Resolution No. 386/2008
of the Polish Financial Supervision Authority
of 17 December 2008

on the establishment of liquidity standards binding for banks

Pursuant to Article 137 (3) of the Act of 29 August 1997 - The Banking Act (Journal of Laws of 2002, No. 72, item 665, as further amended[1]) it is resolved as follows:

§ 1.1. The provisions of the resolution shall apply to national banks, hereinafter referred to as "banks" and branches of credit institutions.
2. The terms used in the resolution shall have the following meaning:
1) payment date - maturity date or due date calculated from the day when the list of payment dates resulting from a contract is made;
2) cash flow liquidity - the ability to fund assets and meet obligations on time in the ordinary course of activity of a bank or branch of a credit institution, or in other conditions that can be predicted, without having to incur losses;
3) current liquidity - the ability to fulfil all financial obligations by the due date falling within the period of 7 consecutive days;
4) short-term liquidity- the ability to fulfil all financial obligations by the due date falling within the period of 30 consecutive days;
5) medium-term liquidity - obligation to perform all financial obligations by the due date falling within the period of more than 1 month and less than 12 months;
6) long-term liquidity - monitoring the ability to perform all financial obligations by the due date falling within the period of more than 12 months;
7) reporting date - the date on which the bank or the branch of credit institution calculates supervisory liquidity measures;
8) obligatory reserve - the reserve referred to in Article 38 of the Act of 29 August 1997 on the National Bank of Poland (Journal of Laws, 2005 No 1, item 2 as further amended[2]);
9) resolution on capital adequacy of banks - resolution No 380/2008 of the Polish Financial Supervision Authority of 17 December 2008 on the scope and detailed rules of determining capital requirements for certain types of credit risk including: the scope and conditions on applying statistical methods and the scope of information enclosed with the applications for approval to use it; rules and conditions for taking into account contracts on assignment of receivables, sub-participation contracts, contracts on credit derivatives and contracts other than contracts on assignment of receivables and sub-participation contracts, in defining the capital requirements; the conditions, scope and method of using the ratings of external credit rating institutions and export credit agencies; methods and detailed rules of determining bank's solvency ratio; the scope and method of including

[1] Amendments to the consolidated text of this Act were published in the 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 1387 and No. 241, item 2074, 2003, No 50, item 424, No. 60, item 535, No. 65, item 594, No. 228, item 2260, No. 229, item 2276, 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, No. 173, item 1808, of 2005, No 83, item 719, No 85, item 727, No. 167, item 1398, 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.
[2] Amendments to the consolidated text of this Act were published in the Journal of Laws, of 2005 No 167, item 1398, of 2006 No 157, item 1119, and of 2007 No 25, item 162 and No 61, item 410.

banks' activities in holdings when calculating their capital requirements and solvency ratio; and specifying additional balance sheet items presented together with the bank's own in-house funds on the capital adequacy account and the scope, method and conditions of their inclusion (Official Journal of PSFA No. 8, item 34);

10) significant commitment - commitment according to the carrying value, of more than 10% of the carrying amount of the assets or more than 25% of the carrying amount of the loan portfolio, i.e. the total value of the loans granted;

11) the Act - Foreign Currency Law - of 27 July 2002 Foreign Currency Law (Journal of Laws, 2002 No. 141, item 1178 as further amended[3]);

12) Polish currency, foreign currencies and convertible currencies - the currencies referred to in Article 2 (1) items 7, 10 and 11 of the Act referred to in § 1 (2) item 11, respectively;

13) foreign non-convertible currencies - foreign currencies which are not exchangeable for any other currency;

14) liquidity reserve - assets which secure the maintenance of cash flow liquidity;

15) stable external funds - funds calculated pursuant to § 8 of Annex 1 of the resolution;

16) unstable external funds - funds calculated pursuant to § 10 of Annex 1 of the resolution;

17) regulated entities - entities regulated under the Act of 15 April 2005 on supplementary supervision of credit institutions, insurance companies and investment firms which form part of a financial conglomerate (Journal of Laws No. 83, item. 719, as further amended[4]), in particular: banks, branches of credit institutions, foreign banks, insurance companies, investment firms;

17a) subsidiary - an entity referred to in Article 4 (1) (9) of the Act referred to in the introductory sentence;

18) financial instruments - the financial instruments referred to in Article 2 (1) of the Act of 29 July 2005 on Trading in Financial Instruments (Journal of Laws No. 183, item 1538, as further amended[5]);

19) transactions concluded on the wholesale market:
   a) transactions concluded with regulated entities
   b) transactions concerning financial instruments, including transactions being part of bank's intermediary services on the market, concluded on behalf of the client on their own account;

20) deposit base - forward and current commitments to individuals and other non-financial entities, except for sale and purchase transactions on the wholesale financial market;

21) banking activities - banking activities as defined by Article 5 of the Act referred to in the introductory sentence;

22) equity securities - securities referred to in § 1 of Annex 8 to the resolution on the capital adequacy of banks;

23) liquid and diversified equity securities - securities referred to in § 9 (3) of Annex 8 to the resolution on the capital adequacy of banks;

24) debt instruments - the debt instruments referred to in § 1 of Annex 9 to the resolution on the capital adequacy of banks;

25) low-risk debt instruments - debt instruments which would be considered items of low specific risk pursuant to § 4 of Annex 9 to the resolution on the capital adequacy of banks;

26) debt instruments of lowered risk - debt instruments that would be considered items of lowered particular risk pursuant to § 5 of Annex 9 to the resolution on the capital adequacy of banks;

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[3] Amendments to the Act were published in the Journal of Laws of 2003 No. 228, item 2260, of 2004 No. 91, item 870, No. 173, item 1808, of 2006 No. 157, item 1119 and No. 61, item 410.

