2015

Quarterly consolidated report of the ING Bank Śląski S.A. Group for the 4 quarter 2015

ING

Table of contents

Selected financial data from financial statements………………………………………… 1
I. Interim condensed consolidated financial statements……………………..………… 3
Interim condensed consolidated income statement……………………….................. 3
Interim condensed consolidated statement of comprehensive income..................... 3
Interim condensed consolidated statement of financial position.............................. 4
Interim condensed consolidated statement of changes in equity…......................... 5
Interim condensed consolidated cash flow statement………................................. 7
II Additional information……………………...……………………………………………... 8
1. Information on the Bank and the ING Bank Śląski S.A. Group…………..………… 8
2. Significant events in 4 quarter 2015…………………………………………….......... 10
3. Significant events after the balance sheet date…………………………..…………..… 13
4. Compliance with International Financial Reporting Standards……………….……. 14
5. Material accounting principles………..……………………………………………… 16
6. Comparability of financial data………..……………………………………………… 23
7. Notes to interim condensed consolidated financial statements……………………… 24
7.1 Net interest income……………………………………………………………………… 24
7.2 Net commission income………………………………………………………………… 25
7.3 Net income on financial instruments at fair value through profit or loss and FX result……………..………………………………………………………………………….. 25
7.4 Net income on investments…………………………………………………………… 25
7.5 Net income on hedge accounting……………………………………………………… 26
7.6 Net income on other basic activities…………………………………………………… 26
7.7 General and administrative expenses………………………………………………… 26
7.8 Impairment losses and provisions for off-balance sheet liabilities ………………… 27
7.9 Loans and other receivables to other banks…………………….……………………… 27
7.10 Financial assets at fair value through profit or loss…………………….…………….. 27
7.11 Investments……………………………………………………………………………… 27
7.12 Loans and other receivables to customers…………………………………………… 28
7.13 Quality of portfolio of loans and advances………………………………………….. 31
7.14 Non-financial assets…………………………………………………………………… 32
7.15 Assets held for sale…………………………………………………………………… 32
7.16 Liabilities to other banks………………………………………………………………. 32
7.17 Financial liabilities at fair value through profit or loss……………….…………….. 33
7.18 Liabilities to customers………..……………………………………………………….. 33
7.19 Provisions………………………………………………………………………………. 34
7.20 Fair value…………………………………………………………………………….. 34
7.21 Total capital ratio……………………………………………………………………… 40
8. Factors potentially affecting the financial results in the following quarters………… 41
9. Off-balance sheet items……………………………………………………………….. 41
10. Issues, redemption or repayments of debt securities and equities…..……………….. 41
11. Dividends paid…………………………..………………………………………............. 41
12. Settlements due to disputable cases…………………………………………………… 42
13. Seasonality or cyclicity of activity……………………………………………………… 42
14. Transactions with related entities………………………………..…………………… 42
15. Segmentation of revenue and financial result of the Group……...………………… 44
16. Other informations…………………………………………………………………….... 48
III. Interim condensed standalone financial statement of the Bank…………………….. 52
Interim condensed standalone income statement…... 52
Interim condensed standalone statement of comprehensive income...................... 52
Interim condensed standalone statement of financial position................................ 53

Interim condensed standalone statement of changes in equity……............................ 54
Interim condensed standalone cash flow statement….. 56
Additional information to the interim condensed standalone financial statements……………………………………………………………………………......... 57

Selected financial data from financial statements (PLN million)

SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

• *Selected financial data*

	IV quarter 2015	4 quarters 2015	IV quarter 2014	4 quarters 2014
Net interest income	659.4	2 467.1	583.2	2 330,2
Net commission income	254.8	1 017.2	248.9	1 062,9
Result on basic activities	953.6	3 778.1	866.0	3 532,5
Result before tax	254.1	1 390.3	292.4	1 347,4
Net profit attributable to shareholders of ING Bank Śląski S.A.	205.7	1 127.0	230.8	1 040,7
Earnings per ordinary share (PLN)	1.58	8.66	1.77	8,00

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Loans and other receivables to customers (net) excluding Eurobonds	68 681.0	67 631.6	57 130.9	56 418.5
Liabilities to customers including matched funding for leasing portfolio	89 815.5	85 979.2	78 126.0	74 412.2
- matched funding	*1 997.0*	*2 153.3*	*2 467.1*	*2 713.7*
Total assets	108 893.1	112 180.7	99 860.7	96 848.5
Equity attributable to shareholders of ING Bank Śląski S.A.	10 677.9	10 301.8	10 454.0	9 931.6
Initial capital	130.1	130.1	130.1	130.1

• *Key effectiveness ratios*

	31 Dec 2015	30 Sep 2015	31 Dec 2014	30 Sep 2014
C/I - Cost/Income ratio (%)	57.1	53.4	54.4	53.8
ROA - Return on assets (%)	1.1	1.1	1.1	1.1
ROE - Return on equity (%)	11.0	11.4	11.1	11.8
NIM - net interest margin (%)	2.45	2.43	2.67	2.72
L/D - Loans-to-deposits ratio (%)	76.5	78.7	73.1	75.8
Total capital ratio (%)	13.7	13.7	14.2	14.2

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 4.1848 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2015.
  - PLN 4,1893 - exchange rate calculated as the average of NBP exchange rates as at the last day of each month in 4 quarters 2014.
- for statement of financial positions items:
  - PLN 4.2615 - NBP exchange rate of 31 December 2015.
  - PLN 4.2386 - NBP exchange rate of 30 September 2015.
  - PLN 4.2623 - NBP exchange rate of 31 December 2014.
  - PLN 4.1755 - NBP exchange rate of 30 September 2014.

Interim condensed consolidated financial statements (PLN million)

I. Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net interest income	7.1	659.4	2 467.1	583.2	2 330.2
Net commission income	7.2	254.8	1 017.2	248.9	1 062.9
Net income on financial instruments at fair value through profit or loss and FX result	7.3	22.9	85.1	23.1	94.4
Net income on investments	7.4	0.3	165.0	5.4	15.8
Net income on hedge accounting	7.5	5.6	22.9	-2.1	8.9
Net income on other basic activities	7.6	10.6	20.8	7.5	20.3
Net income on basic activities		**953.6**	**3 778.1**	**866.0**	**3 532.5**
General and administrative expenses	7.7	648.0	2 155.7	488.5	1 929.7
Impairment losses and provisions for off-balance sheet liabilities	7.8	51.5	232.1	85.1	267.7
Share in net profit (loss) of associated entities recognised under the equity method		0.0	0.0	0.0	12.3
Gross profit (loss)		**254.1**	**1 390.3**	**292.4**	**1 347.4**
Income tax		48.4	263.2	61.7	306.6
Net profit (loss)		**205.7**	**1 127.1**	**230.7**	**1 040.8**
- attributable to shareholders of ING Bank Śląski S.A.		**205.7**	**1 127.0**	**230.8**	**1 040.7**
- attributable to non-controlling interests		0.0	0.1	-0.1	0.1

Net profit (loss) attributable to shareholders of ING Bank Śląski S.A.	**205.7**	**1 127.0**	**230.8**	**1 040.7**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1.58**	**8.66**	**1.77**	**8.00**

Diluted earnings per share agrees with earnings per ordinary share

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net profit for the period	**205.7**	**1 127.1**	**230.7**	**1 040.8**
Other comprehensive income, including:	**170.4**	**-383.9**	**291.3**	**1 357.7**
- items which can be reclassified to income statement	171.4	-380.4	297.2	1 360.3
- items which will not be reclassified to income statement	-1.0	-3.5	-5.9	-2.6
Total comprehensive income for the period, of which:	**376.1**	**743.2**	**522.0**	**2 398.5**
- attributable to shareholders of ING Bank Śląski S.A.	376.1	743.1	522.1	2 398.4
- attributable to non-controlling interests	0.0	0.1	-0.1	0.1

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
ASSETS					
- Cash in hand and balances with the Central Bank		3 589.7	3 940.7	5 330.7	3 008.0
- Loans and other receivables to other banks	7.9	1 014.6	3 325.7	1 838.3	2 512.6
- Financial assets at fair value through profit or loss	7.10	1 127.1	2 769.2	1 856.8	1 455.4
- Valuation of derivatives		1 990.9	1 947.2	2 412.3	1 998.5
- Investments	7.11	23 478.8	24 310.3	22 829.3	23 190.6
- Derivative hedge instruments		2 454.8	2 521.2	2 983.8	2 370.9
- Loans and other receivables to customers	7.12, 7.13	72 519.6	71 425.2	61 054.8	60 219.0
- Receivables from customers under repo transactions		1 354.4	553.6	106.6	486.7
- Non-financial assets	7.14	1 070.5	1 022.6	1 032.3	1 055.7
- Assets held for sale	7.15	38.4	44.1	144.9	151.8
- Tax assets		59.6	55.8	59.1	98.8
- Other assets		194.7	265.1	211.8	300.5
Total assets		**108 893.1**	**112 180.7**	**99 860.7**	**96 848.5**
EQUITY AND LIABILITIES					
LIABILITIES					
- Liabilities due to other banks	7.16	3 913.5	10 917.1	6 123.4	7 043.3
- Financial liabilities at fair value through profit or loss	7.17	629.4	934.1	917.4	2 145.4
- Valuation of derivatives		2 002.7	2 037.4	2 521.6	2 091.0
- Derivative hedge instruments		1 830.9	1 842.8	2 032.8	1 637.8
- Liabilities to customers	7.18	87 818.5	83 825.9	75 658.9	71 698.5
- Liabilities to customers under repo transactions		47.5	4.1	29.7	281.1
- Liabilities under issue of debt securities		866.3	872.0	866.5	571.6
- Provisions	7.19	67.2	70.3	74.8	71.7
- Tax liabilities		156.8	122.9	265.6	254.5
- Other liabilities		879.8	1 249.7	913.4	1 119.4
Total liabilities		**98 212.6**	**101 876.3**	**89 404.1**	**86 914.3**
EQUITY					
- Share capital		130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value		956.3	956.3	956.3	956.3
- Revaluation reserve		1 485.0	1 316.9	1 874.3	1 584.5
- Revaluation of share-based payment		49.4	49.4	48.2	47.9
- Retained earnings		8 057.1	7 849.1	7 445.1	7 212.8
Equity attributable to shareholders of ING Bank Śląski S.A.		**10 677.9**	**10 301.8**	**10 454.0**	**9 931.6**
- Non-controlling interests		**2.6**	**2.6**	**2.6**	**2.6**
Total equity		**10 680.5**	**10 304.4**	**10 456.6**	**9 934.2**
Total equity and liabilities		**108 893.1**	**112 180.7**	**99 860.7**	**96 848.5**

Net book value	**10 677.9**	**10 301.8**	**10 454.0**	**9 931.6**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**82.07**	**79.18**	**80.35**	**76.34**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

Interim condensed consolidated financial statements (PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

4 Q 2015
the period from 01 Oct 2015 to 31 Dec 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**	**324.0**	**25.8**	**963.7**	**3.4**	**49.4**	**7 849.1**	**2.6**	**10 304.4**
Net result for the current period	-	-	-	-	-	-	-	205.7	0.0	**205.7**
Other net comprehensive income, including:	**0.0**	**0.0**	**174.5**	**-2.9**	**-3.1**	**-0.4**	**0.0**	**2.3**	**0.0**	**170.4**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*182.7*	-	-	-	-	-	-	*182.7*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-0.1*	-	-	-	-	-	-	*-0.1*
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	*-8.1*	-	-	-	-	-	-	*-8.1*
- effective part of cash flow hedging relationship	-	-	-	-	*-3.1*	-	-	-	-	*-3.1*
- remeasurement of property, plant and equipment	-	-	-	*-1.4*	-	-	-	*0.0*	-	*-1.4*
- disposal of property, plant and equipment	-	-	-	*-1.5*	-	-	-	*2.3*	-	*0.8*
- actuarial gains / losses	-	-	-	-	-	*-0.4*	-	-	-	*-0.4*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.1**
- revaluation of share-based payments	-	-	-	-	-	-	*0.1*	-	-	*0.1*
Closing balance of equity	**130.1**	**956.3**	**498.5**	**22.9**	**960.6**	**3.0**	**49.5**	**8 057.1**	**2.6**	**10 680.6**

4 Q 2015 YTD
the period from 01 Jan 2015 to 31 Dec 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	-	-	-	-	-	-	-	1 127.0	0.1	**1 127.1**
Other net comprehensive income, including:	**0.0**	**0.0**	**-62.7**	**-8.5**	**-317.7**	**-0.4**	**0.0**	**5.4**	**0.0**	**-383.9**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*12.9*	-	-	-	-	-	-	*12.9*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-47.2*	-	-	-	-	-	-	*-47.2*
- 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	-	-	*-28.4*	-	-	-	-	-	-	*-28.4*
- effective part of cash flow hedging relationship	-	-	-	-	*-317.7*	-	-	-	-	*-317.7*
- remeasurement of property, plant and equipment	-	-	-	*-5.2*	-	-	-	*1.4*	-	*-3.8*
- disposal of property, plant and equipment	-	-	-	*-3.3*	-	-	-	*4.0*	-	*0.7*
- actuarial gains / losses	-	-	-	-	-	*-0.4*	-	-	-	*-0.4*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**	**-520.4**	**-0.1**	**-519.2**
- revaluation of share-based payments	-	-	-	-	-	-	*1.3*	-	-	*1.3*
- dividend paid	-	-	-	-	-	-	-	*-520.4*	*-0.1*	*-520.5*
Closing balance of equity	**130.1**	**956.3**	**498.5**	**22.9**	**960.6**	**3.0**	**49.5**	**8 057.1**	**2.6**	**10 680.6**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

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

	Share capital	Supplemen- tary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**535.4**	**40.3**	**1 006.9**	**1.9**	**47.9**	**7 212.8**	**2.6**	**9 934.2**
Net result for the current period	-	-	-	-	-	-	-	230.8	-0.1	**230.7**
Other net comprehensive income, including:	**0.0**	**0.0**	**25.8**	**-8.9**	**271.4**	**1.5**	**0.0**	**1.5**	**0.0**	**291.3**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*25.9*	-	-	-	-	-	-	*25.9*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-0.1*	-	-	-	-	-	-	*-0.1*
- effective part of cash flow hedging relationship	-	-	-	-	*271.4*	-	-	-	-	*271.4*
- remeasurement of property, plant and equipment	-	-	-	*-7.3*	-	-	-	-	-	*-7.3*
- disposal of property, plant and equipment	-	-	-	*-1.6*	-	-	-	*1.5*	-	*-0.1*
- actuarial gains / losses	-	-	-	-	-	*1.5*	-	-	-	*1.5*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**0.1**	**0.4**
- revaluation of share-based payments	-	-	-	-	-	-	*0.3*	-	-	*0.3*
- increase of shares in the subsidiary	-	-	-	-	-	-	-	-	*0.1*	*0.1*
Closing balance of equity	**130.1**	**956.3**	**561.2**	**31.4**	**1 278.3**	**3.4**	**48.2**	**7 445.1**	**2.6**	**10 456.6**

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

	Share capital	Supplemen- tary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	**130.1**	**956.3**	**273.7**	**43.2**	**205.5**	**1.9**	**46.1**	**6 969.5**	**2.3**	**8 628.6**
Net result for the current period	-	-	-	-	-	-	-	1 040.7	0.1	**1 040.8**
Other net comprehensive income, including:	**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 revaluation of available-for-sale financial assets carried through equity	-	-	*291.8*	-	-	-	-	-	-	*291.8*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-4.3*	-	-	-	-	-	-	*-4.3*
- effective part of cash flow hedging relationship	-	-	-	-	*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 shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**	**-572.8**	**0.2**	**-570.5**
- revaluation of share-based payments	-	-	-	-	-	-	*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**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
OPERATING ACTIVITIES		
Net profit (loss)	**1 127.0**	**1 040.7**
Adjustments	**-765.6**	**-1 945.5**
- 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	189.2	175.1
- Interest accrued (from the income statement)	-2 467.1	-2 330.2
- Interest paid	-1 170.0	-1 416.8
- Interest received	3 659.1	3 659.7
- Dividends received	-87.6	-4.0
- Gains (losses) on investing activities	-0.9	-8.5
- Income tax (from the income statement)	263.2	306.6
- Income tax paid	-372.5	-91.9
- Change in provisions	-7.6	7.0
- Change in loans and other receivables to other banks	664.2	-337.3
- Change in financial assets at fair value through profit or loss	729.6	95.5
- Change in available-for-sale financial assets	337.3	-2 959.1
- Change in valuation of derivatives	-97.5	87.7
- Change in hedge derivatives	9.4	59.3
- Change in loans and other receivables to customers	-12 740.2	-8 310.6
- Change in other assets	167.7	68.7
- Change in liabilities to other banks	-1 730.3	1 659.4
- Change in liabilities at fair value through profit or loss	-288.0	-316.8
- Change in liabilities to customers	12 209.0	7 749.4
- Change in other liabilities	-32.7	-26.5
Net cash flow from operating activities	**361.4**	**-904.8**
INVESTING ACTIVITIES		
- Purchase of property plant and equipment	-149.7	-125.1
- Disposal of property, plant and equipment	14.0	2.6
- Purchase of intangible assets	-139.3	-85.1
- Disposal of non-current assets held for sale	1.2	7.3
- Purchase of held-to-maturity financial assets	-1 138.6	0.0
- Interest from held-to-maturity financial assets	87.6	0.0
- Dividends received	87.6	4.0
Net cash flow from investing activities	**-1 237.2**	**-196.3**
FINANCING ACTIVITIES		
- Long-term loans received	140.2	837.9
- Long-term loans repaid	-593.8	-949.7
- Interest on long-term loans repaid	-25.4	-33.2
- Issue of debt securities	0.0	300.0
- Interest on debt securities issued	-23.9	-20.4
- Dividends paid	-520.5	-572.4
Net cash flow from financing activities	**-1 023.4**	**-437.8**
Effect of exchange rate changes on cash and cash equivalents	***-40.5***	***198.9***
Net increase/decrease in cash and cash equivalents	**-1 899.2**	**-1 538.9**
Opening balance of cash and cash equivalents	**6 311.1**	**7 850.0**
Closing balance of cash and cash equivalents	**4 411.9**	**6 311.1**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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 ING Bank Śląski S.A. Group

1.1. Key Bank data

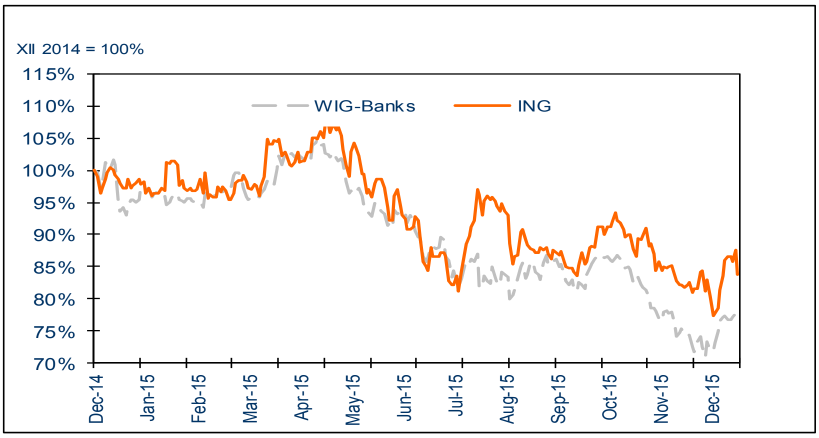
ING Bank Śląski S.A. ("Parent company", "parent entity", "Bank") with the headquarters in Katowice, Sokolska Str. 34, was entered into the entrepreneurs National Court Register managed by the Commercial Department of the Regional Court in Katowice under the reference number KRS 5459.The parent entity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

1.2. Scope and duration of operations

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

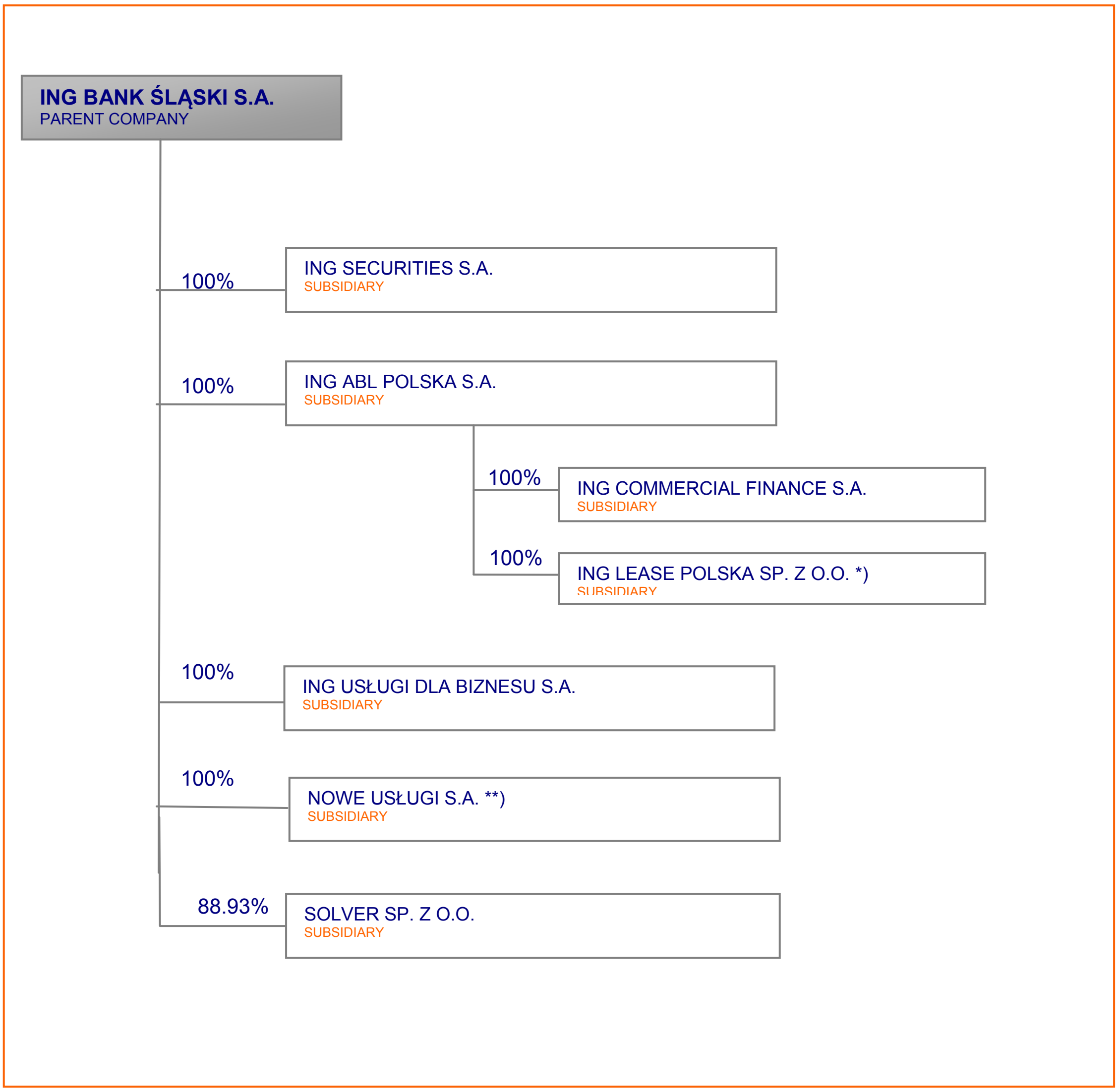
1.3. Initial capital, share price

The initial capital of ING Bank Śląski S.A. is PLN 130,100,000 and is divided in 130,100,000 ordinary bearer shares with a par value of PLN 1.00 each. Shares of the Bank are quoted on the Warsaw Stock Exchange (sector: banks). As of 31 December 2015, the share price of ING Bank Śląski S.A. was PLN 117.2, whereas during the same period last year it was at the level of PLN 139.9. In the 12 months of 2015, the price of ING Bank Śląski S.A. shares was as follows:



1.4. ING Bank Śląski S.A. Group

ING Bank Śląski S.A. is the parent company of the ING Bank Śląski S.A. Group ("Capital Group", "Group"). As at 31 December 2015, the composition of ING Bank Śląski S.A. 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.

**) The company was registered in H1 2014 and is not running full business operations yet.

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).

On 7 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[1].

[1] Under the Communique from 265th session of the Polish Financial Supervision Authority published on PFSA's website.

Interim condensed consolidated financial statements (PLN million)

On 20 July 2015, the Bank transferred the ownership of 20% of shares of ING Powszechne Towarzystwo Emerytalne S.A. onto the buyer.

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

ING Bank Śląski S.A. is a subsidiary of ING Bank NV, which as at 31 December 2015 held 75% share in the initial capital of ING Bank Śląski and 75% shares in the total number of votes at the General Meeting of Shareholders. ING Bank NV belongs to the Capital Group, herein referred to as ING Group.

As at the date 31 December 2015, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were:

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

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

As at 31 December 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 3 February 2016.

2. Significant events in 4 quarter 2015

2.1. Bank Guarantee Fund's resolution on mandatory contribution from the guaranteed deposits fund

On 26 November 2015, the Bank received from the Bank Guarantee Fund ("BGF") BGF Management Board Resolution No. 87/DGD/2015 concerning payout of guaranteed funds to the depositors of Spółdzielczy Bank Rzemiosła i Rolnictwa in Wołomin and a notice to make a contribution of PLN 157.4 million by 30 November 2015 to BGF for the payout of guaranteed funds under the deposits accumulated in Spółdzielczy Bank Rzemiosła i Rolnictwa in Wołomin. The amount of the contribution increased the Bank's cost in Q4 2015.

2.2. Impact of the Visa Europe takeover by Visa Inc. transaction.

The Management Board of ING Bank Śląski S.A. received the information regarding the proposed allocation of settlement of the Visa Europe Limited (Visa Europe) takeover by Visa Inc. transaction. The transaction is contingent on obtaining relevant regulatory consents and its closing is forecast for Q2 2016. The transaction value (Visa Europe value) was determined at EUR 16.5 billion, payable upfront, out of which EUR 11.5 billion is to be paid out in cash and EUR 5 billion in preference shares of Visa Inc. Furthermore, the transaction provides for the earn-out - a deferred payment up to the amount of EUR 4.7 billion payable in cash after 16 quarters from the transaction settlement.

As a Visa Europe member, ING Bank Śląski S.A. will be one of the transaction beneficiaries. Pursuant to the information received, the potential transaction settlement impact on ING Bank Śląski S.A. is EUR 31 million in cash and EUR 10.7 million in shares.

The above amounts can be adjusted with the transaction costs and following potential justified requests for adjustment of the awarded amounts submitted by Visa Europe members. Visa Europe members hold the right to appeal. The process of reviewing appeals will last until 1 March 2016. On 1 March 2016, the allocation decisions will become final and binding.
The impact of the deferred payment (earn-out) on the Bank's result is unknown. The condition for taking advantage of the earn-out option is being qualified to up-front allocation and membership in Visa for 4 subsequent years from the transaction closing date.

2.3. Borrower Financial Assistance Fund

In Q4 2015, ING Bank Śląski S.A. formed a provision to cover the costs of the Borrower Financial Assistance Fund contribution of PLN 6.4 million (under the Act on Support for Borrowers in a Difficult Financial Situation of 09 October 2015 concerning the borrowers who drew housing loans). The contribution will be paid until 18 February 2016.

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

- *bonds series INGBS191219*

On 19 December 2015, due to commencing new, third 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 2.52% per annum. The next coupon date falls on 19 June 2016. The other rights under the said bonds remain unchanged.

- *bonds series INGBS061217*

On 6 December 2015, due to commencing new, seventh coupon period and setting a new WIBOR rate for six-month deposits per the coupon period, the interest was changed for bonds series INGBS061217 of total nominal value of PLN 565,000,000.00 issued by the

Bank on 6 December 2012 under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.* The bonds interest for the subsequent coupon period is 2.69% per annum. The next coupon date falls on 6 June 2016. The other rights under the said bonds remain unchanged.

2.5. ING Bank Śląski S.A. Supervisory Board's consent to ING Bank Śląski S.A. taking a subordinated cash loan

On 27 November 2015, the Bank Supervisory Board granted consent to ING Bank Śląski S.A. taking a subordinated cash loan up to the total amount of EUR 300 million. The Supervisory Board empowered the Management Board of ING Bank Śląski S.A. to determine under the above referred limit detailed conditions of the said cash loan.

2.6. Selection of entity authorised to audit financial statements

On 27 November 2015, the Bank Supervisory Board selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Warsaw as the entity authorised to audit the financial statements of ING Bank Śląski S.A. and the ING Bank Śląski S.A. Group for the period of 2016-2017. KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. was entered on the list of entities authorised to audit financial statements, which is kept by the National Board of Statutory Auditors (KRBR).

The agreement with the said entity will cover the years 2016-2017, starting with the review of the financial statements for H1 2016 until the audit of the annual financial statements for 2017. KPMG audited the financial statements of the Bank and its Group in the years 2013 – 2015 and during the last 3 years concluded with the Bank the agreements on attestation services and support in analysis of selected regulatory matters.

2.7. Credit Agreement with ING Lease (Polska) Sp. z o.o. – amendment

On 12 November 2015, the Bank signed with ING Lease (Polska) Sp. z o.o. and annex to the credit agreement of 19 January 2012 along with subsequent amendments, whereby the amount of the facility granted to that company was increased by PLN 1.0 billion up to PLN 4.5 billion.
The total exposure of the Bank towards ING Lease (Polska) Sp. z o.o. and its subsidiaries is PLN 4,801,920,000.00.The criterion for regarding the agreement as significant is the total exposure value exceeding 10% of the Bank's equity. The Borrower is an affiliated entity of ING Bank Śląski S.A.

2.8. PFSA's stance on the banks dividend policy

On 15 December 2015, the Polish Financial Supervision Authority (PFSA) published its stance on the banks dividend policy in 2016 (dividend for 2015). In order to ensure further stable operations of banks in Poland, PFSA recommends the dividend policy to banks which will further consolidate their capital base and adjust it to the levels held by other European Union member states.The PFSA recommends in particular that the dividend be paid out solely by banks meeting the below criteria:

- banks which do not pursue the corrective programme,
- their BION final score is not worse than 2.5, and

- their financial leverage is above 5%,
- Tier 1 ratio plus the security buffer:
  - banks with over 5% share in the non-financial sector deposits – from 13.25% plus 75% of potential capital add-on for FX loans risk,
  - other commercial banks – higher than 11.25% plus 75% of potential capital add-on for FX loans risk.

Based on financial results as at 31 December 2015, the banks will receive individual recommendations on dividend policy in a letter from the Chairman of the Polish Financial Supervision Authority.

2.9. Determination of minimum T1 and TCR capital ratios in effect since 1 January 2016

In their letter of 22 October 2015 addressed to all banks, the Polish Financial Supervision Authority requested them to increase the mandatory T1 and TCR ratios as of 1 January 2016 by 1.25 p.p. following the institution of the capital conservation buffer. This means that the minimum Common Equity Tier 1 ratio (T1) and the Total Capital Ratio (TCR) will increase to 10.25% and 13.25% respectively (from 9% and 12% in effect as at 31 December 2015).

2.10. Judgement of the Appeals Court as regards the fine imposed by the Office of Competition and Consumer Protection in 2006

On 6 October 2015, the Appeals Court in Warsaw issued their judgement on the interchange fees, overruling the judgement of the Regional Court in Warsaw which was appealed against. In consequence of the ruling of the Appeals Court, the decision made in 2006 by the President of the Office of Competition and Consumer Protection (the Office) became final and binding. Under the decision, the President of the Office recognised that banks – decision addressees – were employing competition-limiting practices in the acquiring services market in respect of payment of liabilities towards merchants by consumers with the use of payment cards by mutually fixing the interchange fees. Under the said decision, a fine of approximately PLN 164.7 million was imposed on the banks as well. ING Bank Śląski S.A. was bound to pay PLN 14,088,270. In the previous years, the bank formed a provision to cover the projected costs of the said fine in 100%.

3. Significant events after the balance sheet date

3.1. Act on Tax on Some Financial Institutions

At the end of December 2015, the Seym adopted the Act on Tax on Some Financial Institutions. Under the Act, from February 2016 the banks, insurance undertakings, co-operative savings and credit unions and lending companies i.a. will have to pay the so-called bank levy per month 0.0366% of their assets. The tax base will be formed by the company assets less PLN 4 billion, own funds and T-securities. The new levy will significantly impact profitability of the banking system.

3.2. Licence to conduct brokerage activity

On 19 January 2016 the Polish Financial Supervision Authority granted ING Bank Śląski S.A. the licence to conduct brokerage activity comprising the following:

- accepting and transmitting orders to buy or sell financial instruments,
- processing the orders to buy or sell financial instruments for the ordering party,
- proprietary trading in financial instruments on its own account,
- providing investment advisory services,
- offering financial instruments,
- providing services in performance of previously concluded agreements on stand-by underwriting and firm commitment underwriting or in conclusion and performance of other agreements of similar nature concerning financial instruments,
- safekeeping or recording financial instruments, including keeping securities accounts, omnibus accounts and cash accounts;
- advising companies on capital structure, corporate strategy and other matters relating to such a structure or strategy,
- providing advisory and other services relating to the mergers, divisions and acquisitions of companies,
- developing investment analyses, financial analyses and other recommendations of a general nature relating to transactions in financial instruments, and
- providing additional services relating to stand-by underwriting or firm commitment underwriting.

3.3. Notice of Intention to Divide ING Securities S.A.

On 3 February 2016 the Management Board of ING Bank Śląski S.A. gave notice that they intended to divide ING Securities S.A. The division shall be completed by way of transferring the entire assets of ING Securities S.A. onto ING Bank Śląski S.A. and onto Nowe Usługi S.A. Following the division of ING Securities S.A., the brokerage services which have been provided to date via ING Securities S.A. and ING Bank Śląski S.A. will be integrated within one entity (ING Bank Śląski S.A.). Services other than brokerage services which have been provided by ING Securities S.A. will be transferred to Nowe Usługi S.A., a member of the ING Bank Śląski S.A. Group.

4. Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements of the ING Bank Śląski S.A. Group for the 4 quarter 2015 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 December 2015 as well as in accordance with the Ordinance of Finance Minister of 19 February 2009 on current and interim information submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259) with subsequent amendments.

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

Interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the period from 1 January 2015 to 31 December 2015, and interim condensed consolidated statement of financial position as at 31 December 2015 together with comparable data were prepared according to the same principles of accounting for each period.

4.1. Going-concern

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

4.2. Discontinued operations

No operations were discontinued during the 4 quarters 2015 and 4 quarters 2014.

4.3. Financial statements scope and currency

These interim condensed consolidated financial statements of the Group for the 4 quarter 2015 comprise the Bank and its subsidiaries and – in case comparative data - the Group's interest in associates and jointly controlled entities. These interim condensed consolidated financial statements have been developed in Polish zloties ("PLN"). Unless provided for otherwise, all values were given rounded up to PLN million. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

4.4. Comparable data

The comparative data cover the period from 1 January 2014 to 31 December 2014 for the interim condensed consolidated income statement; the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated cash flow statement and for the interim condensed consolidated statement of changes in equity; in the case of the interim condensed consolidated statement of financial position data as of 30 September 2015, 31 December 2014 and 30 September 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 IV quarter 2015 (period from 1 October 2015 to 31 December 2015) as well as comparative data for the IV quarter 2014 (period from 1 October 2014 to 31 December 2014).

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 presented in the Group's interim condensed consolidated financial statements for H1 2015.

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 Q4 2015.

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

5. Material accounting principles

Detailed accounting principles are presented in annual consolidated financial statements of the ING Bank Śląski S.A. Group for the period from 1 January 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

Below presented are modifications introduced to the description of accounting principles applied by the Capital Group. The changes implemented in 4 quarter 2015 were editorial in nature and were aimed at enhancing the quality of the description of the accounting principles applied by the Group and making it more transparent.

5.1. Clarification of the guidelines on derecognition from the statement of financial position

The Group derecognises a financial asset when, and only when: the contractual rights to the cash flows from the financial asset expire or the Group transfers the contractual right to receipt of the cash flow from the financial asset.

On transferring a financial asset, the Group evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly, where the Group:

- transfers substantially all the risks and rewards of ownership of the financial asset, it derecognises the financial asset,
- retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset,
- neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it the Group determines whether it has retained control of the financial asset. In this case if the Group has retained control, it continues to recognise the financial asset, and if the Group has not retained control, it derecognises the financial asset to the extent of its continuing involvement in the financial asset.

The Group removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when the obligation specified in the contract is satisfied or cancelled or expires.

The Group derecognizes loans and receivables or their part, if the rights pertaining to the loan agreement expire, the Group waives such rights, sells the loan or when as a result of modification of the terms and conditions of the loan or cash loan agreement the present value of future cash flows of the primary exposure and the exposure recognised after the said modification differs by more than 10%.

The Group most frequently writes down receivables as impairment loss when irrevocability of financial assets is declared, and also when repayment claim costs exceed the amount of the receivable.

The amounts of receivables written down as loss and recovered thereafter diminish the value of impairment loss in the income statement.

5.2. Clarification of the guidelines on recognition of commission income and costs

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

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

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

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

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

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

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

If during the life of the contract the terms and conditions of credit exposure are changed, the whole outstanding part of commission is recognised in the income statement. on the day when the terms and conditions are updated, provided that the outstanding amount of commission is insignificant.

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

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

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

5.3. Amendments made to the description of principles for impairment of assets measured at amortised cost

At each balance sheet date, the Group assesses whether there is any 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 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.

The evidence of impairment is:

- identification of an objective impairment evidence (for corporate and retail credit exposures) or
- the analysis (test) result showing impairment (in the case of corporate credit exposure).

Objective impairment evidence of the corporate or retail credit exposure covers the occurrence of at least one of the following situations:

- the client has discontinued to repay the principal, pay interest or commissions, with the delay of +90 DPD, provided that the amount of arrears is higher than the materiality threshold defined for a given client segment or product,
- another forbearance has occurred or there is a delay of +30 DPD for corporate and credit exposure with the forbearance status,
- a petition for bankruptcy with liquidation or conciliation bankruptcy has been filed or rehabilitation proceedings have been started by the Group, a client or by another bank. For retail credit exposures, it applies only where it is the Group that files the petition for the client bankruptcy,
- bankruptcy with liquidation is declared, conciliation bankruptcy or rehabilitation proceedings towards the client are approved – if they assume lack of full repayment towards the Group,
- the credit exposure becomes due and payable as a consequence of the Group's having terminated the loan agreement,
- the Group cancels or writes off a significant amount of the client receivables, which leads to reduction in cash flows from a given financial assets item,
- the Group initiates the debt enforcement proceedings,
- the client questions the balance sheet credit exposure in court,
- the client's whereabouts are unknown so the client is not represented in contacts with the Group and the client assets are not disclosed,
- serious financial problems of the client, including but not limited to:
  - for corporate credit exposure, the Group has assessed with high probability (above 50%) that the client situation will preclude full repayment of the debt within

the impairment analysis (test),
- for retail credit exposure:
  - poor financial standing reflected in the worst risk rating of the client (applies to clients from the Entrepreneurs segment),
  - restructuring of the retail credit exposure,
  - impairment on other accounts – within the product segment the client has other credit exposures where impairment evidence has been identified,
- for retail credit exposures – justified suspicion of fraudulent obtainment of a loan.

