

# ANNUAL REPORT

# 2017



**Agrani SME Financing  
Company Limited**

*Committed to generate employment*

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# Agrani SME Financing Company Limited

## Corporate Profile

December 31, 2017

Genesis	Agrani SME Financing Company Limited (the Company) has been incorporated as a Public Limited Company on 27 October, 2010 vide certificate of incorporation No. C- 87827/10. The Company has taken over the ongoing activities of Small Enterprise Development Project - SEDP (A Norway and Agrani Bank funded Project of Ministry of Finance, Bangladesh) on a going concern basis through a Vendor's Agreement signed between the Ministry of Finance of the People's Republic of Bangladesh, the Board of Directors on behalf of the Agrani Bank Limited and the Board of Directors on behalf of the Agrani SME Financing Company Limited on 27 December, 2011. The Company has set 31 December, 2011 as the effective date of handing over the SEDP operation to Agrani SME Financing Company Limited. The Company's current shareholdings comprise the Agrani Bank Limited and six other shareholders nominated by the Bank. The Company has 50 branches (with no overseas branch) as on 31 December, 2017.
Legal Status	Public Limited Company (Governed by the Bank Companies Act 1991 and Financial Institution Act 1993)
Chairman	Mohammad Shams-Ul Islam
Managing Director & CEO	Md. Nurul Haque
Company Secretary	Md. Muzahidul Islam Zoarder
Corporate Registered Office	11/3, Toyenbee Circular Road (6th Floor), Motijheel, Dhaka
Authorized Capital	Tk. 500 Crore (Five billion)
Paid up Capital	Tk. 100 Crore (One billion)
Operating Profit for the Year 2017	Tk. 4.61 Crore (46.09 million)
Employees	179
Branches	50
Phone	9511803-4
Fax	(02) 9567301
E-mail	<a href="mailto:asfclbd@gmail.com">asfclbd@gmail.com</a>
Auditors	Hussain Farhad & Co. Chartered Accountants. House # 15, Road # 12, Block # F, Niketon, Gulshan – 1, Dhaka –1212, Bangladesh Tel: 8836015-17, Fax: 880-2-8836074

## **Vision**

The availability of financial support for economically vulnerable citizens is one of the most important aspects for attaining Sustainable Development Goal (SDG). The implementation of company's core activities through financing the Small and Medium Enterprises of missing middle section would contribute to the fulfillment of these objectives. Following the GOB strategy for the poverty alleviation, the vision of the company is to develop sustainable small and medium scale entrepreneurs to generate income and employment opportunities with special emphasis to the women entrepreneurs.

## **Mission**

To realize the vision, the company will implement small and medium credit servicing to the eligible entrepreneurs with particular emphasis to women entrepreneurs in the urban, semi-urban and rural areas. The potential entrepreneurs will be identified and entrepreneurship/skill development training will be conducted for giving them a hands-on-experience to skillfully run their enterprises along with providing credit facilities to implement his/her projects/enterprise. The mission of the company is to create successful entrepreneurs by providing financial assistance with intense supervision and monitoring so as to ensure the fruitful implementation of the financed projects/enterprises.

## **Objectives**

The overall objectives of the Company include the following:

- To carry on the activities for the purposes of enhancing the income of, and employment generation for urban, semi-urban and rural people.
- To carry on business of SME financing by developing small and medium enterprise through financial assistance in the form of providing loans with the ultimate goal to develop entrepreneurship and to alleviate poverty.
- To carry on business of SME financing by developing small and medium scale labor intensive enterprise in order to create jobs for the unemployed people and increase income for the missing middle group of the country.
- To arrange entrepreneurship and skill development training programs for the existing and identified potential entrepreneurs and for their employees.
- To promote woman entrepreneurs with giving emphasis and encouragement to the woman entrepreneurs in carrying out small enterprise business so as to enabling them to start up their enterprises for changing their lots as well as to help developing the economy of the country.

Notice of the Seventh

## Annual General Meeting

Notice is hereby given to all Shareholders of Agrani SME Financing Company Limited that the 7<sup>th</sup> Annual General Meeting of the Company will be held on June 23, 2018 at the Board Room of the its Holding Company, Agrani Bank Limited (9/D Dilkusha Commercial Area, Dhaka-1000) to transact the following business and adopt necessary resolutions:

### Agenda

1. To confirm the minutes of the 6<sup>th</sup> Annual General Meeting held on July 20, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon, and the Directors' Report
3. To elect/re-elect Directors.
4. To appoint Auditor for the Year 2018 and to fix their remuneration.
5. Any other business to be discussed with the permission of the chair.

By Order of the Board of Directors

**Md. Muzahidul Islam Zoarder**  
Company Secretary

Dated: May 27, 2018

## Letter of Transmittal

To

The Shareholders  
Registrar of Joint Stock Companies & Firms  
Securities and Exchange Commission  
Bangladesh Bank, Dhaka.

Sub: Annual Report for the year ended 31 December 2017.

Dear Sir (s)

We are pleased to enclose herewith a copy of the Annual Report 2017, together with the Auditors' Report and the Audited Financial Statements of Agrani SME Financing Company Limited for your kind information and record.

Yours sincerely

Md. Nurul Haque  
Managing Director & CEO

# Board of Directors 2017



**Mohammad Shams-Ul Islam**  
Chairman



**Md. Rafiqul Alam**  
Director



**Md. Ali Hossain Prodhania**  
Director



**Md. Shahadat Hossain, FCA**  
Director



**Md. Rafiqul Islam**  
Director



**Md. Nurul Haque**  
MD & CEO

# Board of Directors 2018



**Mohammad Shams-Ul Islam**  
Chairman



**Md. Shahadat Hossain, FCA**  
Director



**Newaz Hossain Chowdhury**  
Director



**Md. Yusuf Ali**  
Director



**Md. Khairul Kabir**  
Director



**Md. Rafiqul Islam**  
Director



**Md. Nurul Haque**  
MD & CEO



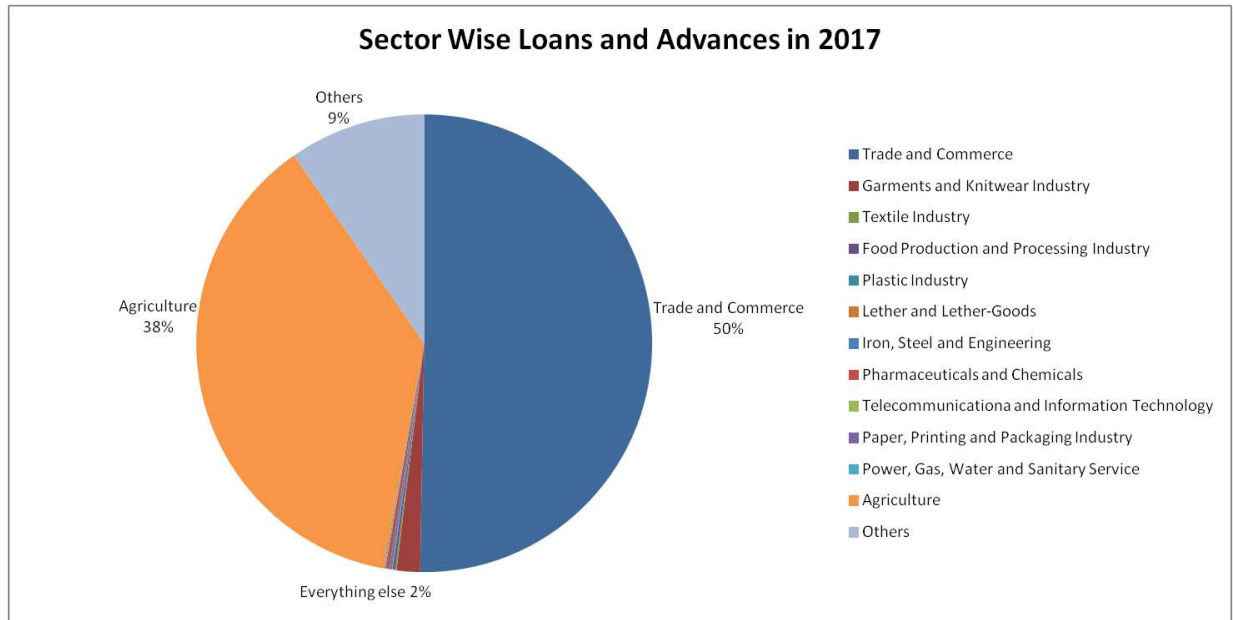
# Performance at a Glance

for the year ended 31 December, 2017

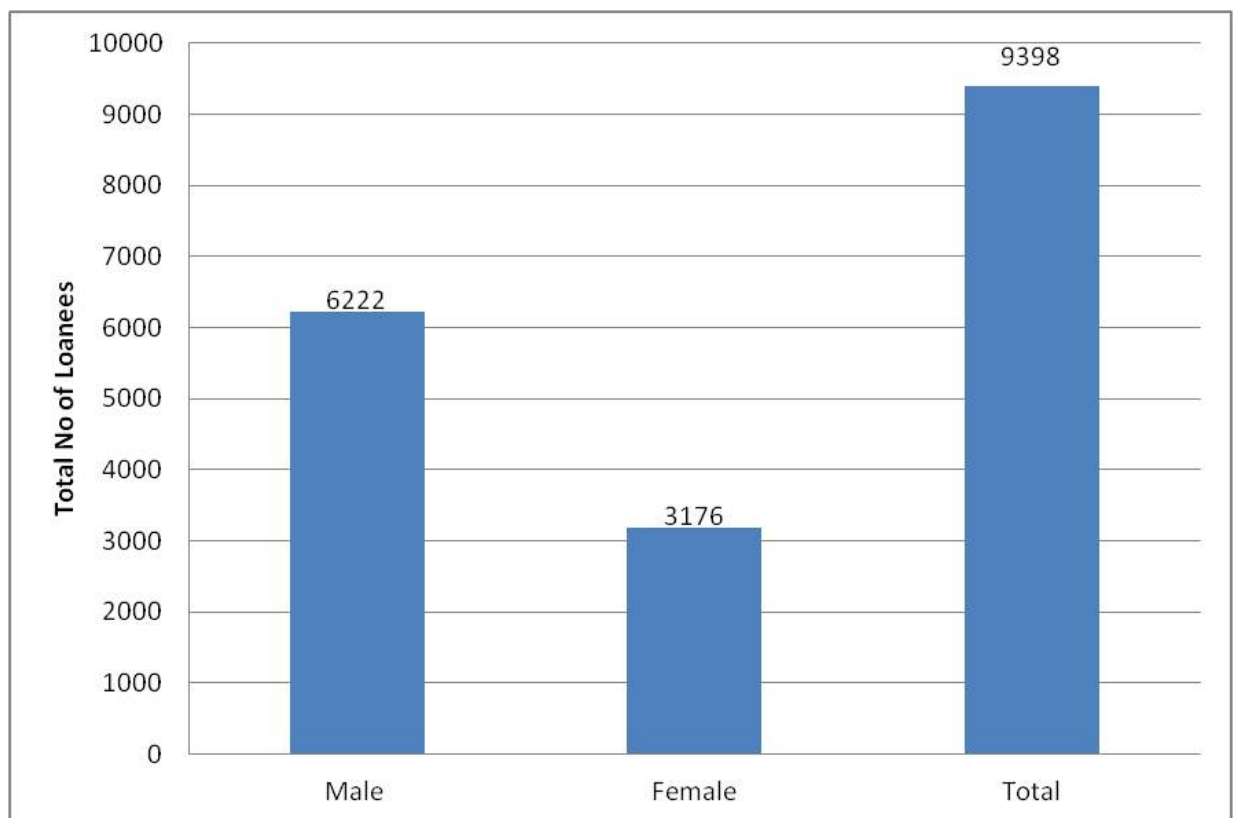
	(Tk. in millions)				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Results of Operation</u></b>					
Operating Revenue	158.43	135.66	161.18	153.78	130.35
Operating Expenses (including provisions)	120.85	115.37	88.45	62.35	60.38
Profit before Tax	37.58	20.29	72.73	91.62	69.97
Net Profit	21.67	9.69	36.57	60.23	38.20
<b><u>Balance Sheet</u></b>					
Loans & Advances	1079.32	787.86	604.46	475.00	437.13
Classified Loans	57.01	55.35	72.23	53.00	38.00
Total Asset	1520.52	1462.44	1410.00	1359.00	1290.00
Fixed Asset	12.14	16.95	20.60	16.08	7.33
Authorized Capital	5000.00	5000.00	5000.00	5000.00	5000.00
Paid up Capital	1000.00	1000.00	1000.00	1000.00	1000.00
Shareholder's Equity	1247.39	1225.72	1216.03	1179.34	1119.19
Retained Earning	153.68	136.34	128.59	99.21	51.11
Other Liabilities	273.13	236.73	193.48	179.19	171.00
<b><u>Ordinary Share Information</u></b>					
EPS	1.73	0.77	2.93	4.82	3.82
Book Value per share of 100 (end of period)	124.74	122.57	121.60	117.93	111.92
<b><u>Financial Ratios (%)</u></b>					
Return on Assets	1.45%	0.67%	2.64%	3.50%	3.02%
Return on Equity	1.75%	0.79%	3.05%	4.70%	3.47%
Equity to Assets	82.04%	83.81%	86.27%	86.80%	87.00%
Efficiency Ratio	70.91%	77.67%	43.59%	40.49%	46.32%
Non-Performing (Assets to Loans)	5.28%	7.03%	11.95%	11.21%	8.69%
<b><u>No. of Branches</u></b>					
	50	50	45	42	41

# Graphical Presentation of Financial Information as on 31<sup>st</sup> December 2017

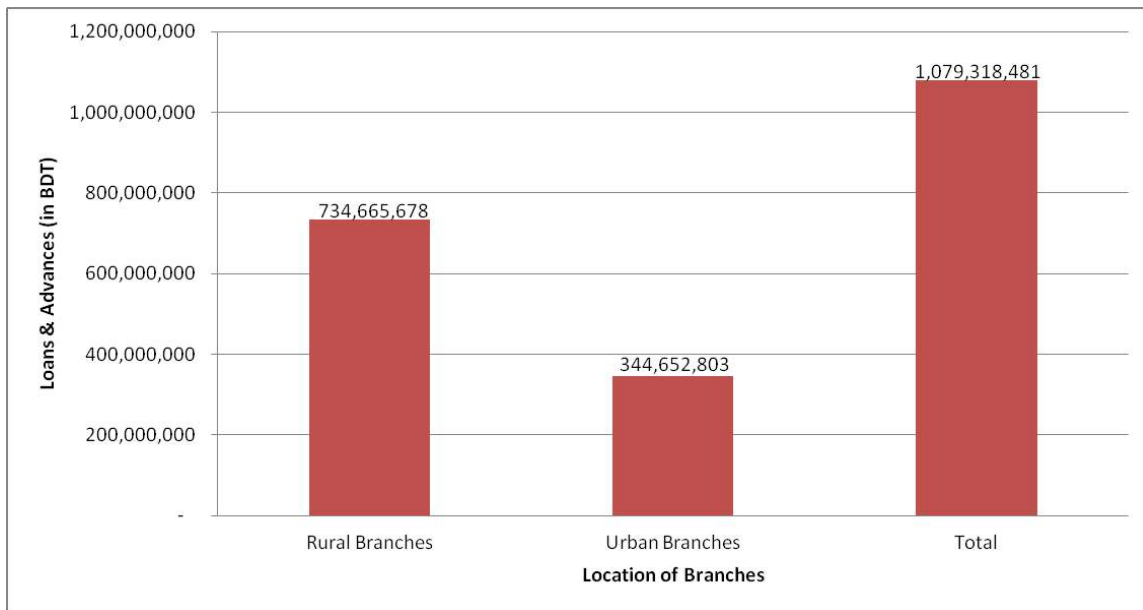
## 1. Sector-wise Loans and Advances



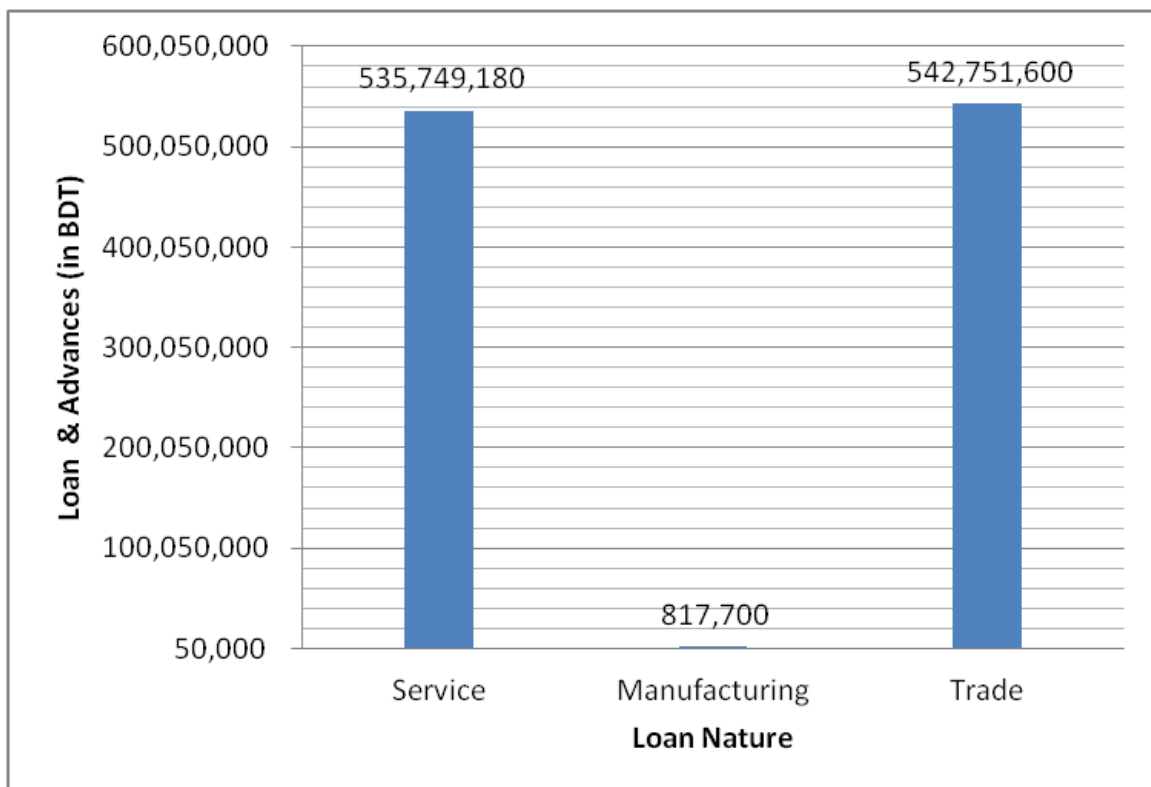
## 2. No of Loanees - Male & Female



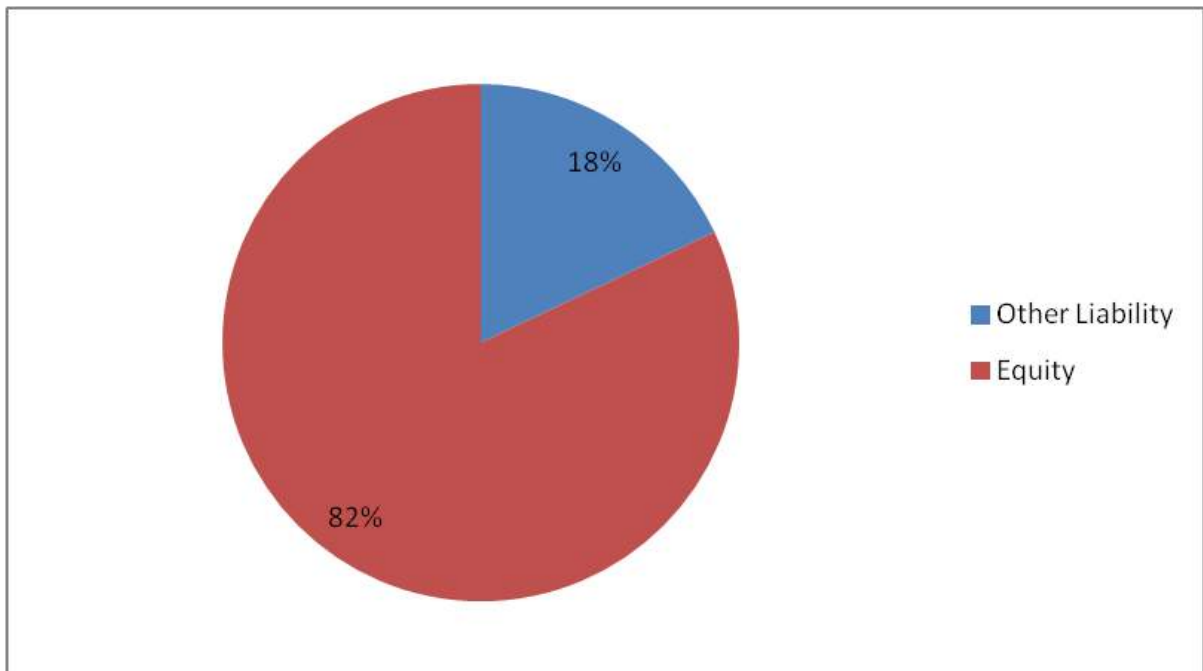
### 3. Loans and Advances by Branches – Geographic Location Wise



