

# Capital management and planning

## Objective

The Board of Directors (Board) is responsible for setting our capital management objective, which is to maintain a strong capital position consistent with regulatory requirements under the “Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore” (MAS Notice 637) and “Notice to Designated Financial Holding Companies FHC-N637 on Risk Based Capital Adequacy Requirements” (MAS Notice FHC-N637), and the expectations of various stakeholders including customers, investors and rating agencies. The Board articulates this objective in the form of capital targets, which are reviewed annually. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations, taking into consideration our strategic plans and risk appetite.

Our dividend policy is to pay sustainable dividends that grow progressively with earnings. In line with this, the Board proposed a final ordinary dividend of SGD 0.66 per share, an increase of SGD 0.06 from the prior year’s final payout, and a Capital Return dividend of SGD 0.15 per share, bringing the total dividend for the year to SGD 3.06 per share. Taking the proposed final ordinary dividend of SGD 0.66 per share together with the Capital Return dividend of SGD 0.15 per share, the annualised total dividend amounts to SGD 3.24 per share. The Scrip Dividend Scheme will not be applied to these dividends.

In addition to maintaining a progressive ordinary dividend policy, the Board had announced a framework to return excess capital comprising SGD 3 billion share buyback programme and SGD 5 billion to be returned through Capital Return dividends of SGD 0.15 per quarter over three years from 2025 to 2027. During the year, the Group commenced these initiatives, completing about 12% of the buyback programme and beginning payment of the Capital Return dividend from the first quarter of 2025.

## Process

Our capital management objective is implemented via a capital management and planning process that is overseen by the Capital Committee. The Chief Financial Officer chairs the Capital Committee. The Capital Committee receives regular updates on our current and projected capital position. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP) through which we assess our projected capital supply and demand relative to regulatory requirements and capital targets. The ICAAP generally has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity.

Capital capacity is allocated on two dimensions: by business line and by entity. Capital allocations by business line are set as part of the budget process and monitored during the year. Return on regulatory capital is one of several metrics used to measure business performance. Capital allocations by entity seek to optimise the distribution of capital resources across entities, taking into account the capital adequacy requirements imposed on each subsidiary in its respective jurisdiction. Capital is allocated to ensure that each subsidiary is able to comply with regulatory requirements as it executes its business strategy in line with our strategy.

During the course of the year, these subsidiaries did not experience any impediments to the distribution of dividends.

## Capital structure

We manage our capital structure in line with our capital management objective and seek to optimise the cost and flexibility offered by various capital resources. In order to achieve this, we assess the need and the opportunity to raise or retire capital. The following capital transactions were undertaken during the year.

### Common Equity Tier 1 capital

- During the year ended 31 December 2025, under the SGD 3 billion share buyback programme to return excess capital, the Group cumulatively bought back and cancelled 8 million shares for a total consideration of SGD 371 million. The programme is in addition to periodic buybacks carried out for the purpose of vesting employee share plans.

*Refer to Note 32 to the financial statements for details on the movement of share capital during the year.*

### Additional Tier 1 capital

- DBS Group Holdings Ltd, on 27 February 2025, redeemed USD 1,000 million 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025.
- DBS Group Holding Ltd, on 12 September 2025, redeemed SGD 1,000 million 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025.

### Tier 2 capital

- None

*Refer to Notes 31 and 33 to the financial statements as well as the Main Features of Capital Instruments document (<https://www.dbs.com/investors/fixed-income/capital-instruments>) for the terms of the capital instruments that are included in Eligible Total Capital.*

The table below analyses the movement in Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 capital during the year.

## Statement of changes in regulatory capital for the year ended 31 December 2025

	SGD million
<b>CET1 capital</b>	
Opening amount	59,993
Profit for the year (attributable to shareholders)	10,933
Dividends paid to shareholders <sup>(1)</sup>	(8,151)
Shares repurchased and cancelled	(371)
Cost of share-based payments	203
Purchase of treasury shares	(26)
Other CET1 movements, including other comprehensive income	(386)
Closing amount	62,195
CET1 capital	62,195
<b>AT1 capital</b>	
Opening amount	2,393
Redemption of Additional Tier 1 capital instruments	(2,393)
Closing amount	-
Tier 1 capital	62,195
<b>Tier 2 capital</b>	
Opening amount	3,215
Movements in Tier 2 capital instruments	(54)
Movement in allowances eligible as Tier 2 capital	90
Closing amount	3,251
Total capital	65,446

**Note:**

(1) Includes Capital Return dividend and distributions paid on capital securities classified as equity.

## Capital adequacy ratios

The revised MAS Notice 637 which implements the final Basel III reforms in Singapore came into effect from 1 July 2024. As at 31 December 2025, our reported CET1 capital adequacy ratio (CAR) was 17.0% based on transitional arrangements, while the pro-forma CET1 CAR on a fully phased-in basis was 15.0%, which were above our target ratio of around 13.0%  $\pm$  0.5%. Our CET1 CAR, as well as Tier 1 and Total CARs, comfortably exceeded the minimum CAR requirements under MAS Notice 637 and MAS Notice FHC-N637 of 9.0%, 10.5% and 12.5% respectively (this includes the capital conservation buffer but excludes the countercyclical capital buffer).

As at 31 December 2025, our consolidated leverage ratio stood at 6.2%, well above the 3.0% minimum ratio set by the MAS.

Refer to "Five-Year Summary" on page 175 for the historical trend of CET1, Tier 1 and Total CARs. Refer to DBS Group's Pillar 3 disclosures published on DBS website (<https://www.dbs.com/investors/default.page>) for details on our risk-weighted assets (RWA).

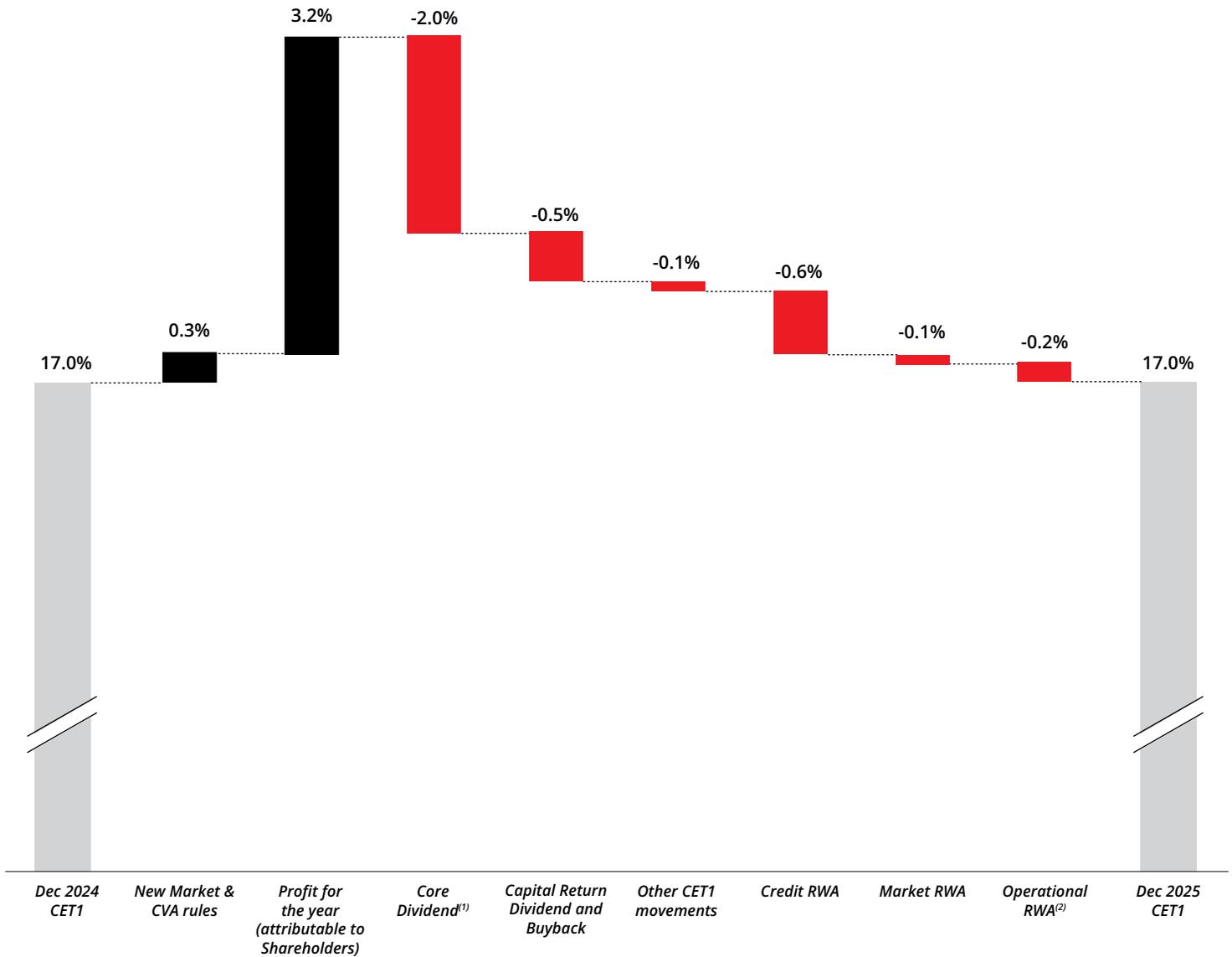
<b>SGD million</b>	<b>2025</b>	<b>2024</b>
CET1 capital	<b>62,195</b>	59,993
Tier 1 capital	<b>62,195</b>	62,386
Total capital	<b>65,446</b>	65,601
<b>RWA</b>		
Credit RWA	<b>288,007</b>	274,670
Market RWA	<b>35,733</b>	39,512
Operational RWA <sup>(1)</sup>	<b>41,641</b>	37,820
Total RWA	<b>365,381</b>	352,002
<b>CAR (%)</b>		
CET1	<b>17.0</b>	17.0
Tier 1	<b>17.0</b>	17.7
Total	<b>17.9</b>	18.6
Fully phased-in CET1 <sup>(2)</sup>	<b>15.0</b>	15.1
<b>Minimum CAR including Buffer Requirements (%)<sup>(3)</sup></b>		
CET1	<b>9.2</b>	9.2
Tier 1	<b>10.7</b>	10.7
Total	<b>12.7</b>	12.7
<b>Of which: Buffer Requirements (%)</b>		
Capital Conservation Buffer	<b>2.5</b>	2.5
Countercyclical Buffer	<b>0.2</b>	0.2

