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 2024

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Introduction

Pursuant to the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (Regulation CRR) and the Banking Law Act of 29 August 1997 (Journal of Laws of 2023, item 2488), 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 2024. 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, retained earnings and own shares repurchased for the purposes of the employee incentive scheme. 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 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.

Own shares for the purposes of the incentive program include own shares purchased to fulfill the obligations arising from the incentive program, variable remuneration components.

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.

As at 30 June 2024 in the own funds of the Group was recognized net profit in the amount of PLN 1,110.4 million for the period from 1 January 2023 to 31 December 2023, after deducting the expected charges and dividend, based on General Shareholders' Meeting of 11 April 2024.

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 Regulation CRR),
- 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 Regulation CRR),
- value adjustment due to the requirements for prudent valuation (accordance with Regulation CRR),
- adjustment in the transitional period due to adaptation to IFRS 9 requirements (accordance with Regulation CRR),
- 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 1),
- adjustment for insufficient coverage of non-performing exposures (accordance with Regulation CRR),
- deferred tax assets that rely on future profitability excluding those arising from temporary differences (accordance with Regulation CRR).

In the process of calculating consolidated own funds and requirements for consolidated own funds as at 30 June 2024, the Group included the subsidiaries subject to prudential consolidation in accordance with the rules of the Regulation CRR. 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 Regulatory 2019/876 and according to the template presented in the Commission Implementing Regulation (UE) 2021/637.

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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 2024	as at 30 Jun 2024	
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	3,163.7	3,163.7	
2	Loans and other receivables to other banks	19,820.1	19,820.1	
3	Financial assets measured at fair value through profit or loss	1,315.9	1,315.9	
4	Derivative hedge instruments	102.5	102.5	
5	Investment securities	58,930.7	58,930.7	
6	Transferred assets	1,996.0	1,996.0	
7	Loans and other receivables to customers measured at amortised cost	161,384.8	161,384.8	
8	Investments in associates accounted for using the equity method	196.2	234.9	
9	Property, plant and equipment	1,014.8	1,014.5	
10	Intangible assets	495.5	481.4	(a)
11	Current income tax assets	2.3	2.3	
12	Deferred tax assets	684.4	686.1	(c)
13	Other assets	171.6	167.9	
14	**Total assets**	**249,278.5**	**249,300.8**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Liabilities to other banks	13,877.0	13,877.0	
2	Financial liabilities measured at fair value through profit or loss	974.6	974.6	
3	Derivative hedge instruments	148.7	148.7	
4	Liabilities to customers	213,541.5	213,566.9	
5	Liabilities from debt securities issued	405.3	405.3	
6	Subordinated liabilities	1,513.7	1,513.7	(b)
7	Provisions	644.9	644.9	
8	Current income tax liabilities	69.6	69.1	
9	Deferred tax liabilities	0.0	0.0	(c)
10	Other liabilities	3,929.6	3,927.0	
11	**Total liabilities**	**235,104.9**	**235,127.2**	
Shareholders' Equity				
1	Share capital	130.1	130.1	(d)
2	Share premium	956.3	956.3	(d)
3	Accumulated other comprehensive income	-5,274.3	-5,274.3	(e)
4	Retained earnings	18,372.8	18,372.8	(f)
5	Own shares	-11.3	-11.3	(g)
5	**Total shareholders' Equity**	**14,173.6**	**14,173.6**	

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.

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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 2024 was PLN 16,837.2 million,
- core capital Tier 2 which as at 30 June 2024 was PLN 1,451.9 million,

As at 30 June 2024, 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)
	of which: Ordinary shares	130.1	(d)
	of which: Agio	956.3	(d)
2	Retained earnings	81.6	(f)
3	Accumulated other comprehensive income (and other reserves)	9,843.7	(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**	**12,226.9**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-34.1	
8	Intangible assets (net of related tax liability) (negative amount)	-469.4	(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)	-1.3	(c)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	5,464.0	(e)
12	Negative amounts resulting from the calculation of expected loss amounts	-336.5	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-11.3	(g)
27a	Other regulatory adjustments	-1.1	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**4,610.3**	
29	**Common Equity Tier 1 (CET1) capital**	**16,837.2**	
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)**	**16,837.2**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	1,451.9	(b)
50	Credit risk adjustments	0.0	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,451.9**	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	0.0	
58	Tier 2 (T2) capital	1,451.9	
59	**Total capital (TC = T1 + T2)**	**18,289.1**	
60	**Total Risk exposure amount**	**118,603.4**	

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Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	14.20%	
62	Tier 1 capital	14.20%	
63	Total capital	15.42%	
64	Institution CET1 overall capital requirements	7.51%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.0082%	
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	0.00%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.42%	
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)	689.0	(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	321.4	

2. Regulatory capital requirements calculation

The Group is required to maintain Tier 1 and TCR ratios at least at the level of 9.32% and 11.32% 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 (Regulation 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 5 August 2015 in the total amount of 3.01% and increased by the capital add-on recommended under Pillar II (the so-called P2G) in the amount of 0.31%.

The capital requirement for credit risk represents approx. 86% of the Group's overall capital requirement and has the greatest impact on capital adequacy calculation.

The Group reports capital requirement for credit risk under the AIRB approach for exposure classes: institutions and corporates. The Group applies such presentation method pursuant to the letter of De Nederlandsche Bank (DNB) of 4 July 2013, wherein DNB together with the Polish Financial Supervision Authority approved application of the full AIRB approach by the Bank for exposure classes: corporates and institutions for the Bank and its subsidiary ING Lease Sp. z o.o.

In case of retail exposures, the Group introduced the so-called roll-out plan of implementation of AIRB method. Due to conducted works by ING Group 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. The schedule for implementing the IRB method for the retail portfolio was agreed with the European Central Bank and the Polish Financial Supervision Authority.

The Group's 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. Moreover, ING Commercial Finance Polska S.A. uses synthetic securitisation for the non-recourse factoring transaction portfolio, for which the Group calculates capital requirements using the standardised method (SEC SA).

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 CVA capital requirement is calculated under the standard method in accordance with Article 384 of Regulation CRR.

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To calculate the capital requirement for risk of contribution to fund the CCP in case of default, the Group uses method, described in Article 306-309 of Regulation CRR. London Clearing House (LCH), KDPW_CCP SA and EUREX are the eligible central counterparty for ING Bank Śląski S.A. Group.

The standard approach compliant with Regulation 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 2024	as at 31 Mar 2024	as at 30 Jun 2024
1	**Credit risk (excluding CCR)**	**100,729.4**	**94,893.0**	**8,058.3**
2	Of which the standardised approach	47,758.0	45,922.7	3,820.6
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	1,027.2	1,012.0	82.2
5	Of which the Advanced IRB (A-IRB) approach	51,716.4	47,750.2	4,137.3
6	**Counterparty credit risk - CCR**	**808.8**	**808.1**	**64.7**
7	Of which the standardised approach	585.1	592.3	46.8
8	Of which internal model method (IMM)	0.0	0.0	0.0
EU-8a	Of which exposures to a CCP	67.9	102.7	5.4
EU-8b	Of which credit valuation adjustment - CVA	155.5	112.9	12.4
9	Of which other CCR	0.3	0.2	0.0
15	**Settlement risk**	**0.0**	**0.0**	**0.0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**293.4**	**290.1**	**23.5**
17	Of which SEC-IRBA approach	0.0	0.0	0.0
18	Of which SEC-ERBA (including IAA)	0.0	50.0	0.0
19	Of which SEC-SA approach	293.4	240.1	23.5
EU-19a	Of which 1250%	0.0	0.0	0.0
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,295.3**	**1,828.0**	**103.6**
21	Of which the standardised approach	1,295.3	1,828.0	103.6
22	Of which IMA	0.0	0.0	0.0
EU-22a	**Large exposures**	**0.0**	**0.0**	**0.0**
23	**Operational risk**	**15,476.5**	**15,476.5**	**1,238.1**
EU-23a	Of which basic indicator approach	0.0	0.0	0.0
EU-23b	Of which standardised approach	15,476.5	15,476.5	1,238.1
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)**	**1,950.3**	**1,513.1**	**156.0**
29	**Total**	**118,603.4**	**113,295.7**	**9,488.2**

The exposures broken down into classes according to the IRB 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.

