



Global Credit Data

by banks for banks

Climate Risk Focus Group Meeting

January 31st, 2024



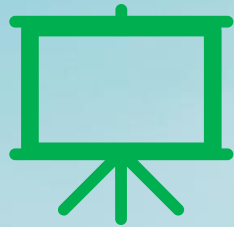
Hale Tatar, Global Lead ESG & Climate Risk, GCD
Based in Toronto

18+ years experience working in banking industry in several risk management roles and been with GCD for the last eight years, specializing in credit risk data, analytics, benchmarking and currently leading the ESG & Climate initiatives.

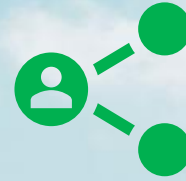
Before we start



Anti-Trust Warning:
participants are warned not to provide sensitive information about their bank or to engage in discussions which might encourage or lead to collusive behaviour. If in doubt, then please seek guidance from your own bank's policies or legal counsel.



Slides will be available to participants & session is recorded



Participate, ask questions, share your insights and discuss



What can GCD do for you?

We kindly request all participants to actively participate during and/or after the session. Your insights are invaluable to the discussions.

Agenda



GCD'S ROLE IN ESG & CLIMATE RISK



YOUR TOP PRIORITIES!



HOW DO YOU BENEFIT FROM THE FOCUS GROUP



UPCOMING ACTIVITIES



NEXT: BANK WEBINAR SERIES

Over 50 GCD Member Banks → your peers





Global Credit Data
by banks for banks



Creating Standards
and Best Practices



Data Pooling



Knowledge Sharing



Analytics and Reports



Industry
Collaborations

GCD is a non-profit organization run by banks for banks

Sharing Data and Beyond

ESG & Climate Risk platform
for credit risk measurement and management

DATA SHARING

With your
direct peers

SECURITY

ISO 9001
ISO 27001

**BEST
PRACTICE**
Credit Modelling

COMPLIANCE

With regulatory
requirements
(BCBS239)

50

**MEMBER
BANKS**

20+

**YEARS
OF
HISTORY**

**PD,
LGD,
EAD**

**DATA
PLATFORMS**

Attendees Today: Beginning Our Collaborative Journey!



49
Participants



28
Banks



16+
Countries

Banks	Region
ABN AMRO Bank	Europe
CACIB	Europe
Credit Suisse/UBS	Europe
Deutsche Bank	Europe
Handelsbanken	Europe
HSBC UK	Europe
ING	Europe
KfW	Europe
Nordea	Europe
Nykredit	Europe
OeKB	Europe
Rabobank	Europe
Raiffeisenbank International	Europe
Société Générale	Europe
Standard Chartered	Europe
YAPI KREDİ	Europe
Equitable Bank	North America
Fifth Third Bank	North America
ICBC México	North America
KeyCorp	North America
Morgan Stanley	North America
National Bank of Canada	North America
PNC	North America
Scotiabank	North America
Standard Bank of South Africa	South Africa
National Bank for Agriculture & Rural Development	Asia Pacific
SMBC BANKING GROUP	Asia Pacific
Westpac	Asia Pacific

GCD Regional Executives

North America
Europe/SA/APAC
Australia

Partners/Industry Experts

Capgemini Invent
d-fine AB
UNEP FI
Z - Risk Engine

YOUR SURVEY RESPONSES!



A lot to tackle!!!

What is your current priority topic or question that you would like to discuss with other banks? (help us plan future meetings)

Collaboration

I would like to understand what is being done in **peer banks**.

I would like to understand peer banks **prioritization and timeframe** for capturing climate related data and integration into credit underwriting

What are your firms current BAU activities for climate risk (e.g. stress testing, ACL, credit risk rating etc.), and what is the high level plan for the coming years?

I am just interested in seeing what is happening in this space with other banks.

