



**IACPM and RMI**  
**Credit Portfolio Management Educational**  
**Workshop**  
**August 2, 2022**

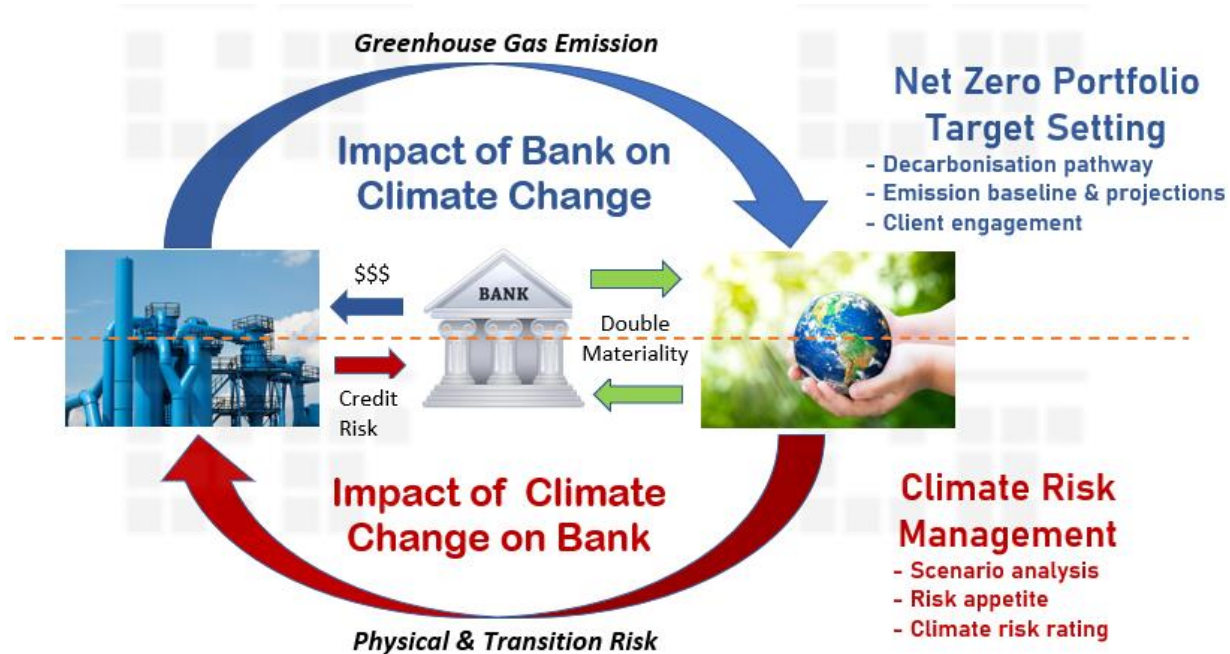
[www.iacpm.org](http://www.iacpm.org)

