



Prepared by

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ANALYTICS & ADVISORY

A subsidiary of CARE Ratings Ltd.

GREEN DEPOSIT IMPACT ANALYSIS REPORT

June 2025

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1 Introduction

On April 11, 2023, the Reserve Bank of India issued its Framework for Acceptance of Green Deposits which came into effect on June 1, 2023. In alignment with the framework, Canara Bank's Green Deposit Policy and Lending Framework was approved by the Board on June 28, 2023. The bank has undertaken a second-party opinion on the policy to ensure it follows the established guidelines and principles.

2 Scope of the engagement

Canara Bank has engaged with CARE Analytics and Advisory Private Limited (CAAPL) to prepare a Green Deposit Impact assessment /verification Report. The report covers the period from April 1st, 2024, to March 31st, 2025.

Key Aspects of the RBI framework for accepting green deposits

The RBI introduced the framework for acceptance of green deposits, effective from June 1, 2023, encourages banks and NBFCs to mobilise funds for green activities by earmarking deposits for such purposes, requiring board-approved policies, and mandating third-party verification and impact assessments.

Key Features	Description
Purpose	To mobilise financial resources towards green activities and projects, including renewable energy, green transport, and green buildings.
Effective Date	June 1, 2023.
Applicability	Scheduled Commercial Banks, including SFBs, but excluding Regional Rural Banks (RRBs).
Green Deposits	Interest-bearing deposits are earmarked for allocation towards green finance.
Mandatory Policies	Banks and NBFCs must have board-approved policies for accepting and utilising green deposits
Third-Party Verification	The use of green deposit funds must be verified by a third party.
Exclusions	Activities involving fossil fuels, nuclear power, tobacco, etc., are excluded.
Reporting and Disclosures	Banks must maintain transparent and comprehensive reporting on green deposit mobilisation, fund utilisation, and impact assessment.

3 Canara Bank's Green Deposit Policy

Canara Bank has developed a Green Deposit Policy. The key highlights of the policy are as follows:

1. Purpose: To draw a road map for the Issuance and allocation of green deposits, in accordance with the RBI green deposit framework dated 11.04.2023.
2. Use of Proceeds: Proceeds of green deposits shall be used only to finance/ invest in eligible green activities/ projects. Eligible green activities/ projects include Renewable Energy, Waste Management, Clean Transportation, Energy Efficiency, Afforestation/ Reforestation as per RBI green deposit framework.
3. Temporary allocation of green deposit proceeds: Bank shall arrange temporary allocation (which would only be in liquid instruments up to a maximum original tenure of one year, as specified under the Financing Framework) of green deposit proceeds, pending their allocation to the eligible

activities/projects. The bank shall provide details of the investment made in liquid instruments at yearly interval.

4.Project Evaluation: The green deposit proceeds shall be used only to finance/ or to invest in the projects that fall under the eligible green activities/ projects prescribed by RBI.

5.Sustainability Focus: Funds are allocated to projects in renewable energy, energy efficiency, and other eco-friendly sectors.

6.Transparency: Includes third-party verification, impact assessments, and regular reporting to ensure accountability.

4 Green Deposit Impact Assessment

Canara Bank has a board-approved green deposit policy aligned with the RBI's green deposit framework. The bank developed its green deposit scheme in accordance with the RBI framework. According to records provided by Canara Bank, all green deposits have been allocated to the electric four-wheelers as of 31.03.2025, with no unutilized proceeds. According to the RBI green deposits framework Electric vehicle portfolio falls in the green eligible category, namely 'Clean Transportation'.

Table 1: Canara Bank Green Deposit and Electric Four-Wheeler Loan Portfolio (FY 2024-25)

Period	Green Deposits Raised (Rs Crore)	Number of Electric Four-Wheeler Financed (Units)	Amount of EV loans (Rs Crore).	Amount not utilised, if any
FY 24-25	134.71	994	134.71	NIL

Source- Canara Bank

According to the International Council on Clean Transportation (ICCT), the life cycle GHG emissions of Petrol cars correspond to 213 g CO₂ eq./ km ,for hatchback 228 g CO₂ eq./km and for sedan 272 g CO₂ eq./km. The life cycle GHG emissions of Battery Electric Vehicles (BEV)s in India are at 131-162 g CO₂ eq./km for the hatchback segment, 150-185 g CO₂ eq./km for the sedan segment, and 140-169 g CO₂ eq./km for the SUV segment.

Table 2: The life cycle GHG emissions of cars in India

Internal Combustion Engine Vehicle		Battery Electric Vehicles (BEVs)s	
Car Segment	GHG emissions (g CO ₂ eq./km)	Car Segment	GHG emissions (g CO ₂ eq./km)
Petrol cars	213	SUV segment	140-169
Hatchback	228	Hatchback	131-162
Sedan	272*	Sedan	150-185*

Source- ICCT Report: A GLOBAL COMPARISON OF THE LIFE-CYCLE GREENHOUSE EMISSIONS OF COMBUSTION ENGINE AND ELECTRIC PASSENGER CAR

* The highest emissions for ICE and BEV vehicles are used to calculate avoided emissions

According to the data mentioned in Table 2, BEVs produce 87 g CO₂ eq./km fewer emissions than ICE vehicles, indicating the difference between GHG emissions by ICE vehicles and BEVs (272g CO₂ eq./km - 185 g CO₂ eq./km) avoided. By raising and deploying green deposits, the Canara Bank financed 994 Electric Four-Wheelers in FY25, helping avoid 1037.73 tonnes of emissions.

Table 3- Green Deposit Assessment: (Co2e) Emissions Avoided

Indicators	FY 25 (Units)
Emissions avoided per BEV car (g/km) *	87
Average annual distance covered by a car in India* (km)	12,000
Emission avoided (g/km) per car (Yearly)	10,440,00
Emission avoided (Tonnes) per car (yearly)	1.044
Total BEV cars (Units) Financed by Canara Bank	994
Emission avoided for all units (tonnes) Annually	1,037.736

Source- ICCT Report: A GLOBAL COMPARISON OF THE LIFE-CYCLE GREENHOUSE EMISSIONS OF COMBUSTION ENGINE AND ELECTRIC PASSENGER CAR

*https://theicct.org/sites/default/files/publications/Global-LCA-passenger-cars-jul2021_0.pdf

To perform green deposit impact analysis, CAAPL sought detailed information materials to obtain all the evidence, information and explanations that it considered necessary to arrive at a meaningful conclusion. The following is the list of information checklists we referred to

General requirements:

- Details on Use of proceeds
- List of nominated projects and activities
- Management and Reporting practices

Specific requirements on deployment of funds:

- Evidence on the amount allocated
- Evidence of tracking and reporting of proceeds

Specific requirements for Deposit:

- Amount Deployed

5 Portfolio information

Particulars	Current Financial Year (2024-25) (Amount in ₹ Crore)	Previous Financial Year (2023-24) (Amount in ₹ Crore)	Cumulative* (Amount in ₹ Crore)
Total green deposits raised (A)	134.71	-	134.71
Use of green deposit funds**		-	
(1) Renewable Energy	-	-	-
(2) Energy Efficiency	-	-	-
(3) Clean Transportation (EV car finance)	134.71	-	134.71
(4) Climate Change Adaptation	-	-	-
(5) Sustainable Water and Waste Management	-	-	-
(6) Pollution Prevention and Control	-	-	-
(7) Green Buildings	-	-	-
(8) Sustainable Management of Living Natural Resources and Land Use	-	-	-
9) Terrestrial and Aquatic Biodiversity Conservation	-	-	-
Total Green Deposit funds allocated (B = Sum of 1 to 9)	134.71	-	134.71
Amount of Green Deposit funds not allocated (C = A - B)	NIL	-	NIL
Details of the temporary allocation of the green deposit proceeds pending them allocation to the eligible green activities/projects	NIL	-	NIL

Format Source: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12487&Mode=0> Data provided by Canara Bank.

6 Unutilised Proceeds

There is no unutilized portion of the Green Deposit portfolio of the bank as on 31st March 2025.

7 Work undertaken

To reach our conclusion we:

- Referred RBI framework for accepting green deposits
- Reviewed the Canara Bank's Green Deposit Policy
- Held conversations with management and key personnel involved in the Green Deposit deployment to assess the implementation of processes, systems, and controls outlined in the Green Deposit Policy and RBI framework for accepting green deposits.
- We have referred to a list of accounts provided by Canara Bank to which green deposits proceeds have been allocated. The performance of the projects has been assessed in line with the criteria defined in the RBI framework for accepting green deposits.
- Checked internal MIS report of Canara Bank Vehicle Loans with a defined Scheme code, 111000- Canara Green Wheels (4- Wheeler)- General catering to finances made towards electronic Four Wheelers.
- Verified the amount of deposit proceeds allocated to nominated project and assets through examination of Canara Bank's internal system for tracking the same. The data has been provided by Canara Bank.

8 Conclusion

The following conclusion is based on the work performed and evidence obtained, and the scope of our engagement described above.

CareEdge Advisory believes that the green deposits raised during FY 25 is aligned with the Canara Bank green deposit policy and the Reserve Bank of India (RBI) framework for accepting green deposits, issued on April 11, 2023.

9 Canara Bank's Management's responsibilities

The management of the Canara Bank is responsible for ensuring the deployment of green deposits is aligned with the Canara Bank Green deposit policy and Reserve Bank of India (RBI) framework for accepting green deposits, issued on April 11, 2023.

10 Specific limitations and exclusions

The CAAPL green deposit impact analysis report is subject to the following limitations, as we have not been engaged to:

- Canara Bank's financial statements and economic performance
- Verify the Canara Bank's statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intention or global socio-economic and environmental aspects provided by the Canara Bank.

11 CAAPL's responsibilities

CAAPL's responsibility is limited to the extent of providing impact analysis for the Deposit allocation basis Canara Bank green deposit policy and RBI green deposit framework in relation to the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team, which included professionals with suitable skills and experience in understanding the environment, social and governance practices.

This green deposit impact analysis report is made solely to the Canara Bank by the team of our engagement, which includes an agreed arrangement for disclosure. Any party other than the Canara Bank who obtains access to our impact assessment report or a copy thereof and chooses to rely on our impact assessment report will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the issuer for our work, for this Green Deposit Impact Assessment Report or for the conclusions we have reached.

A handwritten signature in black ink, appearing to read 'K Deshpande', with a horizontal line drawn underneath it.

Kedar Deshpande

Director -ESG Advisory

CARE Analytics and Advisory Private Limited

June 2025

About us

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd previously known as CARE Risk Solutions Pvt Ltd, and (II) CARE ESG Ratings Ltd, previously known as CARE Advisory Research and Training Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings Africa (Private) Limited in Mauritius, CARE Ratings South Africa (Pvt) Ltd, and CARE Ratings Nepal Limited.

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