

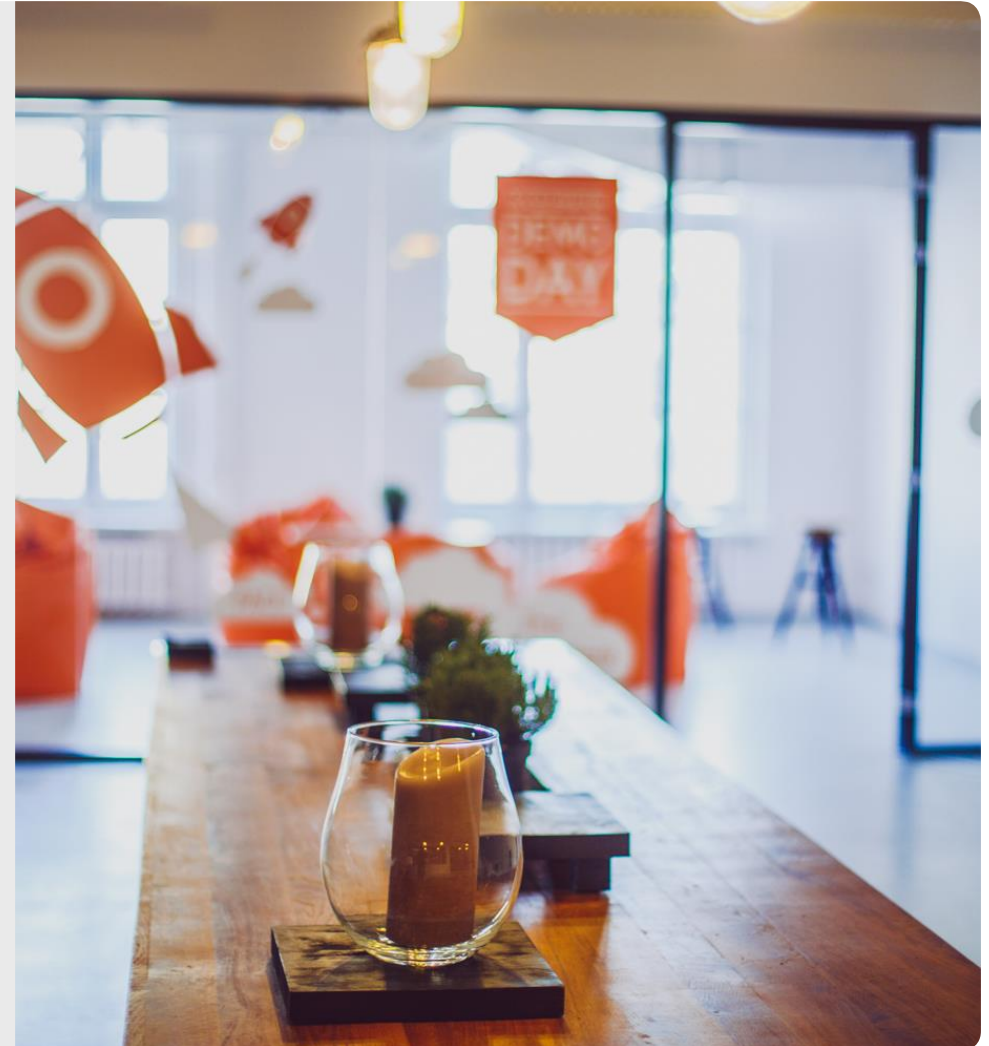
ING Bank Śląski S.A.

Business and Financial Results
for Q1 2018

Warsaw, 9 May 2018

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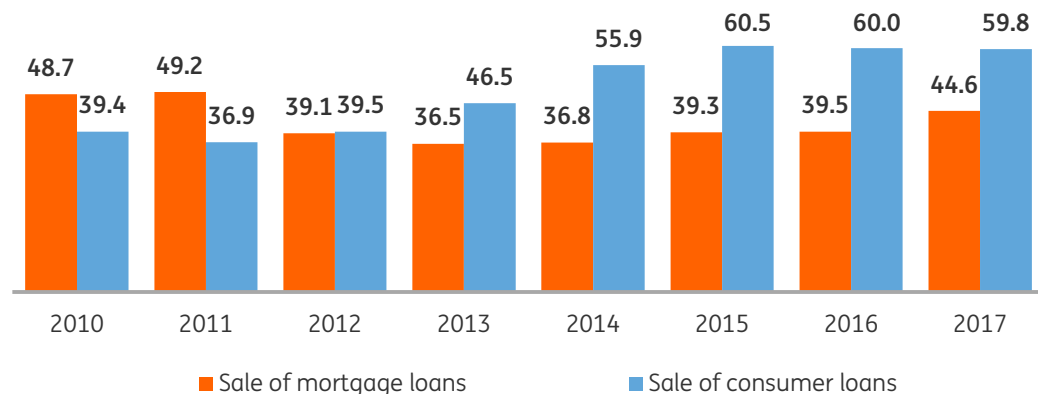


Introduction to financial results and the Bank's market position



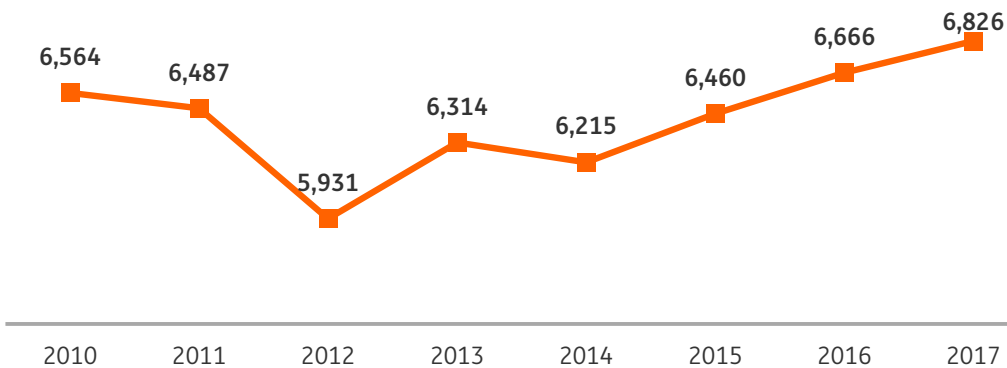
The portfolio of PLN mortgage loans in the sector increased by 11% y/y

Volume of originated consumer loans (PLN bn)



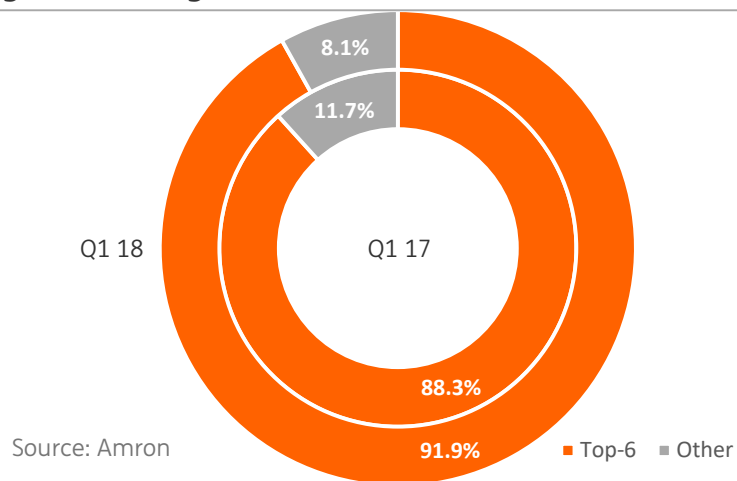
Source: mortgage loans - Amron, consumer loans - BIK

The average transaction price of housing square meter on the primary market - 7 largest cities (PLN)



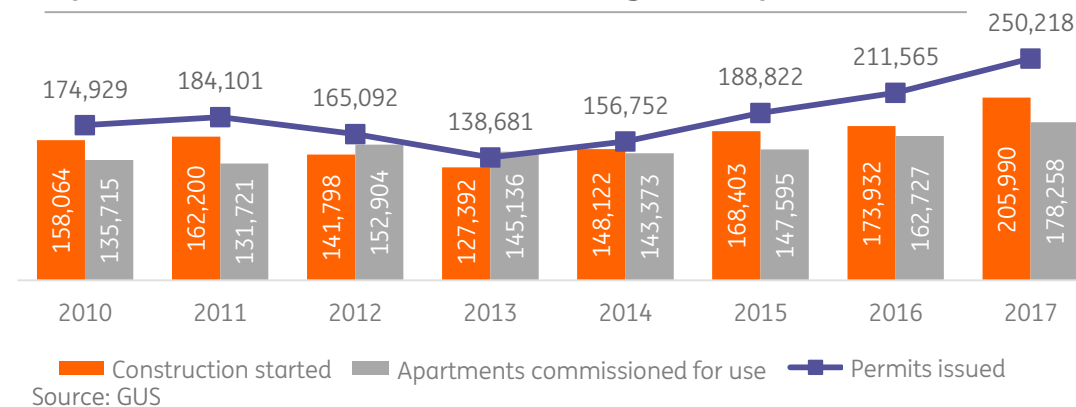
Source: NBP

Mortgage loans origination structure: Q1 18 vs Q1 17



Source: Amron

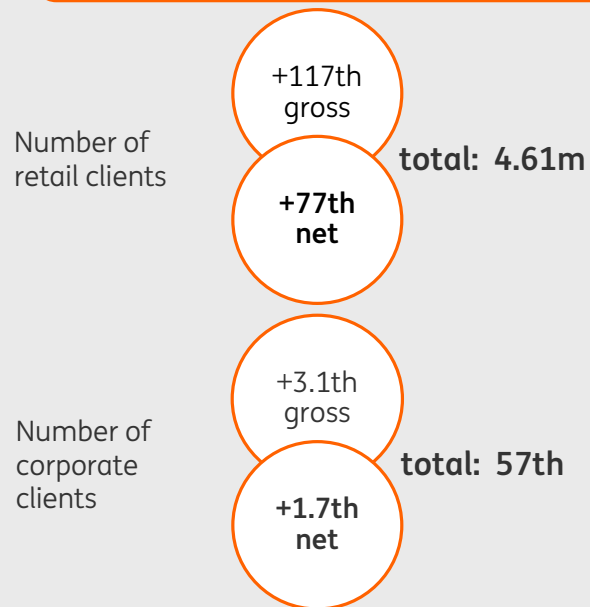
The number of building permits issued, construction started and apartments commissioned for use by developers



Source: GUS

Main achievements in Q1 2018 – record sales of mortgage and consumer loans

Increased number of clients...

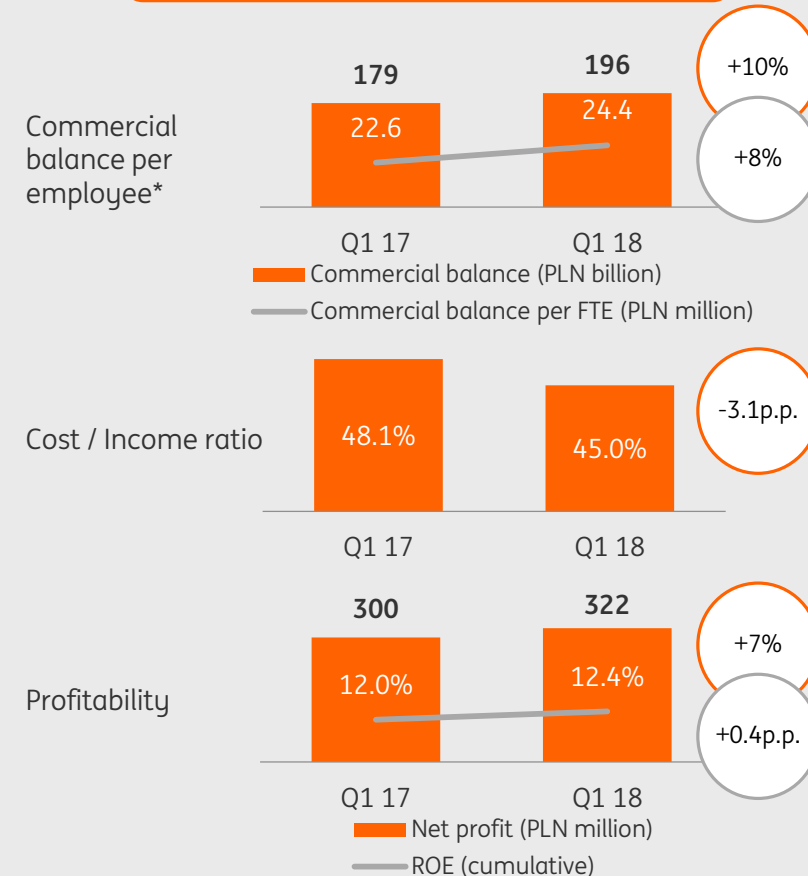


- Over 1 million of clients use BLIK
- We have 166 thousand users of the Trusted Profile
- We have implemented My assistant (chatbox) and Google Pay

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

- We offer attractive mortgage loans – volume of mortgage loans was PLN 28.9 billion (PLN +4.7 billion or +20% y/y)
- We develop the offer of other retail loans – volume of other retail loans was PLN 10.5 billion (PLN +1.9 billion or +22% y/y)
- We facilitate simple credit procedures - 94% of corporate loan applications were submitted online
- We provide intuitive mobile banking – clients made 13.7 million transfers in retail mobile banking (+48% y/y) and made 2.2 million transactions with BLIK codes (~4x y/y)
- We installed 4.3 thousand POS; we processed 1.8 million transactions in 2017

.....which leads to improved efficiency and profitability



Selected financial data

Income

Consistent revenue growth

(+2% q/q and +11% y/y)

Flat NIM 2.94%

(2.94% in Q4 17 and 2.75% in Q1 17)

Growth of net interest income

(+5% q/q and +9% y/y)

Operating cost and risk cost

Operating costs increased

(+19% q/q and +11% y/y)

Cost / Income ratio at 45.0%

(44.8% in Q4 17 and 48.1% in Q1 17)

Risk costs at 50b.p

(50b.p in Q4 17 and 38b.p in Q1 17)

Asset quality, profitability and capital position

Stable and high asset quality

(NPL ratio 3.0% in Q1 18, 2.8% in Q4 17 and 2.6% in Q1 17)

High ROE 12.4%

(12.6% in Q4 17 i 12.0% in Q1 17)

Sound capital position

(Tier I ratio – 15.1%; TCR – 16.1%)

We were awarded Top Employer 2018 certificate for the 9th time



We received the Best Bank award in the Leaders of the Banking and Insurance World contest

Institution of the Year 2017 in all four categories



Selected financial data

<i>PLN million</i>	Q1 17	Q4 17	Q1 18	change q/q	change y/y
Total income	1,135.3	1,227.3	1,256.9	+ 2%	+ 11%
Total expenses	565.6	528.5	628.3	+ 19%	+ 11%
Result before risk costs	569.7	698.8	628.6	- 10%	+ 10%
Risk costs	76.5	112.6	94.8	- 16%	+ 24%
Bank levy	79.4	86.2	87.5	+ 2%	+ 10%
Profit before tax	413.8	500.0	446.3	- 11%	+ 8%
Income tax	113.6	133.2	124.1	- 7%	+ 9%
Net profit	300.2	366.8	322.2	- 12%	+ 7%
Total capital ratio	14.3%	16.7%	16.1%	- 0.7 p.p.	+ 1.8 p.p.
Tier 1	13.3%	15.8%	15.1%	- 0.7 p.p.	+ 1.8 p.p.
ROE (%)	12.0%	12.6%	12.4%	- 0.2 p.p.	+ 0.4 p.p.
C/I ratio (%)	49.8%	43.1%	50.0%	+ 6.9 p.p.	+ 0.2 p.p.

