Interim Financial Reporting of ING Bank Śląski Group

for the first quarter 2007

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I. Introduction to Financial Results and Market Position

1. Economic situation in the 1st quarter of 2007 including factors that may affect the business operations in the coming quarters

Macro-economic ratios indicate that the three first months of 2007 saw a continuance of upward trends in the Polish economy. Good performance in the area of industrial output as well as construction and assembly output was accompanied by favourable changes on the labour market and steady growth of retail sales. Consequently, the pace of economic growth accelerated as well. It is estimated that GDP in the 1st quarter of 2007 can be as high as 7%, compared with 5.2% in the 1st quarter of 2006.

In March 2007, sold industrial output went up by 11.3% from the same period last year, whereas in the entire first quarter of 2007 the increase totalled 13.0%. Compared with March last year, the growth of sold industrial output was observed in 24 out of 29 industrial segments. The highest growth rate was observed in: products made of non-metallic raw materials (up by 40.6%) and in companies manufacturing machinery and equipment (up by 27.0%). Favourable conditions also continued in the construction industry, where production grew by 39.1% from March 2006. The construction and assembly output executed in the period January to March 2007 was up by 51.1% from the same period last year.

The positive trends in terms of output were accompanied by systematic improvement on the labour market. Growing demand for new employees among the Polish companies resulted in a systematic decrease of the unemployment rate, which as at the end of March 2007 was 14.4% compared with 17.8% in the same period last year. In March 2007, some 2,232,500 people were unemployed, down by 20.9% from a year earlier. The drop in the unemployment rate was accompanied by an increase of salaries. The average salary in the enterprise sector was higher by 9.1% from the same period last year. The improving situation on the labour market and growing salaries influenced the retail sale, which in the 1Q 2007 increased 17.4% year over year.

The inflationary phenomena accelerated in 1Q 2007. Between January and March 2007, the prices of consumer goods and services went up by 1.1% compared with 0.1% in the same period last year. Consumer prices went up by 2.5% year over year. In view of the growing inflationary pressure, in April 2007, the Monetary Policy Council (the "Council") decided to raise the interest rates; as a result, the reference rate went up from 4.0% as at the end of 2006 to 4.25%. It is expected that the interest hike will start a cycle of tightening bias in terms of monetary policy.

In March 2007, an increase of deposits in the banking sector was observed. The households deposits went up by 1.8% from the end of 2006, whereas corporate deposits were higher by 6.1% from the end of last year.

The credit receivables of the banking sector were growing both due to the development of households- and corporate lending. The credit receivables from households went up by 8.0% from the end of 2006. An increase was also reported in terms of credit receivables from corporate clients, which went up by 5.7% from December 2006.

During the first quarter of 2007, the PLN/EUR exchange rate was stable, whereas the PLN/USD rate underwent some minor fluctuations. At the end of March 2007, the PLN/EUR exchange rate was 3.8695 compared with 3.8312 as at 31.12.2006.

The economic growth rate in Poland and fluctuation of exchange rates can be listed among the major macro-economic factors that may affect the performance in the coming quarters.

2. Execution of Strategic Goals

In 1Q 2007, ING Bank Śląski carried out projects to introduce new technologies, improve the attractiveness of its offer and availability of services, as well as the efficiency of its operations. Among strategic projects conducted by ING Bank Śląski in that period one can list the Retail 2007 Project, which comprises several sub-projects. The objective behind this Project is to create a marketing database underlying the functioning of an application to manage marketing campaigns. The collected data are available for the employees of the retail branch sales network via the Front End application which was gradually implemented in the Bank branches since mid-January. The functionality of the application enables increasingly more efficient service of clients, including in particular swift and convenient closing of credit products sales. The Front End application is to actively support sales and marketing campaigns.
In the wholesale area, the Bank continued the changes developed as part of the Wholesale 2007 Program. The New Deposit Offer, which was introduced in December 2006, is to be expanded with new products in foreign currencies; also, the deposit solutions are to be implemented in the new internet banking system for wholesale clients.

ING Bank Śląski has continued to modify and expand its product offer. In the first quarter of 2007, the Bank's offer for Private Banking clients was expanded with the Platinum credit card, whereas the wholesale clients received a new service called Virtual Consolidation of Balances. In January 2007, the Bank modified regulations for its mortgage products making them more attractive and accessible for the clients. The changes in the product offer were actively supported by numerous advertising campaigns, which promoted key products for the Bank.

In the 1st quarter of 2007, the Bank also continued works aimed at building a modern institution, which establishes long-lasting relationship with its clients. Responding to the expectations of the most affluent clients, the Bank built a Private Banking Investment Centre in Warsaw. Services of the Investment Centre are available to clients who have a minimum PLN 1 million in assets. Those clients are offered direct access to forward transactions on FX-markets, investment funds (other than those of ING TFI), asset management portfolio and flexible lending terms, among other things.

The Bank's intense efforts aimed at improving customer service, simplifying procedures and the product offer were recognised in the form of numerous awards granted to the Bank.

3. Most important business achievements and market position

Intensive actions undertaken on the deposit market brought about the continuous growth of the deposit base and strengthened the share in the households market. As at the end of March 2007, the total value of funds entrusted by Clients[1] from the ING Bank Śląski Group amounted to PLN 45 088.1 million (up by 5.8% from December 2006 and by 29.5% from the same period of the previous year).

Structure of funds entrusted by Clients from the ING Bank Śląski S.A. Group (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Retail segment	30 792.3	28 635.9	23 608.6
Wholesale segment	14 295.8	13 983.7	11 215.0
Total	**45 088.1**	**42 619.6**	**34 823.6**

[1] Including TFI assets.

The activities undertaken to activate lending led to increase in the volume of loans, which totalled PLN 14 757.3 million as at the end of March (up by 4.7% from December 2006 and by 27.1% from the same period of the previous year).

Structure of funds of the ING Bank Śląski S.A. Group (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Retail segment	3 436.3	3 297.0	2 916.6
Wholesale segment	11 321.0	10 794.7	8 696.0
Total	**14 757.3**	**14 091.7**	**11 612.6**

The share of ING Bank Śląski in the market of deposits and long-term liabilities amounted to 8.66% (versus 8.58% as at the end of 2006 and 8.50% as at the end of March 2006). An increase of the share in the household deposits market was recorded from 8.77% as at the end of 2006 to 8.90% as at the end of March 2007. In the similar period of the last year the share in the household deposits was at the level of 8.67%. The share in the market of corporate deposits as at the end of March 2007 totalled 8.34% against 8.32% as at the end of December 2006 and 8.22% as at the end of March 2006.

The Bank's share in the credit receivables market as at the end of March 2007 totalled 3.78% (versus 3.79% as at the end of December 2006 and 3.83% as at 31.03.2006). The Bank's share in the corporate loans market as at the end of March 2007 totalled 5.91% versus 5.80% as at the end of December 2006 and 5.40%as at the end of March 2006. The share in the market of household loans as at the end of March 2007 totalled 1.81% versus 1.87% as at the end of December 2006 and 2.12% as at the end of March 2006.

4. Awards

Ever since its establishment, ING Bank Śląski S.A. has been recognised as one of the top banks in Poland, which is proven by high positions it received in various rankings, as well as various awards and distinctions:

- April 2007, "Leopards 2006", Bankers' award for the most admired banking brand creation.
- April 2007, "Silver Rock 2006" Award in the "card products development" category for the first Maestro Card on the Polish market, which provides the possibility of creating an individual image on the card. The award was granted by the Polish Branch of MasterCard Europe.
- March 2007, the main award in the fifth edition of the Gazeta Bankowa Competition "The Best Banking IT Project 2006", in the category "e-Banking and e-Finance" for the ING Agent application.
- March 2007, 3rd place in the ranking of Gazeta Finansowa "The most recognizable and reliable finance brand".
- February 2007, 1st place in the ranking of Gazeta Finansowa "Credit cards for entrepreneurs" for the Visa business credit card.
- February 2007, 1st place in the ranking of the Home&Market monthly "Banks' advertising campaigns 2006" for the campaign "Przyrzekamy kredyt hipoteczny na dobrych warunkach" [We promise a mortgage loan on good conditions].
- January 2007, TOP RATED Status granted by the GLOBAL CUSTODIAN (prestigious and influential American Publishing House) to ING Bank Śląski for custody operations run in Poland in 2006.

II. Business Growth

1. Retail Banking

The funds entrusted by clients

Funds acquired from Clients from the Retail segment constituted the main element of funds entrusted by ING Bank Śląski Clients. As at the end of March 2007, they totalled PLN 30 792.3 million (up by 7.5% from 2006-yearend and by 30.4% yoy).

Structure of funds entrusted by Clients from the Retail segment (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Personal accounts	3 310.0	3 287.1	2 667.5
Savings accounts	16 439.9	15 450.3	13 261.1
Accounts and term deposits	4 265.6	4 203.3	4 733.3
TFI assets	6 776.9	5 695.2	2 946.7
Total retail segment	**30 792.3**	**28 635.9**	**23 608.6**

1Q 2007 saw further activation of the sales of the Open Savings Account. This product's portfolio value rose by 6.4% from 2006-yearend and by 24.0% from March 2006. The number of Open Savings Accounts[2] at the end of March 2007 was PLN 1,108 thousand, compared with PLN 773 thousand in the similar period of the last year.
The Bank is also the distributor of ING TFI investment fund units. As at the end of March 2007, the balance of acquired units totalled PLN 6 776.9 million and increased by 19.0% from the end of 2006. As compared to the analogical period of the previous year, the balance of acquired TFI units was more than doubled. Savings accounts and investment funds' units at the end of March 2007 represented 75.4% of the portfolio of funds entrusted by the retail segment clients (in the similar period of the last year their share was 68.7%).

As at the end of March 2007, the number of personal accounts maintained by the Bank was 1 055.5 thousand against 1 035.5 thousand as at 31.12.2006 and 999.7 thousand in the comparable period during the previous year.

Development of electronic distribution channels

At the end of March 2007, the number of clients using electronic banking systems was 1 135,279. Compared with December 2006, we recorded a dynamic growth of the number of clients of INGBankOnLine, a key product in the area of electronic banking. In 1Q 2007, the number of clients using SMS and HaloŚląski services also went up considerably. Within the period of 3 months of 2007, we also observed a systematic decrease of the number of clients using the MultiCash system. It was caused by replacing this product with ING OnLine.

The figures for electronic banking clients are as follows:

Electronic banking system	31.03.2007	31.12.2006	31.03.2006
ING BankOnLine	606,822	507,905	406,037
HaloŚląski	337 994	295 833	249,824
SMS	182,888	148,197	95,370
MultiCash	7,575	7,818	9,359
Total	1 135,279	959,753	760,590

[2] Accounts in PLN.

