Interim Consolidated Financial Statements of the ING Bank Śląski Group

for the fourth quarter 2007

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I. Introduction to Financial Results and Market Position

1. Economic situation in the 4th quarter of 2007 including factors that may affect the business operations in the coming quarters

Upward tendencies continued in the Polish economy throughout 2007; they were driven by strong domestic demand, both in terms of investments and consumption. Positive developments on the labour market were accompanied by corporate performance results, which were better than a year earlier and which allowed the companies to raise pay and increase investments. According to preliminary estimates, the Gross Domestic Product in 2007 went up by 6.5%, compared with 6.2% in 2006 and 3.6% in 2005. The macroeconomic ratios indicate, however, that after the exceptionally good results in the first half of the year, the economic growth rate in the following quarters was slightly slower.

Industrial output sold[1] in 2007 was up by 9.7% from a year earlier. After dynamic growth in the first three months of 2007 (up by 13.0%), in the next quarters the growth rate of production slightly decelerated. In 4Q 2007, sold industrial output was up by 9.6% from the same period a year earlier. Growth of production was recorded in 25 out of 29 industrial sectors. The largest growth of production was observed for machinery and equipment (up by 27.0%), metal goods (up by 17.0%), as well as electric machines and equipment (up by 16.1%). In 2007, construction and assembly production in Poland executed by companies with more than 9 workers was up by 15.7% from a year earlier.

The high economic growth rate in 2007 reinforced the positive trends on the labour market. The growing demand of the Polish companies for new workforce systematically reduced the unemployment rate, down to 11.4% compared with 14.8% in 2006. At the end of December 2007, the number of registered unemployed totalled 1,747,000, down by 24.4% from a year earlier. The drop of the unemployment rate was accompanied by growth of average nominal pay. In 2007, the average salary in the sector of enterprises totalled PLN 2,888.2, and was higher by 9.2% compared with the previous year. Despite the fact that the prices of goods and consumption services were higher than a year earlier, the purchasing power of an average pay increased considerably.

The improved situation on the labour market and growth of salaries translated into a growth of retail sales, which in 2007 was up by 14% from a year earlier. However, in the subsequent quarters we observed lower growth rate of sales, down from 17.4% in 1Q to 12.2% in 4Q.

The average annual growth of consumption prices was higher than the one in 2006 and than the level provided for in the Budget Act. In December 2007, the prices of goods and consumption services were up by 4.0% compared with 1.4% in the same period a year earlier. Consequently, the inflation target set by the Monetary Policy Council at 2.5% was exceeded. In 2007, the highest price raises were observed in goods and services related to transport, food price and prices of goods and services related to living. In view of growing inflationary pressure, the Monetary Policy Council raised the interest rates four times in 2007; as a result, the benchmark rate went up by 4.0% as at the end of 2006 to 5.0% as at the end of 2007.

Very good market conditions continued in the Polish banking sector in 2007. Credit receivables from households went up by 37.9% from the end of 2006. An increase was also recorded for corporate credit receivables, up by 21.5% from December 2006.
Deposits of the banking sector went up by 13.5% from December 2006, and notably corporate deposits were up by 18.5%, whereas household deposits went up by 10.0% from the end of the previous year.

[1] Applies to companies with more than 9 workers.

Starting 2Q 2007, we have observed systematic appreciation of PLN against EUR and USD. Consequently, as at the end of December 2007, the PLN/ EUR exchange rate totalled 3.5820 compared with 3.8312 as at 31.12.2006.

The most important macroeconomic factors of impact on results recorded in the subsequent quarters include the pace of economic development in Poland, increases of interest rates and changes of exchange rates.

2. Execution of Strategic Goals

In 2007, ING Bank Śląski took actions aimed at introducing new products and services, improving the attractiveness of the offer and the service quality for its clients. Since the beginning of the year, ING Bank Śląski also continued the execution of projects designed for implementing new sales tools, increase of the availability of products and services, and further streamlining of processes.

Retail Banking

As regards retail banking, two projects were of key importance in 2007: Front End and Self Banking. The first one was aimed at simplification of the processes of acquisition, sale and client service, and growth of efficiency. Implementation of the Front End system in the branch network, together with the implementation of a new application for the servicing of credit offer for individual clients (SOWK) simplified and shortened the credit process; it also facilitated considerably the prescoring and marketing campaigns conducted by the Bank. The 3rd stage of the Front End Project was implemented towards the end of the year; it concerned the service of individual client accounts, and considerably simplified the process of account opening and additional services.

The main goal of the second project was to improve the availability of bank services, facilitation of the client service and rationalisation of operational costs connected with cash operations. The core of the Self-Banking lies in separating self banking zones in the existing branches that would be operational 24 hours a day, where the clients could deposit and withdraw cash on their own, where they could make a transfer via ING BankOnLine, get connection with the HaloŚląski service or talk to the Call Centre consultant. The zones are for individual and small business clients, but also for wholesale clients.

In 2007, within the Loan Express project, ING Bank Śląski worked over launching the PLN mortgage loans, offered to the clients via Business Partners. This is a product characterised by high standardisation which will be serviced pursuant to the new, fully automated sales process. The project entered the pilot phase in 4Q 2007.

As of the beginning of 2007, ING Bank Śląski successively modified and improved its product offer for retail clients. In 4Q 2007, the Bank's offer was expanded by the "Investment Program for Future" offered together with Life Insurance Association ING Nationale-Nederlanden Polska S.A. This is a permanent life insurance allowing for investments into selected funds of different associations, characterised by significant flexibility in the selection of investment strategy. The individual clients interested in cash loan but not being a holder of a personal account with ING Bank Śląski were offered cash loans on prepaid cards.

In 2007, ING Bank Śląski systematically developed its offer in the area of debit cards. At the year end, the Bank as one of the first in Poland started to issue microchip debit cards for all the Clients – individual ones, small business and corporates. Cards offered by ING Bank Śląski are hybrids, i.e. equipped both with microchips and magnetic strip.

Internet Banking

In 2007, ING Bank Śląski implemented important projects in the field of internet banking. In November 2007, the Bank started the new Internet service for students - *www.student.ing.pl.* This portal provides information on products addressed to students, on ING Securities and career with ING.

Upon many months of intensive works, in December 2007, the new system of internet banking for corporate clients was launched – *ING BusinessOnLine*. Corporate clients received an advanced tool for management of the company's finance, allowing for service of almost all the products currently offered by the Bank. The new system is easy to deal with, offers a full personalisation to the user and is one of the most secure on the market. Its introduction constitutes the first stage of changes to the Bank's internet banking offer and within next months new functionalities will be added to ING BusinessOnLine.

In 2007, preparations were in progress for introducing to the Bank's retail offer the Direct Lion Account (an Internet account). This is a PLN account available in two options: a personal account for individual clients as well as a current account for small business. The new offer is addressed to the clients making use of Internet, ATMs, cash deposit machines and cards. The Direct Internet account is offered to the Bank's clients as of January 2008.

The Bank also prepared a new version of ING BankOnLine. The modernisation was aimed, first of all, at functional and visual changes of the system which was adjusted to the requirements currently binding for the Internet and ING Group. The clients may also use the new, friendlier version of ING BankOnLine as of February 2008.

Corporate Banking

In the corporate area, ING Bank Śląski continued the implementation of changes deriving from the Corporate 2007 program, which focused on the rationalisation of product offer and improvement of processes in the key areas of the corporate client service.

In 2007, ING Bank Śląski also developed its offer in the area of corporate products. In the last quarter of 2007, the clients from this segment were offered a new credit facility, i.e. Corporate Mortgage Loan. This loan is offered both in PLN and FX option, and it provides the long-term and stable funding for current operations of the large and mid-size corporates. Preparations were also under way for implementation of the new service for corporate clients, i.e. sealed withdrawals. The sealed cash withdrawal is cash released to the client by the Bank, prepared by an external entity co-operating with the Bank and delivered directly to the client's premises (car collection) or to the Retail Branch in a safe envelope or other agreed packaging.

With the actions aimed at expanding the client's activity in 4Q 2007, the second Fast Track action was launched for the clients of the Corporate Sales Network. The Fast Track is a new approach to the lending process, based on automatic setting of transaction limits. The set limits function as a credit decision for a set of standard short-term products, such as credit, discount and off-balance sheet products. Due to the procedure simplification and limiting the number of units involved in a decision-taking process, the Fast Track substantially reduces the time needed for presenting to the client a binding credit offer.

3. Most important business achievements and market position

Intensive actions taken in 2007 by ING Bank Śląski S.A. on the deposit market resulted in further growth of the deposit base. The Bank obtained very good results on the household deposits market and cemented its market position.

As at the end of December 2007, the total value of funds entrusted by Clients[2] from the ING Bank Śląski Group amounted to PLN 52 296.4 million (up by 22.6% from December 2006 and by 8.8% from September 2007).

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Retail segment	34 967.3	33 513.4	32 045.8	30 728.2	28 584.9
Wholesale segment	17 329.1	14 534.2	14 654.5	14 640.3	14 066.4
Total	**52 296.4**	**48 047.6**	**46 700.3**	**45 368.5**	**42 651.3**

Over the 12 months of 2007, the Bank also continued the lending activating measures. Consequently, the Bank recorded an increase of credit volumes, which totalled PLN 17,360.8 million as at the end of December 2007 (up by 24.3% from December 2006). The value of loans extended to clients went up by 5.8% from the end of September 2007.

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Retail segment	4 574.3	4 220.3	3 740.2	3 378.6	3 239.7
Wholesale segment	12 786.5	12 181.7	11 840.5	11 406.4	10 732.6
Total	**17 360.8**	**16 402.0**	**15 580.7**	**14 785.0**	**13 972.3**

The share of ING Bank Śląski in the market of deposits and long-term liabilities amounted to 8.92% (versus 8.58% as at the end of 2006). At the end of December 2007, ING Bank Śląski held a share of 9.38% in household deposits (8.77% as at the end of 2006). The share in the market of corporate deposits as at the end of December 2007 totalled 8.33% against 8.32% as at the end of December 2006.

