

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

**As of March 2014**



**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 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)<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 March 31, 2014.

## 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.

13 out of 31 FIs have formulated their own Green Banking Policy Guidelines approved by their Board of Directors and 18 FIs have formed Green Banking Unit (GBU) till the reporting quarter. 15 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. 171,606.12 million for green banking activities, banks have allocated Tk. 170,286.78 million for green finance, Tk. 956.25 million for climate risk fund and Tk. 363.09 million for Marketing Training and Capacity Building. This allocation has been made on annual basis.

37 banks have utilized Tk. 78,859.96 million in the reporting quarter for green banking activities. Out of which, Tk. 78,693.82 million for green finance, Tk. 146.83 million for climate risk fund and Tk. 19.31 million have been utilized.

Only one (NRB Bank Limited) of the new banks has allocated and utilized fund for green banking in the reporting quarter. It has invested Tk. 90 million in green finance.

Thus, consolidated data of 47 banks are shown below. The quarterly shift from December 2013 to March in 2014 evidences significant fall in respect of utilization of fund that is shown in Figure-1.

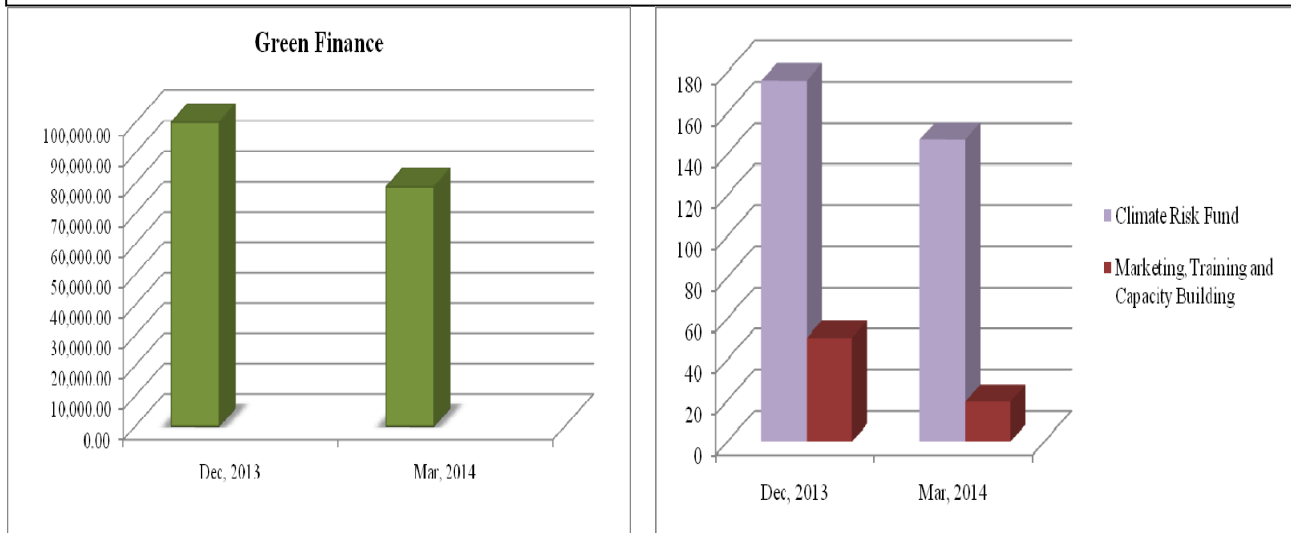
<sup>1</sup> Financial Institutions licensed under Financial Institutions Act, 1993.

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Types of Banks	Annual Allocation of Fund (in million Taka)				Utilization of Funds, March-14 (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>	4,048.67	70.90	85.00	4,204.57	2,513.90	2.10	2.30	2,518.30
<b>SDBs</b>	5,800.00	432.20	40.10	6,272.30	86.43	0.00	0.10	86.53
<b>PCBs</b>	115,686.65	284.75	172.89	116,144.29	59,044.14	125.73	16.91	59,186.78
<b>FCBs</b>	44,751.46	168.40	65.10	44,984.96	17,049.35	19.00	0.00	17,068.35
<b>Total</b>	<b>170,286.78</b>	<b>956.25</b>	<b>363.09</b>	<b>171,606.12</b>	<b>78,693.82</b>	<b>146.83</b>	<b>19.31</b>	<b>78,859.96</b>

Types of Banks	Utilization of Climate Risk Fund, March-14 (in million taka)	
	Event	Project
SCBs	2.10	0.00
SDBs	0.00	0.00
PCBs	125.73	0.00
FCBs	0.00	19.00
<b>Total</b>	<b>127.83</b>	<b>19.00</b>

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



Out of Tk. 5,190.61 million for green banking activities, FIs have allocated Tk. 5,176.00 million for green finance, Tk. 9.01 million for climate risk fund and Tk. 5.60 million for Marketing Training and Capacity Building.

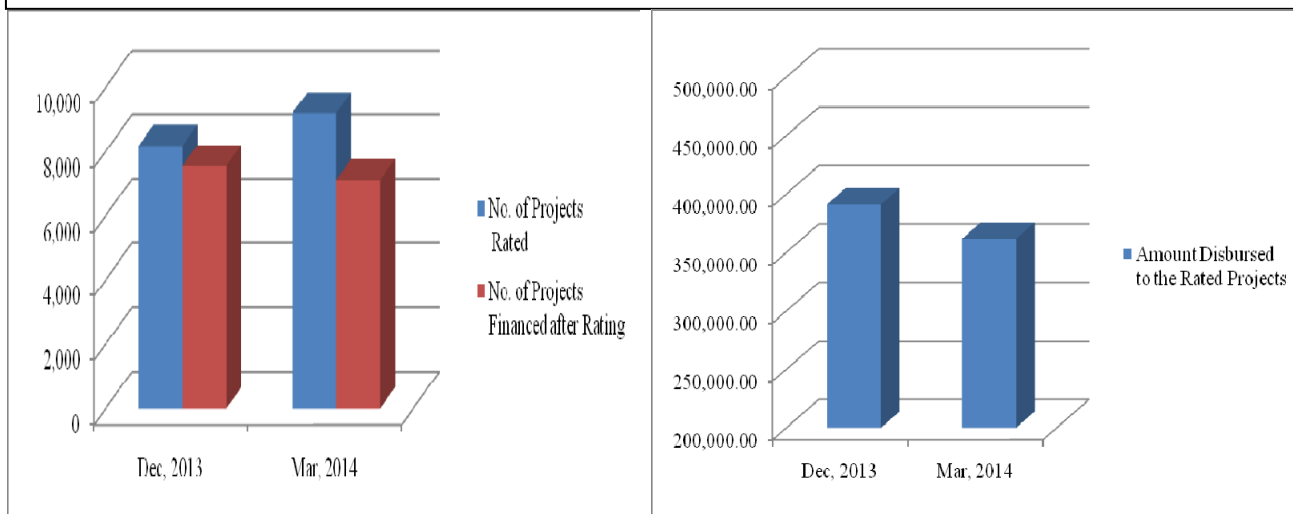
6 FIs have utilized Tk. 2,753.07 million in the reporting quarter for green banking activities. Out of which, Tk. 2,752.24 million for green finance, Tk. 0.61 million for climate risk fund and Tk. 0.22 million have been utilized.

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

42 banks (out of 47 banks scheduled before 2013) have conducted environmental risk rating in the reporting quarter. According to that, number of Projects applicable for Environmental Due Diligence (EDD) rating in this quarter is 11,270. 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	529	352	294	10,678.36
SDBs	215	214	214	2,243.34
PCBs	9,769	8,017	6,370	330,276.91
FCBs	757	608	237	18,467.13
<b>Total</b>	<b>11,270</b>	<b>9,191</b>	<b>7,115</b>	<b>361,665.73</b>

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)
<b>New Banks</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>1,132.05</b>
<b>FIs</b>	<b>552</b>	<b>544</b>	<b>464</b>	<b>16,104.13</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	3,536	8	0
SDBs	1,498	29	0
PCBs	3,608	274	181
FCBs	74	4	6
<b>Total</b>	<b>8,716</b>	<b>315</b>	<b>187</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	75	2	0
FIs	128	3	0

#### 5. Green Finance:

37 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. 78,693.82 million as of March 2014.

