



# “We are committed to achieving net zero emissions”

In conversation with Mashrur Arefin, Managing Director & CEO, The City Bank Limited

**The Daily Star (TDS):** Your bank has been recognized as one of the Top Banks and Financial Institutions in the 'Sustainability Rating 2022' by the Bangladesh Bank. What are the most innovative and impactful sustainable financing products or strategies you have adopted to achieve this recognition?

**Mashrur Arefin (MA):** Our commitment to green financing is a vital step in safeguarding the environment. In the year 2022, we at City Bank disbursed Tk 490 Crore under Green Finance.

**Currently, we are measuring carbon emissions from our internal operations and the activities of our borrowers. We are also actively training our clients to enable them to initiate measures that reduce their carbon footprint. We have taken proactive steps to foster awareness and commitment among our employees through training sessions led by distinguished environmentalists.**

In addition to such Green Financing efforts, we directed BDT 6,132 Crore towards sustainable agriculture, sustainable CMSME (Cottage, Micro, Small and Medium Enterprises), and various other sustainability-focused initiatives throughout the year 2022.

During the fiscal year 2021-2022, we disbursed BDT 526 Crore to 84,774 farmers in rural areas. Over the past eight years, we have also allocated approximately BDT 96.5 Crore to a diverse range of CSR initiatives which aim at noble causes like ensuring access to safe drinking water, tree plantation, healthcare facilities, climate-induced disaster management, etc.

City Bank Capital Resources Limited managed the issuance of Bangladesh's first-ever green Sukuk bond. These funds were instrumental in the development of two large-scale solar power plants with a combined capacity of 230 MW.

**TDS: How does your bank assess the creditworthiness and risk associated with sustainable financing projects compared to traditional projects?**

**MA:** We maintain a rigorous approach to evaluating loans' creditworthiness and associated risks, upholding the same stringent standards applied to traditional projects. We adhere to the established practices outlined in Bangladesh Bank guidelines. Additionally, we conduct assessments of the environmental and social risks associated with any project.

It's worth noting that sustainable projects typically exhibit lower levels of exposure to environmental and social risks. It's important to highlight that our Non-Performing Loan rate for sustainable projects consistently remains below 1%.

**TDS: How are you utilizing the Green Transformation Fund and the green refinancing programs that Bangladesh Bank offers?**

**MA:** Using the central bank's cost-effective refinancing schemes, we actively extend our support to

our clients in their green transformation. As a result, City Bank stands as one of the foremost beneficiaries of Bangladesh Bank's Green Transformation Fund.

We use the Refinance Schemes offered by Bangladesh Bank to facilitate our clients in installing energy-efficient machinery, establishing eco-friendly green factories, implementing effluent treatment plants, and other

environmentally beneficial initiatives. Consequently, these funds contribute significantly to our national commitment to meeting carbon emission reduction targets.

**TDS: What is your plan for the future to guide your bank with this sustainable spirit?**

**MA:** My vision is to position this bank as the top sustainable bank in Bangladesh. We have proudly joined the Net-Zero Banking Alliance (NZBA) and are committed to achieving Net Zero emissions from our internal operations and lending portfolios by the year 2050.

Currently, we are measuring carbon emissions from our internal operations and the activities of our borrowers. We are also actively training our clients to enable them to initiate measures that reduce their carbon footprint.

We have taken proactive steps to foster awareness and commitment among our employees through training sessions led by distinguished environmentalists who have shared their insights on environmental responsibility. Additionally, we conducted a successful week-long "Environment Week" initiative to educate further and engage our employees in environmental consciousness.

**TDS: What do you expect from the government to make the banking sector more sustainable?**

**MA:** The government can serve as an intermediary between the banking industry and multilateral development banks (MDBs). This intermediary role would facilitate banks in directly accessing low-cost green funds from Development Financial Institutions (DFIs), thereby enhancing support for green projects. Giving access to green funds such as the Green Climate Fund (GCF) to the banking industry would significantly bolster the green finance landscape of Bangladesh.



## Sustainable finance for greener future

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As of March, this year, banks have provided Tk2,775 crore to green initiatives such as improving energy efficiency at factories and eco-friendly brick kilns, up from Tk1,689 crore the previous year, according to central bank data.

NBFIs had also contributed Tk839 crore to these green initiatives by March, up from Tk409 crore during the same period the previous year.

A good portion of green finance is directed toward energy efficiency initiatives in textile factories and the establishment of green factories, as exporters aim to reduce carbon emissions to attract international buyers, according to a senior official from the central bank.

