |           |                       | -                     |
|           | Proprietary Position in money market Instruments   |           |                       | -                     |
|           | Value of Govt. & BB instruments  |           |                       | -                     |
|           | Value of commercial paper  |           |                       | -                     |
|           | Own subscription in IPOs but not yet allotted  |           |                       | -                     |
|           | Others asstes  |           |                       | -                     |
| <b>9</b>  | <b>Proprietary position in Derivatives</b>   |           |                       | -                     |
| <b>10</b> | <b>Other assets arising from:</b>  |           | <b>1,877,657</b>      | <b>1,819,458</b>      |
|           | Receivable against Advisory Fees, Commission, etc.   | 15        | 1,877,657             | 1,819,458             |
|           | Prepaid expenses   |           |                       | -                     |
|           | Security deposits  |           |                       | -                     |
| <b>11</b> | <b>Advance /Investments in Associated undertakings (long term):</b>                          |           | <b>521,370,189</b>    | <b>529,730,335</b>    |
|           | Advance to Subsidiaries  |           |                       | -                     |
|           | Advance to Associated Companies  | 15        | 365,530,577           | 386,940,387           |
|           | Advance to Directors & Staffs  | 16.02     | 12,903,321            | 15,680,345            |
|           | Other Advances   | 16        | 142,936,291           | 127,109,603           |
| <b>12</b> | <b>Fixed assets ( net off Depreciation and amotization)</b>                                  |           | <b>1,511,952</b>      | <b>2,394,297</b>      |
|           | Land & Land Development  |           |                       | -                     |
|           | Building & Other structures  |           |                       | -                     |
|           | Other tangible assets  | 11        | 1,511,952             | 2,394,297             |
| <b>13</b> | <b>Intangible Assets:</b>  |           |                       | -                     |
|           | Software   |           |                       | -                     |
|           | Goodwill. Patents and other Intangible Assets  |           |                       | -                     |
| <b>14</b> | <b>Value of investment in Exchange (against Membership value)</b>                            |           |                       | -                     |
| <b>15</b> | <b>Other Long Term Assets:</b>   |           | <b>3,555,542</b>      | <b>5,403,623</b>      |
|           | Long Term Investments  |           |                       | -                     |
|           | Long Term Prepayments & Deposits   |           |                       | -                     |
|           | Deferred Tax Assets  | 13        | 3,555,542             | 5,403,623             |
|           | Others (clearly specified in notes)  |           |                       | -                     |
| <b>16</b> | <b>Total assets (aggregate of amount in items 9 to 15)</b>                                   |           | <b>528,315,340</b>    | <b>539,347,712</b>    |
|           | <b>Liabilities:</b>  |           |                       |                       |
| <b>17</b> | <b>Short positions in securities held for own account</b>                                    |           |                       | -                     |
| <b>18</b> | <b>Payable to Clients</b>  | 21        | 19,894,549            | 11,232,083            |
| <b>19</b> | <b>Short Term Business Liabilities:</b>  |           | <b>1,444,114,202</b>  | <b>1,460,562,387</b>  |
|           | Payable to Banks, if not for trading & investment (current portion of long term liabilities) |           |                       | -                     |
|           | Payable to FIs, if not for trading& Investment (current portion of long term liabilities)    |           |                       | -                     |
|           | Payable to Banks & FIs for loan against Margin Financing & Investment (full amount)          | 20        | 418,192,331           | 454,683,061           |
|           | Payment obligation against sub-debt, preference shares (current portion)                     |           |                       | -                     |
|           | Payable to associate companies or persons  | 22        | 1,025,921,871         | 1,005,879,326         |
| <b>20</b> | <b>Amounts payable to clearing houses/Exchanges/Depository, etc.</b>                         |           | <b>1,275,629</b>      | <b>14,944,715</b>     |
|           | Payable to Exchanges   |           |                       | -                     |
|           | Payable to Clearing House  |           |                       | -                     |
|           | Payable to Depository  |           |                       | -                     |

