

# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The Bank is committed to the highest standards of corporate governance including but not limited to strict adherence to the principles set forth in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Bank has complied with all Code provisions throughout the financial year ended 31 December 2010.

The Bank, being a licensed bank incorporated in Hong Kong, also follows the principles and best practices in corporate governance as set forth in the guidelines on "Corporate Governance of Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority ("HKMA").

### DIRECTORS' SECURITIES TRANSACTIONS

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

The Bank has made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that they have fully complied with the required standards set out in the Model Code.

### BOARD OF DIRECTORS

(1) The Board of Directors ("the Board") of the Bank comprises 11 Directors. Details in relation to the Board have been set out in the Corporate Information. During the financial year, four Board meetings have been held. Each Director's attendance at these Board meetings is set out below:

DIRECTORS	ATTENDANCE
<b>Executive Directors</b>	
Pei-Hwa Thomas Liang ( <i>Managing Director</i> )	4/4
James Yip	4/4
Dennis Chan Wen-Yueh ( <i>appointed on 15 March 2011</i> )	0/0
<b>Non-Executive Directors</b>	
Ming-Hsing (Richard) Tsai ( <i>Chairman</i> )	3/4
Ming-Chung (Daniel) Tsai ( <i>Vice Chairman</i> )	3/4
Victor Kung	4/4
David Chang Kuo-Chun	3/4
Michael Chang Ming-Yuen ( <i>re-designated from an Executive Director to a Non-Executive Director on 1 September 2010</i> )	4/4

### 企業管治常規

本行致力實行最高水準之企業管治，包括但不限於嚴格遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四之《企業管治常規守則》（「守則」）所載原則。截至二零一零年十二月三十一日止之財政年度，本行嚴格遵守載於守則內之全部守則。

本行作為香港成立之持牌銀行，亦會致力遵守載於香港金融管理局（「金管局」）頒佈之監管政策手冊內「本地註冊認可機構之企業管治」指引之原則及企業管治最佳常規。

### 董事之證券交易

本行已採納「上市規則」附錄十所列之《上市公司董事進行證券交易的標準守則》（「標準守則」），作為本行董事進行證券交易之行為守則。

本行已向所有董事作出有關於本期間任何違反「標準守則」之特定查詢，而彼等皆確認已完全遵守「標準守則」所列之要求。

### 董事會

(1) 本行董事會（「董事會」）包括11名董事。公司資料中載有董事會之詳情。於本財政年度內，董事會已舉行四次會議。各董事出席該等董事會會議之情況載列如下：

董事	出席次數
<b>執行董事</b>	
梁培華 ( <i>董事總經理</i> )	4/4
葉強華	4/4
詹文嶽 ( <i>於二零一一年三月十五日委任</i> )	0/0
<b>非執行董事</b>	
蔡明興 ( <i>主席</i> )	3/4
蔡明忠 ( <i>副主席</i> )	3/4
龔天行	4/4
張果軍	3/4
張明遠 ( <i>於二零一零年九月一日由執行董事調任為非執行董事</i> )	4/4

### Independent Non-Executive Directors

Robert James Kenrick	4/4
Moses K. Tsang	3/4
Hung Shih	4/4

Full regular Board meetings are held at least four times a year, with one in each quarter. Notice of each Board meeting will be given to all Directors at least 14 days in advance and the agenda will be sent to the Directors at least 7 days before the date of each Board meeting for all Directors to review.

The Articles of Association of the Bank provide that a Director shall not be entitled to vote or be counted in the quorum in respect of any contract or arrangement in which he or any of his associates has a material interest.

Minutes of each Board meeting are circulated to all Directors for their comment prior to their confirmation at the following Board meeting. Minutes of Board meetings are kept by the Company Secretary and are open for inspection by Directors.

Directors may have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations, are followed.

- (2) In meeting its overall duties and responsibilities to shareholders, depositors, creditors, employees and other stakeholders, the Board is responsible to ensure that there is a competent executive management which is able to run the Bank in a sound and efficient manner.