In March 2007, the monthly number of transactions made via electronic banking systems totalled 5.0 million. In the same period last year, the number of transactions made via electronic banking systems was 4.0 million.

Loans

As at the end of March 2007, loans for clients from the Retail segment totalled PLN 3 436.3 million (up by 4.2% from 2006-yearend and by 17.8% yoy).

Structure of loans for Clients from the Retail sector (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Mortgage loans	1 678.4	1 511.3	1 086.8
Other retail loans	1 757.9	1 785.7	1 829.8
Total Retail segment	**3 436.3**	**3 297.0**	**2 916.6**

The area of loans for the Retail segment reported an increase of the volume of mortgage loans. As at the end of March 2007, this product portfolio was valued at PLN 1 678.4 million (up by 11.1% from December 2006 and by 54.4% against the same period of the previous year). PLN mortgage loans dominated in the mortgage loans structure. As at the end of March this year, their value totalled PLN 1 410.0 million; in other words: their volume doubled from March 2006, and went up by 15.0% from December 2006 (the volume of PLN mortgage loans amounted to PLN 707.7 million and PLN 1 226.1 million at 31.03.2006 and at the 2006-yearend respectively).

Banking cards

ING Bank Śląski is one of the largest issuers of bank cards in the Polish market. The Bank's offer includes: debit cards, charge cards, credit cards and pre-paid cards. The number of newly offered credit cards issued [3] went up from 126,838 as at the end of March 2006 to 145,065 cards as at the end of March 2007. Together with VE Credit and VE Credit NN-P cards, the number of credit cards issued as at the end of March 2007 totalled 152,851.

2. Wholesale Banking

The funds entrusted by clients

As at the end of March this year, the value of funds allocated by Clients from the Wholesale segment totalled PLN 14 295.8 million (up by 2.2% from 2006-yearend and by 27.5% yoy). The launching of the new offer for PLN-denominated deposit products resulted in the growth of the deposit volume in the segment of mid-sized enterprises and in the segment of large corporates compared with the similar period of the last year (by 40.9% and 29.7%, respectively).

Structure of funds entrusted by Clients from the Wholesale segment (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Strategic Clients	6 844.9	6 851.5	5 735.6
BIG	3 120.2	3 161.5	2 405.0
Mid-size companies	4 330.7	3 970.7	3 074.4
Total Wholesale segment	**14 295.8**	**13 983.7**	**11 215.0**

[3] Visa Classic, Visa Credit Gold, MasterCard Credit, Orange Visa Credit Card

Loans

Loans in the Wholesale segment went up by 4.9% from December 2006 and by 30.2% from the same period of the previous year mainly courtesy of the loans granted to strategic clients. Their value compared with March 2006 rose by PLN 1,534.9 million or by 34.0%. The credit exposure in the segment of large and mid-sized enterprises, compared with the similar period of the last year went up jointly by PLN 1,090.1 million or by 26.1%.

Structure of loans for Clients from the Wholesale segment (PLN million)

	31.03.2007	31.12.2006	31.03.2006
Strategic clients	6 051.0	5 780.5	4 516.1
BIG	3 135.4	2 943.0	2 535.6
Mid-size companies	2 134.6	2 071.2	1 644.3
Total Wholesale segment	**11 321.0**	**10 794.7**	**8 696.0**

III. Financial Results

1. Profit and loss account

PROFIT AND LOSS ACCOUNT OF ING BANK ŚLĄSKI GROUP (by types)

PLN million	3M 2006	3M 2007	3M 2007 /3M 2006	
Interest income	219,0	261,1	42,1	119,2%
Commission income	148,1	203,3	55,3	137,3%
Other income	83,6	78,7	-4,9	94,1%
Total operating income	**450,6**	**543,1**	**92,4**	**120,5%**
Personnel costs	139,9	152,0	12,1	108,7%
Depreciation	36,6	34,6	-2,0	94,4%
Marketing cost	11,8	15,1	3,2	127,4%
Other expenses	110,4	139,1	28,7	126,0%
Total expenses	**298,7**	**340,7**	**42,0**	**114,1%**
Impairment losses and provisions for off-balance sheet liabilities	47,1	7,0	-40,1	14,9%
Profit before tax	**199,0**	**209,4**	**10,3**	**105,2%**
Income tax	-35,3	-38,6	-3,4	109,5%
Net profit	**163,8**	**170,8**	**7,0**	**104,3%**
- assigned to shareholders of the holding company	**162,4**	**167,4**	**5,1**	**103,1%**
- assigned to minority shareholders	1,4	3,3	1,9	234,9%

As at the end of March 2007, the operating income earned by the Capital Group of ING Bank Śląski S.A. totalled PLN 543.1 million and was higher by PLN 92.4 million (or 20.5%) than the result achieved during the same period in the previous year.

Interest income after 1Q 2007 totalled PLN 261.1 million and was higher by PLN 42.1 million, or by 19.2%, as compared to the same period of the previous year. Its amount was the consequence of good commercial results, in particular a significant increase of the value of deposits.

As at the end of March this year, fee and commission income totalled PLN 203.3 million (up by PLN 55.3 million, or 37.3%, from the same period of the previous year). As compared to 1Q 2006, there was reported a rise in the following fees and commissions: for the distribution of TFI participation units, brokerage commissions, and fees and commissions for payment and credit cards. In the commission income structure, the biggest share was held by fees and commissions for distribution of

TFI participation units, commissions for services connected with personal accounts, the ones for operations made with payment cards and brokerage commissions.

As at the end of 1Q 2007, other income totalled PLN 78.7 million (down by PLN 4.9 million, or 5.9%, as compared to the same period of the previous year).

The table below presents the share of particular business lines in the creation of operating income.

PLN million	3M 2006	3M 2007	3M 2007 /3M 2006	
Retail banking	225,8	286,6	60,8	126,9%
Cash Management-Lending and settlements	*219,0*	*271,1*	*52,1*	*123,8%*
Income on Pension Funds shares	*4,9*	*12,4*	*7,5*	*251,0%*
FM products sales	*1,9*	*3,1*	*1,3*	*167,1%*
Corporate banking	141,4	180,5	39,1	127,6%
Cash Management-Lending and settlements	*95,3*	*128,3*	*33,0*	*134,7%*
FM products sales	*35,6*	*34,9*	*-0,8*	*97,8%*
Equity Markets	*10,5*	*17,3*	*6,8*	*165,1%*
Own operations	83,5	76,0	-7,5	91,1%
Proprietary trading	*44,6*	*39,6*	*-4,9*	*89,0%*
ALCO	*38,9*	*36,4*	*-2,5*	*93,5%*
Income total	**450,6**	**543,1**	**92,4**	**120,5%**

At the end of March 2007, the Retail Banking recorded income at the level of PLN 286.6 million, an increase by PLN 60.8 million or 26.9%, compared with the similar period of the last year. The Division's income volume in the first quarter was considerably determined by the growth of income from deposit & lending as well as clearing activity; the income from participation in PTE[4] was also higher. The income of the Retail Banking Division represented 52.8% of the result on operating activity, compared with 50.1% at the end of March 2006.

At the end of March 2007, the income of the Wholesale Banking Division was PLN 180.5 million compared with PLN 141.4 million in the similar period of the last year. The income growth was determined mostly by good results from deposit & lending as well as clearing activity; the income from transactions on capital markets was also higher. The income of the Wholesale Banking Division represented 33.2% of the income from operating activity, whereas in the similar period of the last year their share was 31.4%.

Income from the group's proprietary operations after Q1 was PLN 76.0 million, compared with PLN 83.5 million in the similar period of the last year. The income generated in the FM area at the end of March 2007 was PLN 39.6 million, a decrease by PLN 4.9 million compared with the similar period of the last year. ALCO[5] income at the end of Q1 was PLN 36.4 million compared with PLN 38.9 million in the similar period of the last year. Income from the Group's proprietary investments represented 14.0% of the income from operating activity, whereas at the end of March 2006 their share was 18.5%.

As at the end of March 2007, the costs totalled PLN 340.7 million (up by PLN 42.0 million, or 14.1 %, yoy).

As at the end of 1Q 2007, personnel costs totalled 152.0 million (up by PLN 12.1 million, or 8.7%, from the costs incurred during the analogical period in the previous year). Their increase resulted from indexation of salaries as of 2Q 2006 and higher remuneration costs following connection of the incentive system with the Bank results.

[4] Revaluation income minus the costs of financing.
[5] ALCO (Assets and Liabilities Management Committee) income, including the result on investment activity.

After 3 months 2007, depreciation totalled PLN 34.6 million and was lower by PLN 2.0 million, or by 5.6% as compared to the same period of the previous year.
As at the end of March 2007, marketing costs totalled PLN 15.1 million and were higher by PLN 3.2 million, or by 27.4% as against the analogical period of the previous year. This growth was caused by numerous advertising campaigns promoting the key products for the Bank.

As at the end of March 2007, other costs totalled PLN 139.1 million (up by PLN 28.7 million, or 26.0 %, from the analogical period of the previous year). Cost increase was mainly caused by the strategic projects being run to further improve processes and optimise the sale structures.

As at the end of March 2007, risk costs were positive and amounted to PLN 7.0 million. The income of PLN 15.6 million from repayment of some amounts due from the portfolio of loss loans, which in the previous years were transferred to off-balance records was the major item of income. At the same time impairment charges were recorded due to the impairment of loans, cash loans and contingent liabilities in the total amount of PLN 8.8 million and provisions were released due to the impairment of financial assets available for sale at PLN 0.2 million.

The gross financial result reported as at the end of March 2007 totalled PLN 209.4 million against PLN 199.0 million during the same period in the previous year. The net financial result falling to shareholders of the dominant unit was at the level of PLN 167.4 million (up by PLN 5.1 million, or 3.1%, from March 2006).

2. Quality of Credit Portfolio

Under the International Accounting Standards, the Bank estimates impairment write-offs for impaired assets, the incurred but not reported losses reserves and reserves for off-balance sheet liabilities. The amount of impairment loss is calculated as the difference between the total future cash flows discounted with the effective interest rate and the carrying value of receivables (or the equivalent liability).

The amount of credit losses that have already been incurred but not reported (IBNR) is calculated by means of statistical models using the amounts of exposures for which no impairment was stated based on PD (probability of default), the estimated period (emergence period) between the occurrence of circumstances that may lead to a loss (e.g. losing capacity to repay liabilities) and the date on which the Bank receives information thereof, and LGD (loss given default).

Under the International Accounting Standards, the Bank does not have any general provisions.

The table below presents the quality of the credit portfolio of ING Bank Śląski according to IAS/IFRS.

PLN mio	2005	2006	1 Q 2007
Exposure total	**10 562**	**13 651**	**14 534**
Provisions total	**813**	**715**	**685**
Total coverage ratio (%)	**7,7%**	**5,2%**	**4,7%**
Corporate entities	**7 592**	**10 323**	**11 079**
- unimpaired portfolio	6 983	9 856	10 608
- impaired portfolio	609	467	471
Impairment	**493**	**434**	**429**
IBNR	**70**	**74**	**76**
Provisions for off-balance commitments	**14**	**9**	**8**
Impaired portfolio coverage (%)	**81,1%**	**92,8%**	**91,1%**
Retail	**2 970**	**3 328**	**3 455**
- unimpaired portfolio	2 698	3 105	3 275
- impaired portfolio	272	223	180
Impairment	**191**	**170**	**138**
IBNR	**28**	**15**	**18**
Provisions for off-balance commitments	**15**	**13**	**15**
Impaired portfolio coverage (%)	**70,1%**	**76,4%**	**76,7%**
Share of impaired loans in portfolio (%)	**8,35%**	**5,06%**	**4,48%**

The share of the impairment portfolio in the total loans lowers gradually.

IV. Basic Details of Issuer

1. Informational Details of the Bank and Its Capital Group

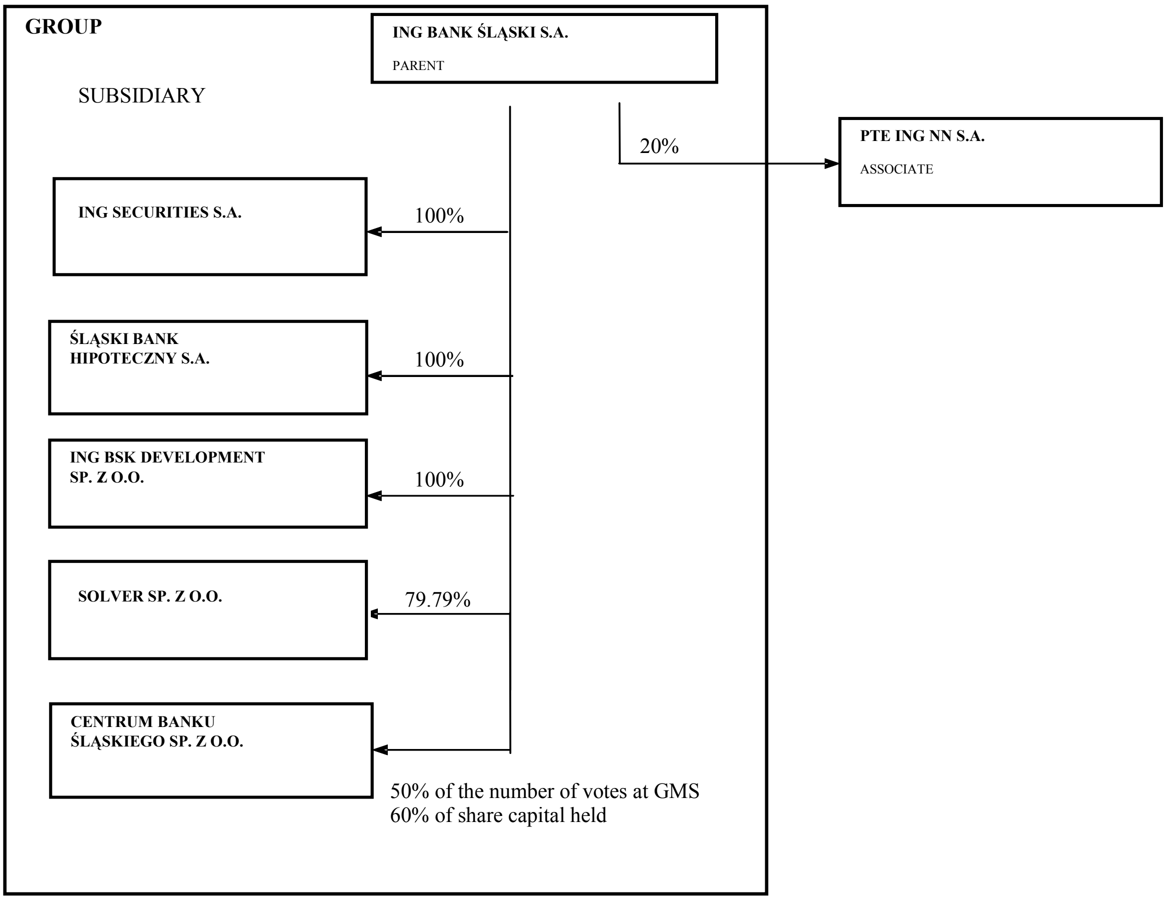
ING Bank Śląski S.A. („Parent company, parent entity, Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.

The Parent entity statistic number is REGON 271514909, and the taxation identification number is NIP 634-013-54-75. Entity authorised to audit financial statements is KPMG Audyt Sp. z o.o.

The life time of the Parent entity and other group entities are unlimited.

The share capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 13,010,000 ordinary bearer shares with a par value of PLN 10.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange.

ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group.



ING Bank Śląski S.A. is a subsidiary of ING Bank NV which holds a 75% share in the issued capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders.

2. Compliance with International Financial Reporting Standards

These financial statements have been prepared under the International Financial Reporting Standards (IFRS) in a version approved by the European Commission effective as at the reporting date, that is 31 March 2007; and the information not covered in those standards has been prepared in accordance with the Accounting Act of 29 September 1994 (Journal of Laws no.2002/76, item 694 as amended) and secondary legislation thereto, as well as in accordance with the Ordinance of Finance Minister of 19 October 2005 on current and interim information submitted by issuers of securities (Journal of Laws of 2005, no. 209, item 1744). The consolidated balance sheet and the profit and loss account as at 31.03.2007 including comparable financial data, have been executed upon the application of the same accounting principles for each period.

These financial statements for 1Q 2007 meet the requirements of International Financial Reporting Standards (IFRS), including IAS 34 (International Accounting Standards) in regard to interim financial statements. This is the condenced version of the statements.

The accounting principles applied for these financial statements are the same principles that would be used when preparing the full-year financial statements for 2006. The accounting principles were presented in detail in the annual report for 2006.

These financial statements have been prepared in PLN rounded to one thousand zlotys (unless otherwise noted).

3. Comparability of financial data – changes in presentation

In the financial statements prepared for the period from 1st January 2007 to 31st March 2007 the Bank made changes relating to presentation of certain positions in Profit and Loss Account. The described changes regard aggregation of positions of a similar characteristics and valuation of closely related financial instruments.

This situation applies to Financial assets measured at fair value through profit and loss and Commission due to currency exchange transactions. Both positions were influenced by valuation of financial instruments which previously were presented split into mark to market valuation and changes due to exchange rate differences. In the Bank's opinion aggregation of those positions into one line in financial statement results in better presentation of results on each instrument as well as in easier analysis.

Furthermore, in the Bank's opinion, change in the position's name – Net trading income – results in better description of the position characteristics which is partly dependent on external factors e.g. situation on financial markets (exchange rates, interest rates) within the period.

Detailed analysis of economical content in current positions other operating income and expenses resulted in clear division of positions into those related to costs and income. Additionally positions related to commissions, stable among the reporting periods were moved to Net commission income.

Similarly, provisions from currency exchange transactions in Bank's branches were transferred from Net income on the revaluation of F/X positions & transactions into Net commission income as they create a stable income flow on the year to year basis.

Minor change was made in Impairment losses and provisions for off-balance sheet liabilities which resulted in exclusion of positions relating to valuation of own property. This position was moved into newly created position in Other Operating Expenses.

Profit and loss account for the period of 1st January to 31st March 2006 was adjusted for comparison purposes.

4. Selected Financial Data from Financial Statements

Item	PLN thousands		EUR thousands	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Interest income	581 146	474 120	148 771	123 289
Commission revenue	228 254	166 492	58 432	43 294
Result on banking activity	530 660	445 687	135 847	115 895
Gross profit (loss)	209 382	199 040	53 601	51 759
Net profit (loss)	167 413	162 355	42 857	42 218
Net cashflow	-3 843 109	-201 565	-983 823	-52 414
Earnings (loss) per 1 ordinary share (in PLN/EUR)	12.87	12.48	3.29	3.25
Profitability ratio (%)	30.5	34.8	X	X
Return on assets (%)	1.4	1.6	X	X
Return on equity (%)	20.2	20.4	X	X
Cost / Income ratio (%)	62.7	66.3	X	X
Total assets	56 197 088	43 398 513	14 523 088	11 026 885
Equity	3 902 218	3 724 941	1 008 455	946 449
Initial capital	130 100	130 100	33 622	33 056
Number of shares	13 010 000	13 010 000	X	X
Book value per 1 share (in PLN/EUR)	299.94	286.31	77.51	72.75

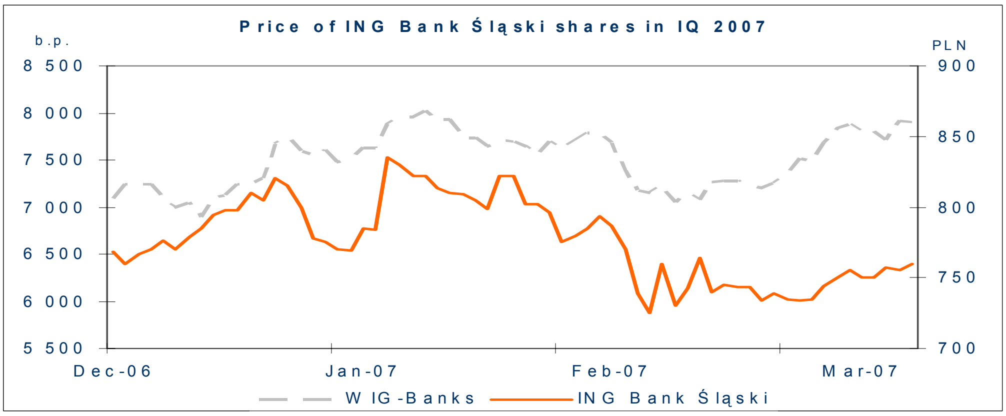
Solvency ratio (%)	13.79	17.39	X	X

Profitability ratio – gross profit to total costs.
Cost to Income ratio (C/I) – total overhead costs to the result on banking activity.
Return on assets (ROA) – net profit assigned to shareholders of the holding company to average total assets.
Return on equity (ROE) – net profit assigned to shareholders of the holding company to average equity.
Solvency ratio – net equity to risk weighted assets and off-balance sheet liabilities.

In order to determine the basic figures in EUR, the following exchange rates were applied:

- for balance-sheet items – PLN 3.8695 NBP exchange rate of 31.03.2007; 3.9357 NBP exchange rate of 31.03.2006,
- for income statement items for 31.03.2007 – PLN 3.9063 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1Q 2007; 3.8456 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1Q 2006.

5. Price of ING Bank Śląski S.A. Shares



6. Ratings

On 22 January 2007, the rating agency Fitch Ratings Ltd. informed the Management Board of ING Bank Śląski S.A. about upgrading the IDR, or the Issuer Default Rating, from “A+” to “AA-“ with the “stable” outlook. Furthermore, the agency confirmed other ratings as unchanged:

- individual rating 'C/D',
- rating of short-term liabilities 'F1',
- support rating '1'.

The change is a consequence of upgrading the international rating for Poland for debts in a foreign currency to the level “A-” from “BBB+” and upgrading the Polish cap to the level “AA-” from “A+”.

The Bank also has the financial viability rating given by ***Moody’s Investors Service Ltd.:***

Long-term FX deposits	A2
Long-term PLN deposits	AA3
Short-term deposits	P-1
Financial strength	D+
Outlook for ratings of long-term and short-term deposits	Stable

7. Other Information

Headcount

The headcount in the Capital Group was as follows:

ING BANK ŚLĄSKI

31.03.2007 7,592 individuals; or 7,354.7 FTEs,
31.12.2006 7,515 individuals; or 7,286.8 FTEs,
31.03.2006 7,562 individuals; or 7,379.1 FTEs.

Number of Branches and ATMs

As at 31 March 2007, the Bank conducted its operational activity via a network of 330 outlets, similar to the status as at the end of March 2006. Furthermore, as at the end of March 2007, 20 partner branches were opened based on the franchising model. As at the end of March 2007, the Bank had a network of 583 ATMs.

V. Segmentation of Revenue and Financial Results of the Group

PLN thousand	31.03.2007					31.03.2006				
	Retail customers segment	Corporate customers segment	Own operations		TOTAL	Retail customers segment	Corporate customers segment	Own operations		TOTAL
			Proprietary trading	ALCO				Proprietary trading	ALCO	
Revenue total	**291 070**	**184 562**	**42 282**	**25 146**	**543 060**	**230 847**	**149 579**	**46 260**	**23 941**	**450 628**
Core business	**286 598**	**180 470**	**39 632**	**36 360**	**543 060**	**225 774**	**141 396**	**44 556**	**38 903**	**450 628**
Income on lending	55 604	58 018			113 621	58 611	37 560			96 170
Interest income external	*74 175*	*134 469*				*71 506*	*98 238*			
Interest cost internal	*-33 703*	*-106 570*				*-27 032*	*-75 612*			
Income on fees/ other income	*15 132*	*30 118*				*14 137*	*14 933*			
Income on deposits	156 795	62 918			219 713	139 390	55 013			194 403
Interest costs external	*-157 349*	*-81 835*				*-145 291*	*-80 466*			
Interest income internal	*254 282*	*117 525*				*230 784*	*108 837*			
Income on fees/ other income	*59 862*	*27 228*				*53 897*	*26 642*			
Income on mutual funds	45 391				45 391	15 575				15 575
Income on brokerage and custody	12 521	24 917			37 438	9 525	14 678			24 204
Other income on core business	741	-248	77 643	36 360	114 496	-4 151	-1 505	82 088	38 903	115 335
FM products sales	3 145	34 865	-38 010		0	1 882	35 650	-37 532		0
Income on Pension Funds shares	12 400				12 400	4 941				4 941
Result on economic capital	4 473	4 092	2 650	-11 215	0	5 074	8 183	1 704	-14 962	0
Expenses total	**212 061**	**109 501**	**13 719**	**5 413**	**340 693**	**194 784**	**97 420**	**11 321**	**-4 850**	**298 675**
Operational costs	211 917	109 698	13 719	5 413	340 746	194 779	97 390	11 321	-4 850	298 640
including depreciation	*27 295*	*5 643*	*1 661*		*34 599*	*28 905*	*5 976*	*1 759*		*36 640*
Other operational costs (operational risk)	144	-197	0	0	-53	5	31	0	0	35
Result before risk	**79 010**	**75 061**	**28 563**	**19 733**	**202 367**	**36 063**	**52 159**	**34 939**	**28 792**	**151 953**
Risk cost	2 214	-9 229	0	0	-7 015	-18 082	-29 005	0	0	-47 087
Result before tax	**76 796**	**84 290**	**28 563**	**19 733**	**209 382**	**54 145**	**81 164**	**34 939**	**28 792**	**199 040**
CIT					38 620					35 259
Result after tax					**170 762**					**163 781**
- assigned to shareholders of the holding company					**167 413**					**162 355**
- assigned to minority shareholders					3 349					1 426

The basic division applied by the Group is the division by sector. The Group of ING Bank Śląski is managed by means of business division into the following sectors:

- Retail,
- Wholesale,
- FM, ALCO (Assets and Liabilities Management).

As part of its retail operations, the Bank's capital group provides service to private individuals (mass clients and affluent clients segment) and small businesses.

These operations are analysed in terms of the following products: credit facilities (current account overdraft, loans related to cards, instalment loans, residential loans and mortgage loans), contract loans granted by the Loans and Savings Unit, mortgage loans granted by Śląski Bank Hipoteczny, deposit products (current accounts, term deposits, savings accounts), participation units of ING funds, brokerage services provided by ING Securities SA and bank cards.

Wholesale encompasses service of institutional clients within the following segments: strategic clients, large corporates and mid-sized companies.
The capital group maintains reporting for its wholesale operations broken down into the following types of products: credit products (working capital loans, and investment loans), deposit products (current accounts, term and negotiable deposits and savings accounts), custody-related services, and operations in the capital market performed by the dominant entity and ING Securities, as well as intermediation in leasing-related services.

Financial markets cover both proprietary and client operations in money and capital markets.

The following types of products are distinguished in this type of activity: FX market products, money market products and derivatives, operations in securities (Treasury bills, shares and bonds). The item of *Financial Markets – total segment revenue* presents income from proprietary trading. The income from the sale of FM products to the corporate and retail segments is recognised in the incomes of those segments.

ALCO (Assets and Liabilities Committee) deals predominantly with the investment of own funds and funding of some of the Bank's assets. The main element of revenue from ALCO's core operations is the revenue from the investment of own funds (book capital). The revenue is then adjusted for interest accrued on the economic capital required by individual business lines (retail segment, wholesale segment, and financial markets segment). Interest on economic capital is re-allocated from the ALCO line to the individual business lines, depending on their demand for economic capital.

Sectoral division, defined with the internal regulations of the Bank, constitutes the basis for separation of wholesale and retail segments.

The measurement of the segment's assets, liabilities, revenue and costs shall be based on the accounting standards used by the Group. In particular, the internal and external interest revenue and costs for individual segments shall be established with the use of the transfer pricing system. 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, 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.

VI. Consolidated Financial Statement

CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN '000)	Note	I quarter 2007	I quarter 2006
Interest income	1	*581 146*	*474 120*
Interest expenses	1	*320 089*	*255 145*
Net interest income		**261 057**	**218 975**
Commission income	2	*228 254*	*166 492*
Commission expenses	2	*24 932*	*18 438*
Net commission income		**203 322**	**148 054**
Net income on investment financial assets	3	16 946	5 992
Net trading income	4	30 581	56 705
Other operating income	5	18 754	15 961
Result on basic activities		**530 660**	**445 687**
General and administrative expenses	6	334 679	295 838
Other operating expenses	7	6 014	2 837
Impairment losses and provisions for off-balance sheet liabilities	8	-7 015	-47 087
Share in net profit (loss) of associates entities recognised under the equity method	9	12 400	4 941
Profit (loss) before tax		**209 382**	**199 040**
Income tax		38 620	35 259
Net profit (loss)		**170 762**	**163 781**
- assigned to shareholders of the holding company		167 413	162 355
- assigned to minority shareholders		3 349	1 426

Net profit (loss) assigned to shareholders of the holding company	**167 413**	**162 355**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**12,87**	**12,48**
Diluted weighted average number of ordinary shares	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	12,87	12,48

CONSOLIDATED BALANCE SHEET (PLN '000)	Note	I quarter 2007 as of 31March 2007	end of 2006 as of 31 December 2006	I quarter 2006 as of 31March 2006
ASSETS				
- Cash in hand and balances with the Central Bank		1 699 955	1 027 727	1 412 426
- Deposit accounts in other banks as well as loans and advances to other banks	10	16 614 167	13 513 898	11 070 734
- Financial assets measured at fair value through profit and loss	11	10 697 071	7 061 444	7 372 020
- Investment financial assets	12	12 001 742	12 614 914	11 572 759
- Loans and advances to customers	13	13 890 185	12 988 247	10 649 674
- Investments in controlled entities		102 709	90 309	80 021
- Investment real estates		150 138	145 970	143 494
- Property, plant and equipment	14	564 996	571 065	599 953
- Intangible assets		325 720	317 661	317 604
- Property, plant and equipment held for sale		224	224	245
- Current tax asset		0	0	2 827
- Deferred tax asset		22 058	38 132	76 744
- Other assets		128 123	97 114	100 012
Total assets		**56 197 088**	**48 466 705**	**43 398 513**
EQUITY AND LIABILITIES				
LIABILITIES				
- Liabilities due to the Central Bank		0	696 000	0
- Liabilities due to other banks	15	5 598 619	1 401 149	2 146 121
- Financial liabilities measured at fair value through profit and loss	16	4 971 019	3 111 213	4 024 239
- Liabilities due to customers	17	40 774 570	38 561 423	32 790 022
- Provisions	18	82 453	90 324	71 206
- Current income tax liabilities		66 342	67 532	0
- Other liabilities		775 947	760 671	628 104
Total liabilities		**52 268 950**	**44 688 312**	**39 659 692**
EQUITY				
- Share capital		130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value		993 750	993 750	993 750
- Revaluation reserve from measurement of available-for-sale financial assets		22 130	42 830	99 069
- Revaluation reserve from measurement of property, plant and equipment		52 074	52 263	38 023
- Retained earnings		2 704 164	2 536 751	2 463 999
Equity assigned to shareholders of the holding company		**3 902 218**	**3 755 694**	**3 724 941**
- Minority equity		**25 920**	**22 699**	**13 880**
Total equity		**3 928 138**	**3 778 393**	**3 738 821**
TOTAL EQUITY AND LIABILITIES		**56 197 088**	**48 466 705**	**43 398 513**
Solvency ratio		**13,79%**	**15,74%**	**17,39%**
Book value		**3 902 218**	**3 755 694**	**3 724 941**
Number of shares		**13 010 000**	**13 010 001**	**13 010 000**
Book value per share (PLN)		**299,94**	**288,68**	**286,31**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (PLN '000)

I quarter 2006
period from 01 January 2007 to 31 March 2007

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Minority equity	Total equity
Opening balance of equity	**130 100**	**993 750**	**42 830**	**52 263**	**2 536 751**	**22 699**	**3 778 393**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			-3 374				**-3 374**
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-17 326				**-17 326**
- remeasurement of property, plant and equipment				-189		-128	**-317**
- net result for the current period					170 762		**170 762**
- share of minority shareholders in the net financial result					-3 349	3 349	**0**
Total equity (closing balance)	**130 100**	**993 750**	**22 130**	**52 074**	**2 704 164**	**25 920**	**3 928 138**

end of 2006
period from 01 January 2006 to 31 December 2006

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Minority equity	Total equity
Opening balance of equity	**130 100**	**993 750**	**85 796**	**38 055**	**2 300 937**	**12 449**	**3 561 087**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			-28 754				**-28 754**
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-14 212				**-14 212**
- disposal of property, plant and equipment				-2 132	-1 411		**-3 543**
- remeasurement of property, plant and equipment				16 340	3 645	3 654	**23 639**
- dividends paid					-357 775		**-357 775**
- net result for the current period					597 951		**597 951**
- share of minority shareholders in the net financial result					-6 596	6 596	**0**
Total equity (closing balance)	**130 100**	**993 750**	**42 830**	**52 263**	**2 536 751**	**22 699**	**3 778 393**

I quarter 2006
period from 01 January 2006 to 31 March 2006

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Minority equity	Total equity
Opening balance of equity	**130 100**	**993 750**	**85 796**	**38 055**	**2 300 937**	**12 449**	**3 561 087**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			19 265				**19 265**
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-5 992				**-5 992**
- disposal of property, plant and equipment				-32	707	5	**680**
- net result for the current period					163 781		**163 781**
- share of minority shareholders in the net financial result					-1 426	1 426	**0**
Total equity (closing balance)	**130 100**	**993 750**	**99 069**	**38 023**	**2 463 999**	**13 880**	**3 738 821**

CONSOLIDATED CASH FLOW STATEMENT - indirect method	I quarter 2007 period from 01 January to 31 March 2007	I quarter 2006 period from 01 January to 31 March 2006
OPERATING ACTIVITIES		
Net profit (loss)	**167 413**	**162 355**
Adjustments	**-3 978 032**	**-340 452**
- Profits (losses) of minority shareholders included in the financial result	3 349	1 426
- Share in net profit (loss) of controlled entities recognised under the equity method	-12 400	-4 941
- Unrealised exchange gains (losses)	-192	1 139
- Depreciation and amortisation	34 599	36 640
- Interest accrued (from the profit and loss account)	261 057	218 975
- Interest received/paid	-201 749	-386 672
- Dividends received	-11	0
- Gains (losses) on investment activities	223	2 444
- Income tax (from the profit and loss account)	38 620	35 259
- Income tax paid	-23 736	19
- Change in provisions	-7 871	-9 313
- Change in deposits in other banks and in loans and advances to other banks	-7 667 691	1 066 029
- Change in financial assets at fair value through profit or loss	-3 602 705	-1 200 052
- Change in investment financial assets	533 381	-490 561
- Change in loans and advances to customers	-891 970	-742 308
- Change in other assets	-40 122	29 491
- Change in liabilities due to other banks	3 502 347	816 862
- Change in liabilities at fair value through profit or loss	1 859 806	338 450
- Change in liabilities due to customers	2 221 757	-34 822
- Change in other liabilities	15 276	-18 517
Net cash flow from operating activities	**-3 810 619**	**-178 097**
INVESTMENT ACTIVITIES		
- Purchase of property, plant and equipment	-12 898	-17 133
- Disposal of property, plant and equipment	89	51
- Purchase of intangible assets	-19 463	-6 412
- Disposal of fixed assets/liabilities held for sale	87	166
- Dividends received	11	0
Net cash flow from investment activities	**-32 174**	**-23 328**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	0	0
- Interest on long-term loans repaid	-316	-140
- Dividends paid	0	0
Net cash flow from financial activities	**-316**	**-140**
Effect of exchange rate changes on cash and cash equivalents	***8 781***	***36 929***
Net increase/decrease in cash and cash equivalents	**-3 843 109**	**-201 565**
Opening balance of cash and cash equivalents	**8 041 090**	**4 979 567**
Closing balance of cash and cash equivalents	**4 197 981**	**4 778 002**

5. Supplementary Data under IAS 34

5.1 Supplementary Data to Profit and Loss Account and Balance Sheet Positions

1 Net interest income	I quarter 2007	I quarter 2006
Interest and similar income		
- Loans and advances to banks	196 295	116 040
- Loans and advances to customers	193 258	166 439
- Interest on debt securities held for trading	36 282	38 216
- Interest on available-for-sale debt securities	154 881	152 734
- Reverse repos	174	463
- Other	256	228
	581 146	**474 120**
Interest expense and similar charges		
- Deposits from banks	2 175	18 929
- Deposits from customers	293 099	228 729
- Loans and advances	206	536
- Reverse repos	24 609	6 951
	320 089	**255 145**
Net interest income	**261 057**	**218 975**

2 Net commission income	I quarter 2007	I quarter 2006
Commission income		
- Brokerage fees	33 099	23 074
- Fiduciary and custodian fees	8 462	4 791
- Foreign commercial business	5 485	4 595
- Commission for transfers, cash payments and other payment transactions	25 196	24 955
- Commission and fees for payment and credit cards	32 922	26 174
- Commission for loans and advances	19 027	19 254
- Commission and fees related to keeping accounts	37 284	36 484
- Commission and fees related to electronic banking systems	2 920	2 700
- Commission and fees for guarantees, sureties and letters of credit	5 647	4 164
- Commission and fees due to distribution of participation units	50 008	14 879
- Commission due to currency exchange transactions	5 459	3 230
- Other	2 745	2 192
	228 254	**166 492**
Commission expense		
- Brokerage fees	7 692	5 651
- Other commission, including:	17 240	12 787
- costs of the Bank Guarantee Fund (BFG)	*1 006*	*890*
- costs of the National Clearing House (KIR)	*982*	*518*
- commission paid related to securities trading	*1 487*	*569*
- commission paid related to banking cards	*7 780*	*5 673*
	24 932	**18 438**
Net commission income	**203 322**	**148 054**

3 Net income on investment financial assets	I quarter 2007	I quarter 2006
- Equity instruments	14 640	0
- Debt instruments	2 295	5 992
- Dividend income	11	0
Total	**16 946**	**5 992**

4 Net tranding income	I quarter 2007	I quarter 2006
Net income on financial assets and liabilities held for trading	32 223	13 932
- Net income on equity instruments	-742	5
- Net income on debt instruments	8 093	-6 486
- Net income on derivatives	24 872	20 413
- Currency derivatives	*25 366*	*20 257*
- Exchange rate derivatives	*8 509*	*16*
- Securities derivatives	*-9 003*	*140*
- *Net income on financial assets and liabilities measured at fair value upon initial recognition*	754	513
- Net income on debt instruments	754	513
- *Result on the revaluation of balance sheet items*	-2 396	42 260
Net tranding income	**30 581**	**56 705**

5 Other operating income	I quarter 2007	I quarter 2006
- Due to recovered unrecoverable receivables	145	259
- Received indemnities, penalties and fines	53	176
- Income from sales of other services	1 961	1 703
- Net income on available-for-sale assets and assets held for sale	-46	-33
- Net income on the investment properties:	6 558	4 055
- Income rental from of the investment properties	*3 789*	*3 163*
- Measurement of the investment property at the fair value	*4 168*	*2 763*
- Maintance expenses relating to the investment properties	*-1 399*	*-1 871*
- Adjustment of the fair value hedge accounting	1 528	2 899
- Other	8 555	6 902
Total	**18 754**	**15 961**

6 General and administrative expenses	I quarter 2007	I quarter 2006
- Personnel expenses:	**151 955**	**139 856**
wages and salaries, including:	*126 626*	*115 886*
special and retirement benefits	*883*	*270*
holiday accrual	*0*	*0*
training expenses	*1 618*	*1 741*
employee benefits, including:	*25 329*	*23 970*
- General and administrative expenses:	**148 125**	**119 342**
on property, plant and equipment	*27 063*	*14 713*
taxes and charges (including PFRON)	*1 918*	*1 879*
maintenance and rental of buildings	*32 861*	*31 388*
communication services	*16 513*	*15 576*
leasing services	*2 697*	*2 784*
refurbishment services	*7 415*	*9 275*
licences and patents	*5 049*	*4 293*
other external services	*54 609*	*39 434*
- Depreciation and amortisation	**34 599**	**36 640**
on property, plant and equipment	*23 154*	*26 431*
on intangible assets	*11 445*	*10 209*
Total	**334 679**	**295 838**

7 Other operating expenses	I quarter 2007	I quarter 2006
- Due to court fees paid	0	30
- Donations made	1 024	1 051
- Other operating expenses due to disputed claims	238	74
- Impairment losses on other non-financial assets	23	246
- Measurement of fixed assets at fair value	1	-643
- Result on disposal of assets (fixed and intangible assets) and own properties	-41	-38
- Other	4 769	2 117
Total	**6 014**	**2 837**

