2014

Quarterly consolidated report of the ING Bank Śląski Group S.A. for the 4 quarter 2014

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Selected financial data from financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

Selected financial data

	IV quarter 2014	4 quarters 2014	IV quarter 2013	4 quarters 2013
Interest income	925.9	3 724.5	891.4	3 614.7
Commission income	280.0	1 168.2	289.9	1 109.9
Result on basic activities	866.0	3 532.5	827.1	3 290.4
Result before tax	292.4	1 347.4	312.3	1 192.9
Net profit attributable to shareholders of ING Bank Śląski S.A.	230.8	1 040.7	250.5	961.5
Earnings per ordinary share (PLN)	1.77	8.00	1.93	7.39

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Loans and receivables to customers (net) excluding Eurobonds	57 130.9	56 418.5	48 552.1	48 382.1
Liabilities due to customers including matched funding for leasing portfolio	78 126.0	74 200.3	69 911.2	68 960.0
- matched funding	*2 467.1*	*2 713.7*	*2 580.8*	*2 768.3*
Total assets	99 860.7	96 848.5	86 750.6	84 639.5
Equity attributable to shareholders of ING Bank Śląski S.A.	10 454.0	9 931.6	8 626.3	8 269.2
Initial capital	130.1	130.1	130.1	130.1

Key effectiveness ratios

	4 quarters 2014	4 quarters 2013	Change 4Q 2014 / 4Q 2013
C/I - Cost/Income ratio (%)	54.4	56.1	-1.7 p.p.
ROA - Return on assets (%)	1.1	1.2	-0.1 p.p.
ROE - Return on equity (%)	11.1	11.6	-0.5 p.p.
NIM - net interest margin (%)	2.67	2.68	-0.01 p.p.
L/D - Loans-to-deposits ratio (%)	73.1	69.4	+3.7 p.p.
Total capital ratio (%)	14.17	17.28	-3.11 p.p.

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.
NIM – total net interest income for 4 consecutive quarters to average interest assets for 5 consecutive 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.

Total capital 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 4.1893 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2014.
  - PLN 4.2110 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarter 2013.
- for statement of financial positions items:
  - PLN 4.2623 - NBP exchange rate of 31 December 2014.
  - PLN 4.1755 - NBP exchange rate of 30 September 2014.
  - PLN 4.1472 - NBP exchange rate of 31 December 2013.
  - PLN 4.2163 - NBP exchange rate of 30 September 2013.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
- Interest income	7.1	925.9	3 724.5	891.4	3 614.7
- Interest expenses	7.1	342.7	1 394.3	346.0	1 572.1
Net interest income	7.1	**583.2**	**2 330.2**	**545.4**	**2 042.6**
- Commission income	7.2	280.0	1 168.2	289.9	1 109.9
- Commission expenses	7.2	31.1	105.3	25.1	88.0
Net commission income	7.2	**248.9**	**1 062.9**	**264.8**	**1 021.9**
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	23.1	94.8	10.1	97.9
Net income on investments	7.4	5.4	15.6	0.4	108.8
Net income on hedge accounting	7.5	-2.1	8.7	3.7	-1.5
Net income on other basic activities	7.6	7.5	20.3	2.7	20.7
Result on basic activities		**866.0**	**3 532.5**	**827.1**	**3 290.4**
General and administrative expenses	7.7	488.5	1 929.7	450.4	1 868.4
Impairment losses and provisions for off-balance sheet liabilities	7.8	85.1	267.7	76.4	267.2
Share in net profit (loss) of associated entities recognised under the equity method		0.0	12.3	12.0	38.1
Profit (loss) before tax		**292.4**	**1 347.4**	**312.3**	**1 192.9**
Income tax		61.7	306.6	61.8	231.4
Net profit (loss)		**230.7**	**1 040.8**	**250.5**	**961.5**
- attributable to shareholders of ING Bank Śląski S.A.		**230.8**	**1 040.7**	**250.5**	**961.5**
- attributable to non-controlling interests		-0.1	0.1	0.0	0.0

Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**230.8**	**1 040.7**	**250.5**	**961.5**
Weighted average number of ordinary shares	**130 100 000.0**	**130 100 000.0**	**130 100 000.0**	**130 100 000.0**
Earnings per ordinary share (PLN)	**1.77**	**8.00**	**1.93**	**7.39**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Net result for the period	**230.7**	**1 040.8**	**250.5**	**961.5**
Other comprehensive income, of which:	**291.3**	**1 357.7**	**105.7**	**-473.8**
- items which can be reclassified to income statement	297.2	1 360.3	101.7	-478.5
- items which will not be reclassified to income statement	-5.9	-2.6	4.0	4.7
Total comprehensive income for the period, of which:	**522.0**	**2 398.5**	**356.2**	**487.7**
- attributable to shareholders of ING Bank Śląski S.A.	522.1	2 398.4	356.2	487.7
- attributable to non-controlling interests	-0.1	0.1	0.0	0.0

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

Małgorzata Kołakowska
President
Signed on the Polish original

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Katowice, 10 Feb 2015

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 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
ASSETS					
- Cash in hand and balances with the Central Bank		5 330.7	3 008.0	6 970.1	4 577.6
- Loans and receivables to other banks	7.9	1 838.3	2 512.6	1 399.8	2 501.7
- Financial assets measured at fair value through profit and loss	7.10	1 856.8	1 455.4	1 951.4	1 603.7
- Valuation of derivatives		2 412.3	1 998.5	1 471.4	1 329.4
- Investments	7.11	22 829.3	23 190.6	19 493.6	19 794.0
- Derivative hedge instruments		2 983.8	2 370.9	1 051.9	994.1
- Loans and receivables to customers	7.12, 7.13	61 054.8	60 219.0	52 237.9	52 105.2
- Receivables from customers due to repo transactions		106.6	486.7	638.8	252.4
- Investments in associates recognised under the equity method		0.0	0.0	136.5	124.4
- Non-financial assets	7.14	1 032.3	1 055.7	1 063.9	1 017.2
- Assets held for sale	7.15	144.9	151.8	35.3	49.0
- Tax assets		59.1	98.8	119.9	103.0
- Other assets		211.8	300.5	180.1	187.8
Total assets		**99 860.7**	**96 848.5**	**86 750.6**	**84 639.5**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to other banks	7.16	6 123.4	7 043.3	4 673.9	4 513.2
- Financial liabilities measured at fair value through profit and loss	7.17	917.4	2 145.4	1 234.2	693.7
- Valuation of derivatives		2 521.6	2 091.0	1 493.0	1 372.5
- Derivative hedge instruments		2 032.8	1 637.8	1 114.4	1 084.2
- Liabilities due to customers	7.18	75 658.9	71 698.5	67 483.8	66 397.9
- Liabilities due to customers under repo transactions		29.7	281.1	433.5	513.5
- Liabilities under issue of debt securities		866.5	571.6	566.4	571.5
- Provisions	7.19	74.8	71.7	67.8	67.3
- Tax liabilities		265.6	254.5	111.7	42.2
- Other liabilities		913.4	1 119.4	943.3	1 112.0
Total liabilities		**89 404.1**	**86 914.3**	**78 122.0**	**76 368.0**
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		1 874.3	1 584.5	524.3	419.3
- Revaluation of share-based payment		48.2	47.9	46.1	45.3
- Retained earnings		7 445.1	7 212.8	6 969.5	6 718.2
Equity attributable to shareholders of ING Bank Śląski S.A.		**10 454.0**	**9 931.6**	**8 626.3**	**8 269.2**
- Non-controlling interests		**2.6**	**2.6**	**2.3**	**2.3**
Total equity		**10 456.6**	**9 934.2**	**8 628.6**	**8 271.5**
Total equity and liabilities		**99 860.7**	**96 848.5**	**86 750.6**	**84 639.5**

Net book value	**10 454.0**	**9 931.6**	**8 626.3**	**8 269.2**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**80.35**	**76.34**	**66.31**	**63.56**

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Katowice, 10 Feb 2015

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

Interim condensed consolidated financial statements _(PLN million)_

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

4 Q 2014
the period from 01 Oct 2014 to 31 Dec 2014

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**535.4**	**40.3**	**1 006.9**	**1.9**	**47.9**	**7 212.8**	**2.6**	**9 934.2**
Net result for the current period	-	-	-	-	-	-	-	_230.8_	_-0.1_	**230.7**
Other comprehensive income, of which:	**0.0**	**0.0**	**25.8**	**-8.9**	**271.4**	**0.0**	**0.0**	**1.5**	**0.0**	**291.3**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	_25.9_	-	-	-	-	-	-	_25.9_
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	_-0.1_	-	-	-	-	-	-	_-0.1_
- effective part of cash flow hedging instruments revaluation	-	-	-	-	_271.4_	-	-	-	-	_271.4_
- remeasurement of property, plant and equipment	-	-	-	_-7.3_	-	-	-	-	-	_-7.3_
- disposal of property, plant and equipment	-	-	-	_-1.6_	-	-	-	_1.5_	-	_-0.1_
- actuarial gains / losses	-	-	-	-	-	_1.5_	-	-	-	_1.5_
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**0.1**	**0.4**
- revaluation of share-based payment	-	-	-	-	-	-	_0.3_	-	-	_0.3_
- increase of shares in the subsidiary	-	-	-	-	-	-	-	-	_0.1_	_0.1_
Closing balance of equity	**130.1**	**956.3**	**561.2**	**31.4**	**1 278.3**	**1.9**	**48.2**	**7 445.1**	**2.6**	**10 456.6**

4 Q 2014 YTD
the period from 01 Jan 2014 to 31 Dec 2014

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**
Net result for the current period	-	-	-	-	-	-	-	_1 040.7_	_0.1_	**1 040.8**
Other comprehensive income, of which:	**0.0**	**0.0**	**287.5**	**-11.8**	**1 072.8**	**0.0**	**0.0**	**7.7**	**0.0**	**1 357.7**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	_291.8_	-	-	-	-	-	-	_291.8_
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	_-4.3_	-	-	-	-	-	-	_-4.3_
- effective part of cash flow hedging instruments revaluation	-	-	-	-	_1 072.8_	-	-	-	-	_1 072.8_
- remeasurement of property, plant and equipment	-	-	-	_-5.6_	-	-	-	-	-	_-5.6_
- disposal of property, plant and equipment	-	-	-	_-6.2_	-	-	-	_7.7_	-	_1.5_
- actuarial gains / losses	-	-	-	-	-	_1.5_	-	-	-	_1.5_
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**	**-572.8**	**0.2**	**-570.5**
- revaluation of share-based payment	-	-	-	-	-	-	_2.1_	-	-	_2.1_
- increase of shares in the subsidiary	-	-	-	-	-	-	-	_-0.4_	_0.2_	_-0.2_
- dividend paid	-	-	-	-	-	-	-	_-572.4_	-	_-572.4_
Closing balance of equity	**130.1**	**956.3**	**561.2**	**31.4**	**1 278.3**	**1.9**	**48.2**	**7 445.1**	**2.6**	**10 456.6**

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

4 Q 2013
the period from 01 Oct 2013 to 31 Dec 2013

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**186.4**	**41.4**	**191.1**	**0.5**	**45.7**	**6 718.2**	**2.3**	**8 272.0**
Net result for the current period	-	-	-	-	-	-	-	*250.5*	*0.0*	**250.5**
Other comprehensive income, of which:	**0.0**	**0.0**	**87.3**	**1.8**	**14.4**	**1.4**	**0.0**	**0.8**	**0.0**	**105.7**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*87.6*	-	-	-	-	-	-	*87.6*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-0.3*	-	-	-	-	-	-	*-0.3*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*14.4*	-	-	-	-	*14.4*
- remeasurement of property, plant and equipment	-	-	-	*1.8*	-	-	-	*0.7*	-	*2.5*
- disposal of property, plant and equipment	-	-	-	*0.0*	-	-	-	*0.1*	-	*0.1*
- actuarial gains / losses	-	-	-	-	-	*1.4*	-	-	-	*1.4*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**0.0**	**0.0**	**0.4**
- revaluation of share-based payment	-	-	-	-	-	-	*0.4*	-	-	*0.4*
Closing balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**

4 Q 2013 YTD
the period from 01 Jan 2013 to 31 Dec 2013

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**590.7**	**42.0**	**367.0**	**0.0**	**41.3**	**6 006.4**	**2.3**	**8 136.1**
Net result for the current period	-	-	-	-	-	-	-	*961.5*	*0.0*	**961.5**
Other comprehensive income, of which:	**0.0**	**0.0**	**-317.0**	**1.2**	**-161.5**	**1.9**	**0.0**	**1.6**	**0.0**	**-473.8**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-229.3*	-	-	-	-	-	-	*-229.3*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-87.7*	-	-	-	-	-	-	*-87.7*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-161.5*	-	-	-	-	*-161.5*
- remeasurement of property, plant and equipment	-	-	-	*1.8*	-	-	-	*0.7*	-	*2.5*
- disposal of property, plant and equipment	-	-	-	*-0.6*	-	-	-	*0.9*	-	*0.3*
- actuarial gains / losses	-	-	-	-	-	*1.9*	-	-	-	*1.9*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.8**	**0.0**	**0.0**	**4.8**
- revaluation of share-based payment	-	-	-	-	-	-	*4.8*	-	-	*4.8*
Closing balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**

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Katowice, 10 Feb 2015

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	**4 Q 2013 YTD** the period from 01 Jan 2013 to 31 Dec 2013
OPERATING ACTIVITIES		
Net profit (loss)	**1 040.7**	**961.5**
Adjustments	**-1 966.0**	**2 102.0**
- Profit (loss) attributable to non-controlling interests	0.1	0.0
- Share in net profit (loss) of associated entities	-12.3	-38.1
- Depreciation and amortisation	175.1	164.0
- Interest accrued (from the profit and loss account)	-2 330.2	-2 042.6
- Interest paid	-1 437.3	-1 496.0
- Interest received	3 659.7	3 540.3
- Dividends received	-4.0	-3.4
- Gains (losses) on investment activities	-8.5	-0.7
- Income tax (from the profit and loss account)	306.6	231.4
- Income tax paid	-91.9	-304.0
- Change in provisions	7.0	-5.0
- Change in loans and other receivables to other banks	-337.3	-132.2
- Change in financial assets at fair value through profit or loss	95.5	-395.0
- Change in available-for-sale financial assets	-2 959.1	-1 963.8
- Change in valuation of derivatives	87.7	65.6
- Change in derivative hedge instruments	59.3	-350.4
- Change in other receivables to customers	-8 310.6	-3 784.1
- Change in other assets	68.7	38.5
- Change in liabilities due to other banks	1 595.3	241.4
- Change in liabilities at fair value through profit or loss	-316.8	-1 769.2
- Change in liabilities due to customers	7 813.5	9 985.5
- Change in other liabilities	-26.5	119.8
Net cash flow from operating activities	**-925.3**	**3 063.5**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-125.1	-77.5
- Disposal of property, plant and equipment	2.6	0.1
- Purchase of intangible assets	-85.1	-77.3
- Disposal of fixed assets held for sale	7.3	1.8
- Dividends received	4.0	3.4
Net cash flow from investment activities	**-196.3**	**-149.5**
FINANCIAL ACTIVITIES		
- Long-term loans received	837.9	726.0
- Long-term loans repaid	-949.7	-810.5
- Interest on long-term loans repaid	-33.2	-39.4
- Issue of debt securities	300.0	0.0
- Interest on debt securities issued	0.1	-0.7
- Dividends paid	-572.4	0.0
Net cash flow from financial activities	**-417.3**	**-124.6**
Effect of exchange rate changes on cash and cash equivalents	***198.9***	***37.4***
Net increase/decrease in cash and cash equivalents	**-1 538.9**	**2 789.4**
Opening balance of cash and cash equivalents	**7 850.0**	**5 060.6**
Closing balance of cash and cash equivalents	**6 311.1**	**7 850.0**

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 responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
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

Katowice, 10 Feb 2015

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

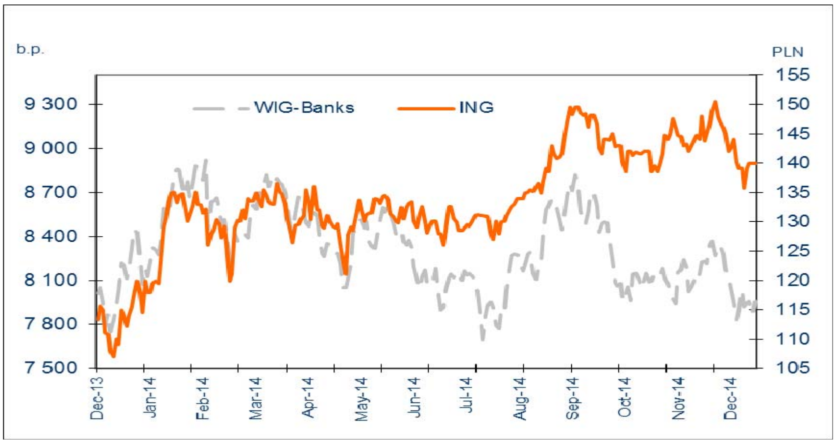
ING Bank Śląski S.A. (”Parent company”, “parent entity”, “Bank”) with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.The parent entity 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 in 2012 of new companies. 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.

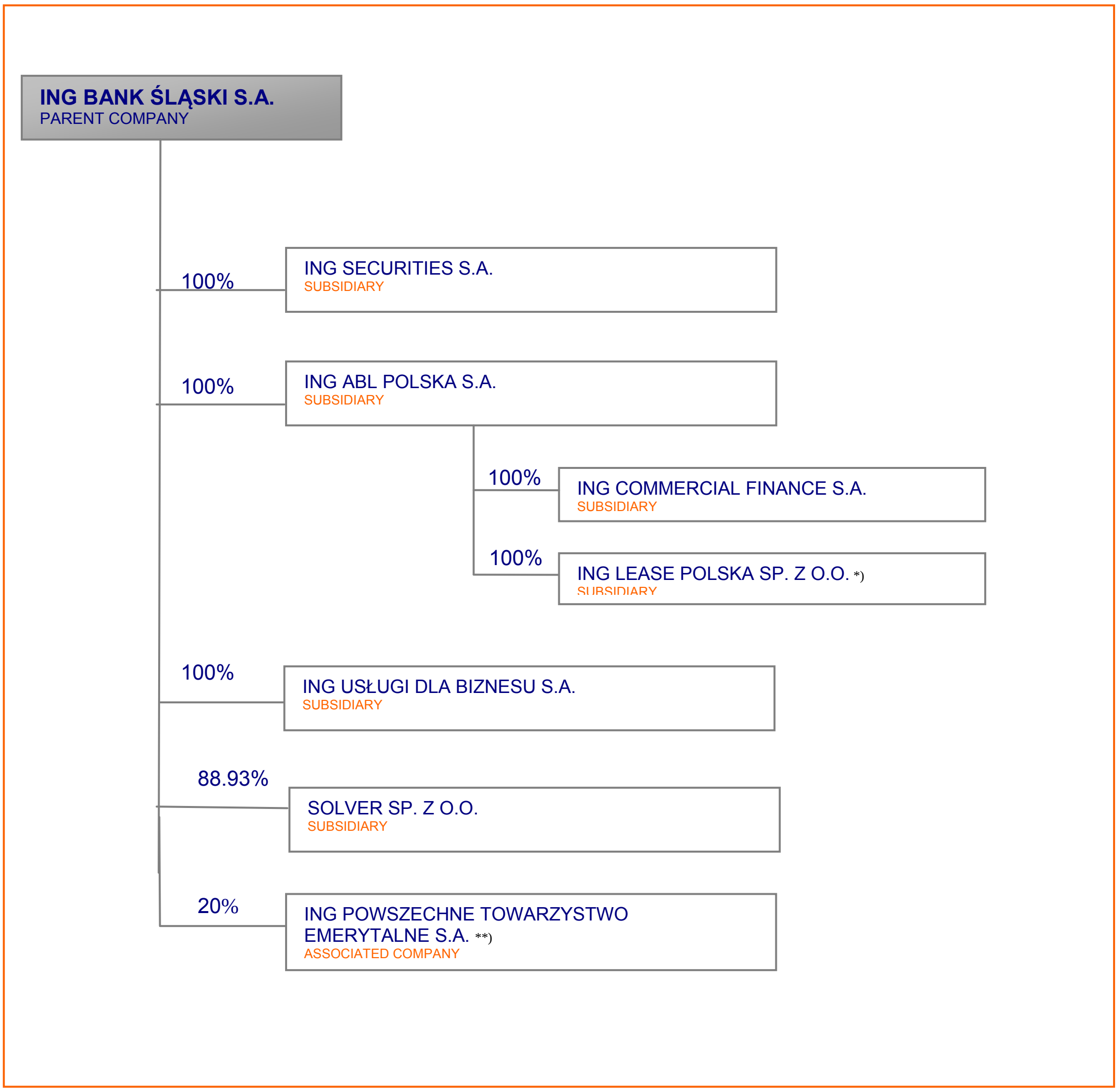
1.3. Initial capital, share price

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 31 December 2014, the share price of ING Bank Śląski S.A. was PLN 139.90, whereas during the same period last year it was at the level of PLN 113,35. In the 12 months of 2014, the price of ING Bank Śląski S.A. shares was as follows:



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"). As at 31 December 2014, 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.

**) In Q2 2014, the Group reclassified shares in the associated entity to the category of assets held for sale.

Increasing the share capital of ING Usługi dla Biznesu S.A. company

In October 2014, ING Bank Śląski took up through private subscription 10,000 ordinary registered C-series shares of ING Usługi dla Biznesu S.A. ("ING UdB") company with the nominal value of PLN 1,000 each, for a total amount of PLN 10 million.

ING UdB is a subsidiary of ING Bank Śląski S.A. Before increased, the share capital of ING UdB was PLN 17 million. After increase registration on 21 October 2014, the share capital of ING UdB went up to PLN 27 million.

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 31 December 2014 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders. ING Bank NV belongs to the Capital Group, herein referred to as ING Group.

As at the date 31 December 2014, 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 Meeting
1.	ING Bank NV	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,370,000	5.66

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

As at 31 December 2014, 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.

1.7. Entity authorised to audit financial statements

Entity authorised to audit financial statements is KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. with registered office in Warsaw.

1.8. Approval of financial statements

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2013 to 31 December 2013 were approved by the General Meeting on 10 April 2014.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 10 February 2015.

2. Significant events in 4 quarter 2014

2.1. Results of the Asset Quality Review, or AQR, and of the Stress Tests for ING Bank Śląski S.A.

On 26 October 2014 the results of asset quality review and stress tests for ING Bank Śląski S.A. were published. The review was conducted by the Polish Financial Supervision Authority for 15 Polish banks and was consistent in terms of methodology with the review of the most important Eurozone banks conducted by the European Banking Authority, or EBA.

Test results were publicly disclosed by the PFSA on 17 October 2014. The Bank also made a relevant current report pursuant to the Act on Public Offering and the

Terms and Conditions of Introducing Financial Instruments into Organised Trading System and Public Companies.

2.2. Change of interest for ING Bank Śląski S.A.'s bonds

On 6 December 2014, due to commencing new, fifth coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS061217 of total nominal value of PLN 565,000,000.00 issued by the Bank on 6 December 2012 under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 2.95% per annum. The next coupon date falls on 6 June 2015. The other rights under the said bonds remain unchanged.

2.3. Second Issue of Bonds under the Own Debt Securities Issuance Programme of ING Bank Śląski S.A.

On 19 December 2014, the Bank issued the second bonds under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* 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 300.0 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 19 December 2019.

Bonds bear floating interest, paid every 6 months. Interest is determined using 6M WIBOR plus margin of 0.75% AER. The first interest will be paid out on 19 June 2015.

3. Significant events after the balance sheet date

None.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 4 quarter 2014 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 December 2014 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the Bank's financial statements for the year ended 31 December 2013 approved by the General Meeting on 10 April 2014.

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 1 January 2014 to 31 December 2014, and interim condensed consolidated statement of financial position as at 31 December 2014 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 2014 and 4 quarters 2013.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 4 quarter 2014 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.

4.4. Comparable data

The comparative data cover the period from 1 January 2013 to 31 December 2013 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 30 September 2014, 31 December 2013 and 30 September 2013.

Interim condensed consolidated income statements, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated income statements include data for the IV quarter 2014 (period from 1 October 2014 to

Interim condensed consolidated financial statements (PLN million)

31 December 2014) as well as comparative data for the IV quarter 2013 (period from 1 October 2013 to 31 December 2013).

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 the annual consolidated financial statements for the year 2013 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2013 to 31 December 2013) as well as the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2014 or afterwards presented in the interim condensed consolidated financial statements of the Group for the third quarter.

An overview of standards published in the fourth quarter but not yet in effect since not approved by the Union has been given below:

Change	Scope	Influence on the Group statements
IAS 1 *Presentation of Financial Statements*	The amendment to IAS 1 published in December is a part of an initiative to improve quality of presentation and disclosures in financial statements. The amendment is intended to widespread the application of a professional judgement when determining which information should be disclosed in financial statements, in particular by making the issue of materiality and presentation of disclosures more precise. Application date: the accounting year starting on 1 January 2016 or later.	The implementation of the amendment will not have material impact on the financial statements of the Group.
IAS 28 *Investments in associates and joint ventures*	Amendment (published together with an amendment to IFRS 10) provides for the guidelines as to sale and contribution between an investor and a subsidiary or a joint venture. The amendment (published in December 2014 together with the amendment to IFRS 10 and IFRS 12) making the requirements as regards settlements of investment entities and requirements concerning their application more specific. Application date: the accounting year starting on 1 January 2016 or later.	The Group is currently analysing the impact of the said changes on the financial statements, but still no material impact is expected.
IFRS 10 *Consolidated Financial Statements*	Amendment (published together with an amendment to IFRS 28) provides for the guidelines as to sale and contribution making between an investor and a subsidiary or a joint venture. The amendment (published in December 2014 together with the amendment to IFRS 10 and IFRS 12) making the requirements as regards settlements of investment entities and requirements concerning their application more specific. Application date: the accounting year starting on 1 January 2016 or later.	The Group is currently analysing the impact of the said changes on the financial statements, but still no material impact is expected.
IFRS 12 *Disclosure of Interest in Other Entities*	The amendment published in December 2014 together with the amendment to IFRS 12 and IAS 28. It is intended to make the requirements as regards settlements of investment entities and requirements concerning their application more precise. Application date: the accounting year starting on 1 January 2016 or later.	The analyses show that the application of amendment to the standard will not have material impact on 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 1 January 2013 to 31 December 2013 published on 7 March 2014 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 changes implemented in 4 quarter 2014 were editorial in nature and were aimed at enhancing the quality of the description of the accounting principles applied by the Group and making it more transparent.

5.1. Amendments made to the description of principles of estimates applied to calculate impairment of financial assets

Objective evidence of impairment of financial assets stems from occurrence of one or more events which have a direct impact on valuation of future asset-related cash flows.

The estimates can take into account observable data indicating occurrence of unfavourable payment situation on the part of borrowers from a certain group or unfavourable economic situation of a given country or its part, which translates into the problems sustained by this group of assets. For IBNR (Incurred But Not Reported) and INSFA (Individually Non- Significant Financial Assets) portfolios, calculations are made with the use of PD, EAD and LGD parameters plus the loss identification period in line with the following formula:

Impairment loss $= (1-(1-PD)^{(M/12)}) \times (EAD + EI) \times LGD$

Where:

- PD – probability of an impairment trigger occurrence over a 12 month horizon in line with the Point in Time approach
- EAD (exposure at default) – current balance sheet exposure plus the projected balance sheet equivalent of unutilised credit lines and off-balance sheet liabilities including the conversion rate (the so called CCF or K-factor) in line with relevant EAD models.
- EI (effective interest) – contractual interest accrued and unpaid including outstanding commissions and effective interest rate adjustment for those exposures for which the effective interest rate is set and contractual interest accrued and unpaid for those exposures for which the effective interest rate is not set,
- LGD – the expected loss ratio, which is the complement to unity of the ratio of the recoverable amount and the basis for impairment losses including all direct costs incurred as of the impairment date until the end of the debt recovery process.
- M – a loss identification period expressed in months, which is 8 – 12 months depending on business segment.