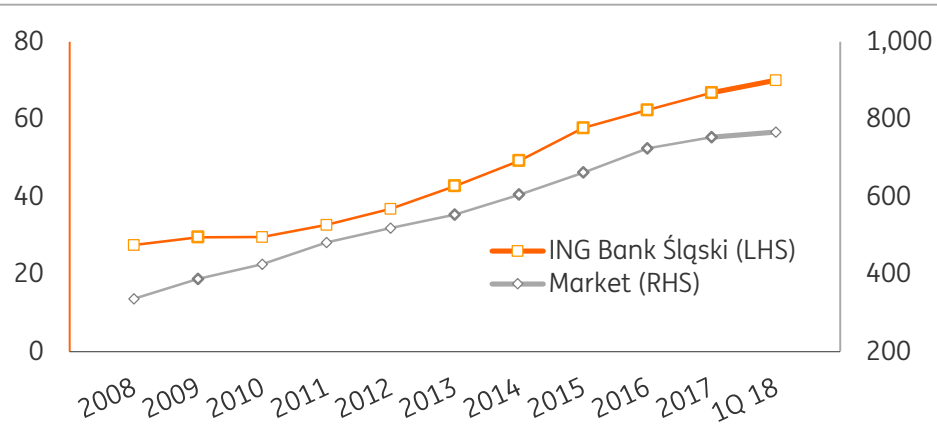
Major business accomplishments of the Bank

Bank's business volumes

<i>in PLN million</i>	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Change q/q	Change y/y	Diff q/q	Diff y/y
Total savings	95,064	95,954	96,941	102,849	102,782	- 0.1%	+ 8.1%	-67	7,718
Corporate clients deposits	30,301	30,740	31,288	34,800	31,671	- 9.0%	+ 4.5%	-3,129	1,369
Retail clients deposits	64,763	65,214	65,653	68,050	71,112	+ 4.5%	+ 9.8%	3,062	6,349
Total funds entrusted by retail clients	75,555	76,550	77,666	80,315	83,763	+ 4.3%	+ 10.9%	3,448	8,208
Retail off-BS savings distributed by the Bank	10,792	11,335	12,013	12,266	12,651	+ 3.1%	+ 17.2%	385	1,859
Total loans	81,786	84,277	87,356	88,484	91,367	+ 3.3%	+ 11.7%	2,883	9,581
Loans to corporate clients incl. leasing and factoring	49,000	49,956	51,561	50,975	51,943	+ 1.9%	+ 6.0%	968	2,943
Loans to retail clients	32,786	34,321	35,795	37,509	39,425	+ 5.1%	+ 20.2%	1,916	6,639
Mortgage loans	24,172	25,180	26,235	27,540	28,892	+ 4.9%	+ 19.5%	1,352	4,721

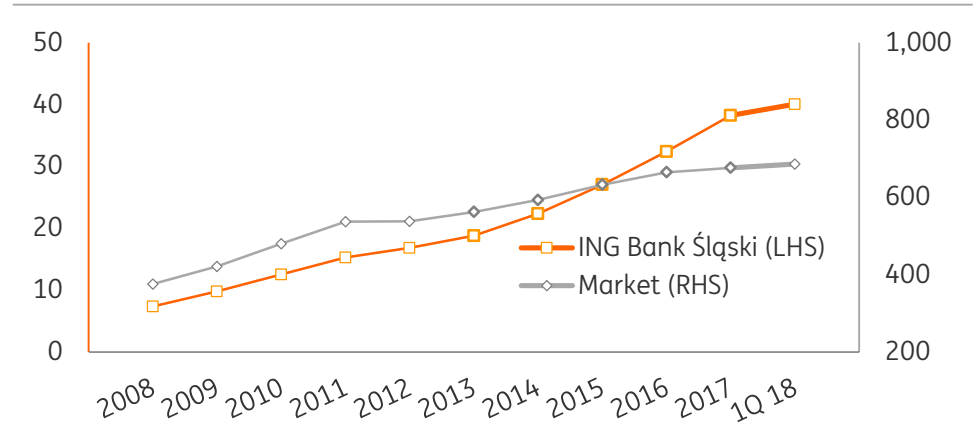
Market position of ING Bank Śląski S.A.

Household deposits (PLN billion)



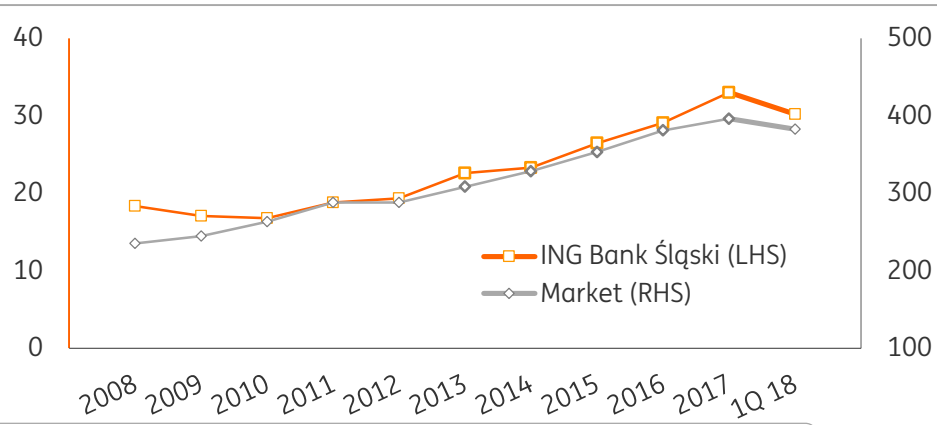
Market share (%)	8.18	7.62	6.94	6.80	7.10	7.72	8.15	8.72	8.61	8.87	9.15
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Household loans (PLN billion)



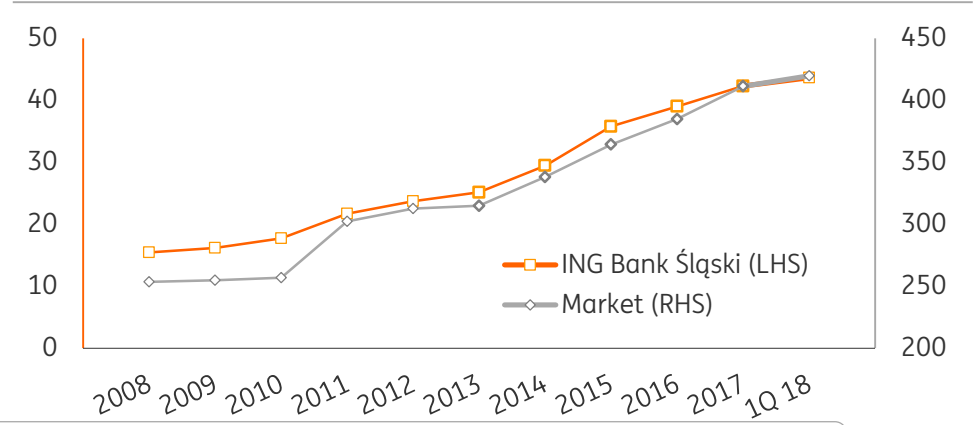
Market share (%)	1.96	2.32	2.62	2.84	3.13	3.34	3.77	4.28	4.87	5.65	5.84
Market share excl. FX* (%)	2.52	2.96	3.51	3.96	4.24	4.39	4.88	5.50	6.18	6.82	7.01

Corporate deposits (PLN billion)



Market share (%)	7.81	6.97	6.38	6.53	6.72	7.33	7.09	7.49	7.63	8.33	7.89
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Corporate loans (PLN billion)



Market share (%)	6.09	6.34	6.90	7.18	7.58	7.98	8.71	9.82	10.14	10.28	10.39
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9 Note: Market data - monetary financial institutions data of the National Bank of Poland (Monrep, WEBIS); ING BSK data - unconsolidated data as in the segmentation of the NBP (Monrep, WEBIS). *Excluding FX mortgage loans.



Business development



Retail banking

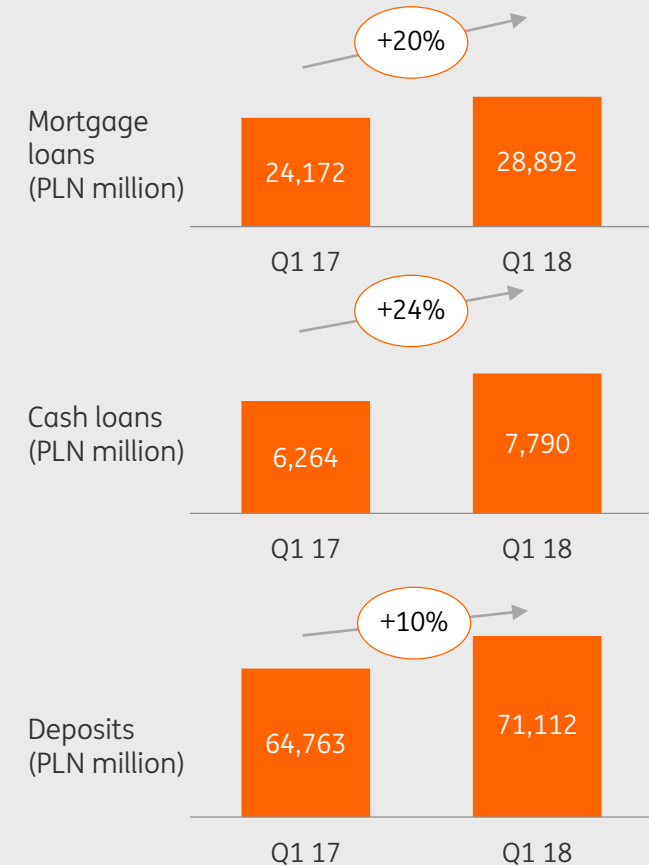
Development of client base

- 4.61 million retail clients → +117th gross new clients acquired in Q1 2018
- We run nearly 3.4 million current accounts → +70.1th net new accounts in Q1 2018
- We run 74.1th brokerage accounts → +5.1th gross new accounts in Q1 2018
- We have reached 6.1th Google Pay users after first month of service

Funding

- 17.3% market share in the new mortgage loans production in Q1 2018
- 9.5% market share in volume of PLN housing loans
- We granted PLN 1.2 billion-worth cash loans in Q1 2018 (+20% y/y)
- Online sales amounted to 72% of cash loans sold to individual clients and 74% of cash loans sold to entrepreneurs

Growing volumes



Corporate banking

Development of client base

- +3.1 thousand new clients acquired in Q1 2018, out of which 838 acquired online → over 57 thousand corporate clients in total

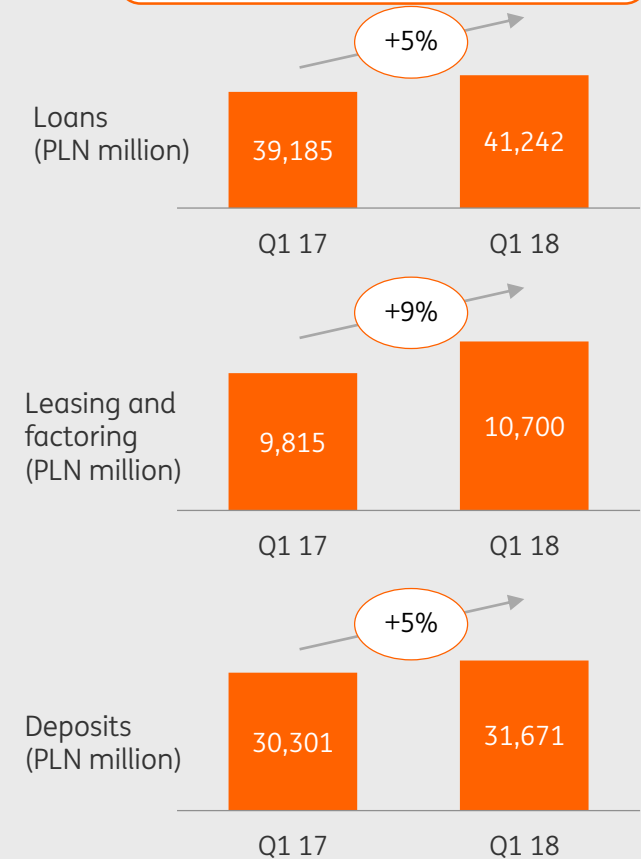
Digitization

- We installed 4.3 thousand POS; we processed 1.8 million transactions since February 2017
- Number of active mobile clients went up by +32% y/y in Q1 2018
- 94% of loan applications were submitted online

Funding

- In Q1 2018 factoring sales increased by +14% y/y, we maintained #1 in the market
- In Q1 2018 leasing sales increased by +9% y/y, #7 in the market
- Dynamic growth of BGK's PLD and COSME guarantee facilities measured by utilization in Q1 2018 (+37% i +78% y/y respectively)
- We introduced fixed rate loans

