2014

Semi-annual consolidated report of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2014

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Selected financial data from financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

• Selected financial data

	2 quarter 2014	I half year 2014	2 quarter 2013	I half year 2013
Interest income	932.6	1 836.4	902.8	1 827.9
Commission income	305.8	602.6	283.2	554.2
Result on basic activities	896.6	1 769.2	806.3	1 661.5
Result before tax	383.9	712.4	268.0	592.0
Net profit attributable to shareholders of ING Bank Śląski S.A.	282.3	536.9	216.9	476.6
Earnings per ordinary share (PLN)	2.17	4.13	1.67	3.66

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Loans and receivables to customers (net) excluding Eurobonds	53 595.5	50 846.9	48 552.1	46 678.2	45 301.6
Liabilities due to customers including matched funding for leasing portfolio	72 211.2	69 456.4	69 911.2	64 674.7	60 736.5
- matched funding	*2 625.8*	*2 554.5*	*2 580.8*	*2 726.0*	*2 686.8*
Total assets	98 261.8	92 244.7	86 750.6	81 790.6	77 753.8
Equity attributable to shareholders of ING Bank Śląski S.A.	9 158.7	8 885.6	8 626.3	8 131.2	8 236.5
Initial capital	130.1	130.1	130.1	130.1	130.1

• Key effectiveness ratios

	I half 2014	I half 2013	Change I half 2014 / I half 2013
C/I - Cost/Income ratio (%)	53.4	57.2	-3.8 p.p.
ROA - Return on assets (%)	1.2	1.1	+0.1 p.p.
ROE - Return on equity (%)	11.9	11.2	+0.7 p.p.
NIM - net interest margin (%)	2.73	2.76	-0.03 p.p.
L/D - Loans-to-deposits ratio (%)	74.2	72.2	+2.0 p.p.
Total capital ratio (%)	15.04	15.83	-0.79 p.p.

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

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

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

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

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

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

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

- for income statement items and cash flow statement items:
  - PLN 4.1784 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in IH 2014.
  - PLN 4.2140 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in IH 2013.
- for statement of financial positions items:
  - PLN 4.1609 - NBP exchange rate of 30 June 2014.
  - PLN 4.1713 - NBP exchange rate of 31 March 2014.
  - PLN 4.1472 - NBP exchange rate of 31 December 2013.
  - PLN 4.3292 - NBP exchange rate of 30 June 2013.
  - PLN 4.1774 - NBP exchange rate of 31 March 2013.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	2 quarter 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	2 quarter 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
- Interest income	7.1	932.6	1 836.4	902.8	1 827.9
- Interest expenses	7.1	350.4	686.3	407.5	856.8
Net interest income	7.1	**582.2**	**1 150.1**	**495.3**	**971.1**
- Commission income	7.2	305.8	602.6	283.2	554.2
- Commission expenses	7.2	26.2	46.9	22.2	42.1
Net commission income	7.2	**279.6**	**555.7**	**261.0**	**512.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	22.8	48.1	34.3	51.4
Net income on investments	7.4	4.9	5.0	-0.3	120.1
Net income on hedge accounting	7.5	3.0	3.6	11.5	-7.5
Net income on other basic activities		4.1	6.7	4.5	14.3
Result on basic activities		**896.6**	**1 769.2**	**806.3**	**1 661.5**
General and administrative expenses	7.6	480.5	951.7	477.0	959.2
Impairment losses and provisions for off-balance sheet liabilities	7.7	33.3	117.4	69.1	127.1
Share in net profit (loss) of associated entities recognised under the equity method		1.1	12.3	7.8	16.8
Profit (loss) before tax		**383.9**	**712.4**	**268.0**	**592.0**
Income tax		101.5	175.4	51.1	115.4
Net profit (loss)		**282.4**	**537.0**	**216.9**	**476.6**
- attributable to shareholders of ING Bank Śląski S.A.		**282.3**	**536.9**	**216.9**	**476.6**
- attributable to non-controlling interests		0.1	0.1	0.0	0.0

Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**282.3**	**536.9**	**216.9**	**476.6**
Weighted average number of ordinary shares	**130 100 000.0**	**130 100 000.0**	**130 100 000.0**	**130 100 000.0**
Earnings per ordinary share (PLN)	**2.17**	**4.13**	**1.67**	**3.66**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2 quarter 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	2 quarter 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
Net result for the period	**282.4**	**537.0**	**216.9**	**476.6**
Other comprehensive income, of which:	**562.5**	**566.3**	**-322.8**	**-482.3**
- items which can be reclassified to income statement	559.4	563.1	-322.9	-482.9
- items which will not be reclassified to income statement	3.1	3.2	0.1	0.6
Total comprehensive income for the period, of which:	**844.9**	**1 103.3**	**-105.9**	**-5.7**
- attributable to shareholders of ING Bank Śląski S.A.	844.8	1 103.2	-105.9	-5.7
- attributable to non-controlling interests	0.1	0.1	0.0	0.0

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

Małgorzata Kołakowska
President
Signed on the Polish original

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SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 05-08-2014

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 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
ASSETS						
- Cash in hand and balances with the Central Bank		7 857.1	7 304.2	6 970.1	1 673.5	3 534.4
- Loans and receivables to other banks	7.9	2 576.1	2 050.9	1 399.8	2 043.8	1 600.3
- Financial assets measured at fair value through profit and loss	7.10	2 903.7	2 700.3	1 951.4	2 057.4	1 412.1
- Valuation of derivatives		1 467.4	1 352.4	1 471.4	1 519.3	1 572.1
- Investments	7.11	22 090.4	20 994.9	19 493.6	20 256.7	18 003.9
- Derivative hedge instruments		1 653.0	1 011.1	1 051.9	990.7	1 066.9
- Loans and receivables to customers	7.12, 7.13	57 319.0	54 597.1	52 237.9	50 472.5	49 119.3
- Receivables from customers due to repo transactions		773.5	660.4	638.8	1 284.2	0.0
- Investments in associates recognised under the equity method		0.0	147.7	136.5	115.1	123.3
- Non-financial assets	7.14	1 064.0	1 050.2	1 063.9	1 028.1	1 047.8
- Assets held for sale	7.15	134.3	32.2	35.3	49.6	44.3
- Tax assets		91.4	100.3	119.9	74.3	56.1
- Other assets		331.9	243.0	180.1	225.4	173.3
Total assets		**98 261.8**	**92 244.7**	**86 750.6**	**81 790.6**	**77 753.8**
EQUITY AND LIABILITIES						
LIABILITIES						
- Liabilities due to other banks	7.16	11 963.3	10 666.5	4 827.3	4 411.5	4 850.4
- Financial liabilities measured at fair value through profit and loss	7.17	1 528.1	1 453.9	1 234.2	902.8	2 123.3
- Valuation of derivatives		1 527.1	1 372.3	1 493.0	1 606.7	1 665.5
- Derivative hedge instruments		1 251.7	1 122.3	1 114.4	1 082.3	1 267.9
- Liabilities due to customers	7.18	69 585.4	66 901.9	67 330.4	61 948.7	58 049.7
- Liabilities due to customers under repo transactions		1 286.1	10.4	433.5	1 938.5	0.0
- Liabilities under issue of debt securities		566.4	571.4	566.4	566.4	574.5
- Provisions	7.19	71.1	68.9	67.8	77.6	73.9
- Tax liabilities		144.0	3.7	111.7	20.0	97.7
- Other liabilities		1 177.5	1 185.5	943.3	1 102.6	812.1
Total liabilities		**89 100.7**	**83 356.8**	**78 122.0**	**73 657.1**	**69 515.0**
EQUITY						
- Share capital		130.1	130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3	956.3
- Revaluation reserve		1 085.9	526.5	524.3	516.4	839.7
- Revaluation of share-based payment		47.7	47.0	46.1	44.9	44.3
- Retained earnings		6 938.7	7 225.7	6 969.5	6 483.5	6 266.1
Equity attributable to shareholders of ING Bank Śląski S.A.		**9 158.7**	**8 885.6**	**8 626.3**	**8 131.2**	**8 236.5**
- Non-controlling interests		**2.4**	**2.3**	**2.3**	**2.3**	**2.3**
Total equity		**9 161.1**	**8 887.9**	**8 628.6**	**8 133.5**	**8 238.8**
Total equity and liabilities		**98 261.8**	**92 244.7**	**86 750.6**	**81 790.6**	**77 753.8**

Net book value	**9 158.7**	**8 885.6**	**8 626.3**	**8 131.2**	**8 236.5**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**70.40**	**68.30**	**66.31**	**62.50**	**63.31**

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

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Katowice, 05-08-2014

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 half year 2014
the period from 01 Jan 2014 to 30 Jun 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	-	-	-	-	-	-	-	*536.9*	*0.1*	**537.0**
Other comprehensive income, of which:	**0.0**	**0.0**	**119.7**	**-1.5**	**443.4**	**0.0**	**0.0**	**4.7**	**0.0**	**566.3**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*123.9*	-	-	-	-	-	-	*123.9*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-4.2*	-	-	-	-	-	-	*-4.2*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*443.4*	-	-	-	-	*443.4*
- disposal of property, plant and equipment	-	-	-	*-1.5*	-	-	-	*4.7*	-	*3.2*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.6**	**-572.4**	**0.0**	**-570.8**
- revaluation of share-based payment	-	-	-	-	-	-	*1.6*	-	-	*1.6*
- dividend paid	-	-	-	-	-	-	-	*-572.4*	-	*-572.4*
Closing balance of equity	**130.1**	**956.3**	**393.4**	**41.7**	**648.9**	**1.9**	**47.7**	**6 938.7**	**2.4**	**9 161.2**

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

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

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Katowice, 05-08-2014

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 half year 2013
the period from 01 Jan 2013 to 30 Jun 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	-	-	-	-	-	-	-	*476.6*	*0.0*	**476.6**
Other comprehensive income, of which:	**0.0**	**0.0**	**-343.5**	**-0.4**	**-139.4**	**0.4**	**0.0**	**0.5**	**0.0**	**-482.4**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-260.5*	-	-	-	-	-	-	*-260.5*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-83.0*	-	-	-	-	-	-	*-83.0*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-139.4*	-	-	-	-	*-139.4*
- disposal of property, plant and equipment	-	-	-	*-0.4*	-	-	-	*0.5*	-	*0.1*
- actuarial gains / losses	-	-	-	-	-	*0.4*	-	-	-	*0.4*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.2**	**0.0**	**0.0**	**3.2**
- revaluation of share-based payment	-	-	-	-	-	-	*3.2*	-	-	*3.2*
Closing balance of equity	**130.1**	**956.3**	**247.2**	**41.6**	**227.6**	**0.4**	**44.5**	**6 483.5**	**2.3**	**8 133.5**

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Katowice, 05-08-2014

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Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	1 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
OPERATING ACTIVITIES		
Net profit (loss)	**536.9**	**476.6**
Adjustments	**1 442.3**	**-2 876.8**
- Profit (loss) attributable to non-controlling interests	0.1	0.0
- Share in net profit (loss) of associated entities	-12.3	-16.8
- Depreciation and amortisation	76.5	80.6
- Interest accrued (from the profit and loss account)	-1 150.1	-971.1
- Interest paid	-720.9	-729.5
- Interest received	1 924.8	2 072.0
- Dividends received	0.0	-1.2
- Gains (losses) on investment activities	-2.8	0.1
- Income tax (from the profit and loss account)	175.4	115.4
- Income tax paid	-114.6	-234.1
- Change in provisions	3.3	4.8
- Change in loans and other receivables to other banks	-694.2	-673.1
- Change in financial assets at fair value through profit or loss	-952.8	-505.3
- Change in available-for-sale financial assets	-2 585.1	-2 794.7
- Change in valuation of derivatives	38.1	131.4
- Change in derivative hedge instruments	-20.4	-299.2
- Change in other receivables to customers	-5 194.2	-2 935.0
- Change in other assets	-99.3	-14.6
- Change in liabilities due to other banks	7 098.4	-185.8
- Change in liabilities at fair value through profit or loss	293.9	-2 100.6
- Change in liabilities due to customers	3 142.7	5 903.9
- Change in other liabilities	235.8	276.0
Net cash flow from operating activities	**1 979.2**	**-2 400.2**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-48.4	-16.1
- Disposal of property, plant and equipment	1.5	0.1
- Purchase of intangible assets	-28.4	-28.0
- Disposal of fixed assets held for sale	2.0	0.4
- Dividends received	0.0	1.2
Net cash flow from investment activities	**-73.3**	**-42.4**
FINANCIAL ACTIVITIES		
- Long-term loans received	333.8	255.0
- Long-term loans repaid	-279.3	-193.5
- Interest on long-term loans repaid	-17.4	-20.3
- Interest on debt securities issued	0.0	-0.7
- Dividends paid	-572.4	0.0
Net cash flow from financial activities	**-535.3**	**40.5**
Effect of exchange rate changes on cash and cash equivalents	***17.9***	***55.9***
Net increase/decrease in cash and cash equivalents	**1 370.6**	**-2 402.1**
Opening balance of cash and cash equivalents	**7 850.0**	**5 060.6**
Closing balance of cash and cash equivalents	**9 220.6**	**2 658.5**

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Signed on the Polish original

