ING Bank Śląski S.A. Group

Semi-annual consolidated report for the period of 6 months ending on 30 June 2023

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SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

Performance highlights

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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	2,054.0	3,914.4	1,898.5	3,631.1
Net commission income	534.3	1,055.7	518.8	1,052.8
Net income on basic activities	2,631.0	5,083.3	2,368.8	4,666.0
Gross profit	1,424.3	2,633.1	830.0	1,899.3
Net profit attributable to shareholders of ING Bank Śląski S.A.	1,099.4	2,008.1	573.0	1,365.8
Earnings per ordinary share (PLN)	8.45	15.43	4.40	10.50

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Loans and other receivables to customers at amortized cost (net)	156,213.4	154,974.6	152,117.7
Liabilities to customers	199,740.2	192,731.3	185,095.1
Total assets	227,735.8	217,266.1	212,395.0
Share capital	130.1	130.1	130.1
Equity attributable to shareholders of ING Bank Śląski S.A.	12,962.6	9,344.3	7,716.9
Book value per share (PLN)	99.64	71.82	59.32

Key performance indicators

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
C/I - cost/income ratio	42.7%	55.5%	52.2%
ROA - return on assets	1.1%	0.8%	1.3%
ROE - return on equity	24.2%	17.4%	19.7%
NIM - net interest margin	2.77%	2.75%	3.16%
L/D - loan-to-deposit ratio	78.2%	80.4%	82.2%
Total capital ratio	16.95%	16.22%*	14.72%

*) On 26 April 2023, the Bank's General Meeting approved the distribution of profit for 2022. Including the net profit earned in 2022 as at 31 December 2022 in own funds resulted in an increase in the Group's total capital ratio (TCR) to 16.22%. According to the value presented in the annual consolidated financial statements for 2022, the Group's total capital ratio as at 31 December 2022 was 15.23%.

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 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022 *(transformed data)*	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Net interest income		3,134.0	6,116.1	2,379.5	4,231.2
calculated using the effective interest rate method		2,846.4	5,526.1	2,144.8	3,935.3
other interest income		287.6	590.0	234.7	295.9
Interest expense		-1,080.0	-2,201.7	-481.0	-600.1
Interest income	8.1	**2,054.0**	**3,914.4**	**1,898.5**	**3,631.1**
Commission income		676.3	1,327.9	650.1	1,306.3
Commission expense		-142.0	-272.2	-131.3	-253.5
Net commission income	8.2	**534.3**	**1,055.7**	**518.8**	**1,052.8**
Net income on financial instruments measured at fair value through profit or loss and FX result	8.3	37.4	111.0	-42.3	4.8
Net income on the sale of securities measured at amortised cost	8.4	0.0	0.0	-11.8	-15.7
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	8.4	8.6	9.8	24.7	26.8
Net (loss)/income on hedge accounting	8.5	-3.5	-8.2	-18.2	-32.7
Net (loss)/income on other basic activities		0.2	0.6	-0.9	-1.1
Net income on basic activities		**2,631.0**	**5,083.3**	**2,368.8**	**4,666.0**
General and administrative expenses	8.6	-850.6	-1,852.9	-1,200.1	-2,131.5
Impairment for expected credit losses	8.7	-196.8	-285.0	-183.0	-333.5
including profit on sale of receivables		0.0	0.0	0.0	9.2
Cost of legal risk of FX mortgage loans	8.8	0.0	0.0	-0.2	-1.3
Tax on certain financial institutions		-165.6	-324.2	-161.3	-313.0
Share of the net profits of associates measured by equity method		6.3	11.9	5.8	12.6
Gross profit		**1,424.3**	**2,633.1**	**830.0**	**1,899.3**
Income tax		-324.9	-625.0	-257.0	-533.5
Net profit		**1,099.4**	**2,008.1**	**573.0**	**1,365.8**
including attributable to shareholders of ING Bank Śląski S.A.		1,099.4	2,008.1	573.0	1,365.8

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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 profit attributable to shareholders of ING Bank Śląski S.A.	1,099.4	2,008.1	573.0	1,365.8
Weighted average number of ordinary shares	130,135,128	130,120,799	130,100,000	130,100,000
Earnings per ordinary share (in PLN)	**8.45**	**15.43**	**4.40**	**10.50**

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.

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Interim condensed consolidated statement of comprehensive income

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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 profit for the reporting period	**1,099.4**	**2,008.1**	**573.0**	**1,365.8**
Total other comprehensive income, including:	**624.0**	**1,608.2**	**-3,322.4**	**-6,490.9**
Items that may be reclassified to profit or loss, including:	**619.3**	**1,603.5**	**-3,290.5**	**-6,459.0**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-2.3	142.5	-167.1	-426.1
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-1.0	-2.0	-14.6	-16.3
cash flow hedge - gains on revaluation carried through equity	69.9	314.4	-3,334.2	-6,141.6
cash flow hedge - reclassification to profit or loss	552.7	1,148.6	225.4	125.0
Items that will not be reclassified to profit or loss, including:	**4.7**	**4.7**	**-31.9**	**-31.9**
equity financial instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	4.7	4.7	-32.4	-32.4
fixed assets revaluation	0.0	0.0	0.5	0.5
Net comprehensive income for the reporting period	**1,723.4**	**3,616.3**	**-2,749.4**	**-5,125.1**
including attributable to shareholders of ING Bank Śląski S.A.	1,723.4	3,616.3	-2,749.4	-5,125.1

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 2023 | Data in PLN million

Interim condensed consolidated statement of financial position

as at	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets				
Cash in hand and balances with the Central Bank	8.9	2,267.8	2,337.6	2,718.1
Loans and other receivables to other banks	8.10	11,288.2	5,161.1	2,293.2
Financial assets measured at fair value through profit or loss	8.11	2,339.7	1,952.3	3,487.6
Derivative hedge instruments		195.7	139.2	834.2
Investment securities	8.12	41,150.6	48,432.8	39,283.0
Transferred assets	8.11, 8.12 8.14	11,307.9	163.8	6,878.6
Loans and other receivables to customers measured at amortised cost	8.13	156,213.4	154,974.6	152,117.7
Investments in associates accounted for using the equity method		163.3	178.9	165.9
Property, plant and equipment		926.0	950.0	926.2
Intangible assets		467.1	417.2	409.2
Current income tax assets	8.15	6.7	572.2	820.5
Deferred tax assets	8.15	1,194.8	1,828.6	2,238.6
Other assets		214.6	157.8	222.2
Total assets		**227,735.8**	**217,266.1**	**212,395.0**

as at	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
Liabilities				
Liabilities to other banks	8.16	7,381.4	5,639.6	8,788.0
Financial liabilities measured at fair value through profit or loss	8.17	1,589.3	2,203.8	3,294.8
Derivative hedge instruments		328.4	369.5	1,144.4
Liabilities to customers	8.18	199,740.2	192,731.3	185,095.1
Liabilities from debt securities issued	11	404.8	404.8	401.8
Subordinated liabilities		1,561.2	1,643.9	1,638.8
Provisions	8.19	367.1	359.0	338.7
Current income tax liabilities	8.15	124.4	19.9	11.7
Deferred tax loss	8.15	0.2	0.4	0.0
Other liabilities	8.20	3,276.2	4,549.6	3,964.8
Total liabilities		**214,773.2**	**207,921.8**	**204,678.1**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-6,431.1	-8,039.3	-9,311.9
Retained earnings		18,311.5	16,297.2	15,942.4
Own shares for the purposes of the incentive program		-4.2	0.0	0.0
Total equity		**12,962.6**	**9,344.3**	**7,716.9**
including attributable to shareholders of ING Bank Śląski S.A.		12,962.6	9,344.3	7,716.9
Total liabilities and equity		**227,735.8**	**217,266.1**	**212,395.0**

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.

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Interim condensed consolidated statement of changes in equity

1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Own shares for the purposes of the incentive program	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**-8,039.3**	**16,297.2**	**0.0**	**9,344.3**
Net profit for the current period	-	-	-	2,008.1	-	**2,008.1**
Other net comprehensive income, including:	**0.0**	**0.0**	**1,608.2**	**0.0**	**0.0**	**1,608.2**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	147.2	-	-	147.2
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-2.0	-	-	-2.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	314.4	-	-	314.4
cash flow hedge – reclassification to profit or loss	-	-	1,148.6	-	-	1,148.6
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**6.2**	**-4.2**	**2.0**
valuation of employee incentive programs	-	-	-	6.2	-	6.2
purchase of own shares for the purposes of the employee incentive program			-	-	-4.2	-4.2
Closing balance of equity	**130.1**	**956.3**	**-6,431.1**	**18,311.5**	**-4.2**	**12,962.6**

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 2023 | Data in PLN million

2022 the period from 01 Jan 2022 to 31 Dec 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	-	-	-	1,714.4	**1,714.4**
Other net comprehensive income, including:	**0.0**	**0.0**	**-5,218.3**	**0.0**	**-5,218.3**
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	-449.0	-	-449.0
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-15.9	-	-15.9
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,064.6	-	-6,064.6
cash flow hedge – reclassification to profit or loss	-	-	1,307.2	-	1,307.2
fixed assets revaluation	-	-	0.1	-	0.1
actuarial gains/losses	-	-	3.9	-	3.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-683.2**	**-683.2**
valuation of employee incentive programs	-	-	-	6.3	6.3
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-8,039.3**	**16,297.2**	**9,344.3**

1 half of 2022 the 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**

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Interim condensed consolidated cash flow statement

	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Net profit	**2,008.1**	**1,365.8**
Adjustments, including:	**-6,502.5**	**795.2**
Share of net profit (loss) of associates accounted for using the equity method	-11.9	-12.6
Depreciation and amortisation	146.0	136.7
Interest accrued (from the income statement)	-3,914.4	-3,631.1
Interest paid	-2,089.1	-571.1
Interest received	5,872.3	3,961.0
Dividends received	-7.4	-1.6
Gains (losses) on investing activities	0.6	0.1
Income tax (from the income statement)	625.0	533.5
Income tax paid	-253.2	-83.1
Change in provisions	8.1	1.8
Change in loans and other receivables to other banks	-6,264.0	-33.0
Change in financial assets measured at fair value through profit or loss	-379.0	-1,943.6
Change in hedge derivatives	1,708.6	-7,102.7
Change in investment securities	3,863.1	3,718.3
Change in transferred assets	-10,955.9	-4,597.7
Change in loans and other receivables to customers measured at amortised cost	-1,190.7	-5,389.2
Change in other assets	479.8	-28.7
Change in liabilities to other banks	794.5	-1,672.5
Change in liabilities measured at fair value through profit or loss	-614.4	1,615.3
Change in liabilities to customers	6,976.0	14,472.3
Change in liabilities from debt securities issued	0.7	0.7
Change in subordinated liabilities	-83.9	28.4
Change in other liabilities	-1,213.3	1,394.0
Net cash flows from operating activities	**-4,494.4**	**2,161.0**

	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022
Acquisition of property, plant and equipment	-37.6	-69.6
Acquisition of intangible assets	-90.6	-68.9
Acquisition of debt securities measured at amortized cost	-309.7	-1,270.7
Disposal of debt securities measured at amortized cost	3,909.1	3,335.5
Dividends received	7.4	1.6
Net cash flows from investment activities	**3,478.6**	**1,927.9**
Long-term loans received	2,292.8	996.8
Repayment of long-term loans	-1,300.8	-587.0
Interest payment on long-term loans	-107.9	-8.2
Redemption of debt securities	0.0	-575.0
Interest on debt securities issued	-16.1	-4.5
Repayment of lease liabilities	-52.6	-52.5
Purchase of own shares for the purposes of the employee incentive program	-4.2	0.0
Dividends paid	0.0	-689.5
Net cash flows from financial activities	**811.2**	**-919.9**
Net increase/(decrease) in cash and cash equivalents	**-204.6**	**3,169.0**
of which effect of exchange rate changes on cash and cash equivalents	713.8	-405.8
Opening balance of cash and cash equivalents	**3,049.7**	**1,377.6**
Closing balance of cash and cash equivalents	**2,845.1**	**4,546.6**

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 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, as well as provides banking and 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 2023 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.

On 5 January 2023 Bank received from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. ("PTE Allianz") a notification about the increased share of the funds managed by PTE Allianz in the total number of votes in the General Meeting of the Bank above 9%, following the merger with the company Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna managing Drugi Allianz Polska Otwarty Fundusz Emerytalny ("Drugi Allianz OFE", previously operating under the name Aviva Otwarty Fundusz Emerytalny Aviva Santander, name changed on 2 January 2023). In line with the notification, after the merger, the total share of Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny and Drugi Allianz OFE, managed by PTE Allianz, in the share capital and in the total number of votes at the Bank was 9.74%. On 16 May 2023, the Bank received a notification from PTE Alianz that on 12 May 2023, as a result of the liquidation of the Drugi Allianz OFE by transferring its assets to Allianz Otwarty Fundusz Emerytalny, the share in the total number of votes in the Bank is 9.65%.

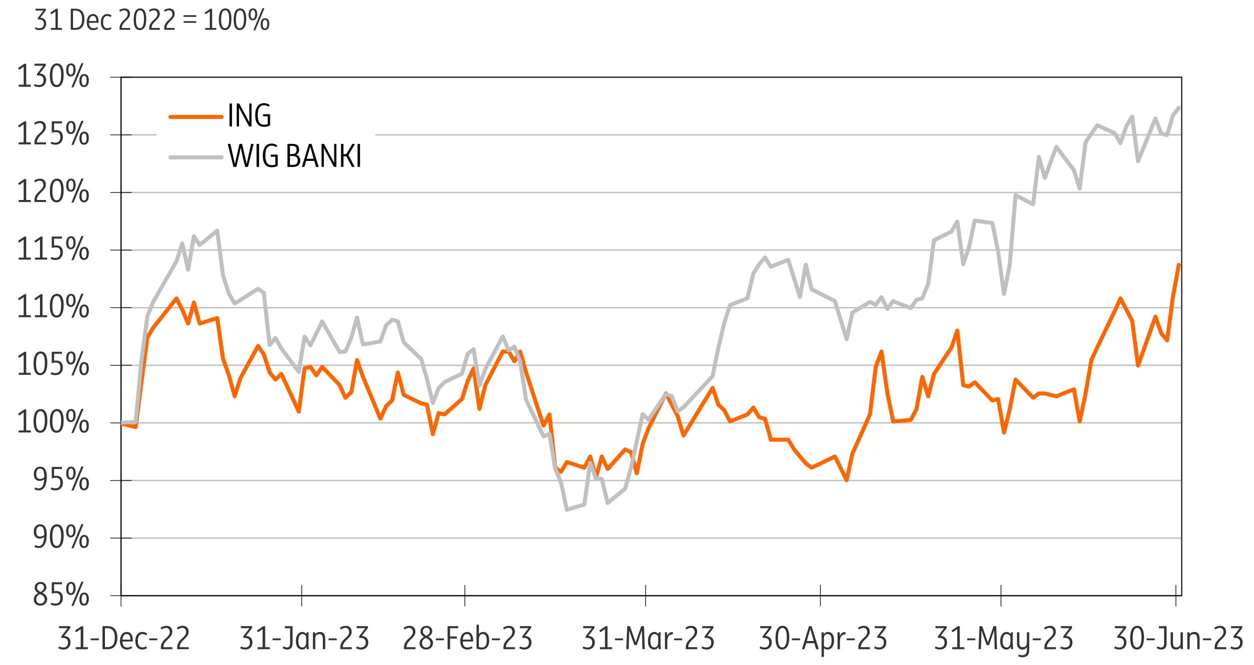
As at 30 June 2023, shareholders holding 5 or more percent of the votes at the General Meeting of ING Bank Śląski S.A. were the following entities:

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.	Powszechne Towarzystwo Emerytalne Allianz S.A.	12,555,367	9.65

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 2023 the share price of ING Bank Śląski S.A. amounted to PLN 187.4, compared to PLN 164.8 and PLN 170.4 as at 31 December 2022 and 30 June 2022, respectively. In the 1st half of 2023, the share price of ING Bank Śląski S.A. was 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 2023 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 and votes on the General Meeting as at 30 Jun 2022	% of the Group's share in the share capital and votes on the General Meeting as at 31 Dec 2022	nature of the capital relationship	recognition in the Group financial statements
ING Investment Holding (Polska) 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 (Polska) Sp. z o.o.*	leasing services	Warszawa	100	100	subsidiary	full consolidation
SAIO Spółka Akcyjna	software sales, robotization of processes	Katowice	100	100	subsidiary	full consolidation
Paymento Financial S.A.	financial services and IT solutions for the financial sector	Tychy	100	n/a	subsidiary	full consolidation
Goldman Sachs TFI S.A. (previously named NN Investment Partners TFI S.A.)**	investment funds	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, HR and payroll 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 24 April 2023, NN Investment Partners TFI S.A. changed its name to Goldman Sachs TFI S.A.

Changes in the composition of the Group - acquisition of Paymento Financial S.A.

On 27 January 2023, the Polish Financial Supervision Authority (PFSA, KNF) stated that there are no grounds to object to the acquisition by ING Investment Holding (Polska) S.A. - a 100% subsidiary of ING Bank Śląski - of a controlling stake in Paymento Financial S.A. The acquisition transaction was finalized on 31 March 2023. The fair value as at the acquisition date of the total consideration transferred was PLN 24.4 million (settled in cash). As at the acquisition date, the Group recognized intangible assets in the amount of PLN 21.1 million and other net assets and liabilities in the amount of PLN 3.3 million. In connection with this transaction, the Group did not recognize any goodwill.

Paymento Financial S.A. provides professional financial services and IT solutions for the financial sector. The company is a National Payment Institution and its activity is subject to the supervision of the Office of the PFSA.

The acquisition of the technology company means strengthening the e-commerce competences at ING Bank Śląski S.A. and support in further development of the offer in this area.

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

On 30 June 2023, members of the Bank's Management Board and Supervisory Board did not hold any shares of ING Bank Śląski S.A.

As part of the Incentive Scheme addressed to persons having a significant impact on the Bank's risk profile, the Bank grants its own shares free of charge as a component of variable remuneration. In the period from 12 May to 19 June 2023, the Bank carried out the repurchase of the first tranche of own shares, as a result of which, on 3 July 2023, Members of the Management Board of the Bank were granted non-deferred own shares for the period from 1 July to 31 December 2022 in the total number of 7,772 shares. More information on the adopted Incentive Scheme and the buyback of the first tranche of treasury shares can be found in chapter 2. *Significant events in the 1st half of 2023.*

1.7. Approval of the financial statements

This interim condensed consolidated financial statements were approved for publication by the Bank's Management Board on 1 August 2023.

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022 were approved by the General Meeting on 26 April 2023.

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2. Significant events in the 1st half of 2023

the buy-back of the first tranche of own shares under the Bank's Identified Staff Incentive Scheme

On 12 May 2023, the Management Board of the Bank adopted a resolution to commence the buy-back of the first tranche of own shares and to determine its parameters as part of the implementation of the Incentive Scheme ("Scheme") adopted by way of Resolution No. 29 of the General Meeting of 7 April 2022 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 ("GM Resolution")

The buy-back of the first tranche of own shares will take place under the conditions set forth in Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "MAR Regulation") and in keeping with Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing the MAR Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures ("Technical Standard").

The purpose of the buy-back of own shares is to fulfil the obligations under the Scheme to allocate own shares free of charge as a component of variable remuneration to employees (including members of the Management Board) of the Bank and companies in the Bank's group subject to consolidation, ING Bank Hipoteczny S.A. excluded, qualified as Identified Staff (persons having material impact on the Bank's risk profile, as defined in the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks).

The Bank has fulfilled the conditions indicated in the GM Resolution to initiate the buy-back (including the permission of the Polish Financial Supervision Authority). The buy-back of shares under the Scheme will take place in 2023-2027 (as per the GM Resolution, the authorization for the Management Board to buy own shares is valid until 7 April 2027).

The total amount that may be allocated to buy own shares, including the costs of their acquisition, will be no more than PLN 200 million. The maximum number of own shares acquired will not exceed 800,000 shares, representing 0.6% of the total number of votes in the Bank, and in no case shall the total nominal value of the acquired own shares, taking into account own shares acquired earlier by the Bank and its subsidiaries, which have not been sold or redeemed, exceed 0.6% of the Bank's share capital.

