ING Bank Śląski S.A. Group

Semi-annual consolidated report for the period of 6 months ending on 30 June 2022

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SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

Performance highlights

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net interest income	1,787.4	3,492.6	1,175.0	2,316.6
Net commission income	518.8	1,052.8	456.3	884.6
Net income on basic activities	2,368.8	4,666.0	1,652.4	3,248.0
Gross profit	830.0	1,899.3	817.5	1,343.7
Net profit attributable to shareholders of ING Bank Śląski S.A.	573.0	1,365.8	615.3	1,000.9
Earnings per ordinary share (PLN)	4.40	10.50	4.73	7.69

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Loans and other receivables to customers at amortized cost (net)	152,117.7	146,536.0	133,768.8
Liabilities to customers	185,095.1	170,609.9	161,998.3
Total assets	212,395.0	201,654.2	197,282.3
Share capital	130.1	130.1	130.1
Equity attributable to shareholders of ING Bank Śląski S.A.	7,716.9	13,531.4	17,857.6
Book value per share (PLN)	59.32	104.01	137.26

Key performance indicators

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
C/I - cost/income ratio	45.7%	43.2%	46.6%
ROA - return on assets	1.3%	1.2%	0.9%
ROE - return on equity	19.7%	13.6%	9.7%
NIM - net interest margin	3.09%	2.58%	2.48%
L/D - loan-to-deposit ratio	82.2%	85.9%	82.6%
Total capital ratio	14.41%	16.05%*	18.54%

*) On 7 April 2021, the General Meeting of the Bank approved the distribution of profit for the year 2021. The inclusion of net profit earned in 2021 in own funds as at 31 December 2021 resulted in an increase in the total capital ratio of the Group (TCR) to the level of 16.05%. According to the value presented in the annual consolidated financial statements for 2021, the Group's total capital ratio as at 31 December 2021 was 15.08%.

Explanations:

C/I - cost/income ratio – general and administrative expenses to net income on basic activities.

ROA - return on assets - net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average assets for 5 subsequent quarters.

ROE - return on equity – net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average equity for 5 subsequent quarters.

NIM - total net interest income for 4 consecutive quarters to average interest assets for 5 consecutive quarters.

L/D - loans-to-deposits ratio – loans and receivables to customers (net) to liabilities due to customers.

Total capital ratio - relationship between own funds and total risk exposure amount.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ING BANK ŚLĄSKI S.A. GROUP

Interim condensed consolidated income statement

	Note	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net interest income		2,145.4	3,936.4	1,297.1	2,564.7
calculated using the effective interest rate method		2,144.8	3,935.3	1,297.0	2,564.3
other interest income		0.6	1.1	0.1	0.4
Interest expense		-358.0	-443.8	-122.1	-248.1
Interest income	8.1	**1,787.4**	**3,492.6**	**1,175.0**	**2,316.6**
Commission income		650.1	1,306.3	560.2	1,091.9
Commission expense		-131.3	-253.5	-103.9	-207.3
Net commission income	8.2	**518.8**	**1,052.8**	**456.3**	**884.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	8.3	-42.3	4.8	15.4	49.7
Net income on the sale of securities measured at amortised cost	8.4	-11.8	-15.7	0.0	0.0
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	8.4	24.7	26.8	7.7	7.7
Net (loss)/income on hedge accounting	8.5	92.9	105.8	-3.3	-14.2
Net (loss)/income on other basic activities		-0.9	-1.1	1.3	3.6
Net income on basic activities		**2,368.8**	**4,666.0**	**1,652.4**	**3,248.0**
General and administrative expenses	8.6	-1,200.1	-2,131.5	-692.0	-1,512.8
Impairment for expected credit losses	8.7	-183.0	-333.5	-19.1	-147.9
including profit on sale of receivables		0.0	9.2	61.6	61.6
Cost of legal risk of FX mortgage loans	8.8	-0.2	-1.3	0.0	0.0
Tax on certain financial institutions		-161.3	-313.0	-130.9	-256.8
Share of the net profits of associates measured by equity method		5.8	12.6	7.1	13.2
Gross profit		**830.0**	**1,899.3**	**817.5**	**1,343.7**
Income tax		-257.0	-533.5	-202.2	-342.8
Net profit		**573.0**	**1,365.8**	**615.3**	**1,000.9**
including attributable to shareholders of ING Bank Śląski S.A.		573.0	1,365.8	615.3	1,000.9

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net profit attributable to shareholders of ING Bank Śląski S.A.	573.0	1,365.8	615.3	1,000.9
Weighted average number of ordinary shares	130,100,000	130,100,000	130,100,000	130,100,000
Earnings per ordinary share (in PLN)	**4.40**	**10.50**	**4.73**	**7.69**

The value of diluted earnings per share is equal to the value of earnings per ordinary share.

Interim condensed consolidated income statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

4 | ING Bank Śląski S.A. Group | Semi-annual consolidated report for the period of 6 months ending on 30 June 2022 | Data in PLN million

Interim condensed consolidated statement of comprehensive income

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net profit for the reporting period	**573.0**	**1,365.8**	**615.3**	**1,000.9**
Total other comprehensive income, including:	**-3,322.4**	**-6,490.9**	**-318.4**	**-1,762.0**
Items that may be reclassified to profit or loss, including:	**-3,290.5**	**-6,459.0**	**-336.4**	**-1,779.7**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-167.1	-426.1	-145.1	-21.7
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-14.6	-16.3	-0.8	-0.8
cash flow hedge - gains on revaluation carried through equity	-3,334.2	-6,141.6	27.0	-1,321.4
cash flow hedge - reclassification to profit or loss	225.4	125.0	-217.5	-435.8
Items that will not be reclassified to profit or loss, including:	**-31.9**	**-31.9**	**18.0**	**17.7**
equity financial instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-32.4	-32.4	18.0	18.0
fixed assets revaluation	0.5	0.5	0.1	-0.2
disposal of fixed assets	0.0	0.0	-0.1	-0.1
Net comprehensive income for the reporting period	**-2,749.4**	**-5,125.1**	**296.9**	**-761.1**
including attributable to shareholders of ING Bank Śląski S.A.	-2,749.4	-5,125.1	296.9	-761.1

Interim condensed consolidated statement of comprehensive income shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

5 | ING Bank Śląski S.A. Group | Semi-annual consolidated report for the period of 6 months ending on 30 June 2022 | Data in PLN million

Interim condensed consolidated statement of financial position

as at	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Assets				
Cash in hand and balances with the Central Bank	8.9	2,718.1	1,100.0	850.8
Loans and other receivables to other banks	8.10	2,293.2	704.8	709.5
Financial assets measured at fair value through profit or loss	8.11	3,487.6	1,538.3	1,471.1
Derivative hedge instruments		834.2	250.4	882.0
Investment securities	8.12	39,283.0	45,584.4	55,221.6
Loans and other receivables to customers measured at amortised cost	8.13	152,117.7	146,536.0	133,768.8
Transferred assets	8.11, 8.12 8.14	6,878.6	2,280.9	1,881.5
Investments in associates accounted for using the equity method		165.9	184.8	168.7
Property, plant and equipment		926.2	831.2	857.1
Intangible assets		409.2	377.4	410.3
Current income tax assets	8.15	820.5	734.5	307.8
Deferred tax assets	8.15	2,238.6	1,245.0	463.2
Other assets		222.2	286.5	289.9
Total assets		**212,395.0**	**201,654.2**	**197,282.3**

as at	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Liabilities				
Liabilities to other banks	8.16	8,788.0	10,051.0	9,422.5
Financial liabilities measured at fair value through profit or loss	8.17	3,294.8	1,679.6	1,040.4
Derivative hedge instruments		1,144.4	235.4	454.0
Liabilities to customers	8.18	185,095.1	170,609.9	161,998.3
Liabilities from debt securities issued	12	401.8	972.4	546.2
Subordinated liabilities		1,638.8	1,610.3	2,262.1
Provisions	8.19	338.7	336.9	248.4
Current income tax liabilities	8.15	11.7	3.9	1.8
Other liabilities	8.20	3,964.8	2,623.4	3,451.0
Total liabilities		**204,678.1**	**188,122.8**	**179,424.7**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-9,311.9	-2,821.0	2,158.7
Retained earnings		15,942.4	15,266.0	14,612.5
Total equity		**7,716.9**	**13,531.4**	**17,857.6**
including attributable to shareholders of ING Bank Śląski S.A.		7,716.9	13,531.4	17,857.6
Total liabilities and equity		**212,395.0**	**201,654.2**	**197,282.3**

Interim condensed consolidated statement of financial position shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

6 | ING Bank Śląski S.A. Group | Semi-annual consolidated report for the period of 6 months ending on 30 June 2022 | Data in PLN million

Interim condensed consolidated statement of changes in equity

1 half of 2022 period from 01 Jan 2022 to 30 Jun 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-2,821.0**	**15,266.0**	**13,531.4**
Net profit for the current period	-	-	-	1,365.8	1,365.8
Other net comprehensive income, including:	**0.0**	**0.0**	**-6,490.9**	**0.0**	**-6,490.9**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-458.5	-	-458.5
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-16.3	-	-16.3
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,141.6	-	-6,141.6
cash flow hedge – reclassification to profit or loss	-	-	125.0	-	125.0
fixed assets revaluation	-	-	0.5	-	0.5
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-689.4**	**-689.4**
valuation of employee incentive programs	-	-	-	0.1	0.1
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-9,311.9**	**15,942.4**	**7,716.9**

Interim condensed consolidated statement of changes in equity shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

7 | ING Bank Śląski S.A. Group | Semi-annual consolidated report for the period of 6 months ending on 30 June 2022 | Data in PLN million

2021 the period from 01 Jan 2021 to 31 Dec 2021

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**3,923.4**	**13,608.5**	**18,618.3**
Net profit for the current period	-	-	-	2,308.3	**2,308.3**
Other net comprehensive income, including:	**0.0**	**0.0**	**-6,744.4**	**12.3**	**-6,732.1**
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	-225.8	-	-225.8
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-25.7	-	-25.7
sale of equity instruments measured at fair value through other comprehensive income	-	-	-7.1	7.1	0.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-5,566.7	-	-5,566.7
cash flow hedge – reclassification to profit or loss	-	-	-907.8	-	-907.8
fixed assets revaluation	-	-	-0.3	-	-0.3
disposal of fixed assets	-	-	-5.2	5.2	0.0
actuarial gains/losses	-	-	-5.8	-	-5.8
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-663.1**	**-663.1**
valuation of employee incentive programs	-	-	-	0.4	0.4
dividend payment	-	-	-	-663.5	-663.5
Closing balance of equity	**130.1**	**956.3**	**-2,821.0**	**15,266.0**	**13,531.4**

8 | ING Bank Śląski S.A. Group | Semi-annual consolidated report for the period of 6 months ending on 30 June 2022 | Data in PLN million

1 half of 2021 the period from 01 Jan 2021 to 30 Jun 2021

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total capital**
Opening balance of equity	**130.1**	**956.3**	**3,923.4**	**13,608.5**	**18,618.3**
Net profit for the current period	-	-	-	1,000.9	**1,000.9**
Other net comprehensive income, including:	**0.0**	**0.0**	**-1,764.7**	**2.7**	**-1,762.0**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-3.7	-	-3.7
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-0.8	-	-0.8
cash flow hedge – revaluation gains / losses recognized in equity	-	-	-1,321.4	-	-1,321.4
cash flow hedge – reclassification to profit or loss	-	-	-435.8	-	-435.8
fixed assets revaluation	-	-	-0.2	-	-0.2
disposal of fixed assets	-	-	-2.8	2.7	-0.1
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**0.4**	**0.4**
valuation of employee incentive programs	-	-	-	0.4	0.4
Closing balance of equity	**130.1**	**956.3**	**2,158.7**	**14,612.5**	**17,857.6**

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Interim condensed consolidated cash flow statement

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net profit	**1,365.8**	**1,000.9**
Adjustments, including:	**795.2**	**513.6**
Share of net profit (loss) of associates accounted for using the equity method	-12.6	-13.2
Depreciation and amortisation	136.7	142.9
Interest accrued (from the income statement)	-3,492.6	-2,316.6
Interest paid	-414.8	-235.1
Interest received	3,666.2	2,422.0
Dividends received	-1.6	0.0
Gains (losses) on investing activities	0.1	0.0
Interest accrued (from the income statement)	533.5	342.8
Income tax paid	-83.1	-662.5
Change in provisions	1.8	-7.9
Change in loans and other receivables to other banks	-33.0	-16.9
Change in financial assets measured at fair value through profit or loss	-1,756.8	546.2
Change in investment securities	-1,066.2	-1,550.5
Change in hedge derivatives	-7,102.7	-1,961.0
Change in loans and other receivables to customers measured at amortised cost	-5,389.2	-9,027.7
Change in other assets	-28.7	153.9
Change in liabilities to other banks	-1,672.5	1,088.6
Change in liabilities measured at fair value through profit or loss	1,615.3	-490.4
Change in liabilities to customers	14,472.3	10,971.6
Change in other liabilities	1,423.1	1,127.4
Net cash flows from operating activities	**2,161.0**	**1,514.5**
Acquisition of property, plant and equipment	-69.6	-23.2
Disposal of property, plant and equipment	0.0	3.5
Acquisition of intangible assets	-68.9	-27.2
Acquisition of debt securities measured at amortized cost	-1,270.7	-1,805.9
Disposal of debt securities at amortized cost	3,335.5	1,072.0
Dividends received	1.6	0.0
Net cash flows from investment activities	**1,927.9**	**-780.8**
Long-term loans received	996.8	849.4
Repayment of long-term loans	-587.0	-742.8
Interest payment on long-term loans	-8.2	-14.0
Issue of debt securities	0.0	150.0
Redemption of debt securities	-575.0	-975.0
Interest on debt securities issued	-4.5	-2.6
Repayment of lease liabilities	-52.5	-27.7
Dividends paid	-689.5	0.0
Net cash flows from financial activities	**-919.9**	**-762.7**
Net increase/(decrease) in cash and cash equivalents	**3,169.0**	**-29.0**
of which effect of exchange rate changes on cash and cash equivalents	-405.8	103.7
Opening balance of cash and cash equivalents	**1,377.6**	**1,228.2**
Closing balance of cash and cash equivalents	**4,546.6**	**1,199.2**

Interim condensed consolidated cash flow statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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Additional information to to interim condensed consolidated financial statements

Additional information to the interim condensed consolidated financial statements

1. Bank and the Group details

1.1. Key Bank data

ING Bank Śląski S.A. ("Parent company", "Parent entity", "Bank") with the registered office in Poland, Katowice, Sokolska Str. 34, was entered into the Entrepreneurs Register with the National Court Register maintained by the Commercial Division of the District Court in Katowice under the number KRS 5459. The Parent company statistical number is REGON 271514909, and the tax identification number is NIP 634-013-54-75.

1.2. Scope and duration of operations

ING Bank Śląski S.A. offers a broad range of banking services rendered to individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. Additionally, through subsidiaries the Group conducts leasing and factoring activity, advisory and acts as a financial intermediary as well as provides other financial services. The duration of business of the Parent company is indefinite.

1.3. Shereholding structure of ING Bank Śląski S.A.

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2022 held 75% shares in the share capital of ING Bank Śląski S.A. and 75% shares in the total number of votes at the General Meeting of ING Bank Śląski S.A. ING Bank NV belongs to the Group, herein referred to as ING Group.

The remaining part of the Bank's shares (25.0%) is in free float. They are owned by institutional investors - in particular Polish pension funds and domestic and foreign investment funds, as well as individual investors. The largest of them as at 30 June 2022 was AVIVA Otwarty Fundusz Emerytalny AVIVA Santander, which, according to the semi-annual information on the structure of assets of Aviva Otwarty Fundusz Emerytalny AVIVA Santander at the end of 1st half of 2022, held 8.61% of the share capital and the total number of votes at the General Meeting.

As at 30 June 2022, shareholders holding 5 or more percent of the votes at the General Meeting of ING Bank Śląski S.A. were the following entities:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank N.V.	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA Santander	11,205,030	8.61

1.4. Share capital

The share capital of ING Bank Śląski S.A. amounts to PLN 130,100,000 and is divided into 130,100,000 ordinary bearer shares with a nominal value of PLN 1.00 each. The Bank's shares are listed on the Warsaw Stock Exchange (sector: banks).

On 30 June 2022, the share price of ING Bank Śląski S.A. was PLN 170.4, compared with PLN 260.7 and PLN 185.0 as at 31 December 2021 and 30 June 2021 respectively. In the period of 1st half of 2022, the price of ING Bank Śląski S.A. shares developed as follows:

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1.5. ING Bank Śląski S.A. Group

ING Bank Śląski S.A. is the parent of the ING Bank Śląski S.A. Group (the Group). As at 30 June 2022 the composition of the ING Bank Śląski Group was as follows:

name	type of activity	headquarters	% of the Group's share in the share capital	% of the Group's share of votes in the General Meeting	nature of the capital relationship	recognition in the Group financial statements
ING Investment Holding (Poland) S.A., which holds shares in the following subsidiaries and associates:	financial holding	Katowice	100	100	subsidiary	full consolidation
ING Commercial Finance S.A.	factoring services	Warszawa	100	100	subsidiary	full consolidation
ING Lease (Poland) Sp. z o.o.*	leasing services	Warszawa	100	100	subsidiary	full consolidation
NN Investment Partners TFI S.A.	investment fund company	Warszawa	45	45	associate	consolidation with the equity method
ING Bank Hipoteczny S.A.	banking services	Katowice	100	100	subsidiary	full consolidation
ING Usługi dla Biznesu S.A.	accounting, personnel and wage services	Katowice	100	100	subsidiary	full consolidation
Nowe Usługi S.A.	education and promotion for the financial market and TURBO certificates	Katowice	100	100	subsidiary	full consolidation

*) In the ING Lease (Poland) Sp. z o.o. Group there are 5 special purpose vehicles in which ING Lease (Poland) Sp. z o.o. holds 100% of the shares.

On 18 May 2022, the liquidation of the Bank's subsidiary, SOLVER Sp. z o.o, was completed. On 6 July 2022, an application was submitted to delete the company from the register of entrepreneurs of the National Court Register (as at the date of signing the report, the National Court Register had not made a decision in this respect).

1.6. Number of shares of ING Bank Śląski S.A. held by Bank Management Board and Supervisory Board members

On 30 June 2022, the members of the Bank's Management Board and Supervisory Board did not hold any shares of ING Bank Śląski S.A., similarly to the date of publishing the financial statements.

1.7. Approval of the financial statements

This interim condensed consolidated financial statement was approved by the Bank's Management Board on 2 August 2022.

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021 were approved by the General Meeting on 7 April 2022.

2. Significant events in the 1st half of 2022

War in Ukraine

On 24 February 2022, Russia launched a large-scale war against Ukraine. The international community reacted by introducing sanctions against Russia and Belarus.

In its annual consolidated financial statements for 2021, in the chapter on significant events after the balance sheet date, the Group disclosed the preliminary results of the analysis of the impact of the situation in Ukraine on the Polish economy, banking sector and the ING Bank Śląski S.A. Group. The Group constantly monitors the situation and reacts adequately to the sanctions of the European Union, as well as to similar sanctions imposed by the United States of America and the United Kingdom of Great Britain and Northern Ireland. Economic relations with customers and their beneficial owners related to or coming from the Russian Federation, Belarus and the separatist oblasts of Ukraine are monitored and, if necessary, sanctions are taken.

As of 1 March 2022, ING Bank Śląski has resigned from settlements in the Russian ruble. This means that the Bank does not execute incoming and outgoing transactions in the Russian ruble and does not change this currency. At the same time, the Bank stopped opening new accounts in this currency.

Due to the ongoing war in Ukraine, in line with the recommendations of the Polish Financial Supervision Authority, the Bank prepared an offer for refugees. From 28 March 2022, the Bank introduced the Account for Refugees and the Deposit Account for Refugees in its offer, intended for refugees from Ukraine who do not have all the documents necessary to open a standard account from the Bank's offer.

From 11 May 2022 the Bank will suspend the settlement of transactions with banks operating in Russia and Belarus (with both Russian and Belarusian banks as well as banks located in Russia and Belarus, regardless of the origin of the capital, with the exception of ING, Raiffeisen and Citi). This applies to all payments and collections in all currencies.

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Credit risk exposure

ING Bank Śląski S.A. Group does not operate directly in Ukraine, Russia or Belarus. Nevertheless, the Group analyzes the portfolio of clients' receivables on an ongoing basis in terms of links with these markets and risks related to the effects of the war and the sanctions introduced. The results of the preliminary analysis of the loan portfolio were disclosed by the Group in its annual consolidated financial statements for 2021. As a result of further analyzes of the loan portfolio at the end of the 1st half of 2022, the Group reclassified balance sheet and off-balance sheet exposures with a total value of PLN 259.2 million to Stage 2 and PLN 42.3 million to Stage 3.

The Group defines direct exposures as exposures to corporate segment customers with their registered office or owner in Russia, Belarus or Ukraine.

