2010

Interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for III quarter 2010

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I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (PLN '000)

	Note	**III quarter 2010** the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
- Interest income	*5.1*	747 371	2 197 235	732 102	2 366 129
- Interest expenses	*5.1*	337 150	991 339	354 080	1 318 121
Net interest income	*5.1*	**410 221**	**1 205 896**	**378 022**	**1 048 008**
- Commission income	*5.2*	287 157	828 854	278 008	809 414
- Commission expenses	*5.2*	31 565	97 842	24 967	72 442
Net commission income	*5.2*	**255 592**	**731 012**	**253 041**	**736 972**
- Net income on instruments measured at fair value through profit or loss and FX result	*5.3*	24 399	75 695	58 799	78 460
- Net income on investments	*5.4*	718	7 778	5 461	14 064
- Net income on hedge accounting	*5.5*	-7 856	-30 016	-6 731	17 172
- Net income on other basic activities		6 467	17 787	5 361	16 052
Result on basic activities		**689 541**	**2 008 152**	**693 953**	**1 910 728**
- General and administrative expenses	*5.6*	395 339	1 192 893	393 037	1 138 495
- Result on other operating income and expenses		-12 324	-8 482	-208	39
- Impairment losses and provisions for off-balance sheet liabilities	*5.7*	55 101	142 477	54 140	219 693
- Share in net profit (loss) of associated entities recognised under the equity method		10 652	28 848	10 394	36 024
Profit (loss) before tax		**237 429**	**693 148**	**256 962**	**588 603**
Income tax		44 982	131 657	46 217	114 341
Net profit (loss)		**192 447**	**561 491**	**210 745**	**474 262**
- assigned to shareholders of the holding company		**192 370**	**561 420**	**210 726**	**474 250**
- assigned to minority shareholders		77	71	19	12

Net profit (loss) assigned to shareholders of the holding company	**192 370**	**561 420**	**210 726**	**474 250**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**14,79**	**43,15**	**16,20**	**36,45**

Diluted earnings per share agrees with earnings per ordinary share

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

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Net result for the period	**192 447**	**561 491**	**210 745**	**474 262**
- Gains/losses on remeasurement of available-for-sale financial assets charged to equity	46 809	47 318	28 180	69 633
including deferred tax	*-11 185*	*-11 442*	*-6 722*	*-16 409*
- Reclassification to the financial result as a result of sale of available-for-sale financial assets	283	-2 401	-4 235	-7 945
including deferred tax	*-66*	*563*	*994*	*1 864*
- Amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-258	-622	-244	2 742
including deferred tax	*61*	*146*	*58*	*-643*
- Remeasurement of property, plant and equipment	454	454	0	0
including deferred tax	*-107*	*-107*	*0*	*0*
- Effective part of cash flow hedging instruments revaluation	8 082	35 095	-7 838	-33 676
including deferred tax	*-1 896*	*-8 232*	*1 838*	*7 899*
- Revaluation of share-based payment	1 637	3 570	820	15 028
including deferred tax	*0*	*0*	*0*	*-2 502*
- Other	1	284	54	26
including deferred tax	*1*	*5*	*4*	*10*
Other comprehensive income (loss)	**57 008**	**83 698**	**16 737**	**45 808**
Total comprehensive income for the period	**249 455**	**645 189**	**227 482**	**520 070**

Total comprehensive income				
- assigned to shareholders of the holding company	249 378	645 118	227 463	520 058
- assigned to minority shareholders	77	71	19	12
Total comprehensive income for the period	**249 455**	**645 189**	**227 482**	**520 070**

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

	Note	3 quarters 2010 as of 30 Sep 2010	I half 2010 as of 30 Jun 2010	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	I half 2009 as of 30 Jun 2009
A S S E T S						
- Cash in hand and balances with the Central Bank		1 265 104	2 158 478	2 656 593	1 685 972	903 317
- Loans and receivables to other banks	5.8	1 859 227	1 940 108	1 184 103	3 639 939	3 233 643
- Financial assets measured at fair value through profit and loss	5.9	3 945 735	1 451 554	8 267 661	12 177 694	10 822 131
- Valuation of derivatives		1 527 884	1 755 710	1 566 652	1 953 334	3 241 981
- Investments	5.10	18 736 413	21 008 716	14 166 281	14 334 484	15 568 193
- available-for-sale		*12 239 940*	*14 323 677*	*6 835 875*	*6 990 808*	*8 329 498*
- held-to-maturity		*6 496 473*	*6 685 039*	*7 330 406*	*7 343 676*	*7 238 695*
- Derivative hedge instruments		86 065	88 131	90 444	64 605	90 975
- Loans and receivables to customers	5.11 5.12	33 320 661	31 781 186	30 592 794	29 049 972	29 268 639
- Investments in controlled entities recognised under the equity method		144 448	133 796	115 600	99 542	89 148
- Investment real estates		140 399	129 667	129 667	151 458	151 458
- Property, plant and equipment		520 455	536 318	548 847	541 341	553 166
- Intangible assets		325 790	325 876	327 343	316 369	317 791
- Property, plant and equipment held for sale		1 924	224	224	224	135
- Current income tax assets		0	260	762	0	82 879
- Deferred tax assets		77 344	97 370	86 447	34 337	0
- Other assets		214 086	175 589	150 038	207 201	193 043
T o t a l a s s e t s		**62 165 535**	**61 582 983**	**59 883 456**	**64 256 472**	**64 516 499**
E Q U I T Y A N D L I A B I L I T I E S						
LIABILITIES						
- Liabilities due to other banks	5.13	3 149 358	5 190 240	3 973 786	6 395 045	9 730 831
- Financial liabilities measured at fair value through profit and loss	5.14	2 580 454	2 123 453	998 051	3 701 045	981 361
- Valuation of derivatives		1 202 195	1 215 300	1 193 944	1 341 038	2 103 080
- Derivative hedge instruments		775 966	663 309	482 563	493 729	382 120
- Liabilities due to customers	5.15	47 667 866	45 954 215	47 584 673	46 480 785	45 732 378
- Provisions	5.16	49 757	46 470	55 247	49 708	48 975
- Current income tax liabilities		60 526	55 396	156 133	101 080	53
- Deferred tax provision		0	0	0	0	55 599
- Other liabilities		1 147 513	1 052 155	552 348	949 543	965 085
T o t a l l i a b i l i t i e s		**56 633 635**	**56 300 538**	**54 996 745**	**59 511 973**	**59 999 482**
EQUITY						
- Share capital		130 100	130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value		956 250	956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets		42 912	-3 922	-1 383	-36 551	-60 252
- Revaluation reserve from measurement of property, plant and equipment		51 550	51 095	51 115	52 819	52 828
- Revaluation reserve from measurement of cash flow hedging instruments		34 127	26 045	-968	11 905	19 743
- Revaluation of share-based payment		19 416	17 779	15 846	15 028	14 208
- Retained earnings		4 295 161	4 102 791	3 733 438	3 612 637	3 401 848
Equity attributed to the holding company		**5 529 516**	**5 280 138**	**4 884 398**	**4 742 188**	**4 514 725**
- Minority equity		**2 384**	**2 307**	**2 313**	**2 311**	**2 292**
T o t a l e q u i t y		**5 531 900**	**5 282 445**	**4 886 711**	**4 744 499**	**4 517 017**
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		**62 165 535**	**61 582 983**	**59 883 456**	**64 256 472**	**64 516 499**

Solvency ratio	5.17	**13,30%**	**12,56%**	**12,01%**	**12,07%**	**10,87%**

Net book value	**5 529 516**	**5 280 138**	**4 884 398**	**4 742 188**	**4 514 725**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Net book value per share (PLN)	**425,02**	**405,85**	**375,43**	**364,50**	**347,02**

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

3 quarters 2010
the period from 01 Jan 2010 to 30 Sep 2010

	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**	**-1 383**	**51 115**	**-968**	**15 846**	**3 733 438**	**2 313**	**4 886 711**
- net result for the current period	-	-	-	-	-	-	561 491	-	**561 491**
- share of minority shareholders in the net financial result	-	-	-	-	-	-	-71	71	**0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	47 318	-	-	-	-	-	**47 318**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-2 401	-	-	-	-	-	**-2 401**
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	-622	-	-	-	-	-	**-622**
- remeasurement of property, plant and equipment	-	-	-	454	-	-	-	-	**454**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	35 095	-	-	-	**35 095**
- revaluation of share-based payment	-	-	-	-	-	3 570	-	-	**3 570**
- other	-	-	-	-19	-	-	303	-	**284**
Total comprehensive income for the period	**0**	**0**	**44 295**	**435**	**35 095**	**3 570**	**561 723**	**71**	**645 189**
Dividends paid	-	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**42 912**	**51 550**	**34 127**	**19 416**	**4 295 161**	**2 384**	**5 531 900**

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**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	794	-	-	-	-	-	**794**
- amortisation of gains or losses previously recognised in equity concerning 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**

3 quarters 2009
the period from 01 Jan 2009 to 30 Sep 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	-	-	-	-	-	-	474 262	-	**474 262**
- share of minority shareholders in the net financial result	-	-	-	-	-	-	-12	12	**0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	69 633	-	-	-	-	-	**69 633**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-7 945	-	-	-	-	-	**-7 945**
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	2 742	-	-	-	-	-	**2 742**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	-33 676	-	-	-	**-33 676**
- revaluation of share-based payment	-	-	-	-	-	15 028	-	-	**15 028**
- other	-	-	-	-45	-	-	71	-	**26**
Total comprehensive income for the period	**0**	**0**	**64 430**	**-45**	**-33 676**	**15 028**	**474 321**	**12**	**520 070**
Dividends paid	-	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**-36 551**	**52 819**	**11 905**	**15 028**	**3 612 637**	**2 311**	**4 744 499**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (PLN '000)

	3 quarters 2010 the period from 01 Jan 2010 to 30 Sep 2010	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
OPERATING ACTIVITIES		
Net profit (loss)	**561 420**	**474 250**
Adjustments	**-1 988 364**	**-1 645 881**
- Minority shareholders' profit (loss)	71	12
- Share in net profit (loss) of associated entities	-28 848	-36 024
- Depreciation and amortisation	88 652	92 503
- Interest accrued (from the profit and loss account)	1 205 896	1 048 008
- Interest paid	1 055 466	1 317 599
- Interest received	-2 402 995	-2 317 336
- Dividends received	-4 664	-4 012
- Gains (losses) on investment activities	106	1 071
- Income tax (from the profit and loss account)	131 657	114 341
- Income tax paid	-217 399	-37 953
- Change in provisions	-5 490	-871
- Change in loans and other receivables to other banks	349 176	2 743 278
- Change in financial assets at fair value through profit or loss	4 287 926	2 829 645
- Change in available-for-sale financial assets	-5 337 501	3 767 397
- Change in valuation of derivatives	47 019	-612 296
- Change in derivative hedge instruments	332 877	172 404
- Change in loans and other receivables to customers	-2 741 841	-3 332 604
- Change in other assets	-124 248	-56 739
- Change in liabilities due to other banks	-824 340	-5 622 322
- Change in liabilities at fair value through profit or loss	1 582 403	-1 445 653
- Change in liabilities due to customers	18 978	-561 228
- Change in other liabilities	598 735	294 899
Net cash flow from operating activities	**-1 426 944**	**-1 171 631**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-36 219	-80 036
- Disposal of property, plant and equipment	288	121
- Purchase of intangible assets	-35 553	-33 577
- Disposal of fixed assets held for sale	110	42
- Redemption of held-to-maturity financial assets	895 000	50 000
- Interest received from held-to-maturity financial assets	240 670	243 670
- Dividends received	4 664	4 012
Net cash flow from investment activities	**1 068 960**	**184 232**
FINANCIAL ACTIVITIES		
- Dividends paid	0	0
Net cash flow from financial activities	**0**	**0**
Effect of exchange rate changes on cash and cash equivalents	***-38 331***	***30 498***
Net increase/decrease in cash and cash equivalents	**-357 984**	**-987 399**
Opening balance of cash and cash equivalents	**3 047 826**	**4 133 362**
Closing balance of cash and cash equivalents	**2 689 842**	**3 145 963**

