



**Sustainable Finance Department
Bangladesh Bank
Head Office**

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



July-September, 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.

Bangladesh Bank (BB) has clearly defined ‘Sustainable Finance’ for Banks & FIs in its policy. 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 June 01 to 30 September, 2023. It also covers green finance/investment by 61 scheduled banks and 34 FIs under refinance scheme.

Green Finance by Banks (Period: July-Sept, 2023)

36,044.34 million BDT

Green Finance by FIs (Period: July-Sept, 2023)

7,516.49 million BDT

Sustainable Finance by Banks (Period: July-Sept, 2023)

322,964.30 million BDT

Sustainable Finance by FIs (Period: July-Sept, 2023)

11,767.38 million BDT

Table of Contents

Sl No.	Topics	Page No.
1	Introduction	1
2	Policy Chronology and Refinancing Initiatives of BB	2-4
3	At a Glance Sustainable Finance (Period: July-September, 2023)	4-10
4	Review on Sustainable Finance Activities of Banks and Financial Institutions (FIs)	10-14
5	Review on Refinancing Schemes of BB for Green Finance	14-16
6	Concluding Remarks	16-17

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.

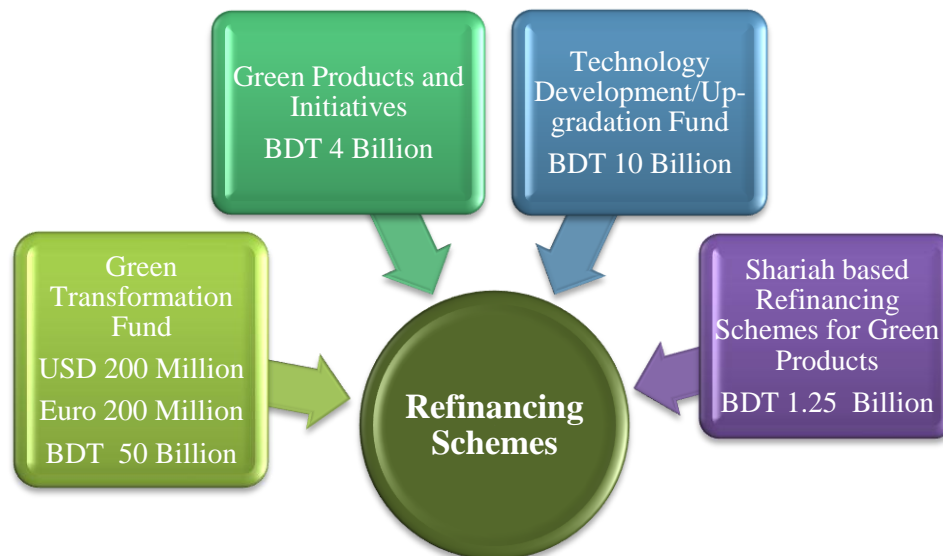
2. Policy Chronology and Refinancing Initiatives of BB

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
SFD Circular Letter No. 01	08.06.2023	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular No. 02	30.08.2023	Refinance Scheme for Environment Friendly Products/Projects/Initiatives

2.2 Refinancing Initiatives of BB:



3. At a Glance Sustainable Finance (Period: July-September, 2023)

3.1 Sustainable Finance:

A. Highlights:

Issue	Banks	FIs	Total
Green Finance (in million BDT)	36,044.34	7,516.49	43,560.83
Green Finance as % of Total Term Loan Disbursement	7.15%	18.69%	8.01%
Sustainable Linked Finance (in million BDT)	286,919.94	4,250.89	291,170.83
Sustainable Finance (in million BDT)	322,964.28	11,767.38	334,731.66
Sustainable Finance as % of Total Loan Disbursement	12.72%	21.13%	12.90%

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		
Banks	67,200.89	50,275.86	56,205.74	101,324.78	11,912.67	36044.34	322,964.28
FIs	884.88	585.39	1,719.45	719.15	342.02	7516.49	11,767.38
Total	68,085.77	50,861.25	57,925.19	102,043.93	12,254.69	43560.83	334,731.66

