

SUSTAINABILITY REPORT 2014



ORGANIZATIONAL PROFILE ^{G4-5}

Prime Bank Limited was incorporated as a public company in Bangladesh under Companies Act 1994 with the registered office of the company at 119-120, Adamjee Court Annex-2, Motijheel C/A, Dhaka-1000. The Bank currently operates in 4 countries, and they are Bangladesh, Singapore, Hong Kong and the United Kingdom.

The following facts are for the year 2014:

Total Number of employees	2,867
Total Number of operations	Operations are in 4 countries
Net Revenue	11,906 million BDT
Any significant variations in employment number	No significant variation in the year 2014.
Percentage of employees covered by collective bargaining agreements	No employees are covered by collective bargaining, as it does not exist in the banking industry.

The precautionary principle is not applied directly or openly throughout the organization; instead PBL assesses loans regarding their impact on the environment or other social factors. The bank has a lot of Corporate Social Responsibility (CSR) events throughout the year, and always tries to help preserve the environment and enhance communities throughout the entire country. Hence, Prime Bank Limited takes into environmental and social factors and not only economic factors when it does business with clients.

In its business activity, Prime Bank cooperates with numerous entities as the buyer of products and services from many market segments. The Bank's Facility Management Division formalizes the procurement procedure, including the selection of suppliers, who are nominated in tenders.

The measures for choosing suppliers in the tender process include: good ratio of quality to cost of the services or products and the terms of delivery and payment. The bidder's functional capabilities and financial dependability are also taken into account. In necessary cases, the Bank also includes environmental and social factors among the features that affect its selection of suppliers. The execution of agreements of significance for the Bank is supervised. The quality and timeliness of services and goods and financial positioning of the suppliers are also evaluated.

List of Memberships

1. Bangladesh Association of Banks
2. Metropolitan Chamber of Commerce and Industry

3. Bangladesh Institute of Bank Management
4. Central Shariah Board for Islamic Banks of Bangladesh
5. Canada Bangladesh Chamber of Commerce and Industry
6. The Institute of Bankers, Bangladesh (IBB)
7. International Chamber of Commerce-Bangladesh
8. Association of Bankers, Bangladesh Limited (ABB)
9. Bangladesh Foreign Exchange Dealers Association (BAFEDA)
10. Bangladesh Association of Publicly Listed Company
11. Primary Dealers Bangladesh Limited (PDBL)
12. Dhaka Stock Exchange Ltd.
13. Chittagong Stock Exchange Ltd.
14. American Chamber of Commerce in Bangladesh
15. Islamic Banks Consultative Forum IBCF
16. Japan Bangladesh Chamber of Commerce and Industry
17. Central Depository Bangladesh Limited
18. Gulshan Club
19. Dhaka Club
20. Kurmitola Golf Club

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

Prime Bank Limited has reported on GRI 3.1 last year, and in 2014 is taking a step forward and is reporting on GRI G4. With regards to this year's Sustainability Report, the report describes all activities of the Bank in Bangladesh, and does not address its subsidiaries (both locally and internationally). Also, the Sustainability Report mostly focuses on the operations of the head office and sometimes in its branches as well. When the report is only mentioned for head office, it is clearly stated in the report.

WHY IS SUSTAINABILITY REPORTING IMPORTANT TO US?

Sustainability rests in the heart of PBL's business, and we trust in being a good corporate citizen in the communities we operate in. To attain this objective, we take a long-term strategic view of our business and markets. Our strategy propels our sustainability framework, which aids us to concentrate on the core areas to administer a sustainable business and fulfil our obligations towards our stakeholders. We understand that to be a truly sustainable company, business strategy must emphasis, not just on attaining sustained financial growth and operational excellence, but also on constructing a

strong corporate governance and financial controls environment. In addition, we believe that we must assist our customers and communities with passion and commitment, whilst safeguarding the environment for future generations and supporting communities that makes us who we are. We are persistently concentrated on inspiring people, facilitating success and improving lives of our customers and those in the broader community. As part of achieving our responsibilities to all our stakeholders, we believe that we can make a contribution to protecting the future generation to come by building our communities and environment a sustainable place to live.

AT PRIME BANK LIMITED, WE INSPIRE PEOPLE, FACILITATE SUCCESS, AND IMPROVE LIVES

At PBL, our activities revolve around our goal of "Inspiring People, Facilitating Success, and Improving Lives". This report details the efforts undertaken by PBL on social, economic and environmental fronts towards protecting the future of our stakeholders. At PBL, we believe in being the leaders in what we do and meeting the highest standards. In line with this philosophy, we have prepared this report based on the G4 Sustainability Reporting Guidelines and Implementation Manual. Our self-assessment against the G4 guidelines is provided towards the end of the report. No external assurance has been taken for preparing this report.

Entities included in the annual report and sustainability report^{G4-17}

The entities that have been included in the annual

report are Prime Bank Limited and all its subsidiaries. For the context of the sustainability report, Prime Bank's branches and Head Office have been considered in most cases, exceptions have been stated otherwise. The reasons for omission of its subsidiaries are the fact that they are very small in operation and do not materially affect the bank's activities anyhow. So in regard to this report, only Prime Bank (Branches and Head Office) are taken into consideration.

Scope and framework of the report

The report contains the social, economic and environmental initiatives. The various aspects mentioned in the G4 guidelines and sector specific guidelines were evaluated and considered material based on their significance to our business operations and to our stakeholders in accordance with the G4 Reporting Guidelines and Implementation Manual issued by GRI.

Defining Report Content and the Aspect Boundaries^{G4-18}

An external analysis was taken out to categorize general matters of the most interest. Relevant information available from the internet was used and an initial priority was ascertained based on a comparative study of the sector. Subsequently, the consequences that the selected topics have for the various stakeholders were clarified.

An internal analysis was then executed to distinguish the importance that PBL placed on each of the above issues. In this connection, the Bank's strategic lines were reviewed together with relevant internal information and internal dialogues were held with the various divisions involved in the development of the identified issues.

LIST OF MATERIAL ASPECTS FOR SUSTAINABILITY REPORTING AT PRIME BANK LIMITED ^{G4-19}

With regards to PBL, the material aspects represent four content areas (the best interests of the customer, empowering society and the community, employees' quality of life and well being, and inhabiting with the environment), which describe impacts on all of the bank's stakeholders. The material aspects for the sustainability report are listed below:

1. Promotion of financial independence for customers (Supplying information, products and tools, independently tailored service and consulting, and financial education)
2. Customer diversity and promotion of sectors within the Bangladesh economy (Advancement of small and medium-sized organizations)
3. Attaining financial freedom in a multichannel world (Banking services via Internet, mobile, and telephone, offering customers' better access and increased control over financial management)
4. Serving a diverse range of clients (Encouraging a perception of excellence in service to every customer segment)
5. Availability (Making the buildings and branches of the bank as well as banking services reachable to people with disabilities)
6. Evolving products and services to encourage environmental sustainability (Funding for ventures that encourage environmental causes)
7. Analysing environmental risks in financing (Supervision of environmental risks when giving finance)

8. Responsible supply chain management (Incorporating CSR and sustainability factors into procuring activities)
9. Growing our area of influence (Direct and indirect economic and social effects on the Bangladeshi economy and society)
10. Community action (Spending in the community, as well as funding of community activities and donations)

