

# ING Bank Śląski S.A.

Financial and Business Results  
for Q4 2017

Warsaw, 9 March 2018



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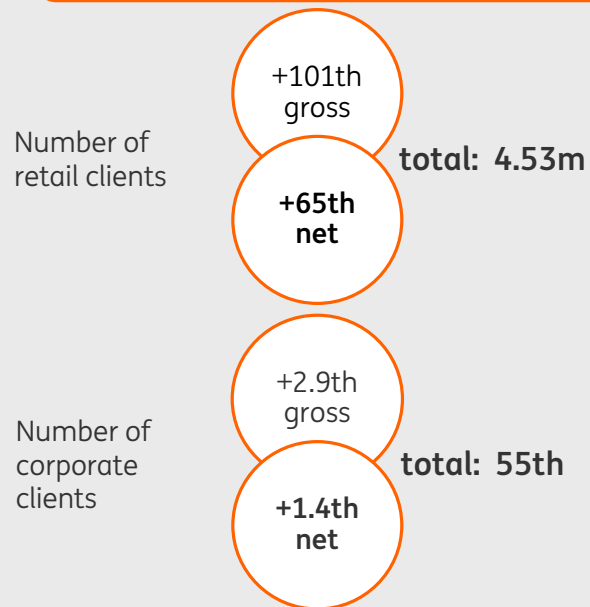


# Introduction to financial results and the Bank's market position



# Main achievements in Q4 2017 – a visible increase in the number of transactions in digital channels

Increased number of clients...

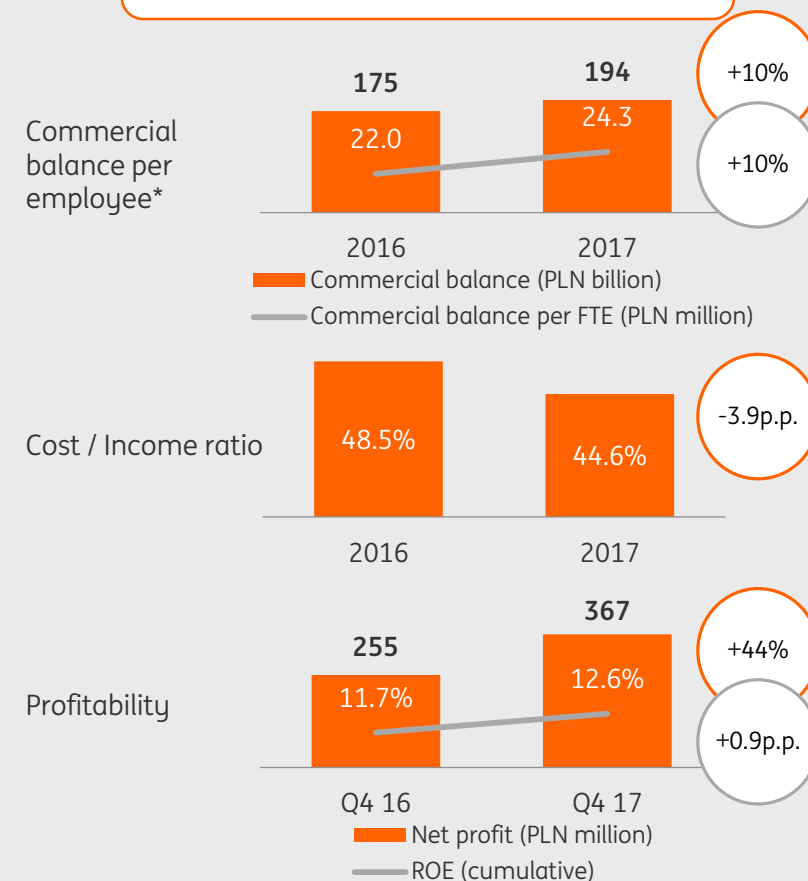


- Nearly 1 million of clients use BLIK
- We have 127 thousand users of the Trusted Profile

...supports number of transactions and volume growth...

- We provide intuitive mobile banking – clients made 12.7 million transfers in retail mobile banking (+50% y/y) and made 1.4 million transactions with BLIK codes (~3x y/y)
- We facilitate credit procedures - 93% of corporate loan applications were submitted online
- We offer attractive mortgage loans – volume of mortgage loans was PLN 27.3 billion (PLN +4.0 billion or +17% y/y)
- We develop the offer of other retail loans – volume of other retail loans was PLN 10.0 billion (PLN +1.8 billion or +22% y/y)
- We facilitate regular investments – in 2017 we executed over 1 million purchases of mutual fund participation units thanks to orders of regular investment

...which leads to improved efficiency and profitability



# Selected awards and financial data

<b>Income</b>	<b>Consistent revenue growth</b> (+1% q/q and +9% y/y)	<b>Improvement of NIM to 2.94%</b> (2.89% in Q3 2017 and 2.67% in Q4 2016)	<b>Growth of net interest income</b> (+2% q/q and +12% y/y)
<b>Operating cost and risk cost</b>	<b>Operating costs (excluding regulatory costs / BGF) under control</b> (0% q/q and -1% y/y)	<b>Cost / Income ratio dropped to 44.6%</b> (46.3% in Q3 2017 and 48.5% in Q4 2016)	<b>Risk costs at 50b.p.</b> (54b.p. in Q3 2017 and 40b.p. in Q4 2016)
<b>Asset quality, profitability and capital position</b>	<b>Stable asset quality</b> (NPL ratio 2.8% vs. 5.9% in the sector)	<b>Improved ROE at 12.6%</b> (11.8% in Q3 2017 and 11.7% in Q4 2016)	<b>Reliable capital position</b> (Tier I ratio – 15.8%; TCR – 16.7%)

ING: „Best bank in the world 2017”  
– we belong to the group of the best bank in the world



Member of RESPECT Index for the 11th consecutive time



We were awarded in the e-Commerce Polska Awards competition in the Most Digital Bank category

# Selected financial data

<i>PLN million</i>	2016	2017	change y/y
Total income	4,324.5	4,755.9	+ 10%
Total expenses	2,099.2	2,122.6	+ 1%
Result before risk costs	2,225.3	2,633.3	+ 18%
Risk costs	300.6	421.2	+ 40%
Bank levy	280.2	330.1	+ 18%
Profit before tax	1,644.5	1,882.0	+ 14%
Income tax	391.4	478.9	+ 22%
Net profit	1,253.0	1,403.1	+ 12%
Total capital ratio	14.7%	16.7%	+ 2.0 p.p.
Tier I	13.7%	15.8%	+ 2.1 p.p.
ROE (%)	11.7%	12.6%	+ 0.9 p.p.
C/I ratio (%)	48.5%	44.6%	- 3.9 p.p.

<i>PLN million</i>	Q4 2016	Q3 2017	Q4 2017	change q/q	change y/y
Total income	1,122.0	1,209.8	1,222.2	+ 1%	+ 9%
Total expenses	557.7	524.5	523.4	- 0%	- 6%
Result before risk costs	564.3	685.3	698.8	+ 2%	+ 24%
Risk costs	138.5	109.1	112.6	+ 3%	- 19%
Bank levy	77.2	84.1	86.2	+ 2%	+ 12%
Profit before tax	348.6	492.1	500.0	+ 2%	+ 43%
Income tax	93.6	116.4	133.2	+ 14%	+ 42%
Net profit	254.9	375.7	366.8	- 2%	+ 44%
ROE (%)	11.7%	11.8%	12.6%	+ 0.8 p.p.	+ 0.9 p.p.
C/I ratio (%)	49.7%	43.4%	42.8%	- 0.5 p.p.	- 6.9 p.p.

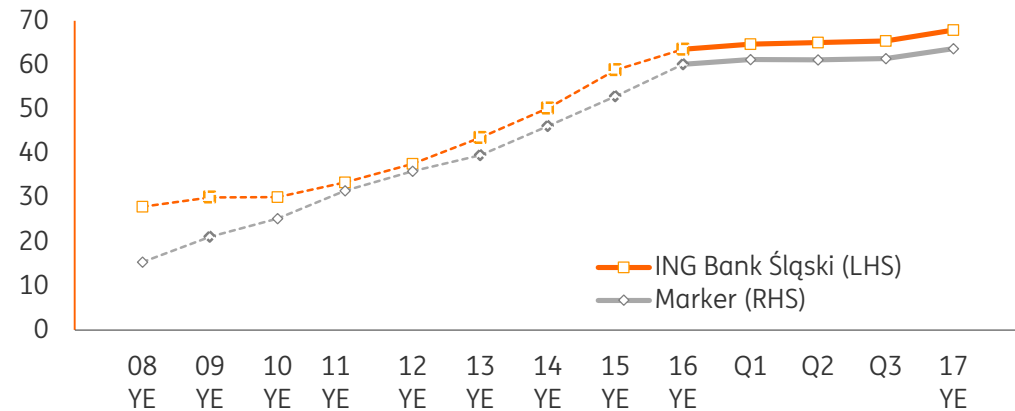
# Major business accomplishments of the Bank

## Bank's business volumes\*

<i>in PLN million</i>	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Change q/q	Change y/y	Diff q/q	Diff y/y
Total deposits	94,689	95,457	96,753	97,527	103,692	+ 6.3%	+ 9.5%	6,165	9,003
Corporate clients deposits	31,202	30,611	31,450	31,822	35,555	+ 11.7%	+ 14.0%	3,733	4,353
Retail clients deposits	63,488	64,846	65,303	65,705	68,137	+ 3.7%	+ 7.3%	2,432	4,649
Total funds entrusted by retail clients	73,503	75,638	76,638	77,719	80,403	+ 3.5%	+ 9.4%	2,684	6,900
Retail off-BS savings distributed by the Bank	10,015	10,792	11,335	12,013	12,266	+ 2.1%	+ 22.5%	253	2,251
Total loans	78,589	81,467	83,666	87,413	88,394	+ 1.1%	+ 12.5%	981	9,805
Loans to corporate clients incl. leasing and factoring	47,102	48,823	49,482	51,798	51,067	- 1.4%	+ 8.4%	-731	3,965
Loans to retail clients	31,487	32,643	34,184	35,614	37,327	+ 4.8%	+ 18.5%	1,713	5,840
Mortgage loans volume	23,270	23,967	24,968	26,010	27,302	+ 5.0%	+ 17.3%	1,292	4,032

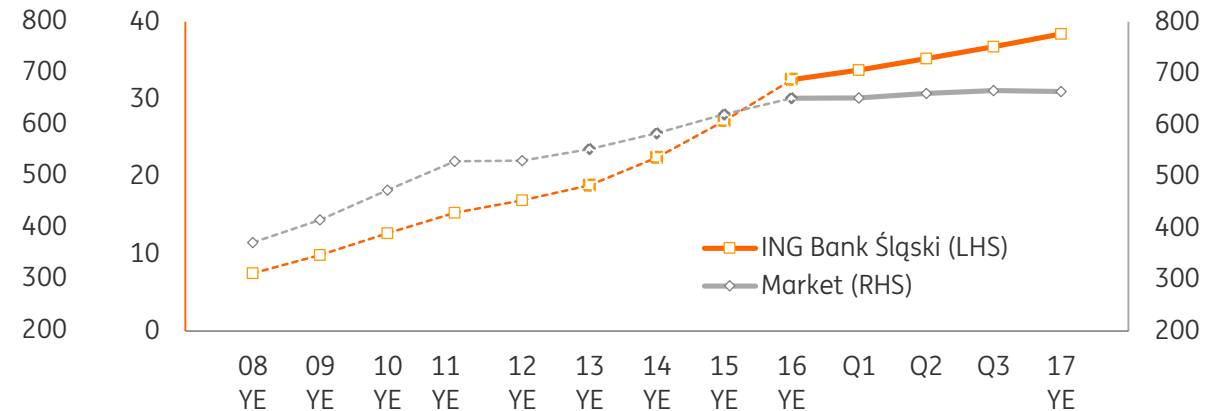
# Market position of ING Bank Śląski S.A.

## Volume of household deposits (PLN billion)



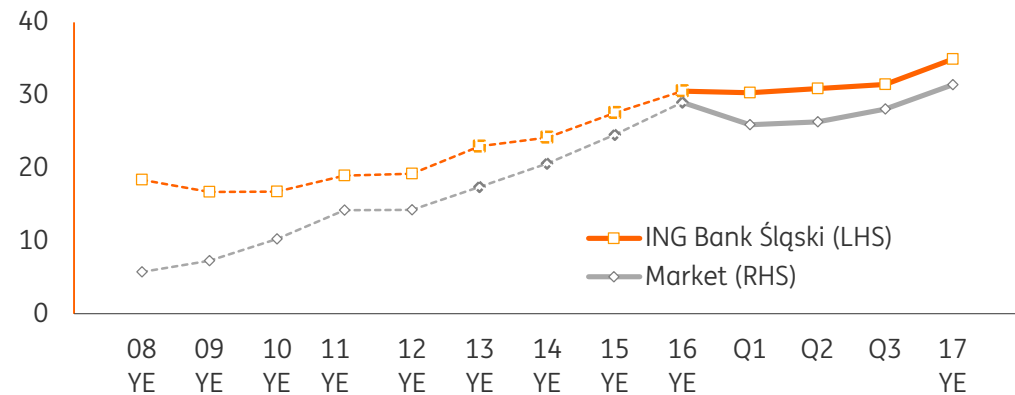
Market share (%)	08	09	10	11	12	13	14	15	16	Q1	Q2	Q3	17
	8.42	7.88	7.24	7.10	7.40	8.07	8.42	9.01	8.87	8.93	8.98	9.01	<b>9.10</b>

## Volume of household loans (PLN billion)



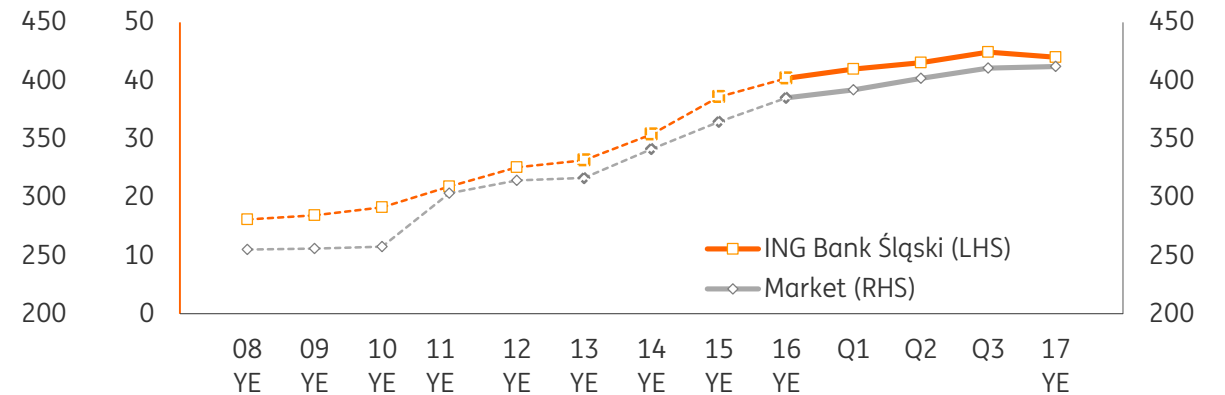
Market share (%)	08	09	10	11	12	13	14	15	16	Q1	Q2	Q3	17
Market share (%)	2.00	2.36	2.67	2.89	3.19	3.41	3.84	4.38	4.99	5.17	5.33	5.52	<b>5.78</b>
Market share excluding FX* (%)	2.59	3.03	3.60	4.06	4.34	4.51	5.00	5.66	6.36	6.49	6.61	6.77	<b>7.00</b>

## Volume of corporate deposits (PLN billion)



Market share (%)	08	09	10	11	12	13	14	15	16	Q1	Q2	Q3	17
	7.79	6.82	6.35	6.56	6.64	7.44	7.36	7.80	8.02	8.37	8.48	8.38	<b>8.81</b>

## Volume of corporate loans (PLN billion)

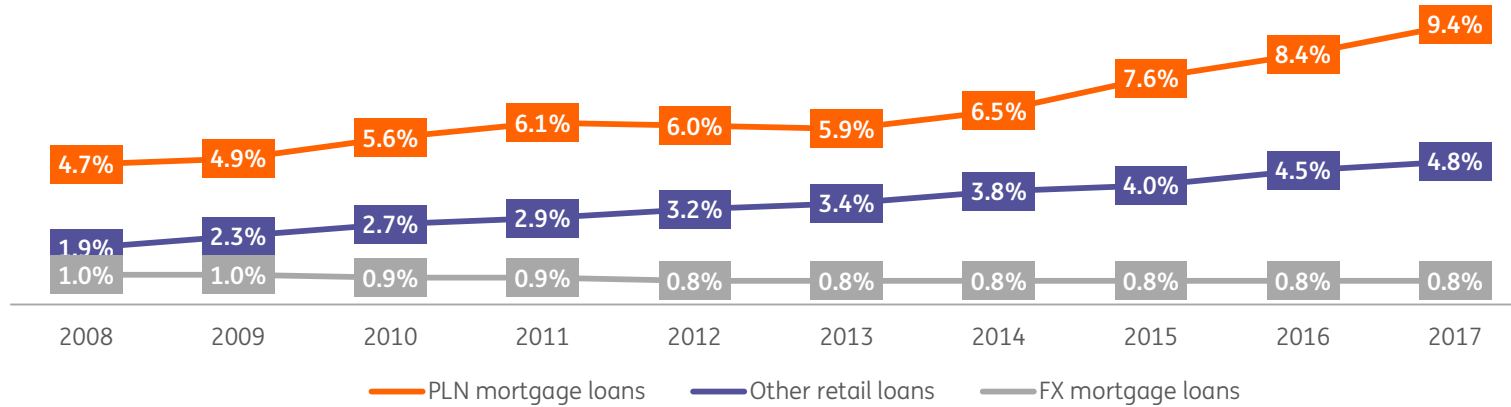


Market share (%)	08	09	10	11	12	13	14	15	16	Q1	Q2	Q3	17
	6.34	6.60	7.13	7.28	7.99	8.32	9.02	10.20	10.48	10.70	10.72	10.93	<b>10.68</b>

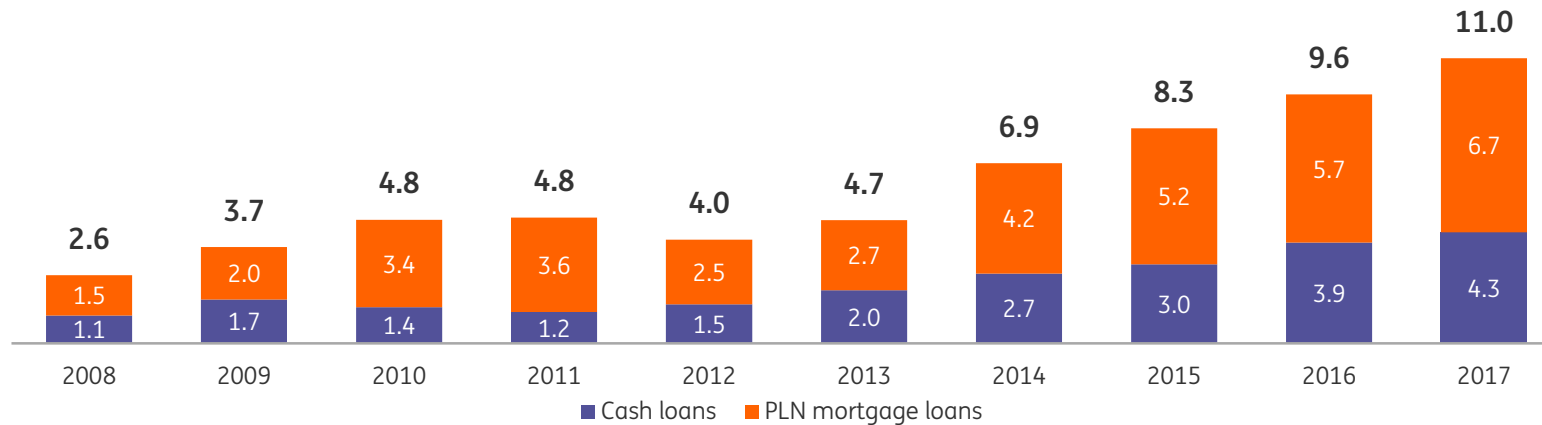


# Structure of market shares in retail loans

## Market share in retail segment



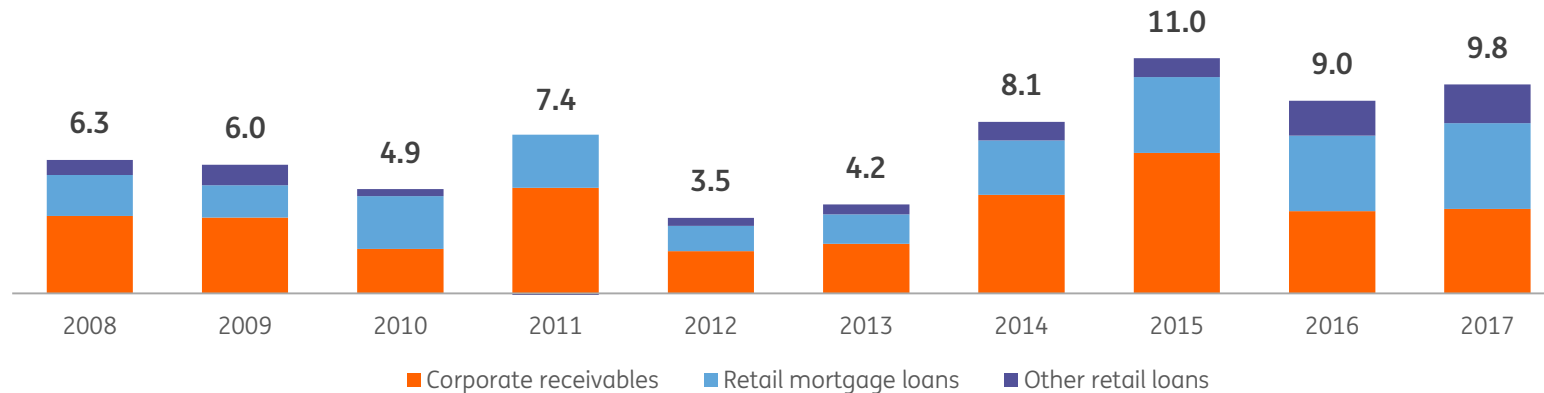
## Production of retail loans (PLN billion)



- When excluding FX mortgage loans the market share in retail loans is 7.0%
- During 2017 our market share in in PLN mortgage loans increased by 1p.p.
- Sales of retail loans went up by +15% y/y in 2017, out of which +17% y/y in mortgage loans and +10% y/y in cash loans
- Our market share in retail loans segment is 5.8%

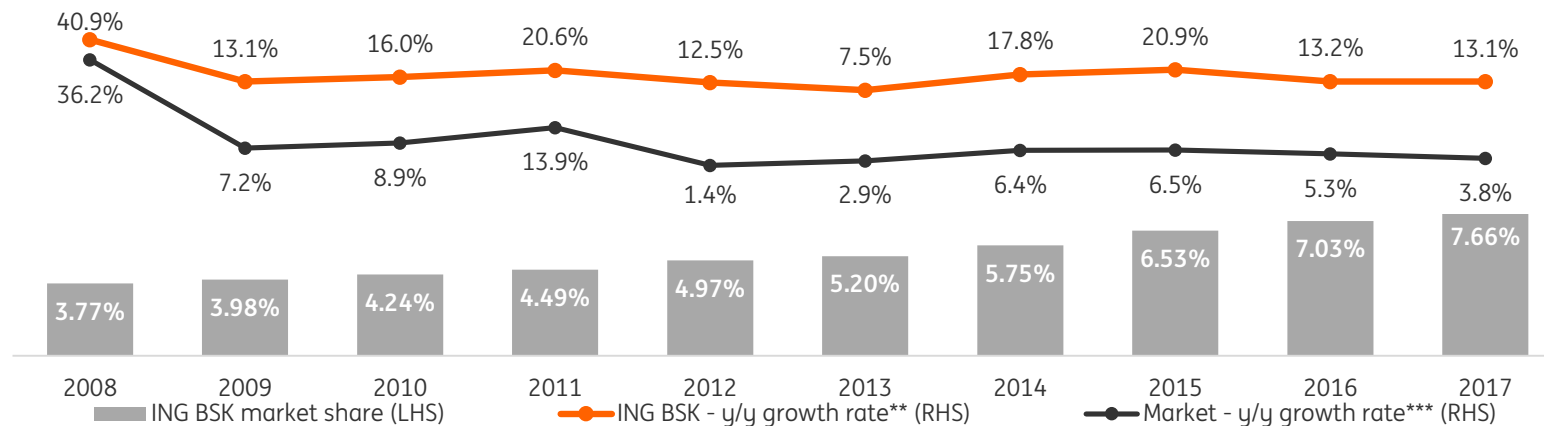
# Maintaining the growth rate of the loan portfolio

Total loans and receivables – nominal change (PLN billion)\*



- We consistently increase market shares; on average we grew...
  - ...**2.3x faster than the market** in retail segment...
  - ...and **1.9x faster than the market** in corporate segment.

Total loans – market share and growth rate



- Average, nominal increase of loans and receivables in last three years was PLN 9.7 billion

10 \*Based on the data from the management information system. \*\*Gross retail and corporate loans without other receivables (leasing and factoring among others); corporate loans include loans to other than banks financial institutions, government entities and local government entities and intragroup funding of ING ABL and ING BSK. \*\*\*NBP data of banking sector (excluding credit unions), including accrued interest.



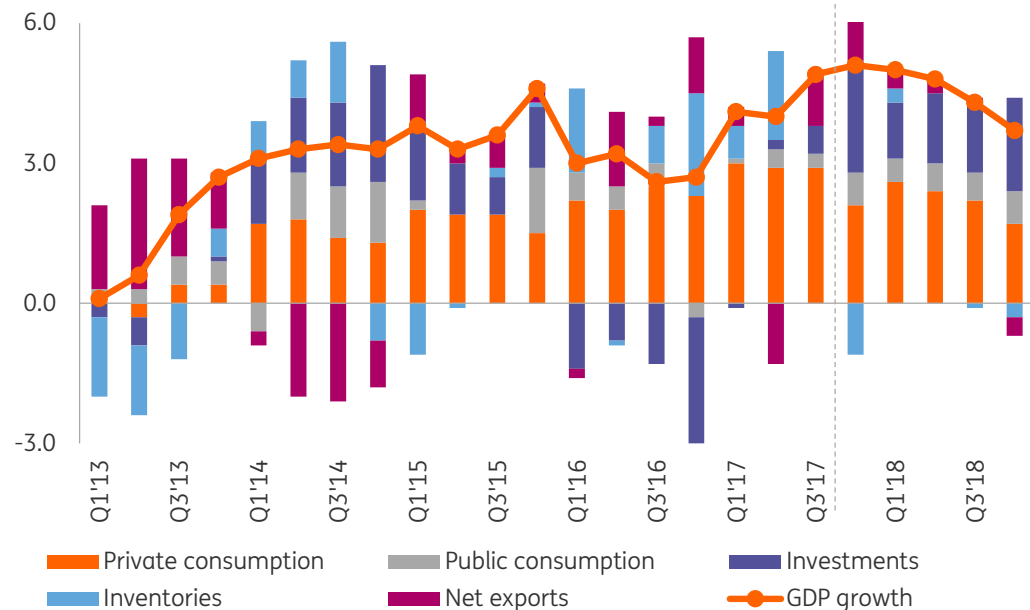
# Perspectives for 2018



# In 2018 GDP growth will remain high

- Economic growth in 2017 was high, but its structure was unsatisfactory (high share of private consumption and inventories; rebound in investment was only in Q4 2017). We expect that economic growth will remain high in 2018 (4.4% y/y) and the role of investment will increase thanks to faster spending of EU funds from the 2014-2020 perspective.
- We expect the current rate of growth of household deposits to be maintained in 2018 as a strong wages growth will support savings growth while a part of consumption will be financed with loans. The increase in loans to enterprises and local governments will probably accelerate due to the intensification of their investment activity.

The structure of the annual GDP growth (%)\*

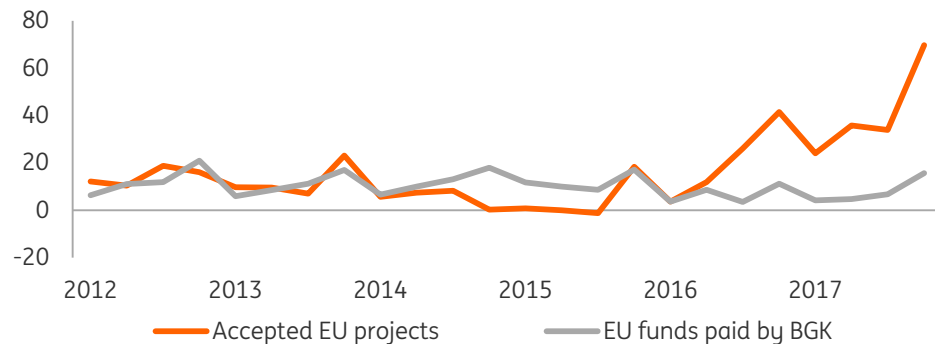


Macroeconomic forecasts of ING BSK*	2017	2018F
GDP (annual average)	4.5%	4.4%
Private investments (annual average)	5.4%	8.6%
Private consumption (annual average)	4.8%	3.8%
Wages (annual average)	5.6%	8.5%
Unemployment (year end)	6.6%	5.5%
CPI (annual average)	2.0%	2.0%
Reference rate (year end)	1.50%	1.50%
Total loans (year end; y/y)	3.4%	7.2%
Retail loans (year end; y/y)	1.3%	5.3%
Corporate loans (year end; y/y)	6.4%	10.0%
Total deposits (year end; y/y)	4.3%	4.5%
Retail deposits (year end; y/y)	4.0%	4.5%
Corporate deposits (year end; y/y)	6.0%	4.5%

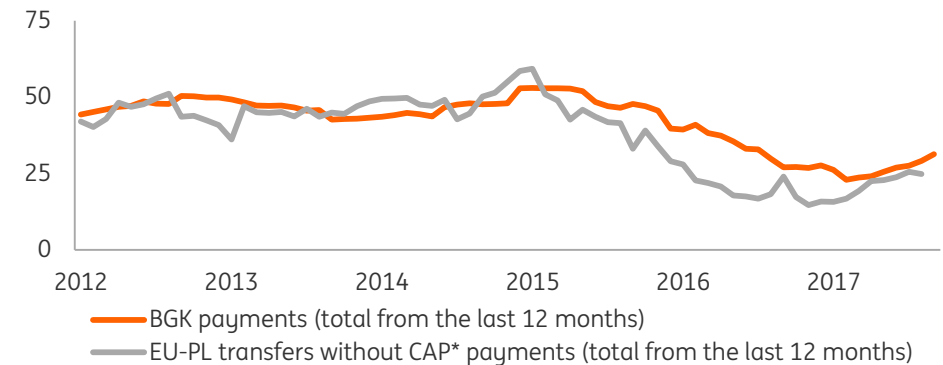
# We expect a strong recovery in investments in 2018

- In Q1-2 of 2017, investments of the largest enterprises was at similar level as in the weak 2016 - their stronger rebound occurred only in Q4 2017 (around +11% y/y).
- A strong recovery of investments is expected in 2018, mainly from state entities (an increase of accepted EU projects) but also from private entities.

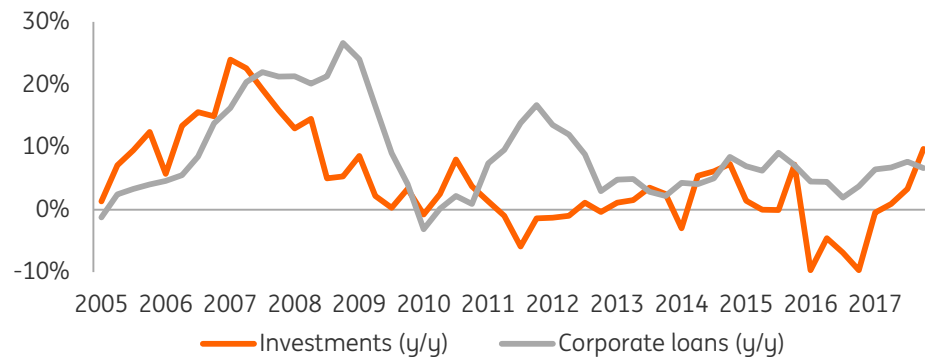
**2014-2020 accepted projects by the EU and actual payments of EU funds (PLN billion)**



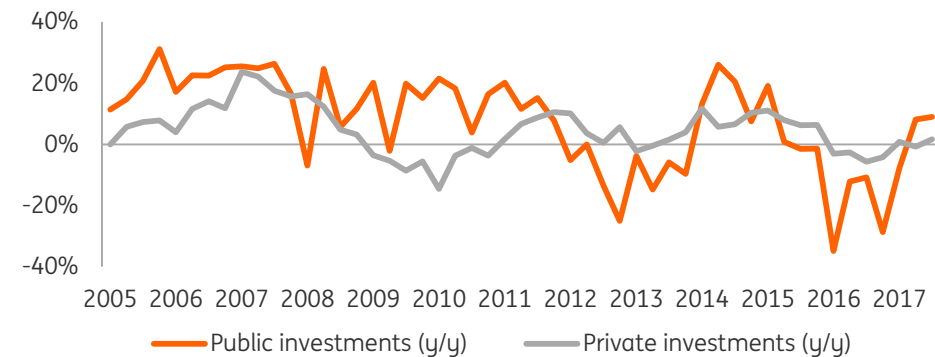
**Payments of EU funds from BGK and EU-PL transfers (PLN billion)**



**The dynamics of corporate loans and investments**



**The dynamics of private and public investments**

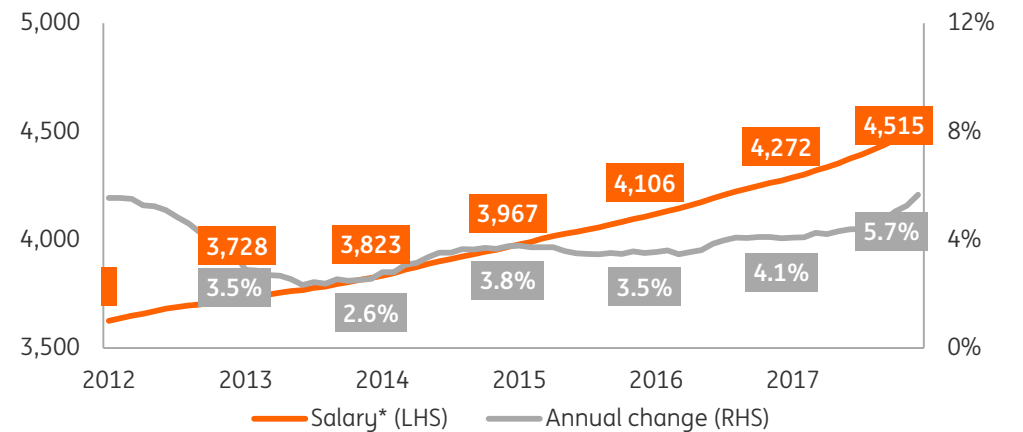




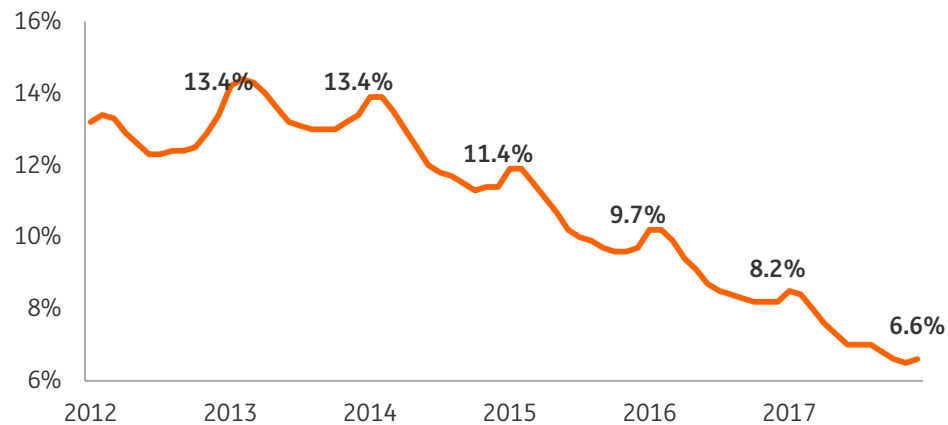
# High demand in the labour market

- Salaries go up due to the shortage of employees especially in trade and construction.
- More and more companies plan to raise salaries. The investment rebound - expected by us - would result in a further rise in demand for labour and wages.

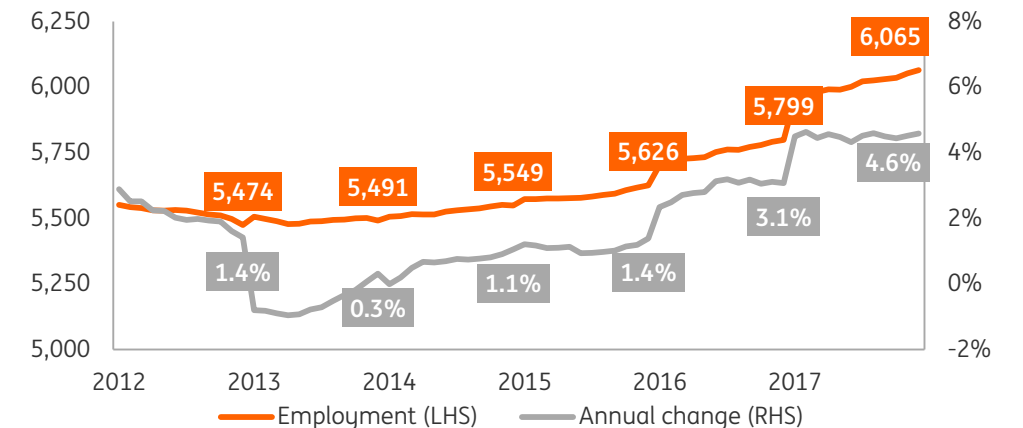
Average salary (PLN)



Unemployment rate

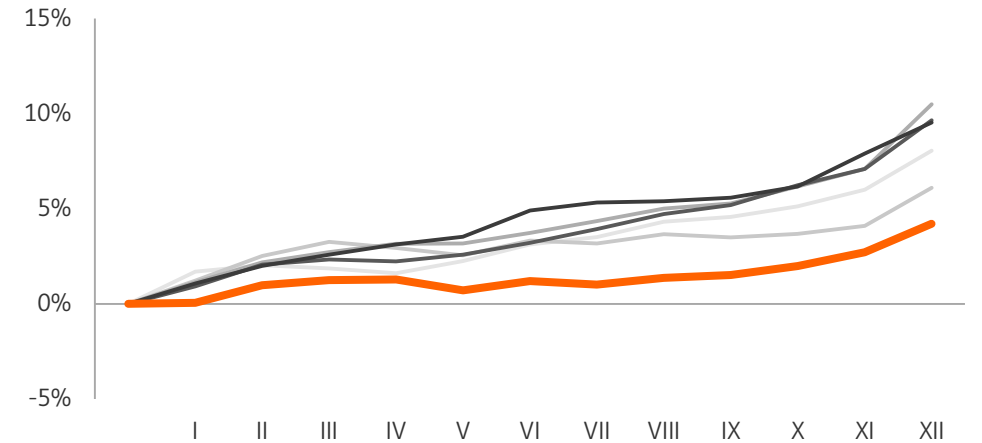


Employment in the enterprises (thousand)

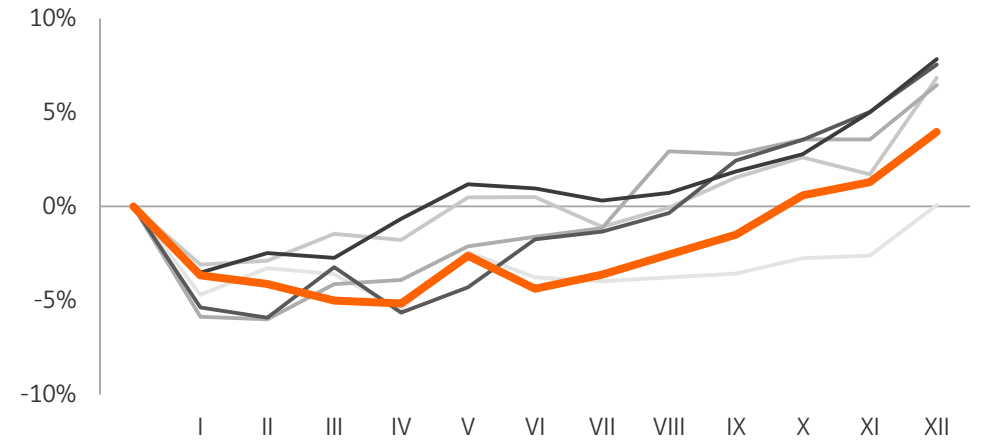


# The dynamics of loans and deposits

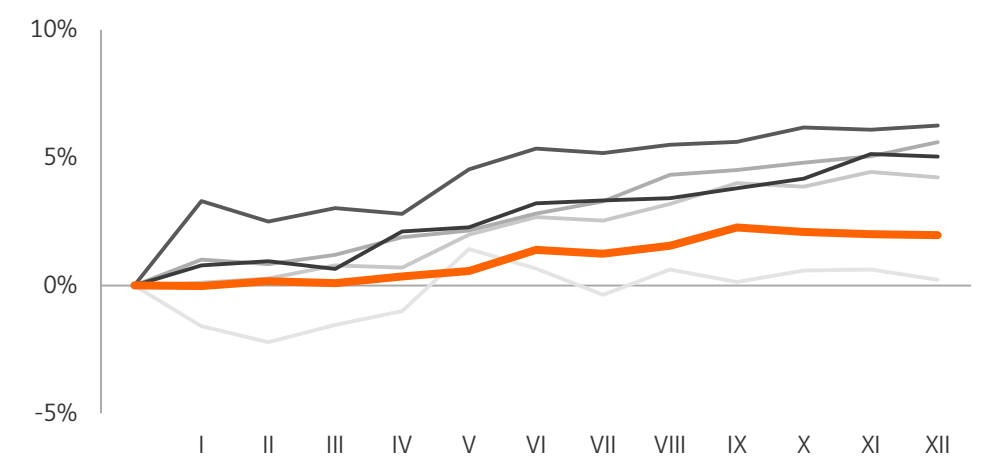
Growth rate of retail deposits\*



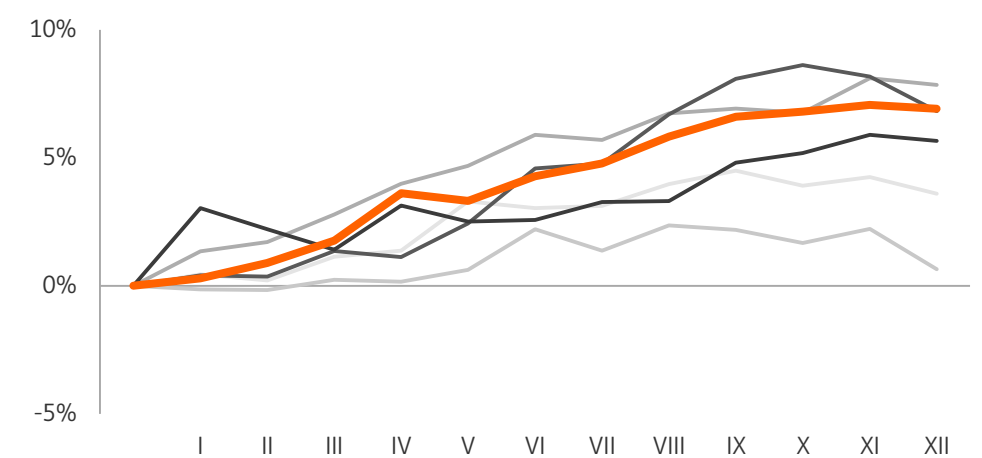
Growth rate of corporate deposits\*



Growth rate of retail deposits\*



Growth rate of corporate loans\*



— 2012 — 2013 — 2014 — 2015 — 2016 — 2017



# Business development



# Retail banking

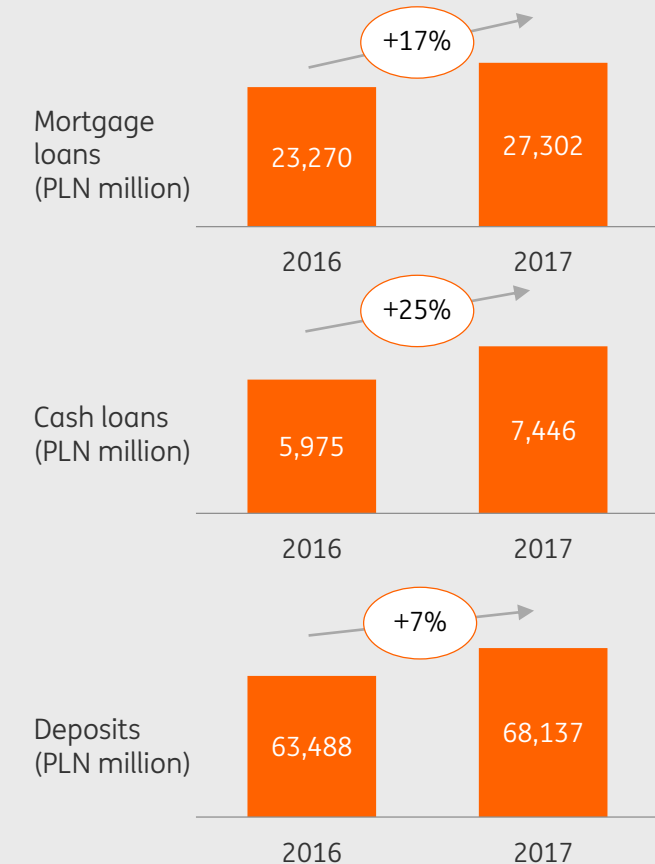
## Development of client base

- 4.53 million retail clients → +101th gross new clients acquired in Q4 2017
- We run nearly 3.3 million current accounts → +68.0th net new accounts in Q4 2017
- We run 70.2th brokerage accounts → +5.6th gross new accounts in Q4 2017
- Over 125 thousand of clients use our FX platform

## Funding

- 20.0% market share in the new mortgage loans production in Q4 2017
- Within Remote Advisory at Contact Centre we granted mortgage loans of PLN 42.3 million (+56% q/q)
- 9.4% market share in volume of PLN mortgage loans
- We granted PLN 1.2 billion-worth cash loan in Q4 2017
- Online sales amounted to 74% of cash loans sold to individual clients and 65% of cash loans sold to entrepreneurs

## Growing volumes



# Corporate banking

## Development of client base

- +2.9 thousand new clients acquired in Q4 2017, out of which 788 acquired online → over 55 thousand corporate clients in total

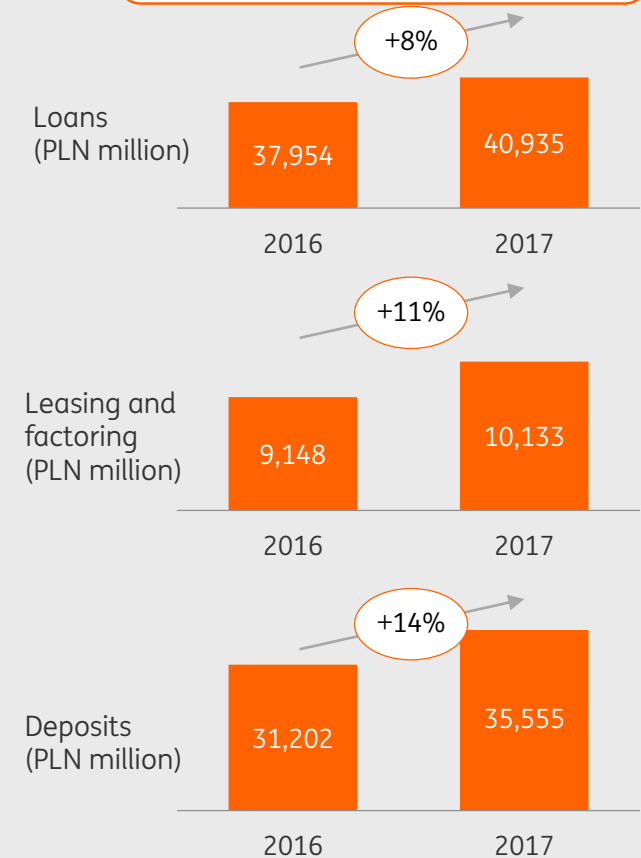
## Digitization

- We installed 2.5 thousand POS; we processed 944 thousand transactions in 2017
- Number of active mobile clients went up by +35% y/y in Q4 2017
- 93% of loan applications were submitted online

## Funding

- In 2017 factoring sales increased by +14% y/y, we maintained #1 in the market
- In 2017 leasing sales increased by +23% y/y (market +16% y/y), #6 in the market
- Corporate receivables portfolio increased by +9% y/y, 1.3x faster than the sector
- Market share in corporate loans stood at 10.68% vs. 10.48% as at the end of 2016

## Growing volumes





# Financial results for Q4 2017

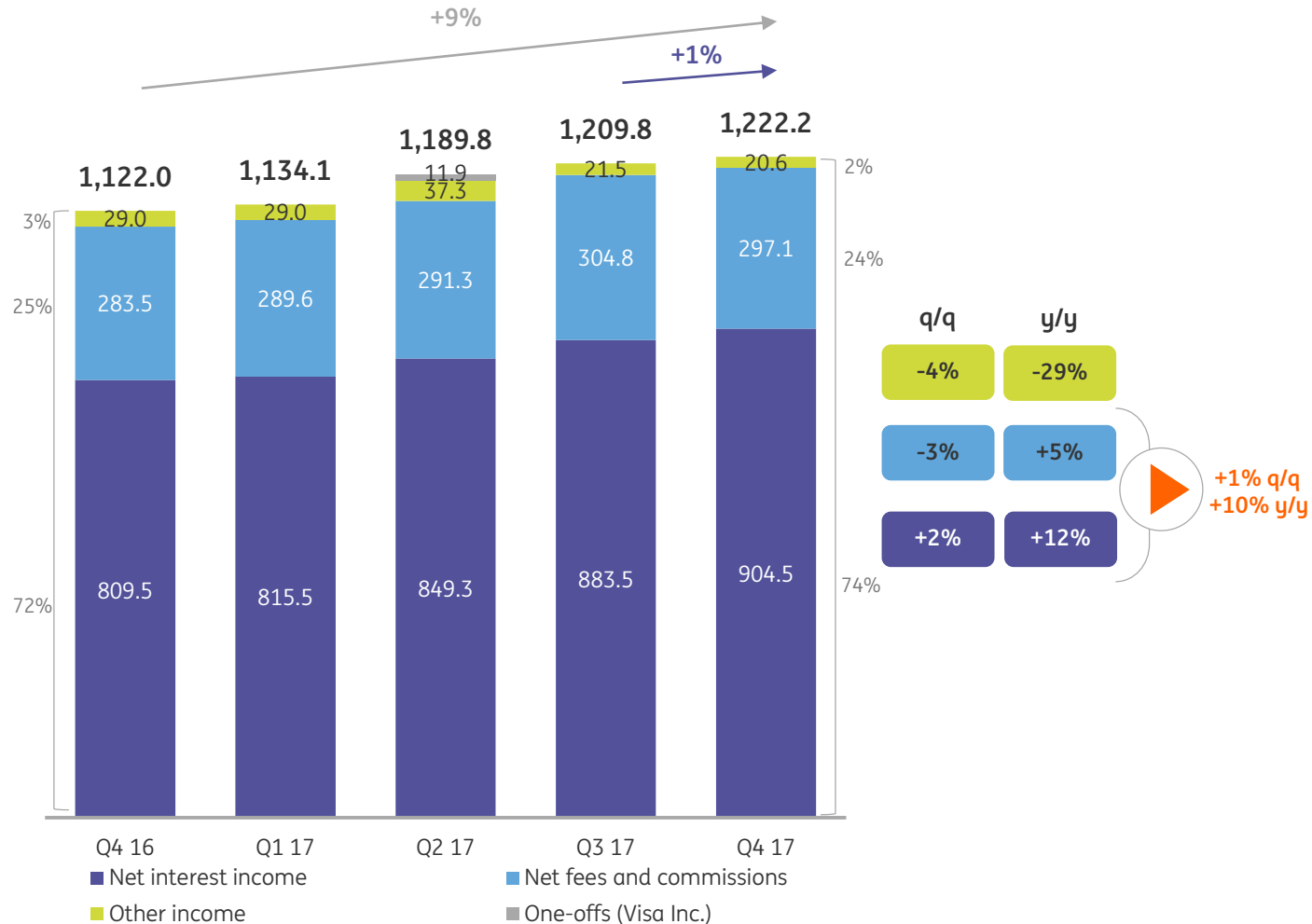


# Financial results of ING Bank Śląski S.A.

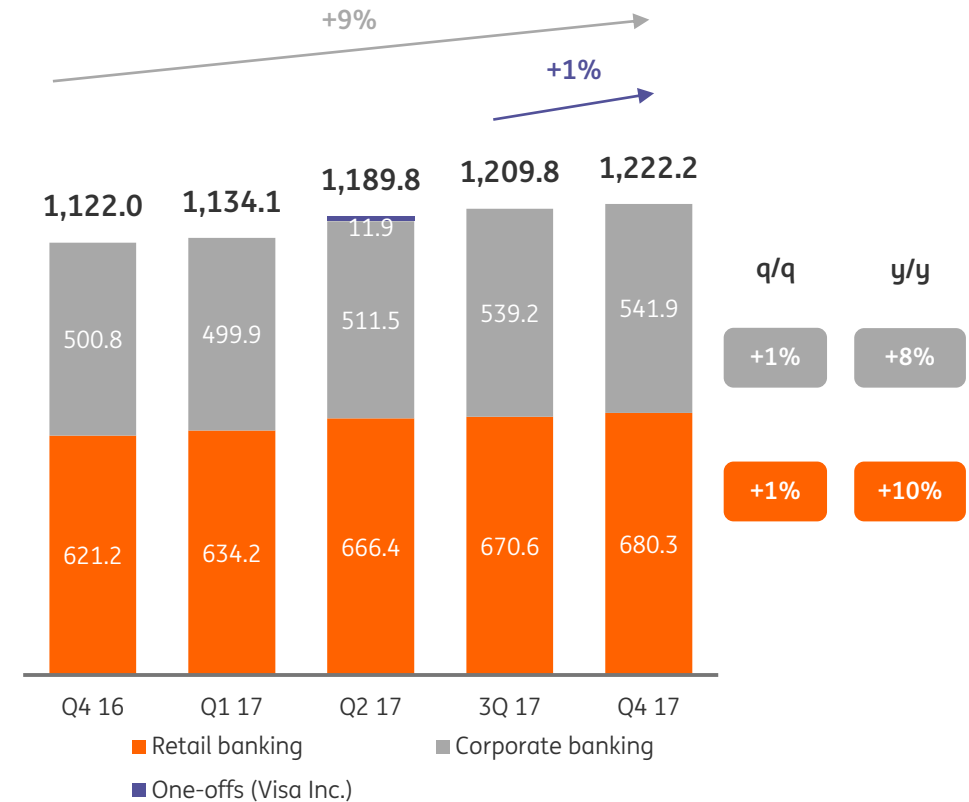
PLN million	Q4 2016	Q3 2017	Q4 2017	change q/q	change y/y	2016	2017	change y/y
Net interest income	809.5	883.5	904.5	+ 2%	+ 12%	2,953.4	3,452.8	+ 17%
Net commission income	283.5	304.8	297.1	- 3%	+ 5%	1,064.8	1,182.8	+ 11%
Other income	29.0	21.5	20.6	- 4%	- 29%	306.3	120.3	- 61%
<b>Total income</b>	<b>1,122.0</b>	<b>1,209.8</b>	<b>1,222.2</b>	<b>+ 1%</b>	<b>+ 9%</b>	<b>4,324.5</b>	<b>4,755.9</b>	<b>+ 10%</b>
Total expenses	557.7	524.5	523.4	- 0%	- 6%	2,099.2	2,122.6	+ 1%
<b>Result before risk costs</b>	<b>564.3</b>	<b>685.3</b>	<b>698.8</b>	<b>+ 2%</b>	<b>+ 24%</b>	<b>2,225.3</b>	<b>2,633.3</b>	<b>+ 18%</b>
Risk costs	138.5	109.1	112.6	+ 3%	- 19%	300.6	421.2	+ 40%
Bank levy	77.2	84.1	86.2	+ 2%	+ 12%	280.2	330.1	+ 18%
Profit before tax	348.6	492.1	500.0	+ 2%	+ 43%	1,644.5	1,882.0	+ 14%
Income tax	93.6	116.4	133.2	+ 14%	+ 42%	391.4	478.9	+ 22%
<b>Net profit</b>	<b>254.9</b>	<b>375.7</b>	<b>366.8</b>	<b>- 2%</b>	<b>+ 44%</b>	<b>1,253.0</b>	<b>1,403.1</b>	<b>+ 12%</b>
Total capital ratio	14.7%	15.1%	16.7%	+ 1.7 p.p.	+ 2.0 p.p.	14.7%	16.7%	+ 2.0 p.p.
Tier I	13.7%	14.1%	15.8%	+ 1.7 p.p.	+ 4.1 p.p.	13.7%	15.8%	+ 2.1 p.p.
ROE (%)	11.7%	11.8%	12.6%	+ 0.8 p.p.	+ 0.9 p.p.	11.7%	12.6%	+ 0.9 p.p.
C/I ratio (%)	49.7%	43.4%	42.8%	- 0.5 p.p.	- 6.9 p.p.	48.5%	44.6%	- 3.9 p.p.
<b>Adjusted data</b> ↓								
Total income*	1,122.0	1,209.8	1,222.2	+ 1%	+ 9%	4,134.8	4,744.0	+ 15%
Total expenses*	545.5	542.1	541.0	- 0%	- 1%	2,087.0	2,122.6	+ 2%
Profit before tax*	360.8	474.5	482.4	+ 2%	+ 34%	1,467.0	1,870.1	+ 27%
Net profit*	264.8	358.1	349.2	- 2%	+ 32%	1,109.3	1,393.5	+ 26%
ROE (%)*	9.9%	12.7%	12.0%	- 0.7 p.p.	+ 2.1 p.p.	9.9%	12.0%	+ 2.1 p.p.
C/I ratio (%)*	48.6%	44.8%	44.3%	- 0.5 p.p.	- 4.4 p.p.	50.5%	44.7%	- 5.7 p.p.

# Income per category

Income per P&L line (PLN million)

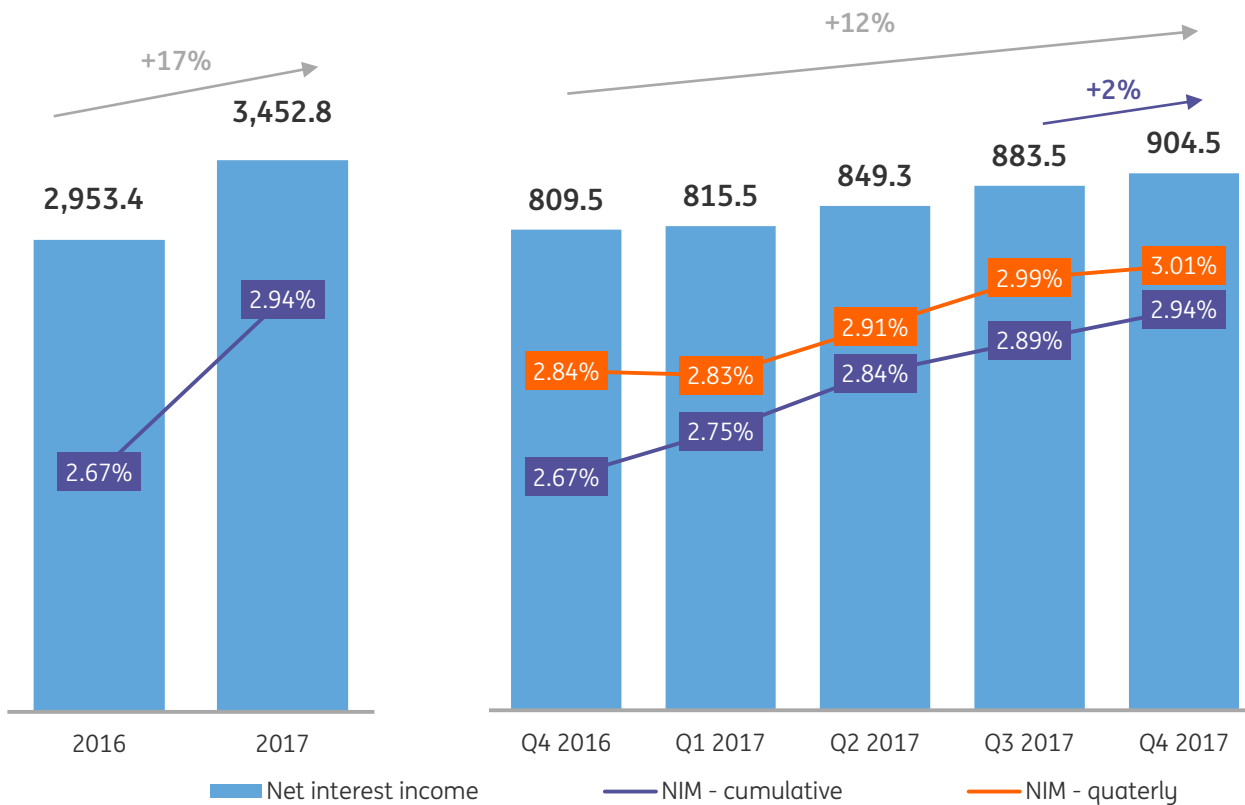


Income per business line (PLN million)



# Net interest income

Net interest income (PLN million) and net interest margin



1.70%

1.73%

1.73%

1.73%

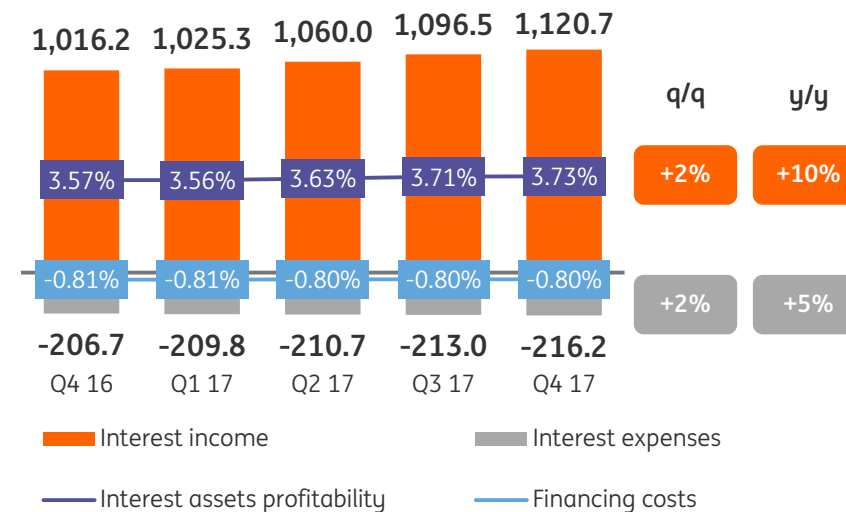
1.73%

1.73%

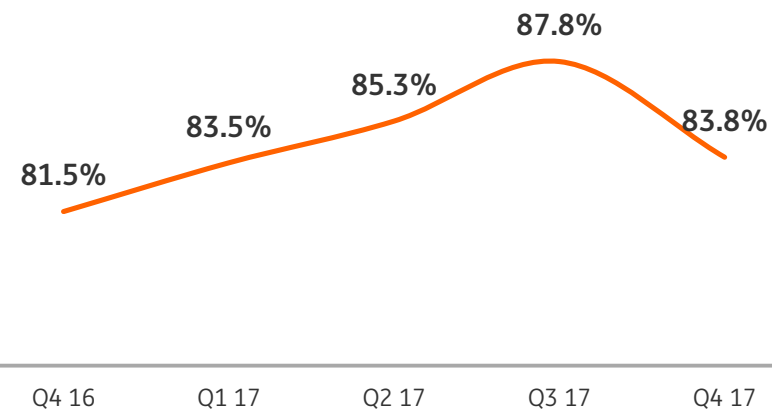
1.73%

3M WIBOR

Interest income and expenses (PLN million)

