

Analysis | Singapore

Banks said no to new coal – loopholes say otherwise



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Executive summary

Major Singaporean banks publicly positioned themselves as moving away from new coal, but their policies continue to leave room for financing companies developing industrial 'captive' coal power. Subsequent policy wording and disclosures have not closed loopholes and, in some cases, made special funding arrangements for captive coal more explicit.

Between 2020 and 2025, DBS, OCBC and UOB continued financing coal-dependent industrial groups including ANTAM, Harita, MIND ID and Tsingshan. Since 2018, Harita Nickel and its subsidiaries alone have received at least US\$923 million through transactions involving the three banks, amid the expansion of Indonesia's nickel and aluminium industries and associated captive coal power.

The issue extends beyond Indonesia. This matters in a fast-growing regional energy market, as Southeast Asia will add more than 100 TWh of new electricity demand between 2025 and 2030, including 25–60 TWh from green industrial parks alone. Bank policies will help shape how this demand is met: leaving captive coal eligible for finance risks locking new industrial growth into high-emissions power for decades.

These loopholes also leave banks exposed to transition, credit and reputational risks as carbon-intensive industrial clients face tighter regulation, changing markets and growing scrutiny over whether banks' financing practices align with their public coal commitments.

Key findings



Singaporean banks have policy loopholes which enable captive coal funding.

DBS, OCBC and UOB have coal-financing policies that still leave room for financing companies developing or operating captive coal plants, even where the banks publicly restrict financing for new coal power.



Banks' policy loopholes risk enabling further fossil-fuel expansion.

Indonesia already has a large and growing captive coal fleet, while rapidly rising industrial electricity demand across Southeast Asia risks creating further demand for captive power generation if bank policies continue to leave these companies eligible for financing.



Captive coal financing creates financial and reputational risks.

Coal-dependent clients globally face growing exposure to carbon pricing, tighter emissions rules, physical climate impacts and demand for lower-emissions products. At the same time, banks face growing reputational and credibility risks where continued financing appears inconsistent with their public commitments to end funding for coal mining and power generation.



Spotlight on the Singaporean banks' policy loopholes

Banks have increasingly recognised the reputational and financial risks associated with financing coal.

In 2019, Singapore's three major banks began announcing restrictions on new coal power plant financing, creating a clear public expectation that new coal power would no longer receive their support.

Over time, the banks' policies have developed in different ways. DBS and OCBC later adopted wording that made the treatment of captive coal more explicit, while UOB's restrictions remained focused on the power-generation business of the borrower. In each case, the policy still leaves room for financing companies that operate captive coal plants, despite the banks' broader policies restricting finance for coal.

Initial policy (2019)

"In April 2019, we announced **we will cease financing new coal power plants in any market**, after honouring our existing commitments. This followed from our earlier commitment to cease financing new thermal coal mining projects. When providing corporate financing, we will only support customers with a diversification strategy in these sectors."

[DBS Sustainability Report 2019](#) (p.16)

Subsequent policy framework

[DBS Media Release: April 2021](#)

"To achieve its latest goal of zero thermal coal exposure, the bank will:

1. Cease the onboarding of new customers who derive more than 25% of their revenue from thermal coal with immediate effect, and lower the threshold as time progresses;
2. Stop financing customers who derive more than 50% of revenue from thermal coal from January 2026, except for their non-thermal coal or renewable energy activities, and lower the threshold as time progresses;
3. Leverage [DBS' Sustainable and Transition Finance Framework](#) to achieve meaningful decarbonisation in sectors which remain reliant on thermal coal. This will be conducted through engagements with customers to establish their transition strategies, and the incorporation of greenhouse gas reduction targets in all applicable sustainability linked loan structures; and
4. Disclose DBS' thermal coal exposure annually in its Sustainability Report to provide transparency on progress made."

Current policy

[DBS Sustainability Report 2025](#) (p.20)

"We are committed to zero thermal coal exposure (encompassing loans to thermal coal mining and thermal coal power generation¹). We intend to reach our goal in the following ways:

1. We ceased the financing of any new thermal coal mining or thermal coal power generation.
2. We ceased onboarding new clients who derive more than 25% of their revenue from thermal coal. The threshold will be lowered as time progresses.
3. From January 2026, we will stop financing existing clients who derive more than 50% of revenue from thermal coal, except for their non-thermal coal or renewable energy activities. These will be reflected in legally binding documentation. We will stop general purpose financing which can be fungible. The threshold will be lowered as time progresses.
4. We will disclose our thermal coal exposure annually in our Sustainability Report.