Katowice, 05-08-2014

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 information about the Bank

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

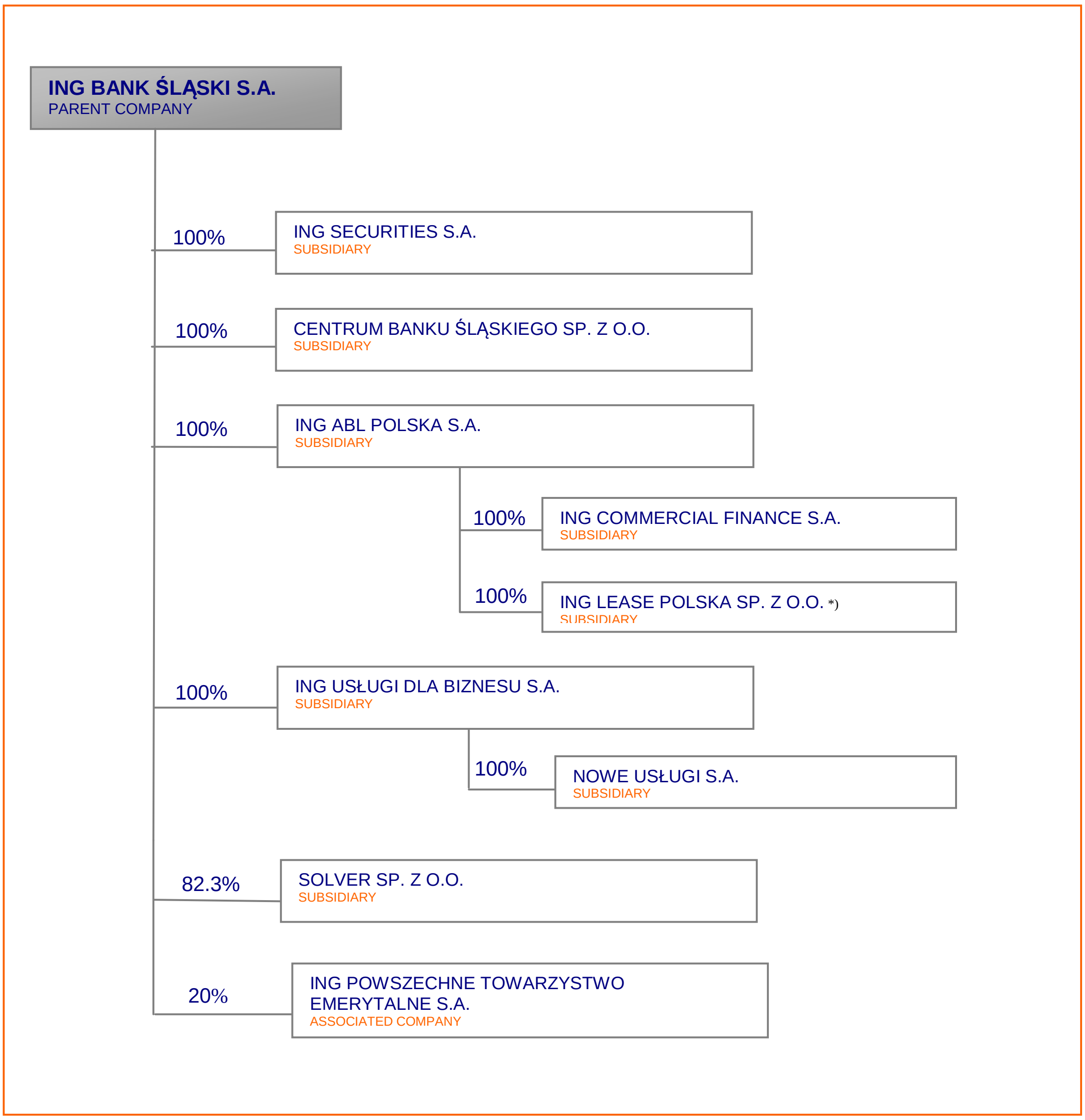
ING Bank Śląski S.A. offers a broad range of banking services rendered for individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. The Bank is also active on the domestic and 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

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).

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 30 June 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, in which the Bank holds 100% stake, by acquisition. The Division Plan of CBŚ Spółka z o.o. whereunder all assets of CBŚ Spółka z o.o. are to be transferred to ING Bank Śląski S.A. and Solver Spółka z o.o. (wherein the Bank holds 82.3% shares) was agreed by 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.

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

Following the division, the share capital of Solver Spółka z o.o. was 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. On 10 June 2014, the District Court in Katowice 8th Commercial Division of the National Court Register registered the share capital increase. 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 CBŚ Spółka z o.o. received on 01 July 2014 all the new shares in the increased share capital of Solver Sp. z o.o., thus increasing its percentage stake in its capital from 82.3% to 88.93%.

30 June 2014 was the last day of functioning of the CBŚ Spółka z o.o. which under the Court Decision was deleted from the National Court Register without liquidation proceedings, following the executed Division Plan. As of 1 July 2014, the assets and liabilities of Centrum Banku Śląskiego Spółka z o.o. company became part of ING Bank Śląski S.A. and Solver Sp. z o.o.' balance sheets.

Registration of Nowe Usługi S.A. company

On 30 May 2014, under the decision of the District Court in Katowice, Nowe Usługi S.A. company was entered into the National Court Register. The company is founded by ING Usługi dla Biznesu S.A. and its objects cover research and development of new market opportunities.

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 30 June 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 30 June 2014, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank NV	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,370,000	5.66

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

As at 30 June 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 5 August 2014.

2. Significant events in I half 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.

2.2. 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 *10. 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.,

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- 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 *2.3 Changes to the Supervisory Board composition*).

The amendments to the Bank's Charter which were passed by the General Meeting were registered with the Decision of the District Court in Katowice, the Commercial Division of the National Court Register, of 28 April 2014.

2.3. 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:

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.

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

In line with the list of shareholders authorised to participate in the Ordinary General Meeting (GM) of ING Bank Śląski S.A., convened for 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 NV	97,575,000	88.42	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,370,000	6.68	5.66

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

On 6 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.

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

On 6 June 2014, due to commencing new, fourth coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS061217 of the total nominal value of PLN 565,000,000.00, issued by the Bank on 6 December 2012, under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 3.63% per annum. The next coupon date falls on 6 December 2014. The other rights under the said bonds remain unchanged.

3. Significant events after the balance sheet date

3.1. Conclusion of a significant agreement

On 22 July 2014, ING Bank Śląski S.A. concluded with London Clearing House (LCH. Clearnet Ltd.) a *Charge Securing Own Obligations* agreement regarding maintenance of the liquidity buffer by the Bank to the maximum amount of EUR 230 million and GBP 13 million, including depositing securities up to the maximum amount of EUR 180 million. The deposited securities and cash will secure clearing of interest rate derivative transactions as part of the SwapClear Clearing House service.

By concluding this agreement and depositing the required securities, ING Bank Śląski S.A. will become a direct participant of the Clearing House and will settle the interest rate derivative transactions in line with the Regulation of the European Parliament and of the Council (EU) on OTC derivatives, central counterparties (CCPs) and trade repositories (TRs) (EMIR). The criterion for regarding the agreement as significant is the total exposure value exceeding 10% of the Bank's equity.

3.2. Annex to the credit agreement

On 5 August 2014, there was concluded an annex to the credit agreement of 2 January 2012 with ING Commercial Finance Polska S.A. whereby the annual amount of the working capital loan granted to the company was increased by PLN 500.0 million to PLN 2,725.0 million. The total exposure of the Bank towards the ING Commercial Finance Polska S.A. Company is PLN 2,725.5 million. The criterion for regarding the agreement as significant is the ratio of the total loan amounts to the Bank's equity. The borrower is a related entity of ING Bank Śląski S.A.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 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 30 June 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 30 June 2014, and interim condensed consolidated statement of financial position as at 30 June 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 of the ING Bank Śląski S.A. Group 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 I half 2014 and I half 2013.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 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. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2013 to 30 June 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 period from 1 January 2013 to 31 December 2013 for the interim condensed consolidated statement of changes in equity; and in the case of the interim condensed consolidated statement of financial position data as of 31 March 2014, 31 December 2013, 30 June 2013 and 31 March 2013. Interim condensed consolidated income statements, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated income statements include data for the Q2 2014 (period from 1 April 2014 to 30 June 2014) as well as comparative data for the Q2 2013 (period from 1 April 2013 to 30 June 2013).

The following financial data presented quarterly:

- for the period from 1 January 2014 to 31 March 2014,
- for the period from 1 April 2014 to 30 June 2014,
- for the period from 1 April 2013 to 30 June 2013 and
- as at 31 March 2014

were neither reviewed separately nor audited by the chartered auditor.

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 Group 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 .

Interim condensed consolidated financial statements (PLN million)

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.
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).

Interim condensed consolidated financial statements _(PLN million)_

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 Group statements
IAS 16 _Property, plant and equipment_	Amendment to IAS 16 (published together with the amendment to IAS 41) concerning recognition of bearer plants. Amendment to IAS 16 (published together with the amendment to IAS 38) concerning updated guidance on acceptable methods of depreciation and amortisation. Under the amendment, the use of revenue-based methods to calculate the depreciation of property, plant and equipment is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Application date: the accounting year starting on 1 January 2016 or later.	The published amendments to the standard will not have impact on the financial statements of the Group – the Group does not apply the revenue-based methods of depreciation and amortisation while the amendment concerning recognition of bearer plants does not apply to the Group.
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.
IAS 38 _Intangible assets_	Amendment to IAS 38 (published together with the amendment to IAS 16) The amendments clarify that the revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. Application date: the accounting year starting on 1 January 2016 or later.	Standard application will have no impact on the financial statements of the Group.
IAS 41 _Agriculture_	Amendment to IAS 41 (published together with the amendment to IAS 16) concerning recognition of bearer plants. Application date: the accounting year starting on 1 January 2016 or later.	Not applicable.
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.	It is expected that the new Standard, when initially applied, will have a significant impact on the financial statements, since it will be required to be retrospectively applied. The Group is now analysing the impact of the Standard on the consolidated financial statements. The Group has not yet decided on the date that it will initially apply the new Standard.

Interim condensed consolidated financial statements (PLN million)

IFRS 11 *Joint Arrangements*	Amendment on the accounting for the acquisition of an interest in a joint operation that constitutes a business. Acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs, that do not conflict with the guidance in IFRS 11. Moreover, the acquirer is obliged to disclose the information that is required by IFRS 3 and other IFRSs in relation to business combinations. Application date: the accounting year starting on 1 January 2016 or later.	The analyses show that the standard's application will not have material impact on the financial statements of the Group.
IFRS 14 *Regulatory Deferral Account*	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).
IFRS 15 *Revenue from Contracts with Customers*	The new standard developed by IASB (in cooperation with FASB) which it to replace the currently effective Standards and Interpretations, in particular: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The standard sets out comprehensive requirements for recognising revenue that apply to all contracts with customers, except for the contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. Application date: the accounting year starting on 1 January 2017 or later.	The analyses show that the standard's application will not have material impact on the financial statements of the Group.
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 2015 or later.	The impact of initial application of the Interpretation will depend on specific public fees, effective as at the date of initial application. The Interpretation is not expected to have a material impact on the annual consolidated financial statements of the Group. However, it may have a material impact on the interim financial statements. The Group is now analysing the impact of the Interpretation on the interim financial statements.
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.

Interim condensed consolidated financial statements (PLN million)

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.

In view of the ongoing process of IFRS introduction in the EU and the business run by the Group, 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 Group.

5. Significant accounting policies

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 I half 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. Assets valued at amortized cost

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

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

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

a) <u>Impairment conditions for retail credit exposures</u>

- a debtor has a default of +90 DPD for a material exposure (under Resolution No. 76/2010 of the Polish Financial Supervision Authority);
- there have been enforcement proceedings instituted against the debtor;
- there is a high probability of bankruptcy or a debtor is in bankruptcy;

- debtor's credit agreement has been terminated;
- the debtor's/ entrepreneur's financial standing is poor which is reflected by a relevant risk rating assigned thereto as provided for by the model used by the Bank;
- the credit receivables wherefor the present value of debt was significantly reduced is in restructuring;
- some credit receivables wherefor impairment was recognized is redeemed/ written down;
- there is a reasonable suspicion of credit wangling;
- other debtor's accounts found under the same product segment show impairment;
- that the credit facility will be regularly repaid was not lent credence to under the circumstances where the term of regular credit repayment is shorter or equals 90 days (3 months).

b) <u>Impairment conditions for strategic- and corporate-clients credit exposures</u>

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

c) <u>Conditions of credit exposure impairment assessment</u>

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

If after the assessment we find that for a given financial assets item there are no objective reasons for impairment, the item is included in the group of financial assets with similar credit risk characteristics, which indicate that the debtor is capable to repay the entire debt under to the contractual terms and conditions. Impairment loss for such groups is subject to collective assessment. If there is any objective evidence of impairment of loans and receivables, or investments held-to-maturity measured at amortised cost, then the amount of the impairment is the difference between the carrying amount of an asset and the present value of estimated future cash flows, discounted with the initial effective interest rate of a given financial instrument item.

Practically, for significant assets, impairment is calculated per assets item using the discounted future cash flows of a given assets item; for insignificant assets – it is calculated collectively. When estimating future cash flows, the available debtor data are considered; the debtor's capacity to repay the exposure is assessed in particular. For backed credit exposures, the expected future cash flows on collateral execution are also used in the estimation, considering the time, costs and impediments of payment recovery under collateral sale, among other factors.

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

The impairment loss calculated collectively is estimated on the basis of historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data (to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based), and also through elimination of the effects of conditions in the historical period that do not exist currently. The Group regularly verifies the methodology and assumptions adopted to estimate future cash flows in order to mitigate the differences between estimated and actual losses.

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

This approach allows specifically for identification of:

- the losses that have already occurred, and
- the losses that occurred as at the impairment date, but have not been documented yet (the so-called provision for incurred but not reported losses – IBNR).

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

If in a consecutive period, the amount of loss due to the impairment decreases as a result of an event that took place after the impairment (e.g. improved credit capacity assessment of the debtor), the previous impairment loss is reversed through the income statement by a proper adjustment. With regard to strategic clients and corporate clients of the sales network the Bank determined the events whereunder it is possible to reverse credit exposure impairment (all of the below mentioned conditions have to be met jointly):

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

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 the period from 1 January 2014 to 30 June 2014, the Group made the following amendments with respect to the disclosure of certain items of the income statement as compared to the interim consolidated financial statements for the previous periods:

1) The *General and administrative expenses* item and the *Result on other operating income and expenses* were aggregated as one item under the heading *General and administrative expenses;* in consequence, the item increased by PLN 1.5 million (+PLN 0.7 million in Q2 2013).
2) The manner of presenting the costs due to the fee for the benefit of BGF was changed. At present, the said costs are presented in the *General and administrative expenses* item whereas they used to be recognised in the *Commission expenses* item in the previous periods. As a result of that change, the *General and administrative expenses* item increased, and the *Commission expenses* item decreased by PLN 22.7 million (+PLN 11.4 million in Q2 2013).
3) The Group analysed the commission income and commission expenses, and identified certain titles concerning payment cards and credit cards in the case of which the Group was of the view that it would be more appropriate to deduct them from the commission income rather than recognise them as part of commission expenses. As a result of that change, both the commission income and the commission expenses decreased by PLN 0.5 million (PLN 0.2 million in Q2 2013.)
4) A movement was made between the *Commission income* item and the *Net income on financial instruments measured at fair value through profit or loss and FX result.* The reason behind the movement was an operational error concerning the data for Q2 2013 which was identified and which resulted in an overstatement of the commission income due to the *transactional margin on currency exchange transactions* and an understatement of the *FX-result* by PLN 10.3 million.

Interim condensed consolidated financial statements (PLN million)

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

The table below highlights the individual items of the consolidated income statement as they were presented in the interim condensed consolidated financial statements for H1 2013 and in the current statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	financial statements for H1 2013	**changes**				financial statements for H1 2014
		1)	2)	3)	4)	
	1 half year 2013					**1 half year 2013**
	the period from 01 Jan 2013 to 30 Jun 2013					the period from 01 Jan 2013 to 30 Jun 2013
- Interest income	1 827.9					1 827.9
- Interest expenses	856.8					856.8
Net interest income	**971.1**					**971.1**
- Commission income	565.0			*-0.5*	*-10.3*	554.2
- Commission expenses	65.3		*-22.7*	*-0.5*		42.1
Net interest income	**499.7**	***0.0***	***22.7***	***0.0***	***-10.3***	**512.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	41.1				*10.3*	51.4
Net income on investments	120.1					120.1
Net income on hedge accounting	-7.5					-7.5
Net income on other basic activities	14.3					14.3
Result on basic activities	**1 638.8**	***0.0***	***22.7***	***0.0***	***0.0***	**1 661.5**
General and administrative expenses	935.0	*1.5*	*22.7*			959.2
Result on other operating income and expenses	*-1.5*	*1.5*				-
Impairment losses and provisions for off-balance sheet liabilities	127.1					127.1
Share in net profit (loss) of associated entities recognised under the equity method	16.8					16.8
Profit (loss) before tax	**592.0**	***0.0***	***0.0***	***0.0***	***0.0***	**592.0**
Income tax	115.4					115.4
Net profit (loss)	**476.6**	***0.0***	***0.0***	***0.0***	***0.0***	**476.6**
- attributable to shareholders of ING Bank Śląski S.A.	**476.6**	***0.0***	***0.0***	***0.0***	***0.0***	**476.6**

Amendments to the Statement of Financial Position

In the interim condensed consolidated financial statements for the period from 1 January 2014 to 30 June 2014, the Group made one disclosure-related amendment to the statement of financial position, compared to the interim consolidated financial statements for previous periods. The modification involved separating the item *Assets held for sale* from the Assets. Previously, assets held for sale were an item of *Non-financial assets* due to the fact that they related to assets moved from Property, plant and equipment. In Q2 2014, the Group reclassified the shares in an affiliated entity to the assets held for sale, and a continued presentation of the assets held for sale as part of *Non-financial assets* might mislead the recipients of the statement as to the nature of that category.

Interim condensed consolidated financial statements (PLN million)

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

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

Table 1

A S S E T S	**as at 31.03.2014**	**as at 31.12.2013**	**as at 30.06.2013**	**as at 31.03.2013**
- Non-financial assets	1,082.4	1,099.2	1,077.7	1,092.1

Table 2

A S S E T S	**as at 31.03.2014**	**as at 31.12.2013**	**as at 30.06.2013**	**as at 31.03.2013**
- Non-financial assets	1,050.2	1,063.9	1,028.1	1,047.8
- Assets held for sale	32.2	35.3	49.6	44.3

Interim condensed consolidated financial statements (PLN million)

7. Notes to interim condensed consolidated financial statements

7.1. Net interest income

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	**1 HY 2014** the period from 01 Jan 2014 to 30 Jun 2014	**2Q 2013** the period from 01 Apr 2013 to 30 Jun 2013	**1 HY 2013** the period from 01 Jan 2013 to 30 Jun 2013
Interest income				
- interest on loans and receivables to banks	23.8	52.5	25.3	53.1
- interest on loans and receivables to customers, of which:	698.5	1 372.9	668.8	1 354.1
- interest on leasing agreements	*42.1*	*81.4*	*37.8*	*78.0*
- interest on factoring agreements	*23.2*	*44.5*	*20.3*	*42.3*
- interest on repo transactions concluded with customers	4.8	8.5	8.7	8.7
- interest on available-for-sale financial assets	188.7	367.1	190.5	381.5
- interest on financial assets held for trading	7.8	16.8	7.1	12.5
- interest result on derivatives	9.0	18.6	2.4	18.0
Total interest income	**932.6**	**1 836.4**	**902.8**	**1 827.9**
Interest expense				
- interest on deposits from banks	28.4	53.6	24.5	50.8
- interest on deposits from customers	315.8	620.2	368.7	784.3
- interest on repo transactions concluded with customers	0.7	1.1	7.0	7.0
- interest on issue of debt securities	5.1	10.1	6.8	14.2
- interest on financial liabilities held for trading	0.4	1.3	0.5	0.5
Total interest expense	**350.4**	**686.3**	**407.5**	**856.8**
Net interest income	**582.2**	**1 150.1**	**495.3**	**971.1**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014	2Q 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 HY 2013 the period from 01 Jan 2013 to 30 Jun 2013
Commission income				
- transaction margin on currency exchange transactions	68.2	132.7	64.8	129.1
- commission related to keeping accounts	62.8	125.3	64.6	128.2
- commission related to loans	54.0	108.6	51.6	100.6
- commission related to payment and credit cards	51.8	99.5	46.1	88.3
- commission related to distribution of participation units	21.2	41.7	17.8	34.1
- commission related to brokerage activity	9.1	24.5	14.3	25.2
- commission related to insurance product offering	10.5	20.9	3.1	5.7
- fiduciary and custodian fees	7.9	15.0	7.6	15.4
- commission related to factoring and lease agreements	7.9	14.3	6.8	13.2
- foreign commercial business	4.4	8.6	3.9	7.8
- other	8.0	11.5	2.6	6.6
Total comission income	**305.8**	**602.6**	**283.2**	**554.2**
Commission expense	**26.2**	**46.9**	**22.2**	**42.1**
Net commission income	**279.6**	**555.7**	**261.0**	**512.1**

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

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014	2Q 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 HY 2013 the period from 01 Jan 2013 to 30 Jun 2013
Net income on financial assets and liabilities held for trading, of which:	**61.5**	**77.7**	**65.9**	**-8.4**
- Net income on debt instruments	1.5	1.6	11.4	17.8
- Net income on derivatives, of which:	60.0	76.1	54.5	-26.2
- currency derivatives	*56.5*	*62.4*	*37.8*	*-40.7*
- interest rate derivatives	*3.2*	*12.8*	*16.0*	*13.1*
- securities derivatives	*0.3*	*0.9*	*0.7*	*1.4*
FX-result	**-38.7**	**-29.6**	**-31.6**	**59.8**
Net income on financial instruments measured at fair value through profit or loss and FX result	**22.8**	**48.1**	**34.3**	**51.4**

Interim condensed consolidated financial statements (PLN million)

7.4. Net income on investments

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014	2Q 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 HY 2013 the period from 01 Jan 2013 to 30 Jun 2013
Net income on debt instruments available-for-sale	4.9	5.0	-3.7	116.6
Dividend income	0.0	0.0	3.4	3.4
Impairment losses	0.0	0.0	0.0	0.1
Net income on investments	**4.9**	**5.0**	**-0.3**	**120.1**

7.5. Net income on hedge accounting

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014	2Q 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 HY 2013 the period from 01 Jan 2013 to 30 Jun 2013
Fair value hedge accounting for securities	**3.9**	**3.4**	**11.7**	**-8.0**
- valuation of the hedged transaction	93.7	147.3	-123.2	-189.8
- valuation of the hedging transaction	-89.8	-143.9	134.9	181.8
Cash flow hedge accounting	**-0.9**	**0.2**	**-0.2**	**0.5**
- ineffectiveness that arises from cash flow hedges	-0.9	0.2	-0.2	0.5
Net income on hedge accounting	**3.0**	**3.6**	**11.5**	**-7.5**

7.6. General and administrative expenses

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014	2Q 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 HY 2013 the period from 01 Jan 2013 to 30 Jun 2013
Personnel expenses	241.3	471.8	226.3	453.0
Cost of marketing and promotion	26.7	52.1	28.8	53.4
Amortization	38.5	76.5	40.7	80.6
Other general and administrative expenses, of which:	174.0	351.3	181.2	372.2
- obligatory annual fee for the Bank Guarantee Fund	9.9	19.8	11.4	22.7
- prudential fee	3.6	7.3	0.0	0.0
General and administrative expenses	**480.5**	**951.7**	**477.0**	**959.2**

7.6.1. Headcount

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
FTEs	8 100.2	8 078.9	8 146.0	8 251.2	8 261.2
Individuals	8 172	8 197	8 266	8 381	8 439

Interim condensed consolidated financial statements (PLN million)

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
FTEs	7 637.9	7 630.0	7 695.3	7 818.6	7 832.9
Individuals	7 694	7 732	7 799	7 939	7 996

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

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	**1 HY 2014** the period from 01 Jan 2014 to 30 Jun 2014	**2Q 2013** the period from 01 Apr 2013 to 30 Jun 2013	**1 HY 2013** the period from 01 Jan 2013 to 30 Jun 2013
Impairment losses	188.0	381.0	133.3	294.4
Release of impairment write-offs	-154.7	-263.6	-64.2	-167.3
Net impairment losses and provisions for off-balance sheet liabilities	**33.3**	**117.4**	**69.1**	**127.1**

7.8. Effective tax rate

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	**1 HY 2014** the period from 01 Jan 2014 to 30 Jun 2014	**2Q 2013** the period from 01 Apr 2013 to 30 Jun 2013	**1 HY 2013** the period from 01 Jan 2013 to 30 Jun 2013
Profit (loss) before tax	383.9	712.4	268.0	592.0
Income tax	101.5	175.4	51.1	115.4
Net profit (loss)	282.4	537.0	216.9	476.6
Effective tax rate	**26.4%**	**24.6%**	**19.1%**	**19.5%**

The following developments impacted effective tax rate increase in H1 2014:

- Conclusion in the Q2 2014 of the letter of intent concerning sale of shares held by ING Bank Śląski S.A. in the ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) affiliated entity and due to a change of intent concerning the shares held, establishment of provision for deferred tax in the amount of PLN 13.2 million.
- Non-tax loss incurred on sale in the Q2 2014 of debt claims to one of the commercial banking clients (income tax increase of PLN 9.1 million).
- Adjustment in the Q1 2014 of the deferred tax asset concerning impairment losses for cash loan receivables of ING Lease Sp. z o.o. (income tax increase of PLN 9.6 million).

Interim condensed consolidated financial statements (PLN million)

7.9. Loans and receivables to other banks

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Current accounts	810.8	922.2	869.0	956.6	1 005.6
Interbank deposits	537.2	196.9	235.7	515.1	106.8
Loans and advances	58.3	45.3	70.6	75.3	113.8
Factoring receivables	12.8	57.8	80.0	145.6	144.9
Reverse repo transactions	1 131.4	817.5	133.7	323.2	207.8
Other receivables	25.7	11.3	10.9	28.6	22.0
Total (gross)	**2 576.2**	**2 051.0**	**1 399.9**	**2 044.4**	**1 600.9**
Impairment losses, of which:	-0.1	-0.1	-0.1	-0.6	-0.6
- concerning loans and advances	*-0.1*	*-0.1*	*-0.1*	*0.0*	*-0.1*
- concerning factoring receivables	*0.0*	*0.0*	*0.0*	*-0.6*	*-0.5*
Total (net)	**2 576.1**	**2 050.9**	**1 399.8**	**2 043.8**	**1 600.3**

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Financial assets held for trading, of which:	2 903.7	2 700.3	1 951.4	2 057.4	1 034.7
- debt instruments	*2 565.5*	*1 768.5*	*1 276.3*	*1 405.7*	*1 034.7*
- repo transactions	*338.2*	*931.8*	*675.1*	*651.7*	*0.0*
Financial assets designated as at fair value upon initial recognition, of which:	0.0	0.0	0.0	0.0	377.4
- repo transactions	*0.0*	*0.0*	*0.0*	*0.0*	*377.4*
Total	**2 903.7**	**2 700.3**	**1 951.4**	**2 057.4**	**1 412.1**

7.11. Investments

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Available-for-sale financial assets, of which:	22 090.4	20 994.9	19 493.6	20 256.7	18 003.9
- debt instruments,including:	*22 064.1*	*20 970.9*	*19 466.3*	*20 230.6*	*17 983.1*
- hedged items in fair value hedging	*2 931.3*	*2 885.8*	*1 971.6*	*2 552.3*	*790.7*
- equity instruments	*26.3*	*24.0*	*27.3*	*26.1*	*20.8*
Total	**22 090.4**	**20 994.9**	**19 493.6**	**20 256.7**	**18 003.9**

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7.12. Loans and receivables to customers

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Portfolio of loans and receivables, of which:	**55 099.0**	**52 346.1**	**49 982.2**	**48 136.6**	**46 670.2**
- Loans and advances	45 983.2	43 906.0	41 690.3	40 531.4	39 620.3
- Leasing receivables	4 226.7	3 836.9	3 650.5	3 382.4	3 251.8
- Factoring receivables	2 638.0	2 375.3	2 465.7	2 231.6	1 966.5
- Corporate and municipal bonds	2 251.1	2 227.9	2 175.7	1 991.2	1 831.6
Other receivables, of which:	**3 837.4**	**3 894.9**	**3 815.3**	**3 910.6**	**3 923.3**
- T-eurobonds	3 723.5	3 750.2	3 685.8	3 794.3	3 817.7
- Other	113.9	144.7	129.5	116.3	105.6
Total loans and receivables to customers (gross)	**58 936.4**	**56 241.0**	**53 797.5**	**52 047.2**	**50 593.5**
Impairment losses, of which:	**-1 617.4**	**-1 643.9**	**-1 559.6**	**-1 574.7**	**-1 474.2**
- concerning portfolio of loans and receivables, of which:	-1 612.2	-1 638.7	-1 554.4	-1 569.5	-1 469.0
- concerning loans and advances	-1 530.6	-1 562.0	-1 482.8	-1 437.1	-1 338.4
- concerning leasing receivables	-64.6	-62.6	-59.7	-60.0	-63.4
- concerning factoring receivables	-17.0	-14.1	-11.9	-8.6	-8.2
- concerning corporate and municipal bonds	0.0	0.0	0.0	-63.8	-59.0
- concerning other receivables	-5.2	-5.2	-5.2	-5.2	-5.2
Total loans and receivables to customers (net), of which:	**57 319.0**	**54 597.1**	**52 237.9**	**50 472.5**	**49 119.3**
- to entities from the financial sector other than banks	*1 733.2*	*1 544.1*	*1 568.1*	*1 421.8*	*1 405.9*
- to entities from the non-financial sector	*48 332.4*	*45 744.6*	*43 409.1*	*41 569.4*	*40 060.0*
- to entities from the government and self-government institutions' sector	*7 253.4*	*7 308.4*	*7 260.7*	*7 481.3*	*7 653.4*

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Loans and advances, of which:	1 641.8	1 418.0	1 457.9	1 334.3	1 310.4
- in the current account	*60.7*	*46.7*	*66.8*	*32.0*	*40.8*
- term ones	*1 581.1*	*1 371.3*	*1 391.1*	*1 302.3*	*1 269.6*
Leasing receivables	0.5	0.6	0.4	0.6	0.4
Factoring receivables	0.0	0.0	0.0	0.0	4.5
Other receivables	92.4	127.8	110.6	87.2	90.8
Total (gross)	**1 734.7**	**1 546.4**	**1 568.9**	**1 422.1**	**1 406.1**
Impairment losses, of which	-1.5	-2.3	-0.8	-0.3	-0.2
- concerning loans and advances	-1.5	-2.3	-0.8	-0.3	-0.2
Total (net)	**1 733.2**	**1 544.1**	**1 568.1**	**1 421.8**	**1 405.9**

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Business entities, of which:	**29 345.3**	**27 636.4**	**25 951.0**	**25 026.4**	**24 203.5**
- Loans and advances, of which:	21 596.3	20 498.8	18 761.5	18 288.4	18 067.6
- in the current account	*6 192.6*	*6 031.1*	*5 223.0*	*5 223.0*	*5 169.5*
- term ones	*15 403.7*	*14 467.7*	*13 538.5*	*13 065.4*	*12 898.1*
- Leasing receivables	3 886.4	3 537.3	3 509.9	3 276.4	3 151.4
- Factoring receivables	2 565.0	2 314.5	2 416.5	2 194.6	1 928.4
- Corporate bonds	1 276.7	1 269.5	1 244.8	1 238.5	1 042.3
- Other receivables	20.9	16.3	18.3	28.5	13.8
Households, of which:	**20 601.8**	**19 748.6**	**19 015.9**	**18 116.8**	**17 329.7**
- Loans and advances, of which:	20 220.6	19 410.0	18 842.6	17 985.4	17 219.0
- in the current account	*1 549.4*	*1 511.7*	*1 435.5*	*1 414.4*	*1 380.6*
- term ones	*18 671.2*	*17 898.3*	*17 407.1*	*16 571.0*	*15 838.4*
- Leasing receivables	339.8	299.0	140.2	105.4	88.1
- Factoring receivables	40.9	39.1	32.6	25.5	21.8
- Other receivables	0.5	0.5	0.5	0.5	0.8
Total (gross)	**49 947.1**	**47 385.0**	**44 966.9**	**43 143.2**	**41 533.2**
Impairment losses, of which:	**-1 614.7**	**-1 640.4**	**-1 557.8**	**-1 573.8**	**-1 473.2**
- Business entities, of which:	**-1 065.5**	**-1 104.4**	**-1 062.3**	**-1 008.6**	**-969.4**
- concerning loans and advances	-980.1	-1 023.6	-986.4	-872.5	-834.8
- concerning leasing receivables	-63.8	-62.0	-59.5	-59.8	-63.2
- concerning factoring receivables	-16.9	-14.1	-11.7	-7.8	-7.7
- concerning corporate bonds	0.0	0.0	0.0	-63.8	-59.0
- concerning other receivables	-4.7	-4.7	-4.7	-4.7	-4.7
- Households, of which:	**-549.2**	**-536.0**	**-495.5**	**-565.2**	**-503.8**
- concerning loans and advances	-547.8	-534.9	-494.6	-563.7	-502.6
- concerning leasing receivables	-0.8	-0.6	-0.2	-0.2	-0.2
- concerning factoring receivables	-0.1	0.0	-0.2	-0.8	-0.5
- concerning other receivables	-0.5	-0.5	-0.5	-0.5	-0.5
Total (net)	**48 332.4**	**45 744.6**	**43 409.1**	**41 569.4**	**40 060.0**

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Loans and advances, of which:	2 524.5	2 579.2	2 628.3	2 923.3	3 023.3
- in the current account	*108.2*	*86.5*	*32.6*	*100.4*	*64.0*
- term ones	*2 416.3*	*2 492.7*	*2 595.7*	*2 822.9*	*2 959.3*
Leasing receivables	0.0	0.0	0.0	0.0	11.9
Factoring receivables	32.1	21.7	16.6	11.5	11.8
Municipal bonds	974.4	958.4	930.9	752.7	789.3
T-eurobonds	3 723.5	3 750.2	3 685.8	3 794.3	3 817.7
Other receivables	0.1	0.1	0.1	0.1	0.2
Total (gross)	**7 254.6**	**7 309.6**	**7 261.7**	**7 481.9**	**7 654.2**
Impairment losses, of which:	-1.2	-1.2	-1.0	-0.6	-0.8
- concerning loans and advances	-1.2	-1.2	-1.0	-0.6	-0.8
Total (net)	**7 253.4**	**7 308.4**	**7 260.7**	**7 481.3**	**7 653.4**

Portfolio of loans and receivables by client segment

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Gross value, of which:	**55 099.0**	**52 346.1**	**49 982.2**	**48 136.6**	**46 670.2**
Corporate banking segment, of which:	35 205.9	33 297.5	31 476.7	30 426.2	29 710.2
- loans and advances	*26 278.7*	*25 024.0*	*23 357.6*	*22 926.6*	*22 748.6*
- leasing receivables	*4 038.7*	*3 670.7*	*3 510.3*	*3 277.0*	*3 163.7*
- factoring receivables	*2 637.4*	*2 374.9*	*2 433.1*	*2 231.4*	*1 966.3*
- corporate and municipal bonds	*2 251.1*	*2 227.9*	*2 175.7*	*1 991.2*	*1 831.6*
Retail banking segment, of which:	19 893.1	19 048.6	18 505.5	17 710.4	16 960.0
- mortgages	*14 916.2*	*14 368.0*	*14 018.2*	*13 357.5*	*12 842.0*
- other loans and advances	*4 976.9*	*4 680.6*	*4 487.3*	*4 352.9*	*4 118.0*
Impairment losses, of which:	**-1 612.2**	**-1 638.7**	**-1 554.4**	**-1 569.5**	**-1 469.0**
Corporate banking segment, of which:	-1 075.4	-1 113.7	-1 067.5	-1 000.1	-962.4
- loans and advances	*-993.3*	*-1 037.3*	*-994.4*	*-866.5*	*-832.3*
- leasing receivables	*-64.8*	*-62.0*	*-60.9*	*-61.4*	*-63.3*
- factoring receivables	*-17.3*	*-14.4*	*-12.2*	*-8.4*	*-7.8*
- corporate and municipal bonds	*0.0*	*0.0*	*0.0*	*-63.8*	*-59.0*
Retail banking segment, of which:	-536.8	-525.0	-486.9	-569.4	-506.6
- mortgages	*-141.8*	*-144.0*	*-137.1*	*-113.9*	*-95.8*
- other loans and advances	*-395.0*	*-381.0*	*-349.8*	*-455.5*	*-410.8*
Net value, of which:	**53 486.8**	**50 707.4**	**48 427.8**	**46 567.1**	**45 201.2**
Corporate banking segment, of which:	34 130.5	32 183.8	30 409.2	29 426.1	28 747.8
- loans and advances	*25 285.4*	*23 986.7*	*22 363.2*	*22 060.1*	*21 916.3*
- leasing receivables	*3 973.9*	*3 608.7*	*3 449.4*	*3 215.6*	*3 100.4*
- factoring receivables	*2 620.1*	*2 360.5*	*2 420.9*	*2 223.0*	*1 958.5*
- corporate and municipal bonds	*2 251.1*	*2 227.9*	*2 175.7*	*1 927.4*	*1 772.6*
Retail banking segment, of which:	19 356.3	18 523.6	18 018.6	17 141.0	16 453.4
- mortgages	*14 774.4*	*14 224.0*	*13 881.1*	*13 243.6*	*12 746.2*
- other loans and advances	*4 581.9*	*4 299.6*	*4 137.5*	*3 897.4*	*3 707.2*

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7.13. Quality of portfolio of loans and advances

Quality of credits portfolio

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Corporate activity					
Exposure	**35 205.9**	**33 297.5**	**31 476.7**	**30 426.2**	**29 710.2**
- unimpaired (IBNR)	33 338.0	31 380.9	29 663.1	28 757.2	28 213.1
- impaired	1 867.9	1 916.6	1 813.6	1 669.0	1 497.1
Impairment losses and provisions	**1 091.6**	**1 127.7**	**1 081.0**	**1 027.3**	**985.9**
- related to unimpaired portfolio	53.4	51.9	47.9	54.4	56.8
- related to impaired portfolio	1 022.0	1 061.8	1 019.6	945.7	905.6
- provisions for off-balance sheet liabilities	16.2	14.0	13.5	27.2	23.5
Share of the impaired portfolio	5.3%	5.8%	5.8%	5.5%	5.0%
Impaired portfolio coverage ratio (%)	54.7%	55.4%	56.2%	56.7%	60.5%
Retail activity					
Exposure	**19 893.1**	**19 048.6**	**18 505.5**	**17 710.4**	**16 960.0**
- unimpaired (IBNR)	19 363.0	18 532.0	18 004.5	17 092.2	16 421.8
- impaired	530.1	516.6	501.0	618.2	538.2
Impairment losses	**536.8**	**525.0**	**486.9**	**569.4**	**506.6**
- related to unimpaired portfolio	106.6	108.3	103.5	91.3	86.5
- related to impaired portfolio	430.2	416.7	383.4	478.1	420.1
Share of the impaired portfolio	2.7%	2.7%	2.7%	3.5%	3.2%
Impaired portfolio coverage ratio (%)	81.2%	80.7%	76.5%	77.3%	78.1%
Total exposure	**55 099.0**	**52 346.1**	**49 982.2**	**48 136.6**	**46 670.2**
Impairment losses and total provisions, of which:	**1 628.4**	**1 652.7**	**1 567.9**	**1 596.7**	**1 492.5**
- impairment losses	1 612.2	1 638.7	1 554.4	1 569.5	1 469.0
- provisions for off-balance sheet liabilities	16.2	14.0	13.5	27.2	23.5
Total portfolio coverage ratio	3.0%	3.2%	3.1%	3.3%	3.2%
Share of the impaired portfolio	4.4%	4.6%	4.6%	4.8%	4.4%
Impaired portfolio coverage ratio (%)	**60.6%**	**60.8%**	**60.6%**	**62.3%**	**65.1%**