The Board is also responsible for establishing the overall business objectives of the Bank and to approve and review the corresponding business strategies and plans (including annual budgets) from time to time. The Board is also required to ensure that the operations of the Bank are conducted prudently and within the laws and regulations of the Hong Kong Special Administrative Region and thus establishes, approves and reviews such policies, codes of conduct, guidelines and systems as the Board may think necessary and appropriate from time to time.

The Board also ensures that the Bank observes a high standard of integrity in its dealings with the public and particular care is taken to comply with applicable laws and regulations (such as the Personal Data (Privacy) Ordinance,

### 獨立非執行董事

甘禮傑	4/4
曾國泰	3/4
石宏	4/4

每年至少舉行四次定期董事會會議，每季度一次。每次董事會會議通知會於至少14天前發給全體董事，而會議議程會於各董事會會議日期至少7天前發給全體董事以供審閱。

本行之章程細則規定，就任何合約或安排而言，倘董事或董事之聯繫人士於其擁有重大權益，則該董事無權投票或計為法定人數。

每次董事會會議之會議記錄會於下次董事會會議確認前交由全體董事傳閱及提出意見。董事會會議記錄會交由公司秘書保存並供董事公開查閱。

全體董事皆可獲得公司秘書的意見及服務以確保董事會程序及所有適用規則及條例均獲遵守。

- (2) 董事會有責任確保行政管理層有能力以合理及有效的方式經營本行，以履行其對股東、存戶、債權人、僱員及其他相關人士之義務及責任。

董事會亦有責任建立本行之全盤業務目標，並不時批核及檢討相應之業務策略及計劃（包括年度財政預算）。董事會亦須確保本行謹慎營運並遵守香港特別行政區之法例及法規，從而於董事會認為有必要及適當時建議、批准及審核該等政策、行為守則、指引及系統。

董事會亦須確保本行於其對公眾之交易中遵循高標準誠信準則，並特別留意須遵守法例及法規（例如《個人資料（私隱）條例》、《防止賄賂條例》等）、防止清洗

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Prevention of Bribery Ordinance etc), prevention of money laundering legislation, industry standards (such as the Code of Banking Practice) and regulatory guidelines issued by the HKMA, the Securities and Futures Commission and other relevant regulatory authorities.

In addition, the Board regularly establishes, approves and reviews risk management strategies and policies of the Bank as it may think necessary and appropriate from time to time to identify, measure, monitor and control the various types of risk with which the Bank is faced, such as but not limited to credit, operational, market, reputational and liquidity risks. It also oversees the overall investments (other than in the ordinary course of its banking and securities business) of the Bank in assets such as property, equities or bonds.

The Board also ensures that the staff of the Bank fully understands and complies with the provisions of Section 83 of the Banking Ordinance on connected lending and has established a policy on such lending.

The Board also focuses on effectively overseeing and managing the business of the Bank including delegating duties and responsibilities to the Managing Director or through the appointment of Directors to specialised Board committees with all decisions and approvals being subject to review and ratification by the Board.

### CHAIRMAN AND CHIEF EXECUTIVE

Details of the Chairman, Ming-Hsing (Richard) Tsai, and the Chief Executive (Managing Director), Pei-Hwa Thomas Liang, have been set out in the Corporate Information. They have no relationship with each other. The roles of the Chairman and the Chief Executive (Managing Director) are segregated, with a clear division of responsibilities.

The Chairman is a Non-Executive Director and is responsible for the leadership and effective running of the Board, and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner.

The Chief Executive (Managing Director) is an Executive Director and is responsible without interference from individual Directors for the day to day general management and control of the Bank's business and operation under delegated power and authority of the Board. However the Chief Executive (Managing Director) has discretion to consult and obtain guidance from the other Directors or the Board when he considers necessary.

