



ING Bank Śląski S.A. Group

Semi-annual consolidated report
for the period of 6 months
ending on 30 June 2017

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SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

- Selected financial data

	II quarter 2017	I half year 2017	II quarter 2016	I half year 2016
Net interest income	849.3	1 664.8	690.9	1 359.0
Net commission income	291.3	580.9	258.1	512.0
Result on basic activities	1 190.4	2 324.9	1 152.4	2 128.0
Result before tax	476.1	889.9	524.9	862.3
Net profit attributable to shareholders of ING Bank Śląski S.A.	360.4	660.6	406.9	666.1
Earnings per ordinary share (PLN)	2.77	5.08	3.13	5.12

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Loans and other receivables to customers (net) excluding Eurobonds	83 312.5	80 693.1	78 068.8	74 398.9	71 476.6
Liabilities to customers	97 708.8	96 620.7	95 825.4	93 483.3	90 403.0
Total assets	120 197.6	118 850.5	117 477.7	115 639.7	112 732.7
Equity attributable to shareholders of ING Bank Śląski S.A.	11 154.1	10 787.3	10 474.9	10 810.1	10 667.7
Initial capital	130.1	130.1	130.1	130.1	130.1

- Key effectiveness ratios

	30 Jun 2017	31 Mar 2017	30 Jun 2016	31 Mar 2016
C/I - Cost/Income ratio (%)	46.2	49.7	48.2	52.2
ROA - Return on assets (%)	1.1	1.1	1.1	1.0
ROE - Return on equity (%)	11.5	12.0	11.4	10.9
NIM - net interest margin (%)	2.84	2.75	2.50	2.48
L/D - Loans-to-deposits ratio (%)	85.3	83.5	79.6	79.1
Total capital ratio (%)	15.3	14.3	14.6	14.1

Explanations:

C/I - Cost to Income ratio – total costs to income from operating activity per type.

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) excluding Eurobonds to liabilities due to customers.

Total capital ratio – equity to risk weighted assets and off-balance sheet liabilities.

Interim condensed consolidated income statement

	Note	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net interest income	7.1	849.3	1 664.8	690.9	1 359.0
Net commission income	7.2	291.3	580.9	258.1	512.0
Net income on financial instruments at fair value through profit or loss and FX result	7.3	11.1	29.1	5.1	28.1
Net income on investments	7.4	32.8	43.0	196.6	225.3
Net income on hedge accounting	7.5	6.6	7.0	0.5	-2.1
Net income on other basic activities	7.6	-0.7	0.1	1.2	5.7
Net income on basic activities		1 190.4	2 324.9	1 152.4	2 128.0
General and administrative expenses	7.7	510.3	1 074.7	517.2	1 026.0
Impairment losses and provisions for off-balance sheet liabilities	7.8	123.6	200.5	33.5	112.4
Tax on certain financial institutions		80.4	159.8	76.8	127.3
Gross profit (loss)		476.1	889.9	524.9	862.3
Income tax	7.9	115.7	229.3	118.0	196.2
Net profit (loss)		360.4	660.6	406.9	666.1
- attributable to shareholders of ING Bank Śląski S.A.		360.4	660.6	406.9	666.1
- attributable to non-controlling interests		0.0	0.0	0.00	0.0
Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.		360.4	660.6	406.9	666.1
Weighted average number of ordinary shares		130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)		2.77	5.08	3.13	5.12

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

Interim condensed consolidated statement of comprehensive income

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net profit for the period	360.4	660.6	406.9	666.1
Total other comprehensive income, including:	6.6	18.7	-265.3	24.5
Items which can be reclassified to income statement	6.6	18.7	-265.3	24.7
Items which will not be reclassified to income statement	0.0	0.0	0.0	-0.2
Net comprehensive income for the reporting period	367.0	679.3	141.6	690.6
- attributable to owners of ING Bank Śląski S.A.	367.0	679.3	141.6	690.6

Interim Condensed Consolidated Income statement and 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

Interim condensed consolidated statement of financial position

	Note	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Assets						
Cash in hand and balances with the Central Bank		1 351.9	1 250.0	1 825.0	1 286.6	3 565.7
Loans and other receivables to other banks	7.10	1 050.2	1 125.7	1 113.4	1 285.4	954.3
Financial assets at fair value through profit or loss	7.11	2 676.6	1 505.2	2 826.8	1 847.3	2 067.7
Valuation of derivatives		1 029.7	1 210.6	1 117.1	1 320.5	1 613.8
Investments	7.12	24 427.6	26 569.7	25 721.3	27 761.0	25 072.0
Derivative hedge instruments		1 148.6	1 259.1	1 338.6	2 389.6	2 737.1
Loans and other receivables to customers	7.13, 7.14	86 902.3	84 379.6	81 979.5	78 308.6	75 330.0
Receivables from customers under repo transactions		20.0	19.9	0.0	0.0	19.9
Non-financial assets	7.15	985.3	995.6	1 004.5	1 032.5	1 037.8
Assets held for sale		14.3	19.7	31.8	41.2	49.8
Tax assets		228.5	181.9	237.5	76.9	71.4
Other assets		362.6	333.5	282.2	290.1	213.2
Total assets		120 197.6	118 850.5	117 477.7	115 639.7	112 732.7
Liabilities						
Liabilities to other banks	7.16	6 140.5	5 606.6	5 043.0	5 082.3	4 236.0
Financial liabilities at fair value through profit or loss	7.17	108.6	639.0	474.8	299.3	319.9
Valuation of derivatives		1 045.7	1 097.6	1 116.0	1 336.9	1 525.1
Derivative hedge instruments		1 015.0	1 206.4	1 468.1	1 730.1	1 818.0
Liabilities to customers	7.18	97 708.8	96 620.7	95 825.4	93 483.3	90 403.0
Liabilities to customers under repo transactions		0.0	0.0	0.0	9.1	10.4
Liabilities under issue of debt securities		866.3	872.0	866.4	866.3	872.0
Subordinated liabilities		635.3	634.2	664.9	665.2	641.6
Provisions	7.19	83.0	72.9	73.8	82.0	82.7
Tax liabilities		121.4	24.1	121.3	181.4	221.7
Other liabilities		1 318.9	1 287.6	1 346.8	1 091.2	1 932.1
Total liabilities		109 043.5	108 061.1	107 000.5	104 827.1	102 062.5
Equity						
Share capital		130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3	956.3
Revaluation reserve		596.2	589.6	577.5	1 508.0	1 774.8
Retained earnings		9 471.5	9 111.3	8 811.0	8 215.7	7 806.5
Equity attributable to shareholders of ING Bank Śląski S.A.		11 154.1	10 787.3	10 474.9	10 810.1	10 667.7
Non-controlling interests		0.0	2.1	2.3	2.5	2.5
Total equity		11 154.1	10 789.4	10 477.2	10 812.6	10 670.2
Total equity and liabilities		120 197.6	118 850.5	117 477.7	115 639.7	112 732.7
Carrying amount		11 154.1	10 787.3	10 474.9	10 810.1	10 667.7
Number of shares		130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)		85.73	82.92	80.51	83.09	82.00

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.

Interim condensed consolidated statement of changes in equity

I half year 2017

The period from 01 Jan 2017 to 30 Jun 2017

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	577.5	8 811.0	2.3	10 477.2
Net result for the current period	-	-	-	660.6	0.0	660.6
Other net comprehensive income, including:	0.0	0.0	18.7	0.0	0.0	18.7
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	93.8	-	-	93.8
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-29.2	-	-	-29.2
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-16.0	-	-	-16.0
effective part of cash flow hedging relationship	-	-	-29.9	-	-	-29.9
Other changes in equity, including:	0.0	0.0	0.0	-0.1	-2.3	-2.4
valuation of share-based payments	-	-	-	0.1	-	0.1
purchase of non-controlling interests	-	-	-	-0.2	-2.1	-2.3
profit distribution with dividend payout allocation	-	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	596.2	9 471.5	0.0	11 154.1

year 2016

the period from 01 Jan 2016 to 31 Dec 2016

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	1 485.0	8 106.5	2.6	10 680.5
Net result for the current period	-	-	-	1 253.0	0.1	1 253.1
Other net comprehensive income, including:	0.0	0.0	-907.5	9.7	-0.3	-898.1
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	-76.1	-	-	-76.1
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-183.7	-	-	-183.7
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-32.2	-	-	-32.2
effective part of cash flow hedging relationship	-	-	-606.0	-	-	-606.0
revaluation of non-current assets	-	-	-1.4	-	-0.2	-1.6
disposal of non-current assets	-	-	-9.8	9.7	-0.1	-0.2
actuarial gains/losses	-	-	1.7	-	-	1.7
Other changes in equity, including:	0.0	0.0	0.0	-558.2	-0.1	-558.3
valuation of share-based payments	-	-	-	1.2	-	1.2
dividends paid	-	-	-	-559.4	-0.1	-559.5
Closing balance of equity	130.1	956.3	577.5	8 811.0	2.3	10 477.2

Interim condensed consolidated statement of changes in equity - continued

I half year 2016

The period from 01 Jan 2016 to 30 Jun 2016

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	1 485.0	8 106.5	2.6	10 680.5
Net result for the current period	-	-	-	666.1	-	666.1
Other net comprehensive income, including:	0.0	0.0	23.0	1.5	0.0	24.5
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	26.2	-	-	26.2
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-181.8	-	-	-181.8
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-16.0	-	-	-16.0
effective part of cash flow hedging relationship	-	-	196.3	-	-	196.3
revaluation of non-current assets	-	-	-0.2	-	-	-0.2
disposal of non-current assets	-	-	-1.5	1.5	-	0.0
Other changes in equity, including:	0.0	0.0	0.0	-558.4	-0.1	-558.5
valuation of share-based payments	-	-	-	1.0	-	1.0
profit distribution with dividend payout allocation	-	-	-	-559.4	-0.1	-559.5
Closing balance of equity	130.1	956.3	1 508.0	8 215.7	2.5	10 812.6

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

Interim condensed consolidated cash flow statement

	I half year 2017 the period ofrom 01 Jan 2017 to 30 Jun 2017	I half year 2016 the period from 01 Jan 2016 to 30 Jun 2016
Net profit	660.6	666.1
Adjustments	684.0	-1 988.7
Depreciation and amortisation	90.9	87.8
Interest accrued (from the income statement)	-1 664.8	-1 359.0
Interest paid	-410.3	-522.5
Interest received	2 144.1	1 940.2
Dividends received	-0.9	-0.9
Gains (losses) on investing activities	-0.6	1.5
Income tax (from the income statement)	229.3	196.2
Income tax paid	-220.2	-188.9
Change in provisions	9.2	14.8
Change in loans and other receivables to other banks	-15.9	87.5
Change in financial assets at fair value through profit or loss	150.3	-720.4
Change in available-for-sale financial assets	3 244.6	-2 879.1
Change in valuation of derivatives	17.1	4.6
Change in hedge derivatives	-293.0	160.7
Change in loans and other receivables from customers	-5 033.7	-4 512.4
Change in other assets	-91.8	-109.5
Change in liabilities to other banks	1 065.0	290.3
Change in liabilities at fair value through profit or loss	-366.4	-330.1
Change in liabilities to customers	1 890.8	5 627.7
Change in other liabilities	-59.7	222.8
Net cash flow from operating activities	1 344.6	-1 322.6
Purchase of property plant and equipment	-32.8	-26.2
Disposal of property plant and equipment	0.6	2.8
Purchase of intangible assets	-30.5	-43.8
Disposal of assets held for sale	6.0	10.8
Purchase of held-to-maturity financial assets	-1 911.6	-1 542.3
Interest received from held-to-maturity financial assets	59.2	18.3
Dividends received	0.9	0.9
Net cash flow from investing activities	-1 908.2	-1 579.5
Long-term loans received	582.3	1 767.9
Long-term loans repaid	-542.1	-226.3
Interest on long-term loans repaid	-13.7	-13.0
Interests from issued debt securities	-11.5	-11.3
Dividends paid	-0.2	-559.5
Net cash flow from financing activities	14.8	957.8
Effect of exchange rate changes on cash and cash equivalents	-273.5	134.1
Net increase/decrease in cash and cash equivalents	-548.8	-1 944.3
Opening balance of cash and cash equivalents	2 758.7	4 411.9
Closing balance of cash and cash equivalents	2 209.9	2 467.6

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

Additional information

1. Information on the Bank and the ING Bank Śląski S.A. Group

1.1. Key Bank data

ING Bank Śląski S.A. ("Parent company", "Parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459. The parent entity statistic number is REGON 271514909, and the taxation 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 for 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. The Bank is also active on the domestic and foreign financial markets. The scope of services offered by the Bank was expanded with leasing and factoring operations, following the acquisition in 2012 of new companies. Additionally through subsidiaries the Group operates real estate, leasing of real estate and advisory and acts as a financial intermediary as well as provides other financial services. The duration of the parent entity and entities forming the Group is indefinite.

