DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of Bangladesh Finance PLC is pleased to welcome you to the 26th Annual General Meeting (AGM) of the company and present before you the Annual Report along with the Audited Standalone and Consolidated Financial Statements for the year ended December 31, 2024. The report includes a brief elaboration on the review of the business and its financial performance, as well as the underlying forces that have had an influence on them. This report has been prepared in compliance with section 184 of the Companies Act 1994, The Finance Company Act 2023 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

Global Economy

In 2024, the global economy continued its trajectory toward stabilization, supported by decreasing inflationary pressures, moderated interest rates, and improved supply chain conditions. However, several challenges persisted, including geopolitical conflicts, the ongoing energy transition, and increasing sovereign debt. Despite these hurdles, the year was marked by cautious optimism. Major economies managed to balance the normalization of monetary policies with the necessity to sustain economic recovery.

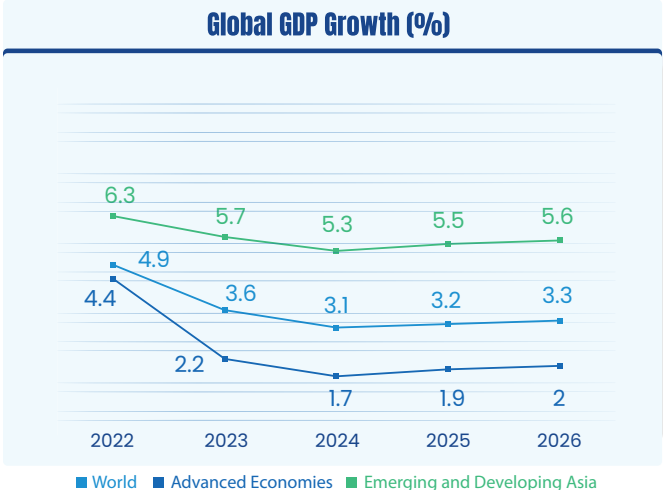
The emphasis on green investments, digital transformation, and regional supply chain integration became more prominent as countries aimed to enhance long-term resilience. The global macroeconomic environment saw modest improvements due to stronger consumer spending in advanced economies, fiscal support in key emerging markets, and China's continued economic reopening. Nonetheless, uncertainty remained due to the enduring impacts of the Russia-Ukraine conflict, climate-related disasters, and the potential fragmentation of global trade and investment flows.

Global GDP Growth

The global economy has experienced a notable slowdown in growth following a strong post-pandemic rebound. After expanding by 4.9% in 2022, global GDP growth moderated to 3.6% in 2023 and is projected to ease further to 3.1% in 2024. However, a gradual stabilization is expected, with growth forecast to reach 3.2% in 2025 and 3.3% in 2026.

Advanced economies have faced a sharper deceleration. Growth declined from 4.5% in 2022 to 2.2% in 2023 and is expected to slow further to 1.7% in 2024. A modest recovery is anticipated thereafter, with growth picking up to 1.9% in 2025 and 2.0% in 2026. The weaker outlook reflects tighter monetary policies, subdued consumer demand, and lingering inflationary pressures.

Meanwhile, emerging and developing Asia continues to be the key engine of global growth. The region posted a robust 6.3% growth rate in 2022 and 5.7% in 2023. While a slight dip to 5.3% is expected in 2024, growth is projected to rebound to 5.5% in 2025 and 5.6% in 2026. This resilience is underpinned by strong domestic demand and investment, particularly in major economies such as China, India, and those in the ASEAN bloc.



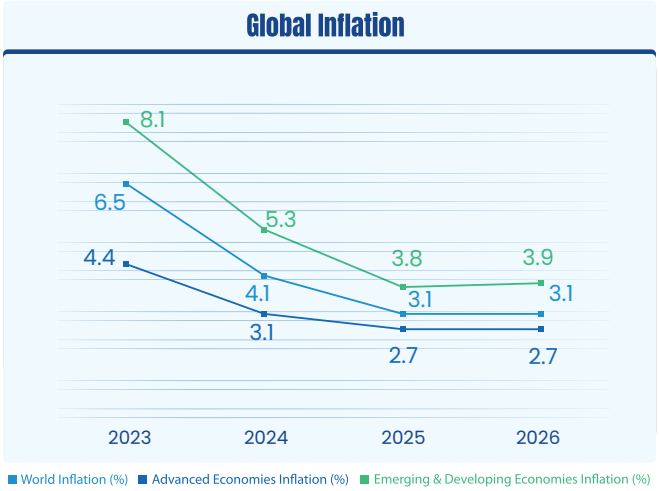
Global Inflation

Global inflation surged in 2022 due to supply chain disruptions, soaring energy prices, and geopolitical tensions, notably the Russia-Ukraine conflict. According to the IMF, inflation reached unprecedented levels in 2022. However, a decline to 6.8% was observed in 2023, primarily due to aggressive interest rate hikes by central banks, easing supply-side issues, and the stabilization of commodity prices.

Despite this reduction, inflation remains elevated, especially in energy-dependent economies and regions still facing food and energy shortages. By 2024, global inflation is expected to decrease to 5.9%, driven by continued monetary tightening in advanced economies and stabilized energy prices. The IMF notes that inflationary pressures will persist in emerging markets due to structural challenges and geopolitical instability, particularly as these regions rely heavily on imports of energy and food.

In 2025, inflation is projected to moderate to 4.5% as central bank measures take full effect. However, emerging markets may continue to face inflation challenges due to structural issues, limited access to affordable energy, and political instability. The IMF emphasizes that

while inflation will stabilize in most regions, developing economies may struggle with higher inflation rates due to external shocks.

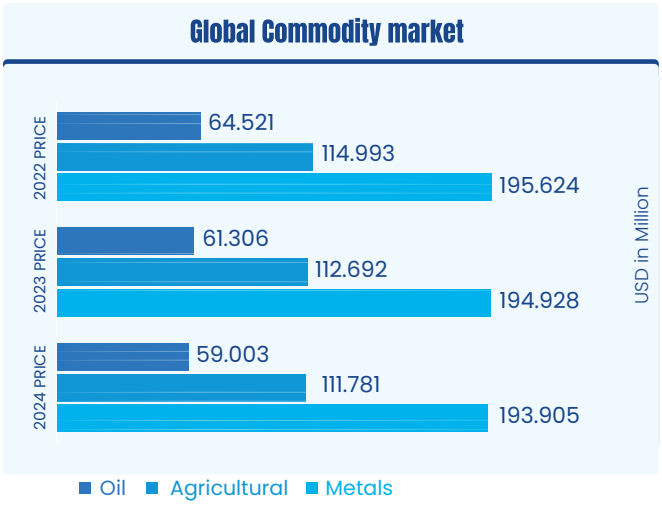


By 2026, global inflation is expected to stabilize at 3.5%, signaling the end of the post-pandemic inflation surge. The IMF projects a more balanced inflationary environment, supported by monetary and fiscal policies, improved energy markets, and more efficient supply chains. Despite this, risks such as climate change, energy price volatility, and geopolitical tensions could cause temporary inflation spikes in certain regions.

The IMF's analysis underscores the need for sustained cooperation between governments, central banks, and international organizations. Structural reforms to improve productivity and ease supply constraints are crucial to combating persistent inflation. While monetary policies will be key, fiscal policies to support vulnerable populations are equally important. Multilateral cooperation, especially in accelerating the transition to green energy, is also vital for long-term inflation management.

Global Commodity Market

The Global Commodity Market graph displays the prices of Oil, Agricultural commodities, and Metals for the years 2022, 2023, and 2024. The graph shows a noticeable decline in prices across all three commodities over the period, with Oil experiencing the sharpest drop. In 2022, the price of oil stood at $64.521 per barrel, reflecting the surge in oil prices due to the Russia-Ukraine conflict. However, by 2023, the price decreased to $61.306 per barrel and continued to decline to

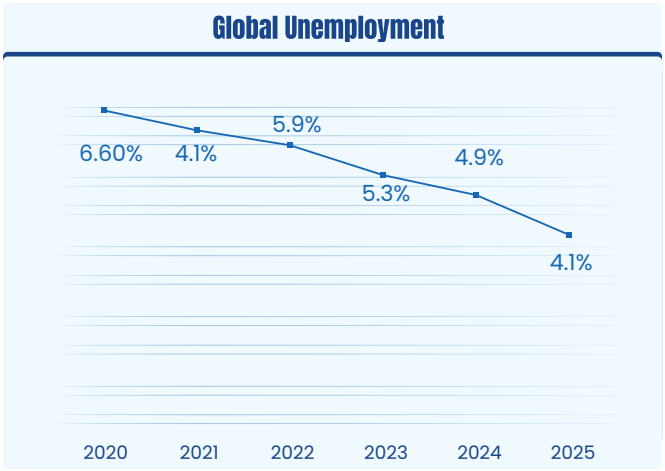


$59.003 per barrel in 2024. This decline is attributed to synchronized interest rate hikes by central banks and a slowing global economy, particularly in energy demand.

In contrast, Agricultural commodities saw a relatively smaller decrease in price, moving from $114.993 in 2022 to $112.692 in 2023, and then to $111.781 in 2024. While agricultural prices also faced downward pressure due to broader economic challenges and geopolitical tensions, they remained more stable than oil. Similarly, Metals prices, which were $195.624 in 2022, decreased slightly to $194.928 in 2023 and $193.905 in 2024. Metals experienced a more gradual decline, likely driven by steady demand from industrial sectors and infrastructure projects, particularly in emerging economies.

Global Unemployment

As of April 2025, the global unemployment rate has stabilized at approximately 5.0%, maintaining the historic low reached in 2024. The International Labour Organization (ILO) projects this rate to remain



steady through 2025, with a slight decrease to 4.9% anticipated by 2026.

This stability reflects a broader economic recovery following the COVID-19 pandemic. However, the recovery is uneven across different regions and demographic groups. Youth unemployment remains significantly higher, with a global rate of 12.6% in 2024. The ILO forecasts a modest decline to 12.8% by 2025.

approximately 5.0%, maintaining the historic low reached in 2024. The International Labour Organization (ILO) projects this rate to remain steady through 2025, with a slight decrease to 4.9% anticipated by 2026.

This stability reflects a broader economic recovery following the COVID-19 pandemic. However, the recovery is uneven across different regions and demographic groups. Youth unemployment remains significantly higher, with a global rate of 12.6% in 2024. The ILO forecasts a modest increase to 12.8% by 2025.

Gender disparities persist, particularly in low-income countries. In 2024, the jobs gap for women in these regions was 22.8%, compared to 15.3% for men. This gap is attributed to factors such as unequal access to employment opportunities and a disproportionate share of unpaid care responsibilities borne by women.

The ILO emphasizes the need for inclusive policies that address these

disparities. Recommendations include investing in education and skills development, promoting gender equality in the labor market, and creating opportunities for youth employment. Such measures are crucial to ensure a more equitable and sustainable recovery in the global labor market.

World Economic Outlook 2025

According to the **January 2025 edition** of the *World Economic Outlook (WEO)*, global growth is projected to remain steady at **3.3%** in both **2025 and 2026**. This forecast aligns with the projections made in October 2024 and reflects resilience in certain advanced economies—particularly the United States. However, growth prospects in many emerging markets and developing economies remain subdued. Overall, global growth continues to lag behind the **2000–2019 average of 3.8%**.

The stabilization in economic activity is being supported by **moderating inflation**, **cautious monetary policy**, and **improving supply conditions**. Global inflation is forecast to decline from **5.8% in 2024** to **4.2% in 2025**, and further to **3.5% in 2026**. Despite this progress, inflation will still remain slightly above the pre-pandemic average of 3.5%. Disinflation is proceeding at varying speeds across regions, with **advanced economies** expected to reach their inflation targets more quickly than **emerging and developing economies**, due to differing monetary frameworks, wage trends, and currency movements.

While risks to the outlook remain tilted to the downside, they have moderated since late 2024. **Potential upside risks** include stronger-than-expected boosts from real income gains and faster normalization of global supply chains. **Key downside risks** include:

- Renewed inflationary pressures from **commodity price shocks**,
- Intensified **geopolitical tensions**, particularly in the Middle East,
- And **financial market volatility** linked to tighter global financing conditions.

High **public and private debt levels**—especially in emerging markets and low-income countries—pose additional financial vulnerabilities. In this context, the priority for most economies remains achieving **durable disinflation**, while ensuring **financial stability** through vigilant use of macroprudential tools.

The WEO emphasizes the need for:

- **Stronger sovereign debt resolution frameworks**, particularly to mitigate default risks in low-income countries,
- Continued structural reforms, including investment in **digital infrastructure** and **productivity improvements**, to bolster medium-term growth,
- Better-targeted **fiscal support** for vulnerable households still impacted by elevated food and energy costs, while gradually phasing out broad-based fiscal measures to rebuild buffers and avoid reigniting inflation.

Lastly, the report underscores the importance of **multilateral cooperation** to safeguard the rules-based international economic order and to address pressing global challenges—most notably **climate change**. Meeting emissions targets, scaling up green investments, and mobilizing **climate finance** for a just transition in developing economies are crucial to ensuring long-term sustainability and shared prosperity.