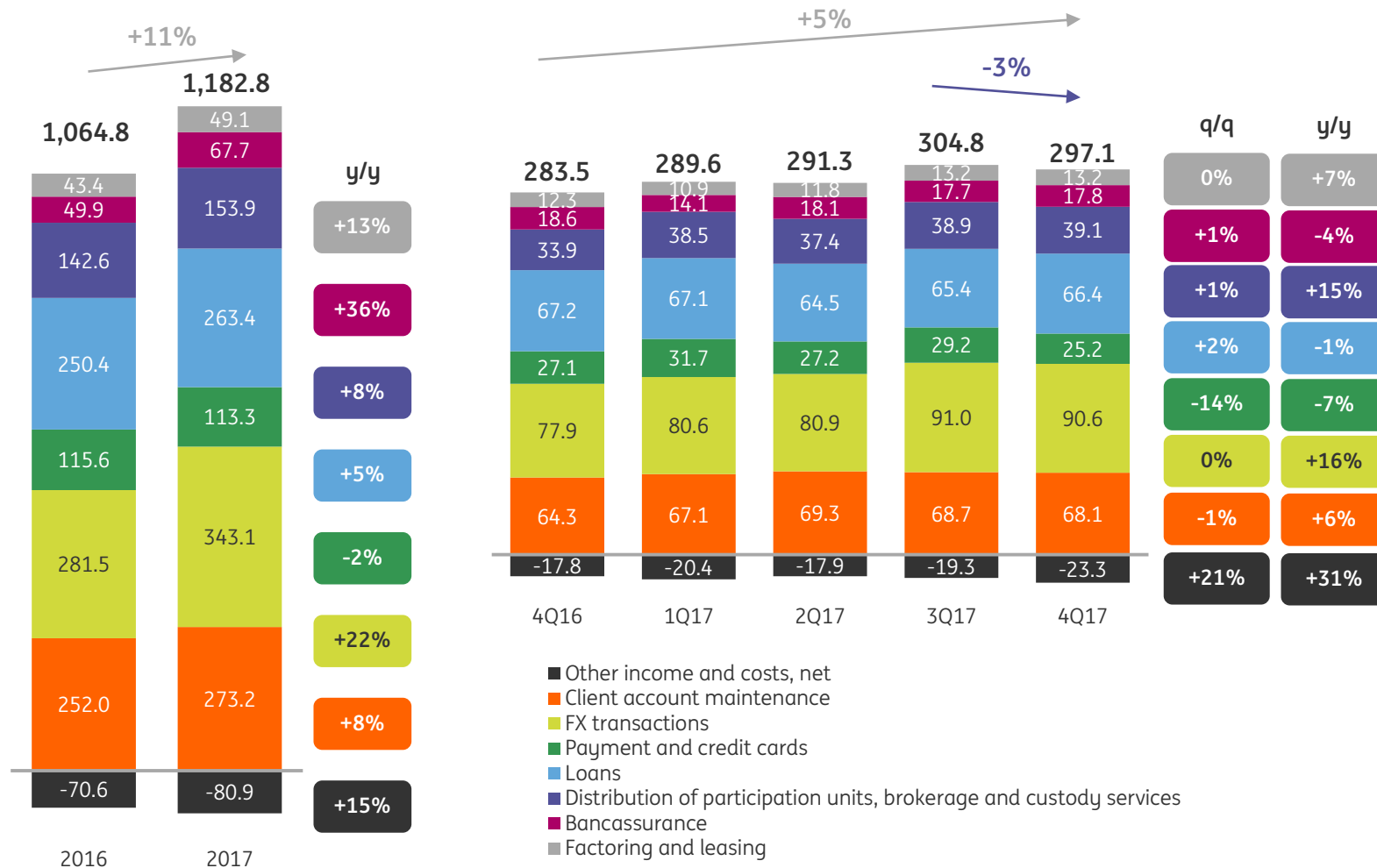


Loan\* to deposit ratio



# Fee and commission income

Fee and commission income per category (PLN million)

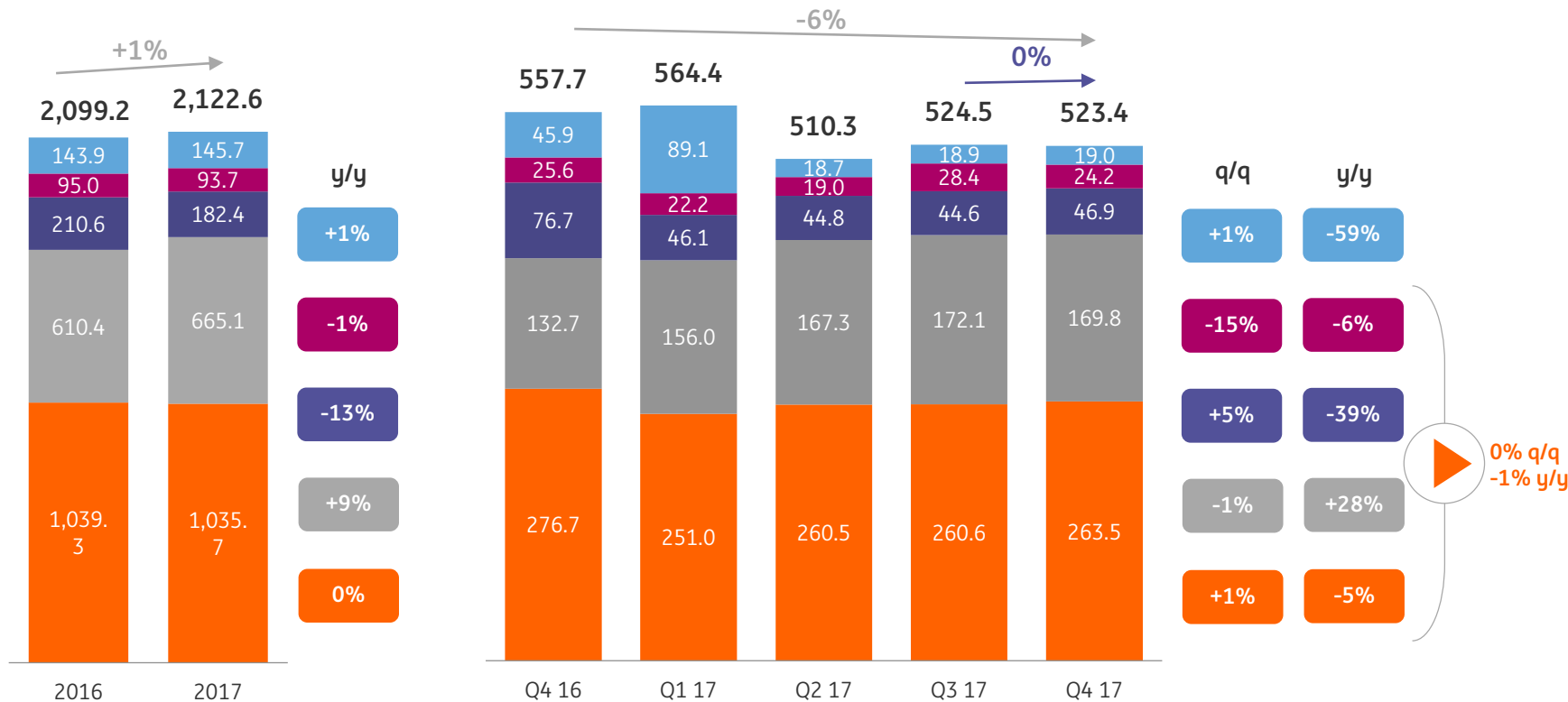


- Strong result on FX thanks to higher activity of clients
- The weaker result on payment cards results from higher costs of cooperation with partners and a smaller number of clients using third party (paid) ATMs
- Q4 seasonally charged with higher commission costs



# Total expenses

Total expenses (PLN million)



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

7,970

7,979

7,970

7,913

7,933

7,970

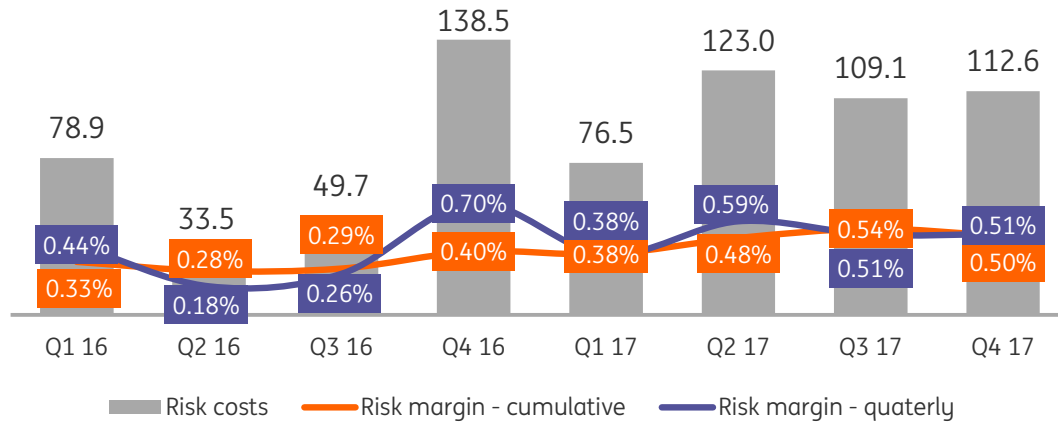
7,979

FTEs

- The annual increase of general and administrative costs was driven by change in the methodology of calculating banking supervision costs (difference of PLN 10.8m) and higher IT costs
- Change in accounting rules regarding licenses and software in Q4 2016 (one-off effect was PLN 25.7m)
- Lower marketing costs result from the support received from partners
- Q4 2016 was burdened with extra contribution due to BS Nadarzyn bankructcy (PLN 12.2m)

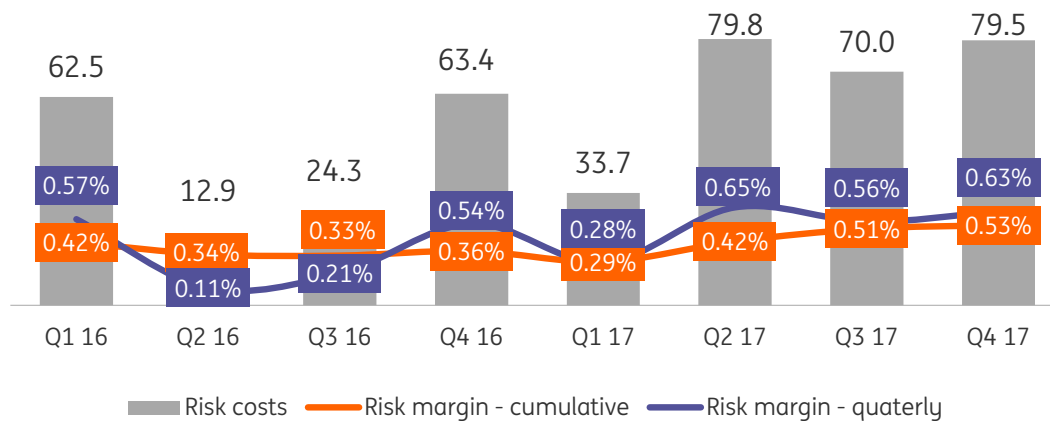
# Risk costs

## Group (PLN million)

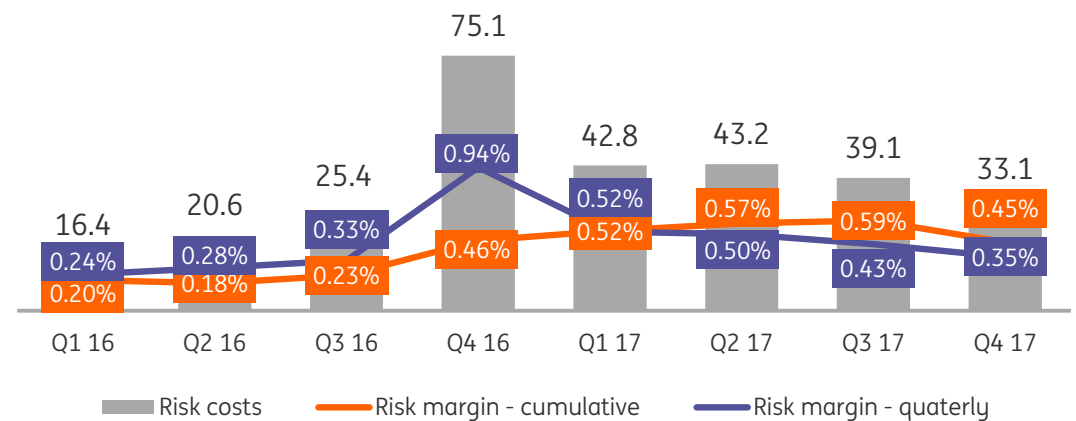


- December 2017 – sale of corporate NPLs (PLN +25.4m on pre-tax profit, fully through risk costs)

## Corporate banking (PLN million)



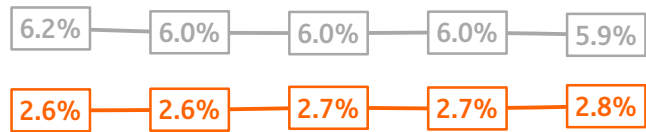
## Retail banking (PLN million)



# Portfolio quality and provisioning

## Share of non-performing portfolio in the total portfolio

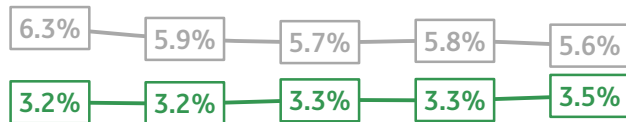
### Group



Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

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

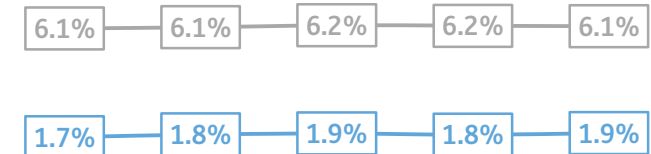
### Corporate banking



Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

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

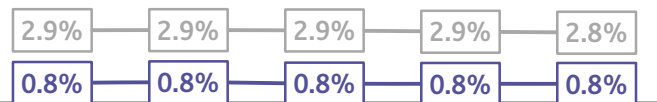
### Retail banking



Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

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

### Retail banking - mortgages



Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

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

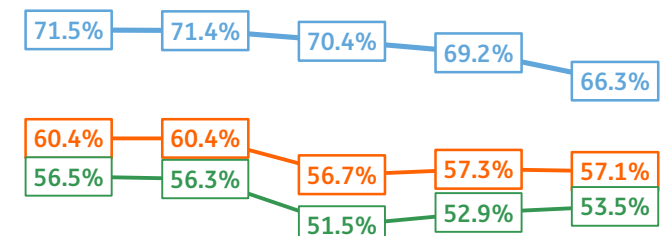
### Retail banking - other



Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

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

### Provision coverage ratio

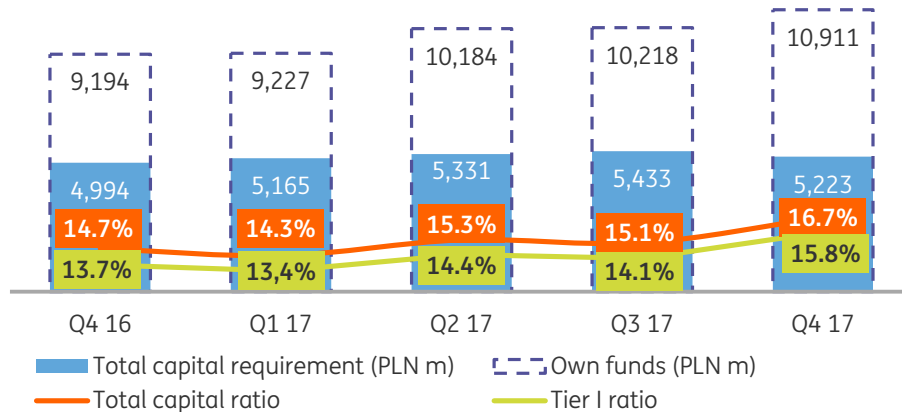


Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017

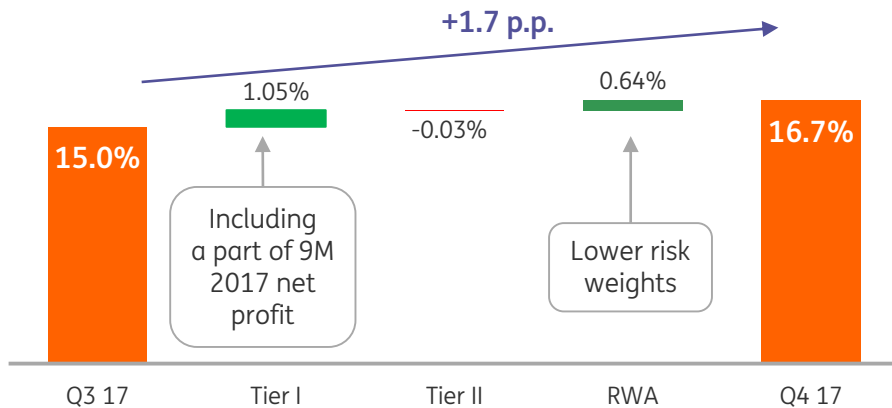
— Group — Retail banking — Corporate banking

# Capital adequacy

## Consolidated total capital ratio and capital requirements



## Consolidated total capital ratio – decomposition of q/q change

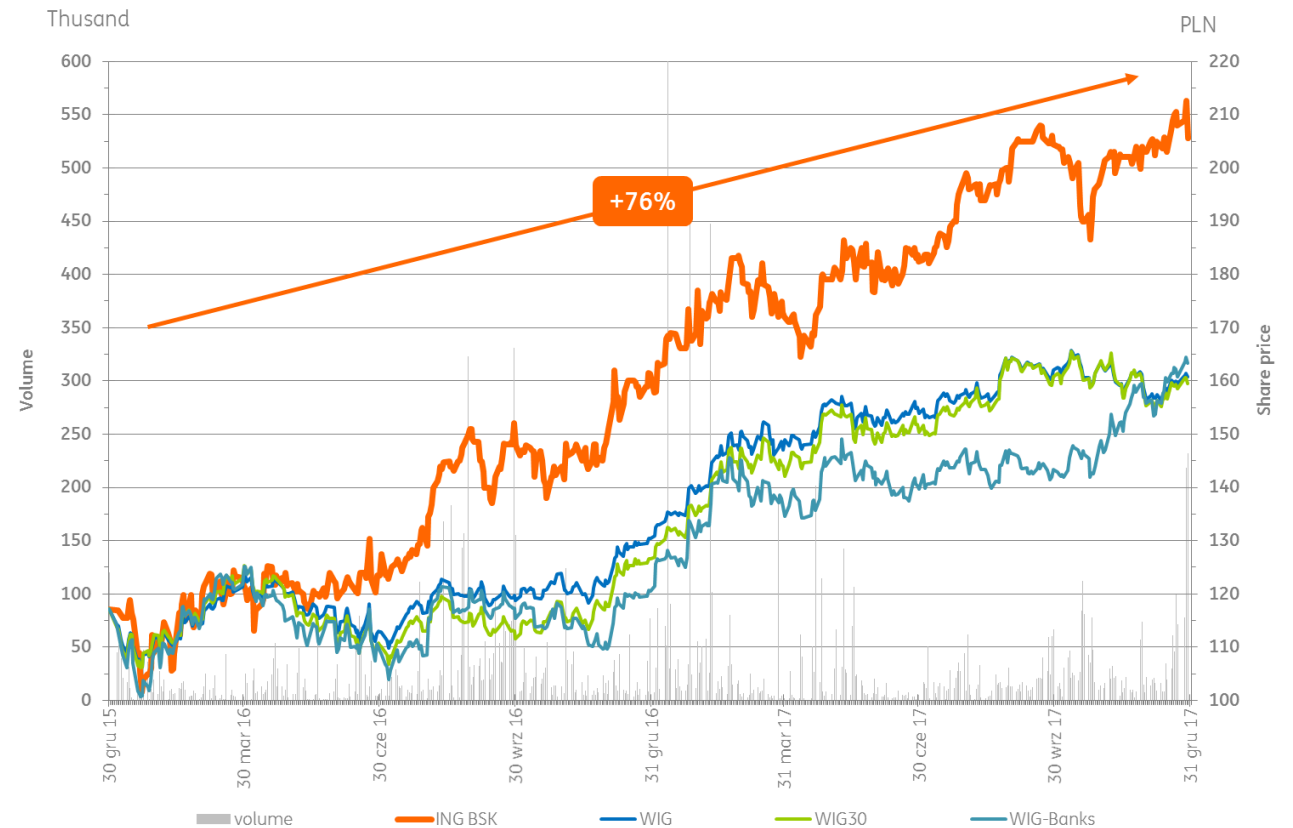


- Since Q3 2017 the regulatory floor has not been recognized (positive pro-forma impact on TCR in Q2'17 was 38 b.p.).
- The impact of the risk weight changes for retail mortgages on TCR was +19 b.p.:
  - As of 2 December 2017, the risk weight for FX mortgages increased from 100% to 150%, while ...
  - ...the risk weight for PLN mortgage loans was reduced (the weight of 35% is attributable to 80% of the value of effective collateral - previously only up to 50%).
- By virtue of the Polish Financial Supervision Authority decisions of 23 October 2017 and 7 December 2017, ING BSK included a part of the Bank's net profit of PLN 665.4 million for 9M 2017 in the calculation of own funds.