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
Banks	491,296	3,254	289,778	3,117	1,640	6,718	795,803
FIs	383	53	3,132	28	120	1,596	5,312
Total	491,679	3,307	292,910	3,145	1,760	8,314	801,115

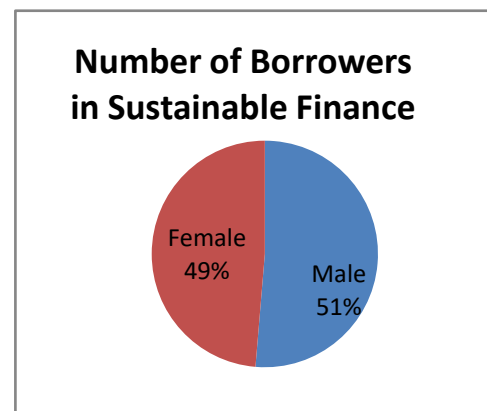
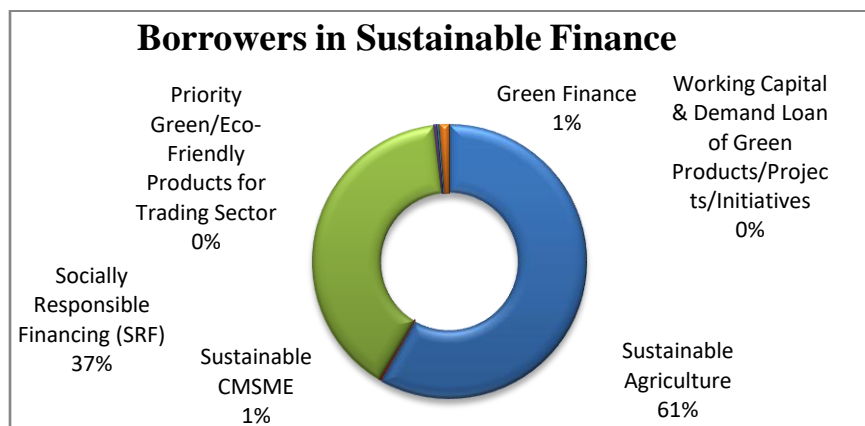
B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Third Gender	Total
Banks	410,313	385,490	0	795,803
FIs	820	4,492	0	5,312
Total	411,133	389,982	0	801,115

