

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

Date: 11-12-2020

The meeting of the Financial Stability Committee on macroprudential supervision was held on 11 December 2020. The following persons participated in the meeting:

- Paweł Szalamacha, Member of the Management Board of Narodowy Bank Polski as the Chair of the Committee,
- Piotr Nowak, Undersecretary of State, Ministry of Finance,
- Jacek Jastrzębski, Chairman of the Polish Financial Supervision Authority,
- Piotr Tomaszewski, President of the Management Board of the Bank Guarantee Fund.

Performing its statutory duties, the Committee passed a resolution on a recommendation addressed to the Minister of Finance on maintaining the countercyclical buffer rate at 0% in the fourth quarter of 2020 and also decided to notify the European Systemic Risk Board (ESRB) of the relevant information on its level and underlying indicators. The representative of the Minister of Finance agreed with the recommendation and acknowledged that there is no need to take legislative measures in this area.

As part of the discussion regarding the assessment of the situation in the financial system, the Committee members got acquainted with the [*Financial Stability Report – December 2020*](#) prepared by NBP. The Committee shared the Report's assessment of risks to the financial system, resulting from the current pandemic shock in the economy. In addition, the sources and intensity of systemic risk were assessed based on the results of the survey conducted regularly among institutions represented in the Financial Stability Committee. The Committee recognises the reduced probability of banks as the main source of risk, to which potential credit losses which banks may record as a consequence of the effects of the COVID-19 pandemic, are currently contributing. Furthermore, the Committee points to the weakness of some institutions and the possibility of the contagion effect spreading to other system participants.

The Committee recognises the increasing risk related to the FX housing loans, resulting from undermining their legal status. The Committee took note of the latest data and analyses on this risk and discussed proposals for developing out-of-court solutions for the FX loan portfolio.

The Committee also took note of an overview of current trends analyses on the domestic residential real estate market. Despite the ongoing COVID-19 pandemic, this market sees a gradual increase in activity. This increase is accompanied by a pick-up in lending in the area of housing loans. Banks' existing excess capital and good liquidity position do not create barriers to lending on the supply side.

The Committee was presented with the results of the work of the *Working Group on the analysis of the situation in the cooperative banks sector and cooperative savings and credit unions sector*. The Group finished the first stage of work, the conclusions of which will be used to formulate proposals for measures which, in the opinion of the Committee, could enhance the stable functioning of the above mentioned sectors.

The Committee discussed the Bank Guarantee Fund's proposals on the determination of contributions to the BFG deposit guarantee and resolution funds, and decided to undertake further work on changing the target levels of these funds and the deadlines for reaching them.

The Committee, in accordance with the reporting schedule, decided to notify the ESRB of how to implement the following recommendations:

- on recognising and setting countercyclical buffer rates for exposures to third countries,
- on closing real estate data gaps,
- on monitoring the financial stability implications of debt moratoria, and public guarantee schemes and other measures of a fiscal nature taken to protect the real economy in response to the COVID-19 pandemic,
- on exchange and collection of information for macroprudential purposes on branches of credit institutions having their head office in another Member State or in a third country.

The Committee received for information purposes an overview of macroprudential policy in individual countries and on the EU forum.

The Committee adopted the work schedule for 2021.

The next regular meeting of the Committee on macroprudential supervision is scheduled for the first quarter of 2021.