



# 2015

**Quarterly consolidated report  
of the ING Bank Śląski Group S.A.  
for the 1 quarter 2015**

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## SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

- Selected financial data**

	1 quarter 2015	1 quarter 2014
<b>Net interest income</b>	569.0	567.9
<b>Net commission income</b>	250.0	276.1
<b>Result on basic activities</b>	906.0	872.6
<b>Result before tax</b>	326.1	328.5
<b>Net profit attributable to shareholders of ING Bank Śląski S.A.</b>	261.0	254.6
<b>Earnings per ordinary share (PLN)</b>	2.01	1.96

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Loans and receivables to customers (net)</b> excluding Eurobonds	59 648.4	57 130.9	50 846.9	48 552.1
<b>Liabilities due to customers</b> including matched funding for leasing portfolio	79 888.2	78 126.0	69 456.4	69 911.2
- <i>matched funding</i>	2 281.4	2 467.1	2 554.5	2 580.8
<b>Total assets</b>	102 568.3	99 860.7	92 244.7	86 750.6
<b>Equity</b> attributable to shareholders of ING Bank Śląski S.A.	10 229.5	10 454.0	8 885.6	8 626.3
<b>Initial capital</b>	130.1	130.1	130.1	130.1

- Key effectiveness ratios**

	1 quarter 2015	1 quarter 2014	Change 1Q 2015 / 1Q 2014
<b>C/I</b> - Cost/Income ratio (%)	54.7	53.3	+1.4 p.p.
<b>ROA</b> - Return on assets (%)	1.1	1.1	0.0 p.p.
<b>ROE</b> - Return on equity (%)	10.8	11.3	-0.5 p.p.
<b>NIM</b> - net interest margin (%)	2.56	2.73	-0.17 p.p.
<b>L/D</b> - Loans-to-deposits ratio (%)	74.7	73.2	+1.5 p.p.
<b>Total capital ratio</b> (%)	14.81	14.57	+0.24 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 4.1489 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1 quarter 2015.
  - PLN 4.1894 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1 quarter 2014.
- for statement of financial positions items:
  - PLN 4.0890 - NBP exchange rate of 31 March 2015.
  - PLN 4.2623 - NBP exchange rate of 31 December 2014.
  - PLN 4.1713 - NBP exchange rate of 31 March 2014.
  - PLN 4.1472 - NBP exchange rate of 31 December 2013.

## I. Interim condensed consolidated financial statements

### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Net interest income	7.1	569.0	567.9
Net commission income	7.2	250.0	276.1
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	15.2	25.3
Net income on investments	7.4	51.5	0.1
Net income on hedge accounting	7.5	10.8	0.6
Net income on other basic activities	7.6	9.5	2.6
<b>Result on basic activities</b>		<b>906.0</b>	<b>872.6</b>
General and administrative expenses	7.7	495.6	471.2
Impairment losses and provisions for off-balance sheet liabilities	7.8	84.3	84.1
Share in net profit (loss) of associated entities recognised under the equity method		0.0	11.2
<b>Profit (loss) before tax</b>		<b>326.1</b>	<b>328.5</b>
Income tax		65.1	73.9
<b>Net profit (loss)</b>		<b>261.0</b>	<b>254.6</b>
<b>- attributable to shareholders of ING Bank Śląski S.A.</b>		<b>261.0</b>	<b>254.6</b>
<hr/>			
<b>Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.</b>		<b>261.0</b>	<b>254.6</b>
<b>Weighted average number of ordinary shares</b>		<b>130 100 000.0</b>	<b>130 100 000.0</b>
<b>Earnings per ordinary share (PLN)</b>		<b>2.01</b>	<b>1.96</b>

Diluted earnings per share agrees with earnings per ordinary share

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Net result for the period</b>	<b>261.0</b>	<b>254.6</b>
<b>Other comprehensive income, of which:</b>	<b>34.6</b>	<b>3.8</b>
- items which can be reclassified to income statement	34.0	3.7
- items which will not be reclassified to income statement	0.6	0.1
<b>Total comprehensive income for the period, of which:</b>	<b>295.6</b>	<b>258.4</b>
<b>- attributable to shareholders of ING Bank Śląski S.A.</b>	<b>295.6</b>	<b>258.4</b>

#### 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 Bolestawski**  
 Vice President  
 Signed on the Polish original

**Joanna Erdman**  
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**Oscar Edward Swan**  
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**Ignacio Juliá Vilar**  
 Vice President  
 Signed on the Polish original

Katowice, 6 May 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 STATEMENT OF FINANCIAL POSITION**

	Note	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>ASSETS</b>					
- Cash in hand and balances with the Central Bank		2 392.5	5 330.7	7 304.2	6 970.1
- Loans and receivables to other banks	7.9	2 111.3	1 838.3	2 050.9	1 399.8
- Financial assets measured at fair value through profit and loss	7.10	2 645.7	1 856.8	2 700.3	1 951.4
- Valuation of derivatives		2 608.0	2 412.3	1 352.4	1 471.4
- Investments	7.11	23 869.7	22 829.3	20 994.9	19 493.6
- Derivative hedge instruments		3 039.3	2 983.8	1 011.1	1 051.9
- Loans and receivables to customers	7.12, 7.13	63 399.0	61 054.8	54 597.1	52 237.9
- Receivables from customers due to repo transactions		987.1	106.6	660.4	638.8
- Investments in associated entities recognised under the equity method		0.0	0.0	147.7	136.5
- Non-financial assets	7.14	1 017.9	1 032.3	1 050.2	1 063.9
- Assets held for sale	7.15	151.0	144.9	32.2	35.3
- Tax assets		77.8	59.1	100.3	119.9
- Other assets		269.0	211.8	243.0	180.1
<b>Total assets</b>		<b>102 568.3</b>	<b>99 860.7</b>	<b>92 244.7</b>	<b>86 750.6</b>
<b>EQUITY AND LIABILITIES</b>					
<b>LIABILITIES</b>					
- Liabilities due to other banks	7.16	5 807.5	6 123.4	10 542.5	4 609.8
- Financial liabilities measured at fair value through profit and loss	7.17	1 187.7	917.4	1 453.9	1 234.2
- Valuation of derivatives		2 744.8	2 521.6	1 372.3	1 493.0
- Derivative hedge instruments		2 062.5	2 032.8	1 122.3	1 114.4
- Liabilities due to customers	7.18	77 606.7	75 658.9	67 025.9	67 547.9
- Liabilities due to customers under repo transactions		54.8	29.7	10.4	433.5
- Liabilities under issue of debt securities		872.7	866.5	571.4	566.4
- Provisions	7.19	70.6	74.8	68.9	67.8
- Tax liabilities		247.3	265.6	3.7	111.7
- Other liabilities		1 681.6	913.4	1 185.5	943.3
<b>Total liabilities</b>		<b>92 336.2</b>	<b>89 404.1</b>	<b>83 356.8</b>	<b>78 122.0</b>
<b>EQUITY</b>					
- 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		1 908.8	1 874.3	526.5	524.3
- Revaluation of share-based payment		48.5	48.2	47.0	46.1
- Retained earnings		7 185.8	7 445.1	7 225.7	6 969.5
<b>Equity attributable to shareholders of ING Bank Śląski S.A.</b>		<b>10 229.5</b>	<b>10 454.0</b>	<b>8 885.6</b>	<b>8 626.3</b>
- Non-controlling interests		2.6	2.6	2.3	2.3
<b>Total equity</b>		<b>10 232.1</b>	<b>10 456.6</b>	<b>8 887.9</b>	<b>8 628.6</b>
<b>Total equity and liabilities</b>		<b>102 568.3</b>	<b>99 860.7</b>	<b>92 244.7</b>	<b>86 750.6</b>
<b>Net book value</b>		<b>10 229.5</b>	<b>10 454.0</b>	<b>8 885.6</b>	<b>8 626.3</b>
<b>Number of shares</b>		<b>130 100 000</b>	<b>130 100 000</b>	<b>130 100 000</b>	<b>130 100 000</b>
<b>Net book value per share (PLN)</b>		<b>78.63</b>	<b>80.35</b>	<b>68.30</b>	<b>66.31</b>

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Katowice, 6 May 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 STATEMENT OF CHANGES IN EQUITY

1 Q 2015

the period from 01 Jan 2015 to 31 Mar 2015

	Share capital	Supplement-ary 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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>561.2</b>	<b>31.4</b>	<b>1 278.3</b>	<b>3.4</b>	<b>48.2</b>	<b>7 445.1</b>	<b>2.6</b>	<b>10 456.6</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	261.0	-	<b>261.0</b>
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>31.1</b>	<b>0.5</b>	<b>2.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>34.6</b>
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	-55.1	-	-	-	-	-	-	-55.1
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-41.2	-	-	-	-	-	-	-41.2
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	-0.1	-	-	-	-	-	-	-0.1
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	127.5	-	-	-	-	-	-	127.5
- effective part of cash flow hedging instruments revaluation	-	-	-	-	2.9	-	-	-	-	2.9
- remeasurement of property, plant and equipment	-	-	-	0.5	-	-	-	0.1	-	0.6
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>-520.4</b>	<b>0.0</b>	<b>-520.1</b>
- revaluation of share-based payment	-	-	-	-	-	-	0.3	-	-	0.3
- dividend paid	-	-	-	-	-	-	-	-520.4	-	-520.4
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>592.3</b>	<b>31.9</b>	<b>1 281.2</b>	<b>3.4</b>	<b>48.5</b>	<b>7 185.8</b>	<b>2.6</b>	<b>10 232.1</b>

4 Q 2014 YTD

the period from 01 Jan 2014 to 31 Dec 2014

	Share capital	Supplement-ary 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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>273.7</b>	<b>43.2</b>	<b>205.5</b>	<b>1.9</b>	<b>46.1</b>	<b>6 969.5</b>	<b>2.3</b>	<b>8 628.6</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	1 040.7	0.1	<b>1 040.8</b>
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>287.5</b>	<b>-11.8</b>	<b>1 072.8</b>	<b>0.0</b>	<b>0.0</b>	<b>7.7</b>	<b>0.0</b>	<b>1 357.7</b>
- 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
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>-572.8</b>	<b>0.2</b>	<b>-570.5</b>
- 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
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>561.2</b>	<b>31.4</b>	<b>1 278.3</b>	<b>1.9</b>	<b>48.2</b>	<b>7 445.1</b>	<b>2.6</b>	<b>10 456.6</b>