Growing volumes



Financial results for Q1 2018

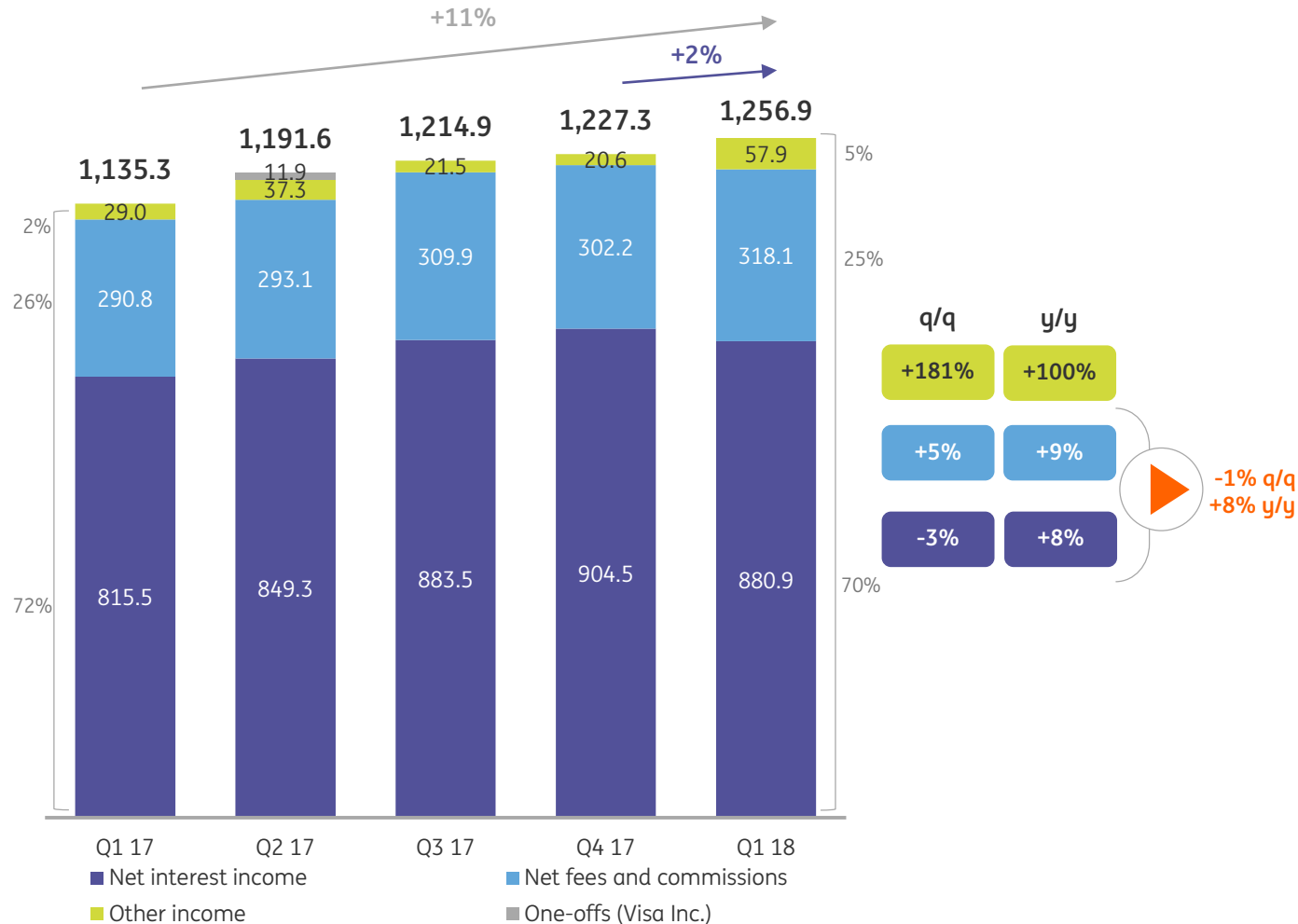


Financial results of ING Bank Śląski S.A.

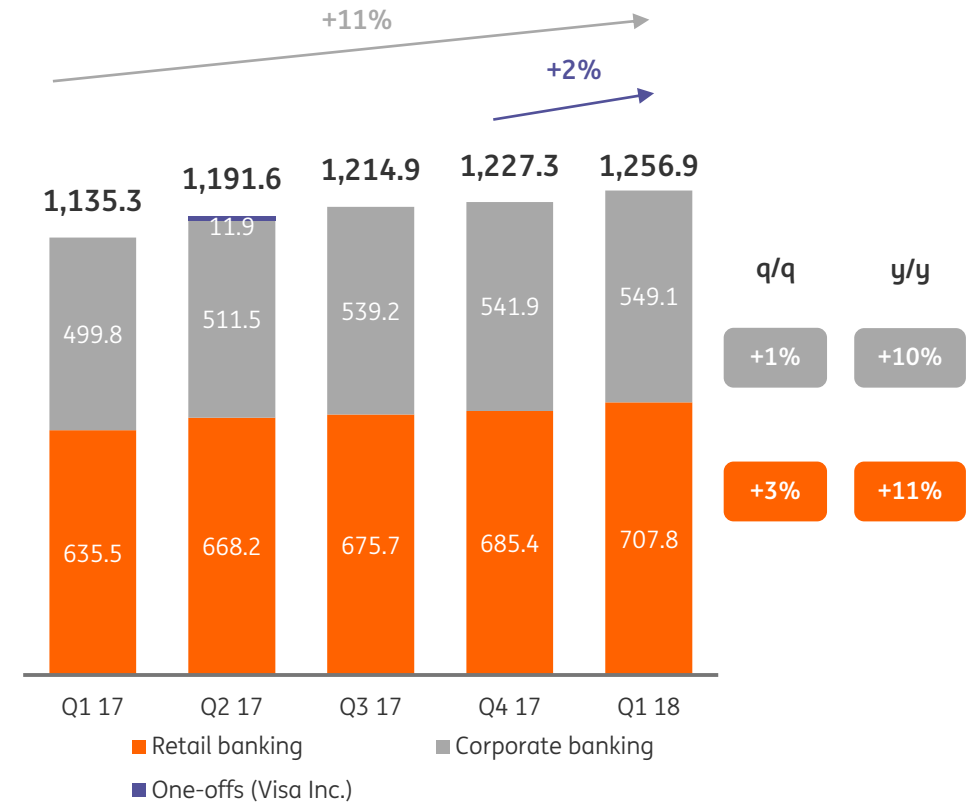
<i>PLN million</i>	Q1 17	Q4 17	Q1 18	change q/q	change y/y
Net interest income	815.5	904.5	880.9	- 3%	+ 8%
Net commission income	290.8	302.2	318.1	+ 5%	+ 9%
Other income	29.0	20.6	57.9	+ 181%	+ 100%
Total income	1,135.3	1,227.3	1,256.9	+ 2%	+ 11%
Total expenses	565.6	528.5	628.3	+ 19%	+ 11%
Result before risk costs	569.7	698.8	628.6	- 10%	+ 10%
Risk costs	76.5	112.6	94.8	- 16%	+ 24%
Bank levy	79.4	86.2	87.5	+ 2%	+ 10%
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Net profit	300.2	366.8	322.2	- 12%	+ 7%
Total capital ratio	14.3%	16.7%	16.1%	- 0.7 p.p.	+ 1.8 p.p.
Tier 1	13.3%	15.8%	15.1%	- 0.7 p.p.	+ 1.8 p.p.
ROE (%)	12.0%	12.6%	12.4%	- 0.2 p.p.	+ 0.4 p.p.
C/I ratio (%)	49.8%	43.1%	50.0%	+ 6.9 p.p.	+ 0.2 p.p.
Adjusted data ↓					
Total income*	1,135.3	1,227.3	1,256.9	+ 2%	+ 11%
Total expenses*	512.7	546.1	584.7	+ 7%	+ 14%
Profit before tax*	466.7	482.4	490.0	+ 2%	+ 5%
Net profit*	353.1	349.2	365.9	+ 5%	+ 4%
ROE (%)*	11.2%	12.5%	12.3%	- 0.2 p.p.	+ 1.1 p.p.
C/I ratio (%)*	45.2%	44.5%	46.5%	+ 2.0 p.p.	+ 1.4 p.p.

Income per category

Income per P&L line (PLN million)

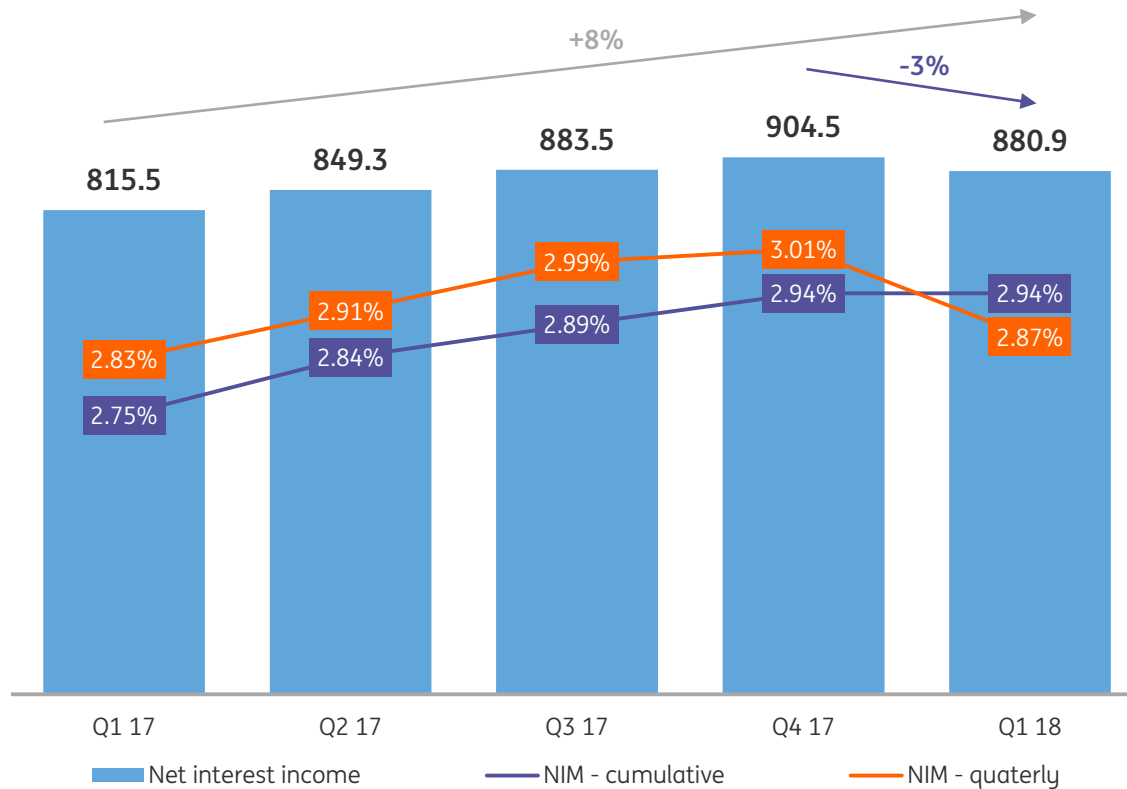


Income per business line (PLN million)



Net interest income

Net interest income (PLN million) and net interest margin



1.73%

1.73%

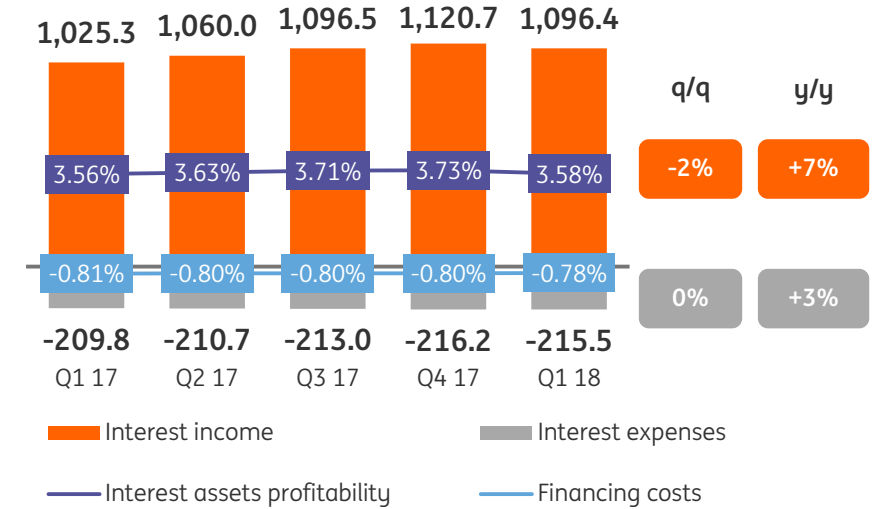
1.73%

1.73%

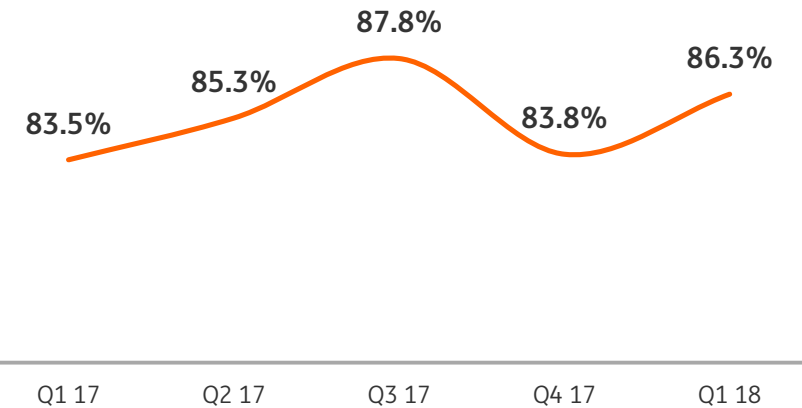
1.72%

3M WIBOR

Interest income and expenses (PLN million)