| Item      | Assets  | Note ref.                               | Amount in Taka           |                          |
|-----------|---|---|--------------------------|--------------------------|
|           |   |   | Amount as in<br>31.12.21 | Amount as in<br>31.12.20 |
|           |   |   | Balance sheet            | Balance sheet            |
|           | Payable to Brokers  | 24                                      | 1,275,629                | 14,944,715               |
| <b>21</b> | <b>Other Liabilities and Provisions:</b>                                  |   | <b>230,990,644</b>       | <b>211,816,728</b>       |
|           | Accruals & Accounts payable   | 25                                      | 8,707,968                | 8,532,730                |
|           | Deferred tax and other deferred liabilities                               |   |                          |                          |
|           | Provision for Margin Loan   | 25                                      | 64,734,014               | 59,224,408               |
|           | Provision for Gratuity, PF & others                                       | 25                                      | 3,341,676                | 5,025,133                |
|           | Provision for Tax & VAT   | 26                                      | 112,178,557              | 100,962,478              |
|           | Interest Suspense against Margin Loan                                     |   |                          | -                        |
|           | Liabilities for Expenses  | 25                                      | 42,028,429               | 38,071,979               |
|           | Interest Payable  |   |                          | -                        |
|           | Provision for contingent liabilities and floating losses                  |   |                          | -                        |
|           | Others (clearly specified in notes)                                       |   |                          | -                        |
| <b>22</b> | <b>Any others (need to be specified)</b>                                  |   |                          | -                        |
| <b>23</b> | <b>Non-current Loan Liabilities</b>                                       |   |                          | -                        |
|           | Long term loan liabilities (other than current portion amount)            |   |                          | -                        |
|           | Approved subordinated debt (other than current portion amount)            |   |                          |                          |
|           | Approved Redeemable preference shares (other than current portion amount) |   |                          |                          |
| <b>24</b> | <b>Shareholders' Equity:</b>  |   | <b>2,017,702,553</b>     | <b>1,997,594,772</b>     |
|           | Share Capital   | 18                                      | 2,032,800,000            | 2,032,800,000            |
|           | Share Premium   |   |                          | -                        |
|           | General Reserve   |   |                          | -                        |
|           | Capital Reserve   |   |                          | -                        |
|           | Dividend Equalization Reserve   |   |                          | -                        |
|           | Revaluation Reserve   |   |                          | -                        |
|           | Adjustment for diminution in value of portfolio holdings                  |   |                          | -                        |
|           | Other Reserves  |   |                          | -                        |
|           | Retained Earnings   | 19                                      | (15,097,447)             | (35,205,228)             |
| <b>25</b> | <b>Total liabilities &amp; Shareholders' Equity</b>                       | (aggregate of amounts in item 17 to 24) | <b>3,713,977,577</b>     | <b>3,696,150,684</b>     |