For retail credit exposures, the objective impairment evidence applies if the materiality threshold of PLN 500 is exceeded. As regards corporate credit exposures without risk rating, the materiality threshold for overdraft facilities with +90 DPD amounts to PLN 1,000. For the remaining corporate credit exposures, the Group does not use the materiality threshold.

For corporate credit exposures, the impairment analysis (test) result determines whether or not impairment is identified. The test is run upon identifying an impairment trigger. Impairment triggers for corporate credit exposures include:

- danger of bankruptcy or another financial reorganisation has been reported, both of which may lead to a failure to repay the financial asset or to delayed repayment,
- the client has discontinued to repay the principal, pay interest or commissions, with the delay of +45 DPD,
- the Group assesses that the client will face difficulties in repaying the debt, that is the client is undergoing material financial problems which may lead to a failure to repay the financial asset or to delayed repayment,
- significant breach of contractual conditions by the client which may adversely impact on future cash flows from a given financial assets item,
- disappearance of an active market for a given financial assets item held by the Group due to the financial problems of the issuer/client, which may have a negative influence on future cash flows from a given financial assets item,
- credit debt restructuring for non-commercial reasons, that is due to client's material financial hurdles. This refers to the situation when the client for the aforementioned reasons has requested forbearance from the Group or the Group has already applied forbearance towards the client; these can be in particular such situations as: lending tenor extension, reduction of credit instalments, suspension of principal repayment or interest payment,
- major conflict among shareholders, loss of the sole/main counterparty, loss/death of a key person in the entity when there is no suitable succession, random incident leading to destruction of debtor's key assets.

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

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.

Identification of the objective impairment evidence requires downgrading the client to the worst risk rating without the necessity to carry out the impairment analysis (test).

If after the assessment we find that for a given financial assets item there are no 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 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 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.

5.4. Clarification of the guidelines on forbearance and 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. In 2015 the Group made a post-implementation review of the approach used in that regard so as to confirm compliance with the Commission Implementing Regulation (EU) 2015/1278 of 9 July 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions as regards instructions, templates and definitions. The Group, having taken account of the results of that review, redefined adequately its internal regulations.

Forbearance is defined:

- 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 under conditions diverging from market standards, so as to enable the client to meet the obligations in accordance with the agreement or to save the client from repayment difficulties (credit agreement modification 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.

The Group identifies forbearance (in the regular and non-regular portfolios, including the non-performing one) also as of the effective date of the forbearance-related covenant put in the original loan agreement, under which the terms and conditions of the loan agreement can later be changed in the situation of the client financial hurdles as long as all of the following conditions are met: the client is facing problems and has applied for that covenant taking effect and the Group has approved that application plus if that covenant did not come into force the client would or could be classified into the non-performing portfolio.

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 also classified as non-performing exposures when arrears of +30 DPD occur for the forbearance exposure or when another forbearance is granted for such exposure, while that refers exclusively to the cases when the client with the forbearance status was after obtaining that status in the non-performing portfolio and subsequently was upgraded to the performing portfolio.

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.

5.5. Other modifications

Other modifications were editorial and clarifying in nature and were to complement or correct the descriptions of the principles applied.

Interim condensed consolidated financial statements (PLN million)

6. Comparability of financial data

Amendments to the Income Statement

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 31 December 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 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 the 4 quarter 2014 and in the current statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	4 quarters 2014 the period from 01 Jan 2014 to 31 Dec 2014 *financial statements for Q4 2014*	*Change*	4 quarters 2014 the period from 01 Jan 2014 to 31 Dec 2014 *financial statements for Q4 2015*
Net income on financial instruments at fair value through profit or loss and FX result	94.8	*-0.4*	94.4
Net income on investments	15.6	*0.2*	15.8
Net income on hedge accounting	8.7	*0.2*	8.9

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

Interim condensed consolidated financial statements (PLN million)

7. Notes to interim condensed consolidated financial statements

7.1. Net interest income

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Interest income				
- interest on loans and receivables to banks	14.4	62.8	17.8	92.6
- interest on loans and receivables to customers	748.2	2 859.2	706.9	2 807.2
- interest on repo transactions concluded with customers	2.2	8.0	2.2	15.1
- interest on available-for-sale financial assets	125.9	562.7	187.9	748.7
- interest on financial assets held to maturity	25.5	78.3	0.0	0.0
- interest on financial assets held for trading	4.9	25.3	3.2	23.2
- net interest income on derivatives	14.0	32.3	7.9	37.7
Total interest income	**935.1**	**3 628.6**	**925.9**	**3 724.5**
Interest expense				
- interest on deposits from banks	14.3	65.2	17.9	90.3
- interest on deposits from customers	255.5	1 070.9	319.1	1 278.2
- interest on repo transactions made with customers	0.1	0.4	0.1	3.2
- interest on issue of debt securities	5.7	23.7	5.3	20.5
- interest on financial liabilities held for trading	0.1	1.3	0.3	2.1
Total interest expense	**275.7**	**1 161.5**	**342.7**	**1 394.3**
Net interest income	**659.4**	**2 467.1**	**583.2**	**2 330.2**

Interim condensed consolidated financial statements (PLN million)

7.2. Net commission income

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Commission income				
- transaction margin on currency exchange transactions	69.6	284.1	73.5	282.1
- account maintenance fees	62.8	246.6	60.1	246.4
- lending commissions	51.5	221.1	50.0	210.0
- participation units distribution fees	24.9	100.4	22.8	85.6
- payment and credit cards fees	14.7	66.9	25.2	150.3
- insurance product offering commissions	12.8	54.8	12.5	44.9
- brokerage activity fees	15.4	46.2	9.5	43.1
- factoring and lease agreements commissions	10.0	34.2	8.3	30.8
- fiduciary and custodian fees	5.7	26.4	7.3	30.1
- foreign commercial business	5.3	19.9	4.6	17.7
- other	13.9	34.1	6.2	27.2
Total comission income	**286.6**	**1 134.7**	**280.0**	**1 168.2**
Commission expenses	**31.8**	**117.5**	**31.1**	**105.3**
Net commission income	**254.8**	**1 017.2**	**248.9**	**1 062.9**

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

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net income on financial assets and liabilities held for trading, including:	**-31.0**	**-2.4**	**33.7**	**76.7**
- Net income on debt instruments	6.3	5.1	2.5	5.5
- Net income on derivatives, including:	-37.3	-7.5	31.2	71.2
- currency derivatives	-41.9	*-41.6*	*18.8*	*41.7*
- interest rate derivatives	*4.6*	*34.0*	*12.3*	*28.2*
- securities derivatives	*0.0*	*0.1*	*0.1*	*1.3*
FX-result	***53.9***	**87.5**	**-10.6**	**17.7**
Net income on financial instruments at fair value through profit or loss and FX result	**22.9**	**85.1**	**23.1**	**94.4**

7.4. Net income on investments

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net income on debt instruments available-for-sale	0.3	54.3	0.1	5.3
Net income on equity instruments	0.0	23.1	5.3	6.5
Dividend income	0.0	87.6	0.0	4.0
Net income on investments	**0.3**	**165.0**	**5.4**	**15.8**

Interim condensed consolidated financial statements (PLN million)

7.5. Net income on hedge accounting

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Fair value hedge accounting for securities	**4.4**	**21.8**	**-1.9**	**8.6**
- valuation of the hedged transaction	-23.9	-113.2	22.0	234.5
- valuation of the hedging transaction	28.3	135.0	-23.9	-225.9
Cash flow hedge accounting	**1.2**	**1.1**	**-0.2**	**0.3**
- ineffectiveness under cash flow hedges	1.2	1.1	-0.2	0.3
Net income on hedge accounting	**5.6**	**22.9**	**-2.1**	**8.9**

7.6. Net income on other basic activities

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net income on the investment properties	1.1	5.8	5.3	10.7
Other	9.5	15.0	2.2	9.6
Total	**10.6**	**20.8**	**7.5**	**20.3**

7.7. General and administrative expenses

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Personnel expenses	252.3	972.0	238.3	947.5
Cost of marketing and promotion	23.9	117.1	30.1	109.7
Depreciation and amortisation	57.2	189.2	59.0	175.1
Other general and administrative expenses, including:	314.6	877.4	161.1	697.4
- contributions to BGF and Borrower Financial Assistance Fund	189.4	267.7	13.5	54.1
General and administrative expenses	**648.0**	**2 155.7**	**488.5**	**1 929.7**

7.7.1. Headcount

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
FTEs	8 133.7	8 164.4	8 093.9	8 099.1
Individuals	8 189	8 224	8 157	8 172

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
FTEs	7 686.3	7 720.3	7 637.5	7 649.5
Individuals	7 728	7 766	7 687	7 707

Interim condensed consolidated financial statements (PLN million)

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

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	**4 Q 2015 YTD** the period from 01 Jan 2015 to 31 Dec 2015	**4 Q 2014** the period from 01 Oct 2014 to 31 Dec 2014	**4 Q 2014 YTD** the period from 01 Jan 2014 to 31 Dec 2014
Impairment losses on loans and other receivables	115.6	918.2	130.4	644.5
Reversed impairment losses on loans and other receivables	-64.1	-686.1	-45.3	-376.8
Net impairment losses and provisions for off-balance sheet liabilities	**51.5**	**232.1**	**85.1**	**267.7**
including:				
Corporate banking	46.9	162.3	66.9	189.0
Retail banking	4.6	69.8	18.2	78.7

7.9. Loans and other receivables to other banks

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Current accounts	820.7	1 165.8	963.4	828.2
Interbank deposits	59.4	603.1	125.8	1 357.2
Loans and advances	81.7	70.7	58.3	58.3
Factoring receivables	51.4	7.4	8.9	26.3
Reverse repo transactions	0.0	1 467.2	664.9	223.4
Other receivables	1.5	13.1	17.0	19.2
Total (gross)	**1 014.7**	**3 327.3**	**1 838.3**	**2 512.6**
Impairment losses, including:	-0.1	-1.6	0.0	0.0
- concerning loans and advances	*-0.1*	*-1.6*	*0.0*	*0.0*
Total (net)	**1 014.6**	**3 325.7**	**1 838.3**	**2 512.6**

7.10. Financial assets at fair value through profit or loss

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Financial assets held for trading, including:	1 127.1	2 769.2	1 856.8	1 455.4
- debt instruments	*964.3*	*2 411.8*	*1 409.8*	*1 073.6*
- repo transactions	*162.8*	*357.4*	*447.0*	*381.8*
Total	**1 127.1**	**2 769.2**	**1 856.8**	**1 455.4**

7.11. Investments

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Available-for-sale financial assets, including:	20 678.1	21 977.1	22 829.3	23 190.6
- debt instruments,including:	*20 494.9*	*21 971.8*	*22 815.3*	*23 166.3*
- hedged items in fair value hedging	*3 515.5*	*3 496.0*	*4 095.9*	*3 488.1*
- equity instruments	*183.2*	*5.3*	*14.0*	*24.3*
Financial assets held to maturity, including:	2 800.7	2 333.2	0.0	0.0
- debt instruments	*2 800.7*	*2 333.2*	*0.0*	*0.0*
Total	**23 478.8**	**24 310.3**	**22 829.3**	**23 190.6**

Interim condensed consolidated financial statements (PLN million)

7.12. Loans and other receivables to customers

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Portfolio of loans and receivables, including:	**70 046.9**	**69 046.5**	**58 750.5**	**57 750.8**
- Loans and advances	58 563.8	58 058.7	48 750.7	47 661.6
- Leasing receivables	4 922.1	4 828.0	4 397.7	4 307.8
- Factoring receivables	3 402.0	3 151.4	2 830.4	2 881.1
- Debt securities (corporate and municipal)	3 159.0	3 008.4	2 771.7	2 900.3
Other receivables, including:	**4 019.6**	**3 884.6**	**4 029.8**	**4 134.9**
- T-eurobonds	3 838.6	3 793.6	3 923.9	3 800.5
- Other	181.0	91.0	105.9	334.4
Total loans and receivables to customers (gross)	**74 066.5**	**72 931.1**	**62 780.3**	**61 885.7**
Impairment losses, including:	**-1 546.9**	**-1 505.9**	**-1 725.5**	**-1 666.7**
- concerning portfolio of loans and receivables, including:	-1 545.9	-1 504.9	-1 719.8	-1 661.1
- concerning loans and advances	-1 390.7	-1 376.6	-1 638.2	-1 583.8
- concerning leasing receivables	-39.4	-38.4	-62.1	-63.7
- concerning factoring receivables	-12.3	-12.0	-13.9	-12.4
- concerning debt securities	-103.5	-77.9	-5.6	-1.2
- concerning other receivables, including:	-1.0	-1.0	-5.7	-5.6
- concerning T-eurobonds	-0.5	-0.5	-0.5	-0.4
- concerning other receivables	-0.5	-0.5	-5.2	-5.2
Total loans and receivables to customers (net), including:	**72 519.6**	**71 425.2**	**61 054.8**	**60 219.0**
- to entities from the financial sector other than banks	*2 510.0*	*2 017.2*	**58 750.5**	**57 750.8**
- to entities from the non-financial sector	*62 285.6*	*61 918.4*	48 750.7	47 661.6
- to entities from the government and self-government institutions' sector	*7 724.0*	*7 489.6*	4 397.7	4 307.8

