



Financial Statements

for the year ended 31 December 2022



Independent Auditor's Report

To the Shareholders of Prime Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Prime Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Prime Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2022 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note # 2.

Basis for Opinion

We conducted our audit in accordance with 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 Bank 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
1. Measurement of provision for loans, advances, and leases	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:
For the individual analysis, provisions consider the estimates of future business performance and the market value of the collaterals provided for credit transactions.	• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;
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.	• Identified the loss events, including early warning and default warning indicators; and
At year end, the Group reported total gross loans and advances of BDT 298,202.99 million (2021: BDT 264,962.38 million) and provision for loans and advances of BDT 14,259.78 million (2021: BDT 13,927.09 million). On the other hand, the Bank reported loans and advances of BDT 296,481.35 million (2021: BDT 263,015.35 million) on a solo basis.	• Reviewed the quarterly Classification of Loans (CL).
We need to focus on the following significant judgements and estimates that may give rise to material misstatement or management bias:	Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:
• Completeness and timing of recognition of loss events in accordance with criteria set out in relevant BRPD and other relevant Circulars issued by Bangladesh Bank;	• Reviewed the adequacy of the Bank's general and specific provisions;
• 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.	• Assessed the methodologies on which the calculation of provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information.
Provision measurement is primarily dependent upon key assumptions relating to the probability of default, ability to repossess collateral, and recovery rates.	• Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note # 7, 8 and 14 to the financial statements	For consolidation purposes we relied on the audited financial statements in the case of Prime Bank Investment Limited, Prime Bank Securities Limited, Prime Exchange Co (Pte) Limited, Singapore, and PBL Finance (Hong Kong) Limited subsidiaries and on the unaudited financial statements in the case of PBL Exchange (UK) Limited for which audit is not mandatory. The relevant figures of the subsidiaries are not material in the context of the Group as a whole.
2. Valuation of Treasury Bills and Treasury Bonds	
The classification and measurement of Treasury Bills and Treasury Bonds require judgment and complex estimates.	We assessed the processes and controls put in place by the Bank to identify and confirm the existence of Treasury Bills and Treasury Bonds.
In the absence of a quoted price in an active market, Treasury Bills and Treasury Bonds fair value is determined using Bangladesh Bank's guidelines and complex valuation techniques that may take into consideration direct or indirect unobservable market data and complex pricing models.	We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the Treasury Bills and Treasury Bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.
Significant judgment is required in relation to deferred tax assets, and liabilities as their recoverability and adjustment are dependent on forecasts of future profitability over a number of years.	We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.
See note # 6(a) to the financial statements	Finally, we assessed the appropriateness and presentation of disclosures in accordance with the Bangladesh Bank guidelines.
3. Measurement of deferred tax assets and liabilities	
The Bank disclosed deferred tax assets and deferred tax liabilities of BDT2,804.87 million (BDT 1,991.89 million in 2021) and BDT 1,151.19 million (BDT 761.53 million in 2021) respectively as of 31 December 2022.	We obtained an understanding, and evaluated the design, the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets & liabilities and the assumptions used in estimating the Bank's future taxable income.
Significant judgment is required in relation to deferred tax assets, and liabilities as their recoverability and adjustment are dependent on forecasts of future profitability over a number of years.	We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.
See note # 10(a) and 14(a) to the financial statements	We involved tax specialists in assessing key assumptions, controls, recognition, and measurement of deferred tax assets and liabilities.
4. Carrying value of Investments in subsidiaries by the Bank	
The Bank has invested in equity shares of its five subsidiaries, namely Prime Bank Investment Limited, Prime Bank Securities Limited, Prime Exchange Co (Pte) Limited, Singapore, PBL Exchange (UK) Limited and PBL Finance (Hong Kong) Limited. As at 31 December 2022 the carrying value of these investments was BDT 4,051.71 million (BDT 4,051.71 million in 2021).	We reviewed Management's analysis of impairment assessment and recoverable value calculation of the investments in accordance with IAS 36.
Operations of Prime Bank Investment Limited and Prime Bank Securities Limited (97.49% of total investment in subsidiaries) are mainly dealing with the investments in capital market. And by nature, the capital market of the country is not under stable position. Hence, the investments in these subsidiaries are subject to impairment. While impairment testing, the management is required to consider various guidelines of Bangladesh Bank, Bangladesh Securities and Exchanges Commission and other regulators. As the impairment testing is of complex and is significant to the Group's preparation of financial statements, we have considered it as a key audit matter.	In particular, our discussions with the Management of the Bank were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.
See note # 10(a) to the financial statements	We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

5. IT systems and controls

The Bank's key financial accounting and reporting processes are significantly dependent on the automated controls over the Bank's information systems. As such there exist risks that gap sin the IT control environment, including automated accounting procedures, IT dependent manual controls and controls preventing unauthorized access to systems and data could result in the financial accounting and reporting records being materially misstated.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter.

