Disclosure of Strategy and Implementation Plan

(1) The Thai Credit Bank's strategic identification of Environment and Climate-related (E&C) risks and opportunities, categorized across short-, medium-, and long-term horizons, is articulated as follows:

- **Preamble**

Strengthening the Nation's Climate Resilience

The Bank recognizes that strengthening Thailand's capacity to withstand the impacts of climate change requires the concerted efforts of every sector — government, the private sector, financial institutions, and the public alike — with particular emphasis on investment in infrastructure that mitigates physical risk and supports the transition to a low-carbon economy.

Public-sector investment across a range of areas — including flood-prevention systems, water resource management, irrigation infrastructure, and infrastructure designed to withstand extreme weather events, as well as the expansion of clean energy systems and low-emission electricity grids — will materially reduce the nation's structural risk and significantly strengthen the adaptive capacity of both businesses and households.

From the Bank's perspective, investment in climate infrastructure mitigates risk for customers at its source, thereby enabling financial institutions to sustain support for access to capital, and reducing the likelihood that small-scale entrepreneurs will find their access to credit constrained by climate factors alone.

With regard to the energy transition, the Bank holds the view that the nationwide development of clean electricity generation and distribution will serve as a critical

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mechanism through which households and small-scale entrepreneurs can access clean energy without the need to invest in their own generation systems — an undertaking that may exceed the capital and management capacity of small businesses. Universal access to clean energy at a reasonable cost will help lower the cost of doing business, strengthen competitiveness, and accelerate the nation's broader transition to a low-carbon economy.

The Bank believes that when public-sector infrastructure investment, private-sector capacity-building, and financial support from financial institutions proceed in harmony, Thailand will be able to build lasting Climate Resilience, while maintaining a balance between the management of climate-related risk and the promotion of Financial Inclusion and inclusive economic growth.

The Thai Credit Bank is keenly aware that climate change is emerging as one of the key forces shaping the business economy and the public's access to financial services, particularly for small-scale entrepreneurs and small businesses, which are more vulnerable to environmental risk than larger enterprises.

Climate risk is therefore not the responsibility of customers alone, nor of any single party, but a shared responsibility across the entire system. The transition to a low-carbon economy can succeed only if every segment of society is able to move forward together — particularly small-scale entrepreneurs, who form the very foundation of the Thai economy.

Thai Credit Bank believes that strengthening the capacity to cope with climate change should expand rather than diminish access to financial services. The transition to a low-carbon economy will be sustainable only if all sectors, particularly small-scale entrepreneurs and vulnerable populations, are able to move forward together. Because for Thai Credit Bank, 'Everyone Matters.'

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Strategic Perspective

Thai Credit Bank recognizes climate change as one of the most consequential long-term structural shifts of our time, carrying far-reaching implications for the broader economy, businesses, customers, and financial institutions alike. Accordingly, the Bank has integrated the consideration of climate-related risks and opportunities into its strategy-setting process, its Enterprise Risk Management Framework, and its approach to sustainable business conduct. As a commercial bank dedicated to providing nano-finance lending, credit for Micro SME entrepreneurs, and financing for those who remain outside the formal financial system, the Bank is mindful that a substantial proportion of its customers continue to have relatively limited capacity to withstand the impacts of climate change. The Bank therefore regards climate change not merely as an environmental matter, but as a strategic business issue with direct implications for customer resilience, credit quality, business continuity, and the creation of sustainable long-term value.

The Bank has continuously strengthened its environmental and climate change management capabilities through close collaboration with the International Finance Corporation (IFC). This collaboration encompasses the development of a climate change governance framework, the establishment of an Environmental and Social Management System (ESMS), a Climate Risk Management Framework, Responsible Lending practices, and a range of sustainability policies. These initiatives are designed to align with the Bank of Thailand's guidance on climate risk management, while positioning the Bank for disclosure in accordance with international frameworks — including the Task Force on Climate-related Financial Disclosures (TCFD) and the IFRS S2 Sustainability Disclosure Standards — and in keeping with the One Report (Form 56-1) requirements of the Securities and Exchange Commission of Thailand.

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The Bank is confident that proactive climate change management will strengthen its resilience amid an evolving operating environment, enhance stakeholder confidence, and generate sustainable value for customers, shareholders, and society at large in keeping with the Bank's guiding business philosophy: "Everyone Matters."

Climate Change Related Opportunities and Risks

The Bank assesses climate-related opportunities and risks across three distinct time horizons, as set out below:

Time Horizon	**Definition**
Short-term	2026–2028
Medium-term	2029–2035
Long-term	Beyond 2035

A. Short-Term Opportunities (2026–2028)

Sustainable Lending Growth

The transition to a low-carbon economy is driving rising demand for capital among SME and Micro SME entrepreneurs, who require financing to invest in energy efficiency, renewable energy, green building, electric vehicles, and environmentally responsible business practices.

The Thai Credit Bank sees an opportunity to progressively develop sustainable lending products tailored to its customer base, while continuing to uphold prudent credit risk management standards. At present (2026), the Bank offers the "SME Kla Plian" (SME Dare to Change) loan to MSME and SME customers broadly.

