

Management Discussion and Analysis

— Organisational Management, Human Resources Development and Management

Organisational Management

As at the end of 2020, the Bank had a total of 11,550 institutions worldwide, including 10,991 institutions in the Chinese mainland and 559 institutions in Hong Kong, Macao, Taiwan and other countries and regions. Its commercial banking business in the Chinese mainland comprised 10,487 institutions, including 38 tier-1 and direct branches, 370 tier-2 branches and 10,078 outlets.

The geographic distribution of the organisations and employees of the Bank is set forth below:

Unit: RMB million/unit/person, except percentages

Items	Assets		Organisations		Employees	
	Total assets	% of total	Number	% of total	Number	% of total
Northern China	7,564,504	29.19%	2,066	17.89%	62,157	20.11%
Northeastern China	818,379	3.16%	905	7.84%	24,177	7.82%
Eastern China	5,404,172	20.86%	3,529	30.55%	91,941	29.75%
Central and Southern China	3,892,462	15.02%	2,778	24.05%	67,222	21.75%
Western China	1,833,965	7.08%	1,713	14.83%	37,815	12.23%
Hong Kong, Macao and Taiwan	4,306,679	16.62%	428	3.71%	19,495	6.31%
Other countries and regions	2,090,165	8.07%	131	1.13%	6,277	2.03%
Elimination	(1,507,667)					
Total	24,402,659	100.00%	11,550	100.00%	309,084	100.00%

Note: The proportion of geographic assets was based on data before intra-group elimination.

Human Resources Development and Management

As at the end of 2020, the Bank had 309,084 employees. There were 283,312 employees in the Chinese mainland, of which 270,261 worked in the Bank's commercial banking business in the Chinese mainland. The Bank had 25,772 employees in Hong Kong, Macao, Taiwan and other countries and regions. As at the end of 2020, the Bank bore costs for a total of 5,147 retirees.

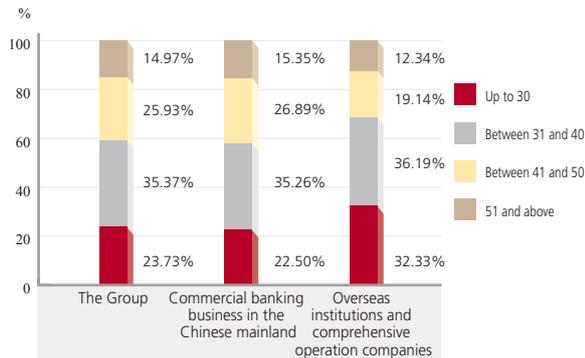
In 2020, centring on the Group's strategies and annual priorities, the Bank deepened its reform of organisational structure and management mechanism. Emphasising the key strategic tasks of enterprise-level structure building, strategic scenario development, data governance, smart operation and outlet

transformation, it moved forward with reform of its organisational structure and innovation of its systems and mechanisms. Focusing on "strong innovation, strong services, strong coordination and strong sharing", the Bank made continuous efforts to build a "strong headquarters", optimised the functional framework for globalised management, education and training, asset and liability management, corporate banking and other areas, and comprehensively improved the modernisation of the Group's governance system and governance capacity. In active response to national strategies and development, the Bank improved its regional management mode, strengthened its mechanism development, supported the development of key regions, continuously optimised its institutional management mode in provincial capitals, and further improved its organisational system for inclusive finance.

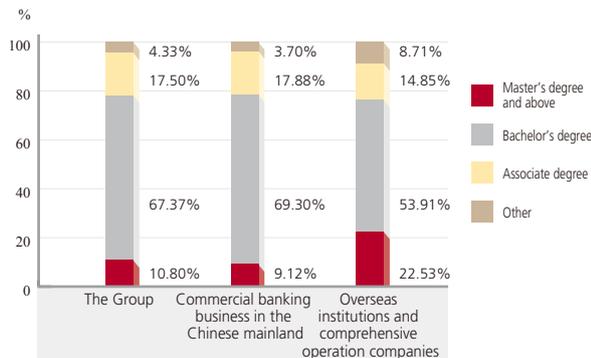
Management Discussion and Analysis

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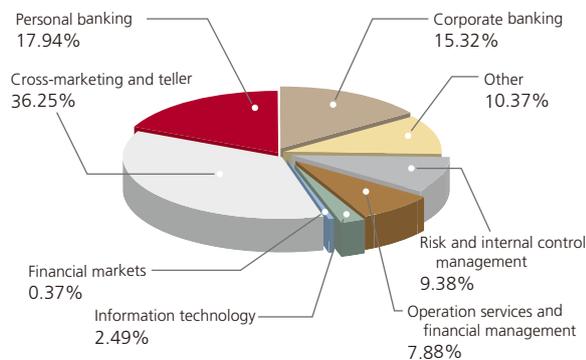
Composition of Staff by Age Group



Composition of Staff by Education Level



Composition of Staff by Job Function (Commercial Banking Business in the Chinese Mainland)



The Bank vigorously strengthened and improved its human resources, intensified the cultivation of young professionals and technicians, and continuously trained internationalised and all-round talented personnel. It intensified the “two teams” building of expatriates and local employees of its overseas institutions, and continuously implemented the programme for the cultivation of minority language personnel. It stepped up the building of professional development pathways, and formulated and issued the *Implementation Plan for Further Strengthening the Building of Professional Development Pathways*. Following national strategies, the Bank implemented a special recruitment plan for ensuring stable employment, a special recruitment plan for impoverished college students, and a special recruitment plan for children of medical staff working in the front lines of COVID-19 prevention and control. In addition, the Bank actively selected and assigned officials for poverty alleviation initiatives, continued to consolidate and expand its achievements in poverty alleviation, and ensured the overall stability of its policy, funding and strength regarding poverty alleviation support.

