

# **Quarterly Review Report on Green Banking Activities of Banks and Financial Institutions**

**As of June 2014**



**Green Banking and CSR Department  
Bangladesh Bank  
Head Office**

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## 1. Introduction:

Policy Guidelines for Green Banking was issued to the scheduled banks vide BRPD Circular No. 02/2011 in February 2011. In that policy guideline, banks were advised to report their initiatives/activities to Bangladesh Bank on quarterly basis. In 2012, banks were provided with a uniform reporting format for reporting green banking activities in a structured manner. In 2013, Policy Guidelines for Green Banking was issued to the Financial Institutions (FIs)<sup>1</sup> and the banks scheduled in 2013 (GBCSRD Circular No. 04/2013 and GBCSRD Circular Letter No. 05/2013). In both the circulars, FIs and new banks were brought under the purview of green banking activities and uniform reporting system as well.

This review report is the consolidated reflection of the quarterly reports of all scheduled banks and FIs as of June 30, 2014.

## 2. Policy Formulation and Governance:

All 47 banks (scheduled before 2013) have their own Green Banking Policy Guidelines approved by their Board of Directors/Competent authority and have Green Banking Unit (GBU) for pursuing Green Banking activities. They also have their own Green Office Guide for conducting their in-house green activities.

Out of 9 new banks, 2 have formulated their own Green Banking Policy Guidelines and 2 have formed Green Banking Unit (GBU) till the reporting quarter. 4 new banks have prepared their own Green Office Guide.

22 out of 31 FIs have formulated their own Green Banking Policy Guidelines approved by their Board of Directors and 23 FIs have formed Green Banking Unit (GBU) till the reporting quarter. 22 FIs have prepared own Green Office Guide for conducting their in-house green activities.

### 1.1. Allocation and Utilization of Fund for Green Banking Activities:

Out of Tk. 243,499.85 million for green banking activities, 47 banks (scheduled before 2013) have allocated Tk. 241,672.46 million for green finance, Tk. 1,124.58 million for climate risk fund and Tk. 702.81 million for Marketing Training and Capacity Building. This allocation has been made on annual basis.

38 banks have utilized Tk. 112,705.33 million in the reporting quarter for green banking activities. Out of which, Tk. 112,570.85 million for green finance, Tk. 102.49 million for climate risk fund and Tk. 31.99 million have been utilized.

No new banks has allocated and utilized fund for green banking in the reporting quarter.

Thus, consolidated data of 47 banks are shown below. The quarterly shift from March 2014 to June 2014 evidences significant rise in respect of utilization of fund that is shown in Figure-1.

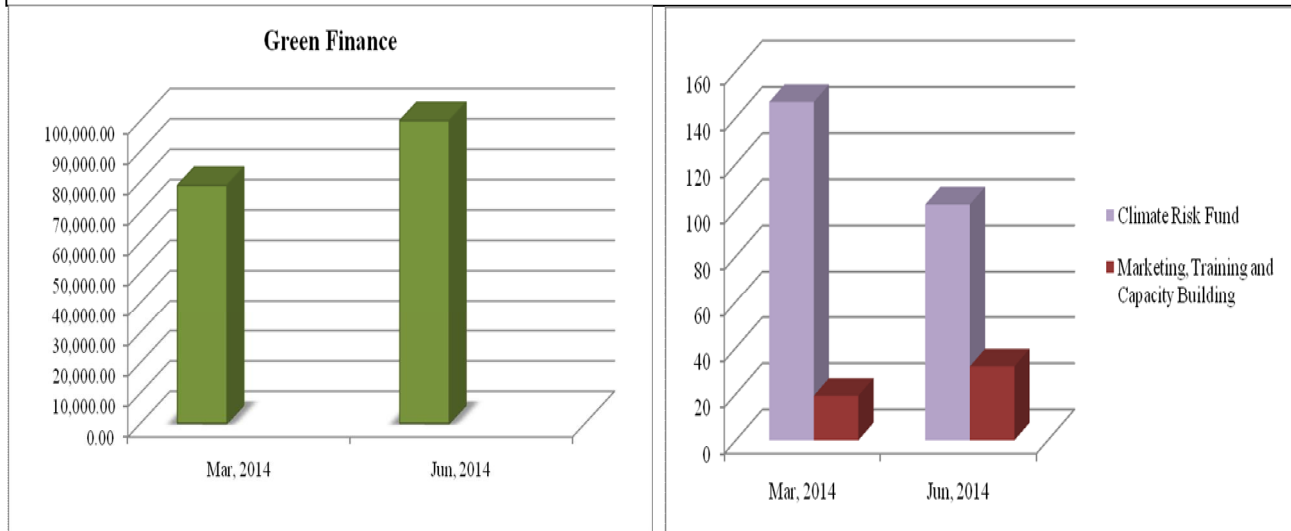
<sup>1</sup> Financial Institutions licensed under Financial Institutions Act, 1993.

