



# Agrani SME Financing Company Limited

Committed to generate employment



## ANNUAL REPORT 2019



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## Agrani SME Financing Company Limited Corporate Profile

December 31, 2019

Genesis	Agrani SME Financing Company Limited 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 Financial Institution Division, Ministry of Finance, 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 53 branches (with no overseas branch) as on 31 December, 2019.
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	Al-Amin Center, 25/A, 25/A/1 (6 <sup>th</sup> Floor), Dilkusha, C/A, Motijheel, Dhaka-1000.
TIN & BIN Number	847717610370 & 000870801-0202
Authorized Capital	Tk. 500 Crore
Paid up Capital	Tk. 100 Crore
Operating Profit	Tk. 12.91 Crore
Net Profit	Tk. 7.21 Crore
Employees	167
Branches	53
Phone	9511803-4
Fax	(02) 9567301
E-mail	<a href="mailto:asfclbd@gmail.com">asfclbd@gmail.com</a>
Auditors	Mahfel Huq & Co. Chartered Accountants. B G I C Tower (4 <sup>th</sup> Floor), 34 Topkhana Road, Dhaka-1000 Phone : +88-02-9553143, 9581786 e-mail : <a href="mailto:abukaiser@mahfelhuq.com">abukaiser@mahfelhuq.com</a> web : <a href="http://www.mahfelhuq.com">www.mahfelhuq.com</a>
Income Tax Advisor	S. A Taxes Law Firm “Eastern Commercial Complex” 10/16, 73, Kakrail, Dhaka-1000. Mobile No – 01674-390325, 01790-582616 Email : <a href="mailto:o.goni71@gmail.com">o.goni71@gmail.com</a> , <a href="mailto:sataxeslawfirm@gmail.com">sataxeslawfirm@gmail.com</a>

## **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 9<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all Shareholders of Agrani SME Financing Company Limited that the 9<sup>th</sup> Annual General Meeting of the Company will be held on September 30, 2020 at 12:00 PM through video conference to transact the following business and adopt necessary resolutions:

### Agenda

1. To confirm the minutes of the 8<sup>th</sup> Annual General Meeting held on 19 September, 2019;
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2019, together with the Auditors' Report and the Directors' Report thereon;
3. To elect/re-elect Directors;
4. To appoint Auditor for the Year 2020 and to fix their remuneration; and
5. To transact any other related business with the permission of the Chair.

By Order of the Board of Directors

  
**Md. Muzahidul Islam Zoarder**  
Company Secretary

Dated : September 10, 2020.



## LETTER OF TRANSMITTAL

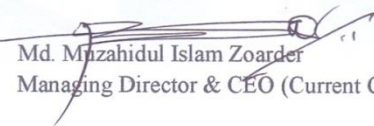
All Shareholders  
Registrar of Joint Stock Companies & Firms  
Securities and Exchange Commission  
Bangladesh Bank, Head Office, Dhaka-1000.

**Sub: Annual Report for the year ended 31 December 2019.**

Dear Sir (s)

We are pleased to enclose herewith a copy of the Annual Report 2019, 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. Mizahidul Islam Zoarder  
Managing Director & CEO (Current Charge)

# Board of Directors 2019



**Mohammad Shams-Ul Islam**  
Chairman



**Md. Shahadat Hossain, FCA**  
Director



**Md. Yusuf Ali**  
Director



**Md. Rafiqul Alam**  
Director



**Mst. Zohra Khatoun**  
Director



**Md. Nurul Haque**  
MD & CEO

# Board of Directors 2020



**Mohammad Shams-Ul Islam**  
Chairman



**Md. Shahadat Hossain, FCA**  
Director



**Mst. Zohra Khatoon**  
Director



**Md. Anisur Rahman**  
Director



**Md. Rafiqul Islam**  
Director



**Md. Muzahidul Islam Zoarder**  
MD & CEO (Current Charge)



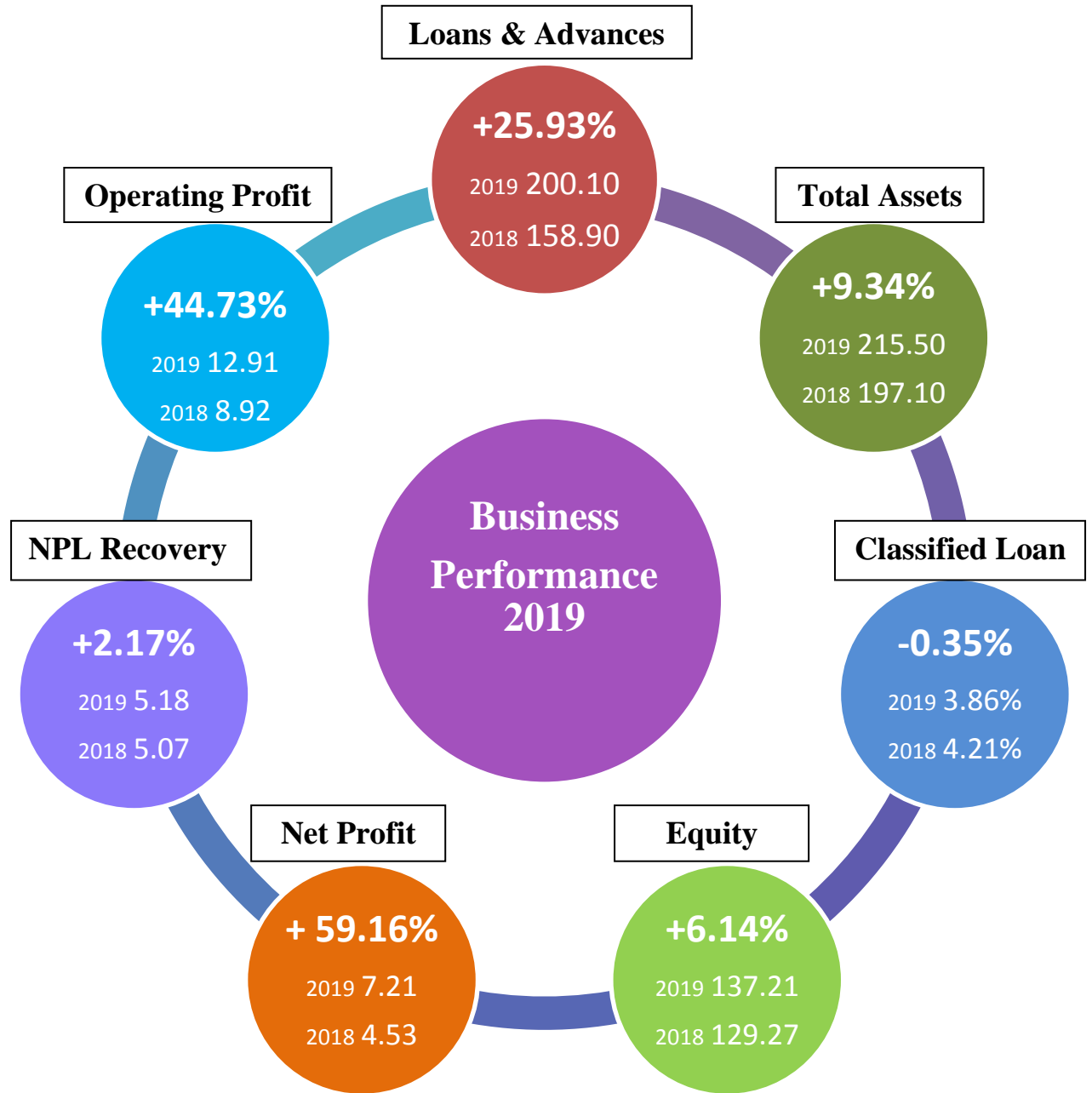
# Key Indicators of ASFCL

## From 2011 to 2019

(Tk. in Crore)

Particulars/Years	Loans & Advances	Classified Loans	OD Loans	Operating Profit	Net Profit	Man powers	No. of Branch	Authorised Capital	Paid Up Capital	Equity	Total Assets
2011	46.11	N/A	-	(0.16)	(0.16)	65	41	500.00	50.00	95.31	101.93
2012	44.70	4.41	-	4.96	2.85	80	41	500.00	100.00	108.07	124.05
2013	43.71	3.80	-	7.00	3.82	96	41	500.00	100.00	111.92	129.00
2014	47.49	5.32	-	9.16	6.02	139	42	500.00	100.00	117.93	135.85
2015	60.45	7.22	-	9.09	3.66	132	45	500.00	100.00	121.60	140.95
2016	78.79	5.53	-	3.03	0.97	195	50	500.00	100.00	122.57	146.24
2017	107.93	5.70	-	4.61	2.17	179	50	500.00	100.00	124.74	152.05
2018	158.90	6.70	41.23	8.92	4.53	170	50	500.00	100.00	129.27	197.10
2019	200.10	7.72	52.28	12.91	7.21	167	53	500.00	100.00	137.21	215.50

# OUR ACHIEVEMENTS IN 2019



- Figures show in Crore BDT
- + (Plus) sign indicates positive growth
- - (Minus) sign indicates favorable reduction

# Comparative Scenario 2019 and 2018

(Crore Tk. Unless Otherwise Specified)

Particulars/ Years	<u>2019</u>	<u>2018</u>	<u>Increase (+)/ Decrease (-)</u>	<u>Change in Percentage</u>
<b>Financial Position Analysis</b>				
Authorized Capital	500.00	500.00	-	-
Paid Up Capital	100.00	100.00	-	-
Reserve Fund	11.72	10.28	1.44	14.01
Retained Earnings	25.49	19.00	6.49	34.16
Total Shareholders' Equity	137.21	129.27	7.94	6.14
OD Loan from ABL	52.28	41.23	11.05	26.80
Other Liabilities	26.01	26.59	(0.58)	(2.18)
Loans & Advances	200.10	158.90	41.20	25.93
Fixed Assets	0.45	0.79	(0.34)	(43.04)
Total Assets	215.50	197.10	18.40	9.34
<b>Financial Performance Analysis</b>				
Interest Income	26.64	21.02	5.62	26.74
Interest Expenses	2.98	1.16	1.82	156.90
Net Interest Income	23.67	19.86	3.81	19.18
Others Operating Income	0.50	0.46	0.04	8.70
Total Operating Income	24.17	20.32	3.85	18.95
Total Income	27.15	21.49	5.66	26.34
Total Expenditure	14.24	12.57	1.67	13.29
Profit Before Provision & Tax	12.91	8.92	3.99	44.73
Total Provisional Expenses	1.06	1.20	(0.14)	(11.67)
Profit Before Tax	11.85	7.72	4.13	53.50
Provision for Tax	4.65	3.18	1.47	46.23
Net Profit After Tax	7.21	4.53	2.68	59.16
<b>Capital Measures Analysis</b>				
Risk Weighted Assets	173.64	142.78	30.86	21.61
Required Capital (10% of Risk weighted Assets)	17.36	14.28	3.08	21.57
Core Capital (Tier-1)	137.21	129.27	7.94	6.14
Supplementary Capital (Tier-2)	0.80	0.72	0.08	11.11
Actual Capital Held	138.01	129.99	8.02	6.17
Minimum Required Capital	100.00	100.00	-	-
Capital Surplus/(Deficit)	38.01	29.99	8.02	26.74

# Comparative Scenario 2019 and 2018

(Crore Tk. Unless Otherwise Specified)

Particulars/ Years	<u>2019</u>	<u>2018</u>	<u>Increase (+)/ Decrease (-)</u>	<u>Change in Percentage</u>
<b>Credit Quality Analysis</b>				
Classified Loans	7.72	6.7	1.02	15.22
Provision for Unclassified Loans	0.8	0.72	0.08	11.11
Provision for Classified Loans	4.01	3.55	0.46	12.96
Provision for Total Loans	4.81	4.27	0.54	12.65
Required Provision	4.81	4.27	0.54	12.65
Provision Surplus/(Deficit)	-	-	-	-
Provision for LRF/ LRCF	4.91	5.56	(0.65)	(11.69)
<b>Financial Ratios Analysis (%)</b>				
Return on Assets	3.49%	2.60%	0.89%	34.23
Return on Equity	5.41%	3.57%	1.84%	51.54
Equity to Assets	63.67%	65.59%	-1.92%	(2.93)
Yield on Loans & Advances	14.11%	14.15%	-0.04%	(0.28)
Cost of Borrowing (OD Loan)	6.75%	6.50%	0.25%	3.85
<b>Performance Ratio Analysis</b>				
Income Per Employee (Lac)	16.26	12.64	3.62	28.64
Expenses Per Employee (Lac)	8.53	7.39	1.14	15.43
Operating Profit Per Employee (Lac)	7.73	5.25	2.48	47.24
Net Profit Per Employee (Lac)	4.32	2.66	1.66	62.41
Ratio of Interest Income	98.12%	97.81%	0.31%	0.32
Cost to Income/ Efficiency Ratio	50.96%	62.04%	-11.08%	(17.86)
<b>Share Information Analysis</b>				
No. of Shares Outstanding (Lac)	100.00	100.00	-	-
No. of Shareholders	7	7	-	-
Earnings Per Share (Taka)	7.21	4.53	2.68	59.16
Net Asset Value Per Share (Taka)	137.21	129.27	7.94	6.14
<b>Others Information Analysis</b>				
Number of Branches	53	50	3.00	6.00
Number Of Employees	167	170	(3.00)	(1.76)

# Five Years Performance at a Glance

(Crore Tk. Unless Otherwise Specified)

Particulars/Years	2019	2018	2017	2016	2015
<b>Balance Sheet Matrix</b>					
Authorized Capital	500.00	500.00	500.00	500.00	500.00
Paid Up Capital	100.00	100.00	100.00	100.00	100.00
Reserve Fund	11.72	10.28	9.37	8.94	8.74
Retained Earnings	25.49	19.00	15.37	13.63	12.86
Total Shareholders' Equity	137.21	129.27	124.74	122.57	121.60
OD Loan from ABL	52.28	41.23	-	-	-
Other Liabilities	26.01	26.59	27.31	23.67	19.35
Loans & Advances	200.10	158.90	107.93	78.79	60.45
Fixed Assets	0.45	0.79	1.21	1.70	2.06
Total Assets	215.50	197.10	152.05	146.24	140.95
<b>Income Statement Matrix</b>					
Interest Income	26.64	21.02	15.52	13.38	15.84
Interest Expenses	2.98	1.16	-	-	-
Net Interest Income	23.67	19.86	15.52	13.38	15.84
Others Operating Income	0.50	0.46	0.32	0.19	0.27
Total Operating Income	24.17	20.32	15.84	13.57	16.11
Total Income	27.15	21.49	15.84	13.57	16.11
Total Expenditure	14.24	12.57	11.23	10.54	7.02
Profit Before Provision & Tax	12.91	8.92	4.61	3.03	9.09
Total Provisional Expenses	1.06	1.20	0.85	1.00	1.82
Profit Before Tax	11.85	7.72	3.76	2.03	7.27
Provision for Tax	4.65	3.18	1.59	1.06	3.61
Net Profit After Tax	7.21	4.53	2.17	0.97	3.66
<b>Capital Measures</b>					
Risk Weighted Assets	173.64	142.78	103.87	89.68	79.38
Required Capital (10% of Risk weighted Assets)	17.36	14.28	10.39	8.67	7.94
Core Capital (Tier-1)	137.21	129.27	124.74	122.57	121.60
Supplementary Capital (Tier-2)	0.80	0.72	0.50	0.40	0.27
Actual Capital Held	138.01	129.99	125.24	122.97	121.87
Minimum Required Capital	100.00	100.00	100.00	100.00	100.00
Capital Surplus/(Deficit)	38.01	29.99	25.24	22.97	21.87
<b>Credit Quality</b>					
Classified Loans	7.72	6.70	5.70	5.53	7.22
Percentage of NPL to total Loans	3.86%	4.21%	5.28%	7.03%	11.95%
Provision for Unclassified Loans	0.80	0.72	0.50	0.40	0.27
Provision for Classified Loans	4.01	3.55	2.86	2.96	4.53
Provision for Total Loans	4.81	4.27	3.36	5.58	5.07
Required Provision	4.81	4.27	3.36	3.36	4.80
Provision Surplus/(Deficit)	-	-	-	2.22	0.27
Provision for LRF/LRCF	4.91	5.56	5.69	1.70	-

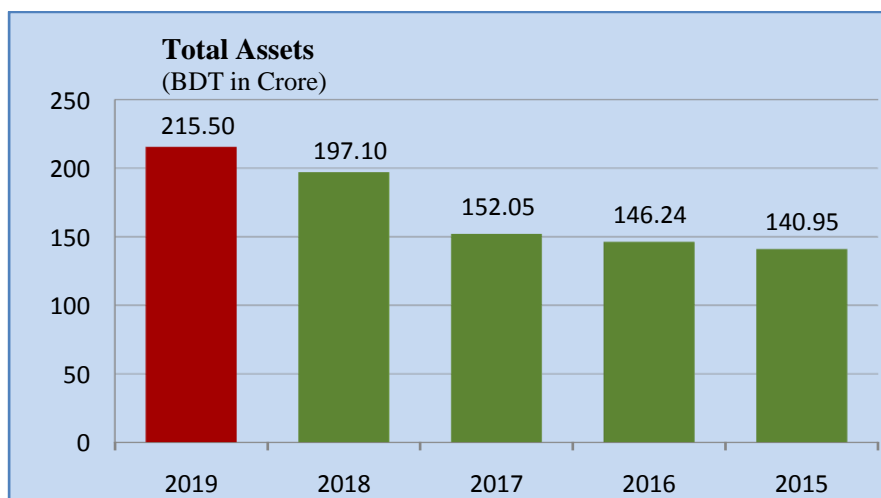
# Five Years Performance at a Glance

(Crore Tk. Unless Otherwise Specified)

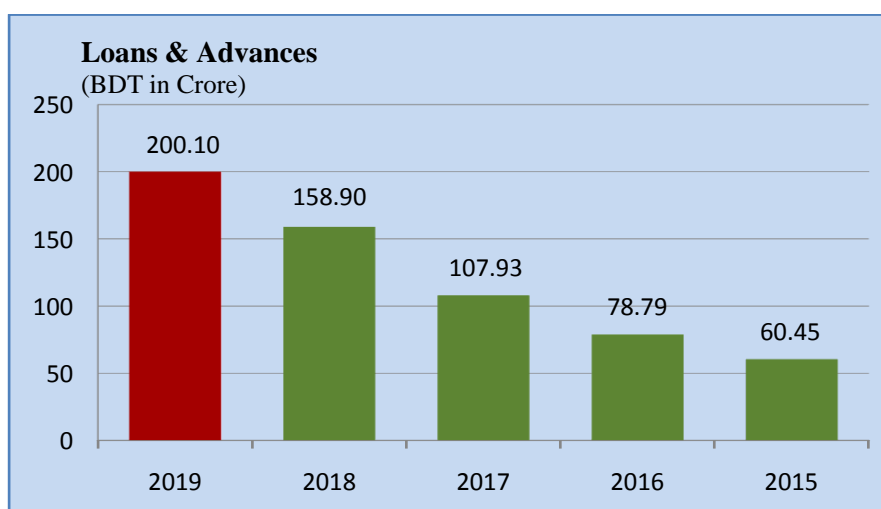
Particulars/Years	2019	2018	2017	2016	2015
<b>Financial Ratios (%)</b>					
Return on Assets	3.49%	2.60%	1.45%	0.67%	2.64%
Return on Equity	5.41%	3.57%	1.75%	0.79%	3.05%
Equity to Assets	63.67%	65.59%	82.04%	83.81%	86.27%
Yield on Loans & Advances	14.11%	14.15%	14.09%	14.17%	17.79%
Cost of Borrowing (OD Loan)	6.75%	6.50%	6.00%	-	-
<b>Performance Ratio</b>					
Income Per Employee (Lac)	16.26	12.64	8.86	6.95	12.20
Expenses Per Employee (Lac)	8.53	7.39	6.27	5.40	5.31
Operating Profit Per Employee (Lac)	7.73	5.25	2.58	1.55	6.89
Net Profit Per Employee (Lac)	4.32	2.66	1.21	0.50	2.77
Ratio of Interest Income	98.12%	97.81%	97.98%	98.67%	98.23%
Cost to Income/Efficiency Ratio	50.96%	62.04%	70.91%	77.67%	43.59%
<b>Share Information Matrix</b>					
No. of Shares Outstanding (Lac)	100.00	100.00	100.00	100.00	100.00
No. of Shareholders	7	7	7	7	7
Earnings Per Share (Taka)	7.21	4.53	2.17	0.97	3.66
Net Asset Value Per Share (Taka)	137.21	129.27	124.74	122.57	121.60
<b>Other Information</b>					
Number of Branches	53	50	50	50	45
Number Of Employees	167	170	179	195	132