(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	51,879.5	0.0	0.0	2,910.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	677.2	0.0	0.0	0.0	**55,467.0**	55,467.0
2	Regional government or local authorities	0.0	0.0	0.0	0.0	3,022.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**3,022.1**	3,022.1
3	Public sector entities	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
4	Multilateral development banks	9,578.8	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	0.0	**9,578.8**	9,578.8
5	International organizations	2,077.3	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	**2,077.3**	2,077.3
6	Institutions	0.0	0.0	0.0	0.0	305.2	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**305.9**	305.9
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,619.2	0.0	0.0	0.0	0.0	0.0	**4,619.2**	4,619.2
8	Retail exposures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28,770.3	0.0	0.0	0.0	0.0	0.0	0.0	**28,770.3**	28,770.3
9	Exposures secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	47,653.1	92.4	0.0	12.3	332.3	52.1	0.0	0.0	0.0	0.0	**48,142.2**	48,142.2
10	Exposures in default	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	933.5	155.8	0.0	0.0	0.0	0.0	**1,089.3**	1,089.3
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	754.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,184.0	0.0	0.0	0.0	0.0	0.0	**2,938.5**	2,938.5
17	**Total**	64,290.1	0.0	0.0	2,910.3	3,327.3	47,653.1	93.1	0.0	28,782.6	8,069.0	207.9	677.2	0.0	0.0	0.0	156,010.6	156,010.6

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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
Institutions	0.00 to <0.15	6,648.6	3,129.1	0.2	7,360.3	0.10	255	33.91	1	1,502.0	20.41%	3.0	0.8
	0.00 to <0.10	4,166.3	2,231.9	0.2	4,601.2	0.08	83	34.03	1	874.1	19.00%	1.6	0.4
	0.10 to <0.15	2,482.3	897.2	0.3	2,759.1	0.14	172	33.70	1	627.9	22.76%	1.4	0.4
	0.15 to <0.25	269.8	102.4	0.2	294.2	0.21	52	36.49	1	81.5	27.69%	0.2	0.0
	0.25 to <0.50	872.3	208.9	0.2	912.0	0.37	43	16.03	2	530.9	58.21%	1.2	0.4
	0.50 to <0.75	0.0	0.1	1.0	0.1	0.55	3	38.13	5	0.2	119.45%	0.0	0.0
	0.75 to <2.50	24.9	159.2	0.2	63.6	0.88	31	24.56	1	49.2	77.30%	0.2	0.0
	0.75 to <1.75	24.9	152.2	0.2	62.9	0.86	25	24.40	1	48.4	76.89%	0.2	0.0
	1.75 to <2.5	0.0	7.0	0.1	0.7	2.37	6	38.13	1	0.8	113.77%	0.0	0.0
	2.50 to <10.00	0.4	11.1	0.1	1.5	4.77	11	41.44	1	2.1	140.92%	0.0	0.0
	2.5 to <5	0.4	10.1	0.1	1.4	4.52	10	41.68	1	1.9	138.61%	0.0	0.0
	5 to <10	0.0	1.0	0.1	0.1	8.35	1	38.13	1	0.2	173.17%	0.0	0.0
	10.00 to <100.00	1.0	2.3	0.4	1.9	17.08	50	4.08	2	4.0	209.61%	0.1	0.0
	10 to <20	0.9	2.3	0.4	1.8	16.17	49	2.09	2	3.8	205.99%	0.1	0.0
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30 to <100	0.1	0.0	0.0	0.1	38.50	1	50.63	1	0.2	294.54%	0.0	0.0
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**7,817.0**	**3,613.1**	**0.2**	**8,633.6**	**0.15**	**445**	**30.47**	**1**	**2,169.9**	**25.13%**	**4.7**	**1.2**
Corporates Specialised lending	0.00 to <0.15	1,267.4	62.7	1.0	1,330.0	0.12	51	12.88	3	131.0	9.85%	0.2	0.1
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	1,267.4	62.7	1.0	1,330.0	0.12	51	12.88	3	131.0	9.85%	0.2	0.1
	0.15 to <0.25	1,548.2	45.9	0.6	1,574.7	0.22	40	10.71	3	203.5	12.92%	0.4	0.1
	0.25 to <0.50	4,443.2	792.4	0.7	5,010.4	0.39	244	22.50	3	2,321.8	46.34%	4.3	3.7
	0.50 to <0.75	597.1	0.8	0.0	597.1	0.66	13	7.54	1	67.5	11.30%	0.3	0.1
	0.75 to <2.50	2,421.3	360.1	0.9	2,749.3	1.02	172	22.72	3	1,337.0	48.63%	6.3	3.6
	0.75 to <1.75	2,347.1	359.8	0.9	2,675.1	0.98	161	22.16	3	1,259.1	47.07%	5.5	3.1
	1.75 to <2.5	74.2	0.3	0.0	74.2	2.37	11	42.77	3	77.9	105.07%	0.8	0.5
	2.50 to <10.00	95.1	2.7	0.1	95.5	5.18	23	16.88	3	44.4	46.53%	0.9	0.6
	2.5 to <5	75.9	0.6	0.6	76.3	4.38	13	14.16	3	27.4	35.98%	0.5	0.1
	5 to <10	19.2	2.1	0.0	19.2	8.34	10	27.71	1	17.0	88.48%	0.4	0.5
	10.00 to <100.00	79.2	14.9	0.2	82.6	23.73	120	16.45	2	58.7	71.04%	3.5	1.7
	10 to <20	40.6	14.9	0.2	44.0	15.43	111	15.69	3	31.3	71.07%	1.1	0.8
	20 to <30	6.9	0.0	0.0	6.9	25.00	4	0.56	1	0.2	2.42%	0.0	0.0
	30 to <100	31.7	0.0	0.0	31.7	35.00	5	20.96	2	27.2	85.99%	2.4	0.9
	100.00 (Default)	387.3	0.2	1.0	387.5	100.00	10	46.23	1	254.2	65.60%	176.4	137.5
	Subtotal	**10,838.8**	**1,279.7**	**0.8**	**11,827.1**	**3.96**	**673**	**19.83**	**3**	**4,418.1**	**37.36%**	**192.3**	**147.4**
Corporates SME	0.00 to <0.15	960.5	714.8	0.6	1,384.9	0.11	1,261	32.33	1	204.5	14.77%	0.5	0.2
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	960.5	714.8	0.6	1,384.9	0.11	1,261	32.33	1	204.5	14.77%	0.5	0.2
	0.15 to <0.25	1,262.7	1,479.6	0.5	2,014.2	0.17	766	31.59	2	552.2	27.41%	1.1	1.4
	0.25 to <0.50	3,281.4	3,021.3	0.3	4,317.0	0.35	1,784	29.81	2	1,640.7	38.01%	4.4	2.6
	0.50 to <0.75	6,625.6	3,965.2	0.4	8,169.0	0.59	2,559	27.08	2	3,670.1	44.93%	13.0	10.6
	0.75 to <2.50	12,111.7	5,994.4	0.4	14,509.0	1.56	5,117	24.73	2	7,860.9	54.18%	55.1	36.4
	0.75 to <1.75	7,001.3	3,619.5	0.4	8,480.5	1.21	2,798	26.16	2	4,687.2	55.27%	26.9	19.5
	1.75 to <2.5	5,110.4	2,374.9	0.4	6,028.5	2.06	2,319	22.71	2	3,173.7	52.65%	28.2	16.9
	2.50 to <10.00	7,265.8	2,375.3	0.4	8,326.7	5.13	3,265	22.21	2	5,654.6	67.91%	93.1	74.5
	2.5 to <5	5,439.1	1,967.7	0.5	6,328.7	4.08	2,415	22.90	2	4,125.1	65.18%	59.3	42.1
	5 to <10	1,826.7	407.6	0.4	1,998.0	8.44	850	20.03	2	1,529.5	76.55%	33.8	32.4
	10.00 to <100.00	1,944.5	410.4	0.6	2,179.7	23.12	2,603	18.98	2	2,005.3	92.00%	99.3	61.8
	10 to <20	825.0	221.1	0.5	939.4	14.16	2,236	16.60	2	663.7	70.66%	22.3	16.9
	20 to <30	640.5	118.9	0.6	708.2	26.07	190	20.76	2	754.6	106.55%	38.2	27.2
	30 to <100	479.0	70.4	0.8	532.1	35.00	177	20.82	1	587.0	110.30%	38.8	17.7
	100.00 (Default)	2,117.9	55.2	0.6	2,152.8	100.00	1,224	43.75	1	1,759.1	81.71%	1,113.1	1,073.5
	Subtotal	**35,570.1**	**18,016.2**	**0.4**	**43,053.3**	**7.85**	**18,579**	**26.42**	**2**	**23,347.4**	**54.23%**	**1,379.6**	**1,261.0**

