Graubündner Kantonalbank

BancaStato

Nature related financial risks.

FINMA Circular 2026/1

Curdin Bürkli / Beatrice Blini
Zurich, 26 August 2026

Overview FINMA circular 2026/1

- Integration of nature related financial risk into risk management
- Strengthening the resilience against environmental and natural hazards

- Governance and responsibilities
- Risk identification and assessment
- Scenario analysis and stress testing
- Reporting and disclosure

FINMA does not require Banks either to publish anything regarding risk management framework nor define limits (recommended when material).

The central point of the Circ. FINMA 2026/1 is to set up a governance that includes responsibilities for nature related risks.

Graubündner Kantonalbank

Nature related financial risks.

Case study Graubündner Kantonalbank

Curdin Bürkli
Zurich, 26 August 2026

Corporate Governance

Reporting

Board of directors and top management

Requests

Approval

Risk Management

Risk policy and risk management framework

Annual risk strategies

BS risks | market risks | credit risks | Op. risks

Instructions

Risk committees

Reporting

CRO | CFO

Formally integrated
- Risk management framework
- Annual risk strategies
- Instructions
- Reporting

Materiality assessment

Step 1
What are the risk drivers?

Identification of risk drivers without any evaluation (long list).
Sources: internal analysis, studies

Step 2
How exposed is the bank?

Threshold in x% of loans + expert judgement
- Exposure as of today NNH Holding AG IAZI CIFI
- Exposure in the future CLIMADA Economics of Climate Adaptation

Tools: hazards maps, studies, internal analysis

Periodically updated to check wheter new risks are above threshold. Detailed analysis of each driver above threshold.

Step 3
What is the financial impact?

Threshold in x% of total equity

Step 4
derivation impact on:
Policy, instructions, limits etc.

Material risk drivers

Above threshold: adequate monitoring, definition of KRIs, implications on policies and instructions, potentially setting limits

Scenario analysis

- Physical risks:
  - Changing hazard zones respectively changing frequency of events
  - Data basis: hazard zones, CLIMADA

- Transition risks
  - NGFS scenarios: changing makro data (scenario and variables to be defined)
  - CO2 tax increase (applied via higher default rates on business loans and higher LGDs on mortgages)
    - Default rates → RSN
    - LGDs → based on renovation costs to acchieve a certain rating

What is in place today

Credit Risk Management

Credit approval process

- Hazard zones: if red pot. impact on valuation → credit office
- Systematic evaluation of energy efficiency / CO2:
  - No restrictions in Kt. GR
  - Outside GR: only green or transition buildings
- Business loans:
  - Evaluation of business modell including ESG dimensions
  - exclusion criterias

Portfolio management

- No limits
- Monitoring exposure in regards to:
  - Hazard zones
  - CO2-intensive sectors
- Scenario analysis and stress testing
  - CO2-tax increase
  - Further stress testings to be defined

Reporting – example

(numbers illustrative)

