



IACPM Risk & Portfolio Management Roundtable

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www.iacpm.org

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Senior Advisor

About the IACPM

About the IACPM

Established to advance the practice of credit portfolio management

- Non-profit industry association
- Formed in 2001 by 11 banks
- Currently 137 financial institutions from 29 countries worldwide are members

The IACPM's Mission

- Further the management of credit exposures by providing several forums for member institutions to exchange ideas
- Foster research on credit portfolio management as it evolves and changes
- Represent members before regulatory and administrative bodies around the globe
- Develop and promote standard practices among practitioners worldwide

IACPM Members Around the Globe



137 IACPM Member Institutions

| | | | | |
|------------------------------------|------------------------------------|--|----------------------------------|------------------------------------|
| ABN AMRO Bank NV | Assured Guaranty ATB Financial | BP BPL Global | of Japan DNB Bank ASA | Grupo Bancolombia Guy Carpenter |
| ABSA Bank Ltd. | Atlantic Global Credit | Cairn Capital Group | Energetic Insurance | Heartland Financial |
| Africa Finance Corp. | Australia & New Zealand Banking | Canara Bank India | European Investment Bank | Howden Group |
| African Development | Awbury Insurance | Capital One | European Investment Fund | HSBC |
| African Export Import AIG, Inc. | AXA Investment Managers | Chorus Capital Christofferson, Robb | Export Development Canada | ICICI Bank Ltd. IDB Group |
| AIMCO | AXA XL | Citigroup | Export Import Bank of India | IFC |
| Alecta | Axis Capital | Clifford Chance | FMO Entrepreneurial Dev. Bank | ING Group |
| Allen & Overy LLP | Banco de Sabadell | Commerzbank AG | Farm Credit Canada | Intesa Sanpaolo |
| Allianz SE | Banco do Brasil | Commonwealth Bank of Australia | Fidelis Insurance | Japan Post Bank |
| Aon | Banco Santander | Credit Agricole CIB | Fifth Third | JPMorgan Chase |
| APICORP | Bank of America | Credit Suisse | FirstRand Ltd. | |
| ArrowMark Partners | Bank of Montreal | Danske Bank | Goldman Sachs | |
| Arthur J. Gallagher | Barclays | DBS | | |
| Arch Capital Group | BBVA | Deutsche Bank | | |
| Asian Development | BNP Paribas | Development Bank | | |
| Asian Infrastructure | | | | |

137 IACPM Member Institutions (continued)

| | | | | |
|---------------------------|---------------------------------|---------------------------------|-------------------------------------|----------------------|
| KeyCorp | National Australia Bank | PNC Financial Services | Standard Chartered | UOB Ltd. |
| KfW Ipex | National Bank Financial | Prudential Financial | State Bank of India | Vantage |
| Liberty Specialty Markets | NatWest Group Plc | RBL Bank India | Sumitomo-Mitsui Banking Corporation | Wells Fargo |
| Limit Financial | Natixis | Rabobank | Sumitomo Mitsui Trust Bank | Westpac |
| Linklaters LLP | Nedbank Ltd | Raiffeisenbank Intl | Sun Life Financial | Whitecroft Capital |
| Lloyds Banking | New Development Bank | Regions Bank | Swiss Re | Willis Towers Watson |
| M&G Investments | Newmarket Capital | Renaissance Reinsurance Limited | TD Bank | |
| M&T Bank | Nomura | Royal Bank of Canada | Texel Finance Ltd. | |
| Macquarie Group | Nordea Bank | ScotiaBank | The D.E. Shaw Group | |
| Marsh Credit Specialties | Northwestern Mutual | Silicon Valley Bank | Truist Financial Corporation | |
| Maybank | OCBC Bank | Société Générale | U.S. Bank | |
| MIGA | Orchard Global Asset Management | Sovereign Risk Insurance Ltd. | UBS AG | |
| Miller Insurance | PAG | Standard Bank Group | UK Export Finance | |
| Mizuho Bank | PGGM | | UniCredit Group | |
| MUFG Bank, Ltd. | | | | |
| Munich Reinsurance | | | | |

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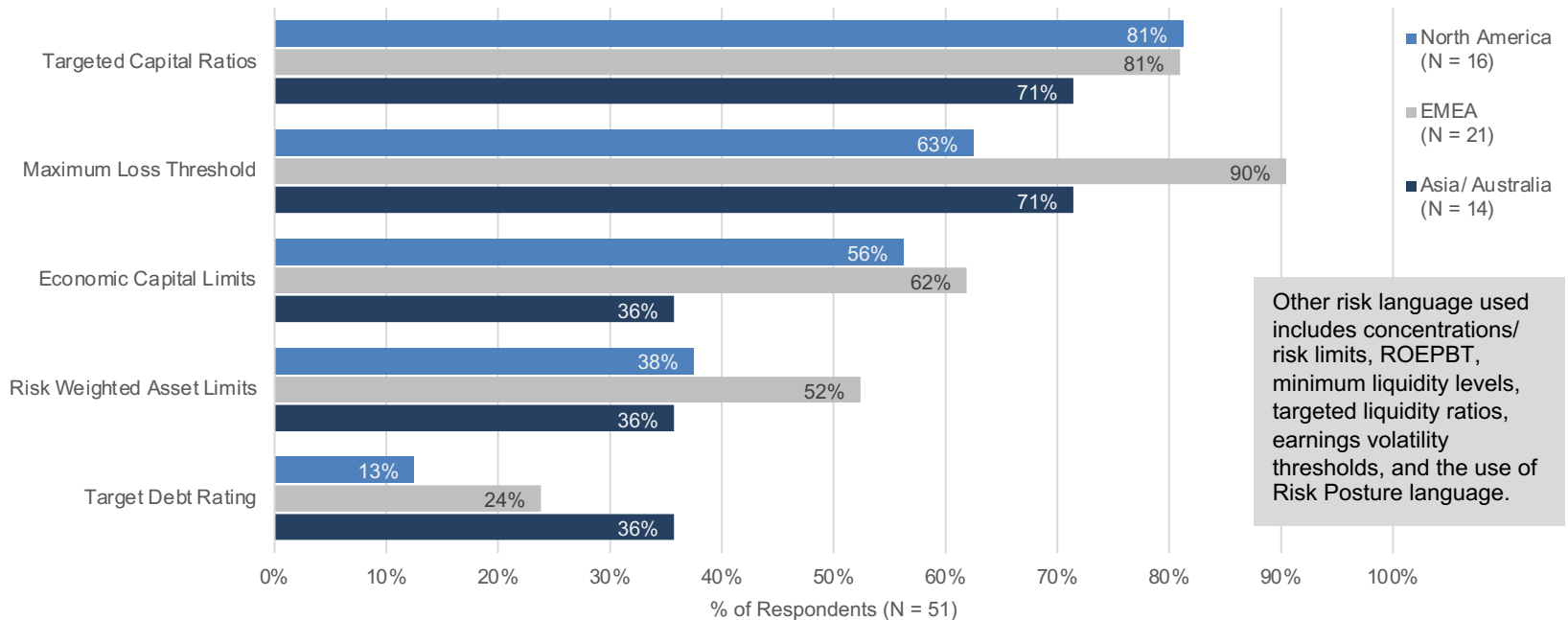
Olivier Vigneron
Chief Risk Officer,
Deutsche Bank

Recent and Upcoming Research Initiatives

- **Climate Risk and ESG as a Source of Strategic Value Creation (collaboration with Bain & Co., results out now to participants)**
- **Climate Risk and ESG survey series:**
 - ESG & Climate Risk Frameworks (white paper available www.iacpm.org)*
 - Linking outcomes to Decision Making (Now)*
- **Private Principles & Practices in CPM 2023**
- **Limits and Concentrations/Risk Appetite**
- **Credit risk insurance**

