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*Strategy on the application of the  
countercyclical capital buffer in Poland*  
*Material for a meeting of the Financial Stability Committee*

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## Introduction

The Financial Stability Committee, as Poland's macroprudential supervision authority (FSC-M), is responsible for identifying systemic risk arising in the financial system and initiating actions to eliminate or reduce this risk. To this end, the Committee may recommend the application of macroprudential instruments. The catalogue of instruments is defined, among others, in the *Act on Macroprudential Supervision of the Financial System and Crisis Management*<sup>1</sup> where, among others, the EU regulations on the application of macroprudential capital buffers are implemented.

This document explains the **Committee's approach to the application of the countercyclical capital buffer<sup>2</sup> and discusses the new elements** taken into account in this process. Thus, the document, *Strategy of the Application of the Countercyclical Capital Buffer in Poland* develops and updates the approach presented in the following documents:

- [Macroprudential supervision in Poland – Institutional and Legal Framework](#) of 2025<sup>3</sup>,
- [Macroprudential Policy Strategy](#) of 2025.<sup>4</sup>

**The countercyclical buffer (CCyB)** aims to strengthen the resilience of the banking system and reduce cyclical systemic risk. The Committee has so far used the approach, recommended by the European Systemic Risk Board (ESRB) to set the countercyclical buffer rate, which takes into account the position in the credit cycle, i.e. an assessment of the deviation of lending growth from long-term trends, as well as other indicators, including early warning models for crises. This approach assumes that risks in the financial system build up gradually and can be identified well in advance. Then, in due moment, an adequate level of the countercyclical buffer can be established to limit further development of adverse trends and provide resilience to banks.

**The experience of recent years has shown that there are phenomena affecting the financial cycle that are difficult to predict due to their nature, such as the Covid-19 pandemic or the war in Ukraine. Moreover, the models and methods of analysis applied do not always accurately predict the future development of economic parameters (model risk).** This means that in view of the data concerning the financial cycle, the financial system assessed as safe and stable may undergo unexpected shocks that could not have been identified in advance and, consequently, the level of accumulated capital buffers to absorb potential losses and continue lending may be too low. Consequently, the lack of releasable capital buffers may deprive the macroprudential authority of the tools to respond in the case of materialisation of shocks which are hard to predict.

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<sup>1</sup> Act on Macroprudential Supervision of the Financial System and Crisis Management of 5 August 2015 (Journal of Laws 2022, item 2536 and of 2023, item 1723), hereinafter referred to as "The Act on Macroprudential Supervision".

<sup>2</sup> The countercyclical buffer is defined in Chapter 6 of the Act on Macroprudential Supervision.

<sup>3</sup> <https://nbp.pl/wp-content/uploads/2025/11/Macroprudential-Supervision-in-Poland-.pdf>

<sup>4</sup> <https://nbp.pl/wp-content/uploads/2025/11/Macroprudential-Policy-Strategy.pdf>

This leads the Committee to conclude that **it is reasonable to establish a positive neutral rate for the countercyclical capital buffer (nCCyB), which will apply to banks over the major part of the financial cycle** and can be released in the event of materialisation of unpredictable risks.

**In principle, the introduction of the nCCyB takes place in the times of good economic conditions and for this reason the Committee does not expect that it will have a significantly negative impact on the capital position of the sector.**

## 1. Legal environment

The application of the Committee's new approach to determining the rate of the countercyclical buffer is compliant with the existing national and EU regulations and practices used in the EU countries. The new solution is also consistent with the position of the Basel Committee on Banking Supervision<sup>5</sup>, which highlights the importance of the gradual activation of capital buffers against unforeseen developments in the financial system.

Under Article 83 and Article 96 of the Act on Macroprudential Supervision, from 1 January 2016 the countercyclical buffer rate is 0% for credit exposures in the territory of the Republic of Poland. The rate remains in force until it is changed by way of the regulation of the Minister of Finance.

The countercyclical buffer rate is in principle set in the range from 0% to 2.5% (as a multiple of 0.25 percentage points) of the total risk exposure of institutions with credit exposures in the territory of the Republic of Poland, calculated in accordance with Article 92(3) of the CRR.<sup>6</sup> In justified cases, the countercyclical buffer rate may exceed 2.5%.

In accordance with the Act on Macroprudential Supervision, the applicable CCyB rate in Poland is determined in two stages and takes into account a broad and open catalogue of premises.

**At the first stage**, the Financial Stability Committee is required to calculate a countercyclical buffer guide on a quarterly basis and present a recommendation on the intensity of cyclical systemic risk, the rate of the CCyB and the adequacy of its level.

**At the second stage**, 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 on a quarterly basis. Subsequently, when setting by way of regulation the rate of the CCyB applicable to credit exposures in the territory of the Republic of Poland, it takes into account:

- the previously issued recommendation of the FSC-M on the rate of the countercyclical buffer,

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<sup>5</sup> *Newsletter on positive cycle-neutral countercyclical capital buffer rates*, BIS, 2022, [https://www.bis.org/publ/bcbs\\_nl30.htm](https://www.bis.org/publ/bcbs_nl30.htm).

<sup>6</sup> Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012 (OJ L 176 of 27.06.2013, p. 1, as amended).

- the buffer guide<sup>7</sup>,
- recommendation of the European Systemic Risk Board (ESRB) on setting the countercyclical buffer rate,
- other variables relevant for addressing cyclical systemic risk,
- the results of its own quarterly evaluation and the need to appropriately respond to cyclical systemic risk.

Recommendation of the European Systemic Risk Board ESRB/2014/1<sup>8</sup> clarifies guidance for setting the countercyclical buffer rate. In accordance with this Recommendation, macroprudential authorities should also take into account other quantitative and qualitative information (other than a buffer guide) when assessing system-wide cyclical risk and setting the appropriate CCyB rate.

The Minister of Finance determines the date from which institutions will apply the countercyclical buffer rate. The institutions have 12 months to prepare for meeting the CCyB requirement. In exceptional circumstances, the time limit may be shorter.

In accordance with the Act on Macroprudential Supervision, the Committee also fulfils its obligation to report the developments in CCyB (thus, indirectly, on cyclical systemic risk assessment) and publishes the following data on the countercyclical buffer rate on a quarterly basis:

- the applicable countercyclical buffer rate,
- the countercyclical buffer guide,
- the credit-to-GDP ratio,
- the date from which institutions apply the increased rate – in the case of a build-up of the countercyclical buffer rate,
- the expected duration of the reduced buffer rate – if the countercyclical buffer rate is reduced.

The Committee is also required to inform the ESRB of any changes in the level of the countercyclical buffer rate.

## **2. Strategy on the application of the countercyclical buffer**

### **2.1. The rate of the countercyclical buffer**

Since the beginning of the Committee's operation, the results of analyses focused on analysis of the credit cycle have not provided a basis for setting the CCyB at a rate higher than 0%.

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<sup>7</sup> The buffer guide is a variable that reflects the credit cycle and the risks associated with excessive credit growth. The buffer guide is based on deviation of the credit-to-GDP ratio from its long-term trend of change.

<sup>8</sup> Recommendation of the European Systemic Risk Board of 18 June 2014 on guidance for setting countercyclical buffer rates (ESRB/2014/1), [https://www.esrb.europa.eu/pub/pdf/recommendations/140630\\_ESRB\\_Recommendation.pl.pdf](https://www.esrb.europa.eu/pub/pdf/recommendations/140630_ESRB_Recommendation.pl.pdf)

**In its new approach**, the Committee consider it advisable to set a **neutral rate of the countercyclical buffer**, which would be of prudential nature and would also be binding for banks at a standard risk level, i.e. during most of the financial cycle. According to the Committee's assessment, this will enable to strengthen the banking sector's resilience and prepare it for a crisis situation as a consequence of the materialisation of risks that are difficult to foresee or unforeseeable (such as, e.g. the pandemic).

The methodology for calibrating the neutral rate of the countercyclical buffer is based on Early Warning Indicators for banking crises (EWI).<sup>9</sup>

On the basis of the analyses performed, the Committee recognises that from the point of view of the responsiveness of the macroprudential policy to the materialisation of cyclical systemic risk, **the desired neutral rate of the countercyclical buffer should amount to 2%.**

**The Committee decided to reach the target rate in two stages:** at the first stage, setting the buffer at the rate of 1% and subsequently raising it to 2%.

