Report on

Evaluating sustainable finance practices at the Bangladesh Finance Plc

By

Nafisa Anjum

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An internship report submitted to the BRAC Business School in partial fulfilment of the requirement for the degree of Bachelor of Business Administration

BRAC Business School

BRAC University

September, 2025

Declaration

It is hereby declared that

1. The internship report submitted is my/our 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/We have acknowledged all main sources of help.

Student's Full Name & Signature:

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Nafisa Anjum

Id: 21304078

Supervisor's Full Name & Signature:

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Md Arif Hossain Mazumder, PhD

Assistant Professor

BRAC Business School

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Letter of Transmittal

Md Arif Hossain Mazumder
Assistant Professor
BRAC Business School
BRAC University
Kha 224 Pragati Sarani, Merul Badda, Dhaka 1212, Bangladesh

Subject: Report on Evaluating sustainable finance practices at the Bangladesh Finance Plc

Dear Sir,

I am pleased to submit the report on "Evaluating Sustainable Finance Practices at Bangladesh Finance Plc" and it was prepared as part of my academic requirement. The report concentrates on assessing the company's sustainable financial initiatives including green financing, social contributions and alignment with Bangladesh Bank sustainability policies.

During preparation of this report, I have collected information from annual reports, journals, official publications and secondary sources to ensure accuracy and relevance. I have made every effort to present the findings in an organized, clear and comprehensive manner.

I therefore, hope that this report fulfills your expectations and provides valuable insights into the feasible finance practices of Bangladesh Finance Plc. I appreciate your kind support and guidance.

Sincerely yours,

Nafisa Anjum

ID: 21304078

BRAC Business School

BRAC University

September 14, 2025

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between [Name of Company] and the undersigned student at Brac University…………………………………….

Acknowledgement

In the first place, I would like to express my gratitude towards my Almighty Allah for giving me the ability and strength to contribute to this report on Evaluating Sustainable Finance Practices at Bangladesh Finance Plc. I am also sincerely grateful to my supervisors for their support and guidance which led me to the completion of this report. Besides, I sincerely appreciate Bangladesh Finance Plc, specially the Bangladesh Finance Capital Limited for providing me the opportunity of internship. My on-site boss, Suman Kumar Kundu along with his team provided me with the essential guidelines which contributed to my learning throughout the internship period. Lastly, guidance and support from my supervisors of both institutions made the experience meaningful and efficient.

Executive Summary

This report looks at how Bangladesh Finance PLC brings ESG into everyday finance and lending. It reviews green loans, green deposits, and funding for clean projects, along with support for education, healthcare, entrepreneurship, and conservation. The analysis uses annual reports, interviews, published studies, and other secondary sources, then applies basic financial and policy checks to make sense of the data. The picture that emerges is steady progress toward global standards and the SDGs. At the same time, there are clear gaps. Green lending needs more scale. Risk tools need to be tighter. Many stakeholders still need clearer guidance and simpler explanations. To move forward, the report suggests adding a wider range of green products, reporting results with plain metrics, building practical partnerships, and investing in staff and client training. The goal is simple, make ESG part of how the company works every day, and show the results with numbers.

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Chapter 1

Overview of Internship

1.1 Student Information

Name: Nafisa Anjum
ID: 21304078
Program: Bachelor of Business Administration (B.B.A)
Major: Accounting **Minor:** Finance

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

I looked for internships on a few sites and ended up getting a spot at Bangladesh Finance PLC, which is a well-known non-banking financial firm. The internship lasted three months, from May 26, 2025 up to August 25, 2025. I worked in the Research and Development division, mainly dealing with the capital-market area. I helped gather data and write short reports daily. My place of work was the main office in Bangladesh Finance Tower and the address was 64 Motijheel Commercial Area, Dhaka-1000. It seemed a valuable experience overall.

1.2.2 Internship Company Supervisor's Information: Name and Position

During my internship at Bangladesh Finance PLC, I worked under Suman Kumar Kundu, who was the CEO of Bangladesh Finance Capital Limited. I also got the opportunity to work with several other staff members and the experience was precious.

1.2.3 Job Scope: Job Duties and Descriptions

During my internship, my responsibilities included preparing a daily news flash, managing buy and sell allocations in the SIP account, compiling a weekly report every Thursday, contributing to the monthly report at regular intervals, and preparing equity notes. These tasks involved comprehensive analysis of the reports to enhance understanding of market share and the capital market.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

During my internship, I gained hands-on experience in equity research and investment analysis. I prepared and analyzed equity notes on five major companies which included Grameenphone, Crown Cement, BATBC, Square Pharmaceuticals, and Olympic Industries. This involved conducting in-depth financial and market analysis, evaluating company performance and preparing comprehensive reports. I presented my findings and recommendations to my line manager and the CEO of the department, which were later considered in the company's investment decision-making process.

In addition to equity research, I also conducted mutual fund analysis to support portfolio strategies and enhance investment decisions. I was entrusted with the responsibility of manually allocating buy and sell quantities for the SIP account, ensuring accuracy and efficiency in transactions. Furthermore, I actively contributed to preparing the organization's daily news pulse, weekly analytical reports, and monthly performance reviews, which helped keep the investment team updated on market trends and insights.

1.3.2 Benefits to the Student

The internship let me build my analytical, reporting and presentation abilities while I got a deeper sense of capital markets and investment management.

Bangladesh Finance Plc gave me the opportunity to gain first-hand look at a real corporate world, something school alone can not fully teach. At Bangladesh Finance, I saw how professional dress and communication really work. Apart from those clear lessons, I also picked up many hidden ones – like how to talk to bosses and what unwritten expectations exist like staying late sometimes and where the office could improve.

