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Overview of Strategic Progress

In 2021, the Bank closely followed national strategies, keenly sharpened its market positioning and comparative advantages, formulated the Group's 14th Five-Year Plan, and made every effort to push forward high-quality development.

During the year, the Bank coordinated the COVID-19 response with business development to make sure that the 14th Five-Year Plan was well implemented. As a result, the plan has got off to a great start. Leveraging both domestic and international markets and resources, the Bank accelerated the efforts to foster a strategic development pattern with domestic commercial banks as the "One Mainstay" and globalisation and integration as the "Two Engines" in order to ensure smooth flows in the domestic economy and positive interplay between domestic circulation and international circulation. Adhering to its original aspiration of serving the real economy, the Bank continued to apply the new development philosophy fully, faithfully and comprehensively, in a precise and comprehensive manner. It also took necessary steps to deepen supply-side structural reform in the financial sector, with emphasis given

to the development of the "Eight Priority Areas for Enhancing Financial Services Capabilities". To embrace the digital era, it intensified the application of various technologies such as big data, cloud computing, artificial intelligence, block-chain and 5G mobile communications, as part of its efforts to accelerate digital transformation. Keeping bottom-line thinking firmly in mind, the Bank worked to advance its comprehensive risk management, build a stronger line of defence against risks, and mitigate risks and challenges, thus continuously improving the efficiency of its comprehensive risk management. The Bank strengthened the corporate culture fostering as a driver of good conduct outcomes, expanding common ground and the convergence of interests towards transformation and reform.

In 2021, the Bank's efforts towards the "Eight Priority Areas for Enhancing Financial Services Capabilities", namely technology finance, green finance, inclusive finance, cross-border finance, consumer finance, wealth finance, supply chain finance and county-level finance, bore rich fruit, allowing it to serve the real economy with improved quality and efficiency. The Bank's progresses across all aspects are as follows:

Technology

Finance



“ To better integrate itself into building the country as a global leader in science and technology, the Bank prioritised technology finance in its first development strategy under the ‘Eight Priority Areas for Enhancing Financial Services Capabilities’, committing to becoming an all-elements integrator, a full-chain innovator and a full-cycle provider of technology finance, with the aim of becoming the leading bank for technology finance in the new development stage. ”

Intensifying comprehensive support. The Bank promoted transformation across its technology finance business, expanding its client base from mature corporates to businesses in the start-up and growth stage, evolving its available products from bank credit to comprehensive financial services, and refining its risk system from traditional modes to become more adaptive to scientific and technological innovation. As at the end of 2021, comprehensive technology finance support exceeded RMB1.26 trillion, including over RMB820.0 billion⁴ credit support to nearly 36,000 customers, more than RMB130.0 billion capital input such as equity investment, bond investment and leasing, and more than RMB300.0 billion non-capital input such as undertaking and asset management. The number of outlets offering technology finance services grew to 93.

Developing featured products and services.

The Bank conducted in-depth research on high-tech industries, explored innovative business models for credit granting and implemented differentiated risk management systems, thus improving the financing experience for technological enterprises. It developed unique products for scientific and technological innovation, provided featured products and services such as option loans and intellectual property pledge financing for technology companies, and facilitated high-quality business linkages between commercial and investment banks. The Bank built a comprehensive spectrum of financial products, providing full-lifecycle services for technological enterprises and all-round financial support for technological practitioners.

Continuing to deepen cooperation with governments.

The Bank has established strategic cooperative relations with the Ministry of Science and Technology, the Ministry of Industry and Information Technology, China National Intellectual Property Administration and China Association for Science and Technology, reaching consensus on various aspects including collaborative efforts to support national strategic scientific and technological strengths, deepen the service system for “specialised, refined, featured and innovative” enterprises, increase the application of scientific and technological achievements, and promote the popularisation of “science + finance”.

Comprehensive technology finance support exceeded

RMB **1.26 trillion**

including over

RMB **820.0 billion**

credit support to nearly **36,000** customers.

⁴ Including national high-tech enterprises and technology-based small and medium-sized enterprises.

Green Finance



“ The Bank achieved leapfrogging progress in green finance in strict adherence with the national development goals of ‘carbon peaking and carbon neutrality’, and integrated itself into global green governance, building the bank of first choice for green finance. ”

Rapid growth in green credit. At the end of 2021, the Bank’s domestic green credit balance reached RMB1,408.6 billion according to CBIRC statistics, a year-on-year increase of 57%. The Bank participated in landmark projects such as the Dogger Bank Wind Farm, which is the world’s largest offshore wind power project currently under construction. The Bank ranked first among Chinese banks in Bloomberg’s Global Green Loans and Sustainability-Linked Loan list in 2021.

A leading position in the green bond market. The Bank issued the world’s first publicly offered Transition Bonds in financial institutions, the world’s first Biodiversity Themed Green Bonds in financial institutions, and the world’s first Sustainability Re-Linked Bond, while the cumulative amount of overseas green bonds issuance reached USD10.7 billion equivalent. During 2021, the

Bank underwrote domestic and overseas green bonds for RMB129.4 billion and USD23.4 billion equivalent respectively. The Bank ranked the first in NAFMII’s List of Investors in Green Debt Financing Instruments in 2021.

Abundant and diversified green products and services. The Bank opened a Chinese Certified Emission Reduction (CCER) registration account and launched a range of emission products and services to comprehensively address and support customers’ low-carbon transformation requirements. These included loans secured against renewable energy subsidy rights, carbon emission allowance collateral loans, “Inclusive Loan for Low-Carbon Development” inclusive green services, the first batch green and low-carbon themed personal UnionPay platinum card, the retail green and new energy vehicle instalment, the

personal green mortgage loan, the carbon emission registration and settlement services, and other green products related to deposits, funds, wealth management, leasing, insurance, supply chain finance, custody and equity investment.

Sustainable finance collaboration. In 2021, the Bank signed the UN Principles for Responsible Banking (PRB), became a supporting institution for the Task Force on Climate-related Financial Disclosures (TCFD) and solidly took up its duties. Furthering local and international collaboration, the Bank participated in the organising activities of the 15th Conference of the Parties of the Convention

on Biological Diversity (COP15) and the 26th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP26).

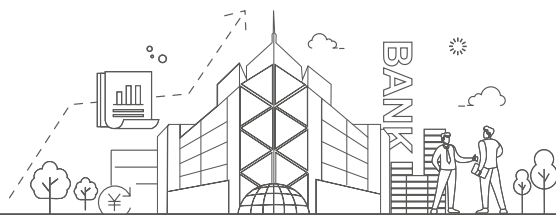
Green finance capacity building. During the year, the Bank established the BOC Green Finance Academy, compiled the *Basic Knowledge on Green Finance of Bank of China Training Manual*, set up digitalised green finance cloud learning platform, held a number of multi-tiered online and offline training sessions on green finance, and formulated green finance talent training plan in the 14th Five-Year Plan of BOC for Talents.

RMB
1,408.6 billion
a year-on-year
increase of **57%**

At the end of 2021, the Bank's domestic green credit balance reached RMB1,408.6 billion, a year-on-year increase of 57%.



Inclusive Finance



“ The Bank treats inclusive finance as a strategic business and fulfils its mission as a large state-owned bank by focusing on serving the real economy and promoting the high-quality development of inclusive finance. ”

Improving the quality and coverage of inclusive finance services.

As at the end of 2021, the Bank's outstanding inclusive finance loans granted to micro and small-sized enterprises⁵ reached a record high of RMB881.5 billion, an increase of 53.15% compared with the prior year-end, outpacing the growth rate of the Bank's total loans. The number of micro and small-sized customers stood at nearly 620,000, higher than the beginning of the year. The average interest rate of new inclusive finance loans to micro and small-sized enterprises was 3.96%. The Bank established an inclusive finance outlet system and advanced the development of its inclusive finance outlets.

Accelerating the digital transformation of inclusive finance services.

With a view to build a business model that integrates online and offline services and ensures a sufficient supply of online products and diversified application scenarios, the Bank improved its system of online products and services for inclusive finance, which comprised of

five product series: “Unsecured Loan”, “Bank Tax Loan”, “Mortgage Loan”, “Business Loan” and “Tax Loan”. Its online inclusive finance products won a gold award for “Special Field Innovation” in the Digital Finance and FinTech Innovation Competition, as well as the “FinTech Award” and “Mobile Banking Award” at the Asia-Pacific Bank Digital Innovation Expo. Moreover, the Bank upgraded and improved its credit factory model so as to fully realise the capacity of its offline businesses, and created a dynamic environment in which online and offline channels mutually reinforce each other's progress.

Developing featured products and services.

The Bank developed its “Inclusive Loan” which is an inclusive finance brand and established a product system comprised of eight product series that covers more than 50 sectors. It launched product and services such as “New Year Benefit” and the “MSE Benefit Loan” etc. Efforts were made to build a new ecosystem for intellectual property finance, and carve out a position as the preferred

⁵ Inclusive finance loans granted to micro and small-sized enterprises are measured in accordance with the Notice of the General Office of China Banking and Insurance Regulatory Commission on Further Promoting the High-quality Development of Financial Services for Micro and Small-sized Enterprises in 2021 (Yin Bao Jian Ban Fa [2021] No. 49).

bank for intellectual property financing services. The Bank improved its services for “specialised, refined, featured and innovative” enterprises and supported the development of key enterprises. In addition, the Bank improved cross-border matchmaking services and served a number of important national economic and trade events. As at the end of 2021, the Bank has held 89 matchmaking events for enterprises, providing value-added financial services featuring “financing + intelligence” for more than 40,000 enterprises from 126 countries and regions worldwide.

(Please refer to the section “Inclusive Finance” for detailed information about inclusive finance.)

RMB **881.5 billion** an increase of

53.15% compared with the prior year-end

As at the end of 2021, the Bank’s outstanding inclusive finance loans granted to micro and small-sized enterprises reached a record high of RMB881.5 billion, an increase of 53.15% compared with the prior year-end.



Cross-Border Finance



“ The Bank actively implemented the national strategy of high-level opening-up, fully leveraged the advantages of the ‘One Mainstay, Two Engines’ strategy, and adopted differentiated development tactics for key customers, key products and key regions. Based on its cross-border scenario-based financial service ecosystem, the Bank reinforced its leading position for cross-border banking services with prominent features and advantages. ”

Consolidating competitive advantages in cross-border finance.

Giving full play to the Bank’s role as the main channel of financial services for foreign trade and economic cooperation, the Bank’s institutions in the Chinese mainland realised rapid growth in the volume of international settlement and cross-border RMB settlement. The Bank’s cross-border customers continued to grow in size and maintained the leading position in the industry in terms of international trade settlement, cross-border RMB settlement, cross-border guarantee and cross-border cash pool business. The Bank firstly launched a pilot business for the integrated cash pooling of local and foreign currencies in Shenzhen and Beijing, and completed the first business transaction under the China-Indonesia Local Currency Settlement mechanism. It maintained a leading position in terms of personal cross-border business income, foreign currency personal deposits and the market share of foreign currency exchange against RMB. The Bank was also approved among the first to launch the

Cross-boundary Wealth Management Connect scheme. As at the end of 2021, the Bank held a market share more than 60% for the total number of WMC Northbound and Southbound subscribers.

Leading innovation in cross-border financial services.

The Bank enriched and improved product and service solutions for new trade patterns such as cross-border e-commerce, market procurement trade and comprehensive foreign trade service platforms. The Bank upgraded the “BOC Cross-border E-commerce” to achieve full coverage of cross-border e-commerce including import and export scenarios, as well as local and foreign currency transactions. Connected to the market procurement trade information platform in the pilot areas and launch “BOC Cross-border E-market-procurement” to provide convenient online collection and settlement of foreign exchange for market procurement trade. The Bank built a comprehensive financial service system for new

foreign trade forms, thus supporting the high-quality development of new foreign trade forms and models. TradeGo commodity blockchain platform was jointly established with key stakeholders in the commodity industry to improve the circulation efficiency of commodity trade. Furthermore, the Bank continuously improved the innovative products such as online foreign exchange purchase and remittance for studying abroad and reservation of foreign currency change. The Bank upgraded its foreign currency cash reservation service, to cover major cities in the Chinese mainland via multiple channels such as mobile banking, WeChat banking and online banking. The service was integrated into platforms such as China's online government affairs service platform, HUAWEI HarmonyOS and JegoTrip APP. The Bank also expanded special cross-border businesses and opened 167 thousand accounts via the BOCHK's "Greater Bay Area Account Opening"

service in the Guangdong-Hong Kong-Macao Greater Bay Area.

Enhancing the brand value of cross-border finance. Acting as a strategic partner, the Bank successfully served and supported major exhibitions such as the 4th China International Import Expo (CIIE), the 2021 China International Fair for Trade in Services (CIFTIS), the 129th and 130th China Import and Export Fair ("Canton Fair"), the 1st China International Consumer Products Expo (CICPE), and the 21st China International Fair for Investment & Trade (CIFIT). Fully leveraging the advantages arising from its globalised operations, the Bank assisted in attracting investment and exhibition activities and provided comprehensive financial service solutions to facilitate the matchmaking of trade and investment, in order to build a financial services bridge for foreign trade and economic cooperation.



Consumer Finance Business



“ Adhering to digital drivers, structural optimisation, overall risk control and effective development synergies, the Bank focused on strengthening capacity building, optimised the customer experience and bolstered its sound reputation. It achieved a market-leading position in consumer finance products, realised rapid growth in consumer finance business and highlighted the overall role of consumer finance as a growth driver, thus contributing to the high-quality development of the Group. ”

Improving the product system. The Bank leveraged its advantages in group-level coordination and capitalised on the effective synergies of its personal loan, credit card and consumer finance businesses to create multi-category consumer finance product system that covers customers across the entire life-cycle.

Accelerating digital transformation. The Bank continuously strengthened the data application and improved the model effectiveness in an effort to accelerate the pace of digital transformation in its consumer finance business. By actively developing integrated scenarios and closely following customers’

livelihood and consumption demands, the Bank provided a variety of consumer finance products covering clothing, food, shelter, transportation, medical care, learning, tourism and entertainment. As at the end of 2021, the Bank’s commercial banks in the Chinese mainland had achieved a leading position in the increase of RMB consumer loans. The growth rate of the Bank’s credit card instalment transaction volume outperformed the market and achieved a steady increase in market share. BOC Consumer Finance has grown rapidly and secured a leading position in the industry in terms of comprehensive competitiveness.

