

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Corporate Governance Practices

The Hong Kong Monetary Authority (“HKMA”) has issued a statutory guideline, last 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 (“AIs”) which the HKMA expects the AIs to adopt in respect of their corporate governance.

The Bank, which belongs to a group which is highly esteemed for its corporate governance, regards corporate governance as an essential discipline for its operations and business. Thus, the Bank has in place an effective framework which is consistent with the principles and best practices in corporate governance as set forth in the CG guidelines.

From time to time, the Bank will review its corporate governance practices to ensure that they are consistent with the latest 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: one Executive Director, five Non-Executive Directors and three Independent Non-Executive Directors. All Directors possess appropriate experience, competence and personal and professional integrity to discharge their responsibilities effectively.

The Board as structured is sufficiently independent and possesses collective expertise for effective and objective decision-making and oversight of the Bank in its pursuit of its business objectives 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 7 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 the Director or any of the Director’s 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.

### 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「本地註冊認可機構的企業管治」法定指引(上次修訂於二零一二年八月)(「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。

本行屬於一個高度重視企業管治的集團，視企業管治為其經營及業務的必要原則。因此，本行已制定符合企業管治指引內所載的企業管治原則及最佳常規的有效架構。

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最新要求。

### 董事會

#### 董事會成員

本行董事會(「董事會」)現有九名董事，包括一名執行董事、五名非執行董事及三名獨立非執行董事。所有董事均擁有適當的經驗、才能與個人及專業操守以充份及有效地履行其責任。

董事會在架構上已具備足夠獨立性及整體專業知識，以確保有效及客觀的決策過程及對銀行在追求其業務目標及控管相關風險的同時施以適當的監管。

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

本行每年至少舉行四次董事會會議，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七天前發給全體董事。

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。

## 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);
- 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 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 the business of the Bank and managing the Bank through 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 reported to the Board regularly.

## 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 of the Board when he considers it necessary.

## 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)；
- 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時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條之有關關連借貸之條文，並就該等借貸訂立政策；及
- 監察本行之業務及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以管理本行。專責董事委員會會定時向董事會匯報。

## 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。

主席與行政總裁並無關連，其職能有明確的分工。

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。

## 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

The Board has established five Board level committees to assist it in carrying out its responsibilities — Nomination and Remuneration Committee, Audit Committee, Risk Committee, Executive Committee and Executive Credit Committee.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Non-Executive Chairman, Non-Executive Vice Chairman and three Independent Non-Executive Directors of the Bank. The committee meets periodically and as required and provides oversight of the management of the Bank's human resources including the appointment of directors and the CEO. The committee establishes the Bank's overall human resources management framework to ensure that the Bank is in compliance with the applicable government regulations and follows the market best practice wherever feasible. The committee is also responsible to ensure that directors and the CEO appointed possess the necessary and appropriate qualifications to perform and discharge their duties.

The committee regularly reviews whether each existing Director continues to remain qualified for his post. It also reviews the structure, size and composition of the Board and makes recommendations on any proposed change to the Board.

The committee reviews and approves the remuneration for Directors, members of board-level committees and Senior Management (as defined under the Remuneration Policy of the Bank).

### 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 and systems of internal control, and 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.

## 委任及重選董事

根據本行組織章程細則，新董事之委任將由全體董事會成員或股東審核及批准。並根據《銀行業條例》，須獲得金管局之審批。

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

董事會已成立了五個董事委員會以協助行使其職責 — 提名及薪酬委員會、審核委員會、風險委員會、執行委員會及執行信貸委員會。

### 提名及薪酬委員會

提名及薪酬委員會由本行的非執行主席、非執行副主席及三名獨立非執行董事組成。該委員會按需要定期舉行會議，以及監查本行人力資源管理，包括委任董事及行政總裁。該委員會亦設立本行的整體人力資源管理框架以確保本行遵守政府相關規定及在任何可能情況下遵循市場最佳慣例。該委員會亦負責確保獲委任董事及行政總裁擁有必要及適當的資格以履行彼等的職責。

該委員會定期審查是否每位現任董事繼續符合資格擔任其職務。其亦審查董事會結構、規模及組成並向董事會推薦任何建議變動。

該委員會審閱及批准董事、董事會轄下的委員會及高級管理層成員的薪酬(定義見本行薪酬政策)。

### 審核委員會

審核委員會由三名成員組成，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度進行足夠之監管，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，以監控遵守內部政策、法規及考慮其提出之建議。

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 should include the Internal Audit Charter and its approval, the annual audit plan, internal audit reports and special investigation reports issued, and ensure 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.

