Interim Consolidated Financial Statements of the ING Bank Śląski S.A. Group

for the IV quarter 2008

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I. Consolidated Financial Statement

CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN '000)	*Note*	**IV quarter 2008** the period from 01 Oct 2008 to 31 Dec 2008	**4 quarters 2008** the period from 01 Jan 2008 to 31 Dec 2008	**IV quarter 2007** the period from 01 Oct 2007 to 31 Dec 2007	**4 quarters 2007** the period from 01 Jan 2007 to 31 Dec 2007
Interest income	*1*	*954 184*	*3 398 102*	*677 188*	*2 480 688*
Interest expenses	*1*	*650 339*	*2 246 085*	*410 059*	*1 432 818*
Net interest income	*1*	**303 845**	**1 152 017**	**267 129**	**1 047 870**
Commission income	*2*	*291 194*	*1 034 184*	*253 578*	*1 020 148*
Commission expenses	*2*	*52 273*	*144 461*	*41 176*	*121 385*
Net commission income	*2*	**238 921**	**889 723**	**212 402**	**898 763**
Net income on investment financial assets		13 444	44 723	-547	25 780
Net income on instruments measured at fair value through profit and loss and revaluation	*3*	-283 916	-26 012	-12 115	36 121
Other operating income and expenses		20 767	19 013	-5 207	20 770
Result on basic activities		**293 061**	**2 079 464**	**461 662**	**2 029 304**
General and administrative expenses	*4*	354 561	1 506 880	348 992	1 380 573
Other expenses		-17 167	-7 848	5 286	8 537
Impairment losses and provisions for off-balance sheet liabilities	*5*	116 259	65 601	-5 813	-103 197
Share in net profit (loss) of associated entities recognised under the equity method	*6*	9 386	48 232	10 700	43 598
Profit (loss) before tax		**-151 206**	**563 063**	**123 897**	**786 989**
Income tax		-22 212	117 645	26 438	150 167
Net profit (loss)		**-128 994**	**445 418**	**97 459**	**636 822**
- assigned to shareholders of the holding company		**-128 949**	**445 413**	**97 482**	**630 724**
- assigned to minority shareholders		-45	5	-23	6 098

Net profit (loss) assigned to shareholders of the holding company	**445 413**	**630 724**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**34,24**	**48,48**
Diluted weighted average number of ordinary shares	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	34,24	48,48

CONSOLIDATED BALANCE SHEET (PLN '000)	Note	4 quarters 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008	4 quarters 2007 as of 31 Dec 2007	3 quarters 2007 as of 30 Sep 2007
ASSETS					
- Cash in hand and balances with the Central Bank	*7*	1 888 705	2 151 267	1 841 725	1 593 005
- Loans and receivables to other banks	*8*	7 268 315	7 244 522	15 183 665	17 532 745
- Financial assets measured at fair value through profit and loss	*9*	15 128 584	12 817 899	7 907 564	8 243 875
- Investments	*10*	18 050 922	19 710 713	9 388 273	9 149 862
- available-for-sale		*10 739 090*	*12 385 200*	*8 547 497*	*8 529 219*
- held-to-maturity		*7 311 832*	*7 325 513*	*840 776*	*620 643*
- Derivative hedge instruments		197 003	70 405	4 572	3 975
- Loans and receivables to customers	*11*	25 742 839	22 001 619	16 379 138	15 449 428
- Investments in controlled entities		107 261	97 875	97 326	86 626
- Investment real estates		151 458	135 845	144 713	151 101
- Property, plant and equipment	*12*	544 163	527 639	532 938	543 136
- Intangible assets		316 187	309 454	318 825	318 961
- Property, plant and equipment held for sale		248	228	241	232
- Current tax asset		142	0	25 256	0
- Deferred tax asset		48 651	19 077	49 292	40 683
- Other assets		165 997	190 846	137 332	132 931
Total assets		**69 610 475**	**65 277 389**	**52 010 860**	**53 246 560**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to the Central Bank	*13*	5 932 116	0	0	0
- Liabilities due to other banks	*14*	6 060 868	5 188 064	1 810 195	5 592 196
- Financial liabilities measured at fair value through profit and loss	*15*	5 146 698	3 271 084	1 214 981	2 189 822
- Derivative hedge instruments		420 047	110 771	0	0
- Liabilities due to customers	*16*	47 066 918	51 269 030	44 501 837	40 658 088
- Provisions	*17*	50 579	77 502	72 507	75 887
- Current income tax liabilities		39 148	46 607	126	4 560
- Deferred tax provision		0	0	0	0
- Other liabilities		669 672	1 034 712	570 712	903 923
Total liabilities		**65 386 046**	**60 997 770**	**48 170 358**	**49 424 476**
EQUITY					
- Share capital		130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value		956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets		-100 981	-127 476	-149 591	-76 911
- Revaluation reserve from measurement of property, plant and equipment		52 864	50 200	57 998	64 369
- Revaluation reserve from measurement of cash flow hedging instruments		45 581	2 075	0	0
- Retained earnings		3 138 316	3 266 701	2 844 026	2 746 534
Equity assigned to shareholders of the holding company		**4 222 130**	**4 277 850**	**3 838 783**	**3 820 342**
- Minority equity		**2 299**	**1 769**	**1 719**	**1 742**
Total equity		**4 224 429**	**4 279 619**	**3 840 502**	**3 822 084**
Total equity and liabilities		**69 610 475**	**65 277 389**	**52 010 860**	**53 246 560**

Solvency ratio	**10,39%**	**11,91%**	**13,12%**	**13,05%**

Book value	**4 222 130**	**4 277 850**	**3 838 783**	**3 820 342**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**324,53**	**328,81**	**295,06**	**293,65**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (PLN '000)

4 quarters 2008
the period from 01 Jan 2008 to 31 Dec 2008

	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	Revaluation reserve from measurement of cash flow hedging instruments	Retained earnings	Minority equity	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-149 591**	**57 998**	**0**	**2 844 026**	**1 719**	**3 840 502**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	240 366	-	-	-	-	**240 366**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	-192 191	-	-	-	-	**-192 191**
- adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	435	-	-	-	-	**435**
- disposal of property, plant and equipment	-	-	-	-569	-	1 094	-	**525**
- remeasurement of property, plant and equipment	-	-	-	-4 565	-	-	575	**-3 990**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	45 581	-	-	**45 581**
- dividends paid	-	-	-	-	-	-152 217	-	**-152 217**
- net result for the current period	-	-	-	-	-	445 418	-	**445 418**
- share of minority shareholders in the net financial result	-	-	-	-	-	-5	5	**0**
Closing balance of equity	**130 100**	**956 250**	**-100 981**	**52 864**	**45 581**	**3 138 316**	**2 299**	**4 224 429**

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	Revaluation reserve from measurement of cash flow hedging instruments	Retained earnings	Minority equity	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**42 830**	**52 263**	**0**	**2 574 251**	**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**
Closing balance of equity	**130 100**	**956 250**	**-149 591**	**57 998**	**0**	**2 844 026**	**1 719**	**3 840 502**

CONSOLIDATED CASH FLOW STATEMENT (PLN '000)	**4 quarters 2008** the period from 01 Jan 2008 to 31 Dec 2008	**4 quarters 2007** the period from 01 Jan 2007 to 31 Dec 2007
OPERATING ACTIVITIES		
Net profit (loss)	**445 413**	**630 724**
Adjustments	**-891 097**	**-3 395 051**
- Minority shareholders' profit (loss)	5	6 098
- Share in net profit (loss) of associated entities	-48 232	-43 598
- Depreciation and amortisation	133 797	154 799
- Interest accrued (from the profit and loss account)	1 152 017	1 047 870
- Interest received/paid	-919 512	-1 054 498
- Dividends received	-7 235	-2 761
- Gains (losses) on investment activities	-671	6
- Income tax (from the profit and loss account)	117 645	150 167
- Income tax paid	-52 868	-253 989
- Change in provisions	-21 928	-17 817
- Change in loans and other receivables to other banks	7 648 660	-5 723 813
- Change in financial assets at fair value through profit or loss	-7 274 474	-887 290
- Change in available-for-sale financial assets	-4 759 887	3 976 334
- Change in held-to-maturity financial assets	-6 639 365	-850 837
- Change in derivative hedge instruments	273 197	-1 243
- Change in loans and other receivables to customers	-7 381 064	-3 495 251
- Change in other assets	6 429	5 536
- Change in liabilities due to other banks	10 198 857	-279 671
- Change in liabilities at fair value through profit or loss	3 931 717	-1 896 232
- Change in liabilities due to customers	2 652 855	5 961 332
- Change in other liabilities	98 960	-190 193
Net cash flow from operating activities	**-445 684**	**-2 764 327**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-97 661	-71 992
- Disposal of property, plant and equipment	1 123	1 936
- Purchase of intangible assets	-52 705	-60 402
- Purchase of investments in subordinated entities	0	-18 971
- Disposal of fixed assets held for sale	516	4 416
- Dividends received	7 235	2 761
Net cash flow from investment activities	**-141 492**	**-142 252**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	0	-19 140
- Interest on long-term loans repaid	0	-1 763
- Dividends paid	-152 217	-362 979
Net cash flow from financial activities	**-152 217**	**-383 882**
Effect of exchange rate changes on cash and cash equivalents	***283 545***	***-72 874***
Net increase/decrease in cash and cash equivalents	**-739 393**	**-3 290 461**
Opening balance of cash and cash equivalents	**4 872 755**	**8 163 216**
Closing balance of cash and cash equivalents	**4 133 362**	**4 872 755**

II. The most important achievements of the Capital Group of ING Bank Śląski in Q4/2008

The most significant business achievements Intensification of lending products' sales:

- Increase in the value of loans for retail clients to the level of PLN 7,224.0 million (increase by PLN 866.5 million, i.e. 13.6% in comparison to September 2008 and by PLN 2,649.7 million, i.e. 57.9% per annum),
- Increase in the value of mortgage loans to the level of PLN 4,488.0 million (increase by PLN 765.3 million, i.e. 20.6% in comparison to September 2008 and by PLN 1,933.8 million, i.e. 75.7% per annum),
- Increase in the value of loans for corporate clients to the level of PLN 17,132.7 million, (increase by PLN 676.6 million, i.e. 4.1% in comparison to September 2008 and by PLN 4,346.2 million, i.e. by 34.0% per annum).

Maintaining high quality of customer service:

- Increase in the number of partnership outlets to 109 as at the end of Q4 2008,
- Increase in the number of self-banking zones to 360 as at the end of December 2008 (in Bank branches and partnership outlets),
- Increase in the number of Internet Direct Accounts to 161 thousand as at the end of Q4 2008,
- Implementation of other Front-End application modules (a system supporting product sales and customer service).

Product offer development:

- Introduction of a new savings product – *Direct Open Savings Account* - to the offer.
- New proposals with regard to structured products,
- Expanding the Bank offer with motor insurance of Liberty Direct,
- Joint offer of ING Bank Śląski and ING Commercial Finance with regard to debt financing for corporate clients.

	31.12.2008 *PLN millon*	**30.09.2008** *PLN millon*	**31.12.2007** *PLN million*	**Change 31.12.2008/ 30.09.2008**	**Change 31.12.2008/ 31.12.2007**
Banking deposits of retail segment*	32 517.5	34 715.1	27 450.1	-6.3%	18.5%
TFI assets distributed by ING Bank Śląski	2 609.0	3 691.6	7 517.2	-29.3%	-65.3%
Mortgage loans volumes**	4 488.0	3 722.7	2 554.2	20.6%	75.7%
Total volume of loans to retail clients	7 224.0	6 357.5	4 574.3	13.6%	57.9%
Total wholesale clients deposits*	14 922.1	16 312.4	16 170.3	-8.5%	-7.7%
Total volume of loans to wholesale clients	17 132.7	16 456.1	12 786.5	4.1%	34.0%

* excluding TFI assets
** excluding ING Mortgage Bank

Results of the Group of ING Bank Śląski

	31.12.2008 *PLN million*	**31.12.2007** *PLN million*	**Change 31.12.2008/ 31.12.2007**
Total operating income*	2 127.7	2 072.9	2.6%
Total costs	1 499.0	1 389.1	7.9%
Result before risk cost	628.7	683.8	-8.1%
Risk costs	-65.6	103.2	-163.6%
Result before tax	563.1	787.0	-28.5%
Net profit**	445.4	630.7	-29.4%
Earnings per ordinary share (PLN)	34.2	48.5	-29.5%
Profitability ratio (%)	14.1	26.7	-12.6 b.p.
Return on assets (%)	0.7	1.2	-0.5 b.p.
Return on equity (%)	12.3	18.9	-6.6 b.p.
Cost/Income ratio (%)	70.5	67.0	-3.5 b.p.
Solvency ratio (%)	10.39	13.12	-2.73 b.p.

