



BEA 東亞銀行

The Bank of East Asia, Limited

東亞銀行有限公司

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

TERMS OF REFERENCE

of

THE NOMINATION COMMITTEE

1. CONSTITUTION

The Board of Directors of The Bank of East Asia, Limited (the “Bank”) had resolved to establish a committee known as the Nomination Committee (the “Committee”) to identify, select and nominate suitable individuals for appointment as Directors, Chief Executive, Senior Management¹, Division Heads, Chief Compliance Officer and Group Chief Auditor of the Bank and recommend to the Board for their appointment, removal and succession planning; define planning of diversity of the Board; and perform evaluation of the effectiveness of the Board and individual Directors of the Bank.

In these Terms of Reference, unless the context otherwise defines, words denoting one gender shall include the other gender.

2. MEMBERSHIP

2.1 The Committee members shall be appointed by the Board from amongst the Directors of the Bank and shall consist of not less than two members. A majority of the members of the Committee should be Independent Non-executive Directors (“INED”).

2.2 The Chairman of the Committee shall be the Chairman of the Board or an INED appointed by the Board.

2.3 The quorum of any Committee meeting is two members, of which at least one should be an INED.

2.4 The Company Secretary shall act as the Secretary of the Committee.

3. FREQUENCY OF MEETINGS

Meetings shall be held not less than once a year.

4. AUTHORITIES

4.1 The Committee is authorised by the Board to obtain independent professional advice, at the Bank’s expense, to perform its responsibilities if it considers this necessary.

4.2 The Committee should be provided with sufficient resources to perform its duties.

¹ Senior Management includes all Deputy Chief Executives of the Bank.

5. DUTIES

The specific duties of the Committee shall be:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
- (b) to review the "*Board Succession and Diversity Policy*", as appropriate; and the measurable objectives for succession planning and implementing diversity on the Board; and make appropriate disclosures in the Corporate Governance Report in the Annual Report;
- (c) to identify individuals suitably qualified to become Directors, Chief Executive, Senior Management, Division Heads, Chief Compliance Officer and Group Chief Auditor; and select or make recommendations to the Board on the selections;
- (d) to assess the independence of INEDs;

Note: Pursuant to code provision A.4.3 of "Appendix 14 - Corporate Governance Code and Corporate Governance Report" (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), if an INED serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes he is still considered as independent and should be re-elected.

- (e) to give adequate consideration to the balance of skills, experience and diversity perspective appropriate to the requirements of the Bank's interests when making recommendations to the Board on the appointment or re-appointment and succession planning of Directors;
- (f) to make recommendations to the Board on the appointment, removal and succession planning of Chief Executive, Senior Management, Division Heads, Chief Compliance Officer and Group Chief Auditor;

Note: Pursuant to code provision D.1.4 of the CG Code, the Bank should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The letters of appointment shall be endorsed by the Committee and approved by the Board.

5. DUTIES (CONTINUED)

- (g) to review the *“Procedures for Nomination of Directors by Board of Directors/Shareholders”*, as appropriate; and review and recommend for the Board’s approval the standards for appointment as Chairman, Deputy Chairmen, Directors of the Bank or members of a Board Committee with a view principally to securing the required quality, continuity and diversity of the Board;
- (h) to review the *“Board Evaluation and Director Self-assessment Form”*, as appropriate; and conduct annual evaluation of the effectiveness of the Board as a whole and the contribution made by each individual Director to the effectiveness of the Board; and recommend to the Board steps for improvement and enhancement, if necessary. The evaluation report will be presented to the Board. The Committee may engage external consultants or facilitators to provide assistance in the evaluation process, if the situation warrants; and
- (i) to review the *“Management Succession Policy”*, as appropriate; and attend to the matters as prescribed under the *“Management Succession Policy”* and other prevailing guidelines.

6. REPORTING PROCEDURES

- (a) The Secretary shall present the minutes of meetings of the Committee to all members of the Board.

- (b) Disclosures in Corporate Governance Report in the Annual Report

Disclosures² should include the following information:

- (i) the role and function of the Committee;
- (ii) the composition of the Committee (including names of Committee members and identifying the Chairman of the Committee);
- (iii) the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship during the year;

² Pursuant to paragraph L of Appendix 14 of the Listing Rules.

6. REPORTING PROCEDURES (CONTINUED)

- (iv) a summary of the work, including determining the policy for the nomination of Directors, performed by the Committee during the year;
- (v) the number of meetings held by the Committee during the year to discuss matters and the record of attendance of members by name, at meetings held during the year; and
- (vi) a summary of the *“Board Succession and Diversity Policy”* of the Bank.

7. NOMINATION PROCEDURES

Pursuant to code provision A.4 of the CG Code, there should be a formal, considered and transparent procedure for the appointment of new Directors to the Board. The nomination procedures and the process and criteria to select and recommend candidates for directorship are appended.