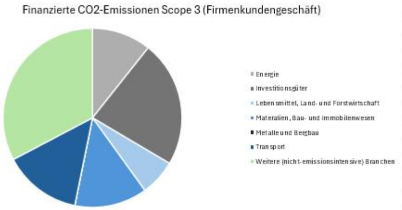
Transitionsrisiken

Datenstand: 30.06.2024

Exposure in CO2 intensive Branchen

Branchen (Angaben per 30.06.2024)	Firmenkreditengagement in Mio. CHF (Forderungen ggü. Kunden)	in % am Firmenkredit-engagement	in % am Bilanzengagement	Finanzierte t CO2e-Emissionen Scope 1+2	in % am Total finanzierter Emissionen (Firmenkredite)	Footprint (tCO2e / Mio. CHF) Scope 1+2	Finanzierte CO2e-Emissionen Scope 3	in % am Total finanzierter Emissionen (Firmenkredite)	Footprint (tCO2e / Mio. CHF) Scope 3
Energie									
Elektrizitätsversorgungsunternehmen									
Investitionsgüter									
Handel und Vertrieb									
Herstellung von elektrischen Ausrüstungen									
Herstellung von Metallerzeugnissen									
Maschinenbau									
Sonstiger Fahrzeugbau (ex Automobil)									
Lebensmittel, Land- und Forstwirtschaft									
Getränke									
Landwirtschaft									
Papier und Forstprodukte									
Verpackte Lebensmittel und Fleisch									
Materialien, Bau- und Immobilienwesen									
Baumaterialien									
Chemikalien									
Hoch- und Tiefbau									
Immobilienmanagement und -entwicklung									
Metalle und Bergbau									
Bergbau und Gewinnung von Steinen und Erden									
Verarbeitendes Gewerbe									
Transport									
Automobile und Komponenten									
Lkw-Dienstleistungen									
Seeverkehr									
Luftverkehr									
Total emissionsintensive Branchen									
Weitere (nicht-emissionsintensive) Branchen									
Total Firmenkreditengagement*									
Forderungen ggü. Kunden (NOGA 970000)									

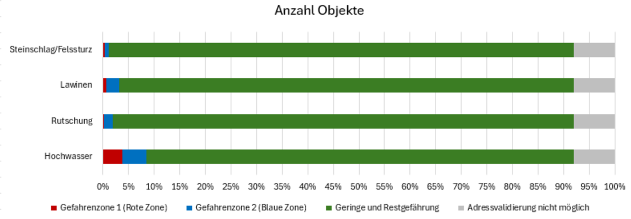
*Forderungen ggü. Kunden exkl. NOGA 970000

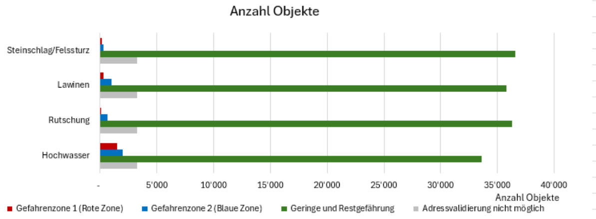


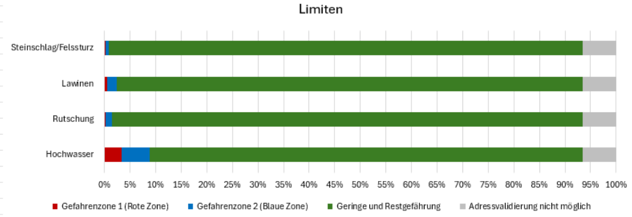
Physische Risiken

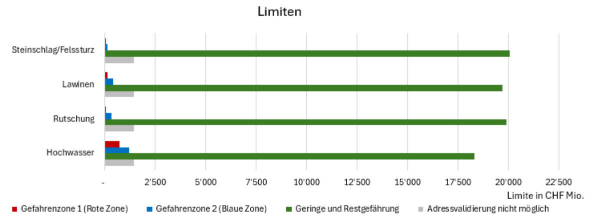
Datenstand: 30.06.2024

Auswertung der Exponierung finanzierter Objekte durch IAZI via Geo-Codierung und Gefahrenkarten der Kantone









Finanzierte Emissionen Hypothekarbuch	Limiten	Ausleihungsvolumen (Bilanz) CHF Mio.	Absolute finanzierte Emissionen in t CO2 (Scope 1 + 2)	Footprint (t CO2/CHF Mio.)	Intensität (kg CO2/m2)
Wohnbau					
GR					
AK					
Büro, Gewerbe, Industrie, Gemischt					
Rest					
Total Hypotheken					

Questions

Circular 2026/1
Nature-related financial risks

Banca Stato Case Study

Risk Management

Zurich, 26 August 2026

BancaStato case study

Actions taken to implement Circ. FINMA 2026/1

Assessment of internal policies to define governance & responsibility.