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Katowice, 6 May 2015

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued**

1 Q 2014

the period from 01 Jan 2014 to 31 Mar 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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>273.7</b>	<b>43.2</b>	<b>205.5</b>	<b>1.9</b>	<b>46.1</b>	<b>6 969.5</b>	<b>2.3</b>	<b>8 628.6</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	254.6	0.0	<b>254.6</b>
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>-53.5</b>	<b>-1.5</b>	<b>57.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>	<b>0.0</b>	<b>3.8</b>
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	-53.2	-	-	-	-	-	-	-53.2
- 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	-	-	-	-	57.2	-	-	-	-	57.2
- remeasurement of property, plant and equipment	-	-	-	-1.5	-	-	-	1.6	-	0.1
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>
- revaluation of share-based payment	-	-	-	-	-	-	0.9	-	-	0.9
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>220.2</b>	<b>41.7</b>	<b>262.7</b>	<b>1.9</b>	<b>47.0</b>	<b>7 225.7</b>	<b>2.3</b>	<b>8 887.9</b>

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 Vice President  
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Katowice, 6 May 2015



**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>1 Q 2015</b> the period from 01 Jan 2015 to 31 Mar 2015	<b>1 Q 2014</b> the period from 01 Jan 2014 to 31 Mar 2014
<b>OPERATING ACTIVITIES</b>		
<b>Net profit (loss)</b>	<b>261.0</b>	<b>254.6</b>
<b>Adjustments</b>	<b>-2 464.7</b>	<b>339.2</b>
- Share in net profit (loss) of associated entities	0.0	-11.2
- Depreciation and amortisation	41.8	38.0
- Interest accrued (from the profit and loss account)	-569.0	-567.9
- Interest paid	-329.2	-367.2
- Interest received	967.9	836.0
- Gains (losses) on investment activities	0.0	-0.3
- Income tax (from the profit and loss account)	65.1	73.9
- Income tax paid	-102.1	-162.3
- Change in provisions	-4.2	1.1
- Change in loans and other receivables to other banks	-283.3	-442.8
- Change in financial assets at fair value through profit or loss	-790.0	-747.8
- Change in available-for-sale financial assets	633.9	-1 498.6
- Change in financial assets held to maturity	-1 717.8	0.0
- Change in valuation of derivatives	27.5	-1.7
- Change in derivative hedge instruments	-22.9	105.9
- Change in other receivables to customers	-3 229.2	-2 371.4
- Change in other assets	-59.1	-59.9
- Change in liabilities due to other banks	-117.1	5 966.0
- Change in liabilities at fair value through profit or loss	270.3	219.7
- Change in liabilities due to customers	1 984.2	-913.4
- Change in other liabilities	768.5	243.1
<b>Net cash flow from operating activities</b>	<b>-2 203.7</b>	<b>593.8</b>
<b>INVESTMENT ACTIVITIES</b>		
- Purchase of property plant and equipment	-14.9	-14.1
- Disposal of property, plant and equipment	0.3	0.7
- Purchase of intangible assets	-16.4	-10.4
<b>Net cash flow from investment activities</b>	<b>-31.0</b>	<b>-23.8</b>
<b>FINANCIAL ACTIVITIES</b>		
- Long-term loans received	0.0	143.6
- Long-term loans repaid	-192.1	-168.4
- Interest on long-term loans repaid	-6.8	-8.9
- Interest on debt securities issued	6.2	5.0
- Dividends paid	-520.4	0.0
<b>Net cash flow from financial activities</b>	<b>-713.1</b>	<b>-28.7</b>
<i>Effect of exchange rate changes on cash and cash equivalents</i>	<i>-148.6</i>	<i>10.4</i>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-2 947.8</b>	<b>541.3</b>
<b>Opening balance of cash and cash equivalents</b>	<b>6 311.1</b>	<b>7 850.0</b>
<b>Closing balance of cash and cash equivalents</b>	<b>3 363.3</b>	<b>8 391.3</b>

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

**Małgorzata Kolakowska**  
 President  
*Signed on the Polish original*

**Miroslaw 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, 6 May 2015

## II. Additional information

### 1. Information on the Bank and the Capital Group

#### 1.1. Key Bank data

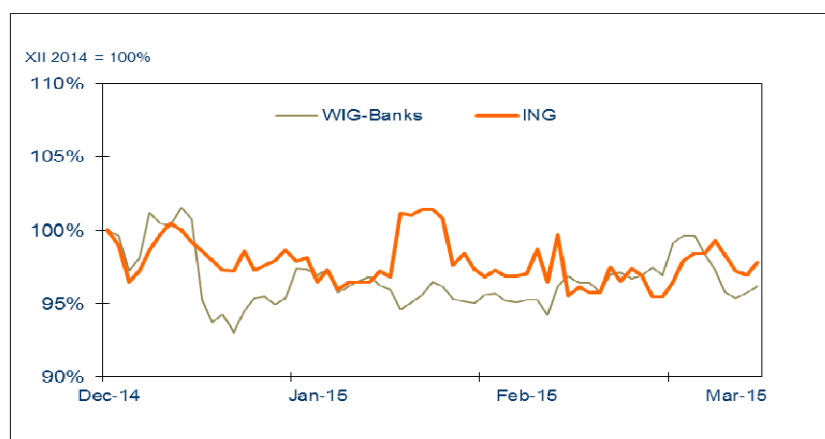
ING Bank Śląski S.A. ("Parent company", "parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459. The parent entity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

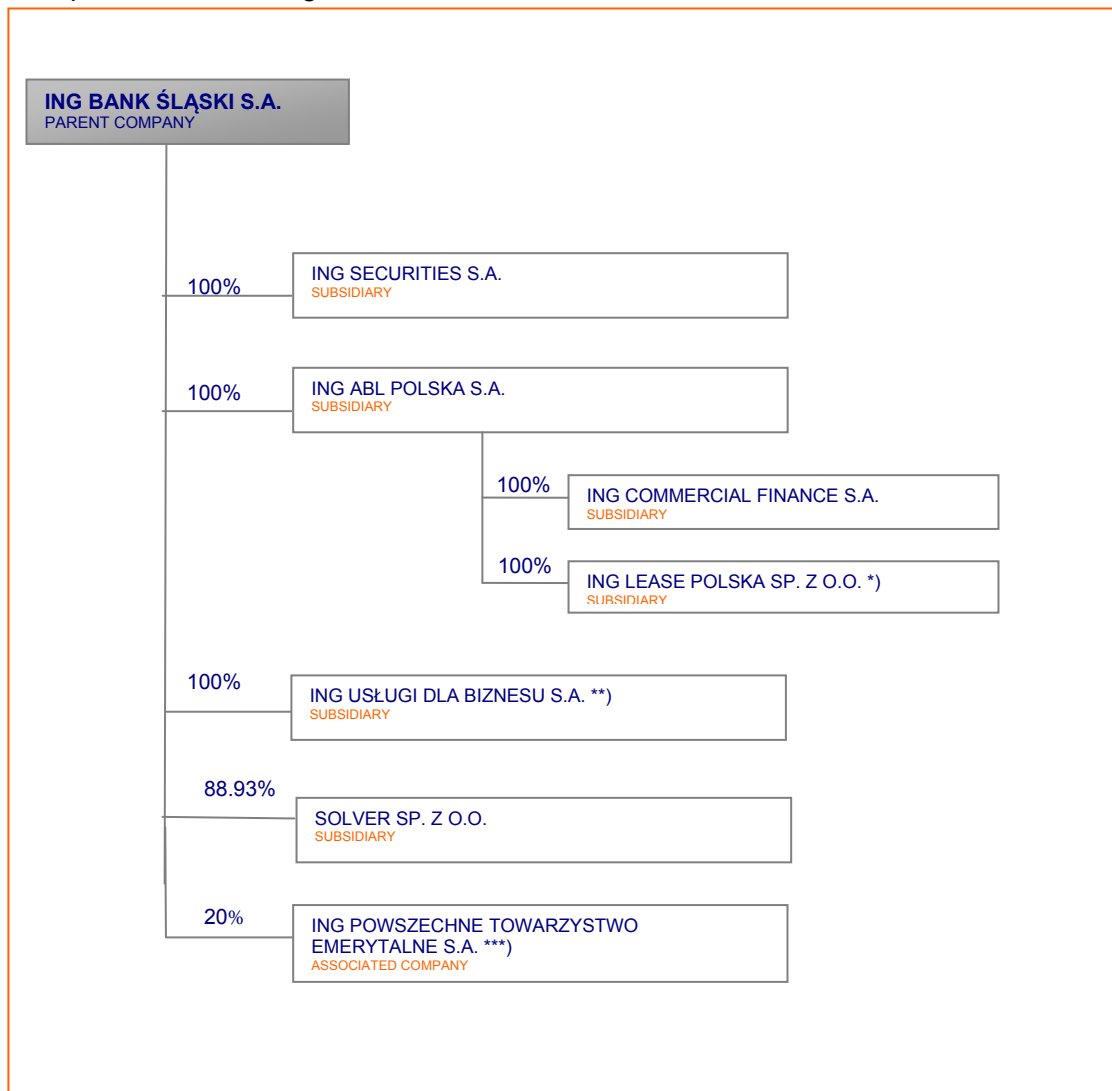
#### 1.3. Initial capital, share price

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 March 2015, the share price of ING Bank Śląski S.A. was PLN 136.8, whereas during the same period last year it was at the level of PLN 132.5. In the 3 months of 2015, 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 March 2015, the composition of ING Bank Śląski S.A. Capital Group was the following:



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

\*\*\*) UdB S.A. holds 100% of shares of Nowe Usługi S.A. company incorporated in H1 2014 (the company is not fully operative yet).

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

#### 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 March 2015 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 March 2015, 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	7,601,000	5.84

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

As at 31 March 2015, 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 2014 to 31 December 2014 were approved by the General Meeting on 31 March 2015.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 6 May 2015.

## **2. Significant events in 1 quarter 2015**

#### **2.1. General Meeting of ING Bank Śląski S.A.**

On 31 March 2015, the General Meeting of ING Bank Śląski S.A. was held, during which the following resolutions were passed:

- on approval of the 2014 annual financial statements (consolidated and separate financial statements),
- on approval of the Management Board report on operations in 2014 (consolidated and separate reports),
- on acknowledgement of the fulfilment of duties of the Management Board and Supervisory Board Members for 2014,
- on distribution of profit for the year 2014,
- on dividend payout for the year 2014 (description under item 11. *Dividends paid*),
- on amendment to the Charter of ING Bank Śląski S.A.,
- changes to the Supervisory Board composition (changes were described in

item 2.2 *Changes to the Supervisory Board Composition*) and changes to the remuneration of the Supervisory Board Members.

On 14 April 2015, the District Court in Katowice, Commercial Division of the National Court Register, entered the amendments to the Bank Charter enacted at the General Meeting into the National Court Register.

## **2.2. Changes to the Supervisory Board Composition**

On 25 March 2015, Mr. Nicolaas Cornelis Jue tendered his resignation to the Chair of the Supervisory Board of ING Bank Śląski S.A. as the Member of the Supervisory Board of ING Bank Śląski S.A., effective as of 31 March 2015. Mr. Nicolaas Cornelis Jue resigned because he was entrusted with other duties at ING Bank N.V.