Historical loss parameters are adjusted with the data coming from current observations in order to account for current market factors which were not present during the period covered with historical observations and exclusions of effects of past developments which are no longer present today.

The LGD parameter for calculating the impairment loss under collective method for impaired exposures (with default) depends on the time for which the exposure is impaired.

Detailed disclosures as to credit risk quantification models used by the Group were presented in the Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2013 to 31 December 2013, in Chapter: *Risk Management in Capital Group of ING Bank Śląski S.A.,* item I discussing credit risk management.

To determine impairment (or reverse it), the present value of expected future cash flows has to be calculated. The methodology and assumptions used to estimate both the amount and the time of future cash flows are regularly reviewed and adjusted as needed.

Some examples of impairment triggers for financial assets and the recording rules applied therefor were described in item *Impairment* (item 5.10. of the Annual consolidated financial statements of the ING Bank Śląski S.A. Capital Group for the period from 1 January 2013 to 31 December 2013).

5.2. Amendments made to the description of principles in the item gains and losses resulting from subsequent measurement

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

- a gain or loss on a financial asset or financial liability classified as at fair value through profit and loss is recognised in the income statement;
- a gain or loss on an available-for-sale financial asset is recognized directly in equity through list of changes in equity.

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

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

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

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

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

The fair value of financial assets and liabilities quoted in an active market (including securities) is determined on the basis of the bid price for long position and offer price for short position. Valuation techniques include using recent arm's length market transactions

between knowledgeable, willing parties, if available, discounted cash flow analysis and option pricing models and other techniques used by market members. The fair value of financial assets and liabilities is determined with the use of the prudent valuation approach and is based on the guidelines given in the technical standards of the European Banking Authority (EBA – Article 105(14) of the Regulation EU 575/2013 published in March 2014). This approach aims at determining the fair value with a high, 90%, confidence level, considering uncertain market pricing and closing cost.
Market activity is assessed on the basis of frequency and the volume of effected transactions as well as access to information about quoted prices which by and large should be delivered on a continuous basis.

The main market and the most beneficial one at the same time is the market the Bank can access and on which in normal conditions it would enter into sale/purchase transactions for the item of assets or transfer of a liability.

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

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

The Group verifies on a monthly basis whether any changes occurred to the quality of the input data used for individual measurement techniques and determines the reasons and their impact on the fair value calculation for the component of financial assets/liabilities. Each identified case is reviewed individually. Following detailed analyses, the Group takes a decision whether its identification entails any changes to the approach for fair value measurement or not.

In justified circumstances, the Group decides to make changes to the fair value measurement methodology and their effective date construed as the circumstances change date. Then, it assesses the impact of changes on the classification to the individual categories of the fair value measurement hierarchy. Any amendments to the measurement methodology and its rationale are subject to detailed disclosures in a separate note to the financial statements.

5.3. Amendments made to the description of principles for assets valued at amortized cost

At each balance sheet date, the Group assesses whether there is any objective evidence that a financial assets item or a group of financial assets is impaired. A financial asset item 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 item (a 'loss event') and that loss event (or events) has (have) an impact on the expected future cash flows of the financial asset item or a group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

During the impairment identification process, the Group first assesses whether conditions of impairment exist for financial assets items.

Considering the special nature of individual credit exposures portfolios, the Group defined the following events as impairment conditions for a financial assets item:

a) Impairment conditions for retail credit exposures

- a debtor has a default of +90 DPD for a material exposure (under Resolution No. 76/2010 of the Polish Financial Supervision Authority);
- there have been enforcement proceedings instituted against the debtor;
- there is a high probability of bankruptcy or a debtor is in bankruptcy;
- debtor's credit agreement has been terminated;
- the debtor's/ entrepreneur's financial standing is poor which is reflected by a relevant risk rating assigned thereto as provided for by the model used by the Bank;
- the credit receivables wherefor the present value of debt was significantly reduced is in restructuring;
- some credit receivables wherefor impairment was recognized is redeemed/ written down;
- there is a reasonable suspicion of credit wangling;
- other debtor's accounts found under the same product segment show impairment;
- that the credit facility will be regularly repaid was not lent credence to under the circumstances where the term of regular credit repayment is shorter or equals 90 days (3 months).

b) Impairment conditions for strategic- and corporate-clients credit exposures

- there is a high probability of bankruptcy or other financial restructuring of the debtor;
- the debtor discontinued to repay the principal, interest or commissions with the default of +45 DPD;
- the debtor is undergoing material financial problems which may lead to a delay or failure to repay financial asset;
- the debtor seriously breached the contractual terms and conditions, the fact which indicates a measurable decline in estimated future cash flows from a given financial assets item; i.e.:
  - collateral of significant value was sold or liquidated,
  - collateral of significant value was established for another lender,
  - significant debt was drawn with another financial institution, or
  - significant debt was prepaid with another financial institution,
- the active market for that financial assets item disappeared because of financial difficulties of the debtor, adversely influencing future cash flows from a given financial assets item;
- credit receivables are restructured for non-profit reasons; i.e.: due to the client's financial problems;
- major conflict between shareholders, loss of the sole/main counterparty, loss/death of a key person in the entity when there is no succession, random incident leading to destruction of key debtor's assets;
- the balance sheet credit exposure was questioned by the debtor under court procedure; and
- neither the sole trader's place of stay is known nor their property has been disclosed.

c) Conditions of credit exposure impairment assessment

The entire lending portfolio of retail, strategic and corporate network clients is tested for exposure impairment. The debtor's credit exposure is tested for impairment at the monitoring dates in place for the regular and irregular portfolios. For each credit exposure impairment condition identified, the debtor has to be reclassified to the irregular portfolio and analysed (tested) for impairment based on the expected future cash flows.

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 under to the contractual terms and conditions. Impairment loss for such groups is subject to collective assessment. If there is any objective evidence of impairment of loans and receivables, or investments held-to-maturity measured at amortised cost, then the amount of the impairment is the difference between the carrying amount of an asset and the present 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 assets item using the discounted future cash flows of a given assets item; for insignificant assets – it is calculated collectively. When estimating future cash flows, the available debtor data are considered; the debtor's capacity to repay the exposure is assessed in particular. For backed credit exposures, the expected future cash flows on collateral execution are also used in the estimation, considering the time, costs and impediments of payment recovery under collateral sale, among other factors.

If the existing objective evidence of impairment of an assets item or financial assets group measured at the amortised 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 calculated 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 LGD parameter for calculating the impairment loss under collective method for impaired exposures (with default) depends on the time for which the exposure is impaired.

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 calculation of the provision for the balance sheet and off-balance sheet exposures shown as EAD, the probability of default (PD) method (modified PD parameter) is applied, among others. The mode of PD parameter calculation makes it possible to take account of the specific features of individual products and related loss identification periods as well as the historical loss adjustments made using the data available currently. The Group also verifies the conversion rate (the so-called CCF or K-factor) of utilisation of the free part of the credit limit in the period from the reporting date to the default date to assure compliance with IAS 37 concerning provisions for contingent off-balance sheet liabilities.

This approach allows specifically for identification of:

- the losses that have already occurred, and
- the losses that occurred as at the impairment date, but have not been documented

yet (the so-called provision for incurred but not reported losses – IBNR).

The impairment is presented as a reduction of the carrying amount of the assets item through use of an impairment loss and the amount of the loss (the impairment loss formed) is recognised in the income statement for the period.

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

With regard to strategic clients and corporate clients of the sales network the Bank determined the events whereunder it is possible to reverse credit exposure impairment (all of the below mentioned conditions have to be met jointly):

- no impairment triggers identified for the last 6 calendar months. If there was a significant external event favourably impacting client's standing (joining of a new shareholder positively assessed by the Bank, acquisition by the client of material funds, in particular recapitalisation, acquisition of new funding), and the Bank assesses that these events will favourably impact the client's standing, impairment reversal may take place immediately upon credence has been lent thereto,
- no delays in repayment,
- the Bank assesses that the client will repay all their liabilities towards the Bank, and the impairment test carried out taking account of the expected future cash flows does not show impairment.

In 2014, the rules concerning forbearance were made more precise following the requirements published in the technical standards of the European Banking Authority. Forbearance is understood as a situation where the client suffering from financial difficulties was provided non-commercial forbearance facilities and where the clients accepted new terms and conditions of the agreement.

Should forbearance be identified in case of a given exposure, to reverse the loss the client needs to meet the following requirements:

- the client has had the 20-22 rating for at least 12 months after the forbearance was identified,
- there have been no delays in repaying the Bank and ABL and at the same time the Bank expects the exposure to be repaid in full taking into account the provided forbearance facilities. This assessment is based on the analysis of the financial standing of the client taking into account the repayment of liabilities towards the Bank. In particular, the client should make regular payments in line with terms and conditions determined after the forbearance was identified in total amount equal to at least the value of overdue liabilities, which had been overdue or redeemed under provided facilities before the forbearance was identified or alternatively the client should prove in some other manner that they are able to fulfil terms and conditions of the agreement providing for forbearance facilities.

5.4. Amendments made to the description of principles for net commission income

Commission income arises from providing financial services by the Group and comprises fees for extending a loan, the Group's pledge to extend a loan, cards issue, cash management services, brokerage services, insurance products-related services and asset management services. Commission income comprises also margins on FX derivatives transactions concluded with corporate clients.

Fees and commissions (both income and expenses) directly attributed to rise of financial assets with repayment schedule are recognised in the income statement as effective interest rate component and are part of the interest income.

The Bank recognizes the following effective interest rate-adjusting commissions:

- commissions for application review and credit commitment letter issue;
- commissions for limit/ overdraft granted;
- commissions for loan or limit/ overdraft extension;
- commissions for receivables/ bills of exchange purchased, for bill of exchange discount;
- commission for restructured loan processing;
- commission for amending the credit agreement as to the amount, currency or schedule of repayments;
- costs of credit and cash loan agency commissions.

Other commissions that are interwoven with occurrence of assets without defined schedules are cleared on a straight line basis throughout the contract.

The Bank recognizes the following commissions as the ones cleared on a straight line basis:

- the commissions described as the commissions adjusting the effective interest rate for the loans for whose commissions no cash flows can be estimated (first of all, current account overdrafts, working capital loans and revolving loans);
- commissions for issuing, confirming or prolonging the time and increasing the amount of the guarantee or letter of credit;
- commissions for multi-facility agreements;
- commissions for the loan or limit/ overdraft granted to start another lending year.

Fees on pledge to extend a loan, which is likely to be taken, are deferred and as at the date of financial assets rise are settled as the component of effective interest rate or using straight-line method based on above mentioned criterion.

Other fees and commissions relating to the financial services offered by the Group – like cash management services, brokerage services and asset management services – are recognised in the income statement at the time of service provision.

Commission income that was accrued and is due but was not paid on time are derecognised from the Bank's financial result upon the lapse of 90 days.

5.5. Amendments made to the description of principles for recognition of ING Group long-term incentive system benefits

By 2012, the Group was a participant of the Longterm Sustainable Performance Plan (LSPP), formerly LEO (i.e. Longterm Equity Ownership), introduced by ING Group. The system motivates employees of ING Group entities by correlating additional benefits granted thereto with ING Group financial results. The programme was addressed to Bank Management Board Members, executive staff and senior specialists. The system functioned in two options:

- Standard – employee may become a holder of ING shares or obtain pecuniary benefit; two instruments are offered under the Standard system:
  - share options, and
  - performance shares,
- Phantom – employee may obtain pecuniary benefit; two instruments are offered under the system:
  - phantom option, and
  - performance units.

Both above mentioned system options have a 10Y maturity and may be exercised after 3 years of their issue provided that the option holder is an employee of the Bank (or another ING Group entity) or has retired.

The option exercise price is the difference between the option exercise price as set by Euronext Amsterdam at the exercise date in the so-called open period set by ING Group and the initial price guaranteed in the option strike price.

Performance shares / Performance units are awarded on a contingent basis. The number of instruments received depends on the ING Group's results as at the end of the period adopted.

The number of instruments to be exercised is driven by the RoE ratio (annual ratio). Depending on the ratio value, from 0% to 150% of instruments can be exercised.

As at the balance sheet date, the Group recognizes in its books the measurement of instruments held by Group employees.

The fair value of options granted is recognised as personnel costs (on the other side of the balance sheet – in capitals) and is allocated throughout the vesting period.

6. Comparability of financial data

Amendments to the Income Statement

In the interim condensed consolidated financial statements for the period from 1 January 2014 to 31 December 2014, the Group made the following amendments with respect to the disclosure of certain items of the income statement as compared to the interim consolidated financial statements for the previous periods:

1) The manner of presenting the costs due to the fee for the benefit of BGF was changed. At present, the said costs are presented in the *General and administrative expenses* item whereas they used to be recognised in the *Commission expenses* item in the previous periods. As a result of that change, the *General and administrative expenses* item increased, and the *Commission expenses* item decreased by PLN 45.3 million (+PLN 11.3 million in Q4 2013).
2) The Group analysed the commission income and commission expenses, and identified certain titles, as regards commission on payment cards and credit cards as well as commission related to keeping accounts, in the case of which the Group was of the view that it would be more appropriate to deduct them from the commission income rather than recognise them as part of commission expenses. As a result of that change, both the commission income and the commission expenses decreased by PLN 4.3 million (PLN 2.3 million in Q4 2013).

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The changes described above required a restatement of the comparable data; they did not, however, impact on the level of the financial result as presented in the financial statements.