- Introduction of a new internal policy (at management level) named after the circular "Management of climate- and other nature-related financial risks". Rather than revising all existing risk-related policies, the Bank adopted a dedicated policy (mirroring FINMA approach) to efficiently integrate these risk factors. Risk management led the drafting of the policy, coordinated cross functional workshops, and delivered the necessary training, but each department is responsible to integrate nature related risks in their own risk categories.
- The policy is structured as follow:
  - Responsibilities of the Board, Risk Management, and other departments including the Front Office;
  - Reporting lines and frequencies;
  - KPIs to be reported.
- Risk management remains responsible for the overall coordination of the reporting, but each department is responsible to deliver and monitor its own KPIs.

ESG double materiality assessment

- In the context of the sustainability report, we conducted a double materiality assessment identifying material Impact, Risk, and Opportunity and defining relevant topics. Within the relevant risks, we identified which ones are also nature related as defined in Circ. FINMA 2026/1 (Slide 12).

Further topics:

- *Assessment during credit granting – ex-ante*
- *Qualitative scenarios*

Some of the key principles set out in the directive

A non-exhaustive list with some examples

Products and Services Division
Work with other departments to develop products that comply with current climate and sustainability regulations. Manage and provide the data required for managing risks associated with natural events, and implement processes to ensure that the data collected is accurate and reliable.

Front-office unit
Accurate profiling of clients based on their investment preferences, including ESG preferences. Informing clients about how climate and regulatory developments might affect their investments. Ensuring the completeness and accuracy of the data entered. Attending events and training sessions on natural risk factors.
Clients' engagement on buildings' refurbishment and energy efficiency.

Risk Committee
The risk committee should submit to the BoD a proposal of nature related risk management framework and responsibilities based on recommendations from the risk management department. The risk committee should also ensure an appropriate reporting system is in place.

Promptly inform risk management should it be found that climate risk factors may impact the Bank's compliance or cause financial, strategic and/or reputational losses.
Provide risk management with an annual report that includes:

- Activities carried out to monitor and assess climate risk factors;
- The status of the indicators defined in the Internal Directive.

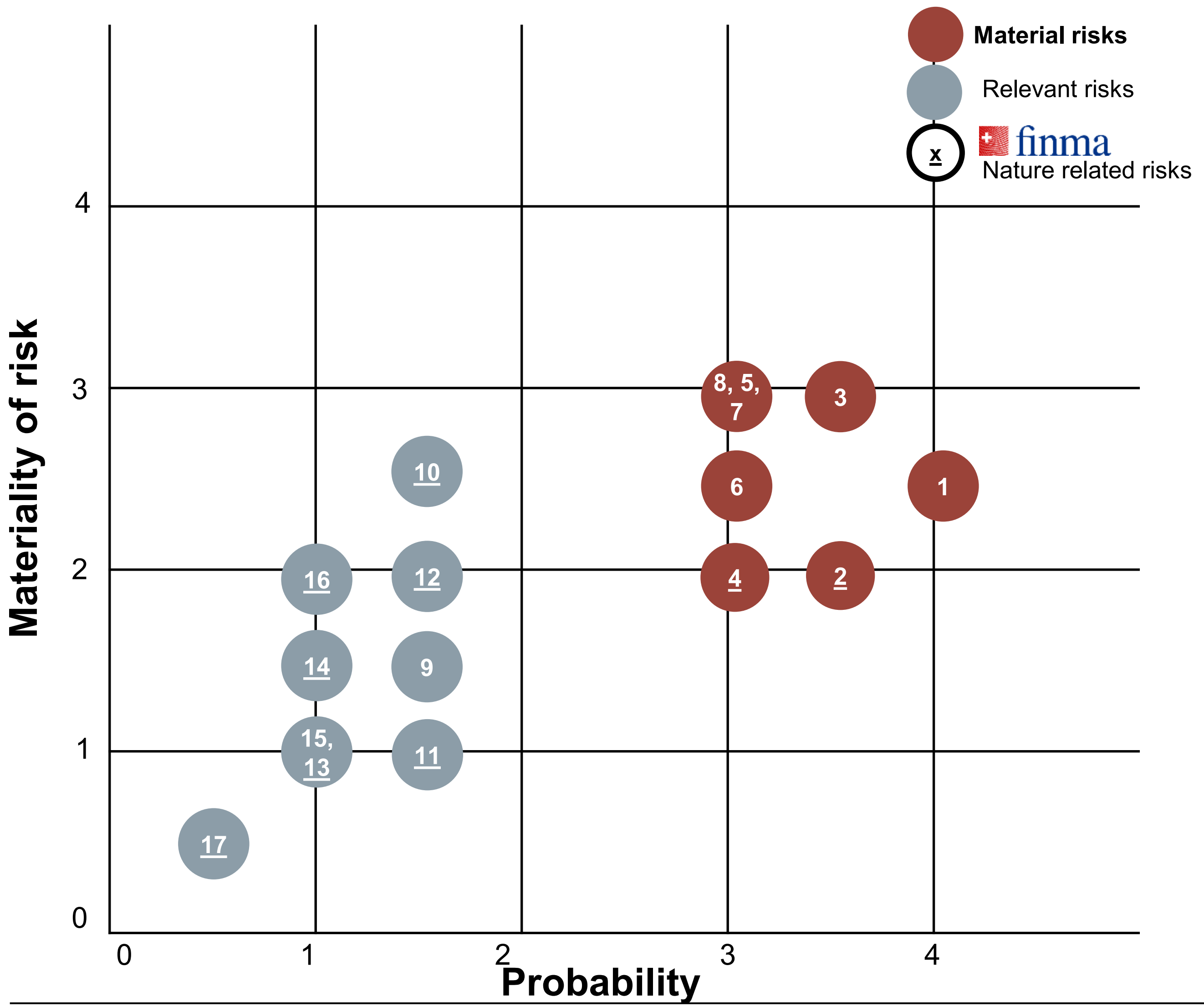
Risk management is responsible for providing the risk indicators within its responsibility and for collaborating with other departments to develop and improve the assessment of financial risks associated with natural events, acting in a supporting role.

