

ING Bank Śląski S.A.

Business and Financial Results
for Q4 2016

Warsaw, 02 February 2017

Investor Information

ING Bank Śląski S.A. develops the financial statements under the International Accounting Standards (IAS) adopted by the European Union (IFRS-EU).

The financial information presented in this document has been prepared based on the same accounting principles as applied in the ING Bank Śląski S.A. Annual Report. All figures in this document are unaudited. Small differences in figures are possible.

Certain statements contained herein are not historical facts; some of them in particular are forecasts and future expectations that are based on current views and assumptions of the Management Board and that involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from data contained or implied in such statements due to the following: (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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Introduction to financial results and the Bank's market position

ING Bank Śląski in 2016 at a glance

Implementation of *Moje ING*, new mobile version, version for entrepreneurs
ING Business OnLine – new version implemented
New features: Electronic Platform of Public Administration Services, Money Coach, Remote Advisory Pilot Programme
2 million mobile banking application downloads

256 thousand new retail clients
371 thousand new accounts
10.5 thousand new corporate clients
out of which 2.1 thousand acquired on-line

Loan portfolio growth by 13% y/y
Market share in corporate loans increased to 10.5%
Market share in retail loans increased to 5.0%
Market share in mortgage loans production was 13.9%

The highest in the history net profit of PLN 1,253 million
The lowest in the history C/I ratio – 50.5%*
The highest in the history level of L/D ratio – 81.5%**
ROE of 11.7%

Market capitalisation of PLN 21 billion (EUR 4.7 billion)
Share price increase by +38% y/y

Major business results of the Bank

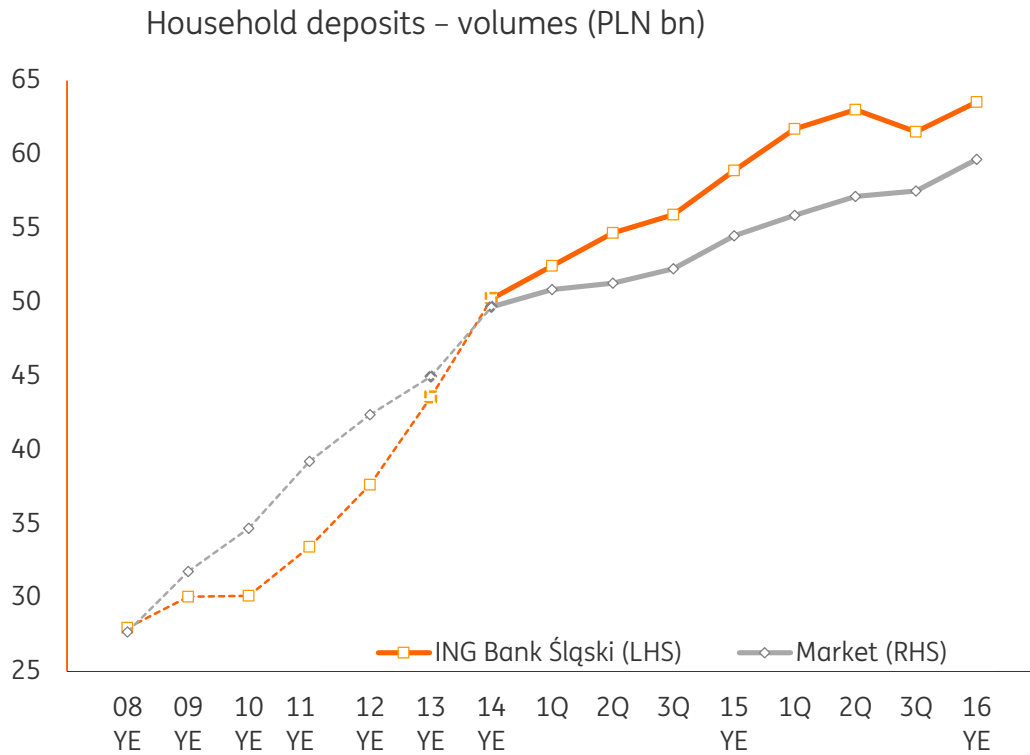
Bank's business volumes

	<i>in PLN million</i>					<i>Change q/q</i>	<i>Change y/y</i>	<i>Diff q/q</i>	<i>Diff y/y</i>
	31.12.15	31.03.16	30.06.16	30.09.16	31.12.16				
Total deposits	87 251	89 693	92 253	91 491	94 689	+ 3%	+ 9%	3 198	7 438
Corporate clients deposits	28 560	28 189	29 401	30 044	31 202	+ 4%	+ 9%	1 158	2 642
Retail clients deposits	58 691	61 504	62 852	61 447	63 488	+ 3%	+ 8%	2 041	4 797
Total funds entrusted by retail clients	66 436	68 908	70 245	69 315	71 639	+ 3%	+ 8%	2 324	5 203
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	7 746	7 404	7 393	7 868	8 151	+ 4%	+ 5%	283	405
Total loans	69 516	72 355	74 962	77 169	78 569	+ 2%	+ 13%	1 400	9 053
Loans to corporate clients incl. leasing and factoring	43 221	44 756	45 570	46 749	47 082	+ 1%	+ 9%	333	3 861
Loans to retail clients	26 295	27 599	29 391	30 420	31 487	+ 4%	+ 20%	1 067	5 192
Mortgage loans volume	19 721	20 572	21 785	22 447	23 270	+ 4%	+ 18%	823	3 549

Market position of ING Bank Śląski S.A.

Household market

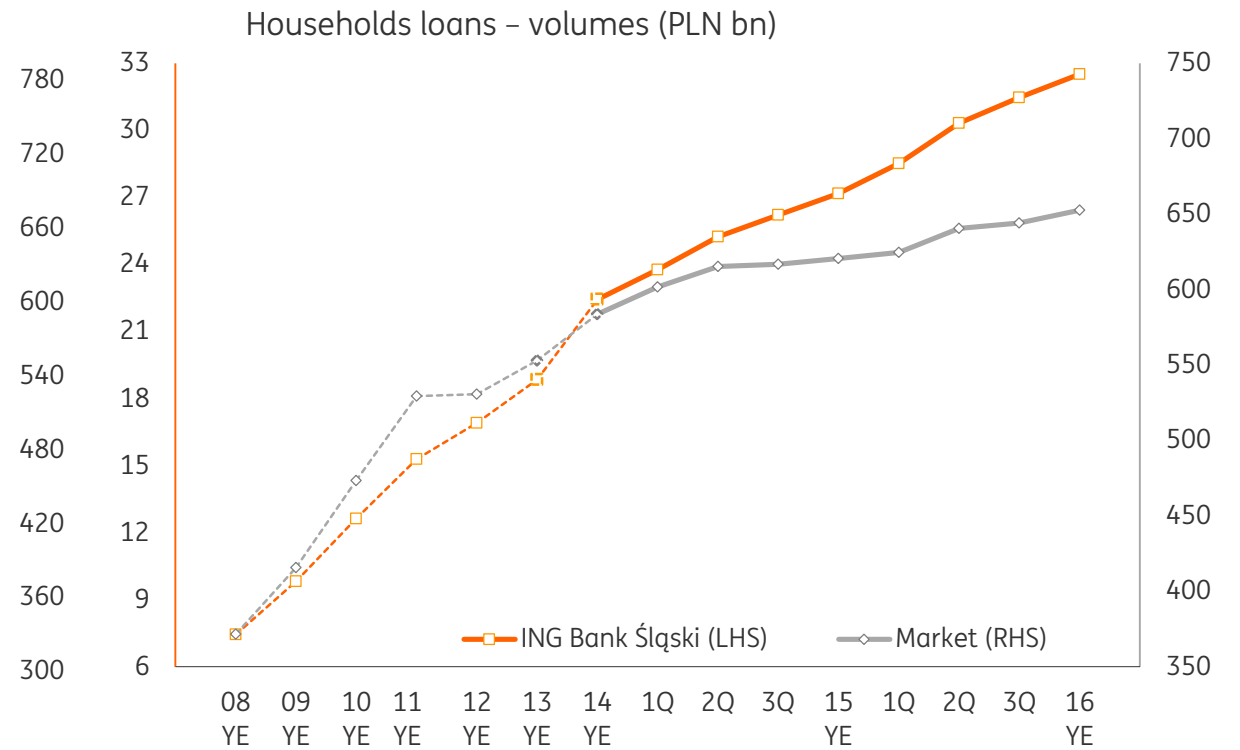
Share in the household deposits market



market share (%)

08 YE	09 YE	10 YE	11 YE	12 YE	13 YE	14 YE	15 1Q	15 2Q	15 3Q	15 YE	16 1Q	16 2Q	16 3Q	16 YE
8.42	7.88	7.24	7.10	7.40	8.07	8.42	8.60	8.89	8.92	9.01	9.21	9.19	8.91	8.88

Share in the household loans market



market share (%)

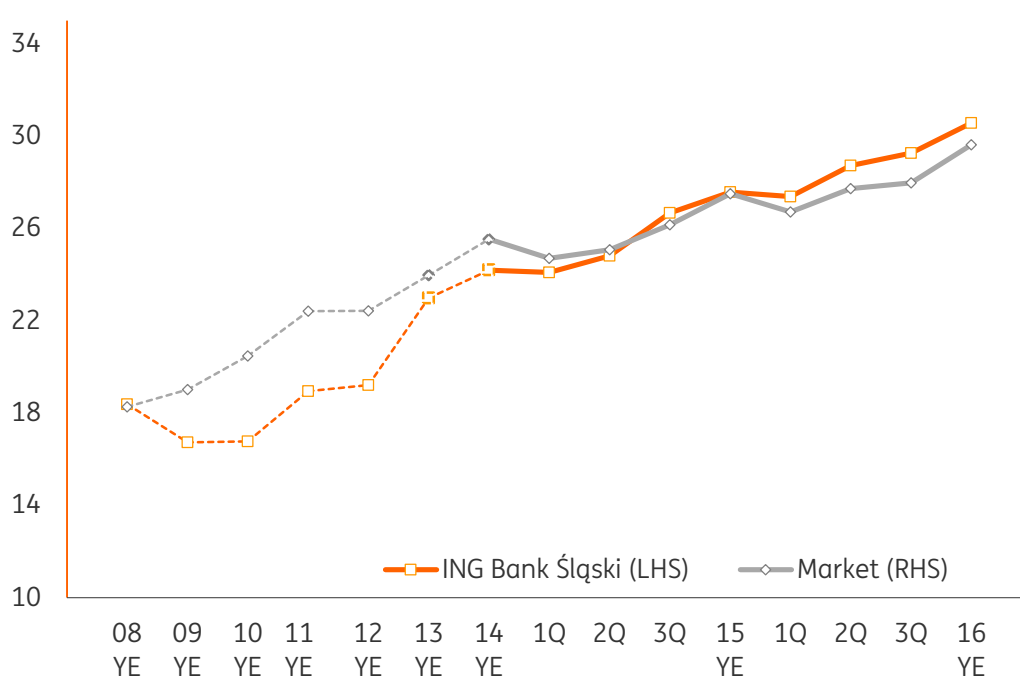
08 YE	09 YE	10 YE	11 YE	12 YE	13 YE	14 YE	15 1Q	15 2Q	15 3Q	15 YE	16 1Q	16 2Q	16 3Q	16 YE
2.00	2.36	2.67	2.89	3.19	3.41	3.84	3.95	4.10	4.25	4.38	4.56	4.73	4.88	4.98

Market position of ING Bank Śląski S.A.

Corporate market

Share in the corporate deposits market

Corporate deposits – volumes (PLN bn)

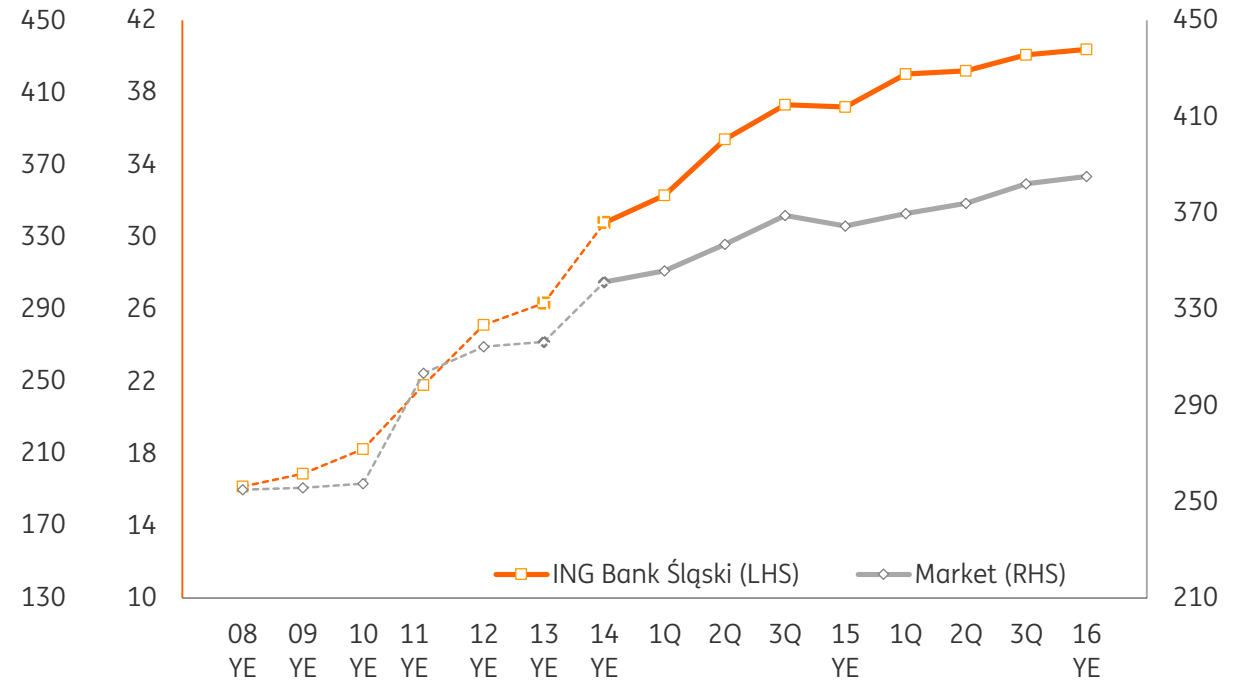


market share (%)

08 YE	09 YE	10 YE	11 YE	12 YE	13 YE	14 YE	15 1Q	15 2Q	15 3Q	15 YE	16 1Q	16 2Q	16 3Q	16 YE
7.79	6.82	6.35	6.56	6.64	7.44	7.36	7.57	7.68	7.92	7.80	7.96	8.05	8.13	8.02

Share in the corporate loans market

Corporate loans – volumes (PLN bn)

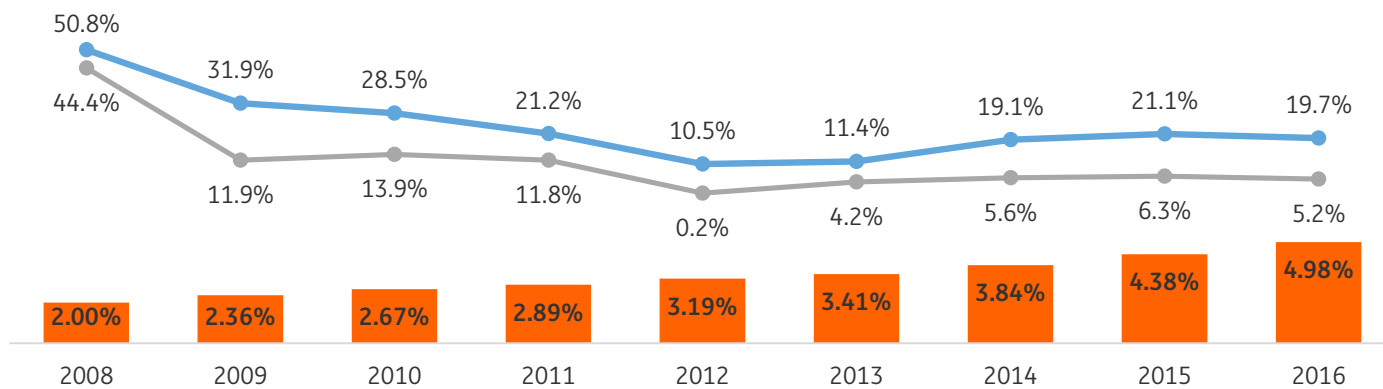


market shares (%)

08 YE	09 YE	10 YE	11 YE	12 YE	13 YE	14 YE	15 1Q	15 2Q	15 3Q	15 YE	16 1Q	16 2Q	16 3Q	16 YE
6.34	6.60	7.13	7.28	7.99	8.32	9.02	9.34	9.92	10.12	10.20	10.56	10.48	10.49	10.48

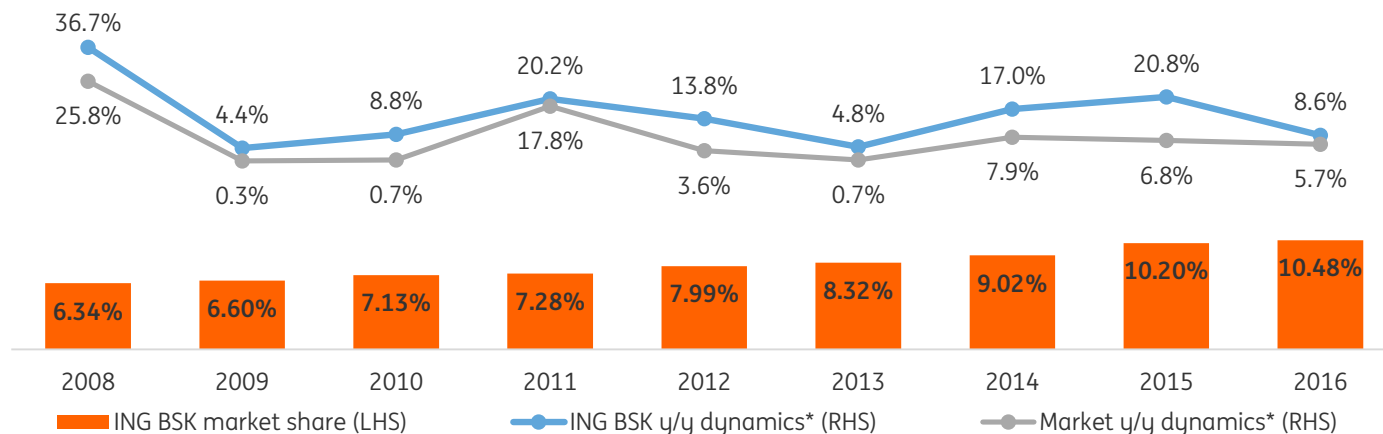
Development of the Bank's loan portfolio versus the market

Retail banking



- Average growth rate of the loan portfolio between 2008 and 2016:
 - in retail banking – 23.3%, i.e. 2.1x higher than market,
 - in corporate banking – 14.6%, i.e. 2.0x higher than market.

