

**Green Banking Report  
March 2012**

**Bangladesh Bank's Initiatives and Bank's Activities**

**Coordination Cell for Green Banking  
Bangladesh Bank Head Office**



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## Foreword

We all are concerned that the overall environmental scenario is deteriorating as a result of rapid global warming and change in the climate.

The financial and economic development of Bangladesh is inextricably linked to our vulnerability to environmental degradation. An increasing awareness of the need to foster sustainable development and the impact of a deteriorating climate on financial institutions and business enterprises has driven the creation of the Environmental Risk Management (ERM) Guidelines in January 2011, encouraging banks and financial institutions to adopt risk management practices to safeguard against these inevitable environmental concerns. ERM is a part of Green Banking, and an indicative policy guideline on Green Banking was provided to all commercial banks in February 2011. These guidelines have encouraged banks and financial institutions in Bangladesh to adopt risk management practices in safeguarding environmental concerns. Bangladesh Bank has also issued a common format for all the commercial banks to report Green Banking activities in a structured manner, on the basis of which this report has come out. Banks in Bangladesh are required to submit a quarterly report on their Green Banking activities to Bangladesh Bank in accordance with BRPD Circular 02 dated February 27, 2011. Bangladesh Bank is working to review the overall Green Banking activities through a coordination cell.

This is the inaugural report on Green Banking as prepared by the Coordination Cell of Bangladesh Bank. The report begins with the key concept of Green Banking activities and has covered nearly all the major information regarding Bangladesh Bank's initiatives and the commercial banks' activities. Compliant banks will have preferential treatments in the CAMELS rating and separate treatment in the existing guidelines of Risk Based Capital Adequacy (RBCA) for environmental risk in the computation of adequate capital by Bangladesh Bank. It is also important to mention that consideration of according permission for opening a new bank branch will also be linked with the performance of Green Banking activities. An effort has been made to grade the top ten banks upon evaluation of their overall Green Banking activities.

In conclusion, I would like to thank the Coordination Cell for the effort they have made in preparing this report.

A handwritten signature in black ink, appearing to read 'S. K. Sur Chowdhury'.

S. K. Sur Chowdhury  
Deputy Governor

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## List of Abbreviations

BACH	Bangladesh Automated Clearing House
BACPS	Bangladesh Automated Cheque Processing System
BEFTN	Bangladesh Electronic Fund Transfer Network
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk
CRM	Core Risk Management
CSR	Corporate Social Responsibility
EDD	Environmental Due Diligence
EDW	Enterprise Data Warehouse
EnvRR	Environmental Risk Rating
ERM	Environmental Risk Management
ERP	Enterprise Resources Planning
ETP	Effluent Treatment Plant
FCBs	Foreign Commercial Banks
GBU	Green Banking Unit
HHK	Hybrid Hoffman Kiln
LAN	Local Area Network
NPS	National Payment Switch
PCBs	Private Commercial Banks
RBCA	Risk Based Capital Adequacy
SCBs	State -owned Commercial Banks
SDBs	Specialized Banks
SEF	Sustainable Energy Finance
SME	Small and Medium Enterprise
WAN	Wide Area Network

## **Executive Summary**

Global climate change and energy crisis are the biggest environmental challenges we are facing today. We all are concerned that the overall environmental scenario is deteriorating as a result of rapid global warming and change in the climate.

Banks have a significant role to play in these game-changing developments, a role which can only be ensured through timely interventions by a committed and effective banking system. Banks' relevance cannot be ignored, in as much as projects financed by banks are contributing to pollution through carbon and gas emission to the air and environment. On the other hand, banks should not squeeze investment or clamp down on economic activities -- rather banks need to concentrate hard on sustainable finance to cope with the change in the climate or environmental conditions, as they continue to strive for better quality assets by reducing non performing loans and maintaining a sustainable inclusive growth.

The key to sustainable development is to ensure broad-based inclusive economic growth with protection of natural resources; preservation of the regenerating capacity of the ecological system; and avoidance of environmental risks on future generations. Surely, banking is the key sector that can play an intermediary role between economic development and environmental protection. Bangladesh Bank has intervened in a timely manner and advised banks to facilitate their clients with utmost care in opening Letters of Credit (L/C) for installation of Effluent Treatment Plant (ETP) in industrial units, and financing in solar energy, bio-gas and ETP, etc. Banks have also been advised to comply with the guidelines on Corporate Social Responsibility (CSR), where banks have been asked to concentrate on linking CSR at their highest corporate level with environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impacts of their activities. Bangladesh Bank has provided a detailed guideline on Environmental Risk Management in January 2011 and an indicative policy guideline on Green Banking to all commercial banks in February 2011. These guidelines have encouraged banks and financial institutions in Bangladesh to adopt risk management practices in safeguarding environmental concerns. Bangladesh Bank has also issued a common format for all the commercial banks to report Green Banking activities in a structured manner, on the basis of which this report has come out.

This is the inaugural report on Green Banking as prepared by Bangladesh Bank, and begins with the key concept of Green Banking activities. Continuing along, the report covers almost all the important information regarding Bangladesh Bank's initiatives, banks' policy formulation and governance, bank's annual budget allocation and utilization for their green finance, climate risk fund, marketing and capacity building. Composition of the Green Banking Unit (GBU), Pin Points of Green Office Guide, Data on Environmental Risk Rating (EnvRR), and Data on Green Finance (amount disbursed for ETP, amount disbursed for the projects having ETP, bio-gas plant, solar/renewable energy plant, Hybrid Hoffman Kiln, and others.). It also contains information on Online Banking, Internet and Mobile/SMS Banking, in-house activities covering inventory on utilities and energy, Climate Risk Fund, Green Marketing, capacity-building and disclosure requirements. Compliant banks will have preferential treatment in the CAMELS rating and separate treatment in existing guidelines for Risk Based Capital Adequacy (RBCA) for environmental risk, in computation of adequate capital by Bangladesh Bank. Branch licenses for opening a new bank branch will be linked with the performance of Green Banking activities.

An effort has been made to grade the top ten banks upon evaluation of their overall Green Banking activities. This report ends with mentioning some major challenges ahead. Some relevant annexures have also been attached at the end.

## Green Bank and Green Banking

A Green Bank is an ethical bank, a socially responsible bank and a sustainable bank.

Green Banking is providing innovative green products and support activities that are not hazardous to the environment and help conserve the environment. Green Banking has a role to safeguard the planet from unusual weather patterns, rising greenhouse gas, and declining air quality, with the aim of ensuring economic growth which is sustainable.

Bangladesh Bank is the first central bank in the world which has taken real initiatives, according to a definite agenda in its vision and mission to play a specific role in Green Banking by taking responsibility in safeguarding the planet from unusual weather patterns, rising greenhouse gas and declining air quality



Green Banking is not limited only to in-house green activities, but extends to facilitating Green financing. Green financing through due diligence checklists under Environmental Risk Management (ERM) Guidelines is not intended to squeeze investment; rather it is for sustainable finance. Green financing under Green Banking activities can make a great contribution to the transition to resource-efficient and low carbon industries, i.e. green industry and green economy in general.

A Green Economy can be thought of as an alternative vision for growth and development; one that can generate growth and improvements in people's lives in ways consistent with sustainable development. A Green Economy promotes a triple bottom line: sustaining and advancing economic, environmental and social well-being.

Economy, which, in turn, is based on renewable energy (solar, wind, geothermal, marine including wave, bio-gas, and fuel cell), Green buildings (green retrofits for energy and water efficiency, residential and commercial assessment, green products and materials, and LEED construction), clean transportation (alternative fuels, public transit, hybrid and electric vehicles, car sharing and carpooling programs), water management (water reclamation, grey water and rainwater systems, low-water landscaping, water purification, storm water management), waste management (recycling, municipal solid waste salvage, brown field land remediation, sustainable packaging), land management (organic agriculture, habitat conservation and restoration, urban forestry and parks, reforestation and afforestation and soil stabilization).

The Policy Guideline for Green Banking has been devised on the basis of a Green

## Bangladesh Bank's Green Banking Initiatives

Bangladesh Bank's Green Banking Initiatives are in two aspects.

- (i) Bangladesh Bank's in-house green activities and
- (ii) Bangladesh Bank's green activities other than in-house.

### Bangladesh Bank's In-house Green Activities

With a move towards encouraging Green Banking in Bangladesh, Bangladesh Bank installed an 8 kilowatt solar power system on its rooftop in March 2010.



Environmentally harmful incineration of non re-issuable damaged bank notes is being phased out, resorting instead to shredding. Steps for measuring the carbon footprint of Bangladesh Bank's internal processes and operations are also underway; eventually to set time bound targets for carbon neutrality/ emission reduction.

Under the networking program, all the departments of Bangladesh Bank Head Office and its nine branch offices have already been brought under a computer network (LAN/WAN), connecting almost 3,100 PCs.

Banks have been brought under the purview of E-Commerce with a view to providing the customers with online-banking facilities covering payments of utility bills, money transfer, and transactions in local currency through internet.

Bangladesh Bank has taken the lead position in encouraging and implementing IT based technologies in the overall banking sector. The implementation of the Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN), Enterprise Resources Planning (ERP), Credit Information Bureau online facilities, and Mobile Banking Service are worth mentioning. Establishment of a National Payment Switch (NPS) is also a major driving force for the whole payment system.

The Bangladesh Automated Clearing House (BACH) has simplified the remittance channel and payment system and, therefore, brings dynamism in business activities. The cheque clearing time has been reduced to one day for countrywide payment. In other cases, it is a matter of a couple of hours only.

The Enterprise Data Warehouse (EDW) creates an electronic data bank which will provide all information and statistics of monetary, trade and fiscal areas of the national economy, where all the concerned people of Bangladesh Bank will have access to use it for further policy analysis.

Bangladesh Bank with its network package is now activated on a web based e-tendering system, which covers announcement of tender, distribution of schedules, bidding etc., to ensure simplicity and transparency of the tendering process.

Online salary and other necessary advice, personnel file updated information, office orders, notification about on-line balance statements for all members employee of Bangladesh Bank, an electronic pass for visitors and many more such conveniences are instantly available.

## **Bangladesh Bank's Green Activities Other than In-house**

### **Refinance Scheme:**

Bangladesh Bank has launched a refinance program of Taka 2 billion for the following types of Green financing:

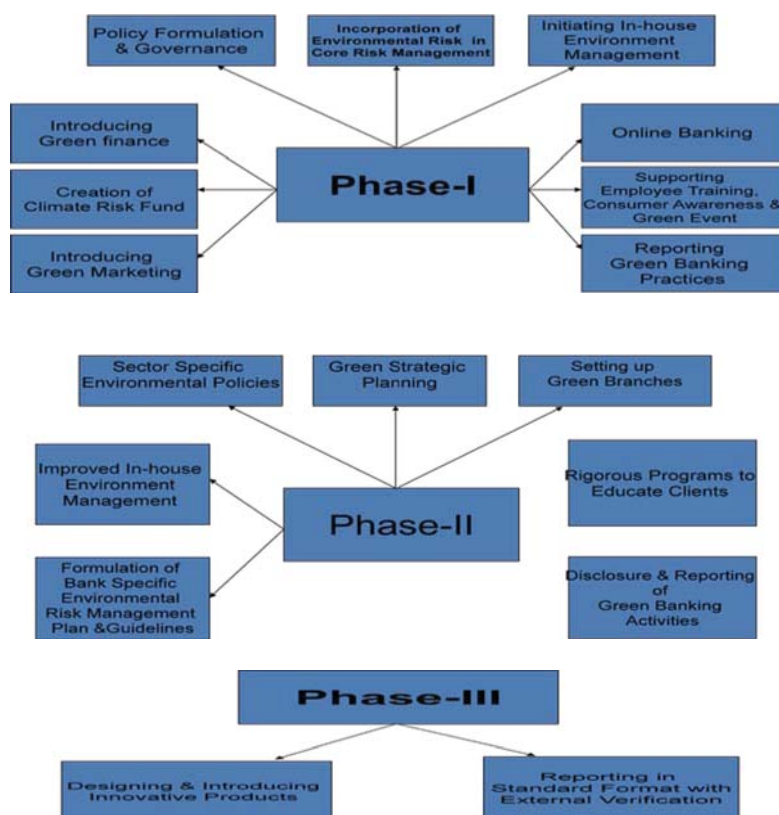
#### **Amount Disbursed under Refinance Scheme**

(in million Taka)

	<b>December, 2011</b>	<b>April, 2012</b>
Solar irrigation pumping station	18.87	18.87
Solar home system	59.37	59.86
Bio-gas	132.21	132.41
ETP	20.78	26.96
HHK	20.00	20.00
Solar PV module assembling plant	Nil	248.80



An indicative Green Banking policy and strategy framework has been developed. Bangladesh Bank’s Green Banking policy initiatives are being rolled out in 3 phases (December 31, 2011; December 31, 2012 and December 31, 2013).



Bangladesh Bank’s initiative to set criteria for certification of a ‘Green Branch’ is in process. A Green Branch of a bank will be entitled to display a special logo approved by Bangladesh Bank.

Bangladesh Bank has provided to all commercial banks the basics of Green Banking in addition to the existing BRPD Circular 02 dated February 27, 2011 along with a common format for reporting Green Banking activities in the following manner:

### Commercial Banks’ Green Banking Initiatives

**Policy Formulation and Governance:** As per existing guidelines, banks are required to formulate and adopt a broad environmental or Green Banking policy and strategy, approved by their Board of Directors in case of commercial Bangladeshi banks and by their Regional Head/Competent authority in case of foreign commercial banks operating in Bangladesh. Policy formulation should be the first priority, because if policy is not there or if it is not approved by the competent authority, then the adaptation and implementation of Green Banking activities that are to be linked with and compliant with the phases (December 2011, December 2012 and December 2013) will not be on track.

Out of 47 commercial banks, 40 banks have formulated their own Green Banking Policy Guidelines approved by their Board of Directors/Competent authority, while the remaining 7 (Rupali Bank Ltd, National Bank Ltd, Brac Bank Ltd., Habib Bank Ltd., National Bank of Pakistan, Citibank N.A. and Bank Alfalah Limited) are yet to formulate their own policy for Green Banking.

**Budget Allocation:** Banks shall approve a considerable amount for Green Banking in their annual budget, which will include (i) Budget for Green Finance (ii) Budget for Climate Risk Fund and (iii) Budget for Marketing & Capacity Building for Green Banking.

Banks have allocated Tk. 5252.07 million in their annual budget for 2012 where (i) Tk. 5052.59 million is for Green Finance (ii) Tk. 194.35 million is for the Climate Change Risk Fund and (iii) Tk. 5.13 million is for marketing and capacity building for Green Banking. Since projects having ETP fall under Green financing, the total allocation of the annual budget for Green Banking in fact will be Tk. 15917.19 million.

