

# Contents

**Acknowledgments — IX**

**Preface — XI**

**Design and Structure of the Book — XIII**

**Opening Notes — XV**

## **Part 1: Brief Overview of Risk Management**

**The Big Picture — 3**

**Practitioner's Note – Dr. Sankarshan Basu — 5**

### **Chapter 1**

**An Overview of Risk and Risk Management in Banks — 9**

### **Chapter 2**

**The Different Flavors of Risk that Banks Work With — 18**

## **Part 2: The What, Why and Who of Climate Change Risks**

**Practitioner's Note – Moorad Choudhry — 29**

### **Chapter 3**

**ESG and Climate Change as Relevant for Banks — 35**

### **Chapter 4**

**Climate-related Financial Risks for Banks — 42**

### **Chapter 5**

**Importance of Understanding and Acting on Climate Change — 58**

### **Chapter 6**

**Challenges for Banks in the Climate Change Risk Management Space — 62**

### **Chapter 7**

**Players of the Climate Change Risk Landscape — 67**

## **Part 3: The “How” of Managing Climate Change Risks – Building Blocks**

**Practitioner’s Note – Marc Irubétagoyena — 81**

### **Chapter 8**

**Building Blocks – The Big Picture — 87**

### **Chapter 9**

**Principles for Effective Management of Climate-related Financial Risks — 91**

### **Chapter 10**

**Risk Appetite Statement (RAS) — 96**

### **Chapter 11**

**Climate-related Risk Data — 105**

### **Chapter 12**

**Identification, Assessment and Measurement of Climate-related Financial Risks — 117**

### **Chapter 13**

**Scenario Analysis and Stress Testing — 150**

### **Chapter 14**

**Risk Mitigation, Control, and Monitoring Process — 176**

### **Chapter 15**

**Disclosures and Reporting Requirements — 189**

### **Chapter 16**

**Operating Model for Climate Change Risk Management at Banks: Some Pointers — 208**

## **Part 4: A Glimpse into the Complex Universe of Multilayered, Interlinked Climate Change Risks**

**Practitioner’s Note – Sridhar Aiyangar — 221**

### **Chapter 17**

**Interlinks – The Big Picture — 225**

**Chapter 18**

**Interlinks with Financial and Non-financial Risks of Banks — 231**

**Chapter 19**

**Capital and Climate Change Risks – the Links — 244**

**Part 5: Going Forward**

**Practitioner’s Note – Tsuyoshi Oyama — 253**

**Chapter 20**

**Going Forward — 257**

**Closing Notes — 275**

**Bibliography — 281**

**List of Abbreviations — 287**

**List of Figures — 291**

**List of Tables — 293**

**About the Author — 295**

**About the Series Editor — 297**

**Index — 299**