Climate Scenario Analysis and Stresstesting

Best practices of use of climate scenario data, Contrasting global climate scenarios

Climate and Environmental risk stress testing - framework, data, models, scenarios.

climate scenario analysis data and methodology

stress testing approaches, and benchmarking

Which data points do other banks use in their **stresstest models** and how do they obtain the necessary data? **Modelling climate risk into Credit risk models** - PD and LGD models

Data

Climate **Data availability** is a concern... how do we resolve?

ensuring the accessibility, quality, security and reliability of the C&E risk data sources

integrating the C&E data from different sources

AI & ML usage for C&E data

Data availability to conduct **analysis** and support hypotheses

How banks tackle the climate risk quantification in the context of data quality / availability challenges

lack of data and need to substantiate the climate risk component of credit risk

Risk Management

Integration of ESG risks into risk management framework

set up of climate risk **monitoring** framework

Which framework is best placed to assist organisations that are starting to develop their **Climate Transition Plan**?

NZBA, net-zero goals

TCFD

My current focus topic is **Funding Risk** / Climate Risk.

How to **price** climate risk while lending or during assessment

Climate Risk assessment for **small and medium enterprises**

Climate and Environmental Risk **implementation** in banks

impact of climate issues on credit risk

Modeling

The specific **impact** that ESG has on IRB models

The introduction of ESG factors in internal PD and LGD models

Standardised **RWA methodologies**

sectorial PD

Modelling climate risk into Credit risk models - PD and LGD models

How ESG factors are sourced and used in credit risk models and credit decisioning

ESG risk factors in IRB models.

Current priority is fulfilling **regulatory** (ECB etc) next expectations on internal models

Climate risk in IRB/IFRS9 models as well as for Pillar1 and Pillar 2 capital requirements

Physical Risk

Impact of **Physical** risks on to credit risk

Nature risk data challenges around the locations of the assets of a company

Transition Risk

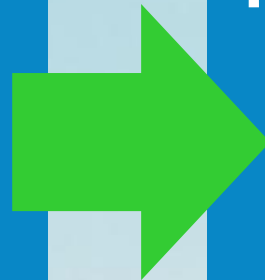
GHG Footprint Estimation

How to get good quality **EPC** data on asset level

Financing opportunities in the energy transition

...The way forward Industry **Collaboration** on Credit & Climate

What are
other banks
doing?



Methodology

Data

Calibration



Focus Group Purpose

 **WHAT IS
MY BANK DOING?**

Collaboration of banks

 **WHAT ARE
OTHER BANKS DOING?**



**WHAT IS
THE BEST
PRACTICE?**

GCD's Give-to-Get Principle



Give

- ❑ 1 hour of your time every 2 to 3 weeks
- ❑ Your challenges and experiences in bringing climate risk into credit risk (stress tests, data, etc.)
- ❑ Your input via surveys, discussions, meetings.
- ❑ Help shape GCD's data future in the space where climate meets credit risk



Get

- ❑ Regular webinars from banks and industry experts on ESG & Climate topics
- ❑ Learn from colleagues about
 - ❑ Regulatory bodies' objectives and requirements
 - ❑ Peer bank preparedness to meet the challenges
 - ❑ Best methodological and quantitative methods

Our proposal for the collaborative group format



Focus Group

Bank Representatives
Industry Experts



Activities

Develop best practice
Develop solutions
Awareness of coming trends



Benchmarking
(Method, Drivers, Data)



Data
Requirements

Our proposal for the collaborative group format

**GCD's
Give-to-Get Principle
(everyone participates!)**



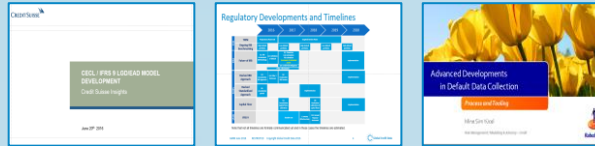
HOW CAN BANKS COLLABORATE?

You **share** your experiences, challenges, questions, lesson learnt with other banks

your peers are as eager to learn from you as you are from them!

Activities

Bank presentations



Industry presentations /workshops



Survey for best practice sharing



Peer benchmarking activities



Each participant leads a session at least once during 2024

Members could present, pose a discussion for a problem or present a method or solution.

Special sessions prepared by GCD or industry expert organizations to discuss key topics

Survey(s) will be designed by the focus group
Questions on all topics rated as important to member banks and questions/discussions come from meetings.

Peer benchmarking exercise – methodology and or data – will be conducted on topics selected by participants.