The Group defines indirect exposures as exposures to corporate segment customers whose share of revenues or costs in relation to the Ukrainian, Russian and / or Belarusian markets exceeds:

- 25% (or lower, if the dependence on these markets is significant in the individual assessment) for strategic clients,
- 20% for other corporate segment customers.

The table below summarizes the Group's exposures to direct and indirect exposures from the corporate client portfolio as at 30 June 2022.

	balance sheet exposure in the gross carrying amount (in PLN million)	off-balance sheet exposure* (in PLN million)	Total
Direct exposures	**9.8**	**9.3**	**19.1**
Stage 2	3.4	0.9	4.3
Stage 3	6.4	8.4	14.8
Indirect exposures	**2,840.2**	**3,313.6**	**6,153.8**
Stage 1	2,194.9	3,181.5	5,376.4
including strategic companies of the State Treasury	1,829.9	2,871.2	4,701.1
Stage 2	644.7	104.7	749.4
Stage 3	0.5	27.4	27.9

*) value of the unused limit in the case of credit products granted, nominal value in the case of guarantees.

With regard to strategic clients, due to the observed negative changes in the economy related to the war in Ukraine, at the end of 1st half of 2022, the Group created an additional impairment for expected credit losses in the amount of PLN 50.4 million (as described in point 5. *Significant accounting principles and key estimates*).

Liquidity risk

In the first two weeks after the outbreak of the war, the Bank observed an increased level of cash withdrawals, both at cash points and at ATMs. Customers' demand for cash is a constant process occurring in periods of perception by customers of pandemic threats or general security. At the same time, the Bank did not observe full withdrawals of funds from bank deposits, but only partial withdrawals aimed at having cash securing current expenses in the period of 2-3 months. Consumption transactions remain stable at a slightly elevated level, with overall current account balances increasing and household deposit balances showing slight declines. The bank did not observe and does not observe any disturbances in the settlement processes, nor with regard to liquidity management on the interbank market.

Establishment and participation in the Commercial Banks Protection System

In the 1st half of 2022, the Bank, together with seven other Polish banks (participating banks), has established an Commercial Banks Protection System. The System is managed by a joint stock company established for this purpose (the Managing Entity), whose share capital was set at PLN 1 million. The Bank's share in the share capital and the total number of votes is 13.0%.

An aid fund has been set up in the Managing Entity, to which the participating banks contribute cash. The aid fund can be used to ensure the liquidity and solvency of each of its participants (up to the level of available contributions), and to assist in the resolution of participating and non-participating banks.

As at 30 June 2022, the Bank had a liability for a payment to the aid fund in the amount of PLN 429.7 million, which was presented in the statement of financial position under *Other liabilities*. This amount was calculated as 0.4% of the amount of the Bank's guaranteed funds at the end of 1st quarter of 2022. The amount of the payment was recognized in the profit and loss account under *General and administrative expenses* and charged to the financial result for the 2nd quarter of 2022. Aid fund contributions of the protection scheme members are tax deductible.

As at 30 June 2022 the Group did not have liabilities or contingent liabilities to provide additional contributions to the aid fund. Subsequent contributions to the aid fund shall require a unanimous resolution of the general meeting of the Managing Entity. Each participating bank can terminate the agreement on the protection scheme against a 24-month notice. After termination, the agreement shall continue to apply to the other participating banks.

Bankowy Fundusz Gwarancyjny (BFG) suspended the determination of obligatory contributions to the deposit guarantee scheme until 31 October 2022. In addition, the BFG published amendments to its rules that allow for a reduction of the deposit guarantee scheme's target level up to 1.7% of deposits subject to the deposit guarantee scheme.

Update of information on the MREL requirement for ING Bank Śląski S.A.

On 27 April 2022 a letter from the Bank Guarantee Fund (BGF) on the joint decision of resolution bodies; i.e. Single Resolution Board (SRB) and the BGF on the minimum requirement for own funds and eligible liabilities (MREL). The decision was taken following the Single Point of Entry (SPE) resolution strategy applicable to ING Group.

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

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

Furthermore, the BGF set interim MREL goals which for:

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

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

Amount of the 2022 annual contribution to the resolution fund of the Bank Guarantee Fund

On 14 April 2022, the Bank's Management Board received information from the Bank Guarantee Fund on the amount of the 2022 annual contribution to the resolution fund of banks. The contribution of Bank Group amounts to PLN 172.8 million, including an adjustment of the contributions for 2020 and 2021. The entire amount was recognised in costs for the 1st quarter of 2022. The value attributable to the Bank is PLN 170.0 million, and to ING Bank Hipoteczny S.A. is PLN 2.8 million.

Appointment of a Member of the ING Bank Śląski S.A. Supervisory Board

On 7 April 2022 the Ordinary General Meeting of the Bank – by way of Resolution No. 35 – appointed Mr Aris Bogdaneris a Member of the ING Bank Śląski S.A. Supervisory Board.

Notice on dividend payout for 2021

On 7 April 2022 the Ordinary General Meeting of the Bank passed a resolution regarding dividend payout for 2021. Pursuant to the said resolution, the Bank payed out dividend totalling PLN 689,530,000.00; that is PLN 5.30 gross per share.

15 April 2022 was set as dividend date (i.e. the date on which the owners of shares acquire the right to dividend) was set on 15 April 2022, and the dividend payment date on 4 May 2022. All shares issued by the Bank, that is 130,100,000 shares, are covered by the dividend payout.

General Meeting of ING Bank Śląski S.A.

On 7 April 2022 the General Meeting of the Bank was held and the following resolutions were adopted:

- on approving of the annual financial statements for 2021 (both standalone and consolidated),
- on approving of the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2021 covering the Report on Operations of ING Bank Śląski S.A., including the Management Board statement on the application of corporate governance rules, as well as approving the Report on non-financial information of ING Bank Śląski S.A. Group for 2021, including non-financial information of ING Bank Śląski S.A.,
- on the opinion to the Supervisory Board's report on the ING Bank Śląski S.A. Supervisory Board and Management Board Members remuneration in 2021 and to the assessment of Bank's remuneration policy,
- on acknowledging fulfilment of duties in 2021 by Members of the Management Board and Supervisory Board,
- on amending the *Charter of ING Bank Śląski S.A.*,
- on establishing the Incentive Scheme for Identified Staff of the Bank and authorising the Management Board of ING Bank Śląski S.A. to buy own shares to carry out the Incentive Scheme,
- on establishing reserve capitals and distribution of 2021 profit and past-year undivided profit,
- on 2021 dividend payout,
- on amending the ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy,
- on the amendments to the Policy of appointing and recalling Members of the Supervisory Board of ING Bank Śląski S.A.,
- on approval of the Diversity Policy for ING Bank Śląski S.A Management Board and Supervisory Board Members,
- on changes to the composition of the Supervisory Board,

- on assessing satisfaction by the members of the Supervisory Board of the requirements referred to in Article 22aa of the Banking Law Act (suitability assessment).

Individual recommendation of the Polish Financial Supervision Authority on satisfaction of the criteria for dividend payout from 2021 net profit

On 1 March 2022 Bank have received a letter from the Polish Financial Supervision Authority (PFSA) in which the PFSA stated that the Bank satisfies the requirements for the payout of the dividend from up to 100% of 2021 net profit. At the same time, the PFSA recommended mitigating the inherent risk of Bank operations by not taking, without prior consultation with the supervision authority, of other actions, and in particular those being beyond the ordinary business and operational activity which may result in a reduction of own funds, also including potential dividend payout from undivided profit of previous years or share buyback.

On 8 March 2022, the Bank's Management Board decided to submit to the General Meeting a proposed resolution on allocating PLN 689,530,000.00 from the net profit generated by the Bank in 2021 for the payment of dividends, which constituted 30% of the Bank's standalone net profit. The amount of the proposed dividend was also consistent with the earlier intention of the Bank's Management Board regarding the payment of dividends from the profit for 2021, which was presented in the current report No. 1/2022 of 3 February 2022 published by the Bank. On 7 April 2022, the General Meeting adopted a resolution on the payment of dividends for 2021, as proposed by the Bank's Management Board. The dividend was paid on 4 May 2022.

Imposition by the Polish Financial Supervision Authority of a capital surcharge recommended under Pillar II (P2G)

On 11 February 2022, the Bank received a letter from the Financial Supervision Authority recommending that the risks inherent in the Bank's operations be mitigated by the Bank maintaining, at the individual and consolidated level, own funds to cover the additional capital charge ("P2G") of 0.13 p.p. in order to absorb potential losses arising from stress events. The recommendation should be met above the total capital ratio (referred to in Article 92(1)(c) of Regulation No 575/2013), plus the additional own funds requirement ("P2R", referred to in Article 138(2)(2) of the Banking Act) and the combined buffer requirement (referred to in Article 55(4) of the Macroprudential Supervision Act). The P2G capital charge should consist entirely of Common Equity Tier 1 capital.

P2G consists of two components:

- a basic capital charge of 0,05 p.p., and,
- a supplementary capital charge of 0,08 p.p.

The P2G recommendation applies to the Bank from the moment of receipt of the information from the PFSA Office.

Resignation of a member of the Bank's Supervisory Board

On 10 February 2022, the Bank received a statement from Mr Remco Nieland (Remco Nieland) resigning as a member of the Bank's Supervisory Board as of the date of the next Annual General Meeting of the Bank. The reason for his resignation is his planned retirement.

New lease agreement for the Plac Unii building in Warsaw

On 19 January 2022, the Bank agreed with the lessor of the Plac Unii building at ul. Puławska 2 in Warsaw, change of the lease agreement. New agreement covers the extension of the lease period until 2033 and the lease of additional space in the building, in line with the Bank's location strategy.

3. Significant events after balance sheet date

Impact from WIBOR reform

In July 2022, a notional working group has been established for the reform of the Warsaw Interbank Offer Rate (WIBOR) benchmarks. The working group's aim is to prepare a roadmap and a schedule of activities for a smooth and safe implementation of each element of a process leading to the WIBOR interest rate benchmark being replaced with a new benchmark.

Currently work in this regard is in a very preliminary stage. The number of issues would be covered by the scope of group's activity for a smooth and safe implementation of each element of a process leading to the WIBOR interest rate benchmark being replaced with a new benchmark, in particular regarding the development of the methodology to compute the new benchmark, adaptation of the IT systems and creation of a yield curve to allow the computation of the new benchmark in the term structure and fair value measurement of the financial instruments.

Considering that the WIBOR is widely used benchmark rate on financial instruments in PLN, ING Bank has significant exposure to WIBOR. Due to this, the potential discontinuation of this interest rate benchmark, or changes in the methodology or manner of administration of the benchmark, could result in a number of risks for ING Bank, its customers, and the financial services industry in Poland and more widely.

Given the preliminary stage of the activities, it is not possible to provide an indication of the effects of this event on the financial statements.

Act on crowdfunding for business ventures and support for borrowers and its estimated impact on the Bank's results for the third quarter of 2022

On 14 July 2022, the President of the Republic of Poland signed the act on crowdfunding for business ventures and support for borrowers. Among others, the act provides borrowers with a PLN-denominated mortgage the option to suspend the repayment of up to 8 monthly instalments mortgage – two instalments per quarter in 2nd half of 2022 and one instalment per quarter in 2023. In addition, it requires the banking sector to make an extra contribution of PLN 1.4 billion to the Borrower Financial Assistance Fund (FWK – Fundusz Wsparcia Kredytobiorców) by 2022 yearend.

As at 30 June 2022 the gross carrying value of mortgage loans in PLN was PLN 56,452.2 million. The change in law will reduce of the gross carrying value estimated in accordance with the requirements of IFRS 9, by about PLN 1.7 billion (PLN 1.6 billion in the case of individual data of the Bank). The estimated amount of the adjustment will be recognized in the income statement in the 3rd quarter of 2022. As a consequence of this loss, the Bank expects a net loss in the 3rd quarter of 2022. The isolated impact of the adjustment will result in the decrease of the total capital ratio by approximately -1.2 p.p.

The preliminarily estimated adjustment was set as the difference between the present value of estimated cash flows under credit agreements considering suspension of instalment repayments and the present gross carrying amount of the loan portfolio, on the assumption that 70% of clients will suspend instalment payments. Assuming a change in the percentage of customers who suspend their installments by +/- 10 p.p., the value of the estimated adjustment would change by approximately +/- 240 million PLN.

The above amount can be subject to change given, first and foremost, the actual customer uptake of suspending loan repayments. The adjustment and its impact on the consolidated financial result of the Bank will be presented in the financial statements for the 3rd quarter of 2022.

With regard to the FWK, since the amount of the additional contribution to be made by the Bank cannot be estimated. This is because, per the aforementioned act, the contribution required from each individual bank is based on proprietary data from all contributing banks. The Bank Management Board will provide the said information in the form of a current report upon receiving the decision of the FWK Board.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2022 were prepared under the International Accounting Standards (IAS) 34 Interim Financial Reporting as endorsed by the European Commission and effective as at the reporting date, that is 30 June 2022 as well as in accordance with the Ordinance of Finance Minister of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757).

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021, approved on 7 April 2022 by the Bank's General Meeting.

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the period from 1 January 2022 to 30 June 2022 and interim condensed consolidated statement of financial position as at 30 June 2022, together with comparable data were prepared according to the same principles of accounting for each period, except for changes in accounting principles described in point 5.1.

4.1. Changes in accounting standards

In these interim condensed consolidated financial statements, the Group included the following amendments to standards and interpretations that were approved by the European Union with the effective date for annual periods beginning on or after 1 January 2022:

Change	Impact on the Group financial statements
Changes resulting from the cyclical review of IFRS 2018-2020	Changes to: IFRS 1 – subsidiary applying accounting standards for the first time IFRS 9 – fees in the "10%" test (to determine the possibility of excluding financial liabilities from the consolidated statement of financial position) – in accordance with the change in the test, all fees paid or received should be included, including those settled by the borrower or lender on behalf of other entities Illustrative examples for IFRS 16 – lease incentives IAS 41 – agriculture: taxation measured at fair value measurement. The implementation of the amendments does not have a significant impact on the Group's financial statements.
IFRS 3	The amendment introduces to the content of the standard references to the conceptual framework published in March 2018. The implementation of the changes do not have a impact on the Group's financial statements.
Reference to conceptual assumptions	A change consisting in clarifying the concept of the costs of meeting obligations under contracts, where the costs exceed the economic benefits resulting from them. The implementation of the amendments do not have impact on the Group's financial statements.
IAS 37	The amendment consists in the exclusion of the possibility of deducting from the production expenses of property, plant and equipment amounts received from the sale of products manufactured at the stage of pre-implementation tests. This type of sales revenues and the corresponding expenses should be included in the income statement. The amendments do not have an impact on the Group's financial statements.
Onerous contracts – the costs of meeting the contract	Change in the scope of leasing modification, the purpose of which is to extend by 1 year the period of withdrawal from the evaluation of leasing modification, in a situation where the change in leasing payments is a direct consequence of the Covid-19 pandemic. The application of the amendment does not have an impact on the financial statements of the Group.

The standards and interpretations which were already issued but are still ineffective because they are not endorsed by the European Union or endorsed by the European Union but not yet applied by the Group were presented in the 2021 Annual Consolidated Financial Statements.

In the 1st half of 2022 the European Union endorsed following two amendments to the standards:

Change (in brackets expected date of application)	Impact on the Group financial statements
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (the financial year starting on or after 1 January 2023)	Change in the scope of disclosure of significant accounting principles in the financial statements. Pursuant to the introduced changes, only the accounting principles that have a significant impact on the information contained in the financial statements will be disclosed. The practical stand attached to the amendment contains a detailed illustrative example. The implementation of the change will have a significant impact on the scope of disclosures of significant accounting principles in the Group's financial statements.
Amendments to IAS 8: Definition of Accounting Estimates (the financial year starting on or after 1 January 2023)	Amendment to clarify the definition of accounting estimates, i.e. monetary amounts recognized in the financial statements that are subject to measurement uncertainty. The implementation of the change will not have a significant impact on the financial statements of the Group.

As at the date of approval of this report for publication, taking into account the ongoing process of introducing IFRS standards in the EU and the Group's operations, with respect to the accounting principles applied by the Group there are no differences between the IFRS standards that have entered into force and the IFRS standards endorsed by the EU.

4.2. Going-concern

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Capital Group have been prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the approval date, i.e. from 2 August 2022. As at the approval date hereof, the Bank Management Board have not identified any events that could pose a threat to the Group members continuing their operations during the period of 12 months from the approval date as a result of intentional or forced abandonment or significant limitation of its operations by the Capital Group.

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4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the period of 6 months ending on 30 June 2022 contain data of the Bank and its subsidiaries and associates (collectively referred to as the "Group").

It 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 notes

4.4. Reporting period and comparable data

Interim condensed consolidated financial statements of ING Bank Śląski S.A. Group covers the period from 1 January 2022 to 30 June 2022 and includes comparative data:

- as at 31 December 2021 and 30 June 2021 - for the interim condensed consolidated statement of financial position,
- for the period from 1 January 2021 to 30 June 2021 and from 1 April 2021 to 30 June 2021 - for the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income,
- for the period from 1 January 2021 to 30 June 2021 - for the interim condensed consolidated cash flow statement,
- for the period from 1 January 2021 to 31 December 2021 and from 1 January 2021 to 30 June 2021 - for the interim condensed statement of changes in consolidated equity.

5. Significant accounting principles and key estimates

Detailed accounting principles and key estimates are presented in the annual consolidated financial statements of the of ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021, published on 11 March 2022 and available on the website of ING Bank Śląski S.A. (www.ing.pl).

In addition, with respect to interim financial statements, the Group applies the principle of recognizing the financial result income tax charges based on the best estimate of the weighted average annual income tax rate expected by the Group in the full financial year.

5.1. Changes in significant accounting principles

The changes to the accounting principles applied by the Capital Group, which were introduced in the 1st half of 2022, are presented below.

The changes were introduced to the item Modification of contractual cash flows and consisted of further specifying the qualitative criteria and adding a quantitative criterion for assessing whether a modification of a financial assets results in the extinguishment of the asset. The changes are introduced with prospective effect on 1 January 2022 in accordance with IAS 8 par. 25, because retrospective application of the new rules is impracticable. The Group is not able to determine the total effect of the application of the changed accounting principles in relation to all previous periods, as the Group has no data from earlier periods that would allow for a retrospective application of the new accounting principles.

Because comparative data is not adjusted for this change, significant accounting principles in this respect have been presented in the layout presenting both the principles applicable before and after 1 January 2022.

Modification of contractual cash flows

Principles before 1 January 2022

If, as a result of renegotiating the terms of a loan or credit agreement, the cash flows related to a given financial asset are subject to modification, the Group assesses whether the modification in question is significant and leads to the expiry of that financial asset from the statement of financial position of the Group and the recognition of a new financial asset.

The Group assumes that a significant modification to the terms of the contract takes place when it occurs:

- change of the debtor with the consent of the Group, or
- change of the legal form/type of the financial instrument, or
- change of loan currency unless it was included in the pre-modified contractual terms.

In a situation where the modification is not significant and thus does not lead to the exclusion of a financial asset from the statement of financial position of the Group, the Group recalculates the gross carrying amount of the financial asset and recognizes a profit or loss on the modification in the financial result.

Principles after 1 January 2022

When the terms of the loan and cash loan agreements are renegotiated and contractual cash flows of a financial asset are modified, the Group assesses if such modification was significant and should result in the extinguishment of that financial asset and recognition of a new financial asset. A financial asset is extinguished if either the qualitative or the quantitative criteria are met.

Qualitative criteria

The Group assumes that a substantial modification of the terms of the agreement has taken place in the following circumstances in case:

- change of the debtor with the consent of the Group, or
- change of the legal form/type of the financial instrument, or
- change of loan currency unless it was included in the pre-modified contractual terms, or
- the modified financial asset does not meet the SPPI test, i.e. the cash flows from the financial asset do not represent, on specified dates, solely payments of principal and interest on the principal amount outstanding, or
- change in interest rate from fixed to floating or vice versa for financial assets that are not credit-impaired, or
- change of the financial instruments from revolving to non-revolving or vice versa for financial assets that are not credit-impaired, or
- increase of the exposure amount of 50% or an extension of the tenor of the facility/instrument by 50%, if the present value of cash flows under the modified terms, discounted at the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original agreement, discounted using the original effective interest rate.

Quantitative trigger

A financial asset is deemed to be extinguished when the present value of cash flows under the modified loan terms, discounted at the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original agreement, discounted using the original effective interest rate.

For modifications that do not lead to a derecognition of the financial asset, the net present value difference (using the original effective interest rate) between the cash flows of the asset before and after modification is recognised in the statement of profit and loss.

