

# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

The Hong Kong Monetary Authority (“HKMA”) has issued a statutory guideline, revised in August 2012, on Corporate Governance of Locally Incorporated Authorized Institutions (“CG”) under section 7(3) of the Banking Ordinance applicable to all locally incorporated Authorized Institutions (“Als”) which the HKMA expects the Als to adopt in respect of their corporate governance.

The Bank is a licensed bank incorporated in Hong Kong and being committed to a high standard of corporate governance has established its own corporate governance practices which adheres to the principles and best practices in corporate governance as set forth in the guidelines on CG.

From time to time, the Bank will review its corporate governance practices to ensure that they are consistent with the relevant requirements of international and local corporate governance best practices.

### BOARD OF DIRECTORS

#### Board Composition

The Board of Directors (“the Board”) of the Bank currently comprises nine members, two Executive Directors, four Non-Executive Directors and three Independent Non-Executive Directors. All Directors possess appropriate experience, competence and personal and professional integrity, to discharge its responsibilities effectively. The Board as structured is ensured sufficient independence and collective expertise for effective, objective decision-making and oversight of the Bank in its pursuit of its business and control of the associated risks.

Details of the members of the Board may be found in the Corporate Information section of this Annual Report.

#### Board Practices

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

Pursuant to the Articles of Association of the Bank, 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 comments prior to confirmation of the minutes at the following Board meeting. Minutes of Board meetings are kept by the Company Secretary and are available 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.

#### Board Responsibilities

In meeting its overall responsibilities to the shareholders, depositors, creditors, employees and other stakeholders, the Board has to ensure that there is a competent executive management capable of running the Bank in a sound, efficient and profitable manner.

The responsibilities of the Board include:

- establishing the business objectives of the Bank and approving and reviewing the corresponding business strategies and plans (including annual budgets);

### 企業管治常規

香港金融管理局（「金管局」）已根據《銀行業條例》第7(3)條發出有關「本地註冊認可機構之企業管治」法定指引（於2012年8月修訂）（「企業管治指引」），該指引適用於所有本地註冊認可機構（「認可機構」），而金管局希望認可機構就彼等之企業管治予以採納。

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及已建立本行自身的企業管治常規，符合企業管治指引內所載的原則及企業管治最佳常規的要求。

本行不時對所採用的企業管治常規作出檢討，並力求符合國際和本地有關企業管治最佳常規的要求。

### 董事會

#### 董事會成員

本行董事會（「董事會」）現有9名董事，包括2位執行董事、4位非執行董事及3位獨立非執行董事。所有董事均擁有適當的經驗、才能及個人特質，包括專業操守及誠信，以充份及有效地履行其責任。董事會在架構方面確保具備足夠獨立性及整體專業知識，使本行於物色其業務及控制相關風險中，能有效及客觀地決策及監督。

本年報「公司資料」一節載列董事會成員詳情。

#### 董事會會議常規

本行每年至少舉行4次董事會會議，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。

本行之組織章程細則規定，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。董事會會議之記錄會交由公司秘書保存並供董事查閱。

董事於確保遵守董事會程序及所有適用規則及條例上，可取得公司秘書的意見及服務。

#### 董事會責任

董事會有責任確保行政管理層有能力以合理、有效及可盈利的方式經營本行，以履行其對股東、存戶、債權人、僱員及其他相關人士之整體責任。

董事會之責任包括：

- 確定本行之業務目標，並批核及檢討相應之業務策略及計劃（包括年度財政預算）；

- ensuring that the operations of the Bank are conducted prudently within the laws and regulations of the Hong Kong Special Administrative Region and in a manner consistent with the policies of its holding company, and as such, establishing, approving and reviewing policies, codes of conduct, guidelines and systems of the Bank as it considers necessary and appropriate;
- establishing, approving and reviewing risk management strategies and policies of the Bank to ensure that the various types of risk inherent with the Bank's operations and business (including credit, market, interest rate, liquidity, operational, reputation, legal and strategic) are regularly identified, measured, monitored and controlled;
- ensuring that the Bank observes a high standard of integrity in the conduct of its business and complies with all applicable laws and regulatory guidelines issued by the HKMA, the Securities and Futures Commission and other relevant regulatory authorities;
- ensuring 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; and
- overseeing and managing the business of the Bank including delegating duties and responsibilities to the Chief Executive Officer and 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.