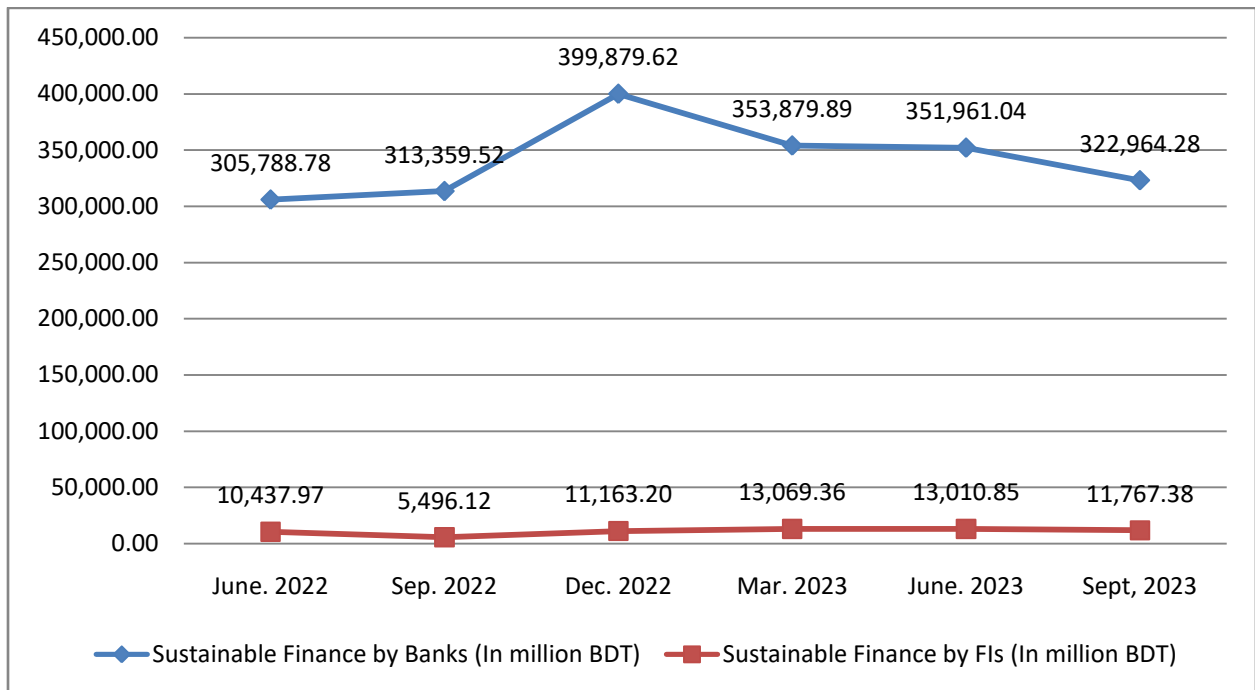
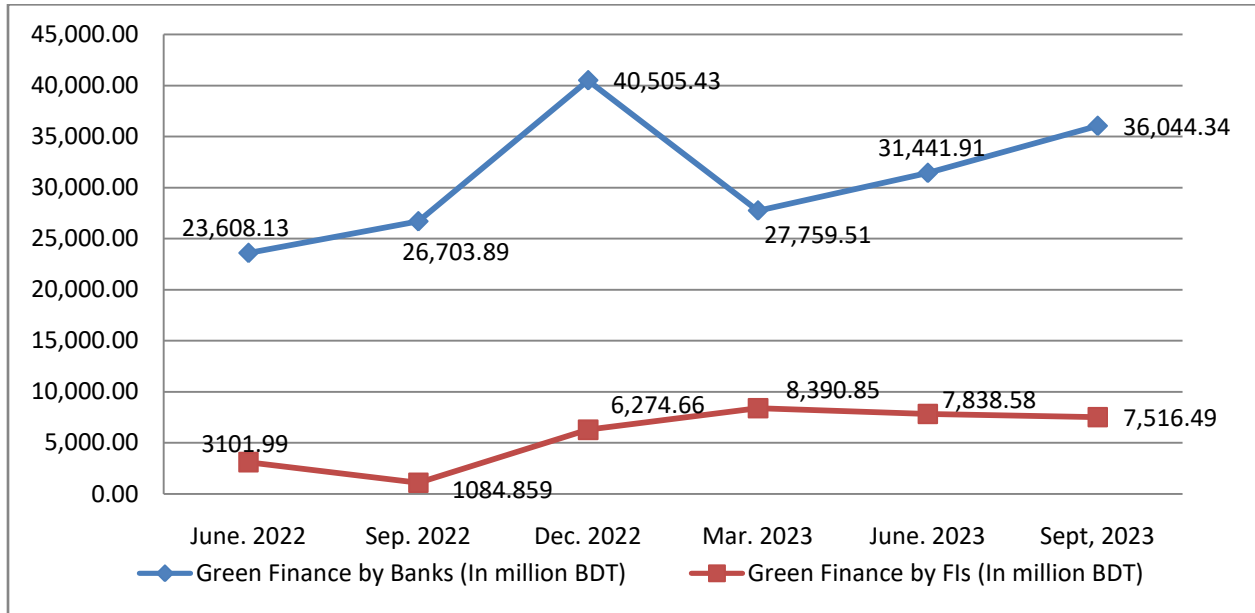
C. Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	557,692	238,111	795,803
FIs	4,295	1,017	5,312
Total	561,987	239,128	801,115

D. Graphical Representation of Borrowers in Sustainable Finance as percentage



E. Quarterly Trend of Green Finance & Sustainable Finance



In July-September, 2023 period Banks and FIs total contribution of Green Finance is 43,560.83 million taka which is 4,280.35 million taka greater than April-June, 2023 period. In July-September, 2023 period Banks and FIs total contribution of Sustainable Finance is 329,995.84 million taka which is 34,976.05 million taka less than April-June, 2023 period.

