

# Management Discussion and Analysis | Outlook

In 2022, the banking industry will face a complicated operating environment. From an international perspective, the global economic situation is becoming more complex and severe, with the pandemic, inflation and developed economies' monetary policy adjustments acting as three major sources of global economic uncertainty. From a domestic perspective, despite pressures from demand contraction, supply shocks and weakening expectations for economic development, the economic fundamentals that will sustain long-term growth and the favourable conditions for fostering a new pattern of development remain unchanged. The major economic indicators will continually keep within an appropriate range.

The year 2022 marks the 110 anniversary of the Bank's establishment, the Bank will adhere to place an utmost priority on stability and pursue progress while ensuring stability, apply the new development philosophy fully, faithfully and comprehensively, and support the creation of the new development pattern. It will uphold the philosophy of serving the country through financial services, fulfil its responsibilities as a large bank, continue to invigorate, adapt to change and drive for major breakthroughs, steadily push forward the implementation of the 14th Five-Year Plan, and thus making sustained progress in its new journey towards building a first-class global banking group.

First, the Bank will actively integrate into the big picture of national development and serve the real economy. Focusing on promoting high-quality development, the Bank will serve supply-side structural reform of the financial sector, concentrate efforts on developing the "Eight Priority Areas for Enhancing Financial Services Capabilities", and further improve the quality and efficiency of its support to the real economy. It will serve the nation's innovation-driven development strategy, increase the scale of loans granted to strategic emerging industries, support for green and low-carbon development, and accelerate the innovation and application of green credit products. It will increase financial support for new infrastructure and new urbanisation initiatives as well as major projects, optimise the supply of wealth finance products and services, strengthen the building of scenarios related to people's livelihood, and support the national plan of ensuring the supply of goods and materials and major agricultural products as well as agricultural modernisation. In 2022, the Bank's RMB loans in the Chinese mainland are expected to grow by approximately 10%.

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Second, the Bank will continue to improve its development pattern and sharpen its comprehensive services capabilities. It will give full play to the dominant position of domestic commercial banks, enhancing resources and institutional support, actively making innovations in products and services, so as to enhance market competitiveness. It will continue to consolidate its distinctive advantages and improve its market-by-market strategies for overseas institutions, steadily advance globalisation by shifting focus from quantitative growth to qualitative improvement. It will strengthen and enhance its integrated operations, give full play to the advantages of commercial banking, investment banking, direct investment, wealth management, insurance, leasing and other comprehensive financial services, in order to sharpen its market competitiveness capabilities and improve its contribution to the Group. It will accelerate the building of “One Mainstay, Two Engines”, and strive to satisfy our customers by ensuring that they are able to access the Bank’s global resources and services at any point of contact.

Third, the Bank will accelerate digital transformation and enhance the new momentum of development. It will speed up the implementation of Enterprise Architecture, deepen the integration of business with science and technology, and substantially improve scientific and technological response speed and output efficiency. It will rapidly advance the integrated development of a strategic scenario ecosystem and strengthen the integration of financial products and scenarios, so as to widen industry coverage and penetration. It will accelerate the building of mobile banking and online banking, promote smart operations and outlet transformation, and establish online and offline channels featuring intelligent interaction, distinctive services and diverse scenarios, in a bid to constantly improve service quality and efficiency.

Fourth, the Bank will forestall and defuse financial risks and reinforce its development protection network. It will deepen the establishment of a comprehensive risk management system and improve its multi-tier early-warning system in order to drive business development in a safe and stable manner. It will accurately identify major risks in the context of the new situation, improve risk prevention and control mechanisms, and maintain stable asset quality. It will continue to concentrate on the establishment of a long-term compliance mechanism for internal control in order to prevent cases of financial risk and anti-money laundering and carry out special governance in key areas. It will closely guard against information technology risk and improve its emergency response effectiveness. Moreover, it will upgrade its mechanisms for safeguarding consumers’ rights and interests, so as to deliver better protection.