



**Sustainable Finance Department  
Bangladesh Bank  
Head Office**

## **Quarterly Review Report on Sustainable Finance of Banks & Financial Institutions**



**January-March, 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/FIs 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 financial institutions (FIs) 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 & FIs from January 01 to 31 March, 2023 timeline. It also covers green finance/investment by 61 scheduled banks and 34 FIs under refinance scheme.

### Green Finance by Banks (Period: Jan-Mar, 2023)

**27,759.51** million BDT

### Green Finance by FIs (Period: Jan-Mar, 2023)

**8,390.85** million BDT

### Sustainable Finance by Banks (Period: Jan-Mar, 2023)

**353,879.89** million BDT

### Sustainable Finance by FIs (Period: Jan-Mar, 2023)

**13,069.36** 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 NBFIs, 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 FIs 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 FIs' efforts concerning People, Planet and Profit.

## 2. Policy Chronology and Refinancing Initiatives of BB

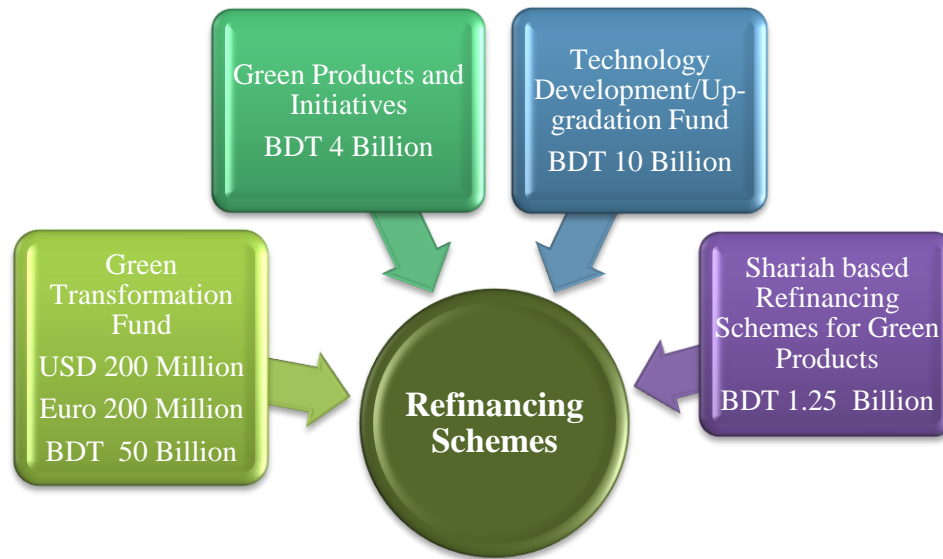
### 2.1 Policy Chronology:

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.
FEPD Circular No. 32/2017	17.08.2017	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
SFD Circular No. 04/2017	06.09.2017	A comprehensive list of product/initiatives of Green Finance for banks and FIs has been circulated.
FEPD Circular No. 36/2017	09.10.2017	Inclusion of export oriented jute products manufacturing industry in Green Transformation Fund.
SFD Circular No. 02/2018	05.04.2018	Master Circular for Islamic Refinance Scheme.

Circular/Circular Letter No.	Date	Particulars
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.
SFD Circular No. 02/2020	30.04.2020	Refinance Scheme for Environment Friendly Products / Initiatives / Projects.
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 Letter No. 05/2020	09.09.2020	From September, 2020 onwards minimum target of green finance was set at 5% of the total funded term loan disbursement/investment for all banks and FIs.
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 Letter No. 05	17.08.2021	About Sustainability Rating Methodology for Banks & FIs.
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



## 2.2 Refinancing Initiatives of BB:



## 3. At a Glance Sustainable Finance (Period: January-March, 2023)

### 3.1 Sustainable Finance:

#### A. Highlights:

Issue	Banks	FIs	Total
Green Finance (in million BDT)	27,759.51	8,390.85	36,150.36
Green Finance as % of Total Term Loan Disbursement	4.16%	18.64%	5.08%
Sustainable Linked Finance (in million BDT)	326,120.39	4,678.51	330,798.90
Sustainable Finance (in million BDT)	353,879.89	13,069.36	366,949.25
Sustainable Finance as % of Total Loan Disbursement	13.59%	21.32%	13.77%