The table below highlights the individual items of the consolidated income statement as they were presented in the interim condensed consolidated financial statements for Q4 2013 and in the current statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	financial statements for Q4 2013	changes 1)	changes 2)	financial statements for Q4 2014
	4 quarters 2013			**4 quarters 2013**
	the period from 01 Jan 2013 to 31 Dec 2013			the period from 01 Jan 2013 to 31 Dec 2013
- Interest income	3 614.7			3 614.7
- Interest expenses	1 572.1			1 572.1
Net interest income	**2 042.6**			**2 042.6**
- Commission income	1 114.2		*-4.3*	1 109.9
- Commission expenses	137.6	*-45.3*	*-4.3*	88.0
Net interest income	**976.6**	***45.3***	***0.0***	**1 021.9**
Net income on financial instruments measured at fair value through profit or loss and FX result	97.9			97.9
Net income on investments	108.8			108.8
Net income on hedge accounting	-1.5			-1.5
Net income on other basic activities	20.7			20.7
Result on basic activities	**3 245.1**	***45.3***	***0.0***	**3 290.4**
General and administrative expenses	1 823.1	*45.3*		1 868.4
Impairment losses and provisions for off-balance sheet liabilities	267.2			267.2
Share in net profit (loss) of associated entities recognised under the equity method	38.1			38.1
Profit (loss) before tax	**1 192.9**	***0.0***	***0.0***	**1 192.9**
Income tax	231.4			231.4
Net profit (loss)	**961.5**	***0.0***	***0.0***	**961.5**
- attributable to shareholders of ING Bank Śląski S.A.	**961.5**	***0.0***	***0.0***	**961.5**

Amendments to the Statement of Financial Position

In the interim condensed consolidated financial statements for the period from 1 January 2014 to 31 December 2014, the Group made one disclosure-related amendment to the statement of financial position, compared to the interim consolidated financial statements for previous periods. The modification involved separating the item *Assets held for sale* from the Assets. Previously, assets held for sale were an item of *Non-financial assets* due to the fact that they related to assets moved from Property, plant and equipment. In Q2 2014, the Group reclassified the shares in an affiliated entity to the assets held for sale, and a continued presentation of the assets held for sale as part of *Non-financial assets* might mislead the recipients of the statement as to the nature of that category.

Interim condensed consolidated financial statements (PLN million)

The Group is of the opinion that by dint of the amendment the statement of financial position became more transparent. The amendment did not impact on the balance sheet totals of the reporting periods.

The below tables show individual items of the consolidated statement of financial position as per amounts disclosed in the interim consolidated financial statements for previous periods (Table 1) and in the current financial statements (Table 2).

Table 1

A S S E T S	**as at 31.12.2013**	**as at 30.09.2013**
- Non-financial assets	1,099.2	1,066.2

Table 2

A S S E T S	**as at 31.12.2013**	**as at 30.09.2013**
- Non-financial assets	1,063.9	1,017.2
- Assets held for sale	35.3	49.0

Interim condensed consolidated financial statements (PLN million)

7. Notes to interim condensed consolidated financial statements

7.1. Net interest income

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Interest income				
- interest on loans and receivables to banks	17.8	92.6	28.5	105.4
- interest on loans and receivables to customers, of which:	706.9	2 807.2	672.7	2 693.6
- interest on lease agreements	*42.4*	*168.3*	*39.5*	*154.7*
- interest on factoring agreements	*21.9*	*90.0*	*22.7*	*85.8*
- interest on repo transactions concluded with customers	2.2	15.1	1.6	11.6
- interest on available-for-sale financial assets	187.9	748.7	171.9	736.2
- interest on financial assets held for trading	3.2	23.2	6.4	26.8
- interest result on derivatives	7.9	37.7	10.3	41.1
Total interest income	**925.9**	**3 724.5**	**891.4**	**3 614.7**
Interest expense				
- interest on deposits from banks	15.5	90.3	16.9	85.0
- interest on deposits from customers	321.5	1 278.2	321.5	1 449.6
- interest on repo transactions concluded with customers	0.1	3.2	1.2	10.0
- interest on issue of debt securities	5.3	20.5	5.1	24.4
- interest on financial liabilities held for trading	0.3	2.1	1.3	3.1
Total interest expense	**342.7**	**1 394.3**	**346.0**	**1 572.1**
Net interest income	**583.2**	**2 330.2**	**545.4**	**2 042.6**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Commission income				
- transaction margin on currency exchange transactions	73.5	282.1	69.2	260.2
- commission related to keeping accounts	60.1	246.4	62.4	254.7
- commission related to loans	50.0	210.0	44.5	194.2
- commission related to payment and credit cards	25.2	150.3	51.5	188.9
- commission related to distribution of participation units	22.8	85.6	22.0	75.4
- commission related to insurance product offering	12.5	44.9	4.4	0.9
- commission related to brokerage activity	9.5	43.1	10.6	46.3
- commission related to factoring and lease agreements	8.3	30.8	7.3	26.3
- fiduciary and custodian fees	7.3	30.1	7.5	30.9
- foreign commercial business	4.6	17.7	4.2	16.0
- other	6.2	27.2	6.3	16.1
Total comission income	**280.0**	**1 168.2**	**289.9**	**1 109.9**
Commission expense	**31.1**	**105.3**	**25.1**	**88.0**
Net commission income	**248.9**	**1 062.9**	**264.8**	**1 021.9**

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

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Net income on financial assets and liabilities held for trading, of which:	**33.7**	**77.1**	**32.5**	**110.5**
- Net income on debt instruments	2.5	5.5	3.4	27.1
- Net income on derivatives, of which:	31.2	71.6	29.1	83.4
- currency derivatives	*18.8*	*41.7*	*29.9*	*53.1*
- interest rate derivatives	*12.3*	*28.6*	*-1.5*	*27.5*
- securities derivatives	*0.1*	*1.3*	*0.7*	*2.8*
FX-result	**-10.6**	**17.7**	**-22.4**	**-12.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	**23.1**	**94.8**	**10.1**	**97.9**

Interim condensed consolidated financial statements (PLN million)

7.4. Net income on investments

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Net income on debt instruments available-for-sale	0.1	5.1	0.0	104.9
Net income on equity instruments available-for-sale	5.3	6.5	0.5	0.5
Dividend income	0.0	4.0	0.0	3.4
Impairment losses	0.0	0.0	-0.1	0.0
Net income on investments	**5.4**	**15.6**	**0.4**	**108.8**

7.5. Net income on hedge accounting

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Fair value hedge accounting for securities	**-1.9**	**8.4**	**4.1**	**-1.1**
- valuation of the hedged transaction	22.0	234.7	-13.4	-204.3
- valuation of the hedging transaction	-23.9	-226.3	17.5	203.2
Cash flow hedge accounting	**-0.2**	**0.3**	**-0.4**	**-0.4**
- ineffectiveness that arises from cash flow hedges	-0.2	0.3	-0.4	-0.4
Net income on hedge accounting	**-2.1**	**8.7**	**3.7**	**-1.5**

7.6. Net income on other basic activities

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Income from sales of other services	1.0	8.0	1.7	9.6
Result on assets held for sale	0.7	2.4	-0.3	0.1
Net income on the investment properties, of which:	5.3	10.7	1.4	8.8
- income from rental of the investment property	*3.7*	*12.4*	*3.3*	*14.4*
- maintenance expenses relating to the investment property	*-1.2*	*-4.5*	*-1.9*	*-5.6*
- valuation of investment property to fair value	*2.8*	*2.8*	*0.0*	*0.0*
Result on disposal of fixed assets and intangible assets	-0.2	1.4	-0.3	-0.6
Banking activity-related compensations and losses	-0.4	-1.0	-0.5	-1.2
Other	1.1	-1.2	0.7	4.0
Total	**7.5**	**20.3**	**2.7**	**20.7**

Interim condensed consolidated financial statements (PLN million)

7.7. General and administrative expenses

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Personnel expenses	238.3	947.5	243.5	926.6
Cost of marketing and promotion	30.1	109.7	16.4	98.0
Amortization	59.0	175.1	44.1	164.0
Other general and administrative expenses, of which:	161.1	697.4	146.4	679.8
- obligatory annual fee for the Bank Guarantee Fund	9.8	39.5	11.3	45.3
- prudential fee	3.7	14.6	4.0	4.0
General and administrative expenses	**488.5**	**1 929.7**	**450.4**	**1 868.4**

7.7.1. Headcount

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
FTEs	8 093.9	8 099.1	8 146.0	8 206.2
Individuals	8 157	8 172	8 266	8 319

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
FTEs	7 637.5	7 649.5	7 695.3	7 764.6
Individuals	7 687	7 707	7 799	7 870

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

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Impairment losses	130.4	644.5	116.2	694.5
Release of impairment write-offs	-45.3	-376.8	-39.8	-427.3
Net impairment losses and provisions for off-balance sheet liabilities, of which:	**85.1**	**267.7**	**76.4**	**267.2**
Corporate banking	66.9	189.0	59.4	138.8
Retail banking	18.2	78.7	17.0	128.4

Interim condensed consolidated financial statements (PLN million)

7.9. Loans and receivables to other banks

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Current accounts	963.4	828.2	869.0	892.9
Interbank deposits	125.8	1 357.2	235.7	1 465.5
Loans and advances	58.3	58.3	70.6	65.3
Factoring receivables	8.9	26.3	80.0	62.2
Reverse repo transactions	664.9	223.4	133.7	0.0
Other receivables	17.0	19.2	10.9	16.4
Total (gross)	**1 838.3**	**2 512.6**	**1 399.9**	**2 502.3**
Impairment losses, of which:	0.0	0.0	-0.1	-0.6
- concerning loans and advances	*0.0*	*0.0*	*-0.1*	*-0.1*
- concerning factoring receivables	*0.0*	*0.0*	*0.0*	*-0.5*
Total (net)	**1 838.3**	**2 512.6**	**1 399.8**	**2 501.7**

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Financial assets held for trading, of which:	1 856.8	1 455.4	1 951.4	1 603.7
- debt instruments	*1 409.8*	*1 073.6*	*1 276.3*	*1 056.7*
- repo transactions	*447.0*	*381.8*	*675.1*	*547.0*
Total	**1 856.8**	**1 455.4**	**1 951.4**	**1 603.7**

7.11. Investments

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Available-for-sale financial assets, of which:	22 829.3	23 190.6	19 493.6	19 794.0
- debt instruments,including:	*22 815.3*	*23 166.3*	*19 466.3*	*19 766.9*
- hedged items in fair value hedging	*4 095.9*	*3 488.1*	*1 971.6*	*1 543.2*
- equity instruments	*14.0*	*24.3*	*27.3*	*27.1*
Total	**22 829.3**	**23 190.6**	**19 493.6**	**19 794.0**

Interim condensed consolidated financial statements (PLN million)

7.12. Loans and receivables to customers

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Portfolio of loans and receivables, of which:	**58 750.4**	**57 750.7**	**49 982.2**	**49 764.4**
- Loans and advances	48 750.6	47 661.5	41 690.3	41 697.3
- Leasing receivables	4 397.7	4 307.8	3 650.5	3 526.6
- Factoring receivables	2 830.4	2 881.1	2 465.7	2 452.2
- Corporate and municipal bonds	2 771.7	2 900.3	2 175.7	2 088.3
Other receivables, of which:	**4 029.9**	**4 135.0**	**3 815.3**	**3 838.9**
- T-eurobonds	3 923.9	3 800.5	3 685.8	3 723.1
- Other	106.0	334.5	129.5	115.8
Total loans and receivables to customers (gross)	**62 780.3**	**61 885.7**	**53 797.5**	**53 603.3**
Impairment losses, of which:	**-1 725.5**	**-1 666.7**	**-1 559.6**	**-1 498.1**
- concerning portfolio of loans and receivables, of which:	-1 720.3	-1 661.5	-1 554.4	-1 492.9
- concerning loans and advances	-1 638.7	-1 584.2	-1 482.0	-1 360.1
- concerning leasing receivables	-62.1	-63.7	-59.7	-54.4
- concerning factoring receivables	-13.9	-12.4	-11.9	-9.4
- concerning corporate and municipal bonds	-5.6	-1.2	-0.8	-69.0
- concerning other receivables	-5.2	-5.2	-5.2	-5.2
Total loans and receivables to customers (net), of which:	**61 054.8**	**60 219.0**	**52 237.9**	**52 105.2**
- to entities from the financial sector other than banks	*1 869.1*	*1 780.4*	*1 568.1*	*1 531.0*
- to entities from the non-financial sector	*51 461.1*	*51 030.6*	*43 409.1*	*43 262.1*
- to entities from the government and self-government institutions' sector	*7 724.6*	*7 408.0*	*7 260.7*	*7 312.1*

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Loans and advances, of which:	1 778.7	1 679.9	1 457.9	1 432.6
- in the current account	*584.6*	*71.6*	*66.8*	*110.2*
- term ones	*1 194.1*	*1 608.3*	*1 391.1*	*1 322.4*
Leasing receivables	0.8	0.5	0.4	0.6
Other receivables	90.8	100.9	110.6	98.0
Total (gross)	**1 870.3**	**1 781.3**	**1 568.9**	**1 531.2**
Impairment losses, of which	-1.2	-0.9	-0.8	-0.2
- concerning loans and advances	-1.2	-0.9	-0.8	-0.2
Total (net)	**1 869.1**	**1 780.4**	**1 568.1**	**1 531.0**

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Business entities, of which:	**30 268.0**	**30 902.3**	**25 951.0**	**25 993.4**
- Loans and advances, of which:	21 870.5	22 086.0	18 761.5	18 870.2
- in the current account	*5 724.2*	*6 139.8*	*5 223.0*	*5 612.6*
- term ones	*16 146.3*	*15 946.2*	*13 538.5*	*13 257.6*
- Leasing receivables	3 972.8	3 932.2	3 509.9	3 395.0
- Factoring receivables	2 746.0	2 811.1	2 416.5	2 408.4
- Corporate bonds	1 664.1	1 840.0	1 244.8	1 302.6
- Other receivables	14.6	233.0	18.3	17.2
Households, of which:	**22 916.2**	**21 792.9**	**19 015.9**	**18 766.0**
- Loans and advances, of which:	22 441.0	21 377.4	18 842.6	18 601.9
- in the current account	*1 542.6*	*1 569.2*	*1 435.5*	*1 456.9*
- term ones	*20 898.4*	*19 808.2*	*17 407.1*	*17 145.0*
- Leasing receivables	424.1	375.1	140.2	131.0
- Factoring receivables	50.6	39.9	32.6	32.6
- Other receivables	0.5	0.5	0.5	0.5
Total (gross)	**53 184.2**	**52 695.2**	**44 966.9**	**44 759.4**
Impairment losses, of which:	**-1 723.1**	**-1 664.6**	**-1 557.8**	**-1 497.3**
- Business entities, of which:	**-1 125.4**	**-1 093.9**	**-1 062.3**	**-1 018.8**
- concerning loans and advances	-1 040.0	-1 012.8	-985.6	-881.8
- concerning leasing receivables	-61.3	-63.0	-59.5	-54.2
- concerning factoring receivables	-13.8	-12.2	-11.7	-9.1
- concerning corporate bonds	-5.6	-1.2	-0.8	-69.0
- concerning other receivables	-4.7	-4.7	-4.7	-4.7
- Households, of which:	**-597.7**	**-570.7**	**-495.5**	**-478.5**
- concerning loans and advances	-596.3	-569.3	-494.6	-477.5
- concerning leasing receivables	-0.8	-0.7	-0.2	-0.2
- concerning factoring receivables	-0.1	-0.2	-0.2	-0.3
- concerning other receivables	-0.5	-0.5	-0.5	-0.5
Total (net)	**51 461.1**	**51 030.6**	**43 409.1**	**43 262.1**

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Loans and advances, of which:	2 660.4	2 518.2	2 628.3	2 792.6
- in the current account	*6.7*	*93.1*	*32.6*	*132.4*
- term ones	*2 653.7*	*2 425.1*	*2 595.7*	*2 660.2*
Factoring receivables	33.8	30.1	16.6	11.2
Municipal bonds	1 107.6	1 060.3	930.9	785.7
T-eurobonds	3 923.9	3 800.5	3 685.8	3 723.1
Other receivables	0.1	0.1	0.1	0.1
Total (gross)	**7 725.8**	**7 409.2**	**7 261.7**	**7 312.7**
Impairment losses, of which:	-1.2	-1.2	-1.0	-0.6
- concerning loans and advances	-1.2	-1.2	-1.0	-0.6
Total (net)	**7 724.6**	**7 408.0**	**7 260.7**	**7 312.1**

Portfolio of loans and receivables by client segment

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Gross value, of which:	**58 750.4**	**57 750.7**	**49 982.2**	**49 764.4**
Corporate banking segment, of which:	36 781.0	36 729.4	31 476.7	31 502.9
- loans and advances	*27 005.7*	*26 846.9*	*23 357.6*	*23 566.9*
- leasing receivables	*4 173.7*	*4 101.7*	*3 510.3*	*3 395.5*
- factoring receivables	*2 829.9*	*2 880.5*	*2 433.1*	*2 452.2*
- corporate and municipal bonds	*2 771.7*	*2 900.3*	*2 175.7*	*2 088.3*
Retail banking segment, of which:	21 969.4	21 021.3	18 505.5	18 261.5
- mortgages	*16 680.8*	*15 770.8*	*14 018.2*	*13 838.8*
- other loans and advances	*5 288.6*	*5 250.5*	*4 487.3*	*4 422.7*
Impairment losses, of which:	**-1 720.3**	**-1 661.5**	**-1 554.4**	**-1 492.9**
Corporate banking segment, of which:	-1 153.7	-1 111.3	-1 067.5	-1 022.3
- loans and advances	*-1 072.3*	*-1 034.0*	*-993.6*	*-887.5*
- leasing receivables	*-61.9*	*-63.7*	*-60.9*	*-55.9*
- factoring receivables	*-13.9*	*-12.4*	*-12.2*	*-9.9*
- corporate and municipal bonds	*-5.6*	*-1.2*	*-0.8*	*-69.0*
Retail banking segment, of which:	-566.6	-550.2	-486.9	-470.6
- mortgages	*-173.3*	*-145.1*	*-137.1*	*-137.3*
- other loans and advances	*-393.3*	*-405.1*	*-349.8*	*-333.3*
Net value, of which:	**57 030.1**	**56 089.2**	**48 427.8**	**48 271.5**
Corporate banking segment, of which:	35 627.3	35 618.1	30 409.2	30 480.6
- loans and advances	*25 933.4*	*25 812.9*	*22 364.0*	*22 679.4*
- leasing receivables	*4 111.8*	*4 038.0*	*3 449.4*	*3 339.6*
- factoring receivables	*2 816.0*	*2 868.1*	*2 420.9*	*2 442.3*
- corporate and municipal bonds	*2 766.1*	*2 899.1*	*2 174.9*	*2 019.3*
Retail banking segment, of which:	21 402.8	20 471.1	18 018.6	17 790.9
- mortgages	*16 507.5*	*15 625.7*	*13 881.1*	*13 701.5*
- other loans and advances	*4 895.3*	*4 845.4*	*4 137.5*	*4 089.4*

Interim condensed consolidated financial statements (PLN million)

7.13. Quality of portfolio of loans and advances

Quality of credit portfolio

(including leasing receivables, factoring receivables and corporate and municipal bonds)

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Corporate activity				
Exposure	**36 781.0**	**36 729.4**	**31 476.7**	**31 502.9**
- unimpaired (IBNR)	34 981.4	34 873.1	29 663.1	29 791.7
- impaired	1 799.6	1 856.3	1 813.6	1 711.2
Impairment losses and provisions	**1 171.9**	**1 127.6**	**1 081.0**	**1 038.7**
- related to unimpaired portfolio	79.5	68.1	47.9	44.3
- related to impaired portfolio	1 074.2	1 043.2	1 019.6	978.0
- provisions for off-balance sheet liabilities	18.2	16.3	13.5	16.4
Share of the impaired portfolio	4.9%	5.1%	5.8%	5.4%
Impaired portfolio coverage ratio (%)	59.7%	56.2%	56.2%	57.2%
Retail activity				
Exposure	**21 969.4**	**21 021.3**	**18 505.5**	**18 261.5**
- unimpaired (IBNR)	21 389.6	20 470.8	18 004.5	17 778.4
- impaired	579.8	550.5	501.0	483.1
Impairment losses	**566.6**	**550.2**	**486.9**	**470.6**
- related to unimpaired portfolio	87.8	103.8	103.5	105.2
- related to impaired portfolio	478.8	446.4	383.4	365.4
Share of the impaired portfolio	2.6%	2.6%	2.7%	2.6%
Impaired portfolio coverage ratio (%)	82.6%	81.1%	76.5%	75.6%
Total exposure	**58 750.4**	**57 750.7**	**49 982.2**	**49 764.4**
Impairment losses and total provisions, of which:	**1 738.5**	**1 677.8**	**1 567.9**	**1 509.3**
- impairment losses	1 720.3	1 661.5	1 554.4	1 492.9
- provisions for off-balance sheet liabilities	18.2	16.3	13.5	16.4
Total portfolio coverage ratio	3.0%	2.9%	3.1%	3.0%
Share of the impaired portfolio	4.1%	4.2%	4.6%	4.4%
Impaired portfolio coverage ratio (%)	**65.3%**	**61.9%**	**60.6%**	**61.2%**

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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 2014 the period from 01 Oct 2014 to 31 Dec 2014	**4 Q 2014 YTD** the period from 01 Jan 2014 to 31 Dec 2014	**4 Q 2013** the period from 01 Oct 2013 to 31 Dec 2013	**4 Q 2013 YTD** the period from 01 Jan 2013 to 31 Dec 2013
Opening balance of impairment losses	**1 677.8**	**1 568.0**	**1 509.9**	**1 446.8**
Changes in the period (due to):	**60.8**	**170.6**	**58.1**	**121.2**
- changes in income statement	85.1	267.7	76.4	267.2
- depreciation	-25.7	-101.4	-9.2	-169.7
- transfer of provisions from off-balance sheet after their repayment	1.5	5.6	1.7	13.4
- other (inclusive FX differences, adjustment of interest income on impaired loans)	-0.1	-1.3	-10.8	10.3
Closing balance of impairment losses	**1 738.6**	**1 738.6**	**1 568.0**	**1 568.0**

7.14. Non-financial assets

	as of 31 Dec 2014	**as of 30 Sep 2014**	**as of 31 Dec 2013**	**as of 30 Sep 2013**
Investment real estates	60.0	59.6	121.4	120.9
Property, plant and equipment	595.0	635.2	576.6	544.3
Intangible assets	377.3	360.9	365.9	352.0
Total	**1 032.3**	**1 055.7**	**1 063.9**	**1 017.2**

Since the investment real property Chorzowska 50 was earmarked for the Bank's own purposes, a part of that investment real property was reclassified to the "*property, plant and equipment"* category.

7.15. Assets held for sale

	as of 31 Dec 2014	**as of 30 Sep 2014**	**as of 31 Dec 2013**	**as of 30 Sep 2013**
Property, plant and equipment held for sale	35.5	42.4	35.3	49.0
Shares in the associated entities held for sale	109.4	109.4	0.0	0.0
Total	**144.9**	**151.8**	**35.3**	**49.0**

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7.16. Liabilities due to other banks

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Current accounts	1 823.2	1 479.5	808.9	566.0
Interbank deposits	1 818.7	757.1	1 230.4	699.3
Repo transactions	0.0	2 090.9	28.7	459.7
Loans received*	2 467.1	2 713.7	2 580.8	2 768.3
Other liabilities	14.4	2.1	25.1	19.9
Total	**6 123.4**	**7 043.3**	**4 673.9**	**4 513.2**

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

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Financial liabilities held for trading, of which:	56.9	355.5	613.1	547.0
- repo transactions	*56.9*	*355.5*	*613.1*	*547.0*
Book short position in trading securities	860.5	1 789.9	621.1	146.7
Total	**917.4**	**2 145.4**	**1 234.2**	**693.7**

7.18. Liabilities due to customers

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Deposits	74 405.7	70 537.8	66 479.9	65 255.7
Other liabilities	1 253.2	1 160.7	1 003.9	1 142.2
Total liabilities due to customers, of which:	**75 658.9**	**71 698.5**	**67 483.8**	**66 397.9**
- due to entities from the financial sector other than banks	*2 243.8*	*2 921.8*	*3 152.1*	*3 874.7*
- due to entities from the non-financial sector	*71 539.3*	*66 832.6*	*62 231.3*	*60 576.7*
- due to entities from the government and self-government institutions' sector	*1 875.8*	*1 944.1*	*2 100.4*	*1 946.5*

Liabilities due to entities from the financial sector other than banks

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Deposits, of which:	2 142.8	2 842.7	3 079.0	3 656.4
- current accounts	*1 707.6*	*2 145.8*	*2 147.1*	*2 781.1*
- term deposit	*435.2*	*696.9*	*931.9*	*875.3*
Other liabilities	101.0	79.1	73.1	218.3
Total	**2 243.8**	**2 921.8**	**3 152.1**	**3 874.7**

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Liabilities due to entities from the non-financial sector

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Business entities, of which:	**21 260.5**	**19 702.2**	**18 602.4**	**17 472.3**
- Deposits, of which:	20 177.3	18 690.5	17 746.3	16 618.3
- current accounts	*16 781.1*	*16 335.1*	*15 184.9*	*14 435.3*
- term deposit	*3 396.2*	*2 355.4*	*2 561.4*	*2 183.0*
- Other liabilities	1 083.2	1 011.7	856.1	854.0
Households, of which:	**50 278.8**	**47 130.4**	**43 628.9**	**43 104.4**
- Deposits, of which:	50 217.1	47 067.8	43 563.8	43 042.2
- current accounts	*7 715.3*	*6 924.6*	*6 456.3*	*5 897.2*
- saving accounts	*36 622.6*	*34 282.3*	*32 105.0*	*32 005.4*
- term deposit	*5 879.2*	*5 860.9*	*5 002.5*	*5 139.6*
- Other liabilities	61.7	62.6	65.1	62.2
Total	**71 539.3**	**66 832.6**	**62 231.3**	**60 576.7**

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Deposits, of which:	1 868.5	1 936.8	2 090.8	1 938.8
- current accounts	*1 809.4*	*1 622.5*	*2 029.0*	*1 511.7*
- term deposit	*59.1*	*314.3*	*61.8*	*427.1*
Other liabilities	7.3	7.3	9.6	7.7
Total	**1 875.8**	**1 944.1**	**2 100.4**	**1 946.5**

7.19. Provisions

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Provision for issues in dispute	21.5	21.4	21.6	20.6
Provisions for off-balance sheet liabilities	18.3	16.3	13.5	16.4
Provision for retirement benefits	20.5	21.8	20.4	21.3
Provision for unused holidays	14.5	12.1	12.2	8.9
Provision for employment restructuring	0.0	0.1	0.1	0.1
Total	**74.8**	**71.7**	**67.8**	**67.3**

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7.20. Fair values

7.20.1. Fair value of financial assets and liabilities

Categories of fair value measurement of financial assets and liabilities

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

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

The table below presents the balance-sheet figures for financial assets and liabilities per individual measurement levels.

as of 31 Dec 2014

	Level I	Level II	Level III	Total
Financial assets, of which:	**23 734.1**	**6 342.9**	**5.0**	**30 082.0**
- Financial assets held for trading, of which:	1 409.8	447.0	0.0	1 856.8
- repo transactions	*0.0*	*447.0*	*0.0*	*447.0*
- treasury bonds	*1 409.8*	*0.0*	*0.0*	*1 409.8*
- Valuation of derivatives	0.0	2 412.1	0.0	2 412.1
- Financial assets available-for sale, of which:	22 324.3	500.0	5.0	22 829.3
- treasury bonds	*20 618.4*	*0.0*	*0.0*	*20 618.4*
- NBP bills	*0.0*	*500.0*	*0.0*	*500.0*
- BGK bonds	*1 696.9*	*0.0*	*0.0*	*1 696.9*
- equity instruments	*9.0*	*0.0*	*5.0*	*14.0*
- Derivative hedge instruments	0.0	2 983.8	0.0	2 983.8
Financial liabilities, of which:	**860.5**	**4 611.1**	**0.0**	**5 471.6**
- Financial liabilities held for trading, of which:	0.0	56.9	0.0	56.9
- repo transactions	*0.0*	*56.9*	*0.0*	*56.9*
- Book short position in trading securities	860.5	0.0	0.0	860.5
- Valuation of derivatives	0.0	2 521.4	0.0	2 521.4
- Derivative hedge instruments	0.0	2 032.8	0.0	2 032.8

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as of 31 Dec 2013

	Level I	Level II	Level III	Total
Financial assets, of which:	**18 867.6**	**5 098.0**	**2.7**	**23 968.3**
- Financial assets held for trading, of which:	476.5	1 474.9	0.0	1 951.4
- repo transactions	_0.0_	_675.1_	_0.0_	_675.1_
- treasury bonds	_476.5_	_0.0_	_0.0_	_476.5_
- NBP bills	_0.0_	_799.8_	_0.0_	_799.8_
- Valuation of derivatives	0.0	1 471.4	0.0	1 471.4
- Financial assets available-for sale, of which:	18 391.1	1 099.8	2.7	19 493.6
- treasury bonds	_16 463.9_	_0.0_	_0.0_	_16 463.9_
- NBP bills	_0.0_	_1 099.8_	_0.0_	_1 099.8_
- BGK bonds	_1 902.6_	_0.0_	_0.0_	_1 902.6_
- equity instruments	_24.6_	_0.0_	_2.7_	_27.3_
- Derivative hedge instruments	0.0	1 051.9	0.0	1 051.9
Financial liabilities, of which:	**621.1**	**3 220.5**	**0.0**	**3 841.6**
- Financial liabilities held for trading, of which:	0.0	613.1	0.0	613.1
- repo transactions	_0.0_	_613.1_	_0.0_	_613.1_
- Book short position in trading securities	621.1	0.0	0.0	621.1
- Valuation of derivatives	0.0	1 493.0	0.0	1 493.0
- Derivative hedge instruments	0.0	1 114.4	0.0	1 114.4

Movements between valuation levels

In 2014 there were no movements between valuation levels.