Proposed Meeting Dates

Meetings every 2-3 weeks → to keep the discussions current and frequent
 Subgroup meetings will be organized ad-hoc if needed for a specific region or topic
 Presentations by GCD team & Industry Experts to discuss common challenges faced by banks

Date	Time slot (EST: North America, CET: EMEA)	Bank or Org	Presenter	Topic
Wednesday, Jan-31, 2024	9am EST/3pm CET	GCD	Hale Tatar	Focus Group Info Session
Wednesday, Feb-21, 2024	9am EST/3pm CET	National Bank of Canada	Oscar Calderon	Climate Stress Testing
Wednesday, Mar-06, 2024	9am EST/2pm CET	ING	Daniela Thakkar	Climate risk assessment for SMEs
Wednesday, Mar-20, 2024	9am EST/2pm CET	HSBC	Chithra Namboodiri	TBA
Wednesday, Apr-03, 2024	9am EST/3pm CET			
Wednesday, Apr-17, 2024	9am EST/3pm CET			
Wednesday, May-01, 2024	Dates to be confirmed			
Wednesday, May-15, 2024				
Wednesday, May-29, 2024				
Wednesday, Jun-12, 2024				
Wednesday, Jun-26, 2024	9am EST/3pm CET			
Wednesday, Aug-07, 2024	9am EST/3pm CET			
Wednesday, Aug-21, 2024	9am EST/3pm CET			
Wednesday, Sep-04, 2024	9am EST/3pm CET			
...	...			

Thank you for kicking off the collaboration!

Please send a proposed date and topic for your session



April 2024
Toronto Conference

April 2024 - Nordic Conference
Summer 2024 - Conference

CANADA

EUROPE

US

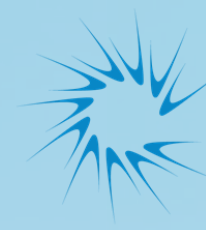
Fall 2024
NYC meeting TBC

SOUTH AFRICA

TBC

AUSTRALIA

March 2024
Sydney Meeting



Global Credit Data

by banks for banks



Creating Standards and Best Practices



Knowledge Sharing



Analytics and Reports

Regional

Climate

Activities

Our proposal for the collaborative group format



Focus Group

Bank Representatives
Industry Experts



Activities

Develop best practice
Develop solutions
Awareness of coming trends



Benchmarking
(Method, Drivers, Data)