On 31 March 2015, with the Resolution of the Ordinary General Meeting of ING Bank Śląski S.A. Mr Diederik van Wassenauer was appointed the Member of the Supervisory Board of ING Bank Śląski S.A.

## **2.3. Appointment of the Bank Management Board for the new term of office**

On 31 March 2015, the Bank Supervisory Board appointed for the new term of office the Management Board of ING Bank Śląski S.A. in the current composition:

- Ms. Małgorzata Kołakowska – President of the Bank Management Board,
- Mr. Mirosław Boda – Vice-President of the Bank Management Board,
- Mr. Michał Bolesławski – Vice-President of the Bank Management Board,
- Ms. Joanna Erdman – Vice-President of the Bank Management Board,
- Mr. Ignacio Juliá Vilar – Vice-President of the Bank Management Board,
- Ms. Justyna Kesler – Vice-President of the Bank Management Board,
- Mr. Oscar Swan – Vice-President of the Bank Management Board.

## **2.4. Shareholders having 5 or more per cent of votes at the Ordinary General Meeting of ING Bank Śląski S.A.**

In line with the list of shareholders authorised to participate in the Ordinary General Meeting (GM) of ING Bank Śląski S.A., convened for 31 March 2015, the following entities were authorised to 5 or more per cent of votes:

No.	Entity	Number of shares and votes at GM	% of the number of votes at GM	% of total number of shares and votes at GM
1.	ING Bank N.V.	97,575,000	87.48	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,601,000	6.81	5.84

## **2.5. Conclusion of a significant agreement**

On 27 March 2015, the Bank signed a credit agreement with a retail trading company for the total amount of PLN 450,000,000. The Bank's total exposure towards the Group of which that company is a member, upon provision of the aforementioned loan, amounts to

PLN 1,041,000,000. The value of the agreement is the highest of all agreements concluded with the members of that Group over the last 12 months.

The criterion for regarding the agreement as significant is the total exposure which exceeds 10% of the Bank's equity.

#### **2.6. Conclusion of Share Purchase Agreement concerning the shares of ING Powszechne Towarzystwo Emerytalne S.A.**

On 10 February 2015, the Bank signed a share purchase agreement of a block of 20% of shares of ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) for the benefit of ING Continental Europe Holdings B.V. (ING CEH). The disposal of shares will be effected on condition that ING CEH obtains the unconditional approval of the Polish Financial Supervision Authority (PFSA) to increasing the stake of ING CEH in ING PTE. If the PFSA's approval is not granted by the end of 2016, the agreement shall be terminated unless the Parties resolve otherwise.

The selling price of the shares has been set in the agreement at PLN 210 million. As per the Letter of Intent of 06 May 2014, the price was reduced by the dividend paid out for the year 2013 and other adjustment elements set out in the above Letter. Independent fairness opinion issued by PwC Polska Sp. z o.o. confirmed that the price was set on an arm's-length basis.

The price will be adjusted as at the shares ownership transfer date with the value of subsequent dividends paid out to the Bank by ING PTE after the agreement conclusion date.

Additionally, the Bank holds the right to request a price change by the end of December 2016, if the Constitutional Tribunal finds the regulations concerning the reform of open-end pension funds system that were introduced in 2014 unconstitutional. The price will be changed if the value of the adjustment set out as per the agreement equals or is over 15% of the price set out in the agreement.

#### **2.7. Decision of the Swiss National Bank to remove the CHF rate peg**

In January 2015, the Swiss National Bank resolved to remove the CHF/EUR exchange peg. This decision translated into an unprecedented strengthening of Swiss franc versus other currencies, PLN included. Also, the Swiss National Bank decided to cut interest rates.

The Bank has a CHF mortgage portfolio which as at the end of 2014 was CHF 356 million, or represented approx. 2% of the total lending portfolio and approx. 1% of the CHF mortgage market. The systemic solutions for FX risk associated with CHF-denominated portfolios proposed by various state and supervisory bodies may cause the Bank to incur losses in future periods.

### **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 1 quarter 2015 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 March 2015 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 2014 approved by the General Meeting on 31 March 2015.

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 2015 to 31 March 2015, and interim condensed consolidated statement of financial position as at 31 March 2015 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 1 quarter 2015 and 1 quarter 2014.

#### **4.3. Financial statements scope and currency**

These interim condensed consolidated financial statements of the Group for the 1 quarter 2015 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 2014 to 31 March 2014 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement, additionally for the interim condensed consolidated statement of changes in equity as at 31 December 2014; and in the case of the interim condensed consolidated statement of financial position data as of 31 December 2014, 31 March 2014 and 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 2014 (Annual consolidated financial statements of the ING Bank

Śląski S.A. Group for the period from 1 January 2014 to 31 December 2014) as well as the standards and interpretations adopted by the European Union, effective for annual periods starting on or after 1 January 2015:

Change	Impact on the Group statements
IAS 19 "Defined Benefits Plans: Employee Contributions"	Implementation of the standard did not have a material impact on the financial statements of the Group.
IFRIC 21 "Levies"	Implementation did not have a material impact on the financial statements of the Group and was carried out taking account of the expenses and revenue matching concept.  Interpretation refers to the time of recognition of a liability for a levy. Expenses arising from the levy will be settled progressively during the accounting year to which the levy applies.
Changes arising from the IFRS review made during the 2010-2012 cycle (published in December 2013). Concerning: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38.	Implementation does not have a material impact on the financial statements of the Group.
Changes arising from the IFRS review made during the 2011-2013 cycle (published in December 2013). Concerning: IFRS 1, IFRS 3, IFRS 13, and IAS 40.	Implementation does not have a material impact on the financial statements of the Group.

The standards and interpretations which were already issued but are still ineffective since not approved by the European Union or approved by the European Union but not previously applied by the Group were presented in the 2014 Annual Consolidated Financial Statements. There were no new amendments published to the accounting standards in Q1 2015.

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 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. ([www.ingbank.pl](http://www.ingbank.pl)).

Below presented are modifications introduced to the description of accounting principles applied by the Capital Group. The changes implemented in 1 quarter 2015 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 applied for exposures with forbearance and for non-performing exposures

In 2014, new principles of identification of and reporting on transactions with forbearance and non-performing exposures were set on the basis of the draft European Banking Authority (EBA) Technical Standards No. EBA/ITS/2013/03/rev1 of 24 July 2014.

Forbearance is defined

- as a situation where the client suffering from permanent financial difficulties, which result or could result in a client defaulting on the debt service as per the terms and conditions of the agreement, was provided non-commercial forbearance facilities to avoid difficulties in repayment (change to the terms and conditions of the agreement or refinancing) and at the same time
- the client accepted the new terms and conditions of the agreement, i.e. a relevant agreement was concluded or the terms and conditions of the original agreement were changed.

For the retail segment – all exposures in restructuring are deemed forbearance exposures. Impairment is recognised for exposures in restructuring.

As non-performing exposures the Group recognises those exposures that meet at least one of the below criteria:

- significant exposure is overdue over 90 days,
- the Group is of the opinion that there is little probability that the client will meet all their credit liabilities without the Group having to take actions such as satisfaction from collateral (regardless of the overdue amount and the number of days past due).

Exposures are further classified as non-performing exposures when arrears of +30 calendar DPDs occur for the forbearance exposure or when another forbearance is granted for such exposure.

The forbearance can:

- not significantly change the material conditions or expected future cash flows of an existing financial asset, or
- change significantly the material conditions or expected future cash flows versus the conditions or expected future cash flows of the existing financial asset.

Then, accordingly:

- the expected future cash flows for the changed financial asset subject to forbearance will be recognised in the valuation of the existing financial asset on the basis of the expected exercise period and the amounts discounted with the initial effective interest rate for the existing financial asset, or
- the existing financial asset is derecognised and the new financial asset is carried through the balance sheet at fair value as at the initial recognition date, while the difference between the existing and the new assets is carried through profit and loss. Such recognition is independent of the change or lack of change of the transaction legal form and is based on its economic content.

## 6. Comparability of financial data

### Amendments to the Statement of Financial Position

In the interim condensed consolidated financial statements for the period from 1 January 2015 to 31 March 2015, the Group made one disclosure-related amendment to the statement of financial position, compared to the interim consolidated financial statements for previous periods:

- 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 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,
- moving of liabilities towards co-operative savings and credit unions (SKOKs) from the item: *Liabilities to other banks* to the item: *Liabilities to customers*. The same change will be made in the note presenting interest costs on liabilities. The change is made to harmonize the data presented in the financial statements with those used in the management reporting.

The Group is of the opinion that as a result 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 table show individual items of the consolidated statement of financial position as per amounts disclosed in the in the interim condensed consolidated financial statements for previous periods and in the current statements.

	as at 31.03.2014 financial statements for Q1 2014	as at 31.03.2014 financial statements for Q1 2015
<b>ASSETS</b>		
- Non-financial assets	1,082.4	1,050.2
- Assets held for sale	-	32.2
<b>LIABILITIES</b>		
- Liabilities due to other banks	10,666.5	10,542.5
- Liabilities due to customers	66,901.9	67,025.9

## 7. Notes to interim condensed consolidated financial statements

### 7.1. Net interest income

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Interest income</b>		
- interest on loans and receivables to banks	15.9	28.7
- interest on loans and receivables to customers	684.1	674.4
- interest on repo transactions concluded with customers	3.6	3.7
- interest on available-for-sale financial assets	157.7	178.4
- interest on financial assets held to maturity	11.0	0.0
- interest on financial assets held for trading	6.7	9.0
- interest result on derivatives	8.0	9.6
<b>Total interest income</b>	<b>887.0</b>	<b>903.8</b>
<b>Interest expense</b>		
- interest on deposits from banks	14.9	24.2
- interest on deposits from customers	296.5	305.4
- interest on repo transactions concluded with customers	0.1	0.4
- interest on issue of debt securities	6.1	5.0
- interest on financial liabilities held for trading	0.4	0.9
<b>Total interest expense</b>	<b>318.0</b>	<b>335.9</b>
<b>Net interest income</b>	<b>569.0</b>	<b>567.9</b>

## 7.2. Net commission income

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Commission income</b>		
- transaction margin on currency exchange transactions	69.9	64.5
- commission related to keeping accounts	59.1	62.5
- commission related to loans	57.1	54.6
- commission related to distribution of participation units	23.0	20.5
- commission related to payment and credit cards	18.2	47.7
- commission related to insurance product offering	13.7	10.4
- commission related to brokerage activity	10.3	15.4
- fiduciary and custodian fees	8.3	7.1
- commission related to factoring and lease agreements	7.6	6.4
- foreign commercial business	4.6	4.2
- other	5.2	3.5
<b>Total commission income</b>	<b>277.0</b>	<b>296.8</b>
<b>Commission expense</b>	<b>27.0</b>	<b>20.7</b>
<b>Net commission income</b>	<b>250.0</b>	<b>276.1</b>

