

# CLIMATE FIRST BANK®

## 2021 IMPACT REPORT



we are **neutral** RACE TO ZERO

Our mission is to do the right thing for:

Our Planet

Our People

Our Community

Our Shareholders



## To Our Stakeholders, Thank You.

My, what an amazingly disruptive year! More pandemic, geopolitical disasters, runaway inflation, and an out-of-control Florida legislature and governor! I think about my millennial coworkers and children and marvel at their incredible resilience, having endured what they have in their relatively short lives. My wife, Dr. Cindy LaRoe, came up with the name Climate First Bank “because nothing else matters.” That is easy to grasp since if we don’t have a planet, how can Social or Governance even be a concern. That seemed to make it easy for me to just completely focus on environmental issues. However, as we have opened the bank and started this journey, it is becoming ever clearer to me that there can be no separation of the E, S, and G.



The environment affects everything. People of color, low to moderate-income communities, and the elderly are more adversely affected by climate change. The impacts include health, extreme temperature, labor, and flooding. We are changing finance to finance change and to quote our friend, Paul Hawken, “The heating planet is our commons. It holds us all. To address and reverse warming requires connection and reciprocity. It calls for moving out of our comfort zones to find a depth of courage we may have never known. It calls for action that is bold and fearless.” Paul aims to end the climate crisis in one generation by “putting life at the center of every action and decision.” We have joined him in this endeavor. With your support, that vision has become a reality and we’re on our way to making real, actionable change for our community and planet. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. LaRoe'.

Ken LaRoe, CEO & Chairman





**Positive Impact is at the  
Center of our Mission**



# Land Acknowledgment

Climate First Bank humbly acknowledges and honors the Indigenous communities whose ancestral homelands and resources were stolen and colonized in the creation of this nation and state. We recognize the Seminole and Tocobaga Peoples as the past, present, and future caretakers of this land. We respect their sovereignty and their right to self-determination. We honor their sacred spiritual connection with the land and water.



# Diversity Statement

Climate First Bank's commitment to diversity aims to advance social equality, empower individuals to explore and appreciate their unique attributes and life experiences, challenge stereotypes, and nurture an inclusive and equitable environment. Climate First Bank values diversity and strives to create a community enhanced by the rich experiences and diverse perspectives of its members. Climate First Bank recognizes the inherent value and dignity of each person and actively promotes an awareness of, sensitivity to, and representation of diversity, including, but not limited to, differences of age, sex, gender identity, race, ethnicity, national and regional origin, sexual orientation, religion and spirituality, disabilities, and socioeconomic status among staff, clients, and community members.





# Our Board



**Ken LaRoe**

Chairman, Founder &  
CEO



**Jared Meyers**

Vice-Chairman &  
Founding Director



**Michele Glorie**

Founding Director &  
EVP, CFO/COO



**Nancy Wolf**

Founding Director



**Lex Ford**

Director & President



**Dominik Mjartan**

Founding Director



**Chris Castro**

Founding Director



**Edye Haddock**

Director



**Brock McClane**

Director

## The Climate First Foundation

As Climate First Bank moves through its first year of operation, we have redeveloped the First GREEN Foundation into the Climate First Foundation. At Founder and CEO Ken LaRoe's previous bank, the First GREEN Foundation, held the role of the charitable arm of First GREEN Bank. Now, our charitable commitment is solidified through our 1% for the Planet pledge and amplified by the Foundation.



As one of two FDIC-insured banks to make an organizational commitment to 1% for the Planet, we will expand our giving across all areas of ESG (environmental, social, and governance) through the Climate First Foundation. Bank President, Lex Ford, will helm the same role at the Foundation and guide the nonprofit's giving efforts.

As we continue to watch world events unfold, it has become clear, now more than ever, that our mission can not center solely around environmental projects. With the Foundation, we look forward to increasing our impact in social and governance areas through an environmental lens.

As the Bank moves forward, we plan to increase our funding commitment to the Foundation each year. We will be expanding the Foundation's board of directors and developing a forward-looking strategy throughout the remainder of the year.