# ING BSK plans to pay 31% of net profit as a dividend

- The Management Board recommends to pay **30.9% of the stand-alone 2017 net profit** (29.7% on consolidated basis) **as a dividend i.e. PLN 416.3 million** (PLN 3.2 gross DPS).
- KNF requirements for ING BSK for the purpose of paying dividends from 2017 net profit\*:
  - Tier I > 12.875%
  - TCR > 14.875%
- ING BSK capital adequacy as at 2017YE (Tier I and TCR):
  - stand-alone, 17.34% and 18.39%, respectively
  - consolidated, 15.77% and 16.71%, respectively

ING BSK shares vs. WIG indexes recalculated for comparability



Market ratios (Q4 2017)

P/E 19.0x

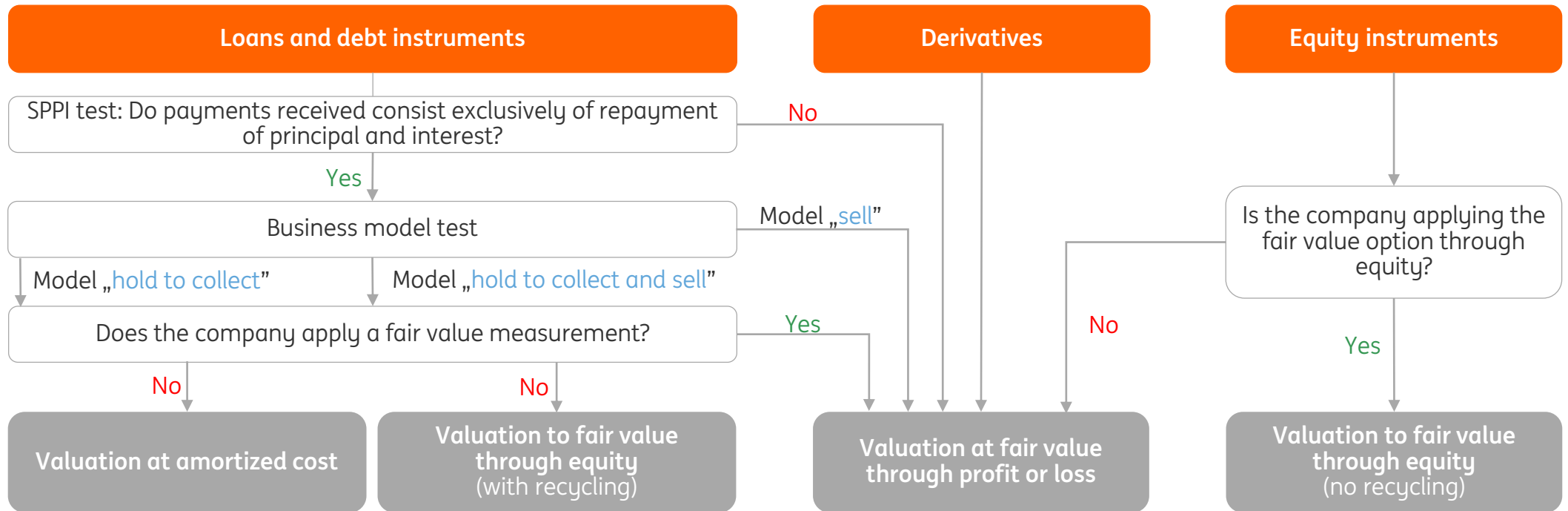
P/B 2.3x



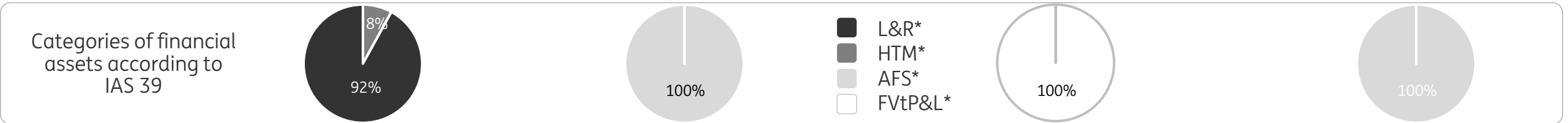
# Implementation of IFRS 9



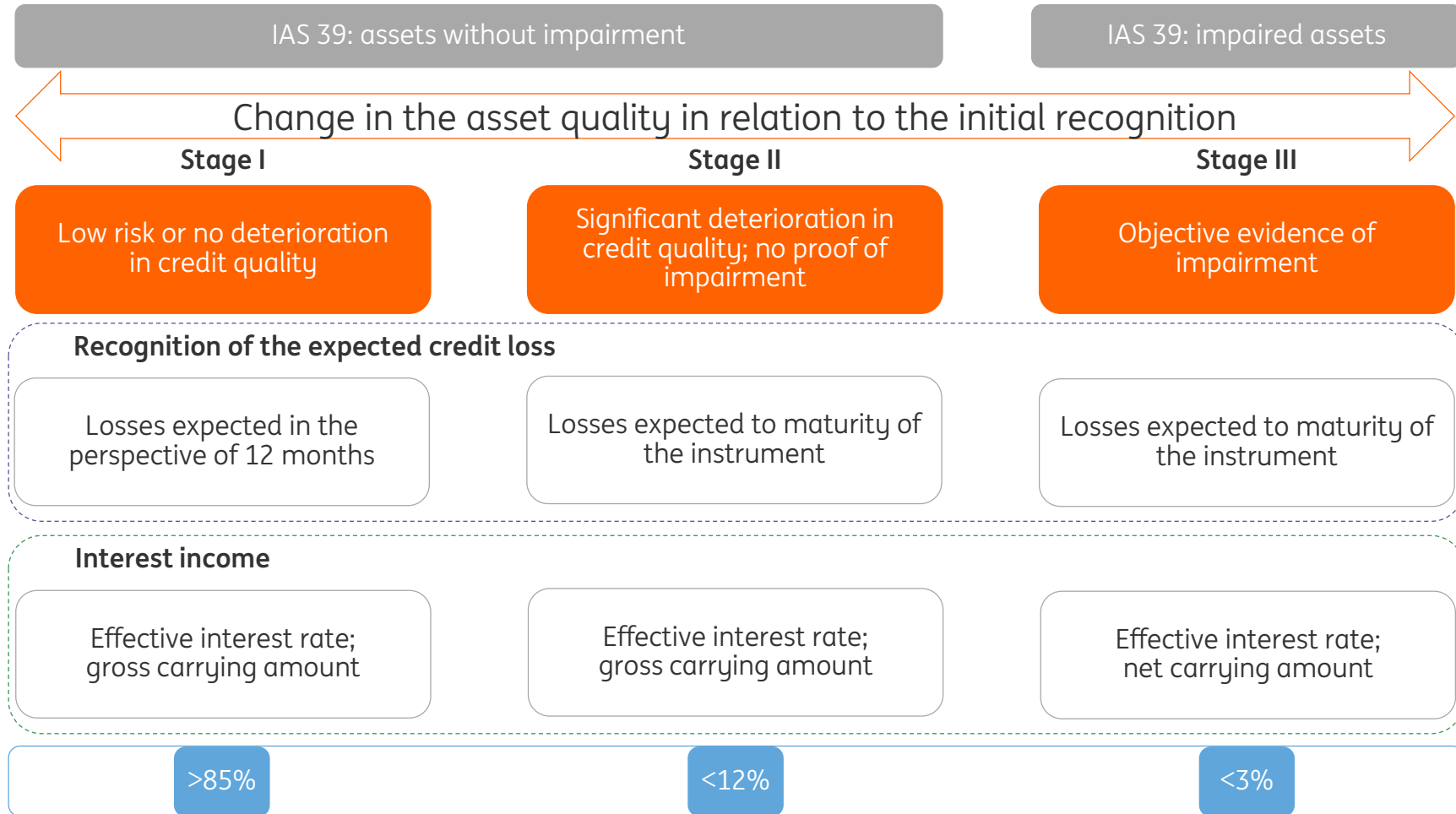
# Simplified model of financial assets' classification according to IFRS 9



IFRS 9: value as at 1 January 2018	PLN 104.0 billion	PLN 17.5 billion	PLN 2.6 billion	PLN 0.1 billion
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# Loans and debt instruments vs. asset quality



IFRS 9: structure as of 1 January 2018

# Impact of the introduction of IFRS 9 on capital ratios

- The Management Board of the Bank estimates that the total negative impact of IFRS 9 on consolidated Tier 1 ratio will be 33 b.p.
- The Bank's Management decided to apply the transitional provisions regarding the inclusion of the partial impact of IFRS 9 on capital ratios in the 5-year transition period
- Consequently, the impact of IFRS 9 on consolidated Tier 1 ratio in the first reporting period (2018) will be marginally negative (3 b.p.)

## IFRS 9 adjustments subject to transitional period:

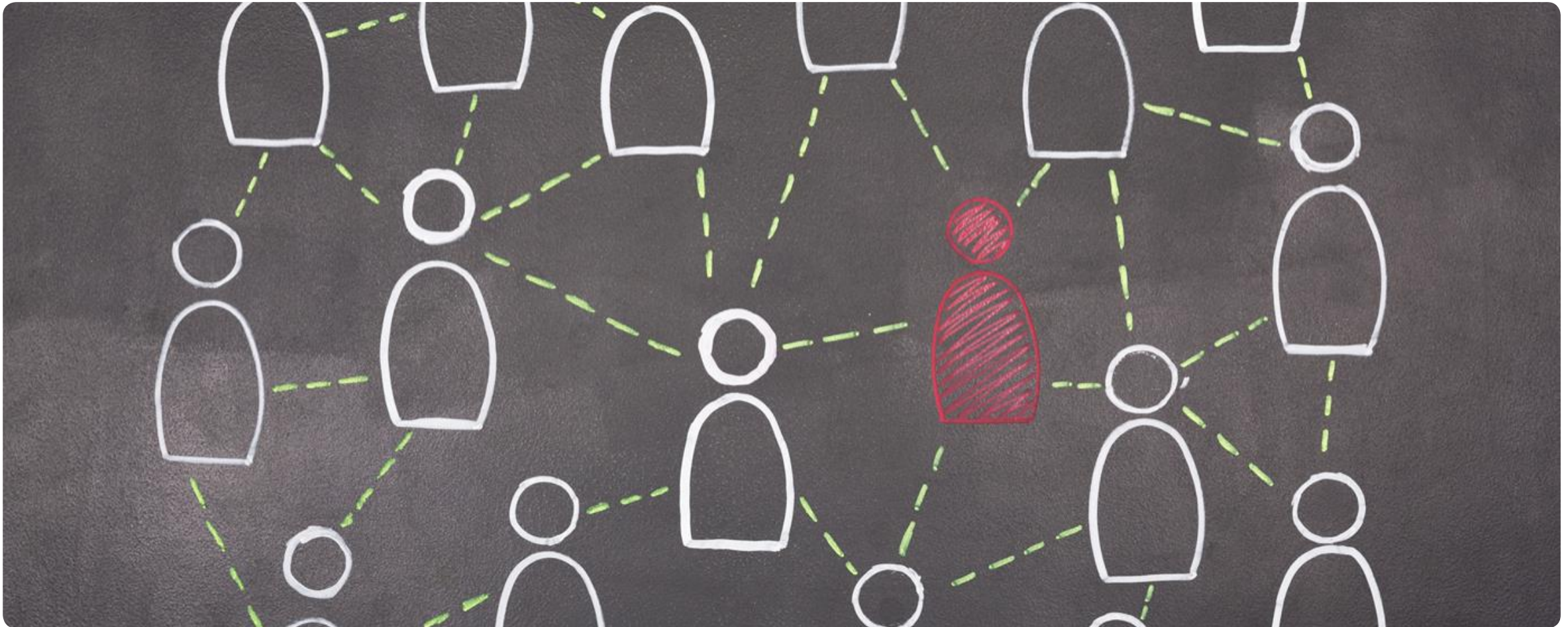
- Write-downs
- Deferred tax assets related to impairment losses
- Shortfall adjustment due to credit risk against expected losses according to the AIRB method
- Other

Period:	1	2	3	4	5	6
Year:	2018	2019	2020	2021	2022	2023
IFRS 9 adjustments subject to transitional period	5%	15%	30%	50%	75%	100%
IFRS 9 adjustments not subject to transitional period	100%	100%	100%	100%	100%	100%
<b>Total effect</b>	<b>~20%</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>100%</b>

## IFRS 9 adjustments not subject to transitional period:

- Valuation of capital investments
- Other assets due to deferred tax
- Other

# Appendixes





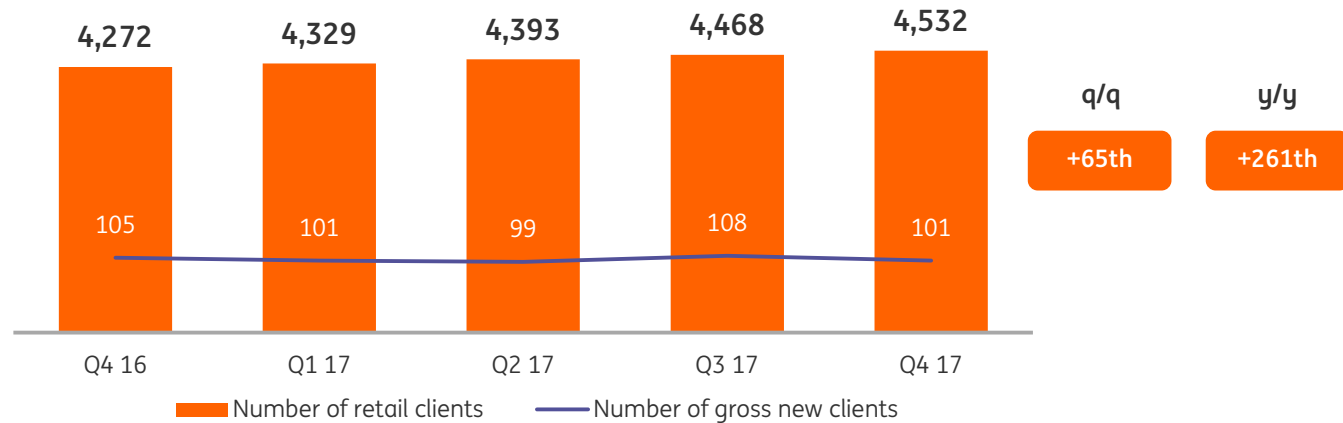
# Retail banking



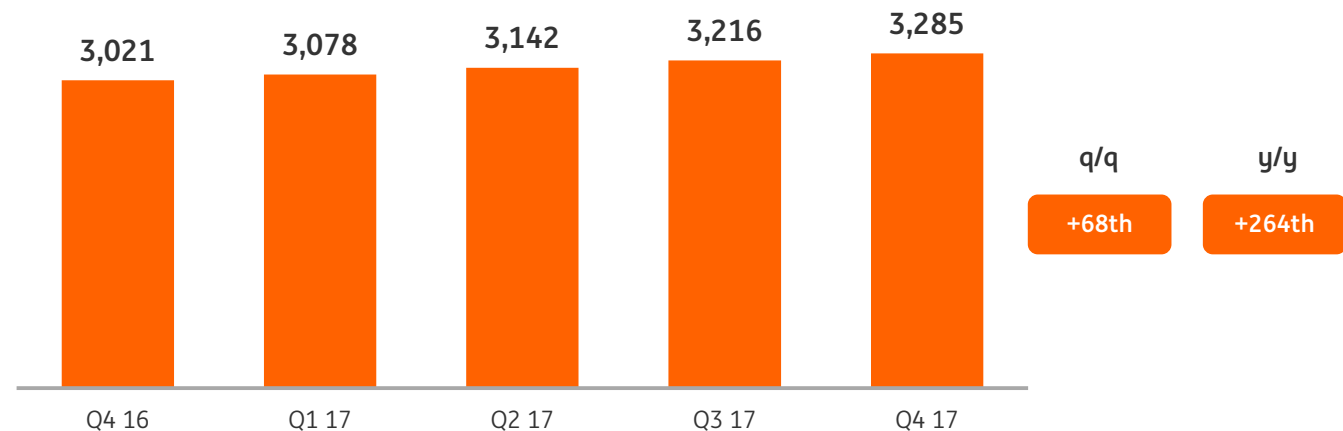
# Client base

Over 4.5 million retail clients

Number of retail clients (thousand)



Number of retail clients' current accounts (thousand)



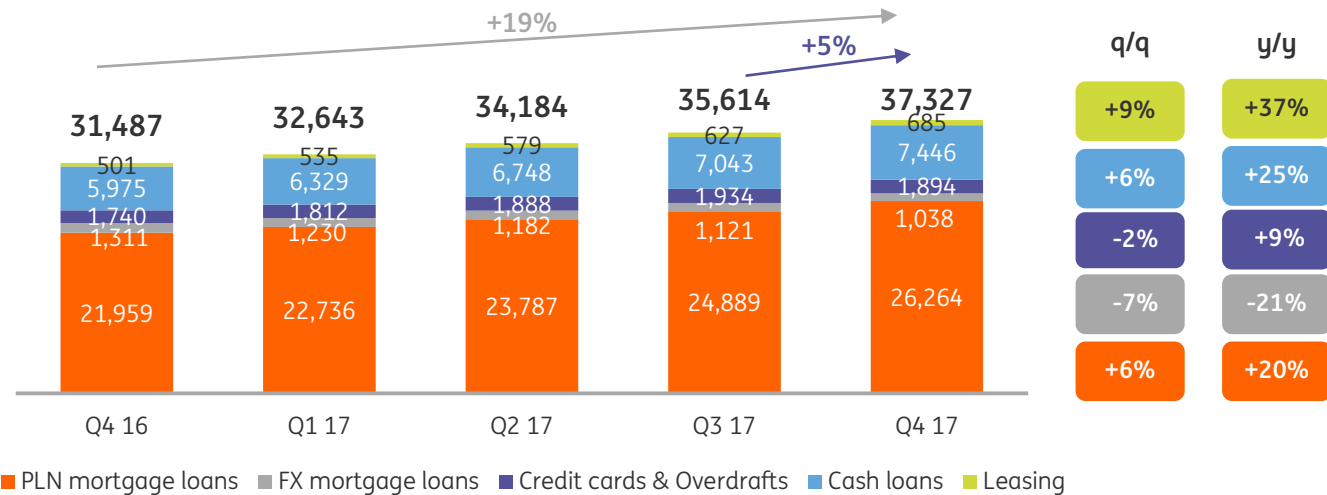
Note: PLN denominated accounts



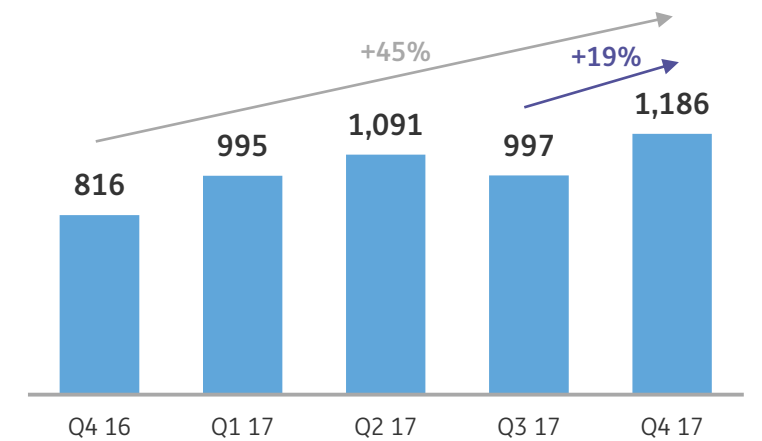
- 82% of accounts are Direct Accounts
- Clients added over **54 thousand of multi-currency cards** to currency accounts and **made over 529 thousand transactions**; we maintain high sales of FX accounts
- We have **127 thousand users of Trusted Profile**, who used it over 223 thousand Times
- We received two silver statuettes in the Effie Awards competition

# Retail lending

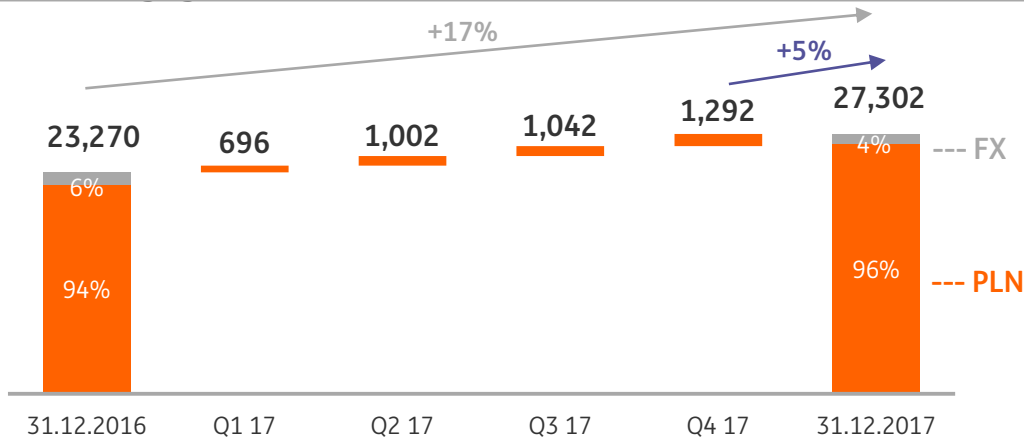
Loan portfolio of retail clients (PLN million)



Cash loan production (PLN million)



Retail mortgage loans (PLN million)

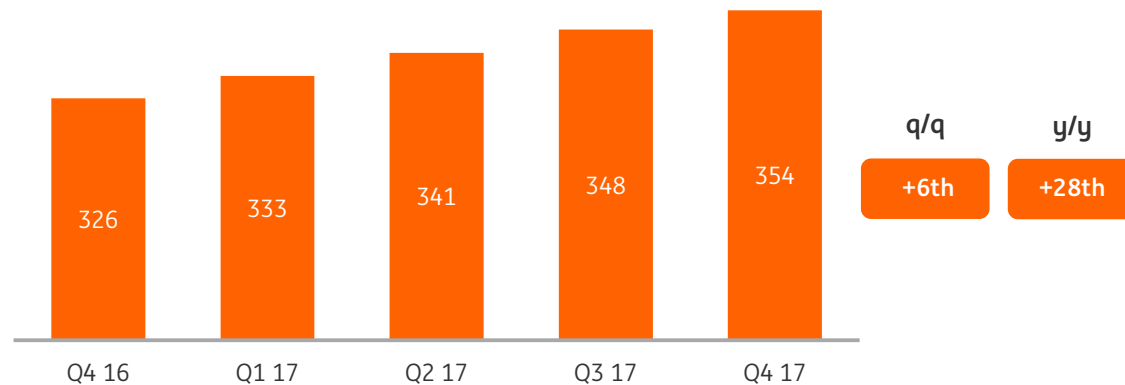


- **PLN 4.3 billion** cash loans granted to retail clients in 2017 (+10% y/y)
- **15.3%** market share in the sales of retail mortgage loans in 2017. Value of agreements signed: PLN 6.7 billion
- **9.4%** market share in PLN housing loans; **6.5%** in total housing loans (as at the end of 2017)

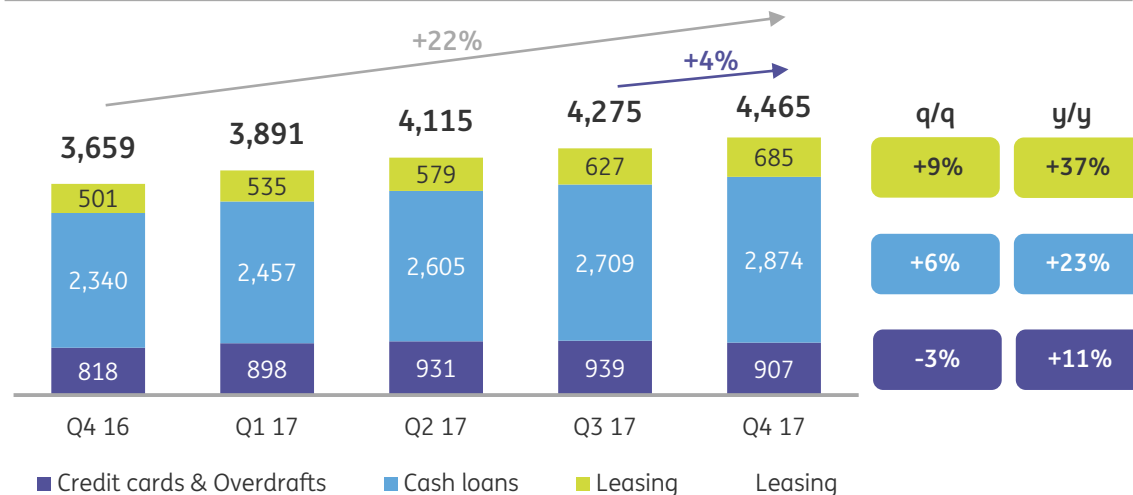
# ING supports entrepreneurs

## 354 thousand entrepreneurs

Number of entrepreneurs (thousand)



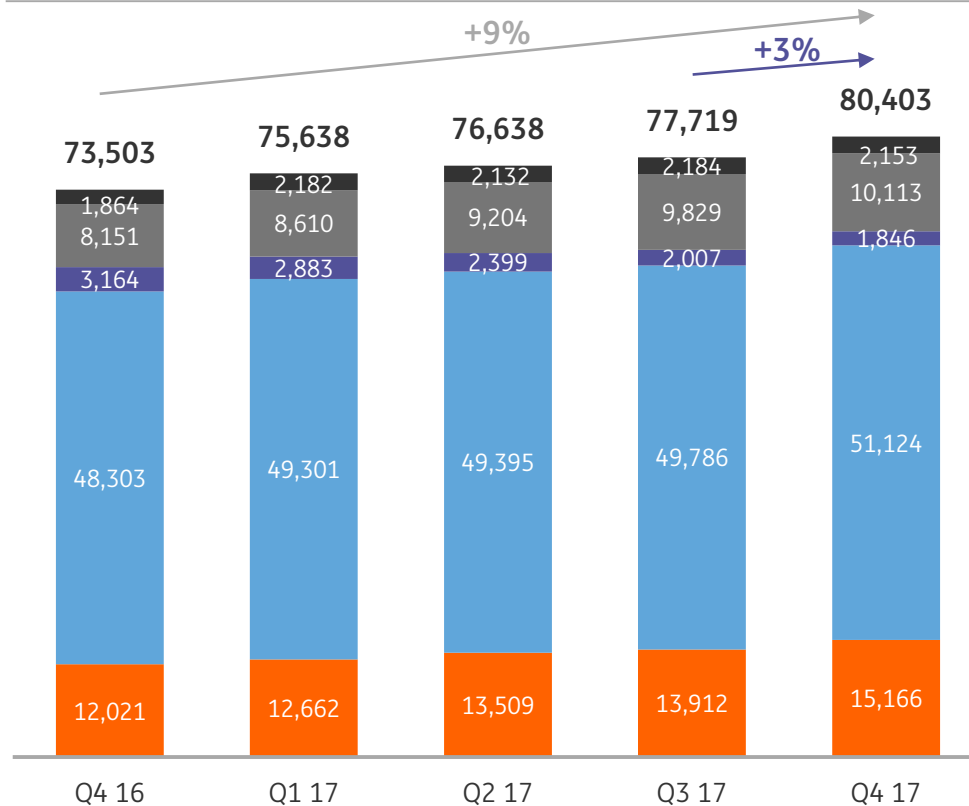
Loans and other receivables from entrepreneurs (PLN million)



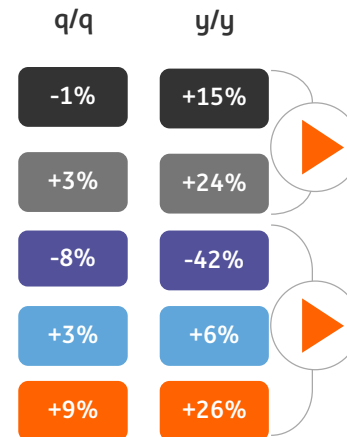
- We run nearly **361 thousand current accounts** for **354 thousand entrepreneurs** out of which 94% are Direct Accounts
- We are extending the ECO loan offer for housing communities
- We develop the functional scope of ING Accounting; first week, over a thousand clients used them
- Sales of loans through digital channels doubled in 2017 (vs. 2016)

# Savings and investments

Portfolio of funds entrusted by retail clients (PLN million)



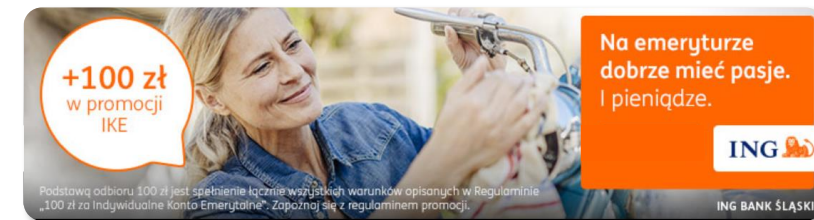
- Assets accumulated on brokerage accounts
- Mutual funds and other off-BS products
- Term deposits and structured products
- Saving accounts
- Current accounts



- We run 70.2 thousand brokerage accounts; **number of active clients increased by +46% y/y**
- In Q4 2017 we opened over **5.6 thousand brokerage accounts (#1 in the market)**, out of which **89% via Moje ING**
- Our brokerage house took third place in the Ranking of Brokerage Houses prepared by Bankier.pl

+2% q/q  
+22% y/y

+4% q/q  
+7% y/y



- Already **82.1 thousand clients invest regularly**
- Money coach offered over **61.4 thousand investment solutions in 2017**

# Progressive evolution of banking

ING more and more digital



## Electronic banking

We issued **36.4 thousand HCE cards** for individual clients and entrepreneurs

**In Q4 2017 online sales of cash loans amounted to 74%** of cash loans to individual clients and **65%** of cash loans sold to entrepreneurs

~ **952 thousand clients with active BLIK** (+15% q/q, +60% y/y)

~ **1.4 million BLIK transactions** (~3x y/y), out of which **870 thousand ecommerce transactions** (+114% q/q, ~5x y/y)

**99.86%** of retail transfers are electronic transfers

~ **12.7 million transfers** in mobile banking (+14% q/q, +50% y/y)

**1.5m**  
active mobile  
banking clients

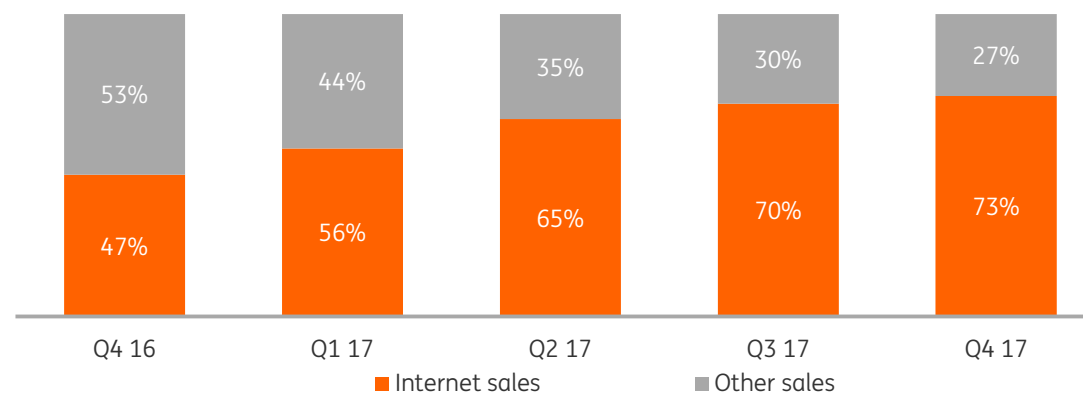
## Physical distribution network

357 branches with self-service zones

1,081 machines for cash self-service, including 893 recyclers, out of which 876 contactless ATMs/Recyclers

66 ING Express sales points at shopping malls

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

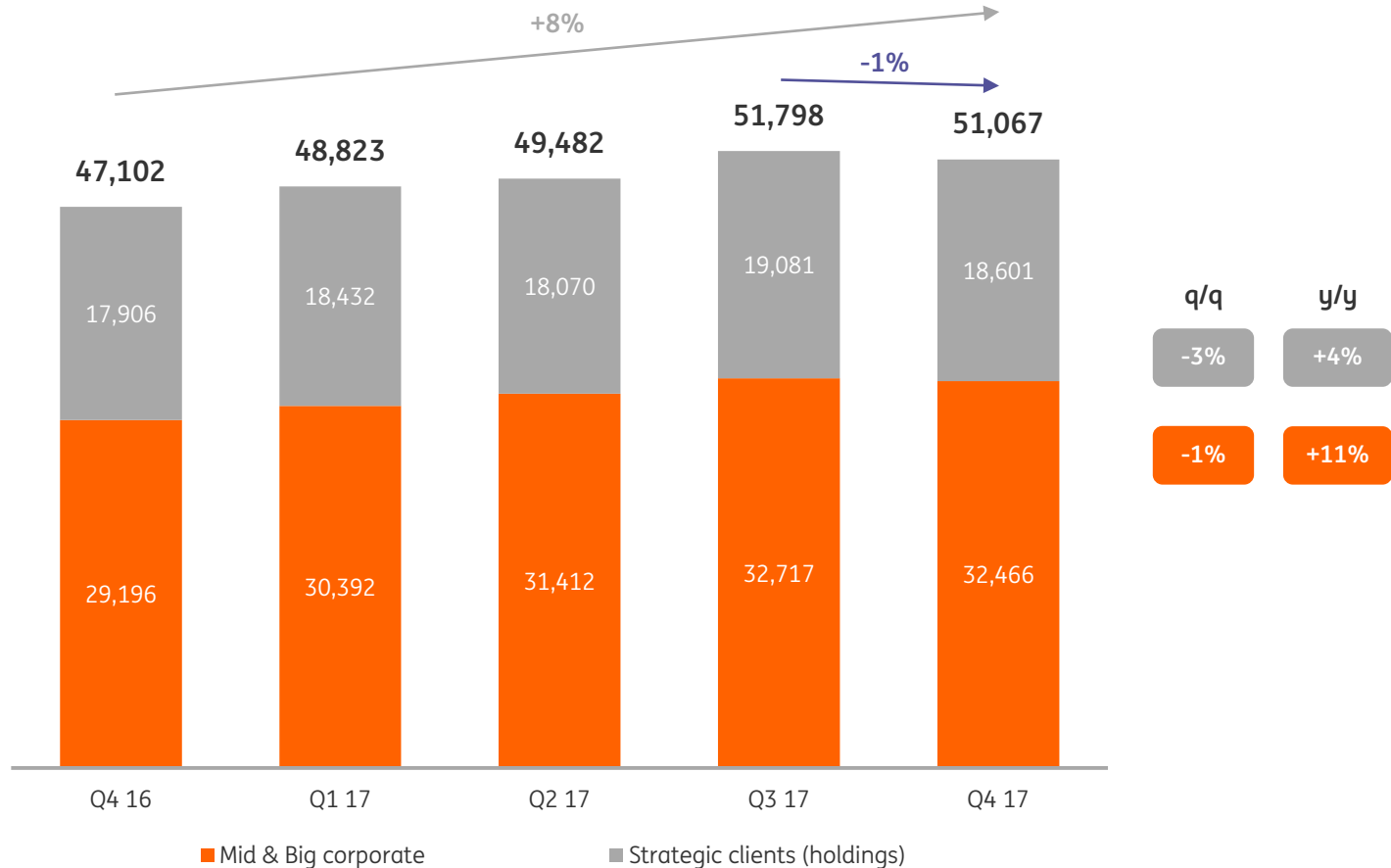


# Corporate banking



# Loans

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



 Issuance of material secured bonds with a value of PLN 250 million

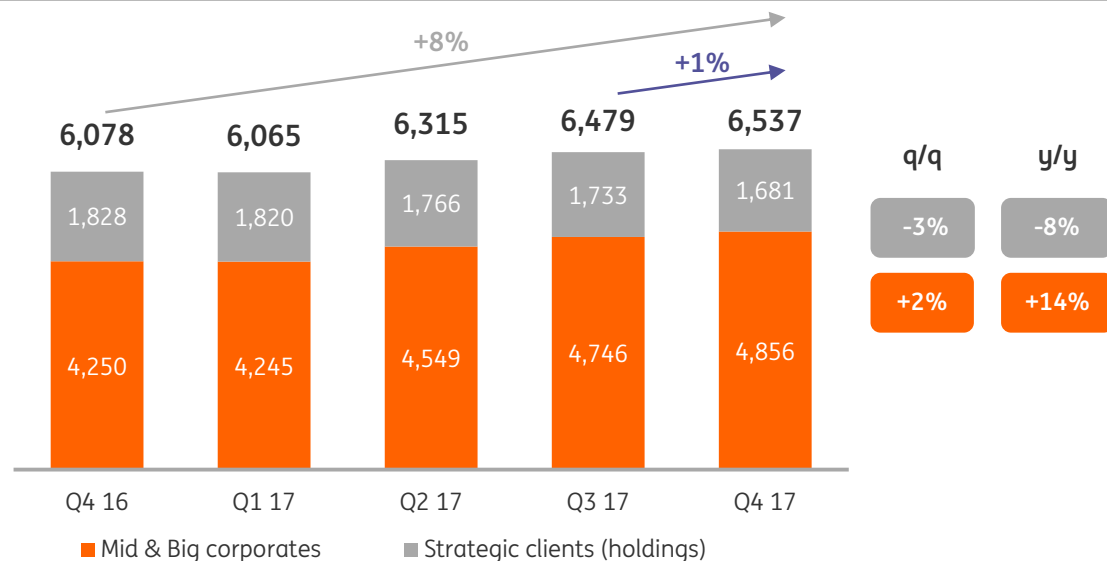
- **93%** of loan applications were **submitted online** in Q4 2017
- We participated in the consortium for refinancing and financing OEX Capital Group
- We extend the availability of the PLG-COSME guarantee
- We have provided a special application for e-guarantees recipients
- We received the award for the best business-to-business campaign for Aleo

# Asset Based Lending

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

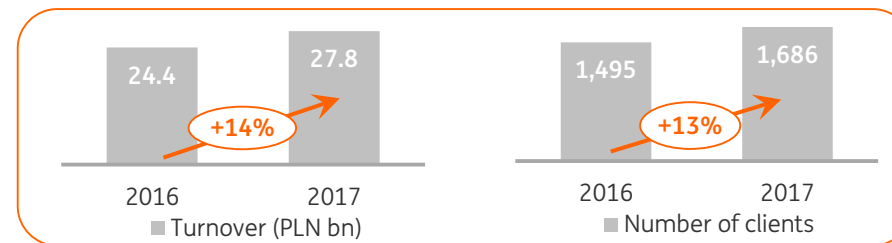
- 5.5% market share in new production (#6)
- Market share in lease of machines and equipment (new production):  
7.2% (#6)
- 17.8 thousand clients using leasing services (+30.8% y/y)

## Leasing – financing of clients (PLN million)

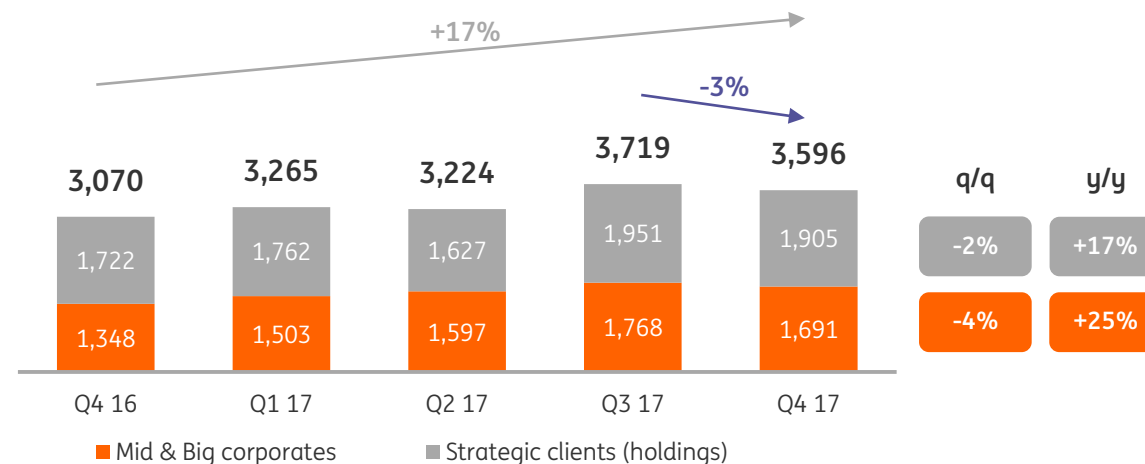


## ING Commercial Finance Polska S.A. (factoring)

- #1 in the market with market share 15.0% in 2017
- In comparison with last year, we bought 27% more invoices

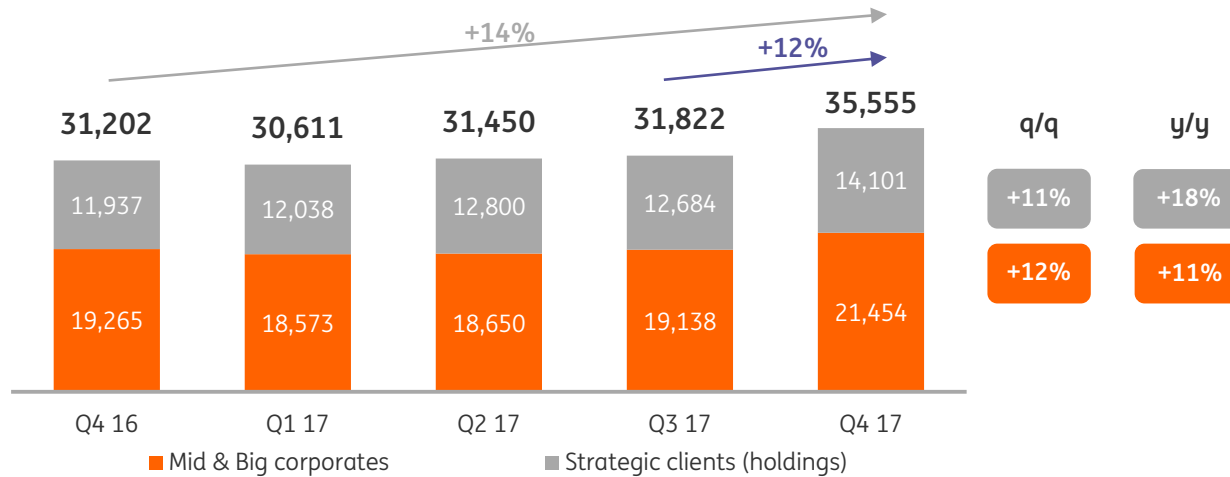


## Factoring – financing of clients (PLN million)

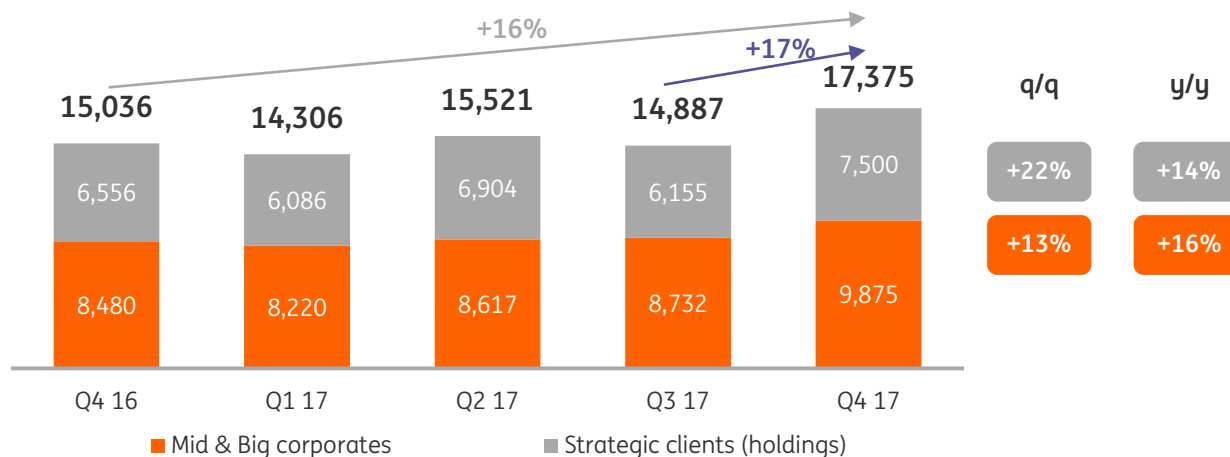


# Cash management

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 Q4 2017

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

- 140 electronic depositories,
- 72 light depositories,
- 23 mini CDMs,
- 6 micro CDMs,
- 15 fee collection machines.

