

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Bank, being a licensed bank incorporated in Hong Kong, is committed to the highest standards of corporate governance including but not limited to strict adherence to 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”).

BOARD OF DIRECTORS

(1) The Board of Directors (“the Board”) of the Bank comprises 10 Directors. Details in relation to the Board have been set out in the Corporate Information.

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, 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.

企業管治常規

本行作為香港成立之持牌銀行，致力實行最高水準之企業管治，包括但不限於嚴格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。

董事會

(1) 本行董事會（「董事會」）包括10名董事。公司資料中載有董事會之詳情。

本行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。

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.

- (3) 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 Director 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.

- (4) The Board comprises two 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.

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. Fubon Financial Holding Co., Ltd., the sole Shareholder of the Bank, 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 Shareholder 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 during the year shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

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追認所有決定。

- (3) 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清晰。

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。

- (4) 董事會包括二位執行董事、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。

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週年常會上輪值告退及膺選連任。

董事會並未成立提名委員會。本行獨立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週年常會，並於其時有資格再度膺選連任。

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, structure and practices of the Bank to ensure that these are consistent with legal or regulatory requirements. It ensures that formal and transparent procedures for developing policy on remuneration are established. 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 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, Alternate Chief Executive, Executive Director, Executive Vice President and Material Business Line Manager. Executive Directors or any of their associates do not play a part in decisions on their own remuneration. During the financial year, two meetings were held.

During the financial year, the Remuneration Committee discussed the 2011 staff bonuses and recommended its decision to the Board for approval. The Committee also approved the 2011 bonuses for Senior Management, the employment of Dennis Chan Wen-Yueh as an Executive Director and the extension of employment service agreement of Pei-Hwa Thomas Liang as Managing Director.

EMPLOYEE REMUNERATION

General

The Bank's remuneration system is applicable to the staff of the Bank and its subsidiaries. During the financial year, the Remuneration Committee reviewed the Bank's Remuneration Policy. Major changes to the policy include redefining the definition of Senior Management to include more senior executives with significant impact to the Bank's business and adding implementation details of deferment and clawback mechanism to further strengthen the risk and control of the remuneration system.

The Bank considers that its remuneration system for both fixed and variable pay is a key element in its ability to create long-term value and align remuneration with the time horizons of risk. The Bank has a remuneration system which provides value for its employees on a basis which is consistent with the interests of its shareholders and its risk profile. It is based on the following principles:

- Alignment of compensation to its profitability, risk and capital;

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、結構及運作進行審閱及向董事會作出建議，確保該等政策、結構及運作符合法律或法規之規定，並確定已建立了正規和清晰的薪酬政策制訂程序。委員會就薪酬政策及運作以及就管理風險、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，當中包括評估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、替任行政總裁、執行董事、執行副總裁及重要業務經理人）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兩次會議。

於本財政年度內，薪酬委員會就職員二零一一年之花紅進行討論並向董事會提出批准之建議。該委員會亦批核了高級管理層二零一一年之花紅、委任詹文嶽先生為執行董事及批准延長梁培華先生擔任董事總經理一職之服務合約。

僱員薪酬

一般

本行之薪酬制度適用於本行及其附屬公司的員工。本財政年度內，薪酬委員會已審閱本行之薪酬政策。有關政策之主要轉變包括為「高級管理層」重新下定義，以包括更多對本行業務有重大影響之高級行政人員，以及加入押後發放安排及追回浮薪安排之執行細節以加強薪酬制度之風險及控制。

本行認為，其有關固定及浮動薪酬的制度對本行創造長期價值之能力十分重要，並將薪酬與風險期間連繫。本行薪酬制度向員工提供報酬所依據的基準，與股東利益及本行風險狀況保持一致，並以下列原則為基礎：

- 將薪酬與本行盈利能力、風險及資本掛鉤；

- Maximization of employees' and entities' performance;
- Attraction and retention of talent; and
- Calibration to the differing needs of each division and staff's levels of responsibility.

Basically, the fixed pay including base salary, allowance and double pay is determined by job function, relevant responsibilities and market salary level, while the variable pay including sales incentive, year-end bonus and share options is determined by relative performance measurements such as individual fulfilment on financial and non-financial factors, individual performance and contributions, relative business and bank-wide performance. The use of different variable pay forms depends on a number of factors such as the appropriateness of the form in coping with the long and short term business goals of the Bank and staff retention. Deferment mechanism on variable pay will be implemented if the staff member's variable pay in cash exceeds the pre-determined thresholds. The deferment period for variable pay in cash will be 6 months for general staff and 18 months for Senior Management reflecting their relative responsibilities and role. The award of deferred variable pay in cash should also be subject to pre-defined vesting conditions such as future performance of the Bank, the relevant business units and the staff member concerned. In addition, clawback mechanism will be applied under certain specific circumstances related to the staff member's individual performance, relevant business and overall performance of the bank.

