Bangkok Bank

Bangkok Bank Public Company Limited,

Hong Kong Branch

(Incorporated in Thailand with limited liability)

Climate Risk Disclosure Report

(For the year ended 31 December 2025)

Climate Risk Disclosure Report (For the year ended 31 December 2025)

This Climate Risk Disclosure Report provides an overview of the management of climate-related risk and opportunity and performance of Bangkok Bank Public Company Limited, Hong Kong Branch ("BBLHK" or " Branch") in 2025. The Report covers the Branch's climate-related financial disclosures, including climate governance, strategy, risk management, and metrics and targets.

This Report has been prepared with reference to the following disclosure frameworks and requirements:

- The Task Force on Climate-related Financial Disclosures ("TCFD") recommendations
- Disclosure requirements of the Hong Kong Monetary Authority ("HKMA")'s Supervisory Policy Manual ("SPM") module GS-1 "Climate Risk Management"

Unless otherwise stated, the information and data provided in this Report cover the period from 1 January to 31 December 2025.

Governance

Governance structure

The Branch is committed to creating a sustainable business for long-term success with sound corporate governance and risk management as the foundation. The structure of climate risk governance at the Branch consists of the Management Committee, Climate Risk Management Taskforce ("CRMT") and functional departments.

The Management Committee ("MC") is the Branch's highest decision-making body, and it oversees the Branch's climate risk management. Climate-related matters, such as strategy, risk management and disclosures, are discussed and monitored by the Management Committee.

The CRMT was established to support the Branch's MC and senior management in the strategic execution of key initiatives related to climate risk management. Under the leadership of the Branch's General Manager, CRMT meets regularly to discuss various climate-related initiatives, such as climate risk stress testing and climate-related disclosures. With representation from key departments, the CRMT identifies climate-related risks and

opportunities and ensures that climate-related issues are integrated into our decision-making processes.

Moreover, we actively engage external stakeholders to stay abreast of the latest developments and practices in the banking industry in terms of sustainability and climate-related regulatory requirements and market trends through training. This enables senior management to oversee climate-related issues effectively.

The Branch also maintains close communications with the Head Office ("HO") to exchange on latest developments in the region.

Three Lines of Defence

Climate risk considerations have been integrated into the roles and responsibilities across the Branch's three lines of defence. The frontline business departments are the first line of defence for identifying and assessing potential climate-related risks. This covers climate risk assessment during client on-boarding, credit application, credit review and approval as well as monitoring. Staff stays aware of the Branch's material climate-related risk drivers and act in line with the climate risk appetite.

The second line of defence, such as risk management and compliance functions, is responsible for developing policies, systems and processes, monitoring and managing climate risks. It also reports on the implementation of risk management policies and risk profiles to the senior management, and provides relevant support and recommendations for their decision-making.

The Audit and Internal Control function acts as the third line of defence for climate risk management. It is responsible for providing independent and periodic audit to evaluate the effectiveness of the Branch's climate-related risk management and effectiveness of the first and second lines of defence.

Strategy

Strategic assessment and stakeholder engagement

The Branch is committed to supporting the low-carbon transition of the economy. We stay cautious to the profound impact of climate change on the banking industry and actively contribute to the HKMA's Sustainable Finance Action Agenda announced in October 2024.

To this end, we have developed a strategic framework that considers the potential opportunities, risks and impact from climate change to our operating environment.

As part of the Branch's strategic planning process, we have taken material internal and external factors and different time horizons[1] into consideration, such as the Branch's business and risk profiles and regulatory developments. The following table illustrates our assessment of climate risk. Besides, by engaging a broad spectrum of stakeholders, such as the Branch's management and staff members, HO, external industry subject matter experts, regulators etc., we have gained insights in better integrating climate considerations into our daily operations and decision-making process. Going forward, we will continue to enhance our strategic assessment and stakeholder engagement, thus aligning with regulatory expectations and good practices among our peers, and attaining sustainable growth and contributing to a more resilient future for the Branch and our stakeholders.

Table 1: Materiality Assessment

Risk type	Implications	Time horizon
Credit risk	• In achieving low-carbon transition, the business and financial situation of clients may be affected by policy changes, technological advancements, changes in consumption and investment preferences, and emerging business models. Customers' business operations and asset values may be affected by climate change and extreme weather events. These can lead to a decrease in the customers' ability to repay their debts, which can increase their risk of default. • Extreme weather events or natural disasters, such as typhoons and floods (in particular Hong Kong), may cause loss or damage to real estate or fixed assets pledged, which in turn may lead to a decrease in the value of the pledged assets.	Short – Medium

[1] Typically, the Branch defines short-term as 1-3 years, medium-term as 3-5 years, and long-term as 5-10 years, or up until 2050.