The Bank's share in the credit receivables market as at the end of December 2007 totalled 3.58% (versus 3.79% as at the end of December 2006). The Bank's share in the corporate loans market as at the end of December 2007 totalled 5.62% versus 5.80% as at the end of December 2006. In 2007, the Bank overrode the unfavourable downward trend characterising the loans to households. As at the end of December 2007, the loans extended by ING Bank Śląski to that group of clients represented 1.87% of all loans extended to households by the banking sector, which was similar to the result recorded at the end of December 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:

- February 2008 – third position in the "SE Company of the Year" ranking by *Puls Biznesu* paper.
- December 2007 – "Rose without thorns " – number one in the ranking of best banks according the largest enterprises in Poland (Home & Market).
- November 2007 – rewarded for the "Product of the Year 2007" (category: bank deposit) by readers of the *Reader's Digest* monthly.
- November 2007 – Gold Standard distinction for the Lion Account – consumers' awards.
- October 2007, special award of the Individual Investors Association in The Best Annual Report 2006 competition.
- October 2007, the title of the 2007 Franchiser, the award for the most dynamically developing systems operating on the agency and franchising basis.

[2] Including TFI assets.

- October 2007, Silver Effie 2007 under "Financial Services" category for the nation-wide campaign of the mortgage loan "Do you commute? Yes, we do".
- 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

The value of deposits of retail clients at the end of December 2007 was PLN 34,967.3 million, an increase by 22.3% compared with the end of 2006. Funds obtained from the retail clients went up by 4.3% from September 2007. The funds obtained from the retail segment clients represented the main component of funds deposited by the clients of ING Bank Śląski. As at the end of December 2007, their share totalled 66.9%, which was similar to the result recorded in the same period a year earlier.

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Personal accounts	4 020.4	3 701.9	3 545.5	3 265.4	3 233.2
Savings accounts	19 091.5	17 572.2	16 183.6	16 439.9	15 450.3
Accounts and term deposits	4 338.2	3 958.4	4 106.1	4 243.2	4 206.2
TFI assets	7 517.2	8 280.9	8 210.6	6 779.7	5 695.2
Total retail segment	**34 967.3**	**33 513.4**	**32 045.8**	**30 728.2**	**28 584.9**

Over the first 12 months of 2007 witnessed a continued stabile growth of sales of the Open Savings Accounts. This product's portfolio value rose by 23.6% from 2006-yearend and by 8,7% from September 2007. The number of Open Savings Accounts[3] at the end of December 2007 was 1,289 thousand, compared with PLN 1 036 thousand in the similar period of the last year.

The ING Bank Śląski is also the distributor of ING TFI investment fund units. As at the end of December 2007, the balance of acquired units totalled PLN 7 517.2 million and increased by 32.0% from the end of 2006. In 4Q 2007, we observed a decrease in the popularity of investment funds as a result of deterioration on the stock exchange market, which affected the clients' preferences regarding

[3] Accounts in PLN.

ways to invest their money. As a result, the Bank recorded a 9.2 per cent decrease in the balance of the acquired investment funds units from September 2007.
Savings accounts and investment funds' units at the end of December 2007 represented 76.1% of the portfolio of funds entrusted by the retail segment clients (in the similar period of the last year their share was 74.0%).

As at the end of December 2007, the number of personal accounts maintained by the Bank was 1 153.9 thousand against 1 039.7 thousand as at 31.12.2006.

Development of electronic distribution channels

In 2007 compared with 2006, we recorded a dynamic growth of the number of clients of INGBankOnLine, a key product in the area of electronic banking. In the first 12 months of 2007, the number of clients using SMS and HaloŚląski services also went up considerably. Within the period of 12 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	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
ING BankOnLine	765,920	705,268	646,026	606 822	507,905
HaloŚląski	398,297	374,298	353,347	337 994	295,833
SMS	233,745	210,982	196,414	182 888	148,197
MultiCash	5,464	5,590	5,801	7 575	7,818

In December 2007, the monthly number of transactions made via electronic banking systems totalled 5.8 million. In the same period last year, the number of transactions made via electronic banking systems was 4.8 million.

Loans

Simplification and shortening of the credit process and continues improvement of the products' attractiveness resulted in the increase of retail loans volume. As at the end of December 2007, loans for clients from the Retail segment totalled PLN 4 574.3 million (up by 41.2% from 2006-yearend).

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Mortgage loans	2 616.0	2 321.5	2 031.3	1 678.4	1 511.3
Other retail loans	1 958.3	1 898.8	1 708.9	1 700.2	1 728.4
Total Retail segment	**4 574.3**	**4 220.3**	**3 740.2**	**3 378.6**	**3 239.7**

The area of loans for the Retail segment reported an increase of the volume of mortgage loans. As at the end of December 2007, this product portfolio was valued at PLN 2 616.0 million (up by 73.1% from December 2006 and by 12.7% from September 2007). PLN mortgage loans dominated in the mortgage loans structure as at 31.12.2007. As at the end of December this year, their value totalled PLN 2 420.3 million; their volume went up by 97.4% from December 2006 (the volume of PLN mortgage loans amounted to PLN 1 226.1 million at the 2006-yearend).

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 issued credit cards went up from 144,065 as at the end of December 2006 to 254,305 as at 31 December 2007. Together with VE Credit and VE Credit NN-P cards, the number of credit cards issued as at the end of December 2007 totalled 260,883.

2. Wholesale Banking

The funds entrusted by clients

As at the end of December this year, the value of funds allocated by Clients from the Wholesale segment totalled PLN 17 329.1 million (up by 23.2% from 2006-yearend and by 19.2% from September 2007). Compared with December 2006, deposits of strategic clients went up by PLN 2,730.3 million, or 39.9%. Deposits of large companies also went up by PLN 520.5 million, or 16.6%. In contrast, there was a slight decrease (by PLN 13.6 million, or 0.3%) in mid-size companies deposits.

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Strategic Clients	9 577.0	6 957.3	7 040.4	7 031.9	6 846.7
BIG	3 655.5	3 282.4	3 123.5	3 096.9	3 135.0
Mid-size companies	3 937.8	4 067.2	4 258.1	4 322.4	3 951.4
TFI assets	158.8	227.2	232.5	189.1	133.3
Total Wholesale segment	**17 329.1**	**14 534.2**	**14 654.5**	**14 640.3**	**14 066.4**

Loans

Loans in the Wholesale segment went up by PLN 2,053.9 million or by 19.1% from December 2006 mainly courtesy of the loans granted to strategic clients. Their value compared with December 2006 rose by PLN 784.8 million or by 13.7%. The credit exposure in the segment of large enterprises, compared with the similar period of the last year went up by PLN 769.4 million or by 28.1%. The exposure growth by PLN 419.7 million or 21.6% compared with December 2006 was also recorded in the area of loans for mid-sized companies.

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

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Strategic clients	6 525.1	6 193.0	6 166.7	6 190.2	5 740.3
BIG	3 505.3	3 339.6	3 159.1	2 928.2	2 735.9
Mid-size companies	2 367.0	2 336.2	2 195.1	1 970.5	1 947.3
Other	389.1	312.9	319.6	317.5	309.1
Total Wholesale segment	**12 786.5**	**12 181.7**	**11 840.5**	**11 406.4**	**10 732.6**

III. Financial Results

1. Profit and loss account

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

PLN million	12M 2006	12M 2007	12M 2007 /12M 2006	
Interest income	936,3	1 048,6	112,3	112,0%
Commission income	735,5	930,8	195,2	126,5%
Other income	150,0	87,8	-62,2	58,6%
Total operating income *	**1 821,8**	**2 067,2**	**245,4**	**113,5%**
Personnel costs	579,4	687,3	107,9	118,6%
Depreciation	141,6	154,8	13,2	109,3%
Marketing cost	58,6	63,6	5,0	108,6%
Other expenses	454,8	479,4	24,7	105,4%
Total expenses	**1 234,4**	**1 385,2**	**150,8**	**112,2%**
Impairment losses and provisions for off-balance sheet liabilities	165,9	105,0	-60,9	63,3%
Profit before tax	**753,3**	**787,0**	**33,7**	**104,5%**
Income tax	-155,4	-150,2	5,2	96,6%
Net profit	**598,0**	**636,8**	**38,9**	**106,5%**
- assigned to shareholders of the holding company	**591,4**	**630,7**	**39,4**	**106,7%**
- assigned to minority shareholders	6,6	6,1	-0,5	92,4%

*/ The category *Income from operating activity* covers the result on core activity plus the share in net profits of affiliated entities.

As at the end of December 2007, the operating income earned by the Capital Group of ING Bank Śląski S.A. totalled PLN 2 067.2 million and was higher by PLN 245.4 million (or 13.5%) than the result achieved during the same period in the previous year.

Interest income after 4Q 2007 totalled PLN 1 048.6 million and was higher by PLN 112.3 million, or by 12.0%, as compared to the same period of the previous year. This income mostly resulted from good commercial results, both in the area of deposit acquisition and in respect of lending.

As at the end of December 2007, fee and commission income totalled PLN 930.8 million (up by PLN 195.2 million, or 26.5%, from the same period of the previous year). As compared to 12 months 2006, there was reported a rise in the following fees and commissions: for the distribution of TFI participation units, fees and commissions for payment and credit cards and commission for loans and advances. 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 4Q 2007, other income totalled PLN 87.8 million (down by PLN 62.2 million, or 41.4%, as compared to the same period of the previous year). The main reason behind the decrease was the negative result of the fair value measurement of debt instruments and interest rate derivatives, following an increase of the market interest rates.

