

Progressing on The Track of Excellence

**2020
ANNUAL
REPORT**

 **Prime Finance**
& Investment Limited





On this special occasion we express our profound gratitude and best wishes to all of our valued customers, patrons, stakeholders & well-wishers for being with us.

Prime Finance & Investment Limited

PROGRESSING ON THE TRACK OF EXCELLENCE

Prime Finance & Investment Limited came to the financial frontier of Bangladesh in 1996 to serve the people of Bangladesh. Since the beginning, PFIL has been focusing to create superior customer service with wide range products to ease life.

Amid through ongoing business horizon changing in COVID, Prime Finance & Investment Limited has proved its competence with excellence. We persistently pursue to reach the height where the standard of excellence is at its best. Despite the challenges, we have been Progressing on the Track of Excellence by maintaining sustainable growth by leveraging our core strengths. Prime Finance & Investment Limited Achieved CRISL A+ Rating for Long Term & ST-3 for Short Term.

Over time, with a steady focus on increasing profitability, inclusive growth, capital strength and deep liability & respect to society PFIL has succeeded to carve a place of excellence in the financial industry of the country.

TABLE OF CONTENTS

03 Letter of Transmittal

04 Notice of the 25th Annual General Meeting

Investors' Relation

06 Our Vision

06 Our Mission

07 Our Goal

08 Objective and Strategy

10 Overview of the Company

12 Our Products and Services

13 Sector Wise Investment

14 Financial Snapshot

16 Financial Highlights as per Bangladesh Bank

17 Five Years' Financial Summary

19 Board of Directors

24 Management Committee

26 Glimpses of all Departments & Branch Offices

Business Review and Outlook

33 Message from the Chairman

32 Message from the Managing Director

Directors' Report

36 Directors' Report 2020

40 Management Discussion and Analysis

Our Governance

42 Board's Structure

44 Charter of the Board and its Committees

47 Report from the Audit Committee

48 Pattern of Shareholding

49 Directors' Meeting and Attendance

50 Certificate of Compliance on Corporate Governance Code

51 CG Compliance Status

58 Compliance of Good Governance Guidelines

60 Declaration by Managing Director and Chief Financial Officer

Financial Statements

Prime Finance & Investment Limited

62 Auditors' Report

67 Consolidated Balance Sheet

69 Consolidated Profit and Loss Account

71 Consolidated Cash Flow Statement

72 Consolidated Statement of Changes in Equity

73 Balance Sheet

75 Profit and Loss Account

77 Cash Flow Statement

78 Statement of Changes in Equity

79 Liquidity Statement

80 Notes to the Financial Statements

Subsidiary and Associates

Prime Finance Capital Management Limited

124 Directors' Report

128 Auditors' Report

130 Statement of Financial Position

131 Statement of Profit or Loss and Other Comprehensive Income

132 Statement of Cash Flows

133 Statement of Changes in Equity

134 Schedule of Property, plant and equipment

135 Notes to the Financial Statements

PFI Securities Limited

144 Statement of Financial Position

145 Statement of Profit or Loss and Other Comprehensive Income

Prime Finance Asset Management Company Limited

146 Statement of Financial Position

147 Statement of Profit or Loss and Other Comprehensive Income

Prime Prudential Fund Limited

148 Statement of Financial Position

149 Statement of Profit or Loss and Other Comprehensive Income

Additional Information for Shareholders

151 Proxy Form

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 2020

We are pleased to present before you the Company's Annual Report 2020 along with the Audited Financial Statements (Consolidated and Separate) for the year ended on 31 December 2020 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, PFI Securities Limited, Prime Finance Asset Management Company Limited, and Prime Prudential Fund Limited] presented separately.

Thanking you.

Yours truly,



Mahdi Ibna Bashir ACS

Company Secretary (CC)

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given to all Hon'ble Shareholders of Prime Finance & Investment Limited that the 25th Annual General Meeting (AGM) of the Company will be held on Thursday, 28 October 2021 at 10:30 a.m. at virtually by using digital platform to transact the following businesses:

AGM 21-25-01	To receive, consider and adopt the audited financial statements of the Company for the year ended on 31 December 2020 together with the reports of the Directors' and Auditors' thereon;
AGM 21-25-02	To declare dividend for the year 2020 as recommended by the Board of Directors;
AGM 21-25-03	To elect or re-elect the Directors;
AGM 21-25-04	To appoint the Auditors and fix their remuneration;
AGM 21-25-05	To re-appoint Independent Director;
AGM 21-25-06	To appoint Corporate Governance Code Compliance Auditor for the year 2021 and fix their remuneration.

By Order of the Board of Directors



Mahdi Ibna Bashir ACS
Company Secretary (CC)

Dated: Dhaka
7 October 2021

Notes :

- Members whose names appeared in the Members'/Depository Register on Record Date i.e. 30 September 2021 will be eligible to attend/ participate and vote in the Annual General Meeting through Digital Platform.
- The AGM Notice, Link for joining in the Audio-Visual meeting (Digital Platform) and detail login process will be mailed to the respective Members' e-mail address available with us.
- Pursuant to the BSEC Notification No. BSEC/CMRRCD/ 2006-158/208/Admin/81 dated June 20, 2018, soft copy (PDF) of the Annual Report 2020 will be sent to the Members' respective e-mail addresses as available with us. The Annual Report 2020 will be available in the Company's website at www.primefinancebd.com.
- Members whose e-mail addresses updated/changed subsequently, are requested to e-mail us at ird@primefinancebd.com referring their full name, BO ID and e-mail address to get the digital platform meeting invitation.
- For login to the system, the shareholders need to put their 16-digit BO ID Number and other credentials as proof of their identity while visiting the AGM Link: <https://pfildagm.alphanext.digital> which will be available in the Company's website at www.primefinancebd.com. The Shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. The full login/participation process to the Digital Platform meeting will also be available in the Company's website at www.primefinancebd.com.
- The Shareholders are encouraged to login to the system prior to the meeting at 10:30 a.m. The Shareholders may Contact Mobile No. 01686139150, 01792000785 and 01772992507 for any IT related guidelines in accessing the virtual meeting.
- A Member entitled to attend/participate and vote in the Annual General Meeting, may appoint a proxy in his/her stead. Scanned copy of the proxy form, duly filled, signed and stamped with Tk. 20/- must be communicated through e-mail to ird@primefinancebd.com not later than 48 hours before the meeting.



INVESTORS RELATION

page 06

Our Vision & Mission

page 07

Our Goal

page 08

Objective and Strategy

page 10

Overview of the Company

page 12

Our Products and Services

page 13

Sector Wise Investment

page 14

Financial Snapshot

page 16

Financial Highlights
as per Bangladesh Bank

page 17

Five Years' Financial Summary

page 19

Board of Directors

page 24

Management Committee

page 26

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:

Strategy

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

Performance

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.

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.

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.

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.

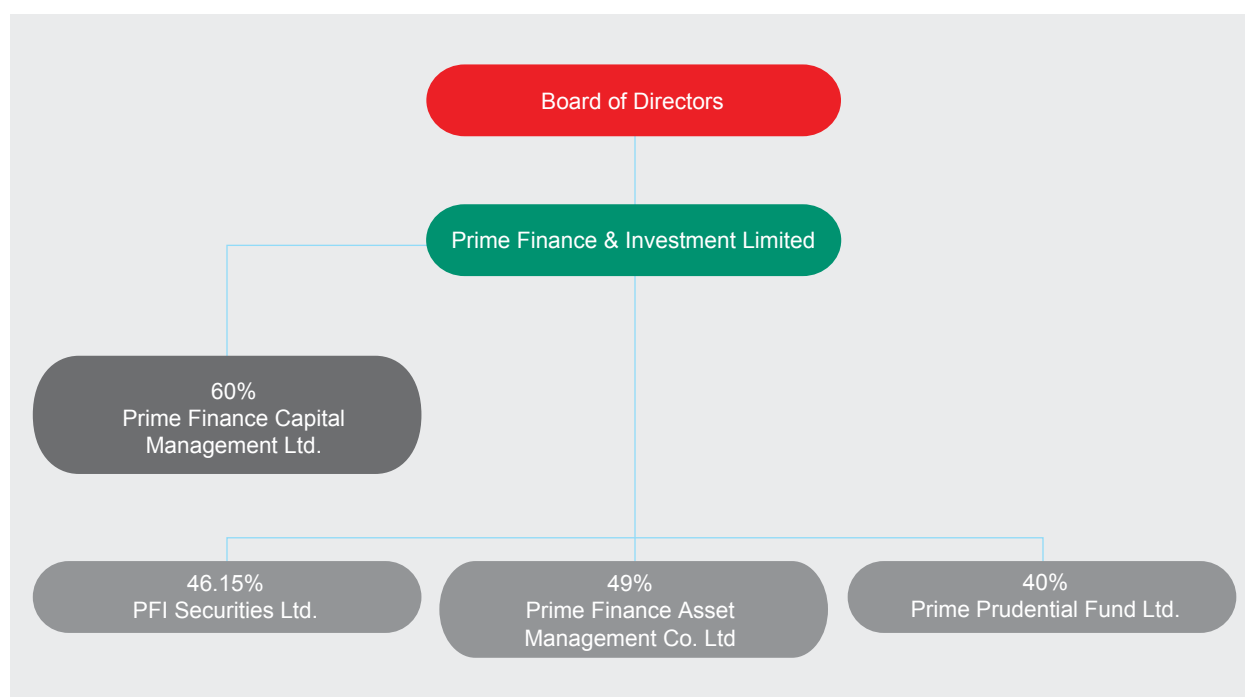
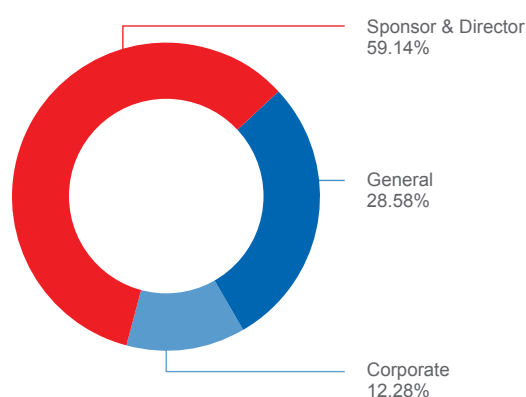
OVERVIEW OF THE COMPANY



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, Chittagong and Rajshahi. The Company is a nonbanking financial institution, principal activities of which is to render financial services like lease finance, term finance, SME finance, real estate finance, car finance, consumer finance, factoring of receivables, etc. Prime Finance is the parent of Prime Finance Capital Management Limited, 60% owned subsidiary of the Company. Besides, the Company is currently holding 46.15% of equity of PFI Securities Limited, 49% of equity of Prime Finance Asset Management Company Limited, and 40% of equity of Prime Prudential Fund Limited.

Shareholding Structure as on 31 December 2020

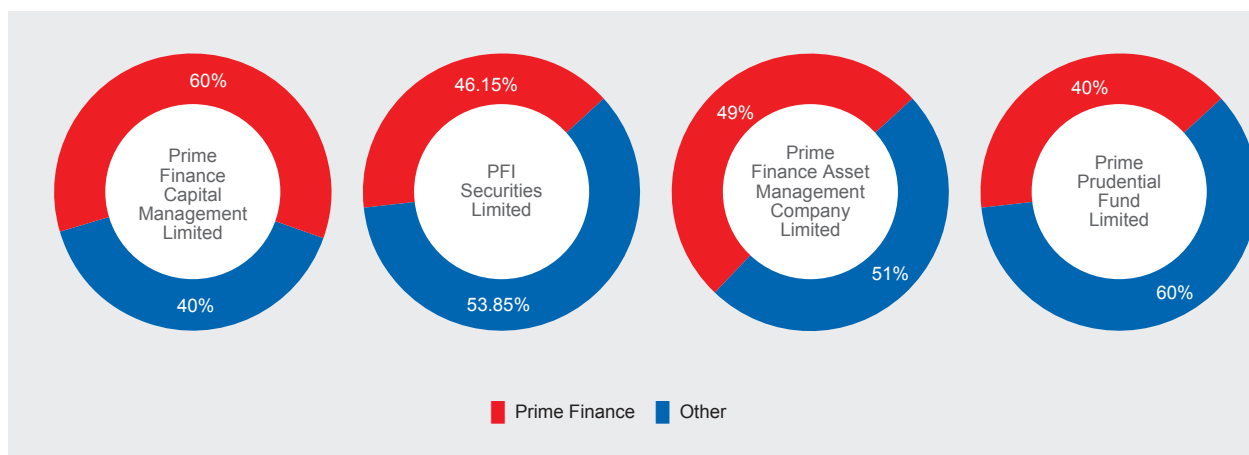




Prime Finance Capital Management Limited is a public limited company incorporated on 18 March 2010 in Bangladesh under the Companies Act, 1994. The Company has obtained Merchant Banking license (registration certificate no. MB-50/2010) from Bangladesh Securities and Exchange Commission (BSEC) on 29 November 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.

FINANCIAL PRODUCTS

- 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

DEPOSIT PRODUCTS

- 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

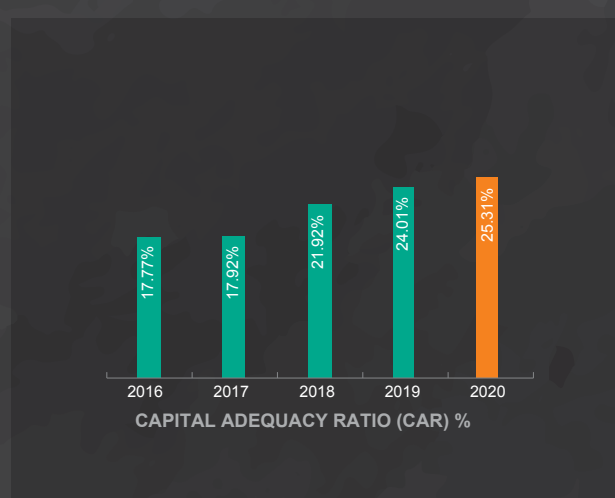
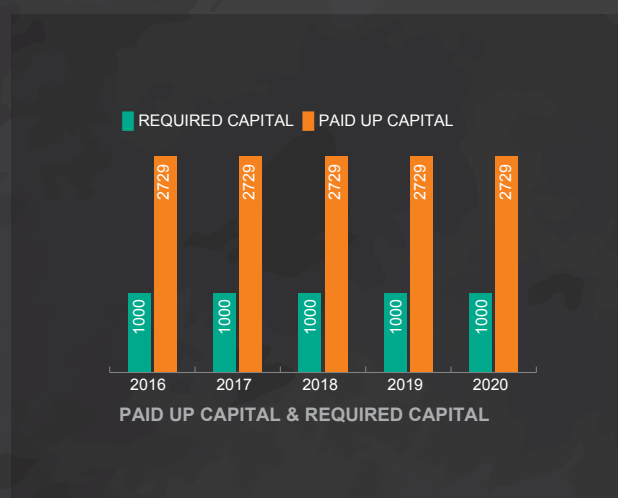
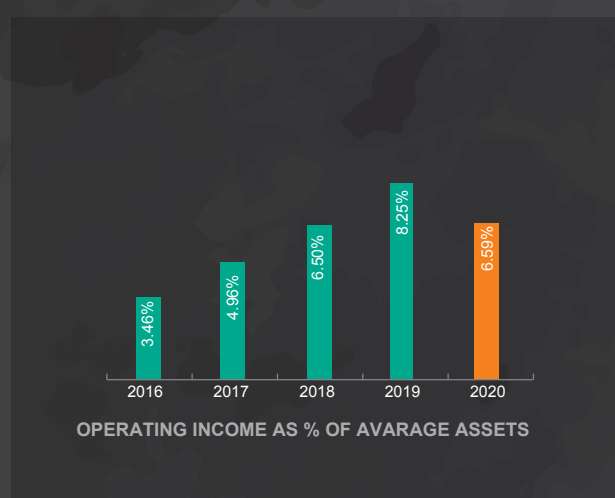
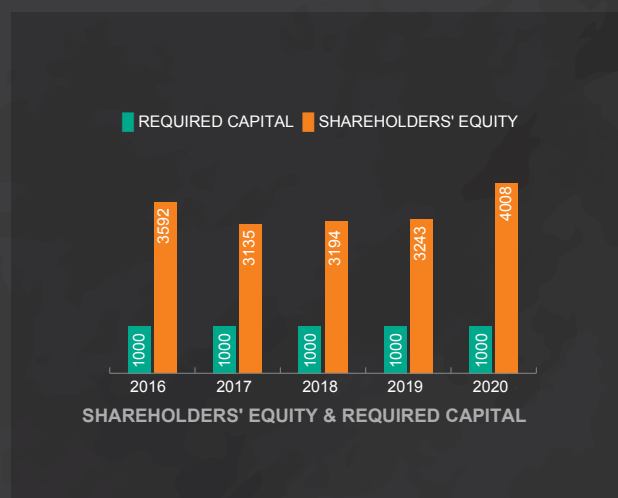
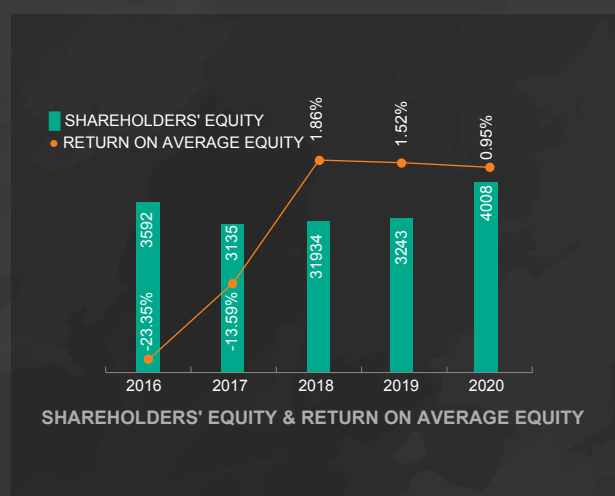
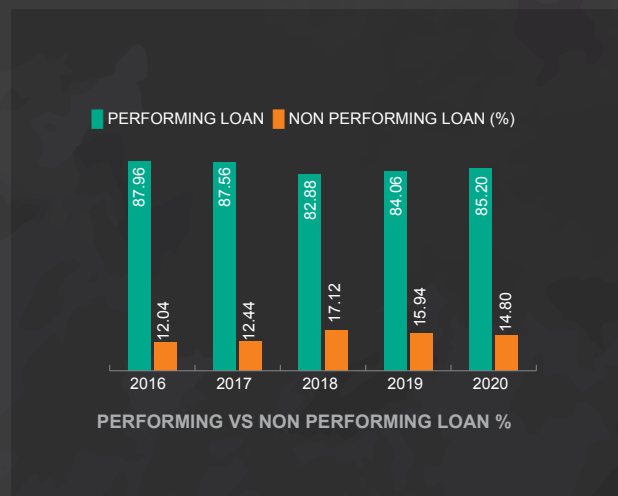
DPS PRODUCTS

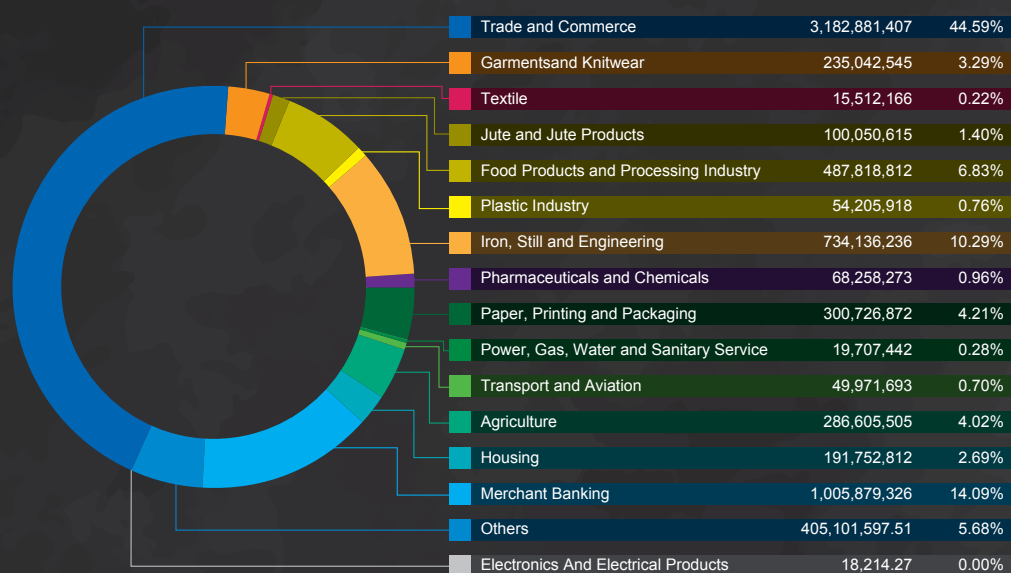
- Housing Deposit Scheme
- Sonchoy DPS
- Fortune DPS

SECTOR WISE INVESTMENT

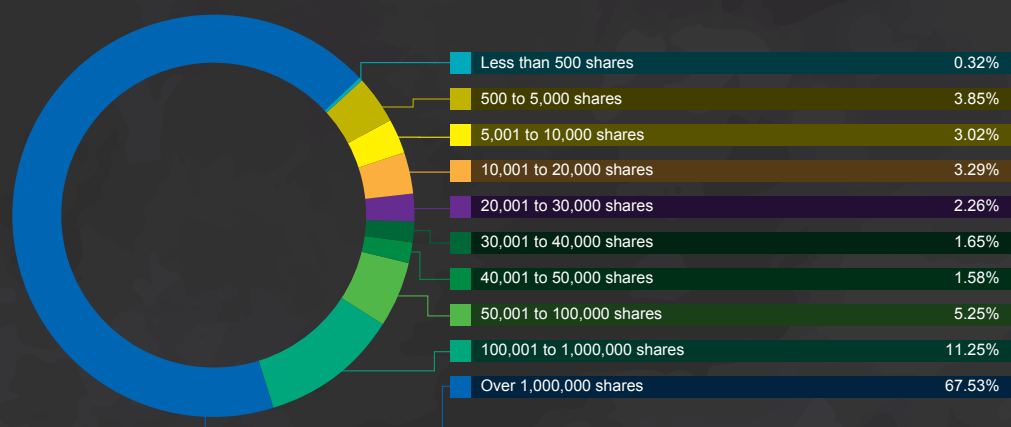


FINANCIAL SNAPSHOT

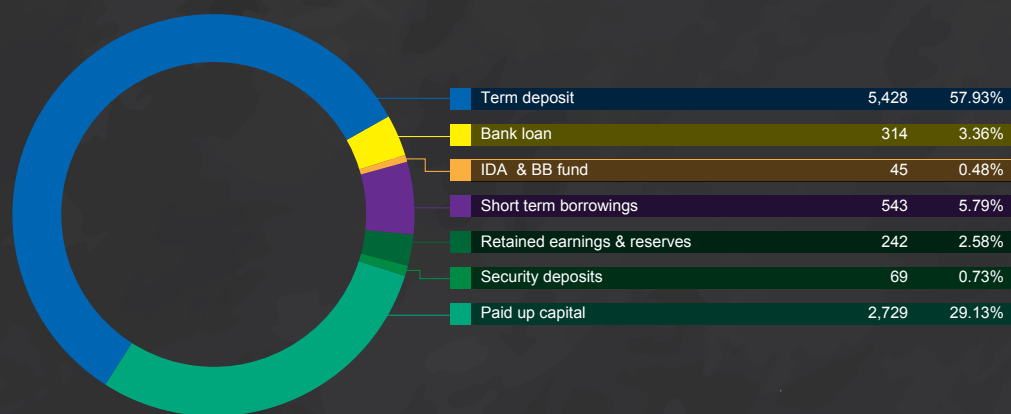




SECTOR WISE LOANS, ADVANCES AND LEASES



RANGE OF SHAREHOLDINGS



SOURCES OF FUND

FINANCIAL HIGHLIGHTS

AS PER BANGLADESH BANK

Sl.	Particulars		FY 2020	FY 2019
1	Paid-up capital	BDT mn	2,729.16	2,729.16
2	Total capital	BDT mn	3,575.14	3,214.55
3	Capital surplus/ (shortage)	BDT mn	2,162.81	1,875.52
4	Total assets	BDT mn	13,239.67	12,728.55
5	Total deposits	BDT mn	5,428.14	5,510.07
6	Total loans, advances and leases	BDT mn	8,685.03	9,046.12
7	Total Contingent liabilities and commitments	BDT mn	10.00	10.00
8	Loans deposits ratio	%	83.83	89.58
9	Percentage of classified loans against total loans, advances and leases	%	14.80	15.94
10	Net profit after tax and provision	BDT mn	34.42	48.99
11	Classified loans, advances and leases during the year	BDT mn	1,056.57	1,194.74
12	Provision against classified loans, advances and leases	BDT mn	393.29	454.22
13	Surplus/ (shortage) in provision against loans, advances and leases	BDT mn	-	-
14	Fund cost	%	9.51	10.90
15	Interest earning assets	BDT mn	12,468.68	11,937.00
16	Non-interest earning assets	BDT mn	770.99	791.56
17	Return on average investment (ROI)	%	0.34	0.47
18	Return on average assets (ROA)	%	0.27	0.39
19	Income from debentures, bonds etc.	BDT mn	-	-
20	Net income per share	BDT	0.14	0.19
21	Earnings per share	BDT	0.14	0.19
22	Price earnings ratio	Times	90.83	38.47

FIVE YEARS' FINANCIAL SUMMARY

Particular		2020	2019	2018	2017	2016
Results of operations						
Operating revenue	BDT mm	855.01	1,100.49	1,013.20	895.30	670.03
Operating expenses	BDT mm	819.82	1,048.47	944.15	1,344.19	1,610.37
Profit before tax	BDT mm	35.19	52.02	69.05	(448.90)	(940.34)
Net profit	BDT mm	34.42	48.99	58.85	(457.12)	(949.67)

Balance sheet and cash flow data

Total investments	BDT mm	10,101.63	10,473.96	11,601.28	14,072.77	16,460.57
Total deposits	BDT mm	5,428.14	5,510.07	6,634.96	8,938.85	9,016.19
Total liabilities	BDT mm	9,231.28	9,485.95	10,817.81	14,038.33	15,322.11
Paid up capital	BDT mm	2,729.16	2,729.16	2,729.16	2,729.16	2,729.16
Shareholders' equity	BDT mm	4,008.39	3,242.61	3,193.62	3,134.76	3,591.89
Property, Plant and Equipments	BDT mm	956.53	340.36	338.60	350.42	360.15
Net Operating cash flow	BDT mm	82.32	24.04	(740.53)	891.50	(911.23)

Business ratios and other financial ratios

Statutory Liquidity Reserve (Ratio)	%	8.75	7.19	7.46	14.35	6.69
Return on average assets	%	0.27	0.39	0.44	(2.49)	(4.97)
Net Asset Value per share	Times	11.76	8.94	8.75	8.52	10.21
Capital Adequacy ratio	%	25.31	24.01	21.92	17.92	17.77
Cash Reserve Ratio	%	2.74	2.55	2.65	3.34	2.57
Dividend covers ratio	Times	-	0.97	-	-	-
Non performing assets to loans/leases	%	14.80	15.94	17.12	12.44	12.04
Return on average investment	%	0.34	0.47	0.54	(2.94)	(5.72)
Price earning ratio	Times	90.83	38.47	42.82	(7.25)	(2.81)
Deposit investment ratio	%	53.74	52.61	57.19	63.52	54.77

Ordinary shares information

EPS	BDT mm	0.14	0.19	0.22	(1.68)	(3.48)
EPS (restated)	BDT mm	0.14	0.19	0.22	(1.68)	(3.48)
Dividend	%	0.00	2.00	0.00	0.00	0.00
Book value per share of Tk. 10	BDT mm	14.69	11.88	11.70	11.49	13.16
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	12.60	7.50	9.50	12.20	9.80
Market capitalisation	BDT mm	3,438.75	2,046.87	2,592.71	3,329.58	2,674.58

Others (at year-end)

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



হোক ক্ষুদ্র হোক বড় প্রাইম ফাইন্যান্স সব সময় আছে প্রকৃত ব্যবসায়ীদের পাশে

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



প্রাইম ফাইন্যান্স
এড ইনভেস্টমেন্ট লিমিটেড

Credit Rating

Long term	Short term
A+	ST-3



৯৫৬৩৮৮৩

* শর্ত প্রযোজ্য

BOARD OF DIRECTORS



Mohammad Masudur Rahim
Chairman

Mr. Mohammad Masudur Rahim is the Chairman of the Board of Directors of Prime Finance & Investment Limited. Mr. Rahim has been unanimously elected as the Chairman in the Board of Directors of the Company for the second consecutive term. Mr. Rahim is the nominated Director from East Coast Shipping Lines Ltd. He was first appointed to the Board on 09 January 2008 and last re-appointed on 26 November 2020.

