



CLIMATE X

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SUSTAINABLE FINANCE

TURNING CLIMATE RISKS INTO OPPORTUNITIES

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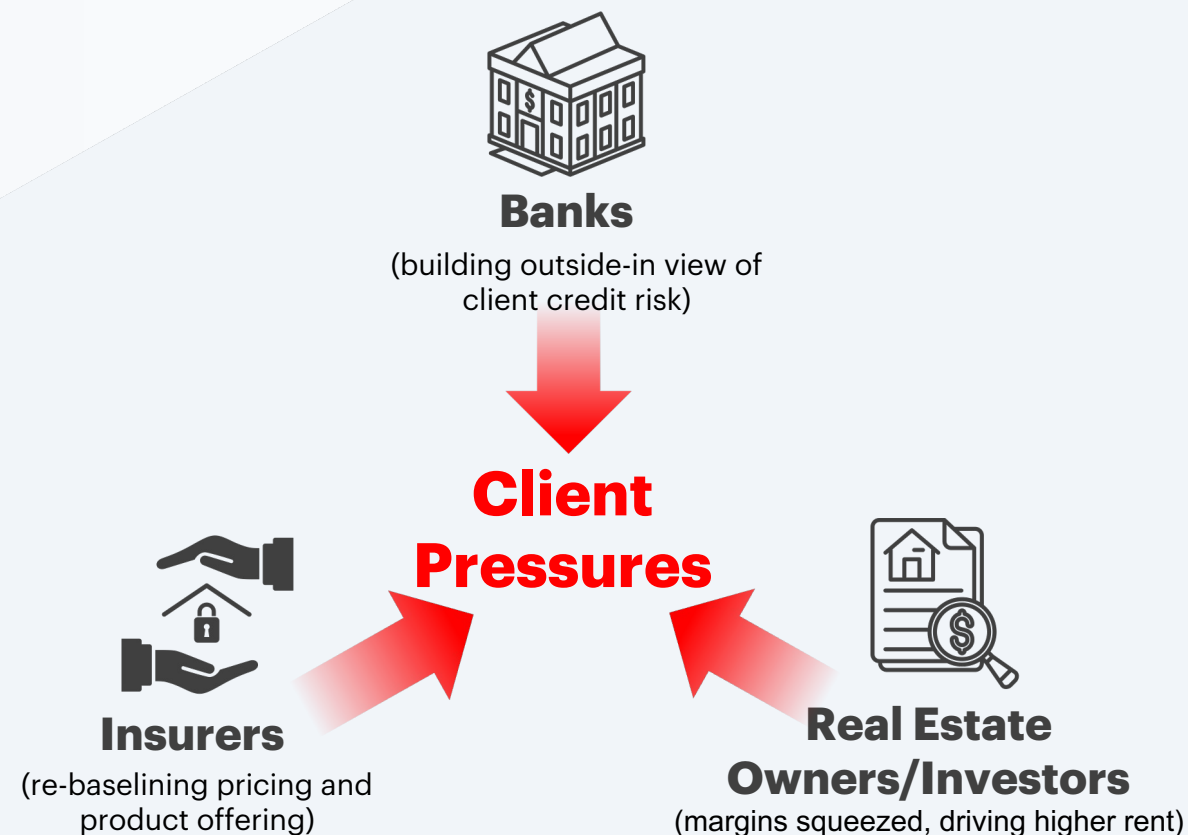
Climate Risks are Stressing the Financial System

Physical Climate Risks Are Impacting Clients

01 **Revenue Losses** linked to business disruption – road, rail, grid failure

02 **Unplanned OpEx & CapEx risk**
(increased insurance, reconstruction and build costs)

03 **Asset Valuation** – properties exposed to physical risks are losing appeal and value in markets



Causing a projected \$600B in corporate losses by 2035

14 Wildfires in Southern California

January 2025

**18,000 structures
destroyed or damaged**

**>200,000 residents
evacuated**

57,000 acres burned

Impact

Operational interruptions:

Widespread business closures, leading to revenue losses

Wage Losses:

Total wage loss of \$297 million for local businesses and employees

GDP Impact:

Projected 0.48% decline in LA County's GDP for 2025 (\$4.6 billion)

Insured Losses:

\$75 billion in insured losses. Insurers like State Farm paying over \$3.4 billion across >12,600 claims

Implications for banks

Credit Risk:

Increased default rates on loans due to business interruptions and property losses.