**Green Banking Unit (GBU)/Cell/Desk:** The GBU must be an effective team comprising competent officials (senior/mid/junior) and including members from Corporate /SME/Consumer/Retail/Agricultural Financing /IT Division /General Banking or any other relevant departments. The members conducting Green Banking activities are supposed to meet regularly, or as and when required, for preparing the Green Banking report. The Risk Management Head may lead the Green Banking Unit. There may be a permanent position of Assistant Coordinator who will assist the team leader and play a vital role in coordination among all the members of the unit.

So far 43 banks have formed a Green Banking Unit (GBU) for contributing to Green Banking activities, while 4 banks (Sonali Bank Ltd, Habib Bank Ltd, National Bank of Pakistan and Citibank N.A.) are yet to establish GBU.

### **Incorporation of Environmental Risk in Core Risk Management (CRM)**

Environmental risk is not a part of credit risk, but it is a facilitating element of credit risk when it is linked with the credit risk due to environmental condition/climate change. A strong credit risk graded project or business deal may be weakened by a high Environmental Risk Rating (EnvRR) because of high environmental risk therein. Environmental risk in this case has a greater impact over credit risk in the overall credit risk methodology. So, Bangladesh Bank is looking for incorporation of environmental risk in the Core Risk Management (CRM) that mandates considering EnvRR in the overall credit risk methodology, in order for the overall rating to do required justice to a project/business deal. Incorporation of environmental risk in CRM is also important for computation of adequate capital under Risk Based Capital Adequacy (RBCA) and the CAMELS rating under off-site supervision as well. Banks are now assessing EnvRR as per the Environmental Due Diligence (EDD) Checklist of Environmental Risk Management (ERM) guideline.

Up to March 2012, EnvRR has been done for 7165 projects and 6896 projects have been financed by banks. Banks have disbursed Tk. 504557.61 million for these projects.

### **Banks' In-house Green Activities:**

#### **A. Common in-house Green activities as reported by banks are as follows:**

- Common use of table stationeries instead of individual use
- Use of paper on both sides for internal consumption
- Introduction of e-statement for customers instead of paper statements
- Use of online communication in the best possible manner
- Using more daylight instead of electric lights and proper ventilation in lieu of using air conditioning
- Using energy saving bulbs
- Use of Eco Font for printing light impression on both sides of the paper.
- Setting defaults like “Thinking twice before printing.”, “Printing only it really needs”, “Please check your environmental responsibility” etc. in email correspondences.
- Video/Audio conference in lieu of physical travel
- Conversion of Bank’s vehicles (pool) into CNG and use of energy efficient electronic equipments
- Efficient use of printer cartridges, photocopy toner, office stationary, etc.
- Sharing electronic files, voice mail and e-mail instead of paper memos
- Use of solar energy/ renewable energy sources
- More concentration on developing a Green Office Guide for reducing the information gap/reducing hazards/increasing efficiency/awareness/reducing pollution/developing Green Banking for sustainable finance.

#### **B. Some Green Banking Slogans of Banks**

- Save paper, save trees
- Conserve energy, conserve natural resources
- Pay your bills online
- Turn off the tap when not needed
- Always use a cloth bag
- Reduce, reuse and recycle
- Digitize yourself
- Think before you press the button
- Everything has two sides
- Be paperless- kick the habit
- Use car pools to go to work
- Unplug electronic devices while not in use

## Green Finance:

Components those are related to Green Finance are:

- (A) Financing Green Projects/Events such as ETP, projects having ETP, bio-gas plant, bio-fertilizer plant, solar panel/renewable energy plant, solar irrigation pumping station, solar home system, solar PV module assembling plant, Hybrid Hoffman Kiln (HHK).
- (B) Any project/event financed by banks for producing energy resource efficient products or any project/event financed by banks for possible safeguards and mitigating hazards due to environmental condition or climate change and others (if any).

Banks have disbursed a total amount of Tk. 159762.81 million as Green Finance. Bank's type-wise contribution towards Green financing is shown in the following table:

(In million Taka)

Green Projects/Events	SCBs	PCBs	FCBs	SDBs	Total
ETP	77.68	3134.80	705.97	1.00	3919.45
Projects having ETP	5758.74	122694.64	19726.55	0.00	148179.73
Bio-gas Plant,	28.31	219.76	0.00	0.00	248.07
Solar/Renewable Energy Plant	229.77	756.02	0.00	0.00	985.79
Bio-fertilizer Plant,	0.00	4.50	0.00	0.00	4.50
Hybrid Hoffman Kiln (HHK)	112.40	795.17	0.00	0.00	907.57
Others	5249.70	5.20	220.00	42.80	5517.70

## Climate Risk Fund:

The Climate Risk Fund will cover (i) Fund for part of CSR activities (Event) that are related to Climate Change Risk and (ii) Fund for part of CSR activities (Project) related to Climate Change Risk.



A Climate Risk Fund is required as a precautionary measure for possible safeguards and mitigating hazards due to climate change. A Climate Risk Fund may also be required for the banks as part of their CSR activities that relate to climate change conditions. Banks are making an effort to create a database on utilization of the fund for their CSR activities related to climate change conditions and also for the number of projects /events for possible safeguards and mitigating hazards due to climate change.

Banks have also been advised to encourage borrowers by offering a better price to clients to encourage them to invest more in the Projects/Events that are linked with the adaptation/mitigation of climate change risk.

Pubali Bank, United Commercial Bank, National Bank, Dutch-Bangla Bank, Mutual Trust Bank, Bank Asia, Al-Arafah Islami Bank, ICB Islamic Bank, Social Islami Bank, Shahjalal Islami Bank have allocated budget amounting to Tk. 194.35 million for Climate Risk Fund.

### **Introducing Green Marketing**

- Banks should introduce Green products and conduct an awareness development program among the common people.
- Banks need to be proactive and go for marketing their services to the consumer.
- Banks are required to keep in close touch with vendors as well as the borrowers/clients for marketing and providing green products, and look for creation of a “green” and socially/environmentally responsible image.

### **Online Banking**

The following issues have been looked into for Online Banking.

- A substantial portion of internal works of the bank is done through online banking system (through use of outlook, e-mail).
- Access to online banking service for the customers is getting wider day by day.
- Data on No. of branches with online coverage,
- No. of accounts facilitated with internet, mobile/SMS banking etc.

The online banking scenario looks promising, wherein 3042 out of 7998 branches (38.03%) are equipped with online banking services. Thirty seven banks, mainly private and foreign commercial banks, are fully automated ensuring online banking services in each of their branches. 89.05% of the total branches of PCBs have been brought under online banking coverage. In the case of State Owned Commercial Banks (SCBs) 5.49% of their total

branches have been brought under online banking coverage, with Sonali Bank having comparatively a better scenario having 9.08% online coverage.

Type of Banks	Total number of Branches	Number of branches with Online banking facility	% of branches with Online banking facility
SCBs	3442	189	5.49%
PCBs	3078	2741	89.05%
FCBs	63	63	100.00%
SDBs	1415	49	3.46%
Total	7998	3042	38.03%

Banks have started to concentrate on mobile/SMS banking and internet banking. It shows from the returns that 3.91% and 1.42% of the total number of accounts have been facilitated with mobile/SMS banking and internet banking respectively.

