

公司治理

Corporate Governance

本集團致力達至優良之企業管治，並遵循香港金融管理局頒佈之監管政策手冊《本地註冊認可機構的企業管治》(CG-1)指引。

董事會及管理層

董事會負責為本集團整體業務確定目標、制定長遠策略及進行管理。於年底時，董事會由八位具備不同經驗及專業之人士組成。當中兩位為執行董事，其餘六位為非執行董事。在六位非執行董事中，四位為獨立非執行董事，發揮不可或缺的獨立監督作用。董事會定期召開會議並於年內召開了五次會議，年內出席率達89%。以總裁為首的管理層負責按已審定的策略及政策，制定及執行具體落實方案，並定期向董事會提交本集團表現之詳細報告，以便董事會能夠有效地履行其職責。現時董事會共設立下列五個委員會負責監督本集團各主要範疇。各委員會之詳情如下：

戰略與發展委員會

戰略與發展委員會負責對本集團中長期發展戰略和重大投資決策進行研究，並提出建議，其主要職責包括：

- 制備本銀行的中長期戰略計劃，呈董事會審批；
- 審查、動議、監控、重檢和更新本銀行的中長期戰略計劃，並向董事會提出調整建議；
- 審查本銀行中長期戰略的制定程式，確保其已充分考慮到一定範圍內的所有備選方案；
- 按照既定的標準監控中長期戰略實施情況，向高級管理人員提供方向性的指引；
- 審查高級管理人員提出的重大兼併及收購方案，並向董事會提出建議；及
- 就本銀行主要投資、資本性支出和戰略性承諾向董事會提出建議，並監控其實施情況。

The Group strives to achieve high standards of corporate governance and followed CG-1 "Corporate Governance of Locally Incorporated Authorised Institutions" of the Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

BOARD OF DIRECTORS AND THE MANAGEMENT

The Board is responsible for setting objectives and formulating long term strategies as well as managing the Group's overall business. As at the end of the year, the Board comprises eight Directors with a variety of different experience and professionalism. Among them, two are Executive Directors, while the remaining six are Non-executive Directors. Of the six Non-executive Directors, four are Independent Non-executive Directors whose indispensable function is to provide independent scrutiny. The Board meets regularly and five board meetings were held in the year with attendance rate of 89% in the year. The Management, led by the Chief Executive, is responsible for formulating and implementing detailed programmes to effect the approved strategies and policies, and providing detailed reports on the Group's performance to the Board on a regular basis to enable the Board to discharge its responsibilities effectively. The Board currently has set up the following five committees to oversee the major areas of the Group. Details of the committees are given below:

STRATEGY AND DEVELOPMENT COMMITTEE

Strategy and Development Committee is responsible for the consideration and suggestion of the medium and long term development strategies of the Group. Its main duties include:

- preparation of the Bank's medium and long term strategies for the Board's approval;
- examination, proposing, monitoring, review and update of the Bank's medium and long term strategies and recommend the Board on necessary adjustments of the strategies;
- examination of the formulation of the Bank's medium and long term strategies and ensure all the potential plans in a certain selective scope have been adequately considered;
- monitoring the implementation of medium and long term strategies in accordance with established standards and provide directive guidance to the Senior Management on the implementation;
- examination of material merge and acquisition plans proposed by the Senior Management and advise the Board on the plans; and
- giving advice to the Board on the Bank's major investment, capital expenditure and strategic commitment and monitoring the implementation of the aforesaid.

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戰略與發展委員會(續)

年內，戰略與發展委員會共召開四次會議。於年底時，戰略與發展委員會成員包括張衛東先生* (主席)、陳細明先生及孫建東先生。其中陳細明先生及孫建東先生為本銀行的執行董事。

* 彼於2020年11月2日起獲委任為主席。

稽核委員會

稽核委員會協助董事會對本集團在以下方面履行監控職責：

- 財務報告的真實性和財務報告程序；
- 內部控制系統；
- 內部稽核職能和人員的工作表現；
- 外部核數師的聘任及其資格、獨立性和工作表現的評估；
- 本集團財務報告的定期審閱和年度審計；
- 遵循有關會計準則及法律和監管規定中有關財務訊息披露的要求；及
- 強化公司治理架構。

年內，稽核委員會共召開四次會議。於年底時，稽核委員會成員包括趙麗娟女士 (主席)、劉漢銓先生、藍鴻震先生、李樹培先生* 及楊英勛先生#。彼等均為本銀行之非執行董事。其中趙麗娟女士、劉漢銓先生、藍鴻震先生及李樹培先生均為獨立非執行董事。

* 自2020年8月26日起獲委任為委員。

自2020年9月16日起獲委任為委員。

STRATEGY AND DEVELOPMENT COMMITTEE

(Cont'd)

During the year, the Strategy and Development Committee has convened four meetings. As at the end of the year, members of the Strategy and Development Committee included Messrs. Zhang Weidong* (Chairman), Chan Sai Ming and Sun Jiandong. Among them, Chan Sai Ming and Sun Jiandong were executive directors of the Bank.

* Appointed as the Chairman effective from 2 November 2020.

AUDIT COMMITTEE

The Committee assists the Board in fulfilling its oversight role over the Group in the following areas:

- integrity of financial statements and the financial reporting process;
- internal control system;
- performance of internal audit functions and internal auditors;
- appointment of external auditor and evaluation of external auditor's qualifications, independence and performance;
- periodic review and annual audit of the Group's financial statements;
- compliance with applicable accounting standards and legal and regulatory requirements on financial disclosures; and
- enhancement of the corporate governance framework.

During the year, the Audit Committee has convened four meetings. As at the end of the year, the members of Audit Committee were Ms. Chiu Lai Kuen, Susanna (Chairman), Mr. Lau Hon Chuen, Mr. Lan Hong Tsung, David, Mr. Li Shu Pui* and Mr. Yang Yingxun#. All were Non-executive Directors of the Bank. Among them, Ms. Chiu Lai Kuen, Susanna, Mr. Lau Hon Chuen, Mr. Lan Hong Tsung, David and Mr. Li Shu Pui were Independent Non-executive Directors.

* Appointed as member effective from 26 August 2020.

Appointed as member effective from 16 September 2020.

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風險管理委員會

風險管理委員會協助董事會就本集團之風險管理履行以下的職責：

- 建立／重檢本集團的風險管理架構和風險管理戰略；
- 監察本集團各類風險狀況，及識別、評估、管理本集團當前及前瞻面臨的重大風險；
- 監察附屬公司的風險管理、內部控制及各類風險變化情況對本集團綜合層面的影響；
- 審查、監察及評估本集團風險管理政策、程序、制度、架構、風險資訊系統、基礎設施、資源及內部控制的情況，是否充分及有效；
- 審查、批准高層次的風險政策，並監督其執行情況；
- 從風險管理角度評估本銀行薪酬激勵機制是否符合風險文化及風險偏好；及
- 監控本集團可持續發展相關的風險管理的情況，並採取有效應對氣候變化策略、管控及緩減措施。

年內，風險管理委員會共召開六次會議。於年底時，風險管理委員會成員包括李樹培先生(主席)、楊英勳先生*、及趙麗娟女士。彼等均為本銀行之非執行董事。其中李樹培先生及趙麗娟女士均為獨立非執行董事。

* 自2020年9月16日起獲委任為委員。

RISK MANAGEMENT COMMITTEE

The Risk Management Committee assists the Board in performing the duties in respect of the risk management of the Group in the following areas:

- formulation/review of the risk management framework and risk management strategy of the Group;
- oversight of all risk profile of the Group, and identification, assessment and management of material risks faced and foreseen by the Group;
- oversight of the subsidiaries' risk management, internal control and all risk profile which have impact on the Group;
- review, oversight and assessment of the adequacy and effectiveness of the Group's risk management policies, procedures, system framework, risk management systems, infrastructure, resources and internal control;
- review and approval of high-level risk-related policies of the Group and monitoring of the implementation of the aforesaid;
- assessment on the remuneration system which should align with the risk culture and risk appetite from the risk management point of view; and
- monitoring the Group's sustainability-related risk management, and employing effective strategy, control and mitigation measures to climate change.

