ING Bank Śląski S.A. Group

Quarterly consolidated report for the 1st quarter of 2023

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SELECTED FINANCIAL DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

Performance highlights

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net interest income	1,860.4	1,732.6
Net commission income	523.7	534.0
Net income on basic activities	2,454.6	2,297.2
Gross profit	1,208.8	1,069.3
Net profit attributable to shareholders of ING Bank Śląski S.A.	908.7	792.8
Earnings per ordinary share (PLN)	6.98	6.09

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Loans and other receivables to customers at amortized cost (net)	156,050.9	154,974.6	149,709.7
Liabilities to customers	201,651.9	192,731.3	174,661.9
Total assets	227,656.6	217,266.1	210,069.0
Share capital	130.1	130.1	130.1
Equity attributable to shareholders of ING Bank Śląski S.A.	11,239.2	9,344.3	11,155.8
Book value per share (PLN)	86.39	71.82	85.75

Key performance indicators

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
C/I - cost/income ratio	47.3%	55.5%	47.0%
ROA - return on assets	0.8%	0.8%	1.4%
ROE - return on equity	19.5%	17.4%	17.5%
NIM - net interest margin	2.74%	2.75%	2.83%
L/D - loan-to-deposit ratio	77.4%	80.4%	85.7%
Total capital ratio	16.37%	16.22%*	15.42%

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

Explanations:

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

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

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

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

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

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

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

Interim condensed consolidated income statement

	Note	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net interest income		2,982.1	1,851.7
calculated using the effective interest rate method		2,679.7	1,790.5
other interest income		302.4	61.2
Interest expense		-1,121.7	-119.1
Interest income	8.1	**1,860.4**	**1,732.6**
Commission income		651.6	656.2
Commission expense		-127.9	-122.2
Net commission income	8.2	**523.7**	**534.0**
Net income on financial instruments measured at fair value through profit or loss and FX result	8.3	73.6	47.1
Net income on the sale of securities measured at amortised cost	8.4	0.0	-3.9
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	8.4	1.2	2.1
Net (loss)/income on hedge accounting	8.5	-4.7	-14.5
Net (loss)/income on other basic activities		0.4	-0.2
Net income on basic activities		**2,454.6**	**2,297.2**
General and administrative expenses	8.6	-1,004.6	-931.4
Impairment for expected credit losses	8.7	-88.2	-150.5
including profit on sale of receivables		0.0	9.2
Cost of legal risk of FX mortgage loans	8.8	0.0	-1.1
Tax on certain financial institutions		-158.6	-151.7
Share of the net profits of associates measured by equity method		5.6	6.8
Gross profit		**1,208.8**	**1,069.3**
Income tax		-300.1	-276.5
Net profit		**908.7**	**792.8**
including attributable to shareholders of ING Bank Śląski S.A.		908.7	792.8

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit attributable to shareholders of ING Bank Śląski S.A.	908.7	792.8
Weighted average number of ordinary shares	130,100,000	130,100,000
Earnings per ordinary share (in PLN)	**6.98**	**6.09**

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

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

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Interim condensed consolidated statement of comprehensive income

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit for the reporting period	**908.7**	**792.8**
Total other comprehensive income, including:	**984.2**	**-3,168.5**
Items that may be reclassified to profit or loss, including:	**984.2**	**-3,168.5**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	144.8	-259.0
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-1.0	-1.7
cash flow hedge - gains on revaluation carried through equity	244.5	-2,807.4
cash flow hedge - reclassification to profit or loss	595.9	-100.4
Net comprehensive income for the reporting period	**1,892.9**	**-2,375.7**
including attributable to shareholders of ING Bank Śląski S.A.	1,892.9	-2,375.7

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.

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Interim condensed consolidated statement of financial position

as at	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets				
Cash in hand and balances with the Central Bank	8.9	6,706.5	2,337.6	4,998.3
Loans and other receivables to other banks	8.10	9,163.4	5,161.1	1,074.4
Financial assets measured at fair value through profit or loss	8.11	1,584.4	1,952.3	1,498.3
Derivative hedge instruments		243.0	139.2	323.4
Investment securities	8.12	40,976.7	48,432.8	37,312.3
Transferred assets	8.11, 8.12 8.14	9,416.6	163.8	10,935.8
Loans and other receivables to customers measured at amortised cost	8.13	156,050.9	154,974.6	149,709.7
Investments in associates accounted for using the equity method		184.5	178.9	191.6
Property, plant and equipment		959.0	950.0	917.3
Intangible assets		462.1	417.2	400.6
Current income tax assets	8.15	258.6	572.2	825.2
Deferred tax assets	8.15	1,457.5	1,828.6	1,693.8
Other assets		193.4	157.8	188.3
Total assets		**227,656.6**	**217,266.1**	**210,069.0**

as at	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Liabilities				
Liabilities to other banks	8.16	7,144.8	5,639.6	16,491.8
Financial liabilities measured at fair value through profit or loss	8.17	1,702.3	2,203.8	1,794.4
Derivative hedge instruments		418.7	369.5	362.5
Liabilities to customers	8.18	201,651.9	192,731.3	174,661.9
Liabilities from debt securities issued	11	413.0	404.8	398.0
Subordinated liabilities		1,639.6	1,643.9	1,628.9
Provisions	8.19	347.2	359.0	350.2
Current income tax liabilities	8.15	16.8	19.9	5.3
Deferred tax loss	8.15	0.3	0.4	0.0
Other liabilities	8.20	3,082.8	4,549.6	3,220.2
Total liabilities		**216,417.4**	**207,921.8**	**198,913.2**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-7,055.1	-8,039.3	-5,989.5
Retained earnings		17,207.9	16,297.2	16,058.9
Total equity		**11,239.2**	**9,344.3**	**11,155.8**
including attributable to shareholders of ING Bank Śląski S.A.		11,239.2	9,344.3	11,155.8
Total liabilities and equity		**227,656.6**	**217,266.1**	**210,069.0**

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

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Interim condensed consolidated statement of changes in equity

1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**-8,039.3**	**16,297.2**	**9,344.3**
Net profit for the current period	-	-	-	908.7	**908.7**
Other net comprehensive income, including:	**0.0**	**0.0**	**984.2**	**0.0**	**984.2**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	144.8	-	144.8
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-1.0	-	-1.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	244.5	-	244.5
cash flow hedge – reclassification to profit or loss	-	-	595.9	-	595.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**2.0**	**2.0**
valuation of employee incentive programs	-	-	-	2.0	2.0
Closing balance of equity	**130.1**	**956.3**	**-7,055.1**	**17,207.9**	**11,239.2**

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.

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2022 the period from 01 Jan 2022 to 31 Dec 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-2,821.0**	**15,266.0**	**13,531.4**
Net profit for the current period	-	-	-	1,714.4	**1,714.4**
Other net comprehensive income, including:	**0.0**	**0.0**	**-5,218.3**	**0.0**	**-5,218.3**
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	-449.0	-	-449.0
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-15.9	-	-15.9
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,064.6	-	-6,064.6
cash flow hedge – reclassification to profit or loss	-	-	1,307.2	-	1,307.2
fixed assets revaluation	-	-	0.1	-	0.1
actuarial gains/losses	-	-	3.9	-	3.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-683.2**	**-683.2**
valuation of employee incentive programs	-	-	-	6.3	6.3
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-8,039.3**	**16,297.2**	**9,344.3**

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-2,821.0**	**15,266.0**	**13,531.4**
Net profit for the current period	-	-	-	792.8	**792.8**
Other net comprehensive income, including:	**0.0**	**0.0**	**-3,168.5**	**0.0**	**-3,168.5**
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	-259.0	-	-259.0
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-1.7	-	-1.7
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-2,807.4	-	-2,807.4
cash flow hedge – reclassification to profit or loss	-	-	-100.4	-	-100.4
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**
valuation of employee incentive programs	-	-	-	0.1	0.1
Closing balance of equity	**130.1**	**956.3**	**-5,989.5**	**16,058.9**	**11,155.8**

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Interim condensed consolidated cash flow statement

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit	**908.7**	**792.8**
Adjustments, including:	**-1,065.1**	**2,830.4**
Share of net profit (loss) of associates accounted for using the equity method	-5.6	-6.8
Depreciation and amortisation	73.1	68.5
Interest accrued (from the income statement)	-1,860.4	-1,732.6
Interest paid	-1,028.7	-109.0
Interest received	2,478.1	1,598.8
Income tax (from the income statement)	300.1	276.5
Income tax paid	-31.9	-71.5
Change in provisions	-11.8	13.3
Change in loans and other receivables to other banks	-4,107.7	-113.6
Change in financial assets measured at fair value through profit or loss	370.7	43.0
Change in hedge derivatives	982.8	-3,535.8
Change in investment securities	4,516.6	7,066.4
Change in transferred assets	-9,021.5	-8,654.9
Change in loans and other receivables to customers measured at amortised cost	-981.4	-3,076.9
Change in other assets	96.8	-9.0
Change in liabilities to other banks	243.4	6,265.7
Change in liabilities measured at fair value through profit or loss	-501.4	114.9
Change in liabilities to customers	8,857.3	4,050.9
Change in liabilities from debt securities issued	8.2	0.3
Change in subordinated liabilities	-4.3	18.6
Change in other liabilities	-1,437.5	623.6
Net cash flows from operating activities	**-156.4**	**3,623.2**

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Acquisition of property, plant and equipment	-12.2	-31.2
Acquisition of intangible assets	-64.9	-39.4
Acquisition of debt securities measured at amortized cost	-309.6	-729.8
Disposal of debt securities measured at amortized cost	3,599.3	1,765.5
Net cash flows from investment activities	**3,212.6**	**965.1**
Long-term loans received	1,727.3	444.7
Repayment of long-term loans	-453.9	-272.6
Interest payment on long-term loans	-41.4	-3.9
Redemption of debt securities	0.0	-575.0
Interest on debt securities issued	0.0	-1.9
Repayment of lease liabilities	-26.8	-26.8
Net cash flows from financial activities	**1,205.2**	**-435.5**
Net increase/(decrease) in cash and cash equivalents	**4,261.4**	**4,152.8**
of which effect of exchange rate changes on cash and cash equivalents	887.5	176.3
Opening balance of cash and cash equivalents	**3,049.7**	**1,377.6**
Closing balance of cash and cash equivalents	**7,311.1**	**5,530.4**

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

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Additional information to interim condensed consolidated financial statements

Additional information to the interim condensed consolidated financial statements

1. Bank and the Group details

1.1. Key Bank data

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

1.2. Scope and duration of operations

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

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

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 31 March 2023 held 75% shares in the share capital of ING Bank Śląski S.A. and 75% shares in the total number of votes at the General Meeting of ING Bank Śląski S.A. ING Bank NV belongs to the Group, herein referred to as ING Group.

The remaining part of the Bank's shares (25.0%) is in free float. They are owned by institutional investors - in particular Polish pension funds and domestic and foreign investment funds, as well as individual investors.

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

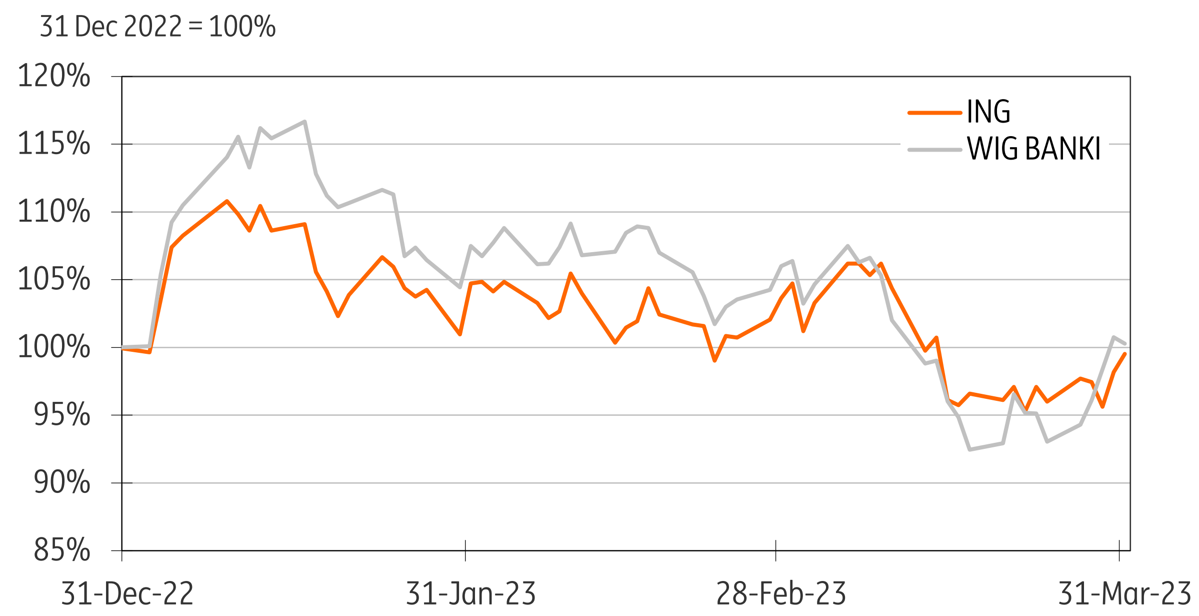
As at 31 March 2023, shareholders holding 5 or more percent of the votes at the General Meeting of ING Bank Śląski S.A. were the following entities:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank N.V.	97,575,000	75.00
2.	Powszechne Towarzystwo Emerytalne Allianz S.A.*	12,675,680	9.74

1.4. Share capital

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

On 31 March 2023 the share price of ING Bank Śląski S.A. amounted to PLN 164.0, compared to PLN 164.8 and PLN 230.9 as at 31 December 2022 and 31 March 2022, respectively. In the 1st quarter of 2023, the share price of ING Bank Śląski S.A. was as follows:



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1.5. ING Bank Śląski S.A. Group

ING Bank Śląski S.A. is the parent of the ING Bank Śląski S.A. Group (the Group).

