

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

As of December 2013



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

1. Introduction:

Policy Guidelines for Green Banking was issued to the scheduled banks vide BRPD Circular No. 02/2011 in February 2011. In that policy guideline, banks were advised to report their initiatives/activities to Bangladesh Bank on quarterly basis. In 2012, banks were provided with a uniform reporting format for reporting green banking activities in a structured manner. In 2013, Policy Guidelines for Green Banking was issued to the Financial Institutions (FIs)¹ 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 December 31, 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.

Out of 9 new banks, 2 have formulated their own Green Banking Policy Guidelines and none has formed Green Banking Unit (GBU) till the reporting quarter. 2 new banks reported to have prepared own Green Office Guide.

10 out of 31 FIs have formulated their own Green Banking Policy Guidelines approved by their Board of Directors and 15 FIs have formed Green Banking Unit (GBU) till the reporting quarter. 10 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.

38 banks have utilized Tk. 106,197.74 million in the reporting quarter for green banking activities. Out of which, Tk. 105,971.66 for green finance, Tk. 175.63 for climate risk fund and Tk. 50.46 have been utilized.

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

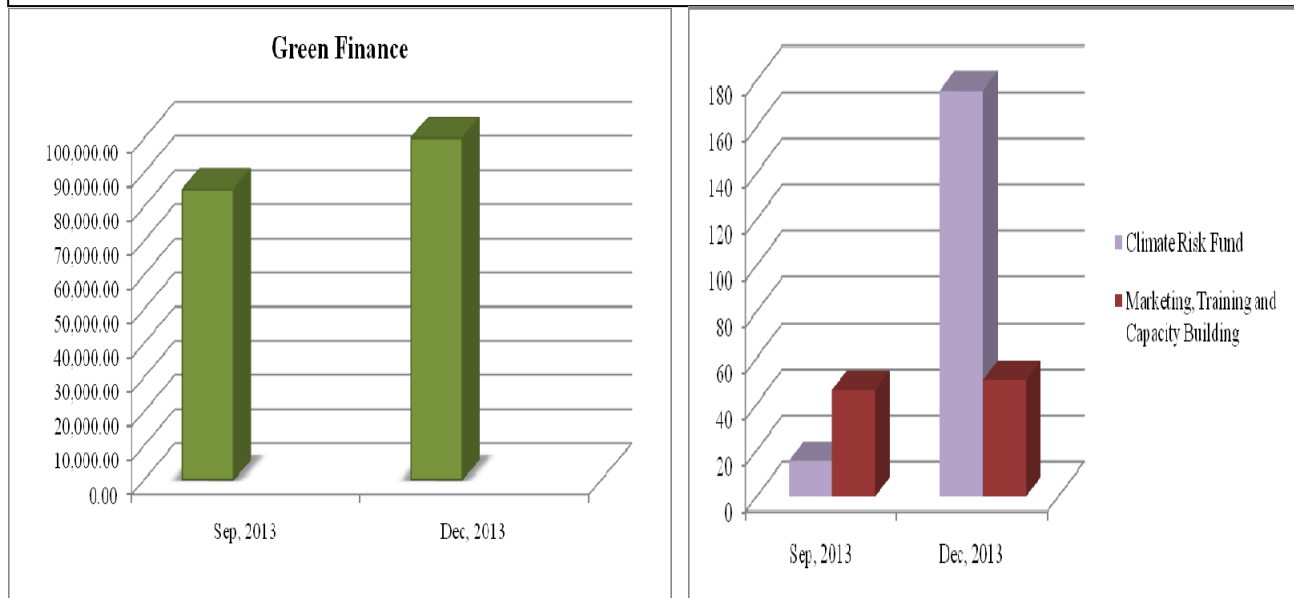
Thus, consolidated data of 47 banks are shown below. The quarterly shift from September to December in 2013 evidences significant uplift in respect of utilization of fund that is shown in Figure-1.

¹ Financial Institutions licensed under Financial Institutions Act, 1993.