* Including share in net profits of affiliates recognized by equity method
** Net profit for the shareholders of the parent equity

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

Awards

- December 2008, II award in the finance category in the ranking of the strongest brands carried out by the editorial team of "Rzeczpospolita" daily,
- December 2008, I award in the competition "The most beautiful Polish card 2008" for My ING Card with a shot from *Cathedral* by Tomek Bagiński,

- November 2008, Silver EFFIE 2008 Award in the financial services category for the Open Savings Account campaign and Bronze EFFIE 2008 in the long-term campaigns category for the mortgage loan campaign,
- October 2008, distinction for the best report on company's operations awarded by the Accounting and Tax Institute,
- September 2008 - third place in Newsweek's ranking "Client-Friendly Bank",
- September 2008 – IT Leader Competition; ING Bank Śląski is one of the top three winners under the Finances and Banking category,
- June 2008, the ING Bank Śląski's website acclaimed as the best Polish bank website in the ranking of "Marketing & More" magazine,
- May 2008, bankujesz-kupujesz awarded "Project of the Year" in the "Ambassador of Electronic Economy, Partner of the Year and Project of the Year" contest organized by the Polish Bank Association,
- March 2008, 1st place in the "Best IT project in financial institutions" in the "Transaction Systems Category" (Gazeta Bankowa weekly),
- March 2008, "Leopards 2007" Bankers' award for the most admired banking brand creation,
- February 2008, "Builder's Laurels", an award granted in the "Products and Services for Construction Companies",
- February 2008, title of "Ecologically Friendly Company" awarded by the European Ecologic Responsibility Forum,
- February 2008, 3rd place in the "Best Stock Exchange Listed Company" (Puls Biznesu daily),
- January 2008, TOP RATED status, an award granted by the American Publishing House Global Custodian for custody operations.

III. Financial results

Operating income

	12M 2008 *PLN million*	12M 2007 *PLN million*	12M 2008 /12M 2007	
			PLN million	%
Interest income	1 152.0	1 047.9	104.1	9.9%
Commission oncome	889.7	898.8	-9.0	-1,0%
Other income	86.0	126.3	-40.3	-31.9%
Total operating income*	**2 127.7**	**2 072.9**	**54.8**	**2.6%**

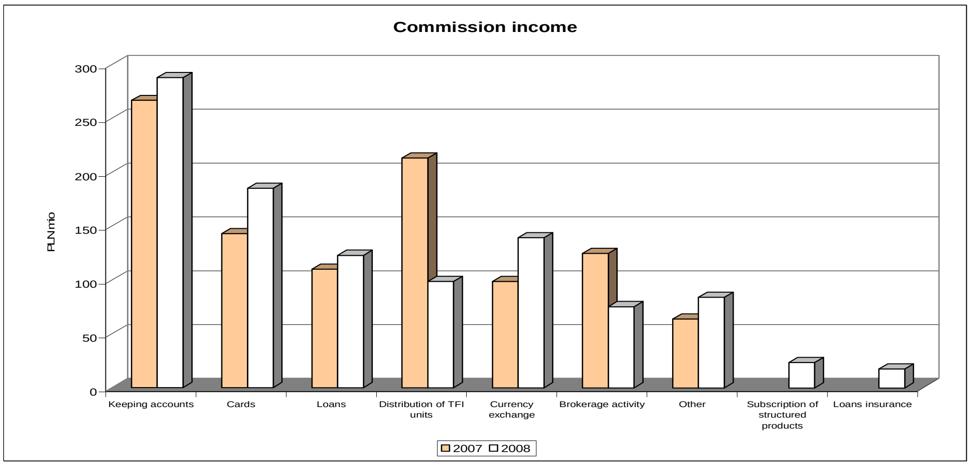
*/ The category *Income from operating activity* covers the result on core activity plus the share in net profits of affiliated entities.

As at the end of December 2008, the operating income earned by the Capital Group of ING Bank Śląski S.A. totalled PLN 2 127.7 million and was higher by PLN 54.8 million (or 2.6%) than the result achieved during the same period in the previous year. The income level in 2008 was negatively influenced by revaluation of the portfolio of debt securities issued by the State Treasury, mainly Eurobonds, held by the Bank.

The interest income at the end of December 2008 was PLN 1 152.0 million, an increase by PLN 104.1 million or 9.9% year-to-year. The increase of interest income resulted from the introduction of new products and intensification of sales actions, which was reflected in the growth of volumes that generate the interest revenue.

Fee and commission income at the end of December 2008 amounted to PLN 889.7 million, down by PLN 9.0 million, i.e. by 1.0% from the year-earlier period. Lower commission income related to the distribution of TFI participation units as well as commission income related to brokerage operations (total drop of PLN 161.1 million) were the main reason for the decrease. The drop was partly compensated by commissions related to payment cards up by PLN 42.1 million, transaction margin on currency sales up by PLN 40.6 million, commissions on structured deposits subscription up by PLN 23.5 million, commissions related to clients' accounts maintenance up by PLN 21.3 million, commissions due to loan insurance up by PLN 17.6 million and commissions due to granting loans up by PLN 13.0 million.

The structure of commission related revenue at the end of December and in the same period of the previous year was as follows:



At the end of December 2008, other income totalled PLN 86.0 million, i.e. down by PLN 40.3 million (31.9%) on a YTY basis. Other income was impacted by the following factors:

- measurement of the portfolio of the T-eurobonds classified to the portfolio of the financial assets measured at their fair value when recognised first (FVO) – observed in Q4 2008 drop of the market liquidity resulted in lowering of the fair value of these instruments, which led to their negative measurement of PLN 222,7 million,
- valuation of State Treasury bonds and other financial instruments – following unfavourable changes in the parameters used for valuation purposes and a considerable deterioration of market liquidity, the Bank's valuation of those instruments was negative at PLN 70 million,
- measurement of the FX Options concluded with the clients of the Bank - measurement of the transactions was adjusted by a write-down for the counterparty risk; the total amount of the adjustment related thereto was PLN 163 million,
- setting a provision in Q3 2008 for non-settled FX transactions concluded with Lehman Brothers Inc. totalling PLN 32.8 million,
- the sale of MasterCard Incorporated shares (in Q2 2008) generating income of PLN 25.3 million.

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

	12M 2008 *PLN million*	12M 2007 *PLN million*	12M 2008 /12M 2007	
			PLN million	%
Retail banking	1 247.1	1 191.8	55.3	4.6%
Corporate banking	768.6	720.4	48.2	6.7%
Own operations	112.0	160.7	-48.7	-30.3%
Total operating income	**2 127.7**	**2 072.9**	**54.8**	**2.6%**

The structure of operating income was dominated by the income generated by the retail banking segment. Its value as at the end of December was PLN 1 247.1 million, an increase by PLN 55.3 million or 4.6% year-to-year. The results recorded in the aforesaid term by retail banking represented the sum of:

- the growth of income from the sales of Financial Markets Division products by PLN 90.2 million or 130.5%,
- reduction of commission income connected with the distribution of TFI participation units (down by PLN 114.7 million), partially compensated by higher commission on payment cards (up by PLN 42.1 million),
- sale of MasterCard shares (the transaction generated income of PLN 25.3 million),
- commission on the subscription of structured deposits (PLN 23.5 million).

The income in the wholesale banking area at the end of December 2008 was PLN 768.6 million, an increase by PLN 48.2 million or 6.7% year-to-year. The growth of income resulted mostly from:

- increase of income from deposit & lending and clearing activity by PLN 55.1 million or 11.0%,
- strong results in the area of sales of the Financial Markets Division products; the income from that source rose by PLN 21.5 million or 14.2%,
- decrease of income from capital market transactions by PLN 28.4 million or 42.5%.

The income from the Group's proprietary operations after 12 months of 2008 amounted to PLN 112.0 million, an decrease by PLN 48.7 million or 30.3% year-to-year which was caused by:

- revaluation of the portfolio of debt securities issued by the State Treasury, mainly Eurobonds, held by the Bank,
- up by PLN 79.6 million, i.e. by 49.1% of income from allocation of own funds.

Costs

	12M 2008 *PLN million*	12M 2007 *PLN million*	12M 2008 / 12M 2007	
			PLN million	%
Personnel costs	782.5	700.4	82.1	11.7%
Other expenses	716.5	688.7	27.8	4.0%
Total expenses	**1 499.0**	**1 389.1**	**109.9**	**7.9%**

As at the end of December 2008, the costs totalled PLN 1 499.0 million (up by PLN 109.9 million, or 7.9 %, yoy). Growth of costs was caused by:

- increase of the scope of operations,
- salaries' indexing,
- execution of projects aimed at process optimisation.

As at the end of 4Q 2008, personnel costs totalled 782.5 million (up by PLN 82.1 million, or 11.7%, from the costs incurred during the analogical period in the previous year). The factors contributing to the growth of personnel costs included the salary indexing in Q2 2008, and the growth of headcount following the market expansion.

As at the end of December 2008, other costs totalled PLN 716.5 million (up by PLN 27.8 million, or 4.0 %, from the analogical period of the previous year).

Risk costs

The balance of impairment charges of financial assets and provisions for off-balance sheet liabilities at the end of December 2008 was negative (costs) and totalled PLN 65.6 million. The level of 2008 charges was impacted by the higher than previously provisions for the credit receivables and provisions against the risk related to the FX Options (a provision of PLN 71.6 million was established). It was partly compensated by release of the provisions in relation to the sales of debt in the irregular situation in Q2 2008 (agreement with Bison Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty).
In the same period last year, the impairment charges balance of financial assets and provisions for off-balance sheet liabilities was positive and totalled PLN 103.2 million.

Financial result

The gross financial result reported as at the end of December 2008 totalled PLN 563.1 million against PLN 787.0 million during the same period in the previous year. The net financial result falling to shareholders of the parent company was at the level of PLN 445.4 million (down by PLN 185.3 million, or 29.4%, from December 2007).

IV. Business Growth

1. Retail Banking

Projects and new products

In the Retail area, ING Bank Śląski in Q4 2008, continued execution of projects vital from the point of view of further customer service quality improvement, as well as making the services more available:

- **Front End**, aimed at streamlining processes of acquisition, sales and customer service as well as reducing operational risk. As a result of the project, a modern application combining product processes and pro-sales operations was implemented in 2007 in the network of Bank outlets. In 2008 works on implementation of new solutions were in progress; in Q4 2008 new application functionalities related to the service of term deposits for individual clients and small business, concerning the investment insurance scheme and other processes (standing payment orders, complaints on debit cards) were implemented. Ultimately, the application is to cover the increasing scope of functionalities and eliminate the need to work simultaneously in different programmes. In Q4 2008, the Front End application was implemented in the network of partnership outlets. Implementation of the application made it possible to standardise customer service processes and unify procedures for partnership network and branch network.

- **Self Banking**, aimed at isolating self-banking zones open 24 hours a day where clients can on their own (with the use of the mounted devices) make cash payments and deposits, make a transfer via ING BankOnLine, call HaloŚląski service or talk to a consultant from Call Centre. In Q4 2008 new self-banking zones were created, as a result of which their number increased to 360 at the end of December 2008 from 313 at the end of September 2008.