¹ The above exposure numbers **do not include exposures to entities and/or assets that operate captive coal power plants**. These exposures are subject to enhanced due diligence and ongoing monitoring to ensure risks are appropriately managed". – This footnote added exclusively in 2025 Sustainability Report

Captive coal implication

DBS's current disclosure explicitly excludes exposures to entities or assets operating captive coal plants from its reported thermal-coal exposure.

Initial policy (2019)

[OCBC Sustainability Report 2019](#) (p.67)

"We will not provide new financing for coal-fired power plants."

Subsequent policy framework

[OCBC Responsible Financing Sector-Specific Policies](#), 2 July 2024

The original link is deleted and archived via wayback machine.

"We will not finance:

Coal-fired power plants (CFPPs)

- Project financing:
 - Except where financing is towards coal phase-out, as part of a low-carbon transition programme
- Corporate financing:
 - Where the power generation capacity or revenue of the new client derived from CFPPs exceeds 25%
 - Where the power generation capacity or revenue of an existing client derived from CFPPs exceeds 50%"

Current policy

[OCBC Responsible Financing Sector-Specific Policies](#) (current version, accessed September 2026)

"We will not finance:

Coal-fired power plants (CFPPs)

- Project financing:
 - Except where financing is towards coal phase-out, as part of a low-carbon transition programme
- Corporate financing:
 - **For a new client in the power generation sector**, where the power generation capacity or revenue derived from CFPPs exceeds 25%
 - **For an existing client in the power generation sector**, where the power generation capacity or revenue derived from CFPPs exceeds 50%"

Captive coal implication

In April 2026, OCBC added the limitation to "client in power generation sector" to its corporate financing policies. An industrial company may therefore fall outside the restriction even when it operates captive coal plants for its own facilities.

Initial policy (2019)

[UOB Annual Report 2019](#) (p.71)

"Discontinued new financing of coal-fired power plant projects and prohibited the project financing of greenfield thermal coal mines."

Subsequent policy framework

[UOB Energy Sector Policy, May 2023](#)

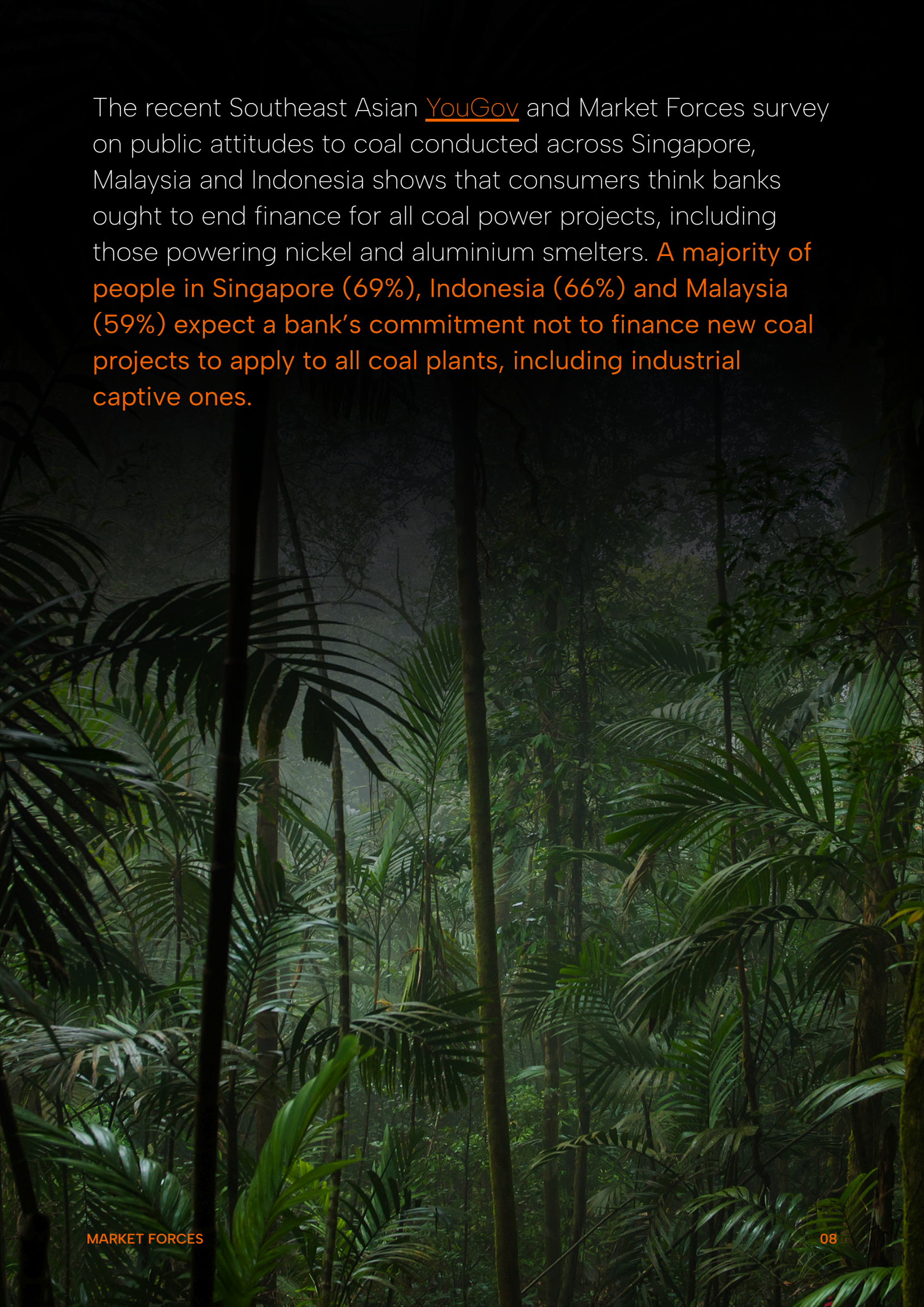
"UOB prohibits new projects or corporate financing of coal-fired power plants. In line with UOB's net zero commitment, the Bank is committed to exiting thermal coal financing completely by 2039.