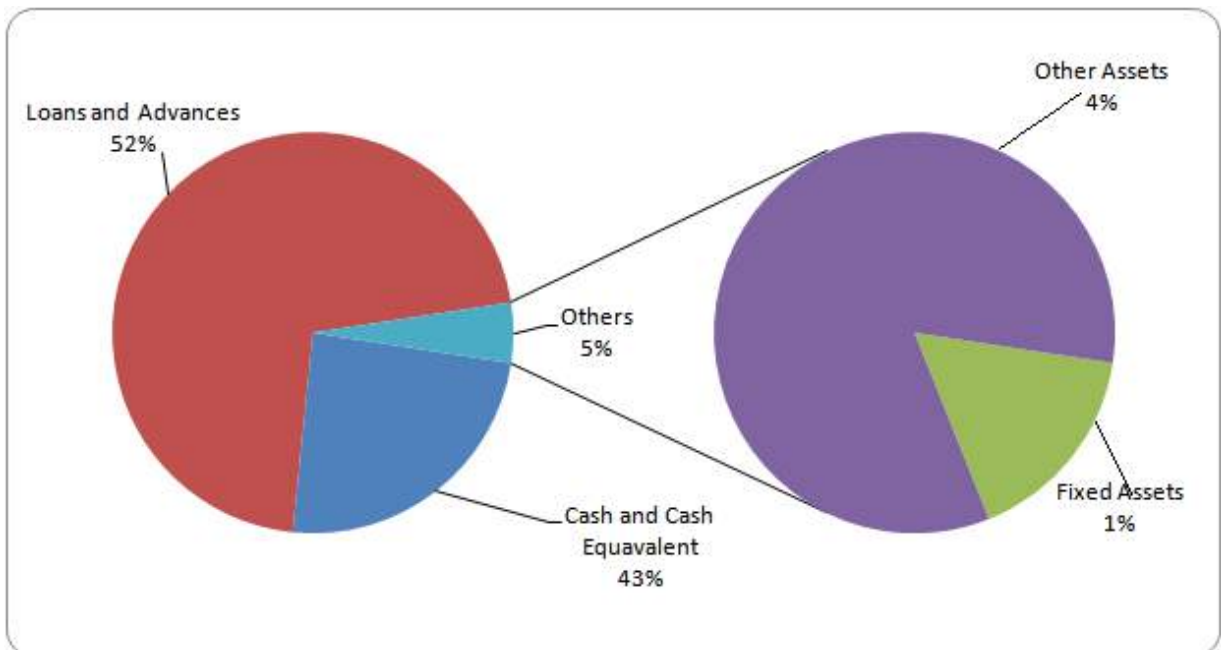
### 4. Loans and Advances as per Loan Nature



## 5. Sources of Fund



## 6. Uses of Fund





## MESSAGE OF THE CHAIRMAN

Dear Valued Shareholders,  
Assalamu Alaikum

At the very outset, I would like to remember with reverence the great architect of our independence, the greatest Bangalee of all times, the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman under whose legendary leadership, a country named Bangladesh was liberated and emerged in the comity of nations. I also call to mind those brave martyrs of 1971 whose great sacrifice have given us the opportunity to be the citizens of an independent country.

Respected shareholders, in 2017, the global economy shaped well for the financial markets to report stronger performance. The fears that dominated the latter stages of 2016, comprising the aftermath of the market crash with the outcome of the US presidential elections, Brexit-triggered recession in the UK and a collapse of the Euro zone following the subsidence of the Italian banking system and now considered to be events of the past as the world looks at new triggers of growth today. The global growth has been estimated at 3.7 percent for 2017, 0.4 percentage points higher compared to that of the growth of 2016. The continued boost in domestic demand in the developed economies, favorable financial conditions, strong business and consumer confidence are expected to play a vital role in achieving a projected growth of 3.9 percent in global economy in 2018. Significant improvements in the investment situation in China's infrastructure and housing sector and revival from the downturn of commodity prices, even in partial, are expected to induce growth momentum of emerging and developing economies.

Distinguished shareholders, we know that a sound financial sector is the key to sustainable economic development for any country as it facilitates the financial mechanism between borrowers and lenders, helps expedite capital accumulation, and makes use of resources in productive sectors. In Bangladesh, the contribution of the financial sector has increased over years. In FY2010-11, financial sector's share in GDP was 2.99 per cent at constant price, which has increased to 3.41 per cent in FY2016-17 (BBS, 2017). Commercial banks play the dominant role, accounting for almost 80 per cent of the financial sector. In FY2016-17 the share of banking sector in GDP was 2.91 per cent.

During the year 2017, the Company made revenue of BDT 158.43 millions, achieved Profit after Tax of BDT 21.67 million, recorded an EPS of Tk. 1.73 compared to that of 0.77 in

the previous year including Company's total assets remained at a better position with a growth of 4.00% compared to that of 2016. With more effective processes, stringent procedures, capable people, Agrani SME Financing Company Limited was able to have better financial footing in a more sustainable manner.

In this connection, I would like to inform that during the year 2017, a total number of 4003 enterprises have been established which have generated employment opportunities for 10,000 persons. Out of the total employment 1800 were female and 8200 were male. We hope the opportunity of employment will be generated more in future.

The most fundamental driver of our business is our sense of supporting the spirit of entrepreneurship among our talented countrymen. Providing timely and judiciously-priced capital, offering advice on economic and market trends and maintaining strong communication channels with them ensures that we remain the preferred financial gateway. Moreover, in addition to loan disbursement, our Company provides comprehensive sets of advisory and capacity building services.

In phases, your Company has reengineered the process to bring in confidence among people, it moved forward with right products and services for the entrepreneurs, spread across to connect lives and now inspire lives to bring in changes. The worth of investing on individual or any business with more authority and control over its path is a vitally important process that helps to explore every day as a life transformation. I believe that our capital has humbly helped in the improvement of businesses – and the quality of life of the entrepreneurs.

The activities of the Company are currently being operated in total 50 branches including a Principal branch situated at the premises of the head office of the Company. I would like to inform you with gratitude that Bangladesh Bank has given consent in principle to open three more new branches which would be opened within couple of days.

With your support, at the beginning of my tenure as the Chairman my expectation for the Company remained sky-high. I advised for few issues so that a prudent blend could be adhered to achieve a qualitative growth for the Company and not only to chase growth for the sake of growth itself. I envisioned that the Company would grow further and would create the platform for mutual benefits and growth of the entrepreneurs who are serviced by the Company. With this end in view during year under review, we have raised our loans and advances outstanding to 107.79 crore from 78.78 crore. However, you will agree that an NBFIs with this less or meager loans and advance outstanding will not be viable or will not sustain in future. Thus for the year 2018, we have placed a firm target of increasing our total loans and advances to Tk. 200 crore. In addition, we have also set a target of recovering 100% of our classified and written-off loans.

As your company continues to grow, we are firmly focused on adhering to the regulatory compliance. The annual financial statements are prepared following regulatory ambits, i.e. we have started accrual basis of accounting system instead of cash basis of accounting system maintained long since SEDP project period. We have already completed automating our loan monitoring system. CIB software is in place and automation process of Accounting System is in the final phase. We are also trying to maintain good corporate governance with limited human resources, trying to put sound internal control system and risk management framework in place, promoting ethical practices and complying with laws

and regulations. We maintain highest standard of transparency and provide public disclosures to keep our stakeholders informed of our activities.

I must mention that all along the way, we have kept a strict eye and a judicious control on the quality of our credit portfolio. We reported NPLs through control and with necessary provisions provided for prescribed regulatory ambits. Though our NPL levels were pressured (5.70 crore NPL in 2017 against 5.53 in 2016), this was largely on account of our exposure to some accounts turning bad largely in the investment made during the SEDP project period where development goal was the prime priority rather than profit making objective. We have initiated all legal and regulatory processes to recover our funds. However, as a conservative practice, we have increased the level of provisioning in our 2017 accounts, though the provisioning balance shows a net decline (3.35 crore in 2017 against 5.58 in 2016). This is due to the fact that we have aligned our previously stringent provisioning policy with the instruction of Bangladesh Bank, with effect from December 2017.

The Company has always endeavored to implement and maintain high standard of Corporate Governance norms and has been practicing the principles of good to corporate governance. Strong supervising role of Bangladesh Bank (BB) over the Company were continued in the year 2017.

As an enterprise that is focused on long term sustainability, we would constantly adjust our sails according to wind speeds. To grow sustainably and profitably, we will continue our focus on further strengthening our capital position and financing the emerging business sectors as well as continue our support to the unbanked and under privileged along with missing middle people to the targeted areas of the Company.

I would like to thank my colleagues in the Board for their outstanding work in the past year. They have applied themselves diligently and with great skill to the responsibilities entrusted to us. Their invaluable insights have provided guidance for the direction that the Agrani SME Financing Company Limited is heading for. We would like to thank all our Management and staff, for their dedication and contribution to the success of this Financial Institution. We also thank our shareholders, customers, Bangladesh Bank, Bank and Financial Institutions Division, Ministry of Finance, GOB, Regulatory authorities, Parent Bank and other stakeholders for their continuing support in fostering growth and development of the Company which will help shape up the future for the betterment of the teeming millions.

Mohammad Shams-UI Islam  
Chairman  
The Board of Directors



## **Managing Director & CEO's Message**

Agrani SME Financing Company Limited is a Non-Banking Financial Institution (NBFI) owned by Agrani Bank Limited (ABL), started its journey on being incorporated as a Public Limited Company on 27 October 2010. The Company has taken over the ongoing activities of Small Enterprise Development Project (A Norway and ABL funded Project of Ministry of Finance, Bangladesh) on a going concern basis through a Vendor's Agreement signed between the Ministry of Finance of the People's Republic Bangladesh, the Board of Directors of both ABL and Agrani SME Financing Company Limited on 27 December 2011. The effective date of handing over the operation of Small Enterprise Development Project (SEDP) to this Company was 31 December 2011.

Small & Medium Enterprise (SME) plays an important role in our economy in terms of balanced and sustainable growth, employment generation and contribution to GDP. The Company strongly believes that SME sector is one of the main driving forces of economic growth having huge potentialities of socio-economic development. The Company is giving all out efforts with some strategic considerations to increase the SME portfolio to a remarkable extent within a very near future.

The Company is one of the 34 NBFIs of the country rendering financial services to the existing and potential entrepreneurs. Prime goal of the Company is to develop entrepreneurship in small and medium scale labor intensive enterprises. The Company's lending policy is supportive for creating employment opportunities as well as increasing income for the missing middle eligible entrepreneurs with particular emphasis to women entrepreneurs in the rural, urban and semi-urban areas.

The activities of the Company are currently being operated in total 50 branches including a Principal Branch situated at the premises of the Head Office of the Company in Motijheel. It may be mentioned with gratitude that Bangladesh Bank has given consent in principle to open three new branches which would go in operation very soon.

As of December 31, 2017 the Company disbursed SME credit to a total 11,038 borrowers/entrepreneurs of which 9,398 are existing. The number of existing female borrowers/entrepreneurs are 3,176 which constitute nearly 33% of total portfolio. With a



disbursement of Tk. 73.30 crore to 4,003 entrepreneurs, the Company has created employment of 10,000 people during the year. Out of the total employment, 1,800 were female and 8,200 were male. We hope the opportunity of employment generation will be increased in future. During this period the company recovered Tk. 59.68 crore including interest of Tk. 15.52 crore.

The Company experienced its seventh year of operation in 2017 with an uprising increase of Loans and Advances by Tk. 29,14,59,198, Operating Profit by Tk. 1,57,93,839 and Net Profit by Tk. 1,19,85,022. The Loans and Advances increased to Tk. 107,93,18,480, Operating Profit to Tk. 4,60,85,301 and Net Profit to Tk. 2,16,71,445 which were Tk.78,78,59,282, Tk.3,02,91,462 and Tk. 96,86,423 respectively in 2016. The Earning Per Share (EPS) increased to Tk. 1.73 which was Tk. 0.77 in 2016. During the year Operating Income increased by 16.78% while Operating Expenses increased by only 6.62% which eventually contributed to earn augmented amount of Operating Profit. We are happy to mention that during the year Loans and Advances increased by 37%, Operating Profit by 52% and Net Profit by 124%. As on December 31, 2017 the available Capital of the Company is Tk. 124,73,88,81 as against Tk. 122,57,17,372 of the previous year which projects a robust financial footing. The amount of classified loan is Tk. 5.70 crore against total outstanding loan of Tk. 107.93 crore. Hopefully the percentage of classified Loans and Advances decreased to 5.28% from 7.03% in 2016.

The annual financial statements are prepared following regulatory ambits, i.e. accrual basis of accounting system instead of cash basis of accounting system maintained long since SEDP project period. Standard Accounting System has been introduced at all levels of operation of the Company. The Loan Classification procedure is improved to a standard level of acceptance. A new but effective monitoring system brought into operation. The existing Integrated Loan Monitoring System (ILMSD) and Accounting Software have been modified to accommodate the deemed changes. Independent CIB reporting system has been installed. Required training has been imparted to all employees to align their knowledge and skill with the new implemented systems and procedures.

For the year 2018, we have set an ambitious business target of increasing Loans and Advances to Tk. 200.00 crore from 107.93 crore and Net Profit to Tk. 3.49 crore as against Tk. 2.17 crore of 2017. Besides, 100% recovery of Classified and Write-Off Loans is set with high esteem.

As a newly established financial institution we feel and realize that we have to travel a long way with an objective to develop our Company as a model leading SME service offering institution of the country. To achieve this objective, we must have strong capital position and handsome size of quality portfolio. In accumulation of all these, we are hopeful that this Company will be forwardly going ahead and stand on a stronger base in the coming days.

We believe, 2018 would be a stepping stone for us towards transforming into a well managed, highly professional and customer-oriented Company for becoming the top SME financing company of the country within a very short span of time. In the upcoming year with prudence guidance and leadership of the honorable Chairman of the Board, with the best wishes from respected Members of the Board and sincere efforts put in by our beloved Colleagues, we are confident to progress further in all aspects. We are hopeful of achieving sustainable business growth with whole hearted participation of our dedicated, capable and dynamic work force by applying stronger risk management skills. Above all, we will conduct every steps of business within legal and regulating frame work determined by our regulators from time to time.

Finally, I would like to take the pleasure to convey sincere gratitude to our honorable Chairman and Members of the Board of Directors of our Company, Bangladesh Bank, Royal Kingdom of Norway, Management of Agrani Bank Limited for their valuable direction and counsel. We sincerely express our special gratitude to the all levels of members of Agrani Bank Limited for their multidimensional support and co-operation in smooth running of the Company. Also, we are grateful for the generous support and trust of our customers, patrons and vendors in achieving our inspiring results.

Md. Nurul Haque  
Managing Director and CEO

# Directors' Report to the Shareholders

Bismillahir Rahmanir Rahim

Respected Shareholders  
Assalamu Alaikum

On behalf of the Board of Directors, I am indeed delighted to present before you the audited Financial Statements and Annual Report 2017 of Agrani Bank Limited. The report evaluates and analyzes Bank's overall operational performance of 2017 compared to that of 2016. I would request you to read the information and analysis in connection with the audited financial statements presented herewith. The report presents a concise scenario on the overall performance of the Bank in perspective of global economy and Bangladesh economy.

## Global Economic Scenario

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp step-down in foreign earnings continues. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. For policymakers, the welcome cyclical pickup in global activity provides an ideal window of opportunity to tackle key challenges—namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks.

## The Macroeconomic Situation of Bangladesh

Bangladesh has successfully achieved MDG's and became able to increase national income and budget allocation. Bangladesh has now been uplifted from lower income to a lower-middle income country. Women development, information technology, agriculture, industry, education and health sectors developed substantially which will enable Bangladesh to become a middle income country within 2021.

## Economic Growth

Growth in FY2017 was higher than expected as consumption picked up in response to rising income, and as public investment strengthened. Inflation was lower than projected, and the current account moved into deficit, as expected, with a wider trade deficit and lower remittances. For FY2018, this Update retains the *Asian Development Outlook 2017* growth projection but anticipates slightly lower inflation and a larger current account

deficit. Recent flooding is unlikely to affect growth, which could improve if infrastructure development accelerates. Mobilizing domestic revenue remains a priority.

As stated in the provisional estimate by the Bangladesh Bureau of Statistics (BBS), GDP growth rate stood 7.24 per cent in FY2017 which was 7.11 per cent in FY2016. This will be the third time in the country's history over the last 2 decades (since FY2007) that the GDP growth would cross the 7 per cent mark. As regards per capita GDP, this too has been estimated to rise to USD 1,538 in FY2017 from the previous level of USD 1,385 in FY2016, registering an increase of USD 153 (11 per cent growth).

Of the estimated growth rate of 7.24 per cent for the current FY2017, agricultural sector's contribution was determined to be the tune of 0.5 per cent (0.43 per cent in FY2016), contribution of industry sector about 3.18 per cent (3.24 in FY2016) and that of the services sector about 3.31 per cent (3.21 per cent in FY2016). As is observed, industry sector's contribution is underpinned by the manufacturing sector despite lower growth of export earnings. Services sector's contribution is mainly enhanced by growth of public administration and defense, education, health and social works, and wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods. The abovementioned sectors account for 50.2 per cent of the estimated 3.31 per cent growth on account of the services sector. Indeed, if this year's elevated growth figure is considered, it can be observed that additional growth has been driven by services sector while somewhat declined contribution of industry sector has been compensated by that of the agriculture sector.

## **Savings & Investment**

A provisional estimation shows that domestic savings and national savings rates in the FY 2017 are 26.01 percent and 30.3 percent of GDP growth which were 25.0 percent and 30.8 percent respectively in the previous FY 2016. As a percentage of GDP in the current fiscal year compared to last fiscal year, the domestic savings has been increased slightly while national savings in FY2017 declined in the backdrop of the large current account deficit. On the other hand, investment as a share of GDP increased at a slower pace. It improved marginally to 30.27 percent in FY16 from 29.70 percent in FY16 thanks primarily to a spurt in the public investment levels

## **Inflation**

The average inflation rate gradually fell to 5.83 percent at the end of FY 2017 while it was found 5.91 percent at the end of FY2016. This decreasing inflation rate is primarily due to the contribution of a declining trend in nonfood inflation.

## **Export - Import Sector**

Export grew faster than import in recent year. Export stood USD 33,688 million during the financial year of 2016-2017 from 33,391 million in the financial year of 2016-2017. The growth of export earnings showed an improvement of 0.9 percent in FY16. Manufactured

goods were the main drivers for such higher growth. Among the major sectors of exports, woven garments and knitwear represents 84 percent of total export. Jute, leather, fish, shrimps and prawns supported overall export performance in FY17 while petroleum by-products, vegetable Products and home textile slowed down the pace of that performance.

Import recorded a growth of 9.00 percent in FY2016-17 against a growth of 5.94 percent in the preceding year. The total value of import provisionally stood at US\$47,005.2 million during the reporting period, up from US\$43,122.5 million (based on the Customs records) of the previous year. In case of commodity-wise imports, while rice import declined by 20.83 percent compared to the previous year, wheat import increased by 26.14 percent. On the other hand, import of consumer goods increased by 26.85 percent and that of intermediate goods grew by 5.62 percent. Among the intermediate goods, the increase in import of clinker by 12.18 percent, crude oil by 23.79 percent, petroleum products by 27.34 percent, chemicals by 6.61 percent, pharmaceuticals by 3.54 percent, plastic and rubber articles by 13.80 percent, raw cotton by 12.65 percent and iron, steel and other base metals by 16.54 percent was noteworthy. During this period, capital goods import increased by 9.46 percent indicating a spur in investment. In the case of capital goods, capital machinery import increased by 7.35 percent and other capital goods (including EPZ) increased by 10.63 percent.

## **Expatriate Employment & Remittances**

Bangladesh is one of the largest remittance recipient countries through the export of its labor forces mainly to the Middle East and the Southeast Asian countries. Bangladesh is considered as one of the major labor exporting country of the world. Remittances contributed 61% of the recent foreign exchange reserve buildup. Overseas employment itself represents over one-fifth of the annual addition to the country's total labor force and over half of additional manufacturing jobs created in recent years. In the year 2017, a total of 905,000 Bangladeshis went abroad for employment which is 32.12 percent higher than the same period of the previous year. In this year, the amount of remittance inflow dipped to 12,769.5 million USD from the previous year's inflow of US\$14,931.1 million with a deceleration rate of 14.48 percent.

The Government continues to take various initiatives to expedite the overseas employment for export of manpower. The remarkable steps of those are - continuous diplomatic efforts for exploring new labor markets, reinforcement of the activities of the 'Probashi Kalyan Bank' for necessary financial incentives and extending efforts to build up skilled manpower in compatible with international labor market standard etc.

## **Financial Inclusion**

Under the financial inclusion program, the government has been delivering the regulated financial services at affordable costs to the sections of underprivileged and low income segments of society. In order to develop sustainable economic structure, opportunity has

been given to open a bank account only at Tk. 10 and also by offering various services with free of cost who are excluded from the regulated financial services such as laborers and farmers.

## **Social Safety Net Program**

To support the poor and vulnerable, the government of Bangladesh implements a number of public social safety net programs that involve spending nearly 2% of GDP yearly. In FY 2017, Bangladesh spent around \$3.5 billion on social protection, which is about 1.4 percent of its Gross Domestic Product. The activities under this program are Old-Age Allowance, Allowance for Widowed, Deserted and Destitute Women, Allowance and Stipend for the Physically Challenged Insolvent Citizens, Maternity Allowance for Poor Women, Allowance for Orphans, Allowance for Life Improvement of Transgender, Downtrodden, Sweepers and Bohemian People, Honorarium for Freedom Fighters, Kabikha, Kabita, EEP, One House One Farm and Small Loans for the Self-employment of Women etc.

## **Short and Medium Term Prospects of the Economy**

Considering changed global scenario and internal situation, the economy grew at a rate of 7.28 percent in FY2016-17, satisfactorily up from 7.11 percent growth in FY2015-16 under Medium Term Macroeconomic Framework (MTMF) and had been projected to grow at the rate of 7.4 percent in FY2017-18 which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, sound implementation of the reform activities.

Achievement of targeted growth of the GDP set in MTMF depends on the implementation of the development activities of some sectors. Creating efficient manpower by giving emphasis to education, health, information and communication sectors and well-structured development of the infrastructure of electricity, communication and other sectors will play a vital role in this matter. Besides these, up keeping the growth of agriculture sector by providing goal oriented subsidies, various necessary steps for expected remittance inflow and comprehensive domestic demand and keeping continuous growth of the service sector will help to achieve medium term goals. Moreover, satisfactory implementation of the annual development program, discouraging the loan flow into unproductive sectors and different steps for the confirmation of priority based financing will contribute to achieve the targets by the time. Besides, the boost up of government-nongovernment investment, several reformations of revenue, financial and monetary sectors and creating favorable environment for investment will help to achieve the growth according -to the targets of medium term plan. Prudential economic management, skilled and efficient use of monetary policy, proper expenditure management and already taken reformation steps will help to build a strong economic base in which all the indicators of macro economy will be achieved and economic stability will prevail.

## **Digital Bangladesh**

Its true meaning lies in proper application of technology to implement a" the commitments of the government regarding education, health, employment and poverty alleviation. The main purpose of this idea is to improve the standards of living of the people by empowering them, ensuring transparency and accountability in all spheres of life, establishing good-governance and above all, bringing public services to their doorsteps through the most effective use of technology. In short, Digital Bangladesh is - a happy prosperous and enlightened Bangladesh, which is free from hunger, poverty, inequality and corruption and belongs completely to its people and is driven forward by digital technology.

## **Perspective Plan 2010-2021**

The Government keeping in view the Golden Jubilee of Independence has formulated "Bangladesh Perspective Planning 2010-2021~ in the light of Vision-2021 to attain a definite set of objectives that relate to economic and social development of Bangladesh. The plan reflects the hopes and aspirations of common people which have been given the top priority and incorporates the development philosophy of the government, its long-term vision and strategic goals of desired development. The fundamental objective of this long term plan is to alleviate poverty by achieving higher growth and to turn Bangladesh into a middle income country where poverty will be brought to the minimum and regional disparity in the sphere of economic development will be reduced significantly.

The plan contains necessary strategies to overcome the challenges in terms of turning the country into a medium income economy. The major goals of this vision are: to accelerate the growth upto 10 percent by 2021, to raise per capita income upto \$ 2000, to reduce the number of population living under poverty line to 13.50 percent, to reduce unemployment rate into 15 percent, to increase annual per head electricity consumption to 600 Kilowatt hour and to strengthen IT sector for building a digital Bangladesh.

## **Non-Banking Financial Institutions (NBFI) in 2017**

The NBFI sector in Bangladesh consists of development financial institutions, leasing companies, investment companies etc. Bangladesh's NBFI sector, which accounts for about 7% of the total assets of the banking sector, is passing through a critical phase. By all objective measures this sector has made rapid strides in recent years and led the way forward in delivering innovation and outstanding value to stakeholders. Moreover, it plays a critical part in filling the many gaps left by the banking sector. The performance of the NBFIs has been particularly impressive in areas that are national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium size enterprises are the backbone of Asia's economies and they need better access to finance to grow and generate badly needed new jobs for the region. With the growing importance assigned to financial inclusion, NBFIs have come to be regarded as important financial intermediaries particularly for the small-scale and retail

sectors. In line with the central bank's policy directives, loans to agriculture and SMEs are being prioritized considering their role in contributing to inclusive economic growth and job creation.

With total assets equivalent to less than 4 percent of GDP in 2017, the role of nonbanking financial institutions (NBFIs) has been growing. NBFIs are increasingly coming forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy.

## Overall Performance

We are pleased to report that Agrani SME Financing Company Limited made revenue of BDT 158.43 million, achieved profit after Tax of BDT 21.67 million and recorded an EPS 1.73 of compared to 0.77 in the previous year. Interest income on loans and advances has increased significantly as well as controllable expenses has been reduced in the year 2017 which resulted better EPS compared to that of the previous year. Company's total assets remained at a better position with a growth of 4.00%. Operating results of during 2017 are summarized below:

Particulars	2017 (BDT in millions)	2016 (BDT in millions)	2015 (BDT in millions)	2014 (BDT in millions)	2013 (BDT in millions)
Operating Income	158.43	135.66	161.18	153.78	130.35
Operating Expenses	112.34	105.37	70.27	62.35	60.38
<b>Total Operating Profit</b>	<b>37.58</b>	<b>20.29</b>	<b>72.73</b>	<b>91.62</b>	<b>69.97</b>
Provision for income tax	15.91	10.61	36.16	31.39	32.00
<b>Net Profit after income tax</b>	<b>21.67</b>	<b>9.69</b>	<b>36.56</b>	<b>60.22</b>	<b>38.20</b>
<b>Earnings Per Share (Taka)</b>	<b>1.73</b>	<b>0.77</b>	<b>2.93</b>	<b>4.82</b>	<b>3.82</b>

## Loans and Advances

Total loans and advances were Tk. 1079.32 millions at 31 December 2017 representing more than 7% higher than 2016 worth Tk. 291.46 millions. Movement of loans and advances were as under:

Particulars	2017 (Taka in Millions)	2016 (Taka in Millions)	2015 (Taka in Millions)	2014 (Taka in Millions)	2013 (Taka in Millions)
Opening balance	787.86	604.46	474.87	437.13	447.01
Disbursement during the year	733.08	536.12	375.03	244.80	212.22
Recovery during the year	441.62	338.05	229.68	192.80	196.45
Write off during the year	-	14.69	14.36	39.76	25.65
Adjustment during the year	-	1.48	1.60	25.00	-
Closing balance at 31 December	<b>1079.32</b>	<b>787.86</b>	<b>604.46</b>	<b>474.87</b>	<b>437.13</b>



Recovery position of the loans and advances was almost 60%. Out of total loans and advances balance, Tk. 57.01 million i.e. 5.28% was classified for which necessary provisions were kept.

## Liquidity Position

Liquid position of the Company was satisfactory. Details of liquidity assets of the Company were as under:

Particulars	2017 (Tk. in millions)	2016 (Tk. in millions)	2015 (Tk. in millions)	2014 (Tk. in millions)	2013 (Tk. in millions)
Short term deposit with other bank and financial institution	90.31	368.14	135.57	107.53	147.17
Fixed deposit with other bank and financial institutions	270.69	219.17	596.29	716.87	677.20
<b>Total:</b>	<b>361.00</b>	<b>587.31</b>	<b>731.86</b>	<b>824.40</b>	<b>824.37</b>

Total liquid asset represents 23.74% of total assets of the Company.

## Shareholders' Equity

Total shareholder equity at the end of the year was Tk. 1247.39 million representing 0.80 percent higher than 2015 worth Tk. 21.67 million. Shareholders' equity as at 31 December, 2017 is summarized below:

Particulars	2017		2016		2015		2014		2013	
	(Tk. in millions)	%	(Tk. in millions)	%	(Tk. in millions)	%	(Tk. in millions)	%	(Tk. in millions)	%
Share Capital	1000.00	80.17	1000.00	81.59	1000.00	82.23	1000.00	84.79	1000.00	89.35
Statutory Reserve	38.97	3.12	34.64	2.83	32.71	2.69	25.39	2.15	13.35	1.19
General Reserve	54.73	4.39	54.73	4.47	54.73	4.50	54.73	4.64	54.73	4.89
Retained Earnings /(Losses)	153.67	12.32	136.34	11.12	128.59	10.57	99.21	8.41	51.11	4.57
<b>Total:</b>	<b>1247.39</b>	<b>100.00</b>	<b>1225.72</b>	<b>100.00</b>	<b>1216.03</b>	<b>100.00</b>	<b>1179.33</b>	<b>100.00</b>	<b>1119.19</b>	<b>100.00</b>

## Material Changes after Balance Sheet Date (31<sup>st</sup> December 2017)

There have been no material changes and commitments between the end of year 2017 and the date of this report, affecting the financial position of the Company.

## **Accounting Policies and Maintenance of Books of Accounts**

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

## **Directors' Responsibilities of Preparation of Financial Statements**

The Directors are of the view that the Annual Report and Company's financial statements have been prepared in accordance with applicable laws and regulations and as per requirement of regulatory authorities. The Board confirms that a true and fair view of the state of the affairs of the Company has been ensured while preparing the Financial Statements of the Company.

## **Observance OF IAS, BAS, BFRS & Applicable Laws**

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable us to ensure that the financial statements comply with the Companies Act, 1994, the Financial Institutions Act, 1993, and the Bangladesh Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards and other applicable rules and regulations.

## **Fairness of the Accounts**

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profits for the year ended 31 December, 2017.

## **Internal Control**

Internal control including financial, operational and compliance controls and risk management systems, maintained by Management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the Company in its current business environment. Management will follow up and review the status of actions on recommendations made by the internal control. The Board reviews regular reports from the management on the key operating statistics, as well

as legal and regulatory matters. The Board also approves any changes or amendments to the Company's policies.

## **Going Concern**

The Board of Directors has reviewed the Company's overall business plans, strategies and pleased that the Company has adequate resources to continue its operations in the projected future. Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the Financial Statements.

## **Risk and Concerns**

The Board of Directors is in charge of determining the Company's fundamental attitude toward risk while setting out the risk principles as well as the level of risk exposure. The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance. Fundamental principles of Agrani SME Financing Company Limited's risk management philosophy are:

- Effectively managing and monitoring credit, interest rate, liquidity, market and operational risk and providing for appropriate allocation of capital among the types of risk.
- Managing risk in a forward-looking manner and identifying and analyzing risks from the beginning with the help of steering risk strategies, models and parameters.
- Creating maximum value for the shareholders, depositors and employees in long term
- Being financially reliable and strong and establishing business relations with the stakeholders that will last for many years by creating the image of a financial institution that will stay in business permanently
- Complying with Basel II and other guiding principles of Bangladesh Bank.

## **Return to Shareholders**

Your Company has always believed in giving good returns to the shareholders. This is the fourth year with full operation of the Company. So you will agree with me that five years is not quite less time but considering the main objective and background of the Company in competitive market five years operation is not sufficient to pay dividend. However, we can safely assure you that in future with the blessings of the Almighty, we shall enter into a higher growth to pay returns to our shareholders.

## **Contribution to the National Exchequer and the Economy**

During the year 2017, the Company contributed a total amount of BDT 11.71 million as Corporate Tax; BDT 2.27 million as TDS in total BDT 13.98 million was paid to the national exchequer. Agrani SME Financing Company Limited always upholds its responsibilities to the development of the society and the country as a whole. We encourage our employees to participate in social and charitable programs.

## Our Employee-Our Asset

In 2017, we continued to focus on communicating our vision, mission and strategies to our employees, so as to achieve a real cultural transformation fuelled by our shared values of teamwork, Integrity, Growth, Excellence, Efficiency and Relationship Building. Many initiatives have been launched to nurture talent, to boost efficiency, effectiveness, productivity and innovation, and to inculcate the spirit of service.

All these initiatives are based on the recognition that each of our employees is an important asset with a part to play in our long-term sustainable future. We hire the best people for the job and strive to retain, motivate, empower and reward them for their contribution. In this way, and through our shared, humanizing spirit, I believe our people find meaning in their work and will strive to serve from the heart.

## Corporate Governance

Your Company has always endeavored to implement and maintain high standards of Corporate Governance norms and has been practicing the principles of good corporate Governance. Corporate Governance principles as practiced by the Company rests upon the foundation of transparency, adequate disclosures, absolute compliance with the laws, fairness, professionalism, accountability and ultimately the target of maximizing the shareholders value besides catering to the interests of the creditors, employees, the environment and the society at large. Your Company is committed to conduct its business in a manner, which will ensure sustainable, capital efficient and long- term growth and in order to achieve this the Company has built up a strong foundation for making corporate Governance a way of life by having an independent board with experts of eminence and integrity, forming a core team of top level executives with proper delegation of executive powers, inducting competent professionals across the organization and putting on place best systems, process and technology.

## Shareholding Pattern

Shareholding patterns of the Company as at the end of the year 2017 is as under

Name and address	Status	Date of original appointment	No. of shares held in the Bank
Mr. Mohammad Shams-Ul Islam (Representing Agrani Bank Ltd.)	Chairman and Director	06/09/2016	9,999,988
Khondker Sabera Islam	Retired. However, the Holding Shares hasn't been transferred	10/05/2010	2
Md. Rafiqul Alam	Director	9/01/2017	2
Mr. Md Shahdat Hossain, FCA	Director	06/06/2010	2
Ali Hossain Prodhania	Director	06/06/2017	2
Md. Rafiqul Islam	Director	30/10/2017	2
Md. Nurul Haque	Managing Director and Chief Executive Officer	13/04/2017	2

## Board Meetings and Attendance by the Directors

During the year 2017, a total number of 09 Boarding Meetings were held and attendance by the Directors is summarized below:

Name and address	Status	Total Meetings Held in 2017	Number of meeting attended	Remuneration paid
Mr. Mohammad Shams-Ul Islam (Representing Agrani Bank Ltd.)	Chairman and Director	9	9	72,000/-
Md. Rafiqul Alam	Director	9	8	56,000/-
Mr. Md Shahdat Hossain, FCA	Director	4	3	24,000/-
Ali Hossain Prodhania	Director	5	5	40,000/-
Md. Rafiqul Islam	Director	1	1	8,000/-
Md. Nurul Haque	MD & CEO	5	5	No remuneration

## Auditors

M/S Hussain Farhad & Company have served as the External Auditors of the Company for year ending 31 December 2017. As per Bangladesh Bank's guidelines they are eligible for re-appointment and accordingly they have expressed their willingness to continue as Auditor.

