

# Climate Excellence – Banking

Scenario analysis for your credit portfolio





What should I include in my (TCFD) report and how should it be presented?

How does climate change affect the relative risk-return profile of companies and industry sectors, and what impact might this have on the likelihood of default?

How can I meet the expectations of the regulators such as the ECB?

**Climate Excellence enables you to understand the financial implications of different climate scenarios and the key risk and opportunity drivers.**



**How does the changing climate affect my portfolio?**

- For which existing loan portfolios is the financial materiality of climate risks highest?
- What insights can be derived from this analysis regarding the opportunities and risks resulting from climate change?
- How do risks and opportunities differ across different scenarios?
- How can the risks and opportunities be explained?
- What are the key drivers of performance based on a holistic modeling approach that considers more than just CO<sub>2</sub> prices?
- Are these drivers based on sectoral or regional positioning or are the results strongly influenced by individual companies?



# How can I use Climate Excellence?



**Assessing the materiality of climate risks and the resilience of portfolios**



**Integration into risk management**



**Use the outputs for credit management**



**Inputs for (non-financial) reports e.g. TCFD or sustainability reports, or CDP questionnaires**



**Introduction of climate scenario analysis in accordance with the Taskforce for Climate-related Financial Disclosures (TCFD)**



**Inputs for sector, country strategies and limit setting**



**Development of a climate strategy for all business areas**



# What makes Climate Excellence unique?

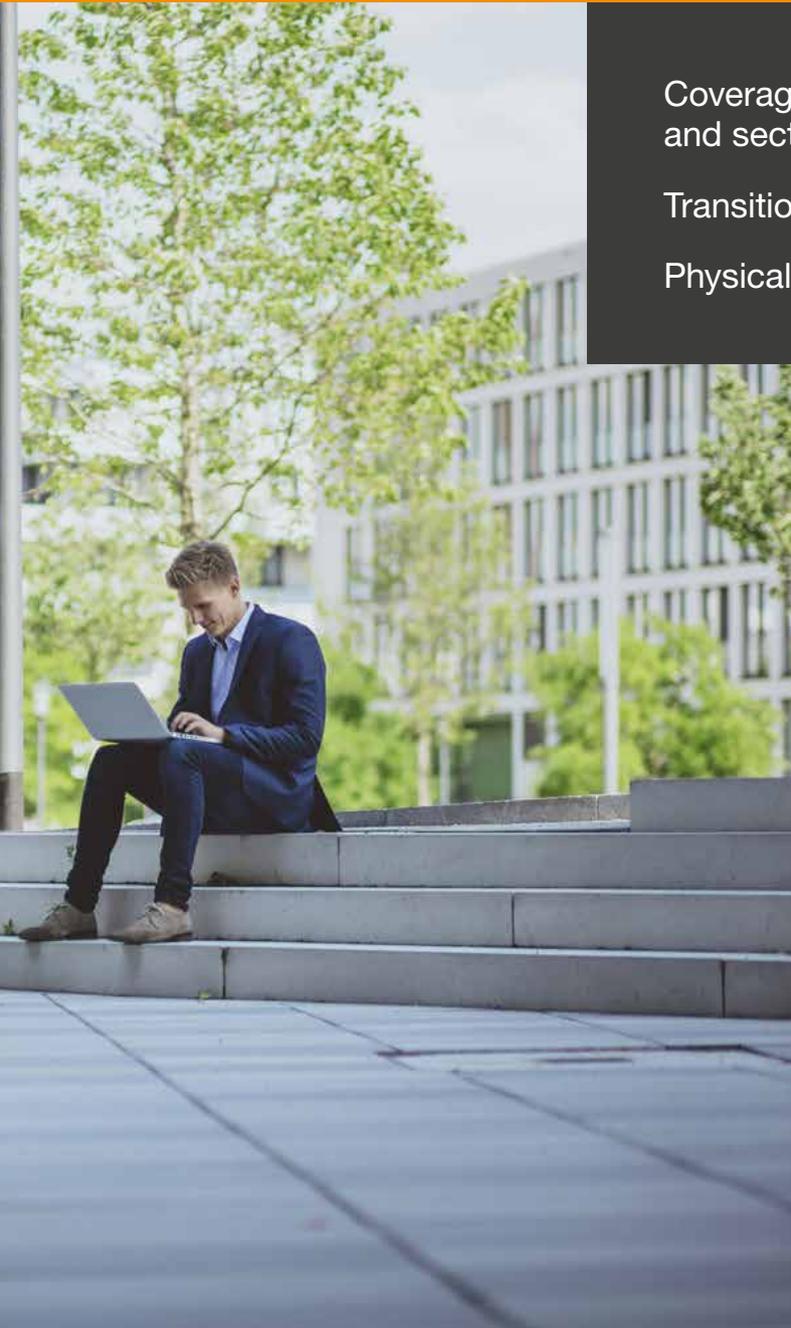
Coverage of all companies  
and sectors worldwide

Transition risks

Physical risks



- Choice between three transition and three physical scenarios according to the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), which are continuously being refreshed and expanded (e.g. NGFS currently in progress).
- Bottom-up analysis based on the individual business activities of all companies in the portfolio and relevant reportable aggregation levels. Break down to individual asset level is possible.
- The module can be used to analyse the adaptive capacity of companies in the portfolio to climate change along the pathways.
- Holistic, comprehensive and consistent scenario modelling beyond the CO<sub>2</sub> price (e.g. sector-specific technology requirements, energy demand and prices, etc.)
- Optimised coverage of credit portfolios (company-specific identification via Legal Entity Identifier, ISIN or name search, alternative coverage via sector/geography analysis)
- Enables you to implement ECB and BaFin requirements regarding climate stress tests



# Any other questions? Contact our expert



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You would like to learn more about the  
Climate Excellence Tool?

Further insights on our Climate  
Excellence website:  
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For detailed information on Climate  
Excellence for Banking [click here](#)



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