The unit price of own shares purchased under the Scheme may not be lower than PLN 50 and higher than PLN 500, with the proviso that the price for the acquired own shares will be each time determined taking into account Article 5 of the MAR Regulation and the Technical Standard. The Bank may acquire no more than 25% of the average daily turnover of shares recorded in the period of 20 trading days preceding the day of purchase.

The funds allocated for the purchase of shares will come from the reserve capital established for this purpose by way of Resolution No. 30 of the General Meeting of 7 April 2022 on establishing reserve capitals and distribution of 2021 profit and past-year undivided profit.

The buy-back programme will be conducted and managed by Trigon Dom Maklerski S.A., which will make its trading decisions with respect to the detailed schedule of share buy-back independently of the Bank. Shares will be acquired through transactions concluded on the regulated market of the Warsaw Stock Exchange.

Pursuant to the Resolution of the Management Board, on 12 May 2023, the Bank proceeded with the repurchase of the first tranche of the Bank's own shares. In the period from 12 May to 19 June 2023, as a result of the transactions, the Bank acquired the maximum number of own shares provided for in the first tranche (i.e. 24,931 shares) for the total amount of PLN 4,201,796.00, constituting approximately 0.01916% of the share capital and approximately 0.01916% of the total number of votes at the General Meeting of the Bank.

Judgment of the CJEU

On 15 June 2023 the European Court of Justice (CJEU, Court) issued a judgment in a case regarding the answer to the question of the referring court regarding whether the provisions of EU law preclude the judicial interpretation of national provisions, according to which, if a loan agreement concluded by the bank and the consumer is invalid from the beginning due to the conclusion of unfair contractual terms, the parties, in addition to the refund of money paid in the performance of this contract (bank - loan principal, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request to be paid, may also demand any other benefits, including receivables (in particular, remuneration, compensation, reimbursement of costs or indexation of the benefit).

As regards consumer claims, the CJEU referred to national law and emphasized that it is for the referring court to assess, in the light of all the circumstances of the dispute, whether the inclusion of such consumer claims complies with the principle of proportionality.

As regards banks' claims, the Court pointed out that the Directive precludes banks from being entitled to demand compensation from the consumer beyond the repayment of the capital paid out and beyond the payment of statutory interest for late payment, if this would lead to “compensation for the loss of profit which it intended to make from that contract.” Indicating the need to return the capital, the Court did not determine whether it is about its real or nominal value, which is a particularly important question in the light of high inflation.

General Meeting of ING Bank Śląski S.A.

On 26 April 2023, the Bank's General Meeting was held, where resolutions on the matter were adopted:

- on reviewing and approving the annual financial statements for 2022 (individual and consolidated statements),
- on reviewing and approving the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2022 covering the Report on Operations of ING Bank Śląski S.A., including the statement on the application of corporate governance principles, as well as reviewing and approving the Report on non-financial information of ING Bank Śląski S.A. Group for 2022, including non-financial information of ING Bank Śląski S.A.,
- on accepting ING Bank Śląski S.A. Supervisory Board Report for 2022,
- on the opinion to the Supervisory Board's report on the ING Bank Śląski S.A. Supervisory Board and Management Board Members remuneration in 2022, and to the assessment of Bank's remuneration policy,
- on acknowledging fulfilment of duties in 2022 by Members of the Bank's Management Board and Members of the Bank's Supervisory Board,
- on distribution of 2022 profit,
- on amendments to the Charter of ING Bank Śląski Spółka Akcyjna,
- on determining the number of 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).

Changes in the composition of the Bank's Supervisory Board

On 26 January 2023 the Bank has received from Mr Aris Bogdaneris a letter of resignation from the capacity as Member of the Bank Supervisory Board effective as at the date of the Ordinary General Meeting of the Bank, due to his plans to leave ING Group.

On 26 April 2023, the General Meeting of ING Bank Śląski S.A. appointed Ms Katarzyna Zajdel-Kurowska and Mr Hans De Munck as Members of the ING Bank Śląski S.A. Supervisory Board. Ms Katarzyna Zajdel-Kurowska and Mr Hans De Munck comply with all the requirements set out in the provisions of Article 22aa of the Polish Banking Law Act of 29 August 1997. They newly appointed members of the Supervisory Board do not pursue competitive activity towards ING Bank Śląski S.A. nor participate in competitive companies/ partnerships as partners to civil law partnerships, partnerships, companies or any competitive legal entity as members of their bodies. The members are not listed in the Register of Insolvent Debtors maintained pursuant to the National Court Register Act of 20 August 1997.

Information on the distribution of profit for 2022

On 26 April 2023, the General Meeting of ING Bank Śląski S.A. adopted a resolution on the distribution of profit for 2022. On the basis of this resolution, the Bank allocated the amount of PLN 1,714.4 million (constituting the entire net profit for 2022) to the reserve capital, as follows:

1) the amount of PLN 513.9 million was allocated to increase the reserve capital earmarked for dividend payout, including interim dividend payments,
2) the amount of PLN 1,200.5 million was allocated to increase the general reserve capital.

The amount of the annual contribution to the BFG resolution fund in 2023

On 26 April 2023, the Bank received a notice from the Bank Guarantee Fund on the amount of the 2023 annual contribution to the resolution fund of banks. The contribution of Group amounts to PLN 153.6 million, including an adjustment of the contributions for 2022. The entire amount will be recognised in costs for the 1st quarter of 2023. The value attributable to the Bank is PLN 151.43 million, and to ING Bank Hipoteczny S.A. is PLN 2.14 million.

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

On 17 April 2023, the Bank received 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). More information on this subject can be found later in this financial statements, in chapter 9.4. *MREL requirements*.

3. Significant events after balance sheet date

None.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1st half of 2023 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 2023 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 2022 to 31 December 2022, which was approved on 26 April 2023 by the Bank's General Meeting and is available on the website of ING Bank Śląski S.A. (www.ing.pl).

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 2023 to 30 June 2023 and interim condensed consolidated statement of financial position as at 30 June 2023, together with comparable data were prepared according to the same principles of accounting for each period.

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 2023:

Change	Impact on the Group financial statements
IFRS 17 Insurance contracts with the extension of the temporary exemption from the application of IFRS 9.	The Group's analyses show that the implementation of the amendments does not have a significant impact on the Group's financial statements.
IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies	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 have a significant impact on the scope of disclosures of significant accounting principles in the Group's financial statements.
IAS 8 Definition of Accounting Estimates	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 does not have a significant impact on the financial statements of the Group.
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendment specifies the accounting requirements for income tax and possible exemption from recognising deferred tax. The amendments clarify that the exemption does not apply to transactions such leases and decommissioning obligations i.e. transactions for which simultaneously are recognise both an asset and a liability. The application of the amendment does not have an impact on the financial statements of the Group.
IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	The implementation of the changes had no impact on the Group's financial statements.

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 annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

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In the 1st half of 2023 has been published following new amendments to the standards.

Change (in brackets expected date of application)	Impact on the Group financial statements
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Annual periods beginning on or after 1 January 2024)	The Group's analyses show that the implementation of this amendments will impact of the scope of the disclosure however does not have a significant impact on the Group's financial statements.
IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (Immediately but disclosure requirements are required for annual periods commencing on or after 1 January 2023)	The amendment introduces the possibility to apply temporary exception in term of the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. The Group's analyses show that the implementation of this amendments can impact on the scope of the disclosure however does not have a significant impact on the Group's financial statements.

European Union does not endorse any new amendments to the standards.

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. The impact of the benchmark rate reform

Interbank offered rates (IBORs), such as WIBOR and EURIBOR, are widely used as benchmarks to set interest rates across a broad range of financial products and contracts. In line with recommendations from the Financial Stability Board, regulators have undertaken a fundamental review and reform of the major interest rates benchmarks. This review and the reform have been already implemented across several major currencies.

As of 30 June 2023, the Group was exposed to one significant interest rate benchmarks that are expected to be discontinued i.e.: WIBOR, which is expected to be discontinued after 31 December 2024 and is replaced by WIRON.

These changes in the reference rate in Poland affect the Group, its customers and the financial industry as a whole and expose the Group to risks. These risks include legal, operational risk and financial risk. Legal risks are related to any required changes to documentation for new and existing transactions. Operational risks due to the requirement to adapt IT systems, trade reporting infrastructure and operational processes to the new benchmark rates. Financial risks (predominantly limited to interest rate risk) as a consequence of changes in the valuation of financial instruments linked to such benchmarks and declining liquidity may impact a contract directly or the ability to hedge the risks in that contract. Changes in valuation, interest calculation methodology or documentation may also result in customer complaints or litigation.

To mitigate these risks, the Group established an IBOR programme. This programme has an extensive governance in place, with progress being tracked by a steering committee. The programme assesses and coordinates the actions necessary to manage the required changes to internal processes and systems, including pricing, risk management, legal documentation and the impact on customers. The Group continues to monitor market developments, and the outcome of several remaining uncertainties such as the availability of term rates and any regulatory standards governing the transitions, to anticipate the impact on the programme, customers and related risks.

LIBOR USD

In the first half of the 2023, the Group to continued amending terms of contracts that reference USD LIBOR considering the cassesation of the publication of this benchmark as of 30 June 2023. The process of amending of the contracts was finalised before cassesation date to all non-derivatives and dervatives exposures with repricing after this date.

The Group applied the IFRS 9 IBOR Phase 2 amendments to account for the changes in the contractual terms of the financial instruments for the purpose of implementing the reform of USD LIBOR. The IFRS 9 Phase 2 amendments allow the Group to not recognise modification gains and losses on debt instruments whose contractual terms were amended if those modifications are necessary to implement the IBOR Reform and that the new basis for calculating cash flows is 'economically equivalent' to the previous basis. Instead, the changes to debt instruments resulting from IBOR Reform are treated as a reset to the instrument's variable interest rate and changes the instrument's effective interest rate. The Group applied the Phase 2 amendments to all changes in the contractual terms of the financial instruments that reference USD LIBOR. As a result, the Group did not recognize material modification gains and losses for these changes.

As at 30 June 2023, the Bank has exposures to LIBOR USD, but there will be no repricing of the interest rate until their maturity date.

WIBOR

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The planned replacement of WIBOR results in uncertainty in WIBOR cash flows designated in macro cash flow hedge accounting relationships. As a result, the Group applied the IAS 39 Phase 1 amendments. The IAS 39 Phase 1 amendments describe that in determining whether a forecast cash flows occure in a future and in assessing hedge effectiveness, it must be assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. Therefore, for the affected cash flow hedge relationships the Group assumes that the WIBOR based cash flows from the hedging instruments and hedged items will remain unaffected. The same assumption is used to assess the likelihood of occurrence of the forecast transactions that are subject to cash flow hedges. As a result, the Group continued the hedge accounting relationships. The IAS 39 Phase 1 amendments cease to apply when uncertainty arising from WIBOR replacement is no longer present with respect to the timing and amount of the IBOR-based cash flows of the relevant instruments. The table below presents the notional amount of hedging instruments that are referencing WIBOR.

The Group has not started to amend contractual provisions of financial instruments in anticipation of the discontinuation of WIBOR.

	the net nominal value of the position on the hedging instrument			
	as at 30 Jun 2023		as at 31 Dec 2022	
	Hedging assets	Hedging liabilities	Hedging assets	Hedging liabilities
Cash flow hedges	85,728.5	8,366.3	87,728.0	31,206.7
Fair value hedges	9,362.0	-	812.0	-

Structure of financial assets and liabilities according to reference rates

As at 30 June 2023 the following financial instruments use a reference to a WIBOR benchmark rate that is planned to be discontinued and is significant to the Group. Non-derivative financial assets and non-derivative financial liabilities are presented at the gross carrying value, off-balance sheet items are presented at the commited amount and derviatives are presented in nominal amounts.

Financial instruments referring to WIBOR

	as at 30 Jun 2023		as at 31 Dec 2022	
	With maturity date after 30 Jun 2023	With maturity date after 31 Dec 2024	With maturity date after 31 Dec 2022	With maturity date after 31 Dec 2024
Non-derivative financial assets	133,956.8	119,448.4	133,457.9	115,362.5
Non-derivative financial liabilities	521.5	0.3	2,752.4	0.2
Derivatives	1,047,749.3	588,268.4	958,446.8	454,755.9
Off-balance sheet items	7,718.9	2,496.5	8,269.1	2,711.8

4.3. 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 date of publication, i.e. from 3 August 2023. As at the date of adoption of these consolidated financial statements for publication, the Management Board of the Bank does not state any facts or circumstances that would indicate a threat to the Group's ability to continue as a going concern within 12 months from the date of publication as a result of the Group's intentional or forced discontinuation or significant limitation of its current operations.

4.4. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 1st half of 2023 contain data of the Bank and its subsidiaries and associates (collectively referred to as the "Group"). It has been drawn up in Polish zlotys ("PLN"). All values, unless indicated otherwise, are rounded up to million zlotys with one decimal place. As a result, there may be instances of mathematical inconsistency in the totals or between individual notes.

4.5. Reporting period and comparable data

Interim condensed consolidated financial statements of ING Bank Śląski S.A. Group covers the period from 1 January 2023 to 30 June 2023 and includes comparative data:

- as at 31 December 2022 and 30 June 2022 - for the interim condensed consolidated statement of financial position,
- for the period from 1 January 2022 to 30 June 2022 and from 1 April 2022 to 30 June 2022 - for the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income,
- for the period from 1 January 2022 to 30 June 2022 - for the interim condensed consolidated cash flow statement,
- for the period from 1 January 2022 to 31 December 2022 and from 1 January 2022 to 30 June 2022 – for the interim condensed statement of changes in consolidated equity.

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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 2022 to 31 December 2022, 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.

In the 1st half of 2023, no significant changes were made to the accounting principles applied by the Group.

5.1. Key estimates

Below are the most important estimates that changed in the 1st half of 2023 in relation to those presented in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

5.1.1. Impairment for expected credit losses

The methodology for calculating expected credit losses was presented in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

Macroeconomic factors

Credit risk models for the purposes of IFRS 9 were built on the basis of historical relationships between changes in economic parameters (i.e. GDP or interest rates) and their subsequent effect on the implementation of changes in the level of credit risk (PD/LGD). Until the end of 2019, changes in macroeconomic forecasts were implemented relatively slowly, smoothly moving from one phase of the cycle to another, without drastic and shock events changing the macroeconomic situation. The current economic situation caused, among others, by the war in Ukraine has completely different characteristics - a sudden increase in interest rates, inflation, disruption of supply chains, further reduction of GDP forecasts. In addition, due to the effect of aid programs for mortgage loans, the effect of changing macroeconomic forecasts was softened in relation to what would be shown by macroeconomic indicators alone.

As at 30 June 2023, the Group revised the forecasts of macroeconomic indicators. Macroeconomic assumptions used to determine expected credit losses are based on forecasts prepared by the Bank's Macroeconomic Analysis Office. The net effect of changes in macroeconomic assumptions reduced the level of provisions for expected credit losses at the end of the first half of 2023 by PLN 46.3 million (compared to the end of 2022).

Management adjustments

In times of heightened volatility and uncertainty, where portfolio quality and the economic environment are changing rapidly, models are undermined in their ability to accurately predict losses. To mitigate model risk, additional adjustments can be made to address data quality issues, model issues or expert opinions. They also include adjustments resulting from overestimation or underestimation of allowances for expected credit losses by IFRS 9 models.

The currently observed high level of inflation and interest rates have not occurred in the last few years. Therefore, the historical correlation of risk parameters (PD in IFRS models) with macroeconomic parameters does not fully reflect the current credit risk of the portfolios. At the same time, as a result of backtests of models for the retail portfolio and for the portfolio of corporate clients, excess conservativeness of LGD models was identified for impaired exposures resulting from the adopted recovery periods for LGD estimation.

The introduction of management adjustments at the end of the 1st half of 2023, addressing the above-mentioned issues resulted in a decrease in the allowance for expected credit losses by PLN 28.1 million for the portfolio of retail clients and an increase of PLN 75.9 million for the portfolio of corporate clients (compared to a decrease of PLN 4.7 million and PLN 70.5 million, respectively, at the end of 2022). A significant change for the portfolio of corporate clients results from the implementation of updated LGD models in default.

In addition, the observed negative changes in the economy related to the war in Ukraine, in particular the disruption of supply chains, increases in energy prices and labor shortages, in the Group's opinion, are not sufficiently covered by the current models for corporate clients. As a consequence, the Group analyzed the sectors in which strategic clients operate (as part of the corporate client portfolio) in terms of the risk of future debt servicing problems and decided to increase the provision for expected credit losses for this portfolio by PLN 57.7 million at the end of 1st half of 2023 (compared to PLN 84.3 million at the end of 2022).

The above management adjustments did not affect the classification of exposures to Stages presented in these financial statements.

On 29 July 2022, a statutory aid program was introduced allowing customers with mortgage loans in PLN to suspend 4 installments in 2022 and 4 installments (one per quarter) in 2023 (credit holidays). Due to the specificity of PD models, which use information on behavior in accounts (in particular in terms of timely repayments), model parameters may be underestimated in relation to the actual situation of the customer. In connection with the above, the impairment loss was adjusted and part of the exposure portfolio was reclassified to Stage 2 (customers with arrears on other products or with an uncertain economic situation, e.g. with a high DSTI ratio, meaning a high ratio of debt servicing cost to income). As a consequence, the Group decided to increase the allowance for expected credit losses for the mortgage loan portfolio by PLN 28.2 million at the end of 1st half of 2023 (compared to PLN 25.0 million at the end of 2022).

Breakdown of adjustments into stages and into corporate and retail segments was presented in note 8.13. *Loans and other receivables to customers measured at amortised cost.*

Sensitivity analysis of expected credit losses on assumed PD threshold

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 show, as at 30 June 2023, respectively lower expected losses for assets in Stages 1 and 2 by approximately PLN 310 million (including PLN 210 million for the corporate portfolio and PLN 100 million for the retail portfolio) or higher by approximately PLN 790 million (respectively PLN 410 million for the corporate portfolio and PLN 380 million for the retail portfolio).

Estimates made as at 31 December 2022 showed hypothetical expected losses lower for assets in Stages 1 and 2, respectively, by approximately PLN 290 million (including PLN 200 million for the corporate portfolio and PLN 90 million for the retail portfolio) or higher by approximately PLN 840 million (respectively PLN 440 million for the corporate portfolio and PLN 400 million for the retail portfolio).

Macroeconomic forecasts and probability weights applied to each of macroeconomic scenarios

Below are presented the macroeconomic forecasts of of key factors adopted as at 30 June 2023 and 31 December 2022 and the deviations of expected losses in the upside, baseline and negative scenarios from the reported expected losses, weighted by the probability of the scenarios - broken down into corporate, retail and for the entire loan portfolio. The analysis takes into account changes in the time horizon of expected losses resulting from the macroeconomic scenarios used in the analysis. The presented deviations from reported losses do not take into account the impact of management adjustments described earlier. The macroeconomic assumptions used to determine these deviations for the baseline scenario are based on forecasts prepared by the Bank's Macroeconomic Analysis Office, with forward curves as at the end of the 1st half of year adopted for interest rates.

The tables on the next pages present the results of the analysis of changes in exposure in Stages and changes in the coverage of provisions jointly for the entire loan portfolio and separately for the corporate and retail portfolios.

Both for the entire loan portfolio and its corporate and retail parts, the selective application of the negative scenario with a weight of 100% results in a significant increase in the level of provisions in all Stages (1/2/3). The average increase in the write-down on the entire portfolio, on a consolidated basis, is approximately 18% compared to the averaged scenario used to calculate the write-offs for the 1st half of 2023. The increase in write-downs in this scenario is caused mainly by a significant decline in GDP. The decrease in the interest rate expected in this scenario (from 5.5% to approximately 2.3% over a 3-year horizon) reduces the credit burden of customers and, as a result, partially mitigates the effect of the decline in GDP.

Similar results in terms of the impact of macroeconomic variables can be observed in the case of the 100% positive scenario.

