

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

**As of September 2013**



**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 guidelines, 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 September 30, 2013.

### **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.

All 9 new banks have not formulated their own Green Banking Policy Guidelines and formed Green Banking Unit (GBU) till the reporting quarter. 2 new banks reported to have prepared own Green Office Guide.

4 out of 31 FIs have formulated their own Green Banking Policy Guidelines approved by their Board of Directors and 6 FIs have formed Green Banking Unit (GBU) till the reporting quarter. 6 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. 365,652.45 million for green banking activities, banks have allocated Tk. 363,929.96 for green finance, Tk. 1,196.16 for climate risk fund and Tk. 526.33 for Marketing Training and Capacity Building. This allocation has been made on annual basis.

39 banks have utilized Tk. 85,039.92 million in the reporting quarter for green banking activities. Out of which, Tk. 84,978.55 for green finance, Tk. 15.41 for climate risk fund and Tk. 45.96 have been utilized.

Any of the new banks is yet to allocate fund for green banking activities in the reporting quarter.

Thus, consolidated data of 47 banks are shown below. The quarterly shift from June to September in 2013 evidences a slight downward trend in respect of utilization of fund that is shown in Figure-1.

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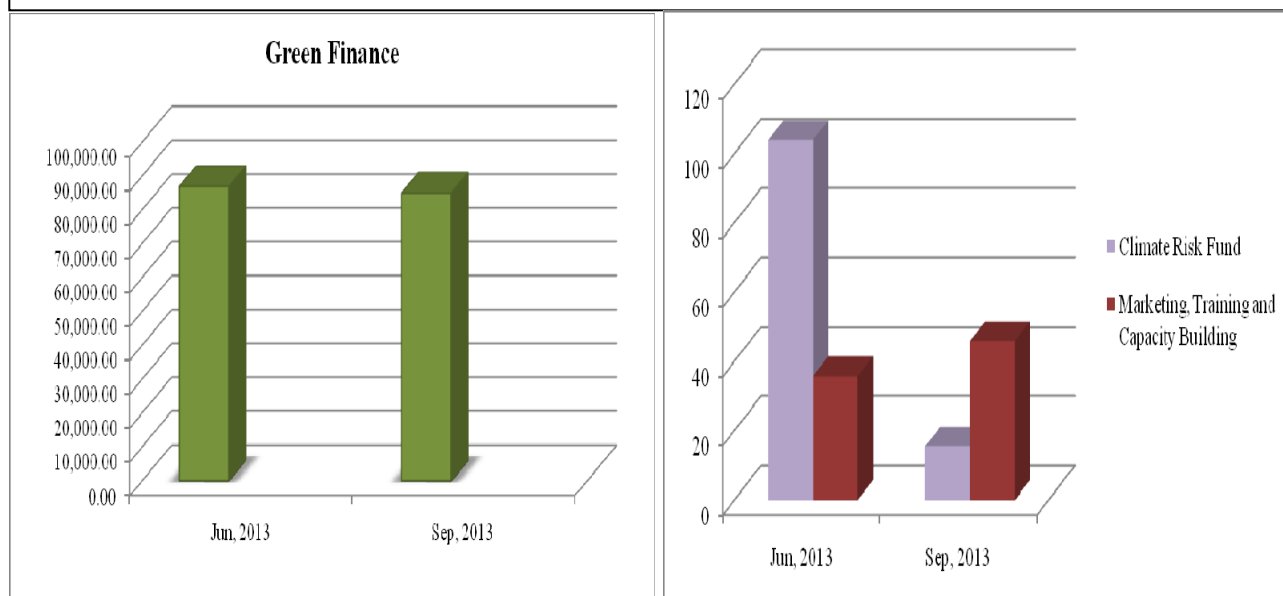
<sup>1</sup> Financial Institutions licensed under Financial Institutions Act, 1993.

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Types of Banks	Annual Allocation of Fund (in million Taka)				Utilization of Funds, September-13 (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>	3,915.00	94.70	86.20	4,095.90	685.17	9.83	5.45	700.45
<b>SDBs</b>	5,000.00	433.20	40.10	5,473.30	429.00	0.00	0.00	429.00
<b>PCBs</b>	275,024.34	540.22	273.69	275,838.25	62,167.98	2.46	23.37	62,193.81
<b>FCBs</b>	79,990.62	128.04	126.34	80,245.00	21,696.40	3.12	17.14	21,716.66
<b>Total</b>	<b>363,929.96</b>	<b>1,196.16</b>	<b>526.33</b>	<b>365,652.45</b>	<b>84,978.55</b>	<b>15.41</b>	<b>45.96</b>	<b>85,039.92</b>