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Changes in impairment losses

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

	2Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	**1 HY 2014** the period from 01 Jan 2014 to 30 Jun 2014	**2Q 2013** the period from 01 Apr 2013 to 30 Jun 2013	**1 HY 2013** the period from 01 Jan 2013 to 30 Jun 2013
Opening balance of impairment losses	**1 652.8**	**1 568.0**	**1 493.1**	**1 446.8**
Changes in the period (due to):	**-24.3**	**60.5**	**104.2**	**150.5**
- changes in income statement	33.2	117.3	69.0	127.0
- depreciation	-56.7	-58.3	-3.9	-12.1
- transfer of provisions from off-balance sheet after their repayment	1.0	2.3	2.1	4.1
- other (inclusive FX differences, adjustment of interest income on impaired loans)	-1.8	-0.8	37.0	31.5
Closing balance of impairment losses	**1 628.5**	**1 628.5**	**1 597.3**	**1 597.3**

7.14. Non-financial assets

	as of 30 Jun 2014	**as of 31 Mar 2014**	**as of 31 Dec 2013**	**as of 30 Jun 2013**	**as of 31 Mar 2013**
Investment real estates	121.6	121.4	121.4	120.9	120.9
Property, plant and equipment	583.9	569.9	576.6	554.1	573.3
Intangible assets	358.5	358.9	365.9	353.1	353.6
Total	**1 064.0**	**1 050.2**	**1 063.9**	**1 028.1**	**1 047.8**

7.15. Assets held for sale

	as of 30 Jun 2014	**as of 31 Mar 2014**	**as of 31 Dec 2013**	**as of 30 Jun 2013**	**as of 31 Mar 2013**
Property, plant and equipment held for sale	24.9	32.2	35.3	49.6	44.3
Shares in the associated entities held for sale	109.4	0.0	0.0	0.0	0.0
Total	**134.3**	**32.2**	**35.3**	**49.6**	**44.3**

In Q2 2014, the Bank and ING Continental Europe Holdings B.V. entered into a non-binding agreement (Letter of Intent) regarding the sale of 20% of the shares in ING Powszechne Towarzystwo Emerytalne S.A. held by the Bank. The parties intend to enter into a binding agreement of share sale, on an arm's length basis, in Q4 2014. The details concerning the Letter of Intent have been presented in item 2.5, Chapter 2 *Significant events in I half 2014* hereof.

Per Bank's assessment, the criteria for classification to assets held for sale listed in IFRS 5.6-8 have been met. As a result, in its financial statements as at 30 June 2014, the Bank reclassified the assets from *shares in associated entities recognised under the equity method* to *assets held for sale*.

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7.16. Liabilities due to other banks

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Current accounts	1 352.7	757.6	961.9	997.3	933.6
Interbank deposits	400.6	1 889.0	1 230.7	547.9	654.1
Repo transactions	7 580.8	5 403.2	28.7	109.8	547.2
Loans received*	2 625.8	2 554.5	2 580.8	2 726.0	2 686.8
Other liabilities	3.4	62.2	25.2	30.5	28.7
Total	**11 963.3**	**10 666.5**	**4 827.3**	**4 411.5**	**4 850.4**

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

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Financial liabilities held for trading, of which:	61.3	252.8	613.1	665.4	0.0
- repo transactions	*61.3*	*252.8*	*613.1*	*665.4*	*0.0*
Financial liabilities designated as at fair value upon initial recognition, of which:	0.0	0.0	0.0	0.0	1 663.9
- repo transactions	*0.0*	*0.0*	*0.0*	*0.0*	*1 663.9*
Book short position in trading securities	1 466.8	1 201.1	621.1	237.4	459.4
Total	**1 528.1**	**1 453.9**	**1 234.2**	**902.8**	**2 123.3**

7.18. Liabilities due to customers

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Deposits	68 367.2	65 888.4	66 326.6	60 855.7	56 957.1
Other liabilities	1 218.2	1 013.5	1 003.7	1 093.0	1 092.6
Total liabilities due to customers, of which:	**69 585.4**	**66 901.9**	**67 330.4**	**61 948.7**	**58 049.7**
- due to entities from the financial sector other than banks	*2 537.7*	*2 268.3*	*2 998.7*	*2 491.1*	*2 363.6*
- due to entities from the non-financial sector	*65 126.4*	*62 610.9*	*62 231.3*	*57 471.8*	*53 749.5*
- due to entities from the government and self-government institutions' sector	*1 921.3*	*2 022.7*	*2 100.4*	*1 985.8*	*1 936.6*

Liabilities due to entities from the financial sector other than banks

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Deposits, of which:	2 339.1	2 128.1	2 925.7	2 387.4	2 246.0
- current accounts	*1 896.5*	*1 523.2*	*1 994.1*	*1 467.0*	*1 440.4*
- term deposit	*442.6*	*604.9*	*931.6*	*920.4*	*805.6*
Other liabilities	198.6	140.2	72.9	103.7	117.6
Total	**2 537.7**	**2 268.3**	**2 998.7**	**2 491.1**	**2 363.6**

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Liabilities due to entities from the non-financial sector

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Business entities, of which:	**19 136.7**	**17 512.6**	**18 602.4**	**16 619.0**	**14 314.4**
- Deposits, of which:	18 207.3	16 705.3	17 746.3	15 738.6	13 459.1
- current accounts	_15 677.7_	_14 132.4_	_15 184.9_	_12 914.6_	_10 692.0_
- term deposit	_2 529.6_	_2 572.9_	_2 561.4_	_2 824.0_	_2 767.1_
- Other liabilities	929.4	807.3	856.1	880.4	855.3
Households, of which:	**45 989.7**	**45 098.3**	**43 628.9**	**40 852.8**	**39 435.1**
- Deposits, of which:	45 910.3	45 038.3	43 563.8	40 795.8	39 370.3
- current accounts	_7 459.2_	_6 379.1_	_6 456.3_	_5 815.2_	_5 464.8_
- saving accounts	_32 334.8_	_33 071.3_	_32 105.0_	_28 617.3_	_26 803.3_
- term deposit	_6 116.3_	_5 587.9_	_5 002.5_	_6 363.3_	_7 102.2_
- Other liabilities	79.4	60.0	65.1	57.0	64.8
Total	**65 126.4**	**62 610.9**	**62 231.3**	**57 471.8**	**53 749.5**

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

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Deposits, of which:	1 910.5	2 016.7	2 090.8	1 933.9	1 881.7
- current accounts	_1 625.2_	_1 589.0_	_2 029.0_	_1 501.7_	_1 446.1_
- term deposit	_285.3_	_427.7_	_61.8_	_432.2_	_435.6_
Other liabilities	10.8	6.0	9.6	51.9	54.9
Total	**1 921.3**	**2 022.7**	**2 100.4**	**1 985.8**	**1 936.6**

7.19. Provisions

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Provision for issues in dispute	21.3	21.8	21.6	20.5	20.6
Provisions for off-balance sheet liabilities	16.2	14.0	13.5	27.2	23.5
Provision for retirement benefits	21.4	20.9	20.4	20.7	20.3
Provision for unused holidays	12.1	12.1	12.2	9.1	9.4
Provision for employment restructuring	0.1	0.1	0.1	0.1	0.1
Total	**71.1**	**68.9**	**67.8**	**77.6**	**73.9**

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7.20. Fair values

7.20.1. *Fair value of financial assets and liabilities*

Categories of fair value measurement of financial assets and liabilities

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

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

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

as of 30 Jun 2014

	Level I	**Level II**	**Level III**	**Total**
Financial assets, of which:	**23 653.4**	**4 458.3**	**2.7**	**28 114.4**
- Financial assets held for trading, of which:	2 565.5	338.2	0.0	2 903.7
- repo transactions	*0.0*	*338.2*	*0.0*	*338.2*
- treasury bonds	*2 565.5*	*0.0*	*0.0*	*2 565.5*
- Valuation of derivatives	0.0	1 467.4	0.0	1 467.4
- Financial assets available-for sale, of which:	21 087.9	999.7	2.7	22 090.4
- treasury bonds	*19 013.2*	*0.0*	*0.0*	*19 013.2*
- NBP bills	*0.0*	*999.7*	*0.0*	*999.7*
- BGK bonds	*2 051.2*	*0.0*	*0.0*	*2 051.2*
- equity instruments	*23.6*	*0.0*	*2.7*	*26.3*
- Derivative hedge instruments	0.0	1 653.0	0.0	1 653.0
Financial liabilities, of which:	**1 466.8**	**2 840.1**	**0.0**	**4 306.9**
- Financial liabilities held for trading, of which:	0.0	61.3	0.0	61.3
- repo transactions	*0.0*	*61.3*	*0.0*	*61.3*
- Book short position in trading securities	1 466.8	0.0	0.0	1 466.8
- Valuation of derivatives	0.0	1 527.1	0.0	1 527.1
- Derivative hedge instruments	0.0	1 251.7	0.0	1 251.7

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as of 31 Dec 2013

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

Movements between valuation levels

In 2014 there were no movements between valuation levels.

Valuation of financial instruments classified to the 2nd level

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

Derivatives

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

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

The following are the input data for the models:

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

- profitability curves similar to those for linear derivatives.

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

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

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

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

Cash bills of the National Bank of Poland

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

T-bills

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

Repo transactions

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

Valuation of financial instruments classified to the 3rd level

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

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

as of 30 Jun 2014

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
Assets					
Cash in hand and balances with the Central Bank	7 857.1	-	7 857.1	-	**7 857.1**
Loans and receivables to other banks	2 576.1	-	2 576.0	-	**2 576.0**
Loans and receivables to customers	57 319.0	3 986.6	-	52 651.5	**56 638.1**
Receivables from customers due to repo transactions	773.5	-	773.5	-	**773.5**
Other assets	241.0	-	-	241.0	**241.0**
Liabilities					
Liabilities due to other banks	11 963.3	-	11 963.3	-	**11 963.3**
Liabilities due to customers	69 585.4	-	-	69 588.1	**69 588.1**
Liabilities due to customers under repo transactions	1 286.1	-	1 286.1	-	**1 286.1**
Liabilities under issue of debt securities	566.4	-	566.4	-	**566.4**

as of 31 Dec 2013

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
Assets					
Cash in hand and balances with the Central Bank	6 970.1	-	6 970.1	-	**6 970.1**
Loans and receivables to other banks	1 399.8	-	1 399.8	-	**1 399.8**
Loans and receivables to customers	52 237.9	3 912.5	-	46 826.1	**50 738.6**
Receivables from customers due to repo transactions	638.8	-	638.8	-	**638.8**
Other assets	86.9	-	-	86.9	**86.9**
Liabilities					
Liabilities due to other banks	4 827.3	-	4 827.3	-	**4 827.3**
Liabilities due to customers	67 330.4	-	-	67 329.9	**67 329.9**
Liabilities due to customers under repo transactions	433.5	-	433.5	-	**433.5**
Liabilities under issue of debt securities	566.4	-	566.4	-	**566.4**

The description of models for fair value measurement was presented in the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Capital Group for the Period Started on 1 January 2013 and Ended on 31 December 2013 published on 07 March 2014 and available on the ING Bank Śląski S.A. website (www.ingbank.pl). The same rules and assumptions were applied to fair value measurement in these interim condensed consolidated financial statements.

Interim condensed consolidated financial statements (PLN million)

7.21. Total capital ratio

Own funds	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
A. Own equity in the statement of financial position, of which:	9 170.1	8 887.9	8 628.6	8 133.5	8 238.8
A.I. Own equity included in the own funds calculation	**7 453.3**	**7 046.3**	**7 755.8**	**7 339.2**	**7 511.8**
A.II. Own equity excluded from own funds calculation	1 716.8	1 841.6	872.8	794.3	727.0
B. Other elements of own funds (decreases and increases)	**-488.0**	**-480.5**	**-504.5**	**-537.4**	**-532.5**
C. Short-term capital	**-**	**-**	**34.7**	**51.4**	**37.6**
Own funds taken into account in total capital ratio calculation (A.I. + B + C.)	**6 965.3**	**6 565.8**	**7 286.0**	**6 853.2**	**7 016.9**
Total capital requirement	**3 705.0**	**3 604.7**	**3 372.5**	**3 463.9**	**3 704.7**
Total capital ratio (solvency ratio)	**15.04%**	**14.57%**	**17.28%**	**15.83%**	**15.15%**

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 30 June 2014 and 31 March 2014 was calculated under the CRR guidelines.

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

8. Off-balance sheet items

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Contingent liabilities granted	20 542.9	19 316.3	19 046.8	17 954.5	17 675.7
Contingent liabilities received	32 694.6	34 260.1	36 631.9	30 895.2	40 157.7
Off-balance sheet financial instruments	248 313.5	250 981.9	215 504.3	225 659.6	156 263.4
Total off-balance sheet items	**301 551.0**	**304 558.3**	**271 183.0**	**274 509.3**	**214 096.8**

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

None.