Mr. Masudur Rahim is a highly experienced professional with successful track record and held different positions with different capacities in his long 20 years of career in the East Coast Group of Companies. Currently, he is furnishing his responsibilities as the Chief Executive Officer. Mr. Rahim is also the Chairman of Omera Logistics Limited and the Director of Radiant Alliance Limited and Bangladesh Trade Syndicate Limited.

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

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

He is connected with many social and benevolent organizations.



Md. Aminul Haque
Director

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

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

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

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 one of the members of the Board of Directors of the Company nominated by GQ Enterprise Ltd. A noted business executive, Mr. Saha wears multiple hats. He is the Chief Operating Officer of Maladesh International (Pvt) Ltd, Head of Finance of GQ Group, and Member of the Executive Committee (EC) of GQ Group, Director of PFI Securities Ltd, and Prime Finance Capital Management Ltd.

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

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

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 General Manager of the company. Mr. Ahmed has more than 19 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, PBL Exchange Co. PTE Ltd, Singapore, PBL Finance (Hong Kong) Ltd.

He worked as Advisor to Prime Bank Investment Limited from 2nd April 2018 to 1st April 2020. He is presently working as Group Advisor of SSL. He is acting as Independent Director of Meghna General Insurance Company 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 20 years' of work experience in reputed blue chip corporate and professional services firms. Before founding HLC, he was the Partner-in-Charge of Taxation & Legal Compliance Department of Howladar Yunus & Co. (HYC), Chartered Accountants, from January 2011 to October 2016. Prior to his time at HYC, he worked at Citycell (a Singtel Subsidiary), GP (a Telenor Subsidiary) and MFH Financial Services Ltd. (a Merchant Bank) for more than 10 years in the department of Finance, Taxation, Legal, Corporate and Secretarial Affairs.

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

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

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 25 years of experience out of which 23 years in Prime Finance & Investment Limited. Utilizing his professional experience and expertise Mr. Khan contributes towards the achievement of the organizational goal and business. He is supervising the functional areas of the institution beside his leadership involvement in strategic decision making as well as in navigating the company's business towards its success.

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

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

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

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



Mohammad Shahidul Islam FCA, FCS

EVP & Chief Financial Officer
With Prime Finance: Since 2009

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

Mr. Islam is also 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.



Gulshan Ara Hafiz MBM

SVP & Head of CRM

With Prime Finance: Since 2002

Ms. Gulshan Ara Hafiz is one of the MANCOM members of the company. In her profound committed journey with Prime Finance she headed many departments of the company at different period. Now she is the Head of Credit Risk management department and leading the performing team under her with prudent guidance.

Ms Gulshan completed her post graduation from Bangladesh Institute of Bank Management in the year 2002 and equipped herself to join and work with the professional competent team of Prime Finance. She stepped forward her career with interest in the area of business development, credit disbursement & risk management along with loan recovery process of the company. As one of the experienced members she has been progressing through contributing in signifying balanced decision making, concentrating in the area of operations & credit as well as risk mitigation within the company. During this whole period she has attended numerous seminars, training courses and gathered acquaintance with others by exchanging professional views & experience.



Mohammed Faruque

SAVP & 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 16 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.



Mahdi Ibna Bashir ACS

Company Secretary (CC)

With Prime Finance: Since 2016

Mr. Mahdi Ibna Bashir is one of the Members of Management Committee of the Company. He joined Prime Finance in April, 2016. He has more than 8 years of professional experiences in the secretarial arena including 5 years of experience in finance industry.

Academically, he is a Business Graduate (BBA), and secured MBA from Independent University, Bangladesh. Mr. Mahdi is also a Chartered Secretary and an Associate Member of the Institute of Chartered Secretaries of Bangladesh (ICSB).

During the journey, Mr. Bashir was trained with different professional training program(s) in which Corporate Governance in Financial Sector, Compliance in Corporate Governance by Listed Companies, Leadership in Managerial Communication what organized by Bangladesh Bank, DSE and Institute of Business Administration (IBA) separately.

GLIMPSES OF ALL EMPLOYEES

FINANCE & ACCOUNTS



Mohammad Shahidul Islam
EVP & CFO

Mohammad Zaved Lakiyet
SAVP

Tarana Yasmin
SAVP

Md. Shahidul Islam
Senior Executive Officer

Md. Abdulla Akon
Senior Officer

Md. Ahasan Ullah Palas
Assistant Officer

HRM & ADMINISTRATION



Md. Masudur Rahman
FAVP & Head of HRM
& Administration

Mahadi Hasan Tanver
Senior Executive Officer

Md. Hamidur Rahman Shagor
Executive Officer

Md. Abdullah Al Sayed
Officer

CREDIT RISK MANAGEMENT



Gulshan Ara Hafiz
SVP & Head of CRM

Tazrian Hoque
AVP

BUSINESS UNIT



Arindam Basu
FAVP & In-Charge

Md. Mahmudul Hasan
Senior Executive Officer

Sanjay Kumar Mondal
Executive Officer

CREDIT ADMINISTRATION



Muhammad Anisuzzaman
AVP & Head of CAD

Umme Anowar Rebeka Sultana
FAVP

Md. Shafiul Azam
Senior Officer

TREASURY



Mansura Moin
AVP & Head of Treasury

Mohammad Moazzem Hossain
Assistant Manager

Ashraf-Ul-Majid
Officer

INFORMATION TECHNOLOGY



Mohammed Faruque
SAVP & Head of IT

Tamal Basak
Officer

COMPANY SECRETARIAT



Mahdi Ibna Bashir
Company Secretary (CC)

LEGAL & SPECIAL ASSET MANAGEMENT (SAM)



Mohammad Yeamin Kabir
SAVP & Head of Legal & SAM

Md. Manowar Hossain
Manager

Farhanat UI Alam
Senior Executive Officer

Md. Shohel
Senior Executive Officer

Md. Shifat Shakhawat Hossain
Executive Officer

Sazzad Omar Faruk
Senior Officer

Md. Anowar Hossan
Officer

SME BUSINESS UNIT



Md. Delwar Hossain
Assistant Manager & In-Charge

Tajul Islam
Executive Officer

Nurul Islam
Officer

H.M. Solaiman Rifat
Officer

MARKETING



Md. Faqru Islam Majumder
SAVP & Head of Marketing

LIABILITY & FUND MANAGEMENT (OPERATIONS)



Md. Rakibul Hasan
Senior Officer

Md. Azmal Hossain
Officer

Md. Tanvir Ahsan
Officer

Shamima Akter
Assistant Officer

ICC



H M Nurul Amin
SEO & In-Charge

LIABILITY & FUND MANAGEMENT (MARKETING)



Mohammed Zakirul Islam
FAVP

Md. Mynul Hasan
FAVP

Md. Shahidul Islam
Senior Executive Officer

Md. Humayun Kabir
Officer

RETAIL SME



Rafiq Mohammad
SAVP & Head of RSME

CHITTAGONG OFFICE



Md. Masud Alam
FAVP & Branch In-Charge

Didarul Islam
Manager

Ali Sayka Khanam
Manager

Jolly Chowdhury
Manager

Mohammad Ataur Rahman
Executive Officer

Md. Arfan Uddin
Executive Officer

Rahat Alam Chowdhury
Senior Officer

RAJSHAHI OFFICE



Md. Monirul Islam
SEO & Branch In-Charge

Adnan Wasim Mahmud Hasan
Senior Executive Officer

Md. Mizanur Rahman
Assistant Officer

GULSHAN OFFICE



Md. Habibur Rahman
SEO & Branch In-Charge

Md. Awlad Hossain
Officer

Monne Akter
Assistant Officer

UTTARA OFFICE



Md. Asaduzzaman
SEO & Branch In-Charge

Gopal Kumar Mohonto
Assistant Officer

Pankaj Kumar Sen
Assistant Officer



BUSINESS REVIEW AND OUTLOOK

Message from
the Chairman | page 30

Message from
the Managing Director | page 32

MESSAGE FROM THE CHAIRMAN



Mohammad Masudur Rahim
Chairman

“

We remain committed to a more transparent financial reporting, compliance and risk management practices

”

Dear Fellow Shareholders,

Assalamu Alaikum,

The year 2020 was an eventful year and it was your inspiration and solidarity that has enabled us to cross the turbulent year. The ravages of Covid 19 dealt a telling blow to all categories of business at home and abroad and the effect was devastating for the economy.

Despite the negative vibes in the economy, Prime Finance & Investment Limited faced the challenges and ended with another successful year. For the second time after three years, the company managed and sustained the profitability momentum to register a profit of Tk. 34.42 million. Your company faced challenges regarding liquidity due to certain industry issues. It was a daunting task with severe challenges that the company has been able to surmount.

Severe persistent handicaps in liquidity, depletion of manpower, crisis of confidence in NBFIs, your company continues in its uphill task of bringing about a change for a sustainable growth in the years to come.

Fund inflow and outflow were meticulously managed on a daily basis taking into consideration the dynamics of the money market. Despite crisis of confidence in the NBFIs, the company's Liability Management team, remained steadfast in its goal, continued to be motivated and gave admirable support to the liquidity position of the company.

With liquidity crunch and cautious lending to willing borrowers, the private sector credit growth was largely stunted and continued to fall. The credit growth stood at 8.37 percentages in December 2020 that reflected poor demand from the new business people. Amid uneven competition and lax practice of compliances in all respects of the industry, the company was prepared enough to prevent the extension of stuck up loans and attempted to recover them significantly. Confronting all challenges throughout the year, the company's total disbursement in SME financing was Tk. 45 million over the previous year, which is 99.78% of total investment. However, total disbursement of the company in 2020 was Tk. 45.10 million. Accordingly, NPL of the company has reduced 1.14%.

As per the directive of the Central Bank, your company made concerted efforts to reduce the Non-Performing Loans of the company and it paid off handsomely at the end of the year. In such severe competitive situation where a healthy spread was nonexistent specially among NBFIs, the company shifted its focus to increase liquidity through drive in recovery efforts. This resulted in reduction of provisioning and repayment of liability which was more rewarding for your company.

The total recovery in 2020 stood at Tk. 1,381.96 million. Our core capital ratio and the total risk weighted Capital Ratio was 21.47% and 25.31% respectively during the year and continues to remain well above the statutory levels. Despite severe liquidity constraints not only in your company but also in the financial industry, pay off of liability ended nudging up the shareholder's equity of Tk. 4008.39 million.

Severe adherence to Risk Management architecture, mitigation of risk perception, looking back into the experience of the company in terms of risk elements, the company is now on a sound footing. We consistently adhere to the conditions of corporate governance code and promote the effective application of CG code that shall underpin company operational activities.

With your support, patience and good wishes, Prime Finance has transformed from a loss making institution to a resurgent profit making institution. The strategies are in place to ensure that despite chronic liquidity problem, the company will continue to look forward with renewed optimism.

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

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



Mohammad Masudur Rahim
Chairman

MESSAGE FROM THE MANAGING DIRECTOR



Md. Ahsan Kabir Khan
Managing Director

“

We believe the worst is over for your company. From 2020 and beyond, we shall be in a position to continue our operation befitting that of a first rate financial institution

”

Hon'ble Shareholders,

Assalamu-Alaikum,

I heartily welcome all our owners of Prime Finance & Investment Limited on this august occasion of the 25th Annual General Meeting. Once again I am happy to be with you and express my profound gratitude to all our honorable shareholders for being with us in these turbulent times and your trust reposed on me to lead Prime Finance since 2018.

The year 2020 was beset with gigantic challenges of business operation like the previous year more so when financial industry as a whole has gone through the most difficult period.

Central Bank successfully managed to bring down the cost of borrowing and lending to single digit. However negative image in the NBFIs sector did not make much headway in reducing cost of borrowing. Loans and advances kept on eroding with most NBFIs repaid depositors and banks from installment proceeds with deposit coming into a trickle.

Banks continued to abruptly withdraw funds from NBFIs, downsized or 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.

Though need of the time, Central continued to give comfort to the business community through extension of provisioning policy. This reduced provisioning of even defaulters, yet collection took a hit. Add to this a continuous pressure from depositors and banks, the financial environment for NBFIs was highly depressing.

Present strategy

In the face of total discouragement from banks, our only option was to mobilise funds from depositors and use the same to pay off higher costs of funds. Meanwhile, despite severe stagnation in repayment behaviour of clients, recovery efforts kept on getting momentum which culminated in major recovery from delinquent clients. We are optimistic that the current drive will yield results. In a situation where legal means are not giving results, efforts are underway to go for negotiated settlements with defaulting clients albeit under the existing parameters of the Central Banks.

Capital Market

It was a different year for the 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 got on moving north. The momentum continues and the future looks promising.

Subsidiary and Associates

In 2020, both the Subsidiary and Associates made gains although access to funds continued to be negative 3.16 mn. During 2020, the interest block on loans to Subsidiary and Associates was withdrawn and resultantly the bottom line ended up with a profit of Tk. 34.42 mn. Interest imposed by the Board on Subsidiary and Associates improve the cash flow of the parent company.

Measures adopted to turn the tide

Measures such as reduction of fund cost, downsize the company, cutting down the cost, helped to convert Prime Finance successfully from a losing company into a vibrant, surging company. Our efforts have resulted in increased optimism. This is the third year when your company has been able to post profits against losses in Tk. 457.12 mn.

We believe the worst is over for your company. From 2020 and beyond, we shall be in a position to continue our operation befitting that of a first rate financial institution.

Human Resources

One of the major strengths of Prime Finance is its human capital. The year 2020 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 2020 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 2020, the money market remained dry like last year and was a major constraint in making fresh disbursements. Accordingly, the company was bound to confine its business operation by 3.99% against the growth of last year. But the company has proved significantly to rein the losses within hardly disbursement and recovered an outstanding amount from non-performing loan. In turn, the management expenses made by Prime Finance reduced to Tk. 132.15 mn in 2020 from Tk. 167.17 mn in 2019, which registering a decrease of 20.95%. Besides, the company was able to sustain the inflation of cost of fund by 9.51% in line with last year. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2020 shall be the better outlook for us.

Outlook

We now believe, the worst is behind us and now we can go move ahead for a brighter period ahead.

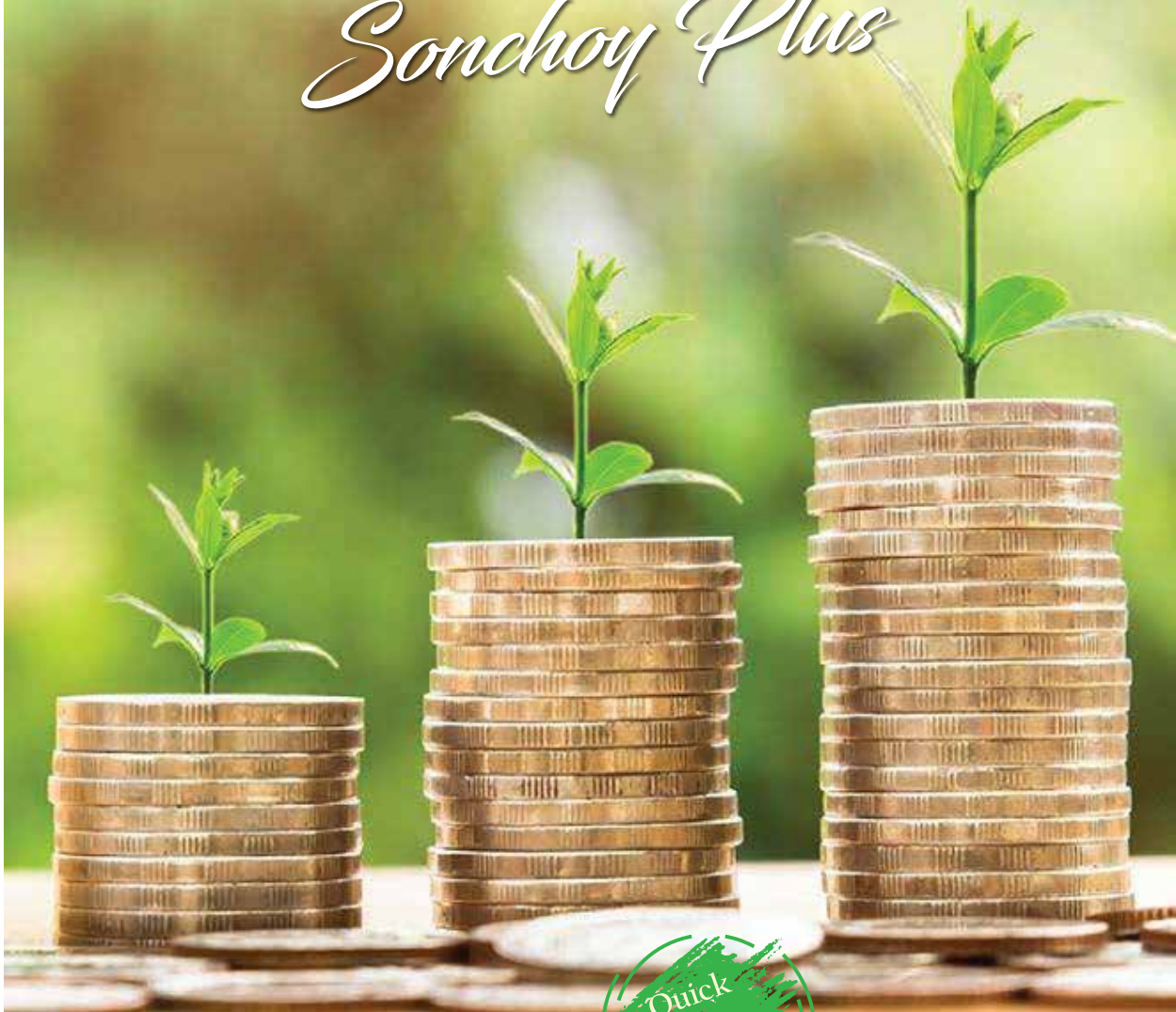
We are happy that despite turbulence in the health sector and the economy, you are with us. Prime Finance along with Subsidiary and Associates believe that we are successfully on the path to a growth path. My sincere thanks and gratitude are to our valuable lenders, depositors, shareholders, regulators and other stakeholders for their continuous support and co-operation.



Md. Ahsan Kabir Khan
Managing Director

Higher Income
in Every month

Prime Finance
Sonchay Plus



* Tax applicable



Prime Finance
& Investment Limited

Please call

019 PRIMEFIN
019 77463346



DIRECTORS' REPORT

Directors' Report
2020 | page 36

Management Discussion
and Analysis | page 40

DIRECTORS' REPORT 2020

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 25th 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 2020 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 Bangladesh Bank and other applicable rules and regulations. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices.

Industry Analysis

The effects of Covid-19 lingered in 2020. Though the economy remained resilient compared to many of the other countries. Timely policies by the Government, intervention by Bangladesh Bank, infusion of funds in majority of the sectors and deferment of provisioning largely controlled a downward spiral. Injection of funds in the banking sectors, with clear directives from the Central Bank to keep lending activities at a sustainable level propped up the real sector. Despite this, banks were cautious in their lending activities and their area of lending activities focused on large institution where the risk element would be minimal.

The NBFIs sector in Bangladesh has faced major challenges in 2020. Loans and advances growth was mixed for NBFIs. Growth for the top ten institutions has been encouraging. However, for majority of NBFIs, liquidity remained a cause for concern with banks refusing credit facilities to NBFIs despite being awash with liquidity. Alternative borrowing platform like deposit mobilizing, sale of zero coupon bonds helped some of the NBFIs to maintain their liquidity balance. The overall growth has been lackluster and majority of NBFIs were compelled to slow down lending activities.

The year saw major outflow of funds with banks abruptly stopping lending to NBFIs and depositors withdrawing their funds prematurely ostensibly for heightened risk perception. The net result has been largely felt in the SME sector, since majority of Non-Banks were concentrating in this sector. Central Bank opened a window for NBFIs which was on reimbursement basis subject to fulfilment of conditions.

In 2020, NBFIs recorded growth in total assets, borrowings, deposits, and capital. In accordance with the Bangladesh Bank, the asset of NBFIs increased by 2.34% to Tk. 871.50 billion in 2019 from Tk. 851.60 billion in 2018. At the end of June 2020, the total assets of NBFIs increased by Tk. 860.30 billion. CMSME loan disbursement by banks and non-bank financial institutions increased by 4.25% to Tk. 1,624.27 billion in 2020 compared with Tk. 1,558.09 billion in 2018. NBFIs' investment at the end of June 2020 was 46.45% in industry, 19.41% in real estate, 2.22% in margin loan, 13.48% in trade and commerce, 3.34% in merchant banking, 2.30% in

agriculture and 12.44% in other sectors. At the end of June 2020, the outstanding of loan/lease was decreased by 1.26% to Tk. 669.54 billion from Tk. 678.10 billion. In addition to decreasing loan/lease, the total NPL was also decreased by 12.51% to Tk. 70.34 billion in 2020 from Tk. 80.40 billion in 2019 respectively.

Industry Outlook

Major efforts by the Central Bank finally resulted in a single digit borrowing and lending rates. Slowdown in the economy on account of the ravages of Covid 19, excess liquidity in the banking system had significantly helped in bringing down the interest rate. This helped NBFIs to bring down their cost of funds and remain somewhat competitive in their lending efforts. Deferment of provisioning of classified account helped to give an encouraging picture for banks and NBFIs. This is likely to have negative impact in financials of Banks and NBFIs in future. Source of funds remains to be a concern for a majority of NBFIs.

Overall economic activities remained subdued with real sector adopting a cautionary and belt tightening approach with limited capacity expansion. Some sectors like Cement, Steel, Pharmaceutical and real estate sector continued to remain buoyant.

Capital Market Scenario

During 2020 the country's capital market remained stagnant with investors remaining in the sidelines with a wait and see policy. Outgoing year was beset with lack of confidence and poor market capitalization. However there were encouraging signs with the change of leadership and there were early signs of a major thrust by the Government in the Capital Market through Initial Public Offerings, liquidity infusion to banks for encouragement in the investment activities in Stock Exchanges.

Business Activities

The prolonged pandemic situation along with continuation of liquidity restraints deteriorate the situation of lending in the market. As a result The Company's loans and advances retained in slow pace like the earlier year. It was more focused on meeting the challenges of repaying debt obligation like bank loans, institutional and public deposits. Many an NBFIs had problems in repayment of its debts which in turn culminated in public getting disillusioned with the financial sector.

Loan/lease portfolio in 2020 ended up with Tk. 8,685.30 mm. Despite the gloom in the Capital Market, the company's own portfolio showed a profit of Tk. (26.41) mm in 2020. Prudent Liability management policy of the company through collection of small size of deposit and imposition of interest on the loans and advances of Subsidiary and Associates resulted in an encouraging bottom line of Tk. 34.42 mm. In the outgoing year, the salary expenditure was markedly reduced as a number of employees resigned voluntarily. The minimal number of employees accomplished the same works as before instead of hiring new ones. This in turn led to reduction in operating costs. Funds from the banking sector remained stagnant throughout the year. The company intensified its efforts in Liability Management and started mopping up liquidity at a slightly higher rate. The recovery drive moved into overdrive and the company had an optimistic degree of success with decrease of provision to the tune of Tk. 60.93 mm in the outgoing year.

Principal Activities

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

Financing Activities

During the year total disbursement of loan was Tk. 45.10 million where almost 99.78% was SME Financing. Due to the continued cautionary approach in terms of quality financing, we improved provisioning and reduced Tk. 60.93 million as provision against total classified loans of Tk. 1,056.57 million. NPL 14.80% was mainly driven by the exposures to the corporate before we started the navigational change. Considering the competitive market edge we were rational in fixing lending rate and sometimes diverged from ensuring three percent spread. As per directives of the regulatory authority number of contracts were deferred till the next year or restructured. Rescheduled was possible for a very few number of clients as to maintain the classification guideline. These altogether sketched the bottom line of the Company.

Term Finance

Term finance continued to be a leading product for Prime Finance. The strategy of focusing on the profitable but low risk business was continued. Particularly in this area, the market was characterized by severe competition and hence strong pressure on margins. Despite this difficult market environment, we managed to book few new businesses and our disbursement in term finance was Tk. 45.10 million in 2020.

Lease Finance

Lease financing, principal fund based activity of the Company, represents asset based financing. In the past years through lease financing we facilitated small and medium type of enterprises to access to the finance. We offer leasing as a modern financial instrument for managing corporate investments in movable equipment. We concentrated only on full payout financial lease transaction for financing a wide range of capital machinery, equipment and vehicles.

Liquidity and Funding

Distressing liquidity constraints continued throughout the year. This severely affected the funding activities of the company. As a result the company remained in a funding mismatch in terms of its Inflow and Outflow. We can only look for the optimistic signs that the money market is going to improve in the near future with imposition of few measurement taken by the authority which goes in favor of the NBFIs.

Operating and Financial Performance of the Company

Loans, advances and leases of the company recorded at Tk. 8,685.03 mn on 31 December 2020 registering 3.99% down against last year. Company's investment in shares decreases by 21.35% on 31 December 2020. Deposit stood at Tk. 5,428.14 mn resulting 1.49% diminution against last year. Under the circumstances, the Bank borrowing of the company was narrowed by 2.48% representing less dependency on bank fund. Due to current year's profit, equity attributable to shareholders' of the company increased to Tk. 3,209.35 mn as compared to Tk. 2,440.13 mn of last year.

Gross interest income of the company was Tk. 836.31 mn which was 21.15% lesser than that of 2020. Other income of the company was decreased by Tk. 21.20 mn. Operational expenses in 2020 were decreased by 23.21% and provision for loans, advances, leases and shares decreased by Tk. 43.80 mn.

The financial results of the Company for the year 2020 are summarized below:

(BDT in million except EPS)	2020
Operating revenue	774.60
Operating expenses	132.15
Profit before tax	43.65
Provision for tax	0.64
Profit/loss after tax	43.02
Earnings Per Share (EPS)	0.16

Significant deviation in operating result

During the year interest Income has reduced due to reduction of loan/lease portfolio and slow recovery resulting from prolonged effect of Covid-19 situation. Besides, interest expense has reduced as a result of lessening the interest rate against deposit and Bank Borrowings. Operating expenses was reduced significantly for taking appropriate measures by shifting offices of the Company to less costly spaces.

Significant variance between quarterly and annual result

The main reason for significant deviation in net profit/(loss), Net asset and Net Operating Cash Flow between Quarterly and annual results was due to decrease in revenue income resulting from slow recovery and loss incurred from capital market operation of the company.

Five Years' Financial Summary

Key operating and financial summary of preceding 5 (five) years of the company are the part of this report and have been summarized on 17 no. page of this 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	Equity %	Income/ Loss	Proportionate sharing of Income/ Loss
Prime Finance Capital Management Limited	Subsidiary	60.00%	(8.59) mn	(5.16) mn
PFI Securities Limited	Associate	46.15%	3.54 mn	1.64 mn
Prime Finance Asset Management Co. Ltd.	Associate	49.00%	0.35 mn	0.17 mn
Prime Prudential Fund Limited	Associate	40.00%	0.48 mn	0.19 mn

Directors' report and audited financial statements of the subsidiary are given on 124 & 130 no. pages of this Annual Report.

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & BFRS. A statement of related party transactions has been presented in note no. 41 on page 114 of this Annual Report.

Capital Expenditure

Capital Expenditure on acquisition of property, plant, computer applications, software and equipment of the Company amounting to Tk. 2.63 million (Tk. 4.39 million in 2019). The detailed note on acquisition of Property, Plant and Equipment is given on page 118 of this Annual Report.

Dividend

The Company will not paying any dividend for the year ended 2020. The Board of Directors in its meeting held on 31 August 2021 noted the regulatory restriction on declaration of dividend and recommended "No Dividend" for the year 2020. 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. Although during the year ended the Company has registered income of Tk. 34.42 mn. 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.

Dividend Disbursement Policy

The Board of Directors formulated and approved the dividend disbursement policy in compliance with BSEC's Directive Ref. No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021. The Dividend Disbursement Policy is disclosed in the official website of the Company.

Directors' Responsibilities for Financial Statements

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

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

Going Concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is optimistic that the Company has adequate resources to continue its operations.

Accordingly, the financial statements of the Company are prepared based on the going concern concept.

Risk and Concerns

The Board of Directors 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 Notification dated 03 June 2018, the management discussion and analysis report is given on page 40 of this Annual Report.

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

In accordance with the BSEC's Notification dated 03 June 2018, the Board of Directors is required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. A statement on the compliance with the BSEC's conditions is given on page 51 of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as at end of the year 2020 is shown on page 48 of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2020 total 4 (four) meetings were held. The attendance in the Board meetings by each Director is given on 49 no. page of this Annual Report. Please note that the amount of total remuneration which has paid to the Directors including Independent Directors is given in note no. 30 on 111 no. page of this Annual Report.

Directors' Appointment & Re-appointment

As per Article no. 67 of the Articles of Association of the company, one-third of the Directors of the Company are required to retire by rotation at 25th Annual General Meeting (AGM) and being eligible the following members offered themselves for re-election as per Article no. 69 & 72 of the Articles of Association of the Company:

1. Mr. Md. Aminul Haque;
2. Mr. Tauseef Iqbal Ali;
3. Engr. Salah Uddin Ahmed;
4. Mr. Uzzal Kumar Saha.

The first tenure (3 years) of Mr. Ahmed Kamal Khan Chowdhury as Independent Director expired on 28 July 2021. Accordingly, the Board of Director reappointed him for further period of 3 years with effect from 29 July 2021. His reappointment is placed in the Annual General meeting for approval of Shareholders.

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 115 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

A.Qasem & Co., Chartered Accountants, has completed their third 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, A. Qasem & Co., Chartered Accountants has carried out the audit consecutively their three years as statutory auditor of the company. On the basis of the proposal of the Board's Audit Committee, the Board recommends the appointment of Hoda Vasi Chowdhury & Co., Chartered Accountants, as the statutory auditors of the Company for the year 2021 and fixes their remuneration of Tk. 300,000/- (Taka three lac) only plus VAT. Now in exercise of the power conferred upon Section 210(10) of the Companies Act, 1994 the shareholders of the company will approve the appointment.

Appointment of Corporate Governance Code Compliance Auditor for the year 2020

In accordance with the BSEC's Notification dated 03 June 2018, the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. On the basis of the proposal, the Board recommends the appointment of SARashid & Associates, Chartered Secretaries, as Corporate Governance Code Compliance Auditor for the year 2021 at a fee of Tk. 30,000/- (Taka thirty thousand) plus VAT. Now in exercise of the power conferred upon the section 2CC of the Securities and Exchange Ordinance, 1969, the shareholders of the company will approve the appointment.

Business Outlook

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

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

Signing of Report

The Board in its 282nd meeting held on 31 August 2021 authorized the Chairman, Mr. Mohammad Masudur Rahim to sign Directors' Report 2020 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, 31 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

NBFIs Industry

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

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

COVID-19 impact

The year under review was one of the most challenging years not only for the NBFIs but for other industries, economy and the country. With the COVID-19 pandemic breaking out in waves during 2020, Prime Finance's business inevitably faced its resulting impacts throughout the year where an impacts were felt on the Company's operations and the bottom line. Despite challenges, Prime Finance continued to steer through with resilience and reiterated its commitment to support its customers by providing sustainable solutions to navigate during this difficult time.

The focus during the year was to identify innovative solutions and business delivery methods that would enable Prime Finance to remain relevant in a challenging environment. The Company continued to focus on innovation, coupled with a strong governance and internal controls model that ensured the financial stability of the Company. Its strong foundation, lean operating structure, cost conscious culture and the dedicated team together played key roles in helping to steer Prime Finance forward amidst challenges.

Strategic shift

Our main thrust in investment is in SME and MSME sector. We have targeted eight clusters throughout the country for extending finance to 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.

Operational activities

Effect of COVID-19 and unstable liquidity market slowed down the investment efforts. Early during 2020, contractionary policy of the Central Bank, ostensibly to rein in inflation, had a major detrimental effect in funding in such areas as Loans and Advances, Capital Market operation and virtually stopped our quest to move into semi urban areas.

During the year total disbursement of loan was Tk. 45.10 million where almost 99.78% was SME Financing. During this time there was a marked increase in our due diligence process on account of slowdown in the economy. Continued efforts improved provisioning and reduced Tk. 60.93 million as provision against total classified loans of Tk. 1,056.57 million.

NPL 14.80% was mainly driven by the exposures to the corporate before we started the navigational change. Considering the competitive market edge we were rational in fixing lending rate and continued presence in the SME sector enabled us to get better returns.

Financial overview

In 2020, Prime Finance had to make adjustments in almost all spheres of its operational activities. Strategy was to continue business as usual with our existing resources, enhanced cost cutting measures and recovery drives throughout the year. The company has proved significantly to rein in the losses and resulted in marked recovery of outstanding amount from non-performing loan. In turn, the management expenses made by Prime Finance reduced to Tk. 132.15 mn in 2020 against Tk. 167.17 mn in 2019, which registering a decrease of 20.95%. Besides, the company was able to reduce the cost of fund to 9.51% against 10.90% of the last year. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2021 shall be the better outlook for us.

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. Bangladesh ended 2020 as the best performing economy and the best performing stock market in the region. DSEX, the benchmark index of the Dhaka Stock Exchange, gained 21.3%, the highest among its peers, despite the 66-day recess for the countrywide general shutdown to slow the spread of COVID-19. Subsidiary and associates have performed considerably well which had a positive impact on the financial result of parent company.

Discussion on changes in financial statements

Accounting policies and estimation for preparation of financial statements have been applied as same as previous year. There was no change in accounting policies and estimates during the year 2020. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with comparative 5 years has been given in 5 years financial summary report of this annual report. Significant deviation of financial results has been given in Directors Report of this annual report. As a financial institution, the company has been coming across interest rate risk, liquidity risk, and operational risk. The company has been mitigating those risks through strategic shifting of company's business from corporate financing to SME financing with respectable margin and enhanced recovery of classified loans.

Outlook

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



Md. Ahsan Kabir Khan
Managing Director



OUR GOVERNANCE

page 42

Board's Structure

page 44

Charter of the Board and its Committees

page 47

Report from the Audit Committee

page 48

Pattern of Shareholding

page 49

Directors' Meeting and Attendance

page 50

Certificate of Compliance on
Corporate Governance Code

page 51

Corporate Governance Compliance Status

page 58

Compliance of Good Governance Guidelines

page 60

Declaration by Managing Director
and Chief Financial Officer

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 2020, the Board of Directors of Prime Finance comprises of eleven members including Managing Director who is an ex-officio member of the Board. As per FID Circular No. # 9 dated 11 September, 2002 of Bangladesh Bank, the size of the Board of the Financial Institutions shall be minimum nine and maximum eleven excluding the Managing Director. As per Bangladesh Securities and Exchange Commission's Corporate Governance Notification dated 03 June 2018, an issuer listed by securities should have Independent Director of at least one-fifth of the total number of Directors. Composition of the Board in line with the aforesaid regulations is as under:

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

Non-Executive Director:

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

Chairman of the Board and its Committee:

Mr. Mohammad Masudur Rahim nominated by East Coast Shipping Lines Ltd. is the Chairman of the Board. The Chairman is the liaison between the Board, Management and Shareholders and responsible for effective functioning of the Board. As per Articles of Association, the Chairman is elected among the Board of Directors for a certain period. Besides, Mr. Tauseef Iqbal Ali, Director is the Chairman of the Executive Committee and Mr. Ahmed Kamal Khan Chowdhury, Independent Director is the Chairman of the Audit Committee.

Independent Director:

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

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

Tenure and Retirement:

The office of Non-executive Directors other than Independent Directors is subject to retirement. At least one-third of the non-executive Directors shall retire by rotation in every Annual General Meeting and being eligible offer themselves for re-election. The Independent Directors are appointed by the Board which requires final approval from the shareholders in AGM. The Managing Director is appointed for a minimum period of three years subject to approval of the Bangladesh Bank. The office of the Managing Director being an Ex-officio Director is not subject to retirement.

Directors' Honorarium:

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

Managing Director is not entitled to receive fee for attending Board and its Committee Meetings.

Board Committee

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

Executive Committee :

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

Audit Committee :

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

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. 44 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. 38 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

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 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 is governed by Bangladesh Bank DFIM Circular no. 13 dated October 26, 2011 and Bangladesh Securities and Exchange Commission's notification on 'Corporate Governance Code' dated 3 June 2018.

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. Due to ongoing COVID-19 pandemic and subsequent general holidays the Audit Committee of the Company met 2 (two) times on the following dates: (i) 30 September 2020 and (ii) 29 October 2020 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 2020 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 2020 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 2020 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
- 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 oversaw 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.

During the year 2020, 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

A. Qasem & Co., Chartered Accountants acted as statutory auditors of the company for audit of financial statements as of 31 December 2020. 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 2020. 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 2020

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

DIRECTORS' MEETING AND ATTENDANCE

DURING THE YEAR 2020

Sl.	Name of the Directors	Status	No. of Meetings held during the year	Meeting Attended	(%)	Remarks
1	Mr. Mohammad Masudur Rahim	Chairman & Non-executive Director	4	4	100	Continuing
2	Mr. Md. Aminul Haque	Non-executive Director	4	0	0	Continuing
3	Mr. Tauseef Iqbal Ali	Non-executive Director	4	4	100	Continuing
4	Dr. Shamim Khan	Non-executive Director	4	2	50	Continuing
5	Mr. Waheed Mahmud Khaled	Non-executive Director	4	4	100	Continuing
6	Mr. Uzzal Kumar Saha	Non-executive Director	4	4	100	Continuing
7	Mr. Manzur Ahmed	Non-executive Director	4	0	0	Continuing
8	Engr. Salah Uddin Ahmed	Non-executive Director	4	4	100	Continuing
9	Mr. Ahmed Kamal Khan Chowdhury	Independent Director	4	4	100	Continuing
10	Mr. MBM Lutful Hadee	Independent Director	4	4	100	Continuing

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

CERTIFICATE ON COMPLIANCES OF CORPORATE GOVERNANCE CODE

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

SARashid & Associates ***(Chartered Secretaries)***

Noakhali Tower (12th Floor, 13-D)
55/B Purana Paltan, Dhaka-1000, Bangladesh
Phone : +88 02 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, MIPM
Chartered Secretary in Practice
Private Practice Certificate No.: 003

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

We have examined the compliance status to the Corporate Governance Code by Prime Finance and Investment Ltd. for the year ended on 31 December 2020. 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 : 13 October 2021



For
SARashid & Associates

S. Abdur Rashid FCS
Chartered Secretary in Practice

COMPLIANCE STATUS OF THE CODE

ANNEXURE - C

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

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

(Report under Condition # 9)

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.1	Board Size (number of Directors - minimum 5 and maximum 20)	√		
1.2	Independent Directors:			
1.2(a)	At least one fifth (1/5) of Directors should be Independent Directors;	√		
1.2(b) (i)	Independent Director does not hold any share or holds less than 1% share of the total paid-up shares;	√		
1.2(b) (ii)	Not a Sponsor of the Company or non- connectivity with the company's sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship;	√		
1.2(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1.2(b) (iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1.2(b) (v)	Not a Member or TREC, Director or Officer of any Stock Exchange;	√		
1.2(b) (vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exchange;	√		
1.2(b) (vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm;	√		
1.2(b) (viii)	Shall not be an Independent Director in more than 5 listed companies;	√		
1.2(b) (ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution;	√		
1.2(b) (x)	Non convicted for a criminal offence involving moral turpitude.	√		
1.2 (c)	Appointment of Independent Director shall be by Board and subsequently approved by shareholders in the AGM.	√		
1.2 (d)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.			N/A
1.2 (e)	Tenure of office of an Independent Director (for a period of 3 years, may be extended for 1 term only).	√		
1.3	Qualification of Independent Director (ID)			
1.3(a)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted company;			N/A
1.3(b)(ii)	Corporate Leader who is or a top level executive of an unlisted company having 100 million paid up capital or of a listed company;	√		
1.3(b)(iii)	Former official of government not below 5th grade of salary;			N/A
1.3(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;			N/A
1.3(b)(v)	Professional like practicing Advocate, Chartered Accountant/Cost Accountant/Chartered Secretary or equivalent qualification.	√		
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	
1.4	Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :			
1.4(a)	The posts of Chairperson of the Board and MD/CEO shall be filled by different individuals.	√		
1.4(b)	MD and/or CEO of a listed company shall not hold the same position in another listed company.	√		
1.4 (c)	The Chairperson shall be elected form among the non-executive directors.	√		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	√		
1.4 (e)	In absence of Chairperson of the Board, for the particular Board Meeting, Chairperson may be elected from one of non-executive directors and to be duly recorded.			N/A
1.5	The Directors' Report to Shareholders			
1.5(i)	Industry outlook and possible future developments in the industry;	√		
1.5(ii)	Segment-wise or product-wise performance;	√		
1.5(iii)	Risks and concerns including internal and external risk factor;	√		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	√		
1.5(v)	Discussion on continuity of any extra-ordinary activities and their implications;	√		
1.5(vi)	Detail disclosure on related party transactions;	√		
1.5(vii)	Utilization from public issues, rights issues and/or through any others instruments;			N/A
1.5(viii)	Explanation if the financial results deteriorate after going for IPO, RPO, Rights Offer, Direct Listing, etc.;			N/A
1.5(ix)	Significant variance between Quarterly Financial performance and Annual Financial Statements and explanation thereon;	√		
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.	√		
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	
1.5 (xxiv)	In case of appointment/re-appointment of a Director, disclose:			
1.5(xxiv)(a)	Brief resume of the Director;	√		
1.5(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1.5(xxv)	Management discussion and analysis signed by CEO or MD:			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1.5(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes	√		
1.5(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons	√		
1.5(xxv)(d)	Compare financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements;	√		
1.5(xxv)(g)	Future plan or projection or forecast for company's operation shall be explained to the shareholders in the next AGM;	√		
1.5(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1.5(xxvii)	Report as well as certificate regarding compliance of conditions of this Code as required under condition no. 9 shall be disclosed;	√		
1.6	Meetings of the Board of Directors			
1.6	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1.7	Code of Conduct for the Chairperson, other Board membersand Chief Executive Officer			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC)			Code of Conduct has been laid down by the Board
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website	√		Code of Conduct as laid down by the Board has been posted on the website.
2	Governance of Board of Directors of Subsidiary Company.			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary.	√		
2(b)	At least 1 Independent Director of holding company also be a director of the subsidiary company.	√		
2(c)	Minutes of subsidiary to be placed in the following meeting of holding company.	√		
2(d)	Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	√		
2 (e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC)and Company Secretary (CS).			
3.1	Appointment			
3.1(a)	Board shall appoint MD or CEO, CS, CFO, and HIAC.	√		
3.1 (b)	The positions of the MD, CEO, CS, CFO & HIAC shall be filled by different individuals.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
3.1 (c)	MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3.1 (e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and exchange.			N/A
3.2	Requirement to attend Board of Directors' Meetings			
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3(a)	MD or CEO and CFO to certify that they have reviewed financial statements to the best of their knowledge.	√		
3.3(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3.3(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	√		
3.3 (b)	MD or CEO and CFO to certify on due diligence in the Report.	√		
3.3 (c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report	√		
4	Board of Directors' Committee.			
4.i	Audit Committee	√		
4.ii	Nomination and Remuneration Committee.			Explained under condition no. 6
5	AUDIT COMMITTEE:			
5(i)	Responsibility to the Board of Directors	√		
5.1(a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5.1(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	√		
5.1(c)	Audit Committee shall report on its activities to the Board of Directors.	√		
5.2	Constitution of the Audit Committee			
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5.2(b)	Board shall appoint members of the Audit Committee who shall be non-executive director.	√		
5.2(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial 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.	√		
5.3	Chairperson of the Audit Committee			
5.3 (a)	The Board shall select Chairperson of the Audit Committee who will be ID.	√		
5.3 (b)	Absence of chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.			N/A
5.3 (c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5.4	Meeting of the Audit Committee			
5.4(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.			Due to ongoing COVID-19 pandemic and subsequent general holidays two meetings of the Audit committee were held.
5.4(b)	Quorum: presence of 2 or 2/3 members whichever is higher and 1 independent director is must.	√		
5.5	Role of Audit Committee			
5.5(a)	Oversee the financial reporting process.	√		
5.5(b)	Monitor choice of accounting policies and principles.	√		
5.5(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5.5(d)	Oversee hiring and performance of external auditors.	√		
5.5(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5.5(f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5.5(g)	Review with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	√		
5.5(h)	Review adequacy of internal audit function.	√		
5.5(i)	Review the management's discussion and analysis before disclosing in the Annual Report.			To be complied
5.5(j)	Review statement of all related party transactions submitted by the Management.	√		
5.5(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5.5(l)	Oversee determination of audit fees and evaluate performance of external audit	√		
5.5(m)	Oversee whether IPO/RPO proceeds utilized as per the published Prospectus			N/A
5.6	Reporting of the Audit Committee			
5.6.(a)	Reporting to the Board of Directors			
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board.	√		
5.6 (a) (ii)	Shall report immediately the Board on the followings:			
5.6(a)(ii)(a)	Report on conflicts of interests.			N/A
5.6(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			N/A
5.6(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, 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
5.7	Reporting to the Shareholders and General Investors	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6	Nomination and Remuneration Committee (NRC).			
6.1	Responsibility to the Board of Directors			
6.1(a)	The company shall have a NRC as a sub-committee of the Board.			
6.1(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications and policy for remuneration of directors, top level executives.			
6.1(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.			
6.2	Constitution of the NRC			
6.2(a)	The Committee shall comprise of at least three members including an ID.			
6.2(b)	All members of the Committee shall be non-executive directors.			
6.2(c)	Members of the Committee shall be nominated and appointed by the Board.			
6.2(d)	Board have authority to remove and appoint any member of the committee.			
6.2(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.			
6.2(f)	The Chairperson of the Committee may appoint/co-opt any external non-voting expert for valuable advice.			
6.2(g)	The company secretary shall act as the secretary of the committee.			
6.2(h)	Quorum shall not constitute without at least 1 independent director.			
6.2(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium from the company.			
6.3	Chairperson of the NRC			
6.3(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee who shall be an Independent Director.			
6.3(b)	Absence of chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.			
6.3(c)	Chairperson of the NRC shall attend the AGM.			
6.4	Meeting of the NRC			
6.4(a)	The NRC shall conduct at least one meeting in a financial year.			
6.4(b)	The Chairperson of the NRC, may convene any emergency meeting.			
6.4(c)	Quorum: presence of 2 or 2/3 members whichever is higher and 1(one) independent director is must.			
6.4(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.			
6.5	Role of the NRC			
6.5(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.			
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5(b)(i)	Formulating the criteria for qualification and remuneration of the directors and top level executives considering the following:			
6.5(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.			
6.5(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.			
6.5(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance.			
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	
7.	EXTERNAL / STATUTORY AUDITORS:			
7.1	Issuer company shall not engage its external auditors to perform the following services:			
7.1(i)	Appraisal or valuation services or fairness opinions.	√		
7.1(ii)	Financial information systems design and implementation.	√		
7.1(iii)	Book keeping or other service related to the 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.	√		
7.2	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7.3	Representative of External Auditors shall remain present in the AGM.	√		
8.	Maintaining a website by the Company			
8.1	The company shall have an official website linked with that of the stock exchange.	√		
8.2	The company shall keep the website functional from the date of listing.	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	√		
9.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
9.1	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance	√		
9.2	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	√		
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions.	√		

COMPLIANCE OF GOOD GOVERNANCE GUIDELINES

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

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

31 August 2021

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 2020.

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 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December 2020 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Ahsan Kabir Khan
Managing Director



Mohammad Shahidul Islam FCA, FCS
Chief Financial Officer



FINANCIAL STATEMENTS

Prime Finance & Investment Limited

page **62**

Auditors' Report to the Shareholders

page **67**

Consolidated Balance Sheet

page **69**

Consolidated Profit and Loss Account

page **71**

Consolidated Cash Flow Statement

page **72**

Consolidated Statement of
Changes in Equity

page **73**

Balance Sheet

page **75**

Profit and Loss Account

page **77**

Cash Flow Statement

page **78**

Statement of Changes in Equity

page **79**

Liquidity Statement

page **80**

Notes to the Financial Statements

Independent Auditor's Report

To the shareholders of Prime Finance and Investment Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated financial statements of Prime Finance and Investment Limited and its subsidiaries (the "Group") as well as the separate financial statements of Prime Finance and Investment Limited (the "Company"), which comprise the consolidated and separate balance sheet as at 31 December 2020, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Company as at 31 December 2020, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2020. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

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

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

Key Audit Matter	How the matters were addressed in our audit
01. Measurement of provision for loans and advances (See the note 7.a to the Financial Statements)	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2020 the Group reported total gross loans and advances of BDT 8,685,033,846 (2019: BDT 9,046,121,796) and provision for loans and advances of BDT 504,190,788 (2019: BDT 553,836,787).</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"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no. 03, dated 03 May 2006 and FID circular no.03 dated 29 April 2013; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. 	<p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> - Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; - Identification of loss events, including early warning and default warning indicators; - Reviewed quarterly classification of loans (CL); - Reviewed the adequacy of the companies general and specific provisions; - Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; - Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
02. Implementation of IFRS 16 Leases	
<p>In reference to Note 2.8 & 3.4 to the financial statements, IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of liability for the lease payments over the lease contract term. For operating leases of premises used by the Company, at the inception of the lease, the lessor receives a right of using the premises, in exchange for a lease debt, using an implicit discount rate/incremental borrowing rate.</p> <p>Our key audit matter was focused on whether all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to ensure that the discount rates for lease are appropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of key controls about the determination of the IFRS 16 Leases impact on the financial statements of the Company; • Assessed the appropriateness of the discount rates applied in determining lease liabilities; • Verified the accuracy of the underlying lease data by agreeing to the original contract and checked the accuracy of IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; and • Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS 16.
3. Deferred Tax Assets (See the note 13.4.2a to the Financial Statements)	
<p>In 2020, the group and the company report net deferred tax assets (DTA) amounted to BDT (861,438) (2019: BDT (2,385,525))</p> <p>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</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosure in compliance with IAS 12 Income tax</p>

Other Matters

The Company has subsidiary name Prime Finance Capital Management Limited is audited by K. M. HASAN & CO., Chartered Accountants The Company has three associates name PFI Securities Limited, Prime Finance Asset Management Company Limited are audited by K. M. HASAN & CO., Chartered Accountants and Prime Prudential Fund Limited is audited by M M Rahman & Co., Chartered Accountants. The auditor has given unmodified report for Subsidiary and all associates of the company.

