

ING Bank Śląski S.A. Group

Quarterly consolidated report
for the 3 quarter 2018

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SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

Selected financial data

	3Q 2018	3Q 2018 YTD	3Q 2017	3Q 2017 YTD
Net interest income	961.2	2 764.2	868.9	2 494.2
Net commission income	316.5	974.2	309.9	893.8
Result on basic activities	1 306.1	3 873.2	1 214.9	3 541.8
Result before tax	500.6	1 437.3	492.1	1 382.0
Net profit attributable to shareholders of ING Bank Śląski S.A.	378.8	1 073.7	375.7	1 036.3
Earnings per ordinary share (PLN)	2.91	8.25	2.89	7.97

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Loans and other receivables to customers (net)	99 223.8	94 724.3	87 544.0	86 433.3
Liabilities to customers	110 205.0	109 174.1	104 503.3	98 459.8
Total assets	134 098.2	130 758.6	126 013.9	122 290.0
Equity attributable to shareholders of ING Bank Śląski S.A.	12 161.9	11 889.5	11 794.8	11 486.2
Initial capital	130.1	130.1	130.1	130.1

Key effectiveness ratios

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
C/I - Cost/Income ratio (%)	45.5	46.1	44.8	45.4
ROA - Return on assets (%)	1.1	1.1	1.2	1.1
ROE - Return on equity (%)	12.1	12.3	12.6	11.8
NIM - net interest margin (%)	2.94	2.93	2.88	2.85
L/D - Loans-to-deposits ratio (%)	90.0	86.8	83.8	87.8
Total capital ratio (%)	15.2	15.2	16.7	15.1

Explanations:

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

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

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

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

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

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

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

Interim condensed consolidated income statement

	Note	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
		[IFRS 9]		[IAS 39 non-transformed data]	
Interest income, including:		1 194.7	3 443.0	1 081.6	3 126.5
Interest income on assets measured at amortised cost		1 193.4	3 439.0	n/a	n/a
Other interest income		1.3	4.0	n/a	n/a
Interest expenses		233.5	678.8	212.7	632.3
Net interest income	7.1	961.2	2 764.2	868.9	2 494.2
Commission income		355.3	1 087.6	343.4	994.2
Commission expenses		38.8	113.4	33.5	100.4
Net commission income	7.2	316.5	974.2	309.9	893.8
Net income on financial instruments at fair value through profit or loss and FX result	7.3	27.1	69.5	31.3	95.6
Net income on the sale of securities measured at amortised cost	7.4	0.0	1.0	n/a	n/a
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	7.4	0.0	50.5	n/a	n/a
Net income on investments	7.4	n/a	n/a	3.6	46.6
Net income on hedge accounting	7.5	-0.7	3.5	1.3	11.6
Net income on other basic activities		2.0	10.3	-0.1	0.0
Net income on basic activities		1 306.1	3 873.2	1 214.9	3 541.8
General and administrative expenses	7.6	577.2	1 760.5	529.6	1 607.3
Impairment for expected losses, including:	7.7	133.9	402.4	n/a	n/a
result on the sale of receivables		25.6	28.2	n/a	n/a
Impairment losses and provisions for off-balance sheet liabilities, including:	7.7	n/a	n/a	109.1	308.6
result on the sale of receivables		n/a	n/a	11.0	21.8
Tax on certain financial institutions		94.2	272.8	84.1	243.9
Share in net profits of associates accounted for using the equity method		-0.2	-0.2	0.0	0.0
Gross profit (loss)		500.6	1 437.3	492.1	1 382.0
Income tax		121.8	363.6	116.4	345.7
Net profit (loss) - attributable to shareholders of ING Bank Śląski S.A.		378.8	1 073.7	375.7	1 036.3
Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.		378.8	1 073.7	375.7	1 036.3
Weighted average number of ordinary shares		130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)		2.91	8.25	2.89	7.97

No material operations were discontinued during the 3Q 2018 and 3Q 2017.
 The diluted earnings per share are the same as the profit per one ordinary share.

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

Interim condensed consolidated statement of comprehensive income

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018 [IFRS 9]	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018 [IFRS 9]	3Q 2017 the period from 01 Jul 2017 to 30 Sep 2017 [IAS 39 non- transformed data]	3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017 [IAS 39 non- transformed data]
Net profit for the period	378.8	1 073.7	375.7	1 036.3
Total other comprehensive income, including:	-106.4	-42.7	-44.4	-25.7
Items which can be reclassified to income statement	-106.3	-43.4	-44.4	-25.7
debt instruments measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-0.2	15.5	-	-
financial assets valued at fair value through other comprehensive income - reclassification to the financial result in connection with the sale	0.0	-28.7	-	-
cash flow hedging - revaluation gains / losses on equity	-18.5	210.6	-	-
cash flow hedging – reclassification to profit or loss	-87.4	-244.9	-	-
hedging instruments - non-designated elements	0.5	4.8	-	-
hedging instruments - undesignated elements– reclassification to profit or loss	-0.7	-0.7	-	-
effective part of cash flow hedging relationship	-	-	-79.3	-109.2
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	45.6	139.4
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-2.6	-31.8
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	-	-	0.0	0.0
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	-	-	-8.1	-24.1
Items which will not be reclassified to income statement	-0.1	0.7	0.0	0.0
equity financial instruments measured at fair value through other comprehensive income - revaluation gains / losses on equity	-0.1	0.7	0.0	0.0
Net comprehensive income for the reporting period	272.4	1 031.0	331.3	1 010.6
- attributable to owners of ING Bank Śląski S.A.	272.4	1 031.0	331.3	1 010.6

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 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017	as of 31 Dec 2016
		[IFRS 9]		[IAS 39	non-transformed data]	
Assets						
Cash in hand and balances with the Central Bank		1 529.8	1 781.5	2 815.2	1 638.2	1 825.0
Loans and other receivables to other banks	7.8	621.8	951.8	2 234.5	1 174.7	1 113.4
Financial assets held for trading	7.9	1 270.7	2 034.0	1 314.8	2 243.7	3 943.9
Derivative hedge instruments		836.5	880.2	967.2	1 050.1	1 338.6
Investment securities	7.10	28 823.4	28 677.0	n/a	n/a	n/a
Investments	7.10	n/a	n/a	25 907.4	24 446.1	25 721.3
Loans and other receivables to customers	7.11	99 223.8	94 724.3	91 108.1	90 107.0	81 979.5
Investments in associates measured at equity method		1.1	1.3	1.3	0.0	0.0
Property, plant and equipment		539.2	526.8	549.0	557.0	578.0
Intangible assets		434.8	430.0	431.0	422.0	426.2
Assets held for sale		16.2	16.2	11.1	15.3	31.8
Deferred tax assets		0.0	0.0	0.0	0.0	0.3
Current tax receivables		356.3	335.2	257.1	250.4	237.2
Other assets		444.6	400.3	417.2	385.5	282.5
Total assets		134 098.2	130 758.6	126 013.9	122 290.0	117 477.7
Liabilities						
Liabilities to other banks	7.13	6 882.2	4 882.0	4 109.0	5 637.8	5 043.0
Financial liabilities at fair value through profit or loss	7.14	1 216.2	1 281.7	1 714.3	2 621.4	1 590.8
Derivative hedge instruments		574.0	677.7	699.2	799.9	1 468.1
Liabilities to customers	7.15	110 205.0	109 174.1	104 503.3	98 459.8	95 825.4
Liabilities under issue of debt securities		302.2	300.2	300.3	872.1	866.4
Subordinated liabilities		641.9	655.6	626.9	647.7	664.9
Provisions	7.16	164.9	125.1	91.9	77.3	60.3
Current income tax liabilities		53.8	68.3	232.9	181.1	121.3
Other liabilities		1 896.1	1 704.4	1 941.3	1 506.7	1 360.3
Total liabilities		121 936.3	118 869.1	114 219.1	110 803.8	107 000.5
Equity						
Share capital		130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3	956.3
Accumulated other comprehensive income		450.6	557.0	493.2	551.8	577.5
Retained earnings		10 624.9	10 246.1	10 215.2	9 848.0	8 811.0
Equity attributable to shareholders of ING Bank Śląski S.A.		12 161.9	11 889.5	11 794.8	11 486.2	10 474.9
Non-controlling interests		0.0	0.0	0.0	0.0	2.3
Total equity		12 161.9	11 889.5	11 794.8	11 486.2	10 477.2
Total equity and liabilities		134 098.2	130 758.6	126 013.9	122 290.0	117 477.7
Carrying amount		12 161.9	11 889.5	11 794.8	11 486.2	10 474.9
Number of shares		130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)		93.48	91.39	90.66	88.29	80.51

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

3Q OF 2018

The period from 01 Jan 2018 to 30 Sep 2018

	Share capital	Supplementa ry capital - issuance of shares over nominal value	Cumulative other comprehensi ve income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	493.2	10 215.2	11 794.8
The impact of changes to the accounting principles in connection with the implementation of IFRS 9*	0.0	0.0	1.1	-249.0	-247.9
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	494.3	9 966.2	11 546.9
Net result for the current period	-	-	-	1 073.7	1 073.7
Other net comprehensive income, including:	0.0	0.0	-43.7	1.0	-42.7
financial assets measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-	-	16.2	-	16.2
financial assets measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-28.7	-	-28.7
cash flow hedging – gains/losses on revaluation carried through equity	-	-	210.6	-	210.6
cash flow hedging – reclassification to profit or loss	-	-	-244.9	-	-244.9
hedging instruments – undesignated elements	-	-	4.8	-	4.8
hedging instruments - non-designated items reclassification to profit or loss	-	-	-0.7	-	-0.7
disposal of non-current assets	-	-	-1.0	1.0	0.0
Other changes in equity, including:	0.0	0.0	0.0	-416.0	-416.0
valuation of share-based payments	-	-	-	0.2	0.2
profit distribution with dividend payout allocation	-	-	-	-416.2	-416.2
Closing balance of equity	130.1	956.3	450.6	10 624.9	12 161.9

2017

The period from 01 Jan 2017 to 31 Dec 2017

[IAS 39 – non-transformed data]

	Share capital	Supplement ary capital - issuance of shares over nominal value	Cumulative other comprehensi ve income	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	-	-	-	1 403.1	0.0	1 403.1
Other net comprehensive income, including:	0.0	0.0	-84.3	0.3	0.0	-84.0
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	192.8	-	-	192.8
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.7	-	-	-31.7
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the loans and receivables portfolio	-	-	-0.2	-	-	-0.2
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity financial assets	-	-	-32.1	-	-	-32.1
effective part of cash flow hedging relationship	-	-	-206.0	-	-	-206.0
disposal of non-current assets	-	-	-0.3	0.3	-	0.0
actuarial gains/losses	-	-	-6.8	-	-	-6.8
Transaction with shareholders, including:	0.0	0.0	0.0	0.8	-2.3	-1.5
valuation of share-based payments	-	-	-	1.0	-	1.0
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-2.1	-2.3
dividends paid	-	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	493.2	10 215.2	0.0	11 794.8

Interim condensed consolidated statement of changes in equity - continued

3Q OF 2017

The period from 01 Jan 2017 to 30 Sep 2017

[IAS 39 – non-transformed data]

	Share capital	Supplement ary capital - issuance of shares over nominal value	Cumulative other comprehen- sive income	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 financial assets	-	-	-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
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-2.1	-2.3
dividends paid	-	-	-	0.0	-0.2	-0.2
Closing balance of equity	130.1	956.3	551.8	9 848.0	0.0	11 486.2

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

Interim condensed consolidated cash flow statement

	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017
	[IFRS 9]	[IAS 39 non-transformed data]
Net profit attributable to shareholders of ING Bank Śląski S.A.	1 073.7	1 036.3
Adjustments, including:	-4 235.8	372.9
Share in profits and losses of associates accounted for using the equity method	0.2	0.0
Depreciation and amortisation	134.2	135.5
Interest accrued (from the income statement)	-2 764.2	-2 494.2
Interest paid	-661.5	-612.5
Interest received	3 275.2	3 063.9
Dividends received	-6.3	-6.3
Gains (losses) on investing activities	-1.8	-0.8
Income tax (from the income statement)	363.6	345.7
Income tax paid	-589.1	-298.8
Change in provisions	56.1	17.0
Change in loans and other receivables to other banks	377.5	-287.5
Change in financial assets held for trading	-212.1	1 411.4
Change in available-for-sale financial assets	n/a	3 232.1
Change in debt instruments measured at fair value through other comprehensive income	-3 738.0	n/a
Change in valuation of derivatives	-76.7	130.4
Change in hedge derivatives	-24.7	-488.9
Change in loans and other receivables from customers	-8 380.6	-8 158.0
Change in other assets	-31.1	-63.7
Change in liabilities to other banks	2 538.1	487.8
Change in liabilities at fair value through profit or loss	-164.3	1 188.6
Change in liabilities to customers	5 699.7	2 641.2
Change in other liabilities	-30.0	130.0
Net cash flow from operating activities	-3 162.1	1 409.2
Purchase of property plant and equipment	-84.2	-52.7
Disposal of property plant and equipment	0.5	0.8
Purchase of intangible assets	-59.6	-52.2
Disposal of assets held for sale	7.5	6.0
Purchase of equity instruments measured at fair value through other comprehensive income	-1.2	n/a
Purchase of instruments measured at amortized cost	-83.1	n/a
Disposal of instruments measured at amortised cost	1 055.8	n/a
Purchase of held-to-maturity financial assets	n/a	-1 911.6
Interest received from held-to-maturity financial assets	n/a	96.4
Dividends received	6.3	6.3
Net cash flow from investing activities	842.0	-1 907.0
Long-term loans received	1 024.4	907.1
Long-term loans repaid	-783.7	-789.1
Interest on long-term loans repaid	-16.3	-20.1
Interests from issued debt securities	-3.8	-11.5
Dividends paid	-416.2	-0.2
Acquisition of own shares	0.0	-2.3
Net cash flow from financing activities	-195.6	83.9
Effect of exchange rate changes on cash and cash equivalents	61.1	-224.5
Net increase/decrease in cash and cash equivalents	-2 515.7	-413.9
Opening balance of cash and cash equivalents	4 598.2	2 758.7
Closing balance of cash and cash equivalents	2 082.5	2 344.8

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

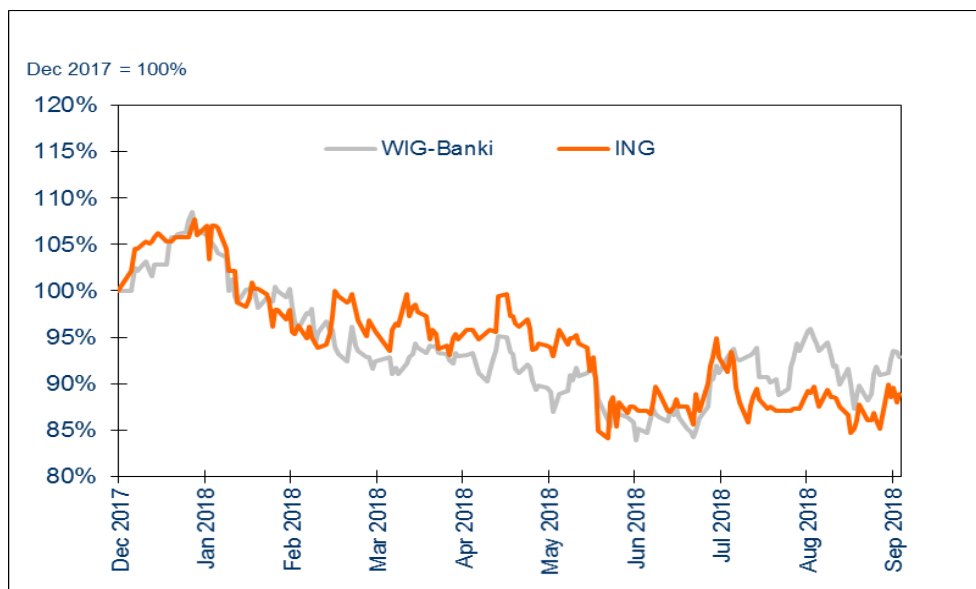
ING Bank Śląski S.A. ('Parent company', 'Parent entity', 'Bank') with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459. The parent entity 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. Share capital

The share 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 Sep 2018, the share price of ING Bank Śląski S.A. was PLN 182.8, whereas as at 30 Sep 2017 it was at the level of PLN 204.5 In the 3Q 2018 YTD, 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 Sep 2018, 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 Hipoteczny S.A.***	banking services	Katowice	100	100	full consolidation
Twisto Polska Sp. Z o.o	information technology and computer services	Warszawa	20	20	consolidation by equity method

*) 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 9 special-purpose vehicles wherein ING Lease Polska Sp. z o.o holds 100% of shares.

***) On 16 Jan 2018, ING Bank Śląski S.A. obtained from the Polish Financial Supervision Authority the permission to establish a mortgage bank under the name of 'ING Bank Hipoteczny Spółka Akcyjna' with its registered office in Katowice. ING Bank Hipoteczny Spółka Akcyjna company (ING Bank Hipoteczny S.A.) was formed with the notarial deed on 26 Feb 2018. ING Bank Hipoteczny S.A. is in the middle of the process of obtaining the approval of the Polish Financial Supervision Authority to start its operations.

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 Sep 2018 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	10,561,068	8.12

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

As at 30 Sep 2018, 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 01 Jan 2017 to 31 Dec 2017 were approved by the General Meeting on 5 Apr 2018.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 6 Nov 2018.

2. Significant events in 3Q 2018

2.1. Resignation Vice-President of the Management Board of ING Bank Śląski S.A.

The Management Board of ING Bank Śląski S.A. hereby give notice that, on 20 Sep 2018, Ms Justyna Kesler tendered the resignation from her function as Vice-President of the ING Bank Śląski S.A. Management Board, effective 31 Dec 2018.

Ms Justyna Kesler cited her plans to take up a new position at ING Group as the reason for her resignation.

2.2. Sales of the debt portfolio

On 31 Aug 2018, the Bank concluded an agreement on the sale of retail receivables from the portfolio with recognized impairment. As a result of the transaction, the portfolio of irregular receivables decreased by PLN 166.9 million. The positive impact of the transaction on the Bank's gross result amounted to PLN 25.6 million.

3. Significant events after the balance sheet date

3.1. Conclusion of a subordinated loan agreement

On 23 Oct 2018, the Supervisory Board granted consent to the Bank taking a subordinated loan from ING Bank N.V. with the registered office in Amsterdam.

The subordinated loan agreement was concluded on 30 Oct 2018. The loan amount is EUR 100 million. The loan equivalent according to the average exchange rate of the National Bank of Poland of 30 October 2018 is PLN 432.6 million.

The Loan was granted for 10 years. Bank has the right to prepay the Loan after the lapse of 5 years, provided the relevant approval of the Polish Financial Supervision Authority is obtained.

Interest will be paid quarterly according to the EURIBOR 3M rate plus a margin of 1.22%. Financial conditions of the loan do not differ from market conditions.

Bank will apply to the Polish Financial Supervision Authority for approval of the Loan amount recognition under Tier II capital.

3.2. Rating affirmation by Moody's Agency

On 15 Oct 2018, Moody's Investors Service rating agency (Moody's) upheld the ratings for ING Bank Śląski S.A.

Moody's rating for ING Bank Śląski S.A. is not a commissioned rating and it is assigned on the basis of available public disclosures.

The rating assigned to the Bank by Moody's Agency has been presented in chapter Other Information in item 16.1. Ratings.

3.3. Rating affirmation by Fitch Agency

On 12 Oct 2018, Fitch Ratings, as part of the annual review, upheld the ratings for ING Bank Śląski S.A. The rating assigned to the Bank by Fitch Agency has been presented in chapter Other Information 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 3Q 2018 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 Sep 2018 as well as in accordance with the Ordinance of Finance Minister of 29 Mar 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, no. 33, item 757).

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2017 (Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Capital Group for the Period Started 01 Jan 2017 and Ended 31 Dec 2017) and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 01 Jan 2018 or afterwards; which were presented in the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1H 2018.

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 Dec 2017 approved by the General Meeting on 5 Apr 2018.

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 01 Jan 2018 to 3) Jun 2018, together with comparable data were prepared according to the same principles of accounting for each period except for the changes resulting from the implementation of IFRS 9 replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The changes refer to classification and measurement of financial assets and liabilities and impairment of financial assets. The Group took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 1 Jan 2018, without adjusting comparative periods.

4.1. Changes to accounting standards

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 2017 Group Annual Consolidated Financial Statements.

In view of the ongoing process of IFRS introduction in the EU and the business run by the Company, as at the approval date hereof, 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.

4.2. 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.

4.3. Discontinued operations

No material operations were discontinued during the 3Q 2018 and 3Q 2017.

4.4. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 3Q 2018 comprise the Bank and its subsidiaries and associates. 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.

4.5. Comparative data

The comparative data cover the period from 01 Jan 2017 to 30 Sep 2017 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement, additionally for the period from 01 Jan 2017 to 31 Dec 2017 for the interim condensed consolidated statement of changes in equity; and in the case of the interim condensed consolidated statement of financial position data as of 30 Jun 2018, 31 Dec 2017, 30 Sep 2017 and 31 Dec 2016. In connection with the implementation from 01 Jan 2018 of IFRS 9 replacing IAS 39, the Group took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 01 Jan 2018, without adjusting comparative periods.

5. Material accounting principles

The detailed accounting principles were presented in the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for the period started 01 Jan 2017 and ended 31 Dec 2017, published on 09 Mar 2018, including changes made to the accounting principles effective from 01 Jan 2018, which were presented in the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group. for the 1H 2018, published on 02 Aug 2018 and available on the ING Bank Śląski S.A. website (www.ingbank.pl).

In the third quarter of 2018, the Group did not introduce changes to the applied accounting principles.

6. Comparability of financial data

When compared with the interim consolidated financial statements for previous periods, in the Interim Condensed Consolidated Financial Statements for the period from 1 January 2018 to 30 Sep 2018, the Group amended the manner of presentation of individual items of the consolidated income statement and consolidated statement of financial position. The amendments were made first and foremost in consequence of the implementation of IFRS 9 which superseded IAS 39 as of 1 January 2018. The Group took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 1 January 2018, without adjusting comparative periods.

Further, the Group made a few presentation changes which were not directly caused by the implementation of IFRS 9, but which – in the Group's opinion – enhanced the transparency and informative value of the consolidated income statement and consolidated

statement of financial position. The changes required a restatement of the comparable data; they did not, however, impact on the level of the financial result or balance sheet total presented.

Changes to IFRS 9 implementation-resultant

- Changes to the income statement:
 - split of interest income into interest income on assets measured at amortised cost and other interest income,
 - isolation of the item 'net income on sale of securities measured at amortised cost',
 - isolation of the 'net income on sale of securities measured at fair value through other comprehensive income and dividend income' in place of 'net income on investments' shown for previous periods,
 - isolation of the item 'expected loss allowances' in place of 'impairment losses for financial assets and provisions for off-balance sheet liabilities' shown for previous periods.
- Changes to the statement of financial position:
 - isolation of the item 'investment securities' which shows the value of securities measured at fair value through other comprehensive income and other than corporate and municipal securities measured at amortised cost. This item replaced the 'investments' item presented for previous periods, which showed available-for-sale financial assets and financial assets held to maturity.
- Changes in cash flow statement:
 - isolation of the item 'purchase/disposal of instruments measured at amortised cost' in place of item 'purchase/disposal of held-to-maturity financial assets' shown for previous periods in investment activities,
 - isolation of the item 'purchase/disposal of equity instruments measured at fair value through other comprehensive income' in investment activities,
 - reclassification of changes in treasury bonds in euro measured at amortised cost from operating activities (the item 'change in loans and other receivables from customers') to investment activities (the item 'purchase/disposal of instruments measured at amortised cost').

Other changes

- Changes to the income statement:
 - a) changed manner of presenting costs under marketing fees (cashback); in previous periods these costs were recognised in *Commission income/Commission costs*; at present the Group presents them in *General and administrative expenses*,
 - b) changed manner of presenting result on write-offs concerning unsettled valuation of derivative transactions between *Impairment losses for financial assets and provisions for off-balance-sheet liabilities* and *Net income on financial instruments measured at fair value through profit or loss and FX result*.
 - c) changed manner of presenting interest on securities and derivatives held for trading; in the previous periods they were presented in *Interest income/expenses*, currently in the *Net income on financial instruments at fair value through profit or loss and FX result*,
 - d) changed manner of presenting the amortisation of fair value adjustment for exposures, which were excluded from fair value hedge strategy; in the previous periods it was presented in *Net income on hedge accounting*, currently in *Interest income/expenses*.

The table below highlights the individual items of the consolidated income statement as they were presented in the interim consolidated financial statements for 3Q 2017 and in the current statements.

