

CAPITAL ADEQUACY DISCLOSURE POLICY

# HSBC Bank Polska



## 1. Introduction

- 1.1** Pursuant to Article 111a of the Banking Act of 29 August 1997, and in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation), HSBC Bank Polska S.A. (the Bank) is obliged to disclose the Capital Adequacy Information Policy, governing the following areas:
- a.** the scope of information disclosed;
  - b.** the principles of imposing restrictions on disclosures;
  - c.** the frequency, form and place of disclosure of information;
  - d.** the principles of verification and approval of information disclosed;
  - e.** the principles of verification of the Information Policy.
- 1.2** Pursuant to Recommendation M of the Polish Financial Supervision Authority concerning operational risk management, the Bank discloses additional information concerning operational risk.
- 1.3** Pursuant to Recommendation P of the Polish Financial Supervision Authority concerning liquidity risk management, the Bank discloses additional information concerning liquidity risk.
- 1.4** The principles governing the Disclosure Policy are subject to approval by the Supervisory Board of the Bank.
- 1.5** Bank discloses the principles of risk management on solo basis.
- 1.6** The Bank publishes information concerning capital adequacy which refers to the Bank's equity and compliance with the own funds requirements on solo basis.

## 2. The scope of information disclosed

- 2.1** With regard to the objectives and principles of risk management, the Bank discloses the following information:
- a.** the strategies and processes of management of various risks;
  - b.** the structure and organisation of relevant risk management function;
  - c.** the scope and nature of risk reporting and measurement systems;
  - d.** the policies for hedging and mitigation risk, and the strategies and processes for monitoring the continuing effectiveness of hedge and mitigants;
  - e.** the gross positive fair value of contracts, netting benefits, compensated current credit exposure, collateral established and net credit exposure from derivative instruments;
- 2.2** Information concerning prudential standards.
- 2.3** With regard to the own funds, the Bank discloses the following information:
- a.** basic information concerning the main properties and conditions referring to all items and components of the own funds;
  - b.** the structure of the own funds and value of individual components and deductions from the own funds;
  - c.** description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments;



- a. leverage ratio;
  - b. breakdown of the total exposure measure;
  - c. description of the process used to manage the risk of excessive leverage;
- 2.12** With regard to the interest rate risk in the banking book, the Bank discloses the following information:
  - a. nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk
  - b. the variation in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks according to managements method for measuring the interest rate risk, broken down by currency.
- 2.13** Information regarding the exposures in equities not included in trading book.
- 2.14** With regard to the policy on remuneration of persons holding management positions, the following is published:
  - a. the definition and the list of functions defined as key ones;
  - b. information concerning the process of determination of the policy on variable remuneration components;
  - c. information on performance-based remuneration;
  - d. information concerning the characteristics of the remuneration system, including criteria of assessment of the performance on the basis of which the entitlement to variable remuneration components is determined;
  - e. quantitative information concerning remuneration, divided into business lines;
  - f. aggregated quantitative information on remuneration of persons holding management positions;

### **3. The principles of imposing restrictions on disclosures**

- 3.1** In cases where the disclosure of any information referred to in sections 2 may have an unfavorable impact on the Bank's position on the relevant market, within the meaning of the regulations on competition and consumer protection, or information is classified as legally protected information or is non-material information, the Bank may refrain from disclosing the said information or disclose general data in this respect, unless they are also classified or confidential.

### **4. The frequency, form and place of disclosure of information**

- 4.1** The Bank publishes information, referred to in section 2, once a year, no later than within 30 days of the date of approval of the annual financial statements of the Bank.
- 4.2** The information, referred to in section 2, is disclosed in Polish and in English on the website of HSBC Bank Polska S.A., in the form of PDF files.
- 4.3** The Information Policy of the Bank is disclosed on the website of HSBC Bank Polska S.A in the form of a PDF file, and in the workplace in the form of a hard copy.

### **5. The principles of verification and approval of information disclosed**

- 5.1** The following organisational units are responsible for preparation and update of information disclosed:

- a. Finance Division – with regard to own funds and capital requirements as well as liquidity and leverage risk, market risk and interest rate risk in banking book;
- b. Risk Division – with regard to credit risk as well as operational risk;
- c. Human Resources Division – with regard to information concerning remunerations;

**5.2** The supervision of the completeness of disclosures and their timely publication is exercised by the Finance Division.

**5.3** Information published by the Bank, which needs to be disclosed in the financial statements, is subject to independent verification by an entity authorized to audit financial statements, under a separate agreement concluded with the Bank.

**5.4** Other information, referred to in this Policy, is subject to verification by organisational units of the Bank responsible for a specific area as part of internal control mechanisms.

**5.5** Any information which is subject to disclosure is approved by the Management Board of the Bank before it is disclosed to the public.

## **6. The principles of verification of the Disclosure Policy**

**6.1** The Finance Division verifies once a year the Information Policy and presents the Management Board with recommendations concerning modifications, if any.

**6.2** The Finance Division carries out a periodical verification in terms of the need to increase the frequency of publication of certain or all information, and also evaluates whether the market participants receive a comprehensive picture of the Bank's risk profile through qualitative and quantitative information that is disclosed.

**6.3** During the verification of the frequency of publication of disclosures, the following factors are taken into consideration: the specification of the Bank's activity, including the scale of operations, the scope of activities, the presence in various countries, engagement in various financial sectors, and also participation in international financial markets and payment, clearing and settlement systems.

**6.4** The supervision of the implementation and update of the Information Policy is exercised by the Management Board of the Bank.

**6.5** All amendments to the Information Policy are approved by the Supervisory Board in the form of a resolution.