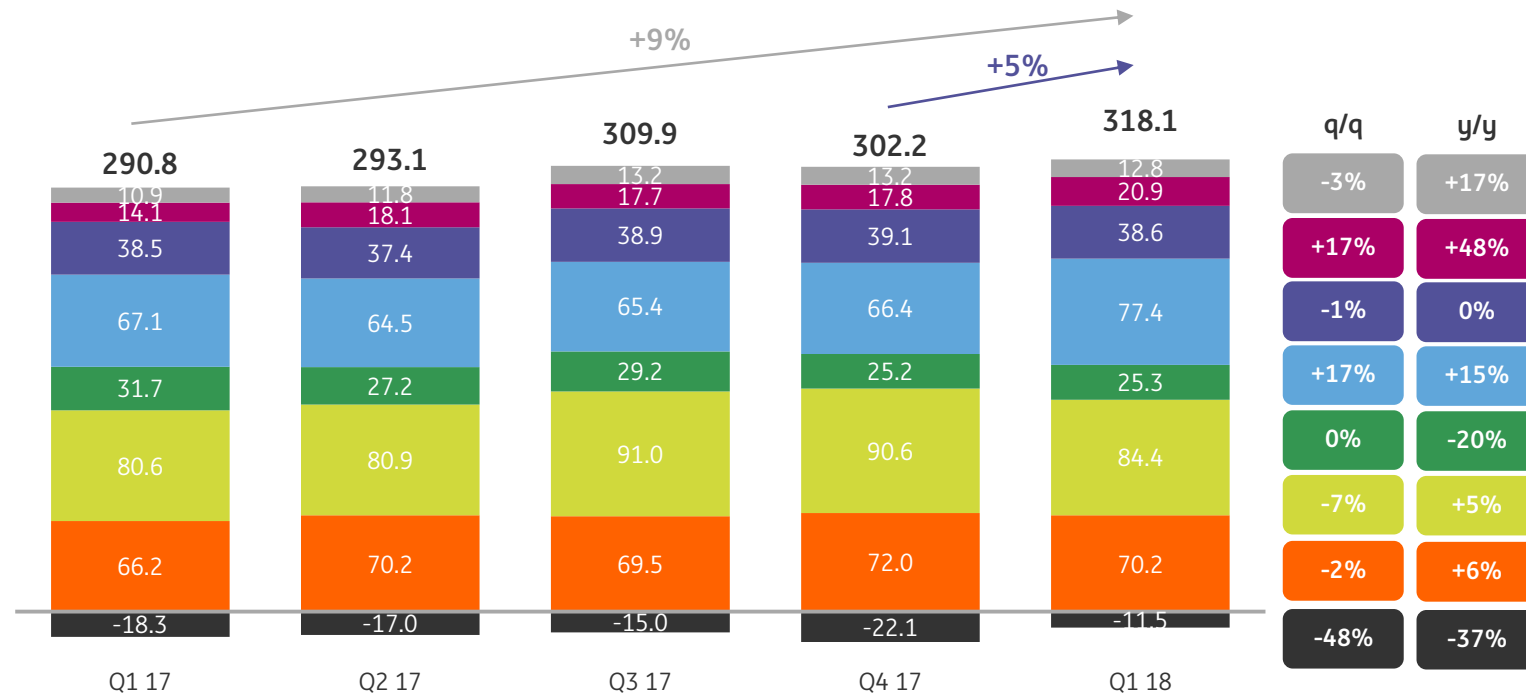


Loan* to deposit ratio



Fee and commission income

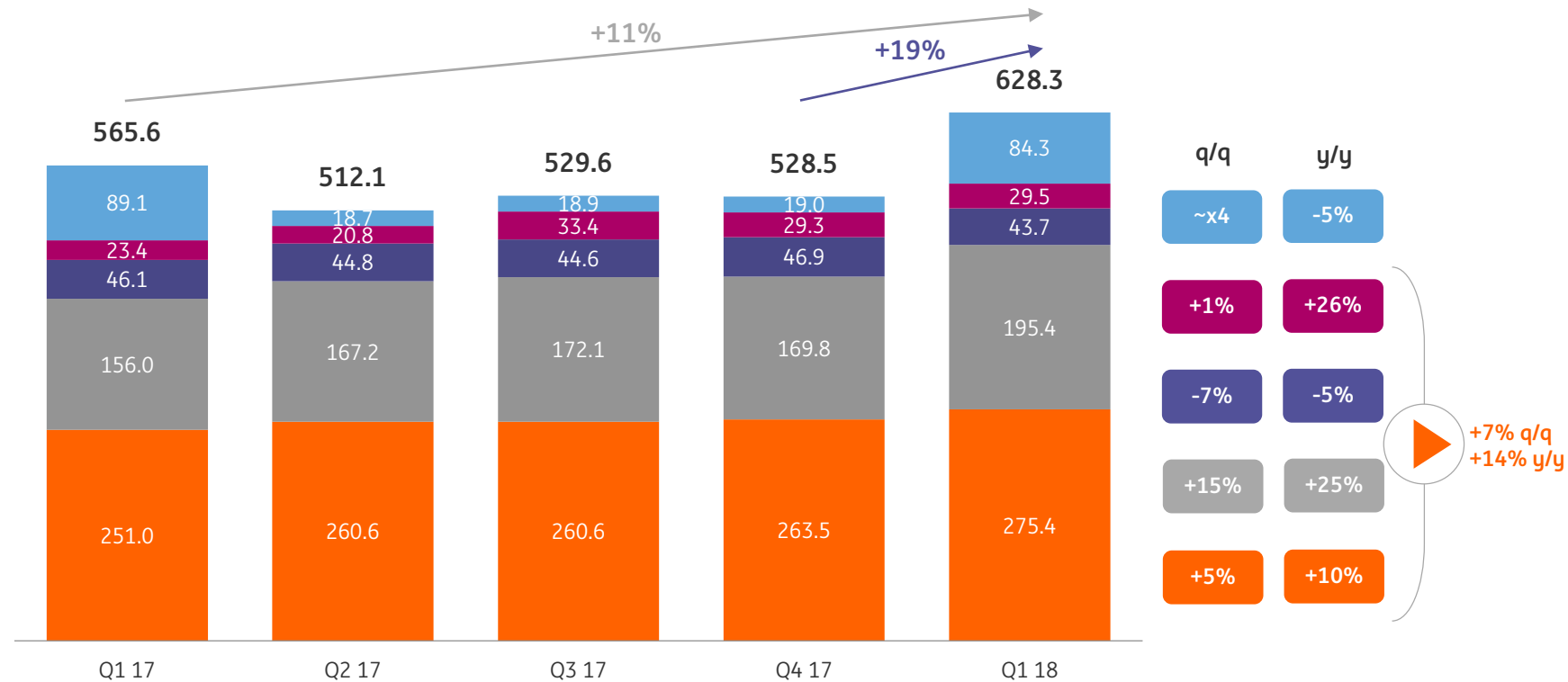
Fee and commission income per category (PLN million)



- Increase in bancassurance as a result of product range extension
- Fee on loans result seasonally supported by corporate revenue
- FX transactions volume lower q/q

Total expenses

Total expenses (PLN million)



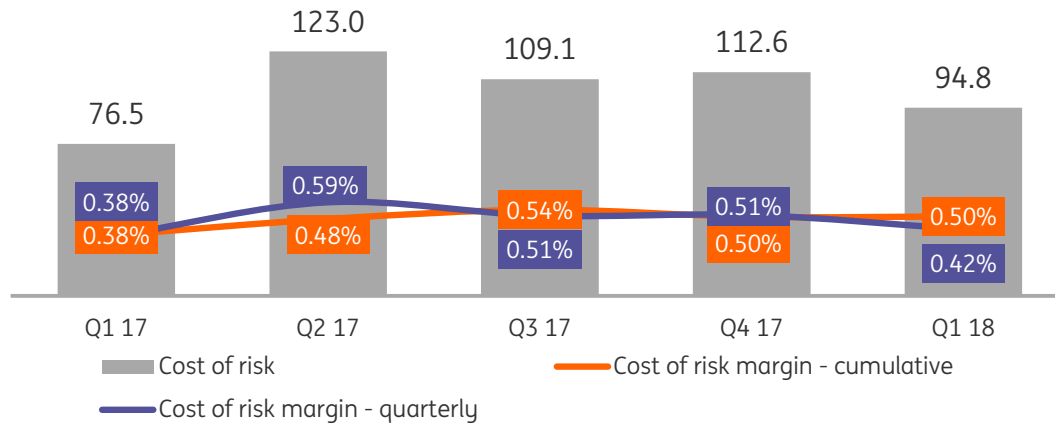
- Resolution fund contribution amounted to PLN 58.2m (PLN 70.5m in Q1 17) – fully booked in Q1 18
- Quarterly contribution to the Deposit Guarantee Scheme fund amounted to PLN 26.1m (in 2017 average quarterly contribution amounted to PLN 18.8m)
- General and administrative costs increased as a result of development projects, which are conducted mainly in the IT area

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

7,913 7,933 7,970 7,979 8,033 FTEs

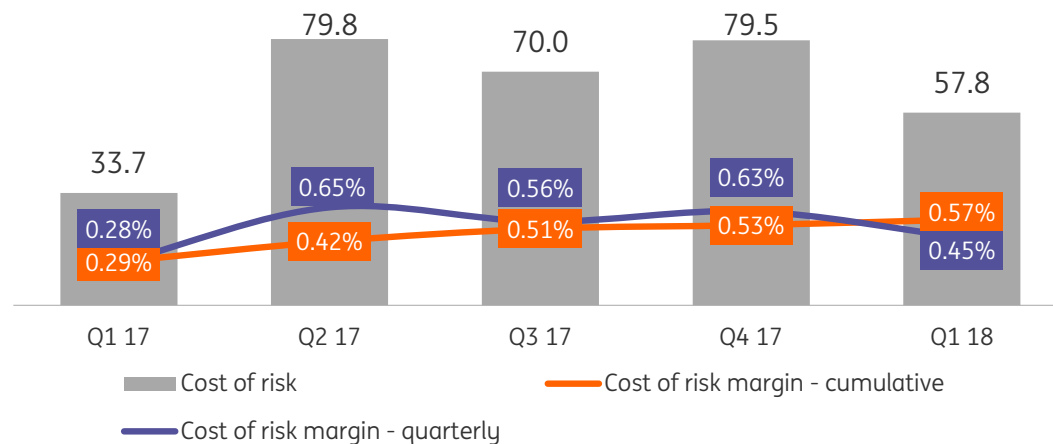
Cost of risk

Group (PLN million)

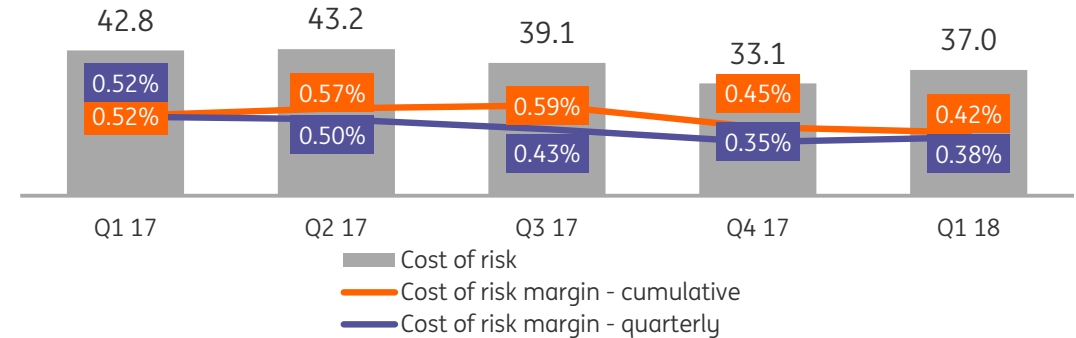


- February 2018 – sale of non-performing corporate receivables (PLN +1.1m pre-tax profit)

Corporate banking (PLN million)



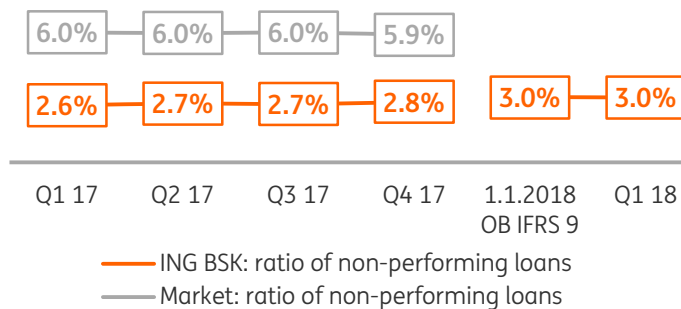
Retail banking (PLN million)



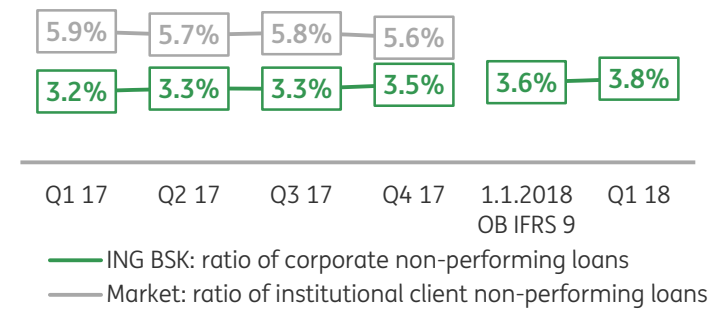
Portfolio quality and provisioning

Share of non-performing portfolio in the total portfolio

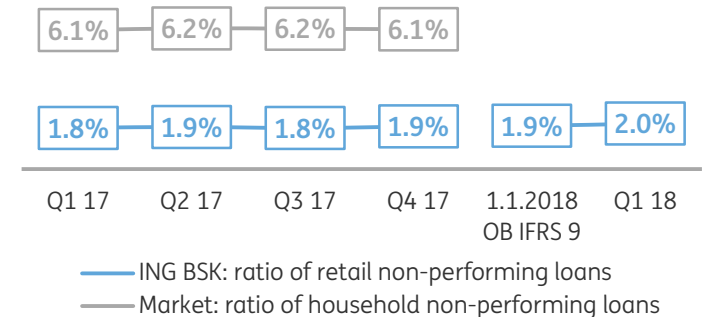
Group



Corporate banking

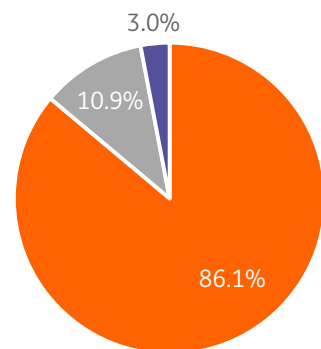


Retail banking



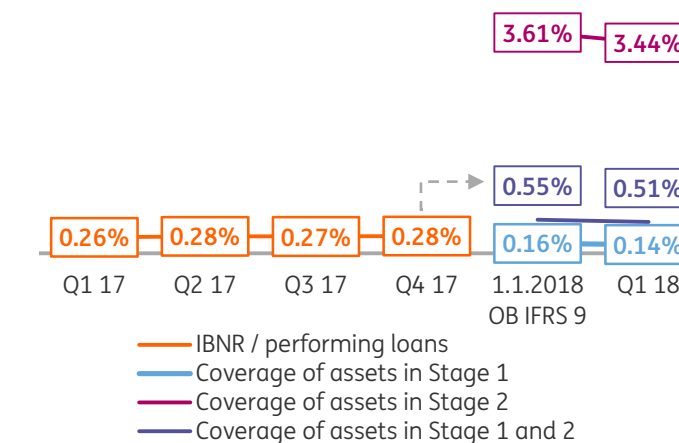
Data up to Q4 17 represent reporting under IAS 39, since Q1 18 represent reporting under IFRS 9

Gross loans portfolio structure (%)

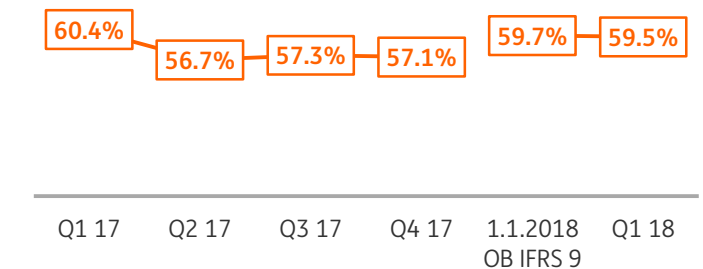


■ Stage 1 ■ Stage 2 ■ Stage 3

Coverage ratio – Stage 1 and 2

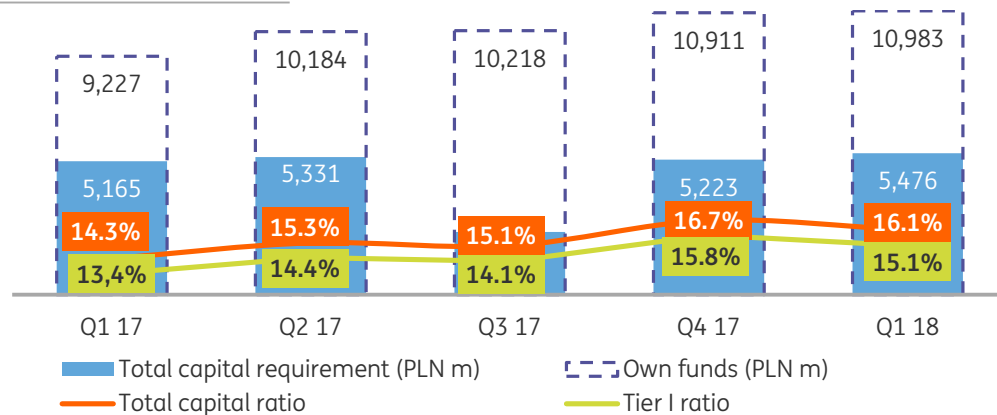


Coverage ratio – Stage 3

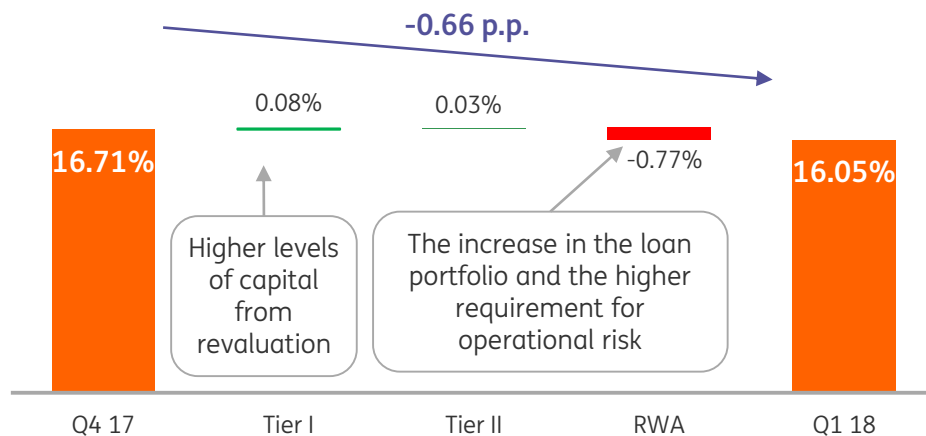


Capital adequacy

Consolidated total capital ratio and capital requirements



Consolidated total capital ratio – decomposition of q/q change



- TCR and Tier 1 ratio are 2.7 p.p. and 3.7 p.p. above the minimum capital requirement for ING BSK which amounts to 13.38% and 11.38%, respectively.
- On 5 April 2018, the AGM approved dividend pay-out in amount of PLN 3.20 gross per share – accordingly to the Management Board recommendation. Taking into account the AGM decision when calculating capital ratios as at March 2018, TCR and Tier 1 ratio would be 16.5% and 15.6% respectively.
- TCR and Tier 1 ratio would be 15.7% and 14.8% respectively if ING BSK did not phase in IFRS 9 implementation.
- Liquidity ratios – Q1 18:
 - LCR – 135% (-10p.p. q/q and -9p.p. y/y)
 - NSFR – 119% (-3p.p. q/q and -3p.p. y/y)

Appendixes

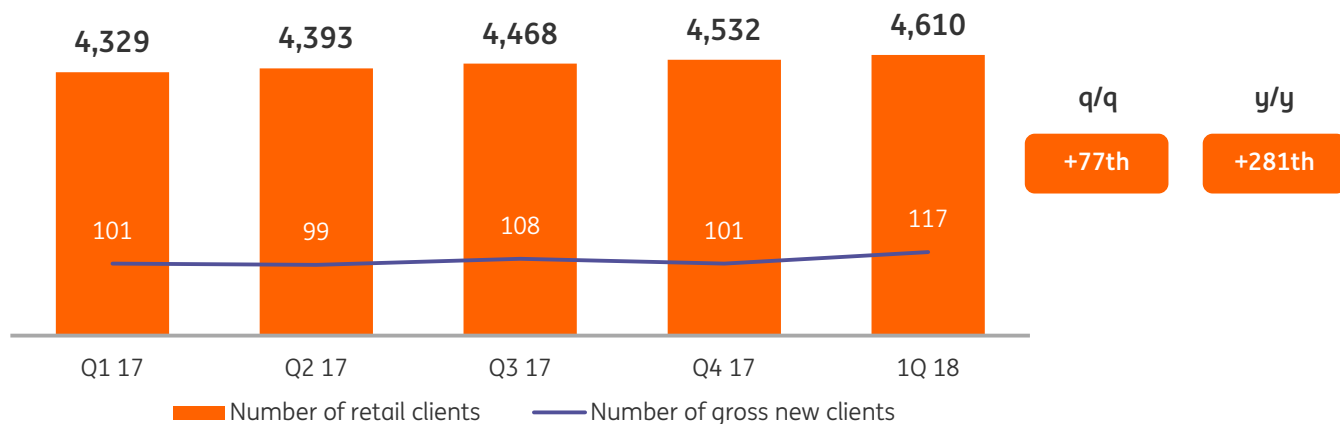


Retail banking

Client base

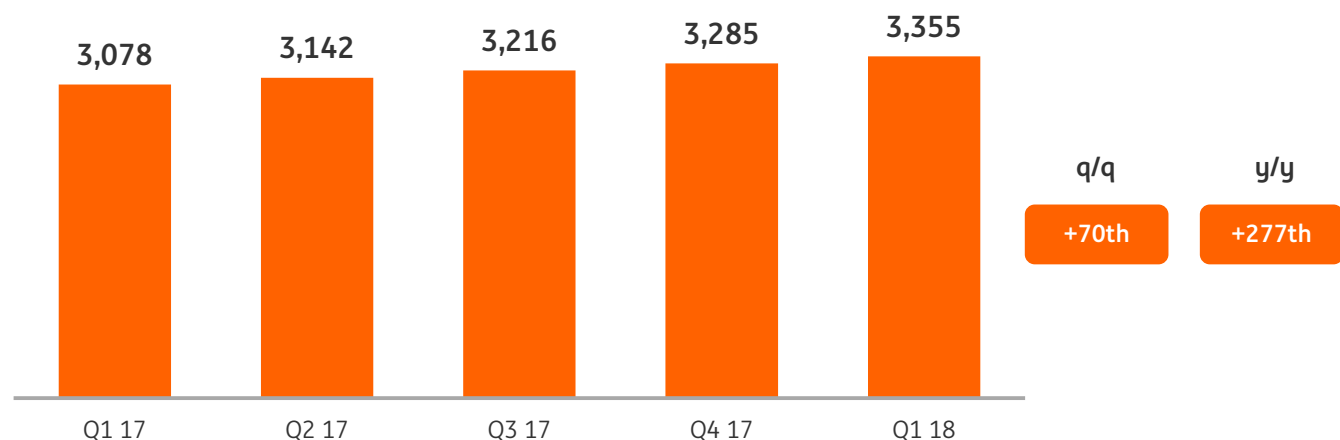
Over 4.6 million retail clients

Number of retail clients (thousand)



- 82% of accounts are Direct Accounts
- Clients added **over 63 thousand multi-currency cards** to currency accounts and **made over 812 thousand transactions**; we maintain high sales of FX accounts
- We have **166 thousand users of Trusted Profile**, who used it over 357 thousand times
- We won the Golden Banker Award for the best TV commercial

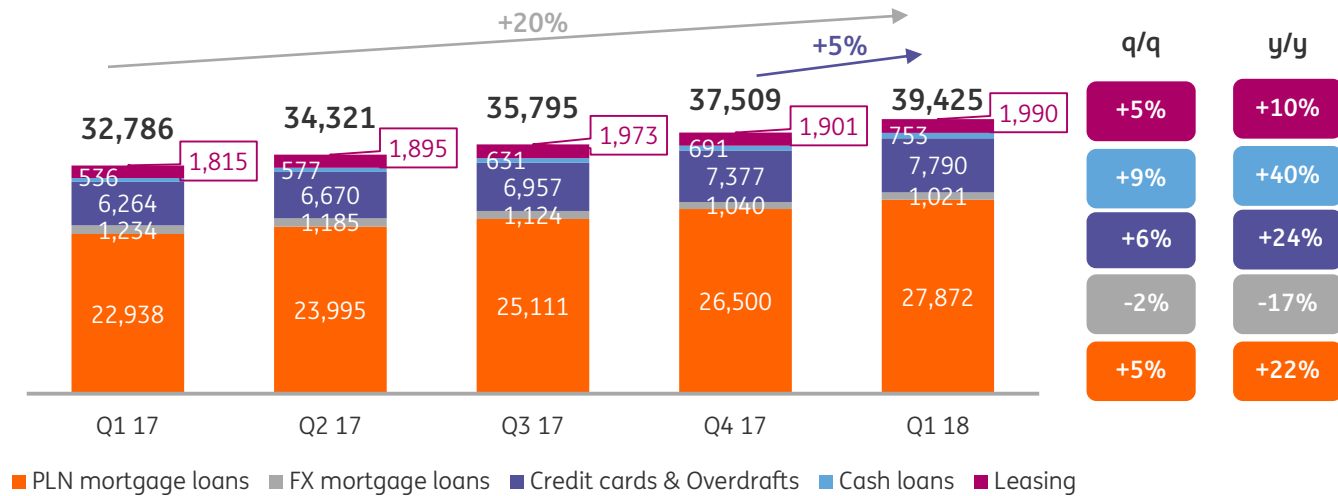
Number of retail clients' current accounts (thousand)



Note: PLN denominated current accounts

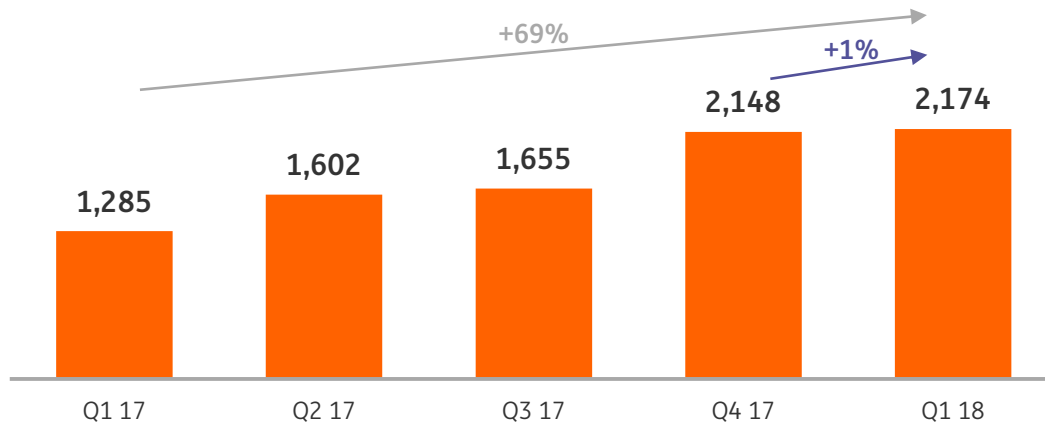
Retail lending

Loan portfolio of retail clients (PLN million)

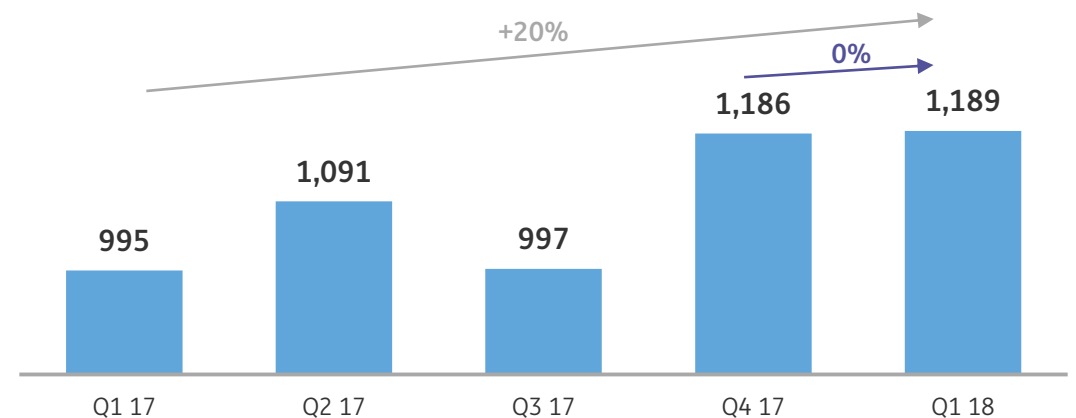


- **PLN 1.2 billion** cash loans granted to retail clients in Q1 2018 (+20% y/y)
- **17.3%** market share in the sales of retail mortgage loans in Q1 2018. Value of agreements signed: PLN 2.2 billion (+69% y/y)
- **9.5%** market share in PLN housing loans; **6.7%** in total housing loans (as at the end of Q1 2018)

Retail mortgage loans (PLN million)



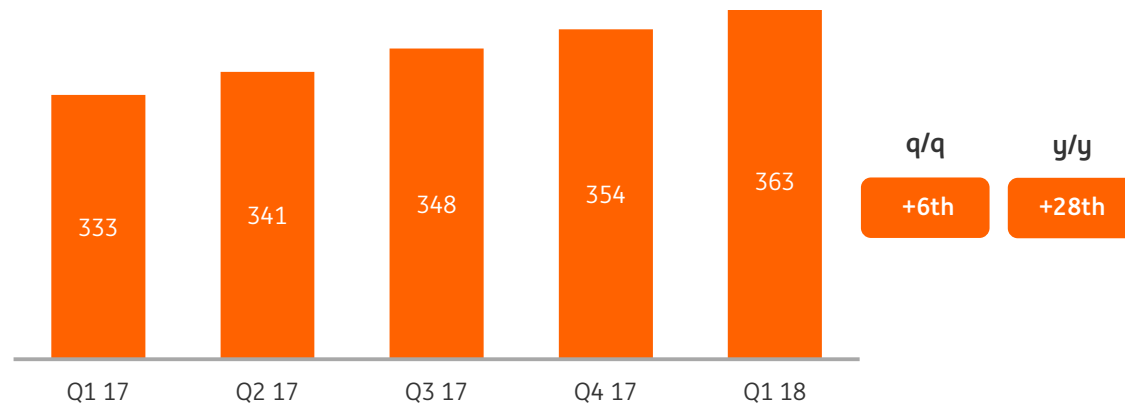
Cash loan production (PLN million)



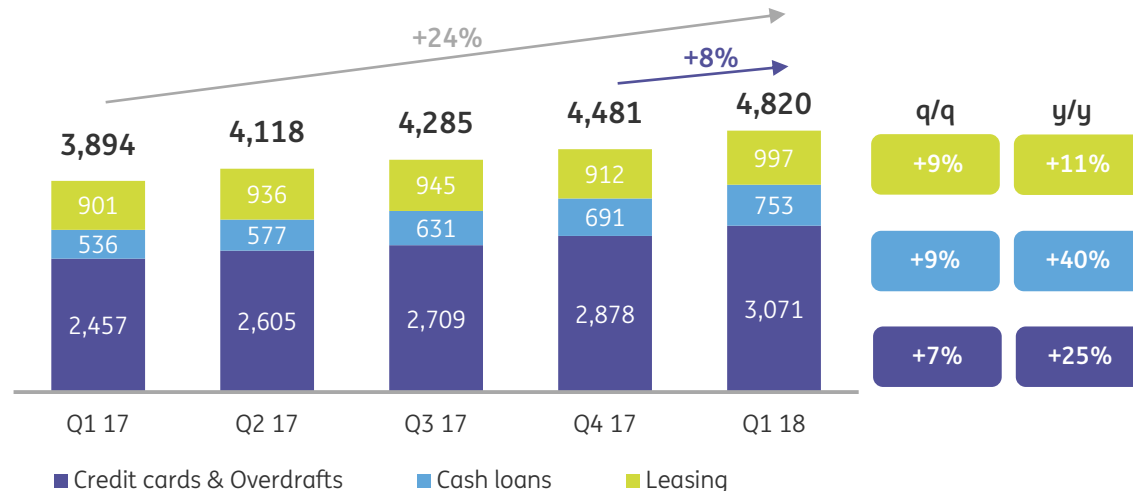
ING supports entrepreneurs

363 thousand entrepreneurs

Number of entrepreneurs (thousand)



