

MANAGING DIRECTOR & CEO'S STATEMENT



Our vision isn't
quarter to quarter,
but decade to decade

At Bangladesh Finance, we believe resilience isn't built through shortcuts, it's forged by facing challenges head-on and making difficult decisions today for a stronger tomorrow. Over the past year, we made a bold strategic choice: to take full provisions against all stressed and classified loans; without seeking regulatory waivers or phased options. The short-term cost was real, but it was the right decision and it was ours.

Why did we do this?

Because transparency is our commitment to stakeholders & we want to start the next chapter on a clean slate free from legacy burdens. Our vision isn't quarter-to-quarter, but decade-to-decade.

By absorbing the full impact now, our balance sheet reflects true risk not deferred risk. Our capital is genuinely stronger not artificially preserved. And every recovery going forward will directly strengthen our bottom line, free from accounting shadows. This decision is already driving a cultural shift across the organization towards accountability, sharper credit discipline, and a future-facing mindset. We're investing in smarter underwriting, stronger risk systems, and agile recovery. We're not just building a finance company we're building an institution.

Global leaders like HDFC Ltd and DBS Bank, and even progressive local players, have shown how proactive provisioning and prudent risk management create long-term shareholder value. We're aligning ourselves with that standard.

This moment may seem like a pause; but it's actually a launchpad. We're emerging more resilient, more focused, and better prepared for sustainable growth.

Thank you for your continued trust. Together, we are not just navigating change, we are leading it.



As we present our Annual Report for 2024, I reflect on a year defined by global uncertainty, local economic adjustment, and deep institutional introspection. Yet, amidst these challenges, Bangladesh Finance has emerged not weakened, but refocused poised for transformation, resilience, and sustainable growth.

We live in a world of growing complexities. The global economy in 2024 remained under strain from persistent inflationary pressure, war-induced disruptions, geopolitical fragmentation, and a heightened cost of capital. At the same time, climate urgency, digital acceleration, and the shifting preferences of consumers and investors have dramatically altered the operating canvas for financial institutions across markets. These transitions are neither temporary nor peripheral they represent a fundamental reshaping of the financial industry.

Bangladesh, too, faced formidable headwinds. Growth moderated, inflation remained stubbornly high, and liquidity challenges reverberated across the banking and non-bank financial institution (NBFI) sectors. Nevertheless, at Bangladesh Finance, we have chosen not merely to survive these shocks, but to respond to them with strategy, structure, and an unwavering commitment to sustainable, inclusive progress.

Global Economic Landscape: Persistent Volatility and Shifting Priorities

The global economy in 2024 continued to experience dislocation. Although pandemic recovery progressed in many advanced economies, inflation proved more persistent than expected, with global consumer prices driven higher by energy costs, input shortages, and wage pressures. In response, major central banks including the U.S. Federal Reserve, the European Central Bank, and others tightened monetary policy through multiple interest rate hikes.

This tightening, while necessary to anchor inflation expectations, came at the cost of dampened investment, constrained liquidity, and increased debt servicing pressure, particularly in developing economies. Financial markets experienced pronounced volatility, and credit appetite shrank across sectors. Meanwhile, ongoing geopolitical instability from the prolonged Russia-Ukraine conflict to tensions in the Middle East further disrupted supply chains and eroded investor confidence.

In parallel, the world witnessed rapid technological transformation. Artificial intelligence, digital finance, and green technology emerged not as niche innovations, but as foundational forces shaping the future of work, business, and consumption. Sustainability, once a peripheral consideration, has now taken center stage in

the global financial system with ESG metrics increasingly influencing capital flows and investor sentiment.

Bangladesh: Economic Resilience Amid Fiscal and Structural Pressure

In this environment, Bangladesh continued to exhibit structural resilience, but not without sacrifice. Real GDP growth moderated to 6.1% in FY 2022–23, well below the decade's highs, reflecting the compounded impact of global demand contraction, import restrictions, and inflation that averaged 9.48% over the year. Domestic consumption slowed, export growth decelerated, and investor confidence in the capital market remained subdued.

Remittance inflows, although stable in absolute terms, were insufficient to cover a widening current account deficit. The foreign exchange reserve declined further as external debt repayments grew and the taka experienced depreciation. Liquidity stress intensified across financial institutions, and the cost of funds increased in tandem with market-based interest rate adjustments.

