



**Sustainable Finance Department
Bangladesh Bank
Head Office**

Quarterly Review Report on Sustainable Finance of Banks & Finance Companies



October-December, 2025

Executive Summary

The concern for environmental sustainability and inclusive growth has gained widespread recognition, elevating the importance of corporate social responsibility (CSR) and inclusive finance. In an emerging economy like Bangladesh, environmental management should be a key focus area for the business community, particularly the banking industry, which serves as a major intermediary. Addressing the environmental and social risks associated with financing activities is essential for overall credit rating and credit approval. Following disbursement, stricter monitoring is necessary. Additionally, the Bangladesh Bank has incorporated socially responsible initiatives alongside the core activities of banks and financial institutions, driving towards sustainable finance strategies.

Green and sustainable interventions and frameworks are essential for making future development more sustainable. Developing sustainable frameworks aligns with the broader sustainable development agenda of a country like Bangladesh. Banks and finance companies play a unique role in the economic system as they can influence production, business, and other economic activities through their financing, and thus also have an impact on environmental risk management and sustainable growth. These institutions have the potential to significantly accelerate the movement towards a cleaner world. For instance, they can implement 'go-green' policies within their own operations and encourage client firms to adopt clean technologies. In the long run, this strategy is anticipated to benefit firms by reducing costs and facilitating access to new markets. To further their interests, all financial institutions should monitor the carbon footprint of their clients or projects to ensure overall sustainability.

This report provides information on all policy initiatives and operational approaches related to sustainable finance undertaken by BB, as well as the sustainable finance activities of Banks & Finance Companies from October 1 to December 31, 2025. It also includes green finance/investment by 61 scheduled banks and 34 finance companies under the existing refinance schemes.

Disbursement in Green Finance by Banks (Period: October-December, 2025)

5,990.83 crore BDT

Disbursement in Green Finance by Finance Companies (Period: October-December, 2025)

989.87 crore BDT

Disbursement in Sustainable Finance by Banks (Period: October-December, 2025)

81,124.50 crore BDT

Disbursement in Sustainable Finance by Finance Companies (Period: October-December, 2025)

2,621.12 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 October to December 2025, 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.

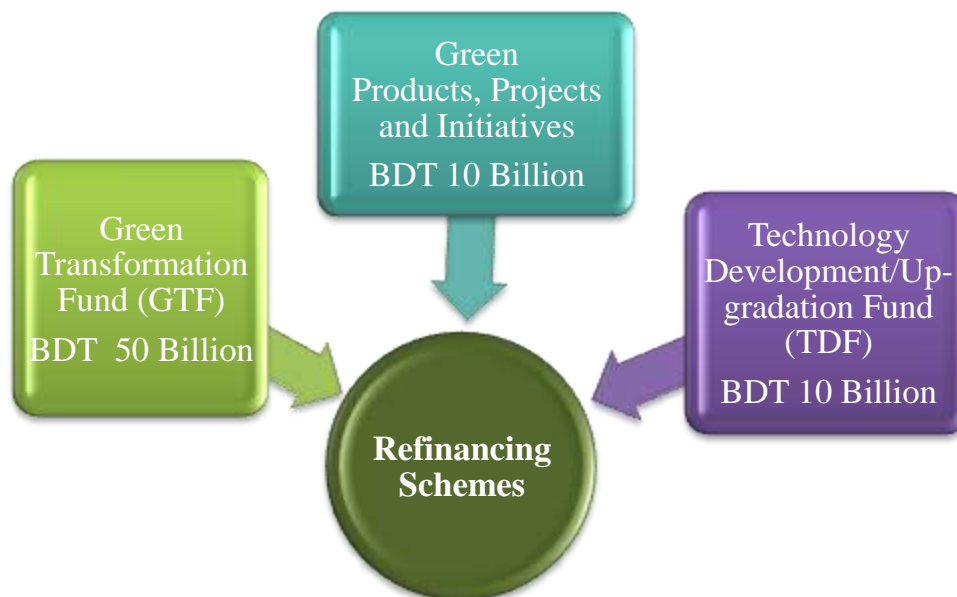
2. BB's Policy Initiatives and Refinancing Measures for Greening the Financial Sector

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	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	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	14.01.2016	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
SFD Circular No. 01	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	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	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	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	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

