



**Sustainable Finance Department
Bangladesh Bank
Head Office**

**Quarterly Review Report on Sustainable Finance
of
Banks & Finance Companies**



October - December, 2023

Executive Summary

The concern for environmental sustainability and inclusive growth has given mass recognition to the concept of corporate social responsibility and inclusive finance. In an emerging economy like Bangladesh, environmental management needs to be the key focus area of the business fraternity especially the banking industry being the major intermediary. Addressing environmental and social risks associated with financing activities by banks/Finance Companies is a “must do” step in overall Credit Rating for credit approval. Stricter monitoring thereafter disbursement must go on. Accordingly, Bangladesh Bank has also integrated issues of socially responsible initiatives along with core activities of banks/FIs driving towards sustainable finance strategies.

Green and sustainable interventions and frameworks are crucial for making future development more sustainable. Forming sustainable frameworks are very much within the broader scope of sustainable development agenda of a country like Bangladesh. Banks and Finance Companies hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities, and thus also influence environmental risk management in real economy, and sustainable growth. These institutions can accelerate the movement of a clean world to a large extent. For instance, these institutions can implement a 'go-green' policy for themselves and encourage client firms to adopt clean technology. In the long-term, this strategy is expected to be favorable for firms, to reduce the cost and induce the access to the new market. To advance their interest, all the financial institutions should follow the carbon footprint of their clients or projects to ensure overall sustainability.

For the first time Bangladesh Bank (BB) has defined ‘Sustainable Finance’ for Banks & FIs. This report entails the information on all the policy initiatives and operational approaches on Sustainable finance taken by BB, and the Sustainable Finance activities of Banks & Finance Companies from October 01 to 31 December, 2023 timeline. It also covers green finance/investment by 61 scheduled banks and 34 Finance Companies under refinance scheme.

Green Finance by Banks (Period: Oct-Dec, 2023)

64,087.79 million BDT

Green Finance by Finance Companies (Period: Oct-Dec, 2023)

9,963.62 million BDT

Sustainable Finance by Banks (Period: Oct-Dec, 2023)

8,78,268.70 million BDT

Sustainable Finance by Finance Companies (Period: Oct-Dec, 2023)

28,769.91 million BDT

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1. Introduction

Sustainability has become one of the mainstream considerations in the financial sector. Bangladesh by its geography is a highly vulnerable country of climate change. Recognizing that the financial sector can play a catalytic role in speeding up adoption of environmentally friendlier output practices in the real economy; Bangladesh Bank (BB) has become role model by pioneering green banking initiatives by guiding proactively the banks and NBFIs since 2011. In this context, Sustainable Finance initiatives of BB broadly categorized into the following aspects: policy initiatives, monitoring of Sustainable Finance activities of Banks and Finance Companies, refinance support from BB in diverse green products/sectors, and BB's own initiatives for environmental management. Introduction of Sustainable Finance Policy has given an ample opportunity for the Banks and Finance Companies to contribute to inclusive Sustainable Green Growth where Green Finance, Sustainable Agriculture, Sustainable CMSME, Socially Responsible Financing, other financing and CSR activities linked to sustainability is structurally addressed. Sustainable Finance refers to the business conducted in such areas and in such a manner that help the overall reduction of external carbon emission and internal carbon footprint.

The banking sector is one of the major sources of financing industrial projects such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emission. Therefore, the banking sector can play an intermediary role between economic & social development and environmental protection, for promoting environmentally sustainable and socially responsible investment.

Quarterly Review Report on Sustainable Finance has been introduced not only for the green banking activities but also covering all the components of sustainable finance under Sustainable Finance Taxonomy. This report reflects a review of Banks and Finance Companies efforts concerning People, Planet and Profit.

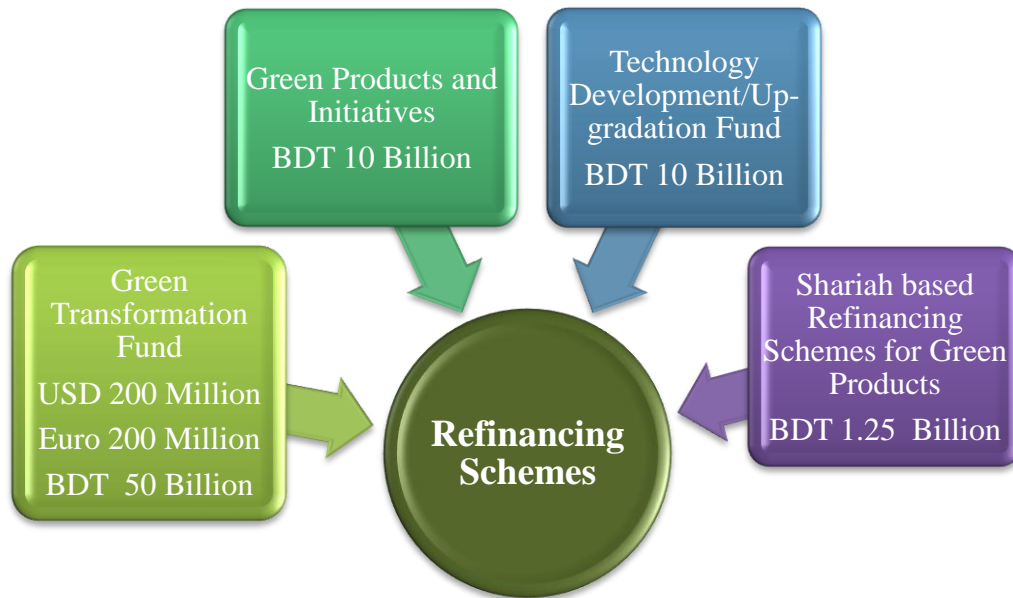
2. Policy Chronology and Refinancing Initiatives of BB

