

Please note that these Rules of Procedures for Meetings of the Board of Directors are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.

Rules of Procedures for Meetings of the Board of Directors of China Merchants Bank Co., Ltd. (2025 Revision)

CHAPTER 1 GENERAL PROVISIONS

- Rule 1** In order to ensure the Board of Directors of China Merchants Bank Co., Ltd. (the “Bank”) may exercise its authority and power in a lawful, independent, standardized and effective manner, work efficiently and make scientific decisions, the Bank has formulated the Rules of Procedures for Meetings of the Board of Directors in accordance with the provisions of the “Company Law of the People’s Republic of China” (the “Company Law”), the “State Council Guidance on the Implementation of Pilot Scheme of Preference Shares” and the “Articles of Association of China Merchants Bank Co., Ltd.” (the “Articles”) as well as other relevant laws and regulations and regulatory documents, combined with the Bank’s actual situation.
- Rule 2** The Board of Directors is the permanent establishment for operation and decision making of the Bank, and shall be accountable to the shareholders’ meeting. The Board of Directors performs its duties in accordance with the provisions of the Company Law, the Articles as well as other relevant laws, regulations and regulatory documents.

CHAPTER 2 COMPOSITION AND FUNCTIONS OF THE BOARD OF DIRECTORS

- Rule 3** The Bank shall establish a Board of Directors. The Board of Directors shall comprise of eleven to nineteen directors. The Board of Directors shall have one chairman and one to two vice chairman/chairmen. The composition of Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles.
- Specifically, at least one of the directors shall be the employee director, and the total number of executive directors and employee directors shall not exceed one-third of the total number of directors.
- Rule 4** The chairman and vice chairman of the Board of Directors shall be appointed amongst the directors, and shall be elected and removed by more than one half of all the directors of the Bank. The term of office of the chairman and vice chairman shall be three years and may be re-elected and reappointed.
- Rule 5** The Board of Directors shall be accountable to the shareholders’ meeting, take ultimate responsibility for the operation and management of the Bank and shall exercise the following functions and powers:
- (1) to be responsible for the convening of shareholders’ meetings and report on the work to the shareholders’ meetings;
 - (2) to implement the resolutions passed at the shareholders’ meetings;

- (3) to review and approve the Bank's annual financial budget and final accounts plans, and determine the Bank's business plans, investment proposals and important asset disposal proposals;
- (4) to formulate the development strategy and capital management strategy of the Bank, pay special attention to such ancillary strategies as the talent strategy and the IT strategy and supervise the implementation of such strategies;
- (5) to determine compliance management objectives and perform compliance management duties required by laws and regulations;
- (6) to formulate the Bank's profit distribution proposal and loss recovery proposal;
- (7) to formulate proposals on the increase or reduction of the Bank's registered capital, issuance of bonds or other securities and listing;
- (8) to draw up plans for significant acquisition, repurchase of the Bank's shares or merger, division or dissolution or change of mode of the Bank;
- (9) to decide on matters including equity investment and other external investment, acquisitions and disposals of fixed assets and other assets, disposals and written-off of assets, assets pledge, external guarantees, related party transactions, and external donations within the scope stipulated by the Articles and authorised by the shareholders' meeting;
- (10) to decide on the establishment of the Bank's internal management organs and the establishment, upgrading and termination of the Bank's domestic and overseas branches (except for authorised matters);
- (11) to appoint or remove the Bank's president and secretary of the Board of Directors; and to appoint or remove the Bank's senior management members including the executive vice presidents and the financial controller in accordance with the recommendations of the president;
- (12) to decide on the senior management's remunerations, rewards and punishment; and to monitor and ensure the effective performance of their management duties by the senior management;
- (13) to decide the allocation ratio in proportion to the total profits in relation to the reward fund to the president of the Bank;
- (14) to formulate the Bank's basic management system;
- (15) to formulate proposals on the amendments to the Articles, formulate the rules of procedures for shareholders' meetings of the Bank and the rules of procedures for meetings of the Board of Directors, and consider and approve the work rules for the specialised committees under the Board of Directors;