Corporate banking



ING Bank Śląski S.A. Financial Performance – reported

<i>PLN million</i>	12M 2015	12M 2016	change y/y
Total income	3 778,1	4 324,5	+ 14%
Total expenses	2 155,7	2 099,2	- 3%
Result before risk costs	1 622,4	2 225,3	+ 37%
Risk costs	232,1	300,6	+ 30%
Bank levy	0,0	280,2	-
Profit before tax	1 390,3	1 644,5	+ 18%
Net profit	1 127,0	1 253,0	+ 11%
Total capital ratio	13,7%	14,7%	+ 1,0 p.p.
Tier I	13,7%	13,7%	- 0,0 p.p.
ROE (%)	11,0%	11,7%	+ 0,7 p.p.
C/I Ratio (%)	57,1%	48,5%	- 8,6 p.p.

<i>PLN million</i>	4Q 2015	3Q 2016	4Q 2016	change q/q	change y/y
Total income	953,6	1 074,5	1 122,0	+ 4%	+ 18%
Total expenses	648,0	515,5	557,7	+ 8%	- 14%
Result before risk costs	305,6	559,0	564,3	+ 1%	+ 85%
Risk costs	51,5	49,7	138,5	+ 179%	+ 169%
Bank levy	0,0	75,7	77,2	+ 2%	-
Profit before tax	254,1	433,6	348,6	- 20%	+ 37%
Net profit	205,7	332,0	254,9	- 23%	+ 24%
C/I Ratio (%)	68,0%	48,0%	49,7%	+ 1,7 p.p.	- 18,3 p.p.

ING Bank Śląski S.A. Financial Performance – recurring*

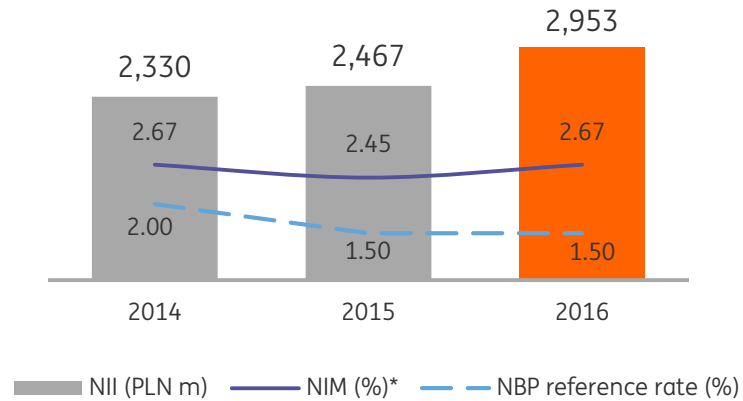
<i>PLN million</i>	12M 2015	12M 2016	change y/y
Total income*	3 677,6	4 134,9	+ 12%
Total expenses*	1 991,9	2 087,0	+ 5%
Result before risk costs*	1 685,7	2 047,9	+ 21%
Risk costs	232,1	300,6	+ 30%
Profit before tax*	1 453,6	1 747,2	+ 20%
Net profit*	1 162,7	1 389,5	+ 20%
Total capital ratio	13,7%	14,7%	+ 1,0 p.p.
Tier I	13,7%	13,7%	- 0,0 p.p.
ROE (%)*	11,3%	13,0%	+ 1,6 p.p.
C/I Ratio (%)*	54,2%	50,5%	- 3,7 p.p.

<i>PLN million</i>	4Q 2015	3Q 2016	4Q 2016	change q/q	change y/y
Total income*	953,6	1 074,5	1 122,0	+ 4%	+ 18%
Total expenses*	484,2	515,5	545,5	+ 6%	+ 13%
Result before risk costs*	469,4	559,0	576,5	+ 3%	+ 23%
Risk costs	51,5	49,7	138,5	+ 179%	+ 169%
Profit before tax*	417,9	509,3	438,0	- 14%	+ 5%
Net profit*	338,4	407,7	342,0	- 16%	+ 1%
C/I Ratio (%)*	50,8%	48,0%	48,6%	+ 0,6 p.p.	- 2,2 p.p.

11 ROE = total of net profit for 4 consecutive quarters / average equity for 5 consecutive quarters
 *excluding bank levy and one-off trades (in gross terms: 2Q15 – dividend from ING PTE PLN 82.1m, 3Q15 – disposal of ING PTE PLN 18.4m, 4Q15 – extraordinary payments to BGF and Mortgage Support Fund total PLN 163.8m, 2Q16 – disposal of Visa Europe PLN 189.6m, 4Q16 – extraordinary payment to BGF PLN 12.2m)

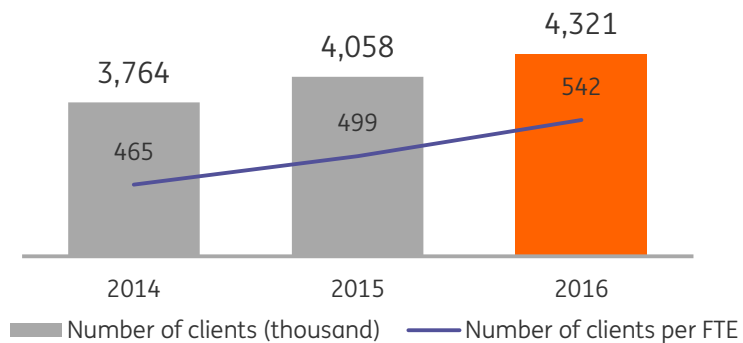
Efficiency growth

Net interest margin

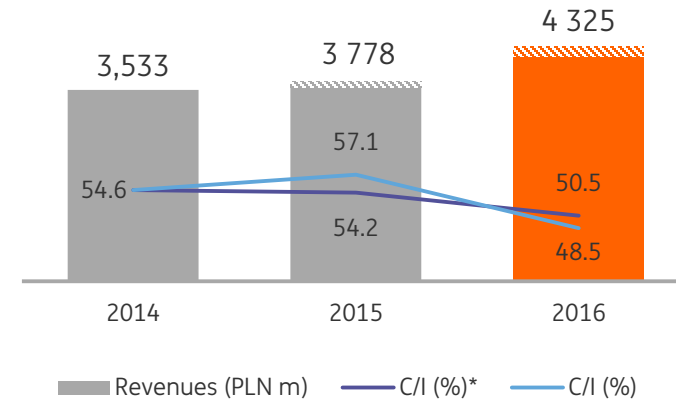


* Net Interest Margin = total of net interest income for 4 consecutive quarters / average interest assets for 5 consecutive quarters.

Number of clients per employee

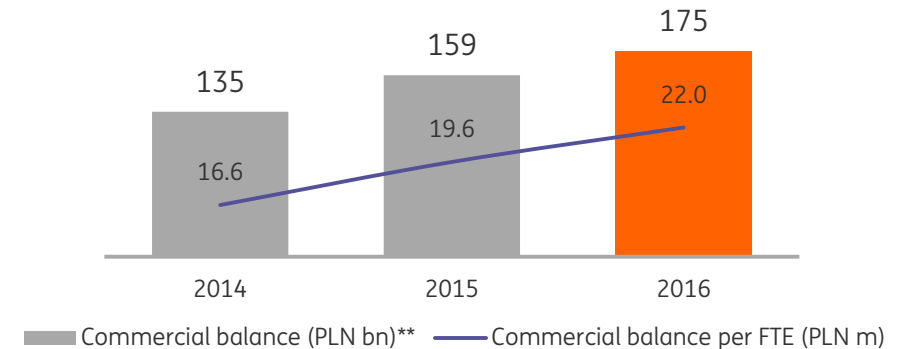


Income and cost effectiveness



*adjusted for one-offs

Commercial balances per employee



**Commercial balance = gross loans and receivables from clients (leasing and factoring included) excluding bonds + liabilities to clients

Business development



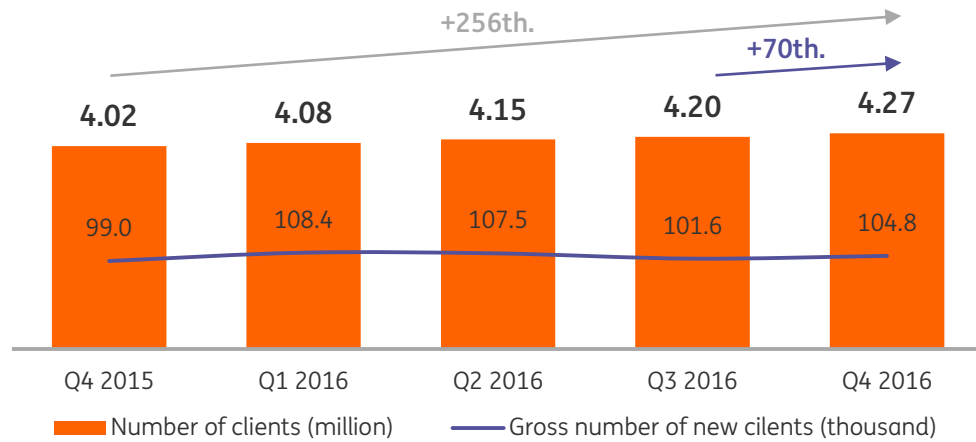
Increase in core products' sale supported by digitalization

- 2.10 million individual clients use *Moje ING* platform
- Implementation of Money Coach service aimed at educating clients and building their financial awareness
- Remote Advisory Pilot Programme at Contact Centre for clients applying for mortgage loans – granted funding of PLN 5 million
- Implementation of *Moje ING* platform for entrepreneurs enabling them to separate business and personal finance under one login
- PLN 816 million cash loans granted in Q4 2016, out of which online sales of 43% for individual clients and 20% for entrepreneurs
- 13.9% market share in the new mortgage loans production in 2016
- PLN 31.5 billion retail loans → PLN +5.2 billion (+20%) y/y and PLN +1.1 billion (+4%) q/q
- PLN 23.3 billion mortgage loans → PLN +3.5 billion (+18%) y/y and PLN +0.8 billion (+4%) q/q
- 4.27 million retail clients → +105 thousand new clients acquired in Q4 2016 and +422 thousand in 2016
- PLN 63.5 billion retail deposits → PLN +4.8 billion (+8%) y/y and PLN +2.0 billion (+3%) q/q

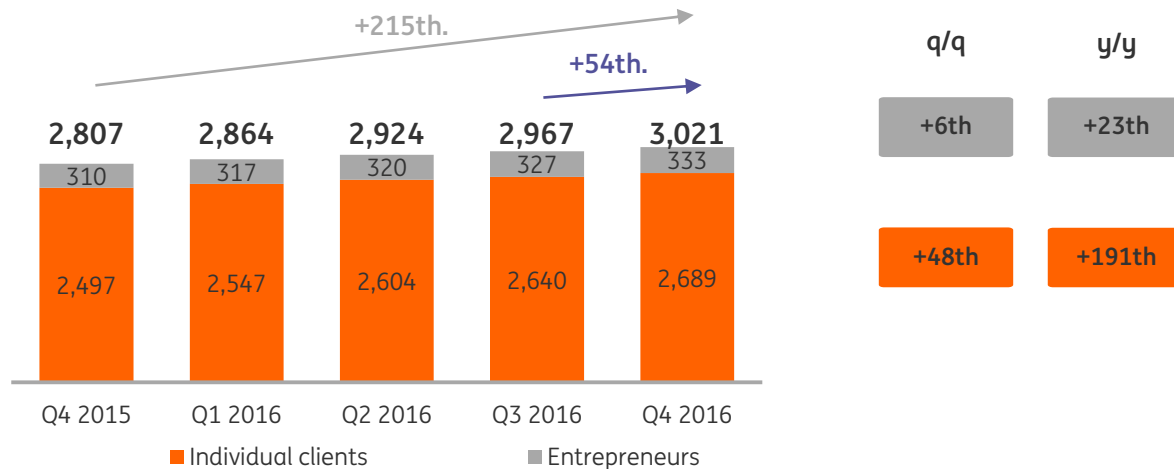
Client base

Over 4.2 million retail clients

Number of retail clients



Number of retail clients' current accounts (thousand)



Note: PLN-denominated current accounts



Połącz swoje raty i spłacaj po swojemu - raz mniej, raz więcej

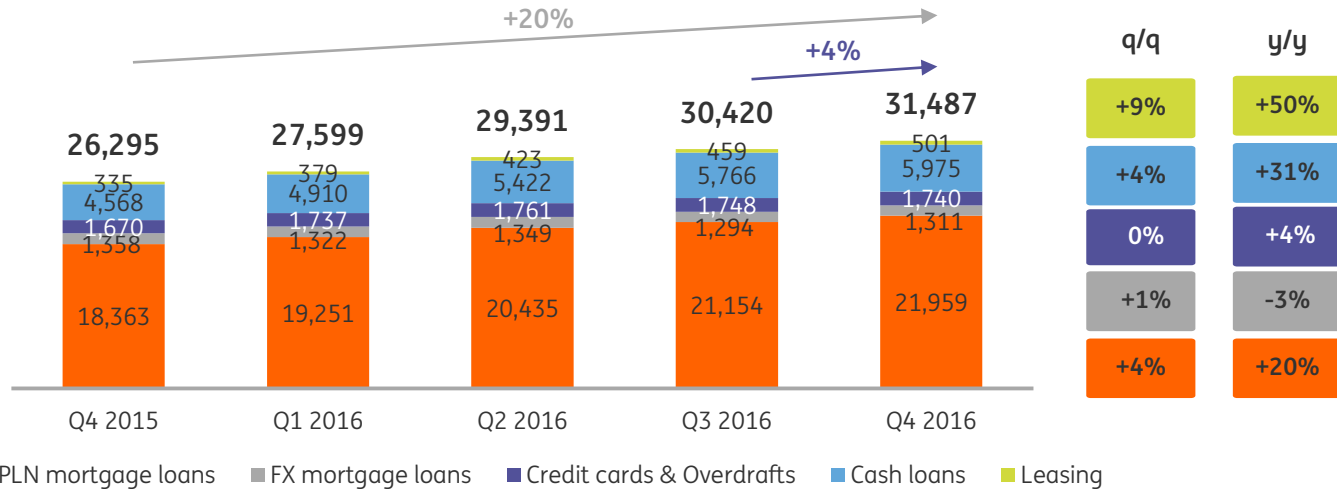
[SPRAWDŹ >](#)

- Over 3 million current accounts, 80% of which are Direct Accounts

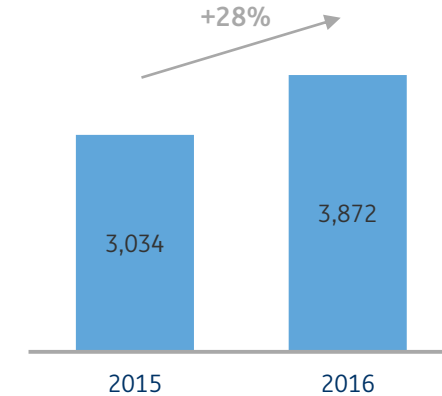
Retail lending

Constant growth in retail lending

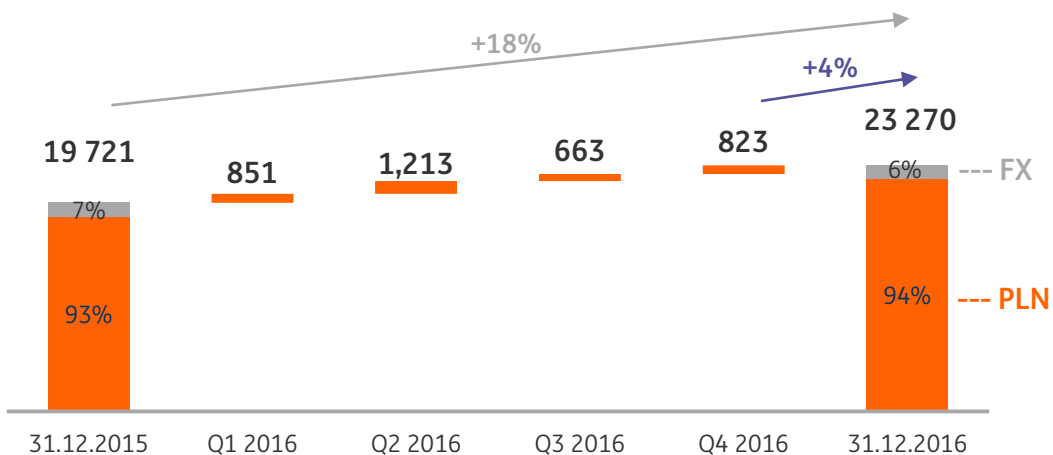
Loan portfolio of retail clients (PLN m)