Gender disparities persist, particularly in low-income countries. In 2024, the jobs gap for women in these regions was 22.8%, compared to 15.3% for men. This gap is attributed to factors such as unequal access to employment opportunities and a disproportionate share of unpaid care responsibilities borne by women.

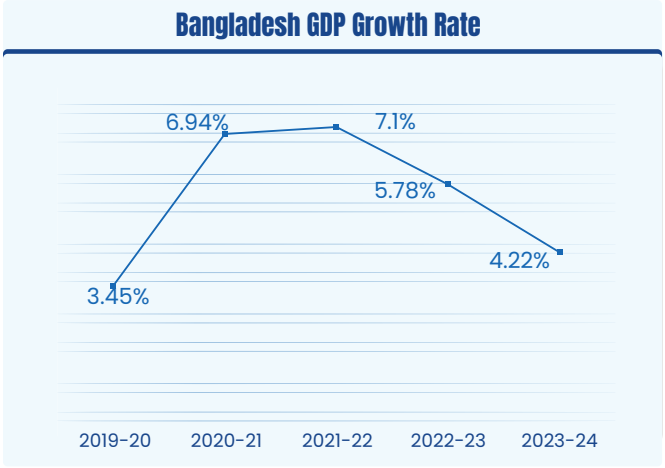
The ILO emphasizes the need for inclusive policies that address these disparities. Recommendations include investing in education and skills development, promoting gender equality in the labor market, and creating opportunities for youth employment. Such measures are crucial to ensure a more equitable and sustainable recovery in the global labor market.

Economy of Bangladesh

In 2024, Bangladesh's GDP growth declined to 4.22%, marking the second consecutive year of slowdown and the lowest rate in four years, amid global economic challenges including inflation, high interest rates, and geopolitical tensions. Key domestic issues such as weak industrial output, declining exports, currency depreciation, and structural weaknesses in banking, energy, and trade further strained the economy.

A major political shift occurred with the removal of Prime Minister Sheikh Hasina and the appointment of Muhammad Yunus as interim leader. Yunus prioritized structural reforms, youth empowerment, and entrepreneurship to stabilize the economy and address long-term vulnerabilities.

Despite transitional turbulence and policy execution challenges, international support and targeted interventions helped sustain economic momentum. Bangladesh's recovery will depend on maintaining fiscal discipline, driving sectoral modernization, and fostering inclusive growth to restore investor confidence and unlock long-term potential.

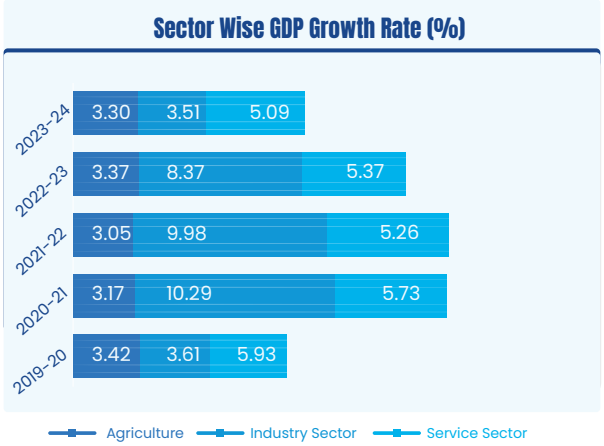


Sector wise economic progress

Bangladesh's sectoral economic performance in FY 2023–24 reflects a pressing need for strategic reforms to restore growth momentum. According to the Bangladesh Bureau of Statistics and Bangladesh Bank:

- **Agriculture** grew modestly at **3.30%**, supported by favorable weather and subsidies, but hampered by high input costs and labor shortages.
- **Industry** contracted by **3.51%**, driven by weakened global demand, energy supply issues, and challenges in the RMG and construction sectors.
- **Services** expanded by **5.09%**, led by ICT and finance, though inflation dampened consumer-facing services.

To foster sustainable recovery, the focus must be on modernizing agriculture, diversifying industry, boosting service sector innovation, and maintaining macroeconomic stability through coordinated policy action.



Bangladesh Budget at a Glance – FY24

Based on data from Bangladesh Bank, the national budget for Fiscal Year 2023–24 (FY24) was designed to tackle key macroeconomic challenges such as inflation, fiscal discipline, and economic recovery. The government set a total revenue target of BDT 5,00,000 crore, marking a 15.5% increase from the revised target of the previous fiscal year.

During the first quarter (July–September 2023), revenue collection amounted to BDT 93,787.2 crore, representing a 23.1% year-on-year increase, though it was 18.8% lower than the previous quarter. The National Board of Revenue (NBR) accounted for the majority of this, generating BDT 76,751.3 crore—comprising BDT 23,641.2 crore in direct taxes and BDT 53,110.2 crore in indirect taxes. Additionally, non-tax revenue stood at BDT 15,240.5 crore.

On the expenditure side, total government spending reached BDT 918.2 billion, which is 12.1% of the annual target. The quarter concluded with a fiscal surplus of BDT 71.2 billion, primarily financed through domestic sources, particularly from the banking sector.

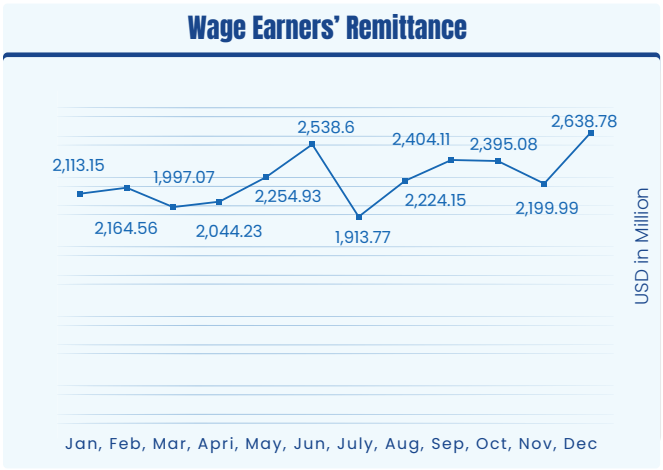
Remittance

In 2024, Bangladesh witnessed a resilient and seasonally influenced remittance inflow pattern, according to data from the Bangladesh Bureau of Statistics. The year began with stable inflows of around USD 2,100 million in both January and February. A modest decline occurred in March and April, with remittances dipping below USD 2,000 million, likely due to global economic conditions and post-holiday slowdowns.

Remittance flows rebounded in May, culminating in a peak of approximately USD 2,600 million in June, driven by increased transfers ahead of Eid-ul-Adha. This was followed by a typical post-festival dip in July, with inflows easing to just over USD 2,200 million.

August and September saw a gradual recovery, with remittances stabilizing between USD 2,300 and 2,400 million, a trend sustained through October. A brief decline occurred in November, before December closed the year on a high, again exceeding USD 2,600 million due to seasonal year-end transfers.

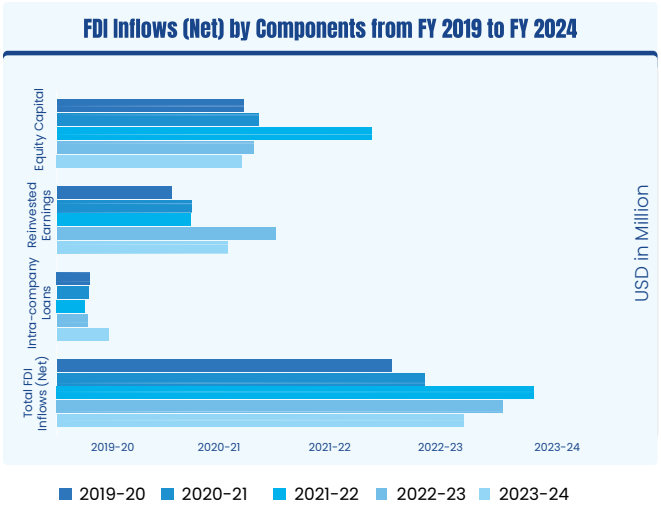
Overall, the 2024 remittance trend highlighted the enduring importance of the Bangladeshi diaspora in supporting the national economy—helping to strengthen foreign exchange reserves, stabilize the current



account, and bolster rural consumption across the country.

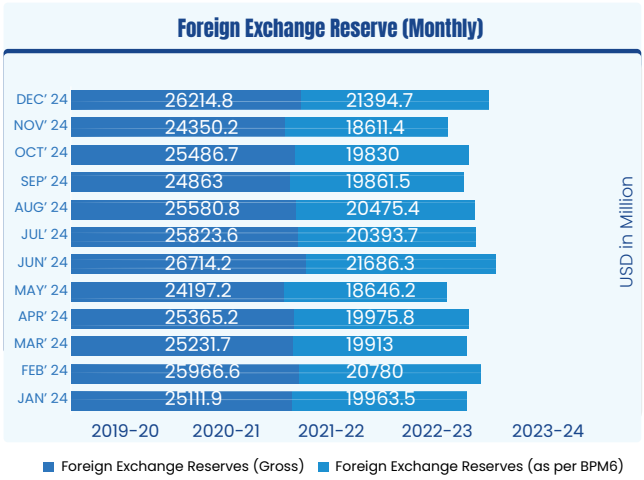
Direct Investment

According to data from the Bangladesh Bank, net Foreign Direct Investment (FDI) inflows for FY 2023–24 totaled USD 1,468.17 million—a slight decline from USD 1,609.77 million in FY 2022–23. Despite the dip, the FDI landscape remains relatively stable. Equity capital continued to lead among FDI components, while reinvested earnings saw notable growth. Intra-company loans, though the smallest contributor, also experienced a modest increase. This trend indicates sustained, albeit slightly moderated, investor confidence. To regain momentum and attract higher-quality, export-oriented FDI, Bangladesh must prioritize policy reforms and improvements in the ease of doing business.



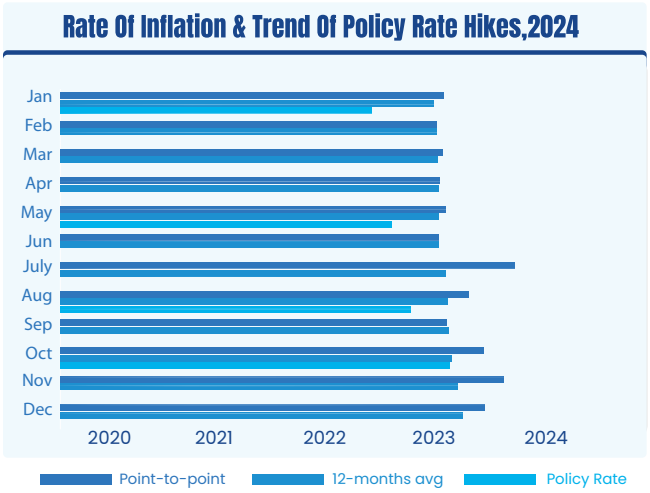
Foreign Exchange Reserve

In 2024, Bangladesh's foreign exchange reserves saw significant fluctuations. By December, gross reserves stood at USD 26.21 billion, while reserves adjusted under the BPM6 methodology were USD 21.42 billion—down from USD 27.13 billion in December 2023. This decline highlights persistent economic challenges, including a dollar shortage and rising import costs. Nevertheless, the reserves remained adequate, covering approximately 4.8 months of projected imports.



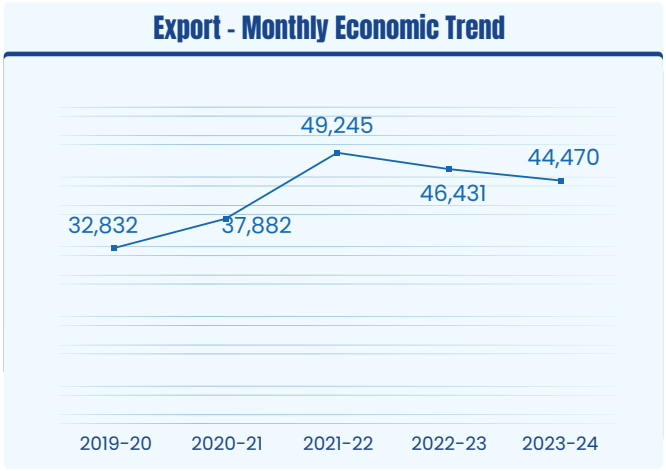
Inflation

Throughout 2024, Bangladesh faced persistent inflation, fueled by political instability, supply-side disruptions, and currency depreciation. In response, the Bangladesh Bank implemented several policy rate adjustments aimed at curbing inflationary pressures and maintaining macroeconomic stability. Inflation is projected to reach double digits in FY 2024–25, with the World Bank forecasting a high yet moderate rate of 9%. The IMF has recommended further policy rate hikes to help contain inflation. According to IMF projections, inflation is expected to stabilize around 10% in 2025 and gradually decline to 7% by late 2026.



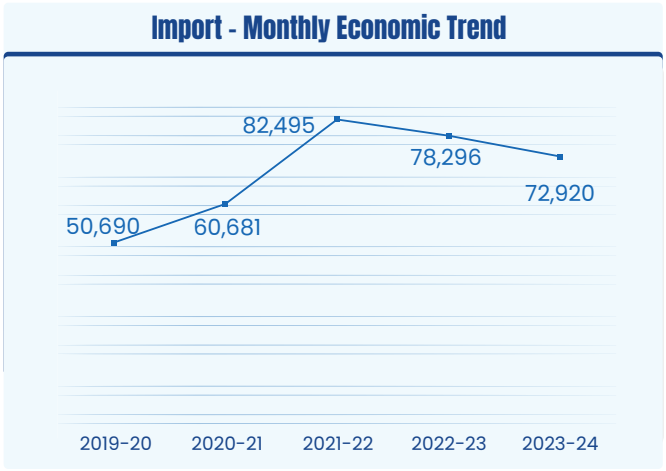
Export

Between FY2019 and FY2024, Bangladesh's export performance experienced significant fluctuations. Exports reached a peak of USD 49,245 million in FY2021–22, before declining to USD 46,431 million in FY2022–23 and an estimated USD 44,470 million in FY2023–24, according to revised data from the Bangladesh Bank. This downward trend—driven in part by a slowdown in the ready-made garments sector—highlights the urgent need for strategic measures to strengthen export resilience and boost competitiveness.



Import

Between 2019 and 2024, Bangladesh's import performance saw notable volatility. In FY2022–23, imports fell by 5.09% to USD 78,296 million, largely due to central bank-imposed restrictions intended to address a dollar shortage. These measures led to reduced imports of capital machinery and industrial raw materials. The downward trend persisted in FY2023–24, with imports declining further by 6.87% to USD 72,920 million, reflecting continued economic challenges and the impact of ongoing policy interventions.



Capital Market Overview

Dhaka Stock Exchange (DSE)

The Dhaka Stock Exchange (DSE) reported an annual market capitalization of BDT 6,621,373 million in 2024, marking a decline from BDT 7,702,322 million in 2023. In 2024, the Dhaka Stock Exchange (DSE) experienced significant volatility. In 2024, the Dhaka Stock Exchange (DSE) faced a challenging year, with the benchmark DSEX index declining by 16.5%, marking its steepest annual drop in four years. The blue-chip DS30 index also fell by 7%, closing the year at 1,918.06, down from its 52-week high of 2,197.04. Sectors such as Non-Bank Financial Institutions (NBFIs) underperformed significantly

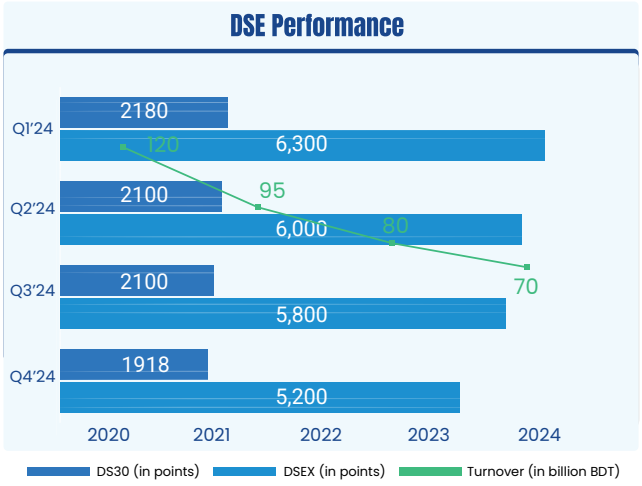
while banking and telecommunications showed relative resilience. Despite these setbacks, the market witnessed a brief rally in August following political changes, with the DSEX surging 3.77% in a single day.

Economic Outlook of Bangladesh 2025

Bangladesh's economic outlook for 2025 remains cautiously optimistic, marked by resilience amid ongoing macroeconomic headwinds. In 2024, the country contended with high inflation—averaging 10.26% as of March 2025—driven by surging food and energy prices. In response, the Bangladesh Bank upheld a contractionary monetary policy, maintaining the policy rate at 10% to rein in inflation. However, real GDP growth slowed to 1.81% in Q1 FY25, down from 3.91% in Q4 FY24, largely due to agricultural disruptions caused by severe flooding.

The World Bank has revised its 2024 growth projection for Bangladesh to 4.0%, citing a downturn in ready-made garment exports and episodes of social unrest. Despite these challenges, the IMF forecasts a gradual recovery, supported by ongoing monetary tightening and targeted fiscal reforms. To reinforce economic stability, Bangladesh secured over USD 2 billion in financing from the World Bank for structural reforms and disaster response initiatives.

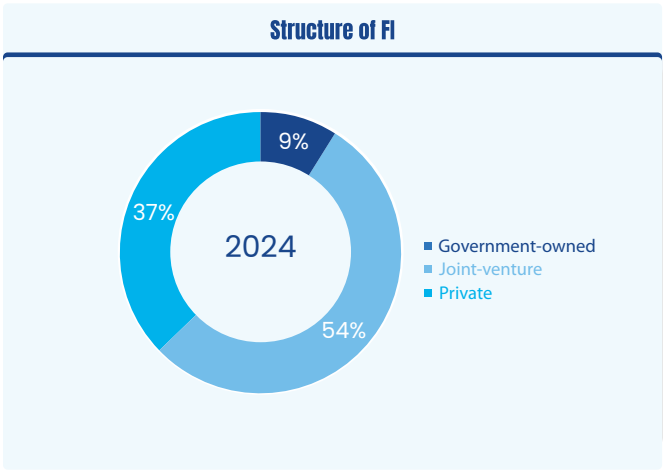
Looking ahead, the country's path to sustainable growth in 2025 will depend on continued policy reforms, improved governance, and strategic investments that can address structural vulnerabilities and enhance resilience.



NBFI Industry Outlook & Prospects

Finance Companies play a vital role in driving economic growth, supporting production, and generating employment in Bangladesh. They provide a diverse range of financial services, including term financing, SME financing, factoring, syndicated financing, equity investment, merchant banking, venture capital, and working capital financing. Finance Companies also offer specialized facilities such as asset-based lending, which requires minimal collateral—an important advantage for emerging and small enterprises, particularly SMEs. Additionally, their services in sales and service delivery help bridge connections between suppliers and purchasers, further facilitating business activities.

As of end-December 2024, a total of 35 Finance Companies were operating in Bangladesh, with one in the process of liquidation. Of these, 3 are fully government-owned, 19 are privately owned by local entities, and the remaining 13 operate under joint ownership involving both local and foreign stakeholders.



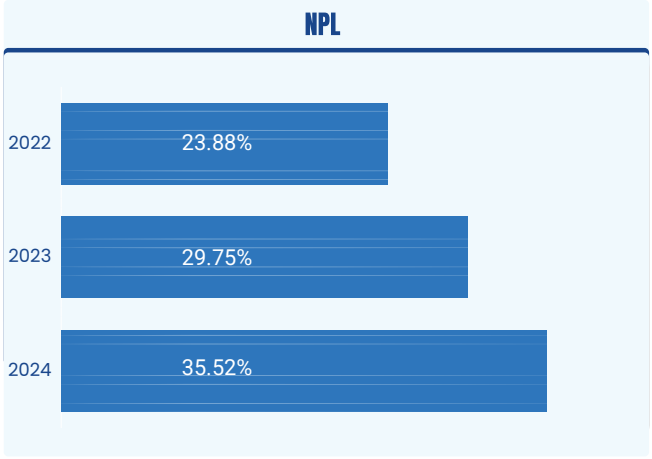
Industry Loan Portfolio

As of December 2024, the total loan portfolio of Bangladesh's non-bank financial institutions (NBFIs) stood at approximately BDT 736.63 billion, encompassing a broad spectrum of corporate and retail accounts. Although detailed data on the number of accounts and average loan sizes remain undisclosed, NBFIs continue to play a pivotal role in financing key sectors such as industry, trade, commerce, infrastructure, and consumer finance.

Despite their importance, the sector faces ongoing challenges, most notably a sharp rise in non-performing loans (NPLs), which reached 35.52% by the end of 2024. This alarming increase stems from longstanding issues including weak borrower selection processes, corporate governance deficiencies, and unresolved legacy defaults. In response, Bangladesh Bank has initiated a series of governance reforms aimed at restoring stability—such measures include the appointment of independent directors and strengthened regulatory oversight to enhance transparency and safeguard the financial health of the NBFI sector.

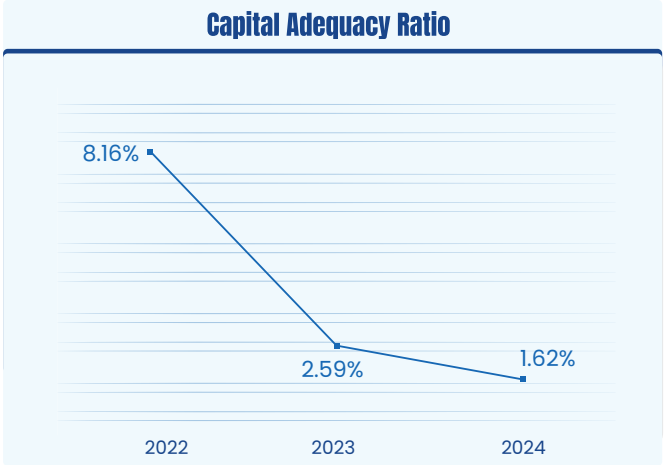
Classified Loans and Leases

As of September 2024, classified loans and leases in Bangladesh's non-bank financial institutions (NBFIs) sector rose to approximately BDT 261.63 billion, up from BDT 216.58 billion in September 2023. This reflects a year-on-year increase of 20.8%. As a result, the classified loan ratio climbed to 35.52% of total disbursed loans by September 2024, compared to 29.75% a year earlier—an increase of 5.77 percentage points, underscoring growing stress within the sector.



Industry CAR

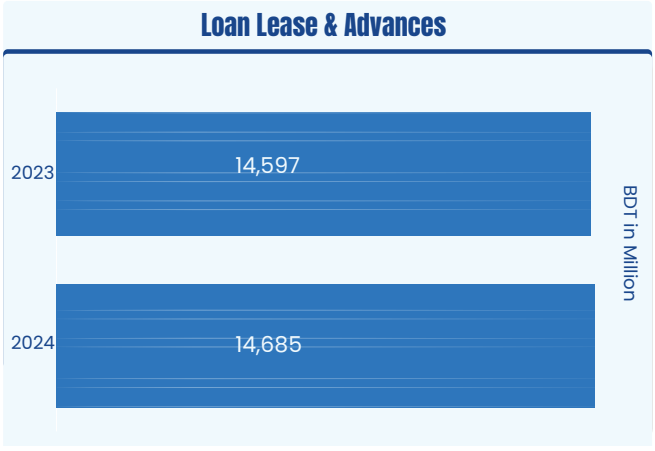
As of December 2024, the Capital Adequacy Ratio (CAR) of Bangladesh's Finance Companies fell sharply to 1.62%, well below the regulatory minimum of 10% mandated under the Basel II framework. This significant decline from 2.59% in the previous year underscores the mounting financial strain within the sector. The drop in CAR is largely attributed to increased provisioning requirements for non-performing loans and a continued deterioration in asset quality. Persistently high default levels have severely weakened the capital base of many NBFIs, compromising their financial stability and overall resilience.



KPIs of Bangladesh Finance in 2024

Loans, Leases, and Advances

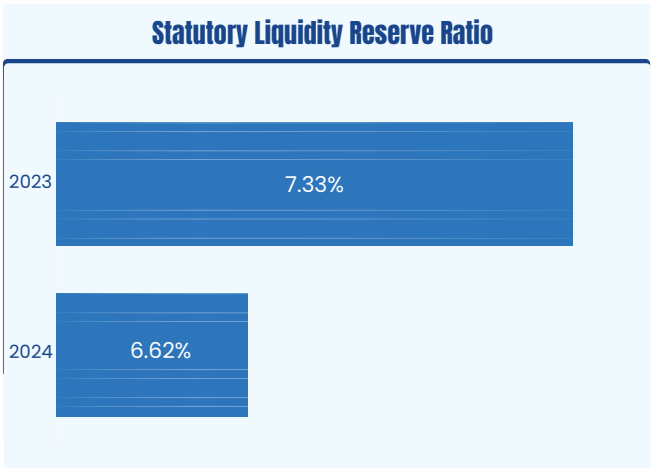
Bangladesh Finance aims to enhance its portfolio by acquiring high-quality assets and ensuring long-term growth. For a while, the banking industry has faced significant headwinds. Severe liquidity crises, reputational issues, and rising non-performing loans continue to be major concerns for the industry. Yet, during Bangladesh's 2024 economic recovery, Bangladesh Finance focused more on Bangladesh Bank refinance schemes to expand its loan portfolio and leveraged improved liquidity and credit demand to help productive sectors. As a result, the consistent rise in Loans, Leases, and Advances, which is total BDT 14,685 million by 2024, reflects responsible portfolio expansion. Stakeholders are assured that this expansion is consistent with risk-adjusted return targets, high asset quality, and national financial inclusion initiatives.