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

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Net income on financial assets and liabilities held for trading, of which:</b>	<b>-4.2</b>	<b>16.2</b>
- Net income on debt instruments	0.8	0.1
- Net income on derivatives, of which:	-5.0	16.1
- <i>currency derivatives</i>	-15.6	5.9
- <i>interest rate derivatives</i>	10.5	9.6
- <i>securities derivatives</i>	0.1	0.6
<b>FX-result</b>	<b>19.4</b>	<b>9.1</b>
<b>Net income on financial instruments measured at fair value through profit or loss and FX result</b>	<b>15.2</b>	<b>25.3</b>

## 7.4. Net income on investments

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Net income on debt instruments available-for-sale	51.5	0.1
<b>Net income on investments</b>	<b>51.5</b>	<b>0.1</b>

## 7.5. Net income on hedge accounting

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Fair value hedge accounting for securities</b>	<b>10.8</b>	<b>-0.5</b>
- valuation of the hedged transaction	0.7	53.6
- valuation of the hedging transaction	10.1	-54.1
<b>Cash flow hedge accounting</b>	<b>0.0</b>	<b>1.1</b>
- ineffectiveness that arises from cash flow hedges	0.0	1.1
<b>Net income on hedge accounting</b>	<b>10.8</b>	<b>0.6</b>

## 7.6. Net income on other basic activities

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Income from sales of other services	8.9	4.0
Income on assets held for sale	0.0	-0.2
Net income on the investment properties, of which:	2.3	1.8
- income from rental of the investment property	2.8	3.0
- maintenance expenses relating to the investment property	-0.5	-1.2
Result on disposal of fixed assets and intangible assets	-0.1	0.5
Banking activity-related compensations and losses	-0.3	-0.2
Other	-1.3	-3.3
<b>Total</b>	<b>9.5</b>	<b>2.6</b>

## 7.7. General and administrative expenses

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Personnel expenses	238.9	230.5
Cost of marketing and promotion	30.1	25.4
Amortization	41.8	38.0
Other general and administrative expenses, of which:	184.8	177.3
- obligatory annual fee for the Bank Guarantee Fund	20.6	9.9
- prudential fee for the Bank Guarantee Fund	5.5	3.7
<b>General and administrative expenses</b>	<b>495.6</b>	<b>471.2</b>

### 7.7.1. Headcount

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
FTEs	8 144.6	8 093.9	8 078.9	8 146.0
Individuals	8 202	8 157	8 197	8 266

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
FTEs	7 674.0	7 637.5	7 630.0	7 695.3
Individuals	7 719	7 687	7 732	7 799

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

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Impairment losses	210.7	193.0
Release of impairment write-offs	-126.4	-108.9
<b>Net impairment losses and provisions for off-balance sheet liabilities</b>	<b>84.3</b>	<b>84.1</b>
<i>of which:</i>		
Corporate banking	50.4	47.4
Retail banking	33.9	36.7

## 7.9. Loans and receivables to other banks

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Current accounts	794.8	963.4	922.2	869.0
Interbank deposits	413.2	125.8	196.9	235.7
Loans and advances	63.5	58.3	45.3	70.6
Factoring receivables	3.8	8.9	57.8	80.0
Reverse repo transactions	820.9	664.9	817.5	133.7
Other receivables	15.2	17.0	11.3	10.9
<b>Total (gross)</b>	<b>2 111.4</b>	<b>1 838.3</b>	<b>2 051.0</b>	<b>1 399.9</b>
Impairment losses, of which:	-0.1	0.0	-0.1	-0.1
- concerning loans and advances	-0.1	0.0	-0.1	-0.1
<b>Total (net)</b>	<b>2 111.3</b>	<b>1 838.3</b>	<b>2 050.9</b>	<b>1 399.8</b>

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Financial assets held for trading, of which:	2 645.7	1 856.8	2 700.3	1 951.4
- debt instruments	2 068.3	1 409.8	1 768.5	1 276.3
- repo transactions	577.4	447.0	931.8	675.1
<b>Total</b>	<b>2 645.7</b>	<b>1 856.8</b>	<b>2 700.3</b>	<b>1 951.4</b>

## 7.11. Investments

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Available-for-sale financial assets, of which:	22 151.9	22 829.3	20 994.9	19 493.6
- debt instruments, including:	22 138.4	22 815.3	20 970.9	19 466.3
- hedged items in fair value hedging	3 226.1	4 095.9	2 885.8	1 971.6
- equity instruments	13.5	14.0	24.0	27.3
Financial assets held to maturity, of which:	1 717.8	0.0	0.0	0.0
- debt instruments	1 717.8	0.0	0.0	0.0
<b>Total</b>	<b>23 869.7</b>	<b>22 829.3</b>	<b>20 994.9</b>	<b>19 493.6</b>

In Q1 2015, the Group reclassified a part of debt securities from the available-for-sale financial assets to the financial assets held to maturity. Reclassification aimed at making the Group's capital less sensitive to the change in the fair value of securities.

As a result, the rules of debt securities valuation were changed from fair-value measurement to measurement at amortised cost. As at the reclassification date, the fair value of debt securities was their new amortized cost.

## 7.12. Loans and receivables to customers

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Portfolio of loans and receivables, of which:</b>	<b>61 323.1</b>	<b>58 750.4</b>	<b>52 346.1</b>	<b>49 982.2</b>
- Loans and advances	51 561.8	48 750.6	43 906.0	41 690.3
- Leasing receivables	4 353.2	4 397.7	3 836.9	3 650.5
- Factoring receivables	2 582.6	2 830.4	2 375.3	2 465.7
- Corporate and municipal bonds	2 825.5	2 771.7	2 227.9	2 175.7
<b>Other receivables, of which:</b>	<b>3 867.8</b>	<b>4 029.9</b>	<b>3 894.9</b>	<b>3 815.3</b>
- T-eurobonds	3 750.6	3 923.9	3 750.2	3 685.8
- Other	117.2	106.0	144.7	129.5
<b>Total loans and receivables to customers (gross)</b>	<b>65 190.9</b>	<b>62 780.3</b>	<b>56 241.0</b>	<b>53 797.5</b>
<b>Impairment losses, of which:</b>	<b>-1 791.9</b>	<b>-1 725.5</b>	<b>-1 643.9</b>	<b>-1 559.6</b>
- concerning portfolio of loans and receivables, of which:	-1 791.0	-1 720.3	-1 638.7	-1 554.4
- concerning loans and advances	-1 679.4	-1 638.7	-1 560.9	-1 482.0
- concerning leasing receivables	-52.0	-62.1	-62.6	-59.7
- concerning factoring receivables	-15.0	-13.9	-14.1	-11.9
- concerning corporate and municipal bonds	-44.6	-5.6	-1.1	-0.8
- concerning other receivables	-0.9	-5.2	-5.2	-5.2
<b>Total loans and receivables to customers (net), of which:</b>	<b>63 399.0</b>	<b>61 054.8</b>	<b>54 597.1</b>	<b>52 237.9</b>
- to entities from the financial sector other than banks	1 750.7	1 869.1	1 544.1	1 568.1
- to entities from the non-financial sector	54 115.9	51 461.1	45 744.6	43 409.1
- to entities from the government and self-government institutions' sector	7 532.4	7 724.6	7 308.4	7 260.7

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Loans and advances, of which:	1 660.4	1 778.7	1 418.0	1 457.9
- in the current account	63.9	584.6	46.7	66.8
- term ones	1 596.5	1 194.1	1 371.3	1 391.1
Leasing receivables	0.7	0.8	0.6	0.4
Other receivables	90.3	90.8	127.8	110.6
<b>Total (gross)</b>	<b>1 751.4</b>	<b>1 870.3</b>	<b>1 546.4</b>	<b>1 568.9</b>
Impairment losses, of which	-0.7	-1.2	-2.3	-0.8
- concerning loans and advances	-0.7	-1.2	-2.3	-0.8
<b>Total (net)</b>	<b>1 750.7</b>	<b>1 869.1</b>	<b>1 544.1</b>	<b>1 568.1</b>

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Business entities, of which:</b>	<b>31 630.5</b>	<b>30 268.0</b>	<b>27 636.4</b>	<b>25 951.0</b>
- Loans and advances, of which:	23 515.8	21 870.5	20 498.8	18 761.5
- in the current account	6 596.1	5 724.2	6 031.1	5 223.0
- term ones	16 919.7	16 146.3	14 467.7	13 538.5
- Leasing receivables	3 907.9	3 972.8	3 537.3	3 509.9
- Factoring receivables	2 484.5	2 746.0	2 314.5	2 416.5
- Corporate bonds	1 695.9	1 664.1	1 269.5	1 244.8
- Other receivables	26.4	14.6	16.3	18.3
<b>Households, of which:</b>	<b>24 274.9</b>	<b>22 916.2</b>	<b>19 748.6</b>	<b>19 015.9</b>
- Loans and advances, of which:	23 773.0	22 441.0	19 410.0	18 842.6
- in the current account	1 620.6	1 542.6	1 511.7	1 435.5
- term ones	22 152.4	20 898.4	17 898.3	17 407.1
- Leasing receivables	444.5	424.1	299.0	140.2
- Factoring receivables	56.9	50.6	39.1	32.6
- Other receivables	0.5	0.5	0.5	0.5
<b>Total (gross)</b>	<b>55 905.4</b>	<b>53 184.2</b>	<b>47 385.0</b>	<b>44 966.9</b>
<b>Impairment losses, of which:</b>	<b>-1 789.5</b>	<b>-1 723.1</b>	<b>-1 640.4</b>	<b>-1 557.8</b>
<b>- Business entities, of which:</b>	<b>-1 158.2</b>	<b>-1 125.4</b>	<b>-1 104.4</b>	<b>-1 062.3</b>
- concerning loans and advances	-1 047.7	-1 040.0	-1 022.5	-985.6
- concerning leasing receivables	-51.2	-61.3	-62.0	-59.5
- concerning factoring receivables	-14.9	-13.8	-14.1	-11.7
- concerning corporate bonds	-44.4	-5.6	-1.1	-0.8
- concerning other receivables	0.0	-4.7	-4.7	-4.7
<b>- Households, of which:</b>	<b>-631.3</b>	<b>-597.7</b>	<b>-536.0</b>	<b>-495.5</b>
- concerning loans and advances	-629.9	-596.3	-534.9	-494.6
- concerning leasing receivables	-0.8	-0.8	-0.6	-0.2
- concerning factoring receivables	-0.1	-0.1	0.0	-0.2
- concerning other receivables	-0.5	-0.5	-0.5	-0.5
<b>Total (net)</b>	<b>54 115.9</b>	<b>51 461.1</b>	<b>45 744.6</b>	<b>43 409.1</b>