Cash loan production (PLN m)



Retail mortgage loans (PLN m)

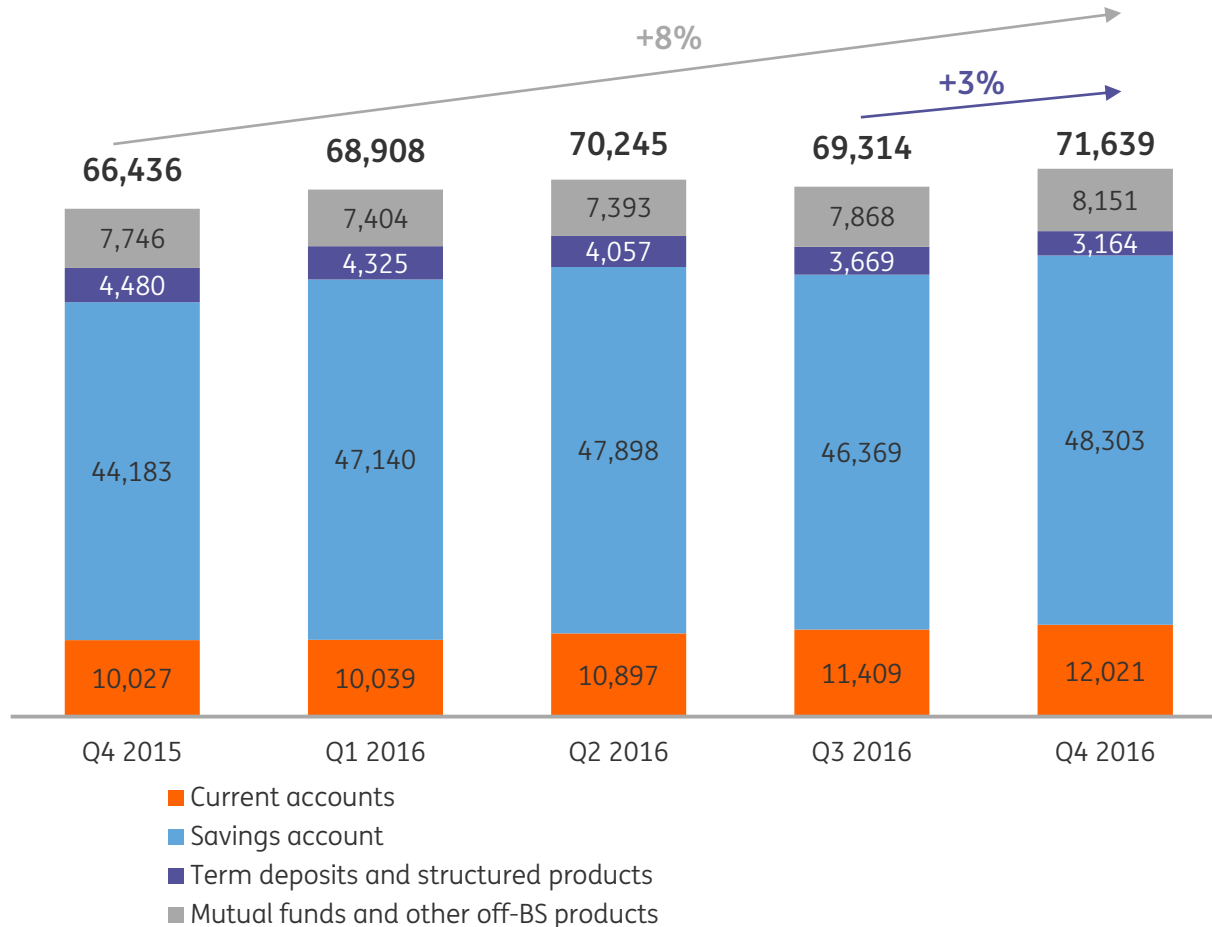


- **PLN 3.9 billion** cash loans granted to retail clients in Q1-Q4 2016 (+28% y/y), including PLN 816 million in Q4 2016 (-15% q/q and +3% y/y)
- **13.9%** market share in the sales of retail mortgage loans in 2016, **#3 in the market**.
Value of agreements signed: PLN 5.7 billion (+9% y/y)
- **8.4%** market share in PLN housing loans; **5.3%** in total housing loans (as at the end of Q4 2016)

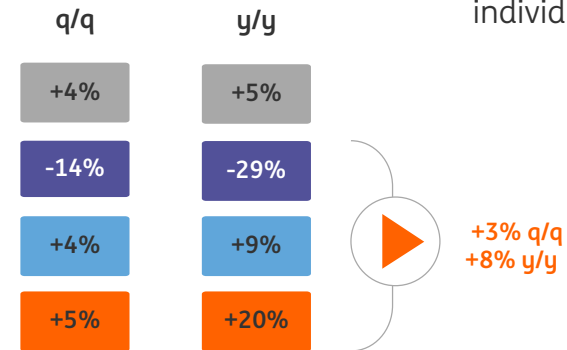
Funds entrusted

Permanent growth of stable funding base

Portfolio of funds entrusted by retail clients (PLN m)



Money Coach – A new element of *Moje ING* banking system that helps you to analyze your financial situation and on this basis identifies solutions to control spending, saving and multiplying money, tailored to individual customer needs



Distribution and service network

Increasing share of mobile banking

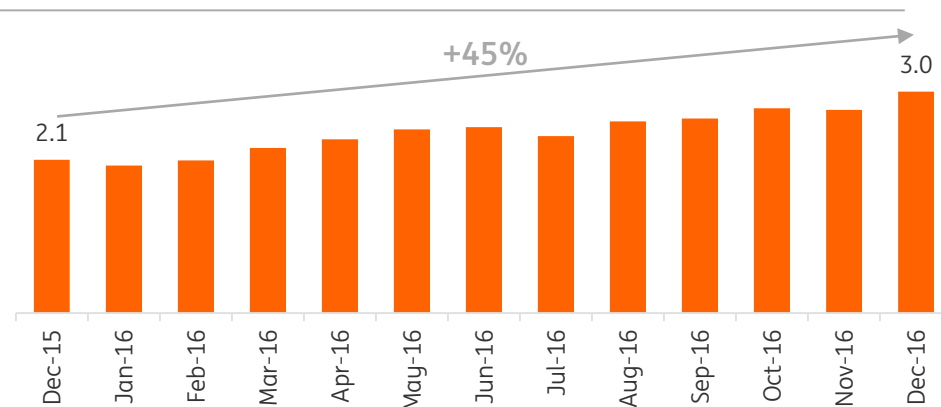


Mobile banking (ING BankMobile / ING BankMobile HD / Moje ING Mobile)

- ~ **915 thousand** clients with access to mobile banking (+6% q/q, +28% y/y)
- ~ **688 thousand** active clients* (+14% q/q, +40% y/y)
- ~ **8.5 million** transfers in Q4 2016 (+12% q/q, +47% y/y)

2.0
million
application
downloads

Number of transfers made by mobile banking (million)



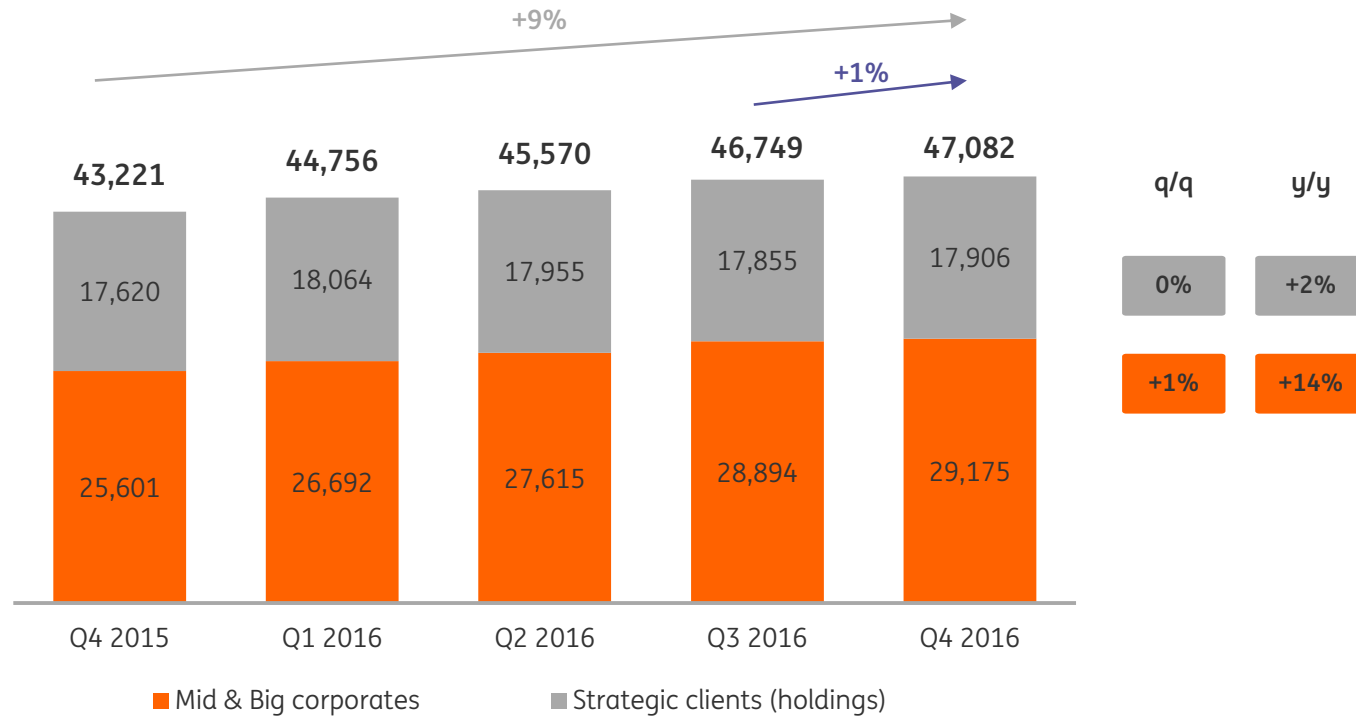
- **384** branches with self-banking zones (2 closed in 4Q16)
- **1,145** machines for cash self-service, including **932** recyclers
- **Nearly 800** contactless ATMs/Recyclers
- **65** ING Express sales points at shopping malls

Volumes growth

- Implementation of new functionalities on Aleo platform, including two-man scheme of transaction confirmations, possibility of early repayment of liability directly from the platform – increase in the usage of available limit by 42% versus Q3 2016
- 48.4 thousand corporate clients → +2.7 thousand new clients acquired in Q4 2016, +10.5 thousand in 2016
- 2.1 thousand new corporate clients acquired on-line in 2016, of which 755 in Q4 2016
- Pilot programme for on-line corporate insurance sale, increase in sales by 45% versus Q4 2015
- Guarantees for innovative SMEs – ING BSK issued 1.1 thousand of guarantees worth over PLN 0.5 billion at the end of 2016 - #5 in the market in terms of PLD guarantee sales
- 15% of active *ING Business* clients use mobile banking
- PLN 47.1 billion corporate loans and other receivables → PLN +3.9 billion (+9%) y/y and PLN +333 million (+1%) q/q
- PLN 6.1 billion leasing receivables → PLN +546 million (+10%) y/y and PLN +103 million (+2%) q/q
- PLN 3.1 billion factoring receivables → PLN +550 million (+22%) y/y and PLN -16 million (-1%) q/q
- PLN 31.2 billion corporate deposits → PLN +2.6 billion (+9%) y/y and PLN +1.2 billion (+4%) q/q

Loans

Volume of loans and other receivables to corporate clients (PLN m)



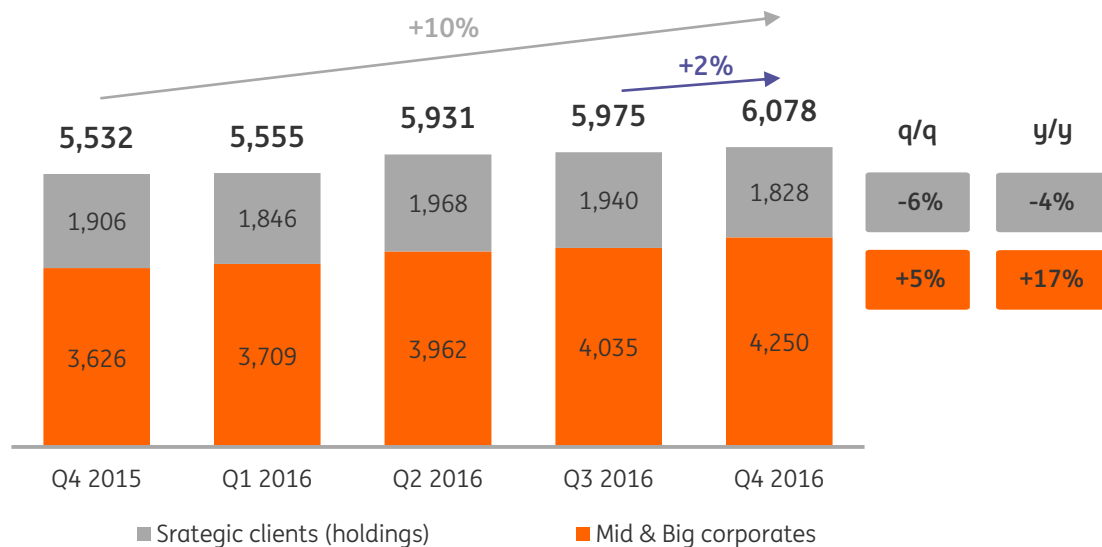
- Participation in the acquisition of Allegro and Ceneo of USD 3,253 billion in total – transaction finalised in January 2017

Asset Based Lending

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

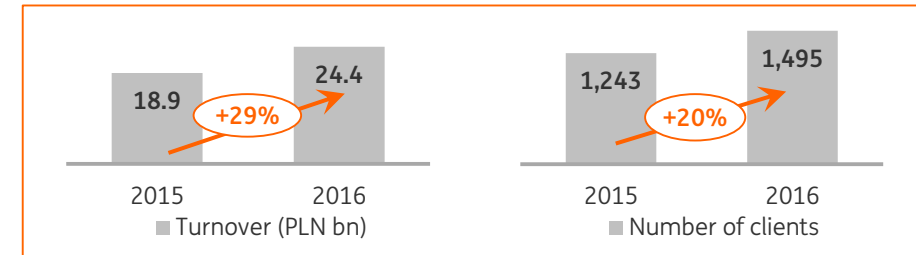
- 5.2% market share in terms of the new sales (#8 in the market)
- Market share in terms of the leasing of machinery (new sales): 6.7% (#7 in the market)
- 13.6 thousand clients using leasing services (+35% y/y)
- #5 in the market in terms of total portfolio value (2016 yearend)
- Implementation of new, extended on-line customer service portal

Leasing – financing of clients (PLN m)

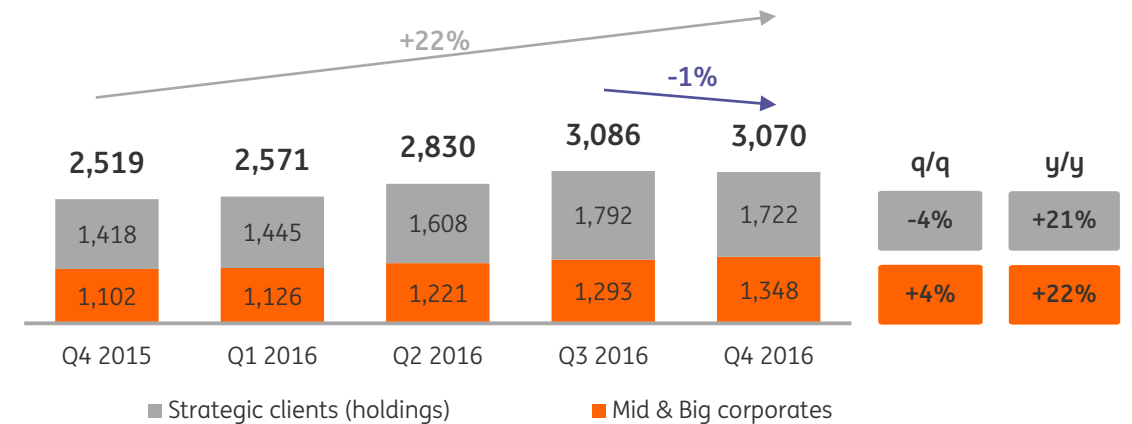


ING Commercial Finance Polska S.A. (factoring)

#1 in the market with market share of 15.4% in 2016

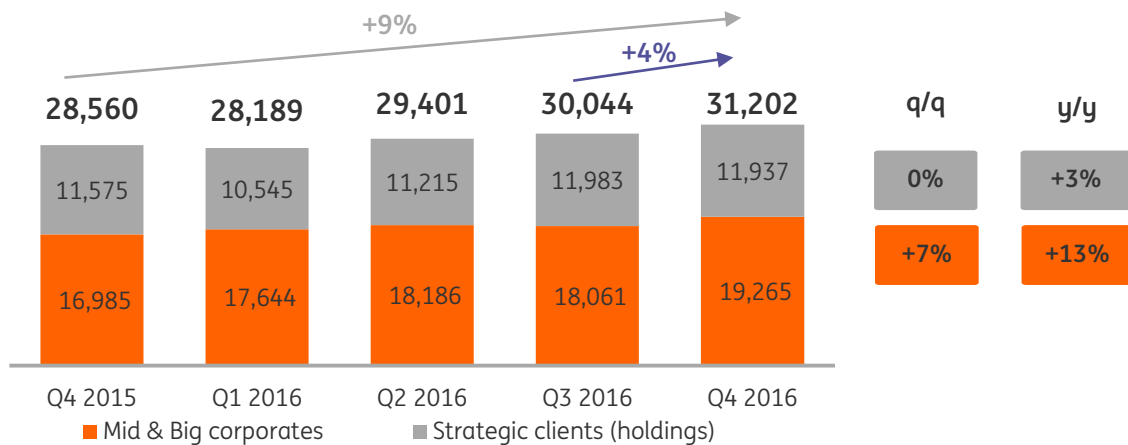


Factoring – financing of clients (PLN m)

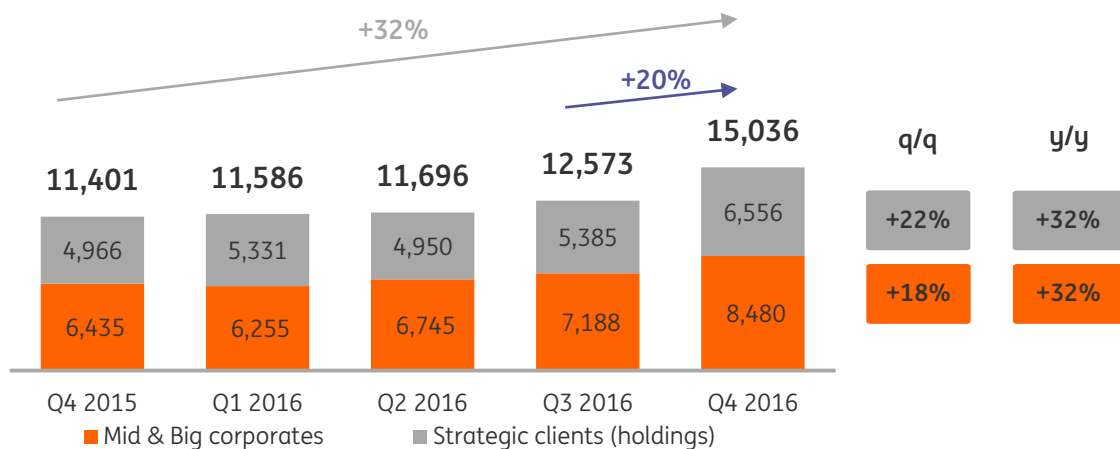


Cash management

Volume of corporate deposits (PLN m)



Volume of corporate current accounts (PLN m)



 **10.5 thousand**
(+9% y/y)
new corporate clients acquired in 2016



15% of active* ING Business clients use mobile banking

*users, who used electronic banking in the last three months



Financial results for 12M / Q4 2016



Financial results of ING Bank Śląski S.A. - reported

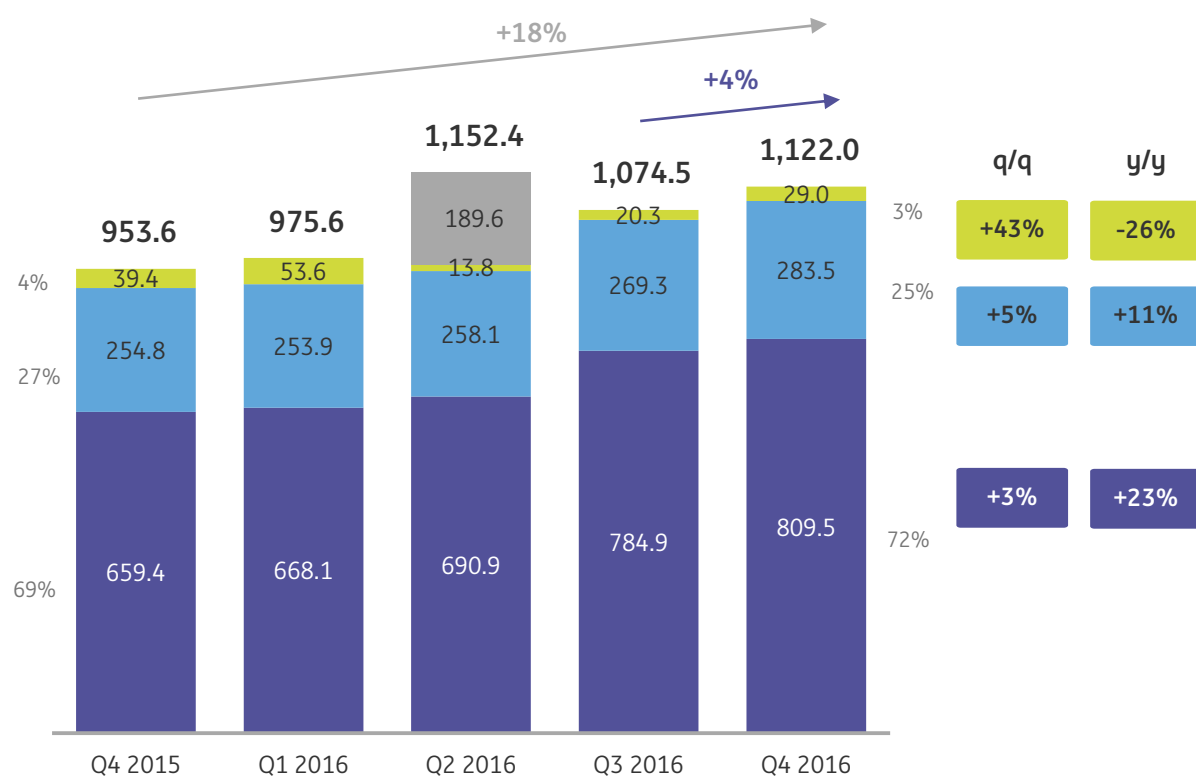
<i>PLN million</i>	4Q 2015	3Q 2016	4Q 2016	<i>change q/q</i>	<i>change y/y</i>	12M 2015	12M 2016	<i>change y/y</i>
Net interest income	659,4	784,9	809,5	+ 3%	+ 23%	2 467,1	2 953,4	+ 20%
Net commission income	254,8	269,3	283,5	+ 5%	+ 11%	1 017,2	1 064,8	+ 5%
Trading & other income	39,4	20,3	29,0	+ 43%	- 26%	293,8	306,3	+ 4%
Total income	953,6	1 074,5	1 122,0	+ 4%	+ 18%	3 778,1	4 324,5	+ 14%
Total expenses	648,0	515,5	557,7	+ 8%	- 14%	2 155,7	2 099,2	- 3%
Result before risk costs	305,6	559,0	564,3	+ 1%	+ 85%	1 622,4	2 225,3	+ 37%
Risk costs	51,5	49,7	138,5	+ 179%	+ 169%	232,1	300,6	+ 30%
Bank levy	0,0	75,7	77,2	+ 2%	-	0,0	280,2	-
Profit before tax	254,1	433,6	348,6	- 20%	+ 37%	1 390,3	1 644,5	+ 18%
Net profit	205,7	332,0	254,9	- 23%	+ 24%	1 127,0	1 253,0	+ 11%
Total capital ratio	13,7%	14,8%	14,7%	- 0,1 p.p.	+ 1,0 p.p.	13,7%	14,7%	+ 1,0 p.p.
Tier I	13,7%	13,8%	13,7%	- 0,1 p.p.	- 0,0 p.p.	13,7%	13,7%	- 0,0 p.p.
ROE (%)	11,0%	11,3%	11,7%	+ 0,4 p.p.	+ 0,7 p.p.	11,0%	11,7%	+ 0,7 p.p.
C/I ratio (%)	68,0%	48,0%	49,7%	+ 1,7 p.p.	- 18,2 p.p.	57,1%	48,5%	- 8,5 p.p.

Financial results of ING Bank Śląski S.A. – recurring*

<i>PLN million</i>	4Q 2015	3Q 2016	4Q 2016	<i>change q/q</i>	<i>change y/y</i>	12M 2015	12M 2016	<i>change y/y</i>
Net interest income	659,4	784,9	809,5	+ 3%	+ 23%	2 467,1	2 953,4	+ 20%
Net commission income	254,8	269,3	283,5	+ 5%	+ 11%	1 017,2	1 064,8	+ 5%
Trading & other income*	39,4	20,3	29,0	+ 43%	- 26%	193,3	116,6	- 40%
Total income*	953,6	1 074,5	1 122,0	+ 4%	+ 18%	3 677,6	4 134,8	+ 12%
Total expenses*	484,2	515,5	545,5	+ 6%	+ 13%	1 991,9	2 087,0	+ 5%
Result before risk costs*	469,4	559,0	576,5	+ 3%	+ 23%	1 685,7	2 047,9	+ 21%
Risk costs	51,5	49,7	138,5	+ 179%	+ 169%	232,1	300,6	+ 30%
Profit before tax*	417,9	509,3	438,0	- 14%	+ 5%	1 453,6	1 747,2	+ 20%
Net profit*	338,4	407,7	342,0	- 16%	+ 1%	1 162,7	1 389,5	+ 20%
Total capital ratio	13,7%	14,8%	14,7%	- 0,1 p.p.	+ 1,0 p.p.	13,7%	14,7%	+ 1,0 p.p.
Tier I	13,7%	13,8%	13,7%	- 0,1 p.p.	- 0,0 p.p.	13,7%	13,7%	- 0,0 p.p.
ROE (%)*	11,3%	13,0%	13,0%	- 0,0 p.p.	+ 1,6 p.p.	11,3%	13,0%	+ 1,6 p.p.
C/I ratio (%)*	50,8%	48,0%	48,6%	+ 0,6 p.p.	- 2,2 p.p.	54,2%	50,5%	- 3,7 p.p.

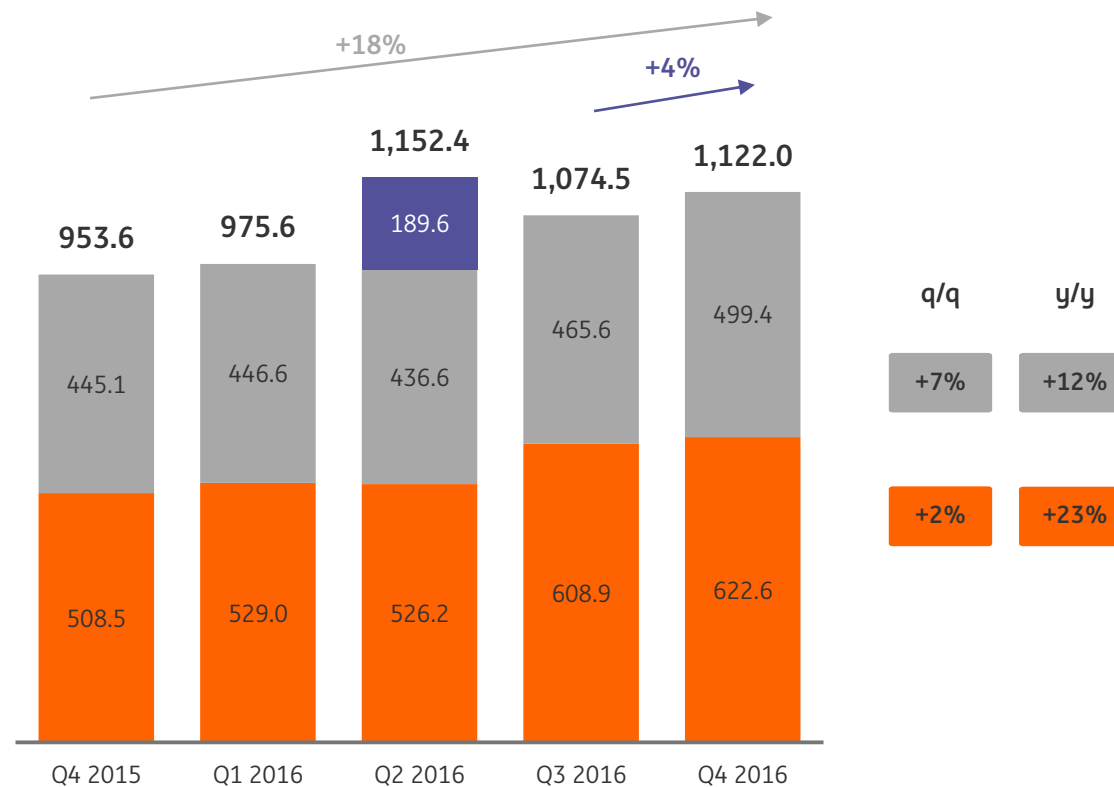
Income per category

Income per P&L (PLN m)



■ Net interest income ■ Net fees and commissions ■ Other income ■ One-offs (Visa)

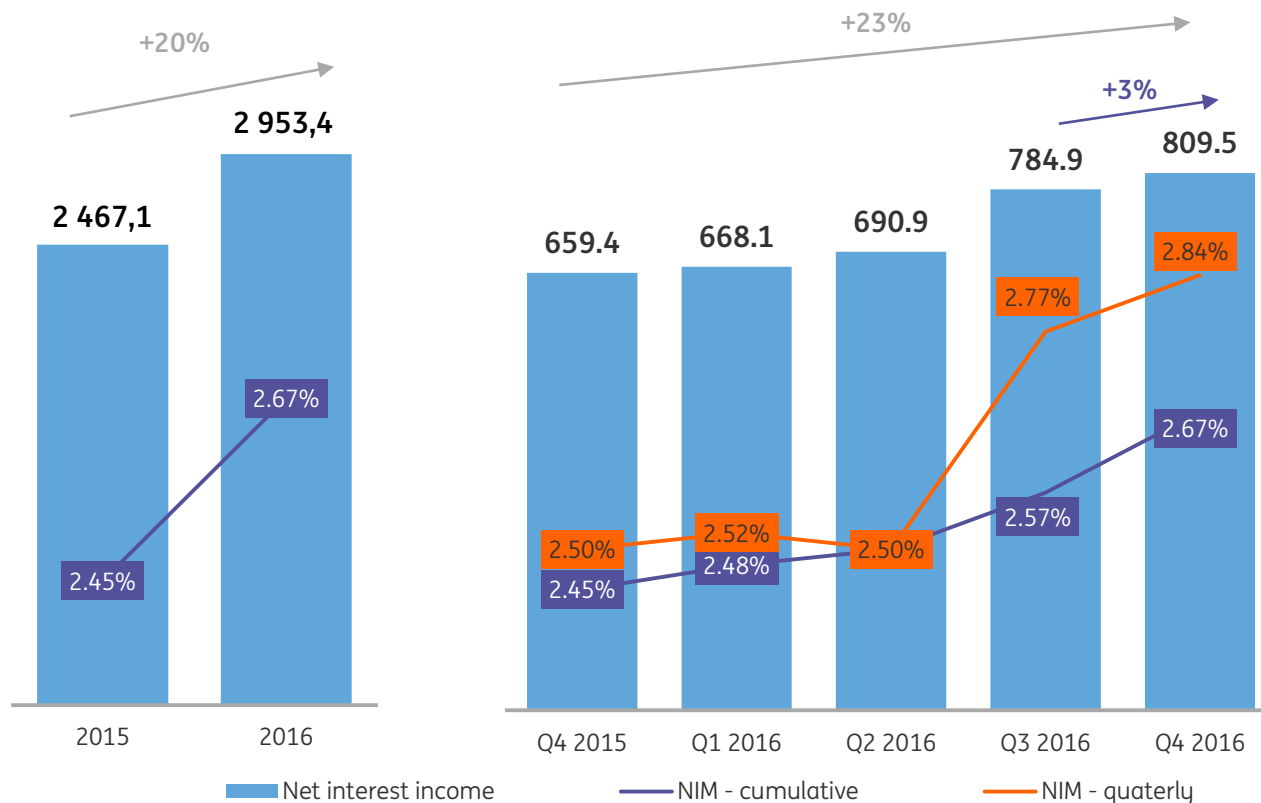
Income per business line (PLN m)



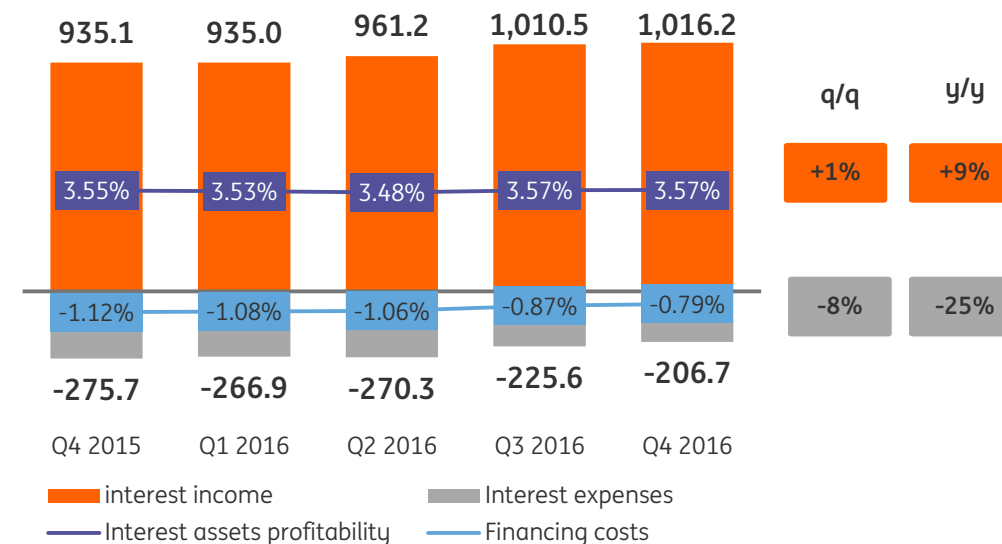
■ Retail Banking ■ Corporate Banking ■ One-offs (Visa)