[4] Amendments to the Act were published in the Journal of Laws of 2006, No. 157, item 1119.

[5] Amendments of the Act were published in the Journal of Laws of 2006 No. 104, item 708 and No. 157, item 1119.

27) risk weights in the standardized approach - risk weights which the bank uses or would be obliged to use if it decided to use the standardized approach in determining capital requirement for credit risk, pursuant to Annex 4 to the resolution on the capital adequacy of banks;
28) off-balance sheet transactions - off-balance sheet transactions referred to in § 2 (1) (2) (b) of Annex 2 to the resolution on the capital adequacy of banks;
29) off-balance sheet contingent operations - off-balance sheet contingent operations referred to in § 2 (1) (2) (a) of Annex 2 to the resolution on the capital adequacy of banks;
30) balance sheet equivalent of off-balance sheet contingent liability -the amount calculated pursuant to § 100 of Annex 4 to the resolution on the capital adequacy of banks.

§ 2.1 In order to maintain cash-flow liquidity at a level appropriate for the scale and type of their operations, the bank and the branch of credit institution shall prepare the rules for the management of cash-flow liquidity in writing, taking into account the impact of market conditions on the level of their cash-flow liquidity.
2. The rules referred to in paragraph 1, shall specify in particular:
1) organization chart of liquidity management, taking into account the division of powers and accountability;
2) methods for measuring and monitoring the level of cash-flow liquidity, including the adjusted maturity dates and currency diversification, whereby maturity adjustments of deposits shall include the analysis of renewal, termination and concentration of deposits;
3) methods to reduce cash-flow liquidity risk, including internal limits, describing the current level of liquidity in a comprehensive manner; contingency action plans to ensure smooth conduct of business in the event of crises concerning cash-flow liquidity, including in particular:
- description of situations / symptoms indicating crisis situation for cash-flow liquidity,
- development of action scenarios in crisis situations (such as liquidity crisis within the bank or the branch of credit institution, and liquidity crisis in the banking system)
- identification of reserve funding sources
- principles of conducting sale of assets and balance sheet restructuring,
- competence to take determined actions in the implementation of liquidity contingency plan;
5) scope, mode and frequency of reporting to the Management Board of the bank or authorized organizational cells, and the Supervisory Board of the bank;
6) rules for determining the position in foreign inconvertible currency as significant or insignificant, pursuant to § 7 sec. 3, 4 and 5.
3. The rules, referred to in sec. 1, also take into account:
1) liquidity management, both current as well as short, medium and long-term. Long-term liquidity management, in particular, should include the analysis of maturity mismatches and the ability to obtain adequate funding in the future as well as analysis of cost for obtaining funds in the context of its impact on the profitability of business;
2) forecasts of inflows and outflows of cash in order to determine the extent of the impact of flows on the level of liquidity in different time periods, considering credit risk related to receivables of the bank or the branch of credit institution;
3) impact of bank subsidiaries on the cash flow liquidity rate;
4) impact of other entities, i.e. entity or a group of entities related by capital or management, within the meaning of Art. 4 (1) (16) of the Act referred to in the introductory sentence, acting in the same holding company, as defined in Art. 4 (1) (10) to (11) (c) of the Act referred to in the introductory sentence, on the cash flow liquidity of the bank.

4. The rules, referred to in sec. 1, can be developed by affiliating banks on behalf of affiliated cooperative banks.
5. At least once a year, the bank and the branch of credit institution significantly involved in long-term financing of real estate market or involved in the financing of major projects not related to property, including industrial investment, conducts an additional in-depth analysis of long-term liquidity. Depending on the subject of funding, the analysis shall include:
- strategy, range and ageing of large exposure, including an analysis of credit quality,
- simulation of the impact of possible changes (reduction) in collateral prices on the level of liquidity,
- currency structure of granted loans, assessment of the investment timetable implementation, changes in credit rating and other indicators of credit risk,
- strategy for securing liquidity risk, in particular the description of the structure of funding sources, evaluation of revolving funding sources, identification of reliable funding sources in the form of credit lines, obtaining support from a strategic investor or obtaining funds through securities issued with longer maturities, with particular attention to the cost of obtaining these funds.

6. At least once a year, the bank and the branch of credit institution, verifies the principles of management of cash flow liquidity in order to adjust them to the size and type of business. In addition, verification is required in the event of substantial changes of external factors, including separate provisions relating to banking activities and specificities of bank activities related to strategic objectives, e.g. an economic sector or geographic region, which affect cash flow liquidity rate of the bank or the branch of credit institution.
7. The bank and the branch of credit institution determines the tasks performed within the system of internal control relating to the management of liquidity, including the assessment of efficiency of liquidity risk management.
8. Functions performed by the internal control system, referred to in sec. 7, are subject to periodic review in terms of adapting to the current organizational chart, size and activity of the bank or the branch of credit institution.

§ 3.1. The bank and the branch of credit institution is obliged to perform liquidity risk management so as to maintain current, medium, short and long term liquidity pursuant to Art. 8 of the Act referred to in the introductory sentence.
2. Short and long term supervisory liquidity measures shall be determined in order to enable the Polish Financial Supervision Authority to evaluate the effectiveness of liquidity risk management.

§ 4.1. Short-term supervisory liquidity measures are as follows:
1) short-term liquidity gap - the difference between the sum of primary and supplementary value of liquidity reserves on the reporting day and the value of unstable external funds,
2) short-term liquidity ratio - the ratio of the sum of primary and supplementary liquidity reserves on the reporting day to the value of unstable external funds.

3. Method of determining the basic liquidity reserves is set out in § 1 of the Annex No. 1 to the resolution.
4. Method of determining the supplementary liquidity reserves is set out in § 2 of the Annex No. 1 to the resolution.
5. Method of determining unstable external funds is set out in § 10 of the Annex No. 1 to the resolution.
6. The bank and the branch of credit institution is required to maintain short-term liquidity on an adequate level.

7. On any reporting day, the short-term liquidity gap shall be equal to a minimum of 0.
8. On any reporting day, the short-term liquidity ratio shall be equal to a minimum of 1.

§ 5.1. Long-term supervisory liquidity measures are as follows:
1) non-liquid assets to own funds ratio - calculated as the ratio of bank's own funds less the aggregate value of capital requirements for market risk and delivery settlement risk, and counterparty risk to non-liquid assets;
2) non-liquid and limited liquidity assets to own funds and stable external funds ratio - calculated as the quotient of the total of own funds, less the total value of the capital requirements for market risk and delivery settlement risk, and counterparty risk and stable external funds to the sum of non-liquid assets and limited liquidity assets.

2. Mode of determining bank's own funds reduced by the aggregate value of capital requirements for market risk and delivery settlement risk, and counterparty risk is set out in § 7 of Annex No. 1 to the resolution.
3. Method of determining stable external funds is set out in § 8 of Annex No. 1 to the resolution.
4. Method of determining limited liquidity assets is set out in § 5 of Annex No. 1 to the resolution.
5. Method of determining non-liquid assets is set out in § 6 of Annex No. 1 to the resolution.
6. The bank is required to maintain long-term liquidity on an adequate level.
7. On each reporting date, non-liquid assets to own funds ratio shall be equal to at least 1.
8. On each reporting date, non-liquid and limited liquidity assets to own funds and stable external funds ratio shall be equal to at least 1.

§ 6.1. Subject to the provisions of the resolution, the balance sheet assets and liabilities, as well as off-balance sheet items are valued pursuant to the principles set out in the Act of 29 September 1994 on Accounting (Journal of Laws 2002 No. 76, item 694, as further amended[6]) in particular for the purpose of the resolution, the valuation takes into account the reduction of assets by the established specific reserves, obtained discounts and premiums as well as write-offs for permanent impairment.

2. The bank and the branch of credit institution using International Accounting Standards, International Financial Reporting Standards and relevant interpretations pursuant to Art. 2 (3) of the Act referred to in § 6 (1), shall value balance sheet assets, liabilities and off-balance sheet items in accordance to these rules.

3. The bank and the branch of credit institution calculating the value of basic and supplementary liquidity reserves, referred to in § 4 and § 8, is required to conduct market analysis supporting the adopted estimates of the value of securities that can be liquidated in the market during the period, especially in consideration of sec. 4.

4. The analysis referred to in sec. 3, shall include in particular:
1) asset price volatility;
2) issuer credit risk;
3) ratio of security value to the average transaction volume in the market and its impact on the time period needed to liquidate the amount of assets.

5. The bank and the branch of credit institution calculating the value of basic and supplementary liquidity reserves, referred to in § 4 and § 8, may consider the value of off-balance sheet commitment received under the contract in the amount not used as the liquidity security source, if the conditions referred to in sec. 6 are met.

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[6] Amendments to the consolidated text of this Act were published in Journal of Laws of 2003, No. 60, item 535, No. 124, item 1152, No. 139, item 1324, No. 229, item 2276, of 2004, No. 96, item 959, No. 145, item 1535, No. 146, item 1546, No. 213, item 2155, of 2005, No. 10, item 66, No. 184, item 1539, No. 267, item 2252, of 2006, No. 157, item 1119, No. 208, item 1540 and of 2008, No. 63, item 393.

