Capital Management

Our capital management objectives

- To maintain an optimal level of capital to support our business growth strategies and investment opportunities, and to meet regulatory requirements;
- To maintain an efficient capital structure, keeping our overall cost of capital low and delivering sustainable dividend returns to our shareholders; and
- To maintain the strong credit ratings that our stakeholders, including our depositors and investors, expect of us.

Our approach

We adopt a proactive approach in the management of our capital position over the medium term through the Group's Internal Capital Adequacy Assessment Process (ICAAP). This comprehensive assessment includes:

- setting capital targets for the Group, taking into account foreseeable regulatory changes and stakeholder expectations;
- forecasting capital consumption for material risks based on the Group's risk appetite. The forecast is evaluated across all business segments and banking entities against projected capital levels, taking into consideration the impact of mitigating actions under adverse economic conditions; and
- determining capital issuance requirements and reviewing the maturity profile of existing capital securities.

Our capital planning and assessment process is governed by two committees. The Board Risk Management Committee (BRMC) assists the Board in its oversight of the management of risks arising from the businesses of the Group, while the Risk and Capital Committee (RCC), comprising senior management, manages the Group's ICAAP, overall risk profile and capital adequacy. The BRMC and RCC review the Group's capital positions quarterly and our capital management and contingency capital plans annually. Material capital management decisions are also approved by the Board.

We are the primary provider of capital to the entities in the Group. Investments in these entities are substantially funded by our internally-generated capital, comprising retained earnings and externally-raised capital issuances. Our banking subsidiaries outside Singapore are expected to manage their own capital positions to support their planned business growth and are also required to comply with their local regulatory requirements. Capital generated by our subsidiaries in excess of planned requirements is returned to us by way of dividends, subject to local regulations. There was no significant impediment to the payment of dividends by our subsidiaries during the year.

Regulatory requirements

We are one of the Domestic Systemically Important Banks (D-SIBs) in Singapore, and are subjected to stricter regulatory measures imposed by the Monetary Authority of Singapore (MAS). As a D-SIB, we are required to maintain, at a minimum, Common Equity Tier 1 (CET1), Tier 1 and Total Capital Adequacy Ratio (CAR) of 6.5 per cent, 8 per cent and 10 per cent respectively at the Bank and Group levels.

We are also required to maintain the below capital-related buffers in the form of CET1 capital:

- Capital conservation buffer (CCB) of 2.5 per cent, to ensure adequate capital buffer is accumulated outside periods of stress. The CCB will increase the regulatory CET1, Tier 1 and Total CAR to 9 per cent, 10.5 per cent and 12.5 per cent respectively; and
- Countercyclical buffer (CCyB) of up to 2.5 per cent, applied on a discretionary basis by banking regulators in certain jurisdictions to limit excessive credit growth in their economies. The Group will be subject to CCyB requirements when we have credit exposures to the private sectors in these jurisdictions.

In July 2024, the final Basel III reforms relating to capital adequacy and disclosure requirements in Singapore came into effect. The market risk and credit valuation adjustments standards were effective from 1 January 2025.

Capital transactions

We redeemed our $750 million 3.5 per cent fixed rate Subordinated Notes in February 2024 and US$600 million 3.75 per cent fixed rate Subordinated Notes in April 2024.

The table below shows the consolidated capital position of the Group as at 31 December 2024 and 31 December 2023.

	2024 $ million	2023 $ million
Common Equity Tier 1 Capital		
Share capital	**4,961**	5,004
Disclosed reserves/others	**41,396**	37,906
Regulatory adjustments	**(6,082)**	(5,834)
Common Equity Tier 1 Capital	**40,275**	37,076
Additional Tier 1 Capital		
Perpetual capital securities/others	**2,750**	2,751
Tier 1 Capital	**43,025**	39,827
Tier 2 Capital		
Subordinated notes	**3,152**	4,539
Provisions/others	**1,208**	1,301
Eligible Total Capital	**47,385**	45,667
Risk-weighted Assets (RWA)		
Credit risk[1]	**230,087**	244,745
Market risk[1]	**13,702**	10,406
Operational risk	**16,046**	20,779
Total RWA	**259,835**	275,930
Capital Adequacy Ratios (%)		
CET1	**15.5**	13.4
Tier 1	**16.6**	14.4
Total	**18.2**	16.6
Leverage exposure	**619,407**	581,130
Leverage Ratio (%)	**6.9**	6.9

1 Credit valuation adjustment (CVA) RWA was included under Market Risk instead of Credit Risk under final Basel III reforms which came into effect from 1 July 2024