

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

Date: 17-12-2018

The meeting of the Financial Stability Committee on macroprudential supervision (FSC-M) was held on 17 December 2018. The following persons participated in the meeting:

- Paweł Szalamacha, Member of the Board of Narodowy Bank Polski as the Chair of the Committee,
- Leszek Skiba, Undersecretary of State, Ministry of Finance,
- Jacek Jastrzębski, 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 a recommendation addressed to the Minister of Finance on maintaining the countercyclical buffer rate at 0% and decided to notify the European Systemic Risk Board of its level and underlying indicators. The representative of the Minister of Finance agreed with the recommendation and informed that there is no need for legislative action in this area.

The Committee members got acquainted with the [Financial Stability Report](#) prepared by the NBP on a semi-annual basis. The report concluded that Poland's real economy and financial system remain balanced and that the Polish banking system is functioning in a stable manner and has good high-quality capital levels. However, real estate loans and high-value consumer loans with maturities of several years need to be closely monitored.

The Committee discussed the sources of risk in the Polish financial system indicated in the survey conducted among the institutions represented in the FSC. It was agreed that the overall risk assessment has remained unchanged compared to the third quarter of 2018. A systematic decline in the volume of FX housing loans was observed but the loans remain the most important source of risk for Poland's financial system. The Committee members confirmed the assessment of the types of risk identified so far. They noted that the risk associated with the high level of households' consumer loans, needs to be explored further. The Committee members also identified a new source of risk related to the necessity to timely adjust the domestic money market reference rates to the requirements of the Benchmarks Regulation¹.

The Committee took note of an overview of analysis of the current trends on the residential real estate market. It upheld the assessment that the market is in the high activity phase. This activity has not generated excessive tension so far, but the increase in demand was accompanied by increases in house prices, partly related to rising production costs. The Committee maintained that it is advisable for banks to remain prudent when assessing the creditworthiness of clients applying for real estate loans, especially for investment purposes.

¹Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.