2.1 Policy Chronology:

Circular/Circular Letter No.	Date	Particulars
BRPD Circular No.01/2011	30.01.2011	Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions has been issued.
BRPD Circular No. 02/2011	27.02.2011	Green Banking Policy Guidelines for Banks has been issued.
GBCSRD Circular No. 04/2013 & Letter No. 05/2013	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. 03/2016	08.12.2016	All the banks & FIs must ensure the establishment and activeness of Effluent Treatment Plant (ETP) during financing to all possible clients.
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. 02/2018	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. 20/2020	15.04.2020	Introduction of Euro in Green Transformation Fund.

Circular/Circular Letter No.	Date	Particulars
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.
SFD Circular No. 01	11.01.2021	Target and Achievement of Sustainable Finance & Green Finance.
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

2.2 Refinancing Initiatives of BB:



3. At a Glance Sustainable Finance (Period: October-December, 2023)

3.1 Sustainable Finance:

A. Highlights:

Issue	Banks	Finance Companies	Total
Green Finance (in million BDT)	64,087.79	9,963.62	74,051.41
Green Finance as % of Total Term Loan Disbursement	9.09%	15.13%	9.61%
Sustainable Linked Finance (in million BDT)	8,14,180.91	18,806.29	8,32,987.20
Sustainable Finance (in million BDT)	8,78,268.70	28,769.91	9,07,038.61
Sustainable Finance as % of Total Loan Disbursement	27.24%	14.55%	26.51%

B. Sector-wise Sustainable Finance:

Sustainable Finance by Banks & Finance Companies					(Amount in Million Taka)	
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	93,315.69	1,79,660.76	55,338.16	4,85,866.30	64,087.79	8,78,268.70
Finance Companies	2,422.83	4,212.77	1,880.00	10,290.69	9,963.62	28,769.91
Total	95,738.52	1,83,873.53	57,218.16	4,96,156.99	74,051.41	9,07,038.61

3.2 Number of Borrowers in Sustainable Finance:

A. 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	5,82,637	70,440	4,84,068	26,605	1,87,267	13,51,017
Finance Companies	458	1,019	1,679	351	468	3,975
Total	5,83,095	71,459	4,85,747	26,956	1,87,735	13,54,992

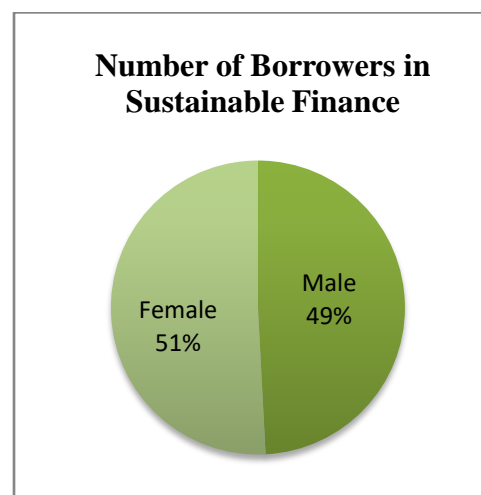
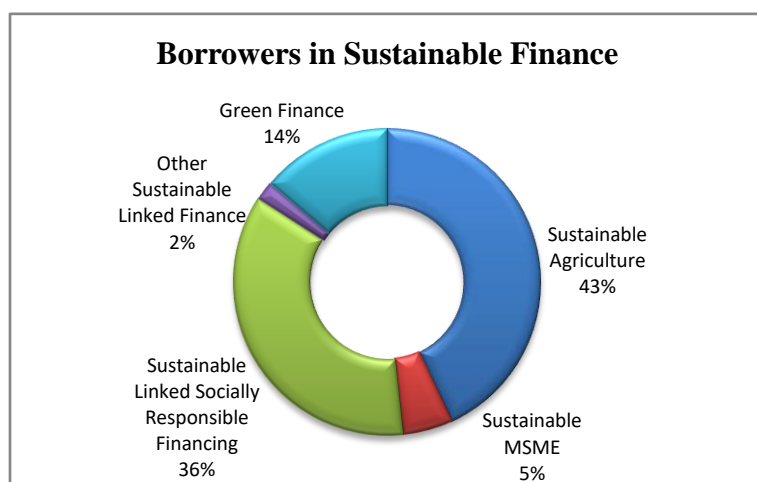
B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Total
Banks	6,64,402	6,86,615	13,51,017
Finance Companies	1,896	2,079	3,975
Total	6,66,298	6,88,694	13,54,992

