

ING Bank Śląski S.A. Group

Quarterly consolidated report
for the 3 quarter 2017

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SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

Selected financial data

	III quarter 2017	3Q 2017 YTD	III quarter 2016	3Q 2016 YTD
Net interest income	883.5	2 548.3	784.9	2 143.9
Net commission income	304.8	885.7	269.3	781.3
Result on basic activities	1 209.8	3 534.7	1 074.5	3 202.5
Result before tax	492.1	1 382.0	433.6	1 295.9
Net profit attributable to shareholders of ING Bank Śląski S.A.	375.7	1 036.3	332.0	998.1
Earnings per ordinary share (PLN)	2.89	7.97	2.55	7.67

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Loans and other receivables to customers (net) excluding Eurobonds	86 412.9	83 312.5	78 068.8	76 554.7	74 398.9
Liabilities to customers	98 459.8	97 708.8	95 825.4	92 304.6	93 483.3
Total assets	122 290.0	120 197.6	117 477.7	116 550.0	115 639.7
Equity attributable to shareholders of ING Bank Śląski S.A.	11 486.2	11 154.1	10 474.9	10 976.7	10 810.1
Initial capital	130.1	130.1	130.1	130.1	130.1

Key effectiveness ratios

	30 Sep 2017	30 Jun 2017	30 Sep 2016	30 Jun 2016
C/I - Cost/Income ratio (%)	45.2	46.2	48.1	48.2
ROA - Return on assets (%)	1.1	1.1	1.1	1.1
ROE - Return on equity (%)	11.8	11.5	11.3	11.4
NIM - net interest margin (%)	2.89	2.84	2.57	2.50
L/D - Loans-to-deposits ratio (%)	87.8	85.3	82.9	79.6
Total capital ratio (%)	15.1	15.3	14.8	14.6

Explanations:

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

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

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

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

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

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

Interim condensed consolidated income statement

	Note	3 Q 2017 the period from 01 Jul 2017 to 30 Sep 2017	3 Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	3 Q 2016 the period from 01 Jul 2016 to 30 Sep 2016	3 Q 2016 YTD the period from 01 Jan 2016 to 30 Sep 2016
Net interest income	7.1	883.5	2 548.3	784.9	2 143.9
Net commission income	7.2	304.8	885.7	269.3	781.3
Net income on financial instruments at fair value through profit or loss and FX result	7.3	25.5	54.6	16.4	44.5
Net income on investments	7.4	3.6	46.6	4.0	229.3
Net income on hedge accounting	7.5	-7.5	-0.5	0.2	-1.9
Net income on other basic activities		-0.1	0.0	-0.3	5.4
Net income on basic activities		1 209.8	3 534.7	1 074.5	3 202.5
General and administrative expenses	7.6	524.5	1 599.2	515.5	1 541.5
Impairment losses and provisions for off-balance sheet liabilities	7.7	109.1	309.6	49.7	162.1
Tax on certain financial institutions		84.1	243.9	75.7	203.0
Gross profit (loss)		492.1	1 382.0	433.6	1 295.9
Income tax	7.8	116.4	345.7	101.6	297.8
Net profit (loss)		375.7	1 036.3	332.0	998.1
- attributable to shareholders of ING Bank Śląski S.A.		375.7	1 036.3	332.0	998.1
Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.		375.7	1 036.3	332.0	998.1
Weighted average number of ordinary shares		130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)		2.89	7.97	2.55	7.67

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

Interim condensed consolidated statement of comprehensive income

	3 Q 2017 the period from 01 Jul 2017 to 30 Sep 2017	3 Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	3 Q 2016 the period from 01 Jul 2016 to 30 Sep 2016	3 Q 2016 YTD the period from 01 Jan 2016 to 30 Sep 2016
Net profit for the period	375.7	1 036.3	332.0	998.1
Total other comprehensive income, including:	-44.4	-25.7	-165.7	-141.2
Items which can be reclassified to income statement	-44.4	-25.7	-163.4	-138.7
Items which will not be reclassified to income statement	0.0	0.0	-2.3	-2.5
Net comprehensive income for the reporting period	331.3	1 010.6	166.3	856.9
- attributable to owners of ING Bank Śląski S.A.	331.3	1 010.6	166.3	856.9

Interim Condensed Consolidated Income statement and Interim Condensed Consolidated Statement of Comprehensive Income shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Interim condensed consolidated statement of financial position

	Note	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Assets						
Cash in hand and balances with the Central Bank		1 638.2	1 351.9	1 825.0	1 299.1	1 286.6
Loans and other receivables to other banks	7.9	1 174.7	1 050.2	1 113.4	1 192.7	1 285.4
Financial assets at fair value through profit or loss	7.10	1 415.2	2 676.6	2 826.8	1 617.3	1 847.3
Valuation of derivatives		828.5	1 029.7	1 117.1	1 124.9	1 320.5
Investments	7.11	24 446.1	24 427.6	25 721.3	27 344.0	27 761.0
Derivative hedge instruments		1 050.1	1 148.6	1 338.6	2 138.9	2 389.6
Loans and other receivables to customers	7.12, 7.13	90 087.3	86 902.3	81 979.5	80 377.4	78 308.6
Receivables from customers under repo transactions		19.7	20.0	0.0	19.8	0.0
Non-financial assets	7.14	979.3	985.3	1 004.5	1 025.0	1 032.5
Assets held for sale		15.3	14.3	31.8	41.2	41.2
Tax assets		250.4	228.5	237.5	77.5	76.9
Other assets		385.2	362.6	282.2	292.2	290.1
Total assets		122 290.0	120 197.6	117 477.7	116 550.0	115 639.7
Liabilities						
Liabilities to other banks	7.15	5 637.8	6 140.5	5 043.0	7 032.5	5 082.3
Financial liabilities at fair value through profit or loss	7.16	1 663.6	108.6	474.8	598.6	299.3
Valuation of derivatives		957.8	1 045.7	1 116.0	1 101.9	1 336.9
Derivative hedge instruments		799.9	1 015.0	1 468.1	1 614.3	1 730.1
Liabilities to customers	7.17	98 459.8	97 708.8	95 825.4	92 304.6	93 483.3
Liabilities to customers under repo transactions		0.0	0.0	0.0	0.0	9.1
Liabilities under issue of debt securities		872.1	866.3	866.4	871.9	866.3
Subordinated liabilities		647.7	635.3	664.9	648.1	665.2
Provisions	7.18	90.8	83.0	73.8	79.8	82.0
Tax liabilities		181.1	121.4	121.3	146.8	181.4
Other liabilities		1 493.2	1 318.9	1 346.8	1 172.5	1 091.2
Total liabilities		110 803.8	109 043.5	107 000.5	105 571.0	104 827.1
Equity						
Share capital		130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3	956.3
Revaluation reserve		551.8	596.2	577.5	1 341.8	1 508.0
Retained earnings		9 848.0	9 471.5	8 811.0	8 548.5	8 215.7
Equity attributable to shareholders of ING Bank Śląski S.A.		11 486.2	11 154.1	10 474.9	10 976.7	10 810.1
Non-controlling interests		0.0	0.0	2.3	2.3	2.5
Total equity		11 486.2	11 154.1	10 477.2	10 979.0	10 812.6
Total equity and liabilities		122 290.0	120 197.6	117 477.7	116 550.0	115 639.7
Carrying amount		11 486.2	11 154.1	10 474.9	10 976.7	10 810.1
Number of shares		130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)		88.29	85.73	80.51	84.37	83.09

Interim Condensed Consolidated Statement of Financial Position shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof.

Interim condensed consolidated statement of changes in equity

3 Q 2017 YTD

the period from 01 Jan 2017 to 30 Sep 2017

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	577.5	8 811.0	2.3	10 477.2
Net result for the current period	-	-	-	1 036.3	0.0	1 036.3
Other net comprehensive income, including:	0.0	0.0	-25.7	0.0	0.0	-25.7
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	139.4	-	-	139.4
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.8	-	-	-31.8
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-24.1	-	-	-24.1
effective part of cash flow hedging relationship	-	-	-109.2	-	-	-109.2
Other changes in equity, including:	0.0	0.0	0.0	0.7	-2.3	-1.6
valuation of share-based payments	-	-	-	0.9	-	0.9
purchase of non-controlling interests	-	-	-	-0.2	-2.1	-2.3
profit distribution with dividend payout allocation	-	-	-	0.0	-0.2	-0.2
Closing balance of equity	130.1	956.3	551.8	9 848.0	0.0	11 486.2

year 2016

the period from 01 Jan 2016 to 31 Dec 2016

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

Interim condensed consolidated statement of changes in equity - continued

3 Q 2016 YTD

the period from 01 Jan 2016 to 30 Sep 2016

	Kapitał zakładowy	Kapitał zapasowy ze sprzedaży akcji powyżej ich wartości nominalnej	Kapitał z aktualizacji wyceny	Zyski zatrzymane	Udziały niekontrol- ujące	Kapitały razem
Opening balance of equity	130.1	956.3	1 485.0	8 106.5	2.6	10 680.5
Net result for the current period	-	-	-	998.1	-	998.1
Other net comprehensive income, including:	0.0	0.0	-143.2	2.2	-0.2	-141.2
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	24.1	-	-	24.1
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-181.3	-	-	-181.3
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-24.1	-	-	-24.1
effective part of cash flow hedging relationship	-	-	42.6	-	-	42.6
revaluation of non-current assets	-	-	-3.0	-	-0.2	-3.2
disposal of non-current assets	-	-	-1.5	2.2	-	0.7
Other changes in equity, including:	0.0	0.0	0.0	-558.3	-0.1	-558.4
valuation of share-based payments	-	-	-	1.1	-	1.1
profit distribution with dividend payout allocation	-	-	-	-559.4	-0.1	-559.5
Closing balance of equity	130.1	956.3	1 341.8	8 548.5	2.3	10 979.0

Interim Condensed Consolidated Statement of Changes in Equity shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Interim condensed consolidated cash flow statement