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Loans and advances, including:	1 936.1	1 921.3	1 778.7	1 679.9
- in the current account	*157.3*	*164.1*	*584.6*	*71.6*
- term ones	*1 778.8*	*1 757.2*	*1 194.1*	*1 608.3*
Leasing receivables	0.7	11.0	0.8	0.5
Factoring receivables	21.1	7.5	0.0	0.0
Debt securities (notes)	384.5	0.0	0.0	0.0
Other receivables	168.3	78.0	90.8	100.9
Total (gross)	**2 510.7**	**2 017.8**	**1 870.3**	**1 781.3**
Impairment losses, including:	-0.7	-0.6	-1.2	-0.9
- concerning loans and advances	-0.6	-0.6	-1.2	-0.9
- concerning debt securities	-0.1	0.0	0.0	0.0
Total (net)	**2 510.0**	**2 017.2**	**1 869.1**	**1 780.4**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Business entities, including:	**35 998.3**	**36 599.2**	**30 268.0**	**30 902.3**
- Loans and advances, including:	26 884.8	27 429.3	21 870.5	22 086.0
- in the current account	*6 999.9*	*7 564.3*	*5 724.2*	*6 139.8*
- term ones	*19 884.9*	*19 865.0*	*16 146.3*	*15 946.2*
- Leasing receivables	4 319.5	4 270.7	3 972.8	3 932.2
- Factoring receivables	3 279.8	3 047.7	2 746.0	2 811.1
- Debt securities (corporate bonds and notes)	1 502.0	1 839.0	1 664.1	1 840.0
- Other receivables	12.2	12.5	14.6	233.0
Households, including:	**27 832.0**	**26 823.0**	**22 916.2**	**21 792.9**
- Loans and advances, including:	27 173.5	26 218.8	22 441.0	21 377.4
- in the current account	*1 632.9*	*1 682.6*	*1 542.6*	*1 569.2*
- term ones	*25 540.6*	*24 536.2*	*20 898.4*	*19 808.2*
- Leasing receivables	601.9	546.3	424.1	375.1
- Factoring receivables	56.1	57.4	50.6	39.9
- Other receivables	0.5	0.5	0.5	0.5
Total (gross)	**63 830.3**	**63 422.2**	**53 184.2**	**52 695.2**
Impairment losses, including:	**-1 544.7**	**-1 503.8**	**-1 723.1**	**-1 664.6**
- Business entities, including:	**-989.3**	**-957.0**	**-1 125.4**	**-1 093.9**
- concerning loans and advances	-836.1	-831.0	-1 040.0	-1 012.8
- concerning leasing receivables	-37.9	-36.4	-61.3	-63.0
- concerning factoring receivables	-12.2	-11.9	-13.8	-12.2
- concerning debt securities	-103.1	-77.7	-5.6	-1.2
- concerning other receivables	0.0	0.0	-4.7	-4.7
- Households, including:	**-555.4**	**-546.8**	**-597.7**	**-570.7**
- concerning loans and advances	-553.3	-544.2	-596.3	-569.3
- concerning leasing receivables	-1.5	-2.0	-0.8	-0.7
- concerning factoring receivables	-0.1	-0.1	-0.1	-0.2
- concerning other receivables	-0.5	-0.5	-0.5	-0.5
Total (net)	**62 285.6**	**61 918.4**	**51 461.1**	**51 030.6**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Loans and advances, including:	2 569.4	2 489.3	2 660.5	2 518.3
- in the current account	*6.8*	*77.6*	*6.8*	*93.2*
- term ones	*2 562.6*	*2 411.7*	*2 653.7*	*2 425.1*
Factoring receivables	45.0	38.8	33.8	30.1
Debt securities (municipal bonds)	1 272.5	1 169.4	1 107.6	1 060.3
T-eurobonds	3 838.6	3 793.6	3 923.9	3 800.5
Total (gross)	**7 725.5**	**7 491.1**	**7 725.8**	**7 409.2**
Impairment losses, including:	-1.5	-1.5	-1.2	-1.2
- concerning loans and advances	-0.7	-0.8	-0.7	-0.8
- concerning debt securities (municipal bonds)	-0.3	-0.2	0.0	0.0
- concerning T-eurobonds	-0.5	-0.5	-0.5	-0.4
Total (net)	**7 724.0**	**7 489.6**	**7 724.6**	**7 408.0**

Portfolio of loans and receivables by client segment

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Gross value, including:	**70 046.9**	**69 046.5**	**58 750.5**	**57 750.8**
Corporate banking segment, including:	43 593.4	43 494.5	36 781.1	36 729.5
- loans and advances	*32 445.9*	*32 805.3*	*27 005.8*	*26 847.0*
- leasing receivables	*4 586.7*	*4 529.7*	*4 173.7*	*4 101.7*
- factoring receivables	*3 401.8*	*3 151.1*	*2 829.9*	*2 880.5*
- corporate and municipal debt securities	*3 159.0*	*3 008.4*	*2 771.7*	*2 900.3*
Retail banking segment, including:	26 453.5	25 552.0	21 969.4	21 021.3
- mortgages	*20 294.5*	*19 572.4*	*16 680.8*	*15 770.8*
- other loans and advances	*6 159.0*	*5 979.6*	*5 288.6*	*5 250.5*
Impairment losses, including:	**-1 545.9**	**-1 504.9**	**-1 719.8**	**-1 661.1**
Corporate banking segment, including:	-1 030.0	-990.3	-1 153.2	-1 110.9
- loans and advances	*-875.5*	*-862.8*	*-1 071.8*	*-1 033.6*
- leasing receivables	*-38.6*	*-37.6*	*-61.9*	*-63.7*
- factoring receivables	*-12.4*	*-12.0*	*-13.9*	*-12.4*
- corporate and municipal debt securities	*-103.5*	*-77.9*	*-5.6*	*-1.2*
Retail banking segment, including:	-515.9	-514.6	-566.6	-550.2
- mortgages	*-197.1*	*-206.0*	*-173.3*	*-145.1*
- other loans and advances	*-318.8*	*-308.6*	*-393.3*	*-405.1*
Net value, including:	**68 501.0**	**67 541.6**	**57 030.7**	**56 089.7**
Corporate banking segment, including:	42 563.4	42 504.2	35 627.9	35 618.6
- loans and advances	*31 570.4*	*31 942.5*	*25 934.0*	*25 813.4*
- leasing receivables	*4 548.1*	*4 492.1*	*4 111.8*	*4 038.0*
- factoring receivables	*3 389.4*	*3 139.1*	*2 816.0*	*2 868.1*
- corporate and municipal debt securities	*3 055.5*	*2 930.5*	*2 766.1*	*2 899.1*
Retail banking segment, including:	25 937.6	25 037.4	21 402.8	20 471.1
- mortgages	*20 097.4*	*19 366.4*	*16 507.5*	*15 625.7*
- other loans and advances	*5 840.2*	*5 671.0*	*4 895.3*	*4 845.4*

Interim condensed consolidated financial statements (PLN million)

7.13. Quality of portfolio of loans and advances

Quality of credit portfolio

(including leasing receivables, factoring receivables and corporate and municipal debt securities)

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Corporate activity				
Exposure	**43 593.4**	**43 494.5**	**36 781.1**	**36 729.5**
- unimpaired (IBNR)	41 867.2	41 800.2	34 981.5	34 873.2
- impaired	1 726.2	1 694.3	1 799.6	1 856.3
Impairment losses and provisions	**1 056.1**	**1 004.8**	**1 171.5**	**1 127.2**
- related to unimpaired portfolio	79.2	85.9	79.0	67.7
- related to impaired portfolio	950.8	904.4	1 074.2	1 043.2
- provisions for off-balance sheet liabilities	26.1	14.5	18.3	16.3
Share of the impaired portfolio	4.0%	3.9%	4.9%	5.1%
Impaired portfolio coverage ratio (%)	55.1%	53.4%	59.7%	56.2%
Retail activity				
Exposure	**26 453.5**	**25 552.0**	**21 969.4**	**21 021.3**
- unimpaired (IBNR)	25 911.3	25 032.9	21 389.6	20 470.8
- impaired	542.2	519.1	579.8	550.5
Impairment losses	**515.9**	**514.7**	**566.6**	**550.2**
- related to unimpaired portfolio	101.7	106.5	87.8	103.8
- related to impaired portfolio	414.2	408.1	478.8	446.4
- provisions for off-balance sheet liabilities	0.0	0.1	0.0	0.0
Share of the impaired portfolio	2.0%	2.0%	2.6%	2.6%
Impaired portfolio coverage ratio (%)	76.4%	78.6%	82.6%	81.1%
Total exposure	**70 046.9**	**69 046.5**	**58 750.5**	**57 750.8**
Impairment losses and total provisions, including:	**1 572.0**	**1 519.5**	**1 738.1**	**1 677.4**
- related to unimpaired portfolio	180.9	192.4	166.8	171.5
- related to impaired portfolio	1 365.0	1 312.5	1 553.0	1 489.6
- provisions for off-balance sheet liabilities	26.1	14.6	18.3	16.3
Total portfolio coverage ratio	2.2%	2.2%	3.0%	2.9%
Share of the impaired portfolio	3.2%	3.2%	4.1%	4.2%
Impaired portfolio coverage ratio (%)	**60.2%**	**59.3%**	**65.3%**	**61.9%**

Interim condensed consolidated financial statements (PLN million)

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

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	**4 Q 2015 YTD** the period from 01 Jan 2015 to 31 Dec 2015	**4 Q 2014** the period from 01 Oct 2014 to 31 Dec 2014	**4 Q 2014 YTD** the period from 01 Jan 2014 to 31 Dec 2014
Opening balance of impairment losses	**1 522.6**	**1 743.8**	**1 683.0**	**1 573.2**
Changes in the period, including:	**51.0**	**-170.2**	**60.8**	**170.6**
- changes in income statement	51.5	232.1	85.1	267.7
- depreciation	-7.6	-424.7	-25.7	-101.4
- other	7.1	22.4	1.4	4.3
Closing balance of impairment losses	**1 573.6**	**1 573.6**	**1 743.8**	**1 743.8**

7.14. Non-financial assets

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Investment properties	53.2	61.0	60.0	59.6
Property, plant and equipment	597.7	574.2	595.0	635.2
Intangible assets	419.6	387.4	377.3	360.9
Total	**1 070.5**	**1 022.6**	**1 032.3**	**1 055.7**

7.15. Assets held for sale

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Property, plant and equipment held for sale	38.4	44.1	35.5	42.4
Shares in the associated entities held for sale	0.0	0.0	109.4	109.4
Total	**38.4**	**44.1**	**144.9**	**151.8**

7.16. Liabilities to other banks

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Current accounts	1 527.1	2 031.3	1 823.2	1 479.5
Interbank deposits	316.5	1 898.3	1 818.7	757.1
Repo transactions	0.0	4 816.0	0.0	2 090.9
Loans received*	1 997.0	2 153.3	2 467.1	2 713.7
Other liabilities	72.9	18.2	14.4	2.1
Total	**3 913.5**	**10 917.1**	**6 123.4**	**7 043.3**

*) 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.
.

Interim condensed consolidated financial statements (PLN million)

7.17. Financial liabilities at fair value through profit or loss

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Financial liabilities held for trading, including:	162.8	315.7	56.9	355.5
- repo transactions	*162.8*	*315.7*	*56.9*	*355.5*
Book short position in trading securities	466.6	618.4	860.5	1 789.9
Total	**629.4**	**934.1**	**917.4**	**2 145.4**

7.18. Liabilities to customers

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Deposits	86 463.7	82 585.0	74 405.7	70 537.8
Other liabilities	1 354.8	1 240.9	1 253.2	1 160.7
Total liabilities to customers, including:	**87 818.5**	**83 825.9**	**75 658.9**	**71 698.5**
- to entities from the financial sector other than banks	*2 417.3*	*2 689.7*	*2 243.8*	*2 921.8*
- to entities from the non-financial sector	*83 769.3*	*79 348.8*	*71 539.3*	*66 832.6*
- to entities from the government and self-government institutions' sector	*1 631.9*	*1 787.4*	*1 875.8*	*1 944.1*

Liabilities to entities from the financial sector other than banks

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Deposits, including:	2 353.8	2 630.9	2 142.8	2 842.7
- current accounts	*2 272.3*	*2 515.6*	*1 707.6*	*2 145.8*
- term deposit	*81.5*	*115.3*	*435.2*	*696.9*
Other liabilities	63.5	58.8	101.0	79.1
Total	**2 417.3**	**2 689.7**	**2 243.8**	**2 921.8**

Liabilities to entities from the non-financial sector

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Business entities, including:	**24 792.9**	**23 347.8**	**21 260.5**	**19 702.2**
- Deposits, including:	23 594.2	22 258.5	20 177.3	18 690.5
- current accounts	*13 123.8*	*12 693.5*	*10 641.5*	*10 853.1*
- saving accounts	*8 000.5*	*7 254.3*	*6 139.6*	*5 482.0*
- term deposit	*2 469.9*	*2 310.7*	*3 396.2*	*2 355.4*
- Other liabilities	1 198.7	1 089.3	1 083.2	1 011.7
Households, including:	**58 976.4**	**56 001.0**	**50 278.8**	**47 130.4**
- Deposits, including:	58 896.2	55 918.0	50 217.1	47 067.8
- current accounts	*9 875.2*	*9 043.7*	*7 715.3*	*6 924.6*
- saving accounts	*42 989.9*	*41 448.3*	*36 622.6*	*34 282.3*
- term deposit	*6 031.1*	*5 426.0*	*5 879.2*	*5 860.9*
- Other liabilities	80.2	83.0	61.7	62.6
Total	**83 769.3**	**79 348.8**	**71 539.3**	**66 832.6**

Interim condensed consolidated financial statements (PLN million)

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Deposits, including:	1 619.5	1 777.6	1 868.5	1 936.8
- current accounts	*1 530.6*	*1 657.4*	*1 809.4*	*1 622.5*
- term deposit	*88.9*	*120.2*	*59.1*	*314.3*
Other liabilities	12.4	9.8	7.3	7.3
Total	**1 631.9**	**1 787.4**	**1 875.8**	**1 944.1**

7.19. Provisions

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Provision for issues in dispute	3.3	20.5	21.5	21.4
Provisions for off-balance sheet liabilities	26.1	14.6	18.3	16.3
Provision for retirement benefits	22.1	20.8	20.5	21.8
Provision for unused holidays	15.7	14.4	14.5	12.2
Total	**67.2**	**70.3**	**74.8**	**71.7**

7.20. Fair value

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

7.20.1. *Financial assets and liabilities at fair value in statement of financial position*

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 1: financial assets/liabilities measured directly on the basis of prices quoted in the active market or measurement techniques based solely on market data.
- Level 2: financial assets/liabilities measured using the measurement techniques based on assumptions using data from an active market or market observations.
- Level 3: financial assets/liabilities measured using the measurement techniques commonly used by the market players, the assumptions of which are not based on data from an active market.