5.2. Changes in key estimates

Cost of compulsory contributions to the bank guarantee fund

During the second quarter of 2022, Bankowy Fundusz Gwarancyjny (BFG) revised the rules for determining the target level of the deposit guarantee scheme funds, which allows for its reduction. In setting the target level BFG will take into account the amount of funds accumulated in institutional protection systems and the share of guaranteed funds accumulated in banks participating in institutional protection systems in the total of guaranteed funds accumulated in banks covered by the obligatory deposit guarantee scheme. Such a system of institutional protection was established during the 2nd quarter of 2022 (the Commercial Bank Protection System - more on this in point 2.*Significant events in the 1st half of 2022*). In addition, the BFG issued a statement on the suspension of the determination of mandatory contributions to the deposit guarantee system until 31 October 2022 and informed that the decision on the amount of contributions due for the 2nd and 3rd quarter of 2022 will be made in the 4th quarter of 2022. Based on these announcements, the Bank estimates that for the second quarter of 2022 no contribution to the deposit guarantee scheme funds will be required. Therefore, the Bank did not recognize the cost of payments to the banks' guarantee fund for the 2nd quarter of 2022. The required contribution for the 1st quarter of 2022 was PLN 53.8 million.

Impairment for expected credit losses

The methodology for calculating the expected losses was presented in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021. In the 1st half of 2022, the Group continued the adopted approach, including in the field of probability-weighted macroeconomic scenarios, supplementing them with management adjustments where, in the opinion of management, recent economic events were not fully captured.

The Group revised the forecasts of macroeconomic indicators. The macroeconomic assumptions used to determine the expected credit losses are based on the forecasts prepared by the Bank's Macroeconomic Analysis Bureau, with forward curves for interest.

Moreover, the sharp rise in inflation and interest rates currently observed has not occurred in the past few years. The historically observed correlation of risk parameters (PD in IFRS models) does not fully reflect the actual credit risk of the mortgage portfolio in the current macroeconomic situation. Strong increases in interest rates and expenses translate into significant increases in financial and living burdens for customers, and as a consequence there is a probability that some of them will lose the ability to service their loans on a regular basis. At the same time, as a result of model backtests for the mortgage portfolio, an excessive conservativeness of the LGD in default model was identified. The combined net effect of both of the above changes in estimates increased the impairment for expected credit losses for the mortgage loan portfolio by PLN 33.1 million at the end of the 1st half of 2022.

Additionally, in the Group's opinion, the observed negative economic changes related to the war in Ukraine, in particular those related to supply chain disruptions, increases in energy prices and labor shortages, are not sufficiently covered by the current models for strategic clients. As a consequence, the Group analyzed the portfolio of strategic clients in terms of future client forecasts and decided to increase the impairment for expected credit losses for the strategic clients portfolio by PLN 50.4 million at the end of 1st half of 2022.

The management adjustments did not affect the classification of exposures to stages presented in these financial statements. The division of the adjustments into stages and into the corporate and retail segments is presented in the supplementary note 8.13. *Loans and other receivables to customers measured at amortised cost*.

Sensitivity analysis of expected credit losses on assumed PD treshold

In order to show the sensitivity of expected losses to the level of the adopted PD threshold, the Group estimated the allowances for expected losses in Stages 1 and 2 with the following assumptions:

- all these financial assets would be below the PD threshold and assigned 12-month expected losses and
- all of these assets would exceed this PD threshold and have lifetime expected losses assigned to them.

These estimates made as at 30 June 2022 show, respectively, hypothetical lower losses expected for the assets in Stage 1 and 2 by approximately PLN 250 million (including PLN 170 million for the corporate portfolio and PLN 80 million for the retail portfolio) or higher by approximately PLN 900 million (PLN 450 million for the corporate portfolio and PLN 450 million for the retail portfolio respectively).

The estimates made as at 31 December 2021 showed, respectively, the hypothetical lower losses expected for the assets in Stage 1 and 2 by approximately PLN 190 million (including PLN 120 million for the corporate portfolio and PLN 70 million for the retail portfolio) or higher by approximately PLN 880 million (PLN 370 million for the corporate portfolio and PLN 510 million for the retail portfolio respectively).

Macroeconomic forecasts and probability weights applied to each of macroeconomic scenarios

The tables below present the macroeconomic forecasts applied as at 30 June 2022 and 31 December 2021 of key factors and the difference of expected losses in upside, baseline and downside scenarios to reported expected losses, which are weighted with scenario probability – division into corporate, retail and total portfolio (assuming the maintenance of an unchanged time horizon for calculating the expected losses, respectively, in 12 months or throughout the life of the exposure, by stages in accordance with the methodology of IFRS 9). Presented deviations from losses reported do not take into account management adjustments described above. The macroeconomic forecasts used for the calculation of deviations for baseline scenario are based on forecasts prepared the Bank's Macroeconomic Analyses Office, while for interest rates forward curves were adopted.

At the end of 1st half of 2022 the deviations from losses reported for retail portfolio did not change significantly compared to the end of 2021. With respect to corporate portfolio the deviations decreased, mainly due to lower volatility of forecasted GDP in positive and downside scenarios in 3-year horizon. Volatility in 2021 was caused by shocks triggered by the beginning of pandemic.

as at **30 Jun 2022**

Total portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	5.0%	3.8%	5.6%	**-6%**	Stage 1 -16% Stage 2 -12% Stage 3 -2%	20%	**2,290.9**	Stage 1 289.7 Stage 2 560.3 Stage 3 1,440.9
	Unemployment	2.5%	2.5%	1.9%					
	Real estate price index	9.6%	2.2%	4.4%					
	3 months interest rate	8.2%	6.9%	6.6%					
Baseline scenario	GDP	4.7%	2.5%	3.2%	**-2%**	Stage 1 -5% Stage 2 -3% Stage 3 0%	60%		
	Unemployment	2.9%	3.0%	2.8%					
	Real estate price index	8.0%	1.2%	2.7%					
	3 months interest rate	7.6%	6.5%	5.9%					
Negative scenario	GDP	4.3%	-2.0%	0.1%	**11%**	Stage 1 31% Stage 2 22% Stage 3 3%	20%		
	Unemployment	3.5%	5.4%	6.5%					
	Real estate price index	3.2%	-0.6%	0.7%					
	3 months interest rate	7.9%	5.2%	4.6%					

as at **31Dec 2021**

Total portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	6.6%	6.0%	5.5%	**-12%**	Stage 1 -36% Stage 2 -23% Stage 3 -4%	20%	**2,102.7**	Stage 1 316.2 Stage 2 375.1 Stage 3 1,411.4
	Unemployment	1.9%	1.9%	1.8%					
	Real estate price index	7.8%	6.3%	6.5%					
	3 months interest rate	3.0%	3.0%	3.0%					
Baseline scenario	GDP	4.5%	4.2%	3.4%	**-3%**	Stage 1 -15% Stage 2 -4% Stage 3 0%	60%		
	Unemployment	2.8%	2.6%	2.6%					
	Real estate price index	2.4%	2.4%	2.4%					
	3 months interest rate	3.9%	3.5%	3.3%					
Negative scenario	GDP	-0.5%	2.7%	1.7%	**13%**	Stage 1 60% Stage 2 20% Stage 3 2%	20%		
	Unemployment	4.2%	5.6%	6.9%					
	Real estate price index	0.3%	2.5%	2.5%					
	3 months interest rate	2.2%	1.8%	1.7%					

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as at **30 Jun 2022**

Corporate portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	5.0%	3.8%	5.6%	**-8%**	Stage 1 -26% Stage 2 -14% Stage 3 -2%	20%	**1,204.7**	Stage 1 151.8 Stage 2 327.3 Stage 3 725.6
	Unemployment	2.5%	2.5%	1.9%					
	Real estate price index	9.6%	2.2%	4.4%					
	3 months interest rate	8.2%	6.9%	6.6%					
Baseline scenario	GDP	4.7%	2.5%	3.2%	**-2%**	Stage 1 -8% Stage 2 -4% Stage 3 0%	60%		
	Unemployment	2.9%	3.0%	2.8%					
	Real estate price index	8.0%	1.2%	2.7%					
	3 months interest rate	7.6%	6.5%	5.9%					
Negative scenario	GDP	4.3%	-2.0%	0.1%	**15%**	Stage 1 50% Stage 2 27% Stage 3 2%	20%		
	Unemployment	3.5%	5.4%	6.5%					
	Real estate price index	3.2%	-0.6%	0.7%					
	3 months interest rate	7.9%	5.2%	4.6%					

as at **31Dec 2021**

Corporate portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	6.6%	6.0%	5.5%	**-18%**	Stage 1 -55% Stage 2 -30% Stage 3 -5%	20%	**1,180.6**	Stage 1 206.2 Stage 2 232.5 Stage 3 741.9
	Unemployment	1.9%	1.9%	1.8%					
	Real estate price index	7.8%	6.3%	6.5%					
	3 months interest rate	3.0%	3.0%	3.0%					
Baseline scenario	GDP	4.5%	4.2%	3.4%	**-5%**	Stage 1 -25% Stage 2 -6% Stage 3 0%	60%		
	Unemployment	2.8%	2.6%	2.6%					
	Real estate price index	2.4%	2.4%	2.4%					
	3 months interest rate	3.9%	3.5%	3.3%					
Negative scenario	GDP	-0.5%	2.7%	1.7%	**23%**	Stage 1 100% Stage 2 29% Stage 3 2%	20%		
	Unemployment	4.2%	5.6%	6.9%					
	Real estate price index	0.3%	2.5%	2.5%					
	3 months interest rate	2.2%	1.8%	1.7%					

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as at **30 Jun 2022**

Retail portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	5.0%	3.8%	5.6%	**-3%**	Stage 1 -5% Stage 2 -9% Stage 3 -2%	20%	**1,086.1**	Stage 1 137.9 Stage 2 233.0 Stage 3 715.2
	Unemployment	2.5%	2.5%	1.9%					
	Real estate price index	9.6%	2.2%	4.4%					
	3 months interest rate	8.2%	6.9%	6.6%					
Baseline scenario	GDP	4.7%	2.5%	3.2%	**-1%**	Stage 1 -1% Stage 2 -2% Stage 3 -1%	60%		
	Unemployment	2.9%	3.0%	2.8%					
	Real estate price index	8.0%	1.2%	2.7%					
	3 months interest rate	7.6%	6.5%	5.9%					
Negative scenario	GDP	4.3%	-2.0%	0.1%	**6%**	Stage 1 9% Stage 2 14% Stage 3 4%	20%		
	Unemployment	3.5%	5.4%	6.5%					
	Real estate price index	3.2%	-0.6%	0.7%					
	3 months interest rate	7.9%	5.2%	4.6%					

as at **31Dec 2021**

Retail portfolio

		2022	2023	2024	Expected losses not weighted by probability – deviation from losses reported in% – Total	Expected losses not weighted by probability – deviation from losses reported in% – by Stage	Weight assigned to the scenario	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stage
Upside scenario	GDP	6.6%	6.0%	5.5%	**-5%**	Stage 1 -10% Stage 2 -14% Stage 3 -2%	20%	**922.1**	Stage 1 110.0 Stage 2 142.6 Stage 3 669.5
	Unemployment	1.9%	1.9%	1.8%					
	Real estate price index	7.8%	6.3%	6.5%					
	3 months interest rate	3.0%	3.0%	3.0%					
Baseline scenario	GDP	4.5%	4.2%	3.4%	**0%**	Stage 1 -1% Stage 2 -1% Stage 3 0%	60%		
	Unemployment	2.8%	2.6%	2.6%					
	Real estate price index	2.4%	2.4%	2.4%					
	3 months interest rate	3.9%	3.5%	3.3%					
Negative scenario	GDP	-0.5%	2.7%	1.7%	**2%**	Stage 1 3% Stage 2 6% Stage 3 2%	20%		
	Unemployment	4.2%	5.6%	6.9%					
	Real estate price index	0.3%	2.5%	2.5%					
	3 months interest rate	2.2%	1.8%	1.7%					

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6. Comparability of financial data

In these interim condensed consolidated financial statements for the period of 6 months ending on 30 June 2022 in relation to the interim condensed consolidated financial statements for earlier periods, the Group has made changes to the presentation of individual items in the consolidated statement of financial position.

The changes are as follows:

- Separation of *Transferred assets* (**change a**)

The Group has separated a new item in the consolidated statement of financial position – Transferred assets – which presents assets that can be pledged or resold by the collateral recipient. IFRS 9.3.2.23(a) requires these assets to be segregated and presented separately from other assets in the statement of financial position. The new item included debt securities resold with a repurchase agreement under repo or buy-sell-back transactions. These assets are measured at fair value through profit or loss, at fair value through other comprehensive income or at amortised cost. The change was intended to better reflect the risk characteristics of these financial assets. The figures as at 30 June 2021 have been restated to ensure comparability.

- Inclusion of non-current assets held for sale under *Other assets* (**change b**)

Following the principle of materiality, the Group departed from the presentation of non-current assets held for sale in a separate line item in the consolidated statement of financial position and from 31 December 2021 onwards shows them in Other assets. The figures as at 30 June 2021 have been restated.

The table presents individual asset items of the consolidated statement of financial position according to the values presented in the interim condensed consolidated financial statements for the period of 6 months ending on 30 June 2021 and according to the values presented in these interim condensed consolidated financial statements. Liabilities and equity did not change.

as at **30 Jun 2021**

	in interim condensed consolidated financial statements for the period of 6 months ending on 30 June 2021 ***(approved data)***	change a	change b	in interim condensed consolidated financial statements for the period of 6 months ending on 30 June 2022 ***(comparable data)***
Assets				
Cash in hand and balances with the Central Bank	850.8			850.8
Loans and other receivables to other banks	709.5			709.5
Financial assets measured at fair value through profit or loss	1,471.1			1,471.1
Derivative hedge instruments	882.0			882.0
Investment securities	57,103.1	-1,881.5		55,221.6
Loans and other receivables to customers measured at amortised cost	133,768.8			133,768.8
Transferred assets	0.0	1,881.5		1,881.5
Investments in associates accounted for using the equity method	168.7			168.7
Property, plant and equipment	857.1			857.1
Intangible assets	410.3			410.3
Assets held for sale	1.4		-1.4	0.0
Current income tax assets	307.8			307.8
Deferred tax assets	463.2			463.2
Other assets	288.5		1.4	289.9
Total assets	**197,282.3**	**0.0**	**0.0**	**197,282.3**
Total liabilities and equity	**197,282.3**	**0.0**	**0.0**	**197,282.3**

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7. Segment reporting

Segments of operation

The management of the Group's activity is conducted within the areas defined in the Group's business model. The Group's business model, above all for the purpose of management reporting, includes division of clients into two main segments:

- retail banking segment
- corporate banking segment.

The basis for distinguishing individual segments are entity criteria and - in the case of division into sub-segments - financial criteria (especially turnover, level of collected assets). The specific rules of assigning clients to respective segments are governed by the clients segmentation criteria specified in the Group's internal regulations. The Group has separated in organisational terms the operations performed by the Centre of Expertise Treasury. The Centre of Expertise Treasury manages short-term and long-term liquidity risk in line with the effective regulations and risk appetite internally set at the Group, manages interest rate risk and invests surpluses obtained from business lines while maintaining the liquidity buffer in the form of liquid assets. The Centre of Expertise Treasury's net income on operations is allocated to the business lines considering its support function for the Group's business lines.

Retail banking segment

Within the framework of retail banking, the Group provides services to private individuals - the mass client segment and wealthy clients segment.

This activity is analyzed in terms of the main products, including: loan products (overdraft facilities, card-related loans, installment loans, mortgage loans), deposit products (current accounts, term deposits, savings accounts), structured, fund participation units, brokerage services and bank cards.

Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- providing services to individual entrepreneurs,
- financial market products.

Services to institutional clients encompass strategic clients, large corporate entities and mid-sized companies. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services, capital market operations conducted by the Parent company, products related to leasing and factoring services offered by ING Lease (Polska) Sp. z o.o. and ING Commercial Finance Polska S.A.

The service of individual entrepreneurs includes natural persons conducting business activity and partner companies that do not keep full accounting in accordance with the provisions of the Act on accounting, civil partnerships or general partnerships whose partners are only natural persons who do not keep full accounting in accordance with the provisions of the Accounting Act, and housing communities. The activity of entrepreneurs is reported in terms of the main products, including credit products (cash loan, credit line, credit card), deposit products (company account, foreign currency account, account for housing communities), leasing products offered by ING Lease (Polska) Sp. z o.o., accounting services, terminals and payment gateways.

Financial markets products encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers' benefit. Within the framework of this activity, currency, money and derivative instrument market products and securities operations (treasury securities, shares and notes) are specified.

Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Group, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS). Transfer prices are defined based on the yield curve for a given currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtaining long-term liquidity, matching of the Group's position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations. Revenue, costs, results, assets and liabilities for a given segment account for elements that are directly attributable to the segment in question, as well as element that may be attributed to that segment based on reasonable premises. The Group presents segment's interest income reduced by the cost of the interest.

Income statement by segment

	1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022			1 half of 2021 the period from 01 Jan 2021 to 30 Jun 2021		
	Retail banking segment	Corporate banking segment	Total	Retail banking segment	Corporate banking segment	Total
Income total	**2,183.6**	**2,482.5**	**4,666.0**	**1,574.3**	**1,673.7**	**3,248.0**
net interest income	1,878.6	1,614.0	3,492.6	1,280.2	1,036.4	2,316.6
net commission income, including:	305.2	747.6	1,052.8	273.3	611.3	884.6
commission income, including:	456.9	849.4	1,306.3	402.5	689.4	1,091.9
transaction margin on currency exchange	46.3	293.8	340.1	33.2	214.0	247.2
account maintenance fees	58.3	170.7	229.0	58.1	145.9	204.0
lending commissions	13.6	218.1	231.7	9.4	192.6	202.0
payment and credit cards fees	175.8	65.2	241.0	142.2	52.3	194.5
participation units distribution fees	34.0	0.0	34.0	43.1	0.0	43.1
insurance product offering commissions	92.9	16.5	109.4	77.1	16.3	93.4
factoring and lease contracts commissions	0.0	23.2	23.2	0.0	18.2	18.2
other commissions	36.0	61.9	97.9	39.4	50.1	89.5
commission expenses	-151.7	-101.8	-253.5	-129.2	-78.1	-207.3
other income/expenses	-0.3	120.9	120.6	20.8	26.0	46.8
General and administrative expenses	**-1,257.9**	**-873.6**	**-2,131.5**	**-777.2**	**-735.6**	**-1,512.8**
Segment operating result	**925.6**	**1,608.9**	**2,534.5**	**797.1**	**938.1**	**1,735.2**
impairment for expected credit losses	-171.5	-162.0	-333.5	-40.7	-107.2	-147.9
cost of legal risk of FX mortgage loans	-1.3	0.0	-1.3	0.0	0.0	0.0
tax on certain financial institutions	-124.8	-188.2	-313.0	-108.5	-148.3	-256.8
share of profit/(loss) of associates accounted for using the equity method	12.6	0.0	12.6	13.2	0.0	13.2
Gross profit	**640.6**	**1,258.7**	**1,899.3**	**661.1**	**682.6**	**1,343.7**
Income tax	-	-	-533.5	-	-	-342.8
Net profit	-	-	**1,365.8**	-	-	**1,000.9**
attributable to shareholders of ING Bank Śląski S.A.	-	-	1,365.8	-	-	1,000.9

Assets and liabilities by segment

	as at 30 Jun 2022			as at 31 Dec 2021		
	Retail banking segment	Corporate banking segment	Total	Retail banking segment	Corporate banking segment	Total
Segment assets	91,794.0	116,041.7	207,835.7	91,852.9	106,365.2	198,218.1
Segment investments in associates accounted for using the equity method	165.9	-	165.9	184.8	-	184.8
Other assets (not allocated to segments)	-	-	4,393.4	-	-	3,251.3
Total assets	**91,959.9**	**116,041.7**	**212,395.0**	**92,037.7**	**106,365.2**	**201,654.2**
Segment liabilities	106,863.2	93,499.7	200,362.9	106,620.0	78,538.6	185,158.6
Other liabilities (not allocated to segments)	-	-	4,315.2	-	-	2,964.2
Equity	-	-	7,716.9	-	-	13,531.4
Total equity and liabilities	**106,863.2**	**93,499.7**	**212,395.0**	**106,620.0**	**78,538.6**	**201,654.2**
Allocated equity	**3,179.0**	**4,537.9**	**7,716.9**	**5,996.2**	**7,535.2**	**13,531.4**
ROE - Return on Equity (%)*	**17.4%**	**21.5%**	**19.7%**	**14.4%**	**13.0%**	**13.6%**

*) ROE - Return on equity - net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average equity for 5 subsequent quarters.

Geographical segments

The Group pursues business only in the territory of the Republic of Poland.

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8. Supplementary notes to interim condensed consolidated income statement and interim condensed consolidated statement of financial position

8.1. Net interest income

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Interest income, including:	**2,145.4**	**3,936.4**	**1,297.1**	**2,564.7**
interest income calculated using effective interest rate method, including:	**2,144.8**	**3,935.3**	**1,297.0**	**2,564.3**
interest on financial instruments measured at amortised cost	1,991.3	3,683.8	1,256.8	2,485.6
interest on loans and other receivables to other banks	91.3	120.6	2.4	4.8
interest on loans and other receivables to customers	1,746.4	3,274.8	1,143.1	2,256.6
interest on investment securities	153.6	288.4	111.3	224.2
interest on investment securities measured at fair value through other comprehensive income	153.5	251.5	40.2	78.7
other interest income, including:	**0.6**	**1.1**	**0.1**	**0.4**
interest on loans and other receivables to customers measured at fair value through profit or loss	0.6	1.1	0.1	0.4
Interest expenses, including:	**-358.0**	**-443.8**	**-122.1**	**-248.1**
interest on deposits from other banks	-103.4	-155.4	-0.5	-1.8
interest on deposits from customers	-242.9	-269.0	-112.6	-228.1
interest on issue of debt securities	-5.5	-7.9	-1.4	-3.3
interest on subordinated liabilities	-4.4	-8.3	-6.9	-13.8
interest on lease liabilities	-1.8	-3.2	-0.7	-1.1
Net interest income	**1,787.4**	**3,492.6**	**1,175.0**	**2,316.6**

8.2. Net commission income

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Commission income, including:	**650.1**	**1,306.3**	**560.2**	**1,091.9**
transaction margin on currency exchange transactions	170.3	340.1	132.0	247.2
account maintenance fees	111.8	229.0	100.4	204.0
lending commissions	114.4	231.7	100.0	202.0
payment and credit cards fees	127.3	241.0	103.4	194.5
participation units distribution fees	14.6	34.0	22.3	43.1
insurance product offering commissions	54.5	109.4	49.9	93.4
factoring and lease contracts commissions	12.1	23.2	9.6	18.2
brokerage activity fees	12.8	33.7	14.6	38.9
fiduciary and custodian fees	6.2	12.9	7.1	11.0
foreign commercial business	10.9	21.5	10.9	21.3
other commission	15.2	29.8	10.0	18.3
Commission expenses, including:	**-131.3**	**-253.5**	**-103.9**	**-207.3**
payment and credit cards fees	-71.7	-138.4	-57.9	-115.4
Net commission income	**518.8**	**1,052.8**	**456.3**	**884.6**

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8.3. Net income on financial instruments measured at fair value through profit or loss and FX result

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
FX result and net income on interest rate derivatives, including	-89.1	-121.0	7.9	27.8
FX result	88.3	125.6	50.0	239.0
currency derivatives	-177.4	-246.6	-42.1	-211.2
Net income on interest rate derivatives	38.2	110.7	5.2	18.4
Net income on debt instruments held for trading	10.1	19.8	2.1	3.5
Net income on repurchase transactions	-0.4	-0.4	0.0	0.0
Net income on measurement of loans to customers	0.1	0.0	0.2	0.0
Net income on equity instruments	-1.2	-4.3	0.0	0.0
Total	**-42.3**	**4.8**	**15.4**	**49.7**

8.4. Net income on the sale of securities and dividend income

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net income on the sale of securities measured at amortised cost	-11.8	-15.7	0.0	0.0
Net income on sale of securities measured at fair value through other comprehensive income and dividend income, including:	24.7	26.8	7.7	7.7
sale of debt securities	17.9	20.0	1.0	1.0
dividend income	6.8	6.8	6.7	6.7
Total	**12.9**	**11.1**	**7.7**	**7.7**

8.5. Net (loss)/income on hedge accounting

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net income on hedge accounting	-18.2	-32.7	-4.3	-15.2
valuation of the hedged transaction	-214.3	-450.8	-58.6	-401.6
valuation of the hedging transaction	196.1	418.1	54.3	386.4
Cash flow hedge accounting	111.1	138.5	1.0	1.0
ineffectiveness under cash flow hedges	111.1	138.5	1.0	1.0
Total	**92.9**	**105.8**	**-3.3**	**-14.2**

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8.6. General and administrative expenses

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Personnel expenses	**-409.7**	**-771.0**	**-358.0**	**-713.0**
Other general and administrative expenses, including:	**-790.4**	**-1,360.5**	**-334.0**	**-799.8**
cost of marketing and promotion	-36.5	-69.2	-33.5	-67.5
depreciation and amortisation	-68.1	-136.6	-71.6	-143.0
contribution to the Commercial Banks Protection System*	-429.8	-429.8	0.0	0.0
obligatory Bank Guarantee Fund payments, of which:	0.0	-226.6	-28.2	-188.5
resolution fund	0.0	-172.8	0.0	-132.6
bank guarantee fund	0.0	-53.8	-28.2	-55.9
fees to the Financial Supervisory Commission	0.0	-22.0	0.0	-19.2
IT costs	-98.1	-190.1	-77.5	-148.8
maintenance costs of buildings and real estate valuation to fair value	-28.6	-57.6	-27.7	-55.5
costs of short-term leasing and low-value leasing	-3.2	-6.2	-2.6	-5.3
other	-126.1	-222.4	-92.9	-172.0
Total	**-1,200.1**	**-2,131.5**	**-692.0**	**-1,512.8**

*) In the 1st half of 2022, the Bank joined the Commercial Banks Protection System with seven other Polish banks. Detailed information on the Commercial Banks Protection System is presented in this financial statements under 2. *Significant events in the 1st half of 2022.*

8.6.1. Number of employees

The headcount in the ING Bank Śląski S.A. Group was as follows:

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
FTEs	8,441.0	8,642.9	8,731.1
Individuals	8,488	8,694	8,782

The headcount in the ING Bank Śląski S.A. was as follows:

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
FTEs	8,011.1	8,211.0	8,293.3
Individuals	8,043	8,248	8,329

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8.7. Impairment for expected credit losses

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Corporate banking segment	-66.5	-162.0	-46.3	-107.2
Retail banking segment	-116.5	-171.5	27.2	-40.7
Total	**-183.0**	**-333.5**	**-19.1**	**-147.9**

8.8. Cost of legal risk of FX mortgage loans

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Provisions for legal risk of FX indexed mortgage loans, including:				
relating to loans in the Bank's portfolio	0.0	-0.3	0.0	0.0
relating to repaid loans	-0.2	-1.0	0.0	0.0
Total	**-0.2**	**-1.3**	**0.0**	**0.0**

Detailed information on the legal risk of CHF-indexed mortgage loans is presented later in the report in point 11. *Settlements due to disputes and other provisions*.

8.9. Cash in hand and balances with the Central Bank

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Cash in hand	1,152.2	599.1	692.6
Balances with the Central Bank	1,565.9	500.9	158.2
Total	**2,718.1**	**1,100.0**	**850.8**

The Bank maintains a mandatory reserve on the current account with the National Bank of Poland, the amount of which at the end of the 1st half of 2022 amounted to 3.5% of the value of deposits received (compared to 2.0% at the end of 2021 and 0.5% at the end of the 1st half of 2021).

The arithmetic mean of balances of the mandatory reserve that the Bank is obliged to maintain during a given period in the current account with NBP amounts to:

- PLN 6,287.1 million for the period from 30 June 2022 to 31 July 2022,
- PLN 3,370.1 million for the period from 31 December 2021 to 30 January 2022,
- PLN 811.9 million for the period from 30 June 2021 to 1 August 2021.

8.10. Loans and other receivables to other banks

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Current accounts	167.3	95.0	237.6
Interbank deposits	1,417.2	125.2	0.0
Loans and advances	305.7	302.1	361.3
Placed call deposits	403.1	182.6	110.8
Total (gross)	**2,293.3**	**704.9**	**709.7**
Impairment for expected credit losses, including:	-0.1	-0.1	-0.2
concerning loans and advances	-0.1	-0.1	-0.2
Total (net)	**2,293.2**	**704.8**	**709.5**

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8.11. Financial assets measured at fair value through profit or loss

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	transferred debt securities*	other financial assets measured at fair value through profit or loss	**Total**	transferred debt securities*	other financial assets measured at fair value through profit or loss	**Total**	transferred debt securities*	other financial assets measured at fair value through profit or loss	**Total**
Financial assets held for trading, including:	**56.4**	**3,423.8**	**3,480.2**	**243.2**	**1,455.1**	**1,698.3**	**0.0**	**1,376.0**	**1,376.0**
valuation of derivatives	-	2,789.3	2,789.3	-	629.3	629.3	-	1,287.2	1,287.2
other financial assets held for trading, including:	56.4	634.5	690.9	243.2	825.8	1,069.0	0.0	88.8	88.8
debt securities:	56.4	386.3	442.7	243.2	301.1	544.3	-	88.8	88.8
Treasury bonds in PLN	56.4	246.9	303.3	243.2	259.2	502.4	-	82.3	82.3
Czech Treasury bonds in CZK	-	138.9	138.9	-	41.4	41.4	-	6.0	6.0
European Investment Bank bonds	-	0.5	0.5	-	0.5	0.5	-	0.5	0.5
repo transactions	-	248.2	248.2	-	524.7	524.7	-	0.0	0.0
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	**63.8**	**63.8**	-	**83.2**	**83.2**	-	**95.1**	**95.1**
loans obligatorily measured at fair value through profit or loss	-	63.2	63.2	-	78.4	78.4	-	94.3	94.3
equity instruments	-	0.6	0.6	-	4.8	4.8	-	0.8	0.8
Total	**56.4**	**3,487.6**	**3,544.0**	**243.2**	**1,538.3**	**1,781.5**	**0.0**	**1,471.1**	**1,471.1**

*) Securities that can be pledged or sold by the collateral recipient are presented as transferred debt securities. These assets, as required by IFRS 9, are presented separately by the Group in the consolidated statement of financial position under *Transferred assets*.

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8.12. Investment securities

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	transferred debt securities*	other investment securities	**Total**	transferred debt securities*	other investment securities	**Total**	transferred debt securities*	other investment securities	**Total**
Measured at fair value through other comprehensive income, including:	**4,051.1**	**12,151.0**	**16,202.1**	**1,266.4**	**14,378.9**	**15,645.3**	**1,782.3**	**21,221.5**	**23,003.8**
debt securities, including:	4,051.1	12,023.5	16,074.6	1,266.4	14,211.5	15,477.9	1,782.3	21,041.6	22,823.9
Treasury bonds in PLN	4,051.1	8,409.8	12,460.9	1,266.4	11,765.9	13,032.3	1,782.3	18,498.2	20,280.5
Treasury bonds in EUR	-	1,817.5	1,817.5	-	1,022.9	1,022.9	-	1,017.2	1,017.2
European Investment Bank bonds	-	1,345.6	1,345.6	-	941.4	941.4	-	1,050.6	1,050.6
Austrian government bonds	-	450.6	450.6	-	481.3	481.3	-	475.6	475.6
equity instruments	-	127.5	127.5	-	167.4	167.4	-	179.9	179.9
Measured at amortised cost, including:	**2,771.1**	**27,132.0**	**29,903.1**	**771.3**	**31,205.5**	**31,976.8**	**99.2**	**34,000.1**	**34,099.3**
debt securities, including:	2,771.1	27,132.0	29,903.1	771.3	31,205.5	31,976.8	99.2	34,000.1	34,099.3
Treasury bonds in PLN	2,771.1	11,068.2	13,839.3	771.3	15,311.5	16,082.8	99.2	18,158.4	18,257.6
Treasury bonds in EUR	-	3,103.4	3,103.4	-	4,028.8	4,028.8	-	3,959.9	3,959.9
Bank Gospodarstwa Krajowego bonds	-	2,323.4	2,323.4	-	2,299.8	2,299.8	-	2,324.6	2,324.6
European Investment Bank bonds	-	6,812.7	6,812.7	-	5,695.2	5,695.2	-	5,700.5	5,700.5
Bonds of the Polish Development Fund (PFR)	-	3,824.3	3,824.3	-	3,855.2	3,855.2	-	3,823.7	3,823.7
NBP money market bills	-	0.0	0.0	-	15.0	15.0	-	33.0	33.0
Total, of which;	**6,822.2**	**39,283.0**	**46,105.2**	**2,037.7**	**45,584.4**	**47,622.1**	**1,881.5**	**55,221.6**	**57,103.1**
total debt securities	6,822.2	39,155.5	45,977.7	2,037.7	45,417.0	47,454.7	1,881.5	55,041.7	56,923.2
total equity instruments	-	127.5	127.5	-	167.4	167.4	-	179.9	179.9

*) Securities that can be pledged or sold by the collateral recipient are presented as transferred debt securities. These assets, as required by IFRS 9, are presented separately by the Group in the consolidated statement of financial position under *Transferred assets*.

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8.13. Loans and other receivables to customers measured at amortised cost

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Loan portfolio, of which:	**153,760.1**	**-3,196.8**	**150,563.3**	**146,400.3**	**-3,113.6**	**143,286.7**	**134,620.2**	**-3,008.5**	**131,611.7**
Corporate banking	**87,857.1**	**-2,074.3**	**85,782.8**	**79,914.5**	**-2,158.2**	**77,756.3**	**73,115.6**	**-2,094.1**	**71,021.5**
loans in the current account	15,642.7	-440.1	15,202.6	12,408.6	-560.0	11,848.6	11,508.0	-517.7	10,990.3
term loans and advances	49,648.5	-1,489.6	48,158.9	46,117.3	-1,441.7	44,675.6	42,726.6	-1,374.7	41,351.9
lease receivables	11,978.5	-84.2	11,894.3	11,180.0	-90.0	11,090.0	10,406.0	-138.1	10,267.9
factoring receivables	7,287.8	-59.6	7,228.2	6,890.0	-66.2	6,823.8	5,756.4	-63.2	5,693.2
debt securities (corporate and municipal)	3,299.6	-0.8	3,298.8	3,318.6	-0.3	3,318.3	2,718.6	-0.4	2,718.2
Retail banking	**65,903.0**	**-1,122.5**	**64,780.5**	**66,485.8**	**-955.4**	**65,530.4**	**61,504.6**	**-914.4**	**60,590.2**
mortgages	56,899.8	-228.2	56,671.6	57,410.2	-217.9	57,192.3	52,983.0	-257.1	52,725.9
loans in the current account	694.4	-67.9	626.5	685.9	-54.0	631.9	652.7	-50.4	602.3
other loans and advances	8,308.8	-826.4	7,482.4	8,389.7	-683.5	7,706.2	7,868.9	-606.9	7,262.0
Other receivables, of which:	**1,554.4**	**0.0**	**1,554.4**	**3,249.3**	**0.0**	**3,249.3**	**2,157.1**	**0.0**	**2,157.1**
call deposits placed	474.3	0.0	474.3	2,531.5	0.0	2,531.5	1,397.6	0.0	1,397.6
other	1,080.1	0.0	1,080.1	717.8	0.0	717.8	759.5	0.0	759.5
Total	**155,314.5**	**-3,196.8**	**152,117.7**	**149,649.6**	**-3,113.6**	**146,536.0**	**136,777.3**	**-3,008.5**	**133,768.8**

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Quality of loan portfolio

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Corporate banking	**87,857.1**	**-2,074.3**	**85,782.8**	**79,914.5**	**-2,158.2**	**77,756.3**	**73,115.6**	**-2,094.1**	**71,021.5**
assets in stage 1	77,626.0	-119.1	77,506.9	70,654.1	-168.7	70,485.4	63,786.5	-169.5	63,617.0
assets in stage 2	7,597.7	-302.8	7,294.9	6,466.2	-218.4	6,247.8	6,478.8	-227.0	6,251.8
assets in stage 3	2,581.8	-1,652.4	929.4	2,743.1	-1,771.1	972.0	2,848.8	-1,697.6	1,151.2
POCI assets	51.6	0.0	51.6	51.1	0.0	51.1	1.5	0.0	1.5
Retail banking	**65,903.0**	**-1,122.5**	**64,780.5**	**66,485.8**	**-955.4**	**65,530.4**	**61,504.6**	**-914.4**	**60,590.2**
assets in stage 1	63,218.9	-134.5	63,084.4	64,102.6	-107.0	63,995.6	58,743.7	-128.6	58,615.1
assets in stage 2	1,664.1	-229.2	1,434.9	1,370.8	-139.4	1,231.4	1,788.6	-148.7	1,639.9
assets in stage 3	1,017.9	-758.8	259.1	1,010.2	-709.0	301.2	970.0	-637.1	332.9
POCI assets	2.1	0.0	2.1	2.2	0.0	2.2	2.3	0.0	2.3
Total, of which:	**153,760.1**	**-3,196.8**	**150,563.3**	**146,400.3**	**-3,113.6**	**143,286.7**	**134,620.2**	**-3,008.5**	**131,611.7**
assets in stage 1	140,844.9	-253.6	140,591.3	134,756.7	-275.7	134,481.0	122,530.2	-298.1	122,232.1
assets in stage 2	9,261.8	-532.0	8,729.8	7,837.0	-357.8	7,479.2	8,267.4	-375.7	7,891.7
assets in stage 3	3,599.7	-2,411.2	1,188.5	3,753.3	-2,480.1	1,273.2	3,818.8	-2,334.7	1,484.1
POCI assets	53.7	0.0	53.7	53.3	0.0	53.3	3.8	0.0	3.8

The Group identifies POCI financial assets whose carrying value as at 30 June 2022 is PLN 53.7 million (PLN 53.3 million as at 31 December 2021 and PLN 3.8 million as at 30 June 2021). These are exposures due to impaired receivables acquired in connection with the acquisition of SKOK Bieszczadzka in 2017 and exposures that were significantly modified as a result of restructuring, which involved the need to remove the original credit or lease commitment and re-recognition of the asset in the statement of financial position. The increase in the balance of POCI in December 2021 results from the recognition as POCI of a receivable arising from the sale of the restructured property resulting from a lease agreement with deferred part of the payment.

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Changes in impairment for expected credit losses

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022				1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021			
	Step 1	Step 2	Step 3	**Total**	Step 1	Step 2	Step 3	**Total**
Opening balance	**275.7**	**357.8**	**2,480.1**	**3,113.6**	**342.3**	**409.5**	**2,518.5**	**3,270.3**
Changes in the period, including:	**-22.1**	**174.2**	**-68.9**	**83.2**	**-44.2**	**-33.8**	**-183.8**	**-261.8**
loans granted in the period	62.6	0.0	0.0	**62.6**	81.7	0.0	0.0	**81.7**
transfer to Stage 1	6.9	-48.7	-13.3	**-55.1**	13.8	-80.4	-6.6	**-73.2**
transfer to Stage 2	-27.5	245.7	-83.7	**134.5**	-18.7	134.5	-22.0	**93.8**
transfer to Stage 3	-4.0	-34.6	247.9	**209.3**	-4.4	-48.8	287.1	**233.9**
repayment (total and partial) and the release of new tranches	-15.0	-49.8	-123.1	**-187.9**	-23.7	-33.1	-161.5	**-218.3**
changed provisioning under impairment for expected credit losses	0.2	3.6	201.4	**205.2**	-102.2	-27.5	122.4	**-7.3**
management adjustments	-46.0	57.0	-55.0	**-44.0**	12.7	22.5	12.6	**47.8**
Total impairment for expected credit losses in the profit and loss account	**-22.8**	**173.2**	**174.2**	**324.6**	**-40.8**	**-32.8**	**232.0**	**158.4**
derecognition from the balance sheet (write-downs, sale)	0.0	0.0	-225.0	**-225.0**	0.0	0.0	-399.6	**-399.6**
calculation and write-off of effective interest	0.0	0.0	-18.0	**-18.0**	0.0	0.0	-36.1	**-36.1**
other	0.7	1.0	-0.1	**1.6**	-3.4	-1.0	19.9	**15.5**
Closing balance	**253.6**	**532.0**	**2,411.2**	**3,196.8**	**298.1**	**375.7**	**2,334.7**	**3,008.5**

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8.14. Debt securities

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Measured at fair value through profit or loss (Note 8.11)	**442.7**	**544.3**	**88.8**
transferred assets in accordance with IFRS 9.3.2.23(a)	56.4	243.2	0.0
other	386.3	301.1	88.8
Measured at fair value through other comprehensive income in the investment securities portfolio (Note 8.12)	**16,074.6**	**15,477.9**	**22,823.9**
transferred assets in accordance with IFRS 9.3.2.23(a)	4,051.1	1,266.4	1,782.3
other	12,023.5	14,211.5	21,041.6
Measured at amortised cost in the investment securities portfolio (Note 8.12)	**29,903.1**	**31,976.8**	**34,099.3**
transferred assets in accordance with IFRS 9.3.2.23(a)	2,771.1	771.3	99.2
other	27,132.0	31,205.5	34,000.1
Measured at amortised cost in the loans and other receivables to customers portfolio (Note 8.13)	**3,298.8**	**3,318.3**	**2,718.2**
other	3,298.8	3,318.3	2,718.2
Total of which:	**49,719.2**	**51,317.3**	**59,730.2**
transferred assets in accordance with IFRS 9.3.2.23(a)	6,878.6	2,280.9	1,881.5
other	42,840.6	49,036.4	57,848.7

The Group presents separately in the consolidated statement of financial position, assets securing liabilities that can be pledged or resold by the collateral recipient (transferred assets). IFRS 9.3.2.23(a) requires these assets to be segregated and presented separately from other assets in the statement of financial position. These assets are measured at fair value through profit or loss, at fair value through other comprehensive income or at amortised cost.

8.15. Income tax assets and liabilities

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Assets			
Current income tax assets	820.5	734.5	307.8
Deferred tax assets	2,238.6	1,245.0	463.2
Liabilities			
Current income tax liabilities	11.7	3.9	1.8

For 2021, the Bank used a simplified form of paying advances for corporate income tax. For the year 2021, the Bank recorded a tax loss and therefore, due to the simplified form of paying advances for income tax, the paid advances constitute the Bank's receivable from the Tax Office. The increase in current income tax receivables in the 1st half of 2022 results mainly from the recognition of the advance payment for December 2021 (paid in January 2022).

The Group recognises a deferred tax asset for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax losses can be recovered. As at 30 June 2022, the deferred tax asset relating to unused tax losses amounted to PLN 1,671.1 million (PLN 544.5 million at the end of 2021). This increase is mainly due to the different accounting and tax treatment of settlements with CCPs due to derivative instruments. Pursuant to Polish corporate income tax regulations, the tax loss may be settled over the next 5 years. The amount of the loss settled in a given tax year may not exceed 50% of the total loss amount.

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8.16. Liabilities to other banks

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Current accounts	568.1	413.4	489.4
Interbank deposits	2,713.5	3,507.1	2,871.0
Loans received*	4,287.6	3,871.7	3,623.7
Repo transactions	1,040.1	1,991.4	1,873.3
Received call deposits	154.6	242,2	535.3
Other liabilities	24.1	25.2	29.8
Total	**8,788.0**	**10,051.0**	**9,422.5**

*) The financing of the long-term lease contracts in EUR ("the matched funding") received by the subsidiary ING Lease Polska Sp. z o.o. from ING Bank NV and other banks not related to the Group is presented in item *Loans received*.

8.17. Financial liabilities measured at fair value through profit or loss

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Valuation of derivatives	3,010.1	949.0	1,040.4
Other financial liabilities measured at fair value through profit or loss, including:	284.7	730.6	0.0
book short position in trading securities	228.2	486.2	0.0
financial liabilities held for trading, including:	56.5	244.4	0.0
repo transactions	56.5	244.4	0.0
Total	**3,294.8**	**1,679.6**	**1,040.4**

8.18. Liabilities to customers

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Deposits, including:	**177,089.4**	**168,458.5**	**160,016.4**
Corporate banking	**80,451.8**	**69,029.9**	**64,074.2**
current deposits	53,790.0	55,776.1	50,961.7
saving deposits	13,204.3	12,462.4	12,638.0
term deposits	13,457.5	791.4	474.5
Retail banking	**96,637.6**	**99,428.6**	**95,942.2**
current deposits	28,589.5	28,641.5	26,370.2
saving deposits	65,171.9	69,286.6	68,094.5
term deposits	2,876.2	1,500.5	1,477.5
Other liabilities, including:	**8,005.7**	**2,151.4**	**1,981.9**
liabilities under monetary hedges	646.1	476.3	509.5
repo transactions	5,354.0	0.0	0.0
call deposits	21.7	12.5	9.3
other liabilities	1,983.9	1,662.6	1,463.1
Total	**185,095.1**	**170,609.9**	**161,998.3**

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8.19. Provisions

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Provision for off-balance sheet liabilities	90.3	78.6	76.9
Provision for retirement benefits	76.3	73.9	65.4
Provision for disputes	42.3	42.4	28.8
Provision for restructuring	60.4	67,6	44.0
Provision for legal risk of FX mortgage loans *	35.6	37.6	11.1
Other provisions	33.8	36.8	22.2
Total	**338.7**	**336.9**	**248.4**

*) The figures present the provision relating to CHF-indexed mortgages derecognised from the statement of financial position. With respect to CHF-indexed mortgage loans recognised in the statement of financial position, the Group estimates the adjustment to the gross carrying amount and recognises it in the consolidated statement of financial position, under Loans and other receivables to customers measured at amortised cost.

Detailed information on provisions for disputes, other provisions as well as the risk related to the portfolio of loans indexed to the CHF can be found further in the financial statements in point 11. *Settlements due to disputes and other provisions*.

8.20. Other liabilities

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Accruals, including:	**1,149.1**	**889.9**	**938.1**
due to employee benefits	243.4	348.0	234.5
due to commissions	234.5	180.9	206.1
due to general and administrative expenses	498.4	361.0	364.9
liabilities due to the obligatory annual contribution to the BFG resolution fund	172.8	0.0	132.6
Other liabilities, including:	**2,815.7**	**1,733.5**	**2,512.9**
lease liabilities	406.7	335.6	361.7
interbank settlements	1,299.6	709.1	1,569.7
settlements with suppliers	76.1	123.4	88.1
public and legal settlements	126.4	121.4	102.6
deposit liability for the Commercial Banks Protection System*	429.7	0.0	0.0
commitment to pay to the BFG guarantee fund	171.6	155.5	138.5
commitment to pay to the BFG resolution fund	148.0	148.0	109.6
other	157.6	140.5	142.7
Total	**3,964.8**	**2,623.4**	**3,451.0**

*) In June 2022, the Bank joined, together with seven other Polish banks, the Commercial Banks Protection System. Under the System, there will be an aid fund, which will be made up of contributions from participating banks.
The amount of the contribution for ING Bank Śląski was set at PLN 429,7 million. As at 30 June 2022, the payment was not yet paid. Detailed information on the Commercial Banks Protection System is presented in this financial statements under 2. *Significant events in the 1st half of 2022*.

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8.21. Fair value

8.21.1. Financial assets and liabilities measured at fair value in the statement of financial position

In 2022, there were no transfers between the measurement levels, as in 2021. In the 1st half of 2022, valuation techniques for Levels 1 and 2 have not changed.

The table below presents the balance-sheet figures for financial assets and liabilities per individual measurement levels.

as at **30 Jun 2022**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**16,517.8**	**3,871.7**	**190.8**	**20,580.3**
Valuation of derivatives	-	**2,789.3**	-	**2,789.3**
Financial assets held for trading, including:	**386.3**	**248.2**	-	**634.5**
debt securities, including:	386.3	0.0	-	386.3
treasury bonds in PLN	246.9	-	-	246.9
Czech Treasury bonds in CZK	138.9	-	-	138.9
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	248.2	-	248.2
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**0.5**	-	**63.3**	**63.8**
loans are obligatorily measured at fair value through profit or loss	-	-	63.2	63.2
equity instruments	0.5	-	0.1	0.6
Derivative hedge instruments	-	**834.2**	-	**834.2**
Financial assets measured at fair value through other comprehensive income, including:	**12,023.5**	-	**127.5**	**12,151.0**
debt securities, including:	12,023.5	-	-	12,023.5
treasury bonds in PLN	8,409.8	-	-	8,409.8
treasury bonds in EUR	1,817.5	-	-	1,817.5
European Investment Bank bonds	1,345.6	-	-	1,345.6
Austrian government bonds	450.6	-	-	450.6
equity instruments	-	-	127.5	127.5
Transferred assets, including:	**4,107.5**	-	-	**4,107.5**
treasury bonds in PLN from portfolio of financial assets measured at fair value through profit or loss	56.4	-	-	56.4
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	4,051.1	-	-	4,051.1

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**228.2**	**4,211.0**	-	**4,439.2**
Valuation of derivatives	-	**3,010.1**	-	**3,010.1**
Other financial liabilities measured at fair value through profit or loss, including:	**228.2**	**56.5**	-	**284.7**
book short position in trading securities	228.2	-	-	228.2
financial liabilities held for trading, including:	-	56.5	-	56.5
repo transactions	-	56.5	-	56.5
Derivative hedge instruments	-	**1,144.4**	-	**1,144.4**

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as at **31 Dec 2021**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**16,026.9**	**1,404.4**	**245.9**	**17,677.2**
Valuation of derivatives	-	**629.3**	-	**629.3**
Financial assets held for trading, including:	**301.1**	**524.7**	-	**825.8**
debt securities, including:	301.1	0.0	-	301.1
treasury bonds in PLN	259.2	-	-	259.2
Czech Treasury bonds in CZK	41.4	-	-	41.4
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	524.7	-	524.7
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**4.7**	-	**78.5**	**83.2**
loans are obligatorily measured at fair value through profit or loss	-	-	78.4	78.4
equity instruments	4.7	-	0.1	4.8
Derivative hedge instruments	-	**250.4**	-	**250.4**
Financial assets measured at fair value through other comprehensive income, including:	**14,211.5**	-	**167.4**	**14,378.9**
debt securities, including:	14,211.5	-	-	14,211.5
treasury bonds in PLN	11,765.9	-	-	11,765.9
treasury bonds in EUR	1,022.9	-	-	1,022.9
European Investment Bank bonds	941.4	-	-	941.4
Austrian government bonds	481.3	-	-	481.3
equity instruments	-	-	167.4	167.4
Transferred assets, including:	**1,509.6**	-	-	**1,509.6**
treasury bonds in PLN from portfolio of financial assets measured at fair value through profit or loss	243.2	-	-	243.2
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	1,266.4	-	-	1,266.4

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**486.2**	**1,428.8**	**0.0**	**1,915.0**
Valuation of derivatives	-	**949.0**	-	**949.0**
Other financial liabilities measured at fair value through profit or loss, including:	**486.2**	**244.4**	-	**730.6**
book short position in trading securities	486.2	-	-	486.2
financial liabilities held for trading, including:	-	244.4	-	244.4
repo transactions	-	244.4	-	244.4
Derivative hedge instruments	-	**235.4**	-	**235.4**

The financial assets classified to measurement level 3 as at 30 June 2022 and 31 December 2021 include unquoted equity instruments and loans which did not meet the SPPI criterion as per IFRS 9.

Equity instruments

Fair value measurement of unquoted equity interests in other companies is based on the discounted cash flow, dividend or economic value added model. Estimates of future cash flows were prepared based on medium-term profitability forecasts prepared by the Management Boards of these companies. The discount rate is based on the cost of equity estimated using the CAPM (Capital Asset Pricing Model). At the end of 1st half of 2022 it was in the range of 12.9% and 14.9%, depending on the company, compared to 9.1%-11.1% at the end of 2021 and 8.7%-14.5% at the end of June 2021. The fair value measurement of unlisted equity interests in other companies as at 30 June 2022 and 31 December 2021 included the following entities: Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A. and Polski Standard Płatności sp. z o.o. As at 30 June 2021 this valuation included, in addition to the entities mentioned, also Twisto Polska sp. z o.o.

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Loans

The fair value methodology of the loan portfolio is based on the discounted cash flow method. Under this method, for each contract being valued, expected cash flows are estimated, discount factors for particular payment dates and the value of discounted cash flows is determined as at the valuation date. Valuation models are powered by business parameters for individual contracts and parameters observable by the market, such as interest rate curves, liquidity cost and cost of capital. The change in the parameters adopted for the valuation did not have a significant impact on the valuation value as at 30 June 2022.

Movements in financial assets classified to the level 3 of measurement

During the 1st half of 2022, change in the valuation of classified equity instruments up to level 3, the valuation included in other comprehensive income amounted to PLN -39.9 million (compared to PLN 22.2 million in the 1st half of 2021).

The impact of the valuation of loans classified under level 3 on the profit and loss account was insignificant in the 1st half of 2022, as in the 1st half of 2021.

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022			1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021		
	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income
Opening balance	78,4	0,1	167,4	106.2	0.1	157.7
Increases, including:	0,0	0,0	0,0	0.0	0.0	22.2
valuation in accumulated other comprehensive income	-	-	-	-	-	22.2
Reductions, including:	-15,2	0,0	-39,9	-11.9	0.0	0.0
loan repayments	-15,2	-	-	-11.9	-	-
valuation in accumulated other comprehensive income	-	-	-39,9	-	-	-
Closing balance	63,2	0,1	127,5	94.3	0.1	179.9

8.21.2. Financial assets and liabilities not measured at fair value in the statement of financial position

The Group discloses data on the fair value of financial assets and liabilities measured at amortized cost using the effective interest rate. The fair value calculation methods for disclosure purposes adopted as at 30 June 2022 have not changed compared to those applied at the end of 2021 (a detailed description of the approach to the fair value measurement of assets and liabilities that are not presented at fair value in the statement of financial position is in the annual consolidated financial statements for the period from 1 January 2021 to 31 December 2022) except aspects regarding consideration of credit moratoria for the mortgage loan portfolio. As at 30 June 2022, in connection with the ongoing legislative process regarding the act on crowdfunding for business ventures and support for borrowers, the Group took into account in the valuation of PLN mortgage loans, the potential impact of credit moratoria, i.e. the introduction for customers that have PLN mortgage loans the possibility of suspending the repayment of up to 8 monthly instalments of PLN mortgage loan during the second half of 2022 and in 2023.
As of 30 June 2022, taking into account the status of the legislative process and statements of the participants of the legislative process in the public sphere and market supervisors, the Group estimated that market participants assumed a 60% probability of the law entering into force substantively as drafted. The percentage of credit moratoria that market participants assumed would be used, included in the estimation, was established on an expert basis at the level of 67%.

In 1st half of 2022, the Group changed the valuation level for bonds issued by Bank Gospodarstwa Krajowego to the National Road Fund. In previous periods, they were presented at level 1 of the valuation and from the end of 1st half of 2022 the Group presents them at level 2 of the valuation. In 2021, there was no relocations between valuation levels.

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as at **30 Jun 2022**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**27,132.0**	**18,596.1**	**5,083.4**	-	**23,679.5**
treasury bonds in PLN	11,068.2	9,717.8	-	-	9,717.8
treasury bonds in EUR	3,103.4	2,801.9	-	-	2,801.9
Bank Gospodarstwa Krajowego bonds	2,323.4	0.0	2,050.4	-	2,050.4
European Investment Bank bonds	6,812.7	6,076.4	-	-	6,076.4
bonds of the Polish Development Fund (PFR)	3,824.3	-	3,033.0	-	3,033.0
NBP money market bills	0.0			-	0.0
Loans and receivables to customers at amortised cost, including:	**152,117.7**	-	-	**151,576.8**	**151,576.8**
Corporate banking segment, including:	85,782.8	-	-	86,383.4	86,383.4
loans and advances (in the current account and term ones)	63,361.5	-	-	64,138.6	64,138.6
lease receivables	11,894.3	-	-	11,823.1	11,823.1
factoring receivables	7,228.2	-	-	7,228.2	7,228.2
corporate and municipal debt securities	3,298.8	-	-	3,193.5	3,193.5
Retail banking segment, including:	64,780.5	-	-	63,639.0	63,639.0
mortgages	56,671.6	-	-	55,101.1	55,101.1
other loans and advances	8,108.9	-	-	8,537.9	8,537.9
Other receivables	1,554.4	-	-	1,554.4	1,554.4
Transferred assets, including:	**2,771.1**	**2,310.7**	-	-	**2,310.7**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	2,771.1	2,310.7	-	-	2,310.7
Liabilities to customers	**185,095.1**	-	-	**185,069.5**	**185,069.5**
Liabilities from debt securities issued	**401.8**	-	-	**392.1**	**392.1**
Subordinated liabilities	**1,638.8**	-	-	**1,651.1**	**1,651.1**

as at **31 Dec 2021**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**31,205.5**	**24,519.3**	**5,251.9**	-	**29,771.2**
treasury bonds in PLN	15,311.5	14,533.1	-	-	14,533.1
treasury bonds in EUR	4,028.8	4,052.3	-	-	4,052.3
Bank Gospodarstwa Krajowego bonds	2,299.8	502.3	1,679.4	-	2,181.7
European Investment Bank bonds	5,695.2	5,431.7	-	-	5,431.7
bonds of the Polish Development Fund (PFR)	3,855.2	-	3,557.5	-	3,557.5
NBP money market bills	15.0	-	15.0	-	15.0
Loans and receivables to customers at amortised cost, including:	**146,536.0**	-	-	**146,008.6**	**146,008.6**
Corporate banking segment, including:	77,756.3	-	-	78,216.9	78,216.9
loans and advances (in the current account and term ones)	56,524.2	-	-	57,056.2	57,056.2
lease receivables	11,090.0	-	-	11,275.0	11,275.0
factoring receivables	6,823.8	-	-	6,823.8	6,823.8
corporate and municipal debt securities	3,318.3	-	-	3,061.9	3,061.9
Retail banking segment, including:	65,530.4	-	-	64,542.4	64,542.4
mortgages	57,192.3	-	-	55,756.7	55,756.7
other loans and advances	8,338.1	-	-	8,785.7	8,785.7
Other receivables	3,249.3	-	-	3,249.3	3,249.3
Transferred assets, including:	**771.3**	**710.1**	-	-	**710.1**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	771.3	710.1	-	-	710.1
Liabilities to customers	**170,609.9**	-	-	**170,609.2**	**170,609.2**
Liabilities from debt securities issued	**972.4**	-	-	**961.6**	**961.6**
Subordinated liabilities	**1,610.3**	-	-	**1,594.7**	**1,594.7**

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9. Capital adequacy

9.1. ING Bank Śląski S.A. Group for prudential reporting

Composition of the ING Bank Śląski S.A. Group as at 30 June 2022 is presented in this financial statements in item 1.5. *ING Bank Śląski S.A. Group*. For the purposes of prudential reporting, the Group consolidates selected subsidiaries and associates in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648 / 2012. The table below presents the list of the Group's entities subject to prudential consolidation:

name	type of activity	headquarters	% of the Group's share in the share capital	% of the Group's share of votes in the General Meeting	nature of the capital relationship	recognition in the Group's prudential reporting
ING Investment Holding (Poland) S.A.	financial holding	Katowice	100	100	subsidiary	full consolidation
ING Commercial Finance S.A.*	factoring services	Warszawa	100	100	subsidiary	full consolidation
ING Lease (Poland) Sp. z o.o.*	leasing services	Warszawa	100	100	subsidiary	full consolidation
NN Investment Partners TFI S.A.*	investment fund company	Warszawa	45	45	associate	consolidation with the equity method
ING Bank Hipoteczny S.A.	banking services	Katowice	100	100	subsidiary	full consolidation

*) ING Bank Śląski S.A. has an indirect share in the company through ING Investment Holding (Poland) S.A., which is a subsidiary of the Bank.

9.2. Prudential consolidated income statement

Prudential consolidated income statement of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 30 June 2022 and for the period from 1 April 2022 to 30 June 2022, it was prepared using the principles of valuation of assets and liabilities in accordance with the International Accounting Standards (IFRS) approved by the European Commission and effective as at reporting, i.e. 30 June 2022.

The net profit shown in the consolidated prudential income statement for the period from 1 April 2022 to 30 June 2022, net of expected charges and dividends, may be included in the consolidated Common Equity Tier 1 capital, provided that the Group obtains the consent of the Polish Financial Supervision Authority, in accordance with Art. 26 sec. 2 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (CRR). The Group obtained such approval with regard to the prudentially consolidated net profit for the period from 1 January 2022 to 31 March 2022, as described in point 9.3.

Prudential consolidated income statement

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022
Net interest income	2,145.4	3,936.4
calculated using the effective interest rate method	2,144.8	3,935.3
other interest income	0.6	1.1
Interest expense	-358.0	-443.8
Interest income	**1,787.4**	**3,492.6**
Commission income	650.2	1,306.5
Commission expense	-134.8	-260.2
Net commission income	**515.4**	**1,046.3**
Net income on financial instruments measured at fair value through profit or loss and FX result	-42.3	4.8
Net income on the sale of securities measured at amortised cost	-11.8	-15.7
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	24.7	26.8
Net (loss)/income on hedge accounting	92.9	105.8
Net (loss)/income on other basic activities	-1.6	-2.2
Net income on basic activities	**2,364.7**	**4,658.4**
General and administrative expenses	-1,198.9	-2,128.8
Impairment for expected credit losses	-183.0	-333.5
including profit on sale of receivables	0.0	9.2
Cost of legal risk of FX mortgage loans	-0.2	-1.3
Tax on certain financial institutions	-161.3	-313.0
Share of the net profits of associates measured by equity method	8.0	16.6
Gross profit	**829.3**	**1,898.4**
Income tax	-256.3	-532.6
Net profit	**573.0**	**1,365.8**
including attributable to shareholders of ING Bank Śląski S.A.	573.0	1,365.8

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9.3. Total capital ratio

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
A. Own equity in the statement of financial position, including:	**7,716.9**	**13,531.4**	**17,857.6**
A.I. Own equity included in the own funds calculation	**15,758.6**	**15,836.3**	**15,634.3**
A.II. Own equity excluded from own funds calculation	-8,041.7	-2,304.9	2,223.3
B. Other elements of own funds (decreases and increases), including:	**-206.3**	**1,010.3**	**1,902.3**
intangible assets	-456.7	-425.1	-453.3
subordinated liabilities	1,638.2	1,609.8	2,213.6
surplus of provisions over the expected credit losses under the IRB Approach	17.8	111.8	0.6
adjustments during the transition period	356.5	280.5	198.6
value adjustments due to the requirements for prudent valuation	-23.0	-19.1	-25.5
deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-1,671.1	-544.5	-31.7
shortage of credit risk adjustments versus AIRB expected losses	-64.8	0.0	0.0
coverage shortfall for non-performing exposures	-3.2	-3.1	0.0
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	**15,552.3**	**16,846.6**	**17,536.6**
Core Tier 1 capital	13,896.3	15,125.0	15,322.4
Tier 2 capital	1,656.0	1,721.6	2,214.2
Risk weighted assets, including:	**107,903.8**	**104,950.8**	**94,596.0**
for credit risk	95,543.9	92,533.7	83,237.6
for operational risk	11,163.9	11,163.9	10,209.5
other	1,196.0	1,253.2	1,148.9
Total capital requirements	**8,632.3**	**8,396.1**	**7,567.7**
Total capital ratio (TCR)	**14.41%**	**16.05%**	**18.54%**
minimum required level	11.381%	11,251 %	11,003 %
surplus TCR ratio over the regulatory requirement (p.p)	3.03	4.80	7.54
Tier 1 ratio (T1)	**12.88%**	**14.41%**	**16,20 %**
minimum required level	9.381%	9,251 %	9.003%
surplus T1 ratio over the regulatory requirement (p.p)	3.50	5.16	7.20

On 7 April 2022, the General Meeting of the Bank approved the distribution of profit for 2021. Including the net profit generated in 2021 in own funds as at 31 December 2021 resulted in an increase in TCR and Tier1 ratios to 16.05% and 14.41%, respectively, as presented in the table. According to the values presented in the annual consolidated financial statements for 2021, the TCR and Tier1 ratios of the Group as at 31 December 2021 were 15.08% and 13.47%, respectively.