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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Loans and advances, of which:	2 612.6	2 660.4	2 579.2	2 628.3
- in the current account	88.8	6.7	86.5	32.6
- term ones	2 523.8	2 653.7	2 492.7	2 595.7
Leasing receivables	0.1	0.0	0.0	0.0
Factoring receivables	41.2	33.8	21.7	16.6
Municipal bonds	1 129.6	1 107.6	958.4	930.9
T-eurobonds	3 750.6	3 923.9	3 750.2	3 685.8
Other receivables	0.0	0.1	0.1	0.1
<b>Total (gross)</b>	<b>7 534.1</b>	<b>7 725.8</b>	<b>7 309.6</b>	<b>7 261.7</b>
Impairment losses, of which:	-1.7	-1.2	-1.2	-1.0
- concerning loans and advances	-1.1	-1.2	-1.2	-1.0
- concerning municipal bonds	-0.2	0.0	0.0	0.0
- concerning T-eurobonds	-0.4	0.0	0.0	0.0
<b>Total (net)</b>	<b>7 532.4</b>	<b>7 724.6</b>	<b>7 308.4</b>	<b>7 260.7</b>

**Portfolio of loans and receivables by client segment**

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Gross value, of which:</b>	<b>61 323.1</b>	<b>58 750.4</b>	<b>52 346.1</b>	<b>49 982.2</b>
Corporate banking segment, of which:	38 078.6	36 781.0	33 297.5	31 476.7
- loans and advances	28 558.6	27 005.7	25 024.0	23 357.6
- leasing receivables	4 108.5	4 173.7	3 670.7	3 510.3
- factoring receivables	2 586.0	2 829.9	2 374.9	2 433.1
- corporate and municipal bonds	2 825.5	2 771.7	2 227.9	2 175.7
Retail banking segment, of which:	23 244.5	21 969.4	19 048.6	18 505.5
- mortgages	17 750.1	16 680.8	14 368.0	14 018.2
- other loans and advances	5 494.4	5 288.6	4 680.6	4 487.3
<b>Impairment losses, of which:</b>	<b>-1 791.0</b>	<b>-1 720.3</b>	<b>-1 638.7</b>	<b>-1 554.4</b>
Corporate banking segment, of which:	-1 189.0	-1 153.7	-1 113.7	-1 067.5
- loans and advances	-1 077.6	-1 072.3	-1 036.2	-993.6
- leasing receivables	-51.8	-61.9	-62.0	-60.9
- factoring receivables	-15.0	-13.9	-14.4	-12.2
- corporate and municipal bonds	-44.6	-5.6	-1.1	-0.8
Retail banking segment, of which:	-602.0	-566.6	-525.0	-486.9
- mortgages	-195.3	-173.3	-144.0	-137.1
- other loans and advances	-406.7	-393.3	-381.0	-349.8
<b>Net value, of which:</b>	<b>59 532.1</b>	<b>57 030.1</b>	<b>50 707.4</b>	<b>48 427.8</b>
Corporate banking segment, of which:	36 889.6	35 627.3	32 183.8	30 409.2
- loans and advances	27 481.0	25 933.4	23 987.8	22 364.0
- leasing receivables	4 056.7	4 111.8	3 608.7	3 449.4
- factoring receivables	2 571.0	2 816.0	2 360.5	2 420.9
- corporate and municipal bonds	2 780.9	2 766.1	2 226.8	2 174.9
Retail banking segment, of which:	22 642.5	21 402.8	18 523.6	18 018.6
- mortgages	17 554.8	16 507.5	14 224.0	13 881.1
- other loans and advances	5 087.7	4 895.3	4 299.6	4 137.5

## 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 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Corporate activity</b>				
<b>Exposure</b>	<b>38 078.6</b>	<b>36 781.0</b>	<b>33 297.5</b>	<b>31 476.7</b>
- unimpaired (IBNR)	35 951.1	34 981.4	31 380.9	29 663.1
- impaired	2 127.5	1 799.6	1 916.6	1 813.6
<b>Impairment losses and provisions</b>	<b>1 203.1</b>	<b>1 171.9</b>	<b>1 127.7</b>	<b>1 081.0</b>
- related to unimpaired portfolio	71.4	79.5	51.9	47.9
- related to impaired portfolio	1 117.6	1 074.2	1 061.8	1 019.6
- provisions for off-balance sheet liabilities	14.1	18.2	14.0	13.5
Share of the impaired portfolio	5.6%	4.9%	5.8%	5.8%
Impaired portfolio coverage ratio (%)	52.5%	59.7%	55.4%	56.2%
<b>Retail activity</b>				
<b>Exposure</b>	<b>23 244.5</b>	<b>21 969.4</b>	<b>19 048.6</b>	<b>18 505.5</b>
- unimpaired (IBNR)	22 632.2	21 389.6	18 532.0	18 004.5
- impaired	612.3	579.8	516.6	501.0
<b>Impairment losses</b>	<b>602.0</b>	<b>566.6</b>	<b>525.0</b>	<b>486.9</b>
- related to unimpaired portfolio	97.8	87.8	108.3	103.5
- related to impaired portfolio	504.2	478.8	416.7	383.4
Share of the impaired portfolio	2.6%	2.6%	2.7%	2.7%
Impaired portfolio coverage ratio (%)	82.3%	82.6%	80.7%	76.5%
<b>Total exposure</b>	<b>61 323.1</b>	<b>58 750.4</b>	<b>52 346.1</b>	<b>49 982.2</b>
<b>Impairment losses and total provisions, of which:</b>	<b>1 805.1</b>	<b>1 738.5</b>	<b>1 652.7</b>	<b>1 567.9</b>
- impairment losses	1 791.0	1 720.3	1 638.7	1 554.4
- provisions for off-balance sheet liabilities	14.1	18.2	14.0	13.5
Total portfolio coverage ratio	2.9%	3.0%	3.2%	3.1%
Share of the impaired portfolio	4.5%	4.1%	4.6%	4.6%
<b>Impaired portfolio coverage ratio (%)</b>	<b>59.2%</b>	<b>65.3%</b>	<b>60.8%</b>	<b>60.6%</b>

**Changes in impairment losses of credit portfolio**  
 (including provisions for off-balance sheet liabilities)

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Opening balance of impairment losses</b>	<b>1 738.6</b>	<b>1 567.9</b>
<b>Changes in the period (due to):</b>	<b>66.5</b>	<b>84.8</b>
- changes in income statement	81.9	84.1
- depreciation	-18.0	-1.6
- transfer of provisions from off-balance sheet after their repayment	1.6	1.3
- other (inclusive FX differences, adjustment of interest income on impaired loans)	1.0	1.0
<b>Closing balance of impairment losses</b>	<b>1 805.1</b>	<b>1 652.7</b>

**7.14. Non-financial assets**

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Investment properties	60.0	60.0	121.4	121.4
Property, plant and equipment	583.5	595.0	569.9	576.6
Intangible assets	374.4	377.3	358.9	365.9
<b>Total</b>	<b>1 017.9</b>	<b>1 032.3</b>	<b>1 050.2</b>	<b>1 063.9</b>

**7.15. Assets held for sale**

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Property, plant and equipment held for sale	41.6	35.5	32.2	35.3
Shares in the associated entities held for sale	109.4	109.4	0.0	0.0
<b>Total</b>	<b>151.0</b>	<b>144.9</b>	<b>32.2</b>	<b>35.3</b>

**7.16. Liabilities due to other banks**

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Current accounts	1 785.6	1 823.2	634.4	744.8
Interbank deposits	798.9	1 818.7	1 888.3	1 230.4
Repo transactions	932.2	0.0	5 403.2	28.7
Loans received*	2 281.4	2 467.1	2 554.5	2 580.8
Other liabilities	9.4	14.4	62.1	25.1
<b>Total</b>	<b>5 807.5</b>	<b>6 123.4</b>	<b>10 542.5</b>	<b>4 609.8</b>

\*) 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 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Financial liabilities held for trading, of which:	173.1	56.9	252.8	613.1
- repo transactions	173.1	56.9	252.8	613.1
Book short position in trading securities	1 014.6	860.5	1 201.1	621.1
<b>Total</b>	<b>1 187.7</b>	<b>917.4</b>	<b>1 453.9</b>	<b>1 234.2</b>

## 7.18. Liabilities due to customers

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Deposits	76 535.2	74 405.7	66 012.3	66 544.0
Other liabilities	1 071.5	1 253.2	1 013.6	1 003.9
<b>Total liabilities due to customers, of which:</b>	<b>77 606.7</b>	<b>75 658.9</b>	<b>67 025.9</b>	<b>67 547.9</b>
- due to entities from the financial sector other than banks	2 426.3	2 243.8	2 392.3	3 216.2
- due to entities from the non-financial sector	73 225.8	71 539.3	62 610.9	62 231.3
- due to entities from the government and self-government institutions' sector	1 954.6	1 875.8	2 022.7	2 100.4

### Liabilities due to entities from the financial sector other than banks

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Deposits, of which:	2 367.5	2 142.8	2 252.0	3 143.1
- current accounts	1 850.4	1 707.6	1 646.4	2 211.2
- term deposit	517.1	435.2	605.6	931.9
Other liabilities	58.8	101.0	140.3	73.1
<b>Total</b>	<b>2 426.3</b>	<b>2 243.8</b>	<b>2 392.3</b>	<b>3 216.2</b>

### Liabilities due to entities from the non-financial sector

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>Business entities, of which:</b>	<b>20 717.9</b>	<b>21 260.5</b>	<b>17 512.6</b>	<b>18 602.4</b>
- Deposits, of which:	19 777.6	20 177.3	16 705.3	17 746.3
- current accounts	10 648.5	10 641.5	9 393.4	10 756.1
- saving accounts	6 341.8	6 139.6	4 739.0	4 428.8
- term deposit	2 787.3	3 396.2	2 572.9	2 561.4
- Other liabilities	940.3	1 083.2	807.3	856.1
<b>Households, of which:</b>	<b>52 507.9</b>	<b>50 278.8</b>	<b>45 098.3</b>	<b>43 628.9</b>
- Deposits, of which:	52 442.0	50 217.1	45 038.3	43 563.8
- current accounts	10 354.5	7 715.3	6 379.1	6 456.3
- saving accounts	36 801.3	36 622.6	33 071.3	32 105.0
- term deposit	5 286.2	5 879.2	5 587.9	5 002.5
- Other liabilities	65.9	61.7	60.0	65.1
<b>Total</b>	<b>73 225.8</b>	<b>71 539.3</b>	<b>62 610.9</b>	<b>62 231.3</b>

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Deposits, of which:	1 948.1	1 868.5	2 016.7	2 090.8
- current accounts	1 577.6	1 809.4	1 589.0	2 029.0
- term deposit	370.5	59.1	427.7	61.8
Other liabilities	6.5	7.3	6.0	9.6
<b>Total</b>	<b>1 954.6</b>	<b>1 875.8</b>	<b>2 022.7</b>	<b>2 100.4</b>

## 7.19. Provisions

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Provision for issues in dispute	21.3	21.5	21.8	21.6
Provisions for off-balance sheet liabilities	14.1	18.3	14.0	13.5
Provision for retirement benefits	20.7	20.5	20.9	20.4
Provision for unused holidays	14.5	14.5	12.2	12.3
<b>Total</b>	<b>70.6</b>	<b>74.8</b>	<b>68.9</b>	<b>67.8</b>

## 7.20. Fair value

Fair value is the amount for which a given assets item could be exchanged by or a given liability paid between well-informed and interested parties in a direct transaction other than distress sale or winding-up operation and that is best reflected by the market price, when available.