#### B. Sector-wise Sustainable Finance:

Issue	Sustainable Finance by Banks & FIs					(in million BDT)	
	Sustainable Linked Finance (SLF)					Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Socially Responsible Financing (SRF)	Working Capital & Demand Loan of Green Products/Projects/Initiatives	Priority Green/Eco-Friendly Products for Trading Sector		
	1					2	1+2
Banks	93,022.86	56,447.01	77,962.25	72,547.48	26,140.79	27,759.51	353,879.89
FIs	853.97	855.14	1,730.14	886.02	353.24	8,390.85	13,069.36
Total	93,876.83	57,302.15	79,692.39	73,433.50	26,494.03	36,150.36	366,949.25

### 3.2 Number of Borrowers in Sustainable Finance:

#### A. Sector-wise:

Number of Borrowers in Sustainable Finance by Banks & FIs							
Issue	Sustainable Linked Finance (SLF)					Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Socially Responsible Financing (SRF)	Working Capital & Demand Loan of Green Products/Projects/Initiatives	Priority Green/Eco-Friendly Products for Trading Sector		
	1					2	1+2
<b>Banks</b>	<b>620,624</b>	<b>4,159</b>	<b>427,526</b>	<b>6,586</b>	<b>13,993</b>	<b>3,724</b>	<b>1,076,612</b>
<b>FIs</b>	728	114	6,466	60	152	992	<b>8,512</b>
<b>Total</b>	<b>621,352</b>	<b>4,273</b>	<b>433,992</b>	<b>6,646</b>	<b>14,145</b>	<b>4,716</b>	<b>1,085,124</b>

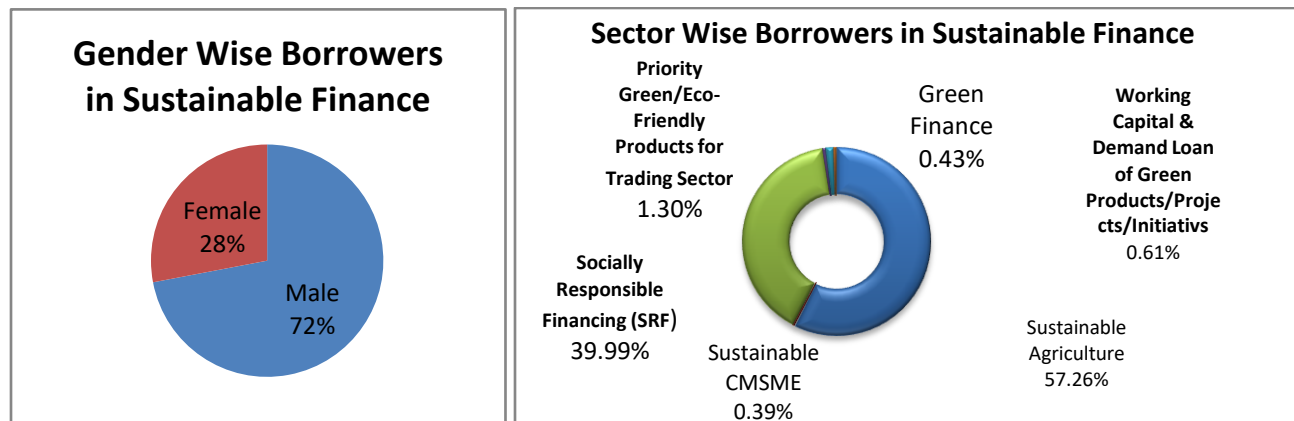
#### B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Third Gender	Total
<b>Banks</b>	779,812	296,800	0	<b>1,076,612</b>
<b>FIs</b>	1,635	6877	0	<b>8,512</b>
<b>Total</b>	781,447	303,677	0	<b>1,085,124</b>

