2014

Quarterly consolidated report of the ING Bank Śląski Group S.A. for the 1 quarter 2014

Table of contents

Selected financial data from financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

• Selected financial data

	I quarter 2014	I quarter 2013
Interest income	903.8	925.1
Commission income	297.7	271.3
Result on basic activities	872.6	855.2
Result before tax	328.5	324.0
Net profit attributable to shareholders of ING Bank Śląski S.A.	254.6	259.7
Earnings per ordinary share (PLN)	1.96	2.00

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Loans and receivables to customers (net) excluding Eurobonds	50 846.9	48 552.1	45 301.6	45 205.6
Liabilities due to customers including matched funding for leasing portfolio	69 456.4	69 911.2	60 736.5	60 521.5
- matched funding	*2 554.5*	*2 580.8*	*2 686.8*	*2 664.0*
Total assets	92 244.7	86 750.6	77 753.8	78 266.8
Equity attributable to shareholders of ING Bank Śląski S.A.	8 885.6	8 626.3	8 236.5	8 133.8
Initial capital	130.1	130.1	130.1	130.1

• Key effectiveness ratios

	I quarter 2014	I quarter 2013	Change IQ 2014 / IQ 2013
C/I - Cost/Income ratio (%)	53.3	55.8	-2.5 p.p.
ROA - Return on assets (%)	1.1	1.1	0.0 p.p.
ROE - Return on equity (%)	11.3	10.9	+0.4 p.p.
L/D - Loans-to-deposits ratio (%)	73.2	74.6	-1.4 p.p.
Total capital ratio (%)	14.63	15.15	-0.52 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.

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 4.1894 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1 quarter 2014.
  - PLN 4.1738 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 1 quarter 2013.
- for statement of financial positions items:
  - PLN 4.1713 - NBP exchange rate of 31 March 2014.
  - PLN 4.1472 - NBP exchange rate of 31 December 2013.
  - PLN 4.1774 - NBP exchange rate of 31 March 2013.
  - PLN 4.0882 - NBP exchange rate of 31 December 2012.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
- Interest income	7.1	903.8	925.1
- Interest expenses	7.1	335.9	449.3
Net interest income	7.1	**567.9**	**475.8**
- Commission income	7.2	297.7	271.3
- Commission expenses	7.2	21.6	20.2
Net commission income	7.2	**276.1**	**251.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	25.3	17.1
Net income on investments	7.4	0.1	120.4
Net income on hedge accounting	7.5	0.6	-19.0
Net income on other basic activities		2.6	9.8
Result on basic activities		**872.6**	**855.2**
General and administrative expenses	7.6	471.2	482.2
Impairment losses and provisions for off-balance sheet liabilities	7.7	84.1	58.0
Share in net profit (loss) of associated entities recognised under the equity method		11.2	9.0
Profit (loss) before tax		**328.5**	**324.0**
Income tax		73.9	64.3
Net profit (loss)		**254.6**	**259.7**
- attributable to shareholders of ING Bank Śląski S.A.		**254.6**	**259.7**

Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**254.6**	**259.7**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1.96**	**2.00**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
Net result for the period	**254.6**	**259.7**
Other comprehensive income, of which:	**3.8**	**-159.5**
- items which can be reclassified to income statement	3.7	-160.0
- items which will not be reclassified to income statement	0.1	0.5
Total comprehensive income for the period, of which:	**258.4**	**100.2**
- attributable to shareholders of ING Bank Śląski S.A.	258.4	100.2

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
ASSETS					
- Cash in hand and balances with the Central Bank		7 304.2	6 970.1	3 534.4	4 071.6
- Loans and receivables to other banks	7.8	2 050.9	1 399.8	1 600.3	1 377.1
- Financial assets measured at fair value through profit and loss	7.9	2 700.3	1 951.4	1 412.1	1 554.6
- Valuation of derivatives		1 352.4	1 471.4	1 572.1	1 822.1
- Investments	7.10	20 994.9	19 493.6	18 003.9	17 881.1
- Derivative hedge instruments		1 011.1	1 051.9	1 066.9	1 112.6
- Loans and receivables to customers	7.11, 7.12	54 597.1	52 237.9	49 119.3	48 985.3
- Receivables from customers due to repo transactions		660.4	638.8	0.0	0.0
- Investments in controlled entities recognised under the equity method		147.7	136.5	123.3	114.4
- Non-financial assets	7.13	1 082.4	1 099.2	1 092.1	1 115.5
- Tax assets		100.3	119.9	56.1	38.6
- Other assets		243.0	180.1	173.3	193.9
Total assets		**92 244.7**	**86 750.6**	**77 753.8**	**78 266.8**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to other banks	7.14	10 666.5	4 827.3	4 850.4	4 554.6
- Financial liabilities measured at fair value through profit and loss	7.15	1 453.9	1 234.2	2 123.3	3 003.4
- Valuation of derivatives		1 372.3	1 493.0	1 665.5	1 778.1
- Derivative hedge instruments		1 122.3	1 114.4	1 267.9	1 364.0
- Liabilities due to customers	7.16	66 901.9	67 330.4	58 049.7	57 857.5
- Liabilities due to customers under repo transactions		10.4	433.5	0.0	0.0
- Liabilities under issue of debt securities		571.4	566.4	574.5	567.1
- Provisions	7.17	68.9	67.8	73.9	72.8
- Tax liabilities		3.7	111.7	97.7	103.0
- Other liabilities		1 185.5	943.3	812.1	830.2
Total liabilities		**83 356.8**	**78 122.0**	**69 515.0**	**70 130.7**
EQUITY					
- Share capital		130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3
- Revaluation reserve		526.5	524.3	839.7	999.7
- Revaluation of share-based payment		47.0	46.1	44.3	41.3
- Retained earnings		7 225.7	6 969.5	6 266.1	6 006.4
Equity attributable to shareholders of ING Bank Śląski S.A.		**8 885.6**	**8 626.3**	**8 236.5**	**8 133.8**
- Non-controlling interests		**2.3**	**2.3**	**2.3**	**2.3**
Total equity		**8 887.9**	**8 628.6**	**8 238.8**	**8 136.1**
Total equity and liabilities		**92 244.7**	**86 750.6**	**77 753.8**	**78 266.8**

Net book value	**8 885.6**	**8 626.3**	**8 236.5**	**8 133.8**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**68.30**	**66.31**	**63.31**	**62.52**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
Opening balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**
Net result for the current period	-	-	-	-	-	-	-	254.6	0.0	**254.6**
Other comprehensive income, of which:	**0.0**	**0.0**	**-53.5**	**-1.5**	**57.2**	**0.0**	**0.0**	**1.6**	**0.0**	**3.8**
- 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*
- disposal of property, plant and equipment	-	-	-	-1.5	-	-	-	1.6	-	*0.1*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.9**	**0.0**	**0.0**	**0.9**
- revaluation of share-based payment	-	-	-	-	-	-	0.9	-	-	*0.9*
Closing balance of equity	**130.1**	**956.3**	**220.2**	**41.7**	**262.7**	**1.9**	**47.0**	**7 225.7**	**2.3**	**8 887.9**

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

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

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

1 Q 2013
the period from 01 Jan 2013 to 31 Mar 2013

	Share capital	Supplemen- tary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**590.7**	**42.0**	**367.0**	**0.0**	**41.3**	**6 006.4**	**2.3**	**8 136.1**
Net result for the current period	-	-	-	-	-	-	-	259.7	0.0	**259.7**
Other comprehensive income, of which:	**0.0**	**0.0**	**-168.8**	**0.0**	**8.8**	**0.0**	**0.0**	**0.0**	**0.0**	**-160.0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	-88.3	-	-	-	-	-	-	*-88.3*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	-80.5	-	-	-	-	-	-	*-80.5*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	8.8	-	-	-	-	*8.8*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.0**	**0.0**	**0.0**	**3.0**
- revaluation of share-based payment	-	-	-	-	-	-	3.0	-	-	*3.0*
Closing balance of equity	**130.1**	**956.3**	**421.9**	**42.0**	**375.8**	**0.0**	**44.3**	**6 266.1**	**2.3**	**8 238.8**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
OPERATING ACTIVITIES		
Net profit (loss)	**254.6**	**259.7**
Adjustments	**339.2**	**11.0**
- Share in net profit (loss) of associated entities	-11.2	-9.0
- Depreciation and amortisation	38.0	39.9
- Interest accrued (from the profit and loss account)	567.9	475.8
- Interest paid	367.2	456.6
- Interest received	-1 001.0	-978.9
- Gains (losses) on investment activities	-0.3	-0.1
- Income tax (from the profit and loss account)	73.9	64.3
- Income tax paid	-162.3	-87.1
- Change in provisions	1.1	1.1
- Change in loans and other receivables to other banks	-442.8	-169.0
- Change in financial assets at fair value through profit or loss	-747.8	142.4
- Change in available-for-sale financial assets	-1 498.6	-291.5
- Change in valuation of derivatives	-1.7	137.4
- Change in derivative hedge instruments	105.9	-41.6
- Change in other receivables to customers	-2 342.0	-80.8
- Change in other assets	-59.9	20.6
- Change in liabilities due to other banks	5 873.3	1 035.4
- Change in liabilities at fair value through profit or loss	219.7	-880.1
- Change in liabilities due to customers	-883.3	190.7
- Change in other liabilities	243.1	-15.1
Net cash flow from operating activities	**593.8**	**270.7**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-14.1	-6.9
- Disposal of property, plant and equipment	0.7	0.0
- Purchase of intangible assets	-10.4	-9.5
- Disposal of fixed assets held for sale	0.0	0.1
Net cash flow from investment activities	**-23.8**	**-16.3**
FINANCIAL ACTIVITIES		
- Long-term loans received	143.6	70.9
- Long-term loans repaid	-168.4	-798.3
- Interest on long-term loans repaid	-8.9	-10.6
- Interest on debt securities issued	5.0	0.0
Net cash flow from financial activities	**-28.7**	**-738.0**
Effect of exchange rate changes on cash and cash equivalents	***10.4***	***40.2***
Net increase/decrease in cash and cash equivalents	**541.3**	**-483.6**
Opening balance of cash and cash equivalents	**7 850.0**	**5 060.6**
Closing balance of cash and cash equivalents	**8 391.3**	**4 577.0**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

II. Additional information

1. Information on the Bank and the Capital Group

1.1. Key Bank data

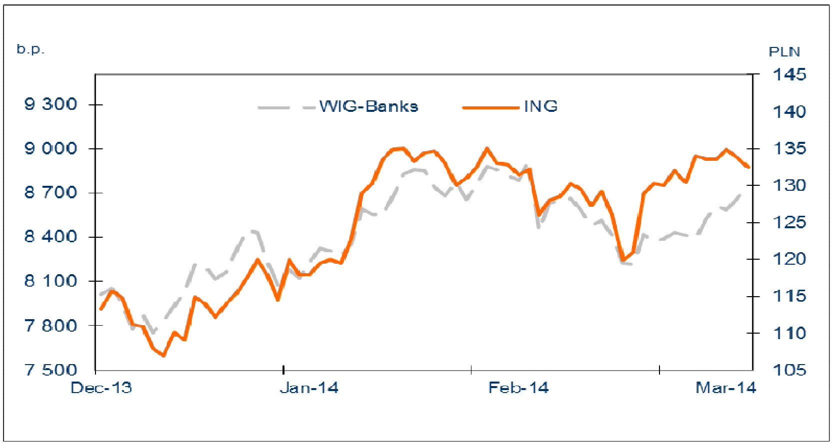
ING Bank Śląski S.A. ("Parent company", "parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.The parent entity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

1.2. Scope and duration of operations

ING Bank Śląski S.A. offers a broad range of banking services rendered for individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. The Bank is also active on the domestic and foreign financial markets. The scope of services offered by the Bank was expanded with leasing and factoring operations, following the acquisition in 2012 of new companies. Additionally through subsidiaries the Group operates brokerage services, real estate, leasing of real estate and advisory and acts as a financial intermediary as well as provides other financial services. The duration of the parent entity and entities forming the Capital Group is indefinite.

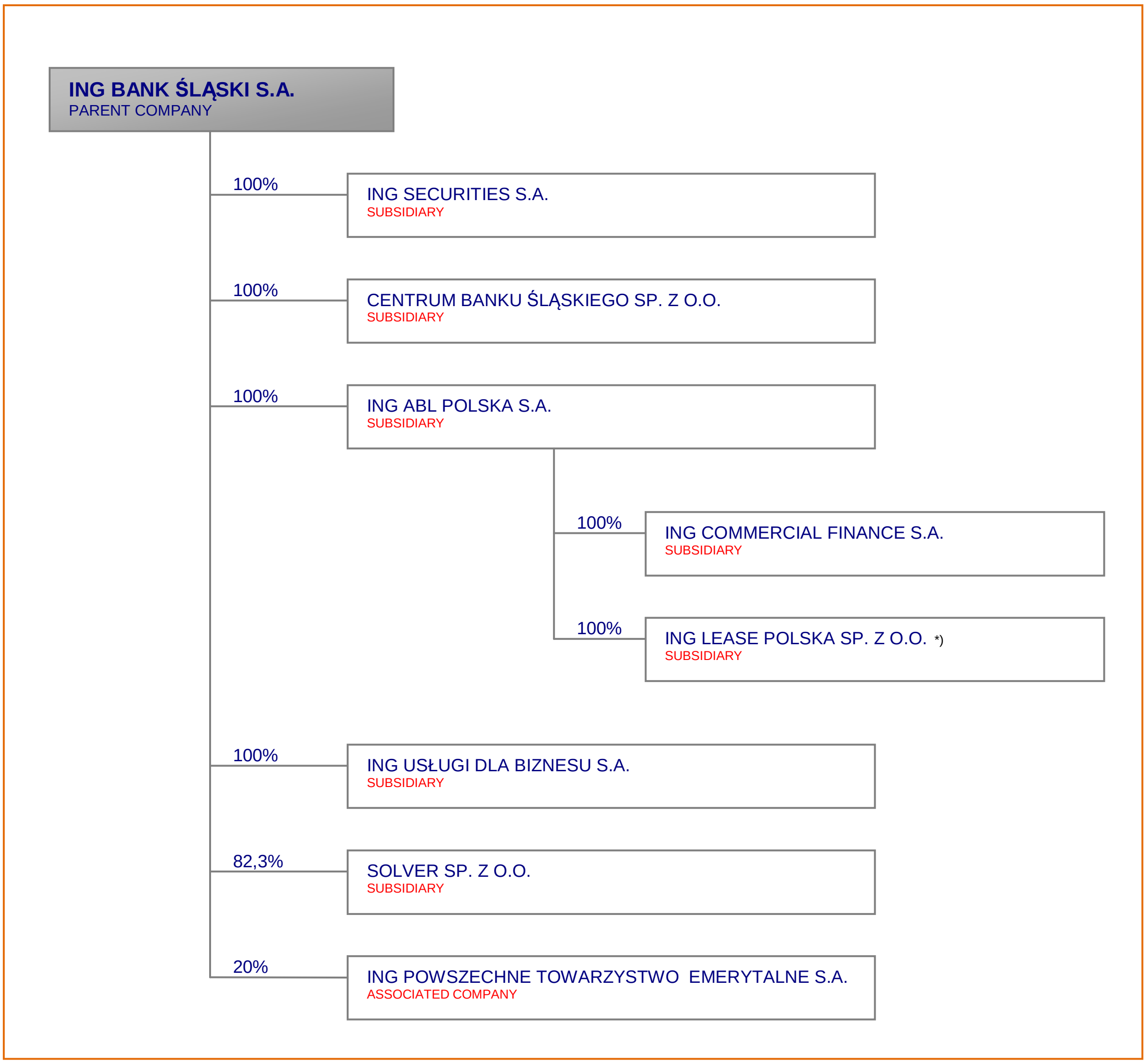
1.3. Initial capital, share price

The initial capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 130,100,000 ordinary bearer shares with a par value of PLN 1.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 31 March 2014, the share price of ING Bank Śląski S.A. was PLN 132.5, whereas during the same period last year it was at the level of PLN 90,80. In the 3 months of 2014, the price of ING Bank Śląski S.A. shares was as follows:



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

ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group", "Group"). As at 31 March 2014, the composition of ING Bank Śląski S.A. Capital Group was the following:



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

Division of Centrum Banku Śląskiego Spółka z ograniczoną odpowiedzialnością company

On 17 February 2014, the Management Board of ING Bank Śląski S.A. gave notice that they intended to divide the Centrum Banku Śląskiego Spółka z o.o. company by acquisition; the Bank holds 100% stake in the said company. The division will be effected by transferring all assets of CBŚ Spółka z o.o. to ING Bank Śląski S.A. and Solver Spółka z o.o. wherein the Bank holds 82.3% shares. The Division Plan of CBŚ Spółka z o.o. was agreed by the Management Boards of ING Bank Śląski S.A., Solver Spółka z o.o. and CBŚ Spółka z o.o. on 11 February 2014. On 10 April 2014, the presented Division Plan was approved by the ING Bank Śląski S.A. General Meeting.

Interim condensed consolidated financial statements (PLN million)

Following the division, the share capital of Solver Spółka z o.o. will be raised from PLN 9,562.0 thousand to PLN 15,292.5 thousand through formation of 11,461 new shares of face value of PLN 500.0 each. For transferring a part of CBŚ Spółka z o.o.'s assets to Solver Sp. z o.o. (the organised part of the enterprise), ING Bank Śląski S.A. as the only partner to the Divided Company shall receive all the new shares in the increased share capital of Solver Sp. z o.o.

The aim of the CBŚ Spółka z o.o. restructuring operation is to optimise real property management costs in the ING Bank Śląski S.A. Capital Group.

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

As at the date 31 March 2014, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank N.V.	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	6,548,964	5.03

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

As at 31 March 2014, neither Management Board nor Supervisory Board members held shares of ING Bank Śląski S.A. So was the situation also at the date of rendering the financial statements for the previous reporting period into the public domain.

1.7. Entity authorised to audit financial statements

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

1.8. Approval of financial statements

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

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 6 May 2014.

2. Significant events in 1 quarter 2014

2.1. Resignation of Supervisory Board Members from standing for election for the next Supervisory Board's term of office

On 31 March 2014, the Bank received letters of resignation from standing for election to the Supervisory Board for the next term of office from:

1) Ms Anna Fornalczyk in the capacity of the Chair of the ING Bank Śląski S.A. Supervisory Board,

2) Mr Wojciech Popiołek in the capacity of the Secretary to the ING Bank Śląski S.A. Supervisory Board, and

3) Mr Mirosław Kośmider in the capacity of the ING Bank Śląski S.A. Supervisory Board Member.

The decision to resign from standing for election for the next term of office was dictated by the inability to satisfy the independence criteria by the above-referred Supervisory Board Members due to their long-standing Bank Supervisory Board membership.

3. Significant events after the balance sheet date

3.1. General Meeting of ING Bank Śląski S.A.

On 10 April 2014, the General Meeting of ING Bank Śląski S.A. was held, during which the following resolutions were passed:

- on approval of the 2013 annual financial statements (consolidated and separate financial statements),
- on approval of the Management Board report on operations in 2013 (consolidated and separate reports),
- on acknowledgement of the fulfilment of duties of the Management Board and Supervisory Board Members for 2013,
- on distribution of profit for the year 2013,
- on dividend payout for the year 2013 (description under item *11. Dividends paid*),
- on division of Centrum Banku Śląskiego Sp. z o.o., (the division was described under item *1.4 ING Bank Śląski S.A. Capital Group*),
- on amendment to the Charter of ING Bank Śląski S.A.,
- on determining the number of the Supervisory Board Members, appointing the Supervisory Board Members for a new term of office and changing the remuneration of the Supervisory Board Members (the composition of the Supervisory Board of the new term of office was described under item *3.2 Changes to the Supervisory Board composition*).

3.2. Changes to the Supervisory Board Composition

In consequence of expiry of the term of office of the Supervisory Board, on 10 April 2014 the ING Bank Śląski S.A. General Meeting appointed the new Bank Supervisory Board in the following composition:

Interim condensed consolidated financial statements (PLN million)

1) Mr Brunon Bartkiewicz,
2) Mr Roland Boekhout,
3) Mr Aleksander Galos,
4) Mr Nicolaas Cornelis Jue,
5) Mr Adrianus Johannes Antonius Kas (Ad Kas),
6) Mr Aleksander Kutela, and
7) Mr Antoni Reczek.

On 10 April 2014, the first meeting of the Bank Supervisory Board for the new term of office was held. The Supervisory Board elected Mr Antoni Reczek as the Chairman, Mr Brunon Bartkiewicz as the Deputy Chairman and Mr Aleksander Galos as the Secretary to the Supervisory Board.

3.3. 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 10 April 2014, 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	88.42	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,370,000	6.68	5.66

3.4. Update on concluding the Letter of Intent with ING Continental Europe Holdings B.V.

On 06 May 2014 the Bank and ING Continental Europe Holdings B.V. (NN CEH) entered into a non-binding agreement (Letter of Intent) regarding the sale of 20% of the shares in ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) held by the Bank to NN CEH which currently holds 80% of the shares of ING PTE. ING PTE manages Otwarty Fundusz Emerytalny ING (ING OFE) and Dobrowolny Fundusz Emerytalny (ING DFE).

The Parties expect to enter into a binding agreement of share sale, on arm's length basis, in Q4 2014. Should such a transaction take place, it will require the approval of the Polish Financial Supervision Authority.

The initial sale price provided for in the Letter of Intent was set to be approx. PLN 242 million and it equals the independent valuation of that block of shares. This price will be adjusted for dividends paid by ING PTE for 2013 and 2014, the actual number of fund's participants, who will declare to continue transferring some part of their pension contribution to ING OFE (customer retention rate) as at the end of 2014 and the financial result for 2014. The so-determined price will be additionally supported by an independent fairness opinion.

Under the Letter of Intent, the sale price may be further adjusted should there be a decision by the Polish Constitutional Court relating to the pension fund reform or amendments to the legislation as regards open-ended pension funds, which may ensue due to the above-mentioned decision or an appeal to such a Court, or any amounts received by ING PTE following the decision or ruling of a relevant authority or a settlement following the said Court's decision or amendment to the legislation. In that case, the Parties envisage preparing a new fairness opinion.

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 2014 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 March 2014 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated cash flow statement for the period from 1 January 2014 to 31 March 2014, and interim condensed consolidated statement of financial position as at 31 March 2014 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. Going-concern

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

4.2. Discontinued operations

No operations were discontinued during the 1 quarter 2014 and 1 quarter 2013.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 1 quarter 2014 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities. These interim condensed consolidated financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

4.4. Comparable data

The comparative data cover the period from 1 January 2013 to 31 March 2013 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 2013; and in the case of the interim condensed consolidated statement of financial position data as of 31 December 2013, 31 March 2013 and 31 December 2012.