### 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 Mar 2015

	Level I	Level II	Level III	Total
<b>Financial assets, of which:</b>	<b>22 915.3</b>	<b>7 524.6</b>	<b>5.0</b>	<b>30 444.9</b>
- Financial assets held for trading, of which:	1 568.3	1 077.4	0.0	2 645.7
- repo transactions	0.0	577.4	0.0	577.4
- treasury bonds	1 568.3	0.0	0.0	1 568.3
- NBP bills	0.0	500.0	0.0	500.0
- Valuation of derivatives	0.0	2 608.0	0.0	2 608.0
- Financial assets available-for sale, of which:	21 347.0	799.9	5.0	22 151.9
- treasury bonds	21 338.5	0.0	0.0	21 338.5
- NBP bills	0.0	799.9	0.0	799.9
- equity instruments	8.5	0.0	5.0	13.5
- Derivative hedge instruments	0.0	3 039.3	0.0	3 039.3
<b>Financial liabilities, of which:</b>	<b>1 014.6</b>	<b>4 980.5</b>	<b>0.0</b>	<b>5 995.1</b>
- Financial liabilities held for trading, of which:	0.0	173.1	0.0	173.1
- repo transactions	0.0	173.1	0.0	173.1
- Book short position in trading securities	1 014.6	0.0	0.0	1 014.6
- Valuation of derivatives	0.0	2 744.8	0.0	2 744.8
- Derivative hedge instruments	0.0	2 062.5	0.0	2 062.5

as of 31 Dec 2014

	Level I	Level II	Level III	Total
<b>Financial assets, of which:</b>	<b>23 734.1</b>	<b>6 343.1</b>	<b>5.0</b>	<b>30 082.2</b>
- 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	2 412.3	0.0	2 412.3
- 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
<b>Financial liabilities, of which:</b>	<b>860.5</b>	<b>4 611.3</b>	<b>0.0</b>	<b>5 471.8</b>
- 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	2 521.6	0.0	2 521.6
- Derivative hedge instruments	0.0	2 032.8	0.0	2 032.8

### **Movements between valuation levels**

In the 1<sup>st</sup> quarter 2015 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, treasury bills 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.

#### 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.

### 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.

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

as of 31 Mar 2015

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
<b>Assets</b>					
Cash in hand and balances with the Central Bank	2 392.5	-	2 392.5	-	<b>2 392.5</b>
Financial assets held to maturity	1 717.8	1 689.4	-	-	<b>1 689.4</b>
Loans and receivables to other banks	2 111.3	-	2 111.3	-	<b>2 111.3</b>
Loans and receivables to customers	63 399.0	-	3 787.6	58 236.1	<b>62 023.7</b>
Receivables from customers due to repo transactions	987.1	-	987.1	-	<b>987.1</b>
Other assets	142.4	-	-	142.4	<b>142.4</b>
<b>Liabilities</b>					
Liabilities due to other banks	5 807.5	-	5 807.5	-	<b>5 807.5</b>
Liabilities due to customers	77 606.7	-	-	77 609.5	<b>77 609.5</b>
Liabilities due to customers under repo transactions	54.8	-	54.8	-	<b>54.8</b>
Liabilities under issue of debt securities	872.7	-	882.4	-	<b>882.4</b>



as of 31 Dec 2014

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

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

In calculations, the yield curve is used; it takes account of the transfer prices calculated based on:

- 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 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 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 unmaturing 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.

Financial assets held to maturity

The fair value of the financial assets in the held-to-maturity portfolio was determined using the valuation parameters which would have been used if those assets had been in the portfolio of available-for-sale financial assets.

**7.21. Total capital ratio**

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013*
<b>Own funds</b>				
A. Own equity in the statement of financial position,	10 232.1	10 456.6	8 887.9	8 628.6
<b>A.I. Own equity included in the own funds calculation</b>	<b>8 192.6</b>	<b>7 491.5</b>	<b>7 046.3</b>	<b>7 755.8</b>
A.II. Own equity excluded from own funds calculation	2 039.5	2 965.1	1 841.6	872.8
<b>B. Other elements of own funds (decreases and increases)</b>	<b>-545.4</b>	<b>-508.1</b>	<b>-480.5</b>	<b>-504.5</b>
<b>C. Short-term capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.7</b>
<b>Own funds taken into account in total capital ratio calculation (A.I. + B + C.)</b>	<b>7 647.2</b>	<b>6 983.4</b>	<b>6 565.8</b>	<b>7 286.0</b>
<b>Total capital requirement</b>	<b>4 130.2</b>	<b>3 941.5</b>	<b>3 604.7</b>	<b>3 372.5</b>
<b>Total capital ratio (solvency ratio)</b>	<b>14.81%</b>	<b>14.17%</b>	<b>14.57%</b>	<b>17.28%</b>

\*) The ratios presented as at 31 December 2013 was 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. As at 31 December 2013, the estimated amount of the total capital ratio computed under the CRR principles would be 14.9%.

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 March 2015, 31 December 2014 and 31 March 2014 was calculated under the CRR guidelines.

Determine the total capital requirement the Group takes account of the so called regulatory floor which amounts to 80% of the total comparable capital requirement (it is the sum of capital requirements for individual risk types computed by means of the standard approaches). Should the total capital requirement be lower than 80% of the total comparable capital requirement, the Group will include the difference as "a supplement to the overall level of capital requirements".

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

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

- temporary economic growth slowdown in Poland to slightly above 3% (y/y) with the projected acceleration up to 4% (y/y) – according to the Central Statistical Office, GDP growth in Q4 2014 settled at 3.1% (y/y) versus 3.3% (y/y) in Q3 2014. Per forecasts developed by ING Bank Śląski S.A., the dynamics of the GDP growth may arrive at 3.1% (y/y) in Q1 2015 and remain at the similar level in Q2 2015. In H2 2015, the economic growth may accelerate to approximately 4% (y/y). The GDP may reach 3.5% in 2015. However, it will depend on the Eurozone economy. Surprisingly enough, good results and improved sentiment among entrepreneurs and consumers could have been observed in the Eurozone for a few months now. Depreciation of its currency and lower oil prices support the Eurozone economy,
- private consumption growth is likely to remain at 3.1% (y/y) or slightly above in the coming quarters and there are 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 Q4 2014, the unemployment rate was 11.5% and it was 1.9 p.p. lower over the last year. The seasonally adjusted unemployment rate has been decreasing regularly since mid 2013; it has dropped by approximately 2,5 p.p. since then. The entrepreneurs segment data indicate that since the beginning of 2014 the employment rate y/y has been gradually, yet not very fast, increasing. Also, due to deflation deepening in Poland until February 2015, household real income has been growing relatively fast. Taking into account the private consumption and retail sales growth rate, household assume a prudential approach to spending more,
- main interest rates in Poland – in March 2015, the Monetary Policy Council cut the interest rates by 50 bps and as a result the main NBP interest rate is now 1.5%. The deflation that has been observed since July 2014 may continue until the turn of Q3 and Q4 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 MPC stated clearly though that they would not be further reducing interest rates during their term of office expiring at the beginning of 2016. The economists of ING Bank Śląski S.A. are of the opinion that interest rates will be raised at the end of 2016 first.

## 9. Off-balance sheet items

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Contingent liabilities granted	23 007.4	23 802.6	19 316.3	19 046.8
Contingent liabilities received	45 353.2	43 228.2	34 260.1	36 631.9
Off-balance sheet financial instruments	332 773.8	297 683.6	250 981.9	215 504.3
<b>Total off-balance sheet items</b>	<b>401 134.4</b>	<b>364 714.4</b>	<b>304 558.3</b>	<b>271 183.0</b>

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

None.

## 11. Dividends paid

On 31 March 2015, the General Meeting passed a resolution regarding dividend payout for 2014, pursuant to which the Bank paid out the dividend for 2014 totalling PLN 520,400.0 thousand, (PLN 4.0 gross per share, dividend yield of 3%). 20 April 2015 was set as the date of record upon which the shareholders of record shall become entitled to the upcoming dividend payment. The payment date shall be 5 May 2015. All shares issued by the Bank are covered by dividend payout (130,100,000 shares).

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.

## 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)

	I quarter 2015 the period from 1 Jan 2015 to 31 Mar 2015	I quarter 2014 the period from 1 Jan 2014 to 31 Mar 2014
<b>Status at the period beginning</b>	<b>21.5</b>	<b>21.6</b>
Establishment of provisions	0.0	0.2
Release of provisions	-0.1	0.0
Utilisation of provision	-0.1	0.0
<b>Status as at the period end</b>	<b>21.3</b>	<b>21.8</b>

Either in I quarter 2015 or I quarter 2014, 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 2015 to 31 March 2015 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 3 months of 2015 amounted to PLN 5.3 million versus PLN 7.1 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 5,1 million versus PLN 9.3 million in the analogous period of the previous year (net amounts).

Transactions with related entities (in PLN million)

**31.03.2015**

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
<b>Receivables</b>				
Nostro accounts	11.9	0.3	-	-
Deposits placed	30.5	-	-	-
Loans	-	7.4	4 516.7	-
Positive valuation of derivatives	504.5	250.6	1.6	-
Other receivables	4.3	0.7	0.1	-
<b>Liabilities</b>				
Deposits received	201.8	758.7	337.2	181.3
Loans received	1 993.4	-	-	-
Loro accounts	15.0	14.0	-	-
Negative valuation of derivatives	442.3	254.4	0.4	-
Other liabilities	10.5	0.1	-	-
<b>Off-balance-sheet operations</b>				
Contingent liabilities	2 237.8	103.5	2 018.6	0.1
FX transactions	2 813.1	136.7	-	-
Forward transactions	82.1	986.1	-	-
IRS	12 251.0	3 659.4	71.1	-
FRA	2 344.5	-	-	-
Options	1 445.9	553.4	46.0	-
<b>Revenue and costs**</b>				
Revenue	3.9	-0.6	28.4	-0.8
Costs***	4.1	5.0	-1.1	-

**31.03.2014**

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
<b>Receivables</b>				
Nostro accounts	29.2	3.4	-	-
Deposits placed	49.4	-	-	-
Loans	-	10.6	3 840.1	-
Positive valuation of derivatives	321.0	200.5	0.2	-
Other receivables	3.8	0.8	0.2	-
<b>Liabilities</b>				
Deposits received	160.0	853.2	422.2	78.3
Loans received	2 289.5	-	-	-
Loro accounts	18.8	13.2	-	-
Negative valuation of derivatives	257.6	227.1	0.2	-
Repo	57.3	-	-	-
Other liabilities	3.5	-	-	-
<b>Off-balance-sheet operations</b>				
Contingent liabilities	1 498.7	56.9	1 374.7	0.1
FX transactions	5 007.2	49.9	-	-
IRS	12 337.3	3 571.8	9.0	-
FRA	1 984.3	-	-	-
Options	1 386.7	1 143.5	52.7	-
<b>Revenue and costs**</b>				
Revenue	11.3	-1.5	27.4	-0.3
Costs***	7.6	11.4	0.4	-

\*/ 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.