2.2 Refinancing Initiatives:



3. Sustainable Finance: Key Highlights (October-December, 2025)

3.1 Green & Sustainable Finance:

(Amount in crore BDT)

Issue	Banks	Finance Companies	Total
Green Finance (Disbursement)	5,990.83	989.87	6,980.70
Sustainable Linked Finance (Disbursement)	75,133.67	1,631.25	76,764.92
Sustainable Finance (Disbursement)	81,124.50	2,621.12	83,745.62

3.2 Sector-wise Sustainable Finance:

Disbursement in Sustainable Finance by Banks & Finance Companies

(Amount in crore BDT)

Issue	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	10,532.33	27,039.00	8,790.37	28,771.96	5,990.83	81,124.50
Finance Companies	91.66	831.88	461.88	245.84	989.87	2,621.12
Total	10,623.99	27,870.88	9,252.25	29,017.80	6,980.70	83,745.62

3.3 Number of Borrowers in Sustainable Finance (October-December, 2025):

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	591,712	95,119	751,929	23,041	18,672	1,480,473
Finance Companies	524	2,653	11,279	48	494	14,998
Total	592,236	97,772	763,208	23,089	19,166	1,495,471

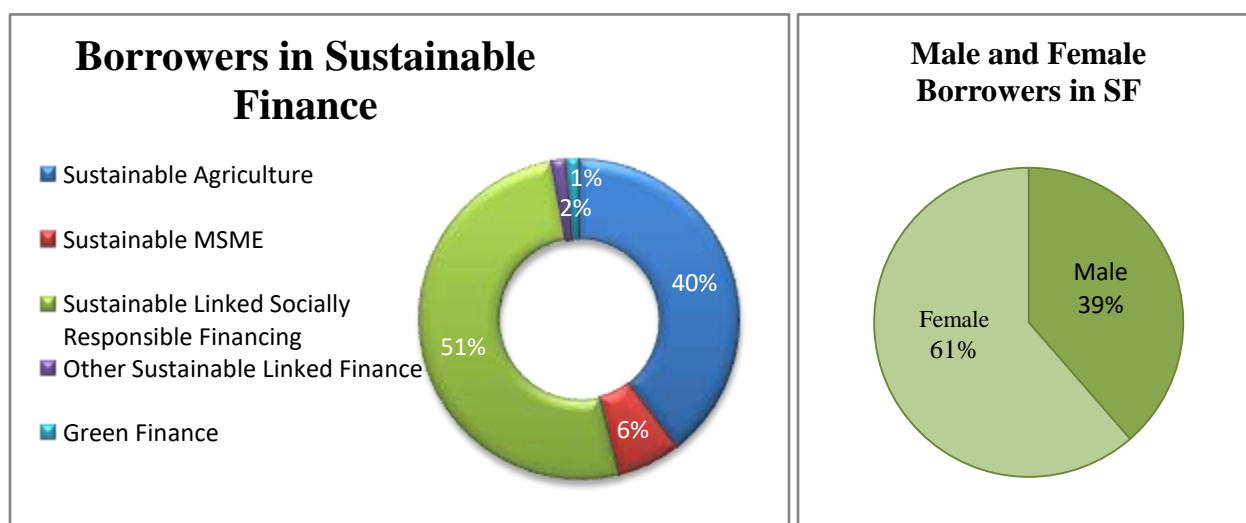
3.3.2 Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Total
Banks	573,742	906,731	1,480,473
Finance Companies	3,725	11,273	14,998
Total	577,467	918,004	1,495,471