Wealth Finance Business



“ The Bank actively implemented the national strategy of ‘common prosperity’. Based on ‘One Mainstay, Two Engines’ strategy, it served as a display window for personal wealth finance services and pushed forward the high-quality development of the wealth finance business. ”

Highlighting platform-based operation and asset allocation. The Bank built “Group-wide + Market-wide” product open shelf and launched the “BOC Selection” fund brand. Focusing on asset allocation concepts and services, the Bank optimised its “Investment Strategy Portfolio” service to help the customers diversify their asset allocation and increase non-salary yields. As at the end of 2021, the balance of agency sales of personal customers’ wealth management products increased by 75.30%, and the scale of asset allocation products exclusive to private banking, such as fund-of-funds and tailored asset management products for individual HNW clients, grew by 246.50% compared with the prior year-end.

Highlighting specialised and digitalised operations. With the aim of delivering high-quality professional services, the Bank built an investment strategy information service system and published the *BOC White Paper on Personal Banking Global Asset Allocation* for the fourth consecutive year, with annual portfolio returns far surpassing comparable benchmarks over the previous two years. In addition, it intensified team building in a bid to improve customer reach and professional service quality. With a focus on digital empowerment, the Bank sped up building its digital channel system and optimised digital

marketing and mobile service tools. As at the end of 2021, the Bank’s medium to high-end customer base grew at the fastest pace among that of the past three years, and its private banking customer base had reached 147,300.

Highlighting globalised and integrated operations. Focusing on the key customer groups of entrepreneurs, the Bank leveraged the Group’s advantages in integrated operations to boost service synergies. It further developed family trust services and the number of family trust service customers grew by 82% compared with that at the prior year-end. It accelerated building the Asia-Pacific private banking platform and enhanced its service capacity for “private banking + investment banking + commercial banking”, thus improving its high-end, cutting-edge private banking services.



Supply Chain Finance



“ The Bank gave full play to its advantages in globalised, integrated and specialised operations to promote the development of digitalised, platform-based, scenario-based and intelligent supply chain finance, and spared no efforts to build itself into a first-class global bank for supply chain financial services.”

During the 2021 CIFTIS, the Group launched the new supply chain finance brand “BOC Smart Chain” and four industry sub-chains, namely “BOC Medical Chain”, “BOC Auto Chain”, “BOC Equipment Chain” and “BOC Construction Chain”, to meet the individual needs of customers in different industries for supply chain finance. Through its own supply chain finance platform, core enterprise platform and third-party platforms, the Bank provided all-rounded online supply chain financial services for core enterprises and their upstream and downstream enterprises.

Focusing on the eight key industries of new energy, new materials, new infrastructure, modern agriculture, bio medicine, high-end equipment, information and communication, and transportation, as well as the five major areas of green and low-carbon, medical and health, equipment manufacturing, people’s livelihood consumption and cross-border trade, the Bank stepped up its support for national key areas such as strategic emerging industries, advanced manufacturing, and modern service industries. In 2021, the Group comprehensively utilised

corporate credit, trade finance, negotiable instruments, bonds and other financial instruments to provide RMB2.16 trillion of liquidity support to core supply chain enterprises.

Relying on the supply chain financial service system covering domestic and overseas operation, local and foreign currency, online and offline channel, the Bank strengthened financing support for enterprises in the upstream and downstream of the supply chain. It launched a batch customer marketing model named “Inclusive Loan for Supply Chain” aiming at upstream and downstream inclusive customer group, and successfully underwrote asset-backed securitisation products for a number of core supply chain customers.



County-level Finance



“ The Bank focused on key customers and businesses at the county level to address the changing development needs of the real economy in county areas. It accelerated improvements to local financial services infrastructure and explored the construction of a digitalised, scenario-based, platform-based and featured county-level financial service model. ”

Improving the county-level financial service system. Drawing on the strength of its globalised operations, the Bank leveraged the BOC E-cooperation matchmaking platform to help county-level industries in terms of “Going Out” and “Bringing In”. It also strengthened and improved the integration of its operations so as to provide diversified and comprehensive financial services.

Building diversified county-level service channels. With a focus on the development of online channels, the Bank intensified its efforts to extend online and mobile banking services while continuing to optimise its offline channels. In 2021, 40 new county-level institutions were opened,

serving 17 counties where no offline financial service channels were previously available.

Launching new financial products to support “agriculture, rural areas and farmers”. The Bank surpassed the original ambitions of its agriculture-related loan plan which effectively promoted poverty alleviation and rural revitalisation. It enriched the product and service system of “Rural Revitalisation — Prosperity Loan”, launched products such as Farmland Loan, Xinnong Loan and Huinong Loan and participated in the “Credit Express” programme of the PRC Ministry of Agriculture and Rural Affairs to advance the high quality development of rural revitalisation.

Commercial Banking in the Chinese Mainland

Actively serving national strategies, the Bank honed its market positioning and comparative advantages in the domestic circulation as well as in the interplay between domestic and international dual circulations, formed synergies and stimulated momentum. The Bank's commercial banking in the Chinese mainland has made steady progress, operating efficiency has risen steadily, and the primary role of a domestic commercial bank has been further highlighted. In 2021, the Group's commercial banking business in the Chinese mainland achieved an operating income of RMB469.346 billion, an increase of RMB40.313 billion or 9.40% compared with the prior year. Details are summarised in the table below:

Unit: RMB million, except percentages

Items	2021		2020	
	Amount	% of total	Amount	% of total
Corporate banking business	176,662	37.64%	186,956	43.58%
Personal banking business	199,157	42.43%	199,508	46.50%
Treasury operations	83,336	17.76%	41,763	9.73%
Others	10,191	2.17%	806	0.19%
Total	469,346	100.00%	429,033	100.00%

Corporate Banking

With a focus on high-quality development, the Bank continued to advance the transformation of its corporate financial services so as to serve the real economy more efficiently and effectively. It gave priority to supporting high-quality development in key areas such as technology finance, green finance, inclusive finance, supply chain finance, county-level finance, strategic emerging industries and manufacturing, thus contributing to the transformation and upgrading of the national economy. It also proactively expanded core customer groups in the advanced manufacturing and digital economy-related industries, so as to help improve the country's strategic scientific and technological strengths. In addition, the Bank accelerated progress in the development of the Beijing-Tianjin-Hebei region, Xiongan New Area, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Port and other key areas by virtue of its financial resources, thus supporting national strategies for coordinated regional development. Centring on customers' needs and experience, the Bank accelerated the growth of customer assets under management (AUM), closely cooperated with its comprehensive operation companies, and

implemented differentiated precision marketing based on refined customer group classification. It also promoted the management of financial product aggregates (FPA), strengthened linkages and coordination by giving full play to the advantages of the Group's comprehensive operations, and provided integrated service solutions covering the whole product line of "investment, loans, bonds, equity, insurance and leasing" to meet the diversified financing needs of all customers. In 2021, the Bank's corporate banking business in the Chinese mainland realised an operating income of RMB176.662 billion.

Corporate Deposits

Upholding its customer-centric approach, the Bank continued to consolidate its development foundations and remained committed to building a comprehensive and tiered marketing management system through scientific classification and targeted policy implementation. Focusing on customers' diversified financial needs, it further enhanced its cross-industry services, comprehensive marketing awareness and comprehensive service capabilities. Furthermore, by proactively integrating into the domestic and international dual circulations, the Bank strived to connect its business product channels for domestic

settlement and international settlement, increased business volumes in payments and settlements, enhanced fund retention capacity, and boosted the sound and sustainable development of its deposit business. Centring on the key industries and key customer groups of the administrative institutions sector, the Bank developed differentiated marketing strategies and sharpened its market competitiveness in key areas by improving scenario-based marketing across the entire industrial chain so as to assist the digital transformation of administrative institutions sector customers. As at the end of 2021, RMB corporate deposits in the Bank's operations in the Chinese mainland totalled RMB6,948.925 billion, an increase of RMB495.437 billion or 7.68% compared with the prior year-end. Foreign currency corporate deposits amounted to USD117.085 billion, an increase of USD31.108 billion or 36.18% compared with the prior year-end.

Corporate Loans

The Bank fully implemented the national development strategy and the national goal of "ensuring stability on six fronts and security in six areas", adhered to the general principle of "pursuing progress while ensuring stability" and increased its investment in high-quality credit, effectively improving its services to the real economy. The Bank devoted itself to the development of the modern industrial system; backed efforts to bolster the nation's strategic strengths in science and technology; and actively promoted a shift in service focus from traditional industries to new industries, new business forms and new business models. It strived to promote the nation's coordinated regional development strategy, supporting industrial upgrading and transfer as well as the development of city clusters in the Beijing-Tianjin-Hebei region and Xiongan New Area. The Bank also increased its investment in the advanced manufacturing sector, high-quality service sector, new infrastructure construction, new urbanisation and other sectors in the Yangtze River Delta, and vigorously seized the opportunities arising from the technology finance, industry finance and cross-border finance sectors of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank adopted policies tailored to local conditions and pursued

accelerated development in the ecological protection of the Yellow River basin, the development of modern agriculture and animal husbandry, new urbanisation, infrastructure connectivity, and the upgrading and transformation of traditional industries. It further stepped up its efforts to promote the financial connectivity in the Chengdu-Chongqing economic circle, and energetically supported new forms of consumption. In addition, the Bank contributed to the development of the Hainan Free Trade Port and Smart Hainan, positioning itself as the first-choice bank for the port. To serve the national strategy of expanding domestic demand, it capitalised on the new trend of consumption upgrading and sped up the building of scenario ecosystems. To serve common prosperity for all, the Bank continuously strengthened its inclusive finance services and made breakthroughs in online products. It also actively integrated into the national rural revitalisation strategy and increased support for agricultural modernisation. To serve the nation's ecological conservation strategy, it further boosted the development of green finance and improved relevant products and services, which in turn helped the Bank to build a brand reputation for green finance. The Bank contributed to the high-quality opening-up of the Chinese economy by providing solid financial services to the Belt and Road initiative and strengthening Chinese enterprises' "Going Global" efforts and overseas economic and trade cooperation. As at the end of 2021, RMB corporate loans of the Bank's operations in the Chinese mainland totalled RMB7,123.647 billion, an increase of RMB867.375 billion or 13.86% compared with the prior year-end. Foreign currency corporate loans totalled USD51.675 billion, an increase of USD12.502 billion or 31.91% compared with the prior year-end.

Financial Institutions Business

The Bank continued to deepen all-round cooperation with various financial institutions and built up its integrated financial services platform, maintaining a leading position in terms of financial institution customer coverage. It has established correspondent relationships with about 1,100 institutions around the world and opened 1,402 cross-border RMB clearing accounts for correspondent banks from 116 countries

and regions, thus securing a leading position among domestic banks. It promoted the RMB Cross-Border Interbank Payment System (CIPS) and acted as an agent in the capacity of direct participant for 507 domestic and overseas financial institutions, seizing the largest market share among peers. It was awarded “Best Renminbi Bank” in the U.S. by *The Asset*, the first Chinese bank to win such an award. The Bank’s custodian service for Qualified Foreign Investors (QFI) and its agency service for overseas central banks and other sovereign institutions held leading positions in the industry in terms of both customer base and business scale. The Bank helped the Shanghai Headquarters of China Central Depository & Clearing Co., Ltd. (CCDC) to transfer the proceeds from the first offshore bond issued by an overseas institution in the pilot free trade zone. It succeeded in winning the exclusive settlement bank for the centralised clearing of RMB-USD trades via Shanghai Clearing House. It also succeeded in convincing the China Foreign Exchange Trade System by its excellent service for sending and receiving agency instructions in relation to foreign currency lending business. It participated deeply in Southbound trading under the Bond Connect programme, further consolidated its leading position in the H-Share full circulation market, enhancing its brand name in serving the financial infrastructure clients. The Bank successfully held the 2021 Shanghai Global Asset Management Forum and the London & Shanghai Dialogue on Innovation and Cooperation in the Asset Management Industry to introduce investment opportunities in China’s asset management market to global investors, receiving a positive market response. The Bank also strengthened its cooperation with the Asian Infrastructure Investment Bank (AIIB), the New Development Bank, Silk Road Fund, etc. It assisted AIIB with the issuance of offshore USD bonds, served as lead underwriter and bookrunner for the New Development Bank’s pricing and issuance of two Panda bond issuances, and acted as lead underwriter and lead bookrunner for the issuance of Asian Development Bank’s Panda bond. As at the end of 2021, the Bank had the largest market share in foreign currency deposits from financial institutions and led its peers in terms of market share increase for third-party funds under custody.

Transaction Banking

In response to digital transformation trends and customers’ integrated financial needs, the Bank adhered to the three major development concepts of data standardisation, portfolio-based products and scenario-based services, and built a transaction banking product and service system featuring online and offline coordination, diverse scenarios, a satisfactory user experience and innovative and flexible portfolios, thus driving the steady development of its transaction banking business.

Leveraging its role as the main financial services channel for foreign trade and economic cooperation, the Bank contributed to the smooth domestic and international dual circulations. In 2021, the Group’s international settlement volume reached USD7.26 trillion, an increase of 26.26% compared with the prior year. The Bank’s institutions in the Chinese mainland registered USD3.32 trillion in international settlement volume, representing an increase of 38.9% compared with the prior year and securing the largest market share. It also provided import and export trade settlement services for nearly



half of all enterprises holding import and export customs records nationwide. The Bank maintained its leading position among peers in cross-border guarantee business. It cooperated to complete the upgrading of SWIFT's guarantee messaging standards and the reform of customs duty guarantees. Vigorously supporting the development of new foreign trade forms, the Bank has introduced a number of measures to support the high-quality development of new forms and modes of foreign trade. The Bank upgraded the "BOC Cross-border E-commerce" product to include the function of collecting export proceeds for cross-border e-commerce enterprises, launched the "BOC Cross-Border E-Market-Procurement" product to support exports through the online collection of proceeds from market procurement programmes, and received approval for a cross-border e-commerce direct collection and exchange settlement service. Moreover, the Bank signed the *Special Agreement on Supporting the High-Quality Development of New Forms and New Models of Foreign Trade* with China Export & Credit Insurance Corporation, inputting funds to facilitate foreign trade enterprises to realise new momentum. As a strategic partner, the Bank gave full play to its advantages in globalised operations by actively supporting the smooth operation of major exhibitions such as the 4th CIIE, the 2021 CIFTIS, the 129th and 130th Canton Fair, the 1st CICPE and the 21st CIFIT. In addition, it provided all-round financial service solutions to facilitate the matchmaking of trade and investment, thus effectively expanding its influence.

The Bank continuously advanced RMB internationalisation. It served as the main channel for RMB cross-border flows and acted as a market leader in service innovation. In 2021, the Group's transaction volume of cross-border RMB payment reached RMB11.26 trillion, up 22.36% compared with the prior year, of which the Bank's institutions in the Chinese mainland settled RMB8.41 trillion, an increase of 24.45% compared with the prior year, thus maintaining the largest market share. The number of cross-border RMB business customers served by the Bank's institutions in the Chinese mainland increased by nearly 24% compared with the previous year. The Bank continuously expanded its cooperation efforts

in Local Currency Settlement based on the cross-border use of RMB, including transacting the first business under the China-Indonesia Local Currency Settlement mechanism, maintaining a leading position in the industry in terms of exchange volume and settlement scale. It also continued to publish the BOC Cross-border RMB Index (CRI), BOC Offshore RMB Index (ORI) and the *White Paper on RMB Internationalisation*, providing global customers with strong, comprehensive and professional support to understand and use RMB.

The Bank actively improved its product and service system and enhanced the quality and efficiency of its services for the real economy. It piloted a unified corporate settlement account system for local and foreign currencies and improved its account, payment and settlement services so as to continuously enhance multi-channel account services. In response to policy guidance, it took multiple measures to optimise account services for micro and small-sized enterprises and provided them with an "easy account opening" service to help improve the business environment. The Bank devoted great efforts to promoting the expansion of supply chain finance, vigorously supported SME financing, and deepened innovation in supply chain finance service solutions for key industries. Meanwhile, the Bank successfully expanded its "blockchain + supply chain" service solution in medical scenarios and launched a policy finance application scenario on the cross-border finance blockchain platform of the State Administration of Foreign Exchange in many provinces and regions. It also enriched and improved the comprehensive product system of its "Global Cash Management Platform+" and launched the innovative "BOC Intelligent Funds Supervision Service" product to provide customers with integrated and multi-scenario fund supervision solutions. In addition, the Bank launched a multi-bank cloud service platform to provide standardised fund management services, and piloted an integrated cash pool of local and foreign currencies in Shenzhen and Beijing. It also successfully rolled out an RMB Cross-border Interbank Payment System (CIPS) standard transceiver product and completed its first RMB international remittance business via CIPS.

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The Bank was recognised as “Best Transaction Bank for Trade Finance” and “Best Transaction Bank for Supply Chain Finance” by *Asiamoney*, and “Best Trade Finance Bank” and “Best Renminbi Bank” by *The Asset*. It received a special award for “Electronic Letter of Credit Information Exchange System” from China Financial Publishing House, and “BOC Global Cash Management” was selected as a case study for “Global Service — Global Service Practice Cases” at the China International Fair for Trade in Services, demonstrating the Bank’s professional advantages in transaction banking.

Inclusive Finance

Implementing national policy measures to support the development of micro and small-sized enterprises, the Bank constantly promoted the development of inclusive finance in line with relevant regulatory requirements. It continued to improve its inclusive finance services by focusing on the overall requirements of “increasing volume, expanding coverage, improving quality, promoting efficiency”. Taking product innovation as its key breakthrough driver, model upgrading as its basis and digitalised inclusive finance as its objective, the Bank developed a service model that integrates online and offline services and made every effort to build the BOC inclusive finance brand to improve the quality and efficiency of its inclusive finance services. It successfully upgraded its credit factory model, optimised the credit management mechanism for corporate customers, strengthened model-based, intelligent, automatic and batch-based operation, and improved its agile response capabilities. By replicating the credit factory model in Macao (China), it supported SMEs in Macao (China) to integrate into the overall national development.

The Bank strengthened financial support for key sectors through its “Inclusive Loan” inclusive finance brand. It also developed a service system for “specialised, refined, featured and innovative” enterprises, providing

credit support to more than 15,000 such businesses. It carried out a special campaign promoting “BOC Inclusive Services for Specialised, Refined, Featured and Innovative Enterprises”, and hosted the first cross-border matchmaking event for “specialised, refined, featured and innovative” SMEs. In addition, the Bank signed a strategic cooperation agreement with China National Intellectual Property Administration (CNIPA) to establish the Innovative Intellectual Property Financing Laboratory and released the “Inclusive Loan for Intellectual Property”, an intellectual property pledge loan product. Through special marketing activities such as “Campus Enterprise Benefit Plan”, “Enterprise Benefit Plan” and “Elite Benefit Plan”, the Bank provided comprehensive financial services for micro and small-sized enterprises, including lectures on intellectual property investment and financing, inclusive finance knowledge, etc., which also served as an excellent growth platform to boost entrepreneurship and innovation among college students.

In response to the national policy of “staying local for the Spring Festival”, the Bank launched the “New Year Benefit” financial service programme to provide financial services to those micro and small-sized enterprises and their employees that continued working over the Spring Festival to ensure supply and stabilise production, with more than 7,500 customers benefiting from the service. To implement the loan policy of promoting “borrowing and repayment at any time”, the Bank launched the “MSE Benefit Loan” to provide flexible financing services to micro and small-sized enterprises. It launched and upgraded the “BOC E-cooperation” intelligent matching platform and built an integrated “online + offline” bank-government-enterprise ecosystem. As the sole invited financial institution, the Bank joined with the Ministry of Commerce to carry out the “Business Integrity Publicity Month” campaign. Based on the theme of “Strengthening Business Integrity with Financial Services”, it prepared and promoted the “BOC Business Integrity Credit” scheme to provide targeted support for enterprises with good commercial credit records.

Pension Business

The Bank provided a range of products including enterprise annuities, occupational annuities and employee benefit plans, and intensified efforts in the building of inclusive pension finance and other scenario-based financial services ecosystems, thus supporting the development of the silver economy on all fronts. As at the end of 2021, pension funds held in trust by the Bank reached RMB141.545 billion, an increase of RMB39.753 billion or 39.05% compared with the prior year-end. The total number of enterprise annuity individual accounts held by the Bank reached 3.6759 million, an increase of 0.2623 million or 7.68% compared with the prior year-end. Pension assets under custody amounted to RMB783.502 billion, an increase of RMB190.630 billion or 32.15% compared with the prior year-end. The Bank provided enterprise annuity services for more than 16,000 institutional clients.

Digital Transformation

Focused on implementing the comprehensive digital transformation objectives set forth in the Group's 14th Five-Year Plan, the Bank emphasised improving the digitalisation of corporate banking in three aspects: digital transformation, globalised operations and comprehensive services. By carrying forward the Group's four core digitalisation projects and relying on the OASIS project to promote the transformation of the corporate banking business, it built a customer marketing mode based on collaboration between the Bank and the Group's comprehensive operation companies as well as cooperation among different positions within the various institutions that comprise the corporate banking global service platform. It also realised intelligent post-lending management, strengthened data analysis and improved the application of data elements in marketing, risk control and management.

Personal Banking

Guided by its customer-centric philosophy, the Bank continued to shape its retail banking business into one with wealth finance as its core, cross-border finance and consumer finance as its features, and

key regions as its breakthrough drivers. It remained committed to bolstering its development momentum, comprehensively accelerated digital transformation, deeply promoted the reform of its management model, and unlocked the value of structural reform in order to drive the high-quality development of its personal banking business. In 2021, the Bank's personal banking business in the Chinese mainland realised an operating income of RMB199.157 billion.

Account Management Business

Upholding the concept of "finance for the people", the Bank solidly promoted the use of smart accounts and made remarkable achievements in the comprehensive reform of its cardless personal banking services. It completed the R&D phase of its "digital debit card" and put it into pilot operation. Services such as account opening, cash deposit and withdrawal, transaction record printing, foreign currency exchange and investment and wealth management can now be provided without the customers presenting their card. The Bank created a brand-new service model that features "accounts and mobile banking as one" and extended its cardless services to cover all high-frequency scenarios. The Bank also worked to enrich products and services for elderly customers and launched "BOC Care Debit Card" for customers with wealth inheritance needs, based on the functionality of principal and supplementary debit cards, enabling the sharing of family funds and wealth inheritance. As the only official banking partner of both Winter and Summer Olympic Games, the Bank made preparations to promote a Winter Olympics themed debit card to cross-border customers and provided services such as account opening, mobile payment, local and foreign currency cash, e-CNY and domestic acceptance of overseas bank cards for short-term visitors to China during the Winter Olympics, thus enhancing the convenience of domestic payment and settlement. It optimised its personal accounts service, introduced easy personal account opening services, and established a classified and tiered management system for personal accounts to effectively prevent telephone and internet fraud risks. The Bank was awarded "Retail Bank with Excellent Competitiveness"

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by *China Business Journal*, while its “Comprehensive Cardless Application of Personal Banking Business and Smart Counter 4.0” programme was recognised as the “2021 Best Frictionless Customer Experience Initiative in China” by *The Asian Banker*.

Wealth Finance Business

Actively implementing the strategic requirements of pursuing “common prosperity”, the Bank upheld the concept of value creation and pressed ahead with reform and innovation, achieving sound development momentum in its wealth finance business. As at the end of 2021, the total financial assets under management of the Group’s personal customers exceeded RMB11 trillion and the income generated from its wealth finance business increased by 33% compared with the prior year-end, achieving the highest growth rate of the last three years in terms of both customer numbers and financial assets under management for medium and high-end customers. Adhering to platform-based, allocation-oriented, specialised, digitalised, globalised and integrated development, the Bank built a “group-wide + market-wide” wealth finance platform to create value for both the Bank and its customers. It introduced seven wealth management companies to the platform, including BOC Wealth Management, Amundi BOC and CMB Wealth Management etc., and registered an increase of 75.30% in the balance of wealth management products for personal customers. It launched the “BOC Selection” brand and cooperated with 12 third parties such as BOCIM and Guohua Life. The Bank published the *BOC White Paper on Personal Banking Global Asset Allocation* for the fourth consecutive year and launched “BOC Investment Strategy”, a global investment advisory service system covering global stocks, bonds, currencies and commodities, and consisting of daily, weekly, monthly, quarterly and annual reports. It refreshed the visual branding of medium and high-end customer service brands such as “BOC Wealth Management” and “BOC Prestigious Wealth Management” in an effort to drive market competitiveness through brand influence. It developed six benefit areas (namely health care, study abroad/cross-border, ice and snow sports,

business travel, better life and member mart), improved its privilege benefit service platform and provided more than 170 privilege benefit services to meet the needs of customers in non-financial scenarios including clothing, food, accommodation, transportation, tourism, entertainment, learning and pensions. As at the end of 2021, the Bank had established 8,239 wealth management centres and 1,092 prestigious wealth management centres in the Chinese mainland. It was recognised as the “Best Bank in Wealth Management” by *CBN* and honoured as the “Most Influential Financial Brand — BOC Wealth Management” by *Caijing Magazine*.

Consumer Finance Business

In strict compliance with national policies, the Bank intensified its efforts to support residents’ consumption and serve the real economy. It conscientiously put in place concentration management requirements for residential mortgage loans, strived to meet the reasonable demands of those who sought loans for house purchase, and maintained reasonable and steady growth in its



residential mortgage business. Constantly advancing migration towards online mortgage loans, the Bank put into operation functions such as online order taking, online mortgage and online repayment. In addition, the Bank accelerated the development of its consumer loan business and targeted the needs of niche customer groups to build consumer loan brands such as “BOC E-Credit” and “Youth E-Credit”, thus enriching its consumer loan product system. Giving full play to its role as the only bank to provide government-sponsored loans to universities directly under the State Council and its institutions, it promoted the implementation of new policies on government-sponsored student loans. As at the end of 2021, the RMB personal loan balance of the Group’s commercial banks in the Chinese mainland totalled RMB5,461.645 billion, an increase of RMB482.431 billion or 9.69% compared with the prior year-end. Within this increase, the proportion of new non-housing loans to all new personal loans rose by 9.5 percentage points compared with the prior year.

In line with the service concept of “scenario-based customer acquisition and payment financing”, the Bank’s credit card business was fully integrated into its consumer finance scenarios. The Bank launched the “Family Consumption Reserve Fund” and supported large-amount consumption scenarios such as automobile purchase and home decoration through the “Head Office-headquarters” cooperation model. This model involves three product systems, namely automobile instalment, home decoration instalment and BOC E-instalment, which serves multiple scenarios, thus boosting consumption upgrading. As at the end of 2021, the Bank has now entered into “Head Office-headquarters” cooperation agreements with many automobile manufacturers and home decoration companies, covering more than 10,000 dealerships.

Private Banking Business

The Bank accelerated the development of its private banking business. Adhering to the philosophy of professional and innovation-driven development, it provided high-net-worth customers with professional, comprehensive and globalised financial services. As at the end of 2021, the Group had 147.3 thousand

private banking customers with RMB2.16 trillion of financial assets under management. Fully embracing the concept of asset allocation, the Bank deepened the research into global investment strategies and created a platform of private banking products held on consignment and drawn from all sections of the market. With a focus on the key customer group of entrepreneurs, the Bank researched and published the *Report on Value of Wealth for Founders of Chinese Listed Companies*. It made progress towards building its Asia-Pacific private banking platform and established an integrated service mechanism integrating corporate and personal business, domestic and overseas operations, and commercial banking and investment banking, thus forming a multi-layered private banking service system of “private banking + investment banking + commercial banking”. It further developed family trust services, improved insurance premium trust and charitable trust services, and established a family wealth management service ecosystem with the governance and inheritance of family enterprises at its core. The number of family trust service customers grew by 82% compared with the prior year-end. Moreover, the Bank further expanded the network of private banking centres in key cities by establishing 151 private banking centres in the Chinese mainland and rapidly cultivating teams of relationship managers, private bankers and investment advisors, thus continuously improving its professional private banking services. The Bank was awarded “Best National Private Bank in China” once again by *Asian Private Banker*, “Best private bank for international network” organised by *Asiamoney*, and “Stars of China-Best Private Bank” by *Global Finance*.

Personal Foreign Exchange Business

The Bank actively adapted to a changing market environment and shifting customer needs, consolidated its leading edge in cross-border finance and continued to optimise its personal foreign exchange services. As at the end of 2021, the personal foreign currency deposits of the Group’s commercial banking business in the Chinese mainland amounted to USD46.102 billion, representing the largest market share among peers. The Bank offered personal foreign currency deposit and withdrawal services in

25 currencies and personal foreign exchange services in 39 currencies, securing the leading position among peers. In addition, it promoted online processes for traditional business services and was the only bank in the industry to support the self-service conversion of foreign currencies into e-CNY. Its foreign exchange cash reservation service was available in major cities in the Chinese mainland and via multiple channels such as mobile banking, WeChat banking and online banking, and was integrated into external data interfaces such as China's online government affairs service platform, HUAWEI HarmonyOS and JieTrip APP. It made efforts to improve the micro-payment experience for visitors to China and realised the networked systems and unified operation and management of authorised foreign currency exchange hotels, thus effectively serving major events such as the Beijing 2022 Winter Olympics and CIIE.