Interim condensed consolidated financial statements (PLN million)

4.5. Changes to accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2013 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2013 to 31 December 2013) and the following effective standards and interpretations adopted by the European Union:

Change	Scope	Influence on the Bank statements
IAS 27 *Standalone Financial Statements*	The change introduces the necessity to recognize investments in subsidiaries, jointly controlled entities and associates at cost or in line with rules set forth in IFRS 9 Financial Instruments in separate financial statements. The name of the standard was also changed. The change published on 31 October 2012, specifying the guidelines for investment entities. Application date: the accounting year starting on 1 January 2014 or later.	Implementation of the change had no material impact on the financial statements of the Group .
IAS 28 *Investments in Associates and Joint Ventures*	The changes pertain to the accounting principles for investments in associates and determine the requirements that have to be met in order to apply accounting using the equity method for investments in associates and jointly controlled entities. Application date: the accounting year starting on 1 January 2014 or later.	Implementation of the change had no impact on the financial statements of the Group .
IAS 36 *Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets*	The amendment specifies the requirements for recoverable amount disclosures for non-financial assets. The scope of mandatory disclosures was limited to the recoverable amount of non-financial assets where for impairment is identified based on the fair value less costs of sale. Application date: the accounting year starting on 1 January 2014 or later.	Implementation of the change had no material impact on the financial statements of the Group .
IAS 39 *Financial Instruments: Recognition and Measurement* *Novation of Derivatives and Continuation of Hedge Accounting*	The objective of the amendment is to enable novation to a central counterparty (CCP) for the derivatives designated as hedging instruments under the existing hedging relationships. The amendment made allows for continuation of the hedge structure in such conditions. Application date: the accounting year starting on 1 January 2014 or later.	Implementation of the change had no material impact on the financial statements of the Group. The above follows both the adopted principles whereunder the individual strategies function and the legal obligation to transfer transactions to be cleared through the central counterparty.
IFRS 10 *Consolidated Financial Statements*	New standard presenting the guidelines for financial statements consolidation including in particular but not limited to the indications confirming the requirement to include entities in the consolidated financial statements. The change published on 28 June 2012 is to specify implementation requirements. The change published on 31 October 2012 specifying the guidelines for investment entities which due to the purpose of their business are excluded from the requirement to include subsidiaries in consolidation and are required to carry them at fair value through profit or loss. Application date: the accounting year starting on 1 January 2014 or later.	The new standard had no impact the consolidated financial statements of the Group because after assessing the supervision over the entities wherein funds were invested in line with the new standard the conclusions as regards the extent whereto the Group supervises the said entities remained unchanged while the Parent Company of the Group does not meet the requirements to be treated as an investment unit.

Interim condensed consolidated financial statements _(PLN million)_

IFRS 11 _Joint Arrangements_	New standard sets out the requirements for joint arrangements recognition and measurement. The change published on 28 June 2012 is to specify implementation requirements. Application date: the accounting year starting on 1 January 2014 or later.	Standard implementation had no impact the financial statements of the Group because the Group is not a party to any mutual arrangements.
IFRS 12 _Disclosure of Interest in Other Entities_	New standard sets out the disclosures of interest in other entities. The change published on 28 June 2012 is to specify implementation requirements. The change published on 31 October 2012, specifying the guidelines for investment entities in consequence of parallel changes made to IFRS 10. Application date: the accounting year starting on 1 January 2014 or later.	Implementation of the change had no material impact on the financial statements of the Group (the number of required disclosures will go up).

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

Change	Scope	Influence on the Bank statements
IAS 19 _Employee benefits_	The change concerns simplification of settling contributions which are independent from employee's seniority (e.g. contributions which are calculated as per a given remuneration part). Application date: accounting year starting on 1 July 2014 or later.	The standard implementation will not have a material impact on the financial statements of the Group.
IFRS 9 _Financial Instruments_	The standard is the result of the outcome of the first stage of IASB Project focusing on the replacement of IAS 39 and it comprises the classification and valuation of assets and financial liabilities. In 2012, IASB started the procedure to revise the adopted and published guidelines which provides for expanding the catalogue of categories of financial assets with an additional, third category being the financial assets carried at fair value through other total income. On 19 November 2013 the standard was amended in the scope of 1. a new model of hedge accounting functioning, 2. recognising changes of fair value arising from own credit risk regarding financial liabilities measured at fair value, and 3. deleting the deadline for obligatory standard implementation, i.e. 1 January 2015. The new deadline shall be determined when the new standard project will be in its final stage.	Standard implementation may affect the structure of the financial statements; however, the Group will comprehensively assess the impact of the new standard together with the guidelines for hedge accounting and impairment, which have not been published yet.
IFRIC 21 _Levies– Interpretation of Recognition of Levies Imposed by Governments_	IFRIC 21 is the interpretation of the requirements given in IAS 37 _Provisions, Contingent Liabilities and Contingent Assets_ and it concerns recognition of a liability for a levy imposed by the government; i.e., the levies other than the income tax. The interpretation specifies that the obligating event that gives rise to the recognition of liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. Application date: the accounting year starting on 1 January 2014 or later.	The analyses show that application of the new interpretation will not have impact on the financial statements of the Group.

Interim condensed consolidated financial statements (PLN million)

Changes arising from IFRS reviews executed during the 2010-2012 cycle (published in December 2013)	The changes cover the matters discussed during the IFRS reviews commenced in 2010 and considered in the draft changes earlier presented for consultation, but not included in the final changes published in previous periods. The changes published apply to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and are of specifying nature. The deadlines for mandatory changes implementation were indicated in relevant standards.	Implementation does not have a material impact on the financial statements of the Group.
Changes arising from IFRS reviews executed during the 2011-2013 cycle (published in December 2013)	The changes cover the matters discussed during the IFRS reviews commenced in 2011 and considered in the draft changes earlier presented for consultation, but not included in the final changes published in previous periods. The changes published apply to IFRS 1, IFRS 3, IFRS 13, IAS 40 and are of specifying nature. The deadlines for mandatory changes implementation were indicated in relevant standards.	Implementation does not have a material impact on the financial statements of the Group.
IFRS 14 *Regulatory Deferral Accounts*	The standard allows the IFRS first-time adopters to continue to apply their previous principles whereunder they recognised regulatory deferral accounts both when they adopt the IFRS for the first time and in their subsequent financial statements.	Not applicable (the new standard applies only to entities that are IFRS first-time adopters).

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

5. Material accounting principles

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2013 to 31 December 2013 published on 7 March 2014 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

Below presented are modifications introduced to the description of accounting principles applied by the Capital Group. The changes made in Q1 2014 followed the implementation of requirements under new standards, and they entailed updating of the approach and they were of editorial nature; moreover, they were to make the content more precise to enhance the quality and clarity of the accounting principles applied by the Group.

5.1. Amendments made to the description of the basis for consolidation

5.1.1. Subsidiaries

Subsidiaries are any entities controlled by the Bank. The control exists, when the Bank has direct or indirect influence on the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

Assessment in this regard takes account of all the facts and circumstances related to a given involvement, including in particular:

- legal form and economic nature of the Bank's involvement with a given unit,
- purpose, action model, legal form and ownership structure of the unit,
- identification of the relevant activities and the decision-taking manner in terms of these activities,
- verification whether the rights held by the Bank ensure that the relevant activities of the unit may be managed on an ongoing basis,
- verification of the existing rights of other entities involved with the unit and its activities,
- financing structure/ structure of sourcing financing for the unit,
- legal form of the returns on investment and exposure to their variability and relationship with the existing rights,
- identification of the barriers/ conditions/ practical possibilities to exercise the existing rights,
- other/ additional contractual arrangements/ covenants.

The control reassessment is done each time if the facts and circumstances indicate a change to the terms and conditions being the basis for the analysis of a specific involvement, however at least once a year.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which the parent ceases to control the subsidiary, if applicable.

If the control ceases, the Bank:

- no longer recognises the assets and liabilities of the unit that formerly was a subsidiary in the consolidated financial statements,
- recognises any gains or losses associated with the loss of control events attributable to the former controlling interest.

Retained investments are recognised at fair value as at the control loss date, which is the date of initial recognition of the investment in the Bank's books, depending on the conditions, as:

- interest in joint arrangements, or
- interest in associates, or
- financial assets classified and measured based on the purpose of holding thereof.

5.1.2. 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 5.1.1 *Subsidiaries*), provided that the analyses prove that none of the parties exercise control on their own.

When the joint control under joint arrangements is established, the Bank recognises the following in its financial statements:

- items of assets and liabilities as well as revenues and expenses related to the joint operation at the value corresponding to the Bank's interest in the joint operation (in line with the proportionate consolidation principles),
- interests in joint ventures at the acquisition price as at the date of recognition in the books, and then it is settled on an equity basis.

Reassessment of the joint control is performed each time if the facts and circumstances change.

Change of terms and conditions concerning the joint arrangements together with recognition in the Bank's books of the joint venture, which used to be identified as a joint operation is now recognised at fair value as at the time when the terms and conditions are changed, determined as a total carrying amount of assets and liabilities, which went through proportionate consolidation accounting for the goodwill resulting from the purchase price.

In situation where change of terms and conditions necessitates recognition of joint operation in Bank's books, which used to be identified as joint venture, the Bank:

- excludes from the books the investment which used to be recognised under equity method and
- recognises items of assets and liabilities as well as revenues and expenses related to the joint operation at the value corresponding to the Bank's interest in the joint operation considering potential goodwill.

Any and all differences due to previous recognition of the investment under equity method construed as relation of net assets and liabilities together with goodwill to the investment value:

- the positive difference is offset by goodwill and the resultant value is recognised in the retained earnings,
- the negative difference is adjusted on retained earnings as at the beginning of the period directly preceding the period presented in the financial statements.

Should it be identified that the joint control ceased, the Bank:

- continues to recognise its interest in the joint operation provided that it still holds rights to the items of assets and obligations under liabilities,
- identifies the consequences of events associated with the loss of joint control on the principles provided for in item 5.1.1. *Subsidiaries.*

5.2. Amendments made to the description of classification as regards investments held to maturity

Those are the financial assets other than derivatives with payments specified or possible to specify and with the maturity date specified, other than those defined as loans or receivables, which the Group intends to and is able to hold by the maturity date. In case of sale or reclassification of more than an insignificant amount of held-to-maturity investments in relation to the total held-to-maturity investments before maturity all the assets of this category are reclassified to the available for sale category. In such a case, the Group must not classify any financial assets as investments held to maturity for 2 years.
The above mentioned sanction is not applied:

- if sale was so close to maturity (for example, less than three months before maturity) that changes in the market rate of interest would not have a significant effect on the asset's fair value,
- if the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments, or
- for an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

5.3. Gains and losses resulting from subsequent measurement

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

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

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

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

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

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

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

The fair value of financial assets and liabilities quoted in an active market (including securities) is determined on the basis of the bid price for long position and offer price for short position. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, discounted cash flow analysis and option pricing models and other techniques used by market members.

Market activity is assessed on the basis of frequency and the volume of effected transactions as well as access to information about quoted prices which by and large should be delivered on a continuous basis.

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

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

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

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

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

5.4. Income and costs under bancassurance commission

Fees and commission related to insurance products are recognised in the income statement according to their economic content and classified as:

- commissions being part and parcel of a fee under a financial instrument wherewith the insurance product is linked,
- fee for agency service, and

- fee for additional services after the insurance product sale.

Prior to implementation of the insurance product, in order to recognise it properly in the income statement, the Bank analyses features of the insurance product and also the link between the insurance product and banking product. In this analysis, the Bank takes account of the prevalence of the economic content over the legal form. The factors analysed by the Bank include:

- manner in which an insurance product is offered, option of purchasing a banking product without the insurance product as well as option of purchasing only the insurance product at the Bank,
- pricing conditions of the two products sold together and separately,
- profitability of the insurance and banking products sold together and separately,
- sales target of combined products versus sales target of the same banking products sold without insurance,
- option of concluding an insurance agreement outside the Bank,
- number of resignations and the value of refunded insurance premiums,
- settlement cycle with a client, and
- scope of activities performed by the Bank for the insurer and their duration.

Insurance products offered with loans are treated by the Bank as linked to lending products, mainly because of lack of the possibility to purchase at the Bank an insurance product without a loan or a cash loan.

For the absolute majority of insurance products linked with lending products functioning at the Bank, the income on insurance products is earned based on monthly settlements with both the insurer and the client. Since the client may resign at any time from the insurance coverage for the following month, the Bank treats such insurances as renewed each month and settled for each month separately.

Therefore, the income on insurance products settled monthly is recognised in the income statement also on a monthly basis.

The Bank recognises the income on such insurances in the commission income on insurance products.

The Bank analogically presents the costs directly related to these insurance products.

Such an approach ensures compliance with the matching principle. At the same time, the Bank monitors the level of costs under insurance products linked to the lending products in terms of legitimacy of division into interest income and commission income. At present such a division would not materially impact the Bank's income statement.

The Bank applies an analogical approach to real property insurance with mortgage loans. Taking account of the materiality principle, the Bank presents full income on this insurance in the net commission income.

Most insurance products linked with the Bank's deposit products (current accounts and savings accounts) use the monthly-settlement structure. Therefore, the income on insurance products settled monthly is recognised in the income statement also on a monthly basis. The Bank recognises the income on such insurances in the commission income on insurance products.