黑錢法例、行業標準(例如「銀行營運守則」),以及由金管局、證券及期貨事務監察委員會及其他相關監管機構頒佈之規管指引。

此外,董事會於其認為有必要及適當時不時定期建立、批准及審核本行之風險管理策略及政策,以找出、計算、監察及控制各類本行所面對之風險,其中包括惟不僅限於信貸、營運、市場、聲譽及流動資金風險。董事會亦監察本行之物業、股權或債券等全盤資產之投資,惟一般之銀行及證券業務除外。

董事會亦確保本行職員完全理解及遵守《銀行業條例》第83條之有關關連借貸之條文,並就該等借貸訂立政策。

董事會亦專注於有效監察及管理本行之業務,包括透過授權董事總經理,或委任董事加入專責委員會,再經由董事會審核及批准所有決定。

### 主席及行政總裁

公司資料載有主席蔡明興及行政總裁梁培華之詳細資料。彼等相互並無關係。主席及行政總裁之職能互相獨立及職責明晰。

主席為非執行董事及負責董事會之領導和運作,並確保所有重大及需要處理的事務得以有效及有建設性地進行商議。

行政總裁(董事總經理)為執行董事及可根據董事會之授權,負責日常管理及本行之業務營運,而不受任何個別董事之影響。然而,行政總裁(董事總經理)可於必要時酌情向任何董事或董事會進行諮詢及獲取指引。

## BOARD COMPOSITION

The Board comprises three Executive Directors, five Non-Executive Directors and three Independent Non-Executive Directors. More than one of the Independent Non-Executive Directors hold appropriate professional qualifications or accounting or related financial management expertise which exceeded the minimum requirements of the Listing Rules.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Bank is of the view that all Independent Non-Executive Directors are independent and meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Among the members of the Board, Ming-Chung (Daniel) Tsai, Vice Chairman is the brother of Ming-Hsing (Richard) Tsai, Chairman, both of whom represent the substantial shareholder of the Bank, Fubon Financial Holding Co., Ltd.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Bank.

The Board has not established a nomination committee. As a substantial shareholder holding 75% of the shares of the Bank, Fubon Financial Holding Co., Ltd is involved in the process of nominating new Directors. The appointment of new Directors will be considered and approved by the full Board of Directors or Shareholders in accordance with the Articles of Association of the Bank. Approval from the HKMA will also be obtained in accordance with the Banking Ordinance.

Those directors appointed by the Board of Directors during the year shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises the Board's Non-Executive Chairman, Non-Executive Vice Chairman and three Independent Non-Executive Directors. The Committee meets as required to review and make recommendations to the Board in respect of the remuneration policy and practices of the Bank to ensure that these are consistent with legal or regulatory requirements. The Committee exercises competent and independent judgment on the remuneration policy and practices, and the job performance incentives thereby created for managing risk, capital and liquidity. It evaluates any practices by which remuneration is paid for potential future revenues whose timing

## 董事會組成

董事會包括三位執行董事、五位非執行董事及三位獨立非執行董事。不止一位獨立非執行董事擁有適當之專業資格或具備會計或相關財務管理專長，超過了「上市規則」之最低規定。

各獨立非執行董事已根據「上市規則」第3.13條之規定提交其獨立性週年確認書。本行認為所有獨立非執行董事均保持獨立並符合「上市規則」第3.13條所載之獨立性指引。

在董事會成員當中，副主席蔡明忠乃主席蔡明興之胞兄，而兩位均為本行之大股東富邦金融控股股份有限公司之代表。

## 委任及重選董事

根據本行之章程細則，所有董事均需於股東周年常會上應選輪任與連任。

董事會並未成立提名委員會。持有本行75%權益之大股東富邦金融控股股份有限公司會參與提名新董事之程序。根據本行之章程細則，委任新董事將由全體董事會成員或股東審核及批准。根據《銀行業條例》，亦須獲得金管局之批准。

董事會於年度內所委任之董事只任職至下屆股東周年常會，並於其時有資格再度當選連任。

## 薪酬委員會

薪酬委員會由董事會之非執行主席、非執行副主席及三名獨立非執行董事組成。該委員會按需要舉行會議，以就本行之薪酬政策及慣例進行審閱及向董事會作出建議，確保該等政策及慣例符合法律或法規之規定。委員會就薪酬政策及慣例以及就管理風險、資本及流動性設立之工作表現獎勵進行恰當及獨立判斷。委員會評估就未來收入（因其時間及可能性尚不明確）而支付報酬之做法進行評估，並確保該等付款符合本行之策略目標、財務狀況及未來前景。委員會於考慮表現目標或實際表現決定時會就

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and likelihood remain uncertain and to ensure that such payments are consistent with the Bank's strategic objectives, financial condition and future prospects. The Committee determines whether any adjustments for risk need to be applied when considering performance objectives or actual performance. The Committee also ensures that an annual review of the Bank's remuneration system and its operation, which will include an assessment of consistency with the regulatory requirements, is conducted independently of senior management.