Interim condensed consolidated financial statements (PLN million)

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

as of 31 Dec 2015

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**20 959.4**	**5 108.3**	**183.2**	**26 250.9**
- Financial assets held for trading, including:	964.3	162.8	0.0	1 127.1
- repo transactions	*0.0*	*162.8*	*0.0*	*162.8*
- treasury bonds	*964.3*	*0.0*	*0.0*	*964.3*
- Valuation of derivatives	0.0	1 990.9	0.0	1 990.9
- Financial assets available-for sale, including:	19 995.1	499.8	183.2	20 678.1
- treasury bonds	*19 995.1*	*0.0*	*0.0*	*19 995.1*
- NBP bills	*0.0*	*499.8*	*0.0*	*499.8*
- equity instruments	*0.0*	*0.0*	*183.2*	*183.2*
- Derivative hedge instruments	0.0	2 454.8	0.0	2 454.8
Financial liabilities, including:	**466.6**	**3 996.4**	**0.0**	**4 463.0**
- Financial liabilities held for trading, including:	0.0	162.8	0.0	162.8
- repo transactions	*0.0*	*162.8*	*0.0*	*162.8*
- Book short position in trading securities	466.6	0.0	0.0	466.6
- Valuation of derivatives	0.0	2 002.7	0.0	2 002.7
- Derivative hedge instruments	0.0	1 830.9	0.0	1 830.9

as of 31 Dec 2014

	Level 1	Level 2	Level 3	Total
Financial assets, including:	**23 734.1**	**6 343.1**	**5.0**	**30 082.2**
- Financial assets held for trading, including:	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, including:	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, including:	**860.5**	**4 611.3**	**0.0**	**5 471.8**
- Financial liabilities held for trading, including:	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 2015 there were no movements between valuation levels.

Valuation of financial instruments classified to level 2

The Group classifies derivatives, cash bills of the National Bank of Poland and repo transactions to level 2 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, and
- 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's website,
- implied volatilities – obtained from Bloomberg BGN or Bloomberg Synthetic for the currency pair with lower liquidity, and
- 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 indexes for variable rate, and FX-rates. The data come from the Reuters system and come mainly from brokers. The quality of those data as well as the data from other sources used in the revaluation process is verified on an annual basis or adjusted ad hoc.

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

Cash bills of the National Bank of Poland

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

Repo transactions

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

Interim condensed consolidated financial statements (PLN million)

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 level 3

The Group classifies the shares of Visa Europe Limited to the 3rd valuation level. These shares were priced based on the foreseeable allocation value of settlement of the Visa Europe Limited takeover by VISA Inc. As a Visa Europe member, ING Bank Śląski S.A. will be one of the transaction beneficiaries. For transaction details see this report, Chapter II, item 2.2.
Shares and participations of several companies for which it is difficult or impossible to determine the fair value due to absence of an active market for those instruments are classified moreover to level 3 of valuation. The Group is of the opinion that the purchase price less the impairment (if any) is the best indicator of their value.

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

as of 31 Dec 2015

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	3 589.7	-	3 589.7	-	**3 589.7**
Financial assets held to maturity	2 800.7	2 758.4	-	-	**2 758.4**
Loans and other receivables to other banks	1 014.6	-	1 014.6	-	**1 014.6**
Loans and other receivables to customers	72 519.6	-	3 854.5	65 806.8	**69 661.3**
Receivables from customers under repo transactions	1 354.4	-	1 354.4	-	**1 354.4**
Other assets	108.3	-	-	108.3	**108.3**
Liabilities					
Liabilities to other banks	3 913.5	-	3 913.5	-	**3 913.5**
Liabilities to customers	87 818.5	-	-	87 817.8	**87 817.8**
Liabilities to customers under repo transactions	47.5	-	47.5	-	**47.5**
Liabilities under issue of debt securities	866.3	-	862.3	-	**862.3**

Interim condensed consolidated financial statements (PLN million)

as of 31 Dec 2014

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	5 330.7	-	5 330.7	-	**5 330.7**
Loans and other receivables to other banks	1 838.3	-	1 838.3	-	**1 838.3**
Loans and other receivables to customers	61 054.8	-	4 199.1	56 263.7	**60 462.8**
Receivables from customers under repo transactions	106.6	-	106.6	-	**106.6**
Other assets	129.7	-	-	129.7	**129.7**
Liabilities					
Liabilities to other banks	6 123.4	-	6 123.4	-	**6 123.4**
Liabilities to customers	75 658.9	-	-	75 659.3	**75 659.3**
Liabilities 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 does not take into account restructuring-based changes either.

Loans and receivables

The credit portfolio including securities classified to financial assets measured at amortised cost is divided into sub-portfolios according to the product type, client 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 the total 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, and
- 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 the 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 to other banks and to customers

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

Another phase involves the calculation of future cashflows as the total 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 total 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, and
- 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 amount is approximately the same as the fair value.

Financial assets held to maturity

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

7.21. Total capital ratio

Own funds	**as of 31 Dec 2015**	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
A. Own equity in the statement of financial position, including:	**10 688.7**	**10 304.4**	**10 456.6**	**9 934.2**
A.I. Own equity included in the own funds calculation, including:	**8 479.1**	**8 386.0**	**7 491.5**	**7 492.4**
- share capital and agio	1 086.4	1 086.4	1 086.4	1 086.4
- retained earnings, including:	7 237.3	7 235.0	6 408.6	6 406.8
- net profit of current period	*305.5*	*305.5*	*0.0*	*0.0*
- revaluation reserve from measurement of available-for-sale financial assets (unrealised losses)	-73.2	-108.3	-3.5	-0.8
- revaluation reserve from measurement of available-for-sale financial assets (unrealised gains)	228.6	172.9	0.0	0.0
A.II. Own equity excluded from own funds calculation, including:	***2 209.5***	***1 918.4***	***2 965.1***	***2 441.8***
- revaluation reserve	*1 329.6*	*1 252.3*	*1 877.8*	*1 585.3*
- retained earnings	*827.9*	*614.1*	*1 036.5*	*806.0*
- others	*52.1*	*52.0*	*50.8*	*50.5*
B. Other elements of own funds (decreases and increases), including:	**-549.0**	**-543.8**	**-508.1**	**-514.1**
- godwill and other intangible assets	-421.0	-390.7	-371.4	-355.9
- amount of expected losses according AIRB methodology	-138.0	-153.1	-136.7	-158.2
Own funds taken into account in total capital ratio calculation (A.I. + B)	**7 920.1**	**7 842.2**	**6 983.4**	**6 978.3**
Capital requirements				
- Capital requirements for credit risk	3 935.1	4 039.2	3 291.1	3 349.7
- Other capital requirements	600.1	553.0	503.4	526.3
- Supplement to the overall level of capital requirements	75.9	0.0	147.0	61.0
Total capital requirement	**4 611.1**	**4 592.2**	**3 941.5**	**3 937.0**
Total capital ratio	**13.7%**	**13.7%**	**14.2%**	**14.2%**

Under Regulation (EU) No. 241/2014 *with regard to regulatory technical standards for own funds requirements for institutions* and the Polish Financial Supervision Authority's decision of 29 October 2015, the Group recognised the bank's net profit of PLN 305.5 million for the period from 01 January 2015 to 30 June 2015 in their own funds as at 31 December 2015.

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.

Interim condensed consolidated financial statements (PLN million)

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

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

- GDP growth in Poland in 2015 totalled approximately 3.5% (y/y). Per forecasts developed by ING Bank Śląski S.A., the GDP growth in 2016 may total 3.6% (y/y) triggered by fiscal policy impetus,
- Bank's forecasts provide for private consumption acceleration to 4% (y/y) in subsequent quarters, which is related to planned introduction of *Rodzina 500+* (Family 500+) programme. There will be an additional impetus in 2017 when higher PIT credit amount will be effectively introduced,
- and the level of main interest rates in Poland may be lowered – in March 2015 the Monetary Policy Council cut back interest rates by 50 bps; as a result, the main NBP interest rate is now 1.5%. The deflation that has been observed since July 2014 may continue until Q1 2016, and the inflation readings may be lower than the official target of 2.5% y/y even for a few years to come. In the opinion of ING Bank Śląski S.A. economists, new MPC members may cut interest rates in 2016 by further 25 bps,
- remuneration pressure increase – in December 2015, the unemployment rate went down to approx. 9.7%, whereas the average remuneration went up by 3.1% (y/y),
- starting from February 2016 bank tax of 0.0366% per month will be levied on assets of the banking sector. The tax base will be formed by the company assets less PLN 4 billion, own funds and T-securities. Tax structure significantly impacts bank's funding,
- downgrade of Poland's credit rating from A- to BBB+ in January 2016 by Standard & Poor's and a prospect of other agencies taking similar actions (Moody's, Fitch); it may have an adverse effect on the funding cost in financial markets in the long-term.

9. Off-balance sheet items

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Contingent liabilities granted	24 423.2	24 766.0	23 802.6	21 205.6
Contingent liabilities received	53 515.3	51 765.2	43 228.2	40 389.1
Off-balance sheet financial instruments	358 574.2	314 013.8	297 683.6	249 723.8
Total off-balance sheet items	**436 512.7**	**390 545.0**	**364 714.4**	**311 318.5**

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

None in Q4 2015. In Q4 2014, the Bank issued the second bonds under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.*

11. Dividends paid

On 31 March 2015, the General Meeting passed a resolution regarding dividend payout for 2014, pursuant to which the Bank paid out the dividend for 2014 totalling PLN 520,400.0 thousand, (PLN 4.0 gross per share, dividend yield of 3%). 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.

12. Settlements due to disputable cases

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

Changes to the litigation reserves (in PLN million)

	IV quarter 2015 the period from 1 Oct 2015 to 31 Dec 2015	**4 quarters 2015** the period from 1 Jan 2015 to 31 Dec 2015	**IV quarter 2014** the period from 1 Oct 2014 to 31 Dec 2014	**4 quarters 2014** the period from 1 Jan 2014 to 31 Dec 2014
Status at the period beginning	**20.5**	**21.5**	**21.4**	**21.6**
Establishment of provisions	0.3	0.7	0.1	7.1
Release of provisions	-1.6	-1.9	-0.1	-1.4
Utilisation of provision	-14.8	-15.9	-0.1	-6.0
Others	-1.1	-1.1	0.2	0.2
Status as at the period end	**3.3**	**3.3**	**21.5**	**21.5**

Either in Q4 2015 or Q4 quarter 2014, no proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the ING Bank Śląski S.A. Group.

13. Seasonality or cyclicity of activity

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

14. Transactions with related entities

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

ING Bank Śląski performs operations with ING Bank NV and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. Moreover, ING Lease Sp. z o.o. received long-term funding for leasing contracts in EUR ("matched funding"). The abovementioned transactions are carried out on an arm's length basis. There were also other transactions between the related entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of premises, lease of equipment, data processing as well as management and employees' insurance contributions.

In the period from 1 January 2015 to 31 December 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 12 months of 2015 amounted to PLN 50.7 million versus PLN 52.1 million in the same period last year (net amounts).
- transactions with ING Services Polska – the Company provides ING Bank Śląski with IT equipment rental and operation services. Services' costs amounted to PLN 20,0 million versus PLN 31.9 million in the analogous period of the previous year (net amounts).

