



LITTLE BLUE RESEARCH CASE STUDY

# Scoping a framework for assessing the climate risk to Triodos Bank UK's loan portfolio

**Client: Triodos Bank UK**

**Client size: 720,000+ customers**

Little Blue Research completed a rapid risk assessment of the potential effect of climate change on Triodos Bank UK's loan portfolio. Work included piloting approaches to identifying and valuing risk to help meet new requirements from the Prudential Regulation Authority (PRA) and identifying data gaps.

**Service: Strategy**

**Capital: NATURAL | PRODUCED**

**Assessment location: UK**

LITTLE BLUE RESEARCH LTD

+44 (0) 7887 633 345 | [info@littleblueresearch.com](mailto:info@littleblueresearch.com) | [www.littleblueresearch.com](http://www.littleblueresearch.com)

cash machine





# Case study details

## Client need

Triodos Bank UK required technical support to identify options for scoping a framework for evaluating climate change risk to their loan portfolio. As a leader in sustainable finance, Triodos was crucially aware of the importance of this issue and wanted guidance on the risks facing its customers.

## The challenge

- Prioritising areas for assessment by considering regional location and commercial asset types.
- Using limited publicly available data to pilot a climate risk assessment on a sample of the bank's loan portfolio and providing recommendations for quantification.
- Combining banking data with climate data and overcoming challenges associated with the use of different software tools and formats.
- Setting out key next steps to progress an evaluation process within the bank.

## Outputs and results

- ✓ Workshop setting out review results and suggested next steps for discussion with the bank's risk and operations teams.
- ✓ Summary of outputs from review work and pilot assessment, identifying how Triodos Bank UK's current data can be used, data gaps, and proposed actions and next steps.



## What happened next

Triodos have selected several key actions and recommendations to develop their framework for assessing the climate risk of their lending portfolio.

 Little Blue Research worked collaboratively with us throughout this scoping work. They delivered insightful outputs and provided us with a series of tangible next steps to help us take forward our work on climate risk assessment. As a bank committed to tackling environmental challenges through our loan portfolio, this work is vitally important to us. It's great to work with a research partner that truly values social and environmental impact"

Naomi Lea-Wilson, Business Banking Improvement and Development Manager, Triodos Bank



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