The Committee reviews and approves the remuneration packages for senior management which include the Managing Director and Chief Executive, Executive Directors and Executive Vice President. Executive Directors or any of their associates do not play a part in decisions on their own remuneration. During the financial year, one meeting was held. Each Director's attendance at the meeting is set out below:

DIRECTORS	ATTENDANCE
Ming-Hsing (Richard) Tsai ( <i>Chairman</i> )	1/1
Ming-Chung (Daniel) Tsai ( <i>Vice Chairman</i> )	1/1
Robert James Kenrick	1/1
Moses K. Tsang	1/1
Hung Shih	1/1

During the financial year, the Remuneration Committee discussed the 2010 staff bonuses and recommended its decision to the Board of Directors for approval. The Committee also approved 2010 bonuses for the Executive Directors. The Committee also approved the extension of employment of Michael Chang as an Executive Vice President from 9 August 2010 until his re-designation as a Non-Executive Director on 1 September 2010.

### REMUNERATION OF SENIOR MANAGEMENT AND KEY PERSONNEL

Basically, the remuneration packages of senior management and key personnel consist of fixed and variable remuneration. Fixed remuneration refers to base salary and fixed allowances while variable remuneration refers to year-end discretionary bonus, share options and sales incentives. The remuneration packages of senior management and key personnel are determined by Remuneration Committee with reference to a number of factors as follows:

- Overall business performance of the Bank;
- General economic situation;
- Latest market and industry practice;
- Risk and responsibilities;

風險作出調整。委員會亦確定在不受高級管理層的影響下對本行之薪酬制度及其運作進行年度獨立審閱，當中包括評括其與監管規定的一致性。

委員會審閱及批核高級管理人員（包括董事總經理及行政總裁、執行董事及執行副總裁）之薪酬方案。執行董事或任何彼等之聯繫人士並無參與與其相關之薪酬決策討論。於本財政年度內，薪酬委員會曾經舉行一次會議。各董事出席會議之情況如下：

董事	出席次數
蔡明興 ( <i>主席</i> )	1/1
蔡明忠 ( <i>副主席</i> )	1/1
甘禮傑	1/1
曾國泰	1/1
石宏	1/1

於本財政年度內，薪酬委員會就職員二零一零年之花紅進行討論並向董事會提出批准之建議。該委員會亦批准執行董事二零一零年之花紅。該委員會亦批准張明遠先生擔任行政副總裁一職之合約由二零一零年八月九日延長至二零一零年九月一日其調任為非執行董事止。

### 高級管理層及主要員工之薪酬

高級管理層及主要員工之薪酬基本上包括固定及浮動薪酬。固定薪酬指基本工資及固定津貼，而浮動薪酬指年終花紅、認股權及銷售獎勵。高級管理層及主要員工之薪酬由薪酬委員會參考下列因素予以釐定：

- 本行之整體業務表現；
- 整體經濟狀況；
- 最近市場及行業慣例；
- 風險及責任；

- Individual contributions to results as confirmed in the performance evaluation process; and
- Attraction and retention of talent;

Aggregate quantitative information on remuneration for the Bank's senior management and key personnel for the financial year is set out below:

- (i) Amount of remuneration for the financial year, split into fixed and variable remuneration<sup>Note 1</sup>, and number of beneficiaries is:

Fixed Remuneration <sup>Note 2</sup>	Variable Remuneration	Sales Incentives	Number of beneficiaries
HK\$10,246,560	HK\$3,894,595	Nil	3

- (ii) The amount of variable remuneration in cash is HKD3,894,595. No variable remuneration in shares or share-linked instruments or sales incentives was granted to the three beneficiaries for the financial year. A total of 8,217,000 share options have been granted by Fubon Financial Holding Co. Ltd, the parent company, to the three beneficiaries on 31 July 2007 and 7 December 2007 respectively to acquire shares in Fubon Financial Holding Co., Ltd. As at 31 December 2010, there remains 6,874,500 outstanding share options and their aggregate fair value (as at their respective grant dates) is HKD18,109,809. According to the terms of the share option scheme, 50% of the share options are exercisable after two years from grant date, 25% are exercisable after three years and the remaining 25% are exercisable after four years, provided that the beneficiaries are still employees of the Bank when the share options are exercised.