Net interest income

Net interest income (PLN m) and net interest margin



Interest income and expenses (PLN m)



1.75%

1.70%

1.73%

1.69%

1.68%

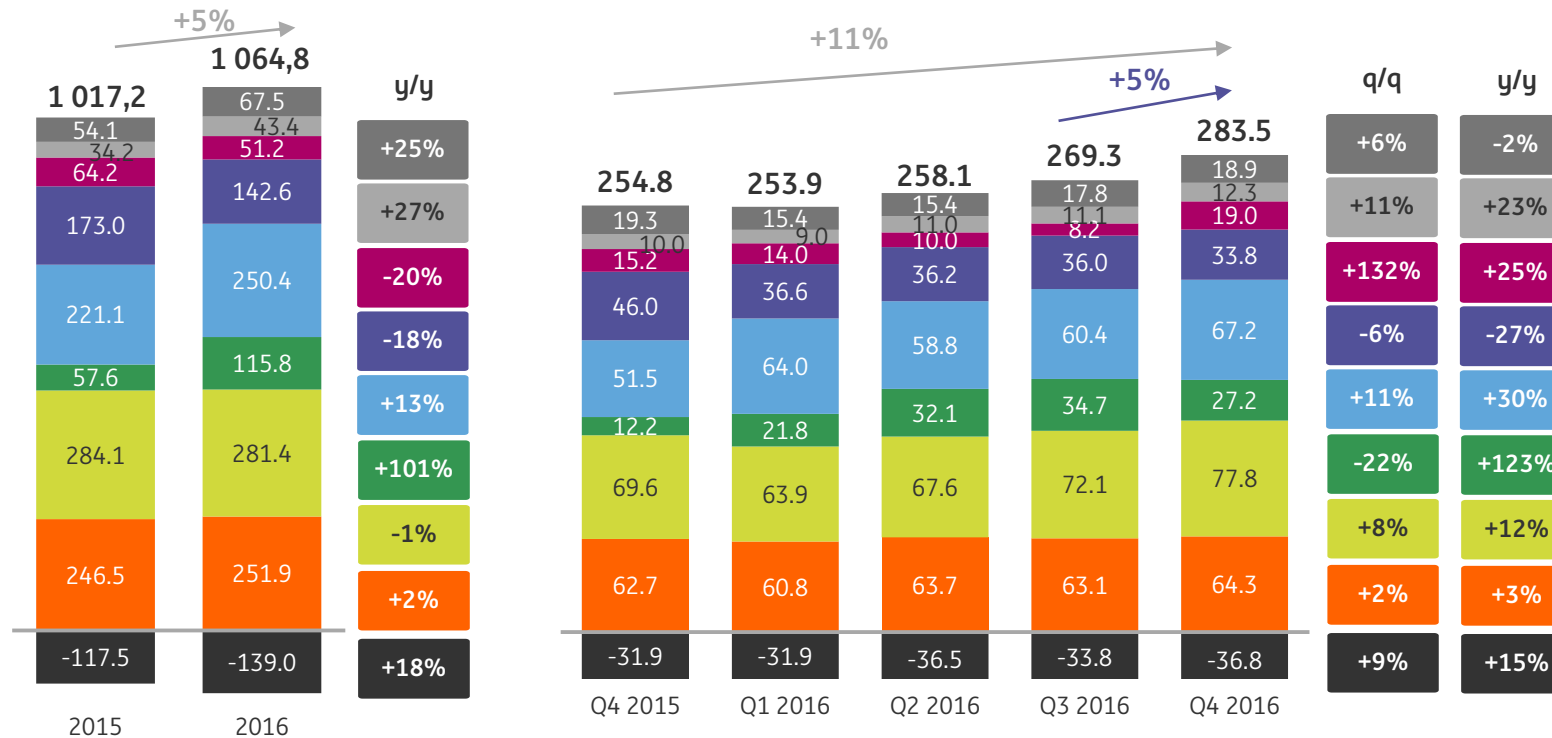
1.71%

1.73%

3M WIBOR

Fee and commission income

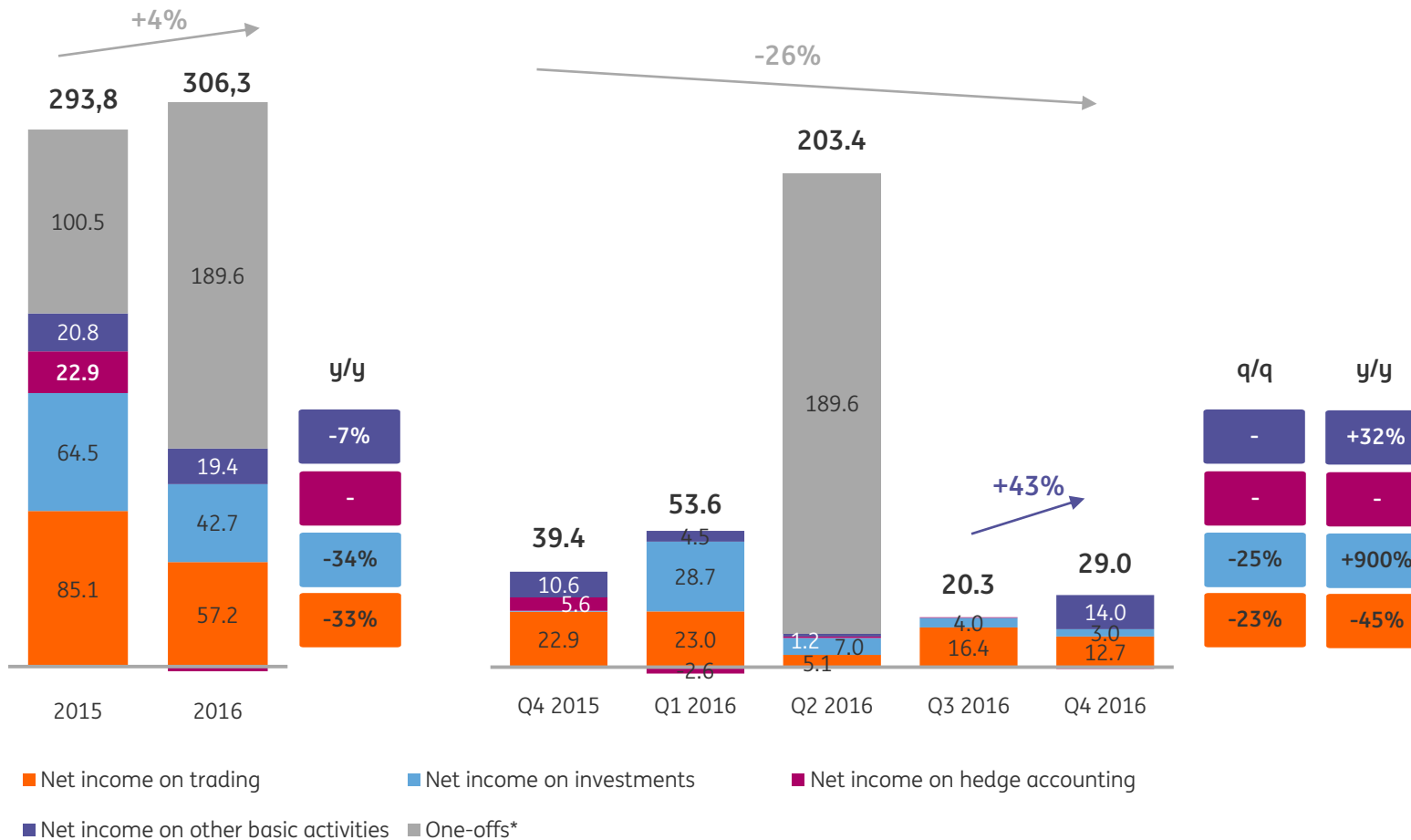
Fee and commission income per category (PLN m)



- Higher volume of FX transactions
- Seasonally lower card revenues
- Higher net commission income on loans in the corporate segment

Other income

Other income (PLN m)

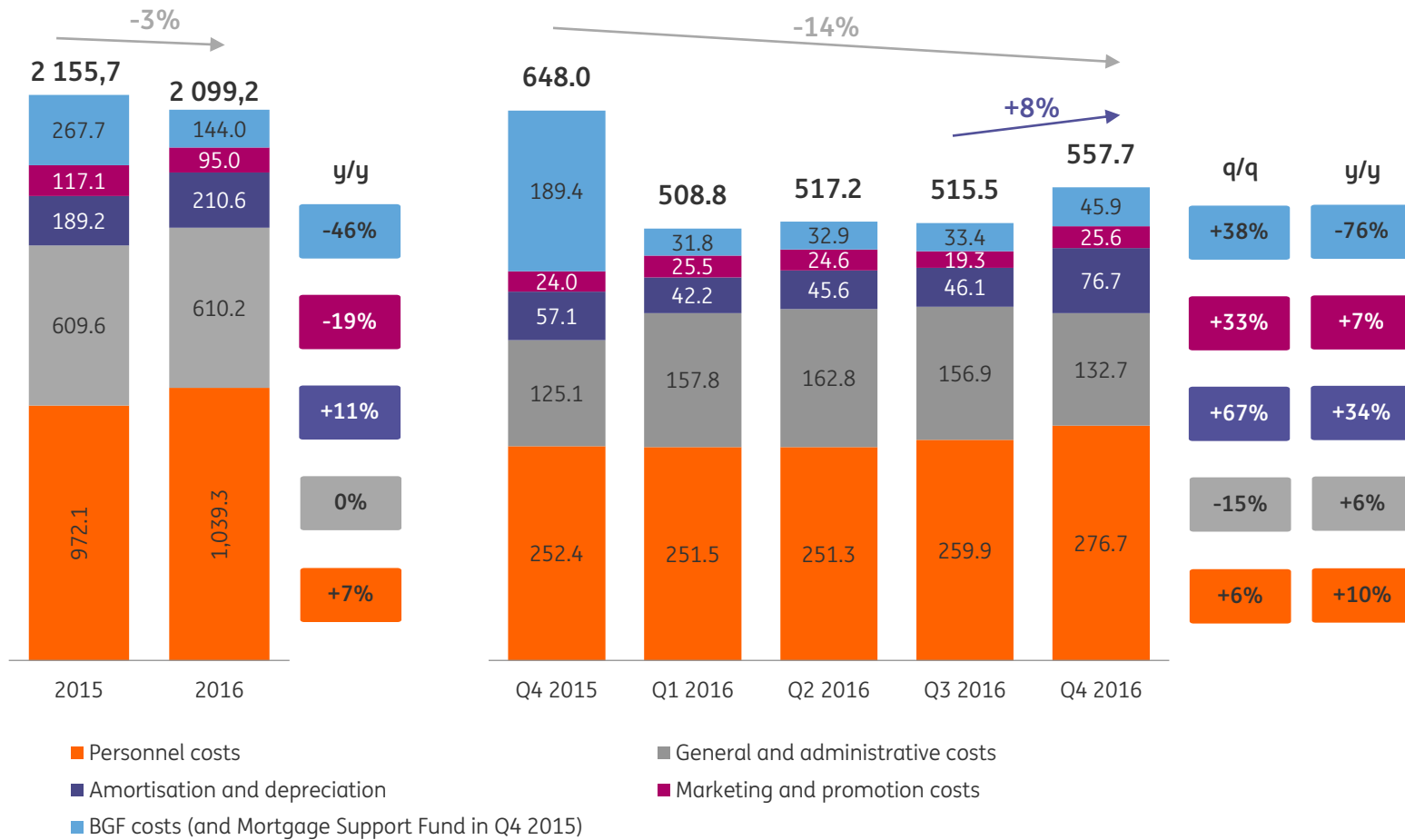


One-offs*:

- Q2 2016 – disposal of Visa (PLN 189.6m)
- Q3 2015 – disposal of ING PTE (PLN 18.4m)
- Q2 2015 – dividend from ING PTE (PLN 82.1m)

Total expenses

Total expenses (PLN m)

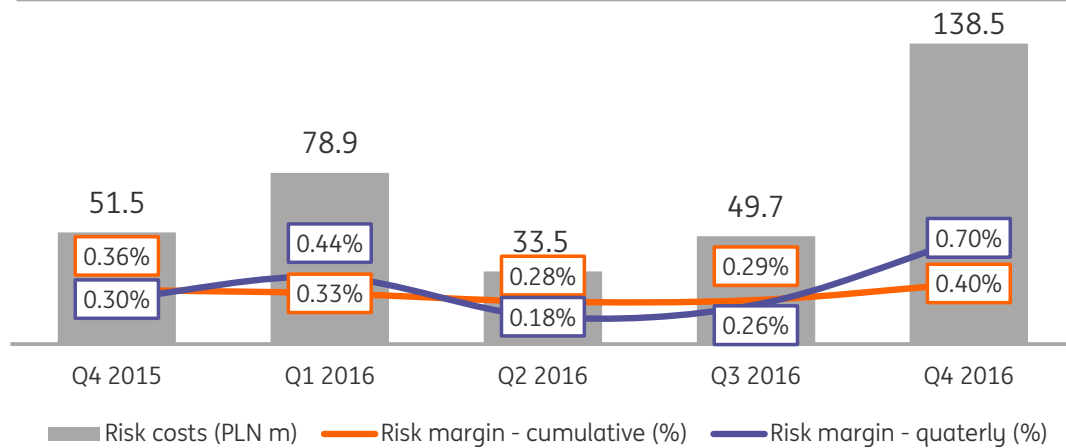


- Change to accounting rules regarding licenses and software (one-off effect of PLN 25.7m)
- Regulatory costs increased by extraordinary contributions to BGF and Mortgage Support Fund:
 - Q4 2016 – Cooperative Bank in Nadarzyn (PLN 12.2m);
 - Q4 2015 – SK Bank (PLN 157.4m) and Mortgage Support Fund (PLN 6.4m)



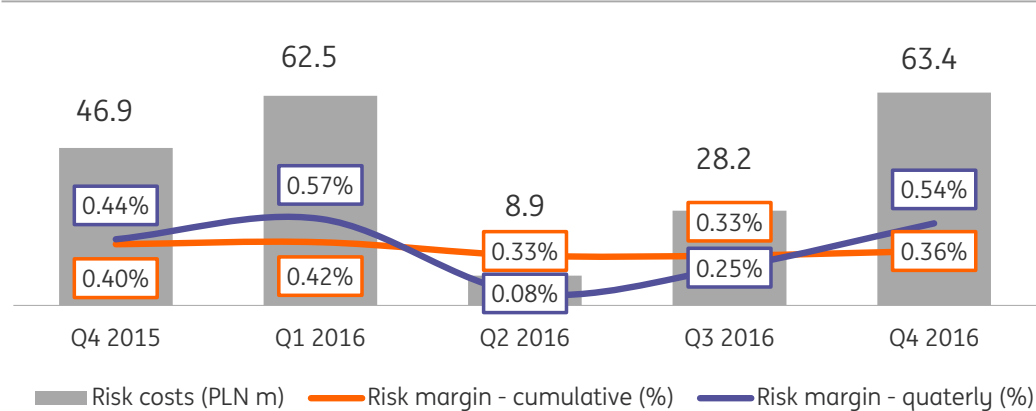
Risk costs

Group

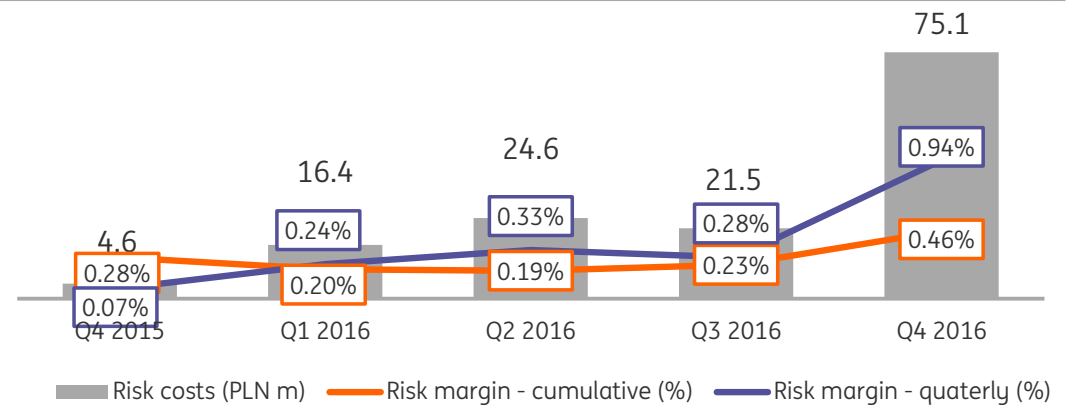


- December 2016 – sale of corporate NPLs (PLN +11.5m profit before tax out of which PLN +10.7m for provisions)
- Q4 2016 – creation of IBNR provision for CHF retail mortgage loans of PLN 31.8m

Corporate Banking



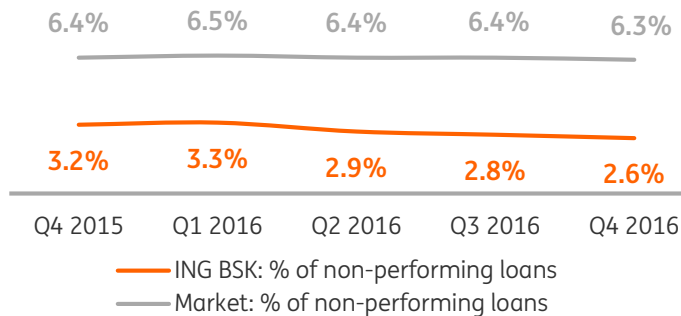
Retail Banking



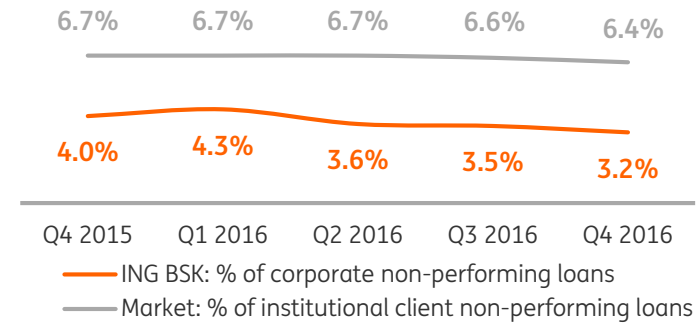
Portfolio quality and provisioning

Share of non-performing portfolio in the total loan portfolio

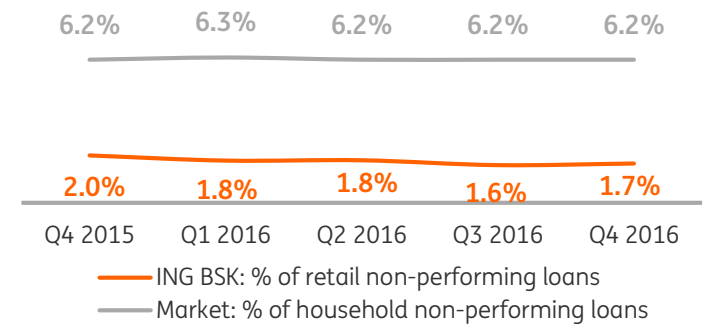
Group



Corporate Banking



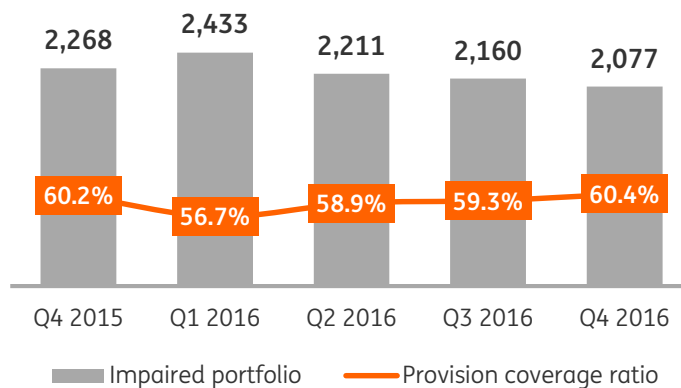
Retail Banking



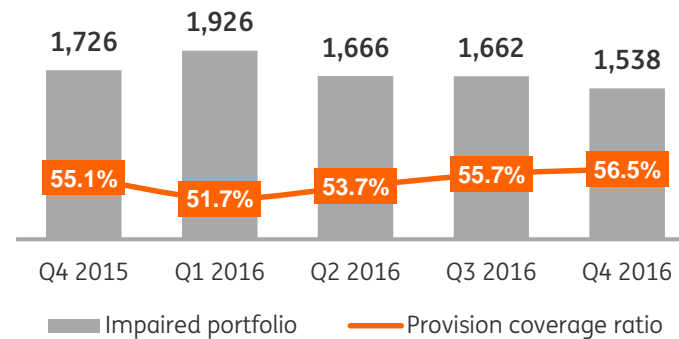
Note: market ratios - estimates based on NBP data, data as of November 2016

Impaired loan portfolio (PLN m) and provision coverage ratio (%)

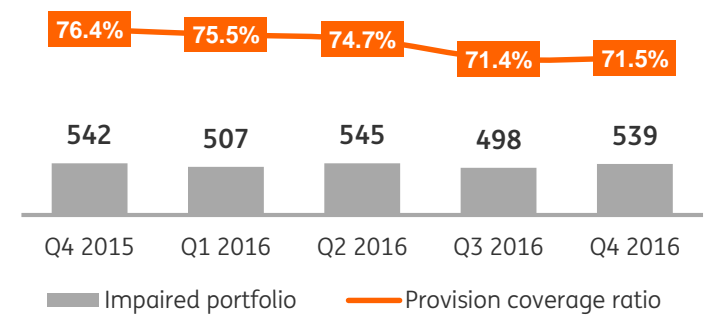
Group



Corporate Banking

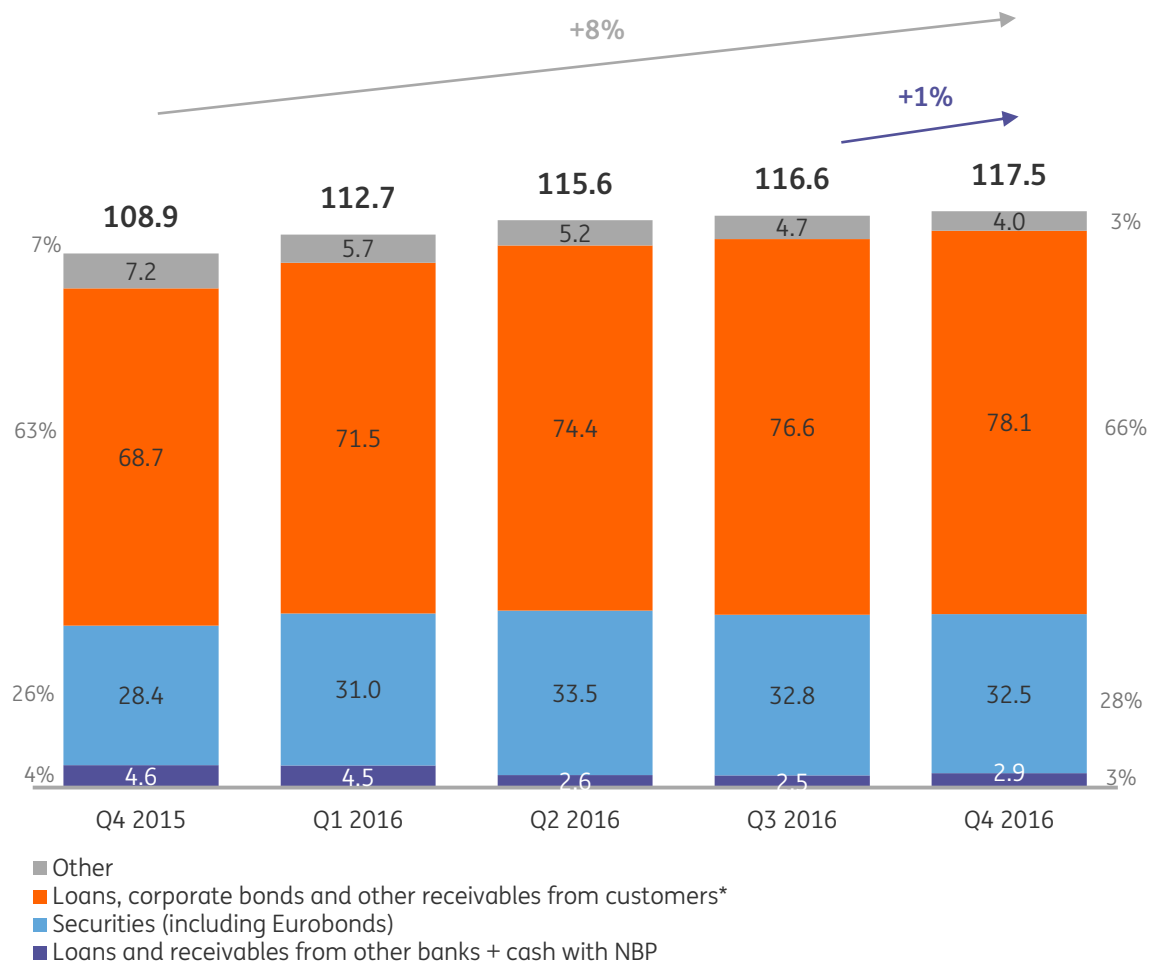


Retail Banking

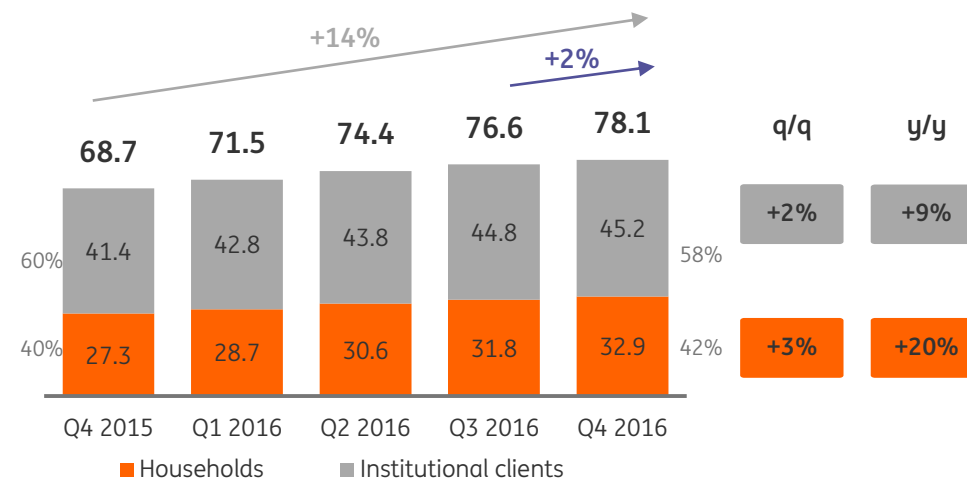


Bank assets

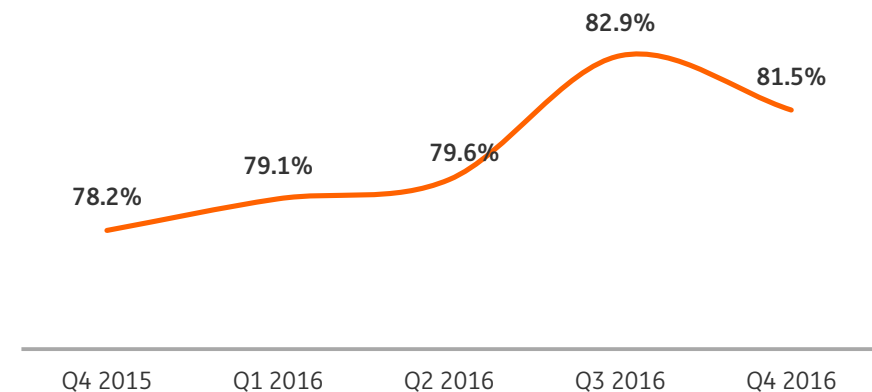
Assets structure (PLN bn / %)



Loans and other receivables to customers* (PLN bn)



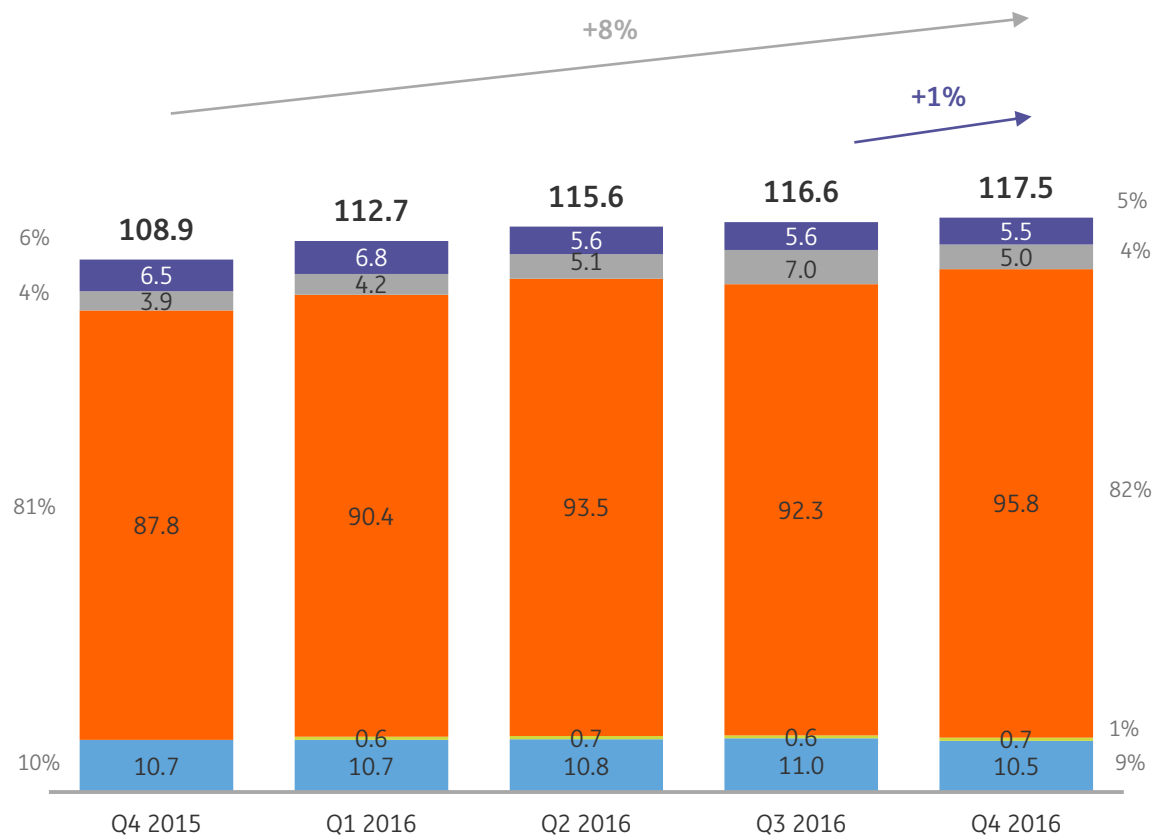
Loans* to deposit ratio



Bank equity and liabilities

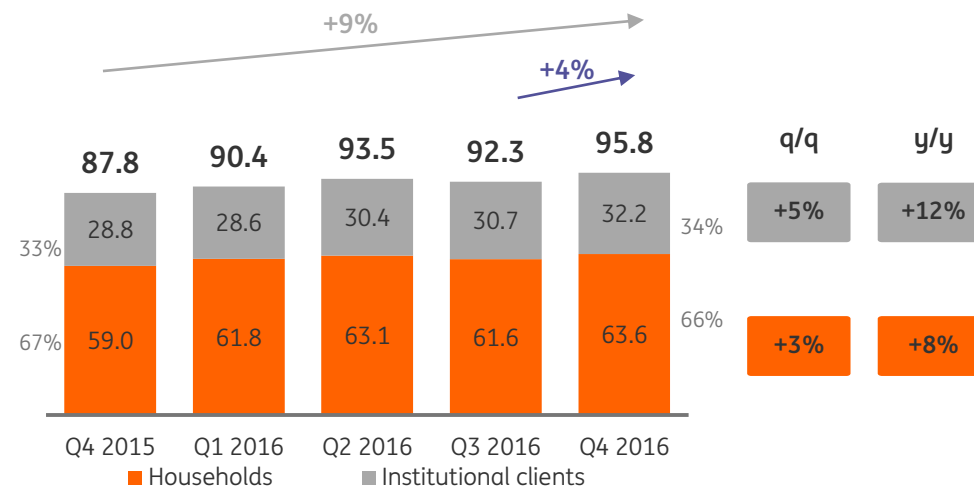
Stable deposit base

Structure of equity and liabilities (PLN bn / %)



■ Equity ■ Subordinated debt ■ Deposits and other liabilities to customers ■ Liabilities to other banks ■ Other

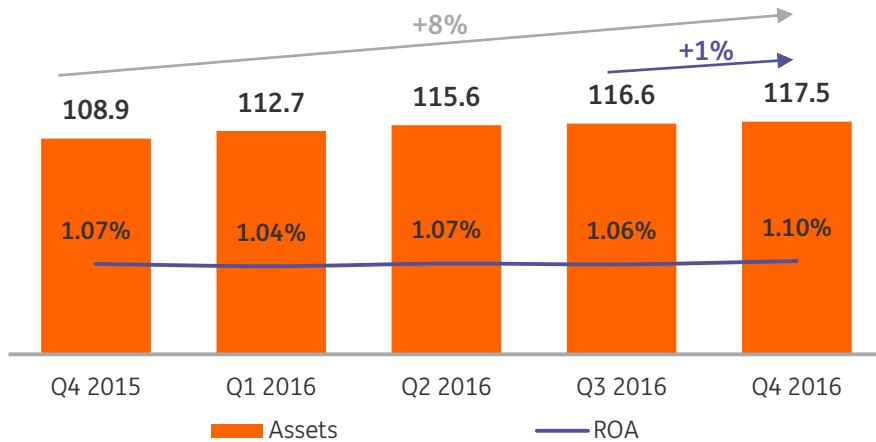
Deposits and other liabilities to customers (PLN bn)



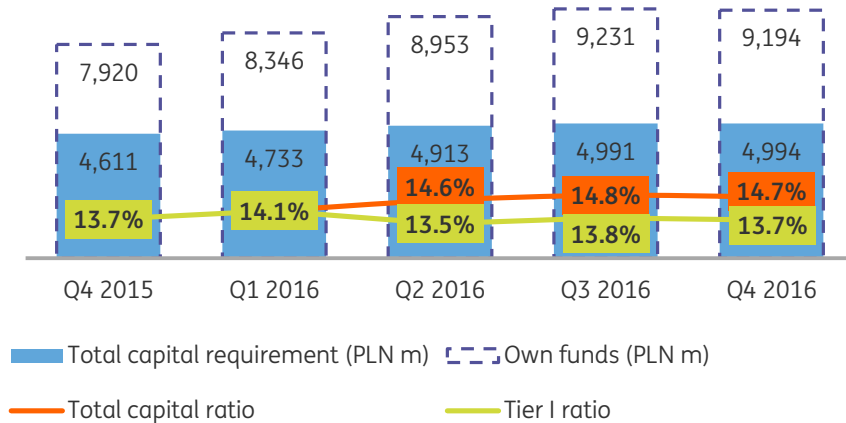
- Customer deposits as a main funding source
- Stable share of household deposits in total deposits

Assets, equity, profitability ratio and capital adequacy

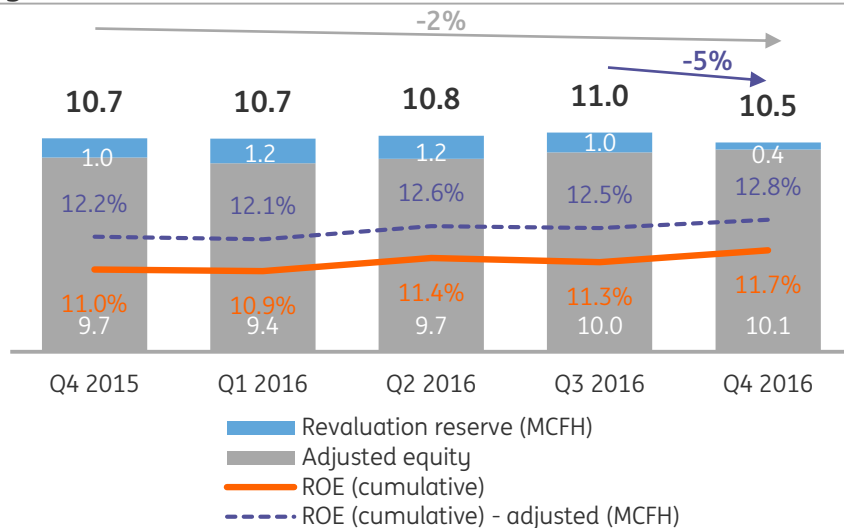
Assets (PLN bn) / ROA



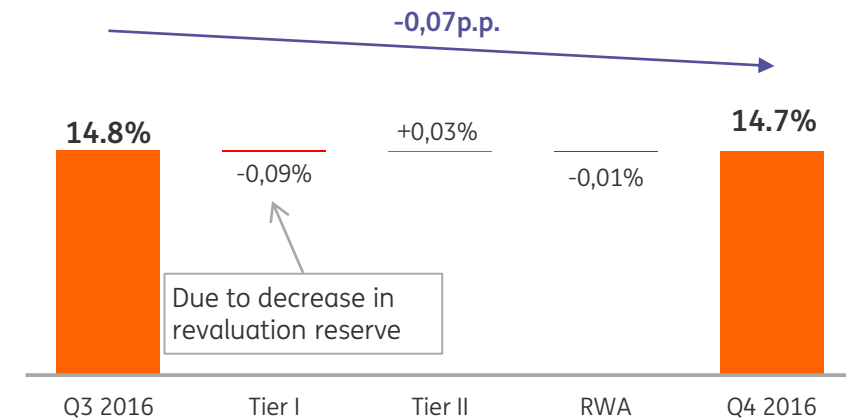
Consolidated total capital ratio and capital requirements



Equity (PLN bn) / ROE



Consolidated total capital ratio – decomposition of q/q change



A background image showing two people riding bicycles on a cobblestone street. The person in the foreground is wearing a white long-sleeved shirt and white pants, riding a bicycle with a gold frame. The person behind them is wearing a red and white plaid shirt and blue shorts. The scene is outdoors with a blurred background of buildings.

Appendixes

Interim condensed consolidated financial statements (PLN m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	q/q Δ	%	y/y Δ	%	2015	2016	y/y Δ	%
Net interest income, of which:	569,0	594,1	644,6	659,4	668,1	690,9	784,9	809,5	24,6	3,1%	150,1	22,8%	2 467,1	2 953,4	486,3	19,7%
Interest income, of which:	887,0	878,0	928,5	935,1	935,0	961,2	1 010,5	1 016,2	5,7	0,6%	81,1	8,7%	3 628,6	3 922,9	294,3	8,1%
- from loans and receivables to banks	15,9	15,4	17,1	14,4	12,3	13,9	12,7	12,3	-0,4	-3,1%	-2,1	-14,6%	62,8	51,2	-11,6	-18,5%
- from loans and receivables to customers	625,5	634,2	676,7	683,6	683,6	700,5	733,9	749,3	15,4	2,1%	65,7	9,6%	2 620,0	2 867,3	247,3	9,4%
- from leasing	40,9	38,4	41,6	44,7	40,5	41,0	43,3	45,0	1,7	3,9%	0,3	0,7%	165,6	169,8	4,2	2,5%
- from factoring	17,7	17,5	18,5	19,9	19,2	20,5	23,0	25,5	2,5	10,9%	5,6	28,1%	73,6	88,2	14,6	19,8%
- from debt securities	175,4	168,5	166,1	156,3	156,0	158,4	176,3	170,5	-5,8	-3,3%	14,2	9,1%	666,3	661,2	-5,1	-0,8%
- from BSB transactions (non trading)	3,6	1,0	1,2	2,2	3,3	2,7	2,3	1,3	-1,0	-43,5%	-0,9	-40,9%	8,0	9,6	1,6	20,0%
- interest result on derivatives	8,0	3,0	7,3	14,0	20,1	24,2	19,0	12,3	-1,9	-35,3%	-1,7	-12,1%	32,3	75,6	43,3	134,1%
Interest expenses, of which:	318,0	283,9	283,9	275,7	266,9	270,3	225,6	206,7	-18,9	-8,4%	-69,0	-25,0%	1 161,5	969,5	-192,0	-16,5%
- interest on deposits from banks	14,9	16,5	19,5	14,3	8,6	7,8	15,2	13,0	-2,2	-14,5%	-1,3	-9,1%	65,2	44,6	-20,6	-31,6%
- interest on deposits from customers	296,5	260,5	258,4	255,5	251,0	253,3	201,1	184,4	-16,7	-8,3%	-71,1	-27,8%	1 070,9	889,8	-181,1	-16,9%
- on SBB transactions (non trading)	0,1	0,1	0,1	0,1	0,1	0,0	0,1	0,0	-0,1	n/a	-0,1	n/a	0,4	0,2	-0,2	-50,0%
- interest on debt securities in issue	6,1	6,2	5,7	5,7	5,7	5,6	5,6	5,8	0,2	3,6%	0,1	1,8%	23,7	22,7	-1,0	-4,2%
- on trading financial instruments	0,4	0,6	0,2	0,1	0,2	0,2	0,3	0,3	0,0	0,0%	0,2	200,0%	1,3	1,0	-0,3	-23,1%
- on subordinated debt	0,0	0,0	0,0	0,0	1,3	3,4	3,3	3,2	-0,1	-3,0%	3,2	n/a	0,0	11,2	11,2	n/a
Net commission income	250,0	263,5	248,9	254,8	253,9	258,1	269,3	283,5	14,2	5,3%	28,7	11,3%	1 017,2	1 064,8	47,6	4,7%
Result on trade operations and revaluation (incl investments and HA)	77,5	121,4	45,3	28,8	49,1	202,2	20,6	15,0	-5,6	-27,2%	-13,8	-47,9%	273,0	286,9	13,9	5,1%
Net income on instruments measured at fair value through profit or loss and FX result	15,2	27,5	19,5	22,9	23,0	5,1	16,4	12,7	-3,7	-22,6%	-10,2	-44,5%	85,1	57,2	-27,9	-32,8%
Net income on investments	50,9	90,6	23,2	0,3	28,7	196,6	4,0	3,0	-1,0	-25,0%	2,7	900,0%	165,0	232,3	67,3	40,8%
Net income on hedge accounting	11,4	3,3	2,6	5,6	-2,6	0,5	0,2	-0,7	-0,9	n/a	-6,3	n/a	22,9	-2,6	-25,5	n/a
Net income on other basic activities	9,5	2,4	-1,7	10,6	4,5	1,2	-0,3	14,0	14,3	n/a	3,4	32,1%	20,8	19,4	-1,4	-6,7%
Share in net profit (loss) of associated entities recognised under the equity method	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	n/a	0,0	n/a	0,0	0,0	0,0	n/a
Income	906,0	981,4	937,1	953,6	975,6	1 152,4	1 074,5	1 122,0	47,5	4,4%	168,4	17,7%	3 778,1	4 324,5	546,4	14,5%
Expenses	495,6	502,3	509,8	648,0	508,8	517,2	515,5	557,7	42,2	8,2%	-90,3	-13,9%	2 155,7	2 099,2	-56,5	-2,6%
- personnel expenses	238,9	237,0	243,8	252,4	251,5	251,3	259,9	276,7	16,8	6,5%	24,3	9,6%	972,1	1 039,3	67,2	6,9%
- other expenses	214,9	221,8	219,2	338,5	215,1	220,3	209,6	204,3	-5,3	-2,5%	-134,2	-39,7%	994,4	849,2	-145,2	-14,6%
- D&A	41,8	43,5	46,8	57,1	42,2	45,6	46,1	76,7	30,7	66,5%	19,6	34,3%	189,2	210,6	21,4	11,3%
Profit before risk costs	410,4	479,1	427,3	305,6	466,8	635,2	559,0	564,3	5,3	0,9%	258,7	84,7%	1 622,4	2 225,3	602,9	37,2%
Cost of risk	84,3	64,3	32,0	51,5	78,9	33,5	49,7	138,5	88,8	178,7%	87,0	168,9%	232,1	300,6	68,5	29,5%
- retail	33,9	23,6	7,8	4,6	16,4	24,6	21,5	75,1	53,6	249,3%	70,5	1532,6%	69,9	137,6	67,7	96,9%
- corporate	50,4	40,7	24,2	46,9	62,5	8,9	28,2	63,4	35,2	124,8%	16,5	35,2%	162,2	163,0	0,8	0,5%
Tax on certain financial institutions	0,0	0,0	0,0	0,0	50,5	76,8	75,7	77,2	1,5	2,0%	77,2	n/a	0,0	280,2	280,2	n/a
Profit (loss) before tax	326,1	414,8	395,3	254,1	337,4	524,9	433,6	348,6	-85,0	-19,6%	94,5	37,2%	1 390,3	1 644,5	254,2	18,3%
Income tax	65,1	70,1	79,6	48,4	78,2	118,0	101,6	93,6	-8,0	-7,9%	45,2	93,4%	263,2	391,4	128,2	48,7%
Net profit (loss), of which:	261,0	344,7	315,7	205,7	259,2	406,9	332,0	255,0	-77,0	-23,2%	49,3	24,0%	1 127,1	1 253,1	126,0	11,2%
Net profit (loss) attributable to the shareholders of ING BSK	261,0	344,6	315,7	205,7	259,2	406,9	332,0	254,9	-77,1	-23,2%	49,2	23,9%	1 127,0	1 253,0	126,0	11,2%
Number of shares issued (m)	130,1	130,1	130,1	130,1	130,1	130,1	130,1	130,1	0,0	0,0%	0,0	0,0%	130,1	130,1	0,0	0,0%
Earnings per share (PLN)	8,02	10,59	9,71	6,32	7,97	12,51	10,21	7,84	-2,37	-23,2%	1,51	23,9%	8,66	9,63	0,97	11,2%

Balance sheet

Consolidated statement of financial position (PLN m)

Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016

q/q y/y
Δ % Δ %

ASSETS

- Cash in hand and balances with the Central Bank	5 330,7	2 392,5	2 864,7	3 940,7	3 589,7	3 565,7	1 286,6	1 299,1	1 825,0	525,9	40,5%	-1 764,7	-49,2%
- Loans and receivables to other banks	1 838,3	2 111,3	2 315,4	3 325,7	1 014,6	954,3	1 285,4	1 192,7	1 113,4	-79,3	-6,6%	98,8	9,7%
- Financial assets measured at fair value through profit and loss	1 856,8	2 645,7	1 755,6	2 769,2	1 127,1	2 067,7	1 847,3	1 617,3	2 826,8	1 209,5	74,8%	1 699,7	150,8%
- Valuation of derivatives	2 412,3	2 608,0	1 949,8	1 947,2	1 990,9	1 613,8	1 320,5	1 124,9	1 117,1	-7,8	-0,7%	-873,8	-43,9%
- Investments	22 829,3	23 869,7	24 267,6	24 310,3	23 478,8	25 072,0	27 761,0	27 344,0	25 721,3	-1 622,7	-5,9%	2 242,5	9,6%
- Derivative hedge instruments	2 983,8	3 039,3	2 036,6	2 521,2	2 454,8	2 737,1	2 389,6	2 138,9	1 338,6	-800,3	-37,4%	-1 116,2	-45,5%
- Loans and receivables to customers	61 054,8	63 399,0	68 127,2	71 425,2	72 519,6	75 330,0	78 308,6	80 377,4	81 979,5	1 602,1	2,0%	9 459,9	13,0%
- Receivables from customers due to repo transactions	106,6	987,1	491,3	553,6	1 354,4	19,9	0,0	19,8	0,0	-19,8	-100,0%	-1 354,4	-100,0%
- Non-financial assets	1 032,3	1 017,9	1 005,4	1 022,6	1 070,5	1 037,8	1 032,5	1 025,0	1 004,5	-20,5	-2,0%	-66,0	-6,2%
- Property, plant and equipment held for sale	144,9	151,0	156,0	44,1	38,4	49,8	41,2	41,2	31,8	-9,4	-22,8%	-6,6	-17,2%
- Tax assets	59,1	77,8	65,9	55,8	59,6	71,4	76,9	77,5	237,5	160,0	206,5%	177,9	298,5%
- Other assets	211,8	269,0	283,4	265,1	194,7	213,2	290,1	292,2	282,2	-10,0	-3,4%	87,5	44,9%
Total assets	99 860,7	102 568,3	105 318,9	112 180,7	108 893,1	112 732,7	115 639,7	116 550,0	117 477,7	927,7	0,8%	8 584,6	7,9%

EQUITY AND LIABILITIES

LIABILITIES

- Liabilities due to other banks	6 123,4	5 807,5	8 493,0	10 917,1	3 913,5	4 236,0	5 082,3	7 032,5	5 043,0	-1 989,5	-28,3%	1 129,5	28,9%
- Financial liabilities measured at fair value through profit and loss	917,4	1 187,7	412,1	934,1	629,4	319,9	299,3	598,6	474,8	-123,8	-20,7%	-154,6	-24,6%
- Valuation of derivatives	2 521,6	2 744,8	2 062,7	2 037,4	2 002,7	1 525,1	1 336,9	1 101,9	1 116,0	14,1	1,3%	-886,7	-44,3%
- Derivative hedge instruments	2 032,8	2 062,5	1 900,5	1 842,8	1 830,9	1 818,0	1 730,1	1 614,3	1 468,1	-146,2	-9,1%	-362,8	-19,8%
- Liabilities due to customers	75 658,9	77 606,7	80 750,6	83 825,9	87 818,5	90 403,0	93 483,3	92 304,6	95 825,4	3 520,8	3,8%	8 006,9	9,1%
- Liabilities due to customers under repo transactions	29,7	54,8	4,5	4,1	47,5	10,4	9,1	0,0	0,0	0,0	n/a	-47,5	-100,0%
- Liabilities under issue of debt securities	866,5	872,7	866,3	872,0	866,3	872,0	866,3	871,9	866,4	-5,5	-0,6%	0,1	0,0%
- Subordinated liabilities	0,0	0,0	0,0	0,0	0,0	641,6	665,2	648,1	664,9	16,8	2,6%	664,9	n/a
- Provisions	74,8	70,6	69,5	70,3	67,2	82,7	82,0	79,8	73,8	-6,0	-7,5%	6,6	9,8%
- Tax liabilities	265,6	247,3	10,2	122,9	156,8	221,7	181,4	146,8	121,3	-25,5	-17,4%	-35,5	-22,6%
- Other liabilities	913,4	1 681,6	1 190,8	1 249,7	879,8	1 932,1	1 091,2	1 172,5	1 346,8	174,3	14,9%	467,0	53,1%
Total liabilities	89 404,1	92 336,2	95 760,2	101 876,3	98 212,6	102 062,5	104 827,1	105 571,0	107 000,5	1 429,5	1,4%	8 787,9	8,9%

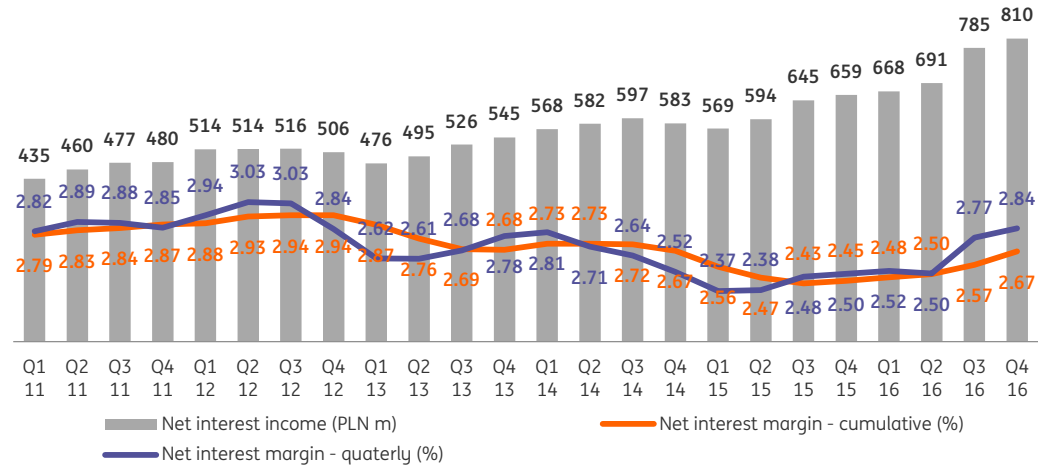
EQUITY

- Share capital	130,1	130,1	130,1	130,1	130,1	130,1	130,1	130,1	130,1	0,0	0,0%	0,0	0,0%
- Supplementary capital - issuance of shares over nominal value	956,3	956,3	956,3	956,3	956,3	956,3	956,3	956,3	956,3	0,0	0,0%	0,0	0,0%
- Revaluation reserve	1 874,3	1 908,8	888,3	1 316,9	1 485,0	1 774,8	1 508,0	1 341,8	577,5	-764,3	-57,0%	-907,5	-61,1%
- Retained earnings	7 493,3	7 234,3	7 581,4	7 898,5	8 106,5	7 806,5	8 215,7	8 548,5	8 811,0	262,5	3,1%	704,5	8,7%
Equity attributable to shareholders of ING BSK	10 454,0	10 229,5	9 556,1	10 301,8	10 677,9	10 667,7	10 810,1	10 976,7	10 474,9	-501,8	-4,6%	-203,0	-1,9%
- Non-controlling interests	2,6	2,6	2,6	2,6	2,6	2,5	2,5	2,3	2,3	0,0	0,0%	-0,3	-11,5%
Total equity	10 456,6	10 232,1	9 558,7	10 304,4	10 680,5	10 670,2	10 812,6	10 979,0	10 477,2	-501,8	-4,6%	-203,3	-1,9%
Total equity and liabilities	99 860,7	102 568,3	105 318,9	112 180,7	108 893,1	112 732,7	115 639,7	116 550,0	117 477,7	927,7	0,8%	8 584,6	7,9%

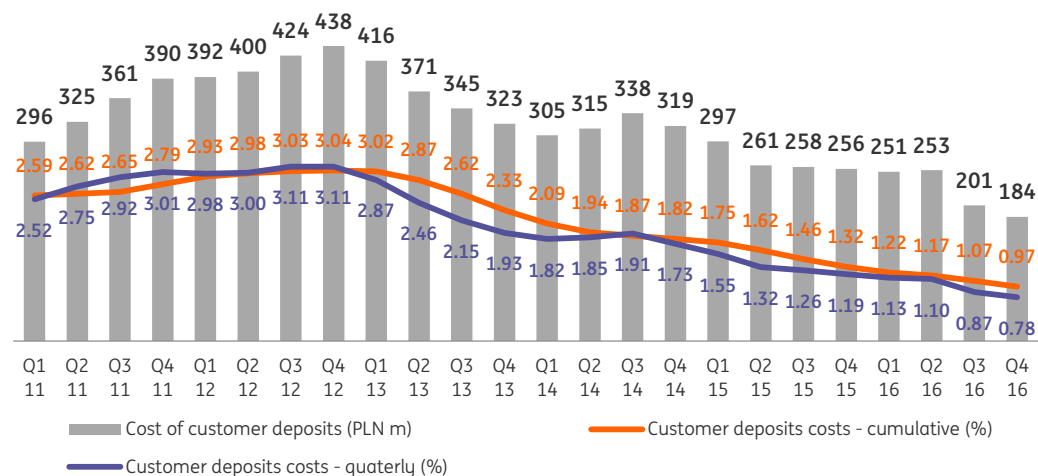
Number of shares issued (m)	130,1	130,1	130,1	130,1	130,1	130,1	130,1	130,1	130,1	0,0	0,0%	0,0	0,0%
Book value per share (PLN)	80,35	78,63	73,45	79,18	82,07	82,00	83,09	84,37	80,51	-3,86	-4,6%	-1,56	-1,9%

NII and NIM performance

NII (PLN m) / NIM (%)

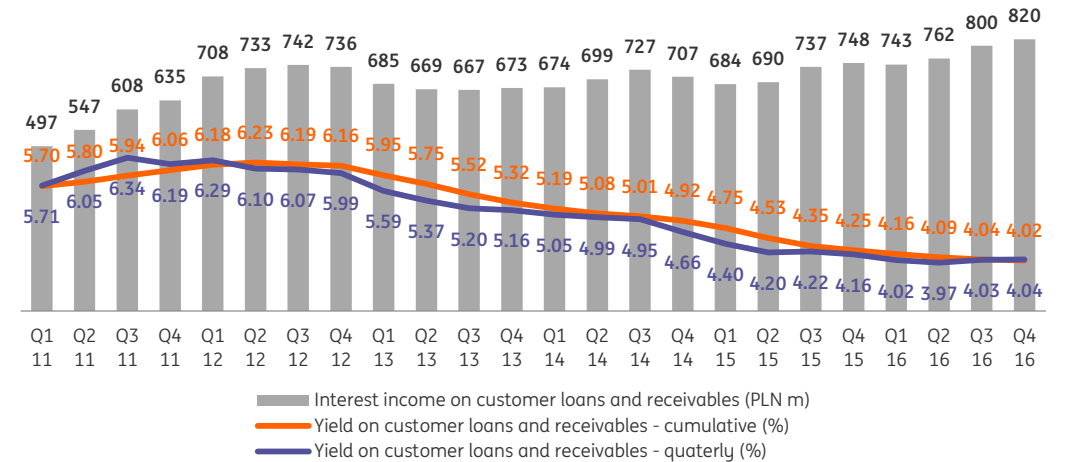


Cost of customer deposit funding (PLN m / %)



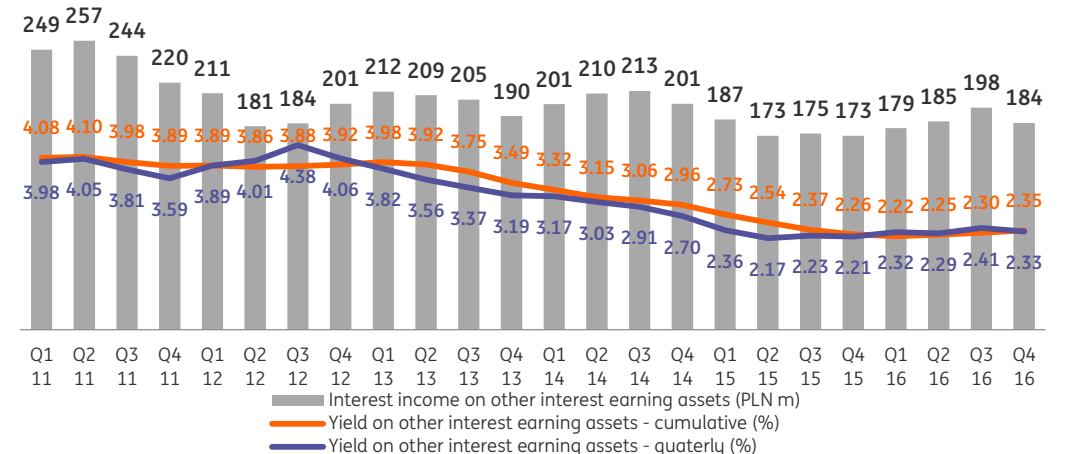
Interest income on loans and receivables from customers (PLN m)

/ average yield (%)



Interest income on other interest earning assets excluding interbank and

customer loans (PLN m) / average yield (%)



Definitions: Net interest income- net income on all interest earning assets, including income on derivatives and hedge accounting; Net interest margin cumulative = sum of NII of four quarters / average interest earning assets for five quarters; Net interest margin quarterly = quarterly net interest income x4 / average interest earning assets in a given quarter

Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as of 31.12.2016	%
1	REAL ESTATE SERVICE	7 060	14,8%
2	WHOLESALE TRADE	6 766	14,2%
3	PUBLIC ADMINISTRATION AND NATIONAL DEFENCE	3 372	7,1%
4	FINANCIAL INTERMEDIATION	2 941	6,2%
5	FOODSTUFF AND BEVERAGE PRODUCTION	2 749	5,8%
6	RETAIL TRADE	2 271	4,8%
7	POWER INDUSTRY	1 865	3,9%
8	AGRICULTURE, FORESTRY, FISHERY	1 711	3,6%
9	LAND AND PIPELINE TRANSPORTATION	1 700	3,6%
10	READY-MADE METAL GOODS PRODUCTIONS	1 390	2,9%
11	REMAINING SERVICES CONNECTED WITH RUNNING A BUSINESS	1 364	2,9%
12	CONSTRUCTION INDUSTRY	1 280	2,7%
13	RUBBER INDUSTRY	1 278	2,7%
14	WOOD AND PAPER INDUSTRY	1 168	2,4%
15	POST OFFICE AND TELECOMMUNICATIONS	1 077	2,3%
16	EQUIPMENT RENT	941	2,0%
17	CHEMICALS AND CHEMICAL GOODS PRODUCTION	775	1,6%
18	MECHANICAL VEHICLES SALE, REPAIR AND SERVICE	740	1,5%
19	MACHINE INDUSTRY	679	1,4%
20	Other	6 679	14,0%
Total exposure		47 807	100,0%

Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as of 31.12.2016	%
1	WHOLESALE TRADE	10 550	14,9%
2	REAL ESTATE SERVICE	7 345	10,4%
3	FOODSTUFF AND BEVERAGE PRODUCTION	3 839	5,4%
4	RETAIL TRADE	3 717	5,2%
5	FINANCIAL INTERMEDIATION	3 546	5,0%
6	CONSTRUCTION INDUSTRY	3 545	5,0%
7	PUBLIC ADMINISTRATION AND NATIONAL DEFENCE	3 511	5,0%
8	POWER INDUSTRY	3 469	4,9%
9	READY-MADE METAL GOODS PRODUCTIONS	2 217	3,1%
10	LAND AND PIPELINE TRANSPORTATION	2 084	2,9%
11	RUBBER INDUSTRY	1 958	2,8%
12	REMAINING SERVICES CONNECTED WITH RUNNING BUSINESS	1 878	2,6%
13	AGRICULTURE, FORESTRY, FISHERY	1 849	2,6%
14	WOOD AND PAPER INDUSTRY	1 583	2,2%
15	EQUIPMENT RENT	1 452	2,0%
16	REMAINING NON-METAL RAW MATERIALS INDUSTRIES	1 356	1,9%
17	CHEMICALS AND CHEMICAL GOODS PRODUCTION	1 321	1,9%
18	MACHINE INDUSTRY	1 280	1,8%
19	AUXILIARY SERVICE FOR TRANSPORTATION	1 211	1,7%
20	Other	13 192	18,6%
Total exposure		70 904	100,0%

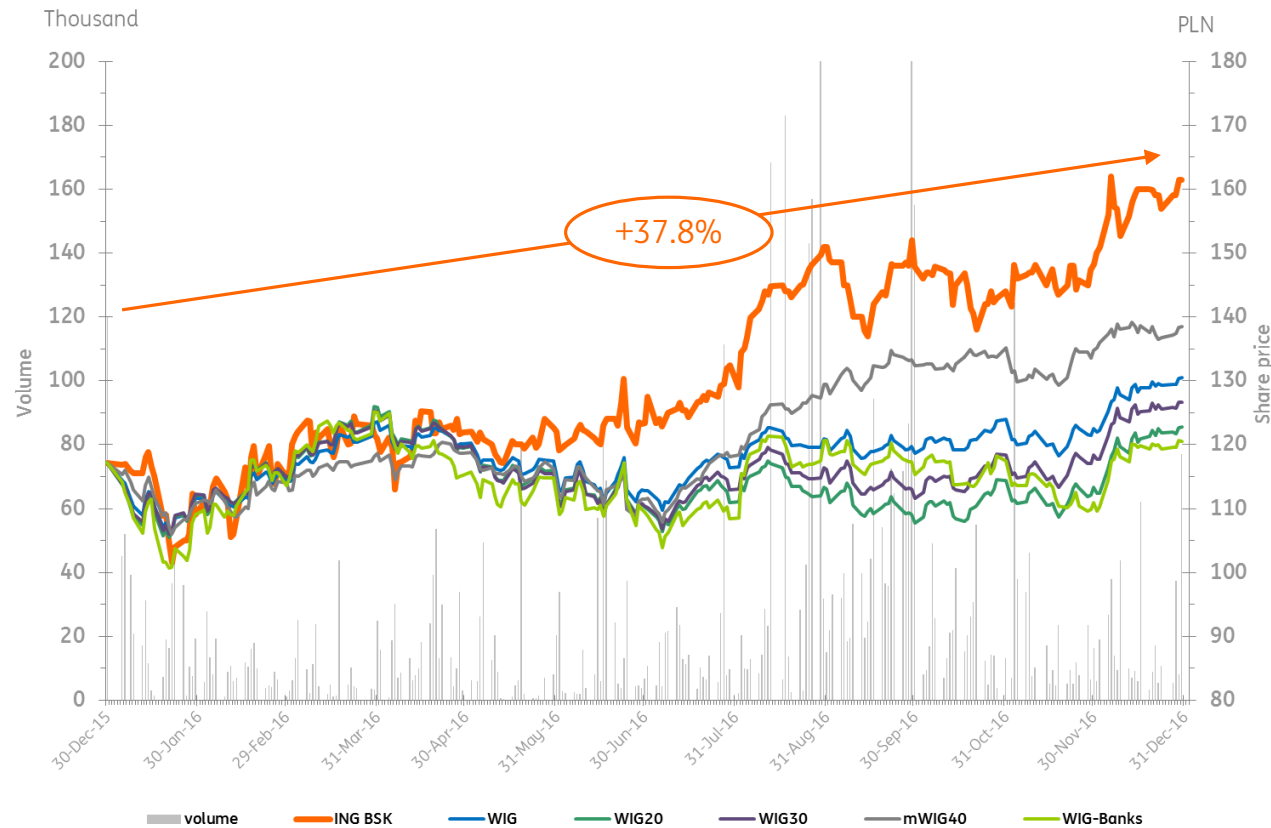
ING Bank Śląski S.A. shares

ING BSK share price:
PLN 161.40 (as of December 30, 2016)

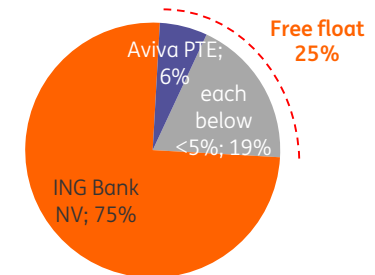
Capitalisation: **PLN 21.0 billion** (EUR 4.7bn)
 Free float: **PLN 4.0 billion** (EUR 0.9bn)

ISIN: PLBSK0000017
 Bloomberg: ING PW
 Reuters: INGP.WA

ING BSK shares versus WIG indexes recalculated to the comparability



Shareholders structure



Market multiples (Q4 2016)

P/E 16.8x

P/BV 2.0x

Dictionary

Simplified definitions of terms used in the presentation:

- **Retail clients** – individuals and entrepreneurs.
- **Corporate clients** – mid, big corporates and strategic clients (holdings).
 - Mid corporates – corporates of annual turnover of up to PLN 10m.
 - Big corporates – corporates of annual turnover between PLN 10m and PLN 125m.
 - Strategic clients – holdings of annual turnover over PLN 125m.
- **Net interest margin** – the ratio of net interest income to the average value of interest earning assets (incl. loans, bonds) in a given period.
- **C/I ratio** – the ratio of costs (excluding risk costs and bank levy) to bank's revenues (excluding the share in the net profit of associated entities).
- **Risk costs** – the net result of created and released provisions due to the lower value (lower quality) of bank's financial assets (e.g. loans) to the average value of gross loans.
- **Coverage ratio** – the ratio of created provisions to the impaired loans.
- **Bank tax** – tax from certain financial institutions; in the case of banks it is paid monthly on the surplus of assets over own funds, treasury bonds and fixed level of PLN 4 billion; the tax rate is 0.0366% monthly (0.44% annually).
- **ROA** – the ratio of net profit to the average assets in a given period.
- **ROE** – the ratio of net profit to the average equity in a given period.
- **L/D ratio** – Loan to deposit ratio; the ratio describing what part of deposits was used to fund lending.
- **MCFH** – *Macro Cash Flow Hedge*; revaluation reserve from measurement of cash flow hedging instruments.
- **Risk weighted assets** – the sum of assets multiplied by the risk weights of a given asset category.
- **Tier 1 ratio** – the ratio of Tier 1 capitals (the capitals of the highest quality) to the bank's risk weighted assets.
- **Total capital ratio** – the ratio of total own funds (including subordinated debt (so called Tier 2)) to the bank's risk weighted assets.

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