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Types of Banks	Annual Allocation of Fund (in million Taka)				Utilization of Funds, June-14 (in million Taka)			
	Green Finance	Climate Risk Fund	Marketing, Training and Capacity Building	Total	Green Finance	Climate Risk Fund	Marketing Training and Capacity Building	Total
<b>SCBs</b>	6,145.00	160.90	310.00	6,615.90	250.72	23.35	3.20	277.27
<b>SDBs</b>	5,800.87	432.22	40.10	6,273.19	661.58	0.02	0.10	661.70
<b>PCBs</b>	180,409.99	372.86	287.51	181,070.36	82,622.07	60.94	28.69	82,711.71
<b>FCBs</b>	49,316.60	158.60	65.20	49,540.40	29,036.48	18.18	0.00	29,054.66
<b>Total</b>	<b>241,672.46</b>	<b>1,124.58</b>	<b>702.81</b>	<b>243,499.85</b>	<b>112,570.85</b>	<b>102.49</b>	<b>31.99</b>	<b>112,705.33</b>

Types of Banks	Utilization of Climate Risk Fund, June-14 (in million taka)	
	Event	Project
SCBs	23.35	0.00
SDBs	0.02	0.00
PCBs	60.94	0.00
FCBs	0.00	18.18
<b>Total</b>	<b>84.31</b>	<b>18.18</b>

**Figure-1: Quarterly Comparison of Utilization of Fund**



Out of Tk. 11,771.89 million for green banking activities, FIs have allocated Tk. 11,625.36 million for green finance, Tk. 129.71 million for climate risk fund and Tk. 16.82 million for Marketing Training and Capacity Building.

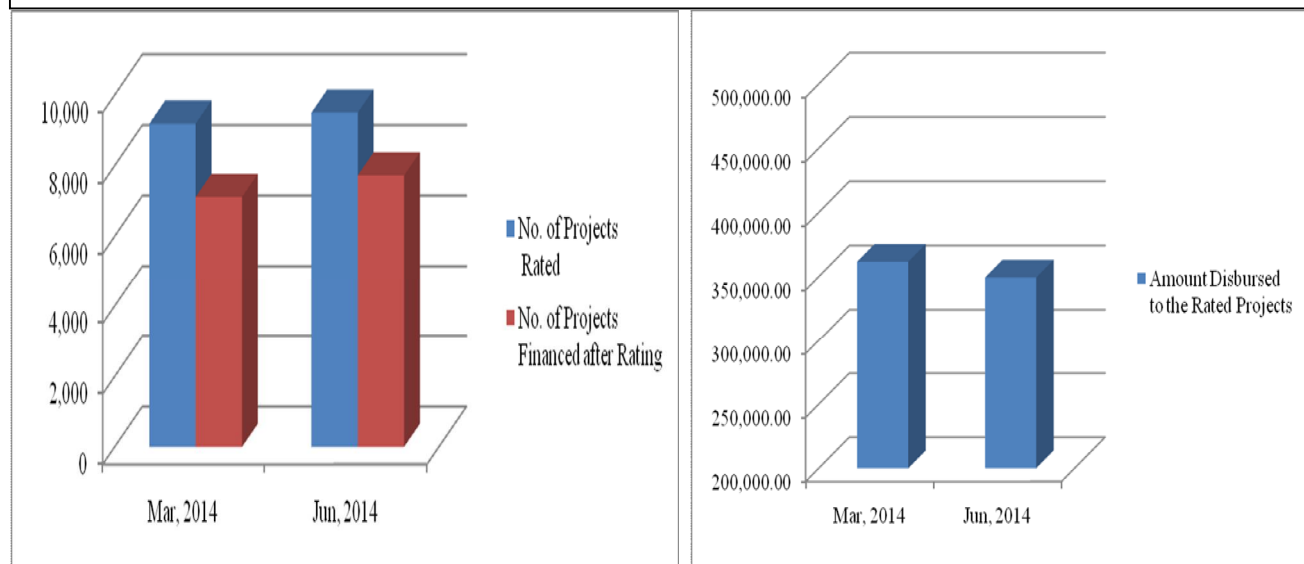
9 FIs have utilized Tk. 5,038.80 million in the reporting quarter for green banking activities. Out of which, Tk. 4,938.42 million for green finance, Tk. 100.00 million for climate risk fund and Tk. 0.38 million have been utilized.

