

# GREEN ASSET RATIO

- USE CASE : BPCE and SOCIETE GENERALE -

“ The European Banking Authority will require around 150 lenders to publish a so-called green asset ratio, or GAR, from 2024. The ratio is slated as a comparable and harmonized metric showing environmentally sustainable assets as a percentage of lenders' banking books. Banks will follow a common classification system, the EU's taxonomy, to define a "green" asset. But the ratio may be of limited use to compare the greenness of banks' balance sheets across the board as large parts of assets are out of its scope, according to European banks' latest sustainability reports. For example, assets held for trading and exposures to governments and central banks are excluded from the GAR calculation altogether, while financing to small and medium-sized enterprises or non-EU corporate counterparties can never qualify as green. These structural features are likely to drive divergence in the coverage and value of the green asset ratio depending on a bank's business model and geographical footprint. ”

S&P Global Market Intelligence – June 2022 – Article extract





# INTRODUCTION

## What is the green asset ratio?

The Green Asset Ratio is an indicator for measuring the proportion of Taxonomy\*-**eligible and aligned** on-balance-sheet bank exposure in relation to the total assets.

- **ELIGIBILITY** : An activity is considered taxonomy-eligible if it is described in the taxonomy regulation, such as renewable and therefore has the potential to contribute to one of the EU's environmental objectives.
- **ALIGNMENT** : In 2024, EU banks have to assess whether these assets actually meet the performance criteria.

The **European Delegated Act 4987 of July 2021** defines and gives guidelines for the calculation of the Green Asset Ratio (GAR) i.e. the financial assets considered "green" with regards to the EU Taxonomy. The EBA transposed the enactment and detailed it in the binding standards for Pillar 3 disclosure on ESG risks, published in January 2022.

## In a nutshell?

GREEN ASSET RATIO %



ASSETS FINANCING AND INVESTED IN ACTIVITIES ELIGIBLE AND ALIGNED UNDER THE EU TAXONOMY\*



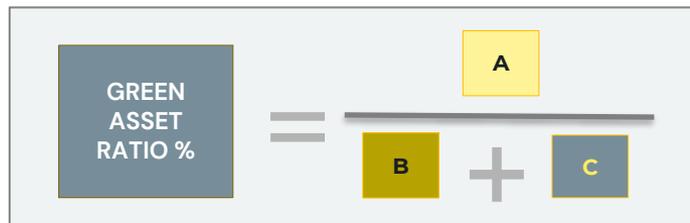
TOTAL ASSETS COVERED

\*[Click here to understand the EU Taxonomy:](#)



# GREEN ASSET RATIO METHODOLOGY CALCULATION

## What is the calculation methodology?



A	Only eligible assets	B	All Assets
<b>INCLUDED IN THE NUMERATOR AND DENOMINATOR</b>			
<b>FINANCIAL CORPORATIONS</b>			
<ul style="list-style-type: none"> <li>• Credit Institutions</li> <li>• Other financial Corporations (Investment Firms, Management companies, Insurance undertakings)</li> </ul>			
<b>NON FINANCIAL CORPORATIONS SUBJECT TO NFRD*</b>			
<b>HOUSEHOLDS</b>			
<b>LOCAL GOVERNMENTS FINANCING</b>			

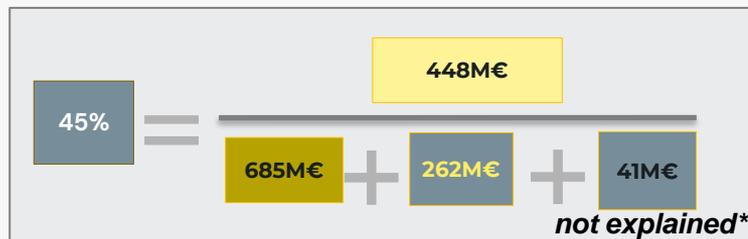
C
<b>EXCLUDED FROM THE NUMERATOR</b>
<b>UNDERTAKINGS NOT SUBJECT TO NFRD*</b>
<b>DERIVATIVES</b>
<b>INTERBANK LOANS</b>
<b>OTHER (goodwill, cash...)</b>

