

## **DBS, OCBC and UOB launch first-of-its-kind report to understand the potential financial implications of nature-related risks**

*Industry-wide effort, in partnership with the University of Cambridge Institute for Sustainability Leadership, to help banks identify, assess and measure nature-related risks*

*An 18-month study with initial focus on the food and agriculture sector, as a major economic engine in Southeast Asia with a heavy reliance on nature*

**Singapore, 26 June 2025** – In a first-of-its-kind initiative, DBS, OCBC and UOB, with support from the Monetary Authority of Singapore, have joined forces to better understand how nature-related risks and dependencies can translate into credit risk - the risk of borrowers failing to repay their loans. Titled “*Building capacity to identify and assess nature-related financial risks*”, the study was conducted in partnership with the University of Cambridge Institute for Sustainability Leadership (CISL). It represents an important initial step by the financial sector to raise industry awareness of nature-related risks and build capability to better assess the financial impact of such risks.

More than half of the world’s gross domestic product, or an estimated USD 58 trillion<sup>1</sup>, depends on nature. With a growing emphasis on mitigating the impact of nature loss, understanding nature-related risks and opportunities is of critical importance. However, the connections between nature, biodiversity and people are different in every part of the world. This complexity poses significant challenges in the identification, assessment, measurement and tracking of nature-related risk.

Against this backdrop, the report serves to help banks build internal capability to identify and assess nature-related dependencies, as well as the potential financial impacts of nature-related risks within their corporate lending portfolios. The findings from the study highlight areas where further research, data gathering, analysis and collaboration are needed to better quantify and address the financial risks associated with biodiversity loss, ecosystem degradation and extreme weather events.

The study, which began in January 2024, involved a nature dependency analysis across the loan portfolios of the three banks. It eventually deep dived into the food and agriculture sector, which accounts for 11% of gross domestic product across Southeast Asia<sup>2</sup> and is highly susceptible to climate change and nature-related disruptions. Within the sector, the palm oil industry was selected as the pilot case study.

Participants and researchers examined the impact of various hypothetical scenarios, ranging from mild to severe, on palm oil production. These included ecosystem degradation, water shortages, prolonged droughts and elevated temperatures. Findings from a select sample of clients for each bank showed that upstream players were generally more sensitive to the impact of nature-related risks as compared to integrated players. Clients with relatively better financial strength were also more resilient to the short-term acute risks.

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<sup>1</sup> <https://www.pwc.com/gx/en/news-room/press-releases/2023/pwcboosts-global-nature-and-biodiversity-capabilities.html>

<sup>2</sup> <https://www.edb.gov.sg/en/business-insights/insights/the-future-of-agrifood-tech-in-southeast-asia-agriculture-in-the-digital-decade.html>

Ms Gillian Tan, Assistant Managing Director (Development and International) and Chief Sustainability Officer, Monetary Authority of Singapore (MAS), said: “Nature-related risks are inherently location-specific, requiring a contextual lens to assess how localised events can translate into material impact for businesses and financial institutions. This study is a significant contribution to the industry’s understanding of the risks facing a sector that is both economically important in this region and key to global supply chains. We welcome the joint efforts by DBS, OCBC and UOB in addressing this complex area, leveraging the pioneering work of CISL in nature-related financial risks. Their collaboration will lead the way for the financial sector to take concrete steps towards channelling finance to nature-positive assets and activities.”

Helge Muenkel, Chief Sustainability Officer of DBS, said: “The health of our natural capital – forests, soils, oceans and biodiversity – is intrinsically linked not only to economic development, but also to human wellbeing. This is also true across Asia, where communities, livelihoods and food systems are closely intertwined with and dependent on nature. At DBS, we see the preservation and restoration of nature not just as an environmental and social priority, but as a risk and business imperative. It enhances food security, promotes healthier populations and lays the foundation for long-term, inclusive growth, while also protecting financial value. In this context, banks have a vital role to play in addressing the nature crisis, and we see it as an extension to our climate agenda. Building an understanding of nature-related risks and opportunities across our business is critical to tackling one of the most urgent challenges of our time.”

Mike Ng, Group Chief Sustainability Officer of OCBC, said: “In light of Southeast Asia’s vulnerability to biodiversity loss and climate change, this is a timely pioneering study. Advancing our understanding of nature-related financial risks, starting with the food and agriculture sector, will serve us well as we support our clients in their transition by assessing emerging risks as well as harnessing opportunities for long-term value creation. In partnership with our clients, and through forward-looking industry collaborations such as this, OCBC is committed to contributing to inclusive and sustainable growth in the region.”