Commissions under insurance products not linked to banking products are recognised in the income statement:

Interim condensed consolidated financial statements (PLN million)

- on a straight-line basis during the insurance policy term – if the Bank, apart from other sales operations, also provides additional services during the insurance term,
- on a one-off basis – if the Bank does not provide any additional services during the insurance policy term.

Should there be a risk of refund of the fee under the insurance product, the Bank decreases its income by the amounts of estimated provisions.

The provisions for refunds are established based on the historical data on actual refunds made in the past and based on projections as to the amount of refunds in the future.

5.5. Other modifications

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

6. Comparability of financial data

Amendments to the Income Statement

In the interim condensed consolidated financial statements for Q1 2014, the Group made disclosure-related amendments regarding some items in the income statement. The change consisted in aggregating the *General and administrative expenses* item and the *Result on other operating income and expenses* to one item - *General and administrative expenses.*

Moreover, starting from interim condensed consolidated financial statements for Q1 2014, the Group changed the manner in which BGF expenses are presented. At present the said expenses are presented in the *General and administrative expenses* item whereas they used to be recognised in the *Commission expenses* item.

The individual items of the consolidated income statement are presented below as they were presented in the interim condensed consolidated financial statements for Q1 2013 and in the current statements.

	1 quarter 2013 the period from 1 Jan 2013 to 31 Mar 2013	*change*	**1 quarter 2013** the period from 1 Jan 2013 to 31 Mar 2013
Commission expenses	31.5	-11.3	20.2
General and administrative expenses	470.1	12.1	482.2
Result on other operating income and expenses	*-0.8*	*0.8*	*-*

Amendments to the Statement of Financial Position

In the interim condensed consolidated financial statements for Q1 2014, the Group made a few disclosure-related amendments to the statement of financial position, compared to the interim consolidated financial statements for Q1 2013. The changes included:

1) Aggregation of non-financial-like assets (investment properties, property, plant and equipment, intangible assets and non-current assets held for sale) under one item "*Non-financial assets*".

Interim condensed consolidated financial statements _(PLN million)_

2) Aggregation of current and deferred tax assets under one item "*Tax assets*".
3) Aggregation of current tax liabilities and deferred tax provision under one item "*Tax liabilities*".
4) Exclusion of the receivables under repo transactions made with Group clients from "*Loans and receivables to customers*" and their disclosure under a separate item "*Receivables from customers due to repo transactions*". The item value as at 31 March 2013 was PLN 0.0 million.
5) Exclusion of the liabilities under repo transactions made with Group clients from "*Liabilities due to customers*" and their disclosure under a separate item "*Liabilities due to customers under repo transactions*". The item value as at 31 March 2013 was PLN 0.0 million.

The changes discussed in items 1-3 were made to show the total worth of similar items, not that significant on account of their share in the assets/ liabilities total.

The changes discussed in items 4 and 5 herein were made to recognise stable assets/ liabilities measured at amortized cost separately from those characterised by a high volatility in individual reporting periods.

The Group is of the opinion that changes to the statement of financial position improved transparency. Changes did not impact the balance sheet totals of the reporting periods.

The individual items of the consolidated statement of financial position are presented below as they were presented in the interim condensed consolidated financial statements for Q1 2013 and in the current statements.

	as at 31.03.2013	*change*	**Amount of change**	**as at 31.03.2013**
A S S E T S				
- Loans and receivables to customers	49 119.3	*4*	-	49 119.3
- Receivables from customers due to repo transactions	-	*4*	-	0.0
- Investment properties	*120.9*	*1*	*-120.9*	*-*
- Property, plant and equipment	*573.3*	*1*	*-573.3*	*-*
- Intangible assets	*353.6*	*1*	*-353.6*	*-*
- Non-current assets held for sale	*44.3*	*1*	*-44.3*	*-*
- Non-financial assets	-	*1*	1 092.1	1 092.1
- Current tax liabilities	*1.0*	*2*	*-1.0*	*-*
- Deferred tax liability	*55.1*	*2*	*-55.1*	*-*
- Tax assets	-	*2*	56.1	56.1
E Q U I T Y A N D L I A B I L I T I E S				
- Liabilities due to customers	58 049.7	*5*	-	58 049.7
- Liabilities due to customers under repo transactions	-	*5*	-	0.0
- Current tax liabilities	*95.2*	*3*	*-95.2*	*-*
- Deferred tax liability	*2.5*	*3*	*-2.5*	*-*
- Tax liabilities	-	*3*	97.7	97.7

Interim condensed consolidated financial statements (PLN million)

7. Notes to interim condensed consolidated financial statements

7.1. Net interest income

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
Interest income		
- interest on loans and receivables to banks	28.7	27.8
- interest on loans and receivables to customers, of which:	674.4	685.3
- interest on leasing agreements	*39.3*	*40.2*
- interest on factoring agreements	*21.3*	*22.0*
- interest on repo transactions concluded with customers	3.7	0.0
- interest on available-for-sale financial assets	178.4	191.0
- interest on financial assets held for trading	9.0	5.4
- interest result on derivatives	9.6	15.6
Total interest income	**903.8**	**925.1**
Interest expense		
- interest on deposits from banks	25.2	26.3
- interest on deposits from customers	304.4	415.6
- interest on repo transactions concluded with customers	0.4	0.0
- interest on issue of debt securities	5.0	7.4
- interest on financial liabilities held for trading	0.9	0.0
Total interest expense	**335.9**	**449.3**
Net interest income	**567.9**	**475.8**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
Commission income		
- transaction margin on currency exchange transactions	64.5	64.3
- commission related to keeping accounts	62.5	63.6
- commission related to loans	54.6	49.0
- commission related to payment and credit cards	48.6	42.5
- commission related to distribution of participation units	20.5	16.3
- commission related to brokerage activity	15.4	10.9
- commission related to insurance product offering	10.4	2.6
- fiduciary and custodian fees	7.1	7.8
- commission related to factoring and lease agreements	6.4	6.4
- foreign commercial business	4.2	3.9
- other	3.5	4.0
Total comission income	**297.7**	**271.3**
Commission expense	**21.6**	**20.2**
Net commission income	**276.1**	**251.1**

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

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
Net income on financial assets and liabilities held for trading, of which:	**16.2**	**-74.3**
- Net income on debt instruments	0.1	6.4
- Net income on derivatives, of which:	16.1	-80.7
- currency derivatives	*5.9*	*-78.5*
- interest rate derivatives	*9.6*	*-2.9*
- securities derivatives	*0.6*	*0.7*
FX-result	**9.1**	**91.4**
Net income on financial instruments measured at fair value through profit or loss and FX result	**25.3**	**17.1**

Interim condensed consolidated financial statements (PLN million)

7.4. Net income on investments

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	**1 Q 2013** the period from 01 Jan 2013 to 31 Mar 2013
Net income on debt instruments available-for-sale	0.1	120.3
Impairment losses	0.0	0.1
Net income on investments	**0.1**	**120.4**

7.5. Net income on hedge accounting

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	**1 Q 2013** the period from 01 Jan 2013 to 31 Mar 2013
Fair value hedge accounting for securities	**-0.5**	**-19.7**
- valuation of the hedged transaction	53.6	-66.6
- valuation of the hedging transaction	-54.1	46.9
Cash flow hedge accounting	**1.1**	**0.7**
- ineffectiveness that arises from cash flow hedges	1.1	0.7
Net income on hedge accounting	**0.6**	**-19.0**

7.6. General and administrative expenses

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	**1 Q 2013** the period from 01 Jan 2013 to 31 Mar 2013
Personnel expenses	230.5	226.7
Cost of marketing and promotion	25.4	24.6
Amortization	38.0	39.9
Other general and administrative expenses, of which:	177.3	191.0
- obligatory annual fee for the Bank Guarantee Fund	9.9	11.3
- prudential fee	3.7	0.0
General and administrative expenses	**471.2**	**482.2**

*7.6.1. Headcount**

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

	as of 31 Mar 2014	**as of 31 Dec 2013**	**as of 31 Mar 2013**	**as of 31 Dec 2012**
FTEs	8 078.9	8 146.0	8 261.2	8 294.8
Individuals	8 197	8 266	8 439	8 473

*) Starting from Q1 2014 the number of headcounts in the Group accounts for these individuals who are working for the Group at a given time and who are remunerated therefor.

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Mar 2014	**as of 31 Dec 2013**	**as of 31 Mar 2013**	**as of 31 Dec 2012**
FTEs	7 630.0	7 695.3	7 832.9	7 858.1
Individuals	7 732	7 799	7 996	8 026

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

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	**1 Q 2013** the period from 01 Jan 2013 to 31 Mar 2013
Impairment losses	193,0	161,1
Release of impairment write-offs	-108,9	-103,1
Net impairment losses and provisions for off-balance sheet liabilities	**84,1**	**58,0**

7.8. Loans and receivables to other banks

	as of 31 Mar 2014	**as of 31 Dec 2013**	**as of 31 Mar 2013**	**as of 31 Dec 2012**
Current accounts	922.2	869.0	1 005.6	977.2
Interbank deposits	196.9	235.7	106.8	25.3
Loans and advances	45.3	70.6	113.8	139.0
Factoring receivables	57.8	80.0	144.9	158.3
Reverse repo transactions	817.5	133.7	207.8	66.0
Other receivables	11.3	10.9	22.0	11.8
Total (gross)	**2 051.0**	**1 399.9**	**1 600.9**	**1 377.6**
Impairment losses, of which:	-0.1	-0.1	-0.6	-0.5
- concerning loans and advances	*-0.1*	*-0.1*	*-0.1*	*0.0*
- concerning factoring receivables	*0.0*	*0.0*	*-0.5*	*-0.5*
Total (net)	**2 050.9**	**1 399.8**	**1 600.3**	**1 377.1**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Financial assets held for trading, of which:	2 700.3	1 951.4	1 034.7	507.6
- debt instruments	*1 768.5*	*1 276.3*	*1 034.7*	*507.6*
- repo transactions	*931.8*	*675.1*	*0.0*	*0.0*
Financial assets designated as at fair value upon initial recognition, of which:	0.0	0.0	377.4	1 047.0
- repo transactions	*0.0*	*0.0*	*377.4*	*1 047.0*
Total	**2 700.3**	**1 951.4**	**1 412.1**	**1 554.6**

7.10. Investments

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Available-for-sale financial assets, of which:	20 994.9	19 493.6	18 003.9	17 881.1
- debt instruments,including:	*20 970.9*	*19 466.3*	*17 983.1*	*17 863.8*
- hedged items in fair value hedging	*2 885.8*	*1 971.6*	*790.7*	*1 042.3*
- equity instruments	*24.0*	*27.3*	*20.8*	*17.3*
Total	**20 994.9**	**19 493.6**	**18 003.9**	**17 881.1**

Interim condensed consolidated financial statements (PLN million)

7.11. Loans and receivables to customers

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Portfolio of loans and receivables, of which:	**52 346.1**	**49 982.2**	**46 670.2**	**46 509.7**
- Loans and advances	43 906.0	41 690.3	39 620.3	38 898.3
- Leasing receivables	3 836.9	3 650.5	3 251.8	3 233.9
- Factoring receivables	2 375.3	2 465.7	1 966.5	2 212.1
- Corporate and municipal bonds	2 227.9	2 175.7	1 831.6	2 165.4
Other receivables, of which:	**3 894.9**	**3 815.3**	**3 923.3**	**3 904.8**
- T-eurobonds	3 750.2	3 685.8	3 817.7	3 779.7
- Other	144.7	129.5	105.6	125.1
Total loans and receivables to customers (gross)	**56 241.0**	**53 797.5**	**50 593.5**	**50 414.5**
Impairment losses, of which:	**-1 643.9**	**-1 559.6**	**-1 474.2**	**-1 429.2**
- concerning portfolio of loans and receivables, of which:	-1 638.7	-1 554.4	-1 469.0	-1 424.0
- concerning loans and advances	-1 562.0	-1 482.8	-1 338.4	-1 287.4
- concerning leasing receivables	-62.6	-59.7	-63.4	-69.4
- concerning factoring receivables	-14.1	-11.9	-8.2	-9.4
- concerning corporate and municipal bonds	0.0	0.0	-59.0	-57.8
- concerning other receivables	-5.2	-5.2	-5.2	-5.2
Total loans and receivables to customers (net), of which:	**54 597.1**	**52 237.9**	**49 119.3**	**48 985.3**
- to entities from the financial sector other than banks	*1 544.1*	*1 568.1*	*1 405.9*	*1 645.4*
- to entities from the non-financial sector	*45 744.6*	*43 409.1*	*40 060.0*	*39 645.0*
- to entities from the government and self-government institutions' sector	*7 308.4*	*7 260.7*	*7 653.4*	*7 694.9*