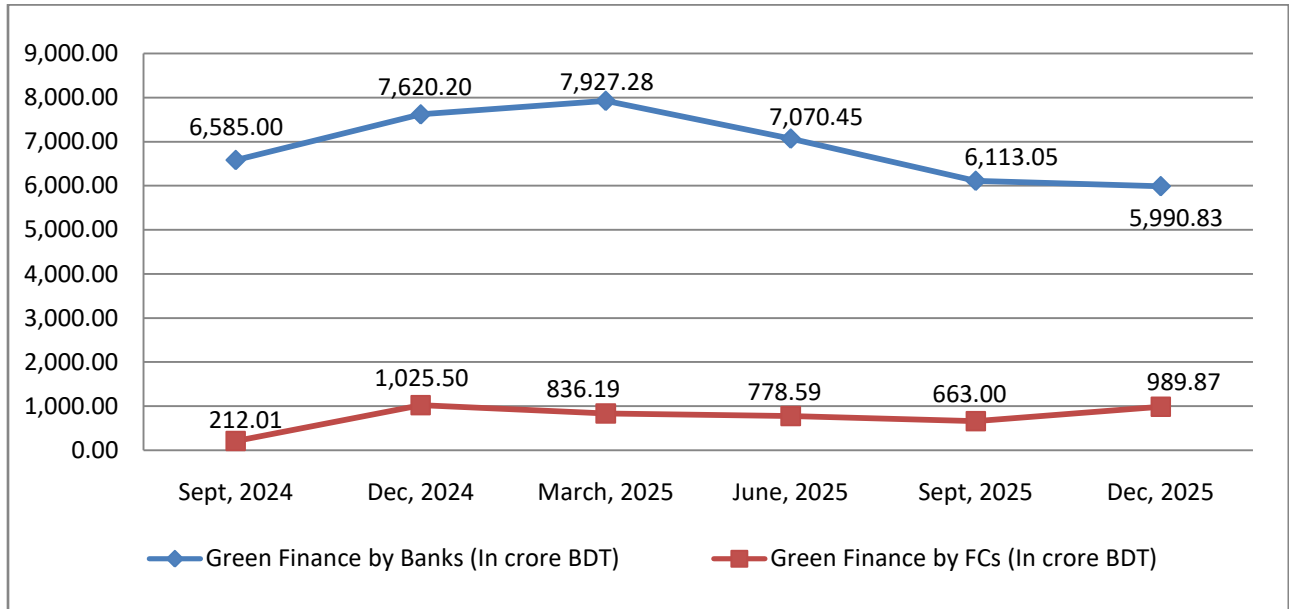
3.3.3 Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	1,132,839	347,634	1,480,473
Finance Companies	11,665	3,333	14,998
Total	1,144,504	350,967	1,495,471