It should be pointed out that the countercyclical buffer is an instrument employed to reduce cyclical risk. If the parameters used for the assessment of the intensity of cyclical risk give a signal of its increase, the Committee may recommend increasing of the applicable rate of the countercyclical buffer. However, it will only be increased when indicators reflecting cyclical risk imply that it is necessary to activate a buffer above the existing nCCyB. In other words, when certain aspects of risk begin to emerge, the neutral rate of the countercyclical buffer hedges the identified cyclical risks (although these risk aspects may have previously been difficult to identify). Only when risk score exceeds the level covered by the neutral rate of the countercyclical buffer it will be justified to increase the buffer over 2%.

## **2.2. Application of the buffer in the financial cycle**

The level of the countercyclical buffer is strictly linked to the phases of the financial cycle and goes through the following stages of macroprudential activities:

### **1) Introduction – the first activation**

The buffer is activated at a neutral rate (initially 1% and ultimately 2%) when the parameters analysed indicate the presence of **standard cyclical risk intensity**, i.e. there are no elevated stresses, the financial condition of banking sector entities is sound and lending growth is sustainable.

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<sup>9</sup> More information on the method of calibrating the CCyB is presented in the document entitled *Methodology for setting the countercyclical capital buffer*.

## 2) Risk monitoring

If any signals of **growing cyclical risk intensity** emerge in early warning model indications or other indicators, the Committee may recommend increasing the CCyB rate above the neutral level.

## 3) Release

The release of the buffer (a full or partial release is possible) is provided for in the crisis phase of the cycle as a result of:

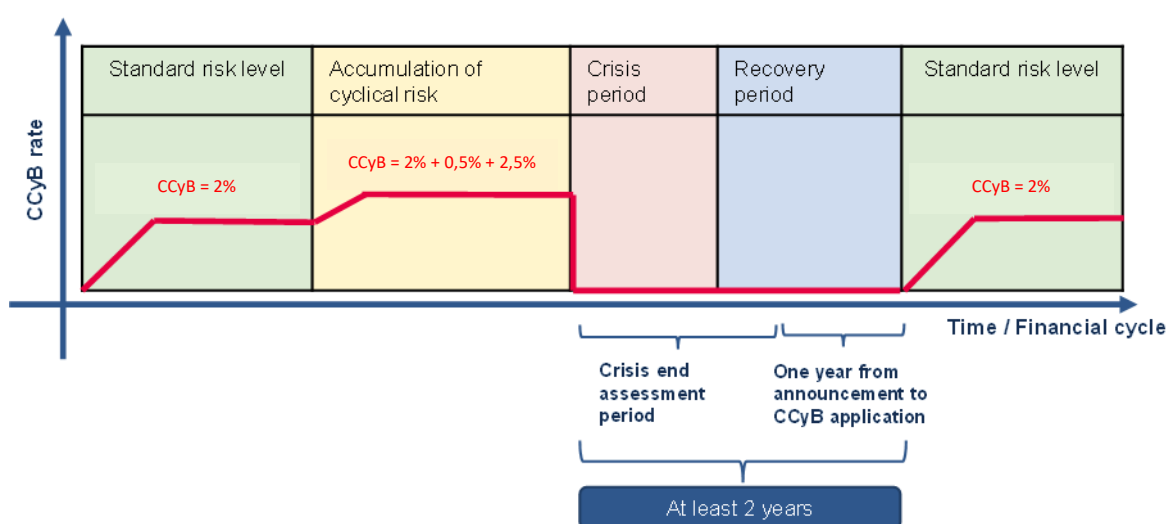
- **the occurrence of unexpected/extraordinary events** that may result in large bank losses and disruptions in financing the economy,
- **materialisation of cyclical systemic risk.**

The Committee's decision to release the buffer and set its rate will be made taking into account the nature of the risks materialising and the economic environment.