#### Role of Chairman and Chief Executive Officer (“CEO”)

Information on the Chairman, Ming-Hsing (Richard) Tsai, and the CEO, Raymond Wing Hung Lee, may be found in the Corporate Information section of this Annual Report.

The Chairman and the CEO are not related, and their roles are segregated with a clear division of responsibilities.

The Chairman is a Non-Executive Director and is responsible to lead and effectively run the Board, ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner.

The CEO who is an Executive Director, appointed by the Board under its authority, is responsible for the day to day general management and control of the business and operations of the Bank. The CEO may consult and/or seek guidance from other Directors or the Board when he considers it necessary.

#### Appointment and Re-election of Directors

The appointment of new Directors will be considered and approved by the full Board 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.

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

### BOARD LEVEL COMMITTEES

#### 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 periodically and as required to review to make recommendations to the Board in respect of the remuneration policy, structure and practices of the Bank to ensure that these are consistent with the market and with legal or regulatory requirements. It is responsible to ensure that procedures and policy on remuneration

- 確保本行謹慎營運並以與本行控股公司政策一致的方式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制定、批准及審核政策、行為守則、指引及系統；
- 制定、批准及審核本行之風險管理策略及政策，確保定期識別、估量、監察及控制本行營運及業務上（包括信貸、市場、利率、流動資金、營運、聲譽、法律及策略）固有的各類風險；
- 確保本行於進行其業務中遵循高標準誠信準則，並遵守由金管局、證券及期貨事務監察委員會及其他相關監管機構頒布之法例及規管指引；
- 確保本行職員完全理解及遵守《銀行業條例》第83條之有關連借貸之條文，並就該等借貸訂立政策；及
- 監察及管理本行之業務，包括透過委派職責及責任予行政總裁兼董事總經理，或委任董事加入專責董事委員會，再經由董事會最終審核及批准所有決定。

#### 主席及行政總裁的角色

本年報「公司資料」一節載有主席蔡明興與行政總裁李永鴻之詳細資料。

主席與行政總裁相互並無關係。彼等之職能互相關立及職責明晰。

主席為非執行董事及負責領導及有效率地管理董事會，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。

行政總裁為執行董事由董事會在其權力下委任負責日常管理及控制本行之業務營運。行政總裁可於必要時向其他董事或董事會進行諮詢及／或尋求指引。

#### 委任及重選董事

根據本行之組織章程細則，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》，委任亦須獲得金管局之批准。

根據本行之組織章程細則，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。

#### 董事會轄下的委員會

##### 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3名獨立非執行董事組成。委員會按需要定期舉行會議，以就本行之薪酬政策、架構及慣例進行審閱及向董事會作出建議，確保該等政策、架構及慣例符合市場及法律或法規之規定。委員會有責任確保已建立了清晰和正規的薪酬程序和政策。委員會須就薪酬政策及慣例以及就

are transparent and formally established. The Committee is required to exercise an independent judgment on the remuneration policy and practices, and that fair job performance incentives are created for managing risk, capital and liquidity. It has to evaluate practices by which remuneration is paid for by potential future revenues whose timing and likelihood remain uncertain and the implementation of such remuneration is consistent with the Bank's strategic objectives and financial condition. The Committee is required to determine whether any adjustments for risks need to be considered and implemented when considering performance objectives or when evaluating performance. The Committee will ensure that an annual review of the Bank's remuneration system and its operation, which includes consistency with the regulatory requirements, is conducted independently without the participation of senior management.

The Committee will review and approve the remuneration packages for senior management which include those of the CEO, Alternate Chief Executive, Executive Director, Executive Vice President and Material Business Line Manager<sup>(Note 1)</sup>. Executive Directors, are not permitted to play a part in decisions on their own remuneration.

### 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 an Independent Non-Executive Director who has appropriate accounting professional qualifications. The committee meets at least four times a year and additionally when deemed necessary.

The Audit Committee is required to ensure that there is adequate supervision of the Bank's financial reporting processes, systems of internal control, that the internal audit function is effective and backed by adequate resources and has appropriate standing within the Bank. It is also required to ensure that there is coordination between the internal and external auditors, to monitor compliance with internal policies, statutory regulation and to consider recommendations made by the internal and external auditors.

During the financial year, the Audit Committee has to review the Bank's financial reporting process, the systems of internal control, the internal audit function and the risk management process. In particular, the review undertaken by the Audit Committee on the internal audit function includes the Internal Audit Charter and its approval, the annual audit plan, internal audit reports and special investigation reports issued, and ensuring that appropriate management actions are taken following the major audit findings.

The Audit Committee also has to review the appointment of external auditors and to discuss with them the nature and scope of their audits. The Audit Committee will also review the interim and annual financial statements before recommending them to the Board for approval.

### Executive Committee

The Executive Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the CEO of the Bank. It will exercise the powers and authority delegated by the Board from time to time concerning the management and day-to-day running of the Bank. The Executive Committee will meet periodically and as required and will operate as a general management function under the auspices of the Board.

### Executive Credit Committee

The Executive Credit Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and the CEO of the Bank. It has the delegated authority to approve credit referrals or credit related matters which require the approval of the Board. The Executive Credit Committee will meet as required to review and approve customer credit facilities that require approval of the Board. The Executive Credit Committee will approve the Bank's credit policies and overall credit risk profile.

管理風險、資本及流動性設立之公平工作表現獎勵進行獨立判斷。委員會須評估就未來潛在收入（因其時間及可能性尚不明確）而支付報酬之做法進行評估，並執行該等薪酬符合本行之策略目標及財務狀況。委員會須於考慮及執行表現目標或評估表現決定時會就風險作出調整。委員會亦確保可不經高級管理層參與而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。

委員會將審閱及批核高級管理層之薪酬方案包括行政總裁、替任行政總裁、執行董事、執行副總裁與主要業務經理人<sup>(附註1)</sup>。執行董事不准參與與其薪酬相關之決策討論。

### 審核委員會

審核委員會由3位成員組成，包括1名非執行董事及2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擔任主席。該委員會每年最少舉行四次會議，並在有需要時舉行特別會議。

審核委員會須確保對本行之財務申報程序及內部監控制進行足夠之監管，使內部審核職能可在有效及充足資源下在本行內訂立適當地位。並確保內部及外聘核數師互相協調，以及監控遵守內部政策、法規及考慮由內部及外聘核數師所提出之建議。

於本財政年度內，審核委員會須檢討本行之財務報告程序、內部監控系統、內部審核職能及風險管理程序。尤其是，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內部審核規章及其批准、年度審核方案、已發佈之內部審核報告及特別調查報告，確保管理層於調查所發現之主要問題後作出適當之補救行動。

審核委員會亦須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。審核委員會亦將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。

### 執行委員會

執行委員會由本行的非執行主席、非執行副主席及行政總裁組成。委員會將行使董事會不時授予之權力及權限，負責本行的管理及日常運作。執行委員會須定期召開會議在董事會直接授權下執行一般管理職能。

### 執行信貸委員會

執行信貸委員會由本行的非執行主席、非執行副主席及行政總裁組成。執行信貸委員會獲董事會授權批核需獲得董事會批准的信貸建議或信貸相關事宜。執行信貸委員會於須要時召開會議，以審閱及批核需獲得董事會批准的客戶信貸額度。執行信貸委員會將審批本行的信貸政策和整體信貸風險狀況。

## KEY MANAGEMENT LEVEL COMMITTEES

### Management Committee

The Management Committee comprises the Bank's CEO, Executive Director, Chief Financial Officer, Head of Legal and Compliance and senior management personnel as appointed by the CEO. The Management Committee is the key decision making body for the Bank and will be responsible mainly for the running of the Bank's day to day business under the authority delegated by the Board and within the strategy and business plan as approved by the Board. This Committee is also responsible for the formulation of the Bank's business strategies and major bank-wide initiatives for the Board's approval. The Management Committee will evaluate and approve new business proposals, coordinate among business and support units during the implementation process, monitor the implementation of the approved business strategies and bank-wide initiatives, review the achievement of business targets and objectives and the financial performance of the Bank on a monthly basis.