10. Dividends paid

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

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

11. 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)

	2 quarter 2014 the period from 1 Apr 2014 to 30 Jun 2014	**I half 2014** the period from 1 Jan 2014 to 30 Jun 2014	**2 quarter 2013** the period from 1 Apr 2013 to 30 Jun 2013	**I half 2013** the period from 1 Jan 2013 to 30 Jun 2013
Status at the period beginning:	**21.8**	**21.6**	**20.6**	**20.6**
Establishment of provisions	0.9	1.1	0.2	0.2
Release of provisions	-1.3	-1.3	-0.2	-0.2
Utilisation of provision	-0.1	-0.1	-0.1	-0.1
Status as at the period end	**21.3**	**21.3**	**20.5**	**20.5**

Either in 6 months 2014 or in 6 months 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.

12. 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.

13. 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 30 June 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 6 months of 2014 amounted to PLN 20.2 million versus PLN 39.0 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 17.9 million versus PLN 23.4 million in the analogous period of the previous year (gross amounts).

Transactions with related entities (in PLN million)

I half 2014

	ING Bank NV	Other ING Group	Associated undertakings*
Receivables			
Nostro accounts	12.1	8.7	-
Deposits placed	427.0	-	-
Loans	-	10.1	-
Positive valuation of derivatives	366.1	219.5	-
Other receivables	15.1	0.1	-
Liabilities			
Deposits received	11.3	919.8	27.7
Loans received	2 369.8	-	-
Loro accounts	203.0	3.8	-
Negative valuation of derivatives	297.8	242.4	-
Other liabilities	3.8	0.1	-
Off-balance-sheet operations			
Contingent liabilities	1 433.3	84.5	-
FX transactions	4 270.6	52.0	-
Forward transactions	156.5	-	-
IRS	12 333.2	3 278.9	-
FRA	1 150.0	-	-
Options	1 406.7	982.2	-
Revenue and costs**			
Revenue	68.8	-1.8	-0.5
Costs***	21.2	20.0	-

2013

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

*/ Includes transactions between ING Bank Śląski S.A. affiliates of ING Bank Śląski S.A. Group
**/ Income and expenses are shown as in the financial statements. *Income* includes the items of *Net income on core operations. Expenses* includes amounts shown under *Operating expenses* in the income statement.
***/ Costs are presented as per their net value (VAT excluded).

Interim condensed consolidated financial statements (PLN million)

I half 2013

	ING Bank NV	Other ING Group	Associated undertakings*
Receivables			
Nostro accounts	12.4	40.0	-
Loans	-	2.4	-
Positive valuation of derivatives	273.4	234.7	-
Other receivables	4.0	1.2	-
Liabilities			
Deposits received	186.6	1 078.3	133.0
Loans received	2 551.7	-	-
Loro accounts	44.5	7.4	-
Negative valuation of derivatives	301.5	282.9	-
Repo	96.5	-	-
Other liabilities	3.8	-	-
Off-balance-sheet operations			
Contingent liabilities	1 374.5	47.5	-
FX transactions	6 378.3	59.0	-
Forward transactions	18.0	161.1	-
IRS	9 258.3	4 359.5	-
FRA	1 082.3	-	-
Options	1 250.0	1 753.7	-
Revenue and costs**			
Revenue	-24.8	-3.6	-1.6
Costs***	40.6	19.8	-

*/ Includes transactions between ING Bank Śląski S.A. affiliates of ING Bank Śląski S.A. Group
**/ Income and expenses are shown as in the financial statements. *Income* includes the items of *Net income on core operations. Expenses* includes amounts shown under *Operating expenses* in the income statement.
***/ Costs are presented as per their net value (VAT excluded).

14. Segment reporting

14.1. 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.

14.1.1. 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.

14.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- Financial Markets products,
- Bank Treasury operations.

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

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

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

14.1.3. Measurement

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

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

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

The Bank presents segment's interest income reduced by the cost of the interest. This results from the fact that while evaluating the segment's results and assigning assets to the segment, the Management Board relies mainly on net interest income.

In H1 2014, the Bank updated the allocation key for ALCO income and introduced changes referred to in item 6. *Comparability of financial data.* Data for the 6 months of 2013 presented herein were made comparable.

PLN million	**I half 2014** the period from 1 Jan 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**926.4**	**855.1**	**1 781.5**
Net interest income	638.6	511.5	1 150.1
Net commission income	246.0	309.7	555.7
Other income/expenses	29.5	33.9	63.4
Share in net profit (loss) of associated entities recognised under the equity method	12.3	0.0	12.3
Expenses total	**584.2**	**367.5**	**951.7**
Result before risk	**342.2**	**487.6**	**829.8**
Impairment losses	47.3	70.1	117.4
Result after impairment losses (profit before tax)	**294.9**	**417.5**	**712.4**
Income tax	-	-	175.4
Result after tax	-	-	**537.0**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**536.9**

PLN million	**II quarter 2014** the period from 1 Apr 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**471.1**	**426.6**	**897.7**
Net interest income	330.5	251.7	582.2
Net commission income	123.4	156.2	279.6
income/expenses	16.1	18.7	34.8
Share in net profit (loss) of associated entities recognised under the equity method	1.1	0.0	1.1
Expenses total	**293.7**	**186.8**	**480.5**
Result before risk	**177.4**	**239.8**	**417.2**
Impairment losses	10.6	22.7	33.3
Result after impairment losses (profit before tax)	**166.8**	**217.1**	**383.9**
Income tax	-	-	101.5
Result after tax	-	-	**282.4**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**282.3**

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

PLN million	Retail banking segment	Corporate banking segment	TOTAL
	I half 2013 the period from 1 Jan 2013 to 30 Jun 2013		
Revenue total*	**809.5**	**868.8**	**1 678.3**
Net interest income	480.0	491.1	971.1
Net commission income	221.5	290.6	512.1
Other income/expenses	91.2	87.1	178.3
Share in net profit (loss) of associated entities recognised under the equity method	16.8	0.0	16.8
Expenses total	**594.0**	**365.2**	**959.2**
Result before risk	**215.5**	**503.6**	**719.1**
Impairment losses	78.4	48.7	127.1
Result after impairment losses (profit before tax)	**137.1**	**454.9**	**592.0**
Income tax	-	-	115.4
Result after tax	-	-	**476.6**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**476.6**

PLN million	Retail banking segment	Corporate banking segment	TOTAL
	II quarter 2013 the period from 1 Apr 2013 to 30 Jun 2013		
Revenue total*	**392.4**	**421.7**	**814.1**
Net interest income	249.5	245.8	495.3
Net commission income	114.1	146.9	261.0
income/expenses	21.0	29.0	50.0
Share in net profit (loss) of associated entities recognised under the equity method	7.8	0.0	7.8
Expenses total	**294.4**	**182.6**	**477.0**
Result before risk	**98.0**	**239.1**	**337.1**
Impairment losses	40.4	28.7	69.1
Result after impairment losses (profit before tax)	**57.6**	**210.4**	**268.0**
Income tax	-	-	51.1
Result after tax	-	-	**216.9**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**216.9**

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

as of 30 Jun 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	19 438.4	77 425.6	96 864.0
Segment investments in controlled entities recognized under the equity method	0.0	0.0	0.0
Other assets (not allocated to segments)	0.0	0.0	1 397.8
Total assets	**19 438.4**	**77 425.6**	**98 261.8**
Segment liabilities	46 305.2	41 402.9	87 708.1
Other liabilities (not allocated to segment)	0.0	0.0	1 392.6
Equity	0.0	0.0	9 161.1
Total equity and liabilities	**46 305.2**	**41 402.9**	**98 261.8**

as of 31 Mar 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	18 603.3	72 291.8	90 895.1
Segment investments in controlled entities recognized under the equity method	147.7	0.0	147.7
Other assets (not allocated to segments)	0.0	0.0	1 201.9
Total assets	**18 751.0**	**72 291.8**	**92 244.7**
Segment liabilities	45 508.2	36 590.5	82 098.7
Other liabilities (not allocated to segment)	0.0	0.0	1 258.1
Equity	0.0	0.0	8 887.9
Total equity and liabilities	**45 508.2**	**36 590.5**	**92 244.7**

as of 31 Dec 2013

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	18 092.0	67 346.7	85 438.7
Segment investments in controlled entities recognized under the equity method	136.5	0.0	136.5
Other assets (not allocated to segments)	0.0	0.0	1 175.4
Total assets	**18 228.5**	**67 346.7**	**86 750.6**
Segment liabilities	44 609.1	32 390.1	76 999.2
Other liabilities (not allocated to segment)	0.0	0.0	1 122.8
Equity	0.0	0.0	8 628.6
Total equity and liabilities	**44 609.1**	**32 390.1**	**86 750.6**

as of 30 Jun 2013

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	17 188.6	63 338.9	80 527.5
Segment investments in controlled entities recognized under the equity method	115.1	0.0	115.1
Other assets (not allocated to segments)	0.0	0.0	1 148.0
Total assets	**17 303.7**	**63 338.9**	**81 790.6**
Segment liabilities	41 837.8	30 619.1	72 456.9
Other liabilities (not allocated to segment)	0.0	0.0	1 200.2
Equity	0.0	0.0	8 133.5
Total equity and liabilities	**41 837.8**	**30 619.1**	**81 790.6**

as of 31 Mar 2013

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	16 517.4	60 015.4	76 532.8
Segment investments in controlled entities recognized under the equity method	123.3	0.0	123.3
Other assets (not allocated to segments)	0.0	0.0	1 097.7
Total assets	**16 640.7**	**60 015.4**	**77 753.8**
Segment liabilities	40 377.2	28 154.1	68 531.3
Other liabilities (not allocated to segment)	0.0	0.0	983.7
Equity	0.0	0.0	8 238.8
Total equity and liabilities	**40 377.2**	**28 154.1**	**77 753.8**

14.2. Geographical segments

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

15. Risk management

The changes to the credit risk, market risk, liquidity risk, operational risk and compliance risk management approach made in H1 2014 are described hereinbelow.

Credit Risk

Lending policy

In H1 2014, the Group modified the Lending Policy regarding corporate credit exposures. The modifications took account of Poland's overall economic situation as well as the financial standing of individual groups of borrowers. The said modifications were oriented at the following in particular:

- making the lending process more effective while ensuring adequate credit risk identification and measurement mechanisms,
- maintaining the Bank's credit risk at an acceptable level,
- adjusting regulations in line with recommendations issued by PFSA.

The main modifications of the Group's Credit Policy for corporate clients were the following:

- updating the general principles for management and mitigation of the credit and market risk at the Bank as well as rules of supervision over credit risk in subsidiaries belonging to the Bank Capital Group,
- updating requirements and criteria regarding credit risk in relation to management of credit exposures used to finance real estate and mortgage-backed exposures to clients, as set out in the recommendation on best practices regarding management of mortgage-backed credit exposures,
- adapting Bank's lending policy to the specific situation of selected groups of clients (modifying general guidelines for the Bank's crediting direction and selected sector-wise guidelines),
- specifying more clearly and extending the list of impairment triggers to ensure

their full compliance with the International Accounting Standards and banking supervision requirements,

- particularizing rules for estimating future cash flows in computations of impairment losses under the impaired balance sheet credit exposures and provisions for off-balance sheet credit exposures using the discounted cash flow method (ISFA),
- specifying more clearly rules for loss reversal, that is client's exit from the ISFA or INSFA portfolio,
- introducing the obligation to record exceptions from the established rules for identifying exposures impairment,
- increasing the frequency and quality of monitoring credit risk through modification of criteria for qualifying entities to separate stages of the financial standing monitoring process,
- implementing modified rules and new tools for assessing social and environmental risks in the lending process,
- implementing updated rules for verifying real property value and collecting data in the real property database, in line with the requirements of the recommendation on the principles for gathering and processing by banks real property data and on best practices regarding management of mortgage-backed credit exposures,
- modifying rules for running credit inspections,
- update of the procedure of granting powers to take credit decisions and control the credit decision-makers' register,
- update of collateral documentation and introduction of new collateral documents,
- implementation of the updated list of standard clauses applied in credit agreements,
- redevelopment of the process of setting transactional limits for commercial banks,
- extension of the scope of using the so-called electronic and electronic and paper mode for funding applications,
- update of the general, sector-wise guidelines for the corporate credit portfolio and sector guidelines for road transportation of goods.

The main modifications of the Bank's lending policy for retail clients were as follows:

- raising the limit of exposure for the selected groups of clients with the aim to increase the average loan amount for consumer and entrepreneur's loans,
- continuing the test of simplified credit capacity assessment principles for consumer credit,
- running a pilot study of selling loans to entrepreneurs through the new sales channels of nationwide IFAs and Bank representatives,
- testing new credit line product for clients who start to run their own business,
- gradual implementation of a new system for credit application processing for

mortgage loans to increase the process automation and differentiate parameters of the lending policy for mortgage loans in the new system so as to make the amount of the loan granted more dependent on the client's risk profile,

- abandoning the bridging insurance for mortgage loans in favour of risk hedging through applying elevated margin by the time a collateral is established,
- providing an option to apply for a mortgage loan through the ING BankOnLine internet banking system,
- developing and testing new direct sales offers for mortgage loans,
- introducing rules and running stress tests aimed at verifying the value of DTI and LTV parameters for mortgage loans,
- starting a test of new admonition strategies for retail loans.

