

Paris, 25 October 2022

**For each €1 invested in fossil fuels, €4 are invested in renewable energies and green and sustainable activities:
French banks contributing to the ecological transition**

French banks are firmly committed to the fight against climate change. They have rolled out powerful and wide-ranging measures for several years now to reduce their exposure to the most greenhouse gas-emitting energies and accelerate the financing of renewable energies and green and sustainable activities. Their commitment is concrete, as demonstrated by the figures. Loans to the coal sector now make up a marginal share of their balance sheets (€2bn, i.e. 0.02% of their total balance sheet¹), whereas renewable energy loan outstandings accounted for more than €42bn in 2021, including €14bn in new flows.

1. French banks' lack of dependence on fossil fuels

For many years, French banks have stood out through their determination to exclude the most greenhouse gas-emitting energies. They have made strong commitments with clear results. While 36% of global electricity is produced using coal, this energy source accounts for just €2 billion for French banks, i.e. 0.02% of their total balance sheet. In addition, hydrocarbon loans amount to €23 billion, or around 0.25% of the total balance sheet of French banks².

More broadly, and despite the current geopolitical environment, French banks are reaffirming their commitment to unconventional hydrocarbons and, as the figures show, they have scant exposure to the financing of the fossil fuel sector³. On the contrary, they are providing substantial financing for viable, renewables-focused projects. They are supporting each of their customers in their transition and meeting the daily challenge of helping fossil-fuel companies to transform their business model. Support is a key issue for banks, as they are convinced that a global and sustainable transition hinges on the involvement of all players.

2. Large-scale financing of renewable energies and green and sustainable activities

By providing substantial financing to transition sectors and the adaptation to climate change, French banks are contributing to the decarbonisation of the economy. Outstanding green and sustainable loans accounted for more than €100 billion⁴ at the end of 2021, up from €76.2 billion a year earlier, of which nearly €30 billion in new loans granted in 2021. French banks also lead the way on green and sustainable bond issues, with €225 billion arranged in 2021.

It is also essential to note that for each €1 banks invest in fossil fuels, they finance €4 in renewable energy and green and sustainable activities, whether comparing fossil-fuel

¹ Market estimates on the basis (coal, hydrocarbons, including unconventional) of lists and methodologies used by authorities or NGOs. While no methodology currently makes it possible to accurately measure the amounts of financing for fossil fuels, it is possible to make estimates which can, in the interest of transparency, be used to communicate on the exposures of French banks.

² See note 1.

³ The share of fossil-fuel financing was stable relative to all bank loans in 2021 compared with previous years.

⁴ While no methodology currently makes it possible to accurately measure the amounts of financing for renewable energies or the ecological transition, it is possible to make estimates which can, in the interest of transparency, be used to communicate on the exposures of French banks.

outstandings with green and sustainable outstandings or all off-balance sheet items, with, for example, €51 billion off-balance sheet for hydrocarbons versus €225 billion in green bonds.

Banks are therefore supporting their customers across the board in the withdrawal from the most polluting energies and the acceleration of renewable energy. They also ensure that financing is found for viable projects motivated by environmental protection.

3. Ongoing work to drive a sustainable and global transition

To achieve carbon neutrality, it is essential to act collectively and rally all stakeholders. As part of the Net Zero Banking Alliance (NZBA), French banks have collectively developed a shared and ambitious approach to measuring the carbon footprint of their banking portfolios and their alignment with a net carbon neutrality objective by 2050, compatible with the trajectory for meeting the 1.5 °C target of the Paris Agreement.

To that end, the main French banking groups, all actively involved in the NZBA, led an in-depth discussion and analysis for several months under the auspices of the FBF. The aim was to develop a common methodological approach for measuring the carbon footprint of a banking portfolio (baseline) and setting sector targets for its alignment with a net-zero objective by 2050, in compliance with the Paris Agreement.

The resulting method, which will be upgraded over time in line with future market advances and international work, constitutes the collective and ambitious contribution of French banks to international efforts on aligning the financial sector with net carbon neutrality.

Commenting, Laurent Mignon, Chairman of the Climate Committee and FBF, said: “It would be wrong to believe that French banks are dependent on the financing of hydrocarbons. Every year, they are stepping up their efforts to prove the contrary and accelerate financing for the transition. We are fortunate to have pioneering French banks on this subject, banks with a real desire to embrace the entire economy in this transition. Transparency is key to that goal. This is why they publish their figures each year and are developing this method for measuring their footprint and trajectory, the aim being to forge common principles and a shared approach. The ECB has estimated the cost of the ecological transition at between €330 billion and €350 billion a year for 10 years. Banks can support the energy transition but cannot be the only ones to do so. No single player can do this on its own. Ours must be a collective effort.”

CONTACTS

Benoît Danton: +33 (0)6 73 48 80 40 - bdanton@fbf.fr

Jenny Sensiau: +33 (0)6 31 06 60 39 - jsensiau@fbf.fr



[@FBFFrance](https://twitter.com/FBFFrance)