Valuation of financial instruments classified to the 2nd level

The Group classifies derivatives, cash bills of the National Bank of Poland and repo transactions into the 2nd level of valuation.

Derivatives

The following models are applied for non-linear transactions (FX options), depending on the product type:

- the European vanilla option – the Garman-Kohlhagen model,
- the European digital option - the Garman-Kohlhagen model adjusted by the call spread,
- the touch option – the Murex Skew Model,
- the (American) barrier option – the Murex Skew Model,
- the (European) barrier option – the Garman-Kohlhagen model
- Cap/Floor (back-to-back transactions) – the Black model.

The following are the input data for the models:

- the foreign exchange rate – obtained by the parties from the National Bank of Poland website,
- implied volatilities – obtained from Bloomberg BGN or Bloomberg Synthetic for the currency pair with lower liquidity

- profitability curves similar to those for linear derivatives.

Fair value for linear instruments (other derivatives) is determined based on discounted future cash flows at the transaction levels. The fair value determined in that manner is the PV of those cash flows.

All input data used for the creation of the revaluation curves are observed on the market, and include: deposit market rates, forward points, FRA rates, IRS rates, OIS rates, FX basis points, basis points among the index for variable rate, and FX-rates. The data come from the Reuters system and come mainly from brokers. The quality of those data as well as the data from other sources used in the revaluation process is verified on an annual basis or adjusted ad hoc.

All derivatives except for interest rate derivatives in PLN are valued according to the OIS curve concept on the assumption that there is a hedge of the transaction valuation in the form of a deposit at EONIA rate.

Due to the specific nature of the Polish market, single-currency derivatives in PLN are valued according to one curve for identification of future interest flows and for discount purposes. Similar to linear derivatives in other currencies, the curves taken account of the type of the underlying index.

Cash bills of the National Bank of Poland

Flat profitability curve set at the level of the NBP reference rate is applied for the valuation of NBP cash bills.

T-bills

Profitability curve for T-bills is obtained based on the observation of broker websites.

Repo transactions

Fair value for repo transactions is determined based on future payment flows discounted according to the profitability curve for the so called cash instruments.

Measurement adjustment

The Group adopted prudent valuation for financial assets and liabilities measured at fair value and based the said measurement on the guidelines provided for in the Technical Standards of the European Banking Authority (i.e.: EBA – Article 105(14) of the Regulation EU 575/2013 published in March 2014). This approach aims at determining the fair value with a high, 90%, confidence level, considering uncertain market pricing and closing cost.

Valuation of financial instruments classified to the 3rd level

Shares and participations of several companies for which It is difficult or impossible to determine the fair value due to absence of active market for those instruments are classified into the 3rd valuation level. The Group is of the opinion that the purchase price less the impairment charge (if any) is the best indicator of their value.

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7.20.2. Financial assets and liabilities which are not carried at fair value in the statement of financial position

as of 31 Dec 2014

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
Assets					
Cash in hand and balances with the Central Bank	5 330.7	-	5 330.7	-	**5 330.7**
Loans and receivables to other banks	1 838.3	-	1 838.3	-	**1 838.3**
Loans and receivables to customers	61 054.8	-	4 199.1	56 263.7	**60 462.8**
Receivables from customers due to repo transactions	106.6	-	106.6	-	**106.6**
Other assets	129.7	-	-	129.7	**129.7**
Liabilities					
Liabilities due to other banks	6 123.4	-	6 123.4	-	**6 123.4**
Liabilities due to customers	75 658.9	-	-	75 659.3	**75 659.3**
Liabilities due to customers under repo transactions	29.7	-	29.7	-	**29.7**
Liabilities under issue of debt securities	866.5	-	871.4	-	**871.4**

as of 31 Dec 2013

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
Assets					
Cash in hand and balances with the Central Bank	6 970.1	-	6 970.1	-	**6 970.1**
Loans and receivables to other banks	1 399.8	-	1 399.8	-	**1 399.8**
Loans and receivables to customers	52 237.9	-	3 912.5	46 826.1	**50 738.6**
Receivables from customers due to repo transactions	638.8	-	638.8	-	**638.8**
Other assets	86.9	-	-	86.9	**86.9**
Liabilities					
Liabilities due to other banks	4 673.9	-	4 673.9	-	**4 673.9**
Liabilities due to customers	67 483.8	-	-	67 483.3	**67 483.3**
Liabilities due to customers under repo transactions	433.5	-	433.5	-	**433.5**
Liabilities under issue of debt securities	566.4	-	566.4	-	**566.4**

The Group discloses the data on the fair value of loans and deposits recognised respectively in the groups of financial assets and financial liabilities carried at amortised cost considering the effective interest rate.

For calculation purposes the yield curve is applied with transfer prices calculated on the basis of:

- PLN: BID rates up to 9M (inclusive) being WIBID and over 1Y adequate IRS rates; OFFER rates up to 9M (inclusive) being WIBOR and over 1Y adequate IRS rates.
- EUR: BID rates up to 9M (inclusive) being EURIBOR and over 1Y adequate IRS rates; OFFER rates up to 9M (inclusive) being EURIBOR + 12.5 bp and over 1Y adequate IRS rates.

- USD and CHF: BID rates up to 9M (inclusive) being LIBOR and over 1Y adequate IRS rates; OFFER rates up to 9M (inclusive) being LIBOR + 12.5 bp and over 1Y adequate IRS rates.

BID rates are used to compute fair value of financial liabilities measured at amortized cost; in the case of financial assets measured at amortized cost OFFER rates are applied. All intermediate points on the curves are interpolated linearly.

Credit loss estimations reflect the loan loss provisioning model in place at the Group.

In certain aspects, the model adopted by the Group is based on the assumptions that do not confirm the prices of verifiable current market transactions referring to the same instrument – the model takes account of neither prepayments nor restructuring-based changes.

Loans and receivables

The credit portfolio including debt securities classified to financial assets measured at amortised cost is divided into sub-portfolios according to the type of product, the client's segment and the currency.

For mortgage portfolio, the prepayment model is applied. Data on the maturity of PLN and CHF mortgage portfolios are used to determine the estimated prepayments according to the model maturity structure. On the basis thereof, the average interest rate weighted with unmatured principal is calculated separately for PLN and CHF portfolios. A model schedule of principal and interest payments is aggregated on the basis of the model maturity structure and future interest flows measured at average interest rate separately for PLN and CHF.

In case of those sub-portfolios the discounting factor is used for each cashflow.

For loans/debt securities the discounting factor is assumed as a sum of:

- the market rate based on the yield curve as of the balance sheet date, and
- the average margin based on the portfolio of loans granted in the last two month period.

For that purpose the following assumptions are adopted:

- use of the loans granted in the last two months for calculation,
- division into the abovementioned product groups,
- the spot at the yield curve on the basis of which the relevant market rate is set is reflected by the revaluation date for each loan.

To estimate the fair value of CHF mortgage loans portfolio, an average margin used when extending EUR mortgage loans adjusted with swap instruments quotations for CHF/ EUR currencies was applied on account of active market dissaperance.

As a result, the fair value is the total of the net present value of cash flows of a single loan/ security (in the case of the mortgage portfolio the fair value is the total of the net present value of cash flows of the aggregated mortgage portfolio calculated separately for PLN and CHF).

In case of loans without any repayment schedules and loans from the impaired group, it is assumed that the fair value for those loans equals their book value.

Liabilities due to other banks and to customers

The deposit portfolio is divided according to the type of product, the client's segment and the currency. For deposits paid on demand, it is assumed the fair value equals their book value.

Another phase involves the calculation of future cashflows as the sum of principal- and interest cashflows. After that, by applying the discounting factor for each cashflow one receives the fair value of individual deposits. The sum of fair values of individual deposits represents the fair value of the portfolio of deposits reviewed.

For deposits the discounting factor represents the sum of:

- the market rate based on the yield curve as at the balance sheet date, and
- the average margin based on the portfolio of deposits accepted in the last two months.

For that purpose the following assumptions are adopted:

- use of the deposits accepted in the last two months for calculation,
- division into the abovementioned product groups,
- the spot at the yield curve on the basis of which the relevant market rate is set is reflected by the revaluation date for each deposit.

Liabilities under issue of securities

Fair value is calculated with the use of the discounting factor for each cash flow. Accordingly, the discounting factor is the total of:

- the market rate based on the yield curve from the balance sheet date, and
- the estimated margin applied should the securities be issued.

For that purpose, it is assumed that the spot at the yield curve on the basis of which the relevant market rate is set reflects the bond repricing date.

Cash in hand and balances with the Central Bank, Other assets.

As the financial assets recognised in the above item are of short-term nature, it was assumed that the carrying value is approximately the same as the fair value.

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7.21. Total capital ratio

Own funds	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
A. Own equity in the statement of financial position,	**10 456.6**	9 934.2	8 628.6	8 271.5
A.I. Own equity included in the own funds calculation	**7 491.5**	**7 492.4**	**7 755.8**	**7 756.3**
A.II. Own equity excluded from own funds calculation	2 965.1	2 441.8	872.8	515.2
B. Other elements of own funds (decreases and increases)	**-508.1**	**-514.1**	**-504.5**	**-516.3**
C. Short-term capital	**-**	**-**	**34.7**	**39.1**
Own funds taken into account in total capital ratio calculation (A.I. + B + C.)	**6 983.4**	**6 978.3**	**7 286.0**	**7 279.1**
Total capital requirement	**3 941.5**	**3 937.0**	**3 372.5**	**3 348.0**
Total capital ratio (solvency ratio)	**14.17%**	**14.18%**	**17.28%**	**17.39%**

As of 01 January 2014, new provisions of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR for short) are applicable to own funds and capital adequacy. The total capital ratio (solvency ratio previously) as at 31 December 2014 and 30 September 2014 was calculated under the CRR guidelines.

The ratios presented for the previous periods were calculated under the laws effective by the 2013 year end and provided for in PFSA Resolution No. 76/2010 on the Scope and Detailed Principles of Capital Requirement Determination for Individual Risk Types of 10 March 2010.

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

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

- temporary slowdown of the economic growth rate in Poland to approximately about 3% (y/y) – according to the Central Statistical Office, GDP growth in Q3 2014 settled at 3.3% (y/y) versus 3.5% (y/y) in Q2 2014. Per forecasts developed by ING Bank Śląski S.A., the dynamics of the GDP growth may arrive at 3.0% (y/y) in Q4 2014 and remain the same in Q1 2015. In the upcoming quarters of 2015, an economic revival may be observed, and throughout 2015 a GDP growth of 3.3% seems attainable. It will depend on the Eurozone economy. Its difficulties in working out institutional solutions reinforcing internal demand as well as disturbances in exporting goods to Russia and Ukraine entail incertitude in that regard. On the other hand, the decline in the oil prices is a positive trend for the global economy and it may reinforce global economic growth.
- private consumption growth is likely to remain 3.1% (y/y) in the coming quarters and plans to intensively absorb EU funds in 2015 (infrastructure investment projects and investment projects of Local Government Units).
- changes on the labour market – as at the end of Q3 2014, the unemployment rate was 11.5% and it was 1.5 p.p. lower over the last year. Seasonaly adjusted unemployment rate has been decreasing since mid 2013, and from that time it has dropped by approximately 2 p.p. The entrepreneurs segment data indicate that since the beginning of 2014 the employment rate y/y has been gradually, yet not very fast, increasing. At the same time, household real income is growing relatively fast due to incremental deflation in Poland. However, the threats about the course of Russia and Ukraine conflict as well as the situation of borrowers who took CHF mortgage loans after unexpected floating of this currency may make households keep their prudent approach to larger expenses,
- main interest rates in Poland – in October 2014, the Monetary Policy Council cut the interest rates, where the main interest rate was lowered by 50 b.p., and the lombard rate, indicating the maximum interest for loans for natural persons as permitted by the law, by 100 b.p. It may affect banks' approach to granting loans to people with weaker financial standing. The deflation that has been observed since 2014 may continue until mid 2015, and the inflation readings may be lower than the official target of 2.5% y/y even for a few years to come. The economists of ING Bank Śląski S.A. are of the opinion that the prolonging period of decreasing prices may make the Monetary Policy Council cut interest rates even further by 25-50 b.p. in 2015, and most likely around March.