Statutory Liquidity Reserve Ratio

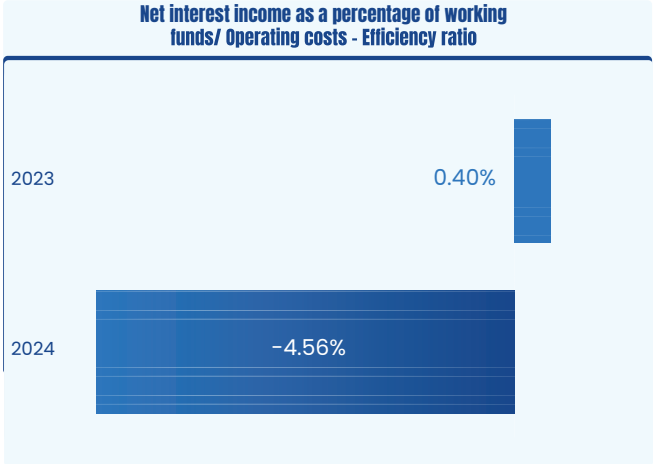
The reduction in the SLR to 6.62%, while remaining well above the regulatory requirement of 5%, reflects our strategic intent to enhance return on assets without compromising liquidity stability. The released capital has been prudently reallocated to high-performing, secured lending segments to drive long-term shareholder value.

Net interest income as a percentage of working funds/operating



Costs-Efficiency Ratio

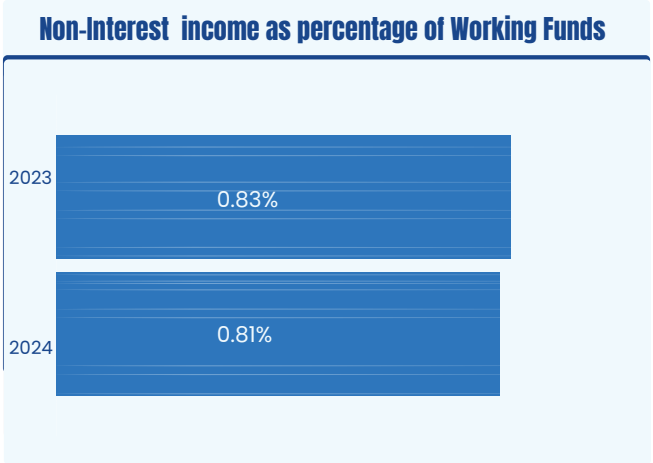
In response to deteriorating asset quality and in alignment with prudent accounting practices, Bangladesh Finance has opted to build up its interest suspense reserves to reflect a more resilient and risk-aligned income structure. Complimentarily, the FI is undergoing a comprehensive portfolio review, strengthening collection mechanisms, and implementing cost rationalization and asset recovery initiatives to restore profitability despite a short-term operating margin shrinkage.



Non-Interest income as percentage of Working Funds

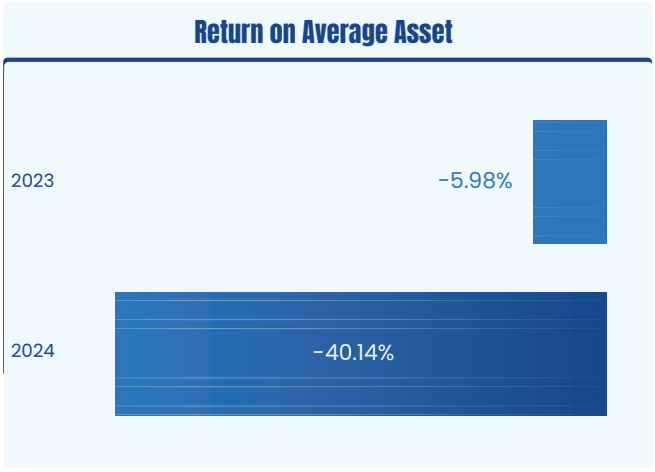
A decline in Non-Interest Income as a percentage of Working Funds from 0.83% to 0.81% during 2024, though numerically modest, holds strategic significance for Bangladesh Finance. It reflects a cautious recalibration of ancillary revenue streams in a challenging macro environment. To address this, the FI is initiating targeted strategies to scale diversified income channels while safeguarding core margins.

Return on Average Asset

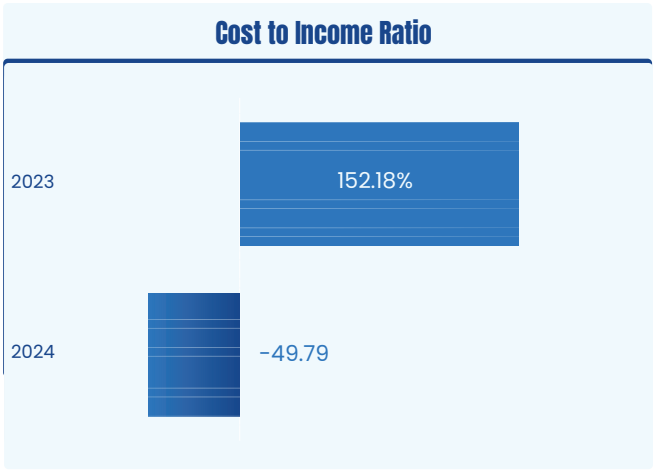


The steep decline in Return on Average Assets is attributed to exceptional one-time charges, portfolio stress in specific sectors, and strategic investments that have yet to yield returns. While the headline figure appears severe, the management has initiated a multi-pronged recovery strategy focused on asset quality improvement, operating cost rationalization, and revenue diversification. Bangladesh Finance remains committed to restoring profitability and ensuring long-term shareholder value.

Cost to Income Ratio

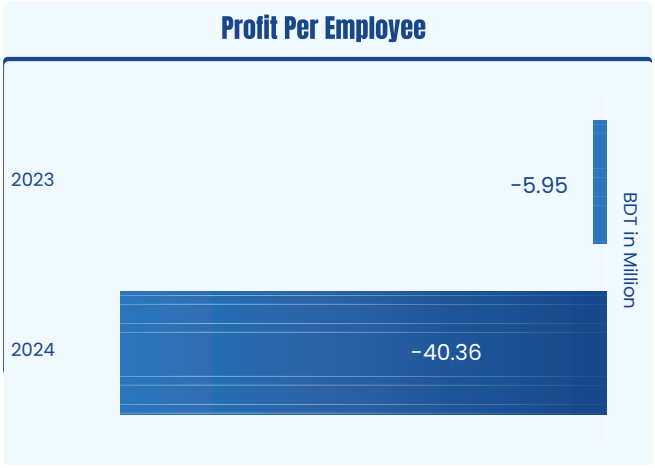


The negative cost-to-income ratio reflects a period of extraordinary stress, driven by a sharp drop in operating income due to market volatility, provisioning requirements, and a strategic pause in aggressive lending. While headline figures may appear distorted, the management of Bangladesh Finance is proactively executing a structural turnaround, focused on restoring income momentum, rationalizing operating costs, and strengthening the balance sheet to emerge more resilient and efficient in the coming quarters.



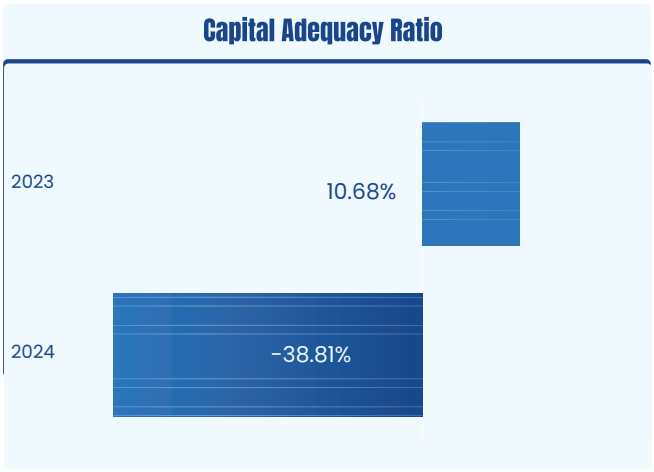
Profit per Employee

The decline in Profit per Employee reflects a confluence of elevated provisioning, revenue shortfall, and lagging cost rationalization during a turbulent financial period. While the headline number is adverse, it is a temporary reflection of our strategic pivot. The management has initiated a workforce productivity and cost optimization strategy to ensure alignment between human capital deployment and financial outcomes.



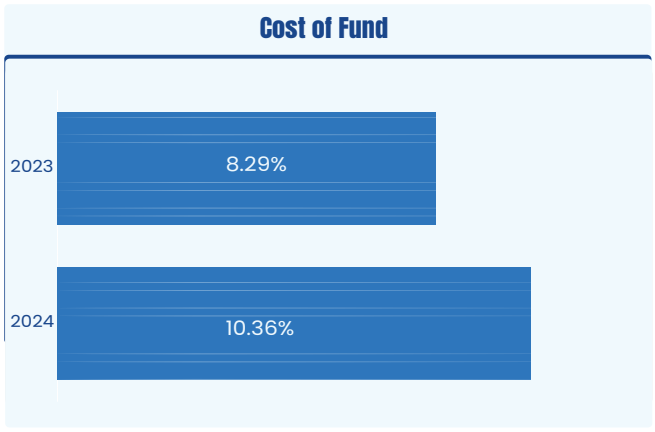
Capital Adequacy Ratio

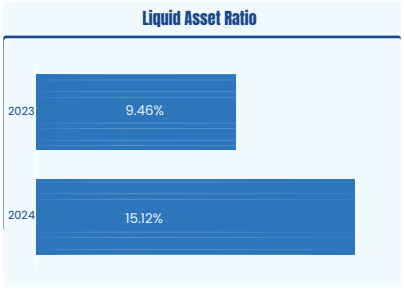
The negative Capital Adequacy Ratio reflects a series of extraordinary losses stemming from asset impairments and provisioning for non-performing loans. While this has resulted in regulatory non-compliance, the Board and management are engaged in an aggressive recapitalization and recovery strategy. We are in active discussions with potential investors and regulators to restore capital adequacy and ensure long-term institutional viability.



Costs of Fund

The rise in Cost of Fund to 10.36% is a reflection of market-wide interest rate pressures and a conservative shift in our funding mix towards more secure but slightly higher-cost instruments. While this has compressed margins in the short term, our liquidity profile remains strong, and we are actively pursuing strategies to diversify funding sources and reprice assets to protect long-term profitability.





Liquid Asset Ratio

The rise in our liquid asset ratio to 15.12% reflects a deliberate move to safeguard the institution's liquidity in a volatile environment. While profitability challenges remain under active remediation, Bangladesh Finance has prioritized balance sheet resilience and cash flow readiness to ensure uninterrupted obligations to customers, counterparties, and regulators. Our liquidity management framework remains aligned with prudential standards and supports our broader recovery strategy.

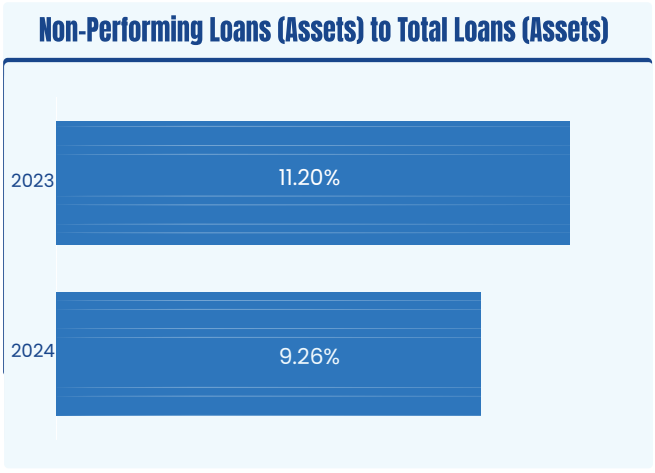
Dividend Cover Ratio

In 2024, the Dividend Cover Ratio for Bangladesh Finance remained zero. Given the institution's current financial position, including accumulated losses and regulatory capital shortfalls, the Board has prudently chosen to withhold dividend payments to preserve capital and strengthen the balance sheet. This conservative stance is aligned with regulatory guidance and reflects our commitment to long-term institutional stability and shareholder value protection. Once profitability and capital adequacy are restored, dividend distributions will be reviewed with the highest level of fiduciary responsibility.



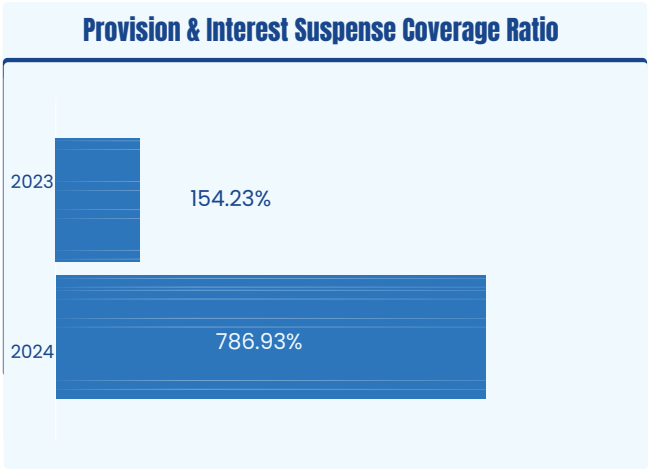
Non-Performing Loans (Assets) to Total Loans (Assets)

Bangladesh Finance is pleased to report a reduction in Non-Performing Loan ratio from 11.20% to 9.26%, reflecting the success of our enhanced credit risk management framework. This outcome stems from strengthened underwriting standards, targeted recovery efforts, and a disciplined approach to portfolio management. While challenges remain, this improvement marks an important step toward restoring asset quality and long-term financial stability.



