

ING Bank Śląski S.A.

Business and Financial Results
for Q3 2017

Warsaw, 2 November 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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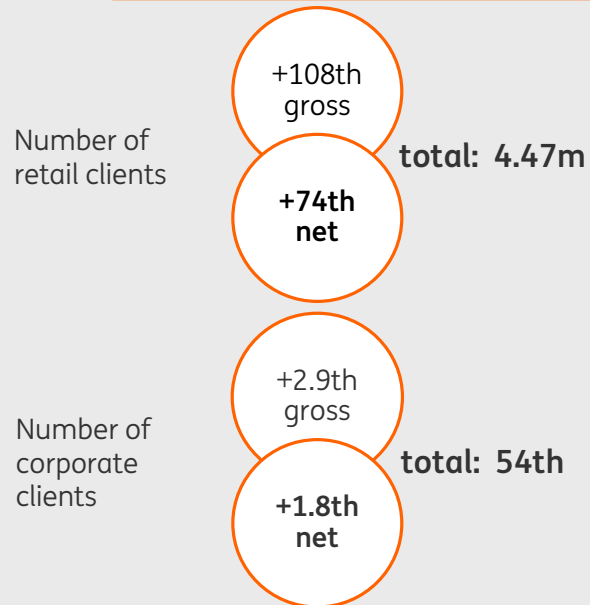


Introduction to financial results and the Bank's market position



Main achievements in Q3 2017 – clients choose modern solutions

Increased number of clients...

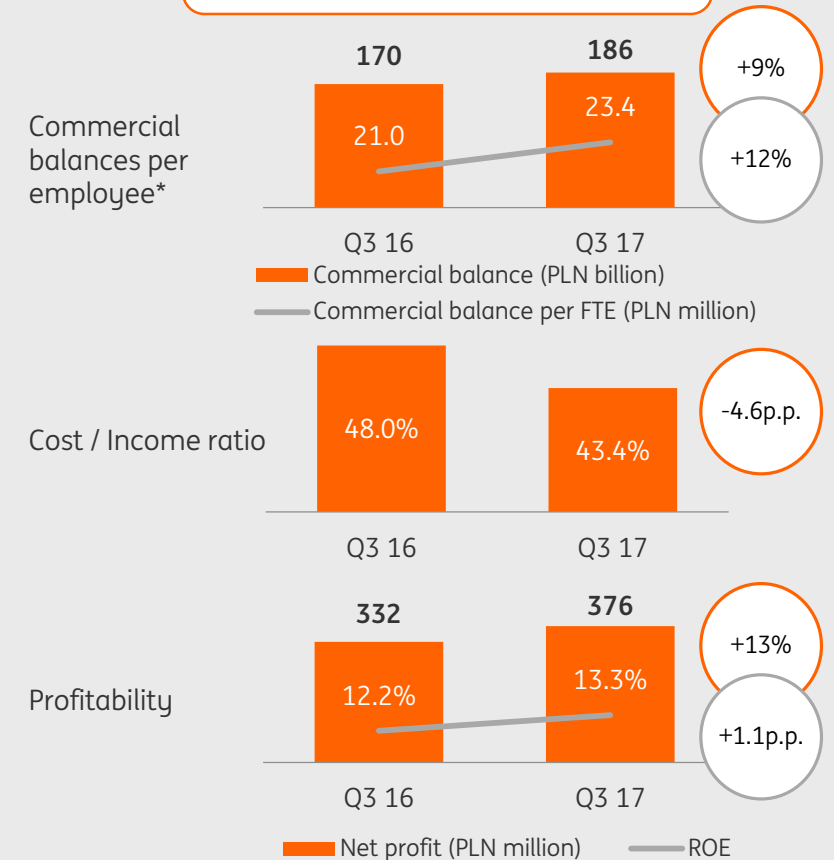


- We have opened 2.9 thousand gross new brokerage accounts (the highest number in the market), +15% y/y
- We have 104 thousand users of Trusted Profile

... and a modern offer that supports the number of transactions...

- We allow easy online exchange of currency in our FX platform – it was used by over 93 thousand clients
- We allow clients to pay with one card in different currencies – clients have made over 308 thousand transactions with multi-currency cards since its implementation in June 2017
- We provide intuitive mobile banking – clients made 11.1 million transfers in retail mobile banking (14% of total retail transfers)
- We provide simple mobile payments – clients made 758 thousand transactions with BLIK codes (+20% q/q, ~2x y/y)
- We save time of our clients thanks to online sales of mortgage loans – in Q3 17 sales amounted to PLN 27.8 million
- We facilitate credit procedures - 93% of corporate loan applications were submitted online

...lead to improved efficiency and profitability



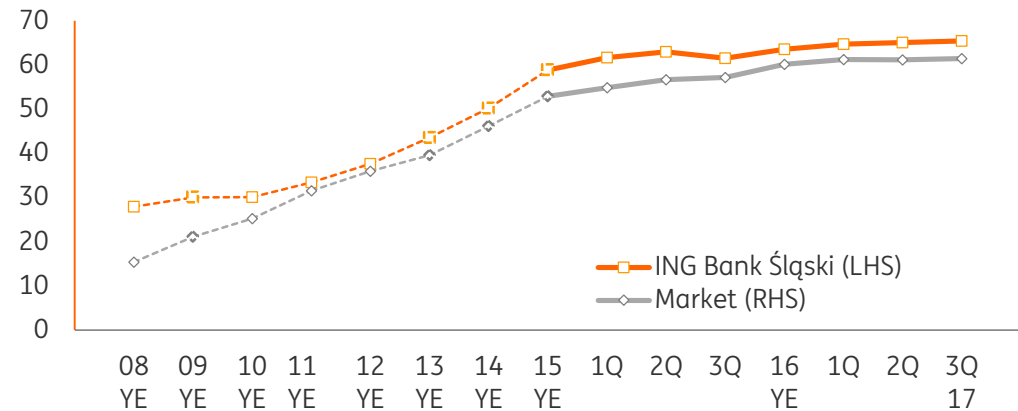
Major business accomplishments of the Bank

Bank's business volumes*

	<i>in PLN million</i>	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Change q/q	Change YtD	Change y/y	Diff q/q	Diff YtD	Diff y/y
Total deposits		91,491	94,689	95,457	96,753	97,527	+ 1%	+ 3%	+ 7%	774	2,838	6,036
Corporate clients deposits		30,044	31,202	30,611	31,450	31,822	+ 1%	+ 2%	+ 6%	372	620	1,778
Retail clients deposits		61,447	63,488	64,846	65,303	65,705	+ 1%	+ 3%	+ 7%	402	2,217	4,259
Total funds entrusted by retail clients		71,176	73,503	75,638	76,638	77,719	+ 1%	+ 6%	+ 9%	1,081	4,216	6,542
Retail off-BS savings distributed by the Bank		9,730	10,015	10,792	11,335	12,013	+ 6%	+ 20%	+ 23%	678	1,998	2,283
Total loans		77,192	78,589	81,467	83,666	87,413	+ 4%	+ 11%	+ 13%	3,747	8,824	10,221
Loans to corporate clients incl. leasing and factoring		46,772	47,102	48,823	49,482	51,798	+ 5%	+ 10%	+ 11%	2,316	4,696	5,026
Loans to retail clients		30,420	31,487	32,643	34,184	35,614	+ 4%	+ 13%	+ 17%	1,430	4,127	5,195
Mortgage loans volume		22,447	23,270	23,967	24,968	26,010	+ 4%	+ 12%	+ 16%	1,042	2,740	3,563

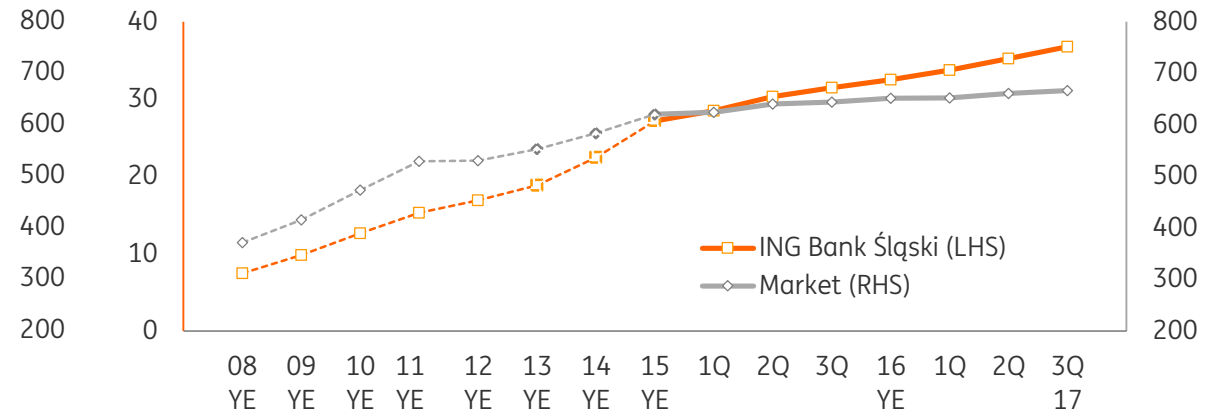
Market position of ING Bank Śląski S.A.

Volume of household deposits (PLN billion)



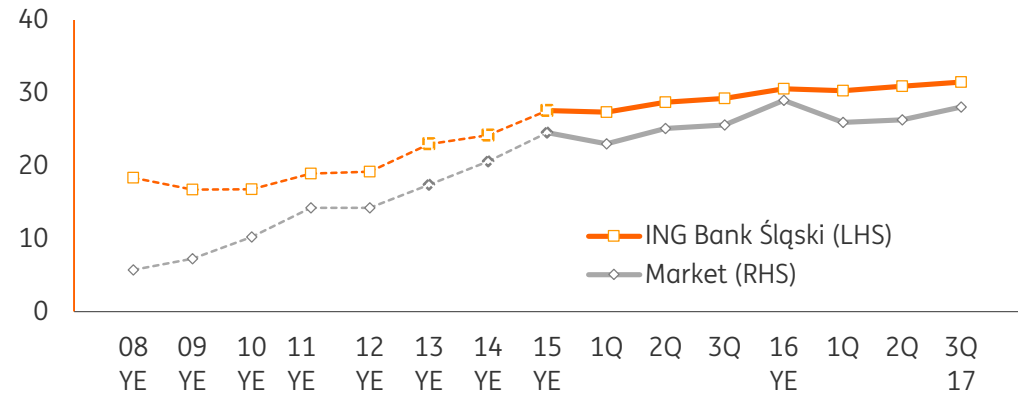
Market share (%) 8.42 7.88 7.24 7.10 7.40 8.07 8.42 9.01 9.21 9.19 8.91 8.87 8.93 8.98 **9.01**

Volume of household loans (PLN billion)



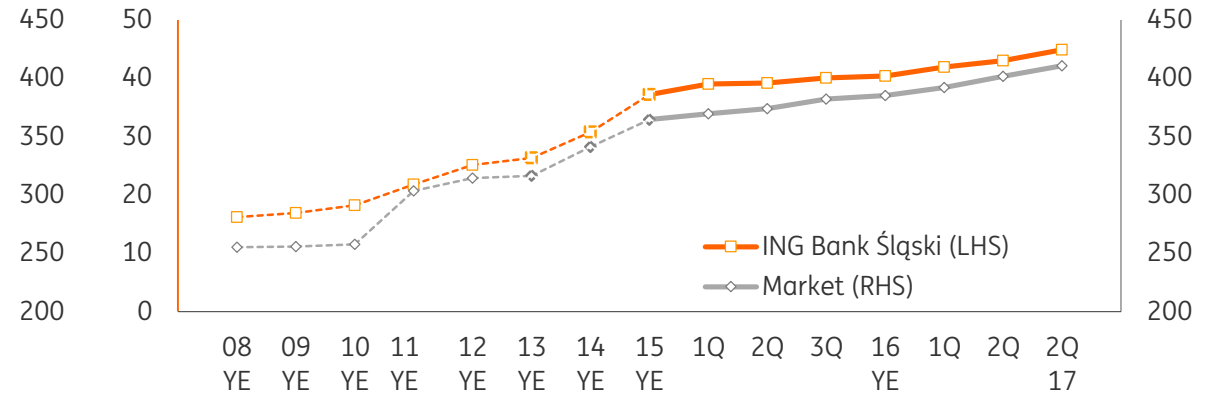
Market share (%) 2.00 2.36 2.67 2.89 3.19 3.41 3.84 4.38 4.56 4.73 4.88 4.99 5.17 5.33 **5.52**

Volume of corporate deposits (PLN billion)



Market share (%) 7.79 6.82 6.35 6.56 6.64 7.44 7.36 7.80 7.96 8.05 8.13 8.02 8.37 8.48 **8.38**

Volume of corporate loans (PLN billion)



Market share (%) 6.34 6.60 7.13 7.28 7.99 8.32 9.02 10.20 10.56 10.48 10.49 10.48 10.70 10.72 **10.93**

Selected financial data and awards

Income

Consistent revenue growth

(+2% q/q and +13% y/y)

Improvement of NIM to 2.89%

(2.84% in Q2 17 and 2.57% in Q3 16)

Increased net fee and commission income

(+5% q/q and +13% y/y)

Operating cost and risk costs

Operating costs (excluding regulatory costs / BGF) under control

(+3% q/q i +5% y/y)

Cost / Income ratio dropped to 46.3%

(47.5% in Q2 17 and 52.7% in Q3 16)

Risk costs at 54b.p.

(49b.p. in Q2 17 and 29b.p. in Q3 16)

Asset quality, profitability and capital position

Stable asset quality

(NPL ratio of 2.7% vs. 6.0% in the sector*)

Improved ROE at 11.8%

(11.5% in Q2 17 and 11.3% in Q3 17)

Reliable capital position

(Tier 1 ratio - 14.1%; TCR - 15.1%)

ING BSK: "Safest bank 2017" according to Global Finance - we are the safest bank in Poland

ING: "Best bank in the world 2017" - we belong to the group of the best bank in the world



ING BSK: "Digital Bank of Distinction" in CEE according to Global Finance

Financial results of ING Bank Śląski S.A.

<i>PLN million</i>	9M 2016	9M 2017	change y/y
Total income	3,202.5	3,534.7	+ 10%
Total expenses	1,541.5	1,599.2	+ 4%
Result before risk costs	1,661.0	1,935.5	+ 17%
Risk costs	162.1	309.6	+ 91%
Bank levy	203.0	243.9	+ 20%
Profit before tax	1,295.9	1,382.0	+ 7%
Income tax	297.8	345.7	+ 16%
Net profit	998.1	1,036.3	+ 4%
Total capital ratio	14.8%	15.1%	+ 0.3 p.p.
Tier I	13.8%	14.1%	+ 0.3 p.p.
ROE (%)	11.3%	11.8%	+ 0.5 p.p.
C/I ratio (%)	48.1%	45.2%	- 2.9 p.p.

<i>PLN million</i>	Q3 2016	Q2 2017	Q3 2017	change q/q	change y/y
Total income	1,074.5	1,190.4	1,209.8	+ 2%	+ 13%
Total expenses	515.5	510.3	524.5	+ 3%	+ 2%
Result before risk costs	559.0	680.1	685.3	+ 1%	+ 23%
Risk costs	49.7	123.6	109.1	- 12%	+ 120%
Bank levy	75.7	80.4	84.1	+ 5%	+ 11%
Profit before tax	433.6	476.1	492.1	+ 3%	+ 13%
Income tax	101.6	115.7	116.4	+ 1%	+ 15%
Net profit	332.0	360.4	375.7	+ 4%	+ 13%
ROE (%)	11.3%	11.5%	11.8%	+ 0.3 p.p.	+ 0.5 p.p.
C/I ratio (%)	48.0%	42.9%	43.4%	+ 0.5 p.p.	- 4.6 p.p.