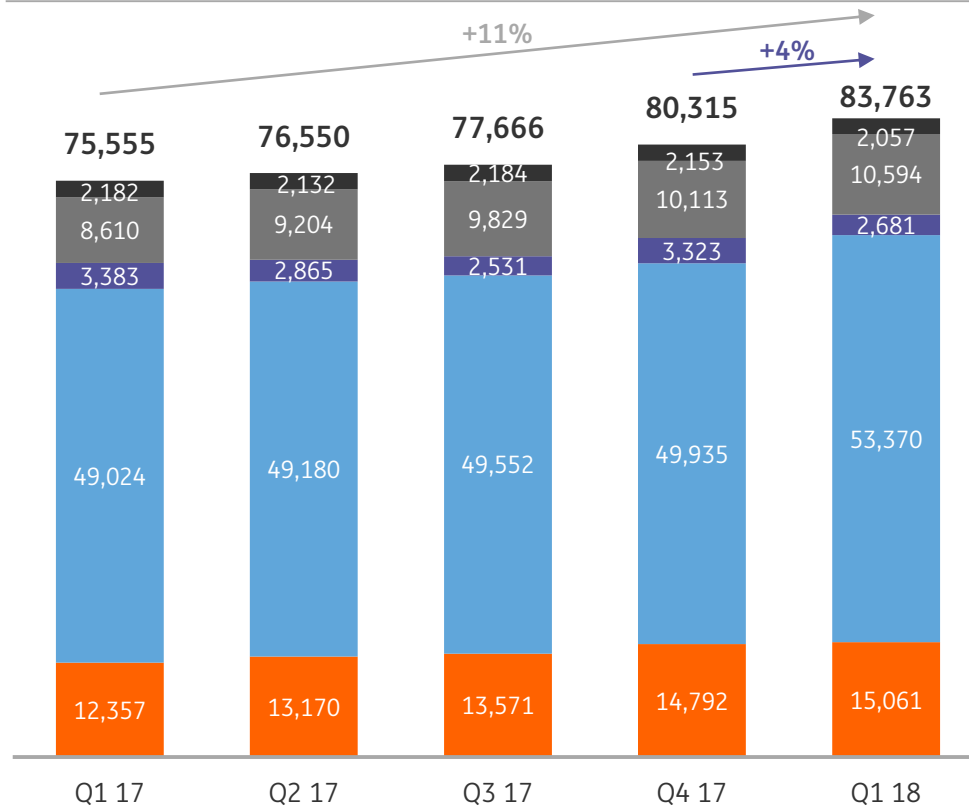
Loans and other receivables from entrepreneurs (PLN million gross)



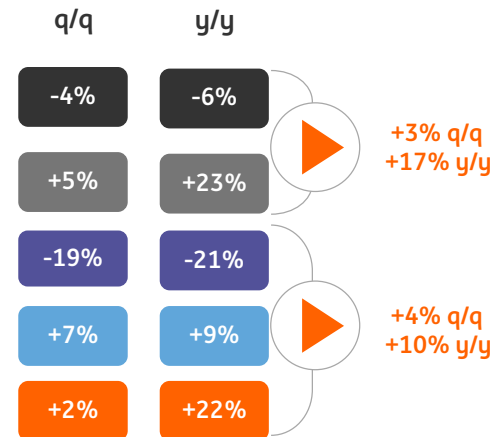
- We run nearly **370 thousand current accounts** for **363 thousand entrepreneurs** out of which almost 95% are Direct Accounts
- We are proudly the main sponsor of European Start-up Days – congress which is held on 15 and 16 May 2018 in Katowice

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
- Savings accounts
- Current accounts



- We run 74.1 thousand brokerage accounts; number of active clients increased by +33% y/y
- In Q1 2018 we opened over 5.1 thousand brokerage accounts (#1 in the market), out of which 87% via Moje ING

W Krakowie oszczędza się nie tylko od wielkiego dzwonu

2,5% przez 4 miesiące na koncie oszczędnościowym

ING Licz się ludzkie

- Already 85.3 thousand clients invest regularly
- Money coach offered over 9.0 thousand investment solutions in Q1 2018 (+29% y/y)

Progressive evolution of banking

ING more and more digital



Electronic banking

We issued **45.7 thousand HCE cards** for individual clients and entrepreneurs

In only **1 month** we acquired **6.1 thousand Google Pay users**

In **Q1 2018** online sales of cash loans amounted to **72%** of cash loans to individual clients and **74%** of cash loans sold to entrepreneurs

~ **1,041 thousand clients with active BLIK** (+9% q/q, +52% y/y)

~ **2.2 million BLIK transactions** (~4x y/y), out of which **1.6 million e-commerce transactions** (+84% q/q, ~6x y/y)

99.87% of retail transfers are **electronic transfers**

~ **13.7 million transfers** in mobile banking (+8% q/q, +48% y/y)

1.5m
active mobile
banking clients

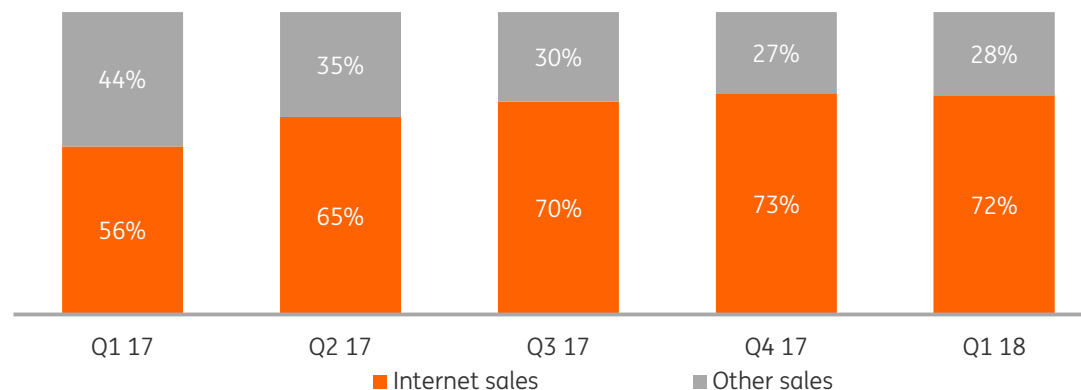
Physical distribution network

355 branches with self-service zones

1 077 machines for cash self-service, including 890 recyclers, out of which 893 are contactless ATMs/Recyclers

65 ING Express sales points at shopping malls

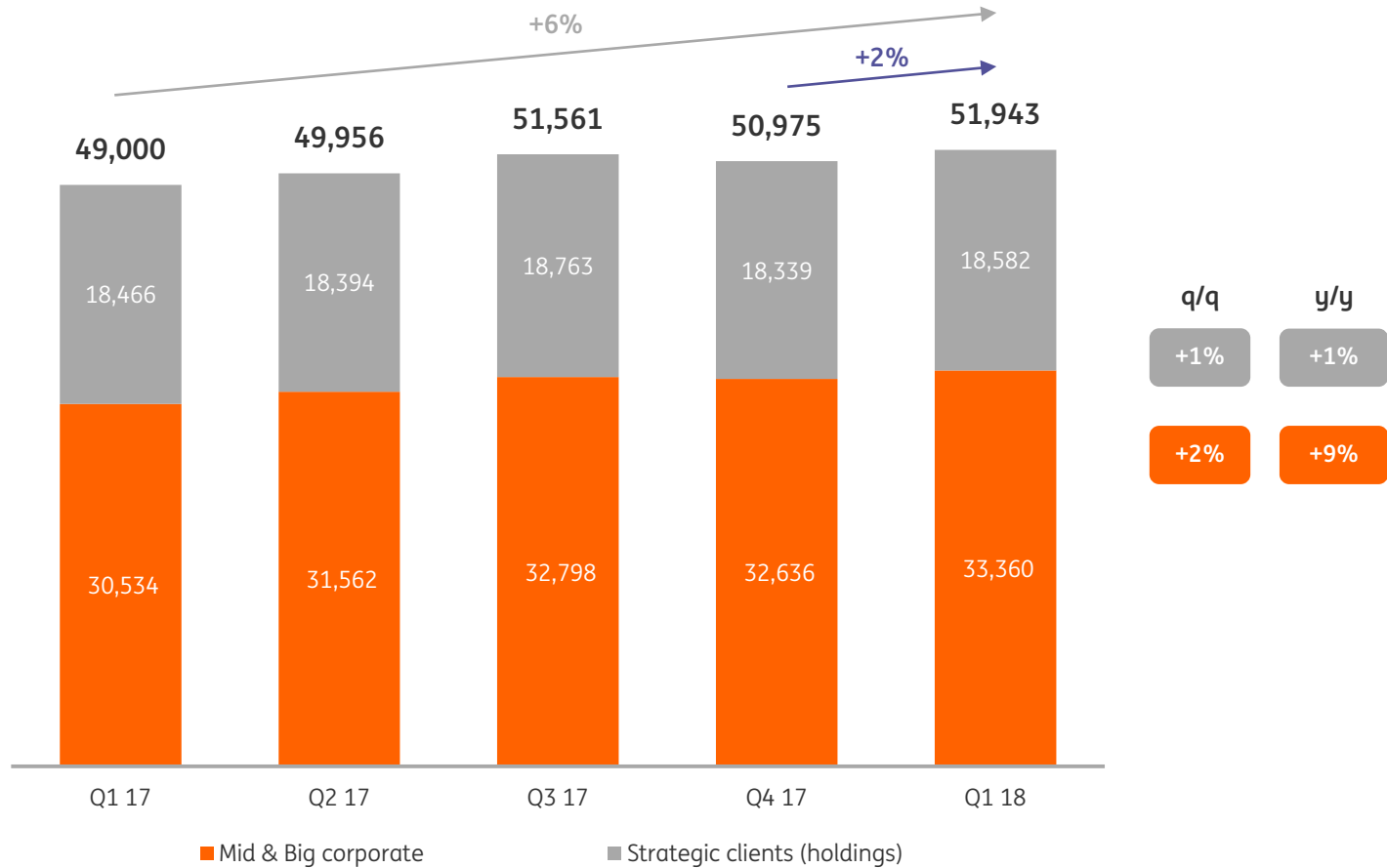
Structure of cash loans sales (as per the number of loans)



Corporate banking

Loans

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



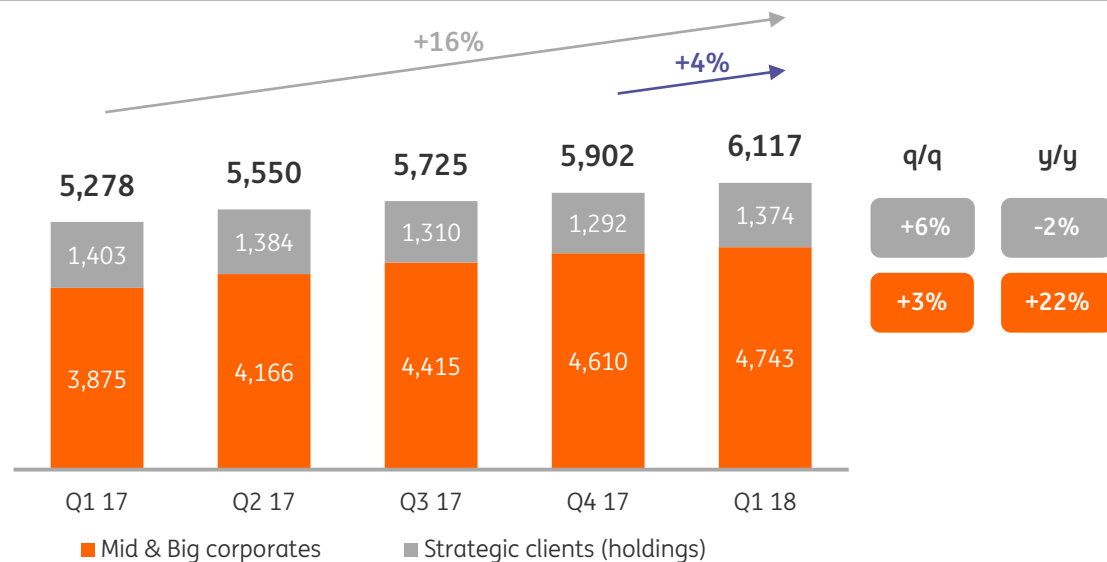
- **94% of loan applications were submitted online in Q1 2018**
- We introduced ING Maszyny, simplified leasing offer for preselected products and appliances
- We are the main sponsor of 10th edition of European Economic Congress held in Katowice between 14 and 16 May 2018
- We are among the leaders on the Polish capital market 2017

Asset Based Lending

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

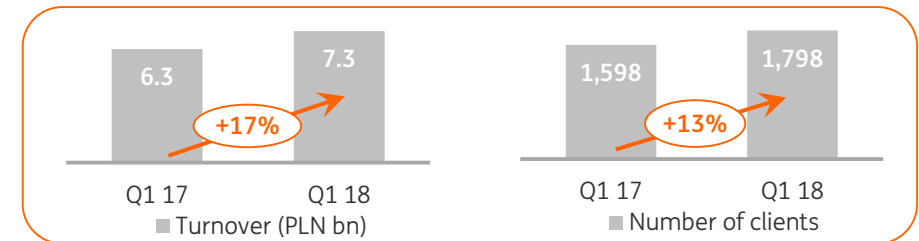
- 5.2% market share in new production (#7)
- Market share in lease of machines and equipment (new production): 6.9% (#6)
- 19.0 thousand clients using leasing services (+31.8% y/y)

Leasing – financing of clients (PLN million)