He noted that the banking sector is a significant source of financing for industrial projects such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which are major contributors to carbon emissions.

This is why banks and NBFIs can play an intermediary role between economic and social development and environmental protection to promote environmentally sustainable and socially responsible investments, as per the BB official.

Regarding sustainable finance, banks had disbursed Tk35,387 crore to sustainable projects by March, up from Tk25,290 crore the previous year.

On the other hand, NBFIs disbursed Tk1,306 crore by March, up from Tk859 crore during the same period the previous year.

A BB report on sustainable finance indicated that 56 out of 61 banks and 13 out of 34 NBFIs have exposure to sustainable finance.

Eleven banks and NBFIs were named as the top banks and NBFIs in the central bank's Sustainability Rating for 2022 for their performance in sustainable finance and green finance.

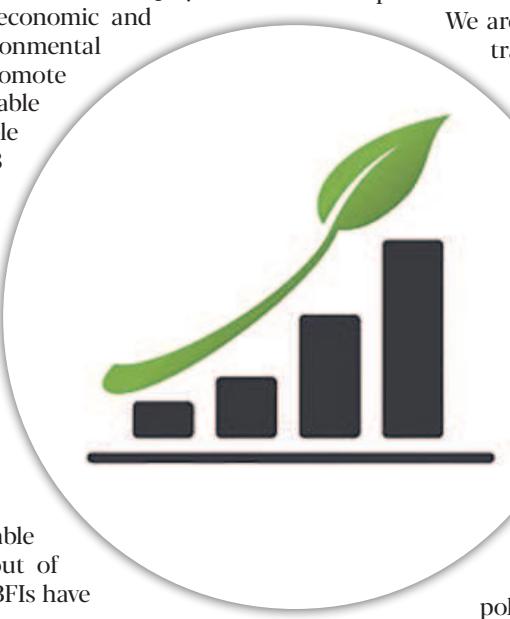
The banks include Brac Bank, Jamuna Bank, Prime Bank, Shahjalal Islami Bank, City Bank, Trust Bank, and United Commercial Bank.

The leading NBFIs are Agrani SME Financing, Bangladesh Finance, IDLC Finance, and Lankan Alliance Finance.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, stated to The Daily Star that sustainable banking is growing steadily thanks to the central bank's proactive initiatives.

He also mentioned that sustainable and green finance have become more accessible to banks because the banking regulator assists them through refinance schemes.

With people becoming more environmentally



conscious, environmentally friendly projects and initiatives have seen an increase in popularity.

The head of Jamuna Bank also noted that undertaking eco-projects or initiatives with bank loans can be challenging for customers due to the time-consuming nature of the process.

"Our vision is to position this bank as the top sustainable bank in Bangladesh," said Mashrur Arefin, managing director of the City Bank.

He mentioned, "As pioneers in Bangladesh, we proudly joined the Net-Zero Banking Alliance (NZBA) under the United Nations Environment Programme (UNEP FI)."

"Through this alliance, we have committed to achieving Net Zero emissions from both our internal operations and lending portfolios by the year 2050."

Arefin continued by stating, "Currently, The City Bank is measuring carbon emissions from our internal operations and the activities of our borrowers.

We are also actively engaged in providing training to our clients to help them initiate measures to reduce their carbon footprint."

He emphasized that exploring additional avenues for accessing affordable green financing remains crucial. Arefin added, "To this end, the government can play a pivotal role as an intermediary between the banking industry and multilateral development banks (MDBs)."

Chowdhury Liakat Ali, director of the Sustainable Finance Department of the Bangladesh Bank, mentioned that the regulator has taken several policy initiatives to encourage banks and NBFIs to disburse loans for sustainable

initiatives.

He explained, "The central bank has rolled out four refinance schemes from its own fund to offer clients green loans at low-interest rates."

BB has introduced several refinance schemes, such as the Technology Development Fund (TDF), Green Transformation Fund (GTF), and Refinance Scheme for Green Products and initiatives aimed at enhancing investments in green and environmentally friendly products.

Liakat Ali also mentioned, "Banks are given targets to convert at least 5% of their portfolio to green finance and at least 20% to sustainable finance."

He added, "Banks and financial institutions are instructed to allocate 10 percent of their CSR Budget to the Climate Risk Fund. BB introduced Sustainability Rating for Banks and non-bank FIs in 2020 to motivate them."



# Prime Bank



**BANGLADESH BANK RATES**

# PRIME BANK

as one of the Top Banks  
in the Sustainability Rating 2022