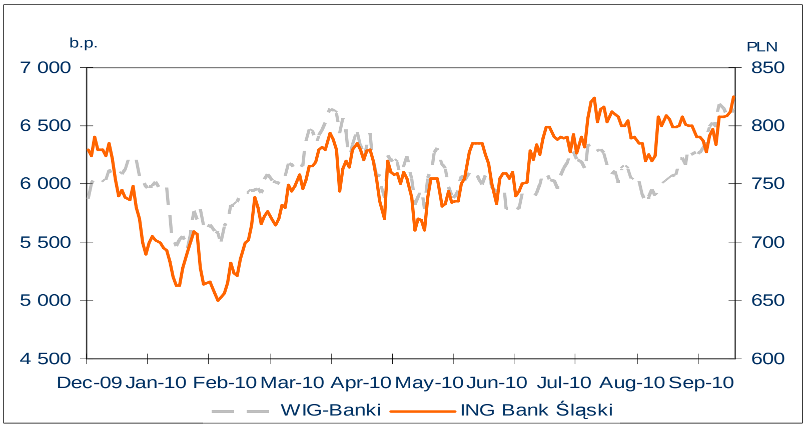
II. Additional information

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 ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 13,010,000 ordinary bearer shares with a par value of PLN 10.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 30 September 2010, the share price of ING Bank Śląski S.A. was PLN 825.00, whereas during the same period last year it was at the level of PLN 640.00. In the first 9 months of 2010, the price of ING Bank Śląski S.A. shares was as follows:



ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group", "Group") of the following composition as at 30 September 2010:

- 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).

In first 9 months 2010 the Group's structure did not change.

The duration of the parent 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 runs operations both in the home currency and in foreign currencies. The Bank is also active on the domestic and foreign financial markets. The subsidiary ING Bank Hipoteczny S.A. also runs banking business, including loans secured with mortgage. Additionally through subsidiaries the Group operates brokerage services, real estate, leasing of real estate and 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 30 September 2010 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 30 September 2010, the shareholder owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna was:

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

Among members of the Supervisory Board of the Bank as of the day of publishing the interim consolidated financial statements of Capital Group of ING Bank Śląski S.A. for III quarter 2010, Mr. Wojciech Popiołek held shares of ING Bank Śląski S.A. in the number of 6 shares. The other members of the Bank Management Board and the Bank Supervisory Board did not hold any shares of ING Bank Śląski S.A. The number of shares of ING Bank Śląski held by Members of the Bank Supervisory Board and Members of the Bank Management Board was analogous to the number as at the day when the financial statements for the previous quarter were made public.

The interim condensed consolidated financial statements of the Group for the III quarter 2010 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities.

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2009 to 31 December 2009 were approved by the General Meeting of Shareholders of the Bank on 8 April 2010.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 9 November 2010.

2. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the III quarter 2010 were prepared under the International Financial Reporting Standards (IFRS) in a version approved by the European Commission effective as at the reporting date, that is 30 September 2010 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).

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated cash flow statement for the period from 01 January 2010 to 30 September 2010, and interim condensed consolidated statement of financial position as at 30 September 2010 together with comparable data were prepared according to the same principles of accounting for each period.

The comparative data cover the period from 1 January 2009 to 30 September 2009 for the condensed consolidated income statement; the condensed consolidated statement of comprehensive income; and the condensed consolidated cash flow statement; additionally, for the period from 1 January 2009 to 31 December 2009 for the condensed consolidated statement of changes in equity; and in the case of the condensed consolidated statement of financial position data as of 31 December 2009 and 30 September 2009. Interim condensed consolidated income statements, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated income statements include data for the Q3 2010 (period from 01 July 2010 to 30 September 2010) as well as comparative data for the Q3 2009 (period from 01 July 2009 to 30 September 2009).

Presented interim condensed consolidated financial statements for the III quarter 2010 meet the requirements of International Financial Reporting Standards (IFRS), including IAS 34 (International Accounting Standards) with regard to interim financial statements. This interim condensed consolidated financial statements for the III quarter 2010 was prepared in a condensed version and does not cover all disclosures required in the annual financial statements.

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

In these interim condensed consolidated financial statements the same principles of accounting have been applied as the ones applied for developing the 2009 annual consolidated financial statements, with the exception of the following changes in standards and new interpretations binding for annual periods starting on 1 January 2010 or after that date:

- IFRS 1 *Application of International Financial Reporting Standards for the first time* – revised IFRS 1 supersedes the existing IFRS 1 in order to simplify its application and its future amendments. Certain out-dated guidelines with regard to shifting to international financial reporting standards have not been included in the revised MSSF 1, and some slight editorial changes were introduced. The currently binding requirements remain unchanged*.* Amendments of 28 January 2010 – few exemptions concerning comparable data and *IFRS 7 Financial Instruments* – disclosures for entities that apply the International Financial Reporting Standards for the first time,
- IFRS 2 *Share-based payments (dated 18 June 2009)* – changes to IFRS 2 specify the recognition of share-based payments whereunder a payment to the service or good suppliers is made in cash, and the liability is attributed to other entity belonging to the capital group (share-based payments settled in cash within the capital group). 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,
- IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* - the amendment explains that if a subsidiary meets the criteria to be classified as held for sale, then all of its assets and liabilities are classified as available for sale, even if the dominant entity retains non-controlling shares in that entity upon a sales transaction. The application of that amendment did not have any impact on the financial standing or the result on the Group's operations, as there have been no events to which it would have applied,
- Changes to IFRS resulting from annual review, entering into force after 1 January 2010. The annual review is to improve international financial reporting standards and to specify them in more detail. The majority of changes specifies in more detail the existing IFRS or introduces amendments thereto or constitutes changes resulting from prior changes to IFRS. Changes to IFRS 8, IAS 17, IAS 36 and IAS 39 include changes of binding requirements or they constitute additional explanations with regard to application of the said requirements,
- IAS 7 *Cash Flow Statements* – it was explicitly stated in the amendment that only expenses leading to recognition of an asset may be classified as cashflows from investing activities. The amendment affects the presentation of conditional payment upon merger, which was settled in the monetary form in 2010. The application of that amendment did not have any impact on the financial standing or the result on the Group's operations, as there have been no events to which it would have applied,
- IAS 32 *Financial instruments: Presentation (dated 8 October 2009)* – the change to IAS 32 specifies in more detail how certain pre-emptive rights should be recognized in situation when the issued financial instruments are denominated in other currency than the functional currency of the issuer. If such instruments are offered pro rata to the existing shareholders of the issuer in return for fixed amount of cash they should be classified as equity instruments also in the case when their execution price is expressed in currency other than the functional currency of the

issuer. 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.

The published Standards and Interpretations which have been already issued, but they are not binding yet as they have not been approved by the European Union or they have been approved by the European Union but have not been applied by the Group include:

- IFRS 9 *Financial Instruments* – the new standard is to supersede IAS 39 (the Group is currently analyzing the impact of the changes on the financial statements),
- Amendments to IFRIC 14 IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction:* prepayments of a minimum funding requirement – applicable to annual periods beginning on or after 1 January 2011. The Group is analysing the impact of amendments on financial statements,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – the interpretation explains the guidelines of IFRS when a business entity renegotiates terms and conditions of financial liabilities with lenders and the said lenders agree to accept the entity's shares or other equity instruments to settle financial liabilities partially or fully (the Group is currently analyzing the impact of the changes on the financial statements),
- IAS 24 *Related Party Disclosures* (amended in November 2009) – applicable to annual periods beginning on or after 1 January 2011. The Group is analysing the impact of amendments on financial statements,
- Changes resulting from IFRS annual review applicable to annual reporting periods starting on 1 January 2011. The annual review is to improve international financial reporting standards and to specify them in more detail. The majority of changes specifies in more detail the existing IFRS or introduces amendments thereto or constitutes changes resulting from prior changes to IFRS. Changes to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 include changes of binding requirements or they constitute additional explanations with regard to application of the said requirements.

In view of the ongoing process of IFRS introduction in the EU and the business run by the Company, as at the approval date of this report, there were no differences between the already effective IFRSs and the IFRSs approved by the EU in terms of the accounting principles applied by the Company.

Going-concern

These interim condensed consolidated financial statements were prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date. As of the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Capital Group is endangered.

Discontinued operations

The Group had not conducted any activity that was discontinued in the first three quarters of 2010.

Material accounting principles (policy)

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2009 to 31 December 2009 published on 05 March 2010 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.

Basis for preparation of consolidated financial statements

The concept of fair value has been applied in the statements for real property and investment property as well as financial assets and liabilities measured at fair value, including derivative instruments, and financial assets classified as available-for-sale, excluding those for which the fair value cannot be determined in a reliable manner.

Other items of financial assets (including loans and receivables) are presented at amortized cost less impairment charges or at purchase price less impairment charges.

Fixed assets for sale are recognised at the lower of their balance sheet value and the fair value minus sales costs.

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;
- 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 income statement, 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"). These consolidated financial statements 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 currencies are translated at FX rate prevailing on the transaction date. The financial assets and liabilities, being result of the said transactions and denominated in foreign currencies are translated at the FX rate prevailing on a given day. The foreign exchange differences resulting from the settlements of the said transactions and the balance sheet valuation of the financial assets and liabilities denominated in foreign currency are recognized in the income statement in the detailed item *FX result,* which is an element of *Net income on instruments measured at fair value through profit or loss and FX result.*

Foreign exchange differences due to such items as equity instruments classified as available-for-sale financial assets are recognized in revaluation capital of available-for-sale financial assets.

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 profit or loss, loans and receivables, investments held to maturity, available for sale financial assets.

Financial assets and liabilities valued at fair value through profit or 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 or 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. In such a case, the Group must not classify any financial assets as investments held to maturity for 2 years.

Loans and receivables

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 or loss;
- those that the entity upon initial recognition designates as available for sale;
- 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

Financial liabilities being a contractual obligation to deliver cash or other financial asset to another entity not valued at fair value through profit or 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 or 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 the Group 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 cancelledor 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 which 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, which 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

With the current scope of Groups' activity the principles of reclassification described below are applicable.

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 the income statement;
- a gain or loss on an available-for-sale financial asset is recognized directly in equity through list of changes in equity.

The interest calculated using the effective interest rate method is recognised in the income statement.

Upon the impairment of elements of financial assets or a group of financial assets, the Group debits the income statement with the amount of contractual interest unpaid as of the day of the impairment. The interest shall be included in the income statement at the moment of repayment thereof.

Dividends on an available-for-sale equity instrument are recognised in the income statement 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 income statement.

At the moment of derecognition of financial assets from the balance sheet, cumulated gains and losses recognized previously in equity, are transferred to the income statement.

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

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.

Hedge Accounting

Hedge accounting presents the offset effects of fair value changes of both hedging instruments and hedged items which impact the income statement.
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:

- formalised documentation of the hedging relationship was prepared when the hedging was established. The documentation sets out the purpose of risk management and the hedging strategy adopted by the Group. In the documentation, the Group designates the hedging instrument to hedge a given position or transaction, and specifies the type of risk to be hedged against. The Group specifies the manner for assessing the effectiveness of the hedging instrument in compensating for changes in cash flows due to the hedged transaction in terms of mitigation of risk the Group hedges against,
- 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 may be assessed credibly, so the fair value of the hedged item or the cash flows of the said item as well as fair value of a hedge instrument may be valued credibly,
- 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 income statement.

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 the income statement; 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 income statement. 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 income statement.

If a hedged item is a component of financial assets available for sale, the profit or loss resulting from the hedged risk is included in the income statement, 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 income statement.

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 the income statement.

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 income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

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 income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (e.g. in form of a depreciation); 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 applies cash flow hedge accounting in order to hedge the amount of future cash flows of certain portfolios of assets/liabilities of the Group or the portfolio of highly probable planned transactions against the interest rate risk and the highly probable planned transaction against the FX risk.

Derivative instruments not qualifying as hedging instruments

Changes in fair value of derivatives that do not fulfil the criteria of hedge accounting are disclosed in the income statement for the current period. Changes in fair value of IR-derivatives arising from ongoing accrual of interest coupon are disclosed under *Interest result on derivatives,* whereas the remaining part of changes in the fair value of IR-derivatives are presented under *Net income on instruments measured at fair value through profit or loss and FX-result.*

Changes in the fair value of FX-derivatives are decomposed into three elements, which are presented as follows:

- changes in fair value arising from ongoing accrual of swap/forward points are presented under *Interest result on derivatives,*
- changes in fair value due to changes of foreign exchange rates are presented under *Net income on instruments measured at fair value through profit or loss and FX-result,*
- the remaining part of change in fair value (i.e. due to the change of interest rates) is presented under *Net income on instruments measured at fair value through profit or loss and FX-result.*

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 estimated. 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;

- 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 for financial assets that are significant and for financial assets that are not individually significant. The Group classifies loan receivables by size of exposure, into the individual and group portfolios. If after the assessment we find that for a given financial assets item assessed individually there are no objective reasons for impairment or there are reasons for impairment but estimated impairment charges amount to 0, the item shall be included in the group of financial assets with similar features of credit risk, which indicate that the debtor is capable to repay the entire debt according to provisions of the agreement. Next, such groups are subject to collective assessment in terms of 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 valuated according to depreciated cost, 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 the existing objective proofs for impairment of assets component or financial assets group component valued according to depreciated cost indicate that there will be no expected future cash flows from the abovementioned financial assets, the impairment charge of assets equals their balance sheet value.

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 have 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 income statement.

If in a consecutive period, the amount of loss due to the impairment decreases as a result of the event that took place after the impairment (e.g. improved credit capacity assessment of the debtor), the previous impairment charge is reversed through the income statement by a proper adjustment of impairment charges.

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 has been recognized directly in equity is removed from equity and recognised in the income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in the income statement 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 the income statement.

Impairment losses recognised in the income statement for an investment in an equity instrument classified as available for sale is not reversed through income statement. 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 income statement, the impairment loss is reversed, with the amount of the reversal recognized in the income statement.

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.

Depreciation and amortization charges

The depreciation charge of tangible and intangible fixed assets is applied using the straight line method, using defined depreciation rates throughout the period of their useful lives.

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. The useful life, amortization/ depreciation rates and residual values of tangible and intangible assets are reviewed annually. Conclusions of the review may lead to a change of depreciation periods recognized prospectively from the date of application (the effect of this change is in accordance with IAS 8 charged to the income statement).

In case of buildings valued at fair value, the accumulated depreciation balance at the revaluation date is removed from the carrying value gross, and the net carrying value adjusted to the revalued value.

Depreciation and amortization charges are recognized in the income statement. At each balance sheet date goodwill and other intangible assets with indefinite useful life are regularly tested for impairment. The depreciation periods are as follows:

➢ lands and buildings	50 years
➢ leaseholds improvements	period of the lease or hire
➢ vehicles and others	3 - 7 years
➢ equipment	5 years
➢ costs of development of software	3 years
➢ software licenses, copyrights	3 years

For ATMs and CDMs introduced for use after 01 January 2010 the Group extended the use period to 7 years.

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 term of realisation of the options granted (5 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 loans

At each balance sheet date the Group assesses whether there is objective evidence of impairment of a given financial asset or of a group of such assets. Impairment of a financial asset or of a group of financial assets is incurred only if there is objective evidence for the impairment due to one or many events. The occurrence of such event or group of such events affects the estimation of expected cash flows regarding these assets. The estimates may take into account any observable indications pointing at the occurrence of an unfavourable change in the solvency position of debtors belonging to any particular group or in the economic situation of a given country or part of a country, which is associated with the problems appearing in that group of assets. Historical parameters of recoveries are adjusted on the basis of the data coming from current observations so as to take into consideration the influence of current conditions and to exclude the influencing factors from the prior periods that are not currently present.

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

The methodology and the assumptions on the basis of which the estimated cash flows and their anticipated timing are determined are regularly reviewed and updated.

Moreover the tests on historical data are carried out in order to compare actual results with estimations of impairment.

Credit risk connected with derivative instruments

The Group has been systematically reviewing of the portfolio of FX options. 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 or 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 or 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 income statement 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 in the fair-value measurement of derivatives correlated with FX-rate,
- 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 income statement 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

The Group made some changes in the way of presenting certain items in the income statement in the interim condensed consolidated financial statements for the period started on 1 January 2010 ended on 30 September 2010 when compared to the consolidated financial statements for the period started on 1 January 2009 ended 30 September 2009:

- valuation of hedging and hedged transactions under the fair value hedge accounting – currently this amount is presented under a separate item: *Net income on hedge accounting*, and previously presented under the item: *Net income on investment,*
- interest on hedging instrument in the fair value hedge accounting – currently presented under the item: *Interest income*, and previously presented under the item: *Net income on invest*ment,
- interest on hedging instrument in cash flow hedge accounting – currently presented under the item: : *Interest income,* and previously presented under the item: *Net income on instruments measured at fair value through profit or loss and FX result*,
- net income on valuation of the ineffective part under the cash flow hedge accounting – currently presented under the item *Net income on hedge accounting*, and previously presented under the item: *Net income on instruments measured at fair value through profit or loss and FX result.*

In the opinion of the Group, the current presentation is a better reflection of the nature and economic substance of the positions.

The Group also decomposed the result on valuation of IR-derivatives and the result on valuation of FX-derivatives. As a result, the following items were singled out:

- interest result (arising from ongoing accrual of interest coupon on the transaction or ongoing accrual of swap/ forward points),
- FX result in terms of FX-derivatives (i.e. change in fair value due to change of foreign exchange rates),
- other part of valuation result (i.e. change of fair value due to change of interest rates).

The interest result is currently presented under *Interest income,* whereas the FX result and the result on valuation are presented under *Net income on instruments measured at fair value through profit or loss and FX result* in *FX result* and *Net income on financial assets and liabilities held for trading – net income on derivatives,* respectively*.*

Furthermore, the Group moved amount PLN 52,835,000.00 from the position *Net income on instruments measured at fair value through profit or loss and FX result* to the position *Result on commission.* The change was a consequence of the implementation of a new system for registering international payments that was executed in 4Q 2009. Previously the international transactions were recorded in the system in which there was no split into transactional result and revaluation result – thus, the entire result made on those transactions was recognised as part of foreign exchange position without separating the transactional margin. By including the above transactions in the margin calculation, the amount of transactional margin presented in the financial statements increased. The values presented in the previous periods were re-calculated and adjusted in this interim condensed consolidated financial statements. In the opinion of the Group, the change resulted in higher quality of the reported data.

Data for the period of 9 months 2009 presented herein was adjusted for comparability.

Interim condensed consolidated income statement (in PLN thousands)	period from 1 January 2009 to 30 September 2009 in the interim consolidated financial statements for the III quarter 2009	changes	period from 1 January 2009 to 30 September 2009 in the interim condensed consolidated financial statements for the III quarter 2010
Interest income	2 390 212	-24 083	2 366 129
Interest expenses	-1 318 121	0	-1 318 121
Net interest income	**1 072 091**	**-24 083**	**1 048 008**
Commission income	756 579	52 835	809 414
Commission expenses	-72 442	0	-72 442
Net commission income	**684 137**	**52 835**	**736 972**
Net income on instruments measured at fair value through profit or loss and FX result*	202 985	-124 525	78 460
Net income on investment**	-64 537	78 601	14 064
Net income on hedge accounting	0	17 172	17 172
Net income on other basic activities	16 052	0	16 052
Result on basic activities	**1 910 728**	**0**	**1 910 728**
General and administrative expenses	-1 138 495	0	-1 138 495
Result on other operating income and expenses	39	0	39
Impairment losses and provision for off-balance sheet liabilities	-219 693	0	-219 693
Share in net profit (loss) of associated entities recognised under the equity method	36 024	0	36 024
Profit (loss) before tax	**588 603**	**0**	**588 603**
Income tax	-114 341	0	-114 341
Net profit (loss)	**474 262**	**0**	**474 262**
- assigned to shareholders of the holding company	**474 250**	**0**	**474 250**
- assigned to minority shareholders	**12**	**0**	**12**

*/ When compared to the Q3 2009 there was a change of the name of the *Net income on instruments measured at fair value through profit or loss and revaluation* item to *Net income on instruments measured at fair value through profit or loss and FX result.*

******/ When compared to the Q3 2009 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 statement of financial position.

5. Supplementary notes to interim condensed consolidated financial statements

5.1. Net interest income

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Interest income				
- interest on loans and receivables to banks	21 663	75 806	31 167	136 775
- interest on loans and receivables to customers	461 720	1 317 056	411 934	1 254 439
- interest on debt securities	245 163	750 509	274 311	941 923
- interest result on derivatives	18 764	53 671	14 630	32 789
- other	61	193	60	203
Total interest income	**747 371**	**2 197 235**	**732 102**	**2 366 129**
Interest expenses				
- interest on deposits from banks	19 357	56 568	18 371	168 381
- interest on deposits from customers	317 793	934 771	335 709	1 149 740
Total interest expenses	**337 150**	**991 339**	**354 080**	**1 318 121**
Net interest income	**410 221**	**1 205 896**	**378 022**	**1 048 008**

The presentation of the net interest income was changed in comparison with the financial statements for the previous reporting periods. The change consists in including additional items in interest income. In these interim condensed consolidated financial statements, the interest income includes all interest elements of financial assets and liabilities, as well as derivative instruments. The change included recognizing as part of interest revenue in the line *Interest result on derivatives* the following elements, among other things: swap points, forward points, as well as interest on CIRS and IRS transactions that are not covered by hedge accounting and that were previously recognized in the income statement under *Net income on instruments measured at fair value through profit or loss and FX result,* sub-line: *Net income on financial assets and liabilities held for trading – net income on derivatives.*

The data for Q3 2009 and the data for the first three quarters of 2009 were made comparable. The change has been described in greater detail in Chapter 4 "Comparability of Financial Data" of these interim condensed consolidated financial statements.

5.2. Net commission income

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Commission income				
- commission related to brokerage activity	20 326	59 027	20 025	52 551
- commission related to keeping accounts	65 010	201 652	73 768	217 136
- commission related to loans	40 069	115 281	36 516	103 942
- commission related to loans insurance	7 006	19 754	15 900	43 461
- commission related to payment and credit cards	48 859	129 881	43 629	117 889
- commission related to distribution of participation units	21 251	58 210	13 532	39 919
- fiduciary and custodian fees	7 512	21 183	6 316	19 007
- foreign commercial business	3 219	9 551	3 917	10 588
- commission related to subscription of structured products	115	2 397	200	4 505
- the transactional margin on foreign exchange transactions*)	61 023	181 189	50 753	165 417
- commission related to sales of financial products	4 366	10 277	6 395	13 734
- other	8 401	20 452	7 057	21 265
Total commission income	**287 157**	**828 854**	**278 008**	**809 414**
Commission expenses	**31 565**	**97 842**	**24 967**	**72 442**
Net commission income	**255 592**	**731 012**	**253 041**	**736 972**

*) The amount of PLN 165,417 thousand recognised in the item *the transactional margin on foreign exchange transactions* for the 3 quarters of 2009 (PLN 50,753 thousand in III quarter 2009) included the amount of PLN 52,261 thousand (PLN 16,352 thousand in III quarter) which was transferred from the item *FX result* (from the income statement line: *Net income on instruments measured at fair value through profit or loss and FX result*). The change derived from the movement of the margin on internal payments from the FX-result. Those transactions were previously excluded from the margin calculation but upon the introduction of a new system to record international payments they are included in the calculation. The change was described in detail in these interim condensed consolidated financial statements in Chapter 4: "Comparability of Financial Data”.

5.3. Net income on instruments measured at fair value through profit or loss and FX result

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Net income on financial assets and liabilities held for trading, of which:	**-135 199**	**-135 037**	**-419 012**	**1 752 050**
- Net income on equity instruments	1 873	1 623	4 929	6 984
- Net income on debt instruments	3 280	45 767	51 215	37 653
- Net income on derivatives, of which:	-140 352	-182 427	-475 156	1 707 413
- currency derivatives	*-150 788*	*-213 375*	*-495 779*	*1 549 129*
- interest rate derivatives	*10 541*	*27 770*	*21 658*	*154 254*
- securities derivatives	*-105*	*3 178*	*-1 035*	*4 030*
Net income on financial assets and liabilities measured at fair value upon initial recognition, of which:	**-1 408**	**-2 918**	**-33**	**-1 875**
- Net income on debt instruments	-1 408	-2 918	-33	137
- Net income on the measurement of the deposits designated to be measured at their fair value	0	0	0	-2 012
FX-result	**161 006**	**213 650**	**477 844**	**-1 671 715**
Net income on instruments measured at fair value through profit or loss and FX result	**24 399**	**75 695**	**58 799**	**78 460**

The presentation of derivatives measurement was changed in comparison with the financial statements for the previous reporting periods. In these interim condensed consolidated financial statements, the result on derivative instruments has been decomposed into the interest result, FX-result (change in fair value due to the change foreign exchange rates) and the result on measurement (change in fair value due to change of interest rates). The interest element of the derivatives result is currently presented under *Interest income*, whereas the FX-result and the result on measurement are presented under *Net income on instruments measured at fair value through profit or loss and FX result,* respectively under *FX-result* and *Net income on financial assets and liabilities held for trading – net income on derivatives.*

The data for Q3 2009 and the data for the first three quarters of 2009 were made comparable. The change has been described in greater detail in Chapter 4 “Comparability of Financial Data” of these interim condensed consolidated financial statements.

The amount presented in the item *FX result* for III quarter 2009 and 2009 year-to-date includes the change in presentation described in the note 5.2.

The item *net income on derivatives - currency derivatives* includes a counterparty risk charge related to transactions on FX Options. Net charges in respective periods were presented in table below:

	III quarter 2010	*3 quarters 2010*	*III quarter 2009*	*3 quarters 2009*
Counterparty risk net charges related to FX options	***3 577***	***3 707***	***-26 079***	***-151 027***

5.4. Net income on investments

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Net income on equity instruments available for sale	206	206	146	4 295
Net income on debt instruments available for sale	-407	2 908	5 228	5 670
Dividend income	919	4 664	87	4 099
Net income on investments	**718**	**7 778**	**5 461**	**14 064**

5.5. Net income on hedge accounting

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Fair value hedge accounting for securities	**-7 820**	**-30 170**	**-6 818**	**17 010**
- valuation of the hedged transaction	76 164	338 416	61 058	-75 983
- valuation of the hedging transaction	-83 984	-368 586	-67 876	92 993
Cash flow hedge accounting	**-36**	**154**	**87**	**162**
- ineffectiveness that arises from cash flow hedges	-36	154	87	162
Net income on hedge accounting	**-7 856**	**-30 016**	**-6 731**	**17 172**

5.6. General and administrative expenses

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Personnel expenses	196 122	562 894	182 302	511 864
Other	199 217	629 999	210 735	626 631
General and administrative expenses	**395 339**	**1 192 893**	**393 037**	**1 138 495**

5.7. Impairment losses and provisions for off-balance sheet liabilities

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
Impairment losses	127 281	373 736	103 562	450 255
Reversed impairment losses	-72 180	-231 259	-49 422	-230 562
Net impairment losses and provisions for off-balance sheet liabilities	**55 101**	**142 477**	**54 140**	**219 693**

5.8. Loans and receivables to other banks

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Current accounts	675 726	346 330	356 981	565 088	206 012
Interbank deposits	1 078 181	1 476 740	564 712	1 662 848	2 502 734
Other receivables, of which:	105 416	117 054	262 460	1 412 044	524 938
- loans and advances	*70 897*	*75 519*	*228 109*	*227 066*	*242 093*
- reverse repo transactions	*0*	*0*	*0*	*1 144 023*	*185 504*
- other receivables	*34 519*	*41 535*	*34 351*	*40 955*	*97 341*
Total (gross)	**1 859 323**	**1 940 124**	**1 184 153**	**3 639 980**	**3 233 684**
Impairment losses	-96	-16	-50	-41	-41
Total (net)	**1 859 227**	**1 940 108**	**1 184 103**	**3 639 939**	**3 233 643**

5.9. Financial assets measured at fair value through profit and loss

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Financial assets held for trading, of which:	2 667 508	912 056	7 533 634	11 560 822	9 938 747
- debt instruments	*2 652 374*	*904 767*	*7 531 497*	*11 558 873*	*9 937 633*
- equity instruments	*15 134*	*7 289*	*2 137*	*1 949*	*1 114*
Financial assets designated as at fair value upon initial recognition, of which:	1 278 227	539 498	734 027	616 872	883 384
- debt instruments	*188 309*	*191 838*	*186 468*	*199 792*	*203 568*
- transactions with the buy-back commitment	*1 089 918*	*347 660*	*547 559*	*417 080*	*679 816*
Total	**3 945 735**	**1 451 554**	**8 267 661**	**12 177 694**	**10 822 131**

5.10. Investments

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Available-for-sale financial assets, of which:	12 239 940	14 323 677	6 835 875	6 990 808	8 329 498
- debt instruments, including:	*12 185 672*	*14 273 461*	*6 783 023*	*6 939 787*	*8 322 990*
- hedged items in fair value hedging	*3 076 297*	*3 031 951*	*3 137 714*	*3 157 892*	*3 114 835*
- equity instruments	*54 268*	*50 216*	*52 852*	*51 021*	*6 508*
Held-to-maturity financial assets, of which:	6 496 473	6 685 039	7 330 406	7 343 676	7 238 695
- debt instruments	*6 496 473*	*6 685 039*	*7 330 406*	*7 343 676*	*7 238 695*
Total	**18 736 413**	**21 008 716**	**14 166 281**	**14 334 484**	**15 568 193**

5.11. Loans and receivables to customers

Loans and other receivables to entities from the financial sector other than banks

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Loans and advances, of which:	2 428 506	2 419 980	2 545 597	2 673 448	2 714 493
- in the current account	*408 581*	*368 967*	*381 053*	*414 293*	*354 495*
- term ones	*2 019 925*	*2 051 013*	*2 164 544*	*2 259 155*	*2 359 998*
Reverse repo transactions	90 764	128 144	626 732	214 769	654 695
Other receivables	153 744	129 595	151 459	138 322	120 578
Total (gross)	**2 673 014**	**2 677 719**	**3 323 788**	**3 026 539**	**3 489 766**
Impairment losses, of which	-2 079	-1 728	-1 863	-2 232	-1 778
- concerning loans and advances	*-2 079*	*-1 728*	*-1 863*	*-2 232*	*-1 778*
Total (net)	**2 670 935**	**2 675 991**	**3 321 925**	**3 024 307**	**3 487 988**

Loans and other receivables to entities from the non-financial sector

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Loans and advances granted to business entities, of which:	13 091 447	12 362 551	12 042 288	12 409 294	12 657 565
- in the current account	*4 036 454*	*3 930 492*	*3 504 520*	*4 001 944*	*4 300 982*
- term ones	*9 054 993*	*8 432 059*	*8 537 768*	*8 407 350*	*8 356 583*
Loans and advances granted to households, of which:	11 646 818	11 110 237	9 822 755	9 336 896	8 827 942
- in the current account	*1 354 226*	*1 308 036*	*1 226 942*	*1 266 140*	*1 238 694*
- term ones	*10 292 592*	*9 802 201*	*8 595 813*	*8 070 756*	*7 589 248*
Debt securities	566 512	306 660	306 471	440 518	533 941
Other receivables	25 540	57 994	72 738	23 985	42 625
Total (gross)	**25 330 317**	**23 837 442**	**22 244 252**	**22 210 693**	**22 062 073**
Impairment losses, of which:	-1 037 928	-972 625	-874 057	-804 922	-755 727
- concerning loans and advances	*-1 032 747*	*-964 061*	*-865 491*	*-796 355*	*-747 160*
- concerning other receivables	*-5 181*	*-8 564*	*-8 566*	*-8 567*	*-8 567*
Total (net)	**24 292 389**	**22 864 817**	**21 370 195**	**21 405 771**	**21 306 346**

Loans and other receivables to entities from the government and self-government institutions' sector

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Loans and advances, of which:	2 479 220	2 389 685	2 305 234	1 177 337	959 491
- in the current account	*55 976*	*63 958*	*7 450*	*16 829*	*14 789*
- term ones	*2 423 244*	*2 325 727*	*2 297 784*	*1 160 508*	*944 702*
Debt securities, of which:	3 880 231	3 852 858	3 600 794	3 445 443	3 522 211
- hedged items in fair value hedging	*3 425 128*	*3 447 705*	*3 261 868*	*1 728 063*	*3 439 109*
Other receivables	153	40	0	80	55
Total (gross)	**6 359 604**	**6 242 583**	**5 906 028**	**4 622 860**	**4 481 757**
Impairment losses, of which:	-2 267	-2 205	-5 354	-2 966	-7 452
- concerning loans and advances	*-2 267*	*-2 205*	*-5 354*	*-2 966*	*-7 452*
Total (net)	**6 357 337**	**6 240 378**	**5 900 674**	**4 619 894**	**4 474 305**

Loans and other receivables to customers – total

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Loans and advances	29 645 991	28 282 453	26 715 874	25 596 975	25 159 491
Debt securities	4 446 743	4 159 518	3 907 265	3 885 961	4 056 152
Reverse repo transactions	90 764	128 144	626 732	214 769	654 695
Other receivables	179 437	187 629	224 197	162 387	163 258
Loans and other receivables to customers (gross)	**34 362 935**	**32 757 744**	**31 474 068**	**29 860 092**	**30 033 596**
Impairment losses, of which	-1 042 274	-976 558	-881 274	-810 120	-764 957
- concerning loans and advances	*-1 037 093*	*-967 994*	*-872 708*	*-801 553*	*-756 390*
- concerning other receivables	*-5 181*	*-8 564*	*-8 566*	*-8 567*	*-8 567*
Loans and other receivables to customers (net)	**33 320 661**	**31 781 186**	**30 592 794**	**29 049 972**	**29 268 639**

5.12. Quality of portfolio of loans and advances

Quality of loans and advances to customers portfolio

	3 quarters 2010 as of 30 Sep 2010	I half 2010 as of 30 Jun 2010	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	I half 2009 as of 30 Jun 2009
Corporate activity					
Exposure	**18 031 707**	**17 178 389**	**16 959 134**	**16 406 690**	**16 519 658**
- unimpaired (IBNR – incured but not reported)	16 892 521	16 131 828	15 987 175	15 612 117	15 663 361
- impaired, including:	1 139 186	1 046 561	971 959	794 573	856 297
- receivables related to transactions on derivatives	*396 911*	*343 383*	*346 101*	*328 568*	*344 654*
Impairment losses and provisions	**765 436**	**726 576**	**668 680**	**613 765**	**571 672**
- related to unimpaired portfolio	70 263	72 722	77 244	96 520	84 567
- related to impaired portfolio, including:	685 950	636 279	571 375	502 353	473 558
- receivables related to transactions on derivatives	*284 905*	*270 806*	*263 193*	*245 465*	*224 562*
- provisions for off-balance sheet liabilities	9 223	17 575	20 061	14 892	13 547
Impaired portfolio coverage ratio	60,2%	60,8%	58,8%	63,2%	55,3%
Impaired portfolio coverage ratio exclusive of receivables related to transactions on derivatives	54,0%	52,0%	49,2%	55,1%	48,7%
Retail activity					
Exposure	**11 614 284**	**11 104 064**	**9 756 740**	**9 190 285**	**8 639 833**
- unimpaired (IBNR – incured but not reported)	11 323 010	10 841 927	9 564 117	9 018 275	8 469 480
- impaired	291 274	262 137	192 623	172 010	170 353
Impairment losses	**280 929**	**258 993**	**224 089**	**202 680**	**198 265**
- related to unimpaired portfolio	92 182	88 075	75 889	63 920	56 582
- related to impaired portfolio	188 698	170 918	148 200	138 760	141 683
- provisions for off-balance sheet liabilities	49	0	0	0	0
Impaired portfolio coverage ratio	64,8%	65,2%	76,9%	80,7%	83,2%
Total exposure	**29 645 991**	**28 282 453**	**26 715 874**	**25 596 975**	**25 159 491**
Impairment losses and total provisions, of which:	**1 046 316**	**985 569**	**892 769**	**816 445**	**769 937**
- impairment losses	1 037 093	967 994	872 708	801 553	756 390
- provisions for off-balance sheet liabilities	9 272	17 575	20 061	14 892	13 547
Total portfolio coverage ratio	3,5%	3,5%	3,3%	3,2%	3,1%
Share of the impaired portfolio	4,8%	4,6%	4,4%	3,8%	4,1%
Share of the impaired portfolio exclusive of receivables related to transactions on derivatives	3,5%	3,5%	3,1%	2,5%	2,7%
Impaired portfolio coverage ratio (%) (including transactions on derivatives)	**61,1%**	**61,7%**	**61,8%**	**66,3%**	**59,9%**

Changes in impairment losses
(including provisions for off-balance sheet liabilities)

3 quarters 2010 the period from 01 Jan 2010 to 30 Sep 2010	Charges for loans and advances and off-balance sheet exposure	*including charges for loans and advances to other banks*	Charges for receivables related to transactions on derivatives	**TOTAL**
Opening balance of impairment losses	**629 626**	***50***	**263 193**	**892 819**
- changes in income statement	129 100	*46*	13 377	142 477
- depreciation	-6 043	*0*	0	-6 043
- restructuring and forgiveness of the debts related to transactions on derivatives*)	0	*0*	8 335	8 335
- transfer of provisions from off-balance sheet after their repayment	24 731	*0*	0	24 731
- other (inclusive, but not limited to unwinding interest, FX differences)	-15 858	*0*	0	-15 858
Closing balance of impairment losses	**761 556**	***96***	**284 905**	**1 046 461**

3 quarters 2009 the period from 01 Jan 2009 to 30 Sep 2009	Charges for loans and advances and off-balance sheet exposure	*including charges for loans and advances to other banks*	Charges for receivables related to transactions on derivatives	**TOTAL**
Opening balance of impairment losses	**483 900**	***2 667***	**21 593**	**505 493**
- changes in income statement	121 592	*-2 626*	98 101	219 693
- depreciation	-73 424	*0*	0	-73 424
- restructuring and forgiveness of the debts related to transactions on derivatives*)	0	*0*	125 771	125 771
- transfer of provisions from off-balance sheet after their repayment	45 110	*0*	0	45 110
- other (inclusive, but not limited to unwinding interest, FX differences)	-6 157	*0*	0	-6 157
Closing balance of impairment losses	**571 021**	***41***	**245 465**	**816 486**

*) 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 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.

5.13. Liabilities due to other banks

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Current accounts	191 735	423 757	248 720	434 296	408 442
Interbank deposits	2 682 192	3 008 219	429 024	3 742 708	5 836 502
Repo transactions	228 361	1 738 163	3 241 530	2 202 825	3 461 589
Other liabilities	47 070	20 101	54 512	15 216	24 298
Total	**3 149 358**	**5 190 240**	**3 973 786**	**6 395 045**	**9 730 831**

5.14. Financial liabilities measured at fair value through profit and loss

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Financial liabilities designated as at fair value upon initial recognition	2 229 080	2 063 306	543 129	3 591 378	861 794
Transactions with the buy-back commitment	*2 229 080*	*2 063 306*	*543 129*	*3 591 378*	*861 794*
Book short position in trading securities	351 374	60 147	454 922	109 667	119 567
Total	**2 580 454**	**2 123 453**	**998 051**	**3 701 045**	**981 361**

5.15. Liabilities due to customers

Liabilities due to entities from the financial sector other than banks

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Deposits	3 177 198	3 736 476	3 306 618	4 171 319	3 815 844
- current accounts	*1 615 654*	*1 843 228*	*1 685 817*	*1 668 558*	*1 645 422*
- term deposit	*1 561 544*	*1 893 248*	*1 620 801*	*2 502 761*	*2 170 422*
Repo transactions	0	131 336	286 511	15 011	193 284
Other liabilities	108 564	157 911	92 921	116 470	141 146
Total	**3 285 762**	**4 025 723**	**3 686 050**	**4 302 800**	**4 150 274**

<u>*Liabilities due to entities from the non-financial sector*</u>

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Business entities' deposits	11 555 013	11 136 631	11 861 687	10 922 826	9 973 054
- current accounts	*8 454 817*	*8 297 458*	*7 815 670*	*8 210 046*	*7 222 927*
- term deposit	*3 100 196*	*2 839 173*	*4 046 017*	*2 712 780*	*2 750 127*
Households' deposits	29 558 016	28 969 864	30 039 683	28 963 424	29 363 058
- current accounts	*4 257 531*	*4 239 053*	*4 122 157*	*3 847 597*	*3 858 306*
- saving accounts and term deposits	*25 300 485*	*24 730 811*	*25 917 526*	*25 115 827*	*25 504 752*
Repo transactions	0	0	0	0	5 992
Other liabilities	469 236	438 871	462 903	606 922	565 335
Total	**41 582 265**	**40 545 366**	**42 364 273**	**40 493 172**	**39 907 439**

<u>*Liabilities due to entities from the government and self-government institutions' sector*</u>

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Deposits	2 799 240	1 382 533	1 508 176	1 679 349	1 661 033
- current accounts	*1 878 332*	*1 081 422*	*1 303 955*	*1 198 352*	*1 182 310*
- term deposit	*920 908*	*301 111*	*204 221*	*480 997*	*478 723*
Repo transactions	0	0	25 043	0	0
Other liabilities	599	593	1 131	5 464	13 632
Total	**2 799 839**	**1 383 126**	**1 534 350**	**1 684 813**	**1 674 665**

Liabilities due to customers – total

	3 quarters 2010 as of 30 Sep 2010	**I half 2010** as of 30 Jun 2010	**end of year 2009** as of 31 Dec 2009	**3 quarters 2009** as of 30 Sep 2009	**I half 2009** as of 30 Jun 2009
Deposits	47 089 467	45 225 504	46 716 164	45 736 918	44 812 989
Repo transactions	0	131 336	311 554	15 011	199 276
Other liabilities	578 399	597 375	556 955	728 856	720 113
Liabilities due to customers	**47 667 866**	**45 954 215**	**47 584 673**	**46 480 785**	**45 732 378**

5.16. Provisions

	3 quarters 2010 as of 30 Sep 2010	I half 2010 as of 30 Jun 2010	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	I half 2009 as of 30 Jun 2009
Provision for issues in dispute	18 179	6 175	11 690	11 625	12 103
Provision for off-balance sheet liabilities	9 272	17 575	20 061	14 892	13 547
Provision for retirement benefits	14 416	14 410	14 410	12 543	12 543
Provision for unused holidays	5 460	5 460	5 460	7 993	7 993
Provision for employment restructuring	2 430	2 850	3 626	2 655	2 789
Total	**49 757**	**46 470**	**55 247**	**49 708**	**48 975**

5.17. Solvency ratio

	3 quarters 2010 as of 30 Sep 2010	I half 2010 as of 30 Jun 2010	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	I half 2009 as of 30 Jun 2009
Own funds components					
Share capital	130 100	130 100	130 100	130 100	130 100
Issue premium	956 250	956 250	956 250	956 250	956 250
Other supplementary capital	74 978	74 978	74 931	74 931	74 931
Capital reserve including retained profit of past years	2 808 584	2 808 584	2 273 276	2 288 305	2 287 422
Net profit of current period in audited part	369 049	0	263 524	263 524	0
Minority equity	2 384	2 307	2 313	2 311	2 292
General risk fund	850 179	850 179	790 179	790 179	790 179
Revaluation reserve	31 684	-3 924	-2 382	-37 785	-61 481
Funds adjustment by intangibles	-325 790	-325 876	-327 343	-316 369	-317 791
Funds adjustment by capital commitments in financial institutions	-40 000	-40 000	-40 000	-40 000	-40 000
Short-term capital	32 192	38 865	65 495	54 819	63 450
Total own funds	**4 889 610**	**4 491 463**	**4 186 343**	**4 166 265**	**3 885 352**
Capital requirements					
Capital requirements for credit risk, credit counterparty, dilution and delivery of instruments for future settlement	2 581 555	2 496 003	2 432 020	2 416 016	2 503 438
Capital requirement for the risk of settlement - delivery	4 570	4 062	2 187	2 187	2 187
Capital requirements for the capital securities rate risk, debt instruments rates risk, FX risk and commodity rates risk	412	8 742	15 308	13 675	19 264
Capital requirement for operational risk	326 871	326 871	290 789	290 789	290 789
Capital requirement for general interest rate risk	27 210	26 060	48 000	38 957	44 266
Total capital requirement	**2 940 618**	**2 861 738**	**2 788 304**	**2 761 624**	**2 859 944**
Solvency ratio	**13,30%**	**12,56%**	**12,01%**	**12,07%**	**10,87%**

6. Significant events in III quarter 2010.

Making an in-kind contribution of organised part of enterprise to a subsidiary

On 1 July 2010, ING Bank Śląski S.A. took up 138,552 new shares of Centrum Banku Śląskiego Sp. z o.o., a subsidiary of the Bank. In exchange for the shares the Bank made an in-kind contribution of two investment real proprieties together with an organised part of enterprise consisting in the Commercial Real Estate Management Section, which was a part of the Bank's internal structures and was tasked with full service and evaluation of the management of said properties.

The above mentioned actions were aimed at centralising the real property management area in the Capital Group and entrusting that task to Centrum Banku Śląskiego S.A., which is a professional entity dealing with property management.

The in-kind contribution of the organised part of enterprise followed the decisions of: the Bank Management Board of 23 February 2010, the Bank Supervisory Board of 5 March 2010 and the Bank General Meeting of 8 April 2010.

On 30 June 2010, the Extraordinary Partners Meeting of Centrum Banku Śląskiego Sp. z o.o. passed a resolution approving an increase of the Company's share capital, which totalled PLN 91,791,000 by the amount of PLN 138,552,000, up to PLN 230,343,000 by way of issuing 138,552 new equal and indivisible shares with face value of PLN 1,000 each.

Concluding a Significant Agreement

On 30 July 2010, ING Bank Śląski S.A. concluded a credit agreement with an entity from the wholesale sector to the amount of PLN 380,000,000.00 for a period of 5 years. On that same day, the Bank concluded an annex to the Credit Agreement of 21 November 2008 with that entity and two other members of its Group, thus increasing the amount of the working capital loan granted for a period of up to 1 year to PLN 240,000,000.00. The total credit exposure of the Bank towards that entity is PLN 620,000,000.00. The agreement is considered significant due to the ratio of the total credit amount to the Bank's equity.

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

The macroeconomic factors that may impact the results in subsequent quarters include:

- economic growth rate in Poland (according to forecasts developed at ING Bank Śląski S.A., the GDP growth in 2010 will be 3.3%),
- relatively low demand of enterprises for loans as a result of reducing investment (visible investment growth is only possible when there are no more fears that the global recession will return),

- upturn of situation in the labour market (unemployment rate down from 11.9% at the end of 2009 to 11.5% at the end of September 2010 and the salary dynamics is regularly above the inflation level),
- inflation growth per annum from 2.0% in August 2010 to 2.5% at the end of September 2010 (mainly due to food prices, in particular bread and sugar). The inflation growth is expected to accelerate and reach approx. 3.0% by the end of the year,
- the possibility of an increase of the main interest rates in Poland by 25 bp. in Q4 2010; the next interest rate increase by the Polish Monetary Policy Council is expected in the first half of the next year,
- maintenance of the existing trends in terms of real estate prices.

8. Significant developments after the closing of the interim period

None.

9. Off-balance sheet items

(in PLN thousands)	**3 quarters 2010** as of 30.09.2010	**1 half 2010** as of 30.06.2010	**end of year 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009	**1 half 2009** as of 30.06.2009
Contingent liabilities granted	14 806 104	14 005 950	14 096 603	13 613 979	14 295 352
Contingent liabilities received	15 992 438	13 093 025	12 483 266	13 771 144	17 131 778
Off-balance sheet financial instruments	203 164 097	124 094 658	119 086 563	139 796 995	148 909 117
Total off-balance sheet items	**233 962 639**	**151 193 633**	**145 666 432**	**167 182 118**	**180 336 247**

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

None.

11. Dividends paid

On 8 April 2010, the General Shareholders Meeting decided that the dividend for 2009 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 (in PLN thousands)

	3 quarters 2010 period from 01.01.2010 to 30.09.2010	**3 quarters 2009** period from 01.01.2009 to 30.09.2009
Status at the period beginning:	**11 690**	**16 722**
Establishment of provisions as costs	7 579	2 685
Release of provisions as income	-5 351	-2 873
Utilisation of provision due to dispute loss or settlement	-714	-4 909
Status as at the period end	**13 204**	**11 625**

Either in 9 months of 2010 or 9 months of 2009, 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), NG 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 related 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 1.01.2010 – 30.09.2010 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 9 months of 2010 amounted to PLN 39.7 million versus PLN 40.9 million in the analogical period of the previous year (net amounts). 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 9.2 million versus PLN 9.6 million in the analogical period of the previous year (net amounts).
- ING Services Polska provides services to ING Bank Śląski with regard to lease of hardware resources. The costs of service were PLN 25.1 million versus PLN 20.3 million in the analogical period of the previous year (gross amounts).
- ING Bank Śląski made a transaction with ING Lease due to sublease of functional rooms totalling PLN 12.5 million versus PLN 13.9 million in the analogical period of the previous year (gross amounts).
- 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 12.4 million in 9 months of 2010 versus PLN 10.8 million in the analogical period of the previous year (gross amounts).

Transactions with related entities (in PLN thousands)

30.09.2010

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	849 187	-	-	-
Nostro accounts	6 272	33 756	-	-
Loans	-	1 579 772	378 691	-
Securities	-	-	20 004	-
Other receivables	39 599	3 208	9	-
Liabilities				
Deposits received	850 069	435 933	360 611	243 481
Loro accounts	43 852	6 055	-	-
Loro	228 360	-	-	-
Other liabilities	25 307	132	474	
Off-balance-sheet operations				
Contingent liabilities	206 618	979 447	441 532	-
FX transactions	7 165 787	581 905	-	-
Forward transactions	200 691	210 176	-	-
IRS	48 696 442	6 897 675	-	-
FRA	38 717 848	-	-	-
Options	382 782	743 229	-	-
Revenue and costs**				
Revenue	-38 209	47 011	3 260	188
Costs	49 578	30 583	8 760	3 396

30.09.2009

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	1 024 932	-	-	-
Nostro accounts	5 469	448 398	-	-
Loans	-	1 748 040	294 393	-
Securities	-	-	20 004	-
Other receivables	17 273	1 008	2 711	-
Liabilities				
Deposits received	2 665 702	704 522	294 836	37 843
Loro accounts	11 157	300 417	-	-
Repo	2 237 505	-	-	-
Other liabilities	-	225	407	-
Off-balance-sheet operations				
Contingent liabilities	-	997 346	185 854	-
FX transactions	7 541 410	3 212 669	-	-
Forward transactions	2 230 657	1 813 220	-	-
IRS	14 999 341	4 734 478	-	-
FRA	519 878	-	-	-
Options	856 337	1 088 126	-	-
Revenue and costs**				
Revenue	-23 165	78 698	6 179	187
Costs	52 001	48 879	6 475	1 348

*/ 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.

The Group analysed entities being part of ING Group. As a result, additional entities were identified in the item *Other ING Group entities* with which the Group concluded transactions that had not been included in the consolidated financial statements for Q3 2009. Consequently, the data for Q3 2009 in those financial statements were adjusted accordingly to achieve comparability.

15. Segmentation of revenue and financial results of the Group

Segments of operation

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.

Retail customers segment

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.

Corporate customers segment

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.

Own operating

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.

Measurement

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 Q3 2010, there was no change to the segment definition or the classification of revenues and costs within the individual segments.

Geographical segments

The business activities of the Capital Group are performed on the territory of the Republic of Poland.

PLN thousand	period from 01.01.2010 to 30.09.2010					
	Retail customers segment	Corporate customers segment	Own operating		Nonallocated items	Total
			Treasury & ALM	ALCO		
Revenue total*	**972 795**	**640 340**	**232 330**	**191 535**	**0**	**2 037 000**
Net interest income	551 610	327 732	221 906	104 648	0	1 205 896
external	*-40 883*	*536 439*	*221 938*	*488 402*	*0*	*1 205 896*
internal	*592 493*	*-208 707*	*-32*	*-383 754*	*0*	*0*
Net commission income, of which:	379 696	364 241	-356	-12 569	0	731 012
income	*443 485*	*398 294*	*-356*	*-12 569*	*0*	*828 854*
expenses	*-63 789*	*-34 053*	*0*	*0*	*0*	*-97 842*
Other income/expenses	12 641	-51 633	10 780	99 456	0	71 244
Share in net profit (loss) of associated entities recognised under the equity method	28 848	0	0	0	0	28 848
Expenses total	**773 822**	**382 319**	**45 234**	**0**	**0**	**1 201 375**
Operational expenses, including:	773 822	382 319	45 234	0	0	1 201 375
personnel expenses	*347 129*	*179 929*	*35 836*	*0*	*0*	*562 894*
depreciation	*65 212*	*19 236*	*4 204*	*0*	*0*	*88 652*
other	*361 481*	*183 154*	*5 194*	*0*	*0*	*549 829*
Result before risk	**198 973**	**258 021**	**187 096**	**191 535**	**0**	**835 625**
Risk cost	55 547	86 930	0	0	0	142 477
Result after risk cost	**143 426**	**171 091**	**187 096**	**191 535**	**0**	**693 148**
CIT	0	0	0	0	131 657	131 657
Result after tax	**143 426**	**171 091**	**187 096**	**191 535**	**-131 657**	**561 491**
- assigned to shareholders of the holding company	**143 426**	**171 091**	**187 096**	**191 535**	**-131 728**	**561 420**
- assigned to minority shareholders	0	0	0	0	71	71