Specifically, interning at a non-banking financial firm gives students their first chance to test the usefulness of their business studies. That matters because school usually deals with past cases or hypothetical scenarios where the only risk is a grade. Grades, good or bad, do not directly move a career forward. In a real job, how we perform has a true impact on promotion and future tasks.

From what I saw, the pressure from the organization to keep adding value forces people to keep learning and getting better.

Working inside the capital market and the larger financial field opens many ways to apply what we learned in class. It also lets us meet professionals with many years of knowledge. In my view, the three months I spent there were a huge learning ride about how investors think, and I truly feel that getting this amount of insight so quickly would not happen any other way.

Overall, the internship seemed to bridge the gap between books and real work. It taught me that theory alone may mean little without practice. I also saw that networking can open doors. So, the experience feels essential for future growth significantly.

1.3.3 Problems

The main challenge I faced during this internship was some technical issues. Specifically, I observed that the buy and sell of SIP accounts are allocated manually which is both time consuming and hampers employees productivity. Since we are living in the age of technology it is more convenient to do this using software technology. Besides, the computers used for the organization needs some maintenance to make it faster. However, In my opinion there are always some drawbacks but the success of a company depends on how efficiently a company can overcome it.

1.3.4 Recommendations (to the company on future internships)

Bangladesh Finance Plc is a strong platform for accounting and finance majors from Brac Business School to get hands-on experience. Interns are often included in meetings on current economic events and may be asked to do through analysis. Yet, there are a few spots where the firm might improve the learning vibe for interns. Firstly, management should provide more tasks for the interns. Giving interns more tasks could boost both learning and the firm’s image. Secondly, the computers look old and sometimes fail, which makes work harder. Therefore, investing in newer machines, or at least fixing the old ones, would likely raise productivity. Overall, the internship was worthy but some changes could make it better.

Chapter 2

Organization Part

2.1 Introduction

2.1.1 Objectives

This part tries to give a short review on the mechanism of Bangladesh Finance Plc. It talks about how the company deals with green financing and what plans it follows. It also analyzes the financial performance and strategic management of the company over the past five years.

2.1.2 Scope

This section highlights the mission and vision statement of Bangladesh Finance, its management practices and operational procedures.

2.1.3 Methodology

This section attempts to describe Bangladesh Finance Plc by overviewing its mission and vision statements along with analyzing its product, services and core values. Besides, management practices are also narrated including the leadership style, recruitment process, remuneration system, financing patterns and marketing strategies.

Accounting and financial performance of the company are inspected using data from 2020 to 2024 which also includes the ratio analysis to interpret the company's performance in terms of standards and obligations. Later on, operations and IT systems are also reviewed. Conclusions for this section are determined through analyzing publicly available data of the company and other credible sources. Additionally, information which was not publicly available was obtained through interviewing multiple employees of the company familiar with the research team.

2.1.4 Limitations

- **Time**: I did this internship while I was also working on five valuation reports. All of that happened in three months. That workload left me with not much time to dig deep into primary data or to think a lot about every detail.

- **Confidentiality**: The people I talked to at Bangladesh Finance PLC could only share a little because of company rules. A lot of the inner-working plans and strategy stayed hidden which limits how much qualitative info I could include.

2.1.5 Significance

This write-up can help students who wonder what an internship there looks like. It can also help the company see how outsiders view their work-style and marketing ideas. Readers can get a feel for the firm's practices now, while the firm itself can use that feedback when hiring or planning courses. By linking what we learn in class with what actually happens in a business, the report can be a tool for curriculum designers, HR people and policy makers as well.

2.2 Overview of the Company

Bangladesh Finance PLC started its journey in 1999. It is one of the renowned non-bank financial firms based in Dhaka. In June 2025, it changed its name from Bangladesh Finance Limited to the current one. The company is listed on the Dhaka Stock Exchange under BDFINANCE.

It sells financial products and services which includes regular loans, Islamic financing, lease finance, term loans, working-capital help and special SME and retail products like Bijoy, Shilpo Rin, Agro loans and home loans. The firm also runs two subsidiaries: Bangladesh Finance Securities Limited (BD Securities) that does brokerage and Bangladesh Finance Capital Limited (BD Capital) that offers capital-market solutions.

Around 158 employees work in this organization and the CEO is Md. Kyser Hamid. The company claims to provide safe and fresh money solutions to people and businesses across the country.

2.2.1 Vision

The vision says, *"To be the most innovative and popular financial services provider in the country with special focus on creating value for all stakeholders."* In plain words, their goal is to be one of the top finance firms in Bangladesh by gaining recognition for widespread innovations. It also aims to create value for its customers, workers, investors along with stakeholders.

2.2.2 Mission

The mission reads, *"To reach out our financial services to the wider sections of the populace as part of our contribution towards inclusive, sustainable and quality growth with trust and confidence."* This means they aim to bring finance to more people, help the country grow in a fair and steady way and build trust with everyone who uses their services.

2.3 Management Practices

Bangladesh Finance PLC looks for interns who have the school background and skills needed to do solid financial analysis and pick good investment options. When they look at CVs and interview, they check how much the applicant knows about the Bangladeshi capital market.

The selection procedure of internship includes a 15 or 20 minute viva while a full-time job also adds a written test of 30 or 60 minutes that covers current economic issues in Bangladesh and worldwide, plus basic finance ideas, then a viva follows.

2.3.1 Leadership Style

The leadership structure of Bangladesh Finance Plc is a mixture of the transformational and participative approaches which is designed to boost sustainable growth, renovation and maintain stakeholders trust. The upper management prioritizes vision based leadership putting more emphasis on strategic goals like accelerating financial inclusion, establishing good governance and expanding green financing.