## Thank You to Our Customers

Banks use depositors' dollars to make loans. By banking with Climate First, your deposit dollars are working towards the regeneration of our planet, revitalization of our communities, and the betterment of our stakeholders. With our collective wallets, Climate First Bank has funded roughly \$12 million in loans in 2021 aimed toward businesses focused on mission-aligned sectors, incorporating good business practices, and aligning their entity structures for the common good. Without our clients, this wouldn't be possible. Thank you for using your dollars to change finance to finance change. We're excited to measure the continued impact we will have together in 2022 and beyond!

# 49%

of our commercial deposit accounts  
met our mission-aligned criteria

In 2022, we've launched an automated solar loan platform to empower our vetted solar installers to help potential solar customers make easy and transparent financing decisions on their solar PV systems.

Climate First Bank is on a mission to make solar power accessible to everyone. We've created one of the best loan offerings in the nation with low-interest rates, no dealer fees, and long terms to help households replace their utility bill with a solar loan.

## 2,578.48 kW of Financed Renewable Energy

That's approximately up to 36,187.75 tons of CO2 emissions avoided over 25 years! The emissions saved are equal to 7,797 gasoline-powered passenger vehicles driven over one year! Or driving your car approximately 89,825,987 miles this year, if you haven't switched to an electric vehicle that is.



## Our Commitment to the Environment

The climate crisis will be known in history as the fight of our lifetime. Every day we see further examples of the widespread destruction caused by rising global temperatures. Climate First Bank was founded by Ken LaRoe in direct response to the everyday reminders that we must take immediate action. As we move through this journey of fighting the climate crisis as a community bank, we have found that, while the destruction of the climate crisis spurred the creation of the bank, it is the community of activists, environmentalists, and change-makers across Florida, the United States, and the world that inspires our work every day.

The ESG industry has seen incredible unified progress over the last six months. The SEC (Securities and Exchange Commission) has proposed rule changes that would require registrants to report on greenhouse gas emissions and provide disclosures on climate-related risks that will have a material impact on business and financial operations. The FDIC is drafting principles that would provide a high-level framework for the safe and sound management of exposures to climate-related financial risks. Progress from these regulating bodies has been supported by international sustainability framework organizations such as GRI, SASB, and TCFD, joining forces to create the International Sustainability Standards Board.

This global progress is inspiring and we will use it as a catapult into our second year. As we strengthen our environmental commitments, increase our reporting and internal measurement, and continue to build a community around sustainable banking practices we will remain aware of the intersectional issues so deeply intertwined in the fight against the climate crisis.



**Because tomorrow depends on it.**

**Our stakeholders can take pride in their financial relationship knowing we will not provide banking products and services if it has been established that a business, entity, or individual is in any way involved or affiliated with any of the following:**

- Illegal Products/Activities
- Discrimination
- Weapons Related (Manufacturing/Sales/Ammunition Sales)
- Predatory Lending
- Dirty Energy (e.g. coal or hard rock mining, nuclear, fracking, or coal power)
- Resource Extraction (e.g. water bottling)
- Incarceration/Punishment
- Contra Mission Transactions (e.g. merger that results in significant job loss or creates a monopoly)
- Bad Agriculture (e.g. agricultural biotechnology)
- Track Home Development (unless sustainably developed, solar-powered, LEED-certified, Florida Green Building Coalition, etc.)
- Tobacco
- Tar sands
- Pornography
- Controversies with human rights, animal welfare, environmental concerns, governance issues, or product safety



## Our Guiding Frameworks



### UN Convened Net-Zero Banking Alliance

The Alliance reinforces, accelerates, and supports the implementation of decarbonization strategies by participant banks, providing an internationally recognized framework and guidelines in which to operate. It brings together over 105 banks worldwide representing \$68trn in assets. Climate First Bank is committed to the transition of our operational and attributable GHG emissions from their lending and investment portfolios to align to net-zero by 2050 or sooner.



### Partnership for Carbon Accounting Financials (PCAF)

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their portfolio and align reduction scenarios with Science-Based Targets and the Paris Agreement.





# Our Guiding Frameworks



## Bank.Green Fossil Free Certification

Fossil Free Certification is the simplest, most straightforward way to signal to our customers, other professionals in the banking sector, and the general public that we are truly putting our money where our mouth is as a sustainability-conscious financial institution.

## Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries to develop a comprehensive plan to improve human lives and protect the planet.





