

Business model – how we create value

Our business model seeks to create value for stakeholders in a sustainable way.

Our strategy is clear and simple. It defines the businesses that we will do and will not do. We have clarity around our sources of competitive advantage given our resources. We have put in place a governance framework to ensure effective execution and risk management. Further, we have a balanced scorecard to measure our performance and align compensation to desired behaviours.

Read more about “How we use our resources” on page 16.

Our strategy

Our strategy is predicated on Asia’s megatrends, including the rising middle class, growing intra-regional trade, urbanisation, and the rapid adoption of technology that is fuelling new innovations.

We seek to intermediate trade and investment flows as well as support wealth creation to capitalise on Asia’s long-term ascendancy. We are a regional bank with sufficiently-deep roots in key markets, making us a compelling Asian bank of choice. The strategy is encapsulated in the following four points:

- We are an Asian-focused bank, seeking to make banking joyful for our customers
- We intermediate trade and investment flows across Greater China, South Asia and Southeast Asia
- In Singapore, we are a universal bank serving all customer segments
- In other markets, we have traditionally focused on affluent individuals, large corporates, small and medium enterprises (SMEs) and institutional investors. Going forward, we will leverage digital technologies to extend our reach to individuals

Our businesses

In Institutional Banking, we serve large corporates, SMEs and institutional investors, from helping them finance their business activities to managing their financial risks.

We offer a full range of credit facilities from short-term working capital financing to specialised lending. We also provide transaction services such as cash management and trade finance, treasury and markets products, capital markets and advisory solutions.

Read more about our Institutional Banking business on page 30.

In Consumer Banking, we serve individuals, from mass market to affluent, at every stage of their lives: from saving at a young age to buying a home as they start their own families, to investing for retirement. We offer a diverse range of banking products and services, including deposits, loans, cards, payments, investment and insurance products.

Read more about our Consumer Banking business on page 33.

In Treasury and Markets, we structure products for customers and are market makers for foreign exchange, interest rate, debt, credit, equity and other structured derivatives.

Differentiating ourselves

Banking the Asian Way
We marry the professionalism expected of a best-in-class bank with an understanding of Asia’s cultural nuances.

Asian relationships: We strive to embody the elements of what relationships are about in Asia. We recognise that relationships have swings and roundabouts, and look at relationships holistically, recognising that not every transaction needs to be profitable in its own right. We stay by our clients through down cycles.

Asian service: Our service ethos is built on the RED motto: being Respectful, Easy to deal with and Dependable, with the humility to serve and the confidence to lead.

Asian insights: We know Asia better; we provide unique Asian insights and create bespoke Asian products. Our customer conversations are underpinned by award-winning research that offers insights into markets and industries in Asia.

Asian innovation: We constantly innovate new ways of banking that are appropriate to our markets as we strive to make banking faster, more intuitive and more interactive.

Asian connectivity: We work in a collaborative manner across geographies, supporting our customers as they expand across Asia.

Technology and infrastructure
We invest heavily in technology, a crucial business differentiator, which allows us to be nimble, resilient and innovative. Our systems now operate on a common platform which allows us to scale up our business with lower marginal costs. This enables us to be nimble with faster speed-to-market. Our investments have strengthened the resilience of our network and fortified our defences against cyber intrusions. Our open platform enables us to integrate and leverage best in-breed technologies, allowing us to work seamlessly with technology partners such as research agencies and cloud-service providers to develop innovative solutions for our stakeholders.

Nimbleness and agility
We are of a “goldilocks” size, big enough to have meaningful scale and yet nimble enough to quickly identify and act on opportunities. We have a flat organisation structure and all our key leaders work cohesively as one team. Further, we are building a culture of innovation and experimentation.

Governing ourselves

Competent leadership
Competent leadership starts at the top. We have a strong nine-member board, two-thirds of whom are former bankers and the remainder industry leaders. The Board is well-informed and fully engaged, and provides direction to management by reviewing and overseeing the implementation of the Group’s strategy. Senior management is responsible for setting strategy, and driving business performance and organisational synergies. A matrix reporting structure with joint ownership between regional business/support unit heads and local country heads ensures that the decision-making process leverages our group-wide strengths and takes into account local market conditions.

Read about our leaders from pages 4 to 7.

Effective internal controls
Our framework for internal controls spans finance, operations, compliance and information technology, and is built on three lines of defence. The first comprises the identification and management of risks by businesses, support units and countries. The second is the corporate oversight exercised by control functions (such as Risk Management, Finance and Compliance). The third is in the form of regular internal audits, which provide an independent assessment of the adequacy and effectiveness of our internal controls.

Read about internal controls on page 63.

Values-led culture
Our organisational values, PRIDE!, shape the way we do business and work with each other.

Purpose-driven
We strive to be a long-term Asian partner, committed to making banking joyful and trustworthy, and transforming Asia for the better.

Relationship-led
We build long-lasting relationships and strong teams, and work together to find better solutions.

Innovative
We embrace change and are not afraid to do things differently.

Decisive
Our people are given the freedom to decide, take ownership and make things happen.

E! – Everything Fun!
We have fun and celebrate together!

Measuring our performance

Our balanced scorecard
We use a balanced scorecard approach to measure how successfully we are serving multiple stakeholders and driving the execution of our long-term strategy. Our scorecard is based on our strategy and is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

The scorecard is divided into two parts of equal weighting and is balanced in the following ways:

- Between financial and non-financial performance indicators; almost one-third of the total weighting is focused on control and compliance metrics
- Across multiple stakeholders
- Between current year targets and long-term strategic outcomes

The scorecard is updated yearly and approved by the Board before being cascaded throughout the organisation, ensuring that the goals of every business, country and support function are aligned to those of the Group. Performance is assessed against the balanced scorecard to determine remuneration.

Read about our balanced scorecard on page 27.

Read about our remuneration policy on pages 68 to 73.