As at 31 March 2023 the composition of the ING Bank Śląski Group was as follows:

name	type of activity	headquarters	% of the Group's share in the share capital	% of the Group's share of votes in the General Meeting	nature of the capital relationship	recognition in the Group financial statements
ING Investment Holding (Polska) S.A., which holds shares in the following subsidiaries and associates:	financial holding	Katowice	100	100	subsidiary	full consolidation
ING Commercial Finance S.A.	factoring services	Warszawa	100	100	subsidiary	full consolidation
ING Lease (Polska) Sp. z o.o.*	leasing services	Warszawa	100	100	subsidiary	full consolidation
SAIO Spółka Akcyjna	software sales, robotization of processes	Katowice	100	100	subsidiary	full consolidation
Paymento Financial S.A.	financial services and IT solutions for the financial sector	Tychy	100	100	subsidiary	full consolidation
Goldman Sachs TFI S.A. (previously named NN Investment Partners TFI S.A.)**	investment funds	Warszawa	45	45	associate	consolidation with the equity method
ING Bank Hipoteczny S.A.	banking services	Katowice	100	100	subsidiary	full consolidation
ING Usługi dla Biznesu S.A.	accounting, HR and payroll services	Katowice	100	100	subsidiary	full consolidation
Nowe Usługi S.A.	education and promotion for the financial market and TURBO Certificates	Katowice	100	100	subsidiary	full consolidation

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

**) On 24 April 2023, NN Investment Partners TFI S.A. changed its name to Goldman Sachs TFI S.A.

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

On 27 January 2023, the Polish Financial Supervision Authority (PFSA) stated that there are no grounds to object to the acquisition by ING Investment Holding (Polska) S.A. - a 100% subsidiary of ING Bank Śląski - of a controlling stake in Paymento Financial S.A.

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

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

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

On 31 March 2023, members of the Bank's Management Board and Supervisory Board did not hold any shares of ING Bank Śląski S.A., similarly as on the date of publishing these financial statements.

1.7. Approval of the financial statements

This interim condensed consolidated financial statement was approved by the Bank's Management Board on 9 May 2023.

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

2. Significant events in the 1st quarter of 2023

Opinion of the Advocate General of the CJEU

On 16 February 2023, the Advocate General of the Court of Justice of the European Union (CJEU) issued an opinion in case regarding the answer to the question of the referring court as to whether the provisions of EU law preclude judicial interpretation of national provisions, according to which if a loan agreement concluded by a bank and the consumer is invalid from the beginning due to the conclusion of unfair contract terms, the parties, in addition to the refund of money paid in the performance of this contract (bank - loan principal, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request to payment, may also demand any other benefits, including receivables (in particular remuneration, compensation, reimbursement of costs or indexation of the benefit).

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The Advocate General pointed out that Directive 93/13 does not regulate how the parties to an indexed credit agreement should settle accounts if it is deemed invalid. Therefore, the answer to the question whether the consumer may request the bank to reimburse the costs of using the installments paid should be sought in national law. If national law allows such a consumer claim, the Directive does not prevent it. As to the bank's claims, the Advocate General indicated that Directive 93/13 precluded these claims.

The Advocate's opinion does not prejudge the decision and is not binding on the CJEU. Therefore, the judgment of the CJEU may be different from the one proposed by the Advocate General. The CJEU judgment in this case will be announced on 15 June 2023.

The Bank took into account the opinion of the CJEU Advocate in the estimates regarding the annual financial statements for 2022. Calculation assumptions, in particular taking into account decisions regarding remuneration, both the amount of adjustments to the gross carrying amount resulting from legal risk for the portfolio of CHF-indexed mortgage loans disclosed in the statement of financial position and the amount of provisions for CHF-indexed mortgage loans already removed from the statement of financial position as at 31 December 2022, is described in the annual consolidated financial statements of the ING Bank Śląski S.A. Capital Group. for the period from 1 January 2022 to 31 December 2022, in chapter III. *Significant accounting policies*, in point *Write-downs and portfolio provisions related to the portfolio of mortgage loans indexed to the CHF exchange rate*.

In the 1st quarter of 2023, the Group did not change the assumptions regarding the calculation of the amounts described above.

Resignation of a Member of the Supervisory Board

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

3. Significant events after balance sheet date

General Meeting of ING Bank Śląski S.A.

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

- on reviewing and approving the annual financial statements for 2022 (individual and consolidated statements),
- on reviewing and approving the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2022 covering the Report on Operations of ING Bank Śląski S.A., including the statement on the application of corporate governance principles, as well as reviewing and approving the Report on non-financial information of ING Bank Śląski S.A. Group for 2022, including non-financial information of ING Bank Śląski S.A.,
- on accepting ING Bank Śląski S.A. Supervisory Board Report for 2022,
- on the opinion to the Supervisory Board’s report on the ING Bank Śląski S.A. Supervisory Board and Management Board Members remuneration in 2022, and to the assessment of Bank’s remuneration policy,
- on acknowledging fulfilment of duties in 2022 by Members of the Bank's Management Board and Members of the Bank's Supervisory Board,
- on distribution of 2022 profit,
- on amendments to the Charter of ING Bank Śląski Spółka Akcyjna,
- on determining the number of Supervisory Board Members,
- on changes to the composition of the Supervisory Board,
- on assessing satisfaction by the members of the Supervisory Board of the requirements referred to in Article 22aa of the Banking Law Act (suitability assessment).

Changes in the composition of the Bank's Supervisory Board

On 26 April 2023, the General Meeting of ING Bank Śląski S.A. appointed Ms Katarzyna Zajdel-Kurowska and Mr Hans De Munck as Members of the ING Bank Śląski S.A. Supervisory Board.

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

Information on the distribution of profit for 2022

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

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

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

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

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

On 17 April 2023, the Bank received a letter from the Bank Guarantee Fund (BGF) on the joint decision of resolution bodies, i.e. Single Resolution Board (SRB) and the BGF on the minimum requirement for own funds and eligible liabilities (MREL). More information on this subject can be found later in this financial statements, in chapter 9.2. *MREL requirements*.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1st quarter of 2023 were prepared under the International Accounting Standards (IAS) 34 Interim Financial Reporting as endorsed by the European Commission and effective as at the reporting date, that is 31 March 2023 as well as in accordance with the Ordinance of Finance Minister of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757).

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022, which was approved on 26 April 2023 by the Bank's General Meeting and is available on the website of ING Bank Śląski S.A. (www.ing.pl).

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the period from 1 January 2023 to 31 March 2023 and interim condensed consolidated statement of financial position as at 31 March 2023, together with comparable data were prepared according to the same principles of accounting for each period.

4.1. Changes in accounting standards

In these interim condensed consolidated financial statements, the Group included the following amendments to standards and interpretations that were approved by the European Union with the effective date for annual periods beginning on or after 1 January 2023:

Change	Impact on the Group financial statements
IFRS 17 Insurance contracts with the extension of the temporary exemption from the application of IFRS 9.	The Group's analyses show that the implementation of the amendments does not have a significant impact on the Group's financial statements.
IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies	Change in the scope of disclosure of significant accounting principles in the financial statements. Pursuant to the introduced changes, only the accounting principles that have a significant impact on the information contained in the financial statements will be disclosed. The practical stand attached to the amendment contains a detailed illustrative example. The implementation of the change have a significant impact on the scope of disclosures of significant accounting principles in the Group's financial statements.
IAS 8 Definition of Accounting Estimates	Amendment to clarify the definition of accounting estimates, i.e. monetary amounts recognized in the financial statements that are subject to measurement uncertainty. The implementation of the change does not have a significant impact on the financial statements of the Group.
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Amendment specifies the accounting requirements for income tax and possible exemption from recognising deferred tax. The amendments clarify that the exemption does not apply to transactions such leases and decommissioning obligations i.e. transactions for which simultaneously are recognise both an asset and a liability. The application of the amendment does not have an impact on the financial statements of the Group.
IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	The implementation of the changes had no impact on the Group's financial statements.

The standards and interpretations which were already issued but are still ineffective because they are not endorsed by the European Union or endorsed by the European Union but not yet applied by the Group were presented in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

In the 1st quarter of 2023 has not been published any new amendments to the standards and interpretations. European Union does not endorse any new amendments to the standards also.

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

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4.2. Going-concern

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Capital Group have been prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the approval date, i.e. from 9 May 2023. As at the approval date hereof, the Bank Management Board have not identified any events that could pose a threat to the Group members continuing their operations during the period of 12 months from the approval date as a result of intentional or forced abandonment or significant limitation of its operations by the Capital Group.

4.3. Financial statements scope and currency

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

4.4. Reporting period and comparable data

Interim condensed consolidated financial statements of ING Bank Śląski S.A. Group covers the period from 1 January 2023 to 31 March 2023 and includes comparative data:

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

5. Significant accounting principles and key estimates

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

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

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

5.1. Key estimates

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

Impairment for expected credit losses

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

Macroeconomic factors

Credit risk models for the purposes of IFRS 9 were built on the basis of historical relationships between changes in economic parameters (i.e. GDP or interest rates) and their subsequent effect on the implementation of changes in the level of credit risk (PD/LGD). Until the end of 2019, changes in macroeconomic forecasts were implemented relatively slowly, smoothly moving from one phase of the cycle to another, without drastic and shock events changing the macroeconomic situation. The current economic situation caused, among others, by the Covid-19 pandemic and the war in Ukraine has completely different characteristics - a sudden increase in interest rates, inflation, disruption of supply chains, further reduction of GDP forecasts. In addition, due to the effect of aid programs for mortgage loans, the effect of changing macroeconomic forecasts was softened in relation to what would be shown by macroeconomic indicators alone.

As at 31 March 2023, the Group revised the forecasts of macroeconomic indicators. Macroeconomic assumptions used to determine expected credit losses are based on forecasts prepared by the Bank's Macroeconomic Analysis Office.

Management adjustments

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

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

The introduction of management adjustments at the end of the 1st quarter of 2023, addressing the above-mentioned issues, reduced the allowance for expected credit losses by PLN 14.5 million for the portfolio of retail clients and by PLN 104.4 million for the portfolio of corporate clients (compared to a decrease of PLN 4.7 million and PLN 70.5 million respectively at the end of 2022).

In addition, the observed negative changes in the economy related to the war in Ukraine, in particular the disruption of supply chains, increases in energy prices and labor shortages, in the Group's opinion, are not sufficiently covered by the current models for corporate clients. As a consequence, the Group analyzed the portfolio of corporate clients in terms of the risk of future debt servicing problems and decided to increase the provision for expected credit losses for this portfolio by PLN 79.4 million at the end of 1st quarter 2023 (compared to PLN 84.3 million at the end of 2022).

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

On 29 July 2022, a statutory aid program was introduced allowing customers with mortgage loans in PLN to suspend 4 installments in 2022 and 4 installments (one per quarter) in 2023 (credit holidays). Due to the specificity of PD models, which use information on behavior in accounts (in particular in terms of timely repayments), model parameters may be underestimated in relation to the actual situation of the customer. In connection with the above, the impairment loss was adjusted and part of the exposure portfolio was reclassified to Stage 2 (customers with arrears on other products or with an uncertain economic situation, e.g. with a high DSTI ratio, meaning a high ratio of debt servicing cost to income). As a consequence, the Group decided to increase the allowance for expected credit losses for the mortgage loan portfolio by PLN 26.2 million at the end of 1st quarter 2023 (compared to PLN 25.0 million at the end of 2022).

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

6. Comparability of financial data

6.1. Changes in income statement

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

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

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

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	in interim condensed consolidated financial statements for the 1st quarter of 2022 *(approved data)*	change	in interim condensed consolidated financial statements for the 1st quarter of 2023 *(comparable data)*
Net interest income	1,791.0	60.7	1,851.7
calculated using the effective interest rate method	1,790.5		1,790.5
other interest income	0.5	60.7	61.2
Interest expense	-85.8	-33.3	-119.1
Interest income	**1,705.2**	**27.4**	**1,732.6**
Commission income	656.2		656.2
Commission expense	-122.2		-122.2
Net commission income	**534.0**	**0.0**	**534.0**
Net income on financial instruments measured at fair value through profit or loss and FX result	47.1		47.1
Net income on the sale of securities measured at amortised cost	-3.9		-3.9
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	2.1		2.1
Net (loss)/income on hedge accounting	12.9	-27.4	-14.5
Net (loss)/income on other basic activities	-0.2		-0.2
Net income on basic activities	**2,297.2**	**0.0**	**2,297.2**
General and administrative expenses	-931.4		-931.4
Impairment for expected credit losses	-150.5		-150.5
including profit on sale of receivables	9.2		9.2
Cost of legal risk of FX mortgage loans	-1.1		-1.1
Tax on certain financial institutions	-151.7		-151.7
Share of the net profits of associates measured by equity method	6.8		6.8
Gross profit	**1,069.3**	**0.0**	**1,069.3**
Income tax	-276.5		-276.5
Net profit	**792.8**	**0.0**	**792.8**
including attributable to shareholders of ING Bank Śląski S.A.	792.8	0.0	792.8

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6.2. Changes in cash flow statement

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

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

b. Separation of the following items in operating activities:

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

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

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

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	in interim condensed consolidated financial statements for the 1st quarter of 2022 (*approved data*)	change a	change b	in interim condensed consolidated financial statements for the 1st quarter of 2023 (*comparable data*)
Net profit	**792.8**			**792.8**
Adjustments, including:	**2,830.4**	**0.0**	**0.0**	**2,830.4**
Share of net profit (loss) of associates accounted for using the equity method	-6.8			-6.8
Depreciation and amortisation	68.5			68.5
Interest accrued (from the income statement)	-1,705.2	-27.4		-1,732.6
Interest paid	-75.7	-33.3		-109.0
Interest received	1,538.1	60.7		1,598.8
Income tax (from the income statement)	276.5			276.5
Income tax paid	-71.5			-71.5
Change in provisions	13.3			13.3
Change in loans and other receivables to other banks	-113.6			-113.6
Change in financial assets measured at fair value through profit or loss	213.9		-170.9	43.0
Change in hedge derivatives	-3,535.8			-3,535.8
Change in investment securities	-1,759.4		8,825.8	7,066.4
Change in transferred assets	not applicable		-8,654.9	-8,654.9
Change in loans and other receivables to customers measured at amortised cost	-3,076.9			-3,076.9
Change in other assets	-9.0			-9.0
Change in liabilities to other banks	6,265.7			6,265.7
Change in liabilities measured at fair value through profit or loss	114.9			114.9
Change in liabilities to customers	4,050.9			4,050.9
Change in liabilities from debt securities issued	not applicable		0.3	0.3
Change in subordinated liabilities	not applicable		18.6	18.6
Change in other liabilities	642.5		-18.9	623.6
Net cash flows from operating activities	**3,623.2**	**0.0**	**0.0**	**3,623.2**

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7. Segment reporting

Segments of operation

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

- retail banking segment
- corporate banking segment.