By the decision of 20 June 2022, the Group obtained the consent of the Polish Financial Supervision Authority to include in the consolidated Common Equity Tier 1 capital part of the prudentially consolidated net profit for the period from 1 January 2022 to 31 March 2022 in the amount of PLN 396.4 million (i.e. net after deducting expected charges and dividends).

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, as at 30 June 2022 and 31 December 2021, the Group temporarily treated unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation. If the Group does not apply the transitional period for the implementation of IFRS 9 or temporarily treat unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation, capital ratios as at 30 June 2022 would be as follows:

- 14.11% - the total capital ratio (TCR),
- 12.57 % - Tier 1 capital ratio (T1).

For the comparative periods, the level of the TCR and T1 ratios would then be 15.82% and 14.16% as at 31 December 2021 and 18.40% and 15.99% as at 30 June 2021, respectively.

10. Dividends paid

On 7 April 2022, the Ordinary General Meeting of the Bank adopted a resolution on the payment of dividends from the profit for 2021. Pursuant to this resolution, on 4 May 2022, the Bank paid a dividend in the total amount of PLN 689.5, i.e. in the amount of PLN 5.30 gross per share.

On 29 November 2021, the Extraordinary General Meeting adopted a resolution on the payment of dividends from the profit for 2020. Pursuant to this resolution, on 10 December 2021, the Bank paid a dividend in the total amount of PLN 663.5 million, i.e. in the amount of PLN 5.10 gross per share.

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11. Settlements due to disputes and other provisions

Values created by the Reserve Group are presented in the note 8.19. Reserves.

Provision for disputes

The value of proceedings regarding liabilities or receivables pending in the 1st half of 2022 did not exceed 10% of the Group's equity. In the Group's opinion, none of the individual proceedings pending in the 1st half of 2022 before a court, an arbitration body or a body public administration, as well as all proceedings taken together do not pose a threat to the financial liquidity of the Group.

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Opening balance	**40.8**	**42.4**	**25.1**	**21.4**
Changes during the period, including:	**1.5**	**-0.1**	3.7	7.4
provisions recognised	2.7	4.6	4.0	7.8
provisions reversed	-0.3	-0.4	-0.2	-0.3
provisions utilised	-0.9	-4.3	-0.1	-0.1
Closing balance	**42.3**	**42.3**	**28.8**	**28.8**

Legal risk related to the portfolio of loans indexed to CHF

The Group has receivables due to retail mortgage loans indexed with the CHF exchange rate. The table presents the number and individual elements of the gross and net balance sheet value of these receivables.

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
number of contracts (in pieces)	3,592	3,920	4,177
capital balance	779.8	825.9	833.4
the amount of the adjustment to the gross carrying amount	-343.7	-345.6	-289.2
other elements of the gross carrying amount (interest, ESP)	2.0	2.2	2.2
gross balance sheet value	**438.1**	**482.5**	**546.4**
impairment for expected credit losses	-20.0	-13.7	-25.0
net balance sheet value	**418.1**	**468.8**	**521.4**

Additionally, for financial assets related to CHF indexed mortgage loans removed from the statement of financial position, a provision of PLN 35.6 million was recognized as at 30 June 2022 (PLN 37.6 million as at 31 December 2021 and PLN 11.1 million as at 30 June 2021). Provision for legal risk of CHF indexed mortgage loans relating to repaid loans is presented in liabilities under *Provisions* (supplementary note 8.19).

As at at 30 June 2022, 889 court cases were pending against the Bank in connection with the concluded CHF-indexed loan agreements (compared to 755 cases as at 31 December 2021 and 617 cases as at 30 June 2021). As at 30 June 2022, the outstanding principal of the loans concerned by the proceedings in question amounted to PLN 229.3 million (PLN 197.8 million as at 31 December 2021 and PLN 162.0 million as at 30 June 2021).

To date, the Bank has not received any class action, and neither of the clauses used by the Bank in the agreements has been entered in the register of prohibited clauses.

Information on changes in the legal environment related to the legal risk of the portfolio of loans indexed to CHF, in particular on the judgments of the Court of Justice of the European Union (CJEU) and the judgments and resolutions of the Supreme Court (SN) issued by 31 December 2021 are included in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021.

On 28 April 2022, the Supreme Court issued a resolution in the case of Syg, III CZP 40/22, in which it stated that provisions in which the lender is authorized to unilaterally determine the exchange rate of the currency appropriate to calculate the amount obligations of the borrower and determination of the amount of loan installments, if the content of the legal relationship does not indicate objective and verifiable criteria for determining this rate. Such provisions, if they meet the criteria for recognizing them as illegal contractual provisions, are not invalid, but do not bind the consumer within the meaning of Art. 385 (1) of the Civil Code. The impact of the above-mentioned resolutions for court proceedings. Full analysis will be possible after the publication of the justification for the resolution in question.

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In light of the case law to date on so-called "franc" cases, it cannot be entirely ruled out that a dispute with a bank client involving the bank's obligation to reimburse spreads charged by the bank will be settled. It should be borne in mind that this case law is not yet fully established, there are still many issues to be settled. Although rulings declaring such loan agreements invalid currently prevail, in the Bank's view, such a solution is still likely to occur in the next few years. This is confirmed by the CJEU's judgment of 29 April 2021 in case C-19/20, in which the Court, in response to a question from a Polish court, expressly allowed the possibility for a national court to remove from an agreement only provisions concerning the bank's margin (spread), while maintaining indexation of the loan to a foreign currency. Furthermore, according to the CJEU judgment of 2 September 2021 in Case C-932/19 (the so-called Hungarian case), it is for the national court to assess whether the national legislation allows the agreement to be maintained after the term concerning exchange rate differences that has been declared abusive has been eliminated from the agreement. Therefore, this possibility cannot be excluded a priori under Polish law.

Settlement programme

In December 2020, the chairman of the Polish Financial Supervision Authority presented a proposal for banks to conclude voluntary settlements with borrowers. The assumption of the settlements is the conversion of loans into loans denominated in PLN, under which the loan agreement is converted and repayments made on its basis by the borrower as if the loan had been granted in PLN from the beginning. The interest rate on the loan in PLN is determined based on the WIBOR rate, taking into account the loan margin resulting from the average interest rate on new loans in PLN from the month of granting the loan in CHF published in NBP statistics.

From 25 October 2021, it offers the possibility of converting a CHF-indexed mortgage loan into a PLN loan as if it had been granted in the Polish currency from the moment it was taken out. To this end, the Bank has made it possible for clients to apply for mediation through the Mediation Centre of the Arbitration Court of the Polish Financial Supervision Authority.

The mediation process is available to clients who have a housing mortgage loan or a housing construction and mortgage loan indexed to CHF exchange rate with the Bank for their own housing purposes, excluding mortgage loans and the above loans where one of the purposes of the loan was the consolidation of non-housing liabilities. A mediation agreement can only be signed for one of client's active housing loans.

The loan will be recalculated from the date of its disbursement, assuming that it was a loan granted in Polish zloty from the beginning. The conversion will take place on the terms and conditions presented by the Chairman of the Polish Financial Supervision Authority. The detailed rules for the settlement of the loan and the determination of the type of interest rate for the future (periodically fixed or variable) will be the subject of arrangements in the mediation process before the PFSA.

From the moment the settlement programme was launched until the end of 1st half of 2022 clients filed 1,106 settlement applications and the Bank concluded 367 agreements under the programme.

Other proceedings

On 8 June 2021, the Bank received a notice from the Polish Financial Supervision Authority (PFSA) on the initiation of ex officio administrative proceedings for the imposition of an administrative penalty in connection with suspected breaches identified as a result of an audit conducted from 20 to 24 May 2019 in the area of anti-money laundering and terrorist financing.

On 20 January 2022, the Bank received a decision under which the PFSA imposed an administrative penalty of PLN 3.0 million on the Bank for breaches relating to:

1) incorrect application of financial security measures involving the ongoing monitoring of the client's business relations,
2) a failure to apply, and adequately intensify, financial security measures on an ongoing basis where there is a higher risk of money laundering or terrorist financing,
3) lack of documentation on the financial security measures applied to investigate the source of funds and assets of Private Banking segment clients.

In the 1st half of 2022, the Bank paid the above-mentioned administrative fine.

Information on other pending proceedings, which did not significantly change in the 1st half of 2022, is included in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2021 to 31 December 2021.

12. Issues, redemptions and repayments of debt and equity securities

Bond program

In the 1st half of 2022, under the Bond Issue Programme (Bond Programme), a subsidiary of the Group - ING Bank Hipoteczny S.A. - issued another series of bonds with a nominal value of PLN 79 million (i.e. 158 bonds with a nominal value of PLN 500 thousand each) and maturity fixed at 3 months. The bonds were registered with the National Depository for Securities in Warsaw. The entire issue was purchased by an entity from the Bank's Capital Group. In the same period, ING Bank Hipoteczny S.A. redeemed bonds with a total nominal value of PLN 733 million, issued under the Bond Programme in 2021 (including bonds with a value of PLN 158 million, purchased by an entity from the Bank's Capital Group).

In the same period of the previous year, i.e. in the 1st half of 2021, ING Bank Hipoteczny S.A. under the Bond Programme, issued one series of bonds with a nominal value of PLN 150 million (ie 300 bonds with a nominal value of PLN 500 thousand each) and maturity fixed at 10 months. In the same period, ING Bank Hipoteczny S.A. redeemed bonds with a total nominal value of PLN 975 million, issued under the Program in 2020.

As at 30 June 2022, the carrying amount of own bonds issued and not redeemed by entities outside the Group was PLN 0 (compared to PLN 575.6 million as at 31 December 2021 and PLN 150.2 million as at 30 June 2021).

Covered Bond Programme

As at 30 June 2022, the Group had liabilities arising from the issue of covered bonds issued as part of the ING Bank Hipoteczny S.A. covered bond issue programme established in 2019 (Covered Bond Programme). The purpose of establishing the Programme was to create a legal infrastructure under which the Group will be able to issue covered bonds both on the local and foreign market. The funds obtained from the inaugural 5-year "green" issue, carried out under the Program, will be used to refinance PLN mortgage loans of natural persons secured on real estate belonging to 15% of the most energy-efficient buildings in Poland. The issue will be redeemed in October 2024.
As at 30 June 2022, the carrying amount of liabilities due to the issue of covered bonds was PLN 401.8 million (compared to PLN 396.8 million as at 31 December 2021 and PLN 396.0 million as at 30 June 2021).

13. Off-balance sheet items

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Off-balance sheet commitments given	47,975.6	48,693.8	45,685.6
Off-balance sheet commitments received	25,840.9	21,645.4	13,014.6
Off-balance sheet financial instruments	1,160,347.7	995,590.5	868,045.0
Total	**1,234,164.2**	**1,065,929.7**	**926,745.2**

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14. Transactions with related parties

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2022 held 75% shares in the share capital of ING Bank Śląski S.A. and 75% shares in the total number of votes at the General Meeting of ING Bank Śląski S.A. The ultimate Parent entity is ING Groep N.V. based in the Netherlands.

ING Bank Śląski carries out operations with ING Bank N.V. and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. The Bank also maintains bank accounts of entities from the ING Group. Moreover, the Bank's subsidiary - ING Lease Sp. z o. o. received from ING Bank NV long-term financing of lease contracts in EUR ("matched funding").

All of the above transactions are carried out on an arm's length basis.

Operating costs incurred by the Bank for the Parent entity result primarily from contracts for the provision of consultancy and advisory services, data processing and analysis, provision of software licenses and IT support. In terms of costs incurred by the Bank for other related entities, outsourcing agreements play a dominant role regarding the provision of system resource hosting services for various applications, lease of IT equipment, monitoring the availability and performance of applications and IT infrastructure as well as penetration testing and IT security monitoring.

Costs are presented as per their net value (VAT excluded).

The table presents numerical information on receivables and payables, revenues and expenses, which result from transactions concluded between entities related to the Group.

	ING Bank N.V.	Other ING Group entities	Associates	ING Bank N.V.	Other ING Group entities	Associates
	as at 30 Jun 2022			as at 31 Dec 2021		
Receivables						
Nostro accounts	4.5	10.5	-	5.8	6.0	-
Loans	0.4	7.1	-	1.2	8.8	-
Positive valuation of derivatives	232.5	-	-	140.0	-	-
Other receivables	3.2	2.0	-	4.8	1.4	-
Liabilities						
Deposits received	2,424.8	100.6	28.5	3,378.5	142.1	13.6
Loans received	4,287.5	-	-	3,871.6	-	-
Subordinated loan	1,638.9	-	-	1,610.4	-	-
Loro accounts	33.5	159.2	-	39.1	40.1	-
Negative valuation of derivatives	220.4	-	-	102.1	-	-
Other liabilities	142.0	7.5	-	119.3	2.5	-
Off-balance-sheet operations						
Off-balance sheet liabilities granted	511.6	1,004.1	0.1	503.1	790.1	0.1
Off-balance sheet liabilities received	1,975.2	30.1	-	2,186.5	19.0	-
FX transactions	16,074.3	-	-	17,884.0	8.7	-
IRS	389.5	-	-	554.6	-	-
Options	1,486.1	9.9	-	1,020.1	16.7	-
	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022			1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021		
Income and expenses						
Income, including:	-89.8	-1.2	21.5	-5.7	4.6	24.9
net interest and commission income	-28.3	4.1	21.5	-18.7	3.5	24.9
net income on financial instruments	-62.7	-5.8	-	12.4	0.5	-
net (loss)/income on other basic activities	1.2	0.5	-	0.6	0.6	-
General and administrative expenses	-96.5	-19.3	-	-79.8	-4.4	-

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14.1. Remuneration of the members of the Board and Supervisory Board of ING Bank Śląski

Benefits due to the members of the Management Board of ING Bank Śląski S.A.

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Salaries	5.7	5.0
Other benefits*	1.0	0.9
Total	**6.7**	**5.9**

*) Other benefits include insurance, payments to the investment fund, medical care and other benefits granted by the Supervisory Board of the Bank.

Benefits for 2022 for members of the Management Board of ING Bank Śląski S.A. resulting from the Variable Remuneration Component Program have not yet been awarded.

In accordance with the remuneration system in force at the Bank, members of the Bank's Management Board may be entitled to a bonus for 2022, the payment of which will take place in the years 2023-2030. Therefore, a provision was created for the payment of the bonus for 2022 for members of the Management Board, which as at 30 June 2022 amounted to PLN 4.0 million. The final decision on the amount of this bonus will be made by the Bank's Supervisory Board.

Benefits paid to members of the Management Board of ING Bank Śląski S.A.

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Salaries	5.7	5.0
Awards*	6.4	3.9
Other benefits*	1.0	1.0
Total	**13.1**	**9.9**

*) The awards for the 1st half of 2022 include components such as:

- Bonus resulting from the Variable Remuneration Component Program: non-deferred cash for 2021, for 2019 1st tranche of deferred cash, for 2018 the 2nd tranche of deferred cash and for 2017 the 3rd tranche of deferred cash
- Phantom Shares resulting from the Variable Remuneration Component Program: retained for 2020, 1st deferred tranche for 2018 and 2nd deferred tranche for 2017.

The awards for the 1st half of 2021 include components such as:

- Bonus resulting from the Variable Remuneration Component Program: non-deferred cash for 2020, for 2018 1st tranche of deferred cash and for 2017 the 2nd tranche of deferred cash,
- Phantom Shares resulting from the Variable Remuneration Component Program: retained for 2019, 1st deferred tranche for 2017 and 3rd deferred tranche for 2016.

**) Other benefits include insurance, payments to the investment fund, medical care and other benefits granted by the Supervisory Board of the Bank.

In the 1st half of 2022 the total amount of remuneration due and paid by ING Bank Śląski S.A. members of the Supervisory Board amounted to PLN 0.4 million.

Remuneration of the members of the Supervisory Board of ING Bank Śląski S.A.

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Salaries	0.4	0.4
Awards and other benefits	0.0	0.0
Total	**0.4**	**0.4**

15. Risk and capital management

15.1. Capital management

In the 1st half of 2022, the Group continued activities aimed at implementing its capital management strategy. In the process of internal capital adequacy assessment in the 1st half of 2022, the Group summarized subsequent Risk Material Assessment Workshops.

As part of the Workshops, several organizational modifications were made in the scope of risk significance assessment, incl. the types of risk related to the interest rate in the banking book were aggregated under one sub-category of market risk. Currently, the Group identifies 9 types of permanently material risk (default risk and counterparty risk, residual risk, concentration risk, residual value risk, currency risk, general and specific interest rate risk in the trading book, interest rate risk in the banking book, liquidity and funding risk, operational risk) and 3 types of material risk (risk of other non-credit assets, macroeconomic risk, model risk).

In connection with the imposition in February 2022 by the Polish Financial Supervision Authority (KNF) of the capital charge recommended under Pillar II (P2G), in 2022 the following minimum levels of capital ratios apply in the Group:

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- CET1 >= 7.88%
- T1 >= 9.38%
- TCR >= 11.38%

On 1 March 2022, the Bank received a letter from the Polish Financial Supervision Authority, which indicated that the Bank meets the requirements for dividend payment at the level of up to 100% of the net profit for 2021. At the same time, the PFSA recommended limiting the risk inherent in the Bank's operations by not taking, without prior consultation with the supervisory authority, other actions, in particular those outside the scope of current business and operating activities, which could result in a reduction of own funds, including possible dividend payments from undistributed profit from previous years and buyouts of own shares.

Detailed information on the imposition of a capital charge by the Polish Financial Supervision Authority and an individual recommendation of the PFSA regarding the payment of dividends can be found in this financial statements in item 2. *Significant events in the 1st half of 2022*.

15.2. Credit risk

Main changes in the Bank's credit policy:

- Aid instruments for Ukrainian citizens were introduced.
- The parameters of the creditworthiness assessment were adjusted to the current market situation and the position of the PFSA by updating the buffer for the variable interest rate (up to 5% in the mortgage loan segment) and increasing the cost of living, taking into account high inflation.
- Optimization, depending on the customer's risk level, of the loan period and loan amount in the unsecured retail loan segment was performed.
- Recalibration of the pre-approved model in the unsecured retail loan segment was performed.
- BIK Overdebt pilot was implemented for the Moje ING channel.
- Some restrictions introduced in connection with the COVID-19 epidemic have been lifted.
- A new version of the application model was implemented in the segment of entrepreneurs and medium-sized companies.
- Applications to the PFSA / ECB regarding PPU (Permanent Partial Use) for the Easy Lending portfolio were submitted.
- The description of the third algorithm for calculating Easy Lending limits based on financial data has been implemented.
- The scope of application of the Fast Track path for clients from medium and large companies was increased, improving the efficiency of the credit process.
- The bank reacted to current financial and geopolitical events: the level of interest rates was updated, the portfolio of clients burdened with significant risk related to the war in Ukraine and the rising costs of raw materials was reviewed. Customer exposures with a significant level of risk were moved to Stage 2 in accordance with IFRS 9 and included in the Watch List process (where applicable).
- For strategic clients, the Bank has implemented changes enabling the Bank to purchase debt non-treasury financial instruments.
- Changes in the CPAC levels (in place of product mandates) determining customer access to financial market products were implemented.
- New standards, in line with the most recent regulatory guidelines, for building and monitoring models were approved and the corresponding processes were adapted to them.
- Model processes were optimized for the purpose of implementation of activities resulting from Recommendation R.

15.3. Market risk

In the area of market risk, the Group manages risk in accordance with the developed principles, methodologies and approved policies.

15.4. Liquidity and funding risk

In the 1st half of 2022, the Group continued activities aiming to mitigate the liquidity and funding risk - in line with the principles of the liquidity and funding risk management policy, the bank's strategy, as well as regulatory requirements. Regarding regulatory requirements - all monitored measures remain within limits. Internal regulations and documents are subject to regular review. The Group also continues improvement of its reporting and modeling processes.

15.5. Model risk

In the 1st half of 2022, the Group continued activities in the area of model risk management, which included, among others: quarterly model risk reporting, model validation and monitoring of their effectiveness.

15.6. Operational risk

In the 1st half of 2022, the most important topic in the area of operational risk management was the coordination of crisis actions resulting from Russia's aggression against Ukraine. The situation is unprecedented and there is no experience or good practice in the risk area to serve as an example. One of the threats that the Bank had to face was the element of hybrid war, which is disinformation. As a result, the level of uncertainty among some customers increased, resulting in increased cash withdrawals. In response to this situation, the Bank adjusted cash limits at ATMs and the number of cash shipments, thus reducing the risk of panic. From the moment of the invasion, the Bank has undertaken a number of activities aimed at ensuring the security of its clients and ensuring the continuity of critical processes of the Bank (including reviews of business continuity plans, crisis team meetings) as well as the security of products and services offered to Ukrainian citizens as part of the Bank's support. The experiences from the pandemic caused that the Bank made the processes more flexible and improved them in a way ensuring better response to crisis situations and limiting the negative effects resulting from them.

Considering the existing situation, the Bank increased the frequency of risk measurement and monitoring in order to promptly identify and assess the current threats.

As part of the review of the applicable regulations, the following updated regulations were introduced: Operational Risk Management Policy, Instruction for the identification and assessment of non-financial risk, Instruction for monitoring operational risk with the use of Key Risk Indicators (KRI), Instruction for risk mitigation and monitoring of mitigating activities, Regulations for conducting Special Investigations, Anti-Fraud Policy, Policy - standard for the implementation, modification, review and liquidation of products intended for the Bank's customers, Business Continuity Management Policy, Information Risk Policy.

The Bank started a review of the maturity of the control environment in the companies of the ING Bank Śląski Group, which will be continued in the second half of the year.

Together with other risk units the Risk Culture program was prepared and launched, which aims at increasing risk awareness among the Bank's managers and employees. It includes webinars, trainings, presentations, chats and discussion panels on topics related to risk, including sanctions, cyber-security, anti-fraud, good practices in the area of know your client and ESG risk. The program will be continued in the second half of the year.

The phase of the annual summary and planning of the Key Control Tests for the current year was closed, and monitoring of the quality of control tests limiting the risk of incorrect financial reporting (SOX) was performed. The Business Environment Assessment process was improved by involving a larger group of respondents and the implementation of workshops deepening the given risk areas. The task was concluded with a workshop with the Management Board in mid-July, during which the results were discussed and decisions were made regarding the action plan for the identified threats.

The bank launched a project aimed at replacing the currently used application supporting operational risk management with a new cloud solution characterized by greater flexibility in parameterization and reliability.

Bearing in mind the reliability of the prepared reports and the speed of decision-making, the Bank continued works aimed at maintaining the high quality of data used in the operational risk management processes.

15.7. Compliance risk

In the 1st half of 2022, the Bank continued activities aimed at ensuring compliance with regulatory requirements, in particular with the guidelines of the EBA, the PFSA and the GIFI (General Inspector of Financial Information). In connection with the war in Ukraine, the Bank launched dedicated products for refugees from Ukraine and on an ongoing basis implemented the Regulators' recommendations on sanctions imposed on Russia and Belarus by Poland, the European Union and the United States.

The Bank is involved in works at the level of the Polish Bank Association and industry organizations. As in the previous year, control mechanisms in business processes are being improved, in particular in the field of Know Your Customer (KYC) and personal data protection. The Bank regularly builds and strengthens the awareness of its employees in matters of professional ethics and applicable regulations in the area of compliance, including personal data.

15.8. Business risk

As part of the business risk, the Group distinguishes macroeconomic risk. Macroeconomic risk is the risk resulting from changes in macroeconomic factors and their impact on the minimum capital requirements. The Bank manages this risk by conducting regular internal stress tests, which allows for ongoing monitoring of the sensitivity of the minimum capital requirements to macroeconomic factors. In the 1st half of 2022, the Bank conducted full capital tests as at the end of 2021.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2022-08-03	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

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

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INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF ING BANK ŚLĄSKI S.A.

Interim condensed income statement

	2 quarter 2022	1 half of 2022 YTD	2 quarter 2021	1 half of 2021 YTD
	the period from 01 Apr 2022 to 30 Jun 2022	the period from 01 Jan 2022 to 30 Jun 2022	the period from 01 Apr 2021 to 30 Jun 2021	the period from 01 Jan 2021 to 30 Jun 2021
Net interest income	2,051.2	3,755.4	1,226.1	2,424.9
calculated using the effective interest rate method	2,050.6	3,754.3	1,226.0	2,424.5
other interest income	0.6	1.1	0.1	0.4
Interest expense	-354.9	-440.3	-121.2	-245.0
Interest income	**1,696.3**	**3,315.1**	**1,104.9**	**2,179.9**
Commission income	635.8	1,276.5	546.1	1,066.4
Commission expense	-134.3	-259.9	-105.7	-210.8
Net commission income	**501.5**	**1,016.6**	**440.4**	**855.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	-42.2	4.3	15.0	49.1
Net income on the sale of securities measured at amortised cost	-11.8	-15.7	0.0	0.0
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	24.7	26.8	7.7	0.1
Net (loss)/income on hedge accounting	92.9	105.8	-3.3	-14.2
Net (loss)/income on other basic activities	-1.2	-1.4	0.0	0.0
Net income on basic activities	**2,260.2**	**4,451.5**	**1,564.7**	**3,070.5**
General and administrative expenses	-1,162.2	-2,055.2	-657.6	-1,439.7
Impairment for expected credit losses	-175.9	-323.6	2.4	-127.3
including profit on sale of receivables	0.0	9.2	61.6	61.6
Cost of legal risk of FX mortgage loans	-0.2	-1.3	0.0	0.0
Tax on certain financial institutions	-161.3	-313.0	-130.8	-256.7
Share of the net profits of subsidiaries and associates measured by equity method	56.3	115.2	31.8	78.5
Gross profit	**816.9**	**1,873.6**	**810.5**	**1,325.3**
Income tax	-243.9	-507.8	-195.2	-324.4
Net profit	**573.0**	**1,365.8**	**615.3**	**1,000.9**

	2 quarter 2022	1 half of 2022 YTD	2 quarter 2021	1 half of 2021 YTD
	the period from 01 Apr 2022 to 30 Jun 2022	the period from 01 Jan 2022 to 30 Jun 2022	the period from 01 Apr 2021 to 30 Jun 2021	the period from 01 Jan 2021 to 30 Jun 2021
Net profit	573.0	1,365.8	615.3	1,000.9
Weighted average number of ordinary shares	130,100,000	130,100,000	130,100,000	130,100,000
Earnings per ordinary share (PLN)	**4.40**	**10.50**	**4.73**	**7.69**

The diluted earnings per share are the same as the profit per one ordinary share.

Interim condensed standalone income statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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Interim condensed statement of comprehensive income

	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	2 quarter 2021 the period from 01 Apr 2021 to 30 Jun 2021	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net profit for the reporting period	**573.0**	**1,365.8**	**615.3**	**1,000.9**
Total other comprehensive income, including:	**-3,351.1**	**-6,440.7**	**-362.4**	**-1,760.4**
Items that may be reclassified to profit or loss, including:	**-3,319.2**	**-6,408.8**	**-380.4**	**-1,778.1**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-167.1	-426.1	-145.1	-21.7
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-14.6	-16.3	-0.8	-0.8
loans measured at fair value through other comprehensive income - revaluation gains / losses related to equity	-28.7	50.2	-44.0	1.6
cash flow hedge - gains on revaluation carried through equity	-3,334.2	-6,141.6	27.0	-1,321.4
cash flow hedge - reclassification to profit or loss	225.4	125.0	-217.5	-435.8
Items that will not be reclassified to profit or loss, including:	**-31.9**	**-31.9**	**18.0**	**17.7**
equity financial instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-32.4	-32.4	18.0	18.0
fixed assets revaluation	0.5	0.5	0.1	-0.2
disposal of fixed assets	0.0	0.0	-0.1	-0.1
Net comprehensive income for the reporting period	**-2,778.1**	**-5,074.9**	**252.9**	**-759.5**

Interim condensed standalone statement of comprehensive income shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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Interim condensed statement of financial position

status per	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Assets				
Cash in hand and balances with the Central Bank		2,718.1	1,100.0	850.8
Loans and other receivables to other banks		4,967.6	3,158.4	3,972.5
Financial assets measured at fair value through profit or loss		3,487.6	1,538.3	1,471.1
Derivative hedge instruments		834.2	250.4	882.0
Investment securities		39,209.5	45,519.8	55,137.4
Loans and other receivables to customers	4.1	143,076.6	137,340.5	124,896.5
Investments in subsidiaries and associates accounted for using the equity method		6,878.6	2,280.9	1,881.5
Property, plant and equipment		1,602.9	1,531.9	1,432.5
Intangible assets		901.9	815.4	840.1
Assets held for sale		385.4	356.1	387.2
Current income tax assets		820.4	730.4	301.6
Deferred tax assets		2,146.1	1,115.8	321.3
Other assets		120.6	166.7	178.2
Total assets		**207,149.5**	**195,904.6**	**192,552.7**

status per	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Liabilities				
Liabilities to other banks		4,664.9	6,216.4	5,830.6
Financial liabilities measured at fair value through profit or loss		3,294.8	1,679.6	1,040.4
Derivative hedge instruments		1,144.4	235.4	454.0
Liabilities to customers		184,754.0	170,104.1	161,757.0
Subordinated liabilities		1,638.8	1,610.3	2,262.1
Provisions		334.2	332.4	244.0
Other liabilities		3,866.6	2,510.3	3,353.2
Total liabilities		**199,697.7**	**182,688.5**	**174,941.3**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-9,577.0	-3,136.3	1,912.5
Retained earnings		15,942.4	15,266.0	14,612.5
Total equity		**7,451.8**	**13,216.1**	**17,611.4**
Total liabilities and equity		**207,149.5**	**195,904.6**	**192,552.7**

Interim condensed standalone statement of financial position shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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Interim condensed statement of changes in equity

1 half of 2022 period from 01 Jan 2022 to 30 Jun 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-3,136.3**	**15,266.0**	**13,216.1**
Net profit for the current period	-	-	-	1,365.8	**1,365.8**
Other net comprehensive income, including:	**0.0**	**0.0**	**-6,440.7**	**0.0**	**-6,440.7**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-408.3	-	-408.3
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-16.3	-	-16.3
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,141.6	-	-6,141.6
cash flow hedge – reclassification to profit or loss	-	-	125.0	-	125.0
fixed assets revaluation	-	-	0.5	-	0.5
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-689.4**	**-689.4**
valuation of employee incentive programs	-	-	-	0.1	0.1
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-9,577.0**	**15,942.4**	**7,451.8**

Interim condensed standalone statement of changes in equity shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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2021 the period from 01 Jan 2021 to 31 Dec 2021

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**3,675.6**	**13,608.5**	**18,370.5**
Net profit for the current period	-	-	-	2,308.3	**2,308.3**
Other net comprehensive income, including:	**0.0**	**0.0**	**-6,811.9**	**12.3**	**-6,799.6**
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	-293.3	-	-293.3
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-25.7	-	-25.7
sale of equity instruments measured at fair value through other comprehensive income	-	-	-7.1	7.1	0.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-5,566.7	-	-5,566.7
cash flow hedge – reclassification to profit or loss	-	-	-907.8	-	-907.8
fixed assets revaluation	-	-	-0.3	-	-0.3
disposal of fixed assets	-	-	-5.2	5.2	0.0
actuarial gains/losses	-	-	-5.8	-	-5.8
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-663.1**	**-663.1**
valuation of employee incentive programs	-	-	-	0.4	0.4
dividend payment	-	-	-	-663.5	-663.5
Closing balance of equity	**130.1**	**956.3**	**-3,136.3**	**15,266.0**	**13,216.1**

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1 half of 2021 the period from 01 Jan 2021 to 30 Jun 2021

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**3,675.6**	**13,608.5**	**18,370.5**
Net profit for the current period	-	-	-	**1,000.9**	**1,000.9**
Other net comprehensive income, including:	**0.0**	**0.0**	**-1,763.1**	**2.7**	**-1,760.4**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-2.1	-	-2.1
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-0.8	-	-0.8
cash flow hedge – revaluation gains / losses recognized in equity	-	-	-1,321.4	-	-1,321.4
cash flow hedge – reclassification to profit or loss	-	-	-435.8	-	-435.8
fixed assets revaluation	-	-	-0.2	0.0	-0.2
disposal of fixed assets	-	-	-2.8	2.7	-0.1
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**0.4**	**0.4**
valuation of employee incentive programs	-	-	-	0.4	0.4
Closing balance of equity	**130.1**	**956.3**	**1,912.5**	**14,612.5**	**17,611.4**

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Interim condensed cash flow statement

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Net profit	**1,365.8**	**1,000.9**
Adjustments, including:	**632.5**	**-243.4**
Share of profit/(loss) of subsidiaries and associates accounted for using the equity method	-115.2	-78.5
Depreciation and amortisation	131.0	136.8
Interest accrued (from the income statement)	-3,315.1	-2,179.9
Interest paid	-419.6	-234.8
Interest received	3,493.8	2,282.8
Dividends received	-1.6	0.0
Gains (losses) on investing activities	0.1	0.2
Income tax (from the income statement)	507.8	324.4
Income tax paid	-69.1	-650.2
Change in provisions	1.8	-6.8
Change in loans and other receivables to other banks	-250.5	-1,310.3
Change in financial assets measured at fair value through profit or loss	-1,756.8	546.2
Change in investment securities	-1,043.1	-1,550.6
Change in hedge derivatives	-7,102.7	-1,961.0
Change in loans and other receivables to customers	-5,541.3	-8,457.6
Change in other assets	-24.0	171.7
Change in liabilities to other banks	-1,551.1	1,054.0
Change in liabilities measured at fair value through profit or loss	1,615.3	-490.4
Change in liabilities to customers	14,637.0	11,022.3
Change in other liabilities	1,435.8	1,138.3
Net cash flows from operating activities	**1,998.3**	**757.5**

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022	1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021
Acquisition of property, plant and equipment	-69.4	-23.0
Disposal of property, plant and equipment	0.0	0.1
Acquisition of intangible assets	-62.6	-21.9
Acquisition of debt securities measured at amortized cost	-1,270.7	-1,772.9
Disposal of debt securities at amortized cost	3,320.5	1,072.0
Dividends received	1.6	0.0
Net cash flows from investment activities	**1,919.4**	**-745.7**
Interest payment on long-term loans	-8.2	-13.8
Repayment of lease liabilities	-51.0	-27.0
Dividends paid	-689.5	0.0
Net cash flows from financial activities	**-748.7**	**-40.8**
Net increase/(decrease) in cash and cash equivalents	**3,169.0**	**-29.0**
of which effect of exchange rate changes on cash and cash equivalents	-405.8	103.7
Opening balance of cash and cash equivalents	**1,377.6**	**1,228.2**
Closing balance of cash and cash equivalents	**4,546.6**	**1,199.2**

Interim condensed standalone cash flow statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

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Additional information to the interim condensed standalone financial statements

1. Introduction

1.1. Going concern

These interim condensed standalone financial statements of the ING Bank Śląski S.A. have been prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the date of approval, i.e. from 2 August 2022. As at the approval date hereof, the Bank Management Board have not identified any events that could pose a threat to the Group members continuing their operations during the period of 12 months from the date of publication as a result of intentional or forced abandonment or significant limitation of its operations by the Bank.

1.2. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the period of 6 months ending on 30 June 2022 were prepared under the IAS 34 Interim Financial Reporting (International Accounting Standards) in a version approved by the European Commission and effective as at the reporting date, that is 30 June 2022 as well as in accordance with the Ordinance of Finance Minister of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757).

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with and the annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2021 to 31 December 2021, approved on 7 April 2022 by the Bank's General Meeting and the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2022.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity and interim condensed standalone cash flow statement for the period from 1 January 2022 to 30 June 2022 and interim condensed standalone statement of financial position as at 30 June 2022, together with comparable data were prepared according to the same principles of accounting for each period, except for changes in accounting principles described in the interim condensed consolidated financial statements in item 5.1.

1.3. Reporting period and comparable data

Interim condensed standalone financial statements of the ING Bank Śląski S.A. covers the period from 1 January 2022 to 30 June 2022 and includes comparative data:

- as at 31 December 2021 and 30 June 2021 - for the interim condensed statement of financial position,
- for the period from 1 January 2021 to 30 June 2021 and from 1 April 2021 to 30 June 2021 - for the interim condensed income statement and the interim condensed statement of comprehensive income,
- for the period from 1 January 2021 to 30 June 2021 - for the interim condensed cash flow statement,
- for the period from 1 January 2021 to 31 December 2021 and from 1 January 2021 to 30 June 2021 - for the interim condensed statement of changes in equity.

1.4. Financial statements scope and currency

From the Bank's point of view all significant disclosures are presented in interim condensed consolidated financial statements for the period of 6 months ending on 30 June 2022.

These interim condensed standalone financial statements 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 notes.

1.5. Approval of the financial statements

These interim condensed standalone financial statements have been approved by the Bank's Management Board on 2 August 2022.

The annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2021 to 31 December 2021 were approved by the General Meeting on 7 April 2022.

1.6. Changes in accounting standards

In these interim condensed standalone financial statements, the same accounting standards have been applied as in the case of annual financial statements for the year 2020 (Annual Financial Statements of the ING Bank Śląski S.A. for the period started 1 January 2021 and ended 31 December 2021) and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2022 or afterwards which were presented in the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2022.

2. Significant accounting principles and key estimates

Detailed accounting principles were presented in the annual financial statements of the ING Bank Śląski S.A. for the period started 1 January 2021 and ended 31 December 2021, published on 11 March 2022 and available on the website of ING Bank Śląski S.A. (www.ing.pl).

In addition, with respect to interim financial statements, the Bank applies the principle of recognizing the financial result income tax charges based on the best estimate of the weighted average annual income tax rate expected by the Bank in the full financial year.

In the 1st half of 2022, the Bank introduced changes to the applied accounting principles and made changes to key estimates with regard to impairment for expected credit losses and costs of obligatory contributions to the bank guarantee fund, which was described in the interim condensed consolidated financial statements in item 5. *Significant accounting principles and key estimates*.

3. Comparability of financial data

In these interim condensed standalone financial statements for the period of 6 months ending on 30 June 2022 in relation to the interim condensed standalone financial statements for earlier periods, the Bank has made changes to the presentation of individual items in the statement of financial position.

The changes are as follows:

- Separation of *Transferred assets* (**change a**)

The Bank has separated a new item in the statement of financial position – Transferred assets – which presents assets that can be pledged or resold by the collateral recipient. IFRS 9.3.2.23(a) requires these assets to be segregated and presented separately from other assets in the statement of financial position. The new item included debt securities resold with a repurchase agreement under repo or buy-sell-back transactions. These assets are measured at fair value through profit or loss, at fair value through other comprehensive income or at amortised cost. The change was intended to better reflect the risk characteristics of these financial assets. The figures as at 30 June 2021 have been restated to ensure comparability.

- Inclusion of non-current assets held for sale under *Other assets* (**change b**)

Following the principle of materiality, the Bank departed from the presentation of non-current assets held for sale in a separate line item in the statement of financial position and from 31 December 2021 onwards shows them in Other assets. The figures as at 30 June 2021 have been restated.

The table presents individual asset items of the statement of financial position according to the values presented in the interim condensed standalone financial statements for the period of 6 months ending on 30 June 2021 and according to the values presented in these interim condensed standalone financial statements. Liabilities and equity did not change.

as at **30 Jun 2021**

	in interim condensed standalone financial statements for the period of 6 months ending on 30 June 2021 (*approved data*)	change a	change b	in interim condensed standalone financial statements for the period of 6 months ending on 30 June 2022 (*comparable data*)
Assets				
Cash in hand and balances with the Central Bank	850.8			850.8
Loans and other receivables to other banks	3,972.5			3,972.5
Financial assets measured at fair value through profit or loss	1,471.1			1,471.1
Derivative hedge instruments	882.0			882.0
Investment securities	57,018.9	-1,881.5		55,137.4
Loans and other receivables to customers	124,896.5			124,896.5
Transferred assets	0.0	1,881.5		1,881.5
Investments in subsidiaries and associates accounted for using the equity method	1,432.5			1,432.5
Property, plant and equipment	840.1			840.1
Intangible assets	387.2			387.2
Assets held for sale	1.4		-1.4	0.0
Current income tax assets	301.6			301.6
Deferred tax assets	321.3			321.3
Other assets	176.8		1.4	178.2
Total assets	**192,552.7**	**0.0**	**0.0**	**192,552.7**
Total liabilities and equity	**192,552.7**	**0.0**	**0.0**	**192,552.7**

4. Supplementary notes to interim condensed standalone financial statements

4.1. Loans and other receivables to customers

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Measured at amortised cost	134,027.4	127,185.6	114,532.0
Measured at fair value through other comprehensive income	9,049.2	10,154.9	10,364.5
Total	**143,076.6**	**137,340.5**	**124,896.5**

Some of the mortgage loans have been designated by the Bank for the "Holding and Sell" business model and may be sold to ING Bank Hipoteczny S.A. (being a subsidiary of the Bank) as part of the so-called pooling. These loans are measured at fair value through other comprehensive income.