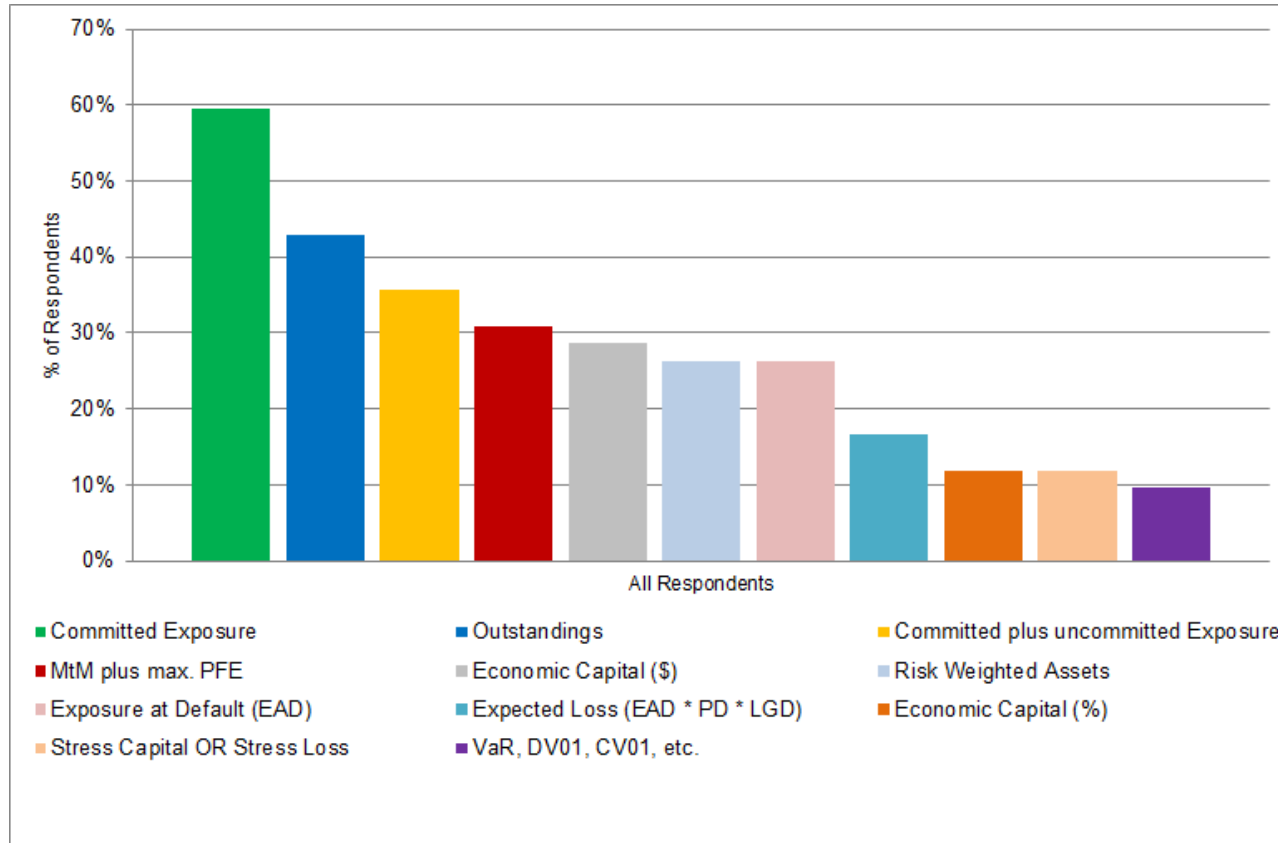
Risk Appetite and Concentration Management

