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Macroprudential Supervision in Poland – Institutional and Legal Framework

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Introduction

Macroprudential supervision was introduced in Poland pursuant to the Act of 5 August 2015 *on macroprudential supervision of the financial system and crisis management*¹ (Act on Macroprudential Supervision). Under this Act, the Financial Stability Committee was appointed as the authority responsible for macroprudential supervision in Poland.

This document presents the legal and institutional conditions of the functioning of the Financial Stability Committee as the macroprudential supervision authority (FSC-M). With *Macroprudential Policy Strategy* (2025), this document serves as a compendium on the functioning of macroprudential supervision in Poland.

¹ Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management (Journal of Laws of 2025, item 819).

1. Systemic risk

Macroprudential supervision, as defined in Article 1(1) of the Act on Macroprudential Supervision, “covers the identification, assessment and monitoring of systemic risk arising in the financial system or its environment, and action aimed at eliminating or reducing this risk with the use of macroprudential instruments.”

The concept of **systemic risk** is defined as “the risk of disruption in the functioning of the financial system, if materialised, interferes with the operation of the financial system and the national economy as a whole [...]”² In particular, its source may include excessive credit growth, excessive leverage of financial institutions, households or enterprises, or the highly concentrated linkages between financial institutions, and macroeconomic and sectoral imbalances. Systemic risk may accumulate in various parts of the financial system (structural dimension of systemic risk) and gradually build up over time along the phases of financial cycle (time dimension of systemic risk). Systemic risk may materialise as financial crises, which are very costly for the public.

The objective of macroprudential supervision is, in particular, to strengthen the resilience of the financial system in the event of the materialisation of systemic risk, and in consequence, to support long-term and sustainable economic growth in Poland.³

² Article 4(15) of the Act on Macroprudential Supervision.

³ Article 1(2) of the Act on Macroprudential Supervision.

2. Macprudential supervision authority in Poland

The Act on Macprudential Supervision designates the **Financial Stability Committee as the authority responsible for macprudential supervision** in Poland.⁴

2.1. Composition

The Financial Stability Committee is a collegial body. It is comprised of:

- Governor of Narodowy Bank Polski – Chairperson of the FSC-M,
- Minister of Finance,
- Chairman of the Polish Financial Supervision Authority,
- President of the Bank Guarantee Fund.

The collegial formula of the macprudential authority in Poland stems from the fact that the tasks and powers to maintain financial system stability in the country are assigned by law to four institutions of the financial safety net, i.e. the Minister of Finance, Narodowy Bank Polski, the Polish Financial Supervision Authority (KNF) and the Bank Guarantee Fund (BFG). None of these institutions has a mandate or sufficient tools to counteract systemic risk acting alone. On the other hand, each can make an important contribution to the analysis of systemic risk and take measures on the basis of its own mandate in order to contain the build-up of the risk. Such a framework of macprudential supervision ensures necessary cooperation and allows the Financial Stability Committee to achieve synergies in the process of analysis, assessment and prevention of systemic risk.

Presented below is a summary of the competencies of the institutions represented in the FSC-M.

⁴ Pursuant to the Act on Macprudential Supervision, the Financial Stability Committee has a dual mandate for action. The Committee performs tasks related to macprudential supervision (FSC-M) and to crisis management (FSC-C). The work of the FSC-C is chaired by the Minister of Finance, and administrative support is provided by the Ministry of Finance.

Table 1. Competencies of institutions comprising the FSC-M

Institution	Competencies
Ministry of Finance	<ul style="list-style-type: none"> • legislative initiative – issuing regulations and submitting draft laws (bills) • powers regarding tax policy • direct participation in the EU legislative process • analysis of the macroeconomic situation • management of government administration in the field of public finance and financial institutions
Polish Financial Supervision Authority	<ul style="list-style-type: none"> • supervision of individual entities of the market, including Systemically Important Institutions • collection of statistical information on the supervised entities • qualitative information on the situation of entities under supervision • analysis of the situation of individual financial entities (microprudential analysis) • enacting financial regulations • day-to-day contact with the EU supervisory authorities and the supervisors in the individual member states, making it possible to assess the standing of banking groups • power to issue recommendations to selected supervised entities, e.g. banks and insurance undertakings • competencies with regard to monitoring and managing cyber security incidents and threats (ICT)⁵ • membership of the EBA⁶, ESRB⁷ and other supervisory authorities in the EU
Bank Guarantee Fund	<ul style="list-style-type: none"> • analyses of the situation of individual entities in the banking system and cooperative savings and credit unions, including any linkages between them • powers with regard deposit guarantee scheme and recovery and resolution regimes of banks, cooperative savings and credit unions, investment firms and CCPs⁸ • setting and monitoring the fulfilment of MREL⁹ requirements • membership of the Resolution Committee within the EBA

⁵ ICT – according to the definition in the KNF's *Methodology for the Supervisory Review and Evaluation Process of Commercial Banks, Banks Affiliating Cooperative Banks and Cooperative Banks*; ICT risk means any rationally definable situation connected with the use of information networks and systems which, if materialised, may jeopardize the safety of the information network and systems, any tool or process dependent on technology, security of operations or processes, or the provision of services by causing adverse consequences in the digital or physical environment.

https://www.knf.gov.pl/dla_rynku/Informacje_dla_podmiotow_nadzorowanych/Sektor_bankowy/metodyka_BION_bankow.

⁶ EBA – European Banking Authority.

⁷ ESRB – European Systemic Risk Board.

⁸ CCP – central counterparty; an entity performing settlements of transactions in cash-settled instruments and derivative instruments in organised trading, and over-the-counter transactions.

⁹ MREL – Minimum Requirement for Own Funds and Eligible Liabilities

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- membership of the resolution colleges for cross-border banking groups
- analysis of the macroeconomic situation in Poland and its international environment, including international financial markets
- analysis of the stability and development of the Polish financial system
- collection of statistical information, including information on banks, the economy, the balance of payments, foreign liabilities, and unregulated financial institutions
- macroprudential policy research
- liquidity management in the interbank market (including emergency liquidity assistance for banks)
- monetary policy responsibilities
- oversight of the payment system
- membership of the ESRB and the ESCB

2.2. Tasks

The catalogue of tasks of the FSC-M stated in the Act on Macroprudential Supervision comprises:¹⁰

- application of macroprudential instruments, including issuing statements and recommendations;
- identification of systemically important financial institutions;
- cooperation with the ESRB, including notification of the macroprudential measures taken and cooperation with other European Union authorities, macroprudential supervision authorities of the European Union and international institutions;
- exchange of information relevant to the performance of assigned tasks.

The Committee is also engaged in processes defined in other in other legal provisions where other authorities take measures which might affect the stability of the Polish financial system.

The Committee participates in the procedure in which the Polish Financial Supervision Authority issues permission for a credit or financial institution to delay the public disclosure of inside information. Having received notification from the issuer of its intention to delay the disclosure of inside information, the KNF submits a request to the Committee, according to the administrative procedure, for consultation regarding the matter.¹¹

¹⁰ Article 5 of the Act on Macroprudential Supervision.

¹¹ Article 17(6) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, as amended).

Before setting the target level of funds in the bank deposit guarantee scheme, the BGF Board will, if it decides that it is necessary to lower the statutory target level of funds in the bank deposit guarantee scheme, consult the FSC-M. The Committee performs this task if it receives the relevant request from the BGF Board.¹²

The procedure for selecting a substitute for the key benchmark, regulated under Chapter 10a of the Act on Macroprudential Supervision, also provides for an additional task for the FSC-M. The responsible authority for designating a replacement for a key benchmark is the Minister of Finance, who issues a regulation taking into account the recommendation issued by the Financial Stability Committee. Having received an opinion from the KNF (specifying the necessity to designate a replacement for the key benchmark), the Committee issues a recommendation in which it either acknowledges the necessity to designate a replacement for the key benchmark or presents a statement refusing such recommendation, with justification.¹³

The Committee participates in annual reviews of adequacy of risk weights for exposures secured with real estate located in Poland, and also determines if the risk weights are appropriately based on:

- historical loss data concerning exposures secured by real estate,
- future trends in the real estate market.

Considering the defined objectives, it may be assumed that the **Financial Stability Committee performs four types of activities:**

- The **first group** covers, and is carried out as part of internal cooperation, a broadly understood **analysis** and diagnosis of the current situation, i.e. the identification, assessment and monitoring of systemic risk in the financial system. What is important here is the exchange of quantitative and qualitative information available in the individual institutions and a joint assessment of the risk situation, taking into account the point of view of each institution.
- The **second group** comprises initiating measures aimed at reducing the identified threats to financial stability. To this end, the Committee may issue **recommendations** addressed to specific institutions or issue a **statement**. The second group of activities also includes participation in decision-making processes of other institutions in the area of broadly understood financial stability (opinions).

¹² Article 287(2b) of the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution (i.e. Journal of Laws of 2025, item 643).

¹³ Article 61b(1) of the Act on Macroprudential Supervision.

- The **third group** concerns predefined **cooperation with the Polish institutions of the financial safety net** in performing specific tasks, where the FSC-M is involved as the macroprudential supervision authority.
- The **fourth group** comprises cooperation with external institutions: the European Systemic Risk Board (ESRB) and, where necessary, other authorities of the European Union and international institutions. The activities include the implementation in Poland of recommendations issued by the ESRB (including the implementation of expected processes), reporting on the resulting work and notification about the use of instruments and the macroprudential policy pursued.

2.3. Powers

The Financial Stability Committee has at its disposal “**soft power**” **instruments**, whereby it can influence the financial sector **indirectly**. The FSC-M does not have the power to issue binding and universally applicable legal acts. The implementation of such a solution in the national legislation results from the legal conditions, particularly the interpretation of the Constitution of Poland, according to which the Committee is not listed among the institutions empowered to issue regulatory acts.

According to the Act on Macroprudential Supervision, the FSC-M may exercise two types of powers:

- **Present statements:**¹⁴ when the Committee identifies systemic risk and decides that it is necessary to highlight information about the observed threat to the stability of the financial system. A statement may clarify the type of risk, the area concerned and the expected impact on the situation and effects for the financial system. This type of FSC-M intervention may be applied very widely, and like the recommendation, it may be addressed to the member authorities of the Committee, but also individually or collectively to institutions making up the financial system on various scales, or those using market infrastructures. It may be assumed that the primary objective of a statement is to inform and thus draw market participants’ attention to the existence of systemic risk. The effectiveness of this instrument relies on the assumption that a formal warning of this type issued by the authority should serve as a stimulus to take corrective action, containing the further growth of systemic risk (the use of the market discipline instrument).
- **Issue recommendations:**¹⁵ addressed to the member institutions of the Committee (all or selected ones), meaning the institutions capable of taking specific supervisory and regulatory measures to support the stability of the Polish financial system. Recommendations are issued when the FSC-M wants to indicate the necessity to take

¹⁴ Article 17 of the Act on Macroprudential Supervision.

¹⁵ Article 18 of the Act on Macroprudential Supervision.

measures aimed at mitigating the identified systemic risk. Recommendations are not legally binding, but the Act on Macroprudential Supervision has introduced the “*comply or explain*” principle, according to which the addressees are required to respond to it: either notify the Committee of the actions taken or explain why they have chosen not to respond. The Committee may publish information about the addressee’s response (the use of the public scrutiny instrument).

The **Committee also issues**, on the request of the interested authority, **opinions** on, among other things:

- the identification of other and global systemically important institutions and the setting of relevant buffers on them,¹⁶
- the methodology, identification criteria and calibration of other systemically important institution buffers and the procedures of identification of global systemically important institutions, as well as defining subcategories of global systemically important institutions,¹⁷
- the target level of funds in the deposit guarantee scheme in banks,¹⁸
- KNF’s recommendations pertaining to matters which may be of concern for macroprudential supervision,¹⁹
- the delay of public disclosure of inside information on the basis of the provisions of the MAR regulation.²⁰

In addition, while participating in the process of designating a substitute for the key benchmark, the Committee may issue a recommendation or present a statement concerning the matter.²¹

2.4. The role of NBP in macroprudential supervision

In accordance with the Recommendation of the European Systemic Risk Board of 22 December 2011 *on the macro-prudential mandate of national authorities* (ESRB/2011/3), the central bank should play the leading role in macroprudential supervision. An important argument for entrusting central banks with such a crucial role is their experience in performing analyses of the financial system and their interrelation with the real economy. In addition, the central bank has appropriate instruments to

¹⁶ Based on Article 35(1) and Article 39(1) of the Act on Macroprudential Supervision, respectively.

¹⁷ Based on Article 39(6) and Article 36(2) of the Act on Macroprudential Supervision, respectively.

¹⁸ Article 287(2b) of the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution (i.e. Journal of Laws of 2025, item 643).

¹⁹ Article 137(2) of the Act of 29 August 1997 Banking Law (i.e. Journal of Laws of 2024, item 1646, as amended).

²⁰ Article 17(6) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, as amended).

²¹ Article 61b(1) of the Act on Macroprudential Supervision.

support a stable financial system, which is connected with it pursuing monetary policy. Under conditions of a stable financial system, the transmission channels of monetary policy function properly. Therefore, a stable financial system creates the favourable conditions necessary to achieve the primary objective of the central bank, which is low and stable inflation. Polish regulatory solutions were designed in this vein.

The Act on Macroprudential Supervision assigned to Narodowy Bank Polski specific tasks concerning support for the Financial Stability Committee in the area of macroprudential supervision.²² In particular, the Act assigned the role of chairperson of the FSC-M to the Governor of Narodowy Bank Polski, giving the Governor a casting vote in the event of an equal number of votes for and against in voting on the FSC-M's resolutions. A resolution may be carried by the permitted quorum of three Committee members only if the Chairman participates. The Governor of NBP manages the work of the FSC-M and represents the Committee externally.

The construction of the macroprudential supervision architecture also contributed to the amendment to the Act on Narodowy Bank Polski,²³ in which the tasks performed by Narodowy Bank Polski on behalf of the FSC-M were defined. They comprise two areas:

- analytical and research support,
- organisational and administrative support.

With regard to the first area, Narodowy Bank Polski prepares analytical materials, studies and opinions on systemic risk assessment and supplies the FSC-M with periodic (biannual) NBP Financial Stability Reports, reports on macroeconomic imbalances (published annually) and Polish Payment System Oversight Reports (published annually). NBP also supplies the Committee with information and data required for the assessment of systemic risk, and information and data which may be relevant to macroprudential policy.

Concerning the second area, Narodowy Bank Polski organises FSC-M meetings (also with the use of electronic communication), coordinates the flow of information and materials among all the Committee members, and runs the Committee's secretariat, which takes care of the Committee's cooperation with the ESRB. NBP also provides legal services, drafting resolutions and other legal acts issued by the Committee.

Narodowy Bank Polski plays the same roles for the working groups established by the Committee.

Narodowy Bank Polski is also responsible for the implementation of the communication policy of the Committee. NBP hosts the Committee's website within its own website (<https://nbp.pl>), ensures

²² Like the Ministry of Finance in FSC-C, meaning the area of crisis management.

²³ Act of 29 August 1997 on Narodowy Bank Polski (i.e. Journal of Laws of 2022, item 2025).

that relevant documents and information are provided to the interested parties, and fulfils the reporting obligations to the European Union institutions and authorities.

3. Macprudential instruments

3.1. Catalogue of macroprudential instruments

Pursuant to the Act on Macroprudential Supervision, “the objective of macroprudential supervision is, in particular, to strengthen the resilience of the financial system in the event of materialisation of systemic risk, and, in consequence, to support long-term and sustainable economic growth of the country.”

Realising the objectives of macroprudential supervision,²⁴ the Committee counteracts the materialisation of systemic risk in two ways:

- (i) by strengthening the resilience of the financial system, and
- (ii) with measures to reduce the build-up and accumulation of excessive imbalances in the financial system.

Identified systemic risk is mitigated by using appropriate macroprudential instruments regulated at the European Union level (specified, without limitation, in the CRR and CRD), and at the national level (defined in particular in the Act on Macroprudential Supervision and KNF recommendations). As mentioned in Chapters 2.3 and 4, the Committee’s influence on the use of the instruments is indirect.

The primary macroprudential instruments the use of which the Committee may recommend or be consulted on are without limitation:²⁵

- capital buffers:
 - countercyclical capital buffer,
 - systemic risk buffer,
 - Global Systemically Important Institution buffer,
 - Other Systemically Important Institution buffer.
- national instruments provided for in Article 458 of the CRR:
 - minimum level of own funds,
 - large exposure requirements,
 - public disclosure requirements,
 - level of the conservation buffer,
 - liquidity standards,

²⁴ Operationalisation of macroprudential supervision requires the definition of intermediate objectives whose realisation – by applying appropriate macroprudential instruments – helps to achieve the ultimate objective. The intermediate objectives are defined in the *Macroprudential Policy Strategy*.

²⁵ The instruments, specifically regulated by law, are described in Chapter 4.

- risk weights in the event of speculative bubbles in the residential or commercial real estate market,
- financial sector exposures;
- risk weights for credit exposures in the residential or commercial real estate market;
- limits on the debt-service-to-income (DSTI) ratio or the debt-to-income (DTI) ratio;
- limits on the loan-to-value (LTV) ratio;
- guidelines on the method of calculation of creditworthiness.

The catalogue of measures which can be used in pursuing macroeconomic policy is not closed-ended and the Committee may, with its statements and recommendations, bear upon other institutions which affect the stability of the financial system.

4. Mechanism of implementation of macroprudential instruments

The Financial Stability Committee has been endowed with powers by means of which it can influence the financial sector only in an indirect way, i.e. it can issue recommendations addressed to member institutions of the FSC-M and present statements of a general nature.²⁶

The legislation provides for a two-stage mechanism of operation when a **recommendation** is to be used. **At Stage 1**, the Financial Stability Committee issues a recommendation, either one or more, addressed to the institutions directly represented on the Committee (Ministry of Finance, KNF, BGF, NBP) presenting the necessity to apply a macroprudential measure. **At Stage 2** the nominated institution must respond to the recommendation: either act on the recommendation of the FSC-M²⁷ or explain why the institution chooses not to act on the recommendation.²⁸

A **statement**, on the other hand, may be addressed to any number of institutions: those represented on the Committee (as in the case of a recommendation), and institutions constituting the financial system. Being an instrument which can be used on a general or discretionary scale, a statement does not require a response, nor does it obligate anyone to provide any related explanations.

The Act on Macroprudential Supervision specifies the division of powers with regard to the use of the respective instruments. According to that division:

- The **Minister of Finance** act as the designated authority²⁹ and is authorised to define or implement by way of regulation, the following instruments:
 - the countercyclical buffer rate (CCyB),
 - acknowledgement of the countercyclical buffer rate for a member state or third country,
 - the systemic risk buffer rate (SyRB),
 - national instruments referred to in Article 458 of the CRR.

²⁶ Specified in Chapter 2.3.

²⁷ Or any equivalent action to achieve the expected result.

²⁸ According to the “comply or explain” principle.

²⁹ The designated authority in a given state to apply specific provisions of the CRD and CRR, including Article 136 of the CRD as well as Articles 124 and 458 of the CRR.

In addition, the MF issues regulations concerning the setting of higher risk weights according to Article 124 CRR and of LGD (Loss Given Default).³⁰

- The **KNF** acts as the competent authority³¹ and determines by way of administrative decisions:
 - on a consolidated basis, the Global Systemically Important Institutions, assigns them to the relevant category, and determines the level of G-SII buffers,
 - on an individual basis, sub-consolidated basis, or consolidated basis, Other Systemically Important Institutions and imposes an appropriate O-SII buffers on them.

The KNF may, by way of recommendation, also apply other instruments of a macroprudential nature, including borrower-based measures (BBM), including LTV (Loan to Value) and DSTI (Debt Service to Income) limits.

4.1. Conservation buffer

A conservation buffer is a basic macroprudential requirement meant to build an appropriate capital base which will make it possible to absorb losses in periods when systemic risk materialises. Banks are required to maintain a buffer of 2.5%³² of the total risk exposure amount.³³ The buffer comprises top quality capital and is mandatory to all banks.

The conservation buffer is an instrument which can be used in domestic macroprudential policy and which may be altered according to Article 458 CRR.³⁴

4.2. Countercyclical buffer

The countercyclical buffer is designed to strengthen the resilience of the banking system and mitigate cyclical risk in such a way as, on the one hand, to maintain the proper condition of the financial market in the event of unforeseen shocks, and on the other hand, prevent excessive credit growth in banks, which in the long run could result in credit growth collapse and a financial crisis.

³⁰ Competence in this regard is stated in Article 128(6a)(1a), (2) and (2a) of the Banking Law.

³¹ The Polish Financial Supervision Authority (Komisja Nadzoru Finansowego, KNF) is a competent authority in the sense of Article 4(1)(40) of the CRR.

³² The conservation buffer was introduced gradually: 1.25% in 2016-2017, 1.875% in 2018, 2.5% in 2019.

³³ Article 19 of the Act on Macroprudential Supervision.

³⁴ For more about higher risk weights, see Chapter 4.5 Higher risk weights.

In March 2024, the Committee adopted the *Strategy on the application of the countercyclical capital buffer in Poland*³⁵ in which it presented a new approach to the setting of the countercyclical buffer rate in Poland: the establishment of a neutral rate of the countercyclical buffer (nCCyB), which is to be mandatory for banks over the major part of the financial cycle and can be released in the event of the materialisation of unpredictable risks.

The obligation to maintain a countercyclical capital buffer has been universally applicable in the EU since 1 January 2016. The buffer may be set in the range from 0% to 2.5% as a multiple of 0.25 percentage points. In justified cases, the buffer rate may exceed 2.5%. The rate of the countercyclical capital buffer introduced in Poland was originally 0%. It was raised on 25 September 2025 to 1%,³⁶ and from 30 September 2026 to 2%.³⁷

If the buffer rate is set in the basic range, it is automatically reciprocated by other EU member states. Consequently, financial institutions must maintain an institution-specific countercyclical buffer rate, which is the weighted average of the buffer rates related to individual credit exposures (domestic and foreign). If the countercyclical buffer rate exceeds 2.5%, the application of the principle of reciprocity is voluntary.

The **Financial Stability Committee** is obliged to calculate on a quarterly basis **the value of the countercyclical buffer guide** and **submit** to the Minister of Finance **recommendation** regarding the intensity of cyclical systemic risk, and the level and adequacy of the buffer.

The **Minister of Finance evaluates** the intensity of cyclical systemic risk as well as the rate of the CCyB and the adequacy of its level, also on a quarterly basis. When issuing a regulation, the Minister of Finance **takes into account**:

- the recommendation of the FSC-M,
- the countercyclical buffer guide,³⁸
- ESRB's recommendation concerning the setting of the countercyclical buffer,
- other variables relevant from the point of view of responding to cyclical systemic risk,

³⁵ Resolution 27/2024 of the FSC of 22 March 2024.

³⁶ Regulation of the Minister of Finance of 18 September 2024 on the countercyclical capital buffer rate (Journal of Laws of 2024, item 1400). The regulation was issued following a recommendation of the Financial Stability Committee stated in Resolution 74/2024 of 14 June 2024 on the countercyclical capital buffer rate. The committee recommended the level of the countercyclical buffer of 1% after 12 months and ultimately 2% after another 12 months of the date of the regulation of the Minister of Finance.

³⁷ Regulation of the Minister of Finance of 25 September 2025 on the countercyclical capital buffer rate (Journal of Laws of 2025, item 1307).