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

PLN million	12M 2006	12M 2007	12M 2007 /12M 2006	
Retail banking	961,7	1 133,6	171,9	117,9%
Cash Management-Lending and settlements	*912,8*	*1 079,1*	*166,4*	*118,2%*
Income on Pension Funds shares	*39,9*	*43,6*	*3,7*	*109,4%*
FM products sales	*9,0*	*10,8*	*1,8*	*119,7%*
Corporate banking	583,4	714,4	131,0	122,4%
Cash Management-Lending and settlements	*414,7*	*502,8*	*88,1*	*121,3%*
FM products sales	*109,0*	*144,8*	*35,8*	*132,9%*
Equity Markets	*59,8*	*66,8*	*7,0*	*111,7%*
Own operations	276,7	219,2	-57,5	79,2%
Proprietary trading	*135,4*	*95,3*	*-40,1*	*70,4%*
ALCO	*141,3*	*123,9*	*-17,5*	*87,6%*
Income total	**1 821,8**	**2 067,2**	**245,4**	**113,5%**

The structure of income from the operations of the Capital Group of ING Bank Śląski S.A. was dominated by the income generated by retail banking. As at the end of December 2007, its value totalled PLN 1,133,6 million, up by PLN 171.9 million, or 17.9%, from a year earlier. The Retail Banking income volume in the first 12 months was considerably determined by the growth of income from deposit & lending as well as clearing activity; the income from participation in ING NN Polska PTE[4] was also higher. The income from sales of Financial Markets Division's products also slightly rose. The income of the Retail Banking represented 54.8% of the result on operating activity, compared with 52.8% at the end of December 2006.

At the end of December 2007, the income of the Wholesale Banking was PLN 714.4 million, an increase by PLN 131.0 million or 22.4%, compared with 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 generated by transactions on capital markets and the sales of Financial Markets Division's products was also higher. The income of the Wholesale Banking represented 34.6% of the income from operating activity, whereas in the similar period of the last year their share was 32.0%.

Income from the group's proprietary operations after 4Q was PLN 219.2 million, compared with PLN 276.7 million in the similar period of the last year. The income generated in the FM area at the end of December 2007 was PLN 95.3 million, a decrease by PLN 40.1 million compared with the similar period of the last year. The decrease was related to the negative result of the measurement of debt instruments and derivative transactions, following an increase of the market interest rates.
ALCO[5] income at the end of 4Q was PLN 123.9 million compared with PLN 141.3 million in the similar period of the last year. Income from the Group's proprietary investments represented 10.6% of the income from operating activity, whereas at the end of December 2006 their share was 15.2%.

As at the end of December 2007, the costs totalled PLN 1 385.2 million (up by PLN 150.8 million, or 12.2 %, yoy).

As at the end of 4Q 2007, personnel costs totalled 687.3 million (up by PLN 107.9 million, or 18.6%, from the costs incurred during the analogical period in the previous year). Personnel costs went up as a result of adjusting the salaries to the market conditions in financial institutions. As a result, the minimum salary at the Bank was raised as well.
After12 months 2007, depreciation totalled PLN 154.8 million and was higher by PLN 13.2 million, or by 9.3% as compared to the same period of the previous year.
As at the end of December 2007, marketing costs totalled PLN 63.6 million and were higher by PLN 5.0 million, or by 8.6% as against the analogical period of the previous year.

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

As at the end of December 2007, other costs totalled PLN 479.4 million (up by PLN 24.7 million, or 5.4 %, 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.

Impairment losses and provisions for off-balance sheet liabilities at the end of December 2007 were positive and amounted to PLN 105.0 million. The income of PLN 81.1 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.

The gross financial result reported as at the end of December 2007 totalled PLN 787.0 million against PLN 753.3 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 630.7 million (up by PLN 39.4 million, or 6.7%, from December 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**	**2007**
Exposure total	**10 562**	**13 651**	**17 081**
Provisions total	**813**	**715**	**576**
Total coverage ratio (%)	**7,7%**	**5,2%**	**3,4%**
Corporate entities	**7 592**	**10 323**	**12 434**
- unimpaired portfolio	6 983	9 856	12 057
- impaired portfolio	609	467	377
Impairment	**493**	**434**	**364**
IBNR	**70**	**74**	**81**
Provisions for off-balance commitments	**14**	**9**	**9**
Impaired portfolio coverage (%)	**81,1%**	**92,8%**	**96,7%**
Retail	**2 970**	**3 328**	**4 647**
- unimpaired portfolio	2 698	3 105	4 516
- impaired portfolio	272	223	131
Impairment	**191**	**170**	**91**
IBNR	**28**	**15**	**16**
Provisions for off-balance commitments	**15**	**13**	**14**
Impaired portfolio coverage (%)	**70,1%**	**76,4%**	**69,0%**
Share of impaired loans in portfolio (%)	**8,35%**	**5,06%**	**2,97%**

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

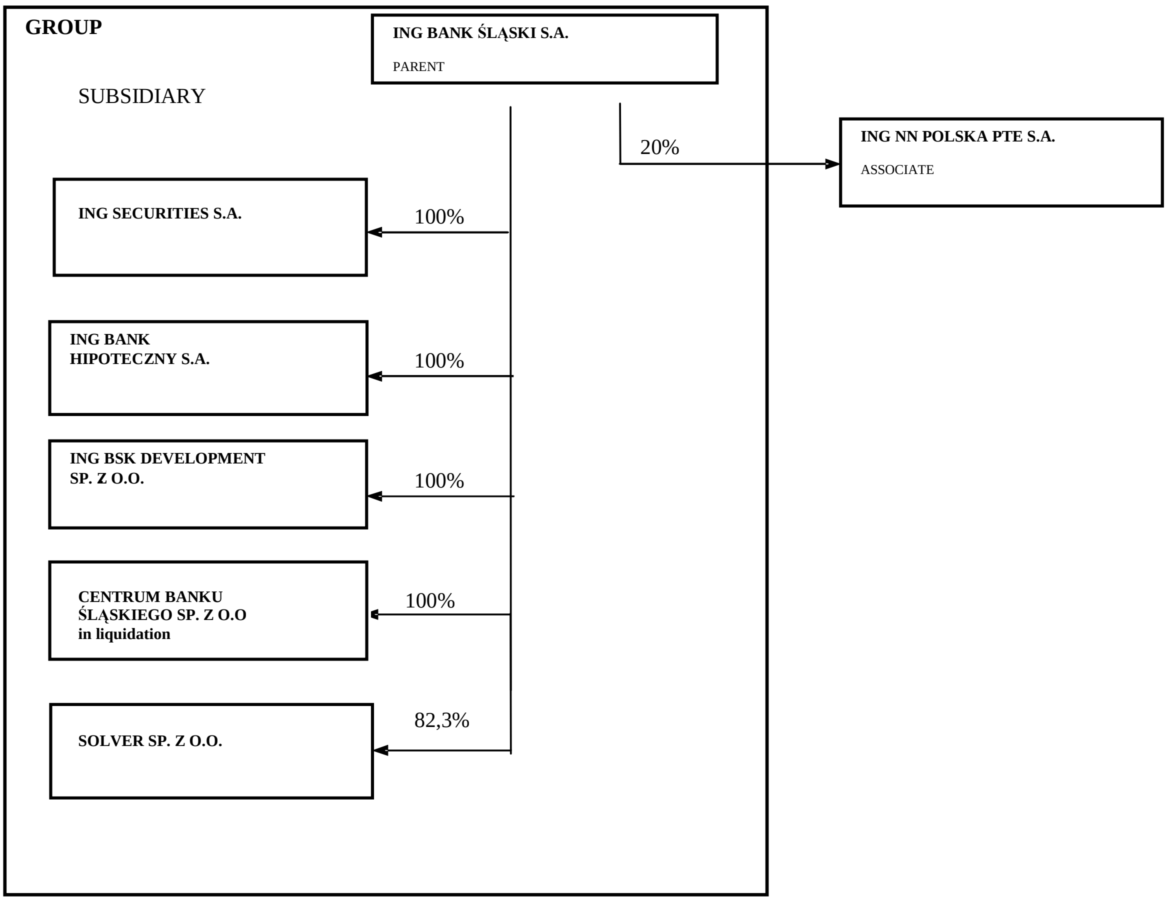
ING Bank Śląski S.A. („Parent company, parent entity, Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.

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 December 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 31.12.2007 including comparable financial data, have been executed upon the application of the same accounting principles for each period.

These financial statements for 4Q 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 report for the first half 2007.

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

3. Comparability of financial data

In the financial statements prepared for the period from 1st January 2007 to 31st December 2007 the Bank made changes relating to presentation of certain positions in Profit and Loss Account. The changes consisted mainly in a more detailed presentation of selected items and aggregation of items of similar nature or those containing the evaluation of financial products with the same or similar characteristics.

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, the margins on FX derivatives transactions concluded with corporate clients were moved from the item "Result on financial instruments carried at fair value through profit or loss" to the "Commission result".

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.

Item "Revenue on dividend" and "Result on investment financial assets" were combined into one item "Result on investment financial assets".

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.
The costs of direct maintenance of buildings were transferred from the item "Costs of the bank's operation" to the item "Other operating revenue & expenses".

Item "Bank's operational costs and general administration costs" and "Depreciation of non-current and intangible assets" were combined into one item "Bank's operational costs".

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 Expenses.

Profit and loss account for the period of 1st January to 30st December 2006 was adjusted for comparison purposes.

