

PRESS RELEASE

Madrid, 22 May 2025

AMCESFI publishes its second biennial report on climate change risks to the Spanish financial system

The Banco de España, the National Securities Market Commission and the Directorate General of Insurance and Pension Funds have, within the framework of the Spanish macroprudential authority (AMCESFI), conducted a new joint analysis of the climate change risks to the Spanish financial system. This analysis incorporates new data sources and work performed by each authority in relation to physical and transition risks.

Within the framework of AMCESFI, the Banco de España, the National Securities Market Commission and the Directorate General of Insurance and Pension Funds have prepared the second **Biennial Report on Climate Change Risks to the Financial System**, thereby complying with the mandate established in Article 33(1) of Law 7/2021 of 20 May 2021 on climate change and energy transition.

In comparison with the last edition, published in 2023, the new report incorporates new data sources and work performed by the AMCESFI authorities. These steps towards a more complete analysis of the physical and transition risks aim to reduce the information and knowledge gaps identified in the last report. This exercise therefore continues to evolve, and further steps will be taken in future editions.

The report analyses new data submitted by Spanish listed issuers on the degree of alignment with the Paris Agreement commitments. Data disclosed by credit institutions in their Pillar 3 reports, not available when the last report was prepared, are also included, allowing a European comparison to be made of banks' exposures to environmental, social and governance (ESG) risks and, in particular, to both physical and transition climate change-related risks.

The report also covers the economic consequences of the flash floods, which principally affected the province of Valencia, between 28 October and 4 November 2024. As well as describing the cut-off low that was the cause of the flooding, so that its singular nature can be assessed, the report analyses the role of the Insurance Compensation Consortium in covering the claims incurred and how the support measures have enabled the adverse economic impact in the affected areas to be alleviated.

Taking into account the characteristics of Spain, an analysis is performed of how chronic physical risks, such as desertification, have a long-term economic impact, strengthening the case for prompt action. The report also includes a discussion of the economic impact of climate change and environmental degradation, highlighting how these factors, along with the public perception of the environment, affect

asset values. This analysis merely strengthens the conclusions drawn in the last report: the economic cost of failing to act on climate change is unacceptable and orderly decarbonisation policies are required.

Lastly, the report reviews the important legislative progress made in recent years, reflected in the implementation of numerous regulatory and supervisory initiatives to meet the challenges of climate change for the financial system. In this setting, the European Commission has published in 2025 the Omnibus Initiative. Its aim is to simplify firms' sustainability reporting obligations at EU level, in order to make firms more competitive, while improving the effectiveness of sustainability reporting.

The AMCESFI is Spain's national macroprudential authority for the financial system. Its statutory mandate is to promote financial stability through the monitoring and analysis of potential sources of systemic risk. The AMCESFI is established as a collegiate body attached to the Ministry of Economic Affairs and Digital Transformation, and brings together the Banco de España, the National Securities Market Commission (CNMV) and the Directorate General for Insurance and Pension Funds. Official website: www.amcesfi.es

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