3.3.4 Graphical Representation of the number of Borrowers in Sustainable Finance

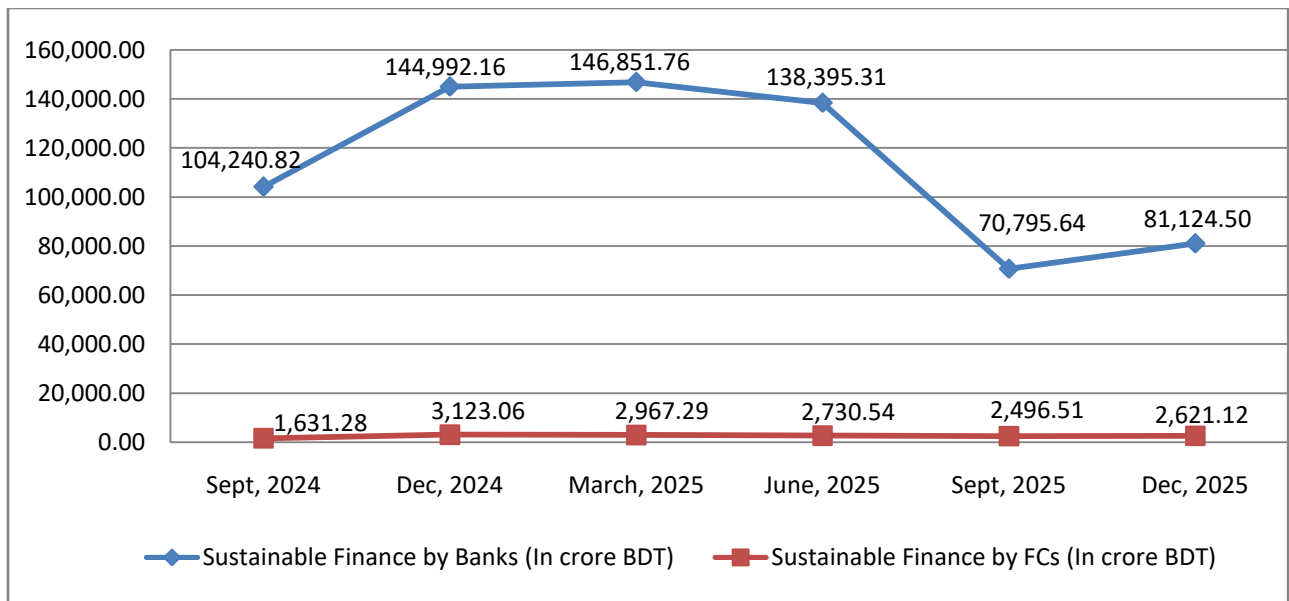


3.3.5 Quarterly Disbursement Trend of Green Finance:



During the October-December 2025 quarter, total green finance disbursement by Banks and Finance Companies stood at BDT 6,980.70 crore, reflecting an increase 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 83,745.62 crore, showing an increase compared to the previous quarter.

3.3.7 Year-wise Performance of Green & Sustainable Finance:

(Amount in crore BDT)

Particulars	2021	2022	2023	2024	2025
Green Finance (Disbursement)	7,232.85	12,226.46	19,304.31	30,653.78	30,369.26
Green Finance as % of Total Term Loan Disbursement	3.06%	4.97%	7.25%	13.29%	13.77%
Sustainable Finance (Disbursement)	82,551.67	130,762.23	197,369.14	459,483.82	447,982.66
Sustainable Finance as % of Total Loan Disbursement	8.04%	11.59%	17.23%	39.66%	35.87%

3.3.8 Target & Achievement of Green Finance & Sustainable Finance:

In 2025, the total Green and Sustainable Finance targets for Banks and Finance Companies are set at BDT 67,820.83 crore and BDT 542,563.68 crore, respectively. These targets have been determined based on their net loans and advances outstanding as of 31 December 2024. Accordingly, Banks and Finance Companies shall set their Green Finance target at 5 percent and Sustainable Finance target at 40 percent of their net loans and advances outstanding as of 31 December 2025, and shall take all necessary measures to achieve the stipulated targets accordingly.

Issue	Amount in Crore BDT
Target of Green Finance in 2025	67,820.83
Disbursement of Green Finance in 2025	30,369.26
Achievement of Green Finance based on yearly target in 2025	44.78%
Target of Sustainable Finance in 2025	5,42,563.68
Disbursement of Sustainable Finance in 2025	4,47,982.66
Achievement of Sustainable Finance based on yearly target in 2025	82.57%

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 October-December 2025, total utilization of the Climate Risk Fund amounted to BDT 15.31 crore.

Climate Risk Fund Issue	Number			Amount (in crore BDT)		
	Banks	FCs	Total	Banks	FCs	Total
Events	19	4	23	5.84	0.41	6.24
Projects	196	3	199	8.67	0.39	9.07
Concessional Loan	0	0	0	0.00	0.00	0.00

3.3.10 Environmental & Social Risk Management:

ESRM related information (During October-December 2025)			
Issue	Number of Projects Rated	Number of Rated Projects Financed	Amount of Rated Projects Financed (in crore BDT)
Banks	210,028	213,498	177,841.27
FCs	3,336	4,234	3,696.15
Total	213,364	217,732	181,537.42

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 12 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 October-December, 2025 quarter is shown in the following tables.

4.2.1 Disbursement of Green Finance, Sustainable Finance and Term Finance during October-December, 2025 Quarter:

Sustainable Finance (Period: October-December, 2025) (In crore BDT)						
Type of Bank/FC	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	22,776.10	5,284.08	38.55	6,408.36	1,634.61	31,260.91
SCBs	6,997.76	552.56	1.27	28.60	4,266.13	28,920.44
PCBs	207,324.20	43,493.45	5,205.09	39,232.95	53,926.06	225,656.95
FCBs	25,227.90	929.15	7.67	857.46	5,117.21	10,775.74
ISBs	70,675.08	4,076.66	738.26	18,165.76	16,180.49	78,084.19
Total	333,001.04	54,335.90	5,990.83	64,693.13	81,124.50	374,698.24
FCs	14,143.93	3,921.45	989.87	12,447.09	2,621.12	19,112.10
Grand Total	347,144.97	58,257.35	6,980.70	77,140.22	83,745.62	393,810.33