### 3. Environmental Risk Rating (ERR):

45 banks (out of 47 banks scheduled before 2013) have conducted environmental risk rating in the reporting quarter. According to that, number of Projects applicable for Environmental Due Diligence (EDD) rating in this quarter is 11,349. The declining trend in ERR pursuance has been observed (Figure-2).

Types of Banks	No. of projects applicable for EDD	No. of projects Rated	No. of Rated projects Financed	Amount disbursed in Rated projects (million taka)
SCBs	351	321	278	3,250.86
SDBs	151	144	144	3,796.62
PCBs	9,914	8,256	6,969	313,514.08
FCBs	933	781	334	28,788.67
<b>Total</b>	<b>11,349</b>	<b>9,502</b>	<b>7,725</b>	<b>349,350.23</b>

**Figure-2: Quarterly Comparison of Environmental Risk Rating**



Types of Banks/FIS	No. of projects applicable for EDD	No. of projects Rated	No. of Rated projects Financed	Amount disbursed in Rated projects (million taka)
<b>New Banks</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>1,650.00</b>
<b>FIs</b>	<b>704</b>	<b>696</b>	<b>679</b>	<b>18,625.19</b>

#### 4. In-house Environment Management:

Types of Banks	No. of Branches	No. of branches powered by Solar Energy	No. of ATM/SME units powered by Solar Energy
SCBs	3,540	30	0
SDBs	1,499	29	0
PCBs	3,634	289	185
FCBs	75	4	6
<b>Total</b>	<b>8,748</b>	<b>352</b>	<b>191</b>

Types of Banks/FIS	No. of Branches	No. of branches powered by Solar Energy	No. of ATM/SME units powered by Solar Energy
<b>New Banks</b>	<b>98</b>	<b>14</b>	<b>0</b>
<b>FIs</b>	<b>130</b>	<b>4</b>	<b>0</b>

#### 5. Green Finance:

41 banks (out of 47 banks scheduled before 2013) have exposure in green finance, either direct or indirect mode. Total amount invested as green finance has been Tk. 112,570.85 million as of June 2014.

Types of Banks	ETP		Bio-gas Plant	Solar Panel /Renewable Energy Plant	Bio-fertilizer Plant	HHK	Others	Green Finance at reduced rate of interest
	For Installation	Projects financed						
SCBs	0.00	0.00	1.23	0.81	0.00	248.08	0.60	0.00
SDBs	0.00	585.62	0.04	0.68	0.00	10.00	65.24	0.00
PCBs	178.60	80,238.98	70.12	89.43	0.00	1,121.40	919.90	3.64
FCBs	1,141.03	22,496.76	0.00	51.69	0.00	0.00	0.00	5,347.00
<b>Total</b>	<b>1,319.63</b>	<b>103,321.36</b>	<b>71.39</b>	<b>142.61</b>	<b>0.00</b>	<b>1,379.48</b>	<b>985.74</b>	<b>5,350.64</b>

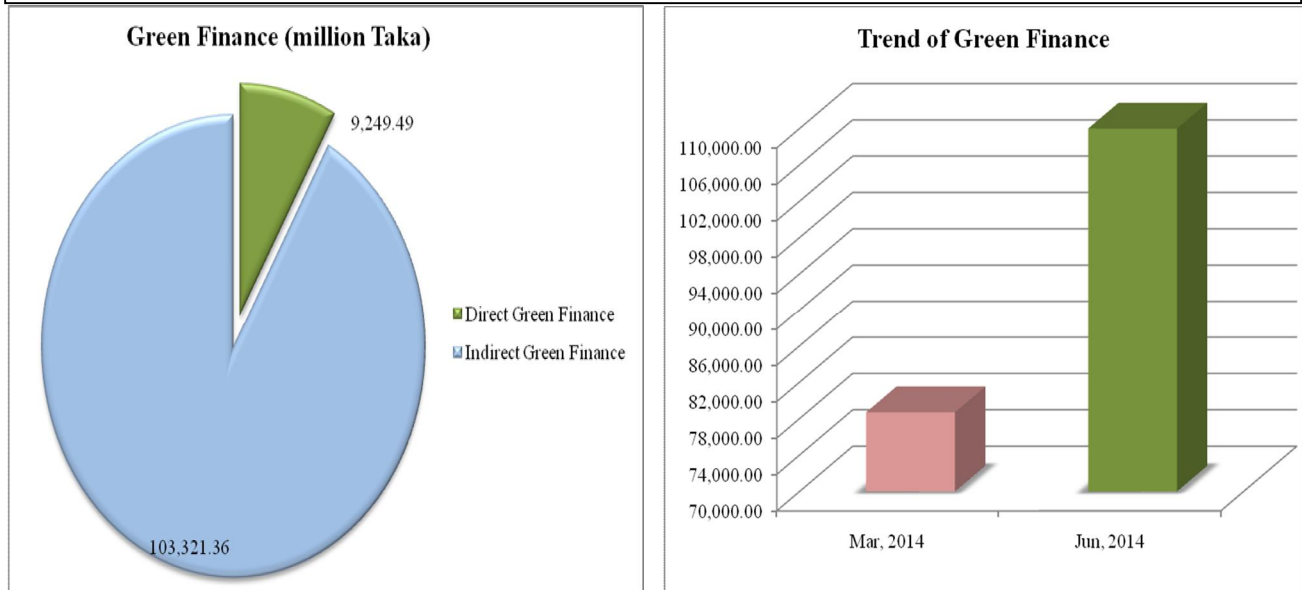
Types of Banks	Direct Green Finance <sup>2</sup>	Indirect Green Finance <sup>3</sup>	Total Green Finance
SCBs	250.72	0.00	250.72
SDBs	75.96	585.62	661.58
PCBs	2,383.09	80,238.98	82,622.07
FCBs	6,539.72	22,496.76	29,036.48
<b>Total</b>	<b>9,249.49</b>	<b>103,321.36</b>	<b>112,570.85</b>