In the financial statements drafted as at 31.12.2007, the Bank changed the balance-sheet presentation of cash entrusted to the outsourcer. The change meant transferring from the item "Loans and cash loans granted to clients" to the item "Cash, funds with Central Bank". An argument in favour of the abovementioned change was the fact that despite transferring the entire risk to the outsourcer in accordance with the terms and conditions of the agreement, as a matter of fact the Bank maintained control over the assets. The said change also concerned the presentation of cash in the cashflow statement.

The balance sheet as at 31.12.2007 includes a separate item "Hedge derivatives", where the balance valuation of fair value hedge derivatives was presented and whereto the relevant amounts from the items "Financial assets carried at fair value through profit or loss" and "Financial liabilities carried at fair value through profit or loss" were moved. The aforementioned balance change affected modification of the cash flow statement; i.e. the relevant amounts from the item "Movements in financial assets carried at fair value through profit or loss" were shifted to the item "Movements in other assets" and from the item "Movements in liabilities carried at fair value through profit or loss" to the item "Movements in other liabilities".

Additionally the Bank in the financial statement changed an approach to presentation of book short position in trading debt securities. Previously the book short position in trading debt securities was presented on a net basis, i.e. it decreased the carrying amount of trading debt securities presented in Financial assets at fair value through profit or loss. Under the revised approach, the book short position in trading debt securities is presented on a gross basis in line Financial liabilities at fair value through profit or loss. The change in approach to presentation of book short position in trading debt securities does not affect the Bank's profit and loss account, however it results in an increase of the Bank's total assets by the amount of the book short position.

On 31.12.2007, the Bank established a new portfolio of debt securities – held to maturity. The Bank's intention is to keep the financial assets classified to this category until their maturity date.

In the financial statements as at 31.12. 2007, the Bank changed the presentation of Investment Term Deposits in the balance-sheet notes by moving the relevant amounts from the item "Liabilities towards financial sector entities other than banks – term deposits" to the item "Liabilities towards non-financial entities – household deposits – term deposits".

In the financial statements as at 31.12. 2007, the Bank changed the manner of calculating the movement of cash flows due to F/X difference. In the Bank's opinion, the values presented in the item "Movement of cash flows due to F/X differences" in the cash flow statement reflect more accurately the impact of F/X rates changes on the movement of cash flows.

The balance sheet and the cashflow statements for previous terms were modified in order to make them comparable.

4. Selected Financial Data from Financial Statements

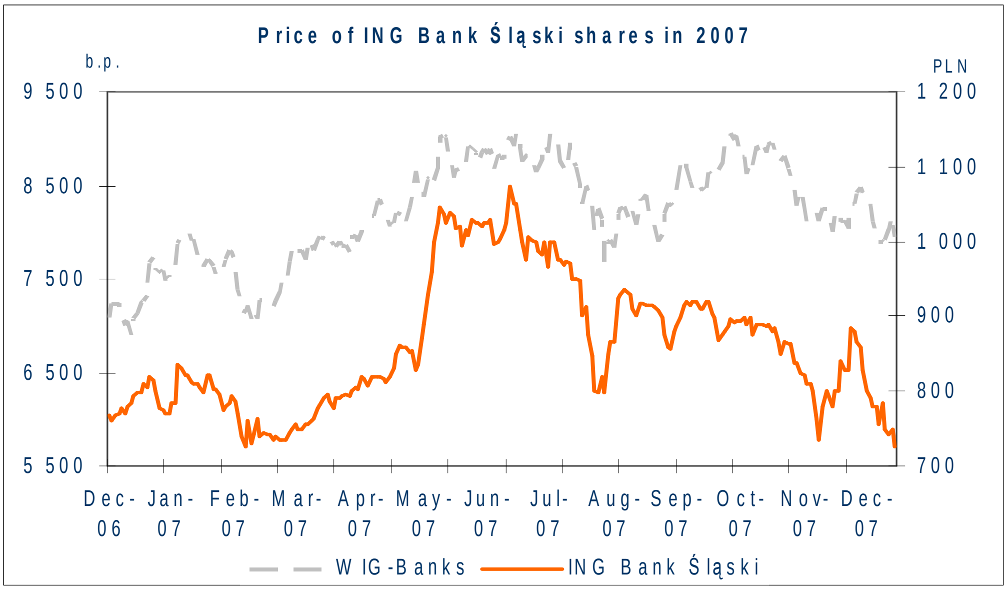
Item	PLN thousands		EUR thousands	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Interest income	2 481 433	2 003 220	657 020	513 765
Commission revenue	1 058 997	825 433	280 395	211 698
Result on banking activity	2 023 580	1 781 970	535 792	457 021
Gross profit (loss)	786 989	753 331	208 375	193 206
Net profit (loss)	630 724	591 355	167 000	151 664
Net cashflow	-3 380 608	3 099 998	-895 098	795 055
Earnings (loss) per 1 ordinary share (in PLN/EUR)	48.48	45.45	12.84	11.66
Profitability ratio (%)	26.7	31,5	X	X
Return on assets (%)	1.2	1.3	X	X
Return on equity (%)	18.9	18.6	X	X
Cost / Income ratio (%)	67.0	67.8	X	X
Total assets	52 022 360	48 476 012	14 523 272	12 652 958
Equity	3 838 783	3 755 694	1 071 687	980 292
Initial capital	130 100	130 100	36 320	33 958
Number of shares	13 010 000	13 010 000	X	X
Book value per 1 share (in PLN/EUR)	295.06	288.68	82.37	75.35
Solvency ratio (%)	13.12	15.74	X	X

Profitability ratio – gross profit to total costs.
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.
Cost tor Income ratio (C/I) – total costs to income from operating activity per type.
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 3.5820 NBP exchange rate of 31.12.2007; 3.8312 NBP exchange rate of 31.12.2006,
- for income statement items for 31.12.2007 – PLN 3.7768 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1Q,2Q, 3Q and 4Q 2007; 3.8991 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1Q, 2Q, 3Q and 4Q 2006.

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



6. Ratings

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.

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

Long-term FX deposits	A2
Long-term PLN deposits	A1
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:
31.12.2007 8,074 individuals; or 7,842.1 FTEs,
31.12.2006 7,515 individuals; or 7,286.8 FTEs.

Number of Branches and ATMs

As at 31 December 2007, the Bank conducted its operational activity via a network of 329 outlets compared with 330 outlets as at 31 December 2006. Furthermore, as at the end of December 2007, 75 partner branches were opened based on the franchising model. As at the end of December 2007, the Bank had a network of 630 ATMs compared with 568 ATMs as at the end of December 2006.

As at the end of December 2007, the Bank also had a network of 123 cash deposit machines, including 75 CDMs installed in the partner outlets.

V. Segmentation of Revenue and Financial Results of the Group

PLN thousand	31.12.2007					31.12.2006				
	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	**1 148 570**	**741 907**	**107 169**	**69 532**	**2 067 178**	**984 244**	**619 037**	**146 203**	**72 335**	**1 821 820**
Core business	**1 133 558**	**714 394**	**95 342**	**123 885**	**2 067 178**	**961 664**	**583 422**	**135 393**	**141 341**	**1 821 820**
Income on lending	223 791	207 662			431 454	223 781	166 086			389 868
Interest income external	*339 182*	*638 137*				*286 041*	*444 144*			
Interest cost internal	*-173 522*	*-512 229*				*-114 504*	*-334 018*			
Income on fees/ other income	*58 131*	*81 754*				*52 245*	*55 961*			
Income on deposits	616 007	276 522			892 529	574 880	230 348			805 228
Interest costs external	*-719 888*	*-368 122*				*-602 826*	*-352 955*			
Interest income internal	*1 091 432*	*534 934*				*944 587*	*470 884*			
Income on fees/ other income	*244 462*	*109 710*				*233 119*	*112 419*			
Income on mutual funds	203 096				203 096	91 795				91 795
Income on brokerage and custody	47 184	87 490			134 675	36 855	78 563			115 418
Other income on core business	-10 950	-2 077	250 969	123 885	361 827	-14 546	-527	253 394	141 341	379 662
FM products sales	10 831	144 796	-155 627		0	9 049	108 952	-118 001		0
Income on Pension Funds shares	43 598				43 598	39 850				39 850
Result on economic capital	15 012	27 513	11 827	-54 352	0	22 580	35 615	10 810	-69 005	0
Expenses total	**877 822**	**443 267**	**46 399**	**17 666**	**1 385 154**	**778 018**	**411 975**	**41 500**	**2 858**	**1 234 351**
Operational costs	877 822	443 267	46 399	17 666	1 385 154	778 018	411 975	41 500	2 858	1 234 351
including depreciation	*122 121*	*25 248*	*7 430*		*154 799*	*111 728*	*23 099*	*6 798*		*141 625*
Result before risk	**270 748**	**298 639**	**60 771**	**51 866**	**682 024**	**206 226**	**207 062**	**104 704**	**69 478**	**587 469**
Risk cost	-40 705	-64 260	0	0	-104 965	-21 222	-144 640	0	0	-165 862
Result before tax	**311 454**	**362 899**	**60 771**	**51 866**	**786 989**	**227 448**	**351 702**	**104 704**	**69 478**	**753 331**
CIT					150 167					155 380
Result after tax					**636 822**					**597 951**
- assigned to shareholders of the holding company					**630 724**					**591 355**
- assigned to minority shareholders					6 098					6 596