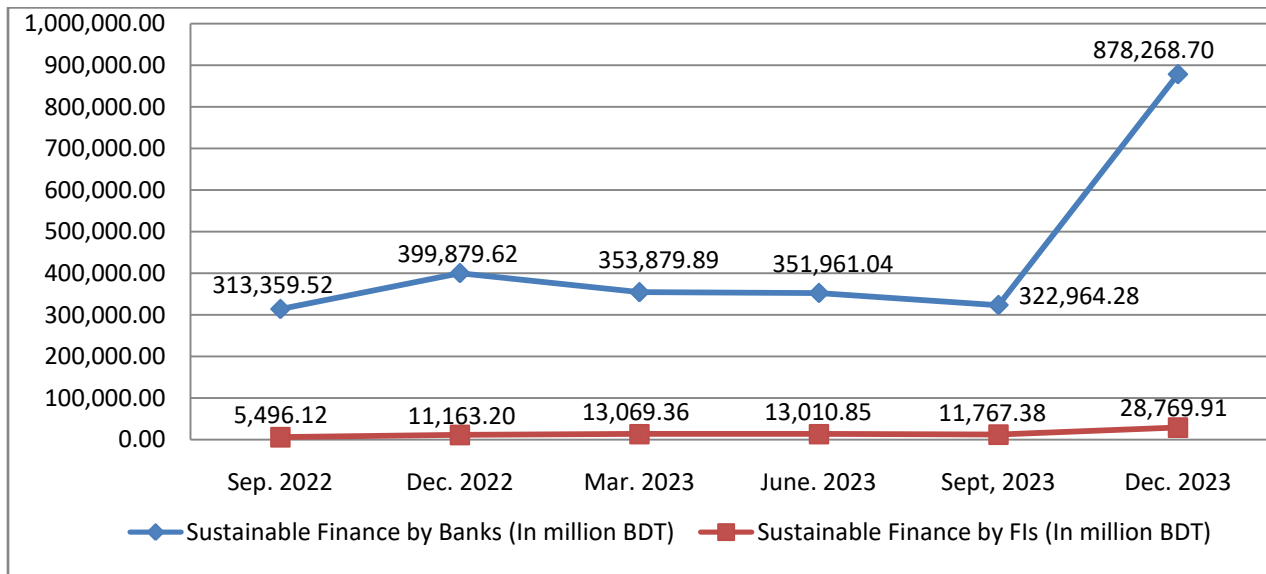
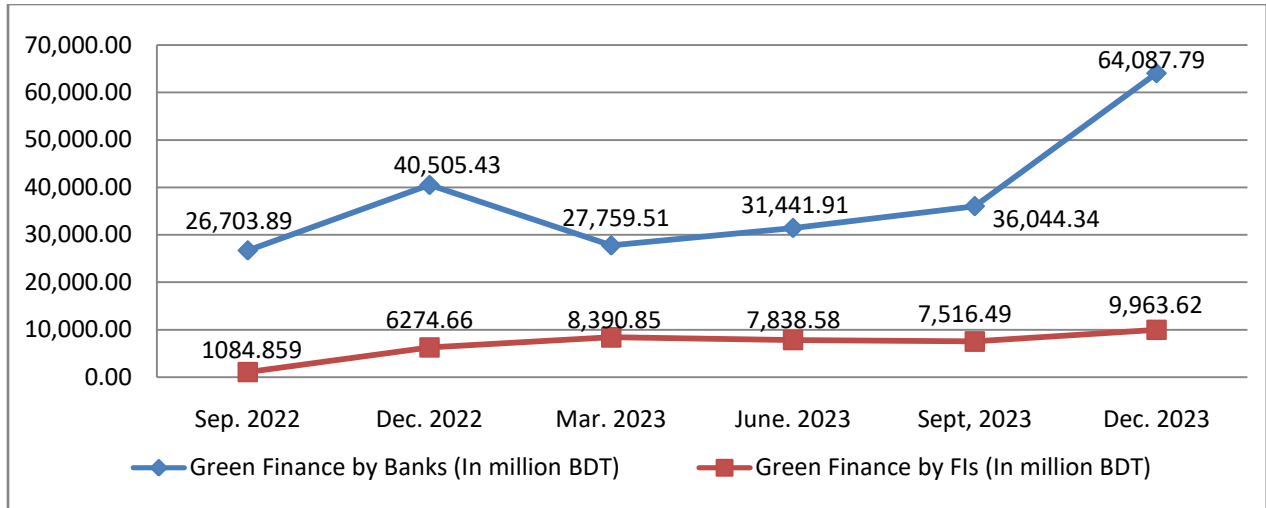
C. Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	9,05,996	4,45,021	13,51,017
Finance Companies	1,424	2,551	3,975
Total	9,07,420	4,47,572	13,54,992

D. Graphical Representation of Borrowers in Sustainable Finance as percentage



E. Quarterly Trend of Green Finance & Sustainable Finance



In October - December, 2023 period Banks and Finance Companies total contribution of Green Finance is 74,051.41 million taka which is 30,490.57 million taka greater than July - September, 2023 period. In October - December, 2023 period Banks and Finance Companies total contribution of Sustainable Finance is 9,07,038.61 million taka which is 5,72,306.94 million taka greater than July - September, 2023 period.

