

## Green Weighting Factor

An innovative tool to green  
Natixis' balance sheet



15/10/2019

# Green Weighting Factor

## General principles

The GWF is an in-house mechanism that links analytical capital allocation to the degree of sustainability of each financing

### Objectives:

- Speed up Natixis' transition to sustainable finance => **Incentivize green business origination (including for our "brown" franchises)**
- Integrate climate transition risk in the overall risk assessment of lending transactions => **penalize negative impact on climate**

- **A tool to monitor Natixis' climate strategy:** setting medium to long term targets + monitoring of the bank's loan book climate trajectory to become aligned with Paris Agreement objectives (+2°C scenario)

### Double level of impact:

- **Transaction level:** impact transaction's financial performance indicators as of credit decision => impact decision to do or not a transaction
- **Portfolio level:** impact portfolio's financial performance ex ante => impact business mix

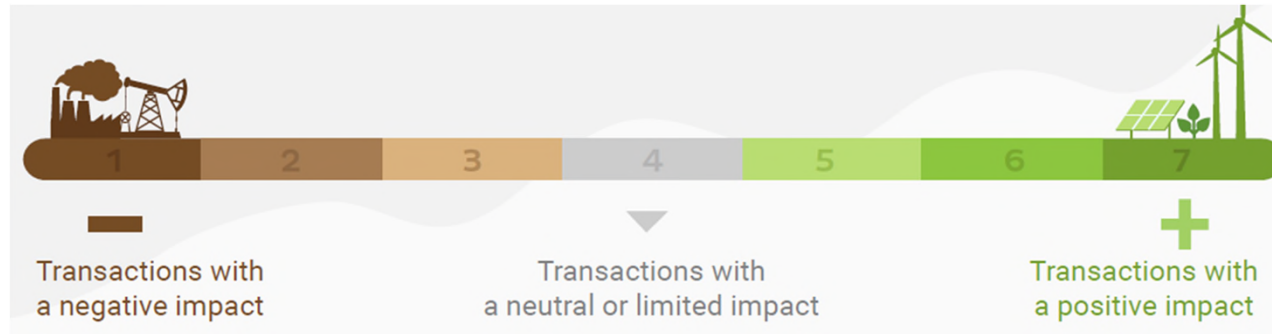
- Scope: **€127bn loan book**, excluding financial sector, holdings and securitization vehicles



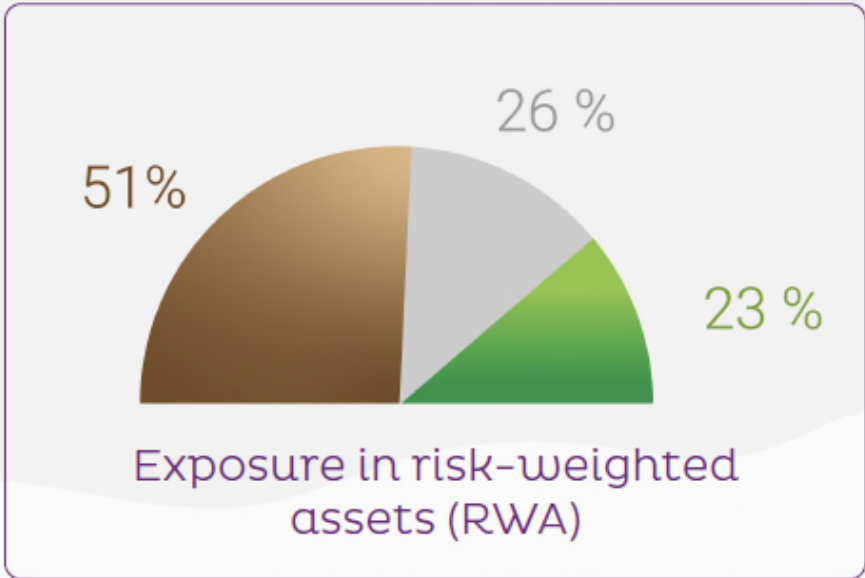
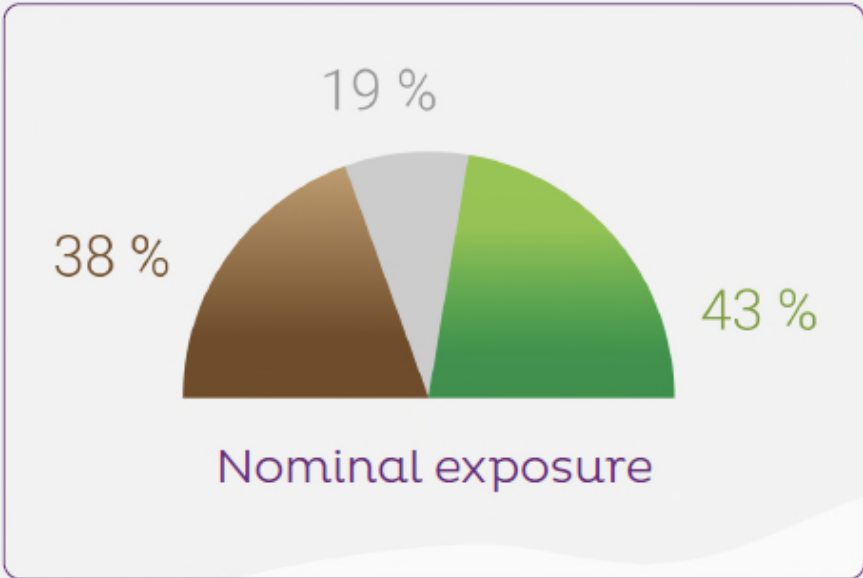
- Selected indicator: GWF is applied to **analytical Risk Weighted Assets** with no impact on regulatory RWA = internal tool
- Prerequisite: **development of a proprietary methodology (taxonomy)** to classify financings depending on their environmental / climate impact
- Timing: developed in 2018, implemented progressively to **all geographies and all lending activities** in 2019, expanded to all banking activities in 2020

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## Environmental and climate impact of Natixis' CIB balance sheet



Natixis CIB's balance sheet green/brown mix resulting from the impact analysis on 70% of the project's scope (as of 23/09/2019)



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Scale of risk weighted assets adjustment