The Bank continuously improved its incentive and constraint mechanism, established an assessment mechanism combining “annual assessment + long/short-cycle assessment” and “performance assessment + value assessment”, strengthened the assessment of serving the real economy, developing inclusive finance and supporting private enterprises, and guided the establishment of an appropriate perspective on performance.

Management Discussion and Analysis — Organisational Management, Human Resources Development and Management

The Bank's remuneration policy is in line with corporate governance requirements, business development strategies, market positioning and talent competition strategies. The Board of Directors of the Bank has set up the Personnel and Remuneration Committee to assist it in reviewing the Bank's human resources and remuneration strategies. An independent director serves as the Chairman of the Committee. Please refer to the section "Corporate Governance — Special Committees of the Board of Directors" for details of the work progress of the Personnel and Remuneration Committee. Based on the human resources and remuneration strategies determined by the Board of Directors, the senior management of the Bank is responsible for formulating rules and regulations for remuneration management.

The Bank's remuneration distribution policy follows the principle of "remuneration by post, payment by performance". Employee remuneration consists of basic salary, performance remuneration and benefits. Basic salary is determined by the value of the position and the ability of employees to perform their duties; performance remuneration depends on performance evaluation results of the Group, the institution or department of the employee, and the employee, and is linked to performance, risk, internal control, ability and other factors. Deferred payment is required for more than 40% of the performance remuneration

of personnel who are responsible for the Group's major risk management and control functions, with a deferred payment period of not less than three years. If risk losses falling within such employees' remit and responsibility are clearly exposed during the term of service, the Bank may recover part or all of the performance remuneration paid within the corresponding period, and stop the payment of the part that has not been paid. Benefits mainly include social insurance, housing provident fund, enterprise annuity and other non-cash remuneration, and are managed in accordance with local regulatory policies. The Bank's remuneration policy applies to all employees who have established a labour contract relationship with the Bank, with no exceptions beyond the remuneration policy.

The Bank has formulated an allocation mechanism for total remuneration. The distribution of total remuneration resources to branches is linked to branches' completion of comprehensive benefits goal, taking full consideration of risk factors so as to focus on risk-adjusted value creation and enhance long-term performance. The Bank continued to improve its internal remuneration distribution structure, and allocated more remuneration resources to primary-level institutions and employees so as to effectively boost the driving forces powering the sustainable development of the Bank.

Management Discussion and Analysis

— Organisational Management, Human Resources Development and Management

Building an education and training system aligned with the first-class global banking group

The Bank actively implemented the national strategy of integrating industry with education and advanced the reform of vocational education in the financial industry by establishing Bank of China University (“BOC University” or “BOCU”). The purpose is to build a first-class corporate university of financial institution featuring pursuit of noble values, an advanced schooling mode, distinctive features and advantages and excellent brand influence, develop a first-class training system and cultivate high-calibre talents, thereby contributing to building a first-class global banking group.

Demonstrating advanced concepts based on four empowerments. In May 2020, the Bank officially inaugurated BOC University, with the mission of “empowering employees, empowering the Group, empowering customers and empowering society”. Upholding the school-running philosophy of “integration of industry, university, research and innovation, available to the general public, combining education and development, online and offline digitalisation, and global cooperation and sharing”, the Bank aims to build a platform-based organisation and learning community, and demonstrate its value in implementing national policies, advancing the Group’s strategies, serving society and customers and cultivating core talents.

Pooling wisdom of concerned parties to improve governance. Drawing on the governance mechanism and mode of international advanced universities, the Bank explored the introduction of strategic partners and set up a board of directors and special committee to take charge of resources and intellects introduction, counselling and planning, supervision and guidance. Furthermore, the Bank invited select institutions of higher learning and advanced enterprises to dispatch personnel to serve as members of the board of directors and special committees of BOC University, and convened the first meeting of the board of directors, forums of the board of directors, forums of special committees and multiple President’s Office meetings to continuously improve the governance of BOC University.

Cooperating with external parties to serve the country and society. The Bank signed strategic cooperation agreements with Tsinghua University, Peking University, Shanghai Jiao Tong University, Oxford University, National University of Singapore and other famous universities at home and abroad. It also cooperated with Huzhou Municipal People’s Government and Beijing Institute of Green Finance and Sustainability to build the Green Finance College, and launched a number of external cooperation and empowerment training programmes, including the “School of Smart Government Services”, “10,000 Principals of Universities” and “Job Training Service Platform for College Students”.

Focusing on top-quality programmes to raise distinctive advantages. Focusing on the implementation of key programmes such as acceleration of leadership reform, IT consulting and digital marketing of outlets, the Bank organised learning activities with wide influence, such as staff learning day, Teachers’ Day and a new employee development community by means of community learning and action learning, to improve the quality and efficiency of learning and promote business development.

Management Discussion and Analysis — Organisational Management, Human Resources Development and Management

Accelerating digital transformation to enhance infrastructure. In response to the new situation of pandemic prevention and control, the Bank strengthened the building of a digital enterprise university (“BOC University” cloud platform) following the new requirements for training, and arranged online and offline training programmes in accordance with new concepts and new ideas. As at the end of 2020, the platform received more than 100 million visits and released more than 14,000 online learning courses, with an average daily number of active participants of over 40,000, and held 1,936 online special training sessions and 4,338 online live training sessions with nearly 5 million participants.

In the future, building on BOC University and leveraging its unique advantages, the Bank will bring into fuller play its exemplary and leading role as a large state-owned bank in deepening the reform of industry/education integration, and actively explore new models of reforming vocational education and training innovative personnel while improving its talent cultivation capability in an all-round way, with an aim of promoting the modernisation of China’s educational cause.