- (16) to formulate the vocational guidelines and value standards with which the Board of Directors and senior management members shall comply;
- (17) to take charge of information disclosure of the Bank and take ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Bank;
- (18) to propose at a shareholders' meeting to appoint or replace the accounting firm which undertakes regular auditing work of financial statements for the Bank;
- (19) to hear the president's work report and inspect the president's work;
- (20) to regularly assess and improve the status of corporate governance of the Bank;
- (21) to formulate the overall strategy for the management of consolidated financial accounts of the Bank, approve and supervise the formulation and implementation of the specific implementation plan on the management of consolidated financial accounts, and establish a mechanism of regular review and assessment;
- (22) to formulate the Bank's capital plans, perform the Bank's ultimate duty for capital management, leverage ratio management and solvency management, set limits on risk exposure and the capital adequacy objective, approve and supervise the implementation of capital planning, consider and approve the implementation of the advanced capital measurement method, and perform the duty of capital management required by the banking supervision and administration department under the State Council;
- (23) to formulate policies on risk tolerance level, risk management and internal control of the Bank and assume ultimate responsibility for comprehensive risk management;
- (24) to formulate the Bank's data strategy, approve or authorise the approval of major matters related to data governance, and assume the ultimate responsibility for data governance;
- (25) to review the Bank's environmental, social and governance (the "ESG") development strategy, basic management system and related work reports, and approve or authorise the approval of major ESG-related matter;
- (26) to consider and approve the management system for provision for impairment of loans and its material changes;
- (27) to establish and improve the accountability mechanism for material loss of the Bank and formulate an accountability system for senior management;

- (28) to assume the ultimate management responsibility for shareholders' affairs, establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular substantial shareholders;
- (29) to protect the legitimate interests of financial consumers and other interested parties;
- (30) to decide on matters relating to the issuance of preference shares and the issued preference shares of the Bank, including but not limited to making decisions on whether to conduct relevant repurchase, conversion or dividend distribution (except for the matters of cancellation of part or all of the dividend distribution) thereof within the scope authorised by the shareholders' meeting;
- (31) to assume the ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of internal audit;
- (32) to exercise any other duties and powers conferred by laws, administrative regulations, the Articles and the shareholders' meeting.

Items (6), (7), (8), (11), (12), (15) and (30), paragraph 3 of this clause, and other issues set out in Rule 16 of these Rules of Procedures shall be voted for by two-thirds of the directors and the remaining items shall be voted for by over one-half of the directors. The Board of Directors shall fully take into consideration the opinions of external auditors when performing its duties.

In the interest of the Bank and in compliance with laws, administrative regulations, departmental rules, and the relevant provisions of the securities regulatory authorities at the place where the Bank's shares are listed, the Bank may, upon a resolution of the Board of Directors, provide financial assistance for the acquisition of the shares in the Bank or the Bank's parent company by others, provided that the cumulative total of the financial assistance shall not exceed 10% of the total amount of the issued share capital. Resolutions of the Board of Directors shall be approved by more than two-thirds of all the directors.

The powers of the Board of Directors shall be exercised collectively by the Board of Directors of the Bank. In principle, the functions and powers of the Board of Directors stipulated in the Company Law shall not be delegated to the chairman of the Board of Directors, directors, other institutions or individuals to exercise. Where it is necessary to authorise any of the aforesaid persons or institutions to make a decision on a specific matter, it shall be done by means of resolution of the Board of Directors in accordance with the laws (including but not limited to the Board of Directors entrusting the Bank's Board of Directors' specialised committees or the Bank's senior management to exercise the powers granted and delegated by laws, administrative regulations, departmental rules or the Articles by formulating relevant authorisation management systems). The Board of Directors shall only authorise its power on a case-by-case basis, and shall not grant its power to any other institution or individual in a general or permanent manner.

Rule 6 The Board of Directors of the Bank shall explain the non-standard audit opinion issued by registered accountants in respect of the Bank's financial reports at the shareholders' meeting.

Rule 7 The chairman of the Bank shall be the first responsible person in handling the shareholding management of the Bank. The secretary of the Board of Directors shall assist the chairman and shall be the direct responsible person in handling the shareholding management.

The Board of Directors of the Bank shall, at least evaluate the qualifications of substantial shareholders, their financial position, shareholding, pledge of shares, related party transactions, exercise of shareholders' rights, the performance of responsibilities, obligations and commitments, implementation of the Articles and the terms of the agreements and the compliance with laws, regulations and regulatory requirements of substantial shareholders annually, and submit the assessment reports to the banking supervision and administration department under the State Council or its local offices in a timely manner.

Rule 8 The Board of Directors shall define its authority in relation to investment and disposals of the Bank's assets and establish strict examination and policy making procedures; shall arrange for the relevant experts and professionals to assess and examine significant investment projects and asset disposals and submit a report of the same to the shareholders' meeting for approval.

The equity investments or other external investments and the acquisition or disposal of fixed assets or other assets each involving an amount not exceeding 10% of the net asset value based on the latest published audited accounts of the Bank shall be approved by the Board of Directors; and any single acquisition or disposal involving an amount which is in excess of the aforementioned limit shall be approved at the shareholders' meeting. Any investment and asset disposal by the senior management shall be authorised by the Board of Directors.

In principle, the total annual external charitable donations of the Bank shall not exceed 1% of the Bank's audited net profit (group basis) of the previous year, and shall be approved by the Board of Directors; external donations in excess of the above limit shall be approved by the shareholders' meeting. The authority of the senior management for external donations is authorised by the Board of Directors.

Rule 9 The chairman shall be entitled to exercise the following powers:

- (1) to preside over shareholders' meetings and to convene and preside over board meetings;
- (2) to supervise and examine the implementation of the resolutions of the board meeting;
- (3) to sign any material documents of the Board of Directors and documents which shall be signed by the legal representative of the Bank;
- (4) to exercise the functions and powers of a legal representative;
- (5) in the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his/her special power of disposition in relation to the affairs of the Bank in compliance with the legal provisions and in the interests of Bank and, subsequently report such disposition to the Board of Directors and shareholders' meeting;
- (6) other powers conferred by the Board of Directors.

If the chairman cannot perform his/her duties or fails to perform his/her duties, the vice chairman shall perform the duties accordingly (if the Bank has two vice chairmen, the vice chairman selected by more than one-half of the directors shall perform the relevant duties); if the vice chairman cannot perform his/her duties or fails to perform his/her duties, a director selected by more than one-half of the directors shall perform the relevant duties.

CHAPTER 3 MEETINGS OF THE BOARD OF DIRECTORS

Rule 10 There are two types of board meeting: regular meeting and extraordinary meeting. The Board of Directors shall hold at least one regular meeting on a quarterly basis, and the board meeting shall be convened by the chairman of the Board of Directors. Notice of regular meeting shall be sent to all directors in writing at least fourteen days before the date of the meeting.

Rule 11 An extraordinary meeting of the Board of Directors may be held by the chairman within ten days, if:

- (1) it is deemed necessary by the chairman;
- (2) it is proposed by more than one-third of the directors;
- (3) it is proposed by more than two of the independent directors;

- (4) it is proposed by the Audit Committee of the Board of Directors;
- (5) it is proposed by the president;
- (6) it is proposed by shareholders (including shareholders of ordinary shares and shareholders of preference shares with recovered voting rights) representing more than 10% of the voting rights;
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles.

Rule 12 The notice of extraordinary meetings shall be delivered to all directors within a reasonable time prior to the meeting.

Rule 13 Notice of the meeting of the Board of Directors shall contain:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) reasons for and discussion topics of the meeting;
- (4) date of issuance of the notice.