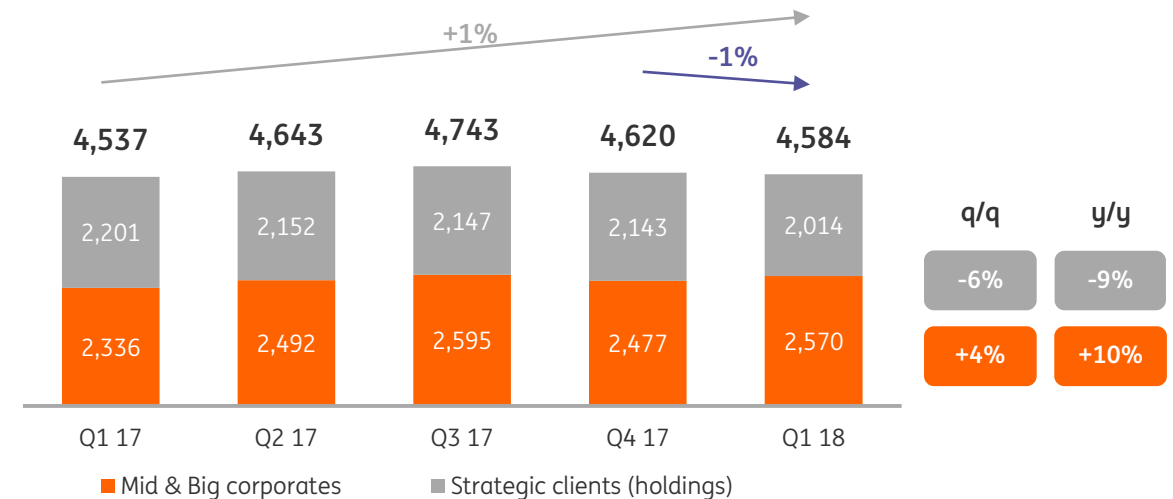


ING Commercial Finance Polska S.A. (factoring)

- **#1 in the market** with market share of **13.8%** in Q1 2018
- In comparison with last year, we bought **26% more invoices**

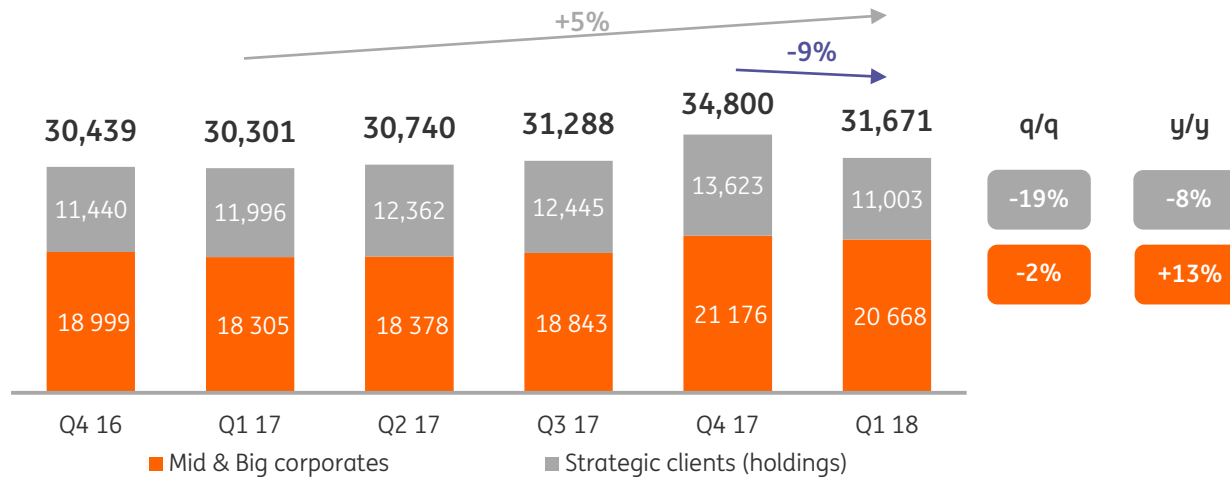


Factoring – financing of clients (PLN million)

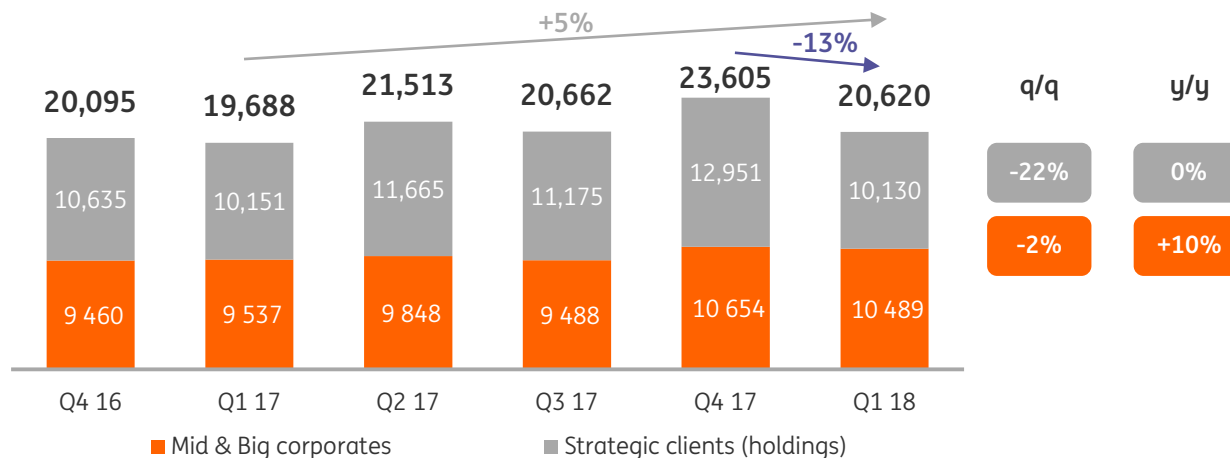


Cash management

Volume of corporate deposits (PLN million)



Volume of corporate current accounts (PLN million)



3.1th

new Mid & Big corporate clients
acquired in Q1 2018

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

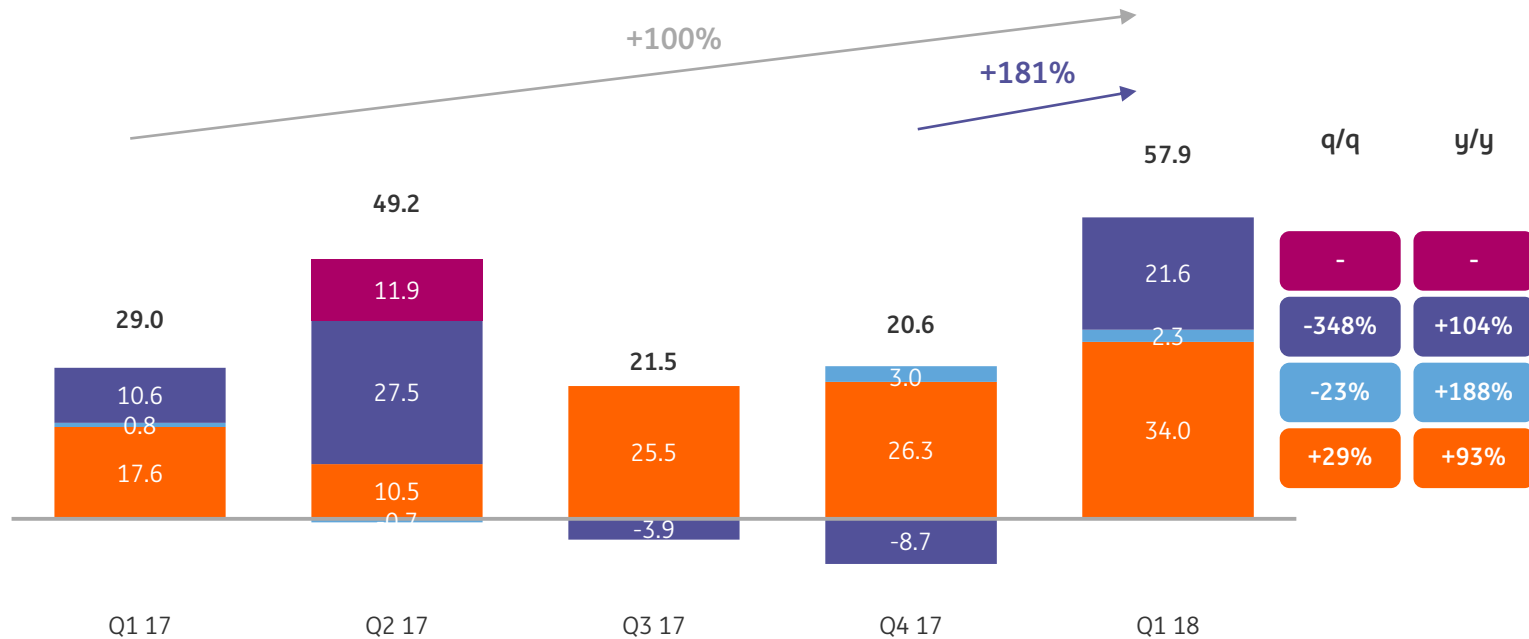
- 140 electronic depositories,
- 73 light depositories,
- 23 mini CDMs,
- 6 micro CDMs,
- 16 fee collection machines.

**Number of mobile transfers
increased by +49% y/y**

Financial results

Other income

Other income (PLN million)



- Net income on trading
- Net income on other basic activities
- Other net income
- One-offs*

One-offs*:

- Q2 17 - Visa Inc. transaction (PLN 11.9m)

Income statement

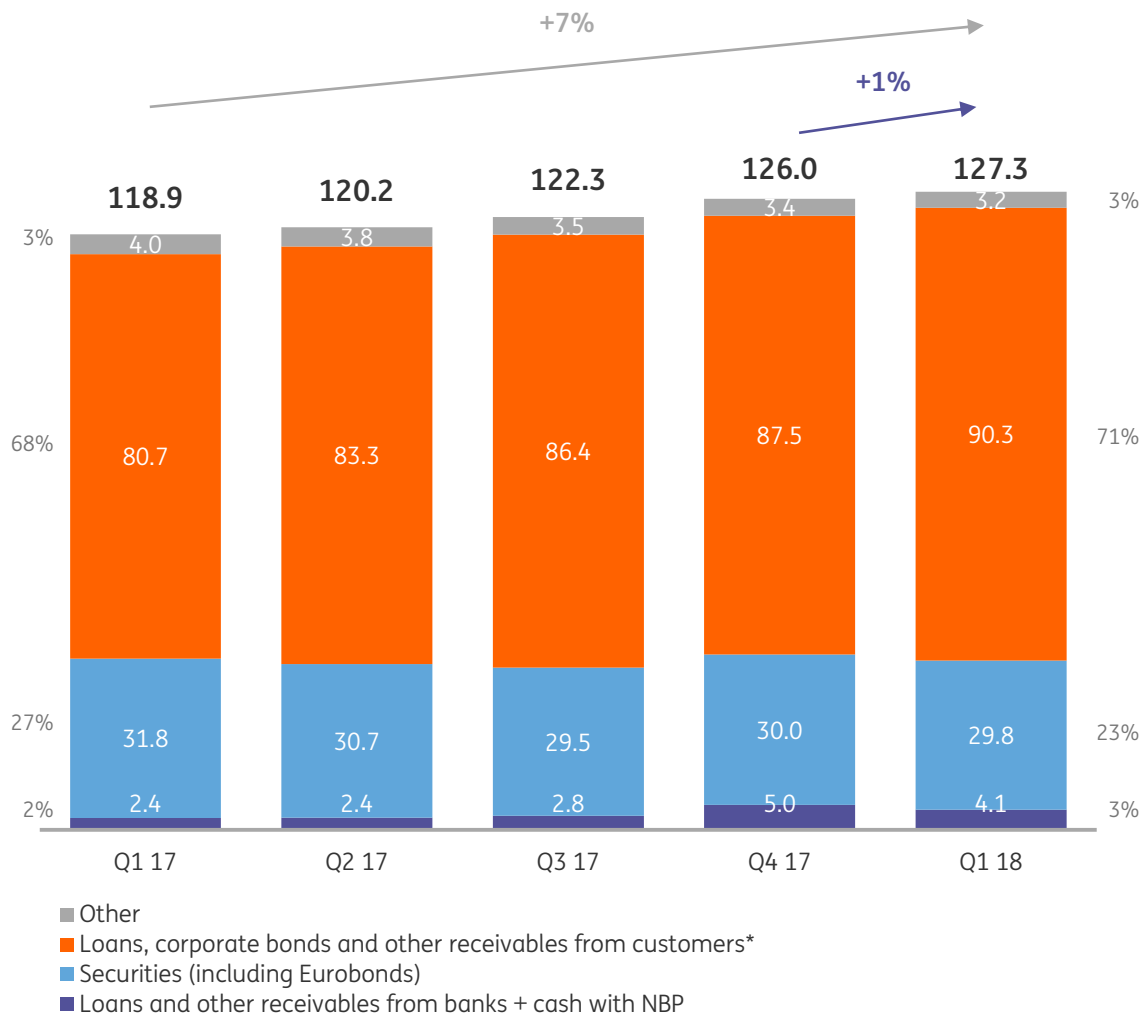
Interim condensed consolidated financial statements (PLN m)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	q/q Δ	%	y/y Δ	%
Net interest income, of which:	815.5	849.3	883.5	904.5	880.9	-23.6	-2.6%	65.4	8.0%
Interest income, of which:	1,025.3	1,060.0	1,096.5	1,120.7	1,096.4	-24.3	-2.2%	71.1	6.9%
- on loans and receivables to banks	12.5	13.7	13.9	16.1	9.5	-6.6	-41.0%	-3.0	-24.0%
- on loans and receivables to customers	757.1	793.0	839.3	866.4	860.2	-6.2	-0.7%	103.1	13.6%
- on leasing	43.8	46.1	47.5	49.4	50.3	0.9	1.8%	6.5	14.8%
- on factoring	24.5	27.0	28.3	30.6	28.1	-2.5	-8.2%	3.6	14.7%
- on debt securities	174.3	169.7	163.1	161.5	164.6	3.1	1.9%	-9.7	-5.6%
- on BSB transactions (non trading)	0.9	0.4	0.9	0.2	0.3	0.1	50.0%	-0.6	-66.7%
- interest result on derivatives	12.2	10.1	3.5	-3.5	-16.6	-13.1	374.3%	-28.8	-
Interest expenses, of which:	209.8	210.7	213.0	216.2	215.5	-0.7	-0.3%	5.7	2.7%
- interest on deposits from banks	16.9	16.3	15.5	12.2	10.2	-2.0	-16.4%	-6.7	-39.6%
- interest on deposits from customers	183.7	185.0	188.1	195.3	200.1	4.8	2.5%	16.4	8.9%
- on SBB transactions (non trading)	0.1	0.0	0.2	0.4	0.0	-0.4	-	-0.1	-
- interest on debt securities in issue	5.7	5.7	5.8	4.7	1.9	-2.8	-59.6%	-3.8	-66.7%
- on trading financial instruments	0.3	0.6	0.3	0.4	0.4	0.0	0.0%	0.1	33.3%
- on subordinated debt	3.1	3.1	3.1	3.2	2.9	-0.3	-9.4%	-0.2	-6.5%
Net commission income	290.8	293.1	309.9	302.2	318.1	15.9	5.3%	27.3	9.4%
Result on trade operations and revaluation (incl investments and HA)	28.2	49.9	21.6	17.6	55.6	38.0	215.9%	27.4	97.2%
Net income on instruments measured at fair value through profit or loss and FX result	17.6	10.5	25.5	26.3	34.0	7.7	29.3%	16.4	93.2%
Net income on investments	10.2	32.8	3.6	0.0	37.6	37.6	-	27.4	268.6%
Net income on hedge accounting	0.4	6.6	-7.5	-8.7	-16.0	-7.3	83.9%	-16.4	-
Net income on other basic activities	0.8	-0.7	-0.1	3.0	2.3	-0.7	-23.3%	1.5	187.5%
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	-
Income	1,135.3	1,191.6	1,214.9	1,227.3	1,256.9	29.6	2.4%	121.6	10.7%
Expenses	565.6	512.1	529.6	528.5	628.3	99.8	18.9%	62.7	11.1%
- personnel expenses	251.0	260.6	260.6	263.5	275.4	11.9	4.5%	24.4	9.7%
- other expenses	268.5	206.7	224.4	218.1	309.2	91.1	41.8%	40.7	15.2%
- D&A	46.1	44.8	44.6	46.9	43.7	-3.2	-6.8%	-2.4	-5.2%
Profit before risk costs	569.7	679.5	685.3	698.8	628.6	-70.2	-10.0%	58.9	10.3%
Risk costs	76.5	123.0	109.1	112.6	94.8	-17.8	-15.8%	18.3	23.9%
- retail	42.8	43.2	39.1	33.1	37.0	3.9	11.8%	-5.8	-13.6%
- corporate	33.7	79.8	70.0	79.5	57.8	-21.7	-27.3%	24.1	71.5%
Tax on certain financial institutions	79.4	80.4	84.1	86.2	87.5	1.3	1.5%	8.1	10.2%
Profit (loss) before tax	413.8	476.1	492.1	500.0	446.3	-53.7	-10.7%	32.5	7.9%
Income tax	113.6	115.7	116.4	133.2	124.1	-9.1	-6.8%	10.5	9.2%
Net profit (loss), of which:	300.2	360.4	375.7	366.8	322.2	-44.6	-12.2%	22.0	7.3%
Net profit (loss) attributable to the shareholders of ING BSK	300.2	360.4	375.7	366.8	322.2	-44.6	-12.2%	22.0	7.3%
Number of shares issued (m)	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%
Earnings per share (PLN)	9.23	11.08	11.55	11.28	9.91	-1.37	-12.2%	0.68	7.3%

