

RemoteClimate™ Climate Risk Software

Every federal regulator, including all bank regulators and the Securities & Exchange Commission, have expressed concerns about Climate Risk and the need to develop regulations to assess climate-related risk for financial institutions and publicly traded companies. Examples include:

November 7, 2021: Michael J. Hsu (Acting Comptroller of the Currency), issued commentary intended to “help board members promote and accelerate improvements in climate risk management practices at their banks.” Hsu offered five questions that he suggests bank board members ask their senior management teams to prepare for financial risks posed by climate.

December 21, 2022: New York Department of Financial Services (DFS) proposed guidance for how the banks and mortgage institutions it regulates (New York financial Institutions) should manage climate-related financial risks. The Proposed Guidance would establish extensive obligations for New York Institutions, even if modified, could create a significant burden especially for mortgage bankers and mortgage servicers.

Since no laws or regulations have been issued regarding Climate Risk yet, Climate Risk Assessments for banks and credit unions are in the early stages of development. It is obvious lawmakers and regulators are interested in exploring and developing laws and regulations to require banks and credit unions to develop climate-related risk assessments. For example, the Chairman of the Federal Reserve and various Federal Governors, along with the Comptroller of the Currency, have publicly announced their intention to develop regulations and models to measure and evaluate climate-related risk exposures for banks.

The Challenge

Financial Institutions will be forced to identify the following questions:

- What is our overall exposure to climate change?
- How are different climate-related risks spread among our loan portfolios?
- Which type of climate-related risks are we exposed to?
- How vulnerable are our data centers and other critical services to extreme weather?
- Where are our most significant risk levels?

The signs are there but is your bank or credit union ready to engage in these discussions and assess climate risk for your institution? And to make matters more challenging...with no laws and no regulations, what is a banker to do?

RemoteClimate Solution

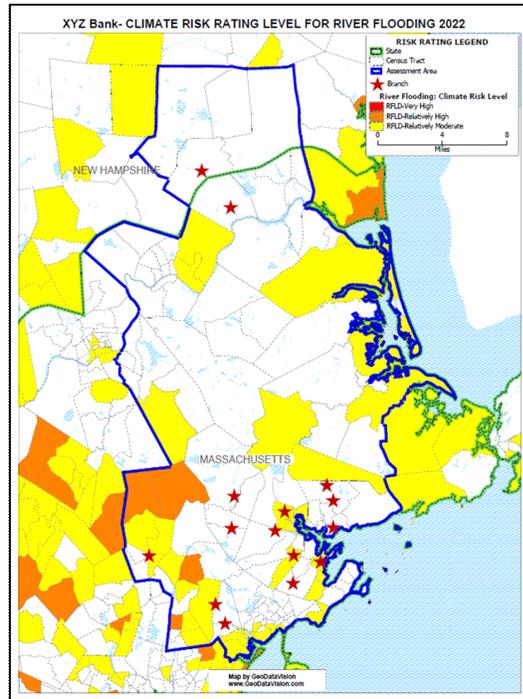
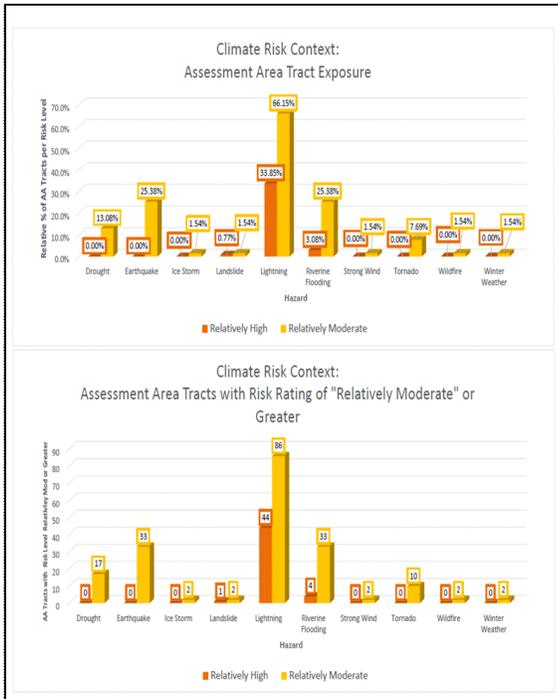
Specialized Data Systems has developed a Climate Risk Assessment software solution called RemoteClimate that is designed to measure your climate-related risk exposure for any balance sheet item against 18 different climate-related natural hazards. Our climate-related risk measurement system is extracted from voluminous data compiled by the Federal Emergency Management Administration in cooperation with multiple federal agencies, universities, and tech companies.

RemoteClimate System Features

RemoteClimate is a model for identifying & measuring climate-related risk exposure including:

- More than a dozen natural hazards.
- Aligns geographic dispersion at census tract level (same basis as CRA and Fair Lending enforcement).
- Quantifies exposure based on extensive history.
 - Number of historical events
 - Frequency of events
 - Severity of events
- Converts to a risk rating including:
 - "Community resiliency" estimate
 - "Community vulnerability" rating
 - "Composite" Risk Rating

Branch	Address	City	State	Zip	Composite Risk_Rat	SOV_Rating	RESL_Rating	Avalanche	Coastal Flooding	Cold Wave	Drought	Earthquake	Hail
Office 1	1 Main Street	Middletown	MA	12345	Relatively Low	Relatively High	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 2	2 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 3	3 Main Street	Middletown	MA	12345	Very Low	Relatively Moderate	Very High	Not Applicable	Very Low	Relatively Low	No Expected Annual	Relatively Low	Very Low
Office 4	4 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Very Low	Relatively Moderate	Relatively Low
Office 5	5 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 6	6 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Very Low	Relatively Low	Very Low
Office 7	7 Main Street	Middletown	MA	12345	Very Low	Relatively Moderate	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Low	Very Low
Office 8	8 Main Street	Middletown	MA	12345	Relatively Low	Relatively High	Very High	Not Applicable	Relatively Low	Relatively Low	No Expected Annual	Relatively Low	Very Low
Office 9	9 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 10	10 Main Street	Middletown	MA	12345	Relatively Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 11	11 Main Street	Middletown	MA	12345	Very Low	Very Low	Very High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 12	12 Main Street	Middletown	NH	12345	Very Low	Relatively Low	Relatively High	Not Applicable	No Expected Annual	Relatively Low	Relatively Low	Relatively Moderate	Relatively Low
Office 13	13 Main Street	Middletown	MA	12345	Relatively Low	Relatively High	Very High	Not Applicable	Very Low	Relatively Low	No Expected Annual	Relatively Low	Very Low
Office 14	14 Main Street	Middletown	MA	12345	Relatively Low	Relatively Low	Relatively High	Not Applicable	Very Low	Relatively Low	Relatively Low	Relatively Moderate	Very Low
Office 15	15 Main Street	Middletown	MA	12345	Very Low	Relatively Low	Very High	Not Applicable	Very Low	Relatively Low	Very Low	Relatively Moderate	Relatively Low



About Specialized Data Systems

Specialized Data Systems is a software development company that provides technology solutions. Specialized Data Systems has provided compliance and risk management solutions since 1989.

For more information about RemoteClimate or to schedule a product demonstration, please contact Sales@specializeddata.com or call (888) 408-4335.