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

Retail banking segment

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

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

Corporate banking segment

Corporate banking area encompasses as follows:

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

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

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

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

Measurement

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

Income statement by segment

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023			1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022		
	Retail banking segment	Corporate banking segment	**Total**	Retail banking segment	Corporate banking segment	**Total**
Income total	**993.0**	**1,461.6**	**2,454.6**	**1,087.9**	**1,209.3**	**2,297.2**
net interest income	847.6	1,012.8	1,860.4	922.2	810.4	1,732.6
net commission income, including:	132.0	391.7	523.7	161.5	372.5	534.0
commission income, including:	208.7	442.9	651.6	236.6	419.6	656.2
transaction margin on currency exchange transactions	18.0	148.8	166.8	25.9	143.9	169.8
account maintenance fees	26.1	82.7	108.8	29.5	87.7	117.2
lending commissions	6.0	121.9	127.9	7.0	110.3	117.3
payment and credit cards fees	84.4	38.1	122.5	84.2	29.5	113.7
participation units distribution fees	14.0	0.0	14.0	19.4	0.0	19.4
insurance product offering commissions	47.1	8.4	55.5	46.3	8.6	54.9
factoring and lease contracts commissions	0.0	12.2	12.2	0.0	11.1	11.1
other commissions	13.1	30.8	43.9	24.3	28.5	52.8
commission expenses	-76.7	-51.2	-127.9	-75.1	-47.1	-122.2
other income/expenses	13.4	57.1	70.5	4.2	26.4	30.6
General and administrative expenses	**-486.5**	**-518.1**	**-1,004.6**	**-454.0**	**-477.4**	**-931.4**
Segment operating result	**506.5**	**943.5**	**1,450.0**	**633.9**	**731.9**	**1,365.8**
impairment for expected credit losses	-19.6	-68.6	-88.2	-60.5	-90.0	-150.5
cost of legal risk of FX mortgage loans	0.0	0.0	0.0	-1.1	0.0	-1.1
tax on certain financial institutions	-57.2	-101.4	-158.6	-61.5	-90.2	-151.7
share of profit/(loss) of associates accounted for using the equity method	5.6	0.0	5.6	6.8	0.0	6.8
Gross profit	**435.3**	**773.5**	**1,208.8**	**517.6**	**551.7**	**1,069.3**
Income tax	-	-	-300.1	-	-	-276.5
Net profit	-	-	**908.7**	-	-	**792.8**
of which attributable to shareholders of ING Bank Śląski S.A.	-	-	908.7	-	-	792.8
	as at 31 Mar 2023			as at 31 Dec 2022		
Allocated equity	3,996.8	7,242.4	11,239.2	3,375.9	5,968.4	9,344.3
ROE - Return on Equity (%)*	-6.2%	32.3%	19.5%	-6.2%	33.7%	17.4%

*) 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.

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

8.1. Net interest income

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Interest income, including:	**2,982.1**	**1,851.7**
interest income calculated using effective interest rate method, including:	**2,679.7**	**1,790.5**
interest on financial instruments measured at amortised cost	2,370.6	1,692.5
interest on loans and other receivables to other banks	167.9	29.3
interest on loans and other receivables to customers	1,941.6	1,528.4
interest on investment securities	261.1	134.8
interest on investment securities measured at fair value through other comprehensive income	309.1	98.0
other interest income, including:	**302.4**	**61.2**
other interest income related to the settlement of valuations of cash flow hedging derivatives*	301.6	60.7
interest on loans and other receivables to customers measured at fair value through profit or loss	0.8	0.5
Interest expenses, including:	**-1,121.7**	**-119.1**
interest on deposits from other banks	-92.1	-52.0
interest on deposits from customers	-848.4	-26.1
interest on issue of debt securities	-8.3	-2.4
interest on subordinated liabilities	-15.4	-3.9
interest on lease liabilities	-4.2	-1.4
other interest cost related to the settlement of valuations of cash flow hedging derivatives*	-153.3	-33.3
Net interest income	**1,860.4**	**1,732.6**

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

In 2022, in connection with the entry into force of the Act *on crowdfunding for business ventures and assistance to borrowers*, the Group recognized in net interest income (as a reduction of income from *interest on loans and other receivables to customers*) an adjustment to the gross carrying amount of mortgage loans in PLN. The amount of the adjustment as at 31 December 2022 was PLN 1,644.9 million (PLN 1,549.2 million on a stand-alone basis).
In the 1st quarter of 2023, credit moratoria covered, on average, 67.6% of the portfolio of mortgage loans in PLN (in terms of value in relation to the entire portfolio meeting the criteria required to take advantage of credit holidays). The indicator was defined as the average customer interest in holidays based on three months in which customers could take advantage of credit moratoria. As at 31 March 2023, as at the end of 2022, the Group assumed in its estimates that in 2023, customer interest in terms of value would amount to 75% in the 2nd quarter and 77.5% in the 2nd half of 2023.

8.2. Net commission income

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Commission income, including:	**651.6**	**656.2**
transaction margin on currency exchange transactions	166.8	169.8
account maintenance fees	108.8	117.2
lending commissions	127.9	117.3
payment and credit cards fees	122.5	113.7
participation units distribution fees	14.0	19.4
insurance product offering commissions	55.5	54.9
factoring and lease contracts commissions	12.2	11.1
brokerage activity fees	13.3	20.9
fiduciary and custodian fees	5.9	6.7
foreign commercial business	10.8	10.6
other commission	13.9	14.6
Commission expenses, including:	**-127.9**	**-122.2**
payment and credit cards fees	-74.0	-66.7
Net commission income	**523.7**	**534.0**

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

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
FX result and net income on interest rate derivatives, including	60.3	-31.9
FX result	-92.5	37.3
currency derivatives	152.8	-69.2
Net income on interest rate derivatives	3.4	72.5
Net income on debt instruments held for trading	6.5	8.9
Net income on repo transactions	3.4	0.8
Net income on measurement of loans to customers	0.0	-0.1
Net income on equity instruments	0.0	-3.1
Total	**73.6**	**47.1**

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

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net income on the sale of securities measured at amortised cost	0.0	-3.9
Net income on sale of securities measured at fair value through other comprehensive income and dividend income, including:	1.2	2.1
sale of debt securities	1.2	2.1
Total	**1.2**	**-1.8**

8.5. Net (loss)/income on hedge accounting

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net income on hedge accounting	-7.8	-14.5
valuation of the hedged transaction	35.1	-236.5
valuation of the hedging transaction	-42.9	222.0
Cash flow hedge accounting	3.1	0.0
ineffectiveness under cash flow hedges*	3.1	0.0
Total	**-4.7**	**-14.5**

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

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8.6. General and administrative expenses

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Personnel expenses	**-423.0**	**-361.3**
Other general and administrative expenses, including:	**-581.6**	**-570.1**
cost of marketing and promotion	-33.4	-32.7
depreciation and amortisation	-73.1	-68.5
obligatory Bank Guarantee Fund payments, of which:	-153.6	-226.6
resolution fund	-153.6	-172.8
bank guarantee fund	0.0	-53.8
fees to the Polish Financial Supervisory Commission	-24.5	-22.0
IT costs	-118.6	-92.0
maintenance costs of buildings and real estate valuation to fair value	-35.2	-29.0
other	-143.2	-99.3
Total	**-1,004.6**	**-931.4**

8.6.1. Number of employees

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

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
FTEs	8,440.6	8,358.4	8,458.1
Individuals	8,481	8,399	8,506

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

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
FTEs	8,009.9	7,931.5	8,032.2
Individuals	8,039	7,961	8,065

8.7. Impairment for expected credit losses

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Corporate banking segment	-68.6	-90.0
Retail banking segment	-19.6	-60.5
Total	**-88.2**	**-150.5**

8.8. Cost of legal risk of FX mortgage loans

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Provisions for legal risk of FX indexed mortgage loans, including:		
relating to loans in the Bank's portfolio	0.0	-0.3
relating to repaid loans	0.0	-0.8
Total	**0.0**	**-1.1**

Detailed information on the legal risk of CHF-indexed mortgage loans is presented later in the report in note 8.19. *Provisions*.

8.9. Cash in hand and balances with the Central Bank

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Cash in hand	877.3	932.6	1,337.9
Balances with the Central Bank	5,829.2	1,405.0	3,660.4
Total	**6,706.5**	**2,337.6**	**4,998.3**

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

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8.10. Loans and other receivables to other banks

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Current accounts	181.7	329.1	116.8
Interbank deposits:	193.4	398.8	349.9
including O/N deposits	150.3	21.9	113.1
Loans and advances	305.5	312.8	303.8
Reverse repo transactions	8,210.3	3,759.5	1.9
Placed call deposits	272.6	361.1	302.2
Total (gross)	**9,163.5**	**5,161.3**	**1,074.6**
Impairment for expected credit losses	-0.1	-0.2	-0.2
Total (net)	**9,163.4**	**5,161.1**	**1,074.4**

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

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	transferred debt securities*	other financial assets measured at fair value through profit or loss	Total	transferred debt securities*	other financial assets measured at fair value through profit or loss	Total	transferred debt securities*	other financial assets measured at fair value through profit or loss	Total
Financial assets held for trading, including:	**0.0**	**1,534.1**	**1,534.1**	**163.8**	**1,895.8**	**2,059.6**	**72.3**	**1,423.6**	**1,495.9**
valuation of derivatives	-	1,136.5	**1,136.5**	-	974.9	**974.9**	-	1,108.4	**1,108.4**
other financial assets held for trading, including:	0.0	397.6	**397.6**	163.8	920.9	**1,084.7**	72.3	315.2	**387.5**
debt securities:	-	329.5	**329.5**	163.8	443.3	**607.1**	72.3	131.0	**203.3**
Treasury bonds in PLN	-	225.5	**225.5**	125.2	441.7	**566.9**	72.3	88.7	**161.0**
Czech Treasury bonds in CZK	-	103.5	**103.5**	38.6	1.2	**39.8**	-	41.8	**41.8**
European Investment Bank bonds	-	0.5	**0.5**	-	0.4	**0.4**	-	0.5	**0.5**
repo transactions	-	68.1	**68.1**	-	477.6	**477.6**	-	184.2	**184.2**
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	**50.3**	**50.3**	-	**56.5**	**56.5**	-	**74.7**	**74.7**
loans obligatorily measured at fair value through profit or loss	-	50.2	**50.2**	-	54.6	**54.6**	-	72.9	**72.9**
equity instruments	-	0.1	**0.1**	-	1.9	**1.9**	-	1.8	**1.8**
Total	**0.0**	**1,584.4**	**1,584.4**	**163.8**	**1,952.3**	**2,116.1**	**72.3**	**1,498.3**	**1,570.6**

*) Securities that can be pledged or sold by the collateral recipient are presented as *transferred debt securities*. These assets, as required by IFRS 9, are presented separately by the Group in the consolidated statement of financial position under *Transferred assets*. As at 31 March 2023, the Group did not have such securities in the portfolio of financial assets measured at fair value through profit or loss.

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8.12. Investment securities

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	transferred debt securities*	other investment securities	**Total**	transferred debt securities*	other investment securities	**Total**	transferred debt securities*	other investment securities	**Total**
Measured at fair value through other comprehensive income, including:	**5,784.4**	**15,193.4**	**20,977.8**	**0.0**	**15,812.7**	**15,812.7**	**6,123.6**	**11,050.3**	**17,173.9**
debt securities, including:	5,784.4	15,072.5	**20,856.9**	0.0	15,691.8	**15,691.8**	6,123.6	10,882.9	**17,006.5**
Treasury bonds in PLN	5,784.4	11,570.7	**17,355.1**	-	12,153.8	**12,153.8**	6,123.6	8,533.8	**14,657.4**
Treasury bonds in EUR	-	1,717.0	**1,717.0**	-	1,803.4	**1,803.4**	-	983.3	**983.3**
European Investment Bank bonds	-	1,355.7	**1,355.7**	-	1,308.9	**1,308.9**	-	900.6	**900.6**
Austrian government bonds	-	429.1	**429.1**	-	425.7	**425.7**	-	465.2	**465.2**
equity instruments	-	120.9	**120.9**	-	120.9	**120.9**	-	167.4	**167.4**
Measured at amortised cost, including:	3,632.2	**25,783.3**	**29,415.5**	**0.0**	**32,620.1**	**32,620.1**	**4,739.9**	**26,262.0**	**31,001.9**
debt securities, including:	3,632.2	25,783.3	**29,415.5**	0.0	32,620.1	**32,620.1**	4,739.9	26,262.0	**31,001.9**
Treasury bonds in PLN	3,632.2	9,824.2	**13,456.4**	-	13,352.5	**13,352.5**	4,739.9	10,710.2	**15,450.1**
Treasury bonds in EUR	-	3,169.5	**3,169.5**	-	3,192.1	**3,192.1**	-	2,949.8	**2,949.8**
European Investment Bank bonds	-	6,800.8	**6,800.8**	-	6,815.7	**6,815.7**	-	6,414.7	**6,414.7**
Bonds of the Polish Development Fund (PFR)	-	3,867.5	**3,867.5**	-	3,858.4	**3,858.4**	-	3,865.1	**3,865.1**
Bank Gospodarstwa Krajowego bonds	-	1,811.6	**1,811.6**	-	1,802.1	**1,802.1**	-	2,312.2	**2,312.2**
NBP money market bills	-	309.7	**309.7**	-	3,599.3	**3,599.3**	-	10.0	**10.0**
Total, of which;	**9,416.6**	**40,976.7**	**50,393.3**	**0.0**	**48,432.8**	**48,432.8**	**10,863.5**	**37,312.3**	**48,175.8**
total debt securities	9,416.6	40,855.8	**50,272.4**	0.0	48,311.9	**48,311.9**	10,863.5	37,144.9	**48,008.4**
total equity instruments	-	120.9	**120.9**	-	120.9	**120.9**	-	167.4	**167.4**