F. Year Wise Performance of Green Finance & Sustainable Finance:

Issue	2019	2020	2021	2022	2023
Green Finance (in million BDT)	1,11,037.77	1,19,299.26	72,328.50	1,22,264.65	1,93,043.08
Green Finance as % of Total Term Loan Disbursement	1.22%	3.96%	3.06%	4.97%	7.25%
Sustainable Linked Finance(in million BDT)	-	-	7,53,188.24	11,85,357.70	17,80,648.32
Sustainable Finance (in million BDT)	-	-	8,25,516.74	13,07,622.35	19,73,691.40
Sustainable Finance as % of Total Loan Disbursement	-	-	8.04%	11.59%	17.23%

3.3 Utilization of Climate Risk Fund:

Total utilization of Climate Risk Fund in the review quarter is 144.76 million taka.

Climate Risk Fund Issue	Number			Amount		
	Banks	FIs	Total	Banks	FIs	Total
Events	14	3	17	128.38	0.04	128.42
Projects	14	7	21	16.01	0.33	16.34
Concessional Loan	0	0	0	0	0	0

3.4 Environmental & Social Risk Management:

Issue	Banks	FIs	Total
Number of Projects Rated	1,45,438	3,286	1,48,724
Number of Rated Projects Financed	1,10,409	3,406	1,13,815
Amount of Rated Projects Financed (in million BDT)	12,91,461.85	62,710.32	13,54,172.17

3.5 Environmental Conservation in Business Centers (Data Shown as Cumulative):

Issue	Banks	FIs	Total
Number of Solar Powered Branches	608	4	612
Number of Branches with Rainwater Harvesting	6	2	8
Number of Branches with Solid Waste Management System	1402	55	1457
Number of Solar powered ATM Booths	717	-	717
Number of Solar Powered Agent Outlets	31	-	31
Online branches (as % of total branches)	97.85%	20.91%	95.95%

3.6 Leading Banks & FIs achievement in Sustainable Finance & Green Finance¹:

A. Sustainable Finance (Period: October - December, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
EXIM Bank Ltd	94.72%	CVC Finance Ltd	100.00%
BRAC Bank PLC	93.47%	Bangladesh Infrastructure Finance Fund Ltd	100.00%
Eastern Bank PLC	87.15%	National Finance Ltd	81.80%
Jamuna Bank PLC	86.71%	Bangladesh Finance Limited	73.02%
City Bank PLC	85.94%	IDLC Finance PLC	70.59%
Trust Bank Ltd	78.32%	Infrastructure Development Company Limited (IDCOL)	63.35%
Prime Bank PLC	72.80%	United Finance Ltd	60.47%
Bangladesh Krishi Bank	55.33%	Agrani SME Financing Company Ltd	49.25%
Uttara Bank PLC	46.30%	Alliance Finance PLC	42.12%
State Bank of India	37.42%		
Bank Asia Ltd	34.83%		
Standard Bank PLC	30.84%		
United Commercial Bank PLC	29.40%		
NRB Bank Ltd	29.15%		
The Premier Bank PLC	26.56%		
Mercantile Bank PLC	23.46%		
Standard Chartered Bank	21.87%		
First Security Islami Bank PLC	21.32%		
Mutual Trust Bank PLC	20.69%		
The Hong Kong and Shanghai Banking Corporation. Ltd.	20.25%		

B. Green Finance (Period: October - December, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Bank Al-Falah Limited	100.00%	Hajj Finance Company Ltd	70.04%
State Bank of India	99.80%	Bangladesh Infrastructure Finance Fund Ltd	67.17%
Jamuna Bank PLC	51.66%	Infrastructure Development Company Limited (IDCOL)	63.35%
Eastern Bank PLC	35.55%	Alliance Finance PLC	34.07%
United Commercial Bank PLC	34.75%	IPDC Finance Ltd	27.69%
City Bank PLC	27.83%	IDLC Finance PLC	17.76%
Prime Bank PLC	27.19%	Bangladesh Finance Limited	17.00%
Al-Arafah Islami Bank PLC	27.16%	Agrani SME Financing Company Ltd	13.62%
The Premier Bank PLC	23.03%	LankaBangla Finance PLC	8.84%

¹ Target attainment in Sustainable Finance (SF): Disbursement in SF \geq 20% of total loan disbursement.
Target attainment in Green Finance (GF): Disbursement in GF \geq 5% of total term loan disbursement.

Islami Bank Bangladesh PLC	21.09%	United Finance Ltd	7.47%
BRAC Bank PLC	19.35%		
Uttara Bank PLC	19.10%		
Union Bank PLC	16.62%		
AB Bank PLC	15.82%		
Southeast Bank PLC	12.05%		
Social Islami Bank PLC	11.52%		
EXIM Bank Ltd	10.94%		
Rupali Bank PLC	10.28%		
Standard Chartered Bank	8.31%		
SBAC Bank PLC	7.09%		
Midland Bank Ltd	6.93%		
Bank Asia Ltd	5.84%		
Mutual Trust Bank PLC	5.72%		
Trust Bank Ltd	5.58%		
Shahjalal Islami Bank PLC	5.09%		

