



**Sustainable Finance Department
Bangladesh Bank
Head Office**

Quarterly Review Report on Sustainable Finance of Banks & Finance Companies



January-March, 2026

Executive Summary

Sustainable finance has become increasingly important in supporting Bangladesh's transition towards a low-carbon, climate-resilient, and inclusive economy. Given the country's high exposure to climate-related risks, the financial sector has a critical role in mobilizing capital for sustainable economic activities while effectively managing environmental, social, and climate-related financial risks.

Recognizing this role, Bangladesh Bank (BB) has progressively established a comprehensive sustainable finance framework encompassing green and sustainable finance, environmental and social risk management, climate risk management, sustainability and climate-related financial disclosure, and green refinancing. Central to this framework are BB's Green and Sustainable Finance Taxonomies, which provide a structured basis for identifying, financing, and reporting eligible activities, thereby promoting consistency, transparency, and market integrity while reducing the risk of greenwashing.

Alongside financing for climate mitigation and environmentally sustainable activities, greater emphasis is being placed on climate change mitigation, adaptation and resilience. Banks and finance companies can facilitate this transition by financing clean and resource-efficient technologies, climate-resilient infrastructure and businesses, and other activities that enhance adaptive capacity while encouraging clients to adopt more sustainable practices.

This Quarterly Review Report on Sustainable Finance presents Bangladesh Bank's key policy and regulatory initiatives and provides an overview of the green and sustainable finance activities of banks and finance companies during 1 January to 31 March 2026. It also covers green and sustainable finance and investment under BB's existing refinance schemes, reflecting the financial sector's contribution towards green, sustainable, inclusive, and climate-resilient development in Bangladesh.

Disbursement in Green Finance by Banks (Period: January-March, 2026)

4,662.66 crore BDT

Disbursement in Green Finance by Finance Companies (Period: January-March, 2026)

534.04 crore BDT

Disbursement in Sustainable Finance by Banks (Period: January-March, 2026)

97,558.37 crore BDT

Disbursement in Sustainable Finance by Finance Companies (Period: January-March, 2026)

2,498.65 crore BDT

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1. Introduction

Sustainable finance has increasingly assumed a central role in shaping the development trajectory of Bangladesh's financial sector, particularly in view of the country's heightened vulnerability to climate change, environmental degradation, and social risks. It has emerged as a core consideration for the financial sector, particularly in climate-vulnerable economies such as Bangladesh.

Acknowledging the strategic role of banks and finance companies in influencing production, investment, and consumption patterns, Bangladesh Bank has been progressively mainstreaming sustainability considerations into the financial system through a well-sequenced policy and regulatory framework since 2011, aimed at embedding environmental, social, and governance (ESG) considerations into financial intermediation. These efforts were institutionalized through the Sustainable Finance Policy introduced in 2020 and subsequently updated in 2023, which expanded the scope of sustainable finance to cover green finance, sustainable agriculture, sustainable MSME financing, socially responsible financing, and other sustainability-linked activities.

Within this policy framework, the Quarterly Review Report on Sustainable Finance of Banks and Finance Companies serves as a structured monitoring and analytical instrument to assess the progress of green and sustainable finance implementation across the banking and non-bank financial sectors. Covering the period from January to March 2026, the report presents a detailed review of policy chronology, refinancing support, disbursement trends, sector-wise allocation, borrower outreach, and environmental and social risk management practices. By systematically documenting both quantitative performance and institutional responses, the report provides an evidence-based assessment of how the financial sector is aligning with national sustainability priorities and contributing to long-term economic resilience and sustainable development.

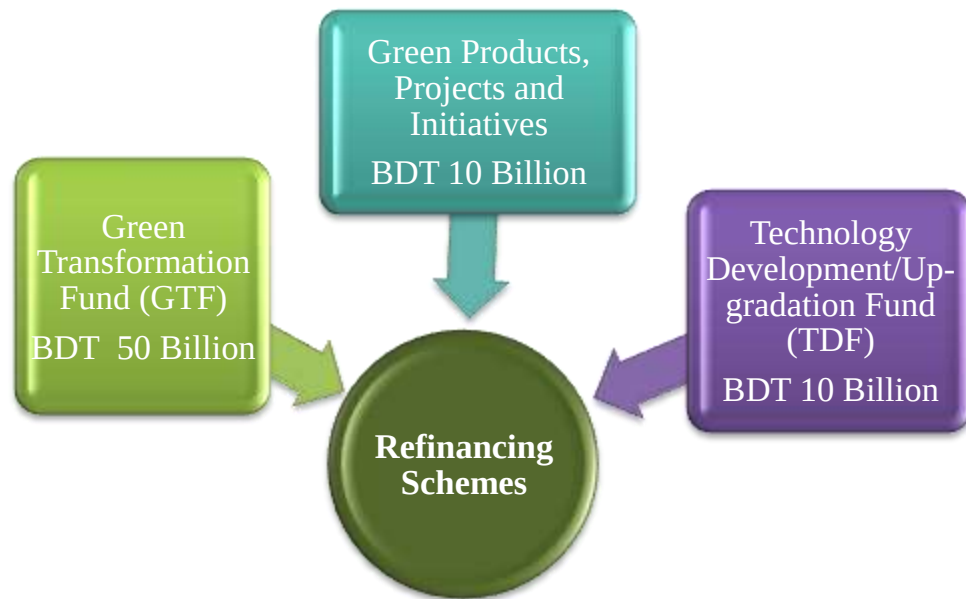
2. BB's Policy Initiatives and Refinancing Measures for Greening the Financial Sector

2.1 Policy Chronology:

Circular/Circular Letter No.	Date	Particulars
BRPD Circular No.01	30.01.2011	Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions has been issued.
BRPD Circular No. 02	27.02.2011	Green Banking Policy Guidelines for Banks has been issued.
GBCSRD Circular No. 04 & Letter No. 05	11.08.2013 & 11.09.2013	Policy Guidelines for Green Banking was also issued for the Financial Institutions (FIs) and for the banks scheduled in 2013.
GBCSRD Circular No. 04/2014	04.09.2014	From January 2016 onwards minimum target of direct green finance was set at 5% of the total funded loan disbursement/investment for all banks and FIs.
GBCSRD Circular No. 04/2015	09.07.2015	Banks and FIs were instructed to form a 'Climate Risk Fund' having allocation at least 10% of their Corporate Social Responsibility budget.
FEPD Circular No. 02/2016	14.01.2016	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
SFD Circular No. 01/2016	11.05.2016	Banks & FIs have been instructed to set up Solid Waste Management System, Rainwater Harvesting and Solar Power Panel in their newly constructed or arranged building infrastructure.
SFD Circular No. 02/2016	04.12.2016	All banks and FIs to establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units.
SFD Circular No. 02/2017	08.02.2017	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Financial Institutions along with an Excel-based Risk Rating Model have been issued.
SFD Circular No. 04/2017	06.09.2017	A comprehensive list of product/initiatives of Green Finance for banks and FIs has been circulated.
SFD Circular No. 02	05.04.2018	Master Circular for Islamic Refinance Scheme.
SFD Circular No. 01/2019	04.04.2019	Accreditation of all the scheduled banks & FIs' investment in impact fund as Green Finance.
FEPD Circular No. 20	15.04.2020	Introduction of Euro in Green Transformation Fund.
SFD Circular No. 03	08.07.2020	Refinancing/on lending scheme of USD 200 million and Euro 200 million under Green Transformation Fund (GTF).
SFD Circular No. 04	28.07.2020	Guidance Note for on-lending/refinancing under Green Transformation Fund (GTF).
SFD Circular No. 05	31.12.2020	Sustainable Finance Policy for Banks and Financial Institutions.
SFD Circular No. 06	31.12.2020	Sustainability Rating for Banks and Financial Institutions.

Circular/Circular Letter No.	Date	Particulars
SFD Circular No. 02	17.01.2021	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular No. 01	09.01.2022	Policy Guidelines on Corporate Social Responsibility for Banks and Financial Institutions.
SFD Circular No. 03	26.06.2022	Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh.
SFD Circular No. 04	24.07.2022	Refinance Scheme for Environment Friendly Products/ Projects/Initiatives
SFD Circular Letter No.02	18.09.2022	Regarding Dedicated Sustainable Finance Help Desk
SFD Circular No. 05	20.09.2022	Policy on Green Bond Financing for Banks and FIs
SFD Circular No. 07	07.12.2022	Green Transformation Fund (GTF) in Taka for export and manufacturing-oriented industries.
SFD Circular No. 01	23.03.2023	Showing the expenditure related to promote use of Bangla-QR as CSR
SFD Circular Letter No. 01	08.06.2023	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular No. 02	30.08.2023	Refinance Scheme for Environment Friendly Products/Projects/Initiatives
SFD Circular No. 03	22.10.2023	Sustainable Finance Policy
SFD Circular No. 04	22.10.2023	Sustainability Rating of Banks and Financial Institutions
SFD Circular No. 05	23.11.2023	Formation, Management Procedure of Climate Risk Fund and Reporting of Half Yearly CSR Activities.
SFD Circular Letter No. 02	28.11.2023	Sustainable Finance Reporting Format
SFD Circular No. 06	26.12.2023	Guideline on Sustainability and Climate-related Financial Disclosure
SFD Circular Letter No. 01	09.05.2024	Sustainability Rating of Banks and Finance Companies
SFD Circular No. 02	06.11.2024	Green Finance and Sustainable Finance Target and Achievement
SFD Circular Letter No. 01	02.02.2025	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Finance Companies in Bangladesh
SFD Circular Letter No. 02	17.03.2025	Target Fixation of Green CMSME and Women Entrepreneur Sector Finance
SFD Circular Letter No. 03	07.09.2025	Submission of Annual CSR Budget of Bank and Finance Companies
SFD Circular No. 01	06.11.2025	Guideline on Climate Risk Management for Banks and Finance Companies
SFD Circular Letter No. 01	13.01.2026	Green and Sustainable Finance Reporting under Sustainable Finance Policy-2023