8. FREQUENCY OF REVIEW

These Terms of Reference should be reviewed on an annual basis and as required.

- 9.** In the event of a conflict between the Chinese translation and the English text hereof, the English text will prevail.

Nomination procedures and process and criteria to select and recommend candidates for directorship:

A. Procedures for Nomination of Directors by Board of Directors/Shareholders

1. The Chairman, or other Directors (after consultation with the Chairman), may nominate a suitably qualified candidate (the “Proposed Candidate”) to serve as a Director of The Bank of East Asia, Limited (“the Bank”) for consideration by the Nomination Committee.
2. Pursuant to subsection 5.1.2 of the Supervisory Policy Manual CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority (“HKMA”), the Board of Directors of the Bank (the “Board”) shall satisfy itself that the Proposed Candidate is a fit and proper person for the appointment, taking account of his experience, capability, skills, track record, age and other relevant factors as determined by the Board from time to time.
3. Pursuant to Article 90 of the Articles of Association of the Bank, no person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless there has been given to the Secretary of the Bank notice in writing by a shareholder of the Bank^a (“Shareholder”) (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected within 7 days after the day of despatch of the notice of the meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting, as may be determined by the Directors from time to time).
4. Upon or as soon as practicable after the notice in writing mentioned in paragraph 3 above is served, a curriculum vitae containing the full name, relevant personal information, qualification, background, work history, directorships, public offices and membership of professional bodies of the Proposed Candidate and an Independence Confirmation (if such candidate is nominated to become an Independent Non-executive Director (“INED”)), should be provided to the Secretary of the Bank.

^a The Bank has established the “*Procedures for Nomination of Directors by Shareholders*” which will be reviewed from time to time.

A. Procedures for Nomination of Directors by Board of Directors/Shareholders (continued)

5. The Nomination Committee of the Bank shall review the curriculum vitae to assess whether the Proposed Candidate is “fit and proper” for the appointment as mentioned in paragraph 2 above, before recommendation is made to the Board for consideration and the relevant general meeting for approval^b, if applicable.

The criteria for “fit and proper” include, inter alia:

- reputation for integrity, accomplishment and experience in the banking and/or commercial sector;
 - professional and education background;
 - existing offices held in public companies or organizations and other significant commitments in order to determine potential time commitment to take up the responsibilities as a Director of the Bank;
 - for the appointment of an INED, the candidate shall also meet the independence criteria as set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”); and
 - other relevant factors as determined by the Board from time to time.
6. The Board shall consider the recommendation of the Nomination Committee and form its opinion as to whether the Proposed Candidate shall be appointed as a Director, subject to the approval of the HKMA.
7. Any Director appointed shall hold office until the next following general meeting and shall then be eligible for re-election.
8. Any Director elected at a general meeting shall serve a term of not more than approximately three years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his appointment and for the avoidance of doubt, on expiration of his term he shall be deemed a retiring Director and eligible for re-appointment.
9. Upon receipt of a notice from a shareholder to propose a person for election as a Director at the general meeting where such notice is received by the Bank after the publication of the notice of meeting, the Bank shall publish an announcement on the website of Hong Kong Exchanges and Clearing Limited (through e-submission in accordance with Rule 2.07C of the Listing Rules) and the Bank’s website or issue a supplementary circular. The Bank shall include particulars of the Proposed Candidate in the announcement or supplementary circular.

^b The appointment will be conditional upon the Bank receiving the written consent from HKMA.

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Terms of Reference - Nomination Committee

A. Procedures for Nomination of Directors by Board of Directors/Shareholders (continued)

10. Upon approval of the proposed appointment as a Director of the Bank at the relevant general meeting and after the written consent from the HKMA is received, the Bank shall publish an announcement of the appointment as soon as practicable and include the details of the new Director pursuant to the requirements of Rule 13.51 (2)(a) to (x) of the Listing Rules in the announcement.

B. Other Rules and Regulations

Directors, including Non-executive Directors and INEDs, share joint responsibility as members of the Board for the proper direction and management of the Bank. Directors have various obligations under common law, statutes, rules and regulations imposed and guidelines issued by local regulators. In order to fulfill such obligations, prospective director of the Bank should be able to perform his duties and possess the qualities as required by the following rules, guidelines and regulations as a minimum:

- the Articles of Association of the Bank;
- the Listing Rules;
- the Supervisory Policy Manual, CG-1 in respect of Corporate Governance of Locally Incorporated Authorized Institutions issued by the HKMA;
- the Companies Ordinance;
- the Securities and Futures Ordinance;
- the Personal Data (Privacy) Ordinance;
- the Drug Trafficking (Recovery of Proceeds) Ordinance;
- the Organised and Serious Crimes Ordinance;
- the Prevention of Bribery Ordinance; and
- other applicable laws and regulations in Hong Kong and relevant overseas jurisdictions,

and any revisions thereof from time to time.