

Outlook

In 2020, the banking industry will face a complicated operating environment. The worldwide spread of COVID-19 has hit the global economy and financial markets. From an international perspective, the global economy remains in a period of undergoing profound adjustment following the financial crisis, and will face stronger downward pressure under the impact of the COVID-19 pandemic. Risks to the financial system will increase, and the pace of adjustment will be uneven within the international economic landscape, which will bring greater uncertainties and risks. From a domestic perspective, China's economy is in a critical period of tackling key challenges with regard to transforming its mode of development, improving its economic structure and shifting the drivers of growth. Although COVID-19 will have a temporary economic impact, the outlook towards growth for the Chinese economy will remain unchanged. The banking industry will face a more severe and complicated environment, with challenges and opportunities coexisting.

2020 marks the final year of the 13th Five-Year Plan period, and is also a critical year for achieving the objectives of the first stage of the Bank's development strategy. Focusing on the three major tasks of "serving the real economy, preventing and controlling risks, and deepening reform and innovation", and following the overall requirements of "**stimulating vitality, making agile response and achieving breakthroughs in key areas**", the Bank will apply the new development philosophy, overcome the COVID-19 impact, and deepen the implementation of its development strategies. With 2020 designated as the "Year of Enhanced Implementation", the Bank will strive to achieve breakthroughs in key areas, endeavour to boost high-quality development, and thus forge ahead towards a world-class bank in the new era.

First, it will actively align with national strategies and improve the quality and efficiency of its service to the real economy. Making full use of its professional advantages in the field of foreign exchange fund operations, and relying on its global and comprehensive business platforms, the Bank will effectively serve supply-side structural reform, integrate into China's new pattern of expanded opening-up, and support the transformation and upgrading of the real economy. The Bank will enhance financial support for COVID-19 epidemic prevention and control, especially in terms of supporting enterprises' business recovery. It will also strive to boost domestic and external demand, thus promoting the healthy operation of the economy. In 2020, the Bank's RMB loans in the Chinese mainland are expected to grow by approximately 10%.

Second, it will accelerate business transformation and improve its customer marketing and service capacities. Adhering to its customer-centric philosophy, the Bank will actively adapt to the trend of digital transformation. Making full use of new technologies such as AI and blockchain, it will improve its application of science and technology, innovate and upgrade its product system, enhance its system architecture and promote the improvement of customer experience, thus creating value for customers and the Bank.

Third, it will continuously improve its management mechanism and enhance the penetration of strategy transmission. Taking a results-oriented approach, the Bank will highlight strategic priorities and accelerate the building of a "strong headquarters". It will improve its management model in key areas, strengthen the overall balance of strategy implementation by category, reinvigorate the vitality of its business development and improve the efficiency of strategy implementation.

Fourth, it will push forward critical efforts in key areas and enhance support for strategy implementation. The Bank will actively solve development problems and accelerate the growth of its customer base by making breakthroughs in scenario building, focusing on enterprise-level architecture development and relying on smart operations, thus accelerating its efforts to realise digital, online and asset-light transformation.

Fifth, it will strengthen risk prevention and mitigation, and improve the quality and efficiency of risk management and control. The Bank will further improve its comprehensive risk management system and the Group's risk management structure, strengthen the management of material risk events and the Group's consolidated risk management, intensify the recovery and disposal of non-performing assets, and continuously enhance the ability to withstand risks.