- (iii) The Remuneration Committee has considered the financial, non-financial factors and the appropriateness of the variable remuneration of senior management and key personnel. Apart from the share options granted by the parent company as mentioned in (ii) above (about 25% (i.e. 2,054,250) of the share options granted and not yet exercisable until July 2011 and December 2011 respectively), no deferred remuneration was awarded, paid out or reduced through performance adjustment during the financial year.

- (iv) No new sign-on and severance payments were awarded during the financial year.

Note 1 Fixed remuneration refers to basic salary, fixed allowances (rental allowances) and directors' fees. Variable remuneration refers to year-end discretionary bonus, shares or share-linked instruments and sales incentives (if any).

Note 2 The Fixed remuneration includes the full-year remuneration of one of the beneficiaries who ceased to be Senior Management of the Bank with effect from 1 September 2010.

- 於表現評估過程中確定的個人對業績的貢獻；及
- 吸引及保留人才。

本行高級管理層及主要員工於本財政年度之薪酬總量資料載列如下：

- (i) 本財政年度薪酬金額（分為固定及浮動薪酬<sup>附註1</sup>）及受益人數為：

固定薪酬 <sup>附註2</sup>	浮動薪酬	銷售獎勵	受益人數
10,246,560 港元	3,894,595 港元	無	3

- (ii) 現金浮動薪酬金額為3,894,595港元。於本財政年度內並無向三名受益人士授出任何股份或股份掛鈎票據或銷售獎勵形式之浮動薪酬。於二零零七年七月三十一日及二零零七年十二月七日，母公司富邦金融控股股份有限公司分別向三名受益人士授出可認購富邦金融控股股份有限公司股份之認股權合共8,217,000股。於二零一零年十二月三十一日，彼等未經行使之認股權尚有6,874,500股，其總公平價值（於其相關的授予日期）為18,109,809港元。根據認股權計劃之條款，50%之認股權於自授出認股權之日起兩年後方可行使、25%於三年後方可行使及餘下25%於四年後方可行使，惟認股權獲行使時彼等須仍為本行之僱員。

- (iii) 薪酬委員會已考慮財務、非財務因素及高級管理層及主要員工之浮動薪酬之適當性。除上文(ii)所述由母公司授予之認股權（所授出認股權之約25%（即2,054,250股）分別直至二零一一年七月及二零一一年十二月方可行使）外，於本財政年度內，並無透過表現調整而授予、支付或減少任何遞延報酬。

- (iv) 於本財政年度並無授出任何新入職獎勵及遣散費。

附註1 固定薪酬指基本工資、固定津貼（租金補貼）及董事袍金。浮動薪酬指年終花紅、股份或股份掛鈎票據及銷售獎勵（如有）。

附註2 固定薪酬包括受益人士之一之全年薪酬，彼自二零一零年九月一日起不再為本行的高級管理層。

### AUDIT COMMITTEE

The Bank has complied with Rule 3.21 of the Listing Rules in relation to the composition of the Audit Committee. The Audit Committee comprises three members including one Non-Executive Director and two Independent Non-Executive Directors. The Audit Committee is chaired by Robert James Kenrick, an Independent Non-Executive Director who has appropriate accounting professional qualifications. It meets at least four times a year and additionally when deemed necessary. During the financial year, four meetings have been held and each Director's attendance at the meetings is set out below:

DIRECTORS	ATTENDANCE
Robert James Kenrick	4/4
Victor Kung	4/4
Hung Shih	4/4

The Audit Committee ensures adequate supervision of the Bank's financial reporting processes and systems of internal control, the internal audit function is effective and adequately resourced and has appropriate standing within the Bank. It also ensures coordination between the internal and external auditors, and monitors compliance with internal policies, statutory regulation and recommendations made by the internal and external auditors.