- **Loan Xpress**, sales of products characterised by high level of standardisation, serviced according to the automated sales process with the participation of Business Partners. In Q4 2008, the Bank introduced alterations to the mortgage loans offer, inclusive of those sold under Loan Xpress. Due to a difficult situation in financial markets, inclusive of exchange rate fluctuations, the Bank at first lowered the maximum level of financing home loans in Swiss franc to 90%, and as of 3 December 2008, totally suspended accepting applications for granting such loans,

- **ING BankOnLine restructuring** – in Q4 2008 there were works in progress aiming at the implementation of new functionalities in the ING BankOnLine system (possibility of defining and managing accounts held in ING Securities, possibility of opening an Investment Insurance Scheme and Investment Term Deposit via the internet banking system and English version of the application for system activation),

- **The most Internet-wise bank** – at the beginning of 2008, a new Internet *Direct Account* was introduced to the offer of ING Bank Śląski; apart from no fees for account maintenance it provides debit cards free of charge, a wide network of free of charge ATMs and security of funds in the account. At the end of Q4 2008, the number of Internet *Direct Account* totalled 161 thousand as compared to 123 thousand at the end of Q3 2008.

In Q4 2008, ING Bank Śląski modified its product offer for retail clients, as a result of which, the scope of products was extended by:

- new savings product *Direct Open Savings Account.* It is the offer for clients holding significant amounts of funds and actively using electronic banking services,
- term savings deposit “Extra Premium 4” for holders of the Open Savings Account,
- another proposal of structured products (*Investment Insurance Scheme Global Profit 2* – the product offered in co-operation with ING Towarzystwo Ubezpieczeń na Życie),
- group life and endowment insurance *ING Investment-Linked Insurance* (of ING Towarzystwo Ubezpieczeń na Życie S.A.),

- motor insurance of Liberty Direct (a new product is available via the internet banking system or telephone).

Volumes and market position

The funds entrusted by clients

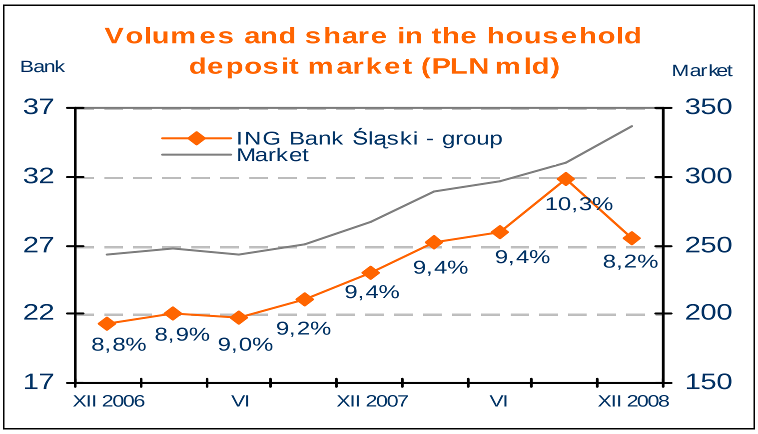
At the end of December 2008, the value of bank deposits of the retail segment's clients amounted to PLN 32,517.5 million, an decrease by 6.3% vis-à-vis September 2008 and an increase by 18.5% year-to-year. The drop in the deposit base observed in Q4 2008 was the consequence, mainly, of withdrawing from the Bank's offer of a 3-month term deposit bearing the interest rate at the level of 8% per annum. This product was introduced in August 2008 and caused a significant increase in funds acquired from retail clients at the end of Q3 2008.

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

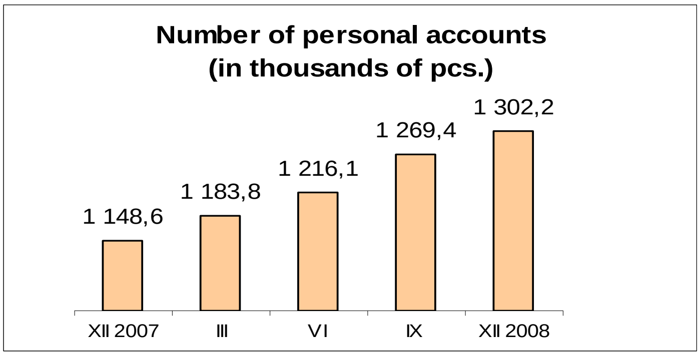
	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Current accounts	4 267.3	4 049.0	4 024.1	3 825.7	4 020.4
Savings accounts	22 054.1	24 718.7	20 799.6	20 538.5	19 091.5
Accounts and term deposits	6 196.1	5 947.4	5 653.4	5 143.3	4 338.2
Banking deposits of retail segment	**32 517.5**	**34 715.1**	**30 477.1**	**29 507.5**	**27 450.1**
TFI assets	2 609.0	3 691.6	4 428.8	5 485.7	7 517.2
Total retail segment	**35 126.5**	**38 406.7**	**34 905.9**	**34 993.2**	**34 967.3**

ING Bank Śląski also sells ING TFI participation units through its distribution channels. Drop of stock exchange indexes resulted in lower attractiveness of this product and change of clients' preferences as regards depositing their funds. As a result the balance of acquired units of ING TFI investment funds fell by 29.3% vis-à-vis the end of September 2008 and fell by 65.3% year-to-year.

The growth rate of households' deposits at ING Bank Śląski in Q4 was lower than in the sector, thus the market share at the end of December 2008 was 8.2% vis-à-vis 10.3% at the end of September 2008.



As at the end of December 2008, the number of personal accounts maintained by the Bank was 1 302.2 thousand, an increase by 2.6% compared with the September 2008 and by 13.4% compared with the similar period of the previous year.



Loans

At the end of December 2008 the volume of retail loans was PLN 7 224.0 million, an increase by 13.6% vis-à-vis the end of September 2008 and by 57.9% year-to-year. The factors accelerating lending in the retail area included strong results in respect of the sale of:

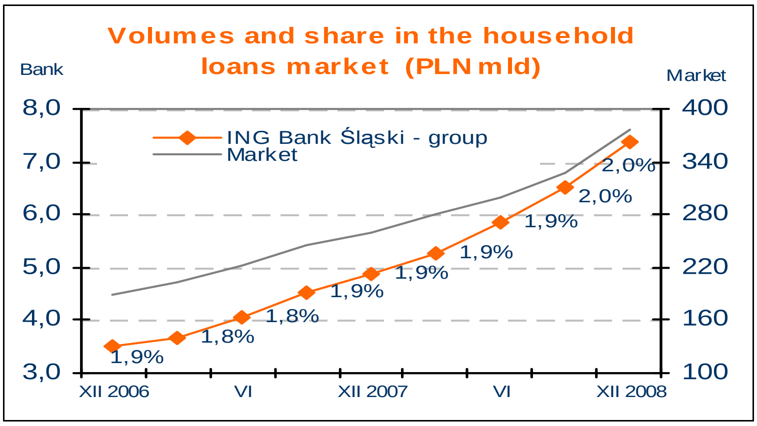
- mortgage loans,
- cash loans,
- loans for Small Business.

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

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Mortgage loans *	4 537.5	3 774.8	3 282.5	2 880.3	2 616.0
Other retail loans	2 686.5	2 582.7	2 368.1	2 113.3	1 958.3
Total retail segment	**7 224.0**	**6 357.5**	**5 650.6**	**4 993.6**	**4 574.3**

*/ Including loans granted by ING Bank Hipoteczny

The rate of growth of the loans granted by ING Bank Śląski to households was similar to the rate of growth in the sector, thus the market share at the end of December 2008 was 2.00% similar as at the end of September 2008.



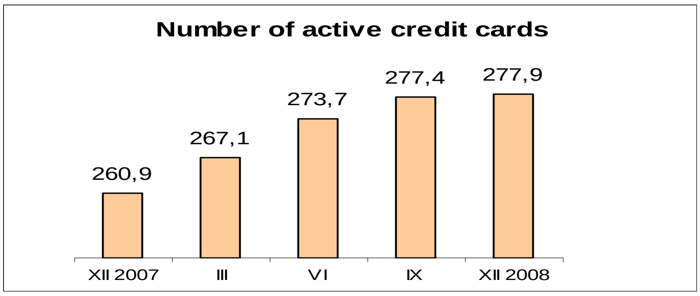
Banking cards

The offer of ING Bank Śląski S.A. includes: debit cards, charge cards, credit cards and pre-paid cards. ING Bank Śląski was one of the first banks to start issuing chip debit cards. As of September 2008, the credit cards issued by the Bank also have a chip, which helps increase security of card transactions.

In Q4 2008 Bank the Bank made the offer of pre-paid cards for individual clients and small business easier and more attractive. As of 1 December 2008 Maestro pre-paid cards of ING Bank Śląski were equipped with a microprocessor and new functionalities (making cash deposits in CDMs, selecting a card validity period, making changes in daily limits for cash and non-cash transactions, selecting a card image).

As of 1 December 2008, also business pre-paid Maestro, MasterCard Corporate and MasterCard Business cards issued to corporate and strategic clients were introduced to the offer of ING Bank Śląski.

The number of credit cards issued[1] at the end of December 2008 totalled 278 thousand, which compared to the end of September 2008 is a similar result.



2. Wholesale Banking

Projects and new products

With regard to wholesale banking, ING Bank Śląski in Q4 2008 continued actions aimed at process optimisation in the most important areas of customer service in this segment, as well as at the product offer extension:

- in the area of the *Corporate Lending* programme, a pilot edition of a new IT system for servicing credit process under the so-called credit fast track was initiated. *Fast track* is a new approach to the credit process for corporate clients consisting in automatic calculation of limits for the selected, standardised credit products, which allows for simplification and shortening of the credit granting process,
- the *Working Capital Management* project, which is a new approach to sales in the Corporate Network, was initiated. It is mainly aimed at shifting from traditional sales to consultative selling approach and offering individual solutions tailored to client's needs. The concept itself is based on the so-called WCM tool which makes it possible to make a financial analysis of a client with regard to working capital management. The new approach presupposes sales of

[1] Inclusive of VE Credit and VE Credit NN-P cards

Cash Management products, Financial Markets products, credit products and other products having influence on the management of the client's working capital,

- joint offer of ING Bank Śląski and ING Commercial Finance was being developed with regard to debt financing for strategic clients and clients of the Corporate Sales Network,
- the Bank's offer for corporate clients from the segments of large and mid-size companies was extended by a One Day Automatic Deposit in EUR and USD.

Volumes and market position

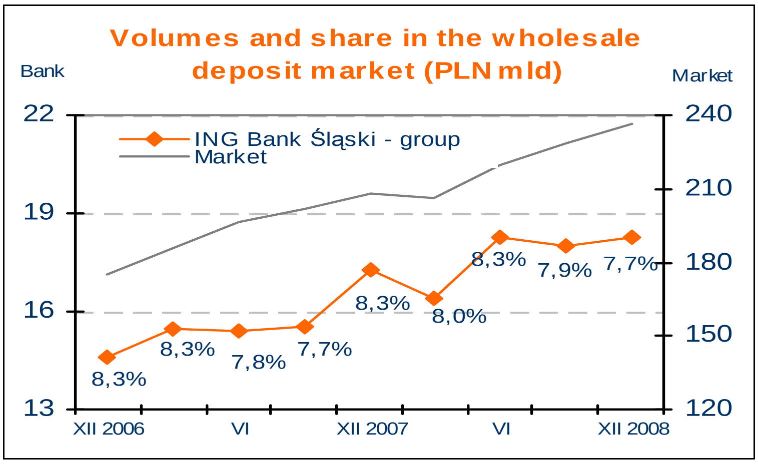
The funds entrusted by clients

At the end of December 2008, the value of funds deposited by the corporate clients totalled PLN 14,981.1 million, down by 8.6% from September 2008. In Q4 2008, strategic clients' deposits were down, while the deposits of mid-size and mid-corporate companies were up. The corporate deposits down by 8.3% on a year-to-year basis.

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

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Strategic Clients	7 502.6	9 137.2	9 538.6	8 170.2	8 977.2
BIG and mid-size companies	7 419.5	7 175.2	7 462.7	7 093.8	7 193.1
TFI assets	59.0	76.9	101.1	123.5	158.8
Total Wholesale segment	**14 981.1**	**16 389.3**	**17 102.4**	**15 387.5**	**16 329.1**

The rate of growth of wholesale deposits at ING Bank Śląski was lower compared with the sector, thus at the end of December 2008 the market share was 7,7% vis-à-vis 7.9% at the end of September 2008.



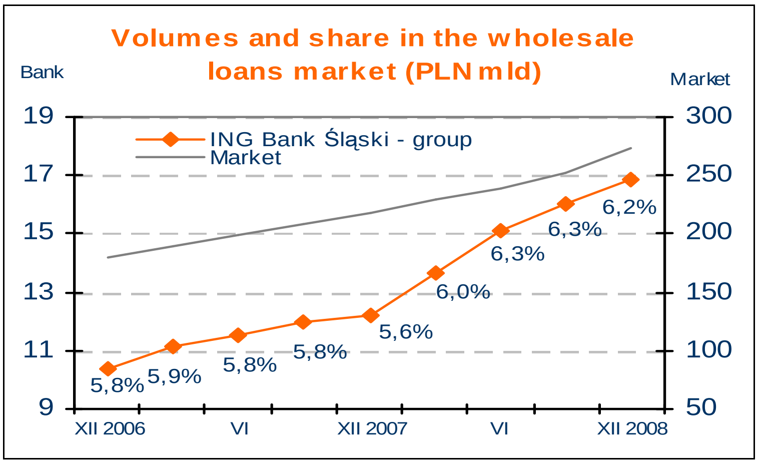
Loans

During the first 12 months 2008, we observed a growing demand for loans among the corporate clients. As a result, the volume of corporate loans grew by 4.1% compared with September 2008 and 34.0% from a year earlier. Loans for BIG and mid-size companies were the main driver of the credit volume growth in the wholesale segment. They grew by 5.6% from September 2008.

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

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Strategic clients	8 987.5	8 900.0	7 840.2	7 186.3	6 525.1
BIG and mid-size companies	7 517.4	7 118.3	6 626.1	6 293.6	5 872.3
Other	627.8	437.8	403.9	484.0	389.1
Total Wholesale segment	**17 132.7**	**16 456.1**	**14 870.2**	**13 963.9**	**12 786.5**

The rate of growth of the wholesale loans at ING Bank Śląski was slightly lower to the rate of growth in the sector, thus the share in the market of wholesale loans was 6.2% at the end of December 2008 vis-à-vis 6.3% as at 30.09.2008.



3. Electronic distribution channels

Development of electronic distribution channels is one of the Bank's priorities. A regular update of this offer results in an increase of the number of Clients interested in e-banking.
The figures for electronic banking clients[2] are as follows:

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
ING BankOnLine, ING OnLine, ING BusinessOnLine and MultiCash	1 167 054	1 067 415	960 090	877 636	771 384
HaloŚląski	617 422	561 571	498 747	443 104	398 297
SMS	387 456	346 961	304 775	264 219	233 745

In Q4/2008, we recorded a dynamic growth of the number of clients of ING BankOnLine, a key product in the area of electronic banking and the number of clients using SMS and HaloŚląski services also went up considerably.

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

In December 2008, the monthly number of transactions made via electronic banking systems totalled 7.9 million. In the same period last year, the number of transactions made via electronic banking systems was 5.8 million.

4. Factors Potentially Affecting the Financial Results in the Following Quarters

The most important macroeconomic factors that may influence the results in the next quarters include:

- slowdown in economic growth in Poland (according to estimates GDP increased in Q4 2008 by 2.9% Y/Y. The forecast of GDP growth rate in 2009 is 1.6%),
- decrease in demand for credits on the part of companies as a result of their worse financial standing and limiting investments,
- deterioration of the situation on the labour market (potential increase in the unemployment rate from 9.5% at the end of 2008 to the average of 10.1% during 2009 and 11.5% at the end of 2009) and expected slowdown in the salary growth rate (from 10.4% Y/Y in 2008 to 4.2% Y/Y in 2009) having impact on the clients' financial standing and related decrease in private consumption (growth rate down from 5.4% to 3.5%),
- further deterioration of financial standing of Polish enterprises and deepening of negative results on derivatives,
- expected decrease in real estate prices that may make people refrain from buying flats, which will influence sales of mortgage loans,
- decrease of interest rate (expected reduction in reference rate of the National Bank of Poland by 250 bp in comparison to the level at the end of 2008 to 2.5% in Q3 2009),
- further weakening of PLN against EUR and CHF in Q1 2009 and possibly longer should the plans of joining the ERM-2 exchange rate system be postponed (according to the plan it was supposed to take place at the end of the first half of 2009).

V. Additional information

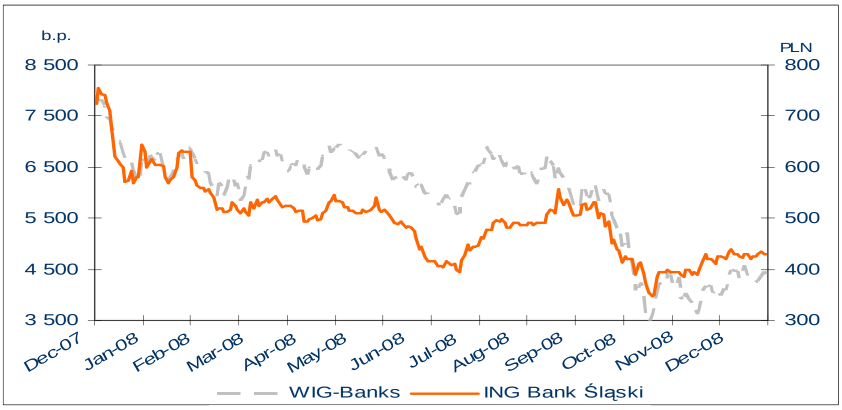
1. Informational Details of the Bank and Its Capital Group

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 Ernst & Young Audit 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. Price of ING Bank Śląski S.A. Shares in the first 12 months of 2008:



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

- ING Securities S.A. (subsidiary, 100% share),
- ING Bank Hipoteczny S.A. (subsidiary, 100% share),
- ING BSK Development Sp. z o.o. (subsidiary, 100% share),
- Centrum Banku Śląskiego Sp. z o.o. in liquidation (subsidiary, 100% share),
- Solver Sp. z o.o. (subsidiary, 82,3% share),
- ING Powszechne Towarzystwo Emerytalne S.A. (associate, 20% share).

In Q4/2008 the Group’s structure did not change.

On 23 December 2008, at the Extraordinary Shareholders Meeting of ING BSK Development Sp. z o.o., a resolution on dissolution of this Company and putting it into liquidation as of 1 January 2009, was adopted.

On 23 December 2008, at the Extraordinary Shareholders Meeting of Centrum Banku Śląskiego Sp. z o.o. w likwidacji (in liquidation) there was a resolution adopted on further operation of this Company, whereunder the Shareholders Meeting decided to repeal as of 1 January 2009, the Resolution No. 2/2007 of 23.11.2007 on dissolution of this Company and thus to stop its liquidation and decide on the further Company’s operation.

ING Bank Śląski S.A. offers a broad range of banking services rendered for individual and institutional clients in line with the scope of services outlined in the Bank’s charter. The Bank’s operations are denominated in both polish zloty and foreign currencies as well as actively participates in domestic and foreign financial markets. The subsidiary: ING Bank Hipoteczny S.A. undertaken banking activities, including sales of mortgage loans. Additionally through subsidiaries the Group operates brokerage services, real estate, leasing of real estate, advisory and acts as a financial intermediary as well as provides other financial services.

ING Bank Śląski S.A. is a subsidiary of ING Bank NV which holds w 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.

As at the date of submission of the report for the third quarter of 2008, 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	700,000	5.38

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 3Q 2008, the status of ING Bank Śląski's shares, held by the Members of the Bank Management Board and Supervisory Board, was similar.

Ratings

Fitch Ratings Ltd.

As at 31.12.2008, the Bank had the rating of financial credibility, issued by the agency:

Long-term IDR	AA-
Short-term IDR	F1+
Individual	C
Support rating	1
Rating Outlook	Negative

Long-term IDR and Short-term IDR determine the entity's ability to meet financial commitments on a timely basis. Long-term IDR at the AA- level reflects an outstanding ability of the bank to meet long-term financial commitments on a timely basis. Short-term IDR at the F1+ level means the highest rating for the ability to meet short-term commitments (up to 13 months) on a timely basis. In case of both ratings the Fitch agency considered the high probability of obtaining potential support from the dominant shareholder, ING Bank NV (ING Bank Śląski was assigned the highest support rating – 1).

Individual rating at the C level reflects an adequate level of equity, improving quality of assets, high ratio of provisions to impaired assets, high liquidity and strong position in the deposit market; at the same time it reflects the pressure upon the equity level in view of growing capital requirements stipulated by the New Capital Accord and increasing volumes of risk-weighted assets.

On 28 January 2009 the Fitch Ratings Ltd. agency reviewed ratings of ING Bank Śląski S.A., that as at the report issue date are at the following level:
- entity rating (Long–term IDR): "A+" – change from "AA-"
- entity rating outlook: "stable" – change from "negative"

- short-term rating (Short-term IDR): "F1" – change from "F1+"
- individual rating "C" – affirmed
- support rating "1" – affirmed

Moody's Investors Service Ltd.

As at 31.12.2008, the Bank had the rating of financial credibility, issued by the agency:

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

On 28 January 2009 the Moody's Investors Service Ltd. agency reviewed ratings of ING Bank Śląski S.A. which as at the report issue date are at the following level:
- long-term deposits in local currency: "A2" – change from "A1"
- long-term deposits in foreign currency: "A2" – affirmed
- short-term deposits: "Prime-1" – affirmed
- financial strength rating: "D+" - affirmed
- financial strength rating outlook: "stable" – unchanged

The change of Bank's ratings made on 28 January 2009 by both agencies, results primarily from change of the ratings of ING Group and its entities, including the dominant shareholder of ING BSK which is ING Bank N.V. ("ING Bank N.V."). The rating of the entity assigned by Fitch agency to ING Bank N.V. is at the "AA-" level (change from "AA") and the outlook is stable (change from negative). The long-term rating ("long-term senior debt rating") for ING Bank N.V. assigned by Moody's agency is "Aa3" (change from "Aa2"), and financial strength rating is at the "C+" level (change from "B-").

Other Information

<u>Headcount</u>

The headcount in the Capital Group was as follows:

Headcount	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Individuals	8 577	8 434	8 387	8 188	8 074
FTEs	8 413.9	8 258.8	8 209.4	8 008.8	7 842.1

<u>Number of Branches and ATMs</u>

ING Bank Śląski conducts operational activity in the network of its own branches as well as with the use of the network of partnership outlets based on the franchise model.

The number of outlets in particular periods was as follows:

	31.12.2008	30.09.2008	30.06.2008	31.03.2008	31.12.2007
Number of outlets	439	432	430	415	404

As at the end of December 2008, the Bank had a network of 683 ATMs compared with 673 ATMs as at the end of September 2008 and 630 ATMs as at the end of December 2007.

As at the end of December 2008, the Bank also had a network of 360 cash deposit machines, compared with 313 cash deposit machines as at the end of September 2008.

2. Compliance with International Financial Reporting Standards

These consolidated 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 2008; 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 31.12.2008 including comparable financial data, have been executed upon the application of the same accounting principles for each period.

These consolidated financial statements for Q4/2008 meet the requirements of International Financial Reporting Standards (IFRS), including IAS 34 (International Accounting Standards) with regard to interim financial statements. This is the condensed version of the statements.

In this financial report, the same accounting standards were applied as in the annual full financial reporting for 2007, taking into account also amendments pertaining to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”.

On 15 October 2008, with the Regulation of the European Commission, International Accounting Standard (IAS) 39 “Financial Instruments: Recognition and Measurement” and International Financial Reporting Standard (IFRS) 7 “Financial Instruments: Disclosures” were amended, hereinafter “amendments to IAS 39 and IFRS 7”.

Amendments to IAS 39 and IFRS 7 proposed by the International Accounting Standards Board (IASB) allow for the reclassification of certain financial instruments from available-for-trade and available-for-sale classes to the “loans and receivables” class effective as of 1 July 2008.

Based on the carried out analysis, and especially due to the fact that there is no active market, the Bank took a decision on re-classification of some of the held debt instruments from AFS class to the loans and receivables one. The above refers to three portfolios.

- T-eurobonds portfolio

  These instruments were being purchased by the Bank to the AFS portfolio throughout 2008, and as of their acquisition date they were recognised as instruments hedged in the fair value hedge accounting against the interest rate risk. IRS transactions were used as hedging instruments. As of 1 October 2008, the AFS eurobonds from the portfolio were reclassified to the loans and receivables portfolio. The above reclassification had no impact on P&L. The hedging connection existing as at the reclassification date was broken, and replaced with a newly created connection between the IRS transactions held by the Bank and eurobonds classified to the loans and receivables portfolio. After the change of the method of recognition, they are shown now in note no. 11.

- Corporate and municipal bonds portfolio

  The Bank took a decision to reclassify the portfolio of the total nominal value of PLN 345 million from AFS class to loans and receivables one. It was done on 19 December 2008 and had no impact on P&L. After the change of the method of recognition, they are shown now in note no. 11.

- NBP bonds
  The Bank took a decision to classify the single bond issued by NBP of the face value of PLN 499 million to the loans and receivables class as of 19 December 2008. After the change of the method of recognition, they are shown now in note no. 7.

Detailed accounting principles are presented in the semi-annual report for H1 2008.

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

3. Estimates

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.

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 the basis of other sources. The estimates reflect the reasons for/ sources of uncertainties as at the balance sheet date.

The actual results may differ from estimates.

The estimations and assumptions are reviewed on an on-going basis. 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 adopted by the Group are as follows:

Impairment of loans

At 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 is 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 from the prior periods that are not currently present.
In order to estimate impairment or its recovery, 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 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 using 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 by adjusting a carrying amount of the financial asset. The amount of the reversal shall be recognised in profit or loss account up to the value of prior impairment.
The methodology and the assumptions, on the basis of which the estimated cash flows and their anticipated timing are determined, are regularly reviewed and updated. Moreover, the tests on historical data are carried out in order to compare actual results with estimations of impairment.

Credit risk connected with derivative instruments

The approach applied by the Bank to estimate the credit risk related to the derivatives with the future due date (active transactions, non-cleared as of the end-of-year) is in line with the approach applied by the Bank to appraise the credit risk resulting from the credit receivables. Adjustments of measurements are estimated at the level of a single client applying the following formula for that: PD*LGD*EAD, where:

- PD (probability of default – in %) is the probability resulting from the appraisal of the risk assigned by the Bank to the client based on the current assessment of the client's financial standing. To make the assessment as correct as possible, the clients' financial data take account of the effects of the measurements of derivatives concluded with the Bank, and if it is known to the Bank, the effects of the measurements of transactions concluded with other banks. The same PD parameter is used in the process of establishing provisions against credit risk.
- EAD (Exposure At Default – in PLN): valid - as of the estimates date - market measurement of the exposure resulting from the transaction on derivatives concluded with the Bank. EAD is used to measure the client's exposure in the Bank. Calculating EAD, the Bank takes into account also whether the client signed a master agreement with the Bank allowing for netting

transactions with positive and negative measurements when the agreement is terminated either by the Bank or by the client. Such agreements lower EAD.

- LGD (loss given default – in %): this parameter is calculated taking into account the collateral (if any) presented by the client to the Bank; whereas for each non-collateralized exposure, we use LGD for the non-collateralized exposure class (the same value that is used to assess provisions against the credit risk for credit exposures). However, there is an exception to the said general rule, as the Bank applies individual LGD to the cases when the exposure measured at its market value is substantial and PD shows at least 50% probability of bankruptcy. Individual LGDs are almost always higher than LGD obtained by applying the model.

Additionally, for the matured transactions or the ones that were terminated and not cleared as of the year end, the Bank made write-downs using for that the method applied to the credit risk appraisal regarding the impaired loans.

The two above types of charges were recognised differently in the financial reporting. Charges related to the risk pertaining to the non-matured transactions were presented under *P&L on financial instruments recognised through P&L and revaluation*, whereas for the matured transactions under *Financial assets impairment loss and provisions against off-balance sheet liabilities.*

Impairment of other non-current assets

At each balance sheet date, the Group assesses the existence of circumstances indicating of impairment of a non-current asset. If such indicators exist, the Group performs an estimation of recoverable value. Estimation of value-in-use of a non-current asset (or cash generating unit) 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 assumptions 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

The fair value of financial instruments not quoted on active markets is measured using valuation models. 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 before/prior to their usage. Where possible, in models the Group uses observable data from active markets. However, the Group also adopts assumptions as to probability (as credit risk, variables and market correlations). 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.

Starting from December 2007, the Bank changed the accounting methodology as to the recognition of provisions for retirement allowance by adopting the corridor approach for recognising a specific part of the cumulated net actuarial gains and losses.
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)

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. Following that change, the Bank presents in the balance sheet the net value of the liability comprising the current value of the liability and unrecognised actuarial gains/ losses.

Provisions for the bonus for employees and top executives

Provisions for the bonus for employees shall be set in the amount resulting from the effective bonus regulations.
The provisions for top executive staff bonuses are estimated by the Management Board of the Group parent entity which calculates the amount of benefits as of the balance-sheet date. The final amount of the bonuses is approved by the Supervisory Boards of the Group's Companies.

Uncertainty of the estimates

In 2008, the Bank carried out an additional assessment of the level of the risk related to FX options. The appraisal was made as of the balance sheet date, assuming the measurement level as of that date, and taking into account the risk appraisal performed as of the same date. The Bank will perform periodical appraisal of the financial standing of the clients holding similar instruments. The following key factors taken into account in case of changes of risk estimates are: (i) changes of measurement at the fair value of derivatives, (ii) changes in the scope of the credit risk appraisal of the contracting parties by the Bank.

4. Comparability of financial data

In the financial statements covering the period from 1 January 2008 to 31 December 2008, the Bank introduced changes compared with the statements for the period from 1 January 2007 to 30 September 2007 with regard to the presentation of some items of the income statement.

The changes derive from an in-depth analysis of the economic contents for individual operations as well as their assignment to relevant items of the income statement.

The most important change consists in moving the missing part of the transactional margin in the amount of PLN 30.7 million from the "Foreign exchange result" to the "Commission income".

5. Supplementary Data to Profit and Loss Account and Balance Sheet Positions

1 Net interest income	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
Interest expense and similar charges				
- Deposits from banks	132 238	664 248	217 883	869 739
- Deposits from customers	440 370	1 483 360	276 255	923 330
- Debt securities	369 344	1 221 285	179 779	682 786
- Other	12 232	29 209	3 271	4 833
	954 184	**3 398 102**	**677 188**	**2 480 688**
Interest expense and similar charges				
- Deposits from banks	38 996	191 823	33 831	109 445
- Deposits from customers	556 204	1 973 062	360 180	1 231 297
- Loans and advances	249	258	272	2 319
- Reverse repos	54 890	80 942	15 776	89 757
	650 339	**2 246 085**	**410 059**	**1 432 818**
Net interest income	**303 845**	**1 152 017**	**267 129**	**1 047 870**
- Swap points (which are presented in the item "Result on financial instruments carried through profit and loss and revaluation")	56 824	146 013	-5 547	-66 137
Net interest income including swap points	**360 669**	**1 298 030**	**261 582**	**981 733**

In accordance with IAS the Bank excludes the swap points from the net interest income calculation. However the Bank takes a stand that for analysis purposes the both items should be presented together.

2 Net commission income	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
Commission income				
- Commission related to brokerage activity	17 225	75 410	31 080	124 861
- Commission related to keeping accounts	76 146	287 793	68 280	266 495
- Commission related to loans and advances	32 740	122 882	29 749	109 915
- Commission related to loans and advances insurance	14 951	17 625	0	0
- Commission related to payment and credit cards	49 679	184 979	40 538	142 871
- Commission related to distribution of participation units	15 363	98 549	50 097	213 206
- Fiduciary and custodian fees	6 625	29 145	1 822	26 879
- Foreign commercial business	3 791	15 800	4 690	21 603
- Commission related to subscription of structured products	4 672	23 506	0	0
- The transaction margin on currency exchange transactions	56 786	139 391	23 680	98 795
- Commission related to sales of financial products	9 427	19 362	1 969	4 209
- Other	3 789	19 742	1 673	11 314
	291 194	**1 034 184**	**253 578**	**1 020 148**
Commission expense				
- Brokerage fees	7 249	25 343	5 440	28 392
- Other commission	45 024	119 118	35 736	92 993
	52 273	**144 461**	**41 176**	**121 385**
Net commission income	**238 921**	**889 723**	**212 402**	**898 763**

3	Result on financial instruments carried through profit and loss and revaluation	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
-	Net income on financial assets and liabilities held for trading	254 905	20 073	203 874	371 973
-	Net income on financial assets and liabilities measured at fair value upon initial recognition	5 175	2 838	2 946	6 345
-	Ineffectiveness recognised in profit and loss account that arises from cash flow hedges	-185	5	0	0
-	Result on the revaluation of balance sheet items	-543 811	-48 928	-218 935	-342 197
	Result on financial instruments carried through profit and loss and revaluation	**-283 916**	**-26 012**	**-12 115**	**36 121**
	of which:				
-	Swap points	56 824	146 013	-5 547	-66 137
	Result on financial instruments carried through profit and loss and revaluation after swap poins excluding	**-340 740**	**-172 025**	**-6 568**	**102 258**

The results presented in the note were considerably affected by a number of factors. The result on valuation at fair value of available-for sale instruments was subject to:

• valuation of the portfolio of State Treasury Eurobonds classified to the portfolio of financial assets valued at fair value when initially recognised (FVO)
Those instruments were purchased by the Bank in the years 2007-2008 for EUR 417 million and hedged at the same time against the interest rate risk by Interest Rate Swap (IRS) contracts having similar characteristics, transacted at the same time. In Q4, the valuation of those instruments was considerably affected the lower market liquidity, which resulted in reducing the bonds' fair value vis-à-vis the face value or negative valuation at PLN 222,7 million.

• valuation of the State Treasury bonds and the other financial instruments
Negative impact on the result on fair value valuation of available-for-sale instruments was made by valuations of the State Treasury bonds and the other financial instruments held by the Bank. Following the unfavourable changes in parameters used for valuation purposes and material deterioration of the market liquidity, the prices of those instruments considerably fell.. It generated an additional effect in the form of negative valuation of PLN 70 million.

• valuation of such instruments as FX Options transacted with the Bank clients
Valuation of non-matured FX Options transacted with the Bank clients was adjusted with the counterparty risk charge. It was determined by the assessment of the financial standing of Bank clients and assessment of the clients' ratings reflecting the exposure risk. The valuation of FX Options transacted by the client was adjusted pro rata to the risk assessment. The total amount of FX Options valuation adjustments, referred to the result on financial instruments carried through the income statement was PLN 163 million.

