

Bank Handlowy w Warszawie S.A.

**The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy and  
other information to be disclosed**

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## 1. General provisions

1. These Disclosure Policy of Bank Handlowy w Warszawie S.A. (Bank) in terms of capital adequacy and other information to be published (The Disclosure Policy) define the scope, form, place, frequency, dates, rules for approving and verifying the information published as well as The Disclosure Policy based on:
  - The Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (with amendments) (CRR Regulation);
  - provisions of the delegated regulations supplementing the CRR with regard to disclosure of information;
  - guidelines of the European Banking Authority;
  - the Banking Act of 29 August 1997;
  - The law of 5 August 2015 on macro-prudential oversight of the financial system and crisis management in the financial system;
  - Recommendation M of the Polish Financial Supervision Authority regarding operational risk management in banks;
  - Recommendation P of the Polish Financial Supervision Authority regarding liquidity risk management in banks,
  - Recommendation R on the principles of classification of credit exposures, estimation and recognition of expected credit losses and credit risk management,
  - Recommendation Z of the Polish Financial Supervision Authority regarding principles of internal governance in banks.
  
2. The purpose of disclosing information resulting from the above-mentioned regulations is to provide market participants with reliable and comprehensive information on the Bank's risk profile.

## 2. The Scope of disclosed information

1. Bank publishes information in the field of capital adequacy based on the consolidated data of the Capital group of Bank Handlowy w Warszawie S.A. (Group), pursuant to the requirements of the article 13 of CRR Regulation, as the large subsidiary of EU parent institutions.

The information disclosed of a quantitative and qualitative nature shall include, in particular, information relating to:

- own funds (Article 437 CRR),
- own funds and eligible liabilities (Article 437a CRR),
- own funds requirements and risk-weighted exposure amounts (Article 438 CRR),
- countercyclical capital buffers (Article 440 CRR),
- exposures to credit risk and dilution risk (Article 442 CRR),
- remuneration policy for those categories of staff whose professional activities have a material impact on the risk profile of the Group (Article 450 CRR),

- leverage ratio (Article 451 CRR),
  - liquidity requirements (Article 451a CRR),
  - the use of credit risk mitigation techniques (Article 453 CRR).
2. In terms of capital adequacy, quantitative and qualitative information is additionally disclosed concerning:
- risk management objectives and policies,
  - entities to which the requirements apply,
  - capital requirement for own funds,
  - credit risk,
  - counterparty credit risk,
  - market risk,
  - operational risk,
  - credit risk adjustments,
  - application of external credit assessment for each of the exposure classes,
  - exposures in equities not included in the trading book,
  - interest rate risk exposure assigned to positions not included in the trading book,
  - exposures on securitization positions,
  - non-performing and restructured exposures,
  - credit risk mitigation techniques,
  - capital buffers,
  - encumbered and unencumbered assets,
  - use of ECAs,
  - information regarding the maximum ratio of the average total gross remuneration of the members of the management board in an annual period to the average total gross remuneration of other bank employees in an annual period,
  - transitional arrangements to mitigate the effects of introducing IFRS 9 on own funds.
3. Additionally, disclosure is required of information concerning:
- description of the management system,
  - conflicts of interest in respect of the information regarding the policy for managing conflicts of interest adopted at the Bank and information on the manner in which the Bank manages material conflicts of interest as well as conflicts that could arise as a result of the Bank's belonging to a Group or transactions concluded by the Bank with other entities in the Group.

### **3. Non-material, proprietary or confidential information**

1. The Bank shall disclose information to the public in the scope specified in Art. 431 of the CRR Regulation, with the exception of the information referred to in art. 432 of the CRR Regulation, i.e.:
- proprietary information, the disclosure of which could adversely affect the Bank's competitive position,
  - confidential information, if the Bank has committed itself to confidentiality towards the client or other business partner,

- non-material information, i.e., information that would not change or affect the assessment or economic decisions of the recipients of the information.
- 2. In the event of non-disclosure of proprietary or confidential information, the Bank shall publicly disclose the reasons for withdrawing the disclosure of information and disclose general data within the scope, unless such information is confidential or proprietary.
- 3. Regarding conflict of interest, the following information must not be publicly disclosed: information constituting personal data, bank secrets or business secrets.

