

**RESOLUTION No. 173/2012 of the
FINANCIAL SUPERVISION AUTHORITY**

of 19 June 2012

amending the resolution on the detailed rules and conditions for taking account of exposure when determining compliance with the limit of exposure concentration and the limit of large exposures, and amending the resolution on the requirements for identifying, monitoring and controlling exposure concentrations, including large exposures

On the basis of Article 71 par. 4, 5 and 8 and Article 141j. par. 1 of the Banking Law Act of 29 August 1997 (Journal of Laws of 2002 No. 72 item 665 as amended ¹⁾), the following is adopted:

§ 1. In resolution No. 208/2011 of the Financial Supervision Authority of 22 August 2011 on the detailed rules and conditions for taking account of exposure in determining compliance with the limits of exposure concentration (Official Journal of the PFSA No. 9 item 34 and No. 13 items 49):

1) the title is now worded as follows:

“on the detailed rules and conditions for taking account of exposure in determining compliance with the limits of exposure concentration”;

2) in § 1, pt. 4 is now worded as follows:

“4) the own funds of the bank - funds of the bank established on the basis of Article 127 of the Banking Law Act and the resolution on own funds of banks, without taking account of the items set out in § 3 par. 1 pt. 4 and 5 of the resolution on own funds of banks, subject to § 5 of that resolution, or of the items set out in § 4 par. 3 of the resolution on own funds of banks;”;

3) in § 2, in par. 1 the opening sentence is now worded as follows:

“When determining compliance with the limits on exposure concentration, banks consider exposure according to values determined in accordance with the rules of valuation set out in the resolution on the capital adequacy of banks, in the amounts established for the purposes of calculating the capital requirement from credit risk, where exposures constituting:”;

4) in § 3:

a) par. 1 and 2 are now worded as follows:

“1. Subject to par. 5 and 6, for calculating the value of exposure when determining limits of exposure concentration, a bank may apply a fully adjusted exposure value calculated in accordance with Appendix No. 17 to the resolution on the capital adequacy of banks, taking account of techniques for limiting the credit risk used by banks in order to reduce credit risk associated with such exposures, as well as adjustments due to variability and all mismatches of maturity dates.

2. Subject to par. 5 and 6, a bank which has obtained consent to apply its own LGD estimates and conversion ratios for classes of exposure in accordance with Appendix No. 5 to the resolution on capital adequacy, and which is able to estimate the effect of financial security on exposure, regardless of other aspects related to LGD value, may apply to the Financial Supervision Authority for consent to recognising the effect of that security when calculating the value of exposure when determining the limit of exposure concentration.”,

b) par. 4 is now worded as follows:

“4: A bank which has obtained consent to applying its own LGD estimates and conversion ratios for classes of exposure in accordance with Appendix No. 5 to the resolution on the capital adequacy of banks, and which does not calculate the values of its own exposure in accordance with the method described in the first paragraph, may, in order to calculate exposure values, use a complex method of accounting for financial security as referred to in Appendix No. 17 to the act on the capital adequacy of banks, or the method set out in § 4 par. 6.”;

5) in § 4:

a) par. 6 and 7 are now worded as follows:

“6. In the case of exposures secured by the market value of a recognised security, a bank may treat the secured part of the exposure as an exposure towards the provider of the credit protection, and not towards the entity, to the extent that the secured part of the exposure was assigned the same or a lower risk weight than the unsecured exposure towards the entity, in accordance with Appendix No. 4 to the resolution on the capital adequacy of banks. A bank cannot use this method if there is a mismatch between the settlement date of the exposure and the settlement date of the security referred to in the first sentence.

7. A bank may also apply a complex method of recognising financial security or the method described in par. 6 to the extent that it also applies a complex method of recognising financial security or a simplified method of recognising financial security.”,

b) in par. 8 the opening sentence is now worded as follows:

“In the case where exposure towards an entity is secured by a third-party guarantee, the bank may treat that part of the exposure which is secured by the guarantee as an exposure towards the guarantor, and not the entity, to the extent that.”;

6) in § 5, in par. 1 the opening sentence is now worded as follows:

“1. As part of periodic reporting as referred to in resolution No. 53/2011 of the Management Board of the National Bank of Poland of 22 September 2011 on the procedure and detailed rules for banks to provide the National Bank of Poland with data necessary for determining monetary policy and periodically evaluating the monetary condition of a state and evaluating the financial condition of banks and banking sector risk (Official Journal of the NBP of 2011 No. 14 item 15), a bank is obliged to provide, for the needs of the Financial Supervision Authority, information concerning every large exposure, including large exposures excluded

by the application of Article 71 par. 1, 1a, 1b and 1c of the Banking Law Act, in accordance with § 6. Information concerning large exposures should contain:”;

