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Addressing the Impact of Climate Risk

OVERVIEW



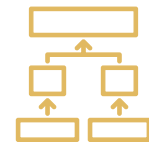
CHALLENGE

Treliant was engaged to assess the impact on corporate credit risks associated with climate change regulation and provides an action plan to the FI's management and Board. The focus of the engagement was to ensure the measurement of climate-related risks in loan origination, loan portfolio monitoring, asset allocation, stress-testing, and disclosure reporting as well as update the credit risk appetite, policies, and procedures.



SOLUTION

Established a group-wide team to prioritize and identify climate related credit lifecycle risks as well as the scale of the political and regulatory guidance and pending climate and ESG-related regulatory developments. Embedded ESG considerations into the FI's risk appetite statement, suggested updates to credit-related policies and procedures. Modified underwriting guidelines, pricing, climate-related stress tests, and exposure calculations..



APPROACH

Reviewed and evaluated strategy, products, all credit risk underwriting and approval policies, collateral management procedures, as well as all information pertinent to the financial institution monitoring, portfolio management, and default management. Assessed loan underwriting for impact of transition and physical inclusion into the credit process. Identified actions to updated financial analysis and stress testing fully considering environmental risks.

RESULTS

- ✓ Produced an action plan that included steps for updating of the risk appetite statement to include ESG considerations, portfolio strategy, updated credit-related policies and procedures, modified underwriting guidelines, pricing, and exposure calculations. Enhanced portfolio monitoring and portfolio reporting.
- ✓ Communicated findings to the Board to ease the transition to being carbon neutral , the impact on strategic planning and product development