### Risk Committee

The Risk Committee comprises five members including two Non-Executive Directors, two Independent Non-Executive Directors and the CEO. The committee meets at least four times a year and additionally when deemed necessary. Its mandate is to establish the Bank's overall risk appetite and risk management framework, and to oversee Senior Management's implementation of the Bank's risk policies.

The Risk Committee will review annually the Bank's risk appetite statement and risk management strategy. It will ensure that an appropriate infrastructure, adequate resources and systems are in place for risk identification, risk assessment, risk monitoring and overall risk management. It is also required to provide oversight of the Bank's risk activities and ensure it is in compliance with all relevant legal and regulatory requirements and that the best practices are adopted by the Bank wherever feasible.

The Risk Committee is required to ensure that the staff responsible for implementing risk management systems and controls perform their duties independent of those involved in the Bank's risk taking activities.

### 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 authorities 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 proposals, credit policies, credit risk profile and other credit related matters which require the approval of the Board. The Executive Credit Committee will meet as required.

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，確保管理層對調查所發現之主要問題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。

### 風險委員會

風險委員會由五名成員組成，包括兩名非執行董事、兩名獨立非執行董事及行政總裁。該委員會每年舉行四次會議並於必要時舉行額外會議。其職能是建立本行的整體風險承受能力及風險管理框架，以及監管高級管理層實施本行的風險政策。

風險委員會將每年審查本行的風險承受能力聲明及風險管理策略。其將確保針對風險識別、風險評估、風險監管及整體風險管理的適當基礎設施、充足資源及系統均就緒。其亦須監察本行的風險活動及確保遵守所有有關法律及監管規定以及本行於可行情況下採納最佳慣例。

風險委員會須確保負責實施風險管理系統及控制的員工於履行彼等的職責時獨立於涉及本行風險活動的員工。

### 執行委員會

執行委員會由本行非執行主席、非執行副主席及行政總裁組成，將行使由董事會不時委託的有關本行管理及日常營運之權力及職權。執行委員會會定期及於有須要時舉行會議，並於董事會的支持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非執行主席、非執行副主席及行政總裁組成。其獲授權批核須獲董事會批准的信貸建議、信貸政策、信貸風險及其他信貸相關事項。執行信貸委員會於需要時召開會議。

## Key Management Level Committees

In addition to the Board level committees, five management level committees have been set up by the Board to oversee the effectiveness of the Bank's daily operations — Management Steering/Business Committee, Asset and Liability Committee, Internal Control and Compliance Committee, Credit Committee and Information Technology Steering Committee.

### Management Steering/Business Committee

The Management Steering Committee and the Management Business Committee (together "the Committees") are both chaired by the Bank's CEO, and comprises senior management personnel as appointed by the CEO. The Committees are the key decision making bodies for the Bank and are 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. The Committees are also responsible for the formulation of the Bank's business strategies and major bank-wide initiatives for the Board's approval. The Committees meet weekly to 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.

### Asset and Liability Committee

The Asset and Liability Committee ("ALCO") comprises the CEO, Chief Financial Officer and senior management personnel as appointed by the CEO. The committee is responsible for providing oversight of the Bank's operations relating to interest rate risk, market risk and liquidity risk (collectively known as "financial risks") as well as capital management. The committee initiates, reviews and endorses for the Risk Committee of the Board's approval the Bank's policies on financial risks and capital management. It approves guidelines relating to such policies, reviews and approves all major financial risk management reports. ALCO also oversees the Bank's investment activities by establishing investment strategies within policies laid down by the Board and reviews actual performance.

### Internal Control and Compliance Committee

The Internal Control and Compliance Committee ("ICC") comprises the Bank's CEO, Executive Vice Presidents, Head of Control and Risk Management and the heads of different control, business and support functions. The responsibilities of the committee include providing oversight of the Bank's exposure to operational and legal risks, overseeing the Bank's compliance and anti-money laundering ("AML") activities, ensuring the Bank has in place an effective internal control and compliance framework, assisting the Risk 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 reviews policies and approves guidelines relating to control and compliance risks, receives and discusses reports submitted by various risk management units and promotes internal control and compliance culture. To maintain the Bank's overall compliance standards, the ICC and its sub-committee review and discuss major compliance or AML or operational risk events, latest developments in statutory or regulatory requirements applicable to bank, progress of implementation of new statutory or regulatory compliance requirements and progress of rectification of audit findings.