- **Transformational Leadership**:
  The top management of Bangladesh Finance motivates employees by sharing a vision of becoming one of the leading financial institutions around the country. They emphasize adaptation to market requirements, encourages innovation, prioritizes feasibility and motivates employees to achieve beyond traditional practices.

- **Collaborative or Participative Leadership**:
  The decision making process of Bangladesh Finance considers the perspective of both the employees and stakeholders. They maintain a balance of centralized and decentralized leadership methods which keeps the employees connected to the firm while ensuring accountability, transparency and solvency.
- **Leadership based on Ethics and Corporate Governance**:
  The board stresses good corporate governance and following the law. Ethical habits are highlighted as a way to stay a trusted partner for both companies and regular customers.
- **Customer Oriented Leadership**:
  The company aims to satisfy customer requirements by offering tailored financial products and service oriented culture.
- **Flexible and Adaptive Leadership**:
  When regulations shift or competition rises, the leaders claim they stay flexible.
  They point to digital upgrades, better risk, as ways to stay afloat.

2.3.2 Recruitment Process

The recruitment process of Bangladesh Finance takes place from a wider pool of employees to select the most eligible candidates.

The external recruitment takes place from several channels:
(i) They often hire fresh graduates for entry-level positions.
(ii) They post for their vacant job position on social media platforms like LinkedIn, Facebook and other professional networks.
(iii) They also utilize several career portals of different universities.
(iv) They also take into consideration references from their existing employees.

2.3.3 Compensation

The financial and non-financial advantages offered to the employees by Bangladesh Finance Plc includes:

(i) Basic salary

(ii) Bonus based on performance

(iii) Salary increase based on merit and performance

(iv) Market competitive salary

(vi) Benefits on retirement

2.3.4 Financing Process

Bangladesh Finance Plc leans on its long-time trust and big list of clients to run a financing system that feels fast and safe. Its good reputation, built from years of careful lending and open rules, acts like a magnet for new borrowers and investors.

- **Reputation Driven Pull:** The firm shows off low default numbers and quick loan payments. That makes new customers feel secure and more likely to sign up. This image shows up in its yearly reports and public filings.
- **Referral Flow from Subsidiaries:** Bangladesh Finance Plc has two subsidiaries which are Bangladesh Finance Securities Ltd. and Bangladesh Finance Capital Ltd. When a corporate client works with one of those firms, the staff quickly point them to the right loan or lease product in their main bank. Partnerships with other trade groups and chambers also send in referrals especially for small-business owners and women entrepreneurs.
- **Targeted Marketing Moves:** Using data the company runs ads aimed at specific groups. They push messages about low rates, flexible terms and even Islamic-friendly options. The ads appear in newspapers and social media including LinkedIn and Facebook which reach targeted customers matching their dreams.

All three parts push each other: a good name brings in referrals, referrals bring more reach, and ads keep the trust feeling strong.

2.3.5 Products and Services of Bangladesh Finance Plc

The company splits its product into two main categories people can put money in.

- **Lump-Sum Investment:** A big one time purchase at the fund's net value. Returns match the fund's earnings after costs. This style fits rich people or institutions that can put a lot of cash at once and want instant diversification.
- **Systematic Investment Plan (SIP):** Small installment payments that spread buying over time. This cuts the risk of buying at a high price and helps people with lower income build wealth slowly. It is suitable for young earners and middle-class individuals as they do not need a huge sum at a time.

Both choices sit on solid asset-allocation ideas and come with extra help like portfolio checks, performance reports and advice.

2.4 Marketing Practices of Bangladesh Finance PLC

The marketing function of the company is led by its vision of creating a customer oriented sustainable financial institution. Therefore, its operation considers credibility, trust and long lasting relationship with customers along with providing innovative products and services.

2.4.1 Segmentation

Bangladesh Finance PLC segments its target market mainly in two ways:

(i) Economic: The company chooses individuals or organizations who have idle money or spare wealth which can be invested without lowering their living standards or causing any financial tension. These customers are usually more attracted towards financial products involving moderate to higher levels of risk.

(ii) Psychographic: The company expects its customers to have the mindset to accept loss of their invested capital in case of adverse situations as investments can also generate loss other than returning profits. Besides, investments with high return also have high risk. Therefore, investor's risk appetite should be considered as investors with high risk tolerance are interested in investing larger amounts with the aim of higher financial gains.

2.4.2 Targeted Customers

The company basically serves a diverse customer base concentrating on individuals and organizations with financial capability and are interested in structured financial investment opportunities. The targeted customers of the company are broadly divided into three categories which are retail clients, corporate clients and institutional investors.

Retail Customers:

This segment includes individuals and organizations with idle money who are interested in investing in innovative financial instruments. Customers of this section are generally middle to high income earners who may require investment opportunities or personal loans including car loans and home loans. Besides, the company also reaches individuals with higher income and ability to invest in instruments of the capital market for accelerating long term wealth generation. Additionally, financial instruments are advised to investors based on their risk appetite.

Corporate Clients:

Bangladesh Finance works with small and medium businesses, big companies, and individual owners. It provides lease finance, term loans, and working capital. The goal is simple: give the right kind of money at the right time so a business can grow. This can mean buying equipment, adding a new branch, or keeping cash flow steady during slow months. Each plan is tailored to the client's needs and ability to repay. Bangladesh Finance aims to be a long-term partner, helping companies manage liquidity and stay stable over time.

Institutional Clients:

Another key group is institutional investors. This includes trade associations, investment funds, and other financial organizations. Bangladesh Finance serves them with structured financial products. It provides brokerage through Bangladesh Finance Securities Limited. It offers capital market instruments through Bangladesh Finance Capital Limited. Each solution is matched to the client's goals and risk level. Terms and reporting are kept clear and practical. Clients get support for planning, execution, and follow-up. This helps them deploy capital wisely and manage risk.