**Number of mobile transfers  
increased by +41% y/y**

# Financial results

# Income statement

Interim condensed consolidated financial statements (PLN m)	2017								2016				2017			
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	q/q Δ	%	y/y Δ	%	2016	2017	y/y Δ	%
<b>Net interest income, of which:</b>	<b>668.1</b>	<b>690.9</b>	<b>784.9</b>	<b>809.5</b>	<b>815.5</b>	<b>849.3</b>	<b>883.5</b>	<b>904.5</b>	<b>21.0</b>	<b>2.4%</b>	<b>95.0</b>	<b>11.7%</b>	<b>2,953.4</b>	<b>3,452.8</b>	<b>499.4</b>	<b>16.9%</b>
<b>Interest income, of which:</b>	<b>935.0</b>	<b>961.2</b>	<b>1,010.5</b>	<b>1,016.2</b>	<b>1,025.3</b>	<b>1,060.0</b>	<b>1,096.5</b>	<b>1,120.7</b>	<b>24.2</b>	<b>2.2%</b>	<b>104.5</b>	<b>10.3%</b>	<b>3,922.9</b>	<b>4,302.5</b>	<b>379.6</b>	<b>9.7%</b>
- on loans and receivables to banks	12.3	13.9	12.7	12.3	12.5	13.7	13.9	16.1	2.2	15.8%	3.8	30.9%	51.2	56.2	5.0	9.8%
- on loans and receivables to customers	683.6	700.5	733.9	749.3	757.1	793.0	839.3	866.4	27.1	3.2%	117.1	15.6%	2,867.3	3,255.8	388.5	13.5%
- on leasing	40.5	41.0	43.3	45.0	43.8	46.1	47.5	49.4	1.9	4.0%	4.4	9.8%	169.8	186.8	17.0	10.0%
- on factoring	19.2	20.5	23.0	25.5	24.5	27.0	28.3	30.6	2.3	8.1%	5.1	20.0%	88.2	110.4	22.2	25.2%
- on debt securities	156.0	158.4	176.3	170.5	174.3	169.7	163.1	161.5	-1.6	-1.0%	-9.0	-5.3%	661.2	668.6	7.4	1.1%
- on BSB transactions (non trading)	3.3	2.7	2.3	1.3	0.9	0.4	0.9	0.2	-0.7	-77.8%	-1.1	-84.6%	9.6	2.4	-7.2	-75.0%
- interest result on derivatives	20.1	24.2	19.0	12.3	12.2	10.1	3.5	-3.5	-7.0	-	-15.8	-	75.6	22.3	-53.3	-70.5%
<b>Interest expenses, of which:</b>	<b>266.9</b>	<b>270.3</b>	<b>225.6</b>	<b>206.7</b>	<b>209.8</b>	<b>210.7</b>	<b>213.0</b>	<b>216.2</b>	<b>3.2</b>	<b>1.5%</b>	<b>9.5</b>	<b>4.6%</b>	<b>969.5</b>	<b>849.7</b>	<b>-119.8</b>	<b>-12.4%</b>
- interest on deposits from banks	8.6	7.8	15.2	13.0	16.9	16.3	15.5	12.2	-3.3	-21.3%	-0.8	-6.2%	44.6	60.9	16.3	36.5%
- interest on deposits from customers	251.0	253.3	201.1	184.4	183.7	185.0	188.1	195.3	7.2	3.8%	10.9	5.9%	889.8	752.1	-137.7	-15.5%
- on SBB transactions (non trading)	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.4	0.2	100.0%	0.4	-	0.2	0.7	0.5	250.0%
- interest on debt securities in issue	5.7	5.6	5.6	5.8	5.7	5.7	5.8	4.7	-1.1	-19.0%	-1.1	-19.0%	22.7	21.9	-0.8	-3.5%
- on trading financial instruments	0.2	0.2	0.3	0.3	0.3	0.6	0.3	0.4	0.1	33.3%	0.1	33.3%	1.0	1.6	0.6	60.0%
- on subordinated debt	1.3	3.4	3.3	3.2	3.1	3.1	3.1	3.2	0.1	3.2%	0.0	0.0%	11.2	12.5	1.3	11.6%
<b>Net commission income</b>	<b>253.9</b>	<b>258.1</b>	<b>269.3</b>	<b>283.5</b>	<b>289.6</b>	<b>291.3</b>	<b>304.8</b>	<b>297.1</b>	<b>-7.7</b>	<b>-2.5%</b>	<b>13.6</b>	<b>4.8%</b>	<b>1,064.8</b>	<b>1,182.8</b>	<b>118.0</b>	<b>11.1%</b>
<b>Result on trade operations and revaluation (incl investments and HA)</b>	<b>49.1</b>	<b>202.2</b>	<b>20.6</b>	<b>15.0</b>	<b>28.2</b>	<b>49.9</b>	<b>21.6</b>	<b>17.6</b>	<b>-4.0</b>	<b>-18.5%</b>	<b>2.6</b>	<b>17.3%</b>	<b>286.9</b>	<b>117.3</b>	<b>-169.6</b>	<b>-59.1%</b>
Net income on instruments measured at fair value through profit or loss and FX result	23.0	5.1	16.4	12.7	17.6	10.5	25.5	26.3	0.8	3.1%	13.6	107.1%	57.2	79.9	22.7	39.7%
Net income on investments	28.7	196.6	4.0	3.0	10.2	32.8	3.6	0.0	-3.6	-	-3.0	-	232.3	46.6	-185.7	-79.9%
Net income on hedge accounting	-2.6	0.5	0.2	-0.7	0.4	6.6	-7.5	-8.7	-1.2	16.0%	-8.0	1142.9%	-2.6	-9.2	-6.6	253.8%
<b>Net income on other basic activities</b>	<b>4.5</b>	<b>1.2</b>	<b>-0.3</b>	<b>14.0</b>	<b>0.8</b>	<b>-0.7</b>	<b>-0.1</b>	<b>3.0</b>	<b>3.1</b>	<b>-</b>	<b>-11.0</b>	<b>-78.6%</b>	<b>19.4</b>	<b>3.0</b>	<b>-16.4</b>	<b>-84.5%</b>
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	0.0	-
<b>Income</b>	<b>975.6</b>	<b>1,152.4</b>	<b>1,074.5</b>	<b>1,122.0</b>	<b>1,134.1</b>	<b>1,189.8</b>	<b>1,209.8</b>	<b>1,222.2</b>	<b>12.4</b>	<b>1.0%</b>	<b>100.2</b>	<b>8.9%</b>	<b>4,324.5</b>	<b>4,755.9</b>	<b>431.4</b>	<b>10.0%</b>
<b>Expenses</b>	<b>508.8</b>	<b>517.2</b>	<b>515.5</b>	<b>557.7</b>	<b>564.4</b>	<b>510.3</b>	<b>524.5</b>	<b>523.4</b>	<b>-1.1</b>	<b>-0.2%</b>	<b>-34.3</b>	<b>-6.2%</b>	<b>2,099.2</b>	<b>2,122.6</b>	<b>23.4</b>	<b>1.1%</b>
- personnel expenses	251.5	251.3	259.9	276.7	251.0	260.6	260.6	263.5	2.9	1.1%	-13.2	-4.8%	1,039.3	1,035.7	-3.6	-0.3%
- other expenses	215.1	220.3	209.6	204.3	267.3	204.9	219.3	213.0	-6.3	-2.9%	8.7	4.3%	849.2	904.5	55.2	6.5%
- D&A	42.2	45.6	46.1	76.7	46.1	44.8	44.6	46.9	2.3	5.2%	-29.8	-38.9%	210.6	182.4	-28.2	-13.4%
<b>Profit before risk costs</b>	<b>466.8</b>	<b>635.2</b>	<b>559.0</b>	<b>564.3</b>	<b>569.7</b>	<b>679.5</b>	<b>685.3</b>	<b>698.8</b>	<b>13.5</b>	<b>2.0%</b>	<b>134.5</b>	<b>23.8%</b>	<b>2,225.3</b>	<b>2,633.3</b>	<b>408.0</b>	<b>18.3%</b>
<b>Risk costs</b>	<b>78.9</b>	<b>33.5</b>	<b>49.7</b>	<b>138.5</b>	<b>76.5</b>	<b>123.0</b>	<b>109.1</b>	<b>112.6</b>	<b>3.5</b>	<b>3.2%</b>	<b>-25.9</b>	<b>-18.7%</b>	<b>300.6</b>	<b>421.2</b>	<b>120.6</b>	<b>40.1%</b>
- retail	16.4	20.6	25.4	75.1	42.8	43.2	39.1	33.1	-6.0	-15.3%	-42.0	-55.9%	137.5	158.2	20.7	15.1%
- corporate	62.5	12.9	24.3	63.4	33.7	79.8	70.0	79.5	9.5	13.6%	16.1	25.4%	163.1	263.0	99.9	61.3%
<b>Tax on certain financial institutions</b>	<b>50.5</b>	<b>76.8</b>	<b>75.7</b>	<b>77.2</b>	<b>79.4</b>	<b>80.4</b>	<b>84.1</b>	<b>86.2</b>	<b>2.1</b>	<b>2.5%</b>	<b>9.0</b>	<b>11.7%</b>	<b>280.2</b>	<b>330.1</b>	<b>49.9</b>	<b>17.8%</b>
<b>Profit (loss) before tax</b>	<b>337.4</b>	<b>524.9</b>	<b>433.6</b>	<b>348.6</b>	<b>413.8</b>	<b>476.1</b>	<b>492.1</b>	<b>500.0</b>	<b>7.9</b>	<b>1.6%</b>	<b>151.4</b>	<b>43.4%</b>	<b>1,644.5</b>	<b>1,882.0</b>	<b>237.5</b>	<b>14.4%</b>
<b>Income tax</b>	<b>78.2</b>	<b>118.0</b>	<b>101.6</b>	<b>93.6</b>	<b>113.6</b>	<b>115.7</b>	<b>116.4</b>	<b>133.2</b>	<b>16.8</b>	<b>14.4%</b>	<b>39.6</b>	<b>42.3%</b>	<b>391.4</b>	<b>478.9</b>	<b>87.5</b>	<b>22.4%</b>
<b>Net profit (loss), of which:</b>	<b>259.2</b>	<b>406.9</b>	<b>332.0</b>	<b>255.0</b>	<b>300.2</b>	<b>360.4</b>	<b>375.7</b>	<b>366.8</b>	<b>-8.9</b>	<b>-2.4%</b>	<b>111.8</b>	<b>43.8%</b>	<b>1,253.1</b>	<b>1,403.1</b>	<b>150.0</b>	<b>12.0%</b>
<b>Net profit (loss) attributable to the shareholders of ING BSK</b>	<b>259.2</b>	<b>406.9</b>	<b>332.0</b>	<b>254.9</b>	<b>300.2</b>	<b>360.4</b>	<b>375.7</b>	<b>366.8</b>	<b>-8.9</b>	<b>-2.4%</b>	<b>111.9</b>	<b>43.9%</b>	<b>1,253.0</b>	<b>1,403.1</b>	<b>150.1</b>	<b>12.0%</b>
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)	7.97	12.51	10.21	7.84	9.23	11.08	11.55	11.28	0.47	4.2%	1.34	13.2%	9.63	10.78	1.15	12.0%

# 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	2,815.2
- 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	2,234.5
- 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	530.1
- 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	784.7
- 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	25,907.4
- 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	967.2
- 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	91,088.3
- Receivables from customers due to repo transactions	1,354.4	19.9	0.0	19.8	0.0	19.9	20.0	19.7	19.8
- Non-financial assets	1,070.5	1,037.8	1,032.5	1,025.0	1,004.5	995.6	985.3	979.3	980.0
- Property, plant and equipment held for sale	38.4	49.8	41.2	41.2	31.8	19.7	14.3	15.3	11.1
- Tax assets	59.6	71.4	76.9	77.5	237.5	181.9	228.5	250.4	257.1
- Other assets	194.7	213.2	290.1	292.2	282.2	333.5	362.6	385.2	417.2

### Total assets

Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 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	126,013.9
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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	4,109.0
- 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	735.1
- 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	979.2
- 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	699.2
- 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	104,503.3
- Liabilities due to customers under repo transactions	47.5	10.4	9.1	0.0	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	300.3
- Subordinated liabilities	0.0	641.6	665.2	648.1	664.9	634.2	635.3	647.7	626.9
- Provisions	67.2	82.7	82.0	79.8	73.8	72.9	83.0	90.8	100.0
- Tax liabilities	156.8	221.7	181.4	146.8	121.3	24.1	121.4	181.1	232.9
- 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	1,933.2

### Total liabilities

98,212.6 102,062.5 104,827.1 105,571.0 107,000.5 108,061.1 109,043.5 110,803.8 114,219.1

#### EQUITY

- Share capital	130.1	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	956.3
- Revaluation reserve	1,485.0	1,774.8	1,508.0	1,341.8	577.5	589.6	596.2	551.8	493.2
- 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	10,215.2

### 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 11,794.8

#### - Non-controlling interests

2.6 2.5 2.5 2.3 2.3 2.1 0.0 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 11,794.8

### Total equity and liabilities

108,893.1 112,732.7 115,639.7 116,550.0 117,477.7 118,850.5 120,197.6 122,290.0 126,013.9

#### Number of shares issued (m)

130.1 130.1 130.1 130.1 130.1 130.1 130.1 130.1 130.1

#### Book value per share (PLN)

82.07 82.00 83.09 84.37 80.51 82.92 85.73 88.29 90.66

q/q y/y  
Δ % Δ %

1,177.0	71.8%	990.2	54.3%
1,059.8	90.2%	1,121.1	100.7%
-885.1	-62.5%	-2,296.7	-81.2%
-43.8	-5.3%	-332.4	-29.8%
1,461.3	6.0%	186.1	0.7%
-82.9	-7.9%	-371.4	-27.7%
1,001.0	1.1%	9,108.8	11.1%
0.1	0.5%	19.8	-
0.7	0.1%	-24.5	-2.4%
-4.2	-27.5%	-20.7	-65.1%
6.7	2.7%	19.6	8.3%
32.0	8.3%	135.0	47.8%
3,723.9	3.0%	8,536.2	7.3%

-1,528.8	-27.1%	-934.0	-18.5%
-928.5	-55.8%	260.3	54.8%
21.4	2.2%	-136.8	-12.3%
-100.7	-12.6%	-768.9	-52.4%
6,043.5	6.1%	8,677.9	9.1%
0.0	-	0.0	-
-571.8	-65.6%	-566.1	-65.3%
-20.8	-3.2%	-38.0	-5.7%
9.2	10.1%	26.2	35.5%
51.8	28.6%	111.6	92.0%
440.0	29.5%	586.4	43.5%
3,415.3	3.1%	7,218.6	6.7%

0.0	0.0%	0.0	0.0%
0.0	0.0%	0.0	0.0%
-58.6	-10.6%	-84.3	-14.6%
367.2	3.7%	1,404.2	15.9%
308.6	2.7%	1,319.9	12.6%

0.0	-	-2.3	-100.0%
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308.6	2.7%	1,317.6	12.6%
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3,723.9	3.0%	8,536.2	7.3%
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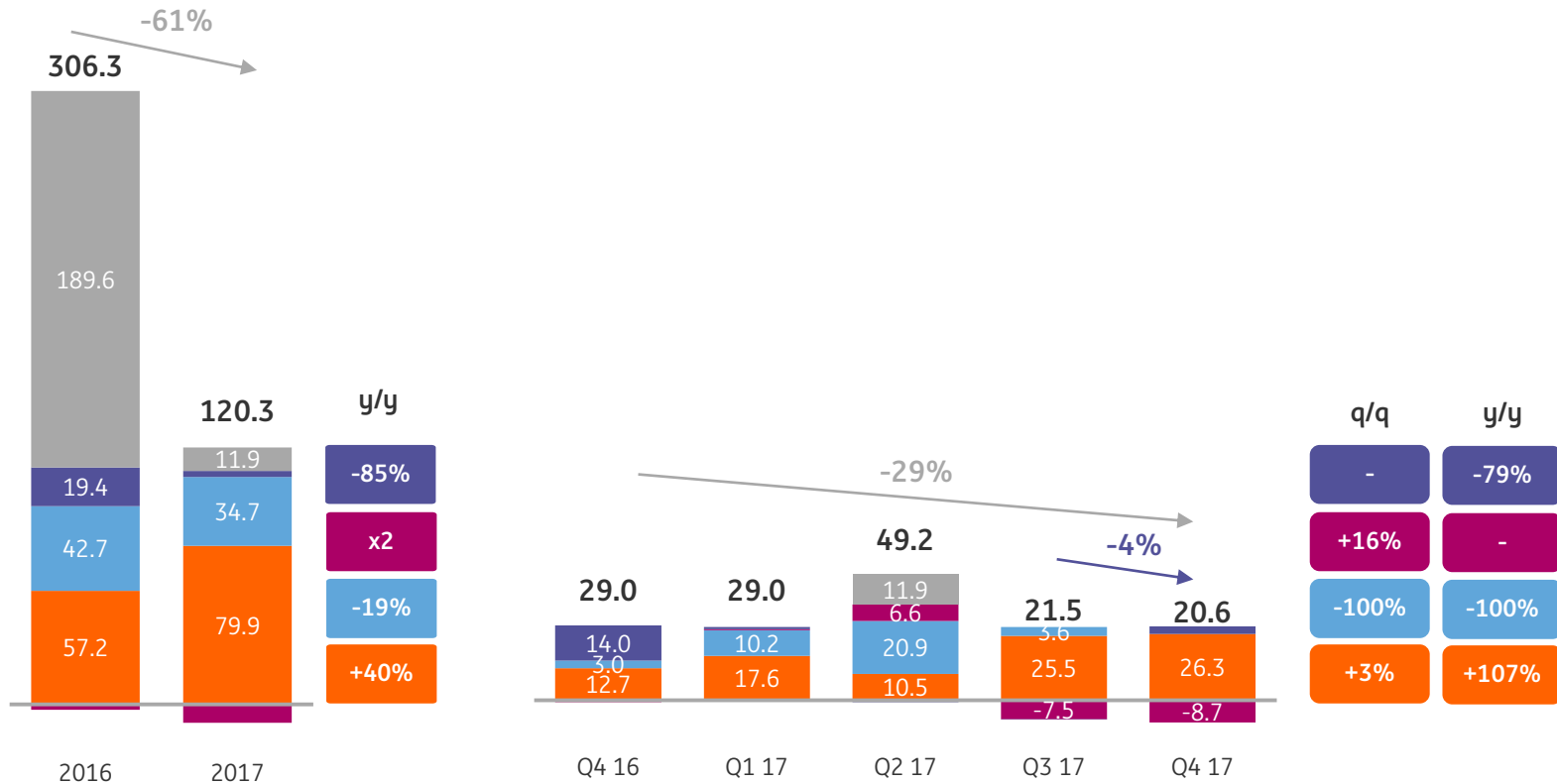
0.0	0.0%	0.0	0.0%
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2.37	2.7%	10.15	12.6%
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# Other income

Other income (PLN million)

