

ING Bank Śląski S.A.

4Q/FY 2013 Financial Results

Warsaw – 12 February 2014

www.ingbank.pl

ING BANK ŚLĄSKI

ING 

Disclaimer

ING Bank Śląski S.A. Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

In preparing the financial information in this document, the same accounting principles are applied as in the ING Bank Śląski S.A. Group Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, (2) changes in performance of financial markets, (3) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (4) changes affecting interest rate levels, (5) changes affecting currency exchange rates, (6) changes in general competitive factors, (7) changes in laws and regulations, (8) changes in the policies of governments and/or regulatory authorities, (9) conclusions with regard to purchase accounting assumptions and methodologies. ING Bank Śląski S.A. assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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Content

- 1** Introduction to financial results and market position of the Bank
- 2** Business development
- 3** 4Q/FY 2013 financial results

Strategic targets of ING Bank Śląski

Accomplishments in 2013

Acquisition of new clients and increase of volumes:

- **PLN 67.5 bn** of deposits → **+PLN 9.7 bn** (+17%) y/y
- **PLN 44.1 bn** of retail clients deposits → **+PLN 5.7 bn** (+15%) y/y
- **3.4 m** retail clients → **352 th** of new clients acquired in a year (net increase by **160 th** y/y)
- **32.5 th** corporate clients → increase by **3 th** in a year

Increase in lending products sales:

- **PLN 50.5 bn** of loans to customers → **+PLN 4.2 bn** (+9%) y/y
- **PLN 32.1 bn** of corporate lending (incl. leasing & factoring) → **+PLN 2.3 bn** (+8%) y/y
- **PLN 18.4 bn** of retail lending → **+PLN 1.9 bn** (+11%) y/y
- **PLN 13.6 bn** of retail mortgage loans → **+PLN 1.4 bn** (+11%) y/y;
7.2% market share in retail mortgage loans sales in 2013

Maintaining high quality of customer service:

- 792 own ATMs and 725 CDMs, including **426** dual-function machines installed
- 417 branches, all with self-banking areas
- 83% of cash deposits transactions via self-service zones
- Mobile banking – **400 th** downloads of applications: *ING BankMobile* (smartphones) and *ING BankMobile HD* (tablets)

Development of simple and honest product offer:

- **2.36 million** of Current Accounts, **68%** are **Direct Current Account**
- **Smart Saver & Dream Saver** – products supporting saving money
- **Aleo** – over **15,000** registered companies
- **Portfolio Guarantee Line De Minimis**

Translation of business activities into Bank's financial results:

- **PLN 3,283 m** of total income in 2013 → +3% y/y
- **PLN 1,460 m** of result before risk costs in 2013 → +6% y/y
- **PLN 962 m** of net profit in 2013 → +16% y/y
- **L/D ratio** at the level of **69%** → -6 p.p. y/y

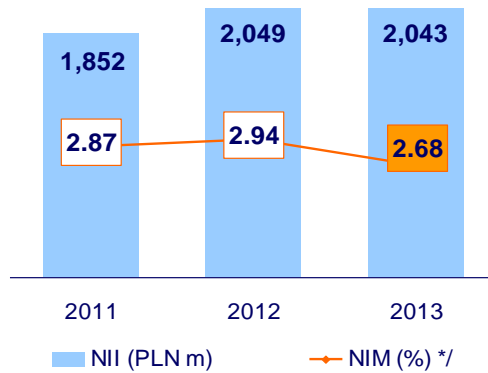
Major business results of the Bank

Bank's business volumes

<i>in PLN million</i>	31.12.12	31.03.13	30.06.13	30.09.13	31.12.13	Change QoQ	Change YoY	Diff QoQ	Diff YoY
Total deposits	57,783	58,125	62,100	66,011	67,485	2%	17%	1,474	9,702
Retail clients deposits	38,378	39,915	41,372	43,727	44,111	1%	15%	384	5,733
Corporate clients deposits	19,405	18,210	20,728	22,284	23,374	5%	20%	1,090	3,969
Total funds entrusted by retail clients	43,517	45,220	46,877	49,339	50,223	2%	15%	884	6,706
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	5,139	5,305	5,505	5,612	6,112	9%	19%	500	973
Total loans	46,307	47,365	48,816	50,377	50,478	0%	9%	101	4,171
Loans to retail clients	16,565	16,889	17,619	18,165	18,416	1%	11%	251	1,851
Mortgage loans volume	12,227	12,460	12,965	13,422	13,615	1%	11%	193	1,388
Loans to corporate clients incl. leasing and factoring	29,742	30,476	31,197	32,212	32,062	0%	8%	-150	2,320

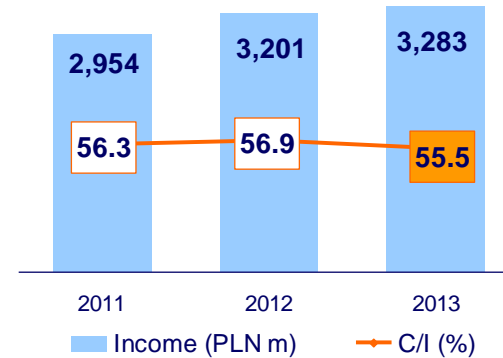
Efficiency

Net interest margin

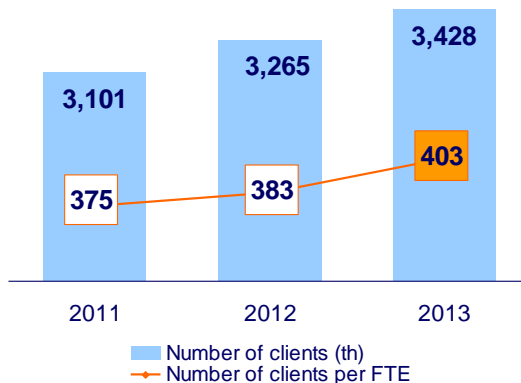


*/ NIM = sum of NII of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters

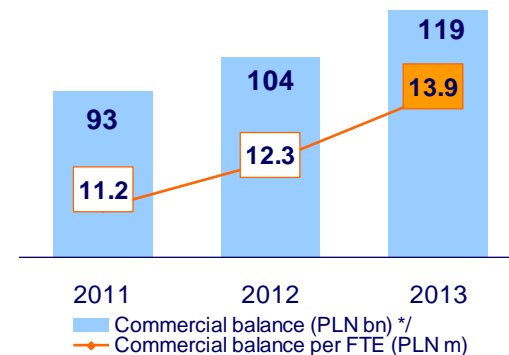
Income and cost effectiveness



No. of clients per employee



Commercial balances per employee



*/ Commercial balance = gross clients' loans & receivables excl. bonds incl. leasing and factoring + clients' liabilities



ING Bank Śląski financial performance

PLN million	2012	2013	change
Total income	3,201.1	3,283.2	+ 3%
Total expenses	1,822.2	1,823.1	+ 0%
Result before risk costs	1,378.9	1,460.1	+ 6%
Risk costs	362.8	267.2	- 26%
Profit before tax	1,016.1	1,192.9	+ 17%
Net profit	832.3	961.5	+ 16%
CAR */	14.6%	17.6%	+ 3.0 p.p.
ROA (%)	1.14%	1.17%	+ 0.03 p.p.
ROE (%)	11.7%	11.6%	- 0.1 p.p.
C/I Ratio (%)	56.9%	55.5%	- 1.4 p.p.

PLN million	4Q 2012	4Q 2013	change
Total income	772.3	827.8	+ 7%
Total expenses	449.1	439.1	- 2%
Result before risk costs	323.2	388.7	+ 20%
Risk costs	84.7	76.4	- 10%
Profit before tax	238.5	312.3	+ 31%
Net profit	190.0	250.5	+ 32%
C/I Ratio (%)	58.2%	53.0%	- 5.2 p.p.

*/ CAR for 4Q 2013 according to AIRB for corporate portfolio, for 4Q 2012 according to Financial Supervision Authority definition effective in 2012 (mixed methodology)

ROA = sum of net profit of 4 consecutive quarters / average assets of 5 consecutive quarters

ROE = sum of net profit of 4 consecutive quarters / average equity of 5 consecutive quarters

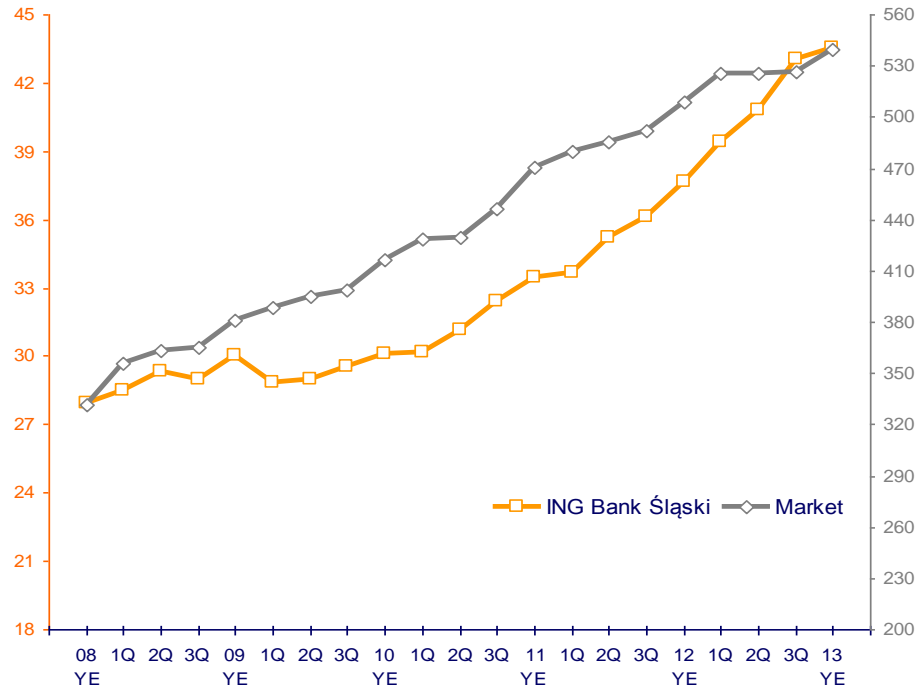


Market position of ING Bank Śląski

Households market

Volumes and share in the households deposits market

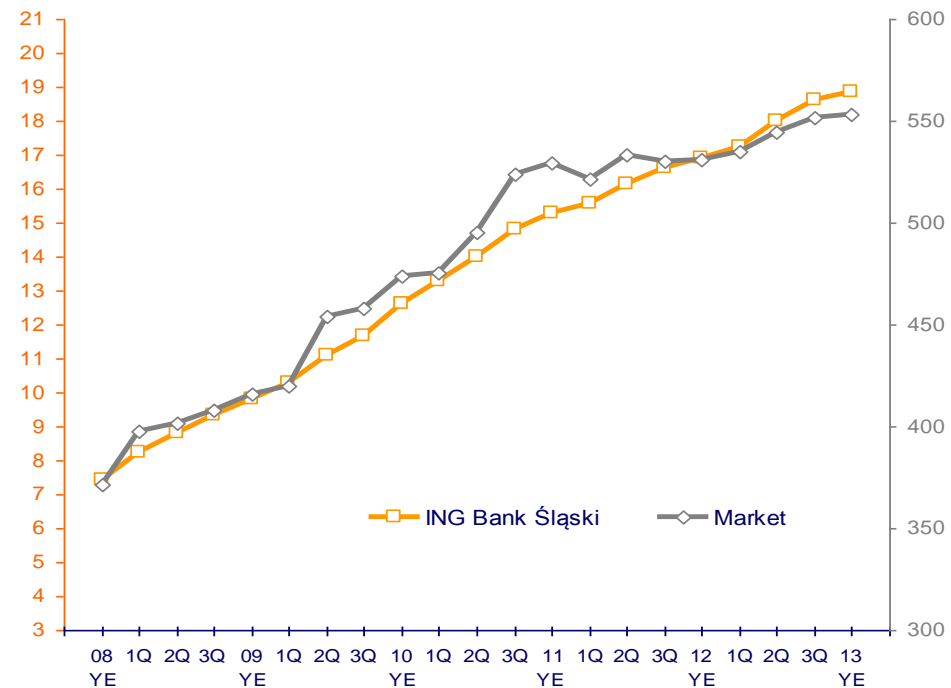
Households deposits - volumes (in PLN billion)



market share (%)																				
08YE	1Q	2Q	3Q	09YE	1Q	2Q	3Q	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE
8.42	8.00	8.09	7.94	7.88	7.43	7.33	7.42	7.24	7.04	7.25	7.26	7.10	7.03	7.25	7.33	7.40	7.50	7.76	8.18	8.07

Volumes and share in the households loans market

Households loans - volumes (in PLN billion)



market share (%)																				
08YE	1Q	2Q	3Q	09YE	1Q	2Q	3Q	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE
2.00	2.08	2.20	2.29	2.36	2.45	2.45	2.55	2.67	2.79	2.83	2.83	2.89	2.99	3.03	3.14	3.19	3.22	3.30	3.37	3.41

*Note: Market data according to NBP file for banking sector, including interests
ING BS data – consolidated, deposits and gross loans (excluding other liabilities and receivables)*

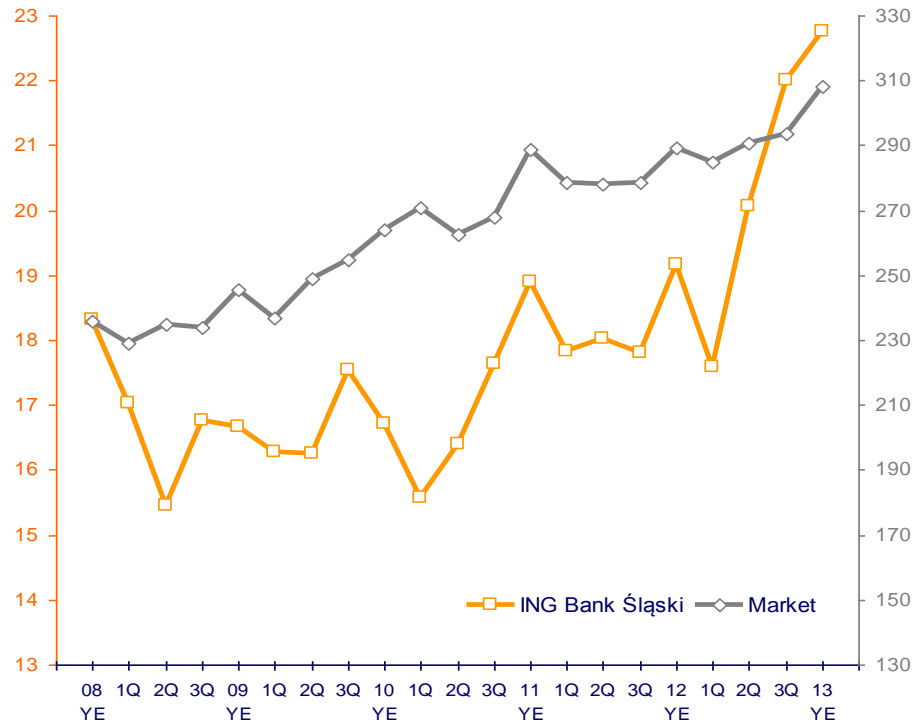


Market position of ING Bank Śląski

Corporate market

Volumes and share in the corporate deposits market

Corporate deposits - volumes (in PLN billion)