The Remuneration Committee when considering salary increase budget to its staff will take into account a number of factors including but not limited to latest market and industry practice, yearly inflation rate, the results of annual surveys on trends in pay and salary adjustments made in the last financial year. The salary increase budget will be approved by the Remuneration Committee and the salary increase for individual staff member will be determined by the Managing Director taking into consideration the recommendation of Division/Department Heads, the performance of the staff member concerned, job responsibilities and level of staff etc.

Senior Management and Key Personnel

There were 13 employees classified as Senior Management in the financial year. The remuneration packages of Senior Management^(Note 1) and Key Personnel^(Note 2) 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;
- Individual contributions to results as confirmed in the performance evaluation process; and
- Attraction and retention of talent.

^{Note 1} Senior Management refers to those senior executives who have significant impact to the Bank's performance. They include the following positions in the financial year:

- Managing Director / Chief Executive
- Alternate Chief Executive
- Executive Director
- Executive Vice President
- Material Business Line Manager (including respective Heads of Consumer Finance, Corporate Banking, Financial Markets and Wealth Management Group)

- 盡量提高員工及公司之表現；
- 吸引及挽留人才；及
- 須衡量各部門之不同需要及員工各自之責任。

基本上，固定薪酬（包括基本工資、津貼及雙糧）按職務、相關責任及市場薪金水平釐定，而浮動薪酬（包括銷售獎勵、年終花紅及認股權）則按相對表現衡量，例如個人達成的財務及非財務因素、個人表現及貢獻、相對業務及銀行整體表現。薪酬會採用不同的支付形式，視乎若干因素而定，例如有關方式能否配合本行之長短期業務目標及挽留人才。如個別員工以現金發放的浮動薪酬超出預定限額，則會對其浮動薪酬實施押後發放安排。以現金發放的浮動薪酬押後發放期，普通員工將為6個月，高級管理層為18個月，以反映其相對的責任和職位。發放已押後之浮動獎勵金須符合預先界定之歸屬條件，如本行、有關業務單位及受影響員工之未來表現等。此外，在若干特定情況下，例如員工個人表現，相關業務及整體銀行表現等，本行會實行追回浮薪安排。

薪酬委員會於考慮員工加薪預算時會考慮多項因素，包括（但不限於）最近市場情況及行業慣例、全年通脹率、年度薪酬趨勢調查結果，以及上個財政年度之薪酬調整。加薪預算須經薪酬委員會批准，而個別員工之加薪幅度由董事總經理在考慮部門主管意見、有關員工之表現、職責及職級等因素後釐定。

高級管理層及主要員工

於本財政年度，有13名員工分類為高級管理層。高級管理層^(附註1)和主要員工^(附註2)的薪酬是由薪酬委員會參考下述因素決定：

- 本行之整體表現；
- 一般經濟環境；
- 最新市場及業界慣例；
- 風險和責任；
- 個人根據績效評估過程中確定的結果；及
- 吸引和挽留人才。

^{附註1} 高級管理層是指那些對本行業績產生重大影響的高級管理人員。於本財政年度內，他們包括以下職位：

- 董事總經理／行政總裁
- 替任行政總裁
- 執行董事
- 執行副總裁
- 重要業務經理人（包括消費金融部主管、企業金融部主管、金融市場部主管、財富管理部主管）

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Note 2 Key Personnel refers to those executives other than Senior Management who are engaged in trading and dealing activities which involve the assumption of material risk or the taking on of material exposures on behalf of the Bank. In the financial year, the Bank did not have such personnel.

附註2 主要員工是指那些，高級管理層以外，從事涉及重大風險的貿易及交易活動或為本行承擔主要風險。於本財政年度內，本行沒有該等人員。

The aggregate quantitative information on remuneration^(Note 3) for the Bank's Senior Management and Key Personnel for the financial year is set out below:

本行高級管理層及主要員工於本財政年度之薪酬^(附註3)總額資料載列如下：

- (i) Amount of remuneration for the financial year, split into fixed and variable remuneration is:

	Non-deferred (Amount in HKD)	Deferred (Amount in HKD)
Fixed Remuneration		
Cash	27.29 million	Nil
Variable Remuneration		
Cash	4.61 million (Year-end bonus paid in 1/2012)	1.86 million
Share options granted in 2011	Nil	Nil

- (i) 本財政年度薪酬金額，分為固定及浮動薪酬：

	非押後發放 薪酬 (港幣)	押後發放 薪酬 (港幣)
固定薪金		
現金	27.29百萬	無
浮動薪酬		
現金	4.61百萬 (於2012年 1月支付之年終花紅)	1.86百萬
於2011年授 予之認股權	無	無

- (ii) Aggregate amount of outstanding deferred variable remuneration split into vested and unvested

	Awarded for Performance Year 2011 (Amount in HKD)	Awarded for Prior Performance Years (Amount in HKD)
Vested		
Cash	4.61 million (Year-end bonus paid in 1/2012)	Nil
Shares options	Nil	4.58 million (see iii)
Unvested		
Cash	1.86 million (see iv)	Nil
Shares options	Nil	Nil

- (ii) 押後發放浮動薪酬 (分別為已歸屬及尚未歸屬) 之總額，現臚列如下：

	就2011年度之 表現所發放之總額 (港幣)	就2011年度前 之表現所發放之 總額 (港幣)
已歸屬		
現金	4.61百萬 (於2012年 1月支付之年終花紅)	無
認股權	無	4.58百萬 (見iii)
尚未歸屬		
現金	1.86百萬 (見iv)	無
認股權	無	無

There was no deferred variable remuneration being reduced through performance adjustments in 2011.

