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 2022

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Capital adequacy

Introduction
Pursuant to the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (Regulation CRR) and the Banking Law Act of 29 August 1997 (Journal of Laws of 2021, item 2439 as amended), hereinafter referred to as the "Banking Law Act", ING Bank Śląski S.A., hereinafter referred to as the Bank, is obliged to make qualitative and quantitative disclosures relating to the capital adequacy, excluding information immaterial, proprietary or confidential.

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

Disclosures in this document are based on the data from the semi-annual consolidated financial statements of the ING Bank Śląski S.A. Group published for the period of 6 months ending on 30 June 2022. The presented values have been prepared in Polish zlotys (PLN). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, there may be cases of mathematical inconsistency in the summaries or between individual tables.

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

1. Own funds

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

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

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

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

Other comprehensive income is created as a result of:

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

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

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

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

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

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

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

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

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

As at 30 June 2022 in the own funds of the Group was partially recognized net profit in the amount of PLN 396.4 million for the period from 1 January 2022 to 31 March 2022, after deducting the expected charges and dividend, based on the decisions of the Financial Supervision Authority of 20 June 2022.

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 I),
- 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),
- adjustment for the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic (accordance with Regulation CRR).

In the process of calculating consolidated own funds and requirements for consolidated own funds as at 30 June 2022, 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 2022	as at 30 Jun 2022	
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	2,718.1	2,718.1	
2	Loans and other receivables to other banks	2,293.2	2,293.2	
3	Financial assets measured at fair value through profit or loss	3,487.6	3,487.6	
4	Derivative hedge instruments	834.2	834.2	
5	Investment securities	39,283.0	39,283.0	
6	Loans and other receivables to customers measured at amortised cost	152,117.7	152,117.7	
7	Transferred assets	6,878.6	6,878.6	
8	Investments in associates accounted for using the equity method	165.9	193.7	
9	Property, plant and equipment	926.2	926.1	
10	Intangible assets	409.2	395.2	(a)
11	Current income tax assets	820.5	820.5	
12	Deferred tax assets	2,238.6	2,239.5	(c)
13	Other assets	222.2	218.0	
14	**Total assets**	**212,395.0**	**212,405.4**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Liabilities to other banks	8,788.0	8,788.0	
2	Financial liabilities measured at fair value through profit or loss	3,294.8	3,294.8	
3	Derivative hedge instruments	1,144.4	1,144.4	
4	Liabilities to customers	185,095.1	185,108.2	
5	Liabilities from debt securities issued	401.8	401.8	
6	Subordinated liabilities	1,638.8	1,638.8	(b)
7	Provisions	338.7	338.5	
8	Deferred tax liabilities	11.7	11.0	(c)
9	Other liabilities	3,964.8	3,963.0	
10	**Total liabilities**	**204,678.1**	**204,688.5**	
Shareholders' Equity				
1	Share capital	130.1	130.1	(d)
2	Share premium	956.3	956.3	(d)
3	Accumulated other comprehensive income	-9,311.9	-9,311.9	(e)
4	Retained earnings	15,942.4	15,942.4	(f)
5	**Total shareholders' Equity**	**7,716.9**	**7,716.9**	

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 2022 was PLN 13,896.3 million,
- core capital Tier 2 which as at 30 June 2022 was PLN 1,656.0 million,

As at 30 June 2022, 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	
	of which: Agio	956.3	
2	Retained earnings	-201.9	(f)
3	Accumulated other comprehensive income (and other reserves)	13,262.5	(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	396.4	(f)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**15,758.6**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-23.0	
8	Intangible assets (net of related tax liability) (negative amount)	-456.7	(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)	-1,671.1	(c)
12	Negative amounts resulting from the calculation of expected loss amounts	-64.8	
27a	Other regulatory adjustments	353.3	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-1,862.3**	
29	**Common Equity Tier 1 (CET1) capital**	**13,896.3**	
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)**	**13,896.3**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	1,638.2	(b)
50	Credit risk adjustments	17.8	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,656.0**	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	0.0	
58	Tier 2 (T2) capital	1,656.0	
59	**Total capital (TC = T1 + T2)**	**15,552.3**	
60	**Total Risk exposure amount**	**107,903.8**	

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Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	12.88%	
62	Tier 1 capital	12.88%	
63	Total capital	14.41%	
64	Institution CET1 overall capital requirements	7.75%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.0013%	
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	0.75%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	6.41%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	0.00%	
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)	609.0	(c)
Applicable caps on the inclusion of provisions in Tier 2			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	17.8	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	261.3	

2. Regulatory capital requirements calculation

The Group is required to maintain T1 and TCR ratios at least at the level of 9.38% and 11.38% respectively.

The requirement arises from the provisions of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) i.e.:

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

and the capital buffers determined in accordance with the Act on macroprudential supervision over the financial system and crisis management in the financial system of 05 August 2015 in the total amount of 3.25% and increased by the capital add-on recommended under Pillar II (the so-called P2G) in the amount of 0.13%.

The capital requirement for credit risk represents approx. 89% of the Group's overall capital requirement and has the greatest impact on capital adequacy calculation.

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

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

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

The capital requirement for credit valuation adjustment risk (CVA) refers to the adjustment of the market value in accordance with the provisions of Basel III. The Bank calculates the adjustment for overhead capital requirement under the standard method in accordance with Article 384 of Regulation CRR.

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To calculate the capital requirement for risk of contribution to fund the CCP in case of default, the Bank uses method, described in Article 306-309 of Regulation 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 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 2022	as at 31 Mar 2022	as at 30 Jun 2022
1	**Credit risk (excluding CCR)**	**94,265.3**	**93,571.8**	**7,541.2**
2	Of which the standardised approach	51,432.8	50,965.5	4,114.6
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	856.0	1,041.7	68.5
5	Of which the Advanced IRB (A-IRB) approach	41,976.5	41,564.6	3,358.1
6	**Counterparty credit risk - CCR**	**1,189.5**	**1,166.1**	**95.2**
7	Of which the standardised approach	725.5	586.2	58.0
8	Of which internal model method (IMM)	0.0	0.0	0.0
EU-8a	Of which exposures to a CCP	317.5	385.2	25.4
EU-8b	Of which credit valuation adjustment - CVA	140.9	128.3	11.3
9	Of which other CCR	5.6	66.4	0.4
15	**Settlement risk**	**0.0**	**0.0**	**0.0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**89.1**	**111.0**	**7.1**
17	Of which SEC-IRBA approach	0.0	0.0	0.0
18	Of which SEC-ERBA (including IAA)	0.0	0.0	0.0
19	Of which SEC-SA approach	89.1	111.0	7.1
EU-19a	Of which 1250%	0.0	0.0	0.0
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,196.0**	**889.2**	**95.7**
21	Of which the standardised approach	1,196.0	889.2	95.7
22	Of which IMA	0.0	0.0	0.0
EU-22a	**Large exposures**	**0.0**	**0.0**	**0.0**
23	**Operational risk**	**11,163.9**	**11,163.9**	**893.1**
EU-23a	Of which basic indicator approach	0.0	0.0	0.0
EU-23b	Of which standardised approach	11,163.9	11,163.9	893.1
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)**	**2,062.6**	**2,348.1**	**165.0**
29	**Total**	**107,903.8**	**106,902.0**	**8,632.3**