ING Bank Śląski S.A. has separated in organisational terms the operations performed by the Bank Treasury. The mission of the Bank Treasury is to support the development of the Bank's business lines by assuming their market risks to protect them against negative effects of market changes.

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

The Bank Treasury's net income on operations is allocated to the business lines considering its support function for the Bank's business lines.

#### **15.1.1. Retail banking segment**

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

This activity is analysed by the leading products, including i.e.: credit products (overdraft on the savings and settlement account - ROR, loans related to cards, hire purchase loans, housing loans, mortgage loans, contract loans granted by the Building Society), deposit products (current accounts, term deposits, savings accounts), structured product, ING fund units, brokerage services provided by ING Securities SA and bank cards.

#### **15.1.2. Corporate banking segment**

Corporate banking area encompasses as follows:

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

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



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

Financial Markets products encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers' benefit. Within the framework of this activity, currency, money and derivative instrument market products and securities operations (treasury securities, shares and notes) are specified.

### **15.1.3. 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.

PLN million	1 quarter 2015 the period from 01 Jan 2015 to 31 Mar 2015		
	Retail banking segment	Corporate banking segment	TOTAL
<b>Revenue total*</b>	<b>479.7</b>	<b>426.3</b>	<b>906.0</b>
Net interest income	344.6	224.4	569.0
Net commission income	89.5	160.5	250.0
Other income/expenses	45.6	41.4	87.0
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	0.0
<b>Expenses total</b>	<b>311.5</b>	<b>184.1</b>	<b>495.6</b>
<b>Result before risk</b>	<b>168.2</b>	<b>242.2</b>	<b>410.4</b>
Impairment losses	33.9	50.4	84.3
<b>Result after impairment losses (profit before tax)</b>	<b>134.3</b>	<b>191.8</b>	<b>326.1</b>
Income tax	-	-	65.1
<b>Result after tax</b>	-	-	<b>261.0</b>
<b>- attributable to shareholders of ING Bank Śląski S.A.</b>	-	-	<b>261.0</b>

PLN million	1 quarter 2014 the period from 01 Jan 2014 to 31 Mar 2014*		
	Retail banking segment	Corporate banking Segment	TOTAL
<b>Revenue total**</b>	<b>485.2</b>	<b>398.6</b>	<b>883.8</b>
Net interest income	317.4	250.5	567.9
Net commission income	121.9	154.2	276.1
Other income/expenses	34.7	-6.1	28.6
Share in net profit (loss) of associated entities recognised under the equity method	11.2	0.0	11.2
<b>Expenses total</b>	<b>284.2</b>	<b>187.0</b>	<b>471.2</b>
<b>Result before risk</b>	<b>201.0</b>	<b>211.6</b>	<b>412.6</b>
Impairment losses	36.7	47.4	84.1
<b>Result after impairment losses (profit before tax)</b>	<b>164.3</b>	<b>164.2</b>	<b>328.5</b>
Income tax	-	-	73.9
<b>Result after tax</b>	-	-	<b>254.6</b>
<b>- attributable to shareholders of ING Bank Śląski S.A.</b>	-	-	<b>254.6</b>

\* / To ensure the comparability of data, the following amounts were transferred from the corporate banking sector (reduced by a given value) to the retail banking sector (increased by a given value) for Q1 2014:

Total income, including:

- net interest income of PLN 12.1 million
- net commission income of PLN -0.7 million
- other income of PLN 21.3 million

Total expenses: PLN 4.1 million

\*\* / 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.



## 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 31.03.2015, 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. On 17 March 2015, the Moody's Agency placed ING Bank Śląski S.A. deposit ratings on review for upgrade. The Agency started the review of ratings issued for banks following the publication of its new methodology (Moody's press releases of 16 March 2015 "Moody's publishes its new bank rating methodology" and of 17 March 2015 "Moody's reviews global bank ratings"). Following the changed methodology, the Agency discontinued publication of the Bank Financial Strength Rating (BFSR). As at 31 March 2015, the Bank's financial viability rating issued by the Agency was as follows:

Rating	Level
LT Rating	Baa1
ST Rating	P-2
Baseline Credit Assessment (BCA)	baa3
LT rating outlook	Rating on review for upgrade

The latest report on the rating of ING Bank Śląski S.A. ("Credit Opinion") was published by the Moody's Agency on 23 March 2015.

### 16.2. Number of Branches and ATMs

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

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Number of outlets	401	402	412	417
Number of ING Express sales points at shopping malls	58	55	13	11

As at 31 March 2015, the Bank had the network of 1,060 machines with cash deposit and/or withdrawal feature(s), out of which 629 were dual machines, 278 – ATMs and 153 – CDMs. The Bank plans to replace traditional ATMs and CDMs with dual machines by the end of 2015. As at 31 March 2015, the Bank had 449 dual machines, 354 ATMs and 333 CDMs.

### 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<sup>1</sup> are as follows:

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
ING BankOnLine and ING BusinessOnLine	2 933 880	2 846 079	2 641 233	2 575 708
HaloŚląski	1 885 135	1 819 028	1 656 002	1 605 063
SMS	1 744 738	1 697 459	1 590 161	1 558 299
ING BankMobile*	870 026	764 457	469 407	364 867
ING BusinessMobile	7 197	6 703	5 284	3 712

\* / Number of downloaded applications

The monthly number of transactions in March 2015 was at the level of 24.7 million, whereas at the end of December 2014 it was 24.2 million and in the analogical period last year it was 20.0 million.

<sup>1</sup> The number of clients is not the same as the number of users as one client may represent several users in a given system.

#### 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:

<i>(in thousands)</i>	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Debit cards	2 501	2 431	2 277	2 271
Credit cards	206	206	200	200
Other cards	99	94	91	91
<b>Total payment cards, in which:</b>	<b>2 806</b>	<b>2 731</b>	<b>2 568</b>	<b>2 562</b>
<i>Paywave</i> <sup>2</sup>	2 155	2 106	1 952	1 884
<i>Virtual cards</i>	40	39	37	37

<sup>2</sup> Cards: Maestro PayPass, MasterCard Debit PayPass, Proximity Card , VISA PayWave and Visa Business Proximity.

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

2015-05-06	<b>Małgorzata Kołakowska</b> President	<i>Signed on the Polish original</i>
2015-05-06	<b>Mirosław Boda</b> Vice-President responsible for bookkeeping	<i>Signed on the Polish original</i>
2015-05-06	<b>Michał Bolesławski</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Joanna Erdman</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Justyna Kesler</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Oscar Edward Swan</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Ignacio Juliá Vilar</b> Vice-President	<i>Signed on the Polish original</i>

### III. Interim condensed standalone financial statement of the Bank

#### INTERIM CONDENSED STANDALONE INCOME STATEMENT

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
Net interest income	539.5	539.4
Net commission income	235.6	257.9
Net income on financial instruments measured at fair value through profit or loss and FX result	14.5	24.4
Net income on investments	51.5	0.1
Net income on hedge accounting	10.8	0.6
Net income on other basic activities	0.3	-3.2
<b>Result on basic activities</b>	<b>852.2</b>	<b>819.2</b>
General and administrative expenses	464.4	442.5
Impairment losses and provisions for off-balance sheet liabilities	82.8	79.5
<b>Profit (loss) before tax</b>	<b>305.0</b>	<b>297.2</b>
Income tax	62.1	59.9
<b>Net result for the current period</b>	<b>242.9</b>	<b>237.3</b>
<b>Net profit (loss)</b>	<b>242.9</b>	<b>237.3</b>
<b>Weighted average number of ordinary shares</b>	<b>130 100 000</b>	<b>130 100 000</b>
<b>Earnings per ordinary share (PLN)</b>	<b>1.87</b>	<b>1.82</b>

*Diluted earnings per share agrees with earnings per ordinary share*

#### INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>Net result for the period</b>	<b>242.9</b>	<b>237.3</b>
<b>Other comprehensive income, of which:</b>	<b>34.4</b>	<b>3.8</b>
- items which can be reclassified to income statement	34.0	3.8
- items which will not be reclassified to income statement	0.4	0.0
<b>Total comprehensive income for the period</b>	<b>277.3</b>	<b>241.1</b>

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

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 Vice President responsible for bookkeeping  
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 Vice President  
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Katowice, 6 May 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 STATEMENT OF FINANCIAL POSITION

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
<b>ASSETS</b>				
- Cash in hand and balances with the Central Bank	2 392.5	5 330.7	7 304.2	6 970.1
- Loans and receivables to other banks	2 096.1	1 821.3	2 039.6	1 388.9
- Financial assets measured at fair value through profit and loss	2 645.7	1 856.8	2 700.3	1 951.4
- Valuation of derivatives	2 607.8	2 411.7	1 352.6	1 471.7
- Investments	23 868.9	22 828.6	20 994.2	19 492.9
- Derivative hedge instruments	3 039.3	2 983.8	1 011.1	1 051.9
- Loans and receivables to customers	60 538.0	57 952.1	51 600.1	49 119.6
- Receivables from customers due to repo transactions	987.1	106.6	660.4	638.8
- Investments in controlled entities	269.2	269.2	461.4	461.4
- Non-financial assets	986.3	1 002.5	904.0	918.2
- Assets held for sale	74.5	68.4	25.2	28.3
- Tax assets	18.2	0.0	45.0	62.1
- Other assets	226.6	110.7	159.8	115.2
<b>Total assets</b>	<b>99 750.2</b>	<b>96 742.4</b>	<b>89 257.9</b>	<b>83 670.5</b>
<b>EQUITY AND LIABILITIES</b>				
<b>LIABILITIES</b>				
- Liabilities due to other banks	3 518.6	3 644.2	7 965.7	2 021.7
- Financial liabilities measured at fair value through profit and loss	1 187.7	917.4	1 453.9	1 234.2
- Valuation of derivatives	2 744.9	2 521.3	1 372.6	1 493.4
- Derivative hedge instruments	2 062.5	2 032.8	1 122.3	1 114.4
- Liabilities due to customers	77 401.5	75 326.0	66 991.6	67 468.1
- Liabilities due to customers under repo transactions	54.8	29.7	10.4	433.5
- Liabilities under issue of debt securities	872.7	866.5	571.4	566.4
- Provisions	66.1	70.3	64.9	63.7
- Tax liabilities	229.6	248.5	0.0	108.9
- Other liabilities	1 606.8	837.9	1 135.3	838.3
<b>Total liabilities</b>	<b>89 745.2</b>	<b>86 494.6</b>	<b>80 688.1</b>	<b>75 342.6</b>
<b>EQUITY</b>				
- 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	1 903.4	1 869.0	515.7	513.4
- Revaluation of share-based payment	48.3	48.0	46.9	46.1
- Retained earnings	6 966.9	7 244.4	6 920.8	6 682.0
<b>Total equity</b>	<b>10 005.0</b>	<b>10 247.8</b>	<b>8 569.8</b>	<b>8 327.9</b>
<b>Total equity and liabilities</b>	<b>99 750.2</b>	<b>96 742.4</b>	<b>89 257.9</b>	<b>83 670.5</b>
<b>Net book value</b>	<b>10 005.0</b>	<b>10 247.8</b>	<b>8 569.8</b>	<b>8 327.9</b>
<b>Number of shares</b>	<b>130 100 000.0</b>	<b>130 100 000</b>	<b>130 100 000</b>	<b>130 100 000</b>
<b>Net book value per share (PLN)</b>	<b>76.90</b>	<b>78.77</b>	<b>65.87</b>	<b>64.01</b>

