

CMB Wing Lung Bank Limited

The Terms of Reference for the Remuneration and Appraisal Committee

1. Membership

The Remuneration and Appraisal Committee (the “Committee”) shall be chaired by an independent non-executive director. The committee shall comprise a majority of independent non-executive directors. The Committee shall consist of not less than three members. A quorum shall be two members. If the Chairman is not present at the meeting, the members present will choose one of their members to be the Chairman of the meeting.

2. Frequency of meetings

Meetings shall be held at least once every year, and proper minutes of the meetings shall be kept.

3. Minutes

Any minutes signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

4. Resolution

A resolution in writing signed by all the members shall be effective for all purposes as resolution passed at a meeting of the Committee duly convened.

5. Authority

The Committee is authorized by the Board to deal with any matter within its terms of reference and to obtain outside professional advice if it deems fit.

6. Term of office

The term of office for members shall be three years.

7. Duties

The Committee shall exercise such functions as shall be determined from time to time by the Board and unless otherwise determined shall include the following:

- To oversee, examine and evaluate the execution of the Bank’s annual business plans and the Board’s resolutions;
- To study the performance appraisal standards for the Directors and Executives, and to conduct appraisals and make recommendations annually;
- To study, review and approve the Bank’s remuneration policy and packages for the Directors, Senior Management, and Key Personnel as specified therein;
- To evaluate and approve the employment or service agreements of the Bank’s Directors and Executives;

- To evaluate and approve the Bank's remuneration strategies, the annual pay adjustment and benefits schemes for the staff of the Bank;
- To ensure that remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements;
- To work closely with other relevant committees of the Bank's board, such as the Risk Committee and the Audit Committee, and consult with the Bank's Legal and Compliance Department in evaluating incentives created by the remuneration system;
- To play a leading role in establishing the Bank's culture and behavioural standards that promote prudent risk-taking and fair treatment of customers;
- To introduce a regular process to review and confirm the effectiveness of the overall culture enhancement initiatives pursued by the Bank;
- To approve, review and assess, at least annually, the adequacy of any relevant statement which sets out the Bank's culture and behavioural standards, and seek to ensure that such statement is translated into policies and procedures (including training) that are relevant to the day-to-day work of different levels of staff;
- To review the results from relevant assessment and feedback mechanisms at least annually and when warranted for monitoring Bank staff's adherence to culture and behavioural standards; and
- To execute other duties as may be delegated by the Board.

8. Reporting procedure

The Committee shall report to the Board on their suggestions and recommendations after each meeting. The minutes of the meetings of the Committee shall be circulated to all members of the Board.

9. Review

The Terms of Reference for the Remuneration and Appraisal Committee should be reviewed annually.

Remarks:

1. Executives include the personnel of Executive Directors, General Managers, Deputy General Managers and Assistant General Managers grade.
2. Remuneration includes basic salary, general allowance and bonus. Benefits that the Executives, as employees, generally enjoyed with other employees are excluded.