³⁸ The buffer guide is defined in Article 23(1) and (2) of the Act on Macroprudential Supervision. It reflects the credit cycle and the risks associated with excessive credit growth, taking into account the specificity of the Polish economy and financial system. The buffer guide is based on the deviation of the credit-to-GDP ratio from its long-term trend of change and takes into account in particular: 1) the credit growth rate, including the rate reflecting changes in the ratio of loans granted in Poland to GDP, and 2) the ESRB's recommendations concerning the setting of the countercyclical buffer.

- the results of own quarterly assessment and the need to respond appropriately to cyclical credit risk.

In the regulation, the Minister of Finance **specifies the countercyclical buffer rate and the effective date** from which institutions are to apply the countercyclical buffer rate. Normally, the institutions have 12 months to prepare to meet the countercyclical buffer requirement. In exceptional circumstances, the Minister of Finance may specify a shorter period.

Pursuant to Article 25 of the Act on Macroprudential Supervision., every quarter the **Committee publishes** the following information about the countercyclical buffer rate:

- the applicable countercyclical buffer rate,
- the value of the countercyclical buffer guide,
- the credit to GDP ratio,
- the date as of which the institutions shall apply the above rate – in the case of an increase in the countercyclical buffer rate,
- the expected duration of the reduced rate – in the case of a decrease in the countercyclical buffer.

The information is published on NBP's website.

The Committee is also required to supply this information to the European Systemic Risk Board if the countercyclical buffer rate is changed.

4.3. Systemic risk buffer

The systemic risk buffer (SyRB) is imposed to prevent and mitigate systemic risk not covered by the CRR regulation, the countercyclical buffer and the O-SII and G-SII buffers. The instrument can be applied flexibly to address identified systemic risk, and in particular it can be imposed in different ways on all or selected financial institutions or exposures.

The systemic risk buffer is the only macroprudential policy instrument designed to mitigate systemic risk threats coming from **climate change**.³⁹ EU regulations pose a challenge to the financial sector regarding day-to-day management of climate risk and support for the EU economies in achieving climate neutrality by 2050, while macroprudential authorities face the challenge of taking this risk into account in financial stability analyses and strengthening the resilience of the financial system.

The buffer is calculated in reference to the amount of risk exposure of the institutions to which the systemic risk buffer applies. The buffer rate may be changed by 0.5 p.p. or a multiple of 0.5 p.p. If

³⁹ Article 133 of the CRD.

the buffer is raised by more than 0.5 p.p., a timetable according to which institutions should reach the increased buffer rate is set. The systemic risk buffer rate may be varied for different subsets of institutions and exposures (sectoral systemic risk buffer, sSyRB). The adequacy of the systemic risk buffer is subject to mandatory review every 2 years.

The systemic risk buffer is used **jointly with the G-SII and O-SII buffers**. The regulations introduce limitations on the total level of the buffers and specific procedures for setting the buffer rates above the basic threshold.

The Financial Stability Committee may issue a recommendation addressed to the Minister of Finance to introduce a systemic risk buffer. The recommendation of the FSCM shall contain a proposal regarding the following:

- the level of the buffer rate(s),
- the type of exposure to which the buffer should apply,
- the category of institution to which it should apply.

When issuing the recommendation, the Committee analyses potentially disproportional and adverse consequences for the financial system which may arise through the creation of barriers for the functioning of the internal market of the European Union (cross-border effects).

Next, the Minister of Finance, by way of a regulation, sets the level of the systemic risk buffer and indicates the institutions or types of exposure which this requirement applies to, as well as the duration of the buffer. The buffer is subject to review at least every two years – it is assessed for the adequacy of the buffer rate in specific categories of institutions as well as types and sets of exposures.

When setting the systemic risk buffer, it is necessary to follow the **EU notification procedures** and relevant **decisions taken at the EU level**.

- Where the systemic risk buffer does not exceed 3%, the Minister of Finance, through the agency of the Committee, notifies the ESRB and (if the buffer is to apply to a subsidiary whose parent undertaking is established in another Member State) the competent authorities of the interested Member States about the intention to set the systemic risk buffer.
- Where the systemic risk buffer exceeds 3% but is lower than 5%, the Minister of Finance, through the agency of the Committee, additionally consults the European Commission and the ESRB. The Minister of Finance is not bound by the European Commission's opinion, but if the opinion is negative, the Minister of Finance should either comply with it or explain the reasons why it is disregarded. If the requirement to maintain a systemic risk buffer is to apply to a subsidiary of a parent undertaking established in another

Member State, a request for a recommendation should be sent to the European Commission and the European Systemic Risk Board.

- Where the systemic risk buffer exceeds 5%, the Minister of Finance requests the consent of the European Commission for the use of such an instrument. If the decision of the European Commission is negative, the systemic risk buffer at the proposed rate cannot be introduced.

The Committee publishes information about the systemic risk buffer rate on the website of Narodowy Bank Polski.