Other information

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

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- 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;
- 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;
- the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- 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;
- 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;
- the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- 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 992 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.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015



Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695

Place: Dhaka
Date: 31 August 2021

Prime Finance & Investment Limited

Consolidated Balance Sheet

As at 31 December 2020


PARTICULARS	Notes	Amount in Taka	
		2020	2019
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		70,656	74,064
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		58,163,841	109,656,836
Total Cash	4.a	58,234,497	109,730,900
Balance with other banks and financial institutions			
In Bangladesh		431,831,173	360,259,192
Outside Bangladesh		-	-
Total balance with other banks and financial institutions	5.a	431,831,173	360,259,192
Money at call and on short notice		-	-
Investments			
Government		-	-
Others		621,808,839	790,626,389
Total Investments	6.a	621,808,839	790,626,389
Loans, advances and leases			
Loans, advances and leases etc.		8,685,033,846	9,046,121,796
Bills purchased and discounted		-	-
Total loans, advances and leases	7.a	8,685,033,846	9,046,121,796
Fixed assets including premises, furniture and fixtures	8.a	956,532,979	340,359,798
Other assets	9.a	2,096,754,867	1,905,357,452
Non - banking assets	10.0	389,474,105	176,097,907
Total assets		13,239,670,306	12,728,553,434
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.a	1,357,282,660	1,373,688,531
Deposits and other accounts			
Current and other accounts		-	-
Bills payable		-	-
Savings accounts		-	-
Term deposits	12.a	5,428,137,532	5,510,070,060
Bearer certificates of deposit		-	-
Other deposits		-	-
Total deposits and other accounts		5,428,137,532	5,510,070,060
Other liabilities	13.a	2,445,861,614	2,602,187,890
Total liabilities		9,231,281,806	9,485,946,481
Capital/ shareholders' equity			
Paid up capital	14.0	2,729,164,830	2,729,164,830
Statutory reserve		960,237,744	951,634,282
Share money deposit		-	-
Other reserves		-	-
Retained earnings		(1,455,654,707)	(1,462,611,523)
Revaluation reserve		975,602,724	221,943,750
Equity attributable to shareholders' of the company		3,209,350,591	2,440,131,339
Non-controlling interest	15.0	799,037,909	802,475,614
Total shareholders' equity		4,008,388,500	3,242,606,953
Total liabilities and shareholders' equity		13,239,670,306	12,728,553,434

PARTICULARS	Notes	Amount in Taka	
		2020	2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans, advances and leases	45.0	10,000,000	10,000,000
Total other commitments		10,000,000	10,000,000
Total off-balance sheet items including contingent liabilities		10,000,000	10,000,000
Net Asset Value per share (NAV)			
		11.76	8.94

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695

Place: Dhaka
Date: 31 August 2021


Company Secretary(CC)


Director


Managing Director

Chairman

Prime Finance & Investment Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2020


PARTICULARS	Notes	Amount in Taka	
		2020	2019
Interest income	19.a	836,314,526	1,060,590,293
Interest paid on deposits, borrowings etc.	20.a	(700,134,101)	(847,843,386)
Net interest income		136,180,425	212,746,907
Investment income	21.a	(26,411,255)	(70,987,495)
Fees, commission, exchange and brokerage	22.a	11,583,532	20,686,248
Other operating income	23.a	33,524,419	90,201,020
		18,696,696	39,899,773
Total operating income (A)		154,877,121	252,646,880
Salaries and other employee benefits	24.a	105,206,126	135,829,674
Rent, taxes, insurance, electricity etc.	25.a	15,425,098	20,135,036
Legal expenses	26.a	713,819	1,087,616
Postage, stamp, telecommunication etc.	27.a	2,003,796	3,207,815
Stationery, printing, advertisements etc.	28.a	2,077,376	4,262,023
Managing director's salary and fees	29.0	9,060,000	9,060,000
Directors' fees	30.a	588,448	1,121,783
Auditors' fees	31.a	431,250	419,748
Charges on loan losses		-	-
Depreciation and repair of assets	32.a	21,500,582	26,105,626
Other expenses	33.a	6,474,953	11,654,472
Total operating expenses (B)		163,481,448	212,883,793
Profit before provision (C=A-B)		(8,604,327)	39,762,887
Provision for loans, advances and leases			
General provision	13.1	3,788	(12,551,029)
Specific provision	13.1	(60,930,787)	(12,679,205)
Provision for diminution in value of investment	13.2.a	5,848,293	6,459,177
Other provision		11,281,000	6,513,000
Total provision (D)		(43,797,706)	(12,258,057)
Total profit before tax (C-D)		35,193,379	52,020,944
Provision for taxation			
Current	13.4.1.a	1,631,771	5,416,011
Deferred	13.4.2.a	(861,438)	(2,385,525)
		770,333	3,030,486
Net profit after tax		34,423,046	48,990,458
Attributable to			
Shareholders of the company		37,860,751	53,205,746
Non-controlling interest		(3,437,705)	(4,215,288)

PARTICULARS	Notes	Amount in Taka	
		2020	2019
Appropriations			
Statutory reserve		8,603,462	11,905,736
General reserve		-	-
Proposed cash dividend		-	-
Proposed stock dividend		-	-
Weighted average no. of outstanding shares		272,916,483	272,916,483
Earnings per share (EPS)	36.a	0.14	0.19

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695

Place: Dhaka
Date: 31 August 2021


Company Secretary(CC)


Director


Managing Director

Chairman

Prime Finance & Investment Limited

Consolidated Cash Flow Statement


For the year ended 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
A) Operating Activities		
Interest receipts	782,603,630	976,600,269
Interest payments	(661,897,902)	(621,180,899)
Fees and commission receipts	192,444	6,895,769
Dividend & Gain receipts	12,834,115	17,800,602
Cash payments to employees	(101,648,343)	(147,790,444)
Cash payments to suppliers and management expenses	(45,281,803)	(56,578,896)
Income taxes paid	(6,116,305)	(7,545,941)
Receipts from other operating activities	45,109,410	237,375,410
Payments for other operating activities	(4,773,496)	(1,137,899)
Cash generated before changes in operating assets and liabilities	21,021,750	404,437,971
Increase/ (decrease) in operating assets and liabilities		
Net loans and advances and other assets	3,935,345	848,732,444
Net loans and deposits from banks and other customers and trading liabilities	57,360,839	(1,229,125,535)
Cash generated from operating assets and liabilities	61,296,184	(380,393,091)
Net cash generated from operating activities	82,317,934	24,044,880
B) Investing Activities		
Acquisition of fixed assets	(2,423,126)	28,702,110
Disposal of fixed assets	-	-
Sale of securities	-	-
Investment in securities	-	-
Net cash used in investing activities	(2,423,126)	28,702,110
C) Financing Activities		
Dividend paid	(22,300,473)	-
Net received/(payment) for loans	(37,518,757)	(113,138,104)
Net cash used in financing activities	(59,819,230)	(113,138,104)
D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	20,075,578	(60,391,114)
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	469,990,092	530,381,206
G) Cash and cash equivalents at end of the year (D+E+F)	490,065,670	469,990,092
Cash and cash equivalents at end of the year represents		
Cash in hand (including foreign currencies)	70,656	74,064
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	58,163,841	109,656,836
Balance with other banks and financial institutions	431,831,173	360,259,192
	490,065,670	469,990,092
Net operating cash flow per share (NOCFPS)	0.30	0.09

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695


Company Secretary(CC)


Director


Managing Director


Chairman

Place: Dhaka
Date: 31 August 2021

Prime Finance & Investment Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

PARTICULARS	Attributable to Equity Holder of Prime Finance & Investment Ltd.				Non-controlling Interest	Total
	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings		
Balance as at 1 January 2020	2,729,164,830	951,634,282	221,943,750	(1,462,611,523)	802,475,614	3,242,606,953
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
Balance as at 31 December 2020	2,729,164,830	960,237,744	975,602,724	(1,455,654,707)	799,037,909	4,008,388,500
Balance as at 1 January 2019	2,729,164,830	939,728,546	221,943,750	(1,503,911,533)	806,690,902	3,193,616,495
Net profit for the year 2019	-	-	-	53,205,746	(4,215,288)	48,990,458
Transfer to statutory reserve	-	11,905,736	-	(11,905,736)	-	-
Issue of right share	-	-	-	-	-	-
Issue of bonus share	-	-	-	-	-	-
Payment of cash dividend	-	-	-	-	-	-
Balance as at 31 December 2019	2,729,164,830	951,634,282	221,943,750	(1,462,611,523)	802,475,614	3,242,606,953



Company Secretary (CC)



Managing Director



Director



Chairman

Prime Finance & Investment Limited

Balance Sheet

As at 31 December 2020


PARTICULARS	Notes	Amount in Taka	
		2020	2019
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		60,000	60,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		58,163,841	109,656,836
Total cash	4.0	58,223,841	109,716,836
Balance with other banks and financial institutions			
In Bangladesh		414,108,448	347,323,968
Outside Bangladesh		-	-
Total balance with other banks and financial institutions	5.0	414,108,448	347,323,968
Money at call and on short notice		-	-
Investments			
Government		-	-
Others		51,922,465	240,134,946
Total investments	6.0	51,922,465	240,134,946
Loans, advances and leases			
Loans, advances and Leases etc.		7,137,669,435	7,493,386,305
Bills purchased and discounted		-	-
Total loans, advances and leases	7.0	7,137,669,435	7,493,386,305
Fixed assets including premises, furniture and fixtures	8.0	954,138,682	334,105,935
Other assets	9.0	2,503,861,972	2,320,853,412
Non - banking assets	10.0	389,474,105	176,097,907
Total assets		11,509,398,948	11,021,619,309
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.0	902,599,599	925,516,352
Deposits and other accounts			
Current and other accounts		-	-
Bills payable		-	-
Savings accounts		-	-
Term deposits	12.0	5,428,137,532	5,510,070,060
Bearer certificates of deposit		-	-
Other deposits		-	-
Total deposits and other accounts		5,428,137,532	5,510,070,060
Other liabilities	13.0	2,207,868,090	2,389,614,980
Total liabilities		8,538,605,221	8,825,201,392
Capital/ shareholders' equity			
Paid up capital	14.0	2,729,164,830	2,729,164,830
Statutory reserve	16.0	960,237,744	951,634,282
Other reserves		-	-
Retained earnings	17.0	(1,694,211,571)	(1,706,324,945)
Revaluation reserve		975,602,724	221,943,750
Total shareholders' equity		2,970,793,727	2,196,417,917
Total liabilities and shareholders' equity		11,509,398,948	11,021,619,309

PARTICULARS	Notes	Amount in Taka	
		2020	2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans, advances and leases	45.0	10,000,000	10,000,000
Total other commitments		10,000,000	10,000,000
Total off-balance sheet items including contingent liabilities		10,000,000	10,000,000
Net Asset Value per share (NAV)			
		10.89	8.05

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695

Place: Dhaka
Date: 31 August 2021


Company Secretary(CC)


Director


Managing Director

Chairman

Prime Finance & Investment Limited

Profit and Loss Account

For the year ended 31 December 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
Interest income	19.0	781,292,490	955,368,825
Interest paid on deposits, borrowings etc.	20.0	(648,443,538)	(833,378,191)
Net interest income		132,848,952	121,990,634
Investment income	21.0	(28,547,080)	6,722,525
Fees, commission, exchange and brokerage	22.0	142,444	851,398
Other operating income	23.0	21,709,219	78,673,864
		(6,695,417)	86,247,787
Total operating income (A)		126,153,535	208,238,421
Salaries and other employee benefits	24.0	83,703,116	107,585,369
Rent, taxes, insurance, electricity etc.	25.0	11,757,480	12,745,811
Legal expenses	26.0	645,489	977,686
Postage, stamp, telecommunication etc.	27.0	1,860,201	3,052,241
Stationery, printing, advertisements etc.	28.0	1,832,273	4,077,780
Managing Director's salary and fees	29.0	9,060,000	9,060,000
Directors' fees	30.0	304,000	704,000
Auditors' fees	31.0	345,000	345,000
Charges on loan losses		-	-
Depreciation and repair of assets	32.0	17,615,192	20,775,981
Other expenses	33.0	5,023,905	7,847,337
Total operating expenses (B)		132,146,656	167,171,205
Profit before provision (C=A-B)		(5,993,121)	41,067,216
Provision for loans, advances and leases			
General provision	13.1	3,788	(12,551,029)
Specific provision	13.1	(60,930,787)	(12,679,205)
Provision for diminution in value of investment	13.2	-	(1,142,667)
Other provision		11,281,000	6,513,000
Total provision (D)		(49,645,999)	(19,859,901)
Total profit before tax (C-D)		43,652,878	60,927,117
Provision for taxation			
Current	13.4.1	993,284	3,042,964
Deferred	13.4.2	(357,715)	(1,644,526)
		635,569	1,398,438
Net profit after tax		43,017,309	59,528,679

PARTICULARS	Notes	Amount in Taka	
		2020	2019
Appropriations			
Statutory reserve	16.0	8,603,462	11,905,736
General reserve		-	-
Proposed cash dividend		-	-
Proposed stock dividend		-	-
Weighted average no. of outstanding share		272,916,483	272,916,483
Earnings per share (EPS)	36.0	0.16	0.22

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015

Ziaur Rahman Zia
Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695

Place: Dhaka
Date: 31 August 2021

[Signature]
Company Secretary(CC)

[Signature]
Director

[Signature]
Managing Director

[Signature]
Chairman

Prime Finance & Investment Limited

Cash Flow Statement


For the year ended 31 December 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
A) Operating Activities			
Interest receipts		753,280,557	827,033,317
Interest payments		(654,337,538)	(611,121,428)
Fees and commission receipts		142,444	851,398
Dividend & Gain receipts		1,761,148	6,722,525
Cash payments to employees		(86,215,774)	(121,109,700)
Cash payments to suppliers and management expenses		(39,383,541)	(46,720,779)
Income taxes paid		(3,816,326)	(5,103,393)
Receipts from other operating activities	34.0	56,769,910	156,058,003
Payments for other operating activities	35.0	(4,673,334)	(1,032,208)
Cash generated before changes in operating assets and liabilities		23,527,546	205,577,735
Increase/ (decrease) in operating assets and liabilities:			
Net loans and advances and other assets		(40,667,888)	969,702,380
Net loans and deposits from banks and other customers and trading liabilities		57,360,839	(1,229,125,535)
Cash generated from operating assets and liabilities		16,692,951	(259,423,155)
Net cash generated from operating activities		40,220,497	(53,845,420)
B) Investing Activities			
Acquisition of fixed assets		(2,628,539)	(167,931)
Disposal of fixed assets		-	-
Sale of securities		-	-
Investment in securities		-	-
Net cash used in investing activities		(2,628,539)	(167,931)
C) Financing Activities			
Cash dividend paid		(22,300,473)	-
Issuance of shares		-	-
Net cash used in financing activities		(22,300,473)	-
D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)		15,291,485	(54,013,351)
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		457,040,804	511,054,155
G) Cash and cash equivalents at end of the year (D+E+F)		472,332,289	457,040,804
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		60,000	60,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		58,163,841	109,656,836
Balance with other banks and financial institutions		414,108,448	347,323,968
		472,332,289	457,040,804
Net operating cash flow per share (NOCFPS)	38.0	0.15	(0.20)

Notes:

1. Previous year's figures have been rearranged whenever necessary to conform to the current year's presentation.
2. The annexed notes 01 to 60 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 31 August 2021 and were signed on its behalf by:

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration No.: PF 1015


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2109151259AS380695


Company Secretary(CC)


Director


Managing Director


Chairman

Place: Dhaka
Date: 31 August 2021

Prime Finance & Investment Limited

Statement of Changes in Equity

For the year ended 31 December 2020

PARTICULARS	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings	Total
Balance as at 1 January 2020	2,729,164,830	951,634,282	221,943,750	(1,706,324,945)	2,196,417,917
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
Balance as at 31 December 2020	2,729,164,830	960,237,744	975,602,724	(1,694,211,571)	2,970,793,727
Balance as at 1 January 2019	2,729,164,830	939,728,546	221,943,750	(1,753,947,888)	2,136,889,238
Net profit for the year 2019	-	-	-	59,528,679	59,528,679
Transfer to statutory reserve	-	11,905,736	-	(11,905,736)	-
Issue of bonus share	-	-	-	-	-
Payment of cash dividend	-	-	-	-	-
Balance as at 31 December 2019	2,729,164,830	951,634,282	221,943,750	(1,706,324,945)	2,196,417,917



Company Secretary (CC)



Managing Director



Director



Chairman

Prime Finance & Investment Limited

Liquidity Statement (Assets and Liabilities maturity analysis)

For the year ended 31 December 2020

Amount in Taka						
Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand and Balance with Bangladesh Bank and its agent bank	60,000	58,163,841	-	-	-	58,223,841
Balance with other banks and financial institutions	94,497,722	100,000,000	200,000,000	19,610,726	-	414,108,448
Money at call and on short notice	-	-	-	-	-	-
Investments	2,703,468	1,802,297	-	-	47,416,700	51,922,465
Loans, advances and leases	97,828,973	96,335,952	1,038,382,518	4,560,191,414	1,344,930,578	7,137,669,435
Fixed assets including premises, furniture and fixtures	525,826	1,017,700	7,840,630	44,754,216	900,000,310	954,138,682
Other assets	4,462,997	4,552,083	2,925,000	-	2,491,921,892	2,503,861,972
Non banking assets	-	-	-	-	389,474,105	389,474,105
Total assets (A)	200,078,986	261,871,873	1,249,148,148	4,624,556,356	5,173,743,585	11,509,398,948
Liabilities						
Borrowings from other banks, financial institutions and agents	9,563,558	13,366,229	91,935,435	787,734,377	-	902,599,599
Deposits	151,036,474	141,153,532	966,405,008	3,864,347,018	305,195,500	5,428,137,532
Provision and other liabilities	22,953,151	21,244,301	130,165,559	469,591,218	1,563,913,861	2,207,868,090
Total liabilities (B)	183,553,183	175,764,062	1,188,506,002	5,121,672,613	1,869,109,361	8,538,605,221
Net liquidity gap (A - B)						
	16,525,803	86,107,811	60,642,146	(497,116,257)	3,304,634,224	2,970,793,727

Prime Finance & Investment Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2020

1.0 REPORTING ENTITY

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

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

The registered office of the Company is located at 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, Chittagong and Rajshahi.

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

1.2 Principal activities and nature of operations

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

Fund based activities

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

Fee based activities

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

Deposit schemes

Prime Finance offers various deposit schemes to cater the deposit from the valued customers. Deposit schemes include annual Income deposit, double money deposit, triple money deposit, cumulative income deposit, monthly income deposit, earn ahead deposit, priority fixed deposit, doctor's fixed deposit, professional fixed deposit, housing deposit, fortune deposit, sonchay 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 2020 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 2020 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

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

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

2.1 Responsibility for financial statements

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

"The financial statements of the company includes the following components:

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

2.2 Reporting period:

The financial statements of the company covers one year period ranging from 1 January 2020 to 31 December 2020.

2.3 Functional & presentation currency

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

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and

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

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

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

2.5 Materiality and aggregation

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

2.6 Offsetting

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

2.7 Risk and uncertainty for use of estimates

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

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

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

2.8 Changes in accounting policies and estimates- IFRS 16 Leases

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, Prime Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8. Prime Finance however applied the same accounting and valuation principles in 2020 as in financial statements for 2019. Except application of new accounting policy in accordance with IFRS-16.

Definition of a lease

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

2.9 Segment reporting

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

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

2.10 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using

uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

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

2.11 Statement of compliance

The financial statements of the Company are prepared and presented within a framework of applicable rules and guidelines, some mandatory and some recommendatory. The Companies Act, 1994 requires the production of Directors' report, Auditors report, Balance sheet and Profit and loss account as a part of the annual report.

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 2020, status and applicability of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) in the case of Prime Finance are as under:

IIASs	Title of the IASs	Applicability	Remarks
IAS 1	Presentation of Financial Statements	Applied	See note 58 & 59
IAS 2	Inventories	Not applicable	
IAS 7	Statements of cash flows	Applied	See note 3.22
IAS 8	Accounting Policies, Changes in Accounting Estimates & Errors	Applied	See note 2.8
IAS 10	Events after the Reporting Period	Applied	See note 3.32 & 51
IAS 12	Income Taxes	Applied	See note 3.19 & 13.4
IAS 16	Property, Plant and Equipment	Applied	See note 3.5 & 8
IAS 19	Employee Benefits	Applied	See note 3.25
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable	
IAS 21	The Effects of changes in Foreign Exchange Rates	Applied	See note 49
IAS 23	Borrowing Costs	Applied	See note 3.17
IAS 24	Related Party Disclosures	Applied	See note 3.27 & 41

IIASs	Title of the IASs	Applicability	Remarks
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Applied	
IAS 27	Separate Financial Statements	Applied	
IAS 28	Investment in Associates and Joint Ventures	Applied	See note 3.3 & 9.1
IAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable	
IAS 31	Interests in Joint Ventures	Applied	
IAS 33	Earnings Per Share	Applied	See note 3.21 & 36
IAS 34	Interim Financial Reporting	Applied	See note 56
IAS 36	Impairment of Assets	Applied	See note 3.7
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied	See note 3.13 & 45
IAS 38	Intangible Assets	Applied	See note 3.6 & 32
IAS 40	Investment Property	Not applicable	
IAS 41	Agriculture	Not applicable	

IFRSs	Title of the IFRSs	Applicability	Remarks
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	See note 3.10 & 59
IFRS 8	Operating Segments	Applied	See note 2.9
IFRS 9	Financial Instruments	Applied	
IFRS 10	Consolidated Financial Statements	Applied	See note 2.10
IFRS 11	Joint Arrangements	Not applicable	
IFRS 12	Disclosure of Interests in Other Entities	Not applicable	
IFRS 13	Fair Value Measurement	Not applicable	
IFRS 15	Revenue from Contracts with customers	Applied	
IFRS 16	Leases	Applied	

2.12 Departure from IAS/IFRS:

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

3.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Investment in securities

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

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

Investment in unlisted securities:

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

3.3 Investments in subsidiary and associates

A subsidiary is an entity in which the company has control as per as shareholding (more than 50 percent) or voting right is concerned. As on the reporting date Prime Finance has one subsidiary company named 'Prime Finance Capital Management Limited'. Consolidated financial statements have been prepared for investment in subsidiary as per International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". Interest of the minority shown as

'non-controlling interest' as separate line item of the shareholders equity which includes share capital of non-controlling portion as well as profit earned that goes to the minority.

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

3.4 Loans, advances and leases

3.4.1 Lease operations

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

Prime Finance as a lessor

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

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

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

Prime Finance as a lessee

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

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

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

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

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

3.4.2 Term finance and other finance

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

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

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

3.5 Fixed assets including premises, furniture and fixtures

Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that

the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation in compliance with the International Accounting Standard (IAS) 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes, if any.

Subsequent costs

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

Disposal

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

Depreciation

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

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

3.6 Intangible assets

Components

The main item included in intangible asset is software.

Basis of recognition

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

Subsequent costs

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

Amortization

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

3.7 Impairment of assets

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

3.8 Receivables

Accounts receivables

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

Other receivables

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

3.9 Bank loans, deposits etc.

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

3.10 Financial instruments:

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

3.11 Employees benefit plans

Prime Finance offers a number of benefit plans which includes contributory provident fund, gratuity plan, pension scheme, death and disability plan,

hospitalization benefit including annual health check-up and maternity benefit. The recognition and disclosure for employee benefits are made in accordance with International Accounting Standard 19: Employee Benefits.

3.12 Statutory reserve

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

3.13 Provisions, contingent liabilities and contingent assets

Provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation as per the International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets.

3.14 Guarantee, commitments and contingencies

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

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

3.15 Litigation

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

3.16 Revenue recognition

Lease income

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

and loss account when a lease is classified as SMA and above and kept in interest suspense account. Interest on classified lease is accounted for on cash basis.

Income from term finance

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

Income from stock on hire

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

Income from real estate finance

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

Income from secured term finance

Income from secured term finance is recognized on accrual basis.

Dividend income

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

Share of Income from associates and subsidiary

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

Fee based income

Fee based income is recognized on cash basis.

Gain on sale of securities

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

3.17 Borrowing costs

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

3.18 Provision for doubtful losses

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

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

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

3.19 Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Prime Finance intends to settle its current tax assets and liabilities on a net basis.

3.20 Dividend to company's shareholders

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

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the International Accounting Standard (IAS) 10: 'Events After the Reporting Period'. Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

International Accounting Standard (IAS) 1: 'Presentation of Financial Statements', also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

3.21 Earnings per share

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

Basic earnings per share

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

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 2020, there was no scope for dilution and hence no diluted EPS is required to be calculated.

Weighted average number of ordinary shares outstanding during the year

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

3.22 Cash flow statements:

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

3.23 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- (i) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
- (ii) Investments are on the basis of their respective maturity.
- (iii) Loans, advances and leases are on the basis of their repayment schedule.
- (iv) Fixed assets are on the basis of their respective maturity.
- (v) Other assets are on the basis of their realization/amortization.
- (vi) Borrowings from other banks, financial institutions and agents are as per their maturity/ repayment terms.
- (vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- (viii) Provisions and other liabilities are on the basis of their payment/ adjustments schedule.

3.24 Accrued expenses and other payables

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

3.25 Employee benefits

3.25.1 Defined contribution plan

Contributory provident fund

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

3.25.2 Defined benefit plan

Gratuity scheme

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

Superannuation scheme

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

3.26 Interest suspense account

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

3.27 Related party transactions

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

3.28 Interim financial reporting

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

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

3.29 Uniform accounting policies

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

3.30 BASEL-II and its implication

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

3.31 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and equity risk), liquidity risk and operational risk. The overall risk management strategy of the Company seeks to minimize potential adverse effects on the financial performance. Risk Management Forum

(RMF) and Risk Analysis Unit (RAU) of the Company take care of the financial risks and the appropriate financial risk governance framework for the Company. The RMF and RAU provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Credit Risk

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

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

Market risk

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

In order to limit interest rate risk the Board has set limits with respect to maximum and weighted average maturity. Management of equity price risks is done by

ongoing monitoring of the values with respect to any impairment and appropriate risk-based capital allocation. Besides, to mitigate market risk management of the Company prepared VaR modeling, sensitivity analysis and stress testing, including an assessment of concentration risk and the assessment of illiquidity under stressful market scenarios.