# 1. Graphical Presentation of Five Years Performance

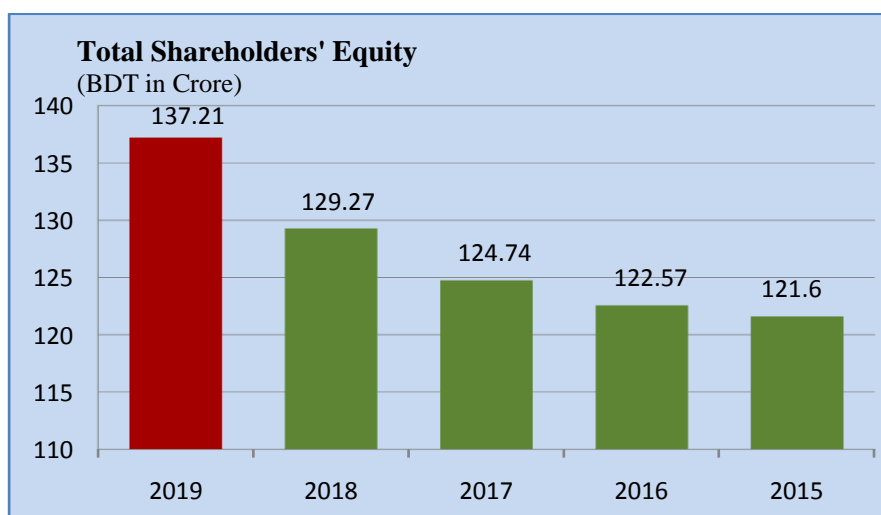
## 1. (a) Total Assets



## 1. (b) Loans & advance

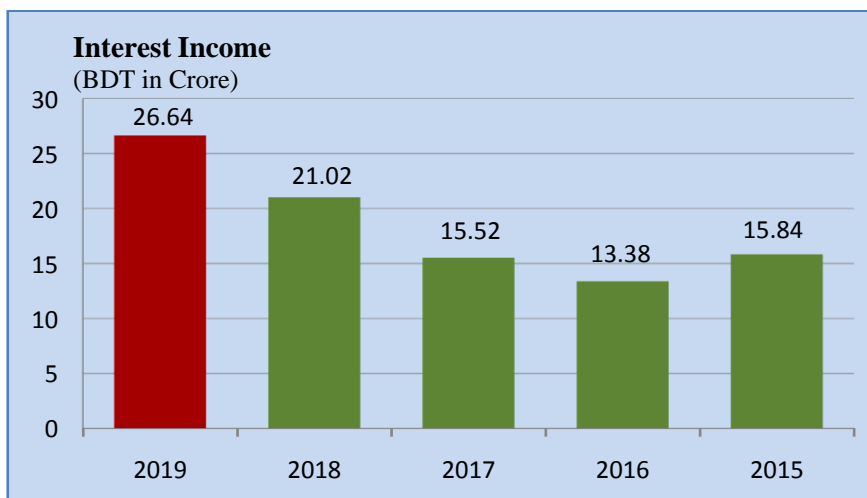


## 1. (c) Total Shareholders' Equity

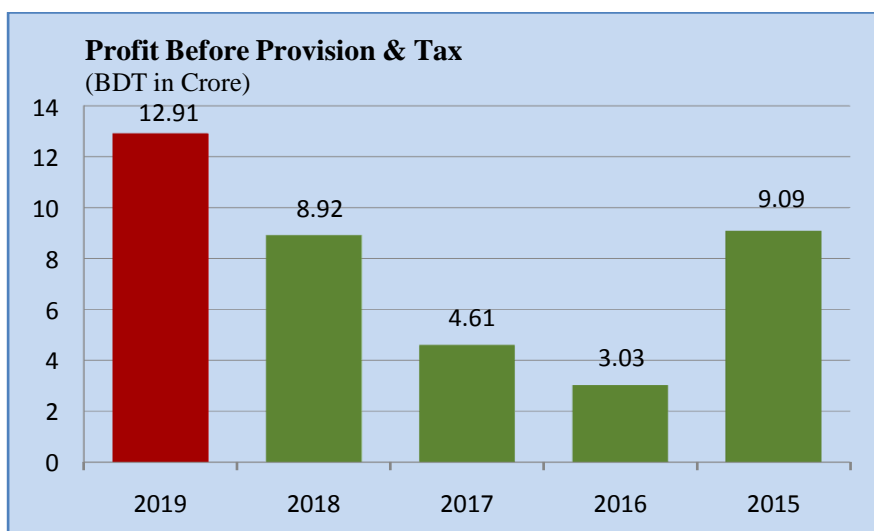


# 1. Graphical Presentation of Five Years Performance

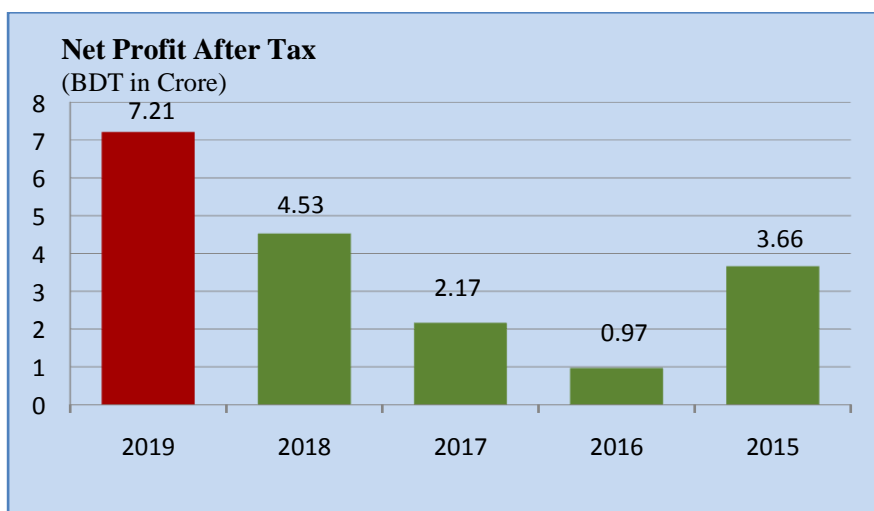
## 1. (d) Interest Income



## 1. (e) Profit Before Provision & Tax



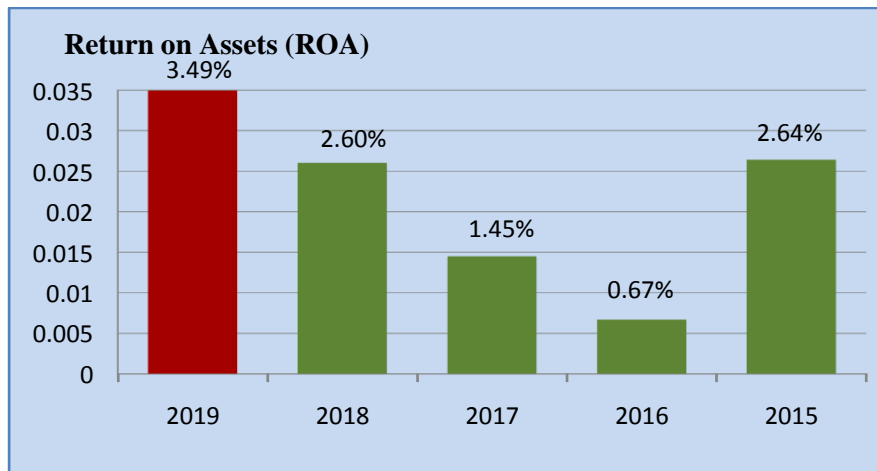
## 1. (f) Net Profit After Tax



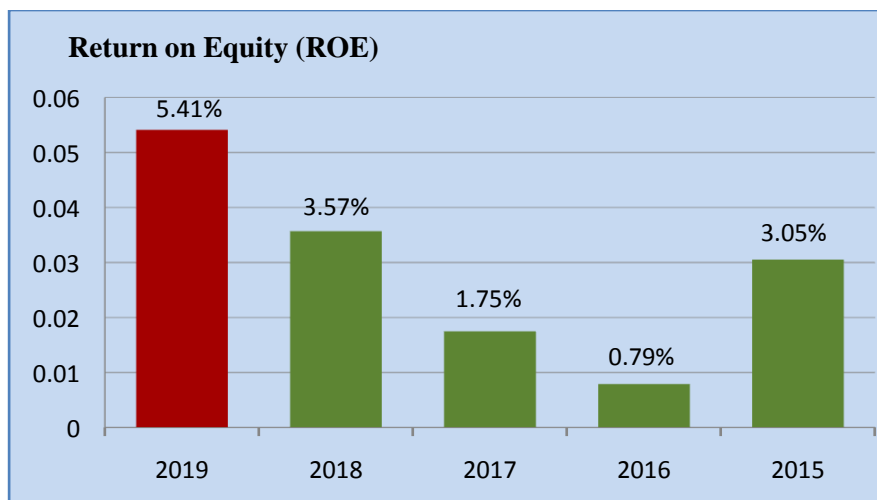


# 1. Graphical Presentation of Five Years Performance

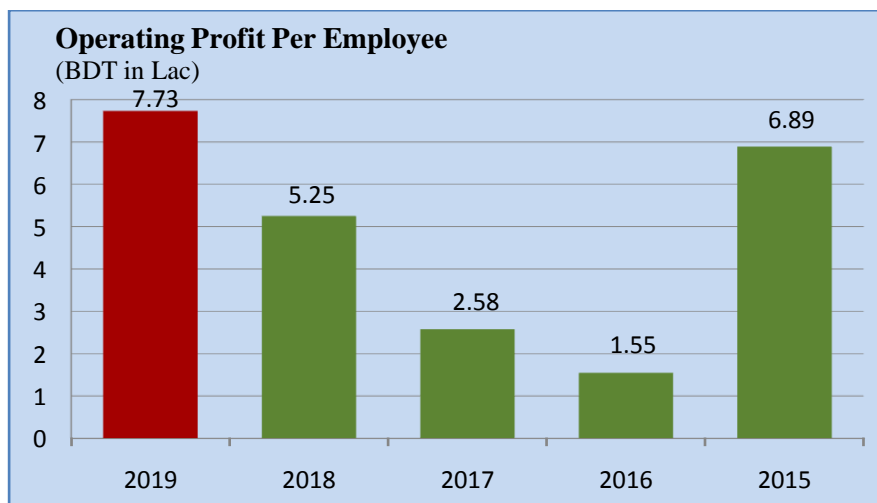
## 1. (g) Return on Assets (ROA)



## 1. (h) Return on Equity (ROE)

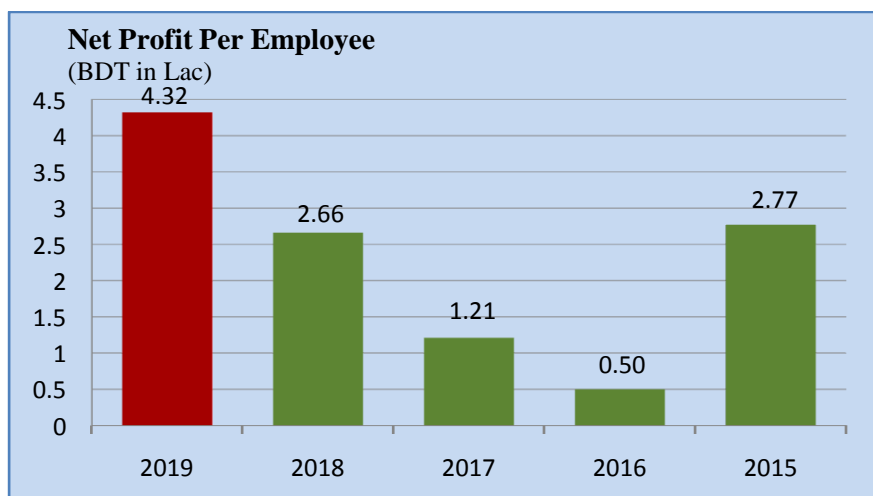


## 1. (i) Operating Profit Per Employee

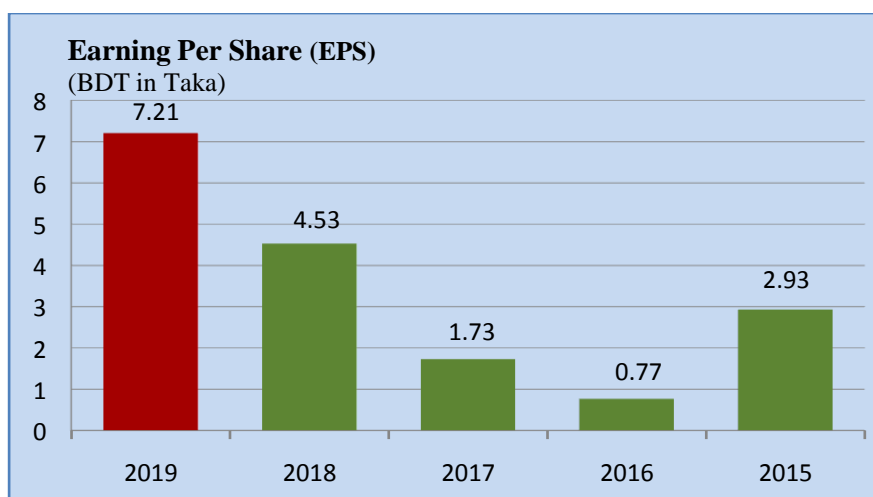


# 1. Graphical Presentation of Five Years Performance

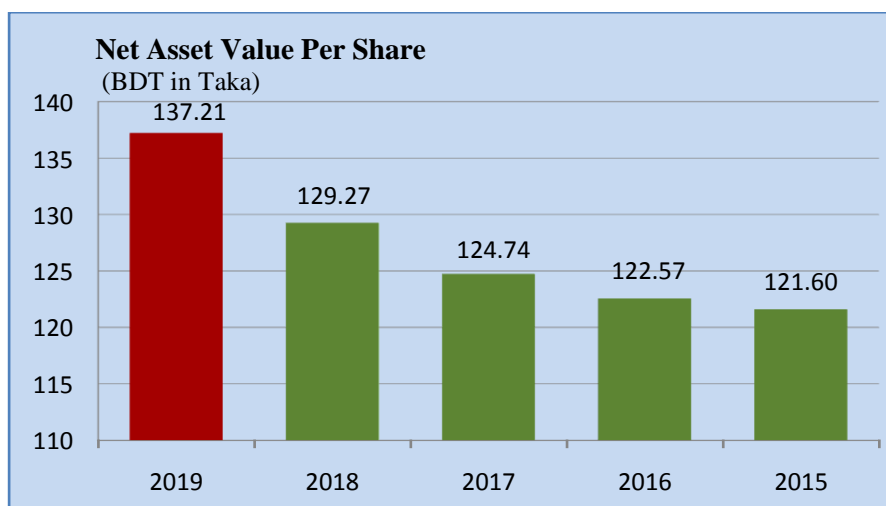
## 1. (j) Net Profit Per Employee



## 1. (k) Earning Per Share (EPS)

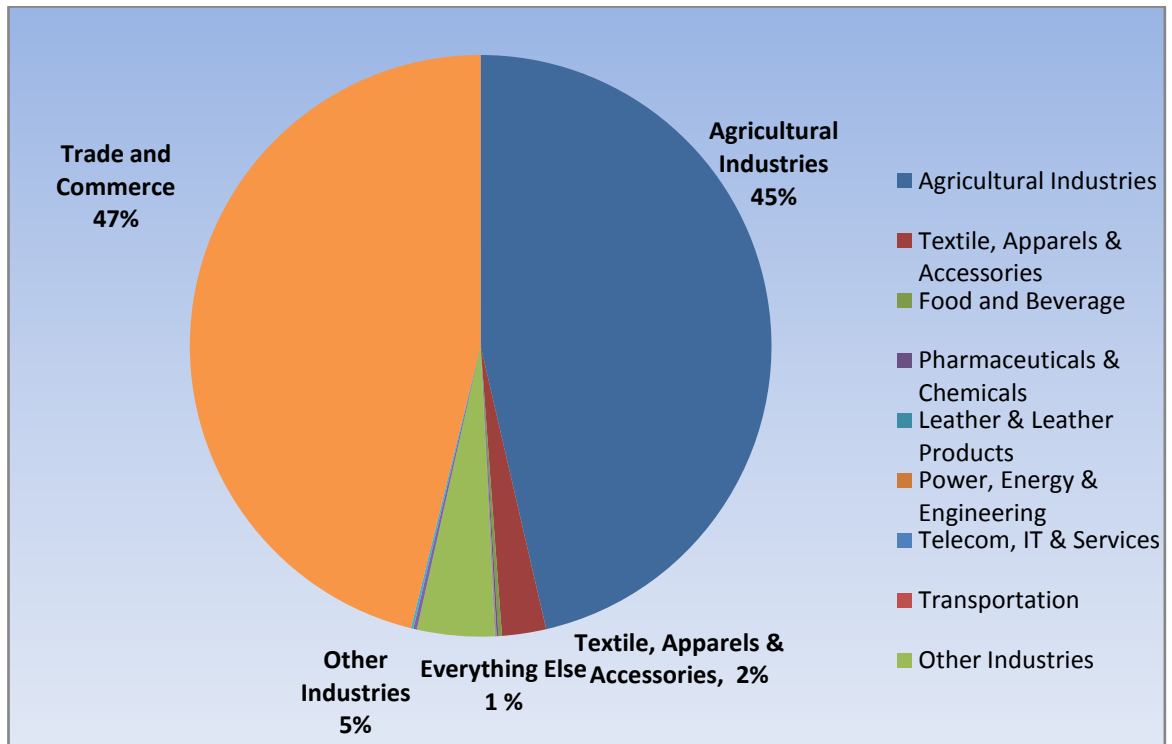


## 1. (l) Net Asset Value (NAV) Per Share

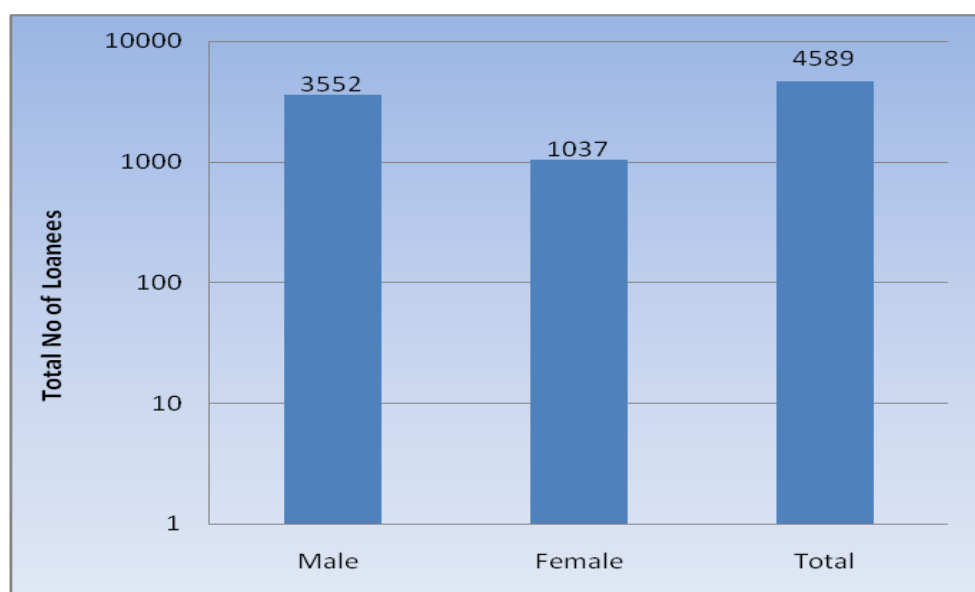


## 2. Graphical Presentation of Financial Information as on 31<sup>st</sup> December 2019

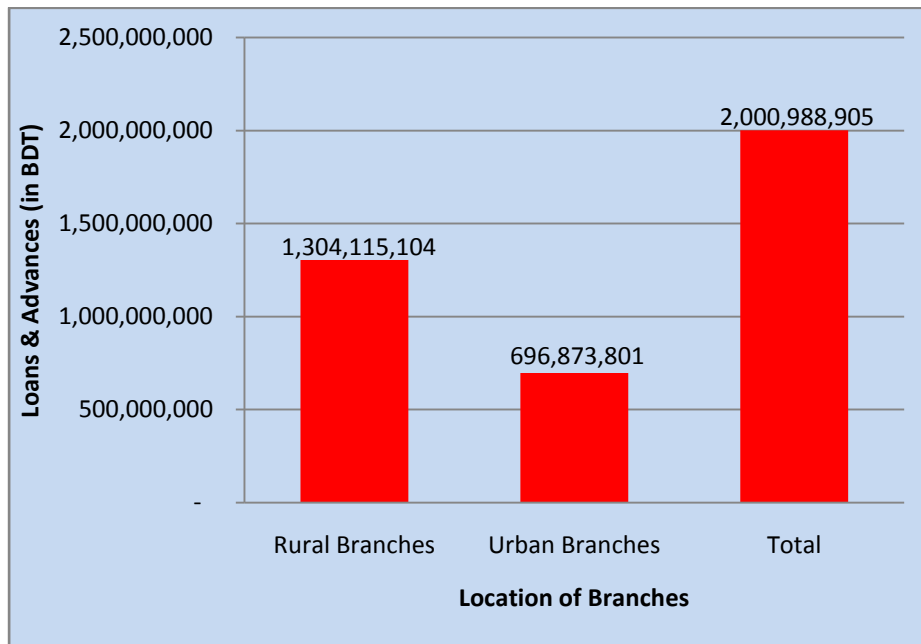
### 2. (a) Sector-wise Loans and Advances



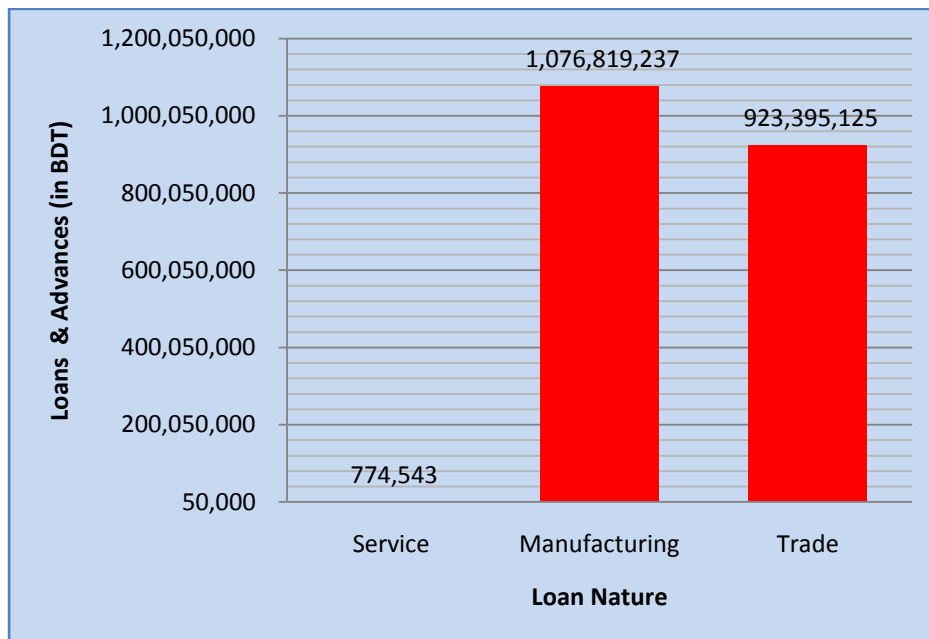
### 2. (b) No. of Loans disbursed in Year 2019 (Categorized by Male & Female Entrepreneurs)