Asset Valuation:

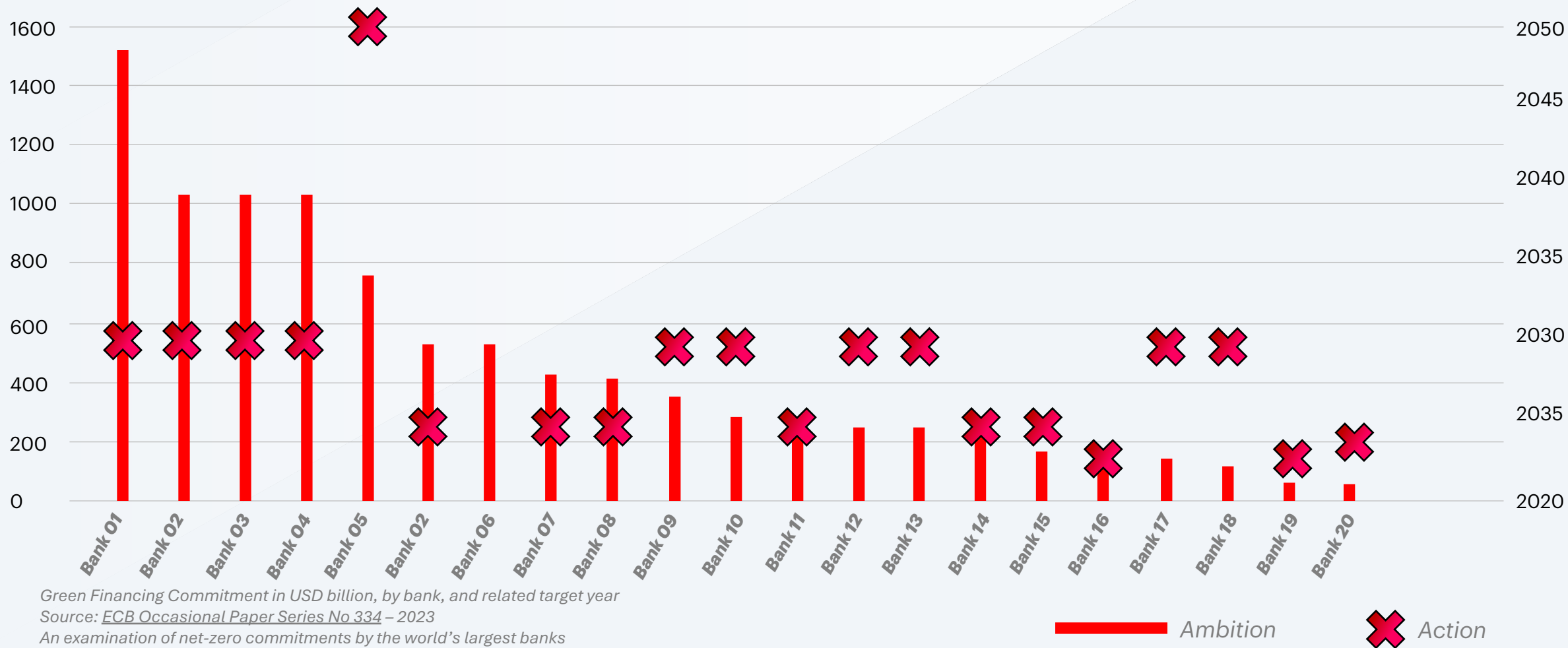
Decline in property values in high-risk areas affects collateral values

Regulatory Scrutiny:

Heightened focus on banks' climate risk assessments and disclosures

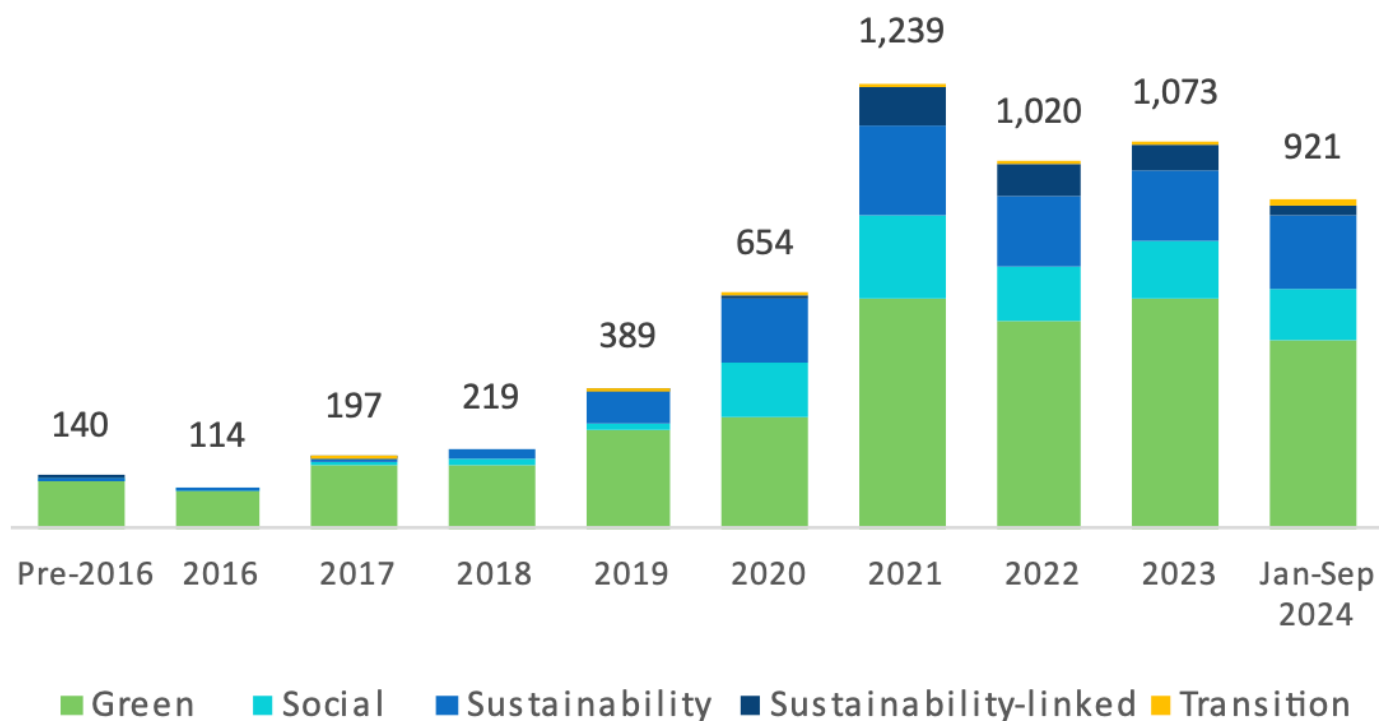
Ambition vs. Action:

Banks and the 2030 Sustainable Finance Gap



Capital Flows driven by Green & Social Finance

Global labeled bond annual issuance, USD bn



Why adaptation and resilience
is an **untapped,**
high-growth opportunity

Build Resilience in the System & Create New Opportunities

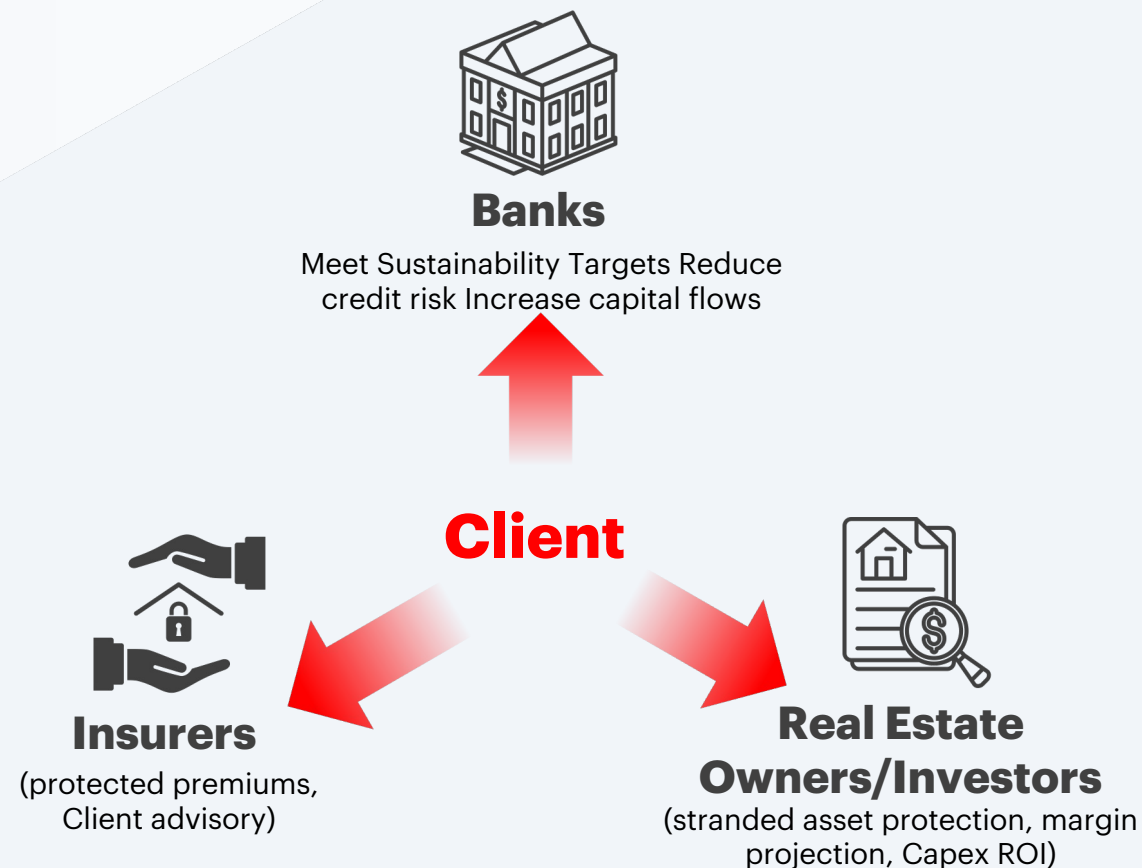