	3 Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	3 Q 2016 YTD the period from 01 Jan 2016 to 30 Sep 2016
Net profit	1 036.3	998.1
Adjustments	372.9	-2 275.0
Depreciation and amortisation	135.5	133.9
Interest accrued (from the income statement)	-2 548.3	-2 143.9
Interest paid	-613.7	-752.0
Interest received	3 119.2	2 823.3
Dividends received	-6.3	-5.4
Gains (losses) on investing activities	-0.8	1.0
Income tax (from the income statement)	345.7	297.8
Income tax paid	-298.8	-325.7
Change in provisions	17.0	12.6
Change in loans and other receivables to other banks	-287.5	108.4
Change in financial assets at fair value through profit or loss	1 411.4	-491.4
Change in available-for-sale financial assets	3 232.1	-2 267.9
Change in valuation of derivatives	130.4	-34.8
Change in hedge derivatives	-488.9	141.9
Change in loans and other receivables from customers	-8 158.0	-6 562.7
Change in other assets	-63.7	-59.7
Change in liabilities to other banks	487.8	2 141.8
Change in liabilities at fair value through profit or loss	1 188.6	-30.8
Change in liabilities to customers	2 641.2	4 452.8
Change in other liabilities	130.0	285.8
Net cash flow from operating activities	1 409.2	-1 276.9
Purchase of property plant and equipment	-52.7	-46.7
Disposal of property plant and equipment	0.8	6.2
Purchase of intangible assets	-52.2	-68.5
Disposal of assets held for sale	6.0	10.8
Purchase of held-to-maturity financial assets	-1 911.6	-1 741.3
Interest received from held-to-maturity financial assets	96.4	52.8
Dividends received	6.3	5.4
Net cash flow from investing activities	-1 907.0	-1 781.3
Long-term loans received	907.1	2 087.8
Long-term loans repaid	-789.1	-442.1
Interest on long-term loans repaid	-20.1	-20.4
Interests from issued debt securities	-11.5	-11.4
Dividends paid	-0.2	-559.5
Acquisition of own shares	-2.3	0.0
Net cash flow from financing activities	83.9	1 054.4
Effect of exchange rate changes on cash and cash equivalents	-224.5	1.4
Net increase/decrease in cash and cash equivalents	-413.9	-2 003.8
Opening balance of cash and cash equivalents	2 758.7	4 411.9
Closing balance of cash and cash equivalents	2 344.8	2 408.1

Interim Condensed Consolidated Cash Flow Statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Additional information

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

1.1. Key Bank data

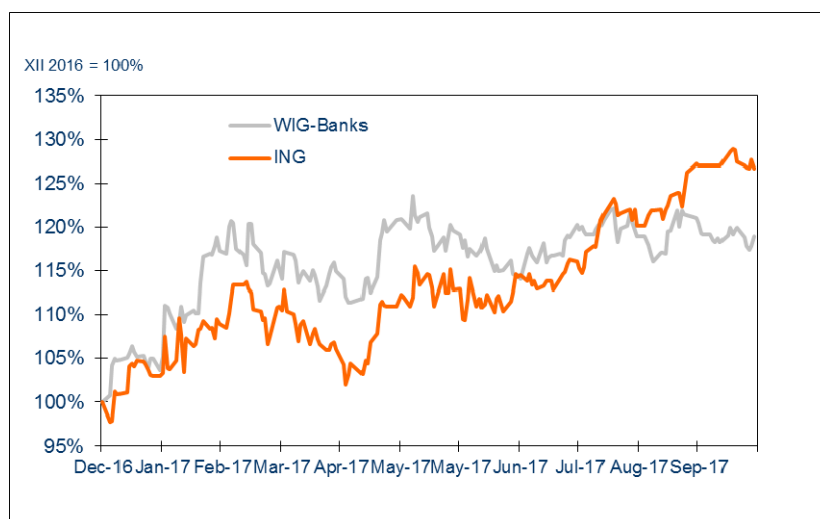
ING Bank Śląski S.A. ("Parent company", "Parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459. The parent entity statistic number is REGON 271514909, and the taxation identification number is NIP 634-013-54-75.

1.2. Scope and duration of operations

ING Bank Śląski S.A. offers a broad range of banking services rendered for individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. The Bank is also active on the domestic and foreign financial markets. The scope of services offered by the Bank was expanded with leasing and factoring operations, following the acquisition in 2012 of new companies. Additionally through subsidiaries the Group operates real estate, leasing of real estate and advisory and acts as a financial intermediary as well as provides other financial services. The duration of the parent entity and entities forming the Group is indefinite.

1.3. Initial capital, share capital

The initial capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 130,100,000 ordinary bearer shares with a par value of PLN 1.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 30 September 2017, the share price of ING Bank Śląski S.A. was PLN 204.5, whereas during the same period last year it was at the level of PLN 148.0. In the 9 months of 2017, the price of ING Bank Śląski S.A. shares was as follows:



1.4. ING Bank Śląski S.A. Group

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

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

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

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

***) On 19 May 2017, the Extraordinary General Meeting of Solver Sp. z o.o. passed a resolution on voluntary redemption of shares by reducing the Company's share capital and changing its Articles of Association. In consequence, the Shareholder (ING for Children Foundation) and the Company signed the agreement to transfer 11.07% of shares for the purposes of redemption. The shares will be redeemed against payment upon completion of the procedure notifying the creditors of share capital reduction, as referred to in Article 264 of the Commercial Companies and Partnerships Code. As at the end of H3 2017, the Bank held 100% of voting rights in Solver Sp. z o.o.

On 22 August 2017, ING Bank Śląski S.A. signed an agreement with Twisto Payments a.s. with its registered office in Prague (a joint-stock company registered and operating under the law of the Czech Republic) on contribution of EUR 1,500,000 as new equity to Twisto Polska sp. z o.o. in exchange for newly issued shares in Twisto Polska sp. z o.o. As a result of signing the agreement, ING Bank Śląski S.A. shall contribute EUR 300,000 as new equity to Twisto Polska sp. z o.o. in exchange for 4,000 shares of Twisto Polska sp. z o.o., each of a nominal value of PLN 50, representing 20% of the registered capital of Twisto Polska sp. z o.o.

ING Bank Śląski S.A. shall cooperate with Twisto Polska sp. z o.o. in Poland to develop and commercially launch the Twisto Now service, i.e. the online payment method “buy now pay later”.

The transaction finalising documents were signed on 11 October 2017. Upon making a relevant entry in the National Court Register, the Bank will recognise the transaction (starting from Q4 2017) as investment in an associate and measure it using the equity method in keeping with IAS 28.

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

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

As per the current information, the shareholders having 5 per cent and more votes at the General Meeting of ING Bank Śląski Spółka Akcyjna were the following entities:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank NV	97.575.000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK*	8.811.020	6.77

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

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

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

1.7. Approval of financial statements

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

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 31 October 2017.

2. Significant events in 3 quarter 2017

2.1. Acquisition of Bieszczadzka Spółdzielcza Kasa Oszczędnościowo-Kredytowa (Bieszczadzka SKOK)

On 10 August 2017, the Polish Financial Supervision Authority ("PFSA") took a decision on acquisition by ING Bank Śląski S.A. of Bieszczadzka Spółdzielcza Kasa Oszczędnościowo-Kredytowa (Bieszczadzka SKOK; a credit union). The PFSA's decision was to ensure the security of the funds deposited at the Bieszczadzka SKOK acquired and it was taken in accordance with Article 74c.4 of the Credit Unions Act of 5 November 2009 ("Act").

On 11 August 2017, ING Bank Śląski S.A. took over the management of Bieszczadzka SKOK. On 1 September 2017, ING Bank Śląski S.A. (as the acquiring bank) acquired Bieszczadzka SKOK. Bieszczadzka SKOK stopped operating as a separate entity and was effectively merged with the Bank.

As at 30 September 2017, pursuant to IFRS 3, the Bank presented in its financial statements the approximate amounts linked to Bieszczadzka SKOK regarding the items whose settlement was still pending. Under IFRS 3.45, the Bank has 12 months to measure the final amounts. The acquisition did not entail payment transfer by the Bank.

As at 30 September 2017, SKOK's balance sheet values and result were presented in combination with the Bank's data. The data of Bieszczadzka SKOK as at the acquisition date are subject to the statutory auditor's audit.

The Bank Guarantee Fund offered support to ING Bank Śląski S.A. in the process of acquisition/restructuring of Bieszczadzka SKOK. The support can be granted in the form of subsidies for coverage of the difference between the value of the property rights acquired and acquired liabilities under guaranteed funds in the accounts of the Credit Union's depositors as well as the guarantee of covering the losses resulting from the risk of the acquired property rights or Credit Union's liabilities. The subsidies have been preliminarily estimated at PLN 11.8 million.

Preliminary amounts of acquired assets and liabilities are presented below:

Receivables from clients	17,3
Receivables from banks (including the National Credit Union)	9,1
Other financial instruments	0,8
Other assets	1,2
Total assets	28,4
Financial liabilities to clients guaranteed by the BGF	40,8
Other liabilities and provisions	0,8
Total liabilities	41,6
Identifiable total net assets	-13,2
Estimated subsidies	11,8
Goodwill	-1,4

Following the acquisition transaction, the Group initially recognised the goodwill as amounting to PLN 1.4 million; it was posted under the net income on other operating activities.

2.2. Sale of non-performing receivables portfolio

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

2.3. Rating update by Moody's

On 14 July 2017, Moody's Investors Service rating agency ("Moody's") in its semi-annual review affirmed the ratings for ING Bank Śląski S.A. Detailed information on ratings given to ING Bank Śląski S.A. by rating agencies are described in item 16.1. *Ratings*.

3. Significant events after the balance sheet date

3.1. Fitch Affirms Ratings

On 20 October 2017, Fitch Ratings Agency, as part of the annual review, affirmed the ratings for ING Bank Śląski S.A. Detailed information on ratings given to ING Bank Śląski S.A. by rating agencies are described in item 16.1. *Ratings*.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 3 quarter 2017 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 September 2017 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the Bank's financial statements for the year ended 31 December 2016 approved by the General Meeting on 21 April 2017.

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the period from 1 January 2017 to 30 September 2017, and interim condensed consolidated statement of financial position as at 30 September 2017 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. *Going-concern*

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

4.2. *Discontinued operations*

No material operations were discontinued during the 3 quarter 2017 and 3 quarter 2016.

4.3. *Financial statements scope and currency*

These interim condensed consolidated financial statements of the Group for the 3 quarter 2017 comprise the Bank and its subsidiaries. These interim condensed consolidated financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

4.4. *Comparable data and verification by the chartered auditor*

The comparative data cover the period from 1 January 2016 to 30 September 2016 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement, additionally for the interim condensed consolidated statement of changes in equity the period from 01 January 2016 to 31 December 2016; in the case of the interim condensed consolidated statement of financial position data as of 30 June 2017, 31 December 2016, 30 September 2016 and 30 June 2016.

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated income statement cover the data for Q3 2017 (period from 1 July 2017 to 30 September 2017) and the comparable data for Q3 2016 (period from 1 July 2016 to 30 September 2016).

4.5. Changes to accounting standards

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

The standards and interpretations which were already issued but are still ineffective since not approved by the European Union or approved by the European Union but not previously applied by the Group were presented in the 2016 Group Annual Consolidated Financial Statements. In Q3 2017, no changes to the accounting standards were published.

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

4.6. IFRS 9 Financial instruments

The IFRS 9 “*Financial Instruments*” was published by the IASB in July 2014 and was adopted by the European Union in November 2016. The IFRS 9 replaces the IAS 39 “*Financial Instruments: Recognition and Measurement*” and includes classification and measurement requirements for financial assets and liabilities, impairment of financial assets and hedge accounting. The new requirements shall become effective as of 1 January 2018.

IFRS 9 implementation project management and status of works

In 2017, the project focused on implementation of the methodology developed and verification of the adopted approach to the new IFRS 9 guidelines. In 2017, the Group publishes internally parallel reports to ensure readiness as at the date of first application of the new IFRS 9 guidelines i.e. 1 January 2018.

Classification and measurement

In Q3 2017, the works concentrated on:

- precise specification and verification of adopted assumptions in the context of market interpretations occurring, and
- implementation of the guidelines regarding management of business models and SPPI criterion by embedding them in the organisational processes and operations of the Group in order to ensure compliance of financial reporting with the new IFRS 9 guidelines.