8						
3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017						
	in Consolidated Financial Statements for 3Q 2017 (approved data)	change a)	change b)	change c)	change d)	in Consolidated Financial Statements for 3Q 2018 (comparable data)
Interest income	3 181.8			-43.2	-12.0	3 126.6
Interest expenses	633.5			-1.2		632.3
Net interest income	2 548.3	0.0	0.0	-42.0	-12.0	2 494.3
Commission income	993.4	0.8				994.2
Commission expenses	107.7	-7.3				100.4
Net commission income	885.7	8.1	0.0	0.0	0.0	893.8
Net income on financial instruments at fair value through profit or loss and FX result	54.6		-1.0	42.0		95.6
Net income on hedge accounting	-0.5				12.0	11.5
Net income on basic activities	3 534.7	8.1	-1.0	0.0	0.0	3 541.8
General and administrative expenses	1 599.2	8.1				1 607.3
Impairment losses and provisions for off-balance sheet liabilities	309.6		-1.0			308.6
Gross profit (loss)	1 382.0	0.0	0.0	0.0	0.0	1 382.0
Net profit (loss)	1 036.3	0.0	0.0	0.0	0.0	1 036.3

➤ *Changes to the statement of financial position:*

- a) reclassification of the provisions for unused holiday from the item 'provisions' to the item 'other liabilities'
- b) renaming of the item 'financial assets measured at fair value through profit or loss' as 'financial assets held for trading',
- c) inclusion of 'measurement of derivatives', respectively: positive to 'financial assets held for trading' and negative to 'financial liabilities measured at fair value through profit or loss',
- d) renaming of the item 'investments' as 'investment securities'
- e) inclusion of 'receivables from customers due to repo transactions' in the item 'loans and other receivables extended to client' and analogically 'liabilities to customers due to repo transactions' to item 'liabilities to customers'
- f) split of 'property assets' into two separate items 'property, plant and equipment' and 'intangible assets'
- g) split of 'income tax assets' into 'deferred tax assets' and 'current tax receivables' and analogically of 'income tax liabilities' into 'deferred tax provisions' and 'current tax liabilities',
- h) renaming of the item 'authorised capital' as 'share capital' and 'revaluation reserve' as 'cumulative other comprehensive income',

The table below highlights the individual items of the consolidated statement of financial position as they were presented in the annual consolidated financial statements for 2017 and interim consolidated financial statements for 3Q 2017 and in the current statements.

	as of 31 Dec 2017	as of 30 Jun 2017	as of 31 Dec 2016	as of 31 Dec 2017	as of 30 Jun 2017	as of 31 Dec 2016		as of 31 Dec 2017	as of 30 Jun 2017	as of 31 Dec 2016
	in Consolidated Financial Statements for 2017	in Consolidated Financial Statements for 3Q 2017	in Consolidated Financial Statements for 2016		change a)		changes b) - h)	in Consolidated Financial Statements for 3Q 2018		
	(approved data)			(comparable data, IAS 39 - non-transformed data)						
Assets										
Financial assets at fair value through profit or loss	530.1	1 415.2	2 826.8							
Valuation of derivatives	784.7	828.5	1 117.1				Financial assets held for trading	1 314.8	2 243.7	3 943.9
Investments	25 907.4	24 446.1	25 721.3				Investment securities	25 907.4	24 446.1	25 721.3
Loans and other receivables to customers	91 088.3	90 087.3	81 979.5				Loans and other receivables to customers	91 108.1	90 107.0	81 979.5
Receivables from customers under repo transactions	19.8	19.7	0.0							
Non-financial assets	980.0	979.3	1 004.5				Property, plant and equipment	549.0	557.0	578.0
							Intangible assets	431.0	422.0	426.2
Tax assets	257.1	250.4	237.5				Current tax assets	0.0	0.0	0.3
							Deferred tax assets	257.1	250.4	237.2
Total assets	126 013.9	122 290.0	117 477.7	0.0	0.0	0.0		126 013.9	122 290.0	117 477.7
Liabilities										
Financial liabilities at fair value through profit or loss	735.1	1 663.6	474.8				Financial liabilities at fair value through profit or loss	1 714.3	2 621.4	1 590.8
Valuation of derivatives	979.2	957.8	1 116.0							
Liabilities to customers	104 503.3	98 459.8	95 825.4				Liabilities to customers	104 503.3	98 459.8	95 825.4
Liabilities to customers under repo transactions	0.0	0.0	0.0							
Provisions	100.0	90.8	73.8	-8.1	-13.5	-13.5		91.9	77.3	60.3
Tax liabilities	232.9	181.1	121.3				Current Tax liabilities	232.9	181.1	121.3
Other liabilities	1 933.2	1 493.2	1 346.8	8.1	13.5	13.5		1 941.3	1 506.7	1 360.3
Total liabilities	114 219.1	110 803.8	107 000.5	0.0	0.0	0.0		114 219.1	110 803.8	107 000.5
Equity										
Initial capital	130.1	130.1	130.1				Share capital	130.1	130.1	130.1
Revaluation reserve	493.2	551.8	577.5				Cumulative other comprehensive income	493.2	551.8	577.5
Total equity	11 794.8	11 486.2	10 477.2	0.0	0.0	0.0		11 794.8	11 486.2	10 477.2
Total equity and liabilities	126 013.9	122 290.0	117 477.7	0.0	0.0	0.0		126 013.9	122 290.0	117 477.7

7. Supplementary notes to interim condensed consolidated financial statements

7.1. Net interest income

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
	[IFRS 9]	[IFRS 9]	[IAS 39 - non- transformed data]	[IAS 39 - non- transformed data]
Interest income, including:	1 194.7	3 443.0	1 081.6	3 126.5
Interest income on assets measured at amortised cost, including:	1 193.4	3 439.0	1 081.6	3 126.5
Interest on loans and receivables to other banks measured at amortised cost	10.1	27.5	13.9	40.1
Interest on loans and receivables to customers measured at amortised cost	1 010.6	2 895.8	908.6	2 601.4
Interest on securities measured at amortised cost	75.7	220.0	n/a	n/a
Interest on securities measured at fair value through other comprehensive income	97.0	295.7	n/a	n/a
Interest on financial assets available-for-sale	n/a	n/a	103.4	332.9
Interest on financial assets held-to-maturity	n/a	n/a	55.7	152.1
Other interest income, including:	1.3	4.0	n/a	n/a
Interest on loans and receivables to other banks measured at fair value through profit or lost	1.3	4.0	n/a	n/a
Interest expense, including:	233.5	678.8	212.7	632.3
Interest on deposits from other banks	19.5	44.2	15.5	48.7
Interest on deposits from customers	209.0	619.7	188.3	557.1
Interest on issue of debt securities	1.9	5.7	5.8	17.2
Interest on subordinated liabilities	3.1	9.2	3.1	9.3
Net interest income	961.2	2 764.2	868.9	2 494.2

7.2. Net commission income

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
Commission income, including:	355.3	1 087.6	343.4	994.2
transaction margin on currency exchange transactions	90.7	266.7	91.0	252.5
account maintenance fees	72.2	215.0	69.5	205.9
lending commissions	72.7	224.5	65.4	197.0
payment and credit cards fees	21.0	92.1	29.2	88.1
participation units distribution fees	27.7	79.5	26.2	74.3
insurance product offering commissions	22.8	65.9	17.7	49.9
factoring and lease agreements commissions	14.8	42.9	13.2	35.9
foreign commercial business	9.1	25.8	7.7	21.6
fiduciary and custodian fees	6.7	21.1	7.0	21.5
brokerage activity fees	5.6	16.1	5.7	19.0
other	12.0	38.0	10.8	28.5
Total commission expenses	38.8	113.4	33.5	100.4
Net commission income	316.5	974.2	309.9	893.8

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

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
FX result and net income on interest rate derivatives, including:	8.4	24.4	21.6	62.9
FX result	22.9	126.9	4.5	1.5
currency derivatives	-14.5	-102.5	17.1	61.4
Net income on interest rate derivatives	15.6	31.1	-0.4	1.0
Net income on debt instruments held for trading	3.1	13.9	10.1	31.7
Result on measurement of loans to customers which are measured at fair value through profit or loss	0.0	0.1	0.0	0.0
Net income on financial instruments at fair value through profit or loss and FX result	27.1	69.5	31.3	95.6

7.4. Net income on the sale of securities and dividend income / Net income on investments

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
Net income on the sale of securities	0.0	45.2	n/a	n/a
measured at amortised cost	0.0	1.0	n/a	n/a
measured at fair value through other comprehensive income	0.0	44.2	n/a	n/a
Net income on investments, including:	n/a	n/a	3.6	40.3
the sale of debt instruments	n/a	n/a	3.2	28.0
the sale of equity instruments	n/a	n/a	0.4	12.3
Dividend income	0.0	6.3	0.0	6.3
Total	0.0	51.5	3.6	46.6

The sale of debt securities from the category of financial assets measured at amortised cost was realised near maturity; this complies with the business model in which they were held and with the Accounting Policy adopted by the Bank.

7.5. Net income on hedge accounting

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
Fair value hedge accounting for securities:	0.0	5.1	2.9	12.5
valuation of the hedged transaction	-21.7	16.7	-25.6	-70.5
valuation of the hedging transaction	21.7	-11.6	28.5	83.0
Cash flow hedge accounting:	-0.7	-1.6	-1.6	-0.9
ineffectiveness under cash flow hedges	-0.7	-1.6	-1.6	-0.9
Net income on hedge accounting	-0.7	3.5	1.3	11.6

7.6. General and administrative expenses

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
Personnel expenses	284.3	845.7	260.6	772.2
Other general and administrative expenses, including:	292.9	914.8	269.0	835.1
cost of marketing and promotion	30.2	84.3	33.4	77.6
depreciation and amortisation	45.7	134.2	44.6	135.5
Bank Guarantee Fund payments	26.9	138.2	18.9	126.7
others	190.1	558.1	172.1	495.3
Total	577.2	1 760.5	529.6	1 607.3

7.6.1. Headcount

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

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
FTEs	8 033.6	8 026.3	7 979.3	7 970.3
Individuals	8 080	8 075	8 032	8 016

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

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
FTEs	7 633.7	7 629.8	7 612.4	7 611.4
Individuals	7 676	7 676	7 661	7 654

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

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018 [IFRS 9]	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018 [IFRS 9]	3Q 2017 the period from 01 Jul 2017 to 30 Sep 2017 [IAS 39 - non- transformed data]	3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017 [IAS 39 - non- transformed data]
corporate banking	89.3	218.8	70.0	183.6
retail banking	44.6	183.6	39.1	125.0
Total	133.9	402.4	109.1	308.6

7.8. Loans and other receivables to other banks

	as of 30 Sep 2018 [IFRS 9]	as of 30 Jun 2018	as of 31 Dec 2017 [IAS 39 - non-transformed data]	as of 30 Sep 2017
Current accounts	235.4	284.4	331.9	246.5
Interbank deposits	5.0	257.0	997.7	0.0
Loans and advances	64.1	50.1	451.6	468.4
Placed call deposits	317.3	360.3	453.5	460.0
Total (gross)	621.8	951.8	2 234.7	1 174.9
Impairment losses, including:	0.0	0.0	-0.2	-0.2
concerning loans and advances	0.0	0.0	-0.2	-0.2
Total (net)	621.8	951.8	2 234.5	1 174.7

7.9. Financial assets held for trading

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Valuation of derivatives	528.7	677.1	784.7	828.5
Debt securities, including:	742.0	1 356.9	469.6	1 392.8
Treasury bonds	715.3	1 335.3	422.7	1 391.3
European Investment Bank bonds	26.7	21.6	46.9	1.5
Transactions with the buy-back commitment	0.0	0.0	60.5	22.4
Total	1 270.7	2 034.0	1 314.8	2 243.7

7.10. Investment securities

	as of 30 Sep 2018 [IFRS 9]	as of 30 Jun 2018	as of 31 Dec 2017 [IAS 39 - non-transformed data]	as of 30 Sep 2017
Measured at fair value through other comprehensive income, including:	16 725.2	16 532.7	n/a	n/a
treasury bonds	14 553.6	14 575.5	n/a	n/a
treasury bonds in EUR	714.9	637.3	n/a	n/a
European Investment Bank bonds	954.4	805.3	n/a	n/a
Austrian government bonds	425.0	437.2	n/a	n/a
equity instruments	77.3	77.4	n/a	n/a
Measured at amortised cost, including:	12 098.2	12 144.3	n/a	n/a
treasury bonds	5 901.9	5 934.7	n/a	n/a
treasury bonds in EUR	3 056.4	3 092.8	n/a	n/a
BGK bonds	1 540.7	1 519.7	n/a	n/a
European Investment Bank bonds	1 599.2	1 597.1	n/a	n/a
Available-for-sale, including:	n/a	n/a	17 556.9	17 348.9
treasury bonds	n/a	n/a	16 347.3	16 297.4
European Investment Bank bonds	n/a	n/a	789.3	619.0
Austrian government bonds	n/a	n/a	415.0	427.2
equity instruments	n/a	n/a	5.3	5.3
Held to maturity, including:	n/a	n/a	8 350.5	7 097.2
treasury bonds	n/a	n/a	5 952.7	4 626.9
European Investment Bank bonds	n/a	n/a	843.6	837.7
BGK bonds	n/a	n/a	1 554.2	1 632.6
Total	28 823.4	28 677.0	25 907.4	24 446.1

7.11. Loans and other receivables to customers

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Measured at amortised cost	98 986.0	94 475.3	91 108.1	90 107.0
Measured at fair value through profit or loss	237.8	249.0	-	-
Total (net)	99 223.8	94 724.3	91 108.1	90 107.0

Loans and other receivables measured at amortised cost

	as of 30 Sep 2018			as of 30 Jun 2018			as of 31 Dec 2017			as of 30 Sep 2017		
	gross	impairment for expected losses	net	gross	impairment for expected losses	net	gross	impairment for expected losses	net	gross	impairment for expected losses	net
Loans and other receivables measured at amortised cost, including:	101 189.9	-2 203.9	98 986.0	96 711.3	-2 236.0	94 475.3	92 775.6	-1 667.5	91 108.1	91 699.7	-1 592.7	90 107.0
Portfolio of loans, including:	100 398.8	-2 203.9	98 194.9	95 902.3	-2 236.0	93 666.3	88 483.8	-1 666.8	86 817.0	87 356.3	-1 592.0	85 764.3
Households	46 785.7	-1 021.7	45 764.0	44 811.2	-1 103.8	43 707.4	39 755.4	-695.6	39 059.8	38 046.5	-664.6	37 381.9
Business entities	50 952.3	-1 181.8	49 770.5	48 533.7	-1 131.6	47 402.1	45 879.9	-970.0	44 909.9	46 243.1	-926.1	45 317.0
The government and self-government institutions' sector	2 660.8	-0.4	2 660.4	2 557.4	-0.6	2 556.8	2 848.5	-1.2	2 847.3	3 066.7	-1.3	3 065.4
Total, including:	100 398.8	-2 203.9	98 194.9	95 902.3	-2 236.0	93 666.3	88 483.8	-1 666.8	86 817.0	87 356.3	-1 592.0	85 764.3
Corporate banking segment	56 859.0	-1 275.8	55 583.2	54 179.2	-1 211.6	52 967.6	50 974.8	-1 039.0	49 935.8	51 561.0	-989.9	50 571.1
loans in the current account	11 222.6	-423.0	10 799.6	10 393.2	-406.2	9 987.0	9 230.7	-310.6	8 920.1	9 904.2	-287.6	9 616.6
term loans and advances	31 819.8	-782.2	31 037.6	30 441.6	-740.2	29 701.4	28 673.8	-650.6	28 023.2	28 932.8	-631.8	28 301.0
leasing receivables	6 782.6	-43.5	6 739.1	6 481.1	-42.6	6 438.5	5 902.3	-30.9	5 871.4	5 725.0	-26.9	5 698.1
factoring receivables	4 793.3	-26.3	4 767.0	4 773.9	-22.3	4 751.6	4 619.8	-30.8	4 589.0	4 742.6	-27.5	4 715.1
corporate and municipal securities	2 240.7	-0.8	2 239.9	2 089.4	-0.3	2 089.1	2 548.2	-16.1	2 532.1	2 256.4	-16.1	2 240.3
Retail banking segment	43 539.8	-928.1	42 611.7	41 723.1	-1 024.4	40 698.7	37 509.0	-627.8	36 881.2	35 795.3	-602.1	35 193.2
mortgages	31 988.9	-232.4	31 756.5	30 540.9	-245.5	30 295.4	27 539.8	-170.4	27 369.4	26 234.6	-176.3	26 058.3
loans in the current account	1 376.8	-71.9	1 304.9	1 403.4	-104.0	1 299.4	1 315.0	-75.2	1 239.8	1 367.6	-72.5	1 295.1
leasing receivables	872.9	-3.7	869.2	811.2	-3.4	807.8	690.7	-2.0	688.7	631.1	-1.8	629.3
other loans and advances	9 301.2	-620.1	8 681.1	8 967.6	-671.5	8 296.1	7 963.5	-380.2	7 583.3	7 562.0	-351.5	7 210.5
Other receivables, including:	791.1	0.0	791.1	809.0	0.0	809.0	4 291.8	-0.7	4 291.1	4 343.4	-0.7	4 342.7
Eurobonds (T-bonds)*	0.0	0.0	0.0	0.0	0.0	0.0	3 564.8	-0.7	3 564.1	3 674.4	-0.7	3 673.7
complex call deposits	612.0	0.0	612.0	651.7	0.0	651.7	540.1	0.0	540.1	521.2	0.0	521.2
receivables under repo transactions	0.0	0.0	0.0	0.0	0.0	0.0	19.8	0.0	19.8	19.7	0.0	19.7
other receivables	179.1	0.0	179.1	157.3	0.0	157.3	167.1	0.0	167.1	128.1	0.0	128.1

*) The eurobonds that until 31 Dec 2017 were classified as 'Loans and other receivables', as of 01 Jan 2018, are presented in item 'Investment securities'.

Quality of loan portfolio

	as of 30 Sep 2018			as of 30 Jun 2018			as of 31 Dec 2017			as of 30 Sep 2017			
	[IFRS 9]		net	[IFRS 9]		net	[IAS 39 - non-transformed data]			[IAS 39 - non-transformed data]			
	gross	impairment for expected losses		gross	impairment for expected losses		gross	impairment	net	gross	impairment	net	
Corporate banking segment	56 859.0	-1 275.8	55 583.2	54 179.2	-1 211.6	52 967.6		50 974.8	-1 039.0	49 935.8	51 561.0	-989.9	50 571.1
assets in stage 1	49 796.8	-61.9	49 734.9	47 295.4	-66.4	47 229.0	unimpaired portfolio	49 178.0	-78.3	49 099.7	49 832.1	-76.0	49 756.1
assets in stage 2	4 969.9	-66.6	4 903.3	4 870.4	-69.2	4 801.2	impaired portfolio	1 796.8	-960.7	836.1	1 728.9	-913.9	815.0
assets in stage 3	2 092.3	-1 147.3	945.0	2 013.4	-1 076.0	937.4							
Retail banking segment	43 539.8	-928.1	42 611.7	41 723.1	-1 024.4	40 698.7		37 509.0	-627.8	36 881.2	35 795.3	-602.1	35 193.2
assets in stage 1	37 281.2	-65.2	37 216.0	35 539.4	-67.7	35 471.6	unimpaired portfolio	36 809.0	-163.8	36 645.2	35 152.1	-157.1	34 995.0
assets in stage 2	5 505.3	-331.4	5 173.9	5 324.2	-314.4	5 009.8	impaired portfolio	700.0	-464.0	236.0	643.2	-445.0	198.2
assets in stage 3	753.3	-531.5	221.8	859.5	-642.3	217.3							
Total	100 398.8	-2 203.9	98 194.9	95 902.3	-2 236.0	93 666.3		88 483.8	-1 666.8	86 817.0	87 356.3	-1 592.0	85 764.3

Additionally, the Group identifies POCI financial assets whose fair value as at 01 Jan 2018 and carrying amount as at 30 Sep 2018 are 0. This group covers exposures under impaired receivables purchased in connection with the takeover of Bieszczadzka SKOK in 2017.

Changes in impairment for expected losses

	3Q 2018 YTD				3Q 2017 YTD
	the period from 01 Jan 2018 to 30 Sep 2018				the period from 01 Jan 2017 to 30 Sep 2017
	[IFRS 9]				[IAS 39 - non-transformed data]
	Stage 1	Stage 2	Stage 3	Total	
Opening balance of impairment	242.1	0.0	1 424.7	1 666.8	1 467.0
The impact of changes to the accounting principles in connection with the implementation of IFRS 9	-119.2	349.9	149.2	379.9*	-
Impairment loss at the beginning of the period adjusted for changes to the accounting principles	122.9	349.9	1 573.9	2 046.7	1 467.0
Changes in the period, including:	4.1	48.1	105.0	157.2	125.7
impairments for granted loans during the period	49.0	0.0	160.1	49.0	n/a
transfer to stage 1	67.2	-62.0	-5.2	0.0	n/a
transfer to stage 2	-13.8	40.2	-26.4	0.0	n/a
transfer to stage 3	-1.6	-42.8	44.4	0.0	n/a
changed provisioning under expected losses	-98.2	112.5	321.5	335.8	n/a
derecognition from the balance sheet (write-downs, sale)	0.0	0.0	-246.1	-246.1	n/a
calculation and write-off of effective interest	0.0	0.0	-3.1	-3.1	n/a
establishment and release in the period	n/a	n/a	n/a	0.0	295.6
write-offs and decreases under sale of debt claims	n/a	n/a	n/a	0.0	-172.4
other	1.5	0.2	19.9	21.6	2.5
Closing balance of impairment	127.0	398.0	1 678.9	2 203.9	1 592.7

*) including changed provisioning under: 1. changes to calculation of the gross carrying amount (PLN 148.3 million), 2. reclassification of credit exposures to the category of measurement at fair value and 3. recognition of POCI assets that do not have impact on the net value of credit exposures as at 01 Jan 2018.

7.12. Debt securities

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Debt securities held for trading	742.0	1 356.9	469.5	1 392.8
Debt securities measured at fair value through other comprehensive income	16 647.9	16 455.3	n/a	n/a
Debt securities measured at amortised cost in the investment securities portfolio	12 098.2	12 144.3	n/a	n/a
Debt securities measured at amortised cost in the loans and other receivables to customers portfolio	2 239.9	2 089.0	6 096.3	5 914.0
Debt securities available-for-sale	n/a	n/a	17 551.6	17 343.6
Debt securities held-to-maturity	n/a	n/a	8 350,5	7 097,2
Total	31 728.0	32 045.5	32 467.9	31 747.6

7.13. Liabilities to other banks

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Current accounts	335.0	226.5	257.7	556.9
Interbank deposits	532.9	724.0	102.3	1 197.9
Loans received*	3 285.8	3 273.0	3 064.9	3 129.2
Repo transactions	2 172.8	0.0	0.0	8.0
Recived call deposits	521.2	624.7	665.7	694.1
Other liabilities	34.5	33.8	18.4	51.7
Total	6 882.2	4 882.0	4 109.0	5 637.8

*) 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.

7.14. Financial liabilities at fair value through profit or loss

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Valuation of derivatives	646.5	817.3	979.2	957.8
Book short position in trading securities	569.7	464.4	735.1	1 641.2
Financial liabilities held for trading	0.0	0.0	0.0	22.4
Total	1 216.2	1 281.7	1 714.3	2 621.4

7.15. Liabilities to customers

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Liabilities to customers, including:	110 205.0	109 174.1	104 503.3	98 459.8
Deposits, including:	108 597.4	107 467.7	102 849.1	96 941.0
Households	73 998.9	72 253.5	67 918.6	65 488.6
Business entities	32 786.7	33 446.9	33 156.6	29 151.1
The government and self-government institutions' sector	1 811.8	1 767.3	1 773.9	2 301.3
Total (gross), including:	108 597.4	107 467.7	102 849.1	96 941.0
Corporate banking segment	34 228.0	35 119.2	34 799.5	31 287.9
current deposits	22 060.2	23 521.5	23 605.0	20 662.1
savings deposits	9 274.1	9 157.1	8 553.8	8 370.9
term deposits	2 893.7	2 440.6	2 640.7	2 254.9
Retail banking segment	74 369.4	72 348.5	68 049.6	65 653.1
current deposits	17 080.1	16 013.5	14 792.0	13 570.9
savings deposits	54 848.9	53 784.8	49 935.0	49 551.5
term deposits	2 440.4	2 550.2	3 322.6	2 530.7
Other liabilities, including:	1 607.6	1 706.4	1 654.2	1 518.8
liabilities for cash security	339.4	299.0	274.0	321.0
received call deposits	0.4	67.4	1.4	24.0
other liabilities	1 267.8	1 340.0	1 378.8	1 173.8

7.16. Provisions

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
	[IFRS 9]*	[IFRS 9]*	[IAS 39 non-transformed data]*	
Provision for off-balance sheet liabilities	82.9	60.0	45.9	41.4
Provision for issues in dispute**	29.2	25.3	7.0	5.5
Provision for retirement benefits	39.7	39.8	39.0	30.4
Other provisions	13.1	0.0	0.0	0.0
Total	164.9	125.1	91.9	77.3

*) Compliance with the standards of IFRS 9 or IAS 39 refers to the item "Provision for off-balance sheet liabilities".

***) For further information on provisions for litigations, see item 12. *Litigations-related settlements* hereof.

7.17. Fair value

Please find below the breakdown of carrying amounts of financial assets and liabilities into individual categories of valuation levels. In 2018, there were no movements between particular valuation levels.

As of 30 Sep 2018

	Level 1	Level 2	Level 3	TOTAL
Financial assets , w tym:	17 389.9	1 365.2	315.1	19 070.2
Financial assets held for trading, including:	742.0	528.7	0.0	1 270.7
valuation of derivatives	-	528.7	-	528.7
treasury bonds	715.3	-	-	715.3
European Investment Bank bonds	26.7	-	-	26.7
Securities measured at fair value through other comprehensive income, including:	16 647.9	0.0	77.3	16 725.2
treasury bonds	14 553.6	-	-	14 553.6
treasury bonds in EUR	714.9	-	-	714.9
European Investment Bank bonds	954.4	-	-	954.4
Austrian government bonds	425.0	-	-	425.0
equity instruments	-	-	77.3	77.3
Derivative hedge instruments	-	836.5	-	836.5
Loans and other liabilities measured at fair value through profit or loss	-	-	237.8	237.8
Financial liabilities, including:	569.7	1 220.5	0.0	1 790.2
Financial liabilities measured at fair value through profit or loss, including:	569.7	646.5	0.0	1 216.2
valuation of derivatives	-	646.5	-	646.5
book short position in trading securities	569.7	-	-	569.7
Derivative hedge instruments	-	574.0	-	574.0

In 3Q 2018, the measurement techniques for Stages 1 and 2 did not change. The financial assets classified to measurement stage 3 as at 01 Jan 2018 and 30 Sep 2018 include unquoted equity instruments and loans which did not meet the SPPI criterion as per IFRS 9. As at 31 Dec 2017, these loans were measured at amortised cost.

Unquoted equity instruments in other companies are measured at fair value using the discounted dividends method. Future dividends were estimated based on mid-term profitability forecasts of those companies Management Boards. The discount rate is based on the cost of equity estimated using the Capital Asset Pricing Model (CAPM).