If a 100% weighting was applied to the baseline scenario, there would be a decrease in provisions by approximately 2% for the entire portfolio (3% for the corporate portfolio and 1% for the retail portfolio).

as at 30 Jun 2023

Total portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)	
					Total	by Stages			**Total**	by Stages
Upside scenario	GDP	2.6%	4.1%	4.9%	**-8%**	Stage 1 -25% Stage 2 -14% Stage 3 -2%	-11%	20%	**2,499.8**	Stage 1 396.5 Stage 2 825.3 Stage 3 1,278.0
	Unemployment	1.9%	2.4%	1.9%						
	Real estate price index	1.1%	3.7%	5.8%						
	3 months' interest rate	7.9%	7.8%	7.5%						
Baseline scenario	GDP	1.2%	2.4%	3.5%	**-2%**	Stage 1 -8% Stage 2 -4% Stage 3 0%	-3%	60%		
	Unemployment	3.0%	3.0%	2.9%						
	Real estate price index	-0.5%	2.7%	4.0%						
	3 months' interest rate	6.1%	5.1%	4.3%						
Negative scenario	GDP	-0.8%	-0.9%	1.3%	**18%**	Stage 1 18% Stage 2 58% Stage 3 3%	90%	20%		
	Unemployment	4.4%	5.3%	6.5%						
	Real estate price index	-5.3%	0.9%	2.0%						
	3 months' interest rate	5.5%	3.2%	2.3%						

Corporate portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)	
					Total	by Stages			**Total**	by Stages
Upside scenario	GDP	2.6%	4.1%	4.9%	**-12%**	Stage 1 -41% Stage 2 -19% Stage 3 -2%	-14%	20%	**1,389.0**	Stage 1 213.7 Stage 2 539.0 Stage 3 636.3
	Unemployment	1.9%	2.4%	1.9%						
	Real estate price index	1.1%	3.7%	5.8%						
	3 months' interest rate	7.9%	7.8%	7.5%						
Baseline scenario	GDP	1.2%	2.4%	3.5%	**-3%**	Stage 1 -14% Stage 2 -6% Stage 3 0%	-4%	60%		
	Unemployment	3.0%	3.0%	2.9%						
	Real estate price index	-0.5%	2.7%	4.0%						
	3 months' interest rate	6.1%	5.1%	4.3%						
Negative scenario	GDP	-0.8%	-0.9%	1.3%	**29%**	Stage 1 27% Stage 2 83% Stage 3 3%	113%	20%		
	Unemployment	4.4%	5.3%	6.5%						
	Real estate price index	-5.3%	0.9%	2.0%						
	3 months' interest rate	5.5%	3.2%	2.3%						

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Total portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)	
					Total	by Stages			**Total**	by Stages
Upside scenario	GDP	4.2%	4.3%	5.2%	**-9%**	Stage 1 -26% Stage 2 -16% Stage 3 -2%	-17%	20%	**2,356.9**	Stage 1 432.7 Stage 2 833.0 Stage 3 1,091.1
	Unemployment	2.1%	2.2%	1.8%						
	Real estate price index	2.1%	3.9%	5.0%						
	3 months' interest rate	10.2%	10.2%	9.9%						
Baseline scenario	GDP	1.5%	3.3%	3.5%	**-5%**	Stage 1 4% Stage 2 -20% Stage 3 0%	-17%	60%		
	Unemployment	3.1%	2.9%	2.8%						
	Real estate price index	0.3%	2.5%	3.2%						
	3 months' interest rate	8.0%	7.3%	7.1%						
Negative scenario	GDP	-2.8%	1.1%	1.5%	**21%**	Stage 1 17% Stage 2 63% Stage 3 3%	104%	20%		
	Unemployment	4.6%	5.9%	6.9%						
	Real estate price index	-5.1%	0.6%	1.2%						
	3 months' interest rate	6.7%	5.4%	4.6%						

Corporate portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)	
					Total	by Stages			**Total**	by Stages
Upside scenario	GDP	4.2%	4.3%	5.2%	**-13%**	Stage 1 -45% Stage 2 -20% Stage 3 -2%	-20%	20%	**1,316.4**	Stage 1 237.3 Stage 2 535.3 Stage 3 543.7
	Unemployment	2.1%	2.2%	1.8%						
	Real estate price index	2.1%	3.9%	5.0%						
	3 months' interest rate	10.2%	10.2%	9.9%						
Baseline scenario	GDP	1.5%	3.3%	3.5%	**-4%**	Stage 1 -15% Stage 2 -6% Stage 3 0%	-7%	60%		
	Unemployment	3.1%	2.9%	2.8%						
	Real estate price index	0.3%	2.5%	3.2%						
	3 months' interest rate	8.0%	7.3%	7.1%						
Negative scenario	GDP	-2.8%	1.1%	1.5%	**32%**	Stage 1 29% Stage 2 90% Stage 3 3%	129%	20%		
	Unemployment	4.6%	5.9%	6.9%						
	Real estate price index	-5.1%	0.6%	1.2%						
	3 months' interest rate	6.7%	5.4%	4.6%						

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Retail portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in % – Total	Expected losses weighted by probability – deviation from losses reported in % – by Stages	Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stages
Upside scenario	GDP	2.6%	4.1%	4.9%	**-3%**	Stage 1 -6% Stage 2 -7% Stage 3 -2%	-2%	20%	**1,110.8**	Stage 1 182.9 Stage 2 286.2 Stage 3 641.7
	Unemployment	1.9%	2.4%	1.9%						
	Real estate price index	1.1%	3.7%	5.8%						
	3 months' interest rate	7.9%	7.8%	7.5%						
Baseline scenario	GDP	1.2%	2.4%	3.5%	**-1%**	Stage 1 -1% Stage 2 -1% Stage 3 0%	0%	60%		
	Unemployment	3.0%	3.0%	2.9%						
	Real estate price index	-0.5%	2.7%	4.0%						
	3 months' interest rate	6.1%	5.1%	4.3%						
Negative scenario	GDP	-0.8%	-0.9%	1.3%	**5%**	Stage 1 8% Stage 2 11% Stage 3 3%	4%	20%		
	Unemployment	4.4%	5.3%	6.5%						
	Real estate price index	-5.3%	0.9%	2.0%						
	3 months' interest rate	5.5%	3.2%	2.3%						

as at **31 Dec 2022**

Retail portfolio

		2023	2024	2025	Expected losses weighted by probability – deviation from losses reported in % – Total	Expected losses weighted by probability – deviation from losses reported in % – by Stages	Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3) – Total	Reported expected losses (collective assessment in Stage 1, 2 and 3) – by Stages
Upside scenario	GDP	4.2%	4.3%	5.2%	**-4%**	Stage 1 -5% Stage 2 -10% Stage 3 -2%	-4%	20%	**1,040.5**	Stage 1 195.4 Stage 2 297.7 Stage 3 547.4
	Unemployment	2.1%	2.2%	1.8%						
	Real estate price index	2.1%	3.9%	5.0%						
	3 months' interest rate	10.2%	10.2%	9.9%						
Baseline scenario	GDP	1.5%	3.3%	3.5%	**-6%**	Stage 1 25% Stage 2 -42% Stage 3 -1%	-55%	60%		
	Unemployment	3.1%	2.9%	2.8%						
	Real estate price index	0.3%	2.5%	3.2%						
	3 months' interest rate	8.0%	7.3%	7.1%						
Negative scenario	GDP	-2.8%	1.1%	1.5%	**8%**	Stage 1 4% Stage 2 21% Stage 3 4%	9%	20%		
	Unemployment	4.6%	5.9%	6.9%						
	Real estate price index	-5.1%	0.6%	1.2%						
	3 months' interest rate	6.7%	5.4%	4.6%						

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5.1.2. Legal risk of mortgage loans indexed to CHF

The Group has receivables from retail mortgage loans indexed to the CHF exchange rate. The table below presents the number and individual elements of the gross and net carrying amount of these receivables.

In addition, the Group estimated the provision for legal risk of CHF-indexed mortgage loans in the amount of PLN 86.7 million, which applies to CHF-indexed mortgage loans removed from the statement of financial position and some loans recognized in the statement of financial position for which the estimated loss value exceeds gross exposure. This provision is presented in liabilities under *Provisions*. As at 31 December 2022 and 30 June 2022, the provision amounted to PLN 53.7 million and PLN 35.6 million, respectively, and related entirely to CHF-indexed mortgage loans removed from the statement of financial position.

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
number of contracts (in pieces)	3,021	3,318	3,592
capital balance	623.4	719.0	779.8
the amount of the adjustment to the gross carrying amount	-473.0	-581.6	-343.7
other elements of the gross carrying amount (interest, ESP)	2.3	2.1	2.0
gross carrying amount	**152.7**	**139.5**	**438.1**
impairment for expected credit losses	-12.4	-16.2	-20.0
Net carrying amount of CHF-indexed mortgage loans	**140.3**	**123.3**	**418.1**
Provision for legal risk of CHF-indexed mortgage loans	86.7	53.7	35.6

As at 30 June 2023, 1,214 court cases were pending against the Bank in connection with concluded loan agreements in PLN indexed to the CHF exchange rate (compared to 1,041 cases as at 31 December 2022 and 889 cases as at 30 June 2022). As at 30 June 2023, the outstanding principal of the loans covered by the proceedings in question amounted to PLN 265.5 million (PLN 251.8 million as at 31 December 2022 and PLN 229.3 million as at 30 June 2022).

Changes during the period concerning the estimate of the adjustment/provision for legal risk both for loans in the Bank's portfolio and for repaid loans are presented by the Bank in the income statement under *Cost of legal risk of FX mortgage loans* (note 8.8.).

The following table presents the change in 1st half of 2023 and in 2022:

- in gross carrying amount adjustments for CHF-indexed mortgage loans recognised in the statement of financial position, and
- in provision for legal risk of CHF-indexed mortgage loans.

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023		2022 the period from 01 Jan 2022 to 31 Dec 2022	
	an adjustment to the gross carrying amount for loans recognized in the statement of financial position	provision for legal risk of CHF-indexed mortgage loans	an adjustment to the gross carrying amount for loans recognized in the statement of financial position	provision for legal risk of CHF-indexed mortgage loans
Balance at the beginning of the period	**581.6**	**53.7**	**345.6**	**37.6**
Changes in the period, including:	**-108.6**	**33.0**	**236.0**	**16.1**
provisions recognised/ reversed	-	-	271.5	21.4
transfer between provisions	-38.9	38.9	-3.0	3.0
utilisation, including from settlements	-43.8	-5.9	-82.0	-8.3
FX differences	-25.9	-	49.5	-
Balance at the end of the period	**473.0**	**86.7**	**581.6**	**53.7**

On 15 June 2023, the European Court of Justice (CJEU) issued a judgment in a case regarding the answer to the question of the referring court regarding whether the parties, in addition to reimbursement of money paid in performance of the contract (bank - loan principal, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request for payment, may also demand any other benefits, including receivables (in particular remuneration, compensation, reimbursement of costs or indexation of the benefit). More information on the judgment of the CJEU can be found in point 2. *Significant events in the 1st half of 2023*.

The judgment of the CJEU does not differ from the opinion of the Advocate General of the CJEU issued on 16 February 2023, which the Bank took into account in the estimates regarding the annual financial statements for 2022. Calculation assumptions, in particular taking into account decisions regarding remuneration, both the amount of adjustments to the gross carrying amount resulting from legal risk for the portfolio of CHF-indexed mortgage loans disclosed in the statement of financial position and the amount of provisions for CHF-indexed mortgage loans already removed from the statement of financial position as at 31 December 2022, is described in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31

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December 2022, in chapter III. *Significant accounting policies*, in point *Write-downs and portfolio provisions related to the portfolio of mortgage loans indexed to the CHF exchange rate*.

In the 1st half of 2023, the Group did not change the assumptions regarding the calculation of the amounts described above. The presentation of part of the loss, previously recognized as an adjustment to the gross carrying amount of loans recognized in the statement of financial position, was transferred to the provision for legal risk of CHF-indexed mortgage loans for loans for which the estimated loss value exceeded the gross exposure (amount of PLN 38.9 PLN million).

6. Comparability of financial data

6.1. Changes in income statement

In these interim condensed consolidated financial statements for the 1st half of 2023, compared to the interim condensed consolidated financial statements for the 1st falf of 2022, the Group introduced change in the presentation of individual items of the consolidated income statement. The change consisted in moving the price adjustment amounts (PAA) received from derivatives under cash flow hedge accounting from the *Net (loss)/income on hedge accounting* line (from the detailed item: *ineffectiveness under cash flow hedges*) to the line *Interest income* and *Interest expenses* (to the detailed items *other interest income/cost related to the settlement of valuations of cash flow hedging derivatives*). A detailed description of the above changes, together with the justification for their introduction, is presented in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

Also, in these interim condensed consolidated financial statements for the 1st half of 2023, the Group resigned from presenting in the income statement *the impact of the adjustment to the gross carrying amount of loans due to credit moratoria*, which was a more detailed presentation of interest income. This item was added in the interim condensed consolidated financial statements for 3rd quarter of 2022 and in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022. The Group presented these amounts separately due to the nature and significance of the adjustments in these periods. Because the effect of the credit moratoria was recognised in its entirety in 2022, the presentation of a separate line in the income statement in the financial statements for the 1st half of 2023 was no longer relevant.

The table presents individual items of the consolidated income statement according to the values presented in the interim condensed consolidated financial statements for the 1st half of 2022 and according to the values presented in these interim condensed consolidated financial statements.

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

	in interim condensed consolidated financial statements for the 1st half of 2022 *(published data)*	change	in interim condensed consolidated financial statements for the 1st half of 2023 *(comparable data)*
Net interest income	3,936.4	294.8	4,231.2
calculated using the effective interest rate method	3,935.3		3,935.3
other interest income	1.1	294.8	295.9
Interest expense	-443.8	-156.3	-600.1
Interest income	**3,492.6**	**138.5**	**3,631.1**
Commission income	1,306.3		1,306.3
Commission expense	-253.5		-253.5
Net commission income	**1,052.8**	**0.0**	**1,052.8**
Net income on financial instruments measured at fair value through profit or loss and FX result	4.8		4.8
Net income on the sale of securities measured at amortised cost	-15.7		-15.7
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	26.8		26.8
Net (loss)/income on hedge accounting	105.8	-138.5	-32.7
Net (loss)/income on other basic activities	-1.1		-1.1
Net income on basic activities	**4,666.0**	**0.0**	**4,666.0**
General and administrative expenses	-2,131.5		-2,131.5
Impairment for expected credit losses	-333.5		-333.5
including profit on sale of receivables	9.2		9.2
Cost of legal risk of FX mortgage loans	-1.3		-1.3
Tax on certain financial institutions	-313.0		-313.0
Share of the net profits of associates measured by equity method	12.6		12.6
Gross profit	**1,899.3**	**0.0**	**1,899.3**
Income tax	-533.5		-533.5
Net profit	**1,365.8**	**0.0**	**1,365.8**
including attributable to shareholders of ING Bank Śląski S.A.	1,365.8	0.0	1,365.8

6.2. Changes in cash flow statement

In these interim condensed consolidated financial statements for the 1st half of 2023, compared to the consolidated financial statements for the 1st half of 2022, the Group introduced changes in the presentation of individual items of the consolidated cash flow statement. The changes are as follows:

a. Reflecting the presentation changes introduced in the income statement, i.e. resulting from the transfer to interest income and expenses of price adjustment amounts (PAA) received from derivatives under cash flow hedge accounting (described in point 6.1.).

b. Separation of the following items in operating activities:

- *Change in transferred assets* – in the reports for previous periods, the amounts corresponding to the change in these assets were presented – depending on the adopted valuation category – in the lines *Change in financial assets measured at fair value through profit or loss* or/and *Change in investment securities*.
- *Change in liabilities from debt securities issued* – to this item amounts corresponding to non-monetary changes in the carrying amount of liabilities arising from the issue of securities – other than accrued and unpaid interest - were transferred. In the financial statements for the previous periods, the Group presented these amounts in the item *Change in other liabilities*.
- *Change in subordinated liabilities* – to this item amounts corresponding to non-monetary changes in the carrying amount of subordinated liabilities – other than accrued and unpaid interest - were transferred. In the financial statements for the previous periods, the Group presented these amounts in the item *Change in other liabilities*.

The introduction of the above changes was aimed at a more complete reflection in the cash flows statement of changes in items presented in assets and liabilities of the statement of financial position.

The table contains individual items presented in the operating activities of the cash flows statement, in the breakdown and by the values presented in the interim condensed consolidated financial statements for the 1st half of 2022 and in the breakdown and by values presented in these interim condensed consolidated financial statements. Cash flows from investment and financial activities did not change and did not require restatements.

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

	in interim condensed consolidated financial statements for the 1st half of 2022 *(published data)*	change a	change b	in interim condensed consolidated financial statements for the 1st half of 2023 *(comparable data)*
Net profit	**1,365.8**			**1,365.8**
Adjustments, including:	**795.2**	**0.0**	**0.0**	**795.2**
Share of net profit (loss) of associates accounted for using the equity method	-12.6			-12.6
Depreciation and amortisation	136.7			136.7
Interest accrued (from the income statement)	-3,492.6	-138.5		-3,631.1
Interest paid	-414.8	-156.3		-571.1
Interest received	3,666.2	294.8		3,961.0
Dividends received	-1.6			-1.6
Gains (losses) on investing activities	0.1			0.1
Income tax (from the income statement)	533.5			533.5
Income tax paid	-83.1			-83.1
Change in provisions	1.8			1.8
Change in loans and other receivables to other banks	-33.0			-33.0
Change in financial assets measured at fair value through profit or loss	-1,756.8		-186.8	-1,943.6
Change in hedge derivatives	-7,102.7			-7,102.7
Change in investment securities	-1,066.2		4,784.5	3,718.3
Change in transferred assets	not applicable		-4,597.7	-4,597.7
Change in loans and other receivables to customers measured at amortised cost	-5,389.2			-5,389.2
Change in other assets	-28.7			-28.7
Change in liabilities to other banks	-1,672.5			-1,672.5
Change in liabilities measured at fair value through profit or loss	1,615.3			1,615.3
Change in liabilities to customers	14,472.3			14,472.3
Change in liabilities from debt securities issued	not applicable		0.7	0.7
Change in subordinated liabilities	not applicable		28.4	28.4
Change in other liabilities	1,423.1		-29.1	1,394.0
Net cash flows from operating activities	**2,161.0**	**0.0**	**0.0**	**2,161.0**

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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 2023 the period from 01 Jan 2023 to 30 Jun 2023			1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022		
	Retail banking segment	Corporate banking segment	**Total**	Retail banking segment	Corporate banking segment	**Total**
Income total	**2,093.9**	**2,989.4**	**5,083.3**	**2,183.6**	**2,482.5**	**4,666.0**
net interest income	1,813.6	2,100.8	3,914.4	1,878.6	1,752.5	3,631.1
net commission income, including:	273.4	782.3	1,055.7	305.2	747.6	1,052.8
commission income, including:	432.4	895.5	1,327.9	456.9	849.4	1,306.3
transaction margin on currency exchange	38.4	307.9	346.3	46.3	293.8	340.1
account maintenance fees	52.7	160.1	212.8	58.3	170.7	229.0
lending commissions	12.2	241.2	253.4	13.6	218.1	231.7
payment and credit cards fees	179.9	81.0	260.9	175.8	65.2	241.0
participation units distribution fees	28.9	0.0	28.9	34.0	0.0	34.0
insurance product offering commissions	94.7	18.1	112.8	92.9	16.5	109.4
factoring and lease contracts commissions	0.0	25.7	25.7	0.0	23.2	23.2
other commissions	25.6	61.5	87.1	36.0	61.9	97.9
commission expenses	-159.0	-113.2	-272.2	-151.7	-101.8	-253.5
other income/expenses	6.9	106.3	113.2	-0.3	-17.6	-17.9
General and administrative expenses	**-953.3**	**-899.6**	**-1,852.9**	**-1,257.9**	**-873.6**	**-2,131.5**
Segment operating result	**1,140.6**	**2,089.8**	**3,230.4**	**925.6**	**1,608.9**	**2,534.5**
impairment for expected credit losses	-80.3	-204.7	-285.0	-171.8	-161.7	-333.5
cost of legal risk of FX mortgage loans	0.0	0.0	0.0	-1.3	0.0	-1.3
tax on certain financial institutions	-114.3	-209.9	-324.2	-124.8	-188.2	-313.0
share of profit/(loss) of associates accounted for using the equity method	11.9	0.0	11.9	12.6	0.0	12.6
Gross profit	**957.9**	**1,675.2**	**2,633.1**	**640.3**	**1,259.0**	**1,899.3**
Income tax	-	-	-625.0	-	-	-533.5
Net profit	-	-	**2,008.1**	-	-	**1,365.8**
attributable to shareholders of ING Bank Śląski S.A.	-	-	2,008.1	-	-	1,365.8