Transactions with related entities (in PLN million)

31.12.2015

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	4.7	31.1	-	-
Loans	3.8	5.9	5 811.6	-
Positive valuation of derivatives	364.8	235.7	0.9	-
Other receivables	5.1	0.5	0.2	-
Liabilities				
Deposits received	274.2	12.6	277.7	-
Loans received	1 745.7	-	-	-
Loro accounts	54.6	5.8	-	-
Negative valuation of derivatives	351.3	166.2	0.2	-
Other liabilities	4.3	-	-	-
Off-balance-sheet operations				
Contingent liabilities	3 490.3	171.6	2 023.7	-
FX transactions	8 329.4	35.6	-	-
Forward transactions	72.2	-	77.3	-
IRS	11 186.7	3 532.9	74.1	-
Options	2 141.3	478.3	48.0	-
Revenue and costs**				
Revenue	-23.2	11.8	110.2	80.7
Costs of cooperation agreements***	50.7	20.0	-3.9	-
Other costs***	1.1	-	-	-

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

Interim condensed consolidated financial statements (PLN million)

31.12.2014

	ING Bank NV	Other ING Group	Subsidiary undertakings*	Associated undertakings*
Receivables				
Nostro accounts	3.0	15.2	-	-
Loans	-	8.1	4 486.2	-
Positive valuation of derivatives	493.6	257.9	-	-
Other receivables	4.0	1.9	0.1	-
Liabilities				
Deposits received	1 523.8	687.8	386.7	161.0
Loans received	2 150.6	-	-	-
Loro accounts	24.0	14.2	-	-
Negative valuation of derivatives	381.6	270.7	-	-
Repo	-	28.8	-	-
Other liabilities	3.9	0.1	-	-
Off-balance-sheet operations				
Contingent liabilities	2 219.5	198.9	2 349.2	-
FX transactions	3 268.1	49.8	-	-
Forward transactions	29.6	858.4	-	-
IRS	12 626.8	3 568.9	-	-
FRA	850.0	-	-	-
Options	1 272.4	726.2	48.0	-
Revenue and costs**				
Revenue	107.7	-0.3	121.6	-2.2
Costs of cooperation agreements***	52.1	31.9	-2.1	-
Other costs***	2.4	-	-	-

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

15. Segmentation of revenue and financial results of the Group

15.1. Segments of operation

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

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

- retail banking segment,
- corporate banking segment.

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

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

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

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

15.1.1. Retail banking segment

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

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

15.1.2. Corporate banking segment

Corporate banking area encompasses as follows:

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

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

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

15.1.3. Measurement

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

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

The Bank presents segment's interest income reduced by the cost of the interest. In 12 months 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	**4 quarters 2015** the period from 01 Jan 2015 to 31 Dec 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**2 087.0**	**1 691.1**	**3 778.1**
Net interest income	1 515.4	951.7	2 467.1
Net commission income	363.0	654.2	1 017.2
Other income/expenses	208.6	85.2	293.8
Expenses total	**1 317.4**	**838.3**	**2 155.7**
Result before risk	**769.6**	**852.8**	**1 622.4**
Impairment losses	69.8	162.3	232.1
Result after impairment losses (profit before tax)	**699.8**	**690.5**	**1 390.3**
Income tax	-	-	263.2
Result after tax	-	-	**1 127.1**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**1 127.0**

PLN million	**IV quarter 2015** the period from 01 Oct 2015 to 31 Dec 2015		
	Retail banking segment	**Corporate banking segment**	**TOTAL**
Revenue total	**508.1**	**445.5**	**953.6**
Net interest income	394.1	265.3	659.4
Net commission income	87.0	167.8	254.8
Other income/expenses	27.0	12.4	39.4
Expenses total	**390.0**	**258.0**	**648.0**
Result before risk	**118.1**	**187.5**	**305.6**
Impairment losses	4.6	46.9	51.5
Result after impairment losses (profit before tax)	**113.5**	**140.6**	**254.1**
Income tax	-	-	48.4
Result after tax	-	-	**205.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**205.7**

PLN million	**4 quarters 2014** the period from 01 Jan 2014 to 31 Dec 2014		
	Retail banking segment	**Corporate banking Segment**	**TOTAL**
Revenue total*	**1 943.4**	**1 601.4**	**3 544.8**
Net interest income	1 367.9	962.3	2 330.2
Net commission income	436.4	626.5	1 062.9
Other income/expenses	126.8	12.6	139.4
Share in net profit (loss) of associated entities recognised under the equity method	12.3	-	12.3
Expenses total	**1 152.2**	**777.5**	**1 929.7**
Result before risk	**791.2**	**823.9**	**1 615.1**
Impairment losses	78.7	189.0	267.7
Result after impairment losses (profit before tax)	**712.5**	**634.9**	**1 347.4**
Income tax	-	-	306.6
Result after tax	-	-	**1 040.8**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**1 040.7**

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

PLN million	**IV quarter 2014** the period from 01 Oct 2014 to 31 Dec 2014		
	Retail banking segment	**Corporate banking Segment**	**TOTAL**
Revenue total	**468.3**	**397.7**	**866.0**
Net interest income	341.5	241.7	583.2
Net commission income	93.5	155.4	248.9
Other income/expenses	33.3	0.6	33.9
Expenses total	**292.3**	**196.2**	**488.5**
Result before risk	**176.0**	**201.5**	**377.5**
Impairment losses	18.2	66.9	85.1
Result after impairment losses (profit before tax)	**157.8**	**134.6**	**292.4**
Income tax	-	-	61.7
Result after tax	-	-	**230.7**
- attributable to shareholders of ING Bank Śląski S.A.	-	-	**230.8**

15.2. Geographical segments

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

Interim condensed consolidated financial statements (PLN million)

16. Other informations

16.1. Ratings

Fitch Ratings Ltd.

The Fitch Ratings Ltd. Agency assigns full rating to ING Bank Śląski S.A. under the agreement between the Bank and the Agency. In 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" (Fitch Agency's press release of 19 May 2015). 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 EU regulations regarding the said institutions' functioning. 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.

As at the end of 2015, Fitch carried out the annual rating review of the Bank. As a result, all the ratings to date were affirmed (Fitch Agency's press release of 23 November 2015).

As at 31.12.2015, the Bank had the rating of financial credibility, issued by the Agency:

Rating	Level
Long-term IDR	A-
Outlook for sustaining the above rating	Stable
Short-term IDR	F1
Viability rating	bbb+
Support rating	1

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

Moody's Investors Service Ltd.

The Moody's Investors Service Ltd. Agency assigns rating to ING Bank Śląski S.A. on the basis of the universally available public information. On 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" (Moody's press release of 21 May 2015 and Credit Opinion of 03 June 2015). Rating review is a consequence of the new bank rating methodology. Moody's assigned also the Bank the Counterparty Risk Assessment (or CR Assessment) of A2 – long-term and of P-1 – short-term. Other ratings did not change.

Interim condensed consolidated financial statements (PLN million)

The above ratings were affirmed by the Agency in Q4 2015 (Credit Opinion of 26 November 2015).

As at 31 December 2015, the Bank's financial viability rating issued by the Agency was as follows:

Rating	Level
LT Rating	A3
ST Rating	P-2
Baseline Credit Assessment (BCA)	baa3
Adjusted Baseline Credit Assessment (Adjusted BCA)	baa2
LT rating outlook	Stable
Counterparty Risk Assessment (CR Assessment) long-term/ short-term	A2/P-1

16.2. Number of Branches and ATMs

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

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Number of outlets	395	398	402	407
Number of ING Express sales points at shopping malls	64	60	55	26

As at 31 December 2015, the Bank had the network of 814 machines with cash deposit and/or withdrawal feature(s), out of which 799 were dual machines, 6 – ATMs and 9 – CDMs. As at 31 December 2014, the Bank had 598 dual machines, 294 ATMs and 172 CDMs. Traditional ATMs and CDMs were replaced in 2015 with dual machines.

16.3. Electronic distribution channels

Development of electronic distribution channels is one of the Bank's priorities. A regular update of this offer results in an increase of the number of Clients interested in e-banking. The figures for electronic banking clients[2] are as follows:

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
ING BankOnLine and ING BusinessOnLine	3 178 500	3 106 047	2 846 079	2 776 878
HaloŚląski	2 083 323	2 022 614	1 819 028	1 762 948
ING BankMobile*	1 231 376	1 098 342	764 457	658 799
ING BusinessMobile	9 541	8 774	6 703	6 317

*/ Number of downloaded applications

The monthly number of transactions in December 2015 was at the level of 28.9 million, whereas at the end of December 2014 it was 24.2 million.

[2] The number of clients is not the same as the number of users as one client may represent several users in a given system.

16.4. Banking cards

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

(in thousands)	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Debit cards	2 685	2 636	2 431	2 369
Credit cards	211	210	206	205
Other cards	107	103	94	93
Total payment cards, in which:	**3 003**	**2 949**	**2 731**	**2 667**
Paywave[3]	_2 343_	_2 295_	_2 106_	_2 059_
Virtual cards	_42_	_42_	_39_	_38_

[3] Cards: Contactless VISA, Contactless Visa Business, Contactless MasterCard Debit, Visa Zbliżak, Zbliżak MasterCard Paypass.

Interim condensed consolidated financial statements (PLN million)

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

2016-02-03	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2016-02-03	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
2016-02-03	**Michał Bolesławski** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Joanna Erdman** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Justyna Kesler** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Patrick Roesink** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Ignacio Juliá Vilar** *Vice-President*	*Signed on the Polish original*

Interim condensed standalone financial statements (PLN million)

III. Interim condensed standalone financial statement of the Bank

INTERIM CONDENSED STANDALONE INCOME STATEMENT

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net interest income	624.9	2 343.5	553.6	2 211.2
Net commission income	234.0	951.3	234.3	1 002.9
Net income on financial instruments at fair value through profit or loss and FX result	22.9	81.9	21.9	89.4
Net income on investments	0.4	245.5	-5.8	68.1
Net income on hedge accounting	5.6	22.9	-2.1	8.9
Net income on other basic activities	2.7	-1.4	6.2	13.0
Net income on basic activities	**890.5**	**3 643.7**	**808.1**	**3 393.5**
General and administrative expenses	619.8	2 035.0	459.9	1 814.2
Impairment losses and provisions for off-balance sheet liabilities	46.3	212.8	72.1	243.4
Gross profit (loss)	**224.4**	**1 395.9**	**276.1**	**1 335.9**
Income tax	40.9	255.9	55.2	268.0
Net result for the current period	**183.5**	**1 140.0**	**220.9**	**1 067.9**

Net profit (loss)	**183.5**	**1 140.0**	**220.9**	**1 067.9**
Weighted average number of ordinary shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Earnings per ordinary share (PLN)	**1.41**	**8.76**	**1.70**	**8.21**

Diluted earnings per share agree with earnings per ordinary share

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	4 Q 2015 the period from 01 Oct 2015 to 31 Dec 2015	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 the period from 01 Oct 2014 to 31 Dec 2014	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
Net result for the period	**183.5**	**1 140.0**	**220.9**	**1 067.9**
Other comprehensive income, including:	**170.5**	**-383.4**	**291.1**	**1 359.0**
- items which can be reclassified to income statement	171.4	-379.9	297.1	1 360.3
- items which will not be reclassified to income statement	-0.9	-3.5	-6.0	-1.3
Net comprehensive income for the period	**354.0**	**756.6**	**512.0**	**2 426.9**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
A S S E T S				
- Cash in hand and balances with the Central Bank	3 589.7	3 940.6	5 330.7	3 008.0
- Loans and other receivables to other banks	1 013.1	3 312.6	1 821.3	2 493.4
- Financial assets at fair value through profit or loss	1 127.1	2 769.2	1 856.8	1 455.4
- Valuation of derivatives	1 990.9	1 947.2	2 411.7	1 998.3
- Investments	23 478.7	24 310.2	22 828.6	23 190.0
- Derivative hedge instruments	2 454.8	2 521.2	2 983.8	2 370.9
- Loans and other receivables to customers	69 633.4	68 563.6	57 952.1	56 981.2
- Receivables from customers under repo transactions	1 354.4	553.6	106.6	486.7
- Investments in controlled entities	269.3	269.3	269.2	270.3
- Non-financial assets	1 036.1	989.7	1 002.5	1 028.2
- Assets held for sale	38.4	44.1	68.4	75.3
- Tax assets	0.0	0.0	0.0	36.8
- Other assets	120.0	175.8	110.7	172.4
T o t a l a s s e t s	**106 105.9**	**109 397.1**	**96 742.4**	**93 566.9**
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	1 855.4	8 759.7	3 644.2	4 329.7
- Financial liabilities at fair value through profit or loss	629.4	934.1	917.4	2 145.4
- Valuation of derivatives	2 002.8	2 037.5	2 521.3	2 091.1
- Derivative hedge instruments	1 830.9	1 842.8	2 032.8	1 637.8
- Liabilities to customers	87 383.7	83 490.4	75 326.0	71 407.7
- Liabilities to customers under repo transactions	47.5	4.1	29.7	281.1
- Liabilities under issue of debt securities	866.3	872.0	866.5	571.6
- Provisions	63.8	66.0	70.3	67.7
- Tax liabilities	153.7	123.5	248.5	238.5
- Other liabilities	787.2	1 135.9	837.9	1 060.8
T o t a l l i a b i l i t i e s	**95 620.7**	**99 266.0**	**86 494.6**	**83 831.4**
EQUITY				
- Share capital	130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3
- Revaluation reserve	1 474.1	1 305.9	1 869.0	1 579.5
- Revaluation of share-based payment	49.2	49.1	48.0	47.7
- Retained earnings	7 875.5	7 689.7	7 244.4	7 021.9
T o t a l e q u i t y	**10 485.2**	**10 131.1**	**10 247.8**	**9 735.5**
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	**106 105.9**	**109 397.1**	**96 742.4**	**93 566.9**

