

Commercial Banks Still Deep into Coal 8 Years After Paris

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Today, Urgewald released new research on commercial banks' support for the thermal coal industry together with BankTrack, Rainforest Action Network, Reclaim Finance, Friends of the Earth Japan, and 15 other NGOs.¹ The released data shows that commercial banks provided US\$ 470 billion in loans and underwriting to the coal industry between January 2021 and December 2023.²

2021 was the year in which the International Energy Agency issued its Net Zero by 2050 scenario, underlining the need for a rapid transition out of coal. It was the year in which COP26 in Glasgow agreed to accelerate the phase-down of coal and in which commercial banks launched the Net Zero Banking Alliance. "2021 should have been a turning point. Yet our data shows that banks are still injecting hundreds of billions of dollars into the industry, which is our climate's worst enemy," says Katrin Ganswindt, head of financial research at Urgewald.

Where Is the Money Coming From?

92% of the US\$ 470 billion came from commercial banks headquartered in 7 countries: China, the US, Japan, Canada, India, the UK and Indonesia. The charts below depict each country's contribution to coal lending and coal underwriting since 2021. While US banks are the biggest coal lenders, Chinese banks have the largest coal underwriting portfolio.

| Lending 2021-2023 in US\$ billion | | Underwriting 2021-2023 in US\$ billion | |
|-----------------------------------|------|--|-------|
| United States | 28.4 | China | 321.2 |
| Japan | 11.8 | United States | 21.3 |
| Canada | 7.9 | Japan | 11.8 |
| Indonesia | 6.4 | India | 7.8 |
| United Kingdom | 3.4 | Canada | 4.7 |
| China | 3.2 | United Kingdom | 3.1 |
| India | 2.9 | Indonesia | 0.4 |

¹ AbibiNsroma Foundation, Asian Peoples Movement on Debt and Development, Attac Austria, Auriga, Centre for Environmental Rights, Dayenu, Divest Oregon, Ecodefense, Fossil Free Berlin, groundwork, ReCommon, Stand.earth, The Climate Reality Project Europe, Toxic Bonds, WALHI.

² US\$ 80.8 billion were provided in loans and US\$ 390 billion through underwriting of bond and share issuances.

A ranking of the individual top 30 coal lenders and coal underwriters is provided in the annex. And detailed information on each banks' coal portfolio is available online at: stillbankingoncoal.org

Has Commercial Banks' Financing of Coal Changed Since 2016?

To answer this question, Urgewald and its NGO partners undertook a year-to-year analysis of over 600 commercial banks' support (lending and underwriting) for the coal industry since 2016. The graph shows the combined results for 638 banks. It depicts an all-time high in 2021 and an all-time low in 2023, but only the coming years will show whether the 2023 value marks the beginning of a real reduction trend.



In 2023, commercial banks' support for the coal industry equaled almost US\$ 136 billion and was only 20% less than it was in 2016, the year the Paris Agreement came into force. This is nowhere near the reduction level needed and raises the question: Why is commercial banks' support for the coal industry still so high?

“Out of the 638 banks covered in our research, only around 140 have significantly decreased their lending and underwriting services for the coal industry since 2016. 423 banks are still roughly at the same level, while 75 banks have actually **increased** their support for the coal sector,” explains Ganswindt. “Eight years after the Paris Agreement came into force, the public needs to know which banks are failing to roll back their support for the coal industry.”

The Good, the Bad and the Ugly

This section offers a deeper dive into the countries, whose commercial banks are key sources of finance for the global coal industry. It identifies the largest financiers in the respective countries and analyzes the development of their portfolios since 2016.

A. The United States

Between January 2021 and December 2023, the following 7 banks were the top US financiers of the global coal industry: **Bank of America** (\$ 6 billion), **JPMorgan Chase** (\$ 5.9 billion), **Citigroup** (\$ 4.9 billion), **Wells Fargo** (\$ 4.4 billion), **US Bancorp** (\$ 3.9 billion), **PNC Financial Services** (\$ 3.6 billion) and **Jefferies Financial Group** (\$ 3.3 billion).

If we, however, look at how coal financing of individual US banks developed over time, we can see that even banks with similar exposures in 2023 are on radically different pathways.

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|----------------------------------|--|--|------------|
| Bank of America | 2,186 | 2,846 | +30% |
| Jefferies Financial Group | 7 | 2,840 | +40,471% |
| JPMorgan Chase | 2,967 | 1,815 | -38% |
| Wells Fargo | 1,803 | 1,650 | -8% |
| Citigroup | 3,303 | 1,643 | -50% |
| US Bancorp | 872 | 1,210 | +39% |
| PNC Financial Services | 636 | 1,137 | +79% |

While Citigroup and JPMorgan Chase are still two of the world's largest coal financiers, their support for the coal industry was significantly lower in 2023 than in 2016. Bank of America, US Bancorp, PNC and the Jefferies Financial Group simultaneously moved in the opposite direction and vastly **increased** their support for the coal industry in 2023. As a result, total US bank lending and underwriting for the coal industry grew from 16.2 billion in 2021 to 19.8 billion in 2023, an increase of 22%.

“While JPMorgan Chase and Citi have stepped back some of their coal investments due to pressure from investors, climate activists, NGOs, faith groups and concerned citizens, Bank of America, the investment bank Jefferies and various US regional banks are now taking up the slack. Banks have the power and the responsibility to protect the

climate for future generations and phase out coal financing,” says April Merleaux, research manager at Rainforest Action Network.

B. Canada

The other big player in North America is Canada. The country’s top coal financiers over the past three years were **Scotiabank** (\$ 3.5 billion), **Royal Bank of Canada** (\$ 3.3 billion), **Toronto Dominion** (\$ 2.5 billion) and **BMO Financial** (\$ 1.6 billion).

If we compare the coal financing volumes of these banks in 2016 and 2023, the data shows that Royal Bank of Canada, Toronto-Dominion Bank and BMO Financial Group each significantly increased their support for the coal industry in 2023. The only top Canadian bank whose coal portfolio shrank in comparison to 2016 is Scotiabank. A year-to-year analysis, however, shows that while Scotiabank’s coal financing dropped by 49% in 2017, it increased again in the following years and now remains at a much too high plateau.

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|-------------------------|--|--|------------|
| Scotiabank | 1,623 | 1,150 | -29% |
| RBC | 899 | 1,146 | +27% |
| Toronto Dominion | 576 | 1,094 | +90% |
| BMO | 276 | 657 | +138% |

Although Canada was a key initiator of the “Powering Past Coal Alliance”, most of the country’s top commercial banks have doubled down on coal. In 2016, Canadian banks provided US\$ 4 billion to the coal industry. In 2023, this figure grew to US\$ 4.7 billion, an increase of 18%.

C. China

Although Chinese banks’ coal financing dropped from almost US\$ 101 billion in 2016 to US\$ 88 billion in 2023, this 13% decrease was likely due to the slowing of the country’s economic growth and does not signify a lasting reduction trend.

China’s (and the world’s) largest coal financier is the **China International Trust Investment Corporation, CITIC**. CITIC was founded in 1979 and is the country’s biggest state-run conglomerate. Through its banking subsidiaries, CITIC provided US\$ 31.3 billion to the coal industry since January 2021. Next in line are the **Industrial and Commercial Bank of China** (\$ 23.8 billion), **China Everbright Group** (\$ 20.2 billion),

China Merchants Bank (\$ 19.9 billion) and **Shanghai Pudong Development Bank** (\$ 16.8 billion). Among the top 5, the Industrial and Commercial Bank of China was the only player whose coal financing was substantially lower in 2023 than in 2016.

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|--|--|--|------------|
| CITIC | 5,875 | 9,601 | +63% |
| China Everbright Group | 4,478 | 6,620 | +47% |
| Industrial and Commercial Bank of China | 8,480 | 5,404 | -36% |
| China Merchants Bank | 5,775 | 5,329 | -8% |
| Shanghai Pudong Development Bank | 3,842 | 5,003 | +30% |

Three Chinese banks (Bank of China, Postal Savings Bank and Ping An Insurance Group) exclude direct financing for overseas coal power and mining projects. These policies, however, only have limited impact as the bulk of Chinese coal financing goes to companies in China. Currently, Ping An is the only Chinese banking institution, which also excludes investments in some coal projects and companies within China.

D. Japan

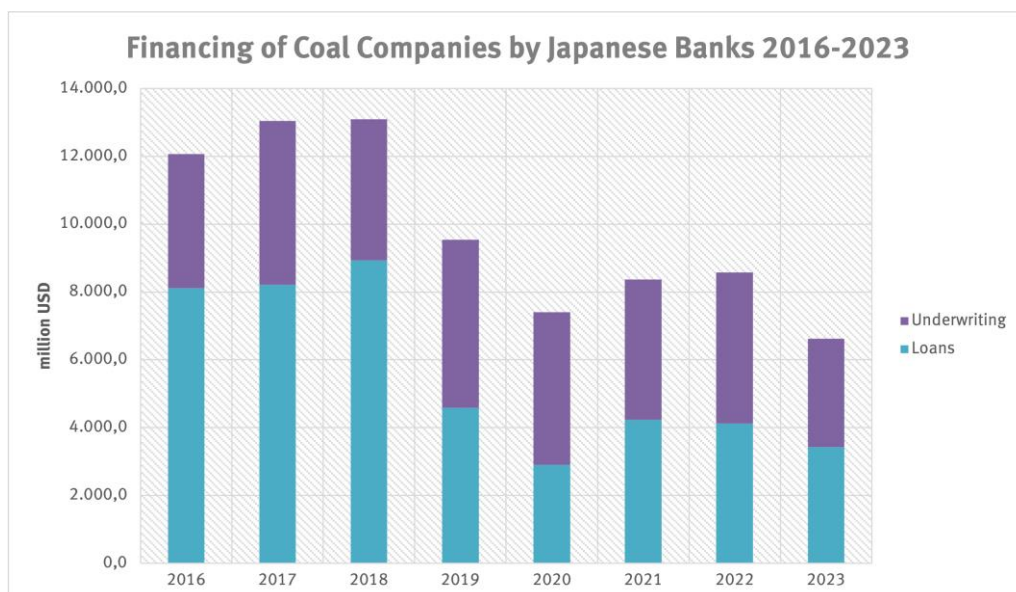
The biggest Japanese coal financiers over the past 3 years were **Mizuho** (\$ 8.1 billion), **Mitsubishi UFJ Financial** (\$ 6.1 billion), **Sumitomo Mitsui Financial (SMBC)** (\$ 4.7 billion), **Nomura** (\$ 1.7 billion) and **Daiwa Securities** (\$ 1.3 billion).

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|---------------------------------|--|--|------------|
| Mizuho Financial Group | 3,178 | 2,339 | -26% |
| Mitsubishi UFJ Financial | 3,671 | 2,005 | -45% |
| SMBC Group | 1,310 | 1,399 | +7% |
| Nomura | 404 | 323 | -20% |
| Daiwa Securities | 320 | 186 | -42% |

Although the coal policies of Japanese banks are notoriously weak, the data shows a significant decrease in the coal finance portfolios of 4 of the top players in 2023. The only exception is SMBC, whose coal financing was 7% higher in 2023 than in 2016.

On a country level, coal financing of Japanese banks decreased by 45% from US\$ 12.1 billion in 2016 to US\$ 6.6 billion in 2023. As the graph below shows, a major drop

occurred between 2018 and 2020, but subsequently banks' coal financing has more or less stayed at the same level.



“In contrast to many of their European peers, Japanese banks have no corporate level exclusions for coal developers and are still major financiers of coal expansion in countries such as Indonesia, India, Vietnam, Bangladesh and the Philippines. But Japanese financing not only racks up emissions, it also destroys communities through pollution, land grabbing and human rights abuses. It is high time for Japan’s banks to stop pushing us toward climate breakdown and adopt strict coal exclusion policies,” says Ayumi Fukakusa, deputy executive director of Friends of the Earth Japan.

E. India

The country’s largest coal financiers over the past 3 years were the **State Bank of India** (\$ 2.1 billion), **ICICI Bank** (\$ 1.5 billion), **Trust Group** (\$ 1.1 billion), **AK Group** (\$ 871 million) and **Axis Bank** (\$ 782 million).

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|----------------------------|--|--|------------|
| State Bank of India | 1,849 | 272 | -85% |
| ICICI Bank | 490 | 243 | -50% |
| Axis Bank | 707 | 220 | -69% |
| A.K. Group | 112 | 102 | -9% |
| Trust Group | 444 | 91 | -80% |

Four of these five banks had significantly smaller coal portfolios in 2023 than in 2016. This mirrors a substantial reduction on the country level. In 2016, Indian commercial

banks channelled US\$ 6.8 billion to the coal industry. In 2023, their coal financing amounted to US\$ 1.8 billion, 74% less than the 2016 baseline.

However, in December 2023, India’s power minister announced plans to add nearly 88 GW of new thermal power capacity to the grid by 2032. Much of this new capacity would be coal-fired and it is entirely possible that Indian banks could step up their coal financing again. Up to now, only two small Indian private banks – Suryoday Small Finance and Federal Bank – have adopted policies excluding financing of new coal projects.

F. Indonesia

In Indonesia, coal financing by commercial banks has risen by 42% since 2016 and amounted to US\$ 3.7 billion in 2023. And it is likely to rise further as Indonesia has the world’s third largest coal plant pipeline with around 20 GW of new capacity planned or under development.

Indonesia’s biggest coal financiers over the past 3 years were **Bank Mandiri** (\$ 3.1 billion), **Bank Negara Indonesia** (\$ 1.4 billion) and **Bank Rakyat Indonesia** (\$ 1.2 billion). Out of these three, only Bank Rakyat Indonesia reduced its coal financing since 2016, while Bank Mandiri and Bank Negara both massively increased their support for the industry in 2023.

| Bank | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|------------------------------|--|--|------------|
| Bank Mandiri | 316 | 1,480 | + 368% |
| Bank Negara | 145 | 740 | + 410% |
| Bank Rakyat Indonesia | 1,929 | 581 | -70% |

G. Europe

Europe’s biggest coal financiers since 2021 are **Barclays** (\$ 4 billion), **UBS** (\$ 2.7 billion), **BNP Paribas** (\$ 1.8 billion) and **Deutsche Bank** (\$ 1.6 billion).

While a comparison of coal financing levels in 2016 and 2023 shows a steep drop for UBS and BNP Paribas, Barclays’ coal financing only decreased by one-third. This is in stark contrast to the bank’s UK peers, Standard Chartered and HSBC, whose coal financing decreased by 67% and 77% over the same time period. Deutsche Bank is, however, the real outlier as its coal financing is almost at the same level as in 2016.

| Bank | Country | Coal Financing 2016 in US\$ million | Coal Financing 2023 in US\$ million | Net Change |
|----------------------|----------------|---|---|------------|
| Barclays | United Kingdom | 2,091 | 1,424 | -32% |
| Deutsche Bank | Germany | 693 | 664 | -4% |
| UBS | Switzerland | 2,259 | 515 | -77% |
| BNP Paribas | France | 1,328 | 444 | -67% |

The overall picture in Europe shows a 51% decline in the coal financing volumes of commercial banks, which went from US\$ 13.4 billion in 2016 to US\$ 6.5 billion in 2023.

Public and investor pressure has moved many European banks to adopt coal exclusion policies and begin phasing out their support for the coal industry, but progress is uneven and still far too slow. Accordingly, the European Central Bank warned in January 2024: “Currently banks’ credit portfolios are substantially misaligned with the goals of the Paris Agreement, leading to elevated transition risks for roughly 90% of these banks.”³

Ending Coal Finance

2016 should have been a turning point; 2021 should have been a turning point, but the global banking industry missed both turns. The IEA Net Zero By 2050 scenario calls for a phase-out of coal in OECD countries by 2030 and for the rest of the world by 2040. As corporate bank loans and bonds typically have a duration of several years, banks’ coal lending and coal underwriting actually needs to cease **before** the respective 2030/2040 deadlines.

“Without an end to coal financing, it is hard to imagine that we will be able to exit coal in time.

Out of the 1,433 coal companies, whose financing we researched, 40% are still planning to develop new thermal coal projects and 95% refuse to set a date for the closure of their coal assets,” explains Ganswindt.

The data released today shows no real reduction trend in commercial bank financing for the coal industry since 2016. “Although some banks in some countries have

³<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.bankingsectoralignmentreport202401~49c6513e71.en.pdf>

definitely moved in the right direction, the ‘good’ banks are still far outnumbered by the ‘bad’ and the ‘ugly’. And initiatives like the Net Zero Banking Alliance have delivered net-zero impact up to now. What we need is a wind of change from regulators,” says Ganswindt.

“Voluntary coal exclusion policies are necessary and good, but it often takes years of public pressure to achieve them – and time is running out,” she warns.

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Where Our Data Comes From

Our research is based on Urgewald’s Global Coal Exit List (GCEL). The GCEL provides key metrics on 1,433 companies whose activities range from coal mining, coal trading and transport to the conversion of coal to liquids, the operation of coal-fired power stations and the manufacturing of equipment for new coal plants. It is the most comprehensive public database of companies operating along the thermal coal value chain. www.coalexit.org

This briefing presents data on 638 banks, which provided lending or underwriting services to companies on the GCEL. As commercial banks’ support for the coal industry usually comes in form of general corporate loans and bonds, we used adjusters, based on each company’s coal share of revenue, to define which proportion of bank finance is likely to have supported thermal coal-related business. If a bank, for example, provided a loan of US\$ 100 million to a GCEL company, whose coal share of revenue equals 50%, we only consider US\$ 50 million to be “coal financing”. In order to even out year-to-year variations, our overall bank ranking covers a 3-year period from January 2021 to December 2023. To assess individual bank’s trajectories, we, however, went back in time and compared their respective coal financing volumes in 2016 and 2023.