### **ATM Services by Banks**

Most of the banks have been offering 24-hour banking services through their countrywide ATM booths. People may have easy and instant access to banking services through using ATMs. Dutch-Bangla Bank Ltd. is taking the lead position with 1994 ATMs.

### **Branches powered by Solar Energy**

A total number of 101 branches of 18 banks are powered by solar energy. 16 branches of Al-Arafah Islami bank and 12 branches of Islami Bank Bangladesh Limited are powered by solar energy. Some branches of Sonali, Eastern, BASIC, Dutch-Bangla, Shahjalal Islami Bank Limited are equipped with solar energy. Brac bank has facilitated 84 SME unit offices with solar/renewable energy.

### **Improved In-house Environment Management**

Banks are required to improve their “In-house Environment Management” in the second phase in 2012. Banks are now concentrating on improving their in-house Green activities in accordance with their Green Office Guide. For example, banks are now increasingly relying on virtual meetings through the use of video conferencing in lieu of physical travel, which helps save cost and energy.

### **Supporting Employee Training, Consumer Awareness and Green Event:**

- Information on Training/Seminar/Workshop or any awareness program.
- It is revealed from the data that banks in general are required to concentrate more on their employee training and consumer awareness in the manner that it demands.

## **Disclosure and Reporting of Green Banking Activities:**

In line with the guidelines of Bangladesh Bank, initiatives have been taken by banks for appropriate disclosure and reporting of Green Banking activities to Bangladesh Bank, Annual Report, Bank Web Site and Media.

### **Major Green Banking activities at a glance up to March 2012**

- 40 banks have formed a Green Banking Unit
- 41 banks have introduced a Green Office Guide
- EnvRR has been done for 7165 projects out of which 6896 rated projects have been financed
- 504557.61 million taka has been disbursed for the rated projects
- 185 branches/SME unit offices have been powered by solar energy
- 37 banks are fully automated
- 3042 branches have been facilitated with online coverage

### **Green Financing**

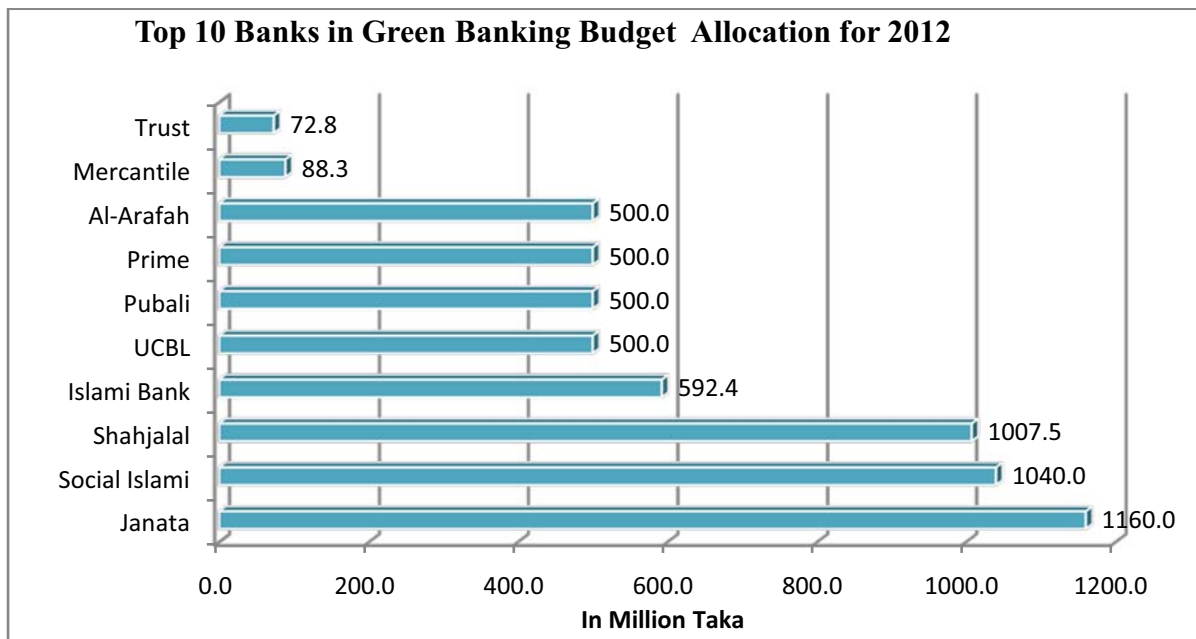
- Tk. 3919.45 million → disbursement in ETP
- Tk. 148179.73 million → disbursement in projects having ETP
- Tk. 248.07 million → disbursement in bio-gas Plant
- Tk. 907.57 million → disbursement in HHK
- Tk. 985.79 million → disbursement in solar panel/renewable energy plant
- Tk. 4.5 million → disbursement in bio fertilizer plant

### **Features of Top Ten Banks in Green Banking Activities**

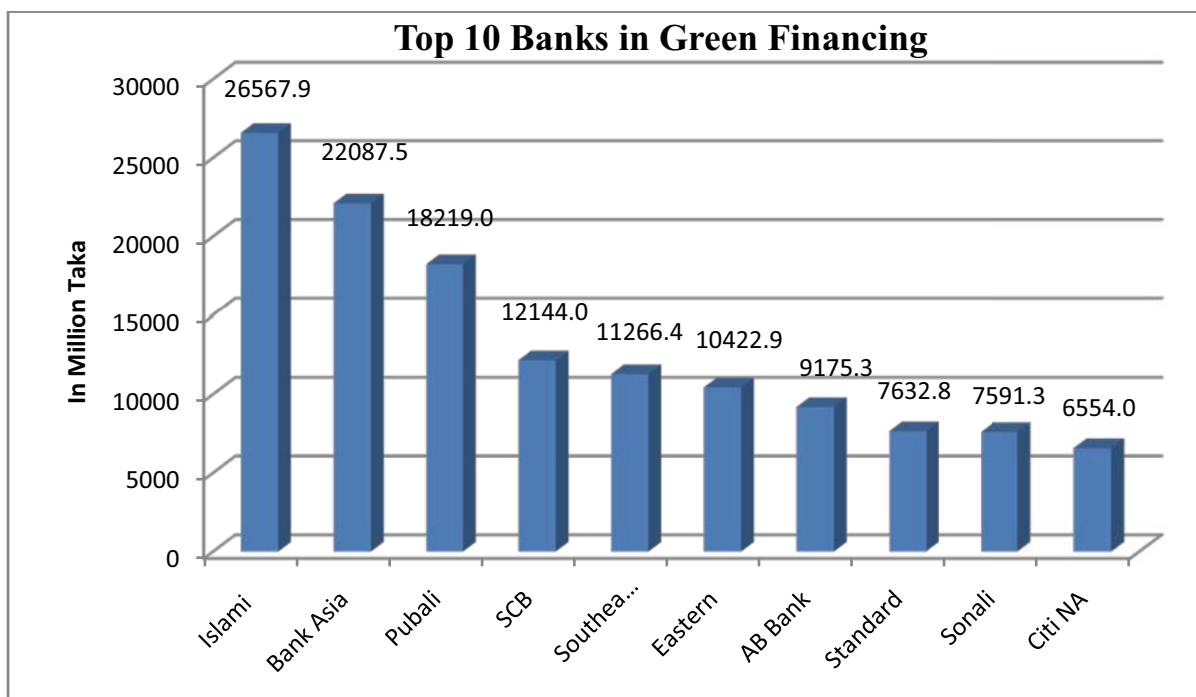
The top ten banks have been graded upon their overall Green Banking activities. Much emphasis has been given on the bank's policy formulation, concentration on utilization of budget for Green Finance, Environmental Risk Rating, the bank's contribution in Online Banking, ATM, Internet and Mobile/SMS Banking. In-house activities covering inventory on

utilities and energy, Green Marketing, capacity building and disclosure by banks has also been considered.