During the year, the Risk Management Committee has convened six meetings. As at the end of the year, the members of the Risk Management Committee were Mr. Li Shu Pui (Chairman), Mr. Yang Yingxun* and Ms. Chiu Lai Kuen, Susanna. All were Non-executive Directors of the Bank. Among them, Mr. Li Shu Pui and Ms. Chiu Lai Kuen, Susanna were Independent Non-executive Directors.

* Appointed as member effective from 16 September 2020.

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關聯交易委員會

關聯交易委員會協助董事會就本銀行之關聯交易履行以下的職責：

- 審閱並批准本行關聯交易管理政策；
- 定期收取關聯交易報備，並充分瞭解本行關聯交易管理情況，並給出指導意見；及
- 按照法律、行政法規的規定和公正、公允的商業原則，及時審批重大關聯交易。

年內，關聯交易委員會共召開四次會議。於年底時，關聯交易委員會成員包括劉漢銓先生(主席)、藍鴻震先生及陳細明先生。彼等均為本銀行之董事。其中劉漢銓先生及藍鴻震先生均為獨立非執行董事。

提名及薪酬委員會

提名及薪酬委員會於2020年12月31日共有三名成員，其中包括一名非執行董事，以及兩名獨立非執行董事，委員會主席由藍鴻震先生擔任。獨立非執行董事佔委員會成員的67%。

提名及薪酬委員會負責協助董事會對本集團在以下方面(但不僅限於以下方面)履行職責：

- 本集團的人力資源策略、薪酬策略及激勵框架；
- 監控本集團與機構企業文化相關的情況；
- 董事、董事會附屬委員會成員、及由董事會不時指定的高級管理人員的篩選和提名(定義為「高級管理人員」)；

CONNECTED TRANSACTION COMMITTEE

The Connected Transaction Committee assists the Board in performing the duties in respect of connected transaction of the Bank in the following areas:

- review and approve the Bank's connected transaction policy;
- regularly receives connected transactions information and fully understands the management of connected transactions of the Bank and gives guidance; and
- in accordance with the provisions of laws and administrative regulations and fair and equitable business principles, timely approve the bank's major connected transactions.

During the year, the Connected Transaction Committee has convened four meetings. As at the end of the year, the members of the Connected Transaction Committee were Messrs. Lau Hon Chuen (Chairman), Lan Hong Tsung, David and Chan Sai Ming. All were Directors of the Bank. Among them, Mr. Lau Hon Chuen and Mr. Lan Hong Tsung, David were Independent Non-executive Directors.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises three members as at 31 December 2020, including one Non-executive Director and two Independent Non-executive Directors. It was chaired by Mr. Lan Hong Tsung, David. The Independent Non-executive Directors represent 67% of the Committee members.

The Nomination and Remuneration Committee assists the Board in performing the duties in respect of the Group in, among others, the following areas:

- human resources, remuneration strategy and incentive framework of the Group;
- monitor the culture-related matters of the Group;
- selection and nomination of Directors, Board Committee members and certain senior executives as designated by the Board from time to time (defined as "Senior Management");

提名及薪酬委員會(續)

- 董事會和各委員會的結構、規模、組成應遵循董事會成員多元化的原則(包括但不限於性別、年齡、文化及教育背景、種族、地區、專業經驗、技能、知識等)；
- 董事、各委員會成員、高級管理人員及主要人員的薪酬；
- 董事會及各委員會的有效性；及
- 董事及高級管理人員的培訓及持續專業發展。

提名及薪酬委員會於2020年內的工作主要包括根據職責及權限進行審批、審議並向董事會建議：

- 重要人力資源及薪酬政策的制訂、重檢和修訂，包括本行的《薪酬及激勵政策》及《浮薪遞延政策》等；
- 銀行2019年度花紅資源總額、2020年度調薪資源總額；
- 高級管理人員及主要人員2019年度的績效考核結果；
- 高級管理人員及主要人員2019年度花紅發放方案及2020年度薪酬調整方案；
- 2020年度高級管理人員及主要人員的績效考核目標；
- 重檢提名及薪酬委員會職責約章、工作規則及會議常設議程；
- 重檢董事獨立性政策；

NOMINATION AND REMUNERATION COMMITTEE(Cont'd)

- structure, size and composition of the board of directors and committees shall be governed by the principle of diversity of board members (including but not limited to gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills and knowledge etc.) of the Board and Board Committees;
- remuneration of Directors, Board Committee members, Senior Management and Key Personnel;
- effectiveness of the Board and Board Committees; and
- training and continuous professional development of Directors and Senior Management.