The result is simple: investors who value reliability, fresh ideas, and long-term growth choose Bangladesh Finance. A diversified client base also expands its reach and builds trust across Bangladesh's financial sector.

2.4.3 Positioning

Bangladesh Finance PLC presents itself as a trusted, forward-looking NBFI. Its goal is simple: deliver useful, value-driven finance to people and businesses. The company leans on three pillars which are reliability, customer focus, and steady growth. What sets it apart is a clear push for practical innovation and a wide mix of products.

On the retail side, it acts like a partner for everyday money needs. Think home loans, car loans, education loans, and simple investment options that fit a family's plans. Terms are kept clear. Support is hands-on.

For SMEs and corporates, Bangladesh Finance plays the role of growth enabler. It provides lease finance, working capital, and term loans to keep cash flowing and projects moving. The aim is to boost liquidity today and build resilience for tomorrow.

The firm also uses its two subsidiaries to round out the picture. Bangladesh Finance Securities Limited handles brokerage. Bangladesh Finance Capital Limited offers capital-market and advisory services. Together, they complement the core lending and investment products.

At the brand level, the message is consistent: innovate, act with integrity, and create value for all stakeholders. By matching products to each customer's financial capacity and risk appetite, Bangladesh Finance PLC positions itself as a reliable partner for a market that's growing, competitive, and hungry for smart, flexible finance.

2.4.4 Marketing Channels

Bangladesh Finance which is an NBFI, uses a mix of different channels to reach people and businesses. Some are face-to-face. Some are digital. Others are built on partnerships and events. All of them aim to make it easy to learn, apply, and stay supported.

Direct channels

- **Branches and service desks.** These are the main touchpoints. Customers visit, ask questions, apply, and get follow-up support.
- **Direct sales teams.** Relationship managers meet SMEs and corporates. They discuss needs and suggest clear, tailored financing.

Digital channels

- **Website and online tools.** Product info, simple forms, and ways to contact support live here.
- **Social media.** Facebook, LinkedIn, and others help share updates, new offers, and success stories.
- **Digital campaigns.** Ads, emails, and mobile promos focus on busy, urban clients.

Partnership channels

- **Corporate tie-ups.** Working with SMEs and large firms opens doors for cross-selling the right solutions.
- **Trade bodies and chambers.** These links help reach wider business communities.

Relationships and events

- **Workshops and seminars.** Good for explaining investment options, green finance, and SME loans in plain language.
- **CSR and sponsorships.** Community work builds goodwill and keeps the brand visible.

Media

- **Print and electronics.** Ads and press notes in newspapers, TV, and finance mags reach a broad audience.
- **PR.** Coverage of milestones, annual results, and sustainability work strengthens reputation.

2.4.5 Existing and New Product Development

Here's the thing: Bangladesh Finance PLC keeps the product menu simple and useful. It serves people, SMEs, and big companies with clear, practical options.

Corporate finance

- **Term loans.** Fund expansion or major purchases.
- **Project finance.** Back large, time-bound projects from start to finish.
- **Working capital.** Smooth day-to-day cash flow.
- **Syndication.** Pool money from multiple lenders for bigger deals.

SME finance

- **Business loans.** Designed for small and medium firms, with flexible terms.
- **Support for women entrepreneurs.** Easier access and targeted programs.

Retail finance

- **Home loans.** Buy or build with manageable EMIs.
- **Car loans.** New or used vehicles made affordable.
- **Personal loans.** Cover urgent or planned expenses.
- **Lease finance.** Use assets now, pay over time.
- **Deposit schemes.** Simple saving options with steady returns.

Investment & deposits

- **Fixed deposits.** Safe, predictable earnings.
- **Double/Triple money schemes.** Long-term plans that grow your principal.
- **Other savings plans.** Pick terms and payout styles that fit your goals.

New Product Development

BD Finance continuously adapts to market trends and regulatory requirements by designing new products that reflect customer needs, digital transformation, and sustainability goals:

- **Sustainable Financial Products**: Bangladesh Finance is doubling down on impact-focused products. It plans to issue green bonds to fund things like solar, energy-efficient equipment, and waste management. It also offers climate loans that help businesses cut emissions, switch to cleaner tech, and adapt to heat, floods, or storms. On the social side, it backs impact funds that support jobs, inclusion, and women-led SMEs. It doesn't do this alone. The company teams up with industry partners, fintechs, NGOs, and local businesses to design and launch new services. That can mean co-branded products, digital onboarding, better credit checks using alternative data, and training programs for first-time borrowers.
- **Digital Services**: Bangladesh Finance rolled out digital services to fit how people bank today and to make everything faster. New customers can sign up online. A mobile app and simple account tools let users check balances, make payments, transfer money, track applications, and manage loans or deposits—without visiting a branch.

2.4.6 Competitive Practices

BD Finance works in a crowded NBFI market, so it stands out through service quality, smart ideas, and strong governance. The team reviews strategy often with a customer-first mindset. It sticks to practical, sound financing. It keeps processes transparent. It keeps pushing digital tools to make things faster and clearer. CSR projects, sustainability drives, and active customer engagement all add to the brand. These efforts build trust, show values, and help BD Finance stay visible in a competitive space.

2.4.7 Branding or Re-branding

BD Finance, then known as Bangladesh Finance and Investment Company Limited changed its name to Bangladesh Finance Limited in April 2021. The rebranding was formally approved at an Extraordinary General Meeting (EGM) in February 2021 and then received final approval from the central bank in April 2021. The company launched a new loan product named 'Bijoy' with only 4% interest in the same year mainly for the female SME entrepreneurs. (*Annual-Report-2021-final.pdf*, n.d.)