From the point of view of the consolidated financial statements, pooled loans still meet the criterion of the "Maintenance" business model, due to the fact that pooling transactions take place within the Capital Group.

The Bank uses the discounted cash flow model to measure mortgage loans assigned to the portfolio measured at fair value. Due to the use of input data in the valuation model that is not based on observable market data, the valuation technique belongs to Level 3.

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Loans and receivables to customers measured at amortised cost

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Loan portfolio, of which:	**135,405.1**	**-2,932.1**	**132,473.0**	**126,791.5**	**-2,855.2**	**123,936.3**	**115,096.0**	**-2,721.1**	**112,374.9**
Corporate banking	**82,250.6**	**-1,832.8**	**80,417.8**	**74,724.5**	**-1,917.1**	**72,807.4**	**68,449.7**	**-1,827.3**	**66,622.4**
loans in the current account	19,216.7	-440.1	18,776.6	15,858.9	-560.1	15,298.8	14,864.6	-517.8	14,346.8
term loans and advances	59,734.2	-1,391.9	58,342.3	55,547.0	-1,356.7	54,190.3	50,866.5	-1,309.1	49,557.4
debt securities (corporate and municipal)	3,299.7	-0.8	3,298.9	3,318.6	-0.3	3,318.3	2,718.6	-0.4	2,718.2
Retail banking	**53,154.5**	**-1,099.3**	**52,055.2**	**52,067.0**	**-938.1**	**51,128.9**	**46,646.3**	**-893.8**	**45,752.5**
mortgages	44,151.3	-205.0	43,946.3	42,991.5	-200.6	42,790.9	38,124.7	-236.5	37,888.2
loans in the current account	694.4	-67.9	626.5	685.9	-54.0	631.9	652.7	-50.4	602.3
other loans and advances	8,308.8	-826.4	7,482.4	8,389.6	-683.5	7,706.1	7,868.9	-606.9	7,262.0
Other receivables, of which:	**1,554.4**	**0.0**	**1,554.4**	**3,249.3**	**0.0**	**3,249.3**	**2,157.1**	**0.0**	**2,157.1**
call deposits placed	474.3	0.0	474.3	2,531.5	0.0	2,531.5	1,397.6	0.0	1,397.6
other	1,080.1	0.0	1,080.1	717.8	0.0	717.8	759.5	0.0	759.5
Total	**136,959.5**	**-2,932.1**	**134,027.4**	**130,040.8**	**-2,855.2**	**127,185.6**	**117,253.1**	**-2,721.1**	**114,532.0**

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Quality of loan portfolio

as at	30 Jun 2022			31 Dec 2021			30 Jun 2021		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Corporate banking	**82,250.6**	**-1,832.8**	**80,417.8**	**74,724.5**	**-1,917.1**	**72,807.4**	**68,449.7**	**-1,827.3**	**66,622.4**
assets in stage 1	74,607.6	-105.7	74,501.9	67,948.2	-153.0	67,795.2	61,669.8	-151.8	61,518.0
assets in stage 2	5,553.2	-285.2	5,268.0	4,512.6	-205.2	4,307.4	4,552.6	-208.0	4,344.6
assets in stage 3	2,089.8	-1,441.9	647.9	2,262.2	-1,558.9	703.3	2,225.8	-1,467.5	758.3
POCI assets	0.0	0.0	0.0	1.5	0.0	1.5	1.5	0.0	1.5
Retail banking	**53,154.5**	**-1,099.3**	**52,055.2**	**52,067.0**	**-938.1**	**51,128.9**	**46,646.3**	**-893.8**	**45,752.5**
assets in stage 1	50,603.1	-128.6	50,474.5	49,784.0	-103.5	49,680.5	43,985.5	-121.6	43,863.9
assets in stage 2	1,565.1	-220.0	1,345.1	1,300.6	-135.5	1,165.1	1,710.6	-145.1	1,565.5
assets in stage 3	984.2	-750.7	233.5	980.2	-699.1	281.1	947.9	-627.1	320.8
POCI assets	2.1	0.0	2.1	2.2	0.0	2.2	2.3	0.0	2.3
Total of which:	**135,405.1**	**-2,932.1**	**132,473.0**	**126,791.5**	**-2,855.2**	**123,936.3**	**115,096.0**	**-2,721.1**	**112,374.9**
assets in stage 1	125,210.7	-234.3	124,976.4	117,732.2	-256.5	117,475.7	105,655.3	-273.4	105,381.9
assets in stage 2	7,118.3	-505.2	6,613.1	5,813.2	-340.7	5,472.5	6,263.2	-353.1	5,910.1
assets in stage 3	3,074.0	-2,192.6	881.4	3,242.4	-2,258.0	984.4	3,173.7	-2,094.6	1,079.1
POCI assets	2.1	0.0	2.1	3.7	0.0	3.7	3.8	0.0	3.8

The Bank identifies POCI financial assets whose carrying value as at 30 June 2022 is PLN 2.1 million (PLN 3.7 million as at 31 December 2021 and PLN 3.8 million as at 30 June 2021). These are exposures due to impaired receivables acquired in connection with the acquisition of SKOK Bieszczadzka in 2017 and exposures that were significantly modified as a result of restructuring, which involved the need to remove the original credit commitment and re-recognition of the asset in the statement of financial position.

4.2. Fair value

4.2.1. Financial assets and liabilities measured at fair value in the statement of financial position

In the 1st half of 2022, there were no relocations between valuation levels, as in 2021.

The table below presents the balance-sheet figures for financial assets and liabilities per individual measurement levels.

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as at **30 Jun 2022**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**16,444.3**	**3,871.7**	**9,240.0**	**29,556.0**
Valuation of derivatives	-	**2,789.3**	-	**2,789.3**
Financial assets held for trading, including:	**386.3**	**248.2**	-	**634.5**
debt securities, including:	386.3	-	-	386.3
treasury bonds in PLN	246.9	-	-	246.9
Czech Treasury bonds in CZK	138.9	-	-	138.9
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	248.2	-	248.2
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**0.5**	-	**63.3**	**63.8**
loans are obligatorily measured at fair value through profit or loss	-	-	63.2	63.2
equity instruments	0.5	-	0.1	0.6
Derivative hedge instruments	-	**834.2**	-	**834.2**
Financial assets measured at fair value through other comprehensive income, including:	**11,950.0**	-	**127.5**	**12,077.5**
debt securities, including:	11,950.0	-	-	11,950.0
treasury bonds in PLN	8,336.3	-	-	8,336.3
treasury bonds in EUR	1,817.5	-	-	1,817.5
European Investment Bank bonds	1,345.6	-	-	1,345.6
Austrian government bonds	450.6	-	-	450.6
equity instruments	-	-	127.5	127.5
Loans measured at fair value through other comprehensive income	-	-	**9,049.2**	**9,049.2**
Transferred assets, including:	**4,107.5**	-	-	**4,107.5**
treasury bonds in PLN from portfolio of financial assets measured at fair value through profit or loss	56.4	-	-	56.4
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	4,051.1	-	-	4,051.1

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**228.2**	**4,211.0**	-	**4,439.2**
Valuation of derivatives	-	**3,010.1**	-	**3,010.1**
Other financial liabilities measured at fair value through profit or loss, including:	**228.2**	**56.5**	-	**284.7**
book short position in trading securities	228.2	-	-	228.2
financial liabilities held for trading, including:	-	56.5	-	56.5
repo transactions	-	56.5	-	56.5
Derivative hedge instruments	-	**1,144.4**	-	**1,144.4**

The fair value calculation methods adopted as at 30 June 2022 have not changed compared to those applied at the end of 2021 (a detailed description of the approach to the fair value measurement of assets and liabilities is in the annual financial statements for the period from 1 January 2021 to 31 December 2022) except aspects regarding consideration of credit moratoria for the mortgage loan portfolio. As at 30 June 2022, in connection with the ongoing legislative process regarding the act on crowdfunding for business ventures and support for borrowers, the Bank took into account in the valuation of PLN mortgage loans, the potential impact of credit moratoria, i.e. the introduction for customers that have PLN mortgage loans the possibility of suspending the repayment of up to 8 monthly instalments of PLN mortgage loan during the second half of 2022 and in 2023. As of 30 June 2022, taking into account the status of the legislative process and statements of the participants of the legislative process in the public sphere and market supervisors, the Bank estimated that market participants assumed a 60% probability of the law entering into force substantively as drafted. The percentage of credit moratoria that market participants assumed would be used, included in the estimation, was established on an expert basis at the level of 67%.

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as at **31 Dec 2021**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**15,977.3**	**1,404.4**	**10,400.8**	**27,782.5**
Valuation of derivatives	-	**629.3**	-	**629.3**
Financial assets held for trading, including:	**301.1**	**524.7**	-	**825.8**
debt securities, including:	301.1	-	-	301.1
treasury bonds in PLN	259.2	-	-	259.2
Czech Treasury bonds in CZK	41.4			41.4
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	524.7	-	524.7
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**4.7**	-	**78.5**	**83.2**
loans are obligatorily measured at fair value through profit or loss	-	-	78.4	78.4
equity instruments	4.7	-	0.1	4.8
Derivative hedge instruments	-	**250.4**	-	**250.4**
Financial assets measured at fair value through other comprehensive income, including:	**14,161.9**	-	**167.4**	**14,329.3**
debt securities, including:	14,161.9	-	-	14,161.9
treasury bonds in PLN	11,716.3	-	-	11,716.3
treasury bonds in EUR	1,022.9	-	-	1,022.9
European Investment Bank bonds	941.4	-	-	941.4
Austrian government bonds	481.3	-	-	481.3
equity instruments	-	-	167.4	167.4
Loans measured at fair value through other comprehensive income	-	-	**10,154.9**	**10,154.9**
Transferred assets, including:	**1,509.6**	-	-	**1,509.6**
treasury bonds in PLN from portfolio of financial assets measured at fair value through profit or loss	243.2	-	-	243.2
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	1,266.4	-	-	1,266.4

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**486.2**	**1,428.8**	-	**1,915.0**
Valuation of derivatives	-	**949.0**	-	**949.0**
Other financial liabilities measured at fair value through profit or loss, including:	**486.2**	**244.4**	-	**730.6**
book short position in trading securities	486.2	-	-	486.2
financial liabilities held for trading, including:	-	244.4	-	244.4
repo transactions	-	244.4	-	244.4
Derivative hedge instruments	-	**235.4**	-	**235.4**

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Movements in financial assets classified to the level 3 of measurement

During the 1st half of 2022, change in the valuation of classified equity instruments up to level 3, the valuation included in other comprehensive income amounted to PLN -39.9 million (compared to PLN 22.2 million in the 1st half of 2021).

The impact of the valuation of loans classified under level 3 of the measurement was in the 1st half of 2022:

- for loans that are obligatorily measured at fair value through profit or loss: PLN 0.0 million (as in the 1st half of 2021)
- for loans measured at fair value through other comprehensive income: PLN 13.4 million (compared to PLN 1.4 million in the 1st half of 2021) and has been reflected in the Bank's statement of financial position under *Accumulated other comprehensive income*.

	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022				1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021			
	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income	loans measured at fair value through other comprehensive income	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income	loans measured at fair value through other comprehensive income
Opening balance	**78.4**	**0.1**	**167.4**	**10,154.9**	**106.2**	**0.1**	**156.6**	**10,626.8**
Increases, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**22.2**	**566.5**
loans granted in the period / acquisition of investment	-	-	-	-	-	-	-	562.8
valuation referred to accumulated other comprehensive income	-	-	-	-	-	-	22.2	3.7
Reductions, including:	**-15.2**	**0.0**	**-39.9**	**-1,105.7**	**-11.9**	**0.0**	**0.0**	**-828.8**
loan repayments	-15.2	-	-	-1,093.8	-11.9	-	-	-116.4
valuation referred to accumulated other comprehensive income	-	-	-39.9	-11.9	-	-	-	-
sale to ING Bank Hipoteczny S.A.	-	-	-	-	-	-	-	-712.4
Closing balance	**63.2**	**0.1**	**127.5**	**9,049.2**	**94.3**	**0.1**	**178.8**	**10,364.5**

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4.2.2. Financial assets and liabilities not measured at fair value in the statement of financial position

In 1st half of 2022, the Bank changed the valuation level for bonds issued by Bank Gospodarstwa Krajowego to the National Road Fund. In previous periods, they were presented at level 1 of the valuation and from the end of 1st half of 2022 the Bank presents them at level 2 of the valuation. In 2021, there was no relocations between valuation levels.

as at **30 Jun 2022**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**27,132.0**	**18,596.1**	**5,083.4**	-	**23,679.5**
treasury bonds in PLN	11,068.2	9,717.8	-	-	9,717.8
treasury bonds in EUR	3,103.4	2,801.9	-	-	2,801.9
Bank Gospodarstwa Krajowego bonds	2,323.4	0.0	2,050.4	-	2,050.4
European Investment Bank bonds	6,812.7	6,076.4	-	-	6,076.4
bonds of the Polish Development Fund (PFR)	3,824.3	-	3,033.0	-	3,033.0
Loans and receivables to customers at amortised cost, including:	**134,027.4**	-	-	**133,665.0**	**133,665.0**
Corporate banking segment, including:	80,417.8	-	-	81,089.6	81,089.6
loans and advances (in the current account and term ones)	77,118.9	-	-	77,896.0	77,896.0
corporate and municipal debt securities	3,298.9	-	-	3,193.6	3,193.6
Retail banking segment, including:	52,055.2	-	-	51,021.0	51,021.0
mortgages	43,946.3	-	-	42,483.1	42,483.1
other loans and advances	8,108.9	-	-	8,537.9	8,537.9
Other receivables	1,554.4	-	-	1,554.4	1,554.4
Transferred assets, including:	**2,771.1**	**2,310.7**	-	-	**2,310.7**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	2,771.1	2,310.7	-	-	2,310.7
Liabilities to customers	**184,754.0**	-	-	**184,728.4**	**184,728.4**
Subordinated liabilities	**1,638.8**	-	-	**1,651.1**	**1,651.1**

as at **31 Dec 2021**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**31,190.5**	**24,519.3**	**5,236.9**	-	**29,756.2**
treasury bonds in PLN	15,311.5	14,533.1	-	-	14,533.1
treasury bonds in EUR	4,028.8	4,052.3	-	-	4,052.3
Bank Gospodarstwa Krajowego bonds	2,299.8	502.3	1,679.4	-	2,181.7
European Investment Bank bonds	5,695.2	5,431.7	-	-	5,431.7
bonds of the Polish Development Fund (PFR)	3,855.2	-	3,557.5	-	3,557.5
Loans and receivables to customers at amortised cost, including:	**127,185.6**	-	-	**126,927.0**	**126,927.0**
Corporate banking segment, including:	72,807.4	-	-	73,083.0	73,083.0
loans and advances (in the current account and term ones)	69,489.1	-	-	70,021.1	70,021.1
corporate and municipal debt securities	3,318.3	-	-	3,061.9	3,061.9
Retail banking segment, including:	51,128.9	-	-	50,594.7	50,594.7
mortgages	42,790.9	-	-	41,809.1	41,809.1
other loans and advances	8,338.0	-	-	8,785.6	8,785.6
Other receivables	3,249.3	-	-	3,249.3	3,249.3
Transferred assets, including:	**771.3**	**710.1**	-	-	**710.1**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	771.3	710.1	-	-	710.1
Liabilities to customers	**170,104.1**	-	-	**170,103.4**	**170,103.4**
Subordinated liabilities	**1,610.3**	-	-	**1,594.7**	**1,594.7**

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5. Total capital ratio

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Own funds	15,411.4	16,660.6	17,417.5
Total capital requirements	8,012.2	7,801.2	7,015.8
Total capital ratio (TCR)	**15.39%**	**17.09%**	**19.86%**
Tier 1 ratio (T1)	**13.72%**	**15,31 %**	**17,34 %**

On 7 April 2022, the General Meeting of the Bank approved the distribution of profit for 2021. Including the net profit generated in 2021 in own funds as at 31 December 2021 resulted in an increase in TCR and Tier1 ratios to 17.09% and 15.31%, respectively, as presented in the table above. According to the values presented in the annual financial statements for 2021, the TCR and Tier1 ratios of the Bank as at 31 December 2021 were 16.05% and 14.29%, respectively.

By the decision of 20 June 2022, the Bank obtained the consent of the Polish Financial Supervision Authority to include in the Common Equity Tier 1 capital part of the net profit for the period from 1 January 2022 to 31 March 2022 in the amount of PLN 396.4 million (i.e. net after deducting expected charges and dividends).

In calculating the capital ratios, the Bank used the transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. Additionally, as at 30 June 2022 and 31 December 2021, the Bank temporarily treated unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation. If the Bank does not apply the transitional period for the implementation of IFRS 9 or temporarily treat unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation, capital ratios as at 30 June 2022 would be as follows:

- 15.07% — total capital ratio (TCR),
- 13.40% - Tier 1 capital ratio (T1).

For the comparative periods, the level of TCR and T1 ratios would then be 16.84% and 15.05% as at 31 December 2021 and 19.72% and 17.12% as at 30 June 2021, respectively

6. Dividends paid

Information on dividends paid is provided in the interim condensed consolidated financial statements in the item 10. *Dividends paid*.

7. Off-balance sheet items

as at	30 Jun 2022	31 Dec 2021	30 Jun 2021
Off-balance sheet commitments given	51,616.0	51,390.1	47,627.8
Off-balance sheet commitments received	26,924.9	19,564.0	13,443.2
Off-balance sheet financial instruments	1,160,347.7	995,590.5	868,045.0
Total	**1,238,888.6**	**1,066,544.6**	**929,116.0**

8. Significant events in the 1st half of 2022

Significant events that occurred in the 1st half of 2022 are described in the interim condensed consolidated financial statements in item 2. *Significant events in the 1st half of 2022*.

9. Significant events after balance sheet date

Significant events that took place after the end of the reporting period have been described in the interim condensed consolidated financial statements in item 3. *Significant events after balance sheet date.*

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10. Transactions with related parties

	ING Bank NV	Other ING Group entities	Subsidiaries	Associates	ING Bank NV	Other ING Group entities	Subsidiaries	Associates
	as at 30 Jun 2022				as at 31 Dec 2021			
Receivables								
Nostro accounts	4.5	10.5	-	-	5.8	6.0	-	-
Loans	0.4	1.9	14,113.2	-	-	0.3	13,465.9	-
Positive valuation of derivatives	232.5	-	-	-	140.0	-	1.2	-
Other receivables	3.2	2.0	4.5	-	4.8	1.4	0.7	-
Liabilities								
Deposits received	2,424.8	100.6	379.6	28.5	3,378.5	142.1	151.0	13.6
Subordinated loan	1,638.9	-	-	-	1,610.4	-	-	-
Loro accounts	33.5	159.2	2.7	-	39.1	40.1	1.5	-
Negative valuation of derivatives	220.4	-	0.3	-	102.1	-	-	-
Other liabilities	142.0	7.5	0.9	-	119.3	2.5	1.6	-
Off-balance-sheet operations								
Off-balance sheet liabilities granted	511.6	1,004.1	9,760.5	0.1	503.1	790.1	7,697.3	0.1
Off-balance sheet liabilities received	154.8	30.1	-	-	56.1	19.0	-	-
FX transactions	16,074.3	-	-	-	17,884.0	8.7	-	-
IRS	389.5	-	51.8	-	554.6	-	53.5	-
Options	1,486.1	9.9	-	-	1,020.1	16.7	-	-
	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022				1 half of 2021 YTD the period from 01 Jan 2021 to 30 Jun 2021			
Income and expenses								
Income, including:	-94.5	-1.3	267.1	21.5	-6.4	4.3	54.2	24.9
net interest and commission income	-31.9	4.0	266.6	21.5	-18.8	3.2	60.0	24.9
net income on financial instruments	-62.6	-5.8	-1.1	-	12.4	0.5	0.2	-
net (loss)/income on other basic activities	-	0.5	1.6	-	-	0.6	1.6	-
net income on the sale of financial assets	-	-	-	-	-	-	-7.6	-
General and administrative expenses	-96.4	-17.4	-2.5	-	-79.7	-2.5	-1.2	-

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SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2022-08-03	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2022-08-03	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

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

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