Business development



Retail banking

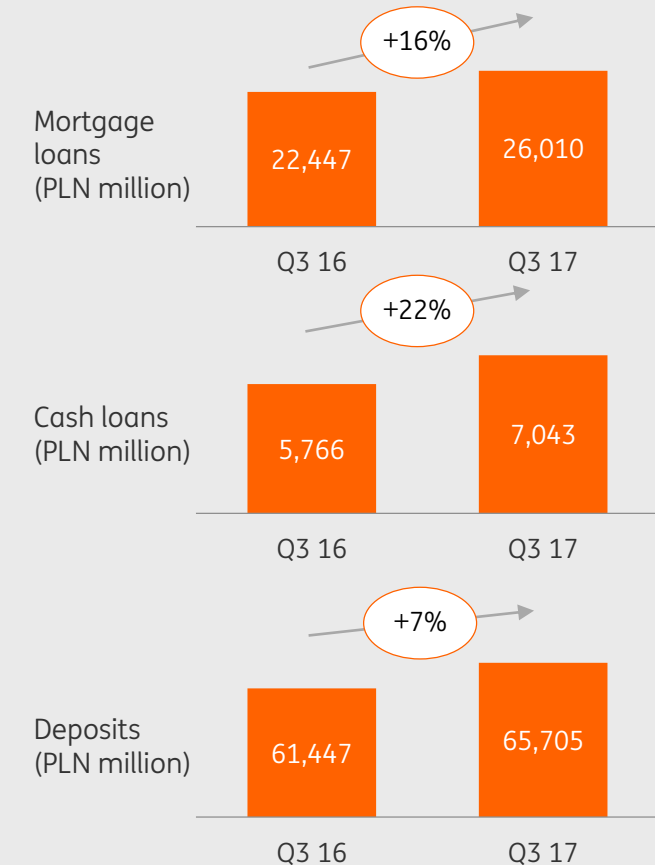
New offers and development of client base

- 4.47 million retail clients → +108 thousand gross new clients acquired in Q3 2017
- We run over 3.2 million current accounts → +74.0 thousand net new accounts in Q3 2017
- We run 65.0 thousand brokerage accounts → +2.9 thousand gross new accounts in Q3 2017
- We implemented BLIK code payments in offices and applications
- We implemented HCE cards for entrepreneurs

Funding

- 15.6% market share in the new mortgage loans production in Q3 2017
- Within Remote Advisory at Contact Centre we granted mortgage loans of PLN 27.8 million (+9% q/q)
- 9.0% market share in outstanding volume of PLN mortgage loans
- We granted PLN 1 billion-worth cash loans in Q3 2017
- Online sales amounted to 71% of cash loans sold to individual clients and 39% of cash loans sold to entrepreneurs

Growing volumes



Corporate banking

Development of client base

- +2.9 thousand new clients acquired, out of which 853 acquired online → 54 thousand corporate clients in total

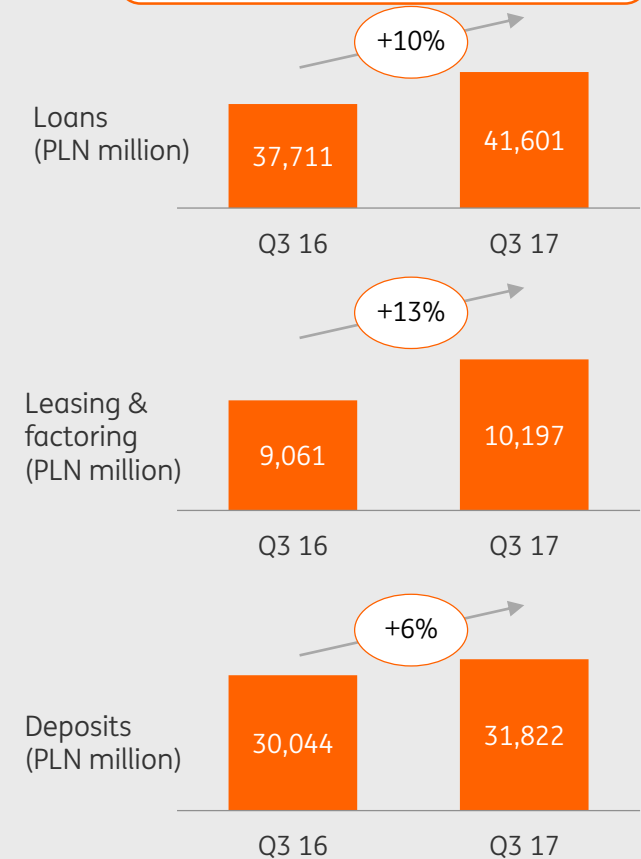
Digitization

- We invested in Twisto fintech
- We implemented multi-currency cards for companies
- 93% of loan applications were submitted online

Funding

- In Q1-3 2017 factoring sales increased by +10% y/y, we maintained #1 in the market
- In Q1-3 2017 leasing sales increased by +23.4% y/y (market +12.9% y/y), #6 in the market
- Corporate receivables portfolio increased by +12% y/y, 1.6x faster than the market
- Market share in corporate loans stood at 10.93% vs. 10.49% as at the end of September 2016

Growing volumes



Clients in the centre of technological changes

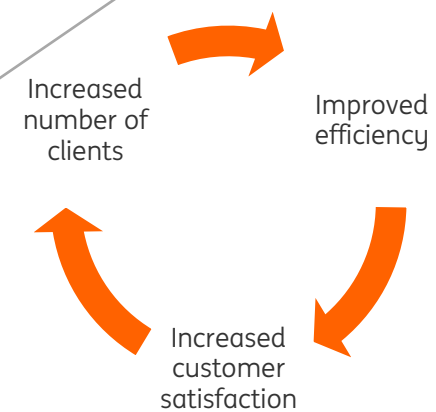


We use the growth of the bank to increase efficiency

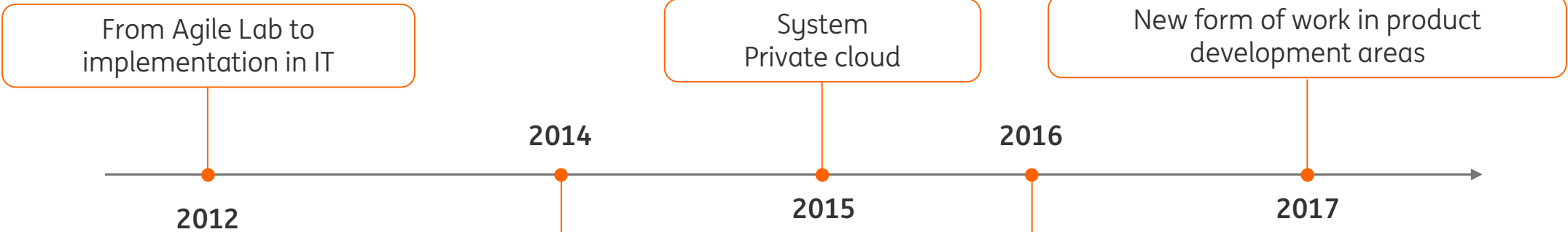
	First 9M in 2007...	...2012...	...& 2017	Change
Average number of retail clients	2.1m	3.1m	4.4m	x2.0
Average number of corporate clients	12th	28th	51th	x4.3
Commercial balance (PLN)*	57bn	102bn	186bn	x3.3
Total number of transfers	52m	129m	285m	x5.5
Number of paper transfers	2.9m	0.4m	0.4m	x0.1
Number of card transactions	63m	146m	392m	x6.2
Average number of FTEs	7.4th	8.4th	7.9th	x1.1

We execute over 1.2 million transfers per day

We clear 1.7 million card transactions every day



The number of changes requires constant evolution of the organization



- Mobile authorization
- Deposits via BLIK codes at bank's CDMs
- Multi-currency card

More and more advanced tools and technologies

How it was



Business process management (BPM)



Simple automation



Reduction of paper documentation



Service management



Robotics



Over 1,500 robots



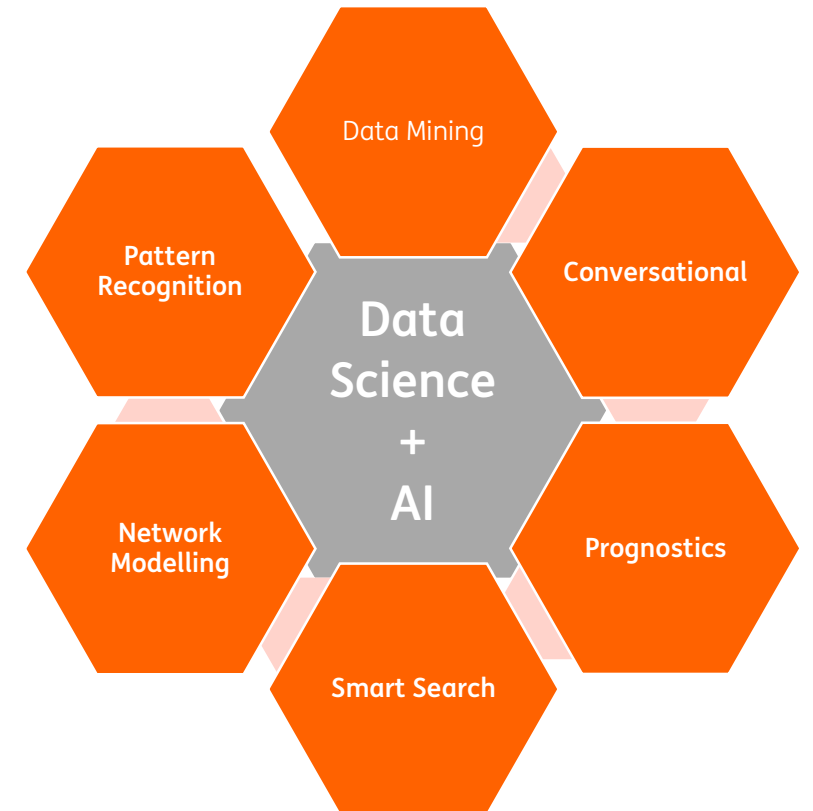
600,000 robot manual launches per year

Digitization



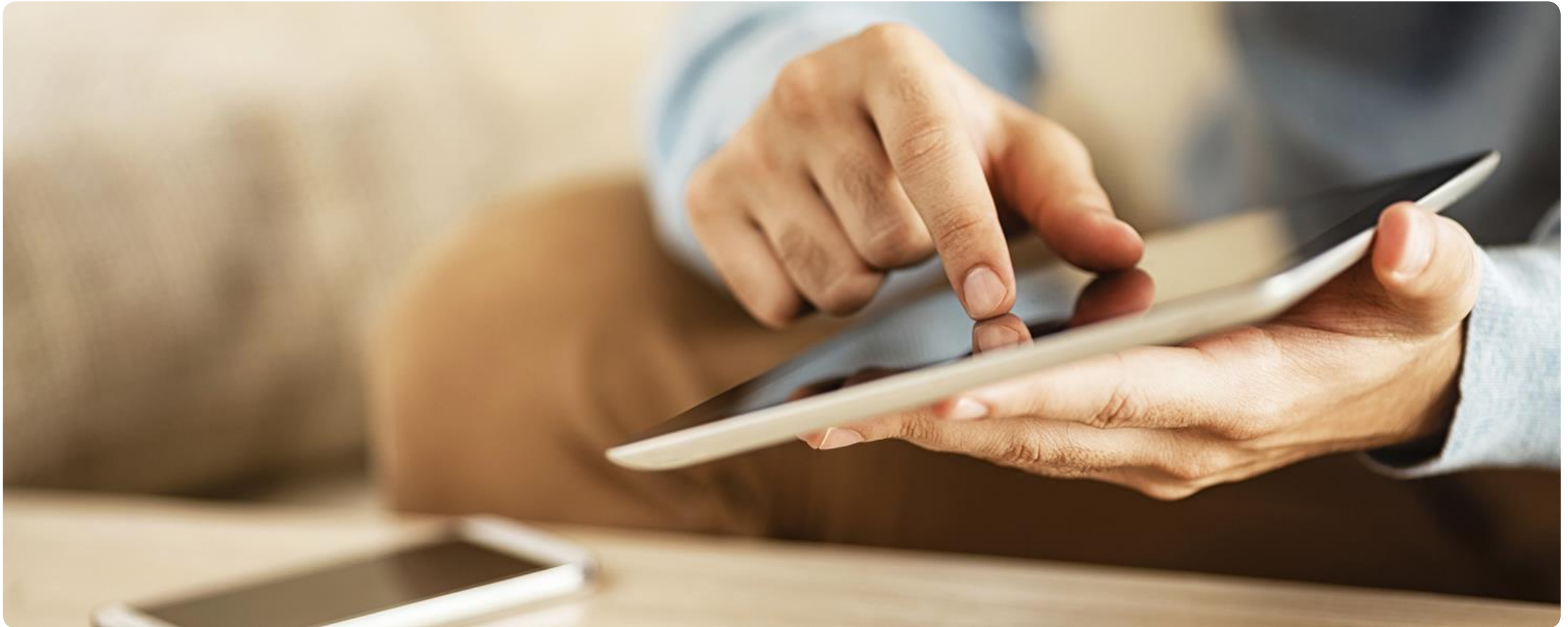
Technology
Products
Services
Customer experience
Management
Processes of the company

AI – an upward trend



Clients in the centre of technological changes

Financial results for Q3 2017

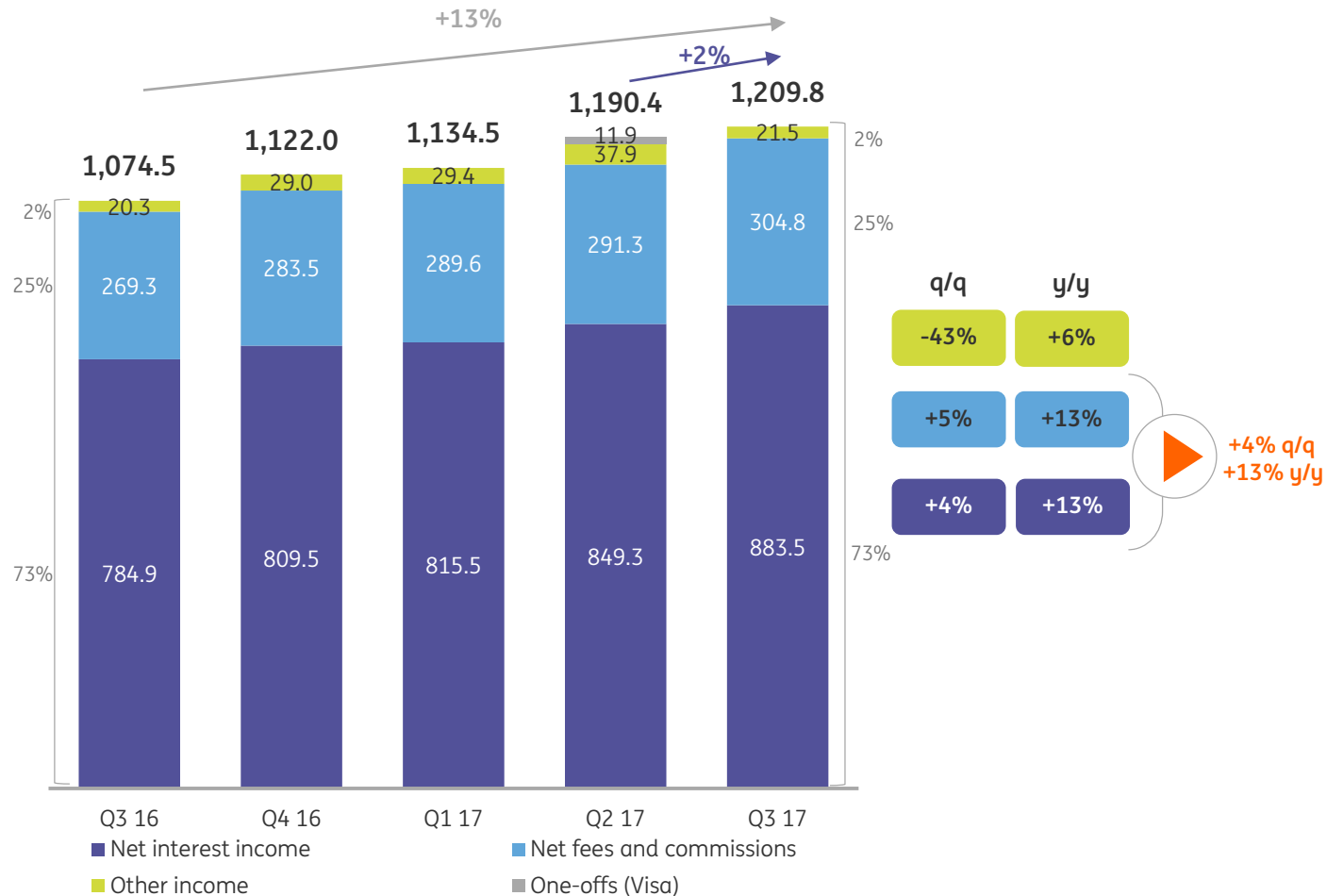


Financial results of ING Bank Śląski S.A.