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

Issue	2019	2020	2021	2022	2023 (Jan-Sept)
Green Finance (in million BDT)	111,037.77	119,299.26	72,328.50	122,264.65	118,991.67
Green Finance as % of Total Term Loan Disbursement	1.22%	3.96%	3.06%	4.97%	6.25%
Sustainable Linked Finance (in million BDT)	-	-	753,188.24	1,185,357.70	947,661.13
Sustainable Finance (in million BDT)	-	-	825,516.74	1,307,622.35	1,066,652.80
Sustainable Finance as % of Total Loan Disbursement	-	-	8.04%	11.59%	13.28%

3.3 Utilization of Climate Risk Fund:

Total utilization of Climate Risk Fund in the review quarter is 83.44 million taka.

Climate Risk Fund Issue	Number			Amount		
	Banks	FIs	Total	Banks	FIs	Total
Events	10	0	10	21.13	0	21.13
Projects	28	0	28	62.31	0	62.31
Concessional Loan	0	0	0	0	0	0

3.4 Environmental & Social Risk Management:

Issue	Banks	FIs	Total
Number of Environmental Risk Rated Projects	70,036	5,730	75,766
Number of Environmental Risk Rated Projects Financed	33,753	5,641	39,394
Amount Disbursed Against Rated Projects (in million BDT)	940,435.83	28,605.91	969,041.74

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

Issue	Banks	FIs	Total
Number of Solar Powered Branches	697	6	703
Number of Branches with Rainwater Harvesting	4	2	6
Number of Branches with Solid Waste Management System	777	2	779
Number of Solar powered ATM Booths	71	-	71
Number of Solar Powered Agent Outlets	26	-	26
Online branches (as % of total branches)	97.58%	19.14%	95.25%

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

A. Sustainable Finance (Period: July-September, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Bangladesh Krishi Bank	57.22%	The UAE-Bangladesh Investment Co. Ltd	100.00%
Rajshahi Krishi Unnayan Bank	45.67%	Alliance Finance PLC	72.64%
AB Bank PLC	32.06%	Infrastructure Development Company Limited (IDCOL)	69.41%
Eastern Bank PLC	30.70%	CVC Finance Ltd	62.25%
Bangladesh Commerce Bank Ltd	30.15%	Meridian Finance and Investment Ltd	51.30%
The Premier Bank PLC	29.75%	Agrani SME Financing Company Ltd	46.07%
Jamuna Bank PLC	28.19%	Bangladesh Finance Limited	24.61%
United Commercial Bank PLC	25.73%	Bangladesh Infrastructure Finance Fund Ltd	23.33%
Rupali Bank Ltd	25.17%	IDLC Finance Ltd	21.85%
Habib Bank Ltd	23.14%	Strategic Finance & Investments Ltd	21.45%
Mutual Trust Bank PLC	22.27%	United Finance Ltd	20.34%
BRAC Bank PLC	21.48%		
National Bank Ltd	21.12%		
Prime Bank PLC	20.26%		
Community Bank Bangladesh Ltd	20.10%		

B. Green Finance (Period: July-September, 2023)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
State Bank of India	99.52%	Alliance Finance PLC	88.50%
United Commercial Bank PLC	52.13%	Infrastructure Development Co. Ltd	69.41%
Uttara Bank PLC	33.15%	CVC Finance Ltd	28.64%
The Premier Bank PLC	25.22%	The UAE-Bangladesh Investment Co. Ltd	26.50%
Jamuna Bank PLC	25.06%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	23.33%
Islami Bank Bangladesh PLC	24.71%	United Finance Ltd	17.35%
Bangladesh Development Bank Ltd	24.65%	Bangladesh Finance & Investment Limited	16.64%
Southeast Bank PLC	23.62%	IPDC Finance Ltd	15.29%
Shimanto Bank Ltd	23.52%	Agrani SME Financing Company Ltd	14.27%
Al-Arafah Islami Bank PLC	19.97%	IDLC Finance Ltd	12.50%
Prime Bank PLC	16.92%		
Eastern Bank PLC	16.66%		
Modhumoti Bank Ltd	15.96%		
Community Bank Bangladesh Ltd	15.61%		
Social Islami Bank PLC	12.94%		
Rupali Bank Ltd	12.72%		
Trust Bank Ltd	11.11%		
BRAC Bank PLC	8.37%		
Shahjalal Islami Bank PLC	7.90%		
EXIM Bank Ltd	6.05%		
Pubali Bank PLC	5.80%		
Mutual Trust Bank PLC	5.39%		
The City Bank Ltd	5.37%		

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

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

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

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Bangladeh Krishi Bank	57.09%	The UAE-Bangladesh Investment Co. Ltd	100.00%
Rajshahi Krishi Unnayan Bank	52.23%	Infrastructure Development Company Limited (IDCOL)	84.44%
State Bank of India	41.08%	CVC Finance Ltd	62.25%
Community Bank Bangladesh Ltd	28.15%	Bangladesh Finance Limited	59.44%
Jamuna Bank PLC	26.63%	Agrani SME Financing Company Ltd	46.84%
Shahjalal Islami Bank PLC	26.31%	Alliance Finance PLC	39.82%
Habib Bank Ltd	25.69%	Meridian Finance and Investment Ltd	28.82%
National Bank Ltd	23.91%	Strategic Finance & Investments Ltd	27.44%
Prime Bank PLC	23.34%	Bangladesh Infrastructure Finance Fund Ltd	27.01%
BRAC Bank PLC	22.36%	United Finance Ltd	22.33%
United Commercial Bank PLC	21.74%		
The Premier Bank PLC	21.49%		
Trust Bank Ltd	20.95%		
Eastern Bank PLC	20.89%		
The City Bank Ltd	20.60%		

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

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
State Bank of India	85.09%	Infrastructure Development Company Limited (IDCOL)	84.44%
United Commercial Bank PLC	36.99%	Bangladesh Finance Limited	48.30%
Islami Bank Bangladesh PLC	22.88%	The UAE-Bangladesh Investment Co. Ltd	31.65%
Shahjalal Islami Bank PLC	22.55%	CVC Finance Ltd	28.64%
Jamuna Bank PLC	19.80%	Bangladesh Infrastructure Finance Fund Ltd	27.01%
Uttara Bank PLC	17.05%	United Finance Ltd	15.15%
Prime Bank PLC	17.05%	Agrani SME Financing Company Ltd	11.65%
Southeast Bank PLC	15.75%	IDLC Finance Ltd	11.29%
EXIM Bank Ltd	12.59%	Alliance Finance PLC	8.38%
Al-Arafah Islami Bank PLC	11.66%	IPDC Finance	5.28%
Trust Bank Ltd	11.31%		
Modhumoti Bank Ltd	11.13%		
Eastern Bank PLC	9.08%		
Mutual Trust Bank PLC	9.07%		
Shimanto Bank Ltd	8.17%		
Bangladesh Development Bank Ltd	8.15%		
The City Bank Ltd	7.91%		
The Premier Bank PLC	7.67%		
BRAC Bank PLC	7.43%		
Community Bank Bangladesh Ltd	7.21%		
Social Islami Bank PLC	6.56%		
Bank Asia Ltd	5.22%		

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

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:

55 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 July-September, 2023 quarter is shown in Table-4.1, 4.2 and 4.3

Table-4.1: Sustainable Finance (Period: July-September, 2023)

(In million BDT)

Type of Bank/FI	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	172,818.17	59,687.34	621.43	41,236.16	8,202.08	204,027.58
SDBs	45,076.14	11,444.84	2.08	176.44	19,414.40	251,641.17
PCBs	2,013,154.99	400,164.70	34,841.84	342,085.65	263,114.25	1,050,151.16
FCBs	307,548.81	32,494.69	578.99	3,761.12	32,233.56	65,185.89
Bank's Total	2,538,598.11	503,791.57	36,044.34	387,259.37	322,964.29	1,571,005.80
FIs	55,685.14	40,211.56	7,516.49	69,531.79	11,767.38	99,364.64
Grand Total	2,594,283.25	544,003.13	43,560.83	456,791.16	334,731.67	1,670,370.44

Table-4.2: Recovery and Rescheduling of Sustainable Finance (Period: July-September, 2023)

