

# Sustainability at the core of OUR STRATEGY

**The Daily Star (TDS): How would you assess the current state of sustainable banking in Bangladesh?**

**Mashrur Arefin (MA):** Over the past decade, Bangladesh's sustainable and green banking landscape has improved significantly, led by Bangladesh Bank's pioneering policies and clear mandates. The central bank has provided strong guidance on green and sustainable finance taxonomy, disbursement targets, Environmental and Social Risk Management (ESRM), and sustainability and climate-related disclosures—all of which have shaped the national sustainable finance framework.

Regulations requiring banks to allocate at least 5% of the previous year's net outstanding to green finance and 40% to broader sustainable finance, together

with robust ESRM practices, have built strong momentum across the sector. Since 2021, the industry has steadily grown, channelling billions of taka into renewable energy, energy efficiency, green buildings, sustainable agriculture, and more. In 2024 alone, banks and NBFIs disbursed BDT 30,653 crore as Green Finance and BDT 459,483 crore as Sustainable Finance, compared to BDT 19,304 crore and 197,369 crore respectively in 2023.

Another major step has been banks beginning to measure their GHG emissions and, in line with Bangladesh Bank's guidelines, reporting sustainability and climate-related disclosures aligned with IFRS S1 and S2.

**TDS: What sustainable financing/refinancing schemes does your bank offer, particularly for SMEs, women entrepreneurs, or other**

City Bank offers a comprehensive range of sustainable and green financing products, fully aligned with Bangladesh Bank's Sustainable Finance Taxonomy. For us, sustainability is not an add-on—it is central to our business strategy. In 2024, 88% of our total loans went to sustainable sectors, with Green Finance accounting for 34% of total term loan disbursements.

**TDS: What initiatives has your bank undertaken to promote sustainable banking, and what measures have you implemented to reduce your own carbon footprint?**

**MA:** City Bank is proud to be the first Bangladeshi bank to join the UNEP FI-convened Net-Zero Banking Alliance (NZBA). Our Net Zero Emission Target Setting Disclosure sets out a clear roadmap for Bangladesh's transition to a low-carbon economy, with sector-specific emission

and Social Due Diligence under our ESRM policy. Beyond assessments, we actively engage clients through awareness and capacity-building programmes to encourage greener practices and align with Bangladesh's emission reduction goals.

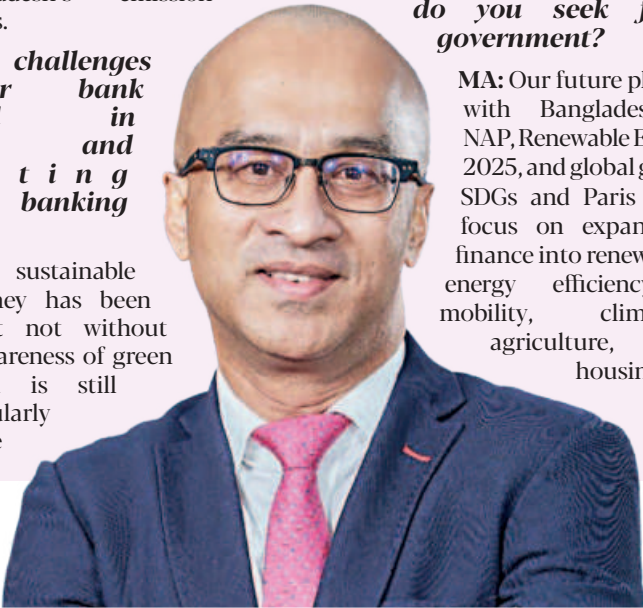
**TDS: What challenges has your bank encountered in adopting and promoting sustainable banking practices?**

**MA:** Our sustainable banking journey has been rewarding but not without challenges. Awareness of green transformation is still limited, particularly outside

contributing meaningfully to Bangladesh's green transition.

**TDS: What are your bank's future plans to advance sustainable banking, and what support do you seek from the government?**

**MA:** Our future plans, aligned with Bangladesh's NDCs, NAP, Renewable Energy Policy 2025, and global goals like the SDGs and Paris Agreement, focus on expanding green finance into renewable energy, energy efficiency, electric mobility, climate-resilient agriculture, and green housing. We will strengthen ESG risk



**MASHRUR AREFIN**  
Managing Director & CEO, City Bank

City Bank has financed the country's largest wind power plant in Cox's Bazar with 60 MW capacity. Another notable example of its green financing is a concessional loan to a Jashore-based waste management company that processes municipal solid waste and produces organic fertilisers.