Impact

The classification and measurement of most of the Group financial assets portfolios will remain consistent with that based on the IAS 39 i.e.:

- financial assets classified as “cash loans and receivables” will still be measured at amortised cost (excluding the assets not meeting the SPPI criterion)

- debt instruments classified as “available for sale” will still be measured at fair value through other comprehensive income
- financial instruments measured at fair value through profit or loss will still be measured according to the so-far approach.

The Group is currently confirming the interpretations adopted for specific items, especially regarding the SPPI criterion (Solely Payments of Principal and Interest).

Considering the present stage of analyses, the Group expects that possible shifts of assets measured at amortised cost to assets measured at fair value will only apply to loans whose interest structure includes the leverage element. The Group investments in equity instruments which as per the current approach were measured at acquisition price will, for the most part, be measured at fair value through other comprehensive income.

The Group expects that the changed approach to financial assets measurement as a consequence of applying the new principles will not have a significant impact on the Group's equity.

The classification and measurement of financial liabilities will in essence remain the same as according to the IAS 39 guidelines.

Impairment

The high-level assumptions adopted by the Group as regards the approach to the measurement of the expected credit loss (ECL) were presented in the Group consolidated financial statements for 2016. In 2017, the methodological framework was developed for the approach to macroeconomic scenarios.

Works on implementing these assumptions are at an advanced stage.

Impact

The Group expects an increase in impairment losses which at the date of implementation of the new guidelines may negatively affect the equity. The effect will be partly levelled by the expected loss element, now included in the calculation of regulatory capital (i.e.: shortfall of credit risk adjustments relative to expected losses as per the IRB approach).

The Group expects greater variability of impairment losses, *inter alia* due to macroeconomic projections. The quantitative impact of applying the IFRS 9 in that regard will not be presented later than in the Group consolidated financial statements for 2017.

Hedge accounting

The high-level assumptions adopted by the Group as regards the hedge accounting were presented in the Group consolidated financial statements for 2016.

At present, the Group is implementing the requirements concerning the hedge accounting disclosures in keeping with the IFRS 7 guidelines “*Financial instruments: Disclosure*” as at 1 January 2018.

Quantification of impact on financial standing and own funds

Due to the ongoing methodological works and uncertainty as to the final shape of tax regulations and capital requirements regarding to transitional period for IFRS 9 impact on own funds, the comprehensive impact of implementing the IFRS 9 guidelines on the Group financial standing and own funds cannot be credibly estimated. In addition, the banking sector is now discussing together with the Polish Financial Supervision Authority the interpretation of the IFRS 9 requirements, which may influence the classification and measurement of financial assets as at 1 January 2018 and in the subsequent periods. In the opinion of the Group, disclosure of the quantitative data based on the

assumptions in that regard and thereby not considering all the IFRS 9 aspects could distort the informative value of the financial statements.

5. Material accounting principles

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2016 to 31 December 2016 published on 03 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In Q3 2017, the Group did not make any changes to the accounting standards applied.

6. Comparability of financial data

The Group did not modify the manner of information disclosure in the interim condensed consolidated financial statements drawn up for Q3 2017 as compared with the interim condensed consolidated financial statements for Q3 2016.

7. Supplementary notes to interim condensed consolidated financial statements

7.1. Net interest income

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Interest income				
Interest on loans and receivables to other banks	13.9	40.1	12.7	38.9
Interest on loans and receivables to customers	915.1	2 606.6	800.2	2 305.5
Interest on repo transactions made with customers	0.9	2.2	2.3	8.3
Interest on financial assets held for trading	2.6	17.4	4.0	12.4
Interest on available-for-sale financial assets	104.8	337.6	134.7	383.3
Interest on financial assets held to maturity	55.7	152.1	37.6	95.0
Net interest income on derivatives	3.5	25.8	19.0	63.3
Total interest income	1 096.5	3 181.8	1 010.5	2 906.7
Interest expense				
Interest on deposits from other banks	15.5	48.7	15.2	31.6
Interest on deposits from customers	188.1	556.8	201.1	705.4
Interest on repo transactions made with customers	0.2	0.3	0.1	0.2
Interest on issue of debt securities	5.8	17.2	5.6	16.9
Interest on financial liabilities held for trading	0.3	1.2	0.3	0.7
Interest on subordinated liabilities	3.1	9.3	3.3	8.0
Total interest expense	213.0	633.5	225.6	762.8
Net interest income	883.5	2 548.3	784.9	2 143.9
NIM -net interest margin- cumulative (annualized) *	2.89%		2.57%	
NIM -net interest margin- quarterly **	2.99%		2.77%	

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

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

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

7.2. Net commission income

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Commission income				
transaction margin on currency exchange transactions	91.0	252.5	72.1	203.6
account maintenance fees	68.7	205.1	63.1	187.7
lending commissions	65.4	197.0	60.4	183.2
payment and credit cards fees	29.2	88.1	34.6	88.5
participation units distribution fees	26.2	74.3	22.1	65.8
insurance product offering commissions	17.7	49.9	7.9	31.3
factoring and lease agreements commissions	13.2	35.9	11.1	31.1
foreign commercial business	7.7	21.6	6.3	17.5
fiduciary and custodian fees	7.0	21.5	6.1	18.5
brokerage activity fees	5.7	19.0	7.6	24.4
other	10.8	28.5	11.5	29.5
Total commission income	342.6	993.4	302.8	881.1
Total commission expenses	37.8	107.7	33.5	99.8
Net commission income	304.8	885.7	269.3	781.3
Share of the net commission income in Group revenue*	25.2%	25.1%	25.1%	24.4%

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

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

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Net income on financial assets and liabilities held for trading, including:	21.0	53.1	-52.0	114.2
Net income on debt instruments	7.8	15.5	6.3	18.5
Net income on derivatives, including:	13.2	37.6	-58.3	95.7
- currency derivatives	4.5	28.3	-57.3	96.7
- interest rate derivatives	8.7	9.3	-1.0	-1.0
FX result	4.5	1.5	68.4	-69.7
Net income on financial instruments at fair value through profit or loss and FX result	25.5	54.6	16.4	44.5

7.4. Net income on investments

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Net income on equity instruments	0.4	12.3	0.0	189.6
Net income on debt instruments	3.2	28.0	3.9	34.2
Dividend income	0.0	6.3	0.1	5.5
Net income on investments	3.6	46.6	4.0	229.3

In the amount presented for the 3 quarters 2017, in net income on equity instruments item, 11.9 million concerns the result under the sale in H1 2017 of the Visa Inc. in the shares held by the Bank to ING Bank N.V. PLN 189.6 million presented for 3 quarters 2016 in the net income on equity instruments item shows the result under the settlement of the acquisition of Visa Europe Limited by Visa Inc. in June 2016.

7.5. Net income on hedge accounting

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Fair value hedge accounting for securities:	-5.9	0.4	0.9	-1.1
valuation of the hedged transaction	-34.4	-82.6	-82.1	-50.9
valuation of the hedging transaction	28.5	83.0	83.0	49.8
Cash flow hedge accounting:	-1.6	-0.9	-0.7	-0.8
ineffectiveness under cash flow hedges	-1.6	-0.9	-0.7	-0.8
Net income on hedge accounting	-7.5	-0.5	0.2	-1.9

7.6. General and administrative expenses

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Personnel expenses	260.6	772.2	259.8	762.6
Other general and administrative expenses, including:	263.9	827.0	255.7	778.9
cost of marketing and promotion	28.3	69.5	19.3	69.4
depreciation and amortisation	44.6	135.5	46.1	133.9
Bank Guarantee Fund payments	18.9	126.7	33.4	97.9
Total	524.5	1 599.2	515.5	1 541.5

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

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

The amount of PLN 126.7 million presented in this note under the item “contributions to the BGF” includes PLN 56.2 million worth of contributions to the banks’ guarantee fund (paid quarterly) and PLN 70.5 million under the contribution to the banks’ compulsory resolution fund (paid in Q3).

Until 2016, the Bank was required to pay to the BGF the mandatory contribution and the prudential fee (both made quarterly). During the 3 quarters 2017 they totalled PLN 97.9 million.

7.6.1. Headcount

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
FTEs	7 970.3	7 932.8	7 969.6	8 130.4	8 193.2
Individuals	8 016	7 980	8 025	8 179	8 245

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
FTEs	7 611.4	7 580.2	7 618.7	7 776.0	7 825.0
Individuals	7 654	7 624	7 669	7 821	7 873

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

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Impairment losses on loans and other receivables	227.9	730.2	183.9	721.3
Reversed impairment losses on loans and other receivables	-118.8	-420.6	-134.2	-559.2
Net impairment losses and provisions for off-balance sheet liabilities	109.1	309.6	49.7	162.1
Including:				
corporate banking	70.0	184.6	24.3	99.7
retail banking	39.1	125.0	25.4	62.4

7.8. Income tax

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Profit before tax	492.1	1 382.0	433.6	1 295.9
Income tax	116.4	345.7	101.6	297.8
Net profit	375.7	1 036.3	332.0	998.1
Effective tax rate	23.7%	25.0%	23.4%	23.0%

The difference in the effective tax rate over three quarters of 2017 was caused first and foremost by:

- the bank levy of PLN 243.9 million (PLN 203.0 million during 3 quarters 2016) and
- the contributions to the BGF totalling PLN 126.7 million, including the contribution to the banks' guarantee fund and the contribution to the banks' compulsory resolution fund (the difference in the effective tax rate in 2016 stemmed only from the prudential fee of PLN 31.4 million during 3 quarters 2016, the other fee – namely the mandatory contribution – constituted the tax deductible cost).