## Future Prospects

The continuing pressure of an ever changing global economic and the financial conditions and stronger competition pose strong challenges for the Company in achieving its targets. However, we believe that in the context of present economy of Bangladesh growth of small enterprises is getting pace and we also believe that we will be able to identify the sectors and markets that will command priority in an effort to be more focused which will then eventually be translated into achieving sustainable growth in future.

## Our Humble Submission

Everything we are today, everything we stand for, and everything we achieved during the year is a tribute to the commitment of our stakeholders. We are profoundly grateful for the dedication of all our staff and the loyalty of our customers, the trust of our partners and associates, and the support of Bangladesh Bank, the Securities Commission and the other regulatory authorities that have guided us over the years.

For & on behalf of the Board of Directors

**Mohammad Shams-Ul Islam**  
Chairman

## Valued Added Statement

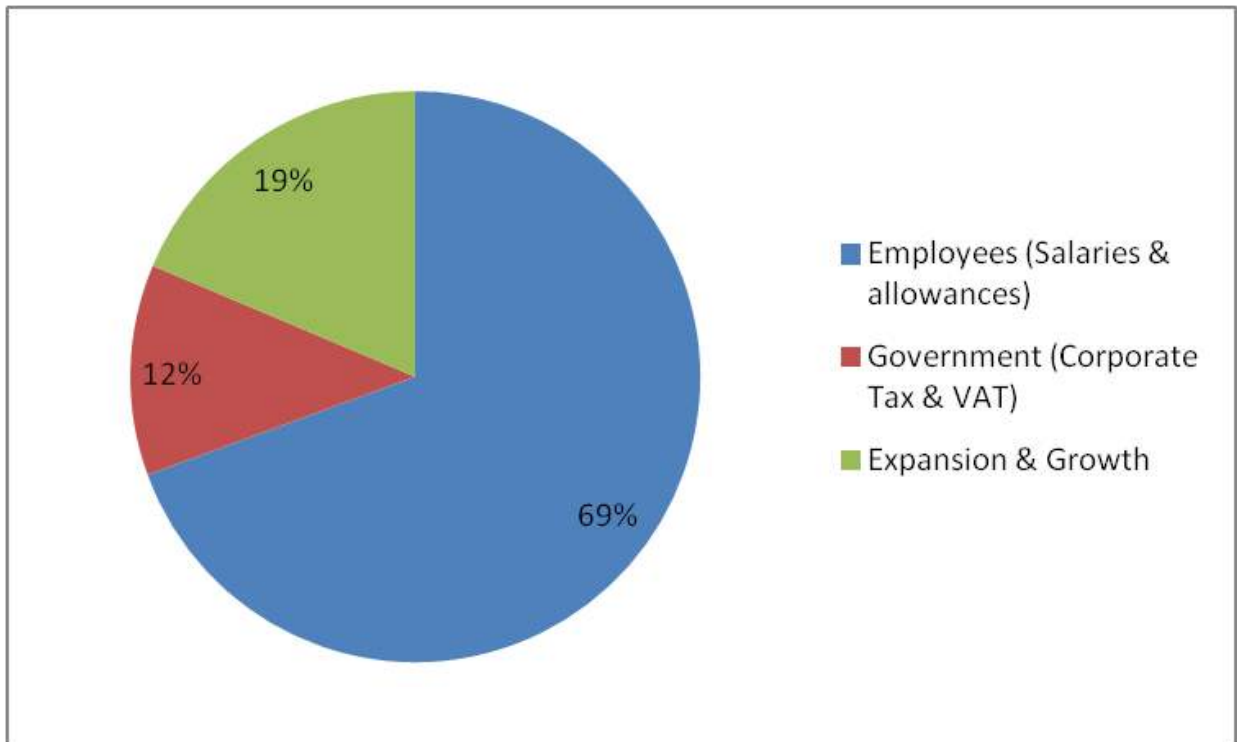
This value added statement provides a detailed account of total addition and the distribution of the value created by Agrani SME Financing Company Limited. The Company contributes positively to national socio-economic development by empowering employees through the payment of salaries and allowances; by assisting the regulatory capacities through paying taxes and of course keeping in mind Company's continuous expansion and growth.

Particulars	2017		2016		2015		2014		2013	
	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%
Net interest Income	155.26	108.93	133.80	116.52	158.44	133.43	153.78	113	126.00	109.10
Other Income	3.17	2.22	1.86	1.62	2.75	2.32	0.19	0.14	4.36	3.77
Management expenses	(15.90)	(11.15)	(20.83)	(18.14)	(42.45)	(35.75)	(17.49)	(12.82)	(14.87)	(12.87)
<b>Total Value Added by the Company</b>	<b>142.54</b>	<b>100.00</b>	<b>114.83</b>	<b>100.00</b>	<b>118.74</b>	<b>100.00</b>	<b>136.48</b>	<b>100.00</b>	<b>115.48</b>	<b>100.00</b>

### Value Added Contributed to

Particulars	2017		2016		2015		2014		2013	
	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%	Amount (Taka in million)	%
<b>Employees:</b> Salaries & Allowances	98.94	69.42	88.94	77.45%	41.73	35%	42.89	31.42%	44.14	38%
<b>Government:</b> Corporate Tax Value Added Tax (VAT)	17.02	11.94	11.02	9.60%	36.16	30%	31.39	23%	31.77	28%
<b>To Expansion and Growth:</b> Retained Income Depreciation	21.67 4.90	15.20 3.44	9.69 5.18	8.44% 4.51%	36.57 4.28	31% 4%	60.23 1.96	44.14% 1.44%	38.20 1.38	33% 1%
<b>Total Distribution</b>	<b>142.54</b>	<b>100</b>	<b>114.83</b>	<b>100%</b>	<b>118.74</b>	<b>100%</b>	<b>136.48</b>	<b>100%</b>	<b>115.48</b>	<b>100%</b>

## Graphical Presentation of Value Added Contribution



# **Risk Management**

Risk is the element of uncertainty or possibility of loss that prevail in any business transaction in any place, in any mode and at any time. Risk is an integral part of financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the vagaries of the complex business environment in which it operates.

As a financial institution, Agrani SME Financing Company Limited is committed to ensuring that effective risk management policies and practices are incorporated as fundamental aspects of all its business operations. The Credit Risk Management process (CRM) of the Company has a comprehensive risk management in place, addressing areas such as Market Risk, Credit Risk and Operational Risk. This policy seeks to minimize the risk generated by the activities of the Company. Risk grading is assigned at the inception of lending considering the industry, business, financial and management risk associated with the financing. The Company has different activities for risk management and appropriate internal control measures are also in place to mitigate risk.

## **Major Risk at Agrani SME Financing Company Limited**

Major Risk that Agrani SME Financing Company Limited identifies detrimental to its return and market reputation is as follows:

### **Credit Risk**

Credit Risk is the possibility that a borrower or counter party will fail to meet agreed obligations thus managing Credit Risk for efficient management of a financial institution (FI) has become the most crucial task. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization and consolidation, it is essential that FIs have robust Credit Risk management policies and procedures those are sensitive and responsive to these changes. At Agrani SME Financing Company Limited, Credit Risk may arise in the following forms:

- Default risk
- Exposure risk
- Recovery risk
- Counter party risk
- Related party risk
- Legal risk

### **Market Risk**

Market Risk refers to the risk of fluctuation in a variety markets such as interest rates, prices of securities where the values of assets and liabilities can change and there exists the risk of incurring losses.



## **Liquidity Risk**

Liquidity Risk arises when a Company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities.

## **Operational Risk**

Operational Risk is the potential loss arising from a breakdown in Company's systems and procedures, internal control, compliance requirement or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the Company's interests by employees. Operational Risk may also arise from the following:

- Turnover of trained staff;
- Risk of insider dealings;
- Leakage of sensitive information;
- Shortcomings of organizational structure;
- Changes in statutory requirements;

## **Counter Party Risk**

It comes from non-performance of a trading partner. The non-performance may arise from counterparty's refusal to perform due to an adverse price movement caused by systematic factors, or legal constraint that was not anticipated by the principals. Diversification is the major tool for controlling non systematic Counter Party Risk. Counterparty risk is like Credit Risk, but it is generally considered a transient financial risk associated with trading, rather than a standard creditor default risk associated with an investment portfolio. A Counterparty's failure to settle a trade can arise from many factors other than a credit problem.

## **Enterprise Risk**

Risks faced by the enterprises in accomplishing its goal fall in this category. If goal of the Company is not compatible with the reality, then the Company might be entangled by a bad patch. And because of this Company's mission may become questionable.

## **Project Risk**

This is about particular risks associated with the undertaking of a project. If projects undertaken by the Company is not compatible with it and not feasible because of existing market scenario, the Company may run the risk of encumbered by loss projects.

## **Integrated Risk**

Integrated Risk management refers to integrating risk data into the strategic decision making of the Company and taking decisions, which take into account the set risk tolerance degrees of a department. In other words, it is the supervision of market, credit and liquidity risk at the same time or on a simultaneous basis.

## **Technology Risk**

It is the process of managing the risks associated with implementation of new technology. If a new technology is not compatible with business function of the Company, the Company may suffer in the long run. A non-compatible technology not only brings difficulty in all sorts of operations of the Company but also the risk of wasting money choosing the wrong one.

## **Risk Management Steps at Agrani SME Financing Company Limited**

Here is an overview of some of the crucial steps carried out by Agrani SME Financing Company Limited to ensure successful risk management program:

- Integrating risk management policies into the Company's top priority;
- Maintaining those values via actions;
- Performing risk analysis;
- Implementation of various strategies to minimize it;
- Building of screening systems to encourage early warnings related to prospective risk;
- Periodic analysis of the management program;

## **Performing Risk Analysis**

The persons involved for Credit Evaluation review the market and Credit Risk related to lending and recommend and implement appropriate measures to counter associated risks. Credit Risk Management (CRM) process is in place, at Agrani SME Financing Company Limited, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. Persons involved in CRM regularly reviews market situation and exposure of the Company in various SMEs and industrial sectors.

To mitigate Credit Risk, Agrani SME Financing Company Limited search for credit report from the Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by concerned personnel to understand the liability condition and repayment behavior of the client. Depending on the report, banker's opinions are taken from client's banks. Suppliers' and buyers' opinion are taken to understand the market position and reputation of our proposed customers.

Appropriate internal control measures are in placed at Agrani SME Financing Company Limited, to address operational risks. The Company has established Internal Control and

Compliances Department (ICC) to address operational risk. The Company regularly assess the prevailing market risk, analyze the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. To encounter liquidity risk, the Company also oversees the asset liability maturity position, recommends and implements appropriate measures.

## **Credit Risk Management Process at Agrani SME Financing Company Limited in a nut-shell**

The top management outlines the overall Credit Risk strategies by indicating the institution's willingness to grant credit to different sectors, geographical location, maturity, and profitability. In doing so, it recognizes the goals of credit quality, earnings, growth, and the risk-reward tradeoff for its activities. The credit risk strategy is then communicated throughout the institution. The senior management of the Company is responsible to implement the Credit Risk strategy approved by the Board. This includes developing written procedures that reflect the overall strategy and ensuring its implementation. The procedures include policies to identify, measure, monitor, and control credit risk. Attention is given to diversification of portfolio by setting exposure limits on single counterparty, groups of connected counterparties, industries, economic sectors, geographical regions, and individual products. A proper credit administration of the Company includes efficient and effective operations related to monitoring documents, legal covenants, collateral etc., accurate and timely reporting to management, and compliance with management policies and procedures and applicable rules and regulations.

The Company operates under sound, well-defined credit-granting criteria to enable a comprehensive assessment of the true risk of the borrower or counterparty to minimize the adverse selection problem. The Company seeks information on many factors regarding the counterparty to which it wants to grant credit. These include among others, the purpose of the credit and the source of repayment, borrower's repayment history and current capacity to repay, enforceability of the collateral or guarantees, etc. The Company has a clear and formal evaluation and approval process for new credits and extension of existing credits. Each credit proposal is subject to careful analysis by a credit analyst so that information can be generated for internal evaluation and rating. This is used for appropriate judgments about the acceptability of the credit. Granting credit involve accepting risks as well as producing profits.

Credit is priced such a way so that it appropriately reflects the inherent risks of the counterparty and the embedded costs. In considering the potential credit, The Company establishes provisions for expected loss and hold adequate capital to absorb the unexpected losses. The Company uses collateral and guarantees to help mitigate risks inherent in individual transactions. Note, however, that collateral cannot be a substitute for comprehensive assessment of a borrower and strength of the repayment capacity of the borrower is given prime importance. The Company identifies and manages Credit Risk

inherent in all of its assets and activities by carefully reviewing the risk characteristics of the asset or activity.

Special care is given particularly when the institution embarks on new activities and assets. In this regard, adequate procedures and controls are taken to identify the new asset or activity. Finally each and every month sector wise loan concentration, top 100 borrowers loan concentration, position of loan without collateral and the position of top 20 defaulters are reviewed and required steps are taken.

## **Interest Rate Risk Management**

The overall objectives, strategies and policies of the Company are approved in such a manner so that it governs the interest rate risk of the Company. Other than approving the overall policies of the Company regarding interest rate risk the top management that the Zonal and Branch management takes the necessary actions to identify, measure, monitor and control these risks.

Persons are engaged to ensure that the Company follows policies and procedures that enable the management of interest rate risk. These include maintaining an interest rate risk management review process, appropriate limits on risk taking, adequate systems of risk measurement a comprehensive interest rate risk reporting system, and effective internal controls. The Company is able to identify the individuals responsible for interest rate risk management and define the line of authority and responsibility. Pertinent to mention that at present the Company has been running its credit operation entirely using its own capital. No deposit is being taken by the Company till to date. The Company does not have any foreign transaction either therefore; scope of market risk is not remarkable or foreseeable. However the management of the Company is well aware of the market risk and carries out Asset-Liability maturity gap analysis and thereby taken effective measures to monitor and control the interest rate risk.

## **Liquidity Risk Management**

As a non-banking financial institution, managing liquidity is one of the most important functions of it. The top management makes sure that the Company's priorities and objectives for liquidity management are clear. The essence of liquidity management problem arises from the fact that there is a trade-off between liquidity and profitability and mismatch between demand and supply of liquid assets. The Company now keeps protective reserves on top of planned reserves. While the planned reserves are derived from regulatory requirements and forecasts, the amount of the protective reserve depends on the management's attitude towards liquidity risk. The Company establishes a process of measuring and monitoring net funding requirements by assessing its cash inflows and outflows. It is also important for the Company to assess the future funding needs. The Company has adequate internal controls over its liquidity risk management process that is a part of the overall system of internal control. An effective system has created a strong control environment and has an adequate process of identifying and evaluating liquidity

risk. It has adequate information system that produces regular independent reports and evaluations to review adherence to established policies and procedures.

## **Operational Risk Management**

The top management develops the overall policies and strategies for managing operational risk. As operational risk can arise due to failures in people, processes, and technology, management of this risk is more complex. Senior management has established the desired standards of risk management and clear guidelines for practices that would reduce operational risks. In doing so, care is taken to include people, process, and technology risks that can arise in the institution. Given the different sources in which operational risk can arise, common standard for identification and management of these has been developed. Care is always given to tackle operational risk arising in different departments and organizational unit due to people, process, and technology. As such a wide variety of guidelines and rules have been spelled out. Given the complexity of operational risk, it is difficult to quantify it. Most of the operational risk measurement techniques are simple and experimental. The Company, however, gathers information of different risk from reports and plant that are published within the institution (like audit reports, management reports, business plans, operational plans etc.). A careful review of these documents reveals gaps that can represent potential risks. The data from the reports are then be categorized into internal and external factors and converted into likelihood of potential loss to the institution. Apart from these to reduce the operational risk following operational systems are followed on regular basis.

- At the end of day's transaction each Branch and Head office reconciles the physical cash balance with the record to save the organization from unwanted cash shortage situation.
- Till to date no sorts of internal fraud, external fraud and lending fraud was identified.
- No such risks with regard to damage to physical assets, Documentation lapse and Business disruption and System failure are faced by the organization till to date.
- Loans are not covered by insurance. Although there is some risk exist proposition in this regards however, due to being all the loans are of small category the risk proposition are minimum.

## **Statement on Corporate Governance**

Corporate governance is the system by which companies are directed and controlled by the management in the best interest of all the stakeholders, thereby ensuring greater transparency and better as well as timely financial reporting.

The Board of Directors is responsible for proper governance which includes setting out Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardships.

Agrani SME Financing Company Limited is committed to continually reviewing all corporate governance policies and practices to ensure the ongoing transparency of the Company's practices and the delivery of quality information high standard to stakeholders.

The maintenance of effective corporate governance remains a key priority of the Board of the Company. To exercise clarity about director's responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of the Company's management have been instituted.

Agrani SME Financing Company Limited considers that its corporate governance practices comply with all the aspects of Bangladesh Bank's DFIM Circular No. 7 dated September 25, 2007 and DFIM Circular No. 9 dated October 10, 2007. In addition, to establishing high standards of corporate governance, the Company also considers best governance practices in its activities. The independent role of Board of Director's, separate and independent role of Chairman and Chief Executive Officer, distinct role of the Company Secretary and different Board Committees allows the Company to achieve excellence in best corporate governance practices.

### **Board of Directors**

#### **Composition**

In the best interest of the Board of the Company considers that its membership should comprise of directors with an appropriate mix of skills, experience and personal attributes that allow the directors, individually and the Board, collectively, to discharge their responsibilities and duties, under the law, efficiently and effectively, understand the business of the Company and assess the performance of the management. The composition of the Board embraces diversity. The directors have a range of versatile experience and expertise, and specialized skills to assist with decision making and leading the Company for the benefit of shareholders.

The Board of Agrani SME Financing Company Limited comprises of nine directors who possess a wide sphere of skills and experience over a variety of professions, business and of services. The Company's directors bring in independent judgment and considerable knowledge to perform their roles effectively. The Board of directors ensures that the activities of the Company are always conducted with adherence to strict and highest possible ethical standards and the stakeholders.

## **Selection and Appointment of New Directors**

In relation to the selection and appointment of new directors, the existing Board of Directors has the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skill, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;

The directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled up by the Board in accordance with the stipulation of the Companies Act, 1994 and Articles of the Company.

## **Retirement and Re-election of Directors**

As per the Article of Association of the Company, one- third of the directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree themselves) be determined by lot, but remains eligible for re-election.

## **Role and Responsibilities of the Board**

The Board is committed to the Company seeking to achieve superior financial performance and long term prosperity, while meeting stockholder's expectation of sound corporate governance practices. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive in respect of corporate governance and puts in place those arrangement which it considers are in the best interest of the Company and its shareholder, and consistence with its responsibilities to other stakeholders.

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Chief Executive/Managing Director, vide DFIM Circular No. 7 dated September 25, 2007 and DFIM Circular No. 9 dated October 10, 2007. The Board of Directors is in full control of the Company's affairs and is also fully accountable to the shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance practices adopted by the

Company. Taking this into consideration, the Board of Directors of Agrani SME Financing Company Limited set out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company.