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	5.87	2,157.30	2.24	0.12	13.28	315.35	18.10	0.00
SDBs	0.00	72.28	2.00	0.00	0.00	9.00	3.15	0.00
PCBs	57.80	55,770.05	52.32	898.89	0.10	1,438.06	821.49	5.43
FCBs	20.00	13,819.35	0.00	573.00	0.00	0.00	0.00	2,637.00
<b>Total</b>	<b>83.67</b>	<b>71,818.98</b>	<b>56.56</b>	<b>1,472.01</b>	<b>13.38</b>	<b>1,762.41</b>	<b>842.74</b>	<b>2,642.43</b>

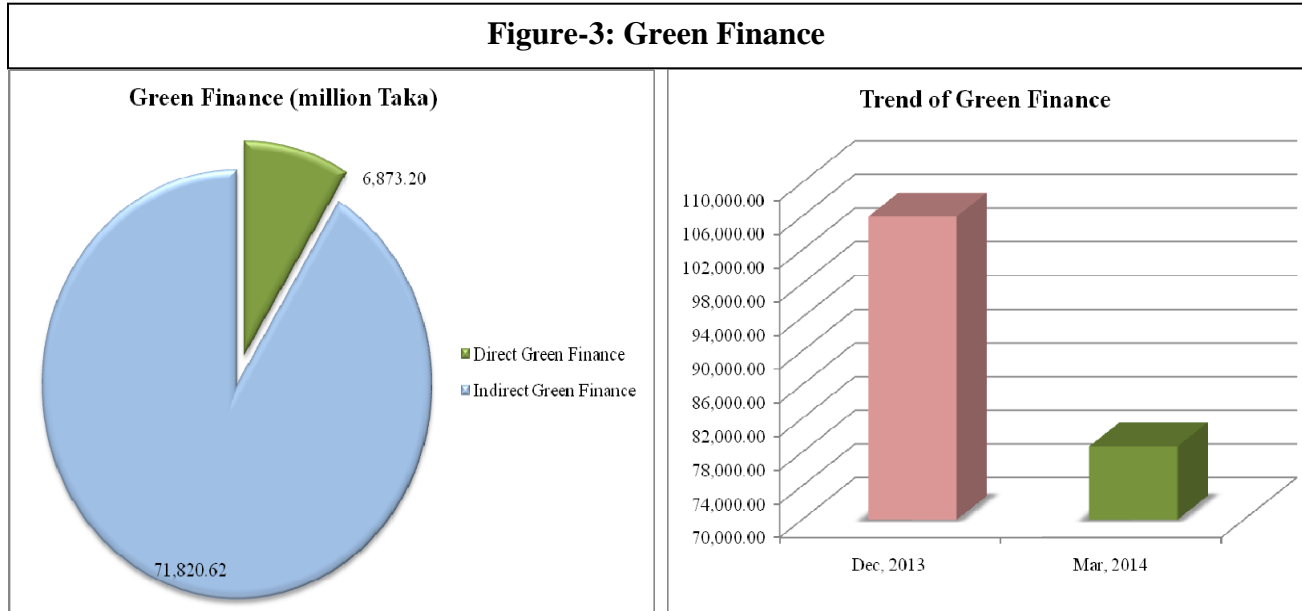
Types of Banks	Direct Green Finance <sup>2</sup>	Indirect Green Finance <sup>3</sup>	Total Green Finance
SCBs	354.96	2,158.94	2,513.90
SDBs	14.15	72.28	86.43
PCBs	3,274.09	55,770.05	59,044.14
FCBs	3,230.00	13,819.35	17,049.35
<b>Total</b>	<b>6,873.20</b>	<b>71,820.62</b>	<b>78,693.82</b>

<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: December-2013	Green Finance: March-2014
SCBs	1,251.27	2,513.90
SDBs	1,394.75	86.43
PCBs	85,970.58	59,044.14
FCBs	17,355.06	17,049.35
<b>Total</b>	<b>105,971.66</b>	<b>78,693.82</b>

**Figure-3: Green Finance**



## 6. Online Banking:

46 banks (out of 47 banks scheduled before 2013) have at least one online branch and 31 banks have introduced internet banking facility up to March 2014. 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	3,536	735	20.79%
SDBs	1,498	129	8.61%
PCBs	3,608	3,587	99.42%
FCBs	74	67	90.54%
<b>Total</b>	<b>8,716</b>	<b>4,525</b>	<b>51.92%</b>