UOB also prohibits new corporate financing (general purpose) **for the power generation business of a borrower whereby coal-fired power plants account for the majority (≥50 per cent) of its total power generation capacity.** Due consideration for any corporate financing exceptions will however be given on a case-by-case basis to clients who have credible, time-bound transitions or diversification plans towards less carbon-intensive sources and/or technology. Exceptions must be approved by the Group Credit Committee."

Captive coal implication

The detailed policy applies the corporate-financing restriction to the power-generation business of a borrower and allows case-by-case exceptions. An industrial company may therefore fall outside the restriction even when it operates captive coal plants for its own facilities.





The recent Southeast Asian [YouGov](#) and Market Forces survey on public attitudes to coal conducted across Singapore, Malaysia and Indonesia shows that consumers think banks ought to end finance for all coal power projects, including those powering nickel and aluminium smelters. **A majority of people in Singapore (69%), Indonesia (66%) and Malaysia (59%) expect a bank's commitment not to finance new coal projects to apply to all coal plants, including industrial captive ones.**

How the loopholes risk enabling further fossil fuel expansion

Indonesia's captive coal fleet is expanding rapidly to power nickel, aluminium, and other energy-intensive industrial facilities. Indonesia had approximately 19.3 GW of operating captive coal capacity in 2025, with projects in development potentially taking total capacity above 31 GW, according to the [Centre for Research on Energy and Clean Air](#). Captive coal plants accounted for around 80% of the country's new coal power added between July 2024 and July 2025, with much of the growth concentrated in the nickel-processing centres of Central Sulawesi and North Maluku.

The expansion of industrial coal power across Southeast Asia makes the financing loopholes even more concerning. Southeast Asia will add more than 100 TWh of new electricity demand between 2025 and 2030 — equivalent to nearly a third of Indonesia's PLN [2025 output](#) — compared with around 30 TWh of incremental demand between 2020 and 2025. Green industrial parks alone are expected to account for approximately 25–60 TWh of this new demand, followed by 35–45 TWh in data centre demand and 10–15 TWh in electric vehicle adoption, according to [Bain & Company and Standard Chartered](#). The analysis notes that when grid access and renewable procurement are constrained, companies may rely on captive power generation onsite to meet reliability and timing requirements.

Bank policies therefore help shape how this new demand is supplied. Leaving captive coal eligible for finance risks locking fast-growing industrial demand into high-emissions generation for decades instead of supporting cleaner alternatives.

The case: Banks financed Harita

[Harita Group](#) is one of Indonesia's major nickel producers. The company operates an extensive value chain on Obi Island, from upstream to downstream activities, and remains heavily reliant on captive coal power plants for its nickel operations. As of [2025](#), Harita's total emissions reached 16.10 MtCO₂e, equivalent to the emissions from [3.8 million](#) gasoline-powered passenger vehicles driven for one year. Harita's [energy](#) needs are met by 910 MW of operating captive coal capacity, out of a total installed capacity of 1,670 MW, with the remaining capacity still under construction.

Despite the banks' public coal commitments, DBS, OCBC and UOB participated in several major financing transactions for Harita Nickel, totalling US\$923 million.