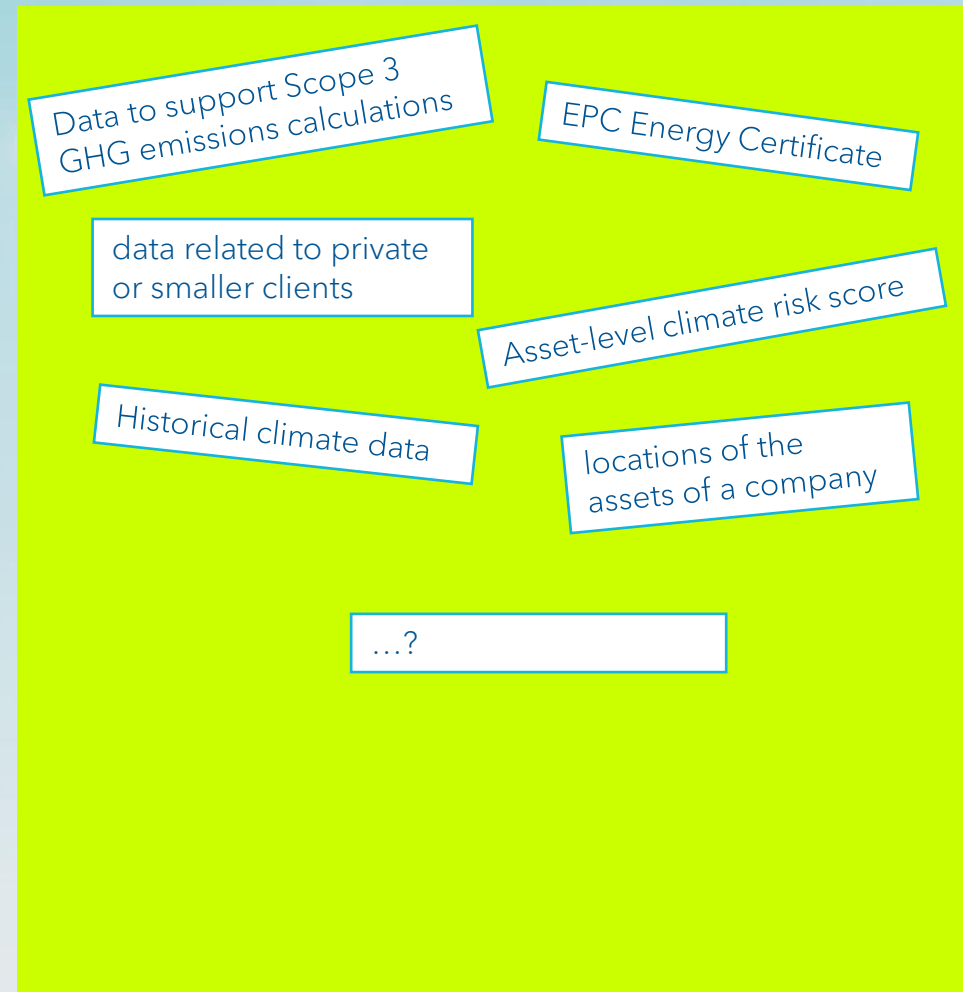


Data
Requirements

Example of data to collect

What are your data needs?

Focus Group IDEA Box



Our proposal for the collaborative group format



Focus Group

Bank Representatives
Industry Experts

can you co-chair the group?



Activities

Develop best practice
Develop solutions
Awareness of coming trends



Benchmarking
(Method, Drivers, Data)



Data
Requirements

Focus Group – Chairs needed!



Focus Group Chairs needed from all regions to tackle global & regional solutions

**Volunteer as a
Co-Chair!**

Time commitment:
1-2 hours a month

Why Volunteer?

Take on this unique opportunity to help financial industry integrate climate/ESG topics in risk framework and help shape industry-leading methodologies, enhancing personal expertise and leadership skills

Europe
Canada
US
South Africa
Australia

→ Co-Chairs would be providing guidance on their **specific region** and overseeing the focus group planning. They would provide expertise, guidance, direction and will be supported by GCD Executive of the group.

→ GCD Executive would act as a secretary to this group (arrange meetings, record minutes and decisions, execute surveys, analytics and data activities., work with Chairs for agenda planning, overall coordination of the Climate focus group,...)

**If interested, send an email to
hale.tatar@globalcreditdata.org**

Regulatory Climate Risk Resource Hub

This online resource serves as a central page for credit risk/ESG/climate risk professionals seeking information on climate risk management from various global regions, within the GCD membership base. The page is designed for easy navigation, enabling quick access to region-specific climate risk guidelines, reports and useful resources. Please note that this list is not exhaustive and is subject to updates as necessary.

Europe

European Banking Authority (EBA)

- EBA Draft Guidelines on management of ESG Risks - consultation paper (2024)
- One-off Fit-for-55 climate risk scenario analysis. (2023)
- Results of its
- Report on en
- Technical sta
- EBA Roadma

European Central Bank (ECB)

- ECB Paper: R
- ECB report on
- SSM supervi
- Results of th
- Results of th

UK

Prudential Regulation Authority (PRA)

- Bank of Engi
- Bank of Engi
- Results of th

Canada

Office of the Superintendent of Financial Institutions (OSFI)

- B-15 Guideline on financial institutions management of climate-related risks : Climate Risk Management (2023)
- Standardized Climate Scenario Exercise (SCSE) 2023 draft
- Results: Bank of Canada-OSFI Climate Scenario Analysis Pilot (2022)

United States

Federal Reserve (Fed), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC)

- Principles for Climate-Related Financial Risk Management for Large Banks (2023)
- Paper on What are Large Global Banks Doing About Climate Change? (2023)
- Pilot Climate Scenario Analysis (CSA) Exercise (2023)

Australia

Australian Prudential Regulation Authority (APRA)

- Results from Climate Vulnerability Assessment (CVA) of Australia's five largest banks. (2022)
- Climate risk self-assessment survey
- Prudential Practice Guide CPG 229 Climate Change Financial Risks

South Africa

Prudential Authority (PA), The South African Reserve Bank (SARB)

- Proposed Guidance Note-Climate related disclosures for banks (2023)
- Climate change modelling framework for financial stress testing in Southern Africa (2022)
- Prudential Communication for Climate-related risks (2022)
- Prudential Authority Climate Survey Report 2021

GCD's Climate Risk Focus group - formed of credit risk professionals from banks globally - aimed to help shape associations' approach to climate-related credit risks. The focus group serves as a center for collaboration and knowledge exchange among climate and risk experts.