Primary Language Used to Communicate Risk Appetite



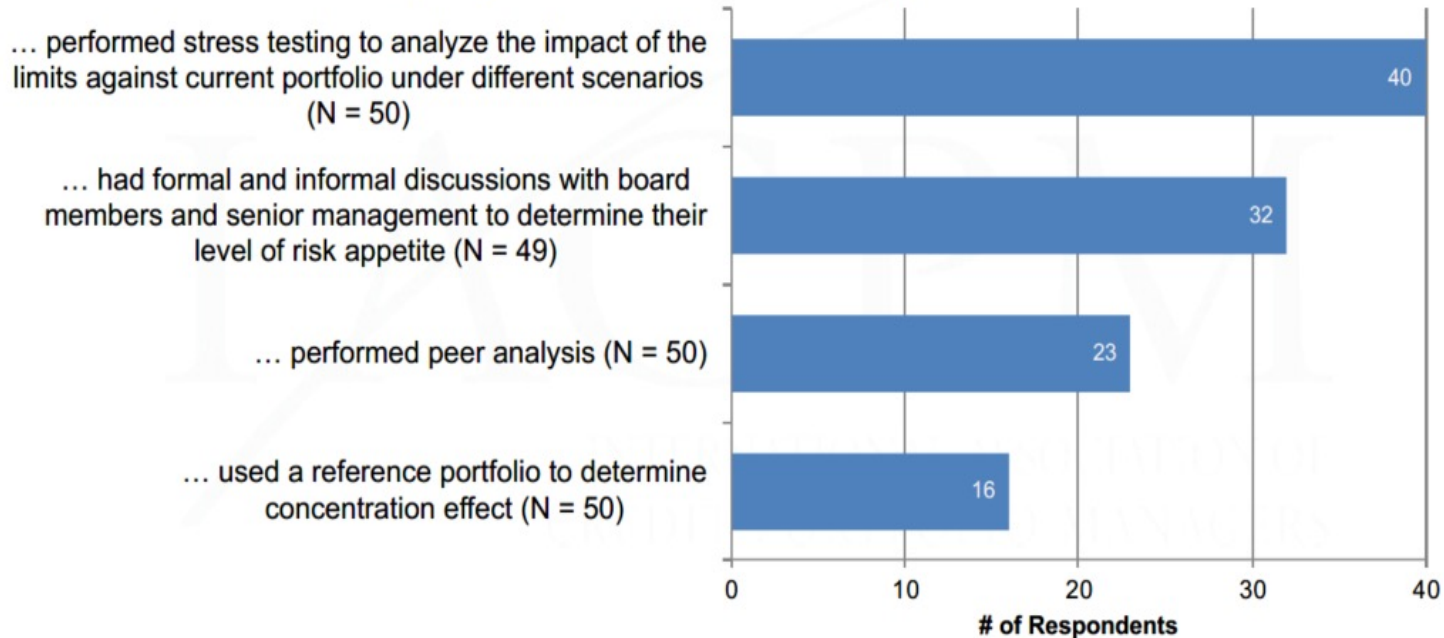
Source: IACPM Risk Appetite Frameworks Survey 2020 | Question: When developing the limits framework, what is the primary language of risk used to communicate your institution's risk appetite? Please select all that apply. (Q17)