CHAPTER 4 VOTING AND RESOLUTIONS AT MEETINGS OF THE BOARD OF DIRECTORS

Rule 14 A meeting of the Board of Directors shall only be held if it has a quorum of more than one half of the directors. Each director shall have one vote. Resolutions adopted at the board meeting must be approved by more than one half of the directors. Where there is an equality of votes for and against a particular resolution, the chairman shall be entitled to have a casting vote.

When a director and the enterprises or individuals involved in the resolutions of the board meeting have connected relations, the director shall promptly report it in writing to the Board of Directors. Such director who has related relations shall not exercise his/her voting rights on such proposal nor can he/she exercise any voting rights on behalf of others directors. The meeting may be held if it is quorated by more than one half of the unrelated directors. The resolutions of the board meeting shall be passed by more than one half of unrelated directors. If the number of unrelated directors attending the board meeting is less than three, such matter shall be put forward to the shareholders' meeting for discussion.

Rule 15 Voting of resolutions of the Board of Directors shall proceed by the following methods: voting by a show of hands or voting by poll.

Rule 16 The meetings of the Board of Directors may be convened by members attending in person (including on-site, video and telephone conferences to ensure that participants can communicate and discuss in real time) or by signature in written form.

Meetings of the Board of Directors may be convened by way of signature in written form provided that the directors have fully expressed their views and comprehended the matters and topics for discussion at the meeting and the directors attending the meeting shall sign accordingly.

Important matters including profit distribution proposals, remuneration plans, proposals on significant investment and significant asset disposal, appointment or removal of senior management members and capital replenishment plans shall not adopt the voting by way of signature in written form and such matters shall be approved by more than two-thirds of the directors of the Board of Directors.

Rule 17 Directors shall attend the board meeting in person. If a director cannot attend the meeting due to certain reasons, he/she may appoint another director in writing to attend on his/her behalf. However, an independent director shall not appoint a non-independent director to attend the meeting on his/her behalf. In principle, a director can accept the appointment of up to two directors. When considering related party transactions, non-related directors shall not appoint related directors to attend the meeting on their behalf.

The proxy form shall state the name of the proxy, the relevant matters, authority domain, personal opinion, voting intention and validity period and shall be signed by the appointor or a chop shall be affixed.

The Directors attending the meetings on their behalf shall exercise the rights of Directors within the scope of authorisation. If a director fails to attend a meeting of the Board of Directors or appoint a representative to attend such meeting, he/she shall be deemed to have waived his/her right to vote at such meeting.

Directors' responsibilities for voting matters should not be exempted by appointing other directors to attend the meeting.

Rule 18 Minutes shall be taken for the matters discussed at the meeting and the directors attending the meeting, secretary to the Board of Directors and the person taking the minutes shall sign on the minutes. Directors attending the meeting shall have the right to request to record in the minutes details of the speech made by them at the meeting. The minutes of the board meeting shall be kept as the Bank's files permanently.

Rule 19 The minutes of the meeting of the Board of Directors shall include the following:

- (1) date and place of the meeting and the name of the convenor;
- (2) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (3) agenda of the meeting;
- (4) main points of the speeches of the directors;
- (5) method and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention).

Rule 20 Directors shall sign on the board resolutions and shall be responsible for the board resolutions. If the board resolutions violate the relevant laws, regulations, the Articles or resolutions of the shareholders' meeting thus causing losses to the Bank, the directors participating in the resolutions shall be liable to compensate the Bank for the losses. However, on verification that a director had stated his/her objection when voting and the same was recorded in the minutes, such director may be exempted from such liability.

CHAPTER 5 SPECIALISED COMMITTEES UNDER THE BOARD OF DIRECTORS

Rule 21 The Board of Directors of the Bank has established specialised committees, i.e. the Strategy and Sustainable Development Committee, the Audit Committee, the Related Party Transactions Management and Consumer Rights Protection Committee, the Risk and Capital Management Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each of the specialised committees is responsible directly to the Board of Directors. They provide professional opinions to the Board of Directors, or make decisions in respect of professional issues in accordance with the authorisation of the Board of Directors, and regularly discuss with senior management and relevant departments on the operation and risk status of the Bank and put forward opinions and advices. All specialized committees of the Board of Directors comprise of directors, and each committee shall have at least three members. In particular, the members of the Audit Committee of the Board of Directors shall not be the directors who are the senior management of the Bank, of which independent directors shall account for more than half and the chairman shall be an accounting professional among the independent directors, its members shall have expertise and work experience in finance, auditing, accounting or law, etc., and the employee director can serve as member of the Audit Committee; at least one-third of the members of the Remuneration and Appraisal Committee of the Board of Directors shall be financial professionals, and independent directors shall account for more than half of the members of the Remuneration and Appraisal Committee of the Board of Directors and the Nomination Committee of the Board of Directors and serve as the chairman, and at least one member of the Nomination Committee of the Board of Directors shall be of a different gender; the proportion of independent directors in the Related Party Transactions Management and Consumer Rights Protection Committee of the Board of Directors and the Risk and Capital Management Committee of the Board of Directors shall not be less than one-third in principle; the chairman of the Related Party Transactions Management and Consumer Rights Protection Committee of the Board of Directors shall be an independent director.

Rule 22 The major duties of the Strategy and Sustainable Development Committee under the Board of Directors include:

- (1) formulate the operational goals and medium-to-long term development strategies, and make an overall assessment on its strategic risk;
- (2) consider material investment and financing projects and make proposals to the Board of Directors;
- (3) supervise and review the implementation of the annual operational and investment plans;
- (4) evaluate and monitor the implementation of Board resolutions;
- (5) put forward proposals and plans on important issues for discussion and determination by the Board of Directors;
- (6) formulate data governance strategies and major matters related to data governance;
- (7) review the ESG development strategy and basic management system, review ESG-related work reports, supervise the implementation and achievement of ESG development strategies and regularly assess their implementation, and promote the implementation of other ESG-related work in accordance with regulatory requirements;
- (8) other matters authorised by the Board of Directors;
- (9) other duties and powers granted by laws, administrative regulations, departmental rules and regulatory authorities.

Rule 23 The major duties of the Audit Committee under the Board of Directors include:

- (1) make recommendations to the Board on the appointment or dismissal of the person in charge of financial affairs;
- (2) be responsible for the annual audit work, make recommendations to the Board on the disclosure of financial information in the financial reports and regular reports, and to give opinions on the authenticity, accuracy, completeness and timeliness of the information set out in the audited financial report and to appoint, in the name of the Bank, registered accountants and practicing accountants to assist in reviewing such information should any doubt arises;
- (3) submit opinions on the compliance and reasonableness of the profit distribution plans;

- (4) examine the accounting policy and financial reporting procedure; submit opinions to the Board on changes in accounting policies, accounting estimates or correction of major accounting errors due to reasons other than changes in accounting standards;
- (5) formulate policies, procedures and relevant internal control systems for the selection and appointment of an Accounting Firm as authorised by the Board of Directors; propose the initiation of work related to the selection and appointment of an Accounting Firm; deliberate selection and appointment documents, determine evaluation factors and scoring criteria, and supervise the selection and appointment process; to make recommendations on the proposed appointment or removal of an Accounting Firm that undertakes the Bank's auditing business and its audit fees, and submit them to the decision-making body for decision; supervise and evaluate the audit work performed by the Accounting Firm; report periodically (at least annually) on the evaluation of the performance of the Accounting Firm engaged and on the performance of the supervisory duties of the Audit Committee to the Board of Directors;
- (6) guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information, evaluate the work procedures and work results of the internal audit department; coordinate the communications between internal auditors and external auditors;
- (7) examine the internal control system and put forward suggestions on the improvement of internal control; and make proposals to the Board of Directors for the disclosure of assessment report on internal control;
- (8) review and supervise the mechanism for employees to whistleblow any misconducts in respect of financial reports, internal control or other aspects, so as to ensure that the Bank always handles the whistleblowing issues in a fair and independent manner and takes appropriate actions;
- (9) supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Bank, evaluate the scientificness, reasonableness and robustness of the Bank's development strategy and prepare an evaluation report; with main focus on supervising its operation decisions, internal control, risk management of the Bank;
- (10) supervise the objectivity and reasonableness of the remuneration management system and its implementation of the whole Bank and the remuneration packages for its senior management members;
- (11) supervise the process of election and appointment of directors;