Net book value	**10 485.2**	**10 131.1**	**10 247.8**	**9 735.5**
Number of shares	**130 100 000**	**130 100 000**	**130 100 000**	**130 100 000**
Net book value per share (PLN)	**80.59**	**77.87**	**78.77**	**74.83**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

4 Q 2015
the period from 01 Oct 2015 to 31 Dec 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**	**324.0**	**15.1**	**963.7**	**3.1**	**49.1**	**7 689.7**	**10 131.1**
Net result for the current period	-	-	-	-	-	-	-	183.5	**183.5**
Other net comprehensive income, including:	**0.0**	**0.0**	**174.5**	**-2.7**	**-3.1**	**-0.5**	**0.0**	**2.3**	**170.5**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*182.7*	-	-	-	-	-	*182.7*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-0.1*	-	-	-	-	-	*-0.1*
- amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity portfolio	-	-	*-8.1*	-	-	-	-	-	*-8.1*
- effective part of cash flow hedging relationship	-	-	-	-	*-3.1*	-	-	-	*-3.1*
- remeasurement of property, plant and equipment	-	-	-	*-1.3*	-	-	-	-	*-1.3*
- disposal of property, plant and equipment	-	-	-	*-1.4*	-	-	-	*2.3*	*0.9*
- actuarial gains / losses	-	-	-	-	-	*-0.5*	-	-	*-0.5*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**
- revaluation of share-based payments	-	-	-	-	-	-	*0.2*	-	*0.2*
Closing balance of equity	**130.1**	**956.3**	**498.5**	**12.4**	**960.6**	**2.6**	**49.3**	**7 875.5**	**10 485.3**

4 Q 2015 YTD
the period from 01 Jan 2015 to 31 Dec 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	-	-	-	-	-	-	-	1 140.0	**1 140.0**
Other net comprehensive income, including:	**0.0**	**0.0**	**-62.2**	**-14.5**	**-317.7**	**-0.5**	**0.0**	**11.5**	**-383.4**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*13.4*	-	-	-	-	-	*13.4*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-47.2*	-	-	-	-	-	*-47.2*
- 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	-	-	*-28.4*	-	-	-	-	-	*-28.4*
- effective part of cash flow hedging relationship	-	-	-	-	*-317.7*	-	-	-	*-317.7*
- remeasurement of property, plant and equipment	-	-	-	*-3.7*	-	-	-	-	*-3.7*
- disposal of property, plant and equipment	-	-	-	*-10.8*	-	-	-	*11.5*	*0.7*
- actuarial gains / losses	-	-	-	-	-	*-0.5*	-	-	*-0.5*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**	**-520.4**	**-519.1**
- revaluation of share-based payments	-	-	-	-	-	-	*1.3*	-	*1.3*
- dividends paid	-	-	-	-	-	-	-	*-520.4*	*-520.4*
Closing balance of equity	**130.1**	**956.3**	**498.5**	**12.4**	**960.6**	**2.6**	**49.3**	**7 875.5**	**10 485.3**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY - continued

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

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**535.0**	**35.8**	**1 006.9**	**1.8**	**47.7**	**7 021.9**	**9 735.5**
Net result for the current period	-	-	-	-	-	-	-	220.9	**220.9**
Other net comprehensive income, including:	**0.0**	**0.0**	**25.7**	**-8.9**	**271.4**	**1.3**	**0.0**	**1.6**	**291.1**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*25.8*	-	-	-	-	-	*25.8*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-0.1*	-	-	-	-	-	*-0.1*
- effective part of cash flow hedging relationship	-	-	-	-	*271.4*	-	-	-	*271.4*
- remeasurement of property, plant and equipment	-	-	-	*-7.3*	-	-	-	-	*-7.3*
- disposal of property, plant and equipment	-	-	-	*-1.6*	-	-	-	*1.6*	*0.0*
- actuarial gains / losses	-	-	-	-	-	*1.3*	-	-	*1.3*
Transactions with shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**0.3**
- revaluation of share-based payments	-	-	-	-	-	-	*0.3*	-	*0.3*
Closing balance of equity	**130.1**	**956.3**	**560.7**	**26.9**	**1 278.3**	**3.1**	**48.0**	**7 244.4**	**10 247.8**

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

	Share capital	Supplementary capital - issuance of shares over nominal value	Revaluation reserve from measurement of available-for-sale financial assets	Revaluation reserve from measurement of property, plant and equipment	Revaluation reserve from measurement of cash flow hedging instruments	Actuarial gains/losses	Revaluation of share-based payment	Retained earnings	Total equity
Opening balance of equity	**130.1**	**956.3**	**273.2**	**32.9**	**205.5**	**1.8**	**46.1**	**6 682.0**	**8 327.9**
Net result for the current period	-	-	-	-	-	-	-	1 067.9	**1 067.9**
Other net comprehensive income, including:	**0.0**	**0.0**	**287.5**	**-6.0**	**1 072.8**	**1.3**	**0.0**	**3.4**	**1 359.0**
- gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	*291.8*	-	-	-	-	-	*291.8*
- reclassification to the financial result due to sale of available-for-sale financial assets	-	-	*-4.3*	-	-	-	-	-	*-4.3*
- effective part of cash flow hedging relationship	-	-	-	-	*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 shareholders, including:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.9**	**-508.9**	**-507.0**
- revaluation of share-based payments	-	-	-	-	-	-	*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**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

Interim condensed standalone financial statements (PLN million)

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

	4 Q 2015 YTD the period from 01 Jan 2015 to 31 Dec 2015	4 Q 2014 YTD the period from 01 Jan 2014 to 31 Dec 2014
OPERATING ACTIVITIES		
Net profit (loss)	**1 140.0**	**1 067.9**
Adjustments	**-1 267.6**	**-2 185.5**
- Depreciation and amortisation	185.2	171.5
- Interest accrued (from the income statement)	-2 343.5	-2 211.2
- Interest paid	-1 148.3	-1 389.3
- Interest received	3 461.3	3 443.7
- Dividends received	-99.2	-67.5
- Gains (losses) on investing activities	0.3	-6.7
- Income tax (from the income statement)	255.9	268.0
- Income tax paid	-350.7	-67.8
- Change in provisions	-6.5	6.6
- Change in loans and other receivables to other banks	664.1	-337.2
- Change in financial assets at fair value through profit or loss	729.6	95.5
- Change in available-for-sale financial assets	337.2	-2 959.1
- Change in valuation of derivatives	-97.7	87.9
- Change in hedge derivatives	9.4	59.3
- Change in loans and other receivables to customers	-12 903.8	-8 256.1
- Change in other assets	58.5	177.6
- Change in liabilities to other banks	-1 788.5	1 622.7
- Change in liabilities at fair value through profit or loss	-288.0	-316.8
- Change in liabilities to customers	12 107.1	7 496.2
- Change in other liabilities	-50.0	-2.8
Net cash flow from operating activities	**-127.6**	**-1 117.6**
INVESTING ACTIVITIES		
- Purchase of property plant and equipment	-137.2	-123.4
- Disposal of property, plant and equipment	5.1	0.2
- Purchase of intangible assets	-129.0	-76.2
- Purchase of investments in controlled entities	-0.1	-10.0
- Disposal of non-current assets held for sale	1.2	7.3
- Purchase of held-to-maturity financial assets	-1 138.6	0.0
- Interest from held-to-maturity financial assets	87.6	0.0
- Dividends received	99.2	67.5
Net cash flow from investing activities	**-1 211.8**	**-134.6**
FINANCING ACTIVITIES		
- Issue of debt securities	0.0	300.0
- Interest on debt securities issued	-23.9	-20.4
- Dividends paid	-520.4	-572.4
Net cash flow from financing activities	**-544.3**	**-292.8**
Effect of exchange rate changes on cash and cash equivalents	***-40.5***	***198.9***
Net increase/decrease in cash and cash equivalents	**-1 883.7**	**-1 545.0**
Opening balance of cash and cash equivalents	**6 294.1**	**7 839.1**
Closing balance of cash and cash equivalents	**4 410.4**	**6 294.1**

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

Małgorzata Kołakowska
President
Signed on the Polish original

Mirosław Boda
Vice President responsible for bookkeeping
Signed on the Polish original

Michał Bolesławski
Vice President
Signed on the Polish original

Joanna Erdman
Vice President
Signed on the Polish original

Justyna Kesler
Vice President
Signed on the Polish original

Patrick Roesink
Vice President
Signed on the Polish original

Ignacio Juliá Vilar
Vice President
Signed on the Polish original

Katowice, 3 Feb 2016

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.

Additional information to the interim condensed standalone financial statements

1. Introduction

1.1. Going-concern

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

1.2. Discontinued operations

No operations were discontinued during 4 quarters 2015 and 4 quarters 2014.

1.3. Compliance with International Financial Reporting Standards

These interim condensed standalone financial statements of the ING Bank Śląski S.A. for the 4 quarter 2015 were prepared under the IAS 34 *Interim Financial Reporting* (International Accounting Standards) in a version approved by the European Commission effective as at the reporting date, that is 31 December 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 4 quarter 2015 and the Bank's financial statements for the year ended 31 December 2014 approved by the General Meeting on 31 March 2015.

Interim condensed standalone income statement, interim condensed standalone statement of comprehensive income, interim condensed standalone statement of changes in equity, and interim condensed standalone cash flow statement for the period from 1 January 2015 to 31 December 2015, and interim condensed standalone statement of financial position as at 31 December 2015 together with comparable data were prepared according to the same principles of accounting for each period.

1.4. Comparative data and verification by the chartered auditor

The comparative data cover the period from 1 January 2014 to 31 December 2014 for the interim condensed standalone income statement; the interim condensed standalone statement of comprehensive income, the interim condensed standalone cash flow statement and for the interim condensed standalone statement of changes in equity; and in the case of the interim condensed standalone statement of financial position data as of 30 September 2015, 31 December 2014 and 30 September 2014.

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 as well as the standards and interpretations adopted by the European Union, effective for annual periods starting on or after 1 January 2015 presented in the Group's interim condensed consolidated financial statements for H1 2015. There were no new amendments published to the accounting standards in Q4 2015.

1.7. Approval of financial statements

These interim condensed standalone financial statements have been approved by the Bank Management Board on 3 February 2016.

2. Material accounting principles

Detailed accounting principles are presented in annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl).

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

2.1. Investment in subsidiaries and associates

2.1.1. Subsidiaries

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

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

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

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

2.1.2. Joint arrangements

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

Such arrangements can be performed in the following forms:

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

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

2.1.3. Associates

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

2.1.4. Recognition and valuation

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

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

3. Accounting estimates

The most significant accounting estimates made by the Bank are described in the annual financial statements of ING Bank Śląski S.A. for the period from 1 January 2014 to 31 December 2014 published on 2 March 2015 that is available on the Internet site of ING Bank Śląski S.A. (www.ingbank.pl). In 4 quarter 2015, the Bank did not change its estimate development approach.

4. Comparability of financial data

In the interim condensed standalone financial statements for the 4 quarter 2015, the Bank made disclosure-related amendments regarding some items in the income statement, compared to the interim condensed standalone financial statements for the 4 quarter 2014, the fact which was described in Chapter II. of the interim condensed consolidated financial statements. *Supplementary information* in item *6. Comparability of financial data.*

Interim condensed standalone financial statements (PLN million)

5. Significant events in 4 quarter 2015

Significant events that occurred in 4 quarter 2015 are described in the interim condensed consolidated financial statement in Chapter II. *Additional information* in item 2. *Significant events in 4 quarter 2015*.

6. Seasonality or cyclicity of activity

Activity of ING Bank Śląski S.A. 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 in Q4 2015. In Q4 2014, the Bank issued the second bonds under the *Own Debt Securities Issuance Programme of ING Bank Śląski S.A.*

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 4 quarter 2015, the ING Bank Śląski did not make any acquisitions, as in 4 quarter 2014.

10. Off-balance sheet items

	as of 31 Dec 2015	**as of 30 Sep 2015**	**as of 31 Dec 2014**	**as of 30 Sep 2014**
Contingent liabilities granted	23 453.5	23 206.0	23 394.6	21 394.9
Contingent liabilities received	51 424.8	49 748.8	41 454.6	38 931.2
Off-balance sheet financial instruments	358 622.2	314 061.5	297 537.4	249 276.1
Total off-balance sheet items	**433 500.5**	**387 016.3**	**362 386.6**	**309 602.2**

Interim condensed standalone financial statements (PLN million)

11. Total capital ratio

	as of 31 Dec 2015	as of 30 Sep 2015	as of 31 Dec 2014	as of 30 Sep 2014
Own funds	7 750.1	7 671.5	6 774.6	6 769.2
Total capital requirement	4 115.4	4 182.4	3 492.9	3 537.1
Total capital ratio	**15.1%**	**14.7%**	**15.5%**	**15.3%**

12. Significant events after the balance sheet date

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

13. Transactions with related entities

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

Interim condensed standalone financial statements (PLN million)

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

2016-02-03	**Małgorzata Kołakowska** *President*	*Signed on the Polish original*
2016-02-03	**Mirosław Boda** *Vice-President responsible for bookkeeping*	*Signed on the Polish original*
2016-02-03	**Michał Bolesławski** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Joanna Erdman** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Justyna Kesler** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Patrick Roesink** *Vice-President*	*Signed on the Polish original*
2016-02-03	**Ignacio Juliá Vilar** *Vice-President*	*Signed on the Polish original*