## 2. (c) Loans and Advances by (Rural & Urban Branches) – Geographic Location Wise

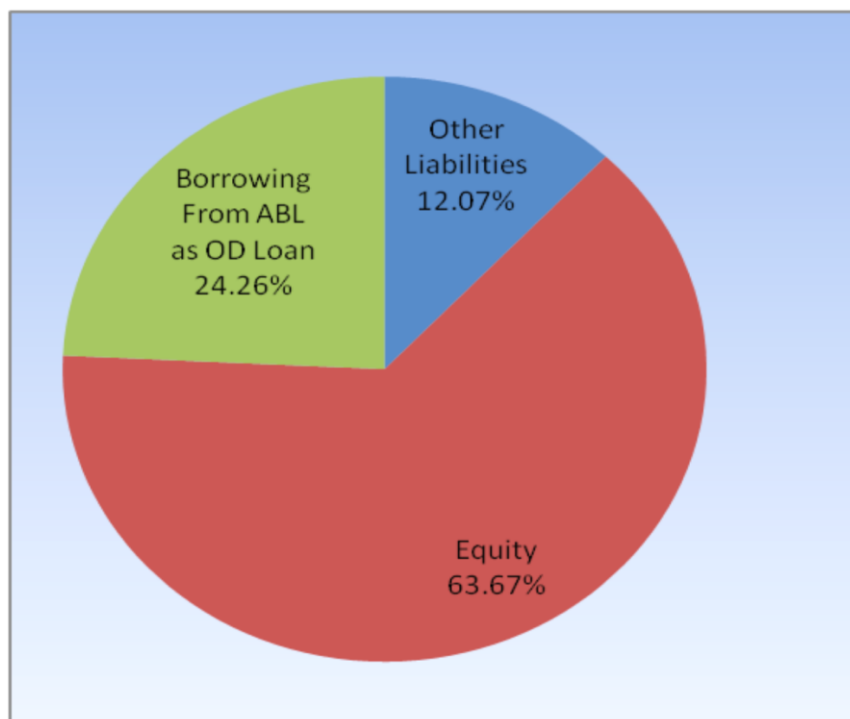


## 2. (d) Loans and Advances as per Loan Nature

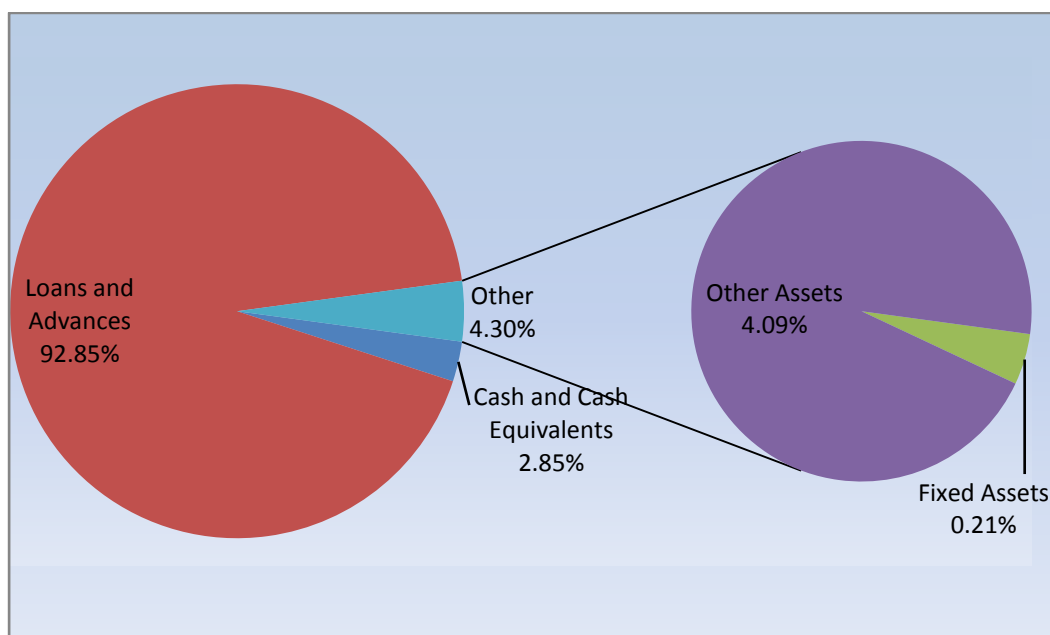


## 2. Graphical Presentation of Financial Information as on 31<sup>st</sup> December 2019

### 2. (e) Sources of Fund



### 2. (f) Uses of Fund



## Awards and Accolades

**সম্মাননা স্মারক**

আর্থিক অন্তর্ভুক্তি কার্যক্রমের আওতায় কটেজ, মাইক্রো, স্মল ও মিডিয়াম এন্টারপ্রাইজ (সিএমএসএমই) অর্থায়নে উল্লেখযোগ্য অবদানের স্বীকৃতি

**অগ্রনী এম এমই ফাইন্যান্সিং কোম্পানী লিমিটেড**

দেশের বিভিন্ন প্রান্তের সিএমএসএমই খাতের উন্নয়নে এই অর্থায়ন কার্যক্রম শুরুত্বপূর্ণ অবদান রাখবে মর্মে প্রত্যাশা করছি।

*Nurul*

গভর্নর  
বাংলাদেশ ব্যাংক

বাংলাদেশ ব্যাংক

ব্যাংকার-এমএমই নারী উদ্যোগ  
সম্মান ও পণ্য প্রদর্শনী মেলা-২০২০



Md. Nurul Haque, Managing Director & CEO & Md. Muzahidul Islam Zoarder , DGM are receiving CMSME award-2019 from Mr. Fazle Kabir, Governor of Bangladesh Bank

# Photo Gallery



## 8th Annual General Meeting



Mohammad Shams-Ul Islam  
Chairman, Board of Directors

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## MESSAGE OF THE CHAIRMAN

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Dear Valued Shareholders,

Assalamu Alaikum

On behalf of the Board of Directors, I welcome you all to the 9th Annual General Meeting of Agrani SME Financing Company Limited. It my privilege to have the opportunity to present before you the Annual Report of our beloved Company along with the audited financial statements for the year ended 31 December 2019. It has been another successful year with significant achievements. We have been relentlessly trying to become a safer, more agile and customer focused whilst making steady profits. Despite some global and national challenges, we have been able to achieve almost all of our targets in the business areas, alongside delivering improved services and thereby solidifying our position in the country's financial sector. On behalf of the Board of Directors, I would like to express my heartfelt gratitude to you all for your continuous support and guidance to run our beloved institution overcoming all the obstacles and challenges.

It's a great pleasure that the nation is observing the year-long celebration throughout the country marking the 100th birth anniversary of Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, the architect of independent Bangladesh. At this very fortunate moment, I feel a great happiness and delightfulness to pay my especial honor to the heroic leader of all time. The iconic, visionary and legendary leadership of Bangabandhu still paved the path towards development and his relevancy in the country will never be worn out. Bangabandhu Sheikh Mujibur Rahman wanted to create a society free from hunger and inequality through his people-oriented politics. I bow down my head to honor the Great leader of all times on his birth centenary. I furthermore would like to quote Fidel Castro, Former Prime Minister of the Republic of Cuba who illustrates Bangabandhu as "I have not seen the Himalayas. But I have seen Sheikh Mujib. In personality and in courage, this man is the Himalayas."

Valued shareholders, Before focusing on Company's activities and performances, I would like to give you a glimpse of the world, Regional Economy, Bangladesh economy and industry outlooks in recent times.



## World Economy

The global economy is in a synchronized slowdown with growth for 2019 downgraded to 3 percent—its slowest pace since the global financial crisis. Global growth is projected at 4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½% points lower than in the pre COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions which have eased following the release of the April 2020 WEO will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects as the June 2020 Global Financial Stability Report (GFSR) update discusses raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries including those that have seemingly passed peaks in infections should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channeling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.

Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis.

COVID-19 has a deeper hit to activity in the first half of the year than anticipated, with signs of voluntary distancing even before lockdowns were imposed. This also suggests a more gradual recovery in the second half as fear of contagion is likely to continue. Synchronized deep downturns are foreseen in the United States (–8.0 percent); Japan (–5.8 percent); the United Kingdom (–10.2 percent); Germany (–7.8 percent); France (–12.5 percent); Italy and Spain (–12.8 percent). In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level. Among emerging market and developing economies, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in April, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spill overs from weaker external demand.

The downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over 2020–21 is 3.6 percentage points. Overall, growth in the group of emerging market and developing economies is forecast at –3.0 percent in 2020. There are, however, substantial differences across individual economies, reflecting the evolution of the pandemic and the effectiveness of containment strategies; variation in economic structure (for example, dependence on severely affected sectors, such as tourism and oil); reliance on external financial flows, including remittances; and precise growth trends. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0 percent in 2020, supported in part by policy stimulus. India’s economy is projected to contract by 4.5 percent following a longer period of lockdown and slower recovery than anticipated in April. In Latin America, where most countries are still struggling to contain infections, the two largest economies, Brazil and Mexico, are projected to contract by 9.1 and 10.5 percent, respectively, in 2020. The international community needs to vastly step up efforts to support national initiatives, including completing the removal of trade restrictions on essential medical supplies; sharing information on the pandemic widely and transparently; providing financial assistance and expertise to countries with limited health care capacity, including via support for international organizations; and channeling funding to scale up vaccine production facilities as trials advance so that adequate, affordable doses are quickly available to all countries.

*(Source: World Economic Outlook, June 2020, International Monetary Fund)*

## **Regional Economy**

As COVID-19 spreads across the region, South Asia’s economic outlook is dire. The region will likely experience its worst economic performance in the last 40 years, with temporary contractions in all eight countries. According to the latest Global Economic Prospects, GDP in the region is projected to contract by 2.7 percent in 2020 as pandemic mitigation measures hinder consumption and services activity and uncertainty about the course of the pandemic chills private investment. In India, growth is estimated to have slowed to 4.2 percent in FY 2019/20, which ended in March 2020. Output is projected to contract by 3.2 percent in FY 2020/21, when the impact of the pandemic will largely hit. Pakistan (-2.6 percent in FY 2019/20) and Afghanistan (-5.5 percent) are both projected to experience contractions, as mitigation measures are anticipated to weigh heavily on activity. Growth in Nepal (1.8 percent in FY 2019/20) is expected to decelerate markedly due to pandemic-related disruptions including mitigation measures and sharp falls in exports and remittance inflows.

Countries in South Asia are each dealing with their own structural challenges, they share a number of external and domestic downside risks that could cloud their economic outlook. External factors include ongoing trade disputes, geopolitical uncertainty and the increasing impact of climate change—all failures of global coordination that could severely jeopardize prospects for continued growth in the region. Although domestic factors are more diverse, there are again several common issues. Prospects for some countries in the region are dampened by political uncertainty and growing security concerns—and their negative impact on investment and consumer sentiment. A reallocation of government spending will likely be necessary to address evolving needs and any crises that may emerge within this context; however, this will limit the fiscal space to address barriers to structural transformation, in particular infrastructure bottlenecks, low productivity and persistent inequalities. An overdependence on domestic consumption or exports to drive economic growth has left many countries in the region vulnerable to shocks. Resource price fluctuations can put pressure on inflation, limiting economic activity and increasing the burden on policymakers to address short-term shocks.

*(Source: South Asia Regional Update, April 2020)*

## **Bangladesh Economy**

The economy of Bangladesh is a developing market economy. It's the 39th largest in the world in nominal terms and 29<sup>th</sup> largest by purchasing power parity. It is classified among the next eleven emerging market middle income economies and a frontier market. In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth. Bangladesh's economy expanded at a striking 8.15% rate in fiscal year 2018-19. The unprecedented Covid-19 pandemic has caused disruptions to global trade, business, and education. Bangladesh is equally affected by this contagion. The economic consequences of the Covid-19 outbreak are tough to handle as the entire of the global supply chain has been interrupted due to worldwide transportation shutdown. Bangladesh readymade garments (RMG) industry has received work order cancellations of nearly \$3 billion due to COVID 19. Around 2 million workers in the industries will be affected by this. Around 4 million people are directly engaged with the RMG sector e.g. backward linkage industries, accessories and packaging factories and transportation sector. The import and export-oriented companies are also at risk. The foreign remittance will come down and thus it will hit the foreign reserves of the country. Bangladesh will fall into a really difficult situation if the country remains locked down for a longer period. Here, a huge number of people live from hand to mouth. Consistent high growth has been unable to create sufficient jobs in the economy. Due to inequality of income and asset distribution, the advantages of higher GDP growth is not evident in society. The Financial sector is the key player of the economic activities of any countries. Banking sector as well as the NBFIs sector have already been suffering heavily due to NPLs and unfortunately the outbreak may increase the level of NPLs in coming days.

Therefore, a new sets of BB guidelines need to be initiated addressing the facts. According to the 7th Five Year Plan, it has been targeted to reduce poverty rate at 18.6 percent by 2020. Robust economic growth of approximately 6 percent annually for two decades has been driven by a rapid increase in private consumption and fixed investment. Nevertheless, Bangladesh still grapples with poor infrastructure, endemic corruption, insufficient power supplies, and slow implementation of economic reforms. *(Source: Wikipedia)*

However, to cope with the above mentioned phenomena on April 5, Prime Minister Sheikh Hasina unveiled a Tk 72,750 crore stimulus package, including the previously declared Tk 5,000 crore package, to address the economic impacts of the coronavirus outbreak. The amount is nearly 2.52 percent of the country's GDP.

## **Industry Outlook**

In the year 2019, Non-Bank Financial Institutions (NBFIs) experienced slow growth in loans & advances, deposit collections and huge fall in operating earnings. All these affected overall business performances of NBFIs. Above half of the listed NBFIs (out of 34 NBFIs) have reported lower earnings per share (EPS) for the first nine months (January-September) of the year 2019, compared to the same period of last year. Irregularities in loan disbursement, fund crisis, scams & public distrust in financial institutions resulted distress in business performances. At present there are 34 NBFIs and more are getting permission to open their business. As per BB stress test report, 13 were in the red zone, 17 in the yellow zone and four, including Agrani SME Financing Company Limited, in the green zone. Bangladesh Bank has already issued number policies to support NBFIs for strengthening their position in the market. FIs in Bangladesh should take some serious initiatives to deliver short term results as well as long term vision while preparing for the coming changes. It is important to build detection, assessment and mitigation of risk. New instrument may be introduced which will be emerged as an important tool and added a new dimension in the financial market.

## **Agrani SME Financing Company Limited : A Journey towards excellence**

Distinguished shareholders, during the year 2019, Agrani SME Financing Company Limited continued perform better than that of the previous years. The Company made revenue of BDT 27.15 Crore, achieved Profit after Tax of BDT 7.21 Crore, recorded an EPS of Tk. 7.21 compared to that of 4.53 in the previous year. 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.

The most fundamental driver of our business is our sense of supporting the spirit of entrepreneurship among our talented countrymen in niche section of the economy. 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 in the operational areas. Moreover, in addition to loan disbursement, our Company provides comprehensive sets of advisory and capacity building services to the existing and probable new and potential borrowers.

In addition to performing the backward linkage function for graduating the entrepreneurs through providing smaller loans comparing with the loans that are being provided by the holding company i.e. Agrani Bank Limited, strengthening financial inclusion remained one of the core objectives of Agrani SME Financing Company Limited. The company always tries to bring the unbanked group of people into mainstream financial sectors' to involve them towards socio-economic development. 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 as a whole.

The activities of the Company are currently being operated in total 53 branches including a Principal branch situated at the premises of the Head office of the Company.

With your support, our company attaches utmost priority in investing into sectors that concerns peoples' basic needs, social welfare, poverty alleviation, and overall socio-economic development of the country. With this end in view during the year under review, we have raised our loans and advances outstanding to 200.10 Crore from 158.90 Crore. However, you will agree that an NBFIs with this less or meager loans and advances outstanding will not be viable or will not sustain in future. Thus for the year 2020, we have placed a firm target of increasing our total loans and advances to Tk. 350 Crore. In addition, we have also set a target of recovering 100% of our classified and written-off loans. However, as we endure through the unprecedented health catastrophe during the COVID-19 pandemic the target would have been a little bit ambitious.

As our company continues to grow, we are firmly focused on adhering to the regulatory compliance. The annual financial statements are prepared following regulatory ambits. 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. Having maintained close contact with customers and effective monitoring of the investment portfolio, the company has been able to keep the non-performing investment lower than the industry average. Though our NPL levels were pressured (7.72 Crore NPL in 2019 against 6.70 in 2018), this was largely on account of our exposure to some accounts turning bad largely in the investment made during the SEDP project period where

velopment goal was the prime priority rather than profit making objective. We have initiated all legal and regulatory processes to recover our funds.

We have focused extensively on the collection monitoring so that the classified loan could be kept within the tolerable limit. We put our best efforts in bringing down the NPL by engaging our entire human resources throughout the year which will continue in the coming days too.

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 2019.

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.

As the chairman, I am proud of the Agrani SME model of loan financing and greatly thankful to our sponsor and independent directors for their prudent board oversight and guidance in making what we are today. I am also indebted to the management and employees of the Company for their dedication, managerial leadership and unwavering commitment to make Agrani SME such an excellent place to work. I reiterate that our capital, competency, intellectual rigor and operational fundamentals remain strong in building our capacity to lend and invest, unfolding a future that all the stakeholders can depend on. We will continue to innovate, adopt appropriate strategies to protect our capital, owner's trust to keep ourselves strongly relevant in this competitive and changing business scenario.

I would like to express our deep appreciation to our august Board for their support and unstinted cooperation and judicious guidance for consistent growth and development of the company. I would like to thank our external Auditors for carrying out the audit professionally and advising us for compliance as per IFRS and BFRS and with accounting principles. I would like to thank all our Management and staff, for their dedication and contribution to the success of this Financial Institution. We believe that so far progress, we have made in the recent years attest to the fact that we have equipped our people to anticipate and embrace constant change. 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 and shall strive to scale new heights of excellence.



Mohammad Shams-Ul Islam  
Chairman  
The Board of Directors



**Md. Muzahidul Islam Zoarder**  
Managing Director and CEO (Current Charge)

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

At the very outset, I would like to reminisce with great esteem the great architect of our independence, the greatest Bangalee of all times, the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman under whose legendary and visionary leadership, a country named Bangladesh was liberated and emerged in the comity of nations. I also call to mind those brave hearts and martyrs of 1971 whose great sacrifice have given us the convenience to be the citizen of an independent country. I also feel to be blessed and honored to witness the year-long celebration throughout the country marking the 100<sup>th</sup> Birth Anniversary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman.

You will see that, our commitment to Bangladesh, its economy and its people, runs deep as if it were the inherent legacy of the father of the nation. Our strategy aligns with supports the government's pathway towards stability and progress to create a diversified and knowledge based economy. Our plans emphasize developing local talent, supporting local businesses and above all, perusing sustainable growth. We are humble to have been recognized as an exemplar of CMSME backward linkage institution/ NBFIs of Agrani Bank Limited.

In fact, NBFIs like ours play a significant role through providing multiple services in our financial system thus contributing to economic growth and poverty reduction. The Company is one of the 36 (Licensed by Bangladesh Bank 34 NBFIs) NBFIs of the country rendering financial services to the existing and potential entrepreneurs. The prime goal of the Company is to develop entrepreneurship in small and medium scale labor intensive enterprises. The Company's lending policy is to support for the creation of 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 53 branches in different districts of the country including a Principal Branch situated at the premises of the Head Office of the Company in Dilkusha, C/A, Dhaka-1000.

Aligned with our strong point of identifying niches and catering to specific customer requirements, we saw a great opportunity to create and finance entrepreneurs, specifically, targeting women entrepreneurs in the CMSME space. According to our research, the women segment provided us with an excellent opportunity to leverage our already strong CMSME franchisee and add value to their business. Our focus on improving for all our customers, mainly leading presence in serving cottage, micro, small and medium-sized enterprises have yielded strong result. Besides, through our ability to price risk well in what is traditionally thought of as a risk-prone segment, we are able to draw out relatively better premiums from the SME segment while keeping a strong eye on collections and customer accounts. In effect, we are creating mu-

tually-beneficial, long-term relationships with a host of business owners who cumulatively, represent the engine of trade and commerce in the growing economy of Bangladesh.

#### **A SNAPSHOT OF HOW WE PERFORMED AS A BUSINESS ORGANIZATION DURING THE YEAR 2019:**

As of December 31, 2019 the number of existing borrowers of the Company were 12,598. In the year 2019, the Company has disbursed loan to 4,589 borrowers. Among those, the number of female borrower/entrepreneurs were 1,037 which constitute nearly 22.60% of total disbursement portfolio of 2019. With a disbursement of Tk. 152.92 Crore to 4,589 entrepreneurs, the Company has created employment of approximately 10,000 people during the year. We hope the opportunity of employment generation will grow more in future days to come. During this period the Company recovered Tk. 111.10 Crore including interest of Tk. 25.34 Crore.

The Company experienced its ninth year of operation in 2019 with an expansion of Loans and Advances by Tk. 41.20 Crore, Operating Profit by Tk. 4.00 Crore and Net Profit by Tk. 2.67 Crore. The Loans and Advances increased to Tk. 200.10 Crore, Operating Profit to Tk. 12.91 Crore and Net Profit to Tk. 7.21 Crore that were Tk.158.90 Crore, Tk. 8.91 Crore and Tk. 4.53 Crore respectively in 2018. The Earning Per Share (EPS) increased to Tk. 7.21 that was Tk. 4.53 in 2018. During the year Operating Income increased by 18.91% while less increase of operating expenses i.e.1.35% which eventually contributed to earn a better amount of Operating Profit.

We are happy to mention that during the year Loans and Advances increased by 25.93%, Operating Profit by 44.83% and Net Profit by 58.91%. As on December 31, 2019 the available Capital of the Company is Tk. 200.10 Crore as against Tk. 158.90 Crore of the previous year which projects a robust financial footing. The amount of classified loan is Tk. 7.72 Crore against total outstanding loan of Tk. 200.10 Crore. Enthusiastically the percentage of Classified Loans is 3.86% that was 4.21% in 2018.

For the year 2020, we have set a business target of increasing Loans and Advances to Tk. 350.00 crore from 200.10 Crore and Net Profit to Tk. 10.02 Crore as against Tk. 7.21 crore of 2019. Besides,00% recovery of Classified and Write-Off Loans is also set with high esteem.

#### **Outlook for 2020:**

The fallout from the COVID-19 pandemic has put the whole world in a stressful situation where general economic activity has been suspended partially. No doubt, interest income from the core lending portfolio will take a considerable shock in the short term which may extend to medium term. On the other hand, the eventual reversal is contingent upon the trajectory of the recovery which is linked to factors such as the level of success in containing the spread of the virus, discovery of therapeutic medicine and vaccinations, appropriate policy response and global supply chain restoration, etc. In response, the Agrani SME already have taken adequate measures that will safeguard our capital, protect owners' trust and wellbeing of all our stakeholders.

We are committed to going on extraordinary length to help our customers in CMSMEs to cope up with this pandemic on the path to eventual recovery. Our ethos of growing together is founded on the premise that sharing the prosperity of our customers in good times comes with the burden of responsibility in collaborating for a better future in hard times.

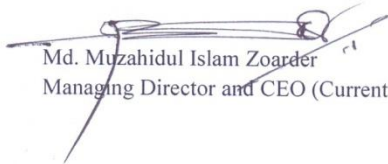
We believe, 2020 would be a stepping stone for us towards transforming into a well managed, highly professional and customer-oriented Company for becoming the top SME financing company of the country within a very short span of time. In the upcoming year with prudent guidance and leadership of the honorable Chairman of the Board, with the best wishes from

We are optimistic of achieving sustainable business growth with the whole hearted participation of our dedicated, capable and dynamic work force by applying stronger risk management skills. Above all, we will conduct every step of business within legal and ethical frame work determined by our regulators from time to time.

Despite the possibility of a short to medium term slack in the economic activity, we believe our resources will endure thorough COVID-19 pandemic fallout only to rise stronger; the credit standing of our borrowers would recover and the effective collaboration will yield better future for all our stakeholders I strongly believe, the competitive edge, the prudence and resilience of our Company will reflect in the attractive long term return from our efficiently allocated assets in the days to come.