Types of Banks	Utilization of Climate Risk Fund, September-13 (in million taka)	
	Event	Project
SCBs	9.83	0.00
SDBs	0.00	0.00
PCBs	2.38	0.08
FCBs	3.12	0.00
<b>Total</b>	<b>15.33</b>	<b>0.08</b>

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



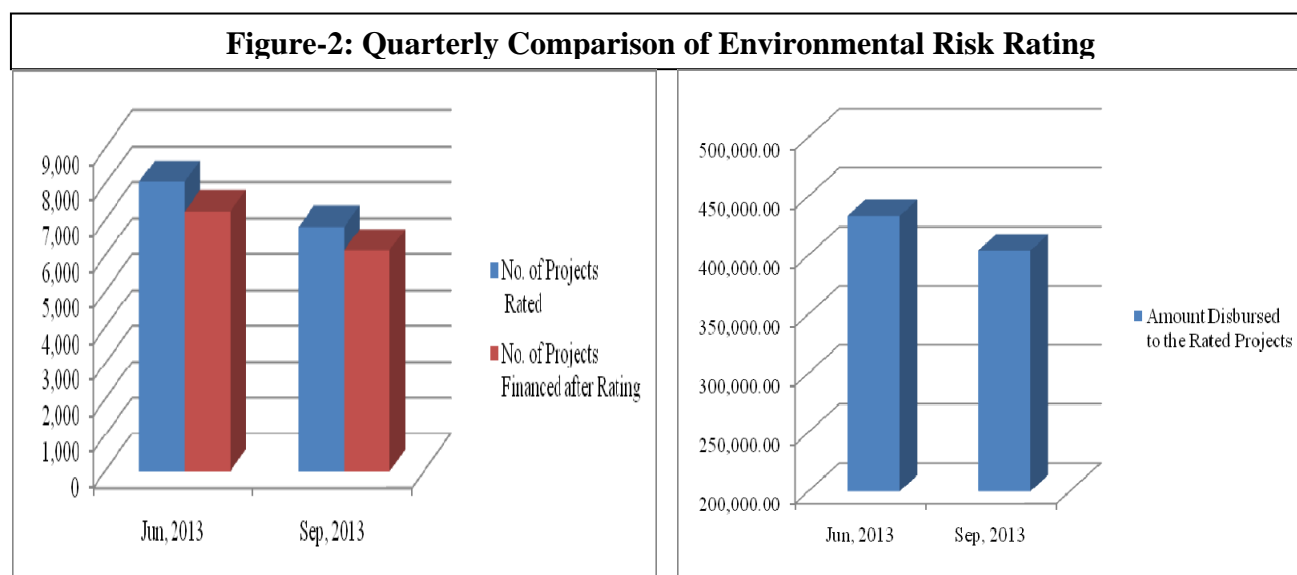
Out of Tk. 8,953.13 million for green banking activities, FIs have allocated Tk. 8,947.53 for green finance, Tk. 3.94 for climate risk fund and Tk. 1.66 for Marketing Training and Capacity Building. This allocation has been made on annual basis.

6 FIs have utilized Tk. 3,072.75 million in the reporting quarter for green banking activities. Out of which, Tk. 3,071.79 for green finance, Tk. 0.77 for climate risk fund and Tk. 0.19 have been utilized.

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

42 banks (out of 47 banks scheduled before 2013) have conducted environmental risk rating in the reporting quarter. Janata Bank Ltd, Rajshahi Krishi Unnayan Bank, Premier Bank Ltd, National Bank of Pakistan and State Bank of India are the five banks that have not pursued ERR. According to that, number of Projects applicable for Environmental Due Diligence (EDD) rating in this quarter is 7,383. 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	97	58	47	374.53
SDBs	121	121	121	5,887.13
PCBs	6,280	5,998	5,741	365,577.25
FCBs	885	638	243	32,260.55
<b>Total</b>	<b>7,383</b>	<b>6,815</b>	<b>6,152</b>	<b>404,099.46</b>



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>1</b>	<b>1</b>	<b>1</b>	<b>30.00</b>
<b>FIs</b>	<b>536</b>	<b>515</b>	<b>486</b>	<b>18,688.98</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	3,511	16	0
SDBs	1,486	24	1
PCBs	3,458	210	180
FCBs	69	3	4
<b>Total</b>	<b>8,524</b>	<b>253</b>	<b>185</b>