#### C. Rural-Urban wise:

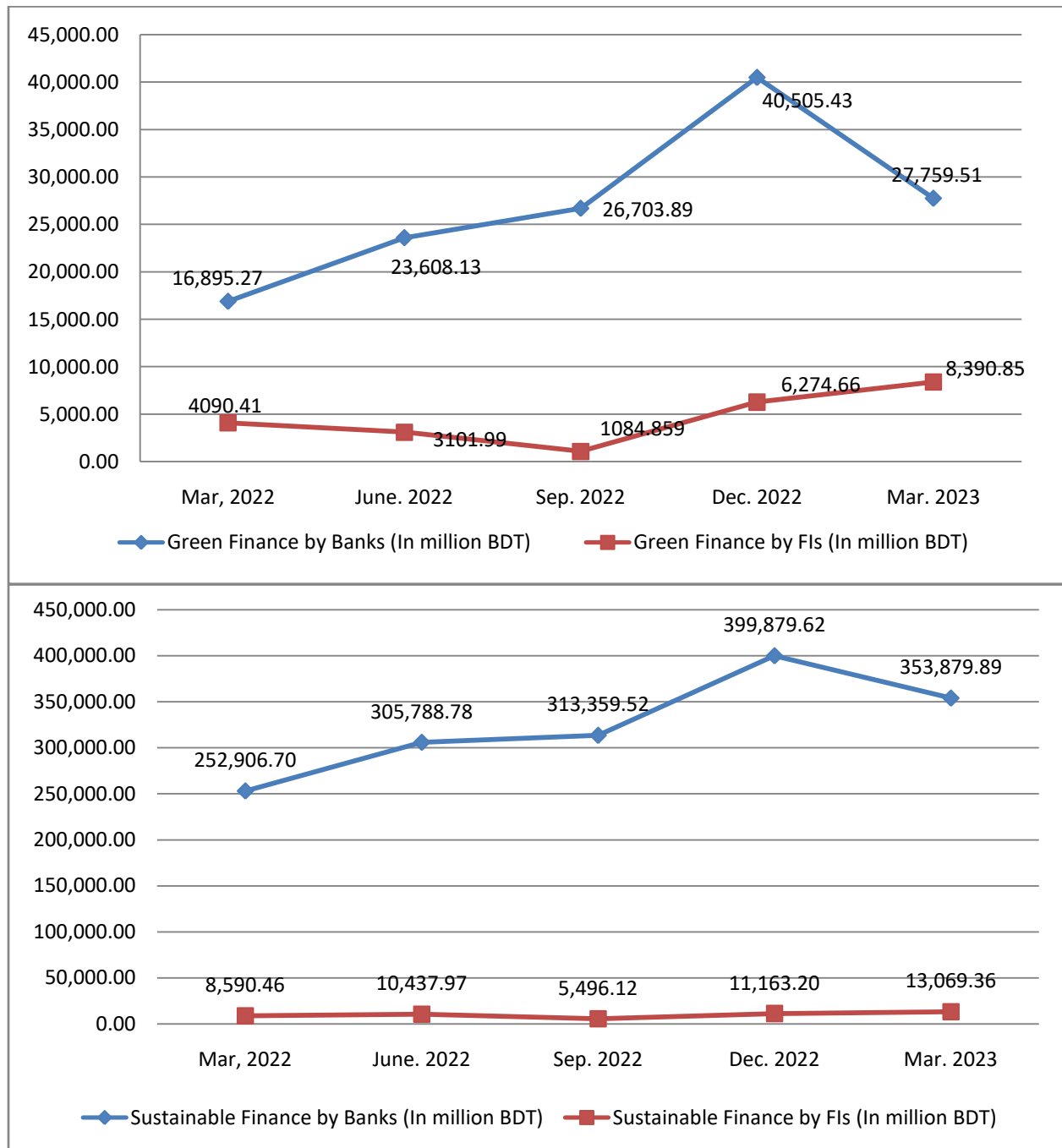
Number of Borrowers in Sustainable Finance	Rural	Urban	Total
<b>Banks</b>	<b>539,691</b>	<b>536,921</b>	<b>1,076,612</b>
<b>FIs</b>	<b>7,650</b>	<b>862</b>	<b>8,512</b>
<b>Total</b>	<b>547,341</b>	<b>537,783</b>	<b>1,085,124</b>

#### D. Graphical Representation of Borrowers in Sustainable Finance as percentage





### E. Quarterly Trend of Green Finance & Sustainable Finance



In January-March, 2023 period Banks and FIs total contribution of Green Finance is 36,150.36 million taka which is 10,629.73 million taka less than October-December, 2022 period. Similarly, in January-March, 2023 period Banks and FIs total contribution of Sustainable Finance is 366,949.25 million taka which is 44,093.57 million taka less than October-December, 2022 period.