**Acknowledgement:**

Finally, I would like to take the pleasure to convey my sincere gratitude to our Honorable Chairman and Members of the Board of Directors of our Company, our hardworking colleagues and to all who care for us in the vicissitudes and tough times, Ministry of Finance, Bangladesh Bank and other regulators for their all out cooperation and support. We are also grateful to the Management of Agrani Bank Limited for their valuable direction and counseling towards the betterment of the Company. We sincerely express our special gratitude to the members of Agrani Bank Limited for their unwavering multidimensional support and cooperation in smooth running of the Company. Last but not the least; we are grateful for the generous support and trust of our customers, patrons and vendors in achieving our auspicious results.



Md. Muzahidul Islam Zoarder  
Managing Director and CEO (Current Charge)



# 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 2019 of Agrani SME Financing Company Limited. The report evaluates and analyzes Company's overall operational performance of 2019 compared to that of 2018. 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 Company in perspective of global economy and Bangladesh economy.

## Global Economy:

Global growth has slumped sharply during the second half of 2018 and the pace of growth remained slow in the first half of 2019. The slowdown in activity was broad based among the major advanced economies and smaller Asian advanced economies. The weakening in activities was even more evident across emerging market and developing economies. As a result, growth in global output plummeted to 3.6 percent in 2018 from 3.8 percent in 2017 and is projected to slow further to 3.0 percent in 2019, which is the lowest since 2008-09. Growth is, however, anticipated to pick up to 3.4 percent in 2020. In advanced economies growth is projected to slow down from 2.3 percent in 2018 to 1.7 percent in 2019 and 2020. In emerging market and developing economies, growth is forecasted to decline to 3.9 percent in 2019 and then pick up to 4.6 percent in 2020, which was 4.5 percent in 2018.

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher than usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions which have eased following the release of the April 2020 WEO will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects as the June 2020 Global Financial Stability Report (GFSR) Update discusses raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries including those that have seemingly passed peaks in infections should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channeling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic. Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.

### **Bangladesh Economy:**

In 2019 the national economy witnessed many positive signs; continuity of higher economic growth with lower rate of inflation; robust credit growth; export sector turned back; foreign remittance increased; forex reserve at a good stand and above all country's GDP grew 8.20% in FY2018-2019 surpassing the estimated level. The per capita income has reached to USD 2173 in FY2018-2019 and investment to GDP ratio increased at 31.23 percent. Aided by moderating food inflation from lower rice prices, headline CPI inflation (point to point) declined to 5.52 percent in December 2019. Consequently, 12 month average inflation edged down to 5.48 percent in December 2019. The national savings against GDP was 29.43% in the reported year. Despite excellent GDP growth, there remain some gap in generating productive employment, making growth inclusive and developing human capital towards achieving Sustainable Development Goals (SDG). In the outgoing year, Bangladesh managed to move eight points up in the "Doing Business" index in 2019 from the 176th to 168th.

The COVID-19 pandemic is expected to severely affect the Bangladeshi economy. Remittance inflows have declined in March, April & May 2020. Exports have also declined sharply in April 2020 with cancellation of several billion USD orders for the Ready-Made Garment industry. As a result, an immediate external financing gap of about USD 2.9 billion has emerged along a fiscal financing gap of about USD 2.8 billion.

Due to uncertainties over the invention of vaccination to prevent the fatal, it is fully unpredictable to make a to do list as lockdown or isolation is not the ultimate solution. On a larger scale, we may have to face an economic slowdown in the short term while there might be a recession in the long term.

On April 5, Prime Minister Sheikh Hasina unveiled a Tk72,750 crore stimulus package, including the previously declared Tk5,000 crore package, to address the economic impacts of the coronavirus outbreak. The amount is nearly 2.52 percent of the country's GDP. The government could take both fiscal and monetary measures to combat the novel coronavirus.

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance that has helped to reduce poverty and social inequalities. GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the COVID-19 and pick up to 9.5% in 2021, according to the updated IMF forecasts from 14th April 2020.

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. However, the year 2019 was not an easy year for the NBF industry in Bangladesh. A few of the companies are experiencing severe doldrums in their operations whereas few other are suffering from liquidity crises.

## **Export-Import :**

### **Export:**

Country's export earnings stood at US\$ 39,945 million in FY2018-19, which is 9.81 percent higher than the export earnings US\$ 36,285 million of FY2017-18.

**Ready Made Garments (woven and knitwear):** Woven and knitwear products, which accounts for about 84.2 percent of total export earnings, registered an increase in receipts from US\$ 30614.8 million in FY18 to US\$ 34133.2 million in FY19. Woven and Knitwear products showed a higher growth of 11.8 and 11.2 percent respectively in FY19 compared to FY18.

**Leather:** During FY19 export earnings from leather and leather products decreased by 20.8 percent to US\$ 411.9 million in FY19 from US\$ 519.9 million in FY18.

**Frozen food:** Earnings from frozen foods comprises mainly of shrimps, decreased during FY19. Receipt from export of shrimp and fish decreased by 9.0 percent to US\$ 425.0 million in FY19 from US\$ 467.0 million in FY18.

**Footwear:** Export earnings from footwear products increased by 8.6 percent to US\$ 879.4 million in FY19 from US\$ 809.7 million in FY18.

**Chemical Products:** Export earnings from chemical products achieved a significant growth and stood at US\$ 205.2 million in FY19 against US\$ 150.7 million in FY18.

**Tea:** Export earnings from tea increased slightly by 1.8 percent to US\$ 2.82 million in FY19 compared to US\$ 2.77 million in FY18.

**Jute goods (excluding carpets):** Export earnings from jute goods decreased by 19.1 percent to US\$ 703.8 million in FY19 from US\$ 869.9 million in FY18.

**Raw jute:** Raw jute valued at US\$ 112.5 million was exported in FY19, against US\$ 155.7 million in FY18.

### **Imports:**

Imports recorded at customs (fob) in FY19 increased markedly from US\$ 54463.2 million in FY18 to US\$ 55438.5 million registering a growth of 1.8 percent. Import of oil seeds recorded a significant growth of 39.5 percent in FY19. Import (landed) for food grains decreased to US\$ 1551.6 million in FY19 from US\$ 3098.8 million in FY18. Import of other food items decreased slightly by 1.7 percent to 4312.6 million in FY19 from US\$ 4385.3 million in FY18. Except negative growth of edible oil (11.1 percent) and sugar (23.1 percent), all other food items of imports showed positive growth.

Consumer and intermediate goods imports increased by 9.4 percent to US\$ 27565.7 million in FY19 from US\$ 25202.2 million in FY18. Imports of capital goods and others categories rec-

orded a slight growth of 3.5 percent to US\$ 10658.9 million in FY19 from US\$ 10294.3 million in FY18. Imports by EPZ increased by 7.3 percent to US\$ 4031.5 million in FY19 compared to US\$ 3756.0 million in FY18.

In terms of value of total imported commodities, China secured the first position for our import in FY2017-18. During this period 21.53% of the total imported commodities came from China. India was the second largest source of import 12.24% while Singapore held the third position 9.19%.

## **Expatriate Employment & Remittances**

Overseas employment from Bangladesh started officially in 1976 with a modest number (6,078) of workers. Presently about 7.5 million Bangladeshi migrants are working all over the world. Yearly migration from Bangladesh is about 0.3-0.4 million. With a total of 7.5 million Bangladeshis living abroad, the country has ranked sixth among top 20 countries of origin for international migrants.

The study carried out by Refugee and Migratory Movements Research Unit (RMMRU) reveals that 604,060 Bangladeshi workers migrated to the Middle Eastern (89 percent) and South Asian countries (11 percent) between January and November, 2019 against 734,181 during the corresponding period in 2018.

Remittance inflow hit a record \$18.32 billion in the just concluded year of 2019 amid devaluation of the taka and the government move to provide incentives against remittance. Bangladesh Bank data released on Wednesday showed that remittance inflow in 2019 grew by 17.89 percent against \$15.54 billion in 2018, according to the central bank's statistics.

BB officials said that remittance remained the only bright spot in the country's economy in the recent months as the other macroeconomic indicators like export, import, private sector credit growth and revenue earnings were struggling.

Rise in oil prices in the Middle East, where the majority of Bangladesh's remittance comes from, slight devaluation of the taka against the dollar and government incentives against remittance helped boost the inflow in 2019, they said.

According to the BB data, the Bangladeshi expatriates sent \$1,687 million home in December, 2019 with a staggering 40-per cent growth compared with the corresponding month in 2018. With the December upsurge, remittance inflow soared for the fourth month in a row as the government has been giving 2-per cent incentives against remittance for the last few months. In order to encourage the expatriates to send money through the legal channel, the finance minister announced the incentives in the national budget for the fiscal year 2019-2020.

In line with the government's budgetary announcement, the central bank on August 6 last year issued guidelines on issuing incentives against inward remittance to encourage repatriation of earnings of the expatriates through the legal channel with effect from July 1, 2019.

Following the requests from the BB, the finance ministry on October 2, three months after the budgetary announcement, released Tk 1,530 crore for six months. Another Tk 1,530 crore out of the government's Tk 3,060-crore budgetary allocation for FY20 to give incentives to the beneficiaries of remittances would be released later.

The government's move has prompted many expatriates to send money through the banking channel instead of the illegal channel known as 'hundi', increasing the volume significantly in the last four months, the BB officials said.

The remittance inflow also saw a rise from the beginning of 2019, in line with the uptrend in 2018, as the taka was devalued against the dollar, they said. The value of taka against the dollar stood at 84.90 at the end of 2019, rising from 83.90 at the end of 2018, showed BB data. The BB officials said that the banks were also giving special emphasis on bringing in the remittances to diversify their businesses.

## **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 2018-2019, Bangladesh spent around \$ 7.61 billion on social protection, which is about 2.54 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**

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 the commitments of the government regarding education, health, employment and poverty alleviation. The main pur-

pose 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 up to 10 percent by 2021, to raise per capita income up to \$ 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 2019**

The NBFI sector in Bangladesh consists of development financial institutions, leasing companies, investment companies etc. Bangladesh's NBFI sector, which accounts for about 5.99% 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 3.00 percent of GDP in 2019, 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 27.15 Crore, achieved profit after Tax of BDT 7.21 Crore and recorded an EPS 7.21 of compared to 4.53 in the previous year. Interest income on loans and advances has increased significantly as well as controllable expenses has been reduced in the year 2019 which resulted better EPS compared to that of the previous year.

Company's total assets remained at a better position with a growth of 9.33%. Operating results of during 2019 are summarized below:

(Crore Tk. Unless Otherwise Specified)

Particulars	2019	2018	2017	2016	2015
Total Income	27.15	21.49	15.84	13.57	16.11
Total Expenditure	14.24	12.57	11.23	10.54	7.02
Profit Before Provision & Tax	12.91	8.92	4.61	3.03	9.09
Total Provisional Expenses	1.06	1.20	0.85	1.00	1.82
Profit Before Tax	11.85	7.72	3.76	2.03	7.27
Provision for Tax	4.65	3.18	1.59	1.06	3.61
Net Profit After Tax	7.21	4.53	2.17	0.97	3.66
<b>Earnings Per Share (Taka)</b>	<b>7.21</b>	<b>4.53</b>	<b>2.17</b>	<b>0.97</b>	<b>3.66</b>

## Loans and Advances

Total loans and advances is Tk. 200.10 Crore at 31 December 2019 representing more than 25.93% higher than 2018 worth Tk. 158.90 Crore. Movement of loans and advances was as under:

(Taka in Crore)

Particulars	2019	2018	2017	2016	2015
Opening balance	158.90	107.93	78.79	60.45	47.49
Disbursement during the year	152.91	134.09	73.30	53.61	37.50
Recovery during the year	111.10	83.08	44.16	33.80	23.10
Write off during the year	0.61	0.04	-	1.47	1.44
Closing balance at 31 December	<b>200.10</b>	<b>158.90</b>	<b>107.93</b>	<b>78.79</b>	<b>60.45</b>

Recovery position of the loans and advances was almost 62.24%. Out of total loans and advances balance, Tk. 7.72 Crore i.e. 3.86% was classified against which required provision has been kept.

## Liquidity Position

Liquidity position of the Company is satisfactory. Details of liquidity assets of the Company were as under:

(Taka in Crore)

Particulars	2019	2018	2017	2016	2015
Cash in hand and Balance with Bangladesh bank	0.72	0.72	0.68	0.53	0.53
Short term deposit with other bank and financial institution	3.42	6.44	9.03	36.81	13.55
Fixed deposit with other bank and financial institutions	2.00	21.26	27.07	21.92	59.63
<b>Total:</b>	<b>6.14</b>	<b>28.42</b>	<b>36.78</b>	<b>59.26</b>	<b>73.71</b>

Total liquid asset represents 2.85% of total assets of the Company.

## Shareholders' Equity

Total shareholder equity at the end of the year is Tk. 137.21 Crore. Shareholders' equity as at 31 December, 2019 is summarized below:

Particulars	2019		2018		2017		2016		2015	
	(Tk. in Crore)	%	(Tk. in Crore)	%	(Tk. in Crore)	%	(Tk. in Crore)	%	(Tk. in Crore)	%
Share Capital	100.00	72.88	100.00	77.36	100.00	80.17	100.00	81.59	100.00	82.23
Statutory Reserve	6.25	4.55	4.80	3.72	3.90	3.12	3.46	2.83	3.27	2.69
General Reserve	5.47	3.99	5.47	4.23	5.47	4.39	5.48	4.47	5.47	4.50
Retained Earnings/(Losses)	25.49	18.58	19.00	14.69	15.37	12.32	13.63	11.12	12.86	10.57
<b>Total:</b>	<b>137.21</b>	<b>100</b>	<b>129.27</b>	<b>100</b>	<b>124.74</b>	<b>100</b>	<b>122.57</b>	<b>100</b>	<b>121.60</b>	<b>100</b>

## Material Changes after Balance Sheet Date (31<sup>st</sup> December 2019)

There have been no material changes and commitments between the end of year 2019 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, IFRS & 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 IAS, BAS, BFRS, IFRS and other applicable rules and regulations, especially rules & regulation of Bangladesh Bank.

## **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 Bangladesh Financial Reporting Standards (BFRS), International Financial Reporting Standards (IFRS), the requirements of Companies Act, 1994 Financial Institution Act, 1993 and as per requirements of Bangladesh Bank. 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, 2019.

## **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**

The Company has always believed in giving good returns to the shareholders. This is the 9<sup>th</sup> year with full operation of the Company. So you will agree with me that nine years is not quite less time but considering the main objective and background of the Company in competitive market nine 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 2019, the Company contributed a total amount of BDT 4.36 Crore as Corporate Tax; BDT 0.17 Crore as TDS in total BDT 4.53 Crore 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 2019, 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

The 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. The 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 2019 is as under:

<b>Name and address</b>	<b>Status</b>	<b>Date of original appointment</b>	<b>No. of shares held in the Bank</b>
Mohammad Shams-Ul Islam (Representing Agrani Bank Ltd.)	Chairman and Director	06/09/2016	9,999,988
Md Shahdat Hossain, FCA	Director	06/06/2017	2
Ali Hossain Prodhania	Retired Director but the Holding Shares hasn't been transferred	06/06/2017	2
Md. Yusuf Ali	Director	24/05/2018	2
Md. Rafiqul Islam	Director	29/06/2018	2
Md. Khairul Kabir	Director	04/05/2018	2
Md. Nurul Haque	Managing Director and Chief Executive Officer	13/04/2017	2

## Board Meetings and Attendance by the Directors

During the year 2019, a total number of 06 Board Meetings were held and attendance by the Directors is summarized below:

Name and address	Status	Total Meetings Held in 2019	Number of meeting attended	Remuneration paid
Mohammad Shams-Ul Islam (Representing Agrani Bank Ltd.)	Chairman and Director	6	6	48,000/-
Md Shahdat Hossain, FCA	Director	6	6	48,000/-
Newaz Hossain Chowdhury	Director	3	3	24,000/-
Md. Yusuf Ali	Director	6	6	48,000/-
Md. Rafiqul Islam	Director	6	6	48,000/-
Md. Khairul Kabir	Director	1	1	8,000/-
Mst. Zohra Khatoon	Director	3	3	24,000/-
Md. Nurul Haque	MD & CEO	6	6	No remuneration

## Auditors

Mahfel Huq & Company have served as the External Auditors of the Company for year ending 31 December 2019. As per Bangladesh Bank's guidelines they are eligible for re-appointment and accordingly they have expressed their willingness to continue as Auditor. Bangladesh Bank has also given its consent to appoint the Mahfel Huq & Co. Chartered Accountants as external auditor for the year 2020.

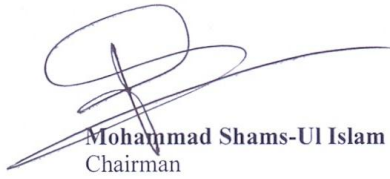
## Future Prospects

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 members of staff and the loyalty of our customers, the trust of our partners and associates, and the support of Bangladesh Bank, the Securities and Exchange 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

## Disclosures on Capital Adequacy and Market Discipline (CAMD) – Pillar III

### A) Scope of Application

#### Qualitative Disclosures:

(a) These guidelines apply to Agrani SME Financing Company Limited.

(b) Agrani SME Financing Company Limited has no subsidiary companies.

(c) Not Applicable

#### Quantitative Disclosures:

(d) Not Applicable

### B) Capital Structure

#### Qualitative Disclosures:

(a) Summary information on terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.

#### Tier 2 Capital includes:

i) General provision up to a limit of 0.5% of Risk Weighted Asset (RWA) of Credit Risk.

#### Conditions for maintaining regulatory capital:

i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

### Quantitative Disclosures :

(b) The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in Crore Tk.
Paid up capital	100
Non-repayable share premium account	-
Statutory reserve	6.25
General reserve & other reserve	5.47
Retained earning	25.49
Dividend equalization account	-
A) Total amount of Tier 1 Capital	137.21
B) The total amount of Tier 2 capital	0.80
C) Other deductions from capital	-
Total eligible capital	138.01

### C) Capital Adequacy

#### Qualitative Disclosures

(a) A summary discussion of AGRANI SME FINANCING COMPANY LIMITED's approach to assessing the adequacy of its capital to support current and future activities.

#### Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

AGRANI SME FINANCING COMPANY LIMITED has applied Standard Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying capital charge for market risk and operational risk by reciprocal of the minimum capital

adequacy ratio and adding the resulted figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Capital as numerator to derive Capital Adequacy Ratio.

Strategy to Achieve the Required Capital Adequacy:

- ✚ Rigorous monitoring of overdue loans to bring those under 30 days overdue
- ✚ Financing clients having good rating as per Company's policy
- ✚ Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- ✚ Raise fresh capital by issuing bonus share/right issue.

#### Quantitative Disclosures

Particulars	Amount in Crore Tk.
(b) Capital requirement for Credit Risk/Risk Weighted Asset for Credit Risk	160.42
(c) Capital requirement for Market Risk	-
(d) Capital requirement for Operational Risk	13.22
<b>Total Risk Weighted Asset/Gross Income</b>	<b>173.64</b>

#### Total and Tier 1 capital ratio:

Particulars	Ratio
CAR on Total capital basis (%)	79.48
CAR on Tier 1 capital basis (%)	79.02

#### D) 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

#### Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk including:

- ✚ Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

- ✚ Description of approaches followed for specific and general allowances and statistical methods

General provisions are maintained according to the relevant Bangladesh Bank

Guideline and Specific provisions are maintained as per AGRANI SME FINANCING COMPANY LIMITED's internal policy which is much more conservative than Bangladesh Bank Guidelines.

### **Discussion on FI's credit risk management policy :**

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

### **Implementation of various strategies to minimize risk:**

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;

### **To encounter and mitigate credit risk, the following control measures are taken place at AGRANI SME FINANCING COMPANY LIMITED:**

- ▲ Vigorous monitoring and follow up by fully dedicated recovery and collection team
- ▲ Strong follow up of compliance of credit policies by appraiser and credit department

- ▲ Taking collateral, performing valuation and legal vetting on the proposed collateral by our own dedicated technical and legal expert.
- ▲ Seeking legal opinion from external lawyers for any legal issues if required
- ▲ Regular review of market situation and industry exposures

In addition to the best industry practices for assessing, identifying and measuring risks, AGRANI SME FINANCING COMPANY LIMITED also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

### **Approved Credit Policy by the Board of Directors**

The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described/stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

### **Separate Credit Administration Department**

An independent Credit Administration Department is in place, at AGRANI SME FINANCING COMPANY LIMITED, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

## **Special Recovery and Collection Team**

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

## **Independent Internal Compliance Department**

Appropriate internal control measures are in place at AGRANI SME FINANCING COMPANY LIMITED. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

## **Credit Evaluation**

To mitigate credit risk, AGRANI SME FINANCING COMPANY LIMITED search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

## **Credit Approval Process**

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk.

Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

## **Early Warning System**

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

## **Methods used to measure Credit Risk**

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

### **E) Market Risk**

Market Risk refers to the risk of fluctuation in a variety of 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.

### **F) 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;



## Quantitative Disclosures

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particular	Amount in Crore Tk.
SME Financing	<b>200.10</b>

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	Amount in Crore Taka
Rural	130.41
Urban	69.69
<b>Total</b>	<b>200.10</b>

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Particulars	Amount in Crore Taka
Agriculture	92.80
Trade & Commerce	92.34
Industry	6.40
Servicing	7.75
Others	0.81
<b>Total</b>	<b>200.10</b>

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Amount in Crore Taka
1 to 30/31 day(One Month)	13.66
Over 1 to 2 Months	13.73
Over 2 Months to 3 Months	13.86
Over 3 Months to 6 Months	30.87
Over 6 Months to 1 Year	52.02
Over 1 Year to 3 Years	67.51
Over 3 Years to 5 Years	8.45
Over 5 Years	-
<b>Total</b>	<b>200.10</b>

(f) By major industry or counter party type:

The amount of classified loans and advances of AGRANI SME FINANCING COMPANY LIMITED are given below as per Bangladesh Bank guidelines.

### ii) Specific and general provisions:

Specific and general provisions were made on the amount of classified and unclassified loans and advances of AGRANI SME FINANCING COMPANY LIMITED.

Particulars	Amount in Crore Taka
Provision on classified loans and advances	4.02
Provision on unclassified loans and advances	0.79
<b>Total</b>	<b>4.81</b>

(g) Gross Non Performing Assets (NPA) = 7.72 Crore in taka

Non Performing Assets (NPAs) to outstanding Loans and Advances =3.86%

## Movement of Non-Performing Assets (NPAs)

Particulars	Amount in Crore Taka
Opening Balance	6.70
Additions	5.40
Reductions (CL Recovery)	4.38
Closing Balance	7.72

### Performance gap of executives and staff:

AGRANI SME FINANCING COMPANY LIMITED's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the AGRANI SME FINANCING COMPANY LIMITED family. We aim to foster a sense of pride in working for AGRANI SME FINANCING COMPANY LIMITED and to be the employer of choice. As such there exists no performance gap in

AGRANI SME FINANCING COMPANY LIMITED.