1.3. Initial capital, share capital

The initial capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 130,100,000 ordinary bearer shares with a par value of PLN 1.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks).

1.4. ING Bank Śląski S.A. Group

ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group", "Group"). As at 30 June 2017, the composition of ING Bank Śląski S.A. Group was the following:

Name	Type of activity	Registered office	% of the Group share in equity	% of the Group share in the General Meeting votes	Recognition in the Group Financial Statements
ING ABL Polska S.A.	financial holding	Katowice	100	100	full consolidation
ING Commercial Finance S.A.*	factoring services	Warszawa	100	100	full consolidation
ING Lease (Polska) Sp. z o.o.**	leasing services	Warszawa	100	100	full consolidation
ING Usługi dla Biznesu S.A.	accountancy services, payroll services	Katowice	100	100	full consolidation
ING Nowe Usługi S.A.	research and development of new market opportunities	Katowice	100	100	full consolidation
Solver Sp. z o.o.***	holiday and training courses organisation	Katowice	100	100	full consolidation

*) ING Bank Śląski S.A. has an indirect share in the company via ING ABL S.A.

**) ING Bank Śląski S.A. has an indirect share in the company via ING ABL S.A. The ING Lease (Polska) Sp. z o.o Group incorporates 10 special-purpose vehicles wherein ING Lease Polska Sp. z o.o holds 100% of shares.

***) On 19 May 2017, the Extraordinary General Meeting of Solver Sp. z o.o. passed a resolution on voluntary redemption of shares by reducing the Company's share capital and changing its Articles of Association. In consequence, the Shareholder (ING for Children Foundation) and the Company signed the agreement to transfer 11.07% of shares for the purposes of redemption. The shares will be redeemed against payment upon completion of the procedure notifying the creditors of share capital reduction, as referred to in Article 264 of the Commercial Companies and Partnerships Code. As at the end of H1 2017, the Bank held 100% of voting rights in Solver Sp. z o.o.

1.5. Shareholding structure of ING Bank Śląski S.A.

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2017 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders. ING Bank NV belongs to the Capital Group, herein referred to as ING Group.

As at the date 30 June 2017, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank NV	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK*	8,811,020	6.77

*) As per semi-annually reported assets structure of AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK, as at 30 June 2017.

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

As at 30 June 2017, neither Management Board nor Supervisory Board members held shares of ING Bank Śląski S.A. So was the situation also at the date of rendering the financial statements for the previous reporting period into the public domain

1.7. Approval of financial statements

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2016 to 31 December 2016 were approved by the General Meeting on 21 April 2017.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 1 August 2017.

2. Significant events in I half 2017

2.1. Sale of VISA Europe shares

In H1 2016, Visa Europe Limited (Visa Europe) was taken over by VISA Inc. As a Visa Europe member, ING Bank Śląski S.A. was one of the transaction beneficiaries. Assumption by the Bank of 12,030 Series C Visa Inc. preferred stock was among the effects of the above transaction settlement. In H1 2017, a purchase agreement of the VISA Inc. shares held by the Bank by ING Bank N.V. (the parent entity of ING Bank Śląski S.A.) was signed. The gross amount of the sale transaction was PLN 11.9 million.

2.2. Sale of non-performing receivables portfolio

- On 7 June 2017, the Bank concluded an agreement on the sale of corporate receivables from the impaired portfolio. As a result of the transaction, the portfolio of irregular receivables decreased by PLN 78.1 million. The positive impact of the transaction on the Bank's result before tax amounted to PLN 12.1 million (including risk costs PLN 9.5 million).

- On 2 February 2017, the Bank concluded a sales agreement for a portion of corporate receivables from the impaired portfolio. The positive impact of the transaction on the Bank's risk costs was PLN 1.2 million.

2.3. Change of interest for ING Bank Śląski S.A.'s bonds

- bonds series INGBS191219

On 19 June 2017, due to commencing new coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS191219 of the total nominal value of PLN 300,000,000.00, issued by the Bank on 19 December 2014, under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 2.56% per annum. The next coupon date falls on 19 December 2017. The other rights under the said bonds remain unchanged.

- bonds series INGBS061217

On 6 June 2017, due to commencing new, eighth coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS061217 of the total nominal value of PLN 565,000,000.00, issued by the Bank on 6 December 2012, under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 2.71% per annum. The next coupon date falls on 6 December 2017. The other rights under the said bonds remain unchanged.

2.4. General Meeting of ING Bank Śląski S.A.

On 21 April 2017, the General Meeting of ING Bank Śląski S.A. was held, during which the following resolutions were passed:

- on approval of the 2016 annual financial statements (separate and consolidated financial statements),
- on approval of the Management Board Report on Operations in 2016 (separate and consolidated reports),
- on acknowledgement of 2016 reports of the Bank Supervisory Board and assessment of the Bank's remuneration policy,
- on acknowledgement of the fulfilment of duties of the Management Board and Supervisory Board Members for 2016,
- on 2016 profit distribution,
- on amendments to the ING Bank Śląski S.A. Charter,
- on changes to the Supervisory Board composition (description under item 2.5. *Changes to the ING Bank Śląski S.A. Management Board and Supervisory Board composition*) and adoption of the Supervisory Board Members Remuneration Policy.

On 22 May 2017, the District Court in Katowice, Commercial Division of the National Court Register, entered the amendments to the Bank Charter enacted at the General Meeting into the National Court Register.

2.5. Changes to the ING Bank Śląski S.A. Management Board and Supervisory Board composition

On 21 April 2017, Mr Mirosław Boda tendered his resignation as the Vice-President of the Management Board of ING Bank Śląski S.A., effective as of 31 May 2017.

At the same time, on 21 April 2017 the Supervisory Board appointed Ms Bożena Graczyk to the position of the Vice-President of the Management Board, effective as of 1 June 2017.

On 15 March 2017, Mr Roland Boekhout tendered his resignation as Member of the Supervisory Board of ING Bank Śląski S.A., effective as of 15 March 2017. The reason why Mr Roland Boekhout tendered his resignation was his intention to take up another job within ING Group.

On 21 April 2017, the Ordinary General Meeting of ING Bank Śląski S.A. appointed, as of 21 April 2017, Mr Norman Tambach as Member of the Supervisory Board of ING Bank Śląski S.A.

2.6. Amount of annual contribution for BGF compulsory resolution fund

On 25 April 2017, ING Bank Śląski S.A received from the Bank Guarantee Fund the information about the amount of annual contribution for the banks' compulsory resolution fund for 2017, which was set at PLN 70,478,769.54. The entire contribution amount was recognised in costs for the first half of 2017.

2.7. Application to the Polish Financial Supervision Authority

On 26 April 2017, ING Bank Śląski S.A filed an application with the Polish Financial Supervision Authority for permission to establish a mortgage bank under the name of "ING Bank Hipoteczny S.A." with its registered office in Katowice. The share capital of ING Bank Hipoteczny S.A. will amount to PLN 50,000,000 and will be fully taken up by ING Bank Śląski S.A. The shares of ING Bank Hipoteczny S.A. will be covered by cash.

2.8. Polish Financial Supervision Authority letter regarding the individual recommendation on the dividend for 2016

On 9 March 2017, ING Bank Śląski S.A. received a letter from the Polish Financial Supervision Authority concerning an individual recommendation to increase own funds through the Bank retaining all of the profit generated from 1 January 2016 to 31 December 2016.

Having regard to the above, on 21 April 2017, the General Meeting of ING Bank Śląski S.A. passed a resolution on earmarking the entire 2016 net profit for the Bank's equity injection

2.9. ING Bank Śląski S.A. Dividend Policy

On 3 March 2017, the Supervisory Board approved the updated ING Bank Śląski S.A. Dividend Policy as proposed by the Bank. The update resulted from the published stance of the Polish Financial Supervision Authority on the banks' dividend policy and involved raising of the minimum Tier 1 capital ratio for the purposes of the payout of the Bank's dividend from 13.25% to 13.75%.

2.10. Ratings

Rating update by Moody's

On 23 January 2017, Moody's Investors Service rating agency ("Moody's") in its semi-annual review affirmed the ratings for ING Bank Śląski S.A.:

- 1) LT Rating: A3,
- 2) LT Rating Outlook: Stable
- 3) ST Rating: P-2,
- 4) Baseline Credit Assessment (BCA): baa3,
- 5) Adjusted Baseline Credit Assessment – Adjusted BCA: baa2,
- 6) Counterparty Risk Assessment (CR Assessment) long-term/ short-term: A2/P-1.

The agency stressed in its announcement that the ING Bank Śląski S.A.'s ratings reflect its good financial results, including the quality of its assets above the sector's average and the self-financing nature of the Bank's operations. Moody's rating for ING Bank Śląski S.A. is not a commissioned rating and it is assigned on the basis of available public disclosures.

Ratings assignment on the national scale by the Fitch agency

On 21 March 2017, ING Bank Śląski S.A. received from the Fitch Ratings agency ("Fitch") the notice of national credit ratings having been assigned to the Bank. The National Long-Term Credit Rating is AAA (pol) with stable outlook and the National Short-Term Rating is F1+ (pol). The other credit ratings of the Bank assigned by Fitch were not revised. The ratings on the National Rating Scale reflect a relative credit viability assessment for the entity vis-à-vis the lowest default risk in a given country. The ratings are compared neither internationally nor over time.

3. Significant events after the balance sheet date

3.1. Sale of non-performing receivables portfolio

On 26 July 2017, the Bank concluded an agreement on the sale of retail receivables from the impaired portfolio. As a result of the transaction, the portfolio of irregular receivables decreased by PLN 69.8 million. The positive impact of the transaction on the Bank's result before tax amounted to PLN 14.7 million (including risk costs PLN 11.0 million).

3.2. Rating update by Moody's

On 14 July 2017, Moody's Investors Service rating agency ("Moody's") in its semi-annual review affirmed the ratings for ING Bank Śląski S.A.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2017 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 June 2017 as well as in accordance with

the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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 Bank's financial statements for the year ended 31 December 2016 approved by the General Meeting on 21 April 2017.

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 2017 to 30 June 2017, and interim condensed consolidated statement of financial position as at 30 June 2017 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. Going-concern

These interim condensed consolidated financial statements were prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date. As of the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Capital Group is endangered.

4.2. Discontinued operations

No material operations were discontinued during the I half 2017 and I half 2016.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the period of 6 months ending on 30 June 2017 comprise the Bank and its subsidiaries. These interim condensed consolidated financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

4.4. Comparable data and verification by the chartered auditor

The comparative data cover the period from 1 January 2016 to 30 June 2016 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement, additionally for the period from 1 January 2016 to 31 December 2016 for the interim condensed consolidated statement of changes in equity; and in the case of the interim condensed consolidated statement of financial position data as of 31 March 2017, 31 December 2016, 30 June 2016 and 31 March 2016. Interim condensed consolidated income statements, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated income statements include data for the Q2 2017 (period from 1 April 2017 to 30 June 2017) as well as comparative data for the Q2 2016 (period from 1 April 2016 to 30 June 2016).

The following financial data presented quarterly:

- for the period from 1 January 2017 to 31 March 2017,

- for the period from 1 April 2017 to 30 June 2017,
- for the period from 1 April 2016 to 30 June 2016 and
- as at 31 March 2017

were neither reviewed separately nor audited by the chartered auditor.

4.5. Changes to accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of the annual consolidated financial statements for the year 2016 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2016 to 31 December 2016).

The standards and interpretations which were already issued but are still ineffective since not approved by the European Union or approved by the European Union but not previously applied by the Group were presented in the 2016 Group Annual Consolidated Financial Statements.

The following interpretation of the accounting standards was published in H1 2017:

Change (EU application date in parentheses)	Impact on the Group statements
IFRIC 23 "Uncertainty over Income Tax Treatments" (1 January 2019)	The Group is currently analysing the impact of the new interpretation on the financial statements of the Group.
IFRS 17 "Insurance contracts" (1 January 2021)	Not applicable.

In view of the ongoing process of IFRS introduction in the EU and the business run by the Company, as at the approval date of this report, there were no differences between the already effective IFRSs and the IFRSs approved by the EU in terms of the accounting principles applied by the Company.

4.6. IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 will replace IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets, and hedge accounting. The new requirements become effective as of 1 January 2018.

IFRS 9 program governance and status

In 2017 the IFRS 9 program is focussing on implementing the methodologies and approaches that have been developed thus far. In 2017 Group conduct internal parallel run in order to ensure IFRS 9 readiness on 1 January 2018.

Implementation of the standard continues according to the execution roadmap, including model development and validation and technical accounting issues.

Classification and Measurement

The classification and measurement of financial assets will depend on how these are managed (the business model test) and their contractual cash flow characteristics (the SPPI criteria).

The focus in 2017 is on implementation of the governance of the business model and SPPI testing by embedding into organisational processes and everyday business in order to ensure compliance financial reporting with the new IFRS 9 requirements.

Impact

While the classification and measurement of the majority of the Group's financial assets will remain consistent with IAS 39, nevertheless there is limited number of financial assets sub-portfolios for which measurement will change. Those changes will not have material impact on Group's financial statement.

The classification and measurement of financial liabilities remains essentially the same as under IAS 39.

Impairment

Previous decisions regarding to the key concepts of the measurement of expected credit losses (ECL) was described in the 2016 Group's Consolidated annual accounts. In 2017, the methodological framework for macroeconomic scenarios was set up. The implementation of these concepts is ongoing.

Impact

Group expects that the increase in provisions at transition might lead to a negative effect on equity. This effect will be partly offset by the release of expected loss elements currently included in the calculation of regulatory capital (i.e. the regulatory shortfall). Group expects the more volatile impairment charge following macroeconomic predictions.

Hedge Accounting

Previous decisions regarding to the hedge accounting was described in the 2016 Group's Consolidated annual accounts. The revised hedge accounting disclosures as required by IFRS 7 'Financial Instruments: Disclosures' as per 1 January 2018 are currently being implemented.

5. Material accounting principles

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2016 to 31 December 2016 published on 3 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In H1 2017, the Group did not make any changes to the accounting standards applied.

6. Comparability of financial data

In the Interim Condensed Consolidated Financial Statements for the period from 01 January 2017 to 30 June 2017, the Group did not modify the manner of information disclosure when compared with the interim consolidated financial statements for previous periods

In the interim reports, the Group presents detailed information about individual items of interest and commission income and costs in the explanatory notes.

7. Supplementary notes to interim condensed consolidated financial statements

7.1. Net interest income

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Interest income				
Interest on loans and receivables to other banks	13.7	26.2	13.9	26.2
Interest on loans and receivables to customers	866.1	1 691.5	762.0	1 505.3
Interest on repo transactions made with customers	0.4	1.3	2.7	6.0
Interest on financial assets held for trading	7.6	14.8	4.2	8.4
Interest on available-for-sale financial assets	110.0	232.8	124.4	248.6
Interest on financial assets held to maturity	52.1	96.4	29.8	57.4
Net interest income on derivatives	10.1	22.3	24.2	44.3
Total interest income	1 060.0	2 085.3	961.2	1 896.2
Interest expense				
Interest on deposits from other banks	16.3	33.2	7.8	16.4
Interest on deposits from customers	185.0	368.7	253.3	504.3
Interest on repo transactions made with customers	0.0	0.1	0.0	0.1
Interest on issue of debt securities	5.7	11.4	5.6	11.3
Interest on financial liabilities held for trading	0.6	0.9	0.2	0.4
Interest on subordinated liabilities	3.1	6.2	3.4	4.7
Total interest expense	210.7	420.5	270.3	537.2
Net interest income	849.3	1 664.8	690.9	1 359.0
NIM -net interest margin- cumulative (annualized) *	2.84%		2.50%	
NIM -net interest margin- quarterly **	2.91%		2.50%	

*) NIM -net interest margin - cumulative (annualized) was calculated as the quotient of the total net interest income of 4 consecutive quarters to average interest assets of 5 consecutive quarters.

**) NIM -net interest margin - quarterly was calculated as the quotient of the quarterly net interest income x4 to average interest earning assets of a quarter.

Interest assets used for the calculations include the total of assets under the consolidated statement of financial position less cash in hand and balances with the central bank, non-financial assets, held-for-sale assets, tax assets, and other assets.

7.2. Net commission income

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Commission income				
transaction margin on currency exchange transactions	80.9	161.5	67.6	131.5
account maintenance fees	69.3	136.4	63.8	124.6
lending commissions	64.5	131.6	58.8	122.8
payment and credit cards fees	27.2	58.9	32.0	53.9
participation units distribution fees	24.6	48.1	21.9	43.7
insurance product offering commissions	18.1	32.2	9.6	23.4
factoring and lease agreements commissions	11.8	22.7	11.0	20.0
brokerage activity fees	5.9	13.3	8.0	16.8
fiduciary and custodian fees	6.9	14.5	6.4	12.4
foreign commercial business	7.2	13.9	6.0	11.2
other	10.3	17.7	9.3	18.0
Total commission income	326.7	650.8	294.4	578.3
Total commission expenses	35.4	69.9	36.3	66.3
Net commission income	291.3	580.9	258.1	512.0
Share of the net commission income in Group revenue*	24.5%	25.0%	22.4%	24.1%

*) Net income on core operations is treated as the Group's income.

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

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net income on financial assets and liabilities held for trading, including:	-27.7	32.1	49.2	166.2
Net income on debt instruments	4.8	7.7	6.1	12.2
Net income on derivatives, including:	-32.5	24.4	43.1	154.0
- currency derivatives	-30.2	23.8	45.8	154.0
- interest rate derivatives	-2.3	0.6	-2.7	0.0
- securities-linked derivatives	0.0	0.0	0.0	0.0
FX result	38.8	-3.0	-44.1	-138.1
Net income on financial instruments at fair value through profit or loss and FX result	11.1	29.1	5.1	28.1

7.4. Net income on investments

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net income on equity instruments	11.9	11.9	189.6	189.6
Net income on debt instruments	14.7	24.8	1.6	30.3
Dividend income	6.2	6.3	5.4	5.4
Net income on investments	32.8	43.0	196.6	225.3

11.9 million presented for H1 2017 in the net income on equity instruments item shows the result under the sale of the Visa Inc. shares held by the Bank to ING Bank N.V. The transaction was described in item 2.1 of Chapter 2. Significant development in H1 2017 hereof. Sale of VISA shares.

PLN 189.6 million presented for H1 2016 in the net income on equity instruments item shows the result under the settlement of the acquisition of Visa Europe Limited by Visa Inc. in June 2016.

7.5. Net income on hedge accounting

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Fair value hedge accounting for securities:	6.3	6.3	0.6	-2.0
valuation of the hedged transaction	-20.7	-48.2	-15.1	31.2
valuation of the hedging transaction	27.0	54.5	15.7	-33.2
Cash flow hedge accounting:	0.3	0.7	-0.1	-0.1
ineffectiveness under cash flow hedges	0.3	0.7	-0.1	-0.1
Net income on hedge accounting	6.6	7.0	0.5	-2.1

7.6. Net income on other basic activities

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net income on the investment properties	0.0	0.0	1.5	3.0
Other	-0.7	0.1	-0.3	2.7
Total	-0.7	0.1	1.2	5.7

7.7. General and administrative expenses

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Personnel expenses	260.6	511.6	251.3	502.8
Other general and administrative expenses, including:	249.7	563.1	265.9	523.2
cost of marketing and promotion	19.6	44.2	24.6	50.1
depreciation and amortisation	44.8	90.9	45.6	87.8
Bank Guarantee Fund payments	18.7	107.8	32.8	64.5
Total	510.3	1 074.7	517.2	1 026.0

By virtue of the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Compulsory Resolution of 10 June 2016 (Journal of Laws, item 996 as amended), starting from 2017 the Bank has been required to make the following contributions to the Bank Guarantee Fund (BGF):

- contribution to the banks' guarantee fund (paid quarterly) and
- contribution to the banks' compulsory resolution fund (paid annually).

PLN 107.8 million shown in this note under the "BGF contributions" item covers the amount of PLN 37.3 million of the contribution made to the banks' guarantee fund in H1 2017 and PLN 70.5 million of the contribution made to the banks' compulsory resolution fund which the Bank is required to pay in Q3 2017.

Until 2016, the Bank was required to pay to the BGF the mandatory contribution and the prudential fee (both made quarterly). In H1 2016, they totalled PLN 64.5 million.

7.7.1. Headcount

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

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
FTEs	7 932.8	7 912.6	7 969.6	8 193.2	8 215.8
Individuals	7 980	7 966	8 025	8 245	8 271

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

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
FTEs	7 580.2	7 563.0	7 618.7	7 825.0	7 756.7
Individuals	7 624	7 611	7 669	7 873	7 804

7.8. Impairment losses and provisions for off-balance sheet liabilities

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Impairment losses on loans and other receivables	282.6	502.3	237.0	537.4
Reversed impairment losses on loans and other receivables	-159.0	-301.8	-203.5	-425.0
Net impairment losses and provisions for off-balance sheet liabilities	123.6	200.5	33.5	112.4
Including:				
corporate banking	80.4	114.5	12.9	75.4
retail banking	43.2	86.0	20.6	37.0

7.9. Income tax

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Profit before tax	476.1	889.9	524.9	862.3
Income tax	115.7	229.3	118.0	196.2
Net profit	360.4	660.6	406.9	666.1
Effective tax rate	24.3%	25.8%	22.5%	22.8%

The difference in the effective tax rate in 1HY 2017 was caused first and foremost by:

- the bank levy of PLN 159.8 million (PLN 127.3 million in 1HY 2016) and
- the BGF contributions totalling PLN 107.8 million, covering the contribution to the banks' guarantee fund and the contribution to the banks' compulsory resolution fund (the difference in the effective tax rate in 1HY 2016 was effected by the prudential fee of PLN 20.7 million only; the other fee – the mandatory contribution – was tax deductible).

7.10. Loans and other receivables to other banks

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Current accounts	761.5	882.6	933.7	957.8	837.6
Interbank deposits	96.6	59.3	0.0	223.0	44.6
Loans and advances	158.5	149.2	156.0	55.1	62.3
Factoring receivables	33.8	34.8	24.0	49.9	8.5
Other	0.0	0.0	0.0	0.0	2.0
Total (gross)	1 050.4	1 125.9	1 113.7	1 285.8	955.0
Impairment losses, including:					
concerning loans and advances	-0.2	-0.2	-0.3	-0.4	-0.7
Total (net)	1 050.2	1 125.7	1 113.4	1 285.4	954.3

7.11. Financial assets at fair value through profit or loss

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Financial assets held for trading, including:	2 676.6	1 505.2	2 826.8	1 847.3	2 067.7
debt instruments	2 676.6	1 470.6	2 805.2	1 847.3	2 067.7
transactions with the buy-back commitment	0.0	34.6	21.6	0.0	0.0
Total, including:	2 676.6	1 505.2	2 826.8	1 847.3	2 067.7
Treasury bonds and Treasury bills	2 662.8	1 443.4	2 795.7	1 847.3	2 067.7
European Investment Bank bonds	13.8	27.1	9.5	0.0	0.0

7.12. Investments

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Available-for-sale financial assets, including:	17 337.4	20 325.0	20 557.2	23 401.8	21 952.1
debt instruments, including:	17 332.0	20 273.0	20 508.4	23 360.3	21 768.6
- fair value hedge-hedged items	11 559.8	12 973.2	12 191.3	12 987.1	9 659.3
equity instruments	5.4	52.0	48.8	41.5	183.5
Financial assets held to maturity, including:	7 090.2	6 244.7	5 164.1	4 359.2	3 119.9
debt instruments	7 090.2	6 244.7	5 164.1	4 359.2	3 119.9
Total, including:	24 427.6	26 569.7	25 721.3	27 761.0	25 072.0
Treasury bonds and Treasury bills	21 334.9	23 363.4	23 038.1	25 311.3	22 696.0
European Investment Bank bonds	1 464.2	1 037.9	496.1	0.0	0.0

7.13. Loans and other receivables to customers

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Customer loan portfolio, including:	84 778.5	82 130.0	79 447.9	75 810.8	72 907.0
Loans and advances	71 703.6	69 318.4	66 783.9	63 743.5	61 492.4
Leasing receivables	6 126.5	5 814.2	5 760.5	5 492.9	5 066.4
Factoring receivables	4 643.1	4 536.9	4 373.6	4 047.3	3 413.9
Corporate and municipal bonds	2 305.3	2 460.5	2 529.9	2 527.1	2 934.3
Other receivables, including:	3 659.6	3 765.8	3 999.3	3 978.6	3 980.1
Eurobonds (T-bonds)	3 589.8	3 686.5	3 910.7	3 909.7	3 853.4
Other	69.8	79.3	88.6	68.9	126.7
Total loans and receivables to customers (gross)	88 438.1	85 895.8	83 447.2	79 789.4	76 887.1
Impairment losses (with IBNR), including:	-1 535,8	-1 516,2	-1 467,7	-1 480,8	-1 557,1
concerning customer loan portfolio, including:	-1 535.1	-1 515.5	-1 467.0	-1 479.6	-1 555.9
concerning loans and advances	-1 470.2	-1 435.1	-1 376.7	-1 409.9	-1 365.7
concerning leasing receivables	-28.8	-40.9	-50.4	-48.8	-43.1
concerning factoring receivables	-20.0	-23.1	-22.8	-19.8	-17.1
concerning debt securities (corporate and municipal bonds)	-16.1	-16.4	-17.1	-1.1	-130.0
concerning other receivables, including:	-0.7	-0.7	-0.7	-1.2	-1.2
concerning T-eurobonds	-0.7	-0.7	-0.7	-0.7	-0.7
other	0.0	0.0	0.0	-0.5	-0.5
Total loans and receivables to customers (net), including:	86 902.3	84 379.6	81 979.5	78 308.6	75 330.0
to entities from the financial sector other than banks	2 525.4	2 373.6	2 347.3	2 335.8	2 306.6
to entities from the non-financial sector	77 554.6	74 940.8	72 306.2	68 319.4	65 329.9
to entities from the government and self-government institutions' sector	6 822.3	7 065.2	7 326.0	7 653.4	7 693.5