### Risk Management Committee

The Risk Management Committee ("RMC") is chaired by the CEO. The members comprise the Bank's Executive Director, Chief Financial Officer and other senior management personnel appointed by the CEO. Together with the Credit Committee, the RMC will provide a comprehensive and bank-wide oversight of all risks and their management. Its functions will include:

- to review reports from ICC and ALCO (as defined below), covering Market Risk, Liquidity Risk, Interest Rate Risk, Operational Risk, Legal Risk, Strategic Risk, Capital Management, Compliance and anti-money laundering ("AML");
- to oversee the strategic risk management of the Bank; and
- to assess the Bank's risk management functions.

### Asset and Liability Committee

The Asset and Liability Committee ("ALCO") comprises the Bank's CEO, Executive Director, Chief Financial Officer and senior management personnel as appointed by the CEO. The ALCO's main responsibilities include to regularly review the Bank's operations relating to interest rate risk, market risk and liquidity risk, the Bank's ability to meet its funding obligations and compliance with statutory liquidity and capital adequacy requirements. It must regularly review and endorse, for the Board's approval, the Bank's policies governing asset and liability management, investment, and other risk management issues. The ALCO is also required to formulate long term strategy for sources and applications of funds and short term directives to address prevailing conditions and to monitor the implementation of these strategies and directives.

### Internal Control and Compliance Committee

The Internal Control and Compliance Committee ("ICC") comprises the Bank's CEO, Executive Director, Chief Financial Officer, Head of Control and Risk Management and heads of different control, business and support units. The responsibilities of ICC include to oversee the Bank's exposure to operational, legal, and reputation risks, compliance and AML activities, to ensure that the Bank has in place an effective internal control and compliance framework and to assist the Risk Management Committee in establishing a sound internal control and monitoring system to ensure overall compliance within the Bank.

To ensure an effective internal control and compliance framework is in place, the ICC is responsible to review policies and guidelines relating to control and compliance risks, to receive and discuss reports submitted by various risk management units and to promote an internal control and compliance culture.

## 主要管理層轄下的委員會

### 管理委員會

管理委員會由本行的行政總裁、執行董事、財務總監、法律及合規部主管及行政總裁所委任的相關高級管理人員組成。管理委員會乃本行重要的決策組織，主要在董事會授權下負責銀行的日常運作，以確保切合董事會批核的策略和業務計劃。該委員會亦負責制定本行的業務策略及主要首創計劃以供董事會批核。管理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及首創計劃的實施進度，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。

### 風險管理委員會

風險管理委員會由行政總裁擔任主席，成員包括本行的執行董事、財務總監以及行政總裁委任之其他高級管理人員。連同信貸委員會，風險管理委員會全面及在銀行整體層面監督所有風險及其管理。該委員會之職能包括以下方面：

- 審查內部監控及合規委員會及資產負債委員會之報告，涵蓋市場風險、流動資金風險、利率風險、營運風險、法律風險、策略風險、資本管理、合規性及反洗黑錢；
- 監督本行策略風險管理；及
- 評估本行風險管理職能。

### 資產負債委員會

資產負債委員會由本行的行政總裁、執行董事、財務總監以及行政總裁所委任的高級管理人員組成。資產負債委員會的主要職責，包括定期檢討本行涉及利率風險、市場風險及流動資金風險的業務，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。資產負債委員會必須定期審閱及批核本行有關資產及負債管理、投資及其他風險管理事宜的政策，以供董事會審批。資產負債委員會亦必須制定資源及資金的長遠政策，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。

### 內部監控及合規委員會

內部監控及合規委員會包括本行的行政總裁、執行董事、財務總監、監控及風險管理部主管以及各監控、業務及後勤部門主管。內部監控及合規委員會負責監督本行面對之營運、法律及聲譽風險，審查本行反洗黑錢活動之合規性，確保本行推行有效之內部監控及合規架構，並協助風險管理委員會建立良好的內部監控及監督系統，確保本行整體之合規性。

為確保推行有效的內部監控及合規架構，內部監控及合規委員會有責任審查與監控及合規風險有關的政策及指引，省覽及討論各風險管理單位提交的報告以及推動內部監控及合規性文化。

To maintain the Bank's overall compliance standards, the ICC will review and discuss

- major compliance issues;
- AML issues;
- operational risk events;
- latest developments in statutory or regulatory requirements applicable to bank;
- progress of implementation of new statutory, regulatory compliance or AML requirements; and
- progress of rectification of audit findings.

## DISCLOSURE ON REMUNERATION

### General

The Bank's remuneration system is applicable to all staff of the Bank and its subsidiaries. During the financial year, the Remuneration Committee reviewed and approved, inter alia, the Bank's Remuneration Policy. The approving authorities of remuneration for various staff categories were also revised.

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 will provide value for its employees on a basis consistent with the interests of its controlling shareholder and the Bank's risk profile. It is based on the following principles:

- Alignment to the Bank's profitability, risk and capital.
- Maximization of employees' and the Bank's (including its subsidiaries) performance.
- Attraction and retention of skilled and talented personnel.
- 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 fulfillment 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 forms in coping with the long and short term business goals of the Bank, staff retention and risk factors. 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 the exceeded portion of the variable pay in cash will be 6 months for general staff and 36 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 conditions such as future performance of the Bank, the relevant business units and the staff member concerned. In addition, a clawback mechanism may be applied under specific circumstances related to the staff member's individual performance, relevant business and overall performance of the Bank.

The Remuneration Committee when considering the budget for salary increase will take into account a number of factors including, but not limited to, the 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 members will be determined by the CEO taking into consideration the recommendation of Division/Department Heads, the performance of the staff member concerned, job responsibilities, level of staff etc.

為維持本行的整體合規性標準，內部監控及合規委員會審查及討論：

- 主要合規事宜；
- 反洗黑錢事宜；
- 營運風險事件；
- 本行適用的法定或監管規定的最新發展；
- 實施新法定、監管合規性或反洗黑錢規定的進展；及
- 整改審計結果的進展。

### 薪酬披露

#### 一般

本行之薪酬制度適用於本行及其附屬公司的所有員工。本財政年度內，薪酬委員會已審閱及批核（其中包括）本行之薪酬政策。各員工類別的批核部份亦予以修訂。

本行認為，其有關固定及浮動薪酬的制度對本行創造長遠價值之能力十分重要，並將薪酬與風險期間連繫。本行有一套薪酬制度，向員工提供報酬，所依據的基準與控股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。
- 盡量提高員工及本行（包括其附屬公司）之表現。
- 吸引及挽留人才。
- 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。報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、挽留人才及風險因素。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定期，一般員工將為6個月，高級管理層為36個月，以反映其相對的責任和職位。發放遞延浮動獎勵金須符合預先界定之條件，如本行、有關業務單位及相關員工之未來表現等。此外，在與員工個人表現、相關業務及整體銀行表現有關的特定情況下，可能會實行追回浮薪安排。

薪酬委員會於考慮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行政總裁兼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。

## Senior Management and Key Personnel

There were 13 employees classified as Senior Management in the financial year. The remuneration packages of Senior Management <sup>(Note 1)</sup> and Key Personnel <sup>(Note 2)</sup> are determined by the Remuneration Committee with reference to the following factors:

- 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 whose performance have significant impact on the Bank's operations and results. They include the following positions:

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

**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.

The aggregate quantitative information on remuneration <sup>(Note 3)</sup> 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:

	Non-deferred (Amount in HKD)	Deferred (Amount in HKD)
<b>Fixed Remuneration</b>		
Cash	23.65 million	Nil
<b>Variable Remuneration</b>		
Cash	3.98 million (see iii) (Year-end bonus paid in 1/2013)	0.18 million
Share options granted in 2012	Nil	Nil