Methodology of the fair value measurement of the lending portfolio is based on the discounted cash flow method. In this method, the expected cash flows and individual payment dates discount factors are estimated for each measured contract; the value of the discounted cash flows as at the measurement date is also determined. Pricing models are fed with business parameters for individual contracts and parameters observable by the market such as interest rate curves, liquidity cost and capital cost.

During 3Q 2018, the revaluation of the equity instruments classified to measurement stage 3 recognised in the comprehensive income totalled PLN 0.8 million. The measurement impact for the loans classified to measurement stage 3 totalled PLN 0.1 million and was recognised in the income statement in the item: 'Net income on financial instruments measured at fair value through profit or loss and FX result'. The change of the parameters used in the measurement did not have a material impact on the measurement as at 30 Sep 2018.

As of 31 Dec 2017

	Level 1	Level 2	Level 3	TOTAL
Financial assets , w tym:	18 021.2	1 812.4	5.3	19 838.9
Financial assets held for trading, including:	469.6	845.2	0.0	1 314.8
valuation of derivatives	-	784.7	-	784.7
treasury bonds	422.6	-	-	422.6
European Investment Bank bonds	47.0	-	-	47.0
repo transactions	-	60.5	-	60.5
Financial assets available-for sale, including:	17 551.6	0.0	5.3	17 556.9
treasury bonds	16 347.3	-	-	16 347.3
Austrian government bonds	415.0	-	-	415.0
European Investment Bank bonds	789.3	-	-	789.3
equity instruments	-	-	5.3	5.3
Derivative hedge instruments	-	967.2	-	967.2
Financial liabilities, including:	735.1	1 678.4	0.0	2 413.5
Financial liabilities measured at fair value through profit or loss, including:	735.1	979.2	0.0	1 714.3
valuation of derivatives	-	979.2	-	735.1
book short position in trading securities	735.1	-	-	979.2
Derivative hedge instruments	-	699.2	-	699.2

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

As of 30 Sep 2018

	Carrying amount	Fair value			TOTAL
		Poziom 1	Poziom 2	Poziom 3	
Assets					
Cash in hand and balances with the Central Bank	1 529.8	-	1 529.8	-	1 529.8
Loans and receivables to other banks	621.8	-	621.8	-	621.8
Investments securities	12 098.2	-	12 149.5	-	12 149.5
Loans and receivables to customers	98 986.0	-	-	99 305.7	99 305.7
Investments in associates	1.1	-	-	1.1	1.1
Other assets	326.6	-	-	326.6	326.6
Liabilities					
Liabilities due to other banks	6 882.2	-	6 882.2	-	6 882.2
Liabilities due to customers	110 205.0	-	-	110 206.9	110 206.9
Liabilities under issue of debt securities	302.2	-	302.6	-	302.6
Subordinated liabilities	641.9	-	-	641.9	641.9

As of 31 Dec 2017

	Carrying amount	Fair value			TOTAL
		Poziom 1	Poziom 2	Poziom 3	
Assets					
Cash in hand and balances with the Central Bank	2 815.2	-	2 815.2	-	2 815.2
Loans and receivables to other banks	2 234.5	-	2 234.5	-	2 234.5
Investment securities	8 350.5	8 339.6	-	-	8 339.6
Loans and receivables to customers	91 108.1	-	3 570.4	87 209.8	90 780.2
Investments in associates	1.3	-	-	1.3	1.3
Other assets	312.0	-	-	312.0	312.0
Liabilities					
Liabilities due to other banks	4 109.0	-	4 109.0	-	4 109.0
Liabilities due to customers	104 503.3	-	-	104 506.9	104 506.9
Liabilities under issue of debt securities	300.3	-	301.1	-	301.1
Subordinated liabilities	626.9	-	-	626.9	626.9

7.18. Total capital ratio

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Own funds				
A. Own equity in the statement of financial position, including:	12 161.9	11 889.5	11 794.8	11 486.2
A.I. Own equity included in the own funds calculation	11 450.2	10 970.1	10 843.4	10 146.1
A.II. Own equity excluded from own funds calculation	711.7	919.4	951.4	1 340.1
B. Other elements of own funds (decreases and increases), including:	291.4	245.3	67.8	71.7
subordinated debt	640.7	654.2	625.6	646.4
goodwill and other intangible assets	-424.0	-421.1	-422.8	-415.1
AIRB shortfall/surplus of credit risk adjustments to expected losses	-126.2	-210.5	-134.9	-158.4
adjustment in the transitional period due to adaptation to IFRS 9 requirements	201.4	224.5	n/a	n/a
value adjustments due to the requirements for prudent valuation	-0.5	-1.8	-0.1	-1.2
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	11 741.6	11 215.4	10 911.2	10 217.8
Core Tier I capital	11 100.9	10 561.2	10 299.1	9 587.3
Tier II capital	640.7	654.2	612.1	630.5
Risk weighted assets	77 057.6	73 610.3	65 287.3	67 906.8
for credit risk	67 929.2	64 199.5	56 910.0	59 697.3
for operational risk	7 836.0	7 836.0	7 089.6	7 089.6
other	1 292.4	1 574.8	1 287.7	1 119.9
Total capital requirements	6 164.6	5 888.8	5 222.9	5 432.5
Total capital ratio (TCR)	15.24%	15.24%	16.71%	15.05%
Minimum required level	13.335%	13.327%	13.75%	13.75%
Surplus TCR ratio (p.p)	+ 1.91	+1.91	+2.96	+1.30
Tier I ratio (T1)	14.41%	14.35%	15.78%	14.12%
Minimum required level	11.335%	11.327%	10.75%	10.75%
Surplus T1 ratio (p.p)	+3.08	+3.02	+5.03	+3.37

*) When calculating the capital ratios, the Group was using the transitional provisions concerning alleviation of the IFRS 9 implementation impact on own funds. If the IFRS 9 implementation impact had been recognised in full, the total capital ratio would have arrived at 15.0% and the Tier I capital ratio at 14.1%.

Since Jan 2018, the Bank's calculation of own funds has included 100% of unrealised profits and 100% of unrealised losses from the valuation of financial assets presented in the accumulated total income. In 2017, the Bank recognised 80% 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 25 Sep 2018, the Group recognised as at 30 Sep 2018 the Bank's net profit of PLN 480.4 million for the period from 1 Jan 2018 to 30 Jun 2018 in its own funds. As at 31 Dec 2017, the Bank recognised the Bank's net profit for the period from 1 Jan 2017 to 30 Sep 2017 in the amount of PLN 665.4 million in own funds.

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

- In the view of the economists at ING Bank Śląski S.A., the Polish economy reached economic peak in 1H 2018 (growth of approx. 5% y/y). This was reflected by a strong acceleration of public investments co-financed from the EU funds and a high rate of household spending (supported by a very good situation in the domestic labour market). Starting from 4Q 2018, however, there will probably be a gradual deterioration in the economic condition – in the view of the economists at ING Bank Śląski S.A., in 2019 the GDP growth rate will be lower than 4% y/y.
- The most important factor supporting the slowdown in growth is the expected slowdown in households' disposable income. Growth in salaries continued at approx. 7% y/y, but even

such a growth rate cannot compensate for the fading effect of the 500+ Programme. The downward trend is likely to continue also in 2019. As a result, according to the analysts of ING Bank Śląski S.A., the consumer spending growth will decrease from 4.9% y/y in 1H 2018 to 4.4% in 2H 2018 and less than 4% y/y next year.

- At the same time, the export demand outlook is deteriorating, which suggests, among others, a drop in new export orders indicated by national business entities covered by the PMI survey. In view of maintaining a relatively high rate of domestic demand in the Polish economy (which favours the growth of imports), this indicates that the contribution of net exports to GDP will be close to zero in subsequent quarters.
- The CPI growth in Poland remained at a level close to 2% y/y in 1H 2018. The end of 2018 will most likely bring a temporary decline close to the lower limit of the NBP target (1.5% y/y) related to the lower growth rate of food and fuel prices. An important threat, however, is still the significant increase in energy prices for enterprises starting from next year. As a result, in the view of the economists at ING Bank Śląski S.A., the CPI will reach the level of 3% y/y in June 2019.
- Nevertheless, even under such conditions, the Monetary Policy Council will most likely keep interest rates unchanged at least until the end of 2020, indicating, inter alia, supply conditions for the price growth. What is more, the increase in CPI will overlap with the weakening of the pace of domestic GDP growth, further discouraging monetary policy tightening.
- In 2018, the government continued to consolidate public finance. According to estimates of ING Bank Śląski S.A. analysts, the public finance sector deficit will drop to 1.3% of GDP, and public debt will be below the 50% GDP threshold. It is probable that the public finance standing will worsen in 2019 due to the deterioration in the economic situation in Europe. The economists at ING Bank Śląski S.A. expect that the public deficit will remain close to 2% of GDP. After reinstating the A- rating by the Standard & Poors agency, further increases seem unlikely. The three main agencies emphasize, i.a. high foreign indebtedness of Poland and the risk of negative consequences of the conflict with the European Commission.

9. Off-balance sheet items

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Off-balance sheet liabilities granted	33 663.8	33 836.5	29 953.3	28 905.0
Off-balance sheet liabilities received	94 482.1	90 633.3	82 850.1	82 993.5
Off-balance sheet financial instruments	525 458.8	547 979.7	500 985.8	501 477.6
Total off-balance sheet items	653 604.7	672 449.5	613 789.2	613 376.1

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

None.

11. Dividends paid

On 05 Apr 2018, the General Meeting passed a resolution regarding dividend payout for 2017, pursuant to which the Bank paid out the dividend for 2017 totalling PLN 416.32 mln (PLN 3.20 gross per share). On 25 Apr 2018 the shareholders of record became entitled to the dividend payout which took place on 10 May 2018.

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

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 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
Status at the period beginning	25.4	7.0	4.8	4.2
Establishment of provisions	3.9	8.3	0.8	1.9
Utilisation of provision	-0.1	-0.1	-0.1	-0.6
Reclassifications	0.0	14.0	0.0	0.0
Status as at the period	29.2	29.2	5.5	5.5

Proceedings pending before the President of the Office of Competition and Consumer Protection

- The proceedings regarding the application of the practice infringing collective consumer interests

Before the President of the Office of Competition and Consumer Protection there were the proceedings pending which were initiated *ex officio* by the Office President on 30 Dec 2015 regarding the application of the practices infringing collective consumer interests by the Bank. The practices consist in: informing the consumers being parties to the payment service agreement or having access to the online banking system about the amendments proposed to the terms and conditions of the payment service agreement during its term solely via electronic messages sent through the internet banking system which is not a durable medium under the Act on Payment Services; failure to include – in the messages sent to consumers regarding unilateral change of contractual terms, made during its term, wherewith certain documents are enclosed (regulations, general terms and conditions, the table of fees and commissions) regarding personal accounts, savings accounts, prepaid cards, credit cards and online banking – material information enabling consumers to establish that the changes made are admissible, i.e. failure to provide the contractual legal basis for the said changes and their triggers (factual circumstances), whereby consumers cannot verify that the changes to the contractual terms made by the Bank during the obligation-based relationship are admissible; informing the consumers of unilateral modification of modification clauses enabling amendment to regulations and general terms and conditions regarding personal accounts, savings accounts, prepaid cards, credit cards and online banking under the circumstances where there were no legal grounds for modifying the contractual terms in that manner during the obligation-based relationship with consumers.

In the letters of 26 Jan 2016 and 05 Feb 2016, the Bank presented its stance on the allegations of the President of the Office of Competition and Consumer Protection and requested a decision under Article 28.1 of the Act on Competition and Consumer Protection, while undertaking to initiate certain actions. In the response, the President of the Office of Competition and Consumer Protection upheld their allegations against the Bank and did not accept the Bank's obligations. Following the requirements formulated by the President of the Office of Competition and Consumer Protection in the course of the proceedings, the Bank's obligations were modified. For the time being, the Bank has presented another proposal of obligations and is awaiting the stance of the Office President. With the letter of 29 Jun 2018, the President of the Office of Competition and Consumer Protection extended the term of the proceedings until 30 Nov 2018.

On 8 August 2018, the President of the Office of Competition and Consumer Protection issued a decision wherewith the Bank was required to take certain measures. Following this decision, the Bank undertook to:

- conclude with the clients annexes for clients' account agreements/ account and card agreements and to individually settle the fees and commissions effective as of 1 January 2014 to 1 March 2017 and refund to clients: the difference between the charged fee or commission for its increase or for a change in its calculation method and the newly-introduced and charged fee and commission,
 - award the public compensation to clients in the form of exemption for one month from the collection of fees for cash withdrawals at all ATMs domestically, made by a debit card issued with the account, or by a prepaid card, or a credit card – from 29 October 2018 to 28 November 2018.
- Proceedings regarding the allegation of practices limiting competition on the market of acquiring services for the payments made with payment cards in Poland

Following the antimonopoly proceedings conducted against ING Bank Śląski S.A. and other banks upon the request of the Polish Trade and Distribution Organization – Employers' Confederation, on 29 Dec 2006, the President of the Office of Competition and Consumer Protection issued a decision stating that the Bank applied the practices limiting competition. The Office of Competition and Consumer Protection deemed as competition limiting the practice whereby various Polish banks, the Bank included, participated in the arrangement limiting competition on the market of acquiring services for clearance of consumer liabilities towards merchants under the payment of goods and services acquired by consumers using payment cards in Poland by setting together the interchange fees charged on the transactions made using the Visa and MasterCard system cards in Poland. In consequence of recognition of the practices limiting competition, the Office of Competition and Consumer Protection imposed fines on banks, the Bank included – of PLN 14,1 million.