We performed audit procedures to assess IT systems and controls over financial reporting, which included the following:

- Tested the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations.
- Assessed the management's evaluation of access rights granted to applicants relevant to financial accounting and reporting systems and tested resolution of a sample of exceptions.
- Assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights.
- Tested the specific application controls for key financial reporting controls.

Other matter

The financial statements of the Group and the Bank for the year ended 31 December 2021 were audited by us, and we have expressed an unmodified opinion on those statements on 18 April 2022.

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements of the Group and also the separate financial statements of the Bank in accordance with IFRSs as explained in note # 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 as amended and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank 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 Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 2020, the Bank Company Act, 1991 as amended 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;
- to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities other than matters disclosed in these financial statements;
- the consolidated financial statements of the Bank include five subsidiaries, namely Prime Bank Investment Limited, Prime Bank Securities Limited, Prime Exchange Co (Pte) Limited, Singapore, PBL Finance (Hong Kong) Limited, and PBL Exchange (UK) Limited. The results of these subsidiaries, as per their financial statements (audited in the case of first four subsidiaries and unaudited in the case of the last one) made available to us by the Bank, have been reflected in the Group's consolidated financial statements from the financial statements of these subsidiaries, as have been made available to us by the management of the Bank;
- in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- 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 were for the purpose of the Bank's business for the year;

- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk-weighted assets of the Bank and spent over 9,600 person hours; and
- Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.
- We have examined all relevant documents related to revaluation of land and building during the year and, in our opinion, it has been prepared and treated in accordance with International Financial Reporting Standards and related guidance issued by Bangladesh Securities and Exchange Commission.

ACNABIN, Chartered Accountants

Sd/-

Abu Sayed Mohammed Nayeem FCA
Partner
ICAB Enrollment No # 353
DVC: 2304270353A5885056

Consolidated Balance Sheet

as at 31 December 2022

Particulars	Notes	Amount in Taka	
		31 Dec 2022	31 Dec 2021
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)		3,515,224,316	4,192,297,236
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		13,951,880,155	11,677,721,619
		17,467,104,471	15,870,018,855
Balance with other banks and financial institutions	4		
In Bangladesh		3,355,292,845	9,650,122,540
Outside Bangladesh		2,120,698,753	3,381,443,319
		5,475,991,610	12,391,565,858
Money at call on short notice	5		
Investments	6		
Government		63,858,940,387	53,969,145,050
Others		8,693,822,257	8,417,158,640
		72,552,762,644	62,386,303,690
Loans, advances and lease /investments	7		
Loans, cash credits, overdrafts etc./ investments		252,108,270,030	220,623,213,932
Bills purchased and discounted		46,094,715,922	44,339,148,120
		298,202,985,952	264,962,362,052
Fixed assets including premises, furniture and fixtures	8		
Non - banking assets		9,013,898,468	8,394,441,334
Other assets		32,527,241,715	27,650,090,303
		34,545,139,183	36,044,531,637
Total assets	11	435,460,393,490	391,875,283,332
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	77,718,293,052	62,932,481,200
Deposits and other accounts	13		
Current / At-wadcoah current deposits		48,599,420,979	47,420,761,559
Bills payable		17,107,305,201	4,923,791,928
Savings bank / Mudaraba savings deposits		64,680,744,665	70,358,701,527
Term deposits / Mudaraba term deposits		135,378,687,680	120,019,551,767
Bearer certificate of deposit		-	-
Other deposits		-	-
		365,726,158,525	242,812,806,770
Other liabilities	14	59,845,271,291	56,394,612,364
Total liabilities		403,289,722,879	362,139,900,334
Capital / Shareholders' equity			
Paid-up capital	15.2	11,322,834,770	11,322,834,770
Share premium	15.8	1,211,881,786	1,211,881,786
Non-controlling Interest	15.9	58	57
Statutory reserve	16	10,353,413,584	10,353,413,584
Reserve on profit / loss on investments	17	122,985,293	122,985,293
Revaluation reserve	18	1,555,128,315	1,507,173,559
Foreign currency translation gain	19	105,135,102	20,460,078
General reserve		28,002,888	28,002,888
Surplus in profit and loss account / Retained earnings	20	32,170,670,611	29,735,382,998
Total Shareholders' equity		32,170,670,611	29,735,382,998
Total liabilities and Shareholders' equity		435,460,393,490	391,875,283,332
OFF - BALANCE SHEET ITEMS			
Contingent liabilities	21		
Acceptances and endorsements	21.1	69,160,801,021	71,389,112,861
Letters of guarantee	21.2	36,942,173,730	36,605,203,719
Irrevocable letters of credit	21.3	37,867,388,098	46,643,098,270
Bills for collection	21.4	14,697,739,443	13,667,400,360
Other contingent liabilities			
		158,668,102,292	168,105,441,310
Other commitments			
Documentary credits and short term trade -related transactions		773,449,556	1,758,763,902
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Liabilities against forward purchase and sale		-	-
		773,449,556	1,758,763,902
Total Off-Balance Sheet items including contingent liabilities		159,441,551,848	169,864,205,212