- (12) supervise the actual performance of duties by directors, and senior management members of the Bank, conduct overall assessment on the performance of duties by directors, and senior management members of the Bank, and report the final assessment results to the banking supervision and administration department under the State Council and report the same to the shareholders' meeting of the Bank; require the directors and senior management members to proceed with rectifications within a designated period and take accountability when they violate the relevant laws, administrative regulations, departmental rules and the Articles of the Bank and shareholders' resolutions, or engaging in any activities damaging the interests of the Bank, and report to the regulatory authority when necessary;
- (13) represent the Bank in negotiating with its directors and senior management members, and make written or verbal proposals to them, give directions, conduct discussions, raise questions and require formal replies when necessary; and to initiate legal proceedings against them according to the provisions of the Company Law;
- (14) review the resignations of directors, and senior management members when necessary;
- (15) put forward proposals to the shareholders' meeting; propose to convene extraordinary meetings; to convene and preside over shareholders' meetings if the Board of Directors fails to perform the duty of convening and presiding over shareholders' meetings according to the provisions of the Articles of Association;
- (16) the Bank's important decisions shall be reported to the Audit Committee of the Board of Directors in advance, and the information on operation conditions, financial conditions, important contracts, important events and cases, audit issues and significant changes in personnel shall be provided according to the requirements of the Audit Committee of the Board of Directors; the Audit Committee of the Board of Directors shall conduct investigation when becoming aware of any unusual operating situation;
- (17) communicate with the banking regulatory authority under the State Council or its branches on the status of the Bank on a regular basis;
- (18) other matters as provided by laws, administrative regulations, departmental rules and management organs and the Articles of Association, and other matters as authorised by the Board of Directors.

For the duties mentioned above, disclosure of financial information, evaluation report on internal control, appointment or removal of accounting firms and appointment or removal of the person in charge of financial affairs in financial reports and regular reports, to change accounting policy or accounting estimate or amend significant accounting error for reasons other than a change in accounting standards; and other matters which shall be passed by more than half of the audit committee of the Board of Directors as stipulated by the laws and regulations, regulatory authorities and the Articles, and submit it to the Board of Directors for consideration.

Rule 24 The Audit Committee of the Board of Directors shall convene at least one meeting every quarter.

An extraordinary meeting may be convened when proposed by two or more members of the Audit Committee, or the convener considers it is necessary. Meetings of the Audit Committee under the Board of Directors may only be held if more than two-thirds of the members are present.

Any resolution of the Audit Committee under the Board of Directors shall be approved by over half of the members of the Audit Committee under the Board of Directors.

Each member of the Audit Committee under the Board of Directors shall have one vote for any resolution.

The Audit Committee under the Board of Directors shall prepare minutes in respect of any resolution as required, which shall be signed by the members of the Audit Committee under the Board of Directors present at such meetings.

The Board of Directors is responsible for establishing the working procedures of the Audit Committee under the Board of Directors.

Rule 25 The major duties of the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors include:

- (1) identify related parties;
- (2) examine, monitor and review material Related-Party Transactions and Continuing Related-Party Transactions and control the risks associated with Related-Party Transactions;

- (3) review the measures on the management of Related-Party Transactions and supervise the establishment and improvement of the relevant management system of Related-Party Transactions;
- (4) review the announcement(s) in respect of Related-Party Transaction(s);
- (5) review and consider the strategies, policies and objectives of consumer rights protection;
- (6) review reports on consumer rights protection efforts and relevant proposals;
- (7) supervise and evaluate the comprehensiveness, promptness and effectiveness of consumer rights protection efforts as well as the duty performance of the senior management in consumer rights protection;
- (8) instruct and supervise the establishment and improvement of the management system for consumer rights protection;
- (9) any other matters authorised by the Board of Directors;
- (10) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