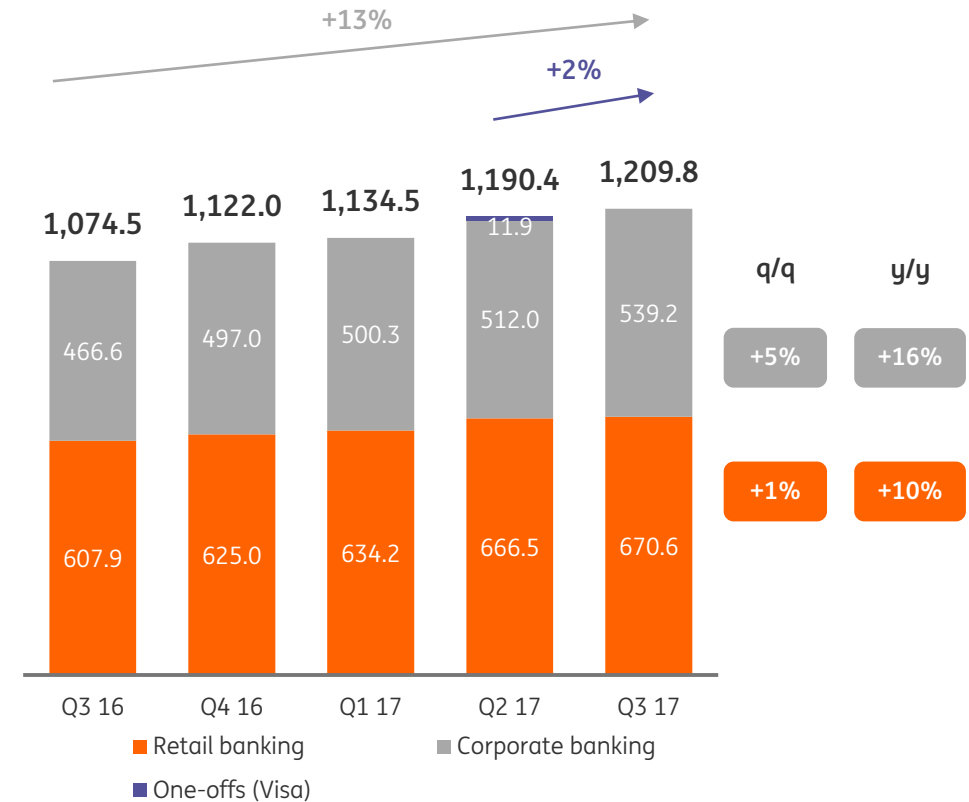
PLN million	Q3 2016	Q2 2017	Q3 2017	change q/q	change y/y	9M 2016	9M 2017	change y/y
Net interest income	784.9	849.3	883.5	+ 4%	+ 13%	2,143.9	2,548.3	+ 19%
Net commission income	269.3	291.3	304.8	+ 5%	+ 13%	781.3	885.7	+ 13%
Other income	20.3	49.8	21.5	- 57%	+ 6%	277.3	100.7	- 64%
Total income	1,074.5	1,190.4	1,209.8	+ 2%	+ 13%	3,202.5	3,534.7	+ 10%
Total expenses	515.5	510.3	524.5	+ 3%	+ 2%	1,541.5	1,599.2	+ 4%
Result before risk costs	559.0	680.1	685.3	+ 1%	+ 23%	1,661.0	1,935.5	+ 17%
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Bank levy	75.7	80.4	84.1	+ 5%	+ 11%	203.0	243.9	+ 20%
Profit before tax	433.6	476.1	492.1	+ 3%	+ 13%	1,295.9	1,382.0	+ 7%
Income tax	101.6	115.7	116.4	+ 1%	+ 15%	297.8	345.7	+ 16%
Net profit	332.0	360.4	375.7	+ 4%	+ 13%	998.1	1,036.3	+ 4%
Total capital ratio	14.8%	15.3%	15.1%	- 0.2 p.p.	+ 0.3 p.p.	14.8%	15.1%	+ 0.3 p.p.
Tier I	13.8%	14.4%	14.1%	- 0.2 p.p.	+ 0.3 p.p.	13.8%	14.1%	+ 0.3 p.p.
ROE (%)	11.3%	11.5%	11.8%	+ 0.3 p.p.	+ 0.5 p.p.	11.3%	11.8%	+ 0.5 p.p.
C/I ratio (%)	48.0%	42.9%	43.4%	+ 0.5 p.p.	- 4.6 p.p.	48.1%	45.2%	- 2.9 p.p.
Adjusted data ↓								
Total income*	1,074.5	1,178.5	1,209.8	+ 3%	+ 13%	3,012.8	3,522.8	+ 17%
Total expenses*	515.5	527.9	542.1	+ 3%	+ 5%	1,541.5	1,581.6	+ 3%
Profit before tax*	433.6	446.6	474.5	+ 6%	+ 9%	1,106.2	1,387.7	+ 25%
Net profit*	332.0	333.1	358.1	+ 8%	+ 8%	844.5	1,044.3	+ 24%
ROE (%)*	12.2%	12.1%	12.7%	+ 0.5 p.p.	+ 0.5 p.p.	11.1%	11.9%	+ 0.9 p.p.
C/I ratio (%)*	48.0%	44.8%	44.8%	+ 0.0 p.p.	- 3.2 p.p.	51.2%	44.9%	- 6.3 p.p.

Income per category

Income per P&L line (PLN million)

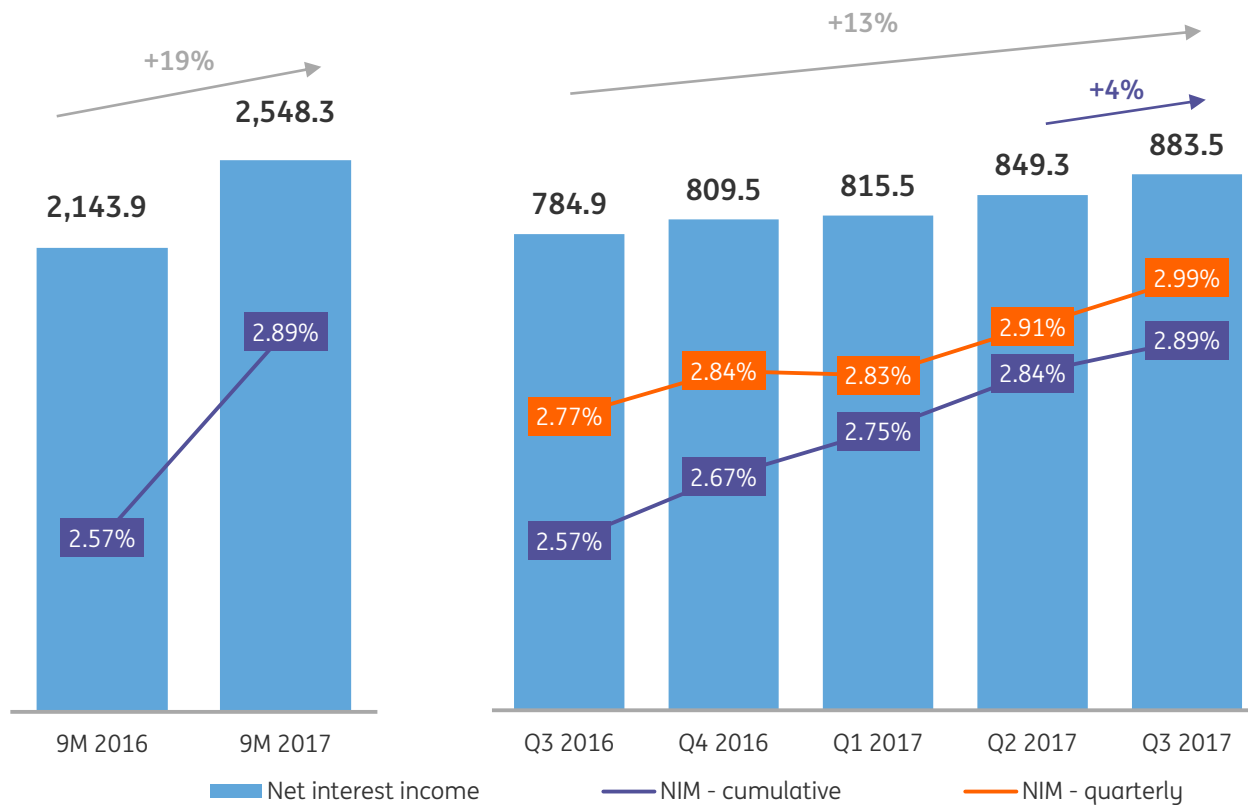


Income per business line (PLN million)



Net interest income

Net interest income (PLN million) and net interest margin



1.69%

1.73%

1.71%

1.73%

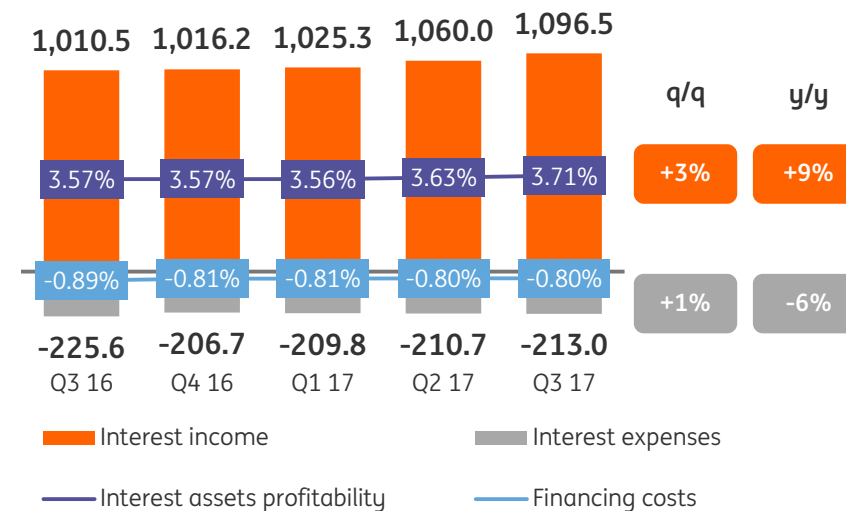
1.73%

1.73%

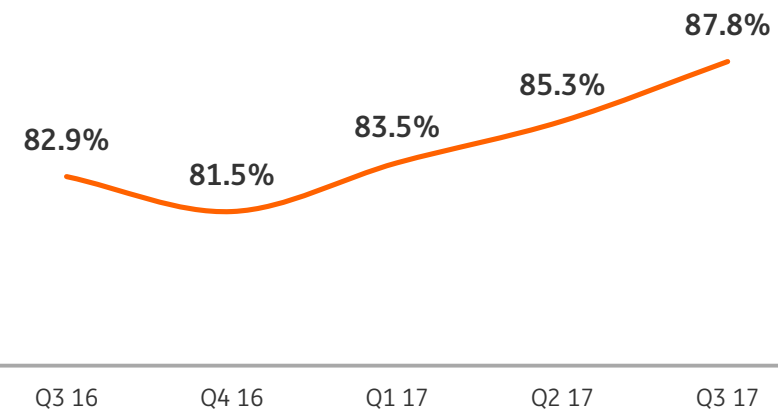
1.73%

3M WIBOR

Interest income and expenses (PLN million)

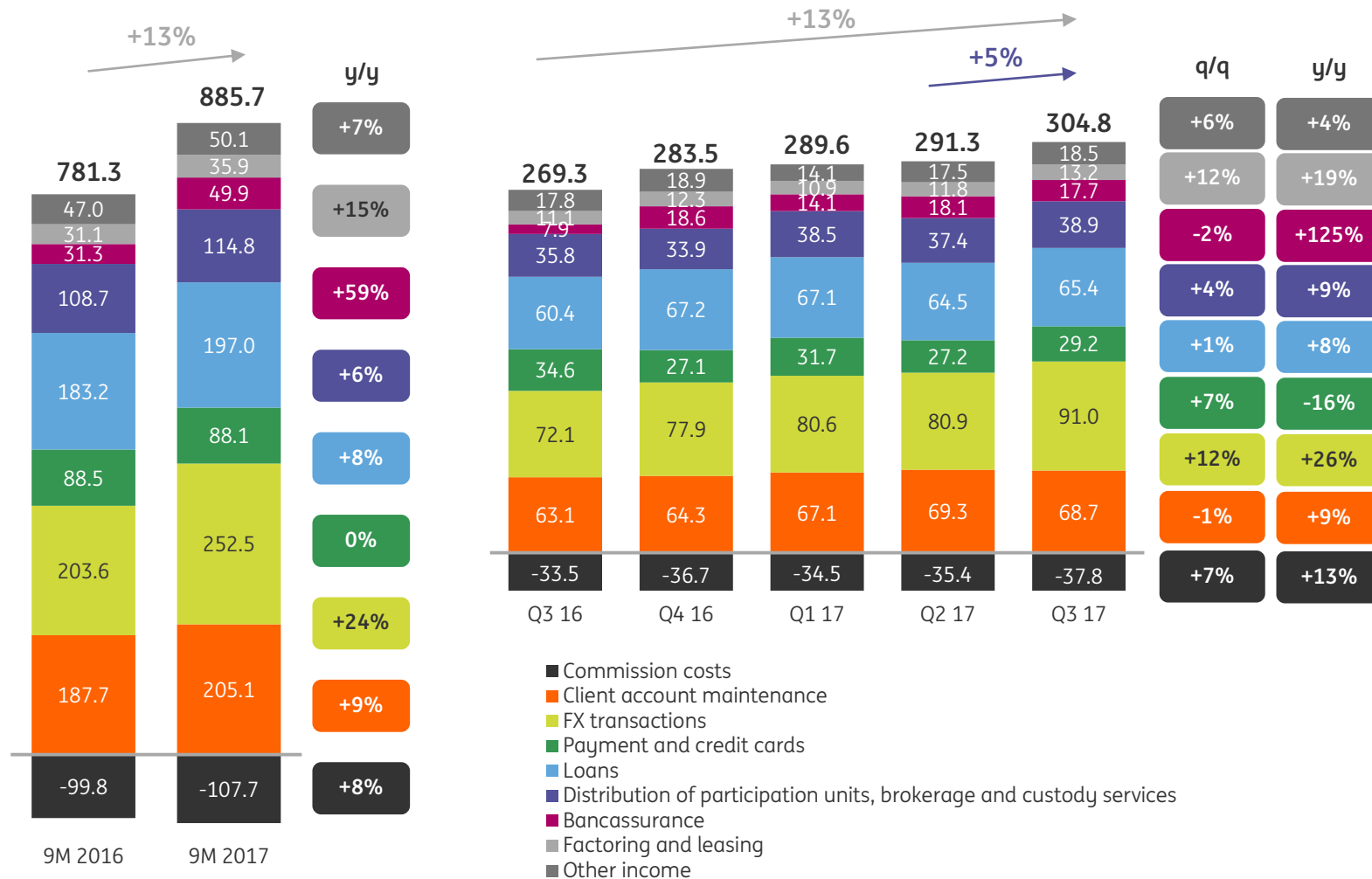


Loan* to deposit ratio



Fee and commission income

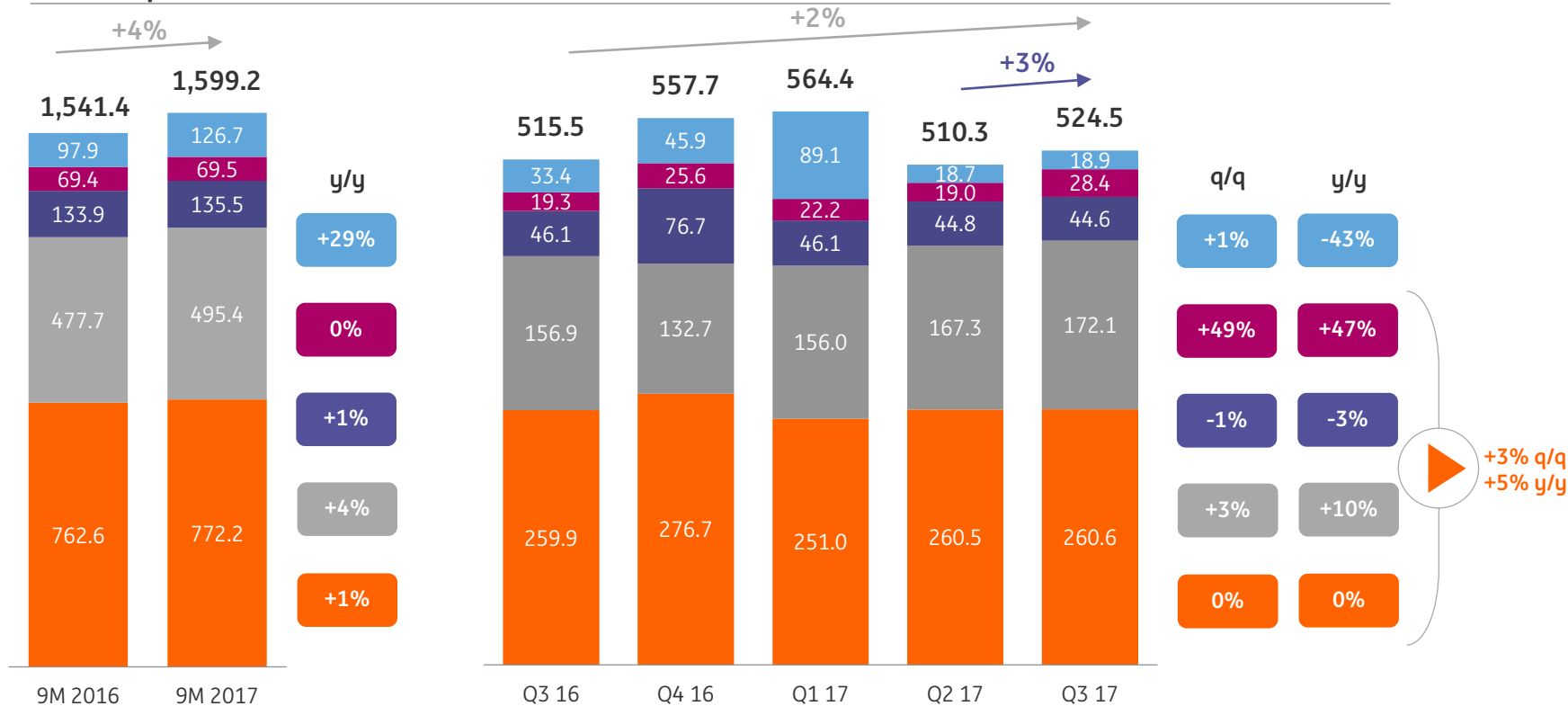
Fee and commission income per category (PLN million)



- +13% y/y and +5% q/q increase mainly thanks to higher volumes of FX transaction made by clients
- Annual decline of 16% on card fees in Q3 2017 was driven by a settlement of a historical agreement with a partner made in Q3 2016 (one-off)

Total expenses

Total expenses (PLN million)



