

HANG SENG BANK LIMITED

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1 Membership

- 1.1 The Nomination Committee (the “Committee”) shall comprise the Chairman of the Board, the Chief Executive and at least three Non-executive Directors.
- 1.2 The Chairman of the Committee shall be the Chairman of the Board.
- 1.3 The Board may from time to time appoint additional members to the Committee from among the Directors. A majority of the members of the Committee shall be Independent Non-executive Directors.
- 1.4 The Chairman and each member of the Committee shall be appointed for an initial term until the conclusion of their current term of appointment as a Non-executive Director. Subsequent additional terms of appointment to the Committee may be made subject to review and approval by the Board.
- 1.5 The Committee may invite any Director, executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.
- 1.6 Following each Committee meeting, the Chairman shall report at the next Board meeting on the Committee’s proceedings and present the minutes of the meeting.

2 Meetings and Quorum

- 2.1 The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least twice each year.
- 2.2 The quorum for meetings shall be two, one of whom should be the Committee Chairman, unless he or she is unable to attend due to exceptional circumstances.

3 Objective

- 3.1 The Committee shall be responsible to the Board for leading the process for Board appointments and for identifying and nominating for the approval of the Board, candidates for appointment to the Board. The Committee shall also have responsibility for identifying individuals suitably qualified to become members of senior management and selecting, or making recommendations to the Board on the selection of, individuals nominated for senior management positions (based on the role and its responsibilities and the knowledge, experience and competence which the role requires).

4 Responsibilities of the Committee

Without limiting the generality of the Committee's objective, the Committee shall have the following responsibilities, powers, authorities and discretion.

- 4.1 The Committee shall make recommendations to the Board concerning:
- (a) plans for succession for both Executive and Non-executive Directors, in particular, the Chairman and the Chief Executive;
 - (b) the appointment of any Director to executive or other office other than to the positions of Chairman of the Board;
 - (c) suitable candidates for the role of Vice-Chairman;
 - (d) the re-election by shareholders of Directors retiring by rotation;
 - (e) the renewal of the terms of office of Non-executive Directors;
 - (f) membership and terms of appointment of Board Committees, in consultation with the Chairmen of such Committees as appropriate;
 - (g) any matters relating to the continuation in office of any Director at any time;
 - (h) appointments to the following senior executive roles that are reserved to the Board for approval:
 - Chief Executive
 - Alternate Chief Executive
 - Chief Financial Officer
 - Chief Risk Officer
 - Chief Operating Officer
 - Company Secretary
 - Head of Internal Audit; and
 - (i) plans for succession for senior management positions.
- 4.2 The Committee is delegated by the Board with authority to approve appointments to the position of "Manager" as defined under the Banking Ordinance and any additional senior management roles as may be determined from time to time by the Board.
- 4.3 The Committee shall:
- (a) 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) give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Bank, and what skills and expertise are therefore needed on the Board in the future;
 - (c) before recommending an appointment of a Director, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable Board candidates the Committee shall:

- (i) use such method or methods to facilitate the search as it may deem appropriate;
 - (ii) consider candidates from a wide range of backgrounds, knowledge and experience, including international experience, to promote diversity of views;
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - (iv) have due regard for the benefits of diversity on the Board, including gender; and
 - (v) take into account potential conflicts of interest;
- (d) in identifying suitable Chief Executive (including Alternate Chief Executive) candidates for recommendation to the Board, the Committee shall have due regard to his/her integrity, technical competence and experience in banking business;
- (e) keep under review the leadership needs of the Bank, both executive and non-executive, with a view to ensuring the continued ability of the Bank to compete effectively in the marketplace;
- (f) assess the independence of Independent Non-executive Directors at least annually following reviews against the requirements/criteria prescribed by Hong Kong Listing Rules, Hong Kong Monetary Authority and other applicable criteria;
- (g) assess the collective suitability of Board members such that:
- (i) the Board collectively should have adequate knowledge and expertise relevant to each of the material business activities that the Bank pursues (or intends to pursue) and the associated risks in order to ensure effective governance and oversight;
 - (ii) the Board collectively should have a reasonable understanding of local, regional and global economic and market forces and of the legal and regulatory environment. In this context, international experience, where relevant, should be considered; and
 - (iii) individual Board members' attitude should facilitate communication, collaboration and critical debate in the decision-making process;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the Bank, and the market in which it operates;
- (i) review annually the time required from Non-executive Directors. Performance evaluation should be used to assess whether the Non-executive Directors are spending enough time to fulfil their duties; and
- (j) ensure that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

- 4.4 The Committee may appoint, employ or retain such professional advisers as the Committee may consider appropriate. Any such appointment shall be made through the Secretary to the Committee, who shall be responsible for the contractual arrangements and payment of fees by the Bank on behalf of the Committee.
- 4.5 The Committee shall review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.

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