3.7 Leading Banks & FIs achievement in Sustainable Finance & Green Finance²:

A. Sustainable Finance (Period: January - December, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Bangladesh Krishi Bank	56.48%	Infrastructure Development Company Limited (IDCOL)	78.66%
Jamuna Bank PLC	42.86%	CVC Finance Ltd	71.69%
BRAC Bank PLC	41.32%	Bangladesh Finance Limited	66.27%
Eastern Bank PLC	40.35%	Agrani SME Financing Company Ltd	47.33%
State Bank of India	40.24%	Bangladesh Infrastructure Finance Fund Ltd	46.61%
Trust Bank Ltd	38.66%	The UAE-Bangladesh Investment Co. Ltd	42.55%
Prime Bank PLC	37.64%	Alliance Finance PLC	40.28%
City Bank PLC	36.19%	IDLC Finance PLC	30.30%
EXIM Bank Ltd	33.54%	United Finance Ltd	28.95%
Community Bank Bangladesh PLC	31.36%	Strategic Finance & Investments Ltd	25.28%
Bank Asia Ltd	23.97%	National Finance Ltd	21.85%
United Commercial Bank PLC	23.72%		
The Premier Bank PLC	22.93%		
Shahjalal Islami Bank PLC	21.57%		
Uttara Bank PLC	20.37%		

² Target attainment in Sustainable Finance (SF): Disbursement in SF \geq 20% of total loan disbursement.
Target attainment in Green Finance (GF): Disbursement in GF \geq 5% of total term loan disbursement.

B. Green Finance (Period: January - December, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Bank Al-Falah Limited	100.00%	Infrastructure Development Company Limited (IDCOL)	78.66%
State Bank of India	91.45%	CVC Finance Ltd	38.19%
United Commercial Bank PLC	36.21%	Bangladesh Infrastructure Finance Fund Ltd	37.80%
Jamuna Bank PLC	29.85%	Bangladesh Finance Limited	33.05%
Islami Bank Bangladesh PLC	22.42%	The UAE-Bangladesh Investment Co. Ltd	20.74%
Prime Bank PLC	19.95%	Hajj Finance Company Ltd	13.57%
Eastern Bank PLC	18.48%	United Finance Ltd	13.55%
Uttara Bank PLC	17.92%	Alliance Finance PLC	13.45%
Shahjalal Islami Bank PLC	17.70%	IDLC Finance PLC	12.85%
Al-Arafah Islami Bank PLC	15.42%	Agrani SME Financing Company Ltd	12.05%
City Bank PLC	14.05%	IPDC Finance Ltd	9.47%
Southeast Bank PLC	13.99%		
EXIM Bank Ltd	12.01%		
BRAC Bank PLC	10.47%		
The Premier Bank PLC	10.34%		
Modhumoti Bank PLC	9.02%		
Trust Bank Ltd	8.58%		
Mutual Trust Bank PLC	8.46%		
Social Islami Bank PLC	8.25%		
Community Bank Bangladesh PLC	7.71%		
Union Bank PLC	6.95%		
Rupali Bank PLC	6.72%		
Bangladesh Development Bank PLC	6.59%		
Bank Asia Ltd	5.47%		

4. Review on Sustainable Finance Activities of Banks and Financial Companies**4.1 Policy Formulation and Governance:**

All scheduled banks and Finance Companies have formed their own Sustainable Finance Unit. Bangladesh Bank has introduced Sustainable Finance Policy in December, 2020. In order to promote more inclusive and equitable approach to economic and environmental development and to ensure gender equality, Intended Nationally Determined Contributions (INDCs), Mujib Climate Prosperity Plan 2022-2041, Bangladesh Delta Plan 2100, National Adaptation Plan etc. the policy has been updated in 2023 vide circular 03/2023. All the Banks and Finance Companies have to prepare their own Sustainable Finance Policy mandatorily.

4.2 Overview of Sustainable Finance:

54 Banks out of 61 and 16 Finance Companies out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and Finance Companies during October - December, 2023 quarter is shown in Table-4.1, 4.2 and 4.3

Table-4.1: Sustainable Finance (Period: October - December, 2023) (In million BDT)

