2009

Interim Consolidated Financial Statements of the ING Bank Śląski S.A. Group for the IV quarter 2009

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I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN '000)

	Note	IV quarter 2009 the period from 01 Oct 2009 to 31 Dec 2009	4 quarters 2009 the period from 01 Jan 2009 to 31 Dec 2009	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
Interest income	5.1	*726 548*	*3 116 760*	*954 184*	*3 398 102*
Interest expenses	5.1	*356 545*	*1 674 666*	*650 339*	*2 246 085*
Net interest income	5.1	**370 003**	**1 442 094**	**303 845**	**1 152 017**
Commission income	5.2	*263 188*	*1 020 341*	*268 485*	*977 743*
Commission expenses	5.2	*48 225*	*120 667*	*29 564*	*88 020*
Net commission income	5.2	**214 963**	**899 674**	**238 921**	**889 723**
Net income on investment	5.3	-49 666	-114 203	13 444	44 723
Net income on instruments measured at fair value through profit and loss and FX result	5.4	58 307	260 718	-283 916	-26 012
Net income on other basic activities	5.5	-24 133	-8 081	21 044	19 013
Result on basic activities		**569 474**	**2 480 202**	**293 338**	**2 079 464**
General and administrative expenses	5.6	349 261	1 487 756	354 526	1 506 880
Result on other operating income and expenses		-1 770	-1 731	17 132	7 848
Impairment losses and provisions for off-balance sheet liabilities	5.7	84 761	304 454	116 536	65 601
Share in net profit (loss) of associated entities recognised under the equity method	5.8	16 058	52 082	9 386	48 232
Profit (loss) before tax		**149 740**	**738 343**	**-151 206**	**563 063**
Income tax		28 936	143 277	-22 212	117 645
Net profit (loss)		**120 804**	**595 066**	**-128 994**	**445 418**
- assigned to shareholders of the holding company		**120 802**	**595 052**	**-128 949**	**445 413**
- assigned to minority shareholders		2	14	-45	5

Net profit (loss) assigned to shareholders of the holding company	**120 802**	**595 052**	**-128 949**	**445 413**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**9,29**	**45,74**	**-9,91**	**34,24**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	IV quarter 2009 the period from 01 Oct 2009 to 31 Dec 2009	**4 quarters 2009** the period from 01 Jan 2009 to 31 Dec 2009	**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
Net result for the period	**120 804**	**595 066**	**-128 994**	**445 418**
Gains/losses on remeasurement of available-for-sale financial assets charged to equity	26 669	96 302	153 635	240 366
including deferred tax	*-6 269*	*-22 678*	*-36 050*	*-56 605*
Reclassified to the financial result as a result of sale of available-for-sale financial assets	8 739	794	-127 575	-192 191
including deferred tax	*-2 050*	*-186*	*29 925*	*45 082*
Adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-240	2 502	435	435
including deferred tax	*57*	*-586*	*-102*	*-102*
Remeasurement of property, plant and equipment	-1 704	-1 704	3 250	-3 990
including deferred tax	*400*	*400*	*-627*	*1 071*
Effective part of cash flow hedging instruments revaluation	-12 873	-46 549	43 506	45 581
including deferred tax	*3 020*	*10 919*	*-10 205*	*-10 692*
Revaluation of share-based payment	818	15 846	0	0
including deferred tax	*0*	*-2 503*	*0*	*0*
Other	0	25	553	525
including deferred tax	*0*	*10*	*3*	*134*
Other comprehensive income (loss)	**21 409**	**67 216**	**73 804**	**90 726**
Total comprehensive income for the period	**142 213**	**662 282**	**-55 190**	**536 144**
Total comprehensive income				
- assigned to shareholders of the holding company	142 211	662 268	-55 145	536 139
- assigned to minority shareholders	2	14	-45	5
Total comprehensive income for the period	**142 213**	**662 282**	**-55 190**	**536 144**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN '000)

	Note	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
A S S E T S					
- Cash in hand and balances with the Central Bank		2 656 593	1 685 972	1 369 795	2 151 267
- Loans and receivables to other banks	5.9	1 184 103	3 639 939	7 787 225	7 244 522
- Financial assets measured at fair value through profit and loss	5.10	8 267 661	12 177 694	10 548 819	11 196 283
- Valuation of derivatives		1 566 652	1 953 334	4 579 765	1 621 616
- Investments	5.11	14 166 281	14 334 484	18 050 922	19 710 713
- available-for-sale		*6 835 875*	*6 990 808*	*10 739 090*	*12 385 200*
- held-to-maturity		*7 330 406*	*7 343 676*	*7 311 832*	*7 325 513*
- Derivative hedge instruments		90 444	64 605	197 003	70 405
- Loans and receivables to customers	5.12	30 592 794	29 049 972	25 742 839	21 986 791
- Investments in controlled entities		115 600	99 542	107 261	97 875
- Investment real estates		129 667	151 458	151 458	135 845
- Property, plant and equipment	5.14	548 847	541 341	544 163	527 639
- Intangible assets		327 343	316 369	316 187	309 454
- Property, plant and equipment held for sale		224	224	248	228
- Current tax asset		762	0	142	0
- Deferred tax asset		86 447	34 337	48 651	19 077
- Other assets		150 038	207 201	165 997	190 846
T o t a l a s s e t s		**59 883 456**	**64 256 472**	**69 610 475**	**65 262 561**
E Q U I T Y A N D L I A B I L I T I E S					
LIABILITIES					
- Liabilities due to the Central Bank		0	0	5 932 116	0
- Liabilities due to other banks	5.15	3 973 786	6 395 045	6 060 868	5 188 064
- Financial liabilities measured at fair value through profit and loss	5.16	998 051	3 701 045	825 060	1 758 692
- Valuation of derivatives		1 193 944	1 341 038	4 321 638	1 512 392
- Derivative hedge instruments		482 563	493 729	420 047	110 771
- Liabilities due to customers	5.17	47 584 673	46 480 785	47 066 918	51 269 030
- Provisions	5.18	55 247	49 708	50 579	62 674
- Current income tax liabilities		156 133	101 080	39 148	46 607
- Deferred tax provision		0	0	0	0
- Other liabilities		552 348	949 543	669 672	1 034 712
T o t a l l i a b i l i t i e s		**54 996 745**	**59 511 973**	**65 386 046**	**60 982 942**
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		-1 383	-36 551	-100 981	-127 476
- Revaluation reserve from measurement of property, plant and equipment		51 115	52 819	52 864	50 200
- Revaluation reserve from measurement of cash flow hedging instruments		-968	11 905	45 581	2 075
- Revaluation of share-based payment		15 846	15 028	0	0
- Retained earnings		3 733 438	3 612 637	3 138 316	3 266 701
Equity assigned to shareholders of the holding company		**4 884 398**	**4 742 188**	**4 222 130**	**4 277 850**
- Minority equity		**2 313**	**2 311**	**2 299**	**1 769**
T o t a l e q u i t y		**4 886 711**	**4 744 499**	**4 224 429**	**4 279 619**
T o t a l e q u i t y a n d l i a b i l i t i e s		**59 883 456**	**64 256 472**	**69 610 475**	**65 262 561**

Solvency ratio	5.19	**12,01%**	**12,07%**	**10,39%**	**11,91%**

Book value	**4 884 398**	**4 742 188**	**4 222 130**	**4 277 850**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**375,43**	**364,50**	**324,53**	**328,81**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PLN '000)

end of year 2009
the period from 01 Jan 2009 to 31 Dec 2009

	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	Revaluation of share-based payment	Retained earnings	Minority equity	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-100 981**	**52 864**	**45 581**	**0**	**3 138 316**	**2 299**	**4 224 429**
- net result for the current period	-	-	-	-	-	-	595 066	-	**595 066**
- share of minority shareholders in the net financial result	-	-	-	-	-	-	-14	14	**0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	96 302	-	-	-	-	-	**96 302**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	794	-	-	-	-	-	**794**
- adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	2 502	-	-	-	-	-	**2 502**
- remeasurement of property, plant and equipment	-	-	-	-1 704	-	-	-	-	**-1 704**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	-46 549	-	-	-	**-46 549**
- revaluation of share-based payment	-	-	-	-	-	15 846	-	-	**15 846**
- other	-	-	-	-45	-	-	70	-	**25**
Total comprehensive income for the period	**0**	**0**	**99 598**	**-1 749**	**-46 549**	**15 846**	**595 122**	**14**	**662 282**
Dividends paid	-	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**-1 383**	**51 115**	**-968**	**15 846**	**3 733 438**	**2 313**	**4 886 711**

end of year 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	Revaluation of share-based payment	Retained earnings	Minority equity	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-149 591**	**57 998**	**0**	**0**	**2 844 026**	**1 719**	**3 840 502**
- net result for the current period	-	-	-	-	-	-	445 418	-	**445 418**
- share of minority shareholders in the net financial result	-	-	-	-	-	-	-5	5	**0**
- 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**
- remeasurement of property, plant and equipment	-	-	-	-4 565	-	-	-	575	**-3 990**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	45 581	-	-	-	**45 581**
- other	-	-	-	-569	-	-	1 094	-	**525**
Total comprehensive income for the period	**0**	**0**	**48 610**	**-5 134**	**45 581**	**0**	**446 507**	**580**	**536 144**
Dividends paid	-	-	-	-	-	-	-152 217	-	**-152 217**
Closing balance of equity	**130 100**	**956 250**	**-100 981**	**52 864**	**45 581**	**0**	**3 138 316**	**2 299**	**4 224 429**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (PLN '000)

	4 quarters 2009 the period from 01 Jan 2009 to 31 Dec 2009	4 quarters 2008 the period from 01 Jan 2008 to 31 Dec 2008
OPERATING ACTIVITIES		
Net profit (loss)	**595 052**	**445 413**
Adjustments	**-1 957 998**	**5 259 622**
- Minority shareholders' profit (loss)	14	5
- Share in net profit (loss) of associated entities	-52 082	-48 232
- Depreciation and amortisation	123 909	133 797
- Interest accrued (from the profit and loss account)	1 442 094	1 152 017
- Interest paid	1 952 398	2 142 243
- Interest received	-3 491 499	-3 524 789
- Dividends received	-4 156	-7 235
- Gains (losses) on investment activities	1 257	-671
- Income tax (from the profit and loss account)	143 277	117 645
- Income tax paid	-64 708	-52 868
- Change in provisions	4 668	-21 928
- Change in loans and other receivables to other banks	4 133 359	7 652 226
- Change in financial assets at fair value through profit or loss	2 188 274	-4 345 735
- Change in available-for-sale financial assets	3 924 854	-4 759 887
- Change in valuation of derivatives	-114 581	335 605
- Change in derivative hedge instruments	122 526	273 197
- Change in loans and other receivables to customers	-4 865 995	-7 381 064
- Change in other assets	13 858	-22 749
- Change in liabilities due to other banks	-8 044 178	10 198 857
- Change in liabilities at fair value through profit or loss	172 991	667 373
- Change in liabilities due to customers	557 200	2 652 855
- Change in other liabilities	-101 478	98 960
Net cash flow from operating activities	**-1 362 946**	**5 705 035**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-85 755	-97 661
- Disposal of property, plant and equipment	219	1 123
- Purchase of intangible assets	-58 120	-52 705
- Disposal of fixed assets held for sale	56	516
- Purchase of held-to-maturity financial assets	0	-6 441 878
- Disposal of held-to-maturity financial assets	50 000	0
- Interest received from held-to-maturity financial assets	366 327	291 686
- Dividends received	4 156	7 235
Net cash flow from investment activities	**276 883**	**-6 291 684**
FINANCIAL ACTIVITIES		
- Dividends paid	0	-152 217
Net cash flow from financial activities	**0**	**-152 217**
Effect of exchange rate changes on cash and cash equivalents	***41 136***	***283 545***
Net increase/decrease in cash and cash equivalents	**-1 086 063**	**-738 866**
Opening balance of cash and cash equivalents	**4 133 889**	**4 872 755**
Closing balance of cash and cash equivalents	**3 047 826**	**4 133 889**

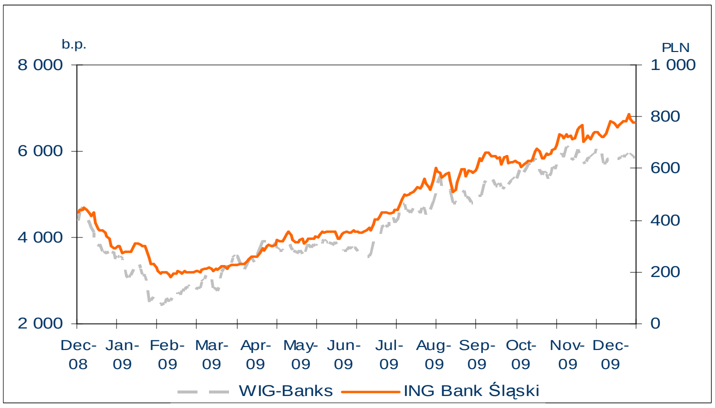
II. Additional information

1. Information on the Bank and the 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. having its registered office in Warsaw. 1 Rondo ONZ. entered into the list under number 130.