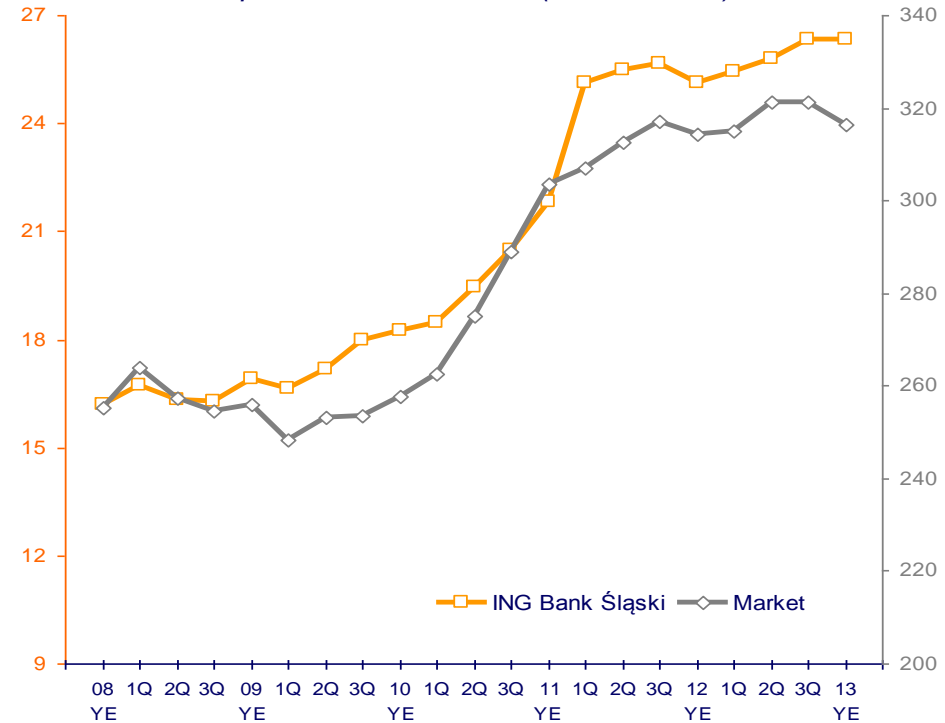


market share (%)

08YE	1Q	2Q	3Q	09YE	1Q	2Q	3Q	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE
7.77	7.44	6.58	7.18	6.80	6.88	6.53	6.89	6.33	5.75	6.24	6.59	6.54	6.41	6.49	6.40	6.63	6.17	6.90	7.50	7.38

Volumes and share in the corporate loans market

Corporate loans - volumes (in PLN billion)



market share (%)

08YE	1Q	2Q	3Q	09YE	1Q	2Q	3Q	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE
6.34	6.34	6.34	6.39	6.60	6.70	6.79	7.10	7.09	7.04	7.08	7.08	7.19	8.19	8.16	8.09	7.99	8.07	8.03	8.20	8.32

*Note: Market data according to NBP file for banking sector, including interests
ING BS data – consolidated, deposits and gross loans (excluding other liabilities and receivables)*



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Retail Banking

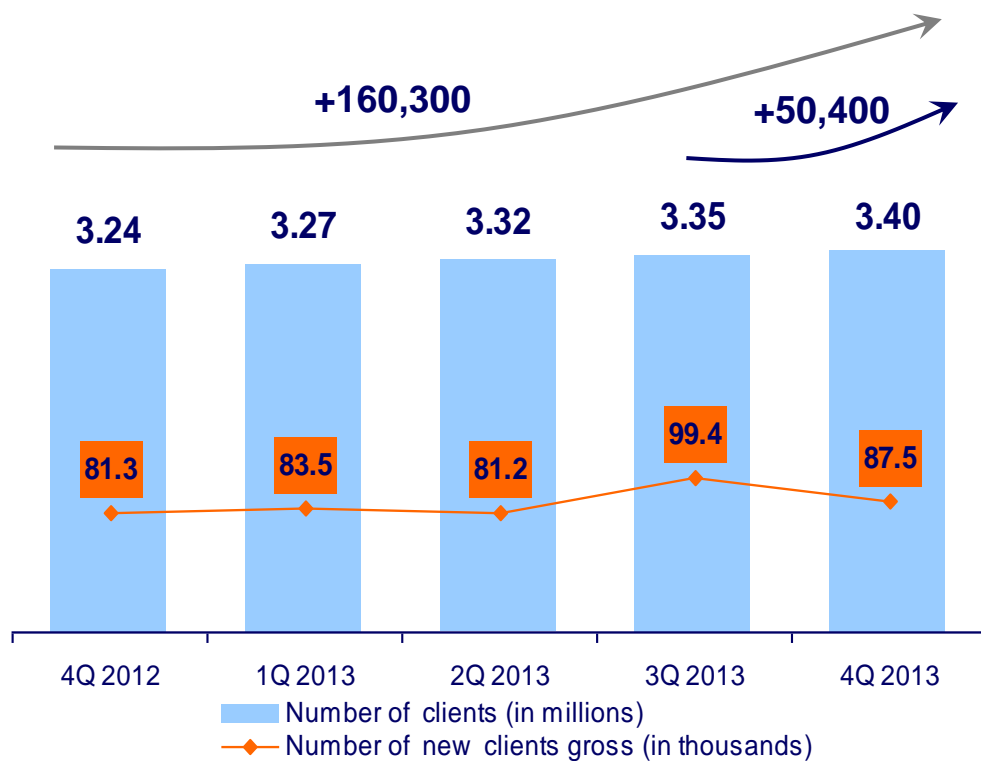
Increase in core products' sales

- **3.4 m** retail clients → **352 th** of new clients acquired in a year (net increase by 160 th y/y)
- **PLN 18.4 bn** of retail lending → **+PLN 1.9 bn (+11%) y/y** and +PLN 250 m (+1%) q/q
- **PLN 13.6 bn** of mortgage loans portfolio → **+PLN 1.4 bn (+11%) y/y** and +PLN 190 m (+1%) q/q
- **7.2%** market share in retail mortgage loans sales in 2013
- Cash loans sales → **over PLN 2.0 bn** of cash loans sold to retail clients in 2013 (+36% y/y);
PLN 484 m sales in 4Q2013 (+37% y/y and -16% q/q)
- **PLN 44.1 bn** of retail clients deposits → **+PLN 5.7 bn (+15%) y/y** and +PLN 400 m (+1%) q/q
- 2.36 m of retail current accounts; **68% of Direct Current Accounts**
- Savings offer : „ **Welcome rate**” (*promotional interests for 4 months on OKO saving account*)
- *Smart Saver & Dream Saver* –products supporting saving money
- 83% of self-service cash depositing transactions
- *ING BankMobile & ING BankMobile HD* – 400 th downloads of mobile banking applications

Client base

3.4 million of retail clients

Number of retail clients



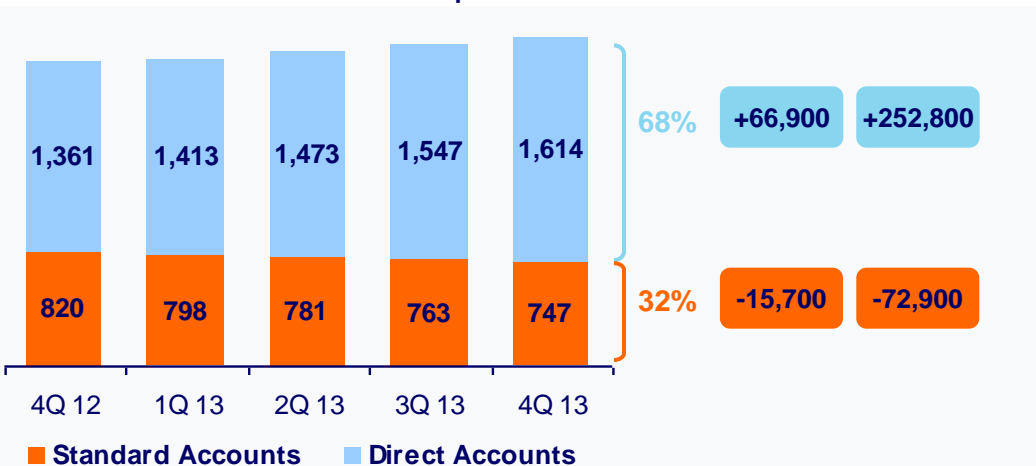
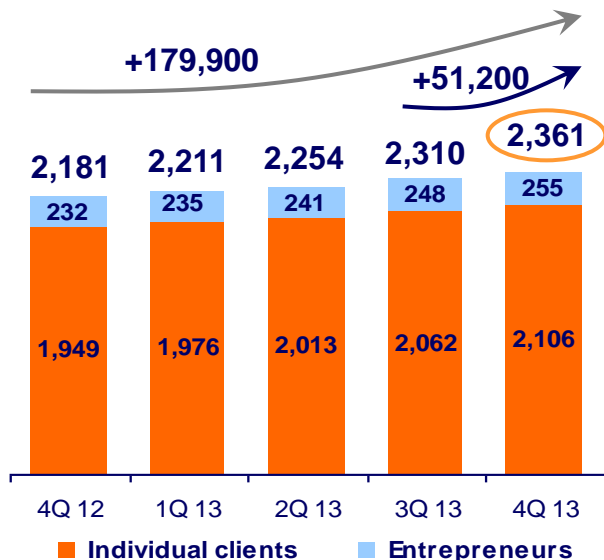
Over 350 th

**of new clients
acquired in a year**

Current accounts

2.36 million of Current Accounts, 68% of Direct Accounts

Number of retail clients current accounts (in thousands)



Note: PLN denominated current accounts

	QoQ	YoY
Individual clients	+7,300	+23,400
Entrepreneurs	+43,900	+156,500

Direct Account

Qz

PLN 0 for:

- maintaining a bank account
- Internet money transfers in PLN
- withdrawals from all ATMs in Poland
- cash depositing via CDMs
- a debit card (with min. PLN 200 of monthly expenses)
- cashback



Up to PLN 100

for account opening on the net

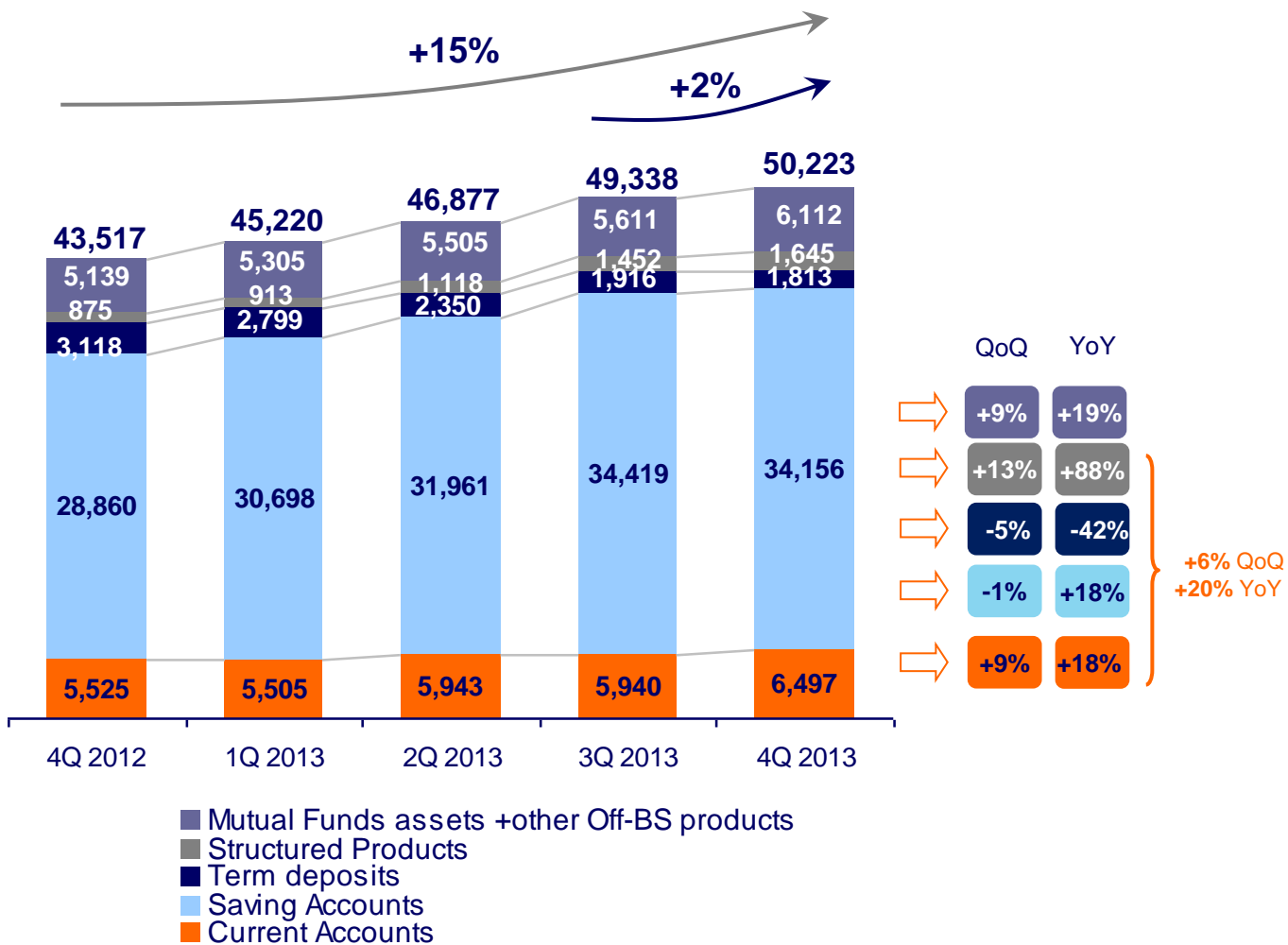
- Open account on the net
- Make use of the promotion
- Collect up to PLN 100



Funds entrusted

Permanent growth of stable funding base

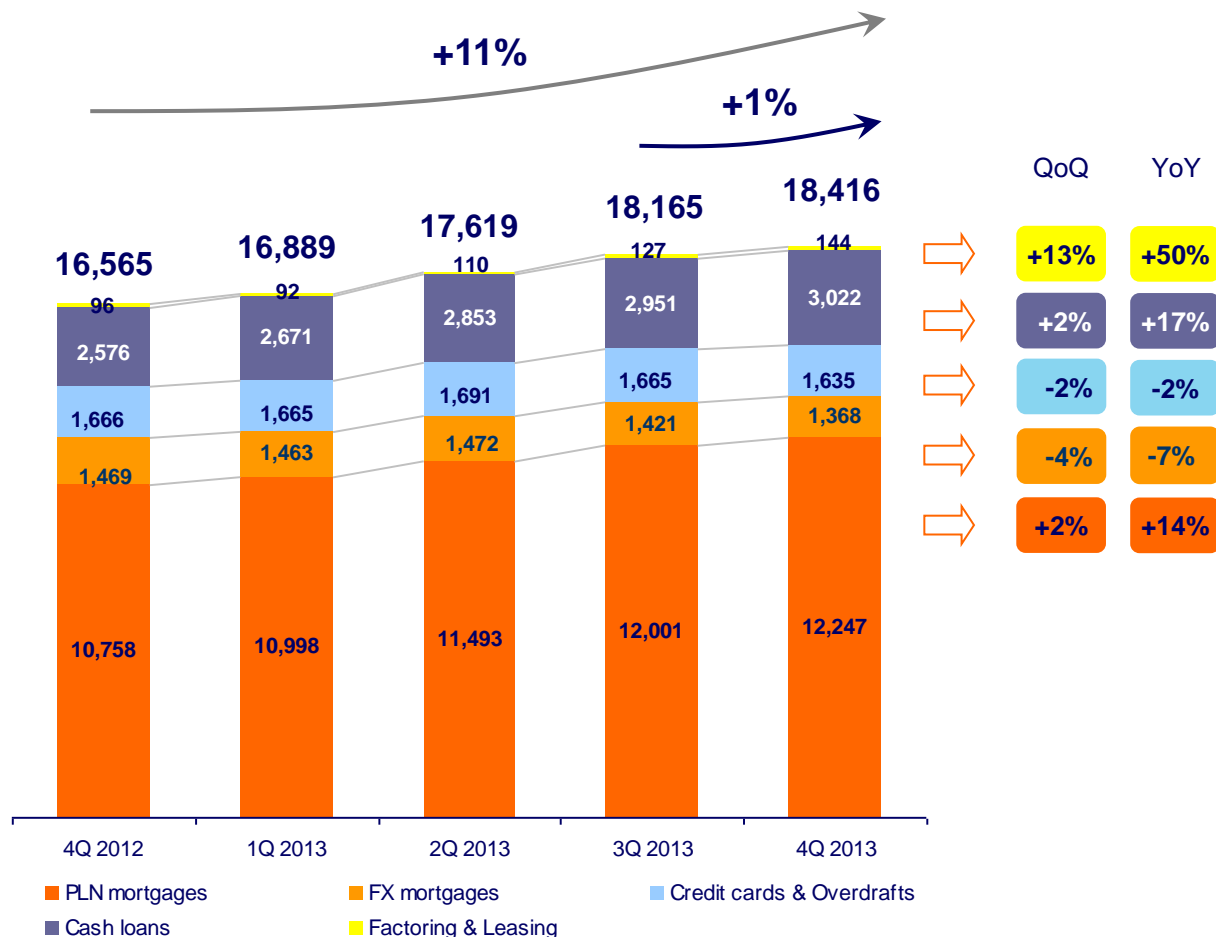
Portfolio of funds entrusted by retail clients (in PLN million)



Loan portfolio of retail segment clients

Constant growth in retail lending

Loan portfolio of retail segment clients (in PLN m)



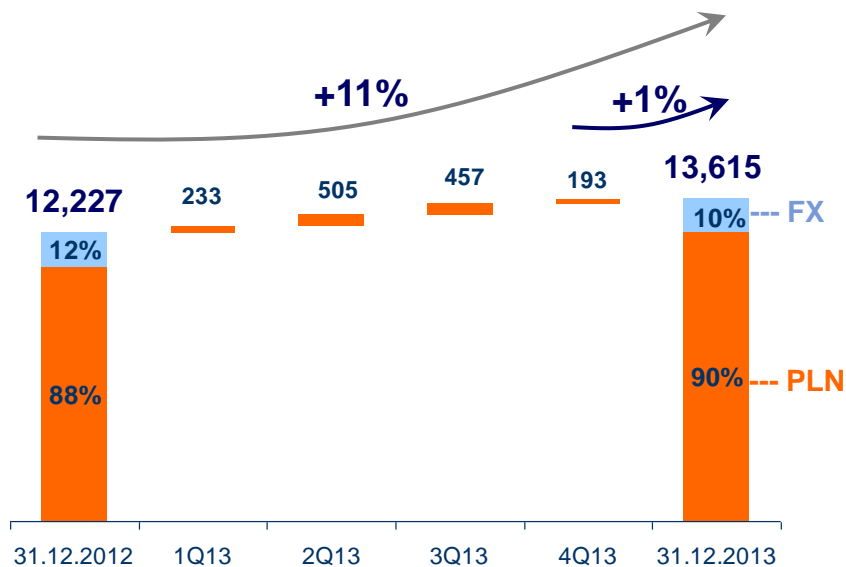
Over PLN 2 bn
of cash loans sold to
retail clients in 2013
(+36% y/y)



Mortgage loans

PLN 13.6 billion of mortgage loans

Retail mortgage loans (PLN m)

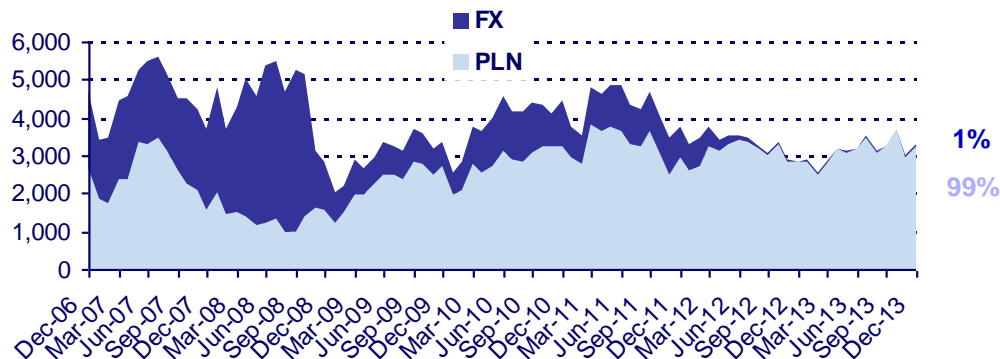


- **7.2%** market share in mortgage loans' sales in 2013

The amount of 2013 mortgage production is **PLN 2.7 bn** (+9% y/y).

- **5.9%** share in PLN market housing loans volume
- **3.4%** in total housing loans market (as of 2013YE)

Banking sector: monthly sales of retail mortgages (PLN m)



Distribution and service network

Enhanced access to banking services

Mobile Banking (ING BankMobile / ING BankMobile HD - since 26 August 2013)



- ~ **540 th** transactions in January 2014 (transfers + phone top-ups)
- ~ **95 th** average daily number of logins
- ~ **55 th** average daily number of unique user logins

Golden Bell statuette in the „*Mobile Bank – Best Offer of 2013*” category proffered during the *Mobility Trends 2013* gala in January 2014



66 benches



at shopping malls,
airports
and universities across
Poland

with built-in smartphone and
tablet chargers and Wi-Fi
network, offering easy
access to **ING BankMobile**

- **417** branches, all with self-banking areas
- **792** own ATMs and **725** CDMs including **426** dual-function machines
- **41** contactless ATMs
- **83%** of cash-in transactions are executed automatically
- **125** branches in a new format



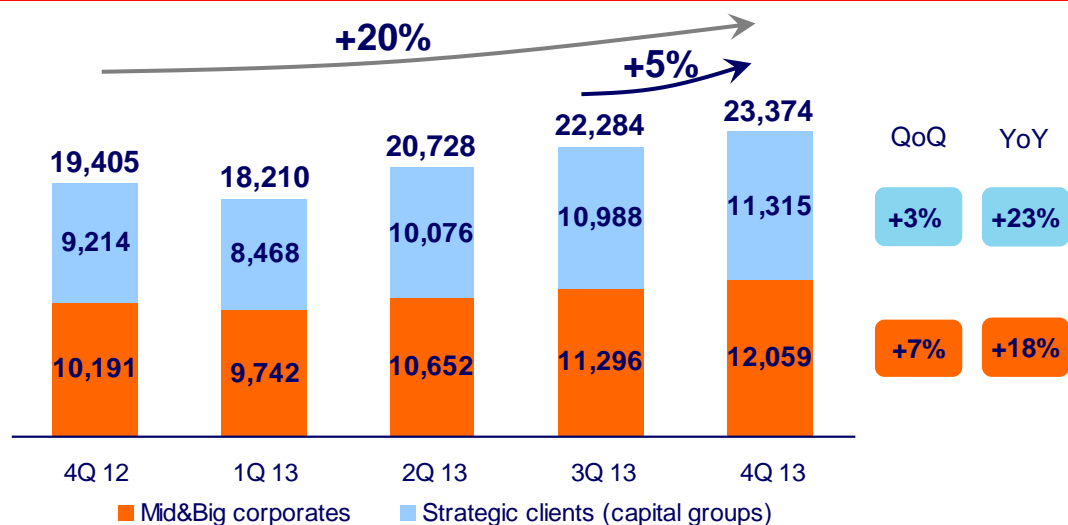
Corporate Banking

Growth in volumes

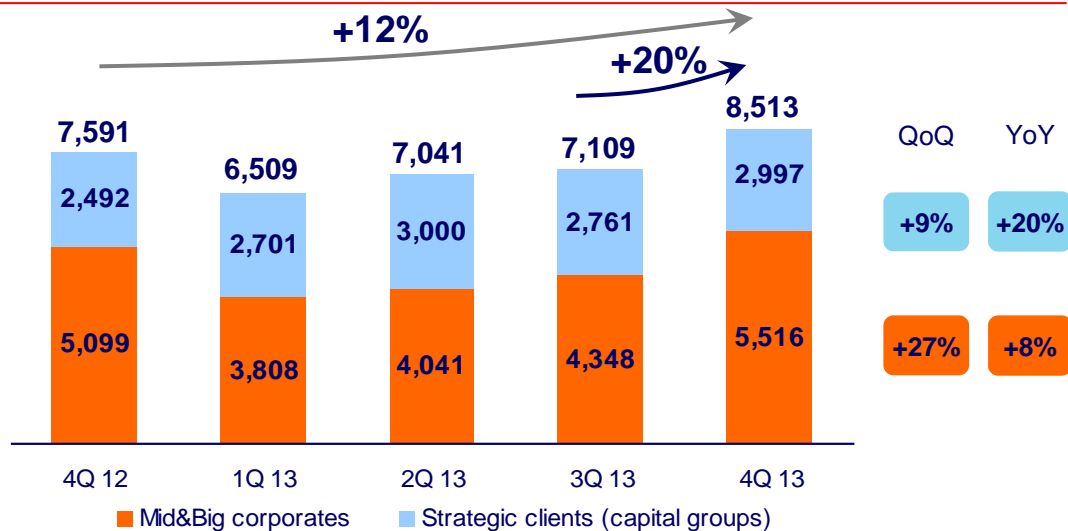
- **32.5 th** of corporate clients → increase by **3 th** in a year
- **PLN 32.1 bn** of corporate lending → **+PLN 2.3 bn (+8%) y/y** and -PLN 0.1 bn (0%) q/q
- PLN 4.8 bn – leasing financing, PLN 1.7 bn – factoring volume
- **PLN 23.4 bn** of corporate deposits → **+PLN 4.0 bn (+20%) y/y** and +PLN 1.1 bn (+5%) q/q
- The largest deals of 2013:
 - bond issuance programs for PKP Energetyka S.A. (PLN 20 m, PLN 50 m, PLN 500 m)
 - bond issuance program for Bank Gospodarki Żywnościowej S.A. (PLN 3.5 bn)
 - bond issuance for PGE S.A. (PLN 1 bn)
 - long term facility for Energa S.A. (PLN 800 m) – mandated lead arranger
 - debt refinancing agreement for Polkomtel Sp. z o.o. (PLN 7.95 bn) – mandated lead arranger
 - bond issuance program for Tauron S.A. (PLN 5 bn)
 - municipal bonds issue program for Wielkopolskie province (PLN 228 m) – arranger
- Modern service channels: introduction of *ING BusinessMobile* in January 2013 (23 th downloads in a year)
- **Aleo** – commerce and auction platform for companies: **over 15,000** registered companies
- Portfolio Guarantee Line De Minimis

Cash Management

Volume of corporate deposits (in PLN m)



Volume of corporate clients' current accounts (in PLN m)



Lending

PORTFOLIO GUARANTEE LINE DE MINIMIS

EASY. FAST. GUARANTEED.