## Our Guiding Frameworks



### B Corporation

The B Corporation Certification was developed by B Lab and has approximately 5,000 members around the world. B Lab and the B Corp Certification continue to prove that businesses can provide a benefit to society while profiting. Businesses can fight the climate crisis, advocate for social solutions, alleviate poverty, and aid in balancing both natural and social ecosystems around the world. The B Impact Assessment, the tool used to certify companies, consists of 250 questions in the categories of Governance, Workers, Customers, Environment, and Community. These questions allow a company to obtain a score necessary to certify as a B Corporation and internally evaluate a company's structure.

### 1 % for the Planet

Founded by one of CEO Ken LaRoe's heroes Yvon Chouinard, 1% for the Planet brings awareness to the lack of charitable funding given to environmental organizations. In 2020, environmental nonprofits received just two percent of all charitable contributions. This number solidifies the importance of the 1% for the Planet mission which encourages smart giving to environmental nonprofits doing the front-line work. 1% for the Planet members commit to giving 1% of gross revenue to approved environmental nonprofits each year.

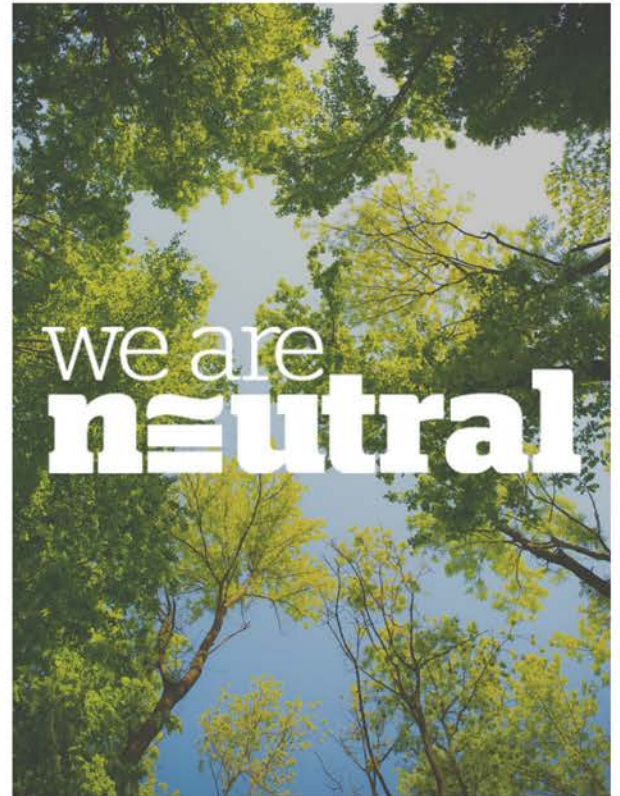
In 2021, Climate First Bank had certified donations of \$8,035 to nonprofits such as the Real Organic Project, the Climate Adaptation Center, and the U.S. Green Building Council.





## Carbon Neutral from Day One

On June 1, 2021, Climate First Bank opened its doors with a carbon-neutral footprint. With the help of our friends at We Are Neutral, we took the required steps to estimate and offset our footprint for the 2021 calendar year. We chose a partnership with We Are Neutral because of their certified local offset projects including providing energy upgrades for low-income families, indigenous tree planting, invasive species removal, urban agriculture, landfill diversion, landfill methane capture, vehicle fuel efficiency tune-ups, and massive amounts of environmental education programs. This partnership was a critical first step in a commitment to yearly progress toward a net-zero company footprint and a net-zero portfolio.



## 7 Months of Mission-Aligned Loans

Climate First Bank's impact goes beyond our carbon footprint. We started measuring our loan portfolio's impact on day one. We aim to increase the percentage of mission-aligned loans in our portfolio and have committed to a net-zero portfolio by 2050.