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

	Awarded for Performance Year 2012 (Amount in HKD)	Awarded for Prior Performance Years (Amount in HKD)
<b>Vested</b>		
Cash	3.98 million (Year-end bonus paid in 1/2013)	1.41 million
Shares options	Nil	Nil
<b>Unvested</b>		
Cash	0.18 million (see iv)	0.45 million (see iv)
Shares options	Nil	Nil

## 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<sup>(附註1)</sup>和主要員工<sup>(附註2)</sup>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；
- 個人根據績效評價過程中確定的結果；及
- 吸引和挽留人才。

**附註1** 高級管理層是指那些對本行營運及業績產生重大影響的高級管理人員。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、零售銀行主管、證券投資服務主管、商業銀行主管、企業金融部主管、企業產品管理主管及金融市場部主管）

**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。

本行高級管理層及主要員工於本財政年度之薪酬<sup>(附註3)</sup>總額資料載列如下：

(i) 本財政年度薪酬金額，分為固定及浮動薪酬：

	非延付薪酬 (港幣)	延付薪酬 (港幣)
<b>固定薪金</b>		
現金	23.65百萬	無
<b>浮動薪酬</b>		
現金	3.98百萬(見iii) (於2013年1月支付 之年終花紅)	0.18百萬
於2012年授 予之認股權	無	無

(ii) 延付浮動薪酬(分為已歸屬及尚未歸屬)之總額，現臚列如下

	就2012年度之表現所 發放之總額 (港幣)	就2012年度前 之表現所發放之 總額(港幣)
<b>已歸屬</b>		
現金	3.98百萬 (於2013年1月支付 之年終花紅)	1.41百萬
認股權	無	無
<b>尚未歸屬</b>		
現金	0.18百萬(見iv)	0.45百萬(見iv)
認股權	無	無

There was no deferred variable remuneration being reduced through performance adjustments in 2012.

- (iii) The total variable remuneration includes the bonus of Chief Executive which was approved and paid after the balance sheet date (i.e. 31 December 2012).
- (iv) The deferred portion of the year-end bonus of HKD0.18 million in relation to one beneficiary would be paid in a period of three years from the 2012 bonus payment date with the deferred payment paid in three equal instalments, subject to the fulfillment of vesting conditions and period. The outstanding deferred amount of 0.45 million for the year-end bonus awarded in the previous years would be paid to two beneficiaries subject to the fulfillment of vesting conditions and period.
- (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	0.63 million
Total amount of deferred remuneration awarded, paid out and reduced through performance adjustments during the financial year	Nil

- (vi) No guaranteed bonuses in respect of Senior Management or Key Personnel were paid during the financial year.
- (vii) A total of HKD360,000 sign-on bonuses was paid to two staff members and no severance payments were awarded during the financial year.

Note 3 Remuneration refers to all remuneration payments payable to employees during the financial year of 2012. The remuneration also includes payments to three resignees during the financial year of 2012.

## CODE OF CONDUCT

Consistent with the policies and practices of its parent company, the Bank adopts a high standard of ethical conduct and professional competence and has set up a Code of Conduct Guideline which all staff are required to observe.

The Bank's Code of Conduct is structured in line with applicable regulatory guidelines and other industry best practices which sets out professional standards and corporate values to promote ethical and responsible professional behavior among the Bank's staff. It also articulates unacceptable behaviour and unethical or illegal activities that could result in the Bank infringing guidelines, regulations or laws which the Bank is required to observe and comply with in conducting its business.

Among other things, procedures are set up for staff to communicate, in confidence, material and bona fide concerns or observations of any violations. Communication is also allowed to be channelled to the Board through a "CEO Channel" which is independent of internal "Chain of command".

