



Transition Risk PD tool

Assess the impact of transition to a low carbon economy on a counterparty's probabilities of default (PD)

A fresh take on risk and valuation

The tool is ready to use, provided you have access to corporate counterparty financials, emissions data, sector classifications, and geographic locations.

Once your portfolio is mapped to NGFS categories, you can immediately run comprehensive climate risk simulations.

CLIMATE RISK
TRANSITION RISK
CLIMATE PD
STRESS TESTING
NGFS SCENARIOS

A powerful, future-focused tool to perform transition risk analysis and stress testing. It is designed to compute climate-risk adjusted financials for corporates under multiple climate scenarios and years. The tool allows for the derivation PD changes by counterparty and then to aggregate by sector, scenario and country.

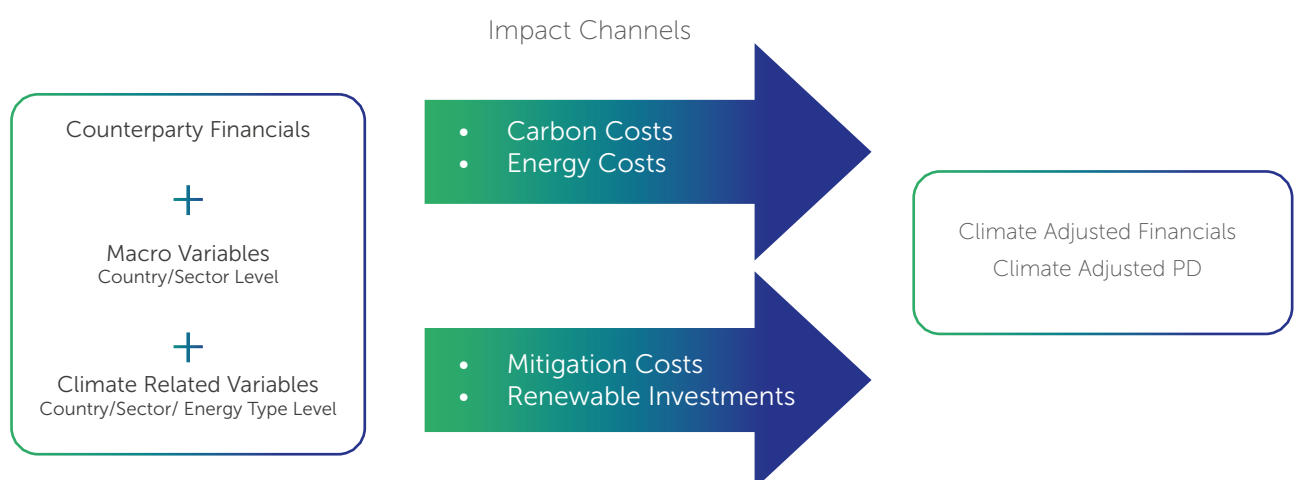
The user may apply several run parameters/settings and produce results up to 2050 according to varying NGFS climate scenarios and models.

Grounded in the methodology of the ECB's economy-wide climate stress test, our approach has been enhanced to incorporate all NGFS climate scenarios and is applicable globally, beyond Europe.

Key features:

- the energy mixes of counterparties depending on their sector of activity
- the energy mixes of the countries of operation
- pathways for renewables adoption and phasing out of brown energy
- pathways for Macro variables and prices
- and climate-adjusted PDs

The above is used in an approach to impact counterparty revenues, costs and investments in order to then adjust PDs according to different NGFS models and scenarios.



- Impact channels: The 4 (Carbon, Energy, Mitigation, Renewables investments) impact channels result to adjusted profitability and leverage figures for each corporate.
- After shocking counterparty specific profitability and leverage figures, the tool computes Climate-Adjusted PDs, on the basis of the ECB provided PD model.

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