Types of Banks	Annual Allocation of Fund (in million Taka)				Utilization of Funds, December-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
SCBs	3,915.00	94.70	86.20	4,095.90	1,251.27	11.14	3.80	1,266.21
SDBs	5,000.00	433.20	40.10	5,473.30	1,394.75	0.00	0.00	1,394.75
PCBs	275,024.34	540.22	273.69	275,838.25	85,970.58	151.18	27.18	86,148.93
FCBs	79,990.62	128.04	126.34	80,245.00	17,355.06	13.31	19.48	17,387.85
Total	363,929.96	1,196.16	526.33	365,652.45	105,971.66	175.63	50.46	106,197.74

Types of Banks	Utilization of Climate Risk Fund, December-13 (in million taka)	
	Event	Project
SCBs	11.14	0.00
SDBs	0.00	0.00
PCBs	151.01	0.17
FCBs	13.29	0.02
Total	175.44	0.19

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.

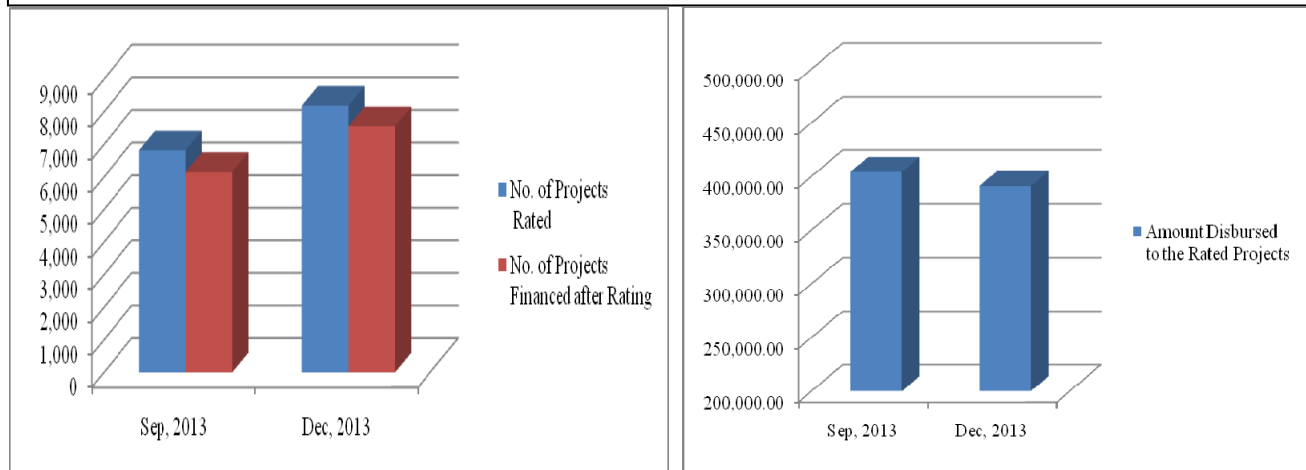
8 FIs have utilized Tk. 3,503.32 million in the reporting quarter for green banking activities. Out of which, Tk. 3,501.84 for green finance, Tk. 0.97 for climate risk fund and Tk. 0.51 have been utilized.

3. Environmental Risk Rating (ERR):

45 banks (out of 47 banks scheduled before 2013) have conducted environmental risk rating in the reporting quarter. Janata Bank Ltd and National Bank of Pakistan are the two banks that have not pursued ERR. According to that, number of Projects applicable for Environmental Due Diligence (EDD) rating in this quarter is 8,891. 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	159	112	73	15,704.49
SDBs	745	725	725	12,425.18
PCBs	7,113	6,729	6,501	331,713.69
FCBs	874	622	255	31,219.41
Total	8,891	8,188	7,554	391,062.77

Figure-2: Quarterly Comparison of Environmental Risk Rating



Types of Banks/FIS	No. of projects applicable for EDD	No. of projects Rated	No. of Rated projects Financed	Amount disbursed in Rated projects (million taka)
New Banks	10	10	10	406.25
FIs	417	416	371	18,169.99

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	3,527	16	0
SDBs	1,498	37	2
PCBs	3,580	255	181
FCBs	73	3	6
Total	8,678	311	189

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	60	1	1
FIs	128	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	806.38	0.74	2.17	0.00	429.48	12.50	0.00
SDBs	2.00	1,381.90	0.10	0.16	0.00	1.78	8.81	0.00
PCBs	561.23	79,062.01	96.89	316.27	1.58	84.94	5,811.26	36.40
FCBs	32.40	17,322.66	0.00	0.00	0.00	0.00	0.00	0.00
Total	595.63	98,572.95	97.73	318.60	1.58	516.20	5,832.57	36.40

December 2013.