2.4.8 Promotion Strategies

They market a set of special products with clear perks. They introduced ‘Green Loan’, ‘Green Brick’, and Technology Upgradation for export-oriented firms. These come with friendly terms with lower rates, longer tenures, and flexible debt-equity ratios. They also offer both conventional and Islamic finance. That means they can speak directly to customers who want Shariah-compliant options while still serving clients who prefer standard products. More choice, more ways to match the right offer to the right customer.

Figure 1 : A lucrative loan advertisement by the company

The advertisement shows a lucrative loan offering by the company for female entrepreneurs.

2.5 Financial Preformance and Accounting Practices

2.5.1 Financial Analysis

Financial highlights of the company for 5 years is shown below-

SUMMARY OF FINANCIAL HIGHLIGHTS (CONSO)

	2020	2021	2022	2023	2024
Profitability (Consolidated)					
Net Interest Income	495	550	419	86	-720
NIM (%)	3.4%	3.6%	2.6%	0.5%	-4.1%
Total Operaitng Income	716	1136	898	294	-432
Total Operating Expense	231	297	379	360	354
Cost/Income Ratio(%)	32.27%	26.17%	42.26%	122.29%	-81.87%
Profit before income tax	451	523	313	-1046	-8633
Income tax expense(net)	137	200	9	-4	-695
Net profit after tax	315	324	305	-1042	-7938
Net Profit Margin	18.63%	20.88%	21.04%	-89.35%	-975.45%
Assets,Liabilities & Equity (Consolidated)					
Borrowings	3,064	2,847	3,145	5,172	4,718
Deposits	8,616	9,569	9,797	8,879	8,637
Loan Lease & Advances	12,873	13,692	14,006	14,597	14,685
Investment	796	987	1,136	1,395	1,499
Total assets	17,016	18,473	19,132	20,250	20,864
Total equity	2,992	3,148	3,277	2,170	(5,656)
Investor Information					
Net asset value per share	16.85	16.72	17.41	11.53	(30.05)
Market value per share	29.10	54.40	44.10	44.10	11.80
Earnings per share	1.69	1.36	1.25	(5.60)	(41.61)
Market capitalization	4,875	9,660	8,301	8,301	2,221
Other Ratios					
Dividend yield	4.12%	2.21%	2.27%	0.00%	0.00%
Price earnings ratio	17.17	40.02	35.17	(7.88)	(0.28)
Non-performing loan ratio	3.22%	2.54%	5.56%	11.20%	9.26%
Liquid assets ratio	5.63%	8.31%	8.64%	9.06%	13.13%
Current Ratios	1.16	1.16	1.20	1.27	1.26
Debt to equity ratio	2.93	2.99	3.08	5.80	-3.48
Long Term Credit Rating	AA-	AA-	AA	AA	AA
Short Term Credit Rating	ST-2	ST-2	ST-1	ST-1	ST-1
Key Performance Indicator					
ROA	1.84%	1.82%	1.62%	-5.29%	-38.61%
ROE	10.97%	10.55%	9.49%	-38.28%	-455.38%
ROCE	3.49%	5.48%	2.64%	-0.76%	-6.49%
Capital Adequacy Ratio	18.72%	18.91%	18.60%	12.33%	-25.12%
Common Equity Tier 1 (%)	16.90%	16.61%	16.35%	9.87%	-27.38%
ICGR	1.20%	2.17%	0.26%	-38.28%	-455.38%

Figure 2 : Financial highlights

Interpretations:

Financial Distress: The company experienced a dramatic decline in profitability and net worth by 2023–24, with net losses and negative equity.

Rising Credit Risk: Increasing NPLs suggest deteriorating asset quality, contributing to losses.

Liquidity Management: Despite losses, the company improved its liquid asset ratio, indicating attempts to maintain short-term solvency.

Operational Inefficiency: High cost/income ratios and declining margins indicate inefficiency in operations and revenue generation.

Investor Confidence Erosion: Collapse in NAV, EPS, and market capitalization shows serious loss of investor confidence.

2.5.2 Accounting Practices of Bangladesh Finance PLC

According to the annual report, Bangladesh Finance Plc followed the straight line method for recording depreciation for all the consecutive years from 2022 to 2024. The management of the company follows the going concern basis of accounting for preparing its financial reports for all the three three years from 2022 to 2024. Besides, the financial statements are also prepared following the regulations of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) which are adopted by Bangladesh. However, the interest earnings from loans or other sectors are recorded on the basis of accrual accounting method for the mentioned years.

2.6 Operations management and Information System practices

Bangladesh Finance PLC (BD Finance) integrates operations management and information systems to enhance efficiency, ensure service quality, and maintain transparency for both internal and external stakeholders. These practices enable the company to meet regulatory standards, manage risks, and strengthen customer relationships.

2.6.1 Information System Practices

- **Data Collection, Storage, and Processing:** BD Finance uses computerized information systems for gathering, processing and storing financial and operational data. Besides, basic banking software, financial management tools and digital reporting platforms are deployed to record loan applications, customer profiles, deposit accounts and investment transactions. These systems ensure accuracy, timeliness and security in data handling.
- **Information Sharing with Stakeholders and Clients:**The company leverages digital channels, websites, and customer portals to share financial information, account statements, and service updates with clients. Stakeholders such as regulators, investors, and auditors access periodic financial reports, disclosures, and compliance documents through official publications and electronic reporting systems. This promotes transparency and accountability in operations.