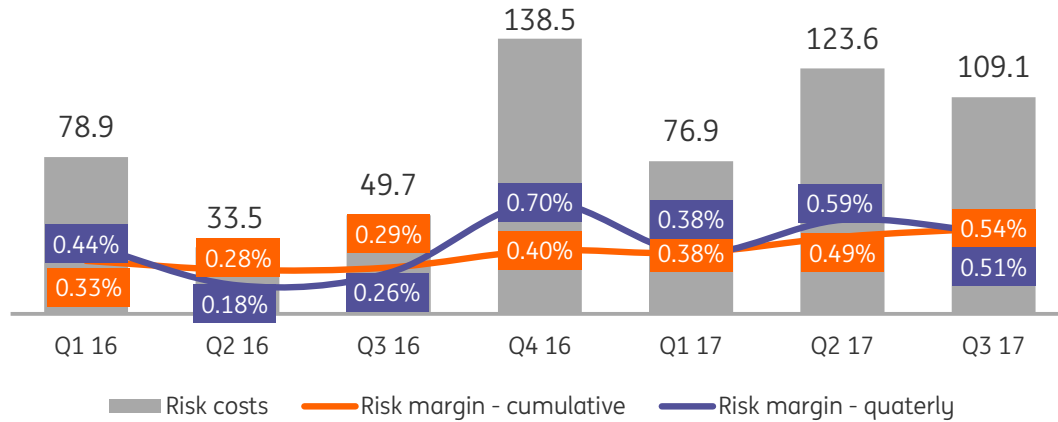
- The quarterly contribution to Bank Guarantee Fund was booked in Q3 2017 (PLN 18.9m)
- Higher costs of market research and advertising, mainly in the retail segment
- Costs increase due to adjusting the space to Agile requirements
- Higher number of FTEs due to the acquisition of SKOK Bieszczadzka (a credit union)

■ Personnel costs
 ■ General and administrative costs
 ■ Amortisation and depreciation
 ■ Marketing and promotion costs
 ■ BGF costs



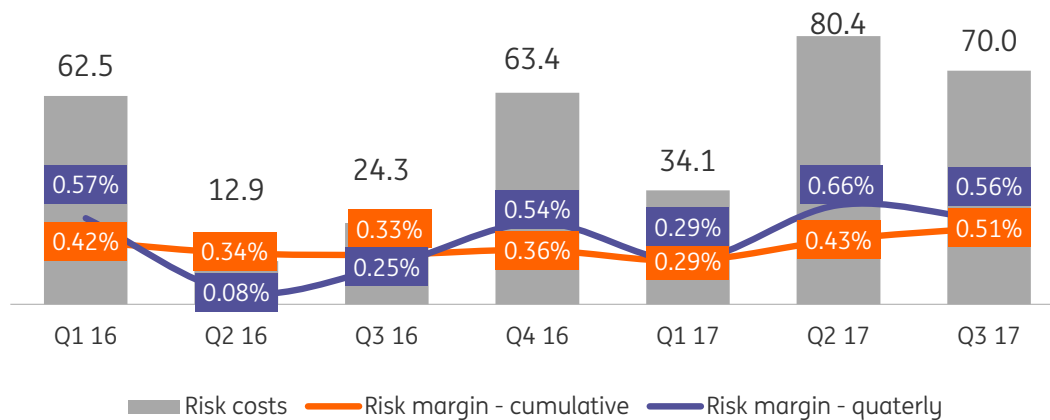
Risk costs

Group (PLN million)

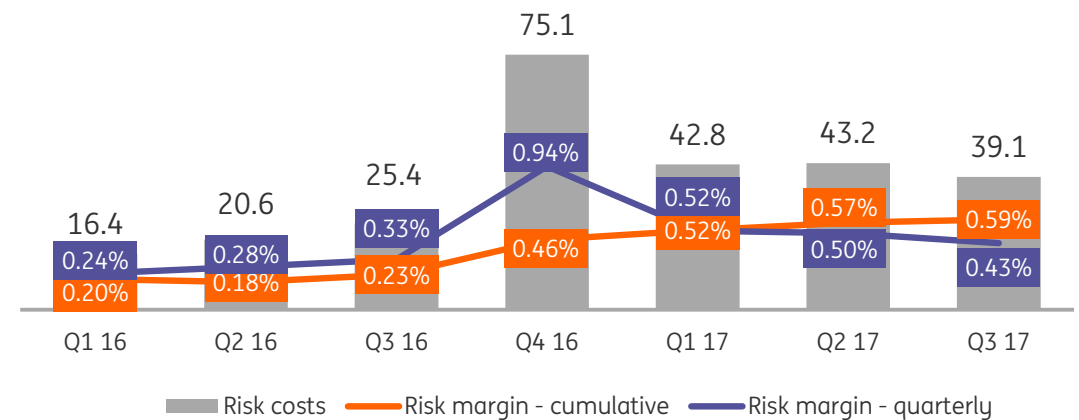


- July 2017 – sale of retail NPLs (PLN +14.7 million on pre-tax profit, including PLN +11.0 million on risk costs)

Corporate banking (PLN million)



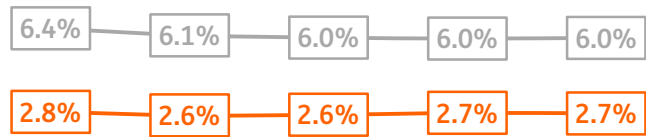
Retail banking (PLN million)



Portfolio quality and provisioning

Share of non-performing portfolio in the total portfolio

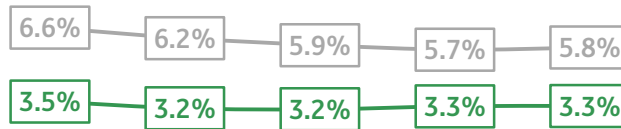
Group



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

— ING BSK: ratio of non-performing loans
— Market: ratio of non-performing loans

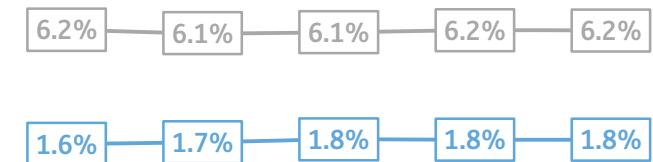
Corporate banking



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

— ING BSK: ratio of corporate non-performing loans
— Market: ratio of institutional client non-performing loans

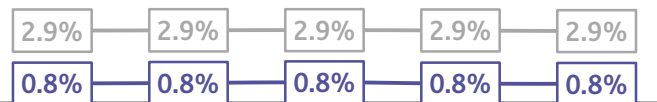
Retail banking



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

— ING BSK: ratio of retail non-performing loans
— Market: ratio of household non-performing loans

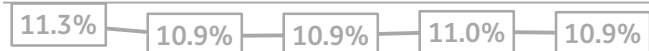
Retail banking - mortgages



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

— ING BSK: ratio of retail mortgage non-performing loans
— Market: ratio of household housing non-performing loans

Retail banking - other



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

— ING BSK: ratio of retail other non-performing loans
— Market: ratio of household other non-performing loans

Provision coverage ratio (%)

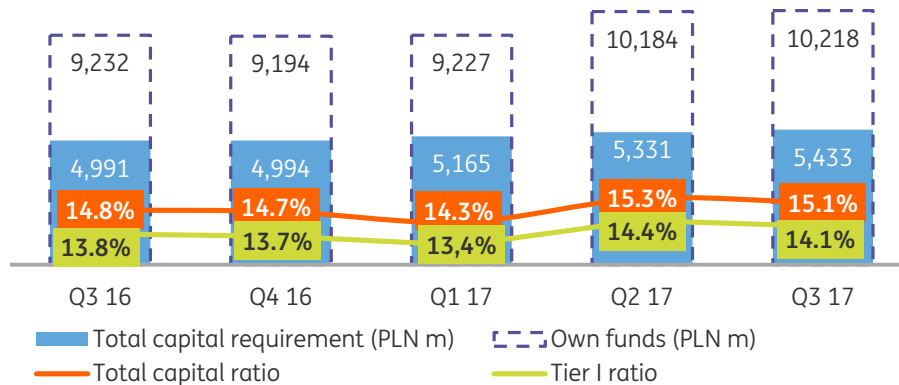


Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

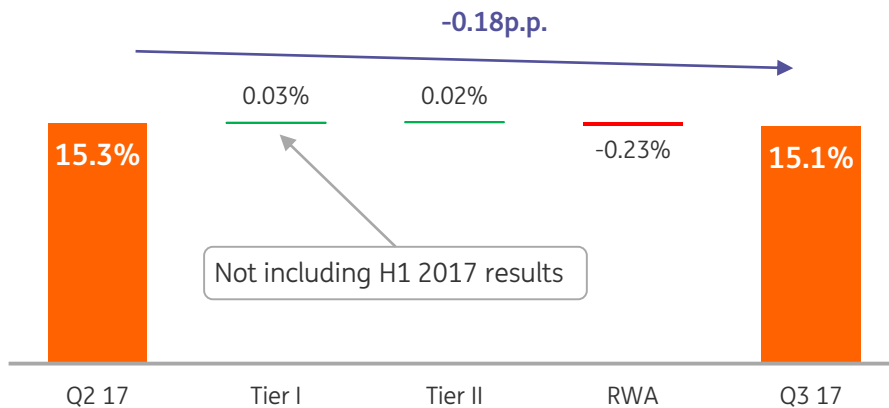
— Group — Retail banking — Corporate banking

Capital adequacy

Consolidated total capital ratio and capital requirements



Consolidated total capital ratio – decomposition of q/q change



- Since Q3 2017 the regulatory floor has not been recognized (positive pro-forma impact on TCR in Q2'07 was 38 b.p.).
- The estimated impact of the risk weight changes for retail mortgages on TCR would be +17 b.p.
 - As of 2 December 2017, the risk weight for FX mortgages will increase from 100% to 150%, while ...
 - ... the risk weight for PLN mortgage loans will be reduced (the weight of 35% will be attributable to 80% of the value of effective collateral - previously only up to 50%).
- By virtue of the Polish Financial Supervision Authority decision of 23 October 2017, in subsequent reporting periods ING BSK will include the Bank's net profit of PLN 425 million for H1 2017 in the calculation of own funds.

Appendixes

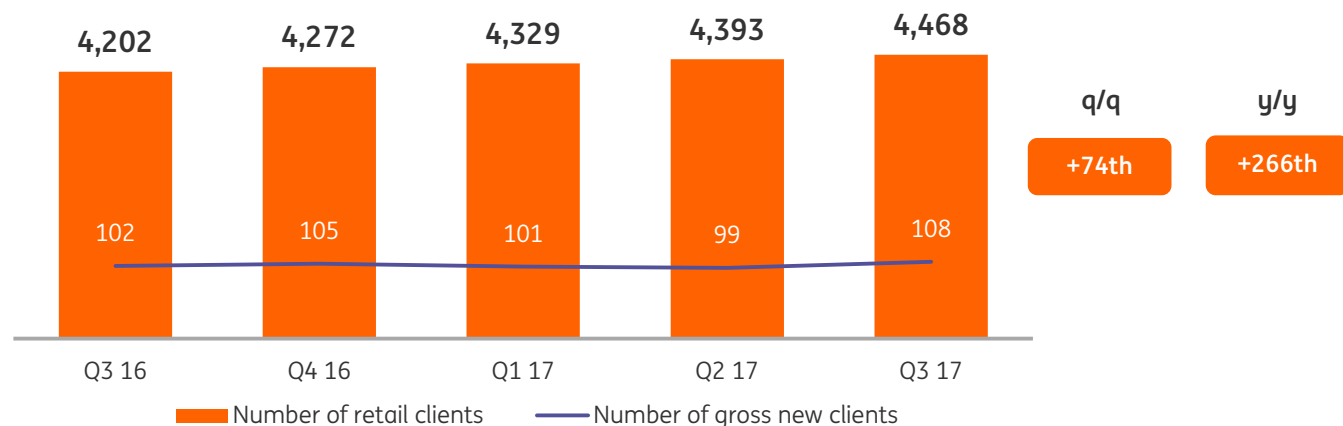


Retail banking

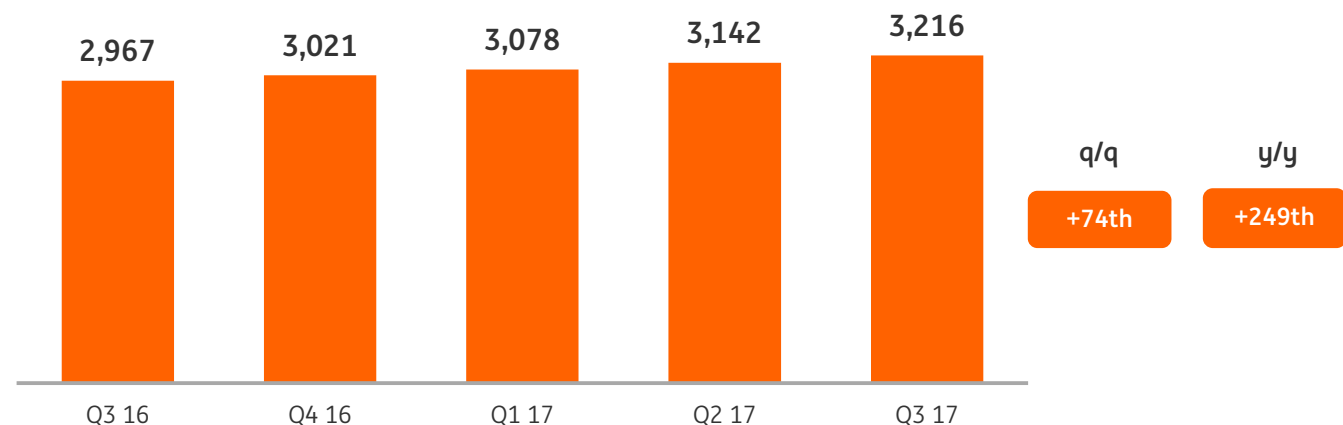
Client base

Nearly 4.5 million retail clients

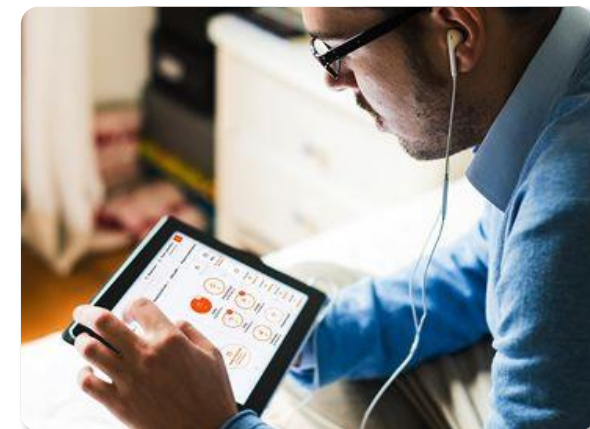
Number of retail clients (thousand)



Number of retail clients' current accounts (thousand)



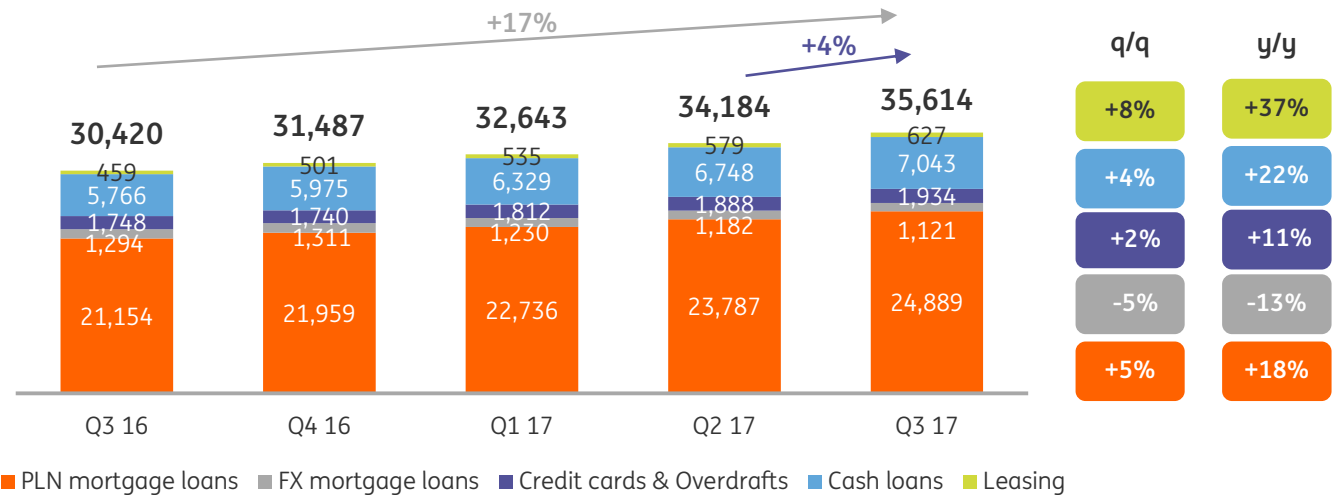
Note: PLN denominated current accounts



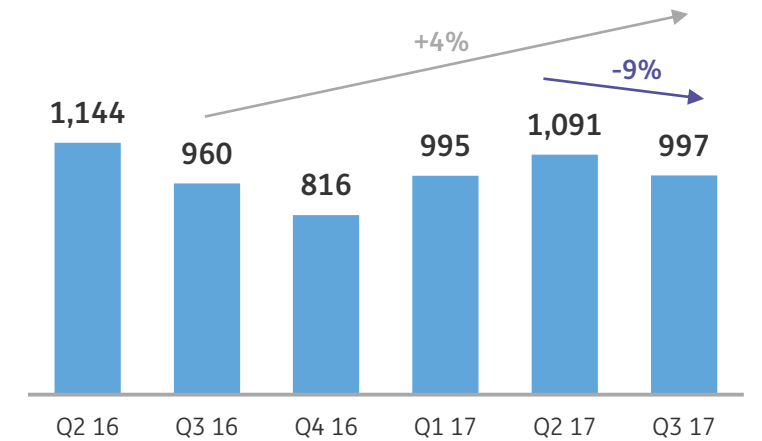
- 81% of accounts are Direct Accounts
- Clients added over **41 thousand FX accounts** to multi-currency cards and **made over 308 thousand transactions**; we maintain high sales of FX accounts
- **Over 93 thousand clients** use our **FX Platform**
- We have over **104 thousand users of Trusted Profile**, who used it over 154 thousand times