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

PLN thousand	period from 01.01.2009 to 30.09.2009					
	Retail customers segment	Corporate customers segment	Own operating		Nonallocated items	TOTAL
			Treasury & ALM i ALM	ALCO		
Revenue total*	**927 477**	**445 699**	**384 210**	**189 366**	**0**	**1 946 752**
Net interest income	433 343	274 281	173 347	167 037	0	1 048 008
external	*-341 324*	*494 062*	*173 414*	*721 856*	*0*	*1 048 008*
internal	*774 667*	*-219 781*	*-67*	*-554 819*	*0*	*0*
Net commission income, of which:	457 262	289 377	2 533	-12 200	0	736 972
income	*501 946*	*317 135*	*2 533*	*-12 200*	*0*	*809 414*
expenses	*-44 684*	*-27 758*	*0*	*0*	*0*	*-72 442*
Other income/expenses	848	-117 959	208 330	34 529	0	125 748
Share in net profit (loss) of associated entities recognised under the equity method	36 024	0	0	0	0	36 024
Expenses total	**729 779**	**370 699**	**37 978**	**0**	**0**	**1 138 456**
Operational expenses, including:	729 779	370 699	37 978	0	0	1 138 456
personnel expenses	*317 300*	*166 477*	*28 087*	*0*	*0*	*511 864*
depreciation	*70 939*	*17 962*	*3 602*	*0*	*0*	*92 503*
other	*341 540*	*186 260*	*6 289*	*0*	*0*	*534 089*
Result before risk	**197 698**	**75 000**	**346 232**	**189 366**	**0**	**808 296**
Risk cost	41 058	178 635	0	0	0	219 693
Result after risk cost	**156 640**	**-103 635**	**346 232**	**189 366**	**0**	**588 603**
CIT	0	0	0	0	114 341	114 341
Result after tax	**156 640**	**-103 635**	**346 232**	**189 366**	**-114 341**	**474 262**
- assigned to shareholders of the holding company	**156 640**	**-103 635**	**346 232**	**189 366**	**-116 353**	**474 250**
- assigned to minority shareholders	0	0	0	0	12	12

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

16. Other informations

Key effectiveness ratios

	30.09.2010	30.09.2009	Change 30.09.2010 / 30.09.2009
Profitability ratio (%)	28.1	21.4	6.7 b.p.
Return on assets (%)	1.1	0.5	0.6 b.p.
Return on equity (%)	13.3	7.8	5.5 b.p.
Cost/Income ratio (%)	59.0	58.5	0.5 b.p.
Solvency ratio (%)	13.30	12.07	1.23 b.p.

Profitability ratio – gross profit to total costs.
Return on assets (ROA) – net income assigned to shareholders of the holding company for 4 subsequent quarters to average assets for 5 subsequent quarters.
Return on equity (ROE) - net income assigned to shareholders of the holding company for 4 subsequent quarters to average equity for 5 subsequent quarters.
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 30.09.2010, the Bank had the rating of financial credibility, issued by the agency:

Rating	Level
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 30.09.2010, the Bank had the rating of financial credibility, issued by the agency:

Rating	Level
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:

	30.09.2010	30.06.2010	31.03.2010	31.12.2009	30.09.2009
Individuals	8 525	8 438	8 327	8 291	8 291
FTEs	8 391.0	8 295.3	8 183.4	8 146.6	8 153.7

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 of the Bank in particular periods was as follows:

	30.09.2010	30.06.2010	31.03.2010	31.12.2009	30.09.2009
Number of outlets	441	442	441	441	438

As at the end of September 2010, the Bank had a network of 762 ATMs compared with 741 ATMs as at the end of June 2010 and 721 ATMs in the analogical period in 2009.

As at the end of September 2010, the Bank also had a network of 418 cash deposit machines, compared with 379 cash deposit machines as at the end of June 2010 and 370 cash deposit machines in the analogical period in 2009.

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:

	30.09.2010	30.06.2010	31.03.2010	31.12.2009	30.09.2009
ING BankOnLine, ING OnLine, ING BusinessOnLine and MultiCash	1 802 139	1 713 940	1 634 606	1 559 504	1 447 162
HaloŚląski	1 005 347	930 097	860 521	786 008	824 848
SMS	742 474	697 476	657 222	619 664	562 943

The monthly number of transactions in September 2010 was at the level of 11.1 million, whereas in the analogical period in 2009 it was 9.2 million.

Banking cards

ING Bank Śląski S.A. is one of the largest issuers of banking cards in Poland. The data concerning the number of payment cards issued to ING Bank Śląski S.A. clients are as follows:

(in thousands)	30.09.2010	30.06.2010	31.03.2010	31.12.2009	30.09.2009
Payment cards	2 226	2 166	2 122	2 082	2 086

Out of all cards issued to clients as at the end of September 2010, 237.0 thousand were credit cards[2] (241.3 thousand as at the end of June 2010 and 259.0 thousand in the same

[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.

period a year earlier). The newest types of cards were very popular among clients. As at the end of September 2010, 176.6 thousand PayPass cards (146.7 thousand as at the end of June 2010) and 15.8 thousand Virtual c@rds (12.6 thousand as at the end of June 2010) were issued to clients.

17. Selected financial data from financial statements

	PLN thousand		***EUR thousand***	
	3 quarters 2010 period from 01.01.2010 to 30.09.2010	**3 quarters 2009** period from 01.01.2009 to 30.09.2009	**3 quarters 2010** period from 01.01.2010 to 30. 09.2010	**3 quarters 2009** period from 01.01.2009 to 30.09.2009
Interest income	2 197 235	2 366 129	548 938	537 842
Commission income	828 854	809 414	207 074	183 987
Result on basic activities	2 008 152	1 910 728	501 699	434 325
Result before tax	693 148	588 603	173 170	133 795
Net result of shareholders of the holding company	561 420	474 250	140 260	107 801
Net result of minority shareholders	71	12	18	3
Net cash flows	-357 984	-987 399	-89 436	-224 445
Earnings per ordinary share (PLN / EUR)	43.15	36.45	10.78	8.29

	PLN thousand			***EUR thousand***		
	3 quarters 2010 as of 30.09.2010	**end of 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009	**3 quarters 2010** as of 30.09.2010	**end of 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009
Total assets	62 165 535	59 883 456	64 256 472	15 592 058	14 576 568	15 217 277
Equity of the holding company	5 529 516	4 884 398	4 742 188	1 386 886	1 188 939	1 123 049
Share capital	130 100	130 100	130 100	32 631	31 668	30 810
Numer of shares (per item)	13 010 000	13 010 000	13 010 000	-	-	-
Book value per share (PLN / EUR)	425.02	375.43	364.50	106.60	91.39	86.32
Solvency ratio (%)	13. 30%	12.01%	12.07%	-	-	-

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

- for statement of financial positions items – PLN 3.9870, NBP exchange rate of 30 September 2010; PLN 4.1082 NBP exchange rate of 31 December 2009; PLN 4.2226 NBP exchange rate of 30 September 2009 ,
- for income statement items and cash flow statement items for the period of 9 months ending on 30 September 2010 - PLN 4.0027 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in Q3 2010; PLN 4.3993 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in Q3 2009.

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT (PLN '000)

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	**3 quarters 2010** the period from 01 Jan 2010 to 30 Sep 2010	**III quarter 2009** the period from 01 Jul 2009 to 30 Sep 2009	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
- Interest income	*743 175*	*2 183 906*	*727 528*	*2 354 709*
- Interest expenses	*339 839*	*998 263*	*356 029*	*1 324 126*
Net interest income	**403 336**	**1 185 643**	**371 499**	**1 030 583**
- Commission income	*266 260*	*768 089*	*257 433*	*755 704*
- Commission expenses	*26 223*	*81 247*	*19 681*	*57 135*
Net commission income	**240 037**	**686 842**	**237 752**	**698 569**
- Net income on instruments measured at fair value through profit or loss and FX result	23 737	74 308	57 371	73 977
- Net income on investments	75	34 035	5 234	88 264
- Net income on hedge accounting	-7 856	-30 016	-6 731	17 172
- Net income on other basic activities	-273	8 718	4 113	13 743
Result on basic activities	**659 056**	**1 959 530**	**669 238**	**1 922 308**
- General and administrative expenses	382 184	1 155 337	382 385	1 106 286
- Result on other operating income and expenses	-12 319	-8 405	-208	90
- Impairment losses and provisions for off-balance sheet liabilities	54 990	141 537	54 227	218 791
Profit (loss) before tax	**209 563**	**654 251**	**232 418**	**597 321**
Income tax	43 732	126 639	43 936	108 995
Net result for the current period	**165 831**	**527 612**	**188 482**	**488 326**

Net profit (loss)	**165 831**	**527 612**	**188 482**	**488 326**
Weighted average number of ordinary shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Earnings per ordinary share (PLN)	**12,75**	**40,55**	**14,49**	**37,53**

Diluted earnings per share agrees with earnings per ordinary share

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

	III quarter 2010 the period from 01 Jul 2010 to 30 Sep 2010	3 quarters 2010 the period from 01 Jan 2010 to 30 Sep 2010	III quarter 2009 the period from 01 Jul 2009 to 30 Sep 2009	3 quarters 2009 the period from 01 Jan 2009 to 30 Sep 2009
Net result for the period	**165 831**	**527 612**	**188 482**	**488 326**
- Gains/losses on remeasurement of available-for-sale financial assets charged to equity	46 779	47 318	28 196	69 679
including deferred tax	*-11 178*	*-11 442*	*-6 725*	*-16 420*
- Reclassification to the financial result as a result of sale of available-for-sale financial assets	328	-2 356	-4 235	-7 945
including deferred tax	*-77*	*552*	*994*	*1 864*
- Amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-273	-667	-260	2 696
including deferred tax	*65*	*157*	*61*	*-632*
- Remeasurement of property, plant and equipment	454	454	0	0
including deferred tax	*-107*	*-107*	*0*	*0*
- Effective part of cash flow hedging instruments revaluation	8 082	35 095	-7 838	-33 676
including deferred tax	*-1 896*	*-8 232*	*1 838*	*7 899*
- Revaluation of share-based payment	1 637	3 570	820	15 028
including deferred tax	*0*	*0*	*0*	*-2 502*
- Other	312	595	54	26
including deferred tax	*1*	*5*	*4*	*10*
Other comprehensive income (loss)	**57 319**	**84 009**	**16 737**	**45 808**
Total comprehensive income for the period	**223 150**	**611 621**	**205 219**	**534 134**