4.2.2 Recovery and Rescheduling of Green and Sustainable Finance during October-December, 2025 Quarter:

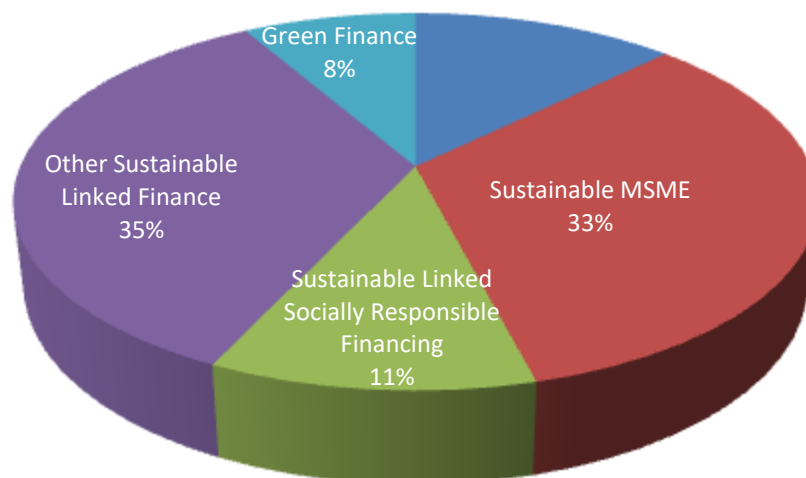
Type of Bank/FC	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	164.79	68.67	1,097.63	90.34
SCBs	0.61	-	4,470.84	-
PCBs	3,318.85	1,456.10	28,577.92	7,639.62
FCBs	103.32	-	3,888.58	-
ISBs	1,868.38	0.10	10,230.82	60.04
Total	5,455.95	1,524.87	48,265.79	7,790.00
FCs	529.50	116.90	1,935.60	166.53
Grand Total	5,985.45	1,641.77	50,201.39	7,956.54

4.2.3 Sector-wise Disbursement of Sustainable Finance during October-December, 2025 Quarter:

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	852.02	643.30	15.76	84.98	38.55	1,634.61
SCBs	4,264.86	-	-	-	1.27	4,266.13
PCBs	3,122.90	19,974.51	6,868.80	18,754.77	5,205.09	53,926.06
FCBs	146.82	102.30	1,656.89	3,203.55	7.67	5,117.21
ISBs	2,145.73	6,318.89	248.93	6,728.67	738.26	16,180.49
Total	10,532.33	27,039.00	8,790.37	28,771.96	5,990.83	81,124.50
FCs	91.66	831.88	461.88	245.84	989.87	2,621.12
Grand Total	10,623.99	27,870.88	9,252.25	29,017.80	6,980.70	83,745.62

Sustainable finance is largely dominated by Other Sustainable Linked Finance (35%), followed by Sustainable MSME financing (33%). Sustainable Agriculture accounts for 13 percent, while Green Finance (8%) and Sustainable Linked Socially Responsible Financing (11%) 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.

Graphical Presentation of Sustainable Finance by Banks and FCs in different sectors



4.3 Green Finance- Category wise:

During the reporting quarter, 40 out of 61 Banks and 10 out of 34 Finance Companies recorded exposure in green finance. Total green finance disbursement amounted to BDT 5,990.83 crore by Banks and BDT 989.87 crore by Finance Companies during the October-December 2025 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	0.68	-	-	0.11	-	7.40	0.53	
SCBs	0.47	-	-	-	-	-	-	
PCBs	92.71	2,478.00	2.56	229.97	0.40	400.96	2.30	
FCBs	0.80	6.87	-	-	-	-	-	
ISBs	1.94	325.13	-	19.87	-	83.31	6.94	
Total	96.60	2,809.99	2.56	249.96	0.40	491.67	9.76	
FCs	255.99	643.77	1.78	-	-	20.47	0.10	
Grand Total	352.60	3,453.76	4.34	249.96	0.40	512.14	9.86	

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	-	6.44	23.39	-	-	-	-
SCBs	-	0.79	-	-	-	-	-
PCBs	517.44	512.85	214.12	527.93	10.00	3.71	212.14
FCBs	-	-	-	-	-	-	-
ISBs	221.65	0.06	3.35	10.74	-	-	65.26
Total	739.10	520.14	240.87	538.67	10.00	3.71	277.40
FCs	19.10	5.54	7.86	5.25	-	-	30.00
Grand Total	758.20	525.68	248.73	543.92	10.00	3.71	307.40