8 Impairment losses and provisions for off-balance sheet liabilities	I quarter 2007	I quarter 2006
- Impairment losses on loans and advances	31 137	78 832
- Reversed impairment losses on loans and advances	-23 491	-95 448
Net impairment losses on loans and advances	**7 646**	**-16 616**
including:		
- losses on loans and advances at risk of impairment	*13 680*	*-4 699*
- IBNR	*-6 034*	*-11 917*
- Impairment of amounts recovered from loans previously written off	8 035	9 471
- Reversed impairment of amounts recovered from loans previously written off	-23 591	-38 094
Net impairment losses on loans and advances	**-15 556**	**-28 623**
- Impairment losses on available-for-sale financial assets:	0	0
- securities	*0*	*0*
- shares in subsidiaries, co-subsidiaries and associated entities, as well as minority interests	*0*	*0*
- Reversed impairment losses on available-for-sale financial assets:	-252	-79
- securities	*0*	*-79*
- shares in subsidiaries, co-subsidiaries and associated entities, as well as minority interests	*-252*	*0*
Net impairment losses on available-for-sale financial assets:	**-252**	**-79**
- securities	*0*	*-79*
- shares in subsidiaries, co-subsidiaries and associated entities, as well as minority interests	*-252*	*0*
- Recognised provisions for off-balance sheet liabilities	8 030	8 802
- Reversed provision for off-balance sheet liabilities	-6 883	-10 571
Net provisions for off-balance sheet liabilities recognised	**1 147**	**-1 769**
including:		
- on the portfolio at risk of impairment	*368*	*-3 423*
- IBNR	*779*	*1 654*
Total impairment losses	**47 202**	**97 105**
Total reversed impairment losses	**-54 217**	**-144 192**
Net impairment losses and provisions for off-balance sheet liabilities	**-7 015**	**-47 087**

9 Share in net profit (loss) of associated entities recognised under the equity method	I quarter 2007	I quarter 2006
- ING Nationale-Nederlanden Polska PTE S.A.	12 400	4 941
Total	**12 400**	**4 941**

10 Deposit accounts in other banks as well as loans and advances to other banks	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Nostro accounts	154 479	289 163	87 203
- interbank deposits	15 723 249	12 878 188	10 800 938
- other receivables	643 364	305 364	156 408
- loans and advances	*291 045*	*263 903*	*123 646*
- other receivables	*352 319*	*41 461*	*32 762*
- accrued interest	93 694	41 609	26 401
Total (gross)	**16 614 786**	**13 514 324**	**11 070 950**
Impairment losses	-619	-426	-216
Total (net)	**16 614 167**	**13 513 898**	**11 070 734**

11 Financial assets measured at fair value through profit and loss	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Financial assets held for trading	9 520 030	6 837 926	7 049 306
- Debt instruments	*8 613 096*	*5 856 674*	*6 141 495*
- Equity instruments	*11 169*	*16 679*	*571*
- Derivative financial instruments	*895 765*	*964 573*	*907 240*
- Financial assets designated as at fair value upon initial recognition	1 177 041	223 518	322 714
- Debt instruments	*690 295*	*142 559*	*150 639*
- Repo transactions	*486 746*	*80 959*	*172 075*
Total	**10 697 071**	**7 061 444**	**7 372 020**

12 Investment financial assets	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Available-for-sale financial assets			
Debt instruments	*11 986 682*	*12 588 855*	*11 570 529*
Equity instruments	*15 060*	*26 059*	*2 230*
Total	**12 001 742**	**12 614 914**	**11 572 759**

13 Loans and advances to customers	as of 31March 2007	as of 31 December 2006	as of 31March 2006
Loans and advances granted to entities from the financial sector other than banks			
- loans and advances	2 170 606	2 010 466	1 283 233
- in the current account	454 299	493 093	339 414
- term ones	1 716 307	1 517 373	943 819
- other receivables	189 546	172 344	138 166
- accrued interest	5 214	3 892	2 577
Total (gross)	**2 365 366**	**2 186 702**	**1 423 976**
Impairment losses	-7 617	-11 335	-8 532
Total (net)	**2 357 749**	**2 175 367**	**1 415 444**
Loans and advances granted to entities from the non-financial sector			
- loans and advances granted to business entities	7 639 140	7 064 684	6 231 531
- in the current account	2 902 510	2 386 692	2 359 207
- term ones	4 736 630	4 677 992	3 872 324
- loans and advances granted to households	3 783 649	3 615 383	3 229 535
- in the current account	951 057	961 359	950 820
- term ones	2 832 592	2 654 024	2 278 715
- other receivables	121 662	115 687	99 429
- accrued interest	24 104	37 596	31 864
Total (gross)	11 568 555	10 833 350	9 592 359
Impairment losses	-632 203	-664 859	-718 072
Total (net)	**10 936 352**	**10 168 491**	**8 874 287**
Loans and advances granted to entities from the government and self-government institutions' sector			
- loans and advances	629 037	668 637	390 440
- in the current account	5 370	2 575	4 285
- term ones	623 667	666 062	386 155
- other receivables	4	0	0
- accrued interest	1 753	2 459	1 241
Total (gross)	630 794	671 096	391 681
Impairment losses	-34 710	-26 707	-31 738
Total (net)	**596 084**	**644 389**	**359 943**
Loans and advances granted to customers - TOTAL			
- loans and advances	14 222 432	13 359 170	11 134 739
- other receivables	311 212	288 031	237 595
- accrued interest	31 071	43 947	35 682
Loans and advances granted to customers – gross	**14 564 715**	**13 691 148**	**11 408 016**
Impairment losses	-674 530	-702 901	-758 342
Loans and advances granted to customers – net	**13 890 185**	**12 988 247**	**10 649 674**

14 Property, plant and equipment	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Real estate and the hold improvements	434 130	426 017	419 869
- Computer hardware	46 122	60 851	77 199
- Vehicles	433	579	1 556
- Other fixtures and fittings	74 959	80 438	80 518
- Constructions in progress	9 353	3 180	20 811
Total	**564 996**	**571 065**	**599 953**

15 Liabilities due to other banks	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Current accounts	84 350	178 315	69 830
- Interbank deposits	5 291 982	949 486	1 931 663
- Repo transactions	194 615	105 805	96 830
- Other liabilities	20 697	161 446	38 973
- Accrued interest	6 975	6 097	8 825
Total	**5 598 619**	**1 401 149**	**2 146 121**

16 Financial liabilities measured at fair value through profit and loss	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Financial liabilities held for trading	788 673	828 922	1 085 079
Derivative financial instruments	*788 673*	*828 922*	*1 085 079*
- Financial liabilities designated as at fair value upon initial recognition	4 182 346	2 282 291	2 939 160
Repo transactions	*4 182 346*	*2 282 291*	*2 939 160*
Total	**4 971 019**	**3 111 213**	**4 024 239**

17 Liabilities due to customers

	as of 31March 2007	as of 31 December 2006	as of 31March 2006
Liabilities due to entities from the financial sector other than banks			
- Deposits	2 934 273	2 881 493	1 854 024
- current accounts	*2 550 379*	*2 265 816*	*810 715*
- term deposit	*383 894*	*615 677*	*1 043 309*
- Repo transactions	2 232 060	1 429 243	575 895
- Other liabilities	110 959	45 343	94 531
- Accrued interest	3 735	1 768	2 834
Total	**5 281 027**	**4 357 847**	**2 527 284**
Liabilities due to entities from the non-financial sector			
- Business entities' deposits	10 553 520	10 375 275	8 286 394
- current accounts	*5 611 499*	*5 885 516*	*4 877 201*
- term deposit	*4 942 021*	*4 489 759*	*3 409 193*
- Households' deposits	22 411 723	21 472 352	19 837 683
- current accounts	*3 029 989*	*3 095 615*	*2 598 062*
- savings accounts	*15 676 438*	*15 421 774*	*12 766 931*
- term deposit	*3 705 296*	*2 954 963*	*4 472 690*
- Repo transactions	157 898	371 824	90 703
- Other liabilities	375 063	407 010	469 322
- Accrued interest	53 225	46 306	55 141
Total	**33 551 429**	**32 672 767**	**28 739 243**
Liabilities due to entities from the government and self-government institutions' sector			
- Deposits	1 939 076	1 528 107	1 521 813
- current accounts	*852 461*	*1 190 267*	*762 759*
- term deposit	*1 086 615*	*337 840*	*759 054*
- Other liabilities	1 468	714	765
- Accrued interest	1 570	1 988	917
Total	**1 942 114**	**1 530 809**	**1 523 495**
Liabilities due to customers –TOTAL			
- Deposits	37 838 592	36 257 227	31 499 914
- Repo transactions	2 389 958	1 801 067	666 598
- Other liabilities	487 490	453 067	564 618
- Accrued interest	58 530	50 062	58 892
Total	**40 774 570**	**38 561 423**	**32 790 022**

18 Provisions

	as of 31March 2007	as of 31 December 2006	as of 31March 2006
- Provision for disputes	35 190	42 262	15 781
- Provision for off-balance sheet liabilities	23 762	25 015	27 863
- Provision for retirement benefits	11 353	10 898	10 584
- Provision for unused holidays	12 148	12 149	9 815
- Provision for employment restructuring	0	0	7 163
Total	**82 453**	**90 324**	**71 206**

5.2 Seasonality or cyclicity of activity

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

5.3 Type and Amounts of Items Affecting Assets, Liabilities, Net Financial Result or Cash Flows Being of Non-recurring Nature due to their Type, Volume or Impact

None.

5.4 Type and Amounts of Changes to Estimated Amounts that Were Listed in Previous Interim Periods of the Current Accounting Year or Changes to the Estimates Listed in Previous Accounting Years, If They Are of Significant Impact on the Current Interim Period

The preparation of financial statements in accordance with IFRS requires from the Group the use of estimates and assumptions that affect the amounts reported in the financial statements and notes thereto.

Type and size of the change in estimation values are disclosed only when the results of the change occur in the current period or in the future periods.

Estimations and assumptions applied to the presentation of value of assets, liabilities, revenues and costs, are made on basis of historical data available and other factors considered to be relevant in given circumstances. Applied assumptions related to the future and available data sources are the base for making estimations regarding carrying value of assets and liabilities, which cannot be determined explicitly on basis of other sources. The estimates take account of the causes / sources of uncertainty as projected at the balance sheet date.

The actual results may differ from those estimates.

The estimations and assumptions are subject to ongoing reviews. Adjustments to estimates are recognized in the period when the estimation was changed, provided that the adjustment applies to this period alone, or in the period when the estimation was changed and in the following periods, should the adjustment impact both the current and future periods.

Major accounting estimations made by the Group as at the reporting date of and for each balance sheet date are as follows:

Impairment of loans

For each balance sheet date, the Group assesses, whether there is objective evidence of impairment of a given financial asset or of a group of such assets. Impairment of a financial asset or of a group of financial assets was incurred only if there is objective evidence for the impairment due to one or many events. The occurrence of such event or group of such events affects the estimation of expected cash flows regarding these assets. The estimates may take into account any observable indications pointing at the occurrence of an unfavourable change in the solvency position of debtors belonging to any particular group or in the economic situation of a given country or part of a country, which is associated with the problems appearing in that group of assets.

Historical parameters of recoveries are adjusted on the basis of the data coming from current observations, so as to take into consideration the influence of current conditions and to exclude the influencing factors in the historical period, that are not presently valid.

In order to estimate impairment or its reversal, it is necessary to estimate the present value of the expected cash flows. If there is objective evidence that an impairment loss on loans and receivables or carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed either by adjusting an carrying amount of the financial asset. The amount of the reversal shall be recognised in profit or loss.

The methodology and the assumptions, on the basis of which the estimated cash flow and their anticipated timing, are regularly reviewed and updated. Moreover, the tests on historical data are carried out in order to compare actual results with estimations of impairment.

Impairment of other non- current assets

For each balance sheet date, the Group assesses the existence of premises indicating impairment of a non-current asset. If such premises exist, the Group performs an estimation of recoverable value. Estimation of value-in-use of a non-current asset requires assumptions to be adopted, regarding, among others, amounts and timing of future cash flows, which the Group may obtain from the given non-current asset (or cash generating unit). Adoption of different measurement assumption could affect the carrying value of some of the non – current assets.

The Group performs an estimation of the fair value less costs to sell on the basis of available market data regarding this subject or estimations made by external bodies, which are also based on estimations.

Measurement of financial instruments that do not have a quoted market price

Fair value of unquoted financial instruments is estimated by means of alternate methods of value measurement. For non-optional derivatives and debentures available for sale, the Group uses valuation models based on discounted cash flows. Options are valued using option valuation models.
Valuation models used by the Group, are verified by independent bodies prior to their usage. If possible, only empirical data from the active market are entered to the model, however under certain circumstances the Group's estimations of the risk elements (such are credit risk, volatility risk and market correlations) are used. Any change in these assumptions may affect the fair value of some financial instruments.

Retirement and sick pension severance payments provision

Retirement payments provision is calculated using an actuarial method by an independent actuary as the present value of future liabilities of the Group towards the employees according to headcount and remuneration at the updating date. The estimation of the provision is made on the basis of several assumptions both about macroeconomic environment and employee turnover, mortality risk and other. The estimated provision is updated annually. Additionally, adjustments relating to the balance of the provision are made based on quarterly updated assumptions.

Provision for bonuses granted to directors and key management personnel

The provisions for top executive staff bonuses are estimated by the Management Board of the Group's dominant entity which is estimating the amount of benefits as of the balance-sheet date. The ultimate amount of the abovementioned employee benefits is determined by the decisions of Supervisory Boards of the Group's Companies.

5.5 Issues, Redemption or Repayments of Debt Securities and Equities

None.

5.6 Dividends Paid

None.

5.7 Significant Developments after the Closing of the Interim Period

Rating Upgrade

On 10 April 2007, the agency Moody's Investors Service LTD changed the rating of PLN deposits from AA3 to A1; other ratings remained unchanged.

On 11 April 2007, Fitch Ratings Ltd. notified the Management Board of ING Bank Śląski S.A. of upgrading its individual rating from "C/D" to "C" and Short-term foreign currency rating from "F1" to "F1+". Other ratings were affirmed at Issuer Default Rating, or IDR, "AA-" and Support "1". The Outlook on the IDR is Stable.

The upgrade is based on the Bank's improving asset quality and continued risk profile, combined with a strong capital base.

Individual Ratings, which are internationally comparable, attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. Individual Rating at "C" denotes good standing of the Bank.

Short-Term Credit Rating at "F1+" denotes the highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

Purchase of assets of significant value

On 10 April 2007, ING BSK took up - by way of closed subscription - 270 B-series shares of Śląski Bank Hipoteczny S.A. ("SBH") worth PLN 50,000 each, and PLN 13.5m in total. The shares were paid for in cash from own funds of ING BSK. The shares were taken up to raise the share capital of SBH, as part of a long-term strategy to turn SBH into a commercial real estate centre of ING Group in Poland. SBH is a subsidiary of ING BSK. Prior to the registration of the transaction, the share capital of SBH totalled PLN 50m and was sub-divided into 1,000 A-series shares whose face value is PLN 50,000 each and each of them represents 1 vote at the general shareholders meeting. SBH is a wholly-owned subsidiary of ING BSK, which holds directly 999 shares representing 99.9% of the share capital and 99.9% of votes at the General Shareholders Meeting ("GSM") of SBH. ING Securities S.A., a subsidiary of ING BSK, holds 1 share of SBH, which represents 0.10% of the share capital and 0.10% of votes at the GSM. Upon registration of the capital increase, the share capital of SBH will total PLN 63.5m, and will be sub-divided into 1,270 shares worth PLN 50,000 each and representing 1 vote at the GSM each. ING BSK will hold 1,269 shares representing 99.92% of the share capital and 99.92% of votes at GSM of the come. ING Securities S.A. will continue to hold 1 share of the company, which represents 0.08% of the share capital and 0.08% of votes at the GSM. The assets acquired as part of the transaction are considered significant as the value of the shares exceeds 20% of the share capital of SBH.

Resignation of Bank Management Board Member

At the meeting held on 20 April 2007, the Supervisory Board of ING Bank Śląski S.A. acknowledged the resignation of Mr. Maciej Węgrzyński from the position of Vice-president of the Management Board of ING Bank Śląski S.A. as of the date of the Ordinary General Shareholders Meeting of the Bank approving the financial statements for the year 2006, i.e. as of 9 May 2007.

Securitisation

On 14.03.2007, ING Bank Śląski SA and Copernicus Capital Towarzystwo Funduszy Inwestycyjnych S.A., acting for *VPF I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty* signed a conditional sale agreement of non-performing loan exposures.

The sales transaction covered 45,127 exposures, including 21,308 in the Bank's balance sheet and 23,819 written-off from the balance sheet.
As at the date of agreement signing, the net book value of the portfolio was PLN 5,823 thousand. The sale price of the debt claims was set at PLN 23,604 thousand.
Further signing of an "Assignment agreement", which took place on 25.04.2007 was the sine qua non of performance of the transaction as a whole. The total value of the exposures as at the agreement finalisation date amounted to PLN 271,656 thousand, including principal of PLN 133.663 thousand. Under the agreement, the final sale price was adjusted with the repayments made by clients in the period from 14.12.2006 to 24.04.2007 – the sale price as at the date of transaction finalisation was PLN 21,933 thousand. The transaction costs amounted to PLN 539,000.

5.8 Changes to the Business Entity / Capital Group Structure

Either in Q1 of 2007 or Q1 of 2006 no changes in the composition of the capital group occurred.

5.9 Changes to Contingent Liabilities or Assets that Occurred after 31.12.2006

OFF-BALANCE SHEET ITEMS	as of 31 March 2007	as of 31 December 2006	as of 31 March 2006
- Contingent liabilities granted	10 643 441	13 817 539	10 350 837
- Contingent liabilities received	9 762 917	10 530 245	10 323 884
- Off-balance sheet financial instruments	178 103 879	157 144 424	136 923 972
Total off-balance sheet items	**198 510 237**	**181 492 208**	**157 598 693**

The decrease of the balance of contingent liabilities granted as at 31.03.2007 vis-à-vis 31.12.2006 by PLN 3,174.1 million resulted mainly from the increase of the item of deposits to be released in inter-bank transactions. On the other hand, the decrease of contingent liabilities received by PLN 767.3 million resulted mostly from the increase of the item of deposits to be received in inter-bank transactions.

5.10 Acquisition or Sale of a Component of Property, Plant and Equipment (Sale of Real Estate)

None.

5.11 Settlements due to Court 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 were presented below:

in million

	31.03.2007	31.12.2006	30.09.2006	30.06.2006	31.03.2006
Status at the period beginning:	**42,2**	**15,4**	**13,6**	**15,8**	**19,3**
Establishment of provisions as costs	0,1	29,9	2,3	0,2	0,2
Release of provisions as income	-0,9	-2,4	0,0	-0,5	-0,1
Utilisation of provision due to dispute loss or settlement	-6,2	-0,7	-0,5	-1,9	-3,6
Status as at the period end	**35,2**	**42,2**	**15,4**	**13,6**	**15,8**

5.12 Transactions with Related Entities

Subsidiaries and Related Entities of ING Bank Śląski:

- ING Securities
- ING BSK Development
- Solver
- PTE ING Nationale Nederlanden
- Centrum Banku Śląskiego (CBS)
- Śląski Bank Hipoteczny

as part of their business hold current accounts at ING Bank Śląski, via which they perform standard clearing operations and also invest cash funds using term deposits. Furthermore, CBS and Śląski Bank Hipoteczny took loans from ING Bank Śląski. Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group, for instance ING Lease (Poland), ING Car Lease, ING Nationale-Nederlanden and ING Real Estate. The transactions with the above entities are performed on an arm's length basis.

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: Forex Spot and Forex Forward, FX options and SWAP transactions. They are all performed on the arm's length basis.
There were also other transactions between the associated entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of premises, lease of equipment, data processing, employees' insurance contributions, leasing of non-current assets and intangible assets as well as car fleet leasing and management.

In the period 1.01.2007 – 31.03.2007 the following transactions were made of the total value exceeding EURO 500,000:

- In connection with execution of the Co-operation Agreement concluded by ING Bank Śląski S.A. and ING Bank NV the remuneration for the services provided as to financial consulting in 3 months 2007 amounted to PLN 11.3 million (net).

- Following the implementation of the agreement for provision of data processing and financial information analysis services, concluded by and between ING Bank Śląski S.A. and ING Bank NV, the fee for data processing and financial information analysis services used by ING Bank Śląski amounted to PLN 3.0 million (net).

- Under the agreement of lease of office rooms in the building owned by CBS, ING Bank Śląski paid a rent (through ING BSK Development) of PLN 5.6 million (gross) in monthly instalments. In addition, the Bank paid PLN 0.5 million for adaptation works.

- ING Services Polska provides services to ING Bank Śląski in regard to lease of hardware resources. The costs of service were PLN 4.4 million (gross).

- ING Bank Śląski made a transaction with ING Lease due to sublease of functional rooms totalling PLN 3.8 million (gross).

- ING Bank Śląski co-operates with ING Car Lease as to leasing of cars and management of car fleet. The derivative amount of payment was PLN 2.6 million in 3 months 2007.

