

2022-04-27 report nr 18/2022: Update of information on the MREL requirement for ING Bank Śląski S.A.

Further to Current Report No. 25/2021 of 22 November 2021, the Management Board of ING Bank Śląski S.A. ("Bank") communicate to have received on 27 April 2022 a letter from the Bank Guarantee Fund ("BGF") on the joint decision of resolution bodies; i.e. Single Resolution Board ("SRB") and the BGF on the minimum requirement for own funds and eligible liabilities ("MREL"). The decision was taken following the Single Point of Entry (SPE) resolution strategy applicable to ING Group.

In liaison with the SRB, the BGF set the MREL for the Bank of 16.24% of the total risk exposure amount ("TREA") and 5.91% of the total exposure measure ("TEM") on an individual basis. The Bank is required to meet the MREL by 31 December 2023 and both measures, the TREA and the TEM, at the same time. The total MREL should be satisfied with own funds and eligible liabilities under Article 98 of the BGF Act transposing Article 45f(2) of the BRRD2.

Further, the BGF stated that the recapitalisation-equivalent portion of the MREL should be met with the following instruments: additional Tier 1 (AT1) instruments, Tier 2 (T2) instruments and other subordinated eligible liabilities bought directly or indirectly by the parent entity. The additional requirement refers to the target level of the MREL. Based on the BGF's methodology, the Bank Management Board estimate the recapitalisation amount-related portion of the MREL at 8.24% of the TREA and 2.91% of the TEM.

Furthermore, the BGF set interim MREL goals which for:

- the TREA are 12.12% from the moment of receiving the BGF letter and 14.18% as at 2022 yearend, and
- the TEM are 3.00% from the moment of receiving the BGF letter and 4.46% as at 2022 yearend.

At the same time, the Tier 1 capital ("CET1") instruments kept by the Bank for the purposes of the combined buffer requirement cannot be included in the MREL expressed as a percentage of the total risk exposure amount (TREA).

Legal grounds: Article 17.1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR).