ING

2012

Quarterly consolidated report of the ING Bank Śląski Group S.A. for the 4 quarter 2012

Table of contents

Interim condensed consolidated financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

• *Selected financial data*

	IV quarter 2012	4 quarters 2012	IVquarter 2011	4 quarters 2011
Interest income	977.9	3 831.5	897.0	3 385.5
Commission income	292.6	1 142.5	290.8	1 170.1
Result on basic activities	762.2	3 165.4	734.9	2 912.4
Result before tax	238.5	1 016.1	283.9	1 117.6
Net profit attributable to shareholders of ING Bank Śląski S.A.	190.0	832.3	213.6	880.1
Earnings per ordinary share (PLN)	1.46	6.40	1.64	6.76

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Loans and receivables to customers (net) excluding Eurobonds	45 205.6	45 542.6	38 457.1	36 003.5
Liabilities due to customers including matched funding for leasing portfolio:	60 521.5	57 464.6	52 932.1	50 758.7
- matched funding	*2 664.0*	*2 597.4*	*0.0*	*0.0*
Total assets	78 266.8	73 637.8	69 723.4	73 696.1
Equity attributable to shareholders of ING Bank Śląski S.A.	8 133.8	7 424.9	6 413.7	6 194.6
Initial capital	130.1	130.1	130.1	130.1

• *Key effectiveness ratios*

	4 quarters 2012	4 quarters 2011	Change 4 quarters 2012 /4 quarters 2011
C/I - Cost/Income ratio (%)	56.9	56.3	+0.3 p.p.
ROA - Return on assets (%)	1.1	1.3	-0.2 p.p.
ROE - Return on equity (%)	11.7	14.7	-3.0 p.p.
L/D - Loans-to-deposits ratio (%)	74.7	72.7	2.0 p.p.
Solvency ratio (%) - **regulatory***	14.55	11.92	2.63 p.p.
Solvency ratio (%) – calculated under standard approach (SA)	14.83	12.27	2.56 p.p.
Solvency ratio (%) – calculated with Advanced Internal Rating-Based method (AIRB)	16.51	13.13	3.38 p.p.

*) Following the letter of the Polish Financial Supervision Authority (PFSA) dated 18 May 2012 related to the decision of 06 October 2011 on a conditional approval of application of the Advanced Internal Rating-Based Approach (AIRB) by the Bank" (...) the solvency ratio should be computed based on the following figures:

1) for the capital requirement for credit risk computed with AIRB being lower than the capital requirement for credit risk computed using standard approach:
   a) for own funds – considering the amount calculated with AIRB,
   b) for the total capital requirement – considering the supplementary amount of capital requirement for credit risk to the requirement calculated under standard approach (SA),
2) for the capital requirement for credit risk computed with AIRB being higher than the capital requirement for credit risk computed under standard approach:
   a) for own funds – considering the amount calculated with AIRB,
   b) for the total capital requirement – considering the capital requirement for credit risk calculated with AIRB."

AIRB method may be applied in full to calculate the capital requirement for credit risk for supervisory purposes only upon fulfillment by the Bank of the requirements listed in the aforesaid decision of PFSA. By then the Bank is obliged to consider the supplementary amount of capital requirement for credit risk to the requirement calculated under standard approach - in 100% in the period ending 31.12.2012 and in 90% in the period ending 30.06.2013.

Explanations:

C/I - Cost to Income ratio – total costs to income from operating activity per type.

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

ROE - Return on equity - net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average equity for 5 subsequent quarters.

L/D - Loans-to-deposits ratio – loans and receivables to customers (net) excluding Eurobonds to liabilities due to customers including matched funding for leasing portfolio.

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

For the purpose of converting the presented figures into EUR, the Bank applies the following FX rates:

- for income statement items and cash flow statement items:
  - PLN 4.1736 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2012,
  - PLN 4.1401 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2011.
- for statement of financial positions items:
  - PLN 4.0882 - NBP exchange rate of 31 December 2012,
  - PLN 4.1138 - NBP exchange rate of 30 September 2012,
  - PLN 4.4168 - NBP exchange rate of 31 December 2011,
  - PLN 4.4112 – NBP exchange rate of 30 September 2011.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	4 Q 2012 the period from 01 Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
- Interest income	7.1	977,9	3 831,5	897,0	3 385,5
- Interest expenses	7.1	472,1	1 782,6	417,3	1 534,0
Net interest income	7.1	**505,8**	**2 048,9**	**479,7**	**1 851,5**
- Commission income	7.2	292,6	1 142,5	290,8	1 170,1
- Commission expenses	7.2	36,9	138,2	40,8	148,9
Net commission income	7.2	**255,7**	**1 004,3**	**250,0**	**1 021,2**
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	0,6	85,5	-11,8	18,3
Net income on investments	7.4	-0,2	24,6	5,9	38,0
Net income on hedge accounting	7.5	-4,3	-13,3	9,7	-33,4
Net income on other basic activities		4,6	15,4	1,4	16,8
Result on basic activities		**762,2**	**3 165,4**	**734,9**	**2 912,4**
General and administrative expenses	7.6	442,3	1 817,7	414,0	1 664,4
Result on other operating income and expenses		-6,8	-4,5	3,4	0,8
Impairment losses and provisions for off-balance sheet liabilities	7.7	84,7	362,8	50,5	172,4
Share in net profit (loss) of associated entities recognised under the equity method		10,1	35,7	10,1	41,2
Profit (loss) before tax		**238,5**	**1 016,1**	**283,9**	**1 117,6**
Income tax		48,5	183,8	70,3	237,5
Net profit (loss)		**190,0**	**832,3**	**213,6**	**880,1**
- attributable to shareholders of ING Bank Śląski S.A.		**190,0**	**832,3**	**213,6**	**880,1**

Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**190,0**	**832,3**	**213,6**	**880,1**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1,46**	**6,40**	**1,64**	**6,76**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2012 the period from 01 Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
Net result for the period	**190,0**	**832,3**	**213,6**	**880,1**
Other comprehensive income	**516,1**	**883,1**	**2,5**	**68,3**
Total comprehensive income for the period	**706,1**	**1 715,4**	**216,1**	**948,4**
- attributable to shareholders of ING Bank Śląski S.A.	706,1	1 715,4	216,1	948,4

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

Tomasz Biłous
Director of Accounting Department, Chief Accountant
Signed on the Polish original

Katowice, 12-02-2013

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 million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
A S S E T S					
- Cash in hand and balances with the Central Bank		4 071,6	2 126,0	1 493,1	4 064,9
- Loans and receivables to other banks	7.8	1 377,1	3 415,5	1 018,1	2 706,4
- Financial assets measured at fair value through profit and loss	7.9	1 554,6	1 522,6	639,6	1 120,5
- Valuation of derivatives		1 822,1	1 524,7	1 858,4	1 782,0
- Investments	7.10	17 881,1	13 536,1	20 450,7	22 396,3
- available-for-sale		*17 881,1*	*13 536,1*	*15 468,4*	*17 379,6*
- held-to-maturity		*0,0*	*0,0*	*4 982,3*	*5 016,7*
- Derivative hedge instruments		1 112,6	675,3	433,4	337,1
- Loans and receivables to customers	7.11, 7.12	48 985,3	49 275,1	42 329,7	39 789,7
- Investments in controlled entities recognised under the equity method		114,4	104,3	105,0	94,8
- Investment real estates		120,9	118,7	118,7	118,2
- Property, plant and equipment		600,0	583,4	575,3	516,6
- Intangible assets		361,6	361,1	362,0	355,6
- Property, plant and equipment held for sale		33,0	33,8	33,6	44,4
- Current income tax assets		0,3	0,0	147,5	56,2
- Deferred tax assets		38,3	45,2	16,5	97,4
- Other assets		193,9	316,0	141,8	216,0
T o t a l a s s e t s		**78 266,8**	**73 637,8**	**69 723,4**	**73 696,1**

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Note	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to other banks	7.13	4 554,6	4 961,7	4 961,9	7 597,1
- Financial liabilities measured at fair value through profit and loss	7.14	3 003,4	2 758,7	1 814,7	5 370,3
- Valuation of derivatives		1 778,1	1 499,9	1 694,1	1 865,7
- Derivative hedge instruments		1 364,0	1 069,0	900,6	813,1
- Liabilities due to customers	7.15	57 857,5	54 867,2	52 932,1	50 758,7
- Liabilities under issue of debt securities		567,1	0,0	0,0	0,0
- Provisions	7.16	72,8	65,4	58,1	52,8
- Current income tax liabilities		74,0	12,7	0,0	0,4
- Deferred tax provision		29,0	2,3	0,0	0,0
- Other liabilities		830,2	973,7	945,9	1 041,1
Total liabilities		**70 130,7**	**66 210,6**	**63 307,4**	**67 499,2**
EQUITY					
- Share capital		130,1	130,1	130,1	130,1
- Supplementary capital - issuance of shares over nominal value		956,3	956,3	956,3	956,3
- Revaluation reserve from measurement of available-for-sale financial assets		590,7	290,9	20,8	6,1
- Revaluation reserve from measurement of property, plant and equipment		42,0	38,0	39,3	44,7
- Revaluation reserve from measurement of cash flow hedging instruments		367,0	154,7	58,2	67,4
- Revaluation of share-based payment		41,3	38,5	30,8	27,8
- Retained earnings		6 006,4	5 816,4	5 178,2	4 962,2
Equity attributable to shareholders of ING Bank Śląski S.A.		**8 133,8**	**7 424,9**	**6 413,7**	**6 194,6**
- Non-controlling interests		**2,3**	**2,3**	**2,3**	**2,3**
Total equity		**8 136,1**	**7 427,2**	**6 416,0**	**6 196,9**
Total equity and liabilities		**78 266,8**	**73 637,8**	**69 723,4**	**73 696,1**

Net book value	**8 133,8**	**7 424,9**	**6 413,7**	**6 194,6**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**62,52**	**57,07**	**49,30**	**47,61**

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

4 Q 2012
the period from 01 Oct 2012 to 31 Dec 2012

	Share capital	Supplemen- tary 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	**130,1**	**956,3**	**290,9**	**38,0**	**154,7**	**38,5**	**5 816,4**	**2,3**	**7 427,2**
Net result for the current period	-	-	-	-	-	-	190,0	0,0	**190,0**
Other comprehensive income, of which:	**0,0**	**0,0**	**299,8**	**4,0**	**212,3**	**0,0**	**0,0**	**0,0**	**516,1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*302,7*	-	-	-	-	-	***302,7***
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-2,9*	-	-	-	-	-	***-2,9***
- remeasurement of property, plant and equipment	-	-	-	*4,0*	-	-	-	-	***4,0***
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*212,3*	-	-	-	***212,3***
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**0,0**	**0,0**	**2,8**
- revaluation of share-based payment	-	-	-	-	-	*2,8*	-	-	***2,8***
Closing balance of equity	**130,1**	**956,3**	**590,7**	**42,0**	**367,0**	**41,3**	**6 006,4**	**2,3**	**8 136,1**

4 Q 2012 YTD
the period from 01 Jan 2012 to 31 Dec 2012

	Share capital	Supplemen- tary 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	**130,1**	**956,3**	**20,8**	**39,3**	**58,2**	**30,8**	**5 178,2**	**2,3**	**6 416,0**
Net result for the current period	-	-	-	-	-	-	832,3	0,0	**832,3**
Other comprehensive income, of which:	**0,0**	**0,0**	**569,9**	**2,7**	**308,8**	**0,0**	**1,7**	**0,0**	**883,1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*590,5*	-	-	-	-	-	***590,5***
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-20,4*	-	-	-	-	-	***-20,4***
- 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	-	-	*-0,2*	-	-	-	-	-	***-0,2***
- remeasurement of property, plant and equipment	-	-	-	*3,4*	-	-	-	-	***3,4***
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*308,8*	-	-	-	***308,8***
- disposal of property, plant and equipment	-	-	-	*-0,7*	-	-	*1,7*	-	***1,0***
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**10,5**	**-5,8**	**0,0**	**4,7**
- revaluation of share-based payment	-	-	-	-	-	*10,5*	-	-	***10,5***
- purchase of subsidiary settlement	-	-	-	-	-	-	*-5,8*	-	***-5,8***
Closing balance of equity	**130,1**	**956,3**	**590,7**	**42,0**	**367,0**	**41,3**	**6 006,4**	**2,3**	**8 136,1**

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Katowice, 12-02-2013

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 million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

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

	Share capital	Supplemen- tary 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	**130,1**	**956,3**	**6,1**	**44,7**	**67,4**	**27,8**	**4 962,2**	**2,3**	**6 196,9**
Net result for the current period	-	-	-	-	-	-	213,6	0,0	**213,6**
Other comprehensive income, of which:	**0,0**	**0,0**	**14,7**	**-5,4**	**-9,2**	**0,0**	**2,4**	**0,0**	**2,5**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*18,4*	-	-	-	-	-	***18,4***
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-3,6*	-	-	-	-	-	***-3,6***
- 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	-	-	*-0,1*	-	-	-	-	-	***-0,1***
- remeasurement of property, plant and equipment	-	-	-	*-2,9*	-	-	-	-	***-2,9***
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-9,2*	-	-	-	***-9,2***
- disposal of property, plant and equipment	-	-	-	*-2,5*	-	-	*2,4*	-	***-0,1***
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**3,0**	**0,0**	**0,0**	**3,0**
- revaluation of share-based payment	-	-	-	-	-	*3,0*	-	-	***3,0***
Closing balance of equity	**130,1**	**956,3**	**20,8**	**39,3**	**58,2**	**30,8**	**5 178,2**	**2,3**	**6 416,0**

4 Q 2011 YTD
the period from 01 Jan 2011 to 31 Dec 2011

	Share capital	Supplemen- tary 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	**130,1**	**956,3**	**8,6**	**47,4**	**0,4**	**21,1**	**4 486,9**	**2,3**	**5 653,1**
Net result for the current period	-	-	-	-	-	-	880,1	0,0	**880,1**
Other comprehensive income, of which:	**0,0**	**0,0**	**12,2**	**-8,1**	**57,8**	**0,0**	**6,4**	**0,0**	**68,3**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*36,7*	-	-	-	-	-	***36,7***
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-24,2*	-	-	-	-	-	***-24,2***
- 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	-	-	*-0,3*	-	-	-	-	-	***-0,3***
- remeasurement of property, plant and equipment	-	-	-	*-2,5*	-	-	-	-	***-2,5***
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*57,8*	-	-	-	***57,8***
- disposal of property, plant and equipment	-	-	-	*-5,6*	-	-	*6,4*	-	***0,8***
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**9,7**	**-195,2**	**0,0**	**-185,5**
- revaluation of share-based payment	-	-	-	-	-	*9,7*	-	-	***9,7***
- dividends paid	-	-	-	-	-	-	*-195,2*	-	***-195,2***
Closing balance of equity	**130,1**	**956,3**	**20,8**	**39,3**	**58,2**	**30,8**	**5 178,2**	**2,3**	**6 416,0**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

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Katowice, 12-02-2013

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
OPERATING ACTIVITIES		
Net profit (loss)	**832,3**	**880,1**
Adjustments	**-2 373,2**	**-2 794,6**
- Share in net profit (loss) of associated entities	-35,7	-41,2
- Depreciation and amortisation	148,1	132,6
- Interest accrued (from the profit and loss account)	2 048,9	1 851,5
- Interest paid	1 748,0	1 509,6
- Interest received	-4 107,8	-3 707,5
- Dividends received	-4,1	-4,8
- Gains (losses) on investment activities	-8,2	-5,7
- Income tax (from the profit and loss account)	183,8	237,5
- Income tax paid	44,6	-372,0
- Change in provisions	14,7	2,3
- Change in loans and other receivables to other banks	-233,7	297,6
- Change in financial assets at fair value through profit or loss	-915,5	19,5
- Change in available-for-sale financial assets	-1 808,4	1 363,7
- Change in valuation of derivatives	120,3	-298,1
- Change in derivative hedge instruments	93,0	29,4
- Change in loans and other receivables to customers	-6 561,4	-7 786,0
- Change in other assets	164,9	65,3
- Change in liabilities due to other banks	689,9	918,4
- Change in liabilities at fair value through profit or loss	1 188,7	-2 866,7
- Change in liabilities due to customers	4 961,9	5 560,8
- Change in other liabilities	-105,2	299,2
Net cash flow from operating activities	**-1 540,9**	**-1 914,5**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-121,4	-137,3
- Disposal of property, plant and equipment	2,8	7,5
- Purchase of intangible assets	-58,8	-78,8
- Disposal of intangible assets	0,0	0,0
- Purchase of investments in subordinated entities	-206,1	0,0
- Disposal of investments in subordinated entities	0,0	0,0
- Disposal of fixed assets held for sale	9,4	0,0
- Purchase of held-to-maturity financial assets	0,0	0,0
- Redemption / sale of held-to-maturity financial assets	4 998,5	1 290,4
- Interest received from held-to-maturity financial assets	148,3	260,2
- Dividends received	4,1	4,8
Net cash flow from investment activities	**4 776,8**	**1 346,8**
FINANCIAL ACTIVITIES		
- Long-term loans received	458,1	0,0
- Long-term loans repaid	-1 501,8	0,0
- Interest on long-term loans repaid	-53,3	0,0
- Issue of debt securities	565,0	0,0
- Dividends paid	0,0	-195,2
Net cash flow from financial activities	**-532,0**	**-195,2**
Effect of exchange rate changes on cash and cash equivalents	***-100,7***	***104,5***
Net increase/decrease in cash and cash equivalents	**2 703,9**	**-762,9**
Opening balance of cash and cash equivalents	**2 356,7**	**3 119,6**
Closing balance of cash and cash equivalents	**5 060,6**	**2 356,7**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Oscar Edward Swan
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

Tomasz Biłous
Director of Accounting Department, Chief Accountant
Signed on the Polish original

Katowice, 12-02-2013

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

1.1. Key Bank data

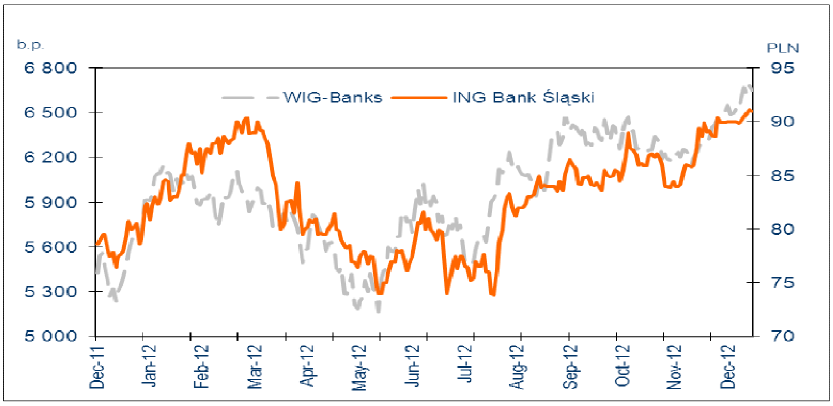
ING Bank Śląski S.A. ("Parent company", "parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.The parent entity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

1.2. 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. The scope of services offered by the Bank was expanded with leasing and factoring operations, following the acquisition of new companies, as described in Chapter II. *Additional information* in item 1.4. *Capital Group of ING Bank Śląski S.A.* 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.

1.3. 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. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 31st December 2012, the share price of ING Bank Śląski S.A. was PLN 91.00, whereas during the same period last year it was at the level of PLN 78,60. In the 12 months of 2012, the price of ING Bank Śląski S.A. shares was as follows:



Interim condensed consolidated financial statements (PLN million)

1.4. Capital Group of ING Bank Śląski S.A.

ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group", "Group"). At the beginning of 2012, the Group was joined by:

- *ING ABL Polska S.A.*

ING Bank Śląski S.A. purchased from ING Lease Holding N.V. with its registered office in Amsterdam 100% of ING ABL Polska S.A. shares, being the parent entity of ING Lease Polska Sp. z o.o. (ING Lease) and ING Commercial Finance S.A. (ING CF), wherein it holds 100% of the share capital. The main objective of acquiring the said companies, whose operations cover leasing and factoring, was to extend the product offer with ABL products for the corporate segment clients.
The consolidated assets and liabilities of ING ABL developed in compliance with the IAS/ IFRS as at the consolidation date (1^{st} January 2012) and as at the end of 4^{th} quarter 2012 (31^{st} December 2012) have been presented in the table below:

	as of 31 Dec 2012	**as of 30 Sep 2012**	**as of 01 Jan 2012**
ASSETS			
Cash in hand and on accounts	195.4	113.2	100.1
Receivables to customers, in which:	6 304.8	6 047.2	5 940.2
- loans and advances	*1 344.1*	*1 332.0*	*1 474.7*
- leasing receivables	*3 164.5*	*3 067.2*	*3 034.1*
- factoring receivables	*1 796.2*	*1 648.0*	*1 431.4*
Intangible assets	0.9	0.9	1.1
Property, plant and equipment	1.6	1.6	1.5
Other assets	59.9	53.3	25.9
TOTAL ASSETS	**6 562.6**	**6 216.2**	**6 068.8**
LIABILITIES			
Liabilities, in which:	**6 303.7**	**5 964.2**	**5 868.6**
- loans received from banks	*5 802.3*	*5 521.9*	*5 424.8*
- in which from ING Bank Śląski S.A.	*3 138.3*	*2 924.5*	*1 974.1*
- other liabilities	*501.4*	*442.3*	*443.8*
Equity	**258.9**	**252.0**	**200.2**
TOTAL LIABILITIES	**6 562.6**	**6 216.2**	**6 068.8**

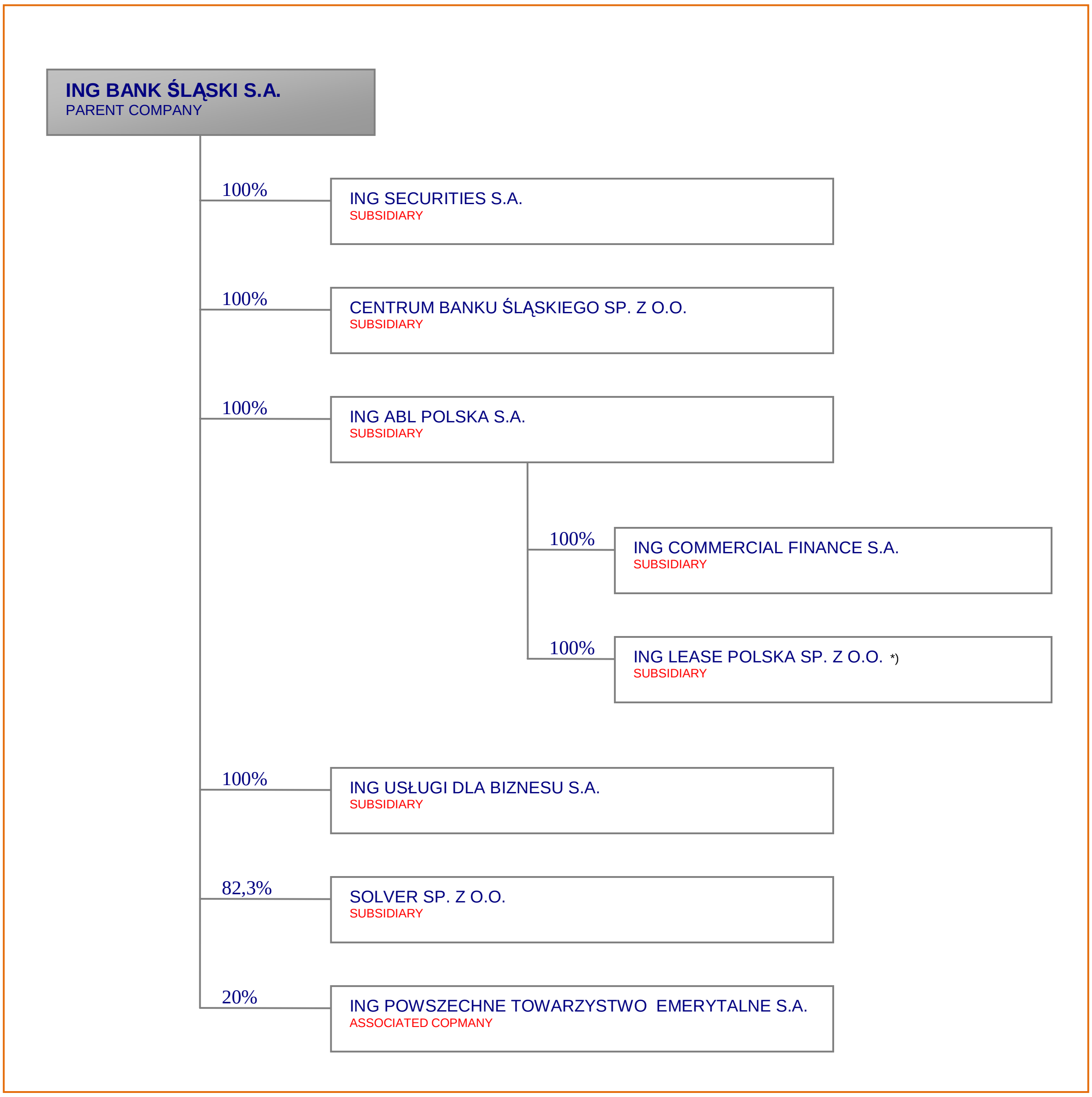
ING ABL consolidated income statement in line with the Bank's approach has been presented below:

	4 quarters 2012 the period from 01 Jan 2012 to 31 Dec 2012
Net interest income	103.2
Net commission income	23.9
Net income on financial instruments measured at fair value through profit and loss and FX result	2.0
Net income on other basic activities	4.1
Result on basic activities	**133.2**
General and administrative expenses	65.2
Result on other operating income and expenses	-0.1
Impairment losses and provisions for off-balance sheet liabilities	12.7
Profit (loss) before tax	**55.2**
Income tax	-3.6
Net profit (loss)	**58.8**

- *ING Usługi dla Biznesu S.A.*

The operations of the newly established company, wherein ING Bank Śląski S.A. holds 100% of shares, include provision of a wide array of services for Bank's clients as regards handling their business operations.

In Q4 2012, there were no changes to the ING Bank Śląski S.A. Capital Group structure. As at 31st December 2012, the composition of ING Bank Śląski S.A. Capital Group was the following:



*) The capital group of ING lease Sp. z o.o. is composed of 10 special purpose vehicles wherein ING Lease Sp. z o.o. holds 100% of shares.

Interim condensed consolidated financial statements (PLN million)

1.5. Shareholding structure of ING Bank Śląski S.A.

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 31st December 2012 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 31st December 2012, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

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
2.	Otwarty Fundusz Emerytalny PZU "Złota Jesień" and Dobrowolny Fundusz Emerytalny PZU	6,631,428	5.097

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

As at 31st December 2012, neither Management Board nor Supervisory Board members held shares of ING Bank Śląski S.A. So was the situation also at the date of rendering the financial statements for the previous reporting period into the public domain.

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. In February 2012, Mr. Wojciech Popiołek sold all shares of ING Bank Śląski S.A. he held.

1.7. 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.

1.8. Approval of financial statements

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1st January 2011 to 31st December 2011 were approved by the General Meeting on 19th April 2012.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 12 February 2013

2. Significant events in 4th quarter 2012

2.1. First Issue of Bonds under the Programme of ING Bank Śląski S.A. Debt Securities Issue

On 19th April 2012, the Supervisory Board of ING Bank Śląski S.A. consented to establishing the Programme of ING Bank Śląski S.A. Debt Securities Issue ("Programme"). By establishing the Programme, the Bank will be able to obtain long-term funding to use for further growth of non-current assets and diversify funding sources.

Interim condensed consolidated financial statements (PLN million)

With the Resolution of 6 November 2012, the Management Board of ING Bank Śląski S.A. accepted the specific terms and conditions of the Programme of Bank Debt Securities Issue with the following parameters:

Issuer	ING Bank Śląski S.A.
Programme	Programme whereunder the Issuer will make multiple issues of Bonds in series provided that the total nominal value of the issued and unredeemed Bonds in the said period does not exceed the Programme Amount
Instrument	Bonds issued under the Act on Bonds (“Bonds ”). Unsubordinated Coupon Bonds (with fixed or floating interest) or Discount ones (zero-coupon) bonds
Legal grounds	The Act on Bonds dated 29 June 1995 – consolidated text, Journal of Laws of 2001, No. 120, item 1300, as amended (“Act on Bonds”)
Programme Amount	PLN 5 billion
Programme duration	Unlimited
Currency	PLN
Maturity	Up to 10 years
Security	No security
Law	Polish

On 6 December 2012, the Bank issued the first bonds under the Programme of ING Bank Śląski S.A. Debt Securities Issue. The bonds were issued as bearer bonds of 5Y maturity. The bonds are denominated in PLN and were offered under a private issue. The total nominal value of bonds is PLN 565.0 million and the nominal value of one bond is PLN 100.0 thousand. The issue price equals the bonds’ nominal value. Bonds will be redeemed through payment of the amount of cash equal to the bonds’ nominal value. The redemption date for bonds is 6 December 2017.

Bonds bear floating interest, paid every 6 months. Interest is determined using 6M WIBOR plus margin of 0.9% AER. The first interest will be paid out on 6 June 2013.

3. Significant events after the balance sheet date

3.1. Selection of Chartered Auditor

On 18 April 2013, the ING Bank Śląski S.A. Supervisory Board selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. with registered office in Warsaw as their chartered auditor authorised to audit the financial statements of ING Bank Śląski S.A. and the Capital Group of ING Bank Śląski S.A.
KPMG Audyt Spółka z o.o. has been entered on the list of entities authorised to audit financial statements, which is kept by the National Board of Statutory Auditors (KRBR).
The agreement with the said entity will cover the years 2013-2015, starting with the review of the financial statements for H1 2013 until the audit of the annual financial statements for 2015.
During the last 3 years KPMG Audyt Spółka z o.o. cooperated with the Bank as regards tax advisory services, attestation services and support in analysis of selected regulatory matters.

3.2. Change of rating perspective

In December 2012, Fitch Agency carried out the annual rating review at the Bank. As a result, all the to-date Bank’s ratings were affirmed (the press release of the Fitch agency of 29 January 2013). Nevertheless, on 06 February 2013, the Agency announced that it revised the ratings outlook for three big Dutch banks, ING Bank N.V. inclusive, from stable to negative. It led to an analogical rating revision for ING Bank Śląski S.A.

Change of the ratings outlook for the Dutch banks was related to the revision of the Netherlands rating of a day earlier - the country's rating was affirmed at 'AAA' level but the outlook was revised from stable to negative. As a justification the Agency referred to the worsening, in its opinion, macroeconomic standing of the Netherlands.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 4th quarter 2012 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 31st December 2012 as well as in accordance with the Ordinance of Finance Minister of 19th February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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 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 1st January 2012 to 31st December 2012, and interim condensed consolidated statement of financial position as at 31st December 2012 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. 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.

4.2. Discontinued operations

No operations were discontinued during the 4 quarters 2012 and 4 quarters 2011.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 4th quarter 2012 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities.

These interim condensed consolidated financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

Interim condensed consolidated financial statements (PLN million)

4.4. Comparable data

The comparative data cover the period from 1st January 2011 to 31st December 2011 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated cash flow statement and 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 30th September 2012, 31st December 2011 and 30th September 2011. 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 4th quarter 2012 (period from 1st October 2012 to 31st December 2012) as well as comparative data for the 4th quarter 2011 (period from 1st October 2011 to 31st December 2011). The Group adopted the approach whereunder comparable data are not adjusted when control is assumed over an entity subject to common control under IFRS 3. The Group shall be consistent in applying this approach.

4.5. 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 2011 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1st January 2011 to 31st December 2011) and the following effective standards and interpretations adopted by the European Union:

Change	Scope	Influence on the Bank statements
IFRS 7 *Financial Instruments: Disclosures – Transfer of Financial Assets*	The change specifies the requirements as to disclosures for the transactions being transfer of financial assets. Implementation of the said change also provides for the revision made with the retroactive Commission Regulation (EC) dated 13 December 2012; i.e., effective as of 1 July 2011 or later.	Although the said changes will cause the scope of disclosures to increase, their scale will not have a material impact on the financial statements of the Group.

The published standards and interpretations which were already issued but are still ineffective as they were not approved by the European Union or were approved by the European Union but were not previously applied by the Group:

Change	Scope	Influence on the Bank 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. Application date: the accounting year starting on 1 July 2012 or later.	The analyses show that the change will have impact on the structure of the financial statements of the Group but it will be of immaterial nature.

Interim condensed consolidated financial statements (PLN million)

IAS 12 *Income Taxes – Deferred Income Tax: Recovery (Settlement) of carrying amount of assets*	The changes pertain to classification of the revenue depending on expectations of the entity whether or not it will recover the carrying amount of a given asset either through use or sale. Application date: as of the beginning of the first accounting year starting at the effective date of the EU Regulation or later – i.e., 1 January 2013.	The analysis of the said change shows that it will not have a material impact on the financial statements of the Group.
IAS 19 *Employee Benefits*	The changes made 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. Application date: the accounting year starting on 1 January 2013 or later.	The analysis of the said change shows that it will have impact on the financial statements of the Group but it will be of immaterial nature.
IAS 27 *Separate Financial Statements*	The change 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. The change published on 31 October 2012, specifying the guidelines for investment entities. Application date: the accounting year starting on 1 January 2014 or later.	The Group is currently analysing the impact of changes on the financial statements. The preliminary analyses show that the change made will not have a material impact on the financial statements of the Group.
IAS 28 *Investments in Associates and Joint Ventures*	The changes pertain to 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. Application date: the accounting year starting on 1 January 2014 or later.	The Group is currently analysing the impact of changes on the financial statements. The preliminary analyses show that the change made will not have a material impact on the financial statements of the Group.
IAS 32 *Financial Instruments: Presentation – Offsetting of Financial Assets and Liabilities*	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. Application date: as for the changes to IFRS 7; i.e., for paragraph 43 – the accounting year starting on 1 January 2013 or later, for the remainder – the accounting year starting on 1 January 2014 or later.	The Group is currently analysing the impact of changes on the financial statements. The preliminary analyses show that the change made will not have a material impact on the financial statements of the Group.
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. Government cash loans.*	The change specifies the guidelines related to reinstitution of the financial statements presentation in line with the IFRS following the term when the functional currency was exposed to significant hyperinflation, thus enabling the given entity to fulfil the IFRS requirements and to delete the fixed dates of IFRS first-time application. Application date: as of the beginning of the first accounting year starting at the effective date of the EU Regulation or later – i.e., 1 January 2013. The change concerning cash loans obtained from the government below market rates. Application date: the accounting year starting on 1 January 2013 or later.	No impact on the financial statements of the Group.
IFRS 7 *Financial Instruments: Disclosures – Offsetting of Financial Assets and Liabilities*	Change of requirements for disclosures related to offsetting of financial assets and liabilities. Application date: the accounting year starting on 1 January 2013 or later.	Although the said changes will cause the scope of disclosures to increase, the preliminary analyses show that their scale will not have a material impact on the financial statements of the Group.

Interim condensed consolidated financial statements (PLN million)

IFRS 9 *Financial Instruments*	The standard is the result of the outcome of the first stage of IASB Project focusing on the replacement of IAS 39 and it comprises the classification and valuation of assets and financial liabilities. In 2012, IASB started the procedure to revise the adopted and published guidelines which provides for expanding the catalogue of categories of financial assets with an additional, third category being the financial assets carried at fair value through other total income. The subsequent stages of IASB Project will cover hedge accounting and permanent impairment of financial assets. The change concerns shift of the obligatory date for standard application from 1 January 2013 to 1 January 2015. Application date: the accounting year starting on 1 January 2015 or later.	Standard implementation may affect the structure of the financial statements; however, the Group will comprehensively assess the impact of the new standard together with the guidelines for hedge accounting and impairment, which have not been published yet.
IFRS 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. The change published on 28 June 2012 is to specify implementation requirements. The change published on 31 October 2012 specifying the guidelines for investment entities which due to the purpose of their business are excluded from the requirement to include subsidiaries in consolidation and are required to carry them at fair value through profit or loss. Application date: the accounting year starting on 1 January 2014 or later.	The analyses show that the changes made will not materially affect the financial statements of the Group.
IFRS 11 *Joint Arrangements*	New standard sets out the requirements for joint arrangements recognition and measurement. The change published on 28 June 2012 is to specify implementation requirements. Application date: the accounting year starting on 1 January 2014 or later.	The analyses show that the changes made will not materially affect the financial statements of the Group.
IFRS 12 *Disclosure of Interest in Other Entities*	New standard sets out the disclosures of interest in other entities. The change published on 28 June 2012 is to specify implementation requirements. The change published on 31 October 2012, specifying the guidelines for investment entities in consequence of parallel changes made to IFRS 10. Application date: the accounting year starting on 1 January 2014 or later.	The analyses show that the changes made will not materially affect the financial statements of the Group.
IFRS 13 *Fair Value Measurement*	New standard sets out comprehensive guidelines for fair value measurement of financial and non-financial assets and liabilities. The standard is introduced to make the said requirements more coherent and transparent by compiling them in one standard, specify the guidelines and terms used as well as increase the scope of disclosures. Application date: the accounting year starting on 1 January 2013 or later.	The analyses show that the changes made will not materially affect the financial statements of the Group.
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. Application date: the accounting year starting on 1 January 2013 or later.	Not applicable.
The changes following the IFRS review (published in May 2012), applying to annual periods starting on 1 January 2013.	The changes cover the issues discussed during the IFRS reviews commenced in 2009 and considered in the draft changes earlier presented for consultation, but not included in the final changes published in earlier periods. The changes published on 17 May 2012 impact IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 and are of specifying nature. Application date: the accounting year starting on 1 January 2013 or later.	The analyses show that the changes made will not materially affect the financial statements of the Group.

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.

5. 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 1st January 2011 to 31st December 2011 published on 2nd March 2012 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

Below presented are modifications introduced to the description of accounting principles applied by the Capital Group. The modifications introduced in the last quarter of 2012 as compared to the previous quarter were editorial in nature and were aimed at enhancing the quality and transparency of the description of the accounting principles applied by the Group.