Higher Income  
in Every month

Prime Finance  
*Sonchay Plus*



\* Tax applicable



**Prime Finance**  
& Investment Limited

Please call  
**019 PRIMEFIN**  
**019 77463346**

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| PARTICULARS  | Amount in Taka        |                      |
|--|-----------------------|----------------------|
|  | 2021                  | 2020                 |
| <b>ASSETS</b>  |                       |                      |
| <b>Current Assets</b>  |                       |                      |
| Cash and Cash Equivalents  | 105,801,745           | 185,163,284          |
| Accounts Receivable from Exchange Depository and CCP             | -                     | -                    |
| Accounts Receivable from Securities Trading                      | 383,184               | 3,284,012            |
| Receivable from Margin Clients                                   | 6,934,774,995         | 7,016,758,936        |
| Net Receivable from Other Clients                                | 1,903,116,011         | 1,262,789,371        |
| Amount Receivable from Securities Dealer (if Subsidiary)         | -                     | -                    |
| Net Receivables Aries from Short Sale                            | -                     | -                    |
| Advance Income Tax   | 50,207,315            | 42,200,634           |
|  | <b>8,994,283,250</b>  | <b>8,510,196,236</b> |
| <b>Non-Current Assets</b>  |                       |                      |
| Proprietary Positions in Securities & Specified Investments      | 19,255,191            | 72,525,983           |
| Other Assets Arising from  | -                     | -                    |
| Advance/ Investments in Associated Undertaking                   | 6,790,127             | 4,526,536            |
| Property, Plant and Equipment                                    | 1,023,692,369         | 1,157,600,532        |
| Intangible Assets  | 14,452                | 44,453               |
| Right of Use of Assets   | 11,068,119            | 11,779,598           |
| Value of Investment in Stock Exchange (against Membership Value) | 96,986,590            | 96,986,590           |
| Other Long Term Assets   | 97,020,000            | 105,020,000          |
| Deferred Tax Asset   | 786,052               | -                    |
|  | <b>1,255,612,901</b>  | <b>1,448,483,691</b> |
| <b>Total Assets</b>  | <b>10,249,896,151</b> | <b>9,958,679,928</b> |
| <b>EQUITY AND LIABILITIES</b>                                    |                       |                      |
| <b>Liability</b>   |                       |                      |
| <b>Current Liabilities</b>                                       |                       |                      |
| Payable to Clients   | 20,342,566            | 29,381,527           |
| Short Term Borrowing from Bank                                   | 3,653,059,709         | 3,580,453,782        |
| Amounts Payable to Clearing House/ Exchanges/ Depository etc.    | 2,176,200             | 1,015,593            |
| Other Liabilities and Provisions                                 | 2,640,088,647         | 2,259,647,853        |
| Bank Overdraft   | 9,285,361             | -                    |
|  | <b>6,324,952,484</b>  | <b>5,870,498,755</b> |
| <b>Non-Current Liabilities</b>                                   |                       |                      |
| Long Term Loan Liabilities                                       | 2,496,948,530         | 2,586,676,513        |
| Lease Liabilities  | 9,902,202             | 11,042,942           |
| Deferred Tax Liabilities   | -                     | 49,297               |
|  | <b>2,506,850,732</b>  | <b>2,597,768,752</b> |
| <b>Shareholders' Equity</b>                                      |                       |                      |
| Share Capital  | 1,758,120,000         | 1,758,120,000        |
| General Reserve  | 50,000,000            | 50,000,000           |
| Revaluation Reserve  | 750,187,710           | 824,963,125          |
| Retained Earnings/ (loss)  | (1,140,214,775)       | (1,142,670,705)      |
|  | <b>1,418,092,935</b>  | <b>1,490,412,420</b> |
| <b>Total Equity and Liabilities</b>                              | <b>10,249,896,151</b> | <b>9,958,679,928</b> |

sd/-  
Md. Musfiqur Rahman  
CEO & Managing Director (CC)  
& Company Secretary

sd/-  
Uzzal Kumar Saha  
Director

sd/-  
Naseem Iqbal  
Chairman

Signed in terms of our separate report of even date annexed

sd/-  
**Md. Farhad Husain Suman FCA**  
Partner  
Enrollment No. : 1635  
**K. M. HASAN & CO.**  
Chartered Accountants  
DVC: 2212201635AS169966

