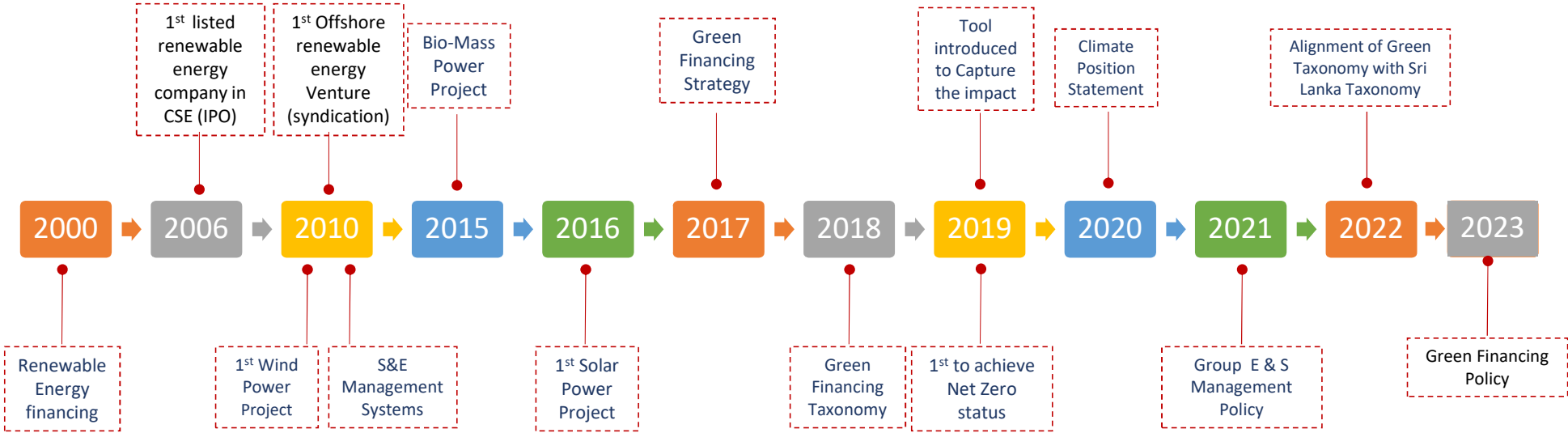


ESG Lending Strategy & Products

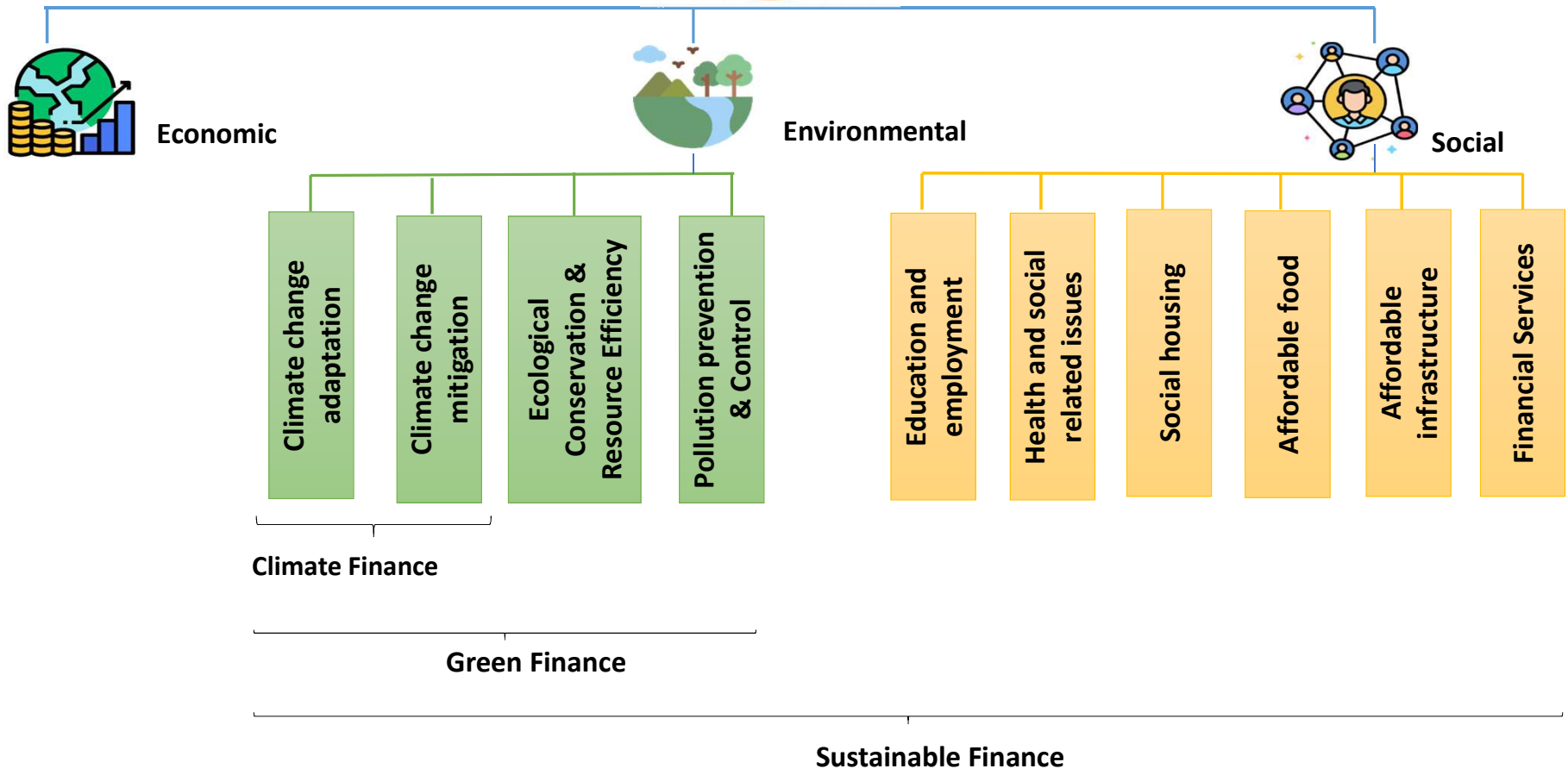
Sushara Vidyasagara (Ms)
Head of Investment Banking
Commercial Bank of Ceylon PLC