Risk type	Implications	Time horizon
Market risk	• Market prices or valuations may trigger abrupt and negative price adjustments when climate risk is not factored in. • Price fluctuations in financial markets can affect the value of positions in assets such as bank stocks and commodities which we have very limited exposure.	Medium – Long
Operational risk	• Extreme weather events may disrupt the business operations, safety of employees and customers, and outsourcing arrangements (including critical infrastructure, systems, and service providers).	Short – Medium
Liquidity risk	• Climate risk drivers may cause counterparties to withdraw deposits and draw down credit lines, reducing banks' access to finance and increasing liquidity risk.	Medium – Long
Compliance risk	• Climate, environmental and sustainability factors may give rise to compliance risks. For example, if the branch's sustainability performance or disclosures fail to meet the expectations of the regulators, or if the branch becomes a related party to climate, environmental or sustainability litigation or disputes, it may be exposed to compliance risks.	Medium
Reputational risk	• As the market evolves and customers' preferences shift towards climate- and environmentally friendly products, services and businesses, this leads to higher expectations of the public and interest groups for banks to be more socially responsible in addressing climate change and supporting the low-carbon transition. Failure to adequately consider environmental factors in business	Short – Medium

Risk type	Implications	Time horizon
	development may also affect the branch's ability to establish or maintain good business relationships.	

Implementation of strategy

In developing the Branch's implementation programme, the CRMT has taken up the leading role to coordinate across departments and suggest necessary enhancements or updates to the organizational structures, business policies, processes and resources (such as staff, system and data) availability. The CRMT also regularly monitors the progress and effectiveness of our strategic initiatives, such as climate risk stress testing and emission reduction. We will continue to identify areas for improvement to optimise our implementation strategy and mechanism for monitoring.

The Branch puts particular focus on reducing its operational carbon footprint, managing climate risk and facilitating low-carbon transition.

- Firstly, we refer to the first goal of the HKMA's Sustainable Finance Action Agenda to strive to achieve net zero in operations by 2030. We are dedicated to minimizing the environmental impact of our operations and we are actively considering potential energy-efficient technologies and practices to control our energy consumption and scope 2 emissions.
- Secondly, we have incorporated climate risk considerations across risk management framework and regularly review our policies and procedures across all areas. This also includes improving internal governance mechanisms to be more efficient and transparent in managing climate risk. More details are provided in the next section.
- Thirdly, the Branch has been positioned to develop a range of green and sustainable finance solutions for our customers to embark on their journey. We see the climate opportunity from our role in facilitating and supporting our customers in green transformation through channelling capital towards sustainability. For example, we offer sustainability-linked loans to customers committed to improving their overall sustainability performance and we will collaborate with them to ensure the credibility and transparency of the relevant sustainability metrics and performance targets through making reference to well-accepted international standards.

To support these developments, the Branch provides its staff capacity-building opportunities such as inviting external consultants to provide climate risk training and encourages staff to continuously raise their awareness on climate risk and opportunity. We also collect ESG-related data from our customers and from an external rating provider to enable sufficient resources for the implementation of our climate strategy.

Risk Management

Branch has incorporated climate-related risk considerations into the overall risk management framework, across risk identification and measurement, scenario analysis and stress testing, monitoring and reporting, and control and mitigation. We adopt an integrated approach in managing climate risks as we recognize its cross-cutting nature and the potential transmission pathways to traditional risk types.

Incorporating climate risk into risk management framework

Climate-related risk drivers

We stay abreast of the significance of climate risk management in our business operations and risk profiles. According to Network of Central Banks and Supervisors for Greening the Financial System ("NGFS"), climate risk is broadly classified into physical risk and transition risk.

- Physical risk refers to the impacts of climate and weather-related events and long-term progressive shifts of climate.
- Transition risk refers to the financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate policy, technological changes or a change in market sentiment.

To proactively address the challenges posed by climate change, we perform a climate risk identification exercise to assess the potential impact of climate risk on traditional risk types.

Climate-related risk management

We have established a qualitative risk appetite statement for climate risk to monitor our material climate risk-taking capacity and alignment to our commitments. We are also continuously implementing quantitative key risk indicators to support tracking and reporting of the climate risk appetite to senior management.

Across the existing risk types, we prioritise the management of climate-related credit risks from our lending activities. Climate risk considerations are integrated into the Branch's Lending Policy and regular credit approval process. As part of the credit application and review process, information on borrowers' climate risk management, such as climate-related data and non-compliance with environmental laws, as well as any negative news and fines of the borrower, is provided. The climate risk assessment forms a key part of our regular credit review and approval. Moreover, the Branch has established an Exclusion List to refrain from providing credit to applicants whose business activities severely affect the environment and society or violate the law. Environmental and social due diligence is required to further assess their risk mitigation measures for borrowers where relevant projects are assessed high or medium in environmental and social impact from our Environmental and Social Risk and Impact Assessment Checklist. Subject to the result, the Branch may further impose credit conditions to safeguard the transaction.