Liquidity risk

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

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

Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

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

3.32 Events after the reporting date

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

4.0 CASH

Cash In hand:

Local currency
Foreign currencies

Balance with Bangladesh Bank:

Local currency
Foreign currencies

Amount in Taka	
2020	2019
60,000	60,000
-	-
60,000	60,000
58,163,841	109,656,836
-	-
58,163,841	109,656,836
58,223,841	109,716,836

	Amount in Taka	
	2020	2019
4.a CASH (consolidated)		
Prime Finance & Investment Limited	60,000	60,000
Prime Finance Capital Management Limited	10,656	14,064
	70,656	74,064
Balance with Bangladesh Bank:		
Prime Finance & Investment Limited	58,163,841	109,656,836
Prime Finance Capital Management Limited	-	-
	58,234,497	109,730,900

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

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

4.1.1 Cash Reserve Requirement (CRR)

1.5% of average balance of term deposits

Required reserve	55,941,008	106,223,604
Actual reserve held	61,409,643	108,266,612
Surplus/ (deficit)	5,468,635	2,043,008

4.1.2 Statutory Liquidity Requirement (SLR)

5.0% of average liabilities excluding fund from Banks & FIs

Required reserve	269,950,259	317,774,257
Actual reserve held (note 4.1.4)	472,332,289	457,040,804
Surplus/ (deficit)	202,382,030	139,266,547

4.1.3 Held for Cash Reserve Requirement (CRR)

Balance with Bangladesh Bank and its agent bank	58,163,841	109,656,836
	58,163,841	109,656,836

4.1.4 Held for Statutory Liquidity Requirement (SLR)

Cash in hand	60,000	60,000
Balance with Bangladesh Bank and its agent bank	58,163,841	109,656,836
Balance with other banks and financial institutions (note 5.0)	414,108,448	347,323,968
	472,332,289	457,040,804

4.1.5 Cash in hand

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

4.1.6 Balance with Bangladesh Bank & its agent bank

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As per Bangladesh Bank, CRR @ 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 2020, CRR has been maintained according to Bangladesh Bank Guideline.

		Amount in Taka	
		2020	2019
5.0 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS			
This represents balance with various banks and financial institutions in Bangladesh.			
Fixed deposit account			
Dhaka Bank Limited	300,000,000	300,000,000	
	300,000,000	300,000,000	
Current account			
Southeast Bank Limited	1,000,855	1,874,200	
	1,000,855	1,874,200	
Short term deposit account			
BASIC Bank Limited	3,174	4,181	
Dutch Bangla Bank Limited	1,042,770	781,688	
Jamuna Bank Limited	130,725	1,378,997	
Mercantile Bank Limited	259,366	545,868	
Meghna Bank Ltd	36,066,930	96,216	
Modhumoti Bank Ltd	20,757	21,468	
One Bank Limited	34,537	28,630	
Pubali Bank Limited	2,525,229	1,953,746	
Prime Bank Limited	8,384,843	10,256,959	
SBAC Bank Limited	4,392,773	1,338,866	
Shahajalal Islami Bank Limited	3,819,490	2,043,888	
Southeast Bank Limited	34,135,040	7,062,188	
Standard Bank Ltd	1,346,479	258,842	
United Commercial Bank Limited	-	1,838	
Prime Bank Limited (dividend accounts)*	20,945,480	19,676,393	
	113,107,593	45,449,768	
	414,108,448	347,323,968	
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.			
* Previous year figure have been restated due to complying with the BSEC notification no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 regarding disclosure of unclaimed dividend in the financial statements.			
Maturity wise grouping			
Up to 1 month	94,497,722	27,647,575	
1 month to 3 months	100,000,000	100,000,000	
3 months to 1 year	200,000,000	200,000,000	
1 year to 5 years	19,610,726	19,676,393	
More than 5 years	-	-	
	414,108,448	347,323,968	
5.a BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)			
Prime Finance & Investment Limited	414,108,448	347,323,968	
Prime Finance Capital Management Limited	17,722,725	12,935,224	
	431,831,173	360,259,192	

	Amount in Taka	
	2020	2019
6.0 INVESTMENTS		
This represents investment made by the Company both in listed and unlisted securities. The investment is made up as under:		
Government securities	-	-
Other investments (note 6.1)	51,922,465	240,134,946
	51,922,465	240,134,946

6.1 Other investments

Ordinary share	As at 31 December 2020		Cost	
	No. of Company	Market Value	2020	2019
Listed securities (note 6.1.1)	2	6,627,522	4,505,765	12,718,246
Unlisted securities (note 6.1.2)	4	44,416,700	44,416,700	224,416,700
Unit fund (note 6.1.3)	1	3,000,000	3,000,000	3,000,000
	7	54,044,222	51,922,465	240,134,946

6.1.1 Listed securities:

Details of listed securities (Sector-wise):

	As at 31 December 2020		
	No. of shares	Cost price	Market price
Banking companies	-	-	-
Investment companies	400,000	4,488,000	6,480,000
Engineering Sector	-	-	-
IT Sector	-	-	-
Manufacturing sector and others	1,865	17,765	147,522
		4,505,765	6,627,522

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 2020 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	200,000,000
Ananda Shipyard and Slipways Limited	15,000,000	15,000,000
	44,416,700	224,416,700

The unlisted investments are shown at cost.

6.1.3 Unit fund

	Cost price	
Prime Finance 1st Unit Fund	3,000,000	3,000,000
	3,000,000	3,000,000

6.1.4 Sector wise investments (at cost price)

Banking sector	-	5,816,395
Investment companies	27,488,000	207,488,000
Engineering Sector	-	587,860
IT Sector	-	572,458
Fuel & power sector	-	-
Manufacturing sector and others	24,434,465	25,670,233
	51,922,465	240,134,946

	Amount in Taka	
	2020	2019
Maturity wise grouping		
Up to 1 month	17,765	7,630,947
1 month to 3 months	-	5,087,299
3 months to 1 year	-	-
1 year to 5 years	-	-
More than 5 years	51,904,700	227,416,700
	51,922,465	240,134,946

6.a INVESTMENTS (consolidated)

Prime Finance & Investment Limited	51,922,465	240,134,946
Prime Finance Capital Management Limited	569,886,374	550,491,443
	621,808,839	790,626,389

7.0 LOANS, ADVANCES AND LEASES

Inside Bangladesh:

Lease finance (note 7.1)	195,299,227	248,517,787
Advance against lease finance (note 7.2)	3,258,928	3,258,928
Term finance (note 7.3)	6,700,095,399	6,957,165,229
Real estate finance (note 7.4)	126,435,700	151,999,170
Housing finance (note 7.5)	65,317,111	75,187,139
Loan against deposits (note 7.6)	27,338,811	36,365,997
Staff loan (note 7.7)	19,387,934	20,261,047
Factoring Finance (note 7.8)	536,325	631,008
	7,137,669,435	7,493,386,305

Outside Bangladesh

-	-
7,137,669,435	7,493,386,305

Loans, advances and leases include SME Finance amounting to Tk. 953,143,072 as at 31 December 2020 (2019: Tk. 1,149,948,048).

7.1 Lease finance

Principal outstanding (note 7.1.1)	138,544,362	184,712,800
Accounts receivable	56,754,865	63,804,987
	195,299,227	248,517,787

7.1.1 Principal outstanding

Gross rental receivables	148,895,455	206,001,242
Unearned lease income	(10,351,093)	(21,288,442)
Net investment	138,544,362	184,712,800

Movement of lease finance:

Cost of lease assets (A)

Balance at 1 January	876,776,576	1,010,137,466
Addition during the year	-	-
Disposal during the year	(141,626,532)	(133,360,890)
Balance at 31 December	735,150,044	876,776,576

Accumulated depreciation (B)

Balance at 1 January	692,063,776	677,241,934
Addition during the year	274,380,731	317,539,603
Adjustment due to disposal	(369,838,825)	(302,717,761)
Balance at 31 December	596,605,682	692,063,776
Written down value of lease assets (A-B)	138,544,362	184,712,800

	Amount in Taka	
	2020	2019
7. 1.2 Aging analysis of lease receivable		
Up to one year	46,150,801	85,255,582
Above one year to three years	30,373,200	45,632,591
Above three years to five years	3,511,987	4,015,385
More than five years	115,263,239	113,614,229
	195,299,227	248,517,787

7. 2 Advance against lease finance

Advance against lease finance	3,258,928	3,258,928
	3,258,928	3,258,928

These represent amount paid for procurement of lease assets, which are yet to be executed. On execution of lease, advances will be transferred to lease finance.

7. 3 Term finance

Principal outstanding	6,021,376,070	6,184,991,782
Accounts receivable	678,719,329	772,173,447
	6,700,095,399	6,957,165,229

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	6,184,991,782	7,130,312,771
Investment during the year	45,100,000	176,500,000
Recovery/ adjustment during the year	(208,715,712)	(1,121,820,989)
Balance at 31 December	6,021,376,070	6,184,991,782

7. 3.1 Aging analysis of term finance

Up to one year	1,862,249,528	1,912,659,123
Above one year to three years	2,131,514,441	2,089,932,915
Above three years to five years	1,586,119,242	1,419,755,815
More than five years	1,120,212,188	1,534,817,376
	6,700,095,399	6,957,165,229

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	124,639,808	118,404,398
Accounts receivable	1,795,892	33,594,772
	126,435,700	151,999,170

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	118,404,398	90,174,705
Investment/ capitalized during the year	17,246,051	38,611,450
Recovery/ adjustment during the year	(11,010,641)	(10,381,757)
Balance at 31 December	124,639,808	118,404,398

7. 4.1 Aging analysis of real estate finance

Up to one year	78,695,265	67,534,583
Above one year to three years	28,246,841	11,141,444
Above three years to five years	18,147,514	-
More than five years	1,346,080	73,323,143
	126,435,700	151,999,170

		Amount in Taka	
		2020	2019
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	64,709,224	75,034,917	
Accounts receivable	607,887	152,222	
	65,317,111	75,187,139	
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	75,034,917	51,684,526	
Investment/ capitalized during the year	-	29,137,193	
Recovery/ adjustment during the year	(10,325,693)	(5,786,802)	
Balance at 31 December	64,709,224	75,034,917	
7. 5.1 Aging analysis of Housing Finance			
Up to one year	15,170,268	14,290,030	
Above one year to three years	30,180,657	27,186,007	
Above three years to five years	17,056,546	29,428,209	
More than five years	2,909,640	4,282,893	
	65,317,111	75,187,139	
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	27,338,811	36,365,997	
	27,338,811	36,365,997	
7.6.1 Movement of loan against term deposit:			
Balance at 1 January	36,365,997	29,362,520	
Investment during the year	8,740,000	39,288,269	
Recovery/adjustment during the year	(17,767,186)	(32,284,792)	
Balance at 31 December	27,338,811	36,365,997	
7. 7 Staff loan			
Staff loan includes loan provided to the eligible employees as per company's approved policy.			
Employee's home loan	15,654,505	16,508,174	
Employee's car loan	3,733,429	3,752,873	
	19,387,934	20,261,047	
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	631,008	
	536,325	631,008	
7.8.1 Movement of factoring finance (Principal outstanding):			
Balance at 1 January	631,008	631,008	
Investment during the year	-	-	
Recovery/adjustment during the year	(94,683)	-	
Balance at 31 December	536,325	631,008	

		Amount in Taka	
		2020	2019
7. 8.2 Aging analysis of factoring finance			
Up to one year		536,325	631,008
Above one year to three years		-	-
Above three years to five years		-	-
More than five years		-	-
		536,325	631,008
7. 9 Classification wise loans, advances and leases			
Unclassified:			
Standard (SME)		650,598,568	760,624,932
Standard (other than SME)		5,348,011,459	5,404,221,492
Special Mention Account (SMA)		82,491,125	133,800,719
		6,081,101,152	6,298,647,143
Classified:			
Sub-standard		62,853,322	117,112,549
Doubtful		7,333,598	12,371,803
Bad/loss		986,381,363	1,065,254,810
		1,056,568,283	1,194,739,162
		7,137,669,435	7,493,386,305
7. 10 Geographical location wise loans, advances and leases			
Dhaka Division		4,881,525,325	5,275,715,347
Chattogram Division		1,887,304,613	1,855,317,821
Rajshahi Division		73,065,708	77,491,525
Khulna Division		52,518,491	55,381,231
Rangpur Division		243,255,298	229,480,381
Mymensingh Division		-	-
		7,137,669,435	7,493,386,305
7. 11 Sector wise loans, advances and leases			
As per Bangladesh Bank circular, sector wise loans and advances are as follows:			
Sectors			
Trade and Commerce		3,182,881,407	3,300,728,224
Industry			
Garments and knitwear		235,042,545	243,268,420
Textile		15,512,166	18,590,854
Jute and jute products		100,050,615	118,966,227
Food products and processing industry		487,818,812	493,981,236
Plastic industry		54,205,918	50,722,898
Leather and leather-goods		-	-
Iron, still and engineering		734,136,236	714,047,716
Pharmaceuticals and chemicals		68,258,273	60,457,100
Cement and allied industry		-	-
Telecommunication and information technology		-	-
Paper, printing and packaging		300,726,872	363,064,245
Glass, glassware and ceramic industry		-	-
Ship manufacturing industry		-	33,997,209
Electronics and electrical products		18,214	18,214
Power, gas, water and sanitary service		19,707,442	23,726,288
Transport and aviation		49,971,693	71,527,634
Agriculture		286,605,505	288,923,705
Housing		191,752,812	227,224,487
Others:			
Merchant banking		1,005,879,326	961,276,093
Margin loan		-	-
Others		405,101,599	522,865,755
Grand Total		7,137,669,435	7,493,386,305

	Amount in Taka	
	2020	2019
7. 12 Significant concentration wise loans, advances and leases		
Loans, advances and leases to-		
Directors and their concerns	59,238,659	72,288,376
Chief executive and other senior executives	19,387,934	20,261,047
Customer groups	7,059,042,842	7,400,836,882
	7,137,669,435	7,493,386,305

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 2020 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	6,984,617,118	7,032,814,362
II. Loans considered good against which the Company holds no other security than the debtors' personal guarantee	8,106,495	98,755,833
III. Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	144,945,822	361,816,110
IV. Loans/leases adversely classified; provision not maintained there-against	-	-
Total	7,137,669,435	7,493,386,305
V. Loans due by directors or officers of the Company or any of them either severally or jointly with any other persons	19,387,934	20,261,047
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	59,238,659	72,288,376
VII. Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the company or any of them either severally or jointly with any other persons	-	-
VIII. Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the company are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
IX. Due from banking companies/financial institutions	-	-
X. Classified loan for which interest not charged	1,056,568,283	1,194,739,162
A. Increase/decrease of provision (specific)	(60,930,787)	(12,679,205)
Amount of debts written off	-	-
Amount realized against the debts previously written off	14,415,463	74,642,568
B. Provision kept against the debt classified as bad/loss at the date of balance sheet	346,962,243	338,428,993
C. Amount of interest creditable to the interest suspense account	170,556,927	193,430,767
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:

		Cumulative
	During 2020	As on 31-Dec-20
		As on 31-Dec-19
Cumulative amount of loans/ leases written-off	-	812,543,573
No. of agreements written-off	-	63
No. of clients written-off	-	48
Interest suspense against written-off loans/ leases	-	(141,389,222)
Provision adjusted against written-off loans/ leases	-	(651,055,147)
Recovery against write-off loans/ leases	14,415,463	318,313,985
		303,898,522

7. 16 Particulars of required provision for loans, advances and leases

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

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

Required provision according to classification status is mentioned below:

	Base for provision	Rate	Provision 2020	Provision 2019
Unclassified - General provision				
Standard (SME)*	650,598,568	0.25%	1,524,276	1,698,208
Standard (Other than SME)	5,348,011,459	1%	49,243,612	44,496,659
Special Mention Account (SMA)	75,626,488	5%	3,781,324	8,350,557
Provision for other assets	-		56,352,000	45,071,000
	6,074,236,515		110,901,212	99,616,424
Classified - Specific provision				
Sub-standard	230,005,454	20%	44,633,563	63,483,510
Doubtful	3,387,540	50%	1,693,770	52,307,860
Bad/loss	366,697,257	100%	346,962,243	338,428,993
	600,090,251		393,289,576	454,220,363
Required provision for loans, advances and leases			504,190,788	553,836,787
Total provision maintained for loans, advances and leases			504,190,788	553,836,787
Excess provision for loans, advances and leases			-	-

* As per DFIM circular letter no. 03, dated 29 April 2013 of Bangladesh Bank general provision of 0.25% is required to be maintained for Standard SME loans, advances and leases.

• Total provision for the year 2020 has been maintained as per DFIM letter ref no. DFIM(C)1054/24/2020-1493 dated 03 September 2020.

	Amount in Taka	
	2020	2019
7. 17 Maturity wise grouping		
Repayable on demand	-	-
Not more than 3 months	927,855,631	793,547,988
3 months to 1 year	1,121,673,300	1,343,449,381
1 year to 5 years	3,845,150,429	3,627,092,366
More than 5 years	1,242,990,075	1,729,296,570
	7,137,669,435	7,493,386,305

7.a LOANS, ADVANCES AND LEASES (consolidated)

Prime Finance & Investment Limited	7,137,669,435	7,493,386,305
Prime Finance Capital Management Limited	2,553,243,737	2,514,011,585
Adjustment for dealing with subsidiary	(1,005,879,326)	(961,276,094)
	8,685,033,846	9,046,121,796

8.0 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

Cost:

Land & Land Development	900,000,000	305,151,022
Right-of-use-Asset	45,988,220	25,964,557
Furniture and fixtures	19,167,021	18,535,044
Office decoration	37,207,657	35,893,940
Electric equipment	33,522,513	32,839,668
Owned vehicles	23,759,016	23,759,016
Leased vehicles	12,197,061	12,197,061
Intangible assets (software)	3,408,486	3,408,486
Total cost	1,075,249,974	457,748,794
Less: Accumulated depreciation / amortization / impairment	121,111,292	123,642,859
Written down value at the end of the year	954,138,682	334,105,935

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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS). 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	Value of Land before revaluation (Tk.)	Value of Land after revaluation (Tk.) 31.12.2020	Appreciation (Tk.)
15 katha	10 Panthapath, Dhaka	305,151,022	900,000,000	594,848,978

Valuation report is shown in Annexure - C.

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

Prime Finance & Investment Limited	954,138,682	334,105,935
Prime Finance Capital Management Limited	2,394,297	6,253,863
	956,532,979	340,359,798

	Amount in Taka	
	2020	2019
9.0 OTHER ASSETS		
Income generating other assets:		
Investment in associates (note 9.1)	794,788,968	637,215,057
Investment in subsidiary (note 9.2)	960,000,000	960,000,000
Accrued interest	36,316,698	41,813,548
	1,791,105,666	1,639,028,605
Non income generating other assets:		
Advance office rent	-	-
Deposits with T & T, Petroleum Corporation etc.	454,100	454,100
Advance corporate tax	594,539,878	590,723,553
Deferred tax assets (note 13.4.2)	11,263,088	10,905,373
Receivable from brokerage houses against sale of shares	22,401	483,292
Others	106,476,839	79,258,489
	712,756,306	681,824,807
Total	2,503,861,972	2,320,853,412

9.1 Investment in associates

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

Movement of investment in associates

	Balance as at Jan 01, 2020	Investment/ (Adjustment)	Revaluation reserve	Profit/(loss) under equity method	Balance as at Dec 31, 2020
PFI Securities Limited	590,355,994	-	158,809,996	1,636,904	750,802,894
Prime Finance AMCL	40,559,441	(3,234,000)	-	169,224	37,494,665
Prime Prudential Fund Limited	6,299,622	-	-	191,787	6,491,409
	637,215,057	(3,234,000)	158,809,996	1,997,915	794,788,968

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

Name of the company	Nature of the business	Type of shares held	% of share holding	Face value of shares	Book value per share
PFI Securities Limited	Stock brokerage	Ordinary	46.15	10	8.48
Prime Finance AMCL	Asset management	Ordinary	49.00	100	101.02
Prime Prudential Fund Ltd.	Investment in securities debentures, bonds etc.	Ordinary	40.00	10	6.60

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. This year 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.

9.2 Investment in subsidiary

Prime Finance has one subsidiary company as on the reporting date. Consolidated financial statements has been prepared for subsidiary following the requirements of Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'.

Prime Finance Capital Management Limited	960,000,000	960,000,000
	960,000,000	960,000,000

The subsidiary company engaged in merchant banking activities having paid-up capital of Tk. 2,032.80 million. Prime Finance holds 60% of ordinary shares of this company.

	Amount in Taka	
	2020	2019
9.a OTHER ASSETS (consolidated)		
Prime Finance & Investment Limited	2,503,861,972	2,320,853,412
Prime Finance Capital Management Limited	552,892,895	544,504,040
Adjustment for dealing with subsidiary	(960,000,000)	(960,000,000)
	2,096,754,867	1,905,357,452

10.0 Non - banking assets

Non - banking assets	389,474,105	176,097,907
	389,474,105	176,097,907

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

11.0 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

In Bangladesh

Secured	-	-
Un secured		
Bank loan (note 11.1)	314,373,114	231,094,890
ADB fund under refinancing scheme (note 11.2)	-	-
Fund from Bangladesh Bank under refinancing scheme(note 11.3)	45,254,286	164,987,239
Short term borrowing (note 11.4)	542,972,199	529,434,223
	902,599,599	925,516,352

Outside Bangladesh

Total	902,599,599	925,516,352
--------------	--------------------	--------------------

11.1 Bank loan

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

Balance at 1 January	231,094,890	170,802,981
Received during the year	100,000,000	100,000,000
Repayment during the year	(16,721,776)	(39,708,091)
Balance at 31 December	314,373,114	231,094,890

Bank Loans are secured by way of first charge on all fixed and floating assets of the Company, ranking pari passu among all the lenders. The period of such loans ranges from one year to five years.

11.2 ADB fund under refinancing scheme

Fund received from Asian Development Bank (ADB) through Rupantarita Prakritik Gas Company Limited (RPGCL) & refinancing scheme. Details are as under:

Balance at 1 January	-	1,548,621
Received during the year	-	-
Repayment during the year	-	(1,548,621)
Balance at 31 December	-	-

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	164,987,239	377,484,433
Received during the year	5,000,000	-
Repayment during the year	(124,732,953)	(212,497,194)
Balance at 31 December	45,254,286	164,987,239

	Amount in Taka	
	2020	2019

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 172.90 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 946.16 million only (calculated based on the yearly report of 2019 of the Company).

Bank Overdraft

This represents Taka 327,072,199 received as bank overdraft from various commercial banks.

11.5 Maturity wise grouping

Repayable on demand	-	-
Up to 1 month	9,563,558	11,625,481
1 month to 3 months	13,366,229	16,552,432
3 months to 1 year	91,935,435	93,306,309
1 year to 5 years	787,734,377	804,032,130
More than 5 years	-	-
	902,599,599	925,516,352

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

Prime Finance & Investment Limited	902,599,599	925,516,352
Prime Finance Capital Management Limited	1,460,562,387	1,409,448,275
Adjustment for dealing with subsidiary	(1,005,879,326)	(961,276,096)
	1,357,282,660	1,373,688,531

12.0 DEPOSITS AND OTHER ACCOUNTS

This comprises interest bearing deposits from individuals and organizations for period ranging from 3 months to 12 years.

Banks and other financial institutions

Term Deposit	1,515,451,438	1,419,000,000
Other Institutions		
Term Deposit	1,692,065,213	1,888,362,962
Monthly Income Deposit	29,100,000	-
	1,721,165,213	1,888,362,962

Individuals

Term Deposit	1,083,444,900	1,202,650,257
Housing Deposit	5,275,000	6,979,000
Fortune DPS	99,255,500	117,931,500
Sonchoy DPS	20,666,848	8,344,229
Monthly Income Deposit	982,878,633	866,802,112
	2,191,520,881	2,202,707,098
Total	5,428,137,532	5,510,070,060

12.1 Movements of deposits:

Balance at 1 January	5,510,070,060	6,634,959,037
Received/ renewed during the year	1,323,398,548	2,893,711,191
Repayment during the year	(1,405,331,076)	(4,018,600,168)
Balance at 31 December	5,428,137,532	5,510,070,060

	Amount in Taka	
	2020	2019
12.2 Maturity wise grouping		
Repayable on demand	-	-
Repayable within 1 month	151,036,474	92,585,430
1 month to 3 months	141,153,532	297,629,273
3 months to 1 year	966,405,008	1,044,580,052
1 year to 5 years	3,864,347,018	3,634,995,249
5 years to 10 years	305,195,500	440,280,056
More than 10 years	-	-
	5,428,137,532	5,510,070,060

12.a DEPOSITS AND OTHER ACCOUNTS (consolidated)

Prime Finance & Investment Limited	5,428,137,532	5,510,070,060
Prime Finance Capital Management Limited	-	-
	5,428,137,532	5,510,070,060

13.0 OTHER LIABILITIES

Provision for loans, advances and leases (note 13.1)	447,838,788	508,765,787
Provision for diminution in value of investments (note 13.2)	4,001,000	4,001,000
Other provision	56,352,000	45,071,000
Interest suspense (note 13.3)	170,556,927	193,430,767
Provision for tax (note 13.4)	452,334,848	451,341,564
Financial expenses payable	395,004,149	408,199,528
Advance and security deposit (note 13.5)	114,624,604	152,496,322
Excise duty payable	-	-
Withholding tax payable	-	-
Accrued expenses and other payables (note 13.6)	546,210,294	606,632,619
Unclaimed dividend account*	20,945,480	19,676,393
	2,207,868,090	2,389,614,980

* Previous year figure have been restated due to complying with the BSEC notification no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 regarding disclosure of unclaimed dividend in the financial statements.

Excise duty payable represents excise duty deducted from deposit and other accounts but not yet deposited to government exchequer within 31 December 2020. The amount was subsequently deposited.

Withholding tax payable represents tax and VAT deducted from various suppliers but not yet deposited to government exchequer within 31 December 2020. The amount was subsequently deposited.

