

ING Bank Śląski S.A.

1H/2Q 2014 Business and Financial Results

Warsaw – 6 August 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** 1H/2Q 2014 financial results

Strategic targets of ING Bank Śląski

Accomplishments in 1H 2014

Acquisition of new clients and increase of volumes:

- **PLN 69.5 bn** of deposits → **+PLN 7.4 bn** (+12%) y/y
- **PLN 46.1 bn** of retail clients deposits → **+PLN 4.8 bn** (+12%) y/y
- **3.46 m** retail clients → net increase by **147 th** y/y
- **34.7 th** corporate clients

Increase in lending products sales:

- **PLN 55.2 bn** of loans to customers → **+ PLN 6.4 bn** (+13%) y/y
- **PLN 35.4 bn** of corporate lending (incl. leasing & factoring) → **+ PLN 4.2 bn** (+14%) y/y
- **PLN 19.8 bn** of retail lending → **+ PLN 2.2 bn** (+12%) y/y
- **PLN 14.4 bn** of retail mortgage loans → **+ PLN 1.5 bn** (+11%) y/y
- **8.5%** market share in retail mortgage loans sales in 1H 2014

Maintaining high quality of customer service:

- 837 own ATMs and 740 CDMs, including **506** dual-function and **170** contactless machines installed
- 409 branches, all with self-banking areas
- Mobile banking: **575 th** downloads of applications: *ING BankMobile* (smartphones) and *ING BankMobile HD* (tablets); **30 th** downloads of application *ING BusinessMobile*

Development of simple and honest product offer:

- **2.43 million** of Current Accounts, **71%** are **Direct Current Account**
- The ING **V.me by Visa** digital wallet
- **Aleo** – nearly **34 th** registered companies
- The **SMART** service for corporate clients – facilitating payment and cash management of clients' accounts held at other banks

Translation of business activities into Bank's financial results:

- **PLN 1,781.5 bn** of total income in 1H 2014 → +6% y/y
- **PLN 829.8 m** of result before risk costs in 1H 2014 → +15% y/y
- **PLN 536.9 m** of net profit in 1H 2014 → +13% y/y
- **L/D ratio** at the level of **74%** → +2 p.p. y/y



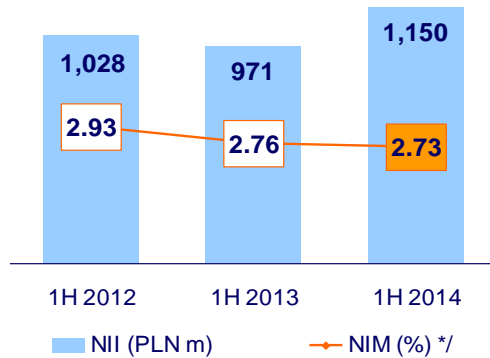
Major business results of the Bank

Bank's business volumes

<i>in PLN million</i>	31.03.13	30.06.13	31.12.13	31.03.14	30.06.14	Change QoQ	Change YtD	Change YoY
Total deposits	58,125	62,100	67,485	66,787	69,473	4%	3%	12%
Retail clients deposits	39,915	41,372	44,111	45,359	46,149	2%	5%	12%
Corporate clients deposits	18,210	20,728	23,374	21,428	23,324	9%	0%	13%
Total funds entrusted by retail clients	45,220	46,877	50,223	51,383	52,489	2%	5%	12%
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	5,305	5,505	6,112	6,024	6,340	5%	4%	15%
Total loans	47,365	48,816	50,478	52,476	55,225	5%	9%	13%
Loans to retail clients	16,889	17,619	18,416	18,950	19,791	4%	7%	12%
Mortgage loans volume	12,460	12,965	13,615	13,930	14,448	4%	6%	11%
Loans to corporate clients incl. leasing and factoring	30,476	31,197	32,062	33,526	35,434	6%	11%	14%

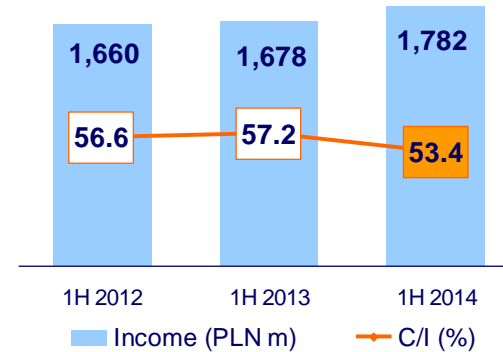
Efficiency

Net interest margin

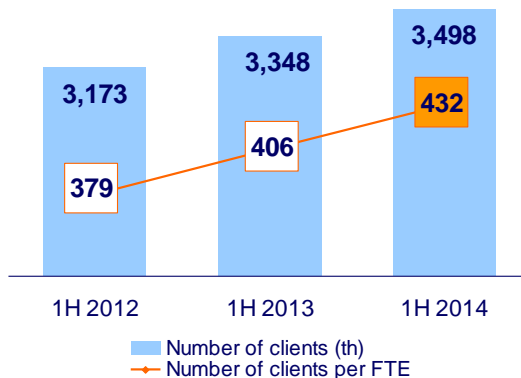


*/ NIM = sum of NII of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters

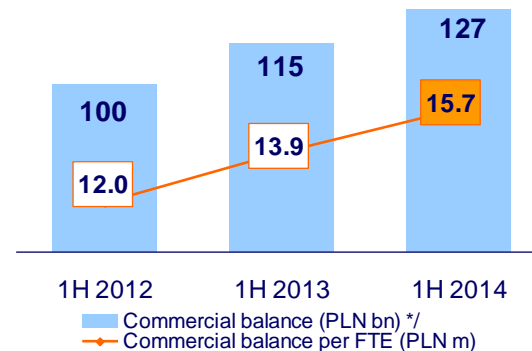
Income and cost effectiveness



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

1H 2014

PLN million	1H 2013	1H 2014	change
Total income	1,678.3	1,781.5	+ 6%
Total expenses	959.2	951.7	- 1%
Result before risk costs	719.1	829.8	+ 15%
Risk costs	127.1	117.4	- 8%
Profit before tax	592.0	712.4	+ 20%
Net profit	476.6	536.9	+ 13%
Total capital ratio */	15.8%	15.0%	- 0.8 p.p.
ROA (%)	1.14%	1.15%	+0.01 p.p.
ROE (%)	11.2%	11.9%	+ 0.7 p.p.
C/I Ratio (%)	57.2%	53.4%	- 3.8 p.p.

**/ Total Capital Ratio (former solvency ratio) for 1H 2014 calculated in line with Basel III requirements, taking account of the so-called national discretions as at the current status (e.g. risk weights for mortgage loans). The ratio for 1H 2013 calculated in line with Basel II requirements.*

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

2Q 2014

PLN million	2Q 2013	2Q 2014	change
Total income	814.1	897.7	+ 10%
Total expenses	477.0	480.5	+ 1%
Result before risk costs	337.1	417.2	+ 24%
Risk costs	69.1	33.3	- 52%
Profit before tax	268.0	383.9	+ 43%
Net profit	216.9	282.4	+ 30%
Total capital ratio */	15.8%	15.0%	- 0.8 p.p.
ROA (%)	1.14%	1.15%	+0.01 p.p.
ROE (%)	11.2%	11.9%	+ 0.7 p.p.
C/I Ratio (%)	58.6%	53.5%	- 5.1 p.p.

**/ Total Capital Ratio (former solvency ratio) for 2Q 2014 calculated in line with Basel III requirements, taking account of the so-called national discretions as at the current status (e.g. risk weights for mortgage loans). The ratio for 2Q 2013 calculated in line with Basel II requirements.*

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

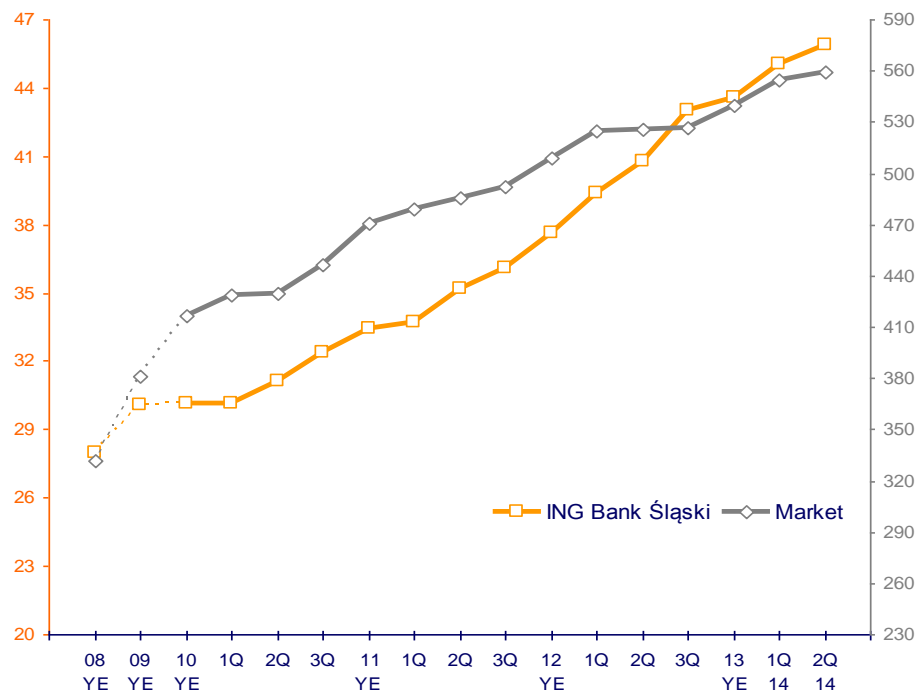


Market position of ING Bank Śląski

Households market

Volumes and share in the households deposits market

Households deposits - volumes (in PLN billion)

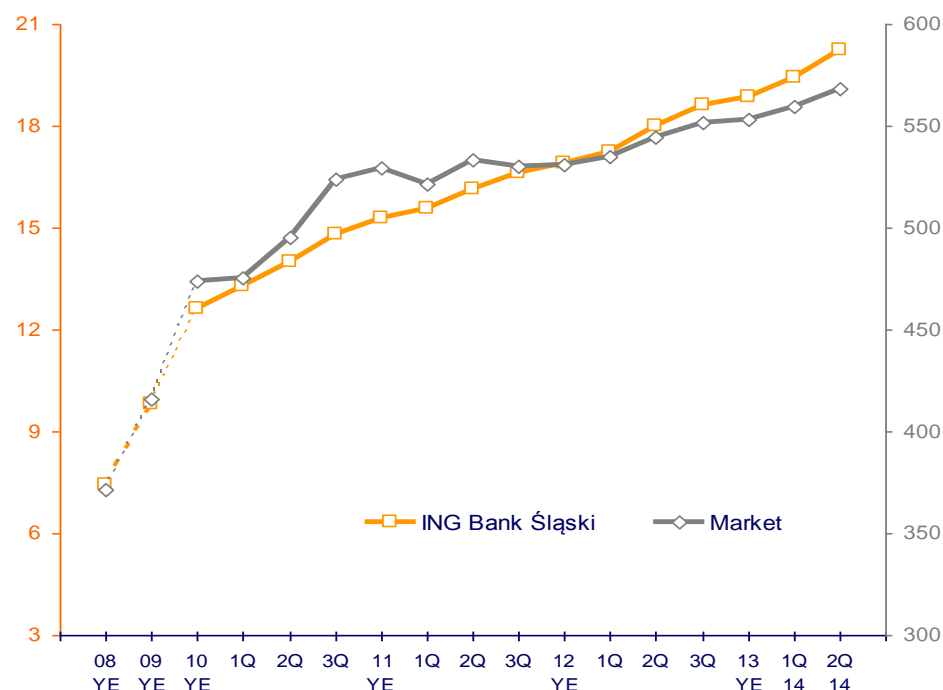


market share (%)

08YE	8.42	09YE	7.88	10YE	7.24	1Q	7.04	2Q	7.25	3Q	7.26	11YE	7.10	1Q	7.03	2Q	7.25	3Q	7.33	12YE	7.40	1Q	7.50	2Q	7.76	3Q	8.18	13YE	8.07	1Q14	8.13	2Q14	8.20
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Volumes and share in the households loans market

Households loans - volumes (in PLN billion)



market share (%)

08YE	2.00	09YE	2.36	10YE	2.67	1Q	2.79	2Q	2.83	3Q	2.83	11YE	2.89	1Q	2.99	2Q	3.03	3Q	3.14	12YE	3.19	1Q	3.22	2Q	3.30	3Q	3.37	13YE	3.41	1Q14	3.47	2Q14	3.56
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*Note: Market data according to NBP file for banking sector, including interest accrued
ING BS data – consolidated, deposits and gross loans (excluding other liabilities and receivables)*

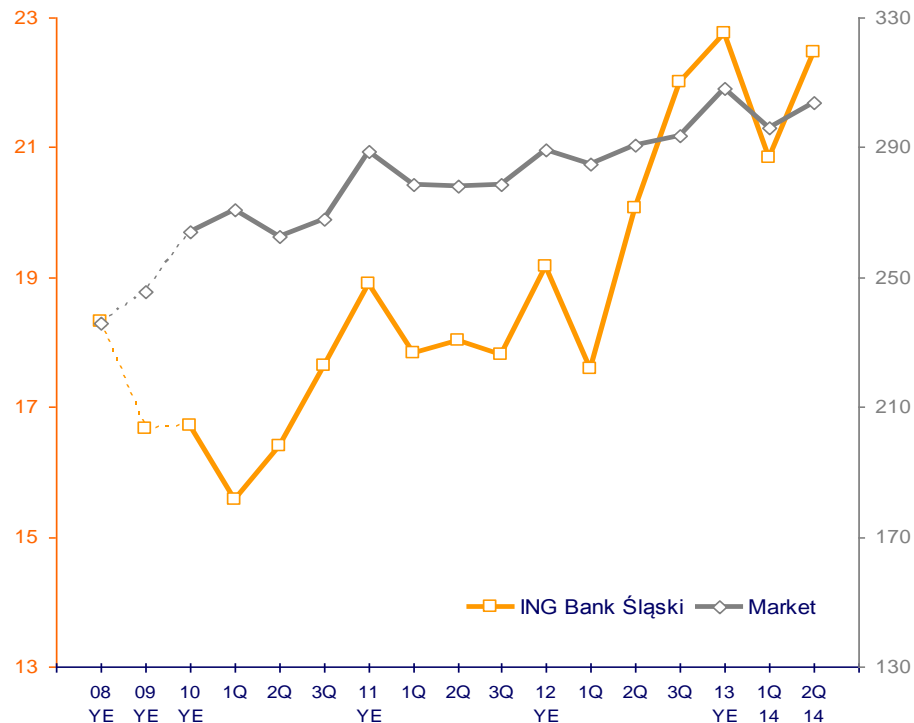


Market position of ING Bank Śląski

Corporate market

Volumes and share in the corporate deposits market

Corporate deposits - volumes (in PLN billion)