6. The value of the off-balance sheet commitment, received under the contract referred to in sec. 5 may be considered as the liquidity security source if the following conditions are met:
1) the contract is concluded with a regulated entity of a stable financial standing or a subsidiary of the regulated entity, if they are subject to consolidated supervision exercised by the relevant supervisory authority exercising consolidated supervision over the regulated entity;
2) the contract is unconditional and concluded for a period of at least 6 months;
3) the contract takes into account funds received in the primary liquidity reserve, if the bank or the branch of credit institution receives the assets within 2 working days from the day of decision to use the powers;
4) the contract takes into account funds received in the supplementary liquidity reserve, if the bank or the branch of credit institution receives the assets within 2 working days from the day of decision to use the powers;

7. The bank and the branch of credit institution calculating the value of off-balance sheet commitments, referred in sec. 5 as a source of liquidity collateral, prepares the assessment of efficiency of a particular contract in the scope of liquidity management and provides this assessment together with justification to the Polish Financial Supervision Authority.

§ 7.1. The supervisory calculations of liquidity measures take into account all currencies.

2. Items in convertible currencies are included in the calculations of supervisory measures of liquidity in Polish zloty. Items in foreign currencies are converted into Polish zloty at average exchange rate announced by National Bank of Poland applicable on the reporting day, and forecasts of cash flows take into account the impact of potential fluctuation of the exchange rate on the level of liquidity.

3. Items in inconvertible foreign currency are considered insignificant if the value of liabilities in that currency is no more than 5% of the sum of the basic and supplementary liquidity reserves.

4. For each inconvertible foreign currency which was considered insignificant, liabilities positions increase the value of unstable external funds, and active positions increase the value of limited liquidity assets.

5. For each inconvertible foreign currency which was considered significant, a separate analysis of liquidity is conducted and for each of these currencies, the supervisory measure of liquidity must be within the limits referred to in § 4 sec. 6 and 7.

§ 8.1. The bank, whose average monthly value of total assets at the end of each month in the last 12 months did not exceed PLN 200 000 000, is exempted from the calculation of and compliance with supervisory measures of liquidity rate, as defined in § 4 and § 5.

2. The bank, referred to in sec. 1, is obliged to calculate the following supervisory measures of liquidity on each reporting day:
1) primary and supplementary liquidity reserves to total assets ratio- calculated as the quotient of the sum of basic and supplementary liquidity reserves on the reporting day to the value of total assets;
2) non-liquid assets to own funds ratio - calculated as the ratio of bank's own funds less the aggregate value of capital requirements from market risk and delivery settlement risk and counterparty risk to non-liquid assets;

3. Mode of determining bank's own funds reduced by the aggregate value of capital requirements from market risk and delivery settlement risk and counterparty risk is set out in §7 of Annex No. 1 to the resolution.

4. Method of determining the basic liquidity reserves is set out in § 1 of the Annex No. 1 to the resolution.

5. Method of determining the supplementary liquidity reserves is set out in § 2 of the Annex No. 1 to the resolution.
6. Method of determining non-liquid assets is set out in § 6 of Annex No. 1 to the resolution.
7. The bank, referred to in sec. 2, is required to maintain short and long-term liquidity on an adequate level.
8. On each reporting day, in the bank referred to in sec. 2, primary and supplementary liquidity reserves to total assets ratio shall be equal to 20%.
9. On each reporting date, in the bank referred to in sec. 2, non-liquid assets to own funds ratio shall be equal to at least 1.

§ 9.1. The branch of credit institution is exempt from the requirement to calculate and comply with supervisory liquidity measures, as defined in § 5.
2. If average monthly balance sheet value of the branch of credit institution at the end of the month in the past 12 months exceeded PLN 200 000 000, the branch of credit institution calculates and observes supervisory liquidity measures referred to in § 4.
3. If the average monthly balance sheet value of the branch of credit institution at the end of the month in the past 12 months did not exceed PLN 200 000 000, the branch of credit institution is exempted from calculation and observance of supervisory liquidity measures referred to in § 4.
4. The branch of credit institution referred to in sec. 3, is required to calculate the following supervisory liquidity measure on each reporting day:
- primary and supplementary liquidity reserves to total assets ratio - calculated as the quotient of the total of basic and supplementary liquidity reserves on the reporting day to the value of total assets;
5. Method of determining basic liquidity reserves of a branch of a credit institution is set out in § 1 of the Annex No. 1 to the resolution.
6. Method of determining supplementary liquidity reserves of a branch of a credit institution is set out in § 2 of Annex No. 1 to the resolution.
7. On each reporting day, at the branch of credit institution referred to in sec. 3, primary and supplementary liquidity reserves to total assets ratio is equal to at least 20%.

§ 10. The reporting day used for the calculation of supervisory liquidity measures is every working day.

§ 11.1. The bank, with the exception of the bank referred to in § 8 sec. 2, shall send to the Polish Financial Supervision Authority a full statement of the calculation of supervisory short and long-term liquidity measures for the last month according to the formula set out in Annex No. 2 to the resolution no later than on 15th working day.
2. The bank, referred to in § 8 sec. 2, shall send to the Polish Financial Supervision Authority a full statement of the calculation of supervisory short and long-term liquidity measures for the last month according to the formula set out in Annex No. 3 to the resolution no later than on 15th working day.
3. Cooperative bank shall forward the statement of calculation of supervisory liquidity measures through the relevant affiliating bank.
4. The branch of credit institution, referred to in § 9 sec. 2, shall send to the Polish Financial Supervision Authority a full statement of the calculation of supervisory short-term liquidity measures for the last month according to the formula set out in Annex No. 4 to the resolution, no later than on 15th working day.
5. The branch of credit institution, referred to in § 9 sec. 3, shall send to the Polish Financial Supervision Authority a full statement of the calculation of supervisory short-term liquidity

measures for the last month according to the formula set out in Annex No. 5 to the resolution, no later than on 15th working day.

