

**ING Bank Śląski S.A.**  
**Capital Group**  
Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2015

The opinion contains 3 pages  
The supplementary report contains 13 pages  
Opinion of the independent auditor  
and the supplementary report  
on the audit of the consolidated financial statements  
for the financial year ended  
31 December 2015

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of ING Bank Śląski S.A.*

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is ING Bank Śląski S.A. with its registered office in Katowice, Sokolska 34 (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

*Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements*

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

*Auditor’s Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, the accompanying consolidated financial statements of ING Bank Śląski S.A. Capital Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

## Specific Comments on Other Legal and Regulatory Requirements

### *Report on the Group's Activities*

As required under the Accounting Act and the Banking Act dated 29 August 1997 (Official Journal from 2015, item 128 with amendments) ("the Banking Act"), we report that the accompanying report on the ING Bank Śląski S.A. Capital Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act, by Art. 111a of the Banking Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Inflancka 4A  
00-189 Warsaw

*Signed on the Polish original*

.....  
Ewa Józwik  
Key Certified Auditor  
Registration No. 11154

*Signed on the Polish original*

.....  
Stacy Ligas  
Member of the Management Board of  
KPMG Audyt Sp. z o.o., entity which is the  
General Partner of KPMG Audyt Spółka  
z ograniczoną odpowiedzialnością sp.k

29 February 2016



TRANSLATION

**ING Bank Śląski S.A.**  
**Capital Group**  
Supplementary report  
on the audit of the consolidated  
financial statements  
Financial Year ended  
31 December 2015

The supplementary report contains 13 pages  
The supplementary report  
on the audit of the consolidated financial statements  
for the financial year ended  
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## **1. General**

### **1.1 Identification of the Group**

#### **1.1.1 Name of the Group**

ING Bank Śląski S.A. Capital Group

#### **1.1.2 Registered office of the Parent Entity of the Group**

Katowice, ul. Sokolska 34

#### **1.1.3 Registration of the Parent Entity in the National Court Register**

Registration court:	District Court in Katowice, VIII Commercial Department of the National Court Register
Date:	10 April 2001
Registration number:	KRS 0000005459
Share capital as at the end of reporting period:	PLN 130,100,000

#### **1.1.4. Management of the Parent Entity**

The Management Board is responsible for management of the Parent Entity.

As at 31 December 2015, the Management Board of the Parent Entity was comprised of the following members:

- Małgorzata Kołakowska – President of the Management Board,
- Mirosław Boda – Vice President of the Management Board,
- Michał Bolesławski – Vice President of the Management Board,
- Joanna Erdman – Vice President of the Management Board,
- Justyna Kesler – Vice President of the Management Board,
- Ignacio Juliá Vilar – Vice President of the Management Board,
- Patrick Roesink – Vice President of the Management Board.

According to the resolution of Supervisory Board dated 18 June 2015 Mr. Oscar Edward Swan was dismissed from the position of Vice President of the Management Board and Mr. Patrick Roesink was appointed to this position.

### **1.2 Information about companies comprising the Group**

#### **1.2.1 Companies included in the consolidated financial statements**

As at 31 December 2015, the following companies were consolidated by the Group:

Parent Entity:

- ING Bank Śląski S.A.

Subsidiaries consolidated on the full consolidation basis:

- ING Securities S.A.,
- ING ABL Polska S.A.,
- ING Commercial Finance S.A.,
- ING Lease Polska Sp. z o.o.,
- ING Usługi dla Biznesu S.A.,
- Nowe Usługi S.A.,
- Solver Sp. z o.o.

### **1.3 Key Certified Auditor and Audit Firm Information**

#### **1.3.1 Key Certified Auditor information**

Name and surname: Ewa Józwik  
Registration number: 11154

#### **1.3.2 Audit Firm information**

Name: KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k.  
Address of registered office: ul. Inflancka 4A, 00-189 Warsaw  
Registration number: KRS 0000339379  
Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register  
NIP number: 527-26-15-362

KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements, maintained by the National Council of Certified Auditors, under number 3546.