2.2 Refinancing Initiatives:



3. Sustainable Finance: Key Highlights (January-March, 2026)

3.1 Green & Sustainable Finance:

(Amount in crore BDT)

Particulars	Banks	Finance Companies	Total
Green Finance (Disbursement)	4,662.66	534.04	5,196.70
Sustainable Linked Finance (Disbursement)	97,558.37	2,498.65	76,764.92
Sustainable Finance (Disbursement)	81,124.50	2,621.12	100,057.02

3.2 Sector-wise Sustainable Finance:

Disbursement in Sustainable Finance by Banks & Finance Companies						(Amount in crore BDT)
Particulars	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable MSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
			1		2	1+2
Banks	8,120.80	35,505.63	8,325.63	40,943.66	4,662.66	97,558.37
Finance Companies	106.71	1,031.37	146.95	679.58	534.04	2,498.65
Total	8,227.51	36,537.00	8,472.58	41,623.24	5,196.70	100,057.02

3.3 Number of Borrowers in Sustainable Finance (January-March, 2026):

3.3.1 Sector-wise:

Number of Borrowers in Sustainable Finance by Banks & Finance Companies						
Issue	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
	1				2	1+2
Banks	476,846	114,342	445,083	34,614	14,206	1,085,091
Finance Companies	415	1,877	8,340	388	480	11,500
Total	477,261	116,219	453,423	35,002	14,686	1,096,591

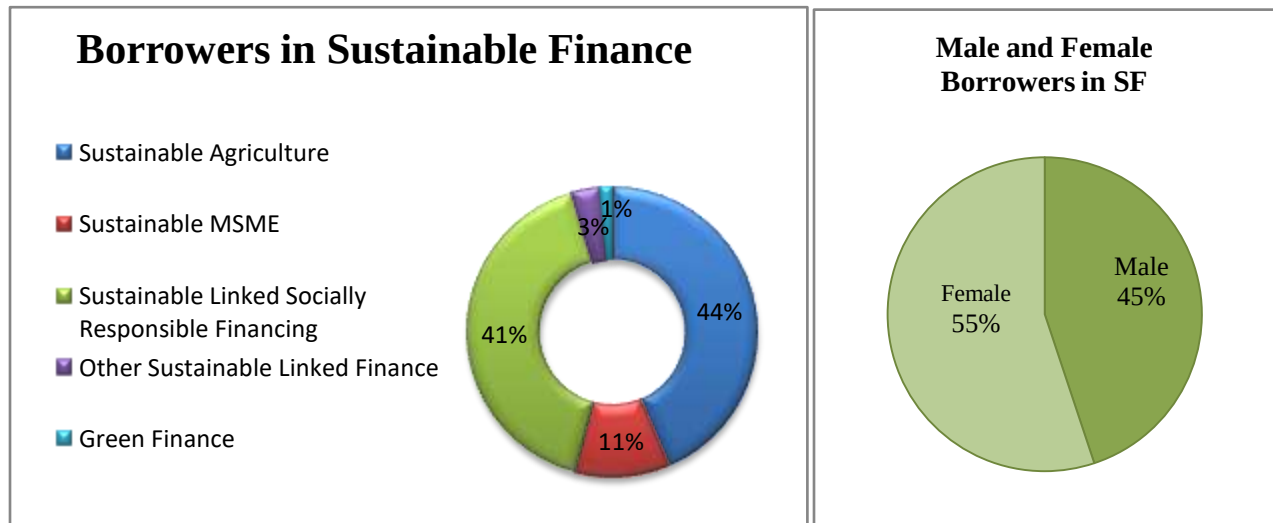
3.3.2 Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Total
Banks	489,452	595,639	1,085,091
Finance Companies	2,762	8,738	11,500
Total	492,214	604,377	1,096,591