Types of Banks/FIS	No. of Branches	No. of branches powered by Solar Energy	No. of ATM/SME units powered by Solar Energy
New Banks	20	0	0
FIs	125	3	0

#### 5. Green Finance:

40 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. 84,978.55 million as of

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	0.43	259.26	0.00	410.18	15.30	0.00
SDBs	0.00	426.29	0.00	0.00	0.00	2.30	0.41	0.00
PCBs	408.00	51,389.19	181.46	170.61	0.00	901.98	9,114.53	2.21
FCBs	0.00	21,696.40	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>408.00</b>	<b>73,511.88</b>	<b>181.89</b>	<b>429.87</b>	<b>0.00</b>	<b>1,314.46</b>	<b>9,130.24</b>	<b>2.21</b>

September 2013.

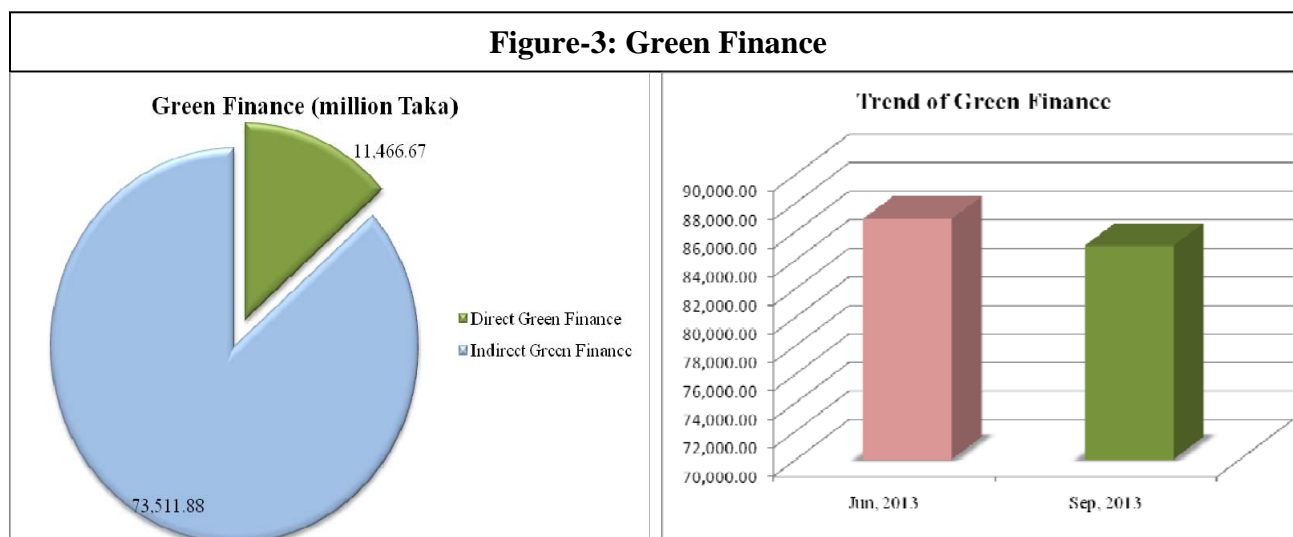
Types of Banks	Direct Green Finance <sup>2</sup>	Indirect Green Finance <sup>3</sup>	Total Green Finance
SCBs	685.17	0.00	685.17
SDBs	2.71	426.29	429.00
PCBs	10,778.79	51,389.19	62,167.98
FCBs	0.00	21,696.40	21,696.40
<b>Total</b>	<b>11,466.67</b>	<b>73,511.88</b>	<b>84,978.55</b>

<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: June-2013	Green Finance: September-2013
SCBs	316.67	685.17
SDBs	343.82	429.00
PCBs	61,615.56	62,167.98
FCBs	24,572.78	21,696.40
<b>Total</b>	<b>86,848.83</b>	<b>84,978.55</b>

**Figure-3: Green Finance**



## 6. Online Banking:

46 banks (out of 47 banks scheduled before 2013) have at least one online branch and 29 banks have introduced internet banking facility up to September 2013. Remarkable 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	3,511	558	15.89%
SDBs	1,486	93	6.26%
PCBs	3,458	3,340	96.59%
FCBs	69	69	100.00%
<b>Total</b>	<b>8,524</b>	<b>4,060</b>	<b>47.63%</b>

