2011

Interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for Q4 2011

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SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

	PLN thousand		**EUR thousand**	
	4Q 2011 the period from 01 Jan 2011 to 31 Dec 2011	**4Q 2010** the period from 01 Jan 2010 to 31 Dec 2010	**4Q 2011** the period from 01 Jan 2011 to 31 Dec 2011	**4Q 2010** the period from 01 Jan 2010 to 31 Dec 2010
Interest income	3 385 463	2 948 721	817 725	736 370
Commission income	1 170 099	1 117 122	282 626	278 974
Result on basic activities	2 912 280	2 690 453	703 432	671 874
Result before tax	1 117 527	934 149	269 928	233 281
Net profit attributable to shareholders of ING Bank Śląski S.A.	880 075	753 100	212 573	188 068
Net cash flows	-756 396	71 790	-182 700	17 928
Earnings per ordinary share (PLN / EUR)	6.76	5.79	1.63	1.45

	PLN thousand		**EUR thousand**	
	4Q 2011 as of 31 Dec 2011	4Q 2010 as of 31 Dec 2010	**4Q 2011** as of 31 Dec 2011	**4Q 2010** as of 31 Dec 2010
Total assets	69 783 312	64 517 528	15 799 518	16 291 071
Equity attributable to shareholders of ING Bank Śląski S.A.	6 413 636	5 650 753	1 452 100	1 426 850
Initial capital	130 100	130 100	29 456	32 851
Number of shares (per item)	130 100 000	130 100 000	-	-
Book value per share (PLN / EUR)	49.30	43.43	11.16	10.97
Solvency ratio (%)	12.28%	13.15%	-	-

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

- for statement of financial positions items – PLN 4.4168, NBP exchange rate of 31 December 2011; PLN 3.9603, NBP exchange rate of 31 December 2010,
- for income statement items and cash flow statement items for the period of 12 months ending on 31 December 2011 - PLN 4.1401 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4Q 2011; PLN 4.0044 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4Q 2010.

Interim condensed consolidated financial statements (PLN thousand)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	IV quarter 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	IV quarter 2010 the period from 01 Oct 2010 to 31 Dec 2010	4 quarters 2010 (YTD) the period from 01 Jan 2010 to 31 Dec 2010
- Interest income	5.1	896 971	3 385 463	751 486	2 948 721
- Interest expenses	5.1	417 304	1 533 959	329 795	1 321 134
Net interest income	5.1	**479 667**	**1 851 504**	**421 691**	**1 627 587**
- Commission income	5.2	290 830	1 170 099	288 268	1 117 122
- Commission expenses	5.2	40 794	148 927	31 949	129 791
Net commission income	5.2	**250 036**	**1 021 172**	**256 319**	**987 331**
Net income on financial instruments measured at fair value through profit or loss and FX result	5.3	-11 807	18 252	1 808	77 503
Net income on investments	5.4	5 887	38 011	-5 604	2 174
Net income on hedge accounting	5.5	9 652	-33 423	17 964	-12 052
Net income on other basic activities		1 369	16 764	-9 877	7 910
Result on basic activities		**734 804**	**2 912 280**	**682 301**	**2 690 453**
General and administrative expenses	5.6	413 956	1 664 389	390 027	1 582 920
Result on other operating income and expenses		3 476	833	-2 507	-10 989
Impairment losses and provisions for off-balance sheet liabilities	5.7	50 506	172 403	61 150	203 627
Share in net profit (loss) of associated entities recognised under the equity method		10 082	41 206	12 384	41 232
Profit (loss) before tax		**283 900**	**1 117 527**	**241 001**	**934 149**
Income tax		70 314	237 468	49 353	181 010
Net profit (loss) from continuing operations		**213 586**	**880 059**	**191 648**	**753 139**
- attributable to shareholders of ING Bank Śląski S.A.		**213 583**	**880 075**	**191 680**	**753 100**
- attributable to non-controlling interests		3	-16	-32	39

	IV quarter 2011	4 quarters 2011 (YTD)	IV quarter 2010	4 quarters 2010 (YTD)
Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**213 583**	**880 075**	**191 680**	**753 100**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1,64**	**6,76**	**1,47**	**5,79**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	IV quarter 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	IV quarter 2010 the period from 01 Oct 2010 to 31 Dec 2010 *comparable data*	4 quarters 2010 (YTD) the period from 01 Jan 2010 to 31 Dec 2010 *comparable data*
Net result for the period	**213 586**	**880 059**	**191 648**	**753 139**
Other comprehensive income	**2 515**	**68 266**	**-72 107**	**8 021**
Total comprehensive income for the period	**216 101**	**948 325**	**119 541**	**761 160**
- attributable to shareholders of ING Bank Śląski S.A.	216 098	948 341	119 573	761 121
- attributable to non-controlling interests	3	-16	-32	39

Interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (PLN thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
A S S E T S					
- Cash in hand and balances with the Central Bank		1 493 115	4 064 920	2 394 196	1 265 104
- Loans and receivables to other banks	5.8	1 024 623	2 706 438	1 181 105	1 859 227
- Financial assets measured at fair value through profit and loss	5.9	639 633	1 120 526	659 606	3 945 735
- Valuation of derivatives		1 858 429	1 781 944	1 158 897	1 527 884
- Investments	5.10	20 450 617	22 396 333	23 006 812	18 736 413
- available-for-sale		*15 468 361*	*17 379 608*	*16 788 801*	*12 239 940*
- held-to-maturity		*4 982 256*	*5 016 725*	*6 218 011*	*6 496 473*
- Derivative hedge instruments		433 440	337 135	104 796	86 065
- Loans and receivables to customers	5.11, 5.12	42 329 725	39 789 677	34 508 999	33 320 661
- Investments in controlled entities recognised under the equity method		104 919	94 837	156 832	144 448
- Investment real estates		118 705	118 187	118 187	140 399
- Property, plant and equipment		575 277	516 623	544 211	520 455
- Intangible assets		362 031	355 550	342 213	325 790
- Property, plant and equipment held for sale		33 613	44 352	13 996	1 924
- Current income tax assets		147 504	56 194	614	0
- Deferred tax assets		16 449	97 375	167 397	77 344
- Other assets		195 232	215 995	159 667	214 086
T o t a l a s s e t s		**69 783 312**	**73 696 086**	**64 517 528**	**62 165 535**
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	4 961 862	7 597 155	4 039 111	3 149 358
- Financial liabilities measured at fair value through profit and loss	5.14	1 814 714	5 370 325	4 681 424	2 580 454
- Valuation of derivatives		1 694 142	1 865 690	1 292 661	1 202 195
- Derivative hedge instruments		900 627	813 103	600 455	775 966
- Liabilities due to customers	5.15	52 932 107	50 758 691	47 400 069	47 667 866
- Provisions	5.16	58 057	52 786	55 844	49 757
- Current income tax liabilities		0	430	138 499	60 526
- Other liabilities		1 005 872	1 041 066	656 360	1 147 513
T o t a l l i a b i l i t i e s		**63 367 381**	**67 499 246**	**58 864 423**	**56 633 635**
EQUITY					
- Share capital		130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value		956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets		20 783	6 064	8 586	42 912
- Revaluation reserve from measurement of property, plant and equipment		39 272	44 693	47 370	51 550
- Revaluation reserve from measurement of cash flow hedging instruments		58 186	67 418	431	34 127
- Revaluation of share-based payment		30 772	27 782	21 080	19 416
- Retained earnings		5 178 273	4 962 241	4 486 936	4 295 161
Equity attributable to shareholders of ING Bank Śląski S.A.		**6 413 636**	**6 194 548**	**5 650 753**	**5 529 516**
- Non-controlling interests		**2 295**	**2 292**	**2 352**	**2 384**
T o t a l e q u i t y		**6 415 931**	**6 196 840**	**5 653 105**	**5 531 900**
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		**69 783 312**	**73 696 086**	**64 517 528**	**62 165 535**

Solvency ratio	5.17	**12,28%**	**12,56%**	**13,15%**	**13,30%**

Net book value	**6 413 636**	**6 194 548**	**5 650 753**	**5 529 516**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**49,30**	**47,61**	**43,43**	**42,50**

Interim condensed consolidated statement of financial position shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (PLN thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

4 Q 2011
the period from 01 Oct 2011 to 31 Dec 2011

	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	Non-controlling interests	Total equity
Opening balance of equity	**130 100**	**956 250**	**6 064**	**44 693**	**67 418**	**27 782**	**4 962 241**	**2 292**	**6 196 840**
Net result for the current period	-	-	-	-	-	-	213 583	3	**213 586**
Other comprehensive income, of which:	**0**	**0**	**14 719**	**-5 421**	**-9 232**	**0**	**2 449**	**0**	**2 515**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*18 360*	-	-	-	-	-	*18 360*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-3 519*	-	-	-	-	-	*-3 519*
- 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	-	-	*-122*	-	-	-	-	-	*-122*
- remeasurement of property, plant and equipment	-	-	-	*-2 946*	-	-	-	-	*-2 946*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-9 232*	-	-	-	*-9 232*
- disposal of property, plant and equipment	-	-	-	*-2 475*	-	-	*2 449*	-	*-26*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**2 990**	**0**	**0**	**2 990**
- revaluation of share-based payment	-	-	-	-	-	*2 990*	-	-	*2 990*
- dividends paid	-	-	-	-	-	-	-	-	*0*
Closing balance of equity	**130 100**	**956 250**	**20 783**	**39 272**	**58 186**	**30 772**	**5 178 273**	**2 295**	**6 415 931**

4 quarters 2011 (YTD)
the period from 01 Jan 2011 to 31 Dec 2011

	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	Non-controlling interests	Total equity
Opening balance of equity	**130 100**	**956 250**	**8 586**	**47 370**	**431**	**21 080**	**4 486 936**	**2 352**	**5 653 105**
Net result for the current period	-	-	-	-	-	-	880 075	-16	**880 059**
Other comprehensive income, of which:	**0**	**0**	**12 197**	**-8 098**	**57 755**	**0**	**6 412**	**0**	**68 266**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*36 682*	-	-	-	-	-	*36 682*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-24 174*	-	-	-	-	-	*-24 174*
- 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	-	-	*-311*	-	-	-	-	-	*-311*
- remeasurement of property, plant and equipment	-	-	-	*-2 541*	-	-	-	-	*-2 541*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*57 755*	-	-	-	*57 755*
- disposal of property, plant and equipment	-	-	-	*-5 557*	-	-	*6 412*	-	*855*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**9 692**	**-195 150**	**-41**	**-185 499**
- revaluation of share-based payment	-	-	-	-	-	*9 692*	-	-	*9 692*
- dividends paid	-	-	-	-	-	-	*-195 150*	*-41*	*-195 191*
Closing balance of equity	**130 100**	**956 250**	**20 783**	**39 272**	**58 186**	**30 772**	**5 178 273**	**2 295**	**6 415 931**

Interim condensed consolidated statement of changes in equity shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (PLN thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

4 Q 2010
the period from 01 Oct 2010 to 31 Dec 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	Non-controlling interests	**Total equity**
Opening balance of equity	**130 100**	**956 250**	**42 912**	**51 550**	**34 127**	**19 416**	**4 295 161**	**2 384**	**5 531 900**
Net result for the current period	-	-	-	-	-	-	191 680	-32	**191 648**
Other comprehensive income, of which:	**0**	**0**	**-34 326**	**-4 180**	**-33 696**	**0**	**95**	**0**	**-72 107**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-38 847*	-	-	-	-	-	*-38 847*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*4 689*	-	-	-	-	-	*4 689*
- 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	-	-	*-168*	-	-	-	-	-	*-168*
- remeasurement of property, plant and equipment	-	-	-	*-4 073*	-	-	-	-	*-4 073*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-33 696*	-	-	-	*-33 696*
- disposal of property, plant and equipment	-	-	-	*-107*	-	-	*95*	-	*-12*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**1 664**	**0**	**0**	**1 664**
- revaluation of share-based payment	-	-	-	-	-	*1 664*	-	-	*1 664*
Closing balance of equity	**130 100**	**956 250**	**8 586**	**47 370**	**431**	**21 080**	**4 486 936**	**2 352**	**5 653 105**

4 quarters 2010 (YTD)
the period from 01 Jan 2010 to 31 Dec 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	Non-controlling interests	**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	-	-	-	-	-	-	753 100	39	**753 139**
Other comprehensive income, of which:	**0**	**0**	**9 969**	**-3 745**	**1 399**	**0**	**398**	**0**	**8 021**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*8 471*	-	-	-	-	-	*8 471*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*2 288*	-	-	-	-	-	*2 288*
- 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	-	-	*-790*	-	-	-	-	-	*-790*
- remeasurement of property, plant and equipment	-	-	-	*-3 619*	-	-	-	-	*-3 619*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*1 399*	-	-	-	*1 399*
- disposal of property, plant and equipment	-	-	-	*-126*	-	-	*398*	-	*272*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**5 234**	**0**	**0**	**5 234**
- revaluation of share-based payment	-	-	-	-	-	*5 234*	-	-	*5 234*
Closing balance of equity	**130 100**	**956 250**	**8 586**	**47 370**	**431**	**21 080**	**4 486 936**	**2 352**	**5 653 105**

Interim condensed consolidated statement of changes in equity shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (PLN thousand)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	4 quarters 2010 (YTD) the period from 01 Jan 2010 to 31 Dec 2010
OPERATING ACTIVITIES		
Net profit (loss)	**880 075**	**753 100**
Adjustments	**-2 788 051**	**-2 043 534**
- Profit (loss) attributable to non-controlling interests	-16	39
- Share in net profit (loss) of associated entities	-41 206	-41 232
- Depreciation and amortisation	132 646	120 985
- Interest accrued (from the profit and loss account)	1 851 504	1 627 587
- Interest paid	1 509 510	1 385 024
- Interest received	-3 707 482	-3 284 786
- Dividends received	-4 816	-4 793
- Gains (losses) on investment activities	-5 726	221
- Income tax (from the profit and loss account)	237 468	181 010
- Income tax paid	-371 909	-279 446
- Change in provisions	2 213	597
- Change in loans and other receivables to other banks	297 568	329 920
- Change in financial assets at fair value through profit or loss	19 504	7 563 511
- Change in available-for-sale financial assets	1 363 836	-9 918 531
- Change in valuation of derivatives	-298 051	506 472
- Change in derivative hedge instruments	29 283	104 939
- Change in loans and other receivables to customers	-7 786 039	-3 916 084
- Change in other assets	11 931	-28 417
- Change in liabilities due to other banks	918 376	66 853
- Change in liabilities at fair value through profit or loss	-2 866 710	3 683 373
- Change in liabilities due to customers	5 560 862	-250 022
- Change in other liabilities	359 203	109 246
Net cash flow from operating activities	**-1 907 976**	**-1 290 434**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-137 293	-86 223
- Disposal of property, plant and equipment	7 483	1 204
- Purchase of intangible assets	-78 871	-66 009
- Disposal of fixed assets held for sale	8	132
- Redemption / sale of held-to-maturity financial assets	1 290 427	1 145 000
- Interest received from held-to-maturity financial assets	260 201	363 327
- Dividends received	4 816	4 793
Net cash flow from investment activities	**1 346 771**	**1 362 224**
FINANCIAL ACTIVITIES		
- Dividends paid	-195 191	0
Net cash flow from financial activities	**-195 191**	**0**
Effect of exchange rate changes on cash and cash equivalents	***104 504***	***-36 305***
Net increase/decrease in cash and cash equivalents	**-756 396**	**71 790**
Opening balance of cash and cash equivalents	**3 119 616**	**3 047 826**
Closing balance of cash and cash equivalents	**2 363 220**	**3 119 616**

Interim condensed consolidated cash flow statement shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

II. Additional information

1. Information on the Bank and the Capital Group

Key Bank data

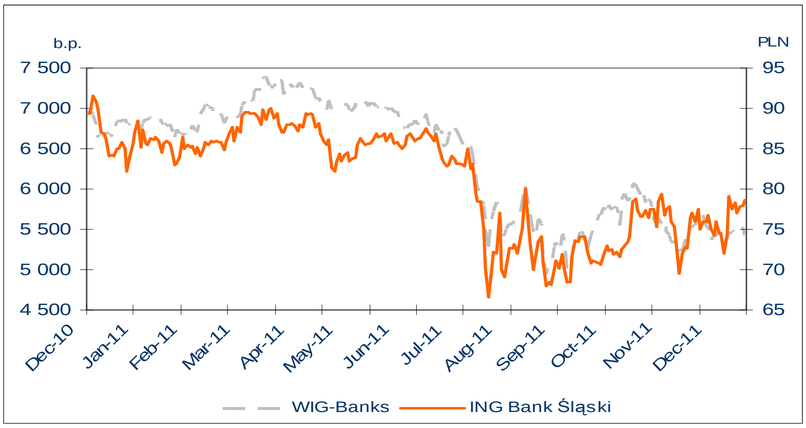
ING Bank Śląski S.A. ("Parent company", "parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.The parent entity statistic number is REGON 271514909, and the taxation identification number is NIP 634-013-54-75.

Scope and duration of operations

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

Initial capital, share price

The initial capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 130,100,000 ordinary bearer shares with a par value of PLN 1.00 each. In H4 2011, share face value was split. The relevant resolution was passed at the Extraordinary General Meeting of ING Bank Śląski S.A. on 24 October 2011. The change was entered into the register of entrepreneurs of the National Court Register with the decision of the District Court in Katowice of 31 October 2011. Prior to the split the face value of one share amounted to PLN 10. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 31 December 2011, the share price of ING Bank Śląski S.A. was PLN 78.60, whereas during the same period last year it was at the level of PLN 89,40[1]. In the 12 months of 2011, the price of ING Bank Śląski S.A. shares was as follows:



[1]After making figures comparable (1:10 split).

Interim condensed consolidated financial statements (PLN thousand)

Shareholding structure of ING Bank Śląski S.A.

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 31 December 2011 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. ING Bank NV belongs to the Capital Group, herein referred to as ING Group. As at the date 31 December 2011, 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.	97,575,000	75.00

Number of ING Bank Śląski shares held by Bank Management Board and Supervisory Board members

Among members of the Supervisory Board of the Bank as of the day of publishing the interim condensed consolidated financial statements of Capital Group of ING Bank Śląski S.A. for Q4 2011, Mr. Wojciech Popiołek held shares of ING Bank Śląski S.A. in the number of 60 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 members of ING Bank Śląski S.A. Supervisory Board and Management Board held the same number of the Bank's shares as at the day of publishing the previous financial statements.

Entity authorised to audit financial statements

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.

Capital Group of ING Bank Śląski S.A.

NG 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 31 December 2011:

- ING Securities 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 Q4 2011, ING Bank Hipoteczny S.A. merged with ING Bank Śląski S.A. The operations pursued by ING Bank Hipoteczny to-date is sustained within the structures of ING Bank Śląski S.A.

Approval of financial statements

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2010 to 31 December 2010 were approved by the General Meeting on 7 April 2011.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 7 February 2012.

2. Compliance with International Financial Reporting Standards

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

No operations were discontinued during the Q4 2011 and Q4 2010.

Compliance with IFRS

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for Q4 2011 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 31 December 2011 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).

Presented interim condensed consolidated financial statements meet the requirements of IAS 34 (International Accounting Standards) with regard to interim financial statements. These interim condensed consolidated financial statements for Q4 2011 have been prepared in a condensed version and does not cover all disclosures required in the annual financial statements.

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 2011 to 31 December 2011, and interim condensed consolidated statement of financial position as at 31 December 2011 together with comparable data were prepared according to the same principles of accounting for each period.

Comparable data

The comparative data cover the period from 1 January 2010 to 31 December 2010 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated cash flow statement and for the interim condensed consolidated statement of changes in equity; and in the case of the interim condensed consolidated statement of financial position data as of 31 December 2010. 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 IV quarter 2011 (period from 01 October 2011 to 31 December 2011) as well as comparative data for the IV quarter 2010 (period from 01 October 2010 to 31 December 2010).

Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for Q4 2011 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities.

Interim condensed consolidated financial statements (PLN thousand)

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

Changes to accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2010 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2010 to 31 December 2010) as well as the following binding standards and interpretations approved by the European Union for annual periods starting on or after 1 January 2011:

Change	Scope	Influence on the Group statements
IAS 32 *Financial Instruments: Presentation*	Applicable to annual periods beginning after 1 February 2010. The amendment pertains to the manner of classification of specified pre-emptive right where the issued financial instruments are denominated in the currency other than the functional currency of the issuer.	It has no substantial impact on the financial statements of the Group.
IAS 24 *Related Party Disclosure*	Applicable to annual periods beginning on or after 1 January 2011. The introduced amendments concern the simplification of the definition of the related entity and deletion of some internal inconsistencies and exemption of some entities related to government form certain requirements of information disclosure.	It has no substantial impact on the financial statements of the Group.
IFRS 1 *Limited Exemption from Comparative IFRS7 Disclosures for First-time adopters*	Applicable to annual periods beginning after 1 July 2010.	It has no substantial impact on the financial statements of the Group.
IFRIC 14 *The Limit of a Defined Benefit Asset, and Minimum Funding Requirements and their Interaction*	Applicable to annual periods beginning 1 January 2011 onwards. Interpretation concerns the plan of specified benefits under minimum funding requirements the prepayment of which is recognized as element of financial assets.	It has no substantial impact on the financial statements of the Group.
IFRIC 19 *Extinguishing Financial Liabilities with Equity*	Applicable to annual periods beginning after 1 July 2010. The interpretation presents recommendation as to recognizing by the debtor the equity instruments issued by such creditor as a result of renegotiation of the terms and conditions of financial liability in order to extinguish such liability fully or partially.	It has no substantial impact on the financial statements of the Group.
Amendments resulting from annual review of IFRS applicable to annual reporting periods starting 1 January 2011.	The annual reviews is to improve and specify in more detail the international accounting standards. The majority of amendments either specify existing IFRS in more detail, introduce amendments thereto or constitute amendments resulting from previous amendments to IFRS. Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 embrace amendments to existing requirements or constitute additional explanation as to application of the said requirements.	Currently, the Group is analyzing the impact of the amendments on financial statements.

Published standards and interpretations which were issued; however, they are not effective yet and they have not been approved by the European Union yet:

Change	Scope	Influence on the Group statements
IAS 1 Presentation of Financial Statements	The changes result from co-operation between IASB and FASB (US GAAP has been changed in the same manner) and refer to the guidelines for items presentation under other total income.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 12 _Income Taxes_	The amendments pertain to classification of the revenue depending on expectations of the entity whether or not it will recover the carrying value of a given assets either through use or sale.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 19 Employee Benefits	The changes refer to the removal of the possibility to defer income and costs recognition (i.e. elimination of the "corridor method"), presentation under other total income and requirements for disclosure.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 27 _Separate financial statements_	The amendment introduces the necessity to recognize investments in subsidiaries, jointly controlled entities and associates at cost or in line with rules set forth in IFRS 9 _Financial Instruments_ in separate financial statements. The name of the standard was also changed.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 28 _Investments in associates_	The amendments concern the accounting principles for investments in associates and determine the requirements that have to be met in order to apply accounting using the equity method for investments in associates and jointly controlled entities.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 32 _Financial instruments: Presentation_	The change specifies the meaning of the phrase "have the on-going possibility to exercise the right to set off" and that certain systemic gross settlements can be treated as the equivalent of net settlement.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IFRS 1 First-time Adoption of International Financial Reporting Standards: severe hyperinflation and removal of fixed dates for those who adopt IFRS for the first time.	Not applicable.	It has no impact on the financial statements of the Group.
IFRS 7 Financial Instruments: Disclosures	1. The amendment specifies in more details the requirements as to transfer of financial assets. 2. Change of requirements for disclosures related to offsetting of financial assets and liabilities.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IFRS 9 _Financial Instruments_	1. This standard constitutes the first phase of the works of the IASB to supersede the International Accounting Standard 39 and covers both the classification and measurement of financial assets. During the next phases the IASB will work on financial liabilities, hedge accounting and removal of financial assets/liabilities from the financial statements. 2. The change concerns shift of the obligatory date for standard application from 1 January 2013 to 1 January 2015.	The Group will assess the influence of the new standard comprehensively together with the phases that have not been published yet.
IAS 10 Consolidated Financial Statements	New standard presenting the guidelines for financial statements consolidation including in particular but not limited to the indications confirming the requirement to include entities in the Consolidated Financial Statements.	Currently, the Group is analyzing the impact of the amendments on financial statements.

IAS 11 Joint Arrangements	New standard sets out the requirements for joint arrangements recognition and measurement.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 12 Disclosure of Interest in Other Entities	New standard sets out the disclosures of interest in other entities.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IAS 13 Fair Value Measurement	New standard sets out the fair value guidelines.	Currently, the Group is analyzing the impact of the amendments on financial statements.
IFRIC 20 Stripping Costs in the Production of a Surface Mine	Not applicable.	Not applicable.

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.

Material accounting principles

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2010 to 31 December 2010 published on 4 March 2011 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.

Consolidation of companies in legal terms

When settling the transactions of consolidating the Bank with its subsidiary (being under joint supervision), the Group applies consolidation approach where under the shares were consolidated under Accounting Act of 29 September 1994.

Under this approach, particular items of relevant assets and liabilities of the consolidated subsidiary are included in the standalone financial statements of the Bank according to values recognized in the consolidated financial statements of the dominant entity as at consolidation date. The consolidation does not affect the comparable data; thus the data do not require any change.

The takeover approach is applied when settling the purchase of entities from non-associated parties. On takeover date, the Group recognize, separately from goodwill, purchased identifiable assets and the taken over liabilities possible to identify taking into account recognition criteria and all non-controlling interests in the taken over entity.

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 or 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 or 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.

As of impairment of items of financial assets or a group of financial assets, the Group carries the amount of contractual interest not paid at the impairment date through profit or loss. Since then, the Group accrues interest on the items of financial assets or a group of financial assets less the impairment charge. Interest is accrued at the interest rate used to calculate the impairment charge for the financial assets affected. Later, the value is adjusted with the contractual interest paid in a given period.

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. Those derivatives, which were not designated as hedge instruments pursuant to the principles of hedge accounting, are classified as instruments earmarked for trade and evaluated in 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 (i.e. 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 before the risk 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 changes of the fair value of the hedge instrument, which are an effective part of hedging relationship, are recognised directly in equity through the statement of comprehensive income, while 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.

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 (2.02% to 4.62%), as well as the expected term of realisation of the options granted (5 to 9 years), the exercise price, the current share price (EUR 2.9 – EUR 26.05), the expected volatility of the certificates of ING Group shares (25% – 84%) and the expected dividends yield (0.94% 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.

Principles of EU programmes settlement

The Group participates in the *Human Capital* training programme taking advantage of EU funds. The funds received are recognised at the time when there are reasonable grounds to conclude that the terms of funds granting were met and the funds will be paid out. The funds obtained are recognised in the Group's financial statements in the manner ensuring commensurability with the corresponding costs for which the plan is to set them off with the EU funds obtained.

If the funding concerns an asset item, then the fair value is recognised as the deferred income, and is subsequently carried through profit and loss – gradually in equal annual write-offs – during the expected use period of the related asset item.

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 derivative instruments. The Group has structured its approach so that the results of the above reviews better reflect the risk level.

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

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 a*nd the added part of the impairment charge for such already matured transaction is presented in the profit or loss account in the position *Impairment charges and provisions for off-balance liabilities*. Therefore the financial result is influenced only by the amount of surplus of the current impairment charge (or write-down) for a mature transaction above the amount of the fair value adjustment established before the transaction has matured.

Uncertainty of the estimates

The Group continues to assess the risk level related to FX options initiated in 2008. The appraisal was made as of the balance sheet date assuming the measurement level as of that date and taking into account the risk appraisal performed as of the same date. The Group regularly reviews the financial standing of 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 structure of the statement of comprehensive income was changed in the interim condensed consolidated financial statements for the period started 1 January 2011 and ended 31 December 2011 when compared to the consolidated financial statements for the period started 1 January 2010 and ended 31 December 2010. Additionally, the statement of changes in equity apart from YTD data presents also the data for Q4.

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5. Supplementary notes to interim condensed consolidated financial statements

5.1. Net interest income

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	**4 Q 2011 year-to-date** the period from 01 Jan 2011 to 31 Dec 2011	**4 Q 2010** the period from 01 Oct 2010 to 31 Dec 2010	**4 Q 2010 year-to-date** the period from 01 Jan 2010 to 31 Dec 2010
Interest income				
- interest on loans and receivables to banks	41 852	128 227	23 460	99 266
- interest on loans and receivables to customers	635 027	2 286 555	479 123	1 796 179
- interest on debt securities	204 780	986 876	254 224	1 004 733
- interest result on derivatives	15 213	-16 751	-5 399	48 272
- other	99	556	78	271
Total interest income	**896 971**	**3 385 463**	**751 486**	**2 948 721**
Interest expenses				
- interest on deposits from banks	27 725	162 890	34 684	91 252
- interest on deposits from customers	389 579	1 371 069	295 111	1 229 882
Total interest expenses	**417 304**	**1 533 959**	**329 795**	**1 321 134**
Net interest income	**479 667**	**1 851 504**	**421 691**	**1 627 587**

5.2. Net commission income

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	**4 Q 2011 year-to-date** the period from 01 Jan 2011 to 31 Dec 2011	**4 Q 2010** the period from 01 Oct 2010 to 31 Dec 2010	**4 Q 2010 year-to-date** the period from 01 Jan 2010 to 31 Dec 2010
Commission income				
- commission related to brokerage activity	16 096	76 766	15 932	74 957
- commission related to keeping accounts	64 957	255 630	65 239	266 090
- commission related to payment and credit cards	54 286	208 413	52 999	184 955
- commission related to loans	44 074	178 501	39 558	154 839
- commission related to distribution of participation units	15 904	80 372	23 138	81 348
- fiduciary and custodian fees	6 913	31 361	7 328	28 511
- commission related to loans insurance	4 564	19 830	5 296	25 050
- foreign commercial business	3 555	14 418	3 492	13 043
- commission related to subscription of structured products	3 399	10 801	51	2 448
- commissions related to rendering the insurance available for deposit products	2 211	8 795	2 265	9 779
- commission related to sales of financial products	510	1 356	9 284	12 848
- the transactional margin on foreign exchange transactions	69 405	263 787	62 769	243 958
- other	4 956	20 069	917	19 296
Total commission income	**290 830**	**1 170 099**	**288 268**	**1 117 122**
Commission expenses	**40 794**	**148 927**	**31 949**	**129 791**
- of which: costs of the Bank Guarantee Fund (BFG)	9 136	36 543	3 921	15 671
Net commission income	**250 036**	**1 021 172**	**256 319**	**987 331**

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

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	**4 Q 2011 year-to-date** the period from 01 Jan 2011 to 31 Dec 2011	**4 Q 2010** the period from 01 Oct 2010 to 31 Dec 2010	**4 Q 2010 year-to-date** the period from 01 Jan 2010 to 31 Dec 2010
Net income on financial assets and liabilities held for trading, of which:	**34 393**	**-129 141**	**-201 262**	**-336 299**
- Net income on equity instruments	546	-4 265	-28	1 595
- Net income on debt instruments	10 818	29 147	4 190	49 957
- Net income on derivatives*), of which:	23 029	-154 023	-205 424	-387 851
- currency derivatives	*50 224*	*-161 443*	*-210 133*	*-423 508*
- interest rate derivatives	*-27 036*	*-178*	*2 676*	*30 446*
- securities derivatives	*-159*	*7 598*	*2 033*	*5 211*
Net income on financial assets and liabilities measured at fair value upon initial recognition, of which:	**0**	**-767**	**-977**	**-3 895**
- Net income on debt instruments	0	-767	-977	-3 895
FX-result	**-46 200**	**148 160**	**204 047**	**417 697**
Net income on financial instruments measured at fair value through profit or loss and FX result	**-11 807**	**18 252**	**1 808**	**77 503**

*) The item result on derivatives encompasses among others provisions for counterparty risk related to derivative transactions. In Q4 2011, write-offs amounting to PLN 5,693 thousand were made (2011 ytd: PLN 25,949 thousand). In the same period last year, write-offs were made for the amount of PLN 2,915 thousand (reversed write-off YTD for the year 2010 amounted to PLN 792 thousand).

On account of the change to curves applied to valuation of IRS transactions observed on the market, the Bank estimated the impact of the changed approach to valuation of the said instruments on their fair value. As a result of conducted analyses, provision reflecting the expected impact of the changed valuation models on fair value of the measured instruments was presented in the financial result for the year 2011. Provision amounting to PLN -14,066 thousand was presented under item *net income on derivatives – interest rate derivatives*.

5.4. Net income on investments

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	**4 Q 2011 year-to-date** the period from 01 Jan 2011 to 31 Dec 2011	**4 Q 2010** the period from 01 Oct 2010 to 31 Dec 2010	**4 Q 2010 year-to-date** the period from 01 Jan 2010 to 31 Dec 2010
Net income on equity instruments available-for-sale	1 443	1 443	0	206
Net income on debt instruments available-for-sale	4 344	29 844	-5 733	-2 825
Net income on financial assets held-to-maturity	0	1 908	0	0
Dividend income	100	4 816	129	4 793
Net income on investments	**5 887**	**38 011**	**-5 604**	**2 174**

Interim condensed consolidated financial statements (PLN thousand)

5.5. Net income on hedge accounting

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 year-to-date the period from 01 Jan 2011 to 31 Dec 2011	4 Q 2010 the period from 01 Oct 2010 to 31 Dec 2010	4 Q 2010 year-to-date the period from 01 Jan 2010 to 31 Dec 2010
Fair value hedge accounting for securities	**7 621**	**-35 701**	**17 993**	**-12 177**
- valuation of the hedged transaction	20 353	173 943	-224 094	114 322
- valuation of the hedging transaction	-12 732	-209 644	242 087	-126 499
Cash flow hedge accounting	**2 031**	**2 278**	**-29**	**125**
- ineffectiveness that arises from cash flow hedges	2 031	2 278	-29	125
Net income on hedge accounting	**9 652**	**-33 423**	**17 964**	**-12 052**

5.6. General and administrative expenses

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 year-to-date the period from 01 Jan 2011 to 31 Dec 2011	4 Q 2010 the period from 01 Oct 2010 to 31 Dec 2010	4 Q 2010 year-to-date the period from 01 Jan 2010 to 31 Dec 2010
Personnel expenses	224 361	843 666	258 975	821 869
Depreciation and amortisation	36 145	132 646	32 333	120 985
Other	153 450	688 077	98 719	640 066
General and administrative expenses	**413 956**	**1 664 389**	**390 027**	**1 582 920**

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

	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 year-to-date the period from 01 Jan 2011 to 31 Dec 2011	4 Q 2010 the period from 01 Oct 2010 to 31 Dec 2010	4 Q 2010 year-to-date the period from 01 Jan 2010 to 31 Dec 2010
Impairment losses	182 509	517 746	92 074	465 810
Release of impairment write-offs	-132 003	-345 343	-30 924	-262 183
Net impairment losses and provisions for off-balance sheet liabilities	**50 506**	**172 403**	**61 150**	**203 627**

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5.8. Loans and receivables to other banks

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Current accounts	805 709	514 765	375 718	675 726
Interbank deposits	40 856	2 087 157	685 954	1 078 181
Loans and advances	120 739	65 030	73 145	70 897
Other receivables	57 495	39 599	46 378	34 519
Total (gross)	**1 024 799**	**2 706 551**	**1 181 195**	**1 859 323**
Impairment losses	-176	-113	-90	-96
Total (net)	**1 024 623**	**2 706 438**	**1 181 105**	**1 859 227**

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

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Financial assets held for trading, of which:	444 737	327 297	512 732	2 667 508
- debt instruments	*444 737*	*319 456*	*489 863*	*2 652 374*
- equity instruments	*0*	*7 841*	*22 869*	*15 134*
Financial assets designated as at fair value upon initial recognition, of which:	194 896	793 229	146 874	1 278 227
- debt instruments	*0*	*0*	*61 222*	*188 309*
- buy-sell-back transactions	*194 896*	*793 229*	*85 652*	*1 089 918*
Total	**639 633**	**1 120 526**	**659 606**	**3 945 735**

5.10. Investments

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Available-for-sale financial assets, of which:	15 468 361	17 379 608	16 788 801	12 239 940
- debt instruments, including:	*15 437 631*	*17 350 295*	*16 740 506*	*12 185 672*
- hedged items in fair value hedging	*1 020 338*	*1 459 445*	*3 221 405*	*3 076 297*
- equity instruments	*30 730*	*29 313*	*48 295*	*54 268*
Held-to-maturity financial assets, of which:	4 982 256	5 016 725	6 218 011	6 496 473
- debt instruments	*4 982 256*	*5 016 725*	*6 218 011*	*6 496 473*
Total	**20 450 617**	**22 396 333**	**23 006 812**	**18 736 413**

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5.11. Loans and receivables to customers

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

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Loans and advances, of which:	2 821 739	2 733 335	2 585 001	2 428 506
- in the current account	*4 670*	*548 184*	*434 847*	*408 581*
- term ones	*2 817 069*	*2 185 151*	*2 150 154*	*2 019 925*
Reverse repo transactions	0	90 116	0	90 764
Other receivables	87 430	140 123	83 234	153 744
Total (gross)	**2 909 169**	**2 963 574**	**2 668 235**	**2 673 014**
Impairment losses, of which	-362	-263	-1 942	-2 079
- concerning loans and advances	*-362*	*-263*	*-1 942*	*-2 079*
Total (net)	**2 908 807**	**2 963 311**	**2 666 293**	**2 670 935**

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

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Loans and advances granted to business entities, of which:	15 969 214	15 132 502	12 963 925	13 091 447
- in the current account	*4 316 133*	*4 623 972*	*3 724 286*	*4 036 454*
- term ones	*11 653 081*	*10 508 530*	*9 239 639*	*9 054 993*
Loans and advances granted to households, of which:	15 315 290	14 804 368	12 630 824	11 646 818
- in the current account	*1 311 281*	*1 341 499*	*1 255 844*	*1 354 226*
- term ones	*14 004 009*	*13 462 869*	*11 374 980*	*10 292 592*
Debt securities	1 446 097	800 856	646 560	566 512
Other receivables	17 627	38 502	64 438	25 540
Total (gross)	**32 748 228**	**30 776 228**	**26 305 747**	**25 330 317**
Impairment losses, of which:	-1 112 242	-1 182 689	-1 081 946	-1 037 928
- concerning loans and advances	*-1 107 067*	*-1 177 513*	*-1 076 767*	*-1 032 747*
- concerning other receivables	*-5 175*	*-5 176*	*-5 179*	*-5 181*
Total (net)	**31 635 986**	**29 593 539**	**25 223 801**	**24 292 389**

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

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Loans and advances, of which:	3 272 778	2 891 456	2 820 476	2 479 220
- in the current account	*34 689*	*109 000*	*8 416*	*55 976*
- term ones	*3 238 089*	*2 782 456*	*2 812 060*	*2 423 244*
Debt securities, of which:	4 513 475	4 342 797	3 799 874	3 880 231
- hedged items in fair value hedging	*3 872 561*	*3 786 183*	*3 268 457*	*3 425 128*
Other receivables	58	100	58	153
Total (gross)	**7 786 311**	**7 234 353**	**6 620 408**	**6 359 604**
Impairment losses, of which:	-1 379	-1 526	-1 503	-2 267
- concerning loans and advances	*-1 379*	*-1 526*	*-1 503*	*-2 267*
Total (net)	**7 784 932**	**7 232 827**	**6 618 905**	**6 357 337**

Loans and other receivables to customers – total

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Loans and advances	37 379 021	35 561 661	31 000 226	29 645 991
Debt securities	5 959 572	5 143 653	4 446 434	4 446 743
Reverse repo transactions	0	90 116	0	90 764
Other receivables	105 115	178 725	147 730	179 437
Total (gross)	**43 443 708**	**40 974 155**	**35 594 390**	**34 362 935**
Impairment losses, of which	-1 113 983	-1 184 478	-1 085 391	-1 042 274
- concerning loans and advances	*-1 108 808*	*-1 179 302*	*-1 080 212*	*-1 037 093*
- concerning other receivables	*-5 175*	*-5 176*	*-5 179*	*-5 181*
Total (net)	**42 329 725**	**39 789 677**	**34 508 999**	**33 320 661**

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5.12. Quality of portfolio of loans and advances

Quality of loans and advances to customers portfolio

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Corporate activity				
Exposure	**22 370 128**	**21 021 106**	**18 405 410**	**18 031 707**
- unimpaired (IBNR – incured but not reported)	21 236 868	19 831 759	17 227 793	16 892 521
- impaired	1 133 260	1 189 347	1 177 617	1 139 186
Impairment losses and provisions	**736 591**	**818 623**	**785 850**	**765 436**
- related to unimpaired portfolio	63 030	65 858	62 106	70 263
- related to impaired portfolio	662 993	743 770	712 668	685 950
- provisions for off-balance sheet liabilities	10 568	8 995	11 076	9 223
Impaired portfolio coverage ratio (%)	58.5%	62.5%	60.5%	60.2%
Retail activity				
Exposure	**15 008 893**	**14 540 555**	**12 594 816**	**11 614 284**
- unimpaired (IBNR – incured but not reported)	14 589 093	14 140 551	12 264 806	11 323 010
- impaired	419 800	400 004	330 010	291 274
Impairment losses	**382 810**	**369 693**	**305 504**	**280 929**
- related to unimpaired portfolio	96 849	98 731	90 064	92 182
- related to impaired portfolio	285 936	270 943	215 374	188 698
- provisions for off-balance sheet liabilities	25	19	66	49
Impaired portfolio coverage ratio (%)	68.1%	67.7%	65.3%	64.8%
Total exposure	**37 379 021**	**35 561 661**	**31 000 226**	**29 645 991**
Impairment losses and total provisions, of which:	**1 119 401**	**1 188 316**	**1 091 354**	**1 046 365**
- impairment losses	1 108 808	1 179 302	1 080 212	1 037 093
- provisions for off-balance sheet liabilities	10 593	9 014	11 142	9 272
Total portfolio coverage ratio	3.0%	3.3%	3.5%	3.5%
Share of the impaired portfolio	4.2%	4.5%	4.9%	4.8%
Impaired portfolio coverage ratio (%)	**61.1%**	**63.8%**	**61.6%**	**61.1%**

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Changes in impairment losses

(including provisions for off-balance sheet liabilities and impairment losses concerning loans and advances to other banks)

4 Q 2011
The period from 01 Oct 2011 to 31 Dec 2011

	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	**894 983**	***113***	**293 446**	**1 188 429**
Changes in the period (due to):	**-32 230**	***63***	**-36 622**	**-68 852**
- changes in income statement	*38 808*	*63*	*11 698*	*50 506*
- depreciation	*-86 513*	*0*	*0*	*-86 513*
- restructuring and forgiveness of the debts related to transactions on derivatives	*0*	*0*	*-48 320*	*-48 320*
- transfer of provisions from off-balance sheet after their repayment	*9 580*	*0*	*0*	*9 580*
- other (inclusive, but not limited to unwinding interest, FX differences)	*5 895*	*0*	*0*	*5 895*
Closing balance of impairment losses	**862 753**	***176***	**256 824**	**1 119 577**

4 Q 2011 year-to-date
The period from 01 Jan 2011 to 31 Dec 2011

	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	**803 267**	***90***	**288 177**	**1 091 444**
Changes in the period (due to):	**59 486**	***86***	**-31 353**	**28 133**
- changes in income statement	*158 523*	*86*	*13 880*	*172 403*
- depreciation	*-110 036*	*0*	*0*	*-110 036*
- restructuring and forgiveness of the debts related to transactions on derivatives	*0*	*0*	*-45 233*	*-45 233*
- transfer of provisions from off-balance sheet after their repayment	*21 986*	*0*	*0*	*21 986*
- other (inclusive, but not limited to unwinding interest, FX differences)	*-10 987*	*0*	*0*	*-10 987*
Closing balance of impairment losses	**862 753**	***176***	**256 824**	**1 119 577**

4 Q 2010
The period from 01 Oct 2010 to 31 Dec 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	**761 556**	***96***	**284 905**	**1 046 461**
Changes in the period (due to):	**41 711**	***-6***	**3 272**	**44 983**
- changes in income statement	*49 260*	*-6*	*11 890*	*61 150*
- depreciation	*-4 582*	*0*	*0*	*-4 582*
- restructuring and forgiveness of the debts related to transactions on derivatives	*0*	*0*	*-8 618*	*-8 618*
- transfer of provisions from off-balance sheet after their repayment	*3 316*	*0*	*0*	*3 316*
- other (inclusive, but not limited to unwinding interest, FX differences)	*-6 283*	*0*	*0*	*-6 283*
Closing balance of impairment losses	**803 267**	***90***	**288 177**	**1 091 444**

4 Q 2010 year-to-date
The period from 01 Jan 2010 to 31 Dec 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 the period (due to):	**173 641**	***40***	**24 984**	**198 625**
- changes in income statement	*178 360*	*40*	*25 267*	*203 627*
- depreciation	*-10 625*	*0*	*0*	*-10 625*
- restructuring and forgiveness of the debts related to transactions on derivatives	*0*	*0*	*-283*	*-283*
- transfer of provisions from off-balance sheet after their repayment	*28 047*	*0*	*0*	*28 047*
- other (inclusive, but not limited to unwinding interest, FX differences)	*-22 141*	*0*	*0*	*-22 141*
Closing balance of impairment losses	**803 267**	***90***	**288 177**	**1 091 444**

Interim condensed consolidated financial statements (PLN thousand)

5.13. Liabilities due to other banks

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Current accounts	335 646	268 790	278 926	191 735
Interbank deposits	3 003 206	3 824 835	3 086 280	2 682 192
Repo transactions	1 594 546	3 458 579	657 776	228 361
Other liabilities	28 464	44 951	16 129	47 070
Total	**4 961 862**	**7 597 155**	**4 039 111**	**3 149 358**

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

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Financial liabilities designated as at fair value upon initial recognition, of which:	1 629 535	5 134 368	4 323 698	2 229 080
- Sell-buy-back transaction	*1 629 535*	*5 134 368*	*4 323 698*	*2 229 080*
Book short position in trading securities	185 179	235 957	357 726	351 374
Total	**1 814 714**	**5 370 325**	**4 681 424**	**2 580 454**

5.15. Liabilities due to customers

Liabilities due to entities from the financial sector other than banks

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Deposits	2 910 032	2 304 599	2 540 617	3 177 198
- current accounts	*1 250 835*	*1 396 861*	*1 442 475*	*1 615 654*
- term deposit	*1 659 197*	*907 738*	*1 098 142*	*1 561 544*
Repo transactions	116 082	62 037	0	0
Other liabilities	56 080	112 007	137 319	108 564
Total	**3 082 194**	**2 478 643**	**2 677 936**	**3 285 762**

Interim condensed consolidated financial statements (PLN thousand)

Liabilities due to entities from the non-financial sector

	as of 31 Dec 2011	**as of 30 Sep 2011**	**as of 31 Dec 2010**	**as of 30 Sep 2010**
Business entities' deposits	13 887 296	13 100 121	12 483 581	11 555 013
- current accounts	*10 224 702*	*9 529 437*	*9 153 387*	*8 454 817*
- term deposit	*3 662 594*	*3 570 684*	*3 330 194*	*3 100 196*
Households' deposits	33 434 659	32 412 153	30 117 734	29 558 016
- current accounts	*5 065 533*	*4 880 849*	*4 792 359*	*4 257 531*
- saving accounts and term deposits	*28 369 126*	*27 531 304*	*25 325 375*	*25 300 485*
Other liabilities	423 146	542 461	424 008	469 236
Total	**47 745 101**	**46 054 735**	**43 025 323**	**41 582 265**

Liabilities due to entities from the government and self-government institutions' sector

	as of 31 Dec 2011	**as of 30 Sep 2011**	**as of 31 Dec 2010**	**as of 30 Sep 2010**
Deposits	2 102 678	2 223 171	1 694 915	2 799 240
- current accounts	*1 930 945*	*1 569 465*	*1 455 261*	*1 878 332*
- term deposit	*171 733*	*653 706*	*239 654*	*920 908*
Other liabilities	2 134	2 142	1 895	599
Total	**2 104 812**	**2 225 313**	**1 696 810**	**2 799 839**

Liabilities due to customers – total

	as of 31 Dec 2011	**as of 30 Sep 2011**	**as of 31 Dec 2010**	**as of 30 Sep 2010**
Deposits	52 334 665	50 040 044	46 836 847	47 089 467
Repo transactions	116 082	62 037	0	0
Other liabilities	481 360	656 610	563 222	578 399
Total	**52 932 107**	**50 758 691**	**47 400 069**	**47 667 866**

5.16. Provisions

	as of 31 Dec 2011	**as of 30 Sep 2011**	**as of 31 Dec 2010**	**as of 30 Sep 2010**
Provision for issues in dispute	21 022	20 516	20 218	18 179
Provision for off-balance sheet liabilities	10 593	9 014	11 142	9 272
Provision for retirement benefits	17 524	15 887	15 888	14 416
Provision for unused holidays	7 747	6 256	6 256	5 460
Provision for employment restructuring	1 171	1 113	2 340	2 430
Total	**58 057**	**52 786**	**55 844**	**49 757**

Interim condensed consolidated financial statements (PLN thousand)

5.17. Solvency ratio

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
Own funds components				
Share capital	130 100	130 100	130 100	130 100
Issue premium	956 250	956 250	956 250	956 250
Other supplementary capital	75 367	75 167	75 055	74 978
Capital reserve including retained profit of past years	3 312 679	3 310 403	2 808 602	2 808 584
Net profit of current period in audited part	446 392	446 392	369 049	369 049
Non-controlling interests	2 295	2 292	2 352	2 384
General risk fund	910 152	910 179	850 179	850 179
Revaluation reserve	17 483	5 471	8 125	31 684
Funds adjustment by intangibles	-362 031	-355 550	-342 213	-325 790
Funds adjustment by capital commitments in financial institutions	-40 000	-40 000	-40 000	-40 000
Short-term capital	32 694	40 421	26 506	32 192
Total own funds	**5 481 381**	**5 481 125**	**4 844 005**	**4 889 610**
Capital requirements				
Capital requirements for credit risk, credit counterparty, dilution and delivery of instruments for future settlement	3 175 939	3 056 172	2 581 597	2 581 555
Capital requirement for the risk of settlement - delivery	7 883	7 093	5 064	4 570
Capital requirements for the capital securities rate risk, debt instruments rates risk, FX risk and commodity rates risk	3	151	1 753	412
Capital requirement for operational risk	361 683	361 683	326 871	326 871
Capital requirement for general interest rate risk	24 808	33 176	19 689	27 210
Capital requirement due to exposure concentration limit overrun	0	33 438	11 998	0
Total capital requirement	**3 570 316**	**3 491 713**	**2 946 972**	**2 940 618**
Solvency ratio	**12.28%**	**12.56%**	**13.15%**	**13.30%**

6. Significant events in Q4 2011

Purchase of ING ABL Polska S.A.shares

On 29 December 2011, an agreement of purchase of 1,585,858 shares of ING ABL Polska S.A. company (ING ABL), corresponding to 100% of its initial capital, by ING Bank Śląski S.A was concluded. The Bank acquired shares from ING Lease Holding N.V. with the registered office in Amsterdam (Seller). ING ABL is a dominant entity to ING Lease Polska Sp. z o.o. company (ING Lease) and ING Commercial Finance S.A. company (ING CF), where it holds 100% of the initial capital. Ownership rights will be transferred to the Bank as of 01 January 2012.

The purchase of the companies dealing with leasing and factoring is to extend the product offer with asset based lending, first and above oriented at the corporate segment. The solution will be beneficial for both the clients as they will be able to take advantage of a full array of financial services within one institution and the Bank who will be capable of using the current client service and distribution network more effectively.

Under the agreement, the purchase price was determined at the net value of ING ABL assets as at 31 December 2011. By 05 January 2012, the Bank will have remitted to the Seller a prepayment of PLN 213.9 million (i.e. the value of net assets of ING Lease and ING CF companies as at 31 October 2011). The transaction will be settled after the final valuation of the net assets of the acquired company, based on the audited consolidated financial statements of ING ABL developed as at 31 December 2011 for the purpose of the said transaction. The settlement will have been made by 31 March 2012 at the latest.

That the financial terms and conditions of the transaction are fair was confirmed by the PwC Polska Sp. z o.o. company in the *Fairness opinion* delivered to the Bank. The transaction will not impact the 2011 financial results of the Bank.

ING Bank Śląski S.A. share face value split

On 31 October 2011, the District Court in Katowice, 8th Commercial Division of the National Court Register, issued a decision to register the initial capital structure change of ING Bank Śląski S.A.

After registering the change, the initial capital amounts to PLN 130 100 000 and is divided into:

- 92 600 000 A-series bearer's shares of the face value of PLN 1.00 each,
- 37 500 000 B-series bearer's shares of the face value of PLN 1.00 each.

After registering the change, the total number of votes from all shares issued by the Bank is 130 100 000 votes.

Date of first listing of ING Bank Śląski S.A. shares after 10-for-1 split

Pursuant to the Resolution of the Management Board of the National Depository for Securities S.A. No. 1011/11 of 09 November 2011, the conversion date for ING Bank Śląski S.A. shares following the decrease of the their face value in a 10-for-1 split was set on 18 November 2011.

Merger of ING Bank Śląski S.A. with ING Bank Hipoteczny S.A.

On 31 October 2011, the District Court in Katowice, 8 Commercial Division of the National Court Register, issued a decision on merger of the Companies:

- ING Bank Śląski Spółka Akcyjna with the registered office in Katowice at ul. Sokolska 34, entered into the register of entrepreneurs of the National Court Register maintained by the District Court in Katowice, 8 Commercial Division of the National Court Register under the number KRS 0000005459 (Acquiring Company),
- ING Bank Hipoteczny Spółka Akcyjna with the registered office in Warsaw at ul. Malczewskiego 45, entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw, 13 Commercial Division of the National Court Register under the number KRS 0000057086 (Acquired Company).

ING Bank Śląski S.A. is a universal bank that runs its commercial activity in full scope arising from the Banking Law Act of 29 August 1997. In turn, ING Bank Hipoteczny S.A. was a mortgage bank performing activities under and to the extent set out by the Mortgage Bonds and Mortgage Banks Act of 29 August 1997.

The above-referred Companies were consolidated under Article 492 §1 (1) of the Commercial Companies Code Act of 15 September 2000 by transfer of the entire property of the Acquired Company to the Acquiring Company. Since the Acquiring Company holds all shares of the Acquired Company, the consolidation will be effected without the increase of the initial capital, in keeping with Article 515 section 1 of the Commercial Companies Code Act.

Conclusion of significant agreements

1. On 20 December 2011, ING Bank Śląski S.A. together with another bank acting as part of a syndicate concluded a credit agreement with an entity from the wholesale sector for up to the total maximum amount of PLN 1 070.0 million for a period of up to 4 years. The Bank's share in the financing is 50% of the total amount and equals PLN 535.0 million. Under the Agreement, the Bank will act as one of the credit arrangers, credit agent and security agent. The Bank concluded another transaction to the same amount with that company on 17 June 2011; however, the agreement concerning that transaction expired on 30 October 2011. The total credit exposure of the Bank towards that entity and the members of its Group is PLN 1 059.0 million.
2. On 28 October 2011, ING Bank Śląski S.A. together with syndicate of banks concluded an annex to the agreement on increasing the bonds issue programme for listed company from the power industry for the total amount of PLN 4.3 billion. The said Annex provides for underwriting by ING Bank Śląski S.A. the bonds issue for the total amount of PLN 716.4 million. The counterparty is not an affiliated entity of ING Bank Śląski S.A.

Changes in the composition of the Supervisory Board

On 24 October 2011, the Extraordinary General Meeting of ING Bank Śląski S.A. appointed Mr. Roland Boekhout as a Member of the Supervisory Board.

Resolutions of the Extraordinary General Meeting of ING Bank Śląski S.A.

On 24 October 2011, Extraordinary General Meeting of ING Bank Śląski S.A. was held during which the following resolutions:

- regarding amendments to the Charter of ING Bank Śląski S.A. related to the split of the face value of the Bank's shares,
- regarding consolidation of ING Bank Śląski S.A. with ING Bank Hipoteczny S.A. were adopted.

Portfolio sale

On 3 October 2011, ING Bank Śląski S.A. concluded with Kredyt Inkaso Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (ang. *Collection Loan and Non-standardized Securitization Closed-ended Investment Fund*) an agreement on the sale of portfolio of corporate receivables classified as impaired loans or fully written down from the balance sheet. The total amount of receivables sold there under equalled PLN 201.9 million (principal amounts and interests), material part of which was covered by impairment write-offs, or was fully written down from the Group balance sheet. Net sales result was PLN 11.3 million.

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

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

- the issue of developing solution to the debt crisis in eurozone, inclusive of the actions taken by the ECB to relax the monetary policy,
- market tensions that may maintain the relative weakness of the Polish zloty in the first half of 2012,
- economic slowdown in Poland – according to the forecasts prepared at ING Bank Śląski S.A. the GDP growth in Q4 2011 was 3.9% (y/y), whereas during the entire 2011 the GDP growth was at the level of 4.2%; it is expected that in Q1 2012 the dynamics of growth may drop to 2.5% (y/y) and during the entire 2012 it may be at the level of 2.3%,
- recession in the eurozone (GDP drop q/q) which has effect on the potential demand increase for loans among enterprises,
- reduced demand for loans among local governments as a result of new regulations introduced by the Government,
- change of the situation on the labour market – according to the survey, fear for job loss has been growing for several months now, the unemployment rate may be similar to the last year's levels while in the second half of 2012 it may be 0.2-0.4 pp higher. In recent months of 2011, the salary dynamics slowed down to 4.4.% (y/y),
- the inflation went up from 3.1% in December 2010 to 4.6% in December 2011 per annum; it is expected that the inflation will slow down to the level below 3.5% (y/y) in the first half of 2012,
- level of the base interest rates in Poland – in 2011, the Monetary Policy Council increased the base interest rates four times; ING economists expect a single decrease in interest rates at the end of 2012 (by 25 bp),
- global uncertainty may prevent the funds that were being taken out in H2 2011 from being re-invested on the stock exchange.

8. Significant developments after the closing of the interim period

Changes in the composition of the Bank Management Board

On 09 January 2012, the Supervisory Board of ING Bank Śląski S.A. appointed Mr. Ignacio Juliá Vilar for the position of the Vice-President of the Bank Management Board as of 01 February 2012.

Interim condensed consolidated financial statements (PLN thousand)

Conclusion of significant agreement

1. On 19 January 2012, ING Bank Śląski S.A. concluded a credit agreement with ING Lease Polska S.A. on providing the credit line totalling PLN 2 040.0 million by 31 January 2013 (with potential extension). This agreement supersedes the framework agreement of 30 January 2006 as amended, as well as terminates the agreement on financial pledge on securities concluded by and between the Bank and ING Lease Polska S.A. on 09 April 2008 as amended. The total credit exposure of the Bank towards ING Lease Polska S.A. is PLN 2 040.0 million. The borrower is an affiliated entity of ING Bank Śląski S.A.
2. On 02 January 2012, there was concluded a credit agreement with ING Commercial Finance Polska S.A. on providing the credit line totalling PLN 1 365.0 million by 31 January 2013 (with potential extension). This agreement supersedes the credit agreement concluded by and between the Bank and ING Commercial Finance Polska S.A. of 08 September 2006 with further annexes and it also terminates the agreement on financial pledge on securities concluded by and between the Bank and ING Commercial Finance Polska S.A. on 09 April 2008 with further annexes. The total exposure of the Bank towards the ING Commercial Finance Polska S.A. Company is PLN 1 695.0 million. The borrower is an affiliated entity of ING Bank Śląski S.A.

9. Off-balance sheet items

	end of year 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**end of year 2010** as of 31 Dec 2010	**3Q 2010** as of 30 Sep 2010
Contingent liabilities granted	16 777 698	15 965 208	14 545 891	14 806 104
Contingent liabilities received	34 334 822	21 420 339	17 153 553	15 992 438
Off-balance sheet financial instruments	157 928 170	139 922 907	131 521 156	203 164 097
Total off-balance sheet items	**209 040 690**	**177 308 454**	**163 220 600**	**233 962 639**

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

None.

11. Dividends paid

On 7 April 2011, the General Shareholders Meeting approved the payout of dividend for 2010 of PLN 15.00 gross per 1 share, which is equivalent to PLN 195,150,000. The dividend was paid on 1 July 2011.

The General Meeting held on 8 April 2010 refrained from adopting the dividend payout for the year 2009 and approved allocation of the entire 2009 net profit of ING Bank Śląski S.A. towards own funds.

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)

	4Q 2011 the period from 01 Jan 2011 to 31 Dec 2011	**4Q 2010** the period from 01 Jan 2010 to 31 Dec 2010
Status at the period beginning:	**20 218**	**11 690**
Establishment of provisions as costs	1 801	14 693
Release of provisions as income	-336	-5 389
Utilisation of provision due to dispute loss or settlement	-661	-776
Status as at the period end	**21 022**	**20 218**

Either in 12 months of 2011 or 12 months of 2010, 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.,
- 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. Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group, for instance ING Lease (Poland), 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. 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 from 1 January 2011 to 31 December 2011 the following transactions were made of the total value exceeding EURO 500.000:

- in connection with execution of the Co-operation Agreement concluded by ING Bank Śląski S.A. and ING Bank NV the remuneration for the services provided as to financial consulting in 12 months of 2011 amounted to PLN 66.3 million versus PLN 52.9 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 9.3 million versus PLN 12.3 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 40.0 million versus PLN 35.1 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 18.0 million versus PLN 16.8 million in the analogical period of the previous year (gross amounts).
- ING Bank Śląski co-operated with ING Car Lease with regard to car leasing and car fleet management. In September 2011, the Company was sold to an entity outside ING Group. The cost of services in the period commencing 01 January 2011 until the sale date was 13.3 million compared to 16.6 million within 12 months of 2010 (gross amounts).

Transactions with related entities (in PLN thousands)

31.12.2011

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	3 568	-	-	-
Nostro accounts	10 207	-	-	-
Loans	-	1 720 127	-	-
Positive valuation of derivatives	648 247	736	-	-
Other receivables	23 730	156	157	-
Liabilities				
Deposits received	1 565 695	1 267 797	252 779	13 333
Loro accounts	33 083	1 014	-	-
Negative valuation of derivatives	702 322	4 234	-	-
Repo	1 594 546	-	-	-
Other liabilities	38 999	38	1 426	-
Off-balance-sheet operations				
Contingent liabilities	316 150	545 825	15 060	15
FX transactions	8 773 873	723	-	-
Forward transactions	70 564	-	-	-
IRS	16 994 338	13 374	-	-
Options	1 502 252	712 286	-	-
Revenue and costs**				
Revenue	-23 091	87 274	-10 413	-1 696
Costs	67 583	69 138	3 725	-

31.12.2010

	ING Bank NV	Other ING Group entities	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	677 292	-	-	-
Nostro accounts	45 578	3 968	-	-
Loans	-	1 746 285	362 218	-
Securities	-	-	20 007	-
Positive valuation of derivatives	151 087	190 389	-	-
Other receivables	44 984	3 216	160	-
Liabilities				
Deposits received	2 778 947	316 719	364 123	75 566
Loro accounts	15 360	3 510	-	-
Negative valuation of derivatives	525 460	259 944	-	-
Repo	657 776	-	-	-
Other liabilities	13 540	40	1 127	-
Off-balance-sheet operations				
Contingent liabilities	205 998	844 804	458 073	15
FX transactions	2 617 959	42 738	-	-
Forward transactions	34 204	124 707	-	-
IRS	47 468 767	5 998 814	-	-
FRA	474 256	-	-	-
Options	240 508	889 698	-	-
Revenue and costs**				
Revenue	-55 555	60 452	-6 058	-4 783
Costs	65 955	41 342	2 683	-

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

15. Segmentation of revenue and financial results of the Group

Segments of operation

The management of ING Bank Śląski is conducted within the areas defined in the Bank's business model.

The Bank's business model, above all for the purpose of management reporting, includes division of clients into two main segments:

- retail customer segment,
- corporate banking segment.

The segments are separated based on the financial (especially turnover, level of collected assets) and subject-related criteria. The specific rules of putting clients to respective segments are governed by the clients segmentation criteria specified in the Bank's internal regulations.

Retail customers segment

Within the framework of retail banking, the Bank provides services for individual customers (segments of mass customers and wealthy customers) and for sole traders.

This activity is analysed by the leading products, including i.e.: 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), deposit products (current accounts, term deposits, savings accounts), structured product, ING fund units, brokerage services provided by ING Securities SA and bank cards.

Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- Financial Markets products.

Services to institutional clients encompasses strategic clients, large corporate entities and mid-sized companies. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services, capital market operations conducted by the parent and by ING Securities and operations of intermediation in lease services.

Financial Markets products 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.

Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. 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 Bank 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 2011, the Bank modified the reporting area in terms of its operational segments. The current presentation of the segmentation note is the consequence of the modified reporting for the Management Board. The Bank is of the opinion that it reflects the essence of the operational division into segments.
When compared with the previous presentation, two segments were distinguished instead of the three presented earlier. The segments are: ”retail client segment” and ”corporate banking segment” (earlier comprising the ”corporate banking segment” and a sub-segment ”financial markets and ALM” from the segment of “proprietary operations”). The previous sub-segment ”ALCO” was divided into two parts: the one for retail is now presented in the retail client segment and the other in the corporate banking one. The manner of presentation of "unallocated values" also changed – since they referred to income tax, they were moved to the table bottom and presented in a separate column.

Geographical segments

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

Interim condensed consolidated financial statements (PLN thousand)

	4Q 2011 year-to-date the period from 01 Jan 2011 to 31 Dec 2011		
	Retail customers segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 538 227**	**1 415 259**	**2 953 486**
Net interest income	956 053	895 451	1 851 504
Net commission income	538 343	482 829	1 021 172
Other income/expenses	2 625	36 979	39 604
Share in net profit (loss) of associated entities recognised under the equity method	41 206	0	41 206
Expenses total	**1 040 014**	**623 542**	**1 663 556**
Operational expenses, including:	1 040 014	623 542	1 663 556
personnel expenses	*505 685*	*337 981*	*843 666*
depreciation	*93 364*	*39 282*	*132 646*
other	*440 965*	*246 279*	*687 244*
Result before risk	**498 213**	**791 717**	**1 289 930**
Risk cost	90 219	82 184	172 403
Result after risk cost (profit before tax)	**407 994**	**709 533**	**1 117 527**
CIT	-	-	237 468
Result after tax	-	-	**880 059**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**880 075**
- attributable to non-controlling interests	-	-	-16

	IV quarter 2011 period from 01.10.2011 to 31.12.2011		
	Retail customers segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**375 275**	**369 611**	**744 886**
Net interest income	244 507	235 160	479 667
Net commission income	132 616	117 420	250 036
Other income/expenses	-11 930	17 031	5 101
Share in net profit (loss) of associated entities recognised under the equity method	10 082	0	10 082
Expenses total	**255 085**	**155 395**	**410 480**
Operational expenses, including:	255 085	155 395	410 480
personnel expenses	*129 116*	*95 245*	*224 361*
depreciation	*24 951*	*11 194*	*36 145*
other	*101 018*	*48 956*	*149 974*
Result before risk	**120 190**	**214 216**	**334 406**
Risk cost	14 080	36 426	50 506
Result after risk cost (profit before tax)	**106 110**	**177 790**	**283 900**
CIT	-	-	70 314
Result after tax	-	-	**213 586**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**213 583**
- attributable to non-controlling interests	-	-	3

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

Interim condensed consolidated financial statements (PLN thousand)

	4Q 2010 year-to-date the period from 01 Jan 2010 to 31 Dec 2010		
	Retail customers segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 422 681**	**1 309 004**	**2 731 685**
Net interest income	815 824	811 763	1 627 587
Net commission income	589 392	397 939	987 331
Other income/expenses	-23 767	99 302	75 535
Share in net profit (loss) of associated entities recognised under the equity method	41 232	0	41 232
Expenses total	**1 020 889**	**573 020**	**1 593 909**
Operational expenses, including:	1 020 889	573 020	1 593 909
personnel expenses	*503 562*	*318 307*	*821 869*
depreciation	*89 656*	*31 329*	*120 985*
other	*427 671*	*223 384*	*651 055*
Result before risk	**401 792**	**735 984**	**1 137 776**
Risk cost	81 129	122 498	203 627
Result after risk cost (profit before tax)	**320 663**	**613 486**	**934 149**
CIT	-	-	181 010
Result after tax	-	-	**753 139**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**753 100**
- attributable to non-controlling interests	-	-	39

	IV quarter 2010 period from 01.10.2010 to 31.12.2010		
	Retail customers segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**385 593**	**309 092**	**694 685**
Net interest income	236 526	185 165	421 691
Net commission income	155 351	100 968	256 319
Other income/expenses	-18 668	22 959	4 291
Share in net profit (loss) of associated entities recognised under the equity method	12 384	0	12 384
Expenses total	**251 916**	**140 618**	**392 534**
Operational expenses, including:	251 916	140 618	392 534
personnel expenses	*156 532*	*102 443*	*258 975*
depreciation	*23 771*	*8 562*	*32 333*
other	*71 613*	*29 613*	*101 226*
Result before risk	**133 677**	**168 474**	**302 151**
Risk cost	25 582	35 568	61 150
Result after risk cost (profit before tax)	**108 095**	**132 906**	**241 001**
CIT	-	-	49 353
Result after tax	-	-	**191 648**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**191 680**
- attributable to non-controlling interests	-	-	-32

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

Interim condensed consolidated financial statements (PLN thousand)

16. Other informations

Key effectiveness ratios

	4Q 2011 as of 31 Dec 2011	**4Q 2010** as of 31 Dec 2010	**Change 4Q 2011 / 4Q 2010**
Profitability ratio (%)	31.5	28.7	2.8 b.p.
Return on assets (%)	1.3	1.2	0.1 b.p.
Return on equity (%)	14.7	14.2	0.5 b.p.
Cost/Income ratio (%)	56.3	58.3	-2.0 b.p.
Solvency ratio (%)	12.28	13.15	-0.87 b.p.
Loans-to-deposits ratio (%)	71.4	66.2	+5.2 b.p.

Profitability ratio – gross profit to total costs.

Return on assets (ROA) – net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average assets for 5 subsequent quarters.

Return on equity (ROE) - net profit attributable to shareholders of ING Bank Śląski S.A. 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.

Loans-to-deposits ratio – customers' loans and advances (gross) to customers' deposits.

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. On 20 July 2011, the Fitch Ratings Ltd.("Fitch") has assigned "bbb+" *Viability rating (VR)* to ING Bank Śląski S.A. *Viability rating* reflects the same core risks as the legacy *Individual Rating*, but it is characterised by far wider 19-point scale the same as the scale used to assess the Long-term IDR. In the case of ING Bank Śląski S.A. the rating bbb+ stands for the highest possible rating available for those institutions which were assigned C Individual Rating. Ratings from the bbb range denote good, fundamental creditworthiness of the Bank. The introduction of *Viability rating* did not affect the remaining ratings of ING Bank Śląski S.A. The full rating assigned to the Bank by the Fitch agency is as follows:

Rating	**Level**
Long-term IDR	A
Short-term IDR	F1
Viability rating	bbb+
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).

Interim condensed consolidated financial statements (PLN thousand)

Moody's Investors Service Ltd.

The Moody's Investors Service Ltd. Agency assigns rating to ING Bank Śląski S.A. on the basis of the universally available public information. As at 31.12.2011, 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

<u>Headcount</u>

The headcount in the Capital Group was as follows:

	4Q 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**2Q 2011** as of 30 Jun 2011	**1Q 2011** as of 31 Mar 2011	**4Q 2010** as of 31 Dec 2010
Individuals	8 409	8 398	8 502	8 522	8 472
FTEs	8 263.2	8 252.9	8 362.0	8 383.8	8 332.3

The headcount in the ING Bank Śląski S.A. was as follows:

	4Q 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**2Q 2011** as of 30 Jun 2011	**1Q 2011** as of 31 Mar 2011	**4Q 2010** as of 31 Dec 2010
Individuals	8 211	8 166	8 257	8 274	8 224
FTEs	8 068.7	8 027.0	8 123.2	8 143.6	8 092.3

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

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

The number of outlets of the Bank in particular periods was as follows:

	4Q 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**2Q 2011** as of 30 Jun 2011	**1Q 2011** as of 31 Mar 2011	**4Q 2010** as of 31 Dec 2010
Number of outlets	439	441	443	445	443

As at the end of December 2011, the Bank had a network of 773 ATMs[2] compared with 772 ATMs as at the end of September 2011 and 775 ATMs in the analogical period last year.

As at the end of December 2011, the Bank also had a network of 583 cash deposit machines[3], compared with 541 deposit machines as at the end of September 2011 and 442 deposit machines in the analogical period last year.

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[4] are as follows:

	4Q 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**2Q 2011** as of 30 Jun 2011	**1Q 2011** as of 31 Mar 2011	**4Q 2010** as of 31 Dec 2010
ING BankOnLine, ING OnLine, ING BusinessOnLine and MultiCash	2 115 325	2 067 794	2 017 255	1 960 757	1 879 525
HaloŚląski	1 285 261	1 235 080	1 187 239	1 140 561	1 072 099
SMS	818 954	885 984	853 978	823 135	782 079

The monthly number of transactions in December 2011 was at the level of 14.2 million, whereas at the end of September 2011 it was 13.2 million and in the analogical period last year it was 13.1 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)	**4Q 2011** as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**2Q 2011** as of 30 Jun 2011	**1Q 2011** as of 31 Mar 2011	**4Q 2010** as of 31 Dec 2010
Payment cards, of which:	2 386	2 375	2 350	2 300	2 267
Debit cards	*2 116*	*2 102*	*2 075*	*2 020*	*1 987*
Credit cards	*211*	*216*	*221*	*226*	*231*
Other cards	*59*	*57*	*54*	*54*	*49*

In 2011, proximity payment cards were launched by the Bank. They are issued for PLN personal accounts for individual clients (VISA PayWave and MasterCard Debit PayPass). To promote their use, a marketing and promotional campaign was held. At the same time, the action to replace payment cards for personal accounts in the current portfolio with proximity cards started. By the end of December 2011, clients were issued 844.1

[2] Including duals the number of which as of the end of December 2011 was 219.
[3] As above.
[4] The number of clients is not the same as the number of users as one client may represent several users in a given system.

thousand proximity cards in total[5] (636.3 thousand as at the end of September 2011 and 203.9 thousand in the same period last year) and 28.0 thousand Virtual C@rds (27.0 thousand as at the end of September 2011 and 19.1 thousand in the same period last year).

[5] Cards: Maestro PayPass, MasterCard Debit PayPass, Proximity Card and VISA PayWave

Interim condensed standalone financial statements (PLN thousand)

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT

	IV quarter 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	IV quarter 2010 the period from 01 Oct 2010 to 31 Dec 2010	4 quarters 2010 (YTD) the period from 01 Jan 2010 to 31 Dec 2010
- Interest income	908 526	3 383 072	747 451	2 931 357
- Interest expenses	417 668	1 544 348	332 557	1 330 820
Net interest income	**490 858**	**1 838 724**	**414 894**	**1 600 537**
- Commission income	273 468	1 091 631	271 564	1 039 653
- Commission expenses	33 448	124 129	26 511	107 758
Net commission income	**240 020**	**967 502**	**245 053**	**931 895**
Net income on financial instruments measured at fair value through profit or loss and FX result	-12 107	17 279	1 095	75 403
Net income on investments	5 811	142 149	-5 726	28 309
Net income on hedge accounting	9 652	-33 423	17 964	-12 052
Net income on other basic activities	198	1 413	-10 157	-1 439
Result on basic activities	**734 432**	**2 933 644**	**663 123**	**2 622 653**
General and administrative expenses	410 124	1 621 536	377 727	1 533 064
Result on other operating income and expenses	-5 528	-8 063	-2 510	-10 915
Impairment losses and provisions for off-balance sheet liabilities	49 332	172 403	60 132	201 669
Profit (loss) before tax	**269 448**	**1 131 642**	**222 754**	**877 005**
Income tax	69 323	227 884	48 051	174 690
Net result for the current period from continuing operations	**200 125**	**903 758**	**174 703**	**702 315**

Net profit (loss)	**200 125**	**903 758**	**174 703**	**702 315**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1,54**	**6,95**	**1,34**	**5,40**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	IV quarter 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	IV quarter 2010 the period from 01 Oct 2010 to 31 Dec 2010 *comparable data*	4 quarters 2010 (YTD) the period from 01 Jan 2010 to 31 Dec 2010 *comparable data*
Net result for the period	**200 125**	**903 758**	**174 703**	**702 315**
Other comprehensive income	**9 178**	**75 005**	**-65 329**	**15 110**
Total comprehensive income for the period	**209 303**	**978 763**	**109 374**	**717 425**

Interim condensed standalone income statement and interim condensed standalone statement of comprehensive income shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed standalone financial statements (PLN thousand)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

	as of 31 Dec 2011	as of 30 Sep 2011	as of 31 Dec 2010	as of 30 Sep 2010
ASSETS				
- Cash in hand and balances with the Central Bank	1 493 102	4 064 899	2 394 179	1 265 083
- Loans and receivables to other banks	973 620	3 140 563	1 521 478	2 226 649
- Financial assets measured at fair value through profit and loss	639 633	1 112 685	636 737	3 930 601
- Valuation of derivatives	1 858 429	1 781 944	1 158 897	1 527 884
- Investments	20 450 023	22 395 540	23 005 928	18 736 171
- available-for-sale	*15 467 767*	*17 378 815*	*16 787 917*	*12 239 698*
- held-to-maturity	*4 982 256*	*5 016 725*	*6 218 011*	*6 496 473*
- Derivative hedge instruments	433 440	337 135	104 796	86 065
- Loans and receivables to customers	42 298 689	39 109 345	33 959 314	32 718 520
- Investments in controlled entities recognised under the equity method	238 266	451 766	451 716	451 716
- Property, plant and equipment	562 407	502 513	530 715	507 098
- Intangible assets	360 847	354 234	340 870	324 457
- Property, plant and equipment held for sale	22 418	33 437	3 081	1 924
- Current income tax assets	146 472	56 194	0	0
- Deferred tax assets	15 350	96 063	163 499	74 947
- Other assets	191 509	212 709	157 197	210 622
Total assets	**69 684 205**	**73 649 027**	**64 428 407**	**62 061 737**
EQUITY AND LIABILITIES				
LIABILITIES				
- Liabilities due to other banks	4 951 797	7 661 029	4 151 081	3 205 836
- Financial liabilities measured at fair value through profit and loss	1 814 714	5 370 325	4 681 424	2 580 454
- Valuation of derivatives	1 694 142	1 865 690	1 292 661	1 202 195
- Derivative hedge instruments	900 627	813 103	600 455	775 966
- Liabilities due to customers	53 044 261	50 842 175	47 430 828	47 729 539
- Provisions	56 601	51 332	54 390	48 564
- Current income tax liabilities	0	0	138 347	59 445
- Other liabilities	990 625	1 026 228	641 088	1 132 643
Total liabilities	**63 452 767**	**67 629 882**	**58 990 274**	**56 734 642**
EQUITY				
- Share capital	130 100	130 100	130 100	130 100
- Supplementary capital - issuance of shares over nominal value	956 250	956 250	956 250	956 250
- Revaluation reserve from measurement of available-for-sale financial assets	20 417	5 616	8 064	42 912
- Revaluation reserve from measurement of property, plant and equipment	34 814	32 977	35 654	32 534
- Revaluation reserve from measurement of cash flow hedging instruments	58 186	67 418	431	34 127
- Revaluation of share-based payment	30 772	27 782	21 080	19 416
- Retained earnings	5 000 899	4 799 002	4 286 554	4 111 756
Total equity	**6 231 438**	**6 019 145**	**5 438 133**	**5 327 095**
Total equity and liabilities	**69 684 205**	**73 649 027**	**64 428 407**	**62 061 737**

Solvency ratio	**11,94%**	**11,78%**	**12,20%**	**12,36%**

Net book value	**6 231 438**	**6 019 145**	**5 438 133**	**5 327 095**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**47,90**	**46,27**	**41,80**	**40,95**

Interim condensed standalone statement of financial position shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed standalone financial statements (PLN thousand)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

4 Q 2011
the period from 01 Oct 2011 to 31 Dec 2011

	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**	**5 616**	**32 977**	**67 418**	**27 782**	**4 799 002**	**6 019 145**
Net result for the current period	-	-	-	-	-	-	200 125	**200 125**
Other comprehensive income, of which:	**0**	**0**	**14 801**	**1 837**	**-9 232**	**0**	**1 772**	**9 178**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*18 442*	-	-	-	-	*18 442*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-3 519*	-	-	-	-	*-3 519*
- 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	-	-	*-122*	-	-	-	-	*-122*
- remeasurement of property, plant and equipment	-	-	-	*4 312*	-	-	-	*4 312*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-9 232*	-	-	*-9 232*
- merger with subsidiary	-	-	-	-	-	-	*-676*	*-676*
- disposal of property, plant and equipment	-	-	-	*-2 475*	-	-	*2 448*	*-27*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**2 990**	**0**	**2 990**
- revaluation of share-based payment	-	-	-	-	-	2 990	-	*2 990*
- dividends paid	-	-	-	-	-	-	0	*0*
Closing balance of equity	**130 100**	**956 250**	**20 417**	**34 814**	**58 186**	**30 772**	**5 000 899**	**6 231 438**

4 quarters 2011 (YTD)
the period from 01 Jan 2011 to 31 Dec 2011

	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**	**8 064**	**35 654**	**431**	**21 080**	**4 286 554**	**5 438 133**
Net result for the current period	-	-	-	-	-	-	903 758	**903 758**
Other comprehensive income, of which:	**0**	**0**	**12 353**	**-840**	**57 755**	**0**	**5 737**	**75 005**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*36 857*	-	-	-	-	*36 857*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-24 174*	-	-	-	-	*-24 174*
- 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	-	-	*-330*	-	-	-	-	*-330*
- remeasurement of property, plant and equipment	-	-	-	*4 717*	-	-	-	*4 717*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*57 755*	-	-	*57 755*
- merger with subsidiary	-	-	-	-	-	-	*-676*	*-676*
- disposal of property, plant and equipment	-	-	-	*-5 557*	-	-	*6 413*	*856*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**9 692**	**-195 150**	**-185 458**
- revaluation of share-based payment	-	-	-	-	-	*9 692*	-	*9 692*
- dividends paid	-	-	-	-	-	-	*-195 150*	*-195 150*
Closing balance of equity	**130 100**	**956 250**	**20 417**	**34 814**	**58 186**	**30 772**	**5 000 899**	**6 231 438**

Interim condensed standalone statement of changes in equity shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed standalone financial statements (PLN thousand)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued

4 Q 2010
the period from 01 Oct 2010 to 31 Dec 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**	**42 912**	**32 534**	**34 127**	**19 416**	**4 111 756**	**5 327 095**
Net result for the current period	-	-	-	-	-	-	174 703	**174 703**
Other comprehensive income, of which:	**0**	**0**	**-34 848**	**3 120**	**-33 696**	**0**	**95**	**-65 329**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-39 308*	-	-	-	-	*-39 308*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*4 644*	-	-	-	-	*4 644*
- 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	-	-	*-184*	-	-	-	-	*-184*
- remeasurement of property, plant and equipment	-	-	-	*3 227*	-	-	-	*3 227*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-33 696*	-	-	*-33 696*
- disposal of property, plant and equipment	-	-	-	*-107*	-	-	*95*	*-12*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**1 664**	**0**	**1 664**
- revaluation of share-based payment	-	-	-	-	-	*1 664*	-	*1 664*
Closing balance of equity	**130 100**	**956 250**	**8 064**	**35 654**	**431**	**21 080**	**4 286 554**	**5 438 133**

4 quarters 2010 (YTD)
the period from 01 Jan 2010 to 31 Dec 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	-	-	-	-	-	-	702 315	**702 315**
Other comprehensive income, of which:	**0**	**0**	**9 447**	**2 228**	**1 399**	**0**	**2 036**	**15 110**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*8 010*	-	-	-	-	*8 010*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*2 288*	-	-	-	-	*2 288*
- 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	-	-	*-851*	-	-	-	-	*-851*
- remeasurement of property, plant and equipment	-	-	-	*3 681*	-	-	-	*3 681*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*1 399*	-	-	*1 399*
- disposal of property, plant and equipment	-	-	-	*-1 453*	-	-	*2 036*	*583*
Transactions with owners, of which:	**0**	**0**	**0**	**0**	**0**	**5 234**	**0**	**5 234**
- revaluation of share-based payment	-	-	-	-	-	*5 234*	-	*5 234*
Closing balance of equity	**130 100**	**956 250**	**8 064**	**35 654**	**431**	**21 080**	**4 286 554**	**5 438 133**

Interim condensed standalone statement of changes in equity shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

Interim condensed standalone financial statements (PLN thousand)

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

	4 quarters 2011 (YTD) the period from 01 Jan 2011 to 31 Dec 2011	**4 quarters 2010 (YTD)** the period from 01 Jan 2010 to 31 Dec 2010
OPERATING ACTIVITIES		
Net profit (loss)	**903 758**	**702 315**
Adjustments	**-2 922 656**	**-2 032 114**
- Depreciation and amortisation	131 328	119 280
- Interest accrued (from the profit and loss account)	1 838 724	1 600 537
- Interest paid	1 522 590	1 391 597
- Interest received	-3 702 686	-3 268 723
- Dividends received	-108 954	-30 928
- Gains (losses) on investment activities	-1 532	89
- Income tax (from the profit and loss account)	227 884	174 690
- Income tax paid	-364 554	-271 111
- Change in provisions	2 211	330
- Change in loans and other receivables to other banks	676 747	288 514
- Change in financial assets at fair value through profit or loss	-3 365	7 584 243
- Change in available-for-sale financial assets	1 363 702	-9 918 418
- Change in valuation of derivatives	-298 051	506 472
- Change in derivative hedge instruments	29 283	104 939
- Change in loans and other receivables to customers	-8 304 047	-3 982 567
- Change in other assets	-73 185	-32 960
- Change in liabilities due to other banks	796 550	201 697
- Change in liabilities at fair value through profit or loss	-2 866 710	3 683 373
- Change in liabilities due to customers	5 639 357	-288 726
- Change in other liabilities	572 052	105 558
Net cash flow from operating activities	**-2 018 898**	**-1 329 799**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-135 193	-85 417
- Disposal of property, plant and equipment	2 668	1 204
- Purchase of intangible assets	-78 510	-65 887
- Disposal of fixed assets held for sale	8	132
- Purchase of investments in subordinated entities	-50	0
- Redemption / sale of held-to-maturity financial assets	1 290 427	1 145 000
- Interest received from held-to-maturity financial assets	260 201	363 327
- Dividends received	108 954	30 928
Net cash flow from investment activities	**1 448 505**	**1 389 287**
FINANCIAL ACTIVITIES		
- Dividends paid	-195 150	0
Net cash flow from financial activities	**-195 150**	**0**
Effect of exchange rate changes on cash and cash equivalents	***104 504***	***-36 305***
Net increase/decrease in cash and cash equivalents	**-765 543**	**59 488**
Opening balance of cash and cash equivalents	**3 077 747**	**3 018 259**
Closing balance of cash and cash equivalents	**2 312 204**	**3 077 747**

Interim condensed standalone cash flow statement shall be analysed together with the supplementary notes to interim condensed consolidated financial statements being the integral part of interim condensed consolidated financial statements.

1. Introduction

Going-concern

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.

Discontinued operations

No operations were discontinued during the 4Q 2011 and 4Q 2010.

Compliance with IFRS

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for Q4 2011 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 31 December 2011 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).

Presented interim condensed standalone financial statements meet the requirements of IAS 34 (International Accounting Standards) with regard to interim financial statements.

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 2011 to 31 December 2011, and interim condensed standalone statement of financial position as at 31 December 2011 together with comparable data were prepared according to the same principles of accounting for each period.

Comparable data

The comparative data cover the period from 1 January 2010 to 31 December 2010 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income; the interim condensed standalone cash flow statement, and the interim condensed standalone statement of changes in equity; and in the case of the interim condensed standalone statement of financial position data as of 31 December 2010. 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 IV quarter 2011 (period from 01 October 2011 to 31 December 2011) as well as comparative data for the IV quarter 2010 (period from 01 October 2010 to 31 December 2010).

Financial statements scope and currency

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

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

Changes to accounting standards

In these interim condensed standalone financial statements the same principles of accounting have been applied as the ones applied for developing the 2010 annual standalone financial statements, except that amendments to the standards and new interpretations applicable to annual periods starting on or after 1 January 2011. 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".

Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 7 February 2012.

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 2010 to 31 December 2010 published on 4 March 2011 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 36. 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.

Interim condensed standalone financial statements (PLN thousand)

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

The structure of the statement of comprehensive in come was changed in the interim condensed standalone financial statements for the period started 1 January 2011 and ended 31 December 2011 when compared to the financial statements for the period started 1 January 2010 and ended 31 December 2010. Additionally, the statement of changes in equity apart from YTD data presents also the data for Q4.

5. Significant events in Q4 2011

Material events that occurred in Q4 2011 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 7 April 2011, the General Shareholders Meeting approved the payout of dividend for 2010 of PLN 15.00 gross per 1 share, which is equivalent to PLN 195,150,000. The dividend was paid on 1 July 2011.

The General Meeting held on 8 April 2010 refrained from adopting the dividend payout for the year 2009 and approved allocation of the entire 2009 net profit of ING Bank Śląski S.A. towards own funds.

9. Acquisitions

In Q4 2011, ING Bank Hipoteczny S.A. merged with ING Bank Śląski S.A., which was presented in the interim condensed consolidated financial statements in Chapter II.1.

10. Off-balance sheet items

	end of year 2011 as of 31 Dec 2011	**3Q 2011** as of 30 Sep 2011	**end of year 2010** as of 31 Dec 2010	**3Q 2010** as of 30 Sep 2010
Contingent liabilities granted	16 792 758	16 151 987	14 984 028	15 227 567
Contingent liabilities received	34 334 822	21 420 339	17 153 553	15 992 438
Off-balance sheet financial instruments	157 928 170	139 922 907	131 521 156	203 164 097
Total off-balance sheet items	**209 055 750**	**177 495 233**	**163 658 737**	**234 384 102**

11. Significant developments after the closing of the interim period

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.

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