7.9. Loans and other receivables to other banks

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Current accounts	706.5	761.5	933.7	947.2	957.8
Interbank deposits	0.0	96.6	0.0	161.5	223.0
Loans and advances	454.8	158.5	156.0	55.5	55.1
Factoring receivables	13.6	33.8	24.0	28.9	49.9
Total (gross)	1 174.9	1 050.4	1 113.7	1 193.1	1 285.8
Impairment losses, including:	-0.2	-0.2	-0.3	-0.4	-0.4
concerning loans and advances	-0.2	-0.2	-0.3	-0.4	-0.4
Total (net)	1 174.7	1 050.2	1 113.4	1 192.7	1 285.4

7.10. Financial assets at fair value through profit or loss

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Financial assets held for trading, including:	1 415.2	2 676.6	2 826.8	1 617.3	1 847.3
debt instruments	1 392.8	2 676.6	2 805.2	1 617.3	1 847.3
transactions with the buy-back commitment	22.4	0.0	21.6	0.0	0.0
Total, including:	1 415.2	2 676.6	2 826.8	1 617.3	1 847.3
Treasury bonds and Treasury bills	1 391.3	2 662.8	2 795.7	1 607.5	1 847.3
European Investment Bank bonds	1.5	13.8	9.5	9.8	0.0

7.11. Investments

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Available-for-sale financial assets, including:	17 348.9	17 337.4	20 557.2	22 794.1	23 401.8
debt instruments, including:	17 343.6	17 332.0	20 508.4	22 749.5	23 360.3
- fair value hedge-hedged items	10 777.7	11 559.8	12 191.3	14 058.8	12 987.1
equity instruments	5.3	5.4	48.8	44.6	41.5
Financial assets held to maturity, including:	7 097.2	7 090.2	5 164.1	4 549.9	4 359.2
debt instruments	7 097.2	7 090.2	5 164.1	4 549.9	4 359.2
Total, including:	24 446.1	24 427.6	25 721.3	27 344.0	27 761.0
Treasury bonds and Treasury bills	21 351.6	21 334.9	23 038.1	24 586.8	25 311.3
European Investment Bank bonds	1 456.6	1 464.2	496.1	505.7	199.7

7.12. Loans and other receivables to customers

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Customer loan portfolio, including:	87 895.9	84 778.5	79 447.9	77 888.3	75 810.8
Loans and advances	74 540.1	71 703.6	66 783.9	65 486.5	63 743.5
Leasing receivables	6 356.1	6 126.5	5 760.5	5 555.7	5 492.9
Factoring receivables	4 743.3	4 643.1	4 373.6	4 286.0	4 047.3
Corporate and municipal bonds	2 256.4	2 305.3	2 529.9	2 560.1	2 527.1
Other receivables, including:	3 784.1	3 659.6	3 999.3	3 944.0	3 978.6
Eurobonds (T-bonds)	3 674.4	3 589.8	3 910.7	3 822.7	3 909.7
Other	109.7	69.8	88.6	121.3	68.9
Total loans and receivables to customers (gross)	91 680.0	88 438.1	83 447.2	81 832.3	79 789.4
Impairment losses (with IBNR), including:	-1 592.7	-1 535.8	-1 467.7	-1 454.9	-1 480.8
concerning customer loan portfolio, including:	-1 592.0	-1 535.1	-1 467.0	-1 453.7	-1 479.6
concerning loans and advances	-1 519.6	-1 470.2	-1 376.7	-1 384.6	-1 409.9
concerning leasing receivables	-29.5	-28.8	-50.4	-46.4	-48.8
concerning factoring receivables	-26.8	-20.0	-22.8	-21.3	-19.8
concerning debt securities (corporate and municipal bonds)	-16.1	-16.1	-17.1	-1.4	-1.1
concerning other receivables, including:	-0.7	-0.7	-0.7	-1.2	-1.2
concerning T-eurobonds	-0.7	-0.7	-0.7	-0.7	-0.7
other	0.0	0.0	0.0	-0.5	-0.5
Total loans and receivables to customers (net), including:	90 087.3	86 902.3	81 979.5	80 377.4	78 308.6
to entities from the financial sector other than banks	2 448.2	2 525.4	2 347.3	2 065.4	2 335.8
to entities from the non-financial sector	80 900.0	77 554.6	72 306.2	70 845.1	68 319.4
to entities from the government and self-government institutions' sector	6 739.1	6 822.3	7 326.0	7 466.9	7 653.4

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Loans and advances, including:	1 913.7	2 076.4	1 879.0	1 563.5	1 866.0
- in the current account	594.5	674.6	376.3	258.4	392.5
- term ones	1 319.2	1 401.8	1 502.7	1 305.1	1 473.5
Leasing receivables	0.2	0.5	0.6	0.6	0.4
Factoring receivables	50.3	0.0	0.5	0.5	20.4
Debt securities (notes)	386.6	386.6	386.6	386.5	386.5
Other receivables	98.3	62.7	81.6	115.2	63.1
Total (gross)	2 449.1	2 526.2	2 348.3	2 066.3	2 336.4
Impairment losses (including IBNR), including:	-0.9	-0.8	-1.0	-0.9	-0.6
concerning loans and advances	-0.8	-0.7	-0.9	-0.8	-0.5
concerning debt securities	-0.1	-0.1	-0.1	-0.1	-0.1
Total (net)	2 448.2	2 525.4	2 347.3	2 065.4	2 335.8

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Business entities, including:	44 443.3	42 851.6	40 321.0	39 999.4	38 686.9
Loans and advances, including:	33 983.1	32 424.5	30 245.8	30 118.1	29 117.7
- in the current account	9 116.1	8 689.5	6 964.2	7 765.9	7 844.8
- term ones	24 867.0	23 735.0	23 281.6	22 352.2	21 272.9
Leasing receivables	5 329.9	5 169.5	4 903.4	4 772.5	4 759.6
Factoring receivables	4 353.7	4 497.9	4 208.5	4 163.4	3 916.7
Debt securities (corporate bonds and notes)	765.2	752.6	956.3	939.8	887.6
Other receivables	11.4	7.1	7.0	5.6	5.3
Households, including:	38 046.5	36 236.0	33 450.0	32 297.8	31 110.9
Loans and advances, including:	36 767.7	35 233.3	32 513.5	31 464.6	30 328.1
- in the current account	2 016.0	1 925.8	1 762.7	1 792.9	1 767.0
- term ones	34 751.7	33 307.5	30 750.8	29 671.7	28 561.1
Leasing receivables	1 025.8	956.4	856.5	782.6	732.9
Factoring receivables	253.0	46.3	80.0	50.1	49.4
Other receivables	0.0	0.0	0.0	0.5	0.5
Total (gross)	82 489.8	79 087.6	73 771.0	72 297.2	69 797.8
Impairment losses (including IBNR), including:	-1 589.8	-1 533.0	-1 464.8	-1 452.1	-1 478.4
Business entities, including:	-925.2	-873.7	-880.2	-935.7	-918.1
concerning loans and advances	-859.4	-813.0	-792.9	-869.3	-851.3
concerning leasing receivables	-26.6	-26.6	-48.8	-44.9	-46.9
concerning factoring receivables	-23.6	-18.5	-21.9	-20.6	-19.2
concerning debt securities	-15.6	-15.6	-16.6	-0.9	-0.7
Households, including:	-664.6	-659.3	-584.6	-516.4	-560.3
concerning loans and advances	-658.6	-655.7	-582.1	-513.7	-557.3
concerning leasing receivables	-2.9	-2.2	-1.6	-1.5	-1.9
concerning factoring receivables	-3.1	-1.4	-0.9	-0.7	-0.6
concerning other receivables	0.0	0.0	0.0	-0.5	-0.5
Total (net)	80 900.0	77 554.6	72 306.2	70 845.1	68 319.4

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Loans and advances, including:	1 875.6	1 969.5	2 145.6	2 340.3	2 431.7
- in the current account	85.5	79.3	7.4	110.5	103.8
- term ones	1 790.1	1 890.2	2 138.2	2 229.8	2 327.9
Leasing receivables	0.2	0.0	0.0	0.0	0.0
Factoring receivables	86.3	98.9	84.6	72.0	60.8
Debt securities (municipal bonds)	1 104.6	1 166.1	1 187.0	1 233.8	1 253.0
Eurobonds (T-bonds)	3 674.4	3 589.8	3 910.7	3 822.7	3 909.7
Total (gross)	6 741.1	6 824.3	7 327.9	7 468.8	7 655.2
Impairment losses (including IBNR), including:	-2.0	-2.0	-1.9	-1.9	-1.8
concerning loans and advances	-0.8	-0.8	-0.8	-0.8	-0.8
concerning factoring receivables	-0.1	-0.1	0.0	0.0	0.0
concerning debt securities (municipal bonds)	-0.4	-0.4	-0.4	-0.4	-0.3
concerning T-eurobonds	-0.7	-0.7	-0.7	-0.7	-0.7
Total (net)	6 739.1	6 822.3	7 326.0	7 466.9	7 653.4

Portfolio of loans and receivables by client segment

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Gross value, including:	87 896.0	84 778.6	79 447.9	77 888.3	75 810.8
Corporate banking segment, including:	52 100.7	50 457.3	47 807.3	47 306.5	46 247.6
- loans and advances	39 376.7	37 959.2	35 645.6	35 364.5	34 604.2
- leasing receivables	5 725.0	5 549.6	5 258.2	5 096.0	5 069.1
- factoring receivables	4 742.6	4 643.2	4 373.6	4 285.9	4 047.2
- corporate and municipal debt securities	2 256.4	2 305.3	2 529.9	2 560.1	2 527.1
Retail banking segment, including:	35 795.3	34 321.3	31 640.6	30 581.8	29 563.2
- mortgages	26 650.1	25 589.0	23 887.1	23 059.0	22 383.0
- other loans and advances	9 145.2	8 732.3	7 753.5	7 522.8	7 180.2
Impairment loss of value (including IBNR), including:	-1 592.0	-1 535.2	-1 467.0	-1 453.7	-1 479.6
Corporate banking segment, including:	-990.0	-933.6	-939.8	-994.1	-972.6
- loans and advances	-919.5	-869.8	-850.5	-926.0	-882.0
- leasing receivables	-27.7	-27.7	-49.4	-45.7	-69.6
- factoring receivables	-26.7	-20.0	-22.8	-21.0	-19.9
- corporate and municipal debt securities	-16.1	-16.1	-17.1	-1.4	-1.1
Retail banking segment, including:	-602.0	-601.6	-527.2	-459.6	-507.0
- mortgages	-186.7	-187.3	-195.0	-151.5	-148.3
- other loans and advances	-415.3	-414.3	-332.2	-308.1	-358.7
Net value, including:	86 304.0	83 243.4	77 980.9	76 434.6	74 331.2
Corporate banking segment, including:	51 110.7	49 523.7	46 867.5	46 312.4	45 275.0
- loans and advances	38 457.2	37 089.4	34 795.1	34 438.5	33 722.2
- leasing receivables	5 697.3	5 521.9	5 208.8	5 050.3	4 999.5
- factoring receivables	4 715.9	4 623.2	4 350.8	4 264.9	4 027.3
- corporate and municipal debt securities	2 240.3	2 289.2	2 512.8	2 558.7	2 526.0
Retail banking segment, including:	35 193.3	33 719.7	31 113.4	30 122.2	29 056.2
- mortgages	26 463.4	25 401.7	23 692.1	22 907.5	22 234.7
- other loans and advances	8 729.9	8 318.0	7 421.3	7 214.7	6 821.5