Key tasks performed by the Nomination and Remuneration Committee during 2020 included the approval, review and proposal to the Board on the following according to its responsibilities and authorities:

- formulation, review and amendment on major human resources and remuneration policies, including the review of the "Remuneration and Incentive Policy" and "Deferral Variable Remuneration Policy" etc.;
- the total resources for 2019 variable remuneration pool, 2020 fixed remuneration review;
- performance appraisal results of the Senior Management and Key Personnel for year 2019;
- proposal on staff bonus for year 2019, salary adjustment for year 2020 of the Senior Management and Key Personnel;
- key performance indicators of the Senior Management and Key Personnel for year 2020;
- review of the Mandate, Working Rules and Standing Agenda of the Nomination and Remuneration Committee;
- review of Directors' Independency Policy;

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提名及薪酬委員會(續)

- 2020年董事輪選事宜；
- 2019年董事獨立性報告及履職評價報告；
- 2019年董事會及各附屬委員會的自我評估報告；
- 處理本集團調整及委任董事及附屬委員會成員事宜；
- 處理高級管理人員及主要人員任免、晉升及相關的薪酬事宜；
- 2019年薪酬制度指引遵循獨立評估報告；
- 《銀行文化改革》的自我評估、相關制度重檢、成效檢討報告及相關措施的季度跟進等事宜。

提名及薪酬委員會於2020年內共召開四次會議，董事出席率為100%。

薪酬及激勵機制

本集團的薪酬及激勵機制按「有效激勵」及「穩健薪酬管理」的原則，將薪酬與績效及風險因素緊密掛鉤，在鼓勵員工提高績效的同時，也加強員工的風險意識，實現穩健的薪酬管理。

NOMINATION AND REMUNERATION COMMITTEE(Cont'd)

- election of Directors for 2020;
- Directors' independency report and performance assessment report for 2019;
- self-evaluation report of the Board and Board Committees for 2019;
- consideration of the matters relating to the adjustment and appointment of the Directors and Board Committee members of the Group;
- consideration of the appointment, resignation, promotion and related remuneration matters of Senior Management and Key Personnel;
- 2019 Independent Review Report on Compliance of Guideline on a Sound Remuneration System;
- self-assessment, related policy review, evaluation report and quarterly progress update on related measures on Bank Culture Reform.

There were four Nomination and Remuneration Committee meetings held during 2020. The attendance rate of all the Directors was 100%.

REMUNERATION AND INCENTIVE MECHANISM

The Remuneration and Incentive Mechanism of the Group is based on the principles of "effective motivation" and "sound remuneration management". It links remuneration with performance and risk factors closely. It serves to encourage staff to enhance their performance, and at the same time, to strengthen their awareness of risk so as to achieve sound remuneration management.

薪酬及激勵機制(續)

本集團的薪酬及激勵政策已符合金管局《穩健的薪酬制度指引》訂明的總體原則，並適用於南洋商業銀行有限公司及其所有附屬機構。

• 「高級管理人員」及「主要人員」

本集團下列人員已界定為符合金管局《穩健的薪酬制度指引》定義之「高級管理人員」及「主要人員」：

- 「高級管理人員」：董事會直接管理的高級管理人員，負責總體策略或重要業務，包括執行董事、總裁、副總裁、財務總監、風險總監、資訊科技總監、人力資源總監、董事會秘書及稽核部總經理。
- 「主要人員」：個人業務活動涉及重大風險承擔，對風險暴露有重大影響，或個人職責對風險管理有直接、重大影響，或對盈利有直接影響的人員，包括業務盈利規模較大的單位主管、主要附屬公司第一責任人、風險管理部總經理、授信管理部總經理、新資本協議管理部總經理、財務部總經理、資訊科技部總經理、營運管理部總經理、總裁辦公室總經理及人力資源部總經理。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

The Remuneration and Incentive Policy of the Group is generally in line with the broad principles set out in the HKMA's "Guideline on a Sound Remuneration System" and applicable to Nanyang Commercial Bank, Limited and all of its subsidiaries.