#### **4. Rules of verification and confirmation of the published information**

1. The relevant organizational units of the Bank are responsible for data preparation and verification in terms of correctness and completeness. The Department of Financial Reporting, Control and Taxes is responsible for the coordination of the process of preparing a uniform disclosure document, subject to point 5 and 6 below. The rules of accountability and the drafting and coordination process define internal regulations of the Bank.
2. The disclosed information specified in points 2.1-2 of the Disclosure Policy shall be approved prior to publication:
  - a) on an annual basis by the Bank's Management Board; the Supervisory Board of the Bank, after recommending by the Audit Committee of the Supervisory Board,
  - b) semi-annually by the Bank's Management Board and the Audit Committee of the Supervisory Board,
  - c) on a quarterly basis by and Vice-president of the Bank's Management Board - the Bank's Chief Financial Officer, the Director of the Financial Reporting, Control and Tax Department and the Audit Committee of the Supervisory Board.
3. Information disclosed in annual periods, specified in points 2.1-2 of the Disclosure Policy, prior to its disclosure to the public, is subject to verification by an independent external entity authorized to audit financial statements. The selection of an independent external entity to perform the verification and the principles of cooperation with this entity, specified in the Bank's internal regulations, are each time approved by the Bank's Management Board and the Audit Committee of the Supervisory Board (if the service is to be provided by an audit firm selected for the audit and review of the Bank's financial statements).
4. Disclosure information, which, on the basis of separate regulations, is published in the consolidated financial statements or in the management report, shall be subject to the verification rules applicable to these statements.
5. Disclosures pursuant to Art. 111a paragraph. 4 of the Banking Law, in particular the description of the management system is subject to approval by the Bank's Chief Financial Officer. The Investor Relations Office is responsible for their preparation and updating.
6. Compliance Division is responsible for the preparation of data regarding conflict of interest, depending on the needs; disclosures are made after approval by the Bank's Management Board and providing information to the Supervisory Board.

## **5. The frequency and timing of publication of disclosures in accordance with the requirements of the CRR and the EBA guidelines**

1. In accordance with the requirements of the CRR Regulation and the EBA guidelines, the Bank discloses information:
  - annually, as of 31 December of each year, taking into account the full scope of information specified in points 2.1-2 The Disclosures Policy in a separate document;
  - semi-annually, as at 30 June of each year, taking into account the scope of information according to Art. 433a, sec. 1, letter b) of the CRR Regulation in a separate document;
  - quarterly as at 31 March and 30 September of each year, taking into account the scope of information according to Art. 433a, sec. 1, letter c) of the CRR Regulation in a separate document.
2. The dates of publication of the disclosed information coincide with the dates of publication of the Bank's financial statements for the relevant period.
3. If, during the period, there is an event significantly affecting the information subject to disclosure in accordance with this Disclosure Policy, the Bank will publish in the form of a current report, in accordance with Art. 56 sec. 1 point 2 of the Act on Public Offering and conditions for introducing financial instruments to organized trading and on public companies - current and periodic information and the Bank's internal regulations in this regard, the event and its impact on the information to be published.

## **6. The form and place of publication of information**

1. The Bank's Disclosure Policy and the information specified in points 2.1-2 The Disclosures Policy are published in electronic form by posting on the Bank's website [www.citibank.pl](http://www.citibank.pl) in the section "Investor relations"\Financial information"\Capital adequacy".
2. Disclosed information specified in points 2.1-2 of the Disclosure Policy is also presented in the consolidated financial statements and the management report, which are available on the Bank's website in the section "Investor relations"\Financial information",
3. Disclosures pursuant to Art. 111a paragraph. 4 of the Banking Law Act, and in particular the description of the management system, are published on the Bank's website [www.citibank.pl](http://www.citibank.pl) in the "Investor relations"\Company"\Corporate Governance section.
4. Disclosures concerning conflict of interest:
  - a) information on the conflict of interest management policy adopted at the Bank is published on the Bank's website [www.citibank.pl](http://www.citibank.pl) in the section "Investor relations"\Company"\Corporate governance",

- b) information on how the Bank manages material conflicts of interest and conflicts that could arise due to the Bank's belonging to the group or transactions concluded by the Bank with other entities in the Group is published on the Bank's website [www.citibank.pl](http://www.citibank.pl) in the section "Investor relations" \ "Company" \ "Corporate governance" as well as submitted to the Polish Financial Supervision Authority.
5. Information disclosed by the Bank is announced in Polish and English.

## **7. Rules of review and verification of the Disclosures Policy**

1. The Bank's Disclosures Policy in the field of capital adequacy is verified by the Department of Financial Reporting, Control and Taxes, in cooperation with other units participating in the process, at least once a year. The procedure of verification of the Disclosures Policy is defined in the Bank's internal regulation.
2. In the event of events resulting in a change in the scope of disclosed information of a qualitative and quantitative nature, the Bank updates the Disclosures Policy accordingly.
3. As part of the process of verification of the Disclosures Policy, the following are assessed in particular: scope and detail of the information published in the context of the Bank's business profile and the frequency, manner and dates of information publication.
4. The Disclosure Policy and any changes to the Disclosure Policy are introduced on the basis of a Resolution of the Bank's Management Board and approval by the Bank's Supervisory Board, after recommendation by the Audit Committee of the Supervisory Board.