11. Encouraging a culture of conversation and openness with employees (Arrangement of channels for intra-organizational dialogue with employees)
12. Promoting diversity, equal opportunities, and clarity (Promotion of gender and sector equality, prevention of discrimination, and promotion of diverse employment)
13. Personal development and training (Arrangement of training and learning at the bank)
14. Supporting an appropriate work environment (Policies on human capital, remuneration and benefits, and well-being and caring for employees in several aspects of the work environment and of their lives)

15. Power consumption management and energy efficiency (Management of activities intended at lowering the bank's consumption of energy)
16. Controlling of paper resources (The bank's determination to reduce the consumption of paper in its operations)
17. Decreasing environmental impacts (Environmental management of the bank and reduction of its environmental effect)

18. Corporate governance and ethics (Presentation of the composition and activity of the board of directors, and assimilating ethics at the bank)
19. Prevention of corruption and money laundering (The bank's assurance to the prevention of corruption, and presentation of the activity of the bank's compliance unit)

Presentation of Material Aspects for the Report in Terms of Social, Economic, and Environmental Impacts^{G4 20, 21}

The following diagram presents all of the material aspects reported by Prime Bank based on two points of view:

- Impact Zone – *Internal or External*- does this aspect affect external stakeholders, internal stakeholders, or both (the external circle versus the internal circle in the diagram)
- Impact Zone – *Social, Economic and Environmental*- does this aspect affect create economic, social or environmental value, or a combined value.

Customers

- Promotion of financial independence for customers
- Customer diversity and promotion of sectors within the Bangladesh economy
- Attaining financial freedom in a multichannel world
- Serving a diverse range of clients
- Availability
- Evolving products and services to encourage

environmental sustainability

- Analysing environmental risks in financing

Community

- Responsible supply chain management
- Growing our area of influence
- Community action

Employees

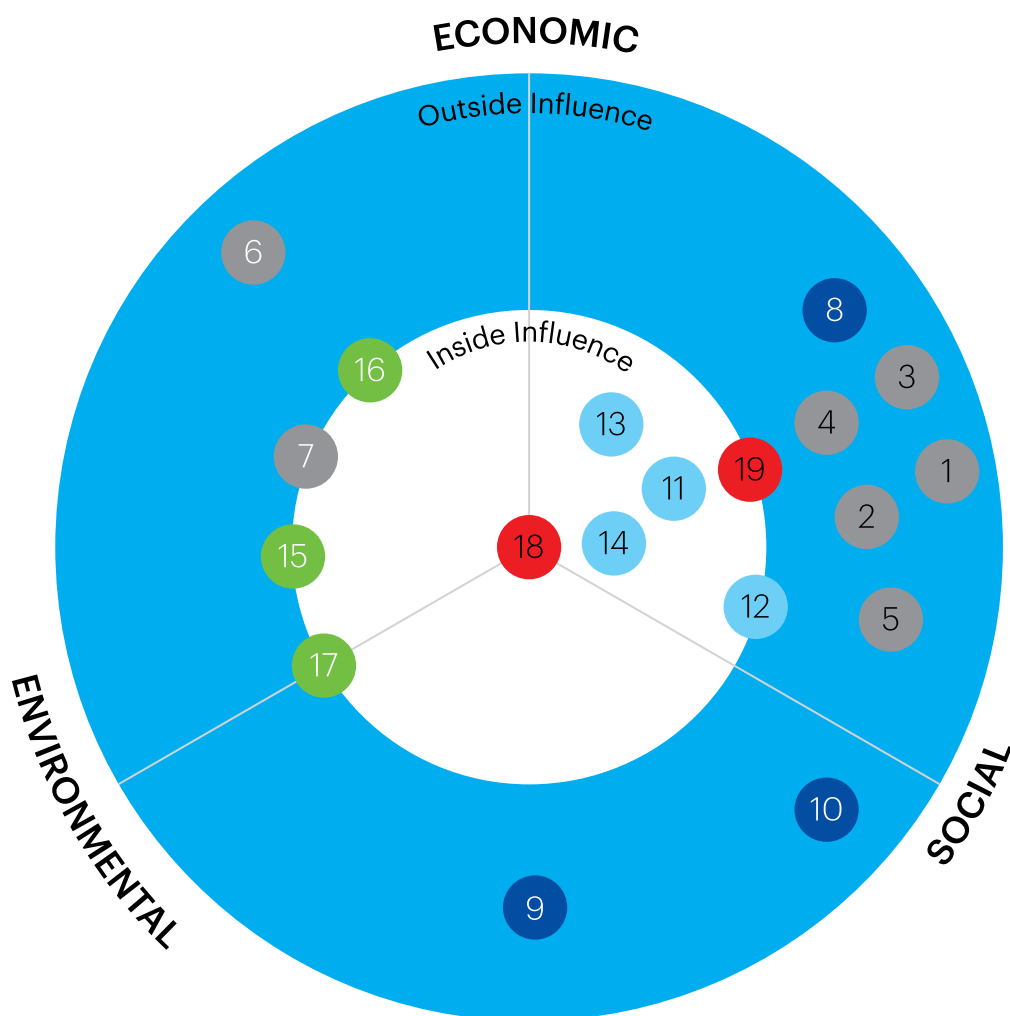
- Encouraging a culture of conversation and openness with employees
- Promoting diversity, equal opportunities, and clarity
- Personal development and training
- Supporting an appropriate work environment

Environment

- Power consumption management and energy efficiency
- Controlling of paper resources
- Decreasing environmental impacts

Ethics

- Corporate governance and ethics
- Prevention of corruption and money laundering



STAKEHOLDERS ENGAGEMENT

ENGAGING OUR STAKEHOLDERS

We intend to form tangible relations with our stakeholders. This is why our reporting perception has transitioned from an operation-oriented approach to a stakeholder-focused one. Such a focus is one of the purposes why we have mapped the possible effect that we have on various stakeholder groups before conclusions are made.

We engage with our stakeholders in many ways and at many levels, from the queries that reach us via our website to face-to-face meetings with government officials and regulators, customers, employees, community groups and others. Whilst focus on certain issues such as access to finance and customer satisfaction have increased over the years, most of the topics that stakeholders view as significant have remained consistent.

Moving forward, we expect to have better coordinated discussions with our stakeholders. While the concerns of our various stakeholder groups do not always overlap with each other or with the business objectives of the company, dealing with such dilemmas is an everyday part of doing business.

STAKEHOLDER OVERVIEW^{G4-24}

Stakeholder Group	Their Concern	Our Responsibilities
Shareholders and Analysts	<ul style="list-style-type: none"> Dividends and share value Performance and integrity of the Board and management Public goodwill and reputation of the Bank 	<ul style="list-style-type: none"> Generate profits and ensure optimal return on investment Proper oversight and control of the Board and management Bank's Code of Conduct, management oversight and response Public affairs management
Bangladesh Bank and other regulators	<ul style="list-style-type: none"> Good corporate governance and business ethics Legal compliance Support for government policy 	<ul style="list-style-type: none"> Develop and communicate a framework that promotes good governance and ethical behaviour at all levels Ensure compliance at all times Providing timely and accurate information Immediate response to queries made by authorities Comply with rules and regulations
Customers	<ul style="list-style-type: none"> Dealing with PBL is a positive experience Information provided by the Bank is accurate and reliable Customers' privacy is assured Promises to customers are kept 	<ul style="list-style-type: none"> Protect the privacy of our customers, including data protection and confidentiality Provide a positive customer experience Comply with company values and Code of Conduct
Employees	<ul style="list-style-type: none"> Health, safety and well being 	<ul style="list-style-type: none"> Ensure that we properly safeguard those who work for us and those who may be affected by our operations Promoting and maintaining an amicable relationship with all employees Shape future leaders Recognize exceptional performers Ensuring all employees have a proper work life balance Investment on Human Resource Information Systems
Society	<ul style="list-style-type: none"> Social Investment 	<ul style="list-style-type: none"> Do our part to improve the quality of life for all members of society Investment on citizens Investing in entrepreneurs Addressing rural youth Empowering women Encourage people for saving
Suppliers	<ul style="list-style-type: none"> Supply chain functions well Supply chain is sustainable 	<ul style="list-style-type: none"> Work with suppliers to address issues in the supply chain