• "Senior Management" and "Key Personnel"

The following groups of employees have been identified as the "Senior Management" and "Key Personnel" as defined in the HKMA's "Guideline on a Sound Remuneration System":

- "Senior Management": The senior executives directly managed by the Board who are responsible for oversight of the firm-wide strategy or material business lines, including Executive Director, Chief Executive, Deputy Chief Executives, Chief Financial Officer, Chief Risk Officer, Chief Information Officer, Chief Human Resources Officer, Board Secretary and General Manager of Audit Department.
- "Key Personnel": The employees whose individual business activities involve the assumption of material risk which may have significant impact on risk exposure, or whose individual responsibilities are directly and materially linked to the risk management, or those who have direct influence to the profit, including heads of material business lines, heads of major subsidiaries, General Manager of Risk Management Department, General Manager of Credit Management Department, General Manager of Basel Management Department, General Manager of Finance Department, General Manager of Information Technology Department, General Manager of Operation Management Department, General Manager of Chief Executive's Office as well as General Manager of Human Resources Department.

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薪酬及激勵機制(續)

- **薪酬政策的決策過程**

為體現上述原則，並確保本集團的薪酬政策能促進有效的風險管理，本集團層面的薪酬政策由人力資源部主責提出建議，視實際需要徵詢風險管理、財務管理、及合規等風險監控職能單位意見，以平衡員工激勵、穩健薪酬管理及審慎風險管理的需要。薪酬政策建議提呈提名及薪酬委員會審議後，報董事會審定。提名及薪酬委員會及董事會視乎實際需要徵詢董事會其他屬下委員會(如風險管理委員會、稽核委員會等)的意見。

- **薪酬及激勵機制的主要特色**

1. **績效管理機制**

本集團的績效管理機制對集團層面、單位層面及個人層面的績效管理作出規範。本集團年度目標在平衡計分卡的框架下，向下層分解，從財務、基礎建設／重點工作、風險管理及合規等維度對高級管理人員及不同單位(包括業務單位、風險監控職能單位及其他單位)的績效表現作出評核。對於各級員工，透過分層績效管理模式，將本集團年度目標與各崗位的要求連結，並以員工完成工作指標、對所屬單位整體績效的貢獻、履行本職工作的風險管理責任及合規守紀等作為評定個人表現的主要依據；既量度工作成果，亦注重工作過程中所涉及風險的評估及管理，確保本集團安全及正常運作。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

- **Determination of the Remuneration Policy**

To fulfill the above-mentioned principles and to facilitate effective risk management within the framework of the Remuneration Policy of the Group, Human Resources Department is responsible for proposing the Remuneration Policy of the Group and will seek consultation of the risk control units including risk management, financial management and compliance if necessary, in order to balance the needs for staff motivations, sound remuneration and prudent risk management. The proposed Remuneration Policy will be submitted to the Nomination and Remuneration Committee for review and thereafter to the Board of Directors for approval. The Nomination and Remuneration Committee and the Board of Directors will seek opinions from other Board Committees (e.g. Risk Management Committee, Audit Committee, etc.) where they consider necessary under the circumstances.

- **Key Features of the Remuneration and Incentive Mechanism**

1. **Performance Management Mechanism**

The Group has put in place a performance management mechanism to formalise the performance management at the levels of the Group, units and individuals. The annual targets of the Group will be cascaded down under the framework of balanced scorecard whereby the performance of the Senior Management and different units (including business units, risk control units and other units) would be assessed from the perspectives of financial, building blocks/key tasks, risk management and compliance. For individual staff at different levels, annual targets of the Group will be tied to their job requirements through the performance management mechanism. Performance of individuals will be appraised on their achievement against targets, their contribution towards performance of their units and fulfilment of risk management duties and compliance, etc. Not only is target accomplishment taken into account, but the risk exposure involved during the course of work could also be evaluated and managed, ensuring secured and normal operation of the Group.