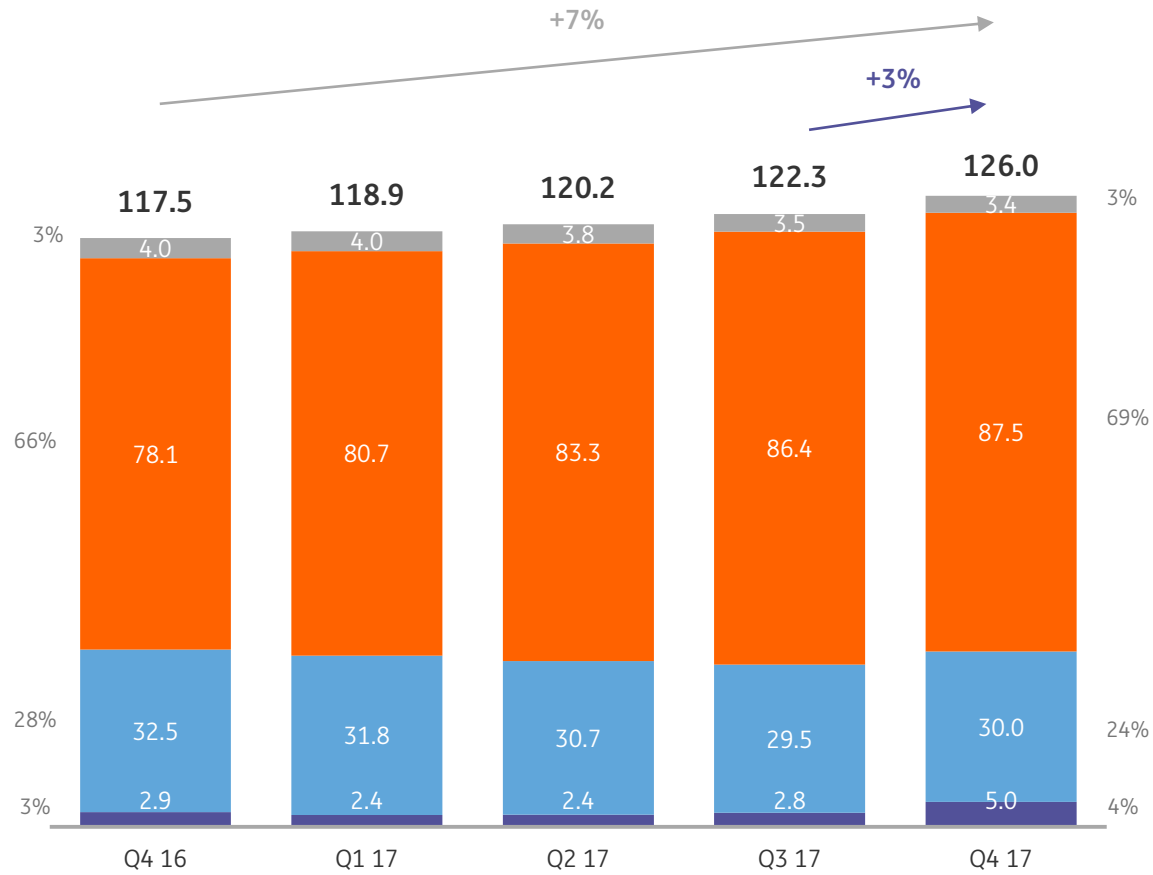


## One-offs\*:

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

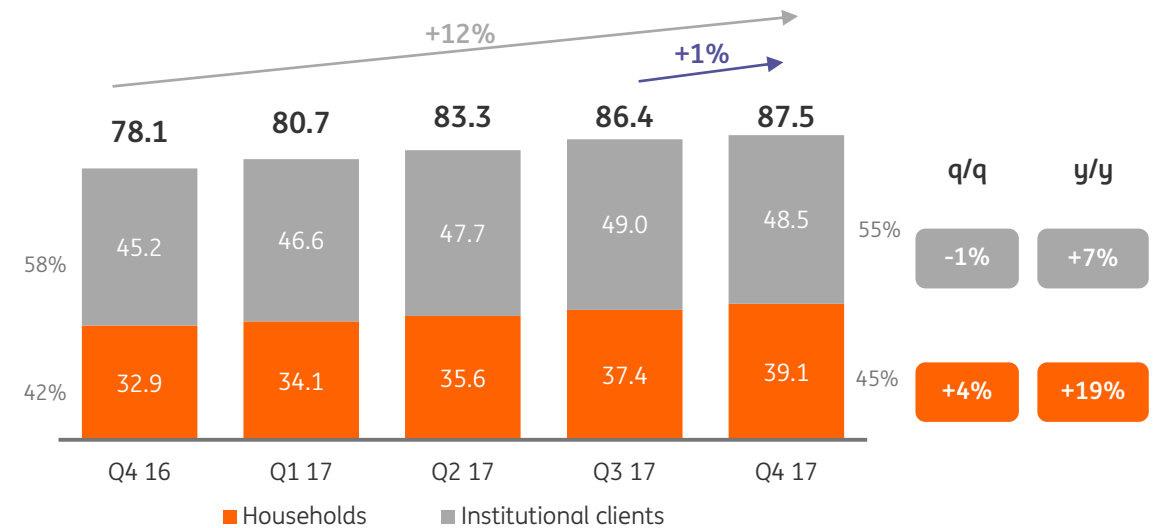
# Bank assets

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

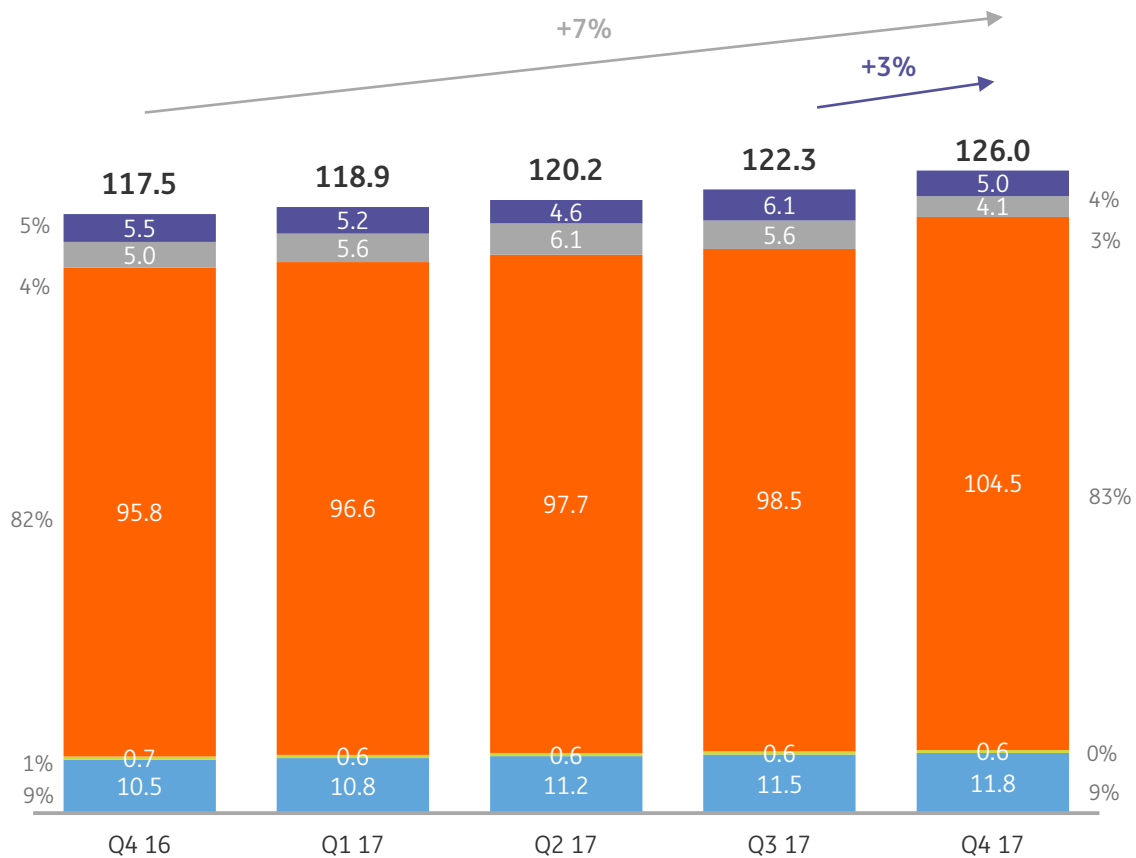
Loans and other receivables from customers\* (PLN billion)



	q/q	y/y
Institutional clients	-1%	+7%
Households	+4%	+19%

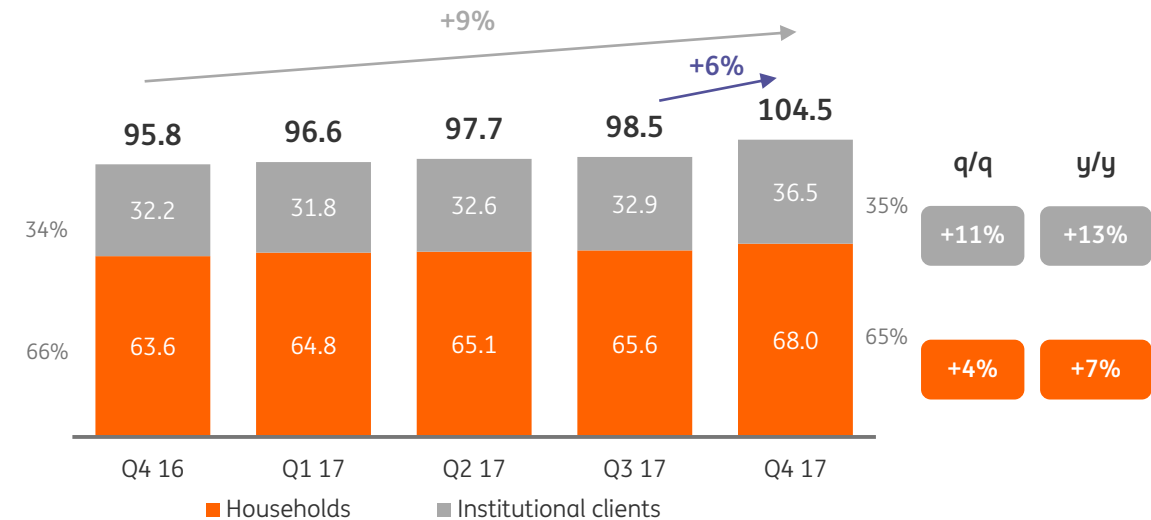
# Bank equity and liabilities

Structure of equity and liabilities (PLN billion)



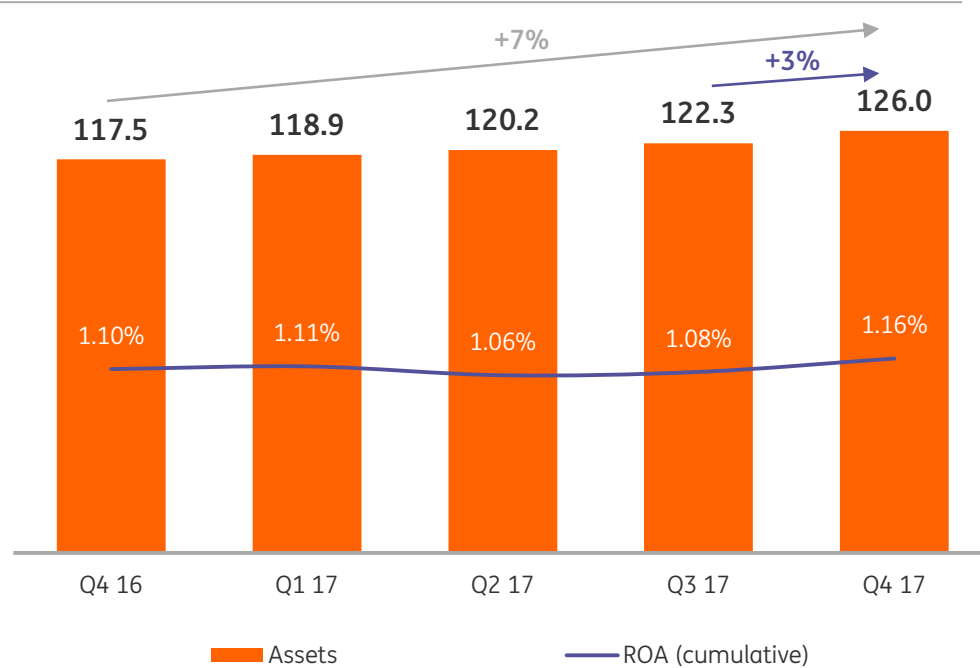
■ Equity ■ Subordinated debt ■ Deposits and other liabilities to clients ■ Liabilities to banks ■ Other

Deposits and other liabilities to customers (PLN billion)

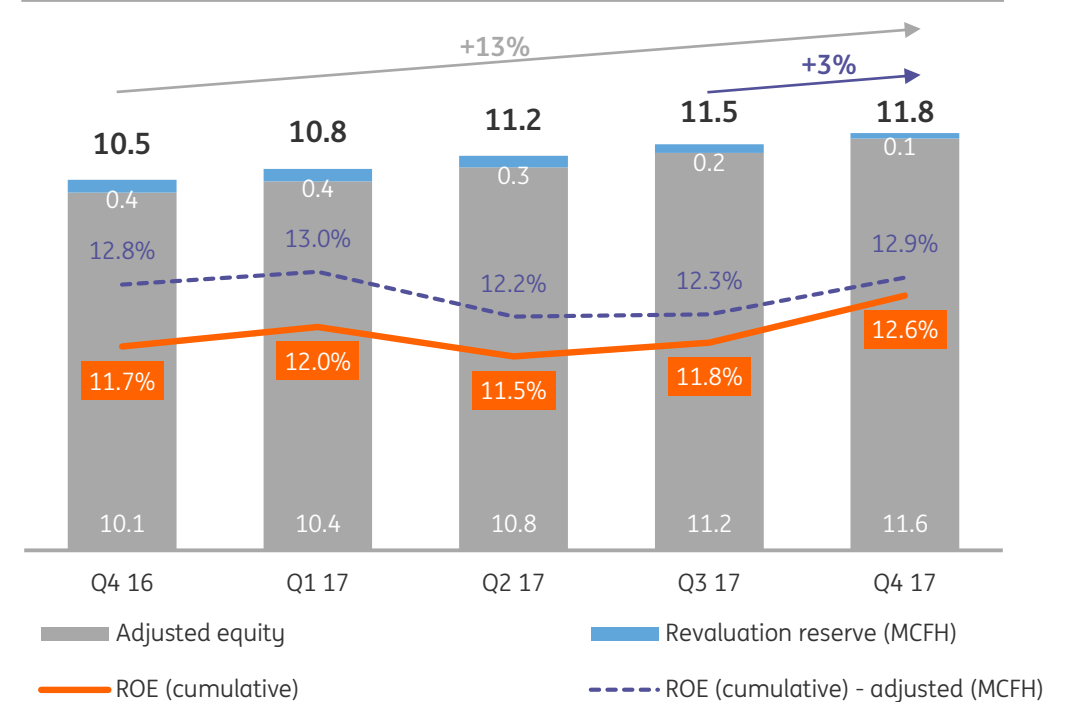


# Assets, equity and profitability ratios

Assets (PLN billion) / ROA



Equity (PLN billion) / ROE



50 Definitions: **ROA – return on assets** = total of net profit for 4 subsequent quarters/ average assets for 5 subsequent quarters; **ROE – return on equity** = total of net profit for 4 subsequent quarters/ average equity for 5 subsequent quarters; **ROE – adjusted** = return on equity excluding the revaluation reserve for the cash-flow hedging instruments = total of net profit for 4 subsequent quarters/ average equity for 5 subsequent quarters (excluding the revaluation reserve for the cash-flow hedging instruments)

# Lending exposure by industry

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

### Consolidated approach

No	Industry	Exposure as of 31.12.2017	%
1	Wholesale trade	7,484	14.5%
2	Real estate service	6,585	12.8%
3	Financial intermediation	3,154	6.1%
4	Foodstuff and beverage production	2,956	5.7%
5	Public administration and national defense	2,817	5.5%
6	Retail trade	2,292	4.4%
7	Land and pipeline transportation	1,926	3.7%
8	Ready-made metal goods productions	1,816	3.5%
9	Power industry	1,812	3.5%
10	Agriculture, forestry, fishery	1,672	3.2%
11	Rubber industry	1,646	3.2%
12	Remaining services connected with running business	1,525	3.0%
13	Constructions industry	1,407	2.7%
14	Equipment rent	1,381	2.7%
15	Wood and paper industry	1,316	2.6%
16	Post office and telecommunications	1,181	2.3%
17	Mechanical vehicles sale, repair and service	981	1.9%
18	Remaining non-metal raw materials industries	903	1.8%
19	Chemicals and chemical goods production	896	1.7%
20	Other	7,786	15.1%
	<b>Total exposure</b>	<b>51,535</b>	<b>100.0%</b>

# Lending exposure by industry

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

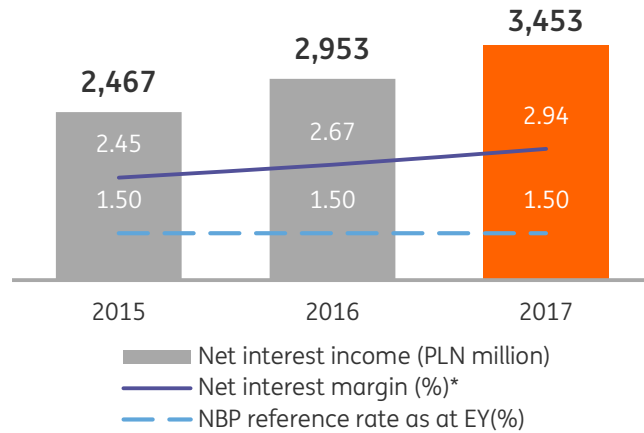
### Consolidated approach

No	Industry	Exposure as of 31.12.2017	%
1	Wholesale trade	11,376	14.9%
2	Real estate service	7,064	9.2%
3	Financial intermediation	4,251	5.6%
4	Foodstuff and beverage production	4,019	5.3%
5	Constructions industry	3,926	5.1%
6	Retail trade	3,876	5.1%
7	Power industry	3,800	5.0%
8	Public administration and national defense	3,039	4.0%
9	Ready-made metal goods productions	2,625	3.4%
10	Remaining services connected with running business	2,442	3.2%
11	Land and pipeline transportation	2,335	3.1%
12	Rubber industry	2,254	2.9%
13	Wood and paper industry	1,835	2.4%
14	Agriculture, forestry, fishery	1,810	2.4%
15	Remaining non-metal raw materials industries	1,760	2.3%
16	Equipment rent	1,754	2.3%
17	Chemicals and chemical goods production	1,467	1.9%
18	Auxiliary service for transportation	1,390	1.8%
19	Post office and telecommunications	1,325	1.7%
20	Other	14,112	18.5%
	<b>Total exposure</b>	<b>76,461</b>	<b>100.0%</b>



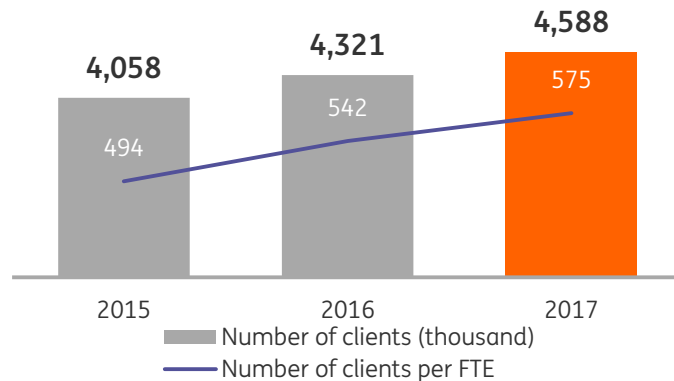
# Efficiency ratios

## Net interest margin

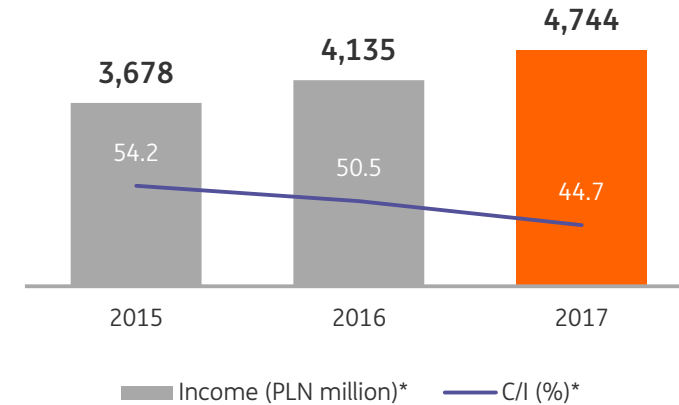


\*Net Interest Margin = total of net interest income for 4 consecutive quarters / average interest assets for 5 consecutive quarters.

## No. of clients per employee

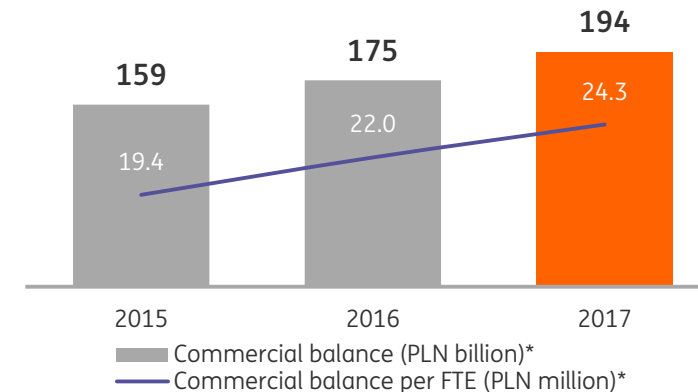


## Income and cost efficiency



\*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 205.6** (29 December 2017)

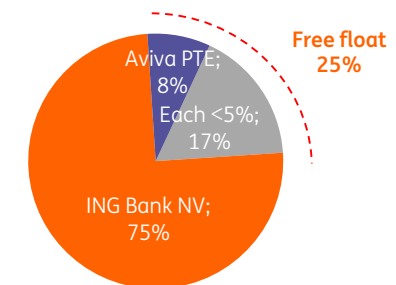
Capitalisation: **PLN 26.7 billion** (EUR 6.4 billion)  
Free float: **PLN 6.7 billion** (EUR 1.6 billion)

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

## ING BSK shares vs. WIG indexes recalculated for comparability



## Shareholder structure



## Market ratios (Q4 2017)

P/E 19.0x

P/B 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 I ratio** – the ratio of Tier I 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.

# 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.

[www.ingbank.pl](http://www.ingbank.pl)

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