Status report on compliance with those guidelines is given below:

### **Compliance Status (According to DFIM Circular No – 07)**

<b>Sl. no.</b>	<b>Particulars</b>	<b>Compliance Status</b>
<b>1</b>	<b>Responsibilities and authorities of the Board of Directors:</b>	
	<b>(a) Work-planning and strategic management:</b>  (i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	<b>(b) Formation of sub-committee:</b>	
	Executive Committee may be formed in combination with directors (excluding any alternate Director) and management of the Company only for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
	<b>(c) Financial management:</b>	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/ lease.	Complied
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and	Complied



	among other top executives for approval of expenditure within budget to the maximum extend.	
	(iv) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures	Complied
	<b>(d) Management of loan/lease/investments:</b>	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal	Complied
	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	<b>(e) Risk management:</b>	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	<b>(f) Internal control and compliance management:</b>	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	<b>(g) Human resource management:</b>	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule	Under process
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	<b>(h) Appointment of CEO:</b>	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	<b>(i) Benefits offer to the Chairman:</b>	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
<b>2</b>	<b>Responsibilities of the Chairman of the Board of Directors:</b>	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no	Complied

	jurisdiction to apply executive power.	
	(b) The minutes of the Board meetings shall be signed by the Chairman.	Complied
	(c) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances.	Complied
<b>3</b>	<b>Responsibilities of Managing Director:</b>	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	Complied
	(b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
	(c) All recruitment/promotion/training, except recruitment/promotion/training of DMD, shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the Company.	Complied
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Managing Director may take disciplinary actions against the employees except DMD;	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

## **Chairman of the Board**

The Chairman of the Board is elected to the office of Chairman by the directors. The Board considers that the Chairman is independent.

## **Role of the Chairman**

The Chairman runs the Board. He serves as the primary link between the Board and management, and works with the CEO and Company Secretary to set of the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as directors of the Company. Chairman of the Board & CEO of the Company are different person. The Chairman of the Board is not the Chief Executive of the Company. The role of Chairman and the CEO & Managing Directors are independent and separate.

## **Role of the CEO & Managing Director**

The CEO & Managing Director performs three fundamentals roles in the Company:

- First, CEO as a leader establishes and directs the vision and mission of the team. In this capacity, the CEO is the source of visionary strength of the Company and keeps it on a consistent track to achieving the vision;
- Second, CEO is a manager. In this role, the CEO is responsible for directing the operational activities of the Company by scheduling the utilization of the Company's resources, including people and capital equipment. In this way, the CEO gets things done through the efforts of the people in the Company. The CEO is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives;
- Third, CEO is a coach, and as such picks the people for the management team and improves the performance of the staff-members through ongoing counseling. As a coach, the CEO works with employees to help them becoming greater contributors by helping them improve their efficiency and effectiveness.

## **Conduct for the Board Members**

The Board of Directors of Agrani SME Financing Company Limited is committed to the highest standards of conduct in their relationships with its employees, customers, patrons, shareholders, regulators and the public.

A Director of Agrani SME Financing Company Limited always:

- Seeks to use due care in the performance of his/her duties, be loyal to the Company, act in good faith and in a manner such director reasonably believes to be not opposed to the best interests of the Company;
- **Avoids:**
  - i) Appropriating corporate business opportunities for themselves that are discovered through the use of Company property or information or their position as Board Member;
  - ii) Member, for personal gain; and
- Endeavors to avoid having his or her private interests interfere with the interests of the Company;
- Ensures that management is causing the Company's assets, proprietary information and resources to be used by the Company and its employees only for legitimate business purposes of the Company;
- Maintains the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain;
- Endeavors to deal fairly, and should promote fair dealing by the Company, its employees and agents, with customers, suppliers and employees;
- Complies and endeavors to ensure that the management is causing the Company to comply with applicable laws, rules and regulations;
- Endeavors to ensure that management is causing the Company to promote ethical behavior and to encourage employees to report evidence of illegal or unethical behavior to the CEO & Managing Director of the Company.

# **Board Meeting**

## **Holding of the Board meeting**

The meetings of the Board of Directors of the Company are normally held at the Registered Corporate Head Office of the Company. The meetings are held frequently, at least once in a month, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing, to each director by the Company Secretary.

## **Process of holding Board meeting**

At the suggestion of the MD & CEO, the Company Secretary prepares the detailed agenda for the meeting. The Board papers comprising the agenda, explanatory notes and proposed resolutions are circulated to the directors in advance for their review. The members of the Board have complete access to all information of the Company enabling them to work efficiently. The members of the Board are also free to recommend inclusion of any matter of the agenda for discussions. The Company Secretary always attends the Board meeting and other senior management, if needed, are also invited to attend Board meeting to provide additional inputs to the items being discussed by the Board and make necessary presentations.

There are procedures, at Agrani SME Financing Company Limited, for keeping the Board up-to-date with the Company's activities and relevant external developments. These includes senior management presenting significant matters to the Board and it being able to seek further information on any issue relating to performance, strategy, outlook, etc.

It has been attempted in this report to present the governance practices and principles being followed at the Company as best suited to the needs of the Company's business and stakeholders. Disclosures and governance practices are continually revisited, reviewed and revised to respond to the needs of business and ensure that the standards are at par with the globally recognized practices of governance, so as to meet the expectations of all our stakeholders.

**Auditors' Report and Audited Financial  
Statements of Agrani SME Financing Company  
Limited  
For the Year Ended 2017**

Auditor's Report  
&  
Financial Statements  
of  
Agrani SME Financing Company Limited  
For the year ended 31<sup>st</sup> December, 2017

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF AGRANI SME FINANCING COMPANY LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Agrani SME Financing Company Limited ("the Company"), which comprise balance sheet as at 31<sup>st</sup> December 2017, and profit and loss account and statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs); the Financial Institution Act, 1993; the rules and regulations issued by Bangladesh Bank; the Companies Act, 1994; Securities and Exchange Commission's Rules and other applicable laws and regulations; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Agrani SME Financing Company Limited as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Financial Reporting Standards (BFRSs), the Financial Institution Act, 1993; Securities and Exchange Commission Rules; the rules and regulations issued by Bangladesh Bank; the Companies Act, 1994; and other applicable laws and regulations.

### *Emphasis of Matter*

Without modifying our audit opinion, we draw attention to the following matters:

1. As disclosed in note 2.11 to the financial statements, the management has explained the reasons for non-adjustment of the opening balances.
2. As disclosed note in 7.1.1 the company has transferred Tk. 36,306,573 (Note 7.11) referring to the Bangladesh Bank letter ref: FIID/I-14/ 2017-474, dated: 04 May 2017. The disclosures mentioned in the note has explained the reasons for transferring Tk. 36,306,573 from provision for loans and advances to loan risk/ loan risk coverage fund.

### *Other Matter*

The financial statements of Agrani SME Financing Company Ltd., for the year ended 31 December 2016, were audited by Hussain Farhad & Co., who expressed Modified opinion due to contravention of the Bangladesh Accounting Standard 01, paragraph 27 where it states that financial statements shall be prepared using the accrual basis of accounting except for cash flows.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994; and the Securities and Exchange Rules, 1987; we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;


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**Corporate Office:**

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☎ : +88 016 8112 6120  
✉ : hfc@hfc-bd.com  
🌐 : www.hfc-bd.com

- c) the statement of financial position, and the statement of profit and loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns;
- d) the balance sheet and profit and loss account of the Company together with the annexed notes from 1 to 20 dealt with by the report are in agreement with the books of account and returns;
- e) the expenditure incurred was for the purposes of the Company's business;
- f) the financial position of the Company as at 31 December 2017 and their profit for the year then ended have been properly reflected in the financial statements of the Company and these financial statements have been prepared in accordance with the generally accepted accounting principles;
- g) the Financial Statements of the Company have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- h) adequate provision have been made for loans and advances and other assets which are, in our opinion, doubtful of recovery;
- i) the records and the statements submitted by the branches have been properly maintained in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) the Company has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and liquid assets; and
- l) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh.

Place : Dhaka

Date : 27 MAR 2018

  
Hussain Farhad & Co.  
Chartered Accountants

Agrani SME Financing Company Limited  
Balance Sheet  
As at 31 December 2017

	Notes	(Amount in BDT)	
		As at 31-Dec-17	As at 31-Dec-16
<b>PROPERTY AND ASSETS:</b>			
Cash and Cash Equivalents:		367,810,800	592,572,257
Cash		6,808,655	5,261,698
In hand		83,375	61,698
Balance with Bangladesh Bank and its agent bank		6,725,280	5,200,000
Balance with other Banks and Financial Institutions	3	361,002,145	587,310,559
Money at Call and Short Notice		-	-
Investments		-	-
Loans and Advances:		1,079,318,480	787,859,282
Loans, cash credit and overdraft etc.	4	1,079,318,480	787,859,282
Fixed Assets including Premises, Furniture and Fixtures	5	12,139,584	16,948,290
Other Assets:	6	61,250,053	65,064,083
Non-financial Institution Assets		-	-
<b>Total Assets</b>		<b>1,520,518,917</b>	<b>1,462,443,912</b>
<b>LIABILITIES &amp; CAPITAL:</b>			
<b>Liabilities:</b>			
Borrowings from other Banks, Financial Institutions and agents		-	-
Deposit and Other Accounts:		-	-
Other Liabilities	7	273,130,100	236,726,541
<b>Total Liabilities</b>		<b>273,130,100</b>	<b>236,726,541</b>
<b>Shareholders' Equity /Capital:</b>			
Share Capital	8	1,000,000,000	1,000,000,000
Statutory Reserve	9	38,978,313	34,644,024
General Reserve	10	54,731,264	54,731,264
Retained Earnings		153,679,240	136,342,084
<b>Total Shareholders' Equity</b>		<b>1,247,388,817</b>	<b>1,225,717,372</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,520,518,917</b>	<b>1,462,443,912</b>
<b>Off Balance Sheet Items:</b>			
Contingent liabilities		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Indemnity bond		-	-
Other commitments		-	-
Undisbursed contracted loans		-	-
<b>Total Off-Balance Sheet Items</b>		<b>-</b>	<b>-</b>
<b>Net Asset Value Per Share</b>		<b>124.74</b>	<b>122.57</b>

The Annexed notes (1 to 20) form an integral part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO

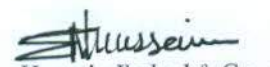
  
Director

  
Chairman

Signed in terms of our separate report of even date

Dhaka

27 March 2018

  
Hussain Farhad & Co.  
Chartered Accountants

**Agrani SME Financing Company Limited**  
**Profit and Loss Account**  
For the year ended 31 December 2017

		(Amount in BDT)	
	Notes	Year ended 31-Dec- 2017	Year ended 31-Dec-2016
<b>Operating Income:</b>		<b>155,262,361</b>	<b>133,801,379</b>
Interest income	11	155,262,361	133,801,379
Interest paid on deposits, borrowings etc.		-	-
<b>Net Interest Income:</b>		<b>155,262,361</b>	<b>133,801,379</b>
Other operating income	12	3,170,435	1,861,219
<b>Total Operating Income (A)</b>		<b>158,432,796</b>	<b>135,662,598</b>
<b>Operating Expenses:</b>			
Salaries and allowances	13	89,154,974	77,242,131
Rent, taxes, insurance, electricity etc.	14	5,697,339	6,594,377
Postage, stamp, telecommunication etc.	15	321,325	301,263
Legal expenses		20,375	711,817
Stationery, printing, advertisement etc.	16	1,116,997	2,126,153
Chief Executive Officer's salary and allowances	17	1,290,000	1,698,387
Directors' fees	18	560,000	392,000
Auditors' fees		165,600	165,600
Depreciation of assets	5	4,896,507	5,181,029
Other expenses	19	9,124,378	10,958,379
<b>Total Operating Expenses (B)</b>		<b>112,347,495</b>	<b>105,371,136</b>
<b>Profit/(Loss) before Amortization, Provision &amp; Tax (C)=(A-B)</b>		<b>46,085,301</b>	<b>30,291,462</b>
Provision for loans and advances	7.1.1	-	-
Provision for incentive bonus	7.5	8,500,000	10,000,000
Provision for other assets	7.2	-	-
<b>Total Provision (D)</b>		<b>8,500,000</b>	<b>10,000,000</b>
<b>Net Profit/(Loss) Before Tax (E)= (C-D)</b>		<b>37,585,302</b>	<b>20,291,462</b>
<b>Provision for Tax :</b>		<b>15,913,857</b>	<b>10,605,039</b>
Current tax	7.6	16,455,977	2,543,988
Prior tax		265,271	8,635,835
Deferred tax	7.7	(807,392)	(574,784)
<b>Net profit/(loss) after tax</b>		<b>21,671,445</b>	<b>9,686,423</b>
Less: Appropriations		4,334,289	1,937,285
Transferred to statutory reserve	9	4,334,289	1,937,285
Transferred to general reserve		-	-
<b>Retained Surplus</b>		<b>17,337,156</b>	<b>7,749,139</b>
<b>Earnings Per Share (EPS)</b>		<b>1.73</b>	<b>0.77</b>

The Annexed notes (1 to 20) form an integral part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO

  
Director

  
Chairman

Signed in terms of our separate report of even date

Dhaka

27 MAR 2018

  
Hussain Farhad & Co.  
Chartered Accountants

**Agrani SME Financing Company Limited**  
Statement of Cash Flows  
For the year ended 31 December 2017

	(Amount in BDT)	
	2017	2016
<b>A. Cash flows from operating activities</b>		
Interest receipts in cash	154,872,358	151,525,413
Interest payments	-	-
Cash payment to employees	(89,154,974)	(79,532,958)
Cash receipts from other activities	3,170,435	1,861,219
Receipts from other operating activities	-	-
Payments for other operating activities	(23,322,521)	(20,716,615)
Income Tax Paid	(11,706,032)	(35,545,497)
Operating profit / (loss) before changing operating assets and liabilities	33,859,266	17,591,562
<b>(Increase) / decrease in operating assets</b>	(733,080,500)	(536,124,256)
Loan to customers	(733,080,500)	(536,124,256)
Receivable from Agrani Bank Ltd.	-	-
<b>Increase/(decrease) in operating liabilities</b>	474,611,586	375,430,045
Deposit from customers	-	-
Other liabilities	36,403,558	38,874,037
Loan recovered from customers	438,208,027	336,556,008
<b>Net cash from operating activities (A)</b>	<b>(224,609,649)</b>	<b>(143,102,649)</b>
<b>B. Cash flows from investing activities</b>		
Other Asset	(64,008)	61,858
Sales/(Purchase) of properties, plant & equipment	(87,801)	(1,528,875)
<b>Net cash from investing activities (B)</b>	<b>(151,809)</b>	<b>(1,467,017)</b>
<b>C. Cash flows from financing activities</b>		
Payment of long term borrowings	-	-
Share money received during the period	-	-
<b>Net cash from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(224,761,458)</b>	<b>(144,569,666)</b>
Cash and cash equivalents at the beginning of the year	592,572,257	737,141,923
Cash and cash equivalents at the end of the year	<u>367,810,800</u>	<u>592,572,257</u>

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO

  
Director

  
Chairman

Signed in terms of our separate report of even date

Dhaka

27 MAR 2018

  
Hussain Farhad & Co.  
Chartered Accountants

**Agrani SME Financing Company Limited**  
Statement of Changes in Equity  
For the year ended 31 December 2017

Particulars	(Amount in BDT)						Total
	Opening Balance as at 01 January 2017	Paid up Capital	Revaluation Reserve on Government Securities	Statutory Reserve	General Reserve	Retained Earnings	
Prior Year Adjustments	-	-	-	-	-	-	-
Adjustment of advance tax	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>-</b>	<b>34,644,024</b>	<b>54,731,264</b>	<b>136,342,084</b>	<b>1,225,717,372</b>
General reserve	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Bonus share issue	-	-	-	-	-	-	-
Issue right share	-	-	-	-	-	-	-
Net profit for the year ended 31 December 2017	-	-	-	-	-	21,671,445	21,671,445
Statutory reserve	-	-	-	4,334,289	-	(4,334,289)	-
<b>Total Balance as at 31 December 2017</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>-</b>	<b>38,978,313</b>	<b>54,731,264</b>	<b>153,679,240</b>	<b>1,247,388,817</b>

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO

  
Director

  
Chairman

Signed in terms of our separate report of even date

Dhaka

**27 MAR 2018**

  
Hussain Farhad & Co.  
Chartered Accountants

**Agrani SME Financing Company Limited**

Liquidity Statement  
As at 31 December 2017

Particulars	(Amount in BDT)					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	6,808,655	-	-	-	-	6,808,655
Balance with other banks and financial institutions	90,312,533	7,052,691	263,636,921	-	-	361,002,145
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans, advances and leases	67,491,932	138,288,429	353,388,065	520,150,054	-	1,079,318,480
Fixed assets	-	-	-	-	12,139,584	12,139,584
Other assets	-	-	52,087,439	8,630,733	531,881	61,250,053
<b>Total assets</b>	<b>164,613,120</b>	<b>145,341,120</b>	<b>669,112,425</b>	<b>528,780,787</b>	<b>12,671,465</b>	<b>1,520,518,917</b>
<b>Liabilities</b>						
Borrowing from other banks and financial institutions	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-
Provision and other liabilities	-	-	89,451,627	62,994,790	120,683,683	273,130,100
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>89,451,627</b>	<b>62,994,790</b>	<b>120,683,683</b>	<b>273,130,100</b>
<b>Net Liquidity Gap</b>	<b>164,613,120</b>	<b>145,341,120</b>	<b>579,660,799</b>	<b>465,785,997</b>	<b>(108,012,219)</b>	<b>1,247,388,817</b>
<b>Net Liquidity Gap 2016</b>	<b>521,169,650</b>	<b>163,462,125</b>	<b>308,084,428</b>	<b>305,082,453</b>	<b>(72,081,284)</b>	<b>1,225,717,372</b>



**Agrani SME Financing Company Limited****Notes to the Financial Statements**

As at and for the year ended 31 December 2017

**1 BACKGROUND INFORMATION****1.1 Establishment and status of Agrani SME Financing Company Limited**

The Agrani SME Financing Company Limited (the Company) has been incorporated as a public limited Company on 27 October, 2010 vide certificate of incorporation No. C- 87827/10. The company has taken over the ongoing work of Small Enterprise Development Project (A Norway and Agrani bank funded Project of Ministry of Finance, Bangladesh) on a going concern basis through a Vendor's Agreement signed among the Ministry of Finance of the People's Republic Bangladesh, the Board of Directors on behalf of the Agrani Bank Limited and the Board of Directors on behalf of the Agrani SME Financing Company Limited on 27 December, 2011. The company has set 31 December, 2011 as the effective date of handing over the SEDP operation to Agrani SME Financing Company Limited. The Company's current shareholdings comprise the Agrani Bank Limited and six other shareholders nominated by the Bank. The company has 50 branches as on 31 December, 2017 (with no overseas branch).

**1.2 Nature of business**

The principal activities of the company are providing support to Small and Medium Enterprises all over the country through training programme on limited basis and providing loan to the customers.