Credit Risk Measurement and Monitoring Tools

In H1 2014, ING Bank Śląski S.A. remained unwaveringly compliant with requirements of the Advanced Internal Rating-Based Approach (AIRB) under Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and under PFSA Resolution 76/2010 of 10 March 2010 on the Scope and Detailed Principles of Capital Requirement Determination for Individual Risk Types. As part of those actions, among other things:

- a validation unit recommendation to redevelop the PD model for the consumer credit segment was executed, and the modified model was implemented into the production environment in the process of computing provisions and capitals,
- once again, the validation team ran a full, periodic validation of Basel models for the retail portfolio (with particular regard to PFSA requirements),
- a model for risk of residential property price change was developed and implemented as part of adjusting to Recommendation J requirements,
- the provisioning rules for the retail portfolio were modified in the scope of introducing mutual prudential thresholds and the adjustments under the currency mismatch in LGD models were abandoned,
- the methodology for estimating capital for credit and residual risks was modified and adjusted to local conditions,
- the model management process was regulated by introduction of the comprehensive *"Risk Model and Valuation Models Management Policy"* and *"Risk Model Validation Policy at ING Bank Śląski S.A."*,
- together with the ING Group, we keep introducing updated versions of risk models and tables outlining probability of default assigned to risk classes applicable at the Bank,
- the methodology for developing credit risk models was supplemented with matters related to diversifying the approach to point-in-time (PIT) and through-the-circle (TTC) modelling;
- as regards the methodology of forming impairment losses (provisions) for the

manner of corporate portfolio's credit risk reporting was modified with special focus placed on changes to risk-weighted assets (RWA) and identification of risk parameters impacting the said changes,

- the scenarios concerning macroeconomic situation changes used in stress testing for credit risk were modified,
- in the corporate clients segment, the selected rating models were updated considering results of their monitoring and validation.

Market Risk

In H1 2014, the Bank streamlined the market risk transfer and centralisation process (including underlying risk) by implementing the RTS (Risk Transfer System) application. The risk is valuated and then transferred to the Treasury Department books, where it is actively managed. Earnings at Risk (EaR) concept is applied to measure that risk which is part of interest rate risk.

Liquidity Risk

In H1 2014, the Bank streamlined the process of market risk (including liquidity risk) transfer and centralisation by implementing the Risk Transfer System (RTS) application. This application uses the market risk models reflecting the expected maturity of assets and liabilities. The modelled items of the Bank's balance sheet are transferred to the Treasury Department which centrally manages the short-term (including intraday), mid-term and long-term liquidity. The transfer is made based on the measured internal transactions taking account of the so-called liquidity premiums.

Operational Risk

In H1 2014, caring about the safety of funds entrusted by clients and mitigation of the possibility of occurrence of a direct or indirect loss or reputational damage, the Bank continued its efforts to implement new regulatory requirements and enhance the risk management system quality. The most important activities in that regard are as follows:

- determining by the Management Board, in consultation with the Bank Supervisory Board of 2014 Risk Appetite Statement: maximum limits of operational risk-related actual financial losses, scope of unacceptable forms of behaviour and business practices, execution dates of risk mitigating actions for both audit and non-audit recommendations,
- taking measures necessary to comply with the Recommendation D requirements of the Polish Financial Supervision Authority by the end of 2014,
- enhancing actions aimed at counteracting crimes related to payment transactions and identity or funds theft with the use of electronic tools,
- analysing IT systems vulnerability (in particular e-banking systems), conducting penetration tests and increased monitoring of the electronic banking systems, which ensured successful fraud prevention and safety of the transactions effected by the clients,
- carrying out additional scenario analyses in the FM area and reviewing scenario analyses performed in the previous year,
- enhancing the mechanisms ensuring business continuity of key processes and crisis management system,
- renewing the Bank's insurance programme as regards civil liability and

property insurance to adjust it to the current market situation,

- monitoring and testing of mechanisms ensuring physical security of individuals and Bank's property,
- raising employees' awareness as regards effective operational and anti-fraud risks management by introducing new training courses mandatory for all Bank employees.

Compliance Risk

In 2014, the Bank continued its training programs aimed at raising knowledge and awareness of employees as regards compliance risk management; the programs were devoted, among other things, to the general compliance risk management requirements, business ethics standards and antitrust rules.

Interim condensed consolidated financial statements (PLN million)

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

2014-08-05	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2014-08-05	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Joanna Erdman**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2014-08-05	**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

	2 quarter 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	2 quarter 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
- Interest income	895.8	1 763.7	866.6	1 755.9
- Interest expenses	344.2	672.7	399.9	842.2
Net interest income	**551.6**	**1 091.0**	**466.7**	**913.7**
- Commission income	289.6	566.2	262.4	516.2
- Commission expenses	23.1	41.8	18.5	35.1
Net commission income	**266.5**	**524.4**	**243.9**	**481.1**
Net income on financial instruments measured at fair value through profit or loss and FX result	20.8	45.2	33.7	49.0
Net income on investments	68.4	68.5	36.9	157.3
Net income on hedge accounting	3.0	3.6	11.5	-7.5
Net income on other basic activities	0.3	-2.9	-0.2	3.4
Result on basic activities	**910.6**	**1 729.8**	**792.5**	**1 597.0**
General and administrative expenses	451.8	894.3	448.5	905.7
Impairment losses and provisions for off-balance sheet liabilities	30.7	110.2	65.3	124.3
Profit (loss) before tax	**428.1**	**725.3**	**278.7**	**567.0**
Income tax	84.9	144.8	47.2	106.0
Net result for the current period	**343.2**	**580.5**	**231.5**	**461.0**

Net profit (loss)	**343.2**	**580.5**	**231.5**	**461.0**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**2.64**	**4.46**	**1.78**	**3.54**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	2 quarter 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	2 quarter 2013 the period from 01 Apr 2013 to 30 Jun 2013	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
Net result for the period	**343.2**	**580.5**	**231.5**	**461.0**
Other comprehensive income, of which:	**562.6**	**566.4**	**-322.8**	**-482.3**
- items which can be reclassified to income statement	559.4	563.2	-322.9	-482.9
- items which will not be reclassified to income statement	3.2	3.2	0.1	0.6
Total comprehensive income for the period	**905.8**	**1 146.9**	**-91.3**	**-21.3**

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

Katowice, 05-08-2014

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 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
ASSETS					
- Cash in hand and balances with the Central Bank	7 857.1	7 304.2	6 970.1	1 673.5	3 534.4
- Loans and receivables to other banks	2 550.4	2 039.6	1 388.9	2 015.2	1 578.3
- Financial assets measured at fair value through profit and loss	2 903.7	2 700.3	1 951.4	2 057.4	1 412.1
- Valuation of derivatives	1 467.4	1 352.6	1 471.7	1 519.8	1 572.6
- Investments	22 089.8	20 994.2	19 492.9	20 256.1	18 003.3
- Derivative hedge instruments	1 653.0	1 011.1	1 051.9	990.7	1 066.9
- Loans and receivables to customers	54 178.8	51 600.1	49 119.6	47 183.8	45 967.0
- Receivables from customers due to repo transactions	773.5	660.4	638.8	1 284.2	0.0
- Investments in controlled entities	421.4	461.4	461.4	454.4	454.4
- Non-financial assets	916.0	904.0	918.2	888.0	908.4
- Assets held for sale	57.9	25.2	28.3	38.6	33.4
- Tax assets	28.1	45.0	62.1	27.0	13.8
- Other assets	209.9	159.8	115.2	164.8	153.9
Total assets	**95 107.0**	**89 257.9**	**83 670.5**	**78 553.5**	**74 698.5**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to other banks	9 336.8	8 089.7	2 239.2	1 673.3	2 151.4
- Financial liabilities measured at fair value through profit and loss	1 528.1	1 453.9	1 234.2	902.8	2 123.3
- Valuation of derivatives	1 527.3	1 372.6	1 493.4	1 607.1	1 665.8
- Derivative hedge instruments	1 251.7	1 122.3	1 114.4	1 082.3	1 267.9
- Liabilities due to customers	69 405.5	66 867.6	67 250.6	61 796.9	58 040.8
- Liabilities due to customers under repo transactions	1 286.1	10.4	433.5	1 938.5	0.0
- Liabilities under issue of debt securities	566.4	571.4	566.4	566.4	574.5
- Provisions	67.1	64.9	63.7	74.2	70.1
- Tax liabilities	123.2	0.0	108.9	14.2	91.1
- Other liabilities	1 111.0	1 135.3	838.3	1 037.1	762.2
Total liabilities	**86 203.2**	**80 688.1**	**75 342.6**	**70 692.8**	**66 747.1**
EQUITY					
- Share capital	130.1	130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3
- Revaluation reserve	1 075.1	515.7	513.4	507.4	830.7
- Revaluation of share-based payment	47.5	46.9	46.1	44.9	44.3
- Retained earnings	6 694.8	6 920.8	6 682.0	6 222.0	5 990.0
Total equity	**8 903.8**	**8 569.8**	**8 327.9**	**7 860.7**	**7 951.4**
Total equity and liabilities	**95 107.0**	**89 257.9**	**83 670.5**	**78 553.5**	**74 698.5**

Net book value	**8 903.8**	**8 569.8**	**8 327.9**	**7 860.7**	**7 951.4**
Number of shares	**130 100 000.0**	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**68.44**	**65.87**	**64.01**	**60.42**	**61.12**

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Katowice, 05-08-2014

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 half year 2014
the period from 01 Jan 2014 to 30 Jun 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	-	-	-	-	-	-	-	580.5	**580.5**
Other comprehensive income, of which:	**0.0**	**0.0**	**119.8**	**-1.5**	**443.4**	**0.0**	**0.0**	**4.7**	**566.4**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*124.0*	-	-	-	-	-	*124.0*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-4.2*	-	-	-	-	-	*-4.2*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*443.4*	-	-	-	*443.4*
- disposal of property, plant and equipment	-	-	-	*-1.5*	-	-	-	*4.7*	*3.2*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.4**	**-572.4**	**-571.0**
- revaluation of share-based payment	-	-	-	-	-	-	*1.4*	-	*1.4*
- dividends paid	-	-	-	-	-	-	-	*-572.4*	*-572.4*
Closing balance of equity	**130.1**	**956.3**	**393.0**	**31.4**	**648.9**	**1.8**	**47.5**	**6 694.8**	**8 903.8**

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**

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Katowice, 05-08-2014

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 half year 2013
the period from 01 Jan 2013 to 30 Jun 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	-	-	-	-	-	-	-	461.0	**461.0**
Other comprehensive income, of which:	**0.0**	**0.0**	**-343.5**	**-0.4**	**-139.4**	**0.4**	**0.0**	**0.5**	**-482.4**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-260.5*	-	-	-	-	-	*-260.5*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-83.0*	-	-	-	-	-	*-83.0*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-139.4*	-	-	-	*-139.4*
- disposal of property, plant and equipment	-	-	-	*-0.4*	-	-	-	*0.5*	*0.1*
- actuarial gains/losses	-	-	-	-	-	*0.4*	-	-	*0.4*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.2**	**0.0**	**3.2**
- revaluation of share-based payment	-	-	-	-	-	-	*3.2*	-	*3.2*
Closing balance of equity	**130.1**	**956.3**	**246.8**	**33.0**	**227.6**	**0.4**	**44.5**	**6 222.0**	**7 860.7**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

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, 05-08-2014

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 half year 2014 the period from 01 Jan 2014 to 30 Jun 2014	1 half year 2013 the period from 01 Jan 2013 to 30 Jun 2013
OPERATING ACTIVITIES		
Net profit (loss)	**580.5**	**461.0**
Adjustments	**1 412.7**	**-2 859.5**
- Depreciation and amortisation	75.0	79.3
- Interest accrued (from the profit and loss account)	-1 091.0	-913.7
- Interest paid	-707.1	-718.5
- Interest received	1 820.9	1 955.4
- Dividends received	-5.3	-22.4
- Gains (losses) on investment activities	-1.8	0.1
- Income tax (from the profit and loss account)	144.8	106.0
- Income tax paid	-96.5	-216.1
- Change in provisions	3.4	5.3
- Change in loans and other receivables to other banks	-694.3	-672.9
- Change in financial assets at fair value through profit or loss	-952.8	-505.3
- Change in available-for-sale financial assets	-2 585.1	-2 794.7
- Change in valuation of derivatives	38.2	131.7
- Change in derivative hedge instruments	-20.4	-299.2
- Change in other receivables to customers	-5 141.0	-2 823.3
- Change in other assets	-81.8	4.9
- Change in liabilities due to other banks	7 096.9	-197.6
- Change in liabilities at fair value through profit or loss	293.9	-2 100.6
- Change in liabilities due to customers	3 042.6	5 830.0
- Change in other liabilities	274.1	292.1
Net cash flow from operating activities	**1 993.2**	**-2 398.5**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-47.6	-15.8
- Disposal of property, plant and equipment	0.2	0.1
- Purchase of intangible assets	-24.9	-26.8
- Disposal of fixed assets held for sale	2.0	0.4
- Dividends received	5.3	22.4
Net cash flow from investment activities	**-65.0**	**-19.7**
FINANCIAL ACTIVITIES		
- Interest on debt securities issued	0.0	-0.7
- Dividends paid	-572.4	0.0
Net cash flow from financial activities	**-572.4**	**-0.7**
Effect of exchange rate changes on cash and cash equivalents	***17.9***	***55.9***
Net increase/decrease in cash and cash equivalents	**1 355.8**	**-2 418.9**
Opening balance of cash and cash equivalents	**7 839.1**	**5 048.8**
Closing balance of cash and cash equivalents	**9 194.9**	**2 629.9**

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

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President
Signed on the Polish original

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SIGNATURE OF THE PERSON ENTRUSTED WITH KEEPING THE ACCOUNTING BOOKS

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

Katowice, 05-08-2014

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 of the ING Bank Śląski S.A. for the period of 6 months ending on 30 June 2014 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 I half 2014 and I half 2013.

