



Message from the Chairman

Bidding farewell to the Year of the Rat, we embrace the Year of the Ox. After witnessing unprecedented events in 2020, we now forge ahead in this hopeful year. I am pleased to present our 2020 annual results to the shareholders of the Bank and the public. According to International Financial Reporting Standards, the Bank achieved a profit for the year of RMB205.1 billion, a year-on-year increase of 1.59%, and a profit attributable to equity holders of the Bank of RMB192.9 billion, a year-on-year increase of 2.92%. At the end of 2020, the Bank's total assets stood at RMB24.40 trillion, total liabilities amounted to RMB22.24 trillion and equity attributable to shareholders of the Bank was RMB2.04 trillion, representing an increase of 7.17%, 6.96% and 10.08% respectively from the prior year-end. The ratio of non-performing loans was 1.46%, up 0.09 percentage point from the prior year-end. The Board of Directors has proposed a cash dividend of RMB1.97 per ten ordinary shares for 2020, representing a dividend payout ratio of 30%.

Last year witnessed sudden and perplexing changes in the international environment and a deep recession of the global economy due to the onslaught of COVID-19. As China's most globalised and integrated bank, Bank of China faced particularly serious risks and challenges. The new era posed unprecedented situations and novel requirements. We earnestly implemented the decisions and plans of the CPC Central Committee and the State Council, actively undertook the mission of "Bridge China and the World for the Common Good", focused on our main responsibilities and main business, served the Party and national strategies, implemented the new development philosophy and integrated into the new development paradigm. With 2020 designated as the "Year of Enhanced Implementation", we responded to pressure and rose to challenges, making coordinated efforts in pandemic prevention and control as well as reform and development. We fostered new vitality, gained new momentum and achieved new breakthroughs. Despite considerable difficulties, our performance exceeded expectations, our results saw steady progress, and we made new headway in building our comprehensive strengths.

In 2020, we considered the big picture and strongly supported the real economy and national strategies. Remaining true to our founding mission at all times, we unswervingly integrated our own development with the destiny of the nation, so as to deliver benefit to society, contribute to the nation's prosperity, support opening-up with quality services, and boost high-quality and sustainable development. In 2020,

the Bank's newly granted domestic RMB loans set a new record, with a focus on inclusive finance, private enterprises, green finance and other sectors. Our balance of inclusive finance loans granted to micro and small-sized enterprises stood at RMB611.7 billion, up 48% over the prior year-end. Outstanding medium and long-term loans granted to the manufacturing sector grew by 34.1%. Manufacturing loans as a percentage of total corporate loans remained at a relatively high level compared to other large Chinese banks, with solid growth achieved in green credit. We continued to enhance business presence in key regions and cities such as Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Port, and Chengdu-Chongqing Economic Circle. We became the first among our peers to issue comprehensive service programmes and maintained a leading position among Chinese banks in the Guangdong-Hong Kong-Macao Greater Bay Area. We adopted 13 measures to stabilise foreign trade and facilitated smooth flows across the foreign trade industrial chain and supply chain, securing a leading edge over Chinese peers in international settlement and financing under export credit insurance. We served the China International Import Expo (CIIE) as the sole strategic partner for the third consecutive year, earning a strong reputation in the market.

In 2020, we fulfilled our responsibilities as a major state-owned bank, coordinated our efforts in pandemic control and financial services, and contributed to the fight against poverty. Following the outbreak of COVID-19, we adhered to a coordinated response among our domestic and overseas operations, continuously arranged for pandemic prevention and employee health protection measures in our workplaces and business premises, and flexibly adopted methods such as online office and online services to maintain smooth and orderly business operations across the globe. Devoting more efforts to fight the pandemic through financial services, we took the lead in introducing "30 Measures" to fully support Hubei in fighting against the virus and resuming business. We implemented policies for dedicated limits on re-lending and rediscount, and worked hard to increase the proportion of unsecured loans and medium and long-term loans, as well as the first-time loan ratio, to help enterprises overcome difficulties. Our domestic and overseas institutions stood together through storm and stress. We allocated pandemic prevention and control supplies in a coordinated manner across the globe, providing more than 10 million items of supplies for over 57 countries and regions at home and abroad, which was widely

