*Banking Policy Department*

Our Ref: B1/15C
B9/197C

10 July 2025

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

**<u>Formal Version of Physical Risk Assessment Platform</u>**

I am writing to inform you that the Hong Kong Monetary Authority ("HKMA") has released the formal version of the Physical Risk Assessment Platform ("the Platform"). The HKMA encourages all authorized institutions ("AIs") to make use of the Platform to enhance their understanding of physical risk.

In May 2024, the HKMA launched the beta version of the Platform in collaboration with KPMG Advisory (Hong Kong) Limited and XDI Pty Ltd.[1] The Platform was developed with the objective of providing an exploratory and capacity building tool to facilitate physical risk assessments. Since the release of the beta version, 86 AIs have registered for the Platform and there are now more than 500 users. To address user feedback and to improve the capabilities of the Platform, significant enhancements were rolled out in the past few months.

**Key Enhancements**

***1. Expanded Physical Hazard Model Coverage and Enhanced Localisation***

The Platform's new analytical capabilities include:

- a tropical cyclone storm surge model and a landslide model. This increases the number of hazards from nine to 11;

[1] https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20240529-1-EN/20240529-1-EN.pdf

- localisation of archetype settings for Hong Kong buildings;
- information on the estimated physical risk level available at Tertiary Planning Unit level; and
- updated flood maps for precipitation-related flooding.

***2. Improved System Performance and User Experience***

The Platform has also been enhanced with the following features:

- labelling of Tertiary Planning Units and visualisation in portfolio analysis;
- an enhanced account structure and secure collaborative portfolio sharing within a user group; and
- a streamlined user interface for tracking portfolio processing status.

User feedback, collected through an industry outreach in Q4 2024, has been taken into consideration when making the above enhancements. With the enhancements, we hope that the Platform will provide a more comprehensive and relevant representation of the climate hazards in Hong Kong, as well as a better user experience. Further details on the enhancements have been made available on the Platform, while additional training workshops will be provided in due course.

We encourage AIs which have not yet registered for the Platform to do so as soon as possible. The HKMA will continue to work with KPMG Advisory (Hong Kong) Limited and XDI Pty Ltd to monitor the Platform's performance and explore additional enhancements to support the banking sector. Registered AIs will be notified via email of any updates.

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

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

cc: FSTB (Attn: Mr Timothy Wong)