Bank Card Business

As part of its digital transformation strategy, the Bank accelerated digital transformation and scenario building for its bank card business. It steadily pressed ahead with its debit card business and expanded scenario-based applications for mobile payment, thus continuing to improve customer experience. Leveraging its advantages in higher education institution services, the Bank made efforts to create a "Whole Education" scenario. It also enriched its integrated "online + offline" and "financial + non-financial" services, issued social security cards equipped with financial functions in cooperation with local Human Resources and Social Security Bureaux, and expanded the functions of electronic social security cards and medical insurance e-vouchers. As at the end of 2021, the Bank had cumulatively issued 116.4572 million physical social security cards and 8.2999 million electronic cards. It endeavoured to improve rail travel services and extended Railway e-Card coverage to 50 railway lines, including in such national strategic regions as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Hainan Free Trade Port, and serving over 3 million customers.

The Bank promoted brand building for the Olympic Games and snow and ice sports, and continued to bolster its market reputation as the official banking partner of both Winter and Summer Olympic Games. Leveraging its strengths as a Winter Olympics partner, the Bank issued and promoted Beijing 2022 Winter Olympics-themed debit card and credit card, provided offshore bank card acceptance services to cross-border customers. It also provided services for the construction of a card acceptance environment for the Beijing Zone and Zhangjiakou Zone of the Beijing 2022 Winter Olympics.

The Bank implemented an innovation strategy for green financial products, issued green and low-carbon digital credit cards and built a green and low-carbon bonus point system. It also established "Head Office to headquarters" cooperation agreements regarding automobile purchase instalments with a number of new-energy vehicle brands and jointly launched a preferential interest rate policy to boost the sales growth of new-energy vehicles. Moreover, the Bank further implemented the nation's rural revitalisation strategy and launched rural revitalisation-themed credit cards on a pilot basis. It put in place a policy of fee reduction and profit concession to benefit micro and small-sized businesses and private enterprises, and reduced debit card fees for standard merchants. In response to the nation's key regional development strategies, the Bank supported special marketing activities such as the CIIE and CICPE, as well as marketing activities related to the Chengdu-Chongqing economic circle, the Yangtze River Delta and the Greater Bay Area business district. Integrating high-frequency small-amount transaction scenarios into the "BOC Benefit Day" brand, the Bank continuously carried out the "Thousand Stores in a Hundred Cities" campaign, covering livelihood consumption sectors including restaurants, department stores, convenience stores, petrol, public transportation and subways. Adhering to the principle of high-quality development, the Bank focused on increasing the activity rate of new customers and promoting the improvement of credit card asset quality.

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The Bank's bank card issuance and transaction volumes as at the end of 2021 are set forth below:

Unit: million cards/RMB billion, except percentages			
Items	As at 31 December 2021	As at 31 December 2020	Change (%)
Cumulative number of debit cards	621.0535	594.2693	4.51%
Cumulative number of credit cards	135.0722	131.7439	2.53%
Cumulative number of social security cards with financial functions	116.4572	111.5483	4.40%
Balance of credit card loans	496.299	488.086	1.68%
	2021	2020	Change (%)
Transaction amount of debit cards	9,262.792	8,031.941	15.32%
Transaction amount of credit cards	1,562.469	1,639.427	(4.69%)
Instalments volume of credit cards	358.240	363.798	(1.53%)

Digital Transformation of Personal Banking

The Bank coordinated and promoted the digitalisation of the front, middle and back offices of its personal banking business so as to empower high-quality development. It built an agile front office, improved its integrated and collaborative channel management and enhanced its open and shared scenario ecosystem capabilities. In 2021, the volume of the Bank's mobile banking transactions reached RMB39.38 trillion, up 22.00% compared with the prior year. The number of non-financial mobile banking scenarios totalled 612, and the number of monthly active mobile banking customers stood at 71.04 million. The Bank created a smart middle office to develop its capabilities in accurate customer insight, full-process digital marketing, specialised products and services, and in-depth data asset mining and application. The Bank created an efficient back office to build efficient intelligent operational capabilities and intelligent internal control and risk management capabilities. In 2021, the "Cyber Defence" smart risk control and prevention system monitored 7.69 billion transactions through online channels, up 24.1% year-on-year. As at the end of 2021, the number of customers using mobile banking-oriented digitalised authorisation tools reached 20.20 million, up 66.94% from the end of the prior year. By comprehensively enhancing the digital capabilities of its personal banking business, the Bank embedded a digital "DNA" into all products, processes, sectors and business lines.

Emphasising reform of organisational structure, the Bank continued to deepen the digitalisation process of its personal banking business, implementing hundreds of phased measures to comprehensively enhance the digital capabilities of various business areas. It also developed an indicator system to quantify the progress of digital transformation across all aspects of its personal banking business. During the year, it was recognised as "2021 Most Influential Digitalised Bank" by *Caijing Magazine*.

Financial Markets Business

The Bank actively aligned itself with trends towards the two-way opening-up of financial markets, national strategies and the development direction of the real economy, it continuously improved its business structure and stepped-up efforts to ensure compliance with regulatory requirements, thus maintaining its leading position in financial markets business.

Securities Investment

By strengthening its forecasting and analysis regarding the macroeconomic situation and market interest rates, the Bank proactively seized market opportunities and dynamically adjusted its investment portfolio in a bid to mitigate risk. It supported the development of the real economy and actively participated in local government bond investments. Following trends in global bond markets, the Bank optimised its foreign

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currency bond investment portfolio. Moreover, it supported the development of green finance and led the market in terms of investment volume of green debt financing instruments.

Trading

The Bank continuously improved its financial markets business systems, consolidated its business development foundations and enhanced its comprehensive customer service capabilities. It outperformed peers in terms of market share of foreign currency exchange against RMB by providing 40 currency pairs available for exchange, as well as launching interbank regional trading for the Indonesian Rupiah. It also led the domestic market in terms of the total number of tradable foreign currencies. To fulfil the hedging needs of the real economy, the Bank actively improved its FX risk management services and used financial market trading instruments to help enterprises enhance their risk management. It also improved its online service capabilities to make customer transactions more convenient, achieving rapid growth in online corporate transaction volumes and customer scale. Seizing opportunities arising from the two-way opening-up of financial markets and relying on a multi-tier service system integrating trading, sales and research, the Bank took steps to expand its overseas institutional investor customer base and provide high-quality trading services for domestic bonds and derivatives. It pressed ahead with the implementation of the infrastructure connections to the Bond Connect (Southbound) programme, with related trading volumes leading the market. It also strengthened its quantitative trading capacity, pushed forward the building of its quantitative trading platform and refined its quantitative strategy. Closely tracking the reform of international benchmark interest rates, the Bank promoted hedging transactions that adopt the new benchmark interest rates and undertook several of the first transactions adopting new benchmark interest rates in domestic markets. It also improved infrastructure construction, strengthened risk control capability, and implemented mandatory initial margins. Furthermore, the Bank fully implemented the FX

conduct code, continuously aligned trading business towards best practices and took the lead in finishing liquidity provider disclosure in FX market as guided by FX Global Code with peer banks in the Chinese mainland, under the coordination of China Foreign Exchange Committee.

Investment Banking

Fully leveraging the advantages arising from its globalised operations and diversified business platform, the Bank followed its mission to serve the real economy and provided its clients with comprehensive, professional, and customised “onshore + offshore” and “financing + intelligence” integrated financial services plans, including financial products and services such as bond underwriting and distribution, asset-backed securitisation (ABS), and professional financial advisory services, etc. To facilitate the development of China’s multi-layered capital markets and support customers in their direct financing, the Bank underwrote bonds in the China interbank market of a total amount of RMB1,608.947 billion. It actively supported green finance, as shown by the Bank’s dominant position in both onshore and offshore green bond underwriting. It underwrote pioneering green deals including the first batch of carbon-neutral bonds and sustainability-linked bonds, the first sovereign green Panda bond, and the first local government offshore green RMB bond. It strongly boosted its underwriting business for financial institutions, with its financial bond underwriting amount and market share continuing to lead the market. The Bank further built its competitiveness in cross-border underwriting business. It helped Hungary, Asian Development Bank and other overseas issuers to issue Panda bonds and maintained the largest market share in Panda bond underwriting. Acting as the lead underwriter and bookrunner, the Bank assisted the MOF in successfully issuing USD and EUR sovereign bonds, totalling USD8.5 billion equivalent. These issuances further improved the yield curve of foreign currency-denominated sovereign bonds and strengthened international investors’ confidence in China’s economy. The Bank maintained the largest market share in China’s offshore bond

underwriting. It also helped to deepen the two-way opening up of financial markets. It participated in the launch of Southbound trading under Bond Connect and the inaugural issuance of the Yulan bonds, thus contributing to the building of both domestic and international market infrastructure. It held a leading market share in terms of asset-backed securitisation underwriting business in the interbank market, while its sales volume of NAFMII credit bonds continued to rank first among peers. The Bank was awarded “China Bond House” by *IFR Asia*; “Best Bank for Domestic Debt Capital Markets”, “Best Green Bond Bank”, and “Best Domestic Bank for Securitisation” by *Asiamoney*; “Best Bond Adviser — Global” by *The Asset*; “Best Debt House — Asia” by *FinanceAsia*, and “Best Panda Bond House” by *GlobalCapital China*. In this way, the brand influence of “BOC Debt Capital Markets” was continuously enhanced.

The Bank actively promoted asset-backed securitisation business, optimised assets structure, issuing 11 credit asset-backed securitisations during the year, including 5 residential mortgage-backed securities (RMBS) transactions with a total issuance volume of RMB46.442 billion and 6 NPL transactions with a total issuance volume of RMB3.476 billion.

The Bank continued to build its professional financial advisory service system and strengthened the group-level coordination. It provided clients with professional advisory services such as M&A, debt restructuring, divestitures, equity financing and project financing. It served clients including central state-owned enterprises, local state-owned enterprises and private enterprises in relation to several major acquisitions and project financing.

Asset Management

Giving full play to the advantages arising from its globalised operations and comprehensive business platform, the Bank seized market opportunities brought by the continuous increase of residents' wealth and accelerated the establishment of a first-class asset management business. With the aim of serving the real economy and preserving and

appreciating residents' wealth, the Bank effectively connected investment and financing, actively served areas including green finance, cross-border finance, wealth finance and so on. The Bank continuously accelerated the issuance of various special themed innovative products, enriched its themed product systems such as green, technology and cross-border. Its cross-border wealth management products led the industry in terms of scale.

The Bank strictly followed the new regulations on asset management and other regulatory requirements to advance the rectification of existing wealth management products, completing the aforesaid rectification at the end of 2021.

The Asset Management Committee of the Bank is responsible for the top-level design and overall management of the asset management business line. The Bank carried out asset management business through BOC Wealth Management, BOCIM, BOCI China, BOC Asset Investment, BOC Hong Kong Asset Management, BOC International Prudential, its Luxembourg Branch and other institutions, providing individual and institutional investors with access to local and foreign currency products with a comprehensive range of asset classes, diversified investment strategies and complete investment cycle. The Bank's business scale and market share continued to grow. At the end of 2021, the Bank's AUM reached RMB3.2 trillion, of which BOC Wealth Management's AUM was RMB1.71 trillion, an increase of 23.17% over the beginning of the year. The market influence of the Bank's asset management business also improved. During the year, BOC Wealth Management received the Golden Bull Award from *China Securities Journal*, the Golden Reputation Award from PYSTANDARD, and Best Asset Management Company for Responsible Investment from Sina Finance. BOCI China received Junding Award for Fixed-income Asset Management Team, Junding Award for Fixed-income Asset Management Plan in China from Securities Times. BOCHK AM was awarded Best RMB Manager, Best CNY Bonds, Offshore (5 Years) by Asia Asset Management. BOC International Prudential received Awards of Excellence — ETF Management from *Hong*

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Kong Economic Journal and Best Pension Fund over 3 Years from Refinitiv Lipper Fund Awards Hong Kong.

Custody Business

Adhering to the principles of serving the real economy and enhancing value creation, the Bank continued to promote the comprehensive and high-quality development of its custody business with a focus on achieving breakthroughs in key areas. As at the end of 2021, total assets of the Group's custody business amounted to RMB15.23 trillion, an increase of 29.22% year-on-year. The scale and income of its custody business continuously increased, and its market share improved. The Bank achieved a leading growth rate among major Chinese peers in terms of the size of mutual funds under custody and ranked among the top in the industry in terms of the number and size of newly-issued mutual funds under custody. It supported the multi-tier social security system and provided services for key pension security custody projects, including the first batch of pilot projects for pension finance products. The Bank provided custody services and support for green bond issuance funds, green industry funds and green asset-backed security (ABS) products, and served as the custody bank for the first carbon-neutral mutual fund in the market. It continuously worked to refine the operation and service quality of its custody business, enhance its comprehensive risk management system, and improved its service capabilities for innovative businesses.

Village Bank

As an important platform for implementing inclusive finance and the rural revitalisation strategy, BOC Fullerton Community Bank is committed to providing modern financial services to county-level micro and small-sized enterprises, individual merchants, wage earners and farmers with the aim of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities". As at the end of 2021, BOC Fullerton Community Bank controlled 124 village banks with 185 sub-branches, making it the largest domestic

village bank group in terms of total institutions. Its registered capital amounted to RMB8.618 billion, with total assets and net assets standing at RMB98.317 billion and RMB13.825 billion respectively. In 2021, BOC Fullerton Community Bank achieved a profit for the year of RMB990 million.

BOC Fullerton Community Bank continuously improved its product and service system, further expanding its customer base and business scale. As at the end of 2021, the balances of total deposits and loans of its banks stood at RMB54.557 billion and RMB69.239 billion respectively, an increase of 17.11% and 25.50% compared with the prior year-end. BOC Fullerton Community Bank also set up and optimised a comprehensive risk management system for business lines that support farmers and small-sized enterprises, thus maintaining good asset quality. The NPL ratio was 1.30%, and the ratio of allowance for loan impairment losses to NPLs was 261.78%. With a focus on rural industry development, rural infrastructure construction, improvement to living environments and other key areas, BOC Fullerton Community Bank actively provided support for specialised cooperatives, family farms, large specialised households and other new business entities. In addition, it recorded notable achievements in using digital means to upgrade its services in order to unblock "last mile" barriers to delivering county-level financial services. For its "credit under village-by-village promotion" service, it successfully automated the whole process of approval, contracting and disbursement, as well as integrating the post-lending function into its digitally-enabled whole-process mobile business platform. Mobile handling across the whole process, from customer visits to application for deposits and loans, was realised for all business scenarios.

