



Climate Risk Management for Banks and Investors Course: PCAF Financed Emissions and NGFS Scenarios



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Introduction:

Climate risk management for banks and investors with PCAF financed emissions and NGFS scenarios is a 5-day course for credit, risk, ESG and treasury staff, ending with a Bank Climate Risk and Transition Plan. Many lenders and asset owners still report portfolio emissions with weak attribution, run scenarios that never reach credit ratings or capital planning, and publish decarbonisation targets without sector pathways behind them. Nominees already assess obligors, monitor portfolio risk or prepare sustainability disclosures, and work through case studies on loan book, bond and mortgage data. CoreConcept Training Center delivers this climate risk management course.

Course Objectives:

- Calculate financed emissions for loans, bonds, listed equity, project finance and mortgages using PCAF attribution factors and data quality scores
- Run physical and transition risk analysis on a lending or investment portfolio using NGFS scenario variables such as carbon prices and hazard projections
- Translate scenario results into probability of default, loss given default and collateral value adjustments for climate-sensitive sectors
- Embed material climate exposures in credit policy, risk appetite limits and the ICAAP in line with Basel Committee climate principles
- Set sector decarbonisation targets for financed portfolios and test whether client transition plans are credible
- Prepare IFRS S2 aligned climate metrics, scenario resilience statements and a Bank Climate Risk and Transition Plan

Target Audience:

- Managers responsible for corporate, project and real estate credit approval and obligor rating
 - Managers responsible for enterprise risk, stress testing and capital planning in banks and investment firms
 - Managers responsible for ESG analytics, financed emissions data and sustainability disclosure
 - Managers responsible for treasury, balance sheet and funding decisions affected by climate exposure
 - Managers responsible for investment portfolio construction and stewardship with asset owners and asset managers
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Course Outline:

Day 1: Climate Risk Drivers in Lending and Investment Portfolios

- Physical Hazard Channels Into Collateral, Obligor Cash Flow and Default
- Transition Channels From Carbon Pricing, Technology Shifts and Demand
- Basel Committee Climate Principles for Bank Governance and Controls
- IFRS S2 Disclosure Pillars Applied to Financial Institutions
- Portfolio Heatmap Baseline of Carbon-Intensive Sector Concentrations

Day 2: PCAF Financed Emissions Accounting and Data Quality

- GHG Protocol Scope 3 Category 15 Investments Boundary
- PCAF Attribution Factor for Business Loans and Unlisted Equity
- PCAF Methods for Listed Equity and Corporate Bonds
- PCAF Mortgages, Commercial Real Estate and Motor Vehicle Loans
- PCAF Data Quality Score Ladder and Proxy Emission Factors

Day 3: NGFS Scenario Analysis and Climate Stress Testing

- NGFS Orderly, Disorderly and Hot House World Scenario Families
- NGFS Carbon Price and Sector Output Variables Selection
- Borrower-Level Transition Shock on Margins and Leverage Ratios
- Physical Hazard Projections Mapped to Mortgage and Property Collateral
- Scenario Outputs Converted to PD, LGD and Expected Loss

Day 4: Climate Integration in Credit, ICAAP and Sector Targets

- Climate Risk Appetite Statement Limits and Escalation Triggers
- Obligor Climate Questionnaire in Credit Origination Files
- ICAAP Materiality Assessment for Climate-Related Credit Concentrations
- Sector Decarbonisation Pathways for Power, Steel, Cement and Shipping
- Client Transition Plan Credibility Scorecard and Engagement Escalation

Day 5: Case Study Building a Bank Climate Risk and Transition Plan

- Case Lender Financed Emissions Inventory With PCAF Scoring
 - Case Loan Book NGFS Scenario Run and Loss Estimate
 - Case Credit Policy and ICAAP Climate Adjustments
 - Case Portfolio Sector Targets and Client Engagement Map
 - Bank Climate Risk and Transition Plan Presentation and Challenge
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Skills You Will Gain:

- Financed Emissions Accounting
- PCAF Data Quality Scoring
- Climate Scenario Design
- Climate Credit Risk Quantification
- Climate Risk Appetite Setting
- Sector Pathway Target Setting
- Transition Plan Credibility Assessment
- Climate Disclosure Preparation

Why Attend This Course:

- Deliver a Bank Climate Risk and Transition Plan to the chief risk officer and the sustainability committee for approval
- Decide which sectors and obligors need tighter limits, extra collateral checks or a client transition plan review
- Avoid publishing portfolio emissions or decarbonisation targets that auditors and investors cannot trace to source data
- Coach credit analysts and relationship staff with the PCAF calculation workbook, obligor questionnaire and plan scorecard

Conclusion:

Back at work, the participant presents the Bank Climate Risk and Transition Plan to the chief risk officer, the credit committee and the sustainability committee. These bodies use it to approve financed emissions methods, select NGFS scenarios for the next stress test, set sector limits and agree which clients receive transition plan engagement. After the first reporting cycle under the plan, the institution should compare data quality scores, scenario losses and progress against sector targets with the plan, then revise methods, limits or engagement priorities that fell short.

Frequently Asked Questions FAQ:

What should participants know before a climate risk management for banks and investors course?

Participants should already work in credit, risk, ESG analytics, treasury or portfolio management and be able to read a loan book extract or bond holdings list. Basic familiarity with probability of default, exposure at default and greenhouse gas scopes helps during the case work.

How does climate risk management for banks and investors differ from a corporate climate adaptation course?

A corporate adaptation course protects an organisation's own sites, assets and people. This course works on the balance sheet: emissions attributed to loans and investments, scenario losses on borrowers and collateral, credit and capital adjustments, and sector targets for financed portfolios.

Why do banks and investors measure financed emissions with PCAF?

Financed emissions are usually the largest share of a lender or investor's footprint, and PCAF gives one attribution logic and data quality score per asset class. That makes portfolio emissions comparable over time, traceable for auditors and usable as the baseline for sector targets.

What do participants take back from climate risk management for banks and investors training?

Participants take back a Bank Climate Risk and Transition Plan built on a case lender, with a financed emissions inventory, an NGFS scenario loss estimate, credit and ICAAP adjustments and sector targets, plus calculation and scorecard templates to adapt to their own portfolio.