Adaptation & Resilience

financing is a win-win

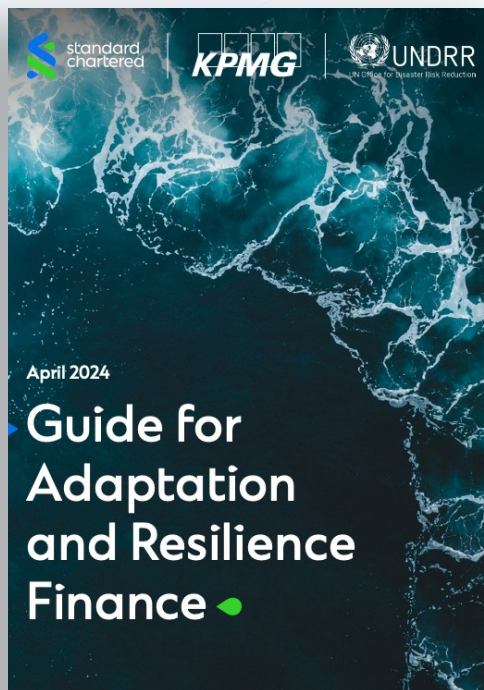
Help your client build resilience

Improve client engagement

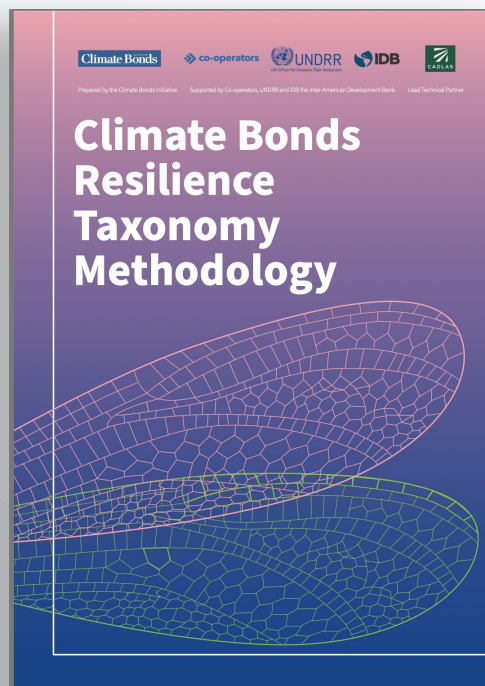
Avoid Losses, Reducing Risk



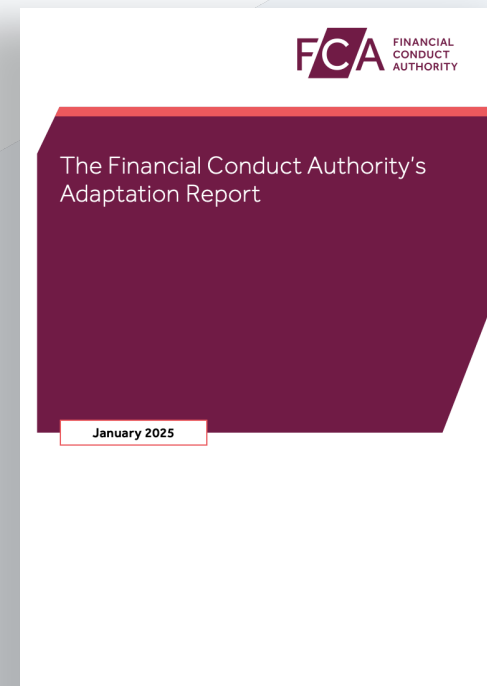
Industry is Waking up to this Opportunity



