



HONG KONG MONETARY AUTHORITY

香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/197C

29 May 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Physical Risk Assessment Platform

I am writing to inform you that the Hong Kong Monetary Authority (“HKMA”) will soon be launching the beta version of the Physical Risk Assessment Platform (“the Platform”). Starting from 30 May 2024, invitations will be sent by batch over the next few weeks to authorized institutions (“AIs”) which have already registered for the Platform,¹ providing instructions on how to create user accounts and access the Platform.

As a banking supervisor, the HKMA’s focus is on strengthening the resilience of the banking sector to climate risks. We understand that banks face numerous challenges in climate risk management, including a lack of physical risk-related data and analytical tools for conducting climate risk assessments. We have therefore developed a cloud-based platform, in collaboration with KPMG Advisory (Hong Kong) Limited and XDI Pty Ltd, to make it easier for the industry to conduct physical risk assessments and to improve the industry’s understanding of physical risks. The Platform comprises an analytical tool which allows users to assess the potential impact of physical risks on residential and commercial buildings in Hong Kong under different climate scenarios and a database of more than 40 public data or data sources related to physical risk.

¹ On 6 February 2024, the HKMA emailed all AIs (with the subject “Technical Preparations for Physical Risk Assessment Platform”) to ask those which are interested in accessing the Platform to submit registrations and create a functional mailbox address to be used as the AI’s focal point of receiving Platform-related information. The invitations will be sent to these mailbox addresses.

It should be noted that the Platform was developed with the objective of providing an exploratory and capacity building tool to facilitate physical risk assessments. The HKMA does not mandate AIs to use the Platform or the relevant model, methodology or solution. If AIs choose to use the Platform, they should seek to understand the data and methodology behind. They should also assess whether the functionalities of the Platform suit their circumstances and evaluate the corresponding results accordingly. A set of methodology documents, FAQs and user manual will be accessible via the Platform for AIs' reference. Information on training workshops will be provided in due course.

The batch on-boarding process will take place over the next few weeks until the end of June 2024. As with most online tools and software, users will be asked to agree to a set of Terms of Use before being allowed to create an account. If your institution has registered for the Platform but does not receive any invitation by 28 June 2024, please contact servicedesk@climaterisk.hk. If your institution has not yet registered for the Platform but would like to do so, please follow the steps in our email of 6 February 2024.

Our current plan is to release the final version of the Platform in Q1 2025, after taking into account user feedback from the industry and incorporating local data.

If you have any questions about this circular, please contact Ms Renita Au (2878-8267) or Mr Warwick Yuen (2597-0933). For technical enquiries about the Platform, including the registration process, please email servicedesk@climaterisk.hk.

Yours faithfully,

Richard Chu
Acting Executive Director (Banking Policy)

cc: FSTB (Attn: Mr Justin To)