## 主要管理層轄下的委員會

除董事會轄下的委員會外，董事會亦設立五個管理層委員會監控本行日常營運的效率 — 管理督導／業務委員會、資產負債委員會、內部監控及合規委員會、信貸委員會及資訊科技督導委員會。

### 管理督導／業務委員會

管理督導委員會及管理業務委員會（統稱「該等委員會」）由本行的行政總裁任主席，由行政總裁所委任的相關高級管理人員組成。該等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。該等委員會亦負責制定本行的業務策略及主要全行措施以供董事會批核。管理委員會至少每月舉行一次會議，評估及批准新業務計劃在業務策略的推行過程中協調業務及後勤部門的工作，監察已批准業務策略及全銀行層面措施的實施進度，檢討是否實現本行業務目標及宗旨及財務表現。

### 資產負債委員會

資產負債委員會由行政總裁、財務長及行政總裁所委任的高級管理人員組成。該委員會負責監查本行營運上有關利率風險、市場風險及流動資金風險（總稱為「財務風險」）的業務以及資本管理。該委員會啟動、審閱及批准本行財務風險及資本管理政策，以供董事會風險委員會批准。其批准有關該等政策的指引，審閱及批准所有重大財務風險管理報告。資產負債委員會亦透過在董事會規定的政策範圍內設立投資策略監查本行的投資活動以及檢討實際表現。

### 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、執行副總裁、監控及風險管理部主管以及不同業務及後勤部門的主管。委員會負責監督本行面對之營運及法律風險，審查本行合規及反洗錢活動，確保本行推行有效之內部監控及合規架構，以及協助風險委員會建立一套完善的內部控管和監察制度，以確保銀行內全面的遵守。

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文化。為了維持銀行整體合規標準，內部監控及合規委員會及其屬下委員會會審查及討論重大合規或反洗錢或操作風險事件、適用於本行之法定或監管規定之最新進展、實施遵從法定或監管規定要求及改正審計發現之進展進行。

## Credit Committee

The Credit Committee (“CC”) meets weekly and its mandate is to provide oversight of the Bank’s credit risk management. The committee is chaired by the Bank’s CEO, and consists of senior executives of the Bank including the Head of Control and Risk Management. All are members of the Management Business Committee.

The CC reviews and endorses credit policies and credit risk profile of the Bank for the Executive Credit Committee’s approval, and reviews and approves credit related guidelines. The committee also reviews and approves requests for credit facilities that are within the CC’s authority as delegated by the Board, and reviews and endorses requests for credit facilities which require the approval of the Executive Credit Committee.

The CC will also conduct on-going reviews on the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure the credit risk profile of the Bank is within the established risk appetite. In this regard, the CC also provides periodic and timely credit related management and stress testing reports to the Executive Credit Committee for review.

## Information Technology Steering Committee

The Information Technology Steering Committee is chaired by the Bank’s CEO, and comprises senior management personnel as appointed by the CEO. The committee is responsible for providing oversight of the Bank’s key information technology governance objectives. The committee meets monthly to approve long and short term information technology strategies to ensure they are in line with the Bank’s business strategy and priorities; approve funding and determine prioritization of information technology enabled investment projects; track status of key projects and ensure benefits realization upon completion; and manage major information technology risk issues and their remediation.

## Risk Management

The Risk Committee, a board level committee, establishes overall risk appetite and risk management strategy of the Bank, taking into account current and forward-looking aspects of risk exposure.

The Bank has established a set of risk management policies and guidelines to identify, measure, monitor and control various types of risks, including credit, market, interest rate, liquidity, operational, reputation, legal and strategic risk. Various risk limits are set in accordance with the defined risk appetite, and a proper risk management framework is in place, so as to ensure the degree of risk that the Bank is exposed to is kept within an acceptable level. Risk management policies and major risk limits are approved by the Board as advised by the Risk Committee, and are reviewed regularly by the Risk Committee.

Regular risk management reports are submitted to the Risk Committee for assessing the level of risk involved in the Bank’s business activities, and how they are controlled and managed. The Risk Committee monitors the risk profile of the Bank against the approved risk limits, and determines appropriate management action if material deviations from approved limits occur. Risk Committee also assesses the effectiveness of the risk management function of the Bank and ensures that it has the necessary resources and expertise to carry out its duties.

Specific product committee comprising senior executives from risk management, legal, compliance and financial control is responsible for risk assessment for new products and services, from both the Bank’s and customer’s perspective, as well as compliance with regulatory requirements before launch.