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

Issue	2019	2020	2021	2022	2023(Jan-March)
Green Finance (in million BDT)	111,037.77	119,299.26	72,328.50	122,264.65	36,150.36
Green Finance as % of Total Term Loan Disbursement	1.22%	3.96%	3.06%	4.97%	5.08%
Sustainable Linked Finance(in million BDT)	-	-	753,188.24	1,185,357.70	330,798.90
Sustainable Finance (in million BDT)	-	-	825,516.74	1,307,622.35	366,949.25
Sustainable Finance as % of Total Loan Disbursement	-	-	8.04%	11.59%	13.77%

**3.3 Utilization of Climate Risk Fund:**

Total utilization of Climate Risk Fund in the review quarter is 234.54 million taka.

Climate Risk Fund	Number			Amount		
Issue	Banks	FIs	Total	Banks	FIs	Total
Events	14	0	14	135.491	0	135.491
Projects	3	0	3	40.5	0	40.5
Concessional Loan	31	49	80	4.8	53.75	58.55

**3.4 Environmental & Social Risk Management:**

Issue	Banks	FIs	Total
Number of Environmental Risk Rated Projects	46,976	5,711	52,687
Number of Environmental Risk Rated Projects Financed	37,926	8,158	46,084
Amount Disbursed Against Rated Projects (in million BDT)	863,674.72	38,855.91	902,530.63

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

Issue	Banks	FIs	Total
Number of Solar Powered Branches	688	6	694
Number of Branches with Rainwater Harvesting	4	2	6
Number of Branches with Solid Waste Management System	321	2	323
Number of Solar powered ATM Booths	71	-	71
Number of Solar Powered Agent Outlets	4	-	4
Online branches (as % of total branches)	98.31%	18.26%	95.80%

### 3.6 Leading Banks & FIs achievement in Sustainable Finance & Green Finance<sup>1</sup>:

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

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Rajshahi Krishi Unnayan Bank	64.57%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	100.00%
Bangladesh Krishi Bank	56.42%	Infrastructure Development Co. Ltd	100.00%
Shahjalal Islami Bank Ltd	39.81%	The UAE-Bangladesh Investment Co. Ltd	100.00%
National Bank Ltd	35.00%	Bangladesh Finance & Investment Limited	90.13%
Habib Bank Ltd	34.07%	CVC Finance Ltd	62.25%
Community Bank Bangladesh Ltd	32.95%	Strategic Finance & Investments Ltd	53.66%
Jamuna Bank Ltd	28.24%	Agrani SME Financing Company Ltd	46.50%
State Bank of India	27.53%	Lankan Alliance Finance Ltd	41.03%
Trust Bank Ltd	27.22%	Meridian Finance and Investment Ltd	31.83%
Prime Bank Ltd	26.47%	United Finance Ltd	21.01%
NCC Bank Ltd	25.02%		
Islami Bank Bangladesh Ltd	23.57%		
The City Bank Ltd	23.51%		
Bank Asia Ltd	20.11%		
BRAC Bank Ltd	20.03%		

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

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
EXIM Bank Ltd	38.09%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	100.00%
Shahjalal Islami Bank Ltd	33.18%	Infrastructure Development Co. Ltd	100.00%
Shimanto Bank Ltd	28.32%	The UAE-Bangladesh Investment Co. Ltd	41.67%
State Bank of India	23.08%	Bangladesh Finance & Investment Limited	33.70%
United Commercial Bank Ltd	21.01%	CVC Finance Ltd	28.64%
Islami Bank Bangladesh Ltd	20.97%	United Finance Ltd	16.74%
Jamuna Bank Ltd	20.36%	Agrani SME Financing Company Ltd	10.17%
Trust Bank Ltd	16.10%	IDLC Finance Ltd	9.17%
Prime Bank Ltd	12.42%		
Modhumoti Bank Ltd	10.86%		
Mutual Trust Bank Ltd	10.25%		
Janata Bank Ltd	8.21%		
The HSBC	8.12%		
Uttara Bank Ltd	7.90%		
The City Bank Ltd	7.41%		
Social Islami Bank Ltd	6.60%		
Eastern Bank Ltd	6.43%		
BRAC Bank Ltd	6.13%		
Bank Asia Ltd	6.07%		

<sup>1</sup> 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.

#### 4. Review on Sustainable Finance Activities of Banks and Financial Institutions (FIs)

##### 4.1 Policy Formulation and Governance:

All scheduled banks and FIs have formed their own Sustainable Finance Unit. Bangladesh Bank has introduced Sustainable Finance Policy in December, 2020. Through this policy BB has defined Sustainable Finance for Banks & FIs. All the Banks and FIs have to prepare their own Sustainable Finance Policy mandatorily.

