2015

Semi-annual consolidated report of the ING Bank Śląski S.A. Group for the period of 6 months ending on 30 June 2015

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Selected financial data from financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

• Selected financial data

	2 quarter 2015	I half year 2015	2 quarter 2014	I half year 2014
Net interest income	594.1	1 163.1	582.2	1 150.1
Net commission income	263.5	513.5	279.6	555.7
Result on basic activities	981.4	1 887.4	896.6	1 769.2
Result before tax	414.8	740.9	383.9	712.4
Net profit attributable to shareholders of ING Bank Śląski S.A.	344.6	605.6	282.3	536.9
Earnings per ordinary share (PLN)	2.65	4.65	2.17	4.13

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Loans and receivables to customers (net) excluding Eurobonds	64 416.0	59 648.4	57 130.9	53 595.5	50 846.9
Liabilities due to customers including matched funding for leasing portfolio	83 003.2	79 888.1	78 126.0	72 315.0	69 580.4
- matched funding	*2 252.6*	*2 281.4*	*2 467.1*	*2 625.8*	*2 554.5*
Total assets	105 318.9	102 568.3	99 860.7	98 261.8	92 244.7
Equity attributable to shareholders of ING Bank Śląski S.A.	9 556.1	10 229.5	10 454.0	9 158.7	8 885.6
Initial capital	130.1	130.1	130.1	130.1	130.1

• Key effectiveness ratios

	30 Jun 2015	31 Mar 2015	30 Jun 2014	31 Mar 2014
C/I - Cost/Income ratio (%)	52.9	54.7	53.4	53.3
ROA - Return on assets (%)	1.1	1.1	1.2	1.1
ROE - Return on equity (%)	11.2	10.8	11.9	11.3
NIM - net interest margin (%)	2.47	2.56	2.73	2.73
L/D - Loans-to-deposits ratio (%)	77.6	74.7	74.1	73.2
Total capital ratio (%)	13.7	14.8	15.0	14.6

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 4.1341 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in IH 2015.
  - PLN 4.1784 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in IH 2014.
- for statement of financial positions items:
  - PLN 4.1944 - NBP exchange rate of 30 June 2015.
  - PLN 4.0890 - NBP exchange rate of 31 March 2015.
  - PLN 4.2623 - NBP exchange rate of 31 December 2014.
  - PLN 4.1609 - NBP exchange rate of 30 June 2014.
  - PLN 4.1713 - NBP exchange rate of 31 March 2014.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	2 Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	2 Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
Net interest income	7.1	594.1	1 163.1	582.2	1 150.1
Net commission income	7.2	263.5	513.5	279.6	555.7
Net income on financial instruments measured at fair value through profit or loss and FX result	7.3	27.5	42.7	22.8	47.7
Net income on investments	7.4	90.6	141.5	4.9	5.2
Net income on hedge accounting	7.5	3.3	14.7	3.0	3.8
Net income on other basic activities	7.6	2.4	11.9	4.1	6.7
Result on basic activities		**981.4**	**1 887.4**	**896.6**	**1 769.2**
General and administrative expenses	7.7	502.3	997.9	480.5	951.7
Impairment losses and provisions for off-balance sheet liabilities	7.8	64.3	148.6	33.3	117.4
Share in net profit (loss) of associated entities recognised under the equity method		0.0	0.0	1.1	12.3
Profit (loss) before tax		**414.8**	**740.9**	**383.9**	**712.4**
Income tax	7.9	70.1	135.2	101.5	175.4
Net profit (loss)		**344.7**	**605.7**	**282.4**	**537.0**
- attributable to shareholders of ING Bank Śląski S.A.		**344.6**	**605.6**	**282.3**	**536.9**
- attributable to non-controlling interests		0.1	0.1	0.1	0.1

	2 Q 2015	1 HY 2015	2 Q 2014	1 HY 2014
Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**344.6**	**605.6**	**282.3**	**536.9**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**2.65**	**4.65**	**2.17**	**4.13**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2 Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	2 Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
Net result for the period	**344.7**	**605.7**	**282.4**	**537.0**
Other comprehensive income, of which:	**-1 018.7**	**-984.1**	**562.5**	**566.3**
- items which can be reclassified to income statement	-1 015.4	-981.4	559.4	563.1
- items which will not be reclassified to income statement	-3.3	-2.7	3.1	3.2
Total comprehensive income for the period, of which:	**-674.0**	**-378.4**	**844.9**	**1 103.3**
- attributable to shareholders of ING Bank Śląski S.A.	-674.1	-378.5	844.8	1 103.3
- attributable to non-controlling interests	0.1	0.1	0.1	0.1

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
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Katowice, 04-08-2015

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
ASSETS						
- Cash in hand and balances with the Central Bank		2 864.7	2 392.5	5 330.7	7 857.1	7 304.2
- Loans and receivables to other banks	7.10	2 315.4	2 111.3	1 838.3	2 576.1	2 050.9
- Financial assets measured at fair value through profit and loss	7.11	1 755.6	2 645.7	1 856.8	2 903.7	2 700.3
- Valuation of derivatives		1 949.8	2 608.0	2 412.3	1 467.4	1 352.4
- Investments	7.12	24 267.6	23 869.7	22 829.3	22 090.4	20 994.9
- Derivative hedge instruments		2 036.6	3 039.3	2 983.8	1 653.0	1 011.1
- Loans and receivables to customers	7.13, 7.14	68 127.2	63 399.0	61 054.8	57 319.0	54 597.1
- Receivables from customers due to repo transactions		491.3	987.1	106.6	773.5	660.4
- Investments in associated entities recognised under the equity method		0.0	0.0	0.0	0.0	147.7
- Non-financial assets	7.15	1 005.4	1 017.9	1 032.3	1 064.0	1 050.2
- Assets held for sale	7.16	156.0	151.0	144.9	134.3	32.2
- Tax assets		65.9	77.8	59.1	91.4	100.3
- Other assets		283.4	269.0	211.8	331.9	243.0
Total assets		**105 318.9**	**102 568.3**	**99 860.7**	**98 261.8**	**92 244.7**
EQUITY AND LIABILITIES						
LIABILITIES						
- Liabilities due to other banks	7.17	8 493.0	5 807.5	6 123.4	11 859.5	10 542.5
- Financial liabilities measured at fair value through profit and loss	7.18	412.1	1 187.7	917.4	1 528.1	1 453.9
- Valuation of derivatives		2 062.7	2 744.8	2 521.6	1 527.1	1 372.3
- Derivative hedge instruments		1 900.5	2 062.5	2 032.8	1 251.7	1 122.3
- Liabilities due to customers	7.19	80 750.6	77 606.7	75 658.9	69 689.2	67 025.9
- Liabilities due to customers under repo transactions		4.5	54.8	29.7	1 286.1	10.4
- Liabilities under issue of debt securities		866.3	872.7	866.5	566.4	571.4
- Provisions	7.20	69.5	70.6	74.8	71.1	68.9
- Tax liabilities		10.2	247.3	265.6	144.0	3.7
- Other liabilities		1 190.8	1 681.6	913.4	1 177.5	1 185.5
Total liabilities		**95 760.2**	**92 336.2**	**89 404.1**	**89 100.7**	**83 356.8**
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		888.3	1 908.8	1 874.3	1 085.9	526.5
- Revaluation of share-based payment		49.2	48.5	48.2	47.7	47.0
- Retained earnings		7 532.2	7 185.8	7 445.1	6 938.7	7 225.7
Equity attributable to shareholders of ING Bank Śląski S.A.		**9 556.1**	**10 229.5**	**10 454.0**	**9 158.7**	**8 885.6**
- Non-controlling interests		**2.6**	**2.6**	**2.6**	**2.4**	**2.3**
Total equity		**9 558.7**	**10 232.1**	**10 456.6**	**9 161.1**	**8 887.9**
Total equity and liabilities		**105 318.9**	**102 568.3**	**99 860.7**	**98 261.8**	**92 244.7**

Net book value	**9 556.1**	**10 229.5**	**10 454.0**	**9 158.7**	**8 885.6**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**73.45**	**78.63**	**80.35**	**70.40**	**68.30**

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Katowice, 04-08-2015

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 HY 2015
the period from 01 Jan 2015 to 30 Jun 2015

	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**	**561.2**	**31.4**	**1 278.3**	**3.4**	**48.2**	**7 445.1**	**2.6**	**10 456.6**
Net result for the current period	-	-	-	-	-	-	-	*605.6*	*0.1*	**605.7**
Other comprehensive income, of which:	**0.0**	**0.0**	**-195.4**	**-4.6**	**-786.0**	**0.0**	**0.0**	**1.9**	**0.0**	**-984.1**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-139.5*	-	-	-	-	-	-	*-139.5*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-43.7*	-	-	-	-	-	-	*-43.7*
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	*-12.2*	-	-	-	-	-	-	*-12.2*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-786.0*	-	-	-	-	*-786.0*
- remeasurement of property, plant and equipment	-	-	-	*-3.8*	-	-	-	*1.4*	-	*-2.4*
- disposal of property, plant and equipment	-	-	-	*-0.8*	-	-	-	*0.5*	-	*-0.3*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**-520.4**	**-0.1**	**-519.5**
- revaluation of share-based payment	-	-	-	-	-	-	*1.0*	-	-	*1.0*
- dividend paid	-	-	-	-	-	-	-	*-520.4*	*-0.1*	*-520.5*
Closing balance of equity	**130.1**	**956.3**	**365.8**	**26.8**	**492.3**	**3.4**	**49.2**	**7 532.2**	**2.6**	**9 558.7**

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

	Share capital	Supplemen- tary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**
Net result for the current period	-	-	-	-	-	-	-	*1 040.7*	*0.1*	**1 040.8**
Other comprehensive income, of which:	**0.0**	**0.0**	**287.5**	**-11.8**	**1 072.8**	**1.5**	**0.0**	**7.7**	**0.0**	**1 357.7**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*291.8*	-	-	-	-	-	-	*291.8*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-4.3*	-	-	-	-	-	-	*-4.3*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*1 072.8*	-	-	-	-	*1 072.8*
- remeasurement of property, plant and equipment	-	-	-	*-5.6*	-	-	-	-	-	*-5.6*
- disposal of property, plant and equipment	-	-	-	*-6.2*	-	-	-	*7.7*	-	*1.5*
- actuarial gains / losses	-	-	-	-	-	*1.5*	-	-	-	*1.5*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**	**-572.8**	**0.2**	**-570.5**
- revaluation of share-based payment	-	-	-	-	-	-	*2.1*	-	-	*2.1*
- increase of shares in the subsidiary	-	-	-	-	-	-	-	*-0.4*	*0.2*	*-0.2*
- dividend paid	-	-	-	-	-	-	-	*-572.4*	-	*-572.4*
Closing balance of equity	**130.1**	**956.3**	**561.2**	**31.4**	**1 278.3**	**3.4**	**48.2**	**7 445.1**	**2.6**	**10 456.6**

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Katowice, 04-08-2015

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 HY 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**	**9 161.1**

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Katowice, 04-08-2015

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
OPERATING ACTIVITIES		
Net profit (loss)	**605.6**	**536.9**
Adjustments	**-2 486.2**	**1 442.3**
- Profit (loss) attributable to non-controlling interests	0.1	0.1
- Share in net profit (loss) of associated entities	0.0	-12.3
- Depreciation and amortisation	85.2	76.5
- Interest accrued (from the profit and loss account)	-1 163.1	-1 150.1
- Interest paid	-619.3	-720.9
- Interest received	1 882.8	1 810.6
- Dividends received	-83.8	0.0
- Gains (losses) on investment activities	-0.4	-2.8
- Income tax (from the profit and loss account)	135.2	175.4
- Income tax paid	-397.4	-114.6
- Change in provisions	-5.3	3.3
- Change in loans and other receivables to other banks	-595.2	-691.2
- Change in financial assets at fair value through profit or loss	101.4	-951.8
- Change in available-for-sale financial assets	68.6	-2 369.1
- Change in financial assets held to maturity	-1 726.9	0.0
- Change in valuation of derivatives	3.6	38.1
- Change in derivative hedge instruments	28.9	-20.4
- Change in other receivables to customers	-7 552.5	-5 300.0
- Change in other assets	-69.6	-99.3
- Change in liabilities due to other banks	2 564.6	7 212.1
- Change in liabilities at fair value through profit or loss	-505.3	293.9
- Change in liabilities due to customers	5 083.8	3 029.0
- Change in other liabilities	278.4	235.8
Net cash flow from operating activities	**-1 880.6**	**1 979.2**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-40.2	-48.4
- Disposal of property, plant and equipment	8.7	1.5
- Purchase of intangible assets	-42.2	-28.4
- Disposal of fixed assets held for sale	0.0	2.0
- Dividends received	83.8	0.0
Net cash flow from investment activities	**10.1**	**-73.3**
FINANCIAL ACTIVITIES		
- Long-term loans received	29.4	333.8
- Long-term loans repaid	-211.0	-279.3
- Interest on long-term loans repaid	-13.3	-17.4
- Interest on debt securities issued	-0.2	0.0
- Dividends paid	-520.5	-572.4
Net cash flow from financial activities	**-715.6**	**-535.3**
Effect of exchange rate changes on cash and cash equivalents	***-44.9***	***17.9***
Net increase/decrease in cash and cash equivalents	**-2 586.1**	**1 370.6**
Opening balance of cash and cash equivalents	**6 311.1**	**7 850.0**
Closing balance of cash and cash equivalents	**3 725.0**	**9 220.6**

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Katowice, 04-08-2015

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

II. Additional information

1. Information on the Bank and the Capital Group

1.1. Key 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

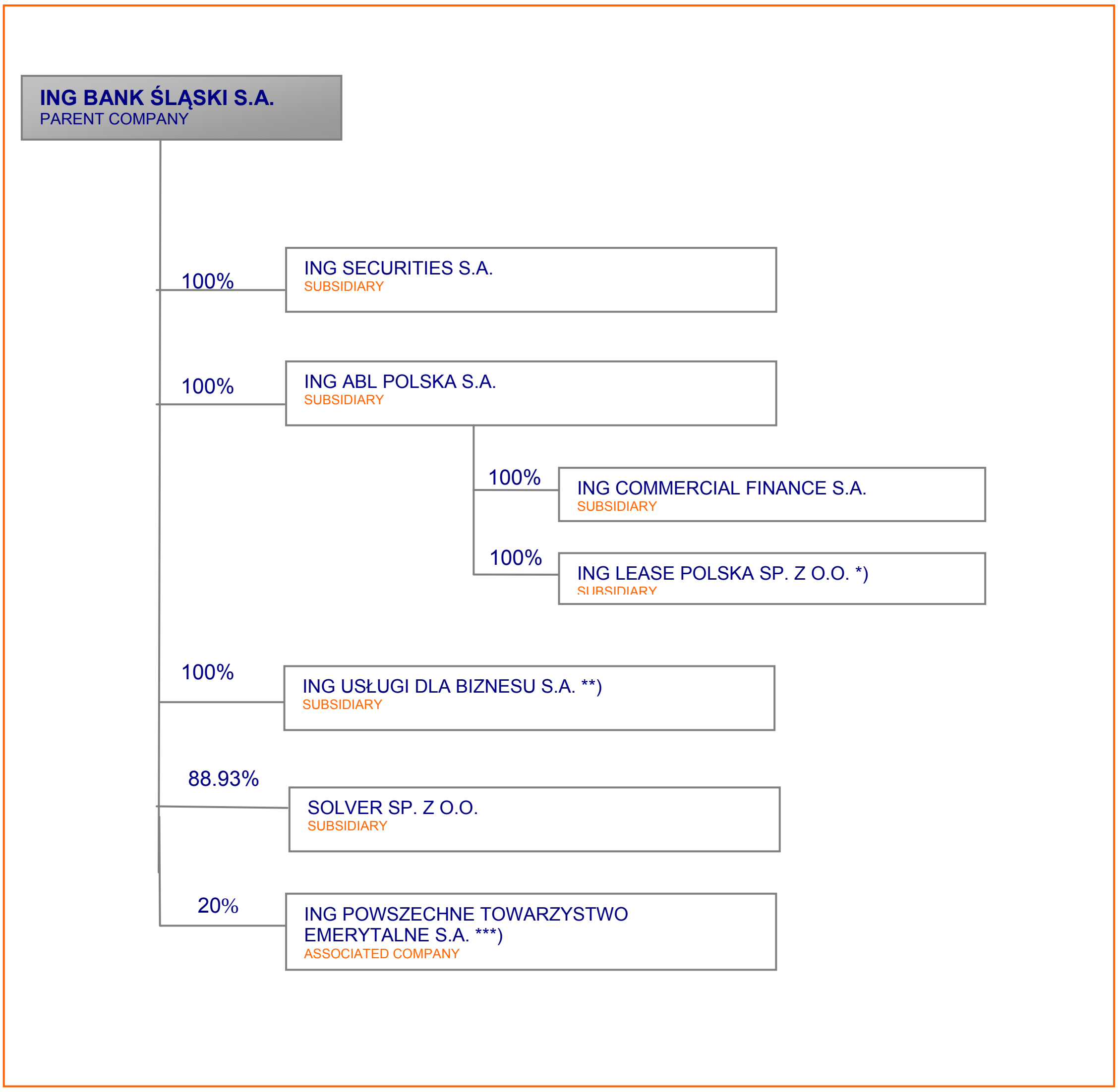
ING Bank Śląski S.A. offers a broad range of banking services rendered for individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. The Bank is also active on the domestic and 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 2015, the composition of ING Bank Śląski S.A. Capital Group was the following:



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

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

***) In 2Q 2014, the Group reclassified shares in the associated entity to the category of assets held for sale.

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

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 30 June 2015 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders. ING Bank NV belongs to the Capital Group, herein referred to as ING Group.

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As at the date 30 June 2015, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Meeting
1.	ING Bank NV	97,575,000	75.00
2.	AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	7,601,000	5.84

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

As at 30 June 2015, neither Management Board nor Supervisory Board members held shares of ING Bank Śląski S.A. So was the situation also at the date of rendering the financial statements for the previous reporting period into the public domain.

1.7. Entity authorised to audit financial statements

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

1.8. Approval of financial statements

The annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2014 to 31 December 2014 were approved by the General Meeting on 31 March 2015.

These interim condensed consolidated financial statements have been approved by the Bank Management Board on 4 August 2015.

2. Significant events in I half 2015

2.1. Dividend from ING Powszechne Towarzystwo Emerytalne S.A. Company

On 22 June 2015, the Ordinary General Meeting of ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) passed a resolution on 2014 dividend payout. As per the share purchase agreement concerning sale of 20% of ING PTE shares to ING Continental Europe Holdings B.V. (the share purchase agreement is described in item *2.11. Conclusion of the Share Purchase Agreement concerning the shares of the ING Powszechne Towarzystwo Emerytalne S.A. company*), the dividend for 2015 for the bundle of shares covered by the said agreement was included in the agreed share selling price (the total price of PLN 210 million).

The dividend was paid on 23 June 2015. As per the ING PTE General Meeting Resolution, the amount of the dividend due to the Bank was PLN 82 million.

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

- bonds series INGBS191219

On 19 June 2015, due to commencing new coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS191219 of the total nominal value of PLN 300,000,000.00, issued by the Bank on 19 December 2014, under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 2.53% per annum. The next coupon date falls on 19 December 2015. The other rights under the said bonds remain unchanged.

- bonds series INGBS061217

On 6 June 2015, due to commencing new, sixth 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 2.66% per annum. The next coupon date falls on 6 December 2015. The other rights under the said bonds remain unchanged.

2.3. Portfolio sale

On 14 May 2015, ING Bank Śląski S.A. concluded with Pragma 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny (Non-Standard Closed-End Securitization Investment Fund) managed and represented by Towarzystwo Funduszy Inwestycyjnych BDM S.A., with its registered office in Bielsko-Biała, an agreement on the sale of the portfolio of corporate receivables recognized as impaired loans or loans written off the balance sheet in full. The total amount of receivables sold under the agreement equalled PLN 265.6 million (principal and interest as at the agreement conclusion date); the receivables were fully covered with impairment losses, or written off the Bank balance sheet in full. The contractual sale price of the portfolio was established at PLN 9.2 million.
The positive transaction impact on the Bank's risk costs was PLN 7.0 million. As a consequence of the agreement described, the Bank decreased its non-performing loans portfolio by PLN 191.7 million.

2.4. Rating changes

- Moody's Investors Service rating agency

On 21 May 2015, Moody's Investors Service upgraded the long-term deposit rating for ING Bank Śląski S.A. to A3 from Baa1 and assigned it a stable outlook (revised from "review for possible upgrade", previously "negative"). The rating change was announced by Moody's on 17 March 2015 in the press release where Moody's communicated that it had started to review the ratings of banks, ING Bank Śląski S.A. included, following the new bank rating methodology announced a day earlier. The ING Bank Śląski S.A. rating takes into account Poland's supportive macroeconomic environment, good financial standing reflected by capital ratios, portfolio quality, profitability and liquidity metrics, as well as the Bank's large volume of deposits which minimises loss given failure. Further, Moody's assigned ING Bank Śląski S.A. the Counterparty Risk Assessment (or CR Assessment) of A2 – long-term and of P-1 – short-term. Other ratings did not change.

- *Fitch Ratings Ltd. rating agency*

On 19 May 2015, Fitch Ratings Ltd. downgraded the Long-Term Issuer Default Rating (Long-Term IDR) for ING Bank Śląski S.A. from A to A-, and revised the outlook for that rating from "negative" to "stable". The downgrade is the result of the same rating action taken towards ING Bank N.V. which is the Bank's main shareholder.

In line with its previous announcements, Fitch agency revised the ratings for banks in view of the advanced implementation status of the new European regulations regarding banks' functioning, including in particular Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive, or BRRD) and the Single Resolution Mechanism (SRM). The agency believes the new regulations substantially reduce the likelihood of sovereign support for the banks; as a result, the current ratings do not account for the potential support from the sovereign.

The other ratings assigned by the agency are unaffected by the revision of the Long-Term IDR and its outlook. The agency affirmed the Bank's Short-Term IDR at F1 and the support rating at 1. The individual Viability Rating at bbb+ was unaffected by the rating revision.

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

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

- on approval of the 2014 annual financial statements (consolidated and separate financial statements),
- on approval of the Management Board report on operations in 2014 (consolidated and separate reports),
- on acknowledgement of the fulfilment of duties of the Management Board and Supervisory Board Members for 2014,
- on distribution of profit for the year 2014,
- on dividend payout for the year 2014 (description under item *10. Dividends paid*),
- on amendment to the Charter of ING Bank Śląski S.A.,
- changes to the Supervisory Board composition (changes were described in item *2.7 Changes to the Supervisory Board Composition*) and changes to the remuneration of the Supervisory Board Members.

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

2.6. Changes to the Supervisory Board Composition

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

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

2.7. Appointment of the Bank Management Board for the new term of office

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

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

2.8. Changes to Bank Management Board Composition

On 18 June 2015, Mr. Oscar Edward Swan tendered his resignation to the Chair of the Supervisory Board of ING Bank Śląski S.A. as the Vice-President of the Management Board of ING Bank Śląski S.A. as of 30 June 2015.
As of 01 July 2015, Mr. Oscar Edward Swan assumed the position of the Vice-President of the Management Board in ING Lease (Polska) Sp. z o.o. belonging to the ING Bank Śląski S.A. Group.
On 18 June 2015, the Supervisory Board appointed Mr. Patrick Roesink Vice-President of the Bank Management Board in charge of the Credit and Market Risk Management Division as of 01 July 2015 (the Polish Financial Supervision Authority at its meeting held on 26 May 2015 consented to appointment of Mr. Patrick Roesink to the position of the Member of the ING Bank Śląski S.A. Management Board).

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

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

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

2.10. Conclusion of a significant agreement

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

PLN 1,041,000,000. The value of the agreement is the highest of all agreements concluded with the members of that Group over the last 12 months.
The criterion for regarding the agreement as significant is the total exposure which exceeds 10% of the Bank's equity.

2.11. Conclusion of Share Purchase Agreement concerning the shares of ING Powszechne Towarzystwo Emerytalne S.A.

On 10 February 2015, the Bank signed a share purchase agreement of a block of 20% of shares of ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) for the benefit of ING Continental Europe Holdings B.V. (ING CEH). The selling price of the shares has been set in the agreement at PLN 210 million. As per the Letter of Intent of 06 May 2014, the price was reduced by the dividend paid out for the year 2013 and other adjustment elements set out in the above Letter. Independent fairness opinion issued by PwC Polska Sp. z o.o. confirmed that the price was set on an arm's-length basis.

The price will be adjusted as at the shares ownership transfer date with the value of dividend paid out to the Bank by ING PTE on 23 June 2015.

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

2.12. Decision of the Swiss National Bank to remove the CHF rate peg

In January 2015, the Swiss National Bank resolved to remove the CHF/EUR exchange peg. This decision translated into an unprecedented strengthening of Swiss franc versus other currencies, PLN included. Also, the Swiss National Bank decided to cut interest rates.
The Bank has a CHF mortgage portfolio which as at the end of June 2015 was CHF 344 million, or represented approx. 2% of the total lending portfolio and approx. 1% of the CHF mortgage market. The systemic solutions for FX risk associated with CHF-denominated portfolios proposed by various state and supervisory bodies may cause the Bank to incur losses in future periods.

3. Significant events after the balance sheet date

3.1. Update on the sale of shares of the ING Powszechne Towarzystwo Emerytalne S.A. Company.

On 07 July 2015, the Polish Financial Supervision Authority (PFSA) approved the purchase by NN Continental Europe Holdings B.V. (former ING Continental Europe Holdings B.V.) of 20% of shares of the ING Powszechne Towarzystwo Emerytalne S.A. Company (under the Communique from 265th session of the Polish Financial Supervision Authority published on PFSA's website).
On 20 July 2015, the Bank transferred the ownership of 20% of shares of ING Powszechne Towarzystwo Emerytalne S.A. onto the buyer. Details of the aforesaid transaction were described in item *2.11. Conclusion of Share Purchase Agreement concerning the shares of the ING Powszechne Towarzystwo Emerytalne S.A.*

3.2. Sale of debt

- On 08 July 2015, ING Bank Śląski S.A. concluded with Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Prokura Non-Standard Close-End Securitization Fund) with its registered office in Wrocław the agreement on the sale of the portfolio, mainly of retail receivables recognised as impaired loans or written off the balance sheet in full. The total amount of the receivables sold under the agreement equalled PLN 253.4 million (principal, interest and other expenses as at the agreement conclusion date); the receivables were fully covered with impairment losses or were written off the Bank balance sheet in full. The final sale price of the portfolio was established at PLN 30.4 million. The positive impact of the transaction on the Bank's risk costs was PLN 21 million. As a consequence of the said agreement, the Bank decreased its non-performing loans portfolio by PLN 139.4 million.
- On 23 July 2015, the Bank concluded an agreement on the sale of a portion of corporate receivables from the impaired portfolio. The transaction's impact on the Bank gross result totalled PLN 9 million.

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 2015 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 June 2015 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the Bank's financial statements for the year ended 31 December 2014 approved by the General Meeting on 31 March 2015.

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated cash flow statement for the period from 1 January 2015 to 30 June 2015, and interim condensed consolidated statement of financial position as at 30 June 2015 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. Going-concern

These interim condensed consolidated financial statements 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 2015 and I half 2014.

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 2015 comprise the Bank and its subsidiaries and the Group's interest in associates and jointly controlled entities.

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

4.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2014 to 30 June 2014 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated cash flow statement, additionally for the period from 1 January 2014 to 31 December 2014 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 2015, 31 December 2014, 30 June 2014 and 31 March 2014. 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 2015 (period from 1 April 2015 to 30 June 2015) as well as comparative data for the Q2 2014 (period from 1 April 2014 to 30 June 2014).

The following financial data presented quarterly:

- for the period from 1 January 2015 to 31 March 2015,
- for the period from 1 April 2015 to 30 June 2015,
- for the period from 1 April 2014 to 30 June 2014 and
- as at 31 March 2015

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 the annual consolidated financial statements for the year 2014 (Annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2014 to 31 December 2014) as well as the standards and interpretations adopted by the European Union, effective for annual periods starting on or after 1 January 2015:

Interim condensed consolidated financial statements (PLN million)

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

The standards and interpretations which were already issued but are still ineffective since not approved by the European Union or approved by the European Union but not previously applied by the Group were presented in the 2014 Annual Consolidated Financial Statements. There were no new amendments published to the accounting standards in H1 2015.

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

5. 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 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

Below presented are modifications introduced to the description of accounting principles applied by the Capital Group. The changes implemented in I half 2015 were editorial in nature and were aimed at enhancing the quality of the description of the accounting principles applied by the Group and making it more transparent.

5.1. Specification of the guidelines in the item concerning impairment of assets measured at amortized cost

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

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

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

a) Impairment conditions for retail credit exposures

- a debtor has a default of +90 DPD for a material exposure (under Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013);
- there have been enforcement proceedings instituted against the debtor;
- there is a high probability of bankruptcy or a debtor is in bankruptcy;
- debtor's credit agreement has been terminated;
- the debtor's/ entrepreneur's financial standing is poor which is reflected by a relevant risk rating assigned thereto as provided for by the model used by the Bank;
- the credit receivables wherefor the present value of debt was significantly reduced is in restructuring;
- some credit receivables wherefor impairment was recognized is redeemed/written down;
- there is a reasonable suspicion of credit wangling;
- other debtor's accounts found under the same product segment show impairment;
- that the credit facility will be regularly repaid was not lent credence to under the circumstances where the term of regular credit repayment is shorter or equals 90 days (3 months).

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

- there is a high probability of bankruptcy or other financial restructuring of the debtor (e.g. client filed for or is in bankruptcy/liquidation, or discontinued business operations);
- the debtor discontinued to repay the principal, interest or commissions with the default applicable:
  - for the clients other than financial institutions – for +45 days,
  - for financial institutions – for +1 business day for banks and 5 business days for other financial institutions, in keeping with a 14-day investigation period in order to determine whether the default was triggered by non-operational reasons relating to deterioration of the debtor's credit quality;
- 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 asset disappeared because of financial difficulties of the debtor, adversely influencing future cash flows from a given financial asset;
- credit receivables are restructured for non-profit reasons; i.e.: due to the client's financial problems;
- major conflict between shareholders, loss of the sole/main counterparty, loss/death of a key person in the entity when there is no succession, random incident leading to destruction of key debtor's assets;
- the balance sheet credit exposure was questioned by the debtor under court procedure; and
- neither the sole trader's place of stay is known nor their property has been disclosed.

c) Conditions of credit exposure impairment assessment

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

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

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

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

The impairment loss calculated collectively is estimated on the basis of historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data (to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based), and also through elimination of the effects of conditions in the historical period that do not exist currently.

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

The Group regularly verifies the methodology and assumptions adopted to estimate future cash flows in order to mitigate the differences between estimated and actual losses.

For the purposes of calculation of the provision for the balance sheet and off-balance sheet exposures shown as EAD, the probability of default (PD) method (modified PD parameter) is applied, among others.

The mode of PD parameter calculation makes it possible to take account of the specific features of individual products and related loss identification periods as well as the historical loss adjustments made using the currently available data (in line with the Point-in-Time philosophy). Interest and penalty payments are recognised using the cash-basis accounting method and they do not form the basis for creation of impairment losses.

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. For the medium-sized and mid-corp clients, after 2 years of client being in default and when it is not possible to reclassify the client to the non-impaired portfolio, exposure is fully (100%) covered with impairment loss or written off. For the segment of retail clients in the same situation, the exposure is in 100% covered with the impairment loss after the lapse of:

- 3 years for mortgage loans,
- 2 years for other credit exposures.

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 Group determined the events whereunder it is possible to reverse credit exposure impairment (all of the below mentioned conditions have to be met jointly):

- the client's stay in the impaired portfolio (INSFA or ISFA) is shorter than 12 months and no impairment triggers were identified for the last 6 calendar months. However, in the absence of impairment triggers, the exposure loss can be reversed immediately after an external significant event which in the Group's opinion positively impacts client's situation has become probable or the Group's exposure on the client has been considerably reduced, or the Group has obtained new exposure collateral,
- no delays in repayment,
- the Group assesses that the client will repay all their liabilities towards the Group, and the impairment test carried out taking account of the expected future cash flows does not show impairment, and for the client having a forbearance exposure it is additionally required that it is classified to the portfolio of non-performing exposures for at least 12 months following forbearance identification.

5.2. Amendments made to the description of principles applied for exposures with forbearance and for non-performing exposures

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

Forbearance is defined

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

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

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

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

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

The forbearance can:

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

Then, accordingly:

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

5.3. Amendments made to the description of principles applied for net commission income from bancassurance services

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

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

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

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

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

For the absolute majority of insurance products linked with lending products functioning at the Group, the income on insurance products is earned based on monthly settlements with both the insurer and the client. Since the client may resign at any time from the insurance coverage for the following month, the Group treats such insurances as renewed each month and settled for each month separately. Therefore, the income on insurance products settled monthly is recognised in the income statement also on a monthly basis. The Group recognises the income on such insurances in the commission income on insurance products.

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

Such an approach ensures compliance with the matching principle.

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

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

- on a one-off basis – if the Group does not provide any additional services during the insurance policy term or the costs of services rendered are insignificant,
- on a straight-line basis during the insurance policy term (part of remuneration concerning post-sale service) – if the Group, apart from other sales operations, also provides additional services during the insurance term and the cost of services provision is significant.

Should there be a risk of refund of the fee under the insurance product, the Group decreases its income by the amounts of estimated provisions. The provisions for refunds are established based on the historical data on actual refunds made in the past and based on projections as to the amount of refunds in the future.

5.4. 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

<u>*Amendments to the Income Statement*</u>

The Group amended the manner of recognizing the net income on sale of debt securities covered by the fair value hedge accounting in the interim condensed consolidated financial statements for the period from 1 January 2015 to 30 June 2015 as compared to the interim consolidated financial statements for previous periods. As a result of the amendment:

- net income on sale of securities is now recognised under the item *Net income on investments* but only in the portion corresponding to the valuation under unsecured risks,
- the result of the hedging strategy i.e. result on valuation of securities under secured risk and valuation of hedging instruments is recognised under the item *Net income on hedge accounting,*
- valuation of derivatives as of hedging strategy revocation is recognised in the item *Net income on financial instruments measured at fair value through profit or loss and FX result.*

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 2014 and in the current statements.

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	H1 2014 the period from 01 Jan 2014 to 30 Jun 2014 *financial statements for I half 2014*	*Change*	H1 2014 the period from 01 Jan 2014 to 30 Jun 2014 *financial statements for I half 2015*
Net income on financial instruments measured at fair value through profit or loss and FX result	48.1	*-0.4*	47.7
Net income on investments	5.0	*0.2*	5.2
Net income on hedge accounting	3.6	*0.2*	3.8

In the interim reports, the Group presents detailed information about individual items of interest and commission income and costs in the explanatory notes.

Amendments to the Statement of Financial Position

In the interim condensed consolidated financial statements for the period from 1 January 2015 to 30 June 2015, in the statement of financial position the Group moved liabilities to co-operative savings and credit unions (SKOKs) from the item: *Liabilities to other banks* to the item: *Liabilities to customers*, compared to the interim consolidated financial statements for previous periods. The same change will be made in the note presenting interest costs on liabilities. The change is made to harmonize the data presented in the financial statements with those used in the management reporting.

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

The below table show individual items of the consolidated statement of financial position as per amounts disclosed in the in the interim condensed consolidated financial statements for I half 2014 and in the current statements.

	as at 30.06.2014 *financial statements for I half 2014*	**as at 30.06.2014** *financial statements for I half 2015*
L I A B I L I T I E S		
- Liabilities due to other banks	11,963.3	11,859.5
- Liabilities due to customers	69,585.4	69,689.2

Interim condensed consolidated financial statements (PLN million)

7. Notes to interim condensed consolidated financial statements

7.1. Net interest income

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Interest income				
- interest on loans and receivables to banks	15.4	31.3	23.8	52.5
- interest on loans and receivables to customers	690.1	1 374.2	698.5	1 372.9
- interest on repo transactions concluded with customers	1.0	4.6	4.8	8.5
- interest on available-for-sale financial assets	140.5	298.2	188.7	367.1
- interest on financial assets held to maturity	20.4	31.4	0.0	0.0
- interest on financial assets held for trading	7.6	14.3	7.8	16.8
- interest result on derivatives	3.0	11.0	9.0	18.6
Total interest income	**878.0**	**1 765.0**	**932.6**	**1 836.4**
Interest expense				
- interest on deposits from banks	16.5	31.4	28.8	53.0
- interest on deposits from customers	260.5	557.0	315.4	620.8
- interest on repo transactions concluded with customers	0.1	0.2	0.7	1.1
- interest on issue of debt securities	6.2	12.3	5.1	10.1
- interest on financial liabilities held for trading	0.6	1.0	0.4	1.3
Total interest expense	**283.9**	**601.9**	**350.4**	**686.3**
Net interest income	**594.1**	**1 163.1**	**582.2**	**1 150.1**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Commission income				
- transaction margin on currency exchange transactions	75.0	144.9	68.2	132.7
- commission related to keeping accounts	62.9	122.0	62.6	125.1
- commission related to loans	58.5	115.6	54.0	108.6
- commission related to distribution of participation units	26.4	49.4	21.2	41.7
- commission related to payment and credit cards	16.4	34.6	51.8	99.5
- commission related to insurance product offering	15.6	29.3	10.5	20.9
- commission related to brokerage activity	11.2	21.5	9.1	24.5
- commission related to factoring and lease agreements	8.7	16.3	7.9	14.3
- fiduciary and custodian fees	6.4	14.7	7.9	15.0
- foreign commercial business	4.9	9.5	4.4	8.6
- other	5.3	10.5	8.0	11.5
Total comission income	**291.3**	**568.3**	**305.6**	**602.4**
Commission expense	27.8	54.8	26.0	46.7
Net commission income	**263.5**	**513.5**	**279.6**	**555.7**

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

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Net income on financial assets and liabilities held for trading, of which:	**29.4**	**25.2**	**61.5**	**77.3**
- Net income on debt instruments	1.1	1.9	1.5	1.6
- Net income on derivatives, of which:	28.3	23.3	60.0	75.7
- currency derivatives	*17.4*	*1.8*	*56.5*	*62.4*
- interest rate derivatives	*10.9*	*21.4*	*3.2*	*12.4*
- securities derivatives	*0.0*	*0.1*	*0.3*	*0.9*
FX-result	**-1.9**	**17.5**	**-38.7**	**-29.6**
Net income on financial instruments measured at fair value through profit or loss and FX result	**27.5**	**42.7**	**22.8**	**47.7**

7.4. Net income on investments

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Net income on debt instruments available-for-sale	3.1	54.0	4.9	5.2
Dividend income	87.5	87.5	0.0	0.0
Net income on investments	**90.6**	**141.5**	**4.9**	**5.2**

Interim condensed consolidated financial statements (PLN million)

7.5. Net income on hedge accounting

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Fair value hedge accounting for securities	**3.1**	**14.5**	**3.9**	**3.6**
- valuation of the hedged transaction	-112.8	-111.5	93.7	147.1
- valuation of the hedging transaction	115.9	126.0	-89.8	-143.5
Cash flow hedge accounting	**0.2**	**0.2**	**-0.9**	**0.2**
- ineffectiveness that arises from cash flow hedges	0.2	0.2	-0.9	0.2
Net income on hedge accounting	**3.3**	**14.7**	**3.0**	**3.8**

7.6. Net income on other basic activities

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Net income on the investment properties	1.5	3.8	1.8	3.6
Other	0.9	8.1	2.3	3.1
Total	**2.4**	**11.9**	**4.1**	**6.7**

7.7. General and administrative expenses

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	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
Personnel expenses	237.0	475.9	241.3	471.8
Cost of marketing and promotion	30.9	61.0	26.7	52.1
Amortization	43.4	85.2	38.5	76.5
Other general and administrative expenses, of which:	191.0	375.8	174.0	351.3
- obligatory annual fee for the Bank Guarantee Fund	20.7	41.3	9.9	19.8
- prudential fee for the Bank Guarantee Fund	5.4	10.9	3.6	7.3
General and administrative expenses	**502.3**	**997.9**	**480.5**	**951.7**

The annual contribution as well as the prudential fee for the year 2015 paid by the Bank for the Bank Guarantee Fund (BGF) totalled PLN 104.3 million (PLN 54.1 million for 2014). The Group recognizes the liability under the aforesaid fees at the time of the obligating event occurrence, that is 01 January 2015, while the related cost is settled over time within 12 months of the year for which they are due in line with the Minister for Finance interpretation and the market practice adopted in Poland. Having regard to the above, the Group recognised PLN 52.2 million of costs under BGF contributions for the year 2015 in the reporting period. Should the total annual cost under BGF contributions be recognised on a one-off basis at the time of the obligating event occurrence (01 January 2015 and 01 January 2014, respectively), the Group's operating expenses for the reporting period would amount PLN 1,050.1 million (for H1 2014: PLN 978.8 million).

Interim condensed consolidated financial statements (PLN million)

7.7.1. Headcount

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
FTEs	8 162.0	8 144.6	8 093.9	8 100.2	8 078.9
Individuals	8 228	8 202	8 157	8 172	8 197

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
FTEs	7 707.7	7 674.0	7 637.5	7 637.9	7 630.0
Individuals	7 759	7 719	7 687	7 694	7 732

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

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	**1 HY 2015** the period from 01 Jan 2015 to 30 Jun 2015	**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
Impairment losses	268.6	479.3	188.0	381.0
Release of impairment write-offs	-204.3	-330.7	-154.7	-263.6
Net impairment losses and provisions for off-balance sheet liabilities	**64.3**	**148.6**	**33.3**	**117.4**
of which:				
Corporate banking	40.7	91.1	22.7	70.1
Retail banking	23.6	57.5	10.6	47.3

7.9. Effective tax rate

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	**1 HY 2015** the period from 01 Jan 2015 to 30 Jun 2015	**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
Profit (loss) before tax	414.8	740.9	383.9	712.4
Income tax	70.1	135.2	101.5	175.4
Net profit (loss)	344.7	605.7	282.4	537.0
Effective tax rate	**16.9%**	**18.2%**	**26.4%**	**24.6%**

The effective tax rate deviation in H1 2015 below 19% was substantially impacted by the dividend paid out to the Bank by ING Powszechne Towarzystwo Emerytalne S.A. (ING PTE) totalling PLN 82.1 million that is exempted from income tax pursuant to Article 22 section 4 of the Corporate Income Tax Act.

Interim condensed consolidated financial statements (PLN million)

7.10. Loans and receivables to other banks

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Current accounts	774.2	794.8	963.4	810.8	922.2
Interbank deposits	403.4	413.2	125.8	537.2	196.9
Loans and advances	68.8	63.5	58.3	58.3	45.3
Factoring receivables	9.8	3.8	8.9	12.8	57.8
Reverse repo transactions	1 038.0	820.9	664.9	1 131.4	817.5
Other receivables	21.2	15.2	17.0	25.7	11.3
Total (gross)	**2 315.4**	**2 111.4**	**1 838.3**	**2 576.2**	**2 051.0**
Impairment losses, of which:	0.0	-0.1	0.0	-0.1	-0.1
- concerning loans and advances	*0.0*	*-0.1*	*0.0*	*-0.1*	*-0.1*
Total (net)	**2 315.4**	**2 111.3**	**1 838.3**	**2 576.1**	**2 050.9**

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Financial assets held for trading, of which:	1 755.6	2 645.7	1 856.8	2 903.7	2 700.3
- debt instruments	*1 740.5*	*2 068.3*	*1 409.8*	*2 565.5*	*1 768.5*
- repo transactions	*15.1*	*577.4*	*447.0*	*338.2*	*931.8*
Total	**1 755.6**	**2 645.7**	**1 856.8**	**2 903.7**	**2 700.3**

7.12. Investments

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Available-for-sale financial assets, of which:	22 540.7	22 151.9	22 829.3	22 090.4	20 994.9
- debt instruments,including:	*22 527.0*	*22 138.4*	*22 815.3*	*22 064.1*	*20 970.9*
- hedged items in fair value hedging	*3 034.4*	*3 226.1*	*4 095.9*	*2 931.3*	*2 885.8*
- equity instruments	*13.7*	*13.5*	*14.0*	*26.3*	*24.0*
Financial assets held to maturity, of which:	1 726.9	1 717.8	0.0	0.0	0.0
- debt instruments	*1 726.9*	*1 717.8*	*0.0*	*0.0*	*0.0*
Total	**24 267.6**	**23 869.7**	**22 829.3**	**22 090.4**	**20 994.9**

In 1HY 2015, the Group reclassified a part of debt securities from the available-for-sale financial assets to the financial assets held to maturity. Reclassification aimed at making the Group's capital less sensitive to the change in the fair value of securities.

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

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7.13. Loans and receivables to customers

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Portfolio of loans and receivables, of which:	**65 943.7**	**61 323.1**	**58 750.4**	**55 099.0**	**52 346.1**
- Loans and advances	55 607.0	51 561.8	48 750.6	45 983.2	43 906.0
- Leasing receivables	4 655.2	4 353.2	4 397.7	4 226.7	3 836.9
- Factoring receivables	2 836.4	2 582.6	2 830.4	2 638.0	2 375.3
- Corporate and municipal bonds	2 845.1	2 825.5	2 771.7	2 251.1	2 227.9
Other receivables, of which:	**3 846.1**	**3 867.8**	**4 029.9**	**3 837.4**	**3 894.9**
- T-eurobonds	3 711.2	3 750.6	3 923.9	3 723.5	3 750.2
- Other	134.9	117.2	106.0	113.9	144.7
Total loans and receivables to customers (gross)	**69 789.8**	**65 190.9**	**62 780.3**	**58 936.4**	**56 241.0**
Impairment losses, of which:	**-1 662.6**	**-1 791.9**	**-1 725.5**	**-1 617.4**	**-1 643.9**
- concerning portfolio of loans and receivables, of which:	-1 661.7	-1 791.0	-1 719.8	-1 611.8	-1 638.3
- concerning loans and advances	-1 542.1	-1 679.4	-1 638.2	-1 529.2	-1 560.5
- concerning leasing receivables	-43.6	-52.0	-62.1	-64.6	-62.6
- concerning factoring receivables	-14.0	-15.0	-13.9	-17.0	-14.1
- concerning corporate and municipal bonds	-62.0	-44.6	-5.6	-1.0	-1.1
- concerning other receivables, of which:	-0.9	-0.9	-5.7	-5.6	-5.6
- concerning T-eurobonds	-0.4	-0.4	-0.5	-0.4	-0.4
- concerning other receivables	-0.5	-0.5	-5.2	-5.2	-5.2
Total loans and receivables to customers (net), of which:	**68 127.2**	**63 399.0**	**61 054.8**	**57 319.0**	**54 597.1**
- to entities from the financial sector other than banks	*2 197.4*	*1 750.7*	*1 869.1*	*1 733.2*	*1 544.1*
- to entities from the non-financial sector	*58 468.7*	*54 115.9*	*51 461.1*	*48 332.4*	*45 744.6*
- to entities from the government and self-government institutions' sector	*7 461.1*	*7 532.4*	*7 724.6*	*7 253.4*	*7 308.4*

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Loans and advances, of which:	2 070.2	1 660.4	1 778.7	1 641.8	1 418.0
- in the current account	*219.9*	*63.9*	*584.6*	*60.7*	*46.7*
- term ones	*1 850.3*	*1 596.5*	*1 194.1*	*1 581.1*	*1 371.3*
Leasing receivables	0.8	0.7	0.8	0.5	0.6
Factoring receivables	4.0	0.0	0.0	0.0	0.0
Other receivables	123.3	90.3	90.8	92.4	127.8
Total (gross)	**2 198.3**	**1 751.4**	**1 870.3**	**1 734.7**	**1 546.4**
Impairment losses, of which	-0.9	-0.7	-1.2	-1.5	-2.3
- concerning loans and advances	-0.9	-0.7	-1.2	-1.5	-2.3
Total (net)	**2 197.4**	**1 750.7**	**1 869.1**	**1 733.2**	**1 544.1**

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Business entities, of which:	**34 327.2**	**31 630.5**	**30 268.0**	**29 345.3**	**27 636.4**
- Loans and advances, of which:	25 748.7	23 515.8	21 870.5	21 596.3	20 498.8
- in the current account	_7 085.4_	_6 596.1_	_5 724.2_	_6 192.6_	_6 031.1_
- term ones	_18 663.3_	_16 919.7_	_16 146.3_	_15 403.7_	_14 467.7_
- Leasing receivables	4 154.8	3 907.9	3 972.8	3 886.4	3 537.3
- Factoring receivables	2 733.3	2 484.5	2 746.0	2 565.0	2 314.5
- Corporate bonds	1 679.3	1 695.9	1 664.1	1 276.7	1 269.5
- Other receivables	11.1	26.4	14.6	20.9	16.3
Households, of which:	**25 801.7**	**24 274.9**	**22 916.2**	**20 601.8**	**19 748.6**
- Loans and advances, of which:	25 241.8	23 773.0	22 441.0	20 220.6	19 410.0
- in the current account	_1 670.4_	_1 620.6_	_1 542.6_	_1 549.4_	_1 511.7_
- term ones	_23 571.4_	_22 152.4_	_20 898.4_	_18 671.2_	_17 898.3_
- Leasing receivables	499.6	444.5	424.1	339.8	299.0
- Factoring receivables	59.8	56.9	50.6	40.9	39.1
- Other receivables	0.5	0.5	0.5	0.5	0.5
Total (gross)	**60 128.9**	**55 905.4**	**53 184.2**	**49 947.1**	**47 385.0**
Impairment losses, of which:	**-1 660.2**	**-1 789.5**	**-1 723.1**	**-1 614.7**	**-1 640.4**
- Business entities, of which:	**-1 015.3**	**-1 158.2**	**-1 125.4**	**-1 065.5**	**-1 104.4**
- concerning loans and advances	-896.9	-1 047.7	-1 040.0	-980.1	-1 023.6
- concerning leasing receivables	-42.7	-51.2	-61.3	-63.8	-62.0
- concerning factoring receivables	-13.9	-14.9	-13.8	-16.9	-14.1
- concerning corporate bonds	-61.8	-44.4	-5.6	0.0	0.0
- concerning other receivables	0.0	0.0	-4.7	-4.7	-4.7
- Households, of which:	**-644.9**	**-631.3**	**-597.7**	**-549.2**	**-536.0**
- concerning loans and advances	-643.4	-629.9	-596.3	-547.8	-534.9
- concerning leasing receivables	-0.9	-0.8	-0.8	-0.8	-0.6
- concerning factoring receivables	-0.1	-0.1	-0.1	-0.1	0.0
- concerning other receivables	-0.5	-0.5	-0.5	-0.5	-0.5
Total (net)	**58 468.7**	**54 115.9**	**51 461.1**	**48 332.4**	**45 744.6**

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Loans and advances, of which:	2 546.3	2 612.6	2 660.4	2 524.5	2 579.2
- in the current account	*76.4*	*88.8*	*6.7*	*108.2*	*86.5*
- term ones	*2 469.9*	*2 523.8*	*2 653.7*	*2 416.3*	*2 492.7*
Leasing receivables	0.0	0.1	0.0	0.0	0.0
Factoring receivables	39.3	41.2	33.8	32.1	21.7
Municipal bonds	1 165.8	1 129.6	1 107.6	974.4	958.4
T-eurobonds	3 711.2	3 750.6	3 923.9	3 723.5	3 750.2
Other receivables	0.0	0.0	0.1	0.1	0.1
Total (gross)	**7 462.6**	**7 534.1**	**7 725.8**	**7 254.6**	**7 309.6**
Impairment losses, of which:	-1.5	-1.7	-1.2	-1.2	-1.2
- concerning loans and advances	-0.9	-1.1	-0.7	-0.8	-0.8
- concerning municipal bonds	-0.2	-0.2	0.0	0.0	0.0
- concerning T-eurobonds	-0.4	-0.4	-0.5	-0.4	-0.4
Total (net)	**7 461.1**	**7 532.4**	**7 724.6**	**7 253.4**	**7 308.4**

Portfolio of loans and receivables by client segment

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Gross value, of which:	**65 943.7**	**61 323.1**	**58 750.4**	**55 099.0**	**52 346.1**
Corporate banking segment, of which:	41 302.2	38 078.6	36 781.0	35 205.9	33 297.5
- loans and advances	*31 239.0*	*28 558.6*	*27 005.7*	*26 278.7*	*25 024.0*
- leasing receivables	*4 382.2*	*4 108.5*	*4 173.7*	*4 038.7*	*3 670.7*
- factoring receivables	*2 835.9*	*2 586.0*	*2 829.9*	*2 637.4*	*2 374.9*
- corporate and municipal bonds	*2 845.1*	*2 825.5*	*2 771.7*	*2 251.1*	*2 227.9*
Retail banking segment, of which:	24 641.5	23 244.5	21 969.4	19 893.1	19 048.6
- mortgages	*18 822.0*	*17 750.1*	*16 680.8*	*14 916.2*	*14 368.0*
- other loans and advances	*5 819.5*	*5 494.4*	*5 288.6*	*4 976.9*	*4 680.6*
Impairment losses, of which:	**-1 661.7**	**-1 791.0**	**-1 719.8**	**-1 611.8**	**-1 638.3**
Corporate banking segment, of which:	-1 035.7	-1 189.0	-1 153.2	-1 075.0	-1 113.3
- loans and advances	*-914.3*	*-1 077.6*	*-1 071.8*	*-991.9*	*-1 035.8*
- leasing receivables	*-44.4*	*-51.8*	*-61.9*	*-64.8*	*-62.0*
- factoring receivables	*-15.0*	*-15.0*	*-13.9*	*-17.3*	*-14.4*
- corporate and municipal bonds	*-62.0*	*-44.6*	*-5.6*	*-1.0*	*-1.1*
Retail banking segment, of which:	-626.0	-602.0	-566.6	-536.8	-525.0
- mortgages	*-199.5*	*-195.3*	*-173.3*	*-141.8*	*-144.0*
- other loans and advances	*-426.5*	*-406.7*	*-393.3*	*-395.0*	*-381.0*
Net value, of which:	**64 282.0**	**59 532.1**	**57 030.6**	**53 487.2**	**50 707.8**
Corporate banking segment, of which:	40 266.5	36 889.6	35 627.8	34 130.9	32 184.2
- loans and advances	*30 324.7*	*27 481.0*	*25 933.9*	*25 286.8*	*23 988.2*
- leasing receivables	*4 337.8*	*4 056.7*	*4 111.8*	*3 973.9*	*3 608.7*
- factoring receivables	*2 820.9*	*2 571.0*	*2 816.0*	*2 620.1*	*2 360.5*
- corporate and municipal bonds	*2 783.1*	*2 780.9*	*2 766.1*	*2 250.1*	*2 226.8*
Retail banking segment, of which:	24 015.5	22 642.5	21 402.8	19 356.3	18 523.6
- mortgages	*18 622.5*	*17 554.8*	*16 507.5*	*14 774.4*	*14 224.0*
- other loans and advances	*5 393.0*	*5 087.7*	*4 895.3*	*4 581.9*	*4 299.6*

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7.14. Quality of portfolio of loans and advances

Quality of credit portfolio

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Corporate activity					
Exposure	**41 302.2**	**38 078.6**	**36 781.0**	**35 205.9**	**33 297.5**
- unimpaired (IBNR)	39 415.7	35 951.1	34 981.4	33 338.0	31 380.9
- impaired	1 886.5	2 127.5	1 799.6	1 867.9	1 916.6
Impairment losses and provisions	**1 049.5**	**1 203.1**	**1 171.5**	**1 091.2**	**1 127.3**
- related to unimpaired portfolio	72.1	71.4	79.0	53.0	51.5
- related to impaired portfolio	963.6	1 117.6	1 074.2	1 022.0	1 061.8
- provisions for off-balance sheet liabilities	13.8	14.1	18.3	16.2	14.0
Share of the impaired portfolio	4.6%	5.6%	4.9%	5.3%	5.8%
Impaired portfolio coverage ratio (%)	51.1%	52.5%	59.7%	54.7%	55.4%
Retail activity					
Exposure	**24 641.5**	**23 244.5**	**21 969.4**	**19 893.1**	**19 048.6**
- unimpaired (IBNR)	24 009.8	22 632.2	21 389.6	19 363.0	18 532.0
- impaired	631.7	612.3	579.8	530.1	516.6
Impairment losses	**626.1**	**602.0**	**566.6**	**536.8**	**525.0**
- related to unimpaired portfolio	101.5	97.8	87.8	106.6	108.3
- related to impaired portfolio	524.5	504.2	478.8	430.2	416.7
- provisions for off-balance sheet liabilities	0.1	0.0	0.0	0.0	0.0
Share of the impaired portfolio	2.6%	2.6%	2.6%	2.7%	2.7%
Impaired portfolio coverage ratio (%)	83.0%	82.3%	82.6%	81.2%	80.7%
Total exposure	**65 943.7**	**61 323.1**	**58 750.4**	**55 099.0**	**52 346.1**
Impairment losses and total provisions, of which:	**1 675.6**	**1 805.1**	**1 738.1**	**1 628.0**	**1 652.3**
- related to unimpaired portfolio	173.6	169.2	166.8	159.6	159.8
- related to impaired portfolio	1 488.1	1 621.8	1 553.0	1 452.2	1 478.5
- provisions for off-balance sheet liabilities	13.9	14.1	18.3	16.2	14.0
Total portfolio coverage ratio	2.5%	2.9%	3.0%	3.0%	3.2%
Share of the impaired portfolio	3.8%	4.5%	4.1%	4.4%	4.6%
Impaired portfolio coverage ratio (%)	**59.1%**	**59.2%**	**65.3%**	**60.6%**	**60.8%**

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

	2Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	**1 HY 2015** the period from 01 Jan 2015 to 30 Jun 2015	**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
Opening balance of impairment losses	**1 805.1**	**1 738.1**	**1 652.3**	**1 567.5**
Changes in the period (due to):	**-129.5**	**-62.5**	**-24.3**	**60.5**
- changes in income statement	64.6	147.0	33.2	117.3
- depreciation	-199.0	-217.0	-56.7	-58.3
- transfer of provisions from off-balance sheet after their repayment	3.0	4.6	1.0	2.3
- other (inclusive FX differences, adjustment of interest income on impaired loans)	1.9	2.9	-1.8	-0.8
Closing balance of impairment losses	**1 675.6**	**1 675.6**	**1 628.0**	**1 628.0**

7.15. Non-financial assets

	as of 30 Jun 2015	**as of 31 Mar 2015**	**as of 31 Dec 2014**	**as of 30 Jun 2014**	**as of 31 Mar 2014**
Investment properties	61.0	60.0	60.0	121.6	121.4
Property, plant and equipment	564.3	583.5	595.0	583.9	569.9
Intangible assets	380.1	374.4	377.3	358.5	358.9
Total	**1 005.4**	**1 017.9**	**1 032.3**	**1 064.0**	**1 050.2**

7.16. Assets held for sale

	as of 30 Jun 2015	**as of 31 Mar 2015**	**as of 31 Dec 2014**	**as of 30 Jun 2014**	**as of 31 Mar 2014**
Property, plant and equipment held for sale	46.6	41.6	35.5	24.9	32.2
Shares in the associated entities held for sale	109.4	109.4	109.4	109.4	0.0
Total	**156.0**	**151.0**	**144.9**	**134.3**	**32.2**

7.17. Liabilities due to other banks

	as of 30 Jun 2015	**as of 31 Mar 2015**	**as of 31 Dec 2014**	**as of 30 Jun 2014**	**as of 31 Mar 2014**
Current accounts	1 282.8	1 785.6	1 823.2	1 249.6	634.4
Interbank deposits	3 868.3	798.9	1 818.7	399.9	1 888.3
Repo transactions	1 078.2	932.2	0.0	7 580.8	5 403.2
Loans received*	2 252.6	2 281.4	2 467.1	2 625.8	2 554.5
Other liabilities	11.1	9.4	14.4	3.4	62.1
Total	**8 493.0**	**5 807.5**	**6 123.4**	**11 859.5**	**10 542.5**

*) 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.

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Financial liabilities held for trading, of which:	28.9	173.1	56.9	61.3	252.8
- repo transactions	*28.9*	*173.1*	*56.9*	*61.3*	*252.8*
Book short position in trading securities	383.2	1 014.6	860.5	1 466.8	1 201.1
Total	**412.1**	**1 187.7**	**917.4**	**1 528.1**	**1 453.9**

7.19. Liabilities due to customers

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Deposits	79 505.6	76 535.2	74 405.7	68 471.0	66 012.3
Other liabilities	1 245.0	1 071.5	1 253.2	1 218.2	1 013.6
Total liabilities due to customers, of which:	**80 750.6**	**77 606.7**	**75 658.9**	**69 689.2**	**67 025.9**
- due to entities from the financial sector other than banks	*2 083.7*	*2 426.3*	*2 243.8*	*2 641.5*	*2 392.3*
- due to entities from the non-financial sector	*76 942.5*	*73 225.8*	*71 539.3*	*65 126.4*	*62 610.9*
- due to entities from the government and self-government institutions' sector	*1 724.4*	*1 954.6*	*1 875.8*	*1 921.3*	*2 022.7*

Liabilities due to entities from the financial sector other than banks

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Deposits, of which:	1 957.9	2 367.5	2 142.8	2 442.9	2 252.0
- current accounts	*1 931.9*	*1 850.4*	*1 707.6*	*1 999.6*	*1 646.4*
- term deposit	*26.0*	*517.1*	*435.2*	*443.3*	*605.6*
Other liabilities	125.8	58.8	101.0	198.6	140.3
Total	**2 083.7**	**2 426.3**	**2 243.8**	**2 641.5**	**2 392.3**

Liabilities due to entities from the non-financial sector

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Business entities, of which:	**22 162.2**	**20 717.9**	**21 260.5**	**19 136.7**	**17 512.6**
- Deposits, of which:	21 154.3	19 777.6	20 177.3	18 207.3	16 705.3
- current accounts	*11 638.5*	*10 648.5*	*10 641.5*	*10 590.6*	*9 393.4*
- saving accounts	*6 793.6*	*6 341.8*	*6 139.6*	*5 087.1*	*4 739.0*
- term deposit	*2 722.2*	*2 787.3*	*3 396.2*	*2 529.6*	*2 572.9*
- Other liabilities	1 007.9	940.3	1 083.2	929.4	807.3
Households, of which:	**54 780.3**	**52 507.9**	**50 278.8**	**45 989.7**	**45 098.3**
- Deposits, of which:	54 687.9	52 442.0	50 217.1	45 910.3	45 038.3
- current accounts	*8 702.5*	*10 354.5*	*7 715.3*	*7 459.2*	*6 379.1*
- saving accounts	*40 607.5*	*36 801.3*	*36 622.6*	*32 334.8*	*33 071.3*
- term deposit	*5 377.9*	*5 286.2*	*5 879.2*	*6 116.3*	*5 587.9*
- Other liabilities	92.4	65.9	61.7	79.4	60.0
Total	**76 942.5**	**73 225.8**	**71 539.3**	**65 126.4**	**62 610.9**

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

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Deposits, of which:	1 705.5	1 948.1	1 868.5	1 910.5	2 016.7
- current accounts	*1 549.5*	*1 577.6*	*1 809.4*	*1 625.2*	*1 589.0*
- term deposit	*156.0*	*370.5*	*59.1*	*285.3*	*427.7*
Other liabilities	18.9	6.5	7.3	10.8	6.0
Total	**1 724.4**	**1 954.6**	**1 875.8**	**1 921.3**	**2 022.7**

7.20. Provisions

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Provision for issues in dispute	20.4	21.3	21.5	21.3	21.8
Provisions for off-balance sheet liabilities	13.9	14.1	18.3	16.2	14.0
Provision for retirement benefits	20.7	20.7	20.5	21.4	20.9
Provision for unused holidays	14.5	14.5	14.5	12.2	12.2
Total	**69.5**	**70.6**	**74.8**	**71.1**	**68.9**

7.21. Fair value

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

7.21.1. 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.