The share capital of IG 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 (sector: banks). Price of ING Bank Śląski S.A. shares in the 12 months of 2009:



ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group"). of the following composition as at 31 December 2009:

- ING Securities S.A. (subsidiary. 100% share).
- ING Bank Hipoteczny S.A. (subsidiary. 100% share).
- Centrum Banku Śląskiego Sp. z o.o. (subsidiary. 100% share).
- Solver Sp. z o.o. (subsidiary. 82.3% share).

As at the balance sheet date the Bank held the share of affiliated entity:

- ING Powszechne Towarzystwo Emerytalne S.A. (associate. 20% share).

One change has been recorded in the Group's structure during the twelve months of 2009. It concerned ING BSK Development Sp. z o. o. which was put into liquidation from

1 January 2009. On 16 March 2009, an announcement was published in the Court and Business Gazette (*Monitor Sądowy i Gospodarczy*) that the liquidation process had begun. On 5 October 2009, Extraordinary General Meeting was held which approved the liquidation report of the company drafted as of 30 September 2009. On 12 October, a motion was submitted to the court to remove the company from the National Court Register. On 23 October 2009, the Court decided to remove the entity from the National Court Register.

The duration of the dominant entity and entities forming the Capital Group is indefinite.

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 as at 31 December 2009 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders.

As at the date of submission of the report for the fourth quarter of 2009. 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.	Aviva OFE Aviva BZ WBK	850.000	6.53

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 – 6 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 at the day of the public interim consolidated financial statements of ING Bank Śląski Group for the III quarter 2009. the number of shares held by the Bank Management Board Members and the Supervisory Board Members remained unchanged.

The interim consolidated financial statements of the Group for the fourth quarter 2009 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities.

The consolidated financial statements of the Group for 2008 were approved by the General Meeting of Shareholders of the Bank on 3 April 2009.

These interim consolidated financial statements has been approved by the Bank Management Board on 16 February 2010.

2. Compliance with International Financial Reporting Standards

These interim consolidated financial statements of the ING Bank Śląski S.A. Group for the IV quarter 2009 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 2009 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009. no. 33. item 259).

Condensed consolidated P&L, condensed consolidated report on total revenues, condensed consolidated statement of changes in equity, and condensed consolidated cash flow report for the period from 01 January 2009 to 31 December 2009, and condensed consolidated report on financial standing as at 31 December 2009 together with comparable data were prepared according to the same principles of accounting for each period.

These consolidated financial statements for IV quarter 2009 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.

Interim consolidated financial statements of the ING Bank Śląski S.A. Group covers the period of 12 months ending on 31 December 2009 and includes reference data for the period of 12 months ending on 31 December 2008.

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

In this interim consolidated financial report the same principles of accounting have been applied as the ones applied for developing the 2008 annual consolidated financial report, with the exception of the following changes in standards and new interpretations binding for annual periods starting on 1 January 2009 or after that date:

- IFRS 8 *Operating Segments* that superseded IAS 14 *Segment Reporting* as of its effective date. The said standard applies - for identification and measurement of results of the operating segments subject to reporting – an approach coherent with the approach of the Management,

- IAS 1 *Presentation of Financial Statements* (revised in September 2007) – this standard makes a differentiation between such changes in equity that result from transactions with the company owners, and the ones that result from other transactions. Thus, a statement of changes in equity shows only the details of transactions with the owners, whereas any other changes in equity are presented under one line. Additionally, the standard introduces a statement of total income comprised of all items of income and expense recognised in profit or loss, and all other items of identified income and expense. All the above mentioned items may be recognised in one statement or in two inter-related statements (the Group applied the second option),
- IAS 23 *Borrowing Costs* (revised in March 2007) – the revised standard requires that borrowing costs attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset (purchase price or cost of production), the change does not have a significant impact on the financial statement,
- IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* – the amendment elaborates the definition of vesting conditions and refers to recognising cancellation of rights to bonuses. Application of this interpretation had influence neither on the financial standing nor on the results of the activities of the Group as no events happened that would have fallen under that standard,
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements: Puttable Shares and Obligations Arising Only on Liquidation* – introduce an exception (limited as regards the scope) that refers to puttable shares that may be classified as an element of equity if they meet certain conditions. Application of the said amendment had impact neither on the financial standing nor on the results of the activities of the Group, as the Group did not issue such instruments,
- Interpretation IFRIC 13 *Customer Loyalty Programmes* – the interpretation requires that loyalty award credits be recognised as a separate element of the sales transaction under which they were granted. The application of that amendment did not affect the financial standing or the result on the Group's operations as the Group does not run programmes of that type,
- Amendments to IAS 27 *Consolidated and Separate Financial Statements* (updated in January 2008) specify in what circumstances a company is obliged to prepare consolidated financial statements, how dominant entities should present changes in the number of shares they hold in subordinate companies and how loss of a subordinate entity should be assigned to controlling and non-controlling shares,
- Amendments to interpretation – IFRIC 9 *Reassessment of embedded derivatives* and change in IAS 39 *Financial Instruments: Recognition and Measurement*, clarify treatment of derivatives embedded in other contracts in the event that the hybrid component of financial assets is re-classified from the category of financial assets

priced at fair value by the financial result. Situation described in the amendment has not taken place in the Group,

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*: *Cost of Subsidiaries* – in line with the amendments to IFRS 1, a unit that adopts IFRS first time can recognise cost of subsidiaries in a separate financial statement of a parent in accordance with IAS 27, or based on the assumed cost. Amendment to IAS 27 requires that all dividends received from a subsidiary be recognised in a separate financial statement of a parent in the income statement. Amendment to IAS 27 is applied prospectively. The new requirements refer only to separate financial statements of a parent, and will have no impact on the consolidated financial statement,
- Interpretation of IFRIC 12 *Service Concession Agreements* – the interpretation applies to operators of the concession agreements, and explains how to recognise the obligations and rights resulting therefrom. The interpretation has no impact on the financial statement of the Group as no Group entity is a concession operator,
- Changes in IFRS 7 Financial instruments: disclosures – the changed standard imposes the obligation to disclose additional information on measuring at fair value and liquidity risk. For each class of financial instruments measured at fair value, information should be disclosed on the valuation, using the fair value hierarchy that includes the materiality of input data for the valuation. Moreover, for measurements of fair value that fall into Level 3 of the fair value hierarchy, adjustment between opening balance sheet and closing balance sheet should be presented. Also, all material movements between Level 1 and Level 2 in the fair value hierarchy should be presented. The changes also specify the requirements concerning disclosure of information on liquidity risk. The Group applied the changes; relevant information is disclosed herein,
- Interpretation IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* – clarifies the provisions of International Accounting Standard (IAS) 19 on how to assess the limit on defined benefit assets in light of defined benefit programmes after the employment has ended, in a situation where there are minimum funding requirements. Those defined benefit assets are the surplus of fair value of assets under a programme over the current value of liability under defined benefits. IAS 19 introduces a limit on a defined benefit asset up to the value of current economic benefit available as return on the programme or reduction of future programme fees, which in turn may be influenced by the minimum funding requirements. Application of this amendment had no impact on financial situation or result as the Group does not offer such programmes,
- Interpretation of IFRIC 15 *Agreements for the Construction of Real Estate* – the Interpretation provides guidance on how and when to account for revenue on the sale of the real estate and related costs when the agreement between a developer and a buyer is concluded before the construction of the real estate is completed. The Interpretation provides also guidance on how to determine if the agreement

falls within the scope of IAS 11 or IAS 18. Application of IFRIC 15 will have no impact on the consolidated financial statement because the Group runs no such activities,

- Interpretation of IFRIC 16 *Hedges on a Net Investment in a Foreign Operation* – the Interpretation provides guidance on accounting for hedging on net investment in a foreign operation, especially: identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation, where, within a capital group structure, hedging instruments are held, and determining by the unit the amount of the positive or negative FX rate difference referring both to net investment and hedging instrument, that should be reclassified from equity to income statement on the sale of a foreign operation. Application of IFRIC 16 will have no impact on consolidated financial statement because the Group does not hedge net investments in a foreign operation,
- Amendments to IFRS 3 *Business Combinations* (updated in January 2008) – applicable to annual periods starting on or after 1 July 2009 – The amended IFRS 3 defines the principles and requirements in the event of business combination, concerning recognition and measurement of the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the value of the company connected with accounting treatment of the purchase transaction. It also defines which information concerning such transactions must be disclosed. No business combinations occurred in the Group in the period covered by the report,
- Interpretation IFRIC 17 *Distributions of Non-cash Assets to Owners* – applicable to annual periods starting on or after 1 July 2009 – this interpretation provides clarifications and guidelines on how an entity should measure distribution of non-cash assets to its owners. No such situation occurred in the period covered by the report,
- Interpretation IFRIC 18 Transfers of Assets from Customers – applicable from 1 November 2009 – this interpretation provides clarifications and guidelines on how to account for transfers of items of property (assets) from customers and how to account for transfers of cash from customers that must be used to acquire or construct an item of property (asset). No such situation occurred in the period covered by the report,
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (updated in July 2008) – applicable to annual periods starting on or after 1 July 2009 – Amendments to IAS 39 clarify application of hedge accounting to the inflation component of financial instruments and to option contracts used as hedging instruments. No such situation occurred in the period covered by the report.

Going-concern

This interim consolidated financial report was prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date.

As of the date of approving this statement, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Capital Group is endangered.

Discontinued operations

The Group had no operations that were discontinued in 12 months 2009.

Material accounting principles (policy)

Detailed accounting principles are presented in consolidated annual financial report of ING Bank Śląski S.A. Capital Group for the period from 1 January 2008 to 31 December 2008 published on 27 February 2009 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).
Selected accounting principles applied by the capital Group are presented below.

Consolidation policies

Subsidiaries

Subsidiaries are any entities controlled by the Bank. The control exists, when the Bank has direct or indirect influence on the financial and operating policies of an entity so as to obtain benefits from its activities.
Control is presumed to exist when the parent owns more than a half of the voting rights of an entity and when there are:

- rights to more than a half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which the parent ceases to control the subsidiary, if applicable.

Purchase method

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Assets, liabilities and contingent liabilities acquired in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share in identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a share of between 20% and 50% of the voting rights. The consolidated financial statements include the Group's share in profits and losses of associates according to its share in net assets of associates, from the date of obtaining significant influence until the date, the significant influence ceases.
Investments in associates are initially accounted at purchase price and then accounted for using the equity method. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The share of the Group in the profits (losses) of associates since the date of acquisition is recognised in the profit and loss, whereas its share in changes in other reserves since the date of acquisition – in other reserves. The carrying amount of the investment is adjusted by the total changes of different items of equity after the date of their acquisition.

When the share of the Group in the losses of an associate becomes equal or greater than the share of the Group in that associate, the Group discontinues the recognition of any further losses or creates provision only to such amount, it has assumed obligations or has settled payments on behalf of the respective associate.

Transactions eliminated in consolidation process

Intragroup balances and gains and losses or revenues and costs resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Foreign currency

The functional currency and the presentation's currency

The items contained in presentations of particular units of the Group are priced in the currency of the basic economic environment in which a given entity operates ("the functional currency"). The consolidated financial report is presented in Polish Zloty, which is the functional currency and the presentation currency of the Group.

Transactions and balances in foreign currency

Transactions expressed in foreign currency are translated into the functional currency by applying the exchange rate at the date of the transaction. Exchange rate profits and losses due to settlements of these transactions and to the balance sheet valuation of assets and monetary commitments expressed in foreign currency are accounted for in the profit and loss account.

The measurement of financial assets carried at fair value through the income statement, resulting from the change in FX rates, is recognised in the income statement due to changes in fair value.

Exchange rate differences due to items, such as equity instruments classified to financial assets available for sale, are included in the revaluation reserve.

Financial statements of investments in a foreign operation

The Group does not have any investments nor runs operations abroad.

Financial assets and liabilities

Classification

The Group classifies financial instruments to the following categories: financial assets and liabilities valued at fair value through the profit and loss, loans and receivables, investments held to maturity, available for sale financial assets.

Financial assets and liabilities valued at fair value through profit and loss

These are financial assets or financial liabilities that meet either of the following conditions.

- Are classified as held for trading. A financial asset or financial liability is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing it in the near term or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also classified as held for trading (other than those that are designated and effective hedging instruments),
- Upon initial recognition it is designated by the Group as at fair value through profit and loss. Such designation can be made only if:
  - the designated financial asset or financial liability is a hybrid instrument containing one or many embedded derivatives, which qualify for separate recognition and embedded derivatives cannot change significantly the cash flows resulting from the host contract or separation of embedded derivative is forbidden;
  - usage of such classification of financial asset or liability eliminates or decreases significantly the inconsistency of measurement or recognition (so called accounting difference due to various methods of assets and liabilities valuation or various recognition of gains and losses attributable to them);
  - the group of financial assets and liabilities or both categories is managed properly, and its results are measured using fair value, in accordance with documented risk management principles or the Group's investment strategy.