**Climate First Bank will never lend to the extraction of fossil fuels, including oil, gas, and coal.**

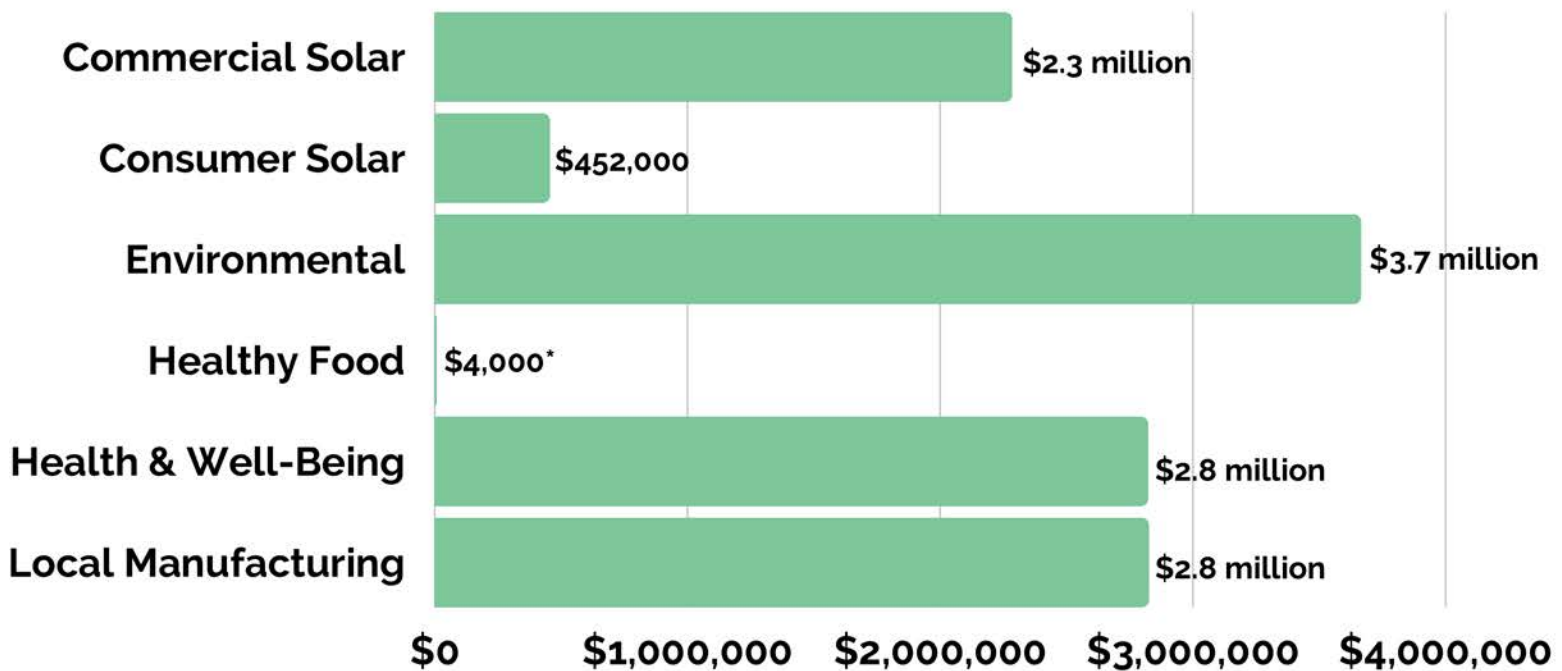


**In 2022, our goal is to increase the number of renewable energy projects and lend to more companies that align with our mission to better our planet.**



# Our First Seven Months of Impact

Climate First Bank began with a mission to change finance to finance change. We invest in organizations committed to bettering our communities and planet. We identified and defined business sectors that make a positive difference in their communities, like solar projects, affordable housing, and health and wellbeing. However, we know other business sectors are revolutionizing their industries to have a positive impact. This is why we've also started measuring mission-aligned practices, including the number of B Corp and 1% for the Planet members, mission-aligned governance structures like nonprofits and cooperatives, and in 2022 working to measure businesses owned, led, and governed by people of color, women, the LGBTQ+ community, and others from underrepresented communities.



\*unfunded loan at year end of 2021, \$250,000 original loan amount

In 2022, we're setting goals to increase that number by acting as thought leaders in our local community. We're helping traditional business models move toward a more climate-positive future by promoting renewable energy, greener building standards, and governance models that align with our vision.



# Transition Loans

## What is a Transition Loan?

Transition loans help carbon-intensive companies, like gas stations, move their operations away from carbon-intensive operations toward environmentally friendly and ultimately net-zero processes. Transition loans bridge the gap between sustainable and traditional finance, with the goal of jump-starting businesses' journey toward net-zero.