### Potential external events

No such potential external event exists to raise operational risk of AGRANI SME FINANCING COMPANY LIMITED at the time of reporting.

### Policies and Procedure for mitigating operational risk

AGRANI SME FINANCING COMPANY LIMITED has established a strong Internal Control Department to address operational risk and to frame and implement policies to deter such risks. Internal Control Department assesses operational risk across the company and ensures that appropriate framework exists to identify access and manage operational risk.

### Approach to calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. AGRANI SME FINANCING COMPANY LIMITED uses basic indicator approach for calculating capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

## Valued Added Statement

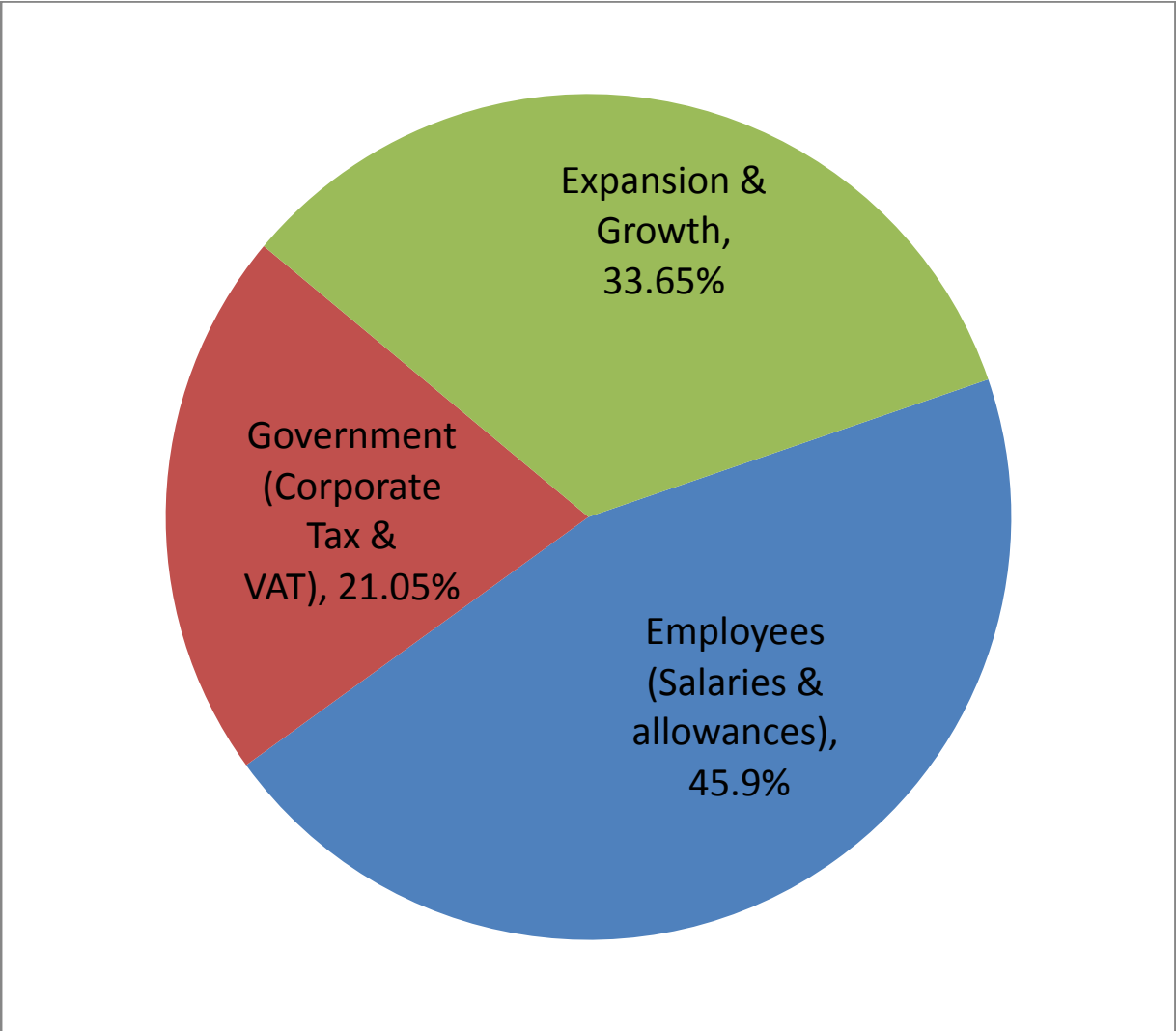
This value added statement provides a detailed account of total addition and the distribution of the value created by Agrani SME Financing Company Limited. The Company contributes positively to national socio-economic development by empowering employees through the payment of salaries and allowances;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

Particulars	2019		2018		2017		2016		2015	
	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%
Net interest Income	23.67	104.89	19.86	106.37	15.52	108.93	13.38	116.52	15.84	133.43
Other Income	0.50	2.24	0.46	2.49	0.32	2.22	0.18	1.62	0.27	2.32
Management expenses	(1.61)	(7.12)	(1.65)	(8.86)	(1.59)	(11.15)	(2.08)	(18.14)	(4.24)	(35.75)
<b>Total Value Added by the Company</b>	<b>22.56</b>	<b>100.00</b>	<b>18.67</b>	<b>100.00</b>	<b>14.25</b>	<b>100.00</b>	<b>11.48</b>	<b>100.00</b>	<b>11.87</b>	<b>100.00</b>

### Value Added Contributed to

Particulars	2019		2018		2017		2016		2015	
	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%	Amount (Taka in Crore)	%
Employees: Salaries & Allowances	10.22	45.29	10.39	55.66	9.89	69.42	8.89	77.45%	4.17	35%
Government: Corporate Tax Value Added Tax (VAT)	4.75	21.06	3.29	17.64	1.70	11.94	1.10	9.60%	3.62	30%
To Expansion and Growth:										
Retained Income	7.21	31.93	4.54	24.28	2.17	15.20	0.97	8.44%	3.66	31%
Depreciation	0.39	1.72	0.45	2.41	0.49	3.44	0.52	4.51%	0.42	4%
<b>Total Distribution</b>	<b>22.67</b>	<b>100.00</b>	<b>18.67</b>	<b>100.00</b>	<b>14.25</b>	<b>100</b>	<b>11.48</b>	<b>100.00</b>	<b>11.87</b>	<b>100.00</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 :** Default risk is the risk that a lender takes on in the chance that a borrower will be unable to make the required payments on their debt obligation. ... A higher level of default risk leads to a higher required return, and in turn, a higher interest rate
- **Exposure risk:** Risk exposure is the measure of potential future loss resulting from a specific activity or event. An analysis of the risk exposure for a business often ranks risks according to their probability of occurring multiplied by the potential loss if they do.
- **Recovery risk:** Recovery risk refers to such uncertainty that arises at the time of default. Here, recovery risk designates the randomness of the proceeds from working out of a borrower's default.

- **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.
- **Related party risk:** Although such transactions are a common feature of business, they may give rise to specific risks of material misstatement of the financial statements, including the risk of fraud, because of the nature of related party relationships. financial reporting often arises through the involvement of related parties.
- **Legal risk:** Legal risk is the risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to your business, its relationships, processes, products and services.

## 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;

## **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 searches 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, bankers' 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 place 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 assesses the prevailing market risk, analyzes the changes in interest rate, market conditions, carries 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 involves accepting risks as well as producing profits.

Credit is priced in 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 holds adequate capital to absorb the unexpected losses.



The Company uses collateral and guarantees to help mitigate risks inherent in individual transactions. Since collateral cannot be a substitute for comprehensive assessment of a borrower and hence 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 defines 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 risks 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 exists some risk proposition in this regard because of being all the loans are small in category, the risk proposition, however, is 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 high standard quality information 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 it 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; 1) Md. Shahadat Hossain, FCA; 2) Mst. Zohra Khatoon and 3) Md. Anisur Rahman shall retire in this meeting and they are illegible 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)**

Sl. No.	Particulars	Compliance Status
1	<b>Responsibilities and authorities of the Board of Directors:</b>	
	<p><b>(a) Work-planning and strategic management:</b></p> <p>(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.</p>	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 among other top executives for approval of expenditure within budget to the maximum extend.	Complied
<b>Sl. No.</b>	<b>Particulars</b>	<b>Compliance Status</b>
	<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>	
	<b>(a)</b> Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power.	Complied
	<b>(b)</b> The minutes of the Board meetings shall be signed by the Chairman.	Complied
	<b>(c)</b> Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances.	Complied

<b>Sl. No.</b>	<b>Particulars</b>	<b>Compliance Status</b>
<b>3</b>	<b>Responsibilities of Managing Director:</b>	
	<b>(a)</b> 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>(b)</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 ensures that the Board works effectively and discharges its responsibilities as directors of the Company. Chairman of the Board & CEO of the Company are different persons. 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 sche-

duled 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 include 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**

**Agrani SME Financing Company Limited**

Al-Amin Centre, 25/A, 25/A/1 (6th floor)  
Dilkusha, Motijheel C/A, Dhaka-1000

**AUDITOR'S REPORT**

**&**

**FINANCIAL STATEMENTS**

**As at and for the year ended December 31, 2019**

**MAHFEL HUQ & CO.**

**CHARTERED ACCOUNTANTS**

**B G I C Tower (4th FLOOR)**

**34 Topkhana Road, Dhaka-1000**

**PHONE : +88-02-9553143, 9581786**

**e-mail: abukaiser@mahfelhuq.com**

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**Mahfel Huq & Co.**  
Chartered Accountants  
The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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## Independent Auditor's Report

### To the Shareholders of Agrani SME Financing Company Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Agrani SME Financing Company Limited, which comprise balance sheet as at 31 December, 2019 and profit and loss accounts, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view in all material respects, of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial



statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

In accordance with the Companies Act, 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) 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 which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our notice;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our notice that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 802 man hours for the audit of the books and accounts of the Company;



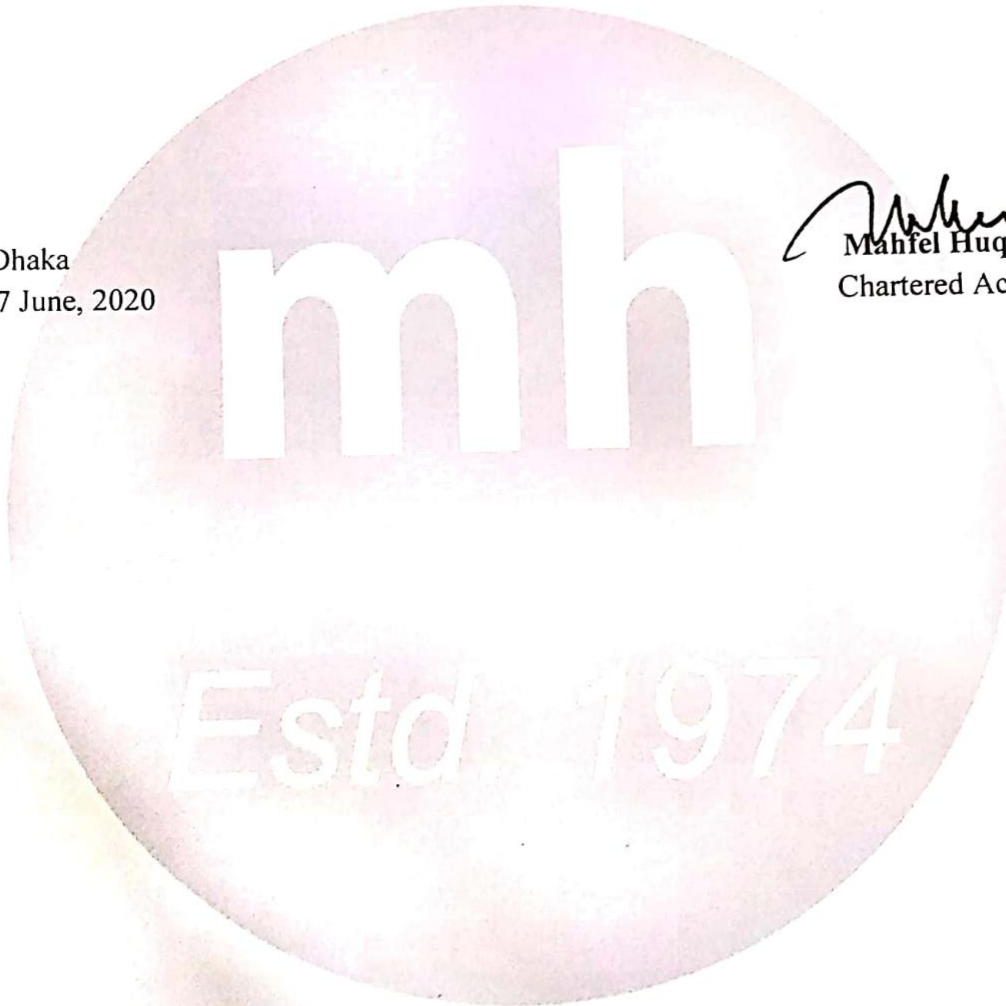


**Mahfel Huq & Co.**  
Chartered Accountants  
An independent member firm of AGN International



- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka  
Date: 17 June, 2020




  
Mahfel Huq & Co.  
Chartered Accountants

**Agrani SME Financing Company Limited**  
**Balance Sheet**  
As at 31 December 2019

	Notes	(Amount in BDT)	
		As at 31-Dec-19	As at 31-Dec-18
<b>PROPERTY AND ASSETS:</b>			
Cash and Cash Equivalents:		61,358,383	284,171,495
Cash		7,182,702	7,191,278
In hand		4,782	16,548
Balance with Bangladesh Bank and its agent bank		7,177,920	7,174,730
Balance with other Banks and Financial Institutions	3	54,175,681	276,980,217
Money at Call and Short Notice		-	-
Investments		-	-
Loans and Advances:		2,000,988,905	1,588,992,597
Loans, cash credit and overdrafts etc.	4	2,000,988,905	1,588,992,597
Fixed Assets including Premises, Furniture and Fixtures	5	4,482,850	7,886,130
Other Assets:	6	88,142,368	89,928,546
Non-financial Institution Assets		-	-
<b>Total Assets</b>		<b>2,154,972,506</b>	<b>1,970,978,768</b>
<b>LIABILITIES &amp; CAPITAL:</b>			
<b>Liabilities:</b>			
Borrowings from other Banks, Financial Institutions and agents	7	522,795,192	412,306,011
Deposit and Other Accounts:		-	-
Other Liabilities	8	260,061,236	265,938,566
<b>Total Liabilities</b>		<b>782,856,429</b>	<b>678,244,577</b>
<b>Shareholders' Equity/Capital:</b>			
Share Capital	9.2	1,000,000,000	1,000,000,000
Statutory Reserve	10	62,459,340	48,047,388
General Reserve	11	54,731,264	54,731,264
Retained Earnings	9.3.1	254,925,474	189,955,539
<b>Total Shareholders' Equity</b>		<b>1,372,116,077</b>	<b>1,292,734,191</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>2,154,972,506</b>	<b>1,970,978,768</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>137.21</b>	<b>129.27</b>

The Annexed notes (1 to 24) form an integral part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO  
(Current Charge)

  
Director

  
Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Date: 17 June, 2020

  
Mahfel Huq & Co.  
Chartered Accountants




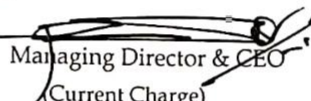
**Agrani SME Financing Company Limited**  
Profit and Loss Account  
For the year ended 31 December 2019


		(Amount in BDT)	
	Notes	Year ended 31-Dec- 2019	Year ended 31-Dec-2018
<b>Operating Income:</b>			
Interest income	12	236,677,187	198,643,631
Interest paid on deposits, borrowings etc.	13	(29,764,181)	(11,585,329)
<b>Net Interest Income:</b>			
Other operating income	14	5,044,136	4,644,828
<b>Total Operating Income (A)</b>		<b>241,721,323</b>	<b>203,288,459</b>
<b>Operating Expenses:</b>			
Salaries and allowances	15	89,639,482	89,982,588
Rent, taxes, insurance, electricity etc.	16	5,746,048	5,681,583
Postage, stamp, telecommunication etc.	17	444,543	394,485
Legal expenses	18	153,282	42,250
Stationery, printing, advertisement etc.	19	1,311,618	1,526,252
Chief Executive Officer's salary and allowances	20	1,960,000	1,960,000
Directors' fees	21	336,000	572,000
Auditors' fees	22	196,766	184,000
Depreciation of assets	5	3,878,085	4,506,892
Other expenses	23	8,909,844	9,266,776
<b>Total Operating Expenses (B)</b>		<b>112,575,669</b>	<b>114,116,826</b>
<b>Profit/(Loss) before Amortization, Provision &amp; Tax (C)=(A-B)</b>		<b>129,145,655</b>	<b>89,171,633</b>
Provision for loans and advances		-	-
Provision for incentive bonus	8.5	10,600,000	12,000,000
Provision for other assets		-	-
<b>Total Provision (D)</b>		<b>10,600,000</b>	<b>12,000,000</b>
<b>Net Profit/(Loss) Before Tax (E)= (C-D)</b>		<b>118,545,655</b>	<b>77,171,633</b>
<b>Provision for Tax :</b>			
Current tax	8.6	46,485,896	31,826,259
Prior tax	8.6	45,522,939	32,634,854
Deferred tax	8.7	1,111,383	-
		(148,426)	(808,595)
<b>Net profit/(loss) after tax</b>		<b>72,059,759</b>	<b>45,345,374</b>
<b>Less: Appropriations</b>			
Transferred to statutory reserve	10	14,411,952	9,069,075
Transferred to general reserve		-	-
<b>Retained Surplus</b>		<b>57,647,808</b>	<b>36,276,299</b>
<b>Earnings Per Share (EPS)</b>	9.4	<b>7.21</b>	<b>4.53</b>

The Annexed notes (1 to 24) form an integral part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO  
(Current Charge)

  
Director

  
Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Date: 17 June, 2020

  
Mahfel Huq & Co.  
Chartered Accountants



**Agrani SME Financing Company Limited**  
**Statement of Cash Flows**  
For the year ended 31 December 2019

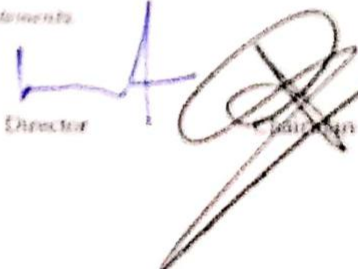
	(Amount in BDT)	
	2019	2018
<b>A. Cash flows from operating activities</b>		
Interest receipts in cash	282,611,197	191,579,682
Interest payments	(29,794,181)	(11,583,329)
Cash payments to employees	(103,044,042)	(99,368,239)
Cash receipts from other activities	3,044,136	4,644,828
Receipts from other operating activities		
Payments for other operating activities	(23,976,186)	(24,071,238)
Income Tax Paid	(43,266,332)	(22,409,717)
Operating profit/(loss) before changing operating assets and liabilities	68,604,371	38,789,986
	(1,274,439,000)	(1,152,141,500)
<b>(Increase)/decrease in operating assets</b>		
Loans to customers	(1,274,439,000)	(1,152,141,500)
Receivables from Agrani Bank Ltd.		
	876,321,306	617,540,441
<b>Increase/(decrease) in operating liabilities</b>		
Deposit from customers		
Other liabilities	6,788,170	(17,808,438)
Loans received from customers	869,733,336	663,348,902
<b>Net cash from operating activities (A)</b>	<b>(329,313,123)</b>	<b>(493,811,079)</b>
<b>B. Cash flows from investing activities</b>		
Other Assets	(3,314,363)	119,191
Sales/(Purchase) of properties, plant & equipments	(174,803)	(233,438)
<b>Net cash from investing activities (B)</b>	<b>(3,489,170)</b>	<b>(114,247)</b>
<b>C. Cash flows from financing activities</b>		
Receipt/(payment) of long term borrowings		
Receipt/(payment) from other borrowings	410,409,101	412,306,011
<b>Net cash from financing activities (C)</b>	<b>410,409,101</b>	<b>412,306,011</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(222,393,112)</b>	<b>(93,619,306)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>284,171,495</b>	<b>367,810,801</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>61,778,383</b>	<b>284,171,495</b>

The Amount under 1 to 20% have audited part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO  
(Current Charge)

  
Director

Place: Dhaka  
Date: 17 June 2020





**Agrani SME Financing Company Limited**  
Statement of Changes in Equity  
For the year ended 31 December 2019


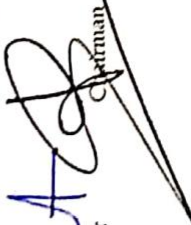
(Amount in BDT)

Particulars	Paid up Capital	Revaluation Reserve on Government Securities	Statutory Reserve	General Reserve	Retained Earnings	Total
Opening Balance as at 01 January 2019	1,000,000,000	-	48,047,388	54,731,264	189,955,539	1,292,734,191
Prior Year Adjustments	-	-	-	-	7,322,127	7,322,127
Adjustment of advance tax	-	-	-	-	-	-
Restated balance	1,000,000,000	-	48,047,388	54,731,264	197,277,666	1,300,056,318
General reserve	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Bonus share issue	-	-	-	-	-	-
Issue right share	-	-	-	-	-	-
Net profit for the year ended 31 December 2019	-	-	-	-	72,059,759	72,059,759
Statutory reserve	-	-	14,411,952	-	(14,411,952)	-
Total Balance as at 31 December 2019	1,000,000,000	-	62,459,340	54,731,264	254,925,474	1,372,116,077
Total Balance as at 31 December 2018	1,000,000,000	-	48,047,388	54,731,264	189,955,539	1,292,734,191

The Annexed notes (1 to 24) form an integral part of these financial statements.