##### 4.2 Overview of Sustainable Finance:

56 Banks out of 61 and 13 FIs out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and FIs during January-March, 2023 quarter is shown in Table-4.1, 4.2 and 4.3

**Table-4.1: Sustainable Finance (Period: January-March, 2023)**

(In million BDT)

Type of Bank/FI	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
<b>SOCBs</b>	231,194.71	86,329.67	925.83	48,065.71	13,050.86	215,282.10
<b>SDBs</b>	46,144.27	4,539.05	7.40	166.13	25,115.53	243,886.21
<b>PCBs</b>	2,028,154.26	550,821.31	26,491.84	272,328.54	286,439.99	1,006,004.47
<b>FCBs</b>	297,786.51	25,001.22	334.44	3,049.45	29,273.52	56,245.76
<b>Bank's Total</b>	<b>2,603,279.75</b>	<b>666,691.25</b>	<b>27,759.51</b>	<b>323,609.83</b>	<b>353,879.89</b>	<b>1,521,418.54</b>
<b>FIs</b>	61,302.47	45,003.55	8,390.85	57,424.07	13,069.36	80,157.34
<b>Grand Total</b>	<b>2,664,582.22</b>	<b>711,694.80</b>	<b>36,150.36</b>	<b>381,033.90</b>	<b>366,949.25</b>	<b>1,601,575.88</b>

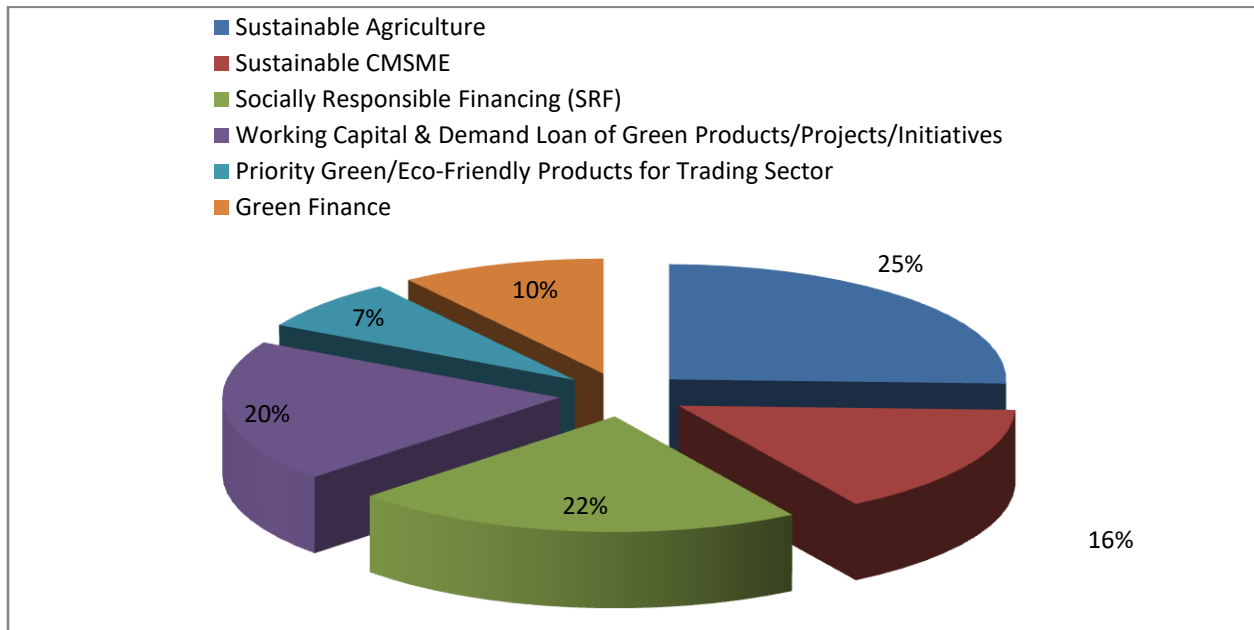
**Table-4.2: Recovery and Rescheduling of Sustainable Finance (Period: January-March, 2023)**

(In million BDT)