薪酬及激勵機制(續)

- 薪酬及激勵機制的主要特色(續)

2. 薪酬的風險調節

為落實績效及薪酬與風險掛鈎的原則，因應本集團風險的調節方法，把銀行涉及的主要風險調節因素結合到本集團的績效考核機制中。風險調節主要針對風險合規、內控審計、風險管理、負債及流動性管理等方面出現的重大問題。而本銀行的浮薪總額則按經董事會審定的風險調節後的績效情況，並由董事會酌情決定，以確保本銀行浮薪總額是在充分考慮本銀行的風險概況及變化情況後決定，從而使薪酬制度貫徹有效的風險管理。

3. 以績效為本、與風險掛鈎的薪酬管理

員工的薪酬由「固定薪酬」和「浮動薪酬」兩部分組成。固薪和浮薪的比重在達致適度平衡的前提下，因應員工職級、角色、責任及職能而釐定。一般而言，員工職級愈高及／或責任愈大，浮薪佔總薪酬的比例愈大，以體現本集團鼓勵員工履行審慎的風險管理及落實長期財務的穩定性的理念。浮動薪酬以現金形式發放予員工。

每年本集團將結合薪酬策略、市場薪酬趨勢、員工薪金水平等因素，並根據本集團的支付能力及集團、單位和員工的績效表現，定期重檢員工的固薪。如前所述，量度績效表現的因素，包括定量和定性的，也包括財務及非財務指標。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

- **Key Features of the Remuneration and Incentive Mechanism (Cont'd)**

2. Risk Adjustment of Remuneration

To put the principle of aligning performance and remuneration with risk into practice, based on the risk adjustment method of the Group, the key risk modifiers of the bank have been incorporated into the performance management mechanism of the Group. Risk adjustment focuses on major issues such as risk compliance, internal control audit, risk management, liability and liquidity management. The size of the variable remuneration pool of the Bank is subject to the risk adjusted performance results approved by the Board and is subject to its discretion. This ensures the Bank to decide the Bank's variable remuneration pool after considering risk exposures and changes and to maintain effective risk management through the remuneration mechanism.

3. Performance-based and Risk-adjusted Remuneration Management

The remuneration of staff is composed of "fixed remuneration" and "variable remuneration". The proportion of the fixed and variable remuneration for individual staff members shall strike a balance depending on job grades, roles, responsibilities and functions of the staff. In general, the higher the job grades and/or the greater the responsibilities, the higher will be the proportion of variable remuneration so as to encourage the staff to follow the philosophy of prudent risk management and sound long-term financial stability. Variable remuneration will be granted to staff members in the form of cash.

Every year, the Group will conduct periodic review on the fixed remuneration of the staff with reference to various factors including the remuneration strategy, market pay trend and staff salary level, and will determine the remuneration based on the affordability of the Group as well as the performance of the Group, units and individuals. As mentioned above, performance assessment criteria include quantitative and qualitative factors, as well as financial and non-financial indicators.

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薪酬及激勵機制(續)

- 薪酬及激勵機制的主要特色(續)

3. 以績效為本、與風險掛鈎的薪酬管理(續)

按本銀行《浮薪資源總額管理政策》的相關規定，董事會主要根據本銀行的財務績效表現、與本銀行長期發展相關的非財務戰略性指標的完成情況，結合風險因素等作充分考慮後，以審批浮薪資源總額。董事會可根據實際情況對本銀行的浮薪資源總額作酌情調整。在本銀行業績表現較遜色時，原則上不發當年浮薪，惟董事會仍有權視實際情況作酌情處理。

在單位及員工層面方面，浮薪分配與單位及個人績效緊密掛鈎，有關績效的量度須包含風險調節因素。風險控制職能單位人員的績效及薪酬評定基於其核心職能目標的完成情況，獨立於其所監控的業務範圍；對於前線單位的風險控制人員，則透過跨單位的匯報及考核機制，以確保其績效薪酬的合適性。在本集團可接受的風險水平以內，單位的績效愈好及員工的工作表現愈優秀，員工獲得的浮薪愈高。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

- **Key Features of the Remuneration and Incentive Mechanism** (Cont'd)

3. **Performance-based and Risk-adjusted Remuneration Management** (Cont'd)

According to the Bank Bonus Funding Policy, the size of the variable remuneration pool of the Bank is determined by the Board on the basis of the financial performance of the Bank and the achievement of non-financial strategic business targets under the long-term development of the Bank. Thorough consideration is also made to the risk factors in the determination process. The size of the pool is subject to the Board's approval and the Board can make discretionary adjustment to it if deemed appropriate under prevailing circumstances. When the Bank's performance is relatively weak, no variable remuneration will be paid out that year in principle. However, the Board reserves the rights to exercise its discretion.

As far as individual units and individual staff are concerned, allocation of the variable remuneration is closely linked to the risk-adjusted performance of the units, and that of each individual staff. The performance and remuneration arrangement of risk control personnel are determined by the achievement of their core job responsibilities, independent from the business they oversee; for front-line risk controllers, a cross-departmental reporting and performance evaluation is applied to ensure the suitability of performance-based remuneration. Within the acceptable risk level of the Group, the better the performance of the unit and the individual staff, the higher will be the variable remuneration for the individual staff.

薪酬及激勵機制(續)

- 薪酬及激勵機制的主要特色(續)

4. 浮薪發放與風險期掛鈎，體現本集團的長遠價值創造

為實現薪酬與風險期掛鈎的原則，使相關風險及其影響可在實際發放薪酬之前有足夠時間予以充分確定，員工的浮薪在達到遞延發放的門檻條件下，按規定，以現金形式作遞延發放。就遞延發放的安排，浮薪水平愈高的員工，遞延浮薪的比例愈大。遞延的年期為3年。

遞延浮薪的歸屬與本集團長遠價值創造相連結，其歸屬條件與本集團的年度績效表現及員工個人行為緊密掛鈎。每年在本集團績效達到門檻條件的情況下，員工按遞延浮薪的歸屬比例歸屬當年的遞延浮薪。若員工在浮薪遞延期間被發現曾有欺詐行為、任何評定績效表現或浮薪所涉及的財務性或非財務性因素其後被發現明顯遜於當年評估結果、因個人行為或管理模式對其所在單位乃至集團造成負面影響，包括但不限於不適當或不充分的風險管理等情況，本集團將取消員工未歸屬的遞延浮薪，不予發放。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

- **Key Features of the Remuneration and Incentive Mechanism (Cont'd)**

4. ***Linking the payout of the variable remuneration with the time horizon of the risk to reflect the long-term value creation of the Group***

To realize the principle of aligning remuneration with the time horizon of risk and to ensure that sufficient time is allowed to ascertain the associated risks and its impact before the actual payout, payout of the variable remuneration of staff is required to be deferred in cash if such amount reaches certain prescribed threshold. The higher amount of the variable remuneration granted to the staff, the higher will be the proportion of deferral. Deferral period lasts for three years.

The vesting of the deferred variable remuneration is linked with the long term value creation of the Group. The vesting conditions are closely linked to the annual performance of the Group and the individual behaviour of the staff concerned. When the Group's performance has met the threshold requirement, the deferred variable remuneration would be vested following the corresponding schedule. However, if a staff is found to have committed fraud, or any financial or non-financial factors used in performance measurement or variable pay determination are later proven to have been manifestly worse than originally understood in a particular year, or individual behaviour/management style pose negative impacts to the business unit and even the Group, including but not limited to improper or inadequate risk management, etc., the unvested portion of the deferred variable remuneration of the relevant staff would be forfeited.

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薪酬及激勵機制(續)

- 薪酬及激勵機制的主要特色(續)

5. 薪酬制度的年度重檢

本銀行在對薪酬制度進行年度重檢時，會參考法規要求、市場情況、組織架構以及風險管理等因素。

- 薪酬披露

本集團已完全遵照金管局《穩健的薪酬制度指引》第三部分要求，披露本集團薪酬及激勵機制的相關資訊。

REMUNERATION AND INCENTIVE MECHANISM

(Cont'd)

- **Key Features of the Remuneration and Incentive Mechanism** (Cont'd)

5. *Annual Review of Remuneration Policy*

The Remuneration Policy of the Group is subject to annual review with reference to regulatory requirements, market conditions, organizational structure and risk management requirements, etc.

- **Disclosure on remuneration**

The Group has fully complied with the guideline in Part 3 of the "Guideline on a Sound Remuneration System" issued by the HKMA to disclosure information in relation to our remuneration and incentive mechanism.