

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

Organisational Management

In 2021, focusing on the national “big picture” and the Group’s 14th Five-Year Plan, the Bank further advanced the reform of its organisational structure and management mechanism. It optimised the functional structure of its inclusive finance business, integrated the functions of corporate and personal inclusive finance, and set up the Rural Revitalisation Finance Department to continuously improve the quality and efficiency of its financial services for the real economy. The Bank further pushed forward digital transformation and continuously improved the working mechanism and resource guarantee for enterprise-level architecture establishment, strategic scenario-building and e-CNY operation, so as to drive high-quality development through innovation. In addition, the Bank optimised its comprehensive risk management system, refined the functions, responsibilities and operating mechanism of its comprehensive risk management, accelerated the digital transformation of risk management, and further improved the effectiveness of the Group’s comprehensive risk management.

As at the end of 2021, the Bank had a total of 11,452 institutions worldwide, including 10,902 institutions in the Chinese mainland and 550 institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions. Its commercial banking business in the Chinese mainland comprised 10,382 institutions, including 38 tier-1 and direct branches, 371 tier-2 branches and 9,972 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	8,044,867	28.26%	2,074	18.11%	62,774	20.49%
Northeastern China	884,049	3.11%	899	7.85%	23,606	7.71%
Eastern China	6,217,175	21.84%	3,484	30.42%	91,095	29.74%
Central and Southern China	4,327,271	15.20%	2,746	23.98%	65,983	21.53%
Western China	2,076,633	7.29%	1,699	14.84%	37,450	12.23%
Hong Kong (China), Macao (China) and Taiwan (China)	4,625,924	16.25%	420	3.67%	19,445	6.35%
Other countries and regions	2,292,838	8.05%	130	1.13%	5,969	1.95%
Elimination	(1,746,349)					
Total	26,722,408	100.00%	11,452	100.00%	306,322	100.00%

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

Human Resources Development and Management

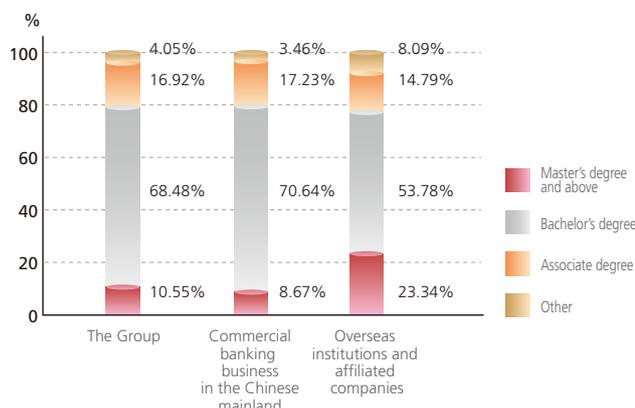
The Bank formulated the *14th Five-Year Plan for Talent Development of Bank of China* in an effort to align with the nation’s strategies and the Bank’s 14th Five-Year Plans. Focusing on strategic tasks such as “One Mainstay, Two Engines”, “Eight Priority Areas for Enhancing Financial Services Capabilities”, digital transformation, comprehensive risk management and culture development, it laid out a plan for talent

development and the continued deep reform of personnel development systems and mechanisms, in order to stimulate the vitality of employees. It formulated and implemented the “Hundred, Thousand and Ten Thousand Talent Programme” for fostering young officials, focusing efforts on training, selecting and appointing young officials thus supporting their growth. It vigorously strengthened team building for science and technology personnel and increased the pool of versatile personnel who were fluent in both science and technology and business. It continued