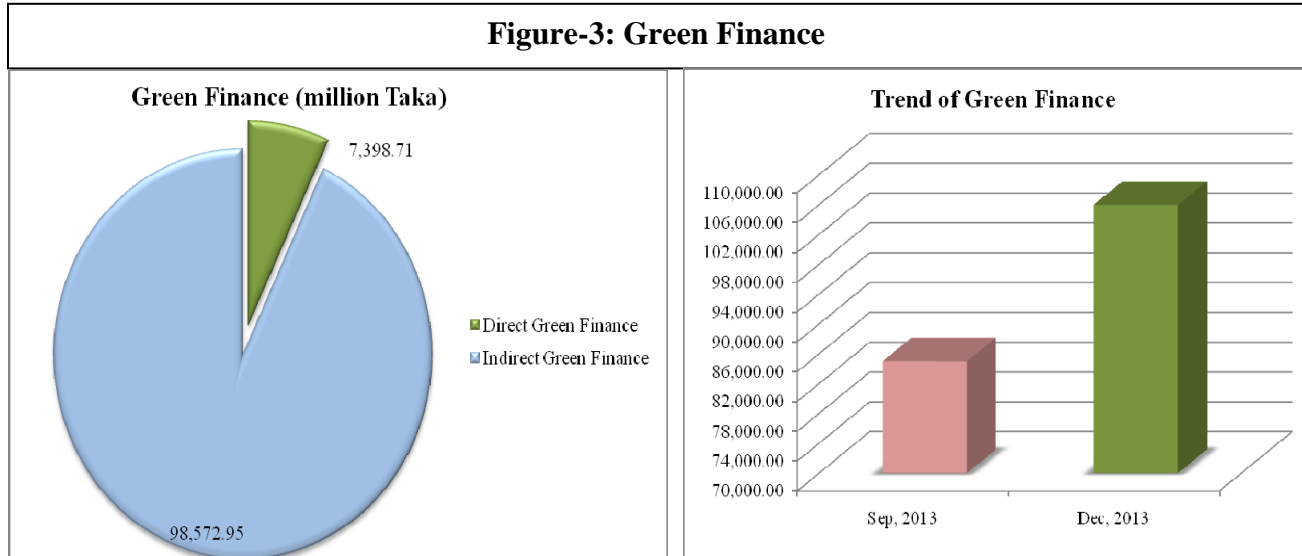
Types of Banks	Direct Green Finance ²	Indirect Green Finance ³	Total Green Finance
SCBs	444.89	806.38	1,251.27
SDBs	12.85	1,381.90	1,394.75
PCBs	6,908.57	79,062.01	85,970.58
FCBs	32.40	17,322.66	17,355.06
Total	7,398.71	98,572.95	105,971.66

² 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.

³ Indirect green finance refers to financing the projects having ETP or alike systems.

Types of Banks	Green Finance: September-2013	Green Finance: December-2013
SCBs	685.17	1,251.27
SDBs	429.00	1,394.75
PCBs	62,167.98	85,970.58
FCBs	21,696.40	17,355.06
Total	84,978.55	105,971.66

Figure-3: Green Finance



6. Online Banking:

46 banks (out of 47 banks scheduled before 2013) have at least one online branch and 30 banks have introduced internet banking facility up to December 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).

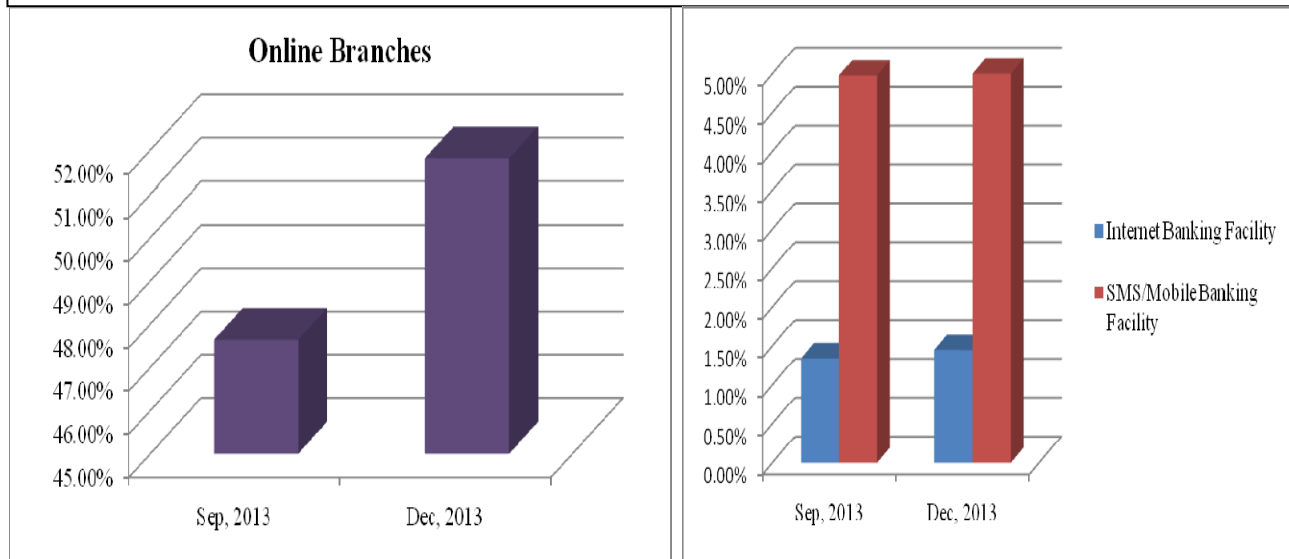
Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
SCBs	3,527	839	23.79%
SDBs	1,498	115	7.68%
PCBs	3,580	3,469	96.90%
FCBs	73	73	100.00%
Total	8,678	4,496	51.81%

Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
New Banks	63	63	100.00%

Types of Banks	No. of Total Accounts	No. of A/Cs facilitated with Internet Banking	Percentage of A/Cs facilitated with Internet Banking	No. of A/Cs facilitated with Mobile/SMS Banking	Percentage of A/Cs facilitated with Mobile/SMS Banking
SCBs	30,206,487	21	0.00%	3,270	0.01%
SDBs	14,474,705	0	0.00%	0	0.00%
PCBs	30,641,596	932,763	3.04%	4,441,270	14.49%
FCBs	390,707	164,974	42.22%	156,101	39.95%
Total	75,713,495	1,097,758	1.45%	4,600,641	6.08%

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	23,571	0	0.00%	4,348	18.45%

Figure-4: Quarterly Comparison of Online Banking



7. Training, Promotion and Disclosure:

31 (out of 47 banks scheduled before 2013) banks have arranged 129 training programs concerning green banking where total number of participants was 8,946. A snapshot on training is given below:

Types of Banks	No. of Programs	No. of Participants
SCBs	22	522
SDBs	9	316
PCBs	90	8,009
FCBs	8	99
Total	129	8,946

Types of Banks/FIs	No. of Programs	No. of Participants
FIs	10	68

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

Upto December 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 2013:

Subject	March-2013	June-2013	September-2013	December-2013
No. of Rated Projects	8,117	8,063	6,815	8,188
No. of Rated Projects Financed	6,733	7,238	6,152	7,554
Amount disbursed against rated projects (Taka in million)	338,926.03	433,501.31	404,099.46	391,062.77
No. of branches powered by solar energy	228	248	253	311
No. of ATM/SME unit offices powered by solar energy	183	184	185	189
No. of Online branches	3,714	3,988	4,060	4,496
Utilization of Green Finance (Taka in million)	70,326.45	86,848.83	84,978.55	105,971.66
Utilization of Climate Risk Fund (Taka in million)	20.56	103.82	15.41	175.63
Utilization of Green Marketing, Training and Development (Taka in million)	34.88	35.73	45.96	50.46

9. Concluding Remarks:

Despite the countrywide unrest situation December quarter has witnessed notable progress in almost every aspect of the green banking activities of banks. Even, FIs have shown some progress. The overall scenario of green banking activities in December, 2013 quarter evidences uprising movement. The trend is very optimistic that shows the bright prospect of green growth in Bangladesh.