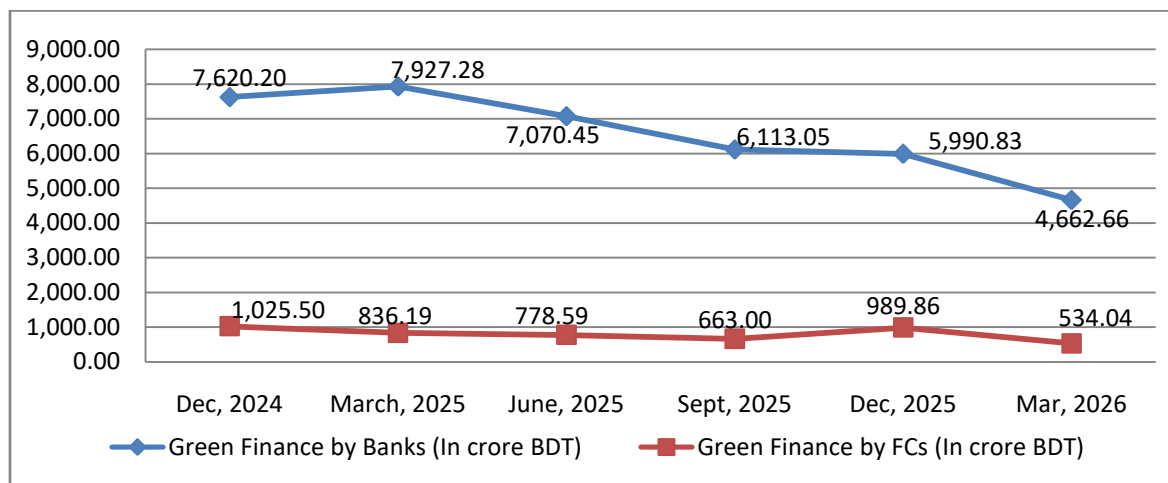
3.3.3 Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	801,449	283,642	1,085,091
Finance Companies	9,232	2,268	11,500
Total	810,681	285,910	1,096,591

3.3.4 Graphical Representation of the number of Borrowers in Sustainable Finance

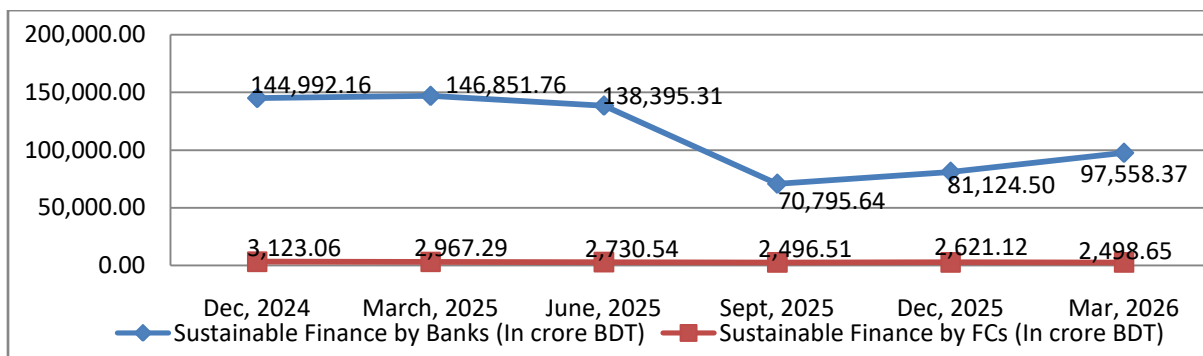


3.3.5 Quarterly Disbursement Trend of Green Finance



During the January-March 2026 quarter, total green finance disbursement by Banks and Finance Companies stood at BDT 5,196.70 crore, reflecting a decrease compared to the previous quarter.

3.3.6 Quarterly Disbursement Trend of Sustainable Finance:



Conversely, during the same period, total sustainable finance disbursement by Banks and Finance Companies amounted to BDT 100,057.02 crore, showing an increase compared to the previous quarter.

3.3.7 Year-wise Performance of Green & Sustainable Finance:

(Amount in crore BDT)

Particulars	2022	2023	2024	2025	2026 (Jan-Mar)
Green Finance (Disbursement)	12,226.46	19,304.31	30,653.78	30,369.26	5,196.70
Green Finance as % of Total Term Loan Disbursement	4.97%	7.25%	13.29%	13.77%	12.22%
Sustainable Finance (Disbursement)	130,762.23	197,369.14	459,483.82	447,982.66	100,057.02
Sustainable Finance as % of Total Loan Disbursement	11.59%	17.23%	39.66%	35.87%	34.35%

3.3.9 Utilization of Climate Risk Fund:

Banks and FCs have set their CRF as per BB's instructions and ensure the utilization of funds accordingly. During January-March 2026, total utilization of the Climate Risk Fund amounted to BDT 4.95 crore.