Kamalini Ellawala (Ms)
Senior Manager - Sustainability, Women Banking and CSR
Commercial Bank of Ceylon PLC

Commercial Bank's Green Journey



Sustainability Landscape



Green Finance - Market Size and Opportunities

TABLE 1.2
Investment Opportunities in Cities around the Developing World, by 2030

	East Asia Pacific	South Asia	Europe & Central Asia	Middle East & North Africa	Sub-Saharan Africa	Latin America & Caribbean	Total
Waste	US\$82 billion	US\$22 billion	US\$17 billion	US\$28 billion	US\$13 billion	US\$37 billion	US\$200 billion
Renewable energy	US\$266 billion	US\$141 billion	US\$88 billion	US\$31 billion	US\$89 billion	US\$226 billion	US\$842 billion
Public transportation	US\$135 billion	US\$217 billion	US\$116 billion	US\$281 billion	US\$159 billion	US\$109 billion	US\$1 trillion
Climate-smart water	US\$461 billion	US\$110 billion	US\$64 billion	US\$79 billion	US\$101 billion	US\$228 billion	US\$1 trillion
Electric vehicles	US\$569 billion	US\$214 billion	US\$46 billion	US\$133 billion	US\$344 billion	US\$285 billion	US\$1.6 trillion
Green buildings	US\$16 trillion	US\$1.8 trillion	US\$881 billion	US\$1.1 trillion	US\$768 billion	US\$4.1 trillion	US\$24.7 trillion
TOTAL	US\$17.5 trillion	US\$2.5 trillion	US\$1.2 trillion	US\$1.7 trillion	US\$1.5 trillion	US\$5 trillion	US\$29.4 trillion

Source: IFC (2018)

Financing Structures - Blended Finance



Blended finance is the strategic use of **development finance** for the **mobilization of additional finance** towards sustainable development in developing countries.

Blended finance can help **bridge the investment gap** for the SDGs, but requires a common framework.

Sustainable finance products & instruments



Corporate / SME
Project Finance Loans
Syndicate/ Club Financing
Trade finance Loans

Retail
Green Loans (incl. Mortgage)
Green Leases
Credit Cards

Savings Products
Green Savings
Savings for women

Capital Markets
Green Bonds
Equity
Securitization
REITs

Others
Insurance schemes
Guarantee facilities
Green Investment Funds

Case Studies from the Sri Lankan Market

Retail Products - Green Leases/Loans

Before Green Taxonomy

- ❑ Mainly Hybrid/ Electric vehicles
- ❑ Solar panels



After Green Taxonomy

- ❑ Hybrid/Electric vehicles
- ❑ Solar panels
- ❑ Energy efficient household appliances.
- ❑ Energy efficient machinery or solutions
- ❑ Water management solutions
- ❑ Waste management

Metrics and Thresholds

Less stringent



Metrics and Thresholds

More stringent

Documentation / evidence to substantiate is verified (SEA approved suppliers/ energy certifications)

Benefit

Preferential Interest rate
Preferential tenure

Green Project Financing

- Wind power project development

First venture by the Private sector in Sri Lanka

Key challenges faced

Technical aspects

- Poor track record of the pilot wind power project in Sri Lanka
- Limited technical know-how
- Lack of site specific wind data being available
- Grid stability
- Transportation of the equipment

Solutions adopted

- Independent consultant appointed to conduct study
- Logistics firm appointed to carry out transportation study



Wind power project development (contd.)

Environmental & Social Issues

- Concerns of affecting the bird migratory pathways and bird life
- Noise pollution and shadow effect
- Securing the lands and related resettlements
- Some agitation by the villages from time to time

Solutions adopted

- Environmental Impact Assessment(EIA) was conducted and due consideration given to same on implementation
- National Standards were met and required approvals obtained
- Professional ornithologist engaged to conduct a bird study
- Primarily government lands – occupants duly compensated and resettled
- Constant communication and engagement with villages to educate and create awareness



Green Savings Products

- ✓ Enabling individuals and institutions to contribute towards environment-friendly initiatives
- ✓ Proceeds will be targeted to finance sustainable development initiatives

Special features

Green Savings

Interest rate : below normal savings rate.

Benefits to depositor

- ✓ Concessionary rates of interest for sustainable loans (Solar Panel, Bio Gas, E-Bicycle etc)
- ✓ Special Green Certificate awarded in recognition of the contribution made towards sustainable development initiatives

Green Fixed Deposit

Interest rate : below 12 month
FD rate

Feature : Depositor cannot borrow
against the deposit

Minor Savings

Saving Scheme for children in the ages of 6-18 years to encourage
the future generation to think green & be eco-friendly.
1.5% above the normal savings rate

Case study - Accessing Capital Markets

Debt and Equity Issuance

Private Issuances

Venture capital companies –
Private Equity / quasi debt for
RE projects (in the 90s)

Dedicated Funds

For equity investment in RE
projects (around 2010)

Listed Issuances

Equity raised via an IPO – for
a RE company (2006)

Bond Issuances

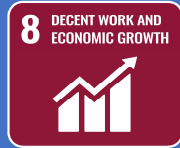
CSE has issued a guideline to
the issuance of Green Bonds

Women Banking

Create Financial Inclusivity and provide opportunities for Equitable Economic Growth



1 NO POVERTY
Enable women's financial independence through accessible savings and loans.



8 DECENT WORK AND ECONOMIC GROWTH
Stimulate entrepreneurship with loans, catalyzing women's economic contributions.



3 GOOD HEALTH AND WELL-BEING
Offer insurance solutions to safeguard women's health and well-being.



10 REDUCED INEQUALITIES
Mitigate financial disparities, ensuring all women access banking services and benefits.



4 QUALITY EDUCATION
Support education with financial products, fostering women's lifelong learning.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Promote eco-friendly banking practices for a sustainable future.



5 GENDER EQUALITY
Empower women economically, narrowing gender gaps, and promoting gender equality.



13 CLIMATE ACTION
Drive green investments, aligning financial activities with climate-resilient projects.

Women are Driving the Global Economy

US\$ 260-320 billion

...is the estimated amount of credit demanded per year by women-owned SMEs in emerging markets – and not met by financial institutions.¹

There is significant market demand for financial services for women business clients

870 million women

...will participate in the economy for the first time in 2020

The female labor force grows. Women who did not participate in the economy before will get a job or start their own businesses in this decade

33% of registered SMEs globally²

...have been created by women.

Women entrepreneurs are changing the landscape of the global economy, creating sustainable jobs and economic growth

US\$ 1.7 trillion...