7.13. Quality of customer loan portfolio

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Corporate banking segment					
Gross value, including:	52 100.7	50 457.2	47 807.3	47 306.5	46 247.6
unimpaired	50 371.8	48 785.2	46 269.2	45 644.6	44 581.7
impaired	1 728.9	1 672.0	1 538.1	1 661.9	1 665.9
Impairment losses and provisions, including:	1 026.5	963.4	962.3	1 024.6	1 005.3
unimpaired	76.1	71.7	70.2	68.5	78.0
impaired	913.9	861.8	869.6	925.6	894.6
provisions for off-balance sheet liabilities	36.5	29.9	22.5	30.5	32.7
Share of impaired portfolio	3.3%	3.3%	3.2%	3.5%	3.6%
Impaired portfolio coverage ratio	52.9%	51.5%	56.5%	55.7%	53.7%
Retail banking segment					
Gross value, including:	35 795.3	34 321.3	31 640.6	30 581.8	29 563.2
unimpaired	35 152.1	33 687.5	31 101.9	30 084.0	29 018.1
impaired	643.2	633.8	538.7	497.8	545.1
Impairment losses and provisions, including:	606.9	606.5	531.5	468.3	515.8
unimpaired	157.0	155.6	141.9	104.1	99.7
impaired	445.0	446.0	385.3	355.5	407.3
provisions for off-balance sheet liabilities	4.9	4.9	4.3	8.7	8.8
Share of impaired portfolio	1.8%	1.8%	1.7%	1.6%	1.8%
Impaired portfolio coverage ratio	69.2%	70.4%	71.5%	71.4%	74.7%
Total gross value	87 896.0	84 778.5	79 447.9	77 888.3	75 810.8
Total impairment losses and provisions, including:	1 633.4	1 569.9	1 493.8	1 492.9	1 521.1
unimpaired	233.1	227.3	212.1	172.6	177.7
impaired	1 358.9	1 307.8	1 254.9	1 281.1	1 301.9
provisions for off-balance sheet liabilities	41.4	34.8	26.8	39.2	41.5
Total coverage ratio	1.9%	1.9%	1.9%	1.9%	2.0%
Share of impaired portfolio	2.7%	2.7%	2.6%	2.8%	2.9%
Impaired portfolio coverage ratio	57.3%	56.7%	60.4%	59.3%	58.9%

Changes in impairment losses on loans and advances

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01Jul2017 to 30Sep2017	the period from 01Jan2017 to 30Sep2017	the period from 01Jul2016 to 30Sep2016	the period from 01Jan2016 to 30Sep2016
Opening balance of impairment losses	1 572.0	1 495.9	1 523.6	1 573.6
Changes in the period, including:	63.6	139.7	-28.2	-78.2
changes in income statement	109.1	309.6	49.7	162.1
write-offs and decreases under sale of debt claims	-60.6	-172.4	-77.4	-250.2
other	15.1	2.5	-0.5	9.9
Closing balance of impairment losses	1 635.6	1 635.6	1 495.4	1 495.4

In 2016, the Group changed the recognition of the interest and commission-related provisions. Prior to the change, the amount of the interest and commission-related provisions was presented as a component of the impairment loss, while after the change the amount adjusts in minus the gross carrying amount of loans and other receivables. As the change has no impact on the total assets in the consolidated statement of financial position and no material impact on the impaired portfolio coverage ratio, the Group abandoned transforming the data for previous periods.

7.14. Non-financial assets

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Investment properties	0.3	0.3	0.3	53.2	53.2
Property, plant and equipment	557.0	564.4	578.0	540.0	552.9
Intangible assets	422.0	420.6	426.2	431.8	426.4
Total	979.3	985.3	1 004.5	1 025.0	1 032.5

7.15. Liabilities to other banks

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Current accounts	1 251.0	1 132.3	933.4	1 579.9	1 356.0
Interbank deposits	1 197.9	784.1	1 050.6	404.2	772.5
Repo transactions	8.0	1 119.6	0.0	2 018.2	0.0
Loans received*	3 129.2	3 061.1	3 023.3	2 957.0	2 869.9
Other liabilities	51.7	43.4	35.7	73.2	83.9
Total	5 637.8	6 140.5	5 043.0	7 032.5	5 082.3

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

7.16. Financial liabilities at fair value through profit or loss

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Financial liabilities held for trading, including:	22.4	0.0	21.6	0.0	0.0
repo transactions	22.4	0.0	21.6	0.0	0.0
Book short position in trading securities	1 641.2	108.6	453.2	598.6	299.3
Total	1 663.6	108.6	474.8	598.6	299.3

7.17. Liabilities to customers

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Deposits	96 965.0	95 981.1	94 113.4	90 785.0	91 728.1
Other liabilities	1 494.8	1 727.7	1 712.0	1 519.6	1 755.2
Total liabilities due to customers, including:	98 459.8	97 708.8	95 825.4	92 304.6	93 483.3
liabilities due to entities from the financial sector other than banks	3 615.5	4 115.5	3 617.9	2 775.5	2 700.1
liabilities due to entities from the non-financial sector	92 532.7	91 830.2	90 456.5	87 572.3	88 521.8
liabilities due to entities from the government and self-government institutions' sector	2 311.6	1 763.1	1 751.0	1 956.8	2 261.4

Liabilities due to entities from the financial sector other than banks

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Deposits, of which:	3 348.2	4 044.7	3 429.2	2 700.8	2 661.1
- current accounts	3 133.3	3 944.0	3 233.8	2 241.3	2 536.2
- term deposit	214.9	100.7	195.4	459.5	124.9
Other liabilities	267.3	70.8	188.7	74.7	39.0
Total	3 615.5	4 115.5	3 617.9	2 775.5	2 700.1

Liabilities due to entities from the non-financial sector

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Business entities, including:	26 965.5	26 682.8	26 840.9	25 975.1	25 447.6
Deposits, including:	25 826.9	25 099.7	25 395.4	24 618.5	23 805.9
- current accounts	16 323.9	15 951.6	15 542.2	13 431.2	12 577.6
- saving accounts	8 126.8	7 798.7	8 414.4	8 271.1	8 774.4
- term deposit	1 376.2	1 349.4	1 438.8	2 916.2	2 453.9
Other liabilities	1 138.6	1 583.1	1 445.5	1 356.6	1 641.7
Households, including:	65 567.2	65 147.4	63 615.6	61 597.2	63 074.2
Deposits, including:	65 488.6	65 081.1	63 548.0	61 521.0	63 008.8
- current accounts	13 516.9	13 167.4	11 960.2	11 259.2	10 769.1
- saving accounts	49 373.0	48 979.8	47 726.0	45 901.4	47 033.5
- term deposit	2 598.7	2 933.9	3 861.8	4 360.4	5 206.2
Other liabilities	78.6	66.3	67.6	76.2	65.4
Total	92 532.7	91 830.2	90 456.5	87 572.3	88 521.8

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Deposits, including:	2 301.3	1 755.6	1 740.8	1 944.7	2 252.3
- current accounts	1 705.6	1 647.2	1 684.3	1 747.1	2 091.7
- term deposit	595.7	108.4	56.5	197.6	160.6
Other liabilities	10.3	7.5	10.2	12.1	9.1
Total	2 311.6	1 763.1	1 751.0	1 956.8	2 261.4

7.18. Provisions

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Provision for issues in dispute	5.5	4.8	4.2	1.9	2.1
Provision for off-balance sheet liabilities	41.4	34.8	26.8	39.2	41.5
Provision for retirement benefits	30.4	29.9	29.3	23.0	22.7
Provision for unused holidays	13.5	13.5	13.5	15.7	15.7
Total	90.8	83.0	73.8	79.8	82.0

7.19. Fair value

7.19.1. Financial assets and liabilities at fair value in statement of financial position

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

As of 30 Sep 2017

	Level 1	Level 2	Level 3	TOTAL
Financial assets, including:	18 736.4	1 901.0	5.3	20 642.7
Financial assets held for trading, including:	1 392.8	22.4	0.0	1 415.2
- treasury bonds	1 391.3	0.0	0.0	1 391.3
- European Investment Bank bonds	1.5	0.0	0.0	1.5
- repo transactions	0.0	22.4	0.0	22.4
Valuation of derivatives	0.0	828.5	0.0	828.5
Financial assets available-for sale, including:	17 343.6	0.0	5.3	17 348.9
- treasury bonds	16 297.3	0.0	0.0	16 297.3
- Austrian government bonds	427.2	0.0	0.0	427.2
- European Investment Bank bonds	619.1	0.0	0.0	619.1
- equity instruments	0.0	0.0	5.3	5.3
Derivative hedge instruments	0.0	1 050.1	0.0	1 050.1
Financial liabilities, including:	1 641.2	1 780.1	0.0	3 421.3
Financial liabilities held for trading, including:	0.0	22.4	0.0	22.4
- repo transactions	0.0	22.4	0.0	22.4
Book short position in trading securities	1 641.2	0.0	0.0	1 641.2
Valuation of derivatives	0.0	957.8	0.0	957.8
Derivative hedge instruments	0.0	799.9	0.0	799.9

IRS/FRA settled to market

In 3 quarter 2017, the Group joined a new service provided for by the Regulations of CCP CSD in respect of the approach to the settlement of IRS and FRA instruments. Before the change, the net exposure under the CCP CSD transactions was collateralised with the variation margin as per the collateralised to market approach. In line with the terms and conditions of the new service, the transaction exposure is settled daily based on changed market value of specific transactions (i.e. under the settled to market approach). Therefore, no variation margin is placed. The fair value of individual transactions includes the daily exposure settlement flows. Since 2006 the Group has been using a similar service for settlement of derivatives sent to the London Clearing House (LCH).

As of 31 Dec 2016

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

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

As of 30 Sep 2017

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	1 638.2	-	1 638.2	-	1 638.2
Financial assets held to maturity	7 097.2	7 011.6	-	-	7 011.6
Loans and receivables to other banks	1 174.7	-	1 174.7	-	1 174.7
Loans and receivables to customers	90 087.3	-	3 708.2	83 336.7	87 044.9
Receivables from customers under repo transactions	19.7	-	19.7	-	19.7
Other assets	294.5	-	-	294.5	294.5
Liabilities					
Liabilities due to other banks	5 637.8	-	5 637.8	-	5 637.8
Liabilities due to customers	98 459.8	-	-	98 462.3	98 462.3
Liabilities under issue of debt securities	872.1	-	870.9	-	870.9
Subordinated liabilities	647.7	-	-	647.7	647.7

As of 31 Dec 2016

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

7.20. Total capital ratio

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Own funds					
A. Own equity in the statement of financial position, including:	11 486.9	11 154.1	10 477.2	10 979.0	10 812.6
A.I. Own equity included in the own funds calculation, including:	10 146.1	10 115.1	9 069.9	9 150.1	8 845.5
share capital and agio	1 086.4	1 086.4	1 086.4	1 086.4	1 086.4
retained earnings	8 816.5	8 815.7	7 874.8	7 874.7	7 566.1
- including net financial result in approval	0.0	-	308.5	308.5	-
revaluation reserve (unrealised losses)	-8.3	-19.5	-62.0	-23.6	-28.3
revaluation reserve (unrealised gains)	251.5	232.5	170.7	212.6	221.3
A.II. Own equity excluded from own funds calculation, including:	1 340.8	1 039.0	1 407.3	1 828.9	1 967.1
revaluation reserve	308.6	383.2	468.8	1 152.8	1 315.0
retained earnings	1 032.2	655.8	936.2	673.8	649.6
other	0.0	0.0	2.3	2.3	2.5
B. Other elements of own funds (decreases and increases), including:	71.7	69.0	123.7	82.2	107.1
subordinated debt	646.4	633.9	663.6	646.8	663.8
goodwill and other intangible assets	-415.1	-416.4	-423.6	-430.1	-426.1
AIRB shortfall/surplus of credit risk adjustments to expected losses	-158.4	-147.5	-115.7	-134.5	-130.6
value adjustments due to the requirements for prudent valuation	-1.2	-1.0	-0.6	-	0.0
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	10 217.8	10 184.1	9 193.6	9 232.3	8 952.6
Core Tier I capital	9 587.3	9 564.9	8 553.1	8 612.4	8 314.9
Tier II capital	630.5	619.2	640.5	619.9	637.7
Capital requirements					
capital requirements for credit risk	4 775.8	4 561.0	4 121.5	4 249.2	4 194.4
other capital requirements	656.7	640.7	598.6	609.2	597.8
supplement to the overall level of capital requirements	0.0	129.1	273.5	132.6	120.9
Total capital requirements	5 432.5	5 330.8	4 993.6	4 991.0	4 913.1
Total capital ratio	15.1%	15.3%	14.7%	14.8%	14.6%
Tier I ratio	14.1%	14.4%	13.7%	13.8%	13.5%

Starting with Q3 2017 reporting, the Group adjusted its recognition manner of the regulatory floor to the requirements of Article 500 of CRR No. 575/2013. The change was to unify the calculation of capital ratios with the approach applied by the parent company and is consistent with the practice adopted in EU countries. In order to calculate capital requirements, the Group recognises the supplementary amount to the overall level of capital requirements in line with the local regulator's guidelines. The changed approach to floor recognition in the calculation of capital ratios was agreed with the Polish Financial Supervision Authority. In order to fulfil the requirements of Article 500 of CRR No. 575/2013, the Group compares own funds with the regulatory floor, being 80% of the total capital requirement calculated in the standard approach in the calculation of credit risk requirement. The Group's own funds exceed the minimum set regulatory floor.