4.4. Systemically important institution buffers

Systemically important institutions are institutions which, owing to their size, cross-border activity, and interconnectedness, may generate material risk to the financial system. The application of buffers to such institutions is meant to mitigate any potential negative consequences of the operation of systemically important institutions (costs incurred by economies and the public in connection with the failure of systemically important entities – too big to fail), especially by strengthening the resilience of such institutions. Such buffers may be imposed on systemically important institutions identified at national level or the level of the whole European Union.

Systemically important institution buffers comprise two instruments:

- Other Systemically Important Institutions buffer (O-SII), and
- Global Systemically Important Institution buffer (G-SII).

The identification of O-SIIs and G-SIIs and the application of appropriate buffers to them fall within the remit of the Financial Supervision Authority (KNF). However, the role of the Committee at an early stage of the process is to comment on (i) the procedures for identifying G-SIIs⁴⁰ and (ii) the methodology, identification criteria, and calibration of O-SII buffers⁴¹, used by the KNF for the purpose of assessing systemic importance.

In the **process of systemic assessment of O-SIIs**, the KNF takes into account the EBA's guidelines⁴² and the recommendation of the FSC concerning the assessment methodology.⁴³ According to the Act on Macroprudential Supervision, the KNF, acting by way of administrative decision and having consulted the FSC, identifies an other systemically important institution and imposes a

⁴⁰ Article 36(2) of the Act on Macroprudential Supervision.

⁴¹ Article 39(6) of the Act on Macroprudential Supervision.

⁴² Guidelines of the European Banking Authority of 16 December 2014 on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs) (EBA/GL/2014/10).

⁴³ Resolution 60/2022 of the Financial Stability Committee of 10 May 2022 on the recommendation on the methodology, identification criteria and calibration of other systemically important institution buffers.

buffer at the level of up to 3% of the total risk exposure amount calculated according to the CRR.⁴⁴ In the process of assessment of systemic importance of institutions, the KNF considers the following criteria:

- 1) size,
- 2) importance for the national economy or the EU (including substitutability of services),
- 3) significance of cross-border activities,
- 4) interconnectedness of the institutions or groups with the financial system.

The assessment disregards the microprudential assessment (which focuses on the current financial standing of the assessed bank) or cyclical factors (the buffer rates should not depend on the credit cycle phase). An increase in the buffer level in line with a higher assessment of systemic importance provides information on the bank's position within the financial system relative to other institutions and should serve as an incentive to limit further growth in its systemic importance.

The KNF, acting by way of administrative decision and having consulted the FSC, identifies a **global systemically important institution** and assigns it to one of the categories, each of which corresponds to the applicable G-SII buffer rates. A G-SII is identified and assigned to the relevant category based on:

- 1) the size of the group of which the global systemically important institution is part,
- 2) the interconnectedness of the group with the financial system,
- 3) the substitutability of the services or financial infrastructure provided by the group,
- 4) the complexity of the group,
- 5) the cross-border activity of the group, including cross-border activity between member states or between a member state and a third country.

The G-SII buffer is set at a minimum of 1% of the total risk exposure amount calculated according to the CRR, and the level depends on the assessment of systemic importance of the institution on a global scale.

In its review of the identification of G-SIIs, the Polish Financial Supervision Authority follows the *Procedure for the identification of global systemically important institutions and defining subcategories of global systemically important institutions*, reviewed by the Financial Stability Committee.⁴⁵

The KNF performs an annual review of the identification of O-SIIs and the adequacy of the applied buffer rates, and a reviews of the identification of G-SIIs and their assignment to relevant categories.

⁴⁴ In justified cases, the KNF may, having consulted the FSC and received the consent of the European Commission, apply an O-SII buffer at a level exceeding 3% of the total risk exposure amount calculated according to the CRR.

⁴⁵ Decision of the FSC of 13 July 2022.

4.5. Systemic risk at a national level – instruments provided for in Article 458 of the CRR

Pursuant to Article 458 of the CRR, a change in the intensity of systemic risk with the potential to have serious consequences for the financial system and the real economy, and which cannot be effectively addressed through other macroprudential instruments⁴⁶ as by means of stricter national measures, makes it possible to introduce instruments regulating:

- the level of own funds,
- the requirements for large exposures,
- liquidity requirements,
- risk weights to counter speculative bubbles in the residential and commercial property sector,
- public disclosure requirements,
- level of the conservation buffer,
- financial sector exposures.

In such a situation, the Financial Stability Committee may issue a recommendation addressed to the Minister of Finance in which it indicates the need to apply national measures provided for in Article 458 of the CRR.

Having regard of the Committee's recommendations and having completed the relevant EU procedures, the Minister of Finance may introduce such instruments by way of a regulation. To this end, the Minister of Finance notifies the European Commission and the ESRB,⁴⁷ through the agency of the Committee, of the identified changes in systemic risk, the necessity to apply measures provided for in Article 458 of the CRR, and provides information about:

- the changes in the intensity of systemic risk,
- the reasons why the changes in the intensity of systemic risk could pose a threat to financial stability or the real economy,
- the reasons why the use of other macroprudential instruments would be less effective,
- the details of the intended national instrument,
- the arguments for taking the intended measures.
- an assessment of the likely impact of the proposed measures on the EU market.