FREQUENCY OF DIALOUGE WITH STAKEHOLDERS^{G4-26}

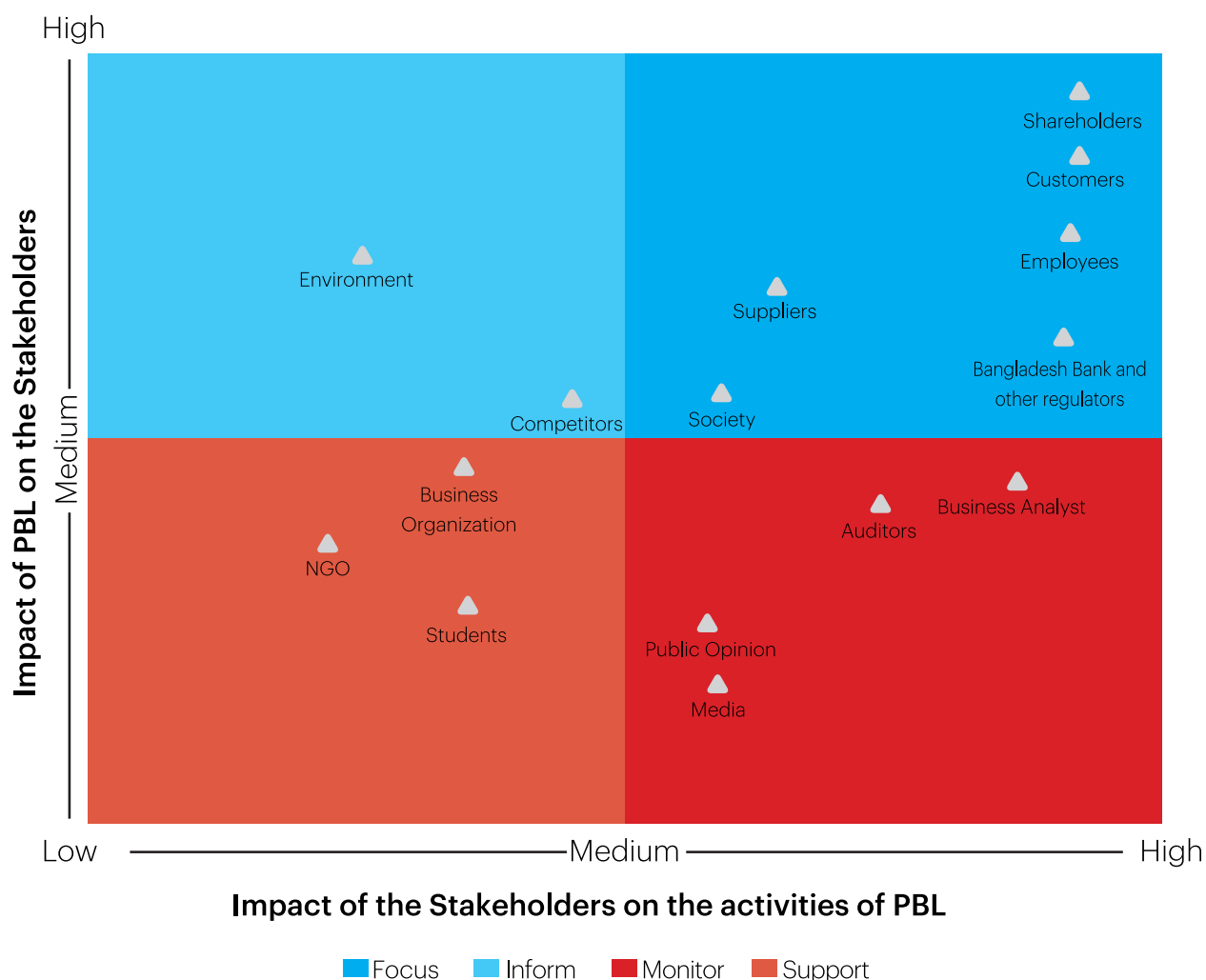
Stakeholder	Communication channels	Frequency of dialogue
Shareholders and Analysts	General Meeting of Shareholders Conferences Meetings Stock exchange and press releases Contact through Internet, e-mail and phone	Once a year Several times a year Several times a year Ongoing Ongoing
Bangladesh Bank and other regulators	Periodic Meetings Regular Reports E-Mail Phone Calls Website	Several times a year Several times a year Ongoing Ongoing Ongoing
Customers	Branches Website Information on statement Satisfaction Surveys	On a daily basis Ongoing Several times a year Monthly/quarterly/yearly and ad hoc
Employees	Intranet Website Internal Meetings Corporate Events E-mail	Ongoing Ongoing Several times a year Quarterly/Annually Ongoing
Society	Website Competition and training Conferences and seminar Meetings	Ongoing At least a dozen a year At least a dozen a year Several times a year
Media	Website Press Conference Press Release Telephone E-mail	Ongoing Several times a year Several times a year Ongoing Ongoing
Suppliers	Periodic Meetings Phone calls and emails	Several times a year Ongoing