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 ING 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	IV quarter 2007 the period from 01 Jul 2007 to 31 Dec 2007	4 quarters 2007 the period from 01 Jan 2007 to 31 Dec 2007	IV quarter 2006 the period from 01 Jul 2006 to 31 Dec 2006	4 quarters 2006 the period from 01 Jan 2006 to 31 Dec 2006
Interest income	*1*	*677 933*	*2 481 433*	*546 182*	*2 003 220*
Interest expenses	*1*	*409 568*	*1 432 840*	*300 757*	*1 066 916*
Net interest income	*1*	**268 365**	**1 048 593**	**245 425**	**936 304**
Commission income	*2*	*287 865*	*1 058 997*	*234 620*	*825 433*
Commission expenses	*2*	*43 820*	*128 239*	*27 195*	*89 905*
Net commission income	*2*	**244 045**	**930 758**	**207 425**	**735 528**
Net income on investment financial assets		-953	25 374	34	22 578
Net income on instruments measured at fair value through profit and loss and revaluation	*3*	-42 984	4 069	11 441	57 814
Other operating income and expenses		-7 772	14 786	-4 892	29 746
Result on basic activities		**460 701**	**2 023 580**	**459 433**	**1 781 970**
General and administrative expenses	*4*	346 853	1 376 004	328 514	1 221 103
Other expenses		5 372	9 150	10 015	13 248
Impairment losses and provisions for off-balance sheet liabilities	*5*	-4 721	-104 965	-20 066	-165 862
Share in net profit (loss) of associated entities recognised under the equity method	*6*	10 700	43 598	12 350	39 850
Profit (loss) before tax		**123 897**	**786 989**	**153 320**	**753 331**
Income tax		26 437	150 167	50 330	155 380
Net profit (loss)		**97 460**	**636 822**	**102 990**	**597 951**
- assigned to shareholders of the holding company		97 483	630 724	102 480	591 355
- assigned to minority shareholders		-23	6 098	510	6 596

Net profit (loss) assigned to shareholders of the holding company	**97 483**	**630 724**	**102 480**	**591 355**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**7,49**	**48,48**	**7,88**	**45,45**
Diluted weighted average number of ordinary shares	13 010 000	13 010 000	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	7,49	48,48	7,88	45,45

CONSOLIDATED BALANCE SHEET (PLN '000)	Note	4 quarters 2007 as at 31 Dec 2007	3 quarters 2007 as at 30 Sep 2007	4 quarters 2006 as at 31 Dec 2006	3 quarters 2006 as at 30 Sep 2006
ASSETS					
- Cash in hand and balances with the Central Bank		1 841 725	1 593 005	1 147 900	1 302 563
- Loans and receivables to other banks	*7*	15 183 665	17 532 745	13 513 898	12 029 795
- Financial assets measured at fair value through profit and loss	*8*	7 907 564	8 243 875	7 067 422	7 993 417
- Investments	*9*	9 388 273	9 149 862	12 614 914	12 038 554
- available-for-sale		*8 547 497*	*8 529 219*	*12 614 914*	*12 038 554*
- held-to-maturity		*840 776*	*620 643*	*0*	*0*
- Derivative hedge instruments		4 572	3 975	3 329	565
- Loans and receivables to customers	*10*	16 379 138	15 449 428	12 868 074	11 856 108
- Investments in controlled entities		97 326	86 626	90 309	77 961
- Investment real estates		144 713	151 101	145 970	150 576
- Property, plant and equipment	*11*	532 938	543 136	571 065	565 410
- Intangible assets		318 825	318 961	317 661	317 690
- Property, plant and equipment held for sale		241	232	224	274
- Current tax asset		86 048	0	0	0
- Deferred tax asset		0	40 683	38 132	135 450
- Other assets		137 332	132 931	97 114	104 646
Total assets		**52 022 360**	**53 246 560**	**48 476 012**	**46 573 009**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to the Central Bank		0	0	696 000	0
- Liabilities due to other banks	*12*	1 810 195	5 592 196	1 401 149	3 758 164
- Financial liabilities measured at fair value through profit and loss	*13*	1 214 981	2 189 822	3 120 520	3 565 153
- Liabilities due to customers	*14*	44 501 837	40 658 088	38 561 423	34 761 741
- Provisions	*15*	72 478	75 887	90 324	63 809
- Current income tax liabilities		126	4 560	67 532	92 512
- Deferred tax provision		11 500	0	0	0
- Other liabilities		570 741	903 923	760 671	738 204
Total liabilities		**48 181 858**	**49 424 476**	**44 697 619**	**42 979 583**
EQUITY					
- Share capital		130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value		993 750	993 750	993 750	993 750
- Revaluation reserve from measurement of available-for-sale financial assets		-149 591	-76 911	42 830	-25 789
- Revaluation reserve from measurement of property, plant and equipment		57 998	64 369	52 263	39 905
- Retained earnings		2 806 526	2 709 034	2 536 751	2 434 747
Equity assigned to shareholders of the holding company		**3 838 783**	**3 820 342**	**3 755 694**	**3 572 713**
- Minority equity		**1 719**	**1 742**	**22 699**	**20 713**
Total equity		**3 840 502**	**3 822 084**	**3 778 393**	**3 593 426**
Total equity and liabilities		**52 022 360**	**53 246 560**	**48 476 012**	**46 573 009**

Solvency ratio	**13,12%**	**13,05%**	**15,74%**	**15,52%**

Book value	**3 838 783**	**3 820 342**	**3 755 694**	**3 572 713**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**295,06**	**293,65**	**288,68**	**274,61**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (PLN '000)

4 quarters 2007
the period from 01 Jan 2007 to 31 Dec 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	-	-	-174 090	-	-	-	**-174 090**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	-18 331	-	-	-	**-18 331**
- disposal of property, plant and equipment	-	-	-	-257	2 030	-	**1 773**
- remeasurement of property, plant and equipment	-	-	-	-2 979	-	1 098	**-1 881**
- purchase of shares in subsidiary entity from the minority shareholders	-	-	-	8 971	-	-28 176	**-19 205**
- dividends paid	-	-	-	-	-362 979	-	**-362 979**
- net result for the current period	-	-	-	-	636 822	-	**636 822**
- share of minority shareholders in the net financial result	-	-	-	-	-6 098	6 098	**0**
Total equity (closing balance)	**130 100**	**993 750**	**-149 591**	**57 998**	**2 806 526**	**1 719**	**3 840 502**

4 quarters 2006
the period from 01 Jan 2006 to 31 Dec 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**

CONSOLIDATED CASH FLOW STATEMENT - indirect method (PLN '000)	**4 quarters 2007** the period from 01 Jan 2007 to 31 Dec 2007	**4 quarters 2006** the period from 01 Jan 2006 to 31 Dec 2006
OPERATING ACTIVITIES		
Net profit (loss)	**630 724**	**591 355**
Adjustments	**-3 478 285**	**3 005 853**
- Minority shareholders' profit (loss)	6 098	6 596
- Share in net profit (loss) of associated entities	-43 598	-39 850
- Unrealised exchange gains (losses)	-159	-143
- Depreciation and amortisation	154 799	141 625
- Interest accrued (from the profit and loss account)	1 048 593	936 540
- Interest received/paid	-1 061 650	-1 007 719
- Dividends received	-2 761	-2 544
- Gains (losses) on investment activities	-16	1 125
- Income tax (from the profit and loss account)	150 167	155 380
- Income tax paid	-253 989	-11 402
- Change in provisions	-17 846	9 805
- Change in loans and other receivables to other banks	-5 812 382	2 258 975
- Change in financial assets at fair value through profit or loss	-877 983	-930 637
- Change in available-for-sale financial assets	3 986 395	-1 610 474
- Change in held-to-maturity financial assets	-850 837	0
- Change in derivative hedge instruments	-1 243	-3 329
- Change in loans and other receivables to customers	-3 498 163	-3 054 940
- Change in other assets	12 472	40 054
- Change in liabilities due to other banks	-281 730	763 480
- Change in liabilities at fair value through profit or loss	-1 905 539	-565 269
- Change in liabilities due to customers	5 961 251	5 779 909
- Change in other liabilities	-190 164	138 671
Net cash flow from operating activities	**-2 847 561**	**3 597 208**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-78 746	-50 778
- Disposal of property, plant and equipment	1 936	2 360
- Purchase of intangible assets	-60 403	-40 799
- Purchase of investments in subordinated entities	-18 971	0
- Disposal of fixed assets/liabilities held for sale	4 416	620
- Dividends received	2 761	2 544
Net cash flow from investment activities	**-149 007**	**-86 053**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	-19 140	-51 607
- Interest on long-term loans repaid	-1 921	-1 775
- Dividends paid	-362 979	-357 775
Net cash flow from financial activities	**-384 040**	**-411 157**
Effect of exchange rate changes on cash and cash equivalents	***-72 874***	***-97 654***
Net increase/decrease in cash and cash equivalents	**-3 380 608**	**3 099 998**
Opening balance of cash and cash equivalents	**8 163 216**	**5 063 218**
Closing balance of cash and cash equivalents	**4 782 608**	**8 163 216**

5. Supplementary Data under IAS 34

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

1 Net interest income	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
Interest expense and similar charges				
- Deposits from banks	216 290	868 146	160 996	541 675
- Deposits from customers	277 000	924 075	187 225	702 247
- Debt securities	181 372	684 379	197 313	756 725
- Other	3 271	4 833	648	2 573
	677 933	**2 481 433**	**546 182**	**2 003 220**
Interest expense and similar charges				
- Deposits from banks	35 356	118 417	28 416	86 562
- Deposits from customers	358 164	1 222 347	250 688	934 487
- Loans and advances	266	2 319	983	3 645
- Reverse repos	15 782	89 757	20 670	42 222
	409 568	**1 432 840**	**300 757**	**1 066 916**
Net interest income	**268 365**	**1 048 593**	**245 425**	**936 304**