Climate Risk Fund	Number			Amount (in crore BDT)		
Issue	Banks	FCs	Total	Banks	FCs	Total
Events	4	0	4	8.11	0.00	8.11
Projects	7	1	8	41.03	0.40	41.43
Concessional Loan	0	0	0	0.00	0.00	0.00

3.3.10 Environmental & Social Risk Management:

ESRM related information (during January-March, 2026)			
Issue	Number of Projects Rated	Number of Rated Projects Financed	Amount of Rated Projects Financed (in crore BDT)
Banks	209,869	192,948	176,519.10
FCs	2,085	2,612	2,475.70
Total	211,954	195,560	178,994.80

4. Performance Review on Sustainable Finance Activities of Banks and FCs

4.1 Policy Formulation and Governance:

Bangladesh Bank introduced the Sustainable Finance Policy in December 2020 to promote an inclusive and equitable approach to economic and environmental development, while also advancing gender equality and supporting national and international commitments such as the Nationally Determined Contributions (NDCs), Bangladesh Delta Plan 2100, and the National Adaptation Plan. In line with evolving policy priorities, the Sustainable Finance Policy was updated in 2023 vide SFD Circular No. 03/2023. Pursuant to the policy, all scheduled Banks and Finance Companies have established dedicated Sustainable Finance Units and are required to formulate their own institution-specific Sustainable Finance Policies. In addition, Banks and Finance Companies are mandated to set and achieve prescribed green and sustainable finance targets in accordance with Bangladesh Bank's instructions and to take necessary measures to ensure compliance with the stipulated targets.

4.2 Overview of Sustainable Finance:

56 Banks out of 61 and 11 Finance Companies out of 34 have had exposure in sustainable finance in the reporting quarter. The overview of Sustainable Finance performance by Banks and FCs during January-March 2026 quarter is shown in the following tables.

4.2.1 Disbursement of Green Finance, Sustainable Finance and Term Finance during January-March 2026 Quarter:

Sustainable Finance (Period: January-March, 2026)					(In crore BDT)	
Type of Bank/FC	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	4,899.06	11,624.18	101.94	6,234.69	1,384.48	30,506.47
SCBs	421.19	5,758.39	1.52	29.41	2,554.01	28,632.63
PCBs	28,909.76	181,100.64	3,836.52	41,926.52	74,418.59	259,692.57
FCBs	1,268.75	25,484.80	63.91	971.66	6,094.63	11,616.09
ISBs	4,421.21	54,754.73	658.78	19,013.60	13,106.67	61,677.30
Total	39,919.97	278,722.72	4,662.66	68,175.87	97,558.37	392,125.05
FCs	2,623.59	12,571.68	534.04	12,879.59	2,498.65	23,857.93
Grand Total	42,543.56	291,294.40	5,196.70	81,055.46	100,057.02	415,982.99

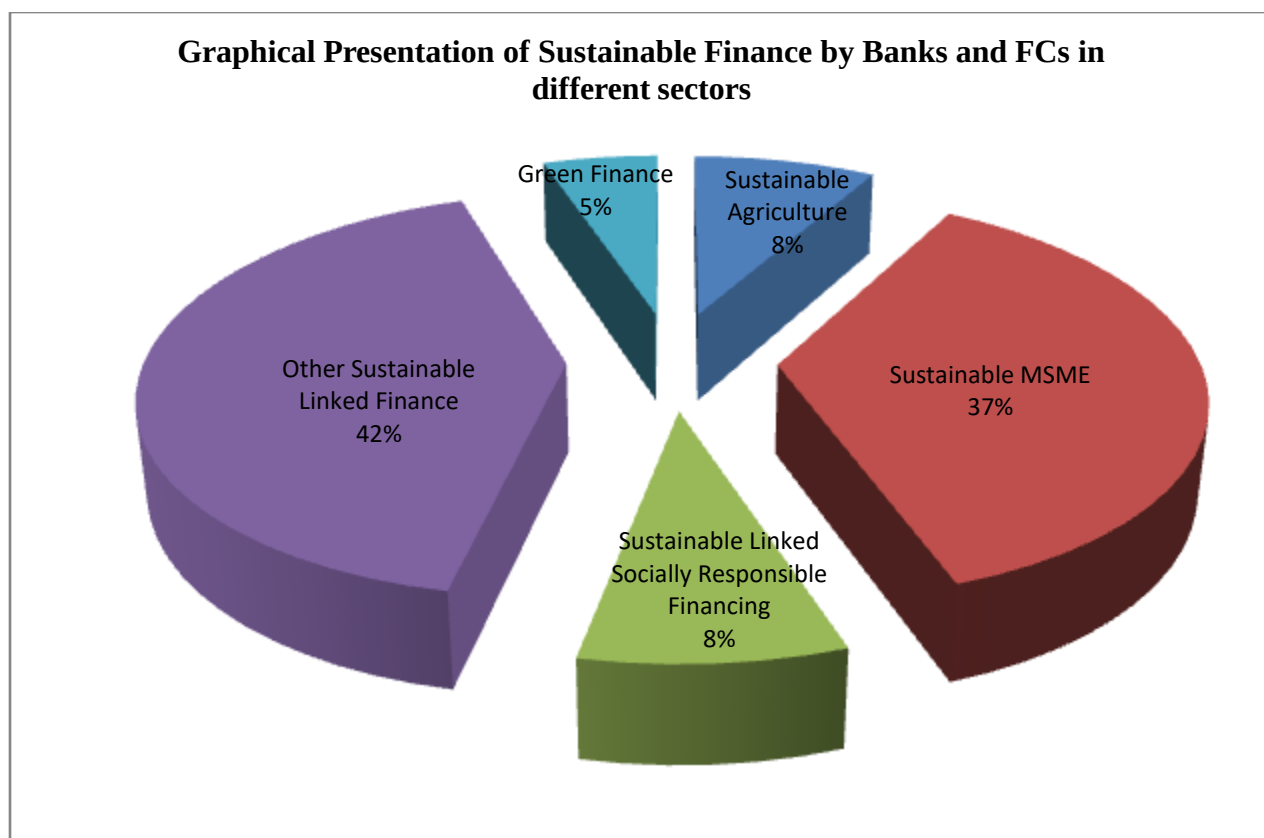
4.2.2 Recovery and Rescheduling of Green and Sustainable Finance during January-March, 2026 Quarter:

<i>Recovery and Rescheduling of Sustainable Finance (Period: January-March, 2026)</i> (In crore BDT)				
Type of Bank/FC	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	100.67	68.67	932.44	83.61
SCBs	0.69	-	2,871.98	-
PCBs	2,844.94	341.89	30,424.39	3,564.15
FCBs	44.49	-	5,277.50	-
ISBs	1,369.15	-	10,216.72	12.51
Total	4,359.93	410.56	49,723.04	3,660.27
FCs	678.16	1.09	2,654.42	63.85
Grand Total	5,038.09	411.65	52,377.46	3,724.12

4.2.3 Sector-wise Disbursement of Sustainable Finance during January-March, 2026 Quarter:

Disbursement in Sustainable Finance (Period: January-March, 2026)					(In crore BDT)	
Type of Bank/FC	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable MSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
SOCBs	773.06	481.76	12.89	14.84	101.94	1,384.48
SCBs	2,552.49	-	-	-	1.52	2,554.01
PCBs	3,234.80	28,693.99	5,962.69	32,690.59	3,836.52	74,418.59
FCBs	231.26	153.62	2,177.66	3,468.17	63.91	6,094.63
ISBs	1,329.19	6,176.25	172.39	4,770.06	658.78	13,106.67
Total	8,120.80	35,505.63	8,325.63	40,943.66	4,662.66	97,558.37
FCs	106.71	1,031.37	146.95	679.58	534.04	2,498.65
Grand Total	8,227.51	36,537.00	8,472.58	41,623.24	5,196.70	100,057.02

Sustainable finance is largely dominated by Other Sustainable Linked Finance (41.60%), followed by Sustainable MSME financing (36.52%). Sustainable Agriculture accounts for 8.22 percent, while Green Finance (5.19%) and Sustainable Linked Socially Responsible Financing (8.47%) comprise relatively smaller shares. Overall, the distribution reflects a stronger emphasis on broad sustainability-linked and MSME financing, with scope for further expansion of green and socially responsible finance.



4.3 Green Finance- Category wise:

During the reporting quarter, 42 out of 61 Banks and 10 out of 34 Finance Companies recorded exposure in green finance. Total green finance disbursement amounted to BDT 4,662.66 crore by Banks and BDT 534.04 crore by Finance Companies during the January-March, 2026 period. A sector-wise breakdown of green finance activities of Banks and Finance Companies is presented in the following tables:

Disbursement in Green Finance - Table Continued							(in crore BDT)
Type of Bank/FC	Sectors of Green Finance						
	Renewable Energy	Energy & Resource Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management	Circular Economy & Eco-Projects Financing	Environment Friendly Brick Production
SOCBs	1.48	-	-	-	-	51.12	0.18
SCBs	0.43	-	-	-	-	-	-
PCBs	18.70	1,929.17	0.50	50.17	-	45.00	0.90
FCBs	10.10	15.86	-	14.45	-	1.50	-
ISBs	1.53	177.53	0.73	44.64	-	87.63	17.72
Total	32.24	2,122.57	1.23	109.26	-	185.25	18.80
FCs	92.18	281.52	3.07	-	-	21.73	24.70
Grand Total	124.42	2,404.08	4.30	109.26	-	206.97	43.50