STAKEHOLDERS ISSUES RAISED AND ACTIONS TAKEN^{G4-27}

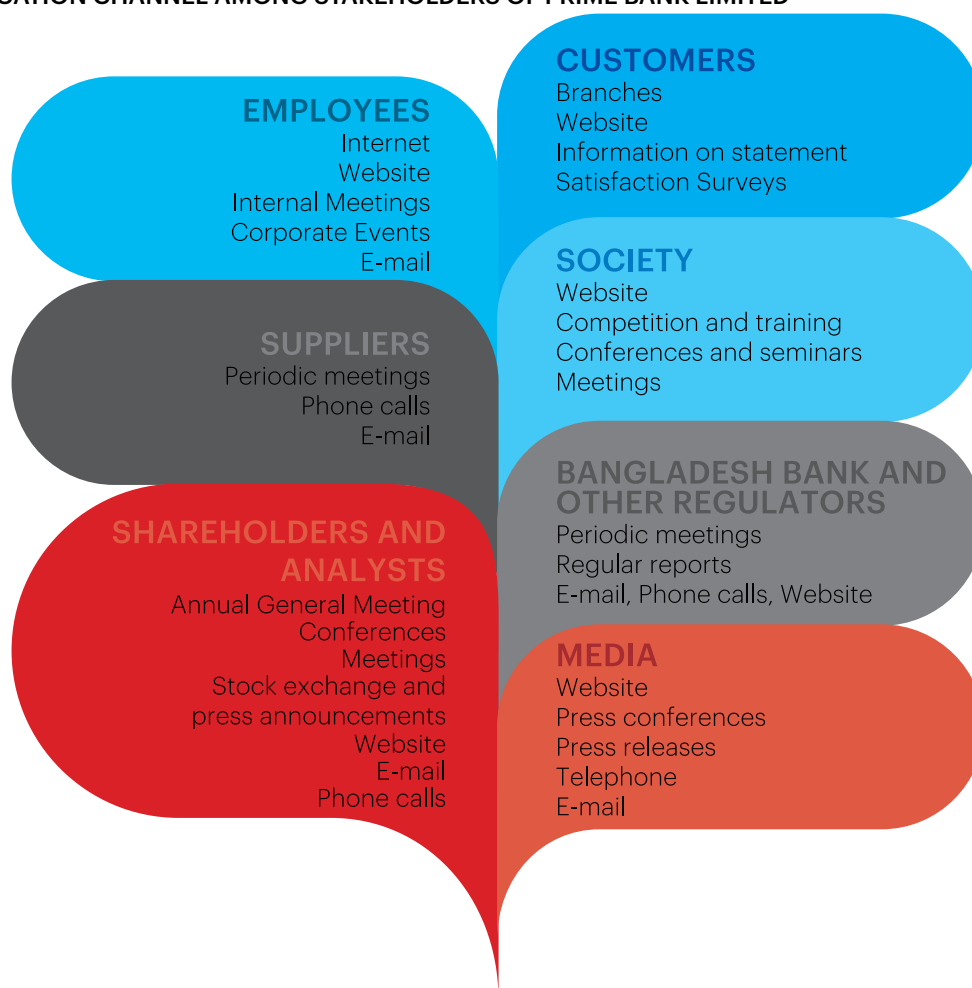
Stakeholders	Issues Raised	Action Taken by PBL
Shareholders	Transparent activity, instant and effortless access to information concerning the Bank.	PBL ensures that the annual reports have been reported in the most transparent way possible. The bank ensures that there is efficient exchange of information through communication with shareholders.
Bangladesh Bank and other regulators	Proper compliance with guidelines set by authorities. Submitting reports on a timely basis according to guidelines. VAT and tax calculations submitted accurately and timely	PBL thoroughly conform to all associated laws and regulations in all of its activities. PBL follows forums, conferences, and press news to ensure that the bank is up to date with all regulations. The bank closely observes developments related to the banking industry and present its opinions on legislation amendments to related authorities. PBL has always ensured all reports are submitted on a timely basis with utmost compliance.

Employees	Steadiness of employment and professional growth opportunities, fair salary and bonuses and responding to requests submitted by employees.	PBL has an officially approved human resource policy with assessable goals that are observed regularly. The bank takes initiatives to research on employee needs, motivation and satisfaction. The HRD department also safeguards that various channels of contact exists among employees and management.
Customers	High quality of products and services offered, fair consumer practices, safety of deposited fund and ease of communication with the Bank.	PBL always tries to offer competitively priced products and superior quality services that are in line with the clients' requirements. The bank uses techniques that ensure fair and secure management of client funds and also makes sure that there are frequent contacts with customers.
Suppliers	Unbiased rules for selecting and co-operating with suppliers. Ensuring that payments are made on a timely basis.	PBL uses impartial procedures for selecting vendors. It also ensures timely performance of agreements from vendors. PBL has a formal procedure to make sure payments are made on a timely basis and also keeps constant contact with suppliers.
Society	Supporting social projects.	PBL provides financial funding for social projects with emphasis on co-operation with universities. PBL encourages employees to take part in social campaigns.
Environment	Reducing the negative impact on the environment.	PBL continually monitors its impact on the environment and takes all measures to reduce the impact on the environment as much as possible.

MAPPING OF STAKEHOLDERS OF PRIME BANK LIMITED^{G4-25}



COMMUNICATION CHANNEL AMONG STAKEHOLDERS OF PRIME BANK LIMITED



Prime Bank Limited
a bank with a difference

CORPORATE GOVERNANCE

Prime Bank Limited has quite a few committees that help it to function accordingly. A few of the committees that are mentioned for the report are as follows:

Board of Directors

Prime Bank obeyed with appropriate guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission while establishing its board of directors. The numbers of Board members are 20 out of whom one is an Independent Director and two members are from the Depositors. All members of the Board of Directors are of high competency, with vast academic knowledge and professional experience in the field of business. The Board approves the Bank's budget and business plans and evaluates those on a monthly basis as to give direction as per changing economic and market environment. The Board also appraises the strategies and manuals of several segments of businesses in order to establish effective risk management in credit and other key areas of operations.

Executive Committee

At PBL, the Board has an Executive Committee which consists of 7 members. The Executive Committee assesses policies and guidelines issued by Bangladesh Bank concerning credit and further operations of the banking industry. It ensures the implementation of the policies and guidelines through management. The Executive Committee accepts the credit proposals as per the accepted policies of the Board.

Audit Committee

In compliance with the guidelines of Bank Companies Act & BSEC directives, the Audit Committee has been functioning as a sub-committee of the Board of Directors with 5 members. The Audit Committee has been supporting the Board in safeguarding that the financial statements reflect a true and fair view of the state of concerns of the bank. It also carries out the oversight responsibilities for implementation and compliance of different policies formulated by the Board and the Regulators.

Risk Management Committee

Duties and Responsibilities

- Recognizing different risks and execute proper strategies to control those risks, assess existing risk management principles & procedures and take corrective measures if necessary
- Ensure proper organizational structure for risk management
- Form separate committees at Management level for compliance of instructions under risk related guidelines and supervision of their activities
- Review risk management policies and guidelines, review loan approval limit and submission to the Board for necessary revision each year.
- Examine and approve the preservation of data and reporting implemented by the management. Ensure implementation of approved systems.
- Inform the Board of Directors about the summary of minutes of meetings of the committee.
- Submit decisions/recommendations of the Committee to the Board on quarterly basis. If sought by the committee, internal and external auditors will submit evaluation report to the committee.

Shari'ah Supervisory Committee

Operations of Islamic banking branches of PBL are supervised by Prime Bank Shari'ah Supervisory Committee, comprising of a pool of Shari'ah experts and renowned economists of the country. The basic functions of the committee are to offer views on matters related to Islamic banking operation of the bank from time to time and to assist the Board of Directors by advising them on matters relating to Shari'ah. Their recommendation of Shari'ah Principles is strictly respected by the Board to run Islamic banking operation of the bank.

Asset Liability Committee (ALCO)

The Asset-Liability Committee (ALCO) is chaired by the Managing Director and is responsible for the daily liquidity and cash management. The ALCO reviews reports on liquidity risk, market risk and capital management and takes decisions accordingly. It is also responsible for deposit-pricing strategy for the local market and appraises liquidity contingency plans for the Bank.

Management Committee (MANCOM)

The Management Committee is (MANCOM) responsible for the global management of PBL's operations. MANCOM consists of the Managing Director, Deputy Managing Directors and Head of Divisions. MANCOM appraises the Bank's financial data, position in the

sector, profitability of business units, and new business developments. Based on the Credit Committees analysis and observation, the proposal will be forwarded to the Managing Director, Executive Committee or Board of Directors according to delegation.

Credit Committee

The Credit Committee is made up of knowledgeable individuals that that examines loan offers in terms of compliance with legal regulations, banking principles, the Bank's goals and loan policies. The committee will accept or decline the credit application and will put observations accordingly.

Green Banking Cell

The Green Banking Cell (GBC) of the Bank has been formed with the task of developing policies, planning and overseeing the overall green banking activities of the bank. Moreover, the Risk Management Committee (RMC) of the Board has been appointed as the High Powered Committee for reviewing environmental policies, strategies and program for governing the overall green banking activities of the Bank. In this connection, on 30th September, 2013 the Bank established an independent Green Finance Cell (GFC) to dedicatedly look after the Green Financing Issues. The GFC comprises of the representatives from General Credit Unit, Export Finance Unit, Structured Finance Unit, SME Banking and Agri-Culture Support Division.