2 Net commission income	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
Commission income				
- Commission related to brokerage activity	31 651	124 861	36 409	113 480
- Commission related to keeping accounts	74 257	289 152	72 194	280 669
- Commission related to loans and advances	28 181	96 756	22 920	76 164
- Commission related to payment and credit cards	39 257	142 871	32 288	120 152
- Commission related to distribution of participation units	49 782	213 206	35 697	91 198
- The transaction margin on currency exchange transactions	56 333	131 362	21 438	90 047
- Other	8 404	60 789	13 674	53 723
	287 865	**1 058 997**	**234 620**	**825 433**
Commission expense				
- Brokerage fees	7 377	28 392	8 268	26 842
- Other commission	36 443	99 847	18 927	63 063
	43 820	**128 239**	**27 195**	**89 905**
Net commission income	**244 045**	**930 758**	**207 425**	**735 528**

3 Result on financial instruments carried through profit and loss and revaluation	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
- Net income on financial assets and liabilities held for trading, including:	204 292	372 443	218 043	280 886
- Net income on financial assets and liabilities measured at fair value upon initial recognition	2 946	6 345	-3 353	-607
- Result on the revaluation of balance sheet items	-250 222	-374 719	-203 249	-222 465
Result on financial instruments carried through profit and loss and revaluation	**-42 984**	**4 069**	**11 441**	**57 814**

4 General and administrative expenses	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
- Personnel expenses	193 688	687 303	161 391	579 400
- General and administrative expenses, including:	104 145	533 902	132 041	500 078
marketing	*16 083*	*63 605*	*18 101*	*58 561*
other	*88 062*	*470 297*	*113 940*	*441 517*
- Depreciation and amortisation	49 020	154 799	35 082	141 625
Total	**346 853**	**1 376 004**	**328 514**	**1 221 103**

5 Impairment losses and provisions for off-balance sheet liabilities	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
Impairment losses	25 121	192 070	29 796	214 809
Reversed impairment losses	-29 842	-297 035	-49 862	-380 671
Net impairment losses and provisions for off-balance sheet liabilities	**-4 721**	**-104 965**	**-20 066**	**-165 862**

6 Share in net profit (loss) of associated entities recognised under the equity method	IV quarter 2007	4 quarters 2007	IV quarter 2006	4 quarters 2006
- ING Nationale Nederlanden Polska PTE S.A.	10 700	43 598	12 350	39 850
Total	**10 700**	**43 598**	**12 350**	**39 850**

7 Loans and receivables to other banks	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Nostro accounts	381 145	138 389	277 596	123 918
- interbank deposits	14 347 480	16 940 437	12 976 032	11 709 684
- other receivables	345 940	377 431	220 665	175 657
- loans and advances	*280 113*	*257 518*	*170 188*	*170 999*
- other receivables	*65 827*	*119 913*	*50 477*	*4 658*
- accrued interest	109 791	77 143	40 031	20 967
Total (gross)	**15 184 356**	**17 533 400**	**13 514 324**	**12 030 226**
Impairment losses, including:	-691	-655	-426	-431
Total (net)	**15 183 665**	**17 532 745**	**13 513 898**	**12 029 795**

8 Financial assets at fair value through profit or loss	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Financial assets held for trading	6 062 786	6 463 273	6 843 904	7 749 535
Debt instruments	*4 373 230*	*5 318 433*	*5 865 981*	*6 990 256*
Equity instruments	*38 530*	*696*	*16 679*	*962*
Derivative financial instruments	*1 651 026*	*1 144 144*	*961 244*	*758 317*
- Financial assets designated as at fair value upon initial recognition	1 844 778	1 780 602	223 518	243 882
Debt instruments	*1 513 211*	*1 514 681*	*142 559*	*151 999*
Repo transactions	*331 567*	*265 921*	*80 959*	*91 883*
Total	**7 907 564**	**8 243 875**	**7 067 422**	**7 993 417**

9 Investments	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Available-for-sale financial assets	8 547 497	8 529 219	12 614 914	12 038 554
Debt instruments, including:	*8 524 148*	*8 510 648*	*12 588 855*	*12 015 457*
hedged items in fair value hedging	*435 531*	*151 006*	*0*	*0*
Equity instruments	*23 349*	*18 571*	*26 059*	*23 097*
- Held-to-maturity financial assets	840 776	620 643	0	0
Debt instruments	*840 776*	*620 643*	*0*	*0*
Total	**9 388 273**	**9 149 862**	**12 614 914**	**12 038 554**

10 Loans and receivables to customers	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
Loans and other receivables to entities from the financial sector other than banks				
- loans and advances	2 225 200	2 057 595	2 010 466	1 614 493
- in the current account	*378 909*	*432 017*	*493 093*	*426 347*
- term ones	*1 846 291*	*1 625 578*	*1 517 373*	*1 188 146*
- other receivables	110 040	68 299	52 171	57 303
- accrued interest	7 413	4 322	3 892	4 010
Total (gross)	**2 342 653**	**2 130 216**	**2 066 529**	**1 675 806**
Impairment losses	-5 840	-4 496	-11 335	-9 164
Total (net)	**2 336 813**	**2 125 720**	**2 055 194**	**1 666 642**
Loans and other receivables to entities from the non-financial sector				
- loans and advances granted to business entities	8 896 590	8 505 374	7 064 684	6 663 787
- in the current account	*3 103 368*	*3 151 530*	*2 386 692*	*2 339 098*
- term ones	*5 793 222*	*5 353 844*	*4 677 992*	*4 324 689*
- loans and advances granted to households	4 928 295	4 603 157	3 615 383	3 511 683
- in the current account	*965 928*	*1 014 106*	*961 359*	*971 718*
- term ones	*3 962 367*	*3 589 051*	*2 654 024*	*2 539 965*
- other receivables	57 128	129 327	115 687	189 575
- accrued interest	18 690	24 410	37 596	34 617
Total (gross)	**13 900 703**	**13 262 268**	**10 833 350**	**10 399 662**
Impairment losses	-526 101	-521 780	-664 859	-662 375
Total (net)	**13 374 602**	**12 740 488**	**10 168 491**	**9 737 287**
Loans and other receivables to entities from the government and self-government institutions' sector				
- loans and advances	695 188	610 748	668 637	478 681
- in the current account	*9 871*	*10 255*	*2 575*	*8 169*
- term ones	*685 317*	*600 493*	*666 062*	*470 512*
- accrued interest	2 031	3 256	2 459	1 105
Total (gross)	**697 219**	**614 004**	**671 096**	**479 786**
Impairment losses	-29 496	-30 784	-26 707	-27 607
Total (net)	**667 723**	**583 220**	**644 389**	**452 179**
Loans and other receivables to customers - TOTAL				
- loans and advances	16 745 273	15 776 874	13 359 170	12 268 644
- other receivables	167 168	197 626	167 858	246 878
- accrued interest	28 134	31 988	43 947	39 732
Loans and other receivables to customers – gross	**16 940 575**	**16 006 488**	**13 570 975**	**12 555 254**
Impairment losses	-561 437	-557 060	-702 901	-699 146
Loans and other receivables to customers – net	**16 379 138**	**15 449 428**	**12 868 074**	**11 856 108**

11 Property, plant and equipment	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Real estate and investments in third-party non-current assets	404 655	411 366	426 017	412 361
- Computer hardware	43 273	47 567	60 851	63 796
- Vehicles	334	410	579	986
- Other fixtures and fittings	70 490	67 345	80 438	80 464
- Constructions in progress	14 186	16 448	3 180	7 803
Total	**532 938**	**543 136**	**571 065**	**565 410**

12 Liabilities due to other banks	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Current accounts	82 048	61 814	178 315	1 788 240
- Interbank deposits	1 706 626	5 395 866	951 544	1 474 662
- Transactions with the buy-back commitment	0	65 337	105 805	109 368
- Other liabilities	10 199	57 366	161 446	382 886
- Accrued interest	11 322	11 813	4 039	3 008
Total	**1 810 195**	**5 592 196**	**1 401 149**	**3 758 164**

13 Financial liabilities at fair value	as at 31 Dec 2007	as at 30 Sep 2007	as at 31 Dec 2006	as at 30 Sep 2006
- Financial liabilities held for trading	1 057 294	886 709	828 922	889 413
Derivative financial instruments	*1 057 294*	*886 709*	*828 922*	*889 413*
- Financial liabilities designated as at fair value upon initial recognition	102 716	1 126 056	2 282 291	2 645 200
Sell-buy-back transactions	*102 716*	*1 126 056*	*2 282 291*	*2 645 200*
- Book short position in trading securities	54 971	177 057	9 307	30 540
Total	**1 214 981**	**2 189 822**	**3 120 520**	**3 565 153**

14 Liabilities due to customers	**as at 31 Dec 2007**	**as at 30 Sep 2007**	**as at 31 Dec 2006**	**as at 30 Sep 2006**
Liabilities due to entities from the financial sector other than banks				
- Deposits	2 217 264	2 398 150	2 753 457	2 076 012
- current accounts	*1 228 744*	*1 707 730*	*2 265 816*	*1 778 797*
- term deposit	*988 520*	*690 420*	*487 641*	*297 215*
- Transactions with the buy-back commitment	725 974	979 553	1 429 242	773 484
- Other liabilities	124 321	50 161	45 344	72 357
- Accrued interest	1 650	1 586	1 688	1 380
Total	**3 069 209**	**3 429 450**	**4 229 731**	**2 923 233**
Liabilities due to entities from the non-financial sector				
- Business entities' deposits	12 746 659	10 948 038	10 375 275	9 447 303
- current accounts	*7 970 381*	*6 353 767*	*5 885 516*	*5 531 520*
- term deposit	*4 776 278*	*4 594 271*	*4 489 759*	*3 915 783*
- Households' deposits	25 356 471	23 297 999	21 600 468	20 246 280
- current accounts	*2 603 797*	*2 254 143*	*3 095 615*	*2 513 916*
- savings accounts	*19 069 974*	*17 225 004*	*15 421 774*	*13 520 125*
- term deposit	*3 682 700*	*3 818 852*	*3 083 079*	*4 212 239*
- Transactions with the buy-back commitment	128 000	82 983	371 824	295 147
- Other liabilities	571 867	606 449	407 010	358 860
- Accrued interest	50 559	60 309	46 306	55 668
Total	**38 853 556**	**34 995 778**	**32 800 883**	**30 403 258**
Liabilities due to entities from the government and self-government institutions' sector				
- Deposits	2 571 234	2 221 358	1 528 107	1 432 512
- current accounts	*2 028 882*	*1 104 887*	*1 190 267*	*777 777*
- term deposit	*542 352*	*1 116 471*	*337 840*	*654 735*
- Other liabilities	6 683	9 350	714	885
- Accrued interest	1 155	2 152	1 988	1 853
Total	**2 579 072**	**2 232 860**	**1 530 809**	**1 435 250**
Liabilities due to customers – TOTAL				
- Deposits	42 891 628	38 865 545	36 257 307	33 202 107
- Transactions with the buy-back commitment	853 974	1 062 536	1 801 066	1 068 631
- Other liabilities	702 871	665 960	453 068	432 102
- Accrued interest	53 364	64 047	49 982	58 901
Total	**44 501 837**	**40 658 088**	**38 561 423**	**34 761 741**