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

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

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Loan portfolio, of which:	**157,978.6**	**-3,367.7**	**154,610.9**	**156,360.4**	**-3,269.2**	**153,091.2**	**150,023.3**	**-2,992.4**	**147,030.9**
Corporate banking	**94,617.0**	**-2,271.9**	**92,345.1**	**92,478.0**	**-2,192.2**	**90,285.8**	**83,155.1**	**-1,982.3**	**81,172.8**
loans in the current account	15,937.1	-535.5	15,401.6	15,444.8	-484.0	14,960.8	9,823.1	-429.2	9,393.9
term loans and advances	53,994.5	-1,544.6	52,449.9	53,021.0	-1,518.9	51,502.1	52,001.3	-1,408.2	50,593.1
lease receivables	12,641.9	-116.5	12,525.4	12,479.1	-115.6	12,363.5	11,571.9	-87.1	11,484.8
factoring receivables	7,753.5	-73.7	7,679.8	7,751.0	-69.0	7,682.0	6,534.9	-57.3	6,477.6
debt securities (corporate and municipal)	4,290.0	-1.6	4,288.4	3,782.1	-4.7	3,777.4	3,223.9	-0.5	3,223.4
Retail banking	**63,361.6**	**-1,095.8**	**62,265.8**	**63,882.4**	**-1,077.0**	**62,805.4**	**66,868.2**	**-1,010.1**	**65,858.1**
mortgages	54,698.2	-292.0	54,406.2	55,155.6	-269.1	54,886.5	57,860.9	-203.5	57,657.4
loans in the current account	680.6	-63.0	617.6	697.5	-63.5	634.0	682.2	-60.3	621.9
other loans and advances	7,982.8	-740.8	7,242.0	8,029.3	-744.4	7,284.9	8,325.1	-746.3	7,578.8
Other receivables, of which:	**1,440.0**	**0.0**	**1,440.0**	**1,883.4**	**0.0**	**1,883.4**	**2,678.8**	**0.0**	**2,678.8**
call deposits placed	550.8	0.0	550.8	827.6	0.0	827.6	1,861.7	0.0	1,861.7
other	889.2	0.0	889.2	1,055.8	0.0	1,055.8	817.1	0.0	817.1
Total	**159,418.6**	**-3,367.7**	**156,050.9**	**158,243.8**	**-3,269.2**	**154,974.6**	**152,702.1**	**-2,992.4**	**149,709.7**

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Quality of loan portfolio

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Corporate banking	**94,617.0**	**-2,271.9**	**92,345.1**	**92,478.0**	**-2,192.2**	**90,285.8**	**83,155.1**	**-1,982.3**	**81,172.8**
assets in Stage 1	79,572.7	-175.1	79,397.6	75,521.7	-196.5	75,325.2	73,473.0	-139.6	73,333.4
assets in Stage 2	12,160.5	-493.7	11,666.8	14,301.7	-491.0	13,810.7	7,125.2	-251.7	6,873.5
assets in Stage 3	2,830.6	-1,603.1	1,227.5	2,601.8	-1,504.7	1,097.1	2,505.0	-1,591.0	914.0
POCI assets	53.2	0.0	53.2	52.8	0.0	52.8	51.9	0.0	51.9
Retail banking	**63,361.6**	**-1,095.8**	**62,265.8**	**63,882.4**	**-1,077.0**	**62,805.4**	**66,868.2**	**-1,010.1**	**65,858.1**
assets in Stage 1	56,310.6	-175.0	56,135.6	56,942.3	-191.0	56,751.3	64,434.6	-122.0	64,312.6
assets in Stage 2	6,053.0	-269.5	5,783.5	6,013.7	-292.3	5,721.4	1,450.9	-192.0	1,258.9
assets in Stage 3	995.2	-651.3	343.9	924.3	-593.7	330.6	980.5	-696.1	284.4
POCI assets	2.8	0.0	2.8	2.1	0.0	2.1	2.2	0.0	2.2
Total, of which:	**157,978.6**	**-3,367.7**	**154,610.9**	**156,360.4**	**-3,269.2**	**153,091.2**	**150,023.3**	**-2,992.4**	**147,030.9**
assets in Stage 1	135,883.3	-350.1	135,533.2	132,464.0	-387.5	132,076.5	137,907.6	-261.6	137,646.0
assets in Stage 2	18,213.5	-763.2	17,450.3	20,315.4	-783.3	19,532.1	8,576.1	-443.7	8,132.4
assets in Stage 3	3,825.8	-2,254.4	1,571.4	3,526.1	-2,098.4	1,427.7	3,485.5	-2,287.1	1,198.4
POCI assets	56.0	0.0	56.0	54.9	0.0	54.9	54.1	0.0	54.1

The Group identifies POCI financial assets whose carrying value as at 31 March 2023 is PLN 56.0 million (PLN 54.9 million as at 31 December 2022 and PLN 54.1 million as at 31 March 2022). These are exposures due to impaired receivables acquired in connection with the acquisition of SKOK Bieszczadzka in 2017 and exposures that were significantly modified as a result of restructuring, which involved the need to remove the original credit or lease commitment and re-recognition of the asset in the statement of financial position.

ING Bank Śląski S.A. Group does not operate directly in Ukraine, Russia or Belarus. Nevertheless, the Group analyzes the customer receivables portfolio on an ongoing basis in terms of links with these markets and risks related to the effects caused by the war (in particular disruptions in the energy sector) and the introduced sanctions. As at 31 March 2023, the effects of the war in Ukraine had no significant direct impact on the quality of the loan portfolio.

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Changes in impairment for expected credit losses

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023				1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022			
	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**
Opening balance	**387.5**	**783.3**	**2,098.4**	**3,269.2**	**275.7**	**357.8**	**2,480.1**	**3,113.6**
Changes in the period, including:	**-37.4**	**-20.1**	**156.0**	**98.5**	**-14.1**	**85.9**	**-193.0**	**-121.2**
loans granted in the period	48.3	-	-	**48.3**	33.6	-	-	**33.6**
transfer to Stage 1	13.9	-86.0	-3.8	**-75.9**	6.6	-43.8	-9.3	**-46.5**
transfer to Stage 2	-24.5	147.0	-18.0	**104.5**	-15.3	123.5	-51.3	**56.9**
transfer to Stage 3	-3.4	-58.9	184.6	**122.3**	-1.5	-23.6	108.3	**83.2**
repayment (total and partial) and the release of new tranches	-5.2	-29.8	-74.1	**-109.1**	1.9	-17.4	-71.3	**-86.8**
changed provisioning under impairment for expected credit losses	-57.5	32.5	73.0	**48.0**	-2.5	-3.6	88.7	**82.6**
management adjustments	-9.1	-24.5	-9.9	**-43.5**	-37.3	50.1	-10.3	**2.5**
Total impairment for expected credit losses in the profit and loss account	**-37.5**	**-19.7**	**151.8**	**94.6**	**-14.5**	**85.2**	**54.8**	**125.5**
derecognition from the balance sheet (write-downs, sale)	-	-	-7.3	**-7.3**	-	-	-215.2	**-215.2**
calculation and write-off of effective interest	-	-	16.8	**16.8**	-	-	-34.9	**-34.9**
other	0.1	-0.4	-5.3	**-5.6**	0.4	0.7	2.3	**3.4**
Closing balance	**350.1**	**763.2**	**2,254.4**	**3,367.7**	**261.6**	**443.7**	**2,287.1**	**2,992.4**

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8.14. Debt securities

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Measured at fair value through profit or loss (Note 8.11)	**329.5**	**607.1**	**203.3**
transferred assets in accordance with IFRS 9.3.2.23(a)	0.0	163.8	72.3
other	329.5	443.3	131.0
Measured at fair value through other comprehensive income in the investment securities portfolio (Note 8.12)	**20,856.9**	**15,691.8**	**17,006.5**
transferred assets in accordance with IFRS 9.3.2.23(a)	5,784.4	0.0	6,123.6
other	15,072.5	15,691.8	10,882.9
Measured at amortised cost in the investment securities portfolio (Note 8.12)	**29,415.5**	**32,620.1**	**31,001.9**
transferred assets in accordance with IFRS 9.3.2.23(a)	3,632.2	0.0	4,739.9
other	25,783.3	32,620.1	26,262.0
Measured at amortised cost in the loans and other receivables to customers portfolio (Note 8.13)	**4,288.4**	**3,777.4**	**3,223.4**
other	4,288.4	3,777.4	3,223.4
Total of which:	**54,890.3**	**52,696.4**	**51,435.1**
transferred assets in accordance with IFRS 9.3.2.23(a)	9,416.6	163.8	10,935.8
other	45,473.7	52,532.6	40,499.3

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

8.15. Income tax assets and liabilities

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets			
Current income tax assets	258.6	572.2	825.2
Deferred tax assets	1,457.5	1,828.6	1,693.8
Liabilities			
Current income tax liabilities	16.8	19.9	5.3
Deferred tax loss	0.3	0.4	0.0

The Group recognizes a deferred tax asset for deductible temporary differences and unsettled tax losses to the extent that it is probable that taxable profit will be available against which the deductible differences can be offset and tax losses settled. Based on the forecast of the Group's tax results for the years 2023-2026, it was estimated that the Group will generate sufficient taxable income to reduce the tax base by the full amount of the tax loss. Therefore, the Group recognized the full amount of the tax loss in the deferred tax asset. At the end of 1st quarter 2023, the deferred tax asset related to unsettled tax losses amounted to PLN 775.2 million (PLN 1,038.1 million at the end of 2022).

8.16. Liabilities to other banks

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Current accounts	609.3	487.7	775.1
Interbank deposits	46.9	71.5	4,115.1
Loans received*	6,281.7	4,994.0	4,047.4
Repo transactions	21.8	0.0	7,383.7
Received call deposits	182.6	80.0	139.1
Other liabilities	2.5	6.4	31.4
Total	**7,144.8**	**5,639.6**	**16,491.8**

*) The item *Loans received* includes financing of long-term leasing contracts in EUR (so-called "matched funding") received by the subsidiary ING Lease Sp. z o. o. from ING Bank N.V. and other banks not related to the Group.
As at 31 March 2023, this item also includes liabilities due to a Non Preferred Senior (NPS) loan received by ING Bank Śląski S.A. from ING Bank N.V. For more information on the NPS loan, see chapter 9.2. *MREL requirements*.

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

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Valuation of derivatives	1,634.9	1,602.3	1,563.2
Other financial liabilities measured at fair value through profit or loss, including:	67.4	601.5	231.2
book short position in trading securities	67.4	437.3	158.8
financial liabilities held for trading, including:	0.0	164.2	72.4
repo transactions	0.0	164.2	72.4
Total	**1,702.3**	**2,203.8**	**1,794.4**

8.18. Liabilities to customers

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Deposits, including:	**190,317.1**	**189,538.3**	**169,602.2**
Corporate banking	**79,836.4**	**84,738.9**	**71,572.6**
current deposits	50,396.6	53,716.8	55,061.8
including O/N deposits	3,517.6	2,529.3	1,140.3
saving deposits	18,960.0	18,053.5	12,298.6
term deposits	10,479.8	12,968.6	4,212.2
Retail banking	**110,480.7**	**104,799.4**	**98,029.6**
current deposits	27,485.2	27,530.3	29,649.2
saving deposits	72,501.8	69,381.1	66,712.8
term deposits	10,493.7	7,888.0	1,667.6
Other liabilities, including:	**11,334.8**	**3,193.0**	**5,059.7**
liabilities under monetary hedges	754.4	742.9	512.3
repo transactions	9,225.5	0.0	3,090.2
call deposits	9.3	11.4	15.6
other liabilities	1,345.6	2,438.7	1,441.6
Total	**201,651.9**	**192,731.3**	**174,661.9**

Starting from the financial statements for the 1st quarter of 2023, the Group changed the presentation of data in this note, shifting to deposits (current and term) the amount of selected liabilities to customers, presented in previous financial statements under *Other liabilities - other*. The above-mentioned amount includes, for the most part, the balances of closed customer accounts. Data as at 31 December and 31 March 2022 have been restated to ensure comparability.

8.19. Provisions

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Provision for off-balance sheet liabilities	101.8	107.9	99.6
Provision for retirement benefits	75.1	74.0	75.1
Provision for litigation	36.1	34.9	40.8
Provision for restructuring	45.8	49.4	63.2
Provision for legal risk of FX mortgage loans *	50.2	53.7	36.8
Other provisions	38.2	39.1	34.7
Total	**347.2**	**359.0**	**350.2**

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

Provision for litigation

The value of proceedings regarding liabilities or receivables pending in the 1st quarter of 2023 did not exceed 10% of the Group's equity. In the Group's opinion, none of the individual proceedings pending in the 1st quarter of 2023 before a court, an arbitration body or a body public administration, as well as all proceedings taken together do not pose a threat to the financial liquidity of the Group.

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Provision for litigation at the beginning of the period	**34.9**	**42.4**
Changes during the period, including:	1.2	-1.6
provisions recognised	2.4	1.9
provisions reversed	-0.2	-0.1
provisions utilised	-1.0	-3.4
Provision for litigation at the end of the period	**36.1**	**40.8**

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Legal risk related to the portfolio of loans indexed to CHF

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

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
number of contracts (in pieces)	3 175	3 318	3 753
capital balance	672.9	719.0	795.4
the amount of the adjustment to the gross carrying amount	-548.1	-581.6	-341.4
other elements of the gross carrying amount (interest, ESP)	2.1	2.1	2.1
gross balance sheet value	**126.9**	**139.5**	**456.1**
impairment for expected credit losses	-13.3	-16.2	-16.9
net balance sheet value	**113.6**	**123.3**	**439.2**

In addition, with regard to financial assets related to CHF-indexed mortgage loans removed from the statement of financial position, a provision of PLN 50.2 million was recognized as at 31 March 2023 (PLN 53.7 million as at 31 December 2022 and PLN 36.8 million as at 31 March 2022). The provision for legal risk of CHF-indexed mortgage loans relating to repaid loans is presented in liabilities under *Provisions*.

As at 31 March 2023, there were 1,121 court cases pending against the Bank in connection with concluded loan agreements in PLN indexed to the CHF exchange rate (compared to 1,041 cases as at 31 December 2022 and 844 cases as at 31 March 2022). As at 31 March 2023, the outstanding principal of the loans covered by the proceedings in question amounted to PLN 259.0 million (PLN 251.8 million as at 31 December 2022 and PLN 216.9 million as at 31 March 2022).

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

Information on changes in the legal environment related to the legal risk of the portfolio of loans indexed to CHF, in particular on the judgments of the Court of Justice of the European Union (CJEU) and the judgments and resolutions of the Supreme Court (SN) issued by 31 December 2022 are included in the annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2022 to 31 December 2022.

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

Settlement programme

From 25 October 2021, the Bank offers the possibility for borrowers to conclude voluntary settlements in accordance with the proposal presented in December 2020 by the Chairman of the Polish Financial Supervision Authority. The Bank's customers may submit a request for mediation through the Mediation Center of the Court of Arbitration of the Polish Financial Supervision Authority. The mediation process can be used by customers who have a housing mortgage loan or a housing construction and mortgage loan indexed with the CHF exchange rate at the Bank for their own housing purposes, excluding mortgage loans and the above-mentioned loans, where one of the purposes of lending was to consolidate non-housing liabilities. A mediation agreement can only be signed for one of the active housing loans. The conversion takes place on the terms presented by the Chairman of the Polish Financial Supervision Authority. Detailed rules for the settlement of the loan and determination of the type of interest rate for the future are the subject of arrangements in the mediation process before the Polish Financial Supervision Authority in accordance with the current offer of settlements offered by the Bank. From the moment the settlement programme was launched until the end of 1st quarter of 2023, clients filed 1,464 settlement applications and the Bank concluded 549 agreements under the programme.

Other proceedings

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

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

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8.20. Other liabilities

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Accruals, including:	**1,113.9**	**952.0**	**1,028.0**
due to employee benefits	180.6	333.4	177.0
due to commissions	259.2	193.5	243.3
due to general and administrative expenses	520.5	425.1	434.9
liabilities due to the obligatory annual contribution to the BFG resolution fund	153.6	0.0	172.8
Other liabilities, including:	**1,968.9**	**3,597.6**	**2,192.2**
lease liabilities	440.4	422.9	414.8
interbank settlements	707.8	2,355.9	987.1
settlements with suppliers	93.7	138.2	113.7
public and legal settlements	184.7	172.3	129.4
commitment to pay to the BFG guarantee fund	171.6	171.6	171.6
commitment to pay to the BFG resolution fund	199.0	199.0	148.0
other	171.7	137.7	227.6
Total	**3,082.8**	**4,549.6**	**3,220.2**

8.21. Fair value

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

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

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

as at 31 Mar 2023

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**21,186.4**	**1,447.6**	**171.2**	**22,805.2**
Valuation of derivatives	-	**1,136.5**	-	**1,136.5**
Financial assets held for trading, including:	**329.5**	**68.1**	-	**397.6**
debt securities, including:	329.5	0.0	-	329.5
treasury bonds in PLN	225.5	-	-	225.5
Czech Treasury bonds in CZK	103.5	-	-	103.5
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	68.1	-	68.1
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	-	**50.3**	**50.3**
loans are obligatorily measured at fair value through profit or loss	-	-	50.2	50.2
equity instruments	-	-	0.1	0.1
Derivative hedge instruments	-	**243.0**	-	**243.0**
Financial assets measured at fair value through other comprehensive income, including:	**15,072.5**	-	**120.9**	**15,193.4**
debt securities, including:	15,072.5	-	-	15,072.5
treasury bonds in PLN	11,570.7	-	-	11,570.7
treasury bonds in EUR	1,717.0	-	-	1,717.0
European Investment Bank bonds	1,355.7	-	-	1,355.7
Austrian government bonds	429.1	-	-	429.1
equity instruments	-	-	120.9	120.9
Transferred assets, including:	**5,784.4**	-	-	**5,784.4**
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	5,784.4	-	-	5,784.4
Financial liabilities, including:	**67.4**	**2,053.6**	**0.0**	**2,121.0**
Valuation of derivatives	-	**1,634.9**	-	**1,634.9**
Other financial liabilities measured at fair value through profit or loss, including:	**67.4**	-	-	**67.4**
book short position in trading securities	67.4	-	-	67.4
Derivative hedge instruments	-	**418.7**	-	**418.7**

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as at 31 Dec 2022

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

Financial assets classified to level 3 of the measurement as at 31 March 2023 and 31 December 2022 include unlisted equity instruments and loans that did not meet the SPPI criterion according to IFRS 9.

Equity instruments

Fair value measurement of unquoted equity interests in other companies is based on the discounted cash flow, dividend or economic value added model. Estimates of future cash flows were prepared based on medium-term profitability forecasts prepared by the Management Boards of these companies. The discount rate is based on the cost of equity estimated using the CAPM (Capital Asset Pricing Model). At the end of 1st quarter of 2023 and at the end of 2022, the discount rate was in the range of 13.2%-15.2%, depending on the company, compared to 9.1%-11.1% at the end of 1st quarter of 2022.

Fair value measurement of unquoted equity interests in other companies as at 31 March 2023 and 31 December 2022 covered the following entities: Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A. and Polski Standard Płatności sp. z o.o.

Loans

The fair value methodology of the loan portfolio is based on the discounted cash flow method. Under this method, for each contract being valued, expected cash flows are estimated, discount factors for particular payment dates and the value of discounted cash flows is determined as at the valuation date. Valuation models are powered by business parameters for individual contracts and parameters observable by the market, such as interest rate curves, liquidity cost and cost of capital. The change in the parameters adopted for the valuation did not have a significant impact on the valuation value as at 31 March 2023.

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

The Group discloses data on the fair value of financial assets and liabilities measured at amortized cost using the effective interest rate. The fair value calculation methods for disclosure purposes adopted as at 31 March 2023 have not changed compared to those used at the end of 2022 (a detailed description of the approach to fair value measurement of assets and liabilities that are not presented at fair value in the statement of financial position is in the annual consolidated financial statements for the period from 1 January 2022 to 31 December 2022).

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

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as at **31 Mar 2023**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**25,783.3**	**17,882.7**	**5,243.0**	**0.0**	**23,125.7**
treasury bonds in PLN	9,824.2	8,862.6	-	-	8,862.6
treasury bonds in EUR	3,169.5	2,801.4	-	-	2,801.4
European Investment Bank bonds	6,800.8	6,218.7	-	-	6,218.7
bonds of the Polish Development Fund (PFR)	3,867.5	-	3,306.2	-	3,306.2
Bank Gospodarstwa Krajowego bonds	1,811.6	-	1,627.2	-	1,627.2
NBP bills	309.7	-	309.6	-	309.6
Transferred assets, including:	**3,632.2**	**3,447.1**	-	-	**3,447.1**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	3,632.2	3,447.1	-	-	3,447.1
Loans and receivables to customers at amortised cost, including:	**156,050.9**	**0.0**	**0.0**	**156,675.8**	**156,675.8**
Corporate banking segment, including:	92,345.1	0.0	0.0	92,862.3	92,862.3
loans and advances (in the current account and term ones)	67,851.5	-	-	68,518.2	68,518.2
lease receivables	12,525.4	-	-	12,469.1	12,469.1
factoring receivables	7,679.8	-	-	7,679.8	7,679.8
corporate and municipal debt securities	4,288.4	-	-	4,195.2	4,195.2
Retail banking segment, including:	62,265.8	0.0	0.0	62,373.5	62,373.5
mortgages	54,406.2	-	-	54,337.6	54,337.6
other loans and advances	7,859.6	-	-	8,035.9	8,035.9
Other receivables	1,440.0	-	-	1,440.0	1,440.0
Liabilities to customers	**201,651.9**	-	-	**201,576.9**	**201,576.9**
Liabilities from debt securities issued	**413.0**	-	-	**418.7**	**418.7**
Subordinated liabilities	**1,639.6**	-	-	**1,304.2**	**1,304.2**

as at **31 Dec 2022**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	**32,620.1**	**20,778.2**	**8,287.3**	**0.0**	**29,065.5**
treasury bonds in PLN	13,352.5	11,892.2	-	-	11,892.2
treasury bonds in EUR	3,192.1	2,838.1	-	-	2,838.1
European Investment Bank bonds	6,815.7	6,047.9	-	-	6,047.9
bonds of the Polish Development Fund (PFR)	3,858.4	-	3,124.8	-	3,124.8
Bank Gospodarstwa Krajowego bonds	1,802.1	-	1,564.0	-	1,564.0
NBP bills	3,599.3	-	3,598.5	-	3,598.5
Transferred assets, including:	**154,974.6**	**0.0**	**0.0**	**156,104.1**	**156,104.1**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	90,285.8	0.0	0.0	91,692.1	91,692.1
Loans and receivables to customers at amortised cost, including:	66,462.9	-	-	67,771.6	67,771.6
Corporate banking segment, including:	12,363.5	-	-	12,406.4	12,406.4
loans and advances (in the current account and term ones)	7,682.0	-	-	7,682.0	7,682.0
lease receivables	3,777.4	-	-	3,832.1	3,832.1
factoring receivables	62,805.4	0.0	0.0	62,528.6	62,528.6
corporate and municipal debt securities	54,886.5	-	-	54,024.6	54,024.6
Retail banking segment, including:	7,918.9	-	-	8,504.0	8,504.0
mortgages	1,883.4	-	-	1,883.4	1,883.4
other loans and advances	**192,731.3**	-	-	**192,670.3**	**192,670.3**
Other receivables	**404.8**	-	-	**409.8**	**409.8**
Liabilities to customers	**1,643.9**	-	-	**1,298.8**	**1,298.8**

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9. Capital adequacy

9.1. Total capital ratio

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
A. Own equity in the statement of financial position, including:	**11,239.2**	**9,344.3**	**11,155.8**
A.I. Own equity included in the own funds calculation	**17,242.0**	**17,096.2**	**15,972.2**
A.II. Own equity excluded from own funds calculation	-6,002.8	-7,751.9	-4,816.4
B. Other elements of own funds (decreases and increases), including:	**495.7**	**700.0**	**514.0**
intangible assets	-507.7	-467.6	-453.0
subordinated liabilities	1,636.4	1,641.4	1,628.4
surplus of provisions over the expected credit losses under the IRB Approach	0.0	0.0	95.3
adjustments during the transition period	183.2	594.5	289.3
value adjustments due to the requirements for prudent valuation	-24.2	-20.1	-20.5
deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-775.2	-1,038.1	-965.7
shortage of credit risk adjustments versus AIRB expected losses	0.0	0.0	-57.0
coverage shortfall for non-performing exposures	-16.8	-10.1	-2.8
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	**17,737.7**	**17,796.2**	**16,486.2**
Core Tier 1 capital	16,101.3	16,154.8	14,762.5
Tier 2 capital	1,636.4	1,641.4	1,723.7
Risk weighted assets, including:	**108,369.5**	**109,739.3**	**106,902.0**
for credit risk	94,689.1	95,759.9	94,848.9
for operational risk	12,566.4	12,566.4	11,163.9
other	1,114.0	1,413.0	889.2
Total capital requirements	**8,669.5**	**8,779.1**	**8,552.1**
Total capital ratio (TCR)	**16.37%**	**16.22%**	**15.42%**
minimum required level	11.509%	11.505%	11.381%
surplus TCR ratio over the regulatory requirement (p.p)	4.86	4.71	4.04
Tier 1 ratio (T1)	**14.86%**	**14.72%**	**13.81%**
minimum required level	9.509%	9.505%	9.381%
surplus T1 ratio over the regulatory requirement (p.p)	5.35	5.21	4.43

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

In the calculation of capital ratios, the Group used transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. If the Group did not apply the transition period, the Group's capital ratios as at 31 March 2023 would be as follows:

- 16.28% - the total capital ratio (TCR),
- 14.70% - Tier 1 capital ratio (T1).

As at 31 December 2022 and 31 March 2022, the Group additionally applied the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR. If the Group does not apply the transition period for the purposes of implementing IFRS 9 or temporarily treat unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation, the Group's TCR and T1 ratios for comparable periods would be respectively:

- 15.81% and 14.21% as at 31 December 2022,
- 15.17% and 13.56% as at 31 March 2022.

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9.2. MREL requirements

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
MREL - TREA	**19.12%**	**17.84%**	**16.38%**
minimum required level	14.18%	14.18%	12.17%
surplus (+) / deficiency (-) of the MREL – TREA ratio (p.p.) available to meet the combined buffer requirement	4.94	3.66	4.21
combined buffer requirement	3.01%	3.01%	3.25%
surplus (+) / deficiency (-) of the MREL – TREA ratio (p.p.) over the combined buffer requirement	1.93	0.65	0.96
MREL - TEM	**8.47%**	**8.32%**	**7.86%**
minimum required level	4.46%	4.46%	3.00%
surplus (+) / deficiency (-) of the MREL – TEM ratio (p.p.)	4.01	3.86	4.86

On 17 April 2023 the Bank received a letter from the Bank Guarantee Fund (BGF) on the joint decision of resolution bodies; i.e. Single Resolution Board (SRB) and the BGF on the minimum requirement for own funds and eligible liabilities (MREL). The decision was taken following the Single Point of Entry (SPE) resolution strategy applicable to ING Group.