Limit Exposure Measures for Concentration Management



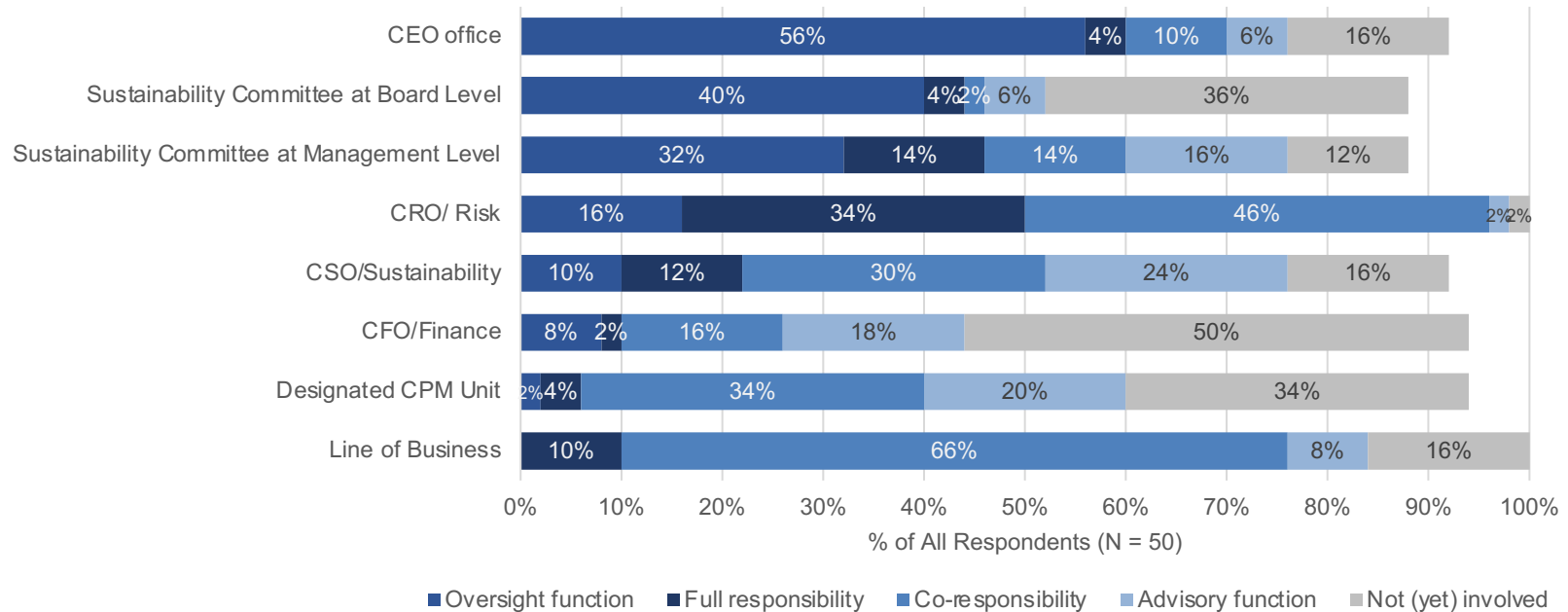
Setting Limits Within the Risk Appetite

In designing limit frameworks, respondents ...



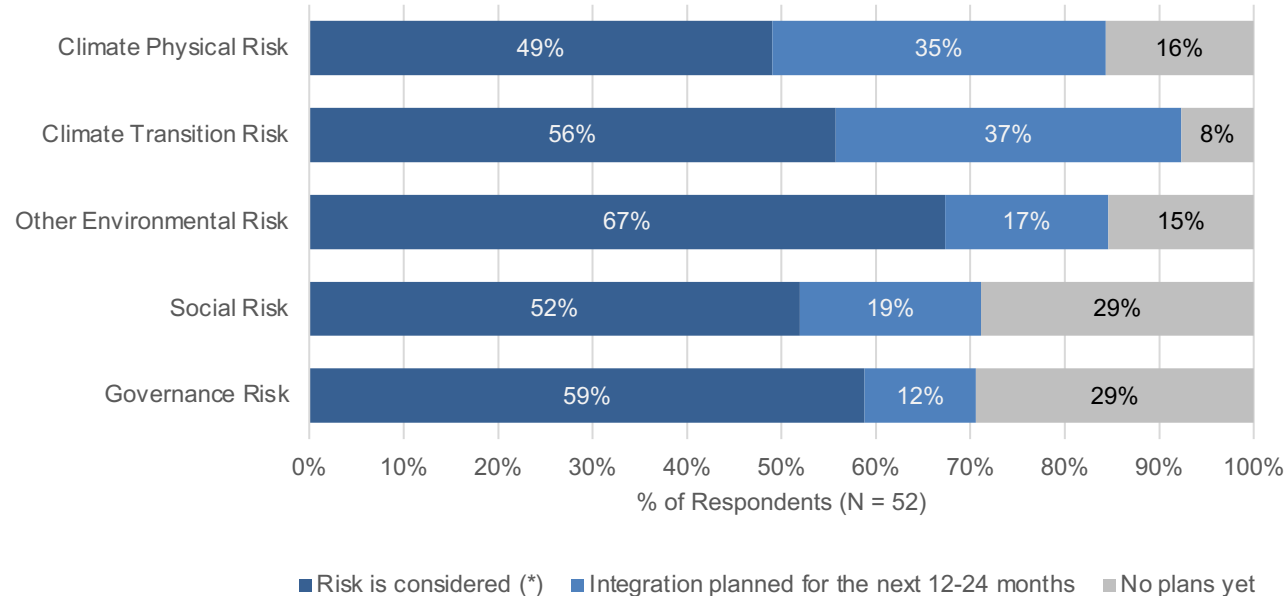
ESG and Climate Risk

Areas Responsible for Integrating **Climate Risk** into Credit Risk Management Frameworks



Source: IACPM ESG & Climate Risk Management Frameworks 2022 | Question: Which areas within your firm are currently involved and/or responsible for integrating ESG & Climate Risk considerations into credit risk management frameworks? (Q3)

ESG & Climate Risk Factor Consideration in CPM Decision Making, e.g., to Manage Concentrations



"A Credit Strategies framework takes into account ESG and climate risks/opportunities in terms of economic sectors (heatmap), counterparties (ESG scoring), as well as dedicated products/credit initiatives."
 Source: Survey Participant