Type of Bank/FI	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
<b>SOCBs</b>	1,345.59	294.70	6,968.46	492.89
<b>SDBs</b>	3.11	0.00	17,978.21	0.00
<b>PCBs</b>	44,461.85	1,723.50	154,173.26	1,950.40
<b>FCBs</b>	282.46	0.00	27,514.95	0.00
<b>Bank's Total</b>	<b>46,093.01</b>	<b>2,018.20</b>	<b>206,634.88</b>	<b>2,443.29</b>
<b>FIs</b>	1,386.77	264.23	4,753.02	300.85
<b>Grand Total</b>	<b>47,479.78</b>	<b>2,282.43</b>	<b>211,387.90</b>	<b>2,744.14</b>

**Table-4.3: Sustainable Finance (Period: January-March, 2023)***(In million BDT)*

Type of Bank/FI	Sustainable Linked Finance (SLF)					Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Socially Responsible Financing (SRF)	Working Capital & Demand Loan of Green Products/Projects /Initiatives	Priority Green/Eco-Friendly Products for Trading Sector		
<b>SOCBs</b>	7,195.41	2,645.48	2,168.85	115.29	0.00	925.83	<b>13,050.86</b>
<b>SDBs</b>	24,551.29	556.84	0.00	0.00	0.00	7.40	<b>25,115.53</b>
<b>PCBs</b>	60,455.01	53,176.22	61,154.20	59,021.94	26,140.79	26,491.84	<b>286,439.99</b>
<b>FCBs</b>	821.15	68.48	14,639.20	13,410.25	0.00	334.44	<b>29,273.52</b>
<b>Bank's Total</b>	<b>93,022.86</b>	<b>56,447.01</b>	<b>77,962.25</b>	<b>72,547.48</b>	<b>26,140.79</b>	<b>27,759.51</b>	<b>353,879.89</b>
<b>FIs</b>	853.97	855.14	1,730.14	886.02	353.24	8,390.85	<b>13,069.36</b>
<b>Total</b>	<b>93,876.83</b>	<b>57,302.15</b>	<b>79,692.39</b>	<b>73,433.50</b>	<b>26,494.03</b>	<b>36,150.36</b>	<b>366,949.25</b>

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

### 4.3 Green Finance- Category wise:

42 Banks out of 61 and 9 FIs out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 27,759.51 million BDT by banks and 8,390.85 million BDT by FIs in January-March, 2023 period. A brief picture of sector wise green finance by Banks and FIs is shown in Table-4.4 & 4.5:

<b>Table-4.4: Green Finance (in million BDT)</b>					
<b>Type of Bank/FI</b>	<b>Sectors of Green Finance</b>				
	<b>Renewable Energy</b>	<b>Energy Efficiency</b>	<b>Alternative Energy</b>	<b>Liquid Waste Management</b>	<b>Solid Waste Management</b>
<b>SOCBs</b>	3.54	1.50	0.00	397.00	0.00
<b>SDBs</b>	3.49	0.00	0.00	0.00	0.00
<b>PCBs</b>	984.42	5,226.74	17.50	3,498.39	4.00
<b>FCBs</b>	320.00	0.00	0.00	0.00	0.00
<b>Bank's Total</b>	<b>1,311.45</b>	<b>5,228.24</b>	<b>17.50</b>	<b>3,895.39</b>	<b>4.00</b>
<b>FIs</b>	184.84	4,385.85	8.50	65.00	30.39
<b>Grand Total</b>	<b>1,496.29</b>	<b>9,614.09</b>	<b>26.00</b>	<b>3,960.39</b>	<b>34.39</b>

<b>Table-4.4: Green Finance (in million BDT)- Table Continued</b>						
<b>Type of Bank/FI</b>	<b>Sectors of Green Finance</b>					
	<b>Recycling &amp; Manufacturing of Recyclable Goods</b>	<b>Environment Friendly Brick Production</b>	<b>Green/ Environment Friendly Establishments</b>	<b>Green Agriculture</b>	<b>Green CMSME</b>	<b>Green SRF</b>
<b>SOCBs</b>	93.22	147.14	152.04	5.69	125.70	0.00
<b>SDBs</b>	0.50	0.00	0.00	3.41	0.00	0.00
<b>PCBs</b>	1,921.08	1,328.47	9,319.63	932.85	1,725.45	1,533.31
<b>FCBs</b>	0.00	0.00	13.84	0.30	0.30	0.00
<b>Banks' Total</b>	<b>2,014.80</b>	<b>1,475.61</b>	<b>9,485.51</b>	<b>942.25</b>	<b>1,851.45</b>	<b>1,533.31</b>
<b>FIs</b>	14.63	50.00	2,422.45	90.20	854.84	284.15
<b>Grand Total</b>	<b>2,029.43</b>	<b>1,525.61</b>	<b>11,907.96</b>	<b>1,032.45</b>	<b>2,706.29</b>	<b>1,817.46</b>