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

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

(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	39,620.4	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	820.4	0.0	638.7	0.0	0.0	0.0	**41,079.8**	41,069.8
2	Regional government or local authorities	0.0	0.0	0.0	0.0	3,014.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**3,014.0**	3,014.0
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	9,021.2	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	**9,021.2**	9,021.2
5	International organizations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
6	Institutions	0.0	0.0	0.0	0.0	2.7	0.0	38.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**41.4**	41.4
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,379.8	0.0	0.0	0.0	0.0	0.0	**6,379.8**	6,379.8
8	Retail exposures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31,838.3	0.0	0.0	0.0	0.0	0.0	0.0	**31,838.3**	31,838.3
9	Exposures secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	41,449.1	297.1	0.0	125.9	305.7	34.9	0.0	0.0	0.0	0.0	**42,212.7**	42,212.7
10	Exposures in default	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	507.5	114.7	0.0	0.0	0.0	0.0	**622.2**	622.2
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	1,152.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,320.1	0.0	0.0	0.0	0.0	0.0	**3,472.3**	3,472.3
17	**Total**	**49,793.8**	**0.0**	**0.0**	**0.0**	**3,017.0**	**41,449.1**	**335.8**	**0.0**	**31,964.2**	**10,333.5**	**149.6**	**638.7**	**0.0**	**0.0**	**0.0**	**137,681.7**	**137,671.7**

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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	5,274.7	1,871.5	0.2	5,659.0	0.09	319	26.49	0.9	906.6	16.02%	1.9	0,5
	0.00 to <0.10	3,334.6	1,703.4	0.2	3,699.8	0.07	87	23.08	0.7	481.1	13.00%	1.0	0,2
	0.10 to <0.15	1,940.1	168.1	0.1	1,959.2	0.13	232	32.92	1.3	425.5	21.72%	0.9	0,3
	0.15 to <0.25	426.8	139.2	0.1	445.6	0.20	51	37.77	1.0	118.2	26.54%	0.3	0,1
	0.25 to <0.50	783.7	642.3	0.4	1,039.0	0.36	51	11.47	2.6	679.9	65.43%	1.4	0,7
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	26.4	40.0	0.2	34.0	1.53	28	41.19	1.0	35.9	105.62%	0.2	0,0
	0.75 to <1.75	17.1	37.7	0.2	24.5	1.20	23	40.40	1.2	25.0	102.00%	0.1	0,0
	1.75 to <2.5	9.3	2.3	0.1	9.5	2.37	5	43.24	0.5	10.9	114.93%	0.1	0,0
	2.50 to <10.00	1.8	11.0	0.1	2.9	3.98	15	45.74	0.6	3.8	129.66%	0.1	0,0
	2.5 to <5	1.8	6.1	0.1	2.4	3.09	9	47.30	0.5	3.0	120.76%	0.0	0,0
	5 to <10	0.0	5.0	0.1	0.5	8.35	6	38.13	1.1	0.9	173.16%	0.0	0,0
	10.00 to <100.00	7.0	7.7	0.7	12.5	28.66	46	28.53	1.5	33.0	264.09%	1.7	0,8
	10 to <20	0.1	7.7	0.7	5.6	16.32	44	1.04	3.1	12.6	225.29%	0.3	0,5
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	6.9	0.0	0.0	6.9	38.74	2	50.98	0.1	20.3	295.77%	1.4	0,3
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	**6,520.4**	**2,711.7**	**0.2**	**7,193.0**	**0.19**	**510**	**20.52**	**1.2**	**1,777.4**	**24.71%**	**5.6**	**2,1**
Corporates Specialised lending	0.00 to <0.15	46.9	615.1	1.0	662.0	0.14	3	8.66	4.1	32.2	4.87%	0.1	0,0
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	46.9	615.1	1.0	662.0	0.14	3	8.66	4.1	32.2	4.87%	0.1	0,0
	0.15 to <0.25	682.6	125.3	0.4	738.1	0.21	36	9.36	3.4	99.3	13.45%	0.1	0,1
	0.25 to <0.50	4,914.1	712.6	0.9	5,529.7	0.39	232	24.80	3.3	2,759.3	49.91%	5.6	4,0
	0.50 to <0.75	13.1	0.2	0.0	13.1	0.59	3	1.00	4.0	0.3	2.52%	0.0	0,0
	0.75 to <2.50	4,235.8	369.0	0.9	4,557.3	0.90	232	19.33	2.6	1,974.5	43.33%	7.7	5,1
	0.75 to <1.75	4,172.2	368.9	0.9	4,493.7	0.88	216	19.34	2.6	1,935.6	43.07%	7.4	4,6
	1.75 to <2.5	63.6	0.1	0.7	63.7	2.37	16	18.71	3.8	38.9	61.14%	0.3	0,4
	2.50 to <10.00	122.6	1.3	0.2	122.9	4.70	22	24.64	3.4	105.1	85.51%	1.4	1,9
	2.5 to <5	112.9	1.3	0.2	113.1	4.39	19	25.87	3.4	100.5	88.83%	1.3	1,9
	5 to <10	9.8	0.0	0.0	9.8	8.35	3	10.40	3.5	4.6	47.13%	0.1	0,0
	10.00 to <100.00	38.0	29.2	0.5	52.3	22.62	35	17.42	1.6	62.0	118.52%	1.8	2,3
	10 to <20	0.0	29.2	0.5	14.4	16.32	33	37.97	2.5	41.9	291.96%	0.9	1,8
	20 to <30	37.9	0.0	0.0	37.9	25.00	2	9.64	1.2	20.0	52.86%	0.9	0,4
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	259.4	0.0	0.0	259.4	100.00	7	33.34	1.0	82.5	31.81%	143.4	140,0
	Subtotal	**10,312.5**	**1,852.7**	**0.9**	**11,934.8**	**2.86**	**570**	**21.17**	**3.0**	**5,115.2**	**42.86%**	**160.1**	**153,4**
Corporates SME	0.00 to <0.15	1,089.2	398.7	0.7	1,350.0	0.10	1,564	32.23	1.3	184.7	13.68%	0.4	0,2
	0.00 to <0.10	668.2	336.9	0.6	886.8	0.09	1,185	32.98	1.2	117.0	13.19%	0.3	0,1
	0.10 to <0.15	421.0	61.8	0.7	463.2	0.13	379	30.79	1.4	67.7	14.61%	0.2	0,1
	0.15 to <0.25	1,209.9	689.5	0.4	1,507.7	0.17	889	28.45	2.1	286.7	19.02%	0.7	0,6
	0.25 to <0.50	2,415.5	1,461.3	0.4	3,063.6	0.35	1,976	28.07	2.3	873.9	28.53%	3.0	2,4
	0.50 to <0.75	3,217.3	1,662.8	0.5	3,977.9	0.59	2,377	24.68	2.0	1,231.6	30.96%	5.9	5,0
	0.75 to <2.50	5,887.1	2,226.9	0.4	6,774.3	1.57	4,257	23.66	2.0	2,825.4	41.71%	24.8	21,3
	0.75 to <1.75	3,432.4	1,283.1	0.4	3,950.4	1.21	2,346	24.63	2.1	1,609.8	40.75%	11.8	11,3
	1.75 to <2.5	2,454.7	943.7	0.4	2,823.9	2.06	1,911	22.30	2.0	1,215.7	43.05%	13.0	10,0
	2.50 to <10.00	3,286.4	924.4	0.6	3,803.9	4.70	2,235	21.15	2.0	1,903.0	50.03%	37.2	36,7
	2.5 to <5	2,804.8	802.5	0.6	3,255.5	4.07	1,831	21.54	2.0	1,619.0	49.73%	28.5	26,7
	5 to <10	481.7	121.9	0.5	548.4	8.39	404	18.87	1.8	284.1	51.80%	8.7	10,0
	10.00 to <100.00	399.1	70.7	0.7	447.4	21.48	354	16.13	2.0	287.4	64.24%	16.9	10,1
	10 to <20	204.8	28.4	0.5	220.2	13.56	269	11.96	1.7	86.5	39.30%	3.5	2,7
	20 to <30	119.0	37.5	0.8	150.1	26.16	50	20.22	2.7	130.9	87.22%	8.0	4,1
	30.00 to <100.00	75.3	4.8	0.4	77.1	35.00	35	20.07	1.5	70.0	90.72%	5.4	3,3
	100.00 (Default)	186.9	7.9	0.4	190.2	100.00	154	32.78	2.2	185.5	97.49%	62.9	68,8
	Subtotal	**17,691.4**	**7,442.2**	**0.5**	**21,115.0**	**2.88**	**13,806**	**24.89**	**2.0**	**7,778.2**	**36.84%**	**151.8**	**145,1**

Qualitative and quantitative disclosures relating to capital adequacy published for the period of 6 months ending on 30 June 2022 (PLN million)

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	4,503.0	3,699.7	0.3	5,620.0	0.10	384	38.16	1.5	1,154.5	20.54%	2.2	1,4
	0.00 to <0.10	1,493.2	1,174.5	0.2	1,670.5	0.08	292	43.14	1.6	357.5	21.40%	0.6	0,2
	0.10 to <0.15	3,009.8	2,525.2	0.4	3,949.4	0.11	92	36.05	1.5	797.0	20.18%	1.6	1,2
	0.15 to <0.25	3,777.7	6,248.3	0.3	5,790.0	0.18	536	36.99	2.0	2,068.2	35.72%	3.9	1,8
	0.25 to <0.50	8,655.5	5,384.6	0.3	10,397.6	0.38	1,051	36.59	2.2	5,526.1	53.15%	14.5	10,8
	0.50 to <0.75	4,807.3	1,625.2	0.5	5,592.2	0.59	1,150	28.70	2.1	3,110.4	55.62%	9.4	7,7
	0.75 to <2.50	9,743.7	4,380.9	0.4	11,628.4	1.36	2,236	29.89	2.0	8,419.5	72.40%	46.0	35,2
	0.75 to <1.75	7,443.0	3,562.4	0.4	8,924.8	1.15	1,379	31.23	2.0	6,344.7	71.09%	31.8	24,2
	1.75 to <2.5	2,300.6	818.5	0.5	2,703.6	2.06	857	25.46	2.1	2,074.8	76.74%	14.2	10,9
	2.50 to <10.00	3,749.2	1,791.5	0.5	4,591.8	4.39	1,475	26.13	1.9	4,352.6	94.79%	52.2	41,3
	2.5 to <5	3,375.7	1,543.2	0.5	4,099.5	3.89	1,111	26.48	1.9	3,813.2	93.01%	42.5	34,7
	5 to <10	373.5	248.3	0.5	492.3	8.50	364	23.24	1.8	539.4	109.59%	9.7	6,6
	10.00 to <100.00	842.5	405.0	0.3	980.9	23.31	1,879	20.67	1.7	1,243.1	126.73%	46.2	33,6
	10 to <20	309.0	91.7	0.3	338.9	14.30	1,575	22.43	1.7	429.4	126.71%	11.0	9,5
	20 to <30	408.3	306.8	0.3	512.2	26.31	143	20.78	1.7	679.8	132.72%	28.1	17,4
	30.00 to <100.00	125.1	6.5	0.7	129.9	35.00	161	15.68	1.9	133.9	103.14%	7.1	6,7
	100.00 (Default)	1,502.5	62.1	0.6	1,537.4	100.00	782	48.00	1.3	1,431.3	93.10%	905.7	921,0
	Subtotal	**37,581.4**	**23,597.3**	**0.4**	**46,138.3**	**4.74**	**9,493**	**33.53**	**1.9**	**27,305.7**	**59.18%**	**1,080.1**	**1 052,8**
Total (all portfolios)		**72,105.7**	**35,603.9**	**0.4**	**86,381.1**		**24,379**		**2.0**	**41,976.5**	**48.60%**	**1,397.6**	**1,353.4**

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**	**43,912.4**
2	Asset size (+/-)	1,311.3
3	Asset quality (+/-)	-1,441.0
4	Model updates (+/-)	385.4
5	Methodology and policy (+/-)	990.7
6	Acquisitions and disposals (+/-)	0.0
7	Foreign exchange movements (+/-)	92.6
8	Other (+/-)	0.0
9	**Risk weighted exposure amount as at the end of the reporting period**	**45,251.4**

The amount of risk-weighted exposure resulting from the use of internal models increased by PLN 1,339 million in the second quarter of 2022 compared to the first quarter of 2022. The increase in the amount of risk-weighted exposure is a consequence of the increase in risk-weighted assets resulting from a loan acquisition (+1,311 million), model changes (+385 million), changes in methodology and policies (+991 million), and changes in exchange rates (+93 million) partially offset by improvement in the quality of the loan portfolio (-1,441 million). The increase in risk-weighted assets resulting from a loan acquisition results from the sale of new loans or from new loan disbursements within the granted limits, with the credit quality as at the reporting date. Model changes relate to the need to impose an additional mark-up for the model used for large corporations. The increase in risk-weighted assets due to methodologies and policies is due to a change in the regulatory capital charge on group models applicable to leasing exposures and financial customers. The increase in risk-weighted assets due to changes in exchange rates results from the exposure in foreign currencies, which are subject to revaluation due to changes in exchange rates between the reporting dates. The improvement in the quality of the loan portfolio results from a positive change in the assessment of customers' creditworthiness and the recognition of collaterals.

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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 2022 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	111.7	0.0	250%	111.7	279.2	0.0
Other equity exposures	155.9	0.0	370%	155.9	576.8	3.7
Total	**267.6**	**0.0**		**267.6**	**856.0**	**3.7**

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 2022, 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 0.75% imposed by the PFSA through a decision received on 5 November 2021,
- countercyclical buffer applied to exposure to which such buffer was imposed by competent authorities. The countercyclical buffer varies over time depending on the structure of the relevant exposures and the levels of countercyclical buffer rates imposed on the relevant exposures (as at 30 June 2022 the countercyclical buffer was effectively equal to 0.001%),
- systemic risk buffer according to the Regulation of the Minister of Finance repealing previous regulation on systemic risk buffer published on 18 March 2020 equals 0%.

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

 (PLN million)

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

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		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			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**													
	Poland	84,481.2	77,920.5	0.0	0.0	0.0	162,401.7	7,120.0	0.0	0.0	7,120.0	89,000.5	98.95	0.00
	Bulgaria	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.2	0.00	0.50
	Czech Republic	0.8	39.6	0.0	0.0	0.0	40.4	4.6	0.0	0.0	4.6	57.1	0.06	0.50
	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	1.00
	Luxembourg	0.5	478.5	0.0	0.0	0.0	479.0	17.8	0.0	0.0	17.8	221.9	0.25	0.50
	Norway	0.5	0.4	0.0	0.0	0.0	0.9	0.1	0.0	0.0	0.1	0.6	0.00	1.50
	Slovakia	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.00	1.00
	Other countries	41.4	1,648.1	0.0	0.0	0.0	1,689.5	53.1	0.0	0.0	53.1	664.0	0.74	0.00
020	**Total**	**84,525.1**	**80,087.1**	**0.0**	**0.0**	**0.0**	**164,612.2**	**7,195.6**	**0.0**	**0.0**	**7,195.6**	**89,944.4**	**100.00**	

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Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer		
		a
1	Total risk exposure amount	107,903.8
2	Institution specific countercyclical capital buffer rate	0.0013%
3	Institution specific countercyclical capital buffer requirement	1.4

4. Leverage ratio

The calculation of regulatory leverage ratio in the ING Bank Śląski S.A. Group as at 30 June 2022 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	212,395.0
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	10.3
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	-1,353.5
9	Adjustment for securities financing transactions (SFTs)	254.3
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,401.5
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-2,937.2
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	1,406.6
13	**Leverage ratio total exposure measure**	**224,177.0**

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):

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- 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 2022	as at 31 Mar 2022
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	211,967.8	203,464.2
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0.0	0.0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.0	0.0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0.0	0.0
5	(General credit risk adjustments to on-balance sheet items)	-2,914.1	-2,942.5
6	(Asset amounts deducted in determining Tier 1 capital)	-1,797.5	-711.3
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**207,256.2**	**199,810.4**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	830.8	803.8
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0.0	0.0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,434.2	1,395.2
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**	**2,265.0**	**2,199.0**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0.0	0.0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	248.2	524.7
16	Counterparty credit risk exposure for SFT assets	6.1	20.1
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**	**254.3**	**544.8**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	47,977.9	48,551.6
20	(Adjustments for conversion to credit equivalent amounts)	-33,539.4	-33,414.9
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-37.0	-32.7
22	**Off-balance sheet exposures**	**14,401.5**	**15,104.0**
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
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0.0	0.0

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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	13,896.3	15,125.0
24	**Total exposure measure**	**224,177.0**	**217,658.2**
Leverage ratio			
25	**Leverage ratio (%)**	**6.20%**	**6.95%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.20%	6.95%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.20%	6.95%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	3.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	3.00%	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:**	**209,053.7**
EU-2	Trading book exposures	446.0
EU-3	Banking book exposures, of which:	208,607.7
EU-4	Covered bonds	0.0
EU-5	Exposures treated as sovereigns	49,006.7
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2,888.5
EU-7	Institutions	6,516.4
EU-8	Secured by mortgages of immovable properties	42,161.6
EU-9	Retail exposures	29,383.9
EU-10	Corporate	69,639.5
EU-11	Exposures in default	1,456.5
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	7,554.6

For internal purposes the required ratio limit is 5.3%. This level is adopted for dividend purposes in accordance with the conditions specified by the Polish Financial Supervision Authority for the purposes of paying dividends by banks. In order to limit the risk of the leverage ratio falling below the required level, the Market Risk Management monitors the ratio's level in relation to the limit.

In the first half of 2022 the leverage ratio has been above internal and regulatory limit. The main influencing factors have been:

- credit dynamics (nominator) – as a result of Bank strategy,
- recognition of profits from first quarter of 2022 in Tier I capital,
- inclusion of transition periods in own funds calculation (denominator).

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5. Information on liquidity

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

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

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

In compliance with the duties and principles set out in Regulation (EU) No 575/2013 of the European Parliament and of the Council and Commission Delegated Regulation's (EU) No 2015/61 and 2018/1620, the Bank calculates the following regulatory liquidity measures - short-term liquidity measures (LCR – Liquidity Coverage Ratio) – this is to ensure that the Bank holds an adequate level of high quality liquid assets to cover its liquidity needs within 30 calendar days under stressed conditions. In the first half of 2022 a regulatory limit of 100% applied. The Bank is obliged to report the liquidity measures to the regulator on a monthly basis.

As at 30 June 2022 Liquidity Coverage Ratio for the Group was as follows:

Liquidity measures		**Minimum value**	as at **30 Jun 2022**
LCR	Liquidity coverage ratio	100%	132%

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

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

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

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

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

The LCR ratio as at 30 June 2022 increased by 6 percentage points from 31 March 2022, mainly due to an increase in inflows, which was partially offset by the decrease in liquid assets and the increase in outflows. The decrease in liquid assets was due to the decrease in the volume of unencumbered government bonds (PLN – 5,556 million) and BGK bonds (PLN -61 million) partially offset by an increase in EIB bonds (PLN +380 million). The increase in inflows was mainly determined by the increase in other inflows (PLN +6,407 million, including increase in off-balance sheet repo +6,070 million), increase the principal and interest instalments (PLN +235 million) and increase on nostro accounts (PLN +70 million). The increase in outflows was mainly due to an increase in other outflows (PLN +2,109 million) and a decrease in outflows from deposits (PLN -1,051 million).

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	as at 30 Jun 2022		as at 31 Mar 2022		30 Jun 2022 vs 31 Mar 2022	
LCR	**132%**		**126%**		**6 p.p.**	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	24,307	24,307	29,745	29,745	-5,438	-5,438
Outflows	252,873	34,729	246,527	33,290	6,346	1,439
Inflows	18,515	16,299	11,935	9,589	6,580	6,709

The LCR ratio as at 30 June 2022 decreased by 68 percentage points compared to 30 June 2021. The greatest impact on the decrease in the LCR ratio was due to the increase in the required reserve level from 0.5% to 3.5% (a decrease in LCR by 29.7 p.p.). These changes were reflected in the decline in the value of liquid assets amid an increase in inflows, partially offset by an increase in outflows. The lower level of liquid assets was mainly due to the decrease in the volume of unencumbered government bonds (PLN -29,039 million) and BGK bonds (PLN -301 million) partially offset by the increase of EIB bonds (PLN +156 million) and an increase in the volume of cash (PLN +460 million). The inflows increased due to the higher value of other inflows (PLN +11,602 million, including increase in off-balance sheet repo +9,666 million) and a higher value of principal and interest instalments (PLN +1,436 million), partially offset by a decrease in nostro accounts (PLN -53 million). The increase in outflows resulted mainly from higher other outflows (PLN +4,400 million).

	as at 30 Jun 2022		as at 30 Jun 2021		30 Jun 2022 vs 30 Jun 2021	
LCR	**132%**		**200%**		**-68 p.p.**	
	Value	Weighted value	Value	Weighted value	Value	Weighted value
Liquid assets	24,307	24,307	53,081	53,081	-28,774	-28,774
Outflows	252,873	34,729	218,817	29,830	34,055	4,898
Inflows	18,515	16,299	4,606	3,319	13,909	12,980

The volume of liquid assets in June 2022, in relation to March 2022 and June 2021, shows a significant downward trend. The increase in cash outflows in the analysed periods was caused by an increase in liabilities. The increase in cash inflows is mainly due to the higher value of other inflows.

Explanations on the actual concentration of funding sources

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

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

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

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

- type of financing,
- customer segment,
- product type,
- currencies,
- geographical region, and
- concentration of large deposits.

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

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

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

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

As at 30 June 2022, in accordance with the principles set out in the Commission Implementing Regulation (EU) 2016/313, the following were reported:

- concentration of financing by counterparty, includes information on the funds of the four largest clients. The funds raised exceed the threshold of 1% of total liabilities.
- concentration of financing by product type, confirms that the main source of financing at ING Bank Śląski S.A. there are customer deposits. The most important are savings accounts of retail clients (of which 79% are covered by the deposit guarantee scheme) and current accounts of retail clients (of which 67% are covered by the deposit guarantee scheme). Unsecured wholesale financing is only 21% of the financing indicated in reporting in accordance with the EU Commission Regulation. The information includes the total amount of funding received for each product category for which the threshold of 1% of total commitments is exceeded.

The existing funding structure is well diversified. The funding structure as at 30 June 2022 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 2022	
Core customer segments	**direct funding**	**% share**
Retail customers	110,016	55.1%
Corporate customers.	67,825	34.0%
Equity	17,532	8.8%
Banks	2,759	1.4%
Own issues	1,638	0.8%

Mutual funding:

	as at 30 Jun 2022	
Core customer segments	**mutual funding**	**% share**
Banks	29,128	83.2%
Corporate customers.	5,897	16.8%
Retail customers	0	0.0%

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

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

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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 2022:

Structure of the liquidity buffer	% share
Treasury bonds or bonds issued by the central bank (PLN)	57.3%
Treasury bonds or bonds issued by the central bank (EUR)	14.7%
bonds of BGK , PFR and EIB	28.0%

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

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

Here below there is a breakdown of level 1 liquid assets used by the Group to calculate the LCR ratio (as defined in the Commission Delegated Regulation (EU) No 2015/61) as at 30 June 2022. Level 1 liquid assets cover assets characterised with very high liquidity and credit quality.

	as at 30 Jun 2022
Level 1 liquid assets	
Cash	1,152.2
Cash in nostro accounts with the Central Bank net of the required reserve	6.4
Unencumbered Treasury bonds	14,517.1
Unencumbered BGK bonds	1,989.4
Unencumbered bonds of the European Investment Bank	6,641.8
Total	**24,307.0**

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

Derivative exposures and potential collateral calls

Financial Institutions (FI) with which the Bank concludes derivative transactions have signed collateral agreements (VMCSA - Variation Margin Credit Support Annex) which are an annex to the ISDA agreement. Some counterparties outside the FI may have regular CSA contracts, but as a rule they are not required to have them. In this case, the decision regarding the CSA is each time an element of the credit decision.
They regulate the issues of securing the portfolio of derivative transactions. They give the right to demand a security deposit to the party whose portfolio valuation for a given day is positive (the party's portfolio is in-the-money) and the right to demand the release of the collateral in the event of a change in this valuation.
As part of the collateral strategy for each CSA counterparty, a portfolio of transactions is valued daily against the maturity of the collateral.

Currency mismatch in the LCR

The Bank runs an active liquidity management policy with regard to the main currencies in which the bank settles most of the number (value) of transactions. From the point of view of liquidity management, the Bank considers the main (significant) currencies PLN, EUR, USD and CHF.
In the second quarter of 2022, the LCR consolidated in PLN was below 100% (in April it was 91% and in June it was 98%). However, this does not pose a liquidity risk, as the limits in internal reports for liquidity management have not been exceeded.

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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.

Template EU LIQ1 - Quantitative information of LCR									
		Total unweighted value (average)				Total weighted value (average)			
EU 1a		as at 30 Jun 2022	as at 31 Mar 2022	as at 31 Dec2021	as at 30 Sep 2021	as at 30 Jun 2022	as at 31 Mar 2022	as at 31 Dec2021	as at 30 Sep 2021
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)**					38,304.0	44,683.5	48,848.5	52,351.3
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	147,559.0	146,528.5	143,887.8	140,382.3	11,679.0	11,587.4	11,352.2	11,086.8
3	*Stable deposits*	*94,056.0*	*93,479.6*	*92,001.5*	*89,601.5*	*4,703.0*	*4,674.0*	*4,600.1*	*4,480.1*
4	*Less stable deposits*	*53,503.0*	*53,048.8*	*51,885.0*	*50,774.6*	*6,976.0*	*6,913.4*	*6,752.1*	*6,606.8*
5	Unsecured wholesale funding	23,613.0	21,013.4	19,641.9	19,281.5	11,406.0	11,275.5	11,173.8	11,186.1
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*6,031.0*	*2,010.9*	*299.0*	*0.0*	*1,505.0*	*501.2*	*74.4*	*0.0*
7	*Non-operational deposits (all counterparties)*	*17,521.0*	*18,943.8*	*19,249.1*	*19,200.2*	*9,840.0*	*10,715.6*	*11,005.6*	*11,104.8*
8	*Unsecured debt*	*61.0*	*58.7*	*93.8*	*81.3*	*61.0*	*58.7*	*93.8*	*81.3*
9	Secured wholesale funding					0.0	0.0	0.0	0.0
10	Additional requirements	17,240.0	17,161.9	16,667.0	17,065.9	2,671.0	2,642.8	2,654.6	2,764.3
11	*Outflows related to derivative exposures and other collateral requirements*	*1,263.0*	*1,280.9*	*1,339.7*	*1,400.9*	*1,263.0*	*1,280.9*	*1,339.7*	*1,400.9*
12	*Outflows related to loss of funding on debt products*	*0.0*	*0.3*	*0.3*	*0.3*	*0.0*	*0.3*	*0.3*	*0.3*
13	*Credit and liquidity facilities*	*15,977.0*	*15,880.7*	*15,327.1*	*15,664.7*	*1,408.0*	*1,361.6*	*1,314.7*	*1,363.1*
14	Other contractual funding obligations	6,816.0	5,694.3	4,922.6	4,307.9	6,437.0	5,334.7	4,580.7	3,985.9
15	Other contingent funding obligations	31,398.0	31,120.2	30,637.6	29,005.2	21.0	643.5	642.2	636.7
16	**TOTAL CASH OUTFLOWS**					**32,214.0**	**31,484.0**	**30,441.7**	**29,659.8**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	338.0	306.8	255.2	191.7	0.0	0.0	0.0	0.0
18	Inflows from fully performing exposures	4,289.0	3,760.8	3,310.2	2,901.1	2,550.0	2,171.2	1,834.0	1,522.9
19	Other cash inflows	5,457.0	3,250.9	2,813.2	2,292.2	5,457.0	3,250.9	2,813.2	2,292.2
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**	**10,084.0**	**7,318.4**	**6,378.7**	**5,385.0**	**8,007.0**	**5,422.1**	**4,647.2**	**3,815.1**
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	10,084.0	7,318.4	6,378.7	5,385.0	8,007.0	5,422.1	4,647.2	3,815.1
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					38,304.0	44,683.5	48,848.5	52,351.3
22	TOTAL NET CASH OUTFLOWS					24,207.0	26,061.9	25,794.5	25,844.7
23	**LIQUIDITY COVERAGE RATIO**					**1.58**	**1.73**	**1.91**	**2.04**

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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**	**16,115.1**	**0.0**	**0.0**	**1,656.0**	**17,771.1**
2	*Own funds*	16,115.1	0.0	0.0	1,656.0	17,771.1
3	*Other capital instruments*		0.0	0.0	0.0	0.0
4	**Retail deposits**		**146,393.5**	**433.8**	**42.7**	**136,870.4**
5	*Stable deposits*		93,466.4	194.3	12.9	88,990.6
6	*Less stable deposits*		52,927.1	239.5	29.8	47,879.8
7	**Wholesale funding:**		**41,121.5**	**850.5**	**3,060.1**	**19,908.5**
8	*Operational deposits*		18,050.4	0.0	0.0	17,360.7
9	*Other wholesale funding*		23,071.1	850.5	3,060.1	2,547.8
10	**Interdependent liabilities**		**0.0**	**0.0**	**0.0**	**0.0**
11	**Other liabilities:**	**815.4**	**16,163.4**	**917.6**	**1,001.2**	**1,460.0**
12	*NSFR derivative liabilities*	815.4				
13	*All other liabilities and capital instruments not included in the above categories*		16,163.4	917.6	1,001.2	1,460.0
14	**Total available stable funding (ASF)**					**176,010.0**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**2,236.6**
EU-15a	**Assets encumbered for more than 12m in cover pool**		**9.7**	**8.5**	**421.8**	**374.0**
16	**Deposits held at other financial institutions for operational purposes**		**0.0**	**0.0**	**0.0**	**0.0**
17	**Performing loans and securities:**		**36,925.0**	**10,938.6**	**103,435.4**	**101,100.3**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0.0	0.0	248.3	248.3
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		4,101.3	316.3	1,862.3	2,430.6
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		27,120.5	7,093.9	43,247.3	53,572.1
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		88.9	51.0	1,476.5	1,029.7
22	*Performing residential mortgages, of which:*		1,325.8	858.7	54,456.4	39,480.6
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		783.7	672.5	39,497.6	26,401.5
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*		4,377.4	2,669.7	3,621.1	5,368.7
25	**Interdependent assets**		**0.0**	**0.0**	**0.0**	**0.0**
26	**Other assets:**	**0.0**	**22,261.5**	**702.1**	**7,454.1**	**9,875.5**
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	437.8	372.1
29	*NSFR derivative assets*		520.2	0.0	0.0	520.2
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,184.3	0.0	0.0	59.2
31	*All other assets not included in the above categories*		20,557.0	702.1	7,016.3	8,924.0
32	**Off-balance sheet items**		**7,672.6**	**4,837.5**	**15,785.7**	**1,469.8**
33	**Total RSF**					**115,056.2**
34	**Net Stable Funding Ratio (%)**					**152.98**

The NSFR ratio as at 30 June 2022 decreased by 5.13 percentage points from 31 December 2021. This decrease was determined by an increase in items requiring stable funding, mainly credit receivables (PLN 4,189 million) and other assets (PLN 2,776 million), with a simultaneous lower increase in items ensuring stable funding. The increase in items ensuring stable financing was determined mainly by an increase in not-retail deposits (PLN 9,190 million) with a simultaneous decrease in retail deposits (PLN 6,159 million).

6. Quantitative information on credit risk

6.1. Credit risk adjustments

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

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

A delay in the execution by the customer of any material credit obligations towards the Bank, the parent company or any of its subsidiaries exceeding 90 days is a default by the customer.
The definition of customer's default is consistent with the definition of impairment.

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

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

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

- Guidelines of the European Banking Authority (EBA) No. EBA/GL/2016/07 of 18 January 2017 on the application of the definition of default, as defined in art. 178 of Regulation (EU) No 575/2013,
- Regulation of the Minister of Finance, Investment and Development of 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) 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.

(PLN million)

Template EU CR1: Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2			
005	Cash balances at central banks and other demand deposits	2,991.3	2,991.3	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
010	**Loans and advances**	**149,292.4**	**139,899.0**	**9,393.4**	**3,653.6**	**0.0**	**3,653.6**	**-784.8**	**-253.0**	**-531.8**	**-2,411.3**	**0.0**	**-2,411.3**	**0.0**	**98,197.7**	**700.3**
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	1,589.3	1,570.2	19.1	0.0	0.0	0.0	-1.3	-0.6	-0.7	0.0	0.0	0.0	0.0	7.1	0.0
040	Credit institutions	867.9	867.9	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	303.1	0.0
050	Other financial corporations	5,981.0	5,838.0	143.0	0.0	0.0	0.0	-10.9	-10.9	0.0	0.0	0.0	0.0	0.0	396.0	0.0
060	Non-financial corporations	64,504.0	58,785.5	5,718.5	1,831.1	0.0	1,831.1	-211.6	-81.3	-130.3	-1,085.5	0.0	-1,085.5	0.0	42,561.7	417.4
070	Of which SMEs	41,251.6	37,274.3	3,977.3	1,570.6	0.0	1,570.6	-141.7	-68.5	-73.2	-945.9	0.0	-945.9	0.0	32,442.9	341.4
080	Households	76,350.2	72,837.4	3,512.8	1,822.5	0.0	1,822.5	-560.9	-160.1	-400.8	-1,325.8	0.0	-1,325.8	0.0	54,929.8	282.9
090	**Debt securities**	**49,285.8**	**49,275.7**	**10.1**	**0.0**	**0.0**	**0.0**	**-9.3**	**-9.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
100	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
110	General governments	32,981.9	32,971.8	10.1	0.0	0.0	0.0	-5.8	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	10,482.5	10,482.5	0.0	0.0	0.0	0.0	-0.9	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	5,599.9	5,599.9	0.0	0.0	0.0	0.0	-2.4	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	221.5	221.5	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Off-balance-sheet exposures**	**45,901.3**	**44,072.8**	**1,828.5**	**2,074.9**	**0.0**	**2,074.9**	**-64.4**	**-31.5**	**-32.9**	**-25.8**	**0.0**	**-25.8**	**0.0**	**569.4**	**286.2**
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	278.5	277.1	1.4	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0		0.0	0.0
180	Credit institutions	1,706.7	1,706.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0
190	Other financial corporations	1,872.9	1,867.6	5.3	0.0	0.0	0.0	-1.0	-0.1	-0.9	0.0	0.0	0.0		0.0	0.0
200	Non-financial corporations	35,365.9	33,810.7	1,555.2	1,818.4	0.0	1,818.4	-44.9	-24.6	-20.3	-11.9	0.0	-11.9		546.9	276.7
210	Households	6,677.3	6,410.7	266.6	256.5	0.0	256.5	-18.4	-6.8	-11.6	-13.9	0.0	-13.9		22.5	9.5
220	**Total**	**247,470.8**	**236,238.8**	**11,232.0**	**5,728.5**	**0.0**	**5,728.5**	**-858.5**	**-293.8**	**-564.7**	**-2,437.1**	**0.0**	**-2,437.1**	**0.0**	**98,767.1**	**986.5**

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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	14,402.8	21,438.0	34,460.6	77,565.8	1,882.7	**149,749.9**
2 Debt securities	0.0	1,090.9	31,119.5	17,066.1	0.0	**49,276.5**
3 Total	**14,402.8**	**22,528.9**	**65,580.1**	**94,631.9**	**1,882.7**	**199,026.4**

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**	**3,807.7**
020	Inflows to non-performing portfolios	510.6
030	Outflows from non-performing portfolios	-265.0
040	Outflows due to write-offs	-284.7
050	Outflow due to other situations	-115.0
060	**Final stock of non-performing loans and advances**	**3,653.6**

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

		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing				
				Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	1,108.6	55.1	55.1	1,091.2	-29.8	0.0
020	Mining and quarrying	273.3	4.3	4.3	273.3	-4.1	0.0
030	Manufacturing	22,044.0	546.8	546.8	22,044.0	-353.2	0.0
040	Electricity, gas, steam and air conditioning supply	2,741.9	112.0	112.0	2,741.9	-102.0	0.0
050	Water supply	703.9	22.1	22.1	703.9	-19.4	0.0
060	Construction	3,808.7	125.4	125.4	3,808.7	-87.1	0.0
070	Wholesale and retail trade	13,214.0	428.2	428.2	13,214.0	-339.7	0.0
080	Transport and storage	4,201.1	83.0	83.0	4,201.1	-53.8	0.0
090	Accommodation and food service activities	387.7	10.9	10.9	387.7	-23.8	0.0
100	Information and communication	2,863.7	24.1	24.1	2,863.7	-21.4	0.0
110	Financial and insurance activities	150.2	2.1	2.1	150.2	-1.4	0.0
120	Real estate activities	6,545.4	271.4	271.4	6,544.4	-151.7	0.0
130	Professional, scientific and technical activities	4,365.4	92.4	92.4	4,365.4	-67.6	0.0
140	Administrative and support service activities	2,325.9	31.8	31.8	2,325.9	-23.9	0.0
150	Public administration and defence, compulsory social security	4.4	0.0	0.0	4.4	0.0	0.0
160	Education	33.8	1.2	1.2	33.8	-1.5	0.0
170	Human health services and social work activities	355.0	2.9	2.9	355.0	-3.0	0.0
180	Arts, entertainment and recreation	99.5	12.3	12.3	99.5	-9.7	0.0
190	Other services	1,108.6	5.1	5.1	1,108.7	-4.0	0.0
200	**Total**	**66,335.1**	**1,831.1**	**1,831.1**	**66,316.8**	**-1,297.1**	**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, and
  - if it meets the conditions set out in the Bank's regulations on collateral it may be taken into account when assessing capital requirements for credit risk and collective provisions for impairment of assets in a credit portfolio. The recovery rates assigned to individual categories of collateral have been determined on the basis appropriate of the LGD model,
- non-financial:
  - it strengthens the control authority of the Group as the creditor by limiting the collateral provider's ability to dispose of the assets pledged to the Group, and
  - it strengthens the Bank's and subsidiaries' position in negotiations with the debtor (client), the debtor's other creditors and the collateral provider.

The Group applies the following credit risk mitigation techniques:

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

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

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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	19,202.9	130,547.0	94,847.3	35,699.7	0.0
2	Debt securities	49,276.5	0.0	0.0	0.0	
3	**Total**	**68,479.4**	**130,547.0**	**94,847.3**	**35,699.7**	**0.0**
4	Of which non-performing exposures	242.1	1,000.2	683.5	316.7	0.0
EU-5	Of which defaulted	242.1	1,000.2			

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

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	Exposure classes	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	40,843.7	0.0	40,972.9	31.6	2,417.2	5.89
2	Regional government or local authorities	2,888.5	251.1	2,888.5	125.5	602.8	20.00
3	Public sector entities	0.0	0.0	0.0	0.0	0.0	0.00
4	Multilateral development banks	8,163.0	0.0	9,021.2	0.0	0.0	0.00
5	International organisations	0.0	0.0	0.0	0.0	0.0	0.00
6	Institutions	0.9	0.0	3.6	0.0	19.9	551.58
7	Corporates	6,220.6	5,935.9	6,206.8	172.9	6,039.6	94.67
8	Retail	29,383.8	6,048.5	29,269.2	2,568.3	22,650.3	71.14
9	Secured by mortgages on immovable property	42,161.6	109.2	42,158.0	54.6	15,022.1	35.59
10	Exposures in default	624.3	2.2	621.3	0.9	679.5	109.22
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	3,472.4	0.0	3,472.4	0.0	4,020.3	115.78
17	**Total**	**133,758.8**	**12,346.9**	**134,613.9**	**2,953.8**	**51,451.7**	**37.40**

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**	**41,976.5**	**41,976.5**
6	Central governments and central banks	0.0	0.0
7	Institutions	1,777.4	1,777.4
8	Corporates	40,199.1	40,199.1
8.1	of Corporates - which SMEs	7,778.2	7,778.2
8.2	of which Corporates - Specialised lending	5,115.2	5,115.2
9	Retail	0.0	0.0
9.1	of which Retail – SMEs - Secured by immovable property collateral	0.0	0.0
9.2	of which Retail – non-SMEs - Secured by immovable property collateral	0.0	0.0
9.3	of which Retail – Qualifying revolving	0.0	0.0
9.4	of which Retail – SMEs - Other	0.0	0.0
9.5	of which Retail – Non-SMEs- Other	0.0	0.0
10	**Total (including F-IRB exposures and A-IRB exposures)**	**41,976.5**	**41,976.5**

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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	7,193.0	0.69	2.01	0.00	2.01	0.00	0.00	0.00	0.00	0.00	4.19	0.00	1,777.4	1,777.4
3	Corporates	79,188.1	0.82	83.34	53.03	0.68	29.62	0.00	0.00	0.00	0.00	9.36	0.00	40,199.1	40,199.1
3.1	Of which Corporates – SMEs	21,115.0	0.73	95.78	52.53	0.73	42.52	0.00	0.00	0.00	0.00	16.21	0.00	7,778.2	7,778.2
3.2	Of which Corporates – Specialised lending	11,934.8	0.55	100.00	99.33	0.01	0.66	0.00	0.00	0.00	0.00	0.77	0.00	5,115.2	5,115.2
3.3	Of which Corporates – Other	46,138.2	0.93	62.88	30.83	0.84	31.21	0.00	0.00	0.00	0.00	8.45	0.00	27,305.7	27,305.7
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**	**86,381.1**	**0.81**	**76.56**	**48.62**	**0.79**	**27.15**	**0.00**	**0.00**	**0.00**	**0.00**	**8.93**	**0.00**	**41,976.5**	**41,976.5**

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 2022, the Group had derivative instruments and repo transactions, but there were no securities or commodities lending or borrowing transactions, transactions with long settlement dates and transactions with the obligation to supplement credit collateral.

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

In reporting for the first half of 2022, the Group included the change in the calculation method from the market valuation method to the standard method in accordance with Regulation 2019/876.

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

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

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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)	515.7	645.8		1.4	1,626.1	1,626.1	1,626.1	725.5
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)					109.7	109.7	109.7	5.6
5	VaR for SFTs					0.0	0.0	0.0	0.0
6	**Total**					**1,735.8**	**1,735.8**	**1,735.8**	**731.1**

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	790.0	140.9
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**	**790.0**	**140.9**

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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	719.5	0.09	34	5.39	1.0	131.9	18,33%
	od 0.15 to <0.25	155.9	0.16	13	21.41	1.0	44.5	28,53%
	od 0.25 to <0.50	145.7	0.33	20	23.48	1.7	54.3	37,31%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	9.8	1.41	19	0.05	0.7	9.2	93,56%
	od 2.50 to <10.00	1.0	4.82	5	0.00	0.1	1.3	127,48%
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**1,031.9**	**0.15**	**91**	**10.31**	**1.1**	**241.2**	**23,38%**
Corporates Specialised lending	0.00 to <0.15	-	-	-	-	-	-	-
	od 0.15 to <0.25	1.0	0.21	3	83.42	3.8	1.1	115,95%
	od 0.25 to <0.50	23.5	0.40	68	76.96	4.3	36.5	155,18%
	od 0.50 to <0.75	-	-	-	-	-	-	-
	od 0.75 to <2.50	23.7	0.78	32	54.09	3.6	35.0	147,16%
	od 2.50 to <10.00	0.10	4.39	1	91.37	4.93	0.20	372,17%
	od 10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**48.3**	**0.59**	**104**	**65.85**	**3.9**	**72.8**	**150,66%**
Corporates SME	0.00 to <0.15	-	-	-	-	-	-	-
	od 0.15 to <0.25	5.0	0.17	12	51.35	1.0	1.2	23,87%
	od 0.25 to <0.50	1.0	0.35	15	51.35	1.0	0.4	36,35%
	od 0.50 to <0.75	6.3	0.59	28	51.35	1.4	3.6	57,62%
	od 0.75 to <2.50	14.5	1.31	38	51.35	1.1	10.9	75,75%
	od 2.50 to <10.00	3.1	4.35	19	51.35	1.3	3.5	114,14%
	od 10.00 to <100.00	0.00	14.07	1	51.35	1.0	0.1	220,65%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**29.9**	**1.26**	**113**	**51.35**	**1.2**	**19.7**	**66,04%**
Corporates Other	0.00 to <0.15	219.1	0.10	3	58.35	1.2	63.9	29,14%
	od 0.15 to <0.25	37.3	0.21	16	57.45	**1.1**	16.8	44,93%
	od 0.25 to <0.50	334.9	0.36	57	57.95	1.0	207.4	61,97%
	od 0.50 to <0.75	17.4	0.59	29	51.35	1.0	13.9	79,57%
	od 0.75 to <2.50	40.0	1.05	41	56.90	2.6	53.2	133,00%
	od 2.50 to <10.00	14.2	3.40	31	54.69	1.0	22.9	161,08%
	od 10.00 to <100.00	2.0	26.14	4	51.35	1.0	6.5	325,37%
	100.00 (Default)	-	-	-	-	-	-	-
	Subtotal	**664.9**	**0.46**	**181**	**57.73**	**1.2**	**384.6**	**57,84%**
Total (all portfolios)		**1,775.0**	**0.30**	**489**	**30.27**	**1.2**	**718.3**	**40.47%**

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 within a short time) and decides to grant forbearance.
Forbearance is identified if all of the following conditions are satisfied:

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

Corporate exposures and part of retail exposures meeting the definition of a credit moratoria (in accordance with the EBA Guidelines on statutory and non-statutory loan repayment moratoria applied in the face of the crisis caused by COVID-19) were not identified as forbearance, Retail exposures meeting the criteria of statutory moratoria were classified under Stage 3 and recognised as of distressed restructuring.

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**	**1,628.8**	**1,469.2**	**1,469.2**	**1,469.2**	**-76.1**	**-866.9**	**1,329.3**	**368.4**
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	2.1	0.0	0.0	0.0	-0.6	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
060	Non-financial corporations	1,246.3	853.8	853.8	853.8	-53.0	-485.0	949.8	204.0
070	Households	380.4	615.4	615.4	615.4	-22.5	-381.9	379.5	164.4
080	**Debt Securities**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
090	**Loan commitments given**	**67.4**	**8.5**	**8.5**	**8.5**	**-1.3**	**-2.8**	**1.2**	**0.2**
100	**Total**	**1,696.2**	**1,477.7**	**1,477.7**	**1,477.7**	**-77.4**	**-869.7**	**1,330.5**	**368.6**

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

In the first half of 2022, the Group continued to offer its retail clients the opportunity to take advantage of statutory moratorium. They were introduced in 2020 in connection with the Covid-19 pandemic and provided support as part of the anti-crisis shield.

The introduced moratoria significantly improved the financial condition of borrowers. Exposures for which moratoria were granted were classified in Stage 3 due to the identified loss of the main source of income.

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

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

(PLN million)

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			Inflows to non-performing exposures
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
1	Loans and advances subject to moratorium	**39.9**	0.1	0.0	0.1	39.8	39.8	0.0	**-8.9**	0.0	0.0	0.0	-8.9	-8.9	0.0	36.6
2	of which: Households	**38.0**	0.1	0.0	0.1	37.9	37.9	0.0	**-8.8**	0.0	0.0	0.0	-8.8	-8.8	0.0	36.6
3	of which: Collateralised by residential immovable property	**32.7**	0.0	0.0	0.0	32.7	32.7	0.0	**-5.1**	0.0	0.0	0.0	-5.1	-5.1	0.0	32.0
4	of which: Non-financial corporations	**1.9**	0.0	0.0	0.0	1.9	1.9	0.0	**-0.1**	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0
5	of which: Small and Medium-sized Enterprises	**1.9**	0.0	0.0	0.0	1.9	1.9	0.0	**-0.1**	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0
6	of which: Collateralised by commercial immovable property	**1.9**	0.0	0.0	0.0	1.9	1.9	0.0	**-0.1**	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0

(PLN million)

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	45,079	6,072.6							
2	Loans and advances subject to moratorium (granted))	44,239	5,937.2	289.5	5,897.3	38.0	1.9	0.0	0.0	0.0
3	of which: Households		3,132.5	289.5	3,094.5	38.0	0.0	0.0	0.0	0.0
4	of which: Collateralised by residential immovable property		1,790.6	196.7	1,757.9	32.7	0.0	0.0	0.0	0.0
5	of which: Non-financial corporations		2,803.0	0.0	2,801.1	0.0	1.9	0.0	0.0	0.0
6	of which: Small and Medium-sized Enterprises		2,043.8	0.0	2,041.9	0.0	1.9	0.0	0.0	0.0
7	of which: Collateralised by commercial immovable property		1,874.2	0.0	1,872.3	0.0	1.9	0.0	0.0	0.0

Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	8,205.6	147.5	6,708.2	56.0
2	of which: Households	942.0			2.5
3	of which: Collateralised by residential immovable property	62.5			0.0
4	of which: Non-financial corporations	7,263.6	112.8	5,937.8	53.5
5	of which: Small and Medium-sized Enterprises	7,263.6			53.5
6	of which: Collateralised by commercial immovable property	2,957.9			18.6

published for the period of 6 months ending on 30 June 2022 (PLN million)

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. Additionally the Group temporarily treated unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the Regulation CRR. As at 30 June 2022 the total capital ratio and Tier 1 ratio would be 14.32% and 12.78%, respectively, if ING BSK did not apply a transition period for the implementation of IFRS 9 and 14.21% and 12.67%, if the Bank did not apply temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the Regulation CRR.

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 2022	as at 31 Mar 2022	as at 31 Dec2021	as at 30 Sep 2021
	Available capital (amounts)				
1	CET1 capital	13,896.3	14,762.5	15,125.0	15,356.3
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,782.9	14,649.1	14,986.5	15,172.0
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied*	13,653.1	14,586.6	14,997.3	15,356.3
3	Tier 1 capital	13,896.3	14,762.5	15,125.0	15,356.3
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,782.9	14,649.1	14,986.5	15,172.0
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	13,653.1	14,586.6	14,997.3	15,356.3
5	Total capital	15,552.3	16,486.2	16,846.6	17,589.9
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,438.9	16,372.8	16,708.1	17,456.4
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 *	15,309.2	16,310.3	16,718.8	17,589.9
	Risk-weighted assets (amounts)				
7	Total risk-weighted assets	107,903.8	106,902.0	104,950.8	99,657.3
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	107,845.6	106,843.6	104,895.7	99,618.8
	Capital ratios				
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	12.88%	13.81%	14.41%	15.41%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.78%	13.71%	14.29%	15.23%
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 *	12.67%	13.66%	14.30%	15.41%
11	Tier 1 (as a percentage of risk exposure amount)	12.88%	13.81%	14.41%	15.41%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.78%	13.71%	14.29%	15.23%
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 *	12.67%	13.66%	14.30%	15.41%
13	Total capital (as a percentage of risk exposure amount)	14.41%	15.42%	16.05%	17.65%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.32%	15.32%	15.93%	17.52%
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 *	14.21%	15.27%	15.94%	17.65%

(PLN million)

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 2022	as at 31 Mar 2022	as at 31 Dec2021	as at 30 Sep 2021
	Leverage ratio				
15	Leverage ratio total exposure measure	224,177.0	224,751.3	217,658.2	216,113.7
16	Leverage ratio	6.20%	6.57%	6.95%	7.11%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.15%	6.52%	6.89%	7.03%
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 *	6.10%	6.50%	6.89%	7.11%

* In the comparative period - as at 30 Sep 2021 - the Bank did not temporarily treat unrealized gains and losses measured at fair value through other comprehensive income, in line with Art. 468 of the CRR Regulation. The reported capital ratios including leverage ratio and Tier 1 capital as at this date, already fully reflect the effect of unrealized gains and losses measured at fair value through other comprehensive income.

Statement

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

- information contained in the disclosure document is adequate to the facts,
- information required by the provisions of part eight of the Regulation CRR was disclosed in accordance with the *"Policy of disclosing qualitative and quantitative information on capital adequacy and variable components of remuneration of ING Bank Śląski S.A."* and internal procedures, systems and controls described in the above-mentioned Policy and the *"Instruction of verification of the Policy of disclosing qualitative and quantitative information on capital adequacy and variable components of remuneration of ING Bank Śląski S.A."*, which has been included in annex to this Policy.

2022-08-03 **Jolanta Alvarado Rodriguez**
Lead of Centre of Expertise
Accounting Policy and Financial Reporting

The original Polish document is signed with a qualified electronic signature