Other provision represents provision made for other assets.

Previous year's figures have been rearranged whenever necessary to conform to current year's presentation.

13.1 Provision for loans, advances and leases

Management, on the basis of guidelines issued by Bangladesh Bank has computed provisions for loans, advances and leases. Adequate provision has been kept as per BB circular to cover possible future losses.

General provision on unclassified loans, advances and leases	54,549,212	54,545,424
Specific provision on classified loans, advances and leases	393,289,576	454,220,363
Provision as on 31 December	447,838,788	508,765,787
Movement in general provision on unclassified loans/ leases:		
Provision as on 1 January	54,545,424	67,096,453
Add: Provision made/ (released) during the year	3,788	(12,551,029)
Provision as on 31 December	54,549,212	54,545,424

	Amount in Taka	
	2020	2019
Movement in specific provision on classified loans/ leases:		
Provision as on 1 January	454,220,363	466,899,568
Less: Adjustment for write off	-	-
Add: Provision made/ (released) during the year	(60,930,787)	(12,679,205)
Provision as on 31 December	393,289,576	454,220,363
Total	447,838,788	508,765,787

13.2 Provision for diminution in value of investments

Provision as on 1 January	4,001,000	5,143,667
Add: Provision made/ (adjusted) during the year	-	(1,142,667)
Provision as on 31 December	4,001,000	4,001,000

13.2.1 Allocation of provision

Listed securities	-	-
Unlisted securities	4,001,000	4,001,000
	4,001,000	4,001,000

13.2.a Provision made during the year (consolidated)

Prime Finance & Investment Limited	-	(1,142,667)
Prime Finance Capital Management Limited	5,848,293	7,601,844
	5,848,293	6,459,177

13.3 Interest suspense

Balance as on 1 January	193,430,767	232,444,046
Add: Transferred during the year	8,543,457	13,101,977
Less:		
Amount of interest suspense recovered	(31,417,297)	(52,115,256)
Write off during the year	-	-
Balance as on 31 December	170,556,927	193,430,767

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 2020.

Balance at 1 January	451,341,564	448,298,600
Provision made during the year	993,284	3,042,964
Balance at 31 December	452,334,848	451,341,564

13.4.1.1 Reconciliation of current tax

	2020		2019	
Particular	%	TAKA	%	TAKA
Profit Before income tax as per profit and loss account		43,652,878		60,927,117
Income Tax using the domestic corporate tax rate	37.5%	16,369,829	37.5%	22,847,669

	Amount in Taka	
	2020	2019
Factors affecting the tax charge for current year		
Non deductible expenses	(164,653)	(5,551,274)
Non taxable income	(795,687)	(375,938)
Under/Over provision	640,945	15,714
Unrecognised tax loss	(15,409,489)	(16,920,457)
Tax savings from reduced tax rates from dividend	352,339	3,027,250
Total income tax expenses	993,284	3,042,964

13.4.1.a Provision for current tax (consolidated)

Prime Finance & Investment Limited	993,284	3,042,964
Prime Finance Capital Management Limited	638,487	2,373,047
	1,631,771	5,416,011

13.4.2 Provision for deferred tax

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

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
Year: 2020			
Fixed assets including premises, furniture and fixtures	20,980,712	51,015,614	(30,034,902)
	20,980,712	51,015,614	(30,034,902)
Applicable tax rate			37.50%
Deferred tax assets (A)			(11,263,088)
Year: 2019 (B)			(10,905,373)
Deferred tax expense (A-B)			(357,715)

13.4.2.a Provision for deferred tax (consolidated)

Prime Finance & Investment Limited	(357,715)	(1,644,526)
Prime Finance Capital Management Limited	(503,723)	(740,999)
	(861,438)	(2,385,525)

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	152,496,322	205,502,822
Received during the year	12,474,395	15,347,102
Adjusted during the year	(50,346,113)	(68,353,602)
Balance at 31 December	114,624,604	152,496,322

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

Lease advance	12,895,548	15,037,056
Term finance advance	33,154,652	39,484,862
Stock on hire advance	8,000	8,000
Cash security deposit	68,566,404	97,966,404
	114,624,604	152,496,322

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	
	2020	2019
13.6 Accrued expenses and other payables		
Suspense receipts	55,997,345	66,024,753
Lease Liability	45,134,167	14,864,417
Other payables	445,078,782	525,743,449
	546,210,294	606,632,619

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.a OTHER LIABILITIES (consolidated)

Prime Finance & Investment Limited	2,207,868,090	2,389,614,980
Prime Finance Capital Management Limited	237,993,524	212,572,910
Adjustment for dealing with subsidiary	-	-
	2,445,861,614	2,602,187,890

14.0 SHARE CAPITAL

As at 31 December 2020, a total of 272,916,483 (FY 2019: 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	-	-
	2,729,164,830	2,729,164,830

Details of sponsors/ Director shareholding

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

Composition of shareholdings

Composition of shareholdings as on 31 December 2020 and 2019 was as under:

Group	No. of Shareholders		No. of Shares		Percentage	
	2020	2019	2020	2019	2020	2019
Sponsors/ Director (Institutions)	8	8	155,953,329	155,953,329	57.14	57.14
Sponsors/ Director (Individuals)	2	2	5,460,790	5,460,790	2.00	2.00
General Public (Institutions)	325	224	33,502,346	32,641,256	12.28	11.96
General Public (Individuals)	12,735	12,532	78,000,018	78,861,108	28.58	28.90
	13,070	12,766	272,916,483	272,916,483	100.00	100.00

	Amount in Taka	
	2020	2019
14.1 Capital Adequacy Ratio (CAR)		
As per section 4(Gha) of the Financial Institutions Regulations 1994, the minimum paid up capital of the Financial Institution shall be Taka 100 crore. Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined under the Risk Based Assets of the Company. The surplus eligible capital of the Company as on December 31, 2020, on consolidation basis, were Taka 2,162.81 million and capital adequate ratio was 25.31%.		
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	951,634,282
General reserve	-	-
Retained earnings	(1,455,654,707)	(1,462,611,523)
Non-controlling interests	799,037,909	802,475,614
Total eligible Tier-1 capital	3,032,785,776	3,020,663,203
Tier-2 (Supplementary capital)		
General provision (Unclassified loans up to specified limit + SMA+ off Balance Sheet exposure)	54,549,213	82,914,334
Assets revaluation reserves up to 50%	487,801,362	110,971,875
Total eligible Tier-2 capital	542,350,575	193,886,209
(i) Total eligible capital	3,575,136,351	3,214,549,412
(ii) Total Risk Weighted Assets (RWA)	14,123,300,000	13,390,280,852
(iii) Minimum Capital Requirement (MCR) (10% of RWA)	1,412,330,000	1,339,028,085
(iv) Excess {(i) - (iii)}	2,162,806,351	1,875,521,327
Capital Adequacy Ratio (CAR) {(i) / (ii)} [%]	25.31	24.01

15.0 NON-CONTROLLING INTEREST

Pursuant to the Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements', non-controlling interest has been presented in the consolidated Balance Sheet within equity, separately from the equity of the owners of the parent. Non-controlling interest is made up as follows:

Balance as on 1 January	802,475,614	806,690,902
Profit/(loss) after tax for the year	(3,437,705)	(4,215,288)
Balance as on 31 December	799,037,909	802,475,614

16.0 STATUTORY RESERVE

Balance as on 1 January	951,634,282	939,728,546
Add: Transferred during the year	8,603,462	11,905,736
Balance as on 31 December	960,237,744	951,634,282

17.0 RETAINED EARNINGS

Balance as on 1 January	(1,706,324,945)	(1,753,947,888)
Payment of cash dividend	(22,300,473)	-
Profit/(loss) after tax for the year	43,017,309	59,528,679
Transferred to statutory reserve	(8,603,462)	(11,905,736)
Balance as on 31 December	(1,694,211,571)	(1,706,324,945)

	Amount in Taka	
	2020	2019
18.0 INCOME STATEMENT		
Income:		
Interest, discount and similar income (note 19)	781,292,490	955,368,825
Dividend income (note 21)	1,761,693	15,136,249
Gains less losses arising from dealing in securities	-	-
Fees, commission, exchange and brokerage (note 22)	142,444	851,398
Gains less losses arising from investment in securities (note 21.1)	(30,308,773)	(8,413,724)
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income (note 23)	21,709,219	78,673,864
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
Total income (A)	774,597,073	1,041,616,612
Expenses:		
Interest paid on deposits, borrowings etc. (Note 20)	648,443,538	833,378,191
Administrative expenses	109,507,559	138,547,887
Depreciation and impairment on banking assets	17,615,192	20,775,981
Other operating expenses	5,023,905	7,847,337
Total expenses (B)	780,590,194	1,000,549,396
Operating surplus (A-B)	(5,993,121)	41,067,216
19.0 INTEREST INCOME		
Income from lease finance	18,456,985	27,109,414
Income from term finance	722,065,741	871,696,813
Income from real estate finance	8,429,724	19,708,741
Income from other finance	32,340,040	36,853,857
	781,292,490	955,368,825
19.a INTEREST INCOME (consolidated)		
Prime Finance & Investment Limited	781,292,490	955,368,825
Prime Finance Capital Management Limited	86,189,676	217,137,434
Adjustment for dealing with subsidiary	(31,167,640)	(111,915,966)
	836,314,526	1,060,590,293
20.0 INTEREST PAID ON DEPOSITS, BORROWINGS etc.		
Interest on bank loan	19,372,310	21,776,021
Interest on IDA and ADB fund under re-financing scheme of Bangladesh Bank	-	63,176
Interest on fund from Bangladesh Bank under re-financing schemes	5,894,416	12,559,835
Interest on term deposits	524,497,832	724,564,042
Interest on money at call and on short notice	57,123,066	28,144,830
Interest on cash security deposit	10,891,907	10,548,882
Interest on overdraft facility	29,211,433	33,884,411
Interest on lease rent	1,452,574	1,836,994
	648,443,538	833,378,191

	Amount in Taka	
	2020	2019
20.a INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)		
Prime Finance & Investment Limited	648,443,538	833,378,191
Prime Finance Capital Management Limited	82,858,203	126,381,161
Adjustment for dealing with subsidiary	(31,167,640)	(111,915,966)
	700,134,101	847,843,386
21.0 INVESTMENT INCOME		
Capital gain on sale of securities (note 21.1)	(30,308,773)	(8,413,724)
Dividend income	1,761,693	15,136,249
	(28,547,080)	6,722,525
21.1. Capital gain on sale of securities		
Gain on sales of securities	29,238,908	3,460,140
Loss on sales of securities	(59,547,681)	(11,873,864)
Net gain from sale of securities	(30,308,773)	(8,413,724)
21.a INVESTMENT INCOME (consolidated)		
Prime Finance & Investment Limited	(28,547,080)	6,722,525
Prime Finance Capital Management Limited	2,135,825	(77,710,020)
	(26,411,255)	(70,987,495)
22.0 FEES, COMMISSION, EXCHANGE AND BROKERAGE		
Service charge, factoring charge etc.	142,444	851,398
	142,444	851,398
22.a FEES, COMMISSION, EXCHANGE AND BROKERAGE (consolidated)		
Prime Finance & Investment Limited	142,444	851,398
Prime Finance Capital Management Limited	11,441,088	19,834,850
	11,583,532	20,686,248
23.0 OTHER OPERATING INCOME		
Income from associates (note 9.1)	1,997,915	1,002,500
Delinquent Interest, IDCP etc.	-	-
Renewals and proceeds	438,615	842,939
Write-off & others	19,272,689	76,828,425
	21,709,219	78,673,864
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.		
23.a OTHER OPERATING INCOME (consolidated)		
Prime Finance & Investment Limited	21,709,219	78,673,864
Prime Finance Capital Management Limited	11,815,200	11,527,156
	33,524,419	90,201,020
24.0 SALARIES AND OTHER EMPLOYEE BENEFITS		
Salaries & allowances	82,176,333	103,267,731
Medical & employee welfare	1,526,783	4,317,638
	83,703,116	107,585,369
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	
		2020	2019
24.a SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)			
Prime Finance & Investment Limited	83,703,116	107,585,369	
Prime Finance Capital Management Limited	21,503,010	28,244,305	
	105,206,126	135,829,674	
25.0 RENT, TAXES, INSURANCE, ELECTRICITY ETC.			
Office rent & maintenance	10,819,117	10,958,250	
Electricity bill	938,363	1,787,561	
	11,757,480	12,745,811	
25.1 Disclosure related to Rent, rate and taxes:			
Actual rent expenses	22,415,363	22,896,804	
Less: Reclassification of rent expenses (as per IFRS 16: Leases)	(11,596,246)	(11,938,554)	
Rent expenses as reported	10,819,117	10,958,250	
In addition the above mentioned change in rent expense, implementation of IFRS 16 has resulted in charging of depreciation against Right-of-use asset as disclosed in Annexure A and of Interest expense on lease rent, as disclosed in Note 20.			
25.a RENT, TAXES, INSURANCE, ELECTRICITY ETC. (consolidated)			
Prime Finance & Investment Limited	11,757,480	12,745,811	
Prime Finance Capital Management Limited	3,667,618	7,389,225	
	15,425,098	20,135,036	
26.0 LEGAL EXPENSES			
Legal expenses include fees for professional services for tax consultancy, credit rating, RJSC consultancy, recovery agent fee, corporate governance certification etc.			
26.a LEGAL EXPENSES (consolidated)			
Prime Finance & Investment Limited	645,489	977,686	
Prime Finance Capital Management Limited	68,330	109,930	
	713,819	1,087,616	
27.0 POSTAGE, STAMP, TELECOMMUNICATION ETC.			
Postage, telephone and fax	1,190,226	2,071,412	
Charges, levies, stamps and duties	669,975	980,829	
	1,860,201	3,052,241	
27.a POSTAGE, STAMP, TELECOMMUNICATION ETC. (consolidated)			
Prime Finance & Investment Limited	1,860,201	3,052,241	
Prime Finance Capital Management Limited	143,595	155,574	
	2,003,796	3,207,815	
28.0 STATIONERY, PRINTING, ADVERTISEMENTS ETC.			
Printing and stationery	1,069,371	2,402,170	
Books and periodicals	18,782	54,736	
Advertisement and publicity	744,120	1,620,874	
	1,832,273	4,077,780	
28.a STATIONERY, PRINTING, ADVERTISEMENTS ETC. (consolidated)			
Prime Finance & Investment Limited	1,832,273	4,077,780	
Prime Finance Capital Management Limited	245,103	184,243	
	2,077,376	4,262,023	

		Amount in Taka	
		2020	2019
29.0 MANAGING DIRECTOR'S SALARY AND FEES			
Managing Director's salary includes basic salary, house rent allowance, house maintenance allowance, medical allowance, entertainment allowance, recreation allowance and fuel bill up to a certain limit.			
30.0 DIRECTORS' FEES			
During the year, a Director, in accordance with the Bangladesh Bank, DFIM Circular No. 13 dated 30 November 2015, was entitled to receive a fee of Tk. 8,000 for attending each meeting of the Board and its Committee. Detail of the fees paid to the Directors in the year 2020 was as under:			
Total board meetings (nos.)	4	9	
Total board audit committee meetings (nos.)	2	4	
Total board executive committee meetings (nos.)	-	1	
Total fees paid	304,000	704,000	
No. of members in the Board	10	10	
No. of members in the Audit Committee	5	5	
No. of members in the Executive Committee	5	5	
30.a DIRECTORS' FEES (consolidated)			
Prime Finance & Investment Limited	304,000	704,000	
Prime Finance Capital Management Limited	284,448	417,783	
	588,448	1,121,783	
31.0 AUDITORS' FEES			
Auditors' fees	300,000	300,000	
VAT on audit fees	45,000	45,000	
	345,000	345,000	
31.a AUDITORS' FEES (consolidated)			
Prime Finance & Investment Limited	345,000	345,000	
Prime Finance Capital Management Limited	86,250	74,748	
	431,250	419,748	
32.0 DEPRECIATION AND REPAIR OF ASSETS			
Depreciation of fixed assets - freehold	17,399,340	20,560,131	
Depreciation of fixed assets - leasehold vehicle	-	-	
Amortization of intangible assets	215,852	215,850	
	17,615,192	20,775,981	
As on 31 December 2020, the company assesses the indication of impairment of assets and as per the assessment no such indication of an impairment loss present.			
32.a DEPRECIATION AND REPAIR OF ASSETS (consolidated)			
Prime Finance & Investment Limited	17,615,192	20,775,981	
Prime Finance Capital Management Limited	3,885,390	5,329,645	
	21,500,582	26,105,626	
33.0 OTHER EXPENSES			
HR development	15,000	1,099,273	
Travelling and conveyance	1,399,829	2,557,393	
Motor vehicle expenses	896,702	1,666,145	
Subscription and fees	2,313,927	1,771,298	
Meeting expenses	36,000	80,400	
AGM expenses (note 33.1)	222,260	225,323	
Entertainment, public relation etc.	115,766	420,882	
Others	24,421	26,623	
	5,023,905	7,847,337	

	Amount in Taka	
	2020	2019
33.1 AGM expenses		
Rent for AGM venue, virtual arrangement expense etc.	157,500	93,000
Printing, database management etc.	40,310	8,400
Publication of notice	-	83,673
Entertainment	24,450	26,312
Others	-	13,938
	222,260	225,323

33.a OTHER EXPENSES (consolidated)

Prime Finance & Investment Limited	5,023,905	7,847,337
Prime Finance Capital Management Limited	1,451,048	3,807,135
	6,474,953	11,654,472

34.0 RECEIPTS FROM OTHER OPERATING ACTIVITIES

IDCP etc.	-	-
Renewals and proceeds	438,615	842,939
Write-off & others	19,148,772	76,828,425
Net proceeds from sale/surrendered of shares & unit fund	37,182,523	78,386,639
	56,769,910	156,058,003

35.0 PAYMENTS FOR OTHER OPERATING ACTIVITIES

Advance against office rent, renovation & decoration	(4,673,334)	(1,032,208)
Advance against advertisement	-	-
	(4,673,334)	(1,032,208)

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 2020 was based on the profit/(loss) attributable to ordinary shareholders of Tk. 43,017,309 (2019: Tk. 59,528,679) and a weighted average number of ordinary shares outstanding as at 31 December 2020 of 272,916,483 (2019: 272,916,483).

Profits attributable to ordinary shareholders

Net profit for the year	43,017,309	59,528,679
-------------------------	-------------------	-------------------

Weighted average number of ordinary shares

Ordinary shares at 1 January	272,916,483	272,916,483
Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483

Earnings per share (EPS)	0.16	0.22
---------------------------------	-------------	-------------

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 2020 and hence no diluted earnings per share is required to be calculated.

	Amount in Taka	
	2020	2019
36.a EARNINGS PER SHARE (consolidated)		
Profits attributable to ordinary shareholders of the Company		
Net profit for the year	37,860,751	53,205,746
Weighted average number of ordinary shares		
Ordinary shares at 1 January	272,916,483	272,916,483
Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483
Earnings per share (consolidated)	0.14	0.19
37.0 NET ASSET VALUE (NAV) PER SHARE:		
Total shareholders' equity (A)	2,970,793,727	2,196,417,917
Number of shares outstanding (B)	272,916,483	272,916,483
Net Asset Value (NAV) per share (A÷B)	10.89	8.05
37.a Net Asset Value (NAV) per share (consolidated):		
Equity attributable to shareholders' of the company (A)	3,209,350,591	2,440,131,339
Number of shares outstanding (B)	272,916,483	272,916,483
Net Asset Value (NAV) per share (A÷B)	11.76	8.94
38.0 Net operating cash flow per share (NOCFPS):		
Net cash flow from operating activities (A)	40,220,497	(53,845,420)
Number of shares outstanding (B)	272,916,483	272,916,483
Net operating cash flow per share (NOCFPS) (A÷B)	0.15	(0.20)
38.a Net operating cash flow per share (NOCFPS) (consolidated):		
Net cash flow from operating activities (A)	82,317,934	24,044,880
Number of shares outstanding (B)	272,916,483	272,916,483
Net operating cash flow per share (NOCFPS) (A÷B)	0.30	0.09
39.0 Reconciliation of Net Profit with Cash Flows from Operating Activities:		
	Separate (2020)	Consolidated (2020)
Net profit after tax	43,017,309	34,423,046
Add: Adjustments for non-cash items:		
Depreciation of company's assets	17,615,192	21,500,582
Provisions for loans, advances and leases		
General provision	3,788	3,788
Specific provision	(60,930,787)	(60,930,787)
Other provision	11,281,000	11,281,000
Provisions for the diminution in the value of investments	-	5,848,293
Provision for taxation	635,569	770,333
(Increase)/decrease in operating assets	(40,667,888)	3,935,345
(Increase)/decrease in trading securities	188,212,481	168,817,550
Increase/(decrease) in operating liabilities and accruals	(118,946,167)	(103,331,215)
Net cash flows from / (used in) operating activities	40,220,497	82,317,934

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 2020 was 272,916,483 and the market value per share of last trading day (30 December 2020) was Tk. 12.60 in DSE. Thus market capitalization based on DSE value was Tk. 3,438.75 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 2020.

	Quarters	DSE		CSE	
		High	Low	High	Low
High low share price	First quarter	8.10	5.80	7.60	5.60
	Second quarter	6.00	6.00	5.80	5.80
	Third quarter	12.20	6.00	12.20	5.80
	Fourth quarter	12.60	8.20	12.50	8.00
No. of shareholders	There were 13,070 shareholders as per Share Register as on 31 December 2020.				

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 2020 was as under:

Name of the related party	Relationship	Nature of transaction	Outstanding receivable/ (payable) 2020
PFI Properties Limited	Common Directors	Term finance	58,461,949
PFI Securities Limited	Associate Company	Term finance	2,650,089,955
PFI Securities Limited	Associate Company	Other Payable	(98,062,628)
Prime Finance Capital Management Limited	Subsidiary Company	Term finance	1,005,879,326
GQ Industries Limited	Director	Term finance	692,930
GQ Foods Limited	Director	Term finance	83,780
Prime Prudential Fund Limited	Associate Company	Term deposit	(15,559,294)
Total			3,601,586,018
Key management personnel			
Managing Director's salary and allowance		9,060,000	9,060,000
		9,060,000	9,060,000

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

As on 31 December 2020 no such contract exists.

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

As on 31 December 2020 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 2020 no such investments exists.

42.0 PARTICULARS OF THE DIRECTORS

Sl.	Directors	Nominated by	Designation	Address	% of shares as at 31 December 2020
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
10.	Mr. MBM Lutful Hadee	N/A	Independent Director	House # 77, 2nd Floor, Road # 4 Block # C, Banani, Dhaka-1213	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. 2 Bangladesh Trade Syndicate Ltd. 3 Prime Finance Capital Management Limited
2	Mr. Md. Aminul Haque	Director	1 Acorn Limited 2 Asia Gate Ltd. 3 B-Trac Engineering Ltd. 4 Bangla Trac Ltd. 5 THANE Technology 6 Bangla Trac Power Unit-1 Ltd. 7 Bangla Trac Power Unit-2 Ltd.
3	Mr. Tauseef Iqbal Ali	Director	1 Prime Finance Capital Management Limited
4	Dr. Shamim Khan	Director	1 Progressive Trading 2 Orko Health Ltd. 3 Halda Valley Food & Beverage Ltd. 4 Pedrollo nk Ltd. 5 Halda Valley Tea Co. Ltd. 6 PNL Holdings Ltd. 7 Polyexprint Ltd. 8 Halda Fisheries Ltd. 9 Pedrollo Dairy & Horticulture Ltd. 10 Poly Tape Ltd. 11 PNL Water Management Ltd. 12 NUOVO Renewable Energy Ltd.

Sl. No	Name of the Directors	Designation	Entities where they have interest
5	Mr. Waheed Mahmud Khaled	Director	1 Mawsons Limited 2 Prime Finance Capital Management Limited 3 Everest Homes Ltd
6	Engr. Salah Uddin Ahmed	Director	-
7	Mr. Uzzal Kumar Saha	Director	1 Prime Finance Capital Management Limited 2 PFI Securities Limited
8	Mr. Manzur Ahmed	Director	1 PFI Securities Limited
9	Mr. Ahmed Kamal Khan Chowdhury	Independent Director	1 Prime Finance Capital Management Limited
10	Mr. MBM Lutful Hadee	Independent Director	1 Prime Bank Securities Ltd. 2 ReCom Consulting Ltd. 3 Skill Bangladesh (a company limited by guarantee and licensed under section 28 of the Companies Act, 1994) 4 Business Icons Limited 5 Aadi Dhaka Restaurant & Resorts Limited 6 Green Valley Holdings Limited

44.0 DISCLOSURES ON THE BOARD AUDIT COMMITTEE

Composition and qualification:

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

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

Audit Committee meetings held during the year 2020:

SL.	Meeting no.	Meeting date
1	83 no. Audit Committee Meeting	30-Sep-2020
2	84 no. Audit Committee Meeting	29-Oct-2020

Major issues discussed in the Audit Committee Meeting during the year 2020 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	
	2020	2019
Contingent liabilities:	-	-
Other commitments:		
Un-disbursed contracted loans, advances and leases	10,000,000	10,000,000
	10,000,000	10,000,000

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

46.0 LEGAL PROCEEDINGS

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

47.0 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2020, 04 (Four) Board Meetings were held. As on 31 December 2020, 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 81 employees, including 19 sub staffs were employed in Company as at 31 December 2020. All the employees received salary of Taka 36,000 and above per annum during the year 2020.

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

None as on 31 December 2020.

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/CMRRC/2008-183/Admin/03-34, dated September 27, 2009.

57.0 DISAGREEMENT WITH AUDITORS

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

58.0 DEPARTURE FROM IAS 1

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

59.0 DEPARTURE FROM IAS 39

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

60.0 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 31 August 2021.