The enactment of the Finance Companies Act 2023 introduced structural reforms for NBFIs but also introduced transitional challenges, particularly in deposit mobilization and regulatory compliance.

Bangladesh Finance in 2024: A Year of Hard Decisions and Bold Redirection

In 2024, Bangladesh Finance PLC navigated one of the most demanding financial environments in recent memory both domestically and globally. Against a backdrop of inflationary pressures, tightened liquidity, market volatility, and the lingering aftershocks of the pandemic, the company undertook a bold and disciplined approach to preserve long-term stability, anchored firmly in transparency, prudence, and institutional integrity.

Recognizing that short-term optics must not come at the cost of long-term sustainability, Bangladesh Finance embraced a forward-looking provisioning strategy aimed at fully absorbing potential credit risk and fortifying the company's balance sheet. The institution undertook comprehensive provisioning across all classified loans, leases, and investments without seeking any regulatory forbearance. This was not merely a compliance exercise, but a conscious and values-driven decision to uphold the highest standards of financial governance.

As of December 31, 2024, the company successfully reduced its Non-Performing Loan (NPL) ratio to **9.26%**, a significant improvement from **11.20%** in 2023. Simultaneously, Bangladesh Finance maintained an exceptionally high provision and suspense coverage ratio of **786.93%**,

2024 was a year of deliberate choices and disciplined execution. We did not chase short-term profits—we prioritized the foundation for long-term strength. By embracing transparency, enhancing risk buffers, and making bold provisions without compromise, we reaffirmed our commitment to responsible governance and stakeholder trust. The road ahead is challenging, but we are now better positioned—stronger, sharper, and more aligned with our mission to be a resilient and trusted partner in national economic development.



"Our pivot toward retail, SME, and green finance is not just a business shift—it's a strategic commitment to inclusive, sustainable growth. In 2024, we took bold steps to rebalance our portfolio, reduce concentration risk, and directly support the grassroots economy. Through innovative partnerships and pioneering products like 'Bijoy', we are expanding access to finance for underserved communities, especially women, and reinforcing our role as a catalyst for equitable economic development."

signaling a deep buffer against future credit losses and demonstrating the management's foresight and accountability to stakeholders.

To further shield its financial position from residual stress especially from corporate exposures and negative equity in margin loans Bangladesh Finance transferred **BDT 1,233.06 million** to its interest suspense account and allocated **BDT 7,846.77 million** toward provisioning during the year. These decisive actions resulted in a reported **consolidated net loss after tax of BDT 7,937.86 million**, compared to **BDT 1,042.47 million** in 2023.

Despite the gravity of this financial impact, the company's leadership remains confident that this recalibration positions Bangladesh Finance on a stronger and more resilient footing. "2024 was not a year of record profits, it was a year of realignment," remarked the Managing Director & CEO. "We made tough decisions, not for immediate gains, but for long-term strength, accountability, and stakeholder trust."

Looking ahead, Bangladesh Finance is executing a comprehensive recovery roadmap that emphasizes:

- **Asset quality improvement** through robust risk screening and enhanced collections
- **Diversification of the loan portfolio**, with a strategic shift toward SME, retail, and Shariah-compliant financing
- **Technology-driven credit risk controls** and operational efficiency
- **Proactive recovery mechanisms** including legal proceedings, client renegotiation, out-of-court settlements, and third-party collection partnerships
- **And cost optimization** alongside liquidity preservation to rebuild financial strength

The company's provisioning strategy, though initially exerting pressure on capital and earnings, is expected to yield long-term benefits in terms of asset quality, earnings predictability, and stakeholder confidence. Bangladesh Finance is fully committed to restoring profitability through recoveries, operational excellence, and responsible lending practices.

As the Board of Directors formally approved the audited financial statements for the year ending December 31, 2024, in its meeting held on April 17, 2025, the company looks to the future with clarity and conviction.

Bangladesh Finance's unwavering stance in 2024 reinforces its core identity not just as a financial institution, but as a trusted partner in national economic development. The decisions made this year were not reactive, they were foundational. In prioritizing transparency over expediency, sustainability

over speculation, and long-term value over short-term gain, Bangladesh Finance has demonstrated what it truly means to be a resilient, future-ready, and principled institution.

Strategic Transformation: A Clear Pivot to Retail, SME, and Green Finance

Amid the challenges, we remained firmly anchored to our long-term strategy: to shift from a heavily corporate-centric model to one that is inclusive, diversified, and impact-driven.