### Budget Allocation

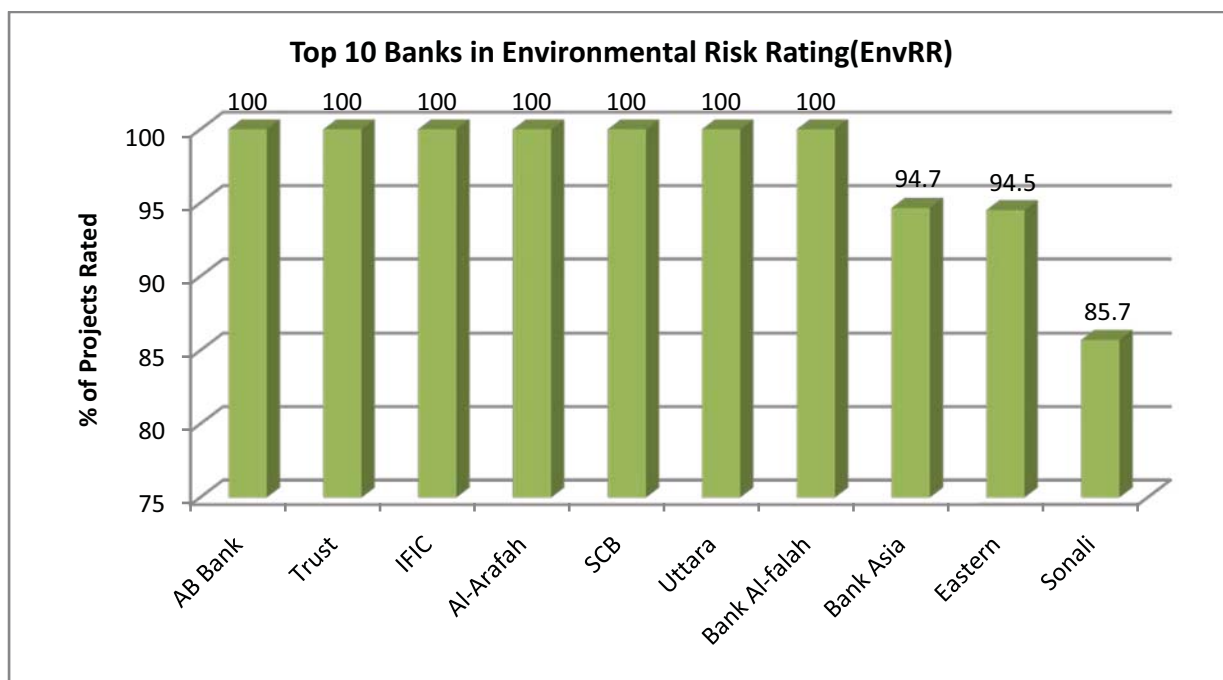


### Green Finance





Only 7 Banks were compliant in assessing EnvRR for all the projects applicable for rating. The following diagram shows the top 10 banks in EnvRR:

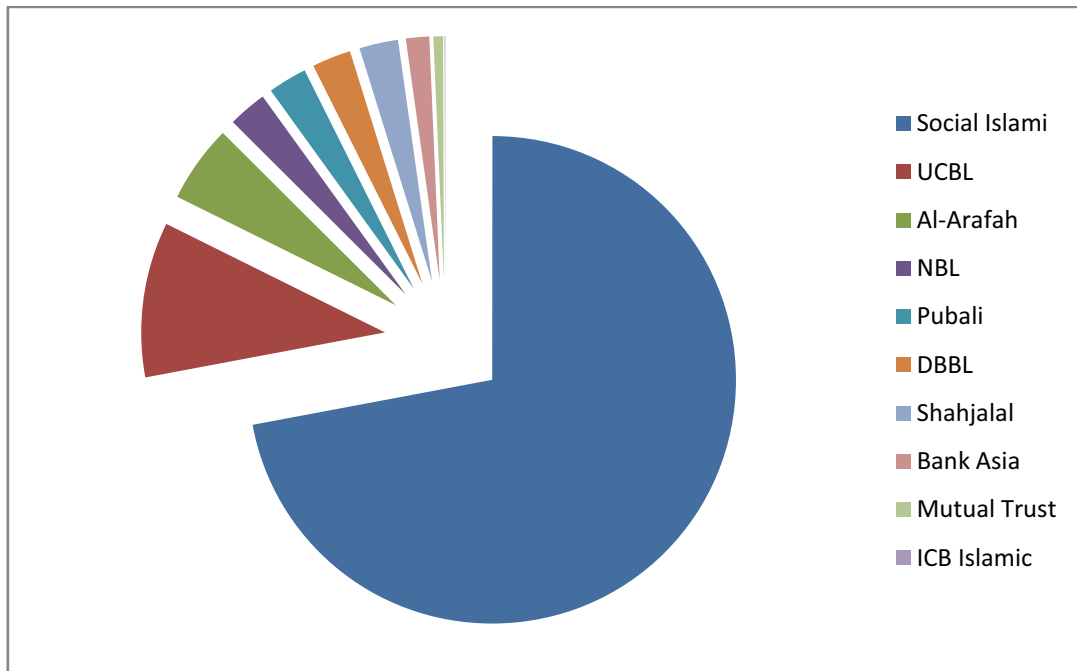


Here, there is not much talk about utilization of the Climate Risk Fund. In this connection, the following table shows the Top 10 banks only in Climate Risk fund allocation.

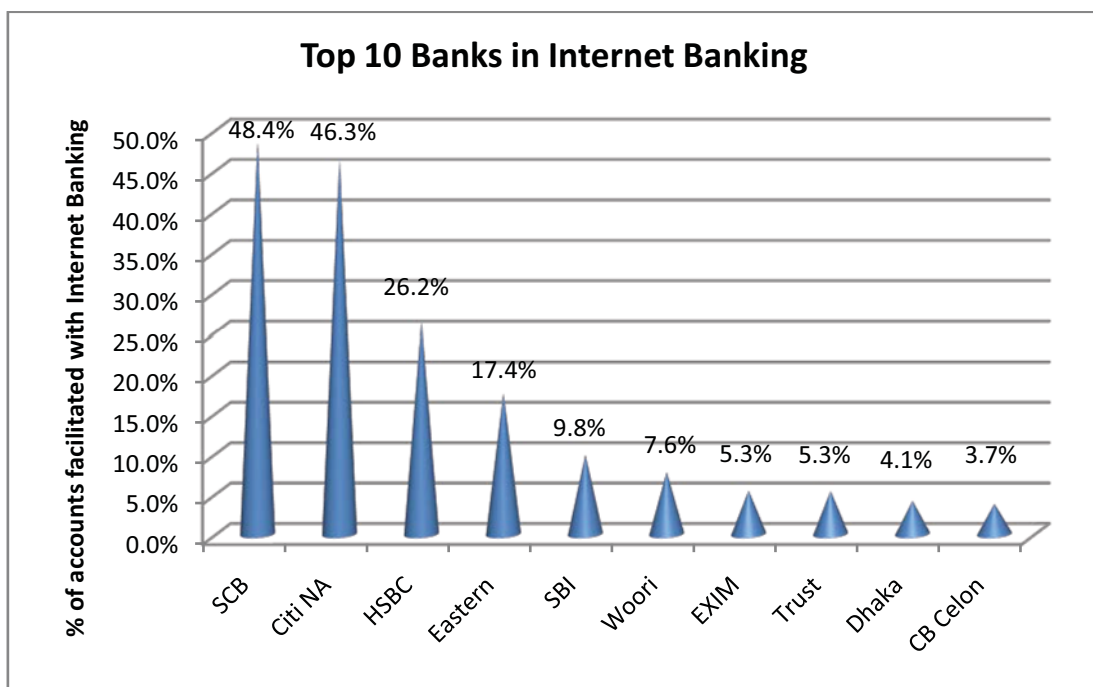
(in Million Taka)