Legal and Compliance Department
To ensure that the Bank is up to date with and complies with national and international regulations on financial risks associated with natural events. To ensure that contractual documentation includes clauses that protect the Bank from any natural risks.

Investment Committee
Define and validate the sustainable investment policy and avoid greenwashing.

ESG risks

ESG risk matrix presented in the internal risk report



Relevant risks identified

1. **Reputational risk – access to capital**
2. **<u>Credit risk – physical damage to mortgage collateral or transition risks for individuals and businesses</u>**
3. **Reputational risk – social campaigns and initiatives**
4. **<u>Reputational risk – changing stakeholder perceptions due to climate change</u>**
5. **Compliance risk – cyber threats and data security**
6. **Operational risk – adoption of a new digital strategy may cause instability**
7. **Strategic risk – relative competitiveness caused by social risks**
8. **Strategic risk – relative competitiveness caused by governance risks**
9. Reputational risk – new technologies managed ethically
10. <u>Compliance risk – frequent changes to regulations and legal obligations</u>
11. <u>Operational risk – increased resource requirements due to transition requirements</u>
12. <u>Strategic risk – relative competitiveness caused by environmental risks</u>
13. <u>Market risk – transition risk for investments</u>
14. <u>Liquidity risk – physical damage to the bank's customers' assets may have indirect consequences for the bank's liquidity</u>
15. Reputational risk – DEI – Responsible employer
16. <u>Operational risk – physical damage to the bank's infrastructure</u>
17. <u>Operational risk – biodiversity regulations</u>

KPIs for nature related risk management

KPIs are monitored ex-post and presented to the risk committee yearly

A non-exhaustive list with some examples

Credit risk

- Commercial loans – loans to non-listed entities
  - High risk sectors (NOGA)
  - CO_2 emissions
- Investment portfolio – listed bonds and equities
  - High risk sectors (GICS)
  - CO_2 emissions
- Mortgages
  - Energy efficiency label
  - CO_2 emissions
  - Natural risks

Operational risk

- AuM
  - High risk sectors (GICS)
  - CO_2 emissions
- Risk to physical safety and damage to property
  - Physical risks to bank's buildings
  - Number of accidents
- Legal risk
  - Legal fines related to nature

Compliance, legal and reputational risk

- Number of negative newspaper article

Defined in internal policy

- KPIs need to be reported to the Risk committee (management level) yearly
- Some KPIs are also reported to the BoD through the annual risk report in the ESG risk chapter.
- 2 qualitative scenarios based on NGFS have also be reported in the annual risk report: "Current policies"; "Net Zero 2050".