### **1.4 Prior period consolidated financial statements**

The consolidated financial statements for the financial year ended 31 December 2014 were audited by KPMG Audyty spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 31 March 2015.

The consolidated financial statements were submitted to the Registry Court on 7 April 2015.

### **1.5 Audit scope and responsibilities**

This report was prepared for the General Meeting of ING Bank Śląski S.A. with its registered office in Katowice, Sokolska 34 and relates to the consolidated financial statements





comprising: the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements have been audited in accordance with the contract dated 16 May 2013, concluded on the basis of the resolution of Supervisory Board dated 18 January 2013 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”) and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the consolidated financial statements at the Group entities during the period from 2 November 2015 to 29 February 2016.

Management of the Parent Entity is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group’s activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the financial statements.

The Management Board of the Parent Entity submitted a statement, dated the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfil the independence requirements from the companies included in the Group as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2015, item 1011 with amendments).

## 1.6 Information on audits of the financial statements of the consolidated companies

### 1.6.1 Parent Entity

The separate financial statements of the Parent Entity for the year ended 31 December 2015 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unmodified opinion.

### 1.6.2 Other consolidated entities

<b>Entity's name</b>	<b>Authorised auditor</b>	<b>Financial year end</b>	<b>Type of auditor's opinion</b>
ING Securities S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	Unqualified opinion
ING Lease Polska Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	In progress
ING Commercial Finance S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	In progress
ING ABL Polska S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	In progress
ING Usługi dla Biznesu S.A.	„BUFIKS” Biuro Usług Finansowo-Księgowych Sp. z o.o. Grupa Finans-Service	31 December 2015	Unqualified opinion
Nowe Usługi S.A.	„BUFIKS” Biuro Usług Finansowo-Księgowych Sp. z o.o. Grupa Finans-Service	31 December 2015	Unqualified opinion
Solver Sp. z o.o.		31 December 2015	No audit required

## 2 Financial analysis of the Group

### 2.1 Summary analysis of the consolidated financial statements

#### 2.1.1 Consolidated statement of financial position

ASSETS	31.12.2015 PLN mln	% of total assets	31.12.2014 PLN mln	% of total assets
Cash in hand and balances with the Central Bank	3 589,7	3,3	5 330,7	5,3
Loans and receivables to other banks	1 014,6	0,9	1 838,3	1,8
Financial assets measured at fair value through profit or loss	1 127,1	1,0	1 856,8	1,9
Valuation of derivatives	1 990,9	1,8	2 412,3	2,4
Investments	23 478,8	21,6	22 829,3	22,9
Derivative hedge instruments	2 454,8	2,3	2 983,8	3,0
Loans and receivables to customers	72 519,6	66,6	61 054,8	61,1
Receivables from customers due to repo transactions	1 354,4	1,2	106,6	0,1
Non-financial assets	1 070,5	1,0	1 032,3	1,0
Assets held for sale	38,4	-	144,9	0,2
Tax assets	59,6	0,1	59,1	0,1
Other assets	194,7	0,2	211,8	0,2
<b>TOTAL ASSETS</b>	<b>108 893,1</b>	<b>100,0</b>	<b>99 860,7</b>	<b>100,0</b>
EQUITY AND LIABILITIES	31.12.2015 PLN mln	% of total equity and liabilities	31.12.2014 PLN mln	% of total equity and liabilities
<b>Liabilities</b>				
Liabilities due to other banks	3 913,5	3,6	6 123,4	6,1
Financial liabilities measured at fair value through profit and loss	629,4	0,6	917,4	0,9
Valuation of derivatives	2 002,7	1,8	2 521,6	2,5
Derivative hedge instruments	1 830,9	1,7	2 032,8	2,0
Liabilities due to customers	87 818,5	80,7	75 658,9	75,8
Liabilities due to customers under repo transactions	47,5	-	29,7	-
Liabilities under issue of debt securities	866,3	0,8	866,5	0,9
Provisions	67,2	0,1	74,8	0,1
Tax liabilities	156,8	0,1	265,6	0,3
Other liabilities	879,8	0,8	913,4	0,9
<b>Total liabilities</b>	<b>98 212,6</b>	<b>90,2</b>	<b>89 404,1</b>	<b>89,5</b>
<b>Equity</b>				
Share capital	130,1	0,1	130,1	0,1
Supplementary capital - issuance of shares over nominal value	956,3	0,8	956,3	0,9
Revaluation reserve	1 485,0	1,4	1 874,3	1,9
Revaluation of share-based payment	49,4	0,1	48,2	0,1
Retained earnings	8 057,1	7,4	7 445,1	7,5
<b>Total equity attributable to shareholders of ING Banku Śląski S.A.</b>	<b>10 677,9</b>	<b>9,8</b>	<b>10 454,0</b>	<b>10,5</b>
Non-controlling interests	2,6	-	2,6	-
<b>Total equity</b>	<b>10 680,5</b>	<b>9,8</b>	<b>10 456,6</b>	<b>10,5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>108 893,1</b>	<b>100,0</b>	<b>99 860,7</b>	<b>100,0</b>
<b>Total capital ratio</b>	<b>13,74%</b>		<b>14,17%</b>	
Book value of equity	10 677,9		10 454,0	
Number of shares	130 100 000		130 100 000	
Book value of equity per share (in PLN)	82,07		80,35	