Assets and liabilities by segment

	as at 30 Jun 2023			as at 31 Dec 2022		
	Retail banking segment	Corporate banking segment	**Total**	Retail banking segment	Corporate banking segment	**Total**
Assets of the segment	94,848.3	130,138.3	224,986.6	92,863.7	120,521.0	213,384.7
Segment investments in associates accounted for using	163.3	-	163.3	178.9	-	178.9
Other assets (not allocated to segments)	-	-	2,585.9	-	-	3,702.5
Total Assets	**95,011.6**	**130,138.3**	**227,735.8**	**93,042.6**	**120,521.0**	**217,266.1**
Segment liabilities	115,928.7	95,076.6	211,005.3	110,961.7	92,031.2	202,992.9
Other liabilities (not allocated to segments)	-	-	3,767.9	-	-	4,928.9
Equity	-	-	12,962.6	-	-	9,344.3
Total equity and liabilities	**115,928.7**	**95,076.6**	**227,735.8**	**110,961.7**	**92,031.2**	**217,266.1**

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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 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022 *(transformed data)*	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Interest income, including:	**3,134.0**	**6,116.1**	**2,379.5**	**4,231.2**
interest income calculated using effective interest rate method, including:	**2,846.4**	**5,526.1**	**2,144.8**	**3,935.3**
interest on financial instruments measured at amortised cost	2,446.1	4,816.7	1,991.3	3,683.8
interest on loans and other receivables to other banks	203.6	371.5	91.3	120.6
interest on loans and other receivables to customers	2,009.2	3,950.8	1,746.4	3,274.8
interest on investment securities	233.3	494.4	153.6	288.4
interest on investment securities measured at fair value through other comprehensive income	400.3	709.4	153.5	251.5
other interest income, including:	**287.6**	**590.0**	234.7	295.9
other interest income related to the settlement of valuations of cash flow hedging derivatives*	287.0	588.6	234.1	294.8
interest on loans and other receivables to customers measured at fair value through profit or loss	0.6	1.4	0.6	1.1
Interest expenses, including:	**-1,080.0**	**-2,201.7**	**-481.0**	**-600.1**
interest on deposits from other banks	-126.8	-218.9	-103.4	-155.4
interest on deposits from customers	-768.2	-1,616.6	-242.9	-269.0
interest on issue of debt securities	-7.8	-16.1	-5.5	-7.9
interest on subordinated liabilities	-18.3	-33.7	-4.4	-8.3
interest on lease liabilities	-4.4	-8.6	-1.8	-3.2
other interest cost related to the settlement of valuations of cash flow hedging derivatives*	-154.5	-307.8	-123.0	-156.3
Net interest income	**2,054.0**	**3,914.4**	**1,898.5**	**3,631.1**

*) In items *other interest income/cost related to the settlement of valuations of cash flow hedging derivatives* the Group presents the amounts of price adjustment (PAA) received from derivatives under cash flow hedge accounting. In the interim consolidated financial statements for the 1st half of 2022 these amounts were presented in line *Net (loss)/income on hedge accounting*. Information on the introduced changes in the presentation can be found in the point 6. *Comparability of financial data*.

In 2022, in connection with the entry into force of the Act *on crowdfunding for business ventures and assistance to borrowers*, the Group recognized in net interest income (as a reduction of income from *interest on loans and other receivables to customers*) an adjustment to the gross carrying amount of mortgage loans in PLN. The amount of the adjustment as at 31 December 2022 was PLN 1,644.9 million (PLN 1,549.2 million on a stand-alone basis). In the 1st half of 2023, credit moratoria covered, on average, 67.1% of the portfolio of mortgage loans in PLN (in terms of value in relation to the entire portfolio meeting the criteria required to take advantage of credit holidays). The indicator was defined as the average customer interest in holidays based on two quarters 2023 in which customers could take advantage of credit moratoria. As at 30 June 2023, the Group assumed in its estimates that in the 2nd half of 2023, customer interest in terms of value would amount to 77.5%. In the estimates for the end of 2022, the Group assumed that in 2023 customer interest in terms of value would amount to 75% in the 1st half of the year and 77.5% in the 2nd half of the year.

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8.2. Net commission income

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
Commission income, including:	**676.3**	**1,327.9**	**650.1**	**1,306.3**
transaction margin on currency exchange transactions	179.5	346.3	170.3	340.1
account maintenance fees	104.0	212.8	111.8	229.0
lending commissions	125.5	253.4	114.4	231.7
payment and credit cards fees	138.4	260.9	127.3	241.0
participation units distribution fees	14.9	28.9	14.6	34.0
insurance product offering commissions	57.3	112.8	54.5	109.4
factoring and lease contracts commissions	13.5	25.7	12.1	23.2
brokerage activity fees	12.4	25.7	12.8	33.7
fiduciary and custodian fees	6.0	11.9	6.2	12.9
foreign commercial business	11.0	21.8	10.9	21.5
other commission	13.8	27.7	15.2	29.8
Commission expenses, including:	**-142.0**	**-272.2**	**-131.3**	**-253.5**
payment and credit cards fees	-80.4	-156.7	-71.7	-138.4
Net commission income	**534.3**	**1,055.7**	**518.8**	**1,052.8**

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

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
FX result and net income on interest rate derivatives, including	33.4	93.7	-89.1	-121.0
FX result	-79.5	-172.0	88.3	125.6
currency derivatives	112.9	265.7	-177.4	-246.6
Net income on interest rate derivatives	-4.7	-1.3	38.2	110.7
Net income on debt instruments held for trading	7.2	13.7	6.2	15.1
Net income on repo transactions	1.5	4.9	3.5	4.3
Net income on measurement of loans to customers	0.0	0.0	0.1	0.0
Net income on equity instruments	0.0	0.0	-1.2	-4.3
Total	**37.4**	**111.0**	**-42.3**	**4.8**

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

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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 income on the sale of securities measured at amortised cost	0.0	0.0	-11.8	-15.7
Net income on sale of securities measured at fair value through other comprehensive income and dividend income, including:	8.6	9.8	24.7	26.8
sale of debt securities	1.2	2.4	17.9	20.0
dividend income	7.4	7.4	6.8	6.8
Total	**8.6**	**9.8**	**12.9**	**11.1**

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8.5. Net (loss)/income on hedge accounting

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022 *(transformed data)*	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Net income on hedge accounting	-4.3	-12.1	-18.2	-32.7
valuation of the hedged transaction	153.4	188.5	-214.3	-450.8
valuation of the hedging transaction	-157.7	-200.6	196.1	418.1
Cash flow hedge accounting	0.8	3.9	0.0	0.0
ineffectiveness under cash flow hedges*	0.8	3.9	0.0	0.0
Total	**-3.5**	**-8.2**	**-18.2**	**-32.7**

*) Compared to the financial statements for the 1st half of 2022, the Group changed the presentation of price adjustment amounts (PAA) received from derivatives under cash flow hedge accounting. These amounts, previously presented in the line *Net (loss)/income on hedge accounting* (in detailed item *ineffectiveness under cash flow hedges*), have been moved to *Interest income* and *Interest expenses* (to detailed items *other interest income/cost related to the settlement of valuations of cash flow hedging derivatives*). Information on the introduced changes in the presentation can be found in the point 6. *Comparability of financial data*.

8.6. General and administrative expenses

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
Personnel expenses	-465.8	-888.8	-409.7	-771.0
Other general and administrative expenses, including:	-384.8	-964.1	-790.4	-1,360.5
cost of marketing and promotion	-38.0	-71.4	-36.5	-69.2
depreciation and amortisation	-72.9	-146.0	-68.1	-136.6
obligatory Bank Guarantee Fund payments, of which:	0.0	-153.6	0.0	-226.6
resolution fund	0.0	-153.6	0.0	-172.8
bank guarantee fund	0.0	0.0	0.0	-53.8
contribution to the Commercial Banks Protection System	0.0	0.0	-429.8	-429.8
fees to the Polish Financial Supervisory Commission	0.0	-24.5	0.0	-22.0
IT costs	-104.0	-222.6	-98.1	-190.1
maintenance costs of buildings and real estate valuation to fair value	-35.9	-71.1	-28.6	-57.6
other	-134.0	-274.9	-129.3	-228.6
Total	**-850.6**	**-1,852.9**	**-1,200.1**	**-2,131.5**

8.6.1. Number of employees

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

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
FTEs	8,494.0	8,358.4	8,441.0
Individuals	8,536	8,399	8,488

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

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
FTEs	8,032.8	7,931.5	8,011.1
Individuals	8,063	7,961	8,043

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8.7. Impairment for expected credit losses

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
Corporate banking segment	-136.1	-204.7	-71.7	-161.7
Retail banking segment	-60.7	-80.3	-111.3	-171.8
Total	**-196.8**	**-285.0**	**-183.0**	**-333.5**

8.8. Cost of legal risk of FX mortgage loans

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
Cost of legal risk of FX indexed mortgage loans, including:	0.0	0.0	-0.2	-1.3
relating to loans in the Bank's portfolio	0.0	0.0	0.0	-0.3
relating to repaid loans	0.0	0.0	-0.2	-1.0
Total	**0.0**	**0.0**	**-0.2**	**-1.3**

Detailed information on the legal risk of CHF-indexed mortgage loans is provided in the chapter on key estimates, in point 5.1.2. *Legal risk of mortgage loans indexed to CHF* and further in the note 8.19. *Provisions*.

8.9. Cash in hand and balances with the Central Bank

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Cash in hand	903.9	932.6	1,152.2
Balances with the Central Bank	1,363.9	1,405.0	1,565.9
Total	**2,267.8**	**2,337.6**	**2,718.1**

The Bank maintains a mandatory reserve in the current account with the National Bank of Poland, the amount of which at the end of the 1st half of 2023 was 3.5% of the value of deposits received (similarly to 31 December 2022 and 30 June 2022).

8.10. Loans and other receivables to other banks

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Current accounts	326.0	329.1	167.3
Interbank deposits:	23.0	398.8	1,417.2
including O/N deposits	23.0	21.9	1,258.0
Loans and advances	312.9	312.8	305.7
Reverse repo transactions	10,395.4	3,759.5	0.0
Placed call deposits	231.0	361.1	403.1
Total (gross)	**11,288.3**	**5,161.3**	**2,293.3**
Impairment for expected credit losses	-0.1	-0.2	-0.1
Total (net)	**11,288.2**	**5,161.1**	**2,293.2**

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

as at	30 Jun 2023			31 Dec 2022			30 Jun 2022		
	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:	**0.0**	**2,296.9**	**2,296.9**	**163.8**	**1,895.8**	**2,059.6**	**56.4**	**3,423.8**	**3,480.2**
valuation of derivatives	-	1,371.8	**1,371.8**	-	974.9	**974.9**	-	2,789.3	**2,789.3**
other financial assets held for trading, including:	-	925.1	**925.1**	163.8	920.9	**1,084.7**	56.4	634.5	**690.9**
debt securities:	-	852.5	**852.5**	163.8	443.3	**607.1**	56.4	386.3	**442.7**
Treasury bonds in PLN	-	695.7	**695.7**	125.2	441.7	**566.9**	56.4	246.9	**303.3**
Czech Treasury bonds in CZK	-	146.9	**146.9**	38.6	1.2	**39.8**	-	138.9	**138.9**
Czech Treasury bonds in EUR	-	9.4	**9.4**	-	0.0	**0.0**	-	0.0	**0.0**
European Investment Bank bonds	-	0.5	**0.5**	-	0.4	**0.4**	-	0.5	**0.5**
repo transactions	-	72.6	**72.6**	-	477.6	**477.6**	-	248.2	**248.2**
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	**42.8**	**42.8**	-	**56.5**	**56.5**	-	**63.8**	**63.8**
loans obligatorily measured at fair value through profit or loss	-	42.3	**42.3**	-	54.6	**54.6**	-	63.2	**63.2**
equity instruments	-	0.5	**0.5**	-	1.9	**1.9**	-	0.6	**0.6**
Total	**0.0**	**2,339.7**	**2,339.7**	**163.8**	**1,952.3**	**2,116.1**	**56.4**	**3,487.6**	**3,544.0**

*) 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*. As at 30 June 2023, the Group did not have such securities in the portfolio of financial assets measured at fair value through profit or loss.

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8.12. Investment securities

as at	30 Jun 2023			31 Dec 2022			30 Jun 2022		
	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:	**8,059.6**	**15,643.8**	**23,703.4**	**0.0**	**15,812.7**	**15,812.7**	**4,051.1**	**12,151.0**	**16,202.1**
debt securities, including:	8,059.6	15,517.1	**23,576.7**	0.0	15,691.8	**15,691.8**	4,051.1	12,023.5	**16,074.6**
Treasury bonds in PLN	8,059.6	12,113.9	**20,173.5**	-	12,153.8	**12,153.8**	4,051.1	8,409.8	**12,460.9**
Treasury bonds in EUR	-	1,643.1	**1,643.1**	-	1,803.4	**1,803.4**	-	1,817.5	**1,817.5**
European Investment Bank bonds	-	1,355.0	**1,355.0**	-	1,308.9	**1,308.9**	-	1,345.6	**1,345.6**
Austrian government bonds	-	405.1	**405.1**	-	425.7	**425.7**	-	450.6	**450.6**
equity instruments	-	126.7	**126.7**	-	120.9	**120.9**	-	127.5	**127.5**
Measured at amortised cost, including:	**3,248.3**	**25,506.8**	**28,755.1**	**0.0**	**32,620.1**	**32,620.1**	**2,771.1**	**27,132.0**	**29,903.1**
debt securities, including:	3,248.3	25,506.8	**28,755.1**	0.0	32,620.1	**32,620.1**	2,771.1	27,132.0	**29,903.1**
Treasury bonds in PLN	3,248.3	10,108.1	**13,356.4**	-	13,352.5	**13,352.5**	2,771.1	11,068.2	**13,839.3**
Treasury bonds in EUR	-	3,016.3	**3,016.3**	-	3,192.1	**3,192.1**	-	3,103.4	**3,103.4**
European Investment Bank bonds	-	6,741.2	**6,741.2**	-	6,815.7	**6,815.7**	-	2,323.4	**2,323.4**
Bonds of the Polish Development Fund (PFR)	-	3,827.5	**3,827.5**	-	3,858.4	**3,858.4**	-	6,812.7	**6,812.7**
Bank Gospodarstwa Krajowego bonds	-	1,813.7	**1,813.7**	-	1,802.1	**1,802.1**	-	3,824.3	**3,824.3**
NBP money market bills	-	0.0	**0.0**	-	3,599.3	**3,599.3**	-	0.0	**0.0**
Total, of which;	**11,307.9**	**41,150.6**	**52,458.5**	**0.0**	**48,432.8**	**48,432.8**	**6,822.2**	**39,283.0**	**46,105.2**
total debt securities	11,307.9	41,023.9	**52,331.8**	0.0	48,311.9	**48,311.9**	6,822.2	39,155.5	**45,977.7**
total equity instruments	-	126.7	**126.7**	-	120.9	**120.9**	-	127.5	**127.5**

*) 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 2023			31 Dec 2022			30 Jun 2022		
	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:	**158,099.6**	**-3,549.6**	**154,550.0**	**156,360.4**	**-3,269.2**	**153,091.2**	**153,760.1**	**-3,196.8**	**150,563.3**
Corporate banking	**94,172.3**	**-2,389.0**	**91,783.3**	**92,478.0**	**-2,192.2**	**90,285.8**	**87,857.1**	**-2,074.3**	**85,782.8**
loans in the current account	16,235.0	-537.9	**15,697.1**	15,444.8	-484.0	**14,960.8**	15,642.7	-440.1	**15,202.6**
term loans and advances	53,608.2	-1,671.7	**51,936.5**	53,021.0	-1,518.9	**51,502.1**	49,648.5	-1,489.6	**48,158.9**
lease receivables	12,694.8	-94.5	**12,600.3**	12,479.1	-115.6	**12,363.5**	11,978.5	-84.2	**11,894.3**
factoring receivables	7,390.4	-82.4	**7,308.0**	7,751.0	-69.0	**7,682.0**	7,287.8	-59.6	**7,228.2**
debt securities (corporate and municipal)	4,243.9	-2.5	**4,241.4**	3,782.1	-4.7	**3,777.4**	3,299.6	-0.8	**3,298.8**
Retail banking	**63,927.3**	**-1,160.6**	**62,766.7**	**63,882.4**	**-1,077.0**	**62,805.4**	**65,903.0**	**-1,122.5**	**64,780.5**
mortgages	54,997.5	-307.8	**54,689.7**	55,155.6	-269.1	**54,886.5**	56,899.8	-228.2	**56,671.6**
loans in the current account	693.7	-68.1	**625.6**	697.5	-63.5	**634.0**	694.4	-67.9	**626.5**
other loans and advances	8,236.1	-784.7	**7,451.4**	8,029.3	-744.4	**7,284.9**	8,308.8	-826.4	**7,482.4**
Other receivables, of which:	**1,663.4**	**0.0**	**1,663.4**	**1,883.4**	**0.0**	**1,883.4**	**1,554.4**	**0.0**	**1,554.4**
call deposits placed	677.0	0.0	**677.0**	827.6	0.0	**827.6**	474.3	0.0	**474.3**
other	986.4	0.0	**986.4**	1,055.8	0.0	**1,055.8**	1,080.1	0.0	**1,080.1**
Total	**159,763.0**	**-3,549.6**	**156,213.4**	**158,243.8**	**-3,269.2**	**154,974.6**	**155,314.5**	**-3,196.8**	**152,117.7**

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Quality of loan portfolio

as at	30 Jun 2023			31 Dec 2022			30 Jun 2022		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Corporate banking	**94,172.3**	**-2,389.0**	**91,783.3**	**92,478.0**	**-2,192.2**	**90,285.8**	**87,857.1**	**-2,074.3**	**85,782.8**
assets in Stage 1	78,072.9	-174.9	**77,898.0**	75,521.7	-196.5	**75,325.2**	77,626.0	-119.1	**77,506.9**
assets in Stage 2	13,021.9	-501.8	**12,520.1**	14,301.7	-491.0	**13,810.7**	7,597.7	-302.8	**7,294.9**
assets in Stage 3	3,026.3	-1,712.3	**1,314.0**	2,601.8	-1,504.7	**1,097.1**	2,581.8	-1,652.4	**929.4**
POCI assets	51.2	0.0	**51.2**	52.8	0.0	**52.8**	51.6	0.0	**51.6**
Retail banking	**63,927.3**	**-1,160.6**	**62,766.7**	**63,882.4**	**-1,077.0**	**62,805.4**	**65,903.0**	**-1,122.5**	**64,780.5**
assets in Stage 1	56,772.8	-176.7	**56,596.1**	56,942.3	-191.0	**56,751.3**	63,218.9	-134.5	**63,084.4**
assets in Stage 2	6,090.5	-280.3	**5,810.2**	6,013.7	-292.3	**5,721.4**	1,664.1	-229.2	**1,434.9**
assets in Stage 3	1,060.7	-703.6	**357.1**	924.3	-593.7	**330.6**	1,017.9	-758.8	**259.1**
POCI assets	3.3	0.0	**3.3**	2.1	0.0	**2.1**	2.1	0.0	**2.1**
Total, of which:	**158,099.6**	**-3,549.6**	**154,550.0**	**156,360.4**	**-3,269.2**	**153,091.2**	**153,760.1**	**-3,196.8**	**150,563.3**
assets in Stage 1	134,845.7	-351.6	**134,494.1**	132,464.0	-387.5	**132,076.5**	140,844.9	-253.6	**140,591.3**
assets in Stage 2	19,112.4	-782.1	**18,330.3**	20,315.4	-783.3	**19,532.1**	9,261.8	-532.0	**8,729.8**
assets in Stage 3	4,087.0	-2,415.9	**1,671.1**	3,526.1	-2,098.4	**1,427.7**	3,599.7	-2,411.2	**1,188.5**
POCI assets	54.5	0.0	**54.5**	54.9	0.0	**54.9**	53.7	0.0	**53.7**

The Group identifies POCI financial assets whose carrying value as at 30 June 2023 is PLN 54.5 million (PLN 54.9 million as at 31 December 2022 and PLN 53.7 million as at 30 June 2022). 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.