Examples to implement monitoring KPIs and data sources

High risk sectors

- In its **annual questionnaire, FINMA requires banks to disclose their exposure to certain sectors considered to be potentially high-risk** in terms of climate change, such as the agricultural sector – due to acute physical risk – and the extractive sector – primarily due to transition risk. Banks can monitor their balance sheet exposure based on the sectors considered to be potentially high-risk.

Energy label

- **IAZI-CIFI**, a tool used for property valuations, **provides an estimate of a property's energy label based on certain criteria, such as year of construction, square meters and type of heating**.
- The commonly used CECE ratings range from A to G; generally, a rating above C is considered to indicate 'good energy efficiency'. This information is also required in the annual questionnaire submitted to FINMA.
- The energy performance certificate for properties can be used to measure the bank's exposure to transition risk (for example: what would happen if the law were to change, as in some EU countries, and the sale or purchase of properties were only permitted if they met a certain energy performance standard?).

IAZI CIFI

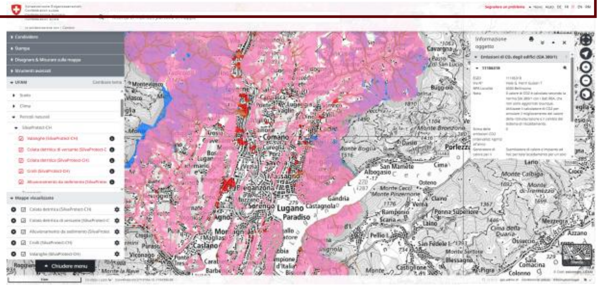
CO2 Emissions

- There are various tools for estimating CO_2 emissions; the most widely used are the **MSCI ESG database**, which provides emissions data for listed companies, and the **PCAF methodology** (Enabling financial institutions to assess and disclose greenhouse gas emissions associated with financial activities) for commercial loans (based on sector of activity – NOGA – geographical area, and the bank's exposure in CHF) and for mortgages (based on property type, geographical area, and square meters…)

PCAF®
MSCI

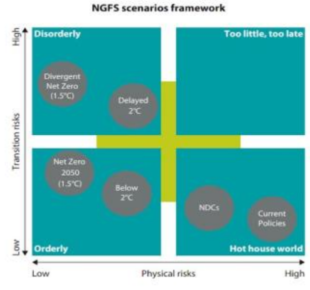
Natural physical risks

- Almost all cantons provide a **natural hazard map** categorized according to four types of hazard:
  - Rockfall
  - Landslides
  - Flooding
  - Avalanches
- With five hazard levels: 'High', 'Medium', 'Low', 'Residual' and 'No risk'.
- **Geodienste aggregates data from all cantons** and can be used as a data source: geodienste.ch.



Scenarios

- The most widely recognized scenarios at international level are those of the **NGFS** (Network for Greening the Financial System), which provide **macroeconomic trajectories based on seven climate scenarios**. Climate scenarios describe possible future developments, in which greenhouse gas emission levels are influenced by social, technological and economic changes. For instance, how would GDP change if no action were taken to address the climate crisis, leading to a 3-degree rise in global temperature, significant loss of ecosystems and an increase in extreme weather events?



Positioning of scenarios is approximate, based on an assessment of physical and transition risks out to 2100.