BOC Fullerton Community Bank pushed forward with equity integration, enhancing its intensive and specialised operations. In November 2021, CBIRC Hebei Office approved a private placement plan of BOC Fullerton Community Bank Co., Ltd., a rural investment management bank. The Bank was thus approved to increase the capital of BOC Fullerton Community Bank

Co., Ltd. by RMB9.332 billion, using its own funds and the equity it holds in 126 rural banks.

BOC Fullerton Community Bank won a number of awards and honours during the year, including the “People’s Inventive Service Award”, “Outstanding Contribution Award for Supporting Rural Revitalisation”, “Excellent Case of Financial Services for Micro, Small and Medium-sized Enterprises” and “Demonstration Institution for Rural Revitalisation with Excellent Competitiveness”, etc.

Globalised Operation

As the most globalised Chinese bank, the Bank solidly pushed forward its globalised operations and continually improved its global services and global management capabilities. It actively served China’s new development pattern and the national strategy of higher standard opening-up, tapped into business opportunities and helped to smooth flows in the domestic economy and promote positive interplay between domestic and international circulation that complement each other. Through cross-border collaboration and coordination, the Bank better served two-way investment, pushed forward high-quality “Bringing In” and high-level “Going Global”, and continuously realised value creation. As at the end of 2021, the Bank’s overseas commercial banking business realised customer deposits and loans of USD501.325 billion and USD423.937 billion respectively, an increase of 3.34% and 3.96% from the prior year-end. In 2021, the Bank’s overseas commercial banking business achieved a profit before income tax of USD7.124 billion, accounting for 16.60% of the Group’s total profit before income tax.

The Bank continued to optimise its global network and further enhanced its capability to provide globalised services to customers. As at the end of 2021, the Bank had 550 overseas institutions covering 62 countries and regions, including 41 countries under the Belt and Road initiative. In October 2021, BOC Geneva Branch officially launched operations.

The Bank continued to optimise its overseas network management architecture and operating

mechanism, pressed forward with the management and construction of overseas regional headquarters in regions such as Southeast Asia and Europe, Middle East and Africa (EMEA), and at the same time promoted the operational streamlining of its business lines. It continued to implement the categorisation of its branches and subsidiaries outside the Chinese mainland, and developed market-by-market strategies for its overseas operations. This differentiation approach enables our overseas institutions to gain a stronger footing to pursue differentiated growth, generate greater synergy among our global presence, and continue to sharpen our competitiveness in the global markets.



Corporate Banking

Keeping a close eye on market changes, the Bank strengthened its risk management, took effective measures in line with local conditions, and gave full play to its advantages in globalised operations to actively serve “Bringing In” and “Going Global” customers, World Top 500 and local corporate customers. The Bank fully utilised syndicated loans, M&A financing, project financing and other advantageous products to support key areas and projects such as infrastructure construction, green industries and international production capacity cooperation, and continued to promote the high-quality development of Belt and Road initiative, and promoted positive interplay between domestic and international circulation through high-quality, efficient, personalised and comprehensive financial services. As a result, overseas corporate deposits and loans maintained stable growth and the Bank’s industry and customer structure continuously improved.

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The Bank focused on the bilateral trade business and related customers, and gave full play to its unique advantages in both domestic and foreign markets to mobilise the domestic and overseas resources of the Group, thus achieving steady growth in overseas international settlement and trade finance business and improving its global strategic synergies and the quality and effectiveness of its customer services. It continuously improved the overseas functions of cash management, and better leveraged the advantages of global cash management products, to provide cross-border centralised fund management services for multinational enterprises. It further enhanced its integrated services, with the global cash management services reaching 35 countries and regions.

In line with the global trend of attaching great importance to environmental, social, governance (ESG) and the rapid development of green industries, the Bank explored business opportunities contained in the infrastructure investment and transformation needs in the process of realising the “carbon peaking and carbon neutrality” goal, and promoted the green transformation of business.

Giving full play to the role of “attracting intelligence”, the Bank focused on scientific and technological achievements to meet people’s needs for a better life and improve people’s living standards and quality. By means of SME matchmaking, the Bank introduced overseas mature and replicable experience, practices or models to build a bridge for cross-border intellectual financing.

Personal Banking

The Bank continued to leverage its advantages in globalised operations and expanded its business to cover over 6 million customers in more than 30 countries and regions. It continued to improve its overseas service system for personal customers, providing customers with more comprehensive services such as account management, settlement and electronic channels. It offered wealth management and private banking services in Hong Kong (China), Macao (China) and Singapore. It gave full play to

the characteristics of its cross-border services and consolidated the development of its personal banking business in key regions. It built the “Three-in-One” cross-border platform, launched the “BOC Cross-border Services” app, upgraded the cross-border section of its mobile banking service and launched the “BOC Compass” WeChat applet to strengthen the foundations of its cross-border financial services. The Bank continuously pushed forward product innovation and process optimisation, and continued to refine functions such as online foreign exchange purchase and remittance for studying abroad, self-service exchange machines, foreign exchange cash reservation and collection of foreign currency reservation. Through scenario-based financial services ecosystem of cross-border facilitation, it provided one-stop information and financial services for students studying abroad, travellers and non-resident customers. Seizing emerging business opportunities, the Bank accelerated growth in personal customers with trade and capital accounts, including for China’s market procurement trade pilot programme and H-Share full circulation. Fully leveraging the brand advantages of its cross-border business, the Bank placed emphasis on maintaining customer segments such as cross-border online shoppers and students studying abroad, and continuously carried out “Global Wonderful” credit card cross-border themed marketing activities, with its cross-border market share increasing compared with the prior year-end. It focused on key areas and continued to improve its featured cross-border service system in the Guangdong-Hong Kong-Macao Greater Bay Area. As at the end of 2021, the Bank opened over a total of 167 thousand accounts via its “Greater Bay Area Account Opening” service in the region, and a total of 13 thousand customers were contracted for Northbound and Southbound trading under the Bond Connect programme. The “Macao Cross-border Wallet” marketing campaign was launched to ensure a stable acceptance environment for merchants and provide users with a good payment experience.

Meeting the needs of overseas customers for personal loans and card usage, the Bank’s overseas commercial banking operations achieved healthy, sound and

regulated development in the personal loan business and realised solid growth despite the continued spread of COVID-19, tightening regulatory environments and intensified market competition. The Macau Branch developed and launched the BOC Jinsha Fashion co-branded credit card, and the Singapore Branch upgraded its credit card business by launching a convenient bill payment function.

The Bank made solid efforts to advance the development of overseas wealth management and private banking, and sped up the building of its global “Private Banking”, “BOC Prestigious Wealth Management” and “BOC Wealth Management” brands. Based on the development pattern of “One Mainstay, Two Engines”, it made concerted efforts to promote its Asia-Pacific private banking platform and established an integrated service mechanism linking corporate and personal business, domestic and overseas operations, and commercial banking and investment banking, forming a multi-layered private banking service system of “private banking + investment banking + commercial banking”. During the year, it was recognised as “Best Private Bank for International Network” organised by *Asiamoney*.



Financial Markets Business

The Bank actively carried out bond investment business while steadily improving the global integrated management of its investment operations and strengthened risk control. The Bank took full advantage of its globalised operations to provide stable and continuous quotation services worldwide and steadily improved its global service capabilities. The Bank continued to provide RMB market making and quotation services in Singapore, South Korea, Kazakhstan, Russia and other countries as well as Taiwan (China) and other regions, in a bid to facilitate the internationalisation of RMB. It consolidated the advantages of its globally integrated trading business and strengthened capacity building in its overseas trading centres. The Hong Kong Offshore RMB Trading Centre continued to improve its market-making and operational capabilities. The London Trading Centre implemented centralised trading operations to strengthen business support for the Bank's institutions in Europe and Africa.

In 2021, the Bank underwrote Panda bonds with a total volume of RMB27.251 billion, representing a market share of 31.82% and ranking first in the market. It underwrote offshore China bonds with a total volume of USD9.095 billion and a market share of 5.39%, also ranking first in the market. In addition, it underwrote USD11.309 billion of Asia (excluding Japan) G3 currency bonds, achieving a market share of 2.78% and ranking first among Chinese banks.

The Bank continued to take the lead among Chinese peers in terms of cross-border custody business, with its cross-border custody assets ranking first among Chinese banks. Being one of the first three pilot banks participating in Southbound trading under the Bond Connect programme, the Bank actively provided custody services for domestic investors investing in overseas bond markets.

Clearing Business

The Bank continuously improved its cross-border RMB clearing capabilities and strongly promoted the cross-border application of RMB, thus further consolidating its leading edge in international payments. As at the end of 2021, the Bank accounted for 13 of the world's 27 authorised RMB clearing banks, continuing to lead its peers. It provided continuous support to expand the global coverage of RMB CIPS and ranked first in terms of the number of CIPS direct participants and indirect participants. In 2021, the Group's cross-border RMB clearing transactions totalled RMB632 trillion, an increase of more than 34% compared with the prior year, maintaining the leading position in the global market.

Digital Transformation and Online Service Channels

The Bank continuously increased its IT investment in overseas institutions, devoted solid efforts to infrastructure upgrading and renovation, and pushed forward the function optimisation and product promotion of its overseas systems, so as to meet local business needs and adapt to regulatory requirements related to new business patterns such as open banking and Payment Service Directive 2 (PSD2).

The Bank accelerated digital transformation, emphasised on customer experience improvement and online business process rebuilding, and improved its product and service systems. The Bank further consolidated its leading position among Chinese banks in overseas corporate online banking services, covering 51 countries and regions, with 15 languages available including Chinese, English, Korean, Japanese, German, French and Russian.

The Bank strived to build its technology-enabled platform and accelerated iteration and upgrading. Based on its Global Service Platform (GSP), the Bank upgraded and improved functions related to customer marketing and product management and developed a unified platform for group customer management,

single customer management, marketing management and performance management. It improved the post-lending management platform for corporate banking, developed a mobile version, and enhanced online, process-oriented, standardised and intelligent post-lending management. It also optimised the risk warning system and quantitative scoring system for potential risks to improve the hit rate and accuracy of risk early warning.

The Bank strengthened the development of mobile finance, providing services covering 30 countries and regions and available in 12 languages. It enhanced overseas personal mobile banking and continued to iterate and upgrade service functions to improve customer experience. In addition, the Bank launched mobile banking services in Panama, Luxembourg, the Netherlands, Belgium, Portugal, Sweden and other countries. It optimised public mechanisms, further enriched online channel services, and rolled out new services such as password-free small-amount transfer, online application for online banking and mobile banking, online activation and loss reporting for credit cards, online change of debit card passwords, and online reminders of document expiration, thus improving customer experience in an all-round way.

Measures for Business Continuity

Faced with the COVID-19 pandemic, the Bank established the steering group mechanism for business continuity management and implemented the business continuity management requirement, ensuring business continuity. It enhanced the building of basic systems and drew business continuity plan and contingency plan. It also strengthened the construction of supporting function that features high risk level and wide range of influence. Fully leveraging the advantages of its globalised services, the Bank enhanced the online service capability of its overseas institutions with the help of mobile banking. It built a global trading network according to product line and time zone, instituting backup facilities in Beijing, Shanghai, Hong Kong, London and New York to ensure business continuity.

BOCHK

Against the backdrop of a complex and challenging market situation, BOCHK remained focused on high-quality development by strengthening execution of its strategic plans and leveraging its regional synergies. It fostered ESG concepts and promoted the development of green finance. BOCHK optimised its regional integrated business system and upgraded the service capabilities of its Southeast Asian entities. It strengthened its integrated financial service capabilities in order to further develop its core market in Hong Kong, while vigorously capturing market opportunities arising from the financial policies of the Guangdong-Hong Kong-Macao Greater Bay Area and reinforcing its competitive edge in cross-border services. By deepening digital empowerment, BOCHK optimised its risk management and regulatory compliance mechanisms and increased the application of FinTech in its products and services. As at the end of 2021, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,639.430 billion and net assets reached HKD327.461 billion. Its profit for the year was HKD24.999 billion.

BOCHK fostered ESG concepts and actively promoted green finance. Adhering to the concept of sustainable development, BOCHK enriched its green financial products and services suite, pushed forward low-carbon and highly efficient operations, and capitalised on its reputation as a pioneering bank in sustainable development. In line with the market and client trends towards low-carbon transition, BOCHK actively promoted green finance by launching Hong Kong's first green mortgage plan with a large real estate company, offering its corporate clients green bonds, green loans, green consulting and certification services, and supporting green and low-carbon retail spending, with the aim of meeting customers' financial needs for business transformation towards low-carbon and sustainable development. It also launched the BOCHK All Weather ESG Multi-Asset Fund, its first ESG fund to be authorised by Hong

Kong's Securities and Futures Commission, and successfully issued "sustainable and smart living" themed green bonds. BOCHK has been a constituent of the Hang Seng Corporate Sustainability Index Series for 11 consecutive years and was named "Best Bank for CSR in Hong Kong" by *Asiamoney* for the third consecutive year.

BOCHK pushed forward integration and collaboration, giving full play to its regional synergies in Southeast Asia. Striving to continuously enhance its product innovation, customer acquisition, business promotion and technological capabilities in the Southeast Asian region, BOCHK enhanced its role as a regional headquarters for management, deepened intra-group collaboration and implemented market-by-market strategies according to the local conditions of each of its Southeast Asian entities. In addition, it actively arranged or participated in a number of syndicated loan projects in the Southeast Asian region. BOCHK remained committed to enhancing digital channel functions and online financial product innovation. It achieved full coverage of its personal mobile banking across Southeast Asia while gradually rolling out a number of other digital services in the region, including its intelligent Global Transaction Banking (iGTB) Platform, Enterprise Resources Planning Integration service, BoC Bill and the FXall Digital Transaction Platform. Bank of China (Thai) Public Company Limited received the "2021 Best of Cross Border Business Services Award" in Thailand. Bank of China (Malaysia) Berhad successfully launched the FXall Digital Transaction Platform, introduced "eWealth Banking", the first mobile application in the local market to provide one-stop investment and wealth management services, and launched the e-Pocket remote account opening service via mobile banking. Meanwhile, BOCHK Jakarta Branch successfully initiated services under the bilateral local currency settlement (LCS) agreement between China and Indonesia, outperforming market peers in terms of the value of RMB/IDR exchange transactions handled, and continuing to rank first among all foreign banks in Indonesia. BOCHK Phnom Penh Branch launched a

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Wealth Management service, enabling mutual brand recognition across regions and countries including Hong Kong (China), Malaysia and Cambodia. Adhering to stringent risk management, BOCHK closely monitored changes in its asset quality so as to enhance its risk management capabilities in credit risk, market risk, interest rate risk and liquidity risk. In 2021, BOCHK's Southeast Asian entities registered solid growth, recording a steady increase in customer deposits and loans and maintaining benign asset quality.