15 Provisions	**as at 31 Dec 2007**	**as at 30 Sep 2007**	**as at 31 Dec 2006**	**as at 30 Sep 2006**
- provision for disputes	29 294	29 527	42 262	15 366
- provision for off-balance sheet liabilities	23 933	23 313	25 015	27 040
- provision for retirement benefits	11 810	10 899	10 899	10 668
- provision for unused holidays	7 441	12 148	12 148	9 786
- provision for employment restructuring	0	0	0	949
Total	**72 478**	**75 887**	**90 324**	**63 809**

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

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.

On 30 August 2007, ING Bank Śląski S.A. signed, on its own behalf and on behalf of 8 Banks Participating in Consortium financing Walcownia Rur Jedność Sp. z o.o. (WRJ), a comprehensive Agreement for sale of the consortium's debt claims towards WRJ with the companies Walcownia Rur Silesia SA and FEREX Sp. z o.o. The transaction was finalised by the date provided for in the Agreement. The debt claims of ING Bank Śląski S.A. were sold for PLN 38.4mln.

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. Starting 2007, the Bank changed the methodology of estimate preparation by adopting the corridor approach. Under this method, when determining an obligation due to certain benefits, the Bank recognises some actuarial gains and losses as revenue or costs, when the net value of accumulated unrecognised actuarial gains and losses as at the end of the previous reporting period exceeds the higher of the following two values:

a) 10% of the current value of the obligation due to certain benefits as at that day (before deduction of the plan's assets), and

b) 10% of the fair value of the plan's assets as at that day.

A portion of the actuarial gains and losses above the said limit is recognised in the profit and loss account as the quotient of the above named excess and the average expected remaining working life of the Bank employees. The Bank changed the estimates in prospective terms.

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

On 9 May 2007, the General Shareholders Meeting approved the payout of dividend for 2006 in the amount of PLN 27.90 gross per 1 share, or PLN 362,979,000 in total. The dividend was paid out on 11 June 2007.

5.7 Significant Developments after the Closing of the Interim Period

None.

5.8 Changes to the Business Entity / Capital Group Structure

On 19 September 2007, ING Bank Śląski S.A. concluded an agreement to purchase the shares of Centrum Banku Śląskiego Sp. z o.o. from BUILDCO SA, Avenue Pasteur 3,L-2311 Luxembourg. The subject of the agreement was 36,716 shares of face value PLN 1,000 each, and total value of PLN 36,716,000, or 40% of the initial capital of Centrum Banku Śląskiego Spółka z ograniczoną odpowiedzialnością. ING Bank Śląski S.A. holds 100% of shares in the company ING BSK Development Sp. z o.o. ING BSK Development Sp. z o.o. holds 60% of shares in the company Centrum Banku Śląskiego Sp. z o.o. Upon the transaction conclusion, ING Bank Śląski S.A. controls, directly and indirectly, 100% of the initial capital of Centrum Banku Śląskiego Sp. z o.o.

On October 31, 2007 the ING Bank Śląski S.A. ("the Bank") has signed an agreement to purchase business enterprise of Centrum Banku Śląskiego Sp. z o. o. ("Company", "Entity") together with all liabilities inseparably connected with the operations of the Entity. The seller is Centrum Banku Śląskiego Sp. z o. o. and the subject of the agreement constitutes the business enterprise of Centrum Banku Śląskiego Sp. z o. o., Chorzowska St., 50, Katowice. The entity's enterprise comprises of i.e. two real estate properties located in Katowice: office building "Chorzowska 50" and headquarters of ING Bank Śląski S.A. located at Sokolska St., 34.

At the Extraordinary Meeting of Partners of Centrum Banku Śląskiego Sp. z o.o. held on 23 November 2007, a resolution was passed on dissolving and putting the Company into the state of liquidation as of 1 December 2007.

The Extraordinary Partners Meeting of Solver Sp. z o.o. was held on 30 November 2007. The Partners resolved to increase the Company's share capital by PLN 1,188,000, from PLN 8,374,000.00 to PLN 9,562,000.00 by issuing 2,376 new equal and indivisible shares with face value of PLN 500 each. One of the partners, the ING for Children Foundation, waived its pre-emption right to the new shares in the increased share capital of the Company. All new shares were covered in full by ING Bank Śląski S.A. with an in-kind contribution of the Recreation Centre in Głębinów (Province of Opole). The market value of the Recreation Centre as at the contribution date was PLN 1,188,000.00. The raise of the share capital changed the ownership structure of the Company – the share of ING Bank Śląski S.A. in the share capital of Solver went up from 79.79% to 82.30%.

5.9 Changes to Contingent Liabilities or Assets that Occurred after 31.12.2006

OFF-BALANCE SHEET ITEMS (PLN thousands)	4 quarters 2007 as at 31 Dec.2007	3 quarters 2007 as at 30 Sep.2007	4 quarters 2006 as at 31 Dec.2006	3 quarters 2006 as at 30 Sep.2006
- Contingent liabilities granted	12 833 876	13 578 173	13 817 539	10 822 217
- Contingent liabilities received	10 686 817	9 768 136	10 530 245	11 622 530
- Off-balance sheet financial instruments	207 320 201	197 091 862	157 144 424	152 588 469
Total off-balance sheet items	**230 840 894**	**220 438 171**	**181 492 208**	**175 033 216**

The decrease of the balance of contingent liabilities granted as at 31.12.2007 vis-à-vis 31.12.2006 by PLN 983.7 million resulted mainly from the increase of the item of "deposits to be released in inter-bank transactions". On the other hand, the increase of contingent liabilities received by PLN 156.6 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)

In the period of 12 months of 2007, the Bank's properties located in Pińczów, Myszków and Czechowice Dziedzice were sold. The properties were sold on an arm's length basis. As a result of these sales, the Bank earned a profit of PLN 2 030 thousands recognised under retained profits.

5.11 Settlements due to disputable cases

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

Changes to the litigation reserves were presented below:

in million

	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Status at the period beginning:	**29,5**	**33,2**	**35,2**	**42,2**	**15,4**
Establishment of provisions as costs	2,2	0,1	0,9	0,1	29,9
Release of provisions as income	-1,2	0,0	0,0	-0,9	-2,4
Utilisation of provision due to dispute loss or settlement	-1,3	-3,8	-2,9	-6,2	-0,7
Status as at the period end	**29,3**	**29,5**	**33,2**	**35,2**	**42,2**

5.12 Transactions with Related Entities

Subsidiaries and Related Entities of ING Bank Śląski:
- ING Securities
- ING BSK Development
- Solver
- ING NN Polska PTE S.A.
- Centrum Banku Śląskiego (CBS) in liquidation
- ING 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, ING 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 – 31.12.2007 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 12 months 2007 amounted to PLN 44.7 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 10.9 million (net).

- Under the agreement of lease of office rooms in the building owned by CBS until the end of October 2007, ING Bank Śląski paid a rent for 10 months of 2007 (through ING BSK Development) of PLN 17.9 million (gross) in monthly instalments. In addition, the Bank paid PLN 1.6 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 18.7 million (gross).

- ING Bank Śląski made a transaction with ING Lease due to sublease of functional rooms totalling PLN 15.2 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 11.3 million in 12 months 2007.