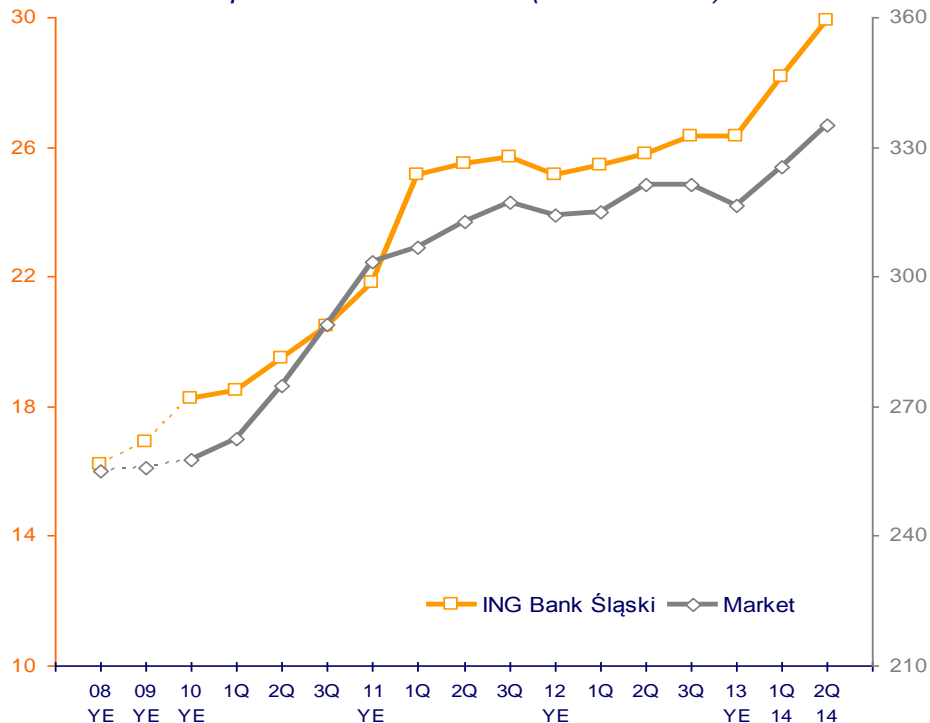


market share (%)

08YE	09YE	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE	1Q14	2Q14
7.77	6.80	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	7.04	7.39

Volumes and share in the corporate loans market

Corporate loans - volumes (in PLN billion)



market share (%)

08YE	09YE	10YE	1Q	2Q	3Q	11YE	1Q	2Q	3Q	12YE	1Q	2Q	3Q	13YE	1Q14	2Q14
6.34	6.60	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	8.66	8.92

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



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 - 2 **Business development**
 - 3 1H/2Q 2014 financial results

Retail Banking

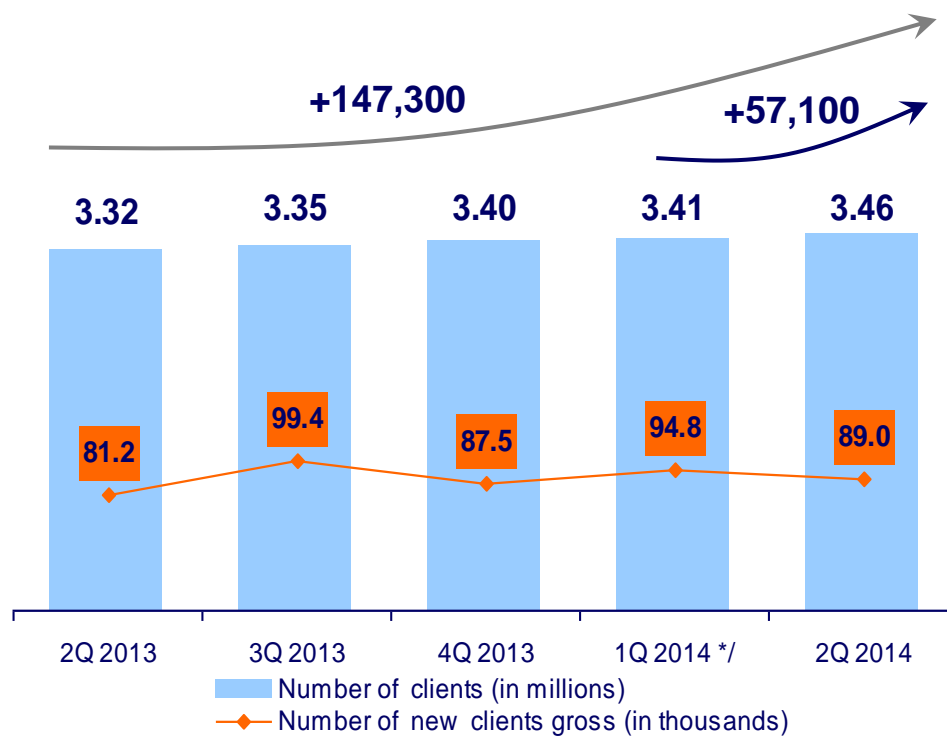
Increase in core products' sales

- **3.46 m** of retail clients → **183.8 th** of new clients acquired in a 1H 2014
- **PLN 19.8 bn** of retail lending → **+ PLN 2.2 bn (+12%) y/y** and + PLN 0.8 bn zł (+4%) kw/kw
- **PLN 14.4 bn** of mortgage loans portfolio → **+ PLN 1.5 bn (+11%) y/y** and + PLN 0.5 bn (+4%) q/q
- **8.5%** market share in retail mortgage loans sales in 1H 2014; **9.3%** market share in sales in 2Q 2014
- Cash loans sales → **Over PLN 1.3 bn** of cash loans sold to retail clients in 1H 2014 (+35% y/y); **PLN 742 m** of sales in 2Q 2014 (+34% y/y and +28% q/q)
- **PLN 46.1 bn** of retail clients deposits → **+ PLN 4.8 bn (+12%) y/y** and + PLN 0,8 bn (+2%) q/q
- 2.43 m of retail current accounts, **71% of Direct Current Accounts**
- Savings offers:
 - „**Welcome rate**” (promotional interest for 4 months on OKO saving account)
 - „**OKO Bonus**” (promotional interest for new funds on a new OKO Bonus saving account until 31 August 2014)
- 83% of self-service cash depositing transactions
- **ING BankMobile & ING BankMobile HD** – **575 th** downloads of mobile banking applications
- **The ING V.me by Visa** digital wallet

Client base

3.46 million of retail clients

Number of retail clients

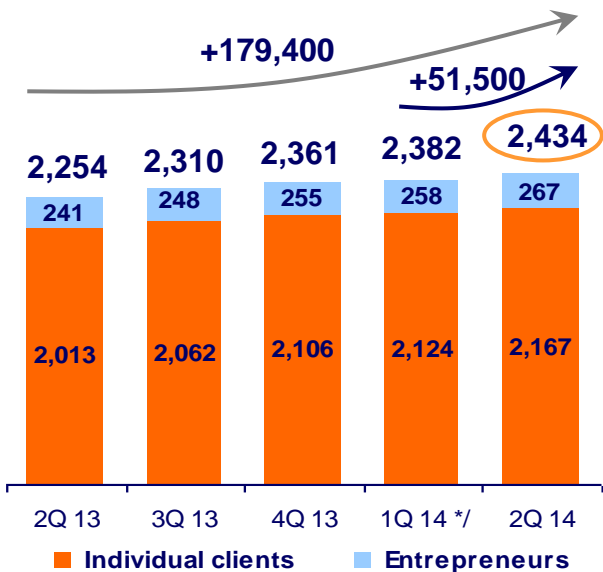


**/ In Q1 2014 51 th of non-active clients' accounts were closed*

Current accounts

2.43 million of Current Accounts, 71% of Direct Accounts

Number of retail clients current accounts (in thousands)



QoQ	YtD	YoY
+8,200	+11,000	+24,800
+43,300	+61,700	+154,600

* / 46.7 th non-active current accounts closed in Q1 2014

Direct Account

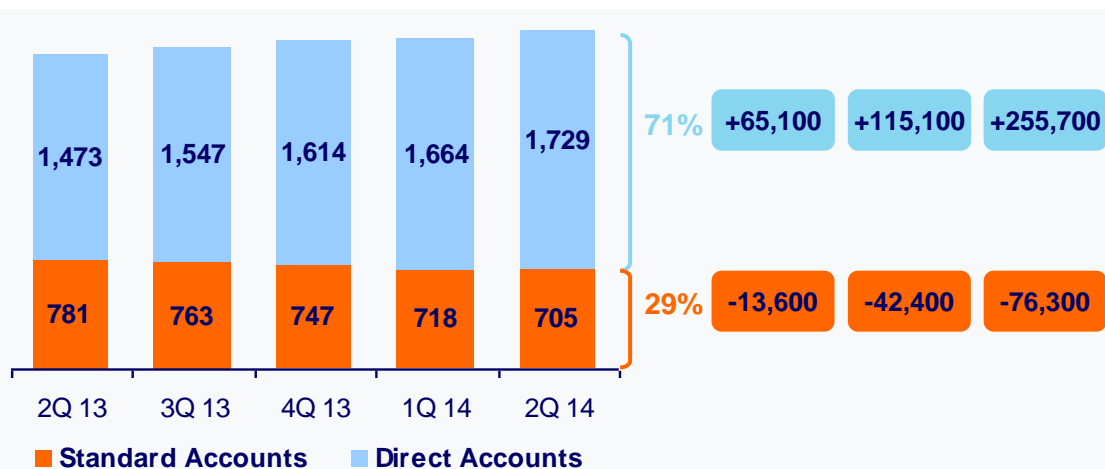
Qz

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



Bank with Direct Account
It is mobile, fast and simple



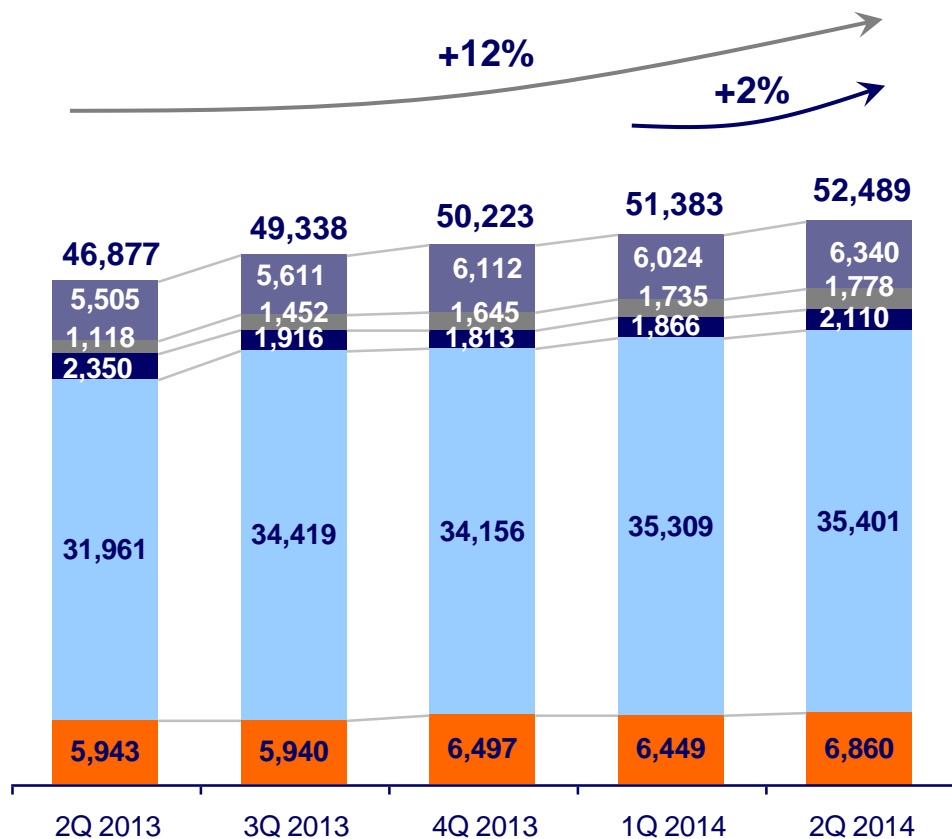
Note: PLN denominated current accounts



Funds entrusted

Permanent growth of stable funding base

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



- Mutual Funds assets + other Off-BS products
- Structured Products
- Term deposits
- Saving Accounts
- Current Accounts

	QoQ	YtD	YoY
⇒	+5%	+4%	+15%
⇒	+2%	+8%	+59%
⇒	+13%	+16%	-10%
⇒	0%	+4%	+11%
⇒	+6%	+6%	+15%

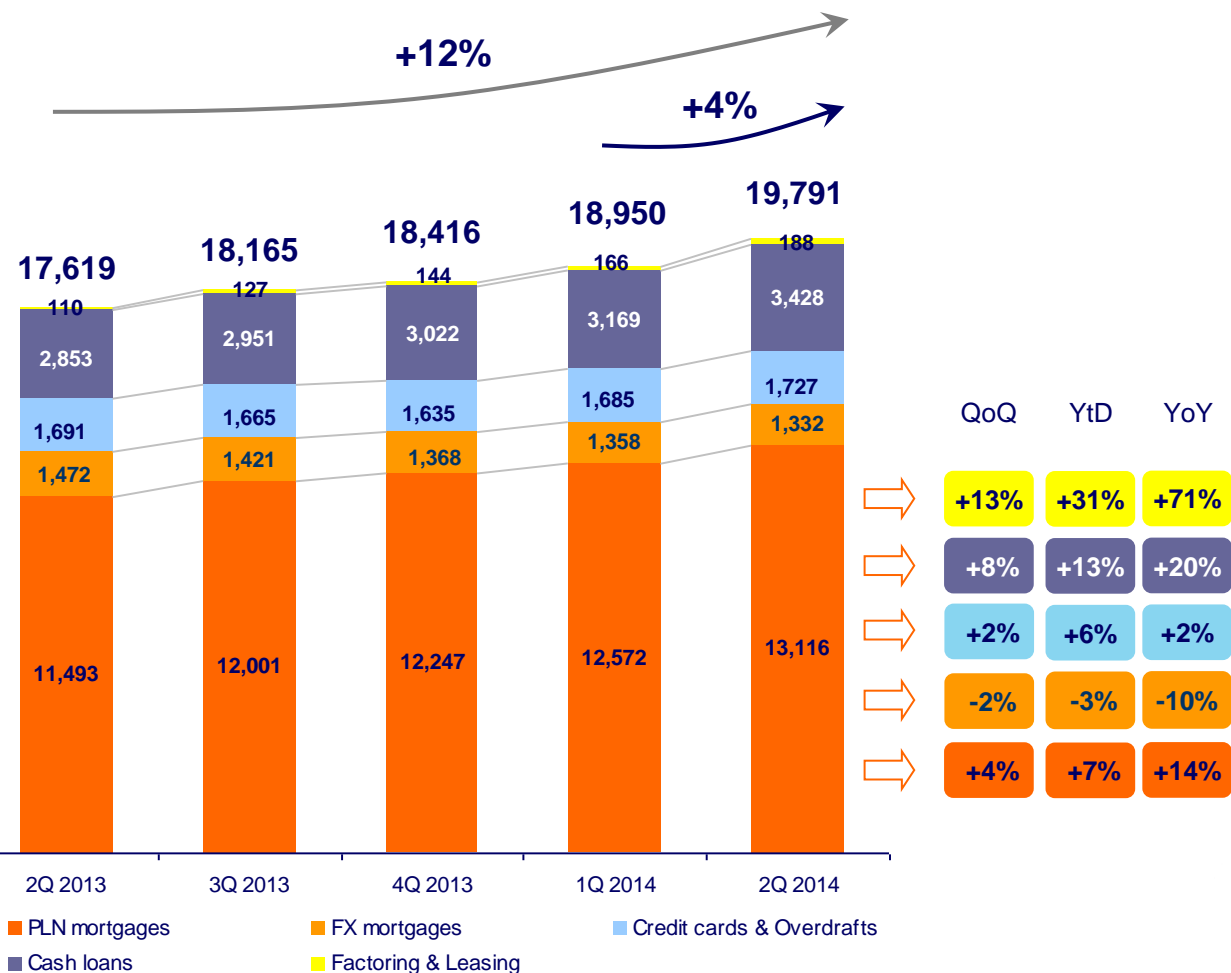
+2% QoQ
+5% YtD
+12% YoY



Loan portfolio of retail segment clients

Constant growth in retail lending

Loan portfolio of retail segment clients (in PLN m)



Over PLN 1.3 bn
of cash loans sold to
retail clients in H1 2014
(+35% y/y)

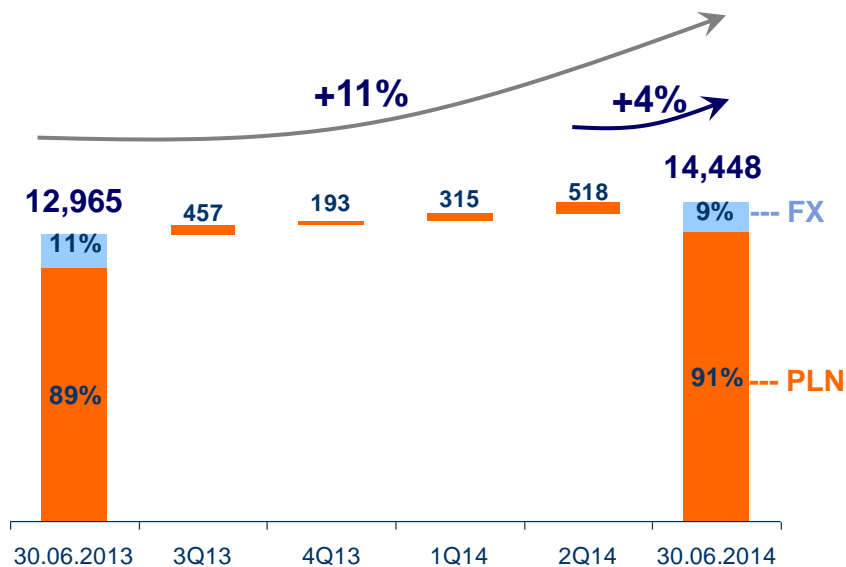
PLN 742 m sales in Q2 2014
(+34% y/y and +28% q/q)



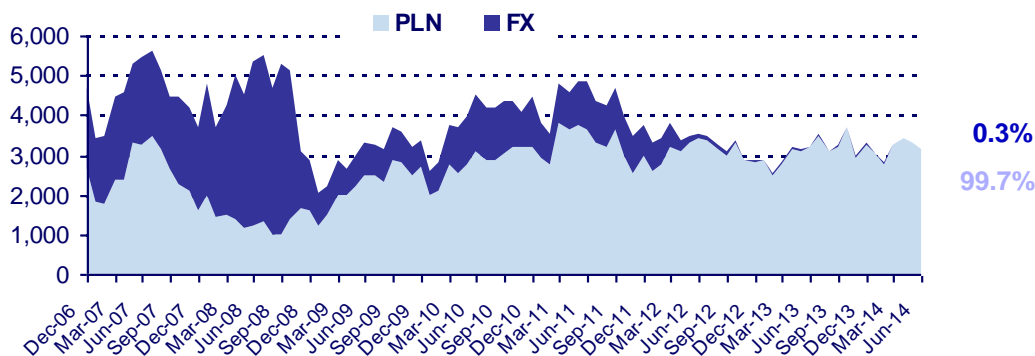
Mortgage loans

PLN 14.4 billion of mortgage loans

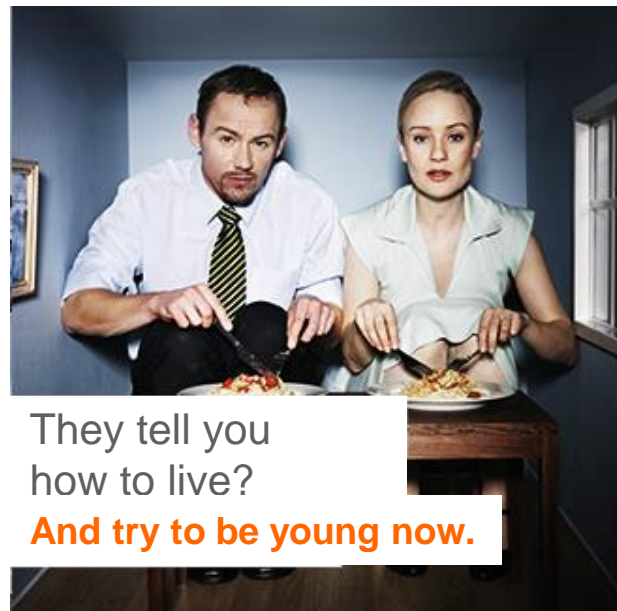
Retail mortgage loans (PLN m)



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



- **8.5%** market share in mortgage loans' sales in H1 2014, **#3rd** position on the market
The amount of 2Q 2014 mortgage production is **PLN 915 bn** (9.3 % market share).
- **6.0%** share in PLN market housing loans volume
3.5% in total housing loans market (as of 1H 2014)



They tell you
how to live?

And try to be young now.

LIVE without compromise

and save on the mortgage loan for the young.



Distribution and service network

Enhanced access to banking services

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

- ~ **810 th transactions** in June 2014 (transfers + phone top-ups)
- ~ **130 th** average daily number of logins
- ~ **75 th** average daily number of unique users logins

575 th
downloads



We sign with Migam.pl

- *Pilot programme: June - September 2014*
- *First such initiative in the Polish banking sector*
- *Option of easy communication with the deaf through an online application*



- **409** branches, all with self-banking areas
- **837** own ATMs and **740** CDMs including **506** dual-function machines
- **170** contactless machines
- **83%** of cash-in transactions are executed automatically
- **132** branches in a new format



V.me by Visa – convenience when shopping online

New quality of ING Digital Wallet

- Secure and convenient solution for online payments
- Easy wallet configuration without installing additional applications
- Option to make payment without entering card data at every transaction



**THE FIRST
BANK
IN POLAND...**

**...AND ONE OF
THE FIRST
IN EUROPE**



Service availability:

V.me by Visa

- Since the beginning of May 2014
- For everyone – not only for Bank clients
- Free of charge
- At over 120 retailers (*the number is still growing*)
- Together with the *Wallet Full of Discounts* promotion

Corporate Banking

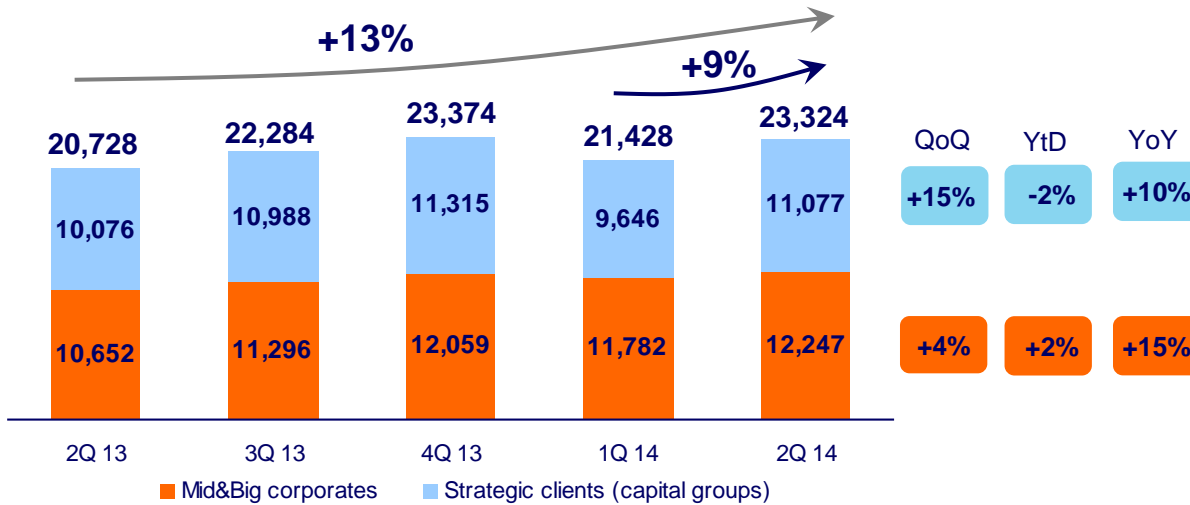
Growth in volumes

- **34.7 th** of corporate clients
- **PLN 35.4 bn** of corporate lending → **+ PLN 4.2 bn (+14%) y/y** and + PLN 1.9 bn (+6%) q/q
- PLN 5.3 bn – leasing financing; PLN 1.9 bn – factoring volume
- **PLN 23.3 bn** of corporate deposits → **+ PLN 2.6 bn (+13%) y/y** and + PLN 1.9 bn (+9%) q/q
- The largest deals of 1H 2014 :
 - PLN 5.00 bn → bond issue program for Enea S.A.
 - PLN 3.00 bn → financing package for the acquisition of Polkomtel Sp. z o.o.
 - PLN 1.65 bn → bond issue program for Zarządca Rozliczeń S.A. (company in the energy sector)
 - PLN 1.45 bn → financing package for the acquisition of Emitel
 - PLN 500 m → short-term bonds issue program for Eurocash S.A.
 - Financing for Apsys: EUR 290 m of investment financing
 - Financing for Valad Europe: EUR 169 m of refinancing of existing loan
EUR 66 m of investment financing
 - Financing for Blackstone Real Estate: EUR 92 m of investment financing
EUR 82 m of investment financing
 - PLN 86 m → municipal bonds issue program for the City of Tychy
- **Nearly 30 th downloads** of *ING BusinessMobile* (the application available since January 2013)
- **Aleo** – commerce and auction platform for companies: **nearly 34 th** registered companies
- **SMART** service – facilitating management of all clients' accounts



Cash Management

Volume of corporate deposits (in PLN m)

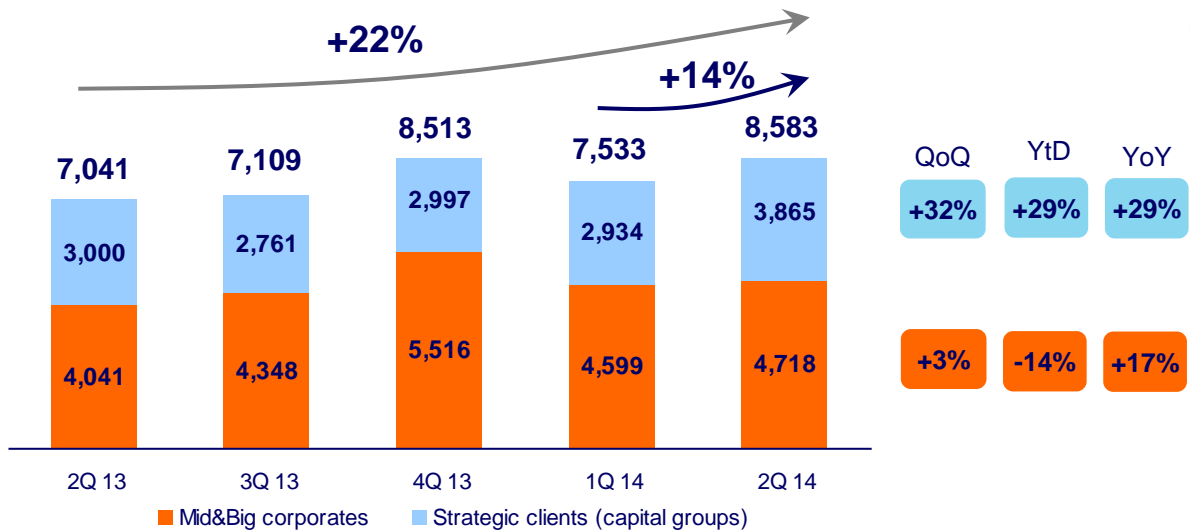


SMART

- Convenient method of managing accounts with other banks
- Handling all client's accounts in ING BusinessOnLine system
- Available since: **May 2014**



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



ELECTRONIC DEPOSITORIES

- **90 devices** already available
- Light depositories – new cash solution at the client's premises
- Light depositories available since: **January 2014**



Lending

PORTFOLIO GUARANTEE LINE DE MINIMIS

EASY. FAST. GUARANTEED



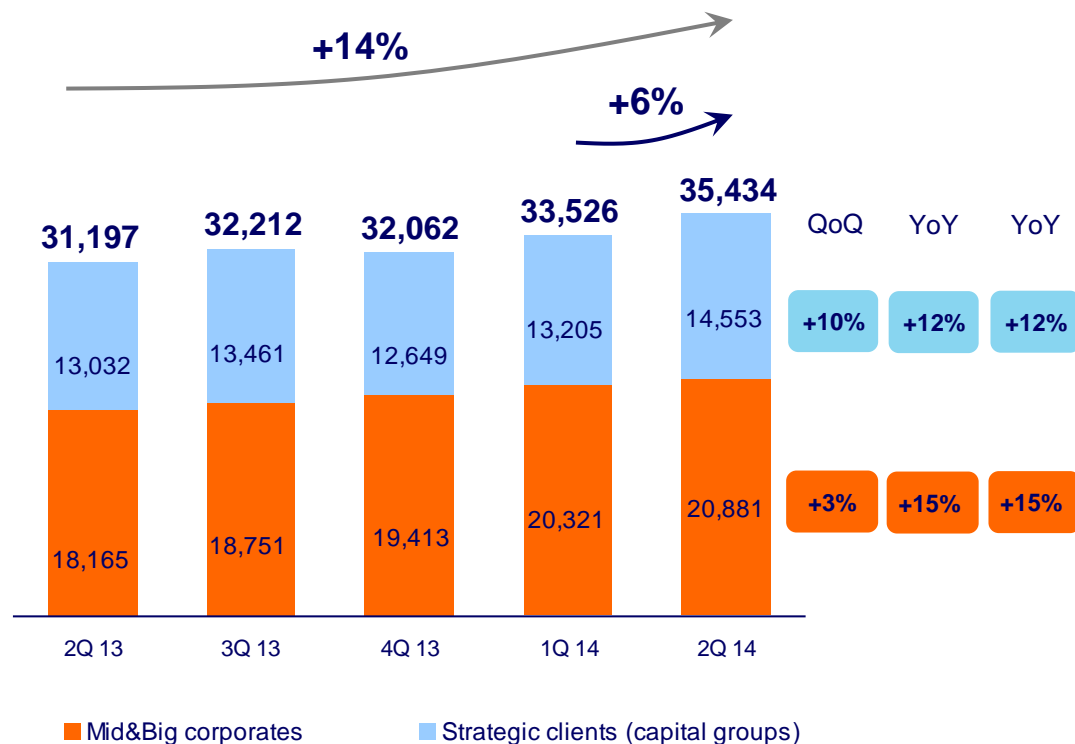
➤ **15 March 2013:** Product launch

➤ **By 30 June 2014 there were granted:**

under the Portfolio Guarantee Line de minimis (PLD)
over 1,250 guarantees totalling **PLN 800 million** and loans covered thereby of **PLN 1.5 billion**

under the Portfolio Guarantee Line (PLP)
over 20 guarantees totalling **PLN 35 bn** and loans covered thereby of **PLN 70 bn**

Volume of loans to corporate clients (in PLN million)

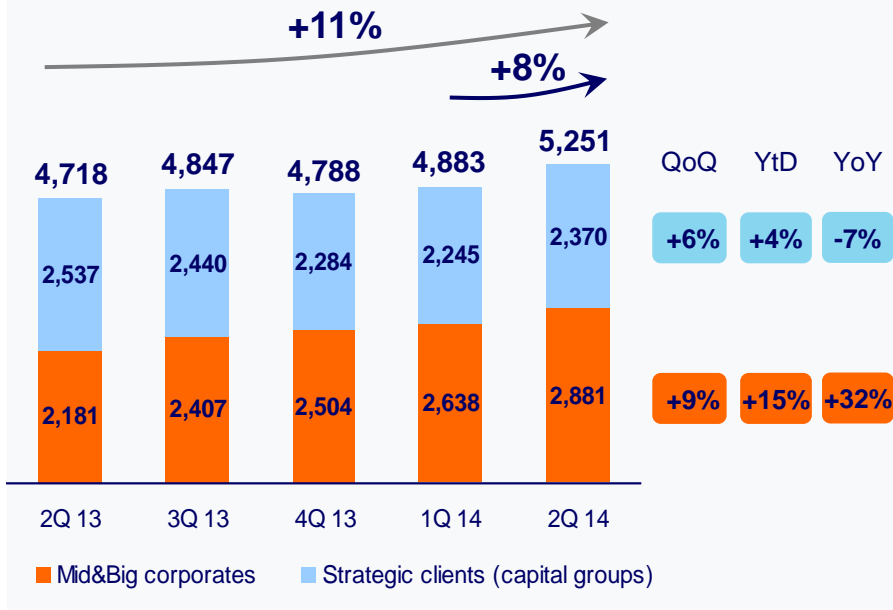


Asset Based Lending

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

- **#1** on the market in terms of the whole portfolio value (end of 1H 2014)
- **7.0 %** market share in terms of the new sales
- Increase in market share in terms of the leasing of machinery (new sales): **8.1% (#3 position)** in 1H 2014
- Over 6 thousand clients using leasing services (**up by 85.9%** from the end of 1H 2013, out of which over 90% comes from the growth in the retail clients segment)

Leasing – financing of the customers (in PLN m)

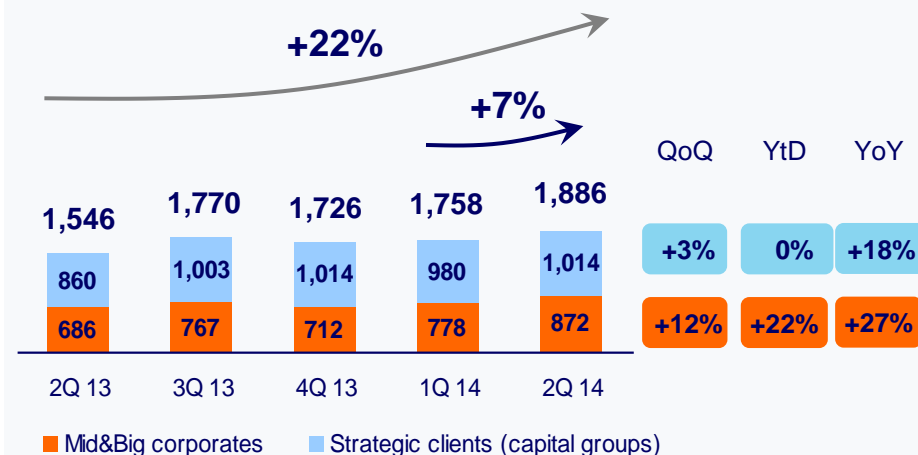


ING Commercial Finance Polska S.A. (factoring)

- 2Q 2014: **#1** on the market with market share of **15.0%**
- 1H 2014: **#2** on the market with market share of **14.6%**



Factoring – financing of the customers (in PLN m)



Debt capital and money market

Zarządca
Rozliczeń

Zarządca Rozliczeń S.A.

Bond Issuance Program

PLN 1.65 bn

Arranger,
Issue and Paying Agent, Depository

March 2014

EUROCASH
GRUPA

Eurocash S.A.

Short Term Bonds
Issuance Program

PLN 500 m

Arranger,
Issue and Paying Agent,
Depository, Dealer

March 2014

Enea

Enea S.A.

Bond Issuance Program

PLN 5 bn

Arranger, Paying Agent, Depository,
Dealer, Calculation Agent

June 2014

Municipal bonds
issue program

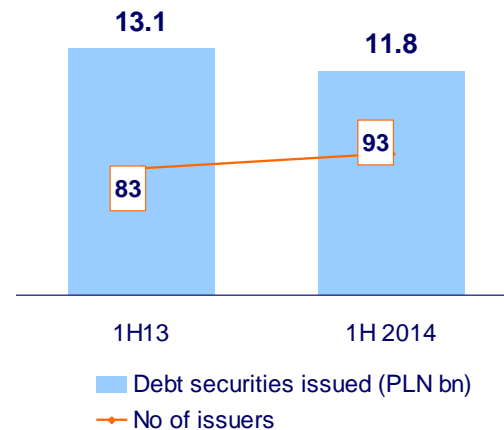


City of Tychy

PLN 86 m

March 2014

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 1H 2014
with the market share of **36.1%**

Business financing and investment banking

Major transactions in 1H 2014

VALAD

Valad Europe

Refinancing of existing indebtedness

EUR 169 m

Investment financing

EUR 66 m

*Mandated Lead Arranger,
Lender, Agent, Account Bank,
Hedging Provider*

January 2014

emitel

Emitel

Financing of the acquisition
of the company

PLN 1.45 bn

*Mandated Lead Arranger,
Security Agent*

February 2014



Cyfrowy Polsat

Financing of the acquisition
of Polkomtel Sp. z o.

PLN 3 bn

*Global Banking
Coordinator*

April 2014

Blackstone

Blackstone Real Estate

Investment financing

EUR 92 m

Investment financing

EUR 82 m

*Mandated Lead Arranger, Lender,
Agent, Account Bank*

May – June 2014

APSYS
Wyobraźmy sobie jutro

Apsys Polska

Investment financing

EUR 290 m

Co-funding Bank

May 2014

ING Securities

VATTENFALL

Vattenfall AB

Sale of entire stake in Enea S.A.
via ABB

PLN 1 bn

Joint Bookrunner

January 2014



-
- 1 Introduction to financial results and market position of the Bank
 - 2 Business development
 - 3 1H/2Q 2014 financial results**

ING Bank Śląski financial performance

1H 2014

<i>PLN million</i>	1H 2013	1H 2014	change
Net interest income	971.1	1,150.1	+ 18%
Net commission income	512.1	555.7	+ 9%
Trading & other income	195.1	75.7	- 61%
Total income	1,678.3	1,781.5	+ 6%
Total expenses	959.2	951.7	- 1%
Result before risk costs	719.1	829.8	+ 15%
Risk costs	127.1	117.4	- 8%
Profit before tax	592.0	712.4	+ 20%
Income tax	115.4	175.4	+ 52%
Net profit	476.6	536.9	+ 13%
Total capital ratio */	15.8%	15.0%	- 0.8 p.p.
ROA (%)	1.14%	1.15%	+0.01 p.p.
ROE (%)	11.2%	11.9%	+ 0.7 p.p.
C/I Ratio (%)	57.2%	53.4%	- 3.8 p.p.

**/ Total Capital Ratio (former solvency ratio) for 1H 2014 calculated in line with Basel III requirements, taking account of the so-called national discretions as at the current status (e.g. risk weights for mortgage loans). The ratio for 1H 2013 calculated in line with Basel II requirements.*



ING Bank Śląski financial performance

2Q 2014

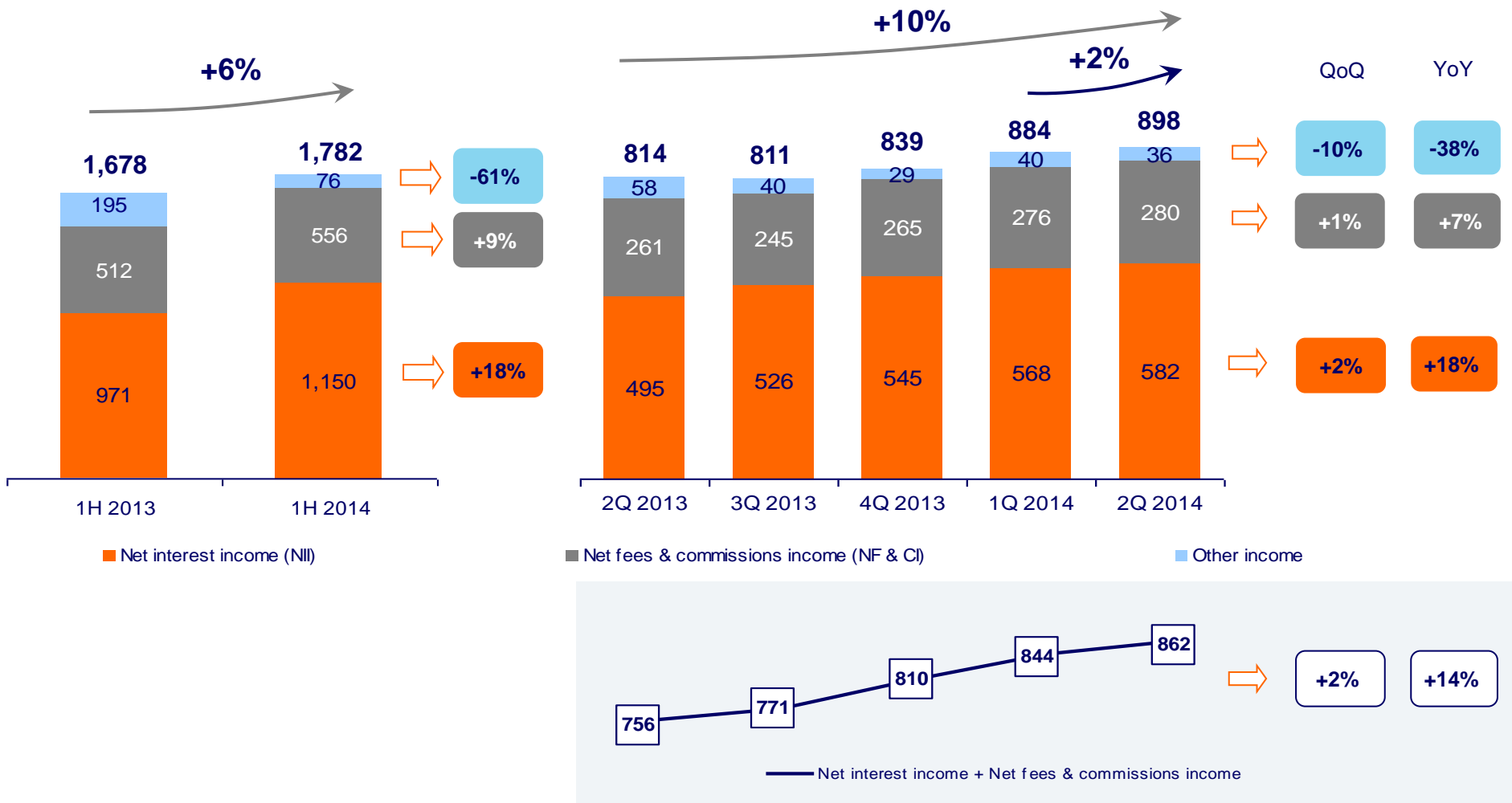
<i>PLN million</i>	2Q 2013	2Q 2014	change
Net interest income	495.3	582.2	+ 18%
Net commission income	261.0	279.6	+ 7%
Trading & other income	57.8	35.9	- 38%
Total income	814.1	897.7	+ 10%
Total expenses	477.0	480.5	+ 1%
Result before risk costs	337.1	417.2	+ 24%
Risk costs	69.1	33.3	- 52%
Profit before tax	268.0	383.9	+ 43%
Income tax	51.1	101.5	+ 99%
Net profit	216.9	282.4	+ 30%
Total capital ratio */	15.8%	15.0%	- 0.8 p.p.
ROA (%)	1.14%	1.15%	+0.01 p.p.
ROE (%)	11.2%	11.9%	+ 0.7 p.p.
C/I Ratio (%)	58.6%	53.5%	- 5.1 p.p.

**/ Total Capital Ratio (former solvency ratio) for 2Q 2014 calculated in line with Basel III requirements, taking account of the so-called national discretions as at the current status (e.g. risk weights for mortgage loans). The ratio for 2Q 2013 calculated in line with Basel II requirements.*



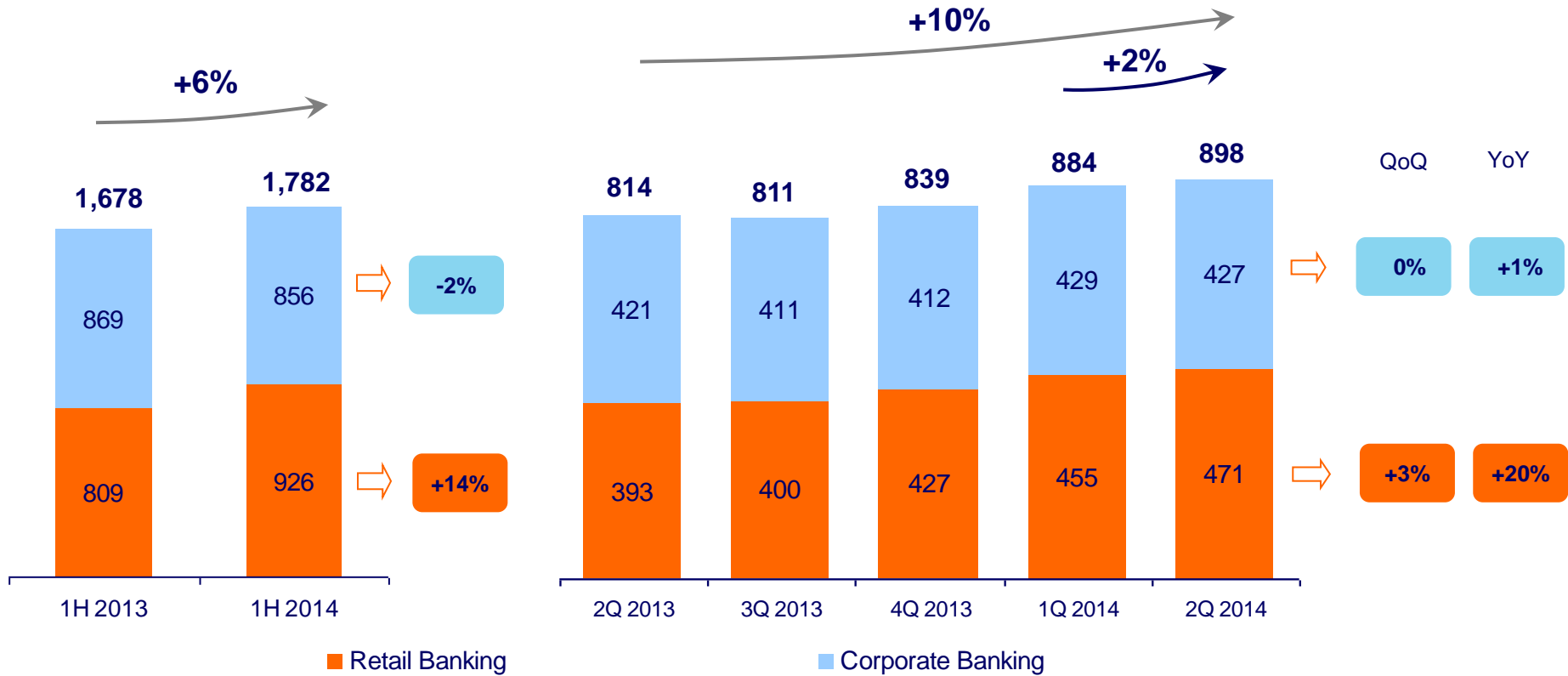
Revenue per category

Revenues per P&L category (PLN m)



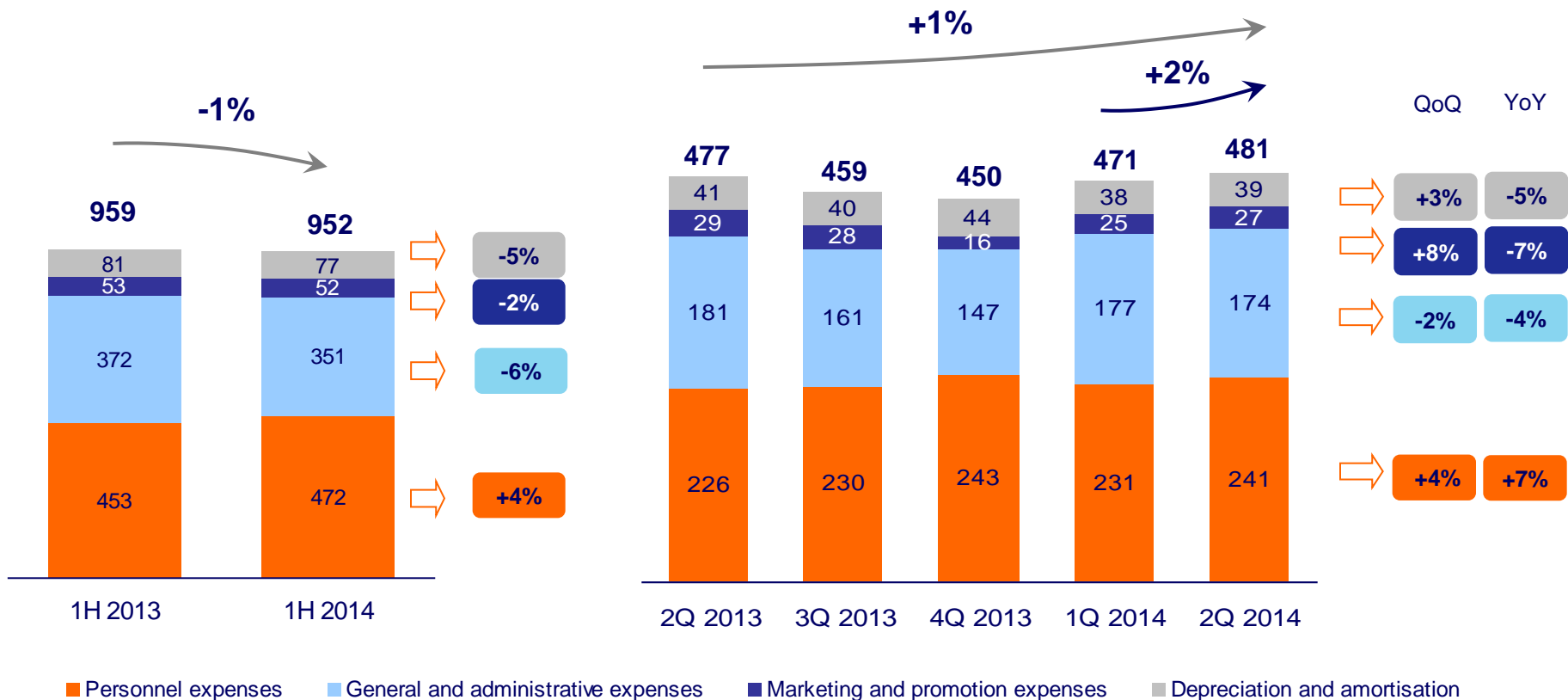
Revenue per business line

Revenues by business lines (PLN m)



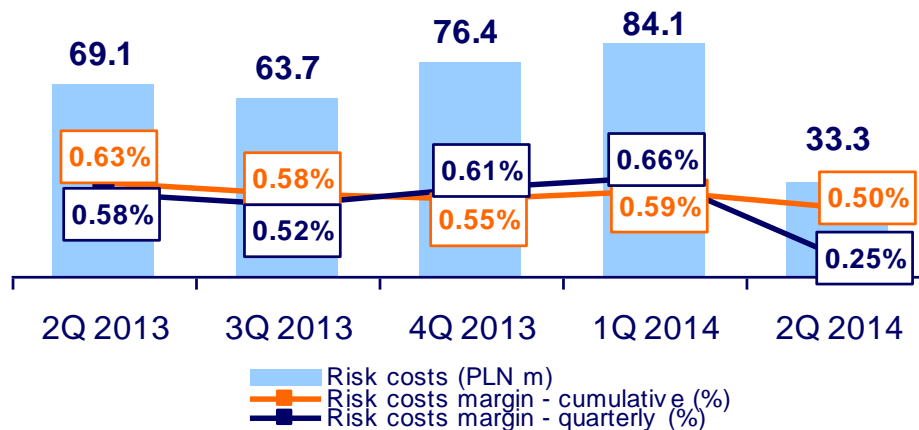
Total expenses

Total costs (PLN m)

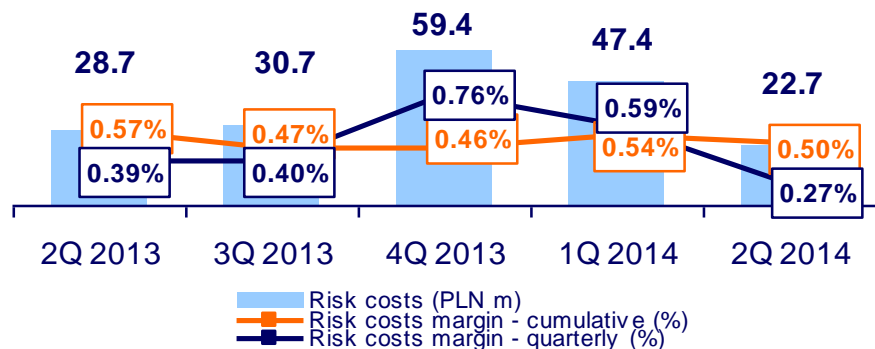


Risk costs

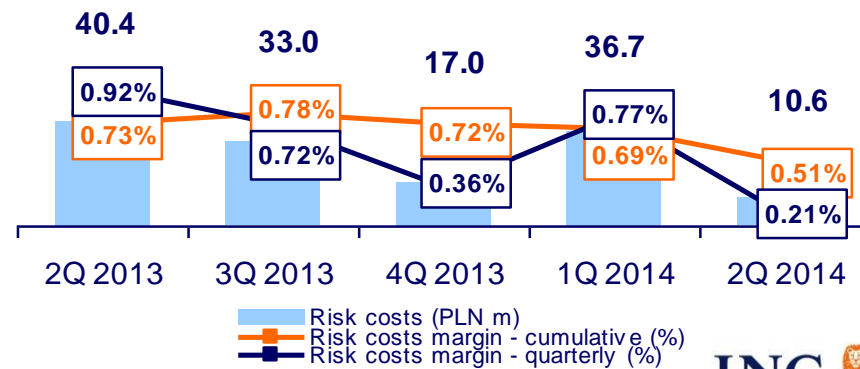
Bank



Corporate



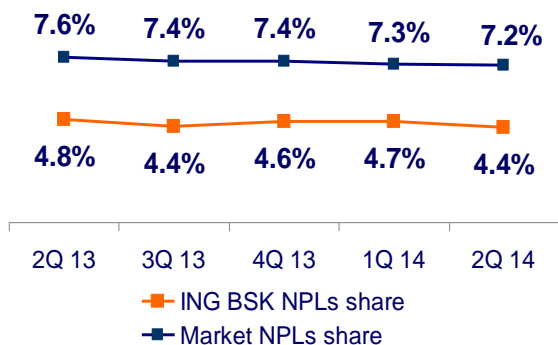
Retail



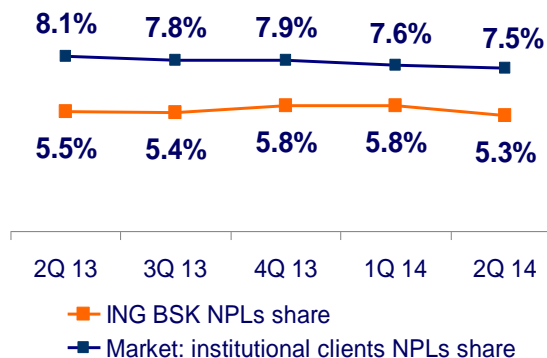
Loan portfolio quality and provisioning

Share of impaired portfolio in the total loan portfolio

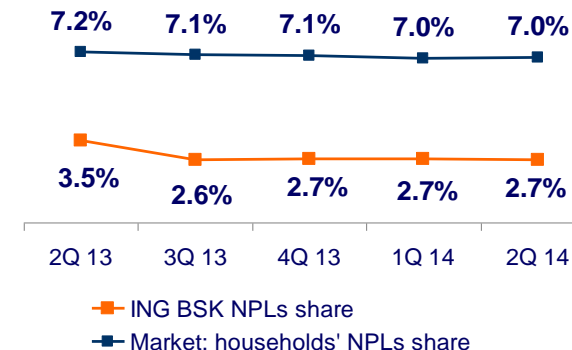
Bank



Corporate



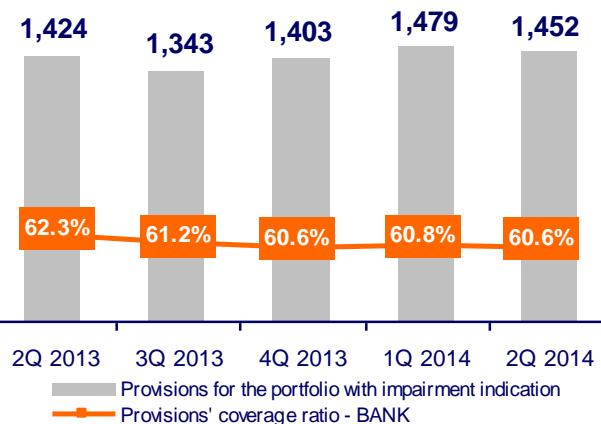
Retail



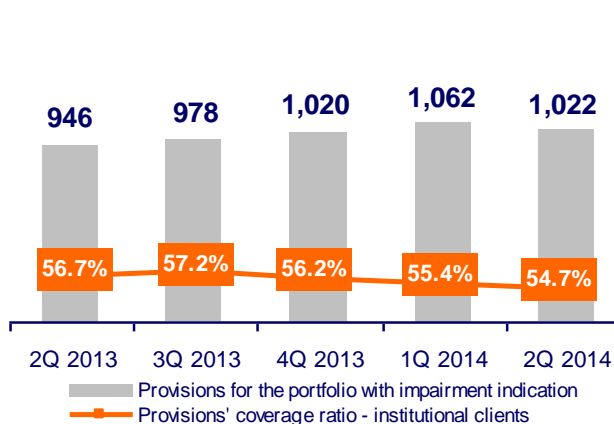
Note: market ratio estimated based on NBP data

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

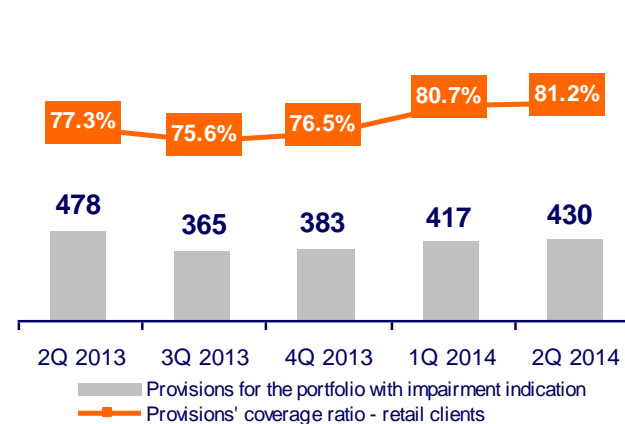
Bank



Corporate

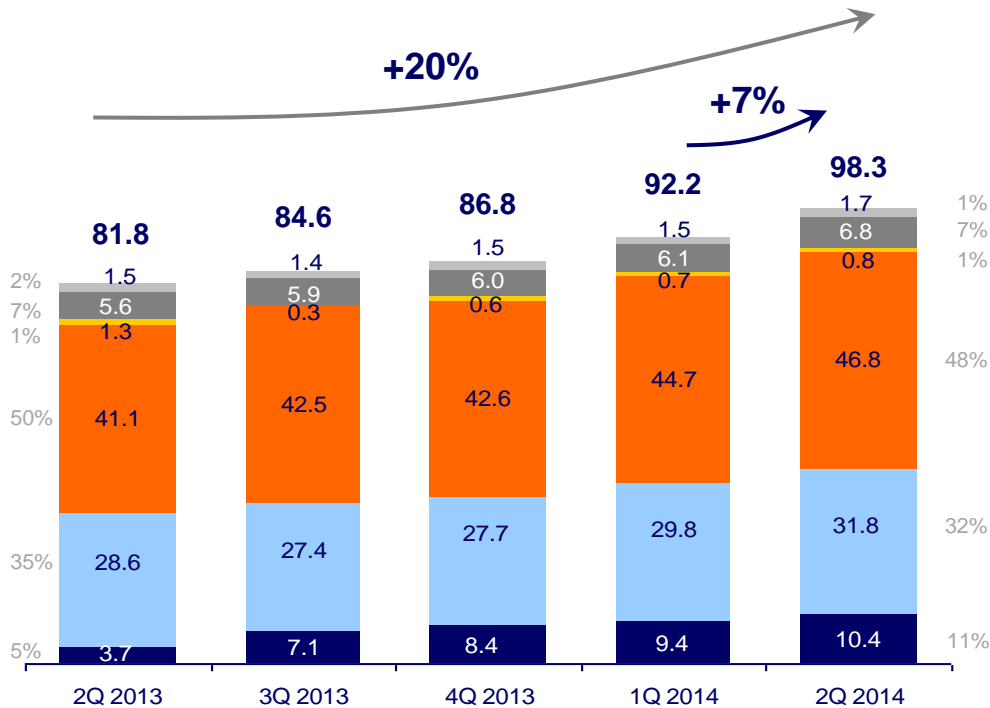


Retail



Bank assets

Assets structure (PLN bn / %)

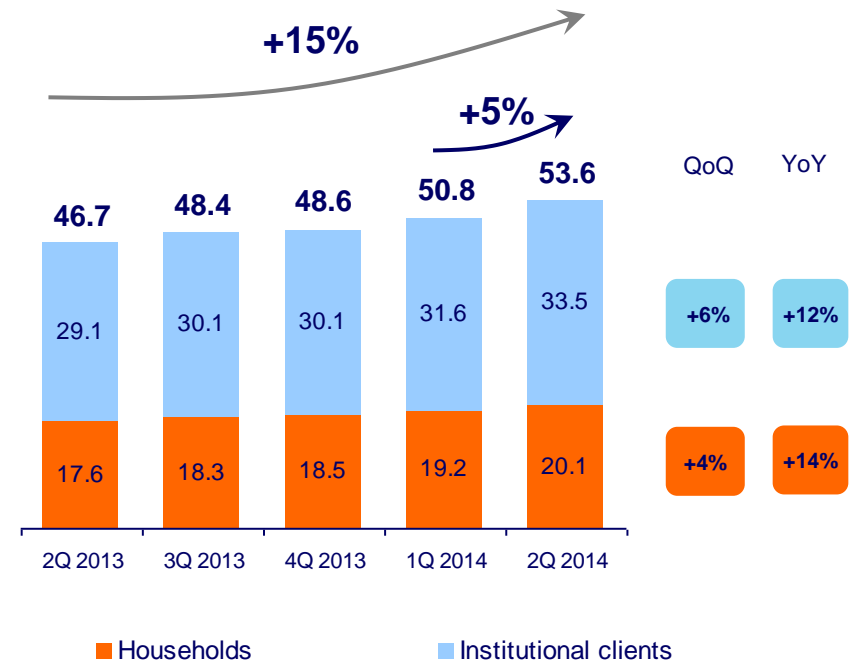


- Other
- Leasing and factoring receivables
- Receivables from customers - BSB transactions
- Loans, corpo bonds and other receivables from customers
- Securities & derivatives
- Loans and receivables from other banks + cash within the Central Bank

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.

Loans and receivables to customers

- non-bank sector (PLN bn)



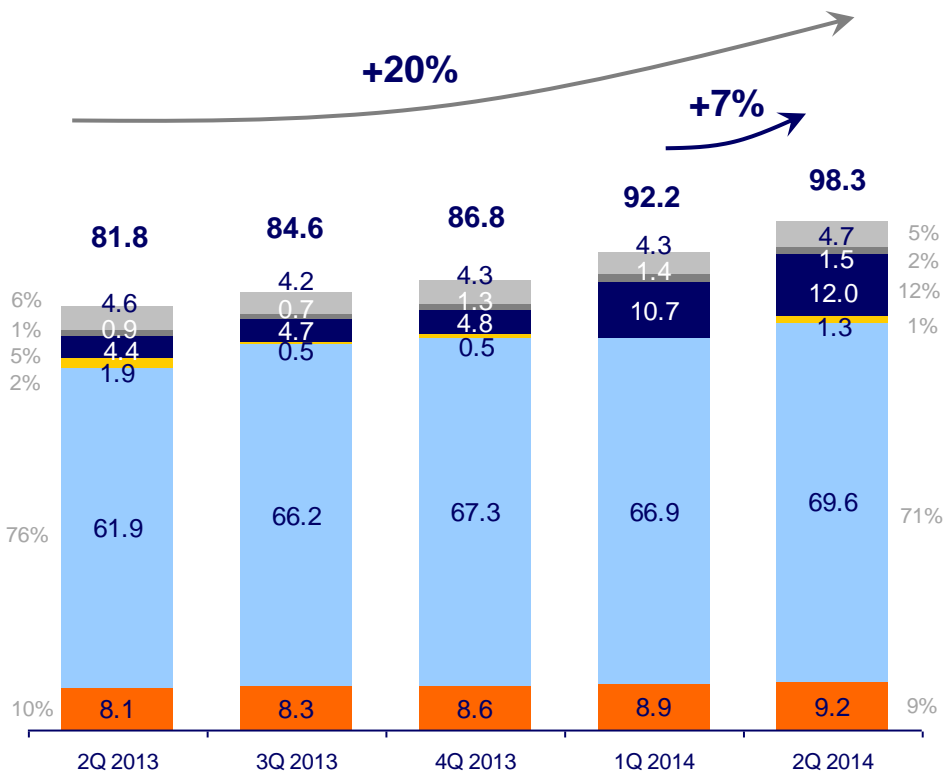
	QoQ	YoY
Institutional clients	+6%	+12%
Households	+4%	+14%



Bank liabilities

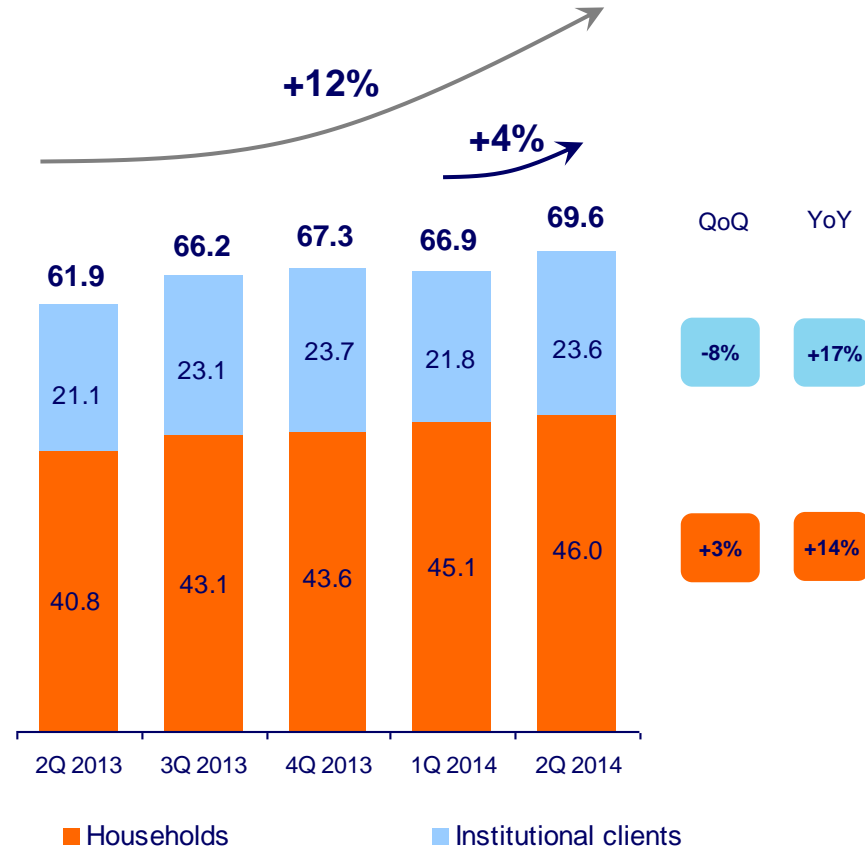
Stable deposit base

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)

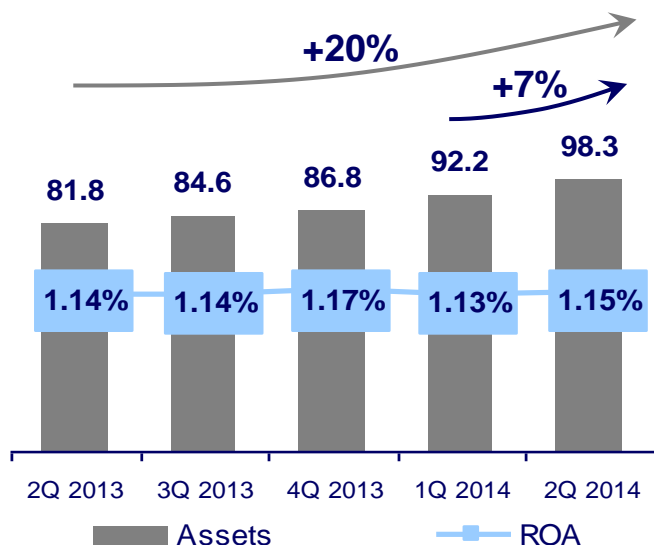


Note: deposits and other liabilities to clients do not include sell-buy-back transactions

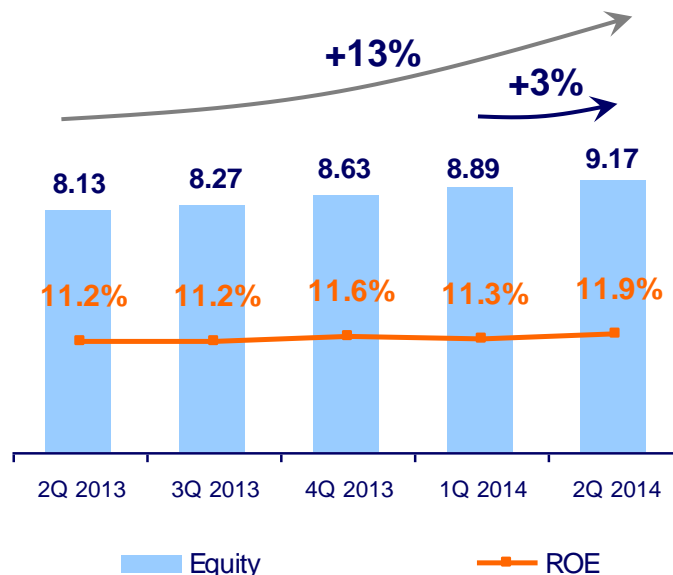


Assets, equity and profitability ratios

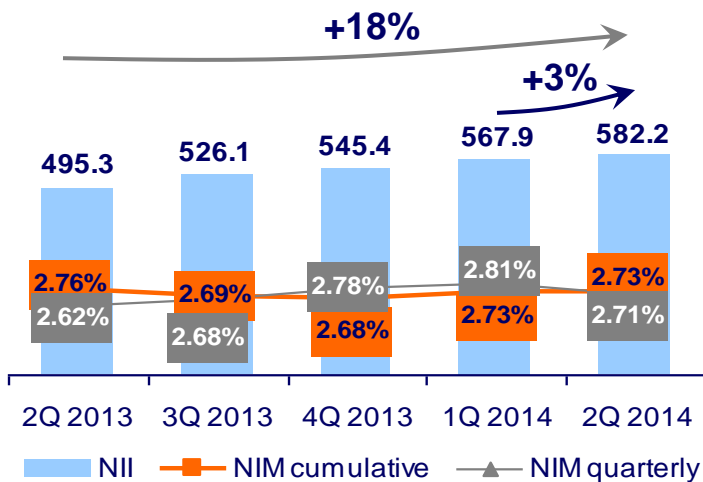
Assets (PLN bn) / ROA



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 interest from derivatives

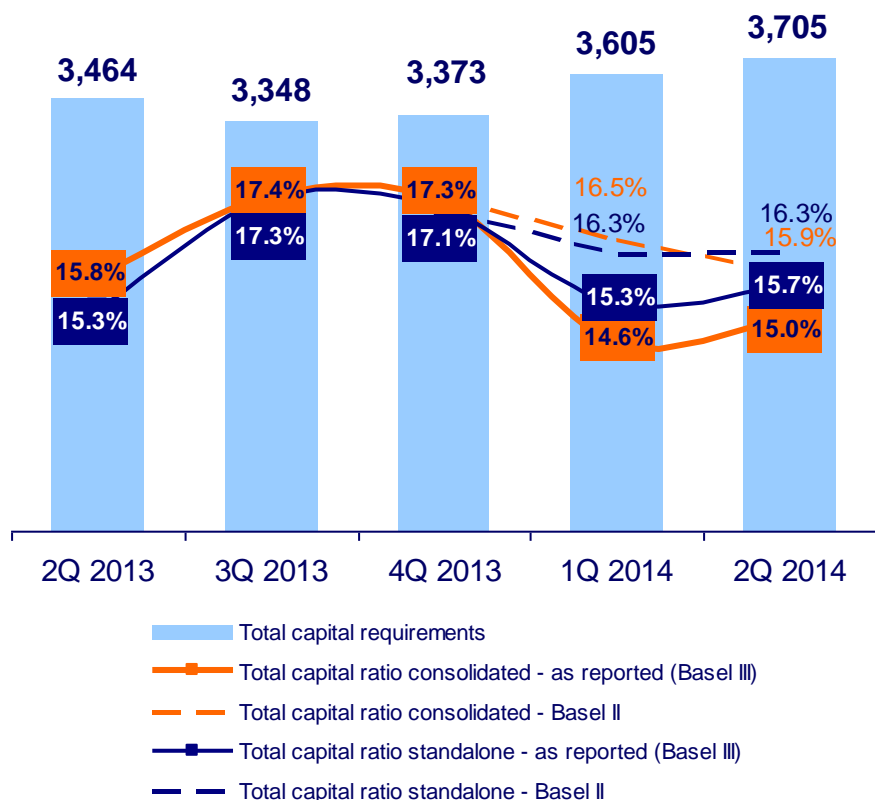
NIM annualized = sum of NII of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters

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

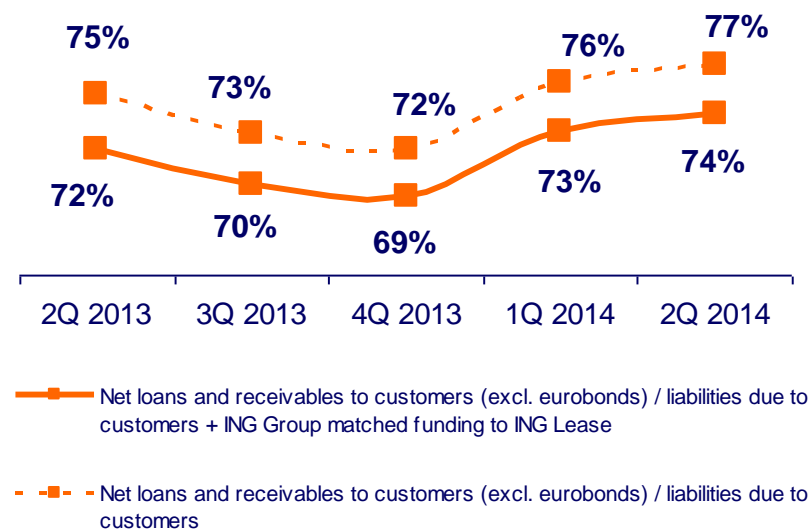


Capital Adequacy

Total capital ratio and the total capital requirements



Loans-to-deposits ratio



Total capital ratio (former capital adequacy ratio) as at the end of Q1 2014 and Q2 2014 calculated in line with Basel III requirements, taking account of the so-called national options to-date (e.g. risk weights for mortgage loans).

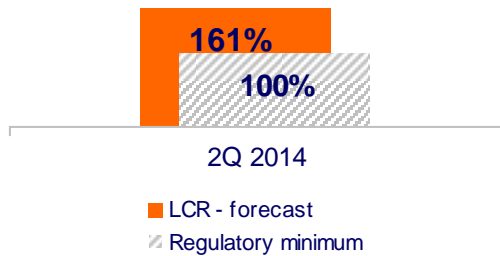
The ratio as at the end of Q2 2013, Q3 2013 and Q4 2013, calculated in line with Basel II requirements.



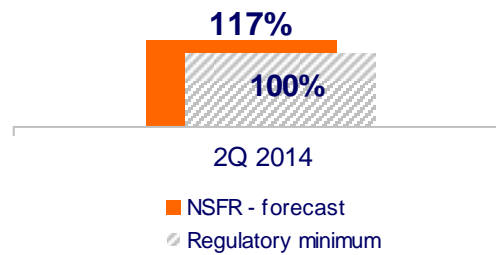
New liquidity and leverage ratios – CRD IV

Estimates on the basis of available assumptions - as at 30 June 2014

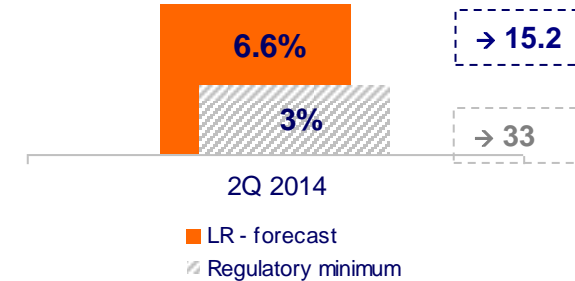
Liquidity Coverage Ratio (LCR)



Net Stable Funding Ratio (NSFR)



Leverage Ratio (LR)



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

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

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

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

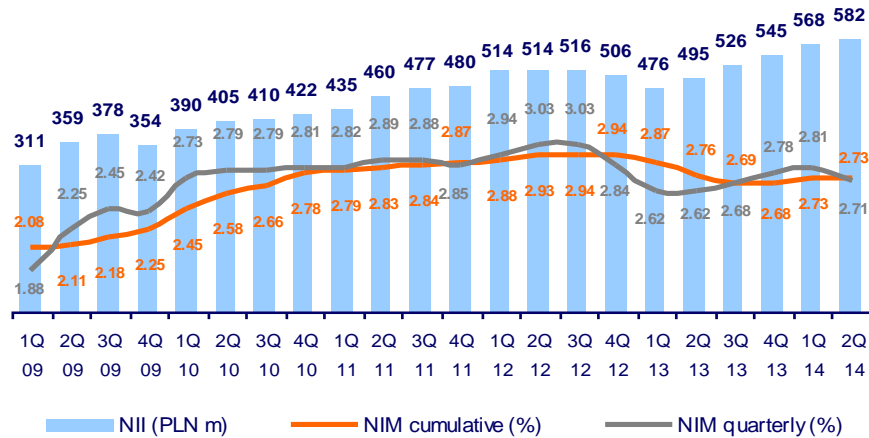
Appendix

Quarterly P&L

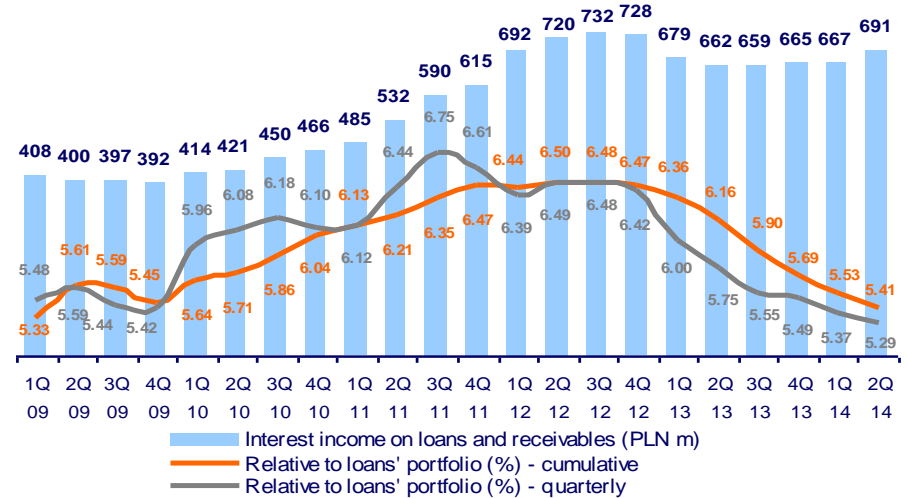
Interim condensed consolidated financial statements	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	QoQ		YoY		YTD 2013	YTD 2014	YoY	
							Δ	%	Δ	%			Δ	%
I. Net interest income, of which:	475.8	495.3	526.1	545.4	567.9	582.2	14.3	3%	86.9	18%	971.1	1,150.1	179.0	18.4%
Interest income, of which:	925.1	902.8	895.4	891.4	903.8	932.6	28.8	3%	29.8	3%	1,827.9	1,836.4	8.5	0.5%
- from loans and receivables to banks	27.8	25.3	23.8	28.5	28.7	23.8	-4.9	-17%	-1.5	-6%	53.1	52.5	-0.6	-1.1%
- from loans and receivables to customers	623.1	610.7	608.8	610.5	613.8	633.2	19.4	3%	22.5	4%	1,233.8	1,247.0	13.2	1.1%
- from leasing	40.2	37.8	37.2	39.5	39.3	42.1	2.8	7%	4.3	11%	78.0	81.4	3.4	4.4%
- from factoring	22.0	20.3	20.8	22.7	21.3	23.2	1.9	9%	2.9	14%	42.3	44.5	2.2	5.2%
- from debt securities	196.4	197.6	190.7	178.3	187.4	196.5	9.1	5%	-1.1	-1%	394.0	383.9	-10.1	-2.6%
- from BSB transactions (non trading)		8.7	1.3	1.6	3.7	4.8	1.1	30%	-3.9	n/a	8.7	8.5	-0.2	-2.3%
- interest result on derivatives	15.6	2.4	12.8	10.3	9.6	9.0	-0.6	-6%	6.6	275%	18.0	18.6	0.6	3.3%
Interest expenses, of which:	449.3	407.5	369.3	346.0	335.9	350.4	14.5	4%	-57.1	-14%	856.8	686.3	-170.5	-19.9%
- interest on deposits from banks	26.3	24.5	17.3	16.9	25.2	28.4	3.2	13%	3.9	16%	50.8	53.6	2.8	5.5%
- interest on deposits from customers	415.6	368.7	343.8	321.5	304.4	315.8	11.4	4%	-52.9	-14%	784.3	620.2	-164.1	-20.9%
- on SBB transactions (non trading)		7.0	1.8	1.2	0.4	0.7	0.3	75%	-6.3	n/a	7.0	1.1	-5.9	-84.3%
- interest on debt securities in issue	7.4	6.8	5.1	5.1	5.0	5.1	0.1	2%	-1.7	-25%	14.2	10.1	-4.1	-28.9%
- on trading financial instruments	0.0	0.5	1.3	1.3	0.9	0.4	-0.5	-56%	-0.1	n/a	0.5	1.3	0.8	160.0%
II. Net fees & commission income	251.1	261.0	245.0	264.8	276.1	279.6	3.5	1%	18.6	7%	512.1	555.7	43.6	8.5%
III. Result on trade operations and revaluation (incl investments and HA)	118.5	45.5	27.0	14.2	26.0	30.7	4.7	18%	-14.8	n/a	164.0	56.7	-107.3	-65.4%
Net income on instruments measured at fair value through profit or loss and FX result	17.1	34.3	36.4	10.1	25.3	22.8	-2.5	-10%	-11.5	-34%	51.4	48.1	-3.3	-6.4%
Net income on investments	120.4	-0.3	-11.7	0.4	0.1	4.9	4.8	n/a	5.2	n/a	120.1	5.0	-115.1	-95.8%
Net income on hedge accounting	-19.0	11.5	2.3	3.7	0.6	3.0	2.4	400%	-8.5	n/a	-7.5	3.6	11.1	-148.0%
IV. Net income on other basic activities	9.8	4.5	3.7	2.7	2.6	4.1	1.5	58%	-0.4	-9%	14.3	6.7	-7.6	-53.1%
V. Share in net profit (loss) of associated entities recognised under the equity method	9.0	7.8	9.3	12.0	11.2	1.1	-10.1	-90%	-6.7	-86%	16.8	12.3	-4.5	-26.8%
Income	864.2	814.1	811.1	839.1	883.8	897.7	13.9	2%	83.6	10%	1,678.3	1,781.5	103.2	6.1%
Expenses	482.2	477.0	458.8	450.4	471.2	480.5	9.3	2%	3.5	1%	959.2	951.7	-7.5	-0.8%
- personnel expenses	226.7	226.3	230.1	243.5	230.5	241.3	10.8	5%	15.1	7%	453.0	471.9	18.8	4.2%
- other expenses	255.5	250.7	228.7	206.9	240.7	239.2	-1.5	-1%	-11.5	-5%	506.2	479.9	-26.3	-5.2%
Result on other operating income and expenses	39.9	40.7	39.4	44.0	38.0	38.5	0.5	1%	-2.2	-5%	80.6	76.5	-4.1	-5.0%
Profit before risk costs	382.0	337.1	352.3	388.7	412.6	417.2	4.6	1%	80.1	24%	719.1	829.8	110.7	15.4%
Cost of risk	58.0	69.1	63.7	76.4	84.1	33.3	-50.8	-60%	-35.8	-52%	127.1	117.4	-9.7	-7.6%
- retail	38.0	40.4	33.0	17.0	36.7	10.6	-26.1	-71%	-29.8	-74%	78.4	47.3	-31.1	-39.7%
- corporate	20.0	28.7	30.7	59.4	47.4	22.7	-24.7	-52%	-6.0	-21%	48.7	70.1	21.4	43.9%
Profit (loss) before tax	324.0	268.0	288.6	312.3	328.5	383.9	55.4	17%	115.9	43%	592.0	712.4	120.4	20.3%
Income tax	64.3	51.1	54.2	61.8	73.9	101.5	27.6	37%	50.4	99%	115.4	175.4	60.0	52.0%
Net profit (loss), of which:	259.7	216.9	234.4	250.5	254.6	282.4	27.8	11%	65.5	30%	476.6	537.0	60.4	12.7%
Net profit (loss) attributable to the shareholders of ING Bank Śląski S.A.	259.7	216.9	234.4	250.5	254.6	282.3	27.7	11%	65.4	30%	476.6	536.9	60.3	12.7%
Net profit (loss) attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.1	0.1	n/a	0.1	n/a	0.0	0.1	0.1	n/a
	55.8%	58.6%	56.6%	53.7%	53.3%	53.5%					57.2%	53.4%		

Net interest income and margins development

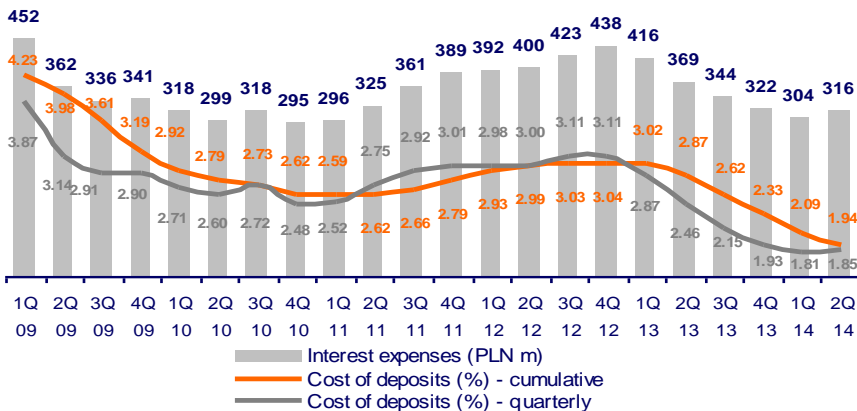
NII (PLN m) / NIM (%)



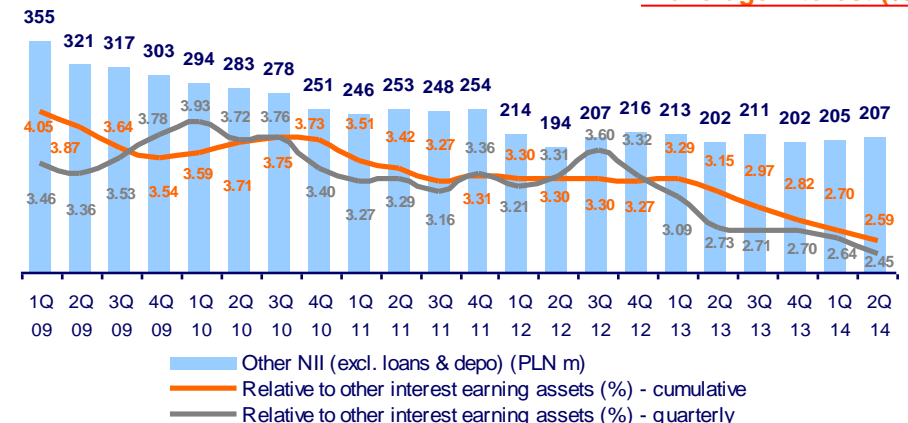
Interest income on customer loans & receivables (PLN m) / average interest (%)



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



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

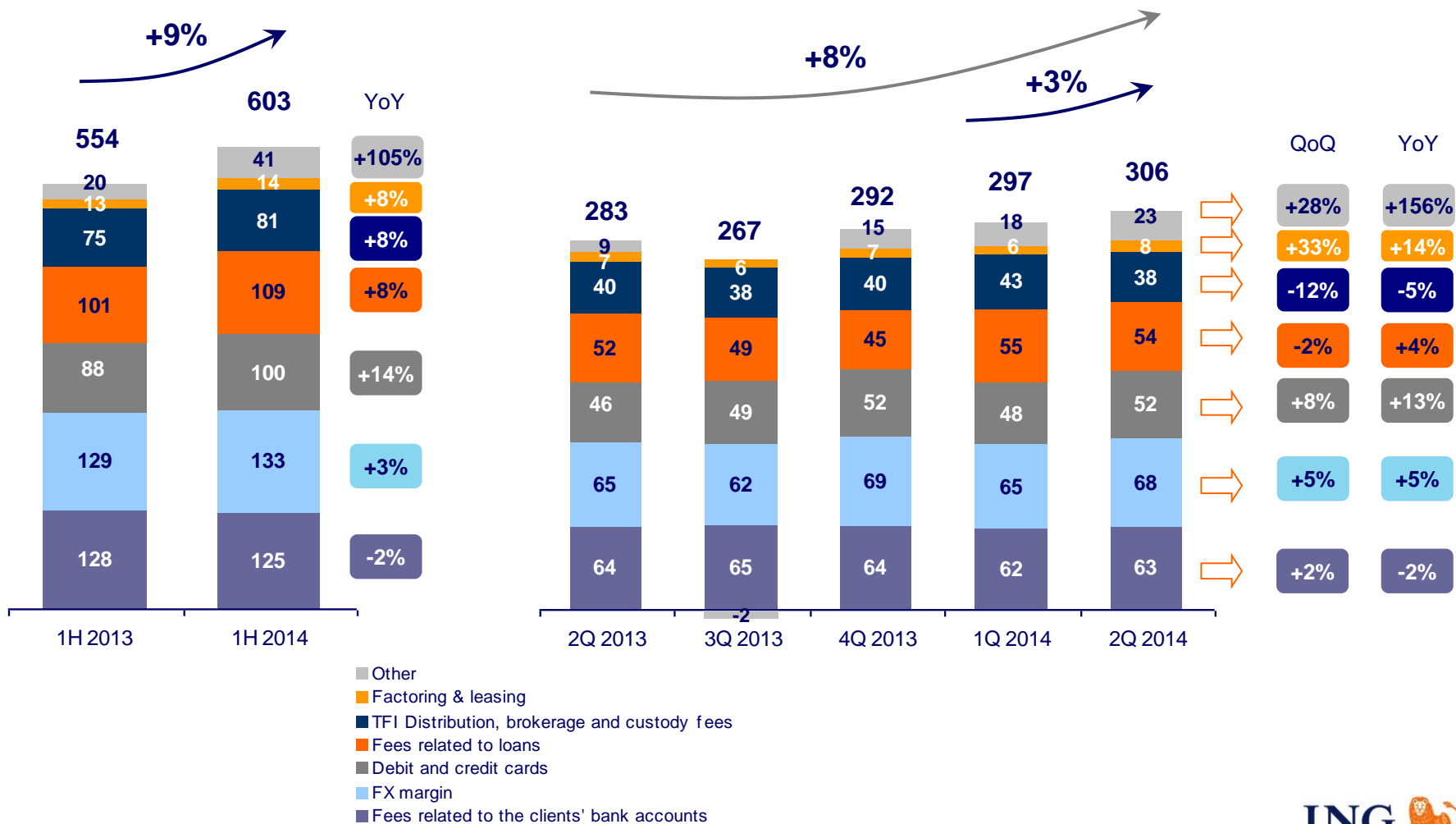


Definitions: NII – adjusted (including swap points and interest from derivatives)
 NIM annualized = sum of NII adjusted of 4 consecutive quarters / average interest earning assets of 5 consecutive quarters
 NIM quarterly = quarterly NII adjusted x4 / average interest earning assets of a quarter



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 30.06.2014	%
1	WHOLESALE TRADE	5,098	14.5%
2	REAL ESTATE SERVICE	3,869	11.0%
3	PUBLIC ADMINISTRATION AND NATIONAL DEFENSE	3,450	9.8%
4	RETAIL TRADE	2,136	6.1%
5	FOODSTUFF AND BEVERAGE PRODUCTION	1,947	5.5%
6	POWER INDUSTRY	1,768	5.0%
7	LAND AND PIPELINE TRANSPORTATION	1,484	4.2%
8	CONSTRUCTIONS INDUSTRY	1,243	3.5%
9	EQUIPMENT RENT	1,150	3.3%
10	REMAINING SERVICES CONNECTED WITH RUNNING BUSINESS	1,116	3.2%
11	FINANCIAL INTERMEDIATION	1,109	3.1%
12	READY-MADE METAL GOODS PRODUCTIONS	1,061	3.0%
13	RUBBER INDUSTRY	968	2.7%
14	COMPUTER INDUSTRY AND ASSOCIATED SERVICE	711	2.0%
15	AGRICULTURE , FORESTY , FISHERY	676	1.9%
16	FUEL INDUSTRY	670	1.9%
17	MECHANICAL VEHICLES SALE , REPAIR AND SERVICE	574	1.6%
18	METALS PRODUCTIONS	562	1.6%
19	POST OFFICE AND TELECOMMUNICATIONS	543	1.5%
20	Other	5,069	14.4%
Total exposure		35,206	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 30.06.2014	%
1	WHOLESALE TRADE	7,805	15.2%
2	REAL ESTATE SERVICE	4,364	8.5%
3	PUBLIC ADMINISTRATION AND NATIONAL DEFENSE	4,111	8.0%
4	POWER INDUSTRY	3,501	6.8%
5	FOODSTUFF AND BEVERAGE PRODUCTION	3,094	6.0%
6	RETAIL TRADE	2,919	5.7%
7	CONSTRUCTIONS INDUSTRY	2,749	5.3%
8	LAND AND PIPELINE TRANSPORTATION	1,656	3.2%
9	READY-MADE METAL GOODS PRODUCTIONS	1,484	2.9%
10	REMAINING SERVICES CONNECTED WITH RUNNING BUSINESS	1,483	2.9%
11	RUBBER INDUSTRY	1,436	2.8%
12	EQUIPMENT RENT	1,421	2.8%
13	FINANCIAL INTERMEDIATION	1,353	2.6%
14	FUEL INDUSTRY	1,274	2.5%
15	COMPUTER INDUSTRY AND ASSOCIATED SERVICE	1,164	2.3%
16	METALS PRODUCTIONS	976	1.9%
17	MECHANICAL VEHICLES SALE , REPAIR AND SERVICE	880	1.7%
18	ENGINEERING INDUSTRY	869	1.7%
19	REMAINING NON-METAL RAW MATERIALS INDUSTRIES	864	1.7%
20	Other	8,034	15.6%
Total exposure		51,437	100.0%

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