Place: Dhaka  
Dated: 3 November 2022

PFI Securities Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

| PARTICULARS                                    | Amount in Taka      |                     |
|--|---------------------|---------------------|
|  | 2021                | 2020                |
| Operating Income                               | 627,022,607         | 850,895,141         |
| Operating Expenses                             | (19,033,043)        | (8,320,688)         |
| <b>Gross Profit/(Loss)</b>                     | <b>607,989,564</b>  | <b>842,574,452</b>  |
| Management Expenses                            | (102,142,326)       | (112,008,923)       |
| Financial Expenses                             | (535,594,783)       | (744,140,235)       |
| <b>Operating Profit/(Loss)</b>                 | <b>(29,747,545)</b> | <b>(13,574,705)</b> |
| Other Income                                   | 80,770,816          | 40,463,835          |
| <b>Profit Before Provision and Income Tax</b>  | <b>51,023,271</b>   | <b>26,889,129</b>   |
| Provision for Margin Loan                      | (30,000,000)        | 20,000,000          |
| <b>Profit Before Income Tax</b>                | <b>21,023,271</b>   | <b>6,889,129</b>    |
| Provision for Income Tax                       | (20,000,000)        | (5,736,467)         |
| Deferred tax income                            | 835,347             | 2,393,948           |
| <b>Net Profit After Income Tax</b>             | <b>1,858,618</b>    | <b>3,546,611</b>    |
| <b>Other Comprehensive Income</b>              |                     |                     |
| Revaluation Reserve                            | -                   | 381,075,625         |
| <b>Total Comprehensive Income</b>              | <b>1,858,618</b>    | <b>384,622,236</b>  |
| <b>Earnings Per Share (EPS) of Tk. 10 each</b> | <b>0.01</b>         | <b>0.02</b>         |

sd/-  
Md. Musfiqur Rahman  
CEO & Managing Director (CC)  
& Company Secretary

sd/-  
Uzzal Kumar Saha  
Director

sd/-  
Naseem Iqbal  
Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka  
Dated: 3 November 2022

sd/-  
**Md. Farhad Husain Suman FCA**  
Partner  
Enrollment No. : 1635  
**K. M. HASAN & CO.**  
Chartered Accountants  
DVC: 2212201635AS169966

Prime Finance Asset Management Company Limited  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

| PARTICULARS                          | Amount in Taka     |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 2021               | 2020               |
| <b>ASSETS</b>                        |                    |                    |
| <b>Non-current assets:</b>           |                    |                    |
| Property, plant and equipment        | 9,606,795          | 2,700,690          |
| Deferred tax assets                  | 942,473            | 1,126,757          |
| <b>Total non-current assets</b>      | <b>10,549,268</b>  | <b>3,827,447</b>   |
| <b>Current Assets :</b>              |                    |                    |
| Advance Income Tax                   | 15,282,680         | 13,968,250         |
| Advance, deposit and prepayments     | 4,881,805          | 10,175,100         |
| Trade and Other Receivables          | 6,733,429          | 8,106,935          |
| Investment in Marketable securities  | 20,573,655         | 24,139,825         |
| Short term Investment                | 20,000,180         | 20,000,000         |
| Investment in IPO                    | 10,637,500         | -                  |
| Cash and cash equivalents            | 15,633,069         | 24,991,505         |
| <b>Total Current Assets</b>          | <b>93,742,317</b>  | <b>101,381,613</b> |
| <b>Total Assets</b>                  | <b>104,291,585</b> | <b>105,209,060</b> |
| <b>Equity and Liability</b>          |                    |                    |
| <b>Shareholders' Equity</b>          |                    |                    |
| Share capital                        | 66,000,000         | 66,000,000         |
| Retained earnings                    | 5,772,935          | 674,261            |
| <b>Total Shareholders' Equities</b>  | <b>71,772,935</b>  | <b>66,674,261</b>  |
| <b>Non-Current Liabilities</b>       |                    |                    |
| Provision for Gratuity               | 3,979,044          | 4,760,044          |
| Liability for Provident Fund         | 9,745,859          | 10,158,883         |
| <b>Total Non-Current Liabilities</b> | <b>13,724,903</b>  | <b>14,918,927</b>  |
| <b>Current Liabilities</b>           |                    |                    |
| Provision for Income Tax             | 14,599,271         | 14,116,172         |
| Payables and Accruals                | 209,077            | 209,077            |
| Other Liabilities                    | 3,985,399          | 9,290,623          |
| <b>Total current liabilities</b>     | <b>18,793,747</b>  | <b>23,615,872</b>  |
| <b>Total liabilities</b>             | <b>32,518,650</b>  | <b>38,534,799</b>  |
| <b>Total equity and liabilities</b>  | <b>104,291,585</b> | <b>105,209,060</b> |
| Net assets value (NAV) per share     | 108.75             | 101.02             |