Roles and Responsibilities of Green Finance Cell are as follows:

- To set annual budget for the Bank for Direct Green Finance Products as prescribed by Bangladesh Bank.
- Act as one Focal point of the Bank to make necessary correspondence with external bodies regarding Green Financing issues.
- Ensuring that the projects/enterprises are in compliance with the Bank's environment requirements.
- Introducing green finance for eco-friendly business activities and energy efficient industries.

ETHICS AND INTEGRITY

Prime Bank has a framework of ethical behaviour namely the 'Employee Code of Ethics and Business Conduct'. It has a special focus to establish organization-wide 'Uncompromising integrity'. This Code of Ethics and Business Conduct guides employees to set the highest ethical standards so that customers' expectations and interests are protected in a compliant manner. For more detail please see the annual report (corporate governance part).

ECONOMIC ASPECT

Economic Value Created

ECONOMIC VALUE

Amount in BDT Million

Particulars	2014	2013
Direct economic value generated: revenues	11,906.31	12,883.08
Direct economic value distributed: operating costs	2,290.87	2,287.07
Direct economic value distributed: employee wages and benefits	3,288.41	2,950.61
Direct economic value distributed: payment to providers of capital	1,286.69	935.77
Direct economic value distributed: payments to government	4,465.83	5,121.11
Direct economic value distributed: community investment	170.34	171.25
Economic Value retained	6,156.69	7,474.15

Benefit plans for PBL employees

Prime Bank provides the following benefit plans for its employees upon retirement according to individual's entitlement, which are: 1) Provident Fund 2) Welfare Fund 3) Benevolent Fund and 4) Gratuity. These funds are controlled by a Trustee Board, and decisions regarding investing and encashment of these funds are based on the Board's judgment. The Trustee Board

works to ensure that employees on retirement will get full coverage of their portion of the fund. Provident Fund contributions are made by employees (10% of basic salary per employee) and employer (Same amount as paid by the employee). Welfare and Benevolent Funds are deducted from salary based on designation of the employee. The fund position as of December 31st, 2014 was as follows:

Name of the Funds	Amount in BDT as on 31.12.2014
Prime Bank Limited Employees' Provident Fund	1,661,163,554
Prime Bank Limited Employees' Gratuity Fund	1,257,675,652
Prime Bank Limited Employees' Welfare Fund	141,704,062
Employees' Benevolent Fund	12,201,336

Donations for the year 2014

Sl No.	Purpose	Amount in BDT
1	Eye Camp under banks CSR programs by Prime Bank Foundation	883,000
2	Blanket Distribution	1,991,600
3	Blanket Distribution	5,913,000
4	Blanket Distribution	3,432,000
5	LakhoKantho Sonar Bangla Fund	10,000,000
6	Additional budget of cataract surgeries in the eye camps of PBL as part of CSR activities	2,397,400
7	Six outreach eye camps under banks CSR Programs by Prime Bank Foundation	1,439,400
8	Donation to Prime Minister's Relief Fund for flood affected people	5,000,000

ENVIRONMENTAL ASPECT



Foreword

Everyone has some form of impact on their natural environment-- in an industrialized world, this is an unavoidable reality. However, the extent to which people negatively impact their environment can absolutely be mitigated through a number of means. Whether it's making large efforts or simple ones, there are many ways that everyone can do their part to help preserve the health of the environment. We believe in sustainable development and we are looking forward to put our steps in this regard.

Through Green Financing, bank can ensure less carbon emission, less use of fossil fuel, less use of harmful chemical fertilizer and pesticide. Moreover, like other banks, Prime Bank has also taken initiative to use less energy, water and paper, which will help to protect environment for the future generation. When we will be able to protect our nature and civilization, our finance will be protected as well as we will be able to achieve sustainable development through this process.

Agriculture and rural credit

Agriculture is the key driving force of the economy of Bangladesh. The overall economic development of the country is closely interlinked with the development of the agricultural sector. As food security, improvement of living standard and generation of employment opportunities of the huge population of the country are directly linked to the agriculture sector, it is imperative for greater institutional and policy supports for the sector. There have been continued efforts by the

Government for the overall development of this sector to fulfill the food and nutritional demand of the growing population of the country and to ensure sustainable and dependable food security. Special emphasis has been laid on building up a modern agriculture system based on appropriate technologies.

Agriculture as a sector depends more on credit than any other sector because of the seasonal variations in farmers' return and a changing trend from subsistence to commercial farming. In the absence of necessary working capital for buying water, fertilizer and pesticides, coupled with it the lack of the knowledge for their balanced application, farmers often fail to reap a better harvest from modern technology-led crops.

Prime Bank Limited also believe that if the nation's agriculture and rural base economy walk through a techno-based eco-friendly process, all the targeted goals will be achieved in a sustainable way. With the same vision, Bangladesh Bank (BB) announced a farmer-friendly agriculture and rural credit policy for the fiscal year 2014-15. The target for disbursement of agricultural credit has been set at Taka 155.50 billion, which makes an increase of 6.54 percent over that of the last fiscal year.

The Central Bank of Bangladesh declared that disbursement of agriculture and rural loan would be considered an integral part of assessing the performance of the country's banks as agriculture loan ensures financial stability. Considering priority sector, Bangladesh Bank (BB) cut the rate of interest against agriculture and rural credit by 2 per cent to 11 percent.

It is expected that the farmer friendly credit disbursement policy of the central bank would help diversify crops, lead to increased production and consolidate the success in food production. Bangladesh for the first time exported rice to Sri Lanka. After Sri Lanka, Bangladesh

now wants to export rice to neighboring India from its bulging stock. The Bank has been involved in disbursing quite a large portfolio of agriculture loans during the year, which are listed below.

Taka in Million

Sl. no.	Purpose	2014	
		Disbursement	Outstanding
1	Crops / Vegetables cultivation	332.74	368.81
2	Fisheries	103.50	148.33
3	Livestock	726.29	450.64
4	Irrigation equipment	2.40	9.30
5	Farm Machineries	46.90	71.99
6	Crop storage & Marketing and Others	24.60	34.26
7	Poverty Alleviation	0.00	34.41
	Total	1,236.43	1,117.74

Table: **Agriculture Loan by purpose**

Cultivation of Maize, Spice and Oil seed



Bangladesh is endowed with a favorable climate and soil conditions for the production of a variety of crops all the year round. The major crops cultivated in the country are rice, wheat, maize, sugarcane, potato, jute, pulses, oilseeds, spices and vegetables.

For climate change, there is a growing need to change the cropping pattern in the country. Water efficient high value crops (such as maize, spices, oilseeds and pulses) should be promoted in the drought prone region of the country through distribution of high quality seeds and saplings at subsidized price along with provision for agricultural credit at rebate / low interest rate.

The Central Bank has advised to all banks that Credit facilities shall be allowed at rebate rate (4%) under interest loss compensation scheme of Government for cultivation of pulse, oil seeds and spices to reduce dependency on import and to save huge amount of foreign exchange incurred for importing the items. Bank may receive 6% interest loss compensation from Government through Central Bank after realizing the loan from borrower in full.

Prime Bank Limited has positive intention to contribute in flourishing the crop diversification in the country with a view to attain multifarious output in production, saving foreign exchange, substituting rice and other conventional crops.