At Climate First Bank, all our loans are judged through a lens of environmental impact. This leads to us proudly saying no to many loans that we know will lead to ecological and community harm. However, we also recognize our responsibility to finance change. That is why we are committed to not dropping all polluting clients but instead partnering with them to help them transition their activities to low-carbon operations.

## Our First Transition Loan

Partnering with a long-time customer, and a multi-store gas station and convenience store operator, we financed the construction of a new gas station. This financing was contingent upon the installation of a dual EV charging station (pictured right) and a 20 kW PV solar system.



This sustainable enhancement saves the customer an estimated \$2,200 in energy costs per year and an estimated 1,595 tons of CO2 emissions per year. Beyond, this positive financial and environmental impact, this loan helps a local business remain competitive in a changing automotive marketplace.

We at Climate First Bank welcome the day gas pumps are obsolete, however, acknowledge that this day is likely decades away. That said, we relish the opportunity to be a partner in helping local businesses become more green, by building out their EV charging infrastructure, providing sustainable energy solutions, and also creating a case study for other businesses to follow suit.

### GREEN FACTOID

Although often not considered, convenience stores have high electricity needs due to a large amount of refrigeration required to keep all of our favorite drinks cold 24/7. On average, a convenience store uses approximately 44-56 kWh of electricity per square foot, whereas the average house consumes approximately 5-7 kWh of electricity per square foot per year.



## Community Social Engagement

Climate First Bank is active in civic engagement by volunteering in our communities, giving to local charities, partnering with community organizations, and advocating for improved environmental and social policies.

Climate First Bank gave \$19,735 to nonprofit organizations within our first seven months of business. \$8,035 directly supported environmental causes through our 1% for the Planet commitment. In 2022, we plan to track our volunteer hours, and outcomes of charitable donations, and measure their impact.

Climate First Bank is part of the global network of businesses addressing our world's most critical challenges. We've scored 93.5 points on B Lab's rigorous assessment measuring the way we protect our environment, treat our customers, honor our communities, respect our employees, and lead with impact.

We're committed to improving our pending B Corp score for our formal certification. A specific area of focus will be in the category of Community. This will be done by tracking the diversity of our suppliers and workforce, setting measurable diversity improvement goals, encouraging paid volunteer time, and setting outcomes and measurements for nonprofit giving. We hope to increase our community score by 10+ points before final certification.





# Community Social Engagement

## Equitable Banking

Our whole community will be impacted by climate change, so our whole community needs to be part of the solution. We've created a free checking account with no minimum balance requirements so that anyone can join the movement to fight the climate crisis with their finances. We also offer free interest-bearing checking accounts to nonprofits, Certified B Corps, and Community Development Financial Institutions (CDFI). Climate First Bank's future goals include lending to more affordable housing developments and increasing the impact in our low-to-moderate income communities.



## Advocacy

We know we can't change the world or the banking industry alone. We are part of a growing community that envisions the same healthy, equitable planet for all. Climate First Bank took a public stance and deployed resources against Florida's anti-net-metering bills, SB 1024 and HB 741. The campaigns were successful and both bills were vetoed on April 27, 2022. We also publicly advocated our support for the Build Back Better Act and continue to do the right thing for our planet and our communities.



## Who We Are

At Climate First, we strive to provide growth opportunities for every employee. Senior management works diligently to set career paths for every team member in line with their long-term goals and aspirations. Our team is at the foundation of our mission.

### Mission Specialist

Each employee has the opportunity to complete the Mission Specialist program and earn yearly incentives while growing their education in sustainability and ESG. With categories available for points in Environmental, Social, and Governance, this program ensures that every team member at the bank is exposed to all areas of ESG, given valuable career education, and provided opportunities to increase their compensation.