  
Head of Accounts

  
Chief Financial Officer  
  
Managing Director & CEO  
(Current Charge)

  
Director  
  
Chairman



Place: Dhaka  
Date: 17 June, 2020

**Agrani SME Financing Company Limited**  
Liquidity Statement  
As at 31 December 2019

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)	7,182,702	-	-	-	-	7,182,702
Balance with other banks and financial institutions	44,175,681	10,000,000	-	-	-	54,175,681
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans, advances and leases	136,615,190	275,823,735	828,927,207	759,622,773	-	2,000,988,905
Fixed assets	-	-	-	-	4,482,850	4,482,850
Other assets	-	3,515,725	75,237,799	7,899,943	1,488,902	88,142,368
<b>Total assets</b>	<b>187,973,573</b>	<b>289,339,460</b>	<b>904,165,006</b>	<b>767,522,716</b>	<b>5,971,751</b>	<b>2,154,972,506</b>
<b>Liabilities</b>						
Borrowing from other banks and financial institutions	-	-	-	-	-	-
Deposits and other accounts	-	-	522,795,192	-	-	522,795,192
Provision and other liabilities	-	-	17,127,659	134,380,225	108,553,353	260,061,236
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>539,922,851</b>	<b>134,380,225</b>	<b>108,553,353</b>	<b>782,856,429</b>
<b>Net Liquidity Gap 2019</b>	<b>187,973,573</b>	<b>289,339,460</b>	<b>364,242,155</b>	<b>633,142,491</b>	<b>(102,581,601)</b>	<b>1,372,116,077</b>
<b>Net Liquidity Gap 2018</b>	<b>235,300,802</b>	<b>394,218,391</b>	<b>278,630,467</b>	<b>476,208,870</b>	<b>(91,624,339)</b>	<b>1,292,734,191</b>



**Agrani SME Financing Company Limited**  
**Notes to the Financial Statements**  
As at and for the year ended 31 December 2019

**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 53 branches as on 31 December, 2019 (with no overseas branch).

**1.2 Nature of business**

The principal activities of the company are providing support to the Small and Medium Enterprises (SME) all over the country providing loans and advances to the Entrepreneurs/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.

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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) 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 IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank, Central Bank of Bangladesh is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. The Company has departed from those contradictory requirements of IAS/IFRS 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 International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS) 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 and advances;
- 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 53 branches with no overseas branch as on December 31, 2019. 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 2019 to 31 December 2019.

**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, accrued interest 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 equipments 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 International Accounting Standard (IAS) 16 "Property, Plant and Equipment".

**ii) Recognition and measurement**

Subsequent expenditures are 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 IAS-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:

Motor Vehicles	20%
Computer and Computer Accessories	20%
Furniture & Fixtures	10%
Other / Office Equipments	20%
Electrical Equipments	20%
Library Books	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**

**Interest income**

Interest on loans and advances and bank deposits/FDRs are recognized on accrual basis.

**Other revenues**

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

**2.12 Accounts receivables**

Accounts receivables 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%

It is noted that a separate accounts has been maintained for CPF fund from 2016.

**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.

It is noted that a separate accounts has been maintained for Gratuity fund from 2016.

**2.16 Taxation**

**i) Deferred tax**

Deferred tax has been calculated and accounted for in accordance with International 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 40% 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 International Accounting Standards (IAS) 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 2019 (2018: nil). There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2018. 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 International Accounting Standards (IAS) 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, 7.1 & 8.8.

**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

SL	Name	Designation
1	Md. Shahadat Hossain, FCA	Chairman
2	Md. Yusuf Ali	Member
3	Md. Rafiqul Islam	Member
4	Mst. Zohra Khatoon	Member
5	Md. Muzahidul Islam Zoarder	Company Secretary

During the year 02 (Two) Audit Committee meeting was held.

**2.23 Foreign remittance**

There was no foreign remittance during the year 2019.

**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:

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



**2.25 Status of compliance of International Accounting Standards and International Financial Reporting Standards**

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

Name of the IAS	IAS no.	Status
Presentation of Financial Statements	1	*
Inventories	2	N/A
Statement of Cash Flows	7	*
Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
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	Complied
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 IFRS	IFRS 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.

**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 instructions 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 International Accounting Standard (IAS-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 (31-12-2019)**

Name and address	Status	Date of original appointment	No. of shares held in the Bank
Mohammad Shams-UI Islam (Representing Agrani Bank Ltd)	Chairman and Director	06-09-16	9,999,988
Md. Shahadat Hossain, FCA	Director	06-06-17	2
Md. Ali Hossain Prodhania	Retired Director but share has not been transferred yet	06-06-17	2
Md. Yusuf Ali	Director	24-05-18	2
Md. Rafiqul Islam	Director	29-06-18	2
Md. Khairul Kabir	Director	24-05-18	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 (31-12-2019)**

	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. Shahadat Hossain, FCA	Director	MABS & J Partners Chartered Accountants	Senior Partner
3	Md. Yusuf Ali	Director	Agrani Bank Limited	Deputy Managing Director
4	Md. Rafiqul Islam	Director	Retired Banker	EX-deputy Managing Director of Agrani Bank Limited
5	Mst. Zohra Khatoon	Director	Ministry of Finance	Deputy Secretary
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 2018 to 31 December 2018 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. 1,06,00,000 is charged against current year's profit as per confirmation from the management.

**2.33 Subsequent Events**

All the countries of the world have been badly affected by Corona pandemic. The economy of Bangladesh is not exception to that. In this connection, Bangladesh Government has announced 66 days of (from 26th March to 31st May 2020) general holidays for addressing the issue of COVID-2019. For these reasons, it is expected that the targeted performance of the company during the year 2020 might be affected a little bit.

		(Amount in BDT)	
Note	As at 31 Dec, 2019	As at 31 Dec, 2018	
3	<b>Balance with other Banks and Financial Institutions</b>	54,175,681	276,980,217
	Short term deposit	34,175,681	64,392,717
	Fixed deposit	20,000,000	212,587,500
3.1	<b>Balance with other Banks and Financial Institutions</b>		
	Local currency	34,175,681	64,392,717
	Foreign currencies	-	-
3.1.1	<b>Local currency</b>	34,175,681	64,392,717
	Head Office	895,164	159,491
	Branches	33,280,516	64,233,226

**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, deposits (notes & coin in BDT) in banks including Bangladesh and other financia institutions . The company is maintaining bank accounts in head office and 53 branches with different banks where sufficient amount has been deposited (balance as on 31 December 2019 was Tk. 3,41,75,681 ) as Statutory Liquidity Reserve (SLR). Besides, the company is maintaining an account with Bangladesh Bank where as on 31 December 2019 the balance was Tk.71,77,920.

4	<b>Loans, cash credit and overdrafts etc.</b>	Annexure-5	<u>2,000,988,905</u>	<u>1,588,992,597</u>
4.1	<b>Sector wise details of loans and advances</b>			
i)	Agricultural Industries		928,025,865	715,590,110
ii)	Textiles, Apparels & Accessories		49,056,820	27,883,060
iii)	Food and Beverage		3,948,413	3,495,240
iv)	Pharmaceuticals and Chemicals		1,861,692	1,181,540
v)	Leather & Leather Products		163,523	229,450
vi)	Power, Energy & Engineering		986,900	918,550
vii)	Telecom, IT & Services		774,543	2,110,170
viii)	Transportation		-	-
ix)	Other industries		86,156,380	88,484,937
x)	Iron Stell and Engineering		3,958,592	2,383,550
xi)	Paper, Printing and Packaging		2,661,052	473,200
x)	Trade & Commerce		923,395,125	746,242,790
	<b>Total</b>		<u>2,000,988,905</u>	<u>1,588,992,597</u>







	Note	(Amount in BDT)	
		As at 31 Dec, 2019	As at 31 Dec, 2018
<b>4.2 Loans and advances as per loan nature</b>			
i) Manufacturing		1,076,819,237	840,639,637
ii) Servicing		774,543	2,110,170
iii) Trading		923,395,125	746,242,790
		<u>2,000,988,905</u>	<u>1,588,992,597</u>
<b>4.3 Loans and advances as per geographical location-wise</b>			
Rural area	Annexure-5	1,304,115,105	1,040,232,059
Urban area	Annexure-5	696,873,801	548,760,539
Total		<u>2,000,988,905</u>	<u>1,588,992,597</u>
<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		46,269,939	53,949,708
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.		1,954,718,966	1,535,042,889
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		-	-



		(Amount in BDT)	
		As at 31 Dec, 2019	As at 31 Dec, 2018
ix)	Due from bank and financial institutions		
	<b>Total outstanding</b>	<b>2,000,988,905</b>	<b>1,588,992,597</b>
x)	<b>Classified Loans and advances</b>		
a)	Classified Loans and advances on which interest has not been charged	77,240,366	66,974,267
b)	Provision on bad Loans and advances	48,142,767	42,707,877
c)	Amount of written off Loans and advances	6,138,901	411,006
	Total cumulative amount realized (including interest) against loans and advances previously written off (Current year recovery Tk. 79,44,899)	80,965,476	73,020,577
d)	Provision kept against loans and advances classified as bad debts	29,433,796	28,153,061
e)	Interest credited to interest suspense account	8,433,522	5,556,524
	Interest debited to interest suspense account	6,159,503	5,292,869
	Balance at December 31, 2019	4,737,923	2,463,904
xi)	<b>Cumulative amount of written off loans and advances</b>	<b>101,076,034</b>	<b>94,482,638</b>
	Opening Balance	94,937,133	94,893,644
	Amount written off during the year	6,138,901	454,495
	Amount recovery from written off during the year	5,063,869	8,251,931
	Total cumulative amount principal realized against loans and advances previously written off	54,112,355	49,048,486
	Balance of write off Loans and advances as on 31 December 2019	46,963,679	45,845,158
	The amount of written off Loans and advances for which law suits have been filed.	15,617,079	13,857,977
4.6	<b>Classification of loans, advances and leases</b>		
	<b>Unclassified:</b>		
	Standard loan	1,856,560,941	1,450,852,523
	Special mention account (SMA)	67,187,598	71,165,807
	<b>Sub. Total</b>	<b>1,923,748,539</b>	<b>1,522,018,330</b>
	<b>Classified</b>		
	Sub-standard	22,116,520	17,746,305
	Doubtful	15,023,712	10,049,009
	Bad / Loss	40,100,134	39,178,953
	<b>Sub. Total</b>	<b>77,240,366</b>	<b>66,974,267</b>
	<b>Total</b>	<b>2,000,988,905</b>	<b>1,588,992,597</b>





4.7 Particulars of required provision for loans and advances

General Provision

Loans and Advances(Excluding SMA)  
Special mention account (SMA)  
Sub. Total

Specific Provision  
Sub-standard  
Doubtful  
Bad / Loss  
Sub. Total  
Total

Note	(Amount in BDT)	
	As at 31 Dec, 2019	As at 31 Dec, 2018
	<b>Base for provision as at 31 Dec 2019</b>	<b>Required for provision as at 31 Dec 2019</b>
0.25%	1,856,560,941	4,641,402
5%	66,263,378	3,313,169
	<u>1,922,824,319</u>	<u>7,954,571</u>
20%	20,431,473	4,086,295
50%	13,336,210	6,668,105
100%	29,433,796	29,433,796
	<u>63,201,479</u>	<u>40,188,196</u>
	<u>1,986,025,798</u>	<u>48,142,767</u>
	<b>As at 31 Dec 2019</b>	<b>As at 31 Dec 2018</b>
	48,142,767	42,707,877
	48,142,767	42,707,877
	<u>0</u>	<u>0</u>

Required provision for loans and advance  
Total provision maintained (Note 8.1)  
Excess / (short) provision at 31 December, 2019



Estd. 1974

5 Fixed assets including premises, furniture and fixtures as at 31 December 2019

(Amount in Taka)

SL No.	Name of assets	Value at cost			Rate %	Depreciation			Accumulated depreciation	Written down value
		Opening	Addition	Disposal		Closing	Opening	Charged		
1	Motor Vehicles	13,148,799	-	-	13,148,799	20%	2,050,849	-	12,456,149	692,650
2	Computers	8,451,122	303,447	-	8,754,569	20%	940,319	-	8,061,043	693,526
3	Furniture & Fixtures	8,225,675	160,547	-	8,386,222	10%	796,116	-	5,382,105	3,004,117
4	Other/Office Equipments	148,591	-	-	148,591	20%	2,580	-	142,499	6,092
5	Electrical Equipments	678,830	10,811	-	689,641	20%	82,150	-	608,248	81,393
6	Library Books	43,365	-	-	43,365	20%	6,071	-	38,293	5,072
	<b>Total</b>	<b>30,696,382</b>	<b>474,805</b>	<b>-</b>	<b>31,171,187</b>		<b>3,878,085</b>	<b>-</b>	<b>26,688,337</b>	<b>4,482,850</b>
	<b>Balance as at 31 December-2018</b>	<b>30,442,944</b>	<b>253,438</b>	<b>-</b>	<b>30,696,382</b>		<b>4,506,892</b>	<b>-</b>	<b>22,810,252</b>	<b>7,886,130</b>



		(Amount in BDT)	
	Note	As at 31 Dec 2019	As at 31 Dec 2018
<b>6 Other Assets:</b>		<b>88,142,368</b>	<b>89,928,546</b>
Security deposit		2,600	4,750
Advance Tax deducted at sources (TDS)	6.1	5,759,163	13,168,428
Advance Income Tax	6.2	69,461,731	63,601,499
Receivable from Agrani Bank Limited		7,322,127	7,322,127
Accrued interest income		327,420	4,234,760
Deferred tax assets	8.7	1,488,902	1,340,476
Advance against other expenses		16,905	20,000
Advance for purchasing motor vehicles/motor cycles		3,515,725	-
Advance rent on premises		247,796	236,506
<b>6.1 Advance Tax deducted at sources (TDS)</b>		<b>13,168,428</b>	<b>11,362,474</b>
Opening balance at January 01, 2019		1,687,712	1,805,954
Add: Addition during the year		(5,326,889)	-
Less: Adjustment of AIT (TDS) for 2016		(3,770,089)	-
Less: Adjustment of AIT (TDS) for 2015		5,759,163	13,168,428
Closing balance at December 31, 2019		-	-
<b>6.2 Advance Income Tax</b>		<b>63,601,499</b>	<b>40,724,965</b>
Opening balance at January 01, 2019		755,000	-
Add: Addition for the year for 2015		200,000	-
Add: Addition for the year for 2016		-	2,272,771
Add: Addition for the year for 2017		-	20,605,060
Add: Addition for the year for 2018		10,223,840	-
Add: Addition for the year for 2018		32,400,000	-
Add: Addition for the year for 2019		-	(1,297)
Less: Transfer to tax deducted at sources		(764,854)	-
Less: Adjustment for 2014		(31,675,604)	-
Less: Adjustment for 2015		(5,278,150)	-
Less: Adjustment for 2016		69,461,731	63,601,499
Closing balance at December 31, 2019		-	-
<b>7 Borrowings from other Banks, Financial Institutions and agents</b>		<b>522,795,192</b>	<b>412,306,011</b>
<b>7.1 Borrowing OD Loan from Agrani bank Ltd.</b>		<b>412,306,011</b>	<b>-</b>
Opening balance at January 01, 2019		350,889,181	481,330,629
Add: Addition during the year		(240,400,000)	(69,024,617)
Less: Payment made during the year		522,795,192	412,306,011
Closing balance at December 31, 2019		-	-
<b>8 Other Liabilities</b>		<b>260,061,236</b>	<b>265,938,566</b>
Provision for loans and advances	8.1	48,142,767	42,707,877
Provision for other assets	8.2	-	7,322,127
Gratuity fund	8.3	-	-
Provision for expenses	8.4	1,445,500	170,231
Provision for incentive bonus	8.5	15,394,894	16,239,454
Provision for current tax	8.6	85,285,150	85,466,414
Provision for deferred tax	8.7	-	-
Provision for tax deducted at source		78,444	7,752
Provision for revenue stamp		-	-
Provision for VAT		12,055	17,500
Provision for salary		-	75,112
Payable to Agrani Bank	8.8	55,672,663	55,672,663
Undisbursed salary and benefit		-	54,462
CPF Fund A/C	8.9	-	-
Provision security deposit		-	6,500
Provision for audit fees		196,766	184,000
Interest suspense	8.10	4,737,923	2,463,904
Loan risk/ loan risk coverage fund	8.11	49,095,075	55,550,569

	Note	(Amount in BDT)	
		As at 31 Dec 2019	As at 31 Dec 2018
<b>8.1 Provision for loans and advances</b>			
Opening balance at January 01, 2019		42,707,877	33,572,352
Add: Addition during the year (Annx-A-7)	8.1.1	5,063,869	8,251,931
Add: Transferred from loan risk/loan risk coverage fund	8.1.1	6,448,721	1,306,521
Less: Write off during the year	8.1.1	(6,077,701)	(411,006)
Less: Interest waived during the year 2018		-	(11,920)
<b>Closing balance at December 31, 2019</b>		<b>48,142,767</b>	<b>42,707,877</b>

**8.1.1**

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 2018 was Tk. 4,27,07,877 and an additional amount of Tk.50,63,869 during the year 2019 represented amount recovered from previous write off (principal) loans and advances. In 2017 Bangladesh Bank has 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 and consequently the decision of the Board of the company deficit of required provision has been transferred from Loan Risk/Loan Risk Coverage Fund TK.64,48,721 (note no. 8.11) with the view to adjust the balance gradually. The amount of TK.60,77,701 has been written off from 'loans and advances' during the year 2019.

**8.2 Provision for Other Assets**

Provision for other assets amounting to Tk.73,22,127 represents 100% provision kept against Receivable from Agrani Bank Limited. This has been done as per instruction of Bangladesh Bank's Inspection Team in 2015.

However, as per recent decision of the Audit committee and the Board of the Company, the amounting (55,672,663-73,22,127) Tk. 4,83,50,536 will be paid to the Agrani Bank Limited to adjust Receivable from Agrani Bank Limited Tk. 73,22,127. It has been also agreed by the Holding company, Agrani Bank Limited. Bangladesh Bank has also expressed their opinion to adjust receivable Tk. 73,22,127 with payable of Agrani Bank Limited Tk. 55,672,663. So, there is no need to keep the provision for other assets amounting to Tk.73,22,127 and it has been transferred from provision for other assets to retained earnings for restatements the retained earnings of 2018.

**8.3 Provision for gratuity fund**

Opening balance at January 01, 2019  
Add: Received during this period  
Add: Interest on gratuity fund FDR & bank deposits  
Less: Transfer during the period (VAT, TDS and bank charge)  
Less: Transfer to the gratuity fund  
Closing balance at December 31, 2019

-	37,865,664
-	4,864,339
-	343,887
-	(40,199)
-	(43,033,691)
-	-

A separate accounts has been maintained for gratuity fund from 2016. So all amount (Tk.4,30,33,691) has been transferred to gratuity fund accounts in 2018. As a result, balance during the year 2018 and 2019 is nil.

**8.4 Provision for expenses**

Opening balance at January 01, 2019  
Add: Addition during the period  
Less: Adjusted/transfer during the period  
Closing balance at December 31, 2019

	1,445,500	170,231
8.4.1	170,231	267,231
	1,445,500	33,000
	(170,231)	(130,000)
	<b>1,445,500</b>	<b>170,231</b>

**8.4.1 Provision for expenses added during this period**

Maintenance of software and CIB charge  
Office rent  
Electricity bill  
Travelling expenses/office shifting  
Repair and maintenance of electric equipment and lighting materials  
Repair and maintenance of furniture and fixtures  
Provision for other professional and legal expenses

	1,445,500	33,000
	397,500	-
	700,000	-
	133,000	-
	100,000	-
	50,000	-
	50,000	-
	-	11,500

	Note	(Amount in BDT)	
		As at 31 Dec 2019	As at 31 Dec 2018
Provision for postages		-	1,500
Provision for telephone bill		15,000	20,000
Closing balance at December 31, 2019		<u>1,445,500</u>	<u>33,000</u>
<b>8.5 Provision for Incentive Bonus</b>		<b>15,394,894</b>	<b>16,239,454</b>
Opening balance at January 01, 2019		16,239,454	13,465,105
Add: Provision made during year for all employees		10,280,000	11,680,000
Add: Provision made during year for MD and CEO		320,000	320,000
Less: Payment made during the year for all employees		(11,017,930)	(9,225,651)
Less: Payment made during the year MD and CEO		(426,630)	-
Closing balance at December 31, 2019		<u>15,394,894</u>	<u>16,239,454</u>
<b>8.6 Provision for Current tax</b>		<b>85,285,150</b>	<b>85,466,414</b>
Opening balance at January 01, 2019		85,466,414	52,831,560
Add: Provision for prior year (2015)		1,111,383	-
Add: Provision made during the year		45,522,939	32,634,854
Less: Adjustment with advance tax for revious years		(764,854)	-
Less: Adjustment with advance tax for the year 2015		(35,445,693)	-
Less: Adjustment with advance tax for the year 2016		(10,605,039)	-
Closing balance at December 31, 2019		<u>85,285,150</u>	<u>85,466,414</u>
Provision made during the year includes provision for tax on current year's profit @ 40%, 4,55,22,939/- for year 2019 and Tk. 11,11,383/- for prior year (2015). Besides, it has been also included provision of tax for the previous years (2017 and 2018) as tax assessment under processing by the tax authority. So provision of tax for the year ended '31 december 2017 and 2018 has been included in provision for current tax.			
<b>8.7 Provision for Deferred tax</b>		<b>(148,426)</b>	<b>(808,595)</b>
Fixed Asset as per Accounts		4,482,850	7,886,130
Fixed Asset as per Tax base		(8,205,104)	(11,237,321)
		<u>(3,722,254)</u>	<u>(3,351,191)</u>
Tax Rate		40.00%	40.00%
Deferred Tax Liability/(Assets)		(1,488,902)	(1,340,476)
Deferred Tax Liability/(Assets) as on 31 December 2019 is Tk.(-14,88,902). As on 31 December 2018 balance was Tk.(-13,40,476) and Provision for Deferred tax has been made by Tk.(-1,48,426) during the year 2019.			
<b>8.8 Payable to Agrani Bank Ltd. Tk. 55,672,663</b>			
This represents payable to Agrani Bank Limited on account of final settlement of outstanding loans and advances 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 could not be completed.			
However, as per recent decision of the Audit committee and the Board of the Company, the amounting (55,672,663-73,22,127) Tk. 4,83,50,536 will be paid to the Agrani Bank Limited to adjust Receivable from Agrani Bank Limited Tk. 73,22,127. It has been also agreed by the Holding company, Agrani Bank Limited. Bangladesh Bank has also expressed their opinion to to adjust receivable Tk. 73,22,127 with payable of Agrani Bank Limited Tk. 55,672,663. It is also noted that Tk. 4,83,50,536 has already been paid to the Holding company, Agrani Bank Limited on 03.02.2020.			
<b>8.9 Provision for CPF</b>			
Opening balance at January 01, 2019		-	12,717,143
Add: Received during this period		-	3,849,591
Add: Interest on CPF bank deposit		-	248,284
Less: Transfer during the period (VAT, TDS and bank charge)		-	(25,404)
Less: Transfer to the CPF fund		-	(16,789,614)
Closing balance at December 31, 2019		<u>-</u>	<u>-</u>



Note	(Amount in BDT)	
	As at 31 Dec 2019	As at 31 Dec 2018

A separate account has been maintained for CPF fund from 2016. So all amount (Tk.1,67,89,614) has been transferred to CPF fund account during the year 2018. As a result, closing balance at December 31, 2018 and 2019 is nil.