Eric Lim, Chief Sustainability Officer of UOB, said: “Southeast Asia’s economies and communities are highly dependent on nature and biodiversity. At UOB, we seek to understand and address nature-related risks and opportunities including those of our clients. This complements our commitment to decarbonisation and a just transition. Through meaningful partnerships and cross-sector collaboration, we aim to catalyse early conversations so that solutions can be unlocked to promote inclusive economic growth, while safeguarding the planet for future generations.”

Dr Nina Seega, Director of the Centre for Sustainable Finance at the Cambridge Institute for Sustainability Leadership (CISL), said: “We were delighted to collaborate with DBS, OCBC and UOB on this pioneering use case that explores how climate change and nature loss can be material to a financial portfolio. It is paramount to understand, measure, and manage risks at the climate-nature nexus and such collaborations are key to build capacity and support broader industry awareness of nature-related financial risk.”

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## Report from leading banks in Singapore demonstrates the business case for nature

A groundbreaking collaboration between DBS, OCBC, UOB and the Monetary Authority of Singapore in conjunction with the University of Cambridge Institute for Sustainability Leadership shows how banks can build internal capacity to better understand the nature risks and dependencies in their portfolios.

Using the palm oil sector as a use case, the group undertook scenario analysis to capture the possible credit impact of nature risks on their customers.

The global palm oil industry is worth about US\$60 billion and is a major global sector. It is concentrated in Southeast Asia, primarily in Indonesia and Malaysia, which together account for over 85% of the world's palm oil production. With growing demand for palm oil, it is crucial to understand the industry's vulnerability to nature-related risk events.

Since 1960, the oscillation of weather patterns between the dryer, hotter El Niño and the wetter, cooler La Niña events have become more frequent and intense. This is one of the most important climate phenomena on Earth and has significant impacts in the region including drought, flooding and wildfires.

This has potentially serious implications for the agriculture sector and for palm oil companies in particular. The scenario analysis showed varied impacts across different palm oil companies. Some were highly resilient while others were significantly impacted by nature risks such as droughts and floods. This demonstrates a clear commercial need to understand nature risk and the consequences for each customer.

In addition to showing a clear business case for the banks to invest in nature, the work is aimed at encouraging and accelerating assessments of nature-related risks across the financial sector. Using the report as a template, other financial institutions are enabled to better understand the nature risks and associated commercial impacts across their own portfolios. While this research is location specific, it informs global transformational change.

### Notes to Editors:

The full report can be viewed here: [Building Capacity to Identify and Assess Nature-Related Financial Risks | Cambridge Institute for Sustainability Leadership \(CISL\)](#)

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### About CISL

[The University of Cambridge Institute for Sustainability Leadership \(CISL\)](#) is an impact-led institute within the University of Cambridge that activates leadership globally to transform economies for people, nature and climate. Through its global network and hubs in Cambridge, Cape Town and Brussels, CISL works with leaders and innovators across

business, finance and government to accelerate action for a sustainable future. Trusted since 1988 for its rigour and pioneering commitment to learning and collaboration, the Institute creates safe spaces to challenge and support those with the power to act.

## **About DBS**

DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named **"World's Best Bank"** by Global Finance, **"World's Best Bank"** by Euromoney and **"Global Bank of the Year"** by The Banker. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named **"World's Best Digital Bank"** by Euromoney and the world's **"Most Innovative in Digital Banking"** by The Banker. In addition, DBS has been accorded the **"Safest Bank in Asia"** award by Global Finance for 16 consecutive years from 2009 to 2024.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets.

DBS is committed to building lasting relationships with customers, as it banks the Asian way. Through the DBS Foundation, the bank creates impact beyond banking by supporting businesses for impact: enterprises with a double bottom-line of profit and social and/or environmental impact. DBS Foundation also gives back to society in various ways, including equipping underserved communities with future-ready skills and helping them to build food resilience.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit [www.dbs.com](http://www.dbs.com).

## **About OCBC**

OCBC is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is one of the world's most highly-rated banks, with Aa1 by Moody's and AA- by both Fitch and S&P. Recognised for its financial strength and stability, OCBC is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC is the second largest financial services group in Southeast Asia by assets. The Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals. Its insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the leading asset management companies in Southeast Asia. Its brokerage subsidiary, OCBC Securities, is one of the leading securities firms in Singapore.

The Group's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 400 branches and representative offices in 19 countries and regions.

## **About UOB**

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of more than 470 branches and offices in 19 markets in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings.

For nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.