Following the effective entry as of 2 December 2017 of the Regulation of the Minister for Economic Development and Finance of 25 May 2017 on the higher risk weight for the property mortgage-backed exposures, in December 2017 the Group will change the calculation of the capital requirement amount under the property mortgage-backed exposures in the following manner:

1. risk weight change from 100% to 150% for property mortgage-backed exposures when the principal or interest instalment amount depends on the FX movements, and
2. change from 50% to 80% of the property market value relative to the part of the loan backed with the residential property for which a preferential risk weight of 35% may be applied.

The Group estimates the total impact of the above two changes at approximately 0.17 p.p.

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

Under Regulation (EU) No. 241/2014 with regard to regulatory technical standards for own funds requirements for institutions and the Polish Financial Supervision Authority's decision of 15 September 2016, the Group recognised the Bank's net profit of PLN 308.5 million for the period from 01 January 2016 to 30 June 2016 in their own funds as at 30 September 2016 and 31 December 2016. By virtue of the Polish Financial Supervision Authority decision of 23 October 2017, in subsequent reporting periods the Group will include the Bank's net profit of PLN 425.1 million for the period from 1 January 2017 to 30 June 2017 in the calculation of own funds.

8. Factors potentially affecting the financial results in the following quarters

- According to the ING Bank Śląski S.A. economists, the upcoming months of 2017 should see a further increase in the GDP (from 4% y/y to 4.5% y/y), and moreover, the extraordinary growth rate will also sustain over 2018 (4.1% y/y). After last year's slowdown being a consequence of a slump in delivery of projects co-financed from the EU funds, market conditions have noticeably improved following, inter alia, high household expenditures (the effect of a good situation in the labour market and the 500+ programme) as well as the start of projects from the new budget perspective (2014-2020). Investment activities will reach their climax most probably next year. In the opinion of ING Bank Śląski S.A. economists, along with the fading away of the effects of the 500+ programme activation, consumption will decline in the next quarters to the level approximate to the average GDP growth.
- The ING Bank Śląski S.A. economists expect the high pay pressure in the domestic economy to continue. The growth rate of salaries and wages in the next quarters will in all likelihood still fluctuate around 6.5% y/y. As per the Central Statistical Office research, the percentage of entrepreneurs that declare difficulties with finding employees is at the record high level; however, at the same time, junk contracts and the influx of labour force from Ukraine impede the domestic pay rise. Next year, a lower increase in minimum remuneration will also have a negative impact on the pay rise.
- As forecast by the ING Bank Śląski S.A. economists, the CPI inflation in Poland will fall from 2.2% y/y to 1.5% y/y in Q4 2017, while throughout 2018 it will remain below the NBP inflation target (2.5% y/y).

In H1 2018, the annual inflation growth rate will be curbed by, inter alia, the negative underlying effects regarding food and fuel prices. The ING Bank Śląski S.A. economists are of the opinion that a moderate inflation pressure and a gradual increase in investment projects will make the Monetary Policy Council keep interest rates at the unchanged level until Q4 2018.

- A marked improvement in tax collection (of VAT, in particular) shows that despite the growing budgetary burden (following, among others, the activation of the social benefits programme in 2016, lowering of the retirement age as of October 2017 and starting of public investment projects), the deficit of the public finance sector will settle clearly below 2.5% of GDP in 2017-2018.
- Escalation of the conflict with the European Commission over respecting the rule of law in Poland is grinding to a halt. Rating agencies did not signal that institutional changes would adversely affect the viability assessment in the upcoming quarters. However, the long-term budgetary burden driven by the lower retirement age will most probably prevent the rating agencies from upgrading the ratings.

9. Off-balance sheet items

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Off-balance sheet liabilities granted	28 905.0	28 744.4	27 954.5	27 081.1	26 813.0
Off-balance sheet liabilities received	82 993.5	83 999.9	79 093.3	65 804.8	65 451.2
Off-balance sheet financial instruments	501 477.6	493 848.2	439 511.9	394 457.4	363 427.4
Total off-balance sheet items	613 376.1	606 592.5	546 559.7	487 343.3	455 691.6

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

None.

11. Dividends paid

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

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

12. Settlements due to disputable cases

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

Changes to the litigation reserves (in PLN million)

	3Q 2017 the period from 01 Jul 2017 to 30 Sep 2017	3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	3Q 2016 the period from 01 Jul 2016 to 30 Sep 2016	3Q 2016 YTD the period from 01 Jan 2016 to 30 Sep 2016
Status at the period beginning	4.8	4.2	2.1	3.3
Establishment of provisions	0.8	1.9	0.3	0.6
Release of provisions	0.0	0.0	0.0	-1.4
Utilisation of provision	-0.1	-0.6	-0.5	-0.6
Status as at the period	5.5	5.5	1.9	1.9

Both as at the end of Q3 2017 and Q3 2016, there were no pending proceedings concerning liabilities or debt claims at ING Bank Śląski S.A. Group whose value or total value would constitute at least 10% of the Bank's equity before any court of law, competent body for the arbitration proceedings or any public administration authority.

13. Seasonality or cyclicity of activity

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

14. Transactions with related entities

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

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

Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding").

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

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

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

Transactions between related entities (PLN million)

	ING Bank NV	Other ING Group entities	ING Bank NV	Other ING Group entities
	as of 30 Sep 2017		as of 30 Sep 2016	
Receivables				
Current accounts	19.4	1.5	19.3	15.0
Deposits placed	-	-	21.6	-
Loans	24.2	48.7	27.3	42.1
Positive valuation of derivatives	215.9	85.3	141.8	203.7
Other receivables	0.5	0.1	7.3	1.5
Liabilities				
Deposits received	368.2	26.0	366.3	50.2
Loans received	2 840.3	-	2 665.8	-
Subordinated loan	647.7	-	648.1	-
Loro accounts	17.7	103.2	22.5	25.7
Negative valuation of derivatives	220.9	80.2	218.0	144.1
Other liabilities	40.7	0.6	67.9	1.4
Off-balance-sheet operations				
Off-balance sheet liabilities granted	441.8	228.7	482.3	227.0
Off-balance sheet liabilities received	1 400.1	182.5	1 548.0	84.0
FX transactions	19 948.5	162.8	10 268.9	95.3
Forward transactions	2 035.3	-	-	-
IRS	3 211.6	2 519.6	5 622.9	3 090.7
Options	5 428.4	275.2	2 668.2	351.7
	3Q 2017 YTD		3Q 2016 YTD	
	the period from 01Jan 2017 to 30 Sep 2017		the period from 01Jan 2016 to 30 Sep 2016	
Income and expenses				
Income, including:	23.6	8.0	-134.7	15.2
interest and commission income/expenses	-16.0	4.7	-22.3	18.5
income on financial instruments	27.3	3.3	-112.6	-3.3
net income on other basic activities	0.3	-	0.2	-
result on financial investment assets	12.0	-	-	-
General and administrative expenses	44.1	5.0	51.7	5.2
Outlays for non-current assets				
Outlays for property, plant and equipment	-	-	-	0.7
Outlays for intangible assets	-	-	0.9	0.2

15. Segmentation of revenue and financial results of the Group

15.1.1. Segments of operation

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

The Bank's business model, above all for the purpose of management reporting, includes division of clients into two main segments:

- retail banking segment.
- corporate banking segment.

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

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

15.1.2. Retail banking segment

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

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

15.1.3. Corporate banking segment

Corporate banking area encompasses as follows:

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

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

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

15.1.4. Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS). Transfer prices are defined based on the yield curve for a given currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtainment of long-term liquidity, matching of the Bank's position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations. Revenue, costs, results, assets and liabilities for a given segment account for elements that are directly attributable to the segment in question, as well as element that may be attributed to that segment based on reasonable premises. The Bank presents segment's interest income reduced by the cost of the interest. In 9 months 2017, the Bank revised the allocation key for the ALCO's income. The data for previous periods presented herein were made comparable.

3Q 2017 YTD

the period from 01 Jan 2017 to 30 Sep 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 983.2	1 551.5	3 534.7
net interest income	1 583.6	964.7	2 548.3
net commission income	315.6	570.1	885.7
other income/expenses	84.0	16.7	100.7
Expenses total	962.2	637.0	1 599.2
Segment result	1 021.0	914.5	1 935.5
Impairment losses	125.0	184.6	309.6
Tax on certain financial institutions	92.8	151.1	243.9
Segment profit before tax	803.2	578.8	1 382.0
Income tax	-	-	345.7
Result after tax	-	-	1 036.3
- attributable to shareholders of ING Bank Śląski S.A.	-	-	1 036.3
Allocated equity	4 947.2	6 539.0	11 486.2
ROE - Return on equity (%)*	16.1	8.5	11.8

*) 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.

3Q 2017

the period from 01 Jul 2017 to 30 Sep 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	670.7	539.1	1 209.8
net interest income	548.2	335.3	883.5
net commission income	103.8	201.0	304.8
other income/expenses	18.7	2.8	21.5
Expenses total	311.2	213.3	524.5
Segment result	359.5	325.8	685.3
Impairment losses	39.1	70.0	109.1
Tax on certain financial institutions	32.4	51.7	84.1
Segment profit before tax	288.0	204.1	492.1
Income tax	-	-	116.4
Result after tax	-	-	375.7
- attributable to shareholders of ING Bank Śląski S.A.	-	-	375.7

3Q 2016 YTD

the period from 01 Jan 2016 to 30 Sep 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 850.8	1 351.7	3 202.5
net interest income	1 339.4	804.5	2 143.9
net commission income	280.6	500.7	781.3
other income/expenses	230.8	46.5	277.3
Expenses total	923.9	617.6	1 541.5
Segment result	926.9	734.1	1 661.0
Impairment losses	62.4	99.7	162.1
Tax on certain financial institutions	73.1	129.9	203.0
Segment profit before tax	791.4	504.5	1 295.9
Income tax	-	-	297.8
Result after tax	-	-	998.1
- attributable to shareholders of ING Bank Śląski S.A.	-	-	998.1
Allocated equity	4 681.7	6 295.0	10 976.7
ROE - Return on equity (%)*	15.6	8.1	11.3

*) 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.