**Benjamin WONG**

*MD, Head of Group*  
*Portfolio Analytics, Risk*  
*Management Group*

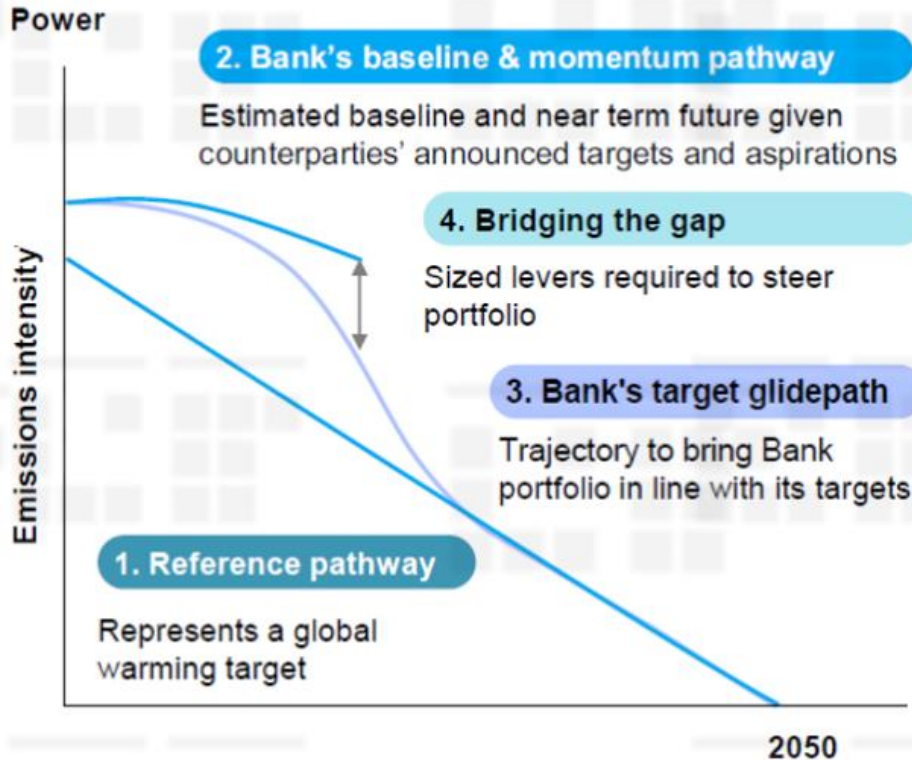
*DBS Bank*

# Bank vs Climate



*Bank has a 2-way relationship with climate change. This poses new risk to be managed, as well as opportunities to facilitate decarbonisation*

# Target Setting – the Concept



## Reference pathway

Base emissions, financing or emissions intensity pathway on a well-accepted, science-based model for a given sector

## Baseline & momentum pathway

Using available data, construct a baseline and projection of what emissions/emissions intensity is currently and what reduction can be expected in the next years

## Target glidepaths

Depending on type of metric used, create a target glidepath based on a convergence or trajectory approach

## Bridging the gap

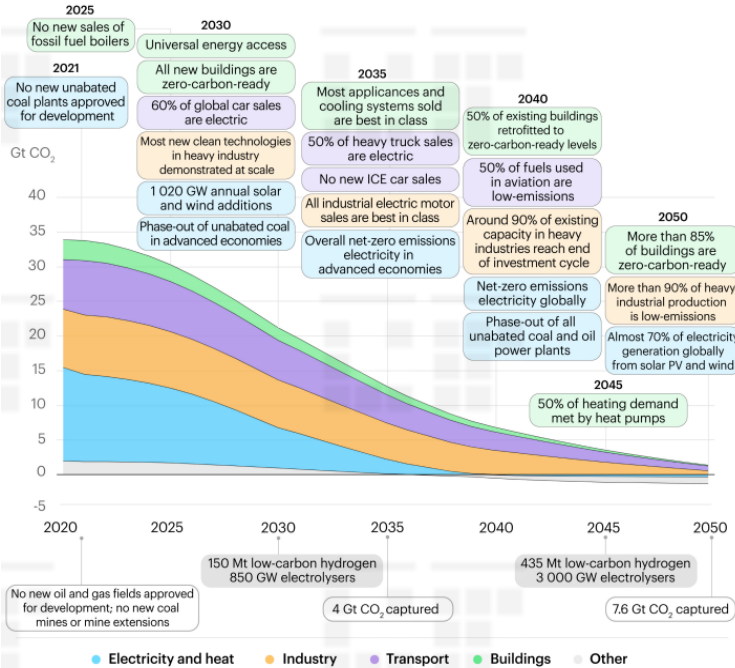
Once the target and momentum pathways are understood, size the impact and feasibility of various levers to meet the target glidepath

# Target Setting – Considerations

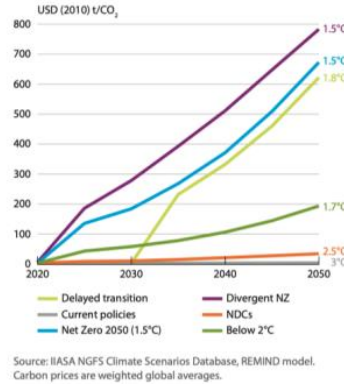
- Which sector(s) to set target?
- Products to be included e.g. off balance sheet / derivatives / undrawn?
- Scope of emissions to be included
- Absolute emissions vs emission intensity
- Which scenario to use?
- Regional vs global pathways
- Whether & how to account for companies' emission target and NDC?
- Convergence options and interim targets?
- What are the decarbonization levers?
- Treatment of carbon credits

# Climate Scenarios

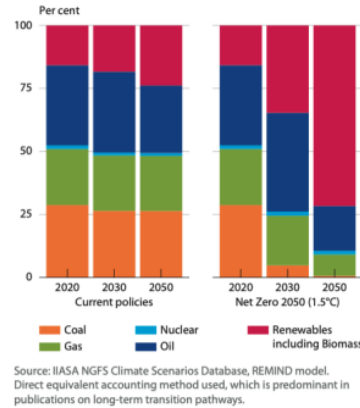
## Key milestones in the pathway to net zero



## Carbon price development



## Primary energy mix by scenario



## Emissions per unit of energy input