## 2.1.2. Consolidated statement of profit and loss

	<b>1.01.2015 - 31.12.2015</b>	<b>1.01.2014 - 31.12.2014</b>
	<b>PLN mln</b>	<b>PLN mln</b>
Interest income	3 628,6	3 724,5
Interest expense	1 161,5	1 394,3
<b>Net interest income</b>	<b>2 467,1</b>	<b>2 330,2</b>
Commission income	1 134,7	1 168,2
Commission expense	117,5	105,3
<b>Net commission income</b>	<b>1 017,2</b>	<b>1 062,9</b>
Net income of financial instruments measured at fair value through profit and loss and FX result	85,1	94,4
Net income on investments	165,0	15,8
Net income on hedge accounting	22,9	8,9
Net income on other basic activities	20,8	20,3
<b>Result on core activities</b>	<b>3 778,1</b>	<b>3 532,5</b>
General and administrative expenses	2 155,7	1 929,7
Impairment losses and provisions for off-balance sheet liabilities	232,1	267,7
Share in net profit of associated entities recognised under the equity method	-	12,3
<b>Profit before income tax</b>	<b>1 390,3</b>	<b>1 347,4</b>
Income tax expense	263,2	306,6
<b>Profit for the period</b>	<b>1 127,1</b>	<b>1 040,8</b>
- profit attributable to shareholders' of the ING Bank Śląski S.A.	1 127,0	1 040,7
- attributable to noncontrolling interest	0,1	0,1
<b>Profit attributable to shareholders' of the ING Bank Śląski S.A.</b>	<b>1 127,0</b>	<b>1 040,7</b>
<b>Weighted average number of shares</b>	<b>130 100 000</b>	<b>130 100 000</b>
<b>Earnings per share (in PLN)</b>	<b>8,66</b>	<b>8,00</b>

*Diluted profit per share is equal to the profit per share*



## 2.1.2. Consolidated statement of comprehensive income

	<b>1.01.2015 - 31.12.2015</b>	<b>1.01.2014 - 31.12.2014</b>
	<b>PLN mln</b>	<b>PLN mln</b>
<b>Profit for the period</b>	<b>1 127,1</b>	<b>1040,8</b>
Gains/losses on remeasurement of available-for-sale financial assets charged to equity	12,9	291,8
Reclassification to the financial result as a result of sale of available-for-sale financial assets	(47,2)	(4,3)
Amortisation of gains or losses concerning securities re-classified from the available- for-sale portfolio to the held-to-maturity portfolio	(28,4)	-
Effective part of cash flow hedging instruments revaluation	(317,7)	1 072,8
Remeasurement of property, plant and equipment	(3,8)	(5,6)
Disposal of property, plant and equipment	0,7	1,5
Actuarial gains/losses	(0,4)	1,5
<b>Other comprehensive income for the period, net of income tax</b>	<b>(383,9)</b>	<b>1 357,7</b>
<b>Total comprehensive income for the period</b>	<b>743,2</b>	<b>2 398,5</b>
- profit attributable to shareholders' of the ING Bank Śląski S.A.	743,1	2 398,4
- attributable to noncontrolling interest	0,1	0,1



## 2.2 Selected financial ratios

	2015	2014	2013
Total assets (PLN mln)	108 893,1	99 860,7	86 750,6
Profit before income tax (PLN mln)	1 390,3	1 347,4	1 192,9
Net profit for the period (PLN mln)	1 127,1	1 040,8	961,5
Shareholders' equity (PLN mln)	10 677,9	10 454,0	8 626,3
Return on Equity*	10,67%	10,91%	11,47%
Return on Assets**	1,08%	1,12%	1,17%
Cost to income ratio***	57,06%	54,44%	56,13%
Capital ratio	13,74%	14,17%	17,28%
Loan to deposit ratio****	82,58%	80,70%	77,33%
Loan Portfolio Coverage ratio*****	2,09%	2,75%	2,90%

\* *net profit for the period attributable to shareholders' of the Bank / average equity attributable to shareholders' of the Bank*

\*\* *net profit for the period attributable to shareholders' of the Bank / average total assets*

\*\*\* *general and administrative expenses / (results on core activities + share in net profit of associated entities recognised under equity method)*

\*\*\*\* *loan and receivables to customers / liabilities due to customers*

\*\*\*\*\* *impairment allowance / loans and receivables to customers*

### **3 Detailed report**

#### **3.1 Accounting principles**

The Parent Entity maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Entity.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Entity.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Entity.

#### **3.2 Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the ING Bank Śląski S.A. Capital Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation.

#### **3.3 Method of consolidation**

The method of consolidation is described in note 6 of the notes to the consolidated financial statements.

#### **3.4 Goodwill arising on consolidation**

The method of calculating goodwill arising on consolidation is described in note 8.2.1 of the notes to the consolidated financial statements.

#### **3.5 Consolidation of equity and calculation of non- controlling interest**

The share capital of the Group is equal to the share capital of the Parent Entity.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Entity's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Entity.

Only equity of subsidiaries arising after the Parent Entity obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non- controlling interests' share in the subsidiaries' equity as at the end of the reporting period.



### **3.6 Consolidation eliminations**

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of ING Bank Śląski S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

### **3.7 Compliance with banking regulations**

Based on our audit, we have not identified significant incompliance by the Group with banking prudential regulatory norms, and also, we have not identified any material misstatements in determination of the solvency ratio.

### **3.8 Notes to the consolidated financial statements**

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.





### **3.9 Report of the Management Board of the Parent Entity on the Group's activities**

The report of the Management Board of the Parent Entity on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act, by Art. 111a of the Banking Act dated 29 August 1997 (Official Journal from 2015, item 128 with amendments) and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Inflancka 4A  
00-189 Warsaw

*Signed on the Polish original*

.....  
Ewa Józwik  
Key Certified Auditor  
Registration No. 11154

*Signed on the Polish original*

.....  
Stacy Ligas  
Member of the Management Board of  
KPMG Audyt Sp. z o.o., entity which is the  
General Partner of KPMG Audyt Spółka  
z ograniczoną odpowiedzialnością sp.k

29 February 2016