Prime Finance & Investment Limited
Schedule of fixed assets
Including premises, furniture and fixtures
As at 31 December 2020

Annexure-A

Particulars	Cost			Rate of depreciation/ amortization	Depreciation/Amortization/Impairment				Written down Value as at Dec' 31, 2020
	Balance as at Jan' 01, 2020	Addition during the year	Disposal/ adjustment during the year	Balance as at Dec' 31, 2020	Charged during the year	Disposal/ adjustment during the year	Balance as at Dec' 31, 2020	Amount in Taka	
Freehold assets:									
Land & Land Development	305,151,022	594,848,978	-	900,000,000	-	-	-	900,000,000	
Right-of-use-asset	25,964,557	45,988,220	25,964,557	45,988,220	10,314,418	20,146,759	1,234,004	44,754,216	
Furniture and fixtures	18,535,044	631,977	-	19,167,021	1,078,554	-	18,188,807	978,214	
Office decoration	35,893,940	1,313,717	-	37,207,657	2,541,216	-	34,911,060	2,296,597	
Electrical equipment	32,839,668	682,845	-	33,522,513	1,121,688	-	32,473,022	1,049,491	
Owned vehicles	23,759,016	-	-	23,759,016	2,343,464	-	19,822,408	3,936,608	
Intangible assets:									
Software	3,408,486	-	-	3,408,486	215,852	-	2,284,935	1,123,551	
Leasehold assets:									
Leased vehicles	12,197,061	-	-	12,197,061	-	-	12,197,056	5	
As at 31 December 2020	457,748,794	643,465,737	25,964,557	1,075,249,974	17,615,192	20,146,759	121,111,292	954,138,682	
As at 31 December 2019	427,393,634	30,355,160	-	457,748,794	20,775,981	-	123,642,859	334,105,935	

HIGHLIGHTS

Sl. No	Particulars	Financial Year	
		2020	2019
1	Paid-up capital	2,729,164,830	2,729,164,830
2	Total capital	3,575,136,351	3,214,549,412
3	Capital surplus/ (shortage)	2,162,806,351	1,875,521,327
4	Total assets	13,239,670,306	12,728,553,434
5	Total deposits	5,428,137,532	5,510,070,060
6	Total loans, advances and leases	8,685,033,846	9,046,121,796
7	Total Contingent liabilities and commitments	10,000,000	10,000,000
8	Loans deposits ratio (%)	83.83	89.58
9	Percentage of classified loans against total loans, advances and leases	14.80	15.94
10	Net profit after tax and provision	34,423,046	48,990,458
11	Classified loans, advances and leases during the year	1,056,568,283	1,194,739,162
12	Provision against classified loans, advances and leases	393,289,576	454,220,363
13	Surplus/ (shortage) in provision against loans, advances and leases	-	-
14	Fund cost (%)	9.51	10.90
15	Interest earning assets	12,468,679,503	11,936,997,726
16	Non-interest earning assets	770,990,803	791,555,707
17	Return on average investment (ROI) (%)	0.34	0.47
18	Return on average assets (ROA) (%)	0.27	0.39
19	Income from debentures, bonds etc.	-	-
20	Net income per share	0.14	0.19
21	Earnings per share	0.14	0.19
22	Price earnings ratio (times)	90.83	38.47

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



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2nd Floor, Dhaka-1000, Bangladesh.

Extension Office : Property Heights, 1st Floor

12, R.K. Mission Road, Dhaka-1000.

PHONE : 9513471, 9569867

PABX: 9576118-9, 9576128

FAX: +88-02-9516236

Email: wali@satcombd.com

Web: www.msw-bd.com

March 15, 2021

The Managing Director

Prime Finance & Investment Limited

PFI Tower (5th & 6th floor),

56-57, Dilkusha Commercial Area

Dhaka 1000, Bangladesh.

Re: Valuation Report of Land & Land Developments under the possession of Prime Finance & Investment Limited.

Dear Sir,

We confirm having successfully completed our assignment in connection with the valuation of land & land developments of your company. In order to accomplish the special assignment the team has performed a physical verification of the land in query. Information from available sources such as local brokers, Sub Registry Office etc. has been assembled, and inquiries on the planning permission & location of the properties carried out.

The main objective of the assignment is to determine the present/current value of land & land developments of your company by applying recognized, accepted and realistic procedure of valuation methods on agreed date. The basic reasons for revaluation are to present a true and fair view of those fixed assets of the company.

For the necessitate of this assignment, an land surveyor (Aaref & Associates Ltd.) has been appointed by MSW in order to present an independent assessment of land and assist MSW for valuation of the land & land developments. The report includes all the relevant documents, which were required for the successful completion of the assignment.

The summary of annexed valuation report is given below:

1. Cut-off date of valuation:

The cut of the valuation is December 31, 2020.

2. Valuation of land:

For land valuation in various occasions we found that the plot(s) located side by side with the same facilities and importance, fetch different prices, without obvious reason whatsoever. During the course of valuation, we have inquired local people with a view to arrive at an average consensus rate as to the market price of the land in locally, also considering location, size of the land and the infrastructure in and around and future prospects of the locality. We also consider plot being purchased and sold in that particular area.

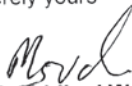


The following list of land of Prime Finance & Investment Limited situated at Karwan Bazar, Tejgaon, and Dhaka. During the valuation process we have checked and confirm the title of the deed in the name of the PFIL and further confirmed with mutation certificate as corroborative evidence, and found 15.00 Katha.

Sl. No.	Deed No.	Acquisition Date	Khatian No.			Total Land in Katha	Total Cost of Land	Revaluation rate per Katha	Total Revalued amount
			CS	SA	RS				
1	5547	4/10/2009	72	62	156	15	305,151,022	60,000,000	900,000,000
			Dag No.						
			59,60,61	95	1061				
Total						15	305,151,022	60,000,000	900,000,000

We would like to extend our appreciation for the courtesy and co-operation extended to us by the management and staff during the course of this special assignment.

Thanking you,
Sincerely yours


Malek Siddiqui Wali
Chartered Accountants

Encl:

1. Valuation Report
2. Surveyor's Report.
3. Annexure- A

Save your child's future

Credit Rating

Long term	Short term
A+	ST-3



We have a number of Deposit Schemes to
suit your convenience and
specific requirements.

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



Prime Finance
& Investment Limited

Pls call for details
019 77 46 33 46



SUBSIDIARY AND ASSOCIATES

Prime Finance Capital Management Limited

page 124	Directors' Report
page 128	Auditors' Report
page 130	Statement of Financial Position
page 131	Statement of Profit or Loss and Other Comprehensive Income
page 132	Statement of Cash Flows
page 133	Statement of Changes in Equity
page 134	Schedule of Property, plant and equipment
page 135	Notes to the Financial Statements

PFI Securities Limited

page 144	Statement of Financial Position
page 145	Statement of Profit or Loss and Other Comprehensive Income

Prime Finance Asset Management Company Limited

page 146	Statement of Financial Position
page 147	Statement of Profit or Loss and Other Comprehensive Income

Prime Prudential Fund Limited

page 148	Statement of Financial Position
page 149	Statement of Profit or Loss and Other Comprehensive Income

Prime Finance Capital Management Limited

DIRECTORS' REPORT

for the financial year 2020

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 2020 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 31 August 2021.

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

Global Economy

The coronavirus (COVID-19), which has emerged as a global pandemic, poses a major risk to the global economy. Protecting lives and allowing health care systems to cope with have required quarantine, isolation, lockdown etc. which in turn have severely limited economic activity. As a result of the pandemic, the global economy is anticipated to contract in a much worse way than during the 2008-2009 financial crises. In the World Economic Outlook (WEO) October 2020, International Monetary Fund (IMF) projected that the global economic growth would contract sharply by 4.4 percent in 2020 downgrading from -3.0 percent projection made in April 2020, WEO. The pandemic has had a devastating effect on per capita income growth, poverty, and inequality, which will linger for a protracted period. Although per capita income growth in emerging market and developing economies (EMDEs) is projected to be 4.9 percent this year, it will be essentially zero in low-income countries (LICs). As a result, per capita income could slow or even reverse in many poorer countries.

Moreover, per capita income losses incurred in 2020 will not be fully unwound by 2022 in about two-thirds of EMDEs, including 75 percent of fragile and conflict-affected LICs. The pandemic's impact on poverty could reverberate for a prolonged period due to its scarring effects on long-term growth prospects. The pandemic has also exacerbated inequality as it has disproportionately affected vulnerable groups—including women, children, and unskilled and informal workers. Moreover, the global outlook is clouded by uncertainty and subject to various risks.

However, the recovery of many countries is constrained by resurgences of COVID-19, uneven vaccination, and a partial withdrawal of government economic support measures. Excluding China, growth is anticipated to unfold at a more modest 4.4% pace. In the longer term, the outlook for EMDEs will likely be dampened by the lasting legacies of the pandemic – erosion of skills from lost work and schooling; a sharp drop in investment; higher debt burdens; and greater financial vulnerabilities. Growth among this group of economies is forecast to moderate to 4.7% in 2022 as governments gradually withdraw policy support.

Although improving external demand and higher commodity prices are lifting aggregate activity in EMDEs, the recovery in many of them is being constrained by a severe resurgence of

new COVID-19 cases and lagging vaccination, as well as a partial withdrawal of macroeconomic policy support. The pandemic continues to have a particularly dampening effect on tourism-reliant economies and is further exacerbating domestic challenges in LICs

Global Capital Market

Capital markets recognize and drive capital to the best ideas and enterprises. Coupled with the free flow of capital, innovation is an integral component to a country for supporting job creation, economic development and prosperity. Markets facilitate the transfer of funds from those who seek a return on their assets to those who need capital and credit to expand.

Exactly in 100 years after Spanish Flu pandemic, Covid-19 started to sting the world from November 2019. The COVID-19 pandemic has filled global stock markets with uncertainty and resulted in big moves of share prices. Prices in many stock exchanges touched the circuit breaker abruptly. Obviously, emerging stock markets are more vulnerable than the developed markets. The regulatory bodies took different measures to stabilize the market. Some sees the trading halt. Limits in trading prices were set. Unfortunately, the inception of this pandemic took place in an emerging economy- China. Indeed, the emerging economies are feeling the severe excruciation of this pandemic such as FDI took a nosedive, millions of employees were sent home on paid or unpaid leave or were laid off, while companies struggled to stay liquid and pay their debts.

Again, during the pandemic, fear and anxiety caused by uncertainty flows in the minds of the stock market participants which ultimately manifests in market trading behavior. Panic sale occurs. Psychological issues always play a kind of catalytic role in investment decision making though the investors are thought to be rational. Emerging countries responded with two types of measures in containing the Covid-19 affections and the negatives of the pandemic on the capital market. The first one is in general for the country whereas the second one is capital market specific. The general policies are mostly taken as per the guidelines of WHO. These include: lockdown, shut down of business activity, strict quarantine policy, social distancing and travel ban. The general policies are relevant and very important for the capital market due to their macroeconomic impact. For example, the layoff of business activities causes unemployment

In fact, the capital markets worldwide observed some unprecedented happenings due to this pandemic. Being very volatile, the emerging markets are not the exception, the second quarter of 2020 saw many indicators quickly moving towards their pre-pandemic levels, especially in June, the overall results suggest markets are still behind the levels seen at the end of last Capital market reactions to Covid-19 and Govt. initiatives Many researchers have been conducted as to the impact of Covid-19 and various measures on the stock market.

In spite of these, the emerging markets will observe a major shift. More liquidity provisioning will come or remain in force to protect the market from liquidity crunch. Both monetary and fiscal policy will take this into cognizance. As a result Global equity market capitalization increased by 18.2% year-over-year to \$105.8 trillion in 2020. Equity issuance, including common and preferred shares, totaled \$390.0 billion in 2020, a 71.0% increase year-over-year. Initial public offering (IPO) volume, excluding closed-end funds, was \$85.3 billion, up 74.7% from the previous year.

Bangladesh Economy

The year 2020 began with a cloud of uncertainty hanging over the horizon. The country's economy, one of the shining stars in Asia, came almost to a halt as the government imposed countrywide lockdown to contain the spread of the virus. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat. The country was staring at an unprecedented three-pronged crisis: health, economic and food. To protect the people and the economy, the government rolled out a massive Tk. 120,000 crore stimulus package, one of the largest in the world. It capped bank interest rates below single digit to help firms and businesses borrow at a record low rate. Multilateral banks and bilateral partners poured billions of dollars to cushion Bangladesh. But the biggest support came from farmers who continue to feed the country.

Bangladesh's GDP growth is forecast to drop to 3.8 percent in 2020, compared to 8.2 percent in the previous year. The government debt as a percentage of the GDP rose to 39.6 percent in 2020, considered low as per the international standards. The government had a fiscal deficit of 6.8 percent in 2020, which allowed it to spend a huge amount of money to cushion the economy. Per capita GDP and per capita national income stood respectively at US\$ 1,970 and US\$ 2,064 in FY2019-20, up by US\$ 142 and US\$ 155 from the previous fiscal year. During FY2019-20, domestic savings increased to 25.31 percent of GDP, which was 25.02 percent in the previous fiscal year. Likewise, national savings as percent of GDP increased to 30.11 percent in FY2019-20 from 29.50 percent of the previous fiscal year.

The government has taken several steps as an incentive in the export sector. The size of the Export Development Fund (EDF) has already been increased from US\$ 350 million to US\$ 500 million. Bangladesh's exports earnings in July rose 44% to \$3.91 billion, from \$2.71 billion in June, while remittance inflows continued to rise and reached \$2.60 billion in July. The migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. The surplus in the overall balance helped maintain the foreign exchange reserve up. On 30 June 2020, the foreign exchange reserves reached US\$ 36.04 billion which was US\$ 32.72 billion 30 June 2019. On October 8, 2020, foreign exchange reserve reached the record level of US\$ 40 billion. In FY2019-20, the exchange rate of Taka against US\$ remained stable.

Over the past 25 years, Bangladesh has more than halved its incidence of poverty. The country's economy grew by an average of 6.9% from fiscal year (FY) 2011 to FY2019 and, despite the corona virus disease (COVID-19) pandemic, expanded by an estimated 5.2% in FY2020. The country

gained lower middle-income status in 2015 and met the United Nations eligibility criteria to graduate from the least developed country status (LDC) in March 2018 with graduation to be effective in 2026. As a result, Bangladesh reached lower-middle-income status in 2015 and is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Moreover, human development outcomes improved along many dimensions.

The pandemic may also have long term economic implications as a result of reduced female labor force participation, learning losses, and heightened financial sector vulnerabilities. The government has already announced a stimulus package of about 1.2 lakh crore taka for economic recovery to keep the country's economy balanced. Some of the notable activities of this package are create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to the targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around. The reopening of the economy in June 2020 was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery.

Bangladesh Capital Market

Bangladesh's stock market was the best performing equity market in Emerging Asia with a return of 21.3 % in the year 2020. The highest among its peers, despite the 66-day recess for the countrywide general shutdown to slow the spread of corona virus.

Earlier, the capital market observed prolonged bearish vibe while investors were left bewildered by the continuous fall of the index as a consequence of the outbreak of corona virus in the country. Regulators took initiatives to restrict the free fall of the stock price ahead of nationwide lockdown. Further woes were added and investors' confidence battered since the market announced prolonged closure and the giant Bank sector deferred dividend declaration. Afterwards, the market resumed on 31st May and the new BSEC commission took charge with the aim of restoring investors' confidence in the market during the unprecedented time. Under new leadership of BSEC has worked relentlessly and introduced numerous investor-friendly directives markedly speedy IPO approvals, mandatory shareholding directives & board restructuring for failure to do so, strict stance against irregularities, 3-day trade settlement for Z category issues, bond trading, listing of renowned companies which in turn restored much needed investors' confidence in the market. Very attractive valuations, lower interest rates, smothered economic reopening after the shutdown to stop the spread of the corona virus, better remittance inflow and recovery in export earnings have largely contributed to uphold investors confidence.

Defying odds amid the Covid-19 pandemic, Bangladesh's stock market performed well during July-September period of 2020. The broad-based index DSEX, charged up by 949.13 points to end at 5,402.07 points at the end of the year and market P/E was 14.5x. However, index return was 49.85% from the bottom point i.e. 3,603.95 during March 18th, 2020. The market capitalization of the prime bourse stood at the highest position at BDT 4,482.30 bn with a rise of 32.01% as against the previous year mainly due to the upsurge in stock prices, listing of ROBI, the biggest ever IPO, and WALTONHIL, the second largest company by market capitalization of the country.

Moreover, the ratio of market capitalization to GDP stood at 16.03% at the end of December 30th, 2020, average daily turnover increased from BDT 3,864 million in the first half year to BDT 8,233 million. The daily average turnover has been recorded on a satisfactory level which is 35.10% higher than that of the corresponding year. Daily turnover crossed BDT 15,000 mark at the last closing day of this year. Besides, the regulator permitted capital raising through IPO, right and bond issuance during this pandemic year in effort to improve depth market and establish a vibrant market.

It can be drawback that under new leadership of BSEC which has been reformed in the year 2020, capital market of Bangladesh has gained momentum in the pandemic situation in the year 2020. The newly reformed commission has been taken measures several policies for development of capital market among which are ensuring of corporate governance practice in the listed companies, improvement of market integrity, emphasize on issue of quality IPO, technological up gradation of the trading systems of the bourses, development of vibrant bond market along with listing of debt instruments, and simplified debt issuances process, taken proactive actions and develop a guideline for Z category companies, had taken various steps promptly to stabilized market from sharp fall down, rules and regulation reform and update, adopted quick decision making process etc. The above policies and actions of the regulators will have positive impact on both the equity and debt markets for their significant growth in coming years.

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).

The merchant banks have to provide practical suggestions to shape regulations related to our scope of services. Apart from that, merchant banks have a crucial role in promoting financial literacy among investors so that they can make correct decisions, and also provide professional portfolio management services.

High bank interest rates, failing to secure bank loans and flexible terms of stock market are some of the reasons that attracted companies to go public. Besides, good exposure to foreign buyers that 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.

According to DSE's latest data, a total of 7 (seven) companies have raised funds worth Tk. 955.87 crore in 2020 which was Tk. 540 crore in the last year. Out of them, Robi Axiata Limited has raised Tk. 523.79 crore singularly using the fixed price method. In 2020, DSE Broad Index (DSEX), DSE 30 Index (DS30) and DSEX Shariah Index (DSES) increased by 21.31%, 29.78% and 24.23% respectively more than 2019. Total Turnover was Tk. 1,349,812.24 million which was increased by 18.57% from last year of Tk. 1,138,402.81. Total Turnover in Volume was Tk. 48,970.05 million which was enlarged by almost 50% than 2019 (Tk. 32,758.57 million).

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 2020 the paid up capital of the Company is Tk. 203.28 crore.

Principal activities

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

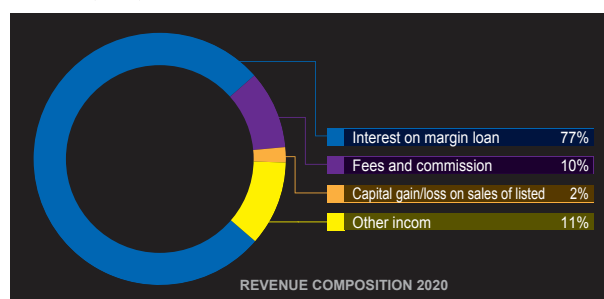
Operational performance

The Company reported net loss after tax attributable to equity holders of the Company of Tk. 8,594,263/- for the year ended on 31 December 2020 against the net loss after tax of Tk. 10,538,221/- for the year ended on 31 December 2019. The Company has made a provision of Tk. 638,486/- as income tax on capital gain only. Total investment of the Company in margin loan was Tk. 2,553,243,737/- and investment in shares including unquoted shares was Tk. 569,886,374/- for the year ended on 31 December 2020.

Addition of fixed assets

During the year 2020 total written down value of fixed assets stood at Tk. 2,394,297/- compared to

Tk. 6,253,863/- in 2019. In the current year, addition of fixed assets was for Tk. 25,824/- and disposal of fixed assets was for Tk. 1,546,029/-.



Reserve & surplus

The reserve & surplus of the Company includes retained loss only. As on 31 December 2020 balance of retained loss stood at Tk. 35,205,228 which was Tk. 26,610,965 on 31 December 2019.

Dividend

The Company's profitability status is not in a position to pay out dividend. The Board in its meeting held on 31 August 2021 recommended "No dividend" for the year 2020.

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 remain closed on 26 September 2021.

Annual General Meeting

The 11th Annual General Meeting of the Company will be held on 13 October 2021 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 2020 including the reports of the Directors and the Auditors;
- To consider dividend for the year 2020 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 2021 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 2020 in the 10th Annual General Meeting. The Auditors will retire in the 11th 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 2021 at a remuneration of Tk. 65,000/- (Taka sixty five thousand) only plus VAT.

Retirement and Re-appointment of Directors

Retirement by rotation:

As per Article 126 of the Articles of Association of the Company, one third of the total number of Directors for the time being, shall retire from the office in every Annual General Meeting. Independent Directors shall not fall under the purview of retirement by rotation. Accordingly, following Directors as per Article 126 of the Articles of Association of

the Company shall retire by rotation from the Board in the 11th Annual General Meeting as recommended by the Board of Directors in its meeting held on 31 August 2021:

- 1) Mr. Md. Ahsan Kabir Khan;
- 2) Mr. Mohammad Masudur Rahim; and
- 3) Syeda Tasnuva Khanam

As per Article 128 of the Article of Association of the Company the retiring directors are eligible for re-election in the 11th Annual General Meeting of the Company which was recommended by the Board of Directors in its meeting held on 31 August 2021.

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 2020 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, 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

Hometown Apartments (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone: 22221564, 22221457, 58311559
Fax: 88-02-22225792
E-mail: info@kmhasan.com.bd
website: www.kmhasan.com.bd



McMillan Woods
International
Professionalism at the forefront

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 2020 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 2020 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 2020 and its financial performance and its cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Commission (BSEC) Ruls 1987, 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
K. M. HASAN & CO.
Chartered Accountants

Hometown Apartments (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone: 22221564, 22221457, 58311559
Fax: 88-02-22225792
E-mail: info@kmhasan.com.bd
website: www.kmhasan.com.bd



McMillan Woods
International
Professionalism at the forefront

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 1987, We also report that:

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

Md. Farhad Husain Suman FCA

Partner

Enrollment No. : 1635

K. M. HASAN & CO.

Chartered Accountants

DVC: 2109011635AS598350

Place: Dhaka

Dated: 31 August 2021

Prime Finance Capital Management Limited

Statement of Financial Position

As at 31 December 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
Assets			
Non-current assets			
Property, plant and equipment	7	2,394,297	6,253,863
Investment in shares	8	569,886,374	550,491,443
Deferred tax assets	9	5,403,623	4,899,900
Total non-current assets		577,684,294	561,645,206
Current assets			
Margin loan	10	2,553,243,737	2,514,011,585
Accounts and others receivable	11	404,699,325	395,144,762
Advance, deposit and prepayments	12	142,789,948	144,459,379
Cash and cash equivalents	13	17,733,381	12,949,288
Total current assets		3,118,466,390	3,066,565,014
Total assets		3,696,150,684	3,628,210,220
Shareholders' equity			
Share capital	14	2,032,800,000	2,032,800,000
Retained earnings	15	(35,205,228)	(26,610,965)
		1,997,594,772	2,006,189,035
Non-current liabilities			
Long term loan	16	356,487,119	379,286,999
Total non-current liabilities		356,487,119	379,286,999
Current liabilities			
Margin deposit	17	11,232,083	9,670,976
Current account with Parent Company	18	1,005,879,326	961,276,094
Short term loan	19	98,195,942	68,885,182
Accounts payable	20	14,944,715	831,607
Other payables	21	110,854,250	101,746,336
Provisions for taxes	29	100,962,478	100,323,991
Total current liabilities		1,342,068,793	1,242,734,186
Total shareholders' equity and liabilities		3,696,150,684	3,628,210,220
Net Assets Value (NAV) per share	30.01	9.83	9.87

The annexed notes form an integral part of these financial statements



CFO & Company Secretary


Managing Director (CC)


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: 2109011635AS598350

Place: Dhaka
Dated: 31 August 2021

Prime Finance Capital Management Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

PARTICULARS	Notes	Amount in Taka	
		2020	2019
Fees and commission	22	11,441,088	19,834,850
Interest on margin loan	23	86,189,676	217,137,434
Capital gain/loss on sales of listed shares	24	2,135,825	(77,710,020)
Others income	25	11,815,199	11,527,156
Total operating income		111,581,789	170,789,419
Financial expenses	26	(82,858,203)	(126,381,161)
Management expenses	27	(31,334,792)	(45,712,588)
Total operating expenses		(114,192,995)	(172,093,749)
Operating profit/(Loss)		(2,611,207)	(1,304,330)
Provision for investment and margin loan	28	(5,848,293)	(7,601,844)
Profit/(loss) before income tax		(8,459,499)	(8,906,173)
Provision for Taxes:			
Current tax	29	(638,486)	(2,373,047)
Deferred tax	9.01	503,723	740,999
		(134,764)	(1,632,048)
Net profit/(loss) after income tax		(8,594,263)	(10,538,221)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(8,594,263)	(10,538,221)

The annexed notes form an integral part of these financial statements


CFO & Company Secretary


Managing Director (CC)


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: 2109011635AS598350

Place: Dhaka
Dated: 31 August 2021

Prime Finance Capital Management Limited

Statement of Cash Flows

For the year ended 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
A. Cash flows from operating activities		
Net received from/(payment to) portfolio customers	23,440,367	5,697,517
Net received from brokers	36,995,545	257,230,857
Fees and commission receipt	50,000	6,044,371
Payment for management expense	(21,330,831)	(36,538,861)
Received of dividend income	11,072,967	11,078,077
Received of interest income	54,800	41,422
Bank charge paid	(100,162)	(105,691)
Tax paid	(2,299,979)	(2,442,548)
Net Cash flows from/ (used in) operating activities	47,882,708	241,005,144
B. Cash flows from investing activities		
Received/ (Payment) against fixed assets	205,413	28,870,041
Received against/ (payment for) employees car loan/home loan	50,000	200,000
Net received from/(payment for) investment in shares/bond	(11,660,500)	81,317,407
Net cash flows from/ (used in) investing activities	(11,405,087)	110,387,448
C. Cash flows from financing activities		
Net payment against term loan	-	(48,879,688)
Payment for financial expenses	(38,728,004)	(123,462,315)
Net Received against/ (payment for) other loan	-	(38,394,070)
Net received from/ (payment for) overdraft facility	7,600,364	(25,034,282)
Net loan payment to inter company	(565,888)	(122,000,000)
Net cash flows from/ (used in) financing activities	(31,693,528)	(357,770,355)
D. Net cash flows for the period (A+B+C)	4,784,093	(6,377,763)
E. Opening cash and cash equivalents	12,949,288	19,327,050
F. Closing cash and cash equivalents (D+E)	17,733,381	12,949,288
Cash in hand	10,656	14,064
Cash at bank	17,722,725	12,935,225
	17,733,381	12,949,288

The annexed notes form an integral part of these financial statements


CFO & Company Secretary


Managing Director (CC)


Director


Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 31 August 2021

Prime Finance Capital Management Limited

Statement of Changes in Equity

For the year ended 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
Addition during 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

For the year ended on 31 December 2019

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

The annexed notes form an integral part of these financial statements


CFO & Company Secretary


Managing Director (CC)


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: 2109011635AS598350

Place: Dhaka
Dated: 31 August 2021

Prime Finance Capital Management Limited

Schedule of Property, plant and equipment

As at 31 December 2020

Annexure - A
Amount in Taka

PARTICULARS	COST				DEPRECIATION				WDV as on 31.12.2020
	Balance as on 01.01.2020	Addition during the year	Disposal during the year	Balance as on 31.12.2020	Rate	Balance as on 01.01.2020	Charged during the year	Adjustment during the year	Balance as on 31.12.2020
Furniture & Fixture	18,162,249	-	-	18,162,249	15%-20%	16,441,149	1,700,826	-	18,141,975
Electrical Equipment	9,586,995	25,824	(1,546,029)	8,066,790	20%	8,558,844	334,657	(1,546,029)	7,347,472
Motor Vehicle	4,043,340	-	-	4,043,340	20%	2,322,267	808,669	-	3,130,936
Office Decoration	9,448,426	-	-	9,448,426	15%	7,664,887	1,041,239	-	8,706,126
As on December 31, 2020	41,241,010	25,824	(1,546,029)	39,720,805		34,987,147	3,885,390	(1,546,029)	37,326,508
As on December 31, 2019	48,796,809	1,736,989	(9,292,788)	41,241,010		34,727,618	5,329,645	(5,070,116)	34,987,147
									6,253,863

Prime Finance Capital Management Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2020

1. 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, 2020 were authorized for issue in accordance with a resolution of the Board of directors on 31 August 2021.

