

ING Bank Śląski S.A. Group

Qualitative and quantitative disclosures relating to capital adequacy published for the period of 6 months ending on 30 June 2021



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Capital adequacy

Introduction

Pursuant to the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR Regulation) and the Banking Law Act of 29 August 1997 (Journal of Laws of 2015, item 128 as amended), hereinafter referred to as the "Banking Law Act", ING Bank Śląski S.A., hereinafter referred to as the Bank, is obliged to make qualitative and quantitative disclosures relating to the capital adequacy, excluding information immaterial, proprietary or confidential.

Pursuant to the "Policy of disclosing qualitative and quantitative information on capital adequacy and variable components of remuneration of ING Bank Śląski S.A.", disclosures relating to the ING Bank Śląski S.A. Group, hereinafter referred to as the Group, are published.

Disclosures in this document are based on the data from the semi-annual consolidated financial statements of the ING Bank Śląski S.A. Group published for the period of 6 months ending on 30 June 2021. The presented values have been prepared in Polish zlotys (PLN). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, there may be cases of mathematical inconsistency in the summaries or between individual tables.

For the disclosure of information, templates of forms included in the Commission Implementing Regulation (EU) 2021/637 were used, hence the letter markings of the table columns and the numbering of lines.

1. Own funds

1.1. Full reconciliation of own fund items to audited financial statements

The capital comprises: the share capital, the supplementary capital - issuance of shares over nominal value, accumulated other comprehensive income and retained earnings. All capitals and funds are recognised at their face value.

The share capital is recognised at its face value, in accordance with the charter and entry into the commercial register.

The share premium account comprises the share premium earned from the issue of shares less the direct costs thereof.

Other comprehensive income is created as a result of:

- valuation of financial instruments classified for measurement at fair value through other comprehensive income,
- valuation of derivatives for the element being the effective cash flow hedge,
- valuation of non-current assets at fair value, and
- actuarial gains and losses.

The deferred tax assets and liabilities resulting from above mentioned valuations are included in the other comprehensive income. The other comprehensive income is not subject to profit distribution.

Retained earnings are created from profit write-offs and are allocated for purposes specified in the Articles of Association (the company's Charter) or other legal regulations. Retained earnings comprise of:

- other supplementary capital,
- other reserve capital,
- general banking risk fund,
- valuation of share-based payments,
- undistributed result from previous years,
- net result attributable to Parent entity.

Other supplementary capital, other reserve capital and general banking risk fund are created from profit write-offs and are allocated for purposes specified in the Articles of Association (the company's Charter) or other legal regulations.

General banking risk fund is created in accordance with the Banking Law Act of 29 August 1997 as amended, from profit after tax.

Revaluation of share-based payments - this item is presented as the fair value valuation of options granted under the Group's incentive schemes addressed to Bank employees.

The net financial result attributable to the Parent entity represents the gross result under the statement of profit or loss for the current year, adjusted with the corporate income tax and the result attributable to the minority shares.

The own funds include profit in the process of approval and the net profit of the current reporting period less expected charges and dividend in the amount not exceeding profit as verified by the chartered accountant.

Unrealised gains and losses on debt and equity instruments available for sale are recognized in own funds in accordance with the guidelines contained in the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 and the Banking Law. In accordance with the article 171a of the Banking Law Act, unrealised gains and unrealised losses are included in own funds in 100%.

The Group adjusts own funds by the following values:

- goodwill and other intangible assets (accordance with CRR Regulation),
- difference between the amount of provisions and the amount of expected losses - the value computed for the bank calculating risk-weighted exposure amounts using IRB approach (accordance with CRR Regulation),
- value adjustment due to the requirements for prudent valuation (accordance with CRR Regulation),
- adjustment in the transitional period due to adaptation to IFRS 9 requirements (accordance with CRR Regulation),
- adjustment to the deduction of software assets (accordance with Commission Delegated Regulation (UE) 2020/2176 of 12 November 2020 amending Delegated Regulation (EU) No 241/2014 as regards the deduction of software assets from Common Equity Tier I),
- adjustment for insufficient coverage of non-performing exposures (accordance with CRR Regulation). The Group identifies the impact on the deduction from own funds for the first time in the report for the first half of 2021,
- deferred tax assets that rely on future profitability excluding those arising from temporary differences (accordance with CRR Regulation).

In the process of calculating consolidated own funds and requirements for consolidated own funds as at 30 June 2021, the Group included the subsidiaries subject to prudential consolidation in accordance with the rules of the CRR Regulation. The scope of subsidiaries covered by prudential consolidation differs from the scope of subsidiaries subject to financial consolidation carried out in accordance with International Financial Reporting Standards.

The table below presents reconciliation of regulatory own funds to balance sheet in the audited financial statements of the Group in accordance with Article 437 of Regulation 2019/876 and according to the template presented in the Commission Implementing Regulation (UE) 2021/637.

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements				
	a	b	c	
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference	
	as at 30 Jun 2021	as at 30 Jun 2021		
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash in hand and balances with the Central Bank	850.8	850.8	
2	Loans and other receivables to other banks	709.5	709.2	
3	Financial assets measured at fair value through profit or loss	1,471.1	1,471.1	
4	Derivative hedge instruments	882.0	882.0	
5	Investment securities	57,103.1	57,103.1	
6	Loans and other receivables to customers measured at amortised cost	133,768.8	133,768.8	
7	Investments in associates accounted for using the equity method	168.7	208.6	
8	Property, plant and equipment	857.1	857.0	
9	Intangible assets	410.3	396.0	(a)
10	Assets held for sale	1.4	1.4	
11	Current income tax assets	307.8	307.8	
12	Deferred tax assets	463.2	464.2	(c)
13	Other assets	288.5	284.3	
14	Total assets	197,282.3	197,304.3	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Liabilities to other banks	9,422.5	9,422.4	
2	Financial liabilities measured at fair value through profit or loss	1,040.4	1,040.4	
3	Derivative hedge instruments	454.0	454.0	
4	Liabilities to customers	161,998.3	162,020.6	
5	Liabilities from debt securities issued	546.2	546.2	
6	Subordinated liabilities	2,262.1	2,262.1	(b)
7	Provisions	248.4	248.2	
8	Current income tax liabilities	1.8	1.8	
9	Deferred tax liabilities	0.0	0.0	(c)
10	Other liabilities	3,451.0	3,451.0	
11	Total liabilities	179,424.7	179,446.7	
Shareholders' Equity				
1	Share capital	130.1	130.1	(d)
2	Share premium	956.3	956.3	(d)
3	Accumulated other comprehensive income	2,158.7	2,158.7	(e)
4	Retained earnings	14,612.5	14,612.5	(f)
5	Total shareholders' Equity	17,857.6	17,857.6	

In column c of the template above, the Group has included a cross-reference between the own funds items presented in Table EU CC1 and the corresponding balance sheet items for the purpose of showing the source of each significant input parameter for the information on own funds. A reference in column c of template EU CC2 is linked to a reference in column b of template EU CC1.

1.2. Information on the nature and amount of certain own fund items

The Group's equity is composed of:

- core capital Tier 1 which as at 30 June 2021 was PLN 14,874.4 million,
- core capital Tier 2 which as at 30 June 2021 was PLN 2,213.6 million,

As at 30 June 2021, the Group did not identify additional Tier 1 capital (AT1).

The table below presents nature and amount of certain own funds items required by Article 437 of Regulation 2019/876. The presentation complies with the requirements of the Commission Implementing Regulation (UE) 2021/637. The table lines that don't relate to the Group's own fund have been omitted.

Template EU CC1 - Composition of regulatory own funds		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,086.4	(d)
2	Retained earnings	1,033.4	(f)
3	Accumulated other comprehensive income (and other reserves)	11,798.8	(e)
EU-3a	Funds for general banking risk	1,215.2	(f)
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0.0	
5	Minority interests (amount allowed in consolidated CET1)	0.0	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.0	(f)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	15,133.8	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-25.5	
8	Intangible assets (net of related tax liability) (negative amount)	-453.3	(a)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-31.7	(c)
27a	Other regulatory adjustments	251.1	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-259.4	
29	Common Equity Tier 1 (CET1) capital	14,874.4	
Additional Tier 1 (AT1) capital: instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0.0	
Additional Tier 1 (AT1) capital: regulatory adjustments			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0.0	
44	Additional Tier 1 (AT1) capital	0.0	
45	Tier 1 capital (T1 = CET1 + AT1)	14,874.4	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	2,213.6	(b)
50	Credit risk adjustments	0.0	
51	Tier 2 (T2) capital before regulatory adjustments	2,213.6	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	0.0	
58	Tier 2 (T2) capital	2,213.6	
59	Total capital (TC = T1 + T2)	17,088.0	
60	Total Risk exposure amount	94,513.9	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	15.74%	
62	Tier 1 capital	15.74%	
63	Total capital	18.08%	
64	Institution CET1 overall capital requirements	7.50%	

65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.0032%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.50%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	9.74%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9.74%	
Amounts below the thresholds for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	432.5	(c)
Applicable caps on the inclusion of provisions in Tier 2			
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	210.8	

2. Regulatory capital requirements calculation

The Group is required to maintain T1 and TCR ratios at least at the level of 9% and 11% respectively. The requirement arises from the provisions of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) i.e.:

- for Common Equity Tier 1 ratio - CET1 - 4.5%,
- for Tier 1 ratio - T1 - 6.0%, and,
- for Total capital ratio (TCR) - 8.0%,

and the capital buffers determined in accordance with the Act on macroprudential supervision over the financial system and crisis management in the financial system of 05 August 2015.

The capital requirement for credit risk represents approx. 88% of the Group's overall capital requirement and has the greatest impact on capital adequacy calculation.

ING Bank Śląski S.A. reports capital requirement for credit risk under the AIRB approach for exposure classes: institutions and entrepreneurs. The Bank applies such presentation method pursuant to the letter of De Nederlandsche Bank (DNB) of 04 July 2013, wherein DNB together with the Polish Financial Supervision Authority approved application of the full AIRB approach by the Bank therefore.

In case of retail exposures, Bank introduced so-called roll-out plan of implementation of AIRB method. Due to conducted works by ING Groep NV on the new default definition implementation and currently used AIRB models adjustment with respect to EBA guidelines the initial dates of AIRB application for portfolios under standardized approach are being discussed.

ING Bank Śląski S.A. Group subsidiaries calculate capital requirements for credit risk with the use of the SA method, except ING Lease (Polska) Sp. z o.o., which uses the AIRB method.

The capital requirement for credit valuation adjustment risk (CVA) refers to the adjustment of the market value in accordance with the provisions of Basel III. The Bank calculates the adjustment for overhead capital requirement under the standard method in accordance with Article 384 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013.

To calculate the capital requirement for risk of contribution to fund the CCP in case of default, the Bank uses method, described in Article 306-309 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013. London Clearing House (LCH), KDPW_CCP SA and EUREX are the eligible central counterparty for ING Group and ING Bank Śląski S.A. Group.

The standard approach compliant with CRR is used to calculate the requirement for market risk, settlement/delivery risk and the requirement due to exposure concentration limit and large exposures limit overrun. The capital requirement for operational risk was estimated using the Standardised Approach (TSA).

Risk-weighted exposure and capital requirements for particular risks required by Article 438 of Regulatory 2019/876 are presented in the table below (in accordance with the EU OV1: Regulatory Capital Requirements template shown in the Commission Implementing Regulation (UE) 2021/637). The table lines that don't relate to the Group's own fund have been omitted.

Template EU OV1 – Overview of risk weighted exposure amounts					
		a		b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements	as at 30 Jun 2021
		as at 30 Jun 2021	as at 31 Mar 2021		
1	Credit risk (excluding CCR)	81,906.9	79,918.1		6,552.7
2	Of which the standardised approach	47,488.1	44,914.3		3,799.0
3	Of which the Foundation IRB (F-IRB) approach	0.0	0.0		0.0
4	Of which slotting approach	0.0	0.0		0.0
EU-4a	Of which equities under the simple risk weighted approach	815.9	918.4		81.9
5	Of which the Advanced IRB (A-IRB) approach	33,395.6	34,085.4		2,671.8
6	Counterparty credit risk - CCR	1,137.6	829.3		90.8
7	Of which the standardised approach *	654.3	609.0		52.2
8	Of which internal model method (IMM)	0.0	0.0		0.0
EU-8a	Of which exposures to a CCP	369.0	123.9		29.5
EU-8b	Of which credit valuation adjustment - CVA	109.3	96.4		8.7
9	Of which other CCR	5.0	0.0		0.4
15	Settlement risk	0.0	0.0		0.0
16	Securitisation exposures in the non-trading book (after the cap)	111.0	111.0		8.9
17	Of which SEC-IRBA approach	0.0	0.0		0.0
18	Of which SEC-ERBA (including IAA)	0.0	0.0		0.0
19	Of which SEC-SA approach	111.0	111.0		8.9
EU-19a	Of which 1250% / deduction	0.0	0.0		0.0
20	Position, foreign exchange and commodities risks (Market risk)	1,148.9	768.2		91.9
21	Of which the standardised approach	1,148.9	768.2		91.9
22	Of which IMA	0.0	0.0		0.0
EU-22a	Large exposures	0.0	0.0		0.0
23	Operational risk	10,209.5	10,209.5		816.8
EU-23a	Of which basic indicator approach	0.0	0.0		0.0
EU-23b	Of which standardised approach	10,209.5	10,209.5		816.8
EU-23c	Of which advanced measurement approach	0.0	0.0		0.0
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,546.9	1,033.4		123.8
29	Total	94,513.9	91,836.1		7,561.1

* change of the calculation method from the CEM to SACCR method resulting from the implementation of the provisions of Regulation 2019/876

The exposures broken down into classes according to the AIRB method and the SA method are presented below, according to the templates included in the Commission Implementing Regulation (UE) 2021/637):

- Template EU CR5 – standardised approach– the table presents the regulatory exposure values after the application of credit conversion factors and risk mitigation techniques for that part of the portfolio for which the Group applies the standardized approach,
- Template EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range– the table presents the exposures values, the average CCF, PD and LGD values in percentage terms and risk-weighted exposures amount for each exposures class in the portfolio for which the Group uses the internal ratings method (AIRB)
- Template EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

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(PLN million)

Template EU CR5 – standardised approach																		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
Exposure classes		Risk weight														Total	Of which unrated	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			Others
1	Central governments or central banks	50,478.4	0.0	0.0	0.0	74.1	0.0	0.0	0.0	0.0	0.0	0.0	378.5	0.0	0.0	0.0	50,931.0	50,455.4
2	Regional government or local authorities	0.0	0.0	0.0	0.0	3,395.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,395.8	3,395.8
3	Public sector entities	0.0	0.0	0.0	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	4.9
4	Multilateral development banks	7,167.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,167.5	7,167.5
5	International organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Institutions	0.0	0.0	0.0	0.0	0.0	0.0	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.2	6.2
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,988.2	0.0	0.0	0.0	0.0	0.0	0.0	5,988.2	5,988.2
8	Retail exposures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,005.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,005.0	32,005.0
9	Exposures secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	36,425.9	0.0	0.0	31.5	263.7	537.8	0.0	0.0	0.0	0.0	37,258.9	37,258.9
10	Exposures in default	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	384.7	98.7	0.0	0.0	0.0	0.0	483.4	483.4
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Covered bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Exposures to institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Units or shares in collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity exposures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16	Other items	692.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,256.7	0.0	0.0	0.0	0.0	0.8	2,950.1	2,950.1
17	TOTAL	58,338.5	0.0	0.0	0.0	3,469.9	36,425.9	11.1	0.0	32,036.5	8,893.3	636.5	378.5	0.0	0.0	0.8	140,191.0	139,715.4

Template EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range													
AI RB	a	b	c	d	e	f	g	h	i	j	k	l	m
	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Institutions	0.00 to <0.15	3,975.5	2,696.3	0.1	4,314.7	0.09	294	28.73	0.2	612.0	14.18%	1.0	0.5
	0.00 to <0.10	2,666.8	1,390.3	0.2	2,956.4	0.07	80	27.56	0.7	342.7	11.59%	0.4	0.2
	0.10 to <0.15	1,308.7	1,306.0	0.0	1,358.3	0.14	214	31.29	0.7	269.3	19.83%	0.6	0.3
	0.15 to <0.25	100.1	0.1	1.0	100.2	0.21	42	0.00	2.1	49.1	49.04%	0.1	0.0
	0.25 to <0.50	482.9	860.3	0.2	615.5	0.39	23	8.36	1.9	381.1	61.90%	0.8	0.4
	0.50 to <0.75	0.1	0.7	0.3	0.3	0.60	2	0.00	1.7	0.3	85.20%	0.0	0.0
	0.75 to <2.50	1.1	61.5	0.2	11.7	1.21	23	5.66	1.7	14.5	124.24%	0.1	0.0
	0.75 to <1.75	0.2	56.5	0.2	10.2	1.04	15	1.92	1.9	12.8	125.80%	0.1	0.0
	1.75 to <2.5	0.9	5.0	0.1	1.5	2.37	8	31.43	0.7	1.7	113.49%	0.0	0.0
	2.50 to <10.00	0.1	71.1	0.1	7.3	6.15	13	0.00	1.1	11.2	154.87%	0.2	0.0
	2.5 to <5	0.1	38.6	0.1	4.0	4.37	5	0.00	1.1	5.6	139.97%	0.1	0.0
	5 to <10	0.0	32.5	0.1	3.3	8.35	8	0.00	1.1	5.6	173.17%	0.1	0.0
	10.00 to <100.00	0.0	0.9	0.8	0.7	16.32	36	7.31	3.3	2.0	273.21%	0.1	0.0
	10 to <20	0.0	0.9	0.8	0.7	16.32	36	7.31	3.3	2.0	273.21%	0.1	0.0
	20 to <30	0.0	0.0	0.0	0.0	0.00	0	0.00	0.0	0.0	0.00%	0.0	0.0
	30.00 to <100.00	0.0	0.0	0.0	0.0	0.00	0	0.00	0.0	0.0	0.00%	0.0	0.0
100.00 (Default)	5.3	0.0	0.0	5.3	100.00	2	38.13	1.0	0.0	0.28%	5.3	7.6	
Subtotal		4,565.1	3,690.9	0.1	5,055.7	0.19	435	28.66	1.5	1,070.2	21.17%	7.6	8.5
Corporates Specialised lending	0.00 to <0.15	270.9	28.9	1.0	299.8	0.14	3	40.90	2.3	128.8	42.97%	0.2	0.1
	0.00 to <0.10	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.00%	0.0	0.0	
	0.10 to <0.15	270.9	28.9	1.0	299.8	0.14	3	40.90	2.3	128.8	42.97%	0.2	0.1
	0.15 to <0.25	596.6	23.3	1.0	619.9	0.21	30	10.45	3.4	76.1	12.28%	0.1	0.2
	0.25 to <0.50	4,889.3	418.6	0.9	5,258.7	0.37	142	21.20	3.2	1,931.4	36.73%	4.2	3.9
	0.50 to <0.75	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.00%	0.0	0.0	
	0.75 to <2.50	2,841.9	130.8	0.9	2,964.5	0.99	177	19.11	2.8	1,412.3	47.64%	6.3	5.9
	0.75 to <1.75	2,784.7	117.6	0.9	2,894.2	0.96	166	18.22	2.8	1,298.5	44.87%	5.4	4.9
	1.75 to <2.5	57.2	13.2	1.0	70.3	2.37	11	55.52	3.0	113.8	161.85%	0.9	1.0
	2.50 to <10.00	230.0	8.1	0.0	230.3	5.32	17	52.35	3.3	436.1	189.32%	5.7	12.5
	2.5 to <5	175.6	8.1	0.0	175.9	4.39	13	62.98	3.1	402.9	228.99%	4.9	11.7
	5 to <10	54.4	0.0	0.0	54.4	8.35	4	17.97	3.8	33.2	61.01%	0.8	0.8
	10.00 to <100.00	66.9	9.5	0.6	72.1	24.33	50	12.09	1.2	47.7	66.08%	2.0	1.0
	10 to <20	0.4	9.5	0.6	5.6	16.32	45	43.13	1.3	12.4	221.89%	0.4	0.4
	20 to <30	66.5	0.0	0.0	66.5	25.00	5	9.47	1.2	35.3	52.94%	1.6	0.6
	30.00 to <100.00	0.0	0.0	0.0	0.0	0.00	0	0.00	0.0	0.0	0.00%	0.0	0.0
100.00 (Default)	256.4	0.0	0.0	256.4	100.00	9	36.34	1.0	19.9	7.78%	123.0	123.0	
Subtotal		9,152.0	619.2	0.9	9,701.7	3.42	428	22.57	3.0	4,052.3	41.77%	141.5	146.6
Corporates SME	0.00 to <0.15	814.3	319.5	0.6	1,009.8	0.10	1,147	31.42	1.3	133.5	13.22%	0.3	0.3
	0.00 to <0.10	491.7	260.2	0.6	639.0	0.09	884	32.16	1.2	81.0	12.67%	0.2	0.1
	0.10 to <0.15	322.6	59.3	0.8	370.8	0.13	263	30.15	1.4	52.5	14.16%	0.1	0.2
	0.15 to <0.25	1,044.3	693.8	0.5	1,414.6	0.17	786	27.29	2.2	262.9	18.59%	0.7	1.0
	0.25 to <0.50	1,503.9	1,099.6	0.5	2,021.3	0.35	1,506	25.81	2.4	521.8	25.81%	1.8	2.9
	0.50 to <0.75	2,777.5	1,643.4	0.4	3,516.6	0.59	1,900	25.85	2.3	1,206.5	34.31%	5.4	7.7
	0.75 to <2.50	5,012.9	2,257.0	0.4	5,942.0	1.61	3,500	22.01	2.0	2,305.4	38.80%	21.3	31.1
	0.75 to <1.75	2,717.5	1,206.8	0.4	3,189.3	1.22	1,922	20.97	2.0	1,083.6	33.98%	8.2	10.0
	1.75 to <2.5	2,295.4	1,050.2	0.4	2,752.7	2.06	1,578	23.22	2.1	1,221.8	44.38%	13.1	21.1
	2.50 to <10.00	2,586.7	916.0	0.5	3,084.8	4.76	1,785	19.81	2.2	1,473.0	47.75%	28.4	41.9
2.5 to <5	2,184.5	777.6	0.5	2,597.5	4.07	1,419	20.44	2.2	1,232.2	47.44%	21.6	33.9	