4	General and administrative expenses	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
-	Personnel expenses	209 621	782 539	198 842	700 442
-	Other	144 940	724 341	150 150	680 131
	Total	**354 561**	**1 506 880**	**348 992**	**1 380 573**

5	Impairment losses and provisions for off-balance sheet liabilities	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
	Impairment losses	183 065	556 644	72 730	288 172
	Reversed impairment losses	-66 806	-491 043	-78 543	-391 369
	Net impairment losses and provisions for off-balance sheet liabilities	**116 259**	**65 601**	**-5 813**	**-103 197**

6	Share in net profit (loss) of associated entities recognised under the equity method	IV quarter 2008	4 quarters 2008	IV quarter 2007	4 quarters 2007
-	ING Powszechne Towarzystwo Emerytalne S.A.	9 386	48 232	10 700	43 598
	Total	**9 386**	**48 232**	**10 700**	**43 598**

7 Cash in hand and balances with the Central Bank	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Cash in hand	946 212	641 741	678 072	513 266
- Balances with the Central Bank	423 583	1 509 526	1 163 653	1 079 739
- NBP bonds reclassified from available-for-sale portfolio	518 910	0	0	0
Total	**1 888 705**	**2 151 267**	**1 841 725**	**1 593 005**

8 Loans and receivables to other banks	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Current accounts	276 337	484 761	359 874	100 615
- interbank deposits	5 600 124	5 992 569	14 347 480	16 940 437
- other receivables	1 285 503	625 219	367 211	415 205
- loans and advances	*452 188*	*488 459*	*301 384*	*295 292*
- reverse repo transactions	*793 247*	*0*	*0*	*0*
- other receivables	*40 068*	*136 760*	*65 827*	*119 913*
- accrued interest	109 018	142 166	109 791	77 143
Total (gross)	**7 270 982**	**7 244 715**	**15 184 356**	**17 533 400**
Impairment losses	-2 667	-193	-691	-655
Total (net)	**7 268 315**	**7 244 522**	**15 183 665**	**17 532 745**

9 Financial assets at fair value through profit or loss	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Financial assets held for trading	10 696 683	8 726 637	6 062 786	6 463 273
Debt instruments	*6 115 950*	*7 100 099*	*4 373 230*	*5 318 433*
Equity instruments	*968*	*4 922*	*38 530*	*696*
Derivative financial instruments	*4 579 765*	*1 621 616*	*1 651 026*	*1 144 144*
- Financial assets designated as at fair value upon initial recognition	4 431 901	4 091 262	1 844 778	1 780 602
Deposits	*2 246 725*	*2 144 986*	*0*	*0*
Debt instruments	*1 822 654*	*1 576 550*	*1 513 211*	*1 514 681*
Repo transactions	*362 522*	*369 726*	*331 567*	*265 921*
Total	**15 128 584**	**12 817 899**	**7 907 564**	**8 243 875**

10 Investments	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Available-for-sale financial assets	10 739 090	12 385 200	8 547 497	8 529 219
Debt instruments, including:	*10 730 536*	*12 374 624*	*8 524 148*	*8 510 648*
hedged items in fair value hedging	*3 235 793*	*4 246 574*	*435 531*	*151 006*
Equity instruments	*8 554*	*10 576*	*23 349*	*18 571*
- Held-to-maturity financial assets	7 311 832	7 325 513	840 776	620 643
Debt instruments	*7 311 832*	*7 325 513*	*840 776*	*620 643*
Total	**18 050 922**	**19 710 713**	**9 388 273**	**9 149 862**

11 Loans and receivables to customers	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
Loans and other receivables to entities from the financial sector other than banks				
- loans and advances	2 919 042	2 912 778	2 225 200	2 057 595
- in the current account	*382 611*	*399 322*	*378 909*	*432 017*
- term ones	*2 536 431*	*2 513 456*	*1 846 291*	*1 625 578*
- reverse repo transactions	158 011	71 002	0	0
- other receivables	98 173	153 550	110 040	68 299
- accrued interest	6 216	5 915	7 413	4 322
Total (gross)	**3 181 442**	**3 143 245**	**2 342 653**	**2 130 216**
Impairment losses	-2 045	-3 219	-5 840	-4 496
Total (net)	**3 179 397**	**3 140 026**	**2 336 813**	**2 125 720**
Loans and other receivables to entities from the non-financial sector				
- loans and advances granted to business entities	12 272 539	11 870 016	8 896 590	8 505 374
- in the current account	*3 929 472*	*4 327 438*	*3 103 368*	*3 151 530*
- term ones	*8 343 067*	*7 542 578*	*5 793 222*	*5 353 844*
- loans and advances granted to households	7 417 778	6 585 216	4 928 295	4 603 157
- in the current account	*1 088 247*	*1 139 951*	*965 928*	*1 014 106*
- term ones	*6 329 531*	*5 445 265*	*3 962 367*	*3 589 051*
- debt securities, of which:	559 378	0	0	0
- reclassified from available-for-sale portfolio	294 184	0	0	0
- other receivables	69 436	84 074	57 128	129 327
- accrued interest	35 531	30 167	18 690	24 410
Total (gross)	**20 354 662**	**18 569 473**	**13 900 703**	**13 262 268**
Impairment losses	-482 274	-378 770	-526 101	-521 780
Total (net)	**19 872 388**	**18 190 703**	**13 374 602**	**12 740 488**
Loans and other receivables to entities from the government and self-government institutions' sector				
- loans and advances	970 411	685 620	695 188	610 748
- in the current account	*11 852*	*12 848*	*9 871*	*10 255*
- term ones	*958 559*	*672 772*	*685 317*	*600 493*
- debt securities, of which:	1 735 062	0	0	0
- reclassified from available-for-sale portfolio, of which:	*1 688 407*	*0*	*0*	*0*
- hedged items in fair value hedging	*1 654 003*	*0*	*0*	*0*
- other receivables	32	31	0	0
- accrued interest	3 488	2 438	2 031	3 256
Total (gross)	**2 708 993**	**688 089**	**697 219**	**614 004**
Impairment losses	-17 939	-17 199	-29 496	-30 784
Total (net)	**2 691 054**	**670 890**	**667 723**	**583 220**
Loans and other receivables to customers - TOTAL				
- loans and advances	23 579 770	22 053 630	16 745 273	15 776 874
- reverse repo transactions	158 011	71 002	0	0
- debt securities	2 294 440	0	0	0
- other receivables	167 641	237 655	167 168	197 626
- accrued interest	45 235	38 520	28 134	31 988
Loans and other receivables to customers – gross	**26 245 097**	**22 400 807**	**16 940 575**	**16 006 488**
Impairment losses	-502 258	-399 188	-561 437	-557 060
Loans and other receivables to customers – net	**25 742 839**	**22 001 619**	**16 379 138**	**15 449 428**

12 Property, plant and equipment	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Real estate and investments in third-party non-current assets	390 086	386 207	404 290	411 366
- Computer hardware	40 978	40 474	43 273	47 567
- Vehicles	316	177	335	410
- Other fixtures and fittings	89 649	78 660	70 854	67 345
- Constructions in progress	23 134	22 121	14 186	16 448
Total	**544 163**	**527 639**	**532 938**	**543 136**

13 Liabilities due to the Central Bank	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Lombard loan	1 400 000	0	0	0
- Repo transactions	4 501 089	0	0	0
- Accrued interest	31 027	0	0	0
Total	**5 932 116**	**0**	**0**	**0**

14 Liabilities due to other banks	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Current accounts	177 596	247 484	82 357	61 814
- Interbank deposits	3 105 104	4 811 320	1 707 059	5 395 866
- Repo transactions	2 748 418	0	0	65 337
- Other liabilities	13 682	123 630	9 457	57 366
- Accrued interest	16 068	5 630	11 322	11 813
Total	**6 060 868**	**5 188 064**	**1 810 195**	**5 592 196**

15 Financial liabilities at fair value	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- Financial liabilities held for trading	4 321 638	1 512 392	1 057 294	886 709
Derivative financial instruments	*4 321 638*	*1 512 392*	*1 057 294*	*886 709*
- Financial liabilities designated as at fair value upon initial recognition	652 904	1 681 924	102 716	1 126 056
Sell-buy-back transactions	*652 904*	*1 681 924*	*102 716*	*1 126 056*
- Book short position in trading securities	172 156	76 768	54 971	177 057
Total	**5 146 698**	**3 271 084**	**1 214 981**	**2 189 822**

16 Liabilities due to customers	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
Liabilities due to entities from the financial sector other than banks				
- Deposits	4 259 382	3 227 878	2 226 226	2 398 150
- current accounts	*1 268 152*	*1 789 856*	*1 229 825*	*1 707 730*
- term deposit	*2 991 230*	*1 438 022*	*996 401*	*690 420*
- Repo transactions	163 499	273 944	725 974	979 553
- Other liabilities	83 759	85 189	115 359	50 161
- Accrued interest	8 259	3 554	1 650	1 586
Total	**4 514 899**	**3 590 565**	**3 069 209**	**3 429 450**
Liabilities due to entities from the non-financial sector				
- Business entities' deposits	11 161 183	12 300 795	12 746 659	10 948 038
- current accounts	*7 292 099*	*7 481 445*	*7 970 381*	*6 353 767*
- term deposit	*3 869 084*	*4 819 350*	*4 776 278*	*4 594 271*
- Households' deposits	27 893 380	32 135 241	25 356 471	23 297 999
- current accounts	*3 796 100*	*2 313 046*	*2 603 797*	*2 254 143*
- savings accounts and term accounts	*24 097 280*	*29 822 195*	*22 752 674*	*21 043 856*
- Repo transactions	18 244	25 074	128 000	82 983
- Other liabilities	492 090	544 538	571 867	606 449
- Accrued interest	64 706	107 752	50 559	60 309
Total	**39 629 603**	**45 113 400**	**38 853 556**	**34 995 778**
Liabilities due to entities from the government and self-government institutions' sector				
- Deposits	2 883 978	2 559 296	2 571 234	2 221 358
- current accounts	*2 400 751*	*1 176 133*	*2 028 882*	*1 104 887*
- term deposit	*483 227*	*1 383 163*	*542 352*	*1 116 471*
- Repo transactions	20 001	0	0	0
- Other liabilities	15 972	2 126	6 683	9 350
- Accrued interest	2 465	3 643	1 155	2 152
Total	**2 922 416**	**2 565 065**	**2 579 072**	**2 232 860**
Liabilities due to customers – TOTAL				
- Deposits	46 197 923	50 223 210	42 900 590	38 865 545
- Repo transactions	201 744	299 018	853 974	1 062 536
- Other liabilities	591 821	631 853	693 909	665 960
- Accrued interest	75 430	114 949	53 364	64 047
Total	**47 066 918**	**51 269 030**	**44 501 837**	**40 658 088**

17 Provisions	stan na 31 Dec 2008	stan na 30 Sep 2008	stan na 31 Dec 2007	stan na 30 Sep 2007
- provision for disputes	16 722	33 672	29 294	29 527
- provision for off-balance sheet liabilities	9 281	22 115	23 933	23 313
- provision for retirement benefits	12 544	11 839	11 839	10 899
- provision for unused holidays	7 993	9 876	7 441	12 148
- provision for employment restructuring	4 039	0	0	0
Total	**50 579**	**77 502**	**72 507**	**75 887**

6. Quality of Credit Portfolio

At the end of December 2008, the value of impaired loans was PLN 503 million vis-à-vis PLN 508 million year-to-year. The share of the impaired portfolio fell from 2.97% in December 2007 to 2.08% in December 2008.

The table below presents the quality of the credit portfolio of ING Bank Śląski (PLN million).

PLN million	**31.12.2008**	**30.09.2008**	**30.06.2008**	**31.03.2008**	**31.12.2007**
Exposure total	24 109	22 573	20 424	19 069	17 081
Impairment and provisions total	505	412	400	585	576
Total coverage ratio (%)	2.1%	1.8%	2.0%	3.1%	3.4%
Corporate entities	16 808	16 140	14 700	14 003	12 434
- unimpaired portfolio	*16 460*	*15 875*	*14 477*	*13 587*	*12 057*
- impaired portfolio	*348*	*265*	*223*	*416*	*377*
Impairment	258	193	185	388	364
IBNR	74	72	77	68	81
Provisions for off-balance commitments	9	7	6	7	9
Impaired portfolio coverage (%)	74.3%	72.8%	82.8%	93,4%	96.7%
Retail	7 301	6 432	5 724	5 066	4 647
- unimpaired portfolio	*7 146*	*6 290*	*5 582*	*4 933*	*4 516*
- impaired portfolio	*155*	*142*	*142*	*133*	*131*
Impairment	119	108	104	95	95
IBNR	45	32	27	26	26
Impaired portfolio coverage (%)	77.1%	76.1%	73.6%	71.4%	72.2%
Share of impaired loans in portfolio (%)	2.08%	1.81%	1.79%	2.88%	2.97%

7. Off-balance sheet items

PLN million	**31.12.2008**	**30.09.2008**	**30.06.2008**	**31.03.2008**	**31.12.2007**
Contingent liabilities granted	14 100.9	13 546.1	12 528.2	11 788.0	12 833.9
Contingent liabilities received	15 310.6	14 982.8	14 061.1	13 067.8	14 092.9
Off-balance sheet financial instruments	262 721.0	277 226.8	241 695.3	242 268.5	207 320.2
Total off-balance sheet items	**292 132.5**	**305 755.7**	**268 284.6**	**267 124.3**	**234 247.0**

Increase of the granted contingent liabilities as of 31.12.2008 by PLN 1 267.0 million as compared to the status as of 31.12.2007 results most of all from the increase of non-utilised credit lines and non-utilised overdraft on current account. On the other hand, the increase of received contingent liabilities by PLN 1 217.7 million is the effect of increase of guarantee contingent liabilities.

On 17 June 2008, an annex to the credit agreement was signed with ING Commercial Finance Polska S.A. dated 8 September 2007 which increased the amount of the credit limit by PLN 200 million. The total credit limit rose to PLN 700 million.

On 6 August 2008, a credit agreement for the amount of PLN 617 million was signed with Philip Morris Polska S.A.(referred to as the "Borrower"), Philip Morris Polska Distribution Sp. z o.o.

(referred to as the "Obligor") and Philip Morris Polska Tobacco Sp. z o.o. (referred to as the "Obligor"). The facility was rendered available in the form of the guarantee line.

On 6 August 2008, an annex to the credit agreement of 17 March 2005 was signed with Europejski Fundusz Leasingowy S.A. for funding its current operations. The total credit amount is PLN 500 million.

On 17 December 2008, the following documents were signed with ING Commercial Finance Polska S.A.:

1) annex to the credit agreement dated 8 September 2006, as amended, lowering the amount of the existing credit by PLN 300 million, as a result of which the total amount of credit currently amounts to PLN 400 million.
2) annex to the agreement on financial pledge o securities to the credit agreement dated 8 September 2006, as amended, the value of which following the change provided for in item 1) is PLN 400 million.

8. Issues, Redemption or Repayments of Debt Securities and Equities

None.

9. Dividends Paid

On 24 April 2008, the General Shareholders Meeting approved the payout of dividend for 2007 of PLN 11.70 gross per 1 share, which is equivalent to PLN 152,217,000. The dividend was paid on 2 June 2008.

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

In the period of 12 months of 2008, the Bank's properties 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 1,564,000 recognised under retained profits.

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:

PLN million	4Q2008	3Q2008	2Q2008	1Q2008	4Q2007
Status at the period beginning:	**33.7**	**30.0**	**29.3**	**29.3**	**29.5**
Establishment of provisions as costs	2.0	3.9	3.0	1.3	2.2
Release of provisions as income	-18.7	-0.1	-1.3	-0.3	-1.2
Utilisation of provision due to dispute loss or settlement	-0.3	-0.1	-1.0	-1.0	-1.3
Status as at the period end	**16.7**	**33.7**	**30.0**	**29.3**	**29.3**

In 2006, the Office of Competition and Consumer Protection (UOKiK) imposed a fine totalling PLN 164.7 million on 20 banks for reaching an agreement on commissions charged for the payment card transactions. ING Bank Śląski established a pro rata provision against the expected losses amounting to PLN 14.1 million.
With the judgement of 12 November 2008, the Court of Competition and Consumer Protection did not find out any proof for the application of any practice harmful for the competition related to the commission charged for the payment cards transactions. Thus, the provision that was established in 2006 was dissolved in Q4 2008.

Either in 4Q of 2008 or 4Q of 2007, 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.

12. 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.

13. Significant Developments after the Closing of the Interim Period

Resignation of the Bank Management Board Member

The Supervisory Board of ING Bank Śląski S.A. was informed by Mr Michał Szczurek about his resignation from the position of the Vice-President of Management Board of ING Bank Śląski S.A. as of 16 March 2009. His resignation is connected with the transfer to Retail Banking structures of ING Group in Asia.

Purchase of assets of material value

On 23 January 2009, ING BSK took up by way of closed offering 500 D-series shares of ING Bank Hipoteczny S.A. ("ING BH") at face value of PLN 50 thousand each, for the total amount of PLN 25 million. The shares were taken up as a part of raising share capital of ING BH, which is an element of a long-term strategy of building up by ING BH the portfolio of commercial real estate financed by ING Group in Poland. The funds from the new shares issue will be earmarked for further increase of lending. ING BH is a subsidiary of ING BSK. Prior to raising the ING BH share capital, it totalled PLN 113.5 million whereas after registration on 9 February 2009 the initial capital of ING BH rose to PLN 138.5 million.

Rating change

On 28 January 2009, the ratings of ING Bank Śląski S.A. ("ING BSK") assigned by Fitch Ratings Ltd. ("Fitch") and Moody's Investors Service Ltd. ("Moody's") rating agencies were reviewed. The information in this regard can be found in item V. 1. *Information about the Bank and Capital Group.*

Euro-bonds sale and purchase

In January 2009, the Bank sold Eurobonds classified as of 31 December 2008 to the FVO portfolio. The face value of the sold Eurobonds was EUR 417 million. The sale was transacted with an independent counterparty at an arm's length.

After repurchasing, the instruments were classified to the loans and receivables portfolio, and at the same time hedging connection (FVH) with the IRS instruments held by the Bank was created.

14. Transactions with Related Entities

Subsidiaries and Related Entities of ING Bank Śląski:

- ING Securities S.A.,
- ING Bank Hipoteczny S.A.,
- ING BSK Development Sp. z o.o.,
- Centrum Banku Śląskiego (CBS) Sp. z o.o. in liquidation,
- Solver Sp. z o.o.,
- ING Powszechne Towarzystwo Emerytalne S.A.,

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 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. The abovementioned transactions are carried out on an 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 1.01.2008 – 31.12.2008 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 of 2008 amounted to PLN 32.8 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 10.3 million (net).

- ING Services Polska provides services to ING Bank Śląski with regard to lease of hardware resources. The costs of service were PLN 23.4 million (gross).

- ING Bank Śląski made a transaction with ING Lease due to sublease of functional rooms totalling PLN 14.9 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 14.5 million in 12 months of 2008 (gross).

Transactions with related entities (in PLN thousands):

31.12.2008

	Parent company	**Other ING Group entities**	**Subsidiary undertakings**	**Associated undertakings**
Receivables				
Deposits placed	7 862 990	-	-	-
Nostro accounts	42 117	275 267	-	
Loans	-	1 500 219	322 367	-
Securities	-	-	20 011	-
Other receivables	5 302	23 037	2 922	-
Liabilities				
Deposits received, repo transaction	5 040 020	285 669	237 634	26 405
Loro accounts	95 026	54 750	-	-
Other liabilities	8 259	-	144	-
Off-balance-sheet operations				
Contingent liabilities	-	1 189 935	158 431	-
FX transactions	40 369 528	13 904 385	-	-
Forward transactions	673 840	1 727 057	-	-
IRS/CIRS	39 590 399	6 928 296	-	-
Options	1 499 774	1 096 749	-	-
Revenue and costs				
Revenue	187 894	46 061	11 933	213
Costs	65 668	56 184	14 051	3 094

31.12.2007

	Parent company	Other ING Group entities	Subsidiary undertakings	Associated undertakings
Receivables				
Deposits placed	5 591 481	430 723	-	-
Nostro accounts	56 722	328 476	-	-
Loans	-	1 239 202	111 420	-
Securities	-	-	30 306	-
Other receivables	74 836	19 267	2 891	-
Liabilities				
Deposits received	463 686	125 301	260 077	25 186
Loro accounts	11 703	21 858	-	-
Other liabilities	194	3 586	218	-
Off-balance-sheet operations				
Contingent liabilities	-	54 119	172 027	-
FX transactions	18 324 755	3 567 716	-	-
Forward transactions	697 396	284 620	-	-
IRS/CIRS	28 436 925	507 509	-	-
FRA	1 551 148	300 088	-	-
Options	886 291	311 857	-	-
Revenue and costs				
Revenue	208 140	49 711	17 058	202
Costs	103 292	45 078	29 585	2 408

15. Segmentation of Revenue and Financial Results of the Group

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 (personal 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, big 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 parent 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 wholesale 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, costs, results, assets and liabilities for a given segment account for elements that are directly attributable to the segment in question, as well as element that may be attributed to that segment based on reasonable premises.

PLN thousand	31.12.2008						31.12.2007					
	Retail customers segment	Corporate customers segment	Own operations		Non-allocated items	Total	Retail customers segment	Corporate customers segment	Own operations		Non-allocated items	Total
			Proprietary trading	ALCO					Proprietary trading	ALCO		
Revenue total	**1 271 880**	**814 076**	**59 181**	**-17 441**		**2 127 696**	**1 208 801**	**749 677**	**42 281**	**72 142**		**2 072 902**
Core business	**1 247 092**	**768 612**	**44 061**	**67 931**		**2 127 696**	**1 191 807**	**720 423**	**34 023**	**126 649**		**2 072 902**
Income on lending	282 024	236 214				518 238	223 791	207 662				431 454
Interest income external	*539 622*	*1 002 992*					*339 182*	*638 137*				
Interest cost internal	*-334 816*	*-840 003*					*-173 522*	*-512 229*				
Income on fees/other income	*77 218*	*73 224*					*58 131*	*81 754*				
Income on deposits	640 919	309 728				950 647	616 007	276 522				892 529
Interest,costs external	*-1 248 955*	*-369 972*					*-719 888*	*-368 122*				
Interest income internal	*1 601 967*	*571 880*					*1 091 432*	*534 934*				
Income on fees/ other income	*287 907*	*107 820*					*244 462*	*109 710*				
Income on mutual funds	108 728					108 728	203 096					203 096
Income on brokerage and custody	30 173	57 977				88 150	47 184	87 490				134 675
Other income on core business	-22 241	-7 599	375 610	67 931		413 701	-10 950	-2 077	253 929	126 649		367 551
FM products sales	159 257	172 293	-331 549			0	69 081	150 825	-219 906			0
Income on Pension Funds Shares	48 232					48 232	43 598					43 598
Result on economic capital	24 788	45 464	15 120	-85 373		0	16 994	29 255	8 259	-54 507		0
Expenses total	**956 686**	**484 827**	**58 531**	**3 331**	**-4 343**	**1 499 032**	**884 173**	**451 646**	**54 850**	**2 561**	**-4 119**	**1 389 110**
Operational costs	956 686	484 827	58 531	3 331	-4 343	1 499 032	884 173	451 646	54 850	2 561	-4 119	1 389 110
including depreciation	*99 509*	*27 268*	*6 605*	*415*		*133 797*	*115 129*	*31 549*	*7 642*	*480*		*154 799*
Result before risk	**315 195**	**329 249**	**650**	**-20 772**	**4 343**	**628 664**	**324 629**	**298 032**	**-12 569**	**69 581**	**4 119**	**683 792**
Risk cost	10 181	55 420	0	0		65 601	-40 020	-63 177	0	0		-103 197
Result before tax	**305 014**	**273 829**	**650**	**-20 772**	**4 343**	**563 063**	**364 649**	**361 209**	**-12 569**	**69 581**	**4 119**	**786 989**
CIT						117 645						150 167
Result after tax						**445 418**						**636 822**
- assigned to shareholders of the holding company						**445 413**						**630 724**
- assigned to minority shareholders						5						6 098

ING Bank Śląski profit and loss account (quarterly layout, consolidated)