D
<b>EXCLUDED FROM THE SCOPE</b>
<b>TRADING BOOK</b>
<b>SOVEREIGNS / CENTRAL BANKS / SUPRANATIONAL UNDETAKINGS</b>

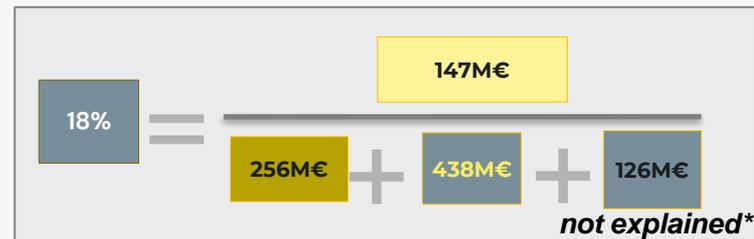
\*The Non-Financial Reporting Directive (NFRD) requires companies in scope to publish a non-financial report on their ESG performance.

# USE CASE : BPCE AND SOCIETE GENERALE GREEN ASSET RATIO

 GROUPE BPCE



 SOCIETE GENERALE



		in M€			
		BPCE	SG		
D	TOTAL BALANCE SHEET	1 432	1 351		
	TRADING PORTFOLIO	-182	-242		
	EXPOSURES TO CENTRAL BANKS / SUPRANATIONALS / CENTRAL GOVERNMENTS	-261	-289		
		989	820	→ Denominator	
C	DERIVATIVES	13	109		
	INTER LOANS BANKS	7	33		
	EXPOSURES NOT SUBJECT TO NFRD	243	296		
A	B	EXPOSURES NOT ELIGIBLE	237	109	
		EXPOSURES ELIGIBLE	448	147	→ Numerator

\*not explained can include cash and cash equivalents, as well as other non-transactional assets that are not subject to a performance indicator

# CONCLUSION

- Low comparability of Green Asset Ratios due to business model differences and geographical footprint. The Green Asset Ratio has to be assessed with regards to the others disclosure requirements the EBA has introduced into the Pillar 3 framework (cf. below) notably the BTAR.

QUALITATIVE INFORMATION			1 ENVIRONMENTAL RISK	2 SOCIAL RISK	3 GOVERNANCE RISK	
BANKING BOOK	TRANSITION RISK		T1	CREDIT QUALITY OF EXPOSURES BY SECTOR, EMISSIONS AND RESIDUAL MATURITY		
			T2	LOANS COLLATERALIZED BY IMMOVABLE PROPERTY - ENERGY EFFICIENCY OF THE COLLATERAL		
			T3	ALIGNMENT METRICS TO IEA SCENARIO		
			T4	EXPOSURES TO TOP 20 CARBON-INTENSIVE FIRMS		
	PHYSICAL RISK		T5	EXPOSURES SUBJECT TO PHYSICAL RISK		
	MITIGATION ACTIONS	RATIOS	GAR	T6	SUMMARY OF GREEN ASSET RATIO KPIS	
				T7	MITIGATING ACTIONS: ASSETS FOR THE CALCULATION OF GAR	T8
		OTHER MITIGATION ACTIONS	BTAR	T9	MITIGATING ACTIONS: BANKING BOOK TAXONOMY ALIGNED RATIO (BTAR)	
			OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN THE EU TAXONOMY	T10	OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN THE EU TAXONOMY	

↓ Based on ↓



# CONTACTS



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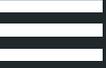
**Coordonnées**

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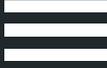
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**BlueWings a obtenu une médaille  
d'argent Ecovadis en 2023 pour sa  
performance RSE**



# APPENDICES



# APPENDIX I : SOURCES



## UNIVERSAL REGISTRATION DOCUMENT

# 2023

ANNUAL FINANCIAL REPORT 2022

 SOCIÉTÉ  
GÉNÉRALE

## APPENDIX II : BPCE GREEN ASSET RATIO

<i>(in millions of euros)</i>	2022		2021	
	Amount	%	Amount	%
Total hedged assets - included in the numerator and denominator	988,300	69%	959,489	68%
Total assets eligible for taxonomy in hedged assets - GAR	447,637	45%	439,053	46%
Total assets not eligible for taxonomy in hedged assets	236,941	24%	250,083	26%