2.6.2 Operations Management Practices

- **Quality Management:** BD Finance places emphasis on service quality and customer satisfaction. Internal audit mechanisms, compliance monitoring, and standardized operating procedures ensure that services meet both regulatory standards and client expectations. Continuous improvement programs and feedback loops help identify gaps and enhance financial product offerings.
- **Scheduling and Workflow Management:** Operational activities such as loan disbursement, credit approval, deposit collection, and reporting are managed through systematic scheduling tools. Automated reminders, workflow systems, and project management applications help the company minimize delays, track deadlines, and ensure smooth daily operations.
- **Allocation of Resource:** Resources including monetary, human and technologies are allocated strategically. Budgets are planned to balance investments in technology, customer service, and compliance. Human resources are deployed based on departmental priorities while IT infrastructure monitors operational efficiency.
- **Operational Management:** To minimize operational risks, BD Finance integrates internal control systems, risk management frameworks, and compliance practices. By

digitizing processes such as loan approvals and account management, the company reduces manual errors and improves turnaround times.

2.7 Industry and Competitive Analysis

Bangladesh Finance Plc which is a Non-Banking Financial Institution is a part of the financial industry of Bangladesh.

2.7.1 Porter's Five Forces

- **Threat of New Entrants (Moderate to High):** New digital financial institutions and fintech-based platforms are emerging, supported by government initiatives to expand financial inclusion. The entry of digital banks and fintech firms could intensify competition, particularly for younger, tech-savvy customers.
- **Bargaining Power of Suppliers (Low to Moderate):** In financial institutions, the primary suppliers are depositors and investors who provide funds. As depositors have many other options banks, other NBFIs and mobile financial services, they can demand higher returns or shift funds elsewhere.
- **Bargaining Power of Buyers (High):** Customers (both retail and corporate) have many choices, including banks, NBFIs, microfinance institutions, and fintech platforms. Switching costs are relatively low since customers can easily move deposits or loans to competitors with better rates or services.
- **Threat of Substitutes (High):** Banks, Fintech platforms and mobile financial services often provide faster service, wider accessibility, and lower costs. It may increase threats for BD Finance.

2.7.2 SWOT Analysis

Strengths:

- Strong financial foundation and long-term stability.
- Broad, well-structured and adequately capitalized financial services portfolio.
- High credit ratings supported by consistent financial strength.
- Improved control and reduction of loan default rates.

- Adoption of modern technologies supported by a flexible infrastructure.
- Capital adequacy ratio maintained above the regulatory requirement.

Weaknesses:

- Restricted outreach beyond major metropolitan regions, limiting presence in semi-urban and rural markets.
- Elevated cost of capital due to limited and less diversified funding sources.
- Absence of a comprehensive strategy for implementing in-house automation and digital technologies.
- Heavy dependence on regional economic conditions and business practices, requiring greater investment in research and development to explore new avenues for revenue generation.

Opportunities:

- Expanding financial involvement by targeting the large underserved market.
- Uncertainty and fluctuations in the stock market.
- Signs of positive economic recovery reflected in Bangladesh's increasing GDP growth.
- Lower deposit rates offered by commercial banks creating opportunities for NBFIs.
- Broadening operations into new geographic regions to address the changing needs of customers.

Threats:

- High competition within the expanding non-banking financial institution sector.
- Heightened liquidity risks arising from possible regulatory adjustments.
- Strong competition from commercial banks increasingly active in corporate lending.
- Greater vulnerability to cybersecurity risks coupled with disruptions from emerging Fintech solutions.
- Political and economic instability negatively affecting Bangladesh's export activities.
- Volatility in the foreign exchange market creates additional financial uncertainty.

2.8 Summary and Conclusions

Bangladesh Finance PLC initially showed moderate profitability and growth between 2020 to 2021 but faced severe financial and operational challenges from 2022 onward. Rising loan defaults, high operating costs, declining revenues, and erosion of equity created a critical financial position by 2024, necessitating urgent restructuring, risk mitigation, and capital infusion to restore solvency, profitability, and stakeholder confidence.

2.9 Recommendations

Bangladesh Finance Plc should concentrate on enhancing its financial stability and restoring its investor’s confidence. The company needs to reduce non-performing loans by strengthening credit assessment and monitoring. Controlling operating costs and improving efficiency through automation and technology adoption can help increase profitability. Expanding its services to underserved areas and diversifying products, such as green finance and digital solutions, can attract more customers. Maintaining adequate capital levels and improving risk management will ensure regulatory compliance and long-term sustainability.

Chapter 3

3.1 Introduction

3.1.1 Background and Problem Statement

Sustainable finance are the monetary products or services that takes into consideration the environmental, social and governance (ESG) factors and helps in making decisions regarding long lasting economic growth. It also minimizes negative social and environmental effects. Despite the growing importance of sustainable finance, many financial institutions in Bangladesh including Bangladesh Finance Plc face challenges in effectively implementing and monitoring ESG-oriented initiatives. There is limited research on the effectiveness, reach and impact of these sustainable finance practices within the organization. Questions remain about how well these practices reduce environmental risks, support client’s sustainable projects and influence the company’s long-term financial performance. Therefore, evaluating the sustainable finance strategies of Bangladesh Finance Plc is essential to identify strengths, gaps and opportunities for improvement, ensuring that sustainability objectives are met alongside financial growth.

3.1.2 Objectives

The main objective of this study is to evaluate the sustainable finance practices of Bangladesh Finance Plc focusing on how the company integrates environmental, social, and governance (ESG) principles into its financial products. It also aims to identify strengths, weaknesses, and opportunities for improving sustainability while maintaining financial performance.

3.1.3 Significance and Scope of the Study

Evaluating sustainable finance practices at Bangladesh Finance Plc is significant because it helps understand how financial institutions can support environmentally and socially responsible projects while ensuring profitability. The study highlights the effectiveness of green loans, ESG-based lending, and other sustainable initiatives, providing insights for improving policies and practices. It also informs stakeholders including regulators, investors or clients about the company's commitment to sustainability. Additionally, the findings can guide strategic decisions, enhance corporate reputation, and contribute to national and global sustainable development goals, ensuring that financial growth aligns with environmental protection and social responsibility.