In line with this the Bank has financed a substantial amount in cultivation of Maize and spices. Credit facilities are allowed at rebate rate (4 percent) for cultivation of

species and maize to reduce dependency on import and save huge amount of foreign exchange incurred for importing the items under interest loss compensation from Government. During the year of 2014, PBL has

disbursed Tk.1.82 million among 30 farmers at rebate rate (4 percent) for cultivation of species and maize.

BDT in million

SL	Crop	Loan Disbursed @ 4% interest (January 2014 to Dec. 2014)	No. of clients
01	Spices	1.12	16
02	Maize	0.70	14
	Total	1.82	30



Green Finance

Bangladesh Bank has introduced 47 Green products under re-finance scheme and Prime Bank Limited has taken initiative to finance under the products, but major focus already made under the following.

Bio-gas

Small dairy farm of 4 (four) cows and one bio-digester is very effective in the context of the rural family environment of Bangladesh and may be considered as a commercially profitable model. This may result in self-employment in rural areas side by side employment of many poor men and women. Almost 17 liters of milk (for rearing cow), 100 kg organic fertilizer and 100 cubic feet bio-gas may be produced by this model every day. In order to make this model (cow rearing and beef fattening) popular, Prime Bank Limited has been financing to set up Bio-gas plant in the residence or small dairy farm.

Bio-gas Plant in existing dairy/poultry farm: To establish a bio-gas plant in the existing dairy/poultry farm for production of bio-gas for using the same in resident or to sell the gas to others commercially. Production capacity will be Min. 1.2 m³ to Max. 4.8 m³.

Combined Cow Rearing and Bio-gas Plant: To purchase 4 (four) cows and establish one bio-digester to produce bio-gas for using the same at their resident or to sell the same to others commercially. Production capacity will be 4.8 m³ / bio-digester.

Medium size Bio-gas plant: To establish a Bio-gas plant in the exiting poultry / dairy farm for production of bio gas commercially. Production capacity will be 220 m³ / bio-digester. Produced bio-gas will be used as raw material for producing Electricity through generator.

Vermi-compost



Vermi-compost is the product or process of composting using various worms, usually red wigglers, white worms, and other earthworms to create a heterogeneous mixture of decomposing vegetable or food waste, bedding materials, and vermicast. Vermicast, also called worm castings, worm humus or worm manure, is the end-product of the breakdown of organic matter by an earthworm. These castings have been shown to contain reduced levels of contaminants and a higher saturation of nutrients than do organic materials before vermicomposting.

Containing water-soluble nutrients, vermicompost is an excellent, nutrient-rich organic fertilizer and soil conditioner. This process of producing vermicompost is called vermicomposting.

In Jhenaidah (kaligonj), Jessore, Magura, Meherpur, Mymensingh District of Bangladesh, farmers started



vermi-composting with cow dung and successfully producing compost since last couple of years.

For reducing dependency on chemical fertilizer as well as improve fertility of the land, which help to meet the increasing demand of crop/food, Prime Bank Limited visited Vermicompost plant and plan to disburse loan for Vermicompost production.



Effluent Treatment Plant (ETP)

The state of environment in Bangladesh is rapidly deteriorating. The key areas of environmental degradation cover air pollution, water pollution and scarcity, encroachment of rivers, improper disposal of industrial medical and house-hold waste, deforestation, loss of open space and loss of biodiversity. In addition, Bangladesh is one of the most climate change vulnerable countries. In line with global development and response to the environmental degradation, financial sector in Bangladesh should play important roles as one of the key stake holders.

Commercial Banks are now required to ensure necessary measures to protect environmental pollution while financing a new project or providing working capital to the existing enterprises.

Industries produce waste water, otherwise known as effluent, as a bi-product of their production. The effluent contains several pollutions, which can be removed with the help of an effluent treatment plant (ETP). The

“clean” water can then be safely discharged into the environment.

Effluent can be treated in a number of different ways depending on the level of treatment required. These levels are known as preliminary, primary, secondary and tertiary (or advanced). The mechanism for treatment can be divided into three broad categories: physical, chemical and biological, which all include a number of different processes.

Physical unit operation include among other processes screening, flow equalization, sedimentation, clarification and aeration.

Chemical unit processes are always used with physical operations and may also be used with biological treatment processes, although it is possible to have a purely physico-chemical plant with no biological treatment. Chemical processes use the addition of chemicals to the waste water to bring about changes in its quality. They include pH control, coagulation, chemical precipitation and oxidation.

Biological treatment is an important and integral part of any waste water treatment plant that treats waste water from either municipality or industry having soluble organic impurities. The obvious economic advantage, both in terms of capital investment and operating costs, of biological treatment over other treatment processes like chemical oxidation; thermal oxidation etc. has cemented its place in any integrated waste water treatment plant. The objective of biological treatment of industrial wastewater is to remove or reduce the concentration of organic and inorganic compounds. Biological treatment process can take many forms but all are based around micro-organisms, mainly bacteria.

No development work would be sustainable by damaging the environment. The Government of Bangladesh also instructed the respective authorities to ensure that central effluent treatment plants (CETP)



are set up in industrial areas to prevent river water from being contaminated by chemical-mixed waste and water.

Prime Bank Limited has already started screening in financing those businesses that may deteriorate the environment. During 2014, the bank has extended finance of BDT 6,757.46 million in 24 projects having ETP.

Everyone should come forward to prevent water contamination and save the environment for healthy life.

Financing Environment Friendly Brick Kiln

The emission of toxic elements from 7,500 traditional brick kilns is causing serious health hazards of the country. The brick kilns spew poisonous and contaminated vapor containing suspended particulate matters rich in carbon particles and high concentration of carbon monoxides and oxides of sulfur that are harmful to eyes, lungs and throats.

These air pollutants inhibit the mental and physical growth of children. The growing number of brick fields not only affect mental and physical health but also the toxic exhaust of brick fields affects crops and plants in the areas adjacent to brick fields.

The Department of Environment has found that the brick kilns in the country burn nearly 20 lakh or 2.0 million tonnes of coal and another 2.0 million tonnes of wood every year. The government recently ordered the brick kiln owners to raise their chimneys to a height of 120 feet in a move to limit the kilns' emissions. Bangladesh Bank introduced Green products related to brick kiln [Hybrid Hoffman / Tunnel Kiln] and extended refinance to reduce carbon emission. For new projects bank can approve up-to BDT 50.00 million and for improvement of existing is BDT 5.00 million vide GBCSRD Circular no. 02 dated 01-07-2013, where the rate of interest will not more than 9.00%. Prime Bank Limited also financed in improved zig-zag project under refinance scheme.



Bio Pesticides

Now a day's various types of pesticides are being used in our country largely to control insects and infection of crops. This massive usage of pesticides is harmful for health and environment simultaneously. In this context, to get rid from the dependency of pesticides and to produce environment friendly, economically viable & simple usage insecticides, Integrated Pest Management (IPM) is being used in our country.

Integrated pest management (IPM) is a broad-based approach that integrates practices for economic control of pests. IPM aims to suppress pest populations below the economic injury level. The UN's Food and Agriculture Organization defines IPM as "the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to the level that are economically justified and reduce or minimize risks to human health and the environment. IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms."

M.M. Ispahani Limited is an ISO 9001 certified company, which was established in 1820. The Company has its corporate offices in Chittagong, Dhaka and Khulna. Through its Tea, Foods, Textile, Jute, Match, Real Estate, Poultry and Shipping Units; the group employs approximately 5,000 people. Today after 192 years of business in the sub- continent, the house of Ispahani is still dedicated to the cause of excellence in providing high quality goods and services. Ispahani Agro Limited (IAL), a sister concern of M. M. Ispahani Ltd. has been operating its agro business with three wings "Ispahani Seeds", "Ispahani Biotech" and "Ispahani Agro Processing" since 2007.