**2 SIGNIFICANT ACCOUNTING POLICIES****2.01 Statement of compliance**

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement which is stated at in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Commission's Rules, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except for the circumstances where local regulations and other applicable laws and regulations differ.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No.: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

**2.02 Basis of measurement**

These financial statements have been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.



**2.03 Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. The Company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank.

Bangladesh Bank has issued template for financial statements which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include 'Other Comprehensive Income (OCI)' nor are the elements of Other Comprehensive Income allowed to be included in the Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However, the company does not have any elements of OCI to be presented.

**2.04 Presentation and functional currency and level of precision**

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

**2.05 Use of estimates and judgments**

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS) requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent asset and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- a. Provision for impairment of loans;
- b. Gratuity fund and;
- c. Contributory provident fund (CPF)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

**2.06 Directors' responsibility statement**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

**2.07 Branch accounting**

The Company has 50 branches with no overseas branch as on December 31, 2017. Accounts of the branches are maintained at the branch office and finally these are consolidated with head office from which these accounts are drawn up.

**2.08 Accounting period**

The financial year of the company covers from 1 January 2017 to 31 December 2017.





2.09 Loans and advances

2.09.1 Presentation of loans and advances

Loans and advances are initially recognized at fair value, representing the cash advanced to the borrower plus the net of direct and incremental transaction costs and fees. They are subsequently measured at amortized cost shown at gross amount.

2.09.2 Provision for loans and advances

Provision for loans and advances has been made on the basis of instructions contained in Bangladesh Bank FID Circular no. 08 dated August 03, 2002, FID Circular no. 11 dated October 31, 2005, FID Circular no. 06 dated August 20, 2006 and DFIM Circular letter no. 03 dated April 29, 2013.

2.10 Fixed assets and depreciation

i) Recognition and measurement (Owned assets)

Items of own property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipment".

ii) Recognition and measurement

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is charged to amortize the cost of assets, over their estimated useful lives, using the straight-line method in accordance with BAS-16 "Property, Plant and Equipment". Depreciation is charged at day basis on addition and disposal of assets. Asset category wise depreciation rates are as follows:

Furniture and Fixtures	10%
Motor vehicles	20%
Office equipment	20%
Electric materials	20%
Library Books	20%
Computer and computer accessories	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss account. Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.

2.11 Revenue recognition

The areas specially in case of interest on loans and advances, all the employees related with the credit of the company are habituated to accounting the interest income on realization basis as the practice of last 15 years inherited from the SEDP project. Though the operations of the project have been taken over through the vendor's agreement on 27th October 2011, but practically concern officials were not yet capable enough to calculate and account for interest on loans and advance on accrual basis therefore, up to 31 December 2016, revenue had been recognized only when the interest on loans and advances had been received by the company. In the year 2017, accounting policy has been changed and interest on loans and advances has been recognized on accrual basis.

According to the Bangladesh Accounting Standards opening balance of affected components of equity and other comprehensive amount were required to adjust due to such changes in accounting policy. But considering the materiality of the affect of opening balance of equity and other comprehensive amount no adjustment has been given. It is mentionable that had the adjustment been given the opening balance of Loans and advances would have been Tk.791,015,680 instead of Tk.787,859,282; Other liabilities balance would have been Tk.239,111,491 instead of Tk. 236,726,541; Retained earning balance would have been Tk.136,959,242 instead of Tk.136,342,084 and Statutory reserve would have been Tk. 34,798,314 instead of Tk.34,644,024.

Other revenues

Other charges on services rendered by the company are recognized as and when services are rendered.

**2.12 Accounts receivable**

Accounts receivable at the balance sheet date is stated at amounts which are considered realizable.

**2.13 Cash flow statements**

The cash flow statement is prepared using the method specified in Bangladesh Bank guidelines.

**2.14 Write off**

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to an investment for which a return on the investment is not now possible or unlikely. The item's potential return is thus canceled and removed from ("written off") the Company's balance sheet.

**2.15 Employees benefit obligation**

The company operates a retirement benefit scheme for its permanent employees, elements of which are as under:

**a. Contributory Provident Fund (CPF)**

- i) Employees' contribution 10% and
- ii) Company's contribution 10%

**b. Gratuity**

Permanent employees are entitled to get gratuity for 2 months of last basic pay for each completed year of services subject to completion of minimum of 3 years service.

**2.16 Taxation****i) Deferred tax**

Deferred tax has been calculated and accounted for in accordance with Bangladesh Accounting Standard - 12, Income Taxes.

**ii) Current tax**

Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984, amendments made thereto and prevailing practice. The current tax rate for the Company is 42.5% on taxable income.

**2.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

**2.18 Earning per share (EPS)**

The Company calculates earning per share in accordance with Bangladesh Accounting Standards (BAS) 33 "Earnings Per Share" which has been shown in the face of the Profit and Loss Account.

**2.19 Business commitments and contingencies**

There was no capital expenditure contracted but not incurred or provided for at 31 December 2017 (2016: nil). There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2017. The Company had no claim, legal or other, against it which has not been acknowledged as debt at the balance sheet date.



**2.20 Related party disclosure**

As per Bangladesh Accounting Standards (BAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 6 & 7.8

**2.21 Contingent liabilities and contingent assets**

A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably. At the end of the balance sheet date the company does not have any contingent liability and contingent asset to recognize and disclose.

**2.22 Particulars of audit committee**

The audit committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the Bangladesh Bank's DFIM circular no. 13 dated October 26, 2011.

The Audit Committee of the Board of Directors consisted of the following 4 (four) members of the Board:

SL	Name	Designation
1	Md. Shahadat Hossain, FCA	Chairman
2	Md. Rafiqul Alam	Member
3	Md. Ali Hossain Prodhania	Member
4	Md. Rafiqul Islam	Member

5	Md. Muzahidul Islam Zoarder	Member Secretary
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During the year 01 Audit Committee meeting was held.

**2.23 Foreign remittance**

There was no foreign remittance during the year 2017.

**2.24 Liquidity statement**

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases:

- Balance with other bank and financial institutions are on the basis of their maturity term.
- Loans and advances are on the basis of their repayment/maturity schedule.
- Fixed assets are on the basis of their useful lives.
- Other assets are on the basis of their adjustment terms.
- Other liabilities are on the basis of their settlement terms.



## 2.25 Status of compliance of Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards

In preparing the Financial Statements, Agrani SME Financing Company Limited applied following BAS:

Name of the BAS	BAS no.	Status
Presentation of Financial Statements	1	*
Inventories	2	N/A
Statement of Cash Flows	7	7
Accounting Policies, Changes in Accounting Estimates and Errors	8	Partially Applied **
Events after the Reporting Period	10	Complied
Construction Contracts	11	N/A
Income Taxes	12	Complied
Property, Plant and Equipment	16	Complied
Leases	17	N/A
Revenues	18	Complied
Employee Benefits	19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	N/A
Related Party Disclosures	24	Complied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentation	32	*
Earnings per share	33	Complied
Interim Financial Reporting	34	Complied
Impairment of Assets	36	Complied
Provisions, Contingent Liabilities and Contingent Assets	37	Complied
Intangible Assets	38	Complied
Financial Instruments: Recognition and Measurement	39	*
Investment Property	40	N/A
Agriculture	41	N/A
Name of the BFRS	BFRS no.	Status
Share Base payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	*
Operating Segments	8	N/A

\*As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements (please see note 2.03).

N/A= Not applicable.

\*\* The scope of applying Bangladesh Accounting Standard -8' "Accounting policies, changes in Accounting Estimates and Errors" was in the following two areas

(a) In case of changing accounting policy of interest on loans and advances (cash basis to accrual basis)

retrospective effect has not been given due to having immaterial impact which has been described in note 2.11

(b) In case of balance transferred from provision for loans and advances to loan risk/loan risk coverage fund as described in note 7.1 retrospective effect has not been given considering that there is no material effect since both provision for 'loans and advances' and 'loan risk/loan risk coverage fund' are under same Broad head of Accounts 'Other liabilities'.



**2.26 BASEL II & Its implementation**

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from 01 January 2012 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CDMD)" have come fully in force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CDMD guidelines Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CDMD guideline's requirement, Agrani SME Financing Company Limited is aware to ensure timely implementation of BASEL II accord.

**2.27 Financial risk management**

Agrani SME Financing Company Limited always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well structured and proactive risk management system is in place within the Company to address risk relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company is also committed to follow the guidelines for managing core risk of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risk.

**Credit risk**

To encounter and mitigate credit risk the company employed multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, vigorous monitoring and follow up, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

**Market risk**

The Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk, The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings and financial strength.

**Liquidity Risk**

Liquidity requirements are managed on a day-to-day basis by the Company which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and to maintain a diversity of funding sources. The Company maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.



**Operational Risk**

Appropriate internal control measures are in place, at Agrani SME Financing Company Limited, to address operational risks. Agrani SME Financing Company Limited has established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. The company have engaged experienced people to assess operational risk across the company as a whole and ensures that an appropriate framework exists to identify, access and manage operational risk.

**2.28 Expenses**

In terms of the provision of the Bangladesh Accounting Standard (BAS-1) Presentation of Financial Statements, all expenses are recognized on accrual basis.

**2.29 Particulars of Directors and their interest in the Agrani SME Financing Company Limited (31-12-2017)**

<i>Name and address</i>	<i>Status</i>	<i>Date of original appointment</i>	<i>No. of shares held in the</i>
Mohammad Shams-UI Islam (Representing Agrani Bank Ltd)	Chairman and Director	9/6/2016	9,999,988
Khondker Sabera Islam	Retired. However, the Holding Shares hasn't been transferred	10/5/2010	2
Md. Rafiqul Alam	Director	9/1/2017	2
Md. Shahadat Hossain, FCA	Director	6/6/2017	2
Md. Ali Hossain Prodhania	Director	6/6/2017	2
Md. Rafiqul Islam	Director	30/10/2017	2
Md. Nurul Haque	Managing Director and Chief Executive Officer	13/04/2017	2



2.30 Name of the Directors and their interest in different entities (31-12-2017)

	Name of the Directors	Designation with Company	Entities where they have interest	Position with the Entities
1	Mohammad Shams-Ul Islam (Representing Agrani Bank Ltd.)	Chairman and Director	Agrani Bank Limited	Managing Director and Chief Executive Officer
2	Md. Rafiqul Alam	Director	Agrani Bank Limited	Deputy Managing Director
3	Md. Ali Hossain Prodhania	Director	Agrani Bank Limited	Deputy Managing Director
4	Md. Shahadat Hossain, FCA	Director	FAMES & R Chartered Accountants	Partner
5	Md. Rafiqul Islam	Director	Agrani Bank Limited	Deputy Managing Director
6	Md. Nurul Haque	Managing Director and Chief Executive Officer	Agrani SME Financing Company Limited	

2.31 Comparative Information

Comparative information have been disclosed in respect of year ended from 01 January 2016 to 31 December 2016 for all numerical information in the financial statements and also the narratives and descriptive information when it is relevant for understanding of the current year's financial statements.

2.32 Incentive Bonus

Incentive bonus amounting to Tk. 85,00,000 is charged against current year's profit as per confirmation from the management.



		(Amount in BDT)	
		As at 31 Dec, 2017	As at 31 Dec, 2016
3	Balance with other Banks and Financial Institutions	361,002,145	587,310,559
	Short term deposit	90,312,535	368,142,281
	Fixed deposit	270,689,610	219,168,279
3.1	Balance with other Banks and Financial Institutions		
	Local currency	90,312,535	368,142,281
	Foreign currencies	-	-
3.1.1	Local currency	90,312,535	368,142,281
	Head Office	19,033,335	262,529,817
	Branches	71,279,200	105,612,464
3.2	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations 1994 and FID Circular No. 06 dated November 06, 2003 and FID Circular No. 02 dated November 10, 2004. The companies do not have any term deposit, therefore there is no scope of maintaining Cash Reserve Requirement (CRR).		
	Statutory Liquidity Reserve (SLR) has been calculated at the rate of 2.5% on total liabilities. SLR is maintain in liquid assets in the form of cash in hand (notes & coin in BDT). From January 2013, the company is maintaining a account with Bangladesh Bank where sufficient amount to maintain the Statutory Liquidity Reserve (SLR) has been deposited. As on 31 December 2017 the balance was Tk. 67,25,280.		
4	Loans, cash credit and overdraft etc.	1,079,318,480	787,859,282
4.1	Sector wise details of loans and advances		
	i) Agricultural Industries	404,247,117	283,078,100
	ii) Textiles, Apparels & Accessories	19,008,320	6,473,000
	iii) Food and Beverage	1,787,820	3,156,350
	iv) Pharmaceuticals	3,066,780	1,555,000
	v) Leather & Leather Products, Chemicals	281,000	324,000
	vi) Power, Energy & Engineering	180,000	1,210,070
	vii) IT & Services	817,700	590,000
	viii) Transportation	-	545,000
	ix) Other industries	104,554,033	74,818,492
	x) Iron Stell and Engineering	2,034,110	1,439,000
	xi) Paper, Printing and Packaging	590,000	456,800
	x) Trade & Commerce	542,751,600	414,213,470
	Total	1,079,318,480	787,859,282
4.2	Loans and advances as per loan nature		
	i) Manufacturing	535,749,180	373,055,812
	ii) Servicing	817,700	590,000
	iii) Trading	542,751,600	414,213,470
	Total	1,079,318,480	787,859,282
4.3	Loans and advances geographical location-wise		
	Rural Branches:	734,665,678	553,090,140
	Urban Branches	344,652,803	234,769,142
	Total	1,079,318,480	787,859,282





(Amount in BDT)

Note	As at 31 Dec, 2017	As at 31 Dec, 2016
<b>4.4 Details of large loan / investments</b>		
There were no clients with outstanding amount and classified loans/investments exceeding 15% of total capital of the financial institution.		
<b>4.5 Particulars of Loans and advances</b>		
i) Loans and advances considered good in respect of which the financial institution is fully secured	147,133,339	69,577,025
ii) Loans and advances considered good against which the financial institution holds no security other than the debtors' personal guarantee.	-	-
iii) Loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	932,185,141	718,282,257
iv) Loans and advances adversely classified for which no provision is created	-	-
v) Loans and advances due by directors or officers of the financial institution or any of them either separately or jointly with any other persons.	-	-
vi) Loans and advances due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institutions have interest as directors, partners or managing agents or in the case of private companies, as member	-	-
ix) Due from bank and financial institutions	-	-
<b>Total outstanding</b>	<b>1,079,318,480</b>	<b>787,859,282</b>
x) <b>Classified Loans and advances</b>		
a) Classified Loans and advances on which interest has not been charged	57,012,560	55,349,239
b) Provision on bad Loans and advances	33,572,352	55,837,250
c) Amount of written off Loans and advances	-	14,693,466
Total amount realized against loans and advances previously written off (Current year recovery Tk. 1,66,47,510/-)	73,020,577	56,373,067
d) Provision kept against loans and advances classified as bad debts	23,527,344	24,257,836
e) Interest credited to Interest Suspense Account	2,200,249	-
xi) Cumulative amount of written off Loans and advances	94,482,638	94,482,638
Opening Balance	94,482,638	65,426,698
Amount written off during the year	-	14,362,747
The amount of written off Loans and advances for which law suits have been filed.	-	5,054,597



Note	(Amount in BDT)		
	As at 31 Dec, 2017	As at 31 Dec, 2016	
<b>4.6 Classification of loans, advances and leases</b>			
<u>Unclassified:</u>			
Standard loan	971,243,013	687,788,449	
Special mention account (SMA)	51,062,907	44,721,594	
<b>Sub. Total</b>	<b>1,022,305,920</b>	<b>732,510,043</b>	
<u>Classified</u>			
Sub-standard	14,663,727	14,407,588	
Doubtful	8,905,710	7,919,628	
Bad / Loss	33,443,123	33,022,023	
<b>Sub. Total</b>	<b>57,012,560</b>	<b>55,349,239</b>	
<b>Total</b>	<b>1,079,318,480</b>	<b>787,859,282</b>	
<b>4.7 Particulars of required provision for loans and advances</b>			
<b>General Provision</b>	<b>Rate</b>	<b>Base for provision as at 31 Dec 2017</b>	<b>Required for provision as at 31 Dec 2017</b>
Loans and Advances(Excluding SMA)	0.25%	971,243,013	2,428,108
Special mention account (SMA)	5%	50,952,000	2,547,600
<b>Sub. Total</b>		<b>1,022,195,013</b>	<b>4,975,708</b>
<b>Specific Provision</b>			
Sub-standard	20%	12,109,000	2,421,800
Doubtful	50%	5,295,000	2,647,500
Bad / Loss	100%	23,527,344	23,527,344
<b>Sub. Total</b>		<b>40,931,344</b>	<b>28,596,644</b>
<b>Total</b>		<b>1,063,126,357</b>	<b>33,572,352</b>
		<b>As at 31 Dec 2017</b>	<b>As at 31 Dec 2016</b>
Required provision for loans and advance		33,572,352	33,646,000
Total provision maintained (Note 7.1)		33,572,352	55,837,250
<b>Excess / (short) provision at 31 December, 2017</b>		<b>0.00</b>	<b>22,191,250</b>



5 Fixed assets including premises, furniture and fixtures

(Amount in Taka)

SL No.	Name of assets	Value at cost			Closing	Rate %	Depreciation			Accumulated depreciation	Written down value
		Opening	Addition	Disposal			Opening	Charged	Adjustment		
1	Motor Vehicle	13,148,799	-	-	13,148,799	20%	5,345,760	2,529,770	-	7,875,530	5,273,269
2	Computer	8,136,014	72,801	-	8,208,815	20%	4,636,782	1,452,685	-	6,089,467	2,119,348
3	Furnitures & Fixture	8,210,675	15,000	-	8,225,675	10%	2,926,961	809,372	-	3,736,333	4,489,342
4	Other / Office Equipment	148,591	-	-	148,591	20%	129,272	7,876	-	137,148	11,443
5	Electrical Equipment	667,699	-	-	667,699	20%	352,338	88,531	-	440,869	226,830
6	Library Books	43,365	-	-	43,365	20%	15,740	8,273	-	24,013	19,352
	<b>Total</b>	<b>30,355,143</b>	<b>87,801</b>	<b>-</b>	<b>30,442,944</b>		<b>13,406,853</b>	<b>4,896,507</b>	<b>-</b>	<b>18,303,360</b>	<b>12,139,584</b>
	Balance as at 31 December-2016	28,826,268	1,528,875	-	30,355,143		8,225,824	5,181,029	-	13,406,853	16,948,290



(Amount in BDT)

	Note	As at 31 Dec 2017	As at 31 Dec 2016
<b>6 Other Assets:</b>		<b>61,250,053</b>	<b>65,064,083</b>
Security deposit		3,150	3,150
Tax deducted at sources	6.1	11,362,474	19,040,737
Advance Income Tax	6.2	40,724,965	37,718,608
Receivable from Agrani Bank Limited		7,322,127	7,322,127
Accrued interest income		1,188,141	798,138
Deferred tax assets	7.7	531,881	-
Advance rent on premises		117,315	181,323
<b>6.1 Tax deducted at sources</b>			
Opening balance at January 01, 2017		19,040,737	13,713,848
Add: Addition during the year		2,265,496	5,326,889
Less: Adjustment during the year		(9,943,759)	-
Closing balance at December 31, 2017		<b>11,362,474</b>	<b>19,040,737</b>
<b>6.2 Advance Income Tax</b>			
Opening balance at January 01, 2017		37,718,608	7,500,000
Add: Addition during the year		11,706,032	30,218,608
Less: Adjustment during the year		(8,699,675)	-
Closing balance at December 31, 2017		<b>40,724,965</b>	<b>37,718,608</b>
<b>7 Other Liabilities</b>		<b>273,130,100</b>	<b>236,726,541</b>
Provision for loans and advances	7.1	33,572,352	55,837,250
Provision for other assets	7.2	7,322,127	7,322,127
Gratuity fund	7.3	37,865,664	27,031,717
Provision for expenses	7.4	267,231	426,261
Provision for incentive bonus	7.5	13,465,105	12,338,616
Provision for CPF		-	3,313
Provision for super annulations fund		-	8,070
Provision for current tax	7.6	52,831,560	54,753,746
Provision for deferred tax	7.7	-	275,511
Provision for tax deducted at source		15,201	11,092
Provision for revenue stamp		1,890	-
Provision for VAT		40,152	10,655
Provision for service charge		-	12,602
Provision benevolent fund		-	560
Provision for salary		75,112	88,762
Payable to Agrani Bank	7.8	55,672,663	55,672,663
Undisbursed salary and benefit		54,462	-
CPF Fund A/C	7.9	12,717,143	5,719,496
Consumer credit		-	5,000
Provision security deposit		6,500	6,500
Provision for audit fees		165,600	165,600
Interest suspense	7.10	2,200,249	-
Loan risk/ loan risk coverage fund		56,857,090	17,037,000
<b>7.1 Provision for loans and advances</b>		<b>33,572,352</b>	<b>55,837,250</b>
Opening balance at January 01, 2017		55,837,250	50,682,930
Add: Addition during the year	7.1.1	-	15,600,409
Add: Addition during the year (Annx-A-6)	7.1.1	14,089,459	22,765,682
Adjustment	7.1.1	(47,784)	(1,481,305)
Less: Transferred to loan risk/loan risk coverage fund	7.1.1	(36,306,573)	(17,037,000)
Less: Write off during the year	7.1.1	-	(14,693,466)
Closing balance at December 31, 2017		<b>33,572,352</b>	<b>55,837,250</b>

(Amount in BDT)

Note	As at 31 Dec 2017	As at 31 Dec 2016
<b>7.1.1</b>		
<p>As mentioned in note 1.1 the Company has taken over the on going work of Small Enterprise Development Project (SEDP) on a going concern basis. The balance of provision for loans and advances up to the year 2015 was Tk. 50,682,930 and an additional amount of Tk.15,600,409 during the year 2016 represented amount collected from borrowers on account of Loan Risk Fund @ 2% and Loan Risk Coverage Fund @ 1% in accordance with the norms followed during the SEDP period. In the year 2017 Bangladesh Bank has raised objection in this regard and advised through letter Ref: FIID/I-14/2017-474 dated 04 May, 2017 not to collect any amount in the name of Loan Risk Fund and Loan Risk Coverage Fund as well as to adjust the amount of this fund gradually. Following the advice of Bangladesh Bank the excess of required provision has been transferred to Loan Risk/Loan Risk Coverage Fund Tk. 36,306,573 (note no. 7.11) with the view to adjust the balance gradually. 'Adjustment' represents interest waived in 2017 and some branches legal expenses had been paid in year 2016 but debited to party account in year 2017. No 'loans and advances' has been written off during the year 2017.</p>		
<b>7.2 Provision for Other Assets</b>		
<p>Provision for other assets represents provision for Receivable from Agrani Bank Limited Tk. 73,22,127/- which is being brought forward since long and the provision has been made as per instruction of Bangladesh Bank.</p>		
<b>7.3 Provision for gratuity fund</b>	<b>37,865,664</b>	<b>27,031,717</b>
Opening balance at January 01,2017	27,031,717	19,935,896
Add: Received from previous period	-	771,072
Add: Received during this period	8,437,425	5,544,616
Add: Interest on gratuity fund FDR & bank deposit	2,467,876	780,133
Less: Transfer during the period (VAT, TDS and bank charge)	(71,354)	-
	<u>37,865,664</u>	<u>27,031,717</u>
<p>The required provision of Taka 3,78,65,664.00 for the year ended December 31, 2017 has been calculated based on the information and assumption of the management without having confirmation from actuarial valuation.</p>		
<b>7.4 Provision for expenses</b>	<b>267,231</b>	<b>426,261</b>
Opening balance at January 01, 2017	426,261	1,422,740
Add: Addition during the period	130,000	299,171
Less: Transfer during the period	289,030	1,295,650
Closing balance at December 31 , 2016	<u>267,231</u>	<u>426,261</u>
<b>7.4.1 Provision for expenses added during this period</b>	<b>130,000</b>	<b>299,171</b>
Opening balance at January 01, 2017	-	299,171
Provision for CIB and telephone bill	130,000	-
<b>7.5 Provision for Incentive Bonus</b>	<b>13,465,105</b>	<b>12,338,616</b>
Opening balance at January 01, 2017	12,338,616	7,519,818
Add: Provision made during year	8,500,000	10,000,000
Less: Payment made during the year	(7,373,511)	(5,181,202)
Closing balance at December 31 , 2017	<u>13,465,105</u>	<u>12,338,616</u>
<b>7.6 Provision for Current tax</b>	<b>52,831,560</b>	<b>54,753,746</b>
Opening balance at January 01, 2017	54,753,746	43,573,923
Add: Provision made during year	16,455,977	2,543,988
Add: Provision for prior years	265,271	8,635,835
Less: Adjustment with TDS made during the year	(9,943,759)	-
Less: Payment made during the year	(8,699,675)	-
Closing balance at December 31 , 2017	<u>52,831,560</u>	<u>54,753,746</u>

Provision made during the year includes provision for tax on current year's profit @ 42.5%, 2,65,271/- for year 2016 and Tk. 3,61,10,312/- for earlier years (year 2015 and 2016) as tax assessment under processing by the tax authority. So provision of tax for the year ended '31 december 2015 and 2016' has been included in provision for current tax.

	Note	(Amount in BDT)	
		As at 31 Dec 2017	As at 31 Dec 2016
<b>7.7 Provision for Deferred tax</b>		(531,881)	275,511
Fixed Asset as per Accounts		12,139,584	16,948,290
Fixed Asset as per Tax base		(13,391,068)	(16,300,030)
		(1,251,484)	648,260
Tax Rate		42.50%	42.50%
Deferred Tax Liability		(531,881)	275,511

Deferred Tax Liability as on 31 December 2017 is Tk.(-5,31,880). As on 31 December 2016 balance was Tk. 2,75,511 and Provision for Deferred tax has been made by Tk. (-8,07,391.50) in year 2017.

**7.8 Payable to Agrani Bank Ltd. Tk. 55,672,663**

This represents payable to Agrani Bank Limited on account of final settlement of outstanding loan and advance and interest thereon as on the dates of closing of loan giving activities jointly with the company by the Agrani Bank Ltd. The account has been taken as determined by the Agrani Bank Ltd., item wise detailed calculation and reconciliation of the balance is yet to be completed.

<b>7.9 Provision for CPF</b>		<b>12,717,143</b>	<b>5,719,496</b>
Opening balance at January 01, 2017		5,719,496	-
Add: Received during this period		6,749,939	5,631,280
Add: Interest on CPF bank deposit		289,842	101,240
Less: Transfer during the period (VAT, TDS and bank charge)		(42,134.18)	(13,024)
Closing balance at December 31, 2017		<b>12,717,143</b>	<b>5,719,496</b>

**7.10 Interest suspense**

Opening balance at January 01, 2017  
Add: During this period  
Less: Transfer to interest income  
Closing balance at December 31, 2017

		<b>2,200,249</b>	-
		-	-
	<b>Annx-5</b>	2,200,249	-
		-	-
		<b>2,200,249</b>	-

**7.11 Loan risk/ loan risk coverage fund**

Opening balance at January 01, 2017  
Addition during the period of January to March 2017  
Add: Transfer from provision for loans and advances (note no. 7.1.1)  
Closing balance at December 31, 2017

		<b>56,857,090</b>	<b>17,037,000</b>
		17,037,000	-
		3,513,516	17,037,000
		36,306,573	-
		<b>56,857,090</b>	<b>17,037,000</b>

Addition' represents collection of Loan Risk Fund @ 2% from January-March 2017, collected from borrowers on account of Loan Risk Fund @ 2% and Loan Risk Coverage Fund @ 1% in accordance with the norms followed during the SEDP period.

**8 Share capital**

**8.1 Authorized Capital :**

**5,000,000,000**      **5,000,000,000**

The authorized capital of the company is Taka 5,000,000,000 divided into 50,000,000 ordinary shares of Taka. 100.00 each.

**8.2 Issued, subscribed and fully paid up capital :**

Opening balance  
Add: Issued bonus share  
Add: Issued right share  
Closing balance

		1,000,000,000	1,000,000,000
		-	-
		-	-
		<b>1,000,000,000</b>	<b>1,000,000,000</b>

During the year 2012 the company has issued 400,000 bonus share from General reserve and Right share (5:1) to meet the capital requirements as prescribed by Bangladesh Bank through DFIM circular dated on July 24, 2011. The paid up capital of the company is Taka. 1,000,000,000 divided into 10,000,000 ordinary shares of Taka. 100.00 each. This has been made in accordance with the Financial Institution Act 1993.

	Note	(Amount in BDT)	
		As at 31 Dec 2017	As at 31 Dec 2016
<b>8.3 Capital Adequacy ratio (CAR)</b>			
In terms of section 13(2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars nos. 01,14,10 and 05 dated January 08, 1996, November 25, 2002 and May 14, 2007 respectively required a capital of the Company at the close of the business on 31 December 2017 was Taka 1000,000,000 (10% of risk weighted assets i.e. TK.103,872,893 or as per Bangladesh Bank DFID Circular no - 5 dated 24th July 2011 required paid up capital Tk. 1000,000,000) as against available core capital of TK.1,247,388,817 and supplementary capital of TK.4,981,253 making the total capital of TK. 1,252,370,070 thereby showing a surplus capital/equity of TK. 252,370,070 at that date. Details are shown below:			
Total Asset including off balance sheet items		1,520,518,917	1,462,443,912
Total risk weighted asset		1,038,728,927	896,764,677
Required capital (10% of risk weighted asset)		103,872,893	89,676,468
Minimum Capital Required		1,000,000,000	1,000,000,000
Actual Capital Held		1,252,370,070	1,229,672,922
Core Capital	8.3.1	1,247,388,817	1,225,717,372
Supplementary Capital	8.3.2	4,981,253	3,955,551
Total Capital Surplus/ (deficit)		<u>252,370,070</u>	<u>229,672,922</u>
Capital Adequacy Ratio (CAR) Based on   Basel II framework			
		<b>2017</b>	
Capital requirement:		Required	Held
Tier -I (Minimum 10% of RWA)		1,000,000,000	1,247,388,817
Tier -II (Balancing)		-	4,981,253
<b>Total</b>		<b>1,000,000,000</b>	<b>1,252,370,070</b>
<b>8.3.1 Core Capital (Tier -I)</b>			
Paid up Capital		1,000,000,000	1,000,000,000
Statutory Reserve		38,978,313	34,644,024
General Reserve		54,731,264	54,731,264
Retained earnings		153,679,240	136,342,084
		<u>1,247,388,817</u>	<u>1,225,717,372</u>
<b>8.3.2 Supplementary Capital (Tier - II)</b>			
General Provision maintained against unclassified loans		4,981,253	3,955,551
General Provision @ 1% against off balance sheet exposures		-	-
Asset revaluation reserve		-	-
Revaluation reserve for equity instruments up to 10%		-	-
Revaluation on investment		-	-
		<u>4,981,253</u>	<u>3,955,551</u>
<b>Total Actual Capital Maintained</b>		<u><b>1,252,370,070</b></u>	<u><b>1,229,672,922</b></u>
<b>9 Statutory reserve</b>			
Opening balance		34,644,024	32,706,739
Add: Transfer from appropriation of profit		4,334,289	1,937,285
Closing Balance		<u>38,978,313</u>	<u>34,644,024</u>
<b>10 General Reserve</b>		<b>54,731,264</b>	<b>54,731,264</b>
Opening balance		54,731,264	54,731,264
Add: Transfer from appropriation of profit		-	-
Less: Issuing bonus share		-	-
Closing balance		<u>54,731,264</u>	<u>54,731,264</u>



		(Amount in BDT)	
		For the year 2017	For the year 2016
<b>11</b>	<b>Interest Income</b>	<b>155,262,361</b>	<b>133,801,379</b>
	Interest on loans and advances	Annex-2 128,677,025	98,627,499
	Interest recovered from write-off loans and advances	Annex-2 2,917,856	-
	Interest on short term deposit	Annex-2 6,229,761	6,953,894
	Interest on fixed deposit	Annex-1 17,437,720	28,219,986
	<b>Total income</b>	<b>155,262,361</b>	<b>133,801,379</b>
<b>12</b>	<b>Other Operating Income</b>	<b>3,170,435</b>	<b>1,861,219</b>
	Income from selling loan application form	394,300	281,300
	Loan processing fees	1,005,750	703,000
	Training fees	50,750	495,915
	Gain on selling fixed assests	9,907	-
	CIB processing fees	1,065,200	-
	Compensation received from insurance company	91,950	-
	Legal fees recovery	9,690	329,215
	Early settlement fees	10,667	-
	Sale of tender form	-	20,000
	Others income	532,221	31,789
<b>13</b>	<b>Salaries &amp; Allowances</b>	<b>89,154,974</b>	<b>77,242,131</b>
	Salaries (officer and staffs)	40,255,722	38,859,599
	House rent (officer and staffs)	16,755,086	10,489,250
	Medical allowances	3,050,708	1,686,394
	Lunch subsidy	8,896,600	9,095,400
	Wages paid	272,930	536,255
	Festival bonus	6,852,340	6,427,010
	Baishakhi allowances	615,419	532,460
	Overtime expenses	164,166	286,537
	Gratuity expenses	8,563,521	5,987,691
	SAF expense	124,506	280,113
	CPF expense	3,458,976	3,053,242
	Education allowances	145,000	-
	Dearness allowances	-	8,180
<b>14</b>	<b>Rent, Taxes, Insurance, Electricity etc.</b>	<b>5,697,339</b>	<b>6,594,377</b>
	Rent on premises	4,993,942	5,771,033
	Rates, taxes & ceases	2,000	-
	Insurance charge on vehicles	219,243	284,231
	Lighting charges	482,154	539,113
<b>15</b>	<b>Postage, Stamps, Telecommunication etc.</b>	<b>321,325</b>	<b>301,263</b>
	Telephone charges (Office)	151,937	158,261
	Telephone charges (Residence)	1,656	1,314
	Stamps	5,090	6,790
	Postages	162,642	134,898





	For the year 2017	For the year 2016
<b>16 Stationery, Printing, Advertisement etc.</b>	<b>1,116,997</b>	<b>2,126,153</b>
Newspaper & periodicals	134,648	142,929
Printing & stationery	687,570	1,143,043
Advertisement & publicity	294,779	840,181
<b>17 Managing Director's Salary and Benefits</b>	<b>1,290,000</b>	<b>1,698,387</b>
Managing Director of the company has received remuneration for the period from 13 April to 31 December 2017 at the rate of Tk.150,000/- per month as per contract.		
<b>18 Directors' Fees</b>	<b>560,000</b>	<b>392,000</b>
Honorarium & fees	560,000	392,000
Each director (except MD & CEO) for every attendance in Board Meeting gets Tk.8,000. No other charges or allowances is paid to the directors of the company. But, it has been paid Tk.20,00.00 per month as honorarium from July 2017 to the Chairman of the Board.		
<b>19 Other Expenses</b>	<b>9,124,378</b>	<b>10,958,379</b>
Petroleum, oil & lubricant for vehicles	659,944	1,594,706
Travelling expenses(Inland)	566,431	804,764
Conveyance allowances for recovery drive	1,754,392	1,370,565
Training expenses	238,952	500,032
Upkeep of office premises	178,967	98,356
Business development expenses	99,270	300,000
Repairs-motor vehicles	166,132	438,409
Repairs-furniture & fixtures	34,831	9,100
Repairs-office equipment	12,326	9,965
Repairs & maintenance of computer	364,662	213,139
Repairs elect. equipment & lighting materials	87,084	99,388
Renovation & maintenance of office premises	29,509	67,002
E-mail & internet	422,873	504,764
Consultancy fees	-	214,400
Closing expenses	347,000	397,000
Entertainment	656,883	931,720
Fees & commission	26,990	66,718
Washing charges	3,170	2,370
Recruitment charges	-	1,109,974
Bank Charge	150,158	137,182
Excise duty	230,419	281,000
Maintenance of software	1,330,000	1,242,000
Board meeting expense (entertainment)	83,517	66,798
CIB expenses	719,720	-
Recreation allowances	-	53,570
AGM expenses	43,040	52,705
Other professional and legal expenses	39,889	105,000
VAT expenses	878,218	137,752
Annual sports and picnic	-	150,000



20 Performance Evaluation

Return on average investment  
Return on average asset  
Average yield on Loan & Advance  
Average yield on Balance with Banks  
Earning Per Share (Taka)  
Net Asset Value Per Share (Taka)

	For the year 2017	For the year 2016
	1.75%	0.79%
	1.45%	0.67%
	14.09%	14.17%
	4.99%	5.33%
	1.73	0.77
	124.74	122.57