ING Bank Śląski S.A. Group does not operate directly in Ukraine, Russia or Belarus. Nevertheless, the Group analyzes the customer receivables portfolio on an ongoing basis in terms of links with these markets and risks related to the effects caused by the war (in particular disruptions in the energy sector) and the introduced sanctions. As at 30 June 2023, the effects of the war in Ukraine had no significant direct impact on the quality of the loan portfolio.

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Changes in impairment for expected credit losses

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023				1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022			
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**
Opening balance	**387.5**	**783.3**	**2,098.4**	**3,269.2**	**275.7**	**357.8**	**2,480.1**	**3,113.6**
Changes in the period, including:	**-35.9**	**-1.2**	**317.5**	**280.4**	**-22.1**	**174.2**	**-68.9**	**83.2**
loans granted in the period	99.3	0.0	0.0	**99.3**	62.6	0.0	0.0	**62.6**
transfer to Stage 1	14.7	-110.7	-7.0	**-103.0**	6.9	-48.7	-13.3	**-55.1**
transfer to Stage 2	-39.9	260.0	-31.4	**188.7**	-27.5	245.7	-83.7	**134.5**
transfer to Stage 3	-7.7	-91.0	402.9	**304.2**	-4.0	-34.6	247.9	**209.3**
repayment (total and partial) and the release of new tranches	-44.3	-76.7	-137.5	**-258.5**	-15.0	-49.8	-123.1	**-187.9**
changed provisioning under impairment for expected credit losses	-23.0	103.7	127.1	**207.8**	0.2	3.6	201.4	**205.2**
management adjustments	-33.5	-82.9	-25.6	**-142.0**	-46.0	57.0	-55.0	**-44.0**
Total impairment for expected credit losses in the profit and loss account	**-34.4**	**2.4**	**328.5**	**296.5**	**-22.8**	**173.2**	**174.2**	**324.6**
derecognition from the balance sheet (write-downs, sale)	0.0	0.0	-23.7	**-23.7**	0.0	0.0	-225.0	**-225.0**
calculation and write-off of effective interest	0.0	0.0	37.4	**37.4**	0.0	0.0	-18.0	**-18.0**
other	-1.5	-3.6	-24.7	**-29.8**	0.7	1.0	-0.1	**1.6**
Closing balance	**351.6**	**782.1**	**2,415.9**	**3,549.6**	**253.6**	**532.0**	**2,411.2**	**3,196.8**

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8.14. Debt securities

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Measured at fair value through profit or loss (Note 8.11)	**852.5**	**607.1**	**442.7**
transferred assets in accordance with IFRS 9.3.2.23(a)	0.0	163.8	56.4
other	852.5	443.3	386.3
Measured at fair value through other comprehensive income in the investment securities portfolio (Note 8.12)	**23,576.7**	**15,691.8**	**16,074.6**
transferred assets in accordance with IFRS 9.3.2.23(a)	8,059.6	0.0	4,051.1
other	15,517.1	15,691.8	12,023.5
Measured at amortised cost in the investment securities portfolio (Note 8.12)	**28,755.1**	**32,620.1**	**29,903.1**
transferred assets in accordance with IFRS 9.3.2.23(a)	3,248.3	0.0	2,771.1
other	25,506.8	32,620.1	27,132.0
Measured at amortised cost in the loans and other receivables to customers portfolio (Note 8.13)	**4,241.4**	**3,777.4**	**3,298.8**
other	4,241.4	3,777.4	3,298.8
Total of which:	**57,425.7**	**52,696.4**	**49,719.2**
transferred assets in accordance with IFRS 9.3.2.23(a)	11,307.9	163.8	6,878.6
other	46,117.8	52,532.6	42,840.6

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 2023	31 Dec 2022	30 Jun 2022
Assets			
Current income tax assets	6.7	572.2	820.5
Deferred tax assets	1,194.8	1,828.6	2,238.6
Liabilities			
Current income tax liabilities	124.4	19.9	11.7
Deferred tax loss	0.2	0.4	0.0

The Group recognizes a deferred tax asset for deductible temporary differences and unsettled tax losses to the extent that it is probable that taxable profit will be available against which the deductible differences can be offset and tax losses settled. Based on the forecast of the Group's tax results for the years 2023-2026, it was estimated that the Group will generate sufficient taxable income to reduce the tax base by the full amount of the tax loss. Therefore, the Group recognized the full amount of the tax loss in the deferred tax asset. At the end of 1st half of 2023, the deferred tax asset related to unsettled tax losses amounted to PLN 517.6 million (PLN 1,038.1 million at the end of 2022).

8.16. Liabilities to other banks

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Current accounts	424.4	487.7	568.1
Interbank deposits	643.7	71.5	2,713.5
Loans received*	5,943.9	4,994.0	4,287.6
Repo transactions	0.0	0.0	1,040.1
Received call deposits	367.2	80.0	154.6
Other liabilities	2.2	6.4	24.1
Total	**7,381.4**	**5,639.6**	**8,788.0**

*) The item *Loans received* includes financing of long-term leasing contracts in EUR (so-called "matched funding") received by the subsidiary ING Lease Sp. z o. o. from ING Bank N.V. and other banks not related to the Group.
As at 30 June 2023, this item also includes liabilities due to a Non Preferred Senior (NPS) loan received by ING Bank Śląski S.A. from ING Bank N.V. For more information on the NPS loan, see chapter 9.4. *MREL requirements*.

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

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial liabilities held for trading, including:			
valuation of derivatives	1,543.2	1,602.3	3,010.1
book short position in trading securities	46.1	437.3	228.2
repo transactions	0.0	164.2	56.5
Total	**1,589.3**	**2,203.8**	**3,294.8**

8.18. Liabilities to customers

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Deposits, including:	**186,849.3**	**189,538.3**	**177,452.2**
Corporate banking	**80,998.5**	**84,738.9**	**80,532.4**
current deposits	51,064.9	53,716.8	53,822.3
including O/N deposits	3,712.8	2,529.3	3,971.4
saving deposits	16,656.5	18,053.5	13,204.3
term deposits	13,277.1	12,968.6	13,505.8
Retail banking	**105,850.8**	**104,799.4**	**96,919.8**
current deposits	28,170.6	27,530.3	28,841.3
saving deposits	64,598.9	69,381.1	65,171.9
term deposits	13,081.3	7,888.0	2,906.6
Other liabilities, including:	**12,890.9**	**3,193.0**	**7,642.9**
liabilities under monetary hedges	752.1	742.9	646.1
repo transactions	10,894.2	0.0	5,354.0
call deposits	9.8	11.4	21.7
other liabilities	1,234.8	2,438.7	1,621.1
Total	**199,740.2**	**192,731.3**	**185,095.1**

Starting from 2023, the Group changed the presentation of data in this note (mostly these are the balances of closed customer accounts), transferring to deposits (current and term) the amounts presented in previous financial statements under *Other liabilities - other*. Data as at 31 December and 30 June 2022 have been restated to ensure comparability.

8.19. Provisions

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Provision for off-balance sheet liabilities	93.9	107.9	90.3
Provision for retirement benefits	77.3	74.0	76.3
Provision for litigation	36.1	34.9	42.3
Provision for restructuring	42.2	49.4	60.4
Provision for legal risk of FX mortgage loans *	86.7	53.7	35.6
Other provisions	30.9	39.1	33.8
Total	**367.1**	**359.0**	**338.7**

*) The values presented represent a provision for CHF-indexed mortgage loans removed from the statement of financial position and some loans recognized in the statement of financial position for which the estimated loss value exceeds the gross exposure. In addition, 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*.

Provision for litigation

The value of proceedings regarding liabilities or receivables pending in the 1st half of 2023 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 2023 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 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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
Provision for litigation at the beginning of the period	**36.1**	**34.9**	**40.8**	**42.4**
Changes during the period, including:	**0.0**	**1.2**	**1.5**	**-0.1**
provisions recognised	1.4	3.8	2.7	4.6
provisions reversed	-0.7	-0.9	-0.3	-0.4
provisions utilised	-0.7	-1.7	-0.9	-4.3
Provision for litigation at the end of the period	**36.1**	**36.1**	**42.3**	**42.3**

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Legal risk related to the portfolio of loans indexed to CHF

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 2022 are included in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

On 5 April 2023, the Supreme Court issued a judgment in which it confirmed that the presence of abusive clauses in the contract does not automatically invalidate the entire contract. The purpose of Directive 93/13 is not to annul all contracts containing prohibited terms, but to restore the balance between the parties. It is therefore possible, on the basis of a specific court case, for the court to recognize that without the abusive indexation clause, the contract may continue to be in force. It seems, however, that the impact of this ruling on the jurisprudence of the courts is limited, because currently the courts conclude that the contract is invalid not from the mere fact of the presence of abusive clauses in them, but from the fact that without these clauses the contract cannot continue to function.

On 15 June 2023, the European Court of Justice (CJEU) issued a judgment in a case regarding the answer to the question of the referring court regarding whether the parties, in addition to reimbursement of money paid in performance of the contract (bank - loan principal, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request for payment, may also demand any other benefits, including receivables (in particular remuneration, compensation, reimbursement of costs or indexation of the benefit). More information on the judgment of the CJEU can be found in point 2. *Significant events in the 1st half of 2023*. A sectoral analysis of the above-mentioned ruling is underway.

Settlement programme

From 25 October 2021, the Bank offers the possibility for borrowers to conclude voluntary settlements in accordance with the proposal presented in December 2020 by the Chairman of the Polish Financial Supervision Authority. The Bank's customers may submit a request for mediation through the Mediation Center of the Court of Arbitration of the Polish Financial Supervision Authority. The mediation process can be used by customers who have a housing mortgage loan or a housing construction and mortgage loan indexed with the CHF exchange rate at the Bank for their own housing purposes, excluding mortgage loans and the above-mentioned loans, where one of the purposes of lending was to consolidate non-housing liabilities. A mediation agreement can only be signed for one of the active housing loans. The conversion takes place on the terms presented by the Chairman of the Polish Financial Supervision Authority. Detailed rules for the settlement of the loan and determination of the type of interest rate for the future are the subject of arrangements in the mediation process before the Polish Financial Supervision Authority in accordance with the current offer of settlements offered by the Bank. From the moment the settlement programme was launched until the end of 1st half of 2023, clients filed 1,520 settlement applications and the Bank concluded 640 agreements under the programme.

Other proceedings

Proceedings on provisions providing for the possibility of changing a standard contract, contract or table of fees and commissions for important reasons, the so-called modification clauses

On 1 April 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceedings to recognize a standard contract as illegal in terms of contractual provisions that may violate Art. 23a of the Act on competition and consumer protection. The proceedings concern provisions providing for the possibility of changing the standard contract, contract or table of fees and commissions for important reasons, the so-called modification clauses.

The scope of the procedure relates to the provisions in various general terms and conditions, regulations and contracts concluded with consumers: for cash loans, overdraft limit, granting and repayment of loans in a brokerage account, using a credit card – in the version effective from 7 March 2016; for checking and checking accounts and savings accounts – in the version effective from 9 November 2015; for maintaining payment accounts – in the version applicable from 6 August 2018; for prepaid cards – in the version valid from 1 January 2016.

In the opinion of the President of UOKiK, the analysed modification clauses may constitute prohibited contractual provisions due to:

- the possibility of unilaterally changing the general terms and conditions of the contract as to its essential provisions, in the scope of contracts enabling the generation of debt on the part of consumers, concluded for a specified period,
- general, imprecise nature of the premises for a unilateral amendment to the contract, which does not allow consumers to verify them correctly, and in some provisions there are no time limits as to the scope of changes,
- no provisions regarding the possibility of continuing a contract concluded for a specified period of time regarding crediting consumer needs under the existing rules in the event of failure to accept unilateral proposed changes from the bank.

In the letter of 13 May 2021, the Office for Competition and Consumer Protection notified the Bank that the collection of evidence had been completed. The Office for Competition and Consumer Protection decided to extend the deadline for the completion of the proceedings until 31 August 2023.

As at 30 June 2022, the Group has not identified any rationale for making provisions on this account.

Proceedings on the allegation of practices restricting competition on the market of acquiring services related to payments with payment cards in Poland

After conducting antitrust proceedings against ING Bank Śląski S.A. and other banks, at the request of the Polish Trade and Distribution Organization - the Employers' Association (POHiD), the President of the Office of Competition and Consumer Protection issued a decision on 29 December 2006 stating that the Bank had committed practices restricting competition. As restricting competition, UOKiK found the practice consisting in the participation by various Polish banks, including the Bank, in an agreement restricting competition on the acquiring services market related to the settlement of consumers' obligations towards merchants, for payments for goods and services purchased by consumers, with the use of payment cards on territory of Poland by jointly setting the amount of the interchange fee charged for transactions made with Visa and MasterCard cards in Poland. Due to the finding of competition restricting practices, UOKiK imposed fines, including penalties on the Bank in the amount of PLN 14.1 million.

From this decision, among others The bank appealed to the Court of Competition and Consumer Protection (SOKiK). By ruling on 12 November 2008, SOKiK changed the decision of UOKiK, so that it did not find any practice restricting competition. On 22 April 2010, this judgment was quashed by a judgment of the Court of Appeal, which referred the case to SOKiK for re-examination. On 27 April 2021, the files of the main case regarding the interchange fee were submitted to SOKiK. After an exchange of pleadings between the parties, a hearing was held on 29 November 2022. A new date for the public hearing was set for 14 September 2023.

Due to the lack of final decisions, the amount of the refunded penalty was not recognized in the profit and loss account. As at 30 June 2022, the value of the provision was PLN 14.1 million.

PFSA proceedings

As described in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022, on 17 June 2020, the Polish Financial Supervision Authority (PFSA, KNF) initiated administrative proceedings to impose a penalty on ING Bank Śląski S.A, in connection with suspicion of breach of depositary duties defined in art. 72 of the Act on investment funds and management of alternative investment funds in connection with the Bank's function of depositary of specific funds and Article 9(2) of the above mentioned act. The proceedings ended on 17 December 2021 with the issuance of a Decision under which the PFSA imposed an administrative penalty of PLN 4.3 million on the Bank. The fine of PLN 4.3 million was paid. On 21 November 2022, the Bank filed a complaint with the Provincial Administrative Court. Pursuant to the content of the complaint, the Bank demands that the Decision imposing an administrative penalty be repealed in its entirety. In a judgment of 8 March 2023, the Provincial Administrative Court dismissed the Bank's complaint in its entirety. The justification for the judgment was received on 21 June 2023, after analyzing it, the Bank decided to file a cassation complaint with the Supreme Administrative Court. The complaint was prepared and submitted on time.

Information on other pending proceedings, which did not significantly change 1st half of 2023, is included in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

8.20. Other liabilities

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Accruals, including:	**1,207.3**	**952.0**	**1,149.1**
due to employee benefits	241.4	333.4	243.4
due to commissions	248.5	193.5	234.5
due to general and administrative expenses	563.8	425.1	498.4
liabilities due to the obligatory annual contribution to the BFG resolution fund	153.6	0.0	172.8
Other liabilities, including:	**2,068.9**	**3,597.6**	**2,815.7**
lease liabilities	407.0	422.9	406.7
interbank settlements	883.0	2,355.9	1,299.6
settlements with suppliers	110.9	138.2	76.1
public and legal settlements	171.1	172.3	126.4
commitment to pay to the BFG guarantee fund	171.6	171.6	171.6
commitment to pay to the BFG resolution fund	198.9	199.0	148.0
commitment to contribute to the aid fund of the Commercial Bank Protection System	0.0	0.0	429.7
other	126.4	137.7	157.6
Total	**3,276.2**	**4,549.6**	**3,964.8**

8.21. Fair value

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

In 2023, there were no transfers between measurement levels, as in 2022. In the 1st half of 2023, the valuation techniques for Levels 1 and 2 did not change.

The tables present the carrying amount of financial assets and liabilities broken down by individual measurement levels.

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as at **30 Jun 2023**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**24,429.2**	**1,640.1**	**169.5**	**26,238.8**
Valuation of derivatives	-	**1,371.8**	-	**1,371.8**
Financial assets held for trading, including:	**852.5**	**72.6**	-	**925.1**
debt securities, including:	852.5	0.0	-	852.5
treasury bonds in PLN	695.7	-	-	695.7
Czech Treasury bonds in CZK	146.9	-	-	146.9
Czech Treasury bonds in EUR	9.4	-	-	9.4
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	72.6	-	72.6
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**0.0**	-	**42.8**	**42.8**
loans are obligatorily measured at fair value through profit or loss	-	-	42.3	42.3
equity instruments	-	-	0.5	0.5
Derivative hedge instruments	-	**195.7**	-	**195.7**
Financial assets measured at fair value through other comprehensive income, including:	**15,517.1**	-	**126.7**	**15,643.8**
debt securities, including:	15,517.1	-	-	15,517.1
treasury bonds in PLN	12,113.9	-	-	12,113.9
treasury bonds in EUR	1,643.1	-	-	1,643.1
European Investment Bank bonds	1,355.0	-	-	1,355.0
Austrian government bonds	405.1	-	-	405.1
equity instruments	-	-	126.7	126.7
Transferred assets, including:	**8,059.6**	-	-	**8,059.6**
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	8,059.6	-	-	8,059.6
Financial liabilities, including:	**46.1**	**1,871.6**	**0.0**	**1,917.7**
Valuation of derivatives	-	**1,543.2**	-	**1,543.2**
Other financial liabilities measured at fair value through profit or loss, including:	**46.1**	-	-	**46.1**
book short position in trading securities	46.1	-	-	46.1
Derivative hedge instruments	-	**328.4**	-	**328.4**

as at **31 Dec 2022**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**16,300.7**	**1,591.7**	**175.6**	**18,068.0**
Valuation of derivatives	-	**974.9**	-	**974.9**
Financial assets held for trading, including:	**443.3**	**477.6**	-	**920.9**
debt securities, including:	443.3	0.0	-	443.3
treasury bonds in PLN	441.7	-	-	441.7
Czech Treasury bonds in CZK	1.2	-	-	1.2
European Investment Bank bonds	0.4	-	-	0.4
repo transactions	-	477.6	-	477.6
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**1.8**	-	**54.7**	**56.5**
loans are obligatorily measured at fair value through profit or loss	-	-	54.6	54.6
equity instruments	1.8	-	0.1	1.9
Derivative hedge instruments	-	**139.2**	-	**139.2**
Financial assets measured at fair value through other comprehensive income, including:	**15,691.8**	-	**120.9**	**15,812.7**
debt securities, including:	15,691.8	-	-	15,691.8
treasury bonds in PLN	12,153.8	-	-	12,153.8
treasury bonds in EUR	1,803.4	-	-	1,803.4
European Investment Bank bonds	1,308.9	-	-	1,308.9
Austrian government bonds	425.7	-	-	425.7
equity instruments	-	-	120.9	120.9
Transferred assets, including:	**163.8**	-	-	**163.8**
Treasury bonds in PLN from the portfolio of financial assets measured at fair value through profit or loss	125.2	-	-	125.2
bonds of the Czech State Treasury in CZK from the portfolio of financial assets measured at fair value through profit or loss	38.6	-	-	38.6
Financial liabilities, including:	**437.3**	**2,136.0**	**0.0**	**2,573.3**
Valuation of derivatives	-	**1,602.3**	-	1,602.3
Other financial liabilities measured at fair value through profit or loss, including:	**437.3**	**164.2**	-	**601.5**
book short position in trading securities	437.3	-	-	437.3
financial liabilities held for trading, including:	-	164.2	-	164.2
repo transactions	-	164.2	-	164.2
Derivative hedge instruments	-	**369.5**	-	**369.5**

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Financial assets classified to level 3 of the measurement as at 30 June 2023 and 31 December 2022 include unlisted equity instruments and loans that did not meet the SPPI criterion according to 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 2023, the discount rate was in the range of 12.7%-14.7%, depending on the company, compared to 13.2%-15.2% at the end of 2022. Fair value measurement of unquoted equity interests in other companies as at 30 June 2023 and 31 December 2022 covered the following entities: Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A. and Polski Standard Płatności sp. z o.o.

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 2023.

Movements in financial assets classified to the level 3 of measurement

In the 1st half of 2023, the change in the valuation of equity instruments classified to level 3 included in other comprehensive income amounted to PLN 5.8 million (compared to PLN -39.9 million in the 1st half of 2022).

The impact of the valuation of loans classified to valuation level 3 on the profit and loss account was insignificant in the 1st half of 2023, similarly to the 1st half of 2022.

