Strategic Integration of Innovation and Sustainability Adopted by BRAC Bank PLC to Achieve Sustainable Digital Transformation

By

Azgor Hossen
22364017

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Master of Business Administration (MBA)

Department of BRAC Business School (BBS)
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May 2026

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Azgor Hossen

Student ID: 22364017

Supervisor's Full Name & Signature:

Dr. Muhommad Azizur Rahman

Associate Professor, BBS

BRAC University

Dr. Suman Paul Chowdhury

Associate Professor, BBS

BRAC University

Letter of Transmittal

Dr. Muhommad Azizur Rahman

Associate Professor, BBS

BRAC University

KHA 224, Progati Sarani, Merul Badda, Dhaka 1212

Subject: Submission of Internship Report on "Strategic Integration of Innovation and Sustainability Adopted by BRAC Bank PLC to Achieve Sustainable Digital Transformation".

Dear Sir,

This is my pleasure to present my internship report titled "Strategic Integration of Innovation and Sustainability Adopted by BRAC Bank PLC to Achieve Sustainable Digital Transformation". During my tenure as a Universal Officer at BRAC Bank, I received practical knowledge of the subject, which I detailed in this report.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will provide important insights into the role of implementing sustainable banking in the financial culture of Bangladesh.

Sincerely,
Azgor Hossen
22364017
BRAC Business School
BRAC University
Date: 22nd May 2026

Acknowledgement

I'd want to express my gratitude to everyone who contributed ideas, opinions, and assistance in creating this report, including those who improved it.

I'd want to thank to my esteemed supervisor and mentor **Dr. Muhommad Azizur Rahman**, Associate Professor, BRAC Business School, BRAC University. His invaluable guidance, consistent encouragement, and insightful suggestions have played a pivotal role in shaping this research

I also want to thank my Branch Manager, MD Faysal Kayes, from the New Market Sub Branch, BRAC Bank PLC. He went out of his way to provide detailed information and data, and that helped a lot.

Thanks as well to everyone at the New Market Sub Branch, BRAC Bank PLC. Without the cooperation from the entire BBL team, finishing this study just wouldn't have been possible. Really, I appreciate everyone whose steady support helped me cross the finish line with this report.

Executive Summary

This paper takes a close look at how BRAC Bank PLC handles sustainability and innovation, emphasizing on how the bank weaves ESG (Environmental, Social, and Governance) principles into its day-to-day work to build a banking model that's set for the future. Three main sections here: my internship experience, an overview of the organization, and the main project analysis.

First, I discuss the work I performed as a Universal Officer—my daily tasks, the key lessons I gained, and how I saw digital transformation and sustainable branch operations play out up close. There's a big focus on what skills I picked up and how strategic moves toward sustainability actually changed how the bank works.

Next, I present a full picture of BRAC Bank PLC itself: its vision, mission, values, how it's structured, roles and responsibilities, and how the bank's financials have held up over time.

The final section digs into BRAC Bank's commitment to sustainability. At this section, I explain how the "3P" approach—People, Planet, and Prosperity—shows up in real-world policies, from green finance and responsible lending to programs that boost financial inclusion. I also look at digital innovation, like paperless banking and omni-channel service, and review how effective BRAC Bank's governance really is when it comes to being sustainable. The report highlights how BRAC Bank stands out as a green banking leader, thanks to its investments in renewable energy, backing for small businesses and women entrepreneurs, strong ESG reporting, and smart positioning in the market using SWOT and VRIO analyses. I also measure the bank's financial performance over the past five years with growth stats and ratio reviews.

In conclusion, I suggest that BRAC Bank should double down on its digital presence, fine-tune its sustainability reporting, broaden its reach into other industries, and stay even more collaborative with regulators—to establish itself firmly as a pioneer in sustainable banking in Bangladesh.

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List of Acronyms

SME: Small and Medium-sized Enterprises

ESG: Environmental, Social, and Governance

SDG: Sustainable Development Goals

ROA: Return on Assets

ROE: Return on Equity

CRAR: Capital to Risk (Weighted) Assets Ratio

3P: People, Planet, and Prosperity (Triple Bottom Line)

GABV: Global Alliance for Banking on Values

PCAF: Partnership for Carbon Accounting Financials

TCFD: Task Force on Climate-related Financial Disclosures

CMSME: Cottage, Micro, Small, and Medium Enterprises

GHG: Greenhouse Gas

ESDD: Environmental and Social Due Diligence

FDI: Foreign Direct Investment

FI: Financial Institution

ATM: Automated Teller Machine

CDM: Cash Deposit Machine

Chapter 1: Overview of the Internship

Chapter 1: Overview of the Internship

1.1 Introduction

BRAC Bank Limited, a privately held commercial bank located in Bangladesh, was established on July 4, 2001, to meet a substantial gap in the financial service industry. In an industry where access to investment opportunities were limited, specifically for remote and small-scale businesses, BRAC Bank has become an innovator by using technologies and offering online banking facilities. The principal goal in to focus on small and medium-sized businesses (SMEs) that has been marginalized by conventional banking services.

BRAC Bank, headquartered in Dhaka, has swiftly established itself as one of Bangladesh's most modern and creative financial organizations. With a focus on innovation, the bank provides a wide range of financial services.

1.2 Internship Information

Period: From August 11,2024 – Continuing

Company Name: BRAC BANK PLC

Department/Division: Distribution Network Division

Address: BRAC Bank PLC Anik Tower 220/B, Tejgaon Gulshan Link Road Tejgaon, Dhaka 1208.

Internship Company Supervisor's Information: Name and Position

Supervisors Name: MD Faysal Kayes

Position: Manager, Sub Branch

1.3 Job Scope – Job Description/Duties/Responsibilities

Position: Universal Officer

Job Nature: Full Time

Grade: OG-1

Duties/Responsibility:

- Serving as a Universal Officer in BRAC Bank PLC and performing cash transactions accurately using the Core Banking System.
- Providing exceptional customer service, addressing queries and resolving complaints.
- Adhering to AML/KYC guidelines, reporting suspicious activities.
- Ensuring compliance with bank policies to prevent fraud and protect customers.
- Monitoring reports, raising alerts for suspicious transactions, and assisting with internal coordination.

- Processing account-related requests and ensuring proper documentation.
- Preparing and submitting internal and external reports on time.

1.4 Internship Outcomes

As a Universal Officer, my primary responsibilities are to handle both service and cash. Throughout my working period I have been assigned to tasks which is crucial to branch operations. I have clearly observed how traditional banking is changing under the implementation of various initiatives taken by Digital Transformation Team.

Also, I have got clear understanding what better can be done to make branch governance a steady sustainable goal pathway. To make a bank sustain in the long run, its important to understand how much sustainable branch governance is necessary.

Throughout my journey, which is continuing I have witnessed broad initiatives taken by BRAC Bank PLC. This bank has also taken root level initiatives which will make big positive impact in the long run. Triple bottom line is not just a concept in this bank. BRAC Bank PLC is applying this ideology in any kind of strategic and financial decision making.

I made contribution to this study by offering firsthand knowledge of how digital transformation is improving sustainable approach towards branch governance and changing conventional banking operations. In order to show how incorporating the triple bottom line into financial and strategic decision-making may promote long-term growth, increase operational effectiveness, and improve customer service, I linked theoretical sustainability ideas with real-world applications at BRAC Bank PLC.

Chapter 2: Organizational Overview

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2.1 Corporate Profile of BRAC Bank PLC

One of Bangladesh's top private commercial banks, BRAC Bank PLC was founded in 2001 and places a high priority on sustainability, financial inclusion, and small and medium-sized businesses (SMEs). Operating under a values-based approach, the bank incorporates environmental, social, and governance (ESG) principles into its core operations as a subsidiary of BRAC, the largest development organization in the world. With more than 187 branches, 457 SME Unit Offices, and 580 agent banking outlets nationwide, BRAC Bank, which has its headquarters in Dhaka, provides services to millions of customers. With the help of subsidiaries like bKash and BRAC EPL, it provides a broad range of banking services, including retail, corporate, SME, treasury, and digital banking. Acknowledged for its impact and inventiveness, the bank has won multiple green

2.2 Corporate Vision & Mission

BRAC Bank PLC aspires to be a successful and socially responsible financial institution by focusing on high-growth sectors and impact industries. Its objective is to contribute to a just, educated, healthy, democratic, and poverty-free Bangladesh, which aligns with BRAC's overall development goals. To complete this, the bank is dedicated to sustainable expansion, specifically in the SME sector, through less expensive deposit mobilization, efficient use of corporate loans, and highly secured investments in emerging markets. The aim also involves increasing non-funded income, keeping debt charges under 2%, and encouraging collaboration among branches, SMEs, and BRAC offices to ensure effective service delivery. BRAC Bank intends to achieve long-term, profitable, and responsible growth through stringent regulatory compliance, exceptional service quality, and a highly engaged workforce.

2.3 Objectives of BRAC Bank PLC

As a one of the most sustainable banks of Bangladesh BRAC Bank PLC has some distinguished approach towards its objectives.

- **Poverty Reduction:** BRAC Bank's primary mission is to alleviate poverty and help people in need.
- **Empowerment:** The bank's mission is to help individuals and communities disadvantaged by poverty, lack of education, disease, and social injustice.
- **Social Responsibility:** BRAC Bank takes a dual strategy, balancing financial profit with social responsibility.
- **Education Support:** The bank focuses educational support for female students seeking higher education.
- **Support for Disabled persons:** BRAC Bank is committed to providing rehabilitation and support services to persons with disabilities.

- **Environmental and Climate Action:** The bank is extending its programs to address environmental and climate change issues.
- **Sustainable Development Goals (SDGs):** BRAC Bank is dedicated to furthering the United Nations' SDGs in order to foster long-term, sustainable development.

2.4 Achievements and Recognitions

Due to its exceptional financial performance, transparency, and dedication to inclusive banking, BRAC Bank PLC has received a great deal of recognition both domestically and abroad. With a market valuation of more than $1 billion USD, it reached a significant milestone, demonstrating the confidence of investors. The bank's dedication to corporate governance and transparency was demonstrated in 2016 when it won the ICAB Award for Best Published Annual Reports, the ICMAB Best Corporate Award, and the SAFA Award for Best Presented Annual Report. BRAC Bank was named the "Best Bank for SMEs" by Asia money in 2017, and it was named the "Most Progressive Bank on Gender Strategy and Implementation" by the Asian Development Bank. Furthermore, the Global Banking Alliance presented the bank with the Women's Market Champion Award.

2.5 Corporate Information

BRAC Bank PLC is a publicly traded company that works in Bangladesh's banking and financial services sector. The bank was established on July 4, 2001, and its main office is located at Anik Tower, 220/B, Tejgaon-Gulshan Link Road, Tejgaon I/A, Dhaka 1208. BRAC Bank, a division of the largest development organization in the world, BRAC, has become a significant force in the nation's banking industry. Under the name BRAC Bank PLC, it is listed on the Chittagong Stock Exchange (CSE) as well as the Dhaka Stock Exchange (DSE). The late Sir Fazle Hasan Abed KCMG is acknowledged as the bank's former chairperson and founder, and its current leaders are Chairperson Meheriar M. Hasan and Managing Director & CEO Mr. Tareq Refat Ullah Khan. BRAC Bank has about 9,068 workers (as of March 31, 2025) and operates numerous significant subsidiaries, including bKash Ltd., BRAC Saajan Exchange Ltd., BRAC EPL Investments Ltd., and BRAC EPL Stock Brokerage Ltd. It also has an associate company, BRAC IT Services Limited.

2.6 Core Values and Commitments

BRAC Banks basic values include effectiveness, inclusion, integrity, Customer Centricity and innovation. These ideals support their pledges to achieving large-scale impact, reducing illiteracy, empowering underprivileged communities, and enabling both men and women to reach their full potential.

2.7 Organizational Structure

BRAC Bank's organizational structure is led by the Board of Directors, with support from three major committees: The Board Executive Committee, The Board Risk Management Committee, and The Board Audit Committee. In the Figure 1 (BRAC Bank PLC, 2023) the organizational structure is clearly portrayed. The Managing Director & CEO is responsible for the bank's overall operations and strategy, and reports to the Board of Directors. The MD & CEO oversees key divisions such as Core Business, Operations, Corporate Support, Risk and Compliance. Furthermore, the Chief Financial Officer, Head of HR, Legal & Recovery, and different compliance responsibilities, such as Risk Management, Internal Control, and Anti-Money Laundering, provide regulatory and operational stability. Strategic roles like Communications, Marketing, and the Chief Digital Officer encourage innovation, branding, and consumer engagement, which increase involvement in sustainable and socially impactful decision making.

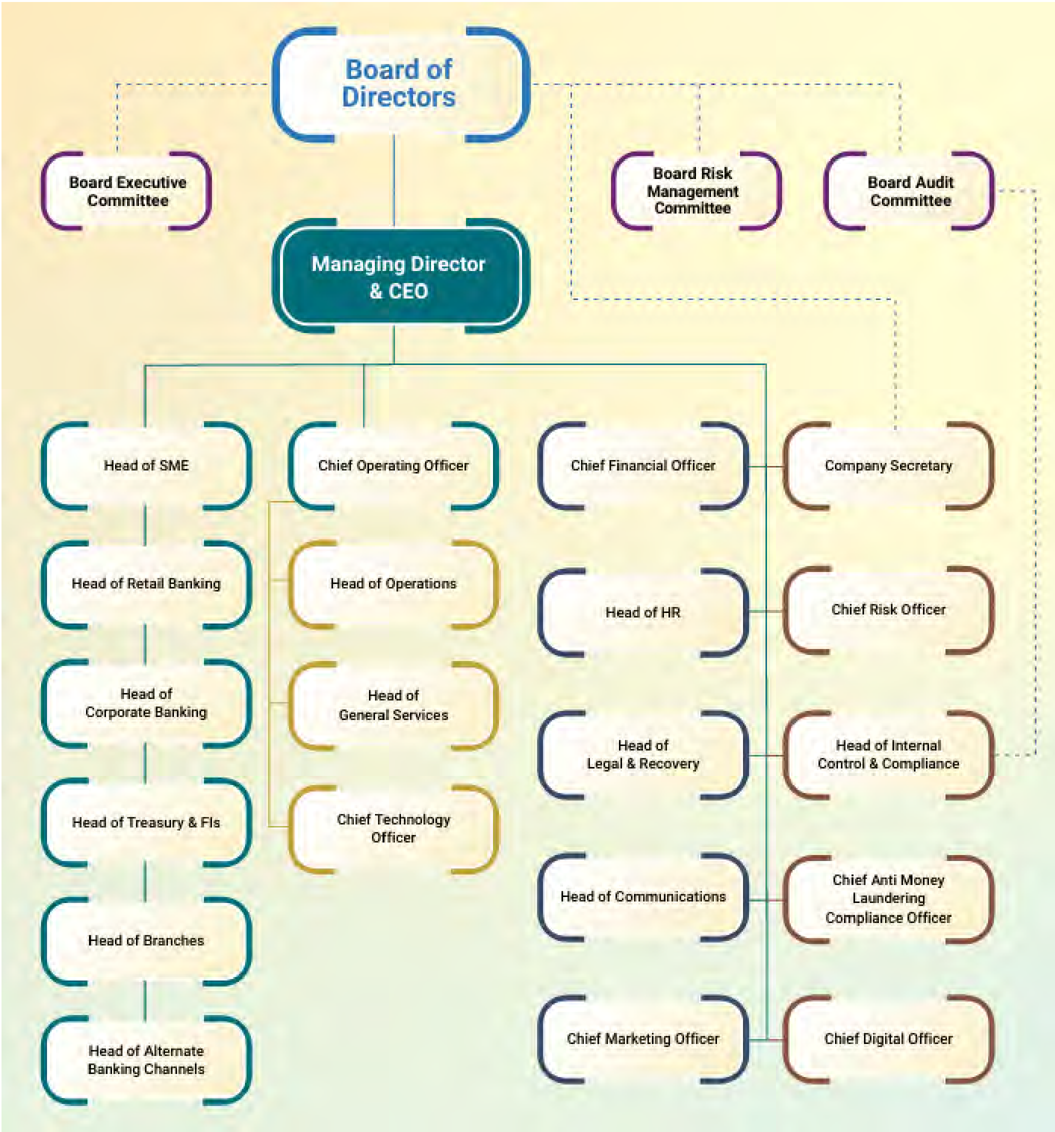

Figure 1 : Organizational Structure of BRAC BANK PLC, Source: Annual Report,2024 (BRAC Bank PLC, 2024)

2.8 The Leadership Style of BRAC Bank

BRAC Bank maintains a democratic and participative style in its leadership structure, which makes it a decentralized and involving participation from different management level. Structured committees like Board Risk Management and Audit Committees involve in more crucial and informed decision making. Senior leaders including Managing Director and CEO depends on functional heads to carry out specific duties while giving direction and insight. This decision making and participation style ensures that variation in perceptions are included. This style aligns with the purpose of the banks to become a provider of great financial services while keeping the standard of compliance and operational efficiency. However, in order to guarantee swift and decisive action, some crucial decisions—especially those pertaining to risk and compliance—may necessitate an autocratic approach. This combination of authority and involvement aids BRAC Bank in achieving its strategic objectives.

2.9 Human Resource Planning Process

BRAC Bank takes a systematic approach to Human Resources, beginning with recruiting and selection. This includes internal promotions, referrals, and external hiring through various channels including as employment portals, campus drives, and walk-in interviews. Their transparent, merit-based selection procedure normally consists of initial screening, written tests, multiple interviews (both behavioural and technical), and, on occasion, group discussions. The bank's compensation scheme is competitive, with a base salary, performance-based incentives, and benefits such as medical insurance, provident funds, and annual bonuses, in addition to non-monetary advantages like professional development and recognition programs. BRAC Bank also prioritizes training and development initiatives through in-house sessions, external workshops, and online learning to improve technical skills, leadership abilities, and industry knowledge, with a strong emphasis on leadership development programs to promote internal career advancement.

2.10 Marketing practices in BRAC Bank

BRAC Bank's marketing strategy is cantered on boosting customer convenience and financial inclusion through innovation and technology. The bank focuses on SME banking and provides collateral-free loans to underrepresented entrepreneurs, accounting for 45% of its portfolio (85% of which are collateral-free). The company's digital transformation initiatives, including the Astha mobile banking app and CorpNet internet banking platform, demonstrate its dedication to providing seamless services.

Segmenting, targeting, positioning Strategy

BRAC Bank caters to a diverse customer base, including rural entrepreneurs (who account for 60% of SME financing and seek financial inclusion), urban and semi-urban retail customers who value digital convenience through solutions such as Astha, and corporate clients who require sophisticated treasury and cash management services. Their segmented targeting strategy is seen in goods such as Astha, which is aimed at tech-savvy young people, and SME-focused solutions such as Druti and Jibika, which are geared toward small traders and rural enterprises for example, launching 'Astha' app has made banking services accessible to everywhere. Customers can now avail most of the services by using this app. For the SME sector BRAC Bank has introduced secured loan, home loan, auto loan through its digital banking platforms. A dedicated women segment called 'TARA' is making women banking more seamless by providing education and guidance regarding how a bank can help them to be a contributor to the economy. This women segment customers can vail loans for businesses more conveniently. Recently BRAC Bank has introduced a new type of account called 'Homemaker's account'. Which offers a dynamic baking freedom by giving the ease of source of fund, where beneficiary owner is not needed for a certain range of transactions. This financial inclusion-based product has made a dynamic offering to a new customer segment.

The bank promotes itself as a values-driven and customer-centric institution, combining cutting-edge technology with a human touch and highlighting its commitment to financial inclusion and long-term growth through partnerships with organizations such as the Bill & Melinda Gates Foundation.

2.11 Financial Performance Overview of BRAC Bank PLC

Over the last five years (2020–2024), BRAC Bank PLC has proven solid and steady financial performance, which is evidence of its strategic focus on SME finance, digital transformation, and sustainable banking practices. The bank's profitability has risen significantly, especially in the last several years. Net profit after taxes has been trending rapidly upward, peaking in 2024. Increasing Return on Equity (ROE) and Return on Assets (ROA), which show greater effectiveness in using shareholder funds and total assets, support this growth. Successful income diversification is demonstrated by BRAC Bank's substantial revenue growth, which has been supported by both interest income and non-funded income sources including fees and commissions. The bank's balance sheet has also expanded significantly, with strong growth in deposits, loans, and advances, showing higher consumer trust and effective credit development, notably in the SME and retail categories. Efficiency measures such as Earnings Per Share (EPS) have continuously risen, increasing shareholder value, but operational expenses have moderately increased as a result of strategic investments in technology, people resources, and infrastructure that are essential for long-term competitiveness. Furthermore, BRAC Bank has kept a strong position in asset condition and risk control, as evidenced by a decreasing Non-Performing Loan (NPL) ratio and a high provisioning coverage ratio, ensuring financial stability and reduced credit risk. The bank's capital adequacy remains robust, with a strong Capital to Risk Weighted Assets Ratio (CRAR), enabling it to absorb potential shocks and support future expansion. Overall, the financial trends from 2020 to 2024 indicate that BRAC Bank is transitioning into a high-growth phase characterized by increasing profitability, expanding asset base, improved efficiency, and strong risk control. This consistent performance not only reflects sound management practices but also reinforces the bank's position as a resilient, innovative, and sustainable financial institution in Bangladesh.

2.12 Summary

BRAC Bank PLC is concentrate mainly on assisting Bangladesh's SME sector while fostering monetary inclusion and long-term development. Established in 2001 as a BRAC affiliate, it has grown to become one of the country's largest private commercial banks, providing a diverse range of retail, corporate, treasury, and digital banking services through its extensive nationwide network and subsidiaries, including bKash. The bank's purpose is closely aligned with BRAC's broader development aims, which include poverty alleviation, empowerment, education, disability inclusion, climate action, and accomplishment of the Sustainable Development aims (SDGs). BRAC Bank, known for its openness and innovation, promotes strong principles like as integrity, incisiveness, and customer centricity and participative leadership style.

Its human resource methods are centered in merit-based recruiting, ongoing learning and leadership development, resulting in a talented and motivated staff. In terms of marketing the bank stresses digital transformation and inclusive banking through new products and platforms like Aastha, Tara and CorpNet, establishing itself as a forward thinking and customer focused financial institution. In addition, this chapter includes an assessment of the bank's recent financial performance, emphasizing constant development in profitability, assets, deposits and operating efficiency. The report highlights BRAC Banks excellent financial stability, good risk management, and shift to a high growth, sustainable banking model.

Chapter 3: Strategic adoption in Sustainability and Innovation

Strategic Integration of Innovation and Sustainability Adopted by BRAC Bank PLC to Achieve Sustainable Digital Transformation

3.1 Introduction

This chapter provides a detailed assessment of the existing literature on sustainable banking, green finance and digital transformation in the financial industry. The goal of this chapter is to provide a theoretical and conceptual basis of examining BRAC Bank PLC's strategic integration of innovation and sustainability, The banking business has changed dramatically in recent years as a result of growing environmental concerns, regulatory demands, and technology improvements. As a result, financial institutions are progressively adopting environmental, social and governance principles to maintain long term viability and competitiveness. This chapter critically examines relevant academic studies, policy frameworks, and empirical findings to understand the evolution, importance, and impact of sustainable banking practices, particularly in the context of developing economies like Bangladesh. It also highlights key gaps in the literature, which provide the basis for conducting this study and analyzing BRAC Bank PLC's initiatives in achieving sustainable digital transformation.

3.2 Objectives of the study

The goals of this study on sustainable banking practices at BRAC Bank are:

- Conducting in depth analysis of sustainable banking practices in the context of the Bangladeshi banking system, with a particular emphasis on BRAC Bank.
- Identifying and assessing BRAC Bank's approach to sustainable banking.
- Evaluating the key factors driving BRAC Bank's adoption of sustainable banking practices.
- Evaluating BRAC Bank's sustainable banking initiatives in terms of the economy, environment, society, and corporate governance.
- Accessing how BRAC Banks core 4 values aligns with the sustainability approach so that it can properly implement 3P philosophy in its operations and future prospects will be discussed.
- Recognizing as a member of GABV (Global Alliance for Banking on Values) how BRAC Bank is being constant and thoughtful in its financing decision making, how it impacts the socio-cultural dynamics for a sustainable growth will also be analyzed.
- Analyzing a life cycle journey in the operations of a branch perspective.

3.3 Literature Review

Masukujjaman and Aktar (2014) present one of the earliest comprehensive studies on green banking in Bangladesh, highlighting banks initiatives in infrastructure development, paperless banking, and environmental risk management. They argue that though Bangladesh lags behind global benchmarks, its banks are progressively aligning with international green finance trends (Masukujjaman & Aktar, 2014). This early roadmap situates sustainable banking as both an environmental obligation and a competitive necessity.

Khairunnessa, Vazquez-Brust, and Yakovleva (2021) stress that Bangladesh Bank's Green Banking Policy (2011) and subsequent circulars are the most significant catalysts for green banking growth. Their review notes that regulatory pressure has encouraged banks to adopt green lending practices, enhance disclosure, and expand renewable financing (Khairunnessa et al., 2021). This underscores the central bank's unique role in embedding sustainability within the financial system.

Using Partial Least Squares–SEM, Rahman et al. (2024) empirically tested factors influencing green banking adoption. Their study reveals that green investment and green banking policies are the most significant predictors of sustainable banking operations, while sustainable innovativeness plays a mediating role (Rahman et al., 2024). The authors conclude that policy consistency and investment incentives are crucial for strengthening sustainability in Bangladeshi banks.

Chowdhury (2023) explores the relationship between green finance and performance indicators of Bangladeshi banks between 2014 and 2021. His findings show that while Return on Assets (ROA) is only moderately affected, Return on Equity (ROE) and Net Interest Margin (NIM) improve significantly with green finance, alongside a decline in Non-Performing Loans (NPLs) (Chowdhury, 2023). This suggests that sustainable banking not only benefits the environment but also enhances operational efficiency and financial stability.

(Zheng et al.,2021) examine how private commercial banks (PCBs) in Bangladesh allocate funds to green finance. They identify four key intervention areas: waste management, green establishments, brick production, and recycling initiatives (Zheng et al., 2021). Their study shows that PCBs play a critical role in channeling capital to environmentally responsible sectors, thereby directly contributing to national sustainable development goals.

The Bangladesh Bank has made several initiatives to make sustainable banking a reality. Bangladesh Bank has adopted sustainability. On August 7, a 2.5 billion green banking re-financing project was launched to fund renewable energy projects in the country, despite ongoing power outages. (Akter, 2023)

According to the Bangladesh Bank, "People are unaware of our green financing fund." They don't even know where it is. It is mostly responsible for poor distribution." (Bank, 2024)

In recent decades, sustainable financing has become a key aspect of company growth. Evolution highlights the shift from shareholder value to stakeholder value, or in a threefold context: men, the world, and income. Investment managers, both individuals and corporations strongly believe that conditions do not restrict returns on investment. It can genuinely provide both dangers and rewards for success. According to a Boston Consulting Group analysis, non-financial performance plays a major role in determining company valuations across industries. Competitive finance sources provide substantial financial benefits, as proved. Financial stability-focused companies outperform due to better risk profiles, cheaper capital costs, and increased profitability. (Ozili, 2018)

Sustainability involves using natural resources wisely while maintaining profitability. Sustainability banking involves managing a bank's operations while optimizing resource utilization. (Ramnarain, 2016) Sustainability leads to higher performance in terms of ROE, net value, and profits. Because of their economic position, banks can promote sustainability through credit approval systems and ecologically friendly financial products like ethical investment funds. The authors divide banks' approaches to environmental challenges into four stages: defensive, preventive, offensive, and sustainable. They emphasize how government policies influence bank sustainability initiatives and investigate the link between Dutch environmental policy and banking. The report finishes by discussing potential future roles for banks in sustainability. (Bouma, 1993)

Sustainable financing for SMEs includes a variety of activities such as green loans, investments, and ESG-compliant business operations. Researchers and practitioners are increasingly interested in investigating sustainable finance in the SME sector. The goal is to understand how small organizations can effectively use and benefit from financial models that have positive environmental and social consequences. It is critical to identify and analyse how SMEs engage in sustainable financial practices. This is required in order to develop strategies that will improve their ability to withstand and adapt to the rapid changes in the global economy. (Dzikri Firmansyah Hakam, 2024)

Research on sustainable (or "green") banking has matured from descriptive overviews into empirics linking environmental–social governance (ESG) policies to risk, innovation, and performance. Early open-access syntheses define "green banking" as banks incorporating environmental externalities into credit, risk and supervisory procedures to protect the financial system while generating strategic possibilities (Kim,2020).

Recent study examines how ESG integration affects bank results. By examining the transition From Traditional banking to sustainable models, the research highlights that while financial development in South Asia has historically correlated with environmental degradation, green banking serves as a critical mechanism to align economic growth and ecological preservation. The review of existing literature identifies a significant positive relationship between sustainable practices and multidimensional performance- encompassing financial operational and reputational gains- yet notes that implementation in developing nations remains in a preliminary stage due to barriers like technical limitations and low awareness. (Jillani et al., 2024)

Using a panel dataset of Chinese commercial banks from 2011 to 2022, Wang et al. (2024) examine the connection between green innovation and Environmental, Social, and Governance (ESG) performance in the commercial banking industry. According to their empirical analysis, commercial banks' green innovation is greatly boosted by exceptional ESG performance, which serves as a vital catalyst for the financial sector's low-carbon transition. Mechanistically, the study shows that two main intermediary pathways are used to produce this beneficial effect: significantly lowering corporate agency costs and optimizing a bank's internal credit asset structure, which reduces high-pollution lending. In the end, the study shows that strong corporate sustainability frameworks directly promote technological and strategic green innovations, offering regulators solid empirical support for integrating ESG indicators into banking oversight. (Wang et al., 2024)

Friede et al. (2015) perform a ground-breaking comprehensive meta-analysis, aggregating the empirical findings of 2,226 individual primary studies published between 1970 and 2014 to map the definitive relationship between Environmental, Social, and Governance (ESG) criteria and Corporate Financial Performance (CFP). By combining data from both vote-counting analyses and econometric meta-analyses, the authors conclude that a staggering 90.4% of the reviewed literature confirms a non-negative relationship, with an overwhelming 48% of studies demonstrating a directly positive and statistically significant correlation between robust ESG integration and increased financial returns. Finally, this foundational paper provides definitive, institutional-grade empirical evidence that debunks the traditional corporate myth that sustainable investing necessitates sacrificing alpha, arguing instead that proactive ESG management serves as a critical fiduciary driver of long-term value creation. (Friede et al., 2015)

From a corporate finance perspective, a bibliometric review in financial innovation maps how terns like “green bonds” “ESG risks” and “sustainability disclosure” have covered on banks financing costs and value creation; it also identifies understudied channels such as biodiversity and financed-emissions measurement(topic clusters and gaps)(FBj,2023). A systematic analysis in Green Finance adds that policy and market driven green credit standards are increasingly crucial to the energy transition, but uneven taxonomies and disclosure procedures make it difficult to compare across banks and jurisdictions(synthesis and barriers)(AIMS Press,2022).

Nosratabadi et al. (2020) present a new, structured evaluation framework that combines the Analytic Hierarchy Process (AHP) and the Delphi method to evaluate the sustainability of banking business models. Due to their strong alignment with social responsibility and local economic stability, retail banking models achieve the highest sustainability performance scores, according to the empirical analysis. On the other hand, because they prioritize short-term financial returns and are more exposed to environmental risks, investment and corporate banking models receive much lower scores. In the end, the study shows that incorporating multi-criteria sustainability metrics into core banking architectures offers a significant competitive advantage by providing executives and regulators with a standardized instrument to assess a bank's actual social and environmental value. (Nosratabadi et al., 2020)

Bangladesh central bank has integrated sustainability into prudential guidance through the sustainable finance policy, which incorporates green financing, SDG alignment and emissions reduction targets into bank operations and reporting (policy objective and SDG/INDC alignment)(Bangladesh bank SFP,2020). Bangladesh bridge authority according to open access comparative study, Bangladesh rule based push (refinance programs, green products lists) has expedited green credit dispersion, whereas India's SBI exhibits larger absolute volumes, exposing size and capabilities limits. Bangladesh- specific studies (open versions) consistently show high policy adoption rates among commercial banks, but uneven implementation on client education, external verification, and climate- risk funds- gaps that limit the impact on real-economy decarbonization.

This research evaluates the operational and strategic adoption of green banking within private commercial banks (PCB) bangladesh positioning it as a critical response to the country's vulnerability to climate change. Defined as a blend of "paperless" and "ethical banking" the study highlights a transition from traditional financing toward green projects- specifically focusing on renewable energy such as solar and biogas plants alongside effluent treatment initiatives. Internally banks are driving sustainability through digital transformation utilising ATM, SMS and online banking to reduce carbon footprints- while establishing specialised green banking units to comply with central bank mandates. (Samina & Hossain, 2019)

Bangladesh Bank states that implementing green banking policies will benefit banks by improving resource efficiency and network financing. (Millat, 2011)

Bangladesh bank has identified crucial areas to be concerned about sustainable banking. They want banks to cut their carbon impact across all branches and headquarters. Maintain a positive brand image by saving the environment. Easily reduce loan for ecologically risky projects. Implement current technology in banking processes to improve customer service and efficiency. Raise stakeholder awareness to encourage environmentally friendly company operations. (Bank,2024)
The literature underlines the importance of sustainable banking in balancing profitability with environmental and social responsibility. Banks have enormous potential to foster sustainability through green financing, ESG complaint Lending systems, and eco-friendly products, all while reaping benefits such as greater efficiency return on equity and stronger stakeholder connection. However the Bangladesh bank has identified issues such as low public awareness. Sustainable financing is a critical topic for both financial and non-financial businesses seeking to understand the current state of the global economy. Every year Bangladesh bank publishes reports detailing the contribution and awareness of the companies. However, appears to be insufficient concern among Bangladesh's manufacturing sector. People are not aware enough to realise the value of a sustainable mental process.

To research approaches for sustainable banking range from bibliometric analysis (Aracil et al., 2021) to life cycle assessment (Hussain et al., 2022). Weber (2017) uses mixed approaches to evaluate performance indicators, whereas (Khan et al, 2021) use economic models to quantify the impact of green finance on profitability. Bibliometric mapping studies offer macro level perspectives on topic evaluations whilst qualitative case studies provide more detailed institutional insights. Such methodological diversity broadens understanding while also highlighting the need for integrated frameworks that can capture greater frameworks and capture both tangible and intangible environmental benefits. (Rahman et al.,2020)

The shift to renewable energy will force the international financial system, particularly in emerging economies. Emerging economies contribute nearly 60% of global greenhouse gas emissions and face an annual green infrastructure investment gap in the trillions. Despite this, the empirical literature is fragmented and heavily skewed toward the institutional realities of advanced markets. In order to address this gap between theory and practice, RamosFarroán et al. (2025) undertake a systematic review of empirical studies published between 2015 and 2025. The authors examine the contextual factors that determine success or failure of various green economic instruments, examine how national institutional institutions can affect their policies, and critically critique current biases in the literature. (Ramos Farroñán et al., 2025)

This paper by Taneja et al. (2024) looks at how banks around the world are trying to become environmentally friendly, a practice called green banking. The researchers collected and analyzed 149 major academic studies published between 2009 and 2023 to map out the big trends. They found that research in this field has grown rapidly, peaking in 2021. The study breaks green banking down into four simple categories: changing bank policies, training employees, greening daily operations (like using online banking, saving paper, and installing solar-powered ATMs), and offering green choices to customers (like eco-friendly loans). Interestingly, the paper shows that developing countries in South Asia are leading this research, with India publishing the most papers and Bangladesh coming in second for how often its research is cited. However, the paper notes that banks still face big challenges when trying to go green, such as the high cost of new technology, a lack of clear ways to measure environmental impact, and employees who do not yet have the technical training to judge environmental risks. (Taneja et al., 2024)

Large firms and foreign investors are increasingly emphasising corporate sustainability programmes. This strategy's foster a sense of responsible citizenship inside a corporation. The global financial system is at a crossroad and true transformation necessitates a widespread commitment to transparency, inclusivity and long-term thinking. Governments, investors and institutions must not only implement sustainable practises but also ensure that they are transparent and accessible. Only then will sustainable finance be able to realise its full potential as a driver of equality and long-term progress. (Dhaheri, 2020)

Bangladesh is considered as one of the Asian nations that pioneered green banking techniques. In order to encourage commercial banks to incorporate sustainable finance and environmental risk management into banking operations, The Bangladesh Bank published green banking policy guidelines in 2011. Online banking, Green loans, solar powered branches and ecologically sustainable financing initiatives are just a few of the green banking practices that Bangladesh's Banking industry has implemented with notable success. These programs were put in place to lower carbon emissions and support sustainable environmental practices over the long run. (Rachmi & Kartiko, 2023)

The literature highlights Bangladesh Bank's efforts to promote sustainable banking through green financing and policy measures. Nonetheless, there are considerable gaps such as outdated policy implementation, little public awareness and limited SME engagement. Small and medium sized enterprises have hurdles due to resource constraints whereas multinational corporations and foreign investors prioritise sustainability. Thus, the banking industry should prioritise prudent lending practises.

Furthermore, there is a scarcity of empirical evidence and sector specific impact evaluations on the long term benefits of sustainable finance in Bangladesh. Improving legislative enforcement, raising awareness and adopting targeted initiatives to incorporate sustainability into the financial ecosystem are all required to close these gaps

3.4 Methodology

This study is based on secondary data obtained from a variety of sources Authentication was assured by a source collecting platforms and updated data was used for a variety of financial and model based analysis.

- Online relevant reports
- BRAC Banks annual reports: 2023,2024
- BRAC Banks sustainability reports: 2024
- Official files
- News websites
- Publications of the Bangladesh Bank.

3.5 Significance of the Issue

BRAC Bank serves the missing middle often known as the small and medium sized enterprise category. Since its founding, BRAC Bank has been committed to social welfare and sustainable development. From distribution to diversity, this organisation has always attempted to prioritise people over profit.
BRAC Bank defines sustainable banking practices as a dedication to environmental stewardship, social responsibility, and economic resilience, all of which are critical for long-term growth and stability. BRAC Bank's use of sustainable banking not only helps to reduce environmental effect, but it also increases customer trust, regulatory compliance, and total societal value. This research emphasizes the significance of sustainable banking in building a robust and ethical financial sector in Bangladesh.

There is limited research on local banks' sustainable banking practices. This study will help investigate the importance of sustainable banking. Addressing global environmental, social, and governance (ESG) concerns requires a focus on sustainable finance.

3.6 Findings and Analysis

This research identified the best sustainable practices BRAC Bank PLC has been doing to make a future proof and green finance-based bank of Bangladesh adhering to the adequate guideline provided by Bangladesh Bank. This finding has been gathered through real life on the job experiences and multiple seminars, interviews and courses of BRAC Bank PLC.

3.6.1 Triple bottom line approach in BRAC Bank PLC

The "People" component emphasizes financial inclusivity, employee well-being, and community assistance. BRAC Bank is dedicated to helping Bangladesh's unbanked and underbanked masses, notably through micro, small, and medium business (CMSME) funding. Initiatives such as the TARA (an women banking segment of BRAC Bank) women’s banking initiative promote gender equality by offering financial resources and training to female entrepreneurs.

The “planet” pillar highlights BRAC Bank environmental responsibility. As part of this commitment BRAC Bank has significantly expanded its queen finance portfolio with an emphasis on renewable energy, energy efficient projects and climate resilient agriculture. BRAC Bank actively measures and reduces its environmental impact in accordance with global environmental frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Partnership for Carbon Accounting Financials (PCAF), which includes comprehensive GHG emissions reporting across Scopes 1, Scope 2, and Scope 3. These 3 emission categories focused on the origination of emission within a company’s operations. The categories divide the concepts among direct (fuel combustion from company vehicles or boilers), indirect (purchased energy, like electricity used in the company's facilities) and uncontrolled (raw material production, transportation, employee commuting, and waste disposal.) space. In order to contribute to a low-carbon economy, the bank has started integrating renewable energy sources into its operations and promotes digital banking as a way to cut down on resource usage.

"Prosperity" refers to BRAC Bank's commitment to long-term economic progress for the benefit of all stakeholders. Through its values-based banking philosophy, the bank promotes economic resilience by lending responsibly to industries that promote sustainable development. BRAC Bank has been consistent with the philosophy of TBL (triple bottom line) with their operation from the inception. In their green banking portfolio, it has been witnessed in great extent.

This research provided a complete understanding of how BRAC Bank's 3P Philosophy: People, Planet, and Prosperity, is effectively applied. The bank's commitment to financial inclusion, environmental responsibility, and long-term economic success was reviewed, particularly through projects like

CMSME funding and the TARA women's banking program. A better understanding of how sustainable practices, when combined with the triple bottom line approach, can foster innovation and resilience in the financial sector was gained.

3.6.2 Integration of ESG (Environmental, Social, Governance) into Business Model

BRAC Bank incorporates Environmental, Social, and Governance (ESG) concepts into its basic operations to promote sustainability and ethical decision-making. The bank aims to expand its green and sustainable financing portfolio by providing incentives such as concessional money and subsidies to clients that follow environmentally friendly practices. It combines mitigation and adaptation strategies, funding programs that lessen environmental damage while also assisting communities in adjusting to climate change.

BRAC Bank has established a strong credit process that includes Environmental and Social Due Diligence (ESDD) to evaluate potential risks in its investments and loans. In addition, the bank provides guidance and resources to help its clients and stakeholders become more ESG-ready. BRAC Bank has made a good score in the ESG rating and made its position among 7 companies of Bangladesh, which is shown in Figure 2 (Babu, 2023). This ESG rated companies attract global investors. In addition to that, this companies considered to be sustainable as they believe in some unique philosophy of sustainability which is integrated in their operations and investment decisions. According BRAC Banks sustainability report, BRAC Bank does not invest in tobacco, ship breaking industries as these industries are harmful for the people and planet. (BRAC Bank PLC, 2023)

BRAC Bank employs the 3R approach: Reduce, Reuse, and Recycle, to reduce waste and environmental impact. This bank strengthened its ESG strategy by establishing 25 Sustainable Finance

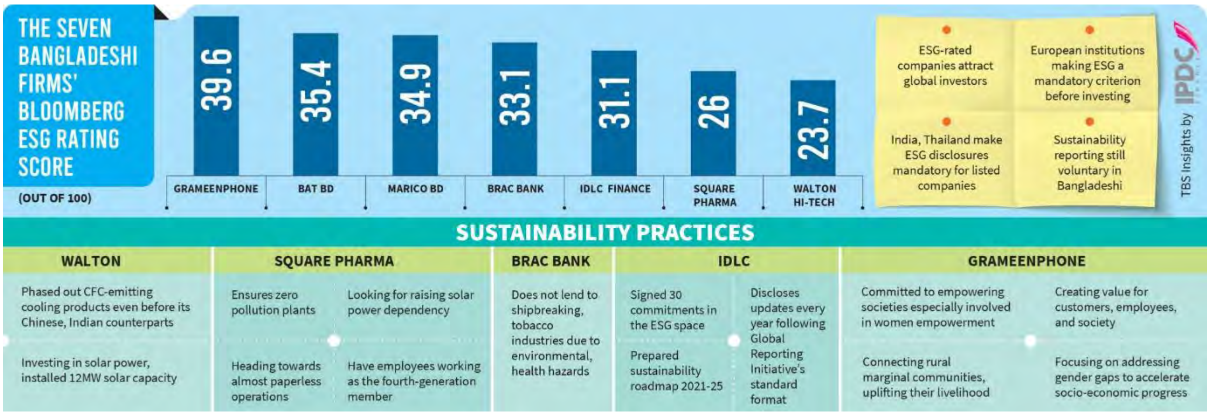

Figure 2 : Sustainable practices of Bangladesh's Seven Companies, ESG Score, Source: The Business Standard (Babu, 2023)

Help Desks to offer advice on responsible lending. Furthermore, the bank's disclosures now match with sophisticated worldwide frameworks, such as TCFD (Task Force on Climate-related Financial Disclosures, a framework established by the Financial Stability Board) for climate disclosure and PCAF (Partnership for Carbon Accounting Financials, a framework specifically designed for financial institutions to measure and report the greenhouse gas emissions financed through their loans and investments.) for carbon accounting, demonstrating a more systematic and transparent ESG strategy. (BRAC Bank PLC, 2023)

The integration of ESG concepts into BRAC Bank's business strategy has been analysed. The bank's expansion of its green finance portfolio, adherence to frameworks such as TCFD and PCAF, and implementation of the 3R methodology were examined. The review of its Sustainable Finance Help Desks as well as the Environmental and Social Due Diligence process revealed a structured ESG strategy. Finally, insights were acquired into how ESG integration is used as a strategic tool to encourage sustainable investment decisions and attract global investors.

3.6.3 Responsible Financing as Corporate Social Responsibility

Responsible financing is the practice of delivering financial services and products that take into account environmental, social, and governance (ESG) factors as well as traditional financial criteria. It entails ensuring that investments and loans are directed to projects and businesses that benefit society and the environment while limiting negative consequences. BRAC Bank invests heavily in energy-efficient machinery, environmentally friendly facilities, renewable energy, and responsible finance. These investments demonstrate its commitment to responsible and sustainable business operations. (Star, 2023) As a bank of responsible financing BRAC Bank has been made significant disbursement (showing in Figure 3) (BRAC Bank PLC, 2023) of financial assistance in Sustainable agriculture, Sustainable MSME, Green finance and socially responsible financial disbursement.

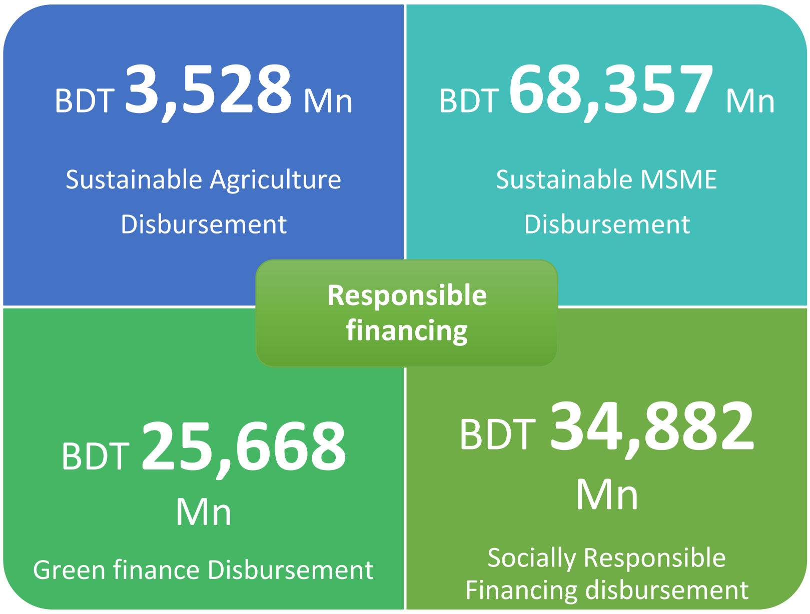

Figure 3 : Responsible Financing of BRAC Bank PLC, Source : Annual Report, 2023 (BRAC Bank PLC, 2023)

BRAC Bank has achieved the Bangladesh Banks sustainable and green finance target in a large extent. This achievement has not only underlined the bank's commitment to sustainability, but also strengthened its competitive position within the banking sector. In figure 4, it can be seen that a central bank’s target has well achieved by BRAC Bank. Which made a point of how this bank has taken sustainable and green finance.

Year 2023	Sustainable Finance	Green Finance
Bangladesh Bank Target	20%	5%
Our achievement	41.38%	10.61%

Figure 4 : Bangladesh Banks Targets vs BRAC Banks Achievement, Source: Sustainability Report,2023 (BRAC Bank PLC, 2023)

BRAC Bank's implementation of responsible finance standards was thoroughly examined. The bank's strategic investments in energy-efficient machinery, environmentally friendly facilities, renewable energy, and other sustainable projects were investigated, and it was discovered that significant financial contributions are made to sustainable agriculture, MSME, green finance, and socially responsible initiatives. The study showed that these methods not only reinforce the bank's commitment to sustainability, but also boost its competitive position in the sector.

3.6.4 Sustainability through innovation

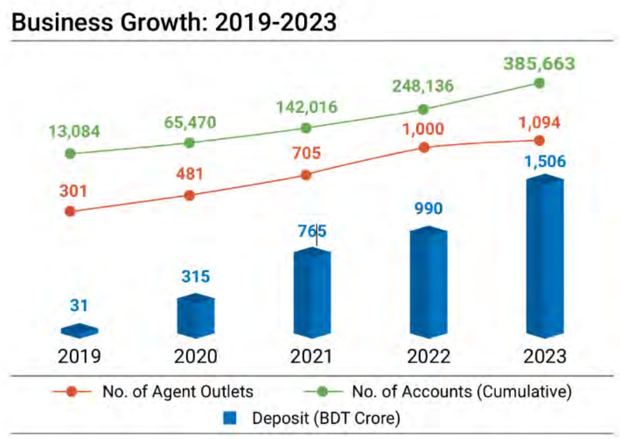

Figure 5 : Business Growth (Impact of omni channels integration) of BRAC Bank PLC, Source : Annual Report, 2023 (BRAC Bank PLC, 2023)

Alternative delivery channels, boosted by the concept of omni-channels, have transformed the accessibility of banking services, allowing people in even the most remote communities to access a full variety of financial offerings without having to visit a physical location. These long-standing services have contributed significantly to the progress of sustainable banking. The growth is visible in the Figure 05 (BRAC Bank PLC, 2023), where year on year business growth is giving insight of impact of using omni channels.

Channels such as call centres, internet banking, agent banking and ATM/CDMs(cash deposit machine) expand the reach of financial services in a scalable and most cost effective manner, reducing the need for costly branch operations and making services more accessible to a wider audience. In the future these channels can help supply even more services enhancing client convenience.

These channels are a more cost-effective alternative to typical branch operations because they require less upkeep. However, in order to realize their full potential, clients must be financially and technologically literate. Educating customers to accept cashless transactions benefits individuals while also promoting a more efficient and sustainable banking system, which contributes to the larger social aim of digital financial inclusion.

According to Figure 6 (BRAC Bank PLC, 2023) , BRAC Banks agents banking outlets has made a great growth in last years. These outlets are cost effective and capable of providing a certain number of tasks. This idea has made significant contribution in the overall operating income and performance growth. It's important to expand these ideas of omni channels, however ensuring the security while doing the expansion is also important.

Above analysis portrayed a thorough understanding of how BRAC Bank uses alternate delivery channels, powered by omni-channel strategies, to improve sustainable banking. The role of low-cost channels such as call centers, internet banking, agent banking, and ATMs was examined, and their contribution to increasing financial access while decreasing reliance on physical branches was demonstrated. According to the findings, these innovations not only increase overall operating income

	2023	2022	2021	2020	2019
No. of Agent Banking Outlet	**1,094**	**1,000**	705	481	301
Total No. of Accounts	**385,663**	**248,136**	142,016	65,470	13,084
Total Deposit (BDT Crore)	**1,506**	**990**	765	315	31
Total No. of Transactions	**6,084,873**	**3,973,103**	2,557,481	880,483	334,687
Total Transaction Volume (BDT Crore)	**30,875**	**23,446**	14,806	6,575	1,656
No. of Remittance Payment	**130,889**	**108,809**	86,559	25,697	5,155
Remittance Volume (BDT Crore)	**892**	**773**	578	347	19
No. of Distributor Bill Collection	**164,093**	**83,489**	55,246	16,230	2,840
Distributor Bill Collection Volume (BDT Crore)	**2,238**	**960**	655	219	38
No. of Loan Disbursement	**90,361**	**74,476**	40,823	14,505	1,540
Loan Disbursement Volume (BDT Crore)	**5,490**	**4,722**	2,442	866	77
No. Loan Repayment Collection	**1,094,028**	**919,790**	780,011	336,847	230,168
Loan Repayment Volume (BDT Crore)	**5,692**	**4,721**	3,448	1,573	972

Figure 6 : Gradual Rise of Alternate Banking Channels in BRAC Bank PLC, Source: Annual Report, 2023 (BRAC Bank PLC, 2023)

and performance, but they also encourage digital financial inclusion. Furthermore, the need of maintaining security during the proliferation of these channels was emphasized.

3.6.5 Green Banking and Financial inclusion by BRAC Bank PLC

Financial inclusion is the process of ensuring that individuals and businesses, particularly those in underserved or marginalized groups, have access to cost-effective, timely, and appropriate financial products and services. Financial inclusion aims to include everyone, particularly disadvantaged groups such as low-income households, rural populations, and small companies, into the official financial system, allowing them to participate in and profit from economic growth. (BRAC Bank PLC, 2023)

Steps taken by BRAC Bank PLC to implement financial inclusion in the financial environment of Bangladesh:

Mitigating the Credit Gap: BRAC Bank eliminates credit barriers by providing loans to SMEs, women entrepreneurs, and rural farmers, promoting economic growth and empowering underprivileged communities. As these sectors are a part of financial inclusion, BRAC Bank is trying to keep the unserved segments under its portfolio.

Increasing access to financial services: Agent banking and digital platforms bring banking services to rural areas, ensuring that formerly excluded populations can now access the financial system. (BRAC Bank's Agent Banking empowers rural communities, 2025)

Empowering women: TARA Uddokta and TARA Accounts are products that promote women's financial independence, helping to achieve gender parity in economic participation.

Fostering Rural Development: Agricultural loans and collaborations with MFIs help rural people increase productivity and ensure sustainable lives.

Promote Digital Literacy: Digital banking solutions not only ease transactions, but also introduce consumers to current financial tools, enhancing their incorporation into the official financial system.

Building Financial Habits: Entry level products such as Prothom accounts, encourage savings and financial awareness among first-time consumers, laying the framework for long term financial inclusion.

BRAC Bank's implementation of green banking and financial inclusion has been thoroughly examined. The study looked at how financial services are delivered to underprivileged regions through efforts that close the credit gap, empower women, and promote rural development. It was proved that agent banking and digital platforms are used to ensure that even excluded groups have access to affordable and timely financial solutions.

Responsible bodies of BRAC Bank's sustainable finance

Two different wings under Sustainable Finance Unit which are Green Banking and CSR (corporate social responsibility). Sustainable Finance Unit reports to Sustainable Finance Committee which is responsible to Board Risk Management committee. In Figure 7 (BRAC Bank PLC, 2023) a structure of responsible bodies of sustainable finance of BRAC Bank is showed. This responsible bodies are on custodian of CSR activities and sustainable financing, making the upcoming project more sustainable while considering the profit as well. BRAC Banks SME is its biggest strength. The customer acquisition is costly in this sector and the bank also has some unique philosophy to take care in terms of investment. This bodies make necessary analysis to make this decisions error free and align the 3p concept in the operations.

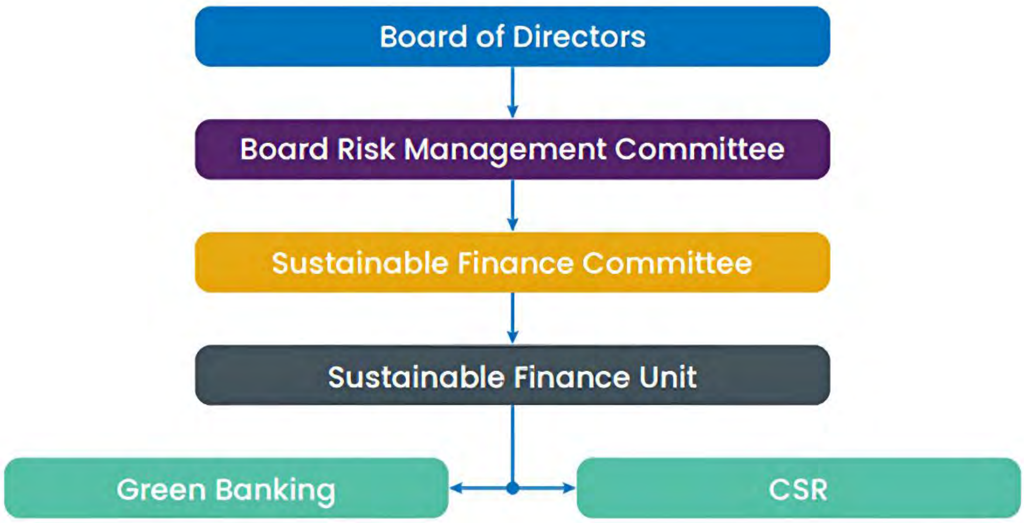

Figure 7 : Responsible bodies of BRAC Bank PLC's sustainable finance, Source- BRAC Bank PLC's website (Green & Sustainable Finance: A Path to a Better Future, 2023)

3.6.6 Green Banking initiatives of BRAC Bank PLC

BRAC Bank's Green Banking activities are extensively integrated into its overall sustainability strategy, with an emphasis on environmental responsibility, sustainable financing, and resource conservation. These initiatives seek to reduce the environmental impact of banking operations and finance activities, hence supporting a more sustainable economy in Bangladesh. BRAC Bank stands out as a leader in green banking and sustainable finance within Bangladesh, consistently integrating environmental responsibility into its business model and operations.

As an only bank in Bangladesh BRAC Bank PLC has dedicated help desks to encourage sustainable and green financing initiatives. Below is the list of **BRAC Bank branches** that house its **Sustainable Finance Help Desks**, ready to support its customers sustainable finance needs:

Table 1: Sustainable Finance Help Desks, Source: BRAC Bank PLC's Website (BRAC Bank PLC's Website, 2024)

Branch Name	Branch Name	Branch Name	Branch Name
Satmasjid Road Branch	Panthapath Branch	Jatrabari SMESC Branch	Moghbazar Branch
Uttara Jashim Uddin Branch	Imamganj Branch	Mitford Branch	Shaymoli Branch
JASHORE Branch	North Gulshan Branch	Motijheel Branch	Bonosree Branch

Branch Name	Branch Name	Branch Name	Branch Name
Rajshahi Branch	Rampura Branch	Progati Sarani Branch	Bijoynagar Branch
Dholaikhal Branch	Mirpur Branch	Mohammadpur Branch	Mirpur Section 01 Branch
Natun Bazar Branch	CDA Avenue Branch	Agrabad Branch	KazirDewri Branch
Halishahar Branch	Ashulia Branch	Badda Branch	Banani-11 Branch
Barisal Branch	Board Bazar Branch	Bogura Branch	Chuadanga Branch
Cumilla Branch	Demra Branch	Faridpur Branch	Islampur Branch
Khulna Branch	Madhabdi Branch	Maijdee Branch	Mohakhali Branch
Moulvibazar Branch	Mymensingh Branch	Narayanganj Branch	Pabna Branch
Rangpur Branch	Savar Branch	Sirajganj Branch	Sylhet Branch
Tangail Branch	Zinzira Branch		

With the help of Bangladesh Bank's refinancing schemes, the bank regularly exceeds regulatory requirements by providing substantial funding for environmentally friendly projects like energy-efficient technologies, green building projects, recycling facilities, effluent and water treatment plants, renewable energy, and modern brick kilns. BRAC Bank's internal sustainability initiatives include installing solar panels, implementing energy reduction strategies, encouraging paperless banking through digital platforms like Astha and CorpNet, and being the first to disclose greenhouse gas (GHG) emissions from its business loan portfolio. A strong governance system, which includes a Sustainable Finance Unit and adherence to international ESG norms and principles from groups such as the Global Alliance for Banking on Values (GABV), further strengthens this commitment. (BRAC Bank Sustainability Report 2023, 2023)

3.6.7 Quarterly Trend of Green Finance and Scope of BRAC Bank PLC

Below is an explanation of a quarterly comparison of banks and financial institutions from March 2023 to June 2024, illustrating how the financial landscape is evolving over time. This shows clearly that banks and financial organizations are embracing the long-term need for green banking.

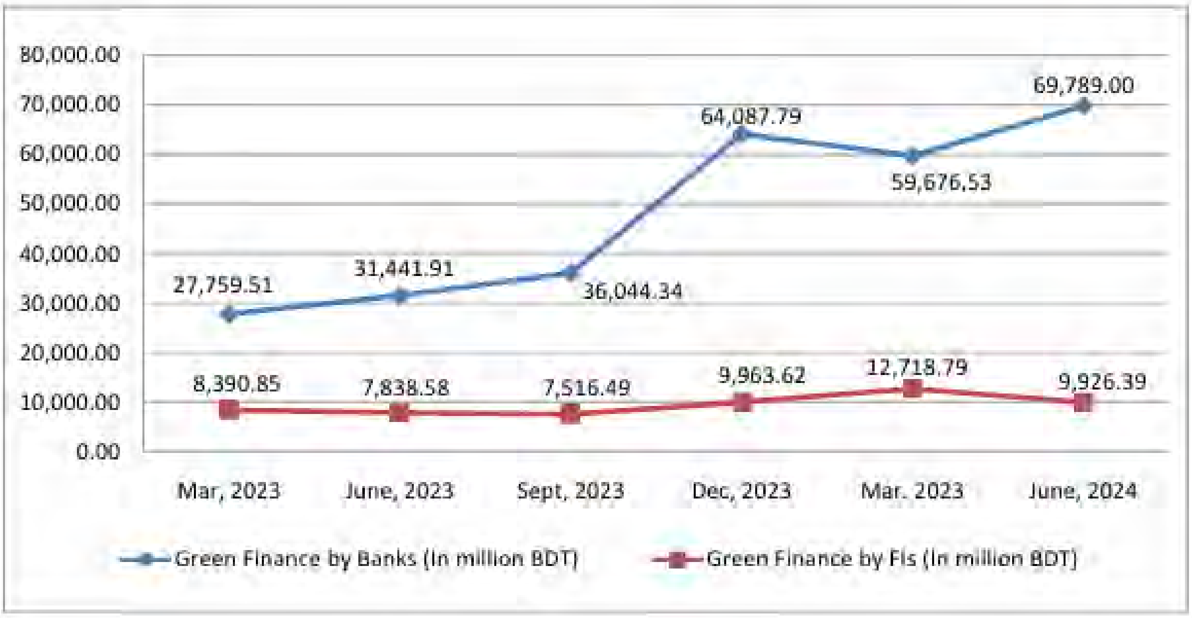

Figure 8 :Green Finance Performance by Banks and Financial Institutions (March,2023 - June, 2024), Source-Bangladesh Banks Website, (Bank, 2024)

Figure 8 (Quarterly Review Report on Sustainable Finance , 2024) shows the quarterly performance and expansion of growth of banks and FI's. Which broadly shows the financial market growth throughout the timeline. This trend gives us the insight of how banking industry is highly investing its efficiency in green initiatives. The growth is remarkable in banks however the quarterly growth in financial institutions is downturned.

The reason behind that could be much broader distribution network of banks, lesser interest rate and easier loan disbursement process. BRAC Bank already became a pioneer in the field of sustainable banking initiative. However as other institutions are taking similar initiatives now BRAC Bank could make more financial inclusion inviting products, similar to its House Maker account. Where BO is not a mandatory declaration to maintain a certain amount of transaction yearly. This ease in showing income proof will be able to gather unbanked deposits from a large customer segment.

The examination of data from Bangladesh Bank reports provided a more in-depth understanding of quarterly patterns in green and sustainable financing. It was discovered that, while banks witnessed tremendous growth in green financing, particularly in the latter half of the period, financial institutions maintained very moderate and consistent levels of sustainable finance.

3.6.8 Digital Transformation of BRAC Bank PLC

BRAC Bank's deep-rooted dedication to financial inclusion and social responsibility is driving the bank's significant digital transformation. As a result of this strategy, the bank has launched cutting-edge digital platforms including CorpNet, its corporate internet banking solution, and Astha, a lifestyle banking app, greatly improving its basic infrastructure. These developments, in addition to programs like the first document-less digital SHAFOLLO loan and eLAP for digital CMSME loan processing, are increasing financial access for marginalized communities throughout Bangladesh. (BRAC Bank PLC, 2023)

Around BDT 16,700 crore was transacted through CorpNet, processing about 555,600 line items, marking the network's biggest monthly transaction amount. Additionally, this year saw the onboarding of about 680 new companies, representing a 61% YoY growth. (Sustainability Report, 2024)

According to the data of various reports, 65% of the BRAC Bank's overall online transaction volume is deliberately concentrating on meeting the particular demands of ASTHA's SME clients in 2024. (Sustainability Report, 2024)

As part of its omnichannel client service, BRAC Bank is the first bank in Bangladesh to allow past-due SME loan payments via the bKash app. Integration with bKash has been a tremendous success, with BDT 22.58 Bn in transactions from 6052 customers through our 24/7 Cash Management Solution. Additionally, 1,282 customers paid BDT 65 Mn in loan EMIs, demonstrating the effectiveness and ease of the bank's digital solutions. (Sustainability Report, 2024)

The first document-less real-time digital SME loan in the nation, SHAFOLLO, and a digital loan for individuals, JIBIKA, have given the bank access to access untapped areas, bringing SMEs for the first time into the official banking system. The onboarding of 14 partners in 13 sites has been one of the year's major highlights. The bank saved BDT 100 million on loan processing expenses by disbursing a total of BDT 231.5 million in loans to 5,279 customers. (Sustainability Report, 2024)

Beyond enhancing customer satisfaction and expediting processes, BRAC Bank's digital initiatives show a strong commitment to environmental stewardship. For example, digital loan origination and onboarding save a significant amount of paper, and eMoney transactions support a cashless, greener economy. This comprehensive digital journey, encompassing everything from affordable housing solutions to advanced IT infrastructure, solidifies BRAC Bank's role as a beacon of innovation and sustainability, actively contributing to the country's socio-economic development. (BRAC Bank PLC, 2023)

3.6.9 Sustainable Risk Management Approaches of BRAC Bank PLC

BRAC Bank actively controls sustainability risks because it sees them as chances to create a strong, long-lasting company. In order to serve clients who are dedicated to ethical activities, this all-encompassing approach involves detecting and evaluating environmental, social, and governance (ESG) risks within its portfolio. This protects financial stability and cultivates long-lasting client relationships. As the first bank in Bangladesh to deploy an Enterprise Vulnerability Management System, the bank places a high priority on information security. It also has certifications such as PCI-DSS, ISO 27001, and SWIFT-CSP, which guarantee strong cybersecurity and data privacy. Recognizing Bangladesh's high susceptibility to natural disasters, BRAC Bank addresses Physical Risks through comprehensive security measures and disaster preparedness plans, identifying that approximately 6% of its operations are vulnerable, and leveraging this challenge to finance climate resilience. Furthermore, the bank actively manages Transition Risk, understanding that 8.6% of its portfolio is exposed to shifts towards a lower-carbon economy, and proactively finances sustainable technologies to capitalize on green finance opportunities and align internal processes with sustainability goals. (BRAC Bank PLC, 2023)

As a sustainable bank in Bangladesh, BRAC Bank sees opportunity in the long run risk mitigation by converting transitional and physical risk by taking sustainable approach. By the integration of ESG in the operations and risk mitigation more customer resilience would lead to building sustainable client relationships. Furthermore, as the future shifting to a low carbon economy BRAC Bank also made their future planning considering physical risk and transitional risk to capture emerging green financing opportunity.

3.7 Model Based and Financial Analysis of BRAC Bank PLC– Sustainable Perspective

In this section, from the perspective of sustainability - model based analysis has been explained. In addition to those model-based analysis like SWOT and VRIO a detailed financial observation has been explained to get in depth understanding about the core strength and competitiveness in the financial market to sustain as a value-based bank.

3.7.1 Financial performance analysis of BRAC Bank PLC

In this section, BRAC Bank PLC's financial performance will be analyzed based on multiple crucial banking parameters. Based on those observations is portrayed.

Total Regulatory Capital Growth

The term "total Regulatory capital growth" describes the rise in a bank's total capital over a given time frame. It is calculated by comparing the total capital at the start and finish of a specific period of time, taking into account elements like reinvested profits, retained earnings, and extra equity injections. In Figure 9 - (Annual Report, BRAC Bank PLC, 2024) the Regulatory capital growth is being depicted throughout a 5 year timeline.

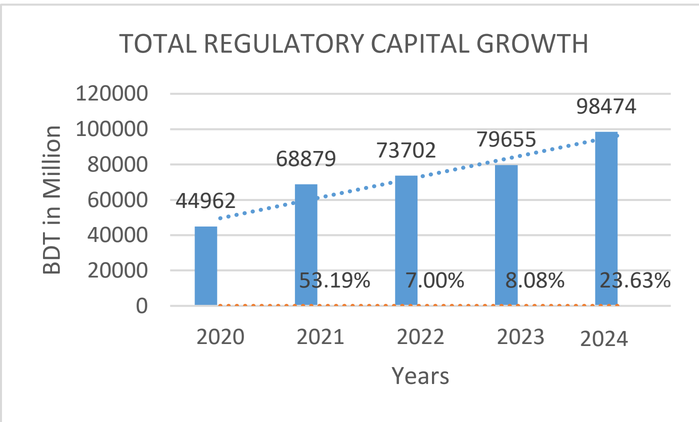

Figure 9:Total Regulatory Capital Growth (2020-2024), Source - (Annual Report, BRAC Bank PLC, 2024)

Observation: BRAC Bank's consolidated total capital increased from BDT 44,962 Million in 2020 to BDT 98,474 million in 2024, representing a 119% rise over five years. The greatest increase 53%

happened in 2021, when the bank strengthened its capital base in response to pandemic threats and sustained growth has since followed. This expansion focuses on strong internal capital generation, reinvest earnings and good risk weight management. Importantly the CRAR ratio remains between 15% to 20%, comfortably exceeding the regulatory threshold, demonstrating the bank's resilience and ability to absorb future risks.

Total Deposit and Other Accounts Growth

The term "total deposit and other accounts growth" refers to the increase in a bank's total deposits during a specified time. This indicator includes all sorts of customer deposits including savings current and fixed deposits and demonstrates how well the bank attracts and holds money. Figure 10 (Annual Report, BRAC Bank PLC, 2024) depicts deposit growth over a five year timeline.

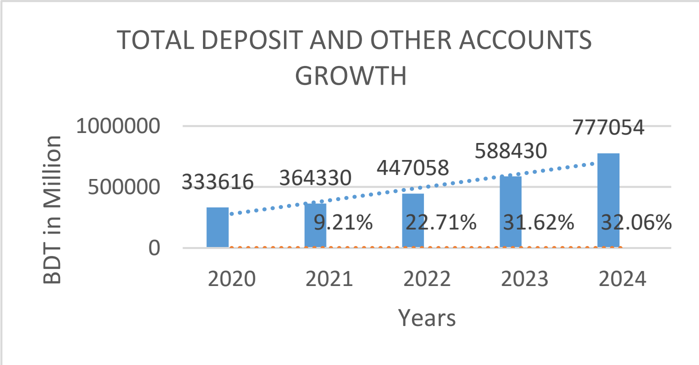

Figure 10 : Total Deposit and Other Accounts Growth (2020-2024), Source - (Annual Report, BRAC Bank PLC, 2024)

Observation: Customer deposits, the primary financial source increased from BDT 333,616 million in 2020 to BDT 777,054 million in 2024, representing a 133% growth. Growth rose in 2022 And peaked between 2023 and 2024 (31.6% and 32.1% respectively). This growing trend highlights the bank's effectiveness in mobilizing retail and SME deposits, which is fueled by digital banking efforts and expanded distribution network. A growing deposit base not only improves liquidity but also increases lending ability.

Net Profit After Tax Growth

After deducting all expenditures, such as interest, taxes, and operational expenses, from total income, a bank or business's net profit is the amount of money it makes. In the banking business it is significant measure of the profitability and health of the banks finances and demonstrates how successfully its activities create profits. In Figure 11 - (Annual Report, BRAC Bank PLC, 2024) the net profit growth is being depicted throughout a 5-year timeline.

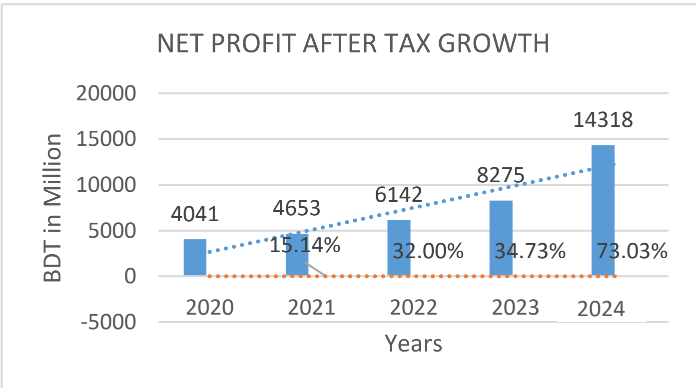

Figure 11 : Net Profit After Tax Growth (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: Net profit after tax nearly quadrupled over the period, growing from BDT 4,041 million in 2020 to BDT 14,318 million in 2024, representing a 254% cumulative increase. While growth was moderate in 2021(15.14%) Profitability increased dramatically from 2022 onward peaking 73% in 2024. This result comprises increased net interest revenue, strong commission, exchange earnings, and improved cost efficiency. Rising EPS from (BDT 3.17 in 2020 To BDT 6.95 in 2024) demonstrates increased shareholders value creation.

Total Asset Growth

The term "total asset growth" refers to the increase in a bank's total asset base during a given time. Which includes all assets such as cash reserves, investments, loans and fixed assets. This statistic reflects the bank's ability to expand operations, improve lending capacity, and invest in growth opportunities. It is calculated by comparing the total asset value at the beginning and the end of the period Figure 12 (annual report BRAC Bank PLC, 2024) depicts the total asset growth over a five year.

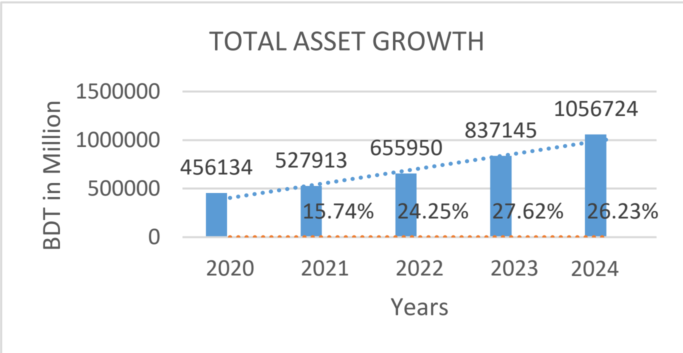

Figure 12: : Total Asset growth (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: Consolidated assets increased dramatically from BTT 456,134 million in 2020 and BDT 1,056,724 million in 2024, more than doubling in five years (132 % growth). The acid base rose steadily year after year with the largest increases in 2023 (27.7%) and 2024 (26.2%). This rise was primarily driven by critic expansion, as well as investments in government securities. The balance sheet expansion indicates higher financial intermediation and the bank's growing market share in the Bangladesh banking industry.

Total Income Growth

Overall income growth refers to the increase in bank's overall revenue over a certain period of time. Which includes both interest income from lending activities and non-interest income from fees, commissions and other charges. This indicator demonstrates how the bank can increase its revenue streams through innovative product

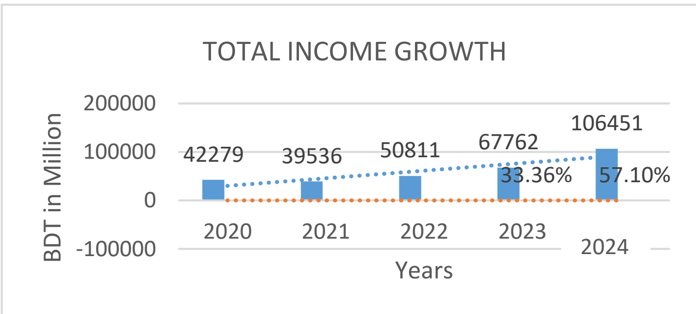

Figure 13: Total Income Growth (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

development, effective operations and successful market penetration. Figure 13 (Annual report BRAC Bank PLC, 2024) depicts the total income growth over a five year period.

Observation:. Total income increased from BDT 42,279 million in 2020 to BDT 106,451 million in 2024, representing a one by 151.71% rise. Income growth rebounded rapidly after a brief dip in 2021 (-6.5%) with double digit gains following particularly in 2023 (33.33%) And 2024 (57%). This growth was aided by increased interest income and diversification into fee-based earnings. The consistent growth of non-interest income demonstrates effective cross selling and service innovation.

Number of Shareholders Growth

The total number of equity holders who own shares in a bank or corporation is known as the number of shareholders. This statistic reflects the increase and diversification of the ownership base, as well as the level of public or investor trust. Figure 14 (Annual Report, BRAC Bank PLC, 2024) depicts the number of shareholders rise during a five year period.

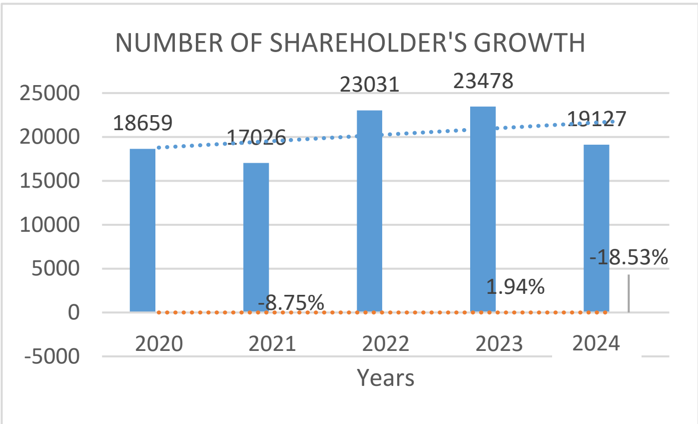

Figure 14: Number of Shareholders Growth (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: The number of shareholders climbed 18659 in 2020 are high of 23478 in 2023, before leveling out a 19127 by 2024. The fluctuation indicates that while great performance initially drew more investors, 2024 saw a reduction more likely due to capital markets instability and investor rotation. Despite this general shareholder trust has remained stable, bolstered by constant dividend payments 25% in 2024.

Number of Employees Growth

The term "number of employees" refers to a banks or company's total employment at a particular time. This indicator measures the organization's size, operational capabilities and personnel strength. In Figure 15 - (Annual Report, BRAC Bank PLC, 2024) the total number of employee

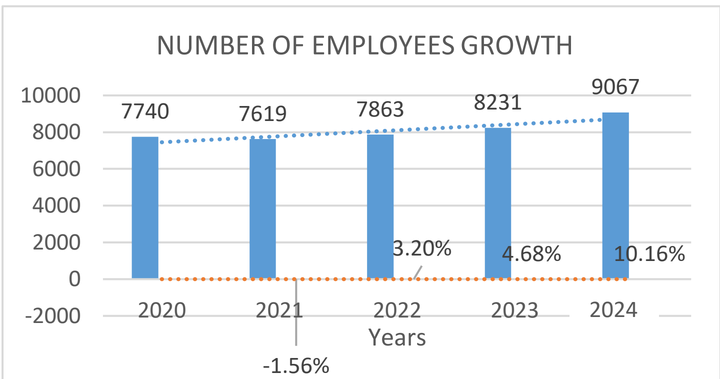

Figure 15: Number of Employees Growth (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

growth is being depicted throughout a 5-year timeline.

Observation: The workforce increased from 7740 in 2020 to 9067 in 2024, a 17% increase. After a modest dip in 2020 and 2021 recruitment increased from 202 to onward, with the highest increase in 2024. This increase reflects BRAC Bank's ongoing investment in human resources to improve customer service, digital banking operations and SME outreach.

Ratio analysis of BRAC Bank PLC

Key financial highlights: BRAC Bank PLC financial performance in 2024 was robust and resilient despite economic problems. Total assets climbed by 28% to BDT 930133 million led by 20% growth in loans and advances to BDT 623372 million and a 34% increase in client deposits to BDT 688621 million, indicating increasing public trust.

The bank's overall revenue increased to BDT 44250 million while operating profits increased significantly to BDT 23427 million because of effective cost management that reduced the cost to income ratio 47% from 56%. Net profit after tax was BDT 12136 million increasing 66 percent From the previous year with earnings per share rising to BDT 6.86. Return on equity and return on assets where 17.43% And 1.46% respectively, indicating higher profitability and efficiency. The non-performing loan ratio fell to 2.63% with a 134% coverage ratio, while the capital adequacy ratio remained stable at 14 .90 % , demonstrating the banks strong risk management and capital strength.

Overall, BRAC Bank maintained its growing pace and strengthen its position as Bangladesh's leading, sustainable and well governed financial institution. Several financial measures were evaluated using data from 2024 to better understand BRAC Bank PLC's present market position.

Return on Asset

Return on assets assess how effectively a company uses its assets to create profits. Figure 16 (Annual Report, BRAC Bank PLC, 2024) depicts BRAC Bank's Return on assets over the previous five years.

Return on Asset = Net Profit / Total Assets

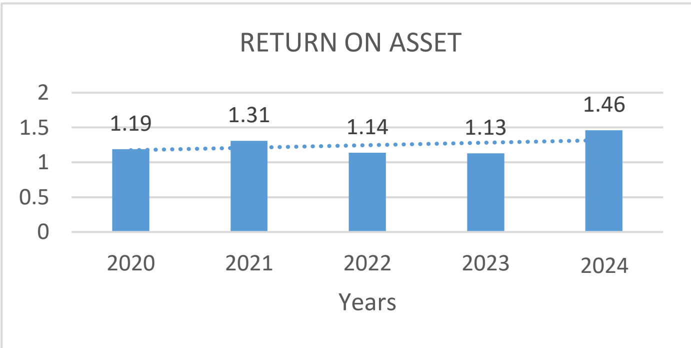

Figure 16: Return on asset (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: ROA Increased from 1.19% in 2020 To 1.46 % in 2024, With a fall between 2022 and 2023 (1.14%- 1.13%). The rebound in 2024 indicates higher profitability compared to asset expansion showing better resource utilization.

Return on Equity

ROE indicates how effectively a company generates profits from shareholders' equity. In Figure 17 (Annual Report, BRAC Bank PLC, 2024) return on equity of BRAC Bank's has been shown based on five years performance.

Return on Equity = Net Profit / Equity

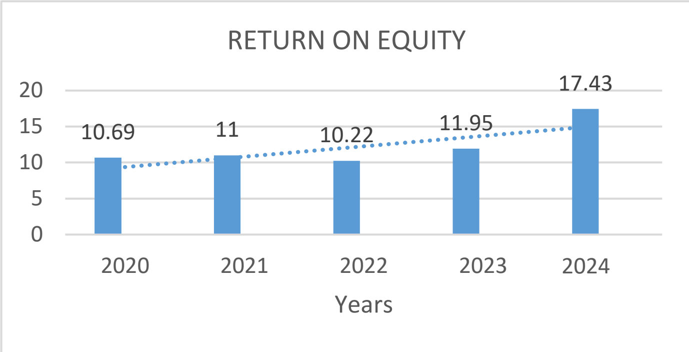

Figure 17: Return on Equity (2020-2024),, Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: ROE increased from 10 .69% in 2020 2 17.43% in 2024 marking a considerable improvement. The strong increase in 2024 reflects effective capital usage and profitability development which boost shareholder returns.

Earnings per Share

EPS represents the portion of a company's profit allocated to each outstanding share of common stock. In Figure 17 - (Annual Report, BRAC Bank PLC, 2024) Earnings per Share of BRAC Bank's has been shown based on five years performance.

Earnings per shares = Net income – Dividends / Outstanding shares

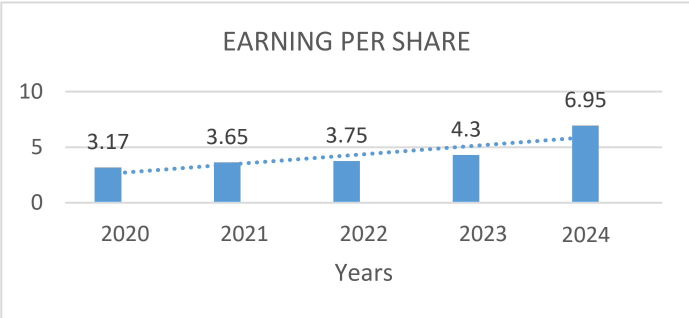

Figure 18: : Earnings per share (2020-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: EPS increased continuously from BDT 3.17 in 2020 to BDT 6.95 in 2024, more than tripling in five years. This demonstrates consistent profit growth and appropriate equity management.

Capital to Risk-weighted Assets Ratio (CRAR)

CRAR assesses bank's financial strength by comparing capital to risk weighted assets. In Figure 18 - (Annual Report, BRAC Bank PLC, 2024) Capital to Risk-weighted Assets Ratio of BRAC Bank's has been shown based on five years performance.

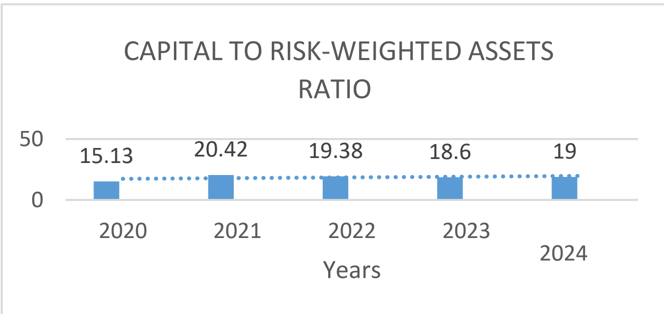

Figure 19: Capital Risk Weighted Assets Ratio (2019-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Capital Risk Weighted Assets Ratio = Total capital / Risk – weight Assets

Observation: The CRAR remained strong rising from 15.13% in 2020 to 19.00% by 2024. This demonstrates that BRAC Bank maintained solid capital buffers while growing its loan portfolio, maintaining regulatory compliance and financial stability.

Debt Equity Ratio

This ratio indicates the proportion of debt used to finance a company's assets vs equity. Figure 19- (Annual Report, BRAC Bank PLC, 2024) Depicts BRAC Bank's debt ratio based on its five year performance.

Debt Ratio = Total Debt / Total Shareholder's Equity

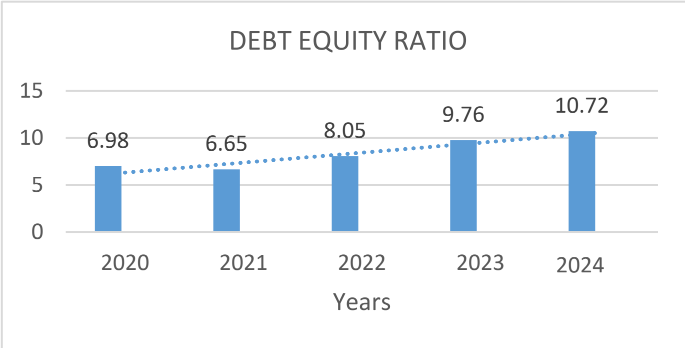

Figure 20: Debt Equity Ratio (2019 – 2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: The ratio rose from 6.98x in 2020 to 10.72x in 2024, showing greater reliance on deposits and borrowings to fuel growth. While this leveraging aided asset growth, it underlines the importance of prudent debt management to avoid over exposure.

Cost to Income Ratio

This ratio determines a company's efficiency by comparing operational expenses to operating income. In Figure _ 20 - (Annual Report, BRAC Bank PLC, 2024) Cost to Income Ratio of BRAC Bank's has been shown based on five years performance.

C/I = Total operating cost/ Total operating income

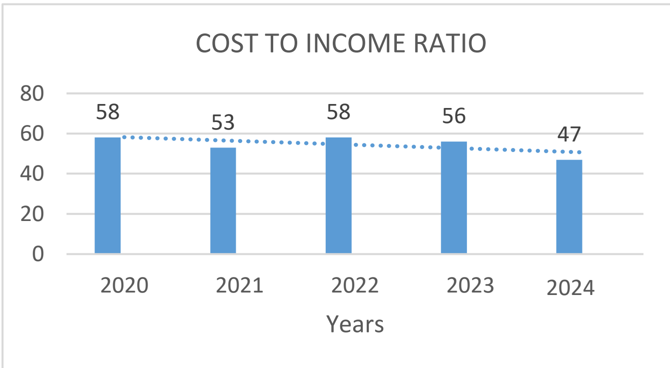

Figure 21: Cost to Income Ratio (2019-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: C/I improved significantly, declining from 71% in 2020 to 57% in 2024. This demonstrates substantial revenue growth together with improved cost efficiency indicating operational discipline and effective scaling.

Price earnings ratio

This ratio shows how much investors are prepared to pay for each dollar of earnings. In Figure 21 (Annual Report, BRAC Bank PLC, 2024) BRAC Banks price earnings ratio is given based on its five years performance.