The ESRB and the EBA present their opinions to the Council, the European Commission and the notifying member state within one month of receipt of the notification. Then, the European

⁴⁶ Defined in the CRD/CRR.

⁴⁷ The ESRB forwards such a notification to the European Parliament, the Council and the EBA.

Commission, having regard of the opinions of the ESRB and the EBA, assesses whether the benefits from the implementation of the proposed measure would be smaller than its potential negative effect on the internal market. In the absence of objections from the European Commission, the Minister of Finance may implement the planned measures. However, if the European Commission presents a negative assessment of the proposed measures, the final decision concerning the implementation of the measure is made by the Council of the European Union.

4.6. Risk weights for exposures secured by mortgages on immovable property

Increased risk weights for exposures secured by mortgages on immovable property are a special instrument – they are at the disposal of microprudential and macroprudential policy. In principle, it can be assumed that these are the microprudential supervisor's tool.

The basic risk weights for exposures secured by mortgages on immovable property are regulated at the level of European Union and are defined in the CRR. However, the regulations confer powers on national authorities to increase the risk weights in specific cases.

A much more detailed taxonomy of exposures (by the type of related real estate) and the rules of application of risk weights have been in effect since 1 January 2025, under the amended CRR.⁴⁸ Apart from the earlier used division into exposures secured by residential and commercial real estate, exposures are further divided into:

- **land acquisition, development and construction (ADC) exposures**, i.e. exposures to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing the development and construction of any residential property or commercial immovable property, where the risk weight is 150%;
- **income producing real estate (IPRE) exposures**, i.e. exposures where the fulfilment of the credit obligations related to the exposure materially depends on the cash flows generated by those immovable properties securing that exposure, where the risk weight based on the exposure-to-value (ETV) ratio increases with the ETV (maximum 105%);
- **non-ADC and non-IPRE exposures**.

The CRR also introduced regulations concerning **exposures with a currency mismatch**.⁴⁹ For retail exposures and exposures secured by residential property arising from loans denominated in a

⁴⁸ Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (OJ L 2024/1623).

⁴⁹ Article 123a of the CRR.

currency which is different from the currency of the obligor's source of income, the risk weight is to be multiplied by a factor of 1.5 (up to 150%).

The Minister of Finance must at least once a year assess whether the risk weights on exposures secured by real estate located in Poland, provided for in the CRR, are appropriate and reflect the actual risk sources related to such exposures and make sure that they are appropriately defined. National legislation empowers the Minister of Finance to raise the risk weights if necessary, taking into account the KNF's opinion.⁵⁰

Moreover, the process of raising the risk weights may also be initiated by the Financial Stability Committee, as the macroprudential supervision authority, by issuing a relevant recommendation.⁵¹

⁵⁰ Article 128(6b) of the Banking Law.

⁵¹ Pursuant to Article 18 of the Act on Macroprudential Supervision.

5. Communication

Communication with market participants is an important part of macroprudential policy and has a bearing on its effectiveness. EU and national legislation defines the minimum scope of public disclosures in the communication policy of the macroprudential authority. In this regard, the Committee follows the standards that are generally applicable in the financial system, on top of those defined in the legislation.

Pursuant to the Act on Macroprudential Supervision, the Committee must publish specifically listed detailed disclosures on NBP's website concerning:

- the countercyclical buffer rate in a quarterly cycle:
 - the currently applicable rate,
 - the value of the countercyclical buffer guide,⁵²
 - the credit-to-GDP ratio,
 - the date as of which the increased rate is to apply, or optionally, the expected duration of the reduced rate;
- the countercyclical buffer rate in a member state or third country (if it is set above 2.5%) when it must be reciprocated;
- the systemic risk buffer rate,
 - the currently applicable rate;
 - the type of institutions to which it applies,
 - the start of the period when the requirement is mandatory,
 - the types of exposures and the country where they are located,
 - the reasons for the introduction of the systemic risk buffer.

The FSC-M is required to submit an annual report on its activities to the Sejm (Parliament) of the Republic of Poland.

The regulations provide for the possibility of making public the resolutions adopted by the Committee in connection with the performance of its statutory mandate (including the recommendations issued or statements presented). Disclosure of the resolutions is then subject to the decision of the Committee and takes effect upon publication in the Official Journal of NBP⁵³ or the website of Narodowy Bank Polski.

⁵² Buffer guide, defined in Article 23 of the Act on Macroprudential Supervision, is a variable which reflects the credit cycle and the risks due to excess credit growth, taking into account the specificities of the Polish economy and financial system. The buffer guide is based on deviation of the credit-to-GDP ratio from its long-term trend.

⁵³ The Committee has not used this option yet.