

CZBANK  **浙商银行**

CHINA ZHESHANG BANK CO., LTD.

浙商银行股份有限公司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

**Terms of Reference of the Nomination and
Remuneration Committee of the Board of Directors**

**Hangzhou, China
March 2016**

**The English version is for reference only. Should there be any inconsistency
between the English and Chinese versions, the latter shall prevail.**

(Remark: The Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors bearing the new logo are identical to the one which were published by our Bank on 29 March 2016.)

The Rules of Procedures for the Nomination and Remuneration Committee of the Board of Directors of China Zheshang Bank Co., Ltd.

Chapter I General Provisions

Article 1 To standardize the procedure behavior of the Nomination and Remuneration Committee of the Board of China Zheshang Bank Co., Ltd. (hereinafter referred to as our “Bank”) and safeguard the Nomination and Remuneration Committee of the Board to implement duties in accordance with laws and regulations, these Rules of Procedures are formulated pursuant to the laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association of China Zheshang Bank Co., Ltd. (the “Articles of Association of our Bank”) and other relevant laws and regulations.

Article 2 The Nomination and Remuneration Committee is a specialized organization established by the Board of Directors in accordance with the Articles of Association of our Bank. Regarding our Bank’s interests as the supreme criterion, the Committee exercises authority independently in accordance with the Articles of Association of our Bank and is accountable to the Board.

Chapter II Composition

Article 3 The Nomination and Remuneration Committee must comprise a minimum of three directors and one chairman who should be an independent director. The majority of the Committee members shall be independent directors. The chairman shall preside over the work of the Committee. The chairman and other members shall be nominated by the Chairman of the Directors Board and elected by the Board.

If the Nomination and Remuneration Committee and its composition fail to meet the requirements of this article, the Board of Directors should immediately describe the details and reasons for failure to meet the requirements through public announcement based on the requirements of the securities regulatory bodies in the place where our Bank’s shares are listed, and fill the vacancy within three months from the date failure to satisfy the aforementioned provisions in accordance with the provisions of this article.

Article 4 The term of the Nomination and Remuneration Committee is identical to the term of office of the Directors. Members can be re-elected upon the expiration of the term of office. During this period, if a member no longer acts as the director, such member will automatically lose the member eligibility and the Board will make up the number of members in accordance with the Articles of Association of our Bank.

Chapter III Responsibilities

Article 5 In accordance with relevant provisions of the laws, regulations and the Articles of Association of our Bank, the main duties of the Nomination and Remuneration Committee are as follows:

- (I) To make recommendations to the composition of the Board of Directors according to our Bank's operation, asset size and the share structure:
 - 1. To annually review the structure, quantity and composition of the Board of Directors (including the skills, knowledge and experience);
 - 2. To make recommendations on any changes to the Board of Directors in response to our Bank's strategy.
- (II) To develop election standards and procedures for directors and senior management and make recommendations to the Board of Directors:
 - 1. To review the diversification of Board members (including but not limited to gender, age, culture and educational background, race or professional experience);
 - 2. To assist in the Board of Directors in the formulation of policies related to diversification of the board members, and disclose their policies or policy summary in the Corporate Governance Report.
- (III) To propose Chairman and Vice Chairman of the Directors Board candidates to the Board and to make review comments on the selection of the directors and the President, Vice President, Chief Financial Officer, Secretary of the Directors Board and other senior management:
 - 1. To identify individuals with appropriate qualifications as directors and to give advice to the Board of Directors;
 - 2. To make recommendations to the Board of Directors on the appointment or re-appointment of directors and the succession plan of directors (especially the Chairman of the Directors Board and President);
 - 3. To preliminarily review the qualifications of directors and senior management candidates;
 - 4. To audit the independence of independent directors.
- (IV) To formulate the remuneration policies and schemes for directors and senior management:
 - 1. To make recommendations to the Board of Directors on the remuneration policy and structure for all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - 2. To review and approve the remuneration proposal for senior management based on the corporate policies and objectives established by the Board of Directors;

3. To consult the Chairman of the Directors Board and/or the President about recommendations on remuneration of other executive directors and senior management and to make recommendations to the Board of Directors on the remuneration of the executive directors and senior management, including non-monetary benefits, pension rights and compensation payments (including compensation for loss or termination of office or appointment);
 4. To make recommendations to the Board on the remuneration of non-executive directors;
 5. To consult salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in our Bank;
 6. To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that the compensation is consistent with the relevant terms of service agreement and is otherwise fair and not excessive;
 7. To review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the relevant terms of service agreement and are otherwise reasonable and appropriate;
 8. To ensure that no director or any of their associates (as defined in the Hong Kong Listing Rules) is involved in deciding their own remuneration.
- (V) Other duties required by the law, administrative regulations, departmental rules, the relevant provisions of the securities regulatory authority in the place where our Bank's shares are listed and as authorized by the Board.

The terms of reference of the Nomination and Remuneration Committee shall be subject to the requirements of the Hong Kong Listing Rules amended from time to time.

Article 6 The official election, appointment or replacement of directors and senior management should be reviewed by the Nomination and Remuneration Committee in advance and the Nomination and Remuneration Committee should give review comments. The Nomination and Remuneration Committee has no nomination rights, veto rights and approval rights.

Article 7 The Nomination and Remuneration Committee should actively make communications and exchanges with shareholders, directors and the President of our Bank after receiving the proposal for appointment of directors and senior management to seek their opinions on the appointment of directors and senior management.

Article 8 The Nomination and Remuneration Committee should seek the opinions of the nominees on their nomination prior to making review comments to the Board of Directors.

The nominees should publicly declare after nomination: I understand the rights, obligations and responsibilities of a director or senior management personnel and ensure compliance with commitments.

Article 9 The Nomination and Remuneration Committee should be aware of the remuneration policy and market level in the same industry, draft the scientific and reasonable remuneration policies and programs of our Bank and supervise its implementation.

Article 10 The remuneration policies and programs developed by the Nomination and Remuneration Committee shall include the performance evaluation criteria, procedures and principal evaluation system, as well as major programs and systems for reward and punishment.

Article 11 The salary allocation and mode of senior management shall be determined based on the comprehensive evaluation results and the remuneration policy, approved by the Board of Directors, and informed to the general meeting.

Article 12 The Nomination and Remuneration Committee may require the senior management to conduct debriefing and self-evaluation prior to discussion of their assessment opinions.

Article 13 The Nomination and Remuneration Committee may set up a working group for the important work to carry out specific guidance on the work.

Article 14 The Nomination and Remuneration Committee has the right to request our Bank's senior management to give full support for the work of the Committee and make a reply to the questions raised as soon as possible. Senior management shall have responsibilities to provide adequate and appropriate information for the Nomination and Remuneration Committee in a timely manner to help them make informed decisions and fulfill their obligations. The Nomination and Remuneration Committee and its members may make further investigation when it considers necessary and contact the senior management independently.

Article 15 When necessary, the Nomination and Remuneration Committee may hire an external expert and intermediary institution to provide independent and professional advice for its decisions during performing its duties and the reasonable expenses shall be borne by our Bank.

Chapter IV Rules of Procedures

Article 16 The Nomination and Remuneration Committee is responsible for collecting meeting topics and proposes the meeting to discuss and consider such topics after approval by the chairman.

Article 17 The meeting of the Nomination and Remuneration Committee shall be convened upon proposal by the chairman of the Committee as required by the work.

Article 18 Notice of the meeting to be convened by the Nomination and Remuneration Committee should be given three days prior to the meeting and the Board office shall be responsible for delivering the notices and documents of the meeting to each member.

Article 19 The meeting of the Nomination and Remuneration Committee shall be mainly convened in the form of a physical meeting (including telephone conference and video conference), and can also be convened in the form of written resolutions. When the meeting is convened in the form of written resolutions, the directors or other directors entrusted by them shall write "for", "against" or "abstain" on the resolution. Once the number of the directors who sign in favor of a resolution reaches the quorum as required for making the resolution in the Articles of Association of our Bank, the proposal shall be adopted.