Disbursement in Green Finance (in crore BDT)							
Type of Bank/FC	Sectors of Green Finance						
	Green/Environment Friendly Establishments	Green Agriculture	Green CMSME	Green Socially Responsible Financing	Blue Economy Financing	Information and Communication Technology	Miscellaneous
SOCBs	-	32.02	17.14	-	-	-	-
SCBs	-	1.09	-	-	-	-	-
PCBs	408.08	192.86	430.97	680.59	-	37.40	42.18
FCBs	-	-	22.00	-	-	-	-
ISBs	230.00	5.15	2.27	26.91	-	-	64.67
Total	638.08	231.12	472.38	707.50	-	37.40	106.85
FCs	1.00	9.14	4.68	71.33	-	24.69	-
Grand Total	639.08	240.25	477.06	778.83	-	62.09	106.85

4.4 Sector-wise Outstanding of Green Finance:

As of 31 March 2026, total outstanding green finance stood at BDT 81,055.46 crore, with the largest share concentrated in Energy & Resource Efficiency (BDT 33,919.28 crore), followed by Green/Environment-Friendly Establishments (BDT 17,722.03 crore) and Liquid Waste Management (BDT 6,412.28 crore). Renewable Energy also recorded substantial outstanding amounts of BDT 5,884.55 crore. In contrast, comparatively lower outstanding amounts were recorded in Alternative Energy, Blue Economy Financing, Information and Communication Technology, and Solid Waste Management, indicating scope for further diversification of green finance across emerging sectors.

Sector-wise Outstanding of Green Finance as on 31 March, 2026 (In crore BDT)		
SI No.	Sector Name	Outstanding
1	Renewable Energy	5,884.55
2	Energy & Resource Efficiency	33,919.28
3	Alternative Energy	318.87
4	Liquid Waste Management	6,559.63
5	Solid Waste Management	32.32
6	Circular Economy & Eco-Projects Financing	5,180.39
7	Environment Friendly Brick Production	2,148.29
8	Green/Environment Friendly Establishments	17,722.03
9	Green Agriculture	943.08
10	Green CMSME	2,159.96
11	Green Socially Responsible Financing	3,690.21
12	Blue Economy Financing	273.34
13	Information and Communication Technology	349.99
14	Miscellaneous	1,873.52
Total Green Finance		81,055.46

4.5 Sector-wise Outstanding of Sustainable Finance:

As of 31 March 2026, total outstanding sustainable finance amounted to BDT 415,982.99 crore. Sustainable MSME financing constituted the largest share, followed by Other Sustainable-Linked Finance and Green Finance. Sustainable Agriculture and Sustainable Socially Responsible Financing also contributed meaningfully to the overall portfolio, reflecting continued emphasis on inclusive growth, environmental sustainability, and socially responsible investments.

Sector wise Outstanding of Sustainable Finance as of 31 March, 2026		
SI No.	Sector Name	Outstanding (In crore BDT)
1	Sustainable Agriculture	60,188.70
2	Sustainable MSME	120,282.36
3	Sustainable Socially Responsible Financing	27,547.84
4	Other Sustainable Linked Finance	126,908.62
5	Green Finance	81,055.46
Sustainable Finance		415,982.99

4.6 Compliance Overview of ESRM Framework:

48 banks out of 61 and 10 Finance Companies out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter. During the reporting period, a total of 211,953 projects underwent Environmental and Social Risk Rating and 195,559 of rated projects were financed, amounting to BDT 178,994.80 crore. Private Commercial Banks accounted for the largest share in both the number and value of rated and financed projects, followed by Islamic Banks.

Table-4.7: Environmental & Social Risk Rating

Type of Bank/FC	No. of Projects Rated	No. of Rated Projects Financed	Amount of Rated Projects Financed (in crore BDT)
SOCBs	21,759	19,670	636.57113
SCBs	-	-	0
PCBs	130,854	138,540	134526.48
FCBs	1,111	1,339	18175.3636
ISBs	56,144	33,398	23180.686
Total	209,868	192,947	176,519.10
FCs	2,085	2,612	2,475.70
Grand Total	211,953	195,559	178,994.80

4. Review of BB's Refinancing Schemes for Green Finance:

At a glance Refinance Schemes of BB for Green Finance (Period: January-March, 2026)		
Refinance Schemes of BB	Amount (In crore BDT)	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Projects/Products/Initiatives	53.40	02
Disbursement from Green Transformation Fund (GTF)	259.80	09
Disbursement from Technology Development/Up-gradation Fund (TDF)	18.95	02