Retail lending

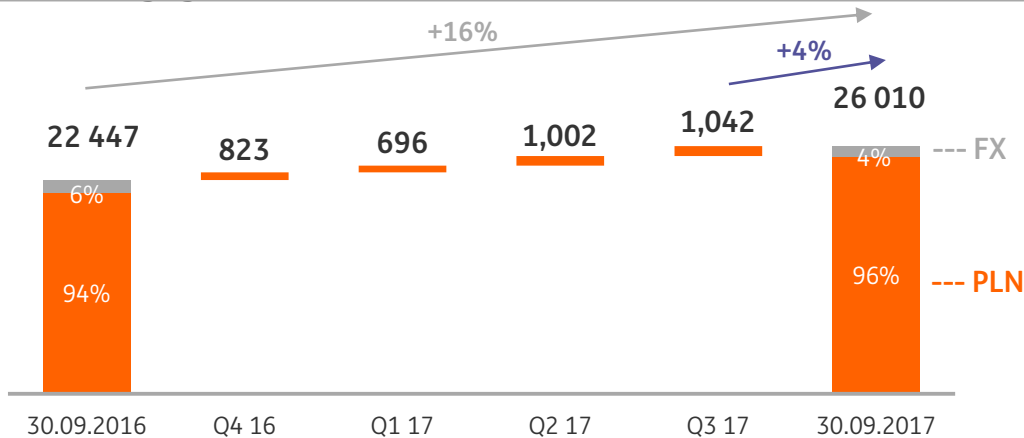
Loan portfolio of retail clients (PLN million)



Cash loan production (PLN million)



Retail mortgage loans (PLN million)

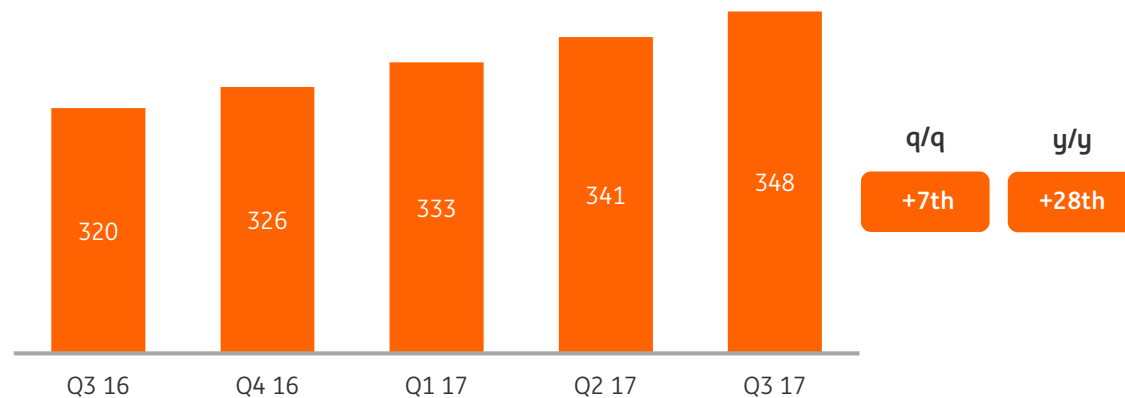


- **PLN 1.0 billion** cash loans granted to retail clients in Q3 2017 (-9% q/q, +4% y/y)
- **13.8%** market share in the sales of retail mortgage loans after Q1-3 2017. Value of agreements signed: PLN 4.5 billion
- **9.0%** market share in PLN housing loans; **6.1%** in total housing loans (as at the end of Q3 2017)

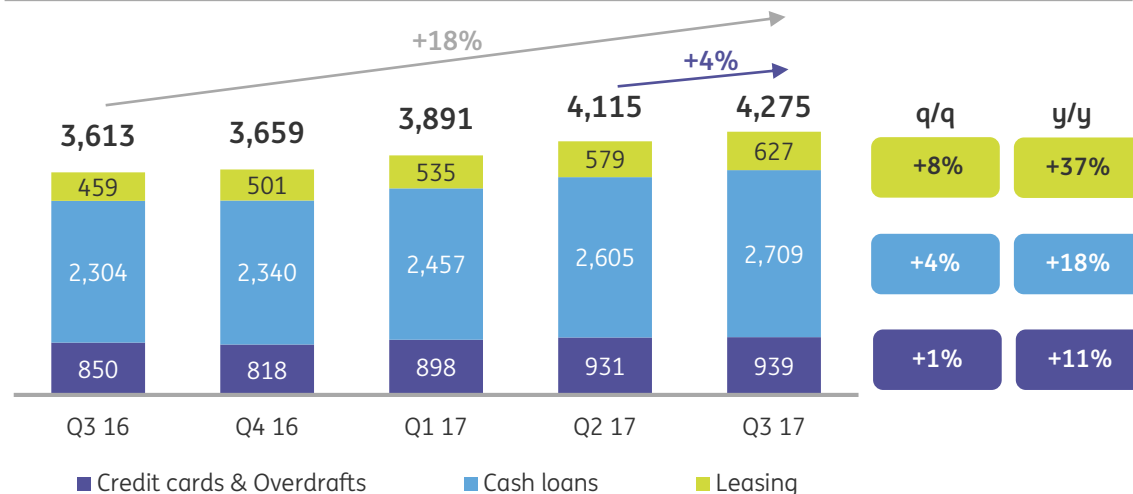
ING supports entrepreneurs

348 thousand entrepreneurs

Number of entrepreneurs (thousand)



Loans and other receivables from entrepreneurs (PLN million)

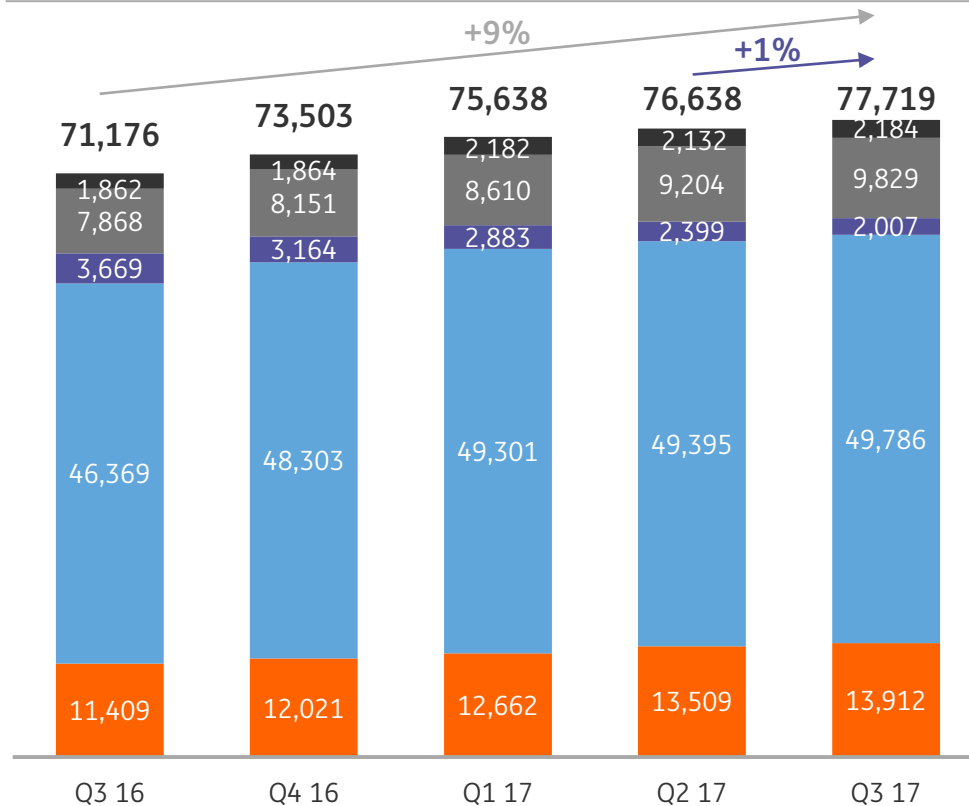


- We run **over 354 thousand current accounts** for **348 thousand entrepreneurs** out of which 94% are Direct Accounts
- We enable testing a business idea
- We are one of the best banks for entrepreneurs (#3) according to the Forbes ranking



Savings and investments

Portfolio of funds entrusted by retail clients (PLN million)



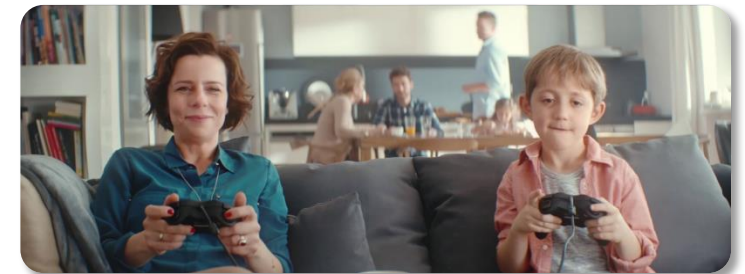
- Assets accumulated on brokerage accounts
- Mutual funds and other off-BS products
- Term deposits and structured products
- Saving accounts
- Current accounts

q/q	y/y
+2%	+17%
+7%	+25%
-16%	-45%
+1%	+7%
+3%	+22%

- We run 65.0 thousand brokerage accounts; **number of active clients increased by +65% y/y**
- In Q3 2017 we opened nearly **2.9 thousand brokerage accounts** (the highest number in the market), out of which **93% via Moje ING**
- We participated in **Play offering** (IPO); our clients accounted for nearly 10% of total number of investors participating in the offer

+6% q/q
+23% y/y

+1% q/q
+7% y/y



- Already **79.5 thousand clients** invest regularly
- Money coach offered **over 50.6 thousand investment solutions** this year

Progressive evolution of banking

ING more and more digital



Electronic banking

We implemented **HCE cards for entrepreneurs**; we issued **24.1 thousand HCE cards in total** for individual clients and entrepreneurs

In Q3 2017 online sales of cash loans amounted to **71%** of cash loans sold to **individual clients** and **39%** of cash loans sold to **entrepreneurs**

~ **830 thousand clients with active BLIK** (+8% q/q, +56% y/y)

~ **758 thousand BLIK transactions**, out of which **407 thousand ecommerce transactions** (+22% q/q, ~7x y/y)

99.86% of retail transfers are electronic transfers

~ **11.1 million transfers** in mobile banking (+16% q/q, +46% y/y)

2.6 million
application
downloads

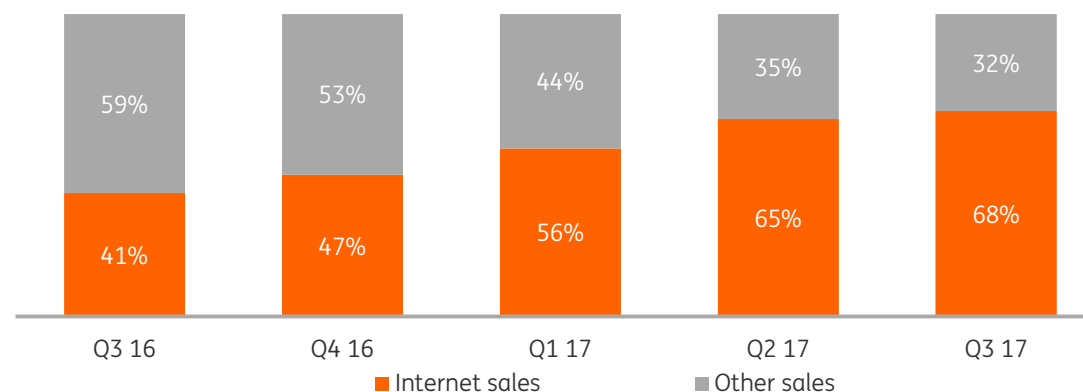
Physical distribution network

367 branches with self-service zones*

1,087 machines for cash self-service, including 900 recyclers, out of which 887 contactless ATMs/Recyclers

66 ING Express sales points at shopping malls

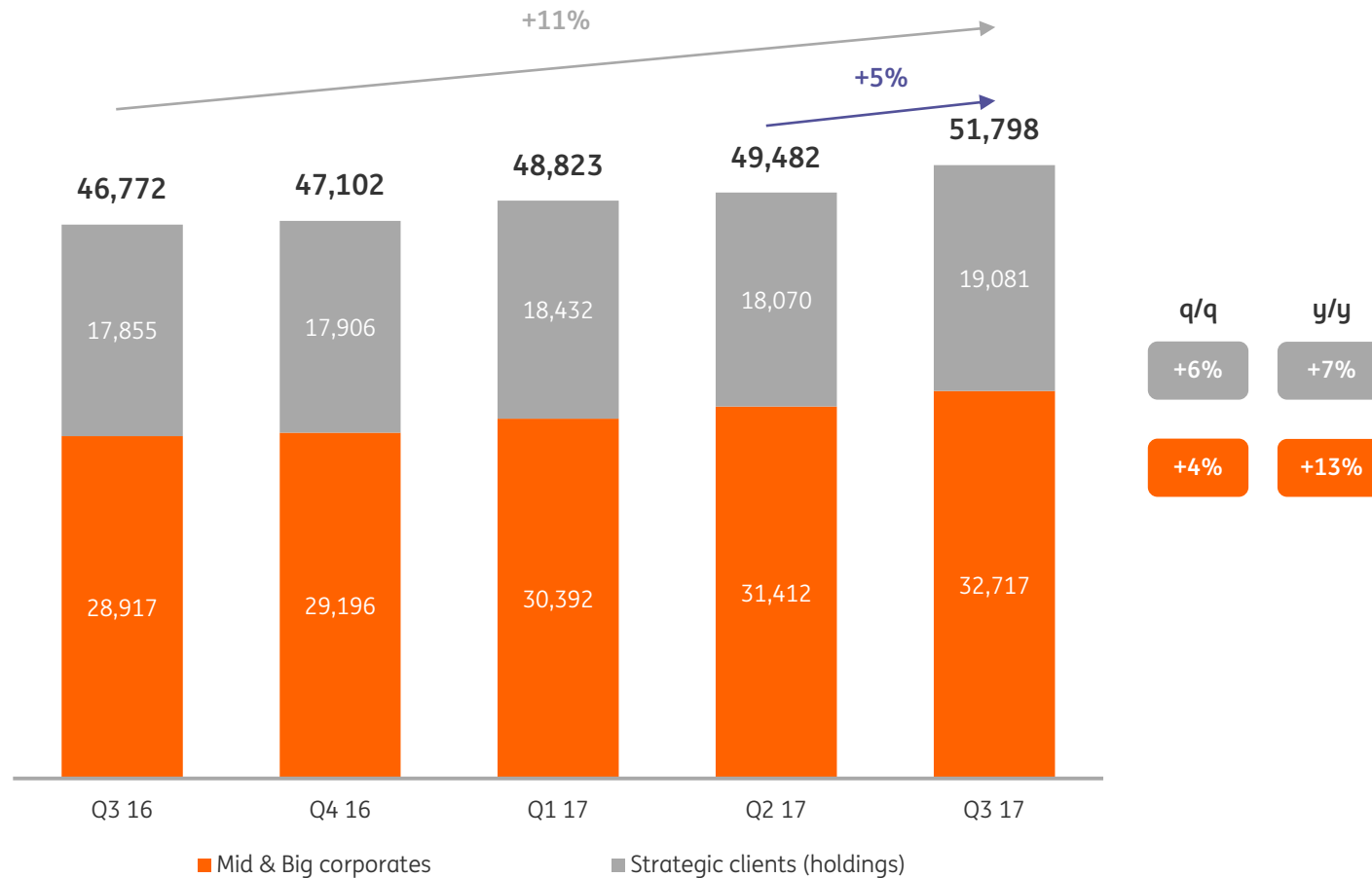
Structure of cash loans sales (according to the number of loans)



Corporate banking

Loans

Volume of loans and other receivables from corporate clients (PLN million)



- **93%** of loan applications were **submitted online** in Q3 2017
- We invested in **Twisto fintech** – together we will introduce a new system of deferred online payments in Poland
- **We financed an acquisition of Jantón S.A. sp.k.** (the market leader of wine sales in terms of volume) by Enterprise Investors fund