<sup>2</sup> Direct green finance include financing for ETP installation, Bio-gas Plant, Solar Panel/Renewable Energy Plant, Bio-fertilizer Plant, HHK and green finance at reduced rate of interest.

<sup>3</sup> Indirect green finance refers to financing the projects having ETP or alike systems.

Types of Banks	Green Finance: March-2014	Green Finance: June-2014
SCBs	2,513.90	250.72
SDBs	86.43	661.58
PCBs	59,044.14	82,622.07
FCBs	17,049.35	29,036.48
<b>Total</b>	<b>78,693.82</b>	<b>112,570.85</b>

**Figure-3: Green Finance**



## 6. Online Banking:

46 banks (out of 47 banks scheduled before 2013) have at least one online branch and 30 banks have introduced internet banking facility up to June 2014. Progress has been observed in the expansion of online branches since the previous quarter. Moreover, internet banking and SMS/mobile banking facility have been increased notably over the preceding quarter (Figure-4).

Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
SCBs	3,540	858	24.24%
SDBs	1,499	133	8.87%
PCBs	3,634	3,632	99.94%
FCBs	75	75	100.00%
<b>Total</b>	<b>8,748</b>	<b>4,698</b>	<b>53.70%</b>

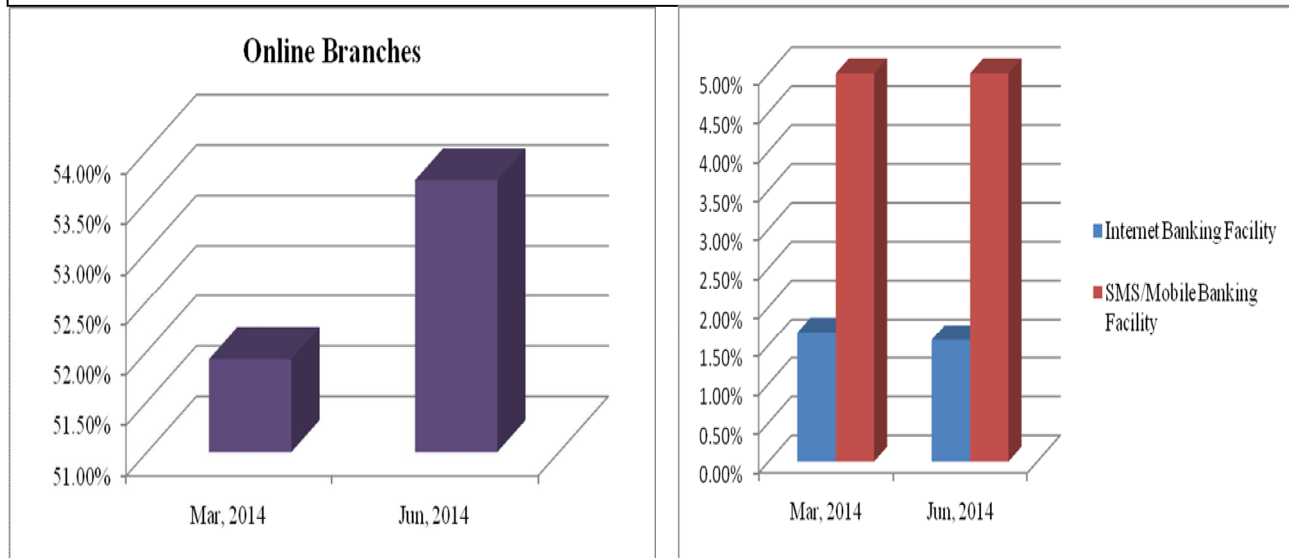
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Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
New Banks	98	98	100.00%