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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
Corporates Other	0.00 to <0.15	4,221.9	3,115.2	0.2	4,989.1	0.08	41	39.63	2	1,036.2	20.77%	1.6	0.6
	0.00 to <0.10	4,199.1	2,568.9	0.3	4,862.6	0.08	23	39.26	2	1,003.7	20.64%	1.5	0.5
	0.10 to <0.15	22.8	546.3	0.2	126.5	0.10	18	53.87	1	32.5	25.67%	0.1	0.1
	0.15 to <0.25	3,138.4	4,418.8	0.2	3,822.9	0.19	99	29.98	1	914.6	23.92%	2.2	0.4
	0.25 to <0.50	6,319.9	6,554.6	0.3	8,467.4	0.40	277	40.67	2	5,134.1	60.64%	13.7	5.6
	0.50 to <0.75	122.3	10.7	0.1	123.4	0.73	9.0	26.40	2	69.4	56.24%	0.2	0.1
	0.75 to <2.50	4,498.3	4,204.9	0.3	5,948.6	1.15	364	27.69	2	3,611.7	60.71%	18.9	7.0
	0.75 to <1.75	4,496.7	4,171.0	0.3	5,942.3	1.14	357	27.69	2	3,608.6	60.73%	18.9	7.0
	1.75 to <2.5	1.6	33.9	0.1	6.3	2.21	7	21.78	1	3.1	48.73%	0.0	0.0
	2.50 to <10.00	828.3	338.0	0.4	963.7	3.81	153	22.00	2	653.9	67.85%	8.2	3.8
	2.5 to <5	746.5	333.8	0.4	880.9	3.32	139	21.51	2	553.8	62.87%	6.2	2.6
	5 to <10	81.8	4.2	0.3	82.8	9.00	14	27.26	2	100.1	120.86%	2.0	1.2
	10.00 to <100.00	1,753.0	198.2	0.6	1,862.3	34.25	269	38.22	2	4,180.0	224.45%	241.7	110.8
	10 to <20	57.5	9.4	0.9	66.0	14.41	257	22.75	2	80.7	122.34%	2.2	0.8
	20 to <30	486.1	108.1	0.8	575.4	27.50	6	45.46	3	1,611.7	280.08%	71.9	57.9
	30 to <100	1,209.4	80.7	0.1	1,220.9	38.50	6	35.65	1	2,487.6	203.75%	167.6	52.1
	100.00 (Default)	195.9	52.7	0.3	212.8	100.00	23	35.46	1	93.4	43.88%	170.9	163.0
	Subtotal	**21,078.0**	**18,893.1**	**0.3**	**26,390.2**	**3.80**	**1,235**	**35.01**	**2**	**15,693.3**	**59.47%**	**457.4**	**291.3**
Total (all portfolios)		**75 303.9**	**41,802.1**	**0.3**	**89,904.2**		**20,932**		**2**	**45,628.7**	**50.75%**	**2,034.0**	**1,700.9**

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**	**48,970.4**
2	Asset size (+/-)	278.8
3	Asset quality (+/-)	1,228.4
4	Model updates (+/-)	0.0
5	Methodology and policy (+/-)	2,344.2
6	Acquisitions and disposals (+/-)	0.0
7	Foreign exchange movements (+/-)	31.5
8	Other (+/-)	118.2
9	**Risk weighted exposure amount as at the end of the reporting period**	**52,971.5**

The amount of risk-weighted exposures resulting from the use of internal models increased by PLN 4,001 million in the second quarter of 2024 compared to the first quarter of 2024. The increase in the amount of risk-weighted exposures is a result of the change in methodology and policy (+2,344 million), deterioration in the quality of the credit portfolio (+1,229 million), increase in risk-weighted assets resulting from credit acquisition (+279 million), other changes (+118 million) and change in exchange rates (+31 million). The increase in risk-weighted assets resulting from the methodology and policy results from the update of capital charges, mainly for the group model used for exposures related to non-bank financial institutions. The deterioration in the quality of the credit portfolio results from the deterioration of customer ratings. The increase in risk-weighted assets resulting from credit acquisition results from the sale of new loans or new loan originations within the granted limits, with credit quality as at the reporting date. Other changes result from the reclassification of SME customers. The increase in risk-weighted assets due to changes in exchange rates results from exposures in foreign currencies that are revalued due to changes in exchange rates between the reporting dates.

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Risk weighted assets for equity exposures are calculated as follows:

- according to simplified method (for the risk weight of 290% and 370%),
- using exemption thresholds for deductions from own funds items (for the risk weight of 250%).

Under the simplified risk weighting method, the weight of 290% is used for traded equity exposures; the weight of 370% is applied to the other exposures identified in the portfolio covered by the simplified method and not included in the weight of 190% under this method. Detailed information on equity exposure as at 30 June 2024 is presented in the table below.

Template EU CR10.5: Equity exposures under the simple risk-weighted approach

	On balance sheet exposure	Off balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
	a	b	c	d	e	f
Private equity exposures	-	-	190%	-	-	-
Exchange traded equity exposures	-	-	290%	-	-	-
Other equity exposures	91.1	0.0	250%	91.1	227.8	0.0
Other equity exposures	277.6	0.0	370%	277.6	1,027.2	6.7
Total	**368.8**	**0.0**		**368.8**	**1,255.1**	**6.7**

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 2024, 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 through a decision received on 20 December 2022 (no change until 30 June 2024),
- 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 30 June 2024 the countercyclical buffer was effectively equal to 0.0082%),
- 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%.

In addition, the Group maintains own funds to cover the additional capital add-on (P2G) so as to absorb potential losses resulting from occurrence of stress conditions at 0.31%. The recommendation should be satisfied over the amount of the capital ratios, as referred to in Article 92(1a-c) of Regulation CRR (TCR), increased with a supplementary own funds requirement, as referred to in Article 138(2)(2) of the Banking Law Act (P2R) and a combined buffer requirement, as referred to in Article 55(4) of the Act on macroprudential supervision. The P2G capital add-on should be made up of the core capital Tier 1 only.

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).