1.3. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the period of 6 months ending on 30 June 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 30 June 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 half year 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 30 June 2014, and interim condensed standalone statement of financial position as at 30 June 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 30 June 2013 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income and the interim condensed standalone cash flow statement, additionally for the period from 1 January 2013 to 31 December 2013 for the interim condensed standalone statement of changes in equity; and in the case of the interim condensed standalone statement of financial position data as of 31 March 2014, 31 December 2013, 30 June 2013 and 31 March 2013. Interim condensed standalone income statements, interim condensed standalone statement of comprehensive income and notes to the interim condensed standalone income statements include data for the Q2 2014 (period from 1 April 2014 to 30 June 2014) as well as comparative data for the Q2 2013 (period from 1 April 2013 to 30 June 2013).

The following financial data presented quarterly:

- for the period from 1 January 2014 to 31 March 2014,

- for the period from 1 April 2014 to 30 June 2014,
- for the period from 1 April 2013 to 30 June 2013 and
- as at 31 March 2014

were neither reviewed separately nor audited by the chartered auditor.

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 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 5 August 2014.

2. Significant accounting policies

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 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).

4. Comparability of financial data

In the interim condensed standalone financial statements for the period from 1 January 2014 to 30 June 2014, the Bank made disclosure-related amendments regarding some items in the income statement and statement of financial position, compared to the interim condensed standalone financial statements for previous periods. The fact was described in Chapter II. of the interim condensed consolidated financial statements. *Supplementary information* in item *6. Comparability of financial data.*

5. Significant events in I half 2014

Significant events that occurred in I half 2014 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in I half 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 paid out the dividend for 2013 totalling PLN 572,440.0 thousand, (PLN 4.4 gross per share). On 14 May 2014 the shareholders of record became entitled to the dividend payout which took place on 3 June 2014.

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

9. Acquisitions

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 I half 2013.

Interim condensed standalone financial statements (PLN million)

10. Off-balance sheet items

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Contingent liabilities granted	19 613.8	18 862.4	18 739.8	16 806.0	16 752.7
Contingent liabilities received	31 315.3	32 791.1	35 201.0	29 549.2	38 909.6
Off-balance sheet financial instruments	247 188.0	251 043.6	215 566.4	225 725.0	156 327.7
Total off-balance sheet items	**298 117.1**	**302 697.1**	**269 507.2**	**272 080.2**	**211 990.0**

11. Significant events after the balance sheet date

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

12. 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 30 June 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 6 months of 2014 amounted to PLN 20.2 million versus PLN 39.0 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 17.9 million versus PLN 23.4 million in the analogous period of the previous year (gross amounts).

Transactions with related entities (in PLN million)

I half 2014

	ING Bank NV	Other ING Group	Subsidiary undertakings *	Associated undertakings*
Receivables				
Nostro accounts	12.1	8.7	-	-
Deposits placed	427.0	-	-	-
Loans	-	10.1	4 291.1	-
Positive valuation of derivatives	366.1	219.5	0.1	-
Other receivables	15.1	0.1	0.1	-
Liabilities				
Deposits received	11.3	919.8	420.1	27.7
Loro accounts	203.0	3.8	-	-
Negative valuation of derivatives	297.8	242.4	0.1	-
Other liabilities	3.8	0.1	-	-
Off-balance-sheet operations				
Contingent liabilities	57.1	84.5	923.5	-
FX transactions	4 270.6	52.0	-	-
Forward transactions	156.5	-	-	-
IRS	12 333.2	3 278.9	8.5	-
FRA	1 150.0	-	-	-
Options	1 406.7	982.2	52.5	-
Revenue and costs**				
Revenue	86.1	-2.3	57.8	-0.5
Costs***	19.2	18.4	0.5	-

2013

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	24.5	15.6	-	-
Deposits placed	55.3	-	-	-
Loans	-	11.5	3 629.1	-
Positive valuation of derivatives	324.8	207.1	0.3	-
Repo	133.7	-	-	-
Other receivables	4.1	0.9	0.5	-
Liabilities				
Deposits received	940.9	1 190.6	464.7	57.3
Loro accounts	46.7	8.5	-	-
Negative valuation of derivatives	261.1	229.4	0.4	-
Repo	28.8	424.3	-	-
Other liabilities	3.5	-	-	-
Off-balance-sheet operations				
Contingent liabilities	39.1	57.3	1 584.9	0.1
FX transactions	4 512.5	37.6	-	-
Forward transactions	10.2	-	-	-
IRS	10 295.0	3 552.9	9.5	-
FRA	829.4	-	-	-
Options	1 440.7	1 495.3	52.6	-
Revenue and costs**				
Revenue	11.3	-9.8	106.0	-2.2
Costs***	48.9	38.2	17.0	-

*/ 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 standalone financial statements (PLN million)

I half 2013

	ING Bank NV	Other ING Group	Subsidiary undertakings *	Associated undertakings*
Receivables				
Nostro accounts	12.4	40.0	-	-
Loans	-	2.4	3 249.8	-
Positive valuation of derivatives	273.4	234.7	-	-
Other receivables	4.0	1.2	0.5	-
Liabilities				
Deposits received	186.6	1 078.3	397.9	133.0
Loro accounts	44.5	7.4	-	-
Negative valuation of derivatives	301.5	282.9	0.4	-
Repo	96.5	-	-	-
Other liabilities	3.8	-	0.6	-
Off-balance-sheet operations				
Contingent liabilities	28.5	47.5	833.6	-
FX transactions	6 378.3	59.0	-	-
Forward transactions	18.0	161.1	-	-
IRS	9 258.3	4 359.5	10.5	-
FRA	1 082.3	-	-	-
Options	1 250.0	1 753.7	54.9	-
Revenue and costs**				
Revenue	-5.4	-4.6	54.9	-1.6
Costs	39.8	18.5	8.4	-

*/ 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).

In the semi-annual report for the period of 6 months ending on 30 June 2013, the amount of income and costs of the transactions made by the Bank with ING Bank NV and other ING Group members was presented incorrectly. The 1H 2013 amounts presented herein have been adjusted.

13. Segment reporting

13.1. 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.

13.1.1. 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 and bank cards.

13.1.2. Corporate banking segment

Corporate banking area encompasses as follows:
- providing services to institutional clients,
- Financial Markets products,
- Bank Treasury operations.

Services to institutional clients encompasses strategic clients, large corporate entities and mid-sized companies. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services, capital market operations conducted by the parent entity.
Financial Markets products encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers' benefit. Within the framework of this activity, currency, money and derivative instrument market products and securities operations (treasury securities, shares and notes) are specified.

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

13.1.3. Measurement

The measurement of the segment's assets and liabilities, segment's revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS).
Transfer prices are defined based on the yield curve for a given currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtainment of long-term liquidity, matching of the Bank's position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations.

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

The Bank presents segment's interest income reduced by the cost of the interest. This results from the fact that while evaluating the segment's results and assigning assets to the segment, the Management Board relies mainly on net interest income.

In H1 2014, the Bank updated the allocation key for ALCO income and introduced changes referred to in item 6. *Comparability of financial data.* Data for the 6 months of 2013 presented herein were made comparable.

PLN million	**I half 2014** the period from 1 Jan 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**937.3**	**792.5**	**1 729.8**
Net interest income	632.4	458.6	1 091.0
Net commission income	238.0	286.4	524.4
Other income/expenses	66.9	47.5	114.4
Expenses total	**571.6**	**322.7**	**894.3**
Result before risk	**365.7**	**469.8**	**835.5**
Impairment losses	47.3	62.9	110.2
Result after impairment losses (profit before tax)	**318.4**	**406.9**	**725.3**
Income tax			144.8
Result after tax			**580.5**

PLN million	**II quarter 2014** the period from 1 Apr 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**503.7**	**406.9**	**910.6**
Net interest income	327.1	224.5	551.6
Net commission income	120.8	145.7	266.5
Other income/expenses	55.8	36.7	92.5
Expenses total	**286.9**	**164.9**	**451.8**
Result before risk	**216.8**	**242.0**	**458.8**
Impairment losses	10.6	20.1	30.7
Result after impairment losses (profit before tax)	**206.2**	**221.9**	**428.1**
Income tax			84.9
Result after tax			**343.2**

PLN million	**I half 2013** the period from 1 Jan 2013 to 30 Jun 2013		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**795.0**	**802.0**	**1 597.0**
Net interest income	473.5	440.2	913.7
Net commission income	214.4	266.7	481.1
Other income/expenses	107.1	95.1	202.2
Expenses total	**584.2**	**321.5**	**905.7**
Result before risk	**210.8**	**480.5**	**691.3**
Impairment losses	78.4	45.9	124.3
Result after impairment losses (profit before tax)	**132.4**	**434.6**	**567.0**
Income tax			106.0
Result after tax			**461.0**

PLN million	**II quarter 2013** the period from 1 Apr 2013 to 30 Jun 2013		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**400.1**	**392.4**	**792.5**
Net interest income	245.5	221.2	466.7
Net commission income	115.1	128.8	243.9
Other income/expenses	39.5	42.4	81.9
Expenses total	**287.9**	**160.6**	**448.5**
Result before risk	**112.2**	**231.8**	**344.0**
Impairment losses	40.4	24.9	65.3
Result after impairment losses (profit before tax)	**71.8**	**206.9**	**278.7**
Income tax			47.2
Result after tax			**231.5**

as of 30 Jun 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	19 438.4	74 259.1	93 697.5
Segment investments in controlled entities	122.7	298.7	421.4
Other assets (not allocated to segments)	0.0	0.0	988.1
Total assets	**19 561.1**	**74 557.8**	**95 107.0**
Segment liabilities	46 305.2	38 596.7	84 901.9
Other liabilities (not allocated to segment)	0.0	0.0	1 301.3
Equity	0.0	0.0	8 903.8
Total equity and liabilities	**46 305.2**	**38 596.7**	**95 107.0**

as of 31 Mar 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	18 603.3	69 283.0	87 886.3
Segment investments in controlled entities	158.4	303.0	461.4
Other assets (not allocated to segments)	0.0	0.0	910.2
Total assets	**18 761.7**	**69 586.0**	**89 257.9**
Segment liabilities	45 508.2	33 979.7	79 487.9
Other liabilities (not allocated to segment)	0.0	0.0	1 200.2
Equity	0.0	0.0	8 569.8
Total equity and liabilities	**45 508.2**	**33 979.7**	**89 257.9**

as of 31 Dec 2013

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	18 092.0	64 217.1	82 309.1
Segment investments in controlled entities	158.4	303.0	461.4
Other assets (not allocated to segments)	0.0	0.0	900.0
Total assets	**18 250.4**	**64 520.1**	**83 670.5**
Segment liabilities	44 609.1	29 722.6	74 331.7
Other liabilities (not allocated to segment)	0.0	0.0	1 010.9
Equity	0.0	0.0	8 327.9
Total equity and liabilities	**44 609.1**	**29 722.6**	**83 670.5**

as of 30 Jun 2013

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	17 188.6	60 021.5	77 210.1
Segment investments in controlled entities	152.5	301.9	454.4
Other assets (not allocated to segments)	0.0	0.0	889.0
Total assets	**17 341.1**	**60 323.4**	**78 553.5**
Segment liabilities	41 837.8	27 729.5	69 567.3
Other liabilities (not allocated to segment)	0.0	0.0	1 125.5
Equity	0.0	0.0	7 860.7
Total equity and liabilities	**41 837.8**	**27 729.5**	**78 553.5**

as of 31 Mar 2013

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	16 517.4	56 841.0	73 358.4
Segment investments in controlled entities	152.5	301.9	454.4
Other assets (not allocated to segments)	0.0	0.0	885.7
Total assets	**16 669.9**	**57 142.9**	**74 698.5**
Segment liabilities	40 377.2	25 446.5	65 823.7
Other liabilities (not allocated to segment)	0.0	0.0	923.4
Equity	0.0	0.0	7 951.4
Total equity and liabilities	**40 377.2**	**25 446.5**	**74 698.5**

13.2. Geographical segments

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

14. Total capital ratio

	as of 30 Jun 2014	as of 31 Mar 2014	as of 31 Dec 2013	as of 30 Jun 2013	as of 31 Mar 2013
Total capital ratio	15.70%	15.30%	17.10%	15.25%	14.41%

Interim condensed standalone financial statements (PLN million)

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

2014-08-05	**Małgorzata Kołakowska**	President	*(signed on the Polish original)*
2014-08-05	**Mirosław Boda**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Michał Bolesławski**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Joanna Erdman**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Justyna Kesler**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Oscar Edward Swan**	Vice-President	*(signed on the Polish original)*
2014-08-05	**Ignacio Juliá Vilar**	Vice-President	*(signed on the Polish original)*

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2014-08-05	**Tomasz Biłous**	Director of Bank, Chief Accountant	*(signed on the Polish original)*