POLISH BANK ASSOCIATION

Kruczkowskiego 8, PL 00-380 Warsaw, phone: +48 22 48 68 180, +48 22 48 68 190, fax +48 22 48 68 100, e-mail: info@zbp.pl, www.zbp.pl

Warsaw, 2 July 2016

Basel Committee

on Banking Supervision

Dear Sirs,

Subject: Consultative document on *revisions to the Basel III leverage ratio framework*

Polish Bank Association welcomes the opportunity to comment the consultative document on revisions to the Basel III leverage ratio framework. We would like to highlight that the proposal of amendments in the leverage ratio calculation does not change in significant way the capital requirements for Polish banks which deliver rather traditional banking services to their clients. The Polish banking sector does not have the problem to meet the present leverage ratio requirements. However, we would like to use this opportunity to tackle two topics included in the revision of leverage ratio.

Firstly, we would like to express our support for the proposed amendments in area of provision treatment. We treat as fair approach the solution where both general and specific provisions that have decreased Tier I capital are reducing the bank exposure in calculation of leverage ratio. Similarly, the general and specific provisions should reduce the amount of exposure in off-balance sheet items.

Secondly, in category of other proposed revision consultative document indicates as number one the revision to the credit conversion factors for off-balance sheet items. We agree that this question should be solved in parallel to the final result of revision to standardized approach for credit risk. The proposal of new approach in this area arouses some controversy in the industry, because is treated as too conservative in comparison to the risk generated for institution. The application of positive credit conversion factor for unconditionally cancellable retail commitments seems very restrictive. We recommend therefore to maintain the present regulation in this area in leverage ratio framework and implement in the near future the same rules which will be applied in Basel standardized approach for credit risk.

Yours faithfully,

Krzysztof Pietraszkiewicz

President