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Loans and advances, of which:	1 418.0	1 457.9	1 310.4	1 533.8
- in the current account	*46.7*	*66.8*	*40.8*	*127.9*
- term ones	*1 371.3*	*1 391.1*	*1 269.6*	*1 405.9*
Leasing receivables	0.6	0.4	0.4	0.6
Factoring receivables	0.0	0.0	4.5	0.0
Other receivables	127.8	110.6	90.8	111.6
Total (gross)	**1 546.4**	**1 568.9**	**1 406.1**	**1 646.0**
Impairment losses, of which	-2.3	-0.8	-0.2	-0.6
- concerning loans and advances	*-2.3*	*-0.8*	*-0.2*	*-0.6*
Total (net)	**1 544.1**	**1 568.1**	**1 405.9**	**1 645.4**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Business entities, of which:	**27 636.4**	**25 951.0**	**24 203.5**	**24 052.9**
- Loans and advances, of which:	20 498.8	18 761.5	18 067.6	17 364.0
- in the current account	*6 031.1*	*5 223.0*	*5 169.5*	*4 978.3*
- term ones	*14 467.7*	*13 538.5*	*12 898.1*	*12 385.7*
- Leasing receivables	3 537.3	3 509.9	3 151.4	3 132.8
- Factoring receivables	2 314.5	2 416.5	1 928.4	2 168.2
- Corporate bonds	1 269.5	1 244.8	1 042.3	1 376.0
- Other receivables	16.3	18.3	13.8	11.9
Households, of which:	**19 748.6**	**19 015.9**	**17 329.7**	**17 019.9**
- Loans and advances, of which:	19 410.0	18 842.6	17 219.0	16 910.1
- in the current account	*1 511.7*	*1 435.5*	*1 380.6*	*1 379.0*
- term ones	*17 898.3*	*17 407.1*	*15 838.4*	*15 531.1*
- Leasing receivables	299.0	140.2	88.1	87.9
- Factoring receivables	39.1	32.6	21.8	20.6
- Other receivables	0.5	0.5	0.8	1.3
Total (gross)	**47 385.0**	**44 966.9**	**41 533.2**	**41 072.8**
Impairment losses, of which:	**-1 640.4**	**-1 557.8**	**-1 473.2**	**-1 427.8**
- Business entities, of which:	**-1 104.4**	**-1 062.3**	**-969.4**	**-960.6**
- concerning loans and advances	-1 023.6	-986.4	-834.8	-820.2
- concerning leasing receivables	-62.0	-59.5	-63.2	-69.1
- concerning factoring receivables	-14.1	-11.7	-7.7	-8.8
- concerning corporate bonds	0.0	0.0	-59.0	-57.8
- concerning other receivables	-4.7	-4.7	-4.7	-4.7
- Households, of which:	**-536.0**	**-495.5**	**-503.8**	**-467.2**
- concerning loans and advances	-534.9	-494.6	-502.6	-465.8
- concerning leasing receivables	-0.6	-0.2	-0.2	-0.3
- concerning factoring receivables	0.0	-0.2	-0.5	-0.6
- concerning other receivables	-0.5	-0.5	-0.5	-0.5
Total (net)	**45 744.6**	**43 409.1**	**40 060.0**	**39 645.0**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Loans and advances, of which:	2 579.2	2 628.3	3 023.3	3 090.4
- in the current account	*86.5*	*32.6*	*64.0*	*9.5*
- term ones	*2 492.7*	*2 595.7*	*2 959.3*	*3 080.9*
Leasing receivables	0.0	0.0	11.9	12.6
Factoring receivables	21.7	16.6	11.8	23.3
Municipal bonds	958.4	930.9	789.3	789.4
T-eurobonds	3 750.2	3 685.8	3 817.7	3 779.7
Other receivables	0.1	0.1	0.2	0.3
Total (gross)	**7 309.6**	**7 261.7**	**7 654.2**	**7 695.7**
Impairment losses, of which:	-1.2	-1.0	-0.8	-0.8
- concerning loans and advances	-1.2	-1.0	-0.8	-0.8
Total (net)	**7 308.4**	**7 260.7**	**7 653.4**	**7 694.9**

Portfolio of loans and receivables by client segment

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Gross value, of which:	**52 346.1**	**49 982.2**	**46 670.2**	**46 509.7**
Corporate banking segment, of which:	33 297.5	31 476.7	29 710.2	29 877.7
- loans and advances	*27 107.2*	*23 357.6*	*24 474.6*	*22 354.6*
- leasing receivables	*3 670.7*	*3 510.3*	*3 163.7*	*3 145.9*
- factoring receivables	*2 374.9*	*2 433.1*	*1 966.3*	*2 211.8*
- corporate and municipal bonds	*144.7*	*2 175.7*	*105.6*	*2 165.4*
Retail banking segment, of which:	19 048.6	18 505.5	16 960.0	16 632.0
- mortgages	*14 368.0*	*14 018.2*	*12 842.0*	*12 602.3*
- other loans and advances	*4 680.6*	*4 487.3*	*4 118.0*	*4 029.7*
Impairment losses, of which:	**-1 638.7**	**-1 554.4**	**-1 469.0**	**-1 424.0**
Corporate banking segment, of which:	-1 113.7	-1 067.5	-962.4	-953.5
- loans and advances	*-1 037.2*	*-994.4*	*-890.8*	*-817.7*
- leasing receivables	*-62.0*	*-60.9*	*-63.3*	*-69.1*
- factoring receivables	*-14.4*	*-12.2*	*-7.8*	*-8.9*
- corporate and municipal bonds	*-0.1*	*0.0*	*-0.5*	*-57.8*
Retail banking segment, of which:	-525.0	-486.9	-506.6	-470.5
- mortgages	*-144.0*	*-137.1*	*-95.8*	*-87.8*
- other loans and advances	*-381.0*	*-349.8*	*-410.8*	*-382.7*
Net value, of which:	**50 707.4**	**48 427.8**	**45 201.2**	**45 085.7**
Corporate banking segment, of which:	32 183.8	30 409.2	28 747.8	28 924.2
- loans and advances	*26 070.0*	*22 363.2*	*23 583.8*	*21 536.9*
- leasing receivables	*3 608.7*	*3 449.4*	*3 100.4*	*3 076.8*
- factoring receivables	*2 360.5*	*2 420.9*	*1 958.5*	*2 202.9*
- corporate and municipal bonds	*144.6*	*2 175.7*	*105.1*	*2 107.6*
Retail banking segment, of which:	18 523.6	18 018.6	16 453.4	16 161.5
- mortgages	*14 224.0*	*13 881.1*	*12 746.2*	*12 514.5*
- other loans and advances	*4 299.6*	*4 137.5*	*3 707.2*	*3 647.0*

Interim condensed consolidated financial statements (PLN million)

7.12. Quality of portfolio of loans and advances

Quality of credits portfolio

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Corporate activity				
Exposure	**33 297.5**	**31 476.7**	**29 710.2**	**29 877.7**
- unimpaired (IBNR)	31 380.9	29 663.1	28 213.1	28 500.4
- impaired	1 916.6	1 813.6	1 497.1	1 377.3
Impairment losses and provisions	**1 127.7**	**1 081.0**	**985.9**	**975.8**
- related to unimpaired portfolio	51.9	47.9	56.8	58.0
- related to impaired portfolio	1 061.8	1 019.6	905.6	895.5
- provisions for off-balance sheet liabilities	14.0	13.5	23.5	22.3
Share of the impaired portfolio	5.8%	5.8%	5.0%	4.6%
Impaired portfolio coverage ratio (%)	55.4%	56.2%	60.5%	65.0%
Retail activity				
Exposure	**19 048.6**	**18 505.5**	**16 960.0**	**16 632.0**
- unimpaired (IBNR)	18 532.0	18 004.5	16 421.8	16 114.3
- impaired	516.6	501.0	538.2	517.7
Impairment losses	**525.0**	**486.9**	**506.6**	**470.5**
- related to unimpaired portfolio	108.3	103.5	86.5	70.4
- related to impaired portfolio	416.7	383.4	420.1	400.1
Share of the impaired portfolio	2.7%	2.7%	3.2%	3.1%
Impaired portfolio coverage ratio (%)	80.7%	76.5%	78.1%	77.3%
Total exposure	**52 346.1**	**49 982.2**	**46 670.2**	**46 509.7**
Impairment losses and total provisions, of which:	**1 652.7**	**1 567.9**	**1 492.5**	**1 446.3**
- impairment losses	1 638.7	1 554.4	1 469.0	1 424.0
- provisions for off-balance sheet liabilities	14.0	13.5	23.5	22.3
Total portfolio coverage ratio	3.2%	3.1%	3.2%	3.1%
Share of the impaired portfolio	4.6%	4.6%	4.4%	4.1%
Impaired portfolio coverage ratio (%)	**60.8%**	**60.6%**	**65.1%**	**68.4%**

Interim condensed consolidated financial statements (PLN million)

Changes in impairment losses

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

1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	Charges for loans and advances and off-balance sheet exposure	*including charges for loans and advances to other banks*	Charges for receivables related to transactions on derivatives	**TOTAL**
Opening balance of impairment losses	**1 379.7**	***0.1***	**188.3**	**1 568.0**
Changes in the period (due to):	**85.6**	***0.0***	**-0.8**	**84.8**
- changes in income statement	*84.4*	*0.0*	*-0.3*	***84.1***
- depreciation	*-1.6*	*0.0*	*0.0*	***-1.6***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-0.5*	***-0.5***
- transfer of provisions from off-balance sheet after their repayment	*1.3*	*0.0*	*0.0*	***1.3***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*1.5*	*0.0*	*0.0*	***1.5***
Closing balance of impairment losses	**1 465.3**	***0.1***	**187.5**	**1 652.8**

1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013				
Opening balance of impairment losses	**1 237.5**	***0.5***	**209.3**	**1 446.8**
Changes in the period (due to):	**47.8**	***0.1***	**-1.5**	**46.3**
- changes in income statement	*57.1*	*0.1*	*0.9*	***58.0***
- depreciation	*-8.2*	*0.0*	*0.0*	***-8.2***
- restructuring and forgiveness of the debts related to transactions on derivatives	*0.0*	*0.0*	*-2.4*	***-2.4***
- transfer of provisions from off-balance sheet after their repayment	*2.0*	*0.0*	*0.0*	***2.0***
- other (inclusive FX differences, adjustment of interest income on impaired loans)	*-3.1*	*0.0*	*0.0*	***-3.1***
Closing balance of impairment losses	**1 285.3**	***0.6***	**207.8**	**1 493.1**

7.13. Non-financial assets

	as of 31 Mar 2014	**as of 31 Dec 2013**	**as of 31 Mar 2013**	**as of 31 Dec 2012**
Investment real estates	121.4	121.4	120.9	120.9
Property, plant and equipment	569.9	576.6	573.3	600.0
Intangible assets	358.9	365.9	353.6	361.6
Property, plant and equipment held for sale	32.2	35.3	44.3	33.0
Total	**1 082.4**	**1 099.2**	**1 092.1**	**1 115.5**

Interim condensed consolidated financial statements (PLN million)

7.14. Liabilities due to other banks

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Current accounts	757.6	961.9	933.6	896.4
Interbank deposits	1 889.0	1 230.7	654.1	781.6
Repo transactions	5 403.2	28.7	547.2	176.2
Loans received*	2 554.5	2 580.8	2 686.8	2 664.0
Other liabilities	62.2	25.2	28.7	36.4
Total	**10 666.5**	**4 827.3**	**4 850.4**	**4 554.6**

*) 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.