Transactions with related parties (in PLN thousands) **31.03.2007**

	Parent company	Other ING Group entities	Subsidiary undertakings	Associated undertakings
Balances of receivables and payables				
Deposits given	2 617 438	399 385	-	-
Loans	10 501	1 025 105	383 290	-
Deposits taken (current & term)	484 542	99 173	424 568	254 750
Securities	-	-	30 247	-
Other receivables	137 422	553	2 811	-
Other liabilities	111 684	11 401	17	-
Off-balance sheet commitments and transactions				
Guarantees issued	342 451	200 431	-	-
Undrawn credit lines granted	2 094 157	1 390 525	39 228	-
FX spot	19 299 489	1 225 123	-	-
FX forward	124 672	1 425 175	-	-
IRS/CIRS	22 696 082	67 550	-	-
FRA	3 205 587	-	-	-
Options	1 167 142	75 904	-	-
Income and expenses				
Income	181 656	11 106	4 856	40
Expenses	149 716	1 305	9 078	754

Transactions with related parties (in PLN thousands) **31.03.2006**

	Parent company	Other ING Group entities	Subsidiary undertakings	Associated undertakings
Balances of receivables and payables				
Deposits given				
Loans	2 385 306	1 883	-	-
Deposits taken	100 796	1 134 088	359 240	-
Securities	179 820	615 063	250 828	25 676
Other receivables	-	-	42 143	-
Other liabilities	15 015	7 708	2 706	-
Off-balance derivatives revaluation	39	380 737	2	-
Off-balance sheet commitments and transactions				
Guarantees issued	379 939	183 218	-	-
Undrawn credit lines granted	2 267 604	2 121 460	334 152	-
FX spot	7 549 792	3 378 863	-	-
FX forward	58 031	1 024 175	-	-
IRS/CIRS	26 832 075	78 618	-	-
FRA	1 000 432	0	-	-
Options	451 719	0	-	-
Income and expenses				
Income	200 599	6 629	3 704	59
Expenses	190 481	1 147	7 523	513

VII. Standalone Financial Statement of the Bank

PROFIT AND LOSS ACCOUNT (PLN '000)	I quarter 2007	I quarter 2006
Interest income	*582 942*	*474 823*
Interest expenses	*322 558*	*257 070*
Net interest income	**260 384**	**217 753**
Commission income	*193 643*	*142 321*
Commission expenses	*17 139*	*12 759*
Net commission income	**176 504**	**129 562**
Net income on investment financial assets	16 946	5 992
Net trading income	32 186	62 211
Other operating income	5 070	6 668
Result on basic activities	**491 090**	**422 186**
General and administrative expenses	328 122	291 046
Other operating expenses	2 904	1 733
Impairment losses and provisions for off-balance sheet liabilities	-7 527	-48 191
Profit (loss) before tax	**167 591**	**177 598**
Income tax	36 115	33 897
Net result for the current year	**131 476**	**143 701**
Net profit (loss) assigned to shareholders of the holding company	**131 476**	**143 701**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	10,11	11,05
Diluted weighted average number of ordinary shares	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	10,11	11,05

BALANCE SHEET (PLN '000)	I quarter 2007 as of 31 March 2007	end of 2006 as of 31 December 2006	I quarter 2006 as of 31 March 2006
ASSETS			
- Cash in hand and balances with the Central Bank	1 699 955	1 027 718	1 412 419
- Deposit accounts in other banks as well as loans and advances to other banks	16 760 017	13 560 173	11 117 602
- Financial assets measured at fair value through profit and loss	10 685 902	7 056 724	7 383 328
- Investment financial assets	12 031 803	12 644 728	11 601 844
- Loans and advances to customers	13 942 266	13 082 578	10 755 731
- Investments in controlled entities	126 910	126 910	126 910
- Property, plant and equipment	398 610	408 453	439 910
- Intangible assets	324 826	316 753	316 576
- Property, plant and equipment held for sale	224	224	245
- Current tax asset	0	0	2 559
- Deferred tax asset	16 111	30 209	69 193
- Other assets	127 231	96 980	99 121
Total assets	**56 113 855**	**48 351 450**	**43 325 438**
EQUITY AND LIABILITIES			
LIABILITIES			
- Liabilities due to the Central Bank	0	696 000	0
- Liabilities due to other banks	5 876 725	1 400 239	2 133 214
- Financial liabilities measured at fair value through profit and loss	4 692 558	3 111 213	4 024 239
- Liabilities due to customers	40 903 716	38 626 433	32 853 881
- Provisions	80 688	88 833	70 171
- Current income tax liabilities	65 275	65 815	0
- Other liabilities	768 143	746 943	621 092
Total liabilities	**52 387 105**	**44 735 476**	**39 702 597**
EQUITY			
- Share capital	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value	993 750	993 750	993 750
- Revaluation reserve from measurement of available-for-sale financial assets	22 130	42 830	99 069
- Revaluation reserve from measurement of property, plant and equipment	40 458	40 458	31 694
- Retained earnings	2 540 312	2 408 836	2 368 228
Total equity	**3 726 750**	**3 615 974**	**3 622 841**
TOTAL EQUITY AND LIABILITIES	**56 113 855**	**48 351 450**	**43 325 438**

OFF-BALANCE SHEET ITEMS	I quarter 2007 as of 31 March 2007	end of 2006 as of 31 December 2006	I quarter 2006 as of 31 March 2006
- Contingent liabilities granted	10 646 546	13 817 405	10 669 479
- Contingent liabilities received	9 762 917	10 530 245	10 323 884
- Off-balance sheet financial instruments	178 103 879	157 144 424	136 923 972
Total off-balance sheet items	**198 513 342**	**181 492 074**	**157 917 335**

Solvency ratio	**13,18%**	**15,08%**	**16,68%**
Book value	**3 726 750**	**3 615 974**	**3 622 841**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**286,45**	**277,94**	**278,47**

STATEMENT OF CHANGES IN EQUITY

(PLN '000)

I quarter 2007
period from 01 January 2007 to 31 March 2007

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Total equity
Opening balance of equity	**130 100**	**993 750**	**42 830**	**40 458**	**2 408 836**	**3 615 974**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			-3 374			-3 374
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-17 326			-17 326
- net result for the current period					131 476	131 476
Total equity (closing balance)	**130 100**	**993 750**	**22 130**	**40 458**	**2 540 312**	**3 726 750**

end of 2006
period from 01 January 2006 to 31 December 2006

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Total equity
Opening balance of equity	**130 100**	**993 750**	**85 796**	**31 725**	**2 223 818**	**3 465 189**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			-28 754			-28 754
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-14 212			-14 212
- disposal of property, plant and equipment				-2 132	3 647	1 515
- remeasurement of property, plant and equipment				10 865	-1 411	9 454
- dividends paid					-357 775	-357 775
- net result for the current period					540 557	540 557
Total equity (closing balance)	**130 100**	**993 750**	**42 830**	**40 458**	**2 408 836**	**3 615 974**

I quarter 2006
period from 01 January 2006 to 31 March 2006

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Retained earnings	Total equity
Opening balance of equity	**130 100**	**993 750**	**85 796**	**31 725**	**2 223 818**	**3 465 189**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity			19 265			19 265
- reclassified to the financial result as a result of sale of available-for-sale financial assets			-5 992			-5 992
- disposal of property, plant and equipment				-31	709	678
- net result for the current period					143 701	143 701
Total equity (closing balance)	**130 100**	**993 750**	**99 069**	**31 694**	**2 368 228**	**3 622 841**

CASH FLOW STATEMENT
- indirect method

(PLN '000)	I quarter 2007 period from 01 January 2007 to 31 March 2007	I quarter 2006 period from 01 January 2006 to 31 March 2006
OPERATING ACTIVITIES		
Net profit (loss)	**131 476**	**143 701**
Adjustments	**-3 807 991**	**-324 957**
- Unrealised exchange gains (losses)	-192	1 139
- Depreciation and amortisation	33 580	35 595
- Interest accrued (from the profit and loss account)	260 384	217 753
- Interest received/paid	-201 456	-386 123
- Dividends received	-11	0
- Gains (losses) on investment activities	223	2 462
- Income tax (from the profit and loss account)	36 115	33 897
- Income tax paid	-22 557	1 480
- Change in provisions	-8 145	-9 319
- Change in deposits in other banks and in loans and advances to other banks	-7 634 316	1 069 882
- Change in financial assets at fair value through profit or loss	-3 596 256	-1 200 914
- Change in investment financial assets	533 134	-490 537
- Change in loans and advances to customers	-849 880	-725 103
- Change in other assets	-30 528	32 968
- Change in liabilities due to other banks	3 783 381	792 223
- Change in liabilities at fair value through profit or loss	1 581 345	338 450
- Change in liabilities due to customers	2 285 989	-25 396
- Change in other liabilities	21 199	-13 414
Net cash flow from operating activities	**-3 676 515**	**-181 256**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-12 469	-16 872
- Disposal of property, plant and equipment	89	51
- Purchase of intangible assets	-19 463	-6 337
- Disposal of fixed assets/liabilities held for sale	87	166
- Dividends received	11	0
Net cash flow from investment activities	**-31 745**	**-22 992**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	0	0
- Interest on long-term loans repaid	-316	-140
- Dividends paid	0	0
Net cash flow from financial activities	**-316**	**-140**
Effect of exchange rate changes on cash and cash equivalents	***8 781***	***36 929***
Net increase/decrease in cash and cash equivalents	**-3 708 576**	**-204 388**
Opening balance of cash and cash equivalents	**8 052 407**	**4 970 079**
Closing balance of cash and cash equivalents	**4 343 831**	**4 765 691**

VIII. Additional Information Required under the Ordinance of the Minister of Finance of 19 October 2005 on Current and Periodic Information Submitted by Securities Issuers That Has Not Been Discussed Elsewhere

1. Indication of Shareholders Holding Directly or Indirectly > 5% of Total Number of Votes at GSM (para. 91 section. 6 item 5)

As at the date of submission of the report for the first quarter of 2007, the shareholders owning 5% and more votes at the General Shareholders 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 Shareholders Meeting
1.	ING Bank N.V.	9,757,500	75.00
2.	Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	850,000	6.53

2. Specification of Changes in Shares Held by Senior Executives (para. 91 section 6 item 6)

As regards members of the Bank Supervisory Board, the following individuals have held shares of ING Bank Śląski: Mr. Mirosław Kośmider – 3 shares; Mr. Wojciech Popiołek – 9 shares. The other members of the Bank Management Board and the Bank Supervisory Board do not hold any shares of ING Bank Śląski S.A. As of the date of publication of the report for Q4 2006, the status of ING Bank Śląski's shares, held by the Members of the Bank Management Board and Supervisory Board, was similar.

3. Indicating the court proceedings of value at least 10% of the equity or totally at least 10% of the equity (para. 91 section 6 item 7)

Either in Q1 of 2007 or Q1 of 2006, no proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the Capital Group of ING Bank Śląski.

4. Information on extending sureties for the loan, cash loan or guarantees equal at least 10% of the equity (para. 91 section 6 item 9)

None.