Hewlett-Packard International Bank Plc

Compliance with the Capital Requirements Directive (CRD IV)

Article 96 of the fourth Capital Requirements Directive (CRD IV) requires institutions to explain, on their website, how they comply with the requirements of Articles 88 to 95 of the Directive.

This overview sets out how Hewlett Packard International Bank plc (HPIB) complies with the CRD IV requirements, which relate primarily to governance, remuneration and reporting.

Governance
Articles 88 and 91 of CRD IV set requirements in respect of the governance arrangements and management body of an institution. HPIB’s governance arrangements include:

Board of Directors
The HPIB Board of Directors (“The Board”) is the management body with overall responsibility for the institution. The Board terms of reference reflect the principles of Article 88, paragraph 1 and set out its duties including:

• approval and oversight of the implementation of strategic objectives, risk strategy and internal governance of HPIB.
• ensuring the integrity of controls including those that relate to financial accounting and operational systems and compliance with applicable legislation
• oversight of communications, reporting and disclosures
• effective oversight of senior management
• management of conflicts of interest

The roles of HPIB chairman of the Board and Chief Executive Officer are separate and distinct.

The Chairman of the Board provides leadership, sets the agenda and ensures the effectiveness of the Board on all aspects of the Board’s role.

The Chief Executive Officer (“CEO”) has responsibility for the day to day management of the business and its Executive Leadership Team and acts in accordance with authority delegated by the Board.
In addition to the Chairman and CEO, the Board is comprised of both HPE Group Non-Executive Directors and Independent Non-Executive Directors who have broad commercial and financial experience, providing independent and objective oversight and challenge to executive management.

The Board periodically monitors and assesses the effectiveness of the institution’s governance arrangements and takes appropriate steps to address any deficiencies.

The HPIB board meets fitness and probity criteria including requirements in relation to reputation, honesty, integrity, knowledge, skills and a broad range of experience sufficient to understand the Bank’s activities and risks and challenge the decisions of senior management, where necessary.

HPIB has put in place a diversity policy to ensure that a broad set of qualities and competences are taken into account in making appointments to the Board. Where new Board members are appointed HPIB ensures that sufficient induction and training is provided.

The members of the Board have committed to dedicating sufficient time to perform their functions in relation to HPIB.

Article 88, paragraph 2 of CRD IV requires institutions that are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities to establish a nomination committee to oversee the composition and performance of members of the management body. On the basis that HPIB is a small, non-complex institution and has not been classified as significant the establishment of a nomination committee has not been deemed necessary.

Executive Management

HPIB’s executive leadership team is led by the CEO and comprises strong and diverse management capabilities and experience. The leadership operates within a Board delegation of authority with clearly defined roles and responsibilities and a comprehensive suite of policies and procedures to support execution of strategy, effective governance and risk management.

Remuneration

Articles 92 to 94 of CRD IV provide for requirements as to remuneration policies of an institution. HPIB’s Remuneration Policy is dependent on Hewlett Packard Enterprise (HPE) group policies and charter. The HPIB Board is satisfied that independent and appropriate control functions exist in setting this policy at group level. It is the view of HPIB that this structure avoids potential conflicts of interest and that no employee of HPIB has significant influence in determining remuneration policies.

It is the intention that the HPIB Remuneration Policy and practices are consistent with and promote sound and effective risk management that do not encourage excessive risk taking. The policy forms part of the overarching requirement to have robust governance arrangements in place and is in line with the business strategy, objectives, values and long-term interests of HPIB and of HPE. The HPIB Board approves the Remuneration Policy on an annual basis.

HPIB’s independent non-executive directors are compensated a fixed amount which is not correlated to any financial HPIB metric (e.g. cash flow, net profit) and the other non-executive Directors serve at the behest of the Hewlett-Packard group without compensation.

The compensation structure of employees (including identified staff) are covered by either HPE remuneration policies or the world wide HPE Financial Services Incentivised Compensation Plan (ICP) Scheme and is not limited to the results of HPIB. Overall compensation is dependent on the results of HPE at group level.

HPIB is a wholly owned subsidiary of HPE. While HPE is listed on a regulated market, HPIB is not separately listed. HPIB’s business is a mono-line one with a focus on financing IT products to commercial and enterprise customers. It does not engage in equity or bond trading, proprietary or as agent and operates within the EEA. Taking all this into account HPIB is considered to be a non-complex institution for the purposes of applying the Proportionality Principle to EBA guidelines on remuneration.
Article 95 of CRD IV requires institutions that are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities to establish a remuneration committee to exercise independent judgment on remuneration policies and practices. After consideration regarding proportionality and as HPIB remuneration is predominantly determined by governing Hewlett Packard Enterprise group policies it is considered that a HPIB Remuneration Committee is not required.

**Reporting**

**Public disclosure of return on assets**

HPIB will meet its reporting requirements in accordance with article 90 of CRD IV. Details of the return on average balance sheet assets can be found on page 3 of the 2015 HPIB Statutory Accounts within the Director’s report. [http://www8.hp.com/ie/en/hp-financial-services/info/legal.html](http://www8.hp.com/ie/en/hp-financial-services/info/legal.html)

**Country by Country Reporting**

HPIB will meet its reporting requirements in accordance with article 89 of CRD IV. Details of these annual disclosures can be found on the HPIB website [http://www8.hp.com/ie/en/hp-financial-services/info/legal.html](http://www8.hp.com/ie/en/hp-financial-services/info/legal.html)