Others:

NNH Holding AG
CLIMADA Economics of Climate Adaptation
RISIN Risk Solution Network A
PACTA Paris Agreement Capital Transition Assessment

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Credit granting

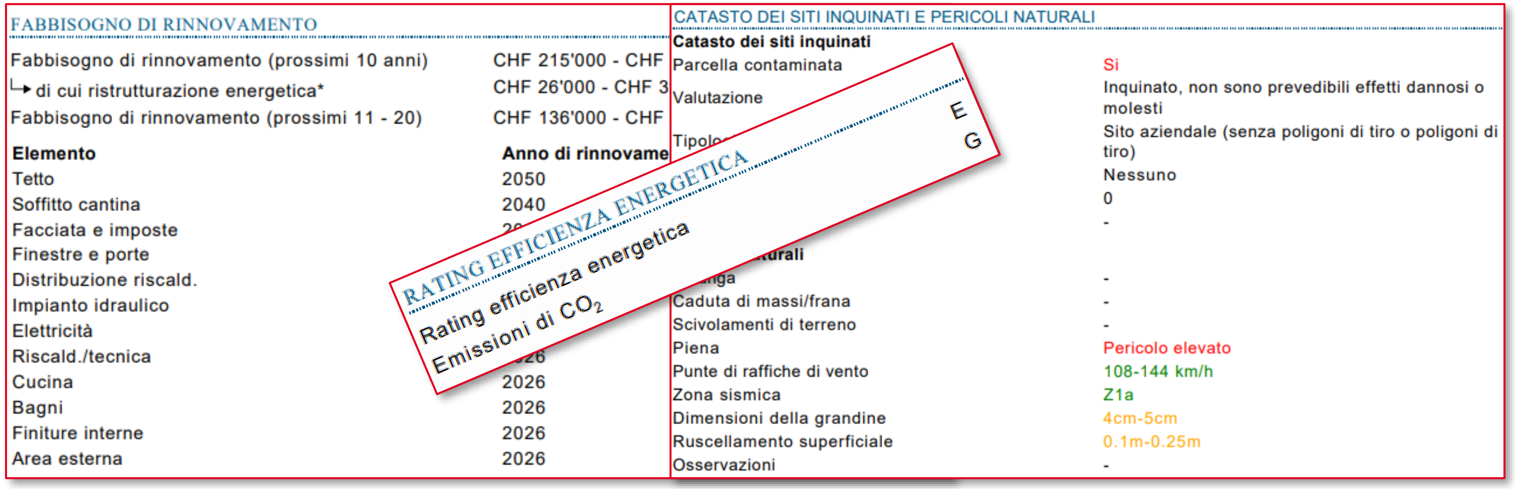
Information provided at the time the credit is granted (ex-ante)

FINMA Circular proposal

«To control or reduce material nature-related credit or counterparty risks, the institutions shall use instruments that are appropriate to their size, complexity and structure as well as their risk profile and business model. These shall include, where possible and appropriate:

- *adjustments to the lending criteria (and, if relevant, the collateral accepted);*
- *adjustment of client ratings or transaction ratings;*
- *loan restrictions, restrictions such as shorter repayment terms, lower lending limits or discounted valuations of assets;*
- *targeted client engagement;*
- *thresholds or other appropriate risk mitigation techniques in relation to transactions, counterparties, economic sectors and regions that are not in line with the risk tolerance.»*

- Ex-ante monitoring prior to granting credit:
  - Mortgages: information on the energy performance certificate and discussion of improvement options in accordance with SBA guidelines. Information on physical risk is included in the valuation report for information purposes when the valuation is carried out using IAZI-CIFI.



  - Some sectors are excluded from the granting of credit, eg weapon, porn, coal-fired power plants or coal mines, crude oil.

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Questions

Discussion points

- How is management of nature related risks formally integrated in your bank?
- Have you started defining nature risk beyond climate? How?
- Have you implemented quantitative scenarios?
- What databases are you using?
- Have you implemented exclusion criteria and/or KRIs with limits? Do you have examples to share?
- Do you do ESG due diligence before approving a credit? Do you include nature-related aspects?
- What threshold does your bank use for materiality assessment? Do you have examples to share?