於2012年，並無任何延付浮動薪酬須就表現情況而作出扣減。

- (iii) 浮動薪酬之總額包括行政總裁於資產負債表日期（即2012年12月31日）後獲審批及發放之花紅。
- (iv) 對於一個受益者約港幣十八萬元之年終獎金押後發放部分將於2012年花紅發放日期起3年內分3期支付，並須符合歸屬條件及有效期。對於過去發放的年終獎金餘下的港幣45萬元押後發放部分，在乎合歸屬條件及有效期的情況下將會發給予兩名受益者。
- (v) 於授出後作出明確／隱含調整之延付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／隱含調整之延付薪酬及被保留薪酬總結餘額	0.63 百萬
於本財政年度，授予、支付及就表現情況而作出扣減之延付薪酬總額	無

- (vi) 於本財政年度並沒有向高級管理層及主要員工發放固定花紅。
- (vii) 於本財政年度向兩位職員支付港幣36萬元的新聘約酬金，但並沒有支付解僱金。

附註3 薪酬是指所有在2012年財政年度向員工支付的報酬支付。薪酬還包括在2012年財政年度內向3位已離任員工的支出。

## 操守守則

為與母公司政策及常規一致，本行已採納高標準的道德守則及專業能力，並建立所有員工須遵守之操守守則指引。

本行的操守守則在架構方面與適用的規管指引及其他行業最佳常規一致，當中訂明專業準則及企業價值以提高本行員工道德和負責任的專業操守。操守守則亦清晰列明了不可接受的行為和不道德或非法活動，可致本行違反其在開展業務時須履行及遵守的指引、法律或法規。

其中包括，建立程序令員工以私密方式討論、高度誠實關注或監察任何違規事件。亦可透過獨立於內部「指令程序」的「行政總裁渠道」與董事會進行溝通。

## 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 a number of measures designed to provide effective governance and risk management, reliable and timely reporting of financial and management information, and compliance with relevant laws and regulations, supervisory guidelines, market codes and standards, as well as internal policies and procedures.

The measures include:

- (1) Functional committees established with responsibilities to monitor risks and controls in specific areas of potential risk.
- (2) A clear organization structure with well defined authority and responsibilities to enable effective checks and balances. The organization structure includes a clear division of responsibility between the operating and reporting roles.
- (3) All major Bank policies set and approved by the Board. Detailed processes being defined and documented. The policies and procedures include specific operational, financial and compliance controls which will facilitate segregation of duties, accuracy of reporting and proper control over assets and risk exposure.
- (4) Risk management policies and procedures in place to identify and manage possible risks the Bank may face which, among other things, is used by the Board to monitor and control the risks identified.
- (5) Risk management reports being submitted regularly to the respective committees assigned for monitoring and assessment of risks associated with the Bank's business and operations.
- (6) Compliance department of the Bank monitoring changes and developments of relevant laws, regulations and standards applicable to the Bank's activities and ensuring that senior management and relevant units are duly aware of the changes and in a position to take appropriate measures to ensure continued compliance.
- (7) Compliance reviews being conducted by business and functional units on an on-going basis to control the Bank's operations ensure compliance with applicable laws and regulations, standards, guidelines and codes of practices.

The internal audit function of the Bank which is an independent appraisal function set up with the primary objective to assist senior management in the effective discharge of their responsibilities and functions, will conduct a risk-based independent review on the effectiveness of the Bank's internal control system and provide recommendations, if appropriate, to improve the control environment.

## 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一系列措施以提供有效管治和風險管理、可靠和及時地報告財務及管理資料，並遵守相關法律和法規、監管指引、市場守則和準則，以及內部政策和程序。

措施包括：

- (1) 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。
- (2) 一個具有妥善界定權限和職責的清晰組織架構，將有利於有效的牽制與平衡。該組織架構明確區分營運及彙報職能的責任。
- (3) 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。該政策和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。
- (4) 為識別及管理本行可能面對的風險，已制定風險管理政策和程序，以令董事會藉此對所識別的風險加以監察和監控。
- (5) 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。
- (6) 本行的合規部門負責監管與本行業務有關法律、法規及準則的變化及發展，並確保高級管理層及有關單位正式知悉該等變化，做好準備採取適當措施達致合規。
- (7) 業務及職能單位持續執行合規審查對本行營運作出監控，以確保妥為遵守適用法律法規、準則、指引及業務守則。

本行的內部稽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，將開展獨立風險檢討，以確定內部監控及風險管理系統的有效性，並提供建議（如適用）改善監控環境。