3Q 2016

the period from 01 Jul 2016 to 30 Sep 2016

	Retail banking segment	Corporate banking segment	TOTAL
Income total	607.9	466.6	1 074.5
net interest income	506.9	278.0	784.9
net commission income	98.4	170.9	269.3
other income/expenses	2.6	17.7	20.3
Expenses total	317.4	198.1	515.5
Segment result	290.5	268.5	559.0
Impairment losses	25.4	24.3	49.7
Tax on certain financial institutions	27.6	48.1	75.7
Segment profit before tax	237.5	196.1	433.6
Income tax	-	-	101.6
Result after tax	-	-	332.0
- attributable to shareholders of ING Bank Śląski S.A.	-	-	332.0

15.1.5. Geographical segments

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

16. Other informations

16.1. Ratings

Fitch Ratings Ltd.

The Fitch Ratings Ltd. Agency assigns full rating to ING Bank Śląski S.A. under the agreement between the Bank and the Agency. In the announcement of 20 April 2016. the Agency upgraded the Long-Term Issuer Default Rating (Long-Term IDR) for ING Bank Śląski S.A. from A- to A. The rating outlook is stable. The upgrade is the result of the same rating action taken towards ING Bank N.V. which is the Bank's dominant shareholder. Additionally, the Agency upheld the support rating at 1.

On 09 November 2016 the Agency upheld the ratings for ING Bank Śląski S.A. The Agency emphasised in its announcement that the ratings upheld for ING Bank Śląski S.A. reflected the Bank's solid financial standing and strong capital position, high asset quality and stable funding source relying on client deposits.

On 21 March 2017, the Agency assigned national ratings to the Bank. The National Long-Term Rating was set at AAA (pol) with stable outlook. while the National Short-Term Rating – at F1+ (pol).

As at 30 September 2017, the Bank had the rating of financial credibility, issued by the Agency:

Rating	Level
Long-term IDR	A
Outlook for sustaining the above rating	Stable
Short-term IDR	F1
Viability rating	bbb+
Support rating	1
National Long-Term Rating	AAA (pol)
Outlook for sustaining the above rating	Stable
National Short-Term Rating	F1+ (pol)

On 20 October 2017, as part of the annual review, the Agency affirmed the ratings assigned to the Bank, including the national ratings.

Long-term IDR and Short-term IDR determine the entity's ability to meet financial commitments on a timely basis. Long-term IDR at A level reflects high ability of the Bank to timely settle long-term financial obligations. Short-term IDR at the F1 level means the highest rating for the ability to meet short-term commitments (up to 13 months) on a timely basis. In case of both ratings the Fitch agency considered the high probability of obtaining potential support from the dominant shareholder. ING Bank NV (ING Bank Śląski was assigned the highest support rating – 1). Viability rating of bbb+ means that according to the Agency, the intrinsic creditworthiness of the Bank; i.e., without any support (understood as the capacity to pay one's liabilities on time) is high. The Agency is of the opinion that the Bank has strong capital and liquidity position.

The ratings on the National Rating Scale reflect a relative credit viability assessment for the entity vis-à-vis the lowest default risk in a given country. The ratings are compared neither internationally nor over time.

Moody's Investors Service Ltd.

The Moody's Investors Service Ltd. Agency assigns rating to ING Bank Śląski S.A. on the basis of the universally available public information. On 14 July 2017, the Agency in its semi-annual review affirmed the ratings for ING Bank Śląski S.A. The agency stressed in its announcement that the ING Bank Śląski S.A.'s ratings reflected its good financial results, including the quality of its assets above the sector's average and the self-financing nature of the Bank's operations.

The last time the rating was changed was on 21 May 2015 when the LT deposit rating was upgraded from Baa1 to A3 and the rating outlook was revised from *Review for possible upgrade* to *Stable*.

As at 30 September 2017, the Bank's financial viability rating issued by the Agency was as follows:

Rating	Level
LT Rating	A3
ST Rating	P-2
Baseline Credit Assessment (BCA)	baa3
Adjusted Baseline Credit Assessment (Adjusted BCA)	baa2
LT rating outlook	Stable
Counterparty Risk Assessment (CR Assessment) long-term/ short-term	A2/P-1

16.2. Number of Branches and ATMs, CDMs

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

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Number of outlets	381	374	384	386	391
Number of ING Express sales points at shopping malls	66	66	65	65	66

As at 30 September 2017, Clients could use 1,087 machines for cash self-service, including 187 standard ATMs and 900 dual machines. As at 30 September 2016, there were 1,143 machines for cash self-service, including 214 standard ATMs and 929 dual machines.

16.3. Electronic distribution channels

Development of electronic distribution channels is one of the Bank's priorities. A regular update of this offer results in an increase of the number of Clients interested in e-banking. The figures for electronic banking clients¹ are as follows:

¹ The number of clients is not the same as the number of users as one client may represent several users in a given system.

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
ING BankOnLine. Moje ING and ING BusinessOnLine (in million)	3.6	3.5	3.4	3.3	3.3
HaloŚląski (in million)	2.2	2.2	2.3	2.2	2.2
ING BankMobile. Moje ING Mobile* (in million)	2.6	2.4	2.0	1.7	1.5
ING BusinessMobile (in thousands)	15.4	14.3	12.1	11.4	10.8

* / Number of downloaded applications

The monthly number of transactions in September 2017 was at the level of 32.0 million, whereas at the end of December 2016 it was 32.2 million and in the analogical period last year it was 28.8 million.

16.4. Banking 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:

in thousands	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Debit cards	3 014	2 952	2 832	2 818	2 775
Credit cards	224	221	218	217	214
Other cards	125	119	110	105	104
Total payment cards. in which:	3 363	3 292	3 160	3 140	3 093
Paywave ²	2 667	2 597	2 485	2 467	2 428
Virtual cards	82	70	50	46	43

² Cards: Contactless VISA, Contactless Visa Business, Contactless MasterCard Debit, Visa Zbliżak, Zbliżak VISA 2016, VISA NFC.

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

2017-10-31	Brunon Bartkiewicz President	<i>Signed on the Polish original</i>
2017-10-31	Michał Bolesławski Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Joanna Erdman Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Marcin Giżycki Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Bożena Graczyk Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Justyna Kesler Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Patrick Roesink Vice-President	<i>Signed on the Polish original</i>

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2017-10-31	Jolanta Alvarado Rodriguez	Director of Accounting Department Chief Accountant	<i>Signed on the Polish original</i>
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Interim condensed standalone income statement

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01 Jul 2017 to 30 Sep 2017	the period from 01 Jan 2017 to 30 Sep 2017	the period from 01 Jul 2016 to 30 Sep 2016	the period from 01 Jan 2016 to 30 Sep 2016
Interest income	1 059.8	3 072.7	973.8	2 799.8
Interest expenses	210.0	623.6	222.0	750.8
Net interest income	849.8	2 449.1	751.8	2 049.0
Commission income	327.7	954.0	290.9	837.6
Commission expenses	36.3	105.8	32.6	94.9
Net commission income	291.4	848.2	258.3	742.7
Net income on financial instruments at fair value through profit or loss and FX result	25.2	53.8	16.2	43.0
Net income on investments	3.1	53.9	4.0	242.2
Net income on hedge accounting	-7.5	-0.5	0.2	-1.9
Net income on other basic activities	-2.3	-6.3	-1.2	-1.3
Net income on basic activities	1 159.7	3 398.2	1 029.3	3 073.7
General and administrative expenses	502.7	1 536.0	498.1	1 471.1
Impairment losses and provisions for off-balance sheet liabilities	106.1	303.5	49.0	144.4
Tax on certain financial institutions	84.1	243.9	75.7	203.0
Gross profit (loss)	466.8	1 314.8	406.5	1 255.2
Income tax	110.4	327.6	95.6	283.2
Net profit (loss)	356.4	987.2	310.9	972.0
Net profit (loss)	356.4	987.2	310.9	972.0
Weighted average number of ordinary shares	130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)	2.74	7.59	2.39	7.47

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

Interim condensed standalone statement of comprehensive income

	3 Q 2017	3 Q 2017 YTD	3 Q 2016	3 Q 2016 YTD
	the period from 01 Jul 2017 to 30 Sep 2017	the period from 01 Jan 2017 to 30 Sep 2017	the period from 01 Jul 2016 to 30 Sep 2016	the period from 01 Jan 2016 to 30 Sep 2016
Net profit for the period	356.4	987.2	310.9	972.0
Total other comprehensive income, including:	-44.3	-25.6	-163.4	-138.9
Items which can be reclassified to income statement	-44.3	-25.6	-163.4	-138.7
Items which will not be reclassified to income statement	0.0	0.0	0.0	-0.2
Net comprehensive income for the reporting period	312.1	961.6	147.5	833.1

Interim Condensed Standalone Income Statement and Interim Condensed Standalone Statement of Comprehensive income shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Interim condensed standalone statement of financial position

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Assets					
Cash in hand and balances with the Central Bank	1 638.2	1 351.9	1 825.0	1 299.1	1 286.6
Loans and other receivables to other banks	1 174.7	1 050.2	1 113.4	1 192.7	1 285.4
Financial assets at fair value through profit or loss	1 415.2	2 676.6	2 826.8	1 617.3	1 847.3
Valuation of derivatives	828.5	1 029.7	1 117.1	1 124.9	1 320.5
Investments	24 446.1	24 427.6	25 721.3	27 344.0	27 761.0
Derivative hedge instruments	1 050.1	1 148.6	1 338.6	2 138.9	2 389.6
Loans and other receivables to customers	86 372.3	82 928.1	78 038.0	76 534.9	74 377.6
Receivables from customers under repo transactions	19.7	20.0	0.0	19.7	0.0
Investments in controlled entities	239.2	239.2	239.2	239.2	239.2
Non-financial assets	961.4	970.3	991.2	1 012.9	1 015.5
Assets held for sale	15.3	14.3	31.8	31.0	31.0
Tax assets	147.3	133.2	154.2	0.0	0.0
Other assets	164.1	175.2	132.8	141.9	156.7
Total assets	118 472.1	116 164.9	113 529.4	112 696.5	111 710.4
Liabilities					
Liabilities to other banks	2 508.9	3 079.5	2 019.9	4 075.6	2 212.4
Financial liabilities at fair value through profit or loss	1 663.6	108.6	474.8	598.6	299.3
Valuation of derivatives	957.8	1 045.7	1 116.0	1 101.9	1 336.9
Derivative hedge instruments	799.9	1 015.0	1 468.1	1 614.3	1 730.1
Liabilities to customers	98 068.1	97 012.0	95 168.4	91 636.3	92 714.9
Liabilities to customers under repo transactions	0.0	0.0	0.0	0.0	9.1
Liabilities under issue of debt securities	872.1	866.3	866.4	871.9	866.3
Subordinated liabilities	647.7	635.3	664.9	648.1	665.2
Provisions	88.2	80.5	71.2	77.4	79.6
Tax liabilities	175.7	116.3	119.6	145.9	178.2
Other liabilities	1 432.7	1 261.1	1 265.2	1 111.4	950.8
Total liabilities	107 214.7	105 220.3	103 234.5	101 881.4	101 042.8
Equity					
Share capital	130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3
Revaluation reserve	551.2	595.5	576.8	1 333.8	1 497.2
Retained earnings	9 619.8	9 262.7	8 631.7	8 394.9	8 084.0
Total equity	11 257.4	10 944.6	10 294.9	10 815.1	10 667.6
Total equity and liabilities	118 472.1	116 164.9	113 529.4	112 696.5	111 710.4
Carrying amount	11 257.4	10 944.6	10 294.9	10 815.1	10 667.6
Number of shares	130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)	86.53	84.12	79.13	83.13	82.00

