

## Management Discussion and Analysis — Outlook

In 2021, the banking industry will face a complicated operating environment. From an international perspective, the world economic situation remains complicated and grim. The global economic recovery is expected to be unstable and uneven, and the potential risks caused by COVID-19 pandemic should not be ignored. From a domestic perspective, China's economy is in good condition from a long-term perspective, with the new development pattern being built at an accelerating pace and endogenous capacity gradually improving.

At the same time, 2021 marks the first year of the 14th Five-Year Plan period and the new journey toward a modern socialist country. The Bank will follow the general principle of pursuing progress while ensuring stability, develop a full understanding of the new development stage, apply the new development philosophy, serve the new development paradigm, focus on high-quality development, uphold the systemic concept, coordinate safety and development, focus on serving the real economy, and emphasise developing technology finance, inclusive finance, green finance, cross-border finance, consumer finance, county-level finance and wealth finance. Following our strategic approach of "invigorate, adapt to change and drive for major breakthroughs", the Bank will accelerate the building of a strategic development pattern with domestic commercial banks as the main body, globalisation and integration as the two wings, and build a first-class global banking group.

### **First, it will serve the overall situation of the country and support the development of the real economy.**

The Bank will serve supply-side structural reform, increase investment in high-quality credit, and deepen the linkages between investment, loan, bond, equity, insurance and lease. It will serve the strategy of coordinated regional development and give full play to the leading role of key regions. It will serve the strategy of expanding domestic demand and improve its product and service system in order to align with new consumption patterns. To serve common prosperity for all, it will continue to strengthen inclusive financial services, actively integrate into the rural revitalisation strategy and increase support for the county economy. To serve high-level opening-up, it will support enterprises to "bring in high quality" and "go out at a high level". It will also serve the ecological civilisation strategy and help sustainable economic and social development. In 2021, the Bank's RMB loans in the Chinese mainland are expected to grow by approximately 10%.

### **Second, it will optimise its layout and plan to enhance global competitiveness.**

Upholding the systemic concept, the Bank will promote the development of domestic commercial banks, globalisation and integrated business, thus accelerating the development of the "One Body with Two Wings" strategic development. It will give full play to the role of key regions and key businesses in enhancing the competitiveness of the domestic business market. It will coordinate the development of the international business of its overseas institutions and domestic institutions, enhance international operations and integrated global services, and promote the steady development of overseas business. It will accelerate the promotion of overall customer marketing, collaborative product development and channel sharing, and solidly enhance the level of integrated services.

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### **Third, it will strengthen the construction of basic capabilities and accelerate innovation and transformation.**

The Bank will accelerate the construction of enterprise-level architecture and the transformation of its technology system, deepen the integration of technology and business, and improve the responsiveness and output efficiency of technology. It will continuously promote the drive for innovation, deepen the construction of its product innovation management system, and strengthen innovation research and development as well as the application of results. In addition, it will continuously promote the construction of scenario ecosystems, gradually promote the transformation from local pilot to full-scale rollout, and improve the agility of market response and internal management. It will also continuously strengthen data governance and data empowerment, and establish a data operation system covering external customers and internal staff. Continuously deepening intelligent operation and branch transformation, it will accelerate the transformation of branch functions to focus on customer relationship maintenance, professional product sales and scenario ecosystems support.

### **Fourth, it will adhere to bottom-line thinking and effectively prevent and resolve risks.**

The Bank will accelerate the construction of a comprehensive risk management system, effectively enhance the systemic, synergistic and forward-looking nature of risk management, improve automated and intelligent risk control capabilities, and promote risk management capabilities in order to empower business and reduce burdens for its frontline operations. It will also strengthen credit risk management, continue to enhance risk control in key industries, key areas and key customers, and maintain stable asset quality. In addition, it will improve internal control and compliance management, increase forward-looking investment in the areas of anti-money laundering and sanctions compliance, carry out remediation in key areas and pay close attention to the rectification of key issues. It will effectively protect consumer rights and interests and implement consumer protection requirements throughout the entire process of products, channels, data and services.