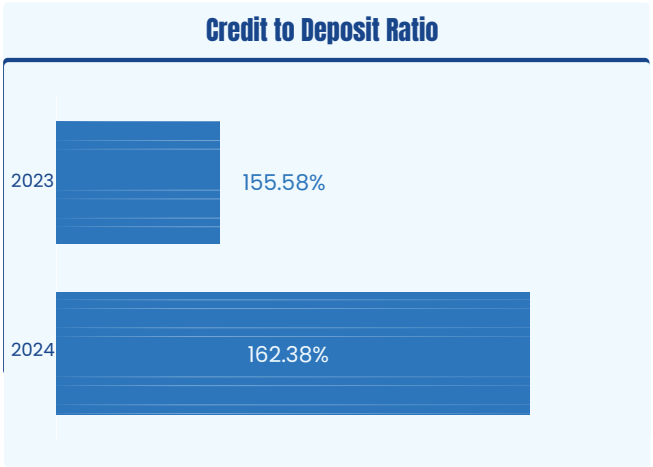
Provision & Interest Suspense Coverage Ratio

The significant increase in our Provision & Interest Suspense Coverage Ratio underscores our prudent, forward-looking approach to credit risk management. In light of evolving macroeconomic conditions and a comprehensive review of our loan book, we have taken the strategic decision to increase our provisioning buffers. This action is not a reflection of panic, but a calculated move to position the institution for sustainable recovery, greater transparency, and regulatory confidence.

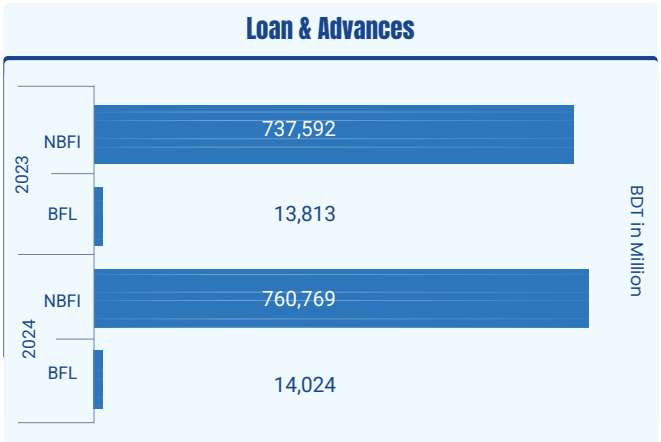


Credit Deposit Ratio

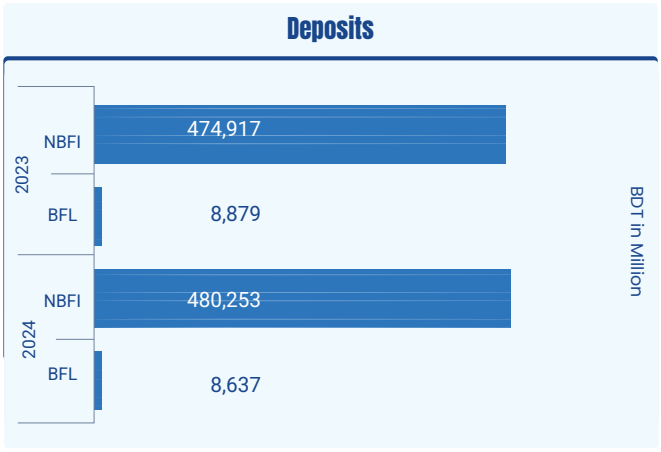
The Credit-Deposit Ratio has increased due to strategic credit expansion in high-yield, secured sectors and limited deposit mobilization capacity in the current environment. While this has helped grow our asset book, we recognize the structural imbalance it presents. Management has initiated a shift toward diversified funding sources and improved liability duration management to ensure long-term financial sustainability



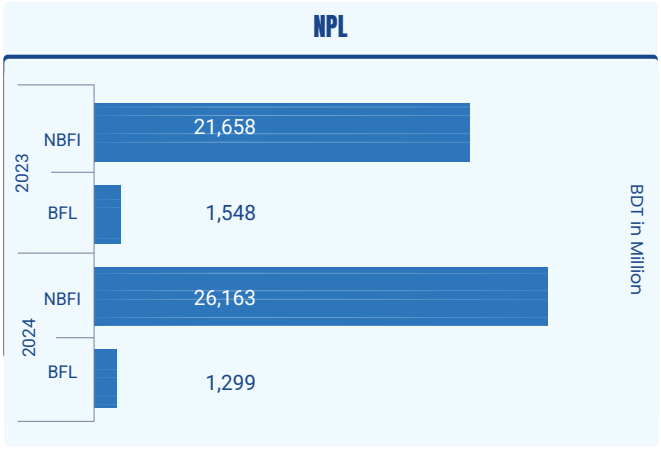
Market Share of Bangladesh Finance



Loan & Advances presents a comparative analysis of all the Financial Institutions (FIs) and Bangladesh Finance PLC over two fiscal years: 2023 and 2024. In 2023, FIs recorded a significant loan portfolio of 737,592 million BDT, whereas BFL posted a relatively marginal figure of 13,813 million BDT. By 2024, both entities showed an upward trend. FIs increased their loans and advances to 760,769 million BDT, reflecting a modest year-on-year growth. Whereby, BFL contributed a slight uptick to 14,024 million BDT.



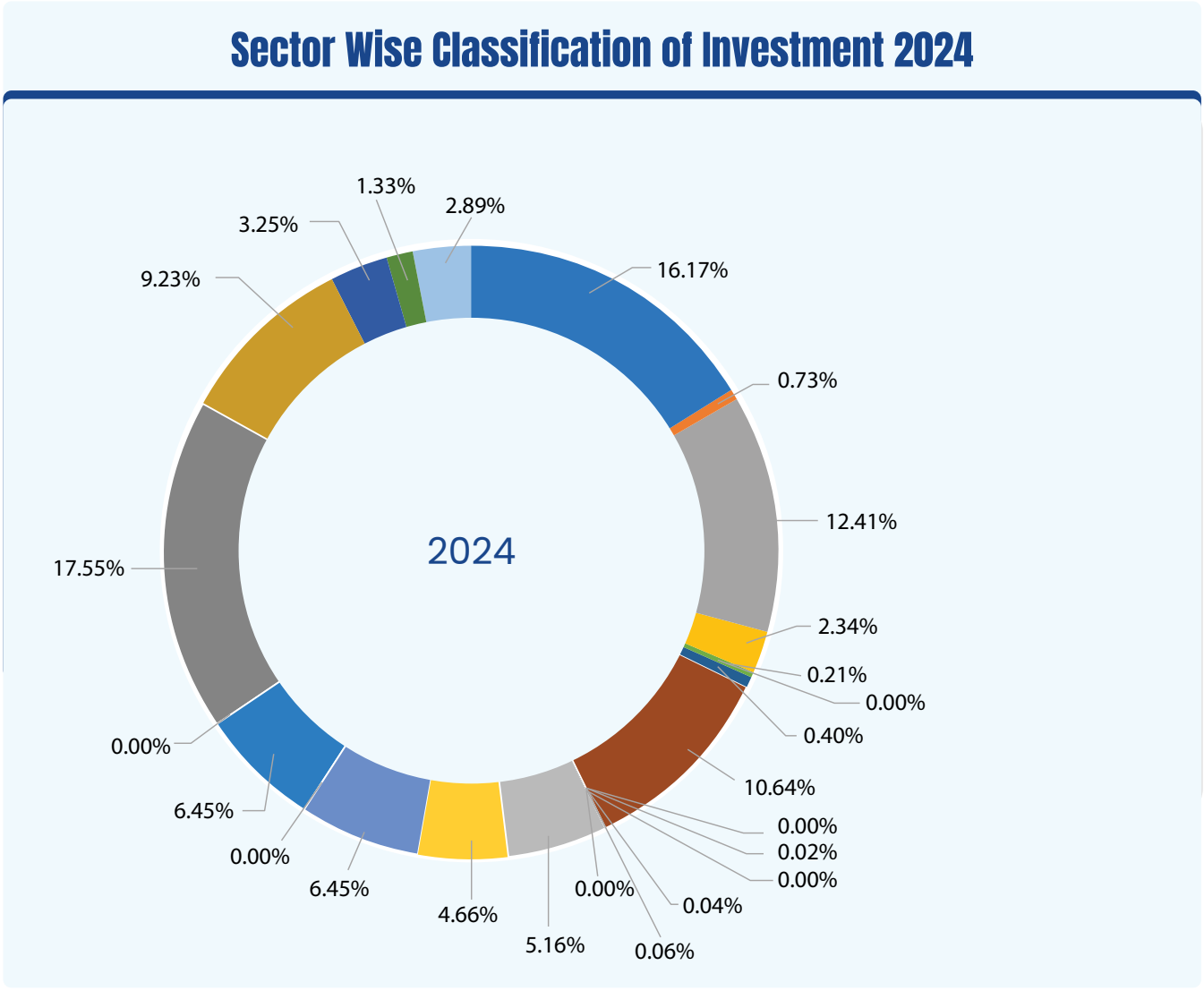
A comparative assessment of deposit volumes held by all the Financial Institutions (FIs) and Bangladesh Finance PLC, for the years 2023 and 2024. In 2023, FIs accumulated deposits totaling 474,917 million BDT, while BFL reported 8,879 million BDT. In 2024, deposits for FIs increased marginally to 480,253 million BDT, indicating stable but slow growth. Conversely, BFL experienced a slight decline and contributed 8,637 million BDT.



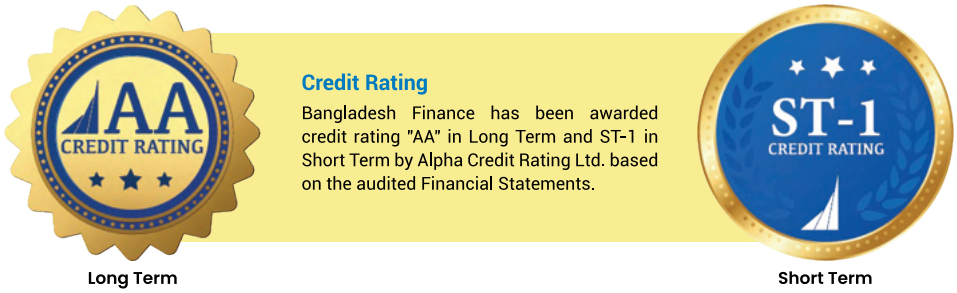
The NPL (Non-Performing Loans) provides a comparative analysis of asset quality between all the Financial Institutions (FIs) and Bangladesh Finance PLC for the years 2023 and 2024. In 2023, FIs reported NPLs totaling 21,658 million BDT, which escalated significantly to 26,163 million BDT in 2024—highlighting a deterioration in credit quality and potential stress in their lending portfolio.

In contrast, BFL demonstrated a more favorable trend. Its NPLs decreased from 1,548 million in 2023 to 1,299 million in 2024, indicating improved asset quality, more prudent lending practices, or effective recovery mechanisms.

Sector wise classification of Investment 2024



Credit Rating of Bangladesh Finance



Risk Management

Credit exposure is a core aspect of our business, and managing the associated risks in lending activities remains a critical challenge. At Bangladesh Finance, our risk management practices are undergoing a significant transformation, with an increased focus on the systematic analysis and assessment of lease and loan quality. We are developing both qualitative and quantitative measures to mitigate internal and external risks effectively.

Our credit operations are guided by a comprehensive credit policy, carefully designed to address all relevant risk factors. To ensure robust risk oversight, we have established several specialized committees, including the Credit Committee, Risk Management Forum, Internal Control and Compliance, and the Anti-Money Laundering/Central Compliance Unit. These committees meet regularly to evaluate risk-related issues and implement strategies for effective risk mitigation.

The Board of Directors plays a pivotal role in overseeing risk exposure, regularly reviewing and updating policies to strike a balance between risk and sustainable growth. While the Board defines the overarching risk policies, it is the responsibility of management to ensure their consistent implementation across the organization.