9. Off-balance sheet items

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Contingent liabilities granted	23 802.6	21 205.6	19 046.8	18 518.2
Contingent liabilities received	43 228.2	40 389.1	36 631.9	36 465.6
Off-balance sheet financial instruments	297 683.6	249 723.8	215 504.3	219 435.9
Total off-balance sheet items	**364 714.4**	**311 318.5**	**271 183.0**	**274 419.7**

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

In Q4 2014, the Bank issued the second bonds under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.*, which has been described in Chapter II. *Supplementary information in item 2. Significant events in Q4 2014.*

11. Dividends paid

On 10 April 2014, the General Meeting passed a resolution regarding dividend payout for 2013, pursuant to which the Bank paid out the dividend for 2013 totalling PLN 572,440.0 thousand, (PLN 4.4 gross per share). On 14 May 2014 the shareholders of record became entitled to the dividend payout which took place on 3 June 2014.

On 19 April 2013, the General Meeting approved earmarking the entire 2012 net profit of the Group's dominant entity for equity.

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)

	IV quarter 2014 the period from 1 Oct 2014 to 31 Dec 2014	**4 quarters 2014** the period from 1 Jan 2014 to 31 Dec 2014	**IV quarter 2013** the period from 1 Oct 2013 to 31 Dec 2013	**4 quarters 2013** the period from 1 Jan 2013 to 31 Dec 2013
Status at the period beginning	**21.4**	**21.6**	**20.6**	**20.6**
Establishment of provisions	0.1	7.1	1.3	1.6
Release of provisions	-0.1	-1.4	-0.1	-0.3
Utilisation of provision	-0.1	-6.0	-0.2	-0.3
Others	0.2	0.2	-	-
Status as at the period end	**21.5**	**21.5**	**21.6**	**21.6**

Either in IV quarter 2014 or IV quarter 2013, 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. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding"). 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 1 January 2014 to 31 December 2014 the following transactions were made of the total value exceeding EURO 500.000:

- transactions with ING Bank NV – under execution of the agreements (among other Cooperation Agreement and Agreement on Provision of Data Processing and Financial Information Analysis Services), the fee for services rendered under financial advisory, the fee for using data processing and financial information analysis services by ING Bank Śląski and the fee for services rendered under business operations and product development advisory in the PCM area for 12 months of 2014 amounted to PLN 51.4 million versus PLN 49.8 million in the same period last year (net amounts).
- transactions with ING Services Polska – the Company provides ING Bank Śląski with IT equipment rental and operation services. Services' costs amounted to PLN 32,1 million versus PLN 47.9 million in the analogous period of the previous year (gross amounts).

Transactions with related entities (in PLN million)

31.12.2014

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	3.0	15.2	-	-
Loans	-	8.1	4 486.2	-
Positive valuation of derivatives	493.6	257.9	-	-
Other receivables	4.0	1.9	0.1	-
Liabilities				
Deposits received	1 523.8	687.8	386.7	161.0
Loans received	2 150.6	-	-	-
Loro accounts	24.0	14.2	-	-
Negative valuation of derivatives	381.6	270.7	-	-
Repo	-	28.8	-	-
Other liabilities	3.9	0.1	-	-
Off-balance-sheet operations				
Contingent liabilities	1 956.6	114.0	2 049.2	-
FX transactions	3 268.1	49.8	-	-
Forward transactions	29.6	858.4	-	-
IRS	12 626.8	3 568.9	-	-
FRA	850.0	-	-	-
Options	1 272.4	726.2	48.0	-
Revenue and costs**				
Revenue	106.3	-3.6	121.6	-2.2
Costs***	53.1	28.7	-2.1	-

31.12.2013

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	24.5	15.6	-	-
Deposits placed	55.3	-	-	-
Loans	-	11.5	3 629.1	-
Positive valuation of derivatives	324.8	207.1	0.3	-
Repo	133.7	-	-	-
Other receivables	4.1	0.9	0.5	-
Liabilities				
Deposits received	940.9	1 190.6	464.7	57.3
Loans received	2 306.0	-	-	-
Loro accounts	46.7	8.5	-	-
Negative valuation of derivatives	261.1	229.4	0.4	-
Repo	28.8	424.3	-	-
Other liabilities	3.5	-	-	-
Off-balance-sheet operations				
Contingent liabilities	1 467.0	57.3	1 584.9	0.1
FX transactions	4 512.5	37.6	-	-
Forward transactions	10.2	-	-	-
IRS	10 295.0	3 552.9	9.5	-
FRA	829.4	-	-	-
Options	1 440.7	1 495.3	52.6	-
Revenue and costs**				
Revenue	-26.6	-8.3	106.0	-2.2
Costs***	52.2	40.0	20.7	-

*/ 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.
***/ Costs are presented as per their net value (VAT excluded).

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,
- Bank Treasury operations.

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.

The main scope of responsibilities of the Bank Treasury is management of both short-term and long-term liquidity risk, in line with the effective regulations and with risk appetite internally set at the Bank, interest rate risk management and investing surpluses obtained from business lines while maintaining the liquidity buffer in the form of liquid assets.

15.1.3. Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS).

Transfer prices are defined based on the yield curve for a given currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtainment of long-term liquidity, matching of the Bank's position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations.

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

The Bank presents segment's interest income reduced by the cost of the interest. This results from the fact that while evaluating the segment's results and assigning assets to the segment, the Management Board relies mainly on net interest income. In 4 quarters 2014, the Bank updated the allocation key for ALCO income and introduced changes referred to in item 6. *Comparability of financial data.* Data for the 12 months of 2013 presented herein were made comparable.

PLN million	**4 quarters 2014** the period from 01 Jan 2014 to 31 Dec 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 839.3**	**1 705.5**	**3 544.8**
Net interest income	1 310.3	1 019.9	2 330.2
Net commission income	437.9	625.0	1 062.9
Other income/expenses	78.8	60.6	139.4
Share in net profit (loss) of associated entities recognised under the equity method	12.3	0.0	12.3
Expenses total	**1 161.3**	**768.4**	**1 929.7**
Result before risk	**678.0**	**937.1**	**1 615.1**
Impairment losses	78.7	189.0	267.7
Result after impairment losses (profit before tax)	**599.3**	**748.1**	**1 347.4**
Income tax	-	-	306.6
Result after tax	-	-	**1 040.8**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**1 040.7**

LN million	**IV quarter 2014** the period from 01 Oct 2014 to 31 Dec 2014		
	Retail banking segment	**Corporate banking Segment**	**TOTAL**
Revenue total*	**445.9**	**420.1**	**866.0**
Net interest income	329.0	254.2	583.2
Net commission income	93.7	155.2	248.9
Other income/expenses	23.2	10.7	33.9
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	0.0
Expenses total	**281.5**	**207.0**	**488.5**
Result before risk	**164.4**	**213.1**	**377.5**
Impairment losses	18.2	66.9	85.1
Result after impairment losses (profit before tax)	**146.2**	**146.2**	**292.4**
Income tax	-	-	61.7
Result after tax	-	-	**230.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**230.8**

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

PLN million	**4 quarters 2013** the period from 01 Jan 2013 to 31 Dec 2013		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 638.9**	**1 689.6**	**3 328.5**
Net interest income	1 038.5	1 004.1	2 042.6
Net commission income	439.6	582.3	1 021.9
Other income/expenses	122.7	103.2	225.9
Share in net profit (loss) of associated entities recognised under the equity method	38.1	0.0	38.1
Expenses total	**1 145.0**	**723.4**	**1 868.4**
Result before risk	**493.9**	**966.2**	**1 460.1**
Impairment losses	128.4	138.8	267.2
Result after impairment losses (profit before tax)	**365.5**	**827.4**	**1 192.9**
Income tax	-	-	231.4
Result after tax	-	-	**961.5**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**961.5**

PLN million	**IV quarter 2013** the period from 01 Oct 2013 to 31 Dec 2013		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**429.1**	**410.0**	**839.1**
Net interest income	287.3	258.1	545.4
Net commission income	119.9	144.9	264.8
Other income/expenses	9.9	7.0	16.9
Share in net profit (loss) of associated entities recognised under the equity method	12.0	0.0	12.0
Expenses total	**271.8**	**178.6**	**450.4**
Result before risk	**157.3**	**231.4**	**388.7**
Impairment losses	17.0	59.4	76.4
Result after impairment losses (profit before tax)	**140.3**	**172.0**	**312.3**
Income tax	-	-	61.8
Result after tax	-	-	**250.5**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**250.5**

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

15.2. Geographical segments

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

Interim condensed consolidated financial statements (PLN 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 end of 2014, the Fitch Agency carried out the annual rating review at the Bank. As a result of this review, all the ratings were affirmed (Fitch Agency's press release of 26 November 2014 and full report on the Bank's rating of 13 January 2015).
As at 31.12.2014, the Bank had the rating of financial credibility, issued by the agency:

Rating	Level
Long-term IDR	A
Sustained score outlook	Negative
Short-term IDR	F1
Viability rating	bbb+
Support rating	1

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.

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 31.12.2014, 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
Long-term deposit rating outlook	Negative
Financial strength outlook	Stable

The above ratings were affirmed by the Agency in November 2014 (Credit Opinion of 21 November 2014).

16.2. Number of Branches and ATMs

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

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Number of outlets	402	407	417	421

As at the end of December 2014 the Bank had a network of 892 ATMs[1] compared with 792 ATMs as at the end of December 2013.

As at the end of December 2014, the Bank also had a network of 770 cash deposit machines[2], compared with 725 deposit machines as at the end of December 2013.

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 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
ING BankOnLine and ING BusinessOnLine	2 846 079	2 776 878	2 575 708	2 518 352
HaloŚląski	1 819 028	1 762 948	1 605 063	1 556 803
SMS	1 697 459	1 658 491	1 558 299	1 126 603
ING BankMobile*	764 457	658 799	364 867	269 323
ING BusinessMobile	6 703	6 317	3 712	2 676

*/ Number of downloaded applications

The monthly number of transactions in December 2014 was at the level of 24.2 million, whereas at the end of December 2013 it was 19.5 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:

(in thousands)	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Payment cards, of which:	2 731	2 667	2 562	2 820
Debit cards	*2 431*	*2 369*	*2 271*	*2 532*
Credit cards	*206*	*205*	*200*	*200*
Other cards	*94*	*93*	*91*	*88*

[1] Including duals the number of which as of the end of December 2014 was 598.
[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.

ING Bank Śląski S.A. offers also paywave and virtual cards. By the end of December 2014, clients were issued 2,105.7 thousand proximity cards in total[4] (1,884.2 thousand as at the end of December 2013) and 39.4 thousand Virtual C@rds (36.7 thousand as at the end of December 2013).

[4] Cards: Maestro PayPass, MasterCard Debit PayPass, Proximity Card , VISA PayWave and Visa Business Proximity

Interim condensed consolidated financial statements (PLN million)

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

2015-02-10	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2015-02-10	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
2015-02-10	**Michał Bolesławski** *Vice-President*	*Signed on the Polish original*
2015-02-10	**Joanna Erdman** *Vice-President*	*Signed on the Polish original*
2015-02-10	**Justyna Kesler** *Vice-President*	*Signed on the Polish original*
2015-02-10	**Oscar Edward Swan** *Vice-President*	*Signed on the Polish original*
2015-02-10	**Ignacio Juliá Vilar** *Vice-President*	*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 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
- Interest income	889.6	3 578.7	853.3	3 467.9
- Interest expenses	336.0	1 367.5	339.0	1 543.1
Net interest income	**553.6**	**2 211.2**	**514.3**	**1 924.8**
- Commission income	262.5	1 097.4	272.9	1 039.1
- Commission expenses	28.2	94.5	21.8	74.8
Net commission income	**234.3**	**1 002.9**	**251.1**	**964.3**
Net income on financial instruments measured at fair value through profit or loss and FX result	21.9	89.8	9.4	94.2
Net income on investments	-5.8	67.9	0.4	146.0
Net income on hedge accounting	-2.1	8.7	3.7	-1.5
Net income on other basic activities	6.2	13.0	0.3	4.1
Result on basic activities	**808.1**	**3 393.5**	**779.2**	**3 131.9**
General and administrative expenses	459.9	1 814.2	419.3	1 755.2
Impairment losses and provisions for off-balance sheet liabilities	72.1	243.4	58.4	236.6
Profit (loss) before tax	**276.1**	**1 335.9**	**301.5**	**1 140.1**
Income tax	55.2	268.0	61.5	220.0
Net result for the current period	**220.9**	**1 067.9**	**240.0**	**920.1**

Net profit (loss)	**220.9**	**1 067.9**	**240.0**	**920.1**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1.70**	**8.21**	**1.84**	**7.07**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	4 Q 2013 the period from 01 Oct 2013 to 31 Dec 2013	4 Q 2013 YTD the period from 01 Jan 2013 to 31 Dec 2013
Net result for the period	**220.9**	**1 067.9**	**240.0**	**920.1**
Other comprehensive income, of which:	**291.1**	**1 359.0**	**103.7**	**-475.9**
- items which can be reclassified to income statement	297.1	1 360.3	101.6	-478.6
- items which will not be reclassified to income statement	-6.0	-1.3	2.1	2.7
Total comprehensive income for the period	**512.0**	**2 426.9**	**343.7**	**444.2**

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 responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
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