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	1.07%	5.64%
SDBs	0.16%	54.43%
PCBs	4.81%	14.12%
FCBs	1.34%	9.83%
Banks' Total	4.16%	13.59%
FIs	18.64%	21.32%
Grand Total	5.08%	13.77%

#### 4.4 Compliance Overview of ESRM Framework:

49 banks out of 61 and 18 FIs out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter.

Table-4.6: Environmental &amp; Social Risk Rating

Type of Bank/FI	No. of Projects Rated	No. of Rated Projects Financed	Amount disbursed in Rated projects (in million BDT)
SOCBs	5,862	8,877	5,472.71
SDBs	0	0	0.00
PCBs	40,481	28,549	795,470.20
FCBs	633	500	62,731.81
Banks' Total	<b>46,976</b>	<b>37,926</b>	<b>863,674.72</b>
FIs	5,711	8,158	38,855.91
Grand Total	<b>52,687</b>	<b>46,084</b>	<b>902,530.63</b>

#### 4.5 In-house Green Banking Activities:

Type of Bank/FI	No. of Branches	No. of Branches Powered by Solar Energy	Number of Branches with Rainwater Harvesting	Number of Branches with Solid Waste Management System	No. of ATM Booths	No. of ATM Booths powered by Solar Energy
SOCBs	3,824	87	0	0	390	4
SDBs	1,523	0	0	0	7	0
PCBs	5,881	592	3	315	10,744	63
FCBs	69	9	1	6	136	4
Bank's Total	<b>11,297</b>	<b>688</b>	<b>4</b>	<b>321</b>	<b>11,277</b>	<b>71</b>
FIs	367	6	2	2	-	-
Grand Total	<b>11,664</b>	<b>694</b>	<b>6</b>	<b>323</b>	<b>11,277</b>	<b>71</b>

Type of Bank/FI	Number of Agent Outlets	Number of Solar Powered Agent Outlets	Number of Accounts using Internet Banking	Number of Accounts using Smart-Phone App-based Banking	Number of Online Branches	Total number of MFS Accounts
SOCBs	761	0	67894	463047	3752	0
SDBs	0	0	4057663	0	1421	0
PCBs	23,028	4	5840147	18511051	5865	116689074
FCBs	0	0	309480	164883	69	0
Bank's Total	<b>23,789</b>	<b>4</b>	<b>10,275,184</b>	<b>19,138,981</b>	<b>11,107</b>	<b>116,689,074</b>
FIs	-	-	764	764	67	19
Grand Total	<b>23,789</b>	<b>4</b>	<b>10,275,948</b>	<b>19,139,745</b>	<b>11,174</b>	<b>116,689,093</b>

#### 4.6 Green Investment:

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

#### 4.7 Training, Awareness and Capacity Building:

36 Banks and 6 FIs have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training (Period: January-March, 2023) is given below:

Table-4.8: Training (Period: January-March, 2023)			
Type of Bank/FI	No. of Programs Organized	No. of Employees Trained	No. of Customers Trained
SOCBs	45	586	3
SDBs	1	40	0
PCBs	110	4158	25
FCBs	33	2012	0
Bank's Total	<b>189</b>	<b>6,796</b>	<b>28</b>
FIs	31	376	46
Grand Total	<b>220</b>	<b>7172</b>	<b>74</b>

## 5. Review on Refinancing Schemes of BB for Green Finance

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

Funding scheme of BB	Amount	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Products/Initiatives (in million BDT)	<b>262.03</b>	<b>2</b>
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)	-	-
Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT)	<b>256.31</b>	<b>3</b>