Transactions with related parties (in PLN thousands) **31.12.2007**

	Parent company	Other ING Group entities	Subsidiary undertakings	Associated undertakings
Balances of receivables and payables				
Deposits given	5 648 202	759 199	-	-
Loans	-	1 231 667	111 411	-
Deposits taken (current & term)	475 584	154 425	260 086	25 186
Securities	-	-	30 306	-
Other receivables	74 836	19 267	2 891	-
Other liabilities	-	3 701	218	-
Off-balance sheet commitments and transactions				
Guarantees issued	297 158	266 516	-	-
Guarantees received	1 548 243	-	-	-
Undrawn credit lines granted	215 489	1 539 751	172 306	-
FX spot	18 324 755	3 567 716	-	-
FX forward	697 396	284 620	-	-
IRS/CIRS	28 436 925	507 588	-	-
FRA	1 551 148	300 088	-	-
Options	886 291	311 857	-	-
Income and expenses				
Income	711 268	40 103	14 954	202
Expenses	858 629	57 888	25 612	2 408

Transactions with related parties (in PLN thousands) **31.12.2006**

	Parent company	Other ING Group entities	Subsidiary undertakings	Associated undertakings
Balances of receivables and payables				
Deposits given	2 875 621	452 874	-	-
Loans	-	950 817	370 983	-
Deposits taken (current & term)	236 360	225 935	359 137	123 129
Securities	-	-	41 959	-
Other receivables	15 923	2 007	2 715	-
Other liabilities	-	13 419	14	-
Off-balance sheet commitments and transactions				
Guarantees issued	482 517	206 155	-	202
Guarantees received	1 850 580	-	-	-
Undrawn credit lines granted	230 339	1 437 135	305 576	-
FX spot	21 928 730	2 664 027	-	-
FX forward	2 638	1 430 478	-	-
IRS/CIRS	23 419 946	70 321	-	-
FRA	4 289 330	-	-	-
Options	853 227	32 805	-	-
Income and expenses				
Income	795 005	31 242	16 109	341
Expenses	696 191	28 141	30 590	2 943

VII. Standalone Financial Statement of the Bank

PROFIT AND LOSS ACCOUNT (PLN '000)	IV quarter 2007 the period from 01 Jul 2007 to 31 Dec 2007	4 quarters 2007 the period from 01 Jan 2007 to 31 Dec 2007	IV quarter 2006 the period from 01 Jul 2006 to 31 Dec 2006	4 quarters 2006 the period from 01 Jan 2006 to 31 Dec 2006
Interest income	*676 296*	*2 484 082*	*547 709*	*2 007 792*
Interest expenses	*412 311*	*1 443 386*	*303 041*	*1 075 139*
Net interest income	**263 985**	**1 040 696**	**244 668**	**932 653**
Commission income	*254 708*	*928 247*	*196 618*	*707 148*
Commission expenses	*36 280*	*99 343*	*18 443*	*62 533*
Net commission income	**218 428**	**828 904**	**178 175**	**644 615**
Net income on investment financial assets	-1 033	116 850	31	77 638
Net income on instruments measured at fair value through profit and loss and revaluation	-46 727	-3 296	31	56 755
Other operating income and expenses	-2 150	4 810	850	14 946
Result on basic activities	**432 503**	**1 987 964**	**423 755**	**1 726 607**
General and administrative expenses	328 849	1 338 330	317 852	1 193 514
Other expenses	6 195	9 560	7 628	12 393
Impairment losses and provisions for off-balance sheet liabilities	-4 513	-105 112	-19 889	-162 358
Profit (loss) before tax	**101 972**	**745 186**	**118 164**	**683 058**
Income tax	22 580	135 033	44 817	142 501
Net result for the current year	**79 392**	**610 153**	**73 347**	**540 557**

Net profit (loss)	**79 392**	**610 153**	**73 347**	**540 557**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**6,10**	**46,90**	**5,64**	**41,55**
Diluted weighted average number of ordinary shares	13 010 000	13 010 000	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	6,10	46,90	5,64	41,55

BALANCE SHEET (PLN '000)	4 quarters 2007 as at 31 Dec 2007	3 quarters 2007 as at 30 Sep 2007	4 quarters 2006 as at 31 Dec 2006	3 quarters 2006 as at 30 Sep 2006
ASSETS				
- Cash in hand and balances with the Central Bank	1 841 720	1 592 993	1 147 891	1 302 553
- Loans and receivables to other banks	15 238 778	17 515 463	13 560 173	12 094 273
- Financial assets measured at fair value through profit and loss	7 869 034	8 245 715	7 066 031	8 005 260
- Investments	9 418 393	9 179 962	12 644 728	12 068 378
- available-for-sale	*8 577 617*	*8 559 319*	*12 644 728*	*12 068 378*
- held-to-maturity	*840 776*	*620 643*	*0*	*0*
- Derivative hedge instruments	4 572	1 439	0	0
- Loans and receivables to customers	16 049 702	15 504 182	12 962 405	11 869 788
- Investments in controlled entities	210 569	159 381	126 910	126 910
- Investment real estates	144 713	0	0	0
- Property, plant and equipment	521 243	375 779	408 453	399 403
- Intangible assets	317 801	317 939	316 753	316 821
- Property, plant and equipment held for sale	241	232	224	274
- Current tax asset	86 048	0	0	0
- Deferred tax asset	0	35 053	30 209	126 922
- Other assets	139 403	132 374	96 980	117 073
Total assets	**51 842 217**	**53 060 512**	**48 360 757**	**46 427 655**
EQUITY AND LIABILITIES				
LIABILITIES				
- Liabilities due to the Central Bank	0	0	696 000	0
- Liabilities due to other banks	1 812 283	5 552 186	1 400 239	3 688 512
- Financial liabilities measured at fair value through profit and loss	1 214 981	2 189 822	3 120 520	3 565 153
- Liabilities due to customers	44 502 189	40 681 556	38 626 433	34 814 549
- Provisions	70 875	74 576	88 833	62 842
- Current income tax liabilities	0	3 745	65 815	104 649
- Deferred tax provision	15 791	0	0	0
- Other liabilities	556 644	892 854	746 943	727 614
Total liabilities	**48 172 763**	**49 394 739**	**44 744 783**	**42 963 319**
EQUITY				
- Share capital	130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value	993 750	993 750	993 750	993 750
- Revaluation reserve from measurement of available-for-sale financial assets	-149 591	-76 911	42 830	-25 789
- Revaluation reserve from measurement of property, plant and equipment	37 154	40 193	40 458	30 313
- Retained earnings	2 658 041	2 578 641	2 408 836	2 335 962
Total equity	**3 669 454**	**3 665 773**	**3 615 974**	**3 464 336**
Total equity and liabilities	**51 842 217**	**53 060 512**	**48 360 757**	**46 427 655**

Solvency ratio	**12,03%**	**12,17%**	**15,09%**	**14,68%**

Book value	**3 669 454**	**3 665 773**	**3 615 974**	**3 464 336**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**282,05**	**281,77**	**277,94**	**266,28**

OFF-BALANCE SHEET ITEMS (PLN '000)	4 quarters 2007 as at 31 Dec 2007	3 quarters 2007 as at 30 Sep 2007	4 quarters 2006 as at 31 Dec 2006	3 quarters 2006 as at 30 Sep 2006
- Contingent liabilities granted	12 976 028	13 744 329	13 817 405	11 108 491
- Contingent liabilities received	10 686 817	9 768 136	10 530 245	11 636 224
- Off-balance sheet financial instruments	207 320 201	197 091 862	157 144 424	152 588 469
Total off-balance sheet items	**230 983 046**	**220 604 327**	**181 492 074**	**175 333 184**

STATEMENT OF CHANGES IN EQUITY (PLN '000)

4 quarters 2007
the period from 01 Jan 2007 to 31 Dec 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	-	-	-174 090	-	-	**-174 090**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	-18 331	-	-	**-18 331**
- disposal of property, plant and equipment	-	-	-	-258	2 031	**1 773**
- remeasurement of property, plant and equipment	-	-	-	-3 046	-	**-3 046**
- dividends paid	-	-	-	-	-362 979	**-362 979**
- net result for the current period	-	-	-	-	610 153	**610 153**
Total equity (closing balance)	**130 100**	**993 750**	**-149 591**	**37 154**	**2 658 041**	**3 669 454**

4 quarters 2006
the period from 01 Jan 2006 to 31 Dec 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**

CASH FLOW STATEMENT - indirect method (PLN '000)	**4 quarters 2007** the period from 01 Jan 2007 to 31 Dec 2007	**4 quarters 2006** the period from 01 Jan 2006 to 31 Dec 2006
OPERATING ACTIVITIES		
Net profit (loss)	**610 153**	**540 557**
Adjustments	**-3 078 927**	**3 019 146**
- Unrealised exchange gains (losses)	-159	-143
- Depreciation and amortisation	150 765	137 268
- Interest accrued (from the profit and loss account)	1 040 696	932 653
- Interest received/paid	-1 055 126	-1 006 194
- Dividends received	-94 238	-57 621
- Gains (losses) on investment activities	-16	1 125
- Income tax (from the profit and loss account)	135 033	142 501
- Income tax paid	-240 896	-37
- Change in provisions	-17 958	9 343
- Change in loans and other receivables to other banks	-5 778 216	2 287 128
- Change in financial assets at fair value through profit or loss	-840 844	-918 800
- Change in available-for-sale financial assets	3 986 089	-1 611 180
- Change in held-to-maturity financial assets	-850 837	0
- Change in derivative hedge instruments	-4 572	0
- Change in loans and other receivables to customers	-3 074 285	-3 025 568
- Change in other assets	41 560	39 018
- Change in liabilities due to other banks	-276 801	751 048
- Change in liabilities at fair value through profit or loss	-1 905 539	-565 269
- Change in liabilities due to customers	5 896 716	5 791 438
- Change in other liabilities	-190 299	112 436
Net cash flow from operating activities	**-2 468 774**	**3 559 703**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-440 844	-47 726
- Disposal of property, plant and equipment	1 936	2 360
- Purchase of intangible assets	-60 081	-40 627
- Purchase of investments in subordinated entities	-83 659	0
- Disposal of fixed assets/liabilities held for sale	4 416	620
- Dividends received	94 238	57 621
Net cash flow from investment activities	**-483 994**	**-27 752**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	-19 140	-51 607
- Interest on long-term loans repaid	-1 921	-1 775
- Dividends paid	-362 979	-357 775
Net cash flow from financial activities	**-384 040**	**-411 157**
Effect of exchange rate changes on cash and cash equivalents	***-72 874***	***-97 654***
Net increase/decrease in cash and cash equivalents	**-3 336 808**	**3 120 794**
Opening balance of cash and cash equivalents	**8 174 524**	**5 053 730**
Closing balance of cash and cash equivalents	**4 837 716**	**8 174 524**

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 fourth 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	800,000	6.15

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 Q3 2007, 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 Q4 of 2007 or Q4 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)

On 15 June 2007, annex to the credit agreement of 8 September 2006 with ING Commercial Finance Polska S.A. was signed. The total loan value amounted to PLN 700 million. The borrower is a related company of ING Bank Śląski S.A.