

IPO Details

Premier Bank Limited (DSE: PREMIERBAN) will raise BDT 2,000.0 Mn by issuing an unsecured, contingent-convertible, non-cumulative and floating rate perpetual bond titled “**Premier Bank Perpetual Bond**”. Of the total issue, BDT 1,800.0 Mn will be raised from private placement, while the rest BDT 200.0 Mn will be raised from the public through Initial Public Offering (IPO). IPO subscription for the public will commence from December 12, 2021 and would continue till December 19, 2021.

Premier Bank Limited (PBL), the **Issuer & Originator**, is a second generation private commercial bank that commenced operation in 1999. The principal activities of PBL include providing all kinds of conventional and Islamic commercial banking services, including deposit, loans and advances, export & import financing, local and international remittance facility etc. PBL also has two off-shore banking units (OBUs). The bank has one subsidiary company named Premier Bank Securities Limited. PBL was listed in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in 2007.

Use of Proceeds

PBL plans to raise Additional Tier-1 Capital in order to strengthen its capital base in accordance with Bangladesh Bank’s guidelines on Risk Based Capital Adequacy. The proceeds from the issue would be utilized for the bank’s regular business activities i.e. strengthening investment (loan) portfolio and other securities.

Key Features

- PREBPBOND is perpetual in nature, hence there is no maturity date.
- The rate of return of the bond will be determined based on the latest available **20-year Treasury Bond** rate as published by Debt Management Department of Bangladesh Bank on the quotation day. A **2.0% additional margin** would be added over the applicable T-bond rate.
- The minimum profit rate will be 6.0% with a maximum profit rate of 10.0%, all subject to the availability of distributable profit.
- Investors will receive **semi-annual** payments from the share of distributable profit. The payment will be made at the end of calendar year. However, PBL will have full discretion at all times to cancel distribution/payments to the bondholders.
- In the case of late payments, PBL shall pay a penalty of 2.0% higher than the coupon rate and will be payable on the amount not paid on the due date till the date of actual payment.
- PBL can exercise the “**Call Option**” only after 10 years of issuance, with prior approval from Bangladesh Bank.
- Eligibility of exercising the call option: (1) Replacing the current instrument with capital of same or better quality that are sustainable for the income capacity of the bank; & (2) Capital position (consolidated CET-1) is above the minimum requirements after the call option is exercised.
- The conversion of the bonds to common shares would take place at pre-specified trigger point as needed to reach the minimum consolidated CET-1 ratio as per Bangladesh Bank requirement (currently at 4.5%). Unless the trigger point is activated, the conversion would never take place.
- The conversion strike price will be calculated as follows: Average of 180 business days market price prior to the trigger point or par value (BDT 10), amongst whichever is higher.
- The “**Dividend Stopper Clause**” would stop dividend payment to common equity holders in the event the holders of these bonds are not paid profit/coupon either due to exercise of issuer’s coupon discretion or otherwise.
- The claims of the investors of the bond will be superior to the claims of investors in equity shares. The claims will be subordinated to those of depositors, general creditors, and subordinated debt of the bank other than those qualifying as Additional Tier-1 Capital.

IPO Summary

Issue Code	PREBPBOND
Issue Size	BDT 2,000.0 Mn
Issue Size under Public Offer	BDT 200.0 Mn
Face Value	BDT 5,000
Minimum Subscription	BDT 5,000
Tenure	Perpetual
Listing	Dhaka Stock Exchange (DSE)
Profit Rate	6.0% - 10.0%
Issuer & Originator	Premier Bank Limited
Trustee	MTB Capital Ltd.
Issue Manager	UCB Investment Limited
Underwriter	UCB Investment Limited
Rating Agency	Argus Credit Rating Services Limited
Issue Credit Rating	AA
Issuer Credit Rating	Long term: AA+ Short term: ST-1

IMPORTANT DISCLOSURES

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