MariBank Environmental Risk Management Disclosures

As at Dec 2024

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1. Introduction

MariBank (hereby referred to as “the Bank”) understands the importance of continuously enhancing its resilience to environmental risks, and observing the principles of Guidelines on Environmental Risk Management for Banks (“ENRM”) issued by the Monetary Authority of Singapore (“the MAS”). This disclosure, guided by the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), outlines how the Bank governs and manages environmental risk, as well as strategises its business and operations with these considerations.

2. Governance

The Board Risk Management Committee (“BRMC”) is responsible for the ongoing assessment and management of the Bank’s ESG risks. The Risk Management Committee (“RMC”) is responsible for managing environmental risks at the Senior Management level.

The Bank’s Group ESG Risk for Credit Management Policy (“Group ESG Policy”) elaborates on the fundamental risk management approach to environmental risks and sets out clear roles and responsibilities of the Bank’s Board and Senior Management in overseeing and managing environmental risks. The Bank’s Group Environmental Risk Management Guidelines (“Group ENRM Guidelines”) was developed in relation to the Group ESG Policy, and details the Bank's approach to identifying and assessing environmental risks, as well as understanding the mitigating actions to be taken to address these risks.

To ensure that bank staff are equipped with adequate expertise to manage environmental risks, a series of capacity building sessions were conducted in 2024, as approved by the Board and Senior Management. The sessions covered environmental risk management and reporting requirements, transition planning, sustainable financing and other emerging areas on ESG.

3. Strategy

The Bank has identified a range of climate-related risks and opportunities that span across the short (2030), medium (2040), and long-term (2050) horizons, and performed its inaugural climate scenario analysis in 2024 using NGFS scenarios across the three time horizons over its selected credit exposure. While no material expected loss impact was noted from the analysis, the results informed areas where enhancing customer engagement could further mitigate the Bank’s risk exposure and capitalize on potential opportunities.

As the Bank is still navigating its initial growth stage, it remains dedicated to evolving its approach, regularly monitoring developments, and revisiting its growth strategy to ensure it remains robust and sustainable in the face of changing environmental dynamics. As the credit portfolio expands, the Bank intends to adapt its strategies accordingly to mitigate risks and seize opportunities in a transitioning economy.

4. Risk Management

The Bank has set up a three lines of defence model to manage its environmental risks, involving the 1LoD (Business Units and Treasury), 2LoD (Enterprise Risk Management, Credit Risk Management and Regulatory Compliance), and 3LoD (Internal Audit). Environmental risk reviews are conducted at the borrower risk level on at least an annual basis, and environmental risks are monitored and managed at both the customer and portfolio level.

The environmental risk assessment process is performed using the Bank's Environmental Due Diligence Checklist. Customers classified as high risk will be engaged by the Bank to improve their risk profile and transition towards sustainable business practices as part of the Bank's risk mitigation measures. Detailed processes for identifying and managing environmental risk and the roles and responsibilities of various parties are elaborated upon in the Group ESG Policy and Group ENRM Guidelines respectively.

5. Metrics and Targets

The Bank has currently set up a Board Risk Appetite Statement metric as "Exposure of Corporate borrowers in environmentally-sensitive industry as a percentage of Total Assets" to help the Board and Senior Management to monitor the Bank's environmental risk exposure on a regular basis. As the Bank continues to grow its credit business, the management plans to further develop and start tracking more relevant indicators. In addition, the management will explore enhancing its capabilities for reporting Scope 1 and Scope 2 emissions from its operations in the future.