BOCHK actively explored opportunities in its domestic market of Hong Kong and met a full range of customer needs. The growth of BOCHK's total customer deposits and loans was above the market average, and the asset quality of its loan portfolio outperformed local peers in Hong Kong. It continued to enhance internal and external collaboration to provide support to major projects and maintained its top market share in the Hong Kong-Macao syndicated loan market. Seizing opportunities arising from the secondary listing of China concept stocks and the development of capital markets, BOCHK retained its top market position as an IPO receiving bank. It also upgraded its Home Expert mobile application with functional enhancements, which helped BOCHK to capture direct mortgage business opportunities and maintain its top market position in terms of the total number of new mortgage loans. In addition, it expanded its cash management, trade finance and treasury businesses, and secured market leadership in the cash pooling business. BOCHK continued to promote its premium Private Wealth service to high-end customers, featuring online services for investment and insurance alongside its RM Chat services. As a result, it recorded significant year-on-year growth in the related number of customers and amount of assets under management. It also revamped the image of its Wealth Management service by injecting vitality and digital elements, thus providing customers with a more diversified experience.

BOCHK deepened collaboration across key areas and reinforced its competitive edge in cross-border

services. Seizing opportunities from financial policies relating to cross-border RMB services, BOCHK proactively engaged in the development of major regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Beijing-Tianjin-Hebei region, with a view to fulfilling the cross-border financial needs of technology and innovation companies by offering them diversified products and services. BOCHK made solid progress in promoting mutual financial market access. It successfully launched Southbound trading under Bond Connect and Cross-Boundary Wealth Management Connect services, with the trading volume of both ranking among the top tier in Hong Kong. It continuously optimised the cross-border customer service experience, including that of the "Greater Bay Area Account Opening Service" and "Personal Loan" mortgage service, promoted the Bay Area Social Security Service and introduced "GBA Youth Card", offering integrated service solutions to meet personal customers' needs for wealth management, investment and spending as well as other cross-border financial services. It optimised the coordination and management mechanism of its RMB business and established a cross-departmental on-demand RMB working unit. By applying an agile working methodology, its new product development and marketing achieved concrete results. Focusing on its key corporate customers, business segments and regions, BOCHK actively explored business opportunities, with its RMB deposits and loans recording steady growth. Leveraging its strong franchise as Hong Kong's RMB clearing bank, BOCHK contributed to the refinement of cross-border financial infrastructure and enhanced the quality and efficiency of its clearing service, with the aim of proactively supporting and cultivating the offshore RMB market. BOCHK launched a number of products and services denominated in RMB, including a CNH PBoC bills repo service, green deposits and loans, and the ESG Multi-Asset Fund. It continuously promoted RMB business in the Southeast Asian region, with both Bank of China (Malaysia) Berhad and BOCHK Manila

Branch being granted direct participant qualification by the CIPS, BOCHK Manila Branch officially launching its RMB clearing bank service, and BOCHK Brunei Branch successfully introducing its RMB cross-border salary direct remittance service, thus achieving steady development in its regional RMB business.

BOCHK deepened digital empowerment and expanded financial services outreach. With a view to improving customer experience in a comprehensive manner, BOCHK closely monitored market trends and empowered its businesses through digital transformation, drawing on digital, intelligent and ecological support. It expanded the reach of its financial services by actively promoting open banking and strengthening scenario-based applications of FinTech innovations. BOCHK accelerated the expansion of intelligent technology applications, thereby reducing processing times, enhancing employee productivity and improving operational efficiency. It constantly refined the building blocks of its database, further strengthening its risk control capabilities in intelligent anti-fraud and anti-money laundering. BOCHK also continuously optimised its agile working methodology and fostered digital talent, with a view to building a full-scale digital bank.

During the year, BOCHK was named “Bank of the Year in Hong Kong” by *The Banker*; “Strongest Bank in Hong Kong and Asia Pacific”, “Best Transaction Bank in Hong Kong” and “Best Cash Management Bank in Hong Kong” by *The Asian Banker*; “Most Outstanding Company in Hong Kong — Banking Sector”, “Hong Kong’s Best Digital Bank 2021” and “Best Chinese Bank for the Greater Bay Area” by *Asiamoney*; and “Hong Kong Domestic Cash Management Bank of the Year”, “Hong Kong Domestic Trade Finance Bank of the Year” and “Hong Kong Domestic RMB Internationalisation Initiative of the Year” by *Asian Banking & Finance*, as well as receiving the “Best SME’s Partner Award” from the Hong Kong General Chamber of Small and Medium Business.

(Please refer to the results report of BOCHK for a full review of BOCHK’s business performance and related information.)

Comprehensive Operation

The Bank implemented national strategies and supported the development of the real economy through high-quality integrated financial services. It remained committed to sharpening the Group’s differentiated advantages based on its integrated operations and serving as a driver of value creation, functional innovation and mechanism exploration for the Group.

The Bank actively explored and strengthened the synergistic mechanism between the Bank and its comprehensive operation companies, promoted new modes of integrated synergy and set up integrated operation and synergy offices in ten key areas. Leveraging its advantages in integrated operations, the Bank carried out marketing focused on the “Eight Priority Areas for Enhancing Financial Services Capabilities” and enhanced the brand influence of the Group’s integrated financial services by implementing several prestigious projects such as the IPO of Zhengyuan Geomatics Group Co., Ltd. on the Science and Technology Innovation Board of the SSE, mixed ownership reform of China Baowu Steel Group Co., Ltd., and Series A funding of SVOLT.

The Bank continuously improved the group-wide management and control mechanism of its integrated operations, strengthened the comprehensive development of a “strong headquarters”, drew up special plans for integrated development and optimised its performance evaluation mechanism. It pressed ahead with the building of its comprehensive risk management system, improved the audit management mechanism of its integrated operations, and advanced relevant digital transformation. Furthermore, the Bank refined its corporate governance structure and improved the quality and efficiency of its corporate governance.

Investment Banking Business

BOCI

The Bank is engaged in investment banking business through BOCI. As at the end of 2021, BOCI had an issued share capital of HKD3.539 billion, total

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assets of HKD96.875 billion, and net assets of HKD22.658 billion. In 2021, BOCI realised a profit for the year of HKD1.489 billion.

BOCI consolidated its advantages in traditional investment banking and accelerated the development of wealth management and asset management business. It refined its risk management system to support business innovation, and fostered the new development pattern in which domestic and international circulations reinforce each other through its activities in equity and bond financing, cross-border wealth management, M&A, asset management, ESOP and global commodities. BOCI enhanced its globalised and integrated investment banking capabilities and assisted with the secondary or dual listing of a number of China concept stocks in Hong Kong. It participated in the issuance of Saudi Aramco's first USD sukuk and was the only Chinese investment bank to participate in the issuance of Pakistan's overseas USD sovereign bond. BOCI acted as the joint sell-side financial advisor to Kerry Properties in relation to the partial offer made by S.F. Holding for a stake in Kerry Logistics, supported Cathay Pacific in selling convertible bonds related to its corporate restructuring, and participated in the issuance of several Chinese institutions' overseas green bonds. It optimised its cross-border wealth management service, enhanced its mobile securities services, pushed forward the digital transformation of its securities services, and promoted artificial intelligent driven investment advisory services and other FinTech applications. As a result, the brokerage business and the trading volume of over-the-counter equity derivatives maintained steady performance. The "BOCI Greater Bay Area Leaders Index" continued to outperform its peers. BOCI continued to improve its asset management capabilities by developing and promoting ESG indices and asset management products. BOCI-Prudential Asset Management Limited, a subsidiary of BOCI, maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund (MPF) and Macao Pension Fund businesses. Eleven eligible funds under the Cross-boundary Wealth Management Connect scheme have been listed on the product platforms of the first batch of Hong Kong banks authorised to carry out Cross-

boundary Wealth Management Connect business in the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, BOCI accelerated development of its global commodity centre. It proactively facilitated the internationalisation of the onshore commodities futures market, and assisted Shanghai International Energy Exchange in promoting its crude oil products and futures.

BOCI was again awarded "Best DCM House (Hong Kong — Chinese Financial Institutions)" in the 2021 Country Awards and "Best Debt House, Asia" in the 2021 Achievement Awards organised by *FinanceAsia*. It was also recognised as "2021 Best Private Bank for HNWIs Hong Kong" by *The Asset* and received the "Awards of Excellence — ETF Management" in the 2021 Financial Services Awards of Excellence organised by *Hong Kong Economic Journal*. In addition, BOCI's mixed-asset HKD balanced MPF was awarded "Best Pension Fund over 3 Years" in the 2021 Refinitiv Lipper Fund Awards Hong Kong.

BOCI China

BOCI China is engaged in securities-related business in the Chinese mainland. As at the end of 2021, the registered capital was RMB2.778 billion.

BOCI China promoted business transformation through technological empowerment and refined its comprehensive wealth management service process with a focus on serving the wealth management needs of individual customers, constructing a customer-centric product system, and improving the service capability of its investment advisors. Deepening its synergistic advantages of "investment banking + commercial banking", "investment banking + investment" and "domestic + overseas", and targeting key clients and key industries, BOCI China drew up blueprints for technology finance, green finance, rural revitalisation and other national strategic areas, achieving breakthroughs in terms of "pioneering deals" in those areas and shifting its investment banking business focus towards transaction-driven comprehensive financial services. It further improved its customer service capabilities,

shifting its asset management business focus towards active management services. In addition, the brand reputation of its research products was further enhanced. BOCI China ranked 12th for bond lead underwriting volume (excluding local government bonds), as well as 3rd and 14th for assets under management and net income respectively, highlighting its continuously increasing market influence.

BOCI China received numerous awards from authoritative media, such as “Best Local Investment Bank”, “Best Bond Underwriting Investment Bank”, “Best IPO Project” and “Most Creative Project” from *New Fortune* for its investment banking business; “Junding Award for Fixed-income Asset Management Team in China”, “Junding Award for ABS Asset Management Team in China” and “Junding Award for Fixed-income Asset Management Plan in China” from *Securities Times*, and “Best ABS Asset Management Securities Company” and “Best Innovative Asset Management Product of Securities Companies” from *China Fund* for its asset management business, as well as the “Most Progressed Research Institution” in the Crystal Ball Awards for sell-side analysts for its research and sales business, among others.

(Please refer to the results report of BOCI China for a full review of BOCI China's business performance and related information)

Asset Management Business

BOCIM

The Bank is engaged in fund management business in the Chinese mainland through BOCIM. As at the end of 2021, BOCIM's registered capital amounted to RMB100 million, its total assets stood at RMB5.579 billion and its net assets totalled RMB4.309 billion. In 2021, its profit for the year reached RMB1.026 billion.

BOCIM steadily expanded its asset management business, continuously improved its profitability, maintained sound risk management, constantly improved its brand and market reputation, and further enhanced its comprehensive strengths.

BOCIM expanded its business and focused on the field of green finance, issued an interest rate bond index fund linked to Shanghai Clearing House, and actively promoted the implementation of low-carbon themed funds, ESG China bonds and other fund products. BOCIM strengthened investment research and fund issued in science and technology related sectors, promoted the take-up of “specialised, refined, featured and innovative” themed products, and provided fund products to help investors share in the growth of science and technology. Building on its “The Global Manager of Global Assets” brand, it laid out various fund products such as Hong Kong stock connect funds, QDII funds and mutual recognition funds. BOCIM accelerated the issuance of new funds, launching 18 funds during the year. As at the end of 2021, BOCIM's AUM reached RMB499.3 billion. Specifically, its public-offered funds reached RMB398.3 billion and its public-offered funds excluding money market funds reached RMB286.6 billion.

BOC Wealth Management

The Bank is engaged in wealth management business in the Chinese mainland through BOC Wealth Management. BOC Wealth Management's business includes wealth management products for the general public, wealth management products for qualified investors, advisory and consulting, and other asset management-related products and services. As at the end of 2021, BOC Wealth Management's registered capital was RMB10.000 billion, its total assets amounted to RMB14.429 billion and its net assets totalled RMB13.082 billion. In 2021, BOC Wealth Management's profit for year reached RMB2.609 billion.

BOC Wealth Management implemented the Group's “One Mainstay, Two Engines” strategy, achieved sound success in business development, and steadily increased its contribution to the Group. As at the end of 2021, its total assets under management reached more than RMB1.71 trillion, up 23.17% compared with the prior year-end. BOC Wealth Management continued to expand its product line, establishing the

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five major investment categories of cash management, fixed income, fixed income plus, hybrid, and equity products. This product line covered all mainstream product structures, terms and strategies, thus realising strong performance and creating value for investors. It also developed products focused on the “Eight Priority Areas for Enhancing Financial Services”, supporting high-quality development in fields such as technology finance, green finance and inclusive finance. BOC Wealth Management actively participated in the Bond Connect programme between the Chinese mainland and Hong Kong, launching a series of Cross-border Wealth Management Connect products and fixed-income Southbound Bond Connect products. Its foreign currency and cross-border products ranked first in the industry in terms of both product variety and total balance. BOC Wealth Management also achieved breakthroughs in expanding its third-party sales channels, realising product sales at twelve bank institutions and attracting over million customers from third party sales channels. At the same time, it continued to improve its asset allocation, and its investment in strategic emerging industries grew by 77% compared with the prior year. BOC Wealth Management steadily promoted the development of its comprehensive risk management system, ensuring that its business development was in accordance with regulatory requirements and risk prevention was successful and effective.

Insurance

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at the end of 2021, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.980 billion and net assets of HKD4.407 billion. In 2021, BOCG Insurance recorded gross written premiums of HKD2.727 billion and realised a profit for the year of HKD226 million. Its gross written premiums continued to be at the forefront of the general insurance market in Hong Kong, while its premium quality was higher than the market average.