4.4 Sector-wise Outstanding of Green Finance:

As of 31 December 2025, total outstanding green finance stood at BDT 77,140.22 crore, with the largest share concentrated in Energy & Resource Efficiency (BDT 31,931.42 crore), followed by Green/Environment-Friendly Establishments (BDT 16,529.70 crore) and Liquid Waste Management (BDT 6,412.28 crore). Renewable Energy also recorded substantial outstanding amounts of BDT 6,045.37 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 of 31 December, 2025 (In crore BDT)		
SI No.	Sector Name	Outstanding
1	Renewable Energy	6,045.37
2	Energy & Resource Efficiency	31,931.42
3	Alternative Energy	337.16
4	Liquid Waste Management	6,412.28
5	Solid Waste Management	33.59
6	Circular Economy & Eco-Projects Financing	5,167.91
7	Environment Friendly Brick Production	2,175.26
8	Green/Environment Friendly Establishments	16,529.70
9	Green Agriculture	1,439.49
10	Green CMSME	1,916.46
11	Green Socially Responsible Financing	2,874.07
12	Blue Economy Financing	511.11
13	Information and Communication Technology	47.86
14	Miscellaneous	1,718.54
Total Green Finance		77,140.22

4.5 Sector-wise Outstanding of Sustainable Finance:

As of 31 December 2025, total outstanding sustainable finance amounted to BDT 393,810.33 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 December, 2025		
SI No.	Sector Name	Outstanding (In crore BDT)
1	Sustainable Agriculture	60,439.78
2	Sustainable MSME	127,418.22
3	Sustainable Socially Responsible Financing	24,280.55
4	Other Sustainable Linked Finance	104,531.57
5	Green Finance	77,140.22
Sustainable Finance		393,810.33

4.6 Compliance Overview of ESRM Framework:

48 banks out of 61 and 12 Finance Companies out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter. During the reporting period, a total of 213,364 projects underwent Environmental and Social Risk Rating and 217,732 of rated projects were financed, amounting to BDT 181,537.42 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	24,836	20,565	1,101.66
SCBs	-	-	-
PCBs	125,652	152,727	126,890.72
FCBs	915	1,391	19,674.51
ISBs	58,625	38,815	30,174.38
Total	210,028	213,498	177,841.27
FCs	3,336	4,234	3,696.15
Grand Total	213,364	217,732	181,537.42

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

At a glance Refinance Schemes of BB for Green Finance (Period: October-December, 2025)		
Refinance Schemes of BB	Amount (In crore BDT)	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Projects/Products/Initiatives	9.66	42
Disbursement from Green Transformation Fund (GTF)	30.83	08
Disbursement from Technology Development/Up-gradation Fund (TDF)	71.88	07

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 1792.20 crore has been disbursed as refinance facility from the fund till 31 December, 2025. The disbursement scenario of this scheme during October-December, 2025 quarter is stated below:

Table-5.2: Sub-category/ Product wise Disbursement		
SL. No	Sub-category/ Product	BDT in crore
1	Financing in Cottage Industry	0.03
2	Foam Concrete Brick	0.55
3	Forestation (Social/integrated/Agro)	0.12
4	Installation of Energy Auditor certified machineries including boiler in industries	7.07
5	Small size Biogas plants-1.2,1.6,2.0,2.4,3.2 and 4.8 cubic meter gas production per day	0.43
6	Net Metering Rooftop Solar System	0.99
7	Organic Farming	0.04
8	Production of Vermicompost	0.40
9	Solar Home System	0.03
Grand Total		9.66

¹ SFD Circular 02/2020

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 2267.49 crore to 82 clients of 24 banks till 31 December, 2025. In October-December, 2025 quarter BDT 126.67 crore has been disbursed to 06 clients of 05 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 1,088.75 crore till 31 December, 2025. In October-December, 2025 quarter disbursement from this fund is BDT 71.88 crore in 7 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 October-December 2025 quarter reflects the outcomes of this policy evolution. Total green finance disbursement by banks and finance companies amounted to BDT 6,980.70 crore, recording a moderate increase compared to the previous quarter, while total sustainable finance disbursement reached BDT 83,745.62 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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