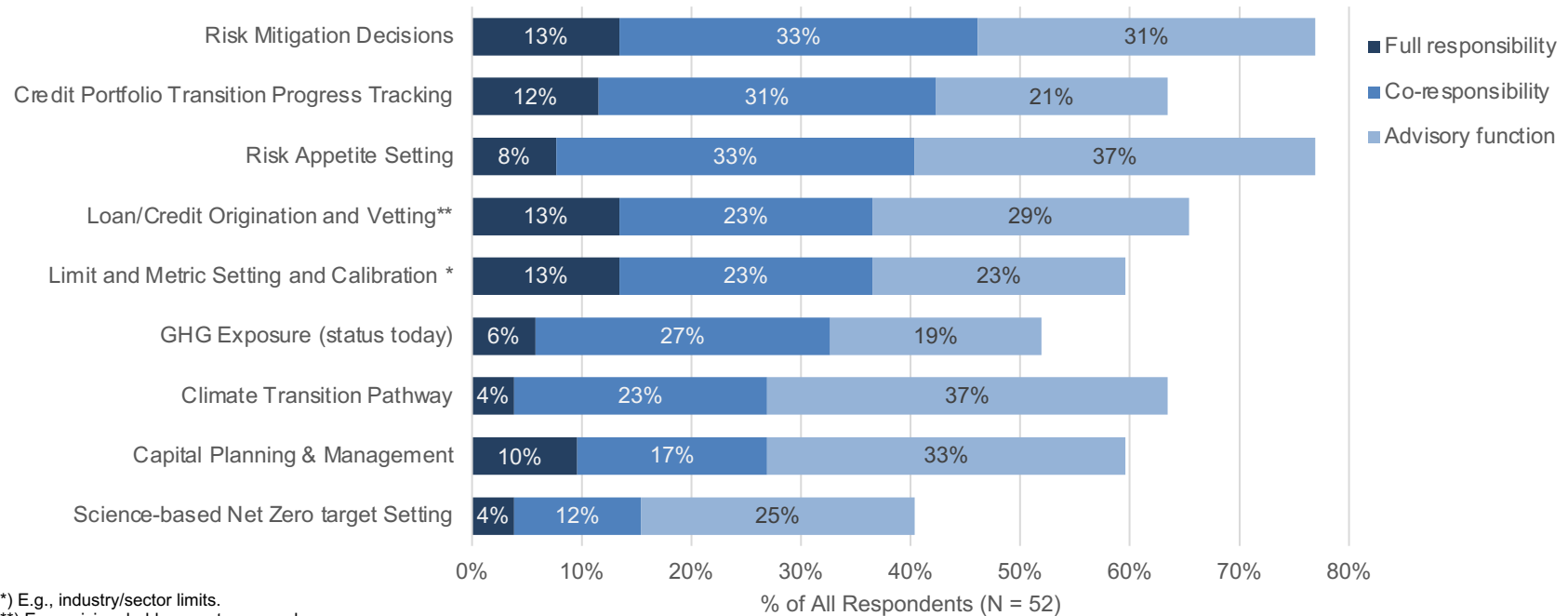
"E, S, & G are considered mostly from a reputation risk perspective in more extreme cases where the decision will be made to decline lending / exit a relationship."
 Source: Survey Participant

(*) See full survey results for a description of current approaches.

Source: IACPM ESG & Climate Risk Management Frameworks 2022

Question: Does your firm consider ESG & Climate Risk factors in CPM decision making, e.g., to manage concentrations? (Q4)