April 24



September 24



January 25

Early Movers

Have Adaptation in their Framework



Sustainable Finance Framework

Version 4.2 / February 2025



Deutsche Bank
Sustainable Finance Framework



Green Finance Framework

Danske Bank Group
November 2022

Santander Group
Green, Social &
Sustainability Funding
Global Framework

How data can accelerate and scale sustainable finance efforts

Data will Accelerate Adaptation Financing

Data

Client

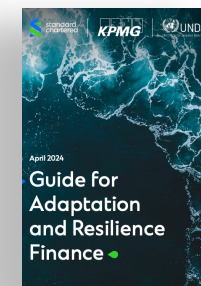


Client sourced / RM Survey

Research / Database

Innovation Led – Vendor

Bank Sustainable Finance

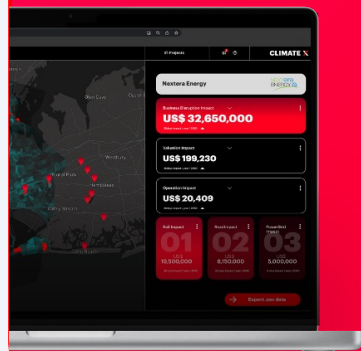


Connected Data to Streamline Adaptation Finance



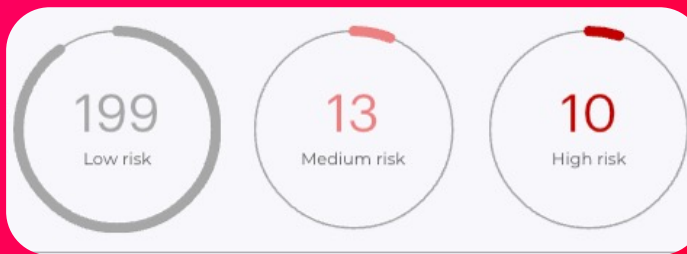
Corporate Asset Portfolio View

Find assets (incl. critical ones) for private and public corporate clients



Carta

Geo Locate corporate assets of private and public companies



Screen high risk critical assets

Streamlined operational workflow platform to easily identify losses at portfolio and at asset level



Spectra

Financial \$ loss data from physical risks that you can trust across 1.5bn assets

Estimated Pre-Adaptation Loss

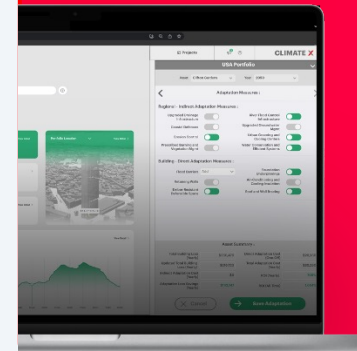
\$ 127M

Estimated Post-Adaptation Loss

\$ 9.3M

Identify optimal Adaptation CAPEX Measures

Enable Sustainable Finance teams to efficiently determine CAPEX and ROI of adaptation measures for critical assets for each corporate client [Use of Proceeds]



Adapt

Empower front-line to protect assets & finance adaptation with positive ROIs

Debt financing opportunity spotlight: \$170m+ interest income from major hotel group

Summary of assets sampled

8,145

Assets sampled
worldwide

\$680m

Financing amount with
10-year positive ROI

100+

Countries/geographies
represented

Climate X identifies the **highest ROI real assets** for corporates to invest

Asset level sample analysis

Assets with large financing & high ROI

Asset description	Key hazard	Capex / financing	10-year loss savings
1 Hotel & commercial complex 1	Flood and Wildfire	\$20m	\$554m
2 Hotel & commercial complex 2	Flood and Wildfire	\$51m	\$400m
3 Hotel	Flood	\$14m	\$97m
4 Hotel	Flood	\$11m	\$4m

Deep-dive into hotel & commercial complex 1

- Financing amount: **\$51m**
- 10-year loss savings from **physical losses**: **\$400m**
- 10-year savings from **insurance**: **\$2.2m**

Direct measures	Relevant hazards	Adapt. cost	10-year savings	10-year ROI
Dry floodproofing	Flood	(\$42.9)	\$238m	454%
Amber resistant defensible space	Wildfire	(\$8.2m)	\$162m	1,865%
Roof Bracing	Wind (tropical cyclone/ storms)	(\$4.75M)	\$0.165m	-63%

Climate X Carta + Spectra output
Identify all corporate real assets and assess physical risk



SSP58.5: 2025-2035	
Asset type	Commercial
Replacement cost	\$3.2B
C5 structure	Post 1985

Risk dashboard

Hazard	Rating	Severity	Probability	Accuracy
Acute				
River flooding	A	0.00 m Depth	1%	65%
Surface flooding	E	0.49 m Depth	1%	83%
Landslide	A	n/a	0%	83%
Wildfire	A	289 No of fire weather days	0%	83%
Storm	A	0 km/h gust speed	0%	n/a
Tropical Cyclones	A	0.00 km/h gust speed	1%	83%
Drought	A	n/a	n/a	65%
Storm Surge	A	0.00 m Depth	1%	83%
Chronic				
Subsidence	B	1.13 indicator [0,2]		82%
Coastal flooding	A	0.00 m Depth		81%
Extreme heat	D	25 No of heatwave days		87%

In short:

1. Climate Risk impacts banks' profitability, sustainable finance targets gap
2. Untapped opportunity in A&R
3. Data accelerates adaptation financing



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