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023			1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022		
	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	**54.6**	**0.1**	**120.9**	**78.4**	**0.1**	**167.4**
Additions, including:	**0.0**	**0.4**	**5.8**	**0.0**	**0.0**	**0.0**
acquisition of investments	-	0.4	-	-	-	-
valuation referred to accumulated other comprehensive income	-	-	5.8	-	-	-
Reductions, including:	**-12.3**	**0.0**	**0.0**	**-15.2**	**0.0**	**-39.9**
loan repayments	-12.3	-	-	-15.2	-	-
valuation referred to accumulated other comprehensive income	-	-	-	-	-	-39.9
Closing balance	**42.3**	**0.5**	**126.7**	**63.2**	**0.1**	**127.5**

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 2023 have not changed compared to those used at the end of 2022 (a detailed description of the approach to 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 2022 to 31 December 2022).

In 2023 there were no transfers between valuation levels. In 2022, the Group changed the valuation level for bonds for the National Road Fund issued by Bank Gospodarstwa Krajowego. In previous periods, they were presented in level 1 of the valuation, and starting from 1st half of 2022, the Group presents them in level 2 of the valuation.

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as at 30 Jun 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**25,506.8**	**18,482.5**	**4,990.9**	**-**	**23,473.4**
treasury bonds in PLN	10,108.1	9,516.8	-	-	9,516.8
treasury bonds in EUR	3,016.3	2,710.8	-	-	2,710.8
European Investment Bank bonds	6,741.2	6,254.9	-	-	6,254.9
bonds of the Polish Development Fund (PFR)	3,827.5	-	3,334.5	-	3,334.5
Bank Gospodarstwa Krajowego bonds	1,813.7	-	1,656.4	-	1,656.4
Transferred assets, including:	**3,248.3**	**2,834.3**	**-**	**-**	**2,834.3**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	3,248.3	2,834.3	-	-	2,834.3
Loans and receivables to customers at amortised cost, including:	**156,213.4**	**-**	**-**	**157,414.3**	**157,414.3**
Corporate banking segment, including:	91,783.3	-	-	92,282.0	92,282.0
loans and advances (in the current account and term ones)	67,633.6	-	-	68,031.5	68,031.5
lease receivables	12,600.3	-	-	12,748.2	12,748.2
factoring receivables	7,308.0	-	-	7,308.0	7,308.0
corporate and municipal debt securities	4,241.4	-	-	4,194.3	4,194.3
Retail banking segment, including:	62,766.7	-	-	63,468.9	63,468.9
mortgages	54,689.7	-	-	55,014.3	55,014.3
other loans and advances	8,077.0	-	-	8,454.6	8,454.6
Other receivables	1,663.4	-	-	1,663.4	1,663.4
Liabilities to customers	**199,740.2**	**-**	**-**	**199,658.0**	**199,658.0**
Liabilities from debt securities issued	**404.8**	**-**	**-**	**407.4**	**407.4**
Subordinated liabilities	**1,561.2**	**-**	**-**	**1,244.8**	**1,244.8**

as at 31 Dec 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**32,620.1**	**20,778.2**	**8,287.3**	**-**	**29,065.5**
treasury bonds in PLN	13,352.5	11,892.2	-	-	11,892.2
treasury bonds in EUR	3,192.1	2,838.1	-	-	2,838.1
European Investment Bank bonds	6,815.7	6,047.9	-	-	6,047.9
bonds of the Polish Development Fund (PFR)	3,858.4	-	3,124.8	-	3,124.8
Bank Gospodarstwa Krajowego bonds	1,802.1	-	1,564.0	-	1,564.0
NBP bills	3,599.3	-	3,598.5	-	3,598.5
Loans and receivables to customers at amortised cost, including:	**154,974.6**	**-**	**-**	**156,104.1**	**156,104.1**
Corporate banking segment, including:	90,285.8	-	-	91,692.1	91,692.1
loans and advances (in the current account and term ones)	66,462.9	-	-	67,771.6	67,771.6
lease receivables	12,363.5	-	-	12,406.4	12,406.4
factoring receivables	7,682.0	-	-	7,682.0	7,682.0
corporate and municipal debt securities	3,777.4	-	-	3,832.1	3,832.1
Retail banking segment, including:	62,805.4	-	-	62,528.6	62,528.6
mortgages	54,886.5	-	-	54,024.6	54,024.6
other loans and advances	7,918.9	-	-	8,504.0	8,504.0
Other receivables	1,883.4	-	-	1,883.4	1,883.4
Liabilities to customers	**192,731.3**	**-**	**-**	**192,670.3**	**192,670.3**
Liabilities from debt securities issued	**404.8**	**-**	**-**	**409.8**	**409.8**
Subordinated liabilities	**1,643.9**	**-**	**-**	**1,298.8**	**1,298.8**

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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 2023 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 26 June 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
Paymento Financial S.A.*	financial services and IT solutions for the financial sector	Tychy	100	100	subsidiary	full consolidation
Goldman Sachs TFI S.A. (previously named 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 2023 to 30 June 2023 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 2023.

The net profit shown in the consolidated prudential income statement for the period from 1 January 2023 to 30 June 2023, 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).

Prudential consolidated income statement

	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023
Net interest income	6,116.1
calculated using the effective interest rate method	5,526.1
other interest income	590.0
Interest expense	-2,202.0
Interest income	**3,914.1**
Commission income	1,328.0
Commission expense	-278.0
Net commission income	**1,050.0**
Net income on financial instruments measured at fair value through profit or loss and FX result	111.0
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	9.8
Net (loss)/income on hedge accounting	-8.2
Net (loss)/income on other basic activities	-0.7
Net income on basic activities	**5,076.0**
General and administrative expenses	-1,849.8
Impairment for expected credit losses	-285.0
Tax on certain financial institutions	-324.2
Share of the net profits of associates measured by equity method	14.6
Gross profit	**2,631.6**
Income tax	-623.5
Net profit	**2,008.1**
including attributable to shareholders of ING Bank Śląski S.A.	2,008.1

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9.3. Total capital ratio

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
A. Own equity in the statement of financial position, including:	**12,962.6**	**9,344.3**	**7,716.9**
A.I. Own equity included in the own funds calculation	**17,243.5**	**17,096.2**	**16,008.6**
A.II. Own equity excluded from own funds calculation	-4,280.9	-7,751.9	-8,291.7
B. Other elements of own funds (decreases and increases), including:	**595.9**	**700.0**	**-130.2**
intangible assets	-512.6	-467.6	-456.7
subordinated liabilities	1,557.6	1,641.4	1,638.2
surplus of provisions over the expected credit losses under the IRB Approach	0.0	0.0	43.5
adjustments during the transition period	173.6	594.5	393.9
value adjustments due to the requirements for prudent valuation	-27.6	-20.1	-23.0
deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-517.6	-1,038.1	-1,671.1
shortage of credit risk adjustments versus AIRB expected losses	-52.4	0.0	-51.4
coverage shortfall for non-performing exposures	-25.1	-10.1	-3.6
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	**17,839.4**	**17,796.2**	**15,878.4**
Core Tier 1 capital	16,281.8	16,154.8	14,196.7
Tier 2 capital	1,557.6	1,641.4	1,681.7
Risk weighted assets, including:	**105,258.9**	**109,739.3**	**107,905.2**
for credit risk	91,607.9	95,759.9	95,545.3
for operational risk	12,566.4	12,566.4	11,163.9
other	1,084.6	1,413.0	1,196.0
Total capital requirements	**8,420.7**	**8,779.1**	**8,632.4**
Total capital ratio (TCR)	**16.95%**	**16.22%**	**14.72%**
minimum required level	11.510%	11.505%	11.382%
surplus TCR ratio over the regulatory requirement	5.44 b.p.	4.71 b.p.	3.34 b.p.
Tier 1 ratio (T1)	**15.47%**	**14.72%**	**13.16%**
minimum required level	9.510%	9.505%	9.382%
surplus T1 ratio over the regulatory requirement	5.96 b.p.	5.21 b.p.	3.78 b.p.

On 26 April 2023, the Bank's General Meeting approved the distribution of profit for 2022. Including the net profit earned in 2022 in own funds as at 31 December 2022, resulted in an increase in the TCR and Tier1 ratios to 16.22% and 14.72%, respectively, which was presented in the table. According to the values presented in the annual consolidated financial statements for the period from 1 January 2022 to 31 December 2022, the Group's TCR and Tier1 ratios as at 31 December 2022 were 15.23% and 13.70%, respectively.

In the calculation of capital ratios, the Group used transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. If the Group did not apply the transition period, the Group's capital ratios as at 30 June 2023 would be as follows:

- 16.79% - the total capital ratio (TCR),
- 15.31% - Tier 1 capital ratio (T1).

As at 31 December 2022 and 30 June 2022, the Group additionally applied the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR. If the Group does not apply the transition period for the purposes of implementing 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, the Group's TCR and T1 ratios for comparable periods would be respectively:

- 15.81% and 14.21% as at 31 December 2022,
- 14.39% and 12.82% as at 30 June 2022.

9.4. MREL requirements

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
MREL - TREA (including combined buffer requirement)	**19.70%**	**17.84%**	**15.72%**
minimum required level (including combined buffer requirement)	15.15%	17.19%	15.37%
surplus (+) / deficiency (-) of the MREL – TREA ratio	*4.55 b.p.*	*0.65 b.p.*	*0.35 b.p.*
minimum required level (not including combined buffer requirement)	12.14%	14.18%	12.12%
surplus (+) / deficiency (-) of the MREL – TREA ratio	*7.56 b.p.*	*3.66 b.p.*	*3.60 b.p.*
MREL - TEM	**8.47%**	**8.32%**	**7.59%**
minimum required level	4.46%	4.46%	3.00%
surplus (+) / deficiency (-) of the MREL – TEM ratio (p.p.)	*4.01 b.p.*	*3.86 b.p.*	*4.59 b.p.*

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On 17 April 2023 the Bank received 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 16.29% 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 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 8.29% of the TREA and 2.91% of the TEM.

Furthermore, the BGF set interim MREL goals which for:

– the TREA are 12.14%, and

– the TEM are 4.46%,

from the moment of receiving the BGF letter.

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).

On 22 December 2022, the Bank concluded with ING Bank N.V. a Non Preferred Senior (NPS) loan agreement. The transaction was completed on 5 January 2023. The loan was granted for a period of 6 years and its amount is EUR 260 million. The Bank has the right to early repayment of the loan after 5 years, subject to the approval of the Bank Guarantee Fund. Granted by ING Bank N.V. the loan is part of the SPE strategy for ING Group. Starting from 2023, the Bank includes funds from the loan in eligible liabilities for the purposes of the minimum requirement for own funds and eligible liabilities (MREL). As at 30 June 2023, the carrying amount of liabilities under the NPS loan amounted to PLN 1,172.2 million and was recognized in the statement of financial position under *Liabilities to other banks*.

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.

11. Issue and redemption of securities

In the 1st half of 2023, the Group did not issue or redeem any securities.

In the corresponding period of the previous year, i.e. in the 1st half of 2022, there were no issues of securities, while the Group's subsidiary - ING Bank Hipoteczny S.A. - redeemed bonds with a total nominal value of PLN 575 million, issued under the Bond Issue Program in 2021.

12. Off-balance sheet items

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Off-balance sheet commitments given	51,013.5	48,158.2	47,975.6
Off-balance sheet commitments received	24,952.2	17,481.2	25,840.9
Off-balance sheet financial instruments	1,244,771.8	1,137,721.0	1,160,347.7
Total	**1,320,737.5**	**1,203,360.4**	**1,234,164.2**

13. Transactions with related parties

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2023 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).

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The table presents numerical information on receivables and liabilities as well as revenues and costs resulting from transactions concluded between the Group and its related entities.

	ING Bank N.V.	other ING Group entities	associates	ING Bank N.V.	other ING Group entities	associates
	as at 30 Jun 2023			as at 31 Dec 2022		
Receivables						
Nostro accounts	86.0	2.4	-	2.2	174.4	-
Deposits placed	23.0	-	-	227.7	-	-
Loans granted	10.7	2,420.5	-	-	10.5	-
Positive valuation of derivatives	187.5	-	-	207.4	-	-
Reverse repo	10,395.4	-	-	3.759.3	-	-
Other receivables	6.5	1.7	-	4.4	3.8	-
Liabilities						
Deposits received	116.0	453.7	26.5	11.0	156.4	9.3
Loans received, including:	5,943.9	-	-	4.994.0	-	-
Non Preferred Senior (NPS) loan	1,172.2	-	-	-	-	-
Subordinated loan	1,561.3	-	-	1.643.8	-	-
Loro accounts	41.8	31.3	-	59.5	32.4	-
Negative valuation of derivatives	171.5	-	-	208.2	-	-
Other liabilities	182.8	15.2	-	92.0	9.7	-
Off-balance-sheet operations						
Off-balance sheet liabilities granted	395.8	4,171.7	0.1	532.2	759.2	0.1
Off-balance sheet liabilities received*	1,129.9	-	-	2.405.9	21.6	-
FX transactions	21,170.2	-	-	16.307.9	-	-
IRS	184.4	-	-	187.1	-	-
Options	610.7	-	-	400.5	-	-
	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023			1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022		
Income and expenses						
Income, including:	-12.5	2.0	-19.1	-89.8	-1.2	21.5
net interest and commission income	-27.9	1.7	-19.1	-28.3	4.1	21.5
net income on financial instruments	14.3	0.2	-	-62.7	-5.8	-
net (loss)/income on other basic activities	1.1	0.1	-	1.2	0.5	-
General and administrative expenses	-121.8	-29.0	-	-96.5	-19.3	-

13.1. 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 2023 the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022
Salaries	6.3	5.7
Other benefits*	1.2	1.0
Total	**7.5**	**6.7**

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

Benefits for 2023 for members of the Management Board of ING Bank Śląski S.A. resulting from the Variable Remuneration Program have not yet been granted.

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 2023, the payment of which will take place in the years 2024-2031. Therefore, a provision was created for the payment of the bonus for 2023 for members of the Management Board, which as at 30 June 2023 amounted to PLN 5.5 million. The final decision regarding the amount of this bonus will be taken by the Supervisory Board of the Bank.

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

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022
Salaries	6.3	5.7
Awards*	6.2	6.4
Other benefits**	1.2	1.0
Total	**13.7**	**13.1**

*) The awards for the 1st half of 2023 include components such as:

- Bonus under the Variable Remuneration Program: for 2022 non-deferred cash, for 2021 1st tranche deferred cash, for 2020 1st tranche cash deferred, for 2019 2nd tranche cash deferred, for 2018 3rd tranche cash deferred and for 2017 4th deferred cash tranche.
- Phantom Shares under the Variable Remuneration Program: for 2021 held over, for 2019 1st tranche deferred, for 2018 2nd tranche deferred and for 2017 3rd tranche deferred.

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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.

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

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

In the 1st half of 2023 the total amount of remuneration due and paid by ING Bank Śląski S.A. members of the Supervisory Board amounted to PLN 0.5 million.

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022
Salaries	0.5	0.4
Awards and other benefits	0.0	0.0
Total	**0.5**	**0.4**

14. Risk and capital management

14.1. Capital management

In the 1st half of 2023, the Group continued its efforts to implement the capital management strategy. In the process of assessing the adequacy of internal capital in the first quarter of 2023, the Group summarized the next workshops for assessing the significance of risk.

As part of the Workshop, several modifications were made to the assessment of the significance of risk types, including the recognition that model risk should be included in operational risk (in order to share with the regulatory approach) and the possibility of materialization of ESG risk factors within individual risk categories was assessed. Currently, the Group identifies 9 types of permanently significant 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 and operational risk) and 2 types of significant risk (risk of other non-credit assets and macroeconomic risk).

The following minimum levels of capital ratios (taking into account the P2G recommendation) continue to apply in the Group:

- CET1 >= 8.01%,
- T1 >= 9.51%,
- TCR >= 11.51%.

On 16 March 2023, the Bank received a letter from the Polish Financial Supervision Authority (PFSA, KNF) stating that the Bank meets the requirements for dividend payment of up to 100% of net profit for 2022. At the same time, PFSA recommended reducing the risk occurring in the Bank's operations by not taking, without prior consultation with the supervisory authority, any actions - in particular those outside the scope of current business and operational activities - that could result in a reduction of own funds, including possible dividend payments from undistributed profit from previous years and repurchases or redemptions of own shares. At the same time, the PFSA expects the Bank to take into account the PFSA's position on the dividend policy, as well as the dynamic changes in the banking sector environment and the risks to which the Bank is exposed, including, in particular, the risks related to the CJEU ruling in Case C-520/21 and the potential deterioration in the credit quality related to higher inflation, reduced economic growth, and high costs of debt service by borrowers. PFSA further stresses the need to comply with regulatory requirements, including the limits of large exposures, the risk of which increases with the decrease in own funds, and the Bank's compliance with the applicable regulatory requirements after the payment of any dividend from earned profit, also in the event of negative but foreseeable changes in the Bank's environment.

Therefore, despite the fulfillment of the criteria allowing the payment of dividends for 2022, by decision of the General Meeting, the Bank withheld the payment of dividends because there are uncertainties of a sectoral nature, the effects of which may materialize during 2023, including, inter alia, the indirect impact of the judgment of the CJEU in Case C-520/21 on the Bank and the uncertainty in the regulatory, macroeconomic and market environment. The purpose of the Bank is to retain the capital security until the scale of the impact on the Bank of any of the risks indicated above is confirmed. In the absence of a material materialization of these risks and in keeping with the Bank's good capital position, the Bank will consider the possibility of paying an advance on the expected dividend for 2023 in the course of 2023. It would be financed from the reserve capital allocated for the payment of dividends (including advance payments for the expected dividend) and would consist of part of the profit for 2022 and part of the profit for 2019. The payment of the advance on the dividend would be conditional on the approval of the Supervisory Board and prior agreement with the PFSA.

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14.2. Credit risk

Main changes in the Bank's credit policy:

Retail segment

- Changes have been made to the assessment of creditworthiness resulting from the supervisory guidance, including the Sectoral Letter from the NFC on creditworthiness. The parameters of the credit assessment have been adjusted to the current market situation and the position of the NFC by updating the interest rate buffer and the cost of living.
- The recent restrictions in the area of mortgage lending in the context of the COVID-19 pandemic have been withdrawn.
- The sale of retail mortgage products with variable interest rates based on the new benchmark WIRON 1M Compound Rate has resumed.
- A change has been introduced in the process of monitoring and updating the value of residential properties.

Corporate segment

- Changes have been made to the assessment of creditworthiness resulting from the supervisory indications and, inter alia, the quantitative measures used in the assessment as defined in the EBA LOM Guidelines have been reviewed taking into account the principle of proportionality based on the size and quality of the loans granted to the Easy Lending portfolio,
- The period of validity of the BIK report has been verified to ensure that the current data on the borrower's financial obligations are taken into account.
- Solutions have been introduced with a potential impact on improving the quality of Easy Lending's portfolio and the clients of the SE/Micro segment, including reducing the financing of clients from the construction and transport industries subject to acceptance of collateral.
- The Bank reacted to current economic developments by analyzing the credit portfolio in terms of the resilience of clients to possible further increases in operating and financial costs and by reviewing the portfolio for sectoral risks, including for the commercial real estate and construction sectors.
- Solutions have been implemented for strategic clients to improve the credit process of financial institutions. In addition, the range of collateral available for credit exposures has been extended.

Stress tests

In line with the "Stress Test Policy", ING Bank Śląski Group regularly conducts stress tests as well as scenario and sensitivity analyzes to assess the impact of potential events or changes in macroeconomic conditions on capital requirement, economic capital, bank liquidity, risk profile and profitability. The report on the results of the stress tests shall be approved by the ALCO Committee and submitted to the Management Board and the Supervisory Board of the Bank.

14.3. Market risk

In the area of market risk, the Group manages the risk according to developed principles, methodologies and approved policies.

14.4. Liquidity and funding risk

In the 1st half of 2023, the Group continued its activities aimed at reducing liquidity risk and financing - in accordance with the principles of liquidity risk management and financing policy, the bank's strategy, as well as regulatory requirements. All monitored measures remain within the limits. Internal regulations and documents are regularly reviewed and reporting and modeling processes are improved.

14.5. Other risks

14.5.1. ESG risk

In the 1st half of 2023, the Group continued its ESG risk management activities.

- Workshops on the assessment of the materiality of risk types were carried out, where the impact of ESG risk on different categories of traditional risk groups was discussed and described in great detail.
- Work has begun on integrating ESG risk calculations into the ICAAP process.
- A roadmap has been drawn up for the actions remaining to be implemented to ensure compliance with the *ECB Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure* of November 2020.
- A transformation environmental risk assessment form for Business Banking customers has been piloted.

14.5.2. Non-financial risk

Operational risk

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

In the 1st half of 2023, the most important topic in the area of operational risk management was reducing the risk of external fraud (sociotechnical attacks) by implementing a wide range of control mechanisms (innovative solutions of an application nature). Further work will focus on modifying the handling of fraud complaints, working with other banks and regulators to achieve a consistent approach in the sector and implementing further controls. Additionally, the Bank has updated, among others, the manual for providing a standardized way of managing the risk of information and business continuity risk in the bank, including risk profiling, BIA - Business Impact Analysis, CC - Control Compliance Assessment, Detailed Risk Assessment, Monitoring Manual for key controls, the Manual for establishing and monitoring the appetite for non-financial risks (and the Declaration of the appetite for non-financial risks), the Manual for risk mitigation and monitoring recommendations, the Outsourcing Policy and the Manual for identification and assessment of non-financial risks.

In the second half of 2023, the Bank plans to continue its project work aimed at replacing the currently used application supporting operational risk management with a new cloud solution. The implementation of the new application will be linked to a review of the scope and quality of the data used in the area of operational risk management.

In addition, the Bank is working on the preparation of a new method for calculating the level of operational risk, to be implemented at the end of 1st quarter of 2024. The Bank will focus on meeting the formal conditions for the implementation of the new method and on ensuring that the risk measurement is sufficiently granular.

Compliance risk

In the 1st half of 2023, the Group continued its efforts to ensure compliance with regulatory requirements, in particular with the guidelines of EBA, KNF and GIIF.

The Bank is involved in the work at the level of the Association of Polish Banks (ZBP) and industry organizations. As in the previous year, the Bank improves its control mechanisms in business processes, in particular in the field of Know Your Customer (KYC) and the protection of personal data. The Bank regularly builds and strengthens the awareness of its staff on ethical issues and the applicable compliance regulations, including personal data.

14.5.3. Model risk

In the 1st half of 2023, the Group continued its model risk management activities, which included quarterly model risk reporting, model validation and model performance monitoring. New model construction and monitoring standards have been approved in line with current regulatory guidelines and corresponding processes have been adapted to them.

14.5.4. Business risk

Within the framework of business risk, the Group distinguishes macroeconomic risks. Macroeconomic risks are risks arising from changes in macroeconomic factors and their impact on the level of minimum capital requirements. The Bank manages this risk by conducting regular internal stress tests, which allows for ongoing monitoring of the macro-economic sensitivity of the minimum capital requirements. In the 1st half of 2023, the Bank conducted full capital tests at the end of 2022.

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

2023-08-02	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2023-08-02	**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 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	2 quarter 2022 the period from 01 Apr 2022 to 30 Jun 2022 *(transformed data)*	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Net interest income	2,986.4	5,823.4	2,285.3	4,050.2
calculated using the effective interest rate method	2,698.8	5,233.4	2,050.6	3,754.3
other interest income	287.6	590.0	234.7	295.9
Interest expense	-1,036.8	-2,122.8	-477.9	-596.6
Interest income	**1,949.6**	**3,700.6**	**1,807.4**	**3,453.6**
Commission income	657.5	1,293.0	635.8	1,276.5
Commission expense	-145.2	-277.3	-134.3	-259.9
Net commission income	**512.3**	**1,015.7**	**501.5**	**1,016.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	36.0	107.9	-42.2	4.3
Net income on the sale of securities measured at amortised cost	0.0	0.0	-11.8	-15.7
Net income on the sale of financial assets measured at fair value through other comprehensive income and dividend income	8.6	1.0	24.7	26.8
Net (loss)/income on hedge accounting	-3.5	-8.2	-18.2	-32.7
Net (loss)/income on other basic activities	-2.3	-3.0	-1.2	-1.4
Net income on basic activities	**2,500.7**	**4,814.0**	**2,260.2**	**4,451.5**
General and administrative expenses	-807.9	-1,762.2	-1,162.2	-2,055.2
Impairment for expected credit losses	-208.4	-282.0	-175.9	-323.6
including profit on sale of receivables	0.0	0.0	0.0	9.2
Cost of legal risk of FX mortgage loans	0.0	0.0	-0.2	-1.3
Tax on certain financial institutions	-165.6	-324.2	-161.3	-313.0
Share of the net profits of subsidiaries and associates measured by equity method	86.4	151.0	56.3	115.2
Gross profit	**1,405.2**	**2,596.6**	**816.9**	**1,873.6**
Income tax	-305.8	-588.5	-243.9	-507.8
Net profit	**1,099.4**	**2,008.1**	**573.0**	**1,365.8**

	2 quarter 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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 profit	1,099.4	2,008.1	573.0	1,365.8
Weighted average number of ordinary shares	130,135,128	130,120,799	130,100,000	130,100,000
Earnings per ordinary share (PLN)	**8.45**	**15.43**	**4.40**	**10.50**

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 2023 the period from 01 Apr 2023 to 30 Jun 2023	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	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 profit for the reporting period	**1,099.4**	**2,008.1**	**573.0**	**1,365.8**
Total other comprehensive income, including:	**604.2**	**1,598.1**	**-3,351.1**	**-6,440.7**
Items that may be reclassified to profit or loss, including:	**599.5**	**1,593.4**	**-3,319.2**	**-6,408.8**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	-2.3	142.5	-167.1	-426.1
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-1.0	-2.0	-14.6	-16.3
loans measured at fair value through other comprehensive income - revaluation gains / losses related to equity	-19.8	-10.1	-28.7	50.2
cash flow hedge - gains on revaluation carried through equity	69.9	314.4	-3,334.2	-6,141.6
cash flow hedge - reclassification to profit or loss	552.7	1,148.6	225.4	125.0
Items that will not be reclassified to profit or loss, including:	**4.7**	**4.7**	**-31.9**	**-31.9**
equity financial instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	4.7	4.7	-32.4	-32.4
fixed assets revaluation	0.0	0.0	0.5	0.5
Net comprehensive income for the reporting period	**1,703.6**	**3,606.2**	**-2,778.1**	**-5,074.9**

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

as at	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets				
Cash in hand and balances with the Central Bank		2,267.8	2,337.6	2,718.1
Loans and other receivables to other banks		13,695.8	7,204.2	4,967.6
Financial assets measured at fair value through profit or loss		2,339.7	1,952.3	3,487.6
Derivative hedge instruments		195.7	139.2	834.2
Investment securities		41,064.8	48,348.2	39,209.5
Transferred assets		11,307.9	163.8	6,878.6
Loans and other receivables to customers	4.1	147,055.0	145,733.5	143,076.6
Investments in subsidiaries and associates accounted for using the equity method		1,659.2	1,624.1	1,602.9
Property, plant and equipment		903.4	926.5	901.9
Intangible assets		421.9	393.2	385.4
Current income tax assets		0.0	566.0	820.4
Deferred tax assets		999.1	1,650.1	2,146.1
Other assets		247.6	120.6	120.6
Total assets		**222,157.9**	**211,159.3**	**207,149.5**

as at	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
Liabilities				
Liabilities to other banks		2,612.3	657.7	4,664.9
Financial liabilities measured at fair value through profit or loss		1,589.3	2,203.8	3,294.8
Derivative hedge instruments		328.4	369.5	1,144.4
Liabilities to customers		199,555.9	192,242.6	184,754.0
Subordinated liabilities		1,561.2	1,643.9	1,638.8
Provisions		362.3	347.8	334.2
Current income tax liabilities		118.9	0.0	0.0
Other liabilities		3,154.5	4,427.1	3,866.6
Total liabilities		**209,282.8**	**201,892.4**	**199,697.7**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-6,518.6	-8,116.7	-9,577.0
Retained earnings		18,311.5	16,297.2	15,942.4
Own shares for the purposes of the incentive program		-4.2	0.0	0.0
Total equity		**12,875.1**	**9,266.9**	**7,451.8**
Total liabilities and equity		**222,157.9**	**211,159.3**	**207,149.5**

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 2023 the period from 01 Jan 2023 to 30 Jun 2023

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Own shares for the purposes of the incentive program	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**-8,116.7**	**16,297.2**	**0.0**	**9,266.9**
Net profit for the current period	-	-	-	2,008.1	-	**2,008.1**
Other net comprehensive income, including:	**0.0**	**0.0**	**1,598.1**	**0.0**	**0.0**	**1,598.1**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	137.1	-	-	137.1
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-2.0	-	-	-2.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	314.4	-	-	314.4
cash flow hedge – reclassification to profit or loss	-	-	1,148.6	-	-	1,148.6
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**6.2**	**-4.2**	**2.0**
valuation of employee incentive programs	-	-	-	6.2	-	6.2
purchase of own shares for the purposes of the employee incentive program	-	-	-	-	-4.2	-4.2
Closing balance of equity	**130.1**	**956.3**	**-6,518.6**	**18,311.5**	**-4.2**	**12,875.1**

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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2022 the period from 01 Jan 2022 to 31 Dec 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	-	-	-	1,714.4	**1,714.4**
Other net comprehensive income, including:	**0.0**	**0.0**	**-4,980.4**	**0.0**	**-4,980.4**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-211.1	-	-211.1
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-15.9	-	-15.9
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,064.6	-	-6,064.6
cash flow hedge – reclassification to profit or loss	-	-	1,307.2	-	1,307.2
fixed assets revaluation	-	-	0.1	-	0.1
actuarial gains/losses	-	-	3.9	-	3.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-683.2**	**-683.2**
valuation of employee incentive programs	-	-	-	6.3	6.3
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-8,116.7**	**16,297.2**	**9,266.9**

1 half of 2022 the 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**

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Interim condensed cash flow statement

	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022 *(transformed data)*
Net profit	**2,008.1**	**1,365.8**
Adjustments, including:	**-6,859.9**	**632.5**
Share of profit/(loss) of subsidiaries and associates accounted for using the equity method	-151.0	-115.2
Depreciation and amortisation	138.2	131.0
Interest accrued (from the income statement)	-3,700.6	-3,453.6
Interest paid	-2,055.1	-575.9
Interest received	5,582.3	3,788.6
Dividends received	-7.4	-1.6
Gains (losses) on investing activities	0.6	0.1
Income tax (from the income statement)	588.5	507.8
Income tax paid	-182.0	-69.1
Change in provisions	14.5	1.8
Change in loans and other receivables to other banks	-6,627.5	-250.5
Change in financial assets measured at fair value through profit or loss	-379.0	-1,943.6
Change in hedge derivatives	1,708.6	-7,102.7
Change in investment securities	3,864.5	3,741.4
Change in transferred assets	-10,955.9	-4,597.7
Change in loans and other receivables to customers measured at amortised cost	-1,289.7	-5,541.3
Change in other assets	498.4	-24.0
Change in liabilities to other banks	724.6	-1,551.1
Change in liabilities measured at fair value through profit or loss	-614.4	1,615.3
Change in liabilities to customers	7,280.5	14,637.0
Change in subordinated liabilities	-83.9	28.4
Change in other liabilities	-1,214.1	1,407.4
Net cash flows from operating activities	**-4,851.8**	**1,998.3**

	1 half of 2023 YTD the period from 01 Jan 2023 to 30 Jun 2023	1 half of 2022 YTD the period from 01 Jan 2022 to 30 Jun 2022
Acquisition of property, plant and equipment	-36.6	-69.4
Acquisition of intangible assets	-63.9	-62.6
Acquisition of debt securities measured at amortized cost	0.0	-1,270.7
Disposal of debt securities measured at amortized cost	3,599.3	3,320.5
Dividends received	7.4	1.6
Net cash flows from investment activities	**3,506.2**	**1,919.4**
Long-term loans received	1,214.4	0.0
Interest payment on long-term loans	-18.2	-8.2
Repayment of lease liabilities	-51.0	-51.0
Purchase of own shares for the purposes of the employee incentive program	-4.2	0.0
Dividends paid	0.0	-689.5
Net cash flows from financial activities	**1,141.0**	**-748.7**
Net increase/(decrease) in cash and cash equivalents	**-204.6**	**3,169.0**
of which effect of exchange rate changes on cash and cash equivalents	713.8	-405.8
Opening balance of cash and cash equivalents	**3,049.7**	**1,377.6**
Closing balance of cash and cash equivalents	**2,845.1**	**4,546.6**

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 publication, i.e. from 3 August 2023. As at the date of adoption of these financial statements for publication, 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 1st half of 2023 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 2023 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 2022 to 31 December 2022, which was approved on 26 April 2023 by the Bank's General Meeting and is available on the website of ING Bank Śląski S.A. (www.ing.pl) and the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1st half of 2023.

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 2023 to 30 June 2023 and interim condensed standalone statement of financial position as at 30 June 2023, together with comparable data were prepared according to the same principles of accounting for each period.

1.3. Reporting period and comparable data

Interim condensed standalone financial statements of ING Bank Śląski S.A. covers the period from 1 January 2023 to 30 June 2023 and includes comparative data:

- as at 31 December 2022 and 30 June 2022 - for the interim condensed statement of financial position,
- for the period from 1 January 2022 to 30 June 2022 and from 1 April 2022 to 30 June 2022 - for the interim condensed income statement and the interim condensed statement of comprehensive income,
- for the period from 1 January 2022 to 30 June 2022 - for the interim condensed cash flow statement,
- for the period from 1 January 2022 to 31 December 2022 and from 1 January 2022 to 30 June 2022 – for the interim condensed statement of changes in equity.

1.4. Financial statements scope and currency

All significant disclosures from the Bank's point of view were presented in the interim condensed consolidated financial statements for the 1st half of 2023.

These interim condensed separate financial statements have been prepared in Polish zlotys ("PLN"). All values, unless indicated otherwise, are rounded up to million zlotys with one decimal place. As a result, there may be instances of mathematical inconsistency in the totals or between individual notes.

1.5. Approval of the financial statements

This interim condensed standalone financial statements were approved for publication by the Bank's Management Board on 1 August 2023.

The annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022 were approved by the General Meeting on 26 April 2023.

1.6. Changes in accounting standards

In these interim condensed separate financial statements, the same accounting principles were applied as applied in the preparation of the full annual financial statements for 2022 (annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022) and the standards and interpretations approved by the European Union, applicable to annual periods beginning on or after 1 January 2023, which were presented in the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1st half of 2023.

2. Significant accounting principles and key estimates

Detailed accounting principles and key estimates are presented in the annual financial statements of the of ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022, 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 2023, no significant changes were made to the accounting principles applied by the Bank. The most important estimates that changed in 1st half of 2023 compared to those presented in the annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022 are described in the interim condensed consolidated financial statements in point 5.1. *Key estimates*.

3. Comparability of financial data

3.1. Changes in income statement

In these interim condensed financial statements for the 1st half of 2023, compared to the interim condensed financial statements for the 1st half of 2022, the Bank introduced change in the presentation of individual items of the income statement. The change consisted in moving the price adjustment amounts (PAA) received from derivatives under cash flow hedge accounting from the *Net (loss)/income on hedge accounting* line (from the detailed item: *ineffectiveness under cash flow hedges*) to the line *Interest income* and *Interest expenses* (to the detailed items *other interest income/cost related to the settlement of valuations of cash flow hedging derivatives*). A detailed description of the above changes, together with the justification for their introduction, is presented in the annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022.

Also, in these interim condensed financial statements for the 1st half of 2023, the Bank resigned from presenting in the income statement *the impact of the adjustment to the gross carrying amount of loans due to credit moratoria*, which was a more detailed presentation of interest income. This item was added in the interim condensed financial statements for 3rd quarter of 2022 and in the annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022. The Bank presented these amounts separately due to the nature and significance of the adjustments in these periods. Because the effect of the credit moratoria was recognised in its entirety in 2022, the presentation of a separate line in the income statement in the financial statements for the 1st half of 2023 was no longer relevant.

The table presents individual items of the income statement according to the values presented in the interim condensed financial statements for the 1st half of 2022 and according to the values presented in these interim condensed financial statements.

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

	in interim condensed financial statements for the 1st half of 2022 *(published data)*	change	in interim condensed financial statements for the 1st half of 2023 *(comparable data)*
Net interest income	3,755.4	294.8	4,050.2
calculated using the effective interest rate method	3,754.3		3,754.3
other interest income	1.1	294.8	295.9
Interest expense	-440.3	-156.3	-596.6
Interest income	**3,315.1**	**138.5**	**3,453.6**
Commission income	1,276.5		1,276.5
Commission expense	-259.9		-259.9
Net commission income	**1,016.6**	**0.0**	**1,016.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	4.3		4.3
Net income on the sale of securities measured at amortised cost	-15.7		-15.7
Net income on the sale of financial assets measured at fair value through other comprehensive income and dividend income	26.8		26.8
Net (loss)/income on hedge accounting	105.8	-138.5	-32.7
Net (loss)/income on other basic activities	-1.4		-1.4
Net income on basic activities	**4,451.5**	**0.0**	**4,451.5**
General and administrative expenses	-2,055.2		-2,055.2
Impairment for expected credit losses	-323.6		-323.6
including profit on sale of receivables	9.2		9.2
Cost of legal risk of FX mortgage loans	-1.3		-1.3
Tax on certain financial institutions	-313.0		-313.0
Share of the net profits of subsidiaries and associates measured by equity method	115.2		115.2
Gross profit	**1,873.6**	**0.0**	**1,873.6**
Income tax	-507.8		-507.8
Net profit	**1,365.8**	**0.0**	**1,365.8**

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3.2. Changes in cash flow statement

In these interim condensed financial statements for the 1st half of 2023, compared to the financial statements for the 1st half of 2022, the Bank introduced changes in the presentation of individual items of the cash flow statement. The changes are as follows:

a. Reflecting the presentation changes introduced in the income statement, i.e. resulting from the transfer to interest income and expenses of price adjustment amounts (PAA) received from derivatives under cash flow hedge accounting (described in point 3.1.).

b. Separation of the following items in operating activities:

- *Change in transferred assets* – in the reports for previous periods, the amounts corresponding to the change in these assets were presented – depending on the adopted valuation category – in the lines *Change in financial assets measured at fair value through profit or loss* or/and *Change in investment securities*.
- *Change in subordinated liabilities* – to this item amounts corresponding to non-monetary changes in the carrying amount of subordinated liabilities – other than accrued and unpaid interest - were transferred. In the financial statements for the previous periods, the Bank presented these amounts in the item *Change in other liabilities*.

The introduction of the above changes was aimed at a more complete reflection in the cash flows statement of changes in items presented in assets and liabilities of the statement of financial position.

The table contains individual items presented in the operating activities of the cash flows statement, in the breakdown and by the values presented in the interim condensed financial statements for the 1st half of 2022 and in the breakdown and by values presented in these interim condensed financial statements. Cash flows from investment and financial activities did not change and did not require restatements.

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

	in interim condensed financial statements for the 1st half of 2022 *(published data)*	change a	change b	in interim condensed financial statements for the 1st half of 2023 *(comparable data)*
Net profit	**1,365.8**			**1,365.8**
Adjustments, including:	**632.5**	**0.0**	**0.0**	**632.5**
Share of profit/(loss) of subsidiaries and associates accounted for using the equity method	-115.2			-115.2
Depreciation and amortisation	131.0			131.0
Interest accrued (from the income statement)	-3,315.1	-138.5		-3,453.6
Interest paid	-419.6	-156.3		-575.9
Interest received	3,493.8	294.8		3,788.6
Dividends received	-1.6			-1.6
Gains (losses) on investing activities	0.1			0.1
Income tax (from the income statement)	507.8			507.8
Income tax paid	-69.1			-69.1
Change in provisions	1.8			1.8
Change in loans and other receivables to other banks	-250.5			-250.5
Change in financial assets measured at fair value through profit or loss	-1,756.8		-186.8	-1,943.6
Change in hedge derivatives	-7,102.7			-7,102.7
Change in investment securities	-1,043.1		4,784.5	3,741.4
Change in transferred assets	not applicable		-4,597.7	-4,597.7
Change in loans and other receivables to customers measured at amortised cost	-5,541.3			-5,541.3
Change in other assets	-24.0			-24.0
Change in liabilities to other banks	-1,551.1			-1,551.1
Change in liabilities measured at fair value through profit or loss	1,615.3			1,615.3
Change in liabilities to customers	14,637.0			14,637.0
Change in subordinated liabilities	not applicable		28.4	28.4
Change in other liabilities	1,435.8		-28.4	1,407.4
Net cash flows from operating activities	**1,998.3**	**0.0**	**0.0**	**1,998.3**

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4. Supplementary notes to interim condensed standalone financial statements

4.1. Loans and other receivables to customers

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Measured at amortised cost	139,965.0	137,520.3	134,027.4
Measured at fair value through other comprehensive income	7,090.0	8,213.2	9,049.2
Total	**147,055.0**	**145,733.5**	**143,076.6**

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.