These financial statements should be read in conjunction with the annexed notes 1 to 35.

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Director	Managing Director

See annexed auditors' report to the Shareholders of the date.

ACNABIN, Chartered Accountants

Sd/-

Abu Sayed Mohammed Nayeem FCA
Partner
ICAB Enrollment No # 353
DVC: 2304270353A5885056

Consolidated Profit and Loss Account

for the year ended 31 December 2022

Particulars	Notes	Amount in Taka	
		2022	2021
Interest Income / profit on investments	23	18,390,953,602	14,883,464,368
Interest / profit paid on deposits, borrowings, etc.	24	(9,878,358,816)	(6,794,530,559)
Net interest / net profit on investments		8,512,594,786	8,088,933,809
Investment income	25	4,073,005,729	4,366,920,350
Commission, exchange and brokerage	26	3,402,500,927	2,371,627,505
Other operating income	27	1,084,602,103	925,398,225
Total operating income (A)		17,072,703,544	15,752,879,888
Salaries and allowances	28	4,713,612,669	4,285,048,219
Rent, taxes, insurance, electricity, etc.	29	474,117,542	536,182,196
Legal expenses	30	56,230,569	56,160,733
Postage, stamp, telecommunication, etc.	31	104,811,493	88,463,056
Stationery, printing, advertisements, etc.	32	251,462,755	219,759,493
Managing Director's salary and fees	33	16,531,694	12,046,774
Directors' fees	34	6,777,932	6,080,679
Auditors' fees	35	2,818,321	3,039,752
Charges on loan losses	36	-	-
Depreciation and repair of Bank's assets	37	902,020,919	890,565,711
Other expenses	38	1,610,160,046	1,122,475,462
Total operating expenses (B)		8,138,543,940	7,220,621,985
Profit / (loss) before provision (C=A-B)		8,934,159,603	8,532,257,903
Provision for loans & advances	39	2,622,123,163	1,897,414,706
Provision for diminution in value of investments	39	133,925,228	(93,118,558)
Provision for impairment of client margin loan	39	40,000,000	193,986,044
Other provisions	39	(105,623,163)	746,988,687
Total provision (D)		2,690,425,228	2,745,270,879
Total profit / (loss) before taxes (C-D)		6,243,734,375	5,786,987,024
Provision for taxation:			
Current tax	40	2,902,877,863	3,117,306,973
Deferred tax		(654,009,843)	(579,936,733)
		2,248,868,020	2,537,370,240
Net profit after taxation		3,994,866,355	3,249,616,784
Retained earnings brought forward from previous year	20.1	3,476,823,458	1,964,237,234
		7,471,288,813	5,213,854,018
Appropriations			
Statutory reserve		-	-
Non controlling interest		(2)	(3)
General reserve		(2)	(3)
Retained surplus	20	7,471,288,813	5,213,854,021
Earnings per share (EPS)	45	3.53	2.87

These financial statements should be read in conjunction with the annexed notes 1 to 35.

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Director	Managing Director

See annexed auditors' report to the Shareholders of the date.