### Notes:

- (1) Includes the Operational Risk charges imposed by the MAS on DBS Bank for the digital disruptions in 2023.  
(2) Calculated based on the Basel III reforms output floor at 72.5% when fully phased-in on 1 January 2029.  
(3) Includes minimum CET1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

The chart below analyses the drivers of the movement in the Group's CET1 CAR during the year.

### Group CET1 CAR



**Notes:**

(1) Includes distributions paid on capital securities classified as equity.

(2) Includes the Operational Risk charges imposed by the MAS on DBS Bank for the digital disruptions in 2023.

## Regulatory change

The minimum CAR requirements based on MAS Notice 637 and MAS Notice FHC-N637 are summarised in the table below.

<b>Minimum CAR %</b>	
CET1 (a)	6.5
Capital Conservation Buffer (CCB) (b)	2.5
CET1 including CCB (a) + (b)	9.0
Tier 1 including CCB	10.5
Total including CCB	12.5
<b>Maximum Countercyclical Buffer<sup>(1)</sup></b>	
	2.5

**Note:**

(1) *The countercyclical buffer is not an ongoing requirement and is only applied as and when specified by the relevant banking supervisors. The applicable magnitude is a weighted average of the jurisdiction-specific countercyclical buffer requirements that are required by national authorities in jurisdictions to which a bank has private sector credit exposures. The Basel Committee on Banking Supervision ("Basel Committee") expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth. Of the jurisdictions where we have material private sector credit exposures, Hong Kong has reduced its countercyclical buffer from 1.0% to 0.5% from 18 October 2024 and remained unchanged thereafter.*

The MAS has designated DBS Bank as a domestic systemically important bank ("D-SIB"). Under the MAS' framework for identifying and supervising D-SIBs, the higher loss absorbency requirement for locally incorporated D-SIBs is met by the foregoing minimum ratios being two percentage points higher than those established by the Basel Committee. The Basel Committee has developed an indicator-based methodology for identifying global systemically important banks ("G-SIBs") on which higher loss absorbency requirements will be imposed. While we are not a G-SIB, we are required to disclose the 12 indicators which are included in the DBS Group's Pillar 3 disclosures published on DBS website (<https://www.dbs.com/investors/default.page>).

The final Basel III reforms in Singapore came into effect from 1 July 2024 except the revised market risk and credit valuation adjustment ("CVA") standards for compliance with capital adequacy and disclosure requirements, which took effect from 1 January 2025. The output floor transitional arrangement has commenced at 50% from 1 July 2024 and will reach full phase-in at 72.5% from 1 January 2029.

On 9 October 2025, MAS issued a revised version of MAS Notice 637 which (i) incorporates the Basel Committee on Banking Supervision's revised methodology used to calculate interest rates shocks in the interest rate risk in the banking book ("IRRBB") standard and updates the IRRBB standardised interest rate shock scenarios based on the revised methodology; (ii) revises the minimum requirements for Additional Tier 1 and Tier 2 capital instruments to disqualify those which are issued to retail investors in Singapore as regulatory capital; and (iii) enhances the clarity of the computation of the capital conservation buffer and countercyclical buffer, and recognition of credit risk mitigation under synthetic securitisations. These amendments have taken effect from 1 January 2026, except for the amendments to Annex 10C which took effect from 31 December 2025.