Appointment/Re-election of Directors

As per Articles 121, 126 and 127 of the Articles of Association of the Company which complying with the pertinent company law of the country, one-third of the Board of Directors (Excluding Managing Director and Independent Directors) shall retire by rotation. The following Directors were retiring from the office by rotation at the 25th Annual General Meeting held on 30 July 2024:

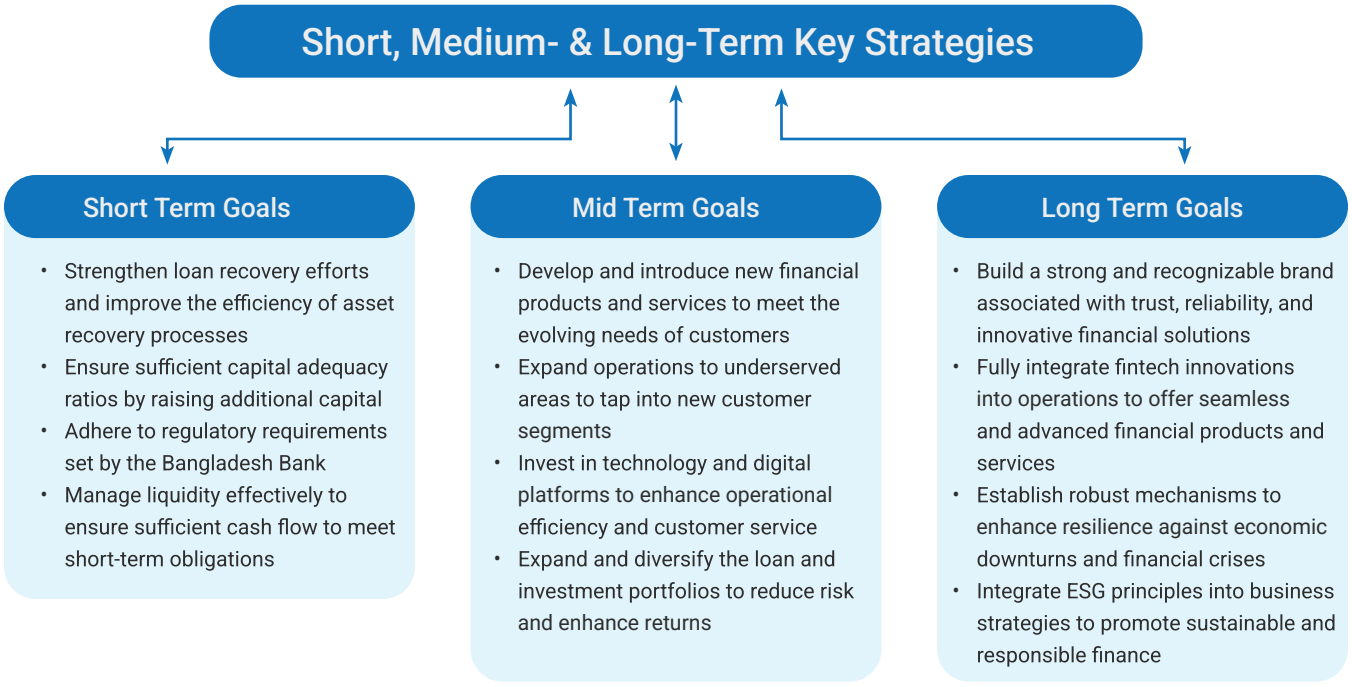
1. Ms. Fatema Begum
2. Mr. Md. Helal Chowdhury

The appointment of the following directors will be ratified/approved in the 26th AGM in line with DFIM Circular No. 1 dated 29 February 2024.

1. Mr. Kazi Rafiqul Hassan (Appointment of Independent Director Subject to approval of Bangladesh Bank)
2. Mr. Md. Asaduzzaman Khan (Nominated by Khaled Iron & Steels Ltd. Subject to approval of Bangladesh Bank)
3. Mr. Manwar Hossain (not eligible for re-election)
4. Mr. Furkaan Muhammad N Hossain (not eligible for re-election)

Short, Medium- & Long-Term Key Strategies of Bangladesh Finance and Process of Resource Allocation:

Bangladesh Finance prioritizes strategic target areas based on short-term, mid-term, and long-term goals to adapt to the changing financial market. It prioritizes sustainable business growth while protecting the interests of investors and stakeholders.



SUSTAINABILITY STRATEGY WITH MEASURABLE TARGETS

	Sustainable Strategy	Objectives/Targets
Financial capital	• Quality asset growth • Rationalize deposit and operational Expenses • Income increase through sustainable business	• Streamlined investment • operations and continuous follow up • Obtain small ticket size deposit and avoid unnecessary operating expenses • Introduced new products & restructuring existing products
Human Capital	• Create a performance driven Culture • Develop a highly motivated, qualified and experienced Team • Provide safe and healthy work environment	• Linking performance with reward • Attract qualified employees and provide learning opportunities • Recruit employees in line with growth of business • Arrange effective and timely training programs
Manufactured Capital	• Increase customer touch point • Provide a superior customer • experience • Deliver operational excellence by improving efficiency	• Expansion in geographical presence • Relocation with modern layouts • Investment in IT infrastructure and digitalization
Social and Relationship Capital	• Experience superior customer service • Improve customer loyalty • Sustain investor confidence • Supplier networking	• Continuous training on service excellence • Uninterrupted customer support during pandemic • Strengthen partnerships with suppliers • Engaging with the community

Responsibilities Towards the Staff (Including Health and Safety)

- **Respectful and Inclusive Work Environment:** Promote a culture of respect, openness, and collaboration that nurtures creativity and innovation among employees.
- **Ongoing Training and Professional Development:** Offer continuous learning opportunities to help employees stay ahead in the evolving financial services industry.
- **Competitive Compensation and Benefits:** Provide attractive salary packages complemented by bonuses, allowances, and comprehensive retirement benefits, demonstrating our commitment to employee welfare and financial stability.
- **Health and Safety Assurance:** Maintain a safe and secure workplace through the implementation of rigorous health and safety protocols. Additionally, promote staff well-being through wellness initiatives that support both physical and mental health.
- **Dedicated Medical Support:** Engage a full-time Medical Consultant to address health concerns, provide guidance, and raise health awareness within the organization.
- **Support for Employees' Families:** Extend support beyond the workplace by offering annual financial awards to employees' families and providing maternity leave benefits to assist new mothers during a vital period of transition.

IT Systems and Controls Including Data Privacy and Cyber Security:

Ensuring robust infrastructure and network security is a top priority for Bangladesh Finance. We deploy secure network systems fortified with advanced firewalls and encrypted data protocols to prevent unauthorized access and safeguard against cyber threats. Regular IT audits are conducted to identify vulnerabilities and ensure adherence to industry security standards.

To further enhance protection, we implement stringent access control mechanisms such as Role-Based Access Control (RBAC) and Multi-Factor Authentication (MFA), limiting access to sensitive data to authorized personnel only. Data privacy is maintained through comprehensive data

protection policies aligned with international regulations, including the General Data Protection Regulation (GDPR).

Our cybersecurity framework includes well-defined incident response plans, routine simulation drills, and rigorous third-party vendor management to ensure operational resilience. Additionally, we place strong emphasis on employee training and awareness programs to reduce the risk of internal breaches and social engineering attacks.

By embedding cybersecurity into our overall business strategy, Bangladesh Finance ensures that security initiatives are closely aligned with organizational objectives and regulatory requirements, promoting a proactive and resilient approach to cyber risk management.

Related Party Transactions:

In the normal course of business, Bangladesh Finance has entered into very few transactions with related parties during the year 2024. Disclosure of all related party transactions including nature and basis of such transactions have been furnished in Financial Statements, note no. 43.

Quarterly Operating Results

Bangladesh Finance registered an increasing growth in loans and advances on 4th Quarter over 1st, 2nd and 3rd Quarters (QoQ) respectively and increasing trend on Year over Year (YoY) basis. Deposit was grown over 4th Quarter over 2nd and 3rd Quarters (QoQ) in spite of the unhealthy competition to the tight money market and liquidity crisis and global economic slowdown. Revenue decreased in QoQ basis in Q4'24 due to providing interest suspense against loans and leases. Operating profit and net profit also decreased on Q4'24 compared to Q4 of 2023. However, overall net profit after tax decreased due to providing of full provision against all stressed loans and advances for building a resilient balance sheet.

Quarterly Operating Results

Particulars	Q1'24	Q2'24
Loan & Advances	**13,627**	**13,627**
Growth (%)-QoQ	-1.35%	0.00%
Growth (%)-YoY	2.47%	1.78%
Deposit & Other Accounts	**8,610**	**8,647**
Growth (%)-QoQ	-3.03%	0.43%
Growth (%)-YoY	-11.79%	-3.30%
Revenue	**407**	**400**
Growth (%)-QoQ	129.14%	-1.61%
Growth (%)-YoY	22.59%	18.67%
Operating Profit	**37**	**25**
Growth (%)-QoQ	-121.43%	-30.67%
Growth (%)-YoY	90.27%	26.66%
Profit After Tax	**16**	**2**
Growth (%)-QoQ	-101.42%	-86.01%
Growth (%)-YoY	22.87%	-90.29%
Cost to Income Ratio	**65.33%**	**69.12%**
Growth (%)-QoQ	-86.85%	3.79%
Growth (%)-YoY	-12.94%	-9.13%

Quarterly Operating Results

Particulars	Q3'24	Q4'24
Loan & Advances	**13,571**	**14,024**
Growth (%)-QoQ	-0.42%	3.34%
Growth (%)-YoY	0.85%	1.53%
Deposit & Other Accounts	**8,590**	**8,637**
Growth (%)-QoQ	-0.66%	0.54%
Growth (%)-YoY	-0.54%	-2.73%
Revenue	**298**	**(256)**
Growth (%)-QoQ	-25.49%	-185.86%
Growth (%)-YoY	-18.64%	-244.25%
Operating Profit	**(122)**	**(811)**
Growth (%)-QoQ	-581.08%	562.66%
Growth (%)-YoY	-469.09%	373.62%
Profit After Tax	**(163)**	**(7,200)**
Growth (%)-QoQ	-7515.82%	4324.40%
Growth (%)-YoY	-1418.10%	550.03%
Cost to Income Ratio	**139.04%**	**-49.79%**
Growth (%)-QoQ	69.92%	-188.83%
Growth (%)-YoY	64.85%	-201.97%

Classified Loan Ratio (%)	**31.96%**	**30.08%**
Growth (%)-QoQ	20.76%	-1.88%
Growth (%)-YoY	24.61%	20.33%

Classified Loan Ratio (%)	**44.34%**	**9.26%**
Growth (%)-QoQ	14.26%	-35.08%
Growth (%)-YoY	36.54%	-1.94%

Insider Trading

The members of the Board of Bangladesh Finance as well as its sub-committees, or its senior management and their family members did not engage in any insider trading and did not violate the provision with regard to insider trading. Management's Discussion and Analysis A detailed discussion and analysis of financials, as delivered by the MD & CEO in line with the Corporate Governance Code, is appended on page no 80 .

A declaration by the Managing Director & CEO and the Chief Financial Officer, as prescribed in the Corporate Governance Code has been appended on page no 292.

Statement of Directors on Financial Reporting Framework:

The directors are responsible for the governance of the company and as part of preparation and presentation of the financial statements. We, the directors confirm compliance with the financial reporting framework in line with the Corporate Governance Code issued by Bangladesh Securities & Exchange Commission in the following matters:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flow and statement of changes in shareholders' equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable & prudent judgment;
- The International Accounting Standards (IAS) or applicable International Financial Reporting Standards (IFRS), as applied in Bangladesh, have been followed in preparation of the financial statements any departure therefrom has been adequately disclosed;
- Internal Control System is sound in design and has been effectively implemented & monitored;
- There is no significant doubt upon the ability of the company to continue as a going concern.
- Although there are some quarterly deviations due to the change in funding cost, at the year-end there are no significant deviations from the last year's operating results.

We (Board of Directors) also hereby confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, profit or loss of the company;
- Adequate disclosures have been provided for the users of financial statements to understand the impact of financial information, other events and conditions on the entity's financial position and financial performance.
- Reasonable effort has been made to safeguard company's assets and to detect/prevent any fraud or irregularities.
- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

Internal Control and Compliance at Bangladesh Finance

The Internal Control and Compliance (ICC) function at Bangladesh Finance is essential for achieving the FI's objectives. It ensures a systematic, methodical, and consistent approach to risk governance, thereby promoting overall effectiveness in operations and compliance.

Key Responsibilities of the ICC Division

1. **Risk Management Systems:**
   - Assessment: Evaluating the adequacy improvements and effectiveness of the FI's risk management systems.
   - Enhancement: Implementing to mitigate identified risks.
2. **Financial and Operational Information:**
   - Accuracy: Ensuring that financial and operational information is accurate and reliable.
   - Timeliness: Guaranteeing the timely reporting of significant information.
3. **Compliance:**
   - Policy Adherence: Monitoring employee actions to ensure compliance with internal policies, standards, and procedures.
   - Regulatory Compliance: Ensuring adherence to laws and regulations governing the financial sector.

4. **Resource Utilization:**
   - Efficiency: Promoting the economical and efficient use of available resources.
   - Effectiveness: Ensuring resources are used to achieve the FI's programs, plans, and objectives.
5. **Control Process Improvement:**
   - Quality Assurance: Fostering continuous improvement in the FI's control processes.
   - Remediation: Identifying deficiencies and initiating appropriate remedial measures.
6. **Legislative and Regulatory Management:**
   - Legislative Compliance: Managing legislative issues that impact the FI.
   - Regulatory Updates: Keeping up-to-date with regulatory changes and ensuring compliance.

Primary Objectives of Bangladesh Finance's Internal Control System

The internal control system at Bangladesh Finance aims to ensure overall control, risk mitigation, and provide a reasonable level of assurance regarding the sustainability of the framework. The primary objectives and key functions established to assure the integrity and adequacy of internal controls are outlined below.

Primary Objectives

1. **Efficient and Effective Operating Model:**
   - Establish an efficient and effective operating model that enhances the overall performance and productivity of the FI.
2. **Risk-Aware Culture:**
   - Develop and promote a "risk-aware" culture across the FI, ensuring that employees at all levels understand and manage risks appropriately.
3. **Information Reliability:**
   - Ensure the reliability of both internal and external information, including accounting and financial data, to support informed decision-making.
4. **Safeguard Operations and Assets:**
   - Protect the FI's operations and assets, ensuring compliance with laws, regulatory requirements, and internal policies.