PER: Share Price /Earnings Per Share

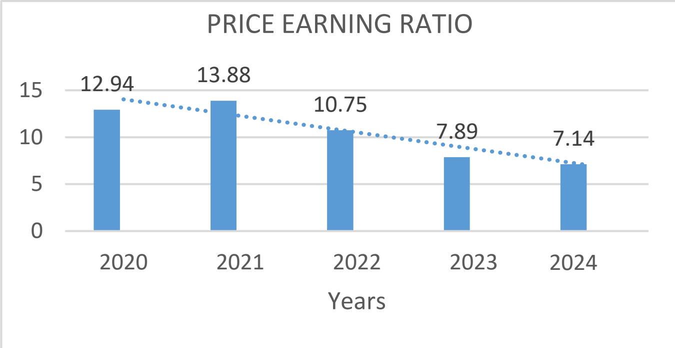

Figure 22: Price earnings ratio (2019-2024), Source - (Annual Report,BRAC Bank PLC, 2024)

Observation: The P/E ratio dropped from 12.94 in 2020 to 7.14 in 2024, despite higher EPS. This signals market under valuations, which could be caused by larger microeconomic uncertainty or sector specific dangers. Long term investors might consider this a value opportunity if profit trend continues.

3.7.2 SWOT analysis of BRAC Bank PLC – Sustainable perspective

This SWOT analysis is carried out from the standpoint of sustainability. This report demonstrates BRAC Bank's significant leadership in sustainability and innovation, which is supported by its value based banking approach and green finance leadership.

Table 2 : SWOT analysis of BRAC Bank, BRAC Bank PLC, Source: BRAC Bank PLC's Sustainability Report,2023 (BRAC Bank PLC, 2023)

Threats	Opportunities	Weaknesses	Strengths
• Competitive Pressure • Regulatory Risks • Economic Uncertainty • Climate Risks • Cybersecurity Threats	• Growing Demand for Green Finance • Regulatory Support for Sustainability • Innovative Financial Products • Technological Advancements • Global Collaboration	• Dependency on Traditional Revenue Sources • High Initial Costs for Sustainability Programs • Limited Technological Edge • Inconsistent CSR Investments	• Leadership in Green Financing • Innovative Sustainability Practices • Values-Based Banking • CMSME Financing Expertise • Strong Stakeholder Engagement

This analysis (BRAC Bank PLC, 2023) provided a clear insight of BRAC Bank's sustainability-related strengths, limitations, opportunities, and risks. The investigation indicated that the bank's values-based strategy and leadership in green finance give a significant competitive advantage. However, it was also understood that by avoiding investments in certain high-impact but unsustainable industries, the bank risked missing out on possibilities that competitors may exploit. As a result, it was advised that BRAC Bank improve its sustainability reporting and continue to promote its practices to attract foreign direct investment (FDI). Furthermore, stronger regulatory support and clearer sustainability standards were identified as essential for ensuring a level playing field in the business.

Considering There are many industries, such as ship breaking, tobacco where BRAC Bank does not make investment as this bank consider people and planet before profit. However, the competitor takes these advantages. For this reason, sustainable banks should make more details sustainable reports and keep the practices on going so that FDI can be achieved. Also, it is necessary that regulatory bodies to be more concern and make robust policies for this.

3.7.3 VRIO analysis of BRAC Bank PLC– Sustainable Perspective

VRIO analysis is a strategic method for determining if a company's resources offer a sustainable competitive advantage. It determines whether a resource is valuable, rare, costly to replicate, and well-organized. A VRIO analysis has been made based on the annual report (BRAC Bank PLC, 2023) and sustainability report (BRAC Bank PLC, 2023) of 2023. This analysis narrowly focuses on the resources of BRAC Bank available in the sustainable field and how these capabilities are being challenged in multiple parameters:

Table 3: VRIO Analysis of BRAC Bank PLC's Sustainability Approach, Source: BRAC Bank PLC's Sustainability Report,2023 (BRAC Bank PLC, 2023)

Resource/Capability	Valuable	Rare	Imitable	Organized	Competitive Implication
Green Finance Leadership	Yes	Yes	Partially	Yes	Temporary Competitive Advantage
GHG Emissions Disclosure (Scope 3)	Yes	Yes	No	Yes	Sustained Competitive Advantage
Extensive CMSME Financing	Yes	Partially	Yes	Yes	Temporary Competitive Advantage
"3P" Philosophy (People, Planet, Prosperity)	Yes	No	Yes	Yes	Sustained Competitive Advantage
Digital Banking Transformation	Yes	No	Yes	Yes	Competitive Parity
Stakeholder Engagement and Global Alliances	Yes	Partially	No	Yes	Sustained Competitive Advantage

In Table 3, this research provided a thorough picture of BRAC Bank's sustainable resources and capabilities utilizing the VRIO paradigm.

Green Finance Leadership: In 2023, BRAC Bank distributed BDT 235,365 million in Sustainable Finance and BDT 25,667 million in Green Finance, significantly exceeding both industry standards

and legal requirements.
Interpretation: This initiative is valuable for addressing environmental concerns, ensuring compliance, and enhancing the bank's reputation. Its rarity in the Bangladeshi market provides a short-term edge. BRAC Bank may have a short competitive advantage, because to its strong governance and sustainability frameworks, but this may fades as green finance becomes more popular.

GHG Emissions (Scope 3): BRAC Bank is among the first in Bangladesh to disclose scope 3 emissions, demonstrating a high level of climate risk transparency and compliance with international standards such as TCFD and PCAF.
Interpretation: This strategy is extremely useful for building investor trust and anticipating future legal requirements. It is difficult to reproduce and remains uncommon in emerging economies due to the need for strong data collection and analysis skills. This programme which is included in the bank's sustainability governance provides a long-term competitive advantage that competitors are unlikely to quickly imitate.

Extensive CMSME Financing: BRAC Bank leads the CMSME financing markets promoting financial resilience and inclusive economic growth in underserved communities.
Interpretation: While rivals may potentially replicate the concept it is difficult to achieve the same level of relationships and market penetration. Until others can develop similar networks and capabilities This programme provides a short term competitive advantage through specialised units and strong internal processes.

"3P" Philosophy: Prosperity, Planet, and People: The bank's operational priorities and sustainability reporting show how crucial a triple bottom line focus on its brand and strategic posture.
Interpretation: Even as these ideas gain traction BRAC Bank's strategic positioning and reputation are bolstered by its authentic and discipline implementation. Even though the concept is easily replicated the bank gains a long term and sustainable competitive advantage when it is implemented consistently and authentically as part of its core business plan.

Digital banking transformation: BRAC Bank is promoting green banking boosting digital accesses and accelerating digitization through platform like Astha app.
Interpretation: This adjustment has two benefits it expands operational reach and increases customer satisfaction. The novelty act aspect is limited, however, because digital banking functions are readily available and relatively easy to replicate. The competitive implication is parity with advances derived more from execution excellence then exclusivity, even with robust organisational support provided by partnerships and IT infrastructure.

Stakeholder Engagement and Global Alliances: Active engagement in organisations such as the UN Global compact, Global Reporting Initiatives (GRI) and PCAF improves learning and credibility.

Interpretation: This engagement is valuable and rather uncommon among Bangladeshi banks Since it requires long term vision and the formation of difficult-to-replicate strategic connections. These ties, which are institutionalised under the bank's sustainability office provide it with a significant and long term competitive advantage bolstering its position as a leader in sustainable banking

BRAC Bank has been a leader in sustainable finance to maintain a long term competitive advantage BRAC Bank must adhere to the strategic 3P concept which includes a restricted emphasis on a SME segment and significant investment in process automation.

3.7.4 Digital Innovation Impact Comparison -Top 5 Banks of Bangladesh

The rapid advancement of digital technologies has significantly transformed the banking sector in Bangladesh, prompting leading banks such as BRAC Bank PLC, The City Bank PLC, Dutch-Bangla Bank PLC, Eastern Bank PLC, and Islami Bank Bangladesh PLC to implement a variety of digital innovation strategies to improve customer experience, operational efficiency, and financial inclusion.

Table 4: Digital Innovation Analysis-Top 5 Banks, Source: Compiled based on annual reports of BRAC Bank PLC, The City Bank PLC, Dutch-Bangla Bank Limited, Eastern Bank PLC, and Islami Bank Bangladesh PLC (2024); supplemented by data from Bangladesh Bank (2024), The Business Standard (2024), and LightCastle Partners (2023).

Dimension	**BRAC Bank**	**City Bank**	**DBBL**	**EBL**	**Islami Bank**
Core digital platform	Astha app, Corpnet, BizPay	Citytouch, City Corp	NexusPay	Skybanking, EBL Connect, Smart IVR	CellFin
Digital Strategy	Ecosystem based super app	Premium digital+lifestyle banking	Infrastructure-led digital expansion	UX focused digital service	Shariah-compliant digital transformation
User Adoption	70% plus digital transactions	Strong urban adoption	Mass adoption	Growing digital users	Large nationwide network
Key Innovation	Financial Inclusion+SME Digitalization	AI-based credit and payments	ATM payment infrastructure	Service quality and UX	Islamic digital finance
Unique Features	BanglaQR,Cardless ATM,G-pay, Instant loan, SP issuance	NFC Tap, Quick Loan and G-pay	Largest ATM network	Smooth UI	Virtual Islamic Banking
Fintech Integration	Strong Bkash integration	Strong partnerships	Moderate	Growing	Moderate
AI and Automation	Fraud detection, personalization	AI credit scoring	Limited	Moderate	Limited
Customer Experience	High adoption	Premium UX	Functional	Best UX	Trust Based

BRAC Bank PLC – Astha is evolving into a super app ecosystem integrating both banking and lifestyle. It is handling massive transaction volume from both retail and SME. For corporate transaction there are separate platforms such as Corpnet and BizPay. This combined digital platforms helping financial inclusion, SME digitalization and full mobile banking for retail customers. (BRAC Bank PLC, 2024)

City Bank PLC- Focused on high end digital banking experience. Industry well known for its NFC payments, AI based credit scoring and Bkash collaborative Instant nano loans. Also it has strong partnership with AMEX and G-PAY. Dedicatedly innovative in digital, lifestyle and credit management. (The City Bank PLC, 2024)

Dutch Bangla Bank PLC- Recognised for its largest ATM network. Made an early adoption in digital payments. Mass branch banking network is maintaining a robust relationship with retail clients. (Dutch-Bangla Bank Limited, 2024)

Eastern Bank PLC- Well known for its clean UI/UX and fast transaction processing. Maintaining a market dominance through cobranded credit cards. Customer segmentation and targeting is unique and focused. Strong collaborations creating strong corporate relationships. Its products appeals to corporates and professionals. (Eastern Bank PLC, 2024)

Islami Bank PLC- Among all shariah based banks islami bank has been able to make the maximum impact. It is providing digital banking solutions in limited scope. It is offering virtual cards, remote banking and maintaining a large branch network. (Islami Bank Bangladesh PLC, 2024)

The digital innovation landscape of banking in Bangladesh demonstrates a major shift toward technology driven and customer centric financial services, with each bank leveraging its distinct strengths to compete in the changing market. Among the institutions examined, BRAC Bank PLC stands out as the overall promising due to its ecosystem-based approach via the Astha app, which combines retail, SME and corporate banking into a cohesive digital platform. The City Bank PLC on the other hand presents itself as a premium digital innovator emphasizing AI powered credit solutions, lifestyle banking and strategic collaborations. Dutch Bangla Bank retains a competitive advantage with its vast digital infrastructure particularly its statewide ATM network and widespread accessibility. Meanwhile Eastern Bank PLC distinguishes itself with an excellent user experience, effective service delivery and solid corporate ties. Finally Islami Bank Bangladesh PLC fills a unique niche by providing Shariah compliant digital banking services that prioritize trust and broad reach. Overall, the sector is transitioning to a hybrid digital model with future success dependent on ecosystem integration, AI use and the delivery of seamless user friendly banking experiences.

3.8 Summary

With a focus on green banking ESG integration and responsible finance the study examines how BRAC Bank integrates sustainability into its financial model. According to the findings BRAC Bank actively incorporates the triple bottom line (people, planet and prosperity) into its business practises by lending money to rural communities, women entrepreneurs and SME while also funding green initiatives such as climate resilient agriculture, renewable energy and green buildings. The bank has included environmental and social due diligence into its loan process, established sustainable finance help desk in most branches and aligned disclosures with international standards such as PCAF and TCFD. It consistently exceeds Bangladesh bank's sustainability goals demonstrating leadership in financial inclusion and responsible lending.

Financial highlights further validate the sustainable journey. From 2020 to 2024 Regulatory capital climbed by 119 %, deposits more than double by 133 % and net profit after tax increased by 254%, indicating the efficacy of digital inclusion and responsible lending programmes. A robust CRAR 19%, increased EPS BDT 6.95 and increased ROE 17.43%, are all indicators of resilience and financial strength Based on sustainability drive in operations. Furthermore, the bank consistently outperformed Bangladesh banks' sustainable financing objectives, demonstrating its innovative role in providing funds to socially and environmentally sensitive enterprises. BRAC Bank integrates social responsibility, environmental sustainability and profitability with innovations like as prepare less banking, Omni channel services and agent banking. Financial results and sustainability pledges make it a leader in value based banking, highlighting the importance of sustainable finance in the long term success of the Bangladeshi banking industry. Bangladesh's top banks are making fast strides in digital banking, with mobile applications, AI-powered services, partnerships with fintech firms and a customer-centric approach. They are each concentrating on various areas, including SME banking, premium digital experiences, ATM infrastructure, UX excellence or Shariah-compliant solutions. BRAC Bank PLC is leading the way with its ecosystem-based digital strategy and other banks compete with innovation, accessibility and specialized customer experiences.

Chapter 4: Recommendations and Conclusion

4.1 Conclusion

It has been noticed that in order to survive in the long run a bank's mission and vision must be organised in such a way that they are fully aligned with future prospects. There are some in depth insights on how BRAC Bank has implemented sustainable banking in its day to day operations:

BRAC Bank PLC is actively constructing a banking model that is future-proof in Bangladesh by incorporating innovation and sustainability into its fundamental business processes.

The Triple Bottom Line (3P) philosophy—People, Planet, and Prosperity—is consistently applied by BRAC Bank, as demonstrated by its substantial CMSME funding, TARA women's banking programs, growing green finance portfolio, and compliance with international environmental frameworks such as TCFD and PCAF for GHG emissions reporting.

It has been established that BRAC Bank is positioned as a leader in bringing in international investors looking for sustainable businesses due to its strong ESG (Environmental, Social, Governance) integration into its business model, which includes its stringent credit process with ESDD and its policy of not investing in harmful industries (such as tobacco, tannery or shipbreaking).

To promote financial inclusion, cut operational costs and create a paperless, greener banking system - All of which support company growth and environmental stewardship BRAC Bank employs Digital transformation and innovation through Omni Channel methods (such as the Astha app, Corpnet and ELAP).

The study supported BRAC Bank proactive approach to sustainability and risk management, demonstrating its ability to convert transitional and physical hazards into opportunities for green finance while also creating long-term consumer resilience.

As a member of Global Alliance for banking on values (GABV) BRAC Bank is a trailblazer in Bangladesh sustainable financial landscape because its commitment to sustainable banking is not only theoretical but also reflected in its operational procedures, financial disbursements and strategic decisions.

4.2 Recommendations

In order to further enhance BRAC Bank PLC's sustainable banking practices and future need, the following recommendations are proposed.

