

RESOLUTION 326/2011
OF THE POLISH FINANCIAL SUPERVISION AUTHORITY
of 20 December 2011

amending the resolution on detailed rules and methods of publication of qualitative and quantitative information on capital adequacy by banks and the scope of published information

On the basis of Article 111a paragraph 4 of the Banking Law of 29 August 1997 (Journal of Laws 2002 No. 72 item 665 as amended¹⁾) it is resolved as follows:

§ 1. In PFSA Resolution 385/2008 of 17 December 2008 on detailed rules and methods of publication of qualitative and quantitative information on capital adequacy by banks and the scope of published information (Official Journal of the PFSA No 8 item 39, 2010 No 2 item 11 and No 8 item 37 and 2011 No 11 item 43) the following amendments are made:

1) in § 4 paragraph 3 is added worded as follows:

"3 Banks are required to establish and apply methods for assessing whether the published information is exhaustive in view of the bank's risk profile. If the result of such assessment is negative, the bank shall also publish necessary additional information."

2) in § 8 paragraph 1 is amended to read as follows:

„1. The Polish Financial Supervisory Commission shall publish on the website that is used for publications related to the exercise of banking supervision, no later than by the end of the first quarter of the year in which the obligation to publish information is implemented, the list of banks covered by that obligation.";

3) in Appendix 1

after § 8 § 8a is added worded as follows:

"§ 8a. In the area of market risk a bank shall publish information on the amount of capital requirements for the individual types of risk specified in § 6 paragraph 1 point 2 of the resolution on capital adequacy of banks, separately for each type of risk for which

1) Amendments to the consolidated text of the Act were published in the Journal of Laws 2002 No. 126 item 1070, No 141 item 1178, No 144 item 1208, No 153 item 1271, No 169 item 1385 and item 1387 and No 241 item 2074, 2003 No 50 item 424, No 60 item 535, No 65 item 594, No 228 item 2260 and No 229 item 2276, 2004 No 64 item 594, No 68 item 623, No 91 item 870, No 96 item 959, No 121 item 1264, No 146 item 1546 and No 173 item 1808, 2005 No 83 item 719, No 85 item 727, No 167 item 1398 and No 183 item 1538, 2006 No 104 item 708, No 157 item 1119, No 190 item 1401 and No 245 item 1775, 2007 No 42 item 272 and No 112 item 769, 2008 No 171 item 1056, No 192 item 1179, No 209 item 1315 and No 231 item 1546, 2009 No 18 item 97, No 42 item 341, No 65 item 545, No 71 item 609, No 127 item 1045, No 131 item 1075, No 144 item 1176, No 165 item 1316, No 166 item 1317, No 168 item 1323 and No 201 item 1540, 2010 No 40 item 226, No 81 item 530. No 126 item 853, No 182 item 1228 and No 257 item 1724 and 2011 No 72 item. 388, No 126 item 715, No 131 item 763, No 134 item 779 and 781, No. 165 item 984, No 199 item 1175 and No 201 item 1181

the bank calculates a capital requirement. Additionally, the bank shall publish the amount of the capital requirement for the specific interest rate risk associated with securitisation positions."

b) § 9 is amended to read as follows:

"§ 9 A bank shall publish the following information for use in calculating capital requirements by the value at risk method, in accordance with Annex No 19 to the resolution on the capital adequacy of banks:

- 1) for each sub-portfolio:
 - a) the characteristics of models used,
 - b) a description of stress tests applied to the sub-portfolio,
 - c) a description of the methods used for historical verification and for verification of the accuracy and consistency of internal models and procedures for their implementation,
 - d) separately for the individual capital charges calculated in accordance with § 4 paragraphs 4 and 5 and § 4i of Annex 19 to the resolution on capital adequacy of banks, the methods used and the risks measured using an internal model, including a description of the approach taken by the bank in specifying liquidity horizons, the methods used for capital assessment consistent with the required prudential standard, and also the approach taken to validation of the model,
 - e) the amount of capital in accordance with § 4 paragraph 4 and 5 and § 4i of Annex 19 to the resolution on capital adequacy of banks, together with the weighted average liquidity horizon;
- 2) the scope of the consent issued by the Polish Financial Supervision Authority to use the value at risk method;
- 3) a description of control systems and mechanisms in accordance with the requirements contained in §§ 7-13 of Annex 3 of the resolution on capital adequacy of banks;
- 4) the highest, lowest and average level:
 - a) of the daily measure of value at risk during the reporting period and the measure of value at risk at the end of the period,
 - b) the measures of value at risk in extreme conditions during the reporting period and at the end of the period,
 - c) individual capital charges calculated in accordance with § 4 paragraphs 4 and 5 and § 4i of Annex 19 to the resolution on capital adequacy of banks during the reporting period and at the end of the period;
- 5) a comparison of daily measures of value at risk at the end of a day with changes during a single day in the value of the portfolio at the end of the next business day together with an analysis of all and any significant excesses during the reporting period."

c) § 13 is amended to read as follows:

"§ 13. In regard to calculation of capital requirements for the amount of risk-weighted securitisation exposures in accordance with Annex 18 to the resolution on capital adequacy of banks or of capital requirements calculated in accordance with § 13a of Annex 9 to the resolution on capital adequacy of banks, a bank shall publish the following information, in appropriate cases separately for the trading and the banking book:

- 1) a discussion of the purposes of the securitisation business conducted;

- 2) a description of the role of the bank in the securitisation process;
- 3) definition of the extent of the bank's involvement in particular roles in the securitisation process;
- 4) the methods used to calculate the amounts of risk-weighted exposures for securitisation activities, including the specific types of securitisation exposures to which particular methods are applied;
- 5) a description of accounting policies used in securitisation activities, including in particular:
 - a) an indication of whether the transactions are treated as the sale of receivables or as a source of funding,
 - b) the manner in which profits from sales are recognised,
 - c) the methods of valuing securitisation positions, the main assumptions and input parameters of this valuation and changes from the previous period,
 - d) the manner in which synthetic securitisation is recognised if this is not covered by other accounting policies,
 - e) the method of valuation of assets which are to be securitised and an indication of whether they are recorded in the bank's banking book or in its trading book,
 - f) rules relating to the recognition of liabilities in the balance sheet in the case of arrangements under which the bank may be required to provide financial support in connection with securitised assets;
- 6) the names of external credit rating institutions whose credit ratings are used for the purposes of securitisation and the types of exposures for which the ratings of particular institutions are used;
- 7) the nature of other risks, including liquidity risk associated with securitised assets;
- 8) the type of risk in terms of privileging underlying securitisation positions and in terms of the assets that are collateral for securitisation positions which are taken up and retained through resecuritisation activity;
- 9) a description of existing procedures for monitoring changes in credit and market risk associated with securitisation exposures, including an indication of how the behaviour of underlying assets affects securitisation exposures, and a description of differences from procedures regarding resecuritisation exposures;
- 10) a description of the bank's policy on the use of hedging and unfunded protection to mitigate the risks associated with securitisation and resecuritisation exposures that remain in the bank's possession, including identification of significant hedging counterparties, broken down by appropriate types of risk exposure;
- 11) The types of special purpose entities for securitisation purposes (issuing entities) referred to in § 9 of Annex 18 to the resolution on capital adequacy of banks, which a sponsoring bank uses for the purpose of securitisation of third party exposures, including an indication as to whether a bank has on-balance sheet or off-balance sheet exposures in relation to issuing entities, and if so in what form and of what amount, and also a list of entities which the bank manages or advises and which invest either in securitisation positions that were securitised by the bank or in issuing entities sponsored by the bank;
- 12) where applicable, a description of the methods of internal assessment referred to in §§ 90-92 of Annex 18 to the resolution on capital adequacy of banks, including the structure of the internal assessment process and the relationship between internal estimates and external ratings, the use of internal estimates other than for internal capital assessments, the control mechanisms for internal assessment process, including a discussion of responsibility for the internal assessment process and its independence and review, types of exposure for which the internal assessment

- process is used and the stress factors that are used to determine levels of credit enhancement, by type of exposure;
- 13) an explanation of significant changes that have occurred in the published quantitative data specified in points 14-17 since the last reporting period;
 - 14) separately for the trading book and the banking book, broken down by exposure type:
 - a) the total amount of current exposures securitised by the bank and subject to the securitisation (broken down into traditional and synthetic securitisation), by type of exposure and securitisation, in which the bank acts only as sponsor,
 - b) the total amount of receivables from exposures securitised by the bank, separately for traditional and synthetic securitisations and from securitisations, where the bank acts only as sponsor,
 - c) the total carrying amount of securitisation positions that were retained or acquired and of off-balance sheet securitisation exposures,
 - d) the total amount of assets that are to be securitised,
 - e) in the case of securitised instruments that are subject to early redemption – the totals of exposures used that are allocated to the shares of, respectively, the originator and the investor, the total capital requirements met by the bank in respect of the shares of the originator and the total capital requirements met by the bank in respect of the investor's shares in balances used and in unused credit lines,
 - f) the amount of securitisation positions which are deducted from own funds or which are risk weighted with a weighting of 1,250%,
 - g) A description of securitisation activity in the current period, including the amount of exposures securitised and recognised profits or losses from sales;
 - 15) separately for the trading book and the banking book:
 - a) the total amount of securitisation positions and associated capital requirements that are retained or acquired, broken down into securitisation and resecuritisation exposures, and further broken down into a significant number of categories of risk weights or capital requirements for each approach applied in respect of capital requirements,
 - b) the total amount of retained or acquired resecuritisation positions, broken down by exposure before hedging or insurance and after hedging or insurance, and exposure to financial guarantors, broken down into categories of the creditworthiness of the guarantor or by the name of the guarantor;
 - 16) in the case of the banking book and exposures that are securitised by the bank - the amount of securitised assets that are impaired or threatened and the amount of the losses recognised by the bank during the current period, both positions being broken down by exposure type;
 - 17) in the case of the trading book - the total of receivables relating to exposures securitised by the bank and subject to the capital requirement for market risk, broken down into traditional and synthetic securitisation and by exposure type."

§ 2. This resolution comes into force on 31 December 2011