§ 12. The bank and the branch of credit institution is required to store data aimed at verifying the correctness of calculations of supervisory liquidity measures for the period of 3 years, at least with the level of specificity of items referred to in Annex No. 1 to the resolution.

§ 13.1. No later than within 5 working days after the day on which the supervisory liquidity measures were below the limits referred to in § 4 sec. 6 and 7, § 5 sec. 7 and 8, § 8 sec. 8 and 9 or § 9 sec. 7, the bank or the branch of credit institution, respectively, shall inform the Polish Financial Supervision Authority about this fact.
2. The notice referred to in sec. 1 summarizes the calculation of the daily supervisory liquidity measures for the last 30 days, detailing the items set out in Annex No. 1 to the resolution.

§ 14. In case where supervisory liquidity measures were below the limits referred to in § 4 sec. 6 and 7, § 5 sec. 7 and 8, § 8 sec. 8 and 9 or § 9 sec. 7, the bank or the branch of credit institution, respectively, is obliged to immediately take action to restore the level of protective liquidity measures to an adequate level.

§ 15. The resolution comes into force on 1 January 2009.

Chairman of the Polish Financial Supervision Authority
Stanisław Kluza

Annex No. 1 to the resolution no. 386/2008 of Polish Financial Supervision Authority of 17 December 2008

Mode of determining the elements of calculation of the supervisory short-term and long-term liquidity measures

§ 1 The primary liquidity reserve shall be established as
the sum of the following items:
1) cash;
2) receivables from the National Bank of Poland or another bank maintaining the reserve requirements whose payment due date is no longer than 7 days, excluding the amount of reserve requirements;
3) receivables from the regulated entity of which the credit risk weight attributed using the standardized method would be 0%, 20% or 50%, and the payment due date no longer than 7 days;
4) debt instruments with low risk in the amount realizable within 7 days;
5) received unconditional off-balance sheet commitment, from which the bank can effectively obtain resources for own account within 2 working days of the decision to use the powers;
6) positive difference between the value of reserve requirements balance on the reporting day and the value of reserves requirement balance which would have to be maintained from the next balance day until the last day of maintaining the reserve requirements, so that the average value of reserve requirements balance over the period reached a level of reserves required under the provisions of resolution No 15/2004 of the National Bank of Poland dated 13 April 2004 on the principles and procedures of calculation and maintenance of reserve requirements by banks (Official Journal NBP No. 3, item 4 as further amended[7]).

§ 2. Supplementary liquidity reserve shall be established as the sum of the following items:
1) receivables from the National Bank of Poland or another bank maintaining the reserve requirements with a maturity of over 7 days and up to 30 days, excluding the amount of reserve requirements;
2) receivables from the regulated entity, of which the credit risk weight, attributed using the standardized method, would be 0%, 20% or 50%, and the payment due date longer than 7 days and up to 30 days;
3) debt instruments with low risk in the amount realizable within the period of more than 7 and up to 30 days;
4) debt instruments with lower specific risk in the amount realizable up to 30 days;
5) liquid and diversified equity securities in the amount realizable within 30 days;
6) received unconditional off-balance sheet commitment, from which the bank can effectively obtain resources for own account within 10 working days of the decision to use the powers;
7) cash flows arising from off-balance sheet transactions designated in a careful manner, in particular with regard to § 12.

§ 3. The value of other assets arising from transactions in the wholesale financial market is determined as the sum of the following items:
1) receivables from regulated entities that were not included in the primary or supplementary liquidity reserve;

[7] Amendments to this resolution were published in the Official Journal of NBP of 2004, No. 7, item 13 and No. 11, item 20, and of 2007 No. 15, item 29.

2) receivables from other entities involved in the wholesale financial market, which were not included in the primary or supplementary liquidity reserve.

§ 4.1. If the bank or the branch of credit institution is obliged to buy or sell at a future date any financial instruments that would rank as primary or supplementary liquidity reserves, such off-balance sheet optional operation is excluded from the calculation of supervisory liquidity measures.
2. If the obligation of the bank or the branch of credit institution is secured by asset or received off-balance sheet commitments that would rank as primary or supplementary liquidity reserves, then:
1) if the obligation is reflected in the setting of stable external funds, the collateral assets for the commitment are recognized in the other assets in the wholesale financial market, and the resulting off-balance sheet liability is not recognized as primary or supplementary liquidity reserve;
2) if the obligation was not taken into account in setting of stable external funds, the collateral assets for the commitment are recognized in primary or supplementary liquidity reserve or in other assets in the wholesale financial market, in accordance with a repayment term of this commitment and the resulting off-balance sheet commitment is not included in the primary or supplementary liquidity reserve.