Article 20 The meeting of the Nomination and Remuneration Committee shall be presided over by the chairman. If the chairman is unable to attend the meeting, he may delegate another member to preside over the meeting on his behalf.

Article 21 The meeting of the Nomination and Remuneration Committee shall only be convened when more than half of all members attend the meeting and each member has one vote. Members who are unable to attend the meeting may delegate other members in writing to attend the meeting on their behalf and to exercise the voting rights over the matters under consideration.

Article 22 The meeting of the Nomination and Remuneration Committee shall be voted by show of hands. In order to ensure all members fully express their views, members can vote by adopting written resolutions. The method of written resolutions shall specify the effective time limit of the vote. Members who fail to express their views within the specified time limit shall be deemed as a waiver.

Article 23 Decisions made by the meeting shall be adopted through voting by more than half of all the members. Members having the interests with the voting matters shall not exercise the right to vote and should be avoided.

Article 24 The Nomination and Remuneration Committee may invite the related persons to attend the meeting without voting rights in accordance with the requirements of the conference proceeding.

Article 25 The meeting of the Nomination and Remuneration Committee should have the resolutions and minutes and the members attending the meeting shall sign the resolutions of the meeting. Minutes shall have detailed records on the matters reviewed and the decisions made in the meeting, including any concerns raised by the members and different views expressed by the members. The draft and the final version of minutes should be sent in a reasonable period of time after the meeting to all the Committee members for review. The draft is used for members to express their views and the final version of minutes is used for file.

Minutes shall be kept by the company secretary. Upon reasonable request by any director, such minutes shall be provided to the director for review within a reasonable period of time.

Article 26 Minutes and resolutions of the Nomination and Remuneration Committee and power of attorney to authorize other persons to attend the meeting shall be retained for more than a decade as our Bank's file.

Article 27 Minutes of the Nomination and Remuneration Committee shall be reported to the Board in writing with a copy to the Board of Supervisors, leaders and related departments of our Bank.

Article 28 Members of the Nomination and Remuneration Committee should spend sufficient time in performing their duties and attend the committee meetings and activities on time. Attending meetings and activities should be considered as a standard to assess the directors' implementation of their duties.

Any member who fails to attend the meeting of the Nomination and Remuneration Committee without authorizing other members to attend the meeting in writing on behalf of this member shall be deemed to have waived the voting rights at this meeting

Article 29 Members present at the meeting and persons attending the meeting without voting rights shall keep the meeting minutes, resolutions, materials and matters discussed confidential and shall not disclose the relevant information without authorization.

Article 30 The Board of Directors Office shall be responsible for daily affairs of the Nomination and Remuneration Committee.

Chapter V Supplementary Provisions

Article 31 The Nomination and Remuneration Committee should report the matters within the scope of its duties to the Board in a timely manner. The Nomination and Remuneration Committee should report the adopted motions to the Board and shall regularly inform the Board of its decisions and recommendations adopted, unless otherwise report of the matter is conflict to the general responsibility of the Nomination and Remuneration Committee or is not allowed by laws, regulations or regulatory restrictions.

The chairman of the Nomination and Remuneration Committee shall attend the annual general meeting. If the chairman is unable to attend the meeting, the Chairman of the Directors Board shall invite another member to attend the annual general meeting. If this member is unable to attend the meeting, a suitable representative should be appointed. The member or representative attending the annual general meeting should answer questions about the work of the Nomination and Remuneration Committee raised by shareholders at the meeting.

Article 32 Any matters that are not covered herein or any conflicts between these Rules of Procedures and the laws, regulations or the Articles of Association of our Bank shall be resolved in reference to such laws, regulations or the Articles of Association of our Bank.

Article 33 These Rules of Procedures shall be interpreted and revised by the Board of Directors of China Zheshang Bank.

Article 34 These Rules of Procedures shall be announced on our Bank's website and the website of the Stock Exchange where our Bank's stocks are listed.

Article 35 These Rules of Procedures shall become effective from the date of listing of the H shares of our Bank on the Stock Exchange of Hong Kong Limited through public offering upon approval by the Board of Directors.