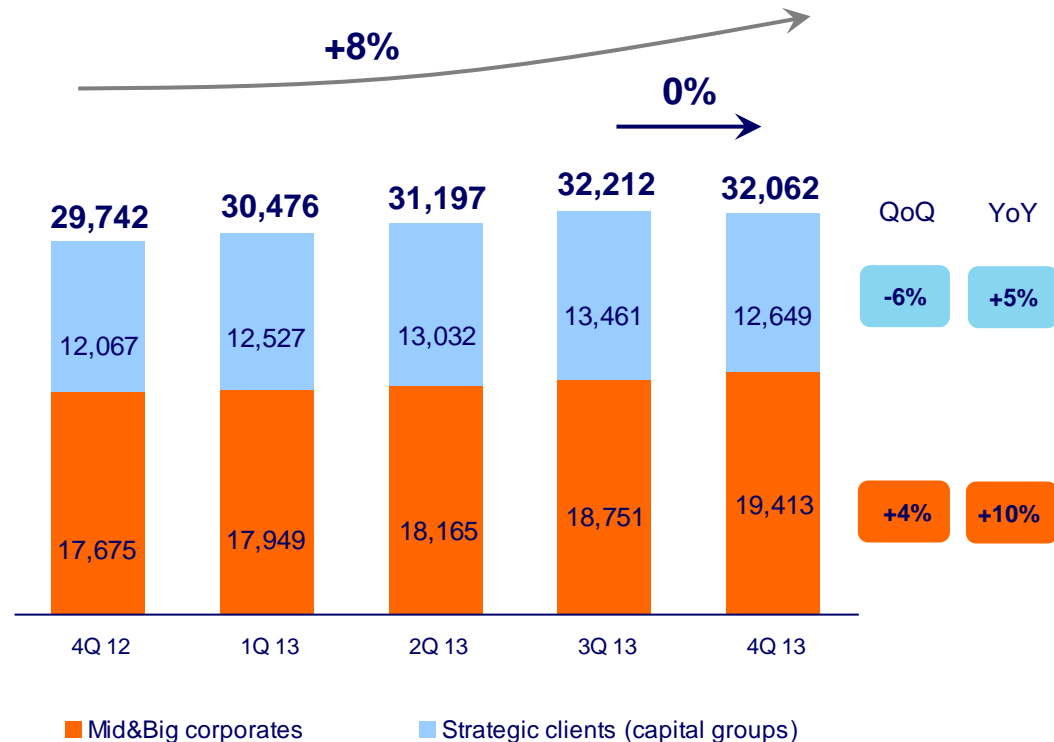
➤ **15 March 2013:** Product launch

➤ **By 31 December 2013** there were granted:

under the Portfolio Guarantee Line de minimis (PLD)
over 1,000 guarantees totalling almost **PLN 700 million**
 and loans covered thereby of PLN 1.2 billion

under the Portfolio Guarantee Line (PLP)
almost 20 guarantees totalling **over PLN 20 million**
 and loans covered thereby of approximately PLN 50 million

Volume of loans to corporate clients (in PLN million)



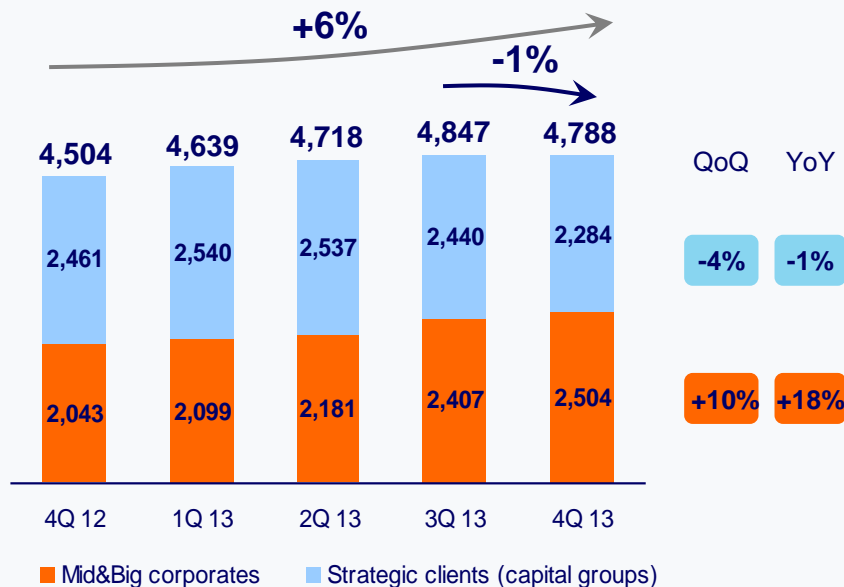
Asset Based Lending

ING Lease (Polska) Sp. z o.o. (leasing)



- **#2** on the market in terms of the whole portfolio value
- **5.2%** market share in terms of the new sales
- Increase in market share in terms of the leasing of machinery (new sales): **6.4%** - **#8** position in 2013 vs. 4.4% - **#11** position in 2012
- Distinction for ING Auto Leasing (product introduced in March 2013) in „The best products for SMEs in 2013” ranking prepared by *Gazeta Finansowa*

Leasing – financing of the customers (in PLN m)

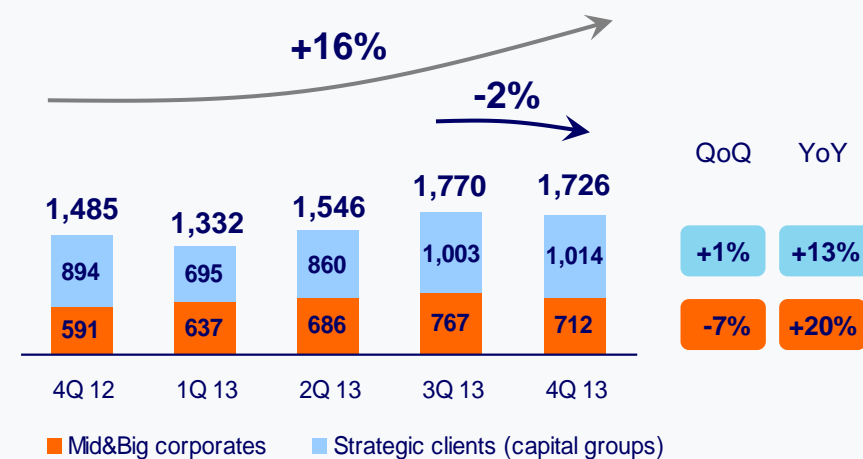


ING Commercial Finance Polska S.A. (factoring)

- **#3** on the market (market share of **13.4%**)
- In September 2013, ING Commercial Finance was found among top five world factors with the most efficient (in response terms) foreign factor-inquiry handling process in the ranking of the *Factors Chain International* organisation



Factoring – financing of the customers (in PLN m)



New solutions launched in 2013

TRADING AND AUCTION PLATFORM FOR COMPANIES

CHEAPER SHOPPING, MORE SALE, RECOMMENDED COUNTERPARTIES.



- **August 2013:** Launch of beta version
- **October 2013:** Official platform premiere
- **November 2013:** Supplier funding option introduced
(off-takers can change commercial terms and conditions, they can postpone the term of payment or reduce the price, inter alia)
- **December 2013:** Launch of **AleoPay** Transfer
(dedicated payment form for making purchases and settling transactions between Aleo platform users)

Over
15,000
registered
companies

PLN 0
for using
all
service
functionalities

MOBILE APPLICATION FOR CORPORATE CLIENTS

BUSINESS FUNCTIONS THE BETTER, THE EASIER IT IS TO TAKE IT WITH YOU.

ING BusinessMobile



- **21 January 2013:** Application launch
- **Main functionalities:**
 - ✓ remote signing and dispatch of transfer orders/ batches
 - ✓ access to the overview and history of transfer orders
 - ✓ domestic transfers
 - ✓ overview of accounts used most frequently
 - ✓ ATM and branch search engine
 - ✓ FX Trader allowing to buy/ sell foreign currency
- **ING BusinessMobile works on mobile platforms:**
 - ✓ iOS
 - ✓ Android
 - ✓ BlackBerry 10
- **23 th** downloads



Debt capital and money market



PKP ENERGETYKA

PKP Energetyka S.A.

Bond Issuance Programs

PLN 20 m

PLN 50 m

(independently)

PLN 500 m

(together with another bank)

*Arranger, Guarantor,
Issue and Paying Agent, Depository*

February, May, November 2013

**Bank Gospodarki
Żywnościowej S.A.**

Bond Issuance Program

PLN 3.5 bn

*Co-Arranger, Agent,
Dealer, Depository*

March 2013



PGE S.A.

Bond Issuance

PLN 1 bn

Under the program
up to PLN 5 bn

Co-Arranger

June 2013



Tauron S.A.

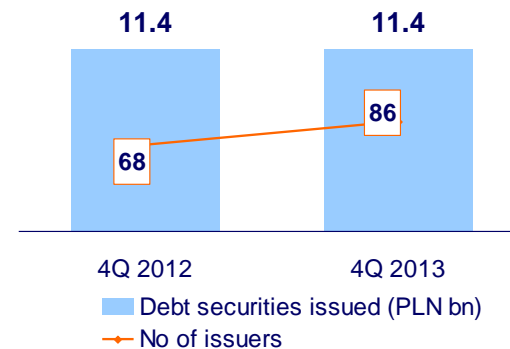
Bond Issuance Program

PLN 5 bn

*Paying Agent, Depository, Dealer,
Calculation and Technical Agent*

July 2013

**Value of debt securities issued (PLN bn) and
the number of issuers**



1st position on the market in terms of
short term debt securities issue in 2013
with the market share of **30.6%**

**The largest municipal bonds issue
program organised by the Bank**



Wielkopolskie province

PLN 228 m

September 2013

Investment banking and business financing

Major transactions in 2013

Energa S.A.

Long Term Facility

PLN 800 m

Organised by EBRD

June 2013



Polkomtel Sp. z o.o.

Debt Refinancing

PLN 7.95 bn

Mandated Lead Arranger

June 2013



**AmRest Holdings SE,
AmRest Sp. z o.o.,
AmRest s.r.o.**

Credit Facility Agreement

~ EUR 250 m

Co-funding Bank

September 2013

ING Securities

**Bank Zachodni
WBK S.A.**

Secondary sell down

PLN 4.9 bn

Co-Lead Manager

March 2013

Grupa Azoty

Accelerated Bookbuild

PLN 626 m

Joint Global Coordinator

April 2013



**LeasePlan Fleet
Management (Polska)
Sp. z o.o.**

Credit Facility Agreement

PLN 100 m

Arranger

December 2013

Xativa Sp. z o.o.

Senior Facility Agreement

PLN 320 m

Co-funding Bank

December 2013

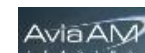
**Cabin Investments
Sp. z o. o.,
Cabin Investments II
Sp. z o. o.**

Credit Facility Agreement

EUR 40 m

Arranger

December 2013



AviaAM Leasing

IPO

PLN 112 m

Sole Lead Manager

June 2013



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ING Bank Śląski financial performance

FY 2013

<i>PLN million</i>	2012	2013	change
Net interest income	2,048.9	2,042.6	- 0%
Net commission income	1,004.3	976.6	- 3%
Trading & other income	147.9	264.0	+ 78%
Total income	3,201.1	3,283.2	+ 3%
Total expenses	1,822.2	1,823.1	+ 0%
Result before risk costs	1,378.9	1,460.1	+ 6%
Risk costs	362.8	267.2	- 26%
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Income tax	183.8	231.4	+ 26%
Net profit	832.3	961.5	+ 16%
CAR */	14.6%	17.6%	+ 3.0 p.p.
ROA (%)	1.14%	1.17%	+ 0.03 p.p.
ROE (%)	11.7%	11.6%	- 0.1 p.p.
C/I Ratio (%)	56.9%	55.5%	- 1.4 p.p.

**/ CAR for 4Q 2013 according to AIRB for corporate portfolio, for 4Q 2012 according to Financial Supervision Authority definition effective in 2012 (mixed methodology)*

ROA = sum of net profit of 4 consecutive quarters / average assets of 5 consecutive quarters

ROE = sum of net profit of 4 consecutive quarters / average equity of 5 consecutive quarters



ING Bank Śląski financial performance

4Q 2013

<i>PLN million</i>	4Q 2012	4Q 2013	change
Net interest income	505.8	545.4	+ 8%
Net commission income	255.7	253.5	- 1%
Trading & other income	10.8	28.9	+ 168%
Total income	772.3	827.8	+ 7%
Total expenses	449.1	439.1	- 2%
Result before risk costs	323.2	388.7	+ 20%
Risk costs	84.7	76.4	- 10%
Profit before tax	238.5	312.3	+ 31%
Income tax	48.5	61.8	+ 27%
Net profit	190.0	250.5	+ 32%
CAR */	14.6%	17.6%	+ 3.0 p.p.
ROA (%)	1.14%	1.17%	+ 0.03 p.p.
ROE (%)	11.7%	11.6%	- 0.1 p.p.
C/I Ratio (%)	58.2%	53.0%	- 5.2 p.p.

**/ CAR for 4Q 2013 according to AIRB for corporate portfolio, for 4Q 2012 according to Financial Supervision Authority definition effective in 2012 (mixed methodology)*

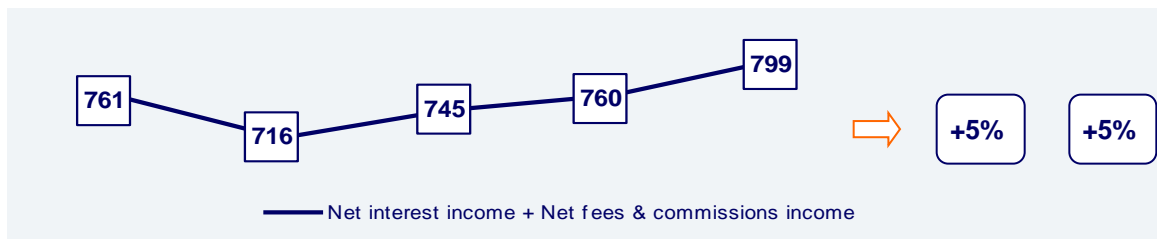
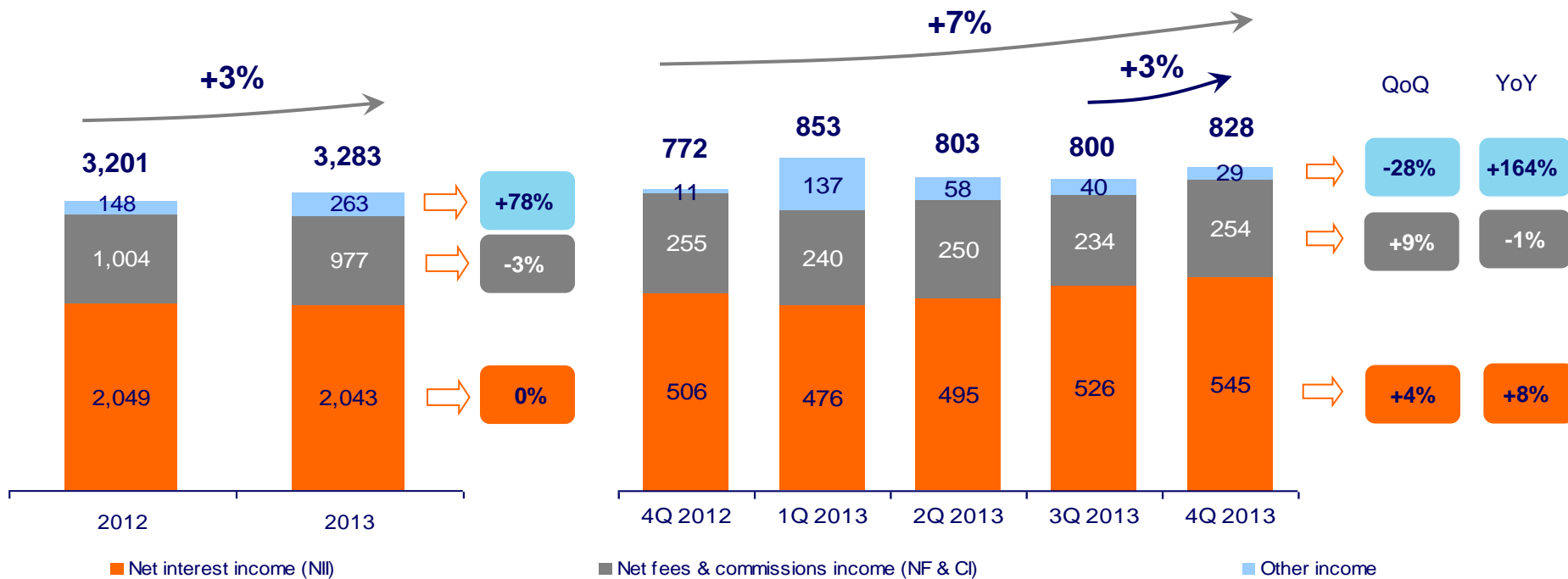
ROA = sum of net profit of 4 consecutive quarters / average assets of 5 consecutive quarters

ROE = sum of net profit of 4 consecutive quarters / average equity of 5 consecutive quarters



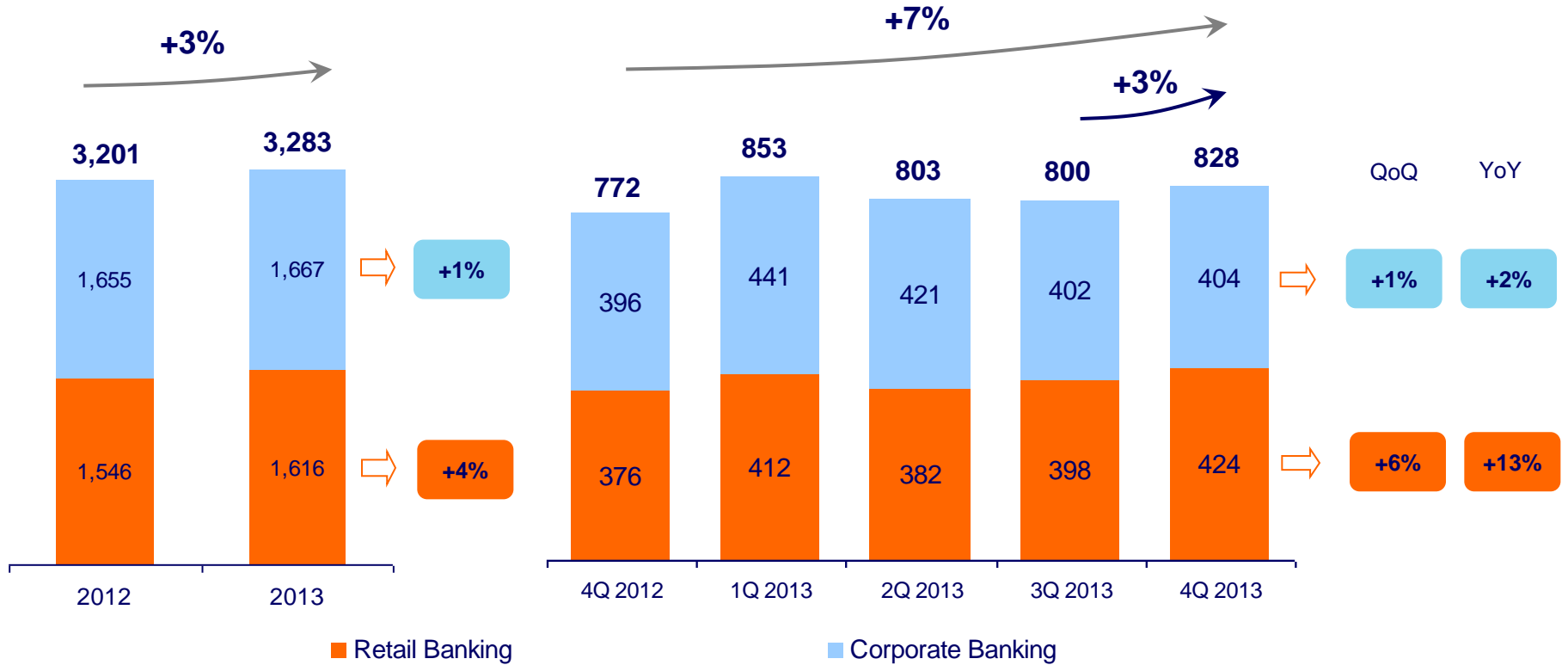
Revenue per category

Revenues per P&L category (PLN m)



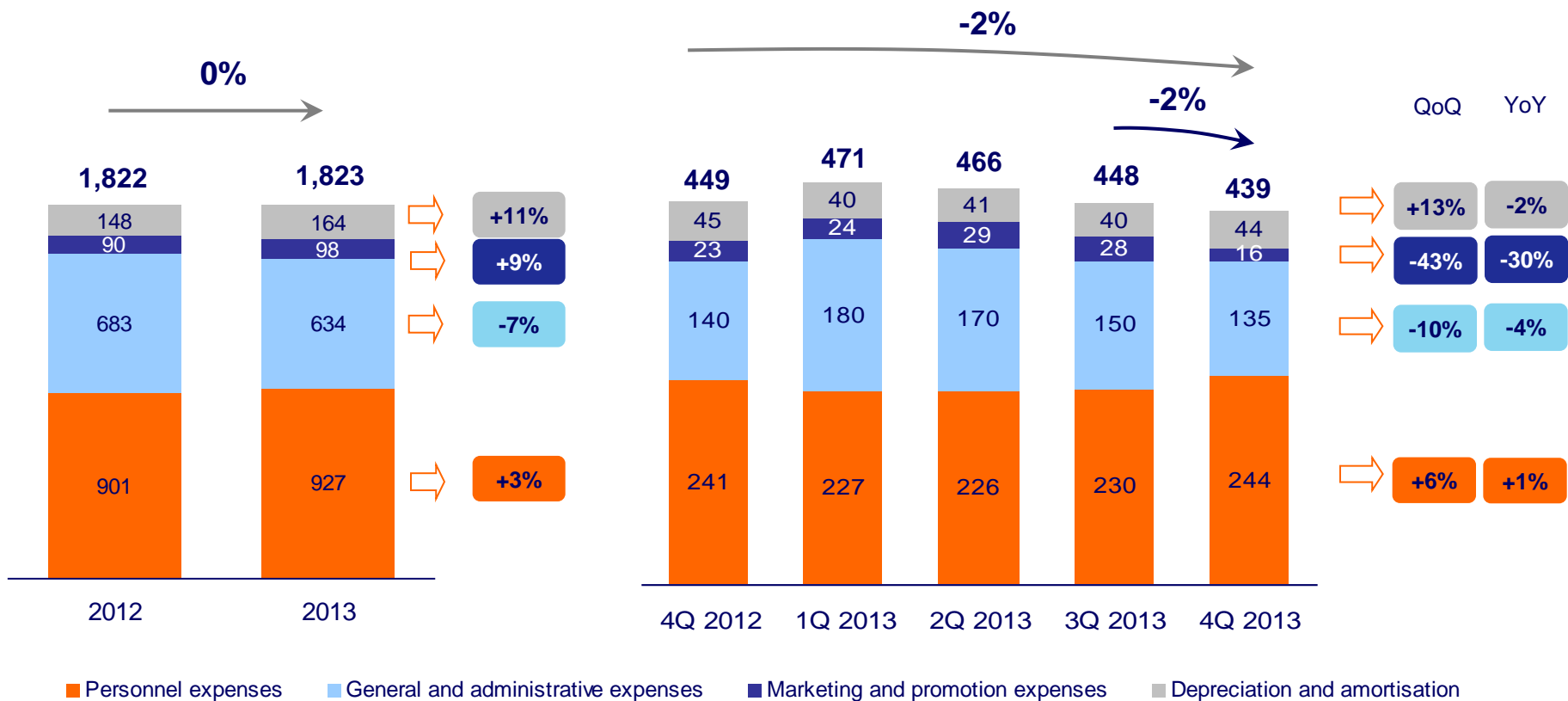
Revenue per business line

Revenues by business lines (PLN m)



Total expenses

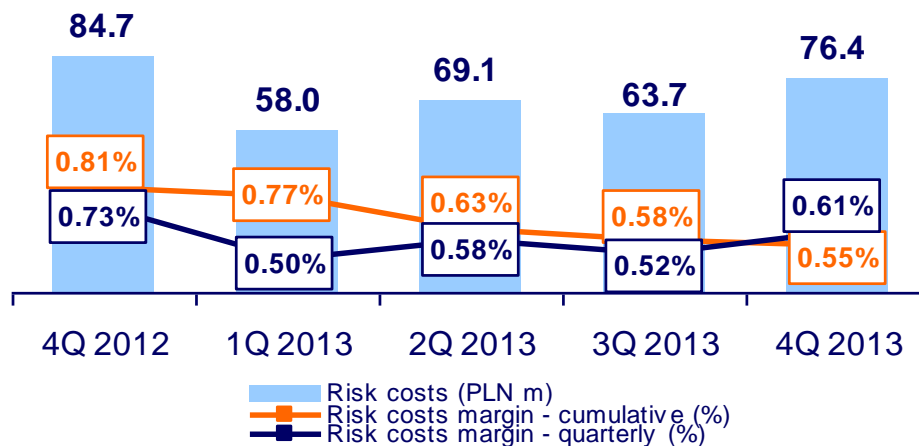
Total costs (PLN m)



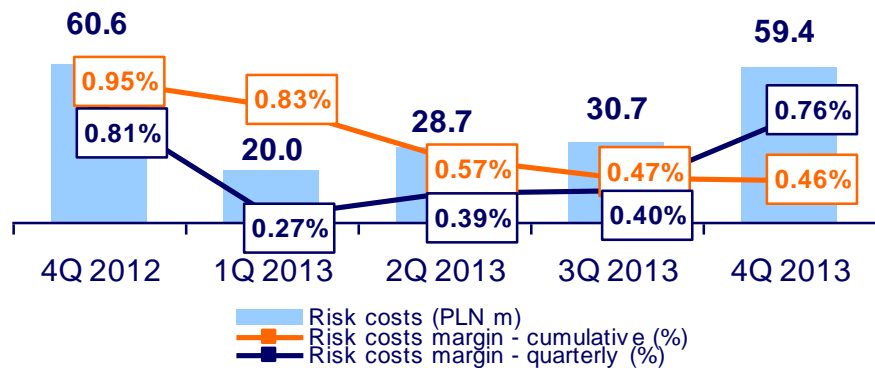
Note: Costs including result on other operating income and expenses

Risk costs

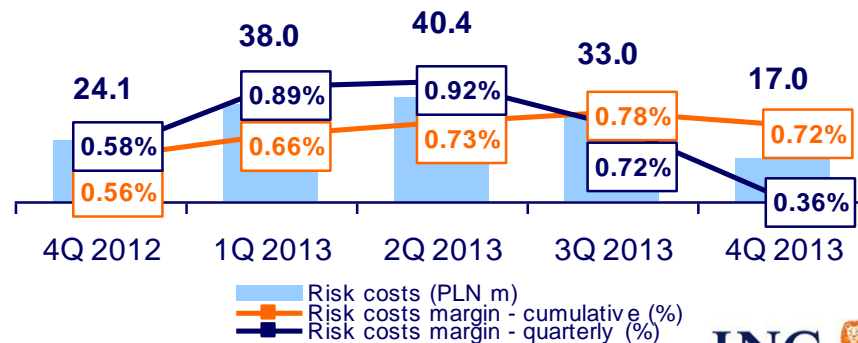
Bank



Corporate



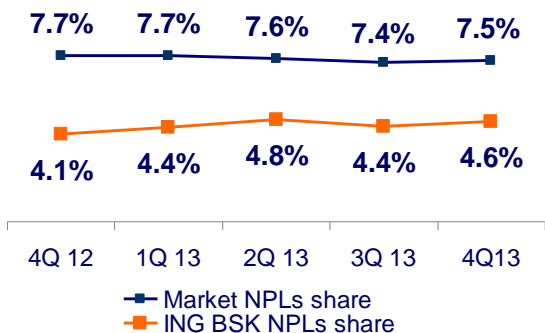
Retail



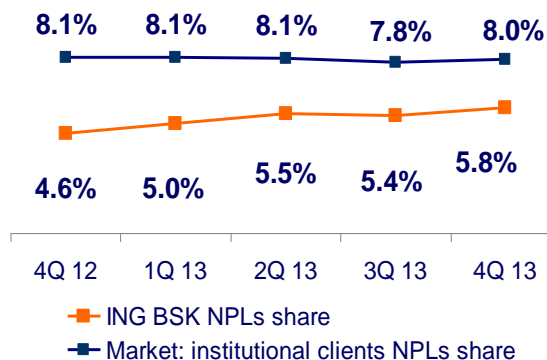
Loan portfolio quality and provisioning

Share of impaired portfolio in the total loan portfolio

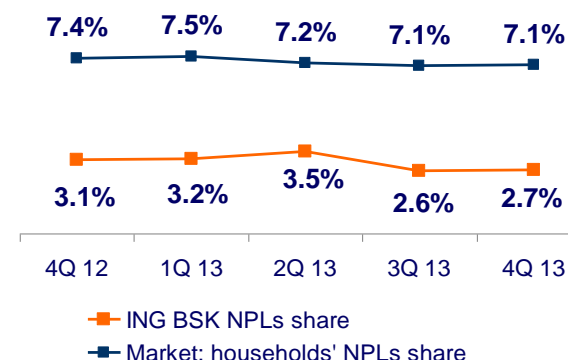
Bank



Corporate



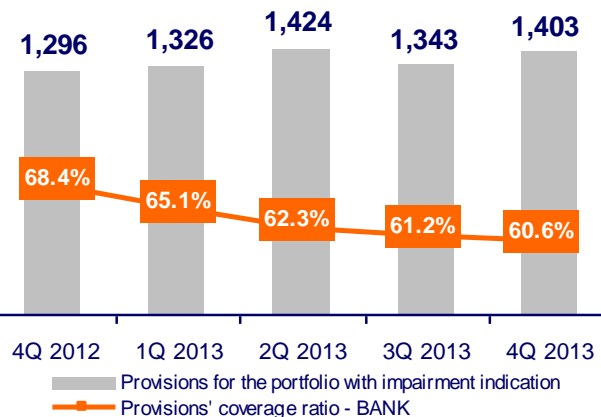
Retail



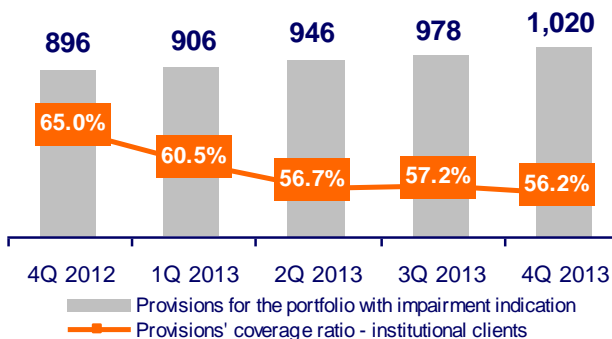
Note: market ratio estimated based on NBP data, as of November 2013

Impairment losses and provisions related to impaired portfolio (PLN m) and impaired portfolio coverage ratio (%)

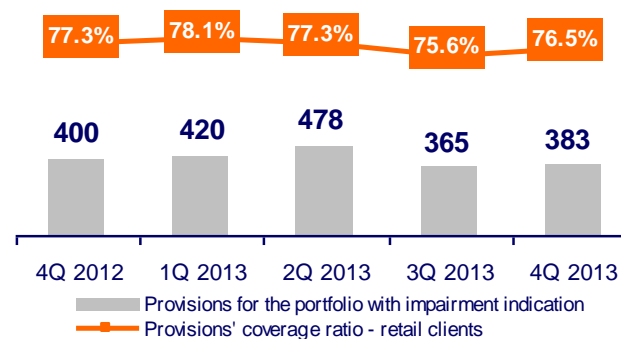
Bank



Corporate

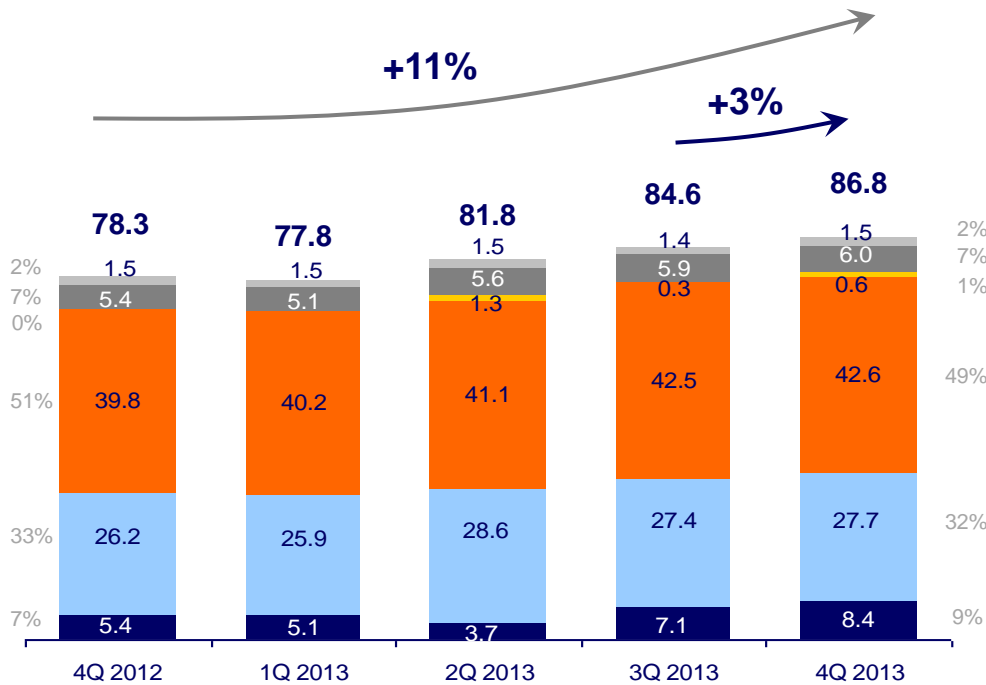


Retail



Bank assets

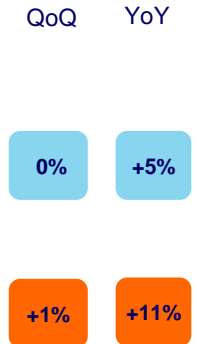
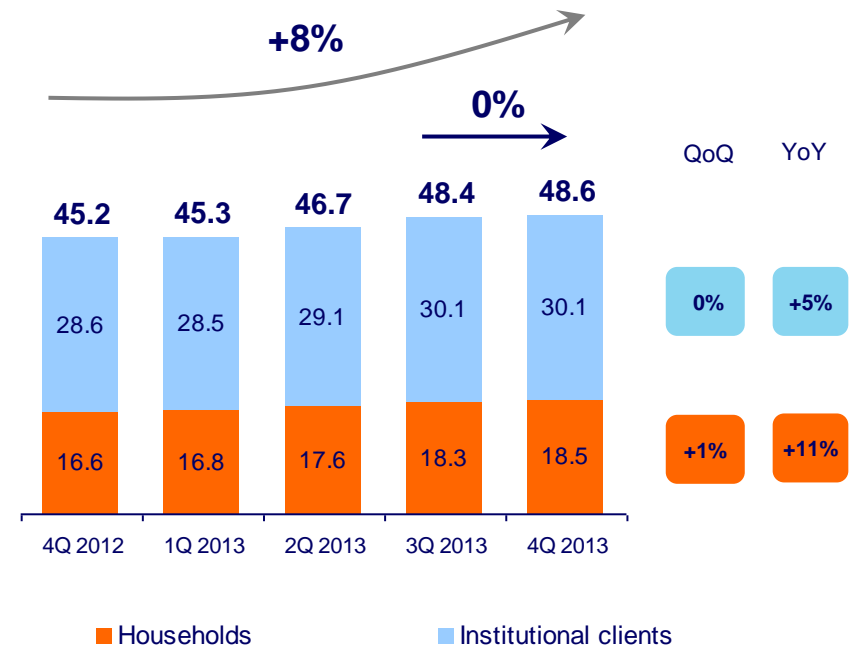
Assets structure (PLN bn / %)



- Other
- Leasing and factoring receivables
- Receivables from customers - BSB transactions
- Loans, corpo bonds and other receivables from customers
- Securities & derivatives
- Loans and receivables from other banks + cash within the Central Bank

Loans and receivables to customers

- non-bank sector (PLN bn)



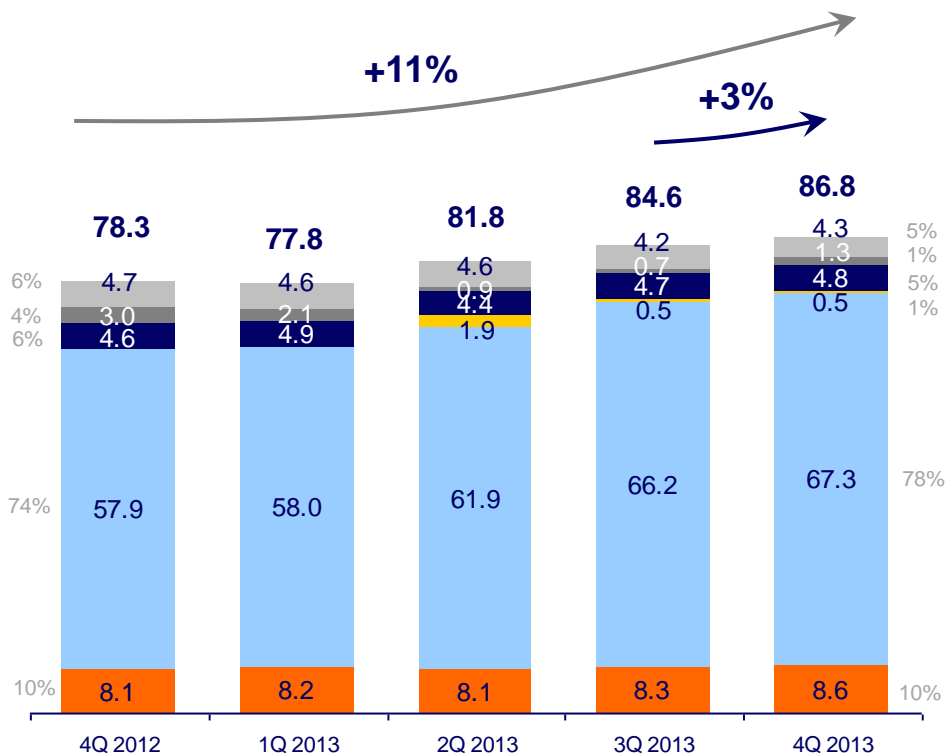
Note: Loans, corpo bonds and other receivables from customers do not include clients related buy-sell-back transactions as well as debt securities included in the consolidated statement of financial position (an equivalent of a former balance sheet statement) in the loans category (*Eurobonds*). Eurobonds are included in the securities & derivatives portfolio.



Bank liabilities

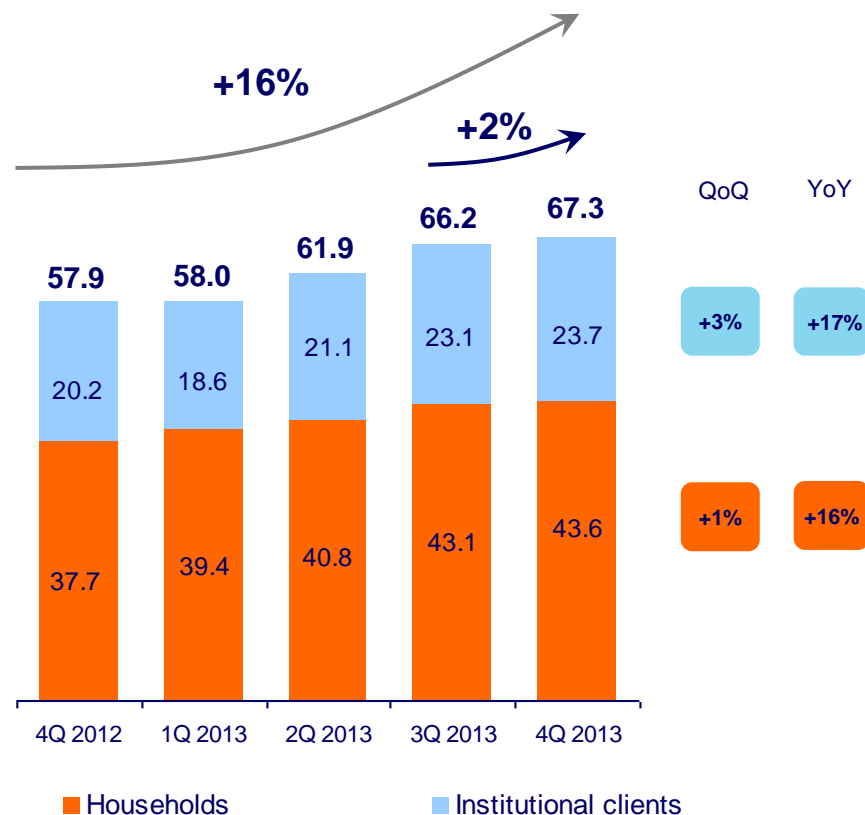
Stable deposit base

Structure of liabilities (PLN bn / %)



- Other liabilities
- Financial liabilities measured at fair value through P&L
- Liabilities to other banks
- Liabilities to clients related to SBB transactions
- Deposits and other liabilities to clients
- Equity

Deposits and other liabilities to clients (PLN bn)



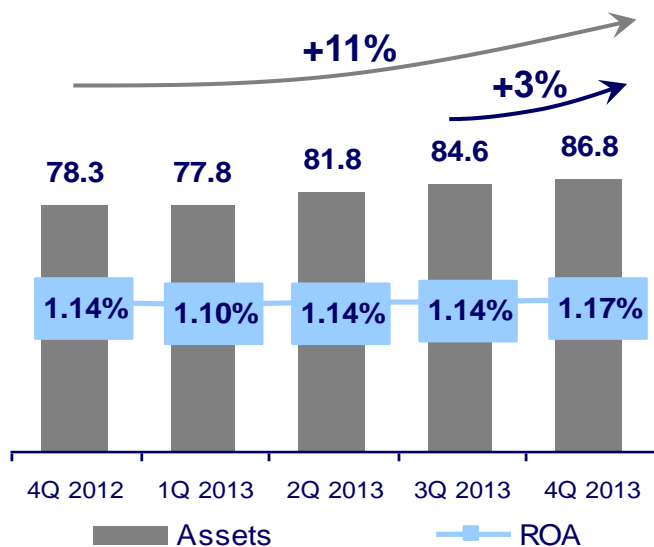
- QoQ
- YoY
- +3%
- +17%
- +1%
- +16%

Note: deposits and other liabilities to clients do not include sell-buy-back transactions

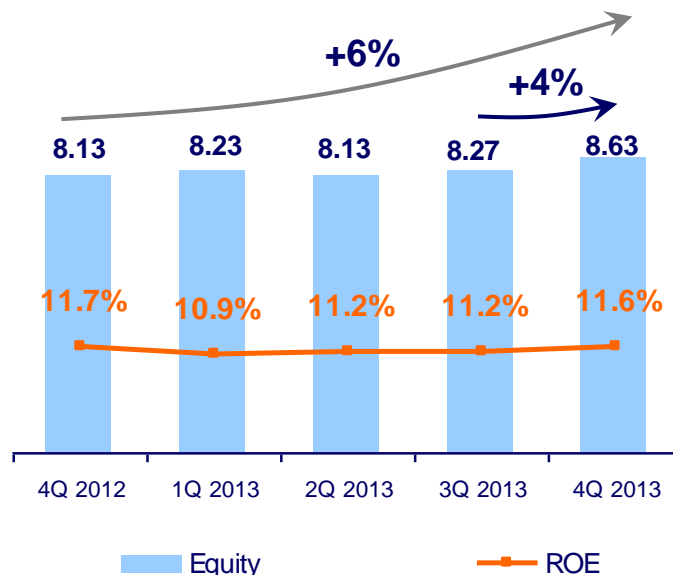


Assets, equity and profitability ratios

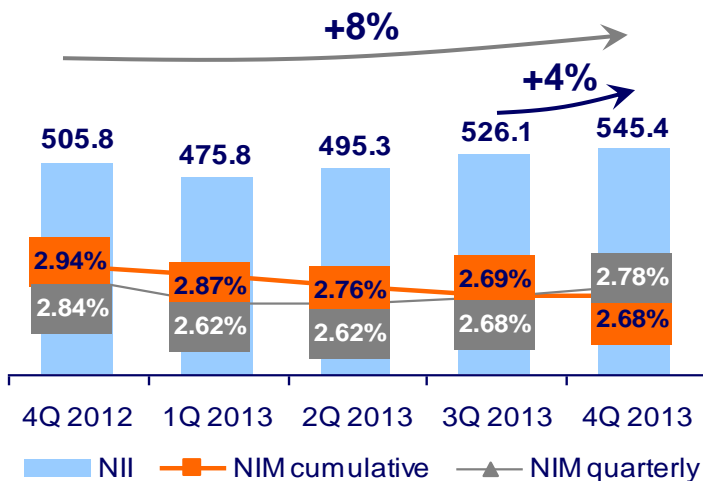
Assets (PLN bn) / ROA



Equity (PLN bn) / ROE



NII (PLN m) / NIM (%)



Definitions:

ROE = sum of net income of 4 consecutive quarters / average equity of 5 consecutive quarters

ROA = sum of net income of 4 consecutive quarters / average assets of 5 consecutive quarters

NII – including swap points and interests from derivatives

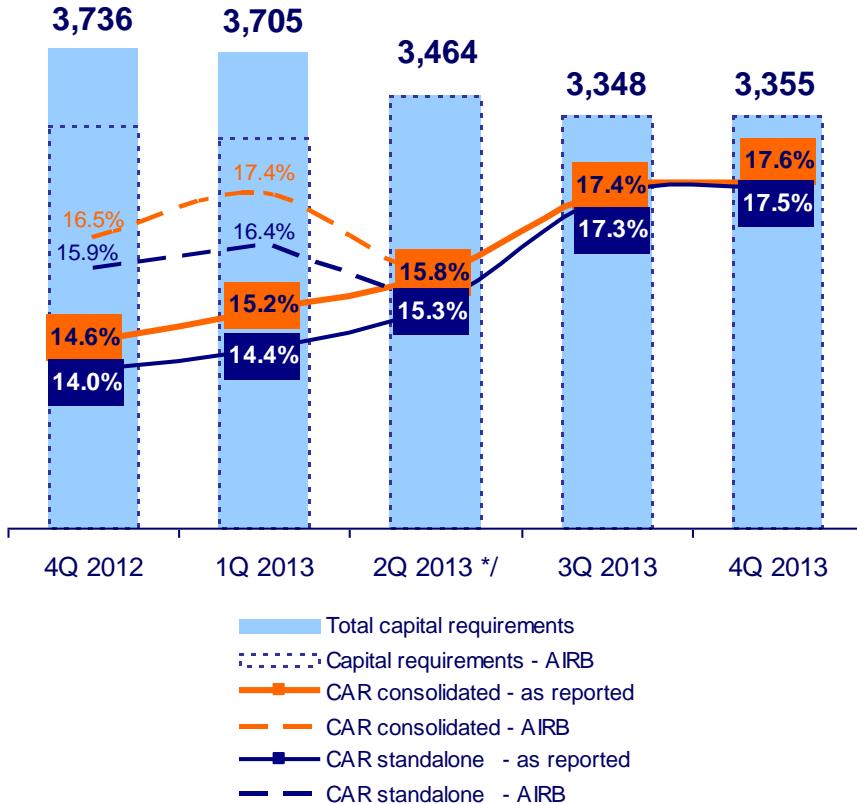
NIM annualized = sum of NII of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters

NIM quarterly = quarterly NII x4 / average interest earning assets of a quarter

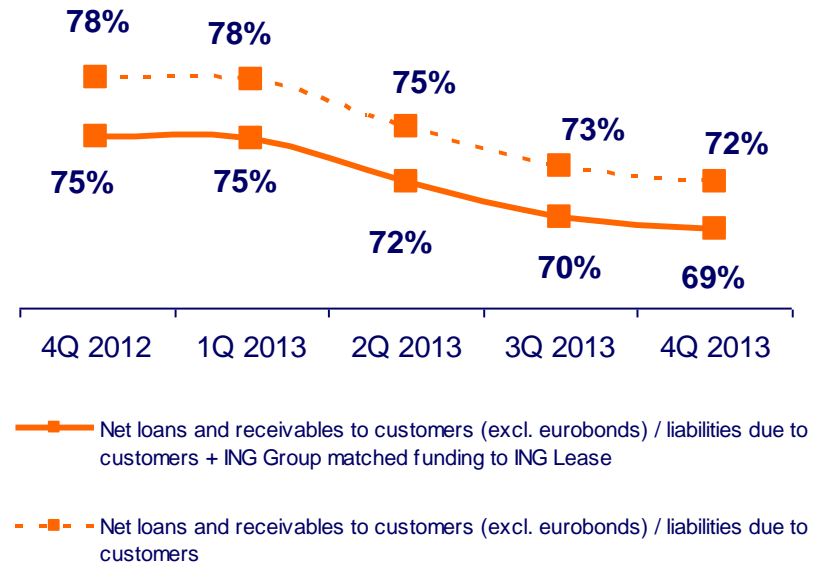


Capital Adequacy

Capital adequacy ratio and the total capital requirements



Loans-to-deposits ratio



*/ According to the DNB and KNF consent ING BS is eligible to report CAR according to the AIRB methodology for corporate portfolio starting from 30 June 2013 under the condition that the capital requirements calculated based on AIRB are equal or higher than 80% of capital requirements calculated based on SA. If the condition is not met ING BS would have to report according to the SA.



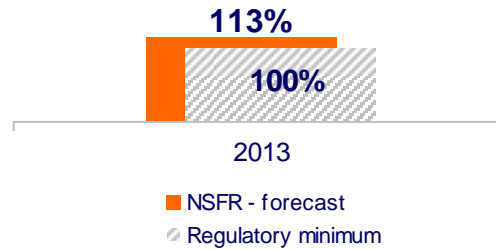
New liquidity and leverage ratios – CRD IV

Estimates on the basis of available assumptions - as at 31 December 2013

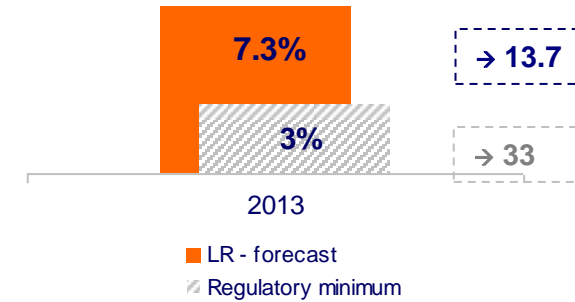
Liquidity Coverage Ratio (LCR)



Net Stable Funding Ratio (NSFR)



Leverage Ratio (LR)



$$\text{LCR} = \frac{\text{Stock of high liquid assets}}{\sum \left(\frac{\text{Market value}}{\text{Asset factor}} \right) - \sum \left(\frac{\text{Cash outflows} \times \text{Run-off factor}}{\text{Cash inflows} \times \text{Run-in factor}} \right)}$$

$$\text{NSFR} = \frac{\sum \left(\frac{\text{Available stable funding (ASF)}}{\text{ASF factor}} \right)}{\sum \left(\frac{\text{Required stable funding (RSF)}}{\text{RSF factor}} \right)}$$

$$\text{LR} = \frac{\text{Tier 1}}{\text{Total Asset Exposure}}$$

$$\text{Total Asset Exposure} = \text{Balance exposure} + \text{OBS equivalent exposure}$$

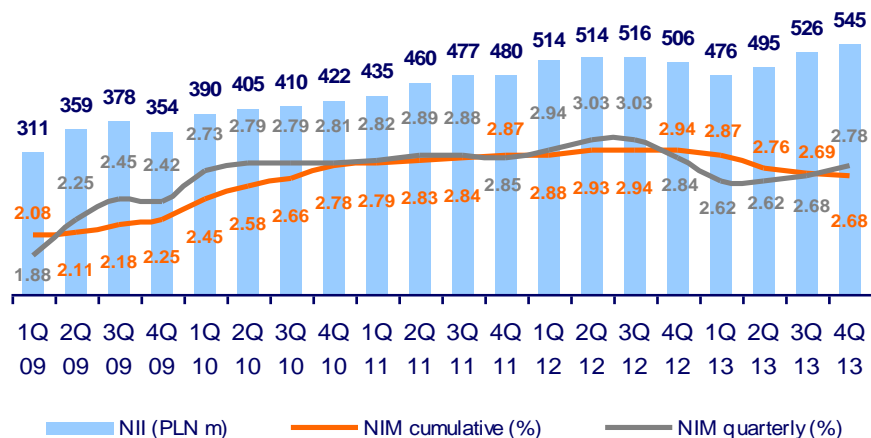
Appendix

Quarterly P&L

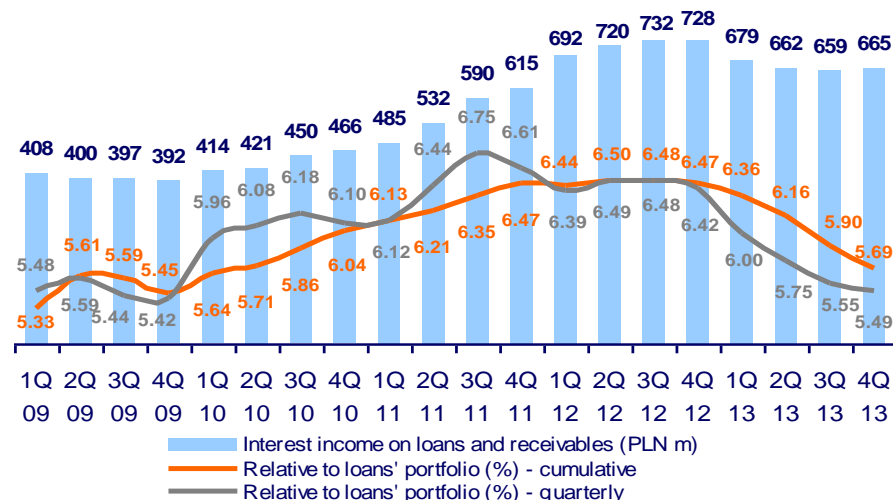
Interim condensed consolidated financial statements	2012				2013				QoQ		YoY		2012		2013		YoY			
	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013	Δ	%	Δ	%	2012	2013	Δ	%	2012	2013	Δ	%
I. Net interest income, of which:	513.5	514.1	515.5	505.8	475.8	495.3	526.1	545.4	19.3	4%	39.6	8%	2,048.9	2,042.6	-6.3	-0.3%				
Interest income, of which:	945.2	945.2	963.2	977.9	925.1	902.8	895.4	891.4	-4.0	0%	-86.5	-9%	3,831.5	3,614.7	-216.8	-5.7%				
- from loans and receivables to banks	26.9	31.0	37.4	40.5	27.8	25.3	23.8	28.5	4.7	20%	-12.0	-30%	135.8	105.4	-30.4	-22.4%				
- from loans and receivables to customers	641.7	664.4	672.0	669.9	623.1	610.7	608.8	610.5	1.7	0%	-59.4	-9%	2,648.0	2,453.1	-194.9	-7.4%				
- from leasing	42.1	42.8	44.0	39.2	40.2	37.8	37.2	39.5	2.3	6%	0.3	1%	168.1	154.7	-13.4	-8.0%				
- from factoring	23.9	25.8	26.2	27.1	22.0	20.3	20.8	22.7	1.9	9%	-4.4	-16%	103.0	85.8	-17.2	-16.7%				
- from debt securities	199.3	179.0	164.9	183.6	196.4	197.6	190.7	178.3	-12.4	-7%	-5.3	-3%	726.8	763.0	36.2	5.0%				
- from BSB transactions (non trading)						8.7	1.3	1.6	0.3	23%	1.6	n/a	0.0	11.6						
- interest result on derivatives	11.3	2.2	18.7	17.6	15.6	2.4	12.8	10.3	-2.5	-20%	-7.3	-42%	49.8	41.1	-8.7	-17.5%				
Interest expenses, of which:	431.7	431.1	447.7	472.1	449.3	407.5	369.3	346.0	-23.3	-6%	-126.1	-27%	1,782.6	1,572.1	-210.5	-11.8%				
- interest on deposits from banks	39.8	31.4	24.2	32.3	26.3	24.5	17.3	16.9	-0.4	-2%	-15.4	-48%	127.7	85.0	-42.7	-33.4%				
- interest on deposits from customers	391.9	399.7	423.5	437.8	415.6	368.7	343.8	321.5	-22.3	-6%	-116.3	-27%	1,652.9	1,449.6	-203.3	-12.3%				
- on SBB transactions (non trading)						7.0	1.8	1.2	-0.6	-33%	1.2	n/a		10.0						
- interest on debt securities in issue	0.0	0.0	0.0	2.0	7.4	6.8	5.1	5.1	0.0	0%	3.1	155%	2.0	24.4	22.4	1120.0%				
- on trading financial instruments	0.0	0.0	0.0	0.0	0.0	0.5	1.3	1.3	0.0	0%	1.3	n/a	0.0	3.1	3.1	n/a				
II. Net fees & commission income	247.0	250.4	251.2	255.7	239.8	249.6	233.7	253.5	19.8	8%	-2.2	-1%	1,004.3	976.6	-27.7	-2.8%				
III. Result on trade operations and revaluation (incl investments and HA)	74.5	13.7	12.5	-3.9	118.5	45.5	27.0	14.2	-12.8	-47%	18.1	n/a	96.8	205.2	108.4	112.0%				
Net income on instruments measured at fair value through profit or loss and FX result	53.7	12.3	18.9	0.6	17.1	34.3	36.4	10.1	-26.3	-72%	9.5	1583%	85.5	97.9	12.4	14.5%				
Net income on investments	19.1	6.6	-0.9	-0.2	120.4	-0.3	-11.7	0.4	12.1	n/a	0.6	n/a	24.6	108.8	84.2	342.3%				
Net income on hedge accounting	1.7	-5.2	-5.5	-4.3	-19.0	11.5	2.3	3.7	1.4	61%	8.0	n/a	-13.3	-1.5	11.8	n/a				
IV. Net income on other basic activities	4.0	3.1	3.7	4.6	9.8	4.5	3.7	2.7	-1.0	-27%	-1.9	-41%	15.4	20.7	5.3	34.4%				
V. Share in net profit (loss) of associated entities recognised under the equity method	6.8	11.2	7.6	10.1	9.0	7.8	9.3	12.0	2.7	29%	1.9	19%	35.7	38.1	2.4	6.7%				
Income	845.8	792.5	790.5	772.3	852.9	802.7	799.8	827.8	28.0	4%	55.5	7%	3,201.1	3,283.2	82.1	2.6%				
Expenses	463.9	454.0	455.2	449.1	470.9	465.6	447.5	439.1	-8.4	-2%	-10.0	-2%	1,822.2	1,823.1	0.9	0.1%				
- personnel expenses	228.0	213.1	219.1	240.6	226.7	226.3	230.1	243.5	13.4	6%	2.9	1%	900.8	926.6	25.8	2.9%				
- other expenses	235.9	240.9	236.1	208.5	244.2	239.3	217.4	195.6	-21.8	-10%	-12.9	-6%	921.4	896.5	-24.9	-2.7%				
Result on other operating income and expenses	33.6	34.7	35.1	44.7	39.9	40.7	39.3	44.1	4.8	n/a	-0.6	n/a	148.1	164.0	15.9	n/a				
Profit before risk costs	381.9	338.5	335.3	323.2	382.0	337.1	352.3	388.7	36.4	10%	65.5	20%	1,378.9	1,460.1	81.2	5.9%				
Cost of risk	64.3	131.2	82.6	84.7	58.0	69.1	63.7	76.4	12.7	20%	-8.3	-10%	362.8	267.2	-95.6	-26.4%				
- retail	19.3	25.1	21.5	24.1	38.0	40.4	33.0	17.0	-16.0	-48%	-7.1	-29%	90.0	128.4	38.4	42.7%				
- corporate	45.0	106.1	61.1	60.6	20.0	28.7	30.7	59.4	28.7	93%	-1.2	-2%	272.8	138.8	-134.0	-49.1%				
Profit (loss) before tax	317.6	207.3	252.7	238.5	324.0	268.0	288.6	312.3	23.7	8%	73.8	31%	1,016.1	1,192.9	176.8	17.4%				
Income tax	46.1	39.7	49.5	48.5	64.3	51.1	54.2	61.8	7.6	14%	13.3	27%	183.8	231.4	47.6	25.9%				
Net profit (loss), of which:	271.5	167.6	203.2	190.0	259.7	216.9	234.4	250.5	16.1	7%	60.5	32%	832.3	961.5	129.2	15.5%				
Net profit (loss) attributable to the shareholders of ING Bank Śląski S.A.	271.5	167.6	203.2	190.0	259.7	216.9	234.4	250.5	16.1	7%	60.5	32%	832.3	961.5	129.2	15.5%				
	54.8%	57.3%	57.6%	58.2%	55.2%	58.0%	56.0%	53.0%					56.9%	55.5%						

Net interest income and margins development

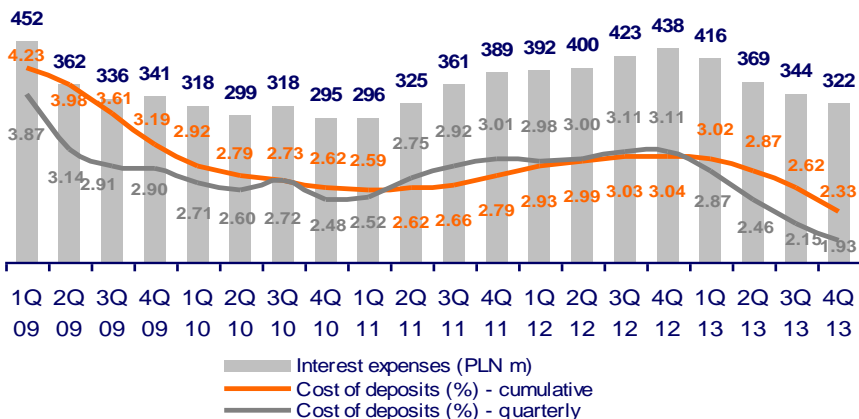
NII (PLN m) / NIM (%)



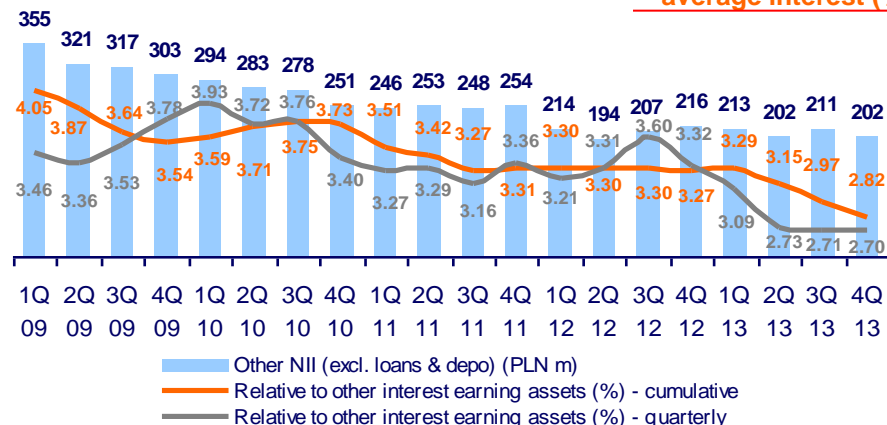
Interest income on customer loans & receivables (PLN m) / average interest (%)



Cost of customer deposits (PLN m) / average interest (%)



NII (excl. loans & depo) relative to other interest earning assets (PLN m) / average interest (%)

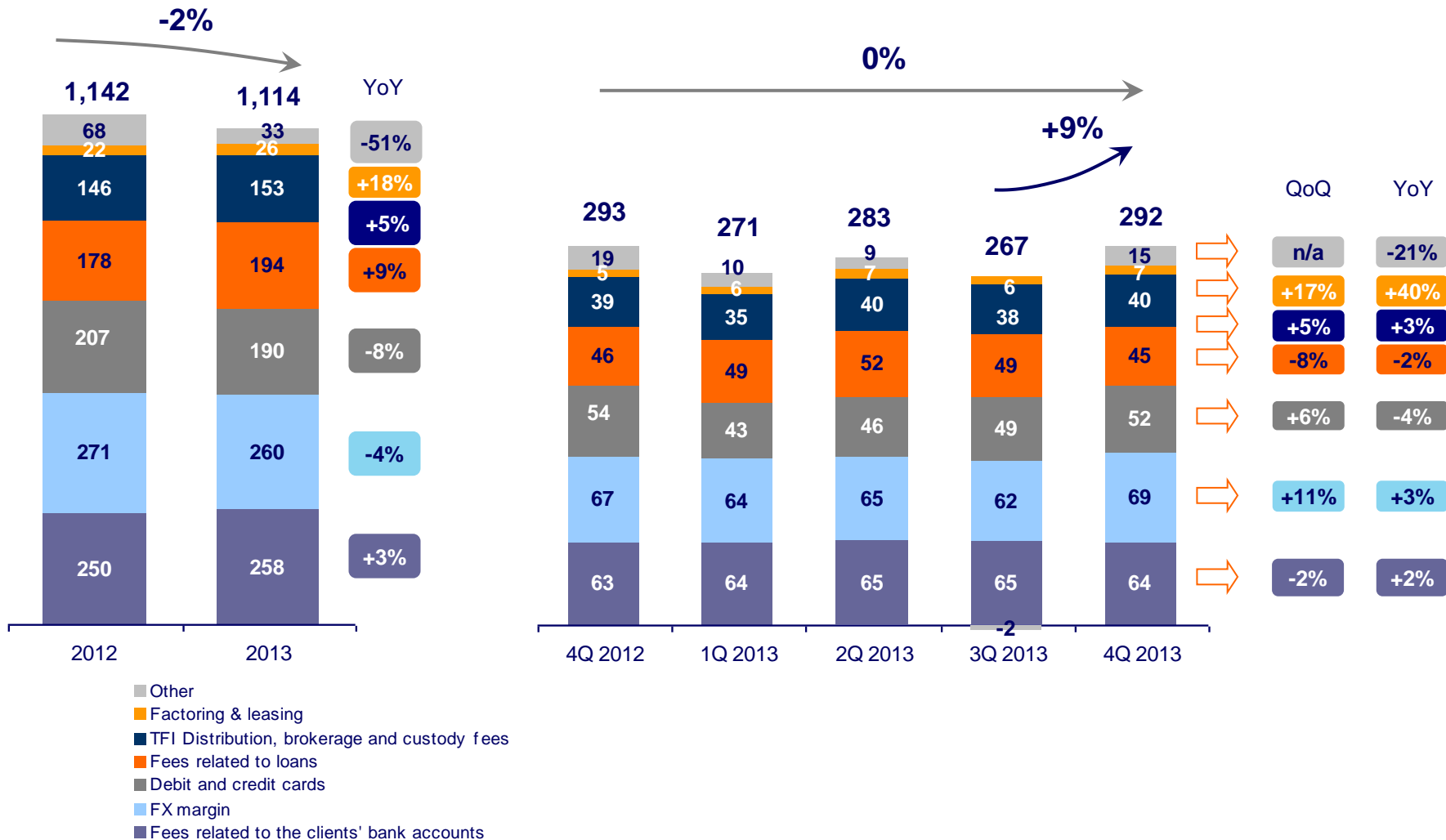


Definitions: NII – adjusted (including swap points and interests from derivatives)
 NIM annualized = sum of NII adjusted of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters
 NIM quarterly = quarterly NII adjusted x4 / average interest earning assets of a quarter



Fees and commissions income

Fees and commissions income by categories (PLN m)



Lending exposure by industries

Non-bank corporate banking portfolio - BS exposure (PLN m)

Consolidated approach

No	Industry	Exposure as of 31.12.2013	%
1	WHOLESALE TRADE	4,632	14.8%
2	PUBLIC ADMINISTRATION AND NATIONAL DEFENSE	3,516	11.2%
3	REAL ESTATE SERVICE	3,426	10.9%
4	FOODSTUFF AND BEVERAGE PRODUCTION	2,009	6.4%
5	POWER INDUSTRY	1,707	5.4%
6	RETAIL TRADE	1,530	4.9%
7	EQUIPMENT RENT	1,164	3.7%
8	CONSTRUCTIONS INDUSTRY	1,145	3.6%
9	LAND AND PIPELINE TRANSPORTATION	1,066	3.4%
10	READY-MADE METAL GOODS PRODUCTIONS	1,014	3.2%
11	FINANCIAL INTERMEDIATION	913	2.9%
12	RUBBER INDUSTRY	877	2.8%
13	REMAINING SERVICES CONNECTED WITH RUNNING BUSINESS	750	2.4%
14	AGRICULTURE , FORESTY , FISHERY	694	2.2%
15	METALS PRODUCTIONS	674	2.1%
16	POST OFFICE AND TELECOMMUNICATIONS	615	2.0%
17	FUEL INDUSTRY	543	1.7%
18	MECHANICAL VEHICLES SALE, REPAIR AND SERVICE	527	1.7%
19	ENGINEERING INDUSTRY	451	1.4%
20	Other	4,139	13.2%
Total exposure		31,393	100.0%

Note: breakdown of gross lending exposure including loans, corporate bonds and leasing & factoring receivables

Lending exposure by industries

Non-bank corporate banking portfolio - BS and Off-BS exposure (PLN m)

Consolidated approach

No	Industry	Exposure as of 31.12.2013	%
1	WHOLESALE TRADE	7,452	15.5%
2	PUBLIC ADMINISTRATION AND NATIONAL DEFENSE	3,890	8.1%
3	REAL ESTATE SERVICE	3,693	7.7%
4	POWER INDUSTRY	3,415	7.1%
5	FOODSTUFF AND BEVERAGE PRODUCTION	3,074	6.4%
6	RETAIL TRADE	2,574	5.4%
7	CONSTRUCTIONS INDUSTRY	2,537	5.3%
8	EQUIPMENT RENT	1,515	3.2%
9	READY-MADE METAL GOODS PRODUCTIONS	1,429	3.0%
10	RUBBER INDUSTRY	1,364	2.8%
11	LAND AND PIPELINE TRANSPORTATION	1,324	2.8%
12	FINANCIAL INTERMEDIATION	1,192	2.5%
13	REMAINING SERVICES CONNECTED WITH RUNNING BUSINESS	1,106	2.3%
14	METALS PRODUCTIONS	1,039	2.2%
15	FUEL INDUSTRY	996	2.1%
16	CHEMICALS AND CHEMICAL GOODS PRODUCTION	996	2.1%
17	MECHANICAL VEHICLES SALE, REPAIR AND SERVICE	988	2.1%
18	ENGINEERING INDUSTRY	955	2.0%
19	AGRICULTURE, FORESTY, FISHERY	816	1.7%
20	Other	7,605	15.9%
Total exposure		47,959	100.0%

Note: breakdown of gross lending exposure including loans, corporate bonds and leasing & factoring receivables + off-BS exposure