Statement of financial position

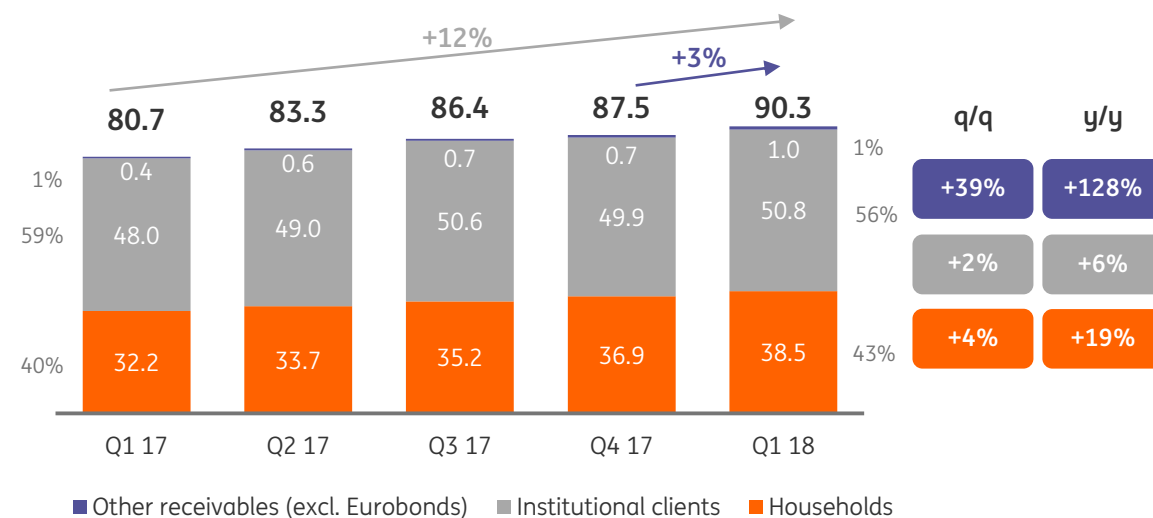
Consolidated statement of financial position (PLN m)	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	q/q		y/y	
							Δ	%	Δ	%
ASSETS										
- Cash in hand and balances with the Central Bank	1,825.0	1,250.0	1,351.9	1,638.2	2,815.2	2,042.4	-772.8	-27.5%	792.4	63.4%
- Loans and receivables to other banks	1,113.4	1,125.7	1,050.2	1,174.7	2,234.5	2,017.4	-217.1	-9.7%	891.7	79.2%
- Financial assets measured at fair value through profit and loss	2,826.8	1,505.2	2,676.6	1,415.2	530.1	615.9	85.8	16.2%	-889.3	-59.1%
- Valuation of derivatives	1,117.1	1,210.6	1,029.7	828.5	784.7	647.7	-137.0	-17.5%	-562.9	-46.5%
- Investments	25,721.3	26,569.7	24,427.6	24,446.1	25,907.4	29,135.7	3,228.3	12.5%	2,566.0	9.7%
- Derivative hedge instruments	1,338.6	1,259.1	1,148.6	1,050.1	967.2	960.6	-6.6	-0.7%	-298.5	-23.7%
- Loans and receivables to customers	81,979.5	84,379.6	86,902.3	90,087.3	91,088.3	90,290.5	-797.8	-0.9%	5,910.9	7.0%
- Receivables from customers due to repo transactions	0.0	19.9	20.0	19.7	19.8	0.0	-19.8	-100.0%	-19.9	-100.0%
- Non-financial assets	1,004.5	995.6	985.3	979.3	980.0	965.6	-14.4	-1.5%	-30.0	-3.0%
- Property, plant and equipment held for sale	31.8	19.7	14.3	15.3	11.1	10.9	-0.2	-1.8%	-8.8	-44.7%
- Tax assets	237.5	181.9	228.5	250.4	257.1	276.4	19.3	7.5%	94.5	52.0%
- Other assets	282.2	333.5	362.6	385.2	418.5	347.2	-71.3	-17.0%	13.7	4.1%
Total assets	117,477.7	118,850.5	120,197.6	122,290.0	126,013.9	127,310.3	1,296.4	1.0%	8,459.8	7.1%
EQUITY AND LIABILITIES										
LIABILITIES										
- Liabilities due to other banks	5,043.0	5,606.6	6,140.5	5,637.8	4,109.0	6,288.8	2,179.8	53.0%	682.2	12.2%
- Financial liabilities measured at fair value through profit and loss	474.8	639.0	108.6	1,663.6	735.1	225.9	-509.2	-69.3%	-413.1	-64.6%
- Valuation of derivatives	1,116.0	1,097.6	1,045.7	957.8	979.2	819.0	-160.2	-16.4%	-278.6	-25.4%
- Derivative hedge instruments	1,468.1	1,206.4	1,015.0	799.9	699.2	622.6	-76.6	-11.0%	-583.8	-48.4%
- Liabilities due to customers	95,825.4	96,620.7	97,708.8	98,459.8	104,503.3	104,662.1	158.8	0.2%	8,041.4	8.3%
- Liabilities due to customers under repo transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
- Liabilities under issue of debt securities	866.4	872.0	866.3	872.1	300.3	302.2	1.9	0.6%	-569.8	-65.3%
- Subordinated liabilities	664.9	634.2	635.3	647.7	626.9	632.4	5.5	0.9%	-1.8	-0.3%
- Provisions	73.8	72.9	83.0	90.8	100.0	123.7	23.7	23.7%	50.8	69.7%
- Tax liabilities	121.3	24.1	121.4	181.1	232.9	244.8	11.9	5.1%	220.7	915.8%
- Other liabilities	1,346.8	1,287.6	1,318.9	1,493.2	1,933.2	1,329.9	-603.3	-31.2%	42.3	3.3%
Total liabilities	107,000.5	108,061.1	109,043.5	110,803.8	114,219.1	115,251.4	1,032.3	0.9%	7,190.3	6.7%
EQUITY										
- Share capital	130.1	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%
- Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	956.3	956.3	956.3	0.0	0.0%	0.0	0.0%
- Revaluation reserve	577.5	589.6	596.2	551.8	493.2	684.0	190.8	38.7%	94.4	16.0%
- Retained earnings	8,811.0	9,111.3	9,471.5	9,848.0	10,215.2	10,288.5	73.3	0.7%	1,177.2	12.9%
Equity attributable to shareholders of ING BSK	10,474.9	10,787.3	11,154.1	11,486.2	11,794.8	12,058.9	264.1	2.2%	1,271.6	11.8%
- Non-controlling interests	2.3	2.1	0.0	0.0	0.0	0.0	0.0	-	-2.1	-100.0%
Total equity	10,477.2	10,789.4	11,154.1	11,486.2	11,794.8	12,058.9	264.1	2.2%	1,269.5	11.8%
Total equity and liabilities	117,477.7	118,850.5	120,197.6	122,290.0	126,013.9	127,310.3	1,296.4	1.0%	8,459.8	7.1%
Number of shares issued (m)	130.1	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%
Book value per share (PLN)	80.51	82.92	85.73	88.29	90.66	92.69	2.03	2.2%	9.77	11.8%

Bank assets

Assets structure (PLN billion)

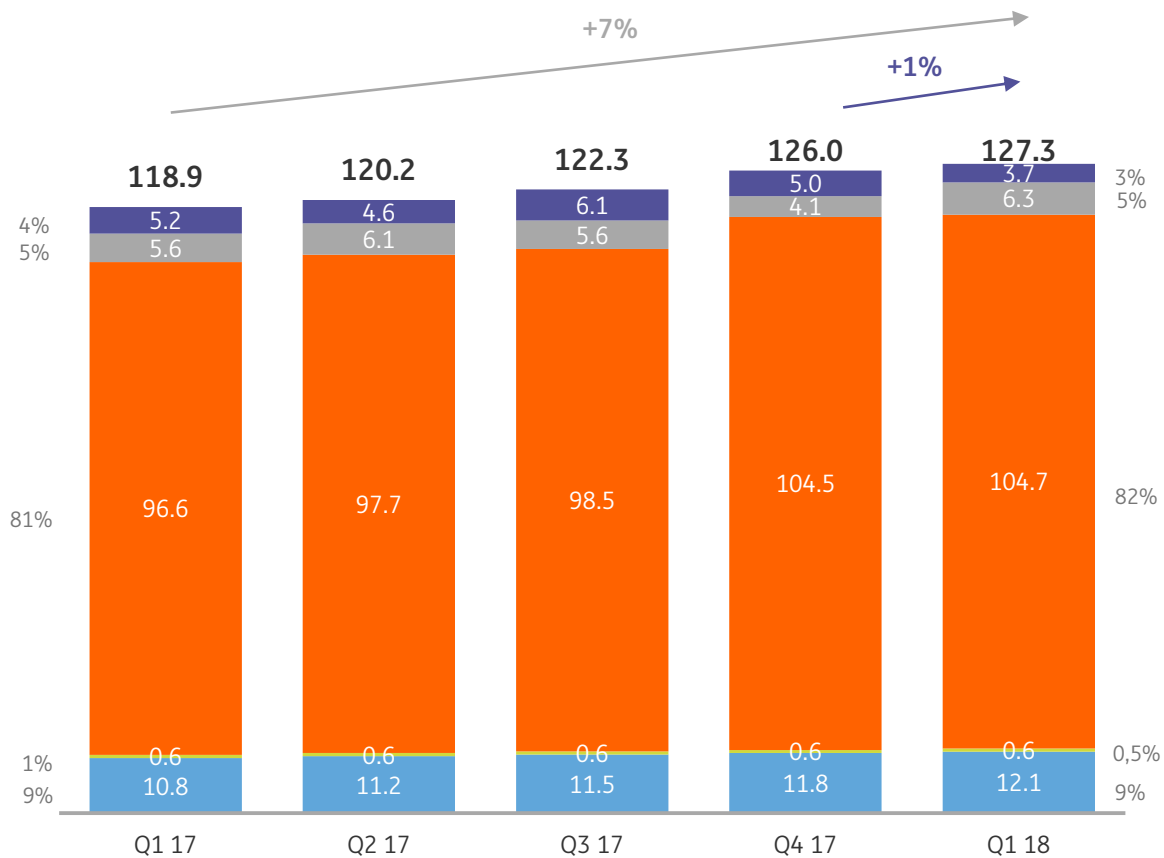


Loans and other receivables from customers* (PLN billion)



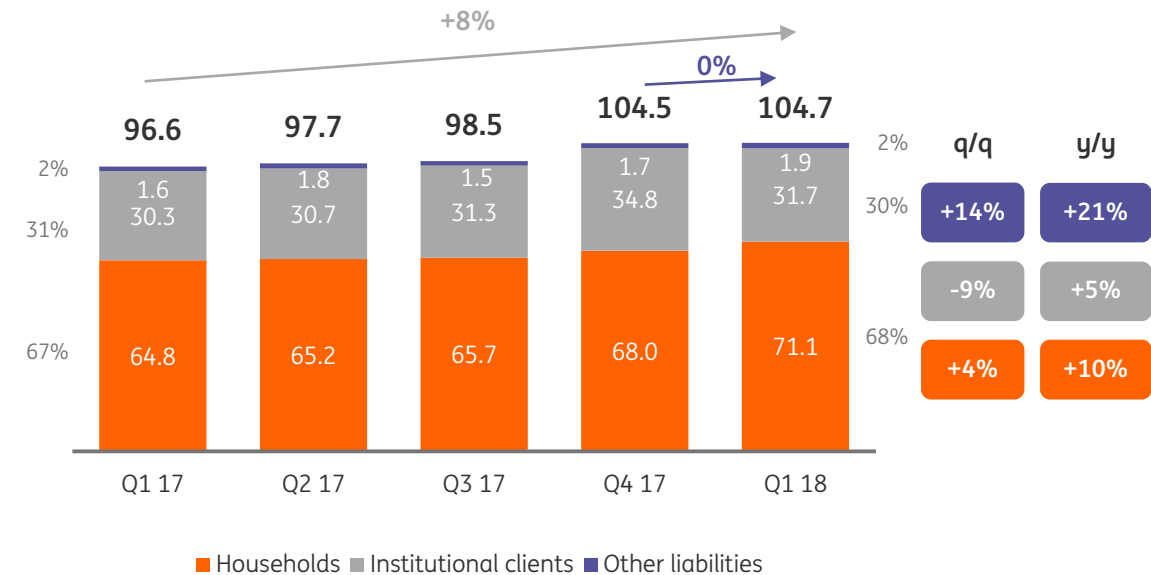
Bank equity and liabilities

Structure of equity and liabilities (PLN billion)