In February 2021, DBS, OCBC and UOB joined a syndicated [US\\$625 million loan facility](#) for Halmahera Persada Lygend. In April 2022, the three banks participated in a further syndicated [US\\$530 million loan facility](#) for Halmahera Jaya Feronikel. In September 2024, UOB and OCBC joined a new syndicated [US\\$500 million loan facility](#) for Trimegah Bangun Persada.

Harita's coal powered nickel operations is not the only company being funded by Singapore's banks. Singaporean-banks participated in financing linked to other industrial captive coal powered smelter projects between 2020 and 2025 according to [Earthwise Institute](#), including:

- [Tsingshan's 250 MW](#) Indonesia Morowali Power plant;
- [ANTAM's 300 MW](#) FHT Industrial Park Power Plant.
- [MIND ID's 950 MW](#) Kuala Tanjung captive power station and 75 MW Mempawah SGAR power plant;

Together, these transactions show that banks with public coal-financing restrictions continued providing substantial finance to coal-fired power plants via industrial companies.

Captive coal financing creates financial and reputational risks

The loopholes in the banks' coal policies are escalating interconnected risks associated with coal financing.

Coal-dependent industrial companies face increased carbon pricing, tighter emissions regulation, changing technology and growing customer demand for lower-emissions products. The European Union's Carbon Border Adjustment Mechanism (CBAM) [entered](#) its definitive phase on 1 January 2026 and applies to carbon-intensive products including iron, steel and aluminium. It requires a carbon price to be paid on emissions embedded in covered imports, illustrating how the emissions intensity of production can increasingly affect market access and costs.

International nickel buyers are already supercharging the shift to green production. [Mercedes-Benz](#) has committed to achieving carbon neutrality across its entire supply chain by 2039. Mercedes-Benz has [confirmed](#) that its EVs contain nickel from Obi Island, which may expose Harita's coal-powered nickel to increasing transition risk as buyer decarbonisation expectations intensify. China, as Indonesia's largest smelter investor and nickel product consumer, is also [racing](#) towards only buying low-carbon products, as shown by its Emission Trading Scheme expansion to cover carbon-intensive sectors like steel, aluminium, and cement.

Research has found that Singaporean banks had the highest fossil-intensive-sector loss intensity in most years among the bank groups assessed, reaching approximately 43 basis

intensity in most years among the bank groups assessed, reaching approximately 43 basis points in 2025. A [study](#) from the National University of Singapore's Sustainable and Green Finance Institute (SGFIN) assessed transition and physical risks embedded in corporate loans to Indonesian companies.

Flooding can damage borrowers' assets and increase credit risks for banks, with [SGFIN](#) estimating significant flood-related losses across Indonesian corporate loan portfolios by 2060. For example, flooding has already affected the [Morowali](#) nickel-processing region in Central Sulawesi, demonstrating the exposure of major industrial areas to increasingly severe weather events. The SGFIN [research](#) estimates that flooding could cause annual losses averaging approximately 0.4% of borrower asset values by 2060 under a moderate climate scenario, with losses more than 60% higher under more severe scenarios.

Although the study does not isolate captive coal, its findings are relevant to coal-dependent industrial borrowers because these pressures can weaken competitiveness and repayment capacity.

Captive coal financing also creates reputational risks where it appears inconsistent with banks' public commitments to end financing for new coal mining and power projects. DBS, OCBC and UOB have faced increased scrutiny from investors and globally over their financing of coal-dependent industrial operations in Indonesia.

In May 2025, [JATAM](#) brought letters and testimony from Obi Island residents directly to the Singaporean banks, raising concerns about the social and environmental impacts of Harita's operations. In October 2025, other [civil-society groups](#) and church representatives also approached the banks to call for an end to financing Harita's coal-powered nickel operations. In February 2026, Market Forces filed a [complaint](#) to the Singapore Exchange (SGX) alleging gaps in OCBC's disclosure of captive coal exposure. The complaint brought further public and media scrutiny to whether the bank's financing practices align with its coal commitments.

The banks remain exposed to these risks under their current policies. DBS explicitly excludes exposures to entities or assets operating captive coal plants from its reported thermal-coal exposure. OCBC's and UOB's corporate-financing restrictions narrowed to clients in the power-generation sector.

Unless coal-financing policies cover captive power across all corporate sectors, banks remain exposed to a major source of new coal expansion, undermining the credibility of their responsible and sustainable financing commitments. This loophole creates not only a policy credibility gap, but also growing credit, physical, and reputational risks for the banks themselves.

About us

Market Forces produces independent research and analysis to expose the developers and funders of projects driving climate change.

We work with the community to prevent finance for activities that would harm the environment and worsen global warming, and seek to redirect money to accelerate the transition to clean energy and a safe climate.

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