5.1 Refinance Scheme for Environment Friendly Products/Initiatives:

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant etc., BB established a revolving refinance scheme amounting to BDT 2 billion (200 crore) from its own fund for solar energy, Bio-gas and Effluent Treatment Plant (ETP) in 2009. The size of the fund has been increased from BDT 2 billion to BDT 4 billion in view of the growing demand for financing of environment friendly products/initiatives¹. The product line has been enhanced to 70 under 11 categories and the fund size has been further increased to BDT 10 billion in 2023. Since inception, total amount of BDT 1845.59 crore has been disbursed as refinance facility from the fund till 31 March, 2026. The disbursement scenario of this scheme during January-March, 2026 quarter is stated below:

¹ SFD Circular 02/2020

Table-5.2: Sub-category/ Product wise Disbursement

SL. No	Sub-category/ Product	BDT in crore
1	Installation of Energy Auditor certified machineries including boiler in industries	53.40
Grand Total		53.40

5.2 Green Transformation Fund (GTF):

In January 2016, a long-term refinancing scheme named Green Transformation Fund (GTF) of 200 million USD was launched to ensure sustainable growth in export oriented textile and leather sectors conducive to transformation of green economy in the country². To widen the scope of this fund, it has been facilitated for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment-friendly initiatives since September, 2019³. Later, 200 million Euros has been added to the fund⁴. This Euro component of GTF can be used to import not only green machineries but also industrial raw materials used in all manufacturing enterprises including both export oriented and deem exporters. Under the GTF in USD and Euro Component, consecutively 30 banks and 26 banks have signed participation agreement with BB. The disbursement from this Fund is 140.94 million USD & 71.21 million euro till 30 September, 2023. In December, 2022 another 50 Billion refinance fund (in local currency) has been introduced to serve the same purpose⁵. The disbursement from this Fund is BDT 2527.29 crore to 96 clients of 25 banks till 31 March, 2026. In January-March, 2026 quarter BDT 259.80 crore has been disbursed to 09 clients of 06 banks from this local currency GTF fund.

5.3 Technology Development/Up-gradation Fund (TDF):

Refinance Fund for Technology Development/Up-gradation of BDT 10 (Ten) billion offers refinance facility for the modernization and technological development/up-gradation of export oriented industries in Bangladesh⁶. So far 35 industrial sectors mentioned in Export Policy 2021-2024 under 11 initiatives/categories are included in the fund. The fund has been circulated for banks and Finance Companies through the SFD Circular No-02 dated 17 January 2021 and SFD Circular letter No-01 dated 08 June 2023. 31 Banks & 9 Finance Companies are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is BDT 1,104.69 crore till 31 March, 2026. In January-March, 2026 quarter disbursement from this fund is BDT 18.95 crore in 2 projects.

² FE Circular No. 02/2016

⁶ FE Circular Letter No. 14/2019

⁴ FE Circular No. 20/2020

⁸ SFD Circular No 02/2021

⁹ SFD Circular No 07/2022

6. Concluding Remarks:

Ensuring a secure and sustainable financial ecosystem requires a coherent, well-sequenced policy approach supported by strong institutional commitment. In this regard, Bangladesh Bank has, over time, established comprehensive sustainable finance architecture through a clear chronology of regulatory interventions, ranging from the early green banking and environmental risk management guidelines to the introduction and subsequent strengthening of the Sustainable Finance Policy and Sustainability and Climate-related Financial Disclosure for Finance Companies. This gradual yet strategic progression has enabled the financial sector to systematically integrate environmental, social, and governance considerations into mainstream financing decisions.

The performance during the January-March 2026 quarter reflects the outcomes of this policy evolution. Total green finance disbursement by banks and finance companies amounted to BDT 5,196.70 crore, recording a moderate decrease compared to the previous quarter, while total sustainable finance disbursement reached BDT 100,057.02 crore. The sector-wise distribution further shows that sustainable finance is increasingly mainstreamed, with sustainability-linked and MSME financing dominating overall disbursement, alongside continued support for green finance, sustainable agriculture, and socially responsible financing.

Bangladesh Bank's ongoing policy refinements, target-based frameworks, sustainability ratings, disclosure requirements, and refinance support have been instrumental in reinforcing this positive trajectory. Refinance facilities, in particular, have strengthened incentives for green banking and facilitated investment in environmentally friendly technologies and practices. While variations in quarterly trends highlight the need for continued policy alignment and capacity building, the overall direction remains positive and consistent with national development priorities.

Going forward, the cumulative impact of Bangladesh Bank's structured policy initiatives is expected to further stabilize and enhance sustainable finance flows in a gradual and sustained manner. The Sustainable Finance Department anticipates robust, effective, and coherent efforts from banks and finance companies to deepen sustainable finance practices, improve sectoral diversification, and strengthen environmental and social risk management. Collectively, these efforts will contribute to building a climate-resilient, inclusive, and environmentally sustainable financial system aligned with both national objectives and global sustainability commitments.

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