... is the estimated global women's market for insurance by 2030. ³

85%..

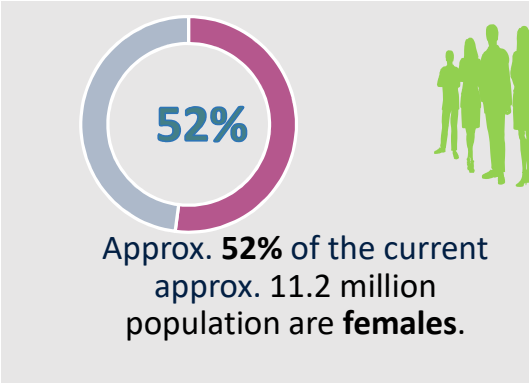
... of households identify women as the main decision makers in the household.

US\$ 20 trillion...

...in annual consumer spending is controlled by women. ⁴

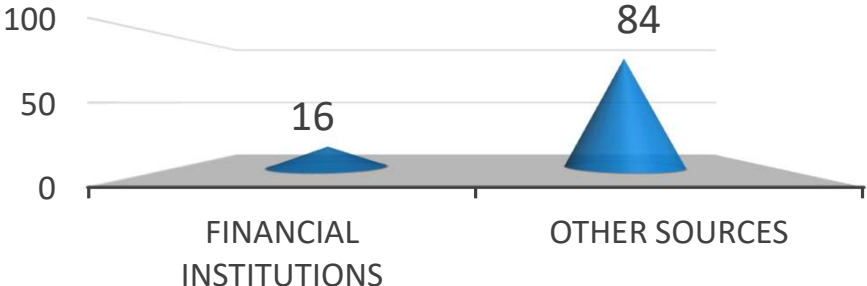
Note - This is an extract from an IFC presentation on Gender Banking

Opportunities in Sri Lanka



Tremendous Market Opportunity

Of all the loans going to women, only **16%** come from financial institutions.



*Source: Findex, 2017

*Source: Department of Census and Statistics, Sri Lanka; Central Bank of Sri Lanka

*Source: IFC-McKinsey Study and World Bank Enterprise Survey, 2017

Status quo in Sri Lanka

Years		Male	Female
2020	Total Economically Inactive Population	26.1 %	73.9 %
	Total Economically Active Population	65.7 %	34.3 %
2019	Total Economically Inactive Population	26.3 %	73.7 %
	Total Economically Active Population	64.6 %	35.4 %

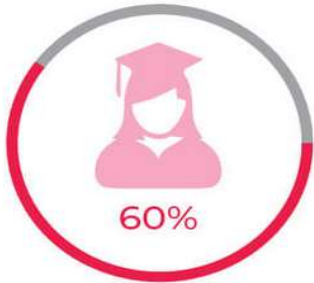
Source: Department of Census and Statistics (2020)

Status quo in Sri Lanka

Women's Education in Sri Lanka



Female Literacy Rate



Women's University Enrollment

Women Businesses in Sri Lanka



Sole Proprietorship



Women Entrepreneurship

Source: Department of Census and Statistics (2020)

Case Study - Women Banking

Key challenges faced by women in Sri Lanka

Personal Life

Increasing living expenses

Children's education

Time management

Lacks time for herself

Low self esteem

Increasing family health concerns

Professional Life

Time management

Less opportunities and knowledge about business world

Access to finance

Lack of business literacy / digital channels

Lack of human resources / skilled labour

Lack of family / society encouragement

Lack of knowledge about the legal framework

Case Study - Women Banking

Key challenges faced by the Bank

Market Research Challenges:

Product Customization Complexity:

Educational Efforts:

Altered Risk Assessment:

Distribution and Access Constraints:

Communication Strategies:

Female Workforce Inclusivity:

Technology Adoption Barriers:

Societal Perception & Cultural Sensitivity:

Competitive Landscape:

Regulatory Compliance:

Performance Metrics and Reporting:

Sustainable Engagement:

Resource Allocation:

Case study - Women Banking

Role of women

- **Mother**
- **Care-giver**
- **Wife**
- **Daughter**
- **Employer**
- **Manager**
- **Employee**



STRESSED from:

- **Multi-tasking**
- **Having limited time**
- **Having limited experience/education**
- **Lacking confidence**

Needs:

- **Efficiency**
- **Holistic approach**

Products Under the “Anagi” Brand

Anagi Women Savings Account

Anagi Instant Personal Loan

Anagi Business Loan (WSME)

Anagi Pawning

Anagi Credit & Debit cards

Anagi Insurance



Non-financial services

Certificate course for women entrepreneurs



ComBank offers certificate course for women entrepreneurs with PIM

The course will consist of three seven-hours-a-day sessions spread over three months followed by a practical presentation session, the Bank said. The three sessions will be on the topics 'Business Development for Women Entrepreneurs,' 'Finance & Negotiation basics' and 'Innovation & Branding.' On completion of the sessions, participants will be required to present a practical plan on a new product or service complete with relevant costing and plans for marketing. A certificate will be awarded to the participants who complete all three sessions and the presentation.



Anagi PIM program - Colombo



Anagi PIM program - Kandy



Anagi PIM program - Jaffna

Case Study - Women Banking

Fostering Business Empowerment via Financial Expertise

- Nurturing leadership proficiency in the business sphere
- Navigating business growth and conquering obstacles
- Mastering the skill of effective negotiation
- Harnessing the significance of networking prospects
- Navigating legal dimensions in the business landscape
- Prioritizing employee well-being, particularly in EPF and EFT affairs
- Sharpening strategic management competence
- Achieving work-life balance expertise
- Reframing social media influence for enhanced networking prospects

SME Banking

Diversification - Loans and Advances



Note - This is an extract from ComBank Annual Report 2022

Our Offering to SMEs

A tailor made product portfolio that consist of specific products and services to cater to the segment. These are exclusively offered to SMEs and has different criteria and special interest rates than the normal products.

- | | |
|----------------------------------|--------------------------------------|
| Agri Business Loans | Diribala Development Loans |
| Business Loans | Loans for Women Entrepreneurs |
| Agri Stock Purchase Loans | Green Development Loans |
| Agri Leasing | Agri Pawning |

Commercial Agri Loans for Professionals

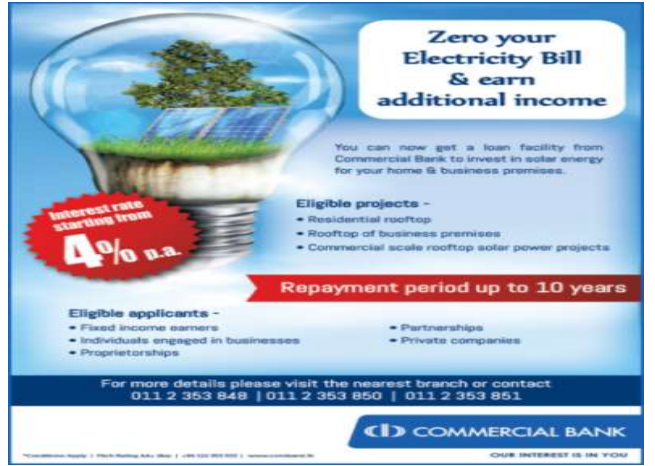


Largest Lender to SMEs with over loans amounting to Rs 235Bn

Value additions that enhance loyalty and relationship management
Establishing of the first SME customer club in Sri Lanka “Biz Club” with a Credit Card and 03 tiers of membership depending on the business transactions levels , providing a networking platform and special discounts, promotions etc.

Capacity Building

- The Bank has assisted over 12,000 MSME customers through 1215 financial literacy programmes
- A partnership is being established with Sri Lanka's National Chamber of Exporters, emphasizing SME-focused financial solutions for exporters
- The Bank conducted financial literacy programmes for over 500 tea growers
- Partnered with online trading platforms to encourage SMEs to do sales through digital channels
- Conducted awareness sessions to SME customers at the SME Trade Fair to promote and increase awareness on Renewable Energy



Zero your Electricity Bill & earn additional income

You can now get a loan facility from Commercial Bank to invest in solar energy for your home & business premises.

Interest rate starting from 4% p.a.

Repayment period up to 10 years


Eligible projects -

- Residential rooftop
- Rooftop of business premises
- Commercial scale rooftop solar power projects

Eligible applicants -

- Fixed income earners
- Individuals engaged in businesses
- Proprietorships
- Partnerships
- Private companies

For more details please visit the nearest branch or contact
011 2 363 848 | 011 2 363 850 | 011 2 363 851



OUR INTEREST IS IN YOU

Thank You.