During the financial year, the Audit Committee has reviewed the Bank's financial reporting process and the systems of internal control, including reviews of the internal audit function and the risk management process. In particular, the review undertaken by the Audit Committee on the internal audit function included review and approval of the Internal Audit Charter and the annual audit plan, review of internal audit reports and special investigation reports issued, and ensuring that management actions were taken in response to the major audit findings to mitigate the identified risks.

The Audit Committee also reviewed the appointment of the external auditors and discussed with them the nature and scope of their audits. In addition, any issues arising from their audits together with the follow up actions taken by the Bank to address these issues have also been examined by the Audit Committee. The Audit Committee also reviewed the interim and annual financial statements before recommending them to the Board for approval. It also reviewed the Bank's statement on internal control systems in the annual report prior to its endorsement by the Board.

### 審核委員會

本行就審核委員會之組成已遵守「上市規則」第3.21條之規定。審核委員會由三位成員組成，包括一名非執行董事及兩名獨立非執行董事。審核委員會由擁有適當會計專業資格之獨立非執行董事甘禮傑任主席。該委員會每年舉行四次會議，並在有需要時舉行特別會議。於本財政年度內，該委員會已舉行四次會議。各董事出席會議之情況如下：

董事	出席次數
甘禮傑	4/4
龔天行	4/4
石宏	4/4

審核委員會確保對本行之財務申報程序進行足夠之監管、檢討內部審核職能及報告、確保內部及外聘核數師互相協調，以及監控遵守內部政策、法規及由內部及外聘核數師所提出之建議。

於本財政年度內，審核委員會已就本行之財務報告編制程序及內部監控系統作出檢討，其中包括內部審核職能及風險管理程序。在內部審核職能的檢討工作方面，該委員會的審核範圍包括檢討及批核內部審核規章及年度審核方案、檢討已發佈之內部審核報告及特別調查報告、及確保管理層對調查所發現之主要問題作出相應之補救行動，以減輕有關風險。

審核委員會亦對外聘核數師之委任進行檢討，並與其就審計之性質及範圍進行討論。此外，審核委員會亦就審計所發現之問題及本行所採取之相應解決行動進行審核。審核委員會亦於向董事會建議批准中期及年度財務報告之前審閱有關報告，並在建議董事會批准年報所載之本行有關內部監控系統之聲明之前，審閱有關聲明。

## EXECUTIVE CREDIT COMMITTEE

The Executive Credit Committee comprises the Board's Non-Executive Chairman, Non-Executive Vice Chairman and an Executive Director. This Committee serves as the Credit Committee of the Board of Directors to review and approve credit proposals within limits assigned by the Board.

## MANAGEMENT COMMITTEE

The Management Committee comprises the Bank's Managing Director, Executive Directors, Chief Financial Officer, Head of Legal and Compliance and senior management personnel as appointed by the Managing Director. The Committee is the key decision making body for the Bank and is responsible mainly for formulation of the Bank's business strategies and bank wide initiatives. The Committee also evaluates and approves new business proposals, coordinates among business and support units during the implementation process, monitors the implementation of the approved business strategies and bank wide initiatives, reviews the achievement of business targets and objectives as well as the financial performance of the Bank through monthly reporting.

## ASSET AND LIABILITY COMMITTEE

The Asset and Liability Committee comprises the Bank's Managing Director, Executive Directors, Chief Financial Officer and senior management personnel as appointed by the Managing Director. The Committee meets at least bi-weekly with the Head of Internal Audit and Head of Legal and Compliance attending the meeting as observers to ensure overall compliance with the Bank's governing policies. The Committee's main responsibilities include regular review of the Bank's operations relating to interest rate risk, market risk and liquidity risk and in particular the Bank's ability to meet its funding obligations, and its compliance with statutory liquidity and capital adequacy requirements. The Committee regularly reviews and endorses, for the Board's approval, the Bank's policies governing asset and liability management, investment, and other risk management issues. It also formulates both long term strategy for the sources and applications of funds and short term directives to address prevailing conditions and monitors the implementation of these strategies and directives.