§ 5. The value of limited liquidity assets is designated as the sum of the following items:
1) assets that arise from banking operations conducted outside the wholesale financial market, with the exception of assets resulting from the settlement of costs and revenues over time;
2) assets in inconvertible currencies, which the bank or the branch of credit institution considered insignificant.

§ 6. The value of non-liquid assets is designated as the sum of the following items:
1) assets that result from transactions other than banking operations with the exception of assets resulting from the settlement of costs and revenues over time and with the exception of assets, which decrease bank's own funds, in accordance with Art. 127 of the Act, referred to in the introductory sentence;
2) the difference between the value of assets resulting from the balance of costs and revenues over time, and liabilities arising from the balance of costs and revenues over time, if it is greater than 0.

§ 7. For the purposes of designation of supervisory liquidity measures, own funds, designated in accordance with Art. 127 of the Act referred to in the introductory sentence, shall be reduced by a total value of the capital requirements for market risk and settlement risk, and counterparty risk.

§ 8.1. Stable external funds are designated as the sum of external funds, which the bank or the branch of credit institution considers to be a stable source of funding and sets with caution, particularly having regard to sec. 3. Recognition of external funds as stable may occur in the following categories of liabilities:
1) deposit base;
2) own securities not included in own funds;
3) other liabilities with primary maturity of more than one year, which the bank or the branch of credit institution intends to maintain and which were not included in own funds;
4) other liabilities which meet the conditions set out in sec. 2, including affiliating bank's liabilities to cooperative banks belonging to the association.

2. The bank and the branch of credit institution may accept the liabilities referred to in sec. 1 (4), as the basis to designate stable external funds, if they meet the following conditions:
1) For the bank, a plan to obtain and maintain those measures is approved by the supervisory board;
2) liabilities arise from banking operations excluding off-balance sheet transactions, or those resulting from the balance of costs and revenues over time;
3) in the case of liabilities to the regulated entities with primary maturity of 3 months, which bank or the branch of credit institution intends to renew after the due date, informs the contractor of the existence of such an intention.

3. The bank and the branch of credit institution may consider part of stable external funds listed in sec. 1 as a stable source of funding, if they meet the following conditions:
1) unambiguously defines the balance sheet position regarded as a stable source of funding and, at least once per year, develops a long-term plan to raise these funds;
2) emergency plan, referred to in § 2 sec. 2 (4) of the resolution, is verified at least once a year and takes into account maintenance of current and short-term liquidity in case of considerable decline in the value of stable external funds;
3) monitors and controls the concentration level of commitments to individual entities or affiliates;
4) at the end of each quarter, the bank shall analyse the stability of the resources and set the minimum value of stable external funds, which is maintained on each working day over the next 6 calendar months;
5) at the end of each month, the bank shall analyse the stability of the funds and set the minimum value of stable external funds, which is maintained on each working day over the next 3 calendar months;

for each reporting day, the bank shall set the minimum value of external funds, which will be maintained on any working day during the next 30 calendar days.

4. The value of stable external funds for particular category of liabilities on specific day is designated as:

$$\min[\max[P^d_{k,\,t-i}, \text{ for } i = 0...30], P_{k,\,t}]$$

where:
k - individual categories of liabilities specified in sec. 1
$P^d_{k,\,t-i}$ - value of declared minimum value of individual category of liabilities (k), which i days earlier were considered as stable and were declared to be maintained over the next 30 days,
$P_{k\,t}$ - value of the balance of individual category of liabilities on the reporting day.

5. The total value of stable external funds is determined as the sum of the amounts of stable external funds set for individual category of liabilities as specified in sec. 4.

6. If, on the reporting day, the value of external funds of individual category of liabilities, which the bank and the branch of credit institution shall designate as stable, will be less than the maximum value declared in the past 30 days, then on that day the difference is designated as follows:

$$R_{k,\,t} = \max[\ (\max[P^d_{k,\,t-i}, \text{ for } i = 0...30] - P_{k,\,t}), 0],$$

where:
k - individual categories of liabilities specified in sec. 1
$P_{k,\,t}$ - value of external funds of individual category of liabilities on the reporting day t, for which a stable part is designated,

$P^d_{k, t-i}$ - value of declared minimal value of individual category of liabilities (k), which i days earlier were considered as stable and were declared to be maintained over the next 30 days.
7. The value of unstable external funds, referred to in § 10 is increased by three times the sum of the maximum differences assigned to individual categories of liabilities in accordance with sec. 6 in the last 30 days:
$3 * \Sigma_k$ (max[$R_{k, t-i}$, for i = 0... 30]), where:
k - individual categories of liabilities specified in sec. 1
$R_{k, t-i}$ - the difference is designated in accordance to sec. 6.