<i>(in millions of euros)</i>	2022		2021	
	Amount	%	Amount	%
Derivatives - hedge accounting*	12,700	0,9%	7,163	0,5%
Interbank demand loans*	7,004	0,5%	7,228	0,5%
Outstanding loans to financial and non-financial companies not subject to Articles 19a and 29a of directive 2013/34/EU (NFRD)*	242,523	17%	204,106	14%
<b>TOTAL ASSETS EXCLUDED FROM THE NUMERATOR*</b>		<b>18%</b>		<b>15%</b>
Outstandings with central governments, central banks and supranational issuers*	261,388	18%	266,547	19%
Financial assets held in the trading book*	181,650	13%	186,528	13%
<b>TOTAL ASSETS EXCLUDED FROM THE DENOMINATOR AND NUMERATOR*</b>		<b>31%</b>		<b>32%</b>

\* Ratios are calculated based on the FINREP balance sheet total.

# APPENDIX III : SOCIETE GENERALE GREEN ASSET RATIO

	REQUIREMENTS	MANAGEMENT RULES APPLIED	Amount Q4 2022 (in EURbn)	% Q4 2022	Amount Q4 2021	% Q4 2021		
	<b>Total Assets Balance Sheet (FINREP)</b>	<b>Total prudential asset corresponding to FINREP balance sheet</b>	<b>1,350.8</b>	<b>100%</b>	<b>1,311.0</b>	<b>100%</b>		
<b>EXCLUDED FROM COVERED ASSETS</b>	<b>1</b> The proportion of <b>trading portfolio</b>	• FINREP Asset Class "Held for Trading" except derivatives	<b>242.4</b>	<b>17.9%</b>	<b>229.8</b>	<b>17.5%</b>		
	<b>2</b> The proportion of <b>exposures to central governments, central banks and supranationals</b>	• FINREP asset exposures related to corresponding portfolio	<b>288.7</b>	<b>21.4%</b>	<b>255.1</b>	<b>19.5%</b>		
	<b>Total Covered Assets</b>	<b>Total assets accounting for denominator in the KPIs for EU Taxonomy 2022</b>	<b>819.7</b>	<b>100%</b>	<b>826.1</b>	<b>100%</b>		
<b>COVERED ASSETS</b>	<b>EXCLUDED FROM THE NUMERATOR</b>	<b>3</b> The proportion of <b>derivatives</b>	• FINREP Derivatives Asset Class classified as "Held for Trading" or "Hedge Accounting"	<b>109.1</b>	<b>13.3%</b>	<b>114.0</b>	<b>13.8%</b>	
		<b>4</b> The proportion of <b>on-demand interbank loans</b>	• Loans and advances identified as receivables on demand with credit institutions (FINREP)	<b>33.3</b>	<b>4.1%</b>	<b>27.0</b>	<b>3.3%</b>	
		<b>5</b> The proportion of <b>exposures to undertakings that are not obliged to publish an NFRD</b>	• Financial and Non-Financial corporate exposures <b>NOT subject to NFRD corresponding to the following cases:</b> - Company and parent company outside EU - Company or parent company inside EU but not disclosing eligibility KPI	<b>295.8</b>	<b>36.1%</b>	<b>289.3</b>	<b>35.0%</b>	
		<b>ASSETS SUBJ. TO ELIGIBILITY SCOPE</b>	<b>6</b> The proportion of <b>exposures to EU Taxonomy-non-eligible activities</b>	• Financial and non-financial corporate exposures subject to NFRD to the extent of the non-eligible KPI part • Households excluding loans collateralised by residential real property	<b>109.0</b>	<b>13.3%</b>	<b>112.2</b>	<b>13.6%</b>
			<b>7</b> The proportion of <b>exposures to EU Taxonomy-eligible activities</b>	• Financial and Non-Financial corporate exposures subject to NFRD to the extent of the eligible KPI part • Loans collateralised by residential real property or "Crédit Logement" • Local government exposures	<b>147.0</b>	<b>17.9%</b>	<b>151.6</b>	<b>18.4%</b>

NB: not all covered assets are included in the total sum of the individual items presented above. Items also include cash and cash equivalents, as well as other non-transactional assets that are not subject to a performance indicator.