



Sustainable Finance Risk Identification Procedure [102-11, F52, F59] [FN-CB-410a.2, FN-CB-550a.2.]

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BCA has a policy to minimize lending risks, not only for the economic aspect, but also for the environment, social and governance aspects, including the risk of climate change that over time could have a significant impact on lives.

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To enable us to address sustainability risks, BCA conducts routine stress tests to ensure there is an understanding in the Company of the business dynamics, including the dynamics caused by the COVID-19 pandemic. Sustainable financial risk management has become a part of corporate risk management that must be evaluated every year. The President Director and the Director of Planning & Finance actively supervise the implementation of the RAKB, where every three months the RAKB performances are delivered in the Analyst Meetings. The ESG-oriented credit management is carried out by the Corporate Banking, Transaction & Finance Group, Commercial & SME Business Division, Credit Risk Analysis Group, under the supervision of the Director of Corporate Banking, Director of Commercial Banking & SME and Director of Credit & Legal.

BCA has identified that the Sustainable Finance risk lies in the provision of credit with ESG insight. We have adjusted the credit terms for businesses that have a high ESG risk. ESG risk identification is carried out at the time of reviewing the credit proposal. All policies and procedures related to the social environment and governance have been regularly reviewed by BCA management as needed, the previous review was conducted in 2019. These results will affect the risk rating of the debtor and determine the credit decisions. Periodically, the Risk Management Unit monitors the loan portfolio, including ensuring that the portfolio is properly diversified according to the Bank's risk appetite. During 2020, monitoring was carried out monthly, and the results were submitted to the Risk Director and the Director for each business unit (Corporate, SME and Commercial, and Consumer).

For debtors who have complied with the basic credit requirements, but have not met the ESG aspects, BCA agreed on an action plan with the Debtor based on a certain deadline to improve its performance in accordance with the conditions of each debtor.

All debtors must provide information in accordance with their performance. At least once a year, at the same time as credit extension and/or credit facility review, the Credit Team will supervise the performance.

BCA also implements an escalation scheme involving the Credit Committee, which functions to provide decisions or recommendations on credit submitted by large debtors, specific industries, and if there is a special request from the Board of Directors. The Credit Committee is directly responsible to the Board of Directors for its performance. In addition, BCA also conducts audits with a minimum frequency of once every three years covering the suitability of the application of environmental and social policies in the credit extension process.



● Sustainable financing for Ginger Emprit farmers.