§ 9.1. For the purposes of designation of supervisory liquidity measures, the bank and the branch of credit institution at the end of each month shall analyse the stability of the receivables resulting from the implementation of contingent off-balance sheet commitments by the counterparty and specify the maximum value of these debts by the end of next month.
2. Potential growth of receivables arising from the implementation of off balance sheet commitments by the counterparty is determined as the difference between the balance of these receivables on the reporting day and the amount claimed in accordance with sec. 1 at the end of the previous month:
$A_d - A_t$

where:
A_t - value of receivables arising from the implementation of off-balance sheet commitments by the counterparty on the reporting day,
A_d - maximum value of receivables arising from the implementation of off-balance sheet commitments by the counterparty as declared at the end of the previous month.
3. The bank and the branch of credit institution can alternatively set the value of the potential increase in value of receivables arising from the implementation of contingent off-balance sheet commitments by the counterparty as a value equal to the equivalent-balance-sheet exposures for contingent off-balance sheet liabilities.
4. In its calculation of supervisory liquidity measures, the bank and the branch of credit institution takes into consideration the value of the potential increase in value of receivables arising from the implementation of contingent off-balance sheet commitments by the counterparty, as set out sec. 2 or sec. 3.
5. Where the bank or the branch of credit institution shall apply the method referred to in sec. 2, then the difference is determined by:

$R_t = \max[A_t - A_d , 0]$

where:
A_t - value of receivables arising from the implementation of off-balance sheet commitments by the counterparty on the reporting day,
A_d - maximum value of receivables arising from the implementation of off-balance sheet commitments by the counterparty as declared at the end of the previous month.
6. Where the bank or the branch of credit institution shall apply the method referred to in sec. 2, the value of unstable external funds, referred to in § 10, is increased by three times the maximum difference of the differences assigned in accordance with sec. 5 in the last 30 days:

3 * (max[R_{t-i} , for i = 0... 30]),

where:
R_{t-i} - the difference for the day designated in accordance to sec. 5.

§ 10. The value of unstable external funds is designated as the sum of the following items:
1) sum of the differences between the current value of the individual categories of liabilities included in the calculation of stable external funds and their stable part, fixed in accordance with § 8;
2) adjustment of the value of unstable external funds resulting from exceeding the level of funds declared for the previous periods as stable external funds referred to in § 8 sec. 7;
3) value of current liabilities outside the wholesale financial market, which were not included in the calculation of stable external funds;
4) value of fixed term liabilities outside the wholesale financial market, which were not included in the calculation of stable external funds, where the contract gives the counterparty the right to terminate the contract in less than 30 days;
5) value of liabilities in the wholesale financial market, which were not included in the calculation of stable external funds with maturity date of up to 30 days;
6) off-balance sheet transactions recognized in accordance to § 12,
7) potential growth of receivables arising from the implementation of contingent off- balance sheet commitments calculated in accordance to § 9 sec. 4;
8) adjustment of the value of unstable external funds resulting from exceeding the declared level of receivables arising from the implementation of contingent off-balance sheet commitments referred to in § 9 sec. 6;
9) liabilities in inconvertible currency, which were considered insignificant;
10) negative difference between the minimum reserve balance on the reporting day and the value of the balance of reserve requirements, which would have to be kept from the next balance sheet date until the end of the period of calculation of reserve requirements so that the average value of the minimum reserve balance reached a prescribed value.

§ 11. The value of other liabilities arising from transactions in the wholesale financial market is determined as the sum of the following items:
1) value of liabilities in the wholesale financial market, which were not included in the calculation of stable external funds with maturity date of over 30 days;
2) off-balance sheet transactions recognized in accordance to § 12.

§ 12.1. In calculating supervisory liquidity measurements, complex off-balance sheet transactions are split into current, simple or options off-balance transactions.
2. Off-balance sheet transactions concluded in a manner that enables simultaneous (prompt and each time) conclusion of opposite off-balance sheet transaction with the same parameters, and ensures an efficient and timely settlement of transaction parties, may be excluded from the calculation of supervisory liquidity measures.
3. Current off-balance sheet transactions and simple off-balance sheet transactions are split into receivables and liabilities in individual currencies, maturity dates and amounts resulting from the implementation of the agreement:
1) receivables with maturity of up to 30 days are included in the supplementary liquidity reserve;
2) receivables with maturity of over 30 days are included in other receivables of the wholesale financial market;
3) liabilities with maturity of up to 30 days are classified as unstable external funds;
4) liabilities with maturity over 30 days are included in other liabilities of the wholesale financial market;
4. Options off-balance sheet transactions:
1) purchased European options and purchased American options are part of:

a) supplementary liquidity reserves, if termination of contract falls within 30 days,
b) other receivables of wholesale financial market, if termination of contract falls in more than 30 days;

2) value of the cash flows of the options included in the supplementary liquidity reserve is determined as their current fair value, reduced by the amount of potential loss until the time needed to liquidate the instrument in the market, but not less than 10% of their delta equivalent. If so calculated value takes a negative value, then that option is not included in the supplementary liquidity reserve;
3) sold European options are recorded in the statement as:
   a) unstable external funds, if termination of the contract falls within 30 days,
   b) other liabilities on the wholesale financial market, if termination of the contract falls in more than 30 days;
4) sold options, other than European options, are recorded as unstable external funds,
5) value of the options shown as unstable external funds is determined as their current fair value plus the value of the potential increase in value of the liabilities, but not less than 10% of their delta equivalent.