3.2 Literature Review

Efficient financial practices are one of the crucial elements that ensure the sustainable growth and stability of any financial institution. Many studies suggest that effective management ensures liquidity, profitability, risk management and compliance of regulatory requirements. The amount of green financing in Bangladesh is increasing day by day still there are some flaws in the financial reporting, risk management and capital structure of NBFIs which hinders the sustainable growth and stability of these institutions. The amount of green loans increased more than twice in the first quarter of 2023 compared to that of 2022. The amount of green loans provided by NBFIs in the first quarter of 2023 was Tk 839 crore while it was Tk 409 crore in the same period of 2022 in Bangladesh (Khan, 2024). However, research on NBFIs of Bangladesh highlights capital adequacy, non-performing loans and weaker monitoring compared to banks. Analysis of the financial practices of Bangladesh Finance Plc reveals how the company aligns with the industry standards, sustains in the long run and overcomes its challenges.

3.3 Methodology

The study was conducted mainly using qualitative research methods. Multiple interviews were conducted to collect primary data from the organization. Besides, the secondary data for the research was collected mostly from the annual reports of Bangladesh Finance Plc and other required information was collected from different websites, journals and research articles including different analysis reports on NBFIs of Bangladesh. Moreover, ratio analysis and comprehensive evaluation on key financial indicators are conducted to compare the financial performance of the company over five years.

3.4 Findings and Analysis

3.4.1 Sustainable Finance

Sustainable finance includes investments, financial products, services or instruments that takes into consideration Environmental, Social and Governance (ESG) regulations along with conventional financial practices. The basic goal of sustainable finance is to accelerate economic growth while maintaining environmental protection, social welfare and governance laws. Therefore, by incorporating ESG factors financial institutions encourage organizations and individual investors to get positively involved in environmental protection and social wellbeing.

Key instruments in sustainable finance include sustainability linked loans, green bonds, investments concerning ESG and so on. Through these instruments capital is invested in sustainable substructure, social welfare projects, renewable energy and companies which maintain governance regulations properly. Globally, there are some frameworks including the UN Principles for Responsible Investment (PRI) and the Task Force on Climate-related Financial Disclosures (TCFD) which monitor organizations in analyzing and reporting ESG opportunities and risks.

3.4.2 Green Finance

Green finance particularly refers to the products, services or instruments which are specifically designed for environmental wellbeing. Capital in this sector is directly invested into projects to reduce environmental risks, promote renewable energy usage, increase agricultural growth and enhance energy efficiencies. Instruments of green finance include green loans, green bonds and environment centric investment funds which provide both economic return along with maintaining ecological balance. Green finance is a crucial element which can help a firm to turn into a low carbon emitting institution. Besides, it helps attract socially conscious investors and ensures feasible financing for a long term.

3.4.3 Difference Between Sustainable Finance and Green Finance

Sustainable finance is a wider topic that takes into consideration factors of social, environmental and governance regulations while suggesting financial decisions. It concentrates not only on environmental protection but also on maintaining social responsibility, employment practices, societal well-being, ethical governance and long term economic growth. Its goal is to generate financial return while ensuring a beneficial effect on social, governance and environmental factors.

Green finance on the other hand is a subunit of sustainable finance that focuses exclusively on environmental objectives. It funds projects that decrease carbon discharge, boost energy efficiencies, accelerate the usage of renewable energies and protect natural resources. However, green finance addresses only environmental sustainability while sustainable finance covers a wider range of environmental factors along with governance and social factors.

In short, all green finance is sustainable finance but not all sustainable finance is green. Green finance is environmentally focused whereas sustainable finance takes a holistic approach to feasibility including social and governance dimensions alongside environmental considerations.

3.4.4 Policies on Sustainable Finance

Sustainable finance is increasingly guided by laws, regulations, and policies to ensure that financial institutions include ESG factors into considerations while conducting their operations, analysis and investment decisions. Bangladesh is involved in several international treaties and conventions which bind it to follow certain regulations. Some of the noteworthy treaties include the UN Framework Convention on Climate Change (New York), 1992 and International Convention on Climate Change (Kyoto Protocol), 1997 (Kabir, 2020). As a consequence, Bangladesh Bank has introduced policies promoting green and sustainable finance including guidelines for green banking and climate risk management. These policies encourage banks and financial institutions to allocate their funds to imperishable energies, community welfare projects and other feasible projects. Regulations require reporting on ESG performance, environmental impact and social responsibility initiatives.

Such laws and policies aim to diminish financial risks linked with environmental degradation, global warming and social issues while fostering long-term economic stability. They also promote accountability, investor confidence and alignment with global sustainability goals, helping institutions develop products and services that are both financially viable and socially responsible.

3.4.5 Financing Practices

Bangladesh Finance Plc is a renowned NBFIs in offering customer centric products or services and to cope with the industry trends. To diversify its business, cope with the modern world and to reach more customers, the company launched its green finance services in recent times. The company aligned with the policy of Bangladesh Bank introduced green finance which focuses on sustainable housing, renewable energies and environment-friendly enterprises.

The company emphasizes providing loans to the enterprises which have the aims to fulfill SDG goals. According to the annual report of the company for the year 2024, the company has provided about 17.99% loans in renewable and clean energy in that year. Also, according to the annual report of three consecutive years, the company provided 16.3%, 55.2% and 38.38% in green loans for sustainability for the year 2022, 2023 and 2024. Besides, the company also aims to become a green financial institution in the near future by increasing its green financing activities to ensure resilience with the global market.