In liaison with the SRB, the BGF set the MREL for the Bank of 16.29% of the total risk exposure amount (TREA) and 5.91% of the total exposure measure (TEM) on an individual basis. The Bank is required to meet the MREL by 31 December 2023 both measures, the TREA and the TEM, at the same time. The total MREL should be satisfied with own funds and eligible liabilities under Article 98 of the BGF Act transposing Article 45f(2) of the BRRD2.

Further, the BGF stated that the recapitalisation-equivalent portion of the MREL should be met with the following instruments: additional Tier 1 (AT1) instruments, Tier 2 (T2) instruments and other subordinated eligible liabilities bought directly or indirectly by the parent entity. The additional requirement refers to the target level of the MREL. Based on the BGF's methodology, the Bank Management Board estimate the recapitalisation amount-related portion of the MREL at 8.29% of the TREA and 2.91% of the TEM.

Furthermore, the BGF set interim MREL goals which for:

– the TREA are 12.14%, and

– the TEM are 4.46%,

from the moment of receiving the BGF letter.

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

On 22 December 2022, the Bank concluded with ING Bank N.V. a Non Preferred Senior (NPS) loan agreement. The transaction was completed on 5 January 2023. The loan was granted for a period of 6 years and its amount is EUR 260 million. The Bank has the right to early repayment of the loan after 5 years, subject to the approval of the Bank Guarantee Fund. Granted by ING Bank N.V. the loan is part of the SPE strategy for ING Group. Starting from the 1st quarter of 2023, the Bank includes funds from the loan in eligible liabilities for the purposes of the minimum requirement for own funds and eligible liabilities (MREL). As at 31 March 2023, the carrying amount of liabilities under the NPS loan amounted to PLN 1,228.8 million and was recognized in the statement of financial position under *Liabilities to other banks*.

10. Dividends paid

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

11. Issue and redemption of securities

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

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

12. Off-balance sheet items

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Off-balance sheet commitments given	51,485.1	48,158.2	49,171.7
Off-balance sheet commitments received	20,481.5	17,481.2	19,784.6
Off-balance sheet financial instruments	1,202,691.1	1,137,721.0	1,110,194.1
Total	**1,274,657.7**	**1,203,360.4**	**1,179,150.4**

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13. Transactions with related parties

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 31 March 2023 held 75% shares in the share capital of ING Bank Śląski S.A. and 75% shares in the total number of votes at the General Meeting of ING Bank Śląski S.A. The ultimate Parent entity is ING Groep N.V. based in the Netherlands.

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

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

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

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

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

	ING Bank N.V.	other ING Group entities	associates	ING Bank N.V.	other ING Group entities	associates
		as at 31 Mar 2023			as at 31 Dec 2022	
Receivables						
Nostro accounts	4.6	2.4	-	2.2	174.4	-
Deposits placed	150.3	-	-	227.7	-	-
Loans granted	0.4	1.5	-	-	10.5	-
Positive valuation of derivatives	164.0	-	-	207.4	-	-
Reverse repo	8,210.3	-	-	3,759.3	-	-
Other receivables	4.5	2.1	-	4.4	3.8	-
Liabilities						
Deposits received	34.3	121.8	24.8	11.0	156.4	9.3
Loans received, including:	6,281.7	-	-	4,994.0	-	-
Non Preferred Senior (NPS) loan	1,228.8	-	-	-	-	-
Subordinated loan	1,639.6	-	-	1,643.8	-	-
Loro accounts	45.4	40.0	-	59.5	32.4	-
Negative valuation of derivatives	160.8	-	-	208.2	-	-
Other liabilities	160.3	9.6	-	92.0	9.7	-
Off-balance-sheet operations						
Off-balance sheet liabilities granted	567.6	714.0	0.1	532.2	759.2	0.1
Off-balance sheet liabilities received*	1,146.9	-	-	2,405.9	21.6	-
FX transactions	35,174.9	-	-	16,307.9	-	-
IRS	186.3	-	-	187.1	-	-
Options	339.0	-	-	400.5	-	-
		1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023			1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022	
Income and expenses						
Income, including:	-63.6	0.0	9.2	-13.0	-3.4	11.9
net interest and commission income	-21.5	0.1	9.2	-9.0	2.4	11.9
net income on financial instruments	-42.6	-0.1	-	-4.3	-6.1	-
net (loss)/income on other basic activities	0.5	-	-	0.3	0.3	-
General and administrative expenses	-63.3	-12.1	-	-44.0	-10.1	-
Outlays for non-current assets						
Outlays for intangible assets	-	-	-	3.1	-	-

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14. Indication of factors that may affect the financial results in the following quarters

- The fading of the energy shock favors the disinflation of the main inflation indicators in the US and the euro area, however, the scale of the increase in corporate costs means that core inflation remains stubbornly high as companies continue to adjust their prices to the new conditions. Declining inflation means major central banks are nearing the end of their interest rate hike cycle. Economists at ING Bank Śląski expect that the Fed will soon end its monetary policy tightening at the level of 5.00-5.25% and may start easing it at the end of 2023. In the euro area, the cycle started later and will end a bit later with the ECB target rate at 4.00%. In Poland, NBP rates will most likely remain unchanged until the end of 2023 (main rate at 6.75%).
- In the opinion of the Bank's economists, despite the weaker economic situation, the American labor market remains in very good condition, which, given the persisting inflationary risks, allows the Fed to maintain its hawkish monetary policy stance. At the same time, the previous rapid and significant interest rate increases in the US caused problems for some regional banks (Silicon Valley Bank, Signature Bank, First Republic). Although government interventions (liquidity provision, deposit guarantees) have so far prevented the broader spread of the banking crisis across the ocean, investors fear a tightening of credit conditions and access to credit (credit crunch). Regional banks play an important role in corporate lending in the United States. As a result, the Fed, according to the Bank's economists, will most likely end the cycle of interest rate increases in May, and may cut them in the fourth quarter of 2023 - even by a total of 100bps.
- In Europe, the banking sector is more closely regulated and supervised, which prevents it from being "contaminated" by the turmoil observed in the US, but it also faces similar challenges (increases in interest rates and unrealized potential losses on government bond portfolios). So far, tensions have been greatest in Switzerland, where the government had to intervene to avoid the collapse of the systemically important bank Credit Suisse. At the same time, the scale of the energy crisis in the euro area was greater than in the US, which translated into more persistent inflation. Therefore, according to the Bank's economists, the ECB will continue to tighten its monetary policy, and interest rate cuts in 2023 are very unlikely.
- There is a clear slowdown in the global economy, especially in industry, related to i.a. with the pressure to increase costs and the negative impact of inflation on consumption demand from households. Despite signs of economic downturn, major central banks seem determined to act to reduce inflation, even at the expense of the risk of recession.
- In the opinion of the Bank's economists, the prospects for a faster end to the cycle of interest rate increases in the US and the increased probability of easing the Fed's policy at the end of 2023 translated into a weakening of the USD on the broad market and an increase in EUR/USD to around 1.10. Recent weeks have also brought a strengthening of the zloty, which is favored by surpluses in the balance of payments in recent months, related to the slowdown in the value of imports, including e.g. due to lower raw material prices. According to the Bank's economists, the scale of uncertainty for PLN quotations remains high, e.g. due to the nearby military conflict (Ukraine) and the risks related to the judgment of the Court of Justice of the European Union (CJEU), which may generate additional costs for some domestic banks with a large exposure to loans in CHF.
- The second half of 2022 and the beginning of 2023 brought a clear slowdown in the economic situation in Poland and a decrease in consumption. The dynamic increase in prices resulted in a decline in the real purchasing power of households, which hit consumer spending. In the fourth quarter of 2022, household consumption shrank, and this decline was most likely deepened in the 1st quarter of 2023, contributing to a decrease in GDP on an annual basis. In the opinion of the Bank's economists, throughout 2023 economic growth will be low and should be in the range of 0-1%.
- In the opinion of the Bank's economists, despite the slowdown in economic growth, NBP interest rates will remain at the current high level due to inflationary tendencies. Although the process of inflation decline has started, it is mainly related to the fading of the energy shock. Price pressure is still visible in core inflation, which remains stubbornly high and will not allow the Monetary Policy Council to ease monetary policy any time soon. An upward risk for inflation is the expansionary fiscal policy and persistent wage pressure. Despite the slowdown, the labor market remains tight (one of the lowest unemployment rates in the European Union), and many industries are struggling with labor shortages and high wage demands. According to the Bank's economists, the first interest rate cuts should be expected only at the end of the 3rd quarter of 2024.

15. Other information

15.1. Ratings

Fitch Ratings Ltd.

Fitch Ratings agency (Fitch Ratings Ireland Limited with its seat in Dublin) assigns full rating to ING Bank Śląski S.A. under the agreement between the Bank and the Agency. The Bank's rating given by the Fitch Agency, valid as of 31 March 2023, was as follows:

Rating	Level
Long-term Issuer Default Rating (IDR)	A+
Long-term IDR Outlook	Stable
Short-term Issuer Default Rating	F1+
Viability rating	bbb
Shareholder Support Rating	a+
National Long-term Rating	AAA (pol)
National Long-term Rating Outlook	Stable
National Short-term Rating	F1+ (pol)

In the press release published on 14 September 2022, the Fitch Agency upheld the entity's Long-term IDR rating at A + with a stable outlook. The long-term rating on the national scale at the AAA (pol) level is the strongest among Polish banks and is based on the potential support from ING Bank N.V. At the same time, the agency lowered the Viability rating (VR) from "bbb +" to "bbb", solely because of the downgrading of the Polish operating environment rating due to the increased risk of government intervention in the Polish banking sector. of the The Fitch agency emphasized that the Viability Rating for ING Bank Śląski S.A. it balances solid business and risk profiles, good asset quality as well as solid funding and liquidity in the face of the intervention risks arising from an operational environment, which materialize as burdens affecting its solid underlying profitability and weakened capitalization.

Moody's Investors Service Ltd.

Moody's Investors Sevice (Moody's Investors Service Cyprus Ltd.) assigns their rating to our bank on the basis of public information. As of 31 March 2023 the Bank's rating from the Moody's Agency was as follows:

Rating	Level
Long-term Deposits Rating (LT rating)	A2
Short-term Deposits Rating (ST rating)	P-1
Baseline Credit Assessment (BCA)	baa2
Adjusted Baseline Credit Assessment (Adjusted BCA)	baa1
Outlook	Stable
Counterparty Risk Assessment (CR Assessment) long-term/short-term	A1 (cr) / P-1 (cr)
Counterparty Risk Rating (CR Rating) long-term/short-term	A1 / P-1

15.2. Number of branches and ATMs, CDMs

The number of outlets of the Bank in particular periods was as follows:

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Number of outlets	227	228	253
Number of ING Express sales points at shopping malls	54	53	56

As at 31 March 2023, clients could use 875 cash self-service machines, including 130 standard ATMs and 745 dual machines.

In comparable periods, i.e. as at 31 December 2022 and 31 March 2022 there were 889 and 928 machines for cash self-service, including 144 and 156 standard ATMs and 745 and 772 dual machines, respectively.

15.3. Payment cards

ING Bank Śląski S.A. is one of the largest issuers of banking cards in Poland. The data concerning the number of payment cards issued to ING Bank Śląski S.A. clients are as follows:

as at			
in thousands	31 Mar 2023	31 Dec 2022	31 Mar 2022
debit cards	3,361	3,383	3,353
credit cards	303	300	291
other*	242	234	203
Total, of which:	**3,906**	**3,917**	**3,847**
paywave	3,699	3,705	3,615
virtual cards	207	212	232

* including charge and prepaid cards

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

2023-05-10	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2023-05-10	**Jolanta Alvarado Rodriguez** Lead of Centre of Expertise Accounting Policy and Financial Reporting	The original Polish document is signed with a qualified electronic signature

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

Interim condensed income statement

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net interest income	2,837.0	1,764.9
calculated using the effective interest rate method	2,534.6	1,703.7
other interest income	302.4	61.2
Interest expense	-1,086.0	-118.7
Interest income	**1,751.0**	**1,646.2**
Commission income	635.5	640.7
Commission expense	-129.8	-125.6
Net commission income	**505.7**	**515.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	71.9	46.5
Net income on the sale of securities measured at amortised cost	0.0	-3.9
Net income on the sale of financial assets measured at fair value through other comprehensive income and dividend income	-7.6	2.1
Net (loss)/income on hedge accounting	-4.7	-14.5
Net (loss)/income on other basic activities	-0.7	-0.2
Net income on basic activities	**2,315.6**	**2,191.3**
General and administrative expenses	-956.6	-893.0
Impairment for expected credit losses	-73.6	-147.7
including profit on sale of receivables	0.0	9.2
Cost of legal risk of FX mortgage loans	0.0	-1.1
Tax on certain financial institutions	-158.6	-151.7
Share of the net profits of subsidiaries and associates measured by equity method	64.6	58.9
Gross profit	**1,191.4**	**1,056.7**
Income tax	-282.7	-263.9
Net profit	**908.7**	**792.8**

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit	908.7	792.8
Weighted average number of ordinary shares	130,100,000	130,100,000
Earnings per ordinary share (PLN)	**6.98**	**6.09**

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

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

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Interim condensed statement of comprehensive income

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit for the reporting period	**908.7**	**792.8**
Total other comprehensive income, including:	**993.9**	**-3,089.6**
Items that may be reclassified to profit or loss, including:	**993.9**	**-3,089.6**
debt instruments measured at fair value through other comprehensive income – gains on revaluation carried through equity	144.8	-259.0
debt instruments measured at fair value through other comprehensive income – reclassification to financial result due to sale	-1.0	-1.7
loans measured at fair value through other comprehensive income - revaluation gains / losses related to equity	9.7	78.9
cash flow hedge - gains on revaluation carried through equity	244.5	-2,807.4
cash flow hedge - reclassification to profit or loss	595.9	-100.4
Net comprehensive income for the reporting period	**1,902.6**	**-2,296.8**

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

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Interim condensed statement of financial position

as at	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets				
Cash in hand and balances with the Central Bank		6,706.5	2,337.6	4,998.3
Loans and other receivables to other banks		11,998.3	7,204.2	3,813.3
Financial assets measured at fair value through profit or loss		1,584.4	1,952.3	1,498.3
Derivative hedge instruments		243.0	139.2	323.4
Investment securities		40,581.4	48,348.2	37,253.3
Transferred assets		9,416.6	163.8	10,935.8
Loans and other receivables to customers	4.1	146,454.7	145,733.5	140,648.0
Investments in subsidiaries and associates accounted for using the equity method		1,689.9	1,624.1	1,590.1
Property, plant and equipment		936.1	926.5	892.1
Intangible assets		416.1	393.2	377.8
Current income tax assets		252.8	566.0	821.3
Deferred tax assets		1,265.2	1,650.1	1,569.1
Other assets		131.2	120.6	111.5
Total assets		**221,676.2**	**211,159.3**	**204,832.3**

as at	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Liabilities				
Liabilities to other banks		2,108.0	657.7	12,454.4
Financial liabilities measured at fair value through profit or loss		1,702.3	2,203.8	1,794.4
Derivative hedge instruments		418.7	369.5	362.5
Liabilities to customers		201,329.1	192,242.6	174,224.4
Subordinated liabilities		1,639.6	1,643.9	1,628.9
Provisions		336.0	347.8	345.6
Other liabilities		2,971.0	4,427.1	3,102.7
Total liabilities		**210,504.7**	**201,892.4**	**193,912.9**
Equity				
Share capital	1.4	130.1	130.1	130.1
Share premium		956.3	956.3	956.3
Accumulated other comprehensive income		-7,122.8	-8,116.7	-6,225.9
Retained earnings		17,207.9	16,297.2	16,058.9
Total equity		**11,171.5**	**9,266.9**	**10,919.4**
Total liabilities and equity		**221,676.2**	**211,159.3**	**204,832.3**

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

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Interim condensed statement of changes in equity

1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**-8,116.7**	**16,297.2**	**9,266.9**
Net profit for the current period	-	-	-	908.7	**908.7**
Other net comprehensive income, including:	**0.0**	**0.0**	**993.9**	**0.0**	**993.9**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	154.5	-	154.5
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-1.0	-	-1.0
cash flow hedge - revaluation gains / losses recognized in equity	-	-	244.5	-	244.5
cash flow hedge – reclassification to profit or loss	-	-	595.9	-	595.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**2.0**	**2.0**
valuation of employee incentive programs	-	-	-	2.0	2.0
Closing balance of equity	**130.1**	**956.3**	**-7,122.8**	**17,207.9**	**11,171.5**

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

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2022 the period from 01 Jan 2022 to 31 Dec 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-3,136.3**	**15,266.0**	**13,216.1**
Net profit for the current period	-	-	-	1,714.4	**1,714.4**
Other net comprehensive income, including:	**0.0**	**0.0**	**-4,980.4**	**0.0**	**-4,980.4**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-211.1	-	-211.1
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-15.9	-	-15.9
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-6,064.6	-	-6,064.6
cash flow hedge – reclassification to profit or loss	-	-	1,307.2	-	1,307.2
fixed assets revaluation	-	-	0.1	-	0.1
actuarial gains/losses	-	-	3.9	-	3.9
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**-683.2**	**-683.2**
valuation of employee incentive programs	-	-	-	6.3	6.3
dividend payment	-	-	-	-689.5	-689.5
Closing balance of equity	**130.1**	**956.3**	**-8,116.7**	**16,297.2**	**9,266.9**

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**-3,136.3**	**15,266.0**	**13,216.1**
Net profit for the current period	-	-	-	792.8	**792.8**
Other net comprehensive income, including:	**0.0**	**0.0**	**-3,089.6**	**0.0**	**-3,089.6**
financial assets measured at fair value through other comprehensive income – revaluation gains / losses recognized in equity	-	-	-180.1	-	-180.1
debt securities measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-1.7	-	-1.7
cash flow hedge - revaluation gains / losses recognized in equity	-	-	-2,807.4	-	-2,807.4
cash flow hedge – reclassification to profit or loss	-	-	-100.4	-	-100.4
Other changes in equity, including:	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**
valuation of employee incentive programs	-	-	-	0.1	0.1
Closing balance of equity	**130.1**	**956.3**	**-6,225.9**	**16,058.9**	**10,919.4**

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Interim condensed cash flow statement

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Net profit	**908.7**	**792.8**
Adjustments, including:	**-1,368.4**	**2,429.0**
Share of profit/(loss) of subsidiaries and associates accounted for using the equity method	-64.6	-58.9
Depreciation and amortisation	69.9	65.9
Interest accrued (from the income statement)	-1,751.0	-1,646.2
Interest paid	-1,002.4	-110.7
Interest received	2,336.8	1,512.2
Income tax (from the income statement)	282.7	263.9
Income tax paid	-0.1	-66.4
Change in provisions	-11.8	13.2
Change in loans and other receivables to other banks	-4,899.0	-394.7
Change in financial assets measured at fair value through profit or loss	370.7	43.0
Change in hedge derivatives	982.8	-3,535.8
Change in investment securities	4,518.1	7,065.5
Change in transferred assets	-9,021.5	-8,654.9
Change in loans and other receivables to customers measured at amortised cost	-619.1	-3,134.5
Change in other assets	120.0	-38.6
Change in liabilities to other banks	222.2	6,234.9
Change in liabilities measured at fair value through profit or loss	-501.4	114.9
Change in liabilities to customers	9,031.2	4,119.2
Change in subordinated liabilities	-4.3	18.6
Change in other liabilities	-1,427.6	618.4
Net cash flows from operating activities	**-459.7**	**3,221.8**

	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023	1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022
Acquisition of property, plant and equipment	-11.6	-31.2
Acquisition of intangible assets	-40.3	-38.6
Acquisition of debt securities measured at amortized cost	0.0	-719.8
Disposal of debt securities measured at amortized cost	3,599.3	1,750.5
Net cash flows from investment activities	**3,547.4**	**960.9**
Long-term loans received	1,214.4	0.0
Interest payment on long-term loans	-14.7	-3.9
Repayment of lease liabilities	-26.0	-26.0
Net cash flows from financial activities	**1,173.7**	**-29.9**
Net increase/(decrease) in cash and cash equivalents	**4,261.4**	**4,152.8**
of which effect of exchange rate changes on cash and cash equivalents	887.5	176.3
Opening balance of cash and cash equivalents	**3,049.7**	**1,377.6**
Closing balance of cash and cash equivalents	**7,311.1**	**5,530.4**

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

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Additional information to the interim condensed standalone financial statements

1. Introduction

1.1. Going concern

These interim condensed standalone financial statements of the ING Bank Śląski S.A. have been prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the date of approval, i.e. from 9 May 2023. As at the approval date hereof, the Bank Management Board have not identified any events that could pose a threat to the Group members continuing their operations during the period of 12 months from the date of publication as a result of intentional or forced abandonment or significant limitation of its operations by the Bank.

1.2. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 1st quarter of 2023 were prepared under the IAS 34 Interim Financial Reporting (International Accounting Standards) in a version approved by the European Commission and effective as at the reporting date, that is 31 March 2023 as well as in accordance with the Ordinance of Finance Minister of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757).

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with and the annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2022 to 31 December 2022, which was approved on 26 April 2023 by the Bank's General Meeting and is available on the website of ING Bank Śląski S.A. (www.ing.pl) and the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1st quarter of 2023.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity and interim condensed standalone cash flow statement for the period from 1 January 2023 to 31 March 2023 and interim condensed standalone statement of financial position as at 31 March 2023, together with comparable data were prepared according to the same principles of accounting for each period.

1.3. Reporting period and comparable data

Interim condensed standalone financial statements of ING Bank Śląski S.A. covers the period from 1 January 2023 to 31 March and includes comparative data:

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

1.4. Financial statements scope and currency

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

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

1.5. Approval of the financial statements

This interim condensed standalone financial statement was approved by the Bank's Management Board on 9 May 2023.

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

1.6. Changes in accounting standards

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

2. Significant accounting principles and key estimates

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

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

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

3. Comparability of financial data

3.1. Changes in income statement

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

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

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

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	in interim condensed financial statements for the 1st quarter of 2022 *(approved data)*	change	in interim condensed financial statements for the 1st quarter of 2023 *(comparable data)*
Net interest income	1,704.2	60.7	1,764.9
calculated using the effective interest rate method	1,703.7		1,703.7
other interest income	0.5	60.7	61.2
Interest expense	-85.4	-33.3	-118.7
Interest income	**1,618.8**	**27.4**	**1,646.2**
Commission income	640.7		640.7
Commission expense	-125.6		-125.6
Net commission income	**515.1**	**0.0**	**515.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	46.5		46.5
Net income on the sale of securities measured at amortised cost	-3.9		-3.9
Net income on the sale of financial assets measured at fair value through other comprehensive income and dividend income	2.1		2.1
Net (loss)/income on hedge accounting	12.9	-27.4	-14.5
Net (loss)/income on other basic activities	-0.2		-0.2
Net income on basic activities	**2,191.3**	**0.0**	**2,191.3**
General and administrative expenses	-893.0		-893.0
Impairment for expected credit losses	-147.7		-147.7
including profit on sale of receivables	9.2		9.2
Cost of legal risk of FX mortgage loans	-1.1		-1.1
Tax on certain financial institutions	-151.7		-151.7
Share of the net profits of subsidiaries and associates measured by equity method	58.9		58.9
Gross profit	**1,056.7**	**0.0**	**1,056.7**
Income tax	-263.9		-263.9
Net profit	**792.8**	**0.0**	**792.8**

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3.2. Changes in cash flow statement

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

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

b. Separation of the following items in operating activities:

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

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

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

1 quarter 2022 the period from 01 Jan 2022 to 31 Mar 2022

	in interim condensed financial statements for the 1st quarter of 2022 *(approved data)*	change a	change b	in interim condensed financial statements for the 1st quarter of 2023 (*comparable data*)
Net profit	**792.8**			**792.8**
Adjustments, including:	**2,429.0**	**0.0**	**0.0**	**2,429.0**
Share of profit/(loss) of subsidiaries and associates accounted for using the equity method	-58.9			-58.9
Depreciation and amortisation	65.9			65.9
Interest accrued (from the income statement)	-1,618.8	-27.4		-1,646.2
Interest paid	-77.4	-33.3		-110.7
Interest received	1,451.5	60.7		1,512.2
Income tax (from the income statement)	263.9			263.9
Income tax paid	-66.4			-66.4
Change in provisions	13.2			13.2
Change in loans and other receivables to other banks	-394.7			-394.7
Change in financial assets measured at fair value through profit or loss	213.9		-170.9	43.0
Change in hedge derivatives	-3,535.8			-3,535.8
Change in investment securities	-1,760.3		8,825.8	7,065.5
Change in transferred assets	not applicable		-8,654.9	-8,654.9
Change in loans and other receivables to customers measured at amortised cost	-3,134.5			-3,134.5
Change in other assets	-38.6			-38.6
Change in liabilities to other banks	6,234.9			6,234.9
Change in liabilities measured at fair value through profit or loss	114.9			114.9
Change in liabilities to customers	4,119.2			4,119.2
Change in subordinated liabilities	not applicable		18.6	18.6
Change in other liabilities	637.0		-18.6	618.4
Net cash flows from operating activities	**3,221.8**	**0.0**	**0.0**	**3,221.8**

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4. Supplementary notes to interim condensed standalone financial statements

4.1. Loans and other receivables to customers

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Measured at amortised cost	139,154.4	137,520.3	130,787.1
Measured at fair value through other comprehensive income	7,300.3	8,213.2	9,860.9
Total	**146,454.7**	**145,733.5**	**140,648.0**

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

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

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

Loans and receivables to customers measured at amortised cost

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Loan portfolio, of which:	**140,806.8**	**-3,062.5**	**137,744.3**	**138,648.9**	**-2,977.6**	**135,671.3**	**130,841.8**	**-2,733.4**	**128,108.4**
Corporate banking	**88,284.1**	**-2,005.7**	**86,278.4**	**86,025.4**	**-1,934.8**	**84,090.6**	**77,771.4**	**-1,740.4**	**76,031.0**
loans in the current account	19,431.6	-535.5	18,896.1	19,035.3	-484.1	18,551.2	17,551.6	-429.3	17,122.3
term loans and advances	64,562.5	-1,468.6	63,093.9	63,208.0	-1,446.0	61,762.0	56,995.9	-1,310.6	55,685.3
debt securities (corporate and municipal)	4,290.0	-1.6	4,288.4	3,782.1	-4.7	3,777.4	3,223.9	-0.5	3,223.4
Retail banking	**52,522.7**	**-1,056.8**	**51,465.9**	**52,623.5**	**-1,042.8**	**51,580.7**	**53,070.4**	**-993.0**	**52,077.4**
mortgages	43,859.3	-253.0	43,606.3	43,896.7	-234.9	43,661.8	44,063.1	-186.4	43,876.7
loans in the current account	680.6	-63.0	617.6	697.5	-63.5	634.0	682.2	-60.3	621.9
other loans and advances	7,982.8	-740.8	7,242.0	8,029.3	-744.4	7,284.9	8,325.1	-746.3	7,578.8
Other receivables, of which:	**1,410.1**	**0.0**	**1,410.1**	**1,849.0**	**0.0**	**1,849.0**	**2,678.7**	**0.0**	**2,678.7**
call deposits placed	550.8	0.0	550.8	827.6	0.0	827.6	1,861.6	0.0	1,861.6
other	859.3	0.0	859.3	1,021.4	0.0	1,021.4	817.1	0.0	817.1
Total	**142,216.9**	**-3,062.5**	**139,154.4**	**140,497.9**	**-2,977.6**	**137,520.3**	**133,520.5**	**-2,733.4**	**130,787.1**

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Quality of loan portfolio

as at	31 Mar 2023			31 Dec 2022			31 Mar 2022		
	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**	gross	impairment for expected credit loss	**net**
Corporate banking	**88,284.1**	**-2,005.7**	**86,278.4**	**86,025.4**	**-1,934.8**	**84,090.6**	**77,771.4**	**-1,740.4**	**76,031.0**
assets in Stage 1	76,293.7	-154.7	76,139.0	72,485.8	-173.1	72,312.7	70,708.7	-123.6	70,585.1
assets in Stage 2	9,696.5	-452.5	9,244.0	11,415.6	-444.2	10,971.4	5,037.5	-233.1	4,804.4
assets in Stage 3	2,293.9	-1,398.5	895.4	2,124.0	-1,317.5	806.5	2,023.8	-1,383.7	640.1
POCI assets	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0	1.4
Retail banking	**52,522.7**	**-1,056.8**	**51,465.9**	**52,623.5**	**-1,042.8**	**51,580.7**	**53,070.4**	**-993.0**	**52,077.4**
assets in Stage 1	46,687.7	-167.6	46,520.1	46,873.4	-183.6	46,689.8	50,745.0	-117.5	50,627.5
assets in Stage 2	4,870.7	-249.1	4,621.6	4,857.2	-276.0	4,581.2	1,369.1	-185.5	1,183.6
assets in Stage 3	961.9	-640.1	321.8	890.8	-583.2	307.6	954.1	-690.0	264.1
POCI assets	2.4	0.0	2.4	2.1	0.0	2.1	2.2	0.0	2.2
Total, of which:	**140,806.8**	**-3,062.5**	**137,744.3**	**138,648.9**	**-2,977.6**	**135,671.3**	**130,841.8**	**-2,733.4**	**128,108.4**
assets in Stage 1	122,981.4	-322.3	122,659.1	119,359.2	-356.7	119,002.5	121,453.7	-241.1	121,212.6
assets in Stage 2	14,567.2	-701.6	13,865.6	16,272.8	-720.2	15,552.6	6,406.6	-418.6	5,988.0
assets in Stage 3	3,255.8	-2,038.6	1,217.2	3,014.8	-1,900.7	1,114.1	2,977.9	-2,073.7	904.2
POCI assets	2.4	0.0	2.4	2.1	0.0	2.1	3.6	0.0	3.6

The Bank identifies POCI financial assets whose carrying value as at 31 March 2023 is PLN 2.4 million (PLN 2.1 million as at 31 December 2022 and PLN 3.6 million as at 31 March 2022). These are exposures due to impaired receivables acquired in connection with the acquisition of SKOK Bieszczadzka in 2017 and exposures that were significantly modified as a result of restructuring, which involved the need to remove the original credit commitment and re-recognition of the asset in the statement of financial position.

4.2. Fair value

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

In the 1st quarter of 2023, there were no transfers between measurement levels, as in 2022. The fair value calculation methods adopted as at 31 March 2023 have not changed compared to those used at the end of 2022 (a detailed description of the approach to fair value measurement of assets and liabilities is included in the annual financial statements for the period from 1 January 2022 to 31 December 2022).

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

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as at **31 Mar 2023**

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**21,100.8**	**1,447.6**	**7,471.5**	**30,019.9**
Valuation of derivatives	-	**1,136.5**	-	**1,136.5**
Financial assets held for trading, including:	**329.5**	**68.1**	-	**397.6**
debt securities, including:	329.5	-	-	329.5
treasury bonds in PLN	225.5	-	-	225.5
Czech Treasury bonds in CZK	103.5	-	-	103.5
European Investment Bank bonds	0.5	-	-	0.5
repo transactions	-	68.1	-	68.1
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	-	**50.3**	**50.3**
loans are obligatorily measured at fair value through profit or loss	-	-	50.2	50.2
equity instruments	-	-	0.1	0.1
Derivative hedge instruments	-	243.0	-	243.0
Financial assets measured at fair value through other comprehensive income, including:	**14,986.9**	-	**120.9**	**15,107.8**
debt securities, including:	14,986.9	-	-	14,986.9
treasury bonds in PLN	11,485.1	-	-	11,485.1
treasury bonds in EUR	1,717.0	-	-	1,717.0
European Investment Bank bonds	1,355.7	-	-	1,355.7
Austrian government bonds	429.1	-	-	429.1
equity instruments	-	-	120.9	120.9
Transferred assets, including:	**5,784.4**	-	-	**5,784.4**
treasury bonds in PLN from portfolio of financial assets measured at fair value through other comprehensive income	5,784.4	-	-	5,784.4
Loans measured at fair value through other comprehensive income	-	-	**7,300.3**	**7,300.3**

	Level 1	Level 2	Level 3	Total
Financial liabilities, including:	**67.4**	**2,053.6**	**0.0**	**2,121.0**
Valuation of derivatives	-	**1,634.9**	-	**1,634.9**
Other financial liabilities measured at fair value through profit or loss, including:	**67.4**	-	-	**67.4**
book short position in trading securities	67.4	-	-	67.4
Derivative hedge instruments	-	**418.7**	-	**418.7**

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as at 31 Dec 2022

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

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

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

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

as at **31 Mar 2023**

	Carrying amount	Fair value			
		Level 1	**Level 2**	**Level 3**	**Total**
Investment securities at amortised cost	**25,473.6**	**17,882.7**	**4,933.4**	**0.0**	**22,816.1**
treasury bonds in PLN	9,824.2	8,862.6	-	-	8,862.6
treasury bonds in EUR	3,169.5	2,801.4	-	-	2,801.4
European Investment Bank bonds	6,800.8	6,218.7	-	-	6,218.7
bonds of the Polish Development Fund (PFR)	3,867.5	-	3,306.2	-	3,306.2
Bank Gospodarstwa Krajowego bonds	1,811.6	-	1,627.2	-	1,627.2
Transferred assets, including:	**3,632.2**	**3,447.1**	-	-	**3,447.1**
treasury bonds in PLN from portfolio of financial assets measured at amortised cost	3,632.2	3,447.1	-	-	3,447.1
Loans and receivables to customers at amortised cost, including:	**139,154.4**	**0.0**	**0.0**	**139,864.2**	**139,864.2**
Corporate banking segment, including:	86,278.4	0.0	0.0	86,851.9	86,851.9
loans and advances (in the current account and term ones)	81,990.0	-	-	82,656.7	82,656.7
corporate and municipal debt securities	4,288.4	-	-	4,195.2	4,195.2
Retail banking segment, including:	51,465.9	0.0	0.0	51,602.2	51,602.2
mortgages	43,606.3	-	-	43,566.3	43,566.3
other loans and advances	7,859.6	-	-	8,035.9	8,035.9
Other receivables	1,410.1	-	-	1,410.1	1,410.1
Liabilities to customers	**201,329.1**	-	-	**201,254.1**	**201,254.1**
Subordinated liabilities	**1,639.6**	-	-	**1,304.2**	**1,304.2**

as at **31 Dec 2022**

	Carrying amount	Fair value			
		Level 1	**Level 2**	**Level 3**	**Total**
Investment securities at amortised cost	**32,620.1**	**20,778.2**	**8,287.3**	**0.0**	**29,065.5**
treasury bonds in PLN	13,352.5	11,892.2	-	-	11,892.2
treasury bonds in EUR	3,192.1	2,838.1	-	-	2,838.1
European Investment Bank bonds	6,815.7	6,047.9	-	-	6,047.9
bonds of the Polish Development Fund (PFR)	3,858.4	-	3,124.8	-	3,124.8
Bank Gospodarstwa Krajowego bonds	1,802.1	-	1,564.0	-	1,564.0
NBP bills	3,599.3	-	3,598.5		3,598.5
Loans and receivables to customers at amortised cost, including:	**137,520.3**	**0.0**	**0.0**	**138,653.8**	**138,653.8**
Corporate banking segment, including:	84,090.6	0.0	0.0	85,454.0	85,454.0
loans and advances (in the current account and term ones)	80,313.2	-	-	81,621.9	81,621.9
corporate and municipal debt securities	3,777.4	-	-	3,832.1	3,832.1
Retail banking segment, including:	51,580.7	0.0	0.0	51,350.8	51,350.8
mortgages	43,661.8	-	-	42,846.8	42,846.8
other loans and advances	7,918.9	-	-	8,504.0	8,504.0
Other receivables	1,849.0	-	-	1,849.0	1,849.0
Liabilities to customers	**192,242.6**	-	-	**192,181.6**	**192,181.6**
Subordinated liabilities	**1,643.9**	-	-	**1,298.8**	**1,298.8**

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5. Capital adequacy

5.1. Total capital ratio

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Own funds	17,786.9	17,823.1	16,375.1
Total capital requirements	7,957.7	7,992.9	7,997.0
Total capital ratio (TCR)	**17.88%**	**17.84%**	**16.38%**
Tier 1 ratio (T1)	**16.24%**	**16.18%**	**14.65%**

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

In the calculation of capital ratios, the Bank used transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. If the Bank did not apply the transition period, the Bank's capital ratios as at 31 March 2023 would be as follows:

- 17.79% - the total capital ratio (TCR),
- 16.08% - Tier 1 capital ratio (T1).

As at 31 December 2022 and 31 March 2022, the Bank additionally applied the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR. If the Bank does not apply the transition period for the purposes of implementing IFRS 9 or temporarily treat unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR Regulation, the Bank's TCR and T1 ratios for comparable periods would be respectively:

- 17.40% and 15.64% as at 31 December 2022,
- 16.12% and 14.39% as at 31 March 2022.

5.2. MREL requirements

The most important information regarding the MREL requirements is described in the interim condensed consolidated financial statements in chapter 9.2. *MREL requirements*.

6. Dividends paid

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

7. Off-balance sheet items

as at	31 Mar 2023	31 Dec 2022	31 Mar 2022
Off-balance sheet commitments given	51,751.2	49,982.9	53,923.0
Off-balance sheet commitments received	19,432.7	17,256.2	20,865.1
Off-balance sheet financial instruments	1,202,691.1	1,137,721.0	1,110,194.1
Total	**1,273,875.0**	**1,204,960.1**	**1,184,982.2**

8. Significant events in the 1st quarter of 2023

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

9. Significant events after balance sheet date

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

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10. Transactions with related parties

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

Additionally, in the 1st quarter of 2023, the Bank completed a sale transaction to ING Bank Hipoteczny S.A. (a subsidiary of the Bank) a portfolio of mortgage-secured housing loans in the total amount of PLN 649.1 million. The purchase price was set at the market value. As at 31 March 2023, receivables from ING Bank Hipoteczny S.A. related to the deferred payment for this transaction in the amount of PLN 637.3 million was recognized in *Loans and other receivables to other banks*.

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

	ING Bank NV	other ING Group entities	subsidiaries	associates	ING Bank NV	other ING Group entities	subsidiaries	associates
	as at 31 Mar 2023				as at 31 Dec 2022			
Receivables								
Nostro accounts	4.6	2.4	-	-	2.2	174.4	-	-
Deposits placed	150.3	-	-	-	227.7	-	-	-
Loans granted	0.4	0.2	14,253.3	-	-	8.6	13,401.4	-
Positive valuation of derivatives	164.0	-	-	-	207.4	-	-	-
Reverse repo	8,210.3	-	-	-	3,759.3	-	-	-
Other receivables	4.5	2.1	5.3	-	4.4	3.8	2.4	-
Liabilities								
Deposits received	34.3	121.8	93.0	24.8	11.0	156.4	128.8	9.3
Loans received*	1,228.8	-	-	-	-	-	-	-
Subordinated loan	1,639.6	-	-	-	1,643.8	-	-	-
Loro accounts	45.4	40.0	0.6	-	59.5	32.4	2.4	-
Negative valuation of derivatives	160.8	-	1.5	-	208.2	-	1.6	-
Other liabilities	160.3	9.6	1.7	-	92.0	9.7	4.3	-
Off-balance-sheet operations								
Off-balance sheet liabilities granted	567.6	714.0	8,263.2	0.1	532.2	759.2	8,475.7	0.1
Off-balance sheet liabilities received	93.7	-	-	-	1,276.3	21.6	-	-
FX transactions	35,174.9	-	-	-	16,307.9	-	-	-
IRS	186.3	-	47.6	-	187.1	-	49.2	-
Options	339.0	-	-	-	400.5	-	-	-

*) Non Preferred Senior (NPS) loan

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	ING Bank NV	other ING Group entities	subsidiaries	associates	ING Bank NV	other ING Group entities	subsidiaries	associates
	1 quarter 2023 the period from 01 Jan 2023 to 31 Mar 2023				**1 quarter 2022** the period from 01 Jan 2022 to 31 Mar 2022			
Income and expenses								
Income, including:	-36.0	-0.1	216.4	9.2	-15.1	-3.5	97.0	11.9
net interest and commission income	6.6	-	224.3	9.2	-10.8	2.3	96.9	11.9
net income on financial instruments	-42.6	-	0.1	-	-4.3	-6.1	-0.7	-
net income on sale of financial assets	-	-	-8.8	-	-	-	-	-
net (loss)/income on other basic activities	-	-0.1	0.8	-	-	0.3	0.8	-
General and administrative expenses	-62.2	-11.0	-1.3	-	-43.9	-9.1	-1.3	-
Outlays for non-current assets								
Outlays for intangible assets	-	-	0.1	-	3.1	-	1.3	-

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

2023-05-10	**Brunon Bartkiewicz** President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Joanna Erdman** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Marcin Giżycki** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Bożena Graczyk** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Ewa Łuniewska** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Michał H. Mrożek** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Sławomir Soszyński** Vice-President	The original Polish document is signed with a qualified electronic signature
2023-05-10	**Alicja Żyła** Vice-President	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2023-05-10	**Jolanta Alvarado Rodriguez** Lead of Centre of Expertise Accounting Policy and Financial Reporting	The original Polish document is signed with a qualified electronic signature

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