IAL is an integrated approach of supplying agro input to ensure Safe Food Security. In this backdrop IAL has started its venture with quality seeds with the motto of "Farmer's progress for country's prosperity" under the finance of Prime Bank Limited. Being a sister concern of a renowned business conglomerate, IAL feels to

develop a complete agro business unit which will contribute not only to the farmers' progress but also to the harmony of nature and well-being of human being. And consequently IAL set the goal as "Safe food for better life"



In the name of "Ispahani-Biotech" (IBT), Ispahani has taken an initiative to disseminate the bio-pesticide technologies among the farmers. Ispahani Biotech, with the "commitment to maintain the balance of nature", focuses on research & development of bio-pesticides and relevant technologies for vegetable, rice, tea and sugarcane. Starting its journey with different types of pheromones and bio- control agents, Ispahani Biotech is also striving to enrich its product line with environment friendly solution of pest and disease management approaches.

In the year 2013, we have established business relationship with this group and have approved a credit limit of Tk. 1790.00 million, favoring two concerns of this group namely M. M. Ispahani Limited and Ispahani Agro Limited. In January 2009, Ispahani Group joined with the government to fulfill the mission of reducing the use of chemical products as pesticides. Since then, the researchers have been striving to develop Integrated Pest Management (IPM) which is cost effective, environment friendly and harmless to consumers' health. Under the IPM system, the insects in fruits and vegetable fields are controlled naturally without using any chemical. They use the friendly insects to control the harmful insects.

The parasites of friendly insects are spread in the field to control the harmful insects. First, they procure/ import chemicals and produce the pheromone bait. The production procedure is completed within a day. Ispahani Agro Limited can produce 2000-2500 bait in a day. For production of beneficial insects, harmful insects are used. The harmful insects are collected from local sources. It takes 15 days to complete the entire production process. Ispahani Agro Limited produces 300 jars at a time. But, the insects are produced on requirement basis as they are living things and cannot be store for long. Prime Bank has financed Tk. 19.00 crore favoring Ispahani Agro Limited (IAL) for their environment friendly business, and plan to expand it in the upcoming year.

Organic Cotton

Conventionally grown cotton uses more insecticides than any crop in the world. It is estimated that each year cotton producers use as much as 25 percent of the world's insecticides and more than 10 percent of the world's pesticides; an incredible amount for just one crop. Organic cotton is grown without the use of toxic pesticides or fertilizers. It is grown using method and materials that have a low impact on the environment. Organic production systems replenish and maintain soil fertility, reduce the use of toxic and persistent pesticides and fertilizers, and build biologically diverse agriculture.

Companies around the world are developing programs that earlier use 100 percent organically grown cotton, or blend small percentages of organic cotton with conventional cotton in their products. There are a

number of companies driving the expanded use of domestic and international organic cotton. In addition, organic cotton seed is used for animal feed, and organic cotton seed oil is used in a variety of food products, including cookies and chips.



Carbon Foot Print

An individual's nation's or organization's carbon footprint can be measured by undertaking a GHG (Green House Gas) emissions assessment or other calculative activities denoted as carbon accounting. Once the size of a carbon footprint is known, a strategy can be devised to reduce it. e.g. by using more solar energy, using less paper in the office, consumption strategies in the Bank, and other.

The mitigations of carbon footprints through the development of alternative projects, such as solar or wind energy or reforestation, represents one way of reducing a carbon footprint and is often known as Carbon offsetting. The main influences on carbon footprints include population, economic output, and energy and carbon intensity of the economy. These factors are the main targets of individuals and businesses in order to decrease carbon footprints.



Scholars suggest the most effective way to decrease a carbon footprint is to either decrease the amount of energy needed for production or to decrease the dependence on carbon emitting fuels. As a believer of "Green and Safe Universe" theme, PBL also considers

an extensive focus on Carbon Offsetting and started its journey in financing in eco-friendly industries. The following information was collected with regards to the consumption of energy at the Head Office of the Bank:

Source	Consumption	Mega Joules	CO2 Emission
Electricity	2,210,847 kwh	7,959,049	2,321.39 tonnes
Octane	98,275 Liters	3,144,826	242.73 tonnes
Diesel	6,065 Liters	234,109	17.59 tonnes

Source:
CO₂ conversion: www.carbonfootprint.com/calculator.aspx
Mega Joules conversion: www.convertworld.com

Financing Environment Compliance Ship Breaking Industry

Until the 1960s, ship breaking was considered a highly mechanized operation, concentrated in industrialized countries - mainly in the United States, United Kingdom, Germany and Italy. From early 1980s to maximize profits ship owners sent their vessels to the scrap yards of India, China, Pakistan, Bangladesh, the Philippines and Vietnam where pay, health and safety standards are minimal and workers are desperate to work. It is estimated that over 100,000 workers are employed at ship breaking yards worldwide. Of the approximate 45,000 ocean-going ships in the world about 700 are taken out of service every year. At the end of their sailing life, ships are sold so that the valuable steel - about 95% of ships mass can be reused.



In Bangladesh, the ship breaking industry started its operations in 1960s when a Greek ship 'MD Alpine' was stranded on the shores of Sitakunda, Chittagong after a severe cyclone. The ship remained there for a long time before the Chittagong Steel House brought the vessel and scrapped it.

During the Liberation War in 1971, a Pakistani ship 'Al Abbas' was damaged by bombing. It was later salvaged and brought to the Fauzdarhat seashore. In 1974, Karnafully Metal Works Ltd bought it as scrap, introducing commercial ship breaking in Bangladesh. The industry flourished during the 1980s. Today it has become large and profitable industry for Bangladesh.

These two incidences are considered to be the beginning of the ship breaking industry in Bangladesh. The ship breaking industry gradually grew since then, and by the mid-80s Bangladesh had become one of the major ship breaking nations in the world.

Bangladesh was the top ship recycling nation from 2004-2009. Bangladesh became the second in 2012,

scrapping around 270 ships. Bangladesh dismantling 210 ships in 2013 became the third largest ship breaking nation in the world.

- Key information about the industry (based on discussion with the key industry players) as follows:
- Number of yards: 140 (according to industry experts only 60% yards are operative)
- Number of Workers: 40,000 approximately
- Industry Size : Around USD 1.5 Billion annually
- Growth rate: On average 7-10%
- Annual local market scrap demand : 2.40 million MTPA
- Annual local market raw materials demand for Rod manufacturing: 4.00 million MTPA

Ship breaking is a challenging process, due to the structural complexity of the ships and the environmental, safety and health issues involved. Due to cheaper labor costs and fewer health and safety regulations that have to be followed, the developing world hosts the vast majority of ship breaking efforts.

The International Maritime Organization's (IMO) Hong Kong Convention for the Safe and Environmentally Friendly Recycling of Ships (2009) set out a roadmap for increased worker safety and environmental protection but has yet to be fully ratified.



The Government of Bangladesh has recently introduced new national policies and legislation to improve the environmental and occupational health and safety standards in the ship breaking yards. But there is a long way to go.

Generally following compliances are related to the ship breaking:

1. NOR (Notice of Readiness).
2. Port Clearance Certificate (No Objection Certificate);

3. Rummaging Certificate that ensures due rummaging of the vessel;
4. A copy of import general manifest accepted by the Chittagong Customs confirming the Vessel is for scraping;
5. Original TRIM and stability Book;
6. Gas free Certificate for human entry; (Certificate stating that the vessel is free from any Gas harmful for human entry)
7. Light dues payment receipt issued by Customs; and
8. Naval Clearance in favor of the importer.
9. Compliance of Clearance Certificate from Environment Department (Certificate already obtained).
10. Permission from Directorate General, Shipping of Bangladesh.
11. Compliance of High Court Division Observation.
12. Proposed importing ship is not included in the blacklist of Greenpeace.
13. All other required permission related to ship breaking industry.

Ship breaking generates a lot of jobs, and it is estimated that some 30,000 to 50,000 people are directly employed in the ship breaking industry in Bangladesh. Additionally, another 1, 00,000 are indirectly involved in the business. Most of the laborers are hired by the ship

yards through local contractors on a ship by ship basis. A labor earns around 1-3 dollars per day depending on the type of work. Some 300-500 people are typically employed on a temporary basis for dismantling a ship, and many more are employed in downstream activities for recycling of all kind of materials from the ships.

Ship breaking is therefore a lucrative business with few risks for the yard owners, investors and money lenders. The ship breaking industry in Bangladesh is estimated worth an annual turnover of around 1.5 billion dollars.

Considering the cumulative demand of steel and potential threat to environment, Prime Bank Limited is concentrating on financing environment compliance ship braking industry. The bank has financed this sector after doing due diligence on Environmental Risks for each customer and the bank only financed to those customers, who have obtained membership license from Bangladesh Ship Breakers Association and completed all ancillary works, e.g. they also have obtained Environmental Clearance Certificate from Environment Department, Chittagong Division. The customers should have Effluent treatment plane (ETP), workers recreation center, labor barrack in their yards as per instruction of Environment Department.

In the year 2014, our Bank financed a substantial amount in this sector which is around Tk.117.75 crore.

Green Banking at Prime Bank Limited

Prime Bank Limited always believes growing in a responsible manner maintaining eco-friendly environment which is essential for our survival. As a Bank, we play an intermediary role between economic development and conservation of the environment. Our Green Banking activities are on multidimensional areas which include both in-house green activities and green financing activities to support Green Economy. Prime Bank Limited as one of the leading commercial banks of the country is committed to ensure proactive and prudent management for the environmental degradation arising from our business activities.

Major Green Banking Initiatives taken by Prime Bank Ltd

♦ Green Banking Policy

Prime Bank Ltd. has outlined a comprehensive Green Banking Policy for implementing Green Banking activities in line with the Bangladesh Bank's BRPD Circular No.02 dated February 27, 2011. During the year 2014, a revised Green Banking Policy was approved by the RMC of the Board.

♦ Green Office Guide

The Bank has already developed Green Office Guide and circulated it to all employees for creating awareness on green banking activities & providing instructions on efficient use of energy, water, saving paper, etc. However it is mentionable that, PBL is in process of introducing an advanced Green Office Guide.



◆ **E&S Policy**

Prime Bank Ltd. also engaged FI Konsults.r.o, a Czech Republic based consulting company to develop Environment & Social (E&S) Management policy for Prime Bank Ltd. which may be implemented at the end of 2015.

◆ **Green Financing**

The “Green Finance Cell” of Prime Bank Limited is in operation since 2013 to exclusively look after the Bangladesh Bank enlisted green financing products. During 2014, the bank has extended finance of BDT 6757.46 million in 24 projects having ETP. The bank has further strengthened its green banking initiatives by financing environment-friendly Hoffman Kiln and Zigzag based automated brick fields, which contribute towards a greener climate. Prime bank disbursed 32.00 million to set up 4 Hybrid Hoffman Kiln (HHK) projects.

◆ **Alternate Delivery Channels**

Prime Bank Limited has established various alternate delivery channels i.e. Online Banking, Internet Banking facilities, Automated Teller Machine (ATM), SMS Banking facilities, Biometric Smart Card based alternate banking service, Cash Back Service etc. These are the platform that gives our customers the convenience of banking anytime anywhere and ultimately reducing the carbon footprint of the customers by ensuring they do not have to resort to physical travel to Bank’s service outlets.

◆ **Paper Consumption Management**

- Arranging paperless Credit Review Committee meeting (both SME & Corporate) by arranging presentation with Projector.
- Use of e-mails instead of letter for internal communication;
- Digital circular archiving solution for archiving regulatory and internal circulars;
- Introduced E-DOC system for Credit Administration Division, which allows electronic archiving of security documents along with reminder system for better monitoring and control;
- “Agenda and Compliance Management Software” was introduced, which eliminated the process of presenting paper based memo during the meeting of the Executive Committee of the Board;
- Human Resource Division has successfully launched online ACR (Annual Confidential Report);

- Requisition for printing & stationery, office stationery, printing of MICR cheque and pool car are done by online requisition software.
- Trade Service Department has been centralized, which ultimately reduces paper consumption.
- Duplexing (two-sided printing) when possible as well as limiting printed materials/e-mails/ memos to only what is necessary:

◆ **Conserving Energy**

- Encouraging turning off and/or unplugging all lights and electronic equipment (computers, monitors, photocopiers, cell phone chargers, printers, radios, etc.) when not in use, and fully utilizing power-saving settings when in use.
- Replacing incandescent bulbs with CFLs when they need to be replaced, internally and externally.
- A circular has been issued by the Human Resource Division (HRD) for all employees to encourage staffs for adopting car sharing with colleagues in order to reduce carbon emission.
- The Bank currently has nine (9) branches, which are well equipped to arrange video conference which ultimately reduces official travels.

◆ **Renewable Energy Usage**

The Bank has installed solar panels at 21 branches as well as 12 ATM booths and SME unit offices as part of its commitment to the usage of renewable energy resources.

◆ **Training and Education**

Human Resource Training & Development Center of PBL arranged 12 Green Banking training Programs for 403 employees during 2014 to familiarize with the Green Banking aspects. Besides that, officials of the Bank attended Training programs/workshop/seminars on Green Banking issues arranged by Bangladesh Bank Training Academy.

◆ **Customer Awareness Program to educate clients**

The Bank arranged a customer awareness program on March 19, 2014 to create awareness among 120 participants to protect the environment from different pollution and hazards.

◆ **Disclosure and Reporting of Green Banking Activities**

PBL has been regularly reporting its Green Banking Activities to Bangladesh Bank on quarterly basis

since 2011. In view of highlighting our Green Banking activities and creating awareness amongst the stakeholders, a separate section has been incorporated in our Annual Report and Bank's official website for disclosing our Green Banking activities.

Commitment to the environment

Prime Bank Limited has made some future planning to make 2015 a productive year for Green Financing, which are presented below:

- The Bank is committed to lessen consumption of electricity, water, paper, fuel in the upcoming year and will take necessary actions pro-actively.
- The Bank has allocated a significant amount for Direct Green Financing for the coming year.
- The Bank has allocated a significant amount for extending support for the economic activities of the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium.
- The Bank has allocated a significant amount for climate risk fund for the coming year.
- The Bank's distance meetings shall be conducted through Video Conference rather than physical visit.
- Already solar panels have been installed in some of our branches, ATM booths & SME Unit Offices and we are expecting to expand the number of branches having solar panels.
- The Bank is arranging Training/Workshop related to Green Banking for our employees and committed to continue the same in the coming year.
- The Bank has planned to arrange more seminars to make the clients conscious regarding Green Banking as well as to avail Green Products.