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Financial liabilities held for trading, of which:	252.8	613.1	0.0	0.0
- repo transactions	*252.8*	*613.1*	*0.0*	*0.0*
Financial liabilities designated as at fair value upon initial recognition, of which:	0.0	0.0	1 663.9	2 067.5
- repo transactions	*0.0*	*0.0*	*1 663.9*	*2 067.5*
Book short position in trading securities	1 201.1	621.1	459.4	935.9
Total	**1 453.9**	**1 234.2**	**2 123.3**	**3 003.4**

7.16. Liabilities due to customers

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Deposits	65 888.4	66 326.6	56 957.1	56 793.8
Other liabilities	1 013.5	1 003.7	1 092.6	1 063.7
Total liabilities due to customers, of which:	**66 901.9**	**67 330.4**	**58 049.7**	**57 857.5**
- due to entities from the financial sector other than banks	*2 268.3*	*2 998.7*	*2 363.6*	*3 503.8*
- due to entities from the non-financial sector	*62 610.9*	*62 231.3*	*53 749.5*	*52 251.1*
- due to entities from the government and self-government institutions' sector	*2 022.7*	*2 100.4*	*1 936.6*	*2 102.6*

Interim condensed consolidated financial statements (PLN million)

Liabilities due to entities from the financial sector other than banks

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Deposits, of which:	2 128.1	2 925.7	2 246.0	3 327.2
- current accounts	*1 523.2*	*1 994.1*	*1 440.4*	*2 292.6*
- term deposit	*604.9*	*931.6*	*805.6*	*1 034.6*
Other liabilities	140.2	72.9	117.6	176.6
Total	**2 268.3**	**2 998.7**	**2 363.6**	**3 503.8**

Liabilities due to entities from the non-financial sector

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Business entities, of which:	**17 512.6**	**18 602.4**	**14 314.4**	**14 567.4**
- Deposits, of which:	16 705.3	17 746.3	13 459.1	13 739.9
- current accounts	*14 132.4*	*15 184.9*	*10 692.0*	*11 395.0*
- term deposit	*2 572.9*	*2 561.4*	*2 767.1*	*2 344.9*
- Other liabilities	807.3	856.1	855.3	827.5
Households, of which:	**45 098.3**	**43 628.9**	**39 435.1**	**37 683.7**
- Deposits, of which:	45 038.3	43 563.8	39 370.3	37 627.7
- current accounts	*6 379.1*	*6 456.3*	*5 464.8*	*7 520.3*
- saving accounts	*33 071.3*	*32 105.0*	*26 803.3*	*22 986.7*
- term deposit	*5 587.9*	*5 002.5*	*7 102.2*	*7 120.7*
- Other liabilities	60.0	65.1	64.8	56.0
Total	**62 610.9**	**62 231.3**	**53 749.5**	**52 251.1**

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Deposits, of which:	2 016.7	2 090.8	1 881.7	2 099.0
- current accounts	*1 589.0*	*2 029.0*	*1 446.1*	*1 982.1*
- term deposit	*427.7*	*61.8*	*435.6*	*116.9*
Other liabilities	6.0	9.6	54.9	3.6
Total	**2 022.7**	**2 100.4**	**1 936.6**	**2 102.6**

7.17. Provisions

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Provision for issues in dispute	21.8	21.6	20.6	20.6
Provisions for off-balance sheet liabilities	14.0	13.5	23.5	22.3
Provision for retirement benefits	20.9	20.4	20.3	20.3
Provision for unused holidays	12.1	12.2	9.4	9.5
Provision for employment restructuring	0.1	0.1	0.1	0.1
Total	**68.9**	**67.8**	**73.9**	**72.8**

Interim condensed consolidated financial statements (PLN million)

7.18. Fair values

Fair value 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 2014

	Level I	Level II	Level III	Total
Financial assets, of which:	**22 760.7**	**3 295.3**	**2.7**	**26 058.7**
- Financial assets held for trading, of which:	1 768.5	931.8	0.0	2 700.3
- repo transactions	*0.0*	*931.8*	*0.0*	*931.8*
- treasury bonds	*1 768.5*	*0.0*	*0.0*	*1 768.5*
- Valuation of derivatives	0.0	1 352.4	0.0	1 352.4
- Financial assets available-for sale, of which:	20 992.2	0.0	2.7	20 994.9
- treasury bonds	*19 067.3*	*0.0*	*0.0*	*19 067.3*
- BGK bonds	*1 903.6*	*0.0*	*0.0*	*1 903.6*
- equity instruments	*21.3*	*0.0*	*2.7*	*24.0*
- Derivative hedge instruments	0.0	1 011.1	0.0	1 011.1
Financial liabilities, of which:	**1 201.1**	**2 494.6**	**0.0**	**3 695.7**
- Financial liabilities held for trading, of which:	0.0	252.8	0.0	252.8
- repo transactions	*0.0*	*252.8*	*0.0*	*252.8*
- Book short position in trading securities	1 201.1	0.0	0.0	1 201.1
- Valuation of derivatives	0.0	1 372.3	0.0	1 372.3
- Derivative hedge instruments	0.0	1 122.3	0.0	1 122.3

Interim condensed consolidated financial statements (PLN million)

as of 31 Dec 2013

	Level I	Level II	Level III	Total
Financial assets, of which:	**18 867.6**	**5 098.0**	**2.7**	**23 968.3**
- Financial assets held for trading, of which:	476.5	1 474.9	0.0	1 951.4
- repo transactions	*0.0*	*675.1*	*0.0*	*675.1*
- treasury bonds	*476.5*	*0.0*	*0.0*	*476.5*
- NBP bills	*0.0*	*799.8*	*0.0*	*799.8*
- Valuation of derivatives	0.0	1 471.4	0.0	1 471.4
- Financial assets available-for sale, of which:	18 391.1	1 099.8	2.7	19 493.6
- treasury bonds	*16 463.9*	*0.0*	*0.0*	*16 463.9*
- NBP bills	*0.0*	*1 099.8*	*0.0*	*1 099.8*
- BGK bonds	*1 902.6*	*0.0*	*0.0*	*1 902.6*
- equity instruments	*24.6*	*0.0*	*2.7*	*27.3*
- Derivative hedge instruments	0.0	1 051.9	0.0	1 051.9
Financial liabilities, of which:	**621.1**	**3 220.5**	**0.0**	**3 841.6**
- Financial liabilities held for trading, of which:	0.0	613.1	0.0	613.1
- repo transactions	*0.0*	*613.1*	*0.0*	*613.1*
- Book short position in trading securities	621.1	0.0	0.0	621.1
- Valuation of derivatives	0.0	1 493.0	0.0	1 493.0
- Derivative hedge instruments	0.0	1 114.4	0.0	1 114.4

as of 31 Mar 2013

	Level I	Level II	Level III	Total
Financial assets, of which:	**15 862.2**	**6 190.0**	**2.8**	**22 055.0**
- Financial assets held for trading, of which:	981.5	53.2	0.0	1 034.7
- treasury bonds	*981.5*	*0.0*	*0.0*	*981.5*
- treasury bills	*0.0*	*53.2*	*0.0*	*53.2*
- Financial assets designated as fair value at initial recognition, of which:	377.4	0.0	0.0	377.4
- repo transactions	*377.4*	*0.0*	*0.0*	*377.4*
- Valuation of derivatives	0.0	1 572.1	0.0	1 572.1
- Financial assets available-for sale, of which:	14 503.3	3 497.8	2.8	18 003.9
- treasury bonds	*12 747.7*	*0.0*	*0.0*	*12 747.7*
- NBP bills	*0.0*	*3 497.8*	*0.0*	*3 497.8*
- BGK bonds	*1 737.6*	*0.0*	*0.0*	*1 737.6*
- equity instruments	*18.0*	*0.0*	*2.8*	*20.8*
- Derivative hedge instruments	0.0	1 066.9	0.0	1 066.9
Financial liabilities, of which:	**2 123.3**	**2 933.4**	**0.0**	**5 056.7**
- Financial liabilities held for trading, of which:	1 663.9	0.0	0.0	1 663.9
- repo transactions	*1 663.9*	*0.0*	*0.0*	*1 663.9*
- Book short position in trading securities	459.4	0.0	0.0	459.4
- Valuation of derivatives	0.0	1 665.5	0.0	1 665.5
- Derivative hedge instruments	0.0	1 267.9	0.0	1 267.9

Movements between valuation levels

In 2014 there were no movements between valuation levels.

Valuation of financial instruments classified to the 2nd level

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

<u>*Derivatives*</u>

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.

The Bank takes account of the volatility smile in its valuation calculations.

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

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

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

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

Cash bills of the National Bank of Poland

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

T-bills

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

Repo transactions

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

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.

Interim condensed consolidated financial statements (PLN million)

7.19. Total capital ratio

Own funds	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
A. Own equity in the statement of financial position, of which:	**8 887.9**	**8 628.6**	**8 238.8**	**8 136.1**
A.I. Own equity included in tier 1 capital, of which:	**7 076.2**	**7 755.8**	**7 511.8**	**7 285.3**
- share capital	*130.1*	*130.1*	*130.1*	*130.1*
- supplementary capital - agio	*956.3*	*956.3*	*956.3*	*956.3*
- supplementary capital - other	*141.0*	*136.8*	*96.7*	*96.7*
- reserve capital	*4 715.1*	*4 715.1*	*4 004.4*	*4 004.4*
- general risk fund	*1 010.2*	*1 010.2*	*960.2*	*960.2*
- retained profit of past years	*143.3*	*145.9*	*112.8*	*112.8*
- profit during the approval	*0.0*	*0.0*	*832.3*	*0.0*
- net profit of current period in audited part	*0.0*	*389.1*	*0.0*	*439.1*
- non-controlling interests	*-*	*2.3*	*2.3*	*2.3*
- revaluation reserve from measurement of available-for-sale financial assets (unrealised losses)	*-19.8*	*-25.3*	*-2.1*	*-2.0*
- revaluation reserve from measurement of available-for-sale financial assets (unrealised gains)	*-*	*295.3*	*418.8*	*585.4*
A.II. Own equity excluded from own funds calculation, of which:	***1 811.7***	***872.8***	***727.0***	***850.8***
- revaluation reserve from measurement of available-for-sale financial assets	*240.0*	*3.7*	*5.2*	*7.3*
- revaluation reserve from measurement of property, plant and equipment	*41.7*	*43.2*	*42.0*	*42.0*
- revaluation reserve from measurement of cash flow hedging instruments	*262.7*	*205.5*	*375.8*	*367.0*
- actuarial gains / losses	*1.9*	*1.9*	*0.4*	*0.0*
- revaluation of share-based payment	*47.0*	*46.1*	*43.9*	*41.3*
- net profit of current period in unaudited part	*254.6*	*0.0*	*259.7*	*393.2*
- profit during the approval	*961.5*	*-*	*-*	*-*
- non-controlling interests	*2.3*	*-*	*-*	*-*
- dividend declared to shareholders	*-*	*572.4*	*0.0*	*0.0*
B. Other elements of own funds (decreases and increases), of which:	**-398.9**	**-504.5**	**-532.5**	**-532.5**
- intangible assets	*-358.9*	*-365.9*	*-353.6*	*-361.6*
- capital commitments in financial institutions	*-40.0*	*-40.0*	*-40.0*	*-40.0*
- amount of expected losses	*0.0*	*-98.6*	*-138.9*	*-130.9*
C. Short-term capital	**-**	**34.7**	**37.6**	**44.4**
Own funds taken into account in total capital ratio calculation (A.I. + B + C.)	**6 677.3**	**7 286.0**	**7 016.9**	**6 797.2**
Capital requirements				
- Capital requirements for credit risk, credit counterparty, dilution and delivery of instruments for future settlement	3 122.9	2 900.1	3 229.5	3 285.8
- Capital requirements for the risk of settlement - delivery	10.3	10.3	13.6	13.0
- Capital requirements for operational risk	459.3	437.6	437.6	405.9
- Capital requirements for general interest rate risk	57.8	24.5	24.0	31.4
Total capital requirement	**3 650.3**	**3 372.5**	**3 704.7**	**3 736.1**
Total capital ratio	**14.63%**	**17.28%**	**15.15%**	**14.55%**

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 2014 was calculated under the CRR guidelines. Due to delayed promulgation of the secondary legislation to the CRR Regulation and thus absence of amendments to the domestic laws whereunder the CRR Regulation allows the domestic authorities to apply additional thresholds as regards prudential norms, the so called "national discretions", which were applicable in the previous legal environment, were included in the calculation of the total capital ratio. In particular, the previously effective risk weights for mortgage-secured receivables and the list of exposures excluded from the large exposures limit were kept.

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

Since 30 June 2013 the Bank has had the permission to report for exposures classes under *institutions* and *entrepreneurs* capital requirement for credit risk under AIRB approach.

Interim condensed consolidated financial statements (PLN million)

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

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

- further economic upturn in Poland - according to the Central Statistical Office, in Q4 2013 GDP grew by 2.7% (y/y) versus 1.9% (y/y) in Q3 2013. As per the forecasts developed by ING Bank Śląski S.A., the coming quarters will see GDP grow by 3.2% (y/y) and 3.4% (y/y) respectively in Q1 2014 and Q2 2014. GDP of 3.4% seems attainable over the year 2014 (versus 1.6% a year ago); the risk of lower growth is brought by disturbances in export to Russia and Ukraine,
- further private consumption growth and plans regarding accelerated and intensive EU funds absorption in 2014 and 2015 (infrastructure investment projects and investment projects of local government units). Changes to the pension system cutting down the current budget spending allow for such actions. Revival on the part of industrial output and new requisitions should win investors for the private sector,
- change on the labour market – as at the end of Q4 2013, the unemployment rate was 13.4%, as the year before. Upon excluding the seasonal factors, the unemployment rate stopped growing in mid-2013 and the corporate survey-dependent indicators suggest that the labour demand is slowly increasing. Moreover, due to very low inflation levels, the pay rise scale and coverage remain low and, as a result, it is difficult for households to abandon their prudent spending attitude adopted during the economic downturn,
- main interest rates in Poland – inflation remains very low, with no pressure on its growth visible, except for the impact of administrative decisions (excise increase). Such situation enables the Monetary Policy Council to keep the interest rates unchanged (the reference rate is 2.50% at present). ING economists' forecasts show that the first interest rate rise is expected in Q1 2015.

9. Off-balance sheet items

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Contingent liabilities granted	19 316.3	19 046.8	17 675.7	16 559.9
Contingent liabilities received	34 260.1	36 631.9	40 157.7	38 516.1
Off-balance sheet financial instruments	250 981.9	215 504.3	156 263.4	133 546.7
Total off-balance sheet items	**304 558.3**	**271 183.0**	**214 096.8**	**188 622.7**

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

None.

11. Dividends paid

On 10 April 2014, the General Meeting passed a resolution regarding dividend payout for 2013, pursuant to which the Bank will pay out the dividend for 2013 totalling PLN 572,440.00 thousand, i.e. PLN 4.40 gross per share. 14 May 2014 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 3 June 2014. All shares issued by the Bank are covered by dividend payout (130,100,000 shares).

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

12. Settlements due to disputable cases

ING Bank Śląski maintains detailed records of court cases and other liabilities being legal claims. The Bank establishes reserves for the cases, which in the opinion of the legal staff and/or management staff are encumbered with a high risk of losing the case or it is impossible to recover the lost assets. Possible future settlements are made against the reserves established.

Changes to the litigation reserves (in PLN million)

	1 quarter 2014 the period from 1 Jan 2014 to 31 Mar 2014	**1 quarter 2013** the period from 1 Jan 2013 to 31 Mar 2013
Status at the period beginning	**21.6**	**20.6**
Establishment of provisions	0.2	0.0
Release of provisions	0.0	0.0
Acquisition of subsidiaries	0.0	0.0
Status as at the period end	**21.8**	**20.6**

Either in 1 quarter 2014 or 1 quarter 2013, no proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the Capital Group of ING Bank Śląski.

13. Seasonality or cyclicity of activity

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

14. Transactions with related entities

ING Bank Śląski subsidiaries and affiliated entities (their list has been presented in Chapter II. _Supplementary information_ in item 1.4. _ING Bank Śląski S.A. Capital Group)_ as part of their business hold current accounts at ING Bank Śląski, via which they perform standard clearing operations and also invest cash funds using term deposits. Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group. The transactions with the above entities are performed on an arm's length basis.

ING Bank Śląski performs operations with ING Bank NV and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. The abovementioned transactions are carried out on an arm's length basis.

There were also other transactions between the related entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of premises, lease of equipment, data processing as well as management and employees' insurance contributions.

In the period from 1 January 2014 to 31 March 2014 the following transactions were made of the total value exceeding EURO 500.000:

- transactions with ING Bank NV – under execution of the agreements (among other Cooperation Agreement and Agreement on Provision of Data Processing and Financial Information Analysis Services), the fee for services rendered under financial advisory, the fee for using data processing and financial information analysis services by ING Bank Śląski and the fee for services rendered under business operations and product development advisory in the PCM area for 3 months of 2014 amounted to PLN 7.1 million versus PLN 20.7 million in the same period last year (net amounts).
- transactions with ING Services Polska – the company renders hardware lease services for ING Bank Śląski. Services' costs amounted to PLN 10,0 million versus PLN 11.3 million in the analogous period of the previous year (gross amounts).

Transactions with related entities (in PLN million)

31.03.2014

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
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	-
Liabilities				
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	-	-	-
Off-balance-sheet operations				
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	-
Revenue and costs**				
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).

Interim condensed consolidated financial statements (PLN million)

31.03.2013

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	8.1	26.0	-	-
Deposits placed	15.0	-	-	-
Loans	-	2.8	3 024.8	-
Positive valuation of derivatives	345.0	304.9	0.5	-
Repo	207.8	-	-	-
Other receivables	3.7	0.5	0.2	-
Liabilities				
Deposits received	125.5	875.0	459.7	104.9
Loans received	2 513.6	-	-	-
Loro accounts	18.5	8.5	-	-
Negative valuation of derivatives	347.9	322.7	0.3	-
Repo	112.9	-	-	-
Other liabilities	3.5	-	0.2	-
Off-balance-sheet operations				
Contingent liabilities	1 274.7	44.0	1 058.9	-
FX transactions	7 701.3	39.6	-	-
Forward transactions	28.4	-	-	-
IRS	7 243.5	4 566.9	11.0	-
Options	1 134.1	1 766.0	53.3	-
Revenue and costs**				
Revenue	-16.2	-2.3	29.0	-0.8
Costs***	20.9	10.6	4.2	-

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

15. Segmentation of revenue and financial results of the Group

15.1. Segments of operation

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

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

- retail banking segment,
- corporate banking segment.

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

15.1.1. Retail banking segment

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

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

15.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

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

Services to institutional clients encompasses strategic clients, large corporate entities and mid-sized companies. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services, capital market operations conducted by the parent and by ING Securities, products related to leasing and factoring services offered by ING Lease (Polska) Sp. z o.o. and ING Commercial Finance Polska S.A.

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

15.1.3. Modifications in the reporting for Bank operating segments

In 1 quarter 2014, the Bank did not change the reporting for its operating segments against 1 quarter 2013.

15.2. Geographical segments

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

PLN million	1 quarter 2014 the period from 01 Jan 2014 to 31 Mar 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**455.2**	**428.6**	**883.8**
Net interest income	308.1	259.8	567.9
external	*149.2*	*418.7*	*567.9*
internal	*158.9*	*-158.9*	*0.0*
Net commission income	122.6	153.5	276.1
Other income/expenses	13.3	15.3	28.6
Share in net profit (loss) of associated entities recognised under the equity method	11.2	0.0	11.2
Expenses total	**290.5**	**180.7**	**471.2**
Result before risk	**164.7**	**247.9**	**412.6**
Impairment losses	36.7	47.4	84.1
Result after impairment losses (profit before tax)	**128.0**	**200.5**	**328.5**
Income tax	-	-	73.9
Result after tax	-	-	**254.6**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**254.6**

PLN million	1 quarter 2013 the period from 01 Jan 2013 to 31 Mar 2013		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**417.1**	**447.1**	**864.2**
Net interest income	230.5	245.3	475.8
external	*52.8*	*423.0*	*475.8*
internal	*177.7*	*-177.7*	*0.0*
Net commission income	107.5	143.6	251.1
Other income/expenses	70.1	58.2	128.3
Share in net profit (loss) of associated entities recognised under the equity method	9.0	0.0	9.0
Expenses total	**299.5**	**182.7**	**482.2**
Result before risk	**117.6**	**264.4**	**382.0**
Impairment losses	38.0	20.0	58.0
Result after impairment losses (profit before tax)	**79.6**	**244.4**	**324.0**
Income tax	-	-	64.3
Result after tax	-	-	**259.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**259.7**

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

Interim condensed consolidated financial statements (PLN million)

16. Other informations

16.1. Ratings

Fitch Ratings Ltd.

The Fitch Ratings Ltd. Agency assigns full rating to ING Bank Śląski S.A. under the agreement between the bank and the Agency. At the beginning of 2014, Fitch Agency carried out another annual rating review at the Bank. As a result of this review, all the ratings were affirmed (Fitch Agency's press release of 24 January 2014 and full report on the Bank's rating of 5 February 2014).
As at 31.03.2014, the Bank had the rating of financial credibility, issued by the agency:

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

Long-term IDR and Short-term IDR determine the entity's ability to meet financial commitments on a timely basis. Long-term IDR at A level reflects high ability of the Bank to timely settle long-term financial obligations. Short-term IDR at the F1 level means the highest rating for the ability to meet short-term commitments (up to 13 months) on a timely basis. In case of both ratings the Fitch agency considered the high probability of obtaining potential support from the dominant shareholder. ING Bank NV (ING Bank Śląski was assigned the highest support rating – 1). Viability rating of bbb+ means that according to the Agency, the intrinsic creditworthiness of the Bank; i.e., without any support (understood as the capacity to pay one's liabilities on time) is high. The Agency is of the opinion that the Bank has strong capital and liquidity position.

Moody's Investors Service Ltd.

The Moody's Investors Service Ltd. Agency assigns rating to ING Bank Śląski S.A. on the basis of the universally available public information. As at 31.03.2014, the Bank had the rating of financial credibility, issued by the agency:

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

In H2 2013, the Moody's Agency confirmed all the existing ratings of the Bank (*Credit Opinion* of 30 October 2013).

16.2. Number of Branches and ATMs

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Number of outlets	412	417	423	426

As at the end of March 2014 the Bank had a network of 803 ATMs[1] compared with 767 ATMs as at the end of March 2013.

As at the end of March 2014, the Bank also had a network of 725 cash deposit machines[2], compared with 698 deposit machines as at the end of March 2013.

16.3. Electronic distribution channels

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

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

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
ING BankOnLine and ING BusinessOnLine	2 641 233	2 575 708	2 395 047	2 350 269
HaloŚląski	1 656 002	1 605 063	1 467 604	1 433 433
SMS	1 590 161	1 558 299	1 060 793	1 035 575
ING BankMobile	314 243	243 627	115 692	88 421
ING BusinessMobile	5 284	3 712	847	-

The monthly number of transactions in March 2014 was at the level of 20.0 million, whereas at the end of December 2013 it was 19.5 million and in the analogical period last year it was 16.7 million.

16.4. Banking cards

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

(in thousands)	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Payment cards, of which:	2 568	2 562	2 447	2 437
Debit cards	*2 277*	*2 271*	*2 155*	*2 144*
Credit cards	*200*	*200*	*199*	*201*
Other cards	*91*	*91*	*93*	*92*

[1] Including duals the number of which as of the end of March 2014 was 449.
[2] As above.
[3] The number of clients is not the same as the number of users as one client may represent several users in a given system.

ING Bank Śląski S.A. offers also paywave and virtual cards. By the end of March 2014, clients were issued 1,952.0 thousand proximity cards in total[4] (1,884.2 thousand as at the end of December 2013 and 1,584.3 thousand in the analogical period last year) and 36.8 thousand Virtual C@rds (36.7 thousand as at the end of December 2013 and 35.0 thousand in the analogical period last year).