7) in § 6:

a) pt. 3 is now worded as follows:

“3) of exposures in which the party obliged towards the bank is: multilateral development banks, international organisations or public sector entities if the unsecured amounts due to these entities can be assigned a risk weight of 0 per cent, in accordance with Appendix No. 4 to the resolution on the capital adequacy of banks;”;

b) pt. 5 is now worded as follows:

“5) of exposures constituting receivables from local government units of member states in the case where such receivables are assigned a risk weight of 20 per cent in accordance with Appendix No. 4 to the resolution on the capital adequacy of banks, and of other exposures towards such local government units or which are guaranteed or secured by them and which, in accordance with Appendix No. 4 to the resolution on the capital adequacy of banks, are assigned a risk weight of 20 per cent, where in relation to exposures arising after 29 June 2012, this provision applies to 80 per cent of their value;”;

c) pt. 9 is now worded as follows:

“9) of exposures secured by a monetary amount which was transferred to the property of the parent company or subsidiary of the bank in which the exposure occurs, in accordance with Article 102 of the Banking Law Act - up to that amount, but not more than to 75 per cent of the bank’s own funds;”;

d) pt. 12 and 13 are now worded as follows:

“12) of exposures secured by deposit certificates issued by a parent or subsidiary bank, deposited in one of those - up to the amount of the value of the security, but not more than to 75 per cent of the bank’s own funds;”;

13) of exposures constituting reductions in the bank’s basic and supplementary funds, as specified in § 3 par. 1 pt. 1 of the resolution on own funds of banks;”;

e) pt. 18 is now worded as follows:

“18) irrespective of pt. 6, where by no later than 31 December 2012, exposures of a bank arising before 30 June 2012, together with capital exposures in which the party obliged towards the bank is a parent company, another subsidiary of the parent company of the bank or a subsidiary of the bank, if those entities are subject to the consolidated supervision to which the bank is subject; exposures not meeting these criteria, irrespective of whether they are excluded by the application of Article 71 par. 1, 1a, 1b and 1c of the Banking Law Act, are treated as exposures towards a third party;”;

f) pt. 29 is now worded as follows:

“29) of exposures constituting 50 per cent of off-balance sheet documented letters of credit of low to medium risk and off-balance sheet unused credit liabilities of low to medium risk, as

referred to in § 100 pt. 2 of Appendix No. 4 to the resolution on the capital adequacy of banks;”.

§ 2. In resolution No. 384/2008 of the Financial Supervision Authority of 17 August 2008 on the detailed rules and conditions for identifying, monitoring and controlling exposure concentration, including large exposures (Journal of Laws of 2008 No. 8 item 38 as amended), § 1 pt. 3 is now worded as follows:

“3) large exposures - large exposures in the meaning of § 1 pt. 10 of resolution No. 208/2011 of the Financial Supervision Authority of 22 August 2011 on the detailed rules and conditions for taking account of exposure in determining compliance with the limits of exposure concentration (Official Journal of the PFSA No. 9 item 34 and No. 13 item 49 and of 2012 item 9.).”.

§ 3. This resolution enters into force on 30 June 2012.

Chairman
of the Financial Supervision
Authority

Andrzej Jakubiak

¹⁾ The amendments of the uniform text of that act were announced in Journal of Laws of 2002 No. 126 item 1070, No. 141 item 1178, No. 144 item 1208, No. 153 item 1271, No. 169 item 1385 and item 1387 and No. 241 item 2074, of 2003 No. 50 item 424, No. 60 item 535, No. 65 item 594, No. 228 item 2260 and No. 229 item 2276, of 2004 No. 64 item 594, No. 68 item 623, No. 91 item 870, No. 96 item 959, No. 121 item 1264, No. 146 item 1546 and No. 173 item 1808, of 2005 No. 83 item 719, No. 85 item 727, No. 167 item 1398 and No. 183 item 1538, of 2006 No. 104 item 708, No. 157 item 1119, No. 190 item 1401 and No. 245 item 1775, of 2007 No. 42 item 272 and No. 112 item 769, of 2008 No. 171 item 1056, No. 192 item 1179, No. 209 item 1315 and No. 231 item 1546, of 2009 No. 18 item 97, No. 42 item 341, No. 65 item 545, No. 71 item 609, No. 127 item 1045, No. 131 item 1075, No. 144 item 1176, No. 165 item 1316, No. 166 item 1317, No. 168 item 1323 and No. 201 item 1540, of 2010 No. 40 item 226, No. 81 item 530, No. 126 item 853, No. 182 item 1228 and No. 257 item 1724, of 2011 No. 72 item 388, No. 126 item 715, No. 131 item 763, No. 134 items 779 and 781, No. 165 item 984, No. 199 item 1175, No. 201 item 1181 and No. 232 item 1378.