Investment held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. In case of sale or reclassification of more than an insignificant amount of held-to-maturity investments in relation to the total held-to-maturity investments before maturity all the assets of this category are reclassified to the available sale category.
The Group is not allowed to classify any financial assets as held to maturity during the current financial year or during the two preceding financial years.

Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit and loss;
- those that the entity upon initial recognition designates as available for sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale.

Loans and receivables include loans and cash loans extended to other banks and clients including repurchased debt claims, debt securities reclassified from the portfolio of financial assets available for sale and debt securities not listed on the active market, that comply with the definition of loans and receivables.

Financial assets available for sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Other financial liabilities

A financial liability is a contractual obligation to deliver cash or other financial asset to another entity not valued at fair value through the profit and loss, being a deposit or loan received.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Recognition

The Group recognizes financial assets or liabilities on the balance sheet when, and only when it becomes a party to the contractual provisions of the instrument. Purchase and sale transactions of financial assets valued at fair value through profit and loss, held-to-maturity and available for sale are recognized, in accordance with accounting policies applied to all transactions of a certain type, at the settlement date, the date on which the asset is delivered to an entity or by an entity. Loans and receivables are recognized on distribution of the cash to borrower.

Derecognition

The Group derecognises a financial asset when, and only when: the contractual rights to the cash flows from the financial asset expire or the Group transfers the contractual right to receipt of the cash flow from the financial asset. On transferring a financial asset, the Group evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly, where the Group:

- transfers substantially all the risks and rewards of ownership of the financial asset, it derecognises the financial asset,
- retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset,
- neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case if the Group has retained control, it continues to recognise the financial asset, and if the Group has not retained control, it derecognises the financial asset to the extent of its continuing involvement in the financial asset.

The Group removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when the obligation specified in the contract is realised or cancelled or expires.

The Group derecognizes loans and receivables or its part from its balance sheet, if rights pertaining to the credit agreement expire, the Group waives such rights, or sells the loan.

When irrevocability of financial assets is declared, the Group most frequently writes down receivables as impairment charges.

The amounts of receivables written down as loss and recovered thereafter shall diminish the value of impairment loss in the income statement.

Measurement

When a financial asset or financial liability is recognised initially, the Group measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group measures financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

- loans and receivables which are measured at amortized cost using the effective interest method;
- held-to-maturity investments are measured at amortised cost using the effective interest method;
- investments in equity instruments that do not have a quoted market price in an active market and their fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument which fair value cannot be reliably measured, are measured at cost;
- financial liabilities resulting from the transfer of a financial asset which does not qualify for being excluded from the balance sheet or recognised on a *continuing involvement* basis.

The other financial liabilities are measured at depreciated cost or the amount of due payment.

Granted financial guarantees are measured at the higher of:

- the amount being the most appropriate estimation of the expenditures needed to fulfil the current obligation arising from the financial guarantee, upon consideration of the probability of materialisation thereof;
- the amount recognised at the initial entry, adjusted with the settled amount of commission received for granting the guarantee.

Reclassification

A particular financial asset classified as available-for-sale may be reclassified from this category should it fulfil the definition of loans and receivables and should the Group intend and be able to maintain this financial asset in the foreseeable future or until its maturity. Fair value of the financial asset on the reclassification date is deemed as its new cost or new depreciated cost, respectively.

In the event of a maturing financial asset, the profits or losses recognised as equity until the date of reclassification are amortised and carried through the income statement for the remaining term until maturity. All differences between the new amortised cost and the amortisation amount are amortised for the remaining term until the instrument's maturity, similarly to the amortisation of premium or discount. Amortisation is based on the effective interest rate method.

In the event of a non-maturing asset, the profits and losses remain with equity until the asset has been sold or disposed of otherwise when it is carried through the income statement.

Gains and losses resulting from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship is recognised, as follows.

- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss;
- A gain or loss on an available-for-sale financial asset is recognized directly in equity.

The interest calculated using the effective interest rate method is recognised in the profit and loss account. Upon the impairment of elements of financial assets or a group of financial assets, the Group debits the profit and loss account with the amount of contractual interest unpaid as of the day of the impairment. The interest shall be included in the profit and loss account at the moment of repayment thereof.

Dividends on an available-for-sale equity instrument are recognised in profit or loss when the entity's right to receive payment is established.

Foreign exchange gains and losses arising from a change in the fair value of a non monetary financial asset available for sale denominated in foreign currency are recognized directly in equity. Foreign exchange gains and losses arising from monetary financial assets (e.g debt securities) denominated in foreign currency are recognized directly in the profit and loss account.

At the moment of derecognition of financial assets from the balance sheet, cumulated gains and losses recognized previously in equity, are transferred to the profit and loss account. If any objective evidence exists that a financial asset or group of financial assets is impaired, the Group recognizes impairment in accordance with the established rules of determination of impairment of financial assets.

The fair value of financial assets and liabilities quoted in an active market (including securities) is determined on the basis of the bid price for long position and offer price for short position. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, discounted cash flow analysis and option pricing models and other techniques used by market members.

Based on the employed methods of determining the fair value, financial assets/liabilities are classified to the following categories:

- Level I: financial assets/liabilities measured directly on the basis of prices quoted in

the active market or measurement techniques based solely on market data,
- Level II: financial assets/liabilities measured on the basis of measurement techniques based on assumptions using data from an active market or market observations,
- Level III: financial assets/liabilities measured on the basis of measurement techniques commonly used by the market players, the assumptions of which are not based on data from an active market.

Derivative instruments

Derivative instruments are valued at fair value without cost of transactions, which are to be incurred at the moment of its sale. The base of initial fair value measurement of derivative instruments is value at cost, i.e. fair value of received or paid amount.

The Group separates and recognizes in the balance sheet derivative instruments being a component of hybrid instruments. A hybrid (combined) instrument includes a non-derivative host contract and derivative instrument, which causes some or all of the cash flows arising from the host contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable.

The Group separates embedded derivatives from the host contract and accounts for them as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the host contract is not valued at fair value through profit and loss.

An embedded derivative is valued at fair value, and its changes are recognized in profit and loss.

The Group uses derivative instruments in order to hedge against FX and interest rate risk, arising from activity of the Group. Derivative instruments that are not subject to hedge accounting are classified as financial instruments held for trading and are valued at fair value.

Derivative instruments not qualifying as hedging instruments

Changes in the fair value of derivatives that do not meet the criteria of hedge accounting are shown in the profit and loss account for the current period in position “Net income on instruments measured at fair value through profit and loss and FX result”.

Hedge Accounting

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.
The Group designates certain derivative instruments as fair value hedge or cash flow hedge.
The Group uses hedge accounting, if the following conditions are met:
- at the inception of the hedge there is formal designation and documentation of the

hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk,

- the hedging instrument and hedged instrument are similar, especially nominal value, maturity date, and volatility for interest rate and foreign exchange changes,
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,
- for cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,
- the effectiveness of the hedge can be reliably measured, ie. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured,
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

- ***Fair value hedge***

Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

A fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) is recognised in profit and loss; the gain or loss on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in profit and loss. In view of the above, any ineffectiveness of the strategy (i.e. lack of full compensation for changes to the fair value of the hedged item and changes to the fair value of the hedged instrument) is immediately disclosed in the profit and loss account.

If a hedging item is a component of financial assets available for sale, the profit or loss resulting from the hedged risk is included in the profit and loss account, and the profit or loss resulting from non-hedged risk is included in equity.

The Group applies the fair value hedge accounting in order to hedge changes in fair value of fixed-rate debt instruments classified to the portfolio of available-for-sale assets and fixed-rate debt instruments classified to the portfolio of loans and receivables resulting from interest rate changes.

- ***Cash flow hedge***

Cash flow hedge: a hedge of the exposure to volatility in cash flows that:

- is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction,
- could affect profit or loss.

A cash flow hedge is accounted for as follows: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity through the statement of comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss account.

The associated gains or losses that were recognised directly in equity (effective hedge), at the moment of recognition of a financial asset and liability being a result of planned future transaction, are transferred into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit and loss.

In case of a hedge of non-financial asset or a non-financial liability, the associated gains and losses recognized directly in equity as an effective hedge, are transferred successively into the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the profit and loss account (such as in the periods that depreciation expense is recognised); or it is the result of a one-off transfer as an adjustment to the initial purchase price or carrying amount of a hedged item.

The Group has been applying cash flow hedge accounting to secure the size of future cash flows in a specific portfolio of the Bank's assets/ liabilities or a portfolio of highly probable planned transactions against the interest rate changes.

Impairment

Assets valued at amortized cost

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably stimated. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- significant financial difficulty of the issuer or obligor;

- a breach of contract, such as a default or delinquency in interest or principal payments above 90 days;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets within the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The Group classifies loan receivables by size of exposure, into the individual and group portfolios. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. In a group portfolio, groups of similar credit risk characteristics are identified, which are then assessed collectively for the impairment.

If there is any objective evidence of impairment of loans and receivables, or investments held-to-maturity, then the amount of the impairment is the difference between the carrying amount of an asset and the current value of estimated future cash flows, discounted using an original effective interest rate established with the initial recognition of a given financial asset. If there is any objective evidence of lack of expected future cash flows arising from these financial assets, then the amount of impairment is equal to their carrying amount.

Future cash flows concerning groups of financial assets assessed collectively in terms of their possible impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The Group regularly verifies the methodology and assumptions adopted to estimate future cash flows in order to mitigate the differences between estimated and actual losses.

For the purposes of the calculation of the provision against balance sheet exposures analysed collectively, the probability of default (PD) method has been applied. Modification of the PD parameter takes into account characteristics of specific products and emerging periods for losses on those products. This approach allows specifically for:

- detecting the losses that already occurred,
- losses that occurred as at the impairment date, but have not been documented yet (incurred but not reported IBNR).

The impairment is presented as a reduction of the carrying amount of the asset either through use of an allowance account and the amount of the loss shall be recognized in profit and loss.

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 recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is recognised in the profit and loss account.

Financial assets available for sale

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognised in the profit and loss account even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit and loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit and loss.
Impairment losses recognised in the profit and loss account for an investment in an equity instrument classified as available for sale is not reversed through profit and loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss, the impairment loss is reversed, with the amount of the reversal recognized in profit and loss.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset). Such impairment losses are not reversed.

Valuation of motivational programmes for employees

The fair value of options granted is recognised as an expense under staff expenses and is allocated over the vesting period of the options. The fair values of the option awards have been determined by using a Monte Carlo simulation. This model takes the risk free interest rate into account (3.55% to 4.92%), as well as the expected life of the options granted (5 year to 8 years), the exercise price, the current share price (EUR 18.70 – EUR 33.92), the expected volatility of the certificates of ING Group shares (25% – 39%) and the expected dividends yield (3.57% to 8.99%). The source for implied volatilities used for the valuation of the stock options is ING's trading system. The implied volatilities in this system are determined by ING's traders and are based on market data implied volatilities not on historical volatilities.

3. Accounting 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 consolidated 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 financial assets

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

In connection with significant increase in credit risk concerning FX options concluded by the Group with its clients, from the end of 2008 the Group has been systematically reviewing of the portfolio of such instruments. The Group has structured its approach so that the results of the above reviews better reflect the risk level.

The approach adopted by the Group to estimation of the credit risk generated by derivative instruments with future settlement dates (active transactions. outstanding as at the balance sheet date) is in line with the approach adopted by the Group for the purpose of assessing the credit risk generated by credit receivables. The valuation adjustments are estimated at the level of a single counterparty using the formula based on expert knowledge and PD, LGD and EAD ratios.

In addition. for mature transactions or terminated and unsettled as at the balance sheet date. the Group made charges using the methodology for assessing the risk of impaired loans.

The two types of fair value adjustments. as mentioned above. were differently reflected in the consolidated financial statement. Fair value adjustments due to risk for non-matured transactions were presented under the item: *Net income on instruments measured at fair value through profit and loss and FX result*. whereas the charges for matured transactions under the item: *Impairment charges for financial assets and provisions for off-balance-sheet liabilities.* If a transaction whose fair value was adjusted in the previous reporting period in the position *Net income on instruments measured at fair value through profit and loss and FX result* becomes mature or subject to restructuring, then the amount of the previous fair value adjustment should be moved to the position *Impairment charges* and the added part of the impairment charge for such already matured transaction is presented in the profit and loss account in the position *Impairment charges and provisions for off-balance liabilities*. Therefore the financial result is influenced only by the amount of surplus of the current impairment charge (or write-down) for a mature transaction above the amount of the fair value adjustment established before the transaction has matured.

Uncertainty of the estimates

The Group continues to assess the risk level related to FX options. initiated in 2008. 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 Group 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:

- changes of measurement at the fair value of derivatives,
- changes in the scope of the credit risk appraisal of the contracting parties by the Group.

However. considering the great volatility of the business environment. there still remains some uncertainty as to the Group's estimates.

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 including the assessment of counterparty risk.

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 counterparty risk. variables and market correlations). Any change in these assumptions may affect the fair value of some financial instruments. The change of assumptions concerning these factors may influence valuation 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.

The Group adopts a corridor approach to recognition of a determined portion of the cumulated net value of actuarial gains and losses. Under this method. when determining an obligation due to certain benefits. the Group 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:

- 10% of the current value of the obligation due to certain benefits as at that day (before deduction of the plan's assets),
- 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 Group employees. The Group 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.

4. Comparability of financial data

In the interim consolidated financial statements developed for the period from 1 January 2009 to 31 December 2009. the Group introduced changes with regard to the presentation manner of some items in the profit and loss account. as compared to the interim consolidated financial statements for the period from 1 January 2008 to 31 December 2008. The changes concerned financial data of the Bank and resulted from adopting another approach to presentation of positions adjusting commission income, in particular those concerning paid commissions on cards and commissions due to insurance of loans that were previously presented as commission costs and currently reduce commission income. In the opinion of the Group, the current presentation is a better reflection of the material and economic contents of the items described herein.

Consolidated profit and loss account *(PLN '000))*	**4 quarters 2008** in the interim consolidated financial statements for the IV quarter 2008	changes	**4 quarters 2008** in the interim consolidated financial statements for the IV quarter 2009
Interest income	3 398 102	0	3 398 102
Interest expenses	-2 246 085	0	-2 246 085
Net interest income	**1 152 017**	**0**	**1 152 017**
Commission income	1 034 184	-56 441	977 743
Commission expenses	-144 461	56 441	-88 020
Net commission income	**889 723**	**0**	**889 723**
Net income on investment*	44 723	0	44 723
Net income on instruments measured at fair value through profit and loss and FX result**	-26 012	0	-26 012
Other operating income and expenses	19 013	0	19 013
Result on basic activities	**2 079 464**	**0**	**2 079 464**
General and administrative expenses	-1 506 880	0	-1 506 880
Result on other operating income and expenses	7 848	0	7 848
Impairment losses and provision for off-balance sweet liabilities	-65 601	0	-65 601
Share in net profit (loss) od associated entities recognised dunder the equity method	48 232	0	48 232
Profit (loss) before tax	**563 063**	**0**	**563 063**
Income tax	-117 645	0	-117 645
Net profit (loss)	**445 418**	**0**	**445 418**
- assigned to shareholders of the holding company	**445 413**	**0**	**445 413**
- assigned to minority shareholders	**5**		**5**

*/ When compared to the Q4 2008 there was a change of the name of the *Result on investment financial assets* item to *Result on investments*. This is a result of standardizing of nomenclature with the report on the financial standing.

**/ When compared to the 4Q 2008 there was a change of the name of the *Net income on instruments measured at fair value through profit and loss and revaluation* item to *Net income on instruments measured at fair value through profit and loss and FX result.* In the opinion of the Group, the current name is a better reflection of the economic contents of the presented value.

5. Interim supplementary notes to condensed consolidated financial statements

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.1 Net interest income				
Interest income and similar charges				
- Interest on loans and receivables to banks	33 071	175 477	142 611	681 392
- Interest on loans and receivables to customers	421 585	1 711 358	441 820	1 493 970
- Interest on debt securities	271 848	1 229 678	369 344	1 221 285
- Other	44	247	409	1 455
	726 548	**3 116 760**	**954 184**	**3 398 102**
Interest expense and similar charges				
- Interest on deposits from banks	16 629	185 010	90 528	246 302
- Interest on deposits from customers	339 916	1 489 656	559 562	1 999 525
- Loans and advances received	0	0	249	258
	356 545	**1 674 666**	**650 339**	**2 246 085**
Net interest income	**370 003**	**1 442 094**	**303 845**	**1 152 017**

Interest result does not include interest on hedging instruments (IRS) in the fair value hedge accounting (recognised under the item "Investment financial assets") and swap points and interest on derivatives (presented in "Net income on instruments measured at fair value through profit and loss and FX result"). Should the result include result on mentioned above interest, the item would be as follows:

	IV quarter 2009	*4 quarters 2009*	*IV quarter 2008*	*4 quarters 2008*
Net interest income	*369 229*	*1 416 754*	*332 505*	*1 252 571*

Compared with the financial statements for the previous reporting periods, the presentation of interest on reverse repo/ repo transactions was subject to change. Currently the interest on reverse repo transactions is presented by counterparty under the headings “Interest on loans and receivables to banks” or “Interest on loans and receivables to customers”, whereas the interest on repo transactions is presented under “Interest on deposits from banks” or “Interest on deposits from clients”. The data for previous periods were changed accordingly to achieve comparability.

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.2 Net commission income				
Commission income				
- Commission related to brokerage activity	21 355	73 906	17 225	75 410
- Commission related to keeping accounts	74 807	293 632	76 146	287 793
- Commission related to loans	37 195	143 882	32 741	122 882
- Commission related to loans insurance	10 958	52 730	6 608	8 764
- Commission related to payment and credit cards	42 143	160 032	35 312	137 399
- Commission related to distribution of participation units	23 168	63 087	15 184	98 549
- Fiduciary and custodian fees	6 768	25 775	6 625	29 145
- Foreign commercial business	3 743	14 331	3 791	15 800
- Commission related to subscription of structured products	419	4 924	4 672	23 506
- The transaction margin on currency exchange transactions	32 601	145 757	56 786	139 391
- Commission related to sales of financial products	2 889	16 623	9 427	19 362
- Other	7 142	25 662	3 968	19 742
	263 188	**1 020 341**	**268 485**	**977 743**
Commission expense				
- Brokerage fees	5 978	21 714	7 249	25 343
- Other commission	42 247	98 953	22 315	62 677
	48 225	**120 667**	**29 564**	**88 020**
Net commission income	**214 963**	**899 674**	**238 921**	**889 723**

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.3 Net income on investment				
- Net income on equity instruments available for sale	-56	4 239	2 583	27 974
- Net income on debt instruments available for sale	-10 729	-5 059	0	-4 388
- Dividend income	57	4 156	4 355	7 235
- Valuation of the transaction hedged under the fair value hedge accounting for securities	-66 372	-142 355	268 203	326 958
- Valuation of the hedging transaction under the fair value hedge accounting for securities*)	27 434	24 816	-261 697	-313 056
Net income on investment	**-49 666**	**-114 203**	**13 444**	**44 723**

*) The measurement of hedging transaction includes, among others, the interest result on hedging instrument (IRS) comprising interest accrued from the year beginning until the reporting date. The amounts of interest result on the hedging instrument for specific quarters of 2009 were as follows: PLN -23,173 thousand for Q1, PLN -33,065 thousand for Q2, PLN -39,373 thousand for Q3 and PLN -42,270 thousand for Q4. Should the above amounts not be taken into account in the result on investment, the said result would be as follows:

	IV quarter 2009	*4 quarters 2009*	*IV quarter 2008*	*4 quarters 2008*
Net income on investment	*-7 396*	*23 678*	*9 048*	*35 410*

The interest result on the hedged transaction (debt securities) is presented herein as part of interest revenue, partially under the item "debt securities" (for debt securities classified as available for sale) and partially under the item "Interest on loans and receivables to customers" (for debt securities classified as loans and other receivables).

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.4 Net income on instruments measured at fair value through profit and loss and FX result				
- Net income on financial assets and liabilities held for trading, of which	**-118 676**	**993 598**	**254 905**	**20 073**
- Net income on equity instruments	-531	6 453	-6 650	-18 853
- Net income on debt instruments	20 566	58 219	-113 871	-82 583
- Net income on derivatives, of which:	-138 711	928 926	375 426	121 509
- Currency derivatives)*	-220 518	694 252	684 714	426 999
*- Interest rate derivatives**)*	77 755	226 592	-312 364	-337 420
- Securities derivatives	4 052	8 082	3 076	31 930
- Net income on financial assets and liabilities measured at fair value upon initial recognition, of which	**-757**	**-2 632**	**5 175**	**2 838**
- Net income on debt instruments	-757	-620	829	528
- Net income on the measurement of the deposits designated to be measured at their fair value	0	-2 012	4 346	2 310
- Ineffectiveness recognised in profit and loss account that arises from cash flow hedges	**-439**	**-277**	**-185**	**5**
- FX result	**178 179**	**-729 971**	**-543 811**	**-48 928**
Net income on instruments measured at fair value through profit and loss and FX result	**58 307**	**260 718**	**-283 916**	**-26 012**

*) Swap points are recognised under the item "Currency derivatives". Their values in specific quarters of 2009 were as follows: PLN 52,615 thousand in Q1, PLN 10,828 thousand in Q2, PLN 13,018 thousand in Q3 and PLN 20,824 thousand for Q4.

**) Interest on derivative instruments is recognised under the item "Interest rate derivatives". Its values in specific quarters of 2009 were as follows: PLN -23,798 thousand in Q1, PLN 5,858 thousand in Q2, PLN 12,524 thousand in Q3 and PLN 20,672 thousand for Q4.

Should the swap points and interest on derivatives be included in the interest result, the net income on instruments measured at fair value through profit and loses and FX result would be as presented in the table below:

	IV quarter 2009	*4 quarters 2009*	*IV quarter 2008*	*4 quarters 2008*
Net income on instruments measured at fair value through profit and loss and FX result	*16 811*	*148 177*	*-308 180*	*-117 253*

The item "Net income on derivatives - Currency derivatives" includes a counterparty risk charge related to transactions on FX Options. In Y 2009, the charge amounted to PLN -186 million (PLN -35 million in Q4 2009), whereas in Y 2008 the charge amounted to PLN -163 milion (whole established in Q4 2008)

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.5 Net income on other basic activities				
- Net income on the investment properties	-23 031	-12 438	18 292	13 704
- Other	-1 102	4 357	2 752	5 309
Total	**-24 133**	**-8 081**	**21 044**	**19 013**

The Group owns one investment real property located in Katowice. The Group receives revenues from that property in the form of rental instalments. In keeping with the accounting principles adopted by the Group, the real estate is measured to fair value. The measurement to fair value took place in Q4 2009 and was performed by an independent appraiser. The discounted cashflows method over 10 years was used for the appraisal, as well as common market parameters for like investments while taking into account the level of space utilisation at the building. Common market parameters for like investments were used for the appraisal while taking into account the level of space utilisation at the building. The appraisal amount of PLN 21,791,000 (in minus) was charged to the financial result of Q4 2009.

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.6 General and administrative expenses				
- Personnel expenses	205 183	717 047	209 621	782 539
- Other	144 078	770 709	144 905	724 341
Total	**349 261**	**1 487 756**	**354 526**	**1 506 880**

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.7 Impairment losses and provisions for off-balance sheet liabilities				
- Impairment losses	153 934	603 840	186 998	518 079
- Reversed impairment losses	-69 173	-299 386	-70 462	-452 478
Net impairment losses and provisions for off-balance sheet liabilities	**84 761**	**304 454**	**116 536**	**65 601**

	IV quarter 2009	4 quarters 2009	IV quarter 2008	4 quarters 2008
	the period from 01 Oct 2009 to 31 Dec 2009	the period from 01 Jan 2009 to 31 Dec 2009	the period from 01 Oct 2008 to 31 Dec 2008	the period from 01 Jan 2008 to 31 Dec 2008
5.8 Share in net profit (loss) of associated entities recognised under the equity method				
- ING Powszechne Towarzystwo Emerytalne S.A.	16 058	52 082	9 386	48 232
Total	**16 058**	**52 082**	**9 386**	**48 232**

	end of year 2009	3 quarters 2009	end of year 2008	3 quarters 2008
	as of 31 Dec 2009	as of 30 Sep 2009	as of 31 Dec 2008	as of 30 Sep 2008
5.9 Loans and receivables to other banks				
- Current accounts	356 981	565 088	276 550	484 833
- Interbank deposits	564 712	1 662 848	5 699 110	6 127 700
- Other receivables, of which:	262 460	1 412 044	1 814 232	632 182
- loans and advances	*228 109*	*227 066*	*459 114*	*495 419*
- debt securities	*0*	*0*	*518 910*	*0*
- reverse repo transactions	*0*	*1 144 023*	*796 138*	*0*
- other receivables	*34 351*	*40 955*	*40 070*	*136 763*
Total (gross)	**1 184 153**	**3 639 980**	**7 789 892**	**7 244 715**
Impairment losses	-50	-41	-2 667	-193
Total (net)	**1 184 103**	**3 639 939**	**7 787 225**	**7 244 522**

	end of year 2009	3 quarters 2009	end of year 2008	3 quarters 2008
	as of 31 Dec 2009	as of 30 Sep 2009	as of 31 Dec 2008	as of 30 Sep 2008
5.10 Financial assets measured at fair value through profit and loss				
- Financial assets held for trading, of which:	7 533 634	11 560 822	6 116 918	7 105 021
- debt instruments	*7 531 497*	*11 558 873*	*6 115 950*	*7 100 099*
- equity instruments	*2 137*	*1 949*	*968*	*4 922*
- Financial assets designated as at fair value upon initial recognition, of which:	734 027	616 872	4 431 901	4 091 262
- deposits	*0*	*0*	*2 246 725*	*2 144 986*
- debt instruments	*186 468*	*199 792*	*1 822 654*	*1 576 550*
- transactions with the buy-back commitment	*547 559*	*417 080*	*362 522*	*369 726*
Total	**8 267 661**	**12 177 694**	**10 548 819**	**11 196 283**

	end of year 2009	3 quarters 2009	end of year 2008	3 quarters 2008
	as of 31 Dec 2009	as of 30 Sep 2009	as of 31 Dec 2008	as of 30 Sep 2008
5.11 Investments				
- Available-for-sale financial assets, of which:	6 835 875	6 990 808	10 739 090	12 385 200
- debt instruments, including:	*6 783 023*	*6 939 787*	*10 730 536*	*12 374 624*
- hedged items in fair value hedging	*3 137 714*	*3 157 892*	*3 235 793*	*4 246 574*
- equity instruments	*52 852*	*51 021*	*8 554*	*10 576*
- Held-to-maturity financial assets, of which:	7 330 406	7 343 676	7 311 832	7 325 513
- debt instruments	*7 330 406*	*7 343 676*	*7 311 832*	*7 325 513*
Total	**14 166 281**	**14 334 484**	**18 050 922**	**19 710 713**

5.12 Loans and receivables to customers

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
Loans and other receivables to entities from the financial sector other than banks				
- Loans and advances	2 545 597	2 673 448	2 925 110	2 918 681
- in the current account	*381 053*	*414 293*	*382 674*	*399 396*
- term ones	*2 164 544*	*2 259 155*	*2 542 436*	*2 519 285*
- Reverse repo transactions	626 732	214 769	158 159	71 014
- Other receivables	151 459	138 322	98 173	153 550
Total (gross)	**3 323 788**	**3 026 539**	**3 181 442**	**3 143 245**
Impairment losses, of which	-1 863	-2 232	-2 045	-3 219
- concerning loans	*-1 863*	*-2 232*	*-2 045*	*-3 219*
Total (net)	**3 321 925**	**3 024 307**	**3 179 397**	**3 140 026**
Loans and other receivables to entities from the non-financial sector				
- Loans and advances granted to business entities	12 042 288	12 409 294	12 312 034	11 881 779
- in the current account	*3 504 520*	*4 001 944*	*3 931 464*	*4 328 888*
- term ones	*8 537 768*	*8 407 350*	*8 380 570*	*7 552 891*
- Loans and advances granted to households	9 822 755	9 336 896	7 446 511	6 603 620
- in the current account	*1 226 942*	*1 266 140*	*1 091 580*	*1 144 937*
- term ones	*8 595 813*	*8 070 756*	*6 354 931*	*5 458 683*
- Debt securities, of which:	306 471	440 518	559 378	13 500
- reclassified from available-for-sale portfolio in 2008	165 909	*169 547*	*294 184*	*0*
- Other receivables	72 738	23 985	36 739	70 574
Total (gross)	**22 244 252**	**22 210 693**	**20 354 662**	**18 569 473**
Impairment losses, of which	-874 057	-804 922	-482 274	-393 598
- concerning loans	*-865 491*	*-796 355*	*-473 561*	*-383 871*
- concerning other receivables	*-8 566*	*-8 567*	*-8 713*	*-9 727*
Total (net)	**21 370 195**	**21 405 771**	**19 872 388**	**18 175 875**
Loans and other receivables to entities from the government and local government sector				
- Loans and advances	2 305 234	1 177 337	973 899	688 058
- in the current account	*7 450*	*16 829*	*11 854*	*12 851*
- term ones	*2 297 784*	*1 160 508*	*962 045*	*675 207*
- Debt securities, of which:	3 600 794	3 445 443	1 735 062	0
- reclassified from available-for-sale portfolio in 2008	*1 682 885*	*1 728 063*	*1 688 407*	*0*
- Other receivables	0	80	32	31
Total (gross)	**5 906 028**	**4 622 860**	**2 708 993**	**688 089**
Impairment losses, of which	-5 354	-2 966	-17 939	-17 199
- concerning loans	*-5 354*	*-2 966*	*-17 939*	*-17 199*
Total (net)	**5 900 674**	**4 619 894**	**2 691 054**	**670 890**
Loans and other receivables to customers - TOTAL				
- Loans and advances	26 715 874	25 596 975	23 657 554	22 092 138
- Reverse repo transactions	626 732	214 769	158 159	71 014
- Debt securities	3 907 265	3 885 961	2 294 440	13 500
- Other receivables	224 197	162 387	134 944	224 155
Loans and other receivables to customers – gross	**31 474 068**	**29 860 092**	**26 245 097**	**22 400 807**
Impairment losses, of wich	-881 274	-810 120	-502 258	-414 016
- concerning loan	*-872 708*	*-801 553*	*-493 545*	*-404 289*
- concerning other receivables	*-8 566*	*-8 567*	*-8 713*	*-9 727*
Loans and other receivables to customers – net	**30 592 794**	**29 049 972**	**25 742 839**	**21 986 791**

The “debt securities” item (as loans and other receivables extended to entities from the government and local government sector) includes bonds denominated in EUR (Eurobonds) being items hedged under fair value hedge accounting against interest rate risk. The value of Eurobonds constituting hedged items as at 31.12.2009, 30.09.2009 and 31.12.2008 totalled PLN 3,261,868 thousand, PLN 3,348,906 thousand and PLN 1,654,003 thousand, respectively.

5.13 Quality of portfolio of loans	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
Corporate activity				
- Exposure	**16 959 134**	**16 406 690**	**16 356 630**	**15 652 618**
- unimpaired (Incurred But Not Reported)	*15 987 175*	*15 612 117*	*16 008 879*	*15 392 116*
- impaired	*971 959*	*794 573*	*347 751*	*260 502*
inclusive of receivables related to transactions on derivatives	*346 101*	*328 568*	*32 697*	*0*
- Impairment and provisions	**668 680**	**613 765**	**338 711**	**271 499**
- related to unimpaired portfolio	77 244	96 520	71 187	71 334
- related to impaired portfolio	571 375	502 353	258 243	192 878
inclusive of receivables related to transactions on derivatives	*263 193*	*245 465*	*21 593*	*0*
- provisions against off-balance sheet liabilities	20 061	14 892	9 281	7 287
Impaired portfolio coverage ratio	58,8%	63,2%	74,3%	74,0%
Impaired portfolio coverage ratio exclusive of receivables related to transactions on derivatives	49,2%	55,1%	75,1%	74,0%
Detal activity				
- Exposure	**9 756 740**	**9 190 285**	**7 300 924**	**6 439 520**
- unimpaired (Incurred But Not Reported)	*9 564 117*	*9 018 275*	*7 146 308*	*6 306 105*
- impaired	*192 623*	*172 010*	*154 616*	*133 415*
- Impairment losses	**224 089**	**202 680**	**164 115**	**140 077**
- related to unimpaired portfolio	75 889	63 920	44 843	31 661
- related to impaired portfolio	148 200	138 760	119 272	108 416
Impaired portfolio coverage ratio	76,9%	80,7%	77,1%	81,3%
Total exposure	**26 715 874**	**25 596 975**	**23 657 554**	**22 092 138**
Impairment losses, of which	**892 769**	**816 445**	**502 826**	**411 576**
- impairment losses	*872 708*	*801 553*	*493 545*	*404 289*
- provisions against off-balance sheet liabilities	*20 061*	*14 892*	*9 281*	*7 287*
Total portfolio coverage ratio	3,3%	3,2%	2,1%	1,9%
Share of the impairment endangered portfolio	4,4%	3,8%	2,1%	1,8%
Share of the impairment endangered portfolio exclusive of receivables related to transactions on derivatives	3,1%	2,5%	2,0%	1,8%
Impaired portfolio coverage ratio (%) (including transactions on derivatives)	**61,8%**	**66,3%**	**75,1%**	**76,5%**

Change in the impairment loss

4 quarters 2009 the period from 01 Jan 2009 to 31 Dec 2009	Charges for balance sheet receivables, off-balance sheet exposure, and receivables written-down from the balance-sheet records	*including impairement to other banks*	Charges for receivables related to transactions on derivatives	**TOTAL**
Opening balance of impairement	**483 900**	***2 667***	**21 593**	**505 493**
- Changes in Profit and Loss Account	189 268	*-2 617*	115 186	304 454
- Depreciation	-87 408	*0*	0	-87 408
- Restructuring and forgiveness of the debts related to transactions on derivatives*)	0	*0*	126 414	126 414
- Transfer of provisions from off-balance sheet after their repayment	51 184	*0*	0	51 184
- Other (inclusive, but not limited to, unwinding interest, FX differences)	-7 318	*0*	0	-7 318
Closing balance of impairement	**629 626**	***50***	**263 193**	**892 819**

4 quarters 2008 the period from 01 Jan 2008 to 31 Dec 2008	Charges for balance sheet receivables, off-balance sheet exposure, and receivables written-down from the balance-sheet records	*including impairement to other banks*	Charges for receivables related to transactions on derivatives	**TOTAL**
Opening balance of impairement	**576 045**	***691***	**0**	**576 045**
- Changes in Profit and Loss Account	-5 777	*1 976*	71 378	65 601
- Depreciation	-183 554	*0*	0	-183 554
Restructuring and forgiveness of the debts related to transactions on derivatives*)	0	*0*	-49 785	-49 785
- Transfer of provisions from off-balance sheet after their repayment	84 869	*0*	0	84 869
- Other (inclusive, but not limited to, unwinding interest, FX differences)	12 317	*0*	0	12 317
Closing balance of impairement	**483 900**	**2 667**	**21 593**	**505 493**

*) The balance of impairment charges was influenced by the amount of the fair value adjustment concerning transactions on derivatives. If a transaction whose fair value was adjusted in the previous reporting period in the position *Result on financial instruments carried through profit or loss and revaluation* becomes mature or subject to restructuring, then the amount of the previous fair value adjustment should be moved to the position *Impairment charges a* nd the added part of the impairment charge for such already matured transaction is presented in the profit and loss account in the position *Impairment charges and provisions for off-balance liabilities* . Therefore the financial result is influenced only by the amount of surplus of the current impairment charge (or write-down) for a mature transaction above the amount of the fair value adjustment established before the transaction has matured.

5.14 Property, plant and equipment	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**end of year 2008** as of 31 Dec 2008	**3 quarters 2008** as of 30 Sep 2008
- Real estate and investments in third-party non-current assets	371 558	374 347	390 086	386 207
- Computer hardware	43 162	43 179	40 978	40 474
- Vehicles	199	225	316	177
- Other fixtures and fittings	95 640	86 650	89 649	78 660
- Constructions in progress	38 288	36 940	23 134	22 121
Total	**548 847**	**541 341**	**544 163**	**527 639**

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
5.15 Liabilities due to other banks				
- Current accounts	248 720	434 296	177 596	247 485
- Interbank deposits	429 024	3 742 708	3 108 831	4 816 943
- Repo transactions	3 241 530	2 202 825	2 760 763	0
- Other liabilities	54 512	15 216	13 678	123 636
Total	**3 973 786**	**6 395 045**	**6 060 868**	**5 188 064**

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
5.16 Financial liabilities at fair value				
- Financial liabilities designated as at fair value upon initial recognition, of which	543 129	3 591 378	652 904	1 681 924
sell-buy-back transactions	*543 129*	*3 591 378*	*652 904*	1 681 924
- Book short position in trading securities	454 922	109 667	172 156	76 768
Total	**998 051**	**3 701 045**	**825 060**	**1 758 692**

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
5.17 Liabilities due to customers				
Liabilities due to entities from the financial sector other than banks				
- Deposits	3 306 618	4 171 319	4 267 492	3 231 215
- current accounts	*1 685 817*	*1 668 558*	*1 268 135*	*1 790 130*
- term deposits	*1 620 801*	*2 502 761*	*2 999 357*	*1 441 085*
- Repo transactions	286 511	15 011	163 543	274 016
- Other liabilities	92 921	116 470	83 864	85 334
Total	**3 686 050**	**4 302 800**	**4 514 899**	**3 590 565**
Liabilities due to entities from the non-financial sector				
- Business entities' deposits	11 861 687	10 922 826	11 173 552	12 316 253
- current accounts	*7 815 670*	*8 210 046*	*7 292 099*	*7 482 432*
- term deposits	*4 046 017*	*2 712 780*	*3 881 453*	*4 833 821*
- Households' deposits	30 039 683	28 963 424	27 945 689	32 224 985
- current accounts	*4 122 157*	*3 847 597*	*3 796 117*	*2 313 098*
- savings accounts and term accounts	*25 917 526*	*25 115 827*	*24 149 572*	*29 911 887*
- Repo transactions	0	0	18 272	25 089
- Other liabilities	462 903	606 922	492 090	547 073
Total	**42 364 273**	**40 493 172**	**39 629 603**	**45 113 400**
Liabilities due to entities from the government and self-government institutions' sector				
- Deposits	1 508 176	1 679 349	2 886 223	2 562 934
- current accounts	*1 303 955*	*1 198 352*	*2 400 751*	*1 176 227*
- term deposits	*204 221*	*480 997*	*485 472*	*1 386 707*
- Repo transactions	25 043	0	20 209	0
- Other liabilities	1 131	5 464	15 984	2 131
Total	**1 534 350**	**1 684 813**	**2 922 416**	**2 565 065**
Liabilities due to customers – TOTAL				
- Deposits	46 716 164	45 736 918	46 272 956	50 335 387
- Repo transactions	311 554	15 011	202 024	299 105
- Other liabilities	556 955	728 856	591 938	634 538
Total	**47 584 673**	**46 480 785**	**47 066 918**	**51 269 030**

5.18 Provisions

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
- Provision for disputes	11 690	11 625	16 722	33 672
- Provision for off-balance sheet liabilities	20 061	14 892	9 281	7 287
- Provision for retirement benefits	14 410	12 543	12 544	11 839
- Provision for unused holidays	5 460	7 993	7 993	9 876
- Provision for employment restructuring	3 626	2 655	4 039	0
Total	**55 247**	**49 708**	**50 579**	**62 674**

5.19 Solvency Ratio

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2008 as of 30 Sep 2008
Own Funds				
- Share capital	130 100	130 100	130 100	130 100
- Issue premium	956 250	956 250	956 250	956 250
- Other supplementary capital	74 931	74 931	74 889	73 946
- Capital reserve including retained profit of past years	2 273 276	2 288 314	1 887 836	1 888 214
- Net profit of current period in audited part	263 524	263 524	407 470	407 470
- Minority equity	2 313	2 311	2 299	1 769
- General risk fund	790 179	790 179	730 179	730 179
- Revaluation reserve	-2 382	-37 785	-100 996	-130 046
- Funds adjustment by intangibles	-327 343	-316 369	-316 187	-309 454
- Funds adjustment by capital commitments in financial institutions	-40 000	-40 000	-40 000	-40 000
- Short-term capital	65 495	54 819	79 691	89 863
Total own funds	**4 186 343**	**4 166 274**	**3 811 531**	**3 798 291**
Capital requirements				
- Capital requirements for credit risk, credit counterparty, dilution and delivery of instruments for future settlement	2 432 020	2 416 016	2 580 271	2 188 155
- Capital requirement for the risk of settlement - delivery	2 187	2 187	1 319	30
- Capital requirements for the capital securities rate risk, debt instruments rates risk, FX risk and commodity rates risk	15 308	13 675	27 707	31 591
- Capital requirement for operational risk	290 789	290 789	274 247	274 247
- Capital requirement for general interest rate risk	48 000	38 957	51 984	58 272
Total capital requirements	**2 788 304**	**2 761 624**	**2 935 528**	**2 552 295**
Solvency ratio	**12,01%**	**12,07%**	**10,39%**	**11,91%**

6. Significant events in IV quarter 2009.

Resignation of the President of the Bank Management Board

On 26 October 2009, the Supervisory Board Chair of ING Bank Śląski S.A. received a resignation of Mr Brunon Bartkiewicz from a post of the Management Board President of ING Bank Śląski S.A., as of 31 December 2009.
The reason for the resignation is the fact of taking up by Mr Brunon Bartkiewicz of another position in ING Group as of 1 January 2010.

Changes in the Bank Management Board

On 8 December 2009, the Supervisory Board appointed Ms. Małgorzata Kołakowska as the President of the Bank Management Board, subject to approval of the Polish Financial Supervision Authority. The appointment will be effective from the date of such approval.

Liquidation of ING BSK Development Sp. z o.o.

On 23 December 2008, Extraordinary General Meeting of ING BSK Development Sp. z o.o. passed a resolution on its winding-up and starting its liquidation on 1 January 2009. On 16 March 2009 an announcement was published at Monitor Sądowy i Gospodarczy informing the public about opening of the company liquidation process, whereas on 5 October 2009 the Extraordinary General Meeting of the Company took place that approved liquidation report of the Company as at 30 September 2009. Court Application for deleting the Company from the National Court Register was submitted on 12 October 2009. On 23 October 2009, the Court decided to remove the entity from the National Court Register.

Annex to Credit Agreement

On 13 November 2009 there was signed an annex to the credit agreement for reversed factoring with ING Commercial Finance Polska S.A. dated 22 March 2007, as amended, increasing the current loan amount to PLN 230,000,000.00. The credit risk of the above-mentioned exposure, up to the total loan amount, is linked with the business of a third party (factorer).

The total exposure of ING Commercial Finance Polska S.A. and that of the factorer may not exceed PLN 230,000,000.00. The loan interest rate is based on WIBOR rate plus the Bank's margin.

The total exposure of the Bank towards ING Commercial Finance Polska S.A. amounts to PLN 630,000,000.00.

The credit agreement of the largest value is the one dated 8 September 2006, as amended, with the total loan amount of PLN 400,000,000.00. Terms and conditions of that agreement were disclosed in interim report No. 27/2008 dated 17 December 2008.
The criterion for regarding the agreement as significant is the ratio of the total loan amounts to the Bank's equity. The Borrower is a related entity of ING Bank Śląski S.A.

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

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

- the rate of economic growth in Poland (acc. to forecasts developed at ING Bank Śląski S.A. the GDP growth in 2010 will be 2.9%),
- decrease in the demand for loans among companies, which is a result of reduced investments (except for investments in infrastructure),
- slow stabilisation of market conditions,
- stabilisation of real property prices,
- insecurity concerning the policy of interest rates in Poland (change in the composition of the Monetary Policy Council),
- strengthening of PLN exchange rate, which may have impact on the competitive edge of Polish companies abroad and reduce the dynamics of export,
- instability in financial markets connected with abandoning the soft monetary policy by central banks worldwide (2^{nd} half of the year).

8. Significant developments after the closing of the interim period

Changes in the Supervisory Board

On 13 January 2010 Mr. Jerzy Hausner submitted his resignation from the position of a member of the Supervisory Board of ING Bank Śląski S.A. to the Chair of the Supervisory Board. The resignation is effective from 13 January 2010. Mr. Jerzy Hausner cited his appointment to the Monetary Policy Council as the reason for his resignation.

On 05 February 2010, Mr. Tom Kliphuis tendered his resignation to the Chair of the Supervisory Board of ING Bank Slaski S.A. from his capacity as member of the Bank's Supervisory Board, effective 05 February 2010. When handing his resignation, Mr. Tom Kliphuis, who is the CEO of ING Insurance Central Europe, cited reasons related to the organisational changes within ING Group (pending split of Banking and Insurance) and the workload it would bring on him.

Concluding a significant mandate agreement

On 12 February 2010, the Bank together with five other banks concluded a mandate agreement with a listed company from the fuel and energy sector regarding the arrangement of the bond issue programme for that company up to the amount of PLN 3,000,000,000.00.

Under the mandate agreement, ING Bank Śląski S.A. will underwrite the bond issue up to PLN 550,000,000.00. The first issue as part of the programme is set to take place after 22 July 2010.

The agreement is considered significant as the underwriting amount exceeds 10% of the Bank's equity. The borrower is not affiliated with ING Bank Śląski S.A.

9. Off-balance sheet items

(pln '000)	**end of year 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009	**end of year 2008** as of 31.12.2008	**3 quarters 2009** as of 30.09.2008
Contingent liabilities granted	14 096 603	13 613 979	14 100 914	13 546 152
Contingent liabilities received	12 483 266	13 771 144	15 310 545	14 982 790
Off-balance sheet financial instruments	119 086 563	139 796 995	262 720 990	277 226 786
Total off-balance sheet items	**145 666 432**	**167 182 118**	**292 132 449**	**305 755 728**

10. Issues. Redemption or repayments of debt securities and equities

None.

11. Dividends paid

On 3 April 2009. the General Shareholders Meeting decided that the dividend for 2008 would not be paid.

12. Settlements due to disputable cases

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

Changes to the litigation reserves were presented below:

(pln '000)	**4 quarters 2009** period from 01.01.2009 to 31.12.2009	**4 quarters 2008** period from 01.01.2008 to 31.12.2008
Status at the period beginning:	**16 722**	**29 294**
Establishment of provisions as costs	3 025	10 212
Release of provisions as income	-2 947	-20 387
Utilisation of provision due to dispute loss or settlement	-5 110	-2 397
Status as at the period end	**11 690**	**16 722**

Either in 12 months of 2009 or 12 months of 2008. 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.

13. Seasonality or cyclicity of activity

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

14. Transactions with related entities

Subsidiaries and Related Entities of ING Bank Śląski:

- ING Securities S.A..
- ING Bank Hipoteczny S.A..
- Centrum Banku Śląskiego (CBS) Sp. z o.o..
- 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. leasing of non-current assets and intangible assets as well as car fleet leasing. management and employees' insurance contributions.

In the period 1.01.2009 – 31.12.2009 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 2009 amounted to PLN 43.3 million (net). Following the implementation of the agreement for provision of data processing and financial information analysis services. concluded by and between ING Bank Śląski S.A. and ING Bank NV. the fee for data processing and financial information analysis services used by ING Bank Śląski amounted to PLN 12.6 million (net).

- ING Services Polska provides services to ING Bank Śląski with regard to lease of hardware resources. The costs of service were PLN 27.7 million (gross).

- ING Bank Śląski made a transaction with ING Lease due to sublease of functional rooms totalling PLN 18.4 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 13.4 million in 12 months of 2009 (gross).

Transactions with related entities (in PLN thousands):

31.12.2009

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	564 712	2	-	-
Nostro accounts	44 866	-	-	-
Loans	-	1 491 241	319 498	-
Securities	-	-	20 007	-
Other receivables	8 251	1 392	11	-
Liabilities				
Deposits received	331 321	784 219	267 539	23 236
Loro accounts	14 992	300 417	-	-
Repo	3 241 530	-	-	-
Other liabilities	10 515	170	1 013	
Off-balance-sheet operations				
Contingent liabilities	47 882	1 083 691	160 774	-
FX transactions	18 679 617	7 602 732	-	-
Forward transactions	1 439 112	537 181	-	-
IRS/CIRS	30 840 479	10 047 016	-	-
Options	812 007	2 673 739	-	-
Revenue and costs**				
Revenue	-9 370	95 824	7 345	257
Costs	57 817	64 289	9 718	1 467

31.12.2008

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	7 862 990	-	-	-
Nostro accounts	42 117	275 267	-	-
Loans	-	1 500 298	322 367	-
Securities	-	-	20 011	-
Other receivables	5 302	23 037	2 922	-
Liabilities				
Deposits received	2 279 257	527 881	237 634	26 405
Loro accounts	95 026	54 750	-	-
Repo	2 760 763	153 539		
Other liabilities	8 259	245	144	-
Off-balance-sheet operations				
Contingent liabilities	-	1 202 743	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	37 788	11 933	213
Costs	65 668	56 184	14 051	3 094

*/ Includes transactions between ING Bank Śląski S.A. affiliates of ING Bank Śląski S.A. Group
**/ Revenues and costs are presented in the uniform setting as in the financial statements. The revenues include. among others. the result on valuation of derivatives.

15. Segmentation of revenue and financial results of the Group

The management of the ING Bank Śląski Group is conducted through breaking down the operations into the following business segments:

- retail banking,
- corporate banking,
- own operations.

Wholesale and retail segments are separated based on the financial criterion (especially turnover, level of collected assets) and subject related criterion specified by internal regulations of the dominant entity of the Group.

Within the framework of retail banking, the Bank's Group provides services for individual customers (segments of mass customers and wealthy customers) and small enterprises. This activity is analysed by the following products: credit products (overdraft on the savings and settlement account - ROR, loans related to cards, hire purchase loans, housing loans, mortgage loans), contract loans granted by the Building Society, mortgage loans granted by ING Bank Hipoteczny, deposit products (current accounts, term deposits, savings accounts), ING fund units, brokerage services provided by ING Securities SA, and bank cards.

The wholesale activity includes services to institutional clients, including strategic clients, large corporate entities and mid-sized companies. For corporate banking, the Group provides reporting broken down by loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), trust services, capital market operations conducted by the parent and by ING Securities, and operations of intermediation in lease services.

Proprietary operations are carried out by Financial Markets and ALCO (.Assets and Liabilities Management Committee).

Financial markets encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers' benefit. Within the framework of this activity, currency, money and derivative instrument market products and securities operations (Treasury securities, shares and notes) are specified. The item *Financial markets - total segment income* presents the income from proprietary trading. The income from the sale of financial market products for the corporate banking and retail banking segments are disclosed in the income of these segments.

ALCO comprises above all of investing funds originating from own funds and funding some assets of the Bank. The main element of the core business income of ALCO is income from investing proprietary funds (book capital). This income is then adjusted by the interest calculated on the economic capital required by individual business lines (retail banking segment, corporate banking segment, financial markets). Interest on economic capital is allocated from the ALCO line to individual business lines in the manner corresponding to their demand for economic capital.

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.

The Group presents segment's interest income reduced by the cost of the interest. This results from the fact that while evaluating the segment's results and assigning assets to the segment, the Management Board relies mainly on net interest income.

In 2009, there was no change to the segment definition or the classification of revenues, costs, assets and liabilities within the individual segments. Only the form of the income statement presentation was changed due to the change of the applicable standard.

PLN thousand	**4 quarters 2009** period from 01.01.2009 to 31.12.2009					
	Retail customers segment	Corporate customers segment	Own operating		Nonallocated items	Total
			Treasury & ALM	ALCO		
Revenue total*	**1 213 732**	**600 620**	**469 574**	**248 357**	**0**	**2 532 284**
Net interest income	583 513	375 535	290 277	192 769	0	1 442 094
external	*-400 280*	*656 535*	*294 483*	*891 356*	*0*	*1 442 094*
internal	*983 793*	*-281 000*	*-4 206*	*-698 586*	*0*	*0*
Net commission income, of which:	592 772	321 037	2 085	-16 221	0	899 674
income	*694 132*	*340 344*	*2 085*	*-16 221*	*0*	*1 020 341*
expenses	*-101 360*	*-19 307*	*0*	*0*	*0*	*-120 667*
Other income/expenses	-14 635	-95 952	177 213	71 808	0	138 434
Share in net profit (loss) of associated entities recognised under the equity method	52 082	0	0	0	0	52 082
Expenses total	**959 581**	**481 065**	**48 840**	**0**	**0**	**1 489 487**
Operational expenses, including:	959 581	481 065	48 840	0	0	1 489 487
personel expenses	*436 824*	*235 590*	*44 634*	*0*	*0*	*717 047*
depreciation	*93 883*	*24 794*	*5 232*	*0*	*0*	*123 909*
Result before risk	**254 151**	**119 555**	**420 734**	**248 357**	**0**	**1 042 797**
Risk cost	63 863	251 771	0	-744	0	304 454
Result after risk cost	**190 288**	**-121 780**	**420 734**	**249 101**	**0**	**738 343**
CIT	0	0	0	0	143 277	143 277
Result after tax	**190 288**	**-121 780**	**420 734**	**249 101**	**-143 277**	**595 066**
- assigned to shareholders of the holding company	**190 288**	**-121 780**	**420 734**	**249 101**	**-143 291**	**595 052**
- assigned to minority shareholders	0	0	0	0	14	14

*/ including the share in net profit of affiliated units shown using the method of ownership rights

PLN thousand	**4 quarters** 2008 period from 01.01.2008 to 31.12.2008					
	Retail customers segment	Corporate customers segment	Own operating		Nonallocated items	Total
			Treasury & ALM	ALCO		
Revenue total*	**1 216 328**	**743 821**	**34 086**	**133 461**	**0**	**2 127 696**
Net interest income	529 866	366 265	197 247	58 638	0	1 152 017
external	*-686 645*	*758 855*	*87 782*	*992 024*	*0*	*1 152 017*
internal	*1 216 511*	*-392 591*	*109 465*	*-933 385*	*0*	*0*
Net commission income, of which:	604 300	303 777	-2 861	-15 492	0	889 723
income	*678 532*	*317 564*	*-2 861*	*-15 492*	*0*	*977 743*
expenses	*-74 233*	*-13 787*	*0*	*0*	*0*	*-88 020*
Other income/expenses	33 930	73 779	-160 300	90 315	0	37 724
Share in net profit (loss) of associated entities recognised under the equity method	48 232	0	0	0	0	48 232
Expenses total	**963 589**	**484 595**	**50 848**	**0**	**0**	**1 499 032**
Operational expenses, including:	963 589	484 595	50 848	0	0	1 499 032
personel expenses	*480 510*	*255 642*	*46 387*	*0*	*0*	*782 539*
depreciation	*99 509*	*27 683*	*6 605*	*0*	*0*	*133 797*
Result before risk	**252 739**	**259 226**	**-16 762**	**133 461**	**0**	**628 664**
Risk cost	28 440	37 161	0	0	0	65 601
Result after risk cost	**224 299**	**222 065**	**-16 762**	**133 461**	**0**	**563 063**
CIT	0	0	0	0	117 645	117 645
Result after tax	**224 299**	**222 065**	**-16 762**	**133 461**	**-117 645**	**445 418**
- assigned to shareholders of the holding company	**224 299**	**222 065**	**-16 762**	**133 461**	**-117 650**	**445 413**
- assigned to minority shareholders	0	0	0	0	5	5

*/ including the share in net profit of affiliated units shown using the method of ownership rights

16. Other informations

Key effectiveness ratios

	31.12.2009 ***PLN million***	**31.12.2008** ***PLN million***	**Change 31.12.2009 / 31.12.2008**
Profitability ratio (%)	19.9	14.3	5.6 b.p.
Return on assets (%)	0.9	0.7	0.2 b.p.
Return on equity (%)	14.3	12.3	2.0 b.p.
Cost/Income ratio (%)	58.8	70.5	-11.7 b.p.
Solvency ratio (%)	12.01	10.39	1.62 b.p.

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 to 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.

Ratings

Fitch Ratings Ltd.

The Fitch Ratings Ltd. Agency assigns full rating to ING Bank Śląski S.A. under the agreement between the bank and the Agency. As at 31.12.2009. the Bank had the rating of financial credibility. issued by the agency:

Long-term IDR	A
Short-term IDR	F1
Individual	C
Support rating	1
Rating Outlook	Stable

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

In the opinion of the Agency, the individual rating at C level reflects high liquidity of the Bank, stable funding sources in the form of a deposit base of retail clients, strong sales network, low credit risk appetite and good quality of the credit portfolio in spite of relatively difficult conditions in the operational environment. This rating also takes account of an adequate capital standing that may nevertheless require strengthening in the future due to lending growth.

Moody's Investors Service Ltd.

The Moody's Investors Service Ltd. Agency assigns rating to ING Bank Śląski S.A. on the basis of the universally available public information. As at 31.12.2009. the Bank had the rating of financial credibility. issued by the agency:

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

On 2 February 2010, the Agency closed the review of ING Group ratings, which was started on 21 September 2009. The review also covered the deposit ratings of ING Bank Śląski. As a result, the Agency affirmed the ratings for both long-term deposits (in foreign and home currencies) and short-term deposits. Nevertheless, the Agency's outlook regarding long-term deposits was negative. Other ratings remained at a stable level. Changing the long-term deposit rating outlook follows the approach applied by the Agency with respect to the ratings of other ING Group members, including the parent company ING Bank NV.

Headcount

The headcount in the Capital Group was as follows:

Headcount	**31.12.2009**	**30.09.2009**	**30.06.2009**	**31.03.2009**	**31.12.2008**
Individuals	8 291	8 291	8 378	8 522	8 577
FTEs	8 146.6	8 153.7	8 238.3	8 365.1	8 413.9

Number of Branches and ATMs

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:

	31.12.2009	**30.09.2009**	**31.03.2009**	**31.03.2009**	**31.12.2008**
Number of outlets	441	438	438	439	439

As at the end of December 2009. the Bank had a network of 737 ATMs compared with 721 ATMs as at the end of September 2009 and 683 ATMs in the analogical period in 2008.

As at the end of December 2009. the Bank also had a network of 372 cash deposit machines. compared with 370 cash deposit machines as at the end of September 2009 and 360 cash deposit machines in the analogical period in 2008.

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[1] are as follows:

	31.12.2009	30.09.2009	30.06.2009	31.03.2009	31.12.2008
ING BankOnLine. ING OnLine. ING BusinessOnLine and MultiCash	1 559 504	1 447 162	1 358 473	1 270 260	1 167 054
HaloŚląski	786 008	824 848	752 914	689 979	617 422
SMS	619 664	562 943	498 313	443 689	387 456

The monthly number of transactions in December 2009 was at the level of 10,3 million. whereas in the analogical period in 2008 it was 8.6 million.

Banking cards

ING Bank Śląski S.A. is one of the largest issuers of banking cards in Poland. As at the end of December 2009, ING Bank Śląski issued to clients 2,081.9 thousand payment cards, i.e. by 4.0% more than in the analogical period of the previous year.

Out of all cards issued to clients as at the end of December 2009, 254 thousand were credit cards[2] (259 thousand as at the end of September 2009 and 278 thousand in the same period a year earlier). The newest types of cards were very popular among clients. As at the end of December 2009, 108.4 thousand PayPass cards (87.2 thousand as at the end of September 2009) and 7.3 thousand Virtual c@rds were issued to clients.

[1] The number of clients is not the same as the number of users as one klient may represent several users in a given system.
[2] Inclusive of VE Credit and VE Credit NN-P cards.

17. Selected financial data from financial statements

	PLN thousand		*EUR thousand*	
	4 quarters 2009 period from 01.01.2009 to 31.12.2009	**4 quarters 2008** period from 01.01.2008 to 31.12.2008	**4 quarters 2009** period from 01.01.2009 to 31.12.2009	**4 quarters 2008** period from 01.01.2008 to 31.12.2008
Interest income	3 116 760	3 398 102	718 048	962 063
Commission income	1 020 341	977 743	235 069	276 816
Result on basic activities	2 480 202	2 079 464	571 396	588 733
Result before tax	738 343	563 063	170 102	159 413
Net result of shareholders of the holding company	595 052	445 413	137 090	126 104
Net result of minority shareholders	14	5	3	1
Net cash flows	-1 086 063	-738 866	-250 210	-209 186
Earnings per ordinary share (PLN / EUR)	45.74	34.24	10.54	9.69

	PLN thousand		*EUR thousand*	
	4 quarters 2009 as of 31.12.2009	**4 quarters 2008** as of 31.12.2008	**4 quarters 2009** as of 31.12.2009	**4 quarters 2008** as of 31.12.2008
Total assets	59 883 456	69 610 475	14 576 568	16 683 557
Equity of the holding company	4 884 398	4 222 130	1 188 939	1 011 919
Share capital	130 100	130 100	31 668	31 181
Numer of shares (per item)	13 010 000	13 010 000	-	-
Book value per share (PLN / EUR)	375.43	324.53	91.39	77.78
Solvency ratio (%)	12.01%	10.39%	-	-

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

- for balance-sheet items – PLN 4.1082 NBP exchange rate of 31.12.2009; 4.1724 NBP exchange rate of 31.12.2008.
- for income statement items and cash flow statement for 31.12.2009 – PLN 4.3406 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2009; 3.5321 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2008.

III. Interim Condensed Standalone Financial Statement of the Bank

INTERIM CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT (PLN '000)

	IV quarter 2009 the period from 01 Oct 2009 to 31 Dec 2009	**4 quarters 2009** the period from 01 Jan 2009 to 31 Dec 2009	**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
Interest income	*722 221*	*3 101 013*	*950 891*	*3 385 878*
Interest expenses	*358 995*	*1 683 121*	*653 332*	*2 259 371*
Net interest income	**363 226**	**1 417 892**	**297 559**	**1 126 507**
Commission income	*250 045*	*953 488*	*250 343*	*898 412*
Commission expenses	*42 093*	*99 228*	*24 096*	*67 549*
Net commission income	**207 952**	**854 260**	**226 247**	**830 863**
Net income on investment	-49 717	-40 054	13 429	147 077
Net income on instruments measured at fair value through profit and loss and FX result	48 956	246 884	-285 232	-29 848
Net income on other basic activities	-23 822	-10 079	19 707	7 598
Result on basic activities	**546 595**	**2 468 903**	**271 710**	**2 082 197**
General and administrative expenses	338 206	1 444 492	344 807	1 459 691
Result on other operating income and expenses	-1 740	-1 650	17 160	7 957
Impairment losses and provisions for off-balance sheet liabilities	86 147	304 938	116 301	66 592
Profit (loss) before tax	**120 502**	**717 823**	**-172 238**	**563 871**
Income tax	26 677	135 672	-23 901	108 308
Net result for the current period	**93 825**	**582 151**	**-148 337**	**455 563**

Net profit (loss)	**93 825**	**582 151**	**-148 337**	**455 563**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**7,21**	**44,75**	**-11,40**	**35,02**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	IV quarter 2009 the period from 01 Oct 2009 to 31 Dec 2009	**4 quarters 2009** the period from 01 Jan 2009 to 31 Dec 2009	**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
Net result for the period	**93 825**	**582 151**	**-148 337**	**455 563**
Gains/losses on remeasurement of available-for-sale financial assets charged to equity	26 685	96 364	153 494	240 225
including deferred tax	*-6 272*	*-22 692*	*-36 016*	*-56 571*
Reclassified to the financial result as a result of sale of available-for-sale financial assets	8 739	794	-127 575	-192 191
including deferred tax	*-2 050*	*-186*	*29 925*	*45 082*
Adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-256	2 440	576	576
including deferred tax	*60*	*-572*	*-136*	*-136*
Remeasurement of property, plant and equipment	-2 547	-2 547	0	-567
including deferred tax	*598*	*598*	*0*	*133*
Effective part of cash flow hedging instruments revaluation	-12 873	-46 549	43 506	45 581
including deferred tax	*3 020*	*10 919*	*-10 205*	*-10 692*
Revaluation of share-based payment	818	15 846	0	0
including deferred tax	*0*	*-2 503*	*0*	*0*
Other	0	26	553	525
including deferred tax	*0*	*10*	*3*	*134*
Other comprehensive income (loss)	**20 566**	**66 374**	**70 554**	**94 149**
Total comprehensive income for the period	**114 391**	**648 525**	**-77 783**	**549 712**

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION (PLN '000)

	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	end of year 2008 as of 31 Dec 2008	3 quarters 2009 as of 30 Sep 2008
A S S E T S				
- Cash in hand and balances with the Central Bank	2 656 581	1 685 961	1 369 777	2 151 252
- Loans and receivables to other banks	1 494 053	3 924 552	8 094 181	7 298 108
- Financial assets measured at fair value through profit and loss	8 265 524	12 176 656	10 547 851	11 191 361
- Valuation of derivatives	1 566 652	1 953 334	4 579 765	1 621 616
- Investments	14 166 032	14 334 332	18 050 736	19 760 915
- available-for-sale	*6 835 626*	*6 990 656*	*10 738 904*	*12 435 402*
- held-to-maturity	*7 330 406*	*7 343 676*	*7 311 832*	*7 325 513*
- Derivative hedge instruments	90 444	64 605	197 003	70 405
- Loans and receivables to customers	29 976 639	28 516 811	25 277 781	21 567 839
- Investments in subordinated entities	313 164	310 569	210 569	210 569
- Investment real estates	129 667	151 458	151 458	135 845
- Property, plant and equipment	534 712	526 945	529 256	516 699
- Intangible assets	325 746	315 113	314 790	308 046
- Property, plant and equipment held for sale	224	224	248	228
- Current tax asset	0	0	0	0
- Deferred tax asset	84 850	32 771	45 994	15 483
- Other assets	147 200	206 046	166 476	191 679
T o t a l a s s e t s	**59 751 488**	**64 199 377**	**69 535 885**	**65 040 045**
E Q U I T Y A N D L I A B I L I T I E S				
LIABILITIES				
- Liabilities due to the Central Bank	0	0	5 932 116	0
- Liabilities due to other banks	3 951 088	6 436 268	6 063 785	5 086 762
- Financial liabilities measured at fair value through profit and loss	998 051	3 701 045	825 060	1 758 692
- Valuation of derivatives	1 193 944	1 341 038	4 321 638	1 512 392
- Derivative hedge instruments	482 563	493 729	420 047	110 771
- Liabilities due to customers	47 657 073	46 537 947	47 165 612	51 301 764
- Provisions	54 060	48 434	49 304	61 074
- Current income tax liabilities	156 119	100 336	38 851	45 877
- Deferred tax provision	0	0	0	0
- Other liabilities	543 116	939 497	652 523	1 017 981
T o t a l l i a b i l i t i e s	**55 036 014**	**59 598 294**	**65 468 936**	**60 895 313**
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	-1 383	-36 551	-100 981	-127 476
- Revaluation reserve from measurement of property, plant and equipment	33 426	35 973	36 018	36 029
- Revaluation reserve from measurement of cash flow hedging instruments	-968	11 905	45 581	2 075
- Revaluation of share-based payment	15 846	15 028	0	0
- Retained earnings	3 582 203	3 488 378	2 999 981	3 147 754
T o t a l e q u i t y	**4 715 474**	**4 601 083**	**4 066 949**	**4 144 732**
T o t a l e q u i t y a n d l i a b i l i t i e s	**59 751 488**	**64 199 377**	**69 535 885**	**65 040 045**

Solvency ratio	**11,24%**	**11,21%**	**9,82%**	**11,31%**

Book value	**4 715 474**	**4 601 083**	**4 066 949**	**4 144 732**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Book value per share (PLN)	**362,45**	**353,66**	**312,60**	**318,58**

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY (PLN '000)

end of year 2009
the period from 01 Jan 2009 to 31 Dec 2009

	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	Revaluation of share-based payment	Retained earnings	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-100 981**	**36 018**	**45 581**	**0**	**2 999 981**	**4 066 949**
- net result for the current period	-	-	-	-	-	-	582 151	**582 151**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	96 364	-	-	-	-	**96 364**
- reclassified to the financial result as a result of sale of available-for-sale financial assets	-	-	794	-	-	-	-	**794**
- adjustment of valuation of securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	2 440	-	-	-	-	**2 440**
- remeasurement of property, plant and equipment	-	-	-	-2 547			-	**-2 547**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	-46 549	-	-	**-46 549**
- revaluation of share-based payment	-	-	-	-	-	15 846	-	**15 846**
- other	-	-	-	-45		-	71	**26**
Total comprehensive income for the period	**0**	**0**	**99 598**	**-2 592**	**-46 549**	**15 846**	**582 222**	**648 525**
Dividends paid	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**-1 383**	**33 426**	**-968**	**15 846**	**3 582 203**	**4 715 474**

end of year 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	Revaluation of share-based payment	Retained earnings	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**-149 591**	**37 154**	**0**	**0**	**2 695 541**	**3 669 454**
- net result for the current period	-	-	-	-	-	-	455 563	**455 563**
- 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**
- remeasurement of property, plant and equipment	-	-	-	-567	-	-	-	**-567**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	45 581	-	-	**45 581**
- other	-	-	-	-569	-	-	1 094	**525**
Total comprehensive income for the period	**0**	**0**	**48 610**	**-1 136**	**45 581**	**0**	**456 657**	**549 712**
Dividends paid	-	-	-	-	-	-	-152 217	**-152 217**
Closing balance of equity	**130 100**	**956 250**	**-100 981**	**36 018**	**45 581**	**0**	**2 999 981**	**4 066 949**

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT (PLN '000)

	4 quarters 2009 the period from 01 Jan 2009 to 31 Dec 2009	**4 quarters 2008** the period from 01 Jan 2008 to 31 Dec 2008
OPERATING ACTIVITIES		
Net profit (loss)	**582 151**	**455 563**
Adjustments	**-1 912 748**	**5 166 018**
- Depreciation and amortisation	122 022	131 764
- Interest accrued (from the profit and loss account)	1 417 892	1 126 507
- Interest paid	1 668 673	2 155 524
- Interest received	-3 184 462	-3 509 412
- Dividends received	-78 451	-109 589
- Gains (losses) on investment activities	1 257	-671
- Income tax (from the profit and loss account)	135 672	108 308
- Income tax paid	-57 260	-45 194
- Change in provisions	4 756	-21 600
- Change in loans and other receivables to other banks	4 140 481	7 421 064
- Change in financial assets at fair value through profit or loss	2 189 443	-4 383 297
- Change in available-for-sale financial assets	3 924 917	-4 729 581
- Change in valuation of derivatives	-114 581	335 605
- Change in derivative hedge instruments	122 526	273 197
- Change in loans and other receivables to customers	-4 718 065	-7 248 578
- Change in other assets	-28 094	-52 198
- Change in liabilities due to other banks	-8 069 781	10 199 690
- Change in liabilities at fair value through profit or loss	172 991	667 373
- Change in liabilities due to customers	530 877	2 751 198
- Change in other liabilities	-93 561	95 908
Net cash flow from operating activities	**-1 330 597**	**5 621 581**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-84 419	-96 485
- Disposal of property, plant and equipment	219	1 123
- Purchase of intangible assets	-57 457	-52 096
- Purchase of investments in subordinated entities	-102 595	0
- Disposal of fixed assets held for sale	56	516
- Purchase of held-to-maturity financial assets	0	-6 441 878
- Disposal of held-to-maturity financial assets	50 000	0
- Interest received from held-to-maturity financial assets	366 327	291 686
- Dividends received	78 451	109 589
Net cash flow from investment activities	**250 582**	**-6 187 545**
FINANCIAL ACTIVITIES		
- Dividends paid	0	-152 217
Net cash flow from financial activities	**0**	**-152 217**
Effect of exchange rate changes on cash and cash equivalents	***41 136***	***283 545***
Net increase/decrease in cash and cash equivalents	**-1 080 015**	**-718 181**
Opening balance of cash and cash equivalents	**4 098 274**	**4 816 455**
Closing balance of cash and cash equivalents	**3 018 259**	**4 098 274**

1. Introduction

These interim financial statements of the ING Bank Śląski for the IV quarter 2009 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 September 2009 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009. no. 33. item 259).

Summary profit and loss account, summary statement of comprehensive income, summary statement of changes in equity and summary report on cash flow for the period from 01.01.2009 to 31.12.2009 and summary report on financial standing as of 31.12.2009 together with reference data have been developed following the same accounting principles for each period.

These interim financial statements for IV quarter 2009 meet the requirements of International Financial Reporting Standards (IFRS) including IAS 34 (International Accounting Standards) with regard to interim financial statements.

Interim financial statement of ING Bank Śląski S.A. covers the period of 12 months ending on 31 December 2009 and includes reference data for the period of 12 months ending on 31 December 2008.

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

The same accounting principles were applied to this interim financial statement and to the full annual financial statement for 2008, except that amendments to the standards and new interpretations applicable to annual periods starting on or after 1 January 2009 were also applied to this statement. Amendments to standards and new interpretations are described in interim consolidated financial statement of the ING Bank Śląski S.A. Capital Group enclosed herewith ("interim consolidated financial statement"), in chapter II.2 "Compliance with International Financial Reporting Standards".

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

These interim condensed standalone financial statements has been approved by the Bank Management Board on 16 February 2010.

This interim condensed financial report was prepared on a going-concern basis (with the exception of the issue described herein below) as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date.

As of the date of approving this statement, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Bank is endangered.

The Bank did not carry out operations ceased during four quarters of 2009.

2. Material accounting principles (policy)

Detailed accounting principles are presented in consolidated annual financial report of ING Bank Śląski S.A. Capital Group for the period from 1 January 2008 to 31 December 2008 published on 27 February 2009 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

The same accounting principles were applied to summary semi-annual financial statement and summary semi-annual consolidated financial statement, except for the changes in recording capital investments described above.

Investment in subsidiaries and associates

Subsidiaries
Subsidiaries are the entities over which the Bank has direct or indirect control. Control is the ability to manage financial and operating policies in order to gain economic profits. Control basically is involved with larger number of votes in governing bodies. Control usually is implicated with the possession of the majority of votes in governing bodies.

Associates
Associated entities are entities over which the Bank has significant influence and are not subsidiaries. The Bank usually determines significant influence by possession of 20 % to 50 % of the total number of votes in governing bodies.

Recognition and valuation
Investments in subsidiaries and associates are recorded at cost of purchase less impairment if any. The carrying value is subject to tests for impairment in accordance with IAS 39. Any impairment is recognized in the profit and loss account as “Impairment losses and provisions for off-balance sheet liabilities”. Dividends are recognized in the profit and loss account when the Bank obtains legal rights to receive them.

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the summary interim consolidated financial statement in paragraph II.3.

4. Comparability of financial data

In comparison to the financial statement for the period from 1 January 2008 to 31 December 2008, the Bank introduced several amendments into summary interim financial statement for the period from 1 January 2009 to 31 December 2009. The amendments refer to the way of presenting some positions of the profit and loss account. The amendments are described in detail in summary interim consolidated financial statement in paragraph II. 4.

5. Material events in IV quarter 2009

Material events that occurred in IV 2009 are described in the summary interim consolidated financial statement in paragraph II.6.

6. 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.

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

None.

8. Dividends paid

On 3 April 2009. the General Shareholders Meeting decided that the dividend for 2008 would not be paid.

9. Acquisitions

In IV quarter 2009, the ING Bank Śląski did not make any acquisitions, as in IV quarter 2008.

10. Off-balance sheet items

(pln '000)	**end of year 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009	**end of year 2008** as of 31.12.2008	**3 quarters 2009** as of 30.09.2008
Contingent liabilities granted	14 257 243	13 766 995	14 181 808	13 779 451
Contingent liabilities received	12 483 266	13 771 144	15 310 545	14 982 790
Off-balance sheet financial instruments	119 086 563	139 796 995	262 720 990	277 226 786
Total off-balance sheet items	**145 827 072**	**167 335 134**	**292 213 343**	**305 989 027**

11. Events after the balance sheet date

Events after the balance sheet date are described in the summary interim consolidated financial statement in paragraph II.8.

12. Transactions with related entities

Transactions with related entities have been described in the interim consolidated financial statements in item II.14.