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praised. We made great efforts to bolster poverty alleviation by stepping up support for targeted areas through financial services, and saw rapid growth in the balance of poverty alleviation loans. Through our assistance, the four counties of Yongshou, Xunyi, Chunhua and Changwu in Xianyang, Shaanxi Province completed the task of poverty alleviation, and 1,034 poverty-stricken villages across the country were lifted out of poverty, demonstrating the Bank's great contributions to the national initiatives of poverty alleviation and rural revitalisation.

In 2020, we strengthened infrastructure development in order to advance our business transformation. Technological innovation and business transformation have an important bearing on the Bank's long-term competitiveness and prosperity. We accelerated digital transformation and advanced enterprise-level architecture development. Through these efforts, our project management and quality control system took preliminary shape, the supporting capacities of our information infrastructure were continuously enhanced, and technology played a bigger role in enabling development. We made remarkable achievements in the structural reform of personal banking unit and promoted digital transformation across the whole business process in an in-depth manner, to cover all segments of customers and all types of assets. As a result, personal banking made a much greater contribution to our business development. In terms of corporate banking, we gradually fortified our regular current account and bank settlement account business, as well as the management of basic work and primary-level institutions. Deposit quality and credit structure improved steadily, and the building of our global transaction banking service platform was accelerated. We continued to advance the expansion of our financial institution customer base, maintaining a leading position among Chinese banks in terms of cross-border custody and Panda bonds, and remaining in first place among Chinese banks regarding the number of foreign currencies traded. Steady progress was made in the building of the four strategic scenario ecosystems, namely, of cross-border, education, sports, and silver economy. With these ecosystems, our capability to reach and serve customers was greatly enhanced and our service penetrated further down to the community level, enabling the Bank to expand customer base and business scope. We made fruitful advances in smart operations and outlet transformation, and our integrated online and offline service capacities were strengthened continuously. Mobile banking gained more abundant functions, offering a constantly improved customer experience.

In 2020, leveraging our characteristic advantages, we continued to improve our globalised and integrated

operations. The unique advantages of an extensive global network and diversified business platforms represent our accumulated historical wealth and inheritance after one hundred years of development. We pushed forward with reform of the regional management and intensive operations of our overseas institutions, and took important steps in terms of regional integration and regional headquarters development, with the overseas service network now covering 61 countries and regions. From 2015 to 31 December 2020, we followed up with more than 600 major overseas projects along the Belt and Road, and granted a variety of credit exceeding USD185.1 billion to countries and regions along the route. We maintained a leading position in high-end structured financing businesses, offering syndicated loans and M&A loans. We vigorously grew our customer base of overseas institutional investors, with transaction volumes in the inter-bank bond market increasing dramatically. Our overseas institutions accounted for half of overseas RMB clearing banks, consolidating the leading position in terms of cross-border RMB settlement and clearing. Meanwhile, we have drafted and put in place guiding principles and concrete policies to strengthen the management of our integrated operations, among which, BOCI China was listed, BOC Financial Leasing and Amundi BOC Wealth Management were successively established, and the investment management village bank of BOC Fullerton Community Bank opened for business in Xiongan New Area. Through these efforts, our comprehensive operation layout demonstrated good results, and our comprehensive financial service capabilities were enhanced.

In 2020, we remained constantly mindful of worst-case scenarios and comprehensively improved our risk compliance and management capabilities. Risk management is the lifeline of commercial banks. We proactively assessed emerging risk situations, enhanced asset quality monitoring, carried out many rounds of inspections on the impact of COVID-19, and strengthened NPL collection and mitigation. Initial results were achieved in improving the corporate credit management mechanism through enhanced risk control. We also strengthened AML and sanctions compliance management. In addition, we enhanced consumer rights protection and improved dispute mediation and compensation mechanism. We dynamically improved our risk appetite policy, properly coped with changes in financial markets, and maintained a stable performance in terms of major risk indicators such as liquidity risk and market risk.

In 2020, we adhered to deepening reform on all fronts and continuously stimulated the vitalities of officials and employees. Reform is the only way to liberate and develop the productive forces and fundamental drivers

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of business development. BOC's most valuable assets are our energetic employees, more than 300,000 in number, who consistently compete and excel. We deepened reform of our organisational structure, business model and management mechanism, kept improving the Bank's governance capabilities, and accomplished 117 tasks under 24 reform projects during the year. We set up the Education & Development Department at the Head Office, established BOC University, and constantly improved the training system for all employees. In addition, we established the Asset & Liability Management Department to enhance the refined and professional management of assets and liabilities. We continuously improved the corporate credit management mechanism and promoted the transformation of the marketing management mechanism in a coordinated manner. To further enable the Head Office to better exercise leadership and build up capacity, we formulated overarching frameworks of reform to enhance comprehensive risk management and human resource management. We made vigorous efforts to cultivate our talent pool, putting qualified young people onto management posts and introducing more intra-Group rotation programmes.

In 2020, we persisted in strengthening the corporate culture fostering. Guided by core socialist values, we created a corporate culture that complies with the trend of the times, has its own characteristics and conforms to the law of development through creative transformation and innovative development, and put forward a culture concept system consisting of mission, vision, values, code of conduct of employees and action maxims. Through the power of culture, we built a consensus on the values of employees, unified their behaviour, guided and motivated all officials and employees to carry forward the Bank's century-old tradition of serving the people, and gave play to our unique advantages in global services.

In 2020, we persistently improved and modernised our corporate governance. A sound corporate governance system is the cornerstone of a bank's stability and long-term development. We enhanced our governance system, in which the Party Committee takes overall charge, the Board of Directors develops strategies and makes decisions, the Board of Supervisors conducts supervision according to law, and the management is responsible for business operation. We also refined the corporate governance mechanism, which features a proper division of responsibilities, coordinated functioning and effective checks and balances. We strengthened communication and coordination with the controlling shareholder, effectively safeguarded the rights of minority shareholders to access information, participate and make decisions regarding the Bank's affairs, gained the understanding and

support of shareholders for our major decisions, and improved the efficiency of our corporate governance and operations. The members of the Board of Directors performed their duties diligently and earnestly, put forward constructive comments and suggestions regarding the Bank's key areas of work based on their outstanding professionalism, abundant professional experience and excellent capabilities, and thereby effectively supported the efficient operation and scientific decision-making of the Board of Directors.

Let us set sail on a new voyage in 2021, which marks the opening year of China's 14th Five-Year Plan period. After successfully completing the latest stage of strategic planning, we will embark on a new journey of building a first-class global banking group with an all-round approach, Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will focus on the new development stage, apply the new development philosophy and serve the new development paradigm. With reform and innovation as the basic driving force, we aim to meet people's growing demand for better lives. We will adhere to the general principle of pursuing progress while ensuring stability, deepen supply-side structural reform in the financial sector, step up our efforts to accelerate digital transformation and promote high-quality and sustainable development and facilitate higher-standard opening up. We will stand up to our responsibilities and missions as a major state-owned bank, mobilise resources to serve the real economy, and dedicate further efforts to technology finance, inclusive finance, green finance, cross-border finance, consumer finance, county-level finance and wealth finance. We will continue to put risk control and management high on our agenda and exercise prudence and compliance in operation. We will uphold a systematic concept in fostering a development pattern in which the Bank's business is centred on domestic commercial banking and bolstered by our global reach and integrated operation arms. We will stick to our strategic approach of "invigorate, adapt to change and drive for major breakthroughs", and thus strive to build a first-class global banking group!



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Chairman

30 March 2021