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

as of 30 Jun 2015

	Level I	Level II	Level III	Total
Financial assets, of which:	**22 276.1**	**6 001.3**	**5.3**	**28 282.7**
- Financial assets held for trading, of which:	1 740.5	15.1	0.0	1 755.6
- repo transactions	_0.0_	_15.1_	_0.0_	_15.1_
- treasury bonds	_1 740.5_	_0.0_	_0.0_	_1 740.5_
- Valuation of derivatives	0.0	1 949.8	0.0	1 949.8
- Financial assets available-for sale, of which:	20 535.6	1 999.8	5.3	22 540.7
- treasury bonds	_20 527.2_	_0.0_	_0.0_	_20 527.2_
- NBP bills	_0.0_	_1 999.8_	_0.0_	_1 999.8_
- equity instruments	_8.4_	_0.0_	_5.3_	_13.7_
- Derivative hedge instruments	0.0	2 036.6	0.0	2 036.6
Financial liabilities, of which:	**383.2**	**3 992.1**	**0.0**	**4 375.3**
- Financial liabilities held for trading, of which:	0.0	28.9	0.0	28.9
- repo transactions	_0.0_	_28.9_	_0.0_	_28.9_
- Book short position in trading securities	383.2	0.0	0.0	383.2
- Valuation of derivatives	0.0	2 062.7	0.0	2 062.7
- Derivative hedge instruments	0.0	1 900.5	0.0	1 900.5

as of 31 Dec 2014

	Level I	Level II	Level III	Total
Financial assets, of which:	**23 734.1**	**6 343.1**	**5.0**	**30 082.2**
- Financial assets held for trading, of which:	1 409.8	447.0	0.0	1 856.8
- repo transactions	_0.0_	_447.0_	_0.0_	_447.0_
- treasury bonds	_1 409.8_	_0.0_	_0.0_	_1 409.8_
- Valuation of derivatives	0.0	2 412.3	0.0	2 412.3
- Financial assets available-for sale, of which:	22 324.3	500.0	5.0	22 829.3
- treasury bonds	_20 618.4_	_0.0_	_0.0_	_20 618.4_
- NBP bills	_0.0_	_500.0_	_0.0_	_500.0_
- BGK bonds	_1 696.9_	_0.0_	_0.0_	_1 696.9_
- equity instruments	_9.0_	_0.0_	_5.0_	_14.0_
- Derivative hedge instruments	0.0	2 983.8	0.0	2 983.8
Financial liabilities, of which:	**860.5**	**4 611.3**	**0.0**	**5 471.8**
- Financial liabilities held for trading, of which:	0.0	56.9	0.0	56.9
- repo transactions	_0.0_	_56.9_	_0.0_	_56.9_
- Book short position in trading securities	860.5	0.0	0.0	860.5
- Valuation of derivatives	0.0	2 521.6	0.0	2 521.6
- Derivative hedge instruments	0.0	2 032.8	0.0	2 032.8

Movements between valuation levels

In the year 2015 there were no movements between valuation levels.

Valuation of financial instruments classified to the 2nd level

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

Derivatives

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

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

The following are the input data for the models:

- the foreign exchange rate – obtained by the parties from the National Bank of Poland website,
- implied volatilities – obtained from Bloomberg BGN or Bloomberg Synthetic for the currency pair with lower liquidity
- profitability curves similar to those for linear derivatives.

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

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

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

Cash bills of the National Bank of Poland

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

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Repo transactions

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

Measurement adjustment

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

Valuation of financial instruments classified to the 3rd level

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

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

as of 30 Jun 2015

	Carrying value	Fair value			TOTAL
		Level I	Level II	Level III	
Assets					
Cash in hand and balances with the Central Bank	2 864.7	-	2 864.7	-	**2 864.7**
Financial assets held to maturity	1 726.9	1 599.7	-	-	**1 599.7**
Loans and receivables to other banks	2 315.4	-	2 315.4	-	**2 315.4**
Loans and receivables to customers	68 127.2	-	3 797.9	61 842.0	**65 639.9**
Receivables from customers due to repo transactions	491.3	-	491.3	-	**491.3**
Other assets	128.9	-	-	128.9	**128.9**
Liabilities					
Liabilities due to other banks	8 493.0	-	8 493.0	-	**8 493.0**
Liabilities due to customers	80 750.6	-	-	80 750.6	**80 750.6**
Liabilities due to customers under repo transactions	4.5	-	4.5	-	**4.5**
Liabilities under issue of debt securities	866.3	-	855.6	-	**855.6**

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as of 31 Dec 2014

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

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

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

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

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

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

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

Loans and receivables

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

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

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

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

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

For that purpose the following assumptions are adopted:

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

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

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

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

Liabilities due to other banks and to customers

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

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

For deposits the discounting factor represents the sum of:

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

For that purpose the following assumptions are adopted:

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

Liabilities under issue of securities

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

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

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

Interim condensed consolidated financial statements _(PLN million)_

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

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

Financial assets held to maturity

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

7.22. Total capital ratio

Own funds	**as of 30 Jun 2015**	**as of 31 Mar 2015**	**as of 31 Dec 2014**	**as of 30 Jun 2014**	**as of 31 Mar 2014**
A. Own equity in the statement of financial position, of which:	9 558.7	10 232.1	10 456.6	9 161.1	8 887.9
A.I. Own equity included in the own funds calculation	**8 125.7**	**8 192.6**	**7 491.5**	**7 453.3**	**7 046.3**
A.II. Own equity excluded from own funds calculation	*1 433.0*	*2 039.5*	*2 965.1*	*1 707.8*	*1 841.6*
B. Other elements of own funds (decreases and increases)	**-484.3**	**-545.4**	**-508.1**	**-488.0**	**-480.5**
Own funds taken into account in total capital ratio calculation (A.I. + B)	**7 641.4**	**7 647.2**	**6 983.4**	**6 965.3**	**6 565.8**
Total capital requirement	**4 460.8**	**4 130.2**	**3 941.5**	**3 705.0**	**3 604.7**
Total capital ratio	**13.7%**	**14.8%**	**14.2%**	**15.0%**	**14.6%**

Since January 2015, the Bank has recognised in the calculation of own funds 40% of unrealised profits and 100% of unrealised losses on valuation of available-for-sale financial assets carried through revaluation reserve (as per the guidelines of the Polish Financial Supervision Authority delivered with the letter BRB/DRB_II/0735/29/17/2015 of 26 March 2015). In 2014, the Bank recognised 0% of unrealised profits and 80% of unrealised valuation losses in the calculation of own funds, respectively.

8. Off-balance sheet items

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Contingent liabilities granted	23 402.4	23 007.4	23 802.6	20 542.9	19 316.3
Contingent liabilities received	47 796.6	45 353.2	43 228.2	32 694.6	34 260.1
Off-balance sheet financial instruments	298 250.0	332 773.8	297 683.6	248 313.5	250 981.9
Total off-balance sheet items	**369 449.0**	**401 134.4**	**364 714.4**	**301 551.0**	**304 558.3**

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

None.

10. Dividends paid

On 31 March 2015, the General Meeting passed a resolution regarding dividend payout for 2014, pursuant to which the Bank paid out the dividend for 2014 totalling PLN 520,400.0 thousand, (PLN 4.0 gross per share, dividend yield of 3%). On 20 April 2015 the shareholders of record became entitled to the dividend payout which took place on 5 May 2015.

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.

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 2015 the period from 1 Apr 2015 to 30 Jun 2015	**I half 2015** the period from 1 Jan 2015 to 30 Jun 2015	**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
Status at the period beginning:	**21.3**	**21.5**	**21.8**	**21.6**
Establishment of provisions	0.4	0.4	0.9	1.1
Release of provisions	-0.2	-0.3	-1.3	-1.3
Utilisation of provision	-1.1	-1.2	-0.1	-0.1
Status as at the period end	**20.4**	**20.4**	**21.3**	**21.3**

Either in 6 months 2015 or in 6 months 2014, no proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the Capital Group of ING Bank Śląski.

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. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding"). The abovementioned transactions are carried out on an arm's length basis.

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

In the period from 1 January 2015 to 30 June 2015 the following transactions were made of the total value exceeding EURO 500.000:

- transactions with ING Bank NV – under execution of the agreements (among other Cooperation Agreement and Agreement on Provision of Data Processing and Financial Information Analysis Services), the fee for services rendered under financial advisory, the fee for using data processing and financial information analysis services by ING Bank Śląski and the fee for services rendered under business operations and product development advisory in the PCM area for 6 months of 2015 amounted to PLN 19.6 million versus PLN 20.2 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 9.1 million versus PLN 19.1 million in the analogous period of the previous year (net amounts).

Transactions with related entities (in PLN million)

I half 2015

	ING Bank NV	Other ING Group	Associated undertakings*
Receivables			
Nostro accounts	10.4	9.6	-
Deposits placed	60.0	-	-
Loans	-	6.9	-
Positive valuation of derivatives	321.8	230.3	-
Other receivables	4.2	0.7	-
Liabilities			
Deposits received	1 948.1	559.5	6.2
Loans received	1 973.2	-	-
Loro accounts	69.3	10.1	-
Negative valuation of derivatives	325.6	163.9	-
Other liabilities	10.7	-	-
Off-balance-sheet operations			
Contingent liabilities	2 344.4	115.6	0.1
FX transactions	4 373.1	-	-
Forward transactions	39.9	955.5	-
IRS	10 971.5	3 595.4	-
FRA	2 816.6	-	-
Options	1 710.1	549.3	-
Revenue and costs **			
Revenue	-7.8	-0.8	80.7
Costs***	18.6	9.3	0.0

2014

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

*/ 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 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	-

*/ 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.

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

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

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

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.

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.

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. In H1 2015, the Bank revised the allocation key for the ALCO's income; further, the Bank Treasury's net income on operations is allocated to business segments (it was recognised in the corporate banking segment earlier). The data for previous periods presented herein were made comparable.

PLN million	**I half 2015** the period from 1 Jan 2015 to 30 Jun 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**1 050.6**	**836.8**	**1 887.4**
Net interest income	718.2	444.9	1 163.1
Net commission income	184.4	329.1	513.5
Other income/expenses	148.0	62.8	210.8
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	0.0
Expenses total	**614.8**	**383.1**	**997.9**
Result before risk	**435.8**	**453.7**	**889.5**
Impairment losses	57.5	91.1	148.6
Result after impairment losses (profit before tax)	**378.3**	**362.6**	**740.9**
Income tax	-	-	135.2
Result after tax	-	-	**605.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**605.6**

PLN million	**II quarter 2015** the period from 1 Apr 2015 to 30 Jun 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**570.8**	**410.6**	**981.4**
Net interest income	373.6	220.5	594.1
Net commission income	94.8	168.7	263.5
income/expenses	102.4	21.4	123.8
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	0.0
Expenses total	**303.2**	**199.1**	**502.3**
Result before risk	**267.6**	**211.5**	**479.1**
Impairment losses	23.6	40.7	64.3
Result after impairment losses (profit before tax)	**244.0**	**170.8**	**414.8**
Income tax	-	-	70.1
Result after tax	-	-	**344.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**344.6**

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

PLN million	**I half 2014** the period from 1 Jan 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total*	**982.0**	**799.5**	**1 781.5**
Net interest income	664.1	486.0	1 150.1
Net commission income	245.0	310.7	555.7
Other income/expenses	60.6	2.8	63.4
Share in net profit (loss) of associated entities recognised under the equity method	12.3	0.0	12.3
Expenses total	**573.4**	**378.3**	**951.7**
Result before risk	**408.6**	**421.2**	**829.8**
Impairment losses	47.3	70.1	117.4
Result after impairment losses (profit before tax)	**361.3**	**351.1**	**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*	**496.8**	**400.9**	**897.7**
Net interest income	346.7	235.5	582.2
Net commission income	123.1	156.5	279.6
income/expenses	25.9	8.9	34.8
Share in net profit (loss) of associated entities recognised under the equity method	1.1	0.0	1.1
Expenses total	**289.2**	**191.3**	**480.5**
Result before risk	**207.6**	**209.6**	**417.2**
Impairment losses	10.6	22.7	33.3
Result after impairment losses (profit before tax)	**197.0**	**186.9**	**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

as of 30 Jun 2015

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	40 563.3	63 468.7	104 032.0
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	1 286.9
Total assets	**40 563.3**	**63 468.7**	**105 318.9**
Segment liabilities	59 552.6	34 937.1	94 489.7
Other liabilities (not allocated to segment)	0.0	0.0	1 270.5
Equity	0.0	0.0	9 558.7
Total equity and liabilities	**59 552.6**	**34 937.1**	**105 318.9**

as of 31 Mar 2015

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	39 410.3	61 866.1	101 276.4
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	1 291.9
Total assets	**39 410.3**	**61 866.1**	**102 568.3**
Segment liabilities	56 280.9	34 055.8	90 336.7
Other liabilities (not allocated to segment)	0.0	0.0	1 999.5
Equity	0.0	0.0	10 232.1
Total equity and liabilities	**56 280.9**	**34 055.8**	**102 568.3**

as of 31 Dec 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	39 579.8	59 056.6	98 636.4
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	1 224.3
Total assets	**39 579.8**	**59 056.6**	**99 860.7**
Segment liabilities	54 970.3	33 180.0	88 150.3
Other liabilities (not allocated to segment)	0.0	0.0	1 253.8
Equity	0.0	0.0	10 456.6
Total equity and liabilities	**54 970.3**	**33 180.0**	**99 860.7**

as of 30 Jun 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	38 227.0	58 637.0	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	**38 227.0**	**58 637.0**	**98 261.8**
Segment liabilities	53 580.9	34 127.2	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	**53 580.9**	**34 127.2**	**98 261.8**

as of 31 Mar 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	36 246.8	54 648.3	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	**36 394.5**	**54 648.3**	**92 244.7**
Segment liabilities	51 534.2	30 564.5	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	**51 534.2**	**30 564.5**	**92 244.7**

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 and liquidity risk made in H1 2015 are described hereinbelow.

Credit risk

The modifications in the Group lending policy made in H1 2015 were oriented at ensuring proper and stable functioning of the credit risk management system in the changing legal, economic and business landscape and at ensuring the policy compliance with the credit risk appetite level approved. The modifications took account of, inter alia, Poland's overall economic situation as well as the financial standing of individual groups of borrowers.

The said modifications were aimed at the following in particular:

- further enhancement of the effectiveness of the lending process while ensuring adequate credit risk identification, measurement and control mechanisms,
- making of the lending offer for the Group clients more attractive on the assumption that the Bank's credit risk is maintained at an acceptable level,
- adaptation of the internal regulations to:
  - Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms,
  - the amendment to the Accounting Act of 11 July 2014 regarding introduction of the possibility of compiling simplified financial statements by micro units,
  - changes to the Act – Commercial Companies and Partnerships Code of 28 November 2014 regarding the possibility of setting up registered

partnerships and limited partnerships via internet,

- further development of credit risk reporting and monitoring systems to support fast and effective risk identification and measurement in the corporate credit portfolio,
- further strengthening of active sector policy management through appropriate diversification of the lending policy principles in correspondence with the risk-based industry categorisation: preferred, under watch and non-preferred industries.

In H1 2015, ING Bank Śląski S.A. remained unwaveringly compliant with the requirements of the Advanced Internal Rating-Based Approach (AIRB) under Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and – as far as applicable – under PFSA Resolution 76/2010 of 10 March 2010 on the Scope and Detailed Principles of Capital Requirement Determination for Individual Risk Types.

Structure of credit exposure portfolio

Credit exposure portfolio	exposure in PLN million			
	as of 30 Jun 2015		as of 31 Dec 2014	
	on-balance	*off-balance*	*on-balance*	*off-balance*
Gross credit exposure to corporate clients, of which:	**41 302.2**	**20 388.5**	**36 781.0**	**19 484.5**
- exposures with no impairment triggers	39 087.8	20 280.9	34 637.1	19 358.7
- exposures with impairment triggers but with no actual impairment declared	327.9	32.1	344.3	38.7
- exposures impaired	1 886.5	75.5	1 799.6	87.1
Gross credit exposure to retail clients, of which:	**24 641.5**	**3 013.8**	**21 969.4**	**2 741.4**
- exposures with no impairment triggers	24 009.8	3 011.7	21 389.6	2 739.4
- exposures impaired	631.7	2.1	579.8	2.0
Total credit exposure	**65 943.7**	**23 402.3**	**58 750.4**	**22 225.9**

Market risk

Value at Risk (VaR) is the main methodology used to measure the market risk both in Financial Markets books (trading) and Treasury Department books (banking). In H1 2015, the Bank maintained its trading exposure at low levels compared with the effective limits. Average limits utilisation for the trading activity stood at 52%, 11% and 16% for interest rate, currency and FX options products, respectively. Average utilisation of VaR limits for the interest rate risk of the banking book was 57%. In H1 2015, VaR limits did not change.

An important change in market risk limits was retrenching in January 2015 the acceptable foreign currency position in CHF and in other less significant foreign currencies. The change was caused by foreign currency fluctuations (mainly of CHF) resulting from the Swiss National Bank's decision (removal of the EUR/CHF exchange rate barrier). At present, the Bank is focusing mainly on position management in key foreign currencies i.e. EUR, USD and PLN.

Liquidity risk

Taking into account the growing significance of stress tests (also in the liquidity risk management area) as well as the links between the stress tests, risk appetite and strategic planning process combined with the best practices implemented in ING Group, in H1 2015 the Bank extended the system of limits with an additional stress-related liquidity risk measurement by introducing the duration period of lengthy stress at a level of minimum 12 months. At the same time, the required duration period in the Cas & Collateral gap measurement for EUR was shortened from 90 to 30 days.

Interim condensed consolidated financial statements (PLN million)

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

2015-08-04	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2015-08-04	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
2015-08-04	**Michał Bolesławski** *Vice-President*	*Signed on the Polish original*
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2015-08-04	**Patrick Roesink** *Vice-President*	*Signed on the Polish original*
2015-08-04	**Ignacio Juliá Vilar** *Vice-President*	*Signed on the Polish original*

Interim condensed standalone financial statements (PLN million)

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT

	2 Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	2 Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
Net interest income	565.6	1 105.1	551.6	1 091.0
Net commission income	246.7	482.3	266.5	524.4
Net income on financial instruments measured at fair value through profit or loss and FX result	26.0	40.5	20.0	44.8
Net income on investments	101.1	153.2	68.8	68.7
Net income on hedge accounting	4.5	14.7	3.4	3.8
Net income on other basic activities	-0.4	-0.1	0.3	-2.9
Result on basic activities	**943.5**	**1 795.7**	**910.6**	**1 729.8**
General and administrative expenses	470.5	934.9	451.8	894.3
Impairment losses and provisions for off-balance sheet liabilities	54.6	137.4	30.7	110.2
Profit (loss) before tax	**418.4**	**723.4**	**428.1**	**725.3**
Income tax	65.5	127.6	84.9	144.8
Net result for the current period	**352.9**	**595.8**	**343.2**	**580.5**

Net profit (loss)	**352.9**	**595.8**	**343.2**	**580.5**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**2.71**	**4.58**	**2.64**	**4.46**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	2 Q 2015 the period from 01 Apr 2015 to 30 Jun 2015	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	2 Q 2014 the period from 01 Apr 2014 to 30 Jun 2014	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
Net result for the period	**352.9**	**595.8**	**343.2**	**580.5**
Other comprehensive income, of which:	**-1 010.5**	**-984.2**	**562.6**	**566.4**
- items which can be reclassified to income statement	-1 007.3	-981.4	559.4	563.2
- items which will not be reclassified to income statement	-3.2	-2.8	3.2	3.2
Total comprehensive income for the period	**-657.6**	**-388.4**	**905.8**	**1 146.9**

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Katowice, 04-08-2015

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
A S S E T S					
- Cash in hand and balances with the Central Bank	2 864.7	2 392.5	5 330.7	7 857.1	7 304.2
- Loans and receivables to other banks	2 294.2	2 096.1	1 821.3	2 550.4	2 039.6
- Financial assets measured at fair value through profit and loss	1 755.6	2 645.7	1 856.8	2 903.7	2 700.3
- Valuation of derivatives	1 949.8	2 607.8	2 411.7	1 467.4	1 352.6
- Investments	24 266.8	23 868.9	22 828.6	22 089.8	20 994.2
- Derivative hedge instruments	2 036.6	3 039.3	2 983.8	1 653.0	1 011.1
- Loans and receivables to customers	65 260.6	60 538.0	57 952.1	54 178.8	51 600.1
- Receivables from customers due to repo transactions	491.3	987.1	106.6	773.5	660.4
- Investments in controlled entities	269.2	269.2	269.2	421.4	461.4
- Non-financial assets	972.1	986.3	1 002.5	916.0	904.0
- Assets held for sale	86.6	74.5	68.4	57.9	25.2
- Tax assets	21.7	18.2	0.0	28.1	45.0
- Other assets	209.3	226.6	110.7	209.9	159.8
T o t a l a s s e t s	**102 478.5**	**99 750.2**	**96 742.4**	**95 107.0**	**89 257.9**
E Q U I T Y A N D L I A B I L I T I E S					
LIABILITIES					
- Liabilities due to other banks	6 231.4	3 518.6	3 644.2	9 233.0	7 965.7
- Financial liabilities measured at fair value through profit and loss	412.1	1 187.7	917.4	1 528.1	1 453.9
- Valuation of derivatives	2 062.9	2 744.9	2 521.3	1 527.3	1 372.6
- Derivative hedge instruments	1 900.5	2 062.5	2 032.8	1 251.7	1 122.3
- Liabilities due to customers	80 449.6	77 401.5	75 326.0	69 509.3	66 991.6
- Liabilities due to customers under repo transactions	4.5	54.8	29.7	1 286.1	10.4
- Liabilities under issue of debt securities	866.3	872.7	866.5	566.4	571.4
- Provisions	65.1	66.1	70.3	67.1	64.9
- Tax liabilities	8.4	229.6	248.5	123.2	0.0
- Other liabilities	1 137.7	1 606.8	837.9	1 111.0	1 135.3
T o t a l l i a b i l i t i e s	**93 138.5**	**89 745.2**	**86 494.6**	**86 203.2**	**80 688.1**
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	884.3	1 903.4	1 869.0	1 075.1	515.7
- Revaluation of share-based payment	49.0	48.3	48.0	47.5	46.9
- Retained earnings	7 320.3	6 966.9	7 244.4	6 694.8	6 920.8
T o t a l e q u i t y	**9 340.0**	**10 005.0**	**10 247.8**	**8 903.8**	**8 569.8**
T o t a l e q u i t y a n d l i a b i l i t i e s	**102 478.5**	**99 750.2**	**96 742.4**	**95 107.0**	**89 257.9**

Net book value	**9 340.0**	**10 005.0**	**10 247.8**	**8 903.8**	**8 569.8**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**71.79**	**76.90**	**78.77**	**68.44**	**65.87**

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

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Katowice, 04-08-2015

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

1 HY 2015
the period from 01 Jan 2015 to 30 Jun 2015

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**560.7**	**26.9**	**1 278.3**	**3.1**	**48.0**	**7 244.4**	**10 247.8**
Net result for the current period	-	-	-	-	-	-	-	595.8	**595.8**
Other comprehensive income, of which:	**0.0**	**0.0**	**-195.4**	**-3.3**	**-786.0**	**0.0**	**0.0**	**0.5**	**-984.2**
- gains/losses on remeasurement of available-for-sale financial assets charged to equity	-	-	*-139.5*	-	-	-	-	-	*-139.5*
- reclassification to the financial result as a result of sale of available-for-sale financial assets	-	-	*-43.7*	-	-	-	-	-	*-43.7*
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	*-12.2*	-	-	-	-	-	*-12.2*
- effective part of cash flow hedging instruments revaluation	-	-	-	-	*-786.0*	-	-	-	*-786.0*
- remeasurement of property, plant and equipment	-	-	-	*-2.5*	-	-	-	-	*-2.5*
- disposal of property, plant and equipment	-	-	-	*-0.8*	-	-	-	*0.5*	*-0.3*
Transactions with owners, of which:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**-520.4**	**-519.4**
- revaluation of share-based payment	-	-	-	-	-	-	*1.0*	-	*1.0*
- dividends paid	-	-	-	-	-	-	-	*-520.4*	*-520.4*
Closing balance of equity	**130.1**	**956.3**	**365.3**	**23.6**	**492.3**	**3.1**	**49.0**	**7 320.3**	**9 340.0**

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

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

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Katowice, 04-08-2015

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued

1 HY 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**

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Katowice, 04-08-2015

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

	1 HY 2015 the period from 01 Jan 2015 to 30 Jun 2015	1 HY 2014 the period from 01 Jan 2014 to 30 Jun 2014
OPERATING ACTIVITIES		
Net profit (loss)	**595.8**	**580.5**
Adjustments	**-2 684.9**	**1 412.7**
- Depreciation and amortisation	82.6	75.0
- Interest accrued (from the profit and loss account)	-1 105.1	-1 091.0
- Interest paid	-608.1	-707.1
- Interest received	1 790.1	1 706.5
- Dividends received	-95.5	-5.3
- Gains (losses) on investment activities	0.7	-1.8
- Income tax (from the profit and loss account)	127.6	144.8
- Income tax paid	-389.4	-96.5
- Change in provisions	-5.2	3.4
- Change in loans and other receivables to other banks	-595.1	-691.1
- Change in financial assets at fair value through profit or loss	101.4	-951.8
- Change in available-for-sale financial assets	68.7	-2 369.1
- Change in financial assets held to maturity	-1 726.9	0.0
- Change in valuation of derivatives	3.5	38.2
- Change in derivative hedge instruments	28.9	-20.4
- Change in other receivables to customers	-7 765.0	-5 246.8
- Change in other assets	-96.5	-81.8
- Change in liabilities due to other banks	2 587.2	7 210.6
- Change in liabilities at fair value through profit or loss	-505.3	293.9
- Change in liabilities due to customers	5 115.7	2 928.9
- Change in other liabilities	300.8	274.1
Net cash flow from operating activities	**-2 089.1**	**1 993.2**
INVESTMENT ACTIVITIES		
- Purchase of property plant and equipment	-37.3	-47.6
- Disposal of property, plant and equipment	0.2	0.2
- Purchase of intangible assets	-38.9	-24.9
- Disposal of fixed assets held for sale	0.0	2.0
- Dividends received	95.5	5.3
Net cash flow from investment activities	**19.5**	**-65.0**
FINANCIAL ACTIVITIES		
- Interest on debt securities issued	-0.2	0.0
- Dividends paid	-520.4	-572.4
Net cash flow from financial activities	**-520.6**	**-572.4**
Effect of exchange rate changes on cash and cash equivalents	***-44.9***	***17.9***
Net increase/decrease in cash and cash equivalents	**-2 590.2**	**1 355.8**
Opening balance of cash and cash equivalents	**6 294.1**	**7 839.1**
Closing balance of cash and cash equivalents	**3 703.9**	**9 194.9**

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Katowice, 04-08-2015

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 2015 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 2015 and I half 2014.

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 2015 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 30 June 2015 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

Presented financial statements have been prepared in a condensed version. The interim condensed financial statements do not provide all data or disclosures required in the annual financial statements and should be interpreted together with the interim condensed consolidated financial statements for the half year 2015 and the Bank's financial statements for the year ended 31 December 2014 approved by the General Meeting on 31 March 2015.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity, and interim condensed standalone cash flow statement for the period from 1 January 2015 to 30 June 2015, and interim condensed standalone statement of financial position as at 30 June 2015 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2014 to 30 June 2014 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income and the interim condensed standalone cash flow statement, additionally for the period from 1 January 2014 to 31 December 2014 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 2015, 31 December 2014, 30 June 2014 and 31 March 2014. 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 2015 (period from 1 April 2015 to 30 June 2015) as well as comparative data for the Q2 2014 (period from 1 April 2014 to 30 June 2014).

The following financial data presented quarterly:

- for the period from 1 January 2015 to 31 March 2015,
- for the period from 1 April 2015 to 30 June 2015,
- for the period from 1 April 2014 to 30 June 2014 and
- as at 31 March 2015

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 2014 annual standalone financial statements. Amendments to standards and new interpretations are described in interim condensed consolidated statements of the ING Bank Śląski S.A. Capital Group 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 4 August 2015.

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

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

4. Comparability of financial data

In the interim condensed standalone financial statements for the period from 1 January 2015 to 30 June 2015, 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 2015

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

6. Seasonality or cyclicity of activity

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

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

None.

8. Dividends paid

On 31 March 2015, the General Meeting passed a resolution regarding dividend payout for 2014, pursuant to which the Bank paid out the dividend for 2014 totalling PLN 520,400.0 thousand, (PLN 4.0 gross per share, dividend yield of 3%). On 20 April 2015 the shareholders of record became entitled to the dividend payout which took place on 5 May 2015.

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

9. Acquisitions

In H1 2015, ING Bank Śląski S.A. did not perform the acquisition. In H1 2014, the Centrum Banku Śląskiego Spółka z o.o. company was divided by acquisition.

Interim condensed standalone financial statements (PLN million)

10. Off-balance sheet items

	as of 30 Jun 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Contingent liabilities granted	22 365.4	22 572.5	23 394.6	19 613.8	18 862.4
Contingent liabilities received	45 907.0	43 580.4	41 454.6	31 315.3	32 791.1
Off-balance sheet financial instruments	298 297.3	332 649.3	297 537.4	247 188.0	251 043.6
Total off-balance sheet items	**366 569.7**	**398 802.2**	**362 386.6**	**298 117.1**	**302 697.1**

11. Significant events after the balance sheet date

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

12. Transactions with related entities

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

ING Bank Śląski performs operations with ING Bank NV and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding"). The abovementioned transactions are carried out on an arm's length basis.

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

In the period from 1 January 2015 to 30 June 2015 the following transactions were made of the total value exceeding EURO 500.000:

- transactions with ING Bank NV – under execution of the agreements (among other Cooperation Agreement and Agreement on Provision of Data Processing and Financial Information Analysis Services), the fee for services rendered under financial advisory, the fee for using data processing and financial information analysis services by ING Bank Śląski and the fee for services rendered under business operations and product development advisory in the PCM area for 6 months of 2015 amounted to PLN 19.6 million versus PLN 20.2 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 9.1 million versus PLN 19.1 million in the analogous period of the previous year (net amounts).

Transactions with related entities (in PLN million)

I half 2015

	ING Bank NV	Other ING Group	Subsidiary undertakings *	Associated undertakings*
Receivables				
Nostro accounts	10.4	9.6	-	-
Deposits placed	60.0	-	-	-
Loans	-	6.9	5 048.4	-
Positive valuation of derivatives	321.8	230.3	-	-
Other receivables	4.2	0.7	0.1	-
Liabilities				
Deposits received	1 948.1	559.5	279.6	6.2
Loro accounts	69.3	10.1	-	-
Negative valuation of derivatives	325.6	163.9	0.8	-
Other liabilities	10.7	-	-	-
Off-balance-sheet operations				
Contingent liabilities	541.7	115.6	1 486.8	0.1
FX transactions	4 373.1	-	-	-
Forward transactions	39.9	955.5	-	-
IRS	10 971.5	3 595.4	72.9	-
FRA	2 816.6	-	-	-
Options	1 710.1	549.3	47.2	-
Revenue and costs**				
Revenue	4.3	-0.8	51.8	80.7
Costs***	17.9	7.4	-2.3	-

2014

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	3.0	15.2	-	-
Loans	-	8.1	4 486.2	
Positive valuation of derivatives	493.6	257.9	-	-
Other receivables	4.0	1.9	0.1	-
Liabilities				
Deposits received	1 523.8	687.8	386.7	161.0
Loro accounts	24.0	14.2	-	-
Negative valuation of derivatives	381.6	270.7	-	-
Repo	-	28.8	-	-
Other liabilities	3.9	0.1	-	-
Off-balance-sheet operations				
Contingent liabilities	270.2	114.0	2 049.2	-
FX transactions	3 268.1	49.8	-	-
Forward transactions	29.6	858.4	-	-
IRS	12 626.8	3 568.9	9.5	-
FRA	850.0	-	-	-
Options	1 272.4	726.2	48.0	-
Revenue and costs**				
Revenue	138.2	-3.6	121.6	-2.2
Costs***	49.6	23.8	-2.1	-

*/ 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 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	-

*/ 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).

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.

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

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

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

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.

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.

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. In H1 2015, the Bank revised the allocation key for the ALCO's income; further, the Bank Treasury's net income on operations is allocated to business segments (it was recognised in the corporate banking segment earlier). The data for previous periods presented herein were made comparable.

PLN million	**I half 2015** the period from 1 Jan 2015 to 30 Jun 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**1 035.8**	**759.9**	**1 795.7**
Net interest income	716.7	388.4	1 105.1
Net commission income	176.8	305.5	482.3
Other income/expenses	142.3	66.0	208.3
Expenses total	**601.0**	**333.9**	**934.9**
Result before risk	**434.8**	**426.0**	**860.8**
Impairment losses	57.5	79.9	137.4
Result after impairment losses (profit before tax)	**377.3**	**346.1**	**723.4**
Income tax	-	-	127.6
Result after tax	-	-	**595.8**

PLN million	**II quarter 2015** the period from 1 Apr 2015 to 30 Jun 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**564.1**	**379.4**	**943.5**
Net interest income	374.4	191.2	565.6
Net commission income	90.8	155.9	246.7
Other income/expenses	98.9	32.3	131.2
Expenses total	**296.3**	**174.2**	**470.5**
Result before risk	**267.8**	**205.2**	**473.0**
Impairment losses	23.6	31.0	54.6
Result after impairment losses (profit before tax)	**244.2**	**174.2**	**418.4**
Income tax	-	-	65.5
Result after tax	-	-	**352.9**

PLN million	**I half 2014** the period from 1 Jan 2014 to 30 Jun 2014		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**992.6**	**737.2**	**1 729.8**
Net interest income	660.3	430.7	1 091.0
Net commission income	237.0	287.4	524.4
Other income/expenses	95.3	19.1	114.4
Expenses total	**564.8**	**329.5**	**894.3**
Result before risk	**427.8**	**407.7**	**835.5**
Impairment losses	47.3	62.9	110.2
Result after impairment losses (profit before tax)	**380.5**	**344.8**	**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	**529.2**	**381.4**	**910.6**
Net interest income	344.5	207.1	551.6
Net commission income	120.5	146.0	266.5
Other income/expenses	64.2	28.3	92.5
Expenses total	**284.1**	**167.7**	**451.8**
Result before risk	**245.1**	**213.7**	**458.8**
Impairment losses	10.6	20.1	30.7
Result after impairment losses (profit before tax)	**234.5**	**193.6**	**428.1**
Income tax	-	-	84.9
Result after tax	-	-	**343.2**

as of 30 Jun 2015

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	39 194.0	61 949.2	101 143.2
Segment investments in controlled entities	36.0	233.2	269.2
Other assets (not allocated to segments)	0.0	0.0	1 066.1
Total assets	**39 230.0**	**62 182.4**	**102 478.5**
Segment liabilities	58 338.0	33 589.3	91.927.3
Other liabilities (not allocated to segment)	0.0	0.0	1 211.2
Equity	0.0	0.0	9 340.0
Total equity and liabilities	**58 338.0**	**33 589.3**	**102 478.5**

as of 31 Mar 2015

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	38 046.4	60 352.8	98 399.2
Segment investments in controlled entities	31.5	237.7	269.2
Other assets (not allocated to segments)	0.0	0.0	1 081.8
Total assets	**38 077.9**	**60 590.5**	**99 750.2**
Segment liabilities	55 098.7	32 744.0	87 842.7
Other liabilities (not allocated to segment)	0.0	0.0	1 902.5
Equity	0.0	0.0	10 005.0
Total equity and liabilities	**55 098.7**	**32 744.0**	**99 750.2**

as of 31 Dec 2014

	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	37 023.0	58 492.4	95 515.4
Segment investments in controlled entities	31.5	237.7	269.2
Other assets (not allocated to segments)	0.0	0.0	957.8
Total assets	**37 054.5**	**58 730.1**	**96 742.4**
Segment liabilities	52 795.6	32 542.3	85 337.9
Other liabilities (not allocated to segment)	0.0	0.0	1 156.7
Equity	0.0	0.0	10 247.8
Total equity and liabilities	**52 795.6**	**32 542.3**	**96 742.4**

as of 30 Jun 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	36 726.0	56 971.5	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	**36 848.7**	**57 270.2**	**95 107.0**
Segment liabilities	52 250.8	32 651.1	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	**52 250.8**	**32 651.1**	**95 107.0**

as of 31 Mar 2014

PLN million	Retail banking segment	Corporate banking segment	TOTAL
Assets of the segment	43 824.0	44 062.3	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	**43 982.4**	**44 365.3**	**89 257.9**
Segment liabilities	52 951.6	26 536.3	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	**52 951.6**	**26 536.3**	**89 257.9**

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 2015	as of 31 Mar 2015	as of 31 Dec 2014	as of 30 Jun 2014	as of 31 Mar 2014
Total capital ratio	14.6%	15.8%	15.5%	15.7%	15.3%

Interim condensed standalone financial statements (PLN million)

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

2015-08-04	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2015-08-04	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
2015-08-04	**Michał Bolesławski** *Vice-President*	*Signed on the Polish original*
2015-08-04	**Joanna Erdman** *Vice-President*	*Signed on the Polish original*
2015-08-04	**Justyna Kesler** *Vice-President*	*Signed on the Polish original*
2015-08-04	**Patrick Roesink** *Vice-President*	*Signed on the Polish original*
2015-08-04	**Ignacio Juliá Vilar** *Vice-President*	*Signed on the Polish original*