Loans and other receivables to entities from the financial sector other than banks

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Loans and advances, including:	2 076.4	1 917.8	1 879.0	1 866.0	1 787.1
- in the current account	674.6	592.0	376.3	392.5	166.7
- term ones	1 401.8	1 325.8	1 502.7	1 473.5	1 620.4
Leasing receivables	0.5	0.6	0.6	0.4	0.6
Factoring receivables	0.0	0.1	0.5	20.4	20.4
Debt securities (notes)	386.6	386.5	386.6	386.5	386.5
Other receivables	62.7	69.4	81.6	63.1	113.1
Total (gross)	2 526.2	2 374.4	2 348.3	2 336.4	2 307.7
Impairment losses (including IBNR), including:	-0.8	-0.8	-1.0	-0.6	-1.1
concerning loans and advances	-0.7	-0.7	-0.9	-0.5	-1.0
concerning debt securities	-0.1	-0.1	-0.1	-0.1	-0.1
Total (net)	2 525.4	2 373.6	2 347.3	2 335.8	2 306.6

Loans and other receivables to entities from the non-financial sector

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Business entities, including:	42 851.6	41 779.1	40 321.0	38 686.9	37 657.4
Loans and advances, including:	32 424.5	31 553.4	30 245.8	29 117.7	28 659.8
- in the current account	8 689.5	8 521.8	6 964.2	7 844.8	7 764.9
- term ones	23 735.0	23 031.6	23 281.6	21 272.9	20 894.9
Leasing receivables	5 169.5	4 925.1	4 903.4	4 759.6	4 399.4
Factoring receivables	4 497.9	4 401.3	4 208.5	3 916.7	3 297.3
Debt securities (corporate bonds and notes)	752.6	889.4	956.3	887.6	1 287.8
Other receivables	7.1	9.9	7.0	5.3	13.1
Households, including:	36 236.0	34 675.2	33 450.0	31 110.9	29 226.9
Loans and advances, including:	35 233.3	33 747.0	32 513.5	30 328.1	28 514.8
- in the current account	1 925.8	1 855.0	1 762.7	1 767.0	1 753.6
- term ones	33 307.5	31 892.0	30 750.8	28 561.1	26 761.2
Leasing receivables	956.4	888.5	856.5	732.9	666.4
Factoring receivables	46.3	39.7	80.0	49.4	45.2
Other receivables	0.0	0.0	0.0	0.5	0.5
Total (gross)	79 087.6	76 454.3	73 771.0	69 797.8	66 884.3
Impairment losses (including IBNR), including:	-1 533.0	-1 513.5	-1 464.8	-1 478.4	-1 554.4
Business entities, including:	-873.7	-890.2	-880.2	-918.1	-1 022.5
concerning loans and advances	-813.0	-813.3	-792.9	-851.3	-834.5
concerning leasing receivables	-26.6	-38.9	-48.8	-46.9	-41.3
concerning factoring receivables	-18.5	-22.1	-21.9	-19.2	-17.0
concerning debt securities	-15.6	-15.9	-16.6	-0.7	-129.7
Households, including:	-659.3	-623.3	-584.6	-560.3	-531.9
concerning loans and advances	-655.7	-620.4	-582.1	-557.3	-529.5
concerning leasing receivables	-2.2	-2.0	-1.6	-1.9	-1.8
concerning factoring receivables	-1.4	-0.9	-0.9	-0.6	-0.1
concerning other receivables	0.0	0.0	0.0	-0.5	-0.5
Total (net)	77 554.6	74 940.8	72 306.2	68 319.4	65 329.9

Loans and other receivables to entities from the government and self-government institutions' sector

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Loans and advances, including:	1 969.5	2 100.2	2 145.6	2 431.7	2 530.7
- in the current account	79.3	88.7	7.4	103.8	85.5
- term ones	1 890.2	2 011.5	2 138.2	2 327.9	2 445.2
Factoring receivables	98.9	95.8	84.6	60.8	51.0
Debt securities (municipal bonds)	1 166.1	1 184.6	1 187.0	1 253.0	1 260.0
Eurobonds (T-bonds)	3 589.8	3 686.5	3 910.7	3 909.7	3 853.4
Total (gross)	6 824.3	7 067.1	7 327.9	7 655.2	7 695.1
Impairment losses (including IBNR), including:	-2.0	-1.9	-1.9	-1.8	-1.6
concerning loans and advances	-0.8	-0.7	-0.8	-0.8	-0.7
concerning factoring receivables	-0.1	-0.1	0.0	0.0	0.0
concerning debt securities (municipal bonds)	-0.4	-0.4	-0.4	-0.3	-0.2
concerning T-eurobonds	-0.7	-0.7	-0.7	-0.7	-0.7
Total (net)	6 822.3	7 065.2	7 326.0	7 653.4	7 693.5

Portfolio of loans and receivables by client segment

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Gross value, including:	84 778.6	82 130.0	79 447.9	75 810.8	72 907.0
Corporate banking segment, including:	50 457.3	49 343.8	47 807.3	46 247.6	45 146.0
- loans and advances	37 959.2	37 077.8	35 645.6	34 604.2	34 111.8
- leasing receivables	5 549.6	5 278.0	5 258.2	5 069.1	4 686.2
- factoring receivables	4 643.2	4 527.5	4 373.6	4 047.2	3 413.7
- corporate and municipal debt securities	2 305.3	2 460.5	2 529.9	2 527.1	2 934.3
Retail banking segment, including:	34 321.3	32 786.2	31 640.6	29 563.2	27 761.0
- mortgages	25 589.0	24 585.4	23 887.1	22 383.0	21 152.6
- other loans and advances	8 732.3	8 200.8	7 753.5	7 180.2	6 608.4
Impairment loss of value (including IBNR), including:	-1 535.2	-1 515.5	-1 467.0	-1 479.6	-1 555.9
Corporate banking segment, including:	-933.6	-952.4	-939.8	-972.6	-1 069.8
- loans and advances	-869.8	-873.1	-850.5	-903.6	-877.8
- leasing receivables	-27.7	-39.9	-49.4	-48.0	-44.8
- factoring receivables	-20.0	-23.0	-22.8	-19.9	-17.2
- corporate and municipal debt securities	-16.1	-16.4	-17.1	-1.1	-130.0
Retail banking segment, including:	-601.6	-563.1	-527.2	-507.0	-486.1
- mortgages	-187.3	-198.5	-195.0	-148.3	-151.4
- other loans and advances	-414.3	-364.6	-332.2	-358.7	-334.7
Net value, including:	83 243.4	80 614.5	77 980.9	74 331.2	71 351.1
Corporate banking segment, including:	49 523.7	48 391.4	46 867.5	45 275.0	44 076.2
- loans and advances	37 089.4	36 204.7	34 795.1	33 700.6	33 234.0
- leasing receivables	5 521.9	5 238.1	5 208.8	5 021.1	4 641.4
- factoring receivables	4 623.2	4 504.5	4 350.8	4 027.3	3 396.5
- corporate and municipal debt securities	2 289.2	2 444.1	2 512.8	2 526.0	2 804.3
Retail banking segment, including:	33 719.7	32 223.1	31 113.4	29 056.2	27 274.9
- mortgages	25 401.7	24 386.9	23 692.1	22 234.7	21 001.2
- other loans and advances	8 318.0	7 836.2	7 421.3	6 821.5	6 273.7

7.14. Quality of customer loan portfolio

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Corporate banking segment					
Gross value, including:	50 457.2	49 343.8	47 807.3	46 247.6	45 146.0
unimpaired	48 785.2	47 772.3	46 269.2	44 581.7	43 220.0
impaired	1 672.0	1 571.5	1 538.1	1 665.9	1 926.0
Impairment losses and provisions, including:	963.4	973.3	962.3	1 005.3	1 102.4
unimpaired	71.7	67.9	70.2	78.0	74.1
impaired	861.8	884.5	869.6	894.6	995.7
provisions for off-balance sheet liabilities	29.9	20.9	22.5	32.7	32.6
Share of impaired portfolio	3.3%	3.2%	3.2%	3.6%	4.3%
Impaired portfolio coverage ratio	51.5%	56.3%	56.5%	53.7%	51.7%
Retail banking segment					
Gross value, including:	34 321.3	32 786.2	31 640.6	29 563.2	27 761.0
unimpaired	33 687.5	32 192.9	31 101.9	29 018.1	27 254.0
impaired	633.8	593.3	538.7	545.1	507.0
Impairment losses and provisions, including:	606.5	567.4	531.5	515.8	494.6
unimpaired	155.6	139.2	141.9	99.7	103.3
impaired	446.0	423.9	385.3	407.3	382.8
provisions for off-balance sheet liabilities	4.9	4.3	4.3	8.8	8.5
Share of impaired portfolio	1.8%	1.8%	1.7%	1.8%	1.8%
Impaired portfolio coverage ratio	70.4%	71.4%	71.5%	74.7%	75.5%
Total gross value	84 778.5	82 130.0	79 447.9	75 810.8	72 907.0
Total impairment losses and provisions, including:	1 569.9	1 540.7	1 493.8	1 521.1	1 597.0
unimpaired	227.3	207.1	212.1	177.7	177.4
impaired	1 307.8	1 308.4	1 254.9	1 301.9	1 378.5
provisions for off-balance sheet liabilities	34.8	25.2	26.8	41.5	41.1
Total coverage ratio	1.9%	1.9%	1.9%	2.0%	2.2%
Share of impaired portfolio	2.7%	2.6%	2.6%	2.9%	3.3%
Impaired portfolio coverage ratio	56.7%	60.4%	60.4%	58.9%	56.7%

Changes in impairment losses on loans and advances

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Opening balance of impairment losses	1 542.8	1 495.9	1 599.6	1 573.7
Changes in the period, including:	29.2	76.1	-76.0	-50.1
changes in income statement	123.6	200.5	33.5	112.4
write-offs and decreases under sale of debt claims	-91.5	-111.8	-119.3	-172.8
other	-2.9	-12.6	9.8	10.3
Closing balance of impairment losses	1 572.0	1 572.0	1 523.6	1 523.6

7.15. Non-financial assets

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Investment properties	0.3	0.3	0.3	53.2	53.2
Property, plant and equipment	564.4	580.2	578.0	552.9	566.7
Intangible assets	420.6	415.1	426.2	426.4	417.9
Total	985.3	995.6	1 004.5	1 032.5	1 037.8

7.16. Liabilities to other banks

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Current accounts	1 132.3	1 377.7	933.4	1 356.0	1 767.9
Interbank deposits	784.1	646.6	1 050.6	772.5	454.7
Repo transactions	1 119.6	542.1	0.0	0.0	0.0
Loans received*	3 061.1	2 846.3	3 023.3	2 869.9	1 921.9
Other liabilities	43.4	193.9	35.7	83.9	91.5
Total	6 140.5	5 606.6	5 043.0	5 082.3	4 236.0

*) The financing of the long-term leasing contracts in EUR ("the matched funding") received by the subsidiary ING Lease Polska Sp. z o.o. from ING Bank NV.