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO

  
Director

  
Chairman

**Agrani SME Financing Company Limited**  
Schedule of Fixed Deposit With other Banks  
As at 31 December 2017

Annexure-1 (Amount in BDT)													
SL No.	Bank /Financial Institutions Name	Fund/ FDR	Opening date	Value as on 31.12.2016	New FDR	Addition	Interest received	Tax deducted at source	Bank charge	Others (Excise Duty)	Encashment	Maturity/ Transfer	Value as on 31.12.2017
1	Agrani Bank (Principal Br.)	General	2-Jul-13	22,851,041			1,073,204	107,320		19,500	23,797,425	-	-
2	Agrani Bank (Principal Br.)	General	30-Sep-13	12,875,701			447,189	45,504		27,000	13,250,386	-	-
4	Agrani Bank (Principal Br.)	General	25-Jul-16	50,562,500			1,787,971	178,797		40,000	52,131,673	-	-
5	LankaBangla Finance	General	13-Jul-17		100,000,000		3,900,000	390,000					103,510,000
6	Farmers Bank Ltd	General	30-Jun-16	103,937,500			9,543,801	954,379					112,526,922
7	Agrani Bank (Principal Br.)	General	2-Jul-13	3,918,279			183,945	18,395		5,500	4,078,329	-	-
8	Agrani Bank (Principal Br.)	General	30-Sep-13	3,216,782			111,607	11,376		4,000	3,313,014	-	-
	<b>Sub-total (A)</b>			<b>197,361,802</b>	<b>100,000,000</b>	<b>-</b>	<b>17,047,718</b>	<b>1,705,771</b>	<b>-</b>	<b>96,000</b>	<b>96,570,827</b>	<b>-</b>	<b>216,036,922</b>
10	Prime Finance & Investment	LRF	6-Aug-17		20,600,000								20,600,000
	<b>Sub-total (B)</b>			<b>-</b>	<b>20,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,600,000</b>
7	Agrani Bank (Amin Court Br.)	Gratuity	18-Jun-13	3,977,854			140,690	14,069					4,104,475
8	Agrani Bank (Amin Court Br.)	Gratuity	5-Nov-12	2,828,624			132,879	13,288					2,948,215
9	IFIC Bank Limited	Gratuity	15-Oct-17		27,000,000								27,000,000
10	Farmers Bank Ltd	Gratuity	7-Apr-16	15,000,000			2,039,138	203,914		19,500	16,815,724		-
	<b>Sub-total (C)</b>			<b>21,806,478</b>	<b>27,000,000</b>	<b>-</b>	<b>2,312,707</b>	<b>231,271</b>	<b>-</b>	<b>19,500</b>	<b>16,815,724</b>	<b>-</b>	<b>34,052,690</b>
	<b>Grand Total (A+B+C)</b>			<b>219,168,279</b>	<b>147,600,000</b>								<b>270,689,610</b>

Summary:

Particulars	Interest income
Total General FDR (A)	17,047,718
Total LRF (B)	-
<b>Total (A+B)</b>	<b>17,047,718</b>
Less: FDR Receivable as on 31-12-16	798,138
Addition : FDR Receivable as on 31-12-17	1,188,140
<b>Balance transferred to income statement</b>	<b>17,437,720</b>



**Agrani SME Financing Company Limited**  
Schedule of Interest Income  
As at 31 December 2017

Annexure-2

(Amount in BDT)									
SL No.	Name of Branch/HO	Interest on Loans & Advances	Interest Recovered from write-off Loans	Interest on FDR	Interest on Short Term Deposits	CIB Processing Fees	Others Income	Total	
1	Bhaluka	3,120,953			132,088		31,312	3,284,353	
2	Fulbaria	2,422,155			15,139		21,350	2,458,644	
3	Gafargaon	3,200,517			60,111		28,350	3,288,978	
4	Gouripur	2,598,367	27,976		70		18,200	2,644,613	
5	Haluaghat	2,624,190	23,705		75,200		17,307	2,740,402	
6	Ishwarganj	2,514,359			4,916		22,750	2,542,025	
7	Mym. Sadar	3,159,428			53,102		24,453	3,236,983	
8	Muktagacha	3,246,024			93,094		36,804	3,375,922	
9	Mithamoin	874,451			47,501		22,493	944,445	
10	Nandail	2,284,028			33,139		23,464	2,340,631	
11	Phulpur	2,966,138	18,750		47,301		27,300	3,059,488	
12	Trishal	2,907,584	20,070		81,524		28,700	3,037,878	
13	Kishore. Sadar	2,700,484	15,155		33,696		21,000	2,770,335	
14	Karimganj	3,084,903			8,872		20,650	3,114,425	
15	Katiadi	2,891,730			54,633		21,000	2,967,363	
16	Jamalpur Sadar	2,856,006	145,115		27,755		33,600	3,062,476	
17	Sherpur Sadar	2,897,899			53,010		38,965	2,989,874	
18	Netro. Sadar	2,692,642	8,431		42,381		15,050	2,758,504	
19	Kendua	1,967,195			12,137		17,500	1,996,832	
20	Modhupur	3,318,130			32,319		41,150	3,391,599	
21	Gopalpur	1,929,796	7,396		23,612		24,150	1,984,954	
22	Pakundia	2,730,264			49,977		31,160	2,811,401	
	<b>Sub-Total</b>	<b>58,987,243</b>	<b>266,598</b>	<b>-</b>	<b>981,576</b>	<b>-</b>	<b>566,708</b>	<b>60,802,125</b>	



SL No.	Name of Branch/HO	Interest on Loans & Advances	Interest Recovered from write-off Loans	Interest on FDR	Interest on Short Term Deposits	CIB Processing Fees	Others Income	Total
	Balance C/F	58,987,243	266,598	-	981,576	-	566,708	60,802,125
23	Zilla Parishad	3,609,083	700,509		23,445		31,850	4,364,887
24	Charvadrashan	1,308,341	74,150		61,784		20,650	1,464,925
25	Sadarpur	2,657,443	133,812		59,733		23,868	2,874,856
26	Bhanga	2,984,225	352,326		41,785		38,823	3,417,159
27	Nagarkanda	3,270,823	7,288		36,181		24,150	3,338,442
28	Boalmari	2,412,457	65,720		37,288		27,800	2,543,265
29	Modhukhali	2,845,656	112,562		42,152		29,750	3,030,120
30	Baliakanda	2,754,338			8,602		26,950	2,789,890
31	Rajbari	3,144,414	98,349		32,196		42,790	3,317,749
32	Pangsha	3,998,541	33,694		13,321		63,350	4,108,906
33	Gopalgonj	2,965,828	246,340		27,215		34,025	3,273,408
34	Tungipara	1,714,399	189,387		18,884		21,463	1,944,133
35	Kotalipara	2,885,333	327,678		48,415		42,169	3,303,595
36	Madaripur	3,267,321	50,483		72,865		30,590	3,421,259
37	Kalkini	3,160,151	96,596		11,787		29,226	3,297,760
38	Shariatpur	2,530,989	27,580		10,263		28,429	2,597,261
39	Alfadanga	3,309,485	95,707		35,966		42,350	3,483,508
40	Goalando	3,750,067	30,864		20,842		22,225	3,823,998
41	Rajoir	3,095,083	8,213		6,399		34,300	3,143,996
42	Shibchor	2,262,545			60,717		37,100	2,360,362
43	Principal Branch	579,290			84,749		6,650	670,689
44	Barishal	2,750,492			70,021		38,396	2,858,909
45	Pabna	2,607,994			52,189.03		35,000	2,695,183
46	Sunamganj	1,051,505			31,759		23800	1,107,064
47	Gazipur	1,266,888			29,091		28,350	1,324,329
48	Comilla	614,504			33,667		17,845	666,016
49	Madabdi	1,114,549			31,623		32,900	1,179,072
50	Chandpur	1,778,037			55,784		18,900	1,852,721
51	Head Office			17,437,720	4,189,462		684,828	23,377,209
	<b>Total</b>	<b>128,677,025</b>	<b>2,917,856</b>	<b>17,437,720</b>	<b>6,229,761</b>	<b>1,065,200</b>	<b>2,105,235</b>	<b>158,432,796</b>



**Agrani SME Financing Company Limited**

Fund wise Cash at Bank  
As at 31 December 2017

SL No.	Branches/HO	Annexure-3 (Amount in BDT)									
		STD Revolving Bank A/C	Interest Income Bank A/C	LRFB Bank A/C	LRCF Bank A/C	Operational Expenses Bank A/C	CPF Bank A/C	Gratuity Fund Bank A/C	Recruitment Bank A/C	2017	2016
Branches/Zones:											
1	Bhaluka	826,628	308,550			3,029				1,138,207	2,857,914
2	Fulbaria	721,064	690,125			1,736				1,412,925	2,476,904
3	Gafargaoan	786,174	280,281			449				1,066,905	3,369,258
4	Gouripur	364,534	882,334			2,323				1,249,191	4,330,525
5	Haluaghat	1,637,384	425,261			315				2,062,960	2,535,571
6	Ishwarganj	1,247,276	735,219			695				1,983,189	2,117,429
7	Mymensingh Sadar	1,280,184	267,725			2,218				1,550,127	2,131,779
8	Mukttagacha	1,229,961	309,634			1,455				1,541,049	3,127,995
9	Mithamoin	578,989	283,753			800				863,542	2,027,543
10	Nandail	271,743	719,948			803				992,494	1,555,252
11	Phulpur	1,615,285	808,608	6,046		58				2,429,997	1,983,709
12	Trishal	2,191,910	288,185			5,451				2,485,546	3,111,716
13	Kishoreganj	656,548	270,941			74				927,563	905,569
14	Karimganj	516,031	256,081			311				772,423	1,661,256
15	Katiadi	1,098,850	282,980			2,246				1,384,076	1,402,491
16	Pakundia	1,063,804	268,626			944				1,333,373	1,796,157
17	Jamalpur Sadar	344,938	325,889			2,321				673,147	2,306,776
18	Sherpur	508,731	297,335	11,602		4,632				822,300	2,117,289
19	Netrokuna	864,128	293,633			4,844				1,162,604	1,850,934
20	Kendua	878,663	565,927	55		2,260				1,446,904	1,209,085
21	Modhupur	800,747	321,853			112				1,122,711	3,224,322
22	Gopalpur	967,571	598,662			2,951				1,569,184	2,651,183
23	Mymensingh									-	8,942,085
24	Faridpur Sadar	1,290,445	633,532			3,938				1,927,915	2,457,511
25	Alfadanga	1,624,216	513,647	585	261	1,029				2,139,738	2,195,370



Annexure-3  
(Amount in Taka)

SL No	Branches/HO	STD Revolving Bank A/C	Interest Income Bank A/C	LRCF Bank A/C	Operational Expenses Bank A/C	CPF Bank A/C	Gratuity Fund Bank A/C	Recruitment Bank A/C	2017	2016
26	Charvadrason	1,179,700	369,394		1,508				1,550,603	642,296
27	Bhanga	321,882	363,046	159	69				685,156	1,649,314
28	Sadarpur	1,736,066	189,261		543				1,925,870	863,501
29	Nagarkanda	420,191	556,810		792				977,794	1,833,223
30	Mudhukhali	1,411,585	705,097	121	5,644				2,125,045	1,587,311
31	Boalmari	792,329	747,594		111				1,540,034	2,098,481
32	Rajbari	1,224,994	443,042		2,162				1,670,198	1,679,128
33	Goalando	300,934	416,140		2,833				719,907	2,053,465
34	Pangsha	802,770	536,358		1,574				1,340,702	1,436,452
35	Baliakandi	1,430,066	342,085		6,513				1,778,664	1,056,860
36	Madaripur	859,914	328,487		626				1,189,027	1,561,136
37	Kalkini	1,377,060	407,395		60				1,784,516	1,854,121
38	Rajoir	2,126,951	307,315		64				2,434,330	1,042,390
39	Shibchor	1,381,266	324,784		1,372				1,707,422	2,586,086
40	Shariatpur	1,189,317	760,757		309				1,950,383	1,632,670
41	Gopalgonj	483,458	531,834		2,543				1,017,835	793,697
42	Tugipara	1,080,833	785,393		4,263				1,870,489	2,341,050
43	Kotalipara	1,320,018	450,679		1,879				1,772,576	1,229,130
44	Faridpur								-	230,473
45	Principal Branch	1,416,270	202,521		143				1,618,934	1,805,415
46	Barishal	877,280	267,605		800				1,145,684	2,457,908
47	Pabna	1,353,951	309,782		7,271				1,671,004	2,038,025
48	Chandpur	245,069	494,823		4,372				744,264	2,389,167
49	Sunamgonj	502,328	412,070						914,397	1,063,009
50	Gazipur	754,601	591,954		4,165				1,350,719	764,772
51	Madhabdi	289,780	529,906		5,935				825,621	1,995,012
52	Comilla	634,541	271,880		3,535				909,957	582,751
	<b>Branches Total</b>	<b>48,878,952</b>	<b>22,274,739</b>	<b>18,568</b>	<b>104,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,279,200</b>	<b>105,612,464</b>
	<b>Head Office Total</b>	<b>295,546</b>	<b>1,876,061</b>	<b>3,628</b>	<b>270,525</b>	<b>12,717,144</b>	<b>3,857,601</b>	<b>12,829</b>	<b>19,033,335</b>	<b>262,529,817</b>
	<b>Grand total</b>	<b>49,174,499</b>	<b>24,150,801</b>	<b>18,568</b>	<b>374,605</b>	<b>12,717,144</b>	<b>3,857,601</b>	<b>12,829</b>	<b>90,312,535</b>	<b>368,142,281</b>



## Agrani SME Financing Company Limited

### Schedule of Loan Outstanding (Principal)

As at 31 December 2017

Annexure-4  
(Amount in BDT)

Rural Branches:			
SL No.	Branches Name	2017	2016
1	Bhaluka	25,825,612	18,780,908
2	Alfadanga	27,853,414	20,054,348
3	Baliakandi	22,706,817	16,120,654
4	Bhanga	22,942,897	16,453,531
5	Boalmari	19,517,071	16,413,869
6	Charvadrashan	14,284,390	9,219,048
7	Fulbaria	18,247,480	15,507,865
8	Gafargaon	24,027,680	20,829,365
9	Ahmadpur	28,934,539	22,819,302
10	Gopalpur	16,307,221	11,615,061
11	Gouripur	20,634,900	17,402,815
12	Haluaghat	23,161,303	22,617,853
13	Ishwargonj	21,377,480	17,675,551
14	Kalkini	25,375,371	20,971,732
15	Karimgonj	22,495,598	21,050,563
16	Katiadi	21,973,442	17,790,944
17	Kendua	15,805,868	13,600,937
18	Kotalipara	25,274,652	15,578,869
19	Madhabdi	19,354,208	2,120,160
20	Mithamoin	8,013,983	4,143,929
21	Modhukhali	22,623,834	17,818,103
22	Modhupur	27,874,039	20,702,425
23	Muktagacha	27,244,769	21,151,379
24	Nagarkanda	26,161,852	19,250,247
25	Nandail	20,247,111	13,947,654
26	Pakundia	22,111,612	16,482,110
27	Pangsha	36,446,145	20,736,147
28	Phulpur	25,027,539	22,146,050
29	Sadarpur	18,363,482	16,615,897
30	Borhamgonj	22,388,299	14,907,454
31	Takerhat	26,242,018	20,140,823
32	Trishal	21,771,396	17,569,347
33	Tungipara	14,049,656	10,855,200
<b>Total Rural Branch (A)</b>		<b>734,665,678</b>	<b>553,090,140</b>
Urban Branches			
34	Barishal	22,760,979	16,241,296
35	Chandpur	15,995,322	9,982,185
36	Comilla	8,925,301	1,504,689
37	Zilla Parishad	28,248,678	22,108,020
38	Gazipur	16,285,340	3,371,157
39	Gopalganj	25,416,299	15,416,791
40	Jamalpur Sadar	23,763,565	17,096,460
41	Kishoregonj Sadar	19,720,553	18,448,781
42	Madaripur	25,117,455	19,626,530
43	Mymensingh Sadar	23,853,710	21,270,961
44	Netrokona Sadar	19,699,991	19,974,443
45	Pabna	24,251,215	12,484,497
46	Principal Branch	6,335,584	3,714,329
47	Rajbari	25,940,716	19,648,763
48	Shariatpur	20,279,812	14,603,662
49	Sherpur Sadar	25,454,868	16,177,005
50	Sumamgonj	12,603,415	3,099,573
<b>Total Urban Branch (B)</b>		<b>344,652,803</b>	<b>234,769,142</b>
<b>Grand Total (A+B)</b>		<b>1,079,318,480</b>	<b>787,859,282</b>



**Agrani SME Financing Company Limited**  
**Interest Suspense Account**  
As at 31 December 2017

**Annexure-5**  
(Amount in BDT)

SL No.	Branch Name	2017	2016
1	Fulbaria	18,848.00	
2	Gafargaon	3,776.00	
3	Gouripur	149,072.00	
4	Haluaghat	424,086.00	
5	Ishwargonj	61,945.00	
6	Mymensingh Sadar	56,837.00	
7	Muktagacha	3,629.00	
8	Nandail	9,016.00	
9	Phulpur	137,900.00	
10	Trishal	7.00	
11	Kishoregonj Sadar	30,333.00	
12	Karimgonj	22,867.00	
13	Katiadi	12,816.00	
14	Sherpur Sadar	1,881.00	
15	Netrokona Sadar	18,814.00	
16	Zilla Parishad	245,850	
17	Sadarpur	56,021.00	
18	Bhanga	30,934	
19	Nagarkanda	242,161.00	
20	Boalmari	163,254	
21	Modhukhali	3,776	
22	Rajbari	21,931.00	
23	Pangsha	43,270.00	
24	Goalondo	4,373	
25	Alfadanga	59,846	
26	Gopalganj	77,807	
27	Tungipara	2,684.00	
28	Kotalipara	231	
29	Madaripur	19,565	
30	Kalkini	150,001	
31	Takerhat	44,925.00	
32	Borhamgonj	5,057.00	
33	Shariatpur	46,858.00	
34	Principal Branch	8,326.00	
35	Chandpur	21,552.00	
<b>Total</b>		<b>2,200,249</b>	



**Agrani SME Financing Company Limited**  
Schedule of recovered from previously write-off loans and advances  
As at 31 December 2017

**Annexure-6**  
(Amount in BDT)

SL No.	Branch Name	2017	2016
1	Alfadanga	887,703	1,315,391
2	Baliakandi	280,266	361,765
3	Bhaluka	8,000	7,400
4	Bhanga	319,097	1,592,093
5	Boalmari	350,860	1,409,768
6	Charbhadrasan	759,414	810,671
7	Faridpur Branch	1,367,245	1,706,561
8	Fulbaria	73,388	422,057
9	Gafargaon	124,101	236,498
10	Goalanda	144,216	257,666
11	Gopalgonj	714,502	898,854
12	Gopalpur	90,730	263,697
13	Gouripur	200,695	813,100
14	Haluaghat	531,382	781,206
15	Ishwarganj	311,747	902,158
16	Jamalpur Sadar	250,686	371,200
17	Kalkini	367,544	475,955
18	Karimganj	26,215	48,990
19	Katiadi	95,250	95,859
20	Kendua	114,455	171,623
21	Kishoreganj Sadar	360,979	228,584
22	Kotalipara	500,150	903,234
23	Madaripur	132,212	410,740
24	Madhukhali	727,095	789,760
25	Madhupur	186,478	29,250
26	Muktagacha	180,569	341,488
27	Mymensingh sadar	166,770	264,483
28	Nagarkanda	821,133	747,713
29	Nandail	86,050	291,990
30	Netrakona Sadar	183,786	500,630
31	Pangsha	322,321	554,622
32	Phulpur	375,187	449,589
33	Rajbari	432,216	751,190
34	Rajoir, Madaripur	425,497	822,030
35	Sadarpur	270,296	304,437
36	Shariatpur	132,153	160,350
37	Sherpur Sadar	254,190	346,819
38	Shibchar	700,370	1,174,101
39	Trishal	149,482	149,050
40	Tungipara	460,697	603,110
41	Interest recovered from write off loans and advances By Alfadanga and Modhukhali branch has been included as principal recovery of write off loans and advances	208,269	-
42	Others adjustment	(3,937)	-
<b>Total</b>		<b>14,089,459</b>	<b>22,765,682</b>



## **HUSSAIN FARHAD & CO.**

*Chartered Accountants*

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