Types of Banks	No. of Total Accounts	No. of A/Cs facilitated with Internet Banking	Percentage of A/Cs facilitated with Internet Banking	No. of A/Cs facilitated with Mobile/SMS Banking	Percentage of A/Cs facilitated with Mobile/SMS Banking
SCBs	30,143,235	25	0.00%	3,199	0.01%
SDBs	14,602,336	0	0.00%	4,603	0.03%
PCBs	32,632,288	1,049,667	3.22%	4,997,923	15.32%
FCBs	473,208	176,048	37.20%	219,113	46.30%
<b>Total</b>	<b>77,851,067</b>	<b>1,225,740</b>	<b>1.57%</b>	<b>5,224,838</b>	<b>6.71%</b>

Types of Banks	No. of Total Accounts	No. of A/Cs facilitated with Internet Banking	Percentage of A/Cs facilitated with Internet Banking	No. of A/Cs facilitated with Mobile/SMS Banking	Percentage of A/Cs facilitated with Mobile/SMS Banking
New Banks	34,638	112	0.32%	4,687	13.53%

**Figure-4: Quarterly Comparison of Online Banking**



## 7. Training, Promotion and Disclosure:

38 (out of 47 banks scheduled before 2013) banks have arranged 166 training programs concerning green banking where total number of participants was 9,738. A snapshot on training is given below:

Types of Banks	No. of Programs	No. of Participants
SCBs	11	343
SDBs	7	239
PCBs	143	8,839
FCBs	5	317
<b>Total</b>	<b>166</b>	<b>9,738</b>

Types of Banks/FIs	No. of Programs	No. of Participants
<b>New Banks</b>	<b>4</b>	<b>57</b>
<b>FIs</b>	<b>29</b>	<b>432</b>

32 banks and 6 FIs have initiated Green Marketing and 9 banks and 3 FIs have arranged Green Events in this quarter.

Upto June 2014, 39 banks and 8 FIs have pursued disclosure on green banking in their annual report, 36 banks and 8 FIs have put green banking disclosure in their website. 20 banks and 5 FIs have disclosed their green banking activities in the media and 4 banks and 1 FIs have prepared Independent Report on green banking activities.

## 8. Major Green Banking Activities at a Glance in June 2014-Banks:

- ❖ Green Banking unit has been established in 49 banks.
- ❖ 49 banks have prepared their own Green Banking Policy.
- ❖ 51 banks have introduced a Green Office Guide.
- ❖ EnvRR has been done for 9,508 projects.
- ❖ 7,731 rated projects have been financed.
- ❖ 351,000.00 million taka has been disbursed against rated projects.
- ❖ 366 branches and 191 ATM/SME unit offices are powered by solar energy.
- ❖ 4,796 branches have been facilitated with online coverage.
- ❖ Taka 112,570.85 million has been disbursed as green finance.
- ❖ Taka 102.49 million has been utilized from climate risk fund.
- ❖ Taka 31.99 million has been utilized for green marketing, training and development.



## 9. Major Green Banking Activities at a Glance in June 2014-FIs:

- ❖ Green Banking unit has been established in 23 FIs.
- ❖ 22 banks have prepared their own Green Banking Policy.
- ❖ 22 banks have introduced a Green Office Guide.
- ❖ EnvRR has been done for 696 projects.
- ❖ 679 rated projects have been financed.
- ❖ 18,625.19 million taka has been disbursed against rated projects.
- ❖ 4 branches are powered by solar energy.
- ❖ Taka 4,938.42 million has been disbursed as green finance.
- ❖ Taka 100.00 million has been utilized from climate risk fund.
- ❖ Taka 0.38 million has been utilized for green marketing, training and development.

## 10. Concluding Remarks:

The scenario of green banking activities in June, 2014 quarter evidences the significant progress of banks and FIs. The increasing trend of investment and expenditure in various green banking activities of banks and FIs shows optimistic potential of expansion of green banking activities in Bangladesh. Thus, BB anticipates the more rigorous and effective performance in mainstreaming green banking activities.