Name of the Banks	Amount	% of Climate Risk Fund Allocated
Social Islami	140.00	72.0
UCBL	20.00	10.3
Al-Arafah	10.00	5.1
NBL	5.00	2.6
Pubali	5.00	2.6
Dutch Bangla	5.00	2.6
Shahjalal	5.00	2.6
Bank Asia	3.00	1.5
Mutual Trust	1.25	0.6
ICB Islamic	0.10	0.1
Total	194.4	100.0

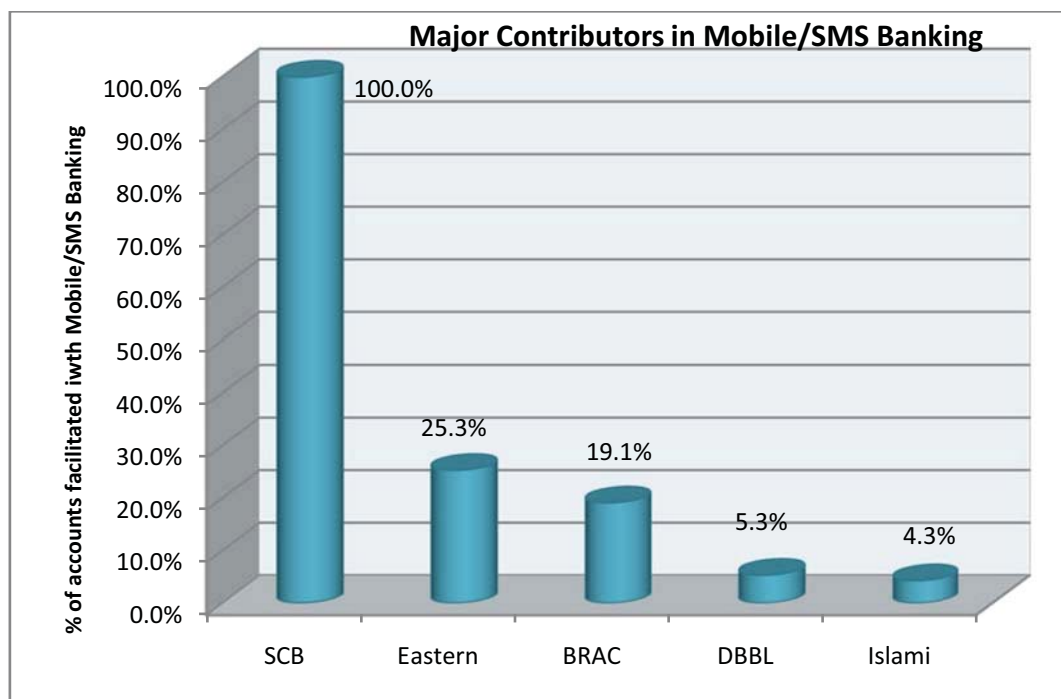
## Climate Risk Fund allocation by Banks



## Top 10 banks providing with Internet Banking Facility



## Mobile/SMS Banking



## Special Events/Features of Banks

<b>AB Bank Limited</b>	<p>Introduction of Earth Hour in every branch and at head office.</p> <p>One officer for each ABBL floor at HO and in every branch will be nominated as “Green Monitor”.</p>
<b>Mutual Trust Bank Limited</b>	Introduction of Earth Hour
<b>Bank Asia Limited</b>	<p>Use of alternative delivery channel</p> <p>Video conference</p> <p>Waste management</p>
<b>Commercial Bank of Ceylon PLC</b>	Acceptance of utility bill through internet



### **Mutual Trust Bank Limited**

- MTB Centre – based on green energy conscious design.
- Solar Panel on rooftop
- ‘MTB Green Energy’ is to finance renewable energy projects, i.e., solar, bio-gas, etc.
- ‘MTB Krishi’, a loan product to finance the core sectors of agriculture, i.e., crops, fisheries, livestock, poultry and agri equipments.
- Solar system powered branches
- ‘Barguna Model’ -A solar driven irrigation system in Barguna.
- Solar irrigation projects.
- Commercial bio-gas plants with power generation.
- Hi-Tech Project for 35KW Solar Power Plant at Gazipur.
- Solar system in 909 Union Parishad offices in off-grid areas

### **Islami Bank Bangladesh Limited**

- Solar Panel on rooftop
- Ensuring maximum recycling /processing of waste/detrimental by-products
- Environment friendly projects Brick Field (Zig-Zag) CNG Re-fuelling projects
- Energy Savings Bulb Projects
- Organic Fertilizer
- Jute Project instead of Polythene
- Tree Plantation
- Preference to environmental infrastructure projects like renewable energy, clean water supply project, waste water treatment, bio-gas and bio-fertilizer, etc.



### **Bank Alfalah Limited**

- Bank Alfalah Limited installed first ever environment friendly solar powered ATM booth in 2011
- This is a silent, safe and simple power solution which also ensures pollution free environment and reduce emanation green house gases.

### **Trust Bank Limited**

- Bio-gas Financing:
- Installation of Bio-gas plant to generate rural energy with 13 farm families at Manikganj in February, 2010
- The project is identified as 4-Cow model integrated Cattle Farming.
- Operation of the plant is going smooth & expansion program undertaken. The repayment of loan is regular.

## **Top 10 Banks**

The following banks have been graded as the Top 10 banks on the basis of their overall Green Banking activities. The names of the banks have been arranged in alphabetical order:

Bank Asia Limited

Dutch Bangla Bank Limited

Eastern Bank Limited

Islami Bank Bangladesh Limited

Mutual Trust Bank Limited

Prime Bank Limited

Pubali Bank Limited

Standard Chartered Bank Limited

Shahjalal Islami Bank Limited

and

Trust Bank Limited

## Challenges Ahead



### Five Major Challenges

- Coordination among all the concerned authorities for a green economy.
- Speeding up proper awareness and effective capacity building. Awareness and capacity building is a must for the Board of Directors/Competent authority/Management in all levels/dealing officials of the banks/financial institutions and clients as well.
- Immediate concentration on sectoral lending policies and procedures.
- Need for applying a quantitative approach for a more justified rating. EnvRR is now on the basis of the Environmental Due Diligence (EDD) Checklist under Subjective Criterion.
- Shifting of different categories of industry (such as, Garments, Textiles, Tannery) to a proper location.

## End Remarks

Banks already have entered into the second phase, having an implementation deadline (December 31, 2012) for Green Banking activities. Banks will need to concentrate on Sector Specific Environmental Policies. They need to formulate strategies to design specific policies for different environmental sensitive sectors.

