PUBLIC FINANCE LIMITED

Nomination and Remuneration Committee of the Board

Terms of Reference

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1. Objectives of the Committee

a. To review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors (the "Board") of Public Finance Limited (the "Company") at least annually and make recommendations of any proposed changes to the Board.

b. To identify individuals suitably qualified to become members of the Board, Chief Executive, Alternate Chief Executive(s) and Senior Management of the Company and make recommendations of the individuals for appointment and re-appointment as Directors, and appointment of Chief Executive, Alternate Chief Executive(s) and Senior Management of the Company.

c. To make recommendations on the nomination policy, succession planning and any related matters for Directors, Chief Executive, Alternate Chief Executive(s) and Senior Management.

d. To review the efficiency and effectiveness of the Board, Board Committees, Board members and Senior Management by conducting annual self-assessments.

e. To review and make recommendations to the Board on the remuneration policy and structure of the Directors, Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel (as defined in the Remuneration Policy) remuneration and to establish a formal and transparent procedure for developing the remuneration policy of the Company.

2. Members of the Committee

a. The Committee members shall be appointed by the Board from amongst the Non-Executive Directors and shall consist of not less than three members. A majority of the Committee members shall be Independent Non-Executive Directors ("INED").

b. Once appointed, members of the Committee shall last as long as he or she remains as a Director of the Company, and the tenure will expire upon the termination or resignation of the member of the Committee. However, the Board may terminate the appointment of any member of the Committee at any time.

3. Chairman

The Committee shall be chaired by an INED.

4. Secretary

The Company Secretary or the designated personnel/representative from Company Secretarial Department of Public Bank (Hong Kong) Limited ("PBHK"), or designated personnel/representative from Human Resources Department of PBHK shall be the secretary of the Committee.

5. Quorum

To constitute a quorum, at least half of the number of the Committee members must be present and two of whom shall be an INED.

6. Authority

a. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

b. The Committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary at the Company's expense.

7. Roles and Responsibilities

a. To establish the minimum requirements on the skills, knowledge, expertise, experience, qualifications and other core competence of a Director, Chief Executive, Alternate Chief Executive(s) and Senior Management.

b. To assess and recommend to the Board suitable persons for appointment as Directors, Board Committee members, Chief Executive, Alternate Chief Executive(s) and Senior Management positions.

c. In the case of persons for appointment as INED, to assess that the person meets the criteria of INED as may be defined in (i) the Supervisory Policy Manual ("SPM") CG-1 "Corporate Governance of Locally Incorporated Authorised Institutions" of the Hong Kong Monetary Authority ("HKMA") and (ii) the circular "Empowerment of INEDs in the Banking Industry in Hong Kong" issued by HKMA on 14 December 2016 (the "Guidance").

d. To oversee the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competence, and adequacy of balance between Executive Directors, Non-Executive Directors and INEDs through annual review, with due regard for the benefits of diversity on the Board and the Company's corporate strategy.

e. To establish the mechanisms for the formal assessment of the effectiveness of the Board as a whole; the Board Committees; the effectiveness of each Director; and the performance evaluation of the Chief Executive, Alternate Chief Executive(s) and Senior Management. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.

f. To determine the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

g. To recommend to the Board the succession planning for Directors, in particular the Chairman, Chief Executive, Alternate Chief Executive(s) and Senior Management.

h. To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast of developments in the market place and with changes in new statutory and regulatory requirements.

i. To review the ability and contributions required from the Directors (including potential candidate(s)), Chief Executive, Alternate Chief Executive(s) and Senior Management and assess whether sufficient time has been/will be given in performing their responsibilities and any potential conflicts of interest.

j. To recommend to the Board the removal of a Director/Chief Executive/Alternate Chief Executive(s)/Senior Management if he/she is ineffective, errant or negligent in discharging his/her responsibilities.

k. To develop and review the Company's policies and practices on corporate governance.

l. To review annually and recommend to the Board the remuneration policy and structure for the Directors, Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel to ensure that rewards are in line with the business risk strategy, corporate values and long term interest of the Company, and on the establishment of a formal and transparent procedure for developing the remuneration policy.

m. To oversee the performance evaluation of the Executive Directors, Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel and recommend to the Board their remuneration packages, promotions, specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Company's objectives, culture and strategy.

n. To make recommendations to the Board on the remuneration of Non-Executive Directors and to ensure that the level of remuneration for Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

o. To review and recommend to the Board the compensation payable to the Executive Directors, Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

p. To review and recommend to the Board the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and

appropriate.

q. To make recommendations in respect of remuneration policy and practices to the Board to ensure that the remuneration is appropriate and consistent with the Company's culture, long-term business and risk appetite, performance and control environment and the principles set out in the SPM CG-5 "Guideline on a Sound Remuneration System" of HKMA (the "Guideline") and any other legal or regulatory requirements applicable to employees' remuneration.

r. To evaluate any practices by which remuneration is paid to employee for potential future revenues whose timing and likelihood remain uncertain.

s. To ensure an annual review on the Company's remuneration system and its operation, either by internal or external parties, and is carried out independently of management, which includes an assessment of consistency with principles set out in the Guideline, and the result may be submitted to the relevant regulatory bodies whenever required.

t. To work closely with other relevant parties such as Risk Management Committee, Audit Committee, Compliance Department etc. in the evaluation of the variable remuneration created by the remuneration system.

u. To report any material issues in relation to the remuneration system to the Board on a regular basis or when needed.

v. To keep abreast of the terms and conditions of service of the Executive Directors, Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel including their total remuneration packages for market comparability; and to review and recommend changes to the Board whenever necessary.

w. To keep abreast of the remuneration packages for members of Board Committees to ensure that they commensurate with the scope of responsibilities held, and to review and recommend changes to the Board whenever necessary.

x. To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

y. To carry out such other responsibilities as may be delegated by the Board from time to time.

8. Frequency of Meetings

Meetings shall be held not less than once a year.

9. Voting Requirements

Decision arising at any meeting shall be decided by a majority of votes. In case of a tie in voting, the Chairman shall have a second or casting vote.

10. Reporting Procedures

Minutes must be prepared to record fully all decisions and matters dealt with by the Committee and tabled to the Board of the Company for noting. A record of the attendance at each meeting should be maintained.

11. Attendance at Meetings

a. Other Board members, the Chief Executive, Alternate Chief Executive(s), Senior Management and Key Personnel may be consulted and/or invited to attend meetings.

b. Where there is a specific need for information or clarification on any matters, the relevant staff may be invited to attend the specific part(s) of the Committee's meeting(s).