Furthermore, we have reviewed the Branch's exposures to high transition risk sectors and the climate-related performance of relevant borrowers and report to the senior management. We also pay attention to the physical risk impact on our operations from extreme weather events (e.g. typhoon and heavy rainfall).

Scenario Analysis and Stress Testing

The Branch considers climate risk stress testing and scenario analysis ("CRST") key components to assessing and quantifying climate risks. Climate risk stress testing and scenario analysis form part of the Branch's climate risk management framework and complement other risk management measures for ongoing management actions. We seek to evaluate the potential impact of physical risk and transition risk by implementing stress testing and scenario analysis, which includes assessment of the effects of selected credible climate scenarios that span across multiple time horizons on our portfolio and operations.

The Branch is committed to enhancing its capability in climate risk management. With the support of an external consultant, we have developed our stress testing methodology and related workflows for conducting the CRST on credit risk and operational risk.

Methodology and Result

The Branch conducts climate risk assessments to evaluate the potential impact of transition risk and physical risk on its risk profile and portfolio resilience.

For transition risk, the Branch assesses exposures that are more vulnerable to the transition to a lower-carbon economy, with reference to the Hong Kong Monetary Authority's Climate Risk Stress Test framework. This includes exposures to selected high-emitting sectors, namely energy, manufacturing, metals and mining, utilities, construction, and transportation. The assessment considers the potential impact of climate-related transition drivers, including policy, regulatory, technological and market developments, on the financial condition and creditworthiness of relevant counterparties,

For physical risk, the Branch assesses the potential impact of climate-related physical hazards on its property-related exposures, particularly under longer-term scenarios where acute and chronic climate events may increase in frequency and severity. Using the Hong Kong Monetary Authority's Physical Risk Assessment Platform and stress testing, the Branch evaluates the potential implications of such hazards for the collateral value of residential and commercial properties in Hong Kong.

The transition and physical risk assessment are incorporated into the Branch's overall risk management framework to support the measurement of the potential financial impact on asset quality.

In the reporting year, the Branch's exposure to high-emitting sectors was limited and exposures of property-related risk was mitigated, so the CRST indicated limited impact from transition risks and physical risks. We assessed that the overall climate-related financial impact on the Branch remained manageable.

Metrics and Targets

In line with our commitments, we have established a set of climate-related metrics to measure our climate-related risks and opportunities. To support the Branch's commitments to achieve net zero in operations by 2030, the Branch regularly collects data to monitor its environmental performance and explore decarbonization potential in its operations. We have continuously promoted energy saving initiatives in our business operations and paid close attention to energy consumption patterns. The Branch has calculated its greenhouse gas emissions in 2025, which covers its Hong Kong operations. The total emissions (Scope 1 and Scope 2) are 400.93 ton carbon dioxide equivalent.

Emission Source	Emissions (tCO2e)	%
Mobile combustion[2]	39.50	9.8
Refrigerant used in air conditioner[3]	62.09	15.5
Scope 1 Emissions	101.60	25.3
Purchased Electricity[4]	299.33	74.7
Scope 2 Emissions	299.33	74.7
Total emissions (Scope 1 and Scope 2)[5]	400.93	100

[2] The Branch's mobile combustion is derived from unleaded petrol of company vehicles.

[3] The Branch uses air-conditioning for cooling purpose for its operations.

[4] The Branch reports Scope 2 emissions using the location-based approach. The Branch consumes purchased electricity for general business operation and office premises. The calculation is based on emission factors from HK Electric Investments Limited (HKE) and CLP Power Hong Kong Limited (CLP), at 0.59 and 0.34 kilograms of carbon dioxide equivalent per kilowatt hour respectively. Both emission factors are sourced from the sustainability disclosures by HKE and CLP for respective financial year 2025.

[5] The scope of data includes the Branch's owned building premises in Central and Kowloon.

Appendix: TCFD Recommendations

TCFD Recommendations		Section
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Governance structure
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance structure, Three Lines of Defence
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Strategic assessment and stakeholder engagement
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Strategic assessment and stakeholder engagement, Implementation of Strategy
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including the 2°C or lower scenario.	Strategic assessment and stakeholder engagement, Scenario Analysis and Stress Testing
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Strategic assessment and stakeholder engagement, Incorporating climate risk into risk management framework
	b) Describe the organisation's processes for managing climate-related risks.	Incorporating climate risk into risk management framework

	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Incorporating climate risk into risk management framework, Climate-related risk management
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related risk management, Metrics and Targets
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Metrics and Targets
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Implementation of strategy, Metrics and Targets