Rule 26 The major duties of the Risk and Capital Management Committee under the Board of Directors include:

- (1) supervise the status of risk control by the senior management members in relation to credit risk, market risk, operation risk, liquidity risk, strategic risk, compliance risk, reputation risk, country risk and other risks;
- (2) make regular assessment on the risk policies, management status, risk-withstanding ability and capital status;
- (3) perform the relevant duty of the advanced capital measurement method under the authorisation of the Board of Directors;
- (4) submit opinions and proposals on perfecting the management of risks and capital;
- (5) arrange and instruct risk prevention works in accordance with the authorisation of the Board of Directors;
- (6) instruct and promote construction of legal institutions and compliance management;
- (7) evaluate, supervise and govern the risk management policies and practices of relevant overseas institutions, including those of the Bank in the United States, in accordance with overseas regulatory requirements;

- (8) any other matters authorised by the Board of Directors;
- (9) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

Rule 27 The major duties of the Remuneration and Appraisal Committee under the Board of Directors include:

- (1) study, draft the assessment standards of directors and senior management members and make assessment depending on the actual conditions of the Bank;
- (2) study, draft and review the remuneration policies and proposals in respect of directors and senior management members; draft and review the remuneration policies and proposals in respect of directors and senior management members, including remuneration determination mechanism, decision-making process, payment and cessation of payment recovery arrangements;
- (3) draft or modify share incentive plans, employee stock ownership plans, the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients, and the arrangement of stock ownership plans for directors and senior management members in the event of a proposed spin-off of a subsidiary;
- (4) review the remuneration management system and policies of the Bank;
- (5) evaluate the performance of the executive directors and approve the terms of service agreements for the executive directors;
- (6) any other matters authorised by the Board of Directors;
- (7) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

If the Board of Directors does not adopt or does not fully adopt the recommendation of the Remuneration and Appraisal Committee under the Board of Directors, it shall record and disclose the recommendation of the Remuneration and Appraisal Committee under the Board of Directors and the specific reasons for not adopting such recommendation in the resolution of the Board of Directors.

Rule 28 The major duties of the Nomination Committee under the Board of Directors include:

- (1) study and draft the selection criteria and procedures of directors and senior management;
- (2) promote the diversity of the members of the Board of Directors, including but not limited to the diversity of gender, age, culture, education background and professional experience, and regularly review the implementation of the diversity;
- (3) review the structure, number of directors and composition (including their skills, knowledge and experience) of the Board of Directors regularly according to the business activities, asset scale and shareholding structure of the Bank, and put forward proposals in respect of any intended changes to the Board of Directors in line with the strategies of the Bank;
- (4) search extensively for qualified candidates for directors and senior management members;
- (5) conduct preliminary examination on candidates for directors and senior management members;
- (6) any other matters authorised by the Board of Directors;
- (7) other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

If the Board of Directors does not adopt or does not fully adopt the recommendation of the Nomination Committee under the Board of Directors, it shall record and disclose the recommendation of the Nomination Committee under the Board of Directors and the specific reasons for not adopting such recommendation in the resolution of the Board of Directors.

Rule 29 The specialised committees under the Board of Directors may appoint intermediary institutions to provide professional advice and the relevant costs shall be borne by the Bank.

Rule 30 If the specialised committees under the Board of Directors convene a meeting, the Bank shall, in principle, provide relevant information no later than three days prior to the meeting of the specialised committees under the Board of Directors. Meetings of the specialised committees under the Board of Directors are generally held on-site. The meetings may be held via video, telephone or other means in accordance with the procedures, if necessary, to ensure that all participating directors are able to fully communicate and express their opinions.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

- Rule 31** The Rules shall be implemented on the date the Articles become effective after approval at the shareholders' meeting.
- Rule 32** The interpretation power of the Rules of Procedure belongs to the Board of Directors.