In 2024, our loans and leases portfolio increased by 4%, led by a 7.55% growth in retail finance and a 2.71% increase in SME lending. At the same time, our corporate portfolio was strategically reduced by 2.72%, consistent with our de-risking roadmap.

Our innovative **collaboration model** partnering with corporates, NGOs, and distribution networks has enabled us to reach the grassroots economy without extensive branch expansion. This model delivers short-term, collateral-free loans to micro-entrepreneurs, farmers, and rural consumers with exceptional recovery rates, often approaching 100%. Through partnerships with Akij Group, Bangla Mark, and others, we now finance the value chains of agriculture, construction, and retail helping build economic capacity at the last mile.

Women's financial inclusion remained central to our mission. Our signature product, '**Bijoy**', offers collateral-free loans up to BDT 50 lakh at only 4% interest, disbursed within four working days. This initiative not only empowers women entrepreneurs but also positions Bangladesh Finance as a leader in gender-responsive financing in the NBFI sector.

Digital and Operational Excellence

Our digital transformation journey accelerated in 2024. We expanded paperless onboarding, automated credit assessment workflows, and enhanced our mobile and web platforms for customer interaction. These efforts are not merely about convenience they are about scale, agility, and access.

We recognize that digital is not just a delivery channel it is an operating philosophy. In 2025, we will launch our end-to-end **digital financial ecosystem**, integrating deposits, lending, investments, and insurance into a seamless user experience.

Internally, we adopted agile work models, upskilled teams for data analytics and risk modeling, and initiated organization-wide digitization of operations. As part of our people-first strategy, we also invested in employee wellness, remote-work enablement, and digital training.



“We anticipated many of the challenges that emerged in 2025 and were well prepared to respond. The environment in which we operate is continuously evolving, and to remain both successful and sustainable, we must adapt to ongoing economic, social, environmental, regulatory, technological, and industry shifts.”

Commitment to Sustainability and Governance

Sustainability has evolved from a vision to a strategic imperative. In 2024, we committed to increasing our **green finance portfolio by 25%**, reducing our carbon footprint by 15%, and deepening ESG integration across all credit decisions.

We continue to finance environmentally responsible sectors such as renewable energy, climate-smart agriculture, and low-carbon manufacturing. Our reporting adheres to international sustainability standards, and we actively engage with stakeholders to ensure alignment of interests, transparency, and accountability.

In corporate governance, we strengthened board oversight, enhanced internal audit functions, and prepared to onboard an international rating agency potentially becoming the first NBFIs in Bangladesh to receive global credit certification.

Looking Ahead: The Strategic Roadmap for 2025

In 2025, Bangladesh Finance will build on the groundwork laid in recent years. Our strategic goals include:

1. **Retail and SME Growth:** Deepening market penetration through technology, partnerships, and tailored financial products that serve micro and small enterprises, farmers, and household businesses.
2. **Wealth Management and Liability Diversification:** Launching our integrated wealth platform to attract long-term deposits, insurance-

linked savings, and investment products to reduce dependency on institutional borrowings.

3. **Islamic Financial Services:** Expanding our Shariah-compliant business line, leveraging our Central Bank approval and market-leading experience to serve new customer segments.
4. **Green and Inclusive Finance:** Scaling sustainable lending and gender-responsive financing to become a market leader in ESG-aligned credit.
5. **Digital Innovation:** Enhancing customer experience through advanced analytics, AI-led credit scoring, real-time service delivery, and mobile-first customer journeys.
6. **Risk Management and Governance:** Embedding advanced risk models, stress testing, and regulatory compliance frameworks to ensure institutional resilience and trustworthiness.

A Closing Note of Gratitude and Resolve

As I complete my Fifth year as Managing Director & CEO, I wish to express my deep gratitude to our Board of Directors for their guidance, to our regulators for their support, to our partners and stakeholders for their belief, and to our colleagues across the organization for their dedication.

The journey of Bangladesh Finance is far from over. We are not defined by quarterly numbers, but by the **values we uphold, the lives we impact, and the future we are shaping.**

Let us move into 2025 with optimism not because the world will be easier, but because we are now better prepared, stronger in our convictions, and clearer in our mission.



Md. Kyser Hamid
Managing Director & CEO
Bangladesh Finance PLC