sd/-  
**Moin Al Kashem**  
 Managing Director & CEO

sd/-  
**Prottoy Shakeeb Hossain**  
 Director

sd/-  
**Tabita Zahur Iqbal**  
 Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh  
 Dated: 17 April 2022

sd/-  
**Md. Farhad Husain Suman FCA**  
 Partner, Enrollment No. : 1635  
 K. M. Hasan & Co.  
 Chartered Accountants  
 DVC: 2204211635AS234020

Prime Finance Asset Management Company Limited  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 For the year ended 31 December 2021

| PARTICULARS  | Amount in Taka      |                     |
|--|---------------------|---------------------|
|  | 2021                | 2020                |
| <b>Operating Revenue</b>                             |                     |                     |
| Income from fees                                     | 15,819,958          | 14,050,918          |
| Capital Gain   | 10,719,051          | 4,264,448           |
| Dividend Income                                      | 830,519             | 726,070             |
|  | <b>27,369,528</b>   | <b>19,041,436</b>   |
| <b>Operating Expenses</b>                            |                     |                     |
| Administrative expenses                              | (19,898,434)        | (19,546,921)        |
| Financial expenses                                   | (43,360)            | (39,929)            |
|  | <b>(19,941,794)</b> | <b>(19,586,850)</b> |
| <b>Profit/(Loss) from Operating Activities</b>       | <b>7,427,734</b>    | <b>(545,414)</b>    |
| Non Operating Income                                 | 987,978             | 1,256,558           |
| <b>Profit/(Loss) Before Provision and Income Tax</b> | <b>8,415,712</b>    | <b>711,144</b>      |
| Provision for unrealized loss on Investment          | (2,649,655)         | -                   |
| <b>Profit/(Loss) Before Income Tax</b>               | <b>5,766,057</b>    | <b>711,144</b>      |
| <b>Income tax expense:</b>                           |                     |                     |
| Current tax  | (483,099)           | (571,659)           |
| Deferred tax (expenses)/Income                       | (184,283)           | 205,871             |
| <b>Net profit/(Loss) After Tax</b>                   | <b>5,098,674</b>    | <b>345,356</b>      |
| <b>Other Comprehensive Income</b>                    | -                   | -                   |
| <b>Total Comprehensive Income for the year</b>       | <b>5,098,674</b>    | <b>345,356</b>      |
| <b>Earning Per share (EPS) of Tk. 100 each</b>       | <b>7.73</b>         | <b>0.52</b>         |

sd/-  
**Moin Al Kashem**  
 Managing Director & CEO

sd/-  
**Prottoy Shakeeb Hossain**  
 Director

sd/-  
**Tabita Zahur Iqbal**  
 Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka, Bangladesh  
 Dated: 17 April 2022

sd/-  
**Md. Farhad Husain Suman FCA**  
 Partner, Enrollment No. : 1635  
 K. M. Hasan & Co.  
 Chartered Accountants  
 DVC: 2204211635AS234020