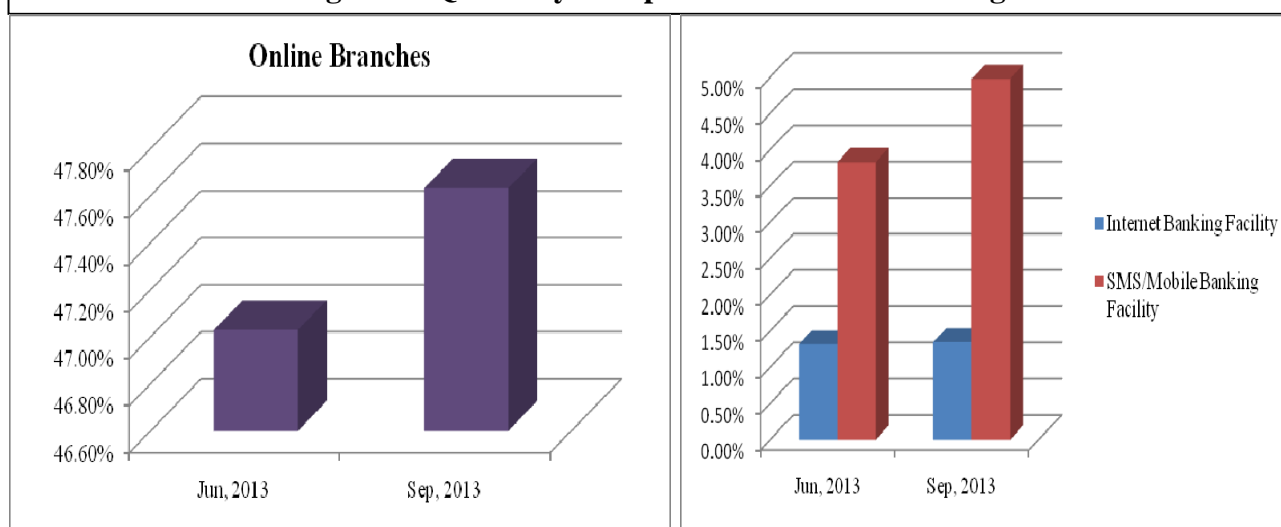
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Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
New Banks	20	12	60.00%

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	29,526,586	21	0.00%	3,310	0.01%
SDBs	14,273,472	0	0.00%	0	0.00%
PCBs	29,438,856	826,574	2.81%	3,455,763	11.74%
FCBs	214,928	161,894	75.32%	196,940	91.63%
<b>Total</b>	<b>73,453,842</b>	<b>988,489</b>	<b>1.35%</b>	<b>3,656,013</b>	<b>4.98%</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	5,190	1,064	20.50%	0	0.00%

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



### 7. Training, Promotion and Disclosure:

36 banks (out of 47 banks scheduled before 2013) have arranged 162 training programs concerning green banking where total number of participants was 6,960. A snapshot on training is given below:

<b>Types of Banks</b>	<b>No. of Programs</b>	<b>No. of Participants</b>
SCBs	16	385
SDBs	14	493
PCBs	123	5,889
FCBs	9	193
<b>Total</b>	<b>162</b>	<b>6,960</b>

<b>Types of Banks/FIs</b>	<b>No. of Programs</b>	<b>No. of Participants</b>
<b>FIs</b>	<b>10</b>	<b>29</b>

32 banks have initiated Green Marketing and 8 banks have arranged Green Events in this quarter.

Upto September 2013, 39 banks have pursued disclosure on green banking in their annual report, 35 have put green banking disclosure in their website. 19 banks have disclosed their green banking activities in the media and 4 banks have prepared Independent Report on green banking activities.

### **8. Major Green Banking Activities at a Glance in September 2013:**

- ❖ Green Banking unit has been established in 47 banks.
- ❖ 47 banks have introduced a Green Office Guide.
- ❖ EnvRR has been done for 6,815 projects.
- ❖ 6,152 rated projects have been financed.
- ❖ 404,099.46 million taka has been disbursed against rated projects.
- ❖ 253 branches and 185 ATM/SME unit offices are powered by solar energy.
- ❖ 4,060 branches have been facilitated with online coverage.
- ❖ Taka 84,978.55 million has been disbursed as green finance.
- ❖ Taka 15.41 million has been utilized from climate risk fund.
- ❖ Taka 45.96 million has been utilized for green marketing, training and development.

### **9. Concluding Remarks:**

The highlights of September quarter are the inclusion of banks scheduled in 2013 and FIs under Green Banking monitoring. The scenario of green banking activities in September, 2013 quarter evidences trivial downhill trend in respect of the performances of banks scheduled before 2013. This trend of investment and expenditure in various green banking activities of banks is mainly accounted to the turbulent political situation of the country. Yet, banks have shown progress in the in-house environment management.