ESG/Climate Hub on GCD Website

<https://globalcreditdata.org/esg-climaterisk/>



Data collections
Surveys
Methodology Benchmarking
Peer comparison Study
Peer Discussions

Community for ESG, climate and risk experts.

Group



GCD Climate Risk Focus Group Meeting January 2024

January 31, 2024

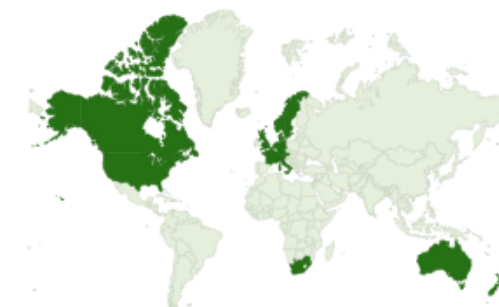
Hale Tatar

The first climate risk focus group meeting of the year. This focus group serves as a center for collaboration and knowledge exchange among ESG & climate and risk experts globally.

[More Info](#)

GCD Member Banks

Global Credit Data currently has 50 member banks from North America, Europe, South Africa and Australia regions. More information about membership can be found [here](#).



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Chart by Visualizer

What is next

- ➔ Send any comments on/approval of **focus group plan**
- ➔ Submit a proposal for your **presentation** (topic and date) to hale.tatar@globalcreditdata.org
- ➔ **Mark the date: February 21st** for Bank presentation on **Climate Stress testing** by **Oscar Calderon, National Bank of Canada**

GET INVOLVED

GCD's best projects have always come from member demands

Please join the discussion, so we can be **"by banks"**

Please come forward and challenge GCD with your ideas and needs, so we can continue to be **"for banks"**

Appendix



GCD's ESG & Climate Risk Strategy



SOLID PROGRAM INITIATION

Climate Risk Focus Group

Conferences
Webinars
Surveys
1-1 Meetings



BENCHMARKING

Stress Testing
Climate Effects
Methodology
Key Drivers



GREEN PLATFORM

Data Collection

Establish Standardization & a common data model

Best practices



INDUSTRY COLLABORATION

Work with partners and industry experts to support the strategy

GCD strategy is to assist banks in meeting their ESG & Climate risk measuring, monitoring, modelling and reporting needs for credit risk by leveraging history and strength in data standard setting, data pooling, method sharing, and benchmarking.

Why GCD?



GCD's objective is to contribute to a better understanding of credit risk, to promote quality, standardization and transparency of data and measurement to improve the ability of the Members to actively manage the credit risk of their portfolios



- Established collector of **hard-to-get** credit risk experience directly from banks' books
- **Banks** are in the driver seat
- Strong record of **data standards** and methodology **best practice**
- Facilitate **knowledge** exchange
- The **platform** for credit risk measurement and management

Credit & Climate → GCD Climate Focus Group

✓ Leveraging years of expertise in successful data pooling services for banks

Create Data Standards

Industry Standard

Comparability

Consistency

Data quality and security

Data Pooling

Benchmarking

Granular
(Borrower,
Loan Level)

Location/GEO

Sector based
(Nace, SIC..)

Knowledge Sharing

Webinars

Surveys

Working Group

1-1

Analytics & Reports

Dashboards

Segment based

Third-Party Analytics

Industry Collaborations

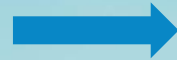
Climate Experts

Regulatory

Climate Risk Data Benchmarking



Obligor Data



Compare your grading of a company to your peers



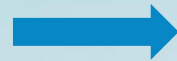
Industry Data



Examine the aggregate of grades by industry classification



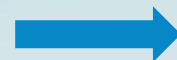
Geographic Data



Examine the aggregate of grades by geography



Credit Risk
Parameters
LGD, EAD, PD



Examine the risk parameters by geography, industry, and/or year