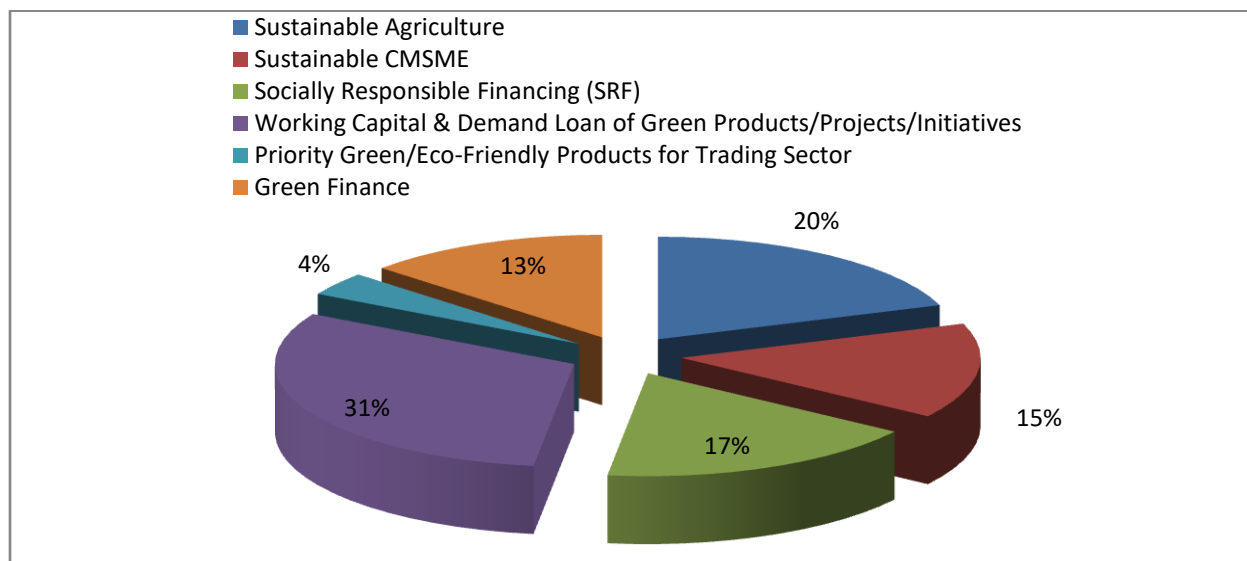
(In million BDT)

Type of Bank/FI	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	876.72	393.40	6,711.07	519.53
SDBs	4.19	0	17,898.15	0
PCBs	14,504.63	73.16	155,283.12	2,042.82
FCBs	545.61	0	28,554.49	0
Bank's Total	15,931.15	466.56	208,446.84	2,562.35
FIs	2,682.85	574.42	7,310.53	682.39
Grand Total	18,614.00	1,040.98	215,757.37	3,244.74

Table-4.3: Sustainable Finance (Period: July-September, 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		
SOCBs	6,148.74	1,345.30	0.36	86.14	0.11	621.43	8,202.08
SDBs	19,412.32	0.00	0.00	0.00	0.00	2.08	19,414.40
PCBs	40,952.70	48,714.96	41,861.53	84,830.64	11,912.56	34,841.84	263,114.23
FCBs	687.13	215.60	14,343.85	16,408.00	0.00	578.99	32,233.56
Bank's Total	67,200.89	50,275.86	56,205.74	101,324.78	11,912.67	36044.34	322,964.28
FIs	884.88	585.39	1,719.45	719.15	342.02	7516.49	11,767.38
Total	68,085.77	50,861.25	57,925.19	102,043.93	12,254.69	43560.83	334,731.66

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



4.3 Green Finance- Category wise:

47 Banks out of 61 and 12 FIs out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 36,044.34 million BDT by banks

and 7,516.49 million BDT by FIs in July-September, 2023 period. A brief picture of sector wise green finance by Banks and FIs is shown in Table-4.4 & 4.5:

Type of Bank/FI	Sectors of Green Finance				
	Renewable Energy	Energy Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management
SOCBs	5.75	55.43	0.45	0.00	0.00
SDBs	0.75	0.00	0.00	0.00	0.00
PCBs	65.88	14758.68	0.00	994.09	0.00
FCBs	99.00	0.00	0.00	230.50	0.00
Bank's Total	171.38	14814.13	0.45	1224.59	0.00
FIs	2793.00	3453.22	0.00	65.00	0.00
Grand Total	2964.38	18267.35	0.45	1289.59	0.00