**environmentally enterprises?**

**MA:** To support SMEs, women entrepreneurs, and environmentally responsible businesses, we help them access low-cost loans offered by Bangladesh Bank, as well as concessional financing for projects that are environment-friendly or that address climate resilience and disaster management. Through City Alo, City Bank's dedicated division for women entrepreneurs, we provide financial literacy programmes, capacity-building initiatives, and networking opportunities—alongside low-interest loans and access to refinance facilities. We also assist eligible clients in accessing three major refinance schemes from Bangladesh Bank.

reduction targets for 2030 and the ultimate goal of net-zero by 2050, in line with the Paris Agreement and NZBA commitments.

Recognising the importance of managing our carbon footprint, we have put in place structured initiatives to measure direct (Scope 1) and indirect (Scope 2 and 3) emissions, guided by global best practices. A dedicated internal team of Environmental & Social (E&S) specialists, engineers, and finance professionals leads the complex task of calculating, monitoring, and reporting our GHG emissions.

As a financial institution, our own operational footprint is relatively small. The bulk of our GHG emissions come from financed activities, which is why every loan proposal undergoes strict Environmental

corporate clients. Data gaps in financed emissions and sector performance, shortages of capacity in risk and technology appraisal, and a thin pipeline of bankable green projects (particularly in renewable energy and resilient infrastructure) remain hurdles. SMEs often struggle to present viable proposals, while concessional funds and climate finance fall short of demand. Balancing commercial viability with long-term environmental and social impact also requires deep client engagement and tailored financing.

Yet we see these challenges as opportunities for innovation. By building capacity, improving ESG data, strengthening partnerships, and working closely with clients, we are confident of scaling sustainable banking and

management, build client capacity, use digital tools for impact monitoring, and further cut our own footprint through renewables, paperless banking, and better waste management.

We aim to expand concessional loans and launch products such as ESG-linked loans to reward emission-reducing businesses. Dedicated Sustainable Finance Help Desks, particularly in rural areas, will guide clients, boost inclusion, and channel funding into responsible projects. To accelerate progress, we seek government policy support, more concessional funding, and easier access to global climate finance through blended models and partnerships with the Green Climate Fund and multilateral banks.

## Banking on Sustainability

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"Within our operations, we have converted all offices to LED lighting, installed solar panels in selected branches and ATMs, and implemented a Green Office Guideline to ensure energy and resource efficiency. Our Sustainability Report reflects these efforts and includes detailed GHG emission calculations, aligned with global standards such as PCAF, GRI, and ISSB," adds Tareq.

Pubali Bank is prioritising CMSMEs. "Last year, 88% of our sustainable finance investments went to CMSMEs. We are consciously shrinking corporate loans to better support real entrepreneurship," notes Md Mohammad Ali, Managing Director & CEO of Pubali Bank.

City Bank has made significant contributions to renewable energy. "We financed the country's largest wind power plant in Cox's Bazar with 60 MW capacity, and provided concessional loans to a Jashore-based waste management company. City Bank also operates 38 solar-powered branches and has introduced rainwater harvesting at multiple sites," shares Mashrur Arefin, CEO of City Bank.

Sustainable and green banking remains a top priority

in Dutch-Bangla Bank's decision-making process, said Abul Kashem Md Shirin, Managing Director and CEO of the bank. He noted that the bank places particular emphasis on CMSMEs and

**Sustainable finance includes financing key sectors such as agriculture, ensuring inclusive financing for CMSMEs and low-income groups, promoting green financing, maintaining transparency, and engaging in philanthropic activities.**

women entrepreneurs in its investment planning, while steadily increasing allocations to green and sustainable finance

with a strong focus on energy efficiency and renewable energy.

To better understand its environmental impact, Dutch-Bangla Bank has engaged external experts to measure its carbon footprint. Shirin explained that the bank is addressing Scope 1 and Scope 2 emissions by promoting the use of energy-saving lighting and equipment across its operations. On Scope 3 emissions, he added, the bank is encouraging clients to invest in renewable energy and energy-efficient technologies to reduce reliance on fossil-fuel-based machinery.

Trust Bank has expanded rural initiatives. "We financed 2,934 biogas plants and established 'Trust Bank Solar Village' in Jhenaidah. By the end of 2024, our sustainable finance outstanding stood at BDT 148,454.80 million," notes Ahsan Zaman Chowdhury.

Shahjalal Islami Bank (SIJB) is implementing strict compliance measures. "We do not finance vehicles over five years old or brickfields, and we are committed to financing renewable energy, waste management, green buildings, and energy-efficient machinery," says Mosleh Uddin Ahmed, Managing Director of SIJB.

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## TOP SUSTAINABLE BANK IN BANGLADESH

NCC BANK IS HONORED TO BE RECOGNIZED AMONG THE TOP BANKS IN THE "SUSTAINABILITY RATING 2024" BY THE BANGLADESH BANK