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

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Katowice, 6 May 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 STATEMENT OF CHANGES IN EQUITY

1 Q 2015

the period from 01 Jan 2015 to 31 Mar 2015

	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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>560.7</b>	<b>26.9</b>	<b>1 278.3</b>	<b>3.1</b>	<b>48.0</b>	<b>7 244.4</b>	<b>10 247.8</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	242.9	<b>242.9</b>
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>31.1</b>	<b>0.4</b>	<b>2.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>34.4</b>
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	-55.1	-	-	-	-	-	-55.1
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-41.2	-	-	-	-	-	-41.2
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	-	-0.1	-	-	-	-	-	-0.1
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	127.5	-	-	-	-	-	127.5
- effective part of cash flow hedging instruments revaluation	-	-	-	-	2.9	-	-	-	2.9
- remeasurement of property, plant and equipment	-	-	-	0.4	-	-	-	-	0.4
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>-520.4</b>	<b>-520.4</b>
- revaluation of share-based payment	-	-	-	-	-	-	0.3	-	0.3
- dividends paid	-	-	-	-	-	-	-	-520.4	-520.4
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>591.8</b>	<b>27.3</b>	<b>1 281.2</b>	<b>3.1</b>	<b>48.3</b>	<b>6 966.9</b>	<b>10 005.0</b>

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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>273.2</b>	<b>32.9</b>	<b>205.5</b>	<b>1.8</b>	<b>46.1</b>	<b>6 682.0</b>	<b>8 327.9</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	1 067.9	<b>1 067.9</b>
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>287.5</b>	<b>-6.0</b>	<b>1 072.8</b>	<b>1.3</b>	<b>0.0</b>	<b>3.4</b>	<b>1 359.0</b>
- 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
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.9</b>	<b>-508.9</b>	<b>-507.0</b>
- revaluation of share-based payment	-	-	-	-	-	-	1.9	-	1.9
- settlement of subsidiary acquisition	-	-	-	-	-	-	-	63.5	63.5
- dividends paid	-	-	-	-	-	-	-	-572.4	-572.4
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>560.7</b>	<b>26.9</b>	<b>1 278.3</b>	<b>3.1</b>	<b>48.0</b>	<b>7 244.4</b>	<b>10 247.8</b>

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Vice President

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Katowice, 6 May 2015

**INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued**

1 Q 2014

the period from 01 Jan 2014 to 31 Mar 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
<b>Opening balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>273.2</b>	<b>32.9</b>	<b>205.5</b>	<b>1.8</b>	<b>46.1</b>	<b>6 682.0</b>	<b>8 327.9</b>
<b>Net result for the current period</b>	-	-	-	-	-	-	-	237.3	237.3
<b>Other comprehensive income, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>-53.4</b>	<b>-1.5</b>	<b>57.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>3.8</b>
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	-53.1	-	-	-	-	-	-53.1
- 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	-	-	-	-	57.2	-	-	-	57.2
- remeasurement of property, plant and equipment	-	-	-	-1.5	-	-	-	1.5	0.0
<b>Transactions with owners, of which:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>
- revaluation of share-based payment	-	-	-	-	-	-	0.8	-	0.8
<b>Closing balance of equity</b>	<b>130.1</b>	<b>956.3</b>	<b>219.8</b>	<b>31.4</b>	<b>262.7</b>	<b>1.8</b>	<b>46.9</b>	<b>6 920.8</b>	<b>8 569.8</b>

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

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Katowice, 6 May 2015

**INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT**

	1 Q 2015 the period from 01 Jan 2015 to 31 Mar 2015	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014
<b>OPERATING ACTIVITIES</b>		
<b>Net profit (loss)</b>	<b>242.9</b>	<b>237.3</b>
<b>Adjustments</b>	<b>-2 646.9</b>	<b>321.5</b>
- Depreciation and amortisation	40.5	37.2
- Interest accrued (from the profit and loss account)	-539.5	-539.4
- Interest paid	-323.6	-359.7
- Interest received	919.5	785.2
- Gains (losses) on investment activities	0.1	0.1
- Income tax (from the profit and loss account)	62.1	59.9
- Income tax paid	-99.2	-151.7
- Change in provisions	-4.2	1.2
- Change in loans and other receivables to other banks	-283.3	-442.8
- Change in financial assets at fair value through profit or loss	-790.0	-747.8
- Change in available-for-sale financial assets	634.0	-1 498.5
- Change in financial assets held to maturity	-1 717.8	0.0
- Change in valuation of derivatives	27.5	-1.7
- Change in derivative hedge instruments	-22.9	105.9
- Change in other receivables to customers	-3 457.7	-2 477.8
- Change in other assets	-118.2	-41.7
- Change in liabilities due to other banks	-125.6	5 943.5
- Change in liabilities at fair value through profit or loss	270.3	219.7
- Change in liabilities due to customers	2 111.9	-867.9
- Change in other liabilities	769.2	297.8
<b>Net cash flow from operating activities</b>	<b>-2 404.0</b>	<b>558.8</b>
<b>INVESTMENT ACTIVITIES</b>		
- Purchase of property plant and equipment	-12.8	-13.8
- Disposal of property, plant and equipment	0.1	0.1
- Purchase of intangible assets	-15.1	-9.2
<b>Net cash flow from investment activities</b>	<b>-27.8</b>	<b>-22.9</b>
<b>FINANCIAL ACTIVITIES</b>		
- Interest on debt securities issued	6.2	5.0
- Dividends paid	-520.4	0.0
<b>Net cash flow from financial activities</b>	<b>-514.2</b>	<b>5.0</b>
<i>Effect of exchange rate changes on cash and cash equivalents</i>	<b>-148.6</b>	<b>10.4</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-2 946.0</b>	<b>540.9</b>
<b>Opening balance of cash and cash equivalents</b>	<b>6 294.1</b>	<b>7 839.1</b>
<b>Closing balance of cash and cash equivalents</b>	<b>3 348.1</b>	<b>8 380.0</b>

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

**Małgorzata Kolakowska**  
 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, 6 May 2015

## 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 1 quarter 2015 and 1 quarter 2014.

### 1.3. *Compliance with International Financial Reporting Standards*

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 1 quarter 2015 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 March 2015 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 1 quarter 2015 and the Bank's financial statements for the year ended 31 December 2014 approved by the General Meeting on 31 March 2015.

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 2015 to 31 December 2015, and interim condensed standalone statement of financial position as at 31 December 2015 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 2014 to 31 March 2014 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income and the interim condensed standalone cash flow statement, additionally for the interim condensed standalone statement of changes in equity as at 31 December 2014; and in the case of the interim condensed standalone statement of financial position data as of 31 December 2014, 31 March 2014 and 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 2014 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 1 quarter 2015 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 6 May 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 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. ([www.ingbank.pl](http://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 annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. ([www.ingbank.pl](http://www.ingbank.pl)). In 1 quarter 2015, the Bank did not change its estimate development approach.

## **4. Comparability of financial data**

In the interim condensed standalone financial statements for the 1 quarter 2015, the Bank made disclosure-related amendments regarding some items in the statement of financial position, compared to the interim condensed standalone financial statements for the 1 quarter 2014, the fact which was described in Chapter II. of the interim condensed consolidated financial statements. *Supplementary information* in item 6. *Comparability of financial data*.

## 5. Significant events in 1 quarter 2015

Significant events that occurred in 1 quarter 2015 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in 1 quarter 2015*.

## 6. Seasonality or cyclicity of activity

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

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

None.

## 8. Dividends paid

On 31 March 2015, the General Meeting passed a resolution regarding dividend payout for 2014, pursuant to which the Bank paid out the dividend for 2014 totalling PLN 520,400.0 thousand, (PLN 4.0 gross per share). 20 April 2015 was set as the date of record upon which the shareholders of record shall become entitled to the upcoming dividend payment. The payment date shall be 5 May 2015. All shares issued by the Bank are covered by dividend payout (130,100,000 shares).

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.

## 9. Acquisitions

In 1 quarter 2015, the ING Bank Śląski did not make any acquisitions, as in 1 quarter 2014.

## 10. Off-balance sheet items

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Contingent liabilities granted	22 572.5	23 394.6	18 862.4	18 739.8
Contingent liabilities received	43 580.4	41 454.6	32 791.1	35 201.0
Off-balance sheet financial instruments	332 649.3	297 537.4	251 043.6	215 566.4
<b>Total off-balance sheet items</b>	<b>398 802.2</b>	<b>362 386.6</b>	<b>302 697.1</b>	<b>269 507.2</b>

## 11. Total capital ratio

	as of 31 Mar 2015	as of 31 Dec 2014	as of 31 Mar 2014	as of 31 Dec 2013
Total capital ratio	15,76%	15.52%	15.30%	17.10%

**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*.



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

2015-05-06	<b>Małgorzata Kołakowska</b> President	<i>Signed on the Polish original</i>
2015-05-06	<b>Mirosław Boda</b> Vice-President responsible for bookkeeping	<i>Signed on the Polish original</i>
2015-05-06	<b>Michał Bolesławski</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Joanna Erdman</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Justyna Kesler</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Oscar Edward Swan</b> Vice-President	<i>Signed on the Polish original</i>
2015-05-06	<b>Ignacio Juliá Vilar</b> Vice-President	<i>Signed on the Polish original</i>