Type of Bank/FI	Sectors of Green Finance					
	Recycling & Manufacturing of Recyclable Goods	Environment Friendly Brick Production	Green/ Environment Friendly Establishments	Green Agriculture	Green CMSME	Green SRF
SOCBs	31.39	23.16	0.00	200.88	154.36	150.00
SDBs	0.00	0.00	0.00	0.93	0.40	0.00
PCBs	2140.39	386.94	11913.76	1163.50	781.23	2637.37
FCBs	0.00	0.00	42.05	207.44	0.00	0.00
Banks' Total	2171.78	410.10	11955.81	1572.75	935.99	2787.37
FIs	6.88	100.00	232.05	87.05	699.79	79.50
Grand Total	2178.66	510.10	12187.86	1659.80	1635.78	2866.87

Type of Bank/FI	Green Finance as % of Total Term Loan Disbursement	Sustainable Finance as % of Total Loan Disbursement
SOCBs	1.04%	4.75%
SDBs	0.02%	43.07%
PCBs	8.71%	13.07%
FCBs	1.78%	10.48%
Banks' Total	7.15%	12.72%
FIs	18.69%	21.13%
Grand Total	8.01%	12.90%

4.4 Compliance Overview of ESRM Framework:

49 banks out of 61 and 19 FIs out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter.

Type of Bank/FI	No. of Projects Rated	No. of Rated Projects Financed	Amount disbursed in Rated projects (in million BDT)
SOCBs	3,664	3,184	3,242.24
SDBs	0	0	0.00
PCBs	65,491	29,822	877,030.70
FCBs	881	747	60,162.88
Banks' Total	70,036	33,753	940,435.82
FIs	5,730	5,641	28,605.91
Grand Total	75,766	39,394	969,041.73

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	3,830	81	0	0	446	4
SDBs	1,541	0	0	0	7	0
PCBs	5,986	607	3	771	10,927	63
FCBs	69	9	1	6	85	4
Bank's Total	11,426	697	4	777	11,465	71
FIs	350	6	2	2	-	-
Grand Total	11,776	703	6	779	11,465	71

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	793	0	209186	809912	3172	0
SDBs	0	0	3964778	0	1421	0
PCBs	22,944	26	6859669	21399730	5863	123351069
FCBs	0	0	322744	196240	63	0
Bank's Total	23,737	26	11,356,377	22,405,882	10,519	123,351,069
FIs	-	-	885	869	67	15
Grand Total	23,737	26	11,357,262	22,406,751	10,586	123,351,084

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:

45 Banks and 8 FIs have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training (Period: July-September, 2023) is given below:

Type of Bank/FI	No. of Programs Organized	No. of Employees Trained	No. of Customers Trained
SOCBs	59	1108	0
SDBs	1	40	0
PCBs	149	5886	61
FCBs	46	973	10
Bank's Total	255	8,007	71
FIs	47	856	45
Grand Total	302	8863	116

5. Review on Refinancing Schemes of BB for Green Finance

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

Funding scheme of BB	Amount	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Products/Initiatives (in million BDT)	519.76	04
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)	3833.06	06
Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT)	562.61	04

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/initiatives³. The product line has been enhanced to 70 under 12 categories. Since inception, total amount of Tk. 8116.23 million has been

³ SFD Circular 02/2020

disbursed as refinance facility from the fund till 30 September, 2023. The disbursement scenario of this scheme during July-September, 2023 quarter is furnished below:

Table-5.2: Sub-category/ Product wise Disbursement		
SL. No	Sub-category/ Product	BDT in million
1	Combination of Biological and Chemical ETP	14.13
2	Environmental Friendly/Brick Kiln Efficiency improvement Project	319.00
3	Installation of Energy Auditor Certified machineries including boiler in industries	176.99
4	Production of Vermicompost	0.94
5	Safety and work environment of factory related projects	7.03
6	Solar Home System	1.67
	Total Disbursement	519.76

