

23 April 2020

**Position of the Polish Financial Supervision Authority
on eligible guarantees from institutions other than Bank Gospodarstwa Krajowego as
part of the Supervisory Stimulus Package**

Considering that:

- A. On 31 March 2020 the Polish Financial Supervision Authority ('UKNF') presented its position on bank financing of corporate customers in the face of the COVID-19 pandemic as part of the Supervisory Stimulus Package ('Position of 31 April 2020'), and point A.4. thereof applies to cases where credit exposures are secured with the guarantees provided by Bank Gospodarstwa Krajowego ('BGK'),
- B. On 8 April 2020 the UKNF presented its position on bank financing of micro-, small and medium-sized enterprises as part of the Supervisory Stimulus Package ('Position of 8 April 2020'), and point 2 thereof applies to cases where credit exposures are secured with BGK guarantees;
- C. Banks pointed out that it was appropriate to consider, in addition to BGK guarantees, also the guarantees provided by other institutions, in particular other eligible credit protection providers;

The UKNF approves the application of the approach outlined in point A.4. of the Position of 31 March 2020 and point 2 of the Position of 8 April 2020 also in relation to the guarantees provided by entities other than the BGK where all the following conditions are met:

- (i) such a guarantee represents eligible credit protection in accordance with Articles 213–215 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ('CRR'); and
- (ii) the resulting risk weight applicable to the part of the exposure secured with such a guarantee, assigned in accordance with the provisions of CRR pertaining to unfunded credit protection, is 0%.

The credit protection provider must be approved by the bank, taking account of the above conditions.

That approach aims to expand the typology of collateral treated as specific collateral for the purpose of granting credit to a customer that has no creditworthiness (so far, only the BGK guarantees have been mentioned).

In addition to the BGK, the providers of a guarantee that meets the said criteria may be, for example, the State Treasury to the extent of credit protection denominated in PLN, the European Investment Bank, European Investment Fund, the 'KUKKE' export credit agency (Korporacja Ubezpieczeń Kredytów Eksportowych), the Polish Development Fund, Industrial Development Agency – provided that it is possible to provide unfunded credit protection as defined in CRR resulting in a 0% risk weight applicable to the part protected (e.g. due to State guarantees for an entity or State counter-guarantees for individual suretyship or a suretyship scheme).

The adopted approach may also allow local guarantee funds, if they and/or their schemes can provide unfunded credit protection resulting in, under CRR, a 0% risk weight applicable to the part protected.