### Benefits and a Living Wage

100% of employees on a Full-Time Equivalent basis are paid at least the equivalent of a living wage for an individual. This figure is calculated using the MIT Living Wage calculator for the State of Florida. Other benefits provided to employees include:

- 6% Employer 401k Match
- 100% of Health Benefit Premiums Covered (Medical, Vision, Dental, Short and Long-term Disability, Life Insurance)
- Paid Time Off
- Sabbatical of up to 4 weeks per year
- Education Reimbursement
- Professional Development
- 0% Financing for Solar PV Systems and Electric Vehicles

### By the Numbers

- 50% of our managers are women
- 27% of our managers identify with an underrepresented population
- 33% of our Board of Directors are women
- 17% of our Board of Directors identify with an underrepresented population
- 61% of our staff are women
- 22% of our staff identify with an underrepresented population

## Financials

We started Climate First Bank with the minimum goal of raising \$17MM in capital. Our collective community exceeded our expectations and shared our vision for a climate-positive future. We closed out the capital raise at over \$44MM, far more than our initial goal! We ended 2021 at \$124.5 million in total assets, with total loans at an impressive \$72.2 million and total deposits at \$83.5 million. Success and growth have followed as we build Climate First Bank's foundation on our values.

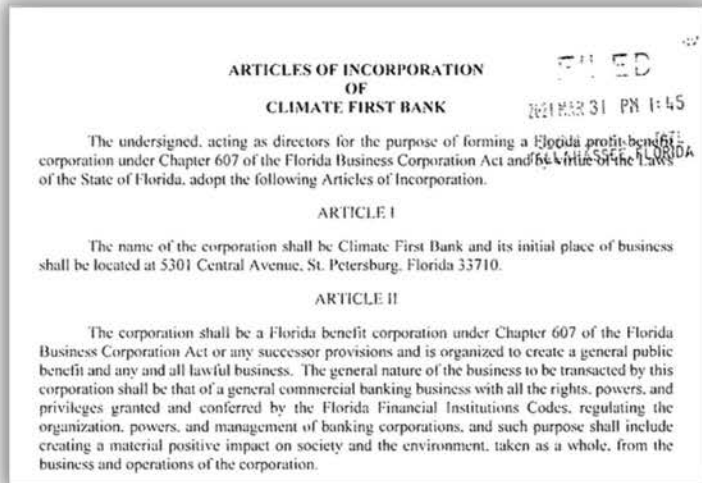
With our additional capital, our team is working on exciting projects that will make Climate First Bank even more prominent and increase the impact we can have on our community and our planet.

### Key Metrics as of December 31, 2021

Total Assets (in millions)	\$124.5
Total Net Loans (in millions)	\$72.2
Total Deposits (in millions)	\$83.5
After tax income (loss) (in thousands)	(\$2,764)
Net Interest Margin	2.44%
Equity to Assets (Leverage Ratio)	56.56%



# A Culture of Accountability



## Benefit Corporation

As the foundation and legal commitment to benefit people and the planet, Climate First Bank is incorporated as a Florida Benefit Corporation. Through this legal structure, the Bank is required by law to provide a "General public benefit" or a material, positive effect on society and the environment, taken as a whole, as assessed using a third-party standard that is attributable to the business and operations of a benefit corporation.

## Goals of Senior Leadership

To strengthen our organizational commitment to ESG, the Bank has tied executive compensation to ESG goals. These goals cover impact reporting, B Corporation Certification, charitable commitments, and values-aligned loan and deposit growth. In addition, every member of the Climate First Bank team has goals and objectives tied to the Mission Specialist program.



## Strategy Sessions

Throughout the year, the management team takes time to ensure the goals of the Bank continue to align with its values and mission. In 2021, two strategy sessions were held for this purpose. The first strategy session brought together the entire management team in St. Petersburg, FL, to set strategic goals and objectives. The second included the Board as a whole and focused on ESG goals throughout the organization.



## The Road Ahead

Climate First Bank is just getting started. Within our first seven months, we've met and then surpassed our goals. We beat our initial capital raise goal by more than 2.5x. We have gotten further in our impact reporting in seven months than most banks get to in seven years. We've recruited world-class talent and developed values-aligned training opportunities. As you've read, we've signed many commitments and aligned ourselves with groups that will keep us steadfast in our mission. However, we have a long road ahead. There are always more goals to set and surpass. It is Climate First Bank's commitment that we continue to better our communities and the planet we all depend on. If there are ways you'd like to see us improve, please contact us. We'd love to hear from you.

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# CLIMATE FIRST BANK®

[www.climatefirstbank.com/our-impact](http://www.climatefirstbank.com/our-impact)



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