5.1. Modifications introduced to the description of estimations applied

The Group specified in more detail the description of principles in the item *Credit risk related to derivatives*, whose current wording is presented below.

The Group has been systematically reviewing the level of credit risk concerning derivative instruments portfolio.

The approach employed by the Group to estimate credit risk for derivatives with future settlement date (active deals unsettled as at the balance sheet date) is consistent with its approach to assessing credit risk for credit receivables. Valuation adjustments are estimated per counterparty considering the expected presettlement exposures and the same risk incurred by the Group. It is a concept assuming the possibility of occurrence of risk of bilateral value adjustments. The adjustment is made using the expected positive exposure estimated through numerous simulations (the results from the scenarios leading to a negative outcome are eliminated and the present market value (or its estimation through referencing to comparable data) of credit default swaps (CDS). Own risk of the Group and the risk of realisation of a scenario of client and Group insolvency are calculated by analogy.

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

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

In addition, the Group assesses the level of FX option risk, being the consequence of:

- fair value change of the FX rate-based derivatives,
- change to the counterparty credit risk assessment made by the Group.

The assessment is made at the balance sheet date based on the valuation figures as at that date and taking into account the risk assessment as at that day. The Group will perform periodic assessment of the financial condition of clients holding similar instruments.

5.2. Modifications introduced to the description of impairment

The Group specified in more detail the description of the principles as regards the item *Financial assets measured at amortised 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. If after the assessment we find that for a given financial assets item there are no objective reasons for impairment the item is included in the group of financial assets with similar credit risk characteristics, which indicate that the debtor is capable to repay the entire debt according to provisions of the agreement. Such groups are subject to collective assessment in terms of impairment.

If there is any objective evidence of impairment of loans and receivables, or investments held-to-maturity measured at 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 with the initial effective interest rate of a given financial instrument item. Practically, for significant assets, impairment is calculated per asset item using the discounted future cash flows of a given asset item; for insignificant assets – it is assessed collectively.

If the existing objective evidence of impairment of assets item or financial assets group measured at the depreciated cost indicate that there will be no expected future cash flows from the abovementioned financial assets, the impairment loss of assets equals their carrying amount.

The impairment loss assessed collectively is estimated on the basis of historical loss experience for assets with similar credit risk characteristics. 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 on which the historical loss experience is based) and also through elimination of 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.

5.3. Modifications introduced to the description of long-term employee benefits

The Group supplemented the description of the principles with the *Variable remuneration programme benefits* item.

The Group implemented the variable remuneration programme, addressed to:

- persons holding managerial positions having material impact on the Group risk profile (to satisfy the requirements of PFSA Resolution No. 258/2011) and
- employees displaying special potential and skills.

Ultimately, the variable remuneration programme is to be replaced with the LEO incentive programme. The objective of the Programme is to correlate the performance of key employees with the Group's results through tying some of the allocated variable remuneration to the price of Bank's shares. Variable remuneration is defined based on appraisal of performance of the programme participants.

Programme benefits will be granted in two options:

- in the former, the benefit will have two equal parts:
  - the one paid in cash and
  - the other being phantom stock, making the holder eligible to obtain a cash payment whose final amount will be conditional on the price of Bank's shares

(the median of closing prices of Bank's shares on the Warsaw Stock Exchange during a certain period),

- in the latter, the entire benefit will be granted as phantom stock.

The cash element will be paid out:

- for the non-deferred part – immediately after the year of work the employee's performance is appraised for,
- for the deferred part – payments will be made after deferral periods (of 1, 2 or 3 years).

For the benefits rendered under option one, during the deferral period the amount of variable remuneration will be verified according to the programme assumptions.

The programme element paid in cash is recognised following the approach of projected unit rights and is settled over time for the term of acquisition of rights thereto by employees (both during the appraisal period understood as the year of work for which results employees obtain benefits and during the deferral period – adequate benefit components). The value of benefit is recognised as the obligation towards employees in correspondence with the income statement.

The benefits granted as phantom stock are subject to one -year holding period, applicable to both the part granted after the year during which the appraisal was made and the deferred part on the terms as applicable to the cash element (of 1, 2 or 3 years). The employee who was granted the benefit shall not exercise the phantom stock-related rights during the holding period.

The fair value of phantom stock determined using the principles adopted (based on the estimates made upon applying the reduction factor) is allocated for the term of acquisition of rights. The value of benefit is recognised as the obligation towards employees in correspondence with the income statement.

5.4. Other modifications

Other modifications were editorial in nature and were to specify in more detail and supplement provisions as well as merge the descriptions of the principles applied.

6. Comparability of financial data

In the interim condensed consolidated financial statements for the 4 quarter 2012 the Group did not change the principles of presentation, compared to the financial statements for the 4 quarter 2011.

Interim condensed consolidated financial statements (PLN million)

7. Supplementary notes to interim condensed consolidated financial statements

7.1. Net interest income

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Interest income				
- interest on loans and receivables to banks	40.5	135.8	41.9	128.2
- interest on loans and receivables to customers	736.2	2 919.1	635.1	2 287.1
- interest on leasing agreements	*39.2*	*168.1*	*0.0*	*0.0*
- interest on factoring agreements	*27.1*	*103.0*	*3.8*	*11.2*
- interest on debt securities	183.6	726.8	204.8	986.9
- interest result on derivatives	17.6	49.8	15.2	-16.7
Total interest income	**977.9**	**3 831.5**	**897.0**	**3 385.5**
Interest expenses				
- interest on deposits from banks	32,3	127,7	27,7	162,9
- interest on deposits from customers	437,8	1 652,9	389,6	1 371,1
- interest on issue of debt securities	2,0	2,0	0,0	0,0
Total interest expenses	**472,1**	**1 782,6**	**417,3**	**1 534,0**
Net interest income	**505.8**	**2 048.9**	**479.7**	**1 851.5**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan2011 to 31 Dec 2011
Commission income				
- the transaction margin on currency exchange transactions	67.4	271.1	69.4	263.8
- commission related to keeping accounts	62.8	249.5	65.0	255.7
- commission related to payment and credit cards	54.4	207.0	54.3	208.4
- commission related to loans	46.5	178.5	44.1	178.6
- commission related to distribution of participation units	16.9	61.6	15.9	80.4
- commission related to brokerage activity	14.5	56.7	16.1	76.8
- commission related to insurance product offering	8.0	31.6	7.3	29.9
- fiduciary and custodian fees	7.1	27.5	6.9	31.4
- commission related to factoring and lease agreements	5.5	22.3	0.2	0.6
- foreign commercial business	3.8	14.1	3.5	14.3
- commission related to subscription of structured products	0.4	1.5	3.4	10.8
- other	5.3	21.1	4.7	19.4
Total comission income	**292.6**	**1 142.5**	**290.8**	**1 170.1**
Commission expenses	**36.9**	**138.2**	**40.8**	**148.9**
- of which costs of the Bank Guarantee Fund (BFG)	11.0	44.0	9.1	36.4
Net commission income	**255.7**	**1 004.3**	**250.0**	**1 021.2**

Interim condensed consolidated financial statements (PLN million)

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

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Net income on financial assets and liabilities held for trading, of which:	**19.0**	**-311.9**	**34.4**	**-129.1**
- Net income on equity instruments	0.0	0.0	0.6	-4.1
- Net income on debt instruments	-0.2	14.9	10.8	29.1
- Net income on derivatives*, of which:	19.2	-326.8	23.0	-154.1
- currency derivatives	*12.2*	*-356.1*	*50.2*	*-161.5*
- interest rate derivatives	*6.3*	*27.0*	*-27.0*	*-0.1*
- securities derivatives	*0.7*	*2.3*	*-0.2*	*7.5*
Net income on financial assets and liabilities measured at fair value upon initial recognition, of which:	**0.0**	**-0.6**	**0.0**	**-0.8**
- Net income on debt instruments	0.0	-0.6	0.0	-0.8
FX-result	**-18.4**	**398.0**	**-46.2**	**148.2**
Net income on financial instruments measured at fair value through profit or loss and FX result	**0.6**	**85.5**	**-11.8**	**18.3**

7.4. Net income on investments

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Net income on equity instruments available-for-sale	0.0	6.8	1.4	1.4
Net income on debt instruments available-for-sale	3.7	18.5	4.3	29.7
Dividend income	0.0	4.1	0.2	4.9
Impairment losses	-3.9	-4.8	0.0	0.0
Other	0.0	0.0	0.0	2.0
Net income on investments	**-0.2**	**24.6**	**5.9**	**38.0**

Interim condensed consolidated financial statements (PLN million)

7.5. Net income on hedge accounting

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Fair value hedge accounting for securities	**-4.2**	**-9.5**	**7.7**	**-35.7**
- valuation of the hedged transaction	42.2	203.9	20.4	173.9
- valuation of the hedging transaction	-46.4	-213.4	-12.7	-209.6
Cash flow hedge accounting	**-0.1**	**-3.8**	**2.0**	**2.3**
- ineffectiveness that arises from cash flow hedges	-0.1	-3.8	2.0	2.3
Net income on hedge accounting	**-4.3**	**-13.3**	**9.7**	**-33.4**

7.6. General and administrative expenses

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Personnel expenses	240.6	900.8	214.3	833.3
Cost of marketing and promotion	23.3	90.1	15.8	74.1
Other general and administrative expenses	178.4	826.8	183.9	757.0
General and administrative expenses	**442.3**	**1 817.7**	**414.0**	**1 664.4**

7.6.1. Headcount

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
FTEs	8 519.2	8 514.8	8 263.2	8 252.9
Individuals	8 687	8 678	8 409	8 398

A headcount increase in 2012 is mainly the result of the expansion of the Group's operations with the two new companies namely ING Lease Polska Sp. z o.o. and ING Commercial Finance S.A. The companies' purchase transaction was described in Chapter 1. "*Information on the Bank and the Capital Group*".

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
FTEs	8 081.9	8 086.9	8 068.7	8 027.0
Individuals	8 244	8 244	8 211	8 166

Interim condensed consolidated financial statements (PLN million)

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

	4 Q 2012 the period from 01Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01Jan 2011 to 31 Dec 2011
Impairment losses	132.2	692.5	182.5	517.7
Release of impairment write-offs	-47.5	-329.7	-132.0	-345.3
Net impairment losses and provisions for off-balance sheet liabilities	**84.7**	**362.8**	**50.5**	**172.4**

7.8. Loans and receivables to other banks

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Current accounts	977.2	1 108.9	805.7	514.8
Interbank deposits	25.3	1 802.1	40.9	2 087.1
Loans and advances	139.0	149.6	113.6	63.4
Factoring receivables	158.3	166.3	7.1	1.6
Reverse repo transactions	66.0	158.1	0.0	0.0
Other receivables	11.8	31.0	51.0	39.6
Total (gross)	**1 377.6**	**3 416.0**	**1 018.3**	**2 706.5**
Impairment losses, of which:	-0.5	-0.5	-0.2	-0.1
- concerning loans and advances	*0.0*	*-0.1*	*-0.2*	*-0.1*
- concerning factoring receivables	*-0.5*	*-0.4*	*0.0*	*0.0*
Total (net)	**1 377.1**	**3 415.5**	**1 018.1**	**2 706.4**

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Financial assets held for trading, of which:	507.6	994.0	444.7	327.3
- debt instruments	*507.6*	*994.0*	*444.7*	*319.5*
- equity instruments	*0.0*	*0.0*	*0.0*	*7.8*
Financial assets designated as at fair value upon initial recognition, of which:	1 047.0	528.6	194.9	793.2
- buy-sell-back transactions	*1 047.0*	*528.6*	*194.9*	*793.2*
Total	**1 554.6**	**1 522.6**	**639.6**	**1 120.5**

Interim condensed consolidated financial statements (PLN million)

7.10. Investments

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Available-for-sale financial assets, of which:	17 881.1	13 536.1	15 468.4	17 379.6
- debt instruments, including:	*17 863.8*	*13 516.3*	*15 437.7*	*17 350.3*
- hedged items in fair value hedging	*1 042.3*	*1 027.4*	*1 020.3*	*1 459.4*
- equity instruments	*17.3*	*19.8*	*30.7*	*29.3*
Held-to-maturity financial assets, of which:	0.0	0.0	4 982.3	5 016.7
- debt instruments	*0.0*	*0.0*	*4 982.3*	*5 016.7*
Total	**17 881.1**	**13 536.1**	**20 450.7**	**22 396.3**

7.11. Loans and receivables to customers

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Loans and advances	38 898.3	39 366.5	37 103.6	35 278.6
Leasing receivables	3 233.9	3 135.4	0.0	0.0
Factoring receivables	2 212.1	2 028.9	275.4	283.1
Debt securities, of which:	5 945.1	5 946.5	5 959.6	5 143.6
- T-eurobonds	*3 779.7*	*3 732.5*	*3 872.6*	*3 786.2*
Reverse repo transactions	0.0	0.0	0.0	90.1
Other receivables	125.1	157.7	105.1	178.8
Total loans and receivables to customers (gross)	**50 414.5**	**50 635.0**	**43 443.7**	**40 974.2**
Impairment losses, of which	-1 429.2	-1 359.9	-1 114.0	-1 184.5
- concerning loans and advances	*-1 287.4*	*-1 233.7*	*-1 105.6*	*-1 175.8*
- concerning leasing receivables	*-69.4*	*-68.2*	*0.0*	*0.0*
- concerning factoring receivables	*-9.4*	*-6.3*	*-3.0*	*-3.2*
- concerning debt securities	*-57.8*	*-46.5*	*-0.2*	*-0.3*
- concerning other receivables	*-5.2*	*-5.2*	*-5.2*	*-5.2*
Total loans and receivables to customers (net), of which:	**48 985.3**	**49 275.1**	**42 329.7**	**39 789.7**
- to entities from the financial sector other than banks	*1 645.4*	*1 525.5*	*2 908.9*	*2 963.3*
- to entities from the non-financial sector	*39 645.0*	*40 103.6*	*31 635.8*	*29 593.5*
- to entities from the government and self-government institutions' sector	*7 694.9*	*7 646.0*	*7 785.0*	*7 232.9*

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Loans and advances, of which:	1 533.8	1 409.0	2 821.8	2 733.3
- in the current account	*127.9*	*46.3*	*503.3*	*548.2*
- term ones	*1 405.9*	*1 362.7*	*2 318.5*	*2 185.1*
Leasing receivables	0.6	0.6	0.0	0.0
Factoring receivables	0.0	3.5	0.0	0.0
Reverse repo transactions	0.0	0.0	0.0	90.1
Other receivables	111.6	112.8	87.4	140.2
Total (gross)	**1 646.0**	**1 525.9**	**2 909.2**	**2 963.6**
Impairment losses, of which	-0.6	-0.4	-0.3	-0.3
- concerning loans and advances	*-0.6*	*-0.4*	*-0.3*	*-0.3*
Total (net)	**1 645.4**	**1 525.5**	**2 908.9**	**2 963.3**

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Loans and advances granted to business entities, of which:	17 364.0	18 187.9	15 714.1	14 868.3
- in the current account	*4 978.3*	*5 440.7*	*4 316.1*	*4 624.0*
- term ones	*12 385.7*	*12 747.2*	*11 398.0*	*10 244.3*
Loans and advances granted to households, of which:	16 910.1	16 632.4	15 297.2	14 786.3
- in the current account	*1 379.0*	*1 401.6*	*1 311.3*	*1 341.5*
- term ones	*15 531.1*	*15 230.8*	*13 985.9*	*13 444.8*
Leasing receivables	3 220.7	3 123.7	0.0	0.0
Factoring receivables	2 188.8	2 001.0	273.1	282.3
Debt securities	1 376.0	1 472.5	1 446.1	800.8
Other receivables	13.2	44.8	17.6	38.5
Total (gross)	**41 072.8**	**41 462.3**	**32 748.1**	**30 776.2**
Impairment losses, of which:	-1 427.8	-1 358.7	-1 112.3	-1 182.7
- concerning loans and advances to business entities	*-820.2*	*-788.1*	*-728.1*	*-809.2*
- concerning loans and advances to households	*-465.8*	*-444.5*	*-375.8*	*-364.8*
- concerning leasing receivables	*-69.4*	*-68.2*	*0.0*	*0.0*
- concerning factoring receivables	*-9.4*	*-6.2*	*-3.0*	*-3.2*
- concerning debt securities	*-57.8*	*-46.5*	*-0.2*	*-0.3*
- concerning other receivables	*-5.2*	*-5.2*	*-5.2*	*-5.2*
Total (net)	**39 645.0**	**40 103.6**	**31 635.8**	**29 593.5**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Loans and advances, of which:	3 090.4	3 137.2	3 270.5	2 890.7
- in the current account	*9.5*	*86.4*	*34.7*	*109.0*
- term ones	*3 080.9*	*3 050.8*	*3 235.8*	*2 781.7*
Leasing receivables	12.6	11.1	0.0	0.0
Factoring receivables	23.3	24.4	2.3	0.8
Debt securities, of which:	4 569.1	4 474.0	4 513.5	4 342.8
- hedged items in fair value hedging	*3 779.7*	*3 732.5*	*3 872.6*	*3 786.2*
Other receivables	0.3	0.1	0.1	0.1
Total (gross)	**7 695.7**	**7 646.8**	**7 786.4**	**7 234.4**
Impairment losses, of which:	-0.8	-0.8	-1.4	-1.5
- concerning loans and advances	*-0.8*	*-0.7*	*-1.4*	*-1.5*
- concerning factoring receivables	*0.0*	*-0.1*	*0.0*	*0.0*
Total (net)	**7 694.9**	**7 646.0**	**7 785.0**	**7 232.9**

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7.12. Quality of portfolio of loans and advances

Quality of loans and advances to customers portfolio
(Including leasing and factoring receivables)

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Corporate activity				
Exposure	**27 712.3**	**28 168.7**	**22 370.1**	**21 021.1**
- unimpaired (IBNR)	26 406.8	26 713.4	21 236.9	19 831.8
- impaired	1 305.5	1 455.3	1 133.2	1 189.3
Impairment losses and provisions	**918.0**	**880.9**	**736.4**	**818.4**
- related to unimpaired portfolio	58.0	78.6	62.8	65.6
- related to impaired portfolio	837.7	782.4	663.0	743.8
- provisions for off-balance sheet liabilities	22.3	19.9	10.6	9.0
Share of the impaired portfolio	4.7%	5.2%	5.1%	5.7%
Impaired portfolio coverage ratio (%)	64.2%	53.8%	58.5%	62.5%
Retail activity				
Exposure	**16 632.0**	**16 362.1**	**15 008.9**	**14 540.6**
- unimpaired (IBNR)	16 114.3	15 863.2	14 589.1	14 140.6
- impaired	517.7	498.9	419.8	400.0
Impairment losses	**470.5**	**447.2**	**382.8**	**369.6**
- related to unimpaired portfolio	70.4	96.0	96.9	98.7
- related to impaired portfolio	400.1	351.2	285.9	270.9
Share of the impaired portfolio	3.1%	3.0%	2.8%	2.8%
Impaired portfolio coverage ratio (%)	77.3%	70.4%	68.1%	67.7%
Total exposure	**44 344.3**	**44 530.8**	**37 379.0**	**35 561.7**
Impairment losses and total provisions, of which:	**1 388.5**	**1 328.1**	**1 119.2**	**1 188.0**
- impairment losses	1 366.2	1 308.2	1 108.6	1 179.0
- provisions for off-balance sheet liabilities	22.3	19.9	10.6	9.0
Total portfolio coverage ratio	3.1%	3.0%	3.0%	3.3%
Share of the impaired portfolio	4.1%	4.4%	4.2%	4.5%
Impaired portfolio coverage ratio (%)	**67.9%**	**58.0%**	**61.1%**	**63.8%**

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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 2012 the period from 01 Oct 2012 to 31 Dec 2012	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	**1 162.1**	***0.5***	**213.1**	**1 375.2**
Changes in the period (due to):	**75.4**	***0.0***	**-3.8**	**71.6**
- changes in income statement	*84.6*	*0.0*	*0.0*	***84.6***
- depreciation	*-2.8*	*0.0*	*0.0*	***-2.8***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-3.8*	***-3.8***
- purchase of subsidiaries	*0.0*	*0.0*	*0.0*	***0.0***
- transfer of provisions from off-balance sheet after their repayment	*2.0*	*0.0*	*0.0*	***2.0***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*-8.4*	*0.0*	*0.0*	***-8.4***
Closing balance of impairment losses	**1 237.5**	***0.5***	**209.3**	**1 446.8**

4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012				
Opening balance of impairment losses	**862.6**	***0.2***	**256.8**	**1 119.4**
Changes in the period (due to):	**374.9**	***0.3***	**-47.5**	**327.4**
- changes in income statement	*352.2*	*0.3*	*10.6*	***362.8***
- depreciation	*-48.5*	*0.0*	*0.0*	***-48.5***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-58.1*	***-58.1***
- purchase of subsidiaries	*82.8*	*0.0*	*0.0*	***82.8***
- transfer of provisions from off-balance sheet after their repayment	*12.0*	*0.0*	*0.0*	***12.0***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*-23.6*	*0.0*	*0.0*	***-23.6***
Closing balance of impairment losses	**1 237.5**	***0.5***	**209.3**	**1 446.8**

4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011				
Opening balance of impairment losses	**894.7**	***0.1***	**293.4**	**1 188.1**
Changes in the period (due to):	**-32.2**	***0.1***	**-36.5**	**-68.7**
- changes in income statement	*38.8*	*0.1*	*11.8*	***50.6***
- depreciation	*-86.5*	*0.0*	*0.0*	***-86.5***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-48.3*	***-48.3***
- transfer of provisions from off-balance sheet after their repayment	*9.6*	*0.0*	*0.0*	***9.6***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*5.9*	*0.0*	*0.0*	***5.9***
Closing balance of impairment losses	**862.5**	***0.2***	**256.9**	**1 119.4**

4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011				
Opening balance of impairment losses	**803.0**	***0.1***	**288.2**	**1 091.2**
Changes in the period (due to):	**59.5**	***0.1***	**-31.3**	**28.2**
- changes in income statement	*158.5*	*0.1*	*13.9*	***172.4***
- depreciation	*-110.0*	*0.0*	*0.0*	***-110.0***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-45.2*	***-45.2***
- transfer of provisions from off-balance sheet after their repayment	*22.0*	*0.0*	*0.0*	***22.0***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*-11.0*	*0.0*	*0.0*	***-11.0***
Closing balance of impairment losses	**862.5**	***0.2***	**256.9**	**1 119.4**

Interim condensed consolidated financial statements (PLN million)

7.13. Liabilities due to other banks

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Current accounts	896.4	396.8	335.6	268.8
Interbank deposits	781.6	1 531.8	3 003.2	3 824.8
Repo transactions	176.2	419.7	1 594.6	3 458.6
Loans received*	2 664.0	2 597.4	0.0	0.0
Other liabilities	36.4	16.0	28.5	44.9
Total	**4 554.6**	**4 961.7**	**4 961.9**	**7 597.1**

*) The item *Loans received* covers funding of long-term leasing contracts in EUR (the so-called matched funding) recevied by the subsidiary ING Lease Sp. z o.o. from ING Bank NV.

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Financial liabilities designated as at fair value upon initial recognition, of which:	2 067.5	2 448.3	1 629.5	5 134.4
- Sell-buy-back transaction	*2 067.5*	*2 448.3*	*1 629.5*	*5 134.4*
Book short position in trading securities	935.9	310.4	185.2	235.9
Total	**3 003.4**	**2 758.7**	**1 814.7**	**5 370.3**

7.15. Liabilities due to customers

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Deposits	56 793.8	53 895.8	52 334.6	50 040.1
Repo transactions	0.0	4.5	116.1	62.0
Other liabilities	1 063.7	966.9	481.4	656.6
Total liabilities due to customers, of which:	**57 857.5**	**54 867.2**	**52 932.1**	**50 758.7**
- due to entities from the financial sector other than banks	*3 503.8*	*3 184.5*	*3 082.2*	*2 478.7*
- due to entities from the non-financial sector	*52 251.1*	*50 048.9*	*47 745.2*	*46 054.7*
- due to entities from the government and self-government institutions' sector	*2 102.6*	*1 633.8*	*2 104.7*	*2 225.3*

Liabilities due to entities from the financial sector other than banks

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Deposits, of which:	3 327.2	3 048.3	2 910.0	2 304.7
- current accounts	*2 292.6*	*2 527.5*	*1 250.8*	*1 396.9*
- term deposit	*1 034.6*	*520.8*	*1 659.2*	*907.8*
Repo transactions	0.0	4.5	116.1	62.0
Other liabilities	176.6	131.7	56.1	112.0
Total	**3 503.8**	**3 184.5**	**3 082.2**	**2 478.7**

Interim condensed consolidated financial statements (PLN million)

Liabilities due to entities from the non-financial sector

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Business entities' deposits, of which:	13 739.9	13 132.6	13 887.3	13 100.1
- current accounts	*11 395.0*	*10 246.7*	*10 224.7*	*9 529.4*
- term deposit	*2 344.9*	*2 885.9*	*3 662.6*	*3 570.7*
Households' deposits, of which:	37 627.7	36 082.7	33 434.7	32 412.1
- current accounts	*7 520.3*	*5 909.6*	*5 065.5*	*4 880.8*
- saving accounts and term deposits	*30 107.4*	*30 173.1*	*28 369.2*	*27 531.3*
Other liabilities	883.5	833.6	423.2	542.5
Total	**52 251.1**	**50 048.9**	**47 745.2**	**46 054.7**

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Deposits, of which:	2 099.0	1 632.2	2 102.6	2 223.2
- current accounts	*1 982.1*	*1 318.5*	*1 930.9*	*1 569.5*
- term deposit	*116.9*	*313.7*	*171.7*	*653.7*
Other liabilities	3.6	1.6	2.1	2.1
Total	**2 102.6**	**1 633.8**	**2 104.7**	**2 225.3**

7.16. Provisions

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Provision for issues in dispute	20.6	19.3	21.0	20.5
Provision for issues in dispute	22.3	20.0	10.6	9.0
Provision for retirement benefits	20.3	17.5	17.5	15.9
Provision for unused holidays	9.5	8.5	7.8	6.3
Provision for employment restructuring	0.1	0.1	1.2	1.1
Total	**72.8**	**65.4**	**58.1**	**52.8**

Interim condensed consolidated financial statements (PLN million)

7.17. Solvency ratio

Own funds	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
A. Own equity in the statement of financial position, of which:	**8 136.1**	**7 427.2**	**6 416.0**	**6 196.9**
A.I. Own equity included in tier 1 capital, of which:	**6 699.9**	**6 701.3**	**5 817.2**	**5 819.5**
- share capital	*130.1*	*130.1*	*130.1*	*130.1*
- supplementary capital - agio	*956.3*	*956.3*	*956.3*	*956.3*
- supplementary capital - other	*96.7*	*96.6*	*75.3*	*75.2*
- reserve capital	*4 004.4*	*4 004.4*	*3 139.8*	*3 139.8*
- general risk fund	*960.2*	*960.2*	*910.2*	*910.2*
- retained profit of past years and profit during the approval	*112.8*	*113.9*	*172.8*	*170.5*
- net profit of current period in audited part	*439.1*	*439.1*	*446.4*	*446.4*
- non-controlling interests	*2.3*	*2.3*	*2.3*	*2.3*
- revaluation reserve from measurement of available-for-sale financial assets (unrealised losses)	*-2.0*	*-1.6*	*-16.0*	*-11.3*
A.II. Own equity included in tier 2 capital, of which:	**585.4**	**289.0**	**33.3**	**16.8**
- revaluation reserve from measurement of available-for-sale financial assets (unrealised gains)	*585.4*	*289.0*	*33.3*	*16.8*
A.III. Own equity excluded from own funds calculation, of which:	***850.8***	***436.9***	***565.5***	***360.6***
- revaluation reserve from measurement of available-for-sale financial assets	*7.3*	*3.5*	*3.5*	*0.6*
- revaluation reserve from measurement of property, plant and equipment	*42.0*	*38.0*	*39.3*	*44.7*
- revaluation reserve from measurement of cash flow hedging instruments	*367.0*	*154.7*	*58.2*	*67.4*
- revaluation of share-based payment	*41.3*	*38.5*	*30.8*	*27.8*
- net profit of current period in unaudited part	*393.2*	*203.2*	*433.7*	*220.1*
B. Other elements of own funds (decreases and increases), of which:	**-488.1**	**-503.7**	**-524.0**	**-355.2**
B.I. Other elements of tier 1 capital:	**-447.1**	**-452.6**	**-523.4**	**-378.8**
- intangible assets	*-361.6*	*-361.1*	*-362.0*	*-355.6*
- capital commitments in financial institutions (50%)	*-20.0*	*-20.0*	*-20.0*	*-23.2*
- amount of expected losses (50%) – only for AIRB method	*-65.5*	*-71.5*	*-141.4*	*0.0*
B.II. Other elements of tier 2 capital:	**-85.4**	**-91.5**	**-33.3**	**-16.8**
- capital commitments in financial institutions (50%)	*-20.0*	*-20.0*	*-20.0*	*-16.8*
- amount of expected losses (50%) – only for AIRB method	*-65.4*	*-71.5*	*-13.3*	*0.0*
B.III. Short-term capital	**44.4**	**40.4**	**32.7**	**40.4**
Own funds taken into account in solvency ratio calculation according to advanced method (AIRB) (A.I. + A.II. + B.I. + B.II. + B.III.), of which:	**6 797.2**	**6 486.6**	**5 326.5**	**-**
- Tier 1 capital (A.I. + B.I.)	6 252.8	6 248.7	5 293.8	-
- Tier 2 capital (A.II. + B.II.)	500.0	197.5	0.0	-
- Short-term capital (B.III.)	44.4	40.4	32.7	-
Own funds taken into account in solvency ratio calculation according to standard method (SA) (A.I. + A.II. + B.I. + B.II. + B.III.), of which:	**6 928.1**	**6 629.6**	**5 481.2**	**5 481.1**
- Tier 1 capital (A.I. + B.I.)	6 318.3	6 320.2	5 435.2	5 440.7
- Tier 2 capital (A.II. + B.II.)	565.4	269.0	13.3	0.0
- Short-term capital (B.III.)	44.4	40.4	32.7	40.4

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Capital requirements	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
- Capital requirements for credit risk, credit counterparty, dilution and delivery of instruments for future settlement	3 285.8	3 349.6	3 176.6	3 056.2
- including: supplementation of the credit risk capital requirement to the requirement computed using the standard method	*441.5*	*372.4*	*329.0*	-
- Capital requirement for the risk of settlement - delivery	13.0	12.2	7.9	7.1
- Capital requirement for operational risk	405.9	405.9	364.6	361.7
- Capital requirement for general interest rate risk	31.4	28.2	24.8	33.2
- Capital requirement due to exposure concentration limit overrun	0.0	0.0	0.0	33.4
Total capital requirement computed with Advanced Internal Rating-Based method (AIRB) for calculation of the credit risk requirement	**3 294.6**	**3 423.5**	**3 244.9**	**-**
Total capital requirement computed with Standard Approach (SA) for calculation of the credit risk requirement	**3 736.1**	**3 795.9**	**3 573.9**	**3 491.8**
Solvency ratio - supervisory	**14.55%**	**13.67%**	**11.92%**	**-**
Solvency ratio (SA)	**14.83%**	**13.97%**	**12.27%**	**12.56%**
Solvency ratio (AIRB)	**16.51%**	**15.16%**	**13.13%**	**-**

Following the letter of the Polish Financial Supervision Authority (PFSA) dated 18 May 2012 related to the decision of 06 October 2011 on a conditional approval of application of the Advanced Internal Rating-Based Approach (AIRB) by the Bank "(...) the solvency ratio should be computed based on the following figures:

1) for the capital requirement for credit risk computed with AIRB being lower than the capital requirement for credit risk computed using standard approach:
   a) for own funds – considering the amount calculated with AIRB,
   b) for the total capital requirement – considering the supplementary amount of capital requirement for credit risk to the requirement calculated under standard approach (SA),
2) for the capital requirement for credit risk computed with AIRB being higher than the capital requirement for credit risk computed under standard approach:
   a) for own funds – considering the amount calculated with AIRB,
   b) for the total capital requirement – considering the capital requirement for credit risk calculated with AIRB."

AIRB method may be applied in full to calculate the capital requirement for credit risk for supervisory purposes only upon fulfillment by the Bank of the requirements listed in the aforesaid decision of PFSA. By then the Bank is obliged to consider the supplementary amount of capital requirement for credit risk to the requirement calculated under standard approach - in 100% in the period ending 31.12.2012 and in 90% in the period ending 30.06.2013.

Interim condensed consolidated financial statements (PLN million)

8. 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 keeping the Eurozone debt markets relatively stable by dint of measures taken by ECB; poor propensity of ECB to further stimulate economy, potential consequences of Italian elections,
- actions taken by major world central banks whereby the Euro currency is kept dangerously strong, the fact which is rather not helpful in pulling the Eurozone out of recession,
- slow overcoming of recession by the Eurozone – ING economists believe that GDP in the Eurozone will grow at the pace of 0% in 2013,
- potential consequences of the decision of American politicians on cutting back expenditure
  and raising the acceptable debt of the USA; lack of compromise in that regard can adversely impact on the financial markets and development of both the American and world economies.
- economic slowdown in Poland – according to the forecasts prepared at ING Bank Śląski S.A., in Q4 2012 GDP growth rate could fall to 0.2% (y/y), while in 2013 it can be 1.1% versus 2% throughout 2012,
- poor consumption growth (following the revision of consumer habits and replenishment of savings) and lower investments in 2013 (due to completion and absence of new large investment projects carried out using public funds). ING economists are of the opinion that the governmental programme "Polish Investments" will have tangible effects for the economy growth at the 2013 yearend; nonetheless, its impact will be more noticeable first in 2014,
- change on the labour market – as at the end of 2012, the unemployment rate was 13.3% against 12.5% as at the 2011 yearend, negative processes on the labour market gained momentum in mid-2012,
- main interest rates in Poland – on account of economic slowdown and fast inflation decline (in December 2012 it was 2.4% y/y; in other words: it was below the official inflation target of NBP for the first time in more than two years), it is expected that the monetary policy will be further eased. The forecasts by ING economists read that within 9 months the Monetary Policy Council will cut down interest rates by 100bp in total to the level of 3.00% (reference rate) in 2013.

9. Off-balance sheet items

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Contingent liabilities granted	16 559.9	15 925.6	16 777.7	15 965.2
Contingent liabilities received	38 516.1	42 477.5	34 334.8	21 420.3
Off-balance sheet financial instruments	133 546.7	136 847.1	157 928.2	139 922.9
Total off-balance sheet items	**188 622.7**	**195 250.2**	**209 040.7**	**177 308.4**

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

In Q4 2012, the Bank issued the first bonds under the Programme of ING Bank Śląski S.A. Debt Securities Issue, which has been described in Chapter II. *Supplementary information in item 2. Significant events in Q4 2012.*

11. Dividends paid

On 19th April 2012, the General Meeting resolved not to pass a resolution on dividend payout for 2011 and approved earmarking the entire 2011 net profit of the Group's dominant entity for equity.

On 7th 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 195.2 million. The dividend was paid on 1st July 2011.

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 million)

	4 quarters 2012 the period from 01 Jan 2012 to 31 Dec 2012	**4 quarters 2011** the period from 01 Jan 2011 to 31 Dec 2011
Status at the period beginning:	**21.0**	**20.2**
Establishment of provisions	1.9	1.8
Release of provisions	-4.1	-0.3
Utilisation of provision	-0.4	-0.7
Acquisition of subsidiaries	2.3	0.0
Others	-0.1	0.0
Status as at the period end	**20.6**	**21.0**

Either in 12 months of 2012 or 12 months of 2011, 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

ING Bank Śląski subsidiaries and affiliated entities (their list has been presented in Chapter II. *Supplementary information* in item 1.4. *ING Bank Śląski S.A. Capital Group)* 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. 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 as well as management and employees' insurance contributions.

In the period from 1st January 2012 to 31st December 2012 the following transactions were made of the total value exceeding EURO 500.000:

- transactions with ING Bank NV – under execution of Co-operation Agreement and Agreement on Provision of Data Processing and Financial Information Analysis Services, the fee for services rendered under financial advisory and the fee for using by ING Bank Śląski the data processing and financial information analysis services for the 12 months of 2012 totalled PLN 87.1 million against PLN 75.6 million in the analogous period of the previous year (net amounts).
- transactions with ING Services Polska – the company renders hardware lease services for ING Bank Śląski. Services' costs amounted to PLN 41.8 million versus PLN 40.0 million in the analogous period of the previous year (gross amounts).

Transactions with related entities (in PLN million)

31.12.2012

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	29.6	27.1	-	-
Loans	-	3.1	3 138.3	-
Positive valuation of derivatives	379.7	347.6	-	-
Repo	66.0	-	-	-
Other receivables	4.8	0.7	0.6	-
Liabilities				
Deposits received	420.1	1 036.4	515.2	56.7
Loans received	2 489.5	-	-	-
Loro accounts	20.4	14.8	-	-
Negative valuation of derivatives	363.1	371.2	-	-
Repo	89.1	-	-	-
Other liabilities	3.6	-	0.5	-
Off-balance-sheet operations				
Contingent liabilities	27.0	41.0	943.5	-
FX transactions	1 017.5	57.0	-	-
Forward transactions	57.9	2.5	-	-
IRS	7 863.4	5 723.6	-	-
Options	722.9	1 770.0	-	-
Revenue and costs**				
Revenue	-66.6	-15.7	132.0	-2.8
Costs	81.0	39.8	16.7	-

31.12.2011

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Deposits placed	3.6	-	-	-
Nostro accounts	10.2	-	-	-
Loans	-	1 720.1	-	-
Positive valuation of derivatives	648.2	0.7	-	-
Other receivables	23.7	0.2	0,2	-
Liabilities				
Deposits received	1 565.7	1 267.8	252.8	13.3
Loro accounts	33.1	1,0	-	-
Negative valuation of derivatives	702.3	4.2	-	-
Repo	1 594.5	-	-	-
Other liabilities	39.0	-	1.4	-
Off-balance-sheet operations				
Contingent liabilities	316.1	545.8	15.1	-
FX transactions	8 773.9	0.7	-	-
Forward transactions	70.6	-	-	-
IRS	16 994.3	13.4	-	-
Options	1 502.3	712.3	-	-
Revenue and costs**				
Revenue	-23.1	87.3	-10.4	-1.7
Costs	67,6	69.1	3.7	-

*/ 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

15.1. 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 banking 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.

15.1.1. Retail banking 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.

15.1.2. 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, products related to leasing and factoring services offered by ING Lease (Polska) Sp. z o.o. and ING Commercial Finance Polska S.A.

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.

15.1.3. Modifications in the reporting for Bank operating segments

In 2012, the Bank changed reporting for its operating segments. The change was the consequence of client resegmentation and update of the allocation key for ALCO income. Data for the 12 months of 2012 presented herein were made comparable.

15.2. Geographical segments

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

PLN million	**4 quarters 2012** the period from 01 Jan 2012 to 31 Dec 2012		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 546.3**	**1 654.8**	**3 201.1**
Net interest income	1 001.1	1 047.8	2 048.9
external	*204.3*	*1 844.6*	*2 048.9*
internal	*796.7*	*-796.7*	*0.0*
Net commission income	458.5	545.8	1 004.3
external	*541.7*	*600.8*	*1 142.5*
internal	*-83.2*	*-55.0*	*-138.2*
Other income/expenses	51.0	61.2	112.2
Share in net profit (loss) of associated entities recognised under the equity method	35.7	0.0	35.7
Expenses total	**1 100.5**	**721.7**	**1 822.2**
Result before risk	**445.8**	**933.1**	**1 378.9**
Impairment losses	90.1	272.7	362.8
Result after impairment losses (profit before tax)	**355.7**	**660.4**	**1 016.1**
Income tax	-	-	183.8
Result after tax	-	-	**832.3**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**832.3**

PLN million	**IV quarter 2012** the period from 01 Oct 2012 to 31 Dec 2012		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**376.1**	**396.2**	**772.3**
Net interest income	211.3	294.5	505.8
external	*15.0*	*490.8*	*505.8*
internal	*196.2*	*-196.2*	*0.0*
Net commission income	116.8	138.9	255.7
external	*138.5*	*154.1*	*292.6*
internal	*-21.7*	*-15.2*	*-36.9*
Other income/expenses	37.9	-37.2	0.7
Share in net profit (loss) of associated entities recognised under the equity method	10.1	0.0	10.1
Expenses total	**266.5**	**182.6**	**449.1**
Result before risk	**109.6**	**213.6**	**323.2**
Impairment losses	24.1	60.6	84.7
Result after impairment losses (profit before tax)	**85.5**	**153.0**	**238.5**
Income tax	-	-	48.5
Result after tax	-	-	**190.0**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**190.0**

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

PLN million	**4 quarters 2011** the period from 01 Jan 2011 to 31 Dec 2011		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 533.0**	**1 420.6**	**2 953.6**
Net interest income	954.8	896.7	1 851.5
external	*288.4*	*1 563.1*	*1 851.5*
internal	*666.4*	*-666.4*	*0.0*
Net commission income	492.2	529.0	1 021.2
external	*584.3*	*585.8*	*1 170.1*
internal	*-92.1*	*-56.8*	*-148.9*
Other income/expenses	44.8	-5.1	39.7
Share in net profit (loss) of associated entities recognised under the equity method	41.2	0.0	41.2
Expenses total	**1 010.2**	**653.4**	**1 663.6**
Result before risk	**522.8**	**767.2**	**1 290.0**
Impairment losses	90.2	82.2	172.4
Result after impairment losses (profit before tax)	**432.6**	**685.0**	**1 117.6**
Income tax	-	-	237.5
Result after tax	-	-	**880.1**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**880.1**

PLN million	**IV quarter 2011** the period from 01 Oct 2011 to 31 Dec 2011		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**374.7**	**370.3**	**745.0**
Net interest income	236.9	242.8	479.7
external	*60.3*	*419.4*	*479.7*
internal	*176.6*	*-176.6*	*0.0*
Net commission income	120.4	129.6	250.0
external	*146.3*	*144.5*	*290.8*
internal	*-25.9*	*-14.9*	*-40.8*
Other income/expenses	7.3	-2.1	5.2
Share in net profit (loss) of associated entities recognised under the equity method	10.1	0.0	10.1
Expenses total	**246.1**	**164.5**	**410.6**
Result before risk	**128.6**	**205.8**	**334.4**
Impairment losses	14.1	36.4	50.5
Result after impairment losses (profit before tax)	**114.5**	**169.4**	**283.9**
Income tax	-	-	70.3
Result after tax	-	-	**213.6**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**213.6**

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

Interim condensed consolidated financial statements (PLN million)

16. Other informations

16.1. 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. At the beginning of 2012, the Agency revised rating of ING Bank Śląski S.A. and as a result affirmed all the Bank's ratings assigned before (Fitch's press release of 28th February 2012 as well as the full report on the Bank's rating of 16th March 2012). As at 31.12.2012, the Bank had the rating of financial credibility, issued by the agency:

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). Viability rating of bbb+ means that according to the Agency, the intrinsic creditworthiness of the Bank; i.e., without any support (understood as the capacity to pay one's liabilities on time) is high. The Agency is of the opinion that the Bank has strong capital and liquidity position. Viability Rating was introduced to supersede individual rating which was withdrawn by the Agency on 25 January 2012. VR bbb+ was the highest rating to win by a financial institution with C individual rating (before individual rating withdrawal, ING Bank Śląski had such rating).

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 31.12.2012, the Bank had the rating of financial credibility, issued by the agency:

Rating	Level
Long-term deposits (LT rating)	Baa1
Short-term deposits (ST rating)	P-2
Financial strength (BFSR)/ individual rating (BCA)	D+ / baa3
Financial strength outlook	Stable

On 21 February 2012, the Moody's Agency has placed on review for downgrade ING Bank Śląski S.A. deposit ratings. This was caused by the analogous rating action addressed at the parent company ING Bank NV as part of a mass rating review – 114 banks from 16 countries

Interim condensed consolidated financial statements (PLN million)

(Moody's press release of 15 February 2012). As a result of the then-announced mass review of financial institutions' ratings, on 15 June 2012, the Moody's Agency downgraded Dutch banks' ratings, among others: ING Bank N.V. to A2 (from Aa3; i.e., by two notches) for long-term deposit rating and to C-/baa1 (from C+/a2; i.e. by two notches as well) for the Bank financial strength rating (BSFR). For both ratings the outlook remained negative.

16.2. Number of Branches and ATMs

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

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Number of outlets	426	432	439	441

As at the end of December 2012, the Bank had a network of 772 ATMs[1] compared with 774 ATMs as at the end of September 2012 and 773 ATMs in the analogical period last year.

As at the end of December 2012, the Bank also had a network of 696 cash deposit machines[2], compared with 653 deposit machines as at the end of September 2012 and 583 deposit machines in the analogical period last year.

16.3. Electronic distribution channels

Development of electronic distribution channels is one of the Bank's priorities. A regular update of this offer results in an increase of the number of Clients interested in e-banking.

The figures for electronic banking clients[3] are as follows:

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
ING BankOnLine, ING OnLine, ING BusinessOnLine and MultiCash	2 350 269	2 293 958	2 115 325	2 067 794
HaloŚląski	1 433 433	1 387 112	1 285 261	1 235 080
SMS	1 035 575	1 003 993	918 954	885 984
Mobile Banking	88 421	63 463	-	-

The monthly number of transactions in December 2012 was at the level of 16.4 million, whereas at the end of September 2012 it was 14.4 million and in the analogical period last year it was 14.2 million.

16.4. 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:

[1] Including duals the number of which as of the end of December 2012 was 345.
[2] As above.
[3] The number of clients is not the same as the number of users as one client may represent several users in a given system.

(in thousands)	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Payment cards, of which:	2 437	2 456	2 386	2 375
Debit cards	*2 144*	*2 188*	*2 116*	*2 102*
Credit cards	*201*	*202*	*211*	*216*
Other cards	*92*	*66*	*59*	*57*

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 2012, clients were issued 1,511.6 thousand proximity cards in total[1] (1,386.1 thousand as at the end of September 2012 and 844.1 thousand in the same period last year) and 34.2 thousand Virtual C@rds (32.9 thousand as at the end of September 2012 and 28.0 thousand in the same period last year).

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

Interim condensed consolidated financial statements (PLN million)

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2013-02-12	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2013-02-12	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2013-02-12	**Tomasz Biłous**	Director of Accounting Department Chief Accountant	*(signed on the Polish original)*

Interim condensed standalone financial statements (PLN million)

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT

	4 Q 2012 the period from 01 Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
- Interest income	943,5	3 678,6	908,6	3 383,1
- Interest expenses	466,9	1 747,3	417,7	1 544,3
Net interest income	**476,6**	**1 931,3**	**490,9**	**1 838,8**
- Commission income	271,8	1 058,5	273,4	1 091,6
- Commission expenses	31,8	119,8	33,4	124,1
Net commission income	**240,0**	**938,7**	**240,0**	**967,5**
Net income on financial instruments measured at fair value through profit or loss and FX result	0,4	83,6	-12,1	17,3
Net income on investments	-0,2	61,7	5,8	142,1
Net income on hedge accounting	-4,3	-13,3	9,7	-33,4
Net income on other basic activities	0,0	-1,2	0,2	1,4
Result on basic activities	**712,5**	**3 000,8**	**734,5**	**2 933,7**
General and administrative expenses	416,8	1 710,8	410,1	1 621,5
Result on other operating income and expenses	-1,8	0,7	-5,6	-8,1
Impairment losses and provisions for off-balance sheet liabilities	76,2	350,1	49,3	172,4
Profit (loss) before tax	**217,7**	**940,6**	**269,5**	**1 131,7**
Income tax	44,5	182,8	69,3	227,9
Net result for the current period	**173,2**	**757,8**	**200,2**	**903,8**

Net profit (loss)	**173,2**	**757,8**	**200,2**	**903,8**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1,33**	**5,82**	**1,54**	**6,95**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2012 the period from 01 Oct 2012 to 31 Dec 2012	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 the period from 01 Oct 2011 to 31 Dec 2011	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
Net result for the period	**173,2**	**757,8**	**200,2**	**903,8**
Other comprehensive income	**512,0**	**879,0**	**9,1**	**75,1**
Total comprehensive income for the period	**685,2**	**1 636,8**	**209,3**	**978,9**

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SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

Tomasz Biłous
Director of Accounting Department, Chief Accountant
Signed on the Polish original

Katowice, 12-02-2013

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 million)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
A S S E T S				
- Cash in hand and balances with the Central Bank	4 071,6	2 126,0	1 493,1	4 064,9
- Loans and receivables to other banks	1 365,3	3 384,5	967,1	3 140,6
- Financial assets measured at fair value through profit and loss	1 554,6	1 522,6	639,6	1 112,7
- Valuation of derivatives	1 822,7	1 525,2	1 858,4	1 781,9
- Investments	17 880,5	13 535,5	20 450,1	22 395,5
- available-for-sale	*17 880,5*	*13 535,5*	*15 467,8*	*17 378,8*
- held-to-maturity	*0,0*	*0,0*	*4 982,3*	*5 016,7*
- Derivative hedge instruments	1 112,6	675,3	433,4	337,1
- Loans and receivables to customers	45 764,0	46 118,4	42 298,7	39 109,4
- Investments in controlled entities recognised under the equity method	454,4	454,4	238,3	451,8
- Property, plant and equipment	587,2	569,2	562,4	502,5
- Intangible assets	355,9	355,9	360,8	354,2
- Property, plant and equipment held for sale	22,1	22,6	22,4	33,4
- Current income tax assets	0,0	0,0	146,5	56,2
- Deferred tax assets	0,0	10,4	15,4	96,1
- Other assets	168,3	292,5	138,1	212,7
T o t a l a s s e t s	**75 159,2**	**70 592,5**	**69 624,3**	**73 649,0**

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Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION - continued