於2011年，並無任何押後發放浮動薪酬須就表現情況而作出扣減。

- (iii) A total of 7.52 million shares options were granted by Fubon Financial Holding Co. Ltd., the parent company, to four beneficiaries on 31 July 2007 and 31 December 2007 respectively to acquire shares in Fubon Financial Holding Co., Ltd. As at 31 December 2011, there remains 1,809,750 outstanding share options and their aggregate fair value (as at their respective grant dates) is HKD4.58 million. According to the terms of the share option scheme, 50% of the share options are exercisable after two years from the 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. As all outstanding share options have already met the abovementioned requirements in 2011, they are exercisable in 2012.

- (iii) 本行母公司富邦金融控股股份有限公司，分別於2007年7月31日和2007年12月31日向四個受益人授予752萬富邦金融控股股份有限公司的認股權。截至2011年12月31日尚有1,809,750股未行使認股權，總公平價值 (在各自授出日期) 為港幣4.58百萬元。根據認股權計劃的條款，百分之五十的認股權自授出日期起計兩年後可行使、百分之二十五在三年後可行使，餘下的百分之二十五在四年後可行使，惟受益人於行使認股權時須仍為本行職員。由於所有未行使認股權於2011年已達到上述要求，故在2012年均可行使。

- (iv) The Remuneration Committee has considered financial and non-financial factors and the appropriateness of the variable remuneration of Senior Management. With reference to the Remuneration Policy, a deferred portion of the year-end bonus of around HKD1.86 million in relation to three beneficiaries would be paid after 18 month from the date of 2011 bonus payment subject to the fulfillment of vesting conditions and period.

- (iv) 薪酬委員會已於財務及非財務因素上對高級管理層之浮動薪酬的合適作出考慮。根據薪酬政策，對於三個受益人約港幣1.86百萬元之年終獎金押後發放部分將於18個月後支付，並須符合歸屬條件及有效期間。

- (v) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit/implicit adjustments is set out below:

	(Amount in HKD)
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit/implicit adjustments	1.86 million
Total amount of deferred remuneration awarded, paid out and reduced through performance adjustments during the financial year	Nil

- (vi) A guaranteed bonus of HKD450,000 was paid to one staff member during the financial year.
- (vii) No new sign-on and severance payments were awarded during the financial year.

Note 3 Remuneration refers to all remuneration payments payable to employees during the financial year of 2011. The remuneration also includes payments to three resignees during the financial year of 2011.

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.

The Audit Committee ensures adequate supervision of the Bank's financial reporting processes and systems of internal control and that 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 regulations 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 reviews 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.

EXECUTIVE CREDIT COMMITTEE

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

- (v) 於授出後作出明確／隱含調整之押後發放薪酬及被保留薪酬總結餘額，現臚列如下：

	(港幣)
於授出後作出明確／隱含調整之押後發放薪酬及被保留薪酬總結餘額	1.86 百萬
於本財政年度，授予、支付及就表現情況而作出扣減之押後發放及被保留薪酬總額	無

- (vi) 於本財政年度，本行曾向一名職員發放固定花紅港幣四十五萬元。
- (vii) 於本財政年度，本行並無支付新聘約酬金或解僱金。

附註3 薪酬是指所有在2011年財政年度向員工支付的報酬支付。薪酬還包括在2011年財政年度內向三位已離任員工的支出。

審核委員會

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。

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、檢討已發布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。

執行信貸委員會

執行信貸委員會由主席、副主席及兩位執行董事組成。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。

Corporate Governance Report

企業管治報告

MANAGEMENT COMMITTEE

The Management Committee comprises the Bank's Managing Director, Executive Director, 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 Director, 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 Director, Chief Financial Officer and Head of Control and Risk Management and senior management personnel as appointed by the Managing Director. The Committee is chaired by the Managing Director. The Committee meets at least monthly and additionally when deemed necessary. The Committee has the overall responsibilities to promote internal control culture, 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.

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.

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，主要職責是制訂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。委員會亦制訂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。此外，資產負債委員會亦會評估業務部門所建議新產品涉及的風險及盈利能力，並審批有關產品。

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，以及控制和風險管理部主管及由總經理任命之高級管理層組成。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。該委員會整體負責促進內部控管文化、確定監控架構、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。

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。

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.

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 2011. 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 2011 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.

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訂和批准，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，亦已制訂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。

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、監管機構所發布的準則及指引、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。內部審核部門開展風險獨立審核，以確定內部監控及風險管理系統的有效性，並提供建議改善2011年度之監控環境。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核及監控，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持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二零一一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。