## 4) Rebuilding

The Committee will assess the feasibility of restoring the neutral rate of the countercyclical buffer based on the available data and information on the situation of the financial sector, indicating that the **crisis phase has ceased**. The rebuilding of the buffer should, in principle, begin **no earlier than 2 years after its previous release**, while maintaining a one-year period after the announcement of the reintroduction. An adequate adjustment period is crucial from the perspective of the banking sector's willingness to use the released capital in a crisis conditions and maintain lending to the economy.

**Graph 1.** Diagram of changes in the level of the countercyclical buffer rate in financial cycle phases



Source: Own study.

## 2.3. Relationships with other capital requirements

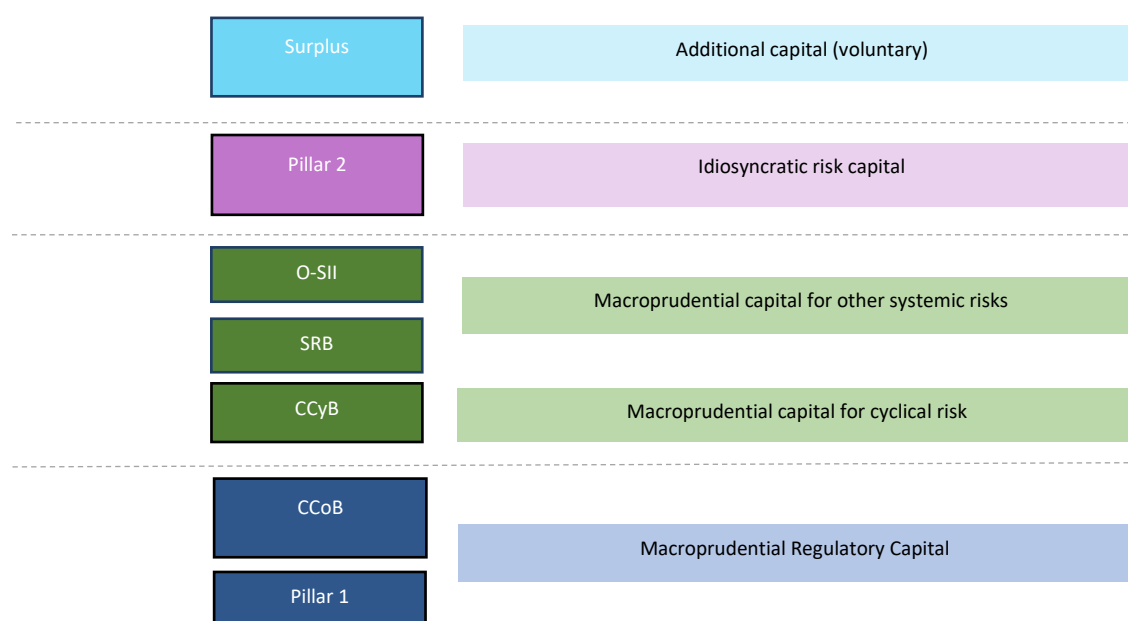
The complex structure of supervisory requirements and relations between different policies, in particular the micro- and macroprudential policy, requires for its transparency and consistency, clear communication with financial sector entities and coordination between individual institutions of the financial safety net. The model for the distribution of supervisory competence adopted in Poland allows to simultaneously define the exclusive mandate of individual institutions and to determine the area of mutual cooperation.

The Committee will continue further work to identify the mutual relationships of policies pursued by individual institutions and their impact on the macroprudential policy. The intention of the activities undertaken by the Committee is to create the regulatory and supervisory environment that ensures an appropriate level of resilience in the financial system at all supervisory levels.

In addition to the use of the countercyclical buffer, which is the basic macroprudential instrument, the Committee still has tools at its disposal, such as the systemic risk buffer (SRB), which can be used when other sources of non-cyclical (structural) risk are identified.

At the same time, financial sector entities are required by the Polish Financial Supervision Authority to maintain capital adequate to the risks they take at individual level. The management boards of banks also decide, somewhat on a voluntary basis, on the level of capital surpluses kept above any requirements. It serves the security of individual entities and the sector as a whole.

**Graph 2.** Diagram of capital requirements



Source: Own study.