

# **Chong Hing Bank Limited** **(the “Bank”)**

## **Terms of Reference of the Executive Committee**

### **1. Constitution**

The Executive Committee (the “Committee”), established by resolutions of the Board of Directors of the Bank (the “Board”) on 28 May 2014, is responsible for the overall management, including day-to-day operations and administration of the Bank and its subsidiaries (the “Bank Group”), within the framework of the Bank Group’s policies, its terms of reference and such other directives as the Board may determine from time to time.

### **2. Membership**

The Chairman of the Committee shall be appointed by the Board from time to time. The members of the Committee shall consist of:

Deputy Chairman and Chief Executive (Chairman)  
Deputy Chief Executive(s)  
Chief Financial Officer  
Chief Risk Officer  
Chief Operating Officer  
Head of Personal Banking Division  
Head of Financial Markets Division

### **3. Secretary**

The Company Secretary of the Bank or his / her deputy shall be the secretary to the Committee.

### **4. Attendance at Meetings**

The Committee may invite other persons (including senior management and external advisers) to attend all or part of the Committee meetings from time to time upon such conditions as the Committee members consider desirable. The following persons (if appointed and not a member of the Committee) are normally invited to attend:

Head of Mainland Corporates Division  
Head of Hong Kong Corporates Division  
Head of Financial Institutions Division  
Head of Human Resources Division  
Branch Manager of Guangzhou Branch  
Programme Executive – Transformation Management Office  
Head of Strategic Management and Synergy Division  
Head of Office of Chief Executive

Only the Committee members shall be entitled to vote at the Committee meetings.

## **5. Frequency of Meetings and Quorum**

- 5.1 The Committee should meet once every month and at such other times as the Chairman of the Committee may determine or upon request by any member of the Committee.
- 5.2 The quorum for meetings of the Committee shall be four members, one of whom should be the Chairman of the Committee or, in his / her absence, the Deputy Chief Executive.

## **6. Proceedings of Meetings**

- 6.1 Meetings and proceedings of the Committee shall be governed by the provisions for regulating the meetings and proceedings of the Board as stipulated in the Bank's Articles of Association for the time being in force so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board.
- 6.2 Questions arising at any meetings of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the chairman of the meeting shall have a second or casting vote.
- 6.3 A written resolution signed by a majority of the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held.

## **7. Delegation of Authority**

- 7.1 The Committee is authorized by the Board to act on its behalf in the day-to-day management of the Bank Group including the power to sub-delegate its powers, authorities and discretions conferred on it to any specialized committee(s) or individual(s) for such time and on such terms as it thinks fit.
- 7.2 Terms of Reference for each such specialised committee setting out its roles and responsibilities should be approved by the Committee. Each of such committee(s) shall make regular reports to the Committee at regular intervals in a form, timeframe and quality that enable the Committee to discharge its duties effectively.

## **8. Duties and Responsibilities**

The duties, powers and functions of the Committee shall be as follows:

- 8.1 to manage the day-to-day capital management activities, operations (including but not limited to property investment and purchase, sale and lease of property by the Bank Group) and control of the business of the Bank Group in conformity with its policies and procedures adopted by the Bank Group from time to time;
- 8.2 to develop and review annual business and capital plans (including but not limited to the recovery plan), budgets and other strategic initiatives of the Bank Group for recommendation to and consideration by the Board and, to the extent approved by Board, monitor and implement these plans, budgets and strategies

to ensure that the Bank Group's business activities are consistent with the strategies approved by the Board;

- 8.3 to discuss and review the Bank Group's business performance delivery against plans and other new business opportunities arising from changing markets and competitive conditions at each monthly Committee meeting and report to the Board on such progress at approximately monthly intervals;
- 8.4 to manage and oversee the liquidity risk management strategy, policies and procedures of the Bank Group in accordance with the liquidity risk appetite and risk tolerance set by the Board from time to time, and to ensure that the Bank Group's business activities are consistent with the risk tolerance approved by the Board;
- 8.5 to review and endorse the development and revision of capital-related policies of the Bank Group (for example, the capital management policy), and to determine the actions to be adopted to address potential capital shortfalls and sustain the Bank Group's competitive position;
- 8.6 to establish and maintain proper and effective systems of financial, capital control, liquidity risk management, operational and management control for the business of the Bank Group to ensure conformity with all statutory and regulatory requirements and relevant internal policies of the Bank Group that are in force from time to time;
- 8.7 to formulate strategies and policies for the establishment and maintenance of business units/branches/subsidiaries within the Bank Group, including the identification and assessment of the associated risks of setting up the structures or business activities, and to regularly review the relevant strategies and policies; and to ensure that the approved structures and the activities conducted within them are subject to regular internal and external audit reviews;
- 8.8 to discuss and review other policy matters with potential for a material impact on the Bank Group;
- 8.9 to approve the Disclosure Policy setting out the approach used by the Bank Group to determine the content, appropriateness and frequency of the information it discloses to the general public relating to its state of affairs, including its profit and loss and its financial resources and the internal controls it has over the disclosure process;
- 8.10 to develop, approve and monitor the code of conduct applicable to employees of the Bank Group;
- 8.11 to monitor the "Business Ethics and Morality" as specified in the Employees' Code of Conduct (as amended from time to time) and the implementation and operation of the "Reporting Procedures", and to report to the Board in a timely manner when material conflicts of interest, both actual and potential, are identified;
- 8.12 to receive the results from the staff actual behavior assessment and feedback mechanisms at least annually and when warranted;

- 8.13 to ensure that senior management has access to regular training to maintain and enhance their professional capabilities and to keep themselves updated on industry and regulatory developments relevant to their areas of responsibility;
- 8.14 to act in accordance with the directions and requirements as defined by the Board from time to time; and
- 8.15 to review and update regularly these Terms of Reference and recommend any necessary changes to the Board for approval.

## **9. Reporting Procedures**

- 9.1 The Committee should report to the Board on a regular basis; and
- 9.2 Minutes of the Committee meetings shall be circulated to all Directors at regular Board meetings. Minutes of the Committee meetings should be kept by the Company Secretary. Within a reasonable time after the Committee meetings, draft and final version of minutes of such meetings should be sent to all Committee members for their comment and records respectively.

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