PLN million	2007				2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retail banking	299.6	306.9	299.8	285.6	284.4	339.1	323.1	300.5
Corporate banking	183.3	173.1	184.5	179.5	208.3	203.8	205.7	150.8
Own operations	55.3	41.1	57.1	7.2	88.5	81.8	90.5	-148.9
Income total	**538.2**	**521.1**	**541.3**	**472.4**	**581.2**	**624.7**	**619.3**	**302.4**
Operational expenses, including:	**335.1**	**343.9**	**355.9**	**354.3**	**366.5**	**388.7**	**406.4**	**337.4**
Personnel costs	154.6	171.9	175.1	198.8	181.3	182.9	208.7	209.6
Other expenses	180.5	172.0	180.8	155.4	185.2	205.8	197.7	127.8
Result before risk costs	**203.1**	**177.2**	**185.4**	**118.1**	**214.7**	**236.0**	**212.9**	**-34.9**
Risk costs	6.3	26.7	64.4	5.8	-0.4	58.6	-7.5	-116.3
Result before tax	**209.4**	**203.9**	**249.8**	**123.9**	**214.3**	**294.6**	**205.4**	**-151.2**
CIT	-38.6	-34.3	-50.8	-26.4	-40.6	-60.9	-38.4	22.2
Result after tax	**170.8**	**169.5**	**199.1**	**97.5**	**173.7**	**233.8**	**166.9**	**-129.0**
- assigned to shareholders of the holding company	**167.4**	**167.8**	**198.1**	**97.5**	**173.7**	**233.8**	**166.9**	**-128.9**
- assigned to minority shareholders	3.3	1.8	1.0	0.0	0.0	0.0	0.1	0.0

16. Selected Financial Data from Financial Statements

	PLN thousand		*EUR thousand*	
	4Q 2008 *period from 01.01.2008 to 31.12.2008*	**4Q 2007** *period from 01.01.2007 to 31.12.2007*	**4Q 2008** *period from 01.01.2008 to 31.12.2008*	**4Q 2007** *period from 01.01.2007 to 31.12.2007*
Interest income	3 398 102	2 480 688	962 063	656 823
Commission income	1 034 184	1 020 148	292 796	270 109
Result on basic activities	2 079 464	2 029 304	588 733	537 308
Result before tax	563 063	786 989	159 413	208 375
Net result of shareholders of the holding company	445 413	630 724	126 104	167 000
Net result of minority shareholders	5	6 098	1	1 615
Net cash flows	-739 393	-3 290 461	-209 335	-871 230
Earnings per ordinary share (PLN / EUR)	34.24	48.48	9.69	12.84

	PLN thousand		*EUR thousand*	
	4 quarters 2008 *as at 31.12.2008*	**4 quarters 2007** *as at 31.12.2007*	**4 quarters 2008** *as at 31.12.2008*	**4 quarters 2007** *as at 31.12.2007*
Total assets	69 610 475	52 010 860	16 683 557	14 520 061
Equity of the holding company	4 222 130	3 838 783	1 011 919	1 071 687
Share capital	130 100	130 100	31 181	36 320
Numer of shares	13 010 000	13 010 000	-	-
Book value per share (PLN / EUR)	324.53	295.06	77.78	82.37
Solvency ratio (%)	10.39%	13.12%	-	-

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

- for balance-sheet items – PLN 4.1724 NBP exchange rate of 31.12.2008; 3.5820 NBP exchange rate of 31.12.2007,
- for income statement items for 31.12.2008 – PLN 3.5321 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1Q, 2Q, 3Q and 4Q2008; 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 4Q2007.

VI. Standalone Financial Statement of the Bank

PROFIT AND LOSS ACCOUNT (PLN '000)	**IV quarter 2008** the period from 01 Oct 2008 to 31 Dec 2008	**4 quarters 2008** the period from 01 Jan 2008 to 31 Dec 2008	**IV quarter 2007** the period from 01 Oct 2007 to 31 Dec 2007	**4 quarters 2007** the period from 01 Jan 2007 to 31 Dec 2007
Interest income	*950 891*	*3 385 878*	*675 551*	*2 483 337*
Interest expenses	*653 332*	*2 259 371*	*412 802*	*1 443 364*
Net interest income	**297 559**	**1 126 507**	**262 749**	**1 039 973**
Commission income	*273 052*	*954 853*	*220 421*	*889 398*
Commission expenses	*46 805*	*123 990*	*32 613*	*92 489*
Net commission income	**226 247**	**830 863**	**187 808**	**796 909**
Net income on investment financial assets	13 429	147 077	-627	117 256
Net income on instruments measured at fair value through profit and loss and revaluation	-285 232	-29 848	-15 858	28 756
Other operating income and expenses	19 430	7 598	-2 128	7 721
Result on basic activities	**271 433**	**2 082 197**	**431 944**	**1 990 615**
General and administrative expenses	344 842	1 459 691	329 766	1 339 826
Other expenses	-17 195	-7 957	5 810	8 947
Impairment losses and provisions for off-balance sheet liabilities	116 024	66 592	-5 604	-103 344
Profit (loss) before tax	**-172 238**	**563 871**	**101 972**	**745 186**
Income tax	-21 130	108 308	22 580	135 033
Net result for the current year	**-151 108**	**455 563**	**79 392**	**610 153**

Net profit (loss)	**455 563**	**610 153**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**35,02**	**46,90**
Diluted weighted average number of ordinary shares	13 010 000	13 010 000
Diluted earnings per ordinary share (PLN)	35,02	46,90

BALANCE SHEET (PLN '000)	4 quarters 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008	4 quarters 2007 as of 31 Dec 2007	3 quarters 2007 as of 30 Sep 2007
ASSETS				
- Cash in hand and balances with the Central Bank	1 888 687	2 151 252	1 841 720	1 592 993
- Loans and receivables to other banks	7 575 271	7 298 108	15 238 778	17 515 463
- Financial assets measured at fair value through profit and loss	15 127 616	12 812 977	7 869 034	8 245 715
- Investments	18 050 736	19 760 915	9 418 393	9 179 962
- available-for-sale	*10 738 904*	*12 435 402*	*8 577 617*	*8 559 319*
- held-to-maturity	*7 311 832*	*7 325 513*	*840 776*	*620 643*
- Derivative hedge instruments	197 003	70 405	4 572	1 439
- Loans and receivables to customers	25 277 781	21 582 667	16 049 702	15 504 182
- Investments in controlled entities	210 569	210 569	210 569	159 381
- Investment real estates	151 458	135 845	144 713	0
- Property, plant and equipment	529 256	516 699	521 243	375 779
- Intangible assets	314 790	308 046	317 801	317 939
- Property, plant and equipment held for sale	248	228	241	232
- Current tax asset	0	0	25 256	0
- Deferred tax asset	45 994	15 483	45 001	35 053
- Other assets	166 476	191 679	139 403	132 374
Total assets	**69 535 885**	**65 054 873**	**51 826 426**	**53 060 512**
EQUITY AND LIABILITIES				
LIABILITIES				
- Liabilities due to the Central Bank	5 932 116	0	0	0
- Liabilities due to other banks	6 063 785	5 086 762	1 812 283	5 552 186
- Financial liabilities measured at fair value through profit and loss	5 146 698	3 271 084	1 214 981	2 189 822
- Derivative hedge instruments	420 047	110 771	0	0
- Liabilities due to customers	47 165 612	51 301 764	44 502 189	40 681 556
- Provisions	49 304	75 902	70 904	74 576
- Current income tax liabilities	38 851	45 877	0	3 745
- Other liabilities	652 523	1 017 981	556 615	892 854
Total liabilities	**65 468 936**	**60 910 141**	**48 156 972**	**49 394 739**
EQUITY				
- Share capital	130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value	956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets	-100 981	-127 476	-149 591	-76 911
- Revaluation reserve from measurement of property, plant and equipment	36 018	36 029	37 154	40 193
- Revaluation reserve from measurement of cash flow hedging instruments	45 581	2 075	0	0
- Retained earnings	2 999 981	3 147 754	2 695 541	2 616 141
Total equity	**4 066 949**	**4 144 732**	**3 669 454**	**3 665 773**
Total equity and liabilities	**69 535 885**	**65 054 873**	**51 826 426**	**53 060 512**

Solvency ratio	**9,82%**	**11,31%**	**12,03%**	**12,17%**

Book value	**4 066 949**	**4 144 732**	**3 669 454**	**3 665 773**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**312,60**	**318,58**	**282,05**	**281,77**

STATEMENT OF CHANGES IN EQUITY (PLN '000)

4 quarters 2008
the period from 01 Jan 2008 to 31 Dec 2008

	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	Revaluation reserve from measurement of cash flow hedging instruments	Retained earnings	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-149 591**	**37 154**	**0**	**2 695 541**	**3 669 454**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	240 225	-	-	-	**240 225**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	-192 191	-	-	-	**-192 191**
- adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	576	-	-	-	**576**
- disposal of property, plant and equipment	-	-	-	-569	-	1 094	**525**
- remeasurement of property, plant and equipment	-	-	-	-567	-	-	**-567**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	45 581	-	**45 581**
- dividends paid	-	-	-	-	-	-152 217	**-152 217**
- net result for the current period	-	-	-	-	-	455 563	**455 563**
Closing balance of equity	**130 100**	**956 250**	**-100 981**	**36 018**	**45 581**	**2 999 981**	**4 066 949**

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	Revaluation reserve from measurement of cash flow hedging instruments	Retained earnings	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**42 830**	**40 458**	**0**	**2 446 336**	**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**
Closing balance of equity	**130 100**	**956 250**	**-149 591**	**37 154**	**0**	**2 695 541**	**3 669 454**

CASH FLOW STATEMENT (PLN '000)	4 quarters 2008 the period from 01 Jan 2008 to 31 Dec 2008	4 quarters 2007 the period from 01 Jan 2007 to 31 Dec 2007
OPERATING ACTIVITIES		
Net profit (loss)	**455 563**	**610 153**
Adjustments	**-984 524**	**-3 101 531**
- Depreciation and amortisation	131 764	150 765
- Interest accrued (from the profit and loss account)	1 126 507	1 039 973
- Interest received/paid	-890 854	-1 047 408
- Dividends received	-109 589	-94 238
- Gains (losses) on investment activities	-671	6
- Income tax (from the profit and loss account)	108 308	135 033
- Income tax paid	-45 194	-240 896
- Change in provisions	-21 600	-17 929
- Change in loans and other receivables to other banks	7 417 675	-5 799 477
- Change in financial assets at fair value through profit or loss	-7 312 036	-850 151
- Change in available-for-sale financial assets	-4 729 581	3 976 028
- Change in held-to-maturity financial assets	-6 639 365	-850 837
- Change in derivative hedge instruments	273 197	-4 572
- Change in loans and other receivables to customers	-7 248 578	-3 071 379
- Change in other assets	-23 020	40 194
- Change in liabilities due to other banks	10 199 690	-276 799
- Change in liabilities at fair value through profit or loss	3 931 717	-1 896 232
- Change in liabilities due to customers	2 751 198	5 896 716
- Change in other liabilities	95 908	-190 328
Net cash flow from operating activities	**-528 961**	**-2 491 378**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-96 485	-254 794
- Purchase of property plant and equipment in investment property	0	-186 053
- Disposal of property, plant and equipment	1 123	1 936
- Purchase of intangible assets	-52 096	-60 081
- Purchase of investments in subordinated entities	0	-82 471
- Disposal of fixed assets held for sale	516	4 416
- Dividends received	109 589	94 238
Net cash flow from investment activities	**-37 353**	**-482 809**
FINANCIAL ACTIVITIES		
- Long-term loans repaid	0	-19 140
- Interest on long-term loans repaid	0	-1 763
- Dividends paid	-152 217	-362 979
Net cash flow from financial activities	**-152 217**	**-383 882**
Effect of exchange rate changes on cash and cash equivalents	***283 545***	***-72 874***
Net increase/decrease in cash and cash equivalents	**-718 531**	**-3 358 069**
Opening balance of cash and cash equivalents	**4 816 455**	**8 174 524**
Closing balance of cash and cash equivalents	**4 097 924**	**4 816 455**