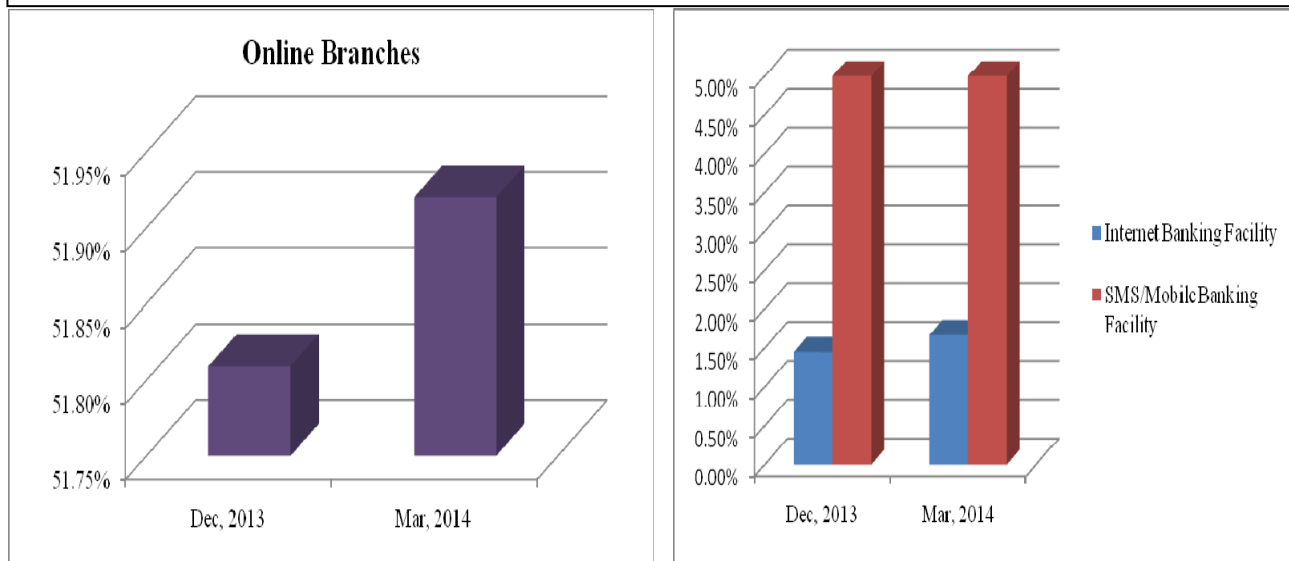
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Types of Banks	No. of Total Branches	No. of Branches with online coverage	Percentage of Online Branches
New Banks	75	75	100.00%

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	29,841,495	26	0.00%	3,240	0.01%
SDBs	11,508,993	0	0.00%	933	0.01%
PCBs	31,126,485	1,048,222	3.37%	5,256,613	16.89%
FCBs	471,697	168,901	35.81%	194,452	41.22%
<b>Total</b>	<b>72,948,670</b>	<b>1,217,149</b>	<b>1.67%</b>	<b>5,455,238</b>	<b>7.48%</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	25,536	27	0.11%	7,027	27.52%

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



## 7. Training, Promotion and Disclosure:

33 (out of 47 banks scheduled before 2013) banks have arranged 157 training programs concerning green banking where total number of participants was 9,525. A snapshot on training is given below:

Types of Banks	No. of Programs	No. of Participants
SCBs	19	440
SDBs	7	214
PCBs	124	8,488
FCBs	7	383
<b>Total</b>	<b>157</b>	<b>9,525</b>

Types of Banks/FIs	No. of Programs	No. of Participants
<b>FIs</b>	<b>20</b>	<b>170</b>

30 banks have initiated Green Marketing and 6 banks have arranged Green Events in this quarter.

Upto March 2014, 39 banks have pursued disclosure on green banking in their annual report, 36 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 March 2014:

- ❖ Green Banking unit has been established in 47 banks.
- ❖ 47 banks have introduced a Green Office Guide.
- ❖ EnvRR has been done for 9,191 projects.
- ❖ 7,115 rated projects have been financed.
- ❖ 361,665.73million taka has been disbursed against rated projects.
- ❖ 315 branches and 187 ATM/SME unit offices are powered by solar energy.
- ❖ 4,525 branches have been facilitated with online coverage.
- ❖ Taka 78,693.82 million has been disbursed as green finance.
- ❖ Taka 146.83 million has been utilized from climate risk fund.
- ❖ Taka 19.31 million has been utilized for green marketing, training and development.

## 9. Concluding Remarks:

From the experience of last three years of the implementation of Policy Guidelines for Green Banking, it is observed that the first quarter of the year shows little slump situation. March 2014 is also indicates that way. However, rest of the year will expectedly be more shining.