### 5.1 Refinance Scheme for Environment Friendly Products/Initiatives:

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant etc., BB established a revolving refinance scheme amounting to BDT 2 billion (200 crore) from its own fund for solar energy, Bio-gas and Effluent Treatment Plant (ETP) in 2009. The size of the fund has been increased from BDT 2 billion to BDT 4 billion in view of the growing demand for financing of environment friendly products/initiatives<sup>2</sup>. The product line has been enhanced to 68 under 11 categories. Since inception, total amount of Tk. 7423.28 million has been disbursed as refinance facility from the fund till 31 March, 2023. The disbursement scenario of this scheme during January-March, 2022 quarter is furnished below:

Table-5.2: Sub-category/ Product wise Disbursement		
SL. No	Sub-category/ Product	BDT in million
1	Establishment of Certified Green Building	255.00
2	Safety and work environment of factory	7.03
3	<b>Total Disbursement</b>	<b>262.03</b>

### 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 financial institutions to facilitate the shariah based banks and FIs in 2014<sup>3</sup>. In 2018 Bangladesh Bank has issued an integrated and comprehensive “master circular”<sup>4</sup> 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 country<sup>5</sup>. 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, 2019<sup>6</sup>. Recently, 200 million Euros has been added to the fund<sup>7</sup>. This Euro

<sup>2</sup> SFD Circular 02/2020

<sup>3</sup> GBCSRD circular no. 06 /2014

<sup>4</sup> SFD Circular No.02/2018

<sup>5</sup> FE Circular No. 02/2016

<sup>6</sup> FE Circular Letter No. 14/2019

<sup>7</sup> FE Circular No. 20/2020

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 31 March, 2023. In December, 2022 another 50 Billion refinance fund (in local currency) for export and manufacturing industry has been introduced to serve the same purpose<sup>8</sup>. In January-March, 2023 quarter there is no disbursement from this 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 oriented industries in Bangladesh<sup>9</sup>. So far 32 industrial sectors mentioned in Export Policy 2018-2021 under 11 initiatives/categories are included in the fund. The fund has been circulated for banks and FIs through the SFD Circular No-02 dated 17 January 2021. 28 Banks & 9 FIs are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is Tk. 865.67 million till 31 March 2023. In January-March, 2023 quarter disbursement from this fund is Tk. 256.31 million in 3 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 & NBFIs. During the quarter under consideration, after introducing the policy, followings are the outcome:

- During the review quarter 19 banks and 8 FIs have surpassed the target of green finance (5%) compared to the total term loan disbursement. EXIM Bank Ltd, Shahjalal Islami Bank Ltd, Shimanto Bank Ltd, State Bank of India, United Commercial Bank Ltd, Islami Bank Bangladesh Ltd, Jamuna Bank Ltd, Trust Bank Ltd, Prime Bank Ltd, Modhumoti Bank Ltd, Mutual Trust Bank Ltd, Janata Bank Ltd, The HSBC, Uttara Bank Ltd, The City Bank Ltd, Social Islami Bank Ltd, Eastern Bank Ltd, BRAC Bank Ltd and Bank Asia Ltd belong to that league. NBFIs like Bangladesh Infrastructure Finance Fund Ltd (BIFFL), Infrastructure Development Co. Ltd, The UAE-Bangladesh Investment Co. Ltd, Bangladesh Finance & Investment Limited, CVC Finance Ltd,

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<sup>8</sup> SFD Circular No 07/2022

<sup>9</sup> SFD Circular No 02/2021

United Finance Ltd, Agrani SME Financing Company Ltd and IDLC Finance Ltd have done a decent job.

- Moreover, in January-March, 2023 quarter 15 banks and 10 FIs have been able to fulfill their target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, Rajshahi Krishi Unnayan Bank, Bangladesh Krishi Bank, Shahjalal Islami Bank Ltd, National Bank Ltd, Habib Bank Ltd, Community Bank Bangladesh Ltd, Jamuna Bank Ltd, State Bank of India, Trust Bank Ltd, Prime Bank Ltd, NCC Bank Ltd, Islami Bank Bangladesh Ltd, The City Bank Ltd, Bank Asia Ltd and BRAC Bank Ltd have performed well. Among the NBFIs, performance of Bangladesh Infrastructure Finance Fund Ltd (BIFFL), Infrastructure Development Co. Ltd, The UAE-Bangladesh Investment Co. Ltd, Bangladesh Finance & Investment Limited, CVC Finance Ltd, Strategic Finance & Investments Ltd, Agrani SME Financing Company Ltd, Lankan Alliance Finance Ltd, Meridian Finance and Investment Ltd and United Finance Ltd 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.....***