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, 2020.

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, 2020 to December 31, 2020.

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%-20.0%
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 2020. Applicable tax rate for the Company as a Merchant Bank is 37.5%.

6.07 Deferred Tax

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

current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

6.08 Revenue recognition

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

6.8.1 Income from margin loan

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

6.8.2 Income from portfolio management fee

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

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

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

6.8.4 Capital gain on listed shares

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

6.09 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 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 1987.

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 Property, plant and equipment

A. Cost

Opening balance	41,241,010	48,796,809
Addition during the year	25,824	1,736,989
Disposal during the year	(1,546,029)	(9,292,788)
Total cost	39,720,805	41,241,010

B. Accumulated Depreciation

Opening balance	34,987,147	34,727,618
Depreciation charged during the year	3,885,390	5,329,645
Adjustment during the year	(1,546,029)	(5,070,116)
Total accumulated depreciation	37,326,508	34,987,147

C. Written Down Value (A-B)

2,394,297	6,253,863
------------------	------------------

Details of Property, plant & equipment are shown in the (Annexure - A)

8.00 Investment in shares

Quoted shares	564,886,374	545,491,443
Un-quoted shares	5,000,000	5,000,000
	569,886,374	550,491,443

9.00 Deferred tax assets

Opening balance	(4,899,900)	(4,158,901)
Addition during the year (Note - 9.01)	(503,723)	(740,999)
Closing balance	(5,403,623)	(4,899,900)

	Amount in Taka	
	2020	2019
9.01 Written down value of fixed assets	2,394,297	6,253,863
Tax base	16,803,957	19,320,262
Deductible temporary difference	(14,409,660)	(13,066,399)
Tax rate	37.50%	37.50%
Closing balance of deferred tax asset	(5,403,623)	(4,899,900)
Opening balance of deferred tax asset	(4,899,900)	(4,158,901)
Addition during the year	(503,723)	(740,999)

10.00 Margin loan

Margin loan	2,553,243,737	2,514,011,585
	2,553,243,737	2,514,011,585

Margin loan represents outstanding loan balance provided to portfolio clients against margin deposit. Margin loan is provided as per the guidelines of Bangladesh Securities and Exchange Commission.

11.00 Accounts and others receivable

Receivable from PFI Securities Limited	389,488,527	390,166,007
Receivable from Vision Capital Management Limited	13,213,433	543,244
Receivable to sharp securities Limited	177,907	-
Other receivables	1,819,458	4,435,511
	404,699,325	395,144,762

12.00 Advance, deposit and prepayments

Advance income tax (Note - 12.1)	78,790,206	76,510,248
Advance for investment in shares	46,619,826	49,431,131
Other advances (Note -12.2)	17,379,916	18,518,000
	142,789,948	144,459,379

12.01 Advance income tax

Opening balance	76,510,248	146,732,504
Add: Addition during the year	2,279,958	2,356,110
	78,790,206	149,088,614
Less: Adjustment during the year	-	72,578,366
Closing balance	78,790,206	76,510,248

12.02 Other advances

Advance against employee house building finance	15,135,849	15,692,369
Advance against employees' car finance	544,496	1,011,152
Other advances	1,699,571	1,814,479
	17,379,916	18,518,000

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

13.00 Cash and cash equivalents

Cash in hand (Note - 13.01)	10,656	14,064
Cash at bank (Note-13.02)	17,722,725	12,935,224
	17,733,381	12,949,288

	Amount in Taka	
	2020	2019
13.01 Cash in hand		
Cash in hand	1,377	676
Stamp in hand	9,279	13,388
	10,656	14,064

13.02 Cash at bank

Name of bank	Account number	Type of account	Name of branch	Balance as on Dec 31, 2020	Balance as on Dec 31, 2019
Mutual trust bank Ltd.	0012-0320000955	SND	Dilkusha	1,386,490	706,477
Shahjalal islami bank Ltd.	4001-13100001266	SND	Dhaka main branch	8,526	9,406
Shahjalal islami bank Ltd.	4001-13100002122	SND	Dhaka main branch	15,625,012	10,895,256
Shahjalal islami bank Ltd.	4001-13100002139	SND	Dhaka main branch	134,998	1,181,362
Shahjalal Islami Bank Ltd.	4001-13100002842	SND	Dhaka main branch	2,600	3,681
Shahjalal islami bank Ltd.	1802-13100000115	SND	Rajshahi branch	23,099	23,099
Shahjalal islami bank Ltd.	4001-13100002701	SND	Dhaka main branch	460,116	11,187
NCC bank Ltd.	0028-0325000386	SND	Dilkusha	7,847	8,615
First security islami bank Ltd.	0101-13100002161	SND	Dilkusha	27,739	29,312
Dutch bangla bank Ltd.	1011100030730	CD	Dilkusha	42,419	59,621
National bank Ltd.	005836003503	SND	Dilkusha	477	1,584
National bank Ltd.	005836001021	SND	Motijheel	666	1,769
Eastern bank Ltd.	1111220133464	SND	Shyamoli	2,737	3,854
Total				17,722,725	12,935,224

14.00 Share capital

Authorized:

500,000,000 ordinary shares of Tk 10 each	5,000,000,000	5,000,000,000
---	---------------	---------------

Issued and paid capital

100,000,000 ordinary shares of Tk. 10 each issued for cash	1,000,000,000	1,000,000,000
60,000,000 ordinary shares of Tk. 10 each issued for cash as rights issue	600,000,000	600,000,000
16,000,000 ordinary shares of Tk. 10 each issued as bonus share	160,000,000	160,000,000
17,600,000 ordinary shares of Tk. 10 each issued as bonus share	176,000,000	176,000,000
9,680,000 ordinary shares of Tk. 10 each issued as bonus share	96,800,000	96,800,000
	2,032,800,000	2,032,800,000

14.01 Share holding position are as follows

Name of shareholder	% of Share	Number of Share	Balance as on Dec 31, 2020	Balance as on Dec 31, 2019
Prime Finance & Investment Limited	60.00%	121,968,000	1,219,680,000	1,219,680,000
Mr. K. M. Rakib Hasan	6.00%	12,196,800	121,968,000	121,968,000
Mr. Waheed Mahmud Khaled	4.59%	9,338,175	93,381,750	93,381,750
Mr. Nazim Asadul Haque	6.00%	12,196,800	121,968,000	121,968,000
Mr. Rubaiyat Khaled	3.85%	7,830,900	78,309,000	78,309,000
Mr. Tauseef Iqbal Ali	3.00%	6,098,400	60,984,000	60,984,000
Mr. Md. Aliuzzaman	0.30%	600,600	6,006,000	6,006,000
Syeda Tasnuva Khanam	3.00%	6,098,400	60,984,000	60,984,000
GQ Enterprise Limited	4.00%	8,131,200	81,312,000	81,312,000
Agami Apparels Limited	4.00%	8,131,200	81,312,000	81,312,000
Mr. Shahriar Khaled	3.85%	7,830,900	78,309,000	78,309,000
Ms. Sarwat Khaled Simin	1.41%	2,858,625	28,586,250	28,586,250
Total	100%		2,032,800,000	2,032,800,000

	Amount in Taka	
	2020	2019
15.00 Retained earnings		
Opening balance	(26,610,965)	(16,072,744)
Profit / (Loss) during the year	(8,594,263)	(10,538,221)
Closing balance	(35,205,228)	(26,610,965)

16.00 Long term loan

Bangladesh Finance & Investment Company Limited	356,487,119	379,286,999
---	-------------	-------------

"Notes: The Company has a short term loan with Bangladesh Finance & Investment Company 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. vide letter no.BFIC/REF/2021/Feb/27950 dated 1 February 2021 against total liability of Tk. 37,92,86,999/- (Taka thirty seven crore ninety two lac eighty six thousand nine hundred ninety nine) only shown in the financial statements for the year 2020 and waiver the remaining amount. Considering the prudent concept of accounting, the balance of loan has not been decreased during the year 2020 which is more than the rescheduled amount

17.00 Margin deposit

Margin deposit	11,232,083	9,670,976
	11,232,083	9,670,976

18.00 Current account with Parent Company

Prime Finance & Investment Limited	961,276,094	1,082,246,029
Addition during the year	44,603,232	-
Payment made during the year	-	(120,969,935)
	1,005,879,326	961,276,094

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

19.00 Short term loan

Current Portion of Bangladesh Finance & Investment Company Ltd.	22,799,880	-
Midland Bank Limited	75,396,062	68,885,182
	98,195,942	68,885,182

Terms & Conditions

Name of financial Institute	Midland Bank Limited
A/C no.	0011-2050000091
Nature of facility	Overdraft (General)
Period	01 (one) year.P.A. with quarterly basis or as revised by the bank from time to time.
Interest rate	9.00%
Credit limit	Tk.10.00 core (Taka Ten Core) only.
Purpose	To meet working capital requirement.

	Amount in Taka	
	2020	2019
20.00 Accounts payable		
Payable to Vision Capital Management Limited	12,732,944	540,902
Payable to PFI Securities Limited	2,061,972	290,705
Payable to sharp securities Limited	149,799	-
	14,944,715	831,607

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

21.00 Other payables

Interest payable	-	1,038,921
Audit fee payable	86,250	74,748
Suspense receipts PIA dividend income	8,532,730	7,348,421
Gratuity and super annuation fund payable	5,025,133	3,238,217
Provision for doubtful losses	59,224,408	53,376,115
Others	37,985,729	36,669,913
	110,854,250	101,746,336

22.00 Fees and commission

Issue management fee	-	1,675,000
Underwriting commission	-	725,000
Portfolio management fee	11,332,603	16,724,210
Corporate advisory fee	100,000	700,000
Service charge from IPO	8,485	10,640
	11,441,088	19,834,850

23.00 Interest on margin loan

Interest on margin loan	86,189,676	217,137,434
	86,189,676	217,137,434

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

24.00 Capital gain/loss on sales of listed company's shares

Capital gain/loss on sales of listed shares	2,135,825	(77,710,020)
	2,135,825	(77,710,020)

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

25.00 Others income

Income from bank interest of STD accounts	54,806	40,944
Dividend income	11,072,941	11,078,638
Documentation fee	14,000	29,000
Interest on employees' home loan	385,080	-
Gain on sales of fixed assets	288,372	378,574
	11,815,199	11,527,156

26.00 Financial expenses

Interest on loan	82,858,203	126,381,161
	82,858,203	126,381,161

	Amount in Taka	
	2020	2019
27.00 Management expenses		
Salaries and allowances	20,173,010	26,905,871
Legal and professional fees	68,330	109,930
Audit fee	86,250	74,748
CDBL charges	95,690	366,392
Office maintenances	773,248	1,685,873
Recruitment and human resources	118,432	170,500
Bank charges	100,162	117,213
Books and periodicals	6,184	21,640
Telephone, postage etc.	139,987	155,573
Stationeries	81,091	184,243
Directors' fees	284,448	417,783
Car allowances	960,000	960,000
Office rent	2,648,680	5,186,960
Motor vehicle expenses	255,350	504,406
Meeting expenses	28,448	55,547
Subscription and fees	150,000	150,000
Medical and employee welfare	370,000	378,434
Utility expenses	942,472	1,480,423
Business development and publicity	164,013	1,386,861
Brokerage commission and charges	3,608	70,545
Depreciation	3,885,390	5,329,645
	31,334,792	45,712,588

28.00 Provision for Investment and margin loan

Provision for doubtful loss	5,848,293	7,601,844
	5,848,293	7,601,844

Notes:- Provision for doubtful loss represents provision made against diminishing in value of investment in shares in company's portfolio which has been made on the basis of directive of Bangladesh Securities and Exchange Commission dated 28 December 2016 and ammendment made thereon from time to time.

29.00 Provision for of Income tax

Opening balance	100,323,991	170,529,310
Add: Provision during the year	638,486	2,373,047
	100,962,478	172,902,357
Less: Adjustment during the year	-	72,578,366
	100,962,478	100,323,991

30.00 Information based on per share

30.01 Net Assets Value (NAV)

Shareholders' equity	1,997,594,772	2,006,189,035
Number of ordinary shares outstanding during the year	203,280,000	203,280,000
Net Assets Value (NAV) per share	9.83	9.87

	Amount in Taka	
	2020	2019
30.02 Weighted average number of shares		
100,000,000 ordinary shares of Tk. 10 each issued for cash	100,000,000	100,000,000
60,000,000 ordinary shares of Tk. 10 each issued for cash as rights issue	60,000,000	60,000,000
16,000,000 ordinary shares of Tk. 10 each issued as bonus share	16,000,000	16,000,000
17,600,000 ordinary shares of Tk. 10 each issued as bonus share	17,600,000	17,600,000
9,680,000 ordinary shares of Tk. 10 each issued as bonus share	9,680,000	9,680,000
Total weighted average number of shares	203,280,000	203,280,000

31.00 Other commitments, contingencies and relevant information

31.01 Contingent liabilities

There was no contingent liability as at December 31, 2020.

31.02 Capital expenditure commitment

There was no capital expenditure commitment or contract at December 31, 2020. There was no material capital expenditure authorized by the Board but not contracted for as at December 31, 2020.

31.03 Directors' interest in contracts with the company

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

31.04 Segment reporting

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

32.00 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 per annum or above was 12.

33.00 Related party transaction

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

34.00 General

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

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


CFO & Company Secretary


Managing Director (CC)


Director


Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 31 August 2021

PFI Securities Limited
Statement of Financial Position
As at 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
ASSETS		
Current Assets		
Cash and Bank Balances	185,163,284	391,042,906
Accounts Receivable from Exchange Depository and CCP	-	-
Accounts Receivable from Securities Trading	3,284,012	2,257,685
Receivable from Margin Clients	7,016,758,936	7,001,864,197
Net Receivable from Other Clients	1,262,789,371	799,201,429
Amount Receivable from Securities Dealer (if Subsidiary)	-	-
Net Receivables Aries from Short Sale	-	-
Advance Income Tax	42,200,634	31,812,541
	8,510,196,236	8,226,178,758
Non-Current Assets		
Proprietary Positions in Securities & Specified Investments	72,525,983	85,287,161
other Assets Arising from	-	-
Advance /Investments in Associated Undertaking	4,526,536	13,550,998
Property, Plant and Equipment	1,157,600,532	431,224,875
Intangible Assets	44,453	2,220,991
Right of Use of Assets	11,779,598	-
Value of Investment in Exchange (against Membership Value)	96,986,590	381,500,000
Other Long Term Assets	105,020,000	132,020,000
	1,448,483,691	1,045,804,025
Total Assets	9,958,679,928	9,271,982,781
EQUITY AND LIABILITIES		
Liability		
Current Liabilities		
Payable to Clients	29,381,527	7,215,342
Short Term Borrowing from Bank	3,580,453,782	3,285,943,975
Amounts Payable to Clearing House/ Exchanges/ Depository etc	1,015,593	2,962,090
Other Liabilities and Provisions	2,259,697,150	2,131,548,319
	5,870,548,052	5,427,669,726
Non-Current Liabilities		
Long Term Loan Liabilities (Other than Current Portion Amount)	2,586,676,513	2,738,522,869
Lease Liabilities	11,042,942	-
	2,597,719,455	2,738,522,869
Shareholders' Equity		
Share Capital	1,758,120,000	1,758,120,000
General Reserve	50,000,000	150,000,000
Revaluation Reserve	824,963,125	443,887,500
Retained Earnings	(1,142,670,705)	(1,246,217,316)
	1,490,412,420	1,105,790,184
Total Equity and Liabilities	9,958,679,928	9,271,982,781
Net Assets Value (NAV) per Share of Tk. 10 each	8.48	6.29

sd/-
CEO & Managing Director (CC)
& Company Secretary

sd/-
Director

sd/-
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: 2109011635AS598350

Place: Dhaka
Dated: 11 August 2021

PFI Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
Operating Income	850,895,141	767,396,812
Less: Operating Expenses	(8,320,688)	9,516,098
Gross Profit/(Loss)	842,574,452	757,880,714
Less: Management Expenses	112,008,923	144,649,798
Financial Expenses	744,140,235	657,925,734
Operating Profit/(Loss)	(13,574,705)	(44,694,818)
Add: Other Income	40,463,835	72,281,337
Profit/(Loss) Before Provision and Income Tax	26,889,129	27,586,519
Less: Provision for Margin Loan	20,000,000	18,000,000
Profit/(Loss) Before Income Tax	6,889,129	9,586,519
Less: Provision for Income Tax	(5,736,467)	5,000,000
Provision for Deferred Tax	2,393,948	2,443,245
Net Profit/(Loss) After Income Tax	3,546,611	2,143,274
Add: Other Comprehensive Income	-	-
Revaluation Reserve	381,075,625	-
Total Comprehensive Income/(Loss)	384,622,236	2,143,274
Earnings Per Share (EPS) of Tk. 10 each	0.02	0.01

sd/-
CEO & Managing Director (CC)
& Company Secretary

sd/-
Director

sd/-
Chairman

Signed in terms of our separate report of even date annexed

Place: Dhaka
Dated: 11 August 2021

sd/-
Md. Farhad Husain Suman FCA
Partner
Enrollment No. : 1635
K. M. HASAN & CO.
Chartered Accountants
DVC: 2109011635AS598350

Prime Finance Asset Management Company Limited

Statement of Financial Position

As at 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
ASSETS		
Non-current assets:		
Property, plant and equipment:	2,700,690	4,153,060
Deferred tax asset	1,126,757	920,886
Total Non-Current Assets	3,827,447	5,073,946
Current Assets :		
Advance Income Tax	13,968,250	13,452,248
Car loan to employees (Current maturity)	-	38,920
Advance, deposits and prepayments	10,175,100	9,719,764
Trade and Other Receivables	8,106,935	13,421,588
Investment in Marketable securities	24,139,825	10,639,291
Short term investment	20,000,000	25,675,000
Cash and cash equivalents	24,991,505	26,742,408
Total Current Assets	101,381,613	99,689,220
Total Assets	105,209,060	104,763,166
Equity and Liability		
Shareholders' Equity		
Share Capital	66,000,000	66,000,000
Retained Earnings	674,261	328,905
Total Shareholders' Equity	66,674,261	66,328,905
Non-Current Liabilities		
Liability for Gratuity	4,760,044	4,839,944
Liability for Provident Fund	10,158,883	9,118,313
Total Non-Current Liabilities	14,918,927	13,958,257
Current Liabilities		
Withholding Tax and VAT	792,093	235,854
Provision for Income Tax	14,116,172	13,544,513
Payables and Accruals	209,077	209,077
Other Liabilities	8,498,530	10,486,560
Total Current Liabilities	23,615,872	24,476,004
Total Liabilities	38,534,799	38,434,261
Total Liabilities & Shareholders' Equity	105,209,060	104,763,166
Net asset value (NAV) per share	101.02	100.50

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: 04 May 2021

sd/-
Md. Farhad Husain Suman FCA
Partner, Enrollment No. : 1635
K. M. Hasan & Co.
Chartered Accountants
DVC: 2105081635AS819492

Prime Finance Asset Management Company Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
Operating Revenue		
Income from fees	14,050,918	17,682,247
Capital gain	4,264,448	2,380,773
Dividend income	726,070	645,033
	19,041,436	20,708,053
Operating Expenses		
Administrative expenses	(19,546,921)	(22,419,134)
Financial expenses	(39,929)	(32,669)
	(19,586,850)	(22,451,803)
Profit/(Loss) from Operating Activities	(545,414)	(1,743,750)
Non Operating Income	1,256,558	2,871,274
Profit/(Loss) Before Provision and Income Tax	711,144	1,127,524
Provision for unrealized loss on Investment	-	(480,858)
Profit/(Loss) Before Income Tax	711,144	646,666
Income tax expense:		
Current tax	(571,659)	(721,215)
Deferred tax (expense)/income	205,871	145,999
	(365,788)	(575,216)
Net profit/(Loss) After Tax	345,356	71,450
Other Comprehensive Income	-	-
Total Comprehensive Income for the year	345,356	71,450
Earnings per share (EPS) of Tk. 100 each	0.52	0.11

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: 04 May 2021

sd/-
Md. Farhad Husain Suman FCA
Partner, Enrollment No. : 1635
K. M. Hasan & Co.
Chartered Accountants
DVC: 2105081635AS819492

Prime Prudential Fund Limited
Statement of Financial Position
As at 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
Non-current assets	-	-
Current assets:		
Cash and cash equivalents	4,060	1,194,573
Investment in shares	-	3,747,390
Advance corporate tax	984,933	823,244
Investment in FDR	15,559,294	9,000,000
Accrued interests on Deposits	440,267	243,056
Accounts Receivable	36,895	569,473
Total current assets	17,025,449	15,577,735
Total assets	17,025,449	15,577,735
Shareholders' equity:	16,228,853	14,922,427
Share capital	24,600,000	24,600,000
Retained earnings	(8,371,147)	(8,850,613)
Revaluation Reserve	-	(826,960)
Non-current liabilities	-	-
Current liabilities:		
Payable to Prime Finance & Investment Limited	330,775	309,075
Provision for audit fee	66,750	108,750
Liability to employees	-	-
Corporate tax liability	389,763	228,175
Tax payable	9,308	9,308
Total current liabilities	796,596	655,308
Total shareholders' equity and liabilities	17,025,449	15,577,735

sd/-
Director

sd/-
Director

sd/-
Director

Signed in terms of our separate report of even date annexed

sd/-

Place: Dhaka, Bangladesh
Dated: 31 August, 2021

M. M. RAHMAN & CO.
Chartered Accountants
Md. Rafiqul Islam Khan, FCA
Partner
Enrolment No. 155
DVC: 2109130155AS823707

Prime Prudential Fund Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

PARTICULARS	Amount in Taka	
	2020	2019
Income		
Capital gain/(loss) from sale of shares	(685,535)	(959,167)
Cash dividend income	95,724	752,258
Misc. incom	-	635
Interest on Deposit	1,261,087	243,056
Bank interest income	1,585	40,828
Total operating income	672,860	77,608
Operating Expenses		
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	1,866	2,470
Depreciation	-	510
Bank charge and excise duty	8,940	4,035
Total operating expenses	31,806	28,015
Other Income	-	-
Profit/(loss) before tax	641,054	49,593
Provision for tax	161,588	103,888
Profit/(loss) after tax	479,466	(54,295)

sd/-
Director

sd/-
Director

sd/-
Director

Signed in terms of our separate report of even date annexed

sd/-

Place: Dhaka, Bangladesh
Dated: 31 August, 2021

M. M. RAHMAN & CO.
Chartered Accountants
Md. Rafiqul Islam Khan, FCA
Partner
Enrolment No. 155
DVC: 2109130155AS823707



PROXY FORM

(This form is for use at the 25th Annual General Meeting of Prime Finance & Investment Limited to be held on 28 October 2021)

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 25th Annual General Meeting of the Company to be held on

Thursday, 28 October 2021 at 10:30 a.m. virtually by using digital platform through the link : <https://pfildagm.alphanext.digital> and at

any adjournment thereof.



Signature of the Member:

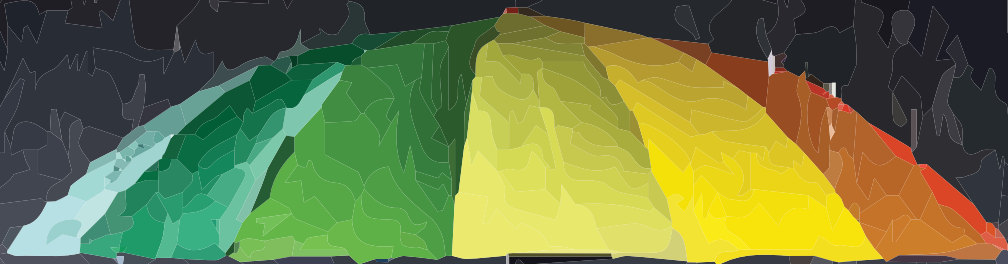
BO ID No. :

No. of shares :

Signature of the proxy :

Note:

A Shareholder 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. 20/- must be sent through e-mail to ird@primefinancebd.com not later than 48 hours before commencement of the AGM. Signature of the shareholders should agree with the specimen signature registered with the Depository Register.



Prime Protection Term Deposit

*Protection for you
and your family*



Credit Rating

Long term	Short term
A+	ST-3



Prime Finance
& Investment Limited

Please Call : 019 77 46 33 46

www.primefinancebd.com



View our 2020 Annual Report at:
www.primefinancebd.com



Prime Finance
& Investment Limited