

20 April 2020

## **Amendment to the Regulation of the Minister for Finance on the principles of creating provisions for risk related to banking activity**

On Friday 17 April 2020, *Regulation of the Minister for Finance of 16 April 2020 amending the Regulation on the principles of creating provisions for risk related to banking activity* was announced in the Journal of Laws (Journal of Laws 2020, item 687).

The amendment provides for an extension of time for banks to recognise collateral for the purpose of reduction of the basis for making special-purpose provisions and allows for distribution of the loss over a longer period of time. The extension of the deadline for creating obligatory provisions and the related release of capital will allow banks to achieve better preparedness for various risks.

The Regulation has been amended in accordance with the recommendation of the Polish Financial Supervision Authority set out in the Supervisory Stimulus Package (SSP) for Security and Development. The Package is a set of measures to support the resilience of the banking sector in the face of COVID-19 and to continue to finance the Polish economy.

In requesting the above-mentioned amendments to the Regulation, the UKNF aimed to observe the principle of proportionality in the treatment of banks that apply international accounting standards and those that apply Polish accounting standards. As part of its supervisory activities, the UKNF also identified various factors and circumstances that significantly restricted the banks' possibility of satisfying their claims with legal security within the previous time limits under the Regulation.