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

Interim condensed consolidated financial statements (PLN million)

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

2014-05-06	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2014-05-06	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Joanna Erdman**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2014-05-06	**Tomasz Biłous**	Director of Bank, Chief Accountant	*(signed on the Polish original)*

Interim condensed standalone financial statements (PLN million)

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
- Interest income	867.9	889.3
- Interest expenses	328.5	442.3
Net interest income	**539.4**	**447.0**
- Commission income	277.5	254.1
- Commission expenses	19.6	16.9
Net commission income	**257.9**	**237.2**
Net income on financial instruments measured at fair value through profit or loss and FX result	24.4	15.3
Net income on investments	0.1	120.4
Net income on hedge accounting	0.6	-19.0
Net income on other basic activities	-3.2	3.6
Result on basic activities	**819.2**	**804.5**
General and administrative expenses	442.5	457.2
Impairment losses and provisions for off-balance sheet liabilities	79.5	59.0
Profit (loss) before tax	**297.2**	**288.3**
Income tax	59.9	58.8
Net result for the current period	**237.3**	**229.5**

Net profit (loss)	**237.3**	**229.5**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1.82**	**1.76**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	1 Q 2013 the period from 01 Jan 2013 to 31 Mar 2013
Net result for the period	**237.3**	**229.5**
Other comprehensive income, of which:	**3.8**	**-159.5**
- items which can be reclassified to income statement	3.8	-160.0
- items which will not be reclassified to income statement	0.0	0.5
Total comprehensive income for the period	**241.1**	**70.0**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
A S S E T S				
- Cash in hand and balances with the Central Bank	7 304.2	6 970.1	3 534.4	4 071.6
- Loans and receivables to other banks	2 039.6	1 388.9	1 578.3	1 365.3
- Financial assets measured at fair value through profit and loss	2 700.3	1 951.4	1 412.1	1 554.6
- Valuation of derivatives	1 352.6	1 471.7	1 572.6	1 822.7
- Investments	20 994.2	19 492.9	18 003.3	17 880.5
- Derivative hedge instruments	1 011.1	1 051.9	1 066.9	1 112.6
- Loans and receivables to customers	51 600.1	49 119.6	45 967.0	45 764.0
- Receivables from customers due to repo transactions	660.4	638.8	0.0	0.0
- Investments in controlled entities recognised under the equity method	461.4	461.4	454.4	454.4
- Non-financial assets	929.2	946.5	941.8	965.2
- Tax assets	45.0	62.1	13.8	0.0
- Other assets	159.8	115.2	153.9	168.3
T o t a l a s s e t s	**89 257.9**	**83 670.5**	**74 698.5**	**75 159.2**
E Q U I T Y A N D L I A B I L I T I E S				
LIABILITIES				
- Liabilities due to other banks	8 089.7	2 239.2	2 151.4	1 870.0
- Financial liabilities measured at fair value through profit and loss	1 453.9	1 234.2	2 123.3	3 003.4
- Valuation of derivatives	1 372.6	1 493.4	1 665.8	1 778.3
- Derivative hedge instruments	1 122.3	1 114.4	1 267.9	1 364.0
- Liabilities due to customers	66 867.6	67 250.6	58 040.8	57 782.6
- Liabilities due to customers under repo transactions	10.4	433.5	0.0	0.0
- Liabilities under issue of debt securities	571.4	566.4	574.5	567.1
- Provisions	64.9	63.7	70.1	68.9
- Tax liabilities	0.0	108.9	91.1	97.3
- Other liabilities	1 135.3	838.3	762.2	748.8
T o t a l l i a b i l i t i e s	**80 688.1**	**75 342.6**	**66 747.1**	**67 280.4**
EQUITY				
- Share capital	130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3
- Revaluation reserve	515.7	513.4	830.7	990.7
- Revaluation of share-based payment	46.9	46.1	44.3	41.3
- Retained earnings	6 920.8	6 682.0	5 990.0	5 760.4
T o t a l e q u i t y	**8 569.8**	**8 327.9**	**7 951.4**	**7 878.8**
T o t a l e q u i t y a n d l i a b i l i t i e s	**89 257.9**	**83 670.5**	**74 698.5**	**75 159.2**

Net book value	**8 569.8**	**8 327.9**	**7 951.4**	**7 878.8**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**65.87**	**64.01**	**61.12**	**60.56**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

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
Opening balance of equity	**130.1**	**956.3**	**273.2**	**32.9**	**205.5**	**1.8**	**46.1**	**6 682.0**	**8 327.9**
Net result for the current period	**-**	**-**	**-**	**-**	**0.0**	**-**	**-**	**237.3**	**237.3**
Other comprehensive income, of which:	**0.0**	**0.0**	**-53.4**	**-1.5**	**57.2**	**0.0**	**0.0**	**1.5**	**3.8**
- 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*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**	**0.0**	**0.8**
- revaluation of share-based payment	-	-	-	-	-	-	*0.8*	-	*0.8*
Closing balance of equity	**130.1**	**956.3**	**219.8**	**31.4**	**262.7**	**1.8**	**46.9**	**6 920.8**	**8 569.8**

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

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

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued

1 Q 2013
the period from 01 Jan 2013 to 31 Mar 2013

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**590.3**	**33.4**	**367.0**	**0.0**	**41.3**	**5 760.5**	**7 878.9**
Net result for the current period	-	-	-	-	-	-	-	**229.5**	**229.5**
Other comprehensive income, of which:	**0.0**	**0.0**	**-168.8**	**0.0**	**8.8**	**0.0**	**0.0**	**0.0**	**-160.0**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-88.3*	-	-	-	-	-	*-88.3*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-80.5*	-	-	-	-	-	*-80.5*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*8.8*	-	-	-	*8.8*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.0**	**0.0**	**3.0**
- revaluation of share-based payment	-	-	-	-	-	-	*3.0*	-	*3.0*
Closing balance of equity	**130.1**	**956.3**	**421.5**	**33.4**	**375.8**	**0.0**	**44.3**	**5 990.0**	**7 951.4**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

	1 Q 2014 the period from 01 Jan 2014 to 31 Mar 2014	**1 Q 2013** the period from 01 Jan 2013 to 31 Mar 2013
OPERATING ACTIVITIES		
Net profit (loss)	**237.3**	**229.5**
Adjustments	**321.5**	**-707.0**
- Depreciation and amortisation	37.2	39.3
- Interest accrued (from the profit and loss account)	539.4	447.0
- Interest paid	359.7	451.8
- Interest received	-950.6	-926.9
- Gains (losses) on investment activities	0.1	-0.1
- Income tax (from the profit and loss account)	59.9	58.8
- Income tax paid	-151.7	-78.8
- Change in provisions	1.2	1.2
- Change in loans and other receivables to other banks	-442.8	-169.2
- Change in financial assets at fair value through profit or loss	-747.8	142.4
- Change in available-for-sale financial assets	-1 498.5	-291.5
- Change in valuation of derivatives	-1.7	137.6
- Change in derivative hedge instruments	105.9	-41.6
- Change in other receivables to customers	-2 477.8	-165.8
- Change in other assets	-41.7	15.0
- Change in liabilities due to other banks	5 851.0	281.0
- Change in liabilities at fair value through profit or loss	219.7	-880.1
- Change in liabilities due to customers	-837.8	256.5
- Change in other liabilities	297.8	16.4
Net cash flow from operating activities	**558.8**	**-477.5**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-13.8	-6.9
- Disposal of property, plant and equipment	0.1	0.0
- Purchase of intangible assets	-9.2	-9.5
- Disposal of fixed assets held for sale	0.0	0.1
Net cash flow from investment activities	**-22.9**	**-16.3**
FINANCIAL ACTIVITIES		
- Interest on debt securities issued	5.0	0.0
Net cash flow from financial activities	**5.0**	**0.0**
Effect of exchange rate changes on cash and cash equivalents	***10.4***	***40.2***
Net increase/decrease in cash and cash equivalents	**540.9**	**-493.8**
Opening balance of cash and cash equivalents	**7 839.1**	**5 048.8**
Closing balance of cash and cash equivalents	**8 380.0**	**4 555.0**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
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

SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 06-05-2014

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

1. Introduction

1.1. Going-concern

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

1.2. Discontinued operations

No operations were discontinued during 1 quarter 2014 and 1 quarter 2013.

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 2014 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 March 2014 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the interim condensed consolidated financial statements for the 1 quarter 2014 and the Bank's financial statements for the year ended 31 December 2013 approved by the General Meeting on 10 April 2014.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity, and interim condensed standalone cash flow statement for the period from 1 January 2014 to 31 March 2014, and interim condensed standalone statement of financial position as at 31 March 2014 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2013 to 31 March 2013 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income, the interim condensed standalone cash flow statement, additionally for the interim condensed standalone statement of changes in equity as at 31 December 2013; and in the case of the interim condensed standalone statement of financial position data as of 31 December 2013, 31 March 2013 and 31 December 2012.

1.5. Financial statements scope and currency

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

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

1.6. Changes to accounting standards

In these interim condensed standalone financial statements the same principles of accounting have been applied as the ones applied for developing the 2013 annual standalone financial statements. Amendments to standards and new interpretations are described in interim condensed consolidated statements of the ING Bank Śląski S.A. Capital Group for the 1 quarter 2014 enclosed herewith ("interim condensed consolidated financial statements"), in chapter II. *Additional information* in item 4.5. *Changes to accounting standards*.

1.7. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 6 May 2014.

2. Material accounting principles

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2013 to 31 December 2013 published on 7 March 2014 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

The same accounting principles were applied to interim condensed standalone financial statements and interim condensed consolidated financial statements, except for the changes in recording capital investments described above.

2.1. Investment in subsidiaries and associates

2.1.1. Subsidiaries

Subsidiaries are entities that are controlled directly or indirectly by the bank. Control is the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

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

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

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

2.1.2. Joint arrangements

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

Such arrangements can be performed in the following forms:

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

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

2.1.3. Associates

Associated entities are entities over which the Bank has significant influence and are not subsidiaries. The Bank usually determines significant influence by possession of 20 % to 50 % of the total number of votes in governing bodies.

2.1.4. Recognition and valuation

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

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

3. Accounting estimates

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

4. Comparability of financial data

In the interim condensed standalone financial statements for Q1 2014, the Bank made disclosure-related amendments regarding some items in the income statement and in the statement of financial position, compared to the interim condensed standalone financial statements for Q1 2013, the fact which was described in Chapter II. of the interim condensed consolidated financial statements. *Supplementary information* in item *6. Comparability of financial data.*

Interim condensed standalone financial statements (PLN million)

5. Significant events in 1 quarter 2014

Significant events that occurred in 1 quarter 2014 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in 1 quarter 2014*.

6. Seasonality or cyclicity of activity

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

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

None.

8. Dividends paid

On 10 April 2014, the General Meeting passed a resolution regarding dividend payout for 2013, pursuant to which the Bank will pay out the dividend for 2013 totalling PLN 572,440.00 thousand, i.e. PLN 4.40 gross per share. 14 May 2014 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 03 June 2014. All shares issued by the Bank are covered by dividend payout (130,100,000 shares).

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

9. Acquisitions

On 17 February 2014, the Management Board of ING Bank Śląski S.A. gave notice that they intended to divide the Centrum Banku Śląskiego Spółka z o.o. company by acquisition which was described in the interim condensed consolidated financial statements in Chapter II. *Additional information* in item 1.4. *Capital Group of ING Bank Śląski S.A.*

None in Q1 2013.

10. Off-balance sheet items

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Contingent liabilities granted	18 862.4	18 739.8	16 752.7	15 803.1
Contingent liabilities received	32 791.1	35 201.0	38 909.6	37 324.3
Off-balance sheet financial instruments	251 043.6	215 566.4	156 327.7	133 610.6
Total off-balance sheet items	**302 697.1**	**269 507.2**	**211 990.0**	**186 738.0**

11. Total capital ratio

	as of 31 Mar 2014	as of 31 Dec 2013	as of 31 Mar 2013	as of 31 Dec 2012
Total capital ratio	14.68%	17.10%	14.41%	14.00%

12. Significant events after the balance sheet date

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

13. Transactions with related entities

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

Interim condensed standalone financial statements (PLN million)

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

2014-05-06	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2014-05-06	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Joanna Erdman**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2014-05-06	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2014-05-06	**Tomasz Biłous**	Director of Bank, Chief Accountant	*(signed on the Polish original)*