In view of the above context, banks are to concentrate on the following issues:

- Need to apply Green Banking and use ERM guideline in an efficient manner.
- Develop a culture within the organization based on environmental governance.
- Replicate global as well as local best practice.
- Share knowledge and technical know how with peer groups.
- Further integration with Credit Risk Management in the overall Credit Risk methodology.
- Apply a quantitative approach for Environmental Risk Rating.
- Need to develop a database for technical assistance/issues.

Banks must take climate change and environmental consideration as a prior commitment in all their activities. They must be proactive in building internal resources and capacity to identify, appraise and close Sustainable Energy Finance (SEF) deals. It is expected that the banking sector will play an intermediary role between economic development and environmental protection and lead from the front towards a sustainable future of Bangladesh.





## Statement on Policy Formulation, GBU Formation and Budget Allocation by Banks

Million Tk.

Sl. No.	Bank Name	Formulation and approval of Green Banking Policy	Formation of Green Banking Unit	Budget allocated for Green Banking for 2012			
				For Green Finance	For Climate Risk Fund	For Marketing, Training & Development	Total
1	2	3	4	5	6	7	8=5+6+7
1	Sonali	Y	N	0.00	0.00	0.00	0.00
2	Janata	Y	Y	1160.00	0.00	0.00	1160.00
3	Agrani	Y	Y	0.00	0.00	0.00	0.00
4	Rupali	N	Y	0.00	0.00	0.00	0.00
	<b>Sub Total</b>			<b>1160.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1160.00</b>
5	BKB	Y	Y	0.00	0.00	0.00	0.00
6	RAKUB	Y	Y	0.00	0.00	0.00	0.00
7	BDBL	Y	Y	0.00	0.00	0.00	0.00
8	BASIC	Y	Y	20.00	0.00	0.00	20.00
	<b>Sub Total</b>			<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>
9	The City	Y	Y	0.00	0.00	0.00	0.00
10	U.C.B.L.	Y	Y	480.00	20.00	0.00	500.00
11	AB Bank	Y	Y	0.00	0.00	0.00	0.00
12	IFIC	Y	Y	0.00	0.00	0.00	0.00
13	National	N	Y	32.50	5.00	0.00	37.50
14	Uttara	Y	Y	0.00	0.00	0.00	0.00
15	Pubali	Y	Y	495.00	5.00	0.00	500.00
16	Eastern	Y	Y	1.20	0.00	0.00	1.20
17	NCCBL	Y	Y	0.00	0.00	0.00	0.00
18	Dhaka	Y	Y	0.00	0.00	0.00	0.00
19	Southeast	Y	Y	0.00	0.00	0.00	0.00
20	Prime	Y	Y	500.00	0.00	0.00	500.00
21	Dutch Bangla	Y	Y	0.00	5.00	5.00	10.00
22	Mercantile	Y	Y	88.30	0.00	0.00	88.30
23	One	Y	Y	0.00	0.00	0.00	0.00
24	EXIM	Y	Y	0.00	0.00	0.00	0.00
25	Premier	Y	Y	0.00	0.00	0.00	0.00
26	Standard	Y	Y	0.00	0.00	0.00	0.00
27	First Security	Y	Y	0.00	0.00	0.00	0.00
28	BCBL	Y	Y	0.00	0.00	0.00	0.00
29	Mutual Trust	Y	Y	15.00	1.25	0.13	16.38
30	Trust	Y	Y	72.76	0.00	0.00	72.76
31	Bank Asia	Y	Y	32.00	3.00	0.00	35.00
32	Al-Arafa	Y	Y	490.00	10.00	0.00	500.00
33	ICB Islamic	Y	Y	0.90	0.10	0.00	1.00
34	Islami	Y	Y	592.37	0.00	0.00	592.37
35	SIBL	Y	Y	40.00	140.00	0.00	180.00
36	BRAC	N	Y	0.00	0.00	0.00	0.00
37	Jamuna	Y	Y	0.00	0.00	0.00	0.00
38	Shahjalal	Y	Y	1002.50	5.00	0.00	1007.50
	<b>Sub Total</b>			<b>3842.53</b>	<b>194.35</b>	<b>5.13</b>	<b>4042.01</b>
39	CB of Ceylon	Y	Y	0.00	0.00	0.00	0.00
40	Stand Chart.	Y	Y	21.38	0.00	0.00	21.38
41	SBI	Y	Y	0.00	0.00	0.00	0.00
42	Habib	N	N	0.00	0.00	0.00	0.00
43	NBP	N	N	0.00	0.00	0.00	0.00
44	Citi N.A.	N	N	0.00	0.00	0.00	0.00
45	HSBC	Y	Y	8.65	0.00	0.00	8.65
46	Woori	Y	Y	0.00	0.00	0.00	0.00
47	AL-Falah	N	Y	0.03	0.00	0.00	0.03
	<b>Sub Total</b>			<b>30.06</b>	<b>0.00</b>	<b>0.00</b>	<b>30.06</b>
	<b>Grand Total</b>			<b>5052.59</b>	<b>194.35</b>	<b>5.13</b>	<b>5252.07</b>