BOCG Insurance thoroughly implemented the Group’s strategies. Centring on the Group’s strategic development pattern of “One Mainstay, Two Engines”, it developed the strategic positioning of “a regional high-tech property insurance company with market leadership and commercial bank characteristics”. Leveraging the advantages of the Group, BOCG Insurance deepened bank-insurance coordination and pushed forward the transition from list marketing to in-depth development. It consolidated its advantages in traditional property insurance business alongside a focus on health insurance business, made efforts to shift from being a financial risk-taker to acting as a health manager, and rolled out an online application platform for its first personal health insurance product. BOCG Insurance continued to tap the potential of group clients and promoted the general application of its B2B2C marketing model. It advanced digital transformation across the board, officially launched a new-generation core system and developed peripheral systems in an orderly manner. Its online product system was also improved, with the “online insurance shopping mall” beginning to take shape. In 2021, BOCG Insurance launched online application platforms for five products, namely, “GoStudy Student Insurance Plan”, “Motor Insurance-Private Car”, “Premier Home Comprehensive Insurance”, “Healthy Medical Comprehensive Protection” and “KeepMovIns Sports Insurance”. It continuously streamlined and optimised its business processes, significantly improving customer service quality. It also improved its “Cloud Service” and offered an online green channel for clients to settle claims. It launched “Customs Clearance Series” and “Greater Bay Area Series” products and was among the first to complete the development of mandatory traffic insurance and commercial insurance products for Hong Kong private cars travelling to Guangdong, which have been duly filed with the Insurance Authority (IA). Furthermore, BOCG Insurance embraced ESG concepts and vigorously promoted green insurance, green investment and green workplaces.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at the end of 2021, BOC Life's issued share capital was HKD3.538 billion. Its total assets amounted to HKD197.899 billion and net assets amounted to HKD11.626 billion. Its profit for the year was HKD954 million. BOC Life maintained its leading position in the life insurance sector and remained the market leader in RMB insurance business in Hong Kong.

BOC Life continued to promote the transformation and upgrading of its product structure and launched a number of higher value-added whole life savings protection plans, including the "Forever Fortune Whole Life Insurance Plan", "SmartViva Flexi VHIS" and "Glamorous Glow Whole Life Insurance Plan". It also continued to expand the coverage of its online channels, actively promoted intra-group cross-selling collaborations, and maintained its leading position in the Qualifying Deferred Annuity Policy market. To create a brand-new wellness ecosystem, BOC Life strengthened collaboration with cross-industry business partners including the world's leading smartwatch brand, innovative technology companies in Asia and Hong Kong, online social platforms, charities and social enterprises, with the aim of creating win-win situations for all and helping customers to create new value and gain a brand-new experience. BOC Life introduced the exclusive "Biological Age Model BAM" algorithm which was incorporated into a platform featuring gamification, charity and social elements, encouraging users to engage in healthy and "bio age"-reducing lifestyles together with their families and friends. To construct a retirement scenario ecosystem, BOC Life and Macao-based HN Group entered into a strategic cooperation agreement to promote "Serensia Woods", a high-end wellness project in Hengqin, Zhuhai.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese mainland through BOC Insurance.

As at the end of 2021, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB13.712 billion and net assets of RMB4.920 billion. In 2021, it realised written premiums of RMB5.771 billion and a profit for the year of RMB320 million.

BOC Insurance thoroughly put into practice the new development philosophy, continuously served the national development strategy, and pushed forward transformation in quality, efficiency and impetus according to the Group's 14th Five-year Plan, with a view to achieving high-quality and sustainable development. Supporting the development of the real economy, BOC Insurance took advantage of its featured products such as tariff guarantee insurance and domestic trade credit insurance to facilitate financing for small and medium-sized enterprises. In response to the national innovation strategy, BOC Insurance applied the first (set of) comprehensive insurance to support the development of enterprises engaged in scientific and technological innovation, with the aim of promoting the innovation of the country's major technical equipment and intelligent manufacturing technology. It deeply participated in the modernisation of national governance systems and capacity, scaled up the supply of liability insurance products in areas such as emergency management and production safety, and gave full play to the role of insurance in social governance. To serve the development strategies of key regions, BOC Insurance carried out supporting policies in a differentiated manner so as to enable the coordinated development of all regions. Fully implementing the Group's comprehensive operation strategy, it proactively participated in the development of the "Eight Priority Areas for Enhancing Financial Services Capabilities" and "Four Scenario-based Financial Services Ecosystem", and helped to provide a comprehensive financial services package for group customers. It deepened the application of FinTech in insurance, accelerated digital transformation, and boosted the building of a smart operation system. BOC Insurance also worked to improve its consumer protection mechanism and strengthened consumer

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protection publicity and education campaigns as well as risk alerts. It was recognised as an excellent organiser of the “3.15 Month of Financial Knowledge Popularisation” for the third consecutive year.

BOC Insurance received an “A” integrated risk rating (classified regulation) from the CBIRC for the 21st consecutive quarter and was rated “B” for corporate governance in the supervisory assessment for the 2nd consecutive year. It also maintained an “A-” rating and “stable” outlook from Standard & Poor’s for the eighth consecutive year. It was awarded “Influential Insurance Company in 2021”, “Insurance Service Brand Deserving Attention in 2021” and “Insurance Innovation Project Deserving Attention in 2021” in the China Finance Billboard published by Hexun.

BOC-Samsung Life

The Bank is engaged in life insurance business in the Chinese mainland through BOC-Samsung Life. As at the end of 2021, BOC-Samsung Life’s registered capital stood at RMB2.467 billion, total assets amounted to RMB49.275 billion and net assets amounted to RMB3.090 billion. In 2021, BOC-Samsung Life recorded written premiums and premium deposits of RMB17.762 billion and a profit for the year of RMB126 million.

BOC-Samsung Life maintained rapid business growth, realising a year-on-year increase of 35% in annual premiums and continuously sharpening its market competitiveness. It improved its business structure, developed its long-term savings and protection business and realised a year-on-year increase of 99% in first-year premiums of high-value regular policies. BOC-Samsung Life continued to expand its online and offline business channels by launching an online insurance mall on WeChat and establishing new provincial-level branches in Liaoning and Anhui province. It accelerated digital transformation, established an online insurance ecosystem and completed the deployment of a private cloud. Other basic platforms completed include a data middle office and an open ecological platform, etc. BOC-

Samsung Life deepened its technology empowerment, launched artificial intelligence (AI) applications such as customer service AI and pre-underwriting AI to realise 24/7 self-service for mobile customers, and comprehensively promoted online and intelligent services. Sticking to its core purpose of providing insurance services, BOC-Samsung Life launched “BOC ZunXiangJiaChuan Whole Life Insurance”, “BOC AiJiaBao (21 Edition) Specific Diseases Insurance”, “JianKangXing Critical Illness Insurance (internet business exclusive)”, “ShouHuXing Medical Insurance (internet business exclusive)” and other featured products, and expanded the insurance coverage of 16 products to include COVID-19. In the 2021 Golden Censer Prize, BOC-Samsung Life won “Excellent Life Insurance Company” for a consecutive year. It was also awarded the “Annual Technological Innovation Prize” at the Sixth China’s Insurance Industry Ranking 2021 organised by *National Business Daily*, and was honoured with the “Excellent Social Venture” award at the Eighth CSR Summit of Financial Enterprises organised by XinhuaNet, and the “2021 Most Valuable Enterprise in ESG Investment” award at the Fourth Summit Forum on CSR in China held by *International Financial News* under *People’s Daily*.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment’s business scope includes private equity investment, fund investment and management, real estate investment and management and special situation investment. As at the end of 2021, BOCG Investment recorded issued share capital of HKD34.052 billion, total assets of HKD142.171 billion and net assets of HKD74.798 billion. In 2021, it recorded a profit for the year of HKD6.906 billion.

BOCG Investment actively coped with the complex environment with repeated resurgence of the COVID-19 pandemic and capital market

fluctuations, implemented the “One Mainstay, Two Engines” strategy, integrated into the nation’s new development pattern, brought into full play its advantages in integrated operations, and pushed forward transformation and development. Centring on technology finance and green finance, BOCG Investment increased investment in technology enterprises, focused on investing in “specialised, refined, featured and innovative” small and medium-sized enterprises, and organised research and investment in clean energy, new-energy vehicles, green technology for traditional industries and other fields in line with the national goal of “carbon peaking and carbon neutrality”. It invested in such projects as SVOLT Energy Technology, Shenzhen New Degree Technology, XParadigm, NASN Auto, MediTrust Health, Xingshengyouxuan and Hzymes Biotech, and successfully exited from certain existing investment projects. It issued its first USD600 million green bond and made progress in establishing the second tranche of the Yangtze River Delta Fund and the second tranche of the Greater Bay Area Fund. It also provided support for the growth of Hong Kong-based science and technology innovation enterprises, focused on the construction and investment opportunities arising from the development of the Northern Metropolis Plan, and played its role as a Chinese enterprise in the economic and social development of Hong Kong.

BOC Asset Investment

The Bank is engaged in debt-for-equity swap and related business in the Chinese mainland through BOC Asset Investment. As at the end of 2021, the registered capital of BOC Asset Investment was RMB14.500 billion, with total assets and net assets standing at RMB84.868 billion and RMB17.966 billion respectively. In 2021, it realised a profit for the year of RMB2.050 billion.

BOC Asset Investment conducted debt-for-equity swap business based on market-oriented and rule-of-law principles, with the aim of improving enterprises’ business operations and helping them to reduce

leverage ratios and enhance market value. Committed to the development of green finance, it raised social investment capital by private equity investment funds for debt-to-equity swaps to implement a number of debt-to-equity swaps projects of enterprises in new energy industries including wind power, photovoltaic and waste incineration power generation, achieving economic, environmental and social benefits. BOC Asset Investment supported the healthy development of high-quality emerging technology enterprises, improving their performance by meeting the growing technology enterprises’ equity financing demands with debt-for-equity swap projects. BOC Asset Investment also orderly coordinated the Group’s non-performing assets disposal work by means of shareholding platforms and so on, serving as a professional and experienced platform for risk asset restructuring. As at the end of 2021, the Bank’s cumulative market-oriented debt-for-equity swap business reached RMB186.068 billion, representing an increase of RMB27.266 billion during the year.

Leasing Business

BOC Aviation

BOC Aviation is engaged in the aircraft leasing business. BOC Aviation is one of the world’s leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by value of owned aircraft. As at 31 December 2021, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of USD23.879 billion and net assets of USD5.266 billion. It recorded a profit for the year of USD561 million, as the Company recognised the effects of the COVID-19 downturn on the value of its aircraft and on airline customer cash flows and receivables.

Committed to pursuing sustainable growth, BOC Aviation continuously implemented its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. Actively supporting the Belt and Road Initiative, it had leased 64% of its aircraft to

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airlines of Belt and Road countries and regions as at the end of 2021. Continuing to closely develop customer demand, the Company took delivery of 52 aircraft, including seven aircraft that airline customers purchased at delivery, as it expanded its owned fleet. All of these aircraft have been placed on long-term leases. During the year, BOC Aviation signed 74 leases and added five new customers, totalling 86 customers in 38 countries and regions. BOC Aviation consistently sought to optimise its asset structure and improve its sustainable development. It sold 23 owned aircraft during 2021, leaving it with an average owned fleet age of 3.9 years (weighted by net book value) as at 31 December of 2021, one of the youngest aircraft portfolios in the aircraft leasing industry.

(Please refer to the results report of BOC Aviation for a full review of BOC Aviation's business performance and related information.)

BOCL

The Bank is engaged in financial leasing, transfer and receiving of financial leasing assets and other related businesses through BOCL. As at the end of 2021, BOCL recorded registered capital of RMB10.800 billion, total assets of RMB37.214 billion and net assets of RMB10.684 billion. It recorded a profit for the year of RMB34 million.

Following the strategic objectives of the Group, BOCL focused on national strategic regions and key industries, upheld the development philosophy of specialisation, differentiation and featured characteristics, highlighted the featured characteristics of financial leasing, and refined and strengthened its leasing brand. BOCL's leasing business involved transportation, water conservancy, energy production and supply, construction, manufacturing and other industries, taking practical steps to improve the quality and efficiency of its service to the real economy. As at the end of 2021, BOCL had conducted a cumulative total of more than RMB40 billion of financial leasing business, specifically, the proportion of green leasing in the total leasing business was 28%.

Consumer Finance

BOC Consumer Finance

The Bank is engaged in consumer loan business in the Chinese mainland through BOC Consumer Finance. As at the end of 2021, BOC Consumer Finance's registered capital stood at RMB1.514 billion, total assets amounted to RMB54.326 billion and net assets were RMB7.862 billion. In 2021, it recorded a profit for the year of RMB844 million.

Upholding the philosophy of "building a high-quality consumer finance company in the new era", BOC Consumer Finance fulfilled its responsibilities and obligations as a state-owned licensed consumer finance company. Driven by technological applications, it continuously improved its customer service capacity through technological empowerment, thus safeguarding the legitimate rights and interests of its customers. As at the end of 2021, BOC Consumer Finance has set up 27 regional centres, covers about 400 cities and 900 counties nationwide through its offline and online businesses, and has created an integrated operation platform featuring the integration of "online + offline" and "finance + technology". BOC Consumer Finance registered a loan balance of RMB52.435 billion, an increase of 56.9% compared with the prior year-end. Preliminary achievements were made in the online migration of loans, with the balance of online loans accounting for 35.06% of all loans, an increase of 28 percentage points compared with the prior year-end. Placing equal emphasis on consolidating its foundations and pushing forward transformational development, it strived to develop its business ecosystem and enhance its technological and risk control capacities.

BOC Consumer Finance received many awards from authoritative industry publications during the year, including the "Tian Ji Award — 2021 Outstanding Consumer Finance Company" from *Securities Times*, "2021 Financial Institution Practicing Inclusive Finance with Excellent Competitiveness" from *China Business Journal*, and "2021 Reassurance Award — Consumer

Finance Brand" from Jiemian.com, Shanghai United Media Group.

Financial Technology

BOC Financial Technology

The Bank is engaged in financial technology innovation, software development, platform operation and technical consulting services through BOC Financial Technology. As at the end of 2021, the registered capital of BOC Financial Technology was RMB600 million, with total assets and net assets standing at RMB988 million and RMB658 million respectively.

BOC Financial Technology served the domestic and international dual-circulation development strategy, supported significant projects and bolstered the development in key regions. It participated in the construction of enterprise-level architecture, undertook key projects such as anti-money laundering programmes, reform of the Bank's credit authorisation system, intelligent risk control and inclusive finance, and participated in the construction of scenario-based financial service ecosystem of silver, education, sports, transportation, cultural tourism, medical care, religion, housing construction and other scenarios. It served the Group's integrated development strategy and developed a comprehensive business management system and business data and assets management platform so as to enhance synergistic effects and promote the high-quality development of the Bank's comprehensive operations. It supported economic development in key areas, set up R&D bases in Wuhan, Hubei Province; Chengdu, Sichuan Province; and Hainan Province, and promoted the construction of Smart Hainan, the Xiongan New Area, the Yangtze

River Delta, the Chengdu-Chongqing economic circle, the Guangdong-Hong Kong-Macao Greater Bay Area and other key cities by leveraging its overall financial technology strengths and focusing on regional economic development. It expanded service outputs, focused on building a talent pool management system for banking associations, and exported technological services in areas such as anti-money laundering and credit risk control for domestic and foreign banks. It accelerated internal digital construction, promoted engineering process reform, and won the CMMI5 software maturity advanced qualification certification.

Listed on the International Data Corporation (IDC) "2021 IDC China FinTech 50 List", BOC Financial Technology continued to promote innovative research and won several awards during the year for its self-developed products. "BOC Smart Investment" won the 2021 "China's Best Investment Advisory Service" award from *The Asian Banker*; while "Chainmore Blockchain Service Platform" and "THE REJUVENATION PLATFORM" won the "Comprehensive Intelligent Platform Award Silver Award" and "Digital Technology Innovation Award" respectively in the 2021 China Financial Digital Technology Innovation Competition.

Service Channels

Focusing on customer experience, the Bank accelerated the transformation and upgrading of all service channels using digital transformation as the key driver, building online channels with stronger scenario integration capabilities and offline channels with greater value creation capacity. As a result, it cultivated an ecosystem in which online and offline channels are integrated and financial and non-financial scenarios are seamlessly connected.

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Online Channels

Following a “Mobile First” strategy and embracing digital transformation trends, the Bank continued to intensify efforts to expand its online channels and upgrade its mobile banking services, thus realising rapid growth in online business. In 2021, its e-channel transaction volume reached RMB324.97 trillion, an increase of 18.18% compared with the prior year. Among this, mobile banking transaction volumes reached RMB39.38 trillion, an increase of 22.00% compared with the prior year; the number of non-financial mobile banking scenarios totalled 612, and the number of monthly active mobile banking customers stood at 71.04 million, making mobile banking the online channel with the most active customers.

Unit: million customers, except percentages

Items	As at 31 December 2021	As at 31 December 2020	Change (%)
Number of corporate online banking customers	6.4812	5.4351	19.25%
Number of personal online banking customers	198.7857	194.2267	2.35%
Number of mobile banking customers	235.1805	210.5524	11.70%

Unit: RMB billion, except percentages

Items	2021	2020	Change (%)
Transaction amount of corporate online banking	277,090.186	232,166.028	19.35%
Transaction amount of personal e-banking	45,674.406	40,520.497	12.72%
Transaction amount of mobile banking	39,376.511	32,277.028	22.00%

For corporate banking customers, the Bank accelerated digital transformation, continuously improved the functions of its electronic channels and constructed a comprehensive Group-wide financial e-portal. It launched 24 products on corporate online banking, including BOC Wealth Management products, domestic foreign exchange remittance, certificates of deposit (CDs) and e-CNY batch payment. As at the end of 2021, BOC's corporate online banking service can provide more than a hundred products and services under 12 categories. Its Intelligent Global Transaction Banking system, centred on the new corporate online banking service, received a second prize award in the 2020 PBOC FinTech Development Awards. With the aim of creating a comprehensive mobile financial services portal that is convenient, efficient, intelligent, interactive and scenario-integrated, the Bank's corporate mobile banking offered over 50 high-frequency products and services such as fund transfer, inclusive financing, investment and wealth management. Focusing on

“scenario integration”, the corporate mobile banking bridged the gaps between the Bank's financial service system and its inclusive finance services Wechat applets, as well as its cross-border matchmaking Wechat applets, thus providing more convenient and flexible channels to support scenario building. In 2021, the Bank achieved year-on-year growth of 113.85% in corporate mobile banking transaction customers, and its corporate mobile banking service was granted the “Best Corporate Mobile Banking” award by the China Financial Certification Authority (CFCA).

For personal customers, the Bank adhered to its mobile banking development strategy of “integrated, intelligent, open, interactive and featured”, and continued to improve personal mobile banking functions and user experience, thus actively facilitating the digital transformation of personal banking. It also released the brand-new Mobile Banking Version 7.0. Centring on the key customer groups of credit card, private banking and elderly care, it launched

targeted services such as a credit card section, a private banking zone and an Elderly Version for its mobile banking. Focusing on wealth finance, the Bank revised its mobile banking fund modules, launched functions such as fund PK and fund diagnosis, added new features such as online audio and video recording and notice deposit “Smart Deposit” contracting, and strengthened customer information integration by adding information integration services such as “Earnings Report”, “My Ledger” and Monthly Statement. It enriched third-party merchant services and content information, with its Mobile Banking Life Channel expanding its circle of partners and covering lifestyle convenience, fresh food, transportation, audio-visual entertainment, online medical consultation and so on, thus facilitating the building of better lifestyle scenarios. In addition, the Bank created the “Lucky” branding concept to demonstrate its new service image of warm, considerate, intelligent, convenient, safe and reliable. The Bank was granted the “Gold Award for Comprehensive Intelligent Platform” by China Electronic Banking Network and received the “Mobile Banking with Excellent Competitiveness” award from *China Business Journal*, and the “2021 Excellent Mobile Payment Bank” award from *The Economic Observer*.

The Bank enhanced the digital risk control capacity of its online channels and accumulatively monitored 7.69 billion transactions through its “Cyber Defence” smart risk control and prevention system in 2021, an increase of 24.1% year-on-year. As at the end of 2021, the number of customers using mobile banking-oriented digitalised authorisation tools reached 20.20 million, up 66.94% compared with the prior year-end. “The Application Practice of Real-time Anti-fraud Machine Learning Model for Mobile Banking of Cyber Defence” won the “Full Honor Award” of China Electronic Banking Network.

Offline Channels

The Bank pushed forward the transformation of its outlets and continued to enrich its intelligent service ecosystem, in a bid to transform its outlets into integrated marketing and service entities encompassing all channels, scenarios and ecosystems.

The Bank accelerated the digital transformation of its outlets. Closely following the pace of digital reform in government services, it constructed a “government service + financial service” dual-purpose system and successively expanded more than 300 government affairs scenarios such as social security and tax services to its smart counters. In this way, it promoted the operation of smart outlets by embedding financial services into the building of digital government and smart cities. The Bank rolled out the “Yangtze River Delta Smart Government Affairs” service, realising the interconnectivity of government affairs services between Shanghai Municipality and Anhui Province and thus facilitating the integrated development of the two regions. It also delivered non-resident smart social security card services in the Hengqin-Guangdong-Macao In-Depth Cooperation Zone to boost the accelerated integration of people’s livelihood in Guangdong and Macao. Furthermore, the Bank deepened cross-border scenario-based ecosystem development, expanded non-resident service scenarios at smart counters, supported passport-based business handling and launched multilingual services. It expanded service stations and launched tablet-version smart counters to support outlets’ “Going Out” service marketing and increase the availability of financial services. The Bank constantly optimised its products and services, introducing digital debit card issuance and cardless services at smart counters to improve customer experience. Focusing on the elderly and other key customer groups, the Bank launched an elderly version of its smart counters to help older people adapt to the digital world and make intelligent financial services more inclusive.

The Bank made fresh innovations in outlet business models. It rolled out the “5G Intelligence + Greater Bay Area Pavilion” in Guangdong Province, the “5G Intelligence + Culture and Tourism Pavilion” in Shanxi Province and the “5G Intelligence + Ecosystem Pavilion” in Anhui Province, and built smart outlets that combine technology application, service experience, scenario linking and ecosystem integration. Furthermore, the Bank improved its differentiated outlet management system and developed featured outlet development plans based on local conditions. It also built outlets with

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unique features based on the “Eight Priority Areas for Enhancing Financial Services Capabilities”, including technology finance, green finance, inclusive finance and cross-border services, etc., as well as demonstration outlets for education, sports and elderly services. It refined its differentiated outlet resource allocation strategy, and improved outlets’ capabilities for integrating into scenario-based ecosystems and realising value creation.

The Bank enhanced its enterprise-level intensive operation capacity. It upgraded its intensive operations platform and rolled it out across its domestic branches, improved the production lines in its operation centres, completed the first batch of business centralisation, and sped up the development of an intensive and shared smart operation service system.

As at the end of 2021, the Bank’s commercial banking network in the Chinese mainland (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,382 branches and outlets. Its comprehensive operation institutions in the Chinese mainland totalled 520, and the number of its institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions totalled 550.



Unit: single item, except percentages

Items	As at 31 December 2021	As at 31 December 2020	Change (%)
ATM	27,729	33,314	(16.76%)
Smart counter	32,367	31,960	1.27%

Information Technology Development

Committed to enhancing its competitiveness in “technology + ecosystem + experience + data” in the digital economy era, the Bank accelerated its digital transformation, cultivated new technology-led growth drivers, and created new financial services patterns. In 2021, the number of employees in the IT line of the Bank stood at 12,873, accounting for 4.20% of the total, of which 8,189 were employees of domestic commercial banks, accounting for 3.07% of the total. These employees had an average age of 37, with 94% holding Bachelor’s degrees or above. The Bank invested RMB18.618 billion in information technology during the year.

The Bank adapted to FinTech development trends by strengthening top-level design. It formulated the *14th Five-Year Plan of BOC for FinTech* in accordance with the strategic requirements for all-round digital transformation contained in the Group’s 14th Five-Year Plan. Based on the main priorities of “consolidating foundational support, empowering business development and laying out future capabilities”, the plan took data as the driving force and FinTech as the means to transform the traditional commercial banking mode, and promoted the reshaping of the Group’s marketing, products, channels, operations, services, risk control and management, thus building the “Digital BOC”.

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The Bank improved its technological governance structure to push forward transformation and development in a coordinated manner. It set up the Financial Digitalisation Committee to push forward the development of the Group's digitalisation, FinTech, data governance, IT risk management system, etc. To optimise the layout of its R&D institutions, BOC Financial Technology set up R&D bases in Wuhan, Hubei Province; Chengdu, Sichuan Province; and Hainan Province in 2021, so as to support the development of key regions and shoulder responsibility for the implementation of scenarios such as "finance + industry" and "finance + government affairs".

The Bank developed the new IT infrastructure to enhance its digital foundations. It made every effort to promote the OASIS project, strengthened the top-level design of enterprise-level business architecture and IT architecture, and established the concept of enterprise-level middle office development. In addition, it improved capacity for Group-wide sharing and reuse, and enhanced support for both strategic objectives and agile responses related to business development, product innovation and market changes. The feasibility studies, business modelling, and IT development and testing of the first group of projects in the first phase were completed, with the Bank now having entered the production preparation stage. Significant progress was made in the development of basic technology platforms, with many of them put into production, including the independently developed enterprise-level distributed technology platform "Hong Hu", the DevOps cloud platform "Fu Yao", the smart operation and maintenance platform "Jiu Tian", the mobile development framework "Han Hai" and the big data development framework "Xing Han". As a result, the fundamental support capacity, independent control capacity and agile development capacity of the Bank's scientific and technological strengths were significantly improved, and preliminary

achievements were made in the transformation towards a platform-based, service-oriented and standardised IT framework.

The Bank accelerated technological empowerment to improve the quality and development pace of its businesses. It launched its Mobile Banking Version 7.0, developed the features of "finance + scenario", "technology + care", "intelligent + professional" and "global + panorama", and built an integrated marketing service platform, thus creating a closed-loop digital marketing system. The BOC Intelligent Global Transaction Banking service platform (iGTB platform), an online, intelligent and open portal offering integrated financial services for corporate banking customers, began to take shape, realising online processing for cross-border remittance, supply chain finance and other services. The Bank continued to enrich its online inclusive finance products, with its online inclusive financing balance growing more than 26 times compared with the prior year-end. Its quantitative trading platform was certified as a qualified trading institution by the Foreign Exchange Trade System, and precious metals, foreign exchange settlement, cash securities and RMB interest rate swap (IRS) businesses were put into operation through the platform. To prevent and mitigate telecom and online fraud, the Bank continued to optimise the risk monitoring and interception model of its "Cyber Defence" smart risk control and prevention system for bank accounts involved in fraud, with an average daily monitoring volume of hundreds of millions of transactions. A centralised operations platform was promoted across the Bank, realising the unified sharing of processes, data and risk control, with business processing efficiency increasing by more than 60%. The mobile office platform "BOC Messaging" had 280 thousand users and supported 217 applications, realising online organisation, communication and processes, and significantly

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improving the capacity of the Bank's online collaborative office function.

The Bank built an open financial ecosystem and promoted business model innovation. Focusing on cross-border facilitation, education, sports, silver economy and other scenarios related to people's livelihood, it reached over 100 million users in total. Moreover, it launched the "BOC Cross-border Services" APP and "BOC Compass" applets for non-residents, further consolidating the special advantages of its cross-border ecosystem. The BOC University for the Elderly was launched, attracting a total of 800,000 views, making a positive contribution to serving elderly customers. The total number of headquarters-level merchants linked to the Bank's mobile banking service continuously increased. The growth rate of monthly active transaction users ranked top among major peers.

The Bank deepened the application of new technologies and highlighted the value of technological transfer. It further enriched its enterprise-level AI technology service system and built the five platforms of machine learning, biometrics, voice recognition, robotics and knowledge base, which were widely applied in business areas such as intelligent operations, intelligent marketing, intelligent investment and intelligent risk control. The data governance framework was basically completed, realising "unified data, unified architecture and unified ecosystem". The Bank's data lake and data warehouse have now accumulated about 15PB of data assets, and it provided analyst platforms, unified data portals and other services. The Bank's data analysis and mining capabilities achieved a closer fit to the frontline requirements of business and customer services, and the potential of data elements was further realised.

The blockchain technology platform continued to be upgraded and 15 patents were granted, supporting business applications such as cross-border settlement, trade finance, people's livelihood, poverty alleviation and bond issuance. Moreover, the Bank applied advanced technologies such as 5G messaging, foreign language translation and service robots in innovative ways to support the smart and green Winter Olympics.

Six of the Bank's technological achievements won PBOC Financial Technology Development Awards, among which the overseas distributed core banking project was granted the first prize. The cumulative number of patent applications reached 4,569, with 194 patents granted in 2021, placing the Bank first among its domestic peers in terms of patent quality, influence and R&D capability.