## INTERNAL CONTROL COMMITTEE

The Internal Control Committee comprises the Bank's Managing Director, Executive Directors, Chief Financial Officer and Heads of different risk management and control functions. The Committee is chaired by the Managing Director. The Committee meets at least monthly and additionally when deemed necessary. The

## 執行信貸委員會

執行信貸委員會由董事會之非執行主席、非執行副主席及一位執行董事組成。委員會以董事會信貸委員會的身份，按董事會授予的權限，審閱及批核信貸建議。

## 管理委員會

管理委員會由本行的董事總經理、執行董事、財務主管、法律及合規部主管及董事總經理所委任的高級管理人員組成。委員會乃本行重要的決策組織，主要職責是制定本行的業務策略及銀行首創計劃。同時，委員會在業務策略的推行過程中，亦負責通過業務小組及相關後勤部門的每月報告協調業務及後勤部門的工作，監察已批准業務策略的實施進度及銀行內措施，以及檢討工作是否合乎業務目標與預期表現，包括主要表現指數。

## 資產負債委員會

資產負債委員會由本行的董事總經理、執行董事、財務主管以及董事總經理所委任的高級管理人員組成。委員會最少每兩星期舉行一次會議，並由內部審核部門主管及法律及合規部主管列席旁聽，以確保全面符合本行既有的管治政策。委員會的主要職責，包括定期檢討本行涉及利率風險及流動資金風險的業務，特別針對本行應付債務的能力及遵守法定流動資金及資本充足要求事宜。委員會定期審閱及批核本行有關資產及負債管理、投資及其它風險管理事宜的政策，以上呈予董事會批准。委員會亦制定獲得及應用資金的長遠政策，以及因應情況擬定短期方針應付當時需要，同時檢討該等政策及方針的推行情況。

## 內部管理委員會

內部監控委員會由本行的董事總經理、執行董事、財務主管，以及各風險管理和監控部門主管組成。該委員會由董事總經理擔任主席。該委員會至少每月舉行一次會議，如需要亦會額外舉行會議。該委員會整體負責確定監控架



## Corporate Governance Report 企業管治報告

Committee has the overall responsibilities to oversee the control framework, direct implementation of an effective internal control system, impose suitable measures for the day-to-day monitoring of controls, while enhancing the operational control standards in all divisions.

### AUDITORS' REMUNERATION

An analysis of the remuneration in respect of audit and non-audit services provided by the auditors to the Bank is set out below:

	2010 HK\$'000
Statutory audit, including interim review	2,445
Tax compliance	393
Advisory	2,817
	<b>5,655</b>

### INTERNAL CONTROLS

The Board is responsible for the Bank's system of internal control and for reviewing its effectiveness.

The Bank's internal control systems comprise the following key measures and provide reasonable assurance of effective and efficient operations, quality internal and external reporting and compliance with applicable laws and regulations.

Functional committees are established to monitor risks and controls in specific areas of potential risk.

A clear organization structure with well defined authority and responsibilities enables effective checks and balances. It includes a clear division of responsibility between the operating and reporting roles.

All major Bank policies are set and approved by the Board. Detailed processes are defined and documented. These procedures include specific operational, financial and compliance controls which facilitate segregation of duties, accuracy of reporting and proper control over assets and risk exposure.

There are risk management policies and procedures in place to identify and manage possible risks the Bank may face. Appropriate risk management policies and risk limits and guidelines have been established by the Board to monitor and control the risks identified. Risk management reports are submitted regularly to the respective committees assigned for monitoring and assessment of risks associated with the Bank's business and operations.