## Statement on Environmental Risk Rating (EnvRR) by Banks

Million Taka

Sl. No	Bank Name	As of December/2011			As of March/2012			Total Number of Projects Rated	Total Number of Rated Projects Financed	Total Amount disbursed in favor of Rated projects	
		No. of projects Rated	No. of Rated projects Financed	Amount disbursed in favor of Rated projects	No. of projects applicable for ERR	No. of projects Rated	No. of Rated projects Financed				Amount disbursed in favor of Rated projects
1	2	3	4	5	6	7	8	9	10=3+7	11=4+8	12=5+9
1	Sonali	23	23	6082.00	28	24	24	6082.00	47	47	12164.00
2	Janata	0	0	0.00	0	0	0	0.00	0	0	0.00
3	Agrani	0	0	0.00	0	0	0	0.00	0	0	0.00
4	Rupali	0	0	0.00	0	0	0	0.00	0	0	0.00
	<b>Sub Total</b>	<b>23</b>	<b>23</b>	<b>6082</b>	<b>28</b>	<b>24</b>	<b>24</b>	<b>6082.00</b>	<b>47</b>	<b>47</b>	<b>12164.00</b>
5	BKB	0	0	0.00	0	0	0	0.00	0	0	0.00
6	RAKUB	0	0	0.00	0	0	0	0.00	0	0	0.00
7	BDBL	57	63	180.04	6	6	6	45.94	63	69	225.98
8	BASIC	0	0	0.00	205	45	45	1639.67	45	45	1639.67
	<b>Sub Total</b>	<b>57</b>	<b>63</b>	<b>180.04</b>	<b>211</b>	<b>51</b>	<b>51</b>	<b>1685.61</b>	<b>108</b>	<b>114</b>	<b>1865.65</b>
9	The City	0	0	0.00	0	0	0	0.00	0	0	0.00
10	U.C.B.L.	0	0	0.00	0	0	0	0.00	0	0	0.00
11	AB Bank	1874	1874	79217.70	1099	1099	1099	37694.50	2973	2973	116912.20
12	IFIC	25	25	7286.94	12	12	12	1293.80	37	37	8580.74
13	National	0	0	0.00	0	0	0	0.00	0	0	0.00
14	Uttara	775	775	3313.59	47	47	47	16.60	822	822	3330.19
15	Pubali	30	30	10934.00	36	7	7	15547.00	37	37	26481.00
16	Eastern	271	271	43066.00	291	275	275	41587.00	546	546	84653.00
17	NCCBL	0	0	0.00	0	0	0	0.00	0	0	0.00
18	Dhaka	0	0	0.00	0	0	0	0.00	0	0	0.00
19	Southeast	0	0	0.00	0	0	0	0.00	0	0	0.00
20	Prime	39	39	8464.91	5	5	5	411.10	44	44	8876.01
21	Dutch Bangla	0	0	0.00	66	35	32	5038.39	35	32	5038.39
22	Mercantile	0	0	0.00	0	0	0	0.00	0	0	0.00
23	One	151	144	22290.13	51	42	41	44613.64	193	185	66903.77
24	EXIM	0	0	0.00	905	537	437	39626.81	537	437	39626.81
25	Premier	2	2	1070.46	0	0	0	0.00	2	2	1070.46
26	Standard	0	0	0.00	0	0	0	0.00	0	0	0.00
27	First Security	0	0	0.00	0	0	0	0.00	0	0	0.00
28	BCBL	0	0	0.00	0	0	0	0.00	0	0	0.00
29	Mutual Trust	19	19	8385.41	119	18	18	618.91	37	37	9004.32
30	Trust	240	240	23999.00	9	9	7	1446.70	249	247	25445.70
31	Bank Asia	352	352	6075.00	243	236	230	8755.19	588	582	14830.19
32	Al-Arafa	114	107	10732.09	28	28	28	402.20	142	135	11134.29
33	ICB Islamic	42	23	297.70	92	62	6	25.60	104	29	323.30
34	Islami	2	2	143.69	0	0	0	0.00	2	2	143.69
35	SIBL	53	53	7435.71	10	8	8	1100.00	61	61	8535.71
36	BRAC	18	18	900.00	5	5	5	150.00	23	23	1050.00
37	Jamuna	12	10	159.00	769	68	36	2542.01	80	46	2701.01
38	Shahjalal	0	0	0.00	173	106	106	5524.56	106	106	5524.56
	<b>Sub Total</b>	<b>4019</b>	<b>3984</b>	<b>233771.33</b>	<b>3960</b>	<b>2599</b>	<b>2399</b>	<b>206394.01</b>	<b>6618</b>	<b>6383</b>	<b>440165.34</b>
39	CB of Ceylon	0	0	0.00	140	2	0	0.00	2	0	0.00
40	Stand Chart.	252	202	30638.77	74	74	41	14130.42	326	243	44769.19
41	SBI	0	0	0.00	0	0	0	0.00	0	0	0.00
42	Habib	0	0	0.00	0	0	0	0.00	0	0	0.00
43	NBP	0	0	0.00	1	0	0	0.00	0	0	0.00
44	Citi N.A.	43	43	279.00	90	8	53	3850.00	51	96	4129.00
45	HSBC	0	0	0.00	0	0	0	0.00	0	0	0.00
46	Woori	0	0	0.00	0	0	0	0.00	0	0	0.00
47	AL-Falah	0	0	0.00	13	13	13	1464.43	13	13	1464.43
	<b>Sub Total</b>	<b>295</b>	<b>245</b>	<b>30917.77</b>	<b>318</b>	<b>97</b>	<b>107</b>	<b>19444.85</b>	<b>392</b>	<b>352</b>	<b>50362.62</b>
	<b>Grand Total</b>	<b>4394</b>	<b>4315</b>	<b>270951.14</b>	<b>4517</b>	<b>2771</b>	<b>2581</b>	<b>233606.47</b>	<b>7165</b>	<b>6896</b>	<b>504557.61</b>

**Statement on ATM, Internet and Mobile/SMS Banking by Banks**

Sl. No.	Bank Name	No of ATM (Own)	% of branches providing Online banking services	% of accounts facilitated with Internet Banking	% of accounts facilitated with SMS/Phone Banking
1	2	3	4	5	6
1	Sonali	52	9.08%	0.00%	0.00%
2	Janata	6	0.46%	0.00%	0.06%
3	Agrani	6	7.59%	0.00%	0.00%
4	Rupali	0	1.99%	0.00%	0.00%
	<b>Sub Total</b>	<b>64</b>	<b>5.49%</b>	<b>0.00%</b>	<b>0.06%</b>
5	BKB	0	0.00%	0.00%	0.00%
6	RAKUB	0	0.00%	0.00%	0.00%
7	BDBL	0	0.00%	0.00%	0.00%
8	BASIC	5	100.00%	0.00%	0.00%
	<b>Sub Total</b>	<b>5</b>	<b>3.46%</b>	<b>0.00%</b>	<b>0.00%</b>
9	The City	123	100.00%	0.00%	2.74%
10	U.C.B.L.	2	100.00%	0.00%	0.06%
11	AB Bank	204	100.00%	1.16%	0.00%
12	IFIC	3	100.00%	1.95%	0.00%
13	National	0	100.00%	0.00%	0.00%
14	Uttara	0	0.00%	0.00%	0.00%
15	Pubali	6	75.37%	0.00%	0.00%
16	Eastern	2	100.00%	17.38%	25.25%
17	NCCBL	40	100.00%	0.00%	0.00%
18	Dhaka	34	100.00%	4.09%	1.89%
19	Southeast	18	100.00%	0.58%	0.00%
20	Prime	100	100.00%	1.74%	0.00%
21	Dutch Bangla	1994	100.00%	1.82%	5.34%
22	Mercantile	22	100.00%	0.00%	0.00%
23	One	20	100.00%	0.00%	0.00%
24	EXIM	10	100.00%	5.34%	0.00%
25	Premier	0	100.00%	0.00%	0.20%
26	Standard	2	100.00%	0.16%	0.00%
27	First Security	0	100.00%	0.00%	0.00%
28	BCBL	2	16.67%	0.00%	0.00%
29	Mutual Trust	93	100.00%	1.04%	0.43%
30	Trust	74	100.00%	5.30%	3.29%
31	Bank Asia	63	100.00%	1.41%	0.08%
32	Al-Arafa	10	100.00%	0.00%	0.00%
33	ICB Islamic	10	100.00%	0.00%	0.00%
34	Islami	141	100.00%	0.58%	4.31%
35	SIBL	10	100.00%	0.00%	0.00%
36	BRAC	305	100.00%	2.74%	19.07%
37	Jamuna	57	100.00%	0.00%	0.38%
38	Shahjalal	0	100.00%	0.00%	0.00%
	<b>Sub Total</b>	<b>3345</b>	<b>89.05%</b>	<b>1.25%</b>	<b>4.52%</b>
39	CB of Ceylon	17	100.00%	3.71%	0.00%
40	Stand Chart.	91	100.00%	48.40%	100.0%
41	SBI	0	100.00%	9.76%	0.00%
42	Habib	5	100.00%	0.00%	0.00%
43	NBP	0	100.00%	0.00%	0.00%
44	Citi N.A.	0	100.00%	46.25%	0.00%
45	HSBC	38	100.00%	26.19%	0.00%
46	Woori	0	100.00%	7.64%	0.00%
47	AL-Falah	3	100.00%	0.00%	0.00%
	<b>Sub Total</b>	<b>154</b>	<b>100.00%</b>	<b>35.48%</b>	<b>53.70%</b>
	<b>Grand Total</b>	<b>3568</b>	<b>38.03%</b>	<b>1.42%</b>	<b>3.91%</b>