	4,737,923	2,463,904
8.10 Interest suspense		
Opening balance at January 01, 2019	2,463,904	2,200,249
Add: During this period	8,433,522	5,556,524
Less: Transfer to interest income	(6,159,503)	(5,292,869)
Closing balance at December 31, 2019	<u>4,737,923.00</u>	<u>2,463,904.00</u>
8.11 Loan risk/ loan risk coverage fund	49,095,075	55,550,569
Opening balance at January 01, 2019	55,550,569	56,857,090
Less: Interest waived during the year 2019	(6,773)	-
Less: Transfer to provision for loans and advances (note no. 8.1.1)	(6,448,721)	(1,306,521)
Closing balance at December 31, 2019	<u>49,095,075</u>	<u>55,550,569</u>

In 2017 Bangladesh Bank has 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 and consequently the decision of the Board of the company deficit of required provision against loans and advances has been transferred to Loan Risk/Loan Risk Coverage Fund TK. 64,48,721 (note no. 8.1.1) with the view to adjust the balance gradually. Besides the amount of TK.6,773 has been waived interest during the year 2019.

9 Share capital	5,000,000,000	5,000,000,000
9.1 Authorized Capital:		
The authorized capital of the company is Taka 5,000,000,000 divided into 50,000,000 ordinary shares of Taka. 100.00 each.		
9.2 Issued, subscribed and fully paid up capital:		
Opening balance	1,000,000,000	1,000,000,000
Add: Issued bonus share	-	-
Add: Issued right share	-	-
Closing balance	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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.

9.3 Capital Adequacy ratio (CAR)		
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 2018 was Taka 1000,000,000 (10% of risk weighted assets i.e.) TK. 17,36,40,203 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.1,37,21,16,077 and supplementary capital of TK.79,54,571 making the total capital of TK.1,38,00,68,480 thereby showing a surplus capital/equity of TK.38,00,70,648 at that date. Details are shown below:		

Total Asset including off balance sheet items	2,154,972,506	1,970,978,768
Total risk weighted asset	1,736,402,033	1,427,755,167
Required capital (10% of risk weighted asset)	173,640,203	142,775,517
Minimum Capital Required	1,000,000,000	1,000,000,000
Actual Capital Held	1,380,070,648	1,299,914,918





		(Amount in BDT)	
		As at 31 Dec 2019	As at 31 Dec 2018
	Note		
Core Capital	9.3.1	1,372,116,077	1,292,734,191
Supplementary Capital	9.3.2	7,954,571	7,180,727
Total Capital Surplus/ (deficit)		<u>380,070,648</u>	<u>299,914,918</u>
Capital Adequacy Ratio (CAR) Based on   Basel II framework			
		2019	
		Required	Held
Capital requirement:			
Tier -I (Minimum 10% of RWA)		1,000,000,000	1,372,116,077
Tier -II (Balancing)		-	7,954,571
Total		<u>1,000,000,000</u>	<u>1,380,070,648</u>
9.3.1 Core Capital (Tier -I)			
Paid up Capital		1,000,000,000	1,000,000,000
Statutory Reserve		62,459,340	48,047,388
General Reserve		54,731,264	54,731,264
Retained Earnings		254,925,474	189,955,539
		<u>1,372,116,077</u>	<u>1,292,734,191</u>
9.3.2 Supplementary Capital (Tier - II)			
General Provision maintained against unclassified loans		7,954,571	7,180,727
General Provision @ 1% against off balance sheet exposures		-	-
Asset revaluation reserve		-	-
Revaluation reserve for equity instruments up to 10%		-	-
Revaluation on investment		-	-
		<u>7,954,571</u>	<u>7,180,727</u>
Total Actual Capital Maintained		<u>1,380,070,648</u>	<u>1,299,914,918</u>
9.4 Earnings Per Share (EPS)			
Earnings per Share (EPS) have been computed by dividing the profit after tax by the weighted average number of ordinary shares as on 31 December 2019. It is noted that previously Earnings Per Share (EPS) had been computed by dividing the retained surplus by the weighted average number of ordinary shares. So, Earnings per Share (EPS) have been restated in year 2018.			
10 Statutory reserve			
Opening balance		48,047,388	38,978,313
Add: Transfer from appropriation of profit		14,411,952	9,069,075
Closing Balance		<u>62,459,340</u>	<u>48,047,388</u>
11 General Reserve			
Opening balance		54,731,264	54,731,264
Add: Transfer from appropriation of profit		54,731,264	54,731,264
Less: Issuing bonus share		-	-
Closing balance		<u>54,731,264</u>	<u>54,731,264</u>



		(Amount in BDT)	
		For the year 2019	For the year 2018
<b>12</b>	<b>Interest Income</b>	<b>266,441,369</b>	<b>210,228,960</b>
	Interest on loans and advances	250,542,467	185,497,713
	Interest recovered from write-off loans and advances	2,881,030	3,322,928
	Interest on short term deposit	1,476,178	1,500,008
	Interest on fixed deposit	11,541,694	19,908,311
		<b>29,764,181</b>	<b>11,585,329</b>
<b>13</b>	<b>Interest Paid on Borrowings</b>	<b>29,764,181</b>	<b>11,585,329</b>
	Interest Paid on Borrowing (OD Loan) from Agrani bank Ltd.		
<b>14</b>	<b>Other Operating Income</b>	<b>5,044,136</b>	<b>4,644,828</b>
	Income from selling loan application form	464,300	493,900
	Income from loan processing	1,145,450	1,230,500
	Income from CIB processing	1,112,490	1,531,250
	Income from legal charges recovery	11,968	11,085
	Income from early settlement of loans and advances	1,814,144	1,375,993
	Others income	495,784	2,100
		<b>89,639,482</b>	<b>89,982,588</b>
<b>15</b>	<b>Salaries &amp; Allowances</b>	<b>39,550,843</b>	<b>39,453,017</b>
	Basic salaries (officer and staffs)	17,264,752	17,395,937
	House rents (officer and staffs)	3,070,887	3,166,790
	Medical allowances	8,015,800	8,310,100
	Lunch subsidy	-	14,950
	Wages paid	6,655,600	6,584,720
	Festival bonus	653,620	641,460
	Baishakhi allowances	330,270	358,286
	Overtime expenses	9,806,134	9,846,254
	Gratuity expenses	3,984,496	3,926,575
	CPF expense	307,081	284,500
	Education allowances		
		<b>5,746,048</b>	<b>5,681,583</b>
<b>16</b>	<b>Rent, Taxes, Insurance, Electricity etc.</b>	<b>5,085,864</b>	<b>5,013,219</b>
	Rent on premises	170,306	185,452
	Insurance charge on vehicles	489,878	482,912
	Lighting charges		
		<b>444,543</b>	<b>394,485</b>
<b>17</b>	<b>Postage, Stamps, Telecommunication etc.</b>	<b>210,431</b>	<b>172,105</b>
	Telephone charges (office)	3,297	1,786
	Telephone charges (residence)	4,150	8,175
	Stamps and revenues	226,665	212,419
	Postages		
		<b>153,282</b>	<b>42,250</b>
<b>18</b>	<b>Legal Expenses</b>	<b>7,766</b>	<b>-</b>
	Court fees	-	42,250
	Lawyer's fees	-	-
	Other legal expenses	145,516	-



	For the year 2019	For the year 2018
<b>19 Stationery, Printing, Advertisement etc.</b>	<b>1,311,618</b>	<b>1,526,252</b>
Newspaper & periodicals	146,269	141,064
Printing & stationery	789,586	1,014,294
Advertisement & publicity	375,763	370,894
<b>20 Managing Director's Salary and Allowances</b>	<b>1,960,000</b>	<b>1,960,000</b>
Basic salaries	960,000	960,000
House rent allowances	480,000	480,000
Festival Bonus	160,000	160,000
Domestic/house maintenance allowances	120,000	120,000
Entertainment allowances	120,000	120,000
Cook and gardener allowances	120,000	120,000
<p>Managing Director of the company has received remuneration for the period from 1 January to 31 December 2019 at the rate of Tk.150,000/- per month as per contract.</p>		
<b>21 Directors' Fees and Allowances</b>	<b>336,000</b>	<b>572,000</b>
Honorarium & fees	336,000	572,000
Allowances	-	-
<p>Each director (except MD &amp; CEO) for every attendance in Board/Committee Meeting gets Tk.8,000. No other charges or allowances has not been paid to the directors of the company.</p>		
<b>22 Auditor's Fees</b>	<b>196,766</b>	<b>184,000.00</b>
Audit fees (statutory audit)	184,000	184,000
Audit fees (others)	12,766	-
<b>23 Other Expenses</b>	<b>8,909,844</b>	<b>9,266,776</b>
Petroleum, oil & lubricant for vehicles	501,184	578,298
Travelling expenses (inland)	694,948	759,796
Conveyance allowances for recovery drive	2,060,660	1,791,838
Training expenses	68,553	194,872
Upkeep of office premises	282,284	189,235
Business development expenses	287,158	274,938
Repairs and maintenance of Assets	817,135	652,478
Renovation & maintenance of office premises	-	6,700
E-mail & internet	458,399	434,771
Closing expenses	335,000	339,000
General entertainment	764,271	658,886
Fees & commission	34,914	55,467
Washing charges	9,030	9,324
Bank Charge	64,500	72,360
Excise duty	273,592	245,650
Maintenance of software	1,096,200	1,630,000
Board meeting expense (entertainment)	89,526	67,552
CIB expenses	-	300,000
AGM expenses	62,979	62,720
Other professional and legal expenses	234,500	67,390
Recruitment expenses	23,000	-
VAT expenses	751,086	875,501
Miscellaneous expenses	925	-



**23.1 Repairs and Maintenance of Assets**

- Repairs-motor vehicles
- Repairs-furniture & fixtures
- Repairs-office equipments
- Repairs & maintenance of computers
- Repairs elect. equipment & lighting materials

	For the year 2019	For the year 2018
	158,054	211,271
	76,164	19,590
	38,357	26,507
	434,787	326,693
	109,773	68,417
	<u>817,135</u>	<u>652,478</u>

**24 Performance Evaluation**

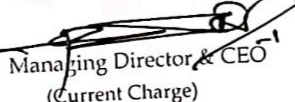
- Return on average investment
- Return on average asset
- Average yield on Loan & Advance
- Average yield on Balance with Banks
- Earning Per Share (Taka)
- Net Asset Value Per Share (Taka)


9.4


	5.41%	3.57%
	3.49%	2.60%
	14.11%	14.15%
	7.86%	6.71%
	7.21	4.53
	137.21	129.37

  
Head of Accounts

  
Chief Financial Officer

  
Managing Director & CEO  
(Current Charge)

  
Director

  
Chairman



**Agrani SML Financing Company Limited**  
**Schedule of Fixed Deposit With other Banks**  
**As at 31 December 2019**

										Annexure-1 (Amount in BDT)		
Sl No	Bank/Financial Institutions Name	Fund/FDR	Opening date	Value as on 31.12.2019	New FDR	Interest received	Tax deducted at source	Bank charge	Others (Duty)	Encashment	Maturity/Transfer	Value as on 31.12.2019
1	Tejgaon Bank Limited	General	15 Jun 19	102,367,740	-	1,638,125	1,762,813	-	75,000	112,077,813	-	-
2	Tejgaon Bank Ltd	General	1 Oct 18	20,000,000	-	425,000	47,347	-	12,000	20,370,500	-	-
3	Tejgaon Bank Ltd	General	1 Oct 18	30,000,000	-	2,364,134	258,413	-	24,000	32,301,721	-	-
4	Agrani Bank (Principal Branch) Ltd	General	06 Nov 18	60,000,000	-	1,441,775	141,178	-	50,000	61,380,598	-	-
4	Tejgaon Bank Ltd	General	1 Oct 19	-	10,000,000	-	-	-	-	-	-	10,000,000
6	Tejgaon Bank Ltd	General	07 Oct 19	-	10,000,000	-	-	-	-	-	-	10,000,000
<b>Total</b>				<b>212,367,740</b>	<b>20,000,000</b>	<b>4,849,034</b>	<b>4,544,903</b>	<b>-</b>	<b>161,000</b>	<b>226,330,631</b>	<b>-</b>	<b>20,000,000</b>

**Summary**

Particulars	Interest Income
Total FDR	45,449,034
Less: FDR Recoverable as on 31.12.18	4,294,000
Add: FDR Recoverable as on 31.12.19	527,420
<b>Balance transferred to Income Statement</b>	<b>41,682,454</b>



**Agrani SME Financing Company Limited**  
Schedule of Fixed Deposit With other Banks  
As at 31 December 2019

Annexure-1 (Amount in BDT)												
SL No.	Bank/Financial Institutions Name	Fund/ FDR	Opening date	Value as on 31.12.2018	New FDR	Interest received	Tax deducted at source	Bank charge	Others (Excise Duty)	Encashment	Maturity/ Transfer	Value as on 31.12.2019
1	LankaBangla Finance	General	13-Jun-17	102,587,500	-	10,628,125	1,062,813	-	75,000	112,077,813	-	-
2	Farmers Bank Ltd	General	1-Oct-18	20,000,000	-	425,000	42,500	-	12,000	20,370,500	-	-
3	Farmers Bank Ltd	General	1-Oct-18	30,000,000	-	2,584,134	258,413	-	24,000	32,301,721	-	-
4	Agrani Bank (Principal Br.) Ltd.	General	06-Nov-18	60,000,000	-	1,811,775	181,178	-	50,000	61,580,588	-	-
4	Padma Bank Ltd.	General	7-Oct-19	-	10,000,000	-	-	-	-	-	-	10,000,000
6	Padma Bank Ltd.	General	07-Oct-19	-	10,000,000	-	-	-	-	-	-	10,000,000
<b>Total</b>				212,587,500	20,000,000	15,449,034	1,544,903	-	161,000	226,330,631	-	20,000,000

Summary:	Particulars	Interest Income
Total FDR		15,449,034
Less: FDR Receivable as on 31-12-18		4,234,760
Addition : FDR Receivable as on 31-12-19		327,420
<b>Balance transferred to income statement</b>		<b>11,541,694</b>



**Agrani SME Financing Company Limited**

Schedule of Interest Income  
As at 31 December 2014

**Annexure-2**

(Amount in BDT)

Sl. No.	Name of Branch/HO	Interest on Loans & Advances	Interest Recovered from Write-off Loans & Advances	Interest on FDR	Interest on Short Term Deposits	Total
1	A Hamid Road Branch, Patna	2,413,037	-	-	56,589	2,469,626
2	Principal Branch, Dhaka	2,625,794	-	-	42,203	2,667,997
3	Natur Bazar Branch, Barisal	5,042,448	-	-	47,092	5,089,540
4	Chandpur Branch, Chandpur	1,746,874	-	-	27,608	1,774,482
5	Gazipur Branch, Gazipur	2,916,635	-	-	33,545	2,950,180
6	Madhabsi Branch	5,500,912	-	-	32,198	5,533,110
7	Sunamgonj Branch, Sunamgonj	4,762,056	-	-	25,064	4,787,120
8	Cumilla Branch, Cumilla	4,028,077	-	-	36,143	4,064,220
9	Moulvibazar Branch, Moulvibazar	853,140	-	-	6,418	859,558
10	Sayestaganj Branch	84,098	-	-	-	84,098
11	Sylhet Branch, Sylhet	26,492	-	-	3,825	30,317
12	Mymensingh Branch, Mymensingh	5,056,715	9,655	-	14,582	5,080,952
13	Muktogacha Branch	7,001,202	-	-	26,838	7,028,040
14	Haluaghat Branch	2,802,805	87,474	-	39,343	2,949,622
15	Trishal Branch	5,868,176	62,331	-	29,036	5,959,543
16	Sherpur Branch, Sherpur	7,268,739	3,112	-	38,527	7,310,378
17	Netrakona Branch, Netrakona	5,816,056	-	-	53,059	5,869,115
18	Kendua Branch	4,057,224	-	-	3,392	4,060,616
19	Fulbaria Branch	3,397,977	1,665	-	-	3,399,642
20	Bhaluka Branch	5,783,159	-	-	48,748	5,831,907
21	Gafargaon Branch	5,011,109	-	-	12,057	5,023,166
22	Ishwarganj Branch	5,620,974	4,300	-	-	5,625,274
23	Nandail Branch	4,074,746	17,792	-	30,026	4,122,564
24	Phulpur Branch	5,927,977	81,607	-	43,222	6,052,806
25	Kishoreganj Branch, Kishoreganj	3,278,873	6,712	-	-	3,285,585
26	Karimganj Branch	4,289,854	-	-	-	4,289,854
27	Katiadi Branch	4,560,983	-	-	-	4,560,983
28	Jamalpur Branch, Jamalpur	5,817,239	15,837	-	-	5,833,076
29	Madhupur Branch	5,840,601	-	-	41,779	5,882,380
30	Gopalpur Branch	4,530,524	-	-	34,662	4,565,186
31	Gouripur Branch	2,739,138	17,292	-	-	2,756,430
32	Pakundia Branch	5,377,535	-	-	25,030	5,402,565
33	Mithamoin Branch	1,854,493	-	-	23,816	1,878,309
34	Faridpur Branch, Faridpur	6,862,915	172,010	-	26,216	7,061,141
35	Charbhadrasan Branch	2,378,189	93,930	-	55,826	2,527,945
36	Sadarpur Branch	3,323,867	6,411	-	28,625	3,358,903
37	Bhanga Branch	6,063,027	664,470	-	47,952	6,775,449
38	Nagarkanda Branch	6,048,750	20,512	-	45,793	6,115,055
39	Boalmari Branch	5,272,715	81,259	-	22,010	5,375,984
40	Alladanga Branch	7,269,140	127,442	-	43,293	7,439,875
41	Rajbari Branch, Rajbari	6,752,332	24,242	-	48,431	6,825,005
42	Pangsha Branch	7,825,513	30,631	-	6,650	7,862,794
43	Goalanda Branch	5,942,779	3,700	-	46,247	5,992,726
44	Gopalganj Branch, Gopalganj	6,756,447	177,344	-	-	6,933,791
45	Tungipara Branch	2,647,759	37,410	-	32,538	2,717,707
46	Kotalipara Branch	6,978,275	641,153	-	39,608	7,659,036
47	Madaripur Branch, Madaripur	6,572,281	30,892	-	-	6,603,173
48	Kalkini Branch	5,297,104	104,937	-	29,224	5,431,265
49	Rajoir Branch	3,892,832	34,901	-	-	3,927,733
50	Shubchar Branch	5,271,338	17,647	-	50,792	5,339,777
51	Shariatpur Branch, Shariatpur	4,690,706	16,079	-	9,088	4,715,873
52	Madhukhali Branch	5,221,847	120,730	-	23,188	5,365,765
53	Baliakandi Branch	4,498,989	167,553	-	-	4,666,542
	<b>Branch Total</b>	<b>250,542,467</b>	<b>2,881,030</b>	<b>-</b>	<b>1,330,482</b>	<b>254,753,979</b>
54	<b>Head Office</b>	<b>-</b>	<b>-</b>	<b>11,541,694</b>	<b>145,696</b>	<b>11,687,390</b>
	<b>Total</b>	<b>250,542,467</b>	<b>2,881,030</b>	<b>11,541,694</b>	<b>1,476,178</b>	<b>266,441,369</b>



**Agrani SME Financing Company Limited**  
Schedule of Other Operating Income  
As at 31 December 2019

**Annexure-3**  
(Amount in BDT)

Sl. No.	Name of Branch/HO	Income from Selling Loan Application Form	Income from Loan Processing	Legal Expenses Recovery	Income from Early Settlement	Income from CIB Processing	Others	Total
1	A Hamid Road Branch, Patna	10,100	25,250	-	38,514	-	-	73,864
2	Principal Branch, Dhaka	2,600	6,500	-	6,905	-	-	16,005
3	Natun Bazar Branch, Barishal	10,800	20,750	-	28,374	-	-	59,924
4	Chandpur Branch, Chandpur	1,600	4,000	-	12,775	-	-	18,375
5	Gazipur Branch, Gazipur	5,400	13,500	-	44,358	-	-	63,258
6	Madhabsi Branch	11,600	29,000	-	44,811	-	-	85,411
7	Sunamgonj Branch, Sunamgonj	9,600	24,000	-	5,742	-	-	39,342
8	Cumilla Branch, Cumilla	5,800	14,500	-	10,260	-	-	30,560
9	Moulivibazar Branch, Moulivibazar	7,000	17,500	-	-	-	-	24,500
10	Savestaganj Branch	1,600	4,000	-	1,104	-	-	6,704
11	Sylhet Branch, Sylhet	700	1,750	-	-	-	-	2,450
12	Mymensingh Branch, Mymensingh	9,600	22,250	-	27,719	-	-	59,569
13	Muktigacha Branch	14,900	37,250	-	79,636	-	-	131,786
14	Haluaghat Branch	4,100	10,250	-	22,337	-	-	36,687
15	Trishal Branch	10,600	26,500	-	26,703	-	-	63,803
16	Sherpur Branch, Sherpur	13,200	33,000	-	68,049	-	-	114,249
17	Netrakona Branch, Netrakona	11,900	29,750	-	20,954	-	-	62,604
18	Kendua Branch	5,800	14,500	-	17,921	-	-	38,221
19	Fulbaria Branch	7,000	17,500	-	40,680	-	-	65,180
20	Bhaluka Branch	10,800	27,000	-	52,389	-	-	90,189
21	Galargaon Branch	9,600	24,000	-	71,475	-	-	105,075
22	Ishwarganj Branch	10,500	26,250	-	90,131	-	-	126,881
23	Nandail Branch	6,200	15,500	-	22,033	-	-	43,733
24	Phulpur Branch	12,200	30,500	-	24,489	-	-	67,189
25	Kishoreganj Branch, Kishoreganj	4,200	10,500	-	14,826	-	-	29,526
26	Karimganj Branch	6,800	17,000	-	3,666	-	-	27,466
27	Katiadi Branch	9,600	24,000	-	20,797	-	-	54,397
28	Jamalpur Branch, Jamalpur	8,600	21,500	-	61,468	-	-	91,568
29	Madhupur Branch	11,500	28,750	-	19,014	-	-	59,264
30	Gopalpur Branch	9,700	24,250	-	14,234	-	-	48,184
31	Couripur Branch	3,200	8,000	-	20,062	-	-	31,262
32	Pakundia Branch	15,300	38,250	-	100,566	-	-	154,116
33	Mithamoin Branch	7,500	18,750	-	9,986	-	-	36,236
34	Faridpur Branch, Faridpur	10,300	25,750	-	41,195	-	4,500	81,745
35	Charbhadrason Branch	5,600	14,000	-	19,937	-	-	39,537
36	Sadarpur Branch	4,700	11,750	-	24,496	-	-	40,946
37	Bhanga Branch	15,000	37,500	-	25,418	-	-	77,918
38	Nagarkanda Branch	7,700	12,950	-	26,464	-	-	47,114
39	Boalmari Branch	10,700	25,750	-	53,974	-	1,050	91,474
40	Alfadanga Branch	13,500	33,750	-	94,887	-	-	142,137
41	Rajbari Branch, Rajbari	11,500	28,750	-	49,235	-	-	89,485
42	Pangsha Branch	16,700	41,750	-	62,817	-	-	121,267
43	Goalanda Branch	9,500	23,750	1,000	54,543	-	-	88,793
44	Gopalgonj Branch, Gopalgonj	8,900	22,250	-	24,279	-	-	55,429
45	Tungipara Branch	6,100	15,250	-	27,361	-	-	48,711
46	Kotalipara Branch	13,200	33,000	1,110	62,930	-	-	110,240
47	Madaripur Branch, Madaripur	11,100	27,750	-	56,004	-	-	94,854
48	Kalkini Branch	11,100	27,750	-	23,350.00	-	-	62,200
49	Rajoir Branch	1,800	4,500	-	24,023	-	-	30,323
50	Shibchar Branch	13,800	34,500	-	26,509	-	-	74,809
51	Shariatpur Branch, Shariatpur	7,900	19,750	-	47,763	-	-	75,413
52	Madhukhali Branch	9,200	23,000	-	24,294	-	-	56,494
53	Baliakandi Branch	6,400	16,000	9,858	22,686	-	-	54,944
	<b>Branch Total</b>	<b>464,300</b>	<b>1,145,450</b>	<b>11,968</b>	<b>1,814,144</b>	<b>-</b>	<b>5,550</b>	<b>3,441,412</b>
54	<b>Head Office</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,112,490</b>	<b>490,234</b>	<b>1,602,724</b>
	<b>Total</b>	<b>464,300</b>	<b>1,145,450</b>	<b>11,968</b>	<b>1,814,144</b>	<b>1,112,490</b>	<b>495,784</b>	<b>5,044,136</b>