According to Bangladesh Bank's report, financial institutions in the country distributed green loans amounting to 829 million taka in 2022, with Bangladesh Finance contributing a substantial share. The company ranked among the top five financial institutions in terms of sustainability rating as recognized by Bangladesh Bank. During the same year, it disbursed 453 million taka specifically for sustainability and green financing initiatives. Additionally, Bangladesh Finance allocated 2.78 million taka towards socio-economic development. These records highlight that the company provided significant efforts in the sustainable financing practices focusing more on green financing.

In the following year the company targeted to reduce 15% decrease in carbon excretion through using different efficient technologies and imperishable energies. The company also targeted to reduce workplace waste by 20% and increase the green financing portfolio by 25%. The loan disbursed for green and sustainability for the year 2023 was 90.88 million. These goals of the company reflect how inclined it was towards maintaining sustainability.

From the annual report of the company for the year 2024, the company provided 388 million taka loans for green and sustainable development. It also became committed to raise the portfolio of green finance by 25% and reduce the carbon release by 15%. The company also continues to issue loans to women entrepreneurs only within four working days up to 50 lakh taka only at 4% interest.

Bangladesh Finance offers multiple financial products relating to ESG which shows its dedication towards creating sustainable financial practices. Therefore, as BD Finance offers financial products considering ESG and SDGs, we can conclude that the financial practices of BD Finance are sustainable in the long run.

Adopting sustainable finance offers multiple benefits. It helps financial institutions manage long-term risks, attract responsible investors, enhance reputation and align operations with global sustainability goals. For economies like Bangladesh, sustainable finance can drive low-carbon development, social inclusivity and resilient growth. Overall, it contributes in transforming from short term financing into long term financing, maintaining higher financial return while ensuring societal and environmental well-being. The company is also engaged in initiatives such as community capacity building, promoting entrepreneurship, protecting and conserving the environment, improving national healthcare standards and ensuring equal access to education, eventually all of this coincides with the Sustainable Development Goals (SDGs). However, contributing significantly in green financing has opened the doors of new opportunities for Bangladesh Finance Plc.

3.4.6 What are SDGs?

SDGs stands for the Sustainable Development Goals. It is mainly a combination of 17 global goals which were approved by all the member countries of the United Nations in 2015. The main aim of the SDGs is to implement the 17 goals around the globe by 2030 to ensure the purpose of sustainable development.

Figure 3 : 17 SDGs

Basically, these goals are the outlines to minimize global challenges including inequality, ecological balance, poverty, climate crisis, peace and justice. Besides, the goals of the SDGs are connected to each other. For instance, ensuring education which is goal 4 contributes in diminishing poverty and boosting economic growth which are goal 1 and goal 8 respectively. Moreover, SDG was designed to be implemented in all developed and developing countries with a motto of ‘Leave No One Behind’ in short LNOB. Therefore, SDGs provide a complete framework for the countries, individuals and organizations to work unitedly to build a feasible and prosperous globe by the year 2030.

3.4.7 Why SDGs are important for Bangladesh?

The Sustainable Development Goals or SDGs are crucial for Bangladesh to mitigate the environmental and socio-economic challenges. Bangladesh is a developing country with a small land area and huge population. Therefore, the country faces several socio-economic issues including inequality, poverty, climate vulnerability and many more. As the country is a member state of the United Nations, it also needs to maintain the sustainability framework to minimize its challenges and maintain global harmony. Besides, Bangladesh is one of the vulnerable countries at the risk of climatic change. Hence, it needs to take viable climate actions and renewable energy projects to be resilient in the long run. Additionally, the goals of SDGs like poverty reduction, ensuring quality education, decent work and gender equality are the key factors to transform the country from a developing country into a middle income country. Therefore, by merging the SDGs framework into the national development plans, Bangladesh can reinforce its ability to capture international support, accelerate feasible economic growth and upgrade the living standards for its people.

3.5 Summary and Conclusions

The evaluation of sustainable finance practices at Bangladesh Finance Plc shows that the company has taken noteworthy initiatives in innovating financial instruments considering factors related to governance, societal and environment. The company is offering green finance through green loans, green deposits and support for feasible energies at the same time the company is also taking operations initiatives to align with the SDGs. Beyond financing, it contributes to social development through education, healthcare, entrepreneurship, and environmental protection initiatives. While these practices demonstrate progress, challenges remain in scaling up green investments, strengthening risk management, and ensuring broader stakeholder awareness. Overall, Bangladesh Finance Plc’s efforts highlight the emerging growth of NBFIs in fostering sustainable development in our country. Continued innovation, regulatory support, and stakeholder engagement will be crucial for the company to expand its sustainable finance portfolio and establish long-term resilience.

3.6 Recommendations

To strengthen its sustainable finance practices and enhance long-term impact, Bangladesh Finance Plc should consider the following measures:

Expand Green Financing Portfolio: Bangladesh Finance Plc should diversify its green finance products by introducing more tailored loans for renewable energy, energy-efficient housing, and sustainable agriculture.

Strengthen Risk Management: Establish clear risk assessment tools for identifying environmental and social risks in lending decisions to ensure long-term sustainability.

Enhance Reporting and Transparency: Adopt international frameworks such as PRI and TCFD for disclosing ESG-related risks and opportunities which will strengthen investor and stakeholder confidence.

Increasing Capacity and Training up Employees: Contribute for continuous training of employees and clients to build awareness about sustainable financing opportunities and compliance.

Collaboration and Partnerships: Partner with development organizations, government agencies, and global institutions to access technical expertise and funding for sustainable projects.

Policy Advocacy: Work with regulators to shape supportive policies for green and sustainable finance in the perspective of Bangladesh NBFIs..

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