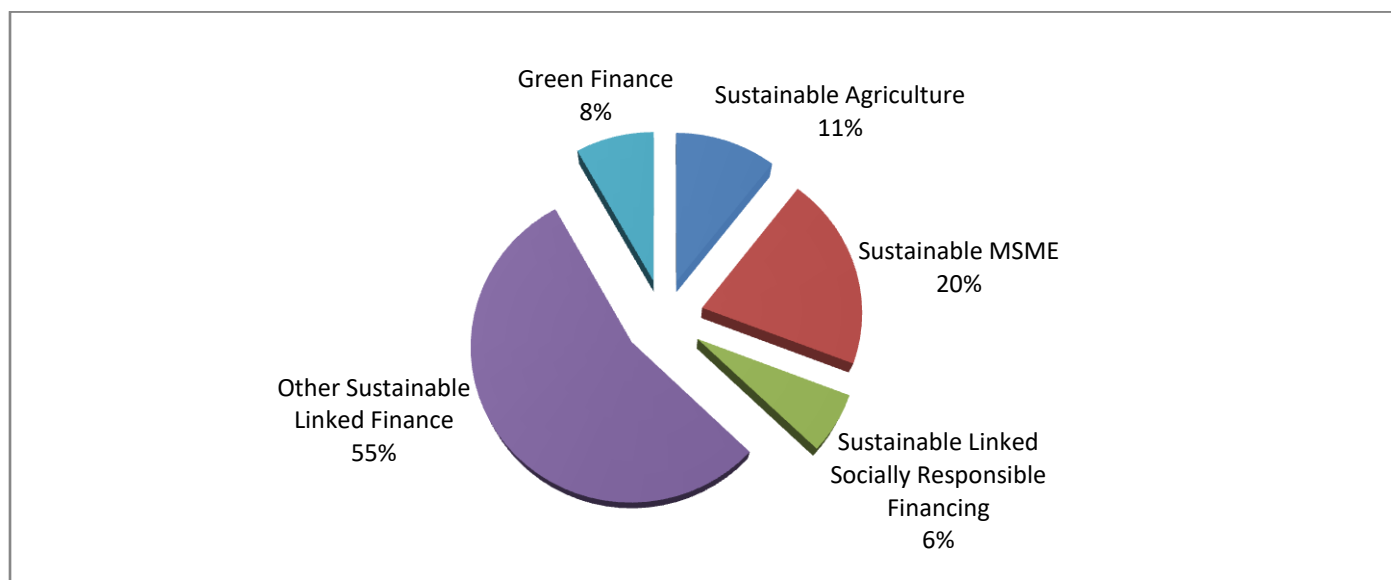
Type of Bank/FI	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	2,99,855.42	1,54,301.68	2,522.88	52,695.35	18,280.77	2,19,350.65
SCBs	1,95,657.58	13,573.27	10.75	184.38	36,947.26	2,73,543.37
PCBs	15,01,753.47	4,11,505.88	46,769.26	2,51,071.91	6,00,838.94	18,98,835.94
FCBs	3,00,585.71	16,367.72	1,220.05	9,427.46	51,072.22	99,563.52
ISBs	9,26,100.43	1,08,955.20	13,564.86	1,66,256.15	1,71,129.50	7,02,704.88
Total	32,23,952.61	7,04,703.75	64,087.79	47,9,635.26	8,78,268.70	31,93,998.36
FIs	1,97,731.17	65,854.89	9,963.62	78,515.97	28,769.91	1,73,287.39
Grand Total	34,21,683.78	7,70,558.64	74,051.41	5,58,151.23	9,07,038.61	33,67,285.75

Table-4.2: Recovery and Rescheduling of Sustainable Finance (Period: October - December, 2023) (In million BDT)

Type of Bank/FI	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	1,620.49	0.00	12,193.28	279.93
SCBs	8.98	0.00	27,657.45	0.00
PCBs	27,492.50	3,539.37	1,96,417.55	16,944.39
FCBs	933.86	0.00	39,519.57	0.00
ISBs	5,516.32	74.40	1,20,804.17	1,361.26
Total	35,572.16	3,613.77	3,96,592.03	18,585.58
FIs	3,456.00	73.79	15,355.96	94.71
Grand Total	39,028.16	3,687.56	4,11,947.99	18,680.28

Table-4.3: Sustainable Finance (Period: October - December, 2023)*(In million BDT)*

Type of Bank/FI	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
SOCBs	10,313.62	3,135.58	1,247.90	1,060.80	2,522.88	18,280.77
SCBs	36,766.51	170.00	0.00	0.00	10.75	36,947.26
PCBs	28,411.63	1,33,382.74	36,468.06	3,55,807.25	46,769.26	6,00,838.94
FCBs	719.56	2.47	15,237.71	33,892.42	1,220.05	51,072.22
ISBs	17,104.38	42,969.96	2,384.48	95,105.83	13,564.86	1,71,129.50
Total	93,315.69	1,79,660.76	55,338.16	4,85,866.30	64,087.79	8,78,268.70
FIs	2,422.83	4,212.77	1,880.00	10,290.69	9,963.62	28,769.91
Grand Total	95,738.52	1,83,873.53	57,218.16	4,96,156.99	74,051.41	9,07,038.61

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

4.3 Green Finance- Category wise:

46 Banks out of 61 and 13 Finance Companies out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 64,087.79 million BDT by banks and 9,963.62 million BDT by Finance Companies in October - December, 2023 period. A brief picture of sector wise green finance by Banks and Finance Companies is shown in Table-4.4 & 4.5:

Type of Bank/FI	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	2.90	1.78	0.00	0.00	0.00	10.23	691.56
SCBs	9.04	0.00	0.00	0.00	0.00	0.00	0.00
PCBs	473.84	15,379.29	2.00	727.70	0.00	3,441.18	409.99
FCBs	0.00	751.00	0.00	0.00	0.00	3.42	0.00
ISBs	88.94	3,989.96	0.00	912.53	0.00	1,160.59	1,146.59
Total	574.72	20,122.03	2.00	1,640.23	0.00	4,615.41	22,48.14
FIs	548.78	7,033.61	10.70	185.03	0.00	143.65	107.00
Grand Total	1,123.50	27,155.64	12.70	1,825.25	0.00	4,759.07	2,355.14