Prime Prudential Fund Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| PARTICULARS                                       | Amount in Taka    |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
| <b>Non-current assets</b>                         | -                 | -                 |
| <b>Current assets:</b>                            |                   |                   |
| Cash and cash equivalents                         | 2,910             | 4,060             |
| Investment in shares                              | -                 | -                 |
| Investment in FDR                                 | 16,761,069        | 15,559,294        |
| Advance corporate tax                             | 1,167,276         | 984,933           |
| Accrued interests on Deposits                     | 386,660           | 440,267           |
| Trade & Other Receivable                          | 36,495            | 36,895            |
| <b>Total current assets</b>                       | <b>18,354,410</b> | <b>17,025,449</b> |
| <b>Total assets</b>                               | <b>18,354,410</b> | <b>17,025,449</b> |
| <b>Shareholders' equity:</b>                      | <b>17,354,472</b> | <b>16,228,853</b> |
| Share capital                                     | 24,600,000        | 24,600,000        |
| Retained earnings                                 | (7,245,528)       | (8,371,147)       |
| Revaluation Reserve                               | -                 | -                 |
| <b>Non-current liabilities</b>                    | -                 | -                 |
| <b>Current liabilities:</b>                       |                   |                   |
| Payable to Prime Finance & Investment Limited     | 330,775           | 330,775           |
| Provision for audit fee                           | 87,750            | 66,750            |
| Liability to employees                            | -                 | -                 |
| Corporate tax liability                           | 572,106           | 389,763           |
| Tax payable                                       | 9,308             | 9,308             |
| <b>Total current liabilities</b>                  | <b>999,939</b>    | <b>796,596</b>    |
| <b>Total shareholders' equity and liabilities</b> | <b>18,354,410</b> | <b>17,025,449</b> |

sd/-  
Director

sd/-  
Director

sd/-  
Director

Signed in terms of our separate report of even date annexed

sd/-

Place: Dhaka, Bangladesh  
Dated: 24.08.2023

**M. M. RAHMAN & CO.**  
Chartered Accountants  
**Md. Rafiqul Islam Khan, FCA**  
Partner  
Enrolment No. 155  
DVC: 2308240155AS792301

Prime Prudential Fund Limited

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

| PARTICULARS                             | Amount in Taka   |                |
|---|------------------|----------------|
|   | 2021             | 2020           |
| <b>Income</b>                           |                  |                |
| Capital gain/(loss) from sale of shares | -                | (685,535)      |
| Cash dividend income                    | -                | 95,724         |
| Misc. incom                             | -                | -              |
| Interest on Deposit                     | 1,346,012        | 1,261,087      |
| Bank interest income                    | -                | 1,585          |
| <b>Total operating income</b>           | <b>1,346,012</b> | <b>672,860</b> |
| <b>Operating Expenses</b>               |                  |                |
| Salaries and allowances                 | -                | -              |
| Medical and employee welfare            | -                | -              |
| Diroctor remuneration fee               | -                | -              |
| Office mainteance 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     | 400              | 1,866          |
| Depreciation                            | -                | -              |
| Bank charge and excise duty             | 16,650           | 8,940          |
| <b>Total operating expenses</b>         | <b>38,050</b>    | <b>31,806</b>  |
| Other Income                            | -                | -              |
| <b>Profit/(loss) before tax</b>         | <b>1,307,962</b> | <b>641,054</b> |
| Provision for tax                       | 182,343          | 161,588        |
| <b>Profit/(loss) after tax</b>          | <b>1,125,619</b> | <b>479,466</b> |

sd/-  
Director

sd/-  
Director

sd/-  
Director

Signed in terms of our separate report of even date annexed

sd/-

Place: Dhaka, Bangladesh  
Dated: 24.08.2023

**M. M. RAHMAN & CO.**  
Chartered Accountants  
**Md. Rafiqul Islam Khan, FCA**  
Partner  
Enrolment No. 155  
DVC: 2308240155AS792301





## PROXY FORM

(This form is for use at the 26<sup>th</sup> Annual General Meeting of Prime Finance & Investment Limited to be held on 10 September 2023)

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 26<sup>th</sup> Annual General Meeting of the Company to be held on  
Sunday, 28 September 2023 at 10:30 a.m. virtually by using digital platform and at any adjournment thereof.



Signature of the Member: .....  
BO ID No. : .....  
No. of shares : .....  
Signature of the proxy : .....

**Note:**

A Shareholder who is 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. 100/- 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.







View our 2021 Annual Report at:  
[www.primefinancebd.com](http://www.primefinancebd.com)