

# Comparison of Bundesbank and European Central Bank climate risk analyses

Table 3.2

Analytical components	Bundesbank	ECB
Analytical focus	Vulnerabilities of German financial sector (banks, insurers, investment funds)	Vulnerabilities of euro area banks
Risks considered	Transition risks	Transition and physical risks
Time horizon	2030 (losses over 2021-30 period)	2050 (losses in 2050)
Scenarios considered	NGFS Phase II - No transition: "Current Policies" - Orderly transition: "Below 2°C" and "Net Zero 2050" - Disorderly transition: not considered	NGFS Phase I - No transition: "Current Policies" - Orderly transition: 1.5°C - Disorderly transition: 2°C (delayed implementation of climate action measures)
Level of analysis of real economic effects	Sector-specific	Firm-specific
Analysis of country-sector interactions and adaptation of sectoral value chains	Yes	No
Outcome/conclusion	- Moderate losses from transition - "Net Zero 2050" scenario leads to highest losses up to 2030 among scenarios considered	- Transition reduces overall costs of climate change and climate policy - "Current Policies" scenario leads to high losses in 2050
Drivers of outcome	At aggregate level, low losses in value added, low portfolio share of transition-sensitive economic sectors and limited remaining terms to maturity	High physical losses in 2050 in "Current Policies" scenario, mainly in southern Europe