Type of Bank/FI	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	0.00	374.10	622.00	820.31	0.00	0.00	0.00
SCBs	0.00	1.71	0.00	0.00	0.00	0.00	0.00
PCBs	10,009.01	632.29	1,058.11	12,414.02	144.52	2,075.61	1.70
FCBs	0.00	0.10	0.00	465.53	0.00	0.00	0.00
ISBs	6,221.40	13.64	9.71	21.50	0.00	0.00	0.00
Total	16,230.41	1,021.84	1,689.82	13,721.36	144.52	2,075.61	1.70
FIs	909.56	75.00	97.94	360.20	0.00	492.14	0.00
Grand Total	17,139.97	1,096.84	1,787.76	14,081.56	144.52	2567.75	1.70

Table-4.5: Target achievement by Types of Banks and FIs

Type of Bank/FI	Green Finance as % of Total Term Loan Disbursement	Sustainable Finance as % of Total Loan Disbursement
SOCBs	1.64%	6.10%
SCBs	0.08%	18.88%
PCBs	11.37%	40.01%
FCBs	7.45%	16.99%
ISBs	12.45%	18.48%
Total	9.09%	27.24%
FIs	15.13%	14.55%
Grand Total	9.61%	26.51%

4.4 Compliance Overview of ESRM Framework:

44 banks out of 61 and 15 Finance Companies out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter.

Table-4.6: Environmental & Social Risk Rating

Type of Bank/FI	No. of Projects Rated	No. of Rated Projects Financed	Amount of Rated Projects Financed (in million BDT)
SOCBs	11,654	12,387	10,424.55
SCBs	0	0	0.00
PCBs	84,474	84,052	7,82,502.78
FCBs	534	709	1,40,201.89
ISBs	48,776	13,261	3,58,332.62
Total	1,45,438	1,10,409	12,91,461.85
FIs	3286	3,406	62,710.32
Grand Total	1,48,724	1,13,815	13,54,172.17

4.5 In-house Green Banking Activities:

Type of Bank/FI	Number of Branches	Number of Online Branches	Number of Solar-Powered Branches	No. of Branches with Rainwater Harvesting	No. of Branches with Solid Waste Management	Number of BB accredited Green Branches
SOCBs	3,835	3,835	80	0	0	0
SCBs	1,541	1,421	0	0	0	0
PCBs	4,217	4,139	339	4	1,395	0
FCBs	69	56	8	1	6	0
ISBs	1,670	1,637	181	1	1	0
Total	11,332	11,088	608	6	1,402	0
FIs	287	60	4	2	55	0
Grand Total	11,619	11,148	612	8	1,457	0

Type of Bank/FI	Number of ATM Booths	Number of Solar-Powered ATM Booths	Number of Agent Outlets	No. of Solar-Powered Agent Outlets	No. of Accounts using Internet Banking	No. of Accounts using Smart-Phone App-based Banking	Total number of MFS Accounts
SOCBs	451	571	793	0	1,81,019	3,35,164	0
SCBs	9	0	0	0	4,39,032	4,37,042	0
PCBs	6,680	142	19,721	30	33,10,700	1,95,07,461	12,49,81,224
FCBs	88	4	0	0	3,13,759	1,99,279	0
ISBs	4,389	0	4,149	1	15,28,066	31,50,380	17,44,470
Total	11,617	717	24,663	31	57,72,576	2,36,29,326	12,67,25,694
FIs	0	0	0	0	25,975	27,170	1
Grand Total	11,617	717	24,663	31	57,98,551	2,36,56,496	12,67,25,695

4.6 Green Investment:

There is no investment in Green Bond, Green SUKUK or Impact Fund by Banks & Finance Companies in the review period.

4.7 Training, Awareness and Capacity Building:

39 Banks and 9 Finance Companies have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training (Period: October - December, 2023) is given below:

Type of Bank/FI	No. of Programs Organized	No. of Employees Trained	No. of Customers Trained
SOCBs	69	1,476	28
SCBs	1	50	50
PCBs	610	9,422	503
FCBs	58	1,548	30
ISBs	27	595	316
Total	765	13,091	927
FIs	68	1,059	1,156
Grand Total	833	14,150	2,083

5. Review on Refinancing Schemes of BB for Green Finance

Table-5.1: At a glance Funding Schemes of BB for Green Finance (Period: October-December, 2023)

Funding scheme of BB	Amount	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Products/Initiatives (in million BDT)	426.44	20
Disbursement from Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives (In million BDT)	-	-
Disbursement from Green Transformation Fund (GTF) (In million USD)	-	-
Disbursement from Green Transformation Fund (GTF) (In million Euro)	-	-
Disbursement from Green Transformation Fund (GTF) (In million BDT)	731.25	06
Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT)	1894.44	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 10 billion in view of the growing demand for financing of environment friendly products/initiatives³. The product line has been enhanced to 70 under 14 categories. Since inception, total amount of Tk. 8542.67 million has been disbursed as refinance facility from the fund till 31 December, 2023. The disbursement scenario of this scheme during October-December, 2023 quarter is furnished below:

Table-5.2: Sub-category/ Product wise Disbursement		
SL. No	Sub-category/ Product	BDT in million
1	Biological ETP	4.47
2	Forestation (Social/integrated/Agro)	9.93
3	Installation of Energy Auditor Certified machineries including boiler in industries	289.34
4	Integrated Cow Rearing and Setting up of Bio-gas Plant	0.80
5	Net Metering Rooftop Solar System	110.23
6	Production of Vermicompost	1.74
	Safety and work environment of factory related projects	8.80
	Solar Home System	1.13
	Total Disbursement	426.44

³ SFD Circular 02/2020

5.2 Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives:

Bangladesh Bank has introduced refinance scheme funded by excess liquidity of shariah based 3 financial institutions to facilitate the shariah based Banks and Finance Companies in 2014⁴. In 2018 Bangladesh Bank has issued an integrated and comprehensive “master circular”⁵ by revising and incorporating all the existing circular and circular letters related to this refinance scheme. BB has enhanced the product range under this scheme to 51 and segregated these products into 08 categories.

5.3 Green Transformation Fund (GTF):

In January 2016, a longer-term refinancing window 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 country⁶. To widen the scope of this fund, it has been opened for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment–friendly initiatives since September, 2019⁷. Recently, 200 million Euros has been added to the fund⁸. This Euro component of GTF can be used to import not only green machineries but also industrial raw materials (only Buyer’s Credit) 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) for export and manufacturing industry has been introduced to serve the same purpose⁹. The disbursement from this Fund is Tk. 4564.32 million to 17 clients of 14 banks till 31 December, 2023. In October-December, 2023 quarter BDT 731.25 million has been disbursed to 06 clients of 04 banks from this local currency GTF fund.

5.4 Technology Development/Up-gradation Fund

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

⁴ GBCSRD circular no. 06 /2014

⁵ SFD Circular No.02/2018

⁶ FE Circular No. 02/2016

⁷ FE Circular Letter No. 14/2019

⁸ FE Circular No. 20/2020

⁹ SFD Circular No 02/2021

oriented industries in Bangladesh¹⁰. 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. 29 Banks & 9 Finance Companies are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is Tk. 4164.66 million till 31 December, 2023. In October-December, 2023 quarter disbursement from this fund is Tk. 1894.44 million in 7 projects.

6 Concluding Remarks:

Shaping a secure and sustainable finance future for all is essential for national level coordination, as well as international cooperation and international coordination. Recognizing this reality, BB has gone to a paradigm shift by introducing Sustainable Finance Policy for Banks & Finance Companies. During the quarter under consideration, after introducing the policy, followings are the outcome:

- During the review quarter 25 banks and 10 Finance Companies have surpassed the target of green finance (5%) compared to the total term loan disbursement. Bank Al-Falah Limited, State Bank of India, Jamuna Bank PLC, Eastern Bank PLC, United Commercial Bank PLC, City Bank PLC, Prime Bank PLC, Al-Arafah Islami Bank PLC, The Premier Bank PLC, Islami Bank Bangladesh PLC, BRAC Bank PLC, Uttara Bank PLC, Union Bank PLC, AB Bank PLC, Southeast Bank PLC, Social Islami Bank PLC, EXIM Bank Ltd, Rupali Bank PLC, Standard Chartered Bank, SBAC Bank PLC, Midland Bank Ltd, Bank Asia Ltd, Mutual Trust Bank PLC, Trust Bank Ltd, Shahjalal Islami Bank PLC belong to that league. Finance Companies like Hajj Finance Company Ltd, Bangladesh Infrastructure Finance Fund Ltd, Infrastructure Development Company Limited (IDCOL), Alliance Finance Ltd, IPDC Finance Ltd, IDLC Finance PLC, Bangladesh Finance Ltd, Agrani SME Financing Company Ltd, LankaBangla Finance PLC, United Finance Ltd have done a decent job.
- Moreover, in October - December, 2023 quarter 20 banks and 9 Finance Companies have been able to fulfill their target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, EXIM Bank Ltd, BRAC Bank PLC, Eastern Bank PLC, Jamuna Bank PLC, City Bank PLC, Trust Bank Ltd, Prime Bank PLC, Bangladesh Krishi Bank, Uttara Bank PLC, State Bank of India, Bank Asia Ltd, Standard Bank PLC, United Commercial Bank PLC, NRB Bank Ltd, The Premier Bank PLC, Mercantile Bank PLC,

10 SFD Circular No 07/2022

Standard Chartered Bank, First Security Islami Bank PLC, Mutual Trust Bank PLC, The Hong Kong and Shanghai Banking Corporation. Ltd have performed well. Among the Finance Companies performance of CVC Finance Ltd, Bangladesh Infrastructure Finance Fund Ltd, National Finance Ltd, Bangladesh Finance Limited, IDLC Finance PLC, Infrastructure Development Company Limited (IDCOL), United Finance Ltd, Agrani SME Financing Company Ltd, Alliance Finance PLC were significant.

BB is pursuing to boost up the whole scenario by taking appropriate policy initiatives. Refinance support from BB is also playing an important role to incentivize the green banking activities. As the outcome of these initiatives, it is expected that positive impact will be evidenced in the trend of sustainable finance by banks and FIs in gradual manner. Sustainable Finance Department, BB also anticipates robust, effective and coherent efforts from banks and FIs in the field of sustainable finance.

Preserve nature & reduce pollution



for the sustainability of human race.....