Katowice, 10 Feb 2015

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 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
A S S E T S				
- Cash in hand and balances with the Central Bank	5 330.7	3 008.0	6 970.1	4 577.6
- Loans and receivables to other banks	1 821.3	2 493.4	1 388.9	2 485.3
- Financial assets measured at fair value through profit and loss	1 856.8	1 455.4	1 951.4	1 603.7
- Valuation of derivatives	2 411.7	1 998.3	1 471.7	1 329.8
- Investments	22 828.6	23 190.0	19 492.9	19 793.4
- Derivative hedge instruments	2 983.8	2 370.9	1 051.9	994.1
- Loans and receivables to customers	57 952.1	56 981.2	49 119.6	48 908.3
- Receivables from customers due to repo transactions	106.6	486.7	638.8	252.4
- Investments in controlled entities	269.2	270.3	461.4	454.4
- Non-financial assets	1 002.5	1 028.2	918.2	876.6
- Assets held for sale	68.4	75.3	28.3	38.0
- Tax assets	0.0	36.8	62.1	49.4
- Other assets	110.7	172.4	115.2	130.7
T o t a l a s s e t s	**96 742.4**	**93 566.9**	**83 670.5**	**81 493.7**
E Q U I T Y A N D L I A B I L I T I E S				
LIABILITIES				
- Liabilities due to other banks	3 644.2	4 329.7	2 085.8	1 743.5
- Financial liabilities measured at fair value through profit and loss	917.4	2 145.4	1 234.2	693.7
- Valuation of derivatives	2 521.3	2 091.1	1 493.4	1 372.9
- Derivative hedge instruments	2 032.8	1 637.8	1 114.4	1 084.2
- Liabilities due to customers	75 326.0	71 407.7	67 404.0	66 382.8
- Liabilities due to customers under repo transactions	29.7	281.1	433.5	513.5
- Liabilities under issue of debt securities	866.5	571.6	566.4	571.5
- Provisions	70.3	67.7	63.7	63.9
- Tax liabilities	248.5	238.5	108.9	38.1
- Other liabilities	837.9	1 060.8	838.3	1 046.2
T o t a l l i a b i l i t i e s	**86 494.6**	**83 831.4**	**75 342.6**	**73 510.3**
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	1 869.0	1 579.5	513.4	410.3
- Revaluation of share-based payment	48.0	47.7	46.1	45.3
- Retained earnings	7 244.4	7 021.9	6 682.0	6 441.4
T o t a l e q u i t y	**10 247.8**	**9 735.5**	**8 327.9**	**7 983.4**
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	**96 742.4**	**93 566.9**	**83 670.5**	**81 493.7**

Net book value	**10 247.8**	**9 735.5**	**8 327.9**	**7 983.4**
Number of shares	**130 100 000.0**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**78.77**	**74.83**	**64.01**	**61.36**

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Katowice, 10 Feb 2015

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 2014
the period from 01 Oct 2014 to 31 Dec 2014

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**535.0**	**35.8**	**1 006.9**	**1.8**	**47.7**	**7 021.9**	**9 735.5**
Net result for the current period	-	-	-	-	-	-	-	220.9	**220.9**
Other comprehensive income, of which:	**0.0**	**0.0**	**25.7**	**-8.9**	**271.4**	**1.3**	**0.0**	**1.6**	**291.1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*25.8*	-	-	-	-	-	*25.8*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-0.1*	-	-	-	-	-	*-0.1*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*271.4*	-	-	-	*271.4*
- remeasurement of property, plant and equipment	-	-	-	*-7.3*	-	-	-	-	*-7.3*
- disposal of property, plant and equipment	-	-	-	*-1.6*	-	-	-	*1.6*	*0.0*
- actuarial gains / losses	-	-	-	-	-	*1.3*	-	-	*1.3*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**0.3**
- revaluation of share-based payment	-	-	-	-	-	-	*0.3*	-	*0.3*
Closing balance of equity	**130.1**	**956.3**	**560.7**	**26.9**	**1 278.3**	**3.1**	**48.0**	**7 244.4**	**10 247.8**

4 Q 2014 YTD
the period from 01 Jan 2014 to 31 Dec 2014

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**273.2**	**32.9**	**205.5**	**1.8**	**46.1**	**6 682.0**	**8 327.9**
Net result for the current period	-	-	-	-	-	-	-	1 067.9	**1 067.9**
Other comprehensive income, of which:	**0.0**	**0.0**	**287.5**	**-6.0**	**1 072.8**	**1.3**	**0.0**	**3.4**	**1 359.0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*291.8*	-	-	-	-	-	*291.8*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-4.3*	-	-	-	-	-	*-4.3*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*1 072.8*	-	-	-	*1 072.8*
- remeasurement of property, plant and equipment	-	-	-	*0.2*	-	-	-	*-4.3*	*-4.1*
- disposal of property, plant and equipment	-	-	-	*-6.2*	-	-	-	*7.7*	*1.5*
- actuarial gains / losses	-	-	-	-	-	*1.3*	-	-	*1.3*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.9**	**-508.9**	**-507.0**
- revaluation of share-based payment	-	-	-	-	-	-	*1.9*	-	*1.9*
- settlement of subsidiary acquisition	-	-	-	-	-	-	-	*63.5*	*63.5*
- dividends paid	-	-	-	-	-	-	-	*-572.4*	*-572.4*
Closing balance of equity	**130.1**	**956.3**	**560.7**	**26.9**	**1 278.3**	**3.1**	**48.0**	**7 244.4**	**10 247.8**

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Katowice, 10 Feb 2015

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 2013

the period from 01 Oct 2013 to 31 Dec 2013

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**186.0**	**32.8**	**191.1**	**0.4**	**45.7**	**6 441.4**	**7 983.8**
Net result for the current period	-	-	-	-	-	-	-	240.0	**240.0**
Other comprehensive income, of which:	**0.0**	**0.0**	**87.2**	**0.1**	**14.4**	**1.4**	**0.0**	**0.6**	**103.7**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*87.6*	-	-	-	-	-	*87.6*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-0.4*	-	-	-	-	-	*-0.4*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*14.4*	-	-	-	*14.4*
- remeasurement of property, plant and equipment	-	-	-	*0.1*	-	-	-	*0.6*	*0.7*
- actuarial gains / losses	-	-	-	-	-	*1.4*	-	-	*1.4*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**0.0**	**0.4**
- revaluation of share-based payment	-	-	-	-	-	-	*0.4*	-	*0.4*
Closing balance of equity	**130.1**	**956.3**	**273.2**	**32.9**	**205.5**	**1.8**	**46.1**	**6 682.0**	**8 327.9**

4 Q 2013 YTD

the period from 01 Jan 2013 to 31 Dec 2013

	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	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	**Total equity**
Opening balance of equity	**130.1**	**956.3**	**590.3**	**33.4**	**367.0**	**0.0**	**41.3**	**5 760.5**	**7 878.9**
Net result for the current period	-	-	-	-	-	-	-	920.1	**920.1**
Other comprehensive income, of which:	**0.0**	**0.0**	**-317.1**	**-0.5**	**-161.5**	**1.8**	**0.0**	**1.4**	**-475.9**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-229.3*	-	-	-	-	-	*-229.3*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-87.8*	-	-	-	-	-	*-87.8*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-161.5*	-	-	-	*-161.5*
- remeasurement of property, plant and equipment	-	-	-	*0.1*	-	-	-	*0.6*	*0.7*
- disposal of property, plant and equipment	-	-	-	*-0.6*	-	-	-	*0.8*	*0.2*
- actuarial gains / losses	-	-	-	-	-	*1.8*	-	-	*1.8*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.8**	**0.0**	**4.8**
- revaluation of share-based payment	-	-	-	-	-	-	*4.8*	-	*4.8*
Closing balance of equity	**130.1**	**956.3**	**273.2**	**32.9**	**205.5**	**1.8**	**46.1**	**6 682.0**	**8 327.9**

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Katowice, 10 Feb 2015

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 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014	**4 Q 2013 YTD** the period from 01 Jan 2013 to 31 Dec 2013
OPERATING ACTIVITIES		
Net profit (loss)	**1 067.9**	**920.1**
Adjustments	**-2 206.0**	**1 981.6**
- Depreciation and amortisation	171.5	160.4
- Interest accrued (from the profit and loss account)	-2 211.2	-1 924.8
- Interest paid	-1 409.8	-1 472.3
- Interest received	3 443.7	3 346.6
- Dividends received	-67.5	-40.6
- Gains (losses) on investment activities	-6.7	-0.8
- Income tax (from the profit and loss account)	268.0	220.0
- Income tax paid	-67.8	-270.5
- Change in provisions	6.6	-5.2
- Change in loans and other receivables to other banks	-337.2	-132.4
- Change in financial assets at fair value through profit or loss	95.5	-395.0
- Change in available-for-sale financial assets	-2 959.1	-1 963.8
- Change in valuation of derivatives	87.9	66.1
- Change in derivative hedge instruments	59.3	-350.4
- Change in other receivables to customers	-8 256.1	-3 840.0
- Change in other assets	177.6	57.4
- Change in liabilities due to other banks	1 558.6	216.3
- Change in liabilities at fair value through profit or loss	-316.8	-1 769.2
- Change in liabilities due to customers	7 560.3	9 983.6
- Change in other liabilities	-2.8	96.2
Net cash flow from operating activities	**-1 138.1**	**2 901.7**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-123.4	-73.5
- Disposal of property, plant and equipment	0.2	0.1
- Purchase of intangible assets	-76.2	-72.7
- Purchase of investments in subordinated entities	-10.0	-7.0
- Disposal of fixed assets held for sale	7.3	1.8
- Dividends received	67.5	40.6
Net cash flow from investment activities	**-134.6**	**-110.7**
FINANCIAL ACTIVITIES		
- Issue of debt securities	300.0	0.0
- Interest on debt securities issued	0.1	-0.7
- Dividends paid	-572.4	0.0
Net cash flow from financial activities	**-272.3**	**-0.7**
Effect of exchange rate changes on cash and cash equivalents	***198.9***	***37.4***
Net increase/decrease in cash and cash equivalents	**-1 545.0**	**2 790.3**
Opening balance of cash and cash equivalents	**7 839.1**	**5 048.8**
Closing balance of cash and cash equivalents	**6 294.1**	**7 839.1**

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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 4 quarters 2014 and 4 quarters 2013.

1.3. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 4 quarter 2014 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 December 2014 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the interim condensed consolidated financial statements for the 4 quarter 2014 and the Bank's financial statements for the year ended 31 December 2013 approved by the General Meeting on 10 April 2014.

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 1 January 2014 to 31 December 2014, and interim condensed standalone statement of financial position as at 31 December 2014 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2013 to 31 December 2013 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income, the interim condensed standalone cash flow statement and for 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 30 September 2014, 31 December 2013 and 30 September 2013.

Interim condensed standalone income statements and interim condensed standalone statement of comprehensive income include data for the Q4 2014 (period from 1 October 2014 to 31 December 2014) as well as comparative data for the Q4 2013 (period from 1 October 2013 to 31 December 2013).

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 2013 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 for the 4 quarter 2014 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 10 February 2015.

2. Material accounting principles

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2013 to 31 December 2013 published on 7 March 2014 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 standalone 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 entities that are controlled directly or indirectly by the bank. Control is the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

All of the following conditions have to be fulfilled simultaneously in order to confirm control over a specified unit:

- holding an existing right (power) to manage the relevant activities of the unit on an ongoing basis (activities that significantly affect return from a specific involvement with a given unit),
- exposure to variable returns or holding rights to variable returns,
- having the ability to use the existing rights (power) to affect its returns from a given involvement.

The conditions indicated hereinabove are not deemed fulfilled if the existing rights are of the protective nature only, i.e. are defined as rights securing Bank's interests related to a given involvement.

2.1.2. Joint arrangements

Joint arrangements are arrangements whereunder the control over the object thereof is divided between individual parties to the arrangement and the decisions concerning the relevant activities require a unanimous consent of the parties to that arrangement.

Such arrangements can be performed in the following forms:

- joint operation – in a situation when the parties to the arrangement have rights to the items of assets and obligations due to liabilities under the arrangements, or
- joint venture – in a situation when the parties to the arrangement have rights to the net assets of the arrangement object.

Control assessment takes account of all the conditions, facts and circumstances (including in particular those provided for in item *Subsidiaries*), provided that the analyses prove that none of the parties exercise control on their own.

2.1.3. 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.

2.1.4. Recognition and valuation

The Bank recognises in its financial statements investments in its subsidiaries, associates and joint ventures under joint control as at the purchase price. The carrying amount of the investment is subject to tests for impairment under IAS 36. Any identified impairment is recognised in the income statement under the item *Impairment losses for financial assets and provisions for off-balance-sheet liabilities.* Dividends being investment income are recognised in the income statement as at the date when the Bank is vested with the right to receive them.

Items of assets and liabilities as well as revenues and expenses related to the joint operation are recognised at the value corresponding to the Bank's interest in the joint operation (in line with the proportionate consolidation principles). The adopted recognition method is applied both under joint control and a lack thereof provided that the Bank still holds rights to the items of assets and obligations under an arrangement.

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2013 to 31 December 2013 published on 7 March 2014 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In 4 quarter 2014, the Bank did not change its estimate development approach.

4. Comparability of financial data

In the interim condensed standalone financial statements for Q4 2014, the Bank made disclosure-related amendments regarding some items in the income statement and in the statement of financial position, compared to the interim condensed standalone financial statements for Q4 2013, the fact which was described in Chapter II. of the interim condensed consolidated financial statements. *Supplementary information* in item *6. Comparability of financial data.*

Interim condensed standalone financial statements (PLN million)

5. Significant events in 4 quarter 2014

Significant events that occurred in 4 quarter 2014 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in 4 quarter 2014*.

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 2014, the Bank issued the second bonds under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.*, which has been described in Chapter II. *Supplementary information in item 2. Significant events in Q4 2014.* None in Q4 2013.

8. Dividends paid

On 10 April 2014, the General Meeting passed a resolution regarding dividend payout for 2013, pursuant to which the Bank paid out the dividend for 2013 totalling PLN 572,440.0 thousand, (PLN 4.4 gross per share). On 14 May 2014 the shareholders of record became entitled to the dividend payout which took place on 3 June 2014.

On 19 April 2013, the General Meeting resolved not to pass a resolution on dividend payout for 2012 and approved earmarking the entire 2011 net profit of the Bank for equity.

9. Acquisitions

In 4 quarter 2014, the ING Bank Śląski did not make any acquisitions, as in 4 quarter 2013.

10. Off-balance sheet items

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Contingent liabilities granted	23 394.9	21 394.9	18 739.8	18 275.2
Contingent liabilities received	41 454.6	38 931.2	35 201.0	35 147.2
Off-balance sheet financial instruments	297 537.4	249 276.1	215 566.4	219 499.4
Total off-balance sheet items	**362 386.6**	**309 602.2**	**269 507.2**	**272 921.8**

11. Total capital ratio

	as of 31 Dec 2014	as of 30 Sep 2014	as of 31 Dec 2013	as of 30 Sep 2013
Total capital ratio	15.52%	15.31%	17.10%	17.33%

12. Significant events after the balance sheet date

None.

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.

2015-02-10	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2015-02-10	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
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