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
E Q U I T Y A N D L I A B I L I T I E S				
LIABILITIES				
- Liabilities due to the Central Bank	0,0	0,0	0,0	0,0
- Liabilities due to other banks	1 870,0	2 363,8	4 951,8	7 661,0
- Financial liabilities measured at fair value through profit and loss	3 003,4	2 758,7	1 814,7	5 370,3
- Valuation of derivatives	1 778,3	1 500,5	1 694,1	1 865,7
- Derivative hedge instruments	1 364,0	1 069,0	900,6	813,1
- Liabilities due to customers	57 782,6	54 729,0	53 044,3	50 842,2
- Liabilities under issue of debt securities	567,1	0,0	0,0	0,0
- Provisions	68,9	62,0	56,6	51,3
- Current income tax liabilities	70,0	11,5	0,0	0,0
- Other liabilities	748,8	907,2	930,7	1 026,2
T o t a l l i a b i l i t i e s	**67 280,4**	**63 401,7**	**63 392,8**	**67 629,8**
EQUITY				
- Share capital	130,1	130,1	130,1	130,1
- Supplementary capital - issuance of shares over nominal value	956,3	956,3	956,3	956,3
- Revaluation reserve from measurement of available-for-sale financial assets	590,3	290,5	20,4	5,6
- Revaluation reserve from measurement of property, plant and equipment	33,4	33,5	34,8	33,0
- Revaluation reserve from measurement of cash flow hedging instruments	367,0	154,7	58,2	67,4
- Revaluation of share-based payment	41,3	38,5	30,8	27,8
- Retained earnings	5 760,4	5 587,2	5 000,9	4 799,0
T o t a l e q u i t y	**7 878,8**	**7 190,8**	**6 231,5**	**6 019,2**
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	**75 159,2**	**70 592,5**	**69 624,3**	**73 649,0**

Net book value	**7 878,8**	**7 190,8**	**6 231,5**	**6 019,2**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**60,56**	**55,27**	**47,90**	**46,27**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

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Katowice, 12-02-2013

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 million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

4 Q 2012
the period from 01 Oct 2012 to 31 Dec 2012

	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	**130,1**	**956,3**	**290,5**	**33,5**	**154,7**	**38,5**	**5 587,2**	**7 190,8**
Net result for the current period	-	-	-	-	-	-	173,2	**173,2**
Other comprehensive income, of which:	**0,0**	**0,0**	**299,8**	**-0,1**	**212,3**	**0,0**	**0,0**	**512,0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*302,7*	-	-	-	-	*302,7*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-2,9*	-	-	-	-	*-2,9*
- remeasurement of property, plant and equipment	-	-	-	*-0,1*	-	-	-	*-0,1*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*212,3*	-	-	*212,3*
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**0,0**	**2,8**
- revaluation of share-based payment	-	-	-	-	-	*2,8*	-	*2,8*
Closing balance of equity	**130,1**	**956,3**	**590,3**	**33,4**	**367,0**	**41,3**	**5 760,4**	**7 878,8**

4 Q 2012 YTD
the period from 01 Jan 2012 to 31 Dec 2012

	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	**130,1**	**956,3**	**20,4**	**34,8**	**58,2**	**30,8**	**5 000,9**	**6 231,5**
Net result for the current period	-	-	-	-	-	-	757,8	**757,8**
Other comprehensive income, of which:	**0,0**	**0,0**	**569,9**	**-1,4**	**308,8**	**0,0**	**1,7**	**879,0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*590,5*	-	-	-	-	*590,5*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-20,4*	-	-	-	-	*-20,4*
- 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	-	-	*-0,2*	-	-	-	-	*-0,2*
- remeasurement of property, plant and equipment	-	-	-	*-0,7*	-	-	-	*-0,7*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*308,8*	-	-	*308,8*
- disposal of property, plant and equipment	-	-	-	*-0,7*	-	-	*1,7*	*1,0*
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**10,5**	**0,0**	**10,5**
- revaluation of share-based payment	-	-	-	-	-	*10,5*	-	*10,5*
Closing balance of equity	**130,1**	**956,3**	**590,3**	**33,4**	**367,0**	**41,3**	**5 760,4**	**7 878,8**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

Małgorzata Kołakowska
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Katowice, 12-02-2013

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 million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued

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	**130,1**	**956,3**	**5,6**	**33,0**	**67,4**	**27,8**	**4 799,0**	**6 019,2**
Net result for the current period	-	-	-	-	-	-	200,2	**200,2**
Other comprehensive income, of which:	**0,0**	**0,0**	**14,8**	**1,8**	**-9,2**	**0,0**	**1,7**	**9,1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*18,4*	-	-	-	-	*18,4*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-3,5*	-	-	-	-	*-3,5*
- 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	-	-	*-0,1*	-	-	-	-	*-0,1*
- remeasurement of property, plant and equipment	-	-	-	*4,3*	-	-	-	*4,3*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-9,2*	-	-	*-9,2*
- merger with subsidiary	-	-	-	-	-	-	*-0,7*	*-0,7*
- disposal of property, plant and equipment	-	-	-	*-2,5*	-	-	*2,4*	*-0,1*
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**3,0**	**0,0**	**3,0**
- revaluation of share-based payment	-	-	-	-	-	*3,0*	-	*3,0*
Closing balance of equity	**130,1**	**956,3**	**20,4**	**34,8**	**58,2**	**30,8**	**5 000,9**	**6 231,5**

4 Q 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	**130,1**	**956,3**	**8,1**	**35,6**	**0,4**	**21,1**	**4 286,5**	**5 438,1**
Net result for the current period	-	-	-	-	-	-	903,8	**903,8**
Other comprehensive income, of which:	**0,0**	**0,0**	**12,3**	**-0,8**	**57,8**	**0,0**	**5,8**	**75,1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*36,8*	-	-	-	-	*36,8*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-24,2*	-	-	-	-	*-24,2*
- 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	-	-	*-0,3*	-	-	-	-	*-0,3*
- remeasurement of property, plant and equipment	-	-	-	*4,7*	-	-	-	*4,7*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*57,8*	-	-	*57,8*
- merger with subsidiary	-	-	-	-	-	-	*-0,7*	*-0,7*
- disposal of property, plant and equipment	-	-	-	*-5,5*	-	-	*6,5*	*1,0*
Transactions with owners, of which:	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**9,7**	**-195,2**	**-185,5**
- revaluation of share-based payment	-	-	-	-	-	*9,7*	-	*9,7*
- dividends paid	-	-	-	-	-	-	*-195,2*	*-195,2*
Closing balance of equity	**130,1**	**956,3**	**20,4**	**34,8**	**58,2**	**30,8**	**5 000,9**	**6 231,5**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Oscar Edward Swan
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

Tomasz Biłous
Director of Accounting Department, Chief Accountant
Signed on the Polish original

Katowice, 12-02-2013

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 million)

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

	4 Q 2012 YTD the period from 01 Jan 2012 to 31 Dec 2012	4 Q 2011 YTD the period from 01 Jan 2011 to 31 Dec 2011
OPERATING ACTIVITIES		
Net profit (loss)	**757,8**	**903,8**
Adjustments	**-3 385,8**	**-2 929,2**
- Depreciation and amortisation	145,7	131,3
- Interest accrued (from the profit and loss account)	1 931,3	1 838,8
- Interest paid	1 788,2	1 522,6
- Interest received	-3 878,0	-3 702,7
- Dividends received	-41,3	-109,0
- Gains (losses) on investment activities	-7,1	-1,6
- Income tax (from the profit and loss account)	182,8	227,9
- Income tax paid	76,4	-364,6
- Change in provisions	12,3	2,2
- Change in loans and other receivables to other banks	-233,5	676,9
- Change in financial assets at fair value through profit or loss	-915,5	-3,4
- Change in available-for-sale financial assets	-1 808,3	1 363,7
- Change in valuation of derivatives	119,9	-298,1
- Change in derivative hedge instruments	93,0	29,3
- Change in loans and other receivables to customers	-3 448,2	-8 304,1
- Change in other assets	-38,5	-19,7
- Change in liabilities due to other banks	-3 082,0	796,5
- Change in liabilities at fair value through profit or loss	1 188,7	-2 866,7
- Change in liabilities due to customers	4 699,7	5 639,4
- Change in other liabilities	-171,4	512,1
Net cash flow from operating activities	**-2 628,0**	**-2 025,4**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-119,8	-135,1
- Disposal of property, plant and equipment	0,5	2,6
- Purchase of intangible assets	-56,0	-78,5
- Purchase of investments in subordinated entities	-216,1	0,0
- Disposal of fixed assets held for sale	9,4	0,0
- Redemption / sale of held-to-maturity financial assets	4 998,5	1 290,4
- Interest received from held-to-maturity financial assets	148,3	260,2
- Dividends received	41,3	109,0
Net cash flow from investment activities	**4 806,1**	**1 448,6**
FINANCIAL ACTIVITIES		
- Issue of debt securities	565,0	0,0
- Dividends paid	0,0	-195,2
Net cash flow from financial activities	**565,0**	**-195,2**
Effect of exchange rate changes on cash and cash equivalents	***-100,7***	***104,5***
Net increase/decrease in cash and cash equivalents	**2 743,1**	**-772,0**
Opening balance of cash and cash equivalents	**2 305,7**	**3 077,7**
Closing balance of cash and cash equivalents	**5 048,8**	**2 305,7**

SIGNATURES OF THE MEMBERS OF THE MANAGEMENT BOARD OF ING BANK ŚLĄSKI S.A.

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SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

Tomasz Biłous
Director of Accounting Department, Chief Accountant
Signed on the Polish original

Katowice, 12-02-2013

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

1.1. 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.

1.2. Discontinued operations

No operations were discontinued during the 4 quarters 2012 and 4 quarters 2011.

1.3. Compliance with IFRS

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 4th quarter 2012 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 31st December 2012 as well as in accordance with the Ordinance of Finance Minister of 19th February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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 1st January 2012 to 31st December 2012, and interim condensed standalone statement of financial position as at 31st December 2012 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparable data

The comparative data cover the period from 1st January 2011 to 31st December 2011 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 30th September 2012, 31st December 2011 and 30th September 2011.

Interim condensed standalone income statements and interim condensed standalone statement of comprehensive income include data for the 4th quarter 2012 (period from 1st October 2012 to 31st December 2012) as well as comparative data for the 4th quarter 2011 (period from 1st October 2011 to 31st December 2011).

1.5. 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 developed in Polish zloties

("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

1.6. 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 2011 annual standalone financial statements. Amendments to standards and new interpretations are described in interim condensed consolidated statements of the ING Bank Śląski S.A. Capital Group enclosed herewith ("interim condensed consolidated financial statements"), in chapter II. *Additional information* in item 4.5. *Changes to accounting standards*.

1.7. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 12 February 2013.

2. Material accounting principles (policy)

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1st January 2011 to 31st December 2011 published on 2nd March 2012 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.

2.1. Investment in subsidiaries and associates

2.1.1. 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.

2.1.2. 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.

2.1.3. 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.

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 5.2. *Accounting estimates*

4. Comparability of financial data

In the interim condensed standalone financial statements for the 4 quarter 2012 the Bank did not change the principles of presentation, compared to the financial statements for the 4 quarter 2011.

5. Significant events in 4th quarter 2012

Significant events that occurred in 4th quarter 2012 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in 4th quarter 2012*.

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

In Q4 2012, the Bank issued the first bonds under the Programme of ING Bank Śląski S.A. Debt Securities Issue, which has been described in Chapter II. *Supplementary information in item 2. Significant events in Q4 2012.*

8. Dividends paid

On 19th April 2012, the General Meeting resolved not to pass a resolution on dividend payout for 2011 and approved earmarking the entire 2011 net profit of the Bank for equity.

On 7th 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 195.2 million. The dividend was paid on 1st July 2011.

9. Acquisitions

In the 4th quarter 2012, the ING Bank Śląski did not make any acquisitions. In 4th quarter 2011 ING Bank Hipoteczny S.A. merged with ING Bank Śląski S.A.

Interim condensed standalone financial statements (PLN million)

10. Off-balance sheet items

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Contingent liabilities granted	15 803.1	15 775.2	16 792.8	16 152.0
Contingent liabilities received	37 324.3	41 412.3	34 334.8	21 420.3
Off-balance sheet financial instruments	133 610.6	136 916.3	157 928.2	139 922.9
Total off-balance sheet items	**186 738.0**	**194 103.8**	**209 055.8**	**177 495.2**

11. Solvency ratio

	as of 31 Dec 2012	as of 30 Sep 2012	as of 31 Dec 2011	as of 30 Sep 2011
Solvency ratio - standalone (%)				
- **regulatory**	14.00%	13.09%	11.58%	-
- calculated under standard approach (SA)	14.31%	13.41%	11.93%	11.78%
- calculated with Advanced Internal Rating-Based method (AIRB)	15.94%	14.52%	12.76%	-

12. Significant events after the balance sheet date

Significant events after the balance sheet date are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 3. *Significant events after the balance sheet date*.

13. Transactions with related entities

Transactions with related entities have been described in the interim condensed consolidated financial statements in Chapter II. *Additional information* in item 14. *Transactions with related entities.*

Interim condensed standalone financial statements (PLN million)

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2013-02-12	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2013-02-12	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2013-02-12	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2013-02-12	**Tomasz Biłous**	Director of Accounting Department Chief Accountant	*(signed on the Polish original)*

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