§ 13. Other liabilities are determined as the sum of the following items:
1) sum of profit value in the process of being approved and profit of current period not included in the calculation of own funds, in accordance to Art. 127 of the Act referred to in the introductory sentence, the bank or the branch of credit institution takes into account this value according to the last known statement of financial position;
2) in case of bank, the sum of the capital requirements for market risk and for delivery settlement and counterparty risk;
3) the difference between the value of liabilities resulting from the balance of costs and revenues over time and assets arising from the balance of costs and revenues over time, if it is greater than 0;
4) value of fixed term liabilities outside the wholesale financial market, which were not included in the calculation of stable external funds, where the contract gives the counterparty the right to terminate the contract in more than 30 days.

Annex No. 2 to the Resolution No. 386/2008 of the Polish Financial Supervision Authority of 17 December 2008

BANK: ....
BANK CODE: ....

Calculation of supervisory liquidity measures on the reporting day as of ....

	Assets *		in PLN thousand
A1	Primary Liquidity Reserve		
A2	Supplementary Liquidity Reserve		
A3	Other transactions in the wholesale financial market		
A4	Limited liquidity assets		
A5	Non-liquidity assets		
	Liabilities *		in PLN thousand
B1	Own funds shall be reduced by the sum of the capital requirements for market risk and the requirement for delivery settlement and counterparty risk		
B2	Stable external funds		
B3	Other liabilities in the wholesale financial market		
B4	Other liabilities		
B5	Unstable external funds		
	Liquidity measures	Minimum value	Value
M1	Short-term liquidity gap ((A1 + A2) - B5)	0.00	
M2	Short-term liquidity factor ((A1 + A2) / B5)	1.00	
M3	Ratio of coverage of non-liquidity assets with own funds (B1/A5)	1.00	
M4	Coverage ratio of non-liquid assets and limited liquidity assets with own funds and stable external funds ((B1 + B2)/(A5 + A4))	1.00	

* Subject to adjustments resulting from the methodology for determining the supervisory liquidity measures.

Prepared by:
Name and surname:
Phone:.........
Date: ....

Approved by:

Annex No. 3 to the Resolution No. 386/2008 of the Polish Financial Supervision Authority of 17 December 2008

BANK:...................................
BANK CODE:.......................

Calculation of supervisory liquidity measures by the bank of the balance sheet total of up to PLN 200 million on the reporting day at the time of ....

Assets *			in PLN thousand
A1	Primary Liquidity Reserve		
A2	Supplementary Liquidity Reserve		
A3	Other transactions in the wholesale financial market		
A4	Limited liquidity assets		
A5	Non-liquidity assets		
A6	Total assets		
Liabilities *			in PLN thousand
B1	Own funds shall be reduced by the sum of the capital requirements for market risk and the requirement for delivery settlement and counterparty risk		
Liquidity measures		Minimum value	Value
M1	Ratio of primary and supplementary liquidity reserves to total assets ((A1+A2)/A6)	0.20	
M2	Coverage ratio of non-liquidity assets by own funds (B1/A5)	1.00	

* Subject to adjustments resulting from the methodology for determining the supervisory liquidity measures.

Prepared by:
Name and surname:
Phone: ....
Date:...........

Approved by:

Annex No. 4 to Resolution No. 386/2008 of the Polish Financial Supervision Authority dated 17 December 2008

CREDIT INSTITUTION BRANCH ....
CREDIT INSTITUTION BRANCH CODE: ....

Calculation of supervisory measures of liquidity by the credit institution's branch at the reporting date
as at..

Assets *			in PLN thousand
A1	Primary Liquidity Reserve		
A2	Supplementary Liquidity Reserve		
A3	Other transactions in the wholesale financial market		
A4	Limited liquidity assets		
A5	Non-liquidity assets		
Liabilities *			in PLN thousand
B1	Stable external funds		
B2	Other liabilities in the wholesale financial market		
B3	Other liabilities		
B4	Unstable external funds		
Liquidity measures		Minimum value	Value
M1	Short-term liquidity gap ((A1 + A2) - B4)	0.00	
M2	Short-term liquidity factor ((A1 + A2) / B4)	1.00	

* Subject to adjustments resulting from the methodology for determining the supervisory liquidity measures.

Prepared by: **Approved by:**
Name and surname:
Phone: ....
Date:

Annex No. 5 to Resolution No. 386/2008 of the Polish Financial Supervision Authority dated 17 December 2008

CREDIT INSTITUTION BRANCH..................................
CREDIT INSTITUTION BRANCH CODE:......................

Calculation of supervisory liquidity measures by a credit institution branch with a balance sheet total of up to PLN 200 mln on the reporting date as for...

Assets *			in PLN thousand
A1	Primary Liquidity Reserve		
A2	Supplementary Liquidity Reserve		
A3	Other transactions in the wholesale financial market		
A4	Limited liquidity assets		
A5	Non-liquidity assets		
A6	Total assets		
Liquidity measures		Minimum value	Value
M1	Ratio of primary and supplementary liquidity reserves to total assets ((A1+A2)/A6)	0.20	

* Subject to adjustments resulting from the methodology for determining the supervisory liquidity measures.

Prepared by: **Approved by:**
Name and surname:
Phone:.........
Date: ....