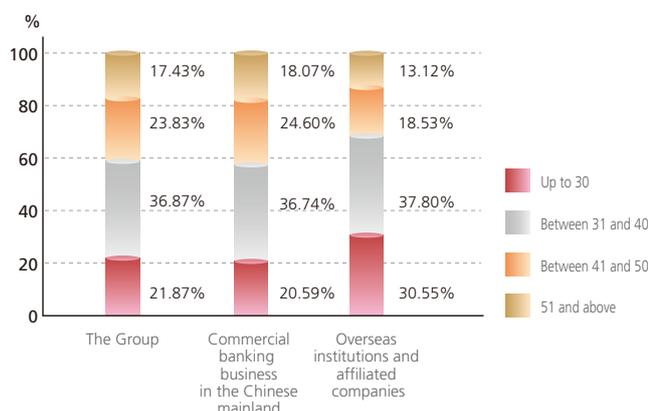
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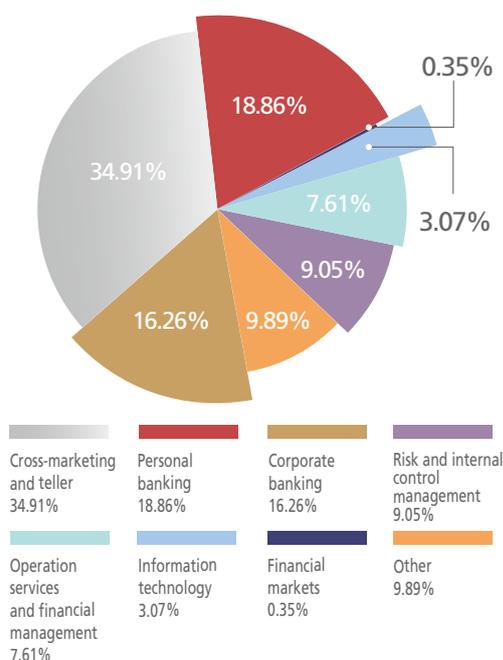
Composition of Staff by Education Level



Composition of Staff by Age Group



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



to consolidate the features and advantages of its international and comprehensive personnel pool and strengthened the training of personnel with minority-language abilities. Implementing the national strategic plan of prioritising employment, the Bank initiated a global campus recruitment programme and continued to expand the scale of its recruitment so as to ensure stable employment for college graduates. In addition, the Bank selected and dispatched officials to carry out targeted assistance in Xianyang, Shaanxi Province, for the purpose of consolidating and expanding the achievements of poverty alleviation and promoting rural revitalisation in a comprehensive manner.

As at the end of 2021, the Bank had 306,322 employees. There were 280,908 employees in the Chinese mainland, of which 267,037 worked in the Bank's commercial banking business in the Chinese mainland. The Bank had 25,414 employees in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions. As at the end of 2021, the Bank bore costs for a total of 4,934 retirees.

Remuneration

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 its assessment of employees' contributions to serving the real economy, developing inclusive finance and supporting private enterprises, and guided the establishment of an appropriate perspective on performance.

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

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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-based remuneration and benefits. Basic salary is determined by the value of the position and the ability of employees to perform their duties. Performance-based 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-based 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. The Bank has formulated and implemented a recourse and recovery mechanism for performance-based remuneration of senior management members and personnel in key posts. 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-based 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 their completion of comprehensive contribution goals, 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 in order to effectively boost the driving force that fuels the sustainable development of the Bank.

Staff Education and Training

The Bank determined its priorities for education and training according to the 14th Five-Year Plan of the country and the Bank, formulating and implementing the *14th Five-Year Plan for Education and Training* and thus making a fresh start for the new period. To empower employees and the Group, it established a Bank-wide training system that reflects the Bank's strategies and growth performance targets, with a focus on strategic mission training, core competence and key personnel training, qualifications and post competence training, and daily business training. Efforts were made to promote training methods such as action learning and case-based teaching, and to implement training programmes for accelerated leadership reform, core professional abilities and talent cultivation for digitalised development. The Bank carried out learning activities under the brands of "BOC Lecture Hall", "Staff Learning Day", "New Employee Development Community", and so on. To empower customers and society, the training programmes of "School of Smart Government Services", "Rural Revitalisation School" and "New Finance School" were launched for local government officials, people working in rural revitalisation industries and corporate customers. The governance and management mechanisms for education and training were improved, teaching staff and training resources were enhanced, and the digital transformation of education and training was expedited, allowing the Bank to accelerate the construction of an education and training system befitting a first-class global banking group. In addition, the Bank's online training capability was further strengthened against the backdrop of COVID-19 prevention and control. On an accumulative basis, the Bank's online training platform offered more than 25,000 courses, and the employees' total online learning time reached 9.35 million hours.