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

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

5.3 Green Transformation Fund (GTF):

In January 2016, a longer-term refinancing window named Green Transformation Fund (GTF) of 200 million USD was launched to ensure sustainable growth in export oriented textile and leather sectors conducive to transformation of green economy in the country⁶. To widen the scope of this fund, it has been opened for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment–friendly initiatives since September, 2019⁷. Recently, 200 million Euros has been added to the fund⁸. This Euro component of GTF can be used to import not only green machineries but also industrial raw materials (only Buyer’s Credit) used in all manufacturing enterprises including both export oriented and deem exporters. Under the GTF in USD and Euro Component, consecutively 30 banks and 26 banks have signed participation agreement with BB. The disbursement from this Fund is 140.94 million USD & 71.21 million euro till 30 September, 2023. In December, 2022 another 50 Billion

⁴ GBCSRD circular no. 06 /2014

⁵ SFD Circular No.02/2018

⁶ FE Circular No. 02/2016

⁷ FE Circular Letter No. 14/2019

⁸ FE Circular No. 20/2020

refinance fund (in local currency) for export and manufacturing industry has been introduced to serve the same purpose⁹. In July-September, 2023 quarter BDT 3833.06.00 million has been disbursed to 06 clients of 05 banks from this local currency GTF fund.

5.4 Technology Development/Up-gradation Fund

Refinance Fund for Technology Development/Up-gradation of BDT 10 (Ten) billion offers refinance facility for the modernization and technological development/up-gradation of export oriented industries in Bangladesh¹⁰. So far 35 industrial sectors mentioned in Export Policy 2021-2024 under 11 initiatives/categories are included in the fund. The fund has been circulated for banks and FIs through the SFD Circular No-02 dated 17 January 2021 and SFD Circular letter No-01 dated 08 June 2023. 28 Banks & 9 FIs are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is Tk. 2270.22 million till 30 September, 2023. In July-September, 2023 quarter disbursement from this fund is Tk. 562.61 million in 4 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 23 banks and 10 FIs have surpassed the target of green finance (5%) compared to the total term loan disbursement. State Bank of India, United Commercial Bank PLC, Uttara Bank PLC, The Premier Bank PLC, Jamuna Bank PLC, Islami Bank Bangladesh PLC, Bangladesh Development Bank Ltd, Southeast Bank PLC, Shimanto Bank Ltd, Al-Arafah Islami Bank PLC, Prime Bank PLC, Eastern Bank PLC, Modhumoti Bank Ltd, Community Bank Bangladesh Ltd, Social Islami Bank PLC, Rupali Bank Ltd, Trust Bank Ltd, BRAC Bank PLC, Shahjalal Islami Bank PLC, EXIM Bank Ltd, Pubali Bank Ltd, Mutual Trust Bank PLC, The City Bank Ltd belong to that league. NBFIs like Alliance Finance Ltd, Infrastructure Development Company Limited (IDCOL), CVC Finance Ltd, Bangladesh Finance Ltd, The UAE-Bangladesh Investment Co. Ltd, Bangladesh Infrastructure Finance Fund Ltd (BIFFL), United Finance Ltd, Bangladesh Finance and Investment Ltd, IPDC Finance Ltd, Agrani SME Financing Company Ltd, and IDLC Finance Ltd have done a decent job.

⁹ SFD Circular No 02/2021

¹⁰ SFD Circular No 07/2022

- Moreover, in July-September, 2023 quarter 15 banks and 11 FIs have been able to fulfill their target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, AB Bank PLC, Eastern Bank PLC, Bangladesh Commerce Bank Ltd, The Premier Bank PLC, Jamuna Bank PLC, United Commercial Bank PLC, Rupali Bank Ltd, Habib Bank Ltd, Mutual Trust Bank PLC, BRAC Bank PLC, National Bank Ltd, Prime Bank PLC, Community Bank Bangladesh Ltd have performed well. Among the NBFIs, performance of The UAE-Bangladesh Investment Co. Ltd, Alliance Finance Ltd, Infrastructure Development Company Limited (IDCOL), CVC Finance Ltd, Meridian Finance and Investment Ltd, Agrani SME Financing Company Ltd, Bangladesh Finance Ltd, Bangladesh Infrastructure Finance Fund Ltd (BIFFL), IDLC Finance Ltd, Strategic 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



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