7.17. Financial liabilities at fair value through profit or loss

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Financial liabilities held for trading, including:	0.0	34.6	21.6	0.0	0.0
repo transactions	0.0	34.6	21.6	0.0	0.0
Book short position in trading securities	108.6	604.4	453.2	299.3	319.9
Total	108.6	639.0	474.8	299.3	319.9

7.18. Liabilities to customers

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Deposits	95 981.1	95 065.2	94 113.4	91 728.1	89 106.8
Other liabilities	1 727.7	1 555.5	1 712.0	1 755.2	1 296.2
Total liabilities due to customers, including:	97 708.8	96 620.7	95 825.4	93 483.3	90 403.0
liabilities due to entities from the financial sector other than banks	4 115.5	2 957.6	3 617.9	2 700.1	2 527.9
liabilities due to entities from the non-financial sector	91 830.2	91 082.7	90 456.5	88 521.8	86 077.3
liabilities due to entities from the government and self-government institutions' sector	1 763.1	2 580.4	1 751.0	2 261.4	1 797.8

Liabilities due to entities from the financial sector other than banks

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Deposits, of which:	4 044.7	2 847.6	3 429.2	2 661.1	2 469.0
- current accounts	3 944.0	2 709.1	3 233.8	2 536.2	2 393.6
- term deposit	100.7	138.5	195.4	124.9	75.4
Other liabilities	70.8	110.0	188.7	39.0	58.9
Total	4 115.5	2 957.6	3 617.9	2 700.1	2 527.9

Liabilities due to entities from the non-financial sector

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Business entities, including:	26 682.8	26 273.1	26 840.9	25 447.6	24 268.7
Deposits, including:	25 099.7	24 901.1	25 395.4	23 805.9	23 122.5
- current accounts	15 951.6	15 262.4	15 542.2	12 577.6	12 346.1
- saving accounts	7 798.7	7 932.5	8 414.4	8 774.4	8 948.5
- term deposit	1 349.4	1 706.2	1 438.8	2 453.9	1 827.9
Other liabilities	1 583.1	1 372.0	1 445.5	1 641.7	1 146.2
Households, including:	65 147.4	64 809.6	63 615.6	63 074.2	61 808.6
Deposits, including:	65 081.1	64 744.0	63 548.0	63 008.8	61 729.1
- current accounts	13 167.4	12 385.0	11 960.2	10 769.1	10 004.1
- saving accounts	48 979.8	48 905.0	47 726.0	47 033.5	45 921.7
- term deposit	2 933.9	3 454.0	3 861.8	5 206.2	5 803.3
Other liabilities	66.3	65.6	67.6	65.4	79.5
Total	91 830.2	91 082.7	90 456.5	88 521.8	86 077.3

Liabilities due to entities from the government and self-government institutions' sector

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Deposits, including:	1 755.6	2 572.5	1 740.8	2 252.3	1 786.2
- current accounts	1 647.2	1 693.5	1 684.3	2 091.7	1 669.6
- term deposit	108.4	879.0	56.5	160.6	116.6
Other liabilities	7.5	7.9	10.2	9.1	11.6
Total	1 763.1	2 580.4	1 751.0	2 261.4	1 797.8

7.19. Provisions

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Provision for issues in dispute	4.8	4.6	4.2	2.1	3.4
Provision for off-balance sheet liabilities	34.8	25.2	26.8	41.5	41.1
Provision for retirement benefits	29.9	29.6	29.3	22.7	22.5
Provision for unused holidays	13.5	13.5	13.5	15.7	15.7
Total	83.0	72.9	73.8	82.0	82.7

7.20. Fair value**7.20.1. Financial assets and liabilities at fair value in statement of financial position**

Please find below the breakdown of carrying amounts of financial assets and liabilities into individual categories of valuation levels. In 2017, there were no movements between particular valuation levels.

As of 30 June 2017

	Level 1	Level 2	Level 3	TOTAL
Financial assets, including:	20 008.6	2 178.3	5.4	22 192.3
Financial assets held for trading, including:	2 676.6	0.0	0.0	2 676.6
- treasury bonds	2 662.8	0.0	0.0	2 662.8
- European Investment Bank bonds	13.8	0.0	0.0	13.8
Valuation of derivatives	0.0	1 029.7	0.0	1 029.7
Financial assets available-for sale, including:	17 332.0	0.0	5.4	17 337.4
- treasury bonds	16 284.6	0.0	0.0	16 284.6
- Austrian Government bonds	414.9	0.0	0.0	414.9
- European Investment Bank bonds	632.5	0.0	0.0	632.5
- equity instruments	0.0	0.0	5.4	5.4
Derivative hedge instruments	0.0	1 148.6	0.0	1 148.6
Financial liabilities, including:	108.6	2 060.7	0.0	2 169.3
Book short position in trading securities	108.6	0.0	0.0	108.6
Valuation of derivatives	0.0	1 045.7	0.0	1 045.7
Derivative hedge instruments	0.0	1 015.0	0.0	1 015.0

As of 31 Dec 2016

	Level 1	Level 2	Level 3	TOTAL
Financial assets, including:	23 313.6	2 477.3	48.8	25 839.7
Financial assets held for trading, including:	2 805.2	21.6	0.0	2 826.8
- treasury bonds	2 795.7	0.0	0.0	2 795.7
- European Investment Bank bonds	9.5	0.0	0.0	9.5
- repo transactions	0.0	21.6	0.0	21.6
Valuation of derivatives	0.0	1 117.1	0.0	1 117.1
Financial assets available-for sale, including:	20 508.4	0.0	48.8	20 557.2
- treasury bonds	19 681.3	0.0	0.0	19 681.3
- French government bonds	533.0	0.0	0.0	533.0
- European Investment Bank bonds	294.1	0.0	0.0	294.1
- equity instruments	0.0	0.0	48.8	48.8
Derivative hedge instruments	0.0	1 338.6	0.0	1 338.6
Financial liabilities, including:	453.2	2 605.7	0.0	3 058.9
Financial liabilities held for trading, including:	0.0	21.6	0.0	21.6
- repo transactions	0.0	21.6	0.0	21.6
Book short position in trading securities	453.2	0.0	0.0	453.2
Valuation of derivatives	0.0	1 116.0	0.0	1 116.0
Derivative hedge instruments	0.0	1 468.1	0.0	1 468.1

7.20.2. Financial assets and liabilities not carried at fair value in statement of financial position

As of 30 June 2017

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	1 351.9	-	1 351.9	-	1 351.9
Financial assets held to maturity	7 090.2	7 005.7	-	-	7 005.7
Loans and receivables to other banks	1 050.2	-	1 050.1	-	1 050.1
Loans and receivables to customers	86 902.3	-	3 664.4	80 256.0	83 920.4
Receivables from customers under repo transactions	20.0	-	20.0	-	20.0
Other assets	88.6	-	-	88.6	88.6
Liabilities					
Liabilities due to other banks	6 140.5	-	6 140.5	-	6 140.5
Liabilities due to customers	97 708.8	-	-	97 712.1	97 712.1
Liabilities under issue of debt securities	866.3	-	865.1	-	865.1
Subordinated liabilities	635.3	-	-	635.3	635.3

As of 31 Dec 2016

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	1 825.0	-	1 825.0	-	1 825.0
Financial assets held to maturity	5 164.1	5 058.0	-	-	5 058.0
Loans and receivables to other banks	1 113.4	-	1 113.2	-	1 113.2
Loans and receivables to customers	81 979.5	-	3 904.2	75 122.1	79 026.3
Other assets	195.6	-	-	195.6	195.6
Liabilities					
Liabilities due to other banks	5 043.0	-	5 043.0	-	5 043.0
Liabilities due to customers	95 825.4	-	-	95 824.6	95 824.6
Liabilities under issue of debt securities	866.4	-	864.5	-	864.5
Subordinated liabilities	664.9	-	-	664.9	664.9

7.21. Total capital ratio

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Own funds					
A. Own equity in the statement of financial position, including:	11 154,1	10 789.4	10 477.2	10 812.6	10 670.2
A.I. Own equity included in the own funds calculation, including:	10 115,1	9 127.4	9 069.9	8 845.5	8 893.1
share capital and agio	1 086,4	1 086.4	1 086.4	1 086.4	1 086.4
retained earnings	8 815,7	7 858.5	7 874.8	7 566.1	7 494.3
- including net financial result in approval	-	308.5	308.5	-	-
revaluation reserve (unrealised losses)	-19,5	-35.2	-62.0	-28.3	-21.8
revaluation reserve (unrealised gains)	232,5	217.7	170.7	221.3	334.2
A.II. Own equity excluded from own funds calculation, including:	1 039,0	1 662.0	1 407.3	1 967.1	1 777.1
revaluation reserve	383,2	407.1	468.8	1 315.0	1 462.4
retained earnings	655,8	1 252.8	936.2	649.6	312.2
other	0,0	2.1	2.3	2.5	2.5
B. Other elements of own funds (decreases and increases), including:	69,0	100.0	123.7	107.1	-546.7
subordinated debt	633,9	632.9	663.6	663.8	-
goodwill and other intangible assets	-416,4	-411.7	-423.6	-426.1	-418.1
AIRB shortfall/surplus of credit risk adjustments to expected losses	-147,5	-120.8	-115.7	-130.6	-128.6
value adjustments due to the requirements for prudent valuation	-1,0	-0.4	-0.6	0.0	0.0
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	10 184,1	9 227.4	9 193.6	8 952.6	8 346.4
Core Tier I capital	9 564,9	8 618.6	8 553.1	8 314.9	8 346.4
Tier II capital	619,2	608.8	640.5	637.7	0.0
Capital requirements					
capital requirements for credit risk	4 561,0	4 261.1	4 121.5	4 194.4	4 108.4
other capital requirements	640,7	649.1	598.6	597.8	585.6
supplement to the overall level of capital requirements	129,1	255.2	273.5	120.9	39.3
Total capital requirements	5 330,8	5 165.4	4 993.6	4 913.1	4 733.3
Total capital ratio	15,3%	14,3%	14,7%	14,6%	14,1%
Tier I ratio	14,4%	13,3%	13,7%	13,5%	14,1%

In order to calculate capital requirements, the Group recognises the supplementary amount to the overall level of capital requirements in line with the Polish Financial Supervisory Authority guidelines. Starting with reporting for subsequent quarters, the Group plans to adjust its recognition manner of the regulatory floor to the requirements of Article 500 of CRR No. 575/2013. The change is to unify the calculation of capital ratios with the approach applied by the parent company and is consistent with the practice adopted in UE countries. The changed approach to regulatory floor recognition in the calculation of capital ratios was agreed with the PFSA. If the Group had applied the changed approach to regulatory floor recognition already as at the end of Q2 2017, the total capital ratio and Tier 1 ratio would have arrived at 15.7% and 14.7%, respectively, as at 30 June 2017 on a consolidated basis.

In December 2017, the Regulation of the Minister of Development and Finance of 25 May 2017 on the higher risk weight for the property mortgage-backed exposures will take effect. The Group will apply the new regulations starting with the report as at 31 December 2017. At the same time, the Group plans to implement a change, whereby it will apply a preferential risk weight of 35% to the portion of the loan backed with a residential property to 80% of the property market value (now, it is 50%).

Since January 2017, the Bank's calculation of own funds has included 80% of unrealised profits and 100% of unrealised losses from the valuation of available-for-sale financial assets presented in the revaluation reserve (as per Article 171a of the Banking Law). In 2016, the Bank recognised 60% of unrealised profits and 100% of unrealised valuation losses, respectively, in the calculation of own funds.

Under Regulation (EU) No. 241/2014 with regard to regulatory technical standards for own funds requirements for institutions and the Polish Financial Supervision Authority's decision of 15 September 2016, the Group recognised the Bank's net profit of PLN 308.5 million for the period from 01 January 2016 to 30 June 2016 in their own funds as at 31 March 2017 and 31 December 2016.

8. Off-balance sheet items

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Contingent liabilities granted	28 744.4	27 380.2	27 954.5	26 813.0	25 730.3
Contingent liabilities received	83 999.9	83 069.7	79 093.3	65 451.2	56 320.0
Off-balance sheet financial instruments	493 848.2	535 194.2	439 511.9	363 427.4	312 215.9
Total off-balance sheet items	606 592.5	645 644.1	546 559.7	455 691.6	394 266.2

9. Issues, redemption or repayments of debt securities and equities

None.

10. Dividends paid

On 21 April 2017, the General Meeting approved earmarking the entire 2016 net profit of the Group's dominant entity for the equity injection.

On 31 March 2016, the General Meeting passed a resolution regarding dividend payout for 2015, pursuant to which the Bank paid out the dividend for 2015 totalling PLN 559,430.0 thousand, (PLN 4.3 gross per share). On 20 April 2016 the shareholders of record became entitled to the dividend payout which took place on 5 May 2016.

11. Settlements due to disputable cases

ING Bank Śląski maintains detailed records of court cases and other liabilities being legal claims. The Bank establishes reserves for the cases, which in the opinion of the legal staff and/or management staff are encumbered with a high risk of losing the case or it is impossible to recover the lost assets. Possible future settlements are made against the reserves established.

Changes to the litigation reserves (in PLN million)

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Status at the period beginning	4.6	4.2	3.4	3.3
Establishment of provisions	0.6	1.1	0.2	0.3
Release of provisions	0.0	0.0	-1.4	-1.4
Utilisation of provision	-0.4	-0.5	-0.1	-0.1
Status as at the period	4.8	4.8	2.1	2.1

Either in 6 months 2017 or in 6 months 2016, no proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the ING Bank Śląski S.A. Group.

12. Seasonality or cyclicity of activity

Activity of ING Bank Śląski Group is not subject to seasonality or cyclicity within the meaning of §21 of IAS 34.

13. Transactions with related entities

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2017 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders.

ING Bank Śląski performs operations with ING Bank NV and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding"). The abovementioned transactions are carried out on an arm's length basis.

There were also other transactions between the related entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of premises, lease of equipment, data processing as well as employees' insurance contributions.

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

Transactions between related entities (PLN million)

	ING Bank NV	Other ING Group entities	ING Bank NV	Other ING Group entities
	as of 30 June 2017		as of 30 June 2016	
Receivables				
Current accounts	26.5	2.6	17.6	1.4
Deposits placed	81.5	15.0	217.0	-
Loans	30.2	54.0	34.4	18.9
Positive valuation of derivatives	218.8	91.1	169.5	223.1
Other receivables	1.4	0.4	5.8	1.7
Liabilities				
Deposits received	88.1	25.2	90.7	14.3
Loans received	2 753.0	-	2 642.6	-
Subordinated loan	635.3	-	665.2	-
Loro accounts	5.4	35.6	12.9	18.7
Negative valuation of derivatives	232.9	85.2	256.9	160.2
Other liabilities	47.2	1.3	209.6	1.6
Off-balance-sheet operations				
Off-balance sheet liabilities granted	409.1	235.2	846.8	249.7
Off-balance sheet liabilities received	1 406.8	182.1	2 145.1	94.3
FX transactions	17 282.1	107.7	12 676.5	49.2
Forward transactions	2 099.7	-	-	-
IRS	3 271.0	2 537.5	6 017.9	3 184.3
Options	5 660.3	273.6	2 312.3	418.2
	1H 2017		1H 2016	
	the period from 01Jan 2017 to 30 Jun 2017		the period from 01Jan 2016 to 30 Jun 2016	
Income and expenses				
Income, including:	51.4	6.6	-103.8	12.9
interest and commission income/expenses	-7.4	3.2	-12.5	11.4
income on financial instruments	46.7	3.4	-91.7	1.5
income on investment financial assets	11.9	-	-	-
net income on other basic activities	0.2	-	0.4	-
General and administrative expenses	31.7	4.2	26.9	4.6
Outlays for non-current assets				
Outlays for property, plant and equipment	-	-	-	0.7
Outlays for intangible assets	-	-	0.9	0.1

When compared with the financial statements for previous periods, the Bank adapted comparable data to agree with the changed note presentation. Receivables, liabilities, income and expenses are

shown as in the financial statements. In the Bank's opinion, change of the presentation method enhanced the quality of financial statements disclosures.

14. Segmentation of revenue and financial results of the Group

14.1. Segments of operation

The management of ING Bank Śląski is conducted within the areas defined in the Bank's business model.

The Bank'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 segments are separated based on the financial (especially turnover, level of collected assets) and subject-related criteria. The specific rules of putting clients to respective segments are governed by the clients segmentation criteria specified in the Bank's internal regulations.

ING Bank Śląski S.A. has separated in organisational terms the operations performed by the Bank Treasury. The Bank Treasury manages short-term and long-term liquidity risk in line with the effective regulations and risk appetite internally set at the Bank, manages interest rate risk and invests surpluses obtained from business lines while maintaining the liquidity buffer in the form of liquid assets. The Bank Treasury's net income on operations is allocated to the business lines considering its support function for the Bank's business lines.

14.1.1. Retail banking segment

Within the framework of retail banking, the Bank provides services for individual customers (segments of mass customers and wealthy customers) and for sole traders.

This activity is analysed by the leading products, including i.e.: credit products (overdraft on the savings and settlement account - ROR, loans related to cards, hire purchase loans, housing loans, mortgage loans), deposit products (current accounts, term deposits, savings accounts), structured product, ING fund units, brokerage services and bank cards.

14.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- Financial Markets products.

Services to institutional clients encompasses 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 and by ING Securities, products related to leasing and factoring services offered by ING Lease (Polska) Sp. z o.o. and ING Commercial Finance Polska S.A.

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.

14.1.3. Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, 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 obtainment of long-term liquidity, matching of the Bank'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 Bank presents segment's interest income reduced by the cost of the interest. In 6 months 2017, the Bank revised the allocation key for the ALCO's income. The data for previous periods presented herein were made comparable.

I half year 2017

the period from 01 Jan 2017 to 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 312.5	1 012.4	2 324.9
net interest income	1 035.4	629.4	1 664.8
net commission income	211.9	369.0	580.9
other income/expenses	65.2	14.0	79.2
Expenses total	651.0	423.7	1 074.7
Segment result	661.5	588.7	1 250.2
Impairment losses	86.0	114.5	200.5
Tax on certain financial institutions	60.3	99.5	159.8
Segment profit before tax	515.2	374.7	889.9
Income tax	-	-	229.3
Result after tax	-	-	660.6
- attributable to shareholders of ING Bank Śląski S.A.	-	-	660.6
Allocated equity	4 798,0	6 356,1	11 154,1
ROE - Return on equity (%)*	15,5	8,5	11,5

*) 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.

II quarter 2017

the period from 01 Apr 2017 to 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	678.3	512.1	1 190.4
net interest income	529.7	319.6	849.3
net commission income	107.4	183.9	291.3
other income/expenses	41.2	8.6	49.8
Expenses total	306.7	203.6	510.3
Segment result	371.6	308.5	680.1
Impairment losses	43.2	80.4	123.6
Tax on certain financial institutions	28.5	51.9	80.4
Segment profit before tax	299.9	176.2	476.1
Income tax	-	-	115.7
Result after tax	-	-	360.4
- attributable to shareholders of ING Bank Śląski S.A.	-	-	360.4

I half year 2016

the period from 01 Jan 2016 to 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 242.9	885.1	2 128.0
net interest income	832.4	526.6	1 359.0
net commission income	182.3	329.7	512.0
other income/expenses	228.2	28.8	257.0
Expenses total	606.5	419.5	1 026.0
Segment result	636.4	465.6	1 102.0
Impairment losses	37.0	75.4	112.4
Tax on certain financial institutions	45.4	81.9	127.3
Segment profit before tax	554.0	308.3	862.3
Income tax	-	-	196.2
Result after tax	-	-	666.1
- attributable to shareholders of ING Bank Śląski S.A.	-	-	666.1
Allocated equity	4 683.3	6 126.8	10 810.1
ROE - Return on equity (%)*	15.8	8.3	11.4

*) 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.

II quarter 2016

the period from 01 Apr 2016 to 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	715.5	436.9	1 152.4
net interest income	429.6	261.3	690.9
net commission income	92.2	165.9	258.1
other income/expenses	193.7	9.7	203.4
Expenses total	302.0	215.2	517.2
Segment result	413.5	221.7	635.2
Impairment losses	20.6	12.9	33.5
Tax on certain financial institutions	27.7	49.1	76.8
Segment profit before tax	365.2	159.7	524.9
Income tax	-	-	118.0
Result after tax	-	-	406.9
- attributable to shareholders of ING Bank Śląski S.A.	-	-	406.9

as of 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	50 420.0	68 410.7	118 830.7
Other assets (not allocated to segments)	0.0	0.0	1 366.9
Total assets	50 420.0	68 410.7	120 197.6
Segment liabilities	69 478.4	38 041.8	107 520.2
Other liabilities (not allocated to segment)	0.0	0.0	1 523.3
Equity	0.0	0.0	11 154.1
Total equity and liabilities	69 478.4	38 041.8	120 197.6

as of 31 Mar 2017

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	49 362.6	68 181.0	117 543.6
Other assets (not allocated to segments)	0.0	0.0	1 306.9
Total assets	49 362.6	68 181.0	118 850.5
Segment liabilities	69 266.5	37 410.0	106 676.5
Other liabilities (not allocated to segment)	0.0	0.0	1 384.6
Equity	0.0	0.0	10 789.4
Total equity and liabilities	69 266.5	37 410.0	118 850.5

as of 31 Dec 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	48 436.3	67 709.2	116 145.5
Other assets (not allocated to segments)	0.0	0.0	1 332.2
Total assets	48 436.3	67 709.2	117 477.7
Segment liabilities	68 983.9	36 474.7	105 458.6
Other liabilities (not allocated to segment)	0.0	0.0	1 541.9
Equity	0.0	0.0	10 477.2
Total equity and liabilities	68 983.9	36 474.7	117 477.7

as of 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	46 568.1	67 854.7	114 422.8
Other assets (not allocated to segments)	0.0	0.0	1 216.9
Total assets	46 568.1	67 854.7	115 639.7
Segment liabilities	66 392.0	36 415.3	102 807.3
Other liabilities (not allocated to segment)	0.0	0.0	2 019.8
Equity	0.0	0.0	10 812.6
Total equity and liabilities	66 392.0	36 415.3	115 639.7

as of 31 Mar 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	44 430.8	67 153.5	111 584.3
Other assets (not allocated to segments)	0.0	0.0	1 148.4
Total assets	44 430.8	67 153.5	112 732.7
Segment liabilities	64 405.6	34 778.8	99 184.4
Other liabilities (not allocated to segment)	0.0	0.0	2 878.1
Equity	0.0	0.0	10 670.2
Total equity and liabilities	64 405.6	34 778.8	112 732.7

14.2. Geographical segments

The business activities of the Capital Group are performed on the territory of the Republic of Poland.

15. Risk management

The changes to the credit risk and market risk made in H1 2017 are described hereinbelow.

Credit risk

The modifications in the Group lending policy made in H1 2017 were oriented at ensuring proper and stable functioning of the credit risk management system in the changing legal, economic and business landscape and at ensuring the policy compliance with the credit risk appetite level approved. The modifications took account of, inter alia, Poland's overall economic situation as well as the financial standing of individual groups of borrowers.

The said modifications were aimed at the following in particular:

- making the lending process continuously more effective while ensuring adequate credit risk identification, measurement and control mechanisms,
- making the lending offer for the Group clients more attractive on the assumption that the Bank's credit risk is maintained at an acceptable level,

- adapting the internal regulations to:
 - Regulation of the European Parliament and of the Council No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) of 04 July 2012 and the implementing act (RTS) with the EMIR concerning the requirements for bilateral exchange of collateral for derivatives.
- continuing development of credit risk reporting and monitoring systems to support fast and effective risk identification and measurement in the corporate and retail credit portfolios,
- further strengthening of active sectorial policy management through quarterly reviews of the situation in individual industries and appropriate diversification of lending policy principles on the basis of client qualification to pre-defined industry risk groups (preferred, neutral, under watch, and non-preferred industries).

Market risk

Value at Risk (VaR) is the main methodology used to measure market risk both in FM books (trading) and Treasury Department's books (banking).

In H1 2017, the Bank maintained the following trading exposure versus the binding limits:

- low exposure for FX risk in foreign exchange section – average limit utilization of 6%,
- moderate level of interest rate risk – average VaR utilisation of 43%.

Average utilization of VaR limits for interest rate risk of the banking book (Treasury Department's items) was below 62%. In H1 2017, there were no changes to VaR limits.

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

2017-08-01 **Brunon Bartkiewicz** *Signed on the Polish original*
President

2017-08-01 **Michał Bolesławski** *Signed on the Polish original*
Vice-President

2017-08-01 **Joanna Erdman** *Signed on the Polish original*
Vice-President

2017-08-01 **Marcin Giżycki** *Signed on the Polish original*
Vice-President

2017-08-01 **Bożena Graczyk** *Signed on the Polish original*
Vice-President

2017-08-01 **Justyna Kesler** *Signed on the Polish original*
Vice-President

2017-08-01 **Patrick Roesink** *Signed on the Polish original*
Vice-President

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2017-08-01 **Jolanta Alvarado Rodriguez** *Signed on the Polish original*
Director of Accounting
Department
Chief Accountant

Interim condensed standalone income statement

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Interest income	1 023.1	2 012.9	925.8	1 826.0
Interest expenses	207.8	413.6	266.1	528.8
Net interest income	815.3	1 599.3	659.7	1 297.2
Commission income	313.6	626.3	279.3	546.7
Commission expenses	34.5	69.5	34.2	62.3
Net commission income	279.1	556.8	245.1	484.4
Net income on financial instruments at fair value through profit or loss and FX result	11.0	28.6	3.9	26.8
Net income on investments	39.1	50.8	208.6	238.2
Net income on hedge accounting	6.6	7.0	0.5	-2.1
Net income on other basic activities	-3.2	-4.0	-1.8	-0.1
Net income on basic activities	1 147.9	2 238.5	1 116.0	2 044.4
General and administrative expenses	488.8	1 033.3	493.9	973.0
Impairment losses and provisions for off-balance sheet liabilities	118.8	197.4	24.5	95.4
Tax on certain financial institutions	80.4	159.8	76.8	127.3
Gross profit (loss)	459.9	848.0	520.8	848.7
Income tax	109.1	217.2	113.4	187.6
Net profit (loss)	350.8	630.8	407.4	661.1
Net profit (loss)	350.8	630.8	407.4	661.1
Weighted average number of ordinary shares	130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)	2.70	4.85	3.13	5.08

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

Interim condensed standalone statement of comprehensive income

	II Q 2017 the period from 01Apr 2017 to 30 June 2017	I HY 2017 the period from 01Jan 2017 to 30 June 2017	II Q 2016 the period from 01Apr 2016 to 30 June 2016	I HY 2016 the period from 01Jan 2016 to 30 June 2016
Net profit for the period	350,8	630,8	407,4	661,1
Total other comprehensive income, including:	6,5	18,7	-265,3	24,5
Items which can be reclassified to income statement	6.5	18.7	-265.2	24.7
Items which will not be reclassified to income statement	0.0	0.0	-0.1	-0.2
Net comprehensive income for the reporting period	357.3	649.5	142.1	685.6

Interim Condensed Standalone Income Statement and 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

Interim condensed standalone statement of financial position

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Assets					
Cash in hand and balances with the Central Bank	1 351.9	1 250.0	1 825.0	1 286.6	3 565.7
Loans and other receivables to other banks	1 050.2	1 125.7	1 113.4	1 285.4	952.4
Financial assets at fair value through profit or loss	2 676.6	1 505.2	2 826.8	1 847.3	2 067.7
Valuation of derivatives	1 029.7	1 210.6	1 117.1	1 320.5	1 613.8
Investments	24 427.6	26 569.7	25 721.3	27 761.0	25 071.9
Derivative hedge instruments	1 148.6	1 259.1	1 338.6	2 389.6	2 737.1
Loans and other receivables to customers	82 928.1	80 560.1	78 038.0	74 377.6	72 621.9
Receivables from customers under repo transactions	20.0	19.9	0.0	0.0	19.9
Investments in controlled entities	239.2	239.2	239.2	239.2	269.3
Non-financial assets	970.3	981.8	991.2	1 015.5	1 013.3
Assets held for sale	14.3	19.7	31.8	31.0	39.6
Tax assets	133.2	94.5	154.2	0.0	2.7
Other assets	175.2	167.6	132.8	156.7	122.0
Total assets	116 164.9	115 003.1	113 529.4	111 710.4	110 097.3
Liabilities					
Liabilities to other banks	3 079.5	2 594.3	2 019.9	2 212.4	2 301.0
Financial liabilities at fair value through profit or loss	108.6	639.0	474.8	299.3	319.9
Valuation of derivatives	1 045.7	1 097.6	1 116.0	1 336.9	1 525.1
Derivative hedge instruments	1 015.0	1 206.4	1 468.1	1 730.1	1 818.0
Liabilities to customers	97 012.0	96 042.3	95 168.4	92 714.9	90 036.9
Liabilities to customers under repo transactions	0.0	0.0	0.0	9.1	10.4
Liabilities under issue of debt securities	866.3	872.0	866.4	866.3	872.0
Subordinated liabilities	635.3	634.2	664.9	665.2	641.6
Provisions	80.5	70.4	71.2	79.6	79.2
Tax liabilities	116.3	20.8	119.6	178.2	219.3
Other liabilities	1 261.1	1 238.9	1 265.2	950.8	1 804.4
Total liabilities	105 220.3	104 415.9	103 234.5	101 042.8	99 627.8
Equity					
Share capital	130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3
Revaluation reserve	595.5	589.0	576.8	1 497.2	1 763.9
Retained earnings	9 262.7	8 911.8	8 631.7	8 084.0	7 619.2
Total equity	10 944.6	10 587.2	10 294.9	10 667.6	10 469.5
Total equity and liabilities	116 164.9	115 003.1	113 529.4	111 710.4	110 097.3
Carrying amount	10 944.6	10 587.2	10 294.9	10 667.6	10 469.5
Number of shares	130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)	84.12	81.38	79.13	82.00	80.47

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

Interim condensed standalone statement of changes in equity

I half year 2017

The period from 01 Jan 2017 to 30 Jun 2017

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	576.8	8 631.7	10 294.9
Net result for the current period	-	-	-	630.8	630.8
Other net comprehensive income, including:	0.0	0.0	18.7	0.0	18.7
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	93.8	-	93.8
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-29.2	-	-29.2
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-16.0	-	-16.0
effective part of cash flow hedging relationship	-	-	-29.9	-	-29.9
Other changes in equity, including:	0.0	0.0	0.0	0.2	0.2
valuation of share-based payments	-	-	-	0.2	0.2
Closing balance of equity	130.1	956.3	595.5	9 262.7	10 944.6

year 2016

The period from 01 Jan 2016 to 31 Dec 2016

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	1 474.1	7 924.7	10 485.2
Net result for the current period	-	-	-	1 208.7	1 208.7
Other net comprehensive income, including:	0.0	0.0	-897.4	1.5	-895.9
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	-76.2	-	-76.2
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-183.7	-	-183.7
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-32.2	-	-32.2
effective part of cash flow hedging relationship	-	-	-606.0	-	-606.0
revaluation of non-current assets	-	-	0.6	-	0.6
disposal of non-current assets	-	-	-1.5	1.5	0.0
actuarial gains/losses	-	-	1.6	-	1.6
Other changes in equity, including:	0.0	0.0	0.1	-503.2	-503.1
valuation of share-based payments	-	-	-	1.1	1.1
settlement of subsidiary takeover	-	-	0.1	55.1	55.2
profit distribution with dividend payout allocation	-	-	-	-559.4	-559.4
Closing balance of equity	130.1	956.3	576.8	8 631.7	10 294.9

Interim condensed standalone statement of changes in equity - continued

I half year 2016

The period from 01 Jan 2016 to 30 Jun 2016

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	1 474.1	7 924.7	10 485.2
Net result for the current period	-	-	-	661.1	661.1
Other net comprehensive income, including:	0.0	0.0	23.0	1.5	24.5
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	26.2	-	26.2
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-181.8	-	-181.8
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-16.0	-	-16.0
effective part of cash flow hedging relationship	-	-	196.3	-	196.3
revaluation of non-current assets	-	-	-0.1	-	-0.1
disposal of non-current assets	-	-	-1.6	1.5	-0.1
Other changes in equity, including:	0.0	0.0	0.1	-503.3	-503.2
valuation of share-based payments	-	-	-	1.0	1.0
settlement of subsidiary takeover	-	-	0.1	55.1	55.2
profit distribution with dividend payout allocation	-	-	-	-559.4	-559.4
Closing balance of equity	130.1	956.3	1 497.2	8 084.0	10 667.6

Interim condensed standalone statement of changes in equity shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements

Interim condensed standalone cash flow statement

	I half year 2017 the period of from 01 Jan 2017 to 30 Jun 2017	I half year 2016 the period from 01 Jan 2016 to 30 Jun 2016
Net profit (loss)	630.8	661.1
Adjustments	742.2	-1 119.6
Depreciation and amortisation	90.4	86.5
Interest accrued (from the income statement)	-1 599.3	-1 297.2
Interest paid	-403.2	-514.2
Interest received	2 073.2	1 871.2
Dividends received	-2.5	-13.8
Gains (losses) on investing activities	-0.6	1.5
Income tax (from the income statement)	217.2	187.6
Income tax paid	-199.5	-163.1
Change in provisions	9.3	15.8
Change in loans and other receivables to other banks	-15.9	87.5
Change in financial assets at fair value through profit or loss	150.3	-720.4
Change in available-for-sale financial assets	3 244.6	-2 879.2
Change in valuation of derivatives	17.1	4.5
Change in hedge derivatives	-293.0	160.7
Change in loans and other receivables to customers	-5 002.5	-3 468.8
Change in other assets	-54.1	27.0
Change in liabilities to other banks	1 059.6	355.7
Change in liabilities at fair value through profit or loss	-366.4	-330.1
Change in liabilities to customers	1 851.0	5 294.2
Change in other liabilities	-33.5	175.0
Net cash flow from operating activities	1 373.0	-458.5
Purchase of property plant and equipment	-32.2	-26.0
Disposal of property plant and equipment	0.6	2.8
Purchase of intangible assets	-28.6	-42.4
Disposal of assets held for sale	6.0	10.8
Purchase of held-to-maturity financial assets	-1 911.6	-1 542.3
Interest received from held-to-maturity financial assets	59.2	18.3
Dividends received	2.5	13.8
Net cash flow from investing activities	-1 904.1	-1 565.0
Long-term loans received	0.0	654.8
Payment of interest on long-term loans	-6.2	-3.4
Interest on issued debt securities	-11.5	-11.3
Dividends paid	0.0	-559.4
Net cash flow from financing activities	-17.7	80.7
Effect of exchange rate changes on cash and cash equivalents	-273.5	134.1
Net increase/decrease in cash and cash equivalents	-548.8	-1 942.8
Opening balance of cash and cash equivalents	2 758.7	4 410.4
Closing balance of cash and cash equivalents	2 209.9	2 467.6

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

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. for the period of 6 months ending on 30 June 2017 were prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date. As of the date of approving this statement, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Bank is endangered.

1.2. Discontinued operations

No material operations were discontinued during I half 2017 and I half 2016.

1.3. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the period of 6 months ending on 30 June 2017 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 June 2017 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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 interim condensed consolidated financial statements for the I half 2017 and the Bank's financial statements for the year ended 31 December 2016 approved by the General Meeting on 21 April 2017.

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 2017 to 30 June 2017, and interim condensed standalone statement of financial position as at 30 June 2017 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2016 to 30 June 2016 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income and the interim condensed standalone cash flow statement, additionally for the period from 1 January 2016 to 31 December 2016 for the interim condensed standalone statement of changes in equity; and in the case of the interim condensed standalone statement of financial position data as of 31 March 2017, 31 December 2016, 30 June 2016 and 31 March 2016. Interim condensed standalone income statements, interim condensed standalone statement of comprehensive income and notes to the interim condensed standalone income

statements include data for the Q2 2017 (period from 1 April 2017 to 30 June 2017) as well as comparative data for the Q2 2016 (period from 1 April 2016 to 30 June 2016).

The following financial data presented quarterly:

- for the period from 1 January 2017 to 31 March 2017,
- for the period from 1 April 2017 to 30 June 2017,
- for the period from 1 April 2016 to 30 June 2016 and
- as at 31 March 2017

were neither reviewed separately nor audited by the chartered auditor.

1.5. Financial statements scope and currency

From the Bank's point of view all significant disclosures are presented in interim condensed consolidated financial statements.

These interim condensed financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

1.6. Changes to accounting standards

In these interim condensed standalone financial statements the same principles of accounting have been applied as the ones applied for developing the 2016 annual standalone financial statements. The new interpretations to standards are described in interim condensed consolidated statements of the ING Bank Śląski S.A. Capital Group for the period of 6 months ending on 30 June 2017 enclosed herewith ("interim condensed consolidated financial statements"), in chapter *Additional information* in item 4.5. *Changes to accounting standards*.

1.7. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 1 August 2017.

2. Material accounting principles

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2016 to 31 December 2016 published on 3 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

In H1 2017, the Bank did not make any changes to the accounting standards applied.

The same accounting principles were applied to interim condensed standalone financial statements and interim condensed consolidated financial statements, except for the changes in recording capital investments described above.

2.1. Subsidiaries

Subsidiaries are entities that are controlled directly or indirectly by the bank. Control is the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. All of the following conditions have to be fulfilled simultaneously in order to confirm control over a specified unit:

- holding an existing right (power) to manage the relevant activities of the unit on an ongoing basis (activities that significantly affect return from a specific involvement with a given unit),
- exposure to variable returns or holding rights to variable returns,
- having the ability to use the existing rights (power) to affect its returns from a given involvement.

The conditions indicated hereinabove are not deemed fulfilled if the existing rights are of the protective nature only, i.e. are defined as rights securing Bank's interests related to a given involvement.

Recognition and valuation

The Bank recognises in its financial statements investments in its subsidiaries at the purchase price. The carrying amount of the investment is subject to tests for impairment under IAS 36. Any identified impairment is recognised in the income statement under the item *Impairment losses for financial assets and provisions for off-balance-sheet liabilities*. Dividends being investment income are recognised in the income statement as at the date when the Bank is vested with the right to receive them.

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2016 to 31 December 2016 published on 3 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In H1 2017, the Bank did not change its estimations.

4. Comparability of financial data

In the Interim Condensed Standalone Financial Statements for the period from 1 January 2017 to 30 June 2017, the Bank did not modify the manner of information disclosure when compared with the interim standalone financial statements for previous periods

5. Significant events in I half 2017

Significant events that occurred in I half 2017 are described in the interim condensed consolidated financial statement in chapter *Additional information* in item 2. *Significant events in I half 2017*.

6. Seasonality or cyclicity of activity

Activity of ING Bank Śląski S.A. Group is not subject to seasonality or cyclicity within the meaning of §21 of IAS 34.

7. Issues, redemption or repayments of debt securities and equities

None.

8. Dividends paid

On 21 April 2017, the General Meeting approved earmarking the entire 2016 net profit of the Group's dominant entity for the equity injection.

On 31 March 2016, the General Meeting passed a resolution regarding dividend payout for 2015, pursuant to which the Bank paid out the dividend for 2015 totalling PLN 559,430.0 thousand, (PLN 4.3 gross per share). On 20 April 2016 the shareholders of record became entitled to the dividend payout which took place on 5 May 2016.

9. Acquisitions

In H1 2017, ING Bank Śląski S.A. did not perform the acquisition.

In H1 2016, the Bank subsidiary ING Securities S.A. was divided by acquisition. As a result, the brokerage services provided until then via ING Securities S.A. and ING Bank Śląski S.A. were integrated within one entity (ING Bank Śląski S.A.). The services other than brokerage services which had been provided by ING Securities S.A. were transferred to Nowe Usługi S.A., a member of the ING Bank Śląski S.A. Group.

10. Off-balance sheet items

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Contingent liabilities granted	27 490.3	26 271.0	26 994.5	25 854.1	23 907.6
Contingent liabilities received	82 864.1	81 865.1	77 680.1	64 110.2	54 164.1
Off-balance sheet financial instruments	493 895.7	535 382.5	439 561.7	363 477.2	312 264.0
Total off-balance sheet items	604 250.1	643 518.6	544 236.3	453 441.5	390 335.7

11. Significant events after the balance sheet date

Significant events after the balance sheet date are described in the interim condensed consolidated financial statement in chapter *Additional information* in item 3. *Significant events after the balance sheet date*.

12. Transactions with related entities

ING Bank Śląski S.A. subsidiaries:

- ING ABL Polska S.A. (holds 100% of shares of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.),
- ING Usługi dla Biznesu S.A.,
- Solver Sp. z o.o.,
- Nowe Usługi S.A.,

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2017 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders.

ING Bank Śląski performs operations with ING Bank NV and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives.

Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding").

The abovementioned transactions are carried out on an arm's length basis.

There were also other transactions between the related entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of premises, lease of equipment, data processing as well as employees' insurance contributions.

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

Transactions between related entities (PLN million)

	ING Bank NV	Other ING Group entities	Subsidiaries	ING Bank NV	Other ING Group entities	Subsidiaries
	as of 30 Jun 2017			as of 30 Jun 2016		
Receivables						
Current accounts	26.5	2.6	-	17.6	1.4	-
Deposits placed	81.5	15.0	-	217.0	-	-
Loans	-	2.1	6 577.5	4.3	0.1	5 789.0
Positive valuation of derivatives	218.8	91.1	1.7	169.5	223.1	4.2
Other receivables	1.4	0.4	6.6	5.8	1.7	0.6
Liabilities						
Deposits received	88.1	25.2	89.1	90.7	14.3	61.2
Subordinated loan	635.3	-	-	665.2	-	-
Loro accounts	5.4	35.6	-	12.9	18.7	-
Negative valuation of derivatives	232.9	85.2	-	256.9	160.2	0.7
Other liabilities	47.2	1.3	1.5	209.6	1.6	1.8
Off-balance-sheet operations						
Off-balance sheet liabilities granted	357.5	178.8	1 726.3	750.1	90.2	2 134.7
Off-balance sheet liabilities received	355.5	182.1	-	804.1	94.3	300.0
FX transactions	17 282.1	107.7	-	12 676.5	49.2	-
Forward transactions	2 099.7	-	-	-	-	41.1
IRS	3 271.0	2 537.5	69.5	6 017.9	3 184.3	76.9
Options	5 660.3	273.6	47.6	2 312.3	418.2	49.8
	1H 2017			1H 2016		
	the period from 01Jan 2017 to 30 Jun 2017			the period from 01Jan 2016 to 30 Jun 2016		
Income and expenses						
Income, including:	58.4	5.6	70.1	-94.8	12.8	61.3
interest and commission income/expenses	-0.3	2.2	71.1	-3.2	11.3	59.6
income on financial instruments	46.8	3.4	-1.0	-91.7	1.5	2.5
income on investment financial assets	11.9	-	-	-	-	-
net income on other basic activities	-	-	-	0.1	0.0	-0.8
General and administrative expenses	29.5	3.1	3.0	26.5	2.8	2.2
Outlays for non-current assets						
Outlays for property, plant and equipment	-	-	-	-	0.7	-
Outlays for intangible assets	-	-	0.4	0.9	0.1	0.7

When compared with the financial statements for previous periods, the Bank adapted comparable data to agree with the changed note presentation. Receivables, liabilities, income and expenses are shown as in the financial statements. In the Bank's opinion, change of the presentation method enhanced the quality of financial statements disclosures.

13. Segment reporting

13.1. Segments of operation

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

- retail banking segment, and
- corporate banking segment.

The segments are separated based on the financial (especially turnover, level of accumulated assets) and subject-related criteria. The specific rules of putting clients to respective segments are governed by the clients segmentation criteria specified in the Bank's internal regulations.

ING Bank Śląski S.A. has separated in organisational terms the operations performed by the Bank Treasury. The Bank Treasury manages short-term and long-term liquidity risk in line with the effective regulations and risk appetite internally set at the Bank, manages interest rate risk and invests surpluses obtained from business lines while maintaining the liquidity buffer in the form of liquid assets. The Bank Treasury's net income on operations is allocated to the business lines considering its support function for the Bank's business lines.

13.1.1. Retail banking segment

Within the framework of retail banking, the Bank provides services for individual customers (segments of mass customers and wealthy customers) and for sole traders.

This activity is analysed by the leading products, including i.e.: credit products (overdraft in the current account - ROR, loans under cards, hire purchase loans, housing loans and mortgage loans), deposit products (current accounts, term deposits, savings accounts), structured products, ING fund units, brokerage services and bank cards.

13.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- Financial Markets products.

As institutional clients strategic clients, large corporate entities and mid-sized companies are recognized. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (opex loans and capex loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services, capital market operations conducted by the parent.

Financial Markets products encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers' benefit. This activity, currency covers money and derivative instrument market products and securities operations (treasury securities, shares and notes).

13.1.3. Measurement

The segment's assets and liabilities as well as the segment's income and costs are measured based on the accounting standards applied by the Bank, 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 obtainment of long-term liquidity, matching of the Bank'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.

Income, 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 Bank presents segment's interest income less the cost of interest.

In H1 2017, the Bank updated the allocation key for ALCO income. The data for previous periods presented herein were made comparable.

I half 2017

the period from 01 Jan 2017 to 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 299.8	938.7	2 238.5
net interest income	1 026.6	572.7	1 599.3
net commission income	202.9	353.9	556.8
other income/expenses	70.3	12.1	82.4
Expenses total	653.1	380.2	1 033.3
Segment result	646.7	558.5	1 205.2
Impairment losses	86.0	111.4	197.4
Tax on certain financial institutions	60.3	99.5	159.8
Segment profit before tax	500.4	347.6	848.0
Income tax	-	-	217.2
Result after tax	-	-	630.8
Allocated equity	5 246.8	5 697.8	10 944.6
ROE - Return on equity (%)*	13.6	8.7	11.1

*) ROE - Return on equity - net profit, for 4 subsequent quarters to average equity for 5 subsequent quarters.

II quarter 2017

the period from 01 Apr 2017 to 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	677.9	470.0	1 147.9
net interest income	523.3	292.0	815.3
net commission income	106.6	172.5	279.1
other income/expenses	48.0	5.5	53.5
Expenses total	305.9	182.9	488.8
Segment result	372.0	287.1	659.1
Impairment losses	43.2	75.6	118.8
Tax on certain financial institutions	28.5	51.9	80.4
Segment profit before tax	300.3	159.6	459.9
Income tax	-	-	109.1
Result after tax	-	-	350.8

I half 2016

the period from 01 Jan 2016 to 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 230.8	813.6	2 044.4
net interest income	829.8	467.4	1 297.2
net commission income	175.9	308.5	484.4
other income/expenses	225.1	37.7	262.8
Expenses total	599.8	373.2	973.0
Segment result	631.0	440.4	1 071.4
Impairment losses	37.0	58.4	95.4
Tax on certain financial institutions	45.4	81.9	127.3
Segment profit before tax	548.6	300.1	848.7
Income tax	-	-	187.6
Result after tax	-	-	661.1
Allocated equity	5 165.9	5 501.7	10 667.6
ROE - Return on equity (%)*	14.3	9.7	11.8

*) ROE - Return on equity - net profit for 4 subsequent quarters to average equity for 5 subsequent quarters.

II quarter 2016

the period from 01 Apr 2016 to 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	710.3	405.7	1 116.0
net interest income	430.0	229.7	659.7
net commission income	89.2	155.9	245.1
other income/expenses	191.1	20.1	211.2
Expenses total	299.6	194.3	493.9
Segment result	410.7	211.4	622.1
Impairment losses	20.6	3.9	24.5
Tax on certain financial institutions	27.7	49.1	76.8
Segment profit before tax	362.4	158.4	520.8
Income tax	-	-	113.4
Result after tax	-	-	407.4

as of 30 Jun 2017

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	48 439.8	66 416.7	114 856.5
Segment investments in controlled entities	23.2	216.0	239.2
Other assets (not allocated to segments)	0.0	0.0	1 069.2
Total assets	48 463.0	66 632.7	116 164.9
Segment liabilities	67 619.6	36 142.8	103 762.4
Other liabilities (not allocated to segment)	0.0	0.0	1 457.9
Equity	0.0	0.0	10 944.6
Total equity and liabilities	67 619.6	36 142.8	116 164.9

as of 31 Mar 2017

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	47 473.2	66 250.9	113 724.1
Segment investments in controlled entities	21.0	218.2	239.2
Other assets (not allocated to segments)	0.0	0.0	1 039.8
Total assets	47 494.2	66 469.1	115 003.1
Segment liabilities	67 490.3	35 595.5	103 085.8
Other liabilities (not allocated to segment)	0.0	0.0	1 330.1
Equity	0.0	0.0	10 587.2
Total equity and liabilities	67 490.3	35 595.5	115 003.1

as of 31 Dec 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	46 540.2	65 663.8	112 204.0
Segment investments in controlled entities	21.0	218.2	239.2
Other assets (not allocated to segments)	0.0	0.0	1 086.2
Total assets	46 561.2	65 882.0	113 529.4
Segment liabilities	64 403.2	37 375.3	101 778.5
Other liabilities (not allocated to segment)	0.0	0.0	1 456.0
Equity	0.0	0.0	10 294.9
Total equity and liabilities	64 403.2	37 375.3	113 529.4

as of 30 Jun 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	44 709.1	65 782.7	110 491.8
Segment investments in controlled entities	21.0	218.2	239.2
Other assets (not allocated to segments)	0.0	0.0	979.4
Total assets	44 730.1	66 000.9	111 710.4
Segment liabilities	64 643.8	34 525.2	99 169.0
Other liabilities (not allocated to segment)	0.0	0.0	1 873.8
Equity	0.0	0.0	10 667.6
Total equity and liabilities	64 643.8	34 525.2	111 710.4

as of 31 Mar 2016

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	43 128.6	65 745.6	108 874.2
Segment investments in controlled entities	36.0	233.3	269.3
Other assets (not allocated to segments)	0.0	0.0	953.8
Total assets	43 164.6	65 978.9	110 097.3
Segment liabilities	63 299.9	33 583.4	96 883.3
Other liabilities (not allocated to segment)	0.0	0.0	2 744.5
Equity	0.0	0.0	10 469.5
Total equity and liabilities	63 299.9	33 583.4	110 097.3

13.2. Geographical segments

The Bank pursues business within the territory of the Republic of Poland.

14. Total capital ratio

	as of 30 Jun 2017	as of 31 Mar 2017	as of 31 Dec 2016	as of 30 Jun 2016	as of 31 Mar 2016
Own funds	10 016.0	9 118.2	9 068.1	8 829.6	8 240.2
Total capital requirement	4 658.1	4 522.7	4 369.1	4 338.2	4 281.9
Total capital ratio	17.2%	16.1%	16.6%	16.3%	15.4%
Tier I ratio	16.1%	15.0%	15.4%	15.1%	15.4%

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

2017-08-01 **Brunon Bartkiewicz** Signed on the Polish original
President

2017-08-01 **Michał Bolesławski** Signed on the Polish original
Vice-President

2017-08-01 **Joanna Erdman** Signed on the Polish original
Vice-President

2017-08-01 **Marcin Giżycki** Signed on the Polish original
Vice-President

2017-08-01 **Bożena Graczyk** Signed on the Polish original
Vice-President

2017-08-01 **Justyna Kesler** Signed on the Polish original
Vice-President

2017-08-01 **Patrick Roesink** Signed on the Polish original
Vice-President

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2017-08-01 **Jolanta Alvarado Rodriguez** Director of Accounting
Department
Chief Accountant Signed on the Polish original