The decision was appealed against inter alia by the Bank with the Court of Competition and Consumer Protection. With its judgement of 12 Nov 2008, the Court of Competition and Consumer Protection changed the decision of the Office of Competition and Consumer Protection in that it did not recognise the practice limiting competition. On 22 Apr 2010, the judgement was repealed with the judgement of the Court of Appeal which referred the case for re-review.

With its judgment of 21 Nov 2013, the Court did not change the decision of the Office of Competition and Consumer Protection on the allegation of limiting competition, but reduced the Bank's fine to PLN 403,209. Nonetheless, the judgement of the Court of Competition and Consumer Protection was changed with the judgment of the Court of Appeal of 6 Oct 2015 which ruled to change the judgment of the Court of Competition and Consumer Protection in that all appeals were dismissed in their entirety.

Following the ruling, the President's decision became final and binding and in Oct 2015 the Bank paid the fine of PLN 14,088,270 as ruled.

The Bank and other banks participating in the proceedings alike lodged a complaint for annulment of the judgment of the Court of Appeal. On 25 Oct 2017, the Supreme Court repealed the judgment of the Court of Appeal and referred the case thereto for re-review. In line with the position of the Office of Competition and Consumer Protection, the fine paid was refunded to the Bank.

The proceedings are currently pending in the Court of Appeal, which on 24 Oct 2018 postponed the hearing without setting the date of the next hearing, and at the same time imposing certain obligations on the plenipotentiaries with regard to submitting statements or documents.

Due to the lack of final decisions, the amount of the penalty returned was not included in the profit and loss account.

As at 30 Sep 2018, the Bank holds the provision of PLN 14.1 million.

13. Seasonality or cyclicality of activity

Activity of ING Bank Śląski Group is not subject to seasonality or cyclicality 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 Jun 2018 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	associated entities	ING Bank NV	other ING Group entities
	as of 30 Sep 2018			as of 30 Sep 2017	
Receivables					
Current accounts	6.8	2.8	-	19.4	1.5
Deposits placed	-	-	-	-	-
Loans	37.9	49.1	-	24.2	48.7
Positive valuation of derivatives	82.9	41.0	-	215.9	85.3
Other receivables	6.7	0.3	-	0.5	0.1
Liabilities					
Deposits received	64.3	68.3	5.2	368.2	26.0
Loans received	3 015.8	-	-	2 840.3	-
Subordinated loan	641.9	-	-	647.7	-
Loro accounts	5.9	28.9	-	17.7	103.2
Negative valuation of derivatives	67.1	39.2	-	220.9	80.2
Other liabilities	54.7	5.6	-	40.7	0.6
Off-balance-sheet operations					
Off-balance sheet liabilities granted	487.4	360.9	-	441.8	228.7
Off-balance sheet liabilities received	1 265.0	284.1	-	1 400.1	182.5
FX transactions	8 286.1	24.4	-	19 948.5	162.8
Forward transactions	266.5	-	-	2 035.3	-
IRS	2 878.2	2 527.1	-	3 211.6	2 519.6
Options	2 363.6	40.1	-	5 428.4	275.2
	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018			3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017	
Income and expenses					
Income, including:	6.6	1.3	-	23.6	8.0
interest and commission income/expenses	-10.7	1.1	-	-16.0	4.7
income on financial instruments	16.5	-4.3	-	27.3	3.3
income on investments	-	-	-	12.0	-
net income on other basic activities	0.8	4.6	-	0.3	-
General and administrative expenses	52.1	8.0	-	44.1	5.0
Outlays for non-current assets					
Outlays for property, plant and equipment	-	-	-	-	-
Outlays for intangible assets	1.6	0.1	-	-	-

15. Segmentation of revenue and financial results of the Group

15.1 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.

15.1.1. Retail banking segment

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

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

15.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

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

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

15.1.3. Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS). Transfer prices are defined based on the yield curve for a given currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtainment of long-term liquidity, matching of the Bank's position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations. Revenue, costs, results, assets and liabilities for a given segment account for elements that are directly attributable to the segment in question, as well as element that may be attributed to that segment based on reasonable premises. The Bank presents segment's interest income reduced by the cost of the interest. In the 3Q 2018, the Bank is revising the allocation key for the ALCO's income for relevant year. The data for previous periods are being made comparable.

3Q 2018 YTD

the period from 01 Jan 2018 to 30 Sep 2018

	Retail banking segment	Corporate banking segment	TOTAL
Income total	2 207.4	1 665.8	3 873.2
net interest income	1 760.7	1 003.5	2 764.2
net commission income	347.5	626.7	974.2
other income/expenses	99.2	35.6	134.8
Expenses total	1 047.7	712.8	1 760.5
Segment result	1 159.7	953.0	2 112.7
Impairment for expected losses	183.6	218.8	402.4
Tax on certain financial institutions	113.2	159.6	272.8
Share in net profits (losses) of associated companies valued using the equity method	0.0	-0.2	-0.2
Segment profit before tax	862.9	574.4	1 437.3
Income tax	-	-	363.6
Result after tax	-	-	1 073.7
- attributable to shareholders of ING Bank Śląski S.A.	-	-	1 073.7
Allocated equity	4 999.0	7 163.0	12 162.0
ROE - Return on equity (%)*	17.4	8.2	12.1

*) 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 2018

the period from 01 Jul 2018 to 30 Sep 2018

	Retail banking segment	Corporate banking segment	TOTAL
Income total	744.9	561.2	1 306.1
net interest income	612.9	348.3	961.2
net commission income	111.6	204.9	316.5
other income/expenses	20.4	8.0	28.4
Expenses total	343.9	233.3	577.2
Segment result	401.0	327.9	728.9
Impairment losses	44.6	89.3	133.9
Tax on certain financial institutions	39.5	54.7	94.2
Share in net profits (losses) of associated companies valued using the equity method	0.0	-0.2	-0.2
Segment profit before tax	316.9	183.7	500.6
Income tax	-	-	121.8
Result after tax	-	-	378.8
- attributable to shareholders of ING Bank Śląski S.A.	-	-	378.8

3Q 2017 YTD

the period from 01 Jan 2017 to 30 Sep 2017

	Retail banking segment	Corporate banking segment	TOTAL
Income total	1 989.2	1 552.6	3 541.8
net interest income	1 570.8	923.4	2 494.2
net commission income	323.8	570.0	893.8
other income/expenses	94.5	59.3	153.8
Expenses total	966.9	640.4	1 607.3
Segment result	1 022.3	912.2	1 934.5
Impairment for expected losses	125.0	183.6	308.6
Tax on certain financial institutions	92.8	151.1	243.9
Segment profit before tax	804.5	577.5	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 2018

the period from 01 Jul 2018 to 30 Sep 2018

	Retail banking segment	Corporate banking segment	TOTAL
Income total	676.7	538.2	1 214.9
net interest income	545.9	323.0	868.9
net commission income	108.1	201.8	309.9
other income/expenses	22.6	13.5	36.1
Expenses total	314.1	215.5	529.6
Segment result	362.7	322.6	685.3
Impairment for expected losses	39.0	70.1	109.1
Tax on certain financial institutions	32.5	51.6	84.1
Segment profit before tax	291.2	200.9	492.1
Income tax	-	-	116.4
Result after tax	-	-	375.7
- attributable to shareholders of ING Bank Śląski S.A.	-	-	375.7

15.1.4. 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.

On 12 Oct 2018 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.

As at 30 Sep 2018, the Bank had the rating of financial credibility, issued by the Agency:

Rating	Poziom
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)

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 15 Oct 2018, the Agency upheld the ratings assigned to the ING Bank Śląski SA at its current level. The Bank's ratings are confirmed in the Macro Profile for Poland, ie 'Strong-', and reflect:

- good quality, though un-seasoned, loan portfolio of a bank with very limited involvement in foreign currency mortgage loans,
- adequate, though decreasing, total bank capital ratio,
- good financing profile and liquidity profile of the bank..

As at 30 Sep 2018, the Bank's financial viability rating issued by the Agency was as follows:

Rating	Poziom
LT Rating	A2
ST Rating	P-1
Baseline Credit Assessment (BCA)	baa2
Adjusted Baseline Credit Assessment (Adjusted BCA)	baa1
LT rating outlook	Stable
Counterparty Risk Rating (CR Rating) long-term/ short-term	A1 / P-1
Counterparty Risk Assessment (CR Assessment) long-term/ short-term	A1 (cr) / P-1 (cr)

16.2. Number of Branches and ATMs, CDMs

The number of Bank branches in particular periods was as follows:

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Number of outlets	351	352	357	381
Number of ING Express sales points at shopping malls	63	64	66	66

As at 31 Jun 2018, Clients could use 1,081 machines for cash self-service, including 199 standard ATMs and 882 dual machines. As at 30 Sep 2017, there were 1,087 machines for cash self-service, including 187 standard ATMs and 900 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 clients are as follows (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 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Moje ING, ING BusinessOnLine (in million)	4.0	3.9	3.6	3.6
ING BankMobile. Moje ING Mobile* (in million)	3.4	3.1	2.8	2.6
HaloŚląski (in million)	2.2	2.2	2.2	2.2
ING BusinessMobile (in thousands)	19.8	18.4	16.4	15.4

*) The number of downloaded applications

***) in 2Q 2018 ING BankMobile application was closed.

The monthly number of transactions in Sep 2018 was at the level of 35.9 million and in the analogical period last year it was 32,0 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 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Debit cards	2 788	2 550	2 674	2 600
Credit cards	254	248	224	224
Other cards*	140	133	123	119
Total payment cards. in which:	3 182	2 931	3 021	2 943
Paywave**	2 563	2 302	2 409	2 329
Virtual cards	136	124	96	81

* including charge and prepaid cards

** 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.

2018-11-06	Brunon Bartkiewicz President	<i>Signed on the Polish original</i>
2018-11-06	Michał Bolesławski Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Joanna Erdman Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Marcin Giżycki Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Bożena Graczyk Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Justyna Kesler Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Patrick Roesink Vice-President	<i>Signed on the Polish original</i>

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2018-11-06	Jolanta Alvarado Rodriguez	Director of Accounting Department Chief Accountant	<i>Signed on the Polish original</i>
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ING BANK ŚLĄSKI S.A. INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

Interim condensed standalone income statement

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
	[IFRS 9]	[IFRS 9]	[IAS 39 non- transformed data]	[IAS 39 non- transformed data]
Interest income, including:	1 156.6	3 328.2	1 044.8	3 016.9
Interest income on assets measured at amortised cost	1 155.3	3 324.2	n/a	n/a
Other interest income	1.3	4.0	n/a	n/a
Interest expenses	232.1	673.5	209.7	622.4
Net interest income	924.5	2 654.7	835.1	2 394.5
Commission income	339.3	1 040.7	328.5	954.8
Commission expenses	39.0	113.1	32.0	98.5
Net commission income	300.3	927.6	296.5	856.3
Net income on financial instruments at fair value through profit or loss and FX result	27.3	69.5	31.1	95.3
Net income on the sale of securities measured at amortised cost	0.0	1.0	n/a	n/a
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	0.0	50.5	n/a	n/a
Net income on investments	n/a	n/a	3.1	53.9
Net income on hedge accounting	-0.7	3.5	1.3	11.6
Net income on other basic activities	-0.9	3.0	-2.3	-6.3
Net income on basic activities	1 250.5	3 709.8	1 164.8	3 405.3
General and administrative expenses	549.9	1 684.3	507.8	1 544.1
Impairment for expected losses, including:	131.2	389.4	n/a	n/a
result on the sale of receivables	25.6	28.2	n/a	n/a
Impairment losses and provisions for off-balance sheet liabilities, including:	n/a	n/a	106.1	302.5
result on the sale of receivables	n/a	n/a	11.0	21.8
Tax on certain financial institutions	94.2	272.8	84.1	243.9
Share in gains or losses of controlled entities recognised on an equity basis	19.6	56.1	19.3	49.1
Gross profit (loss)	494.8	1 419.4	486.1	1 363.9
Income tax	116.0	345.7	110.4	327.6
Net profit (loss)	378.8	1 073.7	375.7	1 036.3
Weighted average number of ordinary shares	130 100 000	130 100 000	130 100 000	130 100 000
Earnings per ordinary share (PLN)	2.91	8.25	2.89	7.97

The diluted earnings per share are the same as the profit per one ordinary share.
 No material operations were discontinued during 3Q 2018 and 3Q 2017.

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

Interim condensed standalone statement of comprehensive income

	3Q 2018 the period from 01 Jul 2018 to 30 Sep 2018	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018	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
	[IFRS 9]	[IFRS 9]	[IAS 39 non- transformed data]	[IAS 39 non- transformed data]
Net profit for the period	378.8	1 073.7	375.7	1 036.3
Total other comprehensive income, including:	-106.4	-42.7	-44.4	-25.7
Items which can be reclassified to income statement	-106.3	-43.4	-44.4	-25.7
debt instruments measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-0.2	15.5	-	-
financial assets measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	0.0	-28.7	-	-
cash flow hedging – gains/losses on revaluation carried through equity	-18.5	210.6	-	-
cash flow hedging – reclassification to profit or loss	-87.4	-244.9	-	-
hedging instruments – undesignated elements	0.5	4.8	-	-
hedging instruments – undesignated elements – transfer to profit or loss	-0.7	-0.7	-	-
effective part of cash flow hedging relationship	-	-	-79.3	-109.2
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	45.6	139.4
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-2.6	-31.8
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	-	-	0.0	0.0
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	-	-	-8.1	-24.1
Items which will not be reclassified to income statement	-0.1	0.7	0.0	0.0
equity financial instruments measured at fair value through other comprehensive income – revaluation gains / losses on equity	-0.1	0.7	0.0	0.0
Net comprehensive income for the reporting period	272.4	1 031.0	331.3	1 010.6

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 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017	as of 31 Dec 2016
	[IFRS 9]		[IAS 39	non-transformed data]	
Assets					
Cash in hand and balances with the Central Bank	1 529.8	1 781.5	2 815.1	1 638.2	1 825.0
Loans and other receivables to other banks	621.8	951.8	2 234.5	1 174.7	1 113.4
Financial assets held for trading	1 270.7	2 034.0	1 314.8	2 243.7	3 943.9
Derivative hedge instruments	836.5	880.2	967.2	1 050.1	1 338.6
Investment securities	28 823.4	28 677.0	n/a	n/a	n/a
Investments	n/a	n/a	25 907.4	24 446.1	25 721.3
Loans and other receivables to customers	95 410.0	90 845.2	87 358.7	86 392.0	78 038.0
Investments in controlled entities	631.6	612.0	474.3	468.0	419.2
Property, plant and equipment	533.3	520.8	542.8	550.9	571.6
Intangible assets	415.6	413.0	418.5	410.5	419.6
Assets held for sale	16.2	16.2	11.1	15.3	31.8
Deferred tax assets	192.2	177.9	130.9	147.3	154.2
Other assets	193.7	198.4	163.7	164.1	132.8
Total assets	130 474.8	127 108.0	122 339.0	118 700.9	113 709.4
Liabilities					
Liabilities to other banks	3 596.4	1 609.3	1 044.6	2 508.9	2 019.9
Financial liabilities at fair value through profit or loss	1 216.2	1 281.7	1 714.3	2 621.4	1 590.8
Derivative hedge instruments	574.0	677.7	699.2	799.9	1 468.1
Liabilities to customers	109 952.1	108 877.4	104 075.8	98 068.1	95 168.4
Liabilities under issue of debt securities	302.2	300.2	300.3	872.1	866.4
Subordinated liabilities	641.9	655.6	626.9	647.7	664.9
Provisions	162.6	123.1	89.9	76.0	59.0
Current income tax liabilities	50.2	55.7	220.2	175.7	119.6
Other liabilities	1 817.3	1 637.8	1 773.0	1 444.9	1 277.4
Total liabilities	118 312.9	115 218.5	110 544.2	107 214.7	103 234.5
Equity					
Share capital	130.1	130.1	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3
Accumulated other comprehensive income	450.6	557.0	493.2	551.8	577.4
Retained earnings	10 624.9	10 246.1	10 215.2	9 848.0	8 811.1
Total equity	12 161.9	11 889.5	11 794.8	11 486.2	10 474.9
Total equity and liabilities	130 474.8	127 108.0	122 339.0	118 700.9	113 709.4
Carrying amount	12 161.9	11 889.5	11 794.8	11 486.2	10 474.9
Number of shares	130 100 000	130 100 000	130 100 000	130 100 000	130 100 000
Carrying amount per share (PLN)	93.48	91.39	90.66	88.29	80.51

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

3Q 2018

the period from 01 Jan 2018 to 30 Sep 2018

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	493.2	10 215.2	11 794.8
effect of changes in accounting policy from the implementation of IFRS 9	0.0	0.0	1.1	-249.0	-247.9
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	494.3	9 966.2	11 546.9
Net result for the current period	-	-	-	1 073.7	1 073.7
Other net comprehensive income. including:	0.0	0.0	-43.7	1.0	-42.7
financial assets measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-	-	16.2	-	16.2
financial assets measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-28.7	-	-28.7
cash flow hedging – gains/losses on revaluation carried through equity	-	-	210.6	-	210.6
cash flow hedging – reclassification to profit or loss	-	-	-244.9	-	-244.9
hedging instruments – undesignated elements	-	-	4.8	-	4.8
hedging instruments – undesignated elements – reclassification to profit or loss	-	-	-0.7	-	-0.7
disposal of non-current assets	-	-	-1.0	1.0	0.0
Other changes in equity. including:	0.0	0.0	0.0	-416.0	-416.0
valuation of share-based payments	-	-	-	0.2	0.2
dividend paid	-	-	-	-416.2	-416.2
Closing balance of equity	130.1	956.3	450.6	10 624.9	12 161.9

2017

the period from 01 Jan 2017 to 31 Dec 2017

[IAS 39 – non-transformed data]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	576.8	8 631.7	10 294.9
effect of changes in accounting policy from the implementation the equity method for valuation controlled entities	-	-	0.6	179.4	180.0
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	577.4	8 811.1	10 474.9
Net result for the current period	-	-	-	1 403.1	1 403.1
Other net comprehensive income. including:	0.0	0.0	-84.2	0.2	-84.0
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	192.9	-	192.9
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.7	-	-31.7
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	-	-	-0.2	-	-0.2
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	-	-	-32.1	-	-32.1
effective part of cash flow hedging relationship	-	-	-206.0	-	-206.0
disposal of non-current assets	-	-	-0.3	0.2	-0.1
actuarial gains/losses	-	-	-6.8	-	-6.8
Other changes in equity. including:	0.0	0.0	0.0	0.8	0.8
valuation of share-based payments	-	-	-	1.0	1.0
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	493.2	10 215.2	11 794.8

Interim condensed standalone statement of changes in equity - continued

3Q 2017 YTD

the period from 01 Jan 2017 to 30 Sep 2017

[IAS 39 – non-transformed data]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	576.8	8 631.7	10 294.9
effect of changes in accounting policy from the implementation the equity method for valuation controlled entities			0.6	179.3	179.9
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	577.4	8 811.0	10 474.8
Net result for the current period	-	-	-	1 036.3	1 036.3
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
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	-	-	-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	0.7	0.7
valuation of share-based payments	-	-	-	0.9	0.9
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	551.8	9 848.0	11 486.2

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

	3Q 2018 YTD the period from 01 Jan 2018 to 30 Sep 2018 [IFRS 9]	3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017 [IAS 39 non- transformed data]
Net profit	1 073.7	1 036.3
Adjustments, including:	-3 890.6	462.3
Share in gains or losses of controlled entities recognised on an equity basis	-56.1	-49.1
Depreciation and amortisation	132.3	134.6
Interest accrued (from the income statement)	-2 654.7	-2 394.5
Interest paid	-656.0	-602.3
Interest received	3 160.1	2 956.4
Dividends received	-6.3	-14.1
Gains (losses) on investing activities	-1.7	-0.7
Income tax (from the income statement)	345.7	327.6
Income tax paid	-525.2	-264.6
Change in provisions	55.8	17.0
Change in loans and other receivables to other banks	377.4	-287.5
Change in financial assets held for trading	-212.1	1 411.4
Change in available-for-sale financial assets	n/a	3 232.2
Change in debt instruments measured at fair value through other comprehensive income	-3 738.0	n/a
Change in valuation of derivatives	-76.7	130.4
Change in hedge derivatives	-24.7	-488.9
Change in loans and other receivables to customers	-8 306.8	-8 386.6
Change in other assets	-23.3	5.9
Change in liabilities to other banks	2 550.2	488.9
Change in liabilities at fair value through profit or loss	-164.3	1 188.6
Change in liabilities to customers	5 874.3	2 906.5
Change in other liabilities	59.5	151.1
Net cash flow from operating activities	-2 816.9	1 498.6
Purchase of property plant and equipment	-83.6	-51.9
Disposal of property plant and equipment	0.3	0.7
Purchase of intangible assets	-51.5	-45.4
Disposal of assets held for sale	7.5	6.0
Purchase of shares in controlled entities	-120.0	0.0
Purchase of equity instruments measured at fair value through other comprehensive income	-1.2	n/a
Purchase of equity instruments measured at amortized cost	-83.1	n/a
Disposal of instruments measured at amortised cost	1 055.8	n/a
Purchase of held-to-maturity financial assets	n/a	-1 911.6
Interest received from held-to-maturity financial assets	n/a	96.4
Dividends received	6.3	14.1
Net cash flow from investing activities	730.5	-1 891.7
Payment of interest on long-term loans	-9.3	-9.3
Interest on issued debt securities	-3.8	-11.5
Dividends paid	-416.2	0.0
Net cash flow from financing activities	-429.3	-20.8
Effect of exchange rate changes on cash and cash equivalents	61.1	-224.5
Net increase/decrease in cash and cash equivalents	-2 515.7	-413.9
Opening balance of cash and cash equivalents	4 598.2	2 758.7
Closing balance of cash and cash equivalents	2 082.5	2 344.8

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 3Q 2018 and 3Q 2017.

1.3. *Compliance with International Financial Reporting Standards*

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 3Q 2018 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 Sep 2018 as well as in accordance with the Ordinance of Finance Minister of 19 Feb 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 3Q 2018 and the Bank's financial statements for the year ended 31 Dec 2017 approved by the General Meeting on 5 Apr 2018.

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 01 Jan 2017 to 30 Sep 2017, and interim condensed standalone statement of financial position as at 30 Sep 2017 together with comparable data were prepared according to the same principles of accounting for each period, except for the changes resulting from the implementation of IFRS 9 replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The changes refer to classification and measurement of financial assets and liabilities and impairment of financial assets. The Bank took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 01 Jan 2018, without adjusting comparative periods.

1.4. *Comparative data*

The comparative data cover the period from 01 Jan 2017 to 30 Sep 2017 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 Dec 2017; in the case of the interim condensed standalone statement of financial position data as of 30 Jun 2018, 31 Dec 2017, 30 Sep 2017 and 31 Dec 2016. In connection with the implementation from 01 Jan 2018 of IFRS 9 replacing IAS 39, the Bank took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 01 Jan 2018, without adjusting comparative periods.

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. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 6 Nov 2018.

1.7. Changes to accounting standards

In these interim condensed separate financial statements, the same accounting principles have been applied as in the case of annual full financial statements for the year 2017 (Annual Financial Statements of ING Bank Śląski S.A. Group for the Period Started 01 Jan 2017 and Ended 31 Dec 2017) and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 01 Jan 2018 or afterwards.

2. Significant accounting principles

The detailed accounting principles were presented in the Annual Standalone Financial Statements of the ING Bank Śląski S.A. for the Period Started 01 Jan 2017 and Ended 31 Dec 2017, published on 9 Mar 2018, including changes introduced to the accounting principles effective from 01 Jan 2018, which were presented in the interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 1H 2018, published on 02 Aug 2018 and available on the website of ING Bank Śląski S.A. (www.ingbank.pl).

In the 3Q 2018, no changes were made to the applied accounting principles..

3. Comparability of financial data

When compared with the interim standalone financial statements for previous periods, in the Interim Condensed Standalone Financial Statements for the period from 1 Jan 2018 to 30 Sep 2018, the Bank amended the manner of presentation of individual items of the consolidated income statement and consolidated statement of financial position. The amendments were made first and foremost in consequence of the implementation of IFRS 9 which superseded IAS 39 as of 1 Jan 2018. The Bank took a decision to apply retrospectively the principles of classification, measurement and impairment through the adjustment of the opening balance sheet as at 1 Jan 2018, without adjusting comparative periods.

Since 1 Jan 2018 the Bank has changed the accounting principles as regards recognition in the separate financial statements of investments in subsidiaries and affiliated companies using the equity method. The change required conversion of data for previous periods.

Further, the Bank made a few presentation changes which were not directly caused by the implementation of IFRS 9, but which – in the Bank's opinion – enhanced the transparency and informative value of the consolidated income statement and consolidated statement of financial position. The changes required a restatement of the comparable data; they did not, however, impact on the level of the financial result or balance sheet total presented.