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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 requirements weights (%)	Countercyclical buffer rate (%)
010	**Breakdown by country:**													
	Poland	85,489.2	78,935.2	0.0	0.0	0.0	164,424.4	7,615.4	0.0	0.0	7,615.4	95,195.1	0.99	0.00
	Armenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00
	Australia	0.6	0.0	0.0	0.0	0.0	0.6	0.1	0.0	0.0	0.1	0.8	0.00	0.01
	Belgium	2.2	18.1	0.0	0.0	0.0	20.3	1.5	0.0	0.0	1.5	18.4	0.00	0.01
	Bulgaria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.02
	Cyprus	0.9	1.0	0.0	0.0	0.0	1.9	0.2	0.0	0.0	0.2	2.3	0.00	0.01
	Czech Republic	3.7	52.4	0.0	0.0	0.0	56.1	5.1	0.0	0.0	5.1	63.4	0.00	0.02
	Germany	12.9	1,085.0	0.0	0.0	0.0	1,097.9	28.2	0.0	0.0	28.2	352.8	0.00	0.01
	Denmark	0.8	3.4	0.0	0.0	0.0	4.2	0.1	0.0	0.0	0.1	1.3	0.00	0.03
	Estonia	0.0	6.4	0.0	0.0	0.0	6.4	0.6	0.0	0.0	0.6	7.4	0.00	0.02
	Faroe Islands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00
	France	0.9	0.0	0.0	0.0	0.0	0.9	0.1	0.0	0.0	0.1	1.2	0.00	0.01
	Great Britain	7.5	169.4	0.0	0.0	0.0	176.9	5.3	0.0	0.0	5.3	66.5	0.00	0.02
	Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.01
	Hong Kong	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.01
	Croatia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.02
	Ireland	1.4	0.9	0.0	0.0	0.0	2.3	0.2	0.0	0.0	0.2	2.1	0.00	0.02
	Iceland	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.4	0.00	0.03
	South Korea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.01
	Lithuania	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.00	0.01
	Luxembourg	1.6	481.5	0.0	0.0	0.0	483.1	14.0	0.0	0.0	14.0	174.9	0.00	0.01
	Macedonia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00
	Netherlands	7.3	210.4	0.0	0.0	0.0	217.7	5.8	0.0	0.0	5.8	73.0	0.00	0.02
	Norway	1.1	0.2	0.0	0.0	0.0	1.3	0.1	0.0	0.0	0.1	1.7	0.00	0.03
	Romania	0.8	6.8	0.0	0.0	0.0	7.6	0.1	0.0	0.0	0.1	0.6	0.00	0.01
	Sweden	1.8	574.1	0.0	0.0	0.0	575.9	0.5	0.0	0.0	0.5	6.0	0.00	0.02
	Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.01
	Slovakia	0.5	0.0	0.0	0.0	0.0	0.5	0.1	0.0	0.0	0.1	0.7	0.00	0.02
	Other	26.2	475.3	0.0	0.0	0.0	501.5	27.0	0.0	0.0	27.0	336.9	0.00	0.00
020	**Total**	**85,559.8**	**82,020.1**	**0.0**	**0.0**	**0.0**	**167,579.9**	**7,704.4**	**0.0**	**0.0**	**7,704.4**	**96,305.6**	**1.00**	

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Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer		
		a
1	Total risk exposure amount	118,603.4
2	Institution specific countercyclical capital buffer rate	0.0082%
3	Institution specific countercyclical capital buffer requirement	9.8

4. Leverage ratio

The calculation of regulatory leverage ratio in the ING Bank Śląski S.A. Group as at 30 June 2024 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 semi-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	249,278.5
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	22.1
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	1,046.0
9	Adjustment for securities financing transactions (SFTs)	146.1
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,229.7
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0.0
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	-96.7
13	**Leverage ratio total exposure measure**	**264,625.7**

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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).

Template EU LR2 - LRCom: Leverage ratio common disclosure

		a	b
		CRR leverage ratio exposures	
		as at 30 Jun 2024	as at 31 Dec 2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	230,309.2	224,976.9
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)	-33.9	-62.9
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)	0.0	0.0
6	(Asset amounts deducted in determining Tier 1 capital)	-853.7	-1,073.5
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**229,421.6**	**223,840.5**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	521.0	734.0
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	1,259.3	978.6
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**	**1,780.3**	**1,712.6**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	19,048.0	19,616.1
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	146.1	37.9
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**	**19,194.1**	**19,654.0**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	53,374.9	52,673.8
20	(Adjustments for conversion to credit equivalent amounts)	-39,145.2	-38,505.7
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	0.0	0.0
22	**Off-balance sheet exposures**	**14,229.7**	**14,168.1**
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 units))	0.0	0.0

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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	16,837.2	17,506.1
24	**Total exposure measure**	**264,625.7**	**259,375.2**
Leverage ratio			
25	**Leverage ratio (%)**	**6.36%**	**6.75%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.36%	6.75%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.36%	6.75%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
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%	3.00%
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:**	**230,275.3**
EU-2	Trading book exposures	483.0
EU-3	Banking book exposures, of which:	229,792.3
EU-4	Covered bonds	0.0
EU-5	Exposures treated as sovereigns	61,685.8
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,926.2
EU-7	Institutions	7,782.6
EU-8	Secured by mortgages of immovable properties	48,081.4
EU-9	Retail exposures	28,568.6
EU-10	Corporate	68,900.6
EU-11	Exposures in default	2,521.5
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	7,325.6

For internal purposes, the desired leverage ratio level applicable as of 30 June 2024 was determined to ensure compliance with the regulatory level of 3%. In order to limit the risk of the ratio falling below the required level, the Risk Integration Department monitors the level of the ratio in relation to the internal limit.
Moreover, the Group monitored the level of the leverage ratio at 5%, in accordance with the conditions specified by the Polish Financial Supervision Authority for the payment of dividends by banks.

In the first half of 2024 the leverage ratio has been above internal and regulatory limit. The main influencing factors have been:

- dynamics of asset value (denominator) – internal strategic decision related with the implementation of the Bank's strategy, having a direct impact on the growth of assets,
- recognition of the impact of the dividend paid from the reserve capital for dividend purposes – internal strategic decision related to the implementation of the Bank's strategy,

- reducing the negative impact of deferred tax assets based on future profitability and not resulting from temporary differences, in connection with the realized tax loss for 2021 and 2022 as a result of the valuation of the IRS instrument portfolio - a regulatory factor that can be implemented in connection with the macroeconomic environment,
- reducing the negative impact of unrealized gains and losses on the portfolio measured at fair value through other comprehensive income - an external factor related to the macroeconomic environment,
- a temporary increase in the deficit of credit risk adjustments for expected losses under the IRB method - a regulatory factor indirectly resulting from the decision not to recognize interim profits,
- reduced positive impact due to transition periods regarding the IFRS 9 standard - regulatory factor resulting from the Bank's decision to apply IFRS 9 transition periods.

5. Information on liquidity

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

Liquidity and funding risk is understood by the Group as the risk of the lack of ability to perform financial liabilities under on- and off-balance sheet items at reasonable prices. The Group maintains liquidity so that the Group'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.

<u>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</u>

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, 2018/1620 and 2022/1994, the Group calculates the following regulatory liquidity measures - short-term liquidity measures (LCR – Liquidity Coverage Ratio) – this is to ensure that the Group 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 2024 a regulatory limit of 100% applied. The Group is obliged to report the liquidity measures to the regulator on a monthly basis. As at 30 June 2024 Liquidity Covered Ratio for the Group was 197%.

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 Group 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 Group's liquidity profile.

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

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The LCR ratio as at 30 June 2024 increased by 3 percentage points from 31 March 2024. This is mainly the effect of an increase in inflows, partially offset by a decrease in liquid assets. The decrease in liquid assets resulted mainly from a decrease in the volume of unencumbered government bonds (-5,701 million), a decrease in the volume of NBP bills (-4,584 million) and a decrease in NBP deposits (-605 million) and was partially offset by an increase in Eurobonds (+2,038 million). The increase in inflows was determined mainly by an increase in reverse-repo transactions secured by securities not classified as HQLA (+3,524 million) and an increase in other inflows (+3,348 million), which were partially offset by a decrease in inflows from principal and interest installments (-1,008 million).

	as at 30 Jun 2024		as at 31 Mar 2024		30 Jun 2024 vs 31 Mar 2024	
LCR	**197%**		**194%**		**+3 p.p.**	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	52,476	52,476	62,192	62,192	-9,716	-9,716
Outflows	278,963	46,127	276,948	45,983	2,016	144
Inflows	22,516	19,519	17,316	13,857	5,200	5,662

The LCR ratio as at 30 June 2024 increased by 54 percentage points compared to 30 June 2023. This is mainly the effect of the increase in the value of liquid assets and inflows, partially offset by the increase in outflows. The higher level of liquid assets resulted mainly from an increase in the volume of unencumbered government bonds (+3,331 million), an increase in NBP bills and deposits (+2,834 million) and an increase in Eurobonds (+2,038 million). The increase in inflows was determined mainly by an increase in reverse-repo transactions secured by securities not classified as HQLA (+11,063 million) and an increase in inflows from capital and interest installments (+1,368 million), which were partially offset by a decrease in other inflows (-1,519 million). The increase in outflows resulted mainly from an increase in outflows from deposits (+3,849 million), off-balance sheet (+2,130 million) and other outflows (+1,546 million), which were partially offset by an increase in liabilities on derivative instruments (-843 million).

	as at 30 Jun 2024		as at 30 Jun 2023		30 Jun 2024 vs 30 Jun 2023	
LCR	**197%**		**143%**		**+54 p.p.**	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	52,476	52,476	43,476	43,476	8,999	8,999
Outflows	278,963	46,127	260,840	39,323	18,123	6,804
Inflows	22,516	19,519	20,557	8,820	1,959	10,698

<u>Explanations on the actual concentration of funding sources</u>

Minimum once a year, the Group determines the Group'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. Group. The Group monitors the funding structure and thus verifies concentration risk by analysing its deposit base split into:

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

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- 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) 2022/1994, the Group 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 2024, in accordance with the principles set out in the Commission Implementing Regulation (EU) 2022/1994, the following were reported:

- concentration of financing by counterparty, includes information on the funds of the two largest clients. Here, the Group includes the non-concessional senior loan (NPS) received. 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. Group there are customer deposits. The most important are current and savings accounts of retail clients. Unsecured wholesale financing is only 31% 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.