Interim Condensed Standalone Statement of Financial Position shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Interim condensed standalone statement of changes in equity

3 Q 2017 YTD

the period from 01 Jan 2017 to 30 Sep 2017

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	576.8	8 631.7	10 294.9
Net result for the current period	-	-	-	987.2	987.2
Other net comprehensive income, including:	0.0	0.0	-25.6	0.0	-25.6
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	139.4	-	139.4
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.8	-	-31.8
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-24.0	-	-24.0
effective part of cash flow hedging relationship	-	-	-109.2	-	-109.2
Other changes in equity, including:	0.0	0.0	0.0	0.9	0.9
valuation of share-based payments	-	-	-	0.9	0.9
Closing balance of equity	130.1	956.3	551.2	9 619.8	11 257.4

year 2016

The period from 01Jan 2016 to 31 Dec 2016

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

Interim condensed standalone statement of changes in equity - continued

3 Q 2016 YTD

the period from 01 Jan 2016 to 30 Sep 2016

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	1 474.1	7 924.7	10 485.2
Net result for the current period	-	-	-	972.0	972.0
Other net comprehensive income, including:	0.0	0.0	-140.4	1.5	-138.9
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	24.1	-	24.1
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-181.3	-	-181.3
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	-24.1	-	-24.1
effective part of cash flow hedging relationship	-	-	42.6	-	42.6
revaluation of non-current assets	-	-	-0.1	-	-0.1
disposal of non-current assets	-	-	-1.6	1.5	-0.1
Other changes in equity, including:	0.0	0.0	0.1	-503.3	-503.2
valuation of share-based payments	-	-	-	1.0	1.0
settlement of subsidiary takeover	-	-	0.1	55.1	55.2
profit distribution with dividend payout allocation	-	-	-	-559.4	-559.4
Closing balance of equity	130.1	956.3	1 333.8	8 394.9	10 815.1

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

Interim condensed standalone cash flow statement

	3 Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	3 Q 2016 YTD the period from 01 Jan 2016 to 30 Sep 2016
Net profit (loss)	987.2	972.0
Adjustments	511.4	-1 283.1
Depreciation and amortisation	134.6	132.3
Interest accrued (from the income statement)	-2 449.1	-2 049.0
Interest paid	-603.5	-740.0
Interest received	3 012.2	2 716.8
Dividends received	-14.1	-18.3
Gains (losses) on investing activities	-0.7	1.9
Income tax (from the income statement)	327.6	283.2
Income tax paid	-264.6	-291.0
Change in provisions	17.0	13.6
Change in loans and other receivables to other banks	-287.5	108.4
Change in financial assets at fair value through profit or loss	1 411.4	-491.4
Change in available-for-sale financial assets	3 232.2	-2 268.0
Change in valuation of derivatives	130.4	-34.9
Change in hedge derivatives	-488.9	141.9
Change in loans and other receivables to customers	-8 386.6	-5 606.7
Change in other assets	5.9	92.3
Change in liabilities to other banks	488.9	2 220.0
Change in liabilities at fair value through profit or loss	1 188.6	-30.8
Change in liabilities to customers	2 906.5	4 219.4
Change in other liabilities	151.1	317.2
Net cash flow from operating activities	1 498.6	-311.1
Purchase of property plant and equipment	-51.9	-46.2
Disposal of property plant and equipment	0.7	3.0
Purchase of intangible assets	-45.4	-66.0
Disposal of assets held for sale	6.0	10.8
Purchase of held-to-maturity financial assets	-1 911.6	-1 741.3
Interest received from held-to-maturity financial assets	96.4	52.8
Dividends received	14.1	18.3
Net cash flow from investing activities	-1 891.7	-1 768.6
Long-term loans received	0.0	654.8
Payment of interest on long-term loans	-9.3	-6.6
Interest on issued debt securities	-11.5	-11.4
Dividends paid	0.0	-559.4
Net cash flow from financing activities	-20.8	77.4
Effect of exchange rate changes on cash and cash equivalents	-224.5	1.4
Net increase/decrease in cash and cash equivalents	-413.9	-2 002.3
Opening balance of cash and cash equivalents	2 758.7	4 410.4
Closing balance of cash and cash equivalents	2 344.8	2 408.1

Interim Condensed Standalone Cash Flow Statement shall be read in conjunction with the notes to interim condensed consolidated financial statements being the integral part thereof

Additional information to the interim condensed standalone financial statements

1. Introduction

1.1. Going-concern

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

1.2. Discontinued operations

No material operations were discontinued during 3 quarter 2017 and 3 quarter 2016.

1.3. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 3 quarter 2017 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 September 2017 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the interim condensed consolidated financial statements for the 3 quarter 2017 and the Bank's financial statements for the year ended 31 December 2016 approved by the General Meeting on 21 April 2017.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity, and interim condensed standalone cash flow statement for the period from 1 January 2017 to 30 September 2017, and interim condensed standalone statement of financial position as at 30 September 2017 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data

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

1.5. Financial statements scope and currency

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

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

1.6. Changes to accounting standards

In these interim condensed standalone financial statements the same principles of accounting have been applied as the ones applied for developing the 2016 annual standalone financial statements. In Q3 2017, the Bank did not make any changes to the accounting standards applied.

1.7. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 31 October 2017.

2. Material accounting principles

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2016 to 31 December 2016 published on 03 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

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

2.1. Subsidiaries

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

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

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

Recognition and valuation

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

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2016 to 31 December 2016 published on 03 March 2017 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In Q3 2017, the Bank did not change its estimations.

4. Comparability of financial data

In the interim condensed standalone financial statements for the 3 quarter 2017 the Bank did not change the principles of presentation, compared to the financial statements for the 3 quarter 2016.

5. Significant events in 3 quarter 2017

Significant events that occurred in 3 quarter 2017 are described in the interim condensed consolidated financial statement in chapter *Additional information* in item 2. *Significant events in 3 quarter 2017*.

6. Seasonality or cyclicity of activity

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

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

None.

8. Dividends paid

On 21 April 2017, the General Meeting approved earmarking the entire 2016 net profit of the Bank for the equity injection.

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

9. Acquisitions

In 3 quarter 2017, the ING Bank Śląski did not make any acquisitions, as in 3 quarter 2016.

10. Off-balance sheet items

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Off-balance sheet liabilities granted	27 400.7	27 490.3	26 994.5	25 769.7	25 854.1
Off-balance sheet liabilities received	81 869.0	82 864.1	77 680.1	64 416.6	64 110.2
Off-balance sheet financial instruments	501 526.1	493 895.7	439 561.7	394 505.9	363 477.2
Total off-balance sheet items	610 795.8	604 250.1	544 236.3	484 692.2	453 441.5

11. Total capital ratio

	as of 30 Sep 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 30 Sep 2016	as of 30 Jun 2016
Own funds	10 050.6	10 016.0	9 068.1	9 105.9	8 829.6
Total capital requirement	4 880.5	4 658.1	4 369.1	4 392.2	4 338.2
Total capital ratio	16.5%	17.2%	16.6%	16.6%	16.3%
Tier I ratio	15.4%	16.1%	15.4%	15.5%	15.1%

12. Significant events after the balance sheet date

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

13. Transactions with related entities

Transactions between related entities (PLN million)

	ING Bank NV	Other ING Group entities	Subsidiaries	ING Bank NV	Other ING Group entities	Subsidiaries
	as of 30 Sep 2017			as of 30 Sep 2016		
Receivables						
Current accounts	19.4	1.5	-	19.3	15.0	-
Deposits placed	-	-	-	21.6	-	-
Loans	-	0.1	7 107.8	4.2	0.1	6 066.2
Positive valuation of derivatives	215.9	85.3	1.8	141.8	203.7	4.3
Other receivables	0.5	0.1	0.3	7.1	1.5	0.7
Liabilities						
Deposits received	368.2	26.0	57.5	366.3	50.2	63.7
Subordinated loan	647.7	-	-	648.1	-	-
Loro accounts	17.7	103.2	-	22.5	25.7	-
Negative valuation of derivatives	220.9	80.2	-	218.0	144.1	-
Other liabilities	40.7	0.6	1.1	67.9	1.3	1.4
Off-balance-sheet operations						
Off-balance sheet liabilities granted	371.7	179.4	1 396.7	374.4	71.0	1 857.7
Off-balance sheet liabilities received	361.7	182.5	-	332.3	84.0	300.0
FX transactions	19 948.5	162.8	-	10 268.9	95.3	-
Forward transactions	2 035.3	-	-	-	-	-
IRS	3 211.6	2 519.6	69.8	5 622.9	3 090.7	74.1
Options	5 428.4	275.2	48.5	2 668.2	351.7	48.5
	3Q 2017 YTD			3Q 2016 YTD		
	the period from 01 Jan 2017 to 30 Sep 2017			the period from 01 Jan 2016 to 30 Sep 2016		
Income and expenses						
Income, including:	33.5	6.6	108.9	-121.7	14.3	95.5
interest and commission income/expenses	-5.9	3.3	109.8	-9.3	17.6	91.9
income on financial instruments	27.3	3.3	-0.9	-112.6	-3.3	3.3
net income on other basic activities	0.1	-	-	0.2	-	0.3
result on financial investment assets	12.0	-	-	-	-	-
General and administrative expenses	41.5	3.4	3.6	51.1	3.5	5.2
Outlays for non-current assets						
Outlays for property, plant and equipment	-	-	-	-	0.7	-
Outlays for intangible assets	-	-	0.4	0.9	0.2	-

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

2017-10-31	Brunon Bartkiewicz President	<i>Signed on the Polish original</i>
2017-10-31	Michał Bolesławski Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Joanna Erdman Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Marcin Giżycki Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Bożena Graczyk Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Justyna Kesler Vice-President	<i>Signed on the Polish original</i>
2017-10-31	Patrick Roesink Vice-President	<i>Signed on the Polish original</i>

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2017-10-31	Jolanta Alvarado Rodriguez	Director of Accounting Department Chief Accountant	<i>Signed on the Polish original</i>
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