The coal finance data used in this research is part of the BOCC+2024 Extended Dataset sourced by the NGOs Rainforest Action Network, Indigenous Environmental Network, BankTrack, CEED, Oil Change International, Reclaim Finance, Sierra Club, and Urgewald for the 2024 Banking on Climate Chaos (BOCC) Report. The original data was extracted from the Bloomberg and Refinitiv financial databases and the financial research was conducted with the not-for-profit research company Profundo. A detailed methodology is available at stillbankingoncoal.org

Annex

Top 30 Lenders to the Coal Industry, 2021-2023

| Creditor | Headquartered in | Loans (\$US million) |
|----------------------------|------------------|----------------------|
| Mizuho Financial Group Inc | Japan | 4,129.2 |
| Bank of America | United States | 3,661.6 |
| Mitsubishi UFJ Financial | Japan | 3,494.6 |
| SMBC Group | Japan | 3,275.4 |
| JPMorgan Chase | United States | 3,005.4 |
| Bank Mandiri | Indonesia | 2,883.2 |
| Wells Fargo | United States | 2,742.1 |
| US Bancorp | United States | 2,599.5 |
| PNC Financial Services | United States | 2,496.5 |
| Citigroup | United States | 2,337.5 |
| Bank of China | China | 2,305.4 |
| Barclays | United Kingdom | 2,217.5 |
| Scotiabank | Canada | 2,207.6 |
| Royal Bank of Canada | Canada | 1,896.0 |
| Toronto-Dominion Bank | Canada | 1,572.0 |
| State Bank of India | India | 1,541.4 |
| Goldman Sachs | United States | 1,430.8 |
| Bank Negara Indonesia | Indonesia | 1,381.5 |
| Truist Financial | United States | 1,379.6 |
| Morgan Stanley | United States | 1,266.6 |
| Bank Rakyat Indonesia | Indonesia | 1,199.6 |
| Deutsche Bank | Germany | 1,139.8 |
| KeyCorp | United States | 1,114.4 |
| BMO Financial Group | Canada | 985.0 |
| Bank Central Asia | Indonesia | 937.4 |
| CIBC | Canada | 920.2 |
| BNP Paribas | France | 894.2 |
| UniCredit | Italy | 862.5 |
| UBS | Switzerland | 830.3 |
| Jefferies Financial Group | United States | 807.9 |

Top 30 Underwriters to the Coal Industry, 2021-2023

| Creditor | Headquartered in | Underwriting (\$US mln) |
|---|------------------|-------------------------|
| CITIC | China | 31,238.4 |
| Industrial and Commercial Bank of China | China | 23,466.1 |
| China Everbright Group | China | 20,148.7 |
| China Merchants Bank | China | 19,851.7 |
| Shanghai Pudong Development Bank | China | 16,804.9 |
| Industrial Bank Company | China | 16,536.7 |
| Bank of Communications | China | 16,011.1 |
| CSC Financial | China | 14,521.0 |
| Ping An Insurance Group | China | 14,197.1 |
| Bank of Ningbo | China | 13,402.3 |
| Agricultural Bank of China | China | 13,265.3 |
| China Construction Bank | China | 9,689.7 |
| Bank of Shanghai | China | 9,537.2 |
| Hua Xia Bank | China | 8,101.7 |
| Bank of China | China | 7,934.5 |
| Huatai Securities | China | 7,165.5 |
| China International Capital Corporation | China | 7,098.7 |
| China Minsheng Banking | China | 7,027.2 |
| Bank of Beijing | China | 6,858.9 |
| Guotai Junan Securities | China | 4,814.8 |
| Mizuho Financial Group Inc | Japan | 3,966.0 |
| Postal Savings Bank of China | China | 3,574.0 |
| China Bohai Bank | China | 3,385.0 |
| Bank of Hangzhou | China | 3,214.0 |
| Shenwan Hongyuan Group | China | 3,053.5 |
| JPMorgan Chase | United States | 2,921.4 |
| Haitong Securities | China | 2,638.8 |
| Mitsubishi UFJ Financial | Japan | 2,580.3 |
| Citigroup | United States | 2,554.9 |
| China Zheshang Bank | China | 2,501.6 |