Risk & CPM Involvement in Climate Risk Considerations

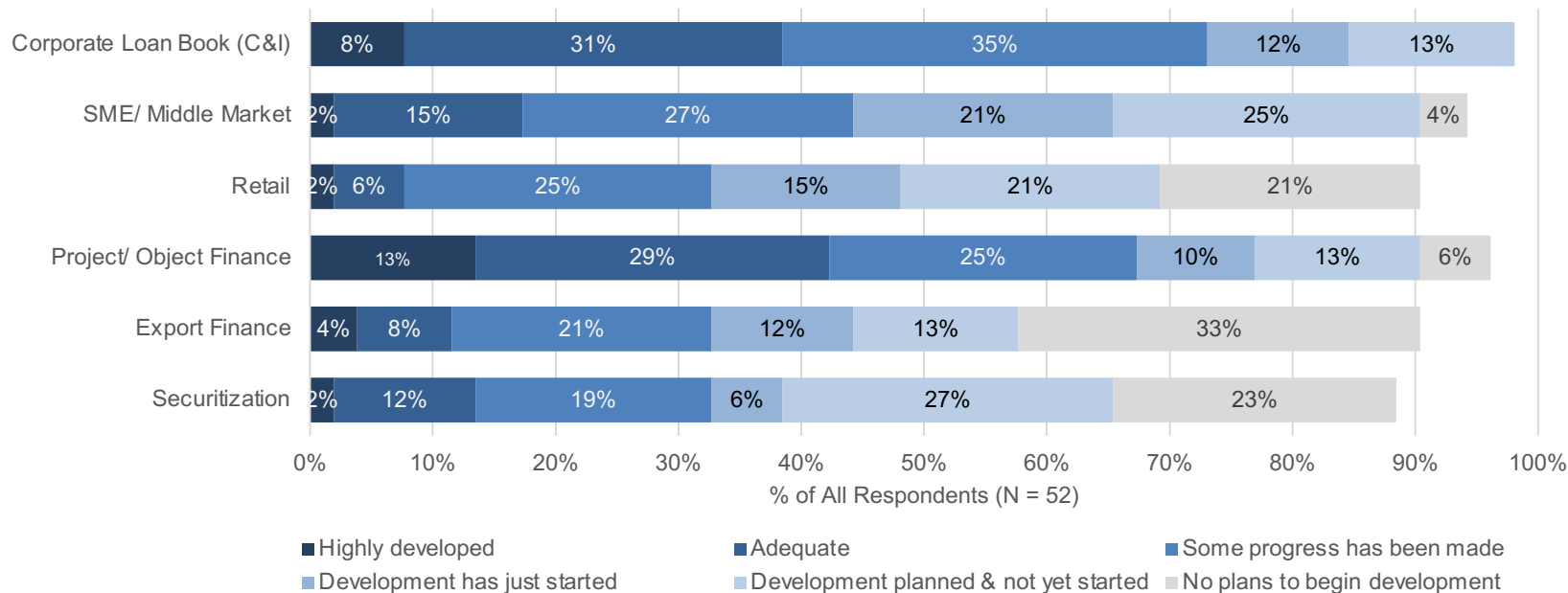


Source: IACPM ESG & Climate Risk Management Frameworks 2022

Question: Please indicate your firm's CPM function's level of involvement in Climate Risk considerations for the following areas. (Q10)

Climate Risk Management Frameworks' Level of Development

Survey Participants' Subjective Assessment - By Asset Classes




Source: IACPM ESG & Climate Risk Management Frameworks 2022 | Question: Using subjective assessment, please indicate your firm's level of development in integrating Climate Risk considerations into credit risk management frameworks for the following asset classes. (Q6)

Path Forward

- Firms are taking significant steps to address ESG and Climate in measurement and strategic decision-making.
- Challenges remain.
 - Data and methodologies are evolving
 - Stress testing scenarios vary across geographies and asset classes
 - Regulation differs across geographies and definitions/taxonomies are not consistent
- Key objectives include data and measurement refinement for physical and transition risk, defining transition paths, and assessing and measuring the broader implications of E, S and G.

Resources

Weekly Brief sign up: www.smartbrief.com/iacpm



Weekly SmartBrief
Essential News for Credit Portfolio Management Professionals

SIGN UP · SHARE

CREDIT MARKETS

IACPM members expect wider credit spreads, more defaults

IACPM's latest Credit Outlook Survey finds pessimism among respondents, with increasing credit spreads and more defaults expected. "Inflation is a problem in most markets and central bankers are determined to slow growth in order to contain rising prices," said Executive Director Som-lok Leung.

Full Story: [International Association of Credit Portfolio Managers \(10/13\)](#), [Bloomberg Law \(10/13\)](#), [Yahoo/Bloomberg \(10/18\)](#), [Pensions & Investments \(free access for SmartBrief readers\) \(10/13\)](#), [Asset Securitization Report \(10/13\)](#)

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Persistent inflation bad news for corporate credit

September Consumer Price Index data drove up the Markit CDX North American Investment Grade Index as investors brace for more rate increased by the Federal Reserve. Overall CPI was up slightly for the period.

Full Story: [The Wall Street Journal \(10/13\)](#), [Bloomberg \(10/13\)](#)

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IACPM website: www.iacpm.org

- Calendar of events
- Public research documents
- Past member surveys (members only)
- Directory (members only)
- Library of past conference presentations (members only)

Member login ID requests: admin@iacpm.org

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