The existing funding structure is well diversified. The funding structure as at 30 June 2024 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 2024	
Core customer segments	**direct funding**	**% share**
Retail customers	132,648	55.4%
Corporate customers.	76,738	32.0%
Equity	19,791	8.3%
Own issues (including NPS)	9,500	4.0%
Banks	825	0.3%

Mutual funding:

	as at 30 Jun 2024	
Core customer segments	**mutual funding**	**% share**
Banks	22,532	79.7%
Corporate customers.	5,736	20.3%
Retail customers	0	0.0%

<u>High-level description of the composition of the institution`s liquidity buffer</u>

Maintenance of an adequate liquidity buffer is a major element in managing the Group'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 Group. The liquidity buffer is crucial in the times of a crisis when the Group has to obtain liquidity in a short time when the standard funding sources are unavailable or insufficient.

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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 2024:

Structure of the liquidity buffer	% share
Treasury bonds or bonds issued by the central bank (PLN)	67.3%
Treasury bonds or bonds issued by the central bank (EUR)	13.3%
bonds of BGK , PFR and EIB	19.4%

The Group 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.

Realizing the art. 8 of the Delegated Act, The Group 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 2024. Level 1 liquid assets cover assets characterised with very high liquidity and credit quality.

	as at 30 Jun 2024
Level 1 liquid assets	
Cash	754.5
Cash in nostro accounts with the Central Bank net of the required reserve	4.3
Other exposures to the Central Bank (O/N deposit, cash bills)	2,834.4
Unencumbered Treasury bonds	37,313.2
Assets constituting exposures to public sector entities	2,038.1
Unencumbered BGK bonds	1,727.5
Unencumbered bonds of the European Investment Bank	7,803.8
Total	**52,475.8**

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 Group 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.

Currency mismatch in the LCR

The Group runs an active liquidity management policy with regard to the main currencies in which the Group settles most of the number (value) of transactions. From the point of view of liquidity management, the Group considers the main (significant) currencies PLN, EUR, USD and CHF.

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The tables below present detailed quantitative information on liquidity reqired 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.

Data in comparative periods in liquidity reporting included in table EU LIQ1 have changed. Adjustments result from improved data quality in the retail flag.

Template EU LIQ1 - Quantitative information of LCR									
		Total unweighted value (average)				**Total weighted value (average)**			
EU 1a		as at 30 Jun 2024	as at 31 Mar 2024	as at 31 Dec 2023	as at 30 Sep 2023	as at 30 Jun 2024	as at 31 Mar 2024	as at 31 Dec 2023	as at 30 Sep 2023
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)**					56,285.0	53,416.0	47,864.0	43,520.0
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	149,448.0	145,574.0	142,685.0	139,840.0	10,286.0	10,044.0	9,865.0	9,661.0
3	*Stable deposits*	*107,478.0*	*104,364.0*	*102,024.0*	*100,119.0*	*5,374.0*	*5,218.0*	*5,101.0*	*5,005.0*
4	*Less stable deposits*	*41,970.0*	*41,210.0*	*40,661.0*	*39,721.0*	*4,912.0*	*4,826.0*	*4,764.0*	*4,656.0*
5	Unsecured wholesale funding	52,053.0	50,808.0	49,022.0	47,762.0	19,191.0	18,728.0	18,162.0	17,919.0
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*20,605.0*	*20,363.0*	*19,528.0*	*18,772.0*	*5,146.0*	*5,086.0*	*4,877.0*	*4,688.0*
7	*Non-operational deposits (all counterparties)*	*31,438.0*	*30,435.0*	*29,484.0*	*28,990.0*	*14,035.0*	*13,632.0*	*13,275.0*	*13,231.0*
8	*Unsecured debt*	*10.0*	*10.0*	*10.0*	*0.0*	*10.0*	*10.0*	*10.0*	*0.0*
9	Secured wholesale funding					0.0	0.0	0.0	0.0
10	Additional requirements	24,617.0	24,024.0	23,260.0	22,109.0	3,897.0	3,861.0	3,747.0	3,666.0
11	*Outflows related to derivative exposures and other collateral requirements*	*1,475.0*	*1,587.0*	*1,576.0*	*1,539.0*	*1,475.0*	*1,587.0*	*1,576.0*	*1,539.0*
12	*Outflows related to loss of funding on debt products*	*2.0*	*2.0*	*3.0*	*3.0*	*2.0*	*2.0*	*3.0*	*3.0*
13	*Credit and liquidity facilities*	*23,140.0*	*22,435.0*	*21,681.0*	*20,567.0*	*2,420.0*	*2,272.0*	*2,168.0*	*2,124.0*
14	Other contractual funding obligations	10,013.0	9,955.0	9,170.0	9,245.0	9,475.0	9,415.0	8,635.0	8,724.0
15	Other contingent funding obligations	30,791.0	30,422.0	30,022.0	29,731.0	814.0	411.0	12.0	14.0
16	**TOTAL CASH OUTFLOWS**					**43,663.0**	**42,459.0**	**40,421.0**	**39,984.0**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	10,900.0	10,675.0	9,751.0	7,700.0	6,879.0	6,022.0	5,370.0	4,321.0
18	Inflows from fully performing exposures	7,160.0	6,655.0	5,996.0	5,433.0	4,118.0	3,841.0	3,474.0	3,165.0
19	Other cash inflows	2,296.0	2,506.0	2,824.0	3,053.0	2,296.0	2,505.0	2,824.0	3,053.0
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**	**20,356.0**	**19,836.0**	**18,571.0**	**16,186.0**	**13,293.0**	**12,368.0**	**11,668.0**	**10,539.0**
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	20,356.0	19,836.0	18,571.0	16,186.0	13,293.0	12,368.0	11,668.0	10,539.0
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					56,285.0	53,416.0	47,864.0	43,520.0
22	TOTAL NET CASH OUTFLOWS					30,370.0	30,091.0	28,753.0	29,445.0
23	**LIQUIDITY COVERAGE RATIO**					**1.88**	**1.79**	**1.67**	**1.48**

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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						
1	**Capital items and instruments**	**17,679.6**	**0.0**	**0.0**	**1,451.9**	**19,131.6**
2	*Own funds*	17,679.6	0.0	0.0	1,451.9	19,131.6
3	*Other capital instruments*		0.0	0.0	0.0	0.0
4	**Retail deposits**		**154,089.5**	**0.0**	**0.0**	**144,317.0**
5	*Stable deposits*		112,728.8	0.0	0.0	107,092.4
6	*Less stable deposits*		41,360.7	0.0	0.0	37,224.6
7	**Wholesale funding:**		**60,591.1**	**672.8**	**10,673.0**	**37,995.2**
8	*Operational deposits*		21,178.1	0.0	0.0	10,589.1
9	*Other wholesale funding*		39,413.0	672.8	10,673.0	27,406.1
10	**Interdependent liabilities**		**0.0**	**0.0**	**0.0**	**0.0**
11	**Other liabilities:**	**595.4**	**8,672.8**	**1,195.9**	**1,302.0**	**1,899.9**
12	*NSFR derivative liabilities*	595.4				
13	*All other liabilities and capital instruments not included in the above categories*		8,672.8	1,195.9	1,302.0	1,899.9
14	**Total available stable funding (ASF)**					**203,343.6**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**1,841.0**
EU-15a	**Assets encumbered for more than 12m in cover pool**		**0.0**	**0.0**	**0.0**	**0.0**
16	**Deposits held at other financial institutions for operational purposes**		**0.0**	**0.0**	**0.0**	**0.0**
17	**Performing loans and securities:**		**56,701.6**	**9,327.1**	**112,190.6**	**107,352.7**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		185.0	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*		22,815.6	989.8	4,506.1	6,339.4
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		25,511.2	7,349.1	46,711.7	55,833.4
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		87.8	98.9	1,508.1	1,073.6
22	*Performing residential mortgages, of which:*		1,274.0	942.5	56,405.9	39,899.3
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		784.2	790.5	45,769.8	30,537.7
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*		6,915.8	45.7	4,567.0	5,280.6
25	**Interdependent assets**		**0.0**	**0.0**	**0.0**	**0.0**
26	**Other assets:**	**0.0**	**15,433.4**	**516.4**	**4,338.1**	**6,737.4**
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	554.6	471.4
29	*NSFR derivative assets*		73.3	0.0	0.0	73.3
30	*NSFR derivative liabilities before deduction of variation margin posted*		634.0	0.0	0.0	31.7
31	*All other assets not included in the above categories*		14,726.0	516.4	3,783.5	6,160.9
32	**Off-balance sheet items**		**9,990.1**	**6,143.1**	**20,920.5**	**1,960.5**
33	**Total RSF**					**117,891.6**
34	**Net Stable Funding Ratio (%)**					**172.48**

The Net Stable Funding Ratio (NSFR) as of 30 June 2024 increased by 1.06 percentage points compared to 31 December 2023. This increase was determined by an increase in available stable funding (+4,821 million), mainly due to an increase in stable funding from retail deposits (+5,774 million), partially offset by a decrease in stable funding from equity instruments (-966 million) and a simultaneous increase in items requiring stable funding (+2,087 million), mainly due to stable funding from loans (+2,784 million), partially offset by a decrease from liquid assets (-365 million).

6. Quantitative information on credit risk

6.1. Credit risk adjustments

For the accounting and regulatory purposes, the Group 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 Group 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 Group 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 15 February 2020, the Group 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 18 January 2017 on the application of the definition of default, as defined in Art. 178 of Regulation (EU) No 575/2013 with later changes (Regulation CRR),
- Regulation of the Minister of Finance, Investment and Development of 3 October 2019 on the materiality threshold of an overdue credit obligation (Journal of Laws 2019, 1960), referred to in Art. 178 sec. 2 lit. d) Regulation 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.

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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 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	2,546.8	2,546.1	0.7	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**	**175,681.5**	**156,662.8**	**19,018.7**	**5,227.8**	**0.0**	**5,227.8**	**-961.2**	**-308.5**	**-652.7**	**-3,035.0**	**0.0**	**-3,035.0**	**0.0**	**103,150.7**	**1,534.8**
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	1,421.5	1,404.4	17.1	0.0	0.0	0.0	-1.0	-0.6	-0.4	0.0	0.0	0.0	0.0	134.8	0.0
040	Credit institutions	19,682.6	19,682.6	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	10,132.7	9,982.4	150.3	25.7	0.0	25.7	-17.7	-14.5	-3.2	-19.2	0.0	-19.2	0.0	429.6	2.4
060	Non-financial corporations	69,246.5	57,213.8	12,032.7	3,162.0	0.0	3,162.0	-430.5	-100.3	-330.2	-1,662.6	0.0	-1,662.6	0.0	45,205.6	1,213.2
070	Of which SMEs	34,937.1	27,780.4	7,156.7	2,449.6	0.0	2,449.6	-240.9	-71.0	-169.9	-1,469.8	0.0	-1,469.8	0.0	27,905.5	705.9
080	Households	75,198.2	68,379.6	6,818.6	2,040.1	0.0	2,040.1	-511.9	-193.0	-318.9	-1,353.2	0.0	-1,353.2	0.0	57,380.7	319.2
090	**Debt securities**	**64,900.0**	**64,671.8**	**228.2**	**0.0**	**0.0**	**0.0**	**-31.1**	**-30.6**	**-0.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
100	Central banks	2,600.0	2,600.0	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	45,331.8	45,103.6	228.2	0.0	0.0	0.0	-21.0	-20.5	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	10,591.4	10,591.4	0.0	0.0	0.0	0.0	-6.9	-6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	6,307.1	6,307.1	0.0	0.0	0.0	0.0	-3.1	-3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	69.7	69.7	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Off-balance-sheet exposures**	**53,284.5**	**43,116.8**	**1,991.2**	**104.6**	**0.0**	**43.1**	**-68.0**	**-31.0**	**-37.0**	**-72.4**	**0.0**	**-35.8**	**0.0**	**751.2**	**3.6**
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	550.1	547.2	0.3	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0		0.0	0.0
180	Credit institutions	1,355.0	230.5	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0		0.0	0.0
190	Other financial corporations	3,739.2	3,206.1	1.1	0.1	0.0	0.1	-0.3	-0.2	-0.1	-0.1	0.0	0.0		0.0	0.0
200	Non-financial corporations	42,311.8	33,993.9	1,807.9	87.2	0.0	26.9	-49.8	-19.3	-30.5	-62.7	0.0	-27.5		749.2	3.0
210	Households	5,328.4	5,139.1	181.9	17.3	0.0	16.1	-17.6	-11.2	-6.4	-9.6	0.0	-8.3		2.0	0.6
220	**Total**	**296,412.8**	**266,997.5**	**21,238.8**	**5,332.4**	**0.0**	**5,270.9**	**-1,060.3**	**-370.1**	**-690.2**	**-3,107.4**	**0.0**	**-3,070.8**	**0.0**	**103,901.9**	**1,538.4**

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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	15,697.3	37,671.5	43,592.0	78,360.3	1,592.0	**176,913.1**
2	Debt securities	0.0	9,963.2	44,564.1	10,341.6	0.0	**64,868.9**
3	**Total**	**15,697.3**	**47,634.7**	**88,156.1**	**88,701.9**	**1,592.0**	**241,782.0**

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**	**4,231.5**
020	Inflows to non-performing portfolios	1,489.0
030	Outflows from non-performing portfolios	-122.0
040	Outflows due to write-offs	-30.8
050	Outflow due to other situations	-339.9
060	**Final stock of non-performing loans and advances**	**5,227.8**

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing				
				Of which defaulted			
010	Agriculture, forestry and fishing	1,671.2	96.2	96.2	1,657.9	-73.4	0.0
020	Mining and quarrying	931.4	12.0	12.0	931.4	-12.0	0.0
030	Manufacturing	22,602.0	766.8	766.8	22,602.0	-658.8	0.0
040	Electricity, gas, steam and air conditioning supply	2,472.3	103.5	103.5	2,472.3	-100.5	0.0
050	Water supply	805.7	39.8	39.8	805.7	-27.7	0.0
060	Construction	3,143.4	266.8	266.8	3,143.4	-191.8	0.0
070	Wholesale and retail trade	15,314.9	676.6	676.6	15,314.7	-476.5	0.0
080	Transport and storage	5,904.8	414.9	414.9	5,904.8	-113.7	0.0
090	Accommodation and food service activities	779.9	22.1	22.1	779.9	-22.7	0.0
100	Information and communication	3,384.2	46.2	46.2	3,384.2	-39.5	0.0
110	Financial and insurance activities	0.9	0.0	0.0	0.9	0.0	0.0
120	Real estate activities	9,102.6	459.9	459.9	9,102.6	-171.3	0.0
130	Professional, scientific and technical activities	1,551.3	136.0	136.0	1,551.3	-107.7	0.0
140	Administrative and support service activities	3,549.4	64.4	64.4	3,549.2	-45.3	0.0
150	Public administration and defence, compulsory social security	0.0	0.0	0.0	0.0	0.0	0.0
160	Education	71.6	7.2	7.2	71.6	-7.3	0.0
170	Human health services and social work activities	586.2	13.6	13.6	586.2	-12.8	0.0
180	Arts, entertainment and recreation	87.1	18.4	18.4	87.1	-15.3	0.0
190	Other services	449.6	17.6	17.6	449.6	-16.8	0.0
200	**Total**	**72,408.5**	**3,162.0**	**3,162.0**	**72,394.8**	**-2,093.1**	**0.0**

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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	Residential immovable property	0.0	0.0
040	Commercial Immovable property	0.0	0.0
050	Movable property (auto, shipping, etc.)	0.0	0.0
060	Equity and debt instruments	0.0	0.0
070	Other collateral	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,
  - 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,
  - 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,
- 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:

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- 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 collateral for a credit exposure that is correlated with the economic condition of the debtor in such a way that deterioration of its economic condition will deteriorate the quality of the collateral,
- 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	72,227.6	104,685.5	95,341.7	9,343.8	0.0
2	Debt securities	64,868.9	0.0	0.0	0.0	
3	**Total**	**137,096.5**	**104,685.5**	**95,341.7**	**9,343.8**	
4	Of which non-performing exposures	657.9	1,534.9	1,148.1	386.8	0.0
EU-5	Of which defaulted	657.9	1,534.9			

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Template EU CR4 – standardised approach – Credit risk exposure and CRM effects

		a	b	c	d	e	f
	Exposure classes	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 (%)
1	Central governments or central banks	52,907.1	0.0	55,229.2	237.8	1,984.0	3.58
2	Regional government or local authorities	2,848.9	346.4	2,848.9	173.2	604.4	20.00
3	Public sector entities	0.0	0.0	0.0	0.0	0.0	0.00
4	Multilateral development banks	8,778.8	0.0	9,578.8	0.0	0.0	0.00
5	International organisations	2,077.3	0.0	2,077.3	0.0	0.0	0.00
6	Institutions	0.7	0.0	305.9	0.0	61.4	20.07
7	Corporates	4,413.7	4,753.7	4,386.0	233.2	4,332.4	93.79
8	Retail	28,568.6	6,308.6	26,379.9	2,390.4	20,353.9	70.75
9	Secured by mortgages on immovable property	48,081.4	124.7	48,081.5	60.8	17,070.6	35.46
10	Exposures in default	1,159.5	3.6	1,088.1	1.2	1,167.2	107.15
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	2,938.5	0.0	2,938.5	0.0	2,184.1	74.33
17	**Total**	**151,774.5**	**11,537.0**	**152,914.1**	**3,096.6**	**47,758.0**	**30.61**

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**	**45,628.7**	**45,628.7**
6	Central governments and central banks	-	-
7	Institutions	2,169.9	2,169.9
8	Corporates	43,458.8	43,458.8
8.1	of Corporates - which SMEs	23,347.4	23,347.4
8.2	of which Corporates - Specialised lending	4,418.1	4,418.1
9	Retail	-	-
9.1	of which Retail – SMEs - Secured by immovable property collateral	-	-
9.2	of which Retail – non-SMEs - Secured by immovable property collateral	-	-
9.3	of which Retail – Qualifying revolving	-	-
9.4	of which Retail – SMEs - Other	-	-
9.5	of which Retail – Non-SMEs- Other	-	-
10	**Total (including F-IRB exposures and A-IRB exposures)**	**45,628.7**	**45,628.7**

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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
			Credit risk Mitigation techniques											**Credit risk Mitigation methods in the calculation of RWEAs**	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
	A-IRB	**Total exposures**	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 (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
1	Central governments and central banks	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	**8,633.5**	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,169.9	2,169.9
3	Corporates	**81,270.7**	0.97	85.21	53.56	0.32	31.32	0.00	0.00	0.00	0.00	9.28	0.00	43,458.8	43,458.8
3.1	Of which Corporates – SMEs	**43,053.3**	0.87	99.01	54.35	0.42	44.23	0.00	0.00	0.00	0.00	15.36	0.00	23,347.4	23,347.4
3.2	Of which Corporates – Specialised lending	**11,827.1**	0.47	135.92	134.73	0.02	1.17	0.00	0.00	0.00	0.00	1.23	0.00	4,418.1	4,418.1
3.3	Of which Corporates – Other	**26,390.3**	1.37	39.96	15.89	0.31	23.76	0.00	0.00	0.00	0.00	2.98	0.00	15,693.3	15,693.3
4	Retail	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Of which Retail – Immovable property SMEs	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Of which Retail – Immovable property non-SMEs	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3	Of which Retail – Qualifying revolving	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4	Of which Retail – Other SMEs	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	Of which Retail – Other non-SMEs														
5	**Total**	**89,904.2**	**0.93**	**77.02**	**48.42**	**0.29**	**28.31**	**0.00**	**0.00**	**0.00**	**0.00**	**8.39**	**0.00**	**45,628.7**	**45,628.7**

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 2024, 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.

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.

published for the period of 6 months ending on 30 June 2024 (PLN million)

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)	361.5	607.6		1.4	1,648.8	1,356.7	1,356.7	585,1
2	IMM (for derivatives and SFTs)			0.0	0,0	0.0	0.0	0.0	0.0
2a	Of which securities financing transactions netting sets			0.0		0.0	0.0	0.0	0.0
2b	Of which derivatives and long settlement transactions netting sets			0.0		0.0	0.0	0.0	0.0
2c	Of which from contractual cross-product netting sets			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)					2.7	2.7	2.7	0.3
5	VaR for SFTs					0.0	0.0	0.0	0.0
6	**Total**					**1,651.5**	**1,359.4**	**1,359.4**	**585.4**

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	932.8	155.5
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**	**932.8**	**155.5**

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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	1,113.7	0.07	29	34.23	1	137.0	12.30%
	od 0.15 to <0.25	148.2	0.16	8	23.37	1	41.3	27.88%
	od 0.25 to <0.50	81.3	0.31	17	31.36	1	12.6	15.52%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	4.3	0.97	8	38.13	1	2.9	67.45%
	od 2.50 to <10.00	2.5	4.60	5	38.13	1	3.2	125.93%
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**1,350.0**	**0.10**	**67**	**32.89**	**1**	**197.0**	**14.59%**
Corporates Specialised lending	0.00 to <0.15	4.0	0.12	11	33.71	5	1.6	39.56%
	od 0.15 to <0.25	7.1	0.22	10	35.97	3	3.3	45.90%
	od 0.25 to <0.50	63.1	0.41	56	45.74	4	73.9	117.25%
	od 0.50 to <0.75	1.60	0.66	4	48.80	2	1.40	87.88%
	od 0.75 to <2.50	48.0	0.84	27	50.07	5	76.2	158.87%
	od 2.50 to <10.00	-	-	-	-	-	-	-
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**123.8**	**0.56**	**108**	**46.50**	**4**	**156.4**	**126.37%**
Corporates SME	0.00 to <0.15	-	-	-	-	-	-	-
	od 0.15 to <0.25	4.4	0.17	15	51.35	2	1.6	36.57%
	od 0.25 to <0.50	6.9	0.33	31	51.35	2	4.7	68.83%
	od 0.50 to <0.75	7.1	0.59	52	51.35	1	5.1	72.18%
	od 0.75 to <2.50	5.5	1.65	66	51.35	2	6.2	113.03%
	od 2.50 to <10.00	6.1	6.46	31	51.35	2	10.8	174.11%
	od 10.00 to <100.00	2.0	34.07	5	51.35	1	6.5	323.71%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**32.0**	**3.90**	**200**	**51.35**	**2**	**34.9**	**109.01%**
Corporates Other	0.00 to <0.15	9.2	0.08	3	50.42	1	1.9	20.83%
	od 0.15 to <0.25	28.5	0.22	7	58.58	**1**	13.1	46.00%
	od 0.25 to <0.50	131.4	0.46	25	58.53	1	99.9	75.96%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	45.8	1.01	20	58.58	2	55.9	121.98%
	od 2.50 to <10.00	2.3	3.16	7	58.58	1	3.6	160.95%
	od 10.00 to <100.00	7.7	27.48	2	58.58	5	30.0	391.24%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**224.9**	**1.48**	**64**	**58.22**	**1**	**204.4**	**90.88%**
Total (all portfolios)		**1,730.7**	**0.39**	**439**	**37.49**	**1**	**592.7**	**34.25%**

6.4. Quantitative information on forborne 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) 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,
- the Bank or subsidiaries has decided to grant forbearance to the client, which would not have been granted if client had not experienced financial difficulties, to facilitate repayment by the borrower or to prevent the occurrence of such difficulties in repayment,
- the forbearance is granted on more favourable terms for the client than those originally accepted and on terms more favourable than those offered at that time to other clients with a similar risk profile,
- 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 breach by the client on a contractual 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).

