

2020-03-20 report no. 14/2020: Update of information on MREL requirement for ING Bank Śląski S.A.

Further to current report no. 2/2020 of 5 February 2020, the Management Board of ING Bank Śląski S.A. (Bank) hereby communicate that on 18 March 2020 the Bank received a letter from the Banking Guarantee Fund (BGF) concerning the joint decision of the resolution authorities, i.e. the Single Resolution Board and BGF on the minimum requirement for own funds and eligible liabilities (MREL). The MREL was set on the basis of the Single Point of Entry (SPE) resolution strategy applicable to ING Group.

The MREL requirement, which for the Bank is set on the consolidated level, has remained unchanged. This means that it is set at 11.679% of the total liabilities and own funds (TLOF), which corresponds to 21.280% of the total risk exposure (TRE). The requirement should be reached by 31 December 2022.

Further, the BGF confirmed interim MREL goals on the consolidated level which for:

- TLOF are 9.003% as at 2020 yearend and 10.341% as at 2021 yearend, and
- TRE are 16.405% as at 2020 yearend and 18.842% as at 2021 yearend.

The MREL was set with the use of the consolidated balance-sheet data as at 31 December 2018 while the required capital buffers were applied at the level required as of 1 January 2019.

At the same time the Management Board of the Bank note that regulatory changes, including in particular:

- publication of Regulation of the Minister for Finance of 18 March 2020 repealing the regulation on the systemic risk buffer (which lowered the systemic risk buffer from 3% to 0%),
- current legislative process towards the transposition of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the so-called BRRD2) to Polish law,

may impact the abovementioned MREL levels for the Bank in the future.

Legal grounds: Article 17. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR).