

Press release after the meeting of the Financial Stability Committee on macroprudential supervision

Date: 10-08-2016

On 10 August 2016, the meeting of the Financial Stability Committee (FSC) on macroprudential supervision was held. The following members participated in the meeting:

- Adam Glapiński, President of Narodowy Bank Polski, Chair of the Committee,
- Paweł Szalamacha, Minister of Finance,
- Andrzej Jakubiak, Chairman of the Polish Financial Supervision Authority,
- Zdzisław Sokal, President of the Management Board of the Bank Guarantee Fund.

Performing its statutory duties, the Committee passed a resolution on recommending the maintenance of the countercyclical capital buffer rate at the level of 0% and decided to notify the European Systemic Risk Board on the countercyclical capital buffer and underlying indicators.

Taking into consideration significant uncertainty in the macroeconomic environment connected, among others, with the outcome of the referendum on the UK's membership of the EU, the Committee underlined the importance of maintaining the high level of resilience of the financial system. The Committee discussed the main sources of risks to the stability of the domestic financial system. In particular, it noted the situation on the commercial real estate market, the consequences of actions connected with FX loans and the challenges resulting from additional burdens on the banking sector. It was noted that although banks had good financial results for the first half year of 2016, this was to a large extent the effect of inflows from the sale of Visa Europe shares, and therefore a one-off event. At the meeting, the results of the stress tests for the Polish banking sector, conducted by the Polish Financial Supervision Authority, were discussed. It was stated that domestic banks are still highly resilient to unfavourable economic and financial conditions.

On the initiative of the President of Narodowy Bank Polski, the Committee established a Working Group on the Risk of FX Housing Loans composed of representatives of the institutions represented in the FSC.

The main task of the Group is to work out a draft recommendation of the Committee on the solutions which should lead to the restructuring of the FX housing loans portfolio on the basis of voluntary agreement between banks and their clients and which should outline the desirable framework of such restructuring. In particular, the recommendation should foresee the spread of the process of restructuring FX housing loans over time as well as ensuring the stability of the domestic financial system. The solutions proposed in the recommendation should take into account the scope of instruments at the disposal of financial safety net institutions, in accordance with their competences.

Acting on the basis of article 39 of the *Act on macroprudential supervision of the financial system and crisis management*, the Committee adopted opinions on the identification of other systemically important institutions and on imposing on them the other systemically important institution buffer (OSII buffer).

The Committee also took decisions in response to:

- Recommendation of the European Systemic Risk Board on funding of credit institutions (ESRB/2012/2) (Sub-recommendation A3),
- Recommendation of the European Systemic Risk Board on recognising and setting countercyclical buffer rates for exposures to third countries (ESRB/2015/1) and
- Recommendation of the European Systemic Risk Board amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2016/4).

The next meeting of the Committee on macroprudential supervision is scheduled for the fourth quarter of 2016.