(PLN million)

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
010	**Loans and advances**	**4,607.4**	**1,930.1**	**1,930.1**	**1,930.1**	**-120.0**	**-1,033.8**	**3,224.7**	**663.8**
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	0.2	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
050	Other financial corporations	1.2	13.2	13.2	13.2	-0.2	-11.2	0.2	0.2
060	Non-financial corporations	3,651.5	1,267.0	1,267.0	1,267.0	-97.7	-620.5	2,340.1	556.4
070	Households	954.5	649.9	649.9	649.9	-22.1	-402.1	884.4	107.2
080	**Debt Securities**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
090	**Loan commitments given**	**336.2**	**7.1**	**7.1**	**7.1**	**-1.3**	**-9.6**	**0.6**	**0.1**
100	**Total**	**4,943.6**	**1,937.2**	**1,937.2**	**1,937.2**	**-121.3**	**-1,043.4**	**3,225.3**	**663.9**

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

In calculating the capital ratios, the Group used the transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. As at 30 June 2024 the total capital ratio and Tier 1 ratio would be 15.39% and 14.17%, respectively, if ING BSK did not apply a transition period for the implementation of IFRS 9.

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 2024	as at 31 Mar 2024	as at 31 Dec 2023	as at 30 Sep 2023
	Available capital (amounts)				
1	CET1 capital	16,837.2	17,734.6	17,506.1	16,099.5
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,801.7	17,699.2	17,435.3	15,939.5
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*	16,837.2	17,734.6	17,506.1	16,099.5
3	Tier 1 capital	16,837.2	17,734.6	17,506.1	16,099.5
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,801.7	17,699.2	17,435.3	15,939.5
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 *	16,837.2	17,734.6	17,506.1	16,099.5
5	Total capital	18,289.1	19,203.9	19,029.6	17,722.0
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18,253.7	19,168.5	18,958.8	17,561.9
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 *	18,289.1	19,203.9	19,029.6	17,722.0
	Risk-weighted assets (amounts)				
7	Total risk-weighted assets	118,603.4	113,295.7	109,295.1	106,992.5
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	118,592.0	113,284.3	109,272.8	106,935.7
	Capital ratios				
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.20%	15.65%	16.02%	15.05%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.17%	15.62%	15.96%	14.91%
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 *	14.20%	15.65%	16.02%	15.05%
11	Tier 1 (as a percentage of risk exposure amount)	14.20%	15.65%	16.02%	15.05%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.17%	15.62%	15.96%	14.91%
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 *	14.20%	15.65%	16.02%	15.05%
13	Total capital (as a percentage of risk exposure amount)	15.42%	16.95%	17.41%	16.56%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.39%	16.92%	17.35%	16.42%
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 *	15.42%	16.95%	17.41%	16.56%
	Leverage ratio				
15	Leverage ratio total exposure measure	264,625.7	266,268.6	259,375.2	247,510.5
16	Leverage ratio	6.36%	6.66%	6.75%	6.50%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.35%	6.65%	6.72%	6.44%
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 *	6.36%	6.66%	6.75%	6.50%

* 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 Regulation CRR. 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.

8. Disclosures in the area of the minimum requirement for own funds and eligible liabilities

The Bank is obliged to meet the MREL (minimum requirement for own funds and eligible liabilities "MREL") requirements, pursuant to Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

On 7 June 2024, the Bank received a letter from the Bank Guarantee Fund (BFG) regarding a joint decision of the resolution authorities, i.e. Single Resolution Board (SRB) and the BFG, on the minimum level of own funds and write-down/conversion liabilities (MREL). This decision is based on the ING Group's 'Single Point of Entry' (SPE) forced restructuring strategy. The BFG, in consultation with the SRB, set the MREL requirement for the Bank at 19.45% of the total risk exposure amount (TREA) - taking into account the combined buffer requirement of 3.01% as at 30 June 2024 and 5.91% of the total exposure measure (TEM) at the individual level. The Bank is obliged to meet the MREL requirement for both, TREA and TEM, at the same time. The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the Act on the BGF, which transposes Article 45f(2) of the BRRD2. In addition, the BFG indicated that the part of the MREL corresponding to the recapitalisation amount should be satisfied in the form of the following instruments: additional Tier 1 (AT1), Tier 2 capital instruments (T2) and other subordinated eligible liabilities acquired directly or indirectly by the parent entity. The Bank estimates that the MREL part of the recapitalisation amount requirement is 8.44% TREA and 2.91% TEM. At the same time, the BFG indicated that the Common Equity Tier 1 (CET1) instruments held by the Bank for the purpose of the combined buffer requirement cannot be included in the MREL requirement expressed as a percentage of the total risk exposure amount (TREA).

As at 30 June 2024, the Bank had two non-preferred senior loans (NPS) from ING Bank N.V., with a nominal value of EUR 1.760 million. This value includes:

- a loan of EUR 1.5 billion for a period of 4 years (with the right to early repayment after 3 years)
- a loan of EUR 260 million for a period of 6 years (with the right to early repayment after 5 years).

Both loans are an element of the SPE strategy for ING Group. The Bank includes NPS funds in eligible liabilities for the purposes of the minimum requirement of own funds and eligible liabilities (MREL). As at 30 June 2024, the carrying amount of liabilities due to NPS loans amounted to PLN 7,614.9 million and was recognised in the statement of financial position in the item Liabilities to other banks.

The scope of disclosures regarding the MREL requirement results from the fact that the Bank is not a resolution entity.

The quantitative data in terms of the MREL requirement are presented in the table below (in accordance with the EU ILAC template presented in Commission Implementing Regulation (EU) 2021/763). Column b does not apply to Bank.

(PLN million)

EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

		a	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU-1	Is the entity subject to a non-EU G-SII requirement for own funds and eligible liabilities? (Y/N)			N
EU-2	If EU-1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			-
EU-2a	Is the entity subject to an internal MREL? (Y/N)			Y
EU-2b	If EU-2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	16,886.3		
EU-4	Eligible Additional Tier 1 capital	0.0		
EU-5	Eligible Tier 2 capital	1,451.9		
EU-6	Eligible own funds	18,338.2		
EU-7	Eligible liabilities	7,672.5		
EU-8	of which permitted guarantees	0.0		
EU-9a	(Adjustments)	0.0		
EU-9b	Own funds and eligible liabilities items after adjustments	26,010.7		
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	112,409.2		
EU-11	Total exposure measure (TEM)	247,768.1		
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities as a percentage of the TREA	23.14%		
EU-13	of which permitted guarantees	0.00%		
EU-14	Own funds and eligible liabilities as a percentage of the TEM	10.50%		
EU-15	of which permitted guarantees	0.00%		
EU-16	CET1 (as a percentage of the TREA) available after meeting the entity's requirements	6.70%		
EU-17	Institution-specific combined buffer requirement			
Requirements				
EU-18	Requirement expressed as a percentage of the TREA	16.44%		
EU-19	of which part of the requirement that may be met with a guarantee	0.00%		
EU-20	Requirement expressed as percentage of the TEM	5.91%		
EU-21	of which part of the requirement that may be met with a guarantee	0.00%		
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013			

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."*, which has been included in annex to this Policy.

2024-08-06 **Jolanta Alvarado Rodriguez**
Lead of Centre of Expertise
Accounting Policy and Financial Reporting

The original Polish document is signed with
a qualified electronic signature