**Agrani SME Financing Company Limited**  
Balance with other Banks  
As at 31 December 2019

**Annexure-4**  
(Amount in BDT)

SL No.	Branches/H/O	STD Revolving Bank A/C	Operational Expenses Bank A/C	Recruitment Bank A/C	Others (if any)	2019	2018
1	A Hamid Road Branch, Pabna	570,001	-	-	-	570,001	880,795
2	Principal Branch, Dhaka	317,321	1,877	-	-	319,198	534,492
3	Natun Bazar Branch, Barishal	742,427	-	-	-	742,427	1,291,515
4	Chandpur Branch, Chadpur	264,454	-	-	-	264,454	1,038,139
5	Gazipur Branch, Gazipur	593,825	1,020	-	-	594,844	875,140
6	Madhabdi Branch	193,168	-	-	-	193,168	663,578
7	Sunamgonj Branch, Sunamgonj	444,528	-	-	-	444,528	503,289
8	Cumilla Branch, Cumilla	275,023	-	-	-	275,023	1,074,480
9	Moulivibazar Branch, Moulivibazar	375,248	-	-	-	375,248	-
10	Sayestaganj Branch	121,369	4,735	-	-	126,104	-
11	Sylhet Branch, Sylhet	151,311	1,276	-	-	152,587	-
12	Mymensingh Branch, Mymensingh	515,111	391	-	-	515,503	689,871
13	Muktagacha Branch	800,665	65	-	-	800,729	1,208,712
14	Haluaghat Branch	937,056	-	-	-	937,056	1,991,064
15	Trishal Branch	304,700	1,542	-	-	306,242	931,943
16	Sherpur Branch, Sherpur	507,095	34	-	-	507,129	1,670,968
17	Netrakona Branch, Netrakona	2,237,904	41	-	-	2,237,944	2,949,867
18	Kendua Branch	1,331,161	401	-	-	1,331,562	824,837
19	Fulbaria Branch	1,390,249	1,000	-	-	1,391,249	546,932
20	Bhaluka Branch	820,471	-	-	-	820,471	1,405,622
21	Gafargaon Branch	495,035	729	-	-	495,765	521,176
22	Ishwarganj Branch	1,046,553	1	-	-	1,046,554	1,640,956
23	Nandail Branch	426,736	890	-	-	427,626	330,453
24	Phulpur Branch	528,092	0	-	-	528,093	2,598,819
25	Kishoreganj Branch, Kishoreganj	366,083	-	-	-	366,083	456,476
26	Karimganj Branch	459,511	1	-	-	459,512	916,948
27	Katiadi Branch	436,520	1	-	-	436,521	2,337,249
28	Jamalpur Branch, Jamalpur	1,384,301	-	-	-	1,384,301	1,150,856
29	Madhupur Branch	533,222	642	-	-	533,864	488,588
30	Gopalpur Branch	136,085	-	-	-	136,085	786,525
31	Gouripur Branch	1,656,543	422	-	-	1,656,965	2,885,664
32	Pakundia Branch	513,260	-	-	-	513,260	1,144,111
33	Alithamoin Branch	876,122	518	-	-	876,641	782,572
34	Faridpur Branch, Faridpur	1,336,517	381	-	-	1,336,898	149,166
35	Charbhadrasan Branch	278,123	-	-	-	278,123	637,608
36	Sadarpur Branch	631,384	-	-	-	631,384	1,683,435
37	Bhanga Branch	386,165	-	-	-	386,165	2,705,837
38	Nagarkanda Branch	335,682	-	-	-	335,682	1,460,233
39	Boalmari Branch	407,752	197	-	-	407,949	261,047
40	Alfadanga Branch	927,362	784	-	-	928,146	764,254
41	Rajbari Branch, Rajbari	579,689	0.0	-	-	579,689	2,636,610
42	Pangsha Branch	769,117	-	-	-	769,117	1,993,169
43	Goalanda Branch	710,626	316	-	-	710,942	1,355,261
44	Gopalganj Branch, Gopalganj	606,091	160	-	-	606,251	2,569,135
45	Tungipara Branch	236,228	23	-	-	236,251	1,358,206
46	Kotalipara Branch	519,023	763	-	-	519,786	1,546,741
47	Madaripur Branch, Madaripur	268,892	637	-	-	269,529	1,033,849
48	Kalkini Branch	397,893	600	-	-	398,493	650,231
49	Rajoir Branch	496,527	-	-	-	496,527	1,969,667
50	Shibchar Branch	1,079,006	-	-	-	1,079,006	1,769,687
51	Shariatpur Branch, Shariatpur	379,458	-	-	-	379,458	635,865
52	Madhukhali Branch	662,090	1,078	-	-	663,168	2,302,833
53	Baliakandi Branch	500,054	1,165	-	-	501,219	1,628,755
	<b>Branches Total</b>	<b>33,258,827</b>	<b>21,689</b>	-	-	<b>33,280,516</b>	<b>64,233,226</b>
	<b>Head Office</b>	<b>50,650</b>	<b>844,457</b>	-	<b>58</b>	<b>895,164</b>	<b>159,491</b>
	<b>Grand total</b>	<b>33,309,477</b>	<b>866,146</b>	-	<b>58</b>	<b>34,175,681</b>	<b>64,392,717</b>



**Agrani SME Financing Company Limited**

Schedule of Loan Outstanding (Principal)

As at 31 December 2019

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

SL No.	Branches Name	Rural/Urban Branches	2019	2018
1	A Hamid Road Branch, Palma	Urban Branch	57,723,571	43,974,395
2	Principal Branch, Dhaka	Urban Branch	20,351,719	16,694,849
3	Natun Bazar Branch, Barishal	Urban Branch	39,476,138	34,121,824
4	Chandpur Branch, Chandpur	Urban Branch	12,959,978	14,180,342
5	Gazipur Branch, Gazipur	Urban Branch	23,795,338	19,153,973
6	Madhabdi Branch	Rural Branch	49,246,353	32,872,211
7	Sunamgonj Branch, Sunamgonj	Urban Branch	37,477,615	25,430,831
8	Cumilla Branch, Cumilla	Urban Branch	29,565,364	25,699,629
9	Moulivibazar Branch, Moulivibazar	Urban Branch	13,292,690	-
10	Sayestaganj Branch	Rural Branch	2,928,922	-
11	Sylhet Branch, Sylhet	Urban Branch	1,277,492	-
12	Mymensingh Branch, Mymensingh	Urban Branch	42,084,601	31,017,924
13	Mukttagacha Branch	Rural Branch	56,014,102	44,110,536
14	Haluaghat Branch	Rural Branch	22,543,135	21,816,887
15	Trishal Branch	Rural Branch	48,669,689	32,959,877
16	Sherpur Branch, Sherpur	Urban Branch	60,482,464	43,157,981
17	Netrakona Branch, Netrakona	Urban Branch	50,441,391	34,960,388
18	Kendua Branch	Rural Branch	30,551,066	25,947,493
19	Fulbaria Branch	Rural Branch	26,800,872	20,921,700
20	Bhaluka Branch	Rural Branch	44,907,242	36,709,007
21	Gafargaon Branch	Rural Branch	37,611,394	29,176,812
22	Ishwarganj Branch	Rural Branch	48,485,539	36,480,713
23	Nandail Branch	Rural Branch	31,244,569	25,412,872
24	Phulpur Branch	Rural Branch	52,090,933	34,794,973
25	Kishoreganj Branch, Kishoreganj	Urban Branch	23,157,784	24,445,896
26	Karimganj Branch	Rural Branch	34,677,867	28,600,503
27	Katiadi Branch	Rural Branch	39,392,172	27,895,905
28	Jamalpur Branch, Jamalpur	Urban Branch	46,367,147	36,956,709
29	Madhupur Branch	Rural Branch	42,916,233	38,873,242
30	Gopalpur Branch	Rural Branch	36,194,924	27,972,000
31	Gouripur Branch	Rural Branch	20,422,589	20,615,721
32	Pakundia Branch	Rural Branch	45,562,233	31,130,893
33	Mithamoin Branch	Rural Branch	14,641,404	11,332,332
34	Faridpur Branch, Faridpur	Urban Branch	48,589,966	42,519,956
35	Charbhadrason Branch	Rural Branch	22,522,265	18,574,466
36	Sadarpur Branch	Rural Branch	23,034,334	22,194,170
37	Bhanga Branch	Rural Branch	50,221,286	36,482,413
38	Nagarkanda Branch	Rural Branch	41,774,940	41,378,681
39	Boalmari Branch	Rural Branch	44,703,034	34,037,303
40	Alfadanga Branch	Rural Branch	56,531,909	44,233,290
41	Rajbari Branch, Rajbari	Urban Branch	50,736,024	41,105,089
42	Pangsha Branch	Rural Branch	62,542,324	50,910,129
43	Goalanda Branch	Rural Branch	44,168,242	39,732,696
44	Gopalgonj Branch, Gopalgonj	Urban Branch	51,700,035	42,569,816
45	Tungipara Branch	Rural Branch	20,501,977	16,985,192
46	Kotalipara Branch	Rural Branch	57,322,771	43,031,002
47	Madaripur Branch, Madaripur	Urban Branch	51,127,574	42,371,801
48	Kalkini Branch	Rural Branch	47,762,219	31,727,566
49	Rajoir Branch	Rural Branch	31,645,373	36,471,660
50	Shibchar Branch	Rural Branch	39,774,686	32,736,267
51	Shariatpur Branch, Shariatpur	Urban Branch	36,266,910	30,399,136
52	Madhukhali Branch	Rural Branch	42,907,032	33,058,050
53	Baliakandi Branch	Rural Branch	33,801,475	31,055,497
Total Rural Branches (A)			1,304,115,105	1,040,232,059
Total Urban Branches (B)			696,873,801	548,760,539
Grand Total (A+B)			2,000,988,905	1,588,992,597



**Agrani SME Financing Company Limited**  
**Interest Suspense Account**  
As at 31 December 2019

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

Sl. No.	Branch Name	Opening Balance as on 01-01-2019	Addition during the year 2019	Transfer to Interest Income	Closing Balance as on 31-12-2019
1	A Hamid Road Branch, Pabna	24,007.00	113,897.00	26,339.00	111,565.00
2	Principal Branch, Dhaka	26,702.00	134,375.00	35,500.00	125,577.00
3	Natun Bazar Branch, Barishal	9,832.00	130,428.00	40,712.00	99,548.00
4	Chandpur Branch, Chandpur	191,158.00	548,319.00	447,766.00	291,711.00
5	Gazipur Branch, Gazipur	14,681.00	144,623.00	38,177.00	121,127.00
6	Madhabshi Branch	-	-	-	-
7	Sunamgonj Branch, Sunamgonj	3,736.00	55,696.00	57,387.00	2,045.00
8	Cumilla Branch, Cumilla	-	10,372.00	-	10,372.00
9	Moulivibazar Branch, Moulivibazar	-	-	-	-
10	Savestaganj Branch	-	-	-	-
11	Sylhet Branch, Sylhet	-	-	-	-
12	Mymensingh Branch, Mymensingh	66,500.00	891,217.00	875,641.00	82,076.00
13	Muktogacha Branch	4,887.00	76,657.00	40,957.00	40,587.00
14	Haluaghat Branch	242,998.00	284,009.00	293,699.00	233,308.00
15	Trishal Branch	1,726.00	22,363.00	18,317.00	5,772.00
16	Sherpur Branch, Sherpur	449.00	24,843.00	7,970.00	17,322.00
17	Netrakona Branch, Netrakona	24,478.00	147,880.00	140,357.00	32,001.00
18	Kendua Branch	-	11,680.00	3,562.00	8,118.00
19	Fulbaria Branch	5,739.00	27,040.00	25,381.00	7,398.00
20	Bhaluka Branch	1,646.00	22,130.00	18,792.00	4,984.00
21	Gafargaon Branch	-	13,888.00	10,673.00	3,215.00
22	Ishwarganj Branch	46,264.00	243,961.00	181,701.00	108,524.00
23	Nandail Branch	11,681.00	59,632.00	43,171.00	28,142.00
24	Phulpur Branch	69,448.00	66,403.00	41,175.00	94,676.00
25	Kishoreganj Branch, Kishoreganj	44,285.00	492,309.00	408,448.00	128,146.00
26	Karimganj Branch	53,486.00	355,879.00	289,007.00	120,358.00
27	Katiadi Branch	45,222.00	125,171.00	70,178.00	100,215.00
28	Jamalpur Branch, Jamalpur	-	5,370.00	2,755.00	2,615.00
29	Madhupur Branch	4,917.00	211,359.00	132,712.00	83,564.00
30	Gopalpur Branch	481.00	1,535.00	1,441.00	575.00
31	Gouripur Branch	245,495.00	335,085.00	279,191.00	301,389.00
32	Pakundia Branch	-	-	-	-
33	Mithamoin Branch	4,672.00	15,729.00	1,623.00	18,778.00
34	Faridpur Branch, Faridpur	191,704.00	130,134.00	142,512.00	179,326.00
35	Charbhadrasan Branch	23,338.00	169,321.00	96,966.00	95,693.00
36	Sadarpur Branch	112,443.00	113,976.00	71,263.00	155,156.00
37	Bhanga Branch	14,862.00	55,594.00	29,208.00	41,248.00
38	Nagarkanda Branch	184,761.00	363,036.00	338,797.00	209,000.00
39	Boalmari Branch	99,515.00	237,561.00	198,488.00	138,588.00
40	Alfadanga Branch	53,975.00	153,320.00	108,480.00	98,815.00
41	Rajbari Branch, Rajbari	13,746.00	173,783.00	106,263.00	81,266.00
42	Pangsha Branch	60,045.00	261,149.00	167,760.00	153,434.00
43	Goalanda Branch	-	50,104.00	39,782.00	10,322.00
44	Gopalgonj Branch, Gopalgonj	81,545.00	401,992.00	226,958.00	256,579.00
45	Tuegipara Branch	19,769.00	61,258.00	20,907.00	60,120.00
46	Kotalipara Branch	3,883.00	87,938.00	13,863.00	77,958.00
47	Madaripur Branch, Madaripur	17,414.00	38,161.00	27,587.00	27,988.00
48	Kalkini Branch	212,415.00	242,558.00	201,237.00	253,736.00
49	Rajoir Branch	216,563.00	1,078,985.00	654,365.00	641,183.00
50	Shilchar Branch	3,592.00	73,398.00	43,742.00	33,248.00
51	Shariatpur Branch, Shariatpur	2,456.00	80,388.00	65,707.00	17,137.00
52	Madhukhali Branch	5,005.00	16,305.00	10,384.00	10,926.00
53	Baliakandi Branch	2,383.00	72,711.00	62,602.00	12,492.00
	<b>Total</b>	<b>2,463,904.00</b>	<b>8,433,522.00</b>	<b>6,159,503.00</b>	<b>4,737,923.00</b>





**Agrani SME Financing Company Limited**  
Schedule of write-off loans and advances  
As at 31 December 2019

**Annexure-7**  
(Amount in BDT)

Sl. No.	Branch Name	Opening Balance as on 01-01-2019	Write off During the Year 2019			Write off Recovery During the Year 2019			Closing Balance as on 31-12-2019
			Principal	Interest suspense	Total	Principal	Interest suspense	Total	
1	A Hamid Road Branch, Pabna	-	-	-	-	-	-	-	-
2	Principal Branch, Dhaka	-	-	-	-	-	-	-	-
3	Natun Bazar Branch, Barishal	-	-	-	-	-	-	-	-
4	Chandpur Branch, Chandpur	-	-	-	-	-	-	-	-
5	Gazipur Branch, Gazipur	-	-	-	-	-	-	-	-
6	Madhabdi Branch	-	-	-	-	-	-	-	-
7	Sunamganj Branch, Sunamganj	-	-	-	-	-	-	-	-
8	Cumilla Branch, Cumilla	-	-	-	-	-	-	-	-
9	Moulivibazar Branch, Moulivibazar	-	-	-	-	-	-	-	-
10	Sayestaganj Branch	-	-	-	-	-	-	-	-
11	Sylhet Branch, Sylhet	-	-	-	-	-	-	-	-
12	Mymensingh Branch, Mymensingh	849,750	-	-	-	35,025.00	-	35,025.00	814,725.00
13	Muktajyoti Branch	83,365	154,161	-	154,161.00	10,500.00	-	10,500.00	227,026.00
14	Haluaghat Branch	1,716,596	-	-	-	239,165.00	-	239,165.00	1,477,431.00
15	Trishal Branch	433,733	-	-	-	62,839.00	-	62,839.00	370,894.00
16	Sherpur Branch, Sherpur	753,247	158,520	-	158,520.00	82,218.00	-	82,218.00	829,549.00
17	Netrakona Branch, Netrakona	248,051	-	-	-	56,740.00	-	56,740.00	191,311.00
18	Kendua Branch	120,772	-	-	-	6,560.00	-	6,560.00	114,212.00
19	Fulbaria Branch	414,986	-	-	-	39,825.00	-	39,825.00	375,161.00
20	Bhaluka Branch	-	-	-	-	-	-	-	-
21	Gafarganj Branch	191,719	-	-	-	45,400.00	-	45,400.00	146,319.00
22	Ishwardi Branch	2,259,645	154,030	-	154,030.00	41,182.00	-	41,182.00	2,372,493.00
23	Nandail Branch	318,148	28,505	-	28,505.00	53,922.00	-	53,922.00	292,731.00
24	Phulpur Branch	1,187,650	1,167,183	-	1,167,183.00	74,076.00	-	74,076.00	2,280,757.00
25	Kishoreganj Branch, Kishoreganj	466,406	153,732	3,490.00	157,222.00	100,000.00	-	100,000.00	523,628.00
26	Karimganj Branch	132,895	-	-	-	1,000.00	-	1,000.00	131,895.00
27	Katiadi Branch	123,342	-	-	-	5,500.00	-	5,500.00	117,842.00
28	Jamalpur Branch, Jamalpur	392,069	-	-	-	42,133.00	-	42,133.00	349,936.00
29	Madhupur Branch	16,395	57,999	-	57,999.00	4,654.00	-	4,654.00	69,740.00
30	Gopalpur Branch	66,545	-	-	-	31,860.00	-	31,860.00	34,685.00
31	Gouripur Branch	717,585	-	-	-	17,208.00	-	17,208.00	700,377.00
32	Pakundia Branch	-	-	-	-	-	-	-	-
33	Mithamoin Branch	-	-	-	-	-	-	-	-
34	Faridpur Branch, Faridpur	2,604,798	-	-	-	418,035.00	-	418,035.00	2,186,763.00
35	Charbhudrasan Branch	6,169,389	787,217	-	787,217.00	386,398.00	-	386,398.00	6,570,208.00
36	Sadarpur Branch	936,186	51,478	57,710.00	109,188.00	111,765.00	-	111,765.00	933,609.00
37	Bianga Branch	2,452,640	104,358	-	104,358.00	567,998.00	-	567,998.00	1,989,000.00
38	Najarkanda Branch	922,305	-	-	-	116,899.00	-	116,899.00	805,406.00
39	Buamari Branch	1,593,215	574,120	-	574,120.00	143,326.00	-	143,326.00	2,024,009.00
40	Alfadanga Branch	1,605,200	99,198	-	99,198.00	275,178.00	-	275,178.00	1,429,220.00
41	Rajshahi Branch, Rajshahi	1,860,451	287,364	-	287,364.00	166,068.00	-	166,068.00	1,981,747.00
42	Pangsha Branch	770,069	-	-	-	203,469.00	-	203,469.00	566,600.00
43	Gaulanda Branch	271,040	-	-	-	35,943.00	-	35,943.00	235,097.00
44	Copalgonj Branch, Copalgonj	1,686,250	414,482	-	414,482.00	136,277.00	-	136,277.00	1,964,455.00
45	Tungipura Branch	1,411,459	441,681	-	441,681.00	89,775.00	-	89,775.00	1,763,365.00
46	Kotalipara Branch	1,525,935	110,280	-	110,280.00	317,999.00	-	317,999.00	1,318,216.00
47	Madaripur Branch, Madaripur	1,624,847	-	-	-	35,148.00	-	35,148.00	1,589,699.00
48	Kalkani Branch	2,164,970	460,839	-	460,839.00	93,877.00	-	93,877.00	2,531,932.00
49	Rajour Branch	2,756,792	514,377	-	514,377.00	127,769.00	-	127,769.00	3,143,400.00
50	Shilchar Branch	1,589,330	118,914	-	118,914.00	298,594.00	-	298,594.00	1,409,850.00
51	Shariatpur Branch, Shariatpur	524,793	239,263	-	239,263.00	52,621.00	-	52,621.00	711,435.00
52	Madhukhali Branch	1,081,481	-	-	-	314,307.00	-	314,307.00	767,174.00
53	Bahakandi Branch	1,844,598	-	-	-	222,616.00	-	222,616.00	1,621,982.00
	<b>Total</b>	<b>45,888,647</b>	<b>6,077,701</b>	<b>61,200</b>	<b>6,138,901</b>	<b>5,063,869</b>	<b>-</b>	<b>5,063,869</b>	<b>46,963,679</b>