Template EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range													
	a	b	c	d	e	f	g	h	i	j	k	l	m
AIRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	5 to <10	402.2	138.4	0.6	487.3	8.44	366	16.45	2.1	240.8	49.41%	6.8	8.0
	10.00 to <100.00	284.3	50.8	0.6	312.3	23.13	282	18.05	1.8	223.7	71.62%	13.3	14.0
	10 to <20	130.8	26.8	0.4	142.1	14.64	232	14.53	2.0	72.3	50.83%	3.0	3.9
	20 to <30	69.8	20.0	0.7	84.6	25.40	26	27.18	1.3	96.5	114.05%	5.9	5.0
	30.00 to <100.00	83.7	4.0	0.5	85.6	35.00	24	14.87	2.0	54.9	64.22%	4.4	5.1
	100.00 (Default)	220.6	11.5	0.5	226.7	100.00	156	34.15	2.0	180.2	79.46%	100.8	100.8
	Subtotal	14,244.5	6,991.6	0.5	17,528.1	3.27	11,062	23.91	2.1	6,307.0	35.98%	172.0	199.7
Corporates Other	0.00 to <0.15	2,976.4	3,384.0	0.3	4,154.0	0.10	238	35.61	2.1	910.9	21.93%	1.5	0.9
	0.00 to <0.10	797.6	297.5	0.2	863.8	0.09	173	35.12	1.1	134.0	15.51%	0.3	0.1
	0.10 to <0.15	2,178.8	3,086.5	0.4	3,290.2	0.11	65	35.74	2.3	776.9	23.61%	1.2	0.8
	0.15 to <0.25	3,175.0	5,379.8	0.3	4,861.8	0.18	490	37.46	2.0	1,642.9	33.79%	3.2	2.2
	0.25 to <0.50	5,508.4	5,898.6	0.3	7,198.3	0.38	889	34.93	2.3	3,771.1	52.39%	9.6	8.7
	0.50 to <0.75	3,466.2	1,706.3	0.4	4,210.0	0.59	944	26.97	2.3	2,304.8	54.74%	6.7	12.9
	0.75 to <2.50	8,701.9	5,187.1	0.4	10,562.0	1.39	2,146	26.56	2.0	7,007.7	66.35%	39.0	53.3
	0.75 to <1.75	6,702.6	3,970.0	0.4	8,113.4	1.18	1,272	27.12	2.0	5,176.7	63.80%	26.4	35.7
	1.75 to <2.5	1,999.3	1,217.1	0.4	2,448.6	2.07	874	24.70	1.9	1,831.0	74.78%	12.6	17.6
	2.50 to <10.00	4,014.6	1,869.9	0.4	4,750.2	4.40	1,291	23.28	1.9	3,900.8	82.12%	46.0	66.0
	2.5 to <5	3,507.8	1,687.3	0.4	4,173.7	3.85	945	23.96	1.9	3,401.5	81.50%	37.1	54.3
	5 to <10	506.8	182.6	0.4	576.5	8.45	346	18.39	2.1	499.3	86.61%	8.9	11.7
	10.00 to <100.00	597.8	242.3	0.3	678.9	20.96	4,000	19.74	1.8	822.6	121.18%	29.0	48.5
	10 to <20	314.5	145.9	0.3	359.4	15.49	3,798	17.23	1.8	355.0	98.81%	9.8	12.7
	20 to <30	238.2	90.6	0.4	271.7	25.72	97	23.01	1.9	404.9	148.99%	15.8	30.6
	30.00 to <100.00	45.1	5.8	0.5	47.8	35.03	105	20.06	1.9	62.7	131.17%	3.4	5.2
	100.00 (Default)	1,716.7	42.5	0.4	1,733.0	100.00	958	49.38	1.2	1,605.3	92.63%	1,128.4	1,128.4
	Subtotal	30,157.0	23,710.5	0.3	38,148.2	5.97	10,956	31.27	2.1	21,966.1	57.58%	1,263.4	1,320.9
Total (all portfolios)		58,118.6	35,012.2	0.4	70,433.7		22,881		2.1	33,395.6	47.41%	1,584.5	1,675.7

Template EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

	a
	Risk weighted exposure amount
1 Risk weighted exposure amount as at the end of the previous reporting period	35,983.4
2 Asset size (+/-)	1,916.3
3 Asset quality (+/-)	-1,638.1
4 Model updates (+/-)	-605.4
5 Methodology and policy (+/-)	-285.1
6 Acquisitions and disposals (+/-)	0.0
7 Foreign exchange movements (+/-)	-257.8
8 Other (+/-)	0.0
9 Risk weighted exposure amount as at the end of the reporting period	35,113.3

The amount of risk-weighted exposure resulting from the use of internal models decreased by PLN 870 million in the second quarter of 2021 compared to the first quarter of 2021. The reduction in the

amount of risk-weighted exposure is a consequence of the improvement in the quality of the loan portfolio (-1,638 million), model changes (-605 million), changes in methodology and policies (-285 million), positive changes in exchange rates (-258 million) and an increase in risk-weighted assets resulting from a loan acquisition (+1,916 million).

The improvement in the quality of the loan portfolio results from the supplementation of collateral for some of the exposures in the existing loan portfolio. The model changes concern the adjustment of models in terms of CCF (k-factor) and g-factor parameters for off-balance sheet products to the values resulting from Article 166 of the CRR Regulation. The reduction in risk-weighted assets due to methodologies and policies is due to a change in the regulatory capital charge on the group model used for exposures to financial institutions. The change in risk-weighted assets due to changes in exchange rates results from the exposure in foreign currencies, which are subject to revaluation due to changes in exchange rates between the reporting dates. The increase in risk-weighted assets resulting from credit acquisitions results from the sale of new loans or from new loan disbursements within the granted limits, with the credit quality as at the reporting date.

3. Capital buffers

The provisions of the CRD IV, in particular on regulatory capital buffers were implemented to the domestic regulations in 2015 by adopting the Act on macroprudential supervision over the financial system and crisis management in the financial system and relevant amendment of the Banking Law Act.

The Act set out the capital buffers that will need to be observed by banks in Poland as of January 2016.

As at 30 June 2021, the Group accounts for the following values in the calculation of capital buffers:

- capital conservation buffer which equals 2,5%,
- other systemically important institution buffer (O-SII) at 0.5% imposed by the PFSA decision of 19 December 2017 and upheld with the PFSA letter of 2 August 2018 and of 19 August 2019, which remains valid also in 2020 and in the first half of 2021,
- countercyclical buffer applied to exposure to which such buffer was imposed by competent authorities. The countercyclical buffer varies over time depending on the structure of the relevant exposures and the levels of countercyclical buffer rates imposed on the relevant exposures (as at June 2021 the countercyclical buffer was effectively equal to 0.0032%)
- systemic risk buffer according to the Regulation of the Minister of Finance repealing previous regulation on systemic risk buffer published on 18 March 2020 equals 0%.

The tables below present information on: the geographical distribution of the relevant credit exposures and the amount of the institution-specific countercyclical capital buffer – according to Article 440 of Regulatory 2019/876 and in accordance with templates of the Commission Implementing Regulation (UE) 2021/637).

ING Bank Śląski S.A. Group

Qualitative and quantitative disclosures relating to capital adequacy
published for the period of 6 months ending on 30 June 2021

(PLN million)

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c		d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk				Own fund requirements							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk- weighted exposure amounts	Own fund requireme nts weights (%)	Countercyc lical buffer rate (%)	
010 Breakdown by country:														
Poland	78,617.2	64,580.2	0.0	0.0	0.0	143,197.4	6,278.6	0.0	0.0	6,278.6	78,482.5	98.53	0.00	
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.50	
Czech Republic	0.7	18.1	0.0	0.0	0.0	18.8	1.4	0.0	0.0	1.4	17.5	0.02	0.50	
Hong Kong	0.0	24.4	0.0	0.0	0.0	24.4	0.3	0.0	0.0	0.3	3.8	0.00	1.00	
Luxembourg	0.4	644.5	0.0	0.0	0.0	644.9	45.7	0.0	0.0	45.7	571.3	0.72	0.50	
Norway	0.5	0.6	0.0	0.0	0.0	1.1	0.1	0.0	0.0	0.1	1.3	0.00	1.00	
Slovakia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	1.00	
Other countries	66.6	854.1	0.0	0.0	0.0	920.7	47.9	0.0	0.0	47.9	598.8	0.73	0.00	
020 Total	78,685.4	66,121.9	0.0	0.0	0.0	144,807.3	6,374.0	0.0	0.0	6,374.0	79,675.0	100.00		

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	a
1 Total risk exposure amount	94,513.9
2 Institution specific countercyclical capital buffer rate	0.0032%
3 Institution specific countercyclical capital buffer requirement	3.0

4. Leverage ratio

The calculation of regulatory leverage ratio in the ING Bank Śląski S.A. Group as at 30 June 2021 was based on provisions of Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

Leverage ratio is calculated as Tier 1 capital measure divided by the total exposure measure and expressed as a percentage. Total exposure measure is the sum of the exposure value calculated in accordance with the Regulation 2019/876 of all assets and off-balance sheet items not deducted when calculating the Tier 1 capital measure.

The table below presents the reconciliation of total exposure to the calculation of the leverage ratio with the value of assets in the published annual financial statements in accordance with the requirements of Article 451 of Regulation 2019/876 and according to template of Commission Implementing Regulation (UE) 2021/637):

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	a
	Applicable amount
1 Total assets as per published financial statements	197,281.9
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-22.4
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0.0
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))	0.0
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0.0
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0.0
7 Adjustment for eligible cash pooling transactions	0.0
8 Adjustment for derivative financial instruments	2,333.8
9 Adjustment for securities financing transactions (SFTs)	1.5
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,331.0
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-3,121.8
EU-11a (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0.0
EU-11b (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0.0
12 Other adjustments	2,490.0
13 Leverage ratio total exposure measure	213,338.8

The table below presents information on the financial leverage ratio and the breakdown of the total exposure measure comprising the leverage ratio in accordance with the Commission Implementing Regulation (UE) 2021/637):

- Template EU LR2 - LRCom: Leverage ratio common disclosure,
- Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures).

		CRR leverage ratio exposures	
		a as at 30 Jun 2021	b as at 31 Mar 2021
Template EU LR2 - LRCom: Leverage ratio common disclosure			
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	197,825.4	196,162.9
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0.0	0.0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.0	0.0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0.0	0.0
5	(General credit risk adjustments to on-balance sheet items)	-3,061.8	-3,070.7
6	(Asset amounts deducted in determining Tier 1 capital)	-259.4	-309.8
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	194,504.2	192,782.4
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	3,194.5	3,762.8
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0.0	0.0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,307.6	1,457.1
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0.0	0.0
EU-9b	Exposure determined under Original Exposure Method	0.0	0.0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0.0	0.0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0.0	0.0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0.0	0.0
11	Adjusted effective notional amount of written credit derivatives	0.0	0.0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.0	0.0
13	Total derivatives exposures	4,502.1	5,219.9
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0.0	28.6
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.0	0.0
16	Counterparty credit risk exposure for SFT assets	1.5	0.7
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0.0	0.0
17	Agent transaction exposures	0.0	0.0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0.0	0.0
18	Total securities financing transaction exposures	1.5	29.3
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	46,724.9	45,664.6
20	(Adjustments for conversion to credit equivalent amounts)	-32,359.4	-31,496.7
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-34.5	0.0
22	Off-balance sheet exposures	14,331.0	14,167.9
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0.0	0.0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	0.0	0.0
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	0.0	0.0
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0.0	0.0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or	0.0	0.0

	units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0.0	0.0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0.0	0.0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0.0	0.0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0.0	0.0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0.0	0.0
EU-22k	(Total exempted exposures)	0.0	0.0
Capital and total exposure measure			
23	Tier 1 capital	14,874.4	14,951.6
24	Total exposure measure	213,338.8	212,199.5
Leverage ratio			
25	Leverage ratio (%)	6.97%	7.05%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.97%	7.05%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.97%	7.05%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	0.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	0.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	transitional	transitional

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	194,763.5
EU-2	Trading book exposures	89.6
EU-3	Banking book exposures, of which:	194,673.9
EU-4	Covered bonds	0.0
EU-5	Exposures treated as sovereigns	57,382.2
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,197.6
EU-7	Institutions	4,559.7
EU-8	Secured by mortgages of immovable properties	37,211.1
EU-9	Retail exposures	29,202.1
EU-10	Corporate	56,967.6
EU-11	Exposures in default	1,336.3
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	4,817.3

For internal purposes the required ratio limit is 5%. In order to limit the risk of the leverage ratio falling below the required level, the Market Risk Management controls whether the ratio reaches (or may reach in the forecast horizon) the following levels:

- below 3% - considered as unacceptable,
- between 3% and 5% - considered as the level under observation,
- above 5% considered - as desired.

In the first half of 2021 the leverage ratio has been above internal and regulatory limit. The main influencing factors have been:

- credit dynamics (numerator) – as a result of Bank strategy,
- recognition of profits from 2020 in Tier I capital,
- inclusion of transition periods in own funds calculation (denominator).

5. Information on liquidity

ING Bank Śląski S.A. recognises the process of stable management of liquidity and funding risk as a major process at the Bank.

Liquidity and funding risk is understood by the Bank as the risk of the lack of ability to perform financial liabilities under on- and off-balance sheet items at reasonable prices. The Bank maintains liquidity so that the Bank's financial liabilities can always be repaid with the available funds, inflows from maturing transactions, available funding sources at market prices and/or liquidation of negotiable assets.

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time and explanations on the changes in the LCR over time

In compliance with the duties and principles set out in Regulation (EU) No 575/2013 of the European Parliament and of the Council and Commission Delegated Regulation's (EU) No 2015/61 and 2018/1620, the Bank calculates the following regulatory liquidity measures - short-term liquidity measures (LCR - Liquidity Covered Ratio) - this is to ensure that the Bank holds an adequate level of high quality liquid assets to cover its liquidity needs within 30 calendar days under stressed conditions. In the first half of 2021 a regulatory limit of 100% applied. The Bank is obliged to report the liquidity measures to the regulator on a monthly basis.

As at 30 June 2021 Liquidity Covered Ratio for the Group was as follows:

Liquidity measures		Minimum value	as at 30 Jun 2021
LCR	Liquidity coverage ratio	100%	200%

In compliance with the Guidelines on the disclosure of the net outflow coverage ratio, in addition to the disclosure of information on liquidity risk management issued by EBA, the Bank is obliged to disclose components of the LCR in the form as specified in the table LIQ1 (net outflow coverage ratio - total). It contains the following information:

- high quality liquid assets - a "weighted" amount subject to value reduction,
- cash outflows - weighted and unweighted outflows,
- cash inflows - weighted and unweighted inflows.

Such weighted inflows and outflows are calculated as values after application of inflow and outflow ratios. The presented numbers cover the values for each of the four calendar quarters preceding the report date. Those are average observed values at the end of each month in the 12-month period preceding the end of each quarter.

The information presented in the table covers all positions irrespective of the denomination currency and are presented in PLN. The net outflow coverage ratio contains all important elements for the Bank's liquidity profile.

Apart from the presented values of the net outflow coverage ratio calculated for all currencies, the Bank also monitors ratios calculated for major currencies - PLN and EUR.

The LCR ratio as at 30 June 2021 decreased by 8 percentage points from 31 March 2021, mainly due to a decrease in the value of liquid assets and inflows and an increase in outflows. The decrease in liquid assets was mainly due to the decrease in the volume of EIB bonds. The increase in outflows was determined by higher balances on customer accounts (PLN 81 million) and higher other outflows (PLN 792 million). It was partially offset by lower outflows from off-balance sheet liabilities (amount of PLN 140 million). The lower inflows resulted mainly from the lower value of other inflows.

	as at 30 Jun 2021		as at 31 Mar 2021		30 Jun 2021 vs 31 Mar 2021	
LCR	200%		208%		-8 p.p.	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	53,081	53,081	53,379	53,379	-298	-298
Outflows	218,817	29,830	214,555	29,157	4,263	673
Inflows	4,606	3,319	5,074	3,475	-469	-157

The LCR ratio as at 30 June 2021 decreased by 23 percentage points compared to 30 June 2020, which is mainly due to the higher growth rate of the outflow value in relation to the increase in liquid assets and inflows. The increase in liquid assets was due to an increase in the securities portfolio (amount of 1,495 million), which was partially offset by a decrease in the value of cash (amount of 457 million). The increase in outflows was determined by higher balances on customer accounts (amount of PLN 3,233 million) and higher other outflows (amount of PLN 2,258 million). It was partially offset by lower outflows from off-balance sheet liabilities (the amount of 952 million). At the same time, inflows increased mainly due to a higher value of principal and interest instalments (amount of 684 million) and an increase in other inflows (amount of PLN 626 million).

	as at 30 Jun 2021		as at 30 Jun 2020		30 Jun 2021 vs 30 Jun 2020	
LCR	200%		223%		-23 p.p.	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	53,081	53,081	52,060	52,060	1,021	1,021
Outflows	218,817	29,830	193,395	25,461	25,422	4,370
Inflows	4,606	3,319	3,375	2,104	1,231	1,214

Summarizing, the volume of liquid assets in June 2021, in relation to March 2021 and June 2020, remains stable, with a slight upward trend (June 2020 vs. June 2021), resulting from the investment of funds obtained from depositors.

The increase in cash outflows in June 2021, compared to March 2021 and June 2020, is related to the increase in the deposit base of retail customers and non-operating deposits of financial and non-financial customers. In the second half of 2020, the items subject to Article 23 of Commission Delegated Regulations (EU) 2015/61 and 2018/1620 were reclassified in accordance with the announcement of the Polish Financial Supervision Authority, based on the EBA report „Monitoring of Liquidity Coverage Ratio Implementation in the EU – First Report”.

The increase in cash inflows in June 2021 compared to June 2020 and the maintenance of a stable level in relation to March 2021 is mainly due to the increase in inflows of financial customers and the general ledger items.

Explanations on the actual concentration of funding sources

Minimum once a year, the Bank determines the Bank's overall business strategy and the resulting medium-term (3 years) financial plan with a general risk strategy. Financial plan is an indispensable element of the strategy which provides for an effective diversification of funding sources and tenors.

ALCO committee actively manages the funding base. Additionally, it monitors funding sources in order to:

- verify compliance with the strategy and financial plan,
- identify potential risks related to funding.

Customers' deposits (retail and corporate) are the core funding source for ING Bank Śląski S.A. The Bank monitors the funding structure and thus verifies concentration risk by analysing its deposit base split into:

- type of financing,
- customer segment,
- product type,

- currencies,
- geographical region, and
- concentration of large deposits.

Periodical analyses also monitor the risk generated by related customers (within Groups).

In accordance with the Commission Implementing Regulation (EU) 2016/313, the Bank reports a set of additional monitoring indicators for the purposes of reporting on liquidity.

The reports include, inter alia, reports on the concentration of funding sources:

- concentration of financing by counterparty,
- concentration of funding by product type.

As at 30 June 2021, in accordance with the principles set out in the Commission Implementing Regulation (EU) 2016/313, the following were reported:

- concentration of financing by counterparty, includes information on the funds of one financial client. The funds raised exceed the threshold of 1% of total liabilities.
- concentration of financing by product type, confirms that the main source of financing at ING Bank Śląski S.A. there are customer deposits. The most important are savings accounts of retail clients (of which 79% are covered by the deposit guarantee scheme) and current accounts of retail clients (of which 65% are covered by the deposit guarantee scheme). Unsecured wholesale financing is only 14.7% of the financing indicated in reporting in accordance with the EU Commission Regulation. The information includes the total amount of funding received for each product category for which the threshold of 1% of total commitments is exceeded.

The existing funding structure is well diversified. The funding structure as at 30 June 2021 split into direct and mutual funding is presented below. Direct funding is provided mainly by retail and corporate customers while mutual funding comprised primarily funds acquired from other banks.

Direct funding:

	as at 30 Jun 2021	
Core customer segments	direct funding	% share
Retail customers	108,511	59.6%
Corporate customers.	51,874	28.5%
Equity	16,172	8.9%
Own issues	2,810	1.5%
Banks	2,803	1.5%

Mutual funding:

	as at 30 Jun 2021	
Core customer segments	mutual funding	% share
Banks	20,778	100.0%
Corporate customers.	0	0.0%
Retail customers	0	0.0%

It is worth noting that the Bank introduced internal limits limiting the concentration of financing:

- concentration of financing by customer,
- concentration of financing by segment.

High-level description of the composition of the institution`s liquidity buffer

Maintenance of an adequate liquidity buffer is a major element in managing the Bank's liquidity. The liquidity buffer presents the available liquidity, required to cover the gap between cumulated outflows and inflows within a relatively short time. It covers assets that are "unencumbered" and easily available to acquire liquidity. Unencumbered assets are understood as assets that are free of any legal, regulatory, contractual restrictions to have them disposed of by the Bank. The liquidity buffer is crucial in the times of a crisis when the Bank has to obtain liquidity in a short time when the standard funding sources are unavailable or insufficient.

The liquidity buffer is maintained as a safeguard against materialisation of various extraordinary scenarios, providing for needs of additional liquidity which may arise at any time in extraordinary circumstances and in normal conditions.

The table below presents the structure of the liquid asset buffer as at 30 June 2021:

Structure of the liquidity buffer	% share
Treasury bonds or bonds issued by the central bank (PLN)	67.9%
Treasury bonds or bonds issued by the central bank (EUR)	10.2%
bonds of BGK, PFR and EIB	21.9%

The Bank provides for realistic reductions due to impairment of securities with the level thereof being regularly reviewed and approved by ALCO. The reductions are assessed inter alia on the basis of market liquidity and depth, volatility of market prices, requirements of the central bank.

The Bank also observes asset concentrations ensuring their safe diversification in terms of issuer, maturity and currency.

Here below there is a breakdown of level 1 liquid assets used by the Group to calculate the LCR ratio (as defined in the Commission Delegated Regulation (EU) No 2015/61) as at 30 June 2021. Level 1 liquid assets cover assets characterised with very high liquidity and credit quality.

	as at 30 Jun 2021
Level 1 liquid assets	
Cash	692.6
Cash in nostro accounts with the Central Bank net of the required reserve	22.7
Other exposures to the Central Bank (O/N deposit, cash bills)	33.0
Unencumbered Treasury bonds	43,556.5
Unencumbered BGK bonds	2,290.5
Unencumbered bonds of the European Investment Bank	6,485.8
Total	53,080.9

In level 1 liquid assets, securities are presented by their market value. The Group's liquidity position is reduced by encumbered securities (constituting collateral, blocked) and increased by securities received as collateral in reverse-repo transactions.

Derivative exposures and potential collateral calls

Financial Institutions (FI) with which the Bank concludes derivative transactions have signed collateral agreements (VMCSA - Variation Margin Credit Support Annex) which are an annex to the ISDA agreement. Some counterparties outside the FI may have regular CSA contracts, but as a rule they are not required to have them. In this case, the decision regarding the CSA is each time an element of the credit decision.

They regulate the issues of securing the portfolio of derivative transactions. They give the right to demand a security deposit to the party whose portfolio valuation for a given day is positive (the party's portfolio is in-the-money) and the right to demand the release of the collateral in the event of a change in this valuation.

As part of the collateral strategy for each CSA counterparty, a portfolio of transactions is valued daily against the maturity of the collateral.

The tables below present detailed quantitative information on liquidity required by Article 451a of Regulation 2019/876 and in accordance with following templates shown in the Commission Implementing Regulation (UE) 2021/637):

- Template EU LIQ1 - Quantitative information of LCR,
- Template EU LIQ2: Net Stable Funding Ratio.

Template EU LIQ1 - Quantitative information of LCR									
		Total unweighted value (average)				Total weighted value (average)			
		as at 30 Jun 2021	as at 31 Mar 2021	as at 31 Dec2020	as at 30 Sep 2020	as at 30 Jun 2021	as at 31 Mar 2021	as at 31 Dec2020	as at 30 Sep 2020
EU 1a									
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					49,871.7	52,701.4	47,405.8	41,849.4
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	125,604.5	134,002.5	128,598.8	122,671.7	9,980.8	10,658.3	10,218.8	9,701.6
3	Stable deposits	79,503.9	84,607.3	81,174.4	77,809.4	3,975.2	4,230.4	4,058.7	3,890.5
4	Less stable deposits	46,088.7	49,376.6	47,407.1	44,850.0	6,005.6	6,427.9	6,160.1	5,811.1
5	Unsecured wholesale funding	17,538.9	18,658.3	18,111.9	17,815.7	10,123.0	10,604.2	10,047.7	9,729.4
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Non-operational deposits (all counterparties)	17,457.6	18,581.2	18,111.9	17,815.7	10,041.7	10,527.1	10,047.7	9,729.4
8	Unsecured debt	81.3	77.2	0.0	0.0	81.3	77.2	0.0	0.0
9	Secured wholesale funding					0.0	0.0	0.0	0.0
10	Additional requirements	17,993.5	21,408.4	23,167.7	24,155.7	2,812.9	3,290.9	3,384.8	3,373.3
11	Outflows related to derivative exposures and other collateral requirements	1,321.0	1,493.3	1,403.1	1,264.1	1,321.0	1,493.3	1,403.1	1,264.1
12	Outflows related to loss of funding on debt products	0.4	0.4	0.7	0.7	0.4	0.4	0.7	0.7
13	Credit and liquidity facilities	16,672.1	19,914.6	21,764.0	22,890.9	1,491.5	1,797.1	1,981.1	2,108.5
14	Other contractual funding obligations	3,698.9	3,543.2	4,305.9	5,046.2	3,421.1	3,257.3	4,044.8	4,806.6
15	Other contingent funding obligations	22,820.4	21,559.6	17,820.4	15,263.9	6.5	3.3	0.0	0.0
16	TOTAL CASH OUTFLOWS					26,344.3	27,813.9	27,696.2	27,610.8
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	141.8	131.8	251.9	265.7	0.0	0.0	1.1	1.6
18	Inflows from fully performing exposures	2,399.8	2,568.8	2,637.5	2,687.0	1,109.7	1,131.1	1,100.7	1,074.2
19	Other cash inflows	1,553.4	1,615.0	1,801.6	1,812.4	1,553.4	1,615.0	1,801.6	1,812.4
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies))					0.0	0.0	0.0	0.0
EU-19b	(Excess inflows from a related specialised credit institution))					0.0	0.0	0.0	0.0
20	TOTAL CASH INFLOWS	4,095.0	4,315.6	4,691.0	4,765.1	2,663.0	2,746.2	2,903.4	2,888.2
EU-20a	Fully exempt inflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-20b	Inflows subject to 90% cap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-20c	Inflows subject to 75% cap	4,095.0	4,315.6	4,691.0	4,765.1	2,663.0	2,746.2	2,903.4	2,888.2
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					49,871.7	52,701.4	47,405.8	41,849.4
22	TOTAL NET CASH OUTFLOWS					23,681.2	25,067.7	24,792.8	24,722.6
23	LIQUIDITY COVERAGE RATIO					1.93	2.10	1.91	1.69

In the analysed period specified in table EU LIQ1, the Bank doesn't identify any currency mismatch in the liquidity coverage ratio.

Template EU LIQ2: Net Stable Funding Ratio						
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items		15,629.6	172,261.2	1,606.8	5,574.3	163,001.7
1	Capital items and instruments	15,385.6	0.0	0.0	2,213.6	17,599.3
2	Own funds	15,385.6	0.0	0.0	2,213.6	17,599.3
3	Other capital instruments		0.0	0.0	0.0	0.0
4	Retail deposits		143,809.9	289.0	40.4	134,343.0
5	Stable deposits		92,164.9	105.5	19.3	87,676.3
6	Less stable deposits		51,645.0	183.5	21.1	46,666.7
7	Wholesale funding:		23,001.1	715.6	2,496.6	9,934.6
8	Operational deposits		0.0	0.0	0.0	0.0
9	Other wholesale funding		23,001.1	715.6	2,496.6	9,934.6
10	Interdependent liabilities		0.0	0.0	0.0	0.0
11	Other liabilities:	244.0	5,450.2	602.2	823.7	1,124.8
12	NSFR derivative liabilities	244.0				
13	All other liabilities and capital instruments not included in the above categories		5,450.2	602.2	823.7	1,124.8
14	Total available stable funding (ASF)					163,001.7
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,697.1
EU-15a	Assets encumbered for more than 12m in cover pool		11.7	11.3	417.0	374.0
16	Deposits held at other financial institutions for operational purposes		0.0	0.0	0.0	0.0
17	Performing loans and securities:		25,239.5	10,628.2	94,711.7	90,246.5
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0.0	0.0	0.0	0.0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,322.8	597.9	1,538.8	1,970.1
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		19,409.2	6,433.9	40,047.1	46,654.0
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		236.5	99.7	1,537.6	1,167.6
22	Performing residential mortgages, of which:		1,424.4	1,154.4	49,982.4	36,980.5
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		842.4	848.4	33,969.7	22,925.7
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		3,083.1	2,442.0	3,143.4	4,641.9
25	Interdependent assets		0.0	0.0	0.0	0.0
26	Other assets:	0.0	5,488.7	482.0	4,430.1	6,524.3
27	Physical traded commodities				0.0	0.0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0.0	0.0	1,384.7	1,177.0
29	NSFR derivative assets		577.8	0.0	0.0	577.8
30	NSFR derivative liabilities before deduction of variation margin posted		241.1	0.0	0.0	12.1
31	All other assets not included in the above categories		4,669.8	482.0	3,045.4	4,757.4
32	Off-balance sheet items		7,447.6	4,615.0	16,052.8	1,460.4
33	Total RSF					100,302.3
34	Net Stable Funding Ratio (%)					1.6251

From reporting for 30 June 2021, the legal basis for calculation of Net Stable Funding ratio (NSFR) has changed. The calculation of NSFR was based on provisions of Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to

collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

The comparison of intra-periodic changes concerns the NSFR report for 30 June 2021 and the survey prepared for 31 March 2021 according to the new guidelines.

The decrease in the ratio in June compared to March (by 3.25 p.p.) was determined by an increase in items requiring stable financing, mainly credit receivables (3,473 million), with a simultaneous lower increase in items ensuring stable financing, mainly for retail deposits (2,497 million).

6. Quantitative information on credit risk

6.1. Credit risk adjustments

For the accounting and regulatory purposes, the Bank classifies the past due exposures as material financial exposures with the capital or interest default. Days past due are calculated from the due date of the earliest payment defined in the credit agreement with the client.

At each balance sheet date, the Bank assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired when there is evidence of impairment resulting from one or more events occurring after the initial recognition of the asset (loss event), and the loss event (or events) has an effect on the expected future cash flows arising from the financial asset or group of financial assets that can be reliably estimated.

A delay in the execution by the customer of any material credit obligations towards the Bank, the parent company or any of its subsidiaries exceeding 90 days is a default by the customer.

The definition of customer's default is consistent with the definition of impairment.

The exposure is considered to be in default and at the same time to be the impaired exposure if the following conditions are met:

- there is objective evidence of impairment or impairment indicator leading, in the Bank opinion, to default,
- the delay in payment is over 90 days and at the same time the amount of the arrears exceeds the absolute and relative materiality threshold.

From February 15, 2020, the Bank has been using the definition of default and the materiality thresholds for past due credit obligations in accordance with:

- Guidelines of the European Banking Authority (EBA) No. EBA/GL/2016/07 of January 18, 2017 on the application of the definition of default, as defined in art. 178 of Regulation (EU) No 575/2013,
- Regulation of the Minister of Finance, Investment and Development of 03/10/2019 on the materiality threshold of an overdue credit obligation (Journal of Laws 2019, 1960), referred to in Art. 178 sec. 2 lit. d) CRR), i.e. the absolute threshold of PLN 400 for retail credit exposures and PLN 2,000 for other credit exposures and the absolute threshold of 1% (regardless of the customer segment).

Credit exposure is assessed for impairment during defined periods in the monitoring process for performing and non-performing portfolios. In addition, the Bank monitors the client's debt repayment timeliness (both for performing and non-performing portfolios) with the use of available tools and reports, which results in early identification of the threat of objective evidences of impairment loss or impairment trigger occurrence in the future before its actual materialization. In case of impairment trigger identification on any of client's account, impairment is calculated for the whole credit exposure of the client. Identification of objective evidence of impairment does not require further expert judgment, the debtor / credit exposure is considered as being in default

without further analysis. Default indicators require individual expert assessment and a decision as to whether the classification to default is justified.

The tables below present detailed quantitative information on credit risk adjustments, in accordance with the requirements of Art. 442 of Regulation 2019/876 and the Commission Implementing Regulation (UE) 2021/637):

- Template EU CR1: Performing and non-performing exposures and related provisions,
- Template EU CR1-A: Maturity of exposures,
- Template EU CR2: Changes in the stock of non-performing loans and advances,
- Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry,
- Template EU CQ7: Collateral obtained by taking possession and execution processes.

ING Bank Śląski S.A. Group

 Qualitative and quantitative disclosures relating to capital adequacy
 published for the period of 6 months ending on 30 June 2021

(PLN million)

Template EU CR1: Performing and non-performing exposures and related provisions																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2					
005	Cash balances at central banks and other demand deposits	324.8	324.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
010	Loans and advances	130,852.3	122,503.9	8,257.7	3,843.6	8.9	3,830.6	-671.4	-298.0	-373.4	-2,336.8	-2.2	-2,334.6	0.0	85,147.5	688.6
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	1,637.4	1,598.4	1.7	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	14.7	0.0
040	Credit institutions	543.1	543.1	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	300.3	0.0
050	Other financial corporations	5,192.1	5,092.6	99.5	0.0	0.0	0.0	-13.8	-9.2	-4.6	0.0	0.0	0.0	0.0	659.2	0.0
060	Non-financial corporations	52,225.5	47,234.0	4,958.6	2,187.1	0.9	2,182.1	-255.0	-131.4	-123.6	-1,271.8	-0.2	-1,271.5	0.0	36,001.6	386.3
070	Of which SMEs	33,052.8	29,535.8	3,484.2	1,738.5	0.9	1,733.5	-203.0	-104.2	-98.8	-1,058.3	-0.2	-1,058.1	0.0	26,662.6	362.4
080	Households	71,254.2	68,035.8	3,197.9	1,656.5	8.0	1,648.5	-402.2	-157.0	-245.2	-1,065.1	-2.0	-1,063.1	0.0	48,171.7	302.3
090	Debt securities	59,651.5	59,647.5	4.0	0.0	0.0	0.0	-10.0	-9.9	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
100	Central banks	33.0	33.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	General governments	45,560.4	45,560.4	0.0	0.0	0.0	0.0	-8.2	-8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	9,076.4	9,076.4	0.0	0.0	0.0	0.0	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	4,977.7	4,977.7	0.0	0.0	0.0	0.0	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	4.0	0.0	4.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
150	Off-balance-sheet exposures	45,579.6	43,806.4	1,773.2	106.7	0.0	106.7	-54.9	-33.2	-21.7	-21.9	0.0	-21.9	0.0	876.0	0.3
160	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0
170	General governments	472.5	471.6	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0
180	Credit institutions	1,459.0	1,459.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0
190	Other financial corporations	2,039.6	2,036.1	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.1	0.0
200	Non-financial corporations	33,436.4	31,823.7	1,612.7	98.0	0.0	98.0	-41.9	-27.1	-14.8	-17.0	0.0	-17.0		813.1	0.1
210	Households	8,172.1	8,016.0	156.1	8.7	0.0	8.7	-13.0	-6.1	-6.9	-4.9	0.0	-4.9		62.8	0.2
220	Total	236,408.2	226,282.6	10,034.9	3,950.3	8.9	3,937.3	-736.3	-341.1	-395.2	-2,358.7	-2.2	-2,356.5	0.0	86,023.5	688.9

Template EU CR1-A: Maturity of exposures							
	a	b	c	d	e	f	
	Net exposure value						
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total	
1	Loans and advances	11,424.4	14,575.5	30,768.0	72,969.0	1,950.8	131,687.7
2	Debt securities	0.0	6,700.2	28,913.9	24,027.4	0.0	59,641.5
3	Total	11,424.4	21,275.7	59,681.9	96,996.4	1,950.8	191,329.2

Template EU CR2: Changes in the stock of non-performing loans and advances		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	4,170.0
020	Inflows to non-performing portfolios	641.8
030	Outflows from non-performing portfolios	-216.1
040	Outflows due to write-offs	-315.9
050	Outflow due to other situations	-436.2
060	Final stock of non-performing loans and advances	3,843.6

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry							
	a	b	c	d	e	f	
	Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment		
010	Agriculture, forestry and fishing	1,090.8	59.7	59.7	1,061.1	-29.1	0.0
020	Mining and quarrying	242.5	5.3	5.3	242.5	-6.1	0.0
030	Manufacturing	17,010.6	531.5	531.5	17,010.6	-344.5	0.0
040	Electricity, gas, steam and air conditioning supply	1,640.8	124.0	124.0	1,640.8	-111.9	0.0
050	Water supply	619.5	22.0	22.0	619.5	-18.5	0.0
060	Construction	3,576.3	195.5	195.5	3,569.6	-140.1	0.0
070	Wholesale and retail trade	11,366.7	511.6	511.6	11,366.7	-390.4	0.0
080	Transport and storage	3,288.2	83.6	83.6	3,288.2	-54.9	0.0
090	Accommodation and food service activities	357.4	11.3	11.3	357.4	-13.6	0.0
100	Information and communication	2,326.2	133.2	133.2	2,326.2	-104.6	0.0
110	Financial and insurance activities	243.5	8.1	8.1	243.5	-9.1	0.0
120	Real estate activities	5,882.0	357.2	357.2	5,882.0	-158.1	0.0
130	Professional, scientific and technical activities	3,304.2	93.6	93.6	3,304.2	-70.7	0.0
140	Administrative and support service activities	1,897.4	29.7	29.7	1,897.4	-30.2	0.0
150	Public administration and defense, compulsory social security	4.8	0.0	0.0	4.8	0.0	0.0
160	Education	29.6	1.9	1.9	29.6	-1.8	0.0
170	Human health services and social work activities	309.2	2.7	2.7	309.2	-3.7	0.0
180	Arts, entertainment and recreation	104.8	13.1	13.1	104.8	-12.0	0.0
190	Other services	1,118.1	3.1	3.1	1,112.7	-27.5	0.0
200	Total	54,412.6	2,187.1	2,187.1	54,370.8	-1,526.8	0.0

Template EU CQ7: Collateral obtained by taking possession and execution processes		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	0.0	0.0
020	Other than PP&E	0.0	0.0
030	<i>Residential immovable property</i>	0.0	0.0
040	<i>Commercial Immovable property</i>	0.0	0.0
050	<i>Movable property (auto, shipping, etc.)</i>	0.0	0.0
060	<i>Equity and debt instruments</i>	0.0	0.0
070	<i>Other collateral</i>	0.0	0.0
080	Total	0.0	0.0

Ratio between the gross carrying amount of loans and advances classified as non-performing exposition and the total gross carrying amount of loans and advances in the Group is lower than 5 %, therefore the Group does not disclose the information required in templates EU CR2a- Changes in the stock of non-performing loans and advances and related net accumulated recoveries, EU CQ2- Quality of forbearance, EU CQ6- Collateral valuation - loans and advances and EU CQ8- Collateral obtained by taking possession and execution processes - vintage breakdown.

The Group does not disclose also the information required by template EU CQ4: Quality of non-performing exposures by geography because of the Group's primary foreign exposures in all "external" countries in all exposure categories are less than 10% of the Group's total primary exposure (domestic and foreign).

6.2. Use of credit risk mitigation techniques

Collateral is an essential tool for limiting credit risk, however it may not replace a financed entity's creditworthiness which is the determinant of credit exposure award.

The collateral in place has the following functions:

- financial:
 - it should limit the credit exposure losses when credit risk materialises i.e. when the debtor has discontinued to satisfy the contractual obligations, and
 - if it meets the conditions set out in the Bank's regulations on collateral it may be taken into account when assessing capital requirements for credit risk and collective provisions for impairment of assets in a credit portfolio. The recovery rates assigned to individual categories of collateral have been determined on the basis appropriate of the LGD model,
- non-financial:
 - it strengthens the control authority of the Group as the creditor by limiting the collateral provider's ability to dispose of the assets pledged to the Group, and
 - it strengthens the Bank's and subsidiaries' position in negotiations with the debtor (client), the debtor's other creditors and the collateral provider.

The Group applies the following credit risk mitigation techniques:

- funded credit protection linked to tangible collateral, and
- unfunded credit protection linked to personal collateral items.

Reduction of the Group's credit risk under credit exposure if the debtor defaults on the obligations, is insolvent, goes bankrupt or in the situation of another breach of the loan agreement, general terms and conditions and/or collateral agreement, in the case of:

- funded credit protection - stems from the Bank's and subsidiaries' right to liquidate, transfer, acquire or retain particular assets, or
- unfunded credit protection - stems from a third party's obligation to pay a specified amount of money.

In the collateral selection process, the Group seeks to optimise the catalogue of collateral for a given exposure by means of:

- first choosing the collateral with the highest recovery rate and less costly monitoring,
- diversifying the types of collateral for a specific credit exposure,
- avoiding securing the same credit exposure with collateral items which are correlated in such a way that deterioration in the quality of one collateral item results in deterioration in the quality of another collateral item.

The tables below present detailed quantitative information regarding the use of credit risk mitigation techniques in accordance with the requirements of Art. 453 of Regulation 2019/876 and the Commission Implementing Regulation (UE) 2021/637):

- Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques,
- Template EU CR4 – standardised approach – Credit risk exposure and CRM effects,
- Template EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques,
- Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques.

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques						
		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral		Of which secured by financial guarantees	
					Of which secured by credit derivatives	
1	Loans and advances	45,387.2	86,300.5	79,623.5	6,677.0	0.0
2	Debt securities	59,641.5	0.0	0.0	0.0	
3	Total	105,028.7	86,300.5	79,623.5	6,677.0	0.0
4	Of which non-performing exposures	829.7	677.1	593.2	78.8	0.0
EU-5	Of which defaulted	829.7	677.1			

Template EU CR4 – standardised approach – Credit risk exposure and CRM effects											
Exposure classes	a		b		c		d		e		f
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density						
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density	RWAs	RWAs density (%)			
1	Central governments or central banks	50,626.8	0.0	50,791.9	139.1	960.1	1.89				
2	Regional government or local authorities	3,192.9	445.8	3,192.9	202.9	679.2	20.00				
3	Public sector entities	4.8	0.2	4.8	0.1	2.4	50.00				
4	Multilateral development banks	6,755.5	0.0	7,167.5	0.0	0.0	0.00				
5	International organisations	0.0	0.0	0.0	0.0	0.0	0.00				
6	Institutions	0.6	0.0	0.6	0.0	3.1	499.96				
7	Corporates	5,875.7	4,542.1	5,851.4	136.6	5,718.1	95.49				
8	Retail	29,201.8	6,597.7	29,128.3	2,876.3	22,869.2	71.46				
9	Secured by mortgages on immovable property	37,211.1	98.5	37,209.9	48.8	13,775.3	36.97				
10	Exposures in default	485.3	3.0	482.3	1.1	532.7	110.20				
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	0.00				
12	Covered bonds	0.0	0.0	0.0	0.0	0.0	0.00				
13	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.00				
14	Collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.00				
15	Equity	0.0	0.0	0.0	0.0	0.0	0.00				
16	Other items	2,950.1	0.0	2,950.1	0.0	2,951.2	100.04				
17	TOTAL	136,304.6	11,687.3	136,779.7	3,404.9	47,491.3	33.88				

Template EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques			
		a	b
		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
1	Exposures under F-IRB	-	-
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates	-	-
4.1	of which SMEs	-	-
4.2	of which Specialised lending	-	-
5	Exposures under A-IRB	33,395.6	33,395.6
6	Central governments and central banks	0.0	0.0
7	Institutions	1,070.2	1,070.2
8	Corporates	32,325.4	32,325.4
8.1	of Corporates - which SMEs	6,307.0	6,307.0
8.2	of which Corporates - Specialised lending	4,052.3	4,052.3
9	Retail	0.0	0.0
9.1	of which Retail – SMEs - Secured by immovable property collateral	0.0	0.0
9.2	of which Retail – non-SMEs - Secured by immovable property collateral	0.0	0.0
9.3	of which Retail – Qualifying revolving	0.0	0.0
9.4	of which Retail – SMEs - Other	0.0	0.0
9.5	of which Retail – Non-SMEs - Other	0.0	0.0
10	TOTAL (including F-IRB exposures and A-IRB exposures)	33,395.6	33,395.6

Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	
A-IRB	Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs			
		Funded credit Protection (FCP)							Unfunded credit Protection (UFCP)			RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)		
		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)			Part of exposures covered by Credit Derivatives (%)	
1	Central governments and central banks	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	
2	Institutions	5,055.7	0.72	8.95	0.00	8.95	0.00	0.00	0.00	0.00	0.00	5.95	0.00	1,070.2	1,070.2
3	Corporates	65,380.0	0.93	90.73	60.22	0.84	29.67	0.00	0.00	0.00	0.00	8.93	0.00	32,325.4	32,325.4
3.1	Of which Corporates – SMEs	17,528.3	1.16	100.00	61.88	0.92	41.39	0.00	0.00	0.00	0.00	13.87	0.00	6,307.0	6,307.0
3.2	Of which Corporates – Specialised lending	9,701.7	0.45	100.00	100.00	0.01	0.12	0.00	0.00	0.00	0.00	0.97	0.00	4,052.3	4,052.3
3.3	Of which Corporates – Other	38,150.0	0.94	69.48	36.66	1.01	31.81	0.00	0.00	0.00	0.00	8.69	0.00	21,966.1	21,966.1
4	Retail	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
4.1	Of which Retail – Immovable property SMEs	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
4.2	Of which Retail – Immovable property non-SMEs	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
4.3	Of which Retail – Qualifying revolving	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
4.4	Of which Retail – Other SMEs	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
4.5	Of which Retail – Other non-SMEs	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0
5	Total	70,435.7	0.91	84.86	55.89	1.42	27.54	0.00	0.00	0.00	0.00	8.72	0.00	33,395.6	33,395.6

6.3. Exposure to the counterparty credit risk

Counterparty credit risk is the risk of a counterparty defaulting on a transaction before the cash flows associated with that transaction are finally settled.

Counterparty credit risk exposure relates to exposures from derivatives, repo transactions, securities or commodities lending or borrowing transactions, transactions with long settlement dates and transactions with the obligation to supplement the credit collateral.

At the first half of 2021, the Group had derivative instruments and repo transactions, but there were no securities or commodities lending or borrowing transactions, transactions with long settlement dates and transactions with the obligation to supplement credit collateral.

The Group presents its exposure to counterparty credit risk mainly due to hedging derivatives, derivative instruments resulting from contracts concluded with customers and repo transactions.

In reporting for the first half of 2021, the Group included the change in the calculation method from the market valuation method to the standard method in accordance with Regulation 2019/876.

The tables below present detailed quantitative information on counterparty credit risk exposure in accordance with the requirements of Art. 439 and Art. 452 of Regulation 2019/876 and the Commission Implementing Regulation (UE) 2021/637):

- Template EU CCR1 - Analysis of CCR exposure by approach,
- Template EU CCR2 - Transactions subject to own funds requirements for CVA risk,
- Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale.

Template EU CCR1 - Analysis of CCR exposure by approach

	a	b	c	d	e	f	g	h
	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1 EU - Original Exposure Method (for derivatives)	0.0	0.0		1.4	0.0	0.0	0.0	0.0
EU-2 EU - Simplified SA-CCR (for derivatives)	0.0	0.0		1.4	0.0	0.0	0.0	0.0
1 SA-CCR (for derivatives)	285.8	471.7		1.4	1,060.8	1,060.8	1,060.8	654.3
2 IMM (for derivatives and SFTs)			0.0	0.0	0.0	0.0	0.0	0.0
2a <i>Of which securities financing transactions netting sets</i>			0.0		0.0	0.0	0.0	0.0
2b <i>Of which derivatives and long settlement transactions netting sets</i>			0.0		0.0	0.0	0.0	0.0
2c <i>Of which from contractual cross-product netting sets</i>			0.0		0.0	0.0	0.0	0.0
3 Financial collateral simple method (for SFTs)					0.0	0.0	0.0	0.0
4 Financial collateral comprehensive method (for SFTs)					45.1	45.1	45.1	5.0
5 VaR for SFTs					0.0	0.0	0.0	0.0
6 Total					1,105.9	1,105.9	1,105.9	659.3

Template EU CCR2 - Transactions subject to own funds requirements for CVA risk

	a	b
	Exposure value	RWEA
1 Total transactions subject to the Advanced method	0.0	0.0
2 (i) VaR component (including the 3× multiplier)		0.0
3 (ii) stressed VaR component (including the 3× multiplier)		0.0
4 Transactions subject to the Standardised method	505.1	109.3
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0.0	0.0
5 Total transactions subject to own funds requirements for CVA risk	505.1	109.3

Template EU CCR4 – IRB approach - CCR exposures by exposure class and PD scale

	a	b	c	d	e	f	g	
PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts	
Institutions	0.00 to <0.15	494.5	0.08	34	36.82	1.1	91.0	18.40%
	od 0.15 to <0.25	13.7	0.21	6	40.43	2.2	7.4	54.32%
	od 0.25 to <0.50	16.0	0.38	12	42.81	2.9	14.4	89.76%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	52.1	0.96	17	56.29	1.1	60.1	115.52%
	od 2.50 to <10.00	1.9	5.79	10	38.13	1.2	2.9	150.63%
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	578.2	0.19	79	38.83	1.2	175.8	30.41%
Corporates Specialised lending	0.00 to <0.15	3.1	0.14	3	91.37	4.2	3.4	108.05%
	od 0.15 to <0.25	9.6	0.21	3	91.37	2.8	10.0	104.47%
	od 0.25 to <0.50	126.6	0.40	46	79.79	3.4	171.1	135.23%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	28.6	0.93	14	81.62	3.1	52.3	182.52%
	od 2.50 to <10.00	2.1	4.39	1	54.50	1.9	3.8	181.41%
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	170.0	0.52	67	80.65	3.3	240.6	141.54%
Corporates SME	0.00 to <0.15	-	-	-	-	-	-	-
	od 0.15 to <0.25	1.6	0.17	10	48.60	1.4	0.4	26.66%
	od 0.25 to <0.50	1.6	0.37	16	48.60	1.0	0.6	37.01%
	od 0.50 to <0.75	8.5	0.59	35	48.60	1.1	4.1	49.36%
	od 0.75 to <2.50	2.0	1.39	43	48.60	1.7	1.6	77.88%
	od 2.50 to <10.00	2.8	5.28	22	48.60	1.9	3.5	123.42%
	od 10.00 to <100.00	0.2	24.28	2	48.60	1.0	0.4	219.50%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	16.7	1.66	128	48.60	1.3	10.6	63.69%
Corporates Other	0.00 to <0.15	28.8	0.10	2	58.58	2.4	11.7	40.49%
	od 0.15 to <0.25	57.4	0.16	24	57.51	1.5	23.7	41.36%
	od 0.25 to <0.50	191.9	0.38	47	56.34	1.1	117.7	61.29%
	od 0.50 to <0.75	7.5	0.59	22	48.60	1.6	6.3	83.51%
	od 0.75 to <2.50	28.3	1.23	49	56.19	2.1	35.7	126.16%
	od 2.50 to <10.00	18.9	3.08	23	55.99	1.0	28.4	150.77%
	od 10.00 to <100.00	1.8	25.18	7	48.60	1.0	5.5	306.70%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	334.6	0.68	174	56.49	1.3	229.0	68.43%
Total (all portfolios)	1,099.5	0.41	448	50.82	1.5	656.0	59.67%	

6.4. Quantitative information on forborene exposures

The Group provides supports to its clients at each stage of financing. The Bank and subsidiaries offer products suited to their needs; should delays occur in repayment, the Group propose flexible repayment schedules. In case of more serious problems in repayment, the Group may offer to restructure the debt. Then, jointly with the client, the Bank or subsidiaries set the best form of support or a settlement.

The main objective of the actions taken in the portfolio in Stage 3 is to mitigate the risk of losses to the Group or the volume of such losses.

Forbearance occurs when the Group determines that the client is not able to comply with their financial obligations due to financial difficulties (identified or expected within a short time) and decides to grant forbearance.

Forbearance is identified if all of the following conditions are satisfied:

- problems have been identified with the repayment of financial obligations by the client or the Group anticipate such difficulties in the near future,
- The Bank or subsidiaries has decided to grant forbearance to the client with difficulties in order to facilitate repayment by the borrower or to prevent the occurrence of such difficulties in repayment,
- forbearance is not provided under commercial reasons and is granted under terms and conditions deviating from market conditions,
- the client has accepted forbearance, i.e. the existing terms and conditions of the agreement have been amended, a refinancing agreement has been concluded or an embedded forbearance clause has come into effect, or the Bank or subsidiaries has waived undertaking actions in a situation of a material default by the client on a key financial clause.

The table below presents detailed quantitative information on restructured exposures required by Article 442 of Regulation 2019/876, in accordance with requirements of the Commission Implementing Regulation (UE) 2021/637).

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Template EU CQ1: Credit quality of forborne exposures		a	b	c	d	e		f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures			
			Of which defaulted	Of which impaired						
005	Cash balances at central banks and other demand deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
010	Loans and advances	1,582.1	1,678.2	1,678.2	1,678.2	-48.7	-627.5	1,277.8		422.7
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
040	Credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
060	Non-financial corporations	1,396.2	1,035.6	1,035.6	1,035.6	-37.5	-299.8	1,013.8		237.9
070	Households	185.9	642.6	642.6	642.6	-11.2	-327.7	264.0		184.8
080	Debt Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
090	Loan commitments given	257.5	8.7	8.7	8.7	-2.0	-1.1	13.2		0.0
100	Total	1,839.6	1,686.9	1,686.9	1,686.9	-50.7	-628.6	1,291.0		422.7

6.5. Information on exposures subject to measures applied in response to the COVID-19 crisis

In connection with the Covid-19 pandemic, in 2020 the Group made the following assistance tools available to its clients:

- non-statutory moratorium, i.e. tools resulting from the banks' position regarding the unification of the rules for offering support tools for banking sector clients (non-statutory moratorium within the meaning of the guidelines of the European Banking Authority - EBA),
- the so-called statutory moratorium, i.e. support under the anti-crisis shield.

The introduced moratorium significantly improved the financial condition of borrowers. Non-statutory moratorium meeting the EBA guidelines were classified to Stage 1, the remaining, depending on individual assessment, to Stage 2 or 3. Statutory moratorium, due to the identified loss of the main source of income, were classified to Stage 3. In the corporate segment, due to the lack of statutory moratorium, only non-statutory moratorium were available. Non-statutory moratorium meeting the EBA guidelines were classified under Stage 1.

In the first half of 2021, the Group continued to offer its retail clients the opportunity to take advantage of statutory moratorium. Corporate clients were offered the opportunity to take advantage of the renewed non-statutory moratorium only in Q1 2021, after in December 2020 the European Banking Authority (EBA) decided to reactivate the "Guidelines on statutory and non-statutory loan repayment moratoria applied in the face of the crisis caused by Covid-19".

The aid tools under the renewed non-statutory moratorium were intended for entrepreneurs from specific industries eligible for benefits from the PFR 2.0 Financial Shield. The aid tools consisted in deferring the repayments of principal or principal and interest instalments for a maximum period of 9 months, with the detailed solutions differing depending on the type of client (micro, small, medium or large entrepreneur) or type of product (loans, leasing, factoring, renewable products).

The tables below present detailed quantitative information on exposures subject to measures applied in response to the COVID-19 crisis in accordance with the requirements of Guidelines EBA/GL/2020/07:

- Template 1: Information on loans and advances subject to legislative and non-legislative moratoria,
- Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria, and
- Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis.

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount	
	Performing				Non performing			Performing				Non performing			Inflows to non-performing exposures	
	Of which: exposures with forbearance measure	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days				
1	Loans and advances subject to moratorium	41.7	10.2	4.4	3.0	31.5	31.5	0.0	-10.8	-0.1	-0.1	-0.1	-10.7	-10.7	0.0	26.6
2	of which: Households	27.9	0.3	0.1	0.1	27.6	27.6	0.0	-10.7	0.0	0.0	0.0	-10.7	-10.7	0.0	26.5
3	of which: Collateralised by residential immovable property	18.2	0.1	0.1	0.1	18.1	18.1	0.0	-5.5	0.0	0.0	0.0	-5.5	-5.5	0.0	17.7
4	of which: Non-financial corporations	13.8	9.9	4.3	2.9	3.9	3.9	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1
5	of which: Small and Medium-sized enterprises	7.5	5.6	0.0	0.0	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	of which: Collateralised by commercial immovable property	7.6	5.7	0.1	0.1	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria									
	a	b	c	d	e	f	g	h	i
	Gross carrying amount								
	Number of obligors		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				> 1 year
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	
1	Loans and advances for which moratorium was offered	45,110	7,881.5						
2	Loans and advances subject to moratorium (granted))	44,594	7,660.2	232.8	7,618.5	38.4	3.3	0.0	0.0
3	of which: Households		2,685.9	232.8	2,658.0	27.9	0.0	0.0	0.0
4	of which: Collateralised by residential immovable property		1,908.5	144.6	1,890.3	18.2	0.0	0.0	0.0
5	of which: Non-financial corporations		4,974.3	0.0	4,960.5	10.5	3.3	0.0	0.0
6	of which: Small and Medium-sized Enterprises		2,274.2	0.0	2,266.7	5.6	1.9	0.0	0.0
7	of which: Collateralised by commercial immovable property		3,000.5	0.0	2,992.9	5.7	1.9	0.0	0.0

Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis					
	a	b	c	d	
	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount	
		of which: forborne	Public guarantees received	Inflows to non-performing exposures	
1	Newly originated loans and advances subject to public guarantee schemes	5,404.0	33.7	4,564.2	27.2
2	of which: Households	650.8			2.5
3	of which: Collateralised by residential immovable property	51.5			0.0
4	of which: Non-financial corporations	4,753.2	32.7	4,026.3	24.7
5	of which: Small and Medium-sized Enterprises	4,753.2			24.7
6	of which: Collateralised by commercial immovable property	2,168.8			13.9

7. Impact of the implementation of IFRS 9 on capital adequacy

When calculating the capital ratios, the Group was using the transitional provisions concerning alleviation of the IFRS 9 implementation impact on own funds. If the IFRS 9 implementation impact had been recognised in full as at 30 June 2021, the total capital ratio would have arrived at 17.91% and the Tier 1 capital ratio at 15.48%.

IFRS 9/Article 468-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

		as at 30 Jun 2021	as at 31 Mar 2021	as at 31 Dec2020	as at 30 Sep 2020
Available capital (amounts)					
1	CET1 capital	14,874.4	14,951.7	14,912.9	13,952.9
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,622.4	14,701.6	14,596.8	13,583.0
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied*	14,874.4	14,951.7	14,912.9	13,952.9
3	Tier 1 capital	14,874.4	14,951.7	14,912.9	13,952.9
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,622.4	14,701.6	14,596.8	13,583.0
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	14,874.4	14,951.7	14,912.9	13,952.9
5	Total capital	17,088.0	17,268.4	17,220.3	16,216.3
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,920.9	17,104.4	16,995.9	15,979.9
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	17,088.0	17,268.4	17,220.3	16,216.3
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	94,513.9	91,836.1	88,211.1	86,997.5
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	94,482.1	91,803.4	88,167.8	86,942.5
Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.74%	16.28%	16.91%	16.04%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.48%	16.01%	16.56%	15.62%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	15.74%	16.28%	16.91%	16.04%
11	Tier 1 (as a percentage of risk exposure amount)	15.74%	16.28%	16.91%	16.04%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.48%	16.01%	16.56%	15.62%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	15.74%	16.28%	16.91%	16.04%
13	Total capital (as a percentage of risk exposure amount)	18.08%	18.80%	19.52%	18.64%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.91%	18.63%	19.28%	18.38%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	18.08%	18.80%	19.52%	18.64%
Leverage ratio					
15	Leverage ratio total exposure measure	213,338.8	212,199.5	203,974.6	203,627.1
16	Leverage ratio	6.97%	7.05%	7.31%	6.85%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.86%	6.94%	7.17%	6.68%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	6.97%	7.05%	7.31%	6.85%

* The Bank does not temporarily treat unrealized gains and losses measured at fair value through other comprehensive income, in line with Art. 468 of the CRR Regulation. Reported capital ratios including leverage ratio and Tier 1 capital already fully reflect the effect of unrealized gains and losses measured at fair value through other comprehensive income.

Statement

Based on Article 431 (3) of Regulation (EU) 575/2013 (Regulation CRR) Lead of Centre of Expertise Accounting Policy and Financial Reporting of ING Bank Śląski S.A. declares that:

- information contained in the disclosure document is adequate to the facts,
- information required by the provisions of part eight of the Regulation CRR was disclosed in accordance with the *“Policy of disclosing qualitative and quantitative information on capital adequacy and variable components of remuneration of ING Bank Śląski S.A.”* and internal procedures, systems and controls described in the above-mentioned Policy and the *“Instruction of verification of the Policy of disclosing qualitative and quantitative information on capital adequacy and variable components of remuneration of ING Bank Śląski S.A.”* and the principle of evaluating the scope of disclosures”.

Jolanta Alvarado Rodriguez
Lead of Centre of Expertise
Accounting Policy and Financial Reporting