

# DIRECTORS' REPORT

The Directors of Prime Bank PLC. ("PRIMEBANK" or "Bank") have the pleasure of presenting to the Members (registered shareholders on the Record Date 10 April 2025) the Directors' Report together with the Auditors' Report & Audited Financial Statements of the Bank for the year ended on 31 December 2024.

This report has been prepared in compliance with section 184 of the Companies Act 1994 and condition 1(5) of the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006158/207/Admin/80 dated 03 June 2018 and subsequent amendments titled "Corporate Governance Code".

This report provides relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency, and good corporate governance practices along with the details of the company's business performance, operations, and achievements for the year ended 31 December 2024.

## Principal Activities

The principal activities of the Bank are to provide all kinds of commercial banking services, both in conventional and Islamic (within given parameters) modes, to its customers that include extending credit/lending to different types of customers, receiving deposits, Consumer and SME financing, trade financing, project financing, lease and hire purchase financing, credit cards, remittance services, etc.

The Bank also extends services related to foreign currency-denominated assets and liabilities through its 3 (three) licensed Offshore Banking Units (Dhaka EPZ, Chittagong EPZ, & Adamjee EPZ), investment banking & advisory services through its merchant bank subsidiary, share trading services through its brokerage subsidiary, and remittance business through its Singapore subsidiary. Also, PBL Finance (Hong Kong) Limited advises, negotiates, confirms, and provides discounting facilities against LCs originating from PRIMEBANK and other banks in Bangladesh.

## Industry Outlook and Possible Future Development in the Industry

The outlook and possible future development in the Banking Industry are presented on page no. 88 as part of Management Discussion and Analysis.

## Segment-wise / Product-wise Performance of the Bank

The performance is presented on page no. from 88 to 89 as part of Management Discussion and Analysis.

## Cost of Goods Sold, Gross Profit Margin, and Net Profit Margin

The relevant discussion is presented on page no. 89 as part of Management Discussion and Analysis.

## Management Discussion and Analysis

Detailed discussion and analysis of the Bank's operation & position, amongst others, a brief discussion on changes in the financial statements is presented on page no. 88 to 90.

## Risk and Concerns

The banking industry in Bangladesh is facing significant internal and external risks that threaten its sustainability and operational stability. Key internal risk factors include poor governance, non-performing loans, credit defaults, inadequate risk management frameworks, liquidity mismatches, and cybersecurity vulnerabilities. On the other hand, external risks stem from macroeconomic volatility such as inflation, interest rate fluctuations, and geopolitical tensions along with regulatory changes, compliance failures, climate change and ESG pressures, and fintech disruption.

These combined risk factors disrupt market stability, weaken profitability, expose banks to legal penalties and reputational damage, erode stakeholder trust, and destabilize the broader financial ecosystem. This situation necessitates proactive risk mitigation and adaptive strategies.

The Board is fully aware of these developments and committed to maintaining an effective risk management framework across the Bank & its subsidiaries by timely identification, assessment, and addressing those affecting the short-term and foreseeable future.

## Utilization of proceeds from Public or Rights Issues & other instruments and its impact on Financial Performance

The Initial Public Offering (IPO) and Rights Issuance were made in 1999 and 2010 respectively. Later, 4 (four) subordinated bonds were issued in 2010, 2015, 2018, & 2023 for managing capital as per BASEL compliance requirements.

All funds raised under IPO, right issue, and bonds have already been utilized and duly reported to the regulators. No deterioration of financial results was observed after utilizing proceeds from the above instruments.

## Extra-Ordinary Activities & their Implications

No events of extraordinary gain or loss, which would require adjustment or disclosure in the financial statements, occurred during the reporting period.

## Capital Adequacy

The Capital to Risk Weighted Assets Ratio (CRAR) stands at 17.37% as on 31 December 2024 against the regulatory requirement of 12.50% (minimum total capital ratio plus capital conservation buffer). The Capital Adequacy report is presented on page no. 125.

## Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) rated the Bank AA1 (pronounced Double A one) in the long term and ST-1 for the short term with a stable outlook having validity up to 30 June 2025. The Credit Rating history is presented on page no. 73.

## Financial Statements & its Fairness

The financial statements of the Bank were duly scrutinized by the statutory/external auditors and presented fairly its state of affairs. Also, the financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994, relevant IAS and IFRS, relevant securities laws and directives, and Dhaka/Chittagong Stock Exchange (Listing) Regulations, 2015.

The Directors confirm to the best of their knowledge that:

- The Financial Statements, prepared by the Management of the Bank, present its state of affairs, the result of its operations, cash flows and changes in equity fairly;
- Proper books of account of the Bank have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgement, except voluntary reversion from “revaluation model” to “cost model” for the measurement of Bank’s land and building;
- International Financial Reporting Standards (IFRSs) have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There is no doubt upon the Bank’s ability to continue as a going concern.

## Variance between Quarterly Financial Performance and Annual Financial Statements

No significant variance was found between the quarterly & annual financial performances of the Bank for the year 2024. Quarterly Financial Performance is presented on page no. 72.

## Significant Deviations from the Last Year’s Result

The Net Profit after Tax (NPAT) increased by 53.92% compared to the same period of last year due to the net interest income, investment income and commission, exchange & brokerage.

## Key Operating and Financial Data of the Last Six Years

The key operating and financial data for the last six years with graphical presentation are given on page no. from 78 to 80.

## Certification of CEO & CFO on Financial Statements for the year 2024

The certificate is presented at Certification on Financial Statements on page no. 109.

## Audit Information

The Directors confirm to the best of their knowledge that:

- there is no relevant audit information of which the company’s auditors are unaware, and

- the Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the Bank’s Auditors are aware of that information.

## Appointment of Statutory Auditor and Corporate Governance Compliance Auditor

Pursuant to section 210 of the Companies Act 1994, Bangladesh Securities and Exchange Commission (BSEC) order no SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, the joint statutory auditors of the Bank M/S MABS & J Partners and M/S Hoda Vasi Chowdhury & Co. shall retire at this AGM. Both Firms, being eligible has offered their willingness to be reappointed and the Board of Directors recommended their re-appointment for the year 2025 & continuation till the end of the next AGM at a VAT exclusive remuneration of BDT 50 Lac (Taka Fifty Lac) only (i.e., BDT 25 Lac for each auditor) subject to the required approval of the Members. Notably, the audit fees have been increased significantly to address the increased scope of work under ব্যাংক-কোম্পানী বহিঃ নিরীক্ষণ বিধিমালা, ২০২৪।

Also, the Corporate Governance Compliance Auditor M/S Jasmin & Associates (Chartered Secretaries) has offered their willingness to be appointed and the Board of Directors recommended their appointment for the year 2025 at a VAT exclusive remuneration of BDT 70,000.00 (Taka Seventy Thousand) only subject to the approval of the Members.

## Director’s Profile

The profiles of the Board of Directors, including 5 (five) retiring Directors (who are eligible for re-appointment/re-election at the 30th AGM) and 2 (two) new Independent Directors (whose appointment would be ratified in the same meeting) are presented on the page no. from 44 to 62.

## Pattern of Shareholdings

Detailed shareholdings, including patterns, are presented at the Statement of Shareholding on page no. from 104 to 106.

## Related Party Transaction

Transactions with related parties are made on a commercial basis on the principle of arm’s length and in the ordinary course of business. Disclosure of all related party transactions, including the basis for such transactions, is presented in Notes 49 of the notes to the audited financial statements on page no. 266.

## Shareholders Rights

The Board upholds the principle of equal shareholders’ rights regardless of their shareholdings. It believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company - the Shareholders.

## Protection of Minority Shareholders

The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency, and accountability. The Board of Directors shall always act in a manner that will be in the best interest of the Company.

## Board Meeting and Meetings of its Assistive Committee

The Board of Directors has 3 (three) functional Assistive Committees at present, namely a) Executive Committee, b) Audit Committee, and c) Risk Management Committee. As per BRPD circular letter no. 21 dated 12 May 2024, the role of Nomination & Remuneration Committee (NRC) is carried out by the Audit Committee.

During the year 2024, the Board of Directors met 17 (seventeen) times, the Executive Committee met 8 (eight) times, the Audit Committee met 7 (seven) times, and the Risk Management Committee met 4 (four) times. Leave of Absence were granted to the Directors, who communicated their inability to attend the meetings due to preoccupation. The attendance record of the Directors is shown at the Statement of Attendance Record of the Directors on page no. 102.

## Honorarium Paid to the Directors

A total of BDT 2,770,000.00 (exclusive of VAT) has been paid as an honorarium for attending meetings to the Directors during 2024, while a total of BDT 1,650,000.00 (exclusive of VAT) has been paid as monthly honorarium only to the Independent Directors during the same period. Details of both are shown in the Statement of Honorarium Paid to the Directors on page no. 103.

## Changes in the Board of Directors

During 2024, two Independent Directors - Mr. Anwaruddin Chowdhury FCA & Dr. Sharif M. N. U. Bhuiyan retired from the Board after serving for one tenure, while two new Independent Directors - Mrs. Nazia Kabir and Dr. Mohammad Mosttafa Shazzad Hasan, FCA were appointed as their replacement. Notably, both of their appointment would be ratified in the forthcoming 30th AGM.

## Appointment, Retirement, & Re-Appointment/ Reelection of Directors

At the forthcoming 30th Annual General Meeting (AGM), one-third (1/3rd) of the Directors holding longest in office shall retire as per clause 107 & 108 of Article of Association (AOA) of the Bank, applicable laws, and regulatory directives/ notifications/circulars.

Accordingly, Mr. Tanjil Chowdhury, Mr. Quazi Sirazul Islam, Mr. Mohammed Nader Khan, Mrs. Salma Huq, and Mr. Nafis Sikder will retire at the forthcoming 30th AGM. Being eligible, all retiring Directors are proposed by the Board of Directors for re-appointment/re-election at the 30th AGM. Also, the appointment of two new Independent Directors - Mrs. Nazia Kabir and Dr. Mohammad Mosttafa Shazzad Hasan, FCA would be ratified in the same meeting.

## Internal Control & Compliance

The Board, together with its Audit Committee, has established an effective internal control system that operates independently from the management. They remain vigilant in monitoring the performance of this internal control system to ensure a satisfactory qualitative standard for the bank's loan & investment portfolio. Additionally, the Board reviews the reports forwarded by the Audit Committee concerning compliance with the recommendations made in both internal & external audit reports, as well as various inspection reports from Bangladesh Bank.

## Risk Management

The Board ensures the risk oversight primarily through its Risk Management Committee and approves the risk appetite, risk tolerance, risk limit, & risk strategies proposed by the Management.

## Governance of the Board of Directors of Subsidiary Companies

The Bank's representation in the subsidiary company's Board was ensured in line with condition 2 of the Corporate Governance Code 2018. Minutes of the Board meetings of the subsidiary companies were placed before the Board of the holding company, duly reviewed, and then recorded. The Audit Committee of the Board of the Bank also reviewed the periodical & annual financial statements of the subsidiaries.

## Notice of the Meeting

The notice of the 30th Annual General Meeting, duly served on 13 April 2025, is shown on page no. 14.

## Declaration of Dividend (Cash or Stock and Interim or Final)

The Board of Directors of the Bank recommended a 17.50% Cash & 2.50% Stock dividend for the year 2024, which is subject to the approval of Members in the ensuing 30th AGM scheduled on 5 May 2025. No cash or stock dividend was declared as an interim dividend during 2024.

The proposed stock dividend has been declared to strengthen the capital base of the Bank in order to support business growth and has been declared out of the current year's profit, capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Bank or through reducing paid up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

The dividend distribution policy as adopted by the Board, and year-wise dividend declaration (including outstanding & unclaimed dividends) are shown on page no. 122, and page no. 107 to 108 respectively.

## Financial Results and Appropriations

The Directors are pleased to report the financial results for the year 2024 and recommend the following appropriations:

Particulars	2024	2023
Profit before taxation	12,080,970,966	6,820,744,392
Less: Provision for tax	4,635,207,253	1,983,097,753
Profit after tax	7,445,763,713	4,837,646,639
Add: Un-appropriated profit brought forward	8,232,037,888	5,375,887,334
Profit available for distribution (a)	11,665,612,453	6,737,369,993
Less: Appropriations		
Statutory reserve	-	-
Dividend (Cash) (b)	2,264,566,954	1,981,496,085
Un-appropriated profit C/F (c)	13,413,234,647	8,232,037,888

(a) Excludes deferred tax income (i.e., BDT 4,012,189,148 for 2024 and BDT 3,476,163,980 for 2023) which is not distributable as dividend as per Bangladesh Bank BRPD circular no.11 dated 12 December 2011.

- (b) Recommended by the Board of Directors.
- (c) Includes deferred tax income (i.e., BDT 4,012,189,148 for 2024 and BDT 3,476,163,980 for 2023), which is not distributable as dividend.

### Events subsequent to Balance Sheet

The Directors are aware of the following matter or circumstance that has arisen since the end of the year 2024 up to the date of approval of financial statements by the Board of the Bank that may significantly affect the operations of the Bank, the results of its operations or its state of affairs:

- The Board of Directors in its 573rd meeting held on 13 March 2025 recommended a 17.50% Cash & 2.50% stock dividend for the year 2024.

### Human Resources

PRIMEBANK recognizes employees as the primary source of its competitiveness and continues to focus on their development. It believes in equal opportunity & competency in the workplace irrespective of race, religion, sex, and color. The relationship between the management and the employees in the company was excellent throughout the year.

### Environment, Health & Safety

The Bank places utmost priority on promoting a congenial environment and health & safety culture and continuous improvement of the same in line with local legislation, international guidelines, and best practices.

### Insider Trading

The members of the Board, its assistive committees, its Senior Management & their family members were not involved in any insider trading and did not violate the provision concerning insider trading as per available records.

### Compliance with Laws and Regulations

The Bank is not engaged in any activities contravening the laws and regulations.

### Corporate Governance Approach

The Bank recognizes that a robust & sound governance framework is vital for value creation for its stakeholders and sustainable operation. The Board of Directors & Management are pledged bound to continue implementing the highest standards of Corporate Governance in the Bank through a culture of accountability, transparency, and well-understood policies and procedures.

The Corporate Governance Report on page no. from 98 to 102 provides a detailed view of the approach.

### Certification on Compliance of the Corporate Governance Code

The certificate issued by M/S Suraiya Parveen & Associates, Chartered Accountants is shown on page no. 112.

### Corporate Social Responsibility

The Bank spent BDT 49,224,554 as CSR Expense in 2024. The expenditure in education, health, environment (climate change mitigation & adaptation), and others sectors are

27.69%, 17.55%, 10.59%, and 44.17% respectively. This is additional to its donation & sponsorship for various events and expenditure by the Prime Bank Foundation, dedicated CSR wing of the Bank.

### Contribution to the National Exchequer

The Bank contributed BDT 9,802 million to the national exchequer in the form of taxes and VAT in 2024. A Comparative contribution is presented on page no. 82.

### Recognition

PRIMEBANK is being recognized by various entities as a reward for its relentless efforts to the best practices in its operation, financial reporting, and required disclosures. Notable awards/recognition achieved in 2024 are:

- Best Loan Adviser, Best Syndicated Loan for Energy Efficiency, and Best Syndicated Loan for Microfinance & Agribusiness by The Asset Triple A Awards 2024.
- Best Retail, Best Environmental Sustainable, Best Investment Bank, and Best CSR Bank Bangladesh by Global Business Magazine 2024.
- Best Private Commercial Bank, Most Sustainable Bank Bangladesh by Brands Review Magazine Award Winner 2024.
- Syndicated Loan of the Year by Asian Banking & Finance Corporate & Investment Banking Awards 2024.
- Leading SME Financial Support Initiative - Global Brand Frontier Awards 2024 by Boston Brand Media.
- Most Innovative SME Bank by International Finance Awards 2024.
- Best Local Commercial Bank by World Economic Magazine Award 2024.
- Bangladesh's Best Bank for ESG by Euromoney Awards for Excellence 2024.
- Top Tax Payer by National Board of Revenue (NBR).

### Conclusion

The Board extends its heartfelt gratitude to all members of the Prime Bank family for their continuous efforts & hard work toward the success of the Bank. The Board also expresses its sincere appreciation to all valued customers, regulators, and all other stakeholders who have trusted the Bank for the last 30 years of its journey and reposed their confidence in us.

Lastly, the Board reassures all that the Bank will further strengthen its foothold in the banking industry by continuing its legacy of finding success in all adversities that may come our way.

Thank You.

For and on behalf of the Board of Directors.



**Tanjil Chowdhury**  
Chairman