Changes to IFRS 9 implementation-resultant

- Changes to the income statement:
 - split of interest income into interest income on assets measured at amortised cost and other interest income,
 - isolation of the item 'net income on sale of securities measured at amortised cost',
 - isolation of the 'net income on sale of securities measured at fair value through other comprehensive income and dividend income' in place of 'net income on investments' shown for previous periods,
 - isolation of the item 'expected loss allowances' in place of 'impairment losses for financial assets and provisions for off-balance sheet liabilities' shown for previous periods.
- Changes to the statement of financial position:
 - isolation of the item 'investment securities' which shows the value of securities measured at fair value through other comprehensive income and other than corporate and municipal securities measured at amortised cost. This item replaced the 'investments' item presented for previous periods, which showed available-for-sale financial assets and financial assets held to maturity.
- Changes to the cash flow statement:
 - separation in the investment activity of the item "Acquisition/Divestment of Instruments measured at amortised cost" which replaced the item presented for earlier periods: "Acquisition/Divestment of financial assets held to maturity",
 - separation in the investment activity of the item "Acquisition/Divestment of equity instruments measured at fair value through other comprehensive income",
 - moving of changes to the volume of Eurobonds measured at amortised cost from the operating activity (item "Change in receivables from customers") to the investment activity (item "Acquisition/Divestment of Instruments measured at amortised cost")

Other changes

- Changes to the income statement:
 - *Changed accounting principles*
 - a) change under implementation of the equity method for measurement of investments in subsidiaries and affiliated companies – in separate financial statements for previous periods the Bank presented investments in subsidiaries and affiliated companies at the purchase price,
 - *Other changes*
 - b) changed manner of presenting costs under marketing fees (cashback); in previous periods these costs were recognised in *Commission income/Commission costs*; at present the Group presents them in *General and administrative expenses*,
 - c) changed manner of presenting result on write-offs concerning unsettled valuation of derivative transactions between *Impairment losses for financial assets and provisions for off-balance-sheet liabilities* and *Net income on financial instruments measured at fair value through profit or loss and FX result*.
 - d) changed manner of presenting interest on securities and derivatives held for trading; in the previous periods they were presented in *Interest income/expenses*, currently in

the Net income on financial instruments at fair value through profit or loss and FX result,

- e) changed manner of presenting the amortisation of fair value adjustment for exposures, which were excluded from fair value hedge strategy; in the previous periods it was presented in *Net income on hedge accounting*, currently in *Interest income/expenses*.

The table below highlights the individual items of the separate statement of financial position as they were presented in the interim consolidated financial statements for 3Q 2017 and 3Q 2018 and in the current statements.

3Q 2017 YTD the period from 01 Jan 2017 to 30 Sep 2017							
	in Financial Statements for 3Q 2017 (approved data)	change a)	change b)	change c)	change d)	change e)	in Financial Statements for 3Q 2018 (comparable data)
Interest income	3 072.7				-43.8	-12.0	3 016.9
Interest expenses	623.6				-1.2		622.4
Net interest income	2 449.1	0.0	0.0	0.0	-42.6	-12.0	2 394.5
Commission income	954.0		0.8				954.8
Commission expenses	105.8		-7.3				98.5
Net commission income	848.2	0.0	8.1	0.0	0.0	0.0	856.3
Net income on financial instruments at fair value through profit or loss and FX result	53.8			-1.0	42.6		95.4
Net income on hedge accounting	-0.5					12.0	11.5
Net income on basic activities	3 398.2	0.0	8.1	-1.0	0.0	0.0	3 405.3
General and administrative expenses	1 536.0		8.1				1 544.1
Impairment losses and provisions for off-balance sheet liabilities	303.5			-1.0			302.5
Share in gains or losses of controlled entities recognised on an equity basis	0.0	49.1					49.1
Gross profit (loss)	1 314.8	49.1	0.0	0.0	0.0	0.0	1 363.9
Net profit (loss)	987.2	49.1	0.0	0.0	0.0	0.0	1 036.3

➤ Changes to the statement of financial position:

- *Changed accounting principles*
 - a) change under implementation of the equity method for measurement of investments in subsidiaries and affiliated companies – in separate financial statements for previous periods the Bank presented investments in subsidiaries and affiliated companies at the purchase price,
- *Other changes*
 - b) reclassification of the provisions for unused holiday from the item 'provisions' to the item 'other liabilities',
 - c) renaming of the item 'financial assets measured at fair value through profit or loss' as 'financial assets held for trading',
 - d) inclusion of 'measurement of derivatives', respectively: positive to 'financial assets held for trading' and negative to 'financial liabilities measured at fair value through profit or loss',

- e) renaming of the item 'investments' as 'investment securities'
- f) inclusion of 'receivables from customers due to repo transactions' in the item 'loans and other receivables extended to client' and analogically 'liabilities to customers due to repo transactions' to item 'liabilities to customers'
- g) split of 'property assets' into two separate items 'property, plant and equipment' and 'intangible assets'
- h) split of 'income tax assets' into 'deferred tax assets' and 'current tax receivables' and analogically of 'income tax liabilities' into 'deferred tax provisions' and 'current tax liabilities',
- i) renaming of the item 'authorised capital' as 'share capital' and 'revaluation reserve' as 'cumulative other comprehensive income'.

The table below highlights the individual items of the separate statement of financial position as they were presented in the annual financial statements for 2017, interim financial statements for 3Q 2017 and in the current statements.

ING Bank Śląski S.A. Group

 Quarterly consolidated report for the 3 quarter 2018
 Interim condensed standalone financial statements

(PLN million)

	as of 31 Dec 2017	as of 30 Sep 2017	as of 31 Dec 2016	as of 31 Dec 2017	as of 30 Sep 2017	as of 31 Dec 2016		as of 31 Dec 2017	as of 30 Sep 2017	as of 31 Dec 2016
	in Financial Statements for 2017	in Financial Statements for 3Q 2017	in Financial Statements for 1Q 2017		change a), b)			in Financial Statements for 3Q 2018		
	(approved data)							(comparable data)		
Assets										
Financial assets at fair value through profit or loss	530.1	1 415.2	2 826.8				Financial assets held for trading	1 314.8	2 243.7	3 943.9
Valuation of derivatives	784.7	828.5	1 117.1							
Investments	25 907.4	24 446.1	25 721.3				investment securities	25 907.4	24 446.1	25 721.3
Loans and other receivables to customers	87 338.9	86 372.3	78 038.0				Loans and other receivables to customers	87 358.7	86 392.0	78 038.0
Receivables from customers under repo transactions	19.8	19.7	0.0							
Investments in controlled entities	240.5	239.2	239.2	233.8	228.8	180.0		474.3	468.0	419.2
Non-financial assets	961.3	961.4	991.2				Property, plant and equipment	542.8	550.9	571.6
							Intangible assets	418.5	410.5	419.6
Tax assets	130.9	147.3	154.2				Deferred tax assets	130.9	147.3	154.2
Total assets	122 105.2	118 472.1	113 529.4	233.8	228.8	180.0		122 339.0	118 700.9	113 709.4
Liabilities										
Financial liabilities at fair value through profit or loss							Liabilities			
Valuation of derivatives	735.1	1 663.6	474.8				Financial liabilities at fair value through profit or loss	1 714.3	2 621.4	1 590.8
Liabilities to customers	979.2	957.8	1 116.0							
Liabilities to customers	104 075.8	98 068.1	95 168.4				Liabilities to customers	104 075.8	98 068.1	95 168.4
Liabilities to customers under repo transactions	0.0	0.0	0.0							
Provisions	97.3	88.2	71.2	-7.4	-12.2	-12.2		89.9	76.0	59.0
Tax liabilities	220.2	175.7	119.6				Current Tax liabilities	220.2	175.7	119.6
Other liabilities	1 765.6	1 432.7	1 265.2	7.4	12.2	12.2		1 773.0	1 444.9	1 277.4
Total liabilities	110 544.2	107 214.7	103 234.5	0.0	0.0	0.0		110 544.2	107 214.7	103 234.5
Equity										
Initial capital	130.1	130.1	130.1				Share capital	130.1	130.1	130.1
Revaluation reserve	493.0	551.2	576.8	0.2	0.6	0.6	Cumulative other comprehensive income	493.2	551.8	577.4
Retained earnings	9 981.6	9 619.8	8 631.7	233.6	228.2	179.4	Retained earnings	10 215.2	9 848.0	8 811.1
Total equity	11 561.0	11 257.4	10 294.9	233.8	228.8	180.0		11 794.8	11 486.2	10 474.9
Total equity and liabilities	122 105.2	118 472.1	113 529.4	233.8	228.8	180.0		122 339.0	118 700.9	113 709.4



4. Significant events in 3Q 2018

Significant events that occurred in 3Q 2018 are described in the interim condensed consolidated financial statement in chapter *Additional information* in item 2. *Significant events in 3Q 2018*.

5. 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.

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

None.

7. Dividends paid

On 05 Apr 2018, the General Meeting passed a resolution regarding dividend payout for 2017, pursuant to which the Bank paid out the dividend for 2017 totalling PLN 416.3 mln. (PLN 3.2 gross per share). On 25 Apr 2018 the shareholders of record became entitled to the dividend payout which took place on 10 May 2018.

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

8. Acquisitions

In 3Q 2018, the ING Bank Śląski did not make any acquisitions, as in 3Q 2017.

9. Off-balance sheet items

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Off-balance sheet liabilities granted	31 621.6	32 245.0	28 844.2	27 400.7
Off-balance sheet liabilities received	93 653.5	89 678.7	81 822.3	81 869.0
Off-balance sheet financial instruments	525 458.8	547 979.7	500 985.8	501 526.1
Total off-balance sheet items	650 733.9	669 903.4	611 652.3	610 795.8

10. Total capital ratio

	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Dec 2017	as of 30 Sep 2017
Own funds	11 756.4	11 221.5	10 743.3	10 050.6
Total capital requirement	5 622.1	5 395.0	4 673.5	4 880.5
Total capital ratio	16.7%	16.6%	18.4%	16.5%
Tier I ratio	15.8%	15.7%	17.3%	15.4%

*) When calculating the capital ratios, the Bank was using the transitional provisions concerning alleviation of the IFRS 9 implementation impact on own funds. If the IFRS 9 implementation impact had been recognised in full, the total capital ratio would have arrived at 16.4% and the Tier I capital ratio at 15.5%.

Since Jan 2018, the Bank's calculation of own funds has included 100% of unrealised profits and 100% of unrealised losses from the valuation of financial assets presented in the accumulated total income. In 2017, the Bank recognised 80% 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 25 Sep 2018, the Bank recognised as at 30 Sep 2018 the Bank's net profit of PLN 480.4 million for the period from 1 Jan 2018 to 30 Jun 2018 in its own funds. As at 31 Dec 2017, the Bank recognised the Bank's net profit for the period from 1 Jan 2017 to 30 Sep 2017 in the amount of PLN 665.4 million in own funds..

11. Significant events after the balance sheet date

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

12. Transactions with related entities

Transactions between related entities (PLN million)

	ING Bank NV	Other ING Group entities	Subsidiaries	Associate d entities	ING Bank NV	Other ING Group entities	Subsidiaries
	as of 30 Sep 2018				as of 30 Sep 2017		
Receivables							
Current accounts	6.8	2.8	-	-	19.4	1.5	-
Deposits placed	-	-	-	-	-	-	-
Loans	-	0.2	8 224.3	-	-	0.1	7 107.8
Positive valuation of derivatives	82.9	41.0	1.2	-	215.9	85.3	1.8
Other receivables	6.7	0.3	0.3	-	0.5	0.1	0.3
Liabilities							
Deposits received	64.3	68.3	187.8	5.2	368.2	26.0	57.5
Subordinated loan	641.9	-	-	-	647.7	-	-
Loro accounts	5.9	28.9	-	-	17.7	103.2	-
Negative valuation of derivatives	67.1	39.2	-	-	220.9	80.2	-
Other liabilities	54.7	5.6	0.7	-	40.7	0.6	1.1
Off-balance-sheet operations							
Off-balance sheet liabilities granted	435.1	271.7	1 381.4	-	371.7	179.4	1 396.7
Off-balance sheet liabilities received	436.4	284.1	-	-	361.7	182.5	-
FX transactions	8 286.1	24.4	-	-	19 948.5	162.8	-
Forward transactions	266.5	-	-	-	2 035.3	-	-
IRS	2 878.2	2 527.1	64.8	-	3 211.6	2 519.6	69.8
Options	2 363.6	40.1	-	-	5 428.4	275.2	48.5
	3Q 2018 YTD				3Q 2017 YTD		
	the period from 01 Jan 2018 to 30 Sep 2018				the period from 01 Jan 2017 to 30 Sep 2017		
Income and expenses							
Income, including:	12.3	0.1	132.8	-	33.5	6.6	108.9
interest and commission income/expenses	-4.8	-0.1	132.5	-	-5.9	3.3	109.8
income on financial instruments	16.5	-4.3	0.3	-	27.3	3.3	-0.9
wynik na inwestycyjnych aktywach finansowych	-	-	-	-	12.0	-	-
net income on other basic activities	0.6	4.5	-	-	0.1	-	-
General and administrative expenses	50.6	6.1	5.0	-	41.5	3.4	3.6
Outlays for non-current assets	-	-	-	-	-	-	0.4

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

2018-11-06	Brunon Bartkiewicz President	<i>Signed on the Polish original</i>
2018-11-06	Michał Bolesławski Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Joanna Erdman Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Marcin Giżycki Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Bożena Graczyk Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Justyna Kesler Vice-President	<i>Signed on the Polish original</i>
2018-11-06	Patrick Roesink Vice-President	<i>Signed on the Polish original</i>

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2018-11-06	Jolanta Alvarado Rodriguez	Director of Accounting Department Chief Accountant	<i>Signed on the Polish original</i>
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