Enhance Public Awareness and Financial Literacy for Green Financing

Launch targeted, multi-channel activities to educate CMSME clients and the broader public about green financing choices (For example: workshop, success stories and simplified guidelines). Low public awareness is still a major gap in spite of Bangladesh Bank's refinancing efforts. BRAC Bank can enhance its green finance portfolio and make a greater contribution to environmental sustainability by increasing the uptake of its green loans and investments through improved outreach.

Develop Tailored, Accessible Sustainable Finance Products for SMEs

Since "leaving SMEs behind... the greater goal of achieving middle-income country status will not be possible," BRAC Bank is well positioned to close this gap due to its dominance in the CMSME sector. BRAC Bank can increase its influence on sustainable economic growth by providing more easily accessible products.

Accelerate digital transformation and paperless processes in CMSME loan processing by making more convenient digital platforms.

Increase Investment in R&D for More Innovative Products

Create specialized green finance tools for industries including sustainable infrastructure, climate-resilient agriculture, and renewable energy. Develop data-driven instruments to quantify and control the social and environmental effects of clients, increasing the worth of funding that is connected to sustainability.

Recognize new consumer demands in areas such as Islamic green finance, impact investing products, and carbon credit financing.

Strengthen Data Collection and Reporting on ESG Impact for FDI Attraction

ESG-rated businesses are becoming more and more important to international investors, as demonstrated by BRAC Bank's own ability to pull in those investors according to its ESG rating. Credibility and transparency are increased by thorough, validated impact reporting, which makes BRAC Bank a more appealing offer for foreign direct investment (FDI) that aims to support sustainable development objectives.

Engagement with Regulatory Bodies for Policy Enhancement

Promote more strong, modern, and transparent policy frameworks for sustainable finance, such as blockchain-enabled green finance and industry-wide ESG reporting standards.

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Appendix- A

FIVE YEARS' FINANCIAL HIGHLIGHTS

Standalone Information

BDT in Million unless otherwise specified

Particulars	2024	2023	2022	2021	2020
FINANCIAL POSITION					
Cash and bank balances	51,517	46,304	48,032	42,558	33,602
Money at call and short notice	750	3,000	6,826	3,500	-
Investments	204,352	115,657	64,288	51,591	68,896
Loans and advances	623,372	519,452	410,676	321,212	273,063
Fixed asset	8,518	7,627	7,779	7,455	6,829
Other assets	41,613	34,672	25,658	22,764	14,526
Non-banking assets	11	10	11	5	66
Total assets	**930,133**	**726,723**	**563,271**	**449,084**	**396,982**
Borrowing	108,235	103,147	80,870	47,310	35,283
Affordable housing bond	4,751	4,751	4,751	-	-
BBPLC 2nd subordinated bond	6,287	-	-	-	-
Money at call and on short notice	840	550	-	-	85
Deposit and other accounts	688,621	513,909	384,467	314,591	289,054
Other liabilities	45,955	40,584	34,766	32,763	26,083
Total shareholders' equity/ Net Asset	75,444	63,782	58,418	54,419	46,477
Total liability and shareholders equity	**930,133**	**726,723**	**563,271**	**449,084**	**396,982**
AD ratio/Credit-deposit ratio	70.75%	74.29%	79.94%	81.86%	76.69%
Off balance sheet items	227,241	182,588	129,667	134,197	93,580
Interest earning assets	904,641	702,946	547,373	434,883	384,778
Non-interest earning assets	25,491	23,778	15,899	14,201	12,204
Liquid asset to total deposit ratio	39.56%	34.29%	29.28%	27.40%	32.03%
Liquid asset to short term liabilities	267.05%	197.70%	182.10%	204.39%	229.33%
Liquidity coverage ratio (LCR)	212.93%	170.38%	227.96%	226.61%	358.97%
Net stable funding ratio (NSFR)	112.36%	120.72%	117.74%	105.92%	106.02%
Statutory Liquidity Reserve (SLR)	26.84%	23.56%	17.54%	18.19%	23.56%
Cash reserve ratio (CRR)	3.97%	4.28%	4.41%	4.05%	3.71%
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total revenue	44,250	31,610	26,571	23,364	20,336
Interest income	55,952	39,086	28,462	21,586	24,709
Interest expense	42,491	21,367	13,227	7,589	13,502
Investment income	21,265	7,576	5,185	5,781	6,457
Commission exchange & brokerage	9,297	6,172	5,884	3,440	2,560
Other operating income	227	145	267	146	112
Non-interest income	9,524	6,317	6,152	3,586	2,672
Total operating expenses	20,823	17,680	15,442	12,420	11,734
Total income	86,741	52,978	39,798	30,953	33,837
Total expenditure	63,314	39,048	28,669	20,009	25,236
Operating profit	23,427	13,930	11,129	10,944	8,602
Depreciation and Amortization	2,052	1,906	1,792	1,732	1,682
EBITDA (Operating Profit + Depreciation & Amortization)	25,479	15,836	12,921	12,676	10,284
Profit before tax	19,592	11,013	8,939	7,890	6,735
Net profit after tax	12,136	7,304	5,763	5,547	4,541

BDT in Million unless otherwise specified

Particulars	2024	2023	2022	2021	2020
CAPITAL MEASURES					
Authorized capital	50,000	50,000	20,000	20,000	20,000
Paid up share capital	17,697	16,088	14,966	13,922	13,259
Risk weighted assets	479,281	393,753	349,832	307,360	276,175
Total admissible tier-1 capital	58,766	48,931	43,433	39,607	36,473
Total admissible tier-2 capital	12,663	6,161	5,685	4,525	3,709
Total capital	71,429	55,093	49,119	44,132	40,182
Capital surplus/(deficit)	11,519	5,874	5,390	5,712	5,660
Common equity tier-I (CET1) capital ratio	12.26%	12.43%	12.42%	12.89%	13.21%
Total capital to risk-weighted asset ratio (CRAR)	14.90%	13.99%	14.04%	14.36%	14.55%
ASSETS QUALITY					
Total loans and advance	623,372	519,452	410,676	321,212	273,063
Classified loans	16,403	17,534	15,269	12,523	8,009
Provision for unclassified loans (GP)	5,227	5,082	4,774	3,818	3,254
Provision for classified loans (SP)	13,263	11,667	9,401	8,961	7,494
Provision for off balance sheet items	1,149	1,080	911	707	455
Percentage of NPLs to total loans and advances	2.63%	3.38%	3.72%	3.90%	2.93%
NPL coverage ratio (incl. GP)	134%	115%	111%	124%	171%
NPL coverage ratio	91%	75%	69%	82%	114%
Provision Coverage Ratio	120%	102%	94%	101%	130%
Net Non-performing loan ratio	0.52%	1.17%	1.49%	1.16%	0.20%
SME credit portfolio to total loan	42%	45%	46%	47%	49%
FOREIGN EXCHANGE BUSINESS					
Import	389,909	249,902	211,111	134,102	81,820
Export	230,717	161,784	148,284	93,786	68,863
Remittance (inward)	289,418	154,583	99,334	93,229	68,116
Guarantee	25,751	13,595	13,555	4,856	2,136
OPERATING PROFIT RATIOS					
Cost of fund	6.83%	5.03%	4.83%	4.49%	6.41%
Return on assets	1.46%	1.13%	1.14%	1.31%	1.19%
Return on equity	17.43%	11.95%	10.22%	11.00%	10.69%
Return on investment	6.71%	4.62%	4.69%	6.04%	5.79%
Return on Capital Employed	5.90%	4.40%	4.49%	5.00%	4.50%
Debt equity ratio (times)	10.72	9.76	8.05	6.65	6.98
Debt ratio (times)	0.87	0.86	0.83	0.81	0.82
Interest coverage ratio (times)	1.46	1.52	1.68	2.04	1.50
Gross Profit Margin	51%	60%	67%	75%	60%
EBITDA Margin	29%	30%	32%	41%	30%
Net Profit Margin	14%	14%	14%	18%	13%
Net Interest Income ratio	30%	56%	57%	60%	55%
Trade receivables turnover ratio*	-	-	-	-	-
Trade payables turnover ratio*	-	-	-	-	-
MANAGEMENT EFFICIENCY RATIOS					
Operating income per employee	4.88	3.84	3.38	3.07	2.63
Operating cost per employee	2.30	2.15	1.96	1.63	1.52
Operating profit per employee	2.58	1.69	1.42	1.44	1.11
PAT per employee	1.34	0.89	0.73	0.73	0.59
Employee productivity ratio (income per hour in BDT)	5,694	3,753	2,636	2,064	2,195

* **Considering the business model, the bank does not have trade receivables and payables turnover.**

BDT in Million unless otherwise specified

Particulars	2024	2023	2022	2021	2020
Training expense per employee (BDT)	7,547	6,124	4,706	1,128	3,985
Customer retention ratio	76%	68%	75%	90%	60%
Cost to income ratio	47%	56%	58%	53%	58%
Current ratio	96%	118%	108%	111%	105%
Quick ratio	93%	115%	106%	109%	103%
Net interest income as a percentage of Operating cost	65%	100%	99%	113%	96%
Non-interest income as a percentage of Operating cost	46%	36%	40%	29%	23%
Turnover rate for highest performers	3%	6%	8%	5%	3%
Internal promotion rate	22%	19%	16%	25%	-
Annual customer satisfaction index	81%	80%	-	-	-
Customer support tickets (services & complaints catered centrally) in numbers	909,028	754,925	715,777	429,325	4,568
Plant availability (%)*	-	-	-	-	-
Overdue project (%)**	-	-	-	-	-
DIVIDEND PAYMENT					
Cash	12.5%	10%	7.5%	7.5%	10%
Stock	12.5%	10%	7.5%	7.5%	5%
Total dividend	25%	20%	15%	15%	15%
Dividend coverage ratio	2.74	2.27	2.57	2.66	2.28
Dividend yield	5%	6%	4%	3%	3%
Dividend payout ratio	36%	48%	42%	40%	46%
SHARES INFORMATION					
No. of shares	1,769,712,149	1,608,829,227	1,496,585,328	1,392,172,399	1,325,878,476
Earnings per share (BDT)	6.86	4.13	3.58	3.71	3.26
Number of shareholders	19,127	23,478	23,031	17,026	18,659
Market value per share (year end) in taka	49.00	35.80	38.50	55.30	44.30
Price earnings ratio	7.14	7.89	10.75	13.88	12.94
Net asset value per share in taka	42.63	36.04	36.31	36.36	33.38
Market capitalization at the year end	86,716	57,596	57,619	76,987	58,736
DISTRIBUTION NETWORK					
Number of customer (mn)	2.0	1.8	1.4	1.3	1.1
Number of branches	142	120	120	120	120
No. of SME SC/KB	47	67	67	67	67
Number of sub-branches	74	40	11	-	-
Number of SME unit office	446	446	457	456	456
Number of ATMs	329	329	324	373	375
Number of RCDMs	68	68	39	-	-
Number of CRMs	55	10	9	-	-
Number of employees	9,067	8,231	7,863	7,619	7,740
Number of foreign correspondents	394	400	399	391	381

* **Being in the banking business, the bank does not have plants. However, bank has 189 branches and 329 ATMs as on 31 December 2024.**

** **Considering the business model, overdue project calculation is not applicable for bank.**

Appendix- B

FIVE YEARS' FINANCIAL HIGHLIGHTS

Consolidated Information

BDT in Million unless otherwise specified

Particulars	2024	2023	2022	2021	2020
FINANCIAL POSITION					
Cash and bank balances	78,117	74,496	84,822	101,721	62,638
Investments	297,960	191,144	116,552	70,069	94,095
Money at call and short notice	750	3,000	6,826	3,500	-
Loans and advances	623,851	520,288	412,085	322,135	273,439
Fixed asset	14,401	13,019	13,463	12,834	10,606
Other assets	40,508	33,816	20,819	16,222	13,863
Goodwill	1,126	1,373	1,373	1,427	1,427
Non-banking assets	11	10	11	5	66
Total assets	**1,056,724**	**837,145**	**655,950**	**527,913**	**456,134**
Borrowing	108,251	103,354	81,094	47,327	35,943
Affordable housing bond	4,751	4,751	4,751	-	-
BBPLC 2nd subordinated bond	6,287	-	-	-	-
Money at call and on short notice	840	550	-	-	85
Deposit and other accounts	777,054	588,430	447,058	364,330	333,616
Other liabilities	58,970	53,040	41,983	39,308	32,732
Total shareholders' equity / Net Assets	78,060	66,541	61,186	57,187	48,111
Non controlling interest	22,510	20,479	19,878	19,761	5,648
Total liability and shareholders' equity	**1,056,724**	**837,145**	**655,950**	**527,913**	**456,134**
CAPITAL MEASURES					
Risk weighted assets	518,414	428,328	380,319	337,282	297,178
Total admissible Tier-1 capital	85,812	73,493	68,016	64,354	41,252
Total admissible Tier-2 capital	12,663	6,161	5,685	4,525	3,709
Total capital	98,474	79,655	73,702	68,879	44,962
Capital surplus/(Deficit)	33,673	26,114	26,162	26,718	7,814
Common equity Tier-I (CET1) capital ratio	16.55%	17.16%	17.88%	19.08%	13.88%
Total capital to risk-weighted asset ratio (CRAR)	19.00%	18.60%	19.38%	20.42%	15.13%
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total revenue	64,331	46,447	37,857	31,623	28,554
Interest income	58,574	41,864	31,370	24,225	27,080
Interest expense	42,120	21,315	12,954	7,913	13,725
Investment income	28,813	12,687	7,586	7,142	8,182
Commission exchange & brokerage	18,812	13,039	11,522	7,993	6,846
Other operating income	252	172	332	175	170
Non-interest income	19,065	13,211	11,854	8,168	7,017
Total operating expenses	36,390	30,720	26,392	21,515	20,345
Total income	106,451	67,762	50,811	39,536	42,279
Total expenditure	78,510	52,035	39,346	29,428	34,070
Operating profit	27,941	15,727	11,465	10,107	8,209
Profit before tax	24,098	12,823	9,283	6,910	6,336
Net profit after tax	14,318	8,275	6,142	4,653	4,041
Earnings per share (BDT)	6.95	4.30	3.75	3.65	3.17
Cost-to-income ratio	57%	66%	70%	68%	71%

Appendix- C

Sustainability related Recognitions and Collaborations

Figure 27: Sustainable finance related leadership development program, Source: BRAC Bank PLC's Website

Figure 24: Training on circular economy partnered with European Investment Bank (EIB) , Source: BRAC Bank PLC's Website

Figure 23: Bloomberg has ranked BRAC Bank as one of the top sustainable companies in Bangladesh, , Source: BRAC Bank PLC's Website

Figure 26: Mr. Sabbir Hossain, DMD and COO of BRAC Bank PLC. awarded as UNGCNB SDG Pioneer 2024 form Bangladesh, Source: BRAC Bank PLC's Website

Figure 25:The top sustainable Bank in Bangladesh, , Source: BRAC Bank PLC's Website

Appendix- D

GRI CONTENT INDEX

Statement of Use: BRAC Bank PLC. has reported in accordance with GRI Standards for the period from January 1st 2024 to December 31st 2024

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Disclosure 2-3 Reporting Period, Frequency and Contact Point	3	We are publishing our sustainability report every year since 2022.
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