

Quarterly Review Report on Green Banking Activities of Banks

As of June 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 guidelines, banks were advised to report their green banking initiatives/activities to Bangladesh Bank on quarterly basis. In 2012, banks were provided with a uniform reporting format for report green banking activities in a structured manner.

This review report is the consolidated reflection of the quarterly reports of scheduled banks as of June 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.

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.

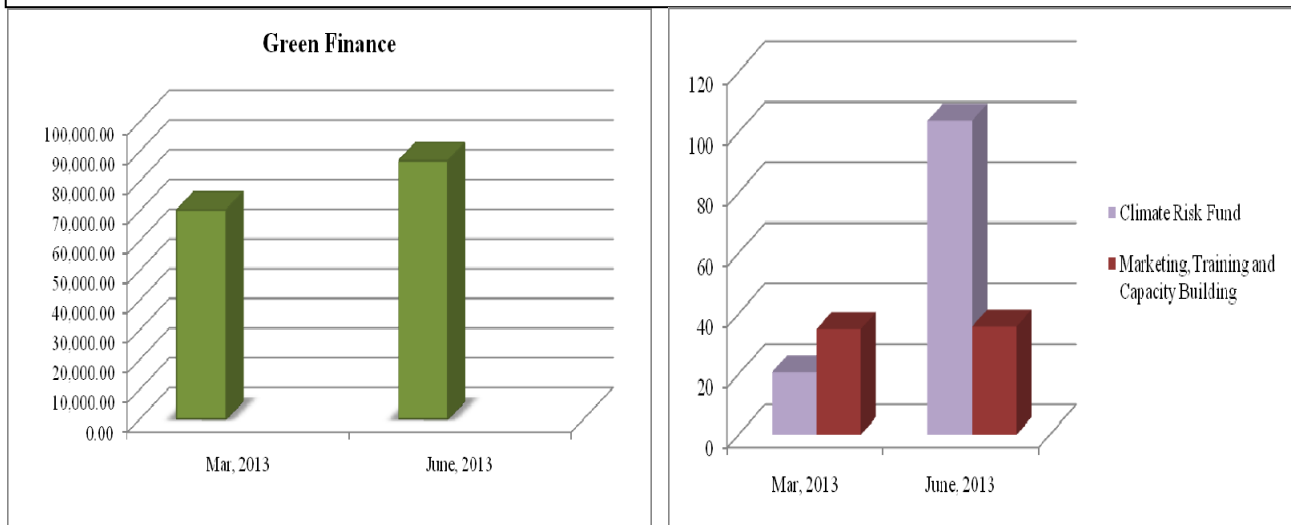
39 banks have utilized Tk. 86,988.38 million in the reporting quarter for green banking activities. Out of which, Tk. 86,848.83 for green finance, Tk. 103.82 for climate risk fund and Tk. 35.73 have been utilized.

The quarterly shift from March to June in 2013 evidences positive uplift in respect of utilization of fund that is shown in Figure-1.

Types of Banks	Annual Allocation of Fund (in million Taka)				Utilization of Funds (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	316.67	53.64	3.30	373.61
SDBs	5,000.00	433.20	40.10	5,473.30	343.82	0.00	0.00	343.82
PCBs	275,024.34	540.22	273.69	275,838.25	61,615.56	44.45	24.69	61,684.70
FCBs	79,990.62	128.04	126.34	80,245.00	24,572.78	5.73	7.74	24,586.25
Total	363,929.96	1,196.16	526.33	365,652.45	86,848.83	103.82	35.73	86,988.38

Types of Banks	Utilization of Climate Risk Fund (Amount in million taka)	
	Event	Project
SCBs	53.64	0.00
SDBs	0.00	0.00
PCBs	24.25	20.20
FCBs	5.40	0.33
Total	83.29	20.52

Figure-1: Quarterly Comparison of Utilization of Fund

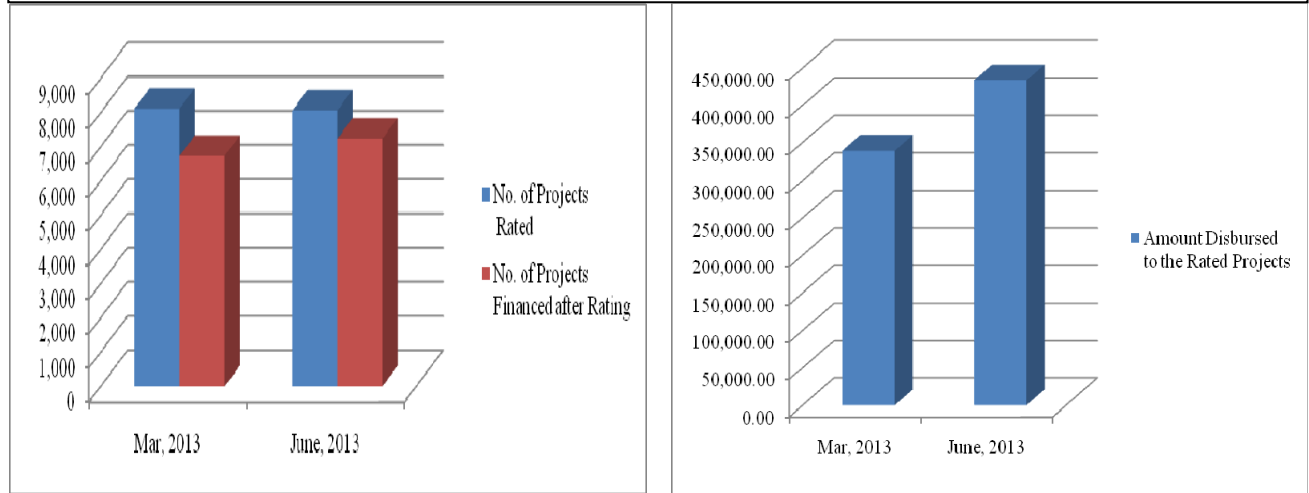


3. Environmental Risk Rating (ERR):

43 banks have conducted environmental risk rating in the reporting quarter. Janata Bank Ltd, Premier Bank Ltd, National Bank of Pakistan and State Bank of India are the four banks that have not pursued ERR. According to that, number of Projects applicable for Environmental Due Diligence (EDD) rating in this quarter is 8,878. The rising trend in EDD compliance 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	116	80	68	387.33
SDBs	80	57	57	1,719.19
PCBs	7,548	7,034	6,623	404,377.64
FCBs	1,134	892	490	27,017.15
Total	8,878	8,063	7,238	433,501.31

Figure-2: Quarterly Comparison of Environmental Risk Rating



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	3,505	16	0
SDBs	1,479	23	0
PCBs	3,430	206	180
FCBs	66	3	4
Total	8,480	248	184

5. Green Finance:

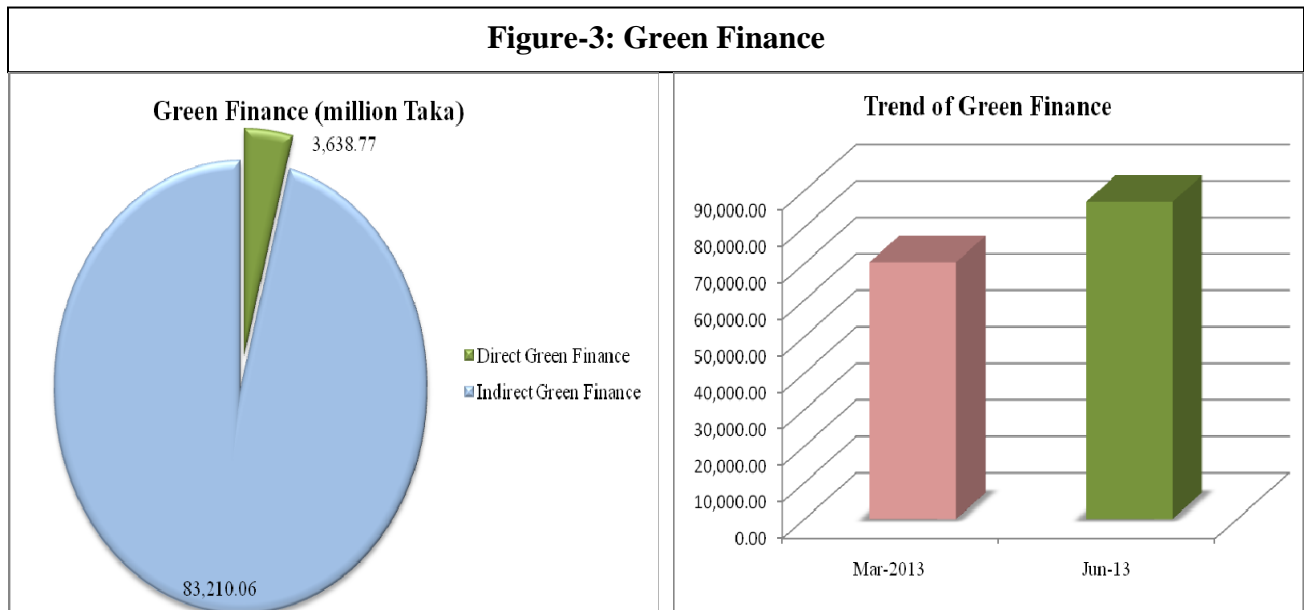
39 banks have exposure in green finance, either direct or indirect mode. Total amount invested as green finance has been Tk. 86,848.83 million as of June 2013.

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	1.06	0.70	0.00	17.46	297.45	0.00
SDBs	0.00	324.36	0.23	0.00	0.00	15.81	3.42	0.00
PCBs	95.10	58,323.92	155.34	295.44	0.10	202.43	2,533.27	9.96
FCBs	11.00	24,561.78	0.00	0.00	0.00	0.00	0.00	0.00
Total	106.10	83,210.06	156.63	296.14	0.10	235.70	2,834.14	9.96

Types of Banks	Direct Green Finance ¹	Indirect Green Finance ²	Total Green Finance
SCBs	316.67	0.00	316.67
SDBs	19.46	324.36	343.82
PCBs	3,291.64	58,323.92	61,615.56
FCBs	11.00	24,561.78	24,572.78
Total	3,638.77	83,210.06	86,848.83

Types of Banks	Green Finance: Mar-2013	Green Finance: June-2013
SCBs	994.90	316.67
SDBs	1,216.66	343.82
PCBs	53,055.08	61,615.56
FCBs	15,059.81	24,572.78
Total	70,326.45	86,848.83

Figure-3: Green Finance



6. Online Banking:

45 banks have at least one online branch and 28 banks have introduced internet banking facility up to June 2013. Remarkable progress has been observed in the expansion of online branches as the number of branches has been increased by almost 3% since the previous quarter. Moreover, internet banking and SMS/mobile banking facility have been increased notably over the preceding quarter (Figure-4).

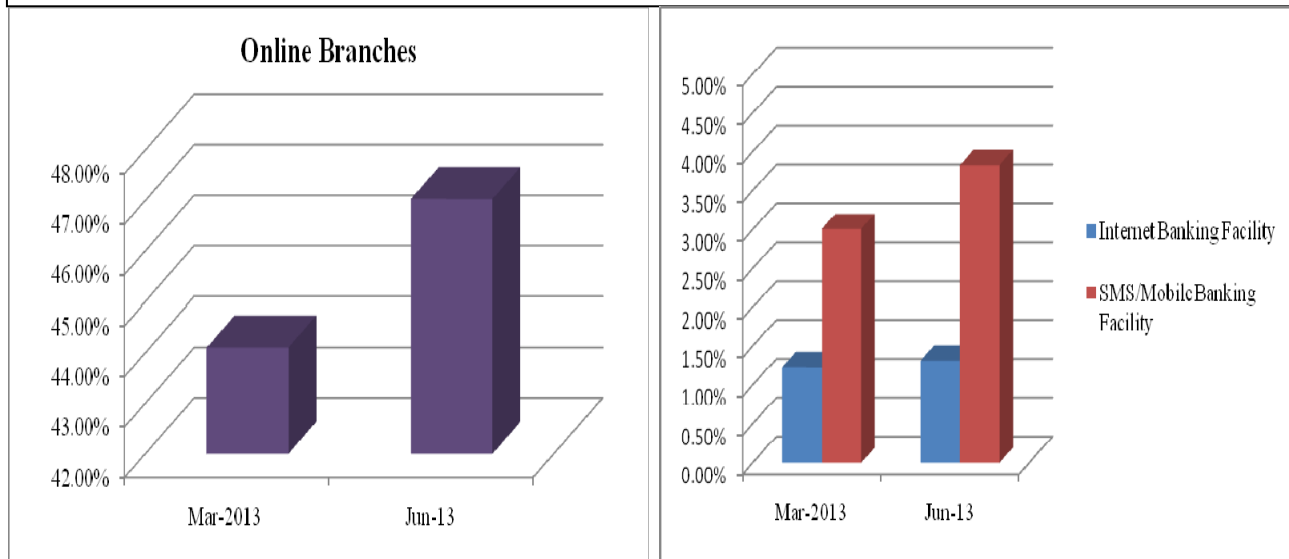
¹ Direct green finance include financing for ETP installation, Bio-gas Plant, Solar Panel/Renewable Energy Plant, Bio-fertilizer Plant, HHK and green finance at reduced rate of interest.

² Indirect green finance refers to financing the projects having ETP or alike systems.

Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
SCBs	3,505	586	16.72%
SDBs	1,479	90	6.09%
PCBs	3,430	3,246	94.64%
FCBs	66	66	100.00%
Total	8,480	3,988	47.03%

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	29,825,307	22	0.00%	3,344	0.01%
SDBs	13,565,040	0	0.00%	0	0.00%
PCBs	28,215,502	787,919	2.79%	2,570,774	326.27%
FCBs	469,710	160,463	34.16%	187,091	39.83%
Total	72,075,559	948,404	1.32%	2,761,209	3.83%

Figure-4: Quarterly Comparison of Online Banking



7. Training, Promotion and Disclosure:

36 banks have arranged 139 training programs concerning green banking where total number of participants was 7,065. A snapshot on training is given below:

Types of Banks	No. of Programs	No. of Participants
SCBs	8	143
SDBs	6	203
PCBs	117	6,559
FCBs	8	160
Total	139	7,065

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

Upto June 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 June 2013:

- ❖ Green Banking unit has been established in 47 banks.
- ❖ 47 banks have introduced a Green Office Guide.
- ❖ EnvRR has been done for 8,063 projects.
- ❖ 7,238 rated projects have been financed.
- ❖ 433,501.31 million taka has been disbursed against rated projects.
- ❖ 248 branches and 184 ATM/SME unit offices are powered by solar energy.
- ❖ 3,988 branches have been facilitated with online coverage.
- ❖ Taka 86,848.83 million has been disbursed as green finance.
- ❖ Taka 103.82 million has been utilized from climate risk fund.
- ❖ Taka 35.73 million has been utilized for green marketing, training and development.

9. Concluding Remarks:

The scenario of green banking activities in June, 2013 quarter evidences the significant progress of banks. The increasing trend of investment and expenditure in various green banking activities of banks shows optimistic potential of expansion of green banking activities in Bangladesh. Thus, BB anticipates the more rigorous and effective performance in mainstreaming green banking activities.