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

	3 quarters 2010 as of 30 Sep 2010	I half 2010 as of 30 Jun 2010	end of year 2009 as of 31 Dec 2009	3 quarters 2009 as of 30 Sep 2009	I half 2009 as of 30 Jun 2009
A S S E T S					
- Cash in hand and balances with the Central Bank	1 265 083	2 158 457	2 656 581	1 685 961	903 306
- Loans and receivables to other banks	2 226 649	2 263 989	1 494 053	3 924 552	3 408 130
- Financial assets measured at fair value through profit and loss	3 930 601	1 444 265	8 265 524	12 176 656	10 821 017
- Valuation of derivatives	1 527 884	1 755 710	1 566 652	1 953 334	3 241 981
- Investments	18 736 171	21 008 475	14 166 032	14 334 332	15 568 041
- available-for-sale	*12 239 698*	*14 323 436*	*6 835 626*	*6 990 656*	*8 329 346*
- held-to-maturity	*6 496 473*	*6 685 039*	*7 330 406*	*7 343 676*	*7 238 695*
- Derivative hedge instruments	86 065	88 131	90 444	64 605	90 975
- Loans and receivables to customers	32 718 520	31 211 499	29 976 639	28 516 811	28 781 616
- Investments in controlled entities recognised under the equity method	451 716	313 164	313 164	310 569	310 569
- Investment real estates	0	129 667	129 667	151 458	151 458
- Property, plant and equipment	507 098	522 667	534 712	526 945	538 479
- Intangible assets	324 457	324 468	325 746	315 113	316 362
- Property, plant and equipment held for sale	1 924	224	224	224	135
- Current income tax assets	0	0	0	0	82 860
- Deferred tax assets	74 947	95 955	84 850	32 771	0
- Other assets	210 622	173 697	147 200	206 046	193 373
T o t a l a s s e t s	**62 061 737**	**61 490 368**	**59 751 488**	**64 199 377**	**64 408 302**
E Q U I T Y A N D L I A B I L I T I E S					
LIABILITIES					
- Liabilities due to other banks	3 205 836	5 268 099	3 951 088	6 436 268	9 723 990
- Financial liabilities measured at fair value through profit and loss	2 580 454	2 123 453	998 051	3 701 045	981 361
- Valuation of derivatives	1 202 195	1 215 300	1 193 944	1 341 038	2 103 080
- Derivative hedge instruments	775 966	663 309	482 563	493 729	382 120
- Liabilities due to customers	47 729 539	45 973 610	47 657 073	46 537 947	45 761 049
- Provisions	48 564	45 283	54 060	48 434	47 701
- Current income tax liabilities	59 445	55 135	156 119	100 336	0
- Deferred tax provision	0	0	0	0	57 101
- Other liabilities	1 132 643	1 042 234	543 116	939 497	956 036
T o t a l l i a b i l i t i e s	**56 734 642**	**56 386 423**	**55 036 014**	**59 598 294**	**60 012 438**
EQUITY					
- Share capital	130 100	130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value	956 250	956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets	42 912	-3 922	-1 383	-36 551	-60 252
- Revaluation reserve from measurement of property, plant and equipment	32 534	33 406	33 426	35 973	35 982
- Revaluation reserve from measurement of cash flow hedging instruments	34 127	26 045	-968	11 905	19 743
- Revaluation of share-based payment	19 416	17 779	15 846	15 028	14 208
- Retained earnings	4 111 756	3 944 287	3 582 203	3 488 378	3 299 833
T o t a l e q u i t y	**5 327 095**	**5 103 945**	**4 715 474**	**4 601 083**	**4 395 864**
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	**62 061 737**	**61 490 368**	**59 751 488**	**64 199 377**	**64 408 302**

Solvency ratio	**12,36%**	**11,59%**	**11,24%**	**11,21%**	**9,93%**

Net book value	**5 327 095**	**5 103 945**	**4 715 474**	**4 601 083**	**4 395 864**
Number of shares	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**	**13 010 000**
Net book value per share (PLN)	**409,46**	**392,31**	**362,45**	**353,66**	**337,88**

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

3 quarters 2010
the period from 01 Jan 2010 to 30 Sep 2010

	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**	**-1 383**	**33 426**	**-968**	**15 846**	**3 582 203**	**4 715 474**
- net result for the current period	-	-	-	-	-	-	527 612	**527 612**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	47 318	-	-	-	-	**47 318**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-2 356	-	-	-	-	**-2 356**
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	-667	-	-	-	-	**-667**
- remeasurement of property, plant and equipment	-	-	-	454	0	0	-	**454**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	35 095	-	-	**35 095**
- revaluation of share-based payment	-	-	-	-	-	3 570	-	**3 570**
- making an in-kind contributuion of organised part of enterprise to a subsidiary	-	-	-	-1 327	-	-	1 327	**0**
- other	-	-	-	-19	-	-	614	**595**
Total comprehensive income for the period	**0**	**0**	**44 295**	**-892**	**35 095**	**3 570**	**529 553**	**611 621**
Dividends paid	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**42 912**	**32 534**	**34 127**	**19 416**	**4 111 756**	**5 327 095**

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**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	794	-	-	-	-	**794**
- amortisation of gains or losses previously recognised in equity concerning 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**

3 quarters 2009
the period from 01 Jan 2009 to 30 Sep 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	-	-	-	-	-	-	488 326	**488 326**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	69 679	-	-	-	-	**69 679**
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-7 945	-	-	-	-	**-7 945**
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	2 696	-	-	-	-	**2 696**
- remeasurement of property, plant and equipment	-	-	-	-	-	-	-	**0**
- effective part of cash flow hedging instruments revaluation	-	-	-	-	-33 676	-	-	**-33 676**
- revaluation of share-based payment	-	-	-	-	-	15 028	-	**15 028**
- other	-	-	-	-45	-	-	71	**26**
Total comprehensive income for the period	**0**	**0**	**64 430**	**-45**	**-33 676**	**15 028**	**488 397**	**534 134**
Dividends paid	-	-	-	-	-	-	-	**0**
Closing balance of equity	**130 100**	**956 250**	**-36 551**	**35 973**	**11 905**	**15 028**	**3 488 378**	**4 601 083**

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT (PLN '000)

	3 quarters 2010 the period from 01 Jan 2010 to 30 Sep 2010	**3 quarters 2009** the period from 01 Jan 2009 to 30 Sep 2009
OPERATING ACTIVITIES		
Net profit (loss)	**527 612**	**488 326**
Adjustments	**-1 975 764**	**-1 651 926**
- Depreciation and amortisation	87 316	91 076
- Interest accrued (from the profit and loss account)	1 185 643	1 030 583
- Interest paid	1 059 804	1 322 521
- Interest received	-2 390 418	-2 308 954
- Dividends received	-30 921	-78 439
- Gains (losses) on investment activities	106	1 071
- Income tax (from the profit and loss account)	126 639	108 995
- Income tax paid	-213 410	-34 287
- Change in provisions	-5 496	-870
- Change in loans and other receivables to other banks	297 979	2 772 618
- Change in financial assets at fair value through profit or loss	4 300 923	2 829 715
- Change in available-for-sale financial assets	-5 337 508	3 767 363
- Change in valuation of derivatives	47 019	-612 296
- Change in derivative hedge instruments	332 877	172 404
- Change in loans and other receivables to customers	-2 755 932	-3 263 952
- Change in other assets	-123 910	-120 130
- Change in liabilities due to other banks	-745 082	-5 583 997
- Change in liabilities at fair value through profit or loss	1 582 403	-1 445 653
- Change in liabilities due to customers	10 755	-601 696
- Change in other liabilities	595 449	302 002
Net cash flow from operating activities	**-1 448 152**	**-1 163 600**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-35 853	-58 807
- Disposal of property, plant and equipment	288	121
- Purchase of intangible assets	-35 531	-32 749
- Purchase of investments in subordinated entities	0	-100 000
- Disposal of fixed assets held for sale	110	42
- Redemption of held-to-maturity financial assets	895 000	50 000
- Interest received from held-to-maturity financial assets	240 670	243 670
- Dividends received	30 921	78 439
Net cash flow from investment activities	**1 095 605**	**180 716**
FINANCIAL ACTIVITIES		
- Dividends paid	0	0
Net cash flow from financial activities	**0**	**0**
Effect of exchange rate changes on cash and cash equivalents	***-38 331***	***30 498***
Net increase/decrease in cash and cash equivalents	**-352 547**	**-982 884**
Opening balance of cash and cash equivalents	**3 018 259**	**4 097 924**
Closing balance of cash and cash equivalents	**2 665 712**	**3 115 040**

1. Introduction

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for III quarter 2010 were prepared under the International Financial Reporting Standards (IFRS) in a version approved by the European Commission effective as at the reporting date, that is 30 September 2010 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).

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity, and interim condensed standalone cash flow statement for the period from 01 January 2010 to 30 September 2010, and interim condensed standalone statement of financial position as at 30 September 2010 together with comparable data were prepared according to the same principles of accounting for each period. The comparative data cover the period from 1 January 2009 to 30 September 2009 for the condensed standalone income statement; the condensed standalone statement of comprehensive income; and the condensed standalone cash flow statement; additionally, for the period from 1 January 2009 to 31 December 2009 for the condensed standalone statement of changes in equity; and in the case of the condensed standalone statement of financial position data as of 31 December 2009 and 30 September 2009. Interim condensed standalone income statements, interim condensed standalone statement of comprehensive income and notes to the interim condensed standalone income statements include data for the Q3 2010 (period from 01 July 2010 to 30 September 2010) as well as comparative data for the Q3 2009 (period from 01 July 2009 to 30 September 2009).

Presented interim condensed standalone financial statements for III quarter 2010 meet the requirements of International Financial Reporting Standards (IFRS), including IAS 34 (International Accounting Standards) with regard to interim financial statements. These interim condensed financial statements have been prepared in PLN rounded to one thousand zlotys (unless otherwise noted).

In these interim condensed standalone financial statements the same principles of accounting have been applied as the ones applied for developing the 2009 annual standalone financial statements, except that amendments to the standards and new interpretations applicable to annual periods starting on or after 1 January 2010. Amendments to standards and new interpretations are described in condensed consolidated statements of the ING Bank Śląski S.A. Capital Group enclosed herewith ("interim condensed consolidated financial statements"), 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 have been approved by the Bank Management Board on 9 November 2010.

These interim condensed standalone financial statements were prepared on a going-concern basis as regards the foreseeable future, namely as regards the period of minimum 12 months from the balance sheet date. As of the date of approving 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 had no operations that were discontinued in Q3 2010.

2. Material accounting principles (policy)

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2009 to 31 December 2009 published on 5 March 2010 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

The same accounting principles were applied to interim condensed financial statements and interim condensed consolidated financial statements, 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 2009 to 30 September 2009, the Bank introduced several amendments into interim condensed financial statement for the period from 1 January 2010 to 30 September 2010. The amendments refer to the way of presenting some positions of the income statement. The amendments are described in detail in summary interim consolidated financial statement in paragraph II. 4.

5. Material events in III quarter 2010

Material events that occurred in III quarter 2010 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 8 April 2010, the General Shareholders Meeting decided that the dividend for 2009 would not be paid.

9. Acquisitions

In Q3 2010, the ING Bank Śląski did not make any acquisitions, as in Q3 2009.

10. Off-balance sheet items

(pln '000)	**3 quarters 2010** as of 30.09.2010	**1 half 2010** as of 30.06.2010	**end of year 2009** as of 31.12.2009	**3 quarters 2009** as of 30.09.2009	**1 half 2009** as of 30.06.2009
Contingent liabilities granted	15 227 567	14 372 079	14 257 243	13 766 995	14 488 186
Contingent liabilities received	15 992 438	13 093 025	12 483 266	13 771 144	17 131 778
Off-balance sheet financial instruments	203 164 097	124 094 658	119 086 563	139 796 995	148 909 117
Total off-balance sheet items	**234 384 102**	**151 559 762**	**145 827 072**	**167 335 134**	**180 529 081**

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.