Loans and receivables to customers measured at amortised cost

as at	30 Jun 2023			31 Dec 2022			30 Jun 2022		
	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:	**141,594.4**	**-3,263.4**	**138,331.0**	**138,648.9**	**-2,977.6**	**135,671.3**	**135,405.1**	**-2,932.1**	**132,473.0**
Corporate banking	**88,201.1**	**-2,144.0**	**86,057.1**	**86,025.4**	**-1,934.8**	**84,090.6**	**82,250.6**	**-1,832.8**	**80,417.8**
loans in the current account	19,486.2	-538.7	**18,947.5**	19,035.3	-484.1	**18,551.2**	19,216.7	-440.1	**18,776.6**
term loans and advances	64,471.0	-1,602.8	**62,868.2**	63,208.0	-1,446.0	**61,762.0**	59,734.2	-1,391.9	**58,342.3**
debt securities (corporate and municipal)	4,243.9	-2.5	**4,241.4**	3,782.1	-4.7	**3,777.4**	3,299.7	-0.8	**3,298.9**
Retail banking	**53,393.3**	**-1,119.4**	**52,273.9**	**52,623.5**	**-1,042.8**	**51,580.7**	**53,154.5**	**-1,099.3**	**52,055.2**
mortgages	44,463.6	-266.6	**44,197.0**	43,896.7	-234.9	**43,661.8**	44,151.3	-205.0	**43,946.3**
loans in the current account	693.7	-68.1	**625.6**	697.5	-63.5	**634.0**	694.4	-67.9	**626.5**
other loans and advances	8,236.0	-784.7	**7,451.3**	8,029.3	-744.4	**7,284.9**	8,308.8	-826.4	**7,482.4**
Other receivables, of which:	**1,634.0**	**0.0**	**1,634.0**	**1,849.0**	**0.0**	**1,849.0**	**1,554.4**	**0.0**	**1,554.4**
call deposits placed	677.0	0.0	**677.0**	827.6	0.0	**827.6**	474.3	0.0	**474.3**
other	957.0	0.0	**957.0**	1,021.4	0.0	**1,021.4**	1,080.1	0.0	**1,080.1**
Total	**143,228.4**	**-3,263.4**	**139,965.0**	**140,497.9**	**-2,977.6**	**137,520.3**	**136,959.5**	**-2,932.1**	**134,027.4**

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Quality of loan portfolio

as at	30 Jun 2023			31 Dec 2022			30 Jun 2022		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Corporate banking	**88,201.1**	**-2,144.0**	**86,057.1**	**86,025.4**	**-1,934.8**	**84,090.6**	**82,250.6**	**-1,832.8**	**80,417.8**
assets in Stage 1	75,034.6	-163.4	**74,871.2**	72,485.8	-173.1	**72,312.7**	74,607.6	-105.7	**74,501.9**
assets in Stage 2	10,655.5	-464.4	**10,191.1**	11,415.6	-444.2	**10,971.4**	5,553.2	-285.2	**5,268.0**
assets in Stage 3	2,511.0	-1,516.2	**994.8**	2,124.0	-1,317.5	**806.5**	2,089.8	-1,441.9	**647.9**
Retail banking	**53,393.3**	**-1,119.4**	**52,273.9**	**52,623.5**	**-1,042.8**	**51,580.7**	**53,154.5**	**-1,099.3**	**52,055.2**
assets in Stage 1	47,458.3	-169.6	**47,288.7**	46,873.4	-183.6	**46,689.8**	50,603.1	-128.6	**50,474.5**
assets in Stage 2	4,907.9	-258.4	**4,649.5**	4,857.2	-276.0	**4,581.2**	1,565.1	-220.0	**1,345.1**
assets in Stage 3	1,024.5	-691.4	**333.1**	890.8	-583.2	**307.6**	984.2	-750.7	**233.5**
POCI assets	2.6	0.0	**2.6**	2.1	0.0	**2.1**	2.1	0.0	**2.1**
Total, of which:	**141,594.4**	**-3,263.4**	**138,331.0**	**138,648.9**	**-2,977.6**	**135,671.3**	**135,405.1**	**-2,932.1**	**132,473.0**
assets in Stage 1	122,492.9	-333.0	**122,159.9**	119,359.2	-356.7	**119,002.5**	125,210.7	-234.3	**124,976.4**
assets in Stage 2	15,563.4	-722.8	**14,840.6**	16,272.8	-720.2	**15,552.6**	7,118.3	-505.2	**6,613.1**
assets in Stage 3	3,535.5	-2,207.6	**1,327.9**	3,014.8	-1,900.7	**1,114.1**	3,074.0	-2,192.6	**881.4**
POCI assets	2.6	0.0	**2.6**	2.1	0.0	**2.1**	2.1	0.0	**2.1**

The Bank identifies POCI financial assets whose carrying value as at 30 June 2023 is PLN 2.6 million (PLN 2.1 million as at 31 December 2022 and PLN 2.1 million as at 30 June 2022). 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 2023, there were no transfers between measurement levels, as in 2022. The fair value calculation methods adopted as at 30 June 2023 have not changed compared to those used at the end of 2022 (a detailed description of the approach to fair value measurement of assets and liabilities is included in the annual financial statements for the period from 1 January 2022 to 31 December 2022).

The tables present the carrying amount of financial assets and liabilities broken down by individual measurement levels.

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as at **30 Jun 2023**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**24,343.4**	**1,640.1**	**7,259.5**	**33,243.0**
Valuation of derivatives	-	**1,371.8**	-	**1,371.8**
Financial assets held for trading, including:	**852.5**	**72.6**	-	**925.1**
debt securities, including:	852.5	-	-	852.5
treasury bonds in PLN	695.7	-	-	695.7
Czech Treasury bonds in CZK	146.9	-	-	146.9
Czech Treasury bonds in EUR	9.4	-	-	9.4
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	72.6	-	72.6
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	-	**42.8**	**42.8**
loans are obligatorily measured at fair value through profit or loss	-	-	42.3	42.3
equity instruments	-	-	0.5	0.5
Derivative hedge instruments	-	**195.7**	-	**195.7**
Financial assets measured at fair value through other comprehensive income, including:	**15,431.3**	-	**126.7**	**15,558.0**
debt securities, including:	15,431.3	-	-	15,431.3
treasury bonds in PLN	12,028.1	-	-	12,028.1
treasury bonds in EUR	1,643.1	-	-	1,643.1
European Investment Bank bonds	1,355.0	-	-	1,355.0
Austrian government bonds	405.1	-	-	405.1
equity instruments	-	-	126.7	126.7
Transferred assets, including:	**8,059.6**	-	-	**8,059.6**
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	8,059.6	-	-	8,059.6
Loans measured at fair value through other comprehensive income	-	-	**7,090.0**	**7,090.0**

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**46.1**	**1,871.6**	**0.0**	**1,917.7**
Valuation of derivatives	-	**1,543.2**	-	**1,543.2**
Other financial liabilities measured at fair value through profit or loss, including:	**46.1**	-	-	**46.1**
book short position in trading securities	46.1	-	-	46.1
Derivative hedge instruments	-	**328.4**	-	**328.4**

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as at **31 Dec 2022**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**16,216.1**	**1,591.7**	**8,388.8**	**26,196.6**
Valuation of derivatives	-	**974.9**	-	**974.9**
Financial assets held for trading, including:	**443.3**	**477.6**	-	**920.9**
debt securities, including:	443.3	-	-	443.3
treasury bonds in PLN	441.7	-	-	441.7
Czech Treasury bonds in CZK	1.2	-	-	1.2
European Investment Bank bonds	0.4	-	-	0.4
repo transactions	-	477.6	-	477.6
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	**1.8**	-	**54.7**	**56.5**
loans are obligatorily measured at fair value through profit or loss	-	-	54.6	54.6
equity instruments	1.8	-	0.1	1.9
Derivative hedge instruments	-	**139.2**	-	**139.2**
Financial assets measured at fair value through other comprehensive income, including:	**15,607.2**	-	**120.9**	**15,728.1**
debt securities, including:	15,607.2	-	-	15,607.2
treasury bonds in PLN	12,069.2	-	-	12,069.2
treasury bonds in EUR	1,803.4	-	-	1,803.4
European Investment Bank bonds	1,308.9	-	-	1,308.9
Austrian government bonds	425.7	-	-	425.7
equity instruments	-	-	120.9	120.9
Transferred assets, including:	**163.8**	-	-	**163.8**
Treasury bonds in PLN from the portfolio of financial assets measured at fair value through profit or loss	125.2	-	-	125.2
bonds of the Czech State Treasury in CZK from the portfolio of financial assets measured at fair value through profit or loss	38.6	-	-	38.6
Loans measured at fair value through other comprehensive income	-	-	**8,213.2**	**8,213.2**

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**437.3**	**2,136.0**	**0.0**	**2,573.3**
Valuation of derivatives	-	**1,602.3**	-	**1,602.3**
Other financial liabilities measured at fair value through profit or loss, including:	**437.3**	**164.2**	-	**601.5**
book short position in trading securities	437.3	-	-	437.3
financial liabilities held for trading, including:	-	164.2	-	164.2
repo transactions	-	164.2	-	164.2
Derivative hedge instruments	-	**369.5**	-	**369.5**

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Movements in financial assets classified to the level 3 of measurement

In the 1st half of 2023, the change in the valuation of equity instruments classified to level 3 included in other comprehensive income amounted to PLN 5.8 million (compared to PLN -39.9 million in the 1st half of 2022).

The impact of the valuation of loans classified under level 3 of the measurement was in the 1st half of 2023:

- for loans mandatorily measured at fair value through profit or loss: PLN 0.0 million (similar to the 1st half of 2022),
- for loans measured at fair value through other comprehensive income: PLN -12.5 million (compared to PLN 13.4 million in the 1st half of 2022) and was reflected in the Bank's statement of financial position under *Accumulated other comprehensive income*.

	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023				1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022			
	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	**54.6**	**0.1**	**120.9**	**8,213.2**	**78.4**	**0.1**	**167.4**	**10,154.9**
Increases, including:	**0.0**	**0.4**	**5.8**	**66.2**	**0.0**	**0.0**	**0.0**	**0.0**
acquisition of investment	-	0.4	-	-	-	-	-	-
valuation referred to accumulated other comprehensive income	-	-	5.8	66.2	-	-	-	-
Reductions, including:	**-12.3**	**0.0**	**0.0**	**-1,189.4**	**-15.2**	**0.0**	**-39.9**	**-1,105.7**
loan repayments	-12.3	-	-	-540.3	-15.2	-	-	-1,093.8
valuation referred to accumulated other comprehensive income	-	-	-	-	-	-	-39.9	-11.9
sale to ING Bank Hipoteczny S.A.	-	-	-	-649.1	-	-	-	-
Closing balance	**42.3**	**0.5**	**126.7**	**7,090.0**	**63.2**	**0.1**	**127.5**	**9,049.2**

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

In 2023 there were no transfers between valuation levels. In 2022, the Bank changed the valuation level for bonds for the National Road Fund issued by Bank Gospodarstwa Krajowego. In previous periods, they were presented in level 1 of the valuation, and starting from 1st half of 2022, the Bank presents them in level 2 of the valuation.

as at **30 Jun 2023**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**25,506.8**	**18,482.5**	**4,990.9**	-	**23,473.4**
treasury bonds in PLN	10,108.1	9,516.8	-	-	9,516.8
treasury bonds in EUR	3,016.3	2,710.8	-	-	2,710.8
European Investment Bank bonds	6,741.2	6,254.9	-	-	6,254.9
bonds of the Polish Development Fund (PFR)	3,827.5	-	3,334.5	-	3,334.5
Bank Gospodarstwa Krajowego bonds	1,813.7	-	1,656.4	-	1,656.4
Transferred assets, including:	**3,248.3**	**2,834.3**	-	-	**2,834.3**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	3,248.3	2,834.3	-	-	2,834.3
Loans and receivables to customers at amortised cost, including:	**139,965.0**	-	-	**141,052.8**	**141,052.8**
Corporate banking segment, including:	86,057.1	-	-	86,407.9	86,407.9
loans and advances (in the current account and term ones)	81,815.7	-	-	82,213.6	82,213.6
corporate and municipal debt securities	4,241.4	-	-	4,194.3	4,194.3
Retail banking segment, including:	52,273.9	-	-	53,010.9	53,010.9
mortgages	44,197.0	-	-	44,556.4	44,556.4
other loans and advances	8,076.9	-	-	8,454.5	8,454.5
Other receivables	1,634.0	-	-	1,634.0	1,634.0
Liabilities to customers	**199,555.9**	-	-	**199,473.7**	**199,473.7**
Subordinated liabilities	**1,561.2**	-	-	**1,244.8**	**1,244.8**

as at **31 Dec 2022**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**32,620.1**	**20,778.2**	**8,287.3**	-	**29,065.5**
treasury bonds in PLN	13,352.5	11,892.2	-	-	11,892.2
treasury bonds in EUR	3,192.1	2,838.1	-	-	2,838.1
European Investment Bank bonds	6,815.7	6,047.9	-	-	6,047.9
bonds of the Polish Development Fund (PFR)	3,858.4	-	3,124.8	-	3,124.8
Bank Gospodarstwa Krajowego bonds	1,802.1	-	1,564.0	-	1,564.0
NBP bills	3,599.3	-	3,598.5		3,598.5
Loans and receivables to customers at amortised cost, including:	**137,520.3**	-	-	**138,653.8**	**138,653.8**
Corporate banking segment, including:	84,090.6	-	-	85,454.0	85,454.0
loans and advances (in the current account and term ones)	80,313.2	-	-	81,621.9	81,621.9
corporate and municipal debt securities	3,777.4	-	-	3,832.1	3,832.1
Retail banking segment, including:	51,580.7	-	-	51,350.8	51,350.8
mortgages	43,661.8	-	-	42,846.8	42,846.8
other loans and advances	7,918.9	-	-	8,504.0	8,504.0
Other receivables	1,849.0	-	-	1,849.0	1,849.0
Liabilities to customers	**192,242.6**	-	-	**192,181.6**	**192,181.6**
Subordinated liabilities	**1,643.9**	-	-	**1,298.8**	**1,298.8**

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5. Capital adequacy

5.1. Total capital ratio

as at	30 Jun 2023	31 Dec 2022	30 Jun 2022
Own funds	17,875.8	17,823.1	15,741.3
Total capital requirements	7,733.4	7,992.9	8,011.6
Total capital ratio (TCR)	**18.49%**	**17.84%**	**15.72%**
Tier 1 ratio (T1)	**16.88%**	**16.18%**	**14.02%**

On 26 April 2023, the Bank's General Meeting approved the distribution of profit for 2022. Including the net profit earned in 2022 in own funds as at 31 December 2022, resulted in an increase in the TCR and Tier1 ratios to 17.84% and 16.18%, respectively, which was presented in the table. According to the values presented in the annual financial statements for the period from 1 January 2022 to 31 December 2022, the Bank's TCR and Tier1 ratios as at 31 December 2022 were 16.77% and 15.10%, respectively.

In the calculation of capital ratios, the Bank used transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. If the Bank did not apply the transition period, the Bank's capital ratios as at 30 June 2023 would be as follows:

- 18.34% - the total capital ratio (TCR),
- 16.72% - Tier 1 capital ratio (T1).

As at 31 December 2022 and 30 June 2022, the Bank additionally applied the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR. If the Bank does not apply the transition period for the purposes of implementing 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, the Bank's TCR and T1 ratios for comparable periods would be respectively:

- 17.40% and 15.64% as at 31 December 2022,
- 15.37% and 13.67% as at 30 June 2022.

5.2. MREL requirements

The most important information regarding the MREL requirements is described in the interim condensed consolidated financial statements in chapter 9.4. *MREL requirements*.

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 2023	31 Dec 2022	30 Jun 2022
Off-balance sheet commitments given	50,883.3	49,982.9	51,616.0
Off-balance sheet commitments received	23,916.6	17,256.2	26,924.9
Off-balance sheet financial instruments	1,244,771.8	1,137,721.0	1,160,347.7
Total	**1,319,571.7**	**1,204,960.1**	**1,238,888.6**

8. Significant events in the 1st half of 2023

Significant events that occurred in the 1st half of 2023 are described in the interim condensed consolidated financial statements in item 2. *Significant events in the 1st half of 2023*.

9. Significant events after balance sheet date

None

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10. Transactions with related parties

The most important information regarding the Bank's transactions with related entities is presented in the interim condensed consolidated financial statements in point 13. *Transactions with related entities*.

Additionally, in the 1st half of 2023, the Bank completed a sale transaction to ING Bank Hipoteczny S.A. (a subsidiary of the Bank) a portfolio of mortgage-secured housing loans in the total amount of PLN 649.1 million. The purchase price was set at the market value. As at 30 June 2023, receivables from ING Bank Hipoteczny S.A. related to the deferred payment for this transaction in the amount of PLN 64.1 million was recognized in *Loans and other receivables to other banks*.

The tables present numerical information on receivables and liabilities as well as revenues and costs resulting from transactions concluded between the Bank and its related entities.

	ING Bank NV	other ING Group entities	subsidiaries	associates	ING Bank NV	other ING Group entities	subsidiaries	associates
	as at 30 Jun 2023				as at 31 Dec 2022			
Receivables								
Nostro accounts	86.0	2.4	-	-	2.2	174.4	-	-
Deposits placed	23.0	-	-	-	227.7	-	-	-
Loans granted	10.7	2,419.8	11,452.8	-	-	8.6	13,401.4	-
Positive valuation of derivatives	187.5	-	-	-	207.4	-	-	-
Reverse repo	10,395.4	-	-	-	3,759.3	-	-	-
Other receivables	6.5	1.7	6.3	-	4.4	3.8	2.4	-
Liabilities								
Deposits received	116.0	453.7	169.6	26.5	11.0	156.4	128.8	9.3
Loans received*	1,172.2	-	-	-	-	-	-	-
Subordinated loan	1,561.3	-	-	-	1,643.8	-	-	-
Loro accounts	41.8	31.3	-	-	59.5	32.4	2.4	-
Negative valuation of derivatives	171.5	-	1.3	-	208.2	-	1.6	-
Other liabilities	182.8	15.2	91.6	-	92.0	9.7	4.3	-
Off-balance-sheet operations								
Off-balance sheet liabilities granted	395.8	4,171.7	4,617.8	0.1	532.2	759.2	8,475.7	0.1
Off-balance sheet liabilities received	89.0	-	-	-	1,276.3	21.6	-	-
FX transactions	21,170.2	-	-	-	16,307.9	-	-	-
IRS	184.4	-	44.0	-	187.1	-	49.2	-
Options	610.7	-	-	-	400.5	-	-	-

*) Non Preferred Senior (NPS) loan

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	ING Bank NV	other ING Group entities	subsidiaries	associates	ING Bank NV	other ING Group entities	subsidiaries	associates
	1 half of 2023 the period from 01 Jan 2023 to 30 Jun 2023				1 half of 2022 the period from 01 Jan 2022 to 30 Jun 2022			
Income and expenses								
Income, including:	50.2	1.8	452.0	-19.1	-94.5	-1.3	267.1	21.5
net interest and commission income	35.9	1.7	458.4	-19.1	-31.9	4.0	266.6	21.5
net income on financial instruments	14.3	0.2	0.6	-	-62.6	-5.8	-1.1	-
net (loss)/income on other basic activities	-	-0.1	1.8	-	-	0.5	1.6	-
net income on sale of financial assets	-	-	-8.8	-	-	-	-	-
General and administrative expenses	-119.1	-25.3	-3.0	-	-96.4	-17.4	-2.5	-
Outlays for non-current assets								
Outlays for intangible assets	-	-	0.1	-	-	-	-	-

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

2023-08-02	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-08-02	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2023-08-02	**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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