Examples of products that may be developed in the future to better meet the needs of MSME and SME entrepreneurs include:

- Loans for investment in energy-efficient equipment
- Rooftop solar installation loans
- Working capital loans for Green SMEs
- Loans for sustainably operated businesses
- Loans supporting SME climate adaptation

Digital Transformation

The Bank's Digital Transformation initiatives enhance operational efficiency while reducing environmental impact, through measures such as:

- Less-paper working processes
- Account opening and customer service via digital channels
- Lending services delivered through digital platforms
- Use of electronic documentation

These initiatives enhance the customer experience while reducing greenhouse gas emissions associated with the Bank's operations.

Operational Efficiency

The development of the Thai Credit Green Park project, along with future green building initiatives, is expected to improve efficiency in:

- Energy consumption

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- Water consumption
- Waste management
- Employee quality of life and wellbeing

While contributing to lower operating costs over the long term.

Corporate Reputation and Investor

Robust climate governance paired with transparent disclosure serves to strengthen:

- Investor Confidence
- Regulatory Trust and Compliance
- ESG Performance Ratings
- Access to Capital and Sustainable Financing
- Strategic Partnerships with International

Short-Term Risks

- **Credit Risk**

Certain MSME, SME, and retail loan customers may face heightened financial impact arising from:

- Flooding
- Drought
- Heat waves
- Supply chain disruption
- Rising energy costs

Which may, in turn, affect customers' capacity to service their debt obligations.

- **Operational Risk**

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Severe weather events may affect:

- The Bank's branch network
- Operations center
- Employees
- Information technology infrastructure
- Third-party service providers

- **Regulatory Risk**

Regulatory requirements and expectations concerning climate change continue to intensify. The Bank may incur additional investment costs relating to:

- Governance
- Disclosure
- Systems
- Climate data
- Capacity building

B. Medium-Term Opportunities (2029–2035)

Transition Finance

As Thailand accelerates its transition to a low-carbon economy, the capital requirements of MSME and SME entrepreneurs seeking to transform their business operations will grow significantly. This presents a meaningful opportunity for the Bank to support the transition through responsible lending, calibrated to customers' capacity in accordance with the principle of Proportionality.

Climate Data Analytics

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The Bank plans to continuously enhance its climate data management and analytical capabilities in support of:

- Credit risk assessment
- Loan portfolio monitoring
- Climate stress testing
- Business decision-making
- Customer advisory services

Sustainable Product Innovation

Products that may be developed in the future include:

- Green SME Loans
- Transition Loans
- Energy efficiency loans
- Loans to strengthen climate adaptation capacity
- Lending programs linked to ESG performance

Subject to market readiness and customer demand.

Strategic Partnership

The Bank will continue to build on its collaboration with the IFC and other international development organizations, in order to deepen its technical expertise and adopt international best practices.

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Medium-Term Risks

- **Transition Risk**

Shifts in consumer behavior, technology, carbon pricing, environmental regulation, and supply chains may adversely affect customers operating in high-emission industries.

- **Portfolio Concentration Risk**

Certain industries may become increasingly vulnerable to transition risk, requiring the Bank to intensify its portfolio monitoring and conduct sector-specific risk assessments.

- **Technology Risk**

Growing reliance on climate data, digital platforms, and analytical models may require the Bank to make sustained investment in technology and cybersecurity.

C. Long-Term Opportunities (Beyond 2035)

Resilient Banking Model

The Bank is committed to evolving into a resilient commercial bank capable of supporting inclusive economic growth within the context of climate change.

Green Economy Growth

The growth of Thailand's green economy is expected to create new lending opportunities in areas such as:

- Renewable energy
- Sustainable agriculture
- Circular economy

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- Green Industry
- Low-carbon transportation

With particular relevance for MSME and SME entrepreneurs.

Enhanced Stakeholder Trust

A sustained commitment to responsible business conduct will help strengthen:

- Shareholder confidence
- Customer loyalty
- Employee engagement
- Regulatory confidence
- International recognition

Long-Term Risks

- **Physical Risk**

The increasing severity of climate-related events may affect:

- Customers' businesses
- Collateral value
- Infrastructure
- Business continuity
- Regional economic activity

- **Systemic Financial Risk**

Climate change may give rise to macroeconomic volatility, with consequences for:

- Economic growth

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- Interest rates
- Inflation
- Asset quality
- Credit demand

- **Strategic Risk**

Financial institutions unable to adapt to rising climate-related expectations may face:

- Diminished competitiveness
- Higher cost of capital
- Reputational impact
- Regulatory challenges

Strategic Conclusion

The Thai Credit Bank regards climate change not merely as a risk factor to be managed, but as a key catalyst driving the transformation of its business model and the development of financial products that support sustainable growth.

Guided by the philosophy of "Everyone Matters," the Bank strives to strike a careful balance between prudent risk management and unwavering support for its customers, particularly small-scale entrepreneurs and those who remain outside the formal financial system, enabling them to adapt to the impacts of climate change and to grow on a sustainable footing.

The Bank will continue to integrate environmental and climate change considerations into its governance processes, strategy formulation, risk management, operations, and disclosure practices, guided throughout by the principle of Proportionality appropriate to the nature of its business, its scale, and its customer base.

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The Bank will also continue its collaboration with the IFC and further align its operations with the guidance of the Bank of Thailand, as well as with international sustainability disclosure standards such as TCFD and IFRS S2.

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