Key Functions

1. **Effectiveness of Daily Operations:**
   - The FI has established various committees by the Board to oversee and ensure the effectiveness of daily operations.
2. **Alignment with Corporate Objectives:**
   - Ensure that the FI's operations align with corporate objectives, strategic priorities, annual budget, and long-term goals.
3. **Internal Audit Compliance Checks:**
   - The internal audit department is tasked with checking compliance with established policies and procedures to ensure adherence and identify areas for improvement.

By focusing on these objectives and functions, Bangladesh Finance's internal control system aims to provide a robust framework for risk management, operational efficiency, and regulatory compliance, ultimately ensuring the sustainability and integrity of the FI's operations.

The Audit Department at Bangladesh Finance serves as an independent assurance provider, enhancing the overall effectiveness of the FI's internal controls and compliance framework. The department is composed of a diverse team of professional accountants, technology specialists, and experienced techno-commercial personnel. It adheres to best professional practices and employs risk-based internal audit methodologies to conduct comprehensive audits.

Key Functions and Structure

The Audit Department conducts its activities through Two specialized units:

1. Head Office Audit Unit: Focuses on auditing the centralized functions of various divisions, departments, and subsidiaries.
2. Branch Audit Unit: Conducts audits on branches.

Audit Process and Reporting

- Risk-Based Audits: Audits are conducted based on the level of risk assessed independently and objectively.
- Audit Committee: Findings are submitted to the Audit Committee of the Board, which reviews internal control issues and evaluates the adequacy and effectiveness of risk management and internal control systems. The minutes of these meetings are periodically tabled at the Board meetings.
- Anti-Fraud Controls: Self-assessment of anti-fraud internal controls is conducted semi-annually and reported to Bangladesh FI as required by regulatory guidelines.

The Audit Department aims to assist the FI in achieving its objectives by providing a systematic approach to assessing and enhancing the efficacy of risk management, controls, and governance processes.

Compliance Department

The Compliance Department at Bangladesh Finance fosters a strong compliance culture, ensuring adherence to policies, procedures, and regulatory requirements. It operates under the Internal Control and Compliance Division (ICCD) and is divided into three wings:

1. **Regulatory Compliance Unit:**
   - Supports regulatory inspections and ensures timely submission of compliance responses.
   - Monitors compliance across branches, divisions, and departments.
   - Conducts compliance testing and reviews on regulatory requirements.
   - Verifies internal control systems as per regulatory guidelines.

2. **Internal Compliance Unit:**
   - Implements observations from internal and concurrent auditors.
   - Reports compliance status to the Monitoring Department for further verification.

The Compliance Department meets the reporting obligations of management, the Board Audit Committee, and regulators.

Extra-Ordinary Gain or Loss

During the year 2024, Bangladesh Finance realized gain/loss of 82.00 million (solo) and 191.94 million (consolidated) respectively from the investment in shares from capital market.

Key Operating and Financial Data

Key operating & financial data over the last five years as per requirement of BSEC Notification No. BSEC/ CMRRCD/2006-158/207/ Admin/80 dated June 03, 2018 are presented in annexure-III to this report on page no. 145. Highlights of overall operations of the company as per DFIM Circular No. 11 dated December 23, 2009 have also been presented on page no. 41.

Dividend

The Board of Directors of Bangladesh Finance has not recommended any dividend for the year ended December 31, 2024, in view of the net loss after tax and resulting negative equity on a consolidated basis.

The loss primarily stems from significant provisions made against stressed loans, leases, and advances, in line with Bangladesh Bank's directives. Additional provisions were also required for negative equity from margin loans, equity investments, and private placements—reflecting the company's prudent risk management approach.

These measures, though affecting short-term profitability, were essential to reinforce the company's balance sheet and build resilience. Accordingly, the Board has prioritized capital preservation and financial stability over dividend distribution, with a continued focus on recovery and long-term shareholder value

Shareholding Pattern

According to the CDBL report there were 9,903 number of registered ordinary shareholders as on December 31, 2024. The shareholding pattern of the company as on December 31, 2024 is disclosed as per new Corporate Governance Code of BSEC in Annexure-I of this Director's Report.

Meetings Attendance & Remuneration

During the year 2024 a total 6 (Six) Board Meetings, 4 (Four) Audit Committee meetings and 2 (Two) Risk Management Committee meetings were held. The detail of meeting attendance by the Directors along with remuneration paid to them are disclosed in Annexure- II of this Director's Report.

Contribution to National Economy

Like many other financial institutions, Bangladesh Finance also has a contribution towards the national economy. The contribution is done through the national exchequer, and also through financing in productive enterprises and creating employment thereby. Bangladesh Finance has a financial contribution towards various successful projects in the private sector over the last two decades.

The total deposit by Bangladesh Finance is BDT. 59.06 million during the year 2024 in the form of corporate tax, withholding tax, excise duty and VAT to the national exchequer.

Contribution to the Society and Environment

Bangladesh Finance always cares about the society and its people. Therefore, it always makes sure to contribute towards the society and environment as a corporate citizen. Bangladesh Finance mainly focuses on CMSME sector in order to support the small entrepreneurs who play a prominent role in the country's economy. As a part of its CSR activities, Bangladesh Finance is associated with numerous social and environmental initiatives.

Appointment of Independent Director

The Independent Directors were duly appointed according to the Corporate Governance Code as prescribed by Bangladesh Securities and Exchange Commission (BSEC). The Board of directors reappointed Mr. Md. Rokonuzzaman FCA as the independent director of Bangladesh Finance on its 256th Board meeting held on 21 June 2022. Again, Mr. Iqbal Uddin Ahmed also reappointed as another independent director in the 263rd Board meeting held on 29 December 2022. Both the appointment of the directors are duly approved by the Bangladesh Securities and Exchange Commission and Bangladesh Bank.

Contribution to the Society & Environment

As a corporate citizen, Bangladesh Finance always considers to contribute towards the society and environment. Bangladesh finance is focusing in CMSME sector with a view to support the small entrepreneurs who play an important role in the economy of the country. BANGLADESH Finance is engaged with various social and environmental initiatives as part of its CSR activities.

Statutory Auditor

Snehasish Mahmud & Co., Chartered Accountants are the current statutory Auditors of Bangladesh Finance who (the audit firm) were appointed in the 25th Annual General Meeting held on July 30, 2024 for the year 2024 until 26th Annual General Meeting. On the basis of the proposal of the Board Audit Committee, the Board recommends Snehasish Mahmud & Co., chartered Accountants to be appointed as the statutory auditor of the company for the year 2025 at a remuneration of BDT 325,000.00 only (excluding VAT) up-to the 27th Annual General Meeting.

Compliance Auditor

MNA Associates, Chartered Secretaries in practice are the current compliance auditor of Bangladesh Finance who (the audit firm) were appointed in the 25th Annual General Meeting held on July 30, 2025 for the year 2024 until 26th Annual General Meeting. On the basis of the proposal the Board recommends MNA Associates, Chartered Secretaries in practice to be reappointed as the compliance auditor of the company for the year 2024 at a remuneration of BDT 50,000.00 only (excluding VAT) up-to the 26th Annual General Meeting.

Status of Compliance on Corporate Governance

Status of the compliance of conditions of Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission under Notification No. SEC/ CMRRCD/2006-158/207/Admin/80 dated June 03 2018 along with a certificate from a compliance auditor in practice has been enclosed as page no. 293 to the Corporate Governance Section. We also appended a statement of compliance on the good governance guidelines issued by Bangladesh Bank as additional Disclosure in the Corporate Governance Section.

Going Concern

Going Concern is one of the fundamental accounting concepts that determines the basis of preparation of the financial statement. According to going concern concept, an entity is deemed to have perpetual succession; i.e. to be continued in operation for foreseeable future. The management of an entity is responsible to assess the entity's ability to continue as a going concern company before preparing the financial statement. The assessment is pertinent as it is required/guided by International Accounting Standard, Companies Act, Listing Rules of concern issue and Corporate Governance Code of BSEC. The financial statements of the company for the year ended 31 December 2024 have been prepared on a going concern basis, which assumes that the company will continue to realize its assets and discharge its liabilities in the ordinary course of business. After a thorough assessment of the company's financial position, liquidity, capital structure, and operational resilience, the Board of Directors and management are confident in the company's ability to continue its operations in the foreseeable future. Considering the following major indicators, the management of Bangladesh Finance has come to the decision that preparation of financial statement of Bangladesh Finance for the year 2024 on going concern assumption is appropriate:

Indicating Factors	Response/Status of the Company
Dependency on Bank Borrowing	As on 31 December 2024, the bank borrowing of Bangladesh Finance is Taka 3,795 million against Term and Scheme deposit of Taka 8,637 million. Again, the bank borrowing is 16% of total liabilities which indicates that the company has no significant dependency on bank borrowings.
Equity Base	Bangladesh Finance has equity base which stands at Taka (5,425) million as of December 31, 2024.
Credibility in payment of loan obligations and encashment of deposit	Bangladesh Finance has strong credibility in terms of payment of its obligations to lenders. The payment history of the company is smooth towards both the lenders and depositors.
Renew of borrowing facility	At the end of year 2024, total borrowing from other banks and financial institutions becomes Taka 3,795 million. Based on our relation, reputation and past experience, it can be said that a major part of the debt would be renewed further.
Faith and confidence of depositors towards the company	Bangladesh Finance has good relationship with the depositors and good track record in settling its obligation towards its depositors. The confidence and continues support from the depositors helped the company to maintain a good amount of deposit consistently.
Financial Ratios	The key operating and financial ratios have given in Financial Highlight part.

Non-performing Loan	The company has an excellent track record for improvement of non-performing loan. As of 31 December 2024, the NPL stands at 9.26% whereas the industry average is 33%
Payment of Dividend	Bangladesh Finance has been paying dividend consistently to its shareholders over the years. However, the Board of Directors did not recommend a dividend for the year 2024 due to the allocation of additional provisions and suspense against stressed loans, leases, and advances. This is a Road to Safety strategy aims to recognize potential credit risk early, ensuring adequate reserves, and safeguard the company's overall financial health.
Working Environment and Employee Satisfaction	The employees of Bangladesh Finance enjoy a good working environment. They dedicatedly work for the company and the company cares for them by providing benefits and recognition.
Ability to meet operational expenses	Bangladesh Finance has not faced difficulties in paying its day-to day operational expenses. It has a culture to pay the vendors on time.
Off Balance sheet Liability	Bangladesh Finance has no amount of off-balance sheet liability.
Maintenance of Capital Adequacy Ratio	Bangladesh Finance has been maintaining the required CAR consistently as per the instruction of Bangladesh Bank (DFIM Circular Number 14, dated December 28, 2011). But due to providing of full provision against stressed loans and leases, as of December 31, 2024, the CAR stands at -33.81% against the required rate of 10.00%
Change in Government Policy	The management of Bangladesh Finance does not anticipate any significant changes in legislation or government policy, which may materially affect the business of the Company.

Review of Subsidiaries

Performance Bangladesh Finance has mainly two subsidiaries:

1. Bangladesh Finance Securities Limited (BD Securities)

2. Bangladesh Finance Capital Limited (BD Capital)

Bangladesh Finance Securities Limited (BD Securities)

The First subsidiary (56.34%) of Bangladesh Finance is BD Securities that offers full-fledged international standard brokerage service for retail and institutional clients. It started its operation from November 2011. It also has seats on Dhaka Stock Exchange Limited. Bangladesh Finance Securities has managed to come out as a strong market player in the sector within a short period of time. The total investment portfolio size of Bangladesh Finance Securities stood at Tk. 487.05 million at the end of the year 2024. While the total asset is Tk. 2,226.53 million. Earnings Per Share (EPS) is Tk. (2.29).

Bangladesh Finance Capital Limited (BD Capital)

Bangladesh Finance Capital Limited, known as BD Capital is a 99.972% subsidiary of Bangladesh Finance. It started its operation from February 26, 2012 as a full-fledged Merchant Bank. Portfolio management, issue management, underwriting of securities and advisory services are the main activities of the company. BD Capital has achieved a sustainable growth in the Merchant Banking Industry within a short time period. It indicates a further potential growth of the company in the near future. The Total Asset of BD Capital stood at Tk. 1,154.97 million at the end of the year 2024.

Outlook 2025

The year 2025 marks a critical phase of economic recovery for Bangladesh Finance Limited, as we emerge from the challenges of a global recession. The persistent high level of non-performing loans (NPLs) across the banking and financial sector in Bangladesh remains a pressing concern. The economic downturn has significantly weakened borrower risk profiles, and Bangladesh is no exception. Coupled with policy-imposed lending rate caps, which hinder risk-adjusted pricing, the sector faces a difficult dual challenge. Additionally, persistent inflation and liquidity constraints are expected to create further headwinds for both businesses and savers.

In 2025, our primary focus will be on maintaining a high-quality asset portfolio, reducing classified loans, and expanding our retail and SME segments in both deposits and loans & advances. Securing low-cost refinance schemes will be essential to lowering our funding costs and enabling a sustainable reduction in lending rates.

Our strategic priorities for 2025 include:

- **Expanding Rural Deposits**: We will strengthen our Sales team to tap into the growing rural deposit base.
- **Cross-Selling Initiatives**: Emphasis will be placed on cross-selling products and services, including retail offerings to corporate clients, to enhance customer value and revenue streams.
- **Loan Portfolio Diversification**: We will restructure our loan portfolio by emphasizing well-rated businesses, and increasing our focus on SME and retail lending.
- **Structured Finance Growth**: Enhancing fee-based income through the development of our 'Structured Finance' department will be a key objective.
- **Emerging Sector Emphasis**: Greater focus will be given to high-potential sectors such as ICT, Energy and Power, Healthcare, Light Engineering, Tourism, and Ceramics.
- **SME Expansion**: Special attention will be directed toward expanding the SME credit portfolio, which offers higher yields and lowers the risks associated with large loan defaults.
- **Strengthening Existing Sectors**: We will continue to support and grow in established thrust sectors such as agro-based industries, leather, frozen food, and textiles.
- **Agri-Business Focus**: Key agricultural industries including sugar, edible oil, wheat, rice, maize, pulses, peas, and food & beverage will be prioritized.
- **Islamic Financing Initiative**: We are also set to introduce a dedicated 'Islamic Financing Wing' to explore new business avenues and provide a broader range of Shariah-compliant financial services.

Through these targeted initiatives, Bangladesh Finance aims to navigate the economic recovery period with resilience, while positioning itself for sustainable growth and value creation in the years ahead.

Acknowledgement

The Board of Directors extends its heartfelt appreciation and sincere gratitude to our valued clients, lenders, depositors, bankers, and business associates for their unwavering support and cooperation throughout the year. We also wish to acknowledge and thank Bangladesh Bank, the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, National Board of Revenue, the Registrar of Joint Stock Companies & Firms, and other regulatory authorities for their continued guidance and support.

Our deepest appreciation goes to the dedicated employees of Bangladesh Finance for their loyalty, hard work, and unwavering commitment to the organization's success.

Finally, we express our profound thanks to our esteemed shareholders for their trust in the Board and Management. We assure you that our efforts to strengthen and grow the company will continue with renewed focus, aiming to enhance long-term value for all stakeholders.

For and on behalf of the Board of Directors,



Manwar Hossain
Chairman
Bangladesh Finance PLC

ANNEXURE-I

Shareholders	Position	No. of shares held	% of total shares of BDFINANCE
A) Parent/Subsidiary/Associated Companies and other related parties (name-wise details)			
Bangladesh Finance Securities Ltd.	57.36% (owned by Bangladesh Finance)		
Bangladesh Finance Capital Ltd.	99.97% (owned by Bangladesh Finance)		
B) Directors, Sponsors, CEO, Company Secretary, CFO, Head of Internal Audit and Compliance and their spouse and minor children			
ANWAR STEEL MILLS LTD.	Director	9,004,232	4.78%
MR. FURKAAN MUHAMMAD N HOSSAIN (NOMINATED BY ANWAR STEEL MILLS LTD)	Nominated Director	-	-
ANWAR ISPAT LTD	Director	14,223,130	7.56%
MR. MD. HELAL CHOWDHURY (NOMINATED BY ANWAR ISPAT LTD)	Nominated Director	-	-
HOSSAIN DYEING & PRNTING MILLS LTD.	Director	7,857,468	4.17%
MR. MANWAR HOSSAIN (NOMINATED BY HOSSAIN DYEING & PRNTING MILLS LTD)	Nominated Director	1,219,240	0.65%
KHALED IRON & STEELS MILLS LTD.	Director	3,797,998	2.02%
MR. MD. ASADUZZAMAN KHAN (NOMINATED BY KHALED IRON & STEELS LTD)	Nominated Director	-	
ANWAR SILK MILLS LTD.	Director	3,805,265	2.02%
MS. FATEMA BEGUM (NOMINATED BY ANWAR SILK MILLS LTD)	Nominated Director	-	-
MEHMUD INDUSTRIES (PVT.) LTD.	Director	7,125,828	3.79%
MR. MD. HASAN KHAN (NOMINATED BY MEHMUD INDUSTRIES (PVT.) LTD)	Nominated Director	-	-
MR. IMTIYAJ YOUSUF	Director	8,189,251	4.35%
MR. ABDUR RASHID SALAM	Sponsor	1,363,052	0.72%
MR. CHOWDHURY MONWAR AHMED SIDDIQUI	Sponsor	432,339	0.23%
MR. IHTESHAMUR RAHMAN	Sponsor	402,260	0.21%
MR. CHOWDHURY ERTEZA AHMED SIDDIQUI	Sponsor	10,321	0.01%
MR. IQBAL UDDIN AHMED	Independent Director	-	-
MR. MD. KYSER HAMID	Managing Director &CEO	-	-
Sub-total:		57,430,384	30.51%
C) Executive (Top five person other than CEO, CFO, CS, HIAC)			
Mr. Md. Anwar Hossain	Sr. Executive Vice President	Nil	-
Mr. Md. Faisal Hossain	Senior Vice President	Nil	-
Mr. Md. Kohinoor Hossain	Senior Vice President	Nil	-
Mr. Munshi Md. Ashafaqul Alam	Senior Vice President	Nil	-
Mr. Mohammad Abu Obayed	Senior Vice President	Nil	-
D) Shareholders holding 10% or more voting right	-	Nil	-

N.B: There is no shareholders' who soley holds 10% or more shares in Bangladesh Finance PLC.

ANNEXURE-II

Meeting Attended by the Directors of Bangladesh Finance during 2024

Name of Director	Designation	Board of Directors Meeting			Audit Committee Meeting			Risk Management Committee Meeting			Total Remuneration paid for the year-2024
		Attend Ratio	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting	Attend Ratio	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting	Attend Ratio	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting	
MR. MANWAR HOSSAIN (NOMINATED BY HOSSAIN DYING & PRNTING MILLS LTD)	Chairman	4/6	67	36,000	-	-	-	1/2	50	9,000	45,000
MR. IQBAL UDDIN AHMED	Independent Director	6/6	100	54,000	1/4	25	9,000	2/2	100	18,000	81,000
MR. MD. ROKONUZZAMAN, FCA	Independent Director	6/6	100	54,000	4/4	100	36,000	2/2	100	18,000	108,000
MR. FURKAAN MUHAMMAD N HOSSAIN (NOMINATED BY ANWAR STEEL MILLS LTD)	Director	4/6	67	36,000	3/4	75	27,000	-	-	-	63,000
MR. MD. HELAL CHOWDHURY (NOMINATED BY ANWAR ISPAT LTD)	Director	4/6	67	36,000	-	-	-	-	-	-	36,000
MR. MD. ASADUZZAMAN KHAN (NOMINATED BY KHALED IRON & STEEL MILLS LTD)	Director	6/6	100	54,000	4/4	100	36,000	2/2	100	18,000	108,000

MS. FATEMA BEGUM (NOMINATED BY ANWAR SILK MILLS LTD)	**Director**	6/6	100	54,000	4/4	100	36,000	-	-	-	90,000
MR. IMTIYAJ YOUSUF	**Director**	4/6	67	36,000	-	-	-	-	-	-	36,000
MR. MD. HASAN KHAN (NOMINATED BY MEHMUD INDUSTRIES (PVT.) LTD)	**Director**	2/6	33	18,000	-	-	-	-	-	-	18,000
Mr. Ihtiaz Yousuf (NOMINATED BY MEHMUD INDUSTRIES (PVT.) LTD.)	**Director**	1/6	16.67	9,000							9,000
MR. MD. KYSER HAMID	**Managing Director & CEO**	6/6	100	-	-	-	-	-	-	-	-
Total Remuneration paid			**-**	**387,000**	**-**	**-**	**144,000**	**-**	**-**	**63,000**	**594,000**

N.B: Mr. Ihtiaz Yousuf (Nominated by Mehmud Industries (Pvt.) Ltd.) was resigned from the Board of Directors in the last AGM

Shariah Supervisory Committee					
Sl No.	**Name of the Members**	**Designation**	**Attend Ratio**	**Attend (%)**	**Remuneration (BDT)**
1	Prof. Dr. Mohammad Gias Uddin Talukder	Chairman	1/1	100%	9,000
2	Mr. Md. Abdul Awwal Sarker	Member	1/1	100%	9,000
3	Dr. Zubair Mohammad Ehsanul Hoque CSAA	Member	1/1	100%	9,000
4	Dr. Md. Ruhul Amin Rabbani	Member	1/1	100%	9,000
5	Mr. Md. Kyser Hamid	Member	1/1	100%	-
	Total				**36,000**

ANNEXURE-III

Five Year's Financial Performance Highlights

BDT in Million

	2020	2021	2022	2023	2024
BALANCE SHEET MATRIX					
Authorized Capital	2,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Paid-up Capital	1,675.30	1,775.81	1,882.36	1,882.36	1,882.36
Shareholders' Equity	2,786.38	2,954.06	3,040.95	1,912.03	(5,425.45)
Deposits	8,616.44	9,568.98	9,862.35	8,878.84	8,636.73
Loans, Leases and Advances	12,843.74	13,369.10	13,699.68	13,813.48	14,024.29
Investments	204.16	252.78	419.00	413.09	342.37
Fixed Assets	524.37	522.84	568.33	685.24	663.69
Total Assets	15,913.53	16,716.79	17,406.25	18,067.89	18,531.93
Interest Earning Assets	13,535.18	14,360.45	14,843.00	15,365.72	15,522.38
Non-Interest Earnings Assets	2,378.35	2,356.34	2,563.26	2,702.17	3,009.55
INCOME STATEMENT MATRIX					
Interest Income	1,659.54	1,496.58	1,375.75	1,085.53	723.79
Interest Expenses	1,166.18	985.56	997.21	1,024.16	1,431.09
Net Interest Income	493.36	511.02	378.53	61.37	(707.30)
Non-Interest Income	76.24	379.33	255.86	127.83	125.53
Profit before Provision and Tax	382.24	646.32	327.93	(98.72)	(871.43)
Provision for Loans and Advances & Other Provision	37.00	243.25	131.80	970.47	7,050.00
Profit Before Taxation	345.24	403.07	196.13	(1,069.19)	(7,921.43)
Net Profit After Tax	225.82	268.19	193.44	(1,059.95)	(7,344.99)
CAPITAL MEASURES					
Total Risk Weighted Assets (RWA)	16,340.19	16,156.55	17,186.67	17,480.97	16,269.98
Tier-1 Capital	2,374.48	2,543.56	2,631.85	1,385.07	(5,950.61)
Tier-2 Capital	332.53	407.21	419.38	481.99	449.01
Total Capital/Regulatory Capital	2,707.01	2,950.76	3,051.23	1,867.06	(5,501.60)
Capital Surplus/ (Deficit)	1,072.99	1,335.11	1,332.57	118.97	(7,128.60)
Tier-1 Capital to RWA	14.53%	15.74%	15.31%	7.92%	-36.57%
Tier-2 Capital to RWA	2.04%	2.52%	2.44%	2.76%	2.76%
Capital Adequacy Ratio (CAR)	16.57%	18.26%	17.75%	10.68%	-33.81%
CREDIT QUALITY					
Non-performing Loans (NPLs)	413.20	340.03	762.00	1,547.71	1,298.59
Provision for Unclassified Loan	123.35	234.75	439.50	899.79	7,766.17
Provision for classified Loan	113.64	142.36	117.93	732.71	857.33
NPLs to total Loans and Advances	3.22%	2.54%	5.56%	11.20%	9.26%

BDT in Million

	2020	2021	2022	2023	2024
INVESTORS INFORMATION					
Market price per share	29.10	54.40	44.10	44.10	11.80
No. of Shares Outstanding	167.53	177.58	188.24	188.24	188.24
Earnings per Share (BDT)	1.35	1.51	1.03	(5.63)	(39.02)
Dividend					
Cash	6%	6%	10%	0%	0%
Stock	6%	6%	0%	0%	0%
Market Capitalization	4,875.11	9,660.43	8,301.22	8,301.22	2,221.19
Net Asset Value per Share	15.69	15.69	16.15	10.16	-28.82
OPERATING PROFIT RATIO					
Net Interest Margin (NIM)	3.55%	3.60%	2.53%	0.40%	-4.47%
Cost of Deposit	10.87%	8.65%	7.99%	8.22%	10.71%
Spread	2.78%	3.09%	2.89%	2.46%	2.94%
Return on Average Assets	1.41%	1.64%	1.13%	-5.98%	-40.14%
Return on Average Equity	8.37%	9.34%	6.45%	-42.80%	-418.11%
PERFORMANCE RATIO					
Profit per Employee	1.43	1.60	1.28	(5.95)	(40.36)
Salary Exp. to total Operating Exp.	58.46%	57.84%	62.24%	66.15%	69.84%
Cost to Income /Efficiency Ratio	32.89%	27.41%	48.31%	152.18%	-49.79%
OTHER INFORMATION					
No. of Branches	7	7	7	7	7
No. of Employees	158	168	151	178	182
Credit Rating					
Rating	**2020**	**2021**	**2022**	**2023**	**2024**
Long Term	AA-	AA-	AA	AA	AA
Short Term	ST-2	ST-2	ST-1	ST-1	ST-1
Capital Adequacy Ratio	16.57%	18.26%	17.75%	10.68%	-33.81%