



Climate Change Risk Measurement

Developing and implementing climate risk measurement methodologies, such as stress testing and portfolio alignment methods

A fresh take on risk and valuation

Do you want to facilitate the measurement of your portfolio's climate risks and alignment with transition pathways and climate targets?

GAP ANALYSIS

STRESS TESTS AND SCENARIOS

DYNAMIC PORTFOLIO REBALANCING

PHYSICAL & TRANSITION RISKS

RISK IDENTIFICATION & MONITORING

PORTFOLIO ALIGNMENT

Benefits

Climate-related and environmental risks and the corresponding challenges will have important consequences to various aspects of our lives. Banks are expected to play a major role in for instance financing the transition to a sustainable economy and society.

The European Central Bank (ECB) as well as an increasing number of national regulators and supervisors expect banks to have climate risk considerations integrated in their risk measurement toolkits, stress testing frameworks and practices. Risk measurement is an important building block of profound risk management systems, and the unique nature of climate risks requires the use of various novel methodologies.

Finalyse experts have extensive experience and can support you in the development and implementation of climate risk measurement methodologies, such as stress testing and portfolio alignment methods.



For more information, visit

www.finalyse.com/climate-change-risk-measurement

- Benefit from Finalyse's extensive experience in the area of risk management and risk measurement for financial institutions.
- Ensure compliance with the recommendations set out in the ECB's Guide on climate-related and environmental risks.
- Measure the transition and physical risk exposures in financial institutions' portfolios, and assess the portfolios' alignment with the Paris alignment goals and with internally set targets.
- Integrate climate-related and environmental risks into financial institutions' existing toolkits, methodologies and frameworks by using a holistic approach.
- Benefit from Finalyse's unique approach, tailored to the specific needs and circumstances of each financial institution.

Motivation

Finalyse's team consists of talented experts who can help you with various steps:

- Assessing your practices against regulatory requirements and market practices, and developing an integration roadmap.
- Designing relevant climate scenarios, developing a dynamic balance sheet approach and performing regulatory and internal stress tests (e.g. ICAAP) to assess the impact of climate risk drivers.
- Assessing your portfolio's vulnerability to physical and transition risks.
- Integrating climate risk factors into your tools and methodologies, such as (shadow) PD / LGD models, and developing climate risk warning indicators.
- Measuring your portfolio alignment with respect to various climate transition pathways, and assisting you in your target setting process.

Having worked with financial institutions of various sizes, we can tailor our service to your individual needs.

AMSTERDAM

BRUSSELS

BUDAPEST

DUBLIN

LUXEMBOURG

PARIS

WARSAW