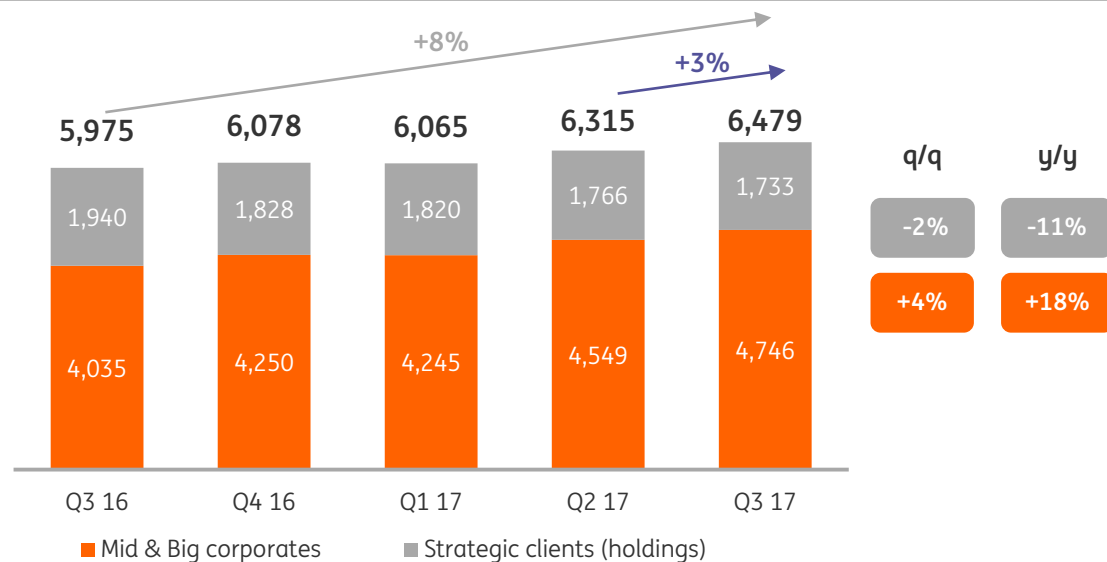


Asset Based Lending

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

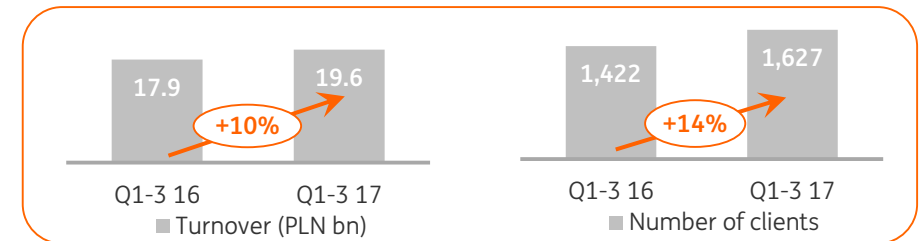
- 5.7% market share in new production (#6)
- Market share in lease of machines and equipment (new production): 7.5% (#6)
- 16.6 thousand clients using leasing services (+28.9% y/y)
- Full information and possibility to apply for a leasing via Internet and mobile banking

Leasing – financing of clients (PLN million)

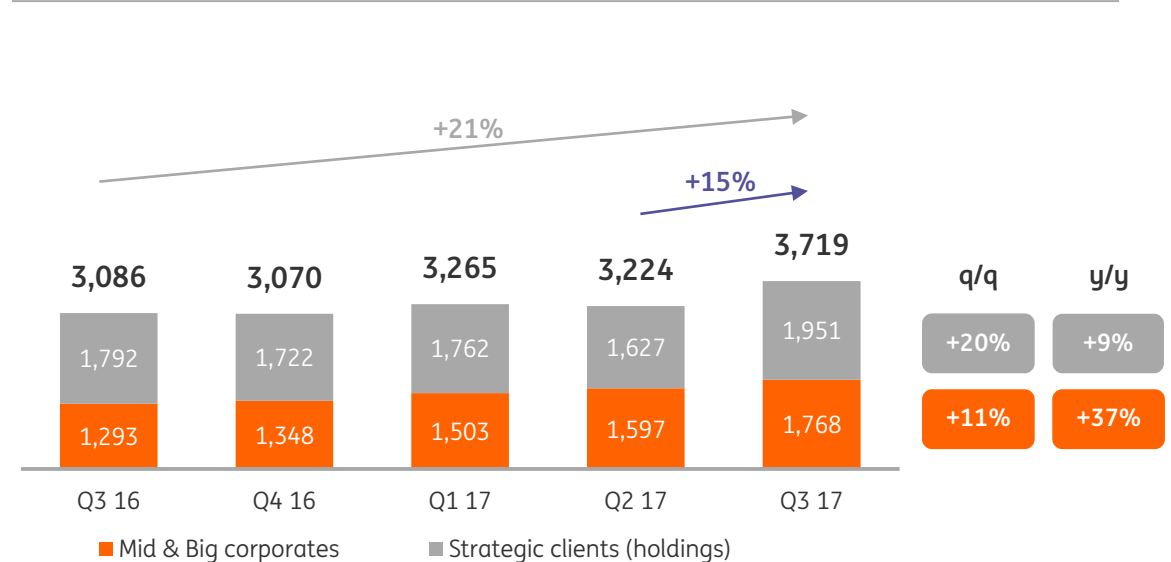


ING Commercial Finance Polska S.A. (factoring)

- 🏆 #1 • #1 in the market with market share 14.8% after Q1-3 2017
- In comparison with last year, we bought 26% more invoices

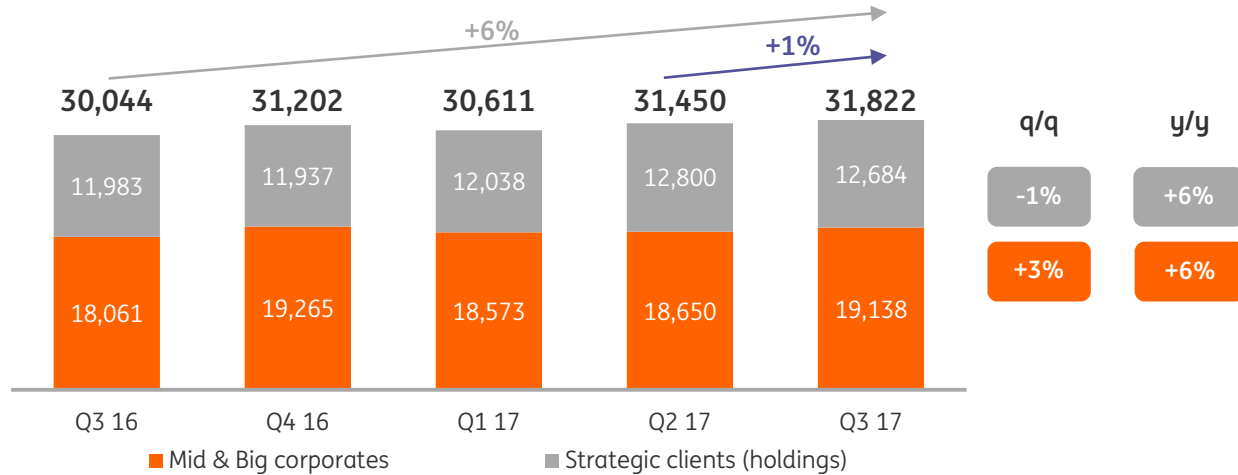


Factoring – financing of clients (PLN million)

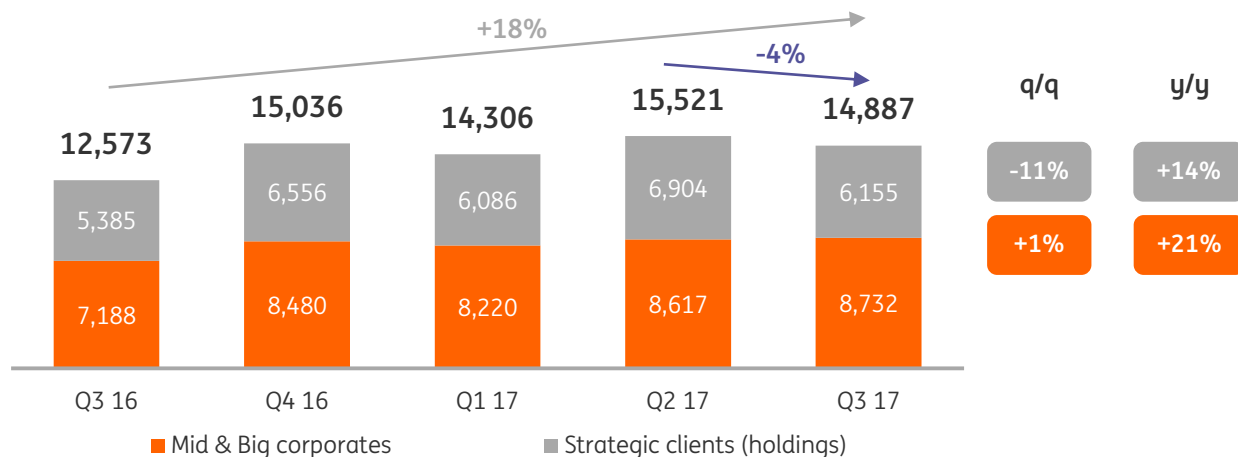


Cash management

Volume of corporate deposits (PLN million)



Volume of corporate current accounts (PLN million)



2.9 thousand
(+21% y/y)

new Mid & Big corporate clients
acquired in Q3 2017

We offer our clients a network of self-service cash machines:

- 140 electronic depositories,
- 54 light depositories,
- 24 mini CDMs,
- 2 micro CDMs,
- 15 fee collection machines.

**99.99% of transfers made in
electronic banking**

Financial results

Income statement

Interim condensed consolidated financial statements (PLN m)

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	q/q Δ	%	y/y Δ	%	9M 2016	9M 2017	y/y Δ	%
Net interest income, of which:	668.1	690.9	784.9	809.5	815.5	849.3	883.5	34.2	4.0%	98.6	12.6%	2,143.9	2,548.3	404.4	18.9%
Interest income, of which:	935.0	961.2	1,010.5	1,016.2	1,025.3	1,060.0	1,096.5	36.5	3.4%	86.0	8.5%	2,906.7	3,181.8	275.1	9.5%
- on loans and receivables to banks	12.3	13.9	12.7	12.3	12.5	13.7	13.9	0.2	1.5%	1.2	9.4%	38.9	40.1	1.2	3.1%
- on loans and receivables to customers	683.6	700.5	733.9	749.3	757.1	793.0	839.3	46.3	5.8%	105.4	14.4%	2,118.0	2,389.4	271.4	12.8%
- on leasing	40.5	41.0	43.3	45.0	43.8	46.1	47.5	1.4	3.0%	4.2	9.7%	124.8	137.4	12.6	10.1%
- on factoring	19.2	20.5	23.0	25.5	24.5	27.0	28.3	1.3	4.8%	5.3	23.0%	62.7	79.8	17.1	27.3%
- on debt securities	156.0	158.4	176.3	170.5	174.3	169.7	163.1	-6.6	-3.9%	-13.2	-7.5%	490.7	507.1	16.4	3.3%
- on BSB transactions (non trading)	3.3	2.7	2.3	1.3	0.9	0.4	0.9	0.5	125.0%	-1.4	-60.9%	8.3	2.2	-6.1	-73.5%
- interest result on derivatives	20.1	24.2	19.0	12.3	12.2	10.1	3.5	-6.6	-65.3%	-15.5	-81.6%	63.3	25.8	-37.5	-59.2%
Interest expenses, of which:	266.9	270.3	225.6	206.7	209.8	210.7	213.0	2.3	1.1%	-12.6	-5.6%	762.8	633.5	-129.3	-17.0%
- interest on deposits from banks	8.6	7.8	15.2	13.0	16.9	16.3	15.5	-0.8	-4.9%	0.3	2.0%	31.6	48.7	17.1	54.1%
- interest on deposits from customers	251.0	253.3	201.1	184.4	183.7	185.0	188.1	3.1	1.7%	-13.0	-6.5%	705.4	556.8	-148.6	-21.1%
- on SBB transactions (non trading)	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.2	-	0.1	100.0%	0.2	0.3	0.1	50.0%
- interest on debt securities in issue	5.7	5.6	5.6	5.8	5.7	5.7	5.8	0.1	1.8%	0.2	3.6%	16.9	17.2	0.3	1.8%
- on trading financial instruments	0.2	0.2	0.3	0.3	0.3	0.6	0.3	-0.3	-50.0%	0.0	0.0%	0.7	1.2	0.5	71.4%
- on subordinated debt	1.3	3.4	3.3	3.2	3.1	3.1	3.1	0.0	0.0%	-0.2	-6.1%	8.0	9.3	1.3	16.3%
Net commission income	253.9	258.1	269.3	283.5	289.6	291.3	304.8	13.5	4.6%	35.5	13.2%	781.3	885.7	104.4	13.4%
Result on trade operations and revaluation (incl investments and HA)	49.1	202.2	20.6	15.0	28.6	50.5	21.6	-28.9	-57.2%	1.0	4.9%	271.9	100.7	-171.2	-63.0%
Net income on instruments measured at fair value through profit or loss and FX result	23.0	5.1	16.4	12.7	18.0	11.1	25.5	14.4	129.7%	9.1	55.5%	44.5	54.6	10.1	22.7%
Net income on investments	28.7	196.6	4.0	3.0	10.2	32.8	3.6	-29.2	-89.0%	-0.4	-10.0%	229.3	46.6	-182.7	-79.7%
Net income on hedge accounting	-2.6	0.5	0.2	-0.7	0.4	6.6	-7.5	-14.1	-	-7.7	-	-1.9	-0.5	1.4	-73.7%
Net income on other basic activities	4.5	1.2	-0.3	14.0	0.8	-0.7	-0.1	0.6	-85.7%	0.2	-66.7%	5.4	0.0	-5.4	-
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	-	0.0	0.0	0.0	-
Income	975.6	1,152.4	1,074.5	1,122.0	1,134.5	1,190.4	1,209.8	19.4	1.6%	135.3	12.6%	3,202.5	3,534.7	332.2	10.4%
Expenses	508.8	517.2	515.5	557.7	564.4	510.3	524.5	14.2	2.8%	9.0	1.7%	1,541.5	1,599.2	57.7	3.7%
- personnel expenses	251.5	251.3	259.9	276.7	251.0	260.5	260.6	0.1	0.0%	0.7	0.3%	762.6	772.2	9.5	1.2%
- other expenses	215.1	220.3	209.6	204.3	267.3	205.0	219.3	14.4	7.0%	9.8	4.7%	645.0	691.6	46.6	7.2%
- D&A	42.2	45.6	46.1	76.7	46.1	44.8	44.6	-0.2	-0.5%	-1.5	-3.3%	133.9	135.5	1.6	1.2%
Profit before risk costs	466.8	635.2	559.0	564.3	570.1	680.1	685.3	5.2	0.8%	126.3	22.6%	1,661.0	1,935.5	274.5	16.5%
Risk costs	78.9	33.5	49.7	138.5	76.9	123.6	109.1	-14.5	-11.7%	59.4	119.5%	162.1	309.6	147.5	91.0%
- retail	16.4	20.6	25.4	75.1	42.8	43.2	39.1	-4.1	-9.5%	13.7	53.9%	62.4	125.0	62.6	100.3%
- corporate	62.5	12.9	24.3	63.4	34.1	80.4	70.0	-10.4	-12.9%	45.7	188.1%	99.7	184.6	84.9	85.2%
Tax on certain financial institutions	50.5	76.8	75.7	77.2	79.4	80.4	84.1	3.7	4.6%	8.4	11.1%	203.0	243.9	40.9	20.1%
Profit (loss) before tax	337.4	524.9	433.6	348.6	413.8	476.1	492.1	16.0	3.4%	58.5	13.5%	1,295.9	1,382.0	86.1	6.6%
Income tax	78.2	118.0	101.6	93.6	113.6	115.7	116.4	0.7	0.6%	14.8	14.6%	297.8	345.7	47.9	16.1%
Net profit (loss), of which:	259.2	406.9	332.0	255.0	300.2	360.4	375.7	15.3	4.2%	43.7	13.2%	998.1	1,036.3	38.2	3.8%
Net profit (loss) attributable to the shareholders of ING BSK	259.2	406.9	332.0	254.9	300.2	360.4	375.7	15.3	4.2%	43.7	13.2%	998.1	1,036.3	38.2	3.8%
Number of shares issued (m)	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)	7.97	12.51	10.21	7.84	9.23	11.08	11.55	0.47	4.2%	1.34	13.2%	10.23	10.62	0.39	3.8%

Statement of financial position

Consolidated statement of financial position (PLN m)

ASSETS

- Cash in hand and balances with the Central Bank	3,589.7	3,565.7	1,286.6	1,299.1	1,825.0	1,250.0	1,351.9	1,638.2
- Loans and receivables to other banks	1,014.6	954.3	1,285.4	1,192.7	1,113.4	1,125.7	1,050.2	1,174.7
- Financial assets measured at fair value through profit and loss	1,127.1	2,067.7	1,847.3	1,617.3	2,826.8	1,505.2	2,676.6	1,415.2
- Valuation of derivatives	1,990.9	1,613.8	1,320.5	1,124.9	1,117.1	1,210.6	1,029.7	828.5
- Investments	23,478.8	25,072.0	27,761.0	27,344.0	25,721.3	26,569.7	24,427.6	24,446.1
- Derivative hedge instruments	2,454.8	2,737.1	2,389.6	2,138.9	1,338.6	1,259.1	1,148.6	1,050.1
- Loans and receivables to customers	72,519.6	75,330.0	78,308.6	80,377.4	81,979.5	84,379.6	86,902.3	90,087.3
- Receivables from customers due to repo transactions	1,354.4	19.9	0.0	19.8	0.0	19.9	20.0	19.7
- Non-financial assets	1,070.5	1,037.8	1,032.5	1,025.0	1,004.5	995.6	985.3	979.3
- Property, plant and equipment held for sale	38.4	49.8	41.2	41.2	31.8	19.7	14.3	15.3
- Tax assets	59.6	71.4	76.9	77.5	237.5	181.9	228.5	250.4
- Other assets	194.7	213.2	290.1	292.2	282.2	333.5	362.6	385.2

Total assets

4Q 2015 1Q 2016 2Q 2016 3Q 2016 4Q 2016 1Q 2017 2Q 2017 3Q 2017

108,893.1	112,732.7	115,639.7	116,550.0	117,477.7	118,850.5	120,197.6	122,290.0
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EQUITY AND LIABILITIES

LIABILITIES

- Liabilities due to other banks	3,913.5	4,236.0	5,082.3	7,032.5	5,043.0	5,606.6	6,140.5	5,637.8
- Financial liabilities measured at fair value through profit and loss	629.4	319.9	299.3	598.6	474.8	639.0	108.6	1,663.6
- Valuation of derivatives	2,002.7	1,525.1	1,336.9	1,101.9	1,116.0	1,097.6	1,045.7	957.8
- Derivative hedge instruments	1,830.9	1,818.0	1,730.1	1,614.3	1,468.1	1,206.4	1,015.0	799.9
- Liabilities due to customers	87,818.5	90,403.0	93,483.3	92,304.6	95,825.4	96,620.7	97,708.8	98,459.8
- Liabilities due to customers under repo transactions	47.5	10.4	9.1	0.0	0.0	0.0	0.0	0.0
- Liabilities under issue of debt securities	866.3	872.0	866.3	871.9	866.4	872.0	866.3	872.1
- Subordinated liabilities	0.0	641.6	665.2	648.1	664.9	634.2	635.3	647.7
- Provisions	67.2	82.7	82.0	79.8	73.8	72.9	83.0	90.8
- Tax liabilities	156.8	221.7	181.4	146.8	121.3	24.1	121.4	181.1
- Other liabilities	879.8	1,932.1	1,091.2	1,172.5	1,346.8	1,287.6	1,318.9	1,493.2

Total liabilities

98,212.6 102,062.5 104,827.1 105,571.0 107,000.5 108,061.1 109,043.5 110,803.8

EQUITY

- Share capital	130.1	130.1	130.1	130.1	130.1	130.1	130.1	130.1
- Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3	956.3	956.3	956.3
- Revaluation reserve	1,485.0	1,774.8	1,508.0	1,341.8	577.5	589.6	596.2	551.8
- Retained earnings	8,106.5	7,806.5	8,215.7	8,548.5	8,811.0	9,111.3	9,471.5	9,848.0

Equity attributable to shareholders of ING BSK

10,677.9 10,667.7 10,810.1 10,976.7 10,474.9 10,787.3 11,154.1 11,486.2

- Non-controlling interests

2.6 2.5 2.5 2.3 2.3 2.1 0.0 0.0

Total equity

10,680.5 10,670.2 10,812.6 10,979.0 10,477.2 10,789.4 11,154.1 11,486.2

Total equity and liabilities

108,893.1 112,732.7 115,639.7 116,550.0 117,477.7 118,850.5 120,197.6 122,290.0

Number of shares issued (m)

130.1 130.1 130.1 130.1 130.1 130.1 130.1 130.1

Book value per share (PLN)

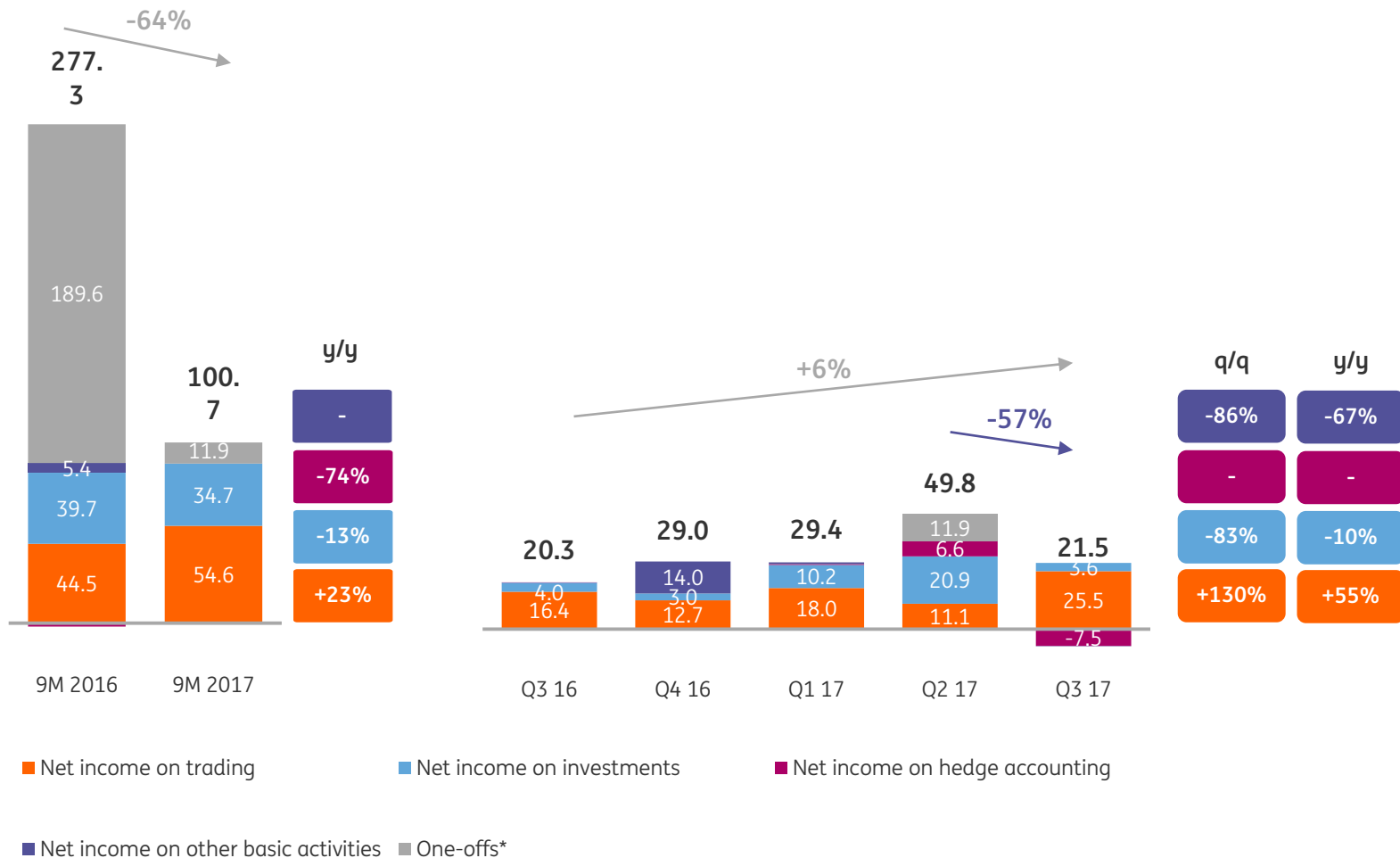
82.07 82.00 83.09 84.37 80.51 82.92 85.73 88.29

kw/kw r/r
Δ % Δ %

286.3	21.2%	339.1	26.1%
124.5	11.9%	-18.0	-1.5%
-1,261.4	-47.1%	-202.1	-12.5%
-201.2	-19.5%	-296.4	-26.3%
18.5	0.1%	-2,897.9	-10.6%
-98.5	-8.6%	-1,088.8	-50.9%
3,185.0	3.7%	9,709.9	12.1%
-0.3	-1.5%	-0.1	-0.5%
-6.0	-0.6%	-45.7	-4.5%
1.0	7.0%	-25.9	-62.9%
21.9	9.6%	172.9	223.1%
22.6	6.2%	93.0	31.8%
2,092.4	1.7%	5,740.0	4.9%

Other income

Other income (PLN million)



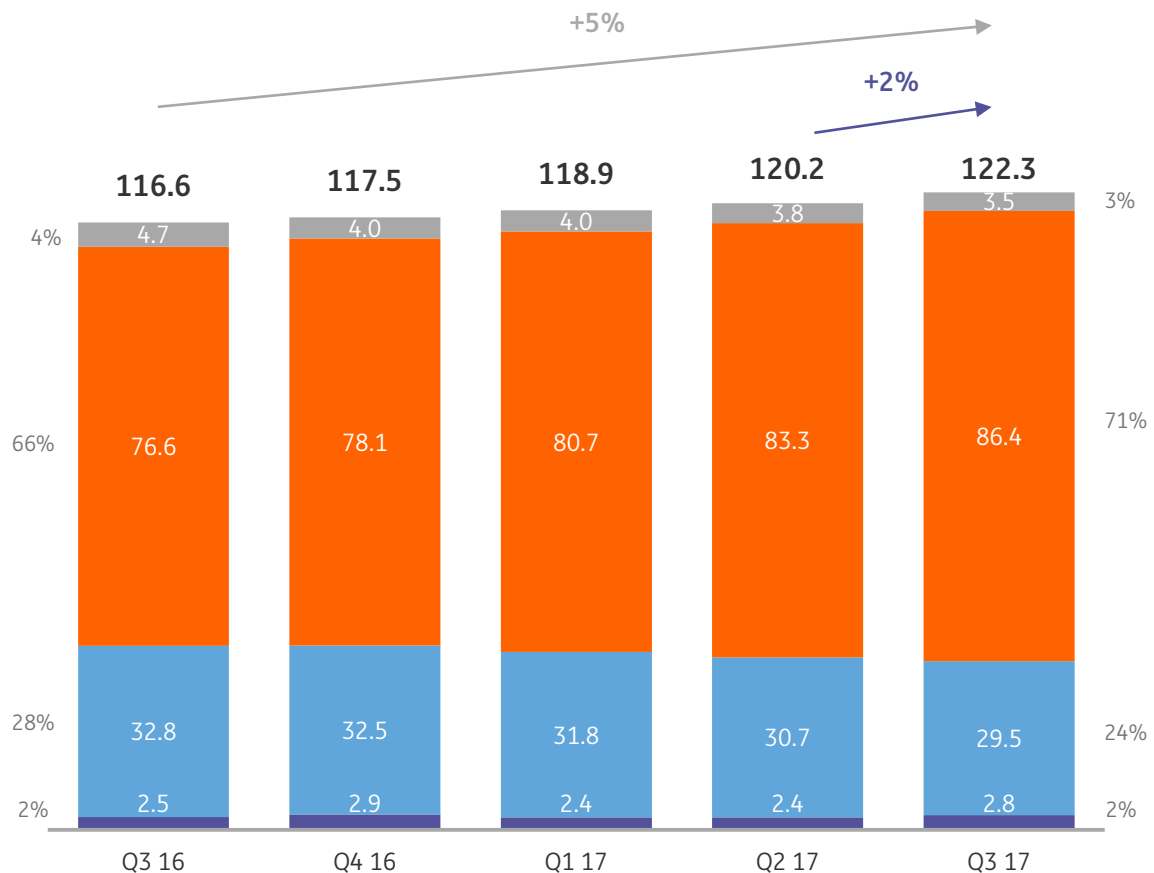
One-offs*:

- Q2 2017 - Visa Inc. transaction (PLN 11.9m)
- Q2 2016 - Visa Europe transaction (PLN 189.6m)

	q/q	y/y
Net income on trading	+130%	+55%
Net income on investments	-83%	-10%
Net income on hedge accounting	-	-
Net income on other basic activities	-86%	-67%

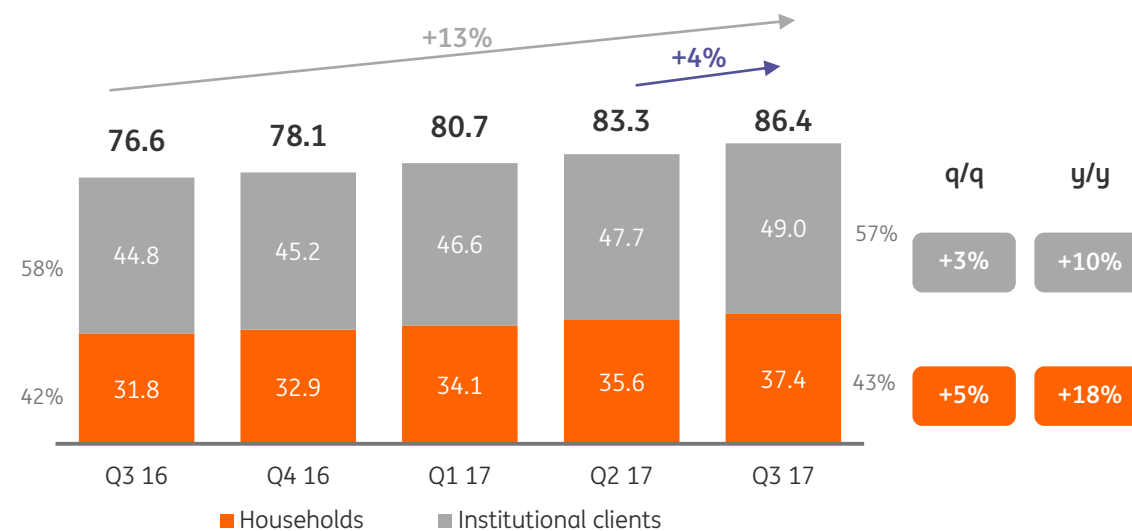
Bank assets

Assets structure (PLN billion / %)



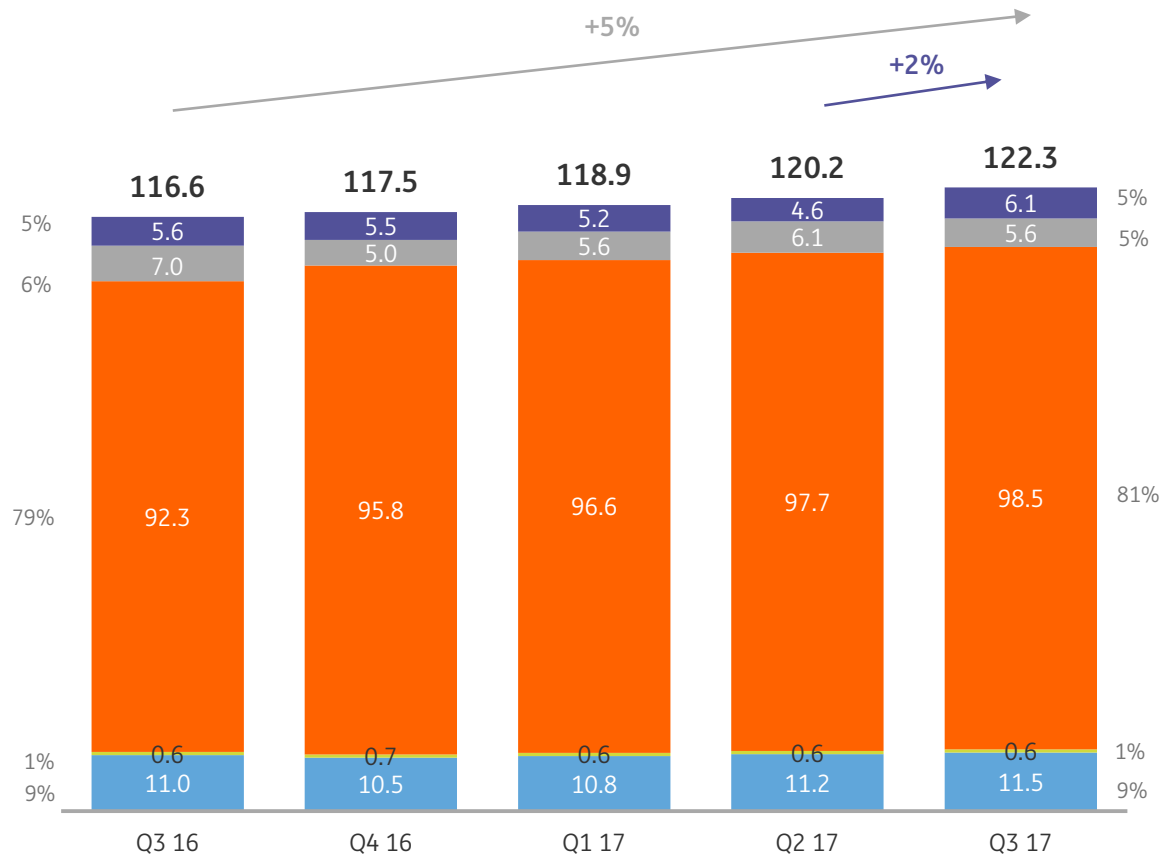
- Other
- Loans, corporate bonds and other receivables from customers*
- Securities (including Eurobonds)
- Loans and other receivables from banks + cash with NBP

Loans and other receivables from customers* (PLN billion)



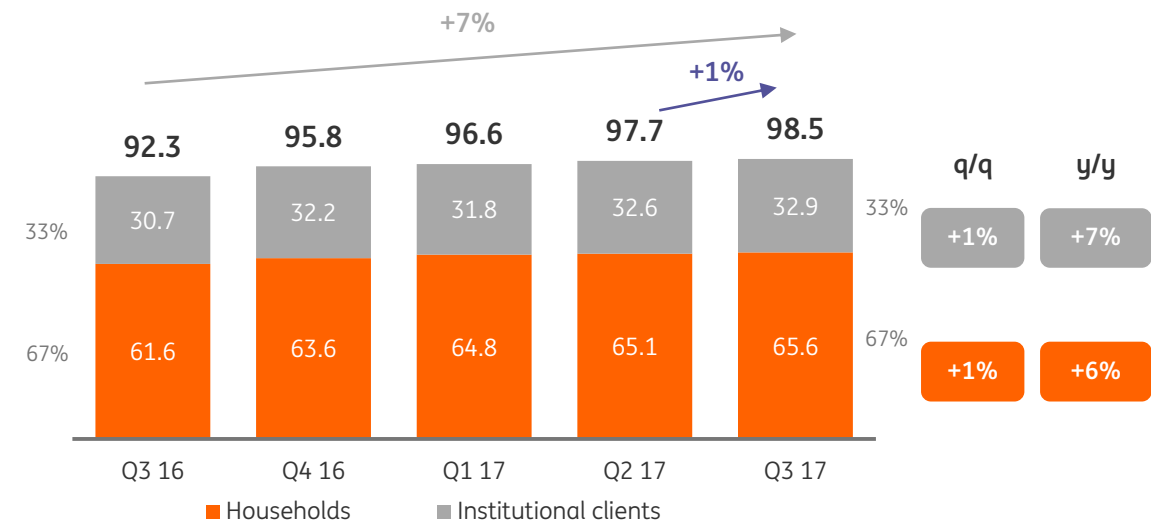
Bank equity and liabilities

Structure of equity and liabilities (PLN billion / %)



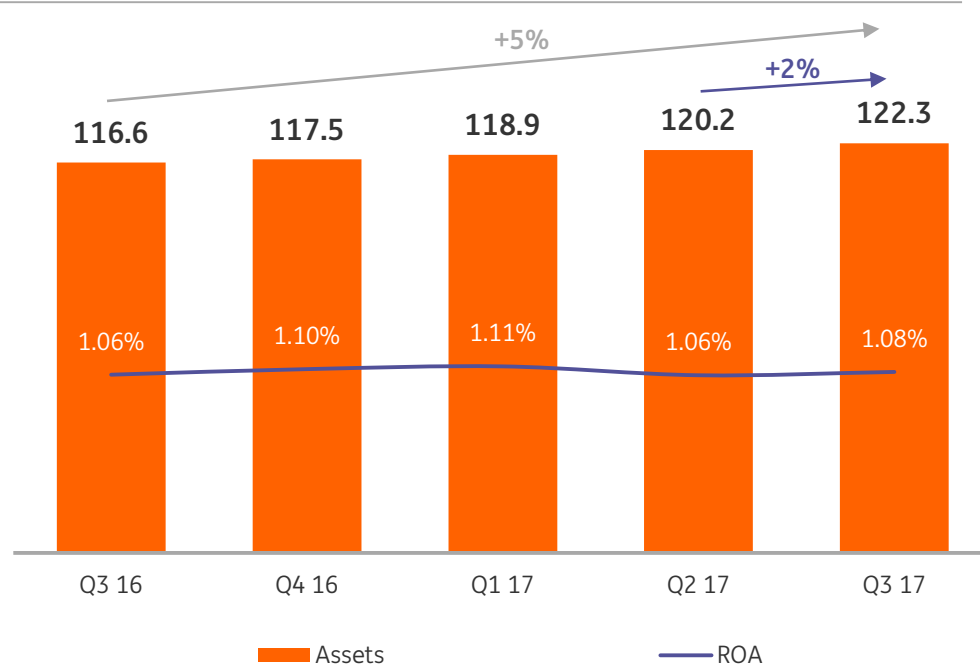
■ Equity ■ Subordinated debt ■ Deposits and other liabilities to customers ■ Liabilities to banks ■ Other

Deposits and other liabilities to customers (PLN billion)

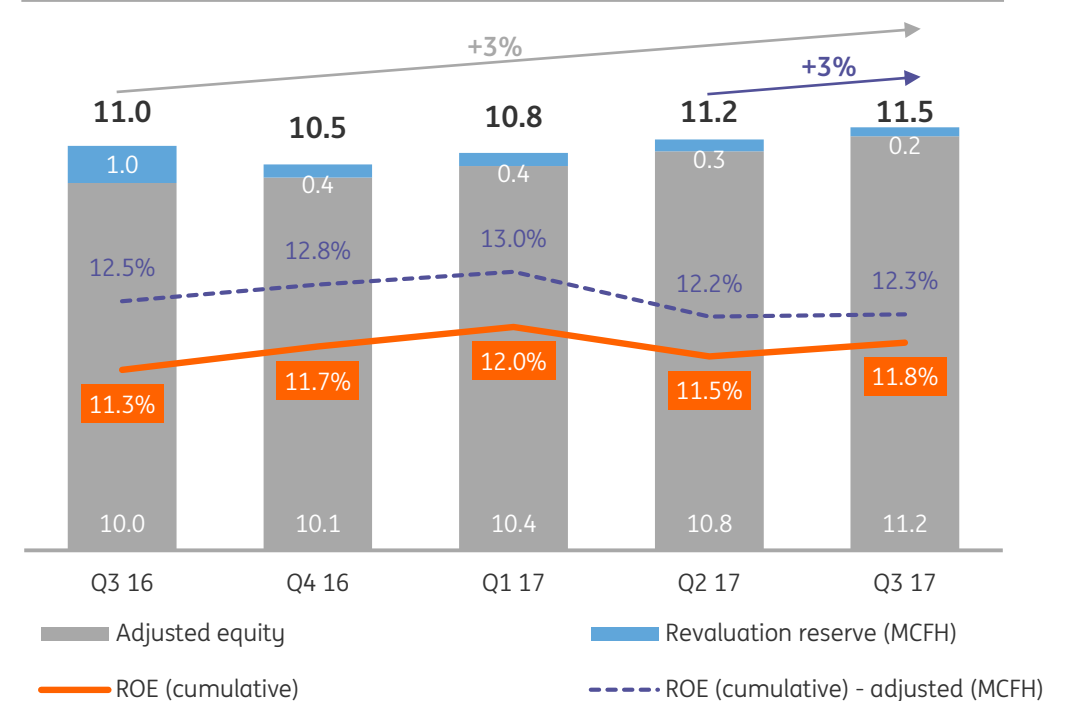


Assets, equity and profitability ratios

Assets (PLN billion) / ROA



Equity (PLN billion) / ROE



Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as at 30 September 2017	%
1	Wholesale trade	7,861	15.1%
2	Real estate service	7,139	13.7%
3	Public administration and national defence	3,035	5.8%
4	Foodstuff and beverage production	2,981	5.7%
5	Financial intermediation	2,497	4.8%
6	Retail trade	2,281	4.4%
7	Land and pipeline transportation	1,938	3.7%
8	Power industry	1,914	3.7%
9	Ready-made metal goods production	1,775	3.4%
10	Agriculture, forestry, fishery	1,768	3.4%
11	Rubber industry	1,576	3.0%
12	Construction industry	1,541	3.0%
13	Remaining services connected with running business	1,453	2.8%
14	Equipment rent	1,361	2.6%
15	Wood and paper industry	1,266	2.4%
16	Post office and telecommunications	1,094	2.1%
17	Mechanical vehicles sale, repair and service	927	1.8%
18	Chemicals and chemical goods production	906	1.7%
19	Means of transport industry	792	1.5%
20	Other	8,001	15.4%
Total exposure		52,105	100.0%

Lending exposure by industry

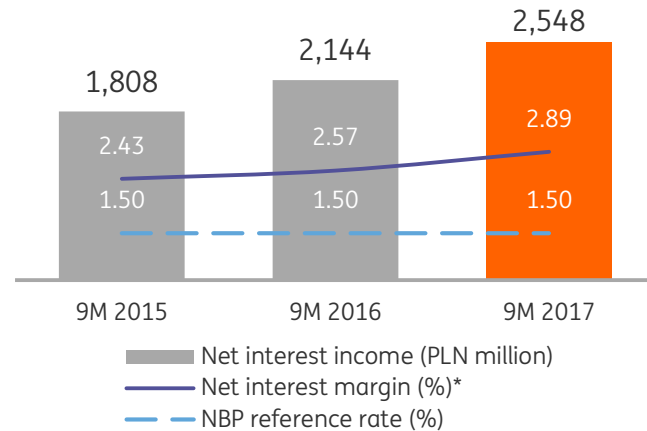
Non-bank corporate banking portfolio - BS and Off-BS exposure (PLN m)

Consolidated approach

No	Industry	Exposure as at 30 September 2017	%
1	Wholesale trade	11,348	14.9%
2	Real estate service	7,706	10.1%
3	Foodstuff and beverage production	4,140	5.4%
4	Construction industry	3,896	5.1%
5	Financial intermediation	3,893	5.1%
6	Power industry	3,853	5.0%
7	Retail trade	3,665	4.8%
8	Public administration and national defence	3,376	4.4%
9	Ready-made metal goods production	2,652	3.5%
10	Land and pipeline transportation	2,378	3.1%
11	Remaining services connected with running business	2,344	3.1%
12	Rubber industry	2,240	2.9%
13	Agriculture, forestry, fishery	1,896	2.5%
14	Wood and paper industry	1,751	2.3%
15	Equipment rent	1,749	2.3%
16	Remaining non-metal raw materials industries	1,547	2.0%
17	Chemicals and chemical goods production	1,428	1.9%
18	Engineering industry	1,352	1.8%
19	Post office and telecommunications	1,231	1.6%
20	Other	13,921	18.2%
Total exposure		76,369	100.0%

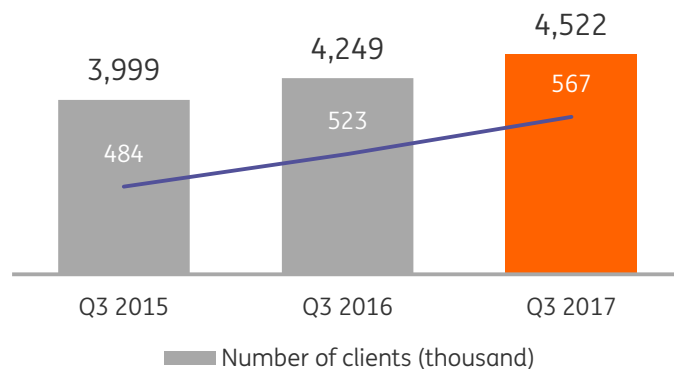
Efficiency ratios

Net interest margin

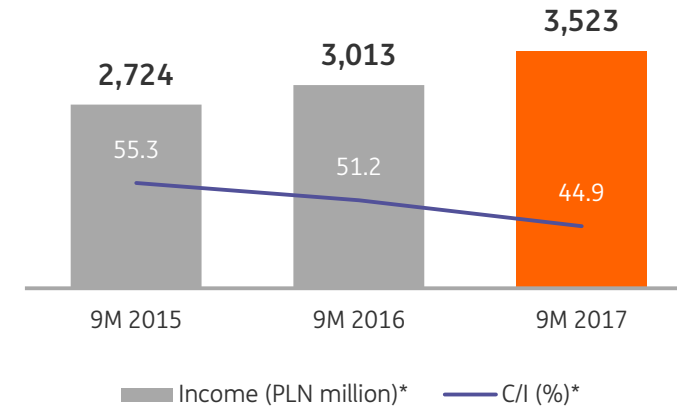


* Net Interest Margin = total of net interest income for 4 consecutive quarters / average interest assets for 5 consecutive quarters.

No. of clients per employee

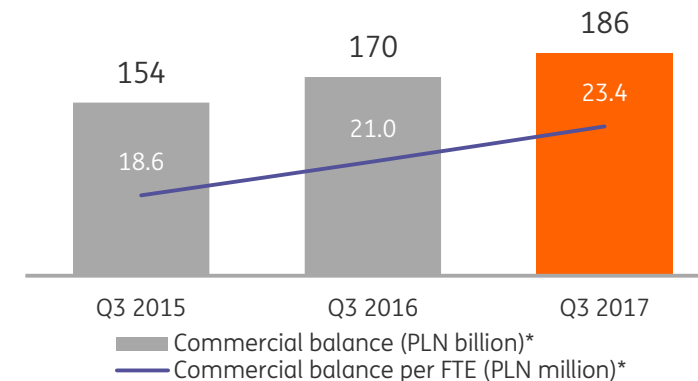


Income and cost efficiency



*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

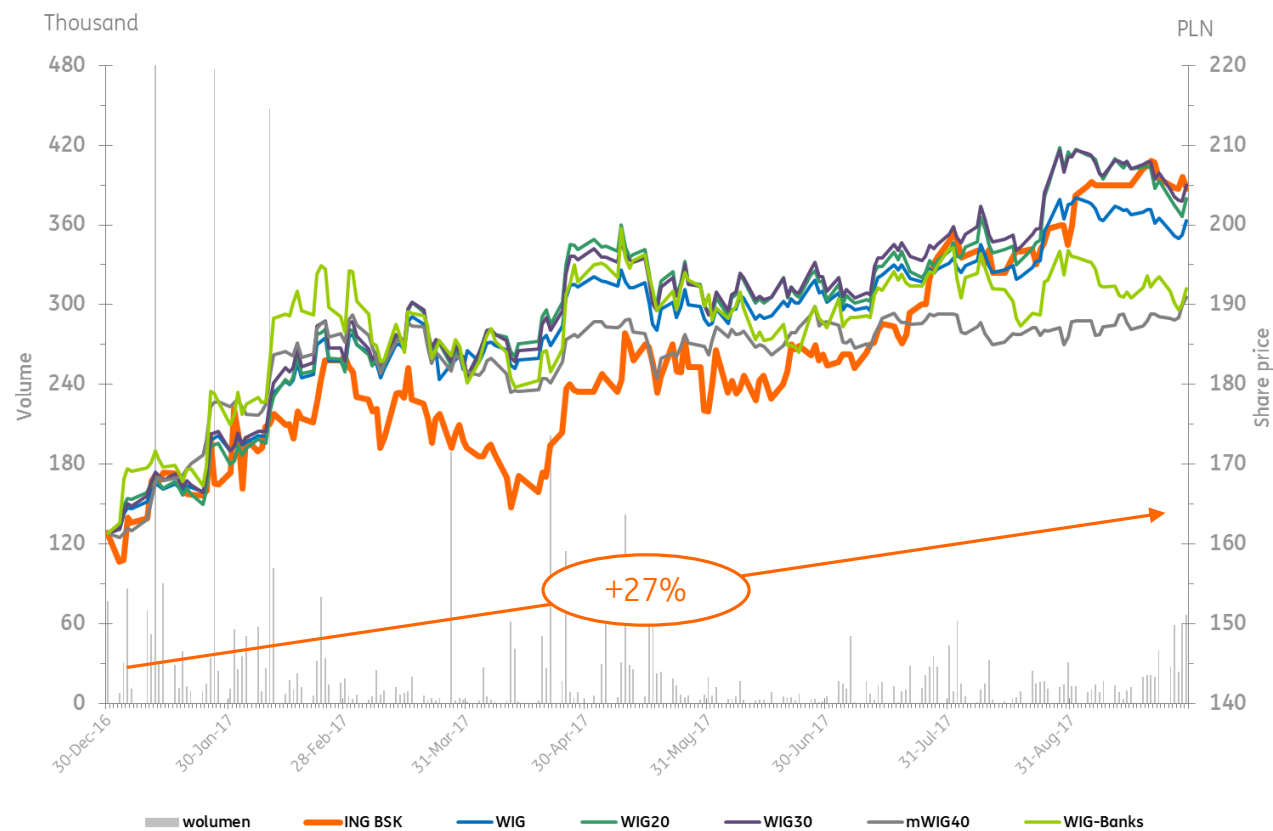
ING Bank Śląski S.A. shares

ING BSK share price:
PLN 204.5 (29 September 2017)

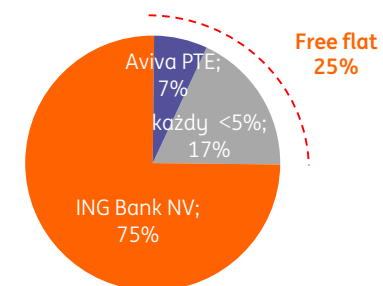
Capitalisation: **PLN 26.6bn** (EUR 6.2bn)
Free float: **PLN 6.7bn** (EUR 1.5bn)

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

ING BSK shares vs. WIG indexes recalculated for comparability



Shareholder structure



Market ratios (Q3 2017)

P/E 20.6x

P/BV 2.3x

Dictionary

Simplified definitions of presentation terms :

- **Retail clients** – individuals and entrepreneurs being sole traders.
- **Corporate clients** – mid, big corporates and strategic clients (holdings).
 - Mid corporates – corporates of annual turnover of up to EUR 10m.
 - Big corporates – corporates of annual turnover between EUR 10m and EUR 125m.
 - Strategic clients – holdings of annual turnover over EUR 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 deterioration in value/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 levy** – 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 portion 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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