構、指導實行有效的內部監控系統、就日常監察實施適當的監控措施，同時提升所有部門之營運監控標準。

### 核數師之薪酬

就由核數師向本行提供之審計及非審計服務之薪酬分析如下：

	二零一零年 千港元
法定審計（包括中期審閱）	2,445
稅務諮詢	393
顧問	2,817
	<b>5,655</b>

### 內部監控

董事會亦負責本行的內部監控系統及檢討其有效性。

本行的內部監控系統包括下列主要措施，並提供有效營運的合理保證、優質內外申報以及遵照適用法例和法規。

功能委員會乃為了替特定潛在風險範疇進行監察風險和監控而成立。

一個具有妥善界定的權限和職責的清晰組織架構，將有利於有效的牽制與平衡。該架構明確區分營運及彙報職能的責任。

本行所有主要政策均由董事會制定和批准，並界定和仔細記錄詳盡的程序。此等程序包括特定的營運、財務及法規監控，以方便分工、準確申報及對資產和風險度的適當監控。

為識別及管理本行可能面對的風險，亦已制定風險管理政策和程序。董事會已建立合適的風險管理政策及風險限度和指引，以對所識別的風險加以監察和監控。有關風險管理報告會定期呈交予獲指派監察及評估與本行業務及營運有關的風險的各有關委員會。

Comparisons of actual performance against budgets and business analysis are reviewed by the Board on a quarterly basis reflecting monitoring, assessment and control of performance of business, state of its affairs and potential risks.

The compliance function of the Bank is to monitor changes and developments of relevant laws, regulations and standards applicable to the Bank's banking and regulated activities and ensure that senior management and relevant business and functional units are aware of such changes and take appropriate measures to achieve compliance. Compliance reviews are conducted on business and functional units on an on-going basis to ensure the Bank's operations are in compliance with the applicable laws and regulations, standards and guidelines issued by regulators, codes of practices provided by industry associations, and internal policies and codes of conduct applicable to staff members.

The internal audit function of the Bank is an independent appraisal function set up with the primary objective to assist senior management in the effective discharge of their responsibilities and functions. Internal Audit conducted a risk-based independent review on the effectiveness of the Bank's internal control system and provided recommendations to improve the control environment for the year of 2010. Audit results were reported to the Audit Committee and the Board on a quarterly basis. Measures taken to implement control recommendations have been reviewed for proper resolution.

## FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements and are not aware of any material uncertainty that may cast significant doubt upon the Group's or the Bank's ability to continue as a going concern. The Audit Committee has conducted a review of the effectiveness of the Group's system of internal control, including financial, operational and compliance controls and risk management functions and reported significant matters identified in the review to the Board. The Audit Committee has recommended to the Board the re-appointment of the auditors, which has been accepted by the Board.

The auditors are responsible for forming an independent opinion on whether the financial statements give a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

董事會每季均會審閱實際表現與預算的比較以及業務分析，而該等比較及分析乃反映對業務表現、其事務狀況和潛在風險的監察、評估及監控。

本行的合規部門負責監管本行銀行及受規管業務適用的有關法律、法規及準則的變化及發展，並確保高級管理層及有關業務及職能單位知悉該等變化及發展，採取適當措施達致合規。合規審閱持續對業務及職能單位展開，檢查確保妥為遵守適用法律法規、監管機構所發佈的準則及指引、行業協會提供的業務守則，以及適用於員工的內部政策及業務守則。

本行的內部審核部門為獨立評估部門，設立的主要目的是協助高級管理層有效行使其職責及職能。內部審核部門於二零一零年開展風險獨立審閱，以確定內部監控及風險管理系統的有效性，並持續提供建議改善監控環境。所發現的所有問題按季報告予審核委員會。糾正及改善行動獲審閱及監控，直至完全解決。

## 財務報告

董事負責編制財務報告，而據其所知，並無任何可能會對本集團或本行繼續發展構成重要影響之重大不明朗因素。審核委員會已檢討本集團之內部監控系統（包括財務、營運及規管遵從控制及風險管理職能），並向董事會呈報於審核中發現之重大事件。審核委員會已就重新委任核數師事宜向董事會提交建議，且獲董事會接納。

核數師負責就財務報告是否真實及公平反映本行及本集團截至二零一零年十二月三十一日之財務狀況及本集團截至該日止年度之溢利及現金流量，以及有關財務報告是否根據《香港公司條例》妥為編制提供獨立意見。