## 信貸委員會

信貸委員會每周會晤，其授權為監察本行的信貸風險管理。信貸委員會由本行行政總裁擔任主席，由本行高級行政人員組成包括監控及管理部主管。彼等均為管理業務委員會的成員。

信貸委員會審閱及批准本行信貸政策及信貸風險狀況，以供執行信貸委員會批准，以及審閱及批准信貸相關指引。信貸委員會亦在董事會授權內批核客戶信貸融資申請，或審閱及提呈執行信貸委員會批核。

信貸委員會亦就市場環境作出持續審查及向執行信貸委員會提出所須政策建議，以確保本行信貸風險維持於既定風險取向能力之內。信貸委員會亦定期及適時地向執行信貸委員會提供信貸相關管理及壓力測試報告予其審閱。

## 資訊科技督導委員會

資訊科技督導委員會由本行的行政總裁任主席，由行政總裁所委任的高級管理人員組成。委員會負責監督本行的主要資訊科技管治方針。委員會每月召開會議以批准長期及短期資訊科技策略，確保有關策略符合本行業務策略及優先權；批准資金及釐定享有資訊科技的投資項目的優先次序；追蹤主要項目的狀況及確保於完成時實現的效益；以及管理主要資訊科技風險事宜及其補充方法。

## 風險管理

風險委員會為董事會轄下委員會，經考慮風險的當期及前瞻方面，設定本行全面風險承受能力及風險管理策略。

本行已制定一系列風險管理政策及指引以識別、計量、監管及控制各類風險，包括信貸、市場、利率、流動資金、經營、聲譽、法律及策略風險。各類風險根據界定風險承受能力而設立限制，且合適風險管理架構已予制定，以保證本行面臨的風險等級控制在可接受水平。風險管理政策及主要風險限制經風險委員會建議並由董事會批准，並由風險委員會定期檢討。

定期風險管理報告提交至風險委員會以供評估本行業務涉及的風險水平，以及如何控制及管理該等風險。風險委員會按照經批准風險限制監控本行的風險狀況，及於出現嚴重偏離經批准風險限制的情況下確定合適管理行動。風險委員會亦評估本行風險管理職能的有效性且確保其擁有必要資源及專長履行職責。

由風險管理、法律、合規及財務控制高級行政人員組成的特別產品委員會負責從本行及客戶角度對新產品及服務進行風險評估以及於推出產品前確保遵守法定規定。

## Code of Conduct

The Bank adopts a high standard of ethical conduct and professional competence. Consistent with the policies and practices of its parent company, it has set up a Code of Conduct guideline (“Code”) which all levels of staff are required to observe in the discharge of their duties.

The Code is structured in line with applicable regulatory guidelines and other industry best practices, setting out professional standards and corporate values to promote ethical, professional and responsible behavior among the Bank’s staff.

The Bank has procedures 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.

## Anti-Money Laundering

The Bank has in place stringent internal guidelines and procedures in combating money laundering and drug trafficking, and fighting against terrorist financing. All staff members are required to comply with such guidelines and procedures in the process of conducting customer due diligence and to ensure that prevention of money laundering policies, procedures, and controls are properly and diligently implemented.

## Internal Controls

The Board is responsible for the Bank’s system of internal control and for reviewing its effectiveness through the Audit Committee. Management is primarily responsible for the design, implementation, and maintenance of internal controls.

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.

## 操守守則

本行已採納高標準的道德守則及專業能力。為與母公司政策及常規一致，已制定操守守則指引（「守則」），要求所有員工在履行彼等職責時加以遵守。

該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。

本行亦建立了程序予員工以保密方式通報、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。

## 反洗黑錢

本行已訂立嚴謹的指引及程序以反洗黑錢、販毒和恐怖分子資金籌集活動。本行全體員工對客戶進行盡職審核時，均須遵守相關指引及程序，以確保防止洗錢的政策、程序和控管措施得以妥善及切實地執行。於董事會的支持下，管理層積極推動強大的反洗黑錢文化，以確保適當地符合所有相關法律和法規。

## 內部監控

董事會亦經審核委員會負責本行的內部監控系統及檢討其有效性。管理層亦負責設計、實施及維持內部控管主要責任。

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。

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 authorities and responsibilities to enable effective checks and balances.
3. All major Bank policies are set and approved by the Board. The policies and procedures provides 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 risks associated with the Bank's business and operations.
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 independent unit on an on-going basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practices.

The internal audit function of the Bank is an independent appraisal function set up with the primary objective of evaluating the internal control system and compliance to laws, regulatory guidelines and internal control policies, and to report major findings to the Board's Audit Committee for action on a quarterly basis. The Chief Internal Auditor is appointed by the Audit Committee.

措施包括：

1. 成立功能委員會以為特定潛在風險範疇進行風險監察和監控。
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。
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. 各獨立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。

本行的內部稽核是一個獨立的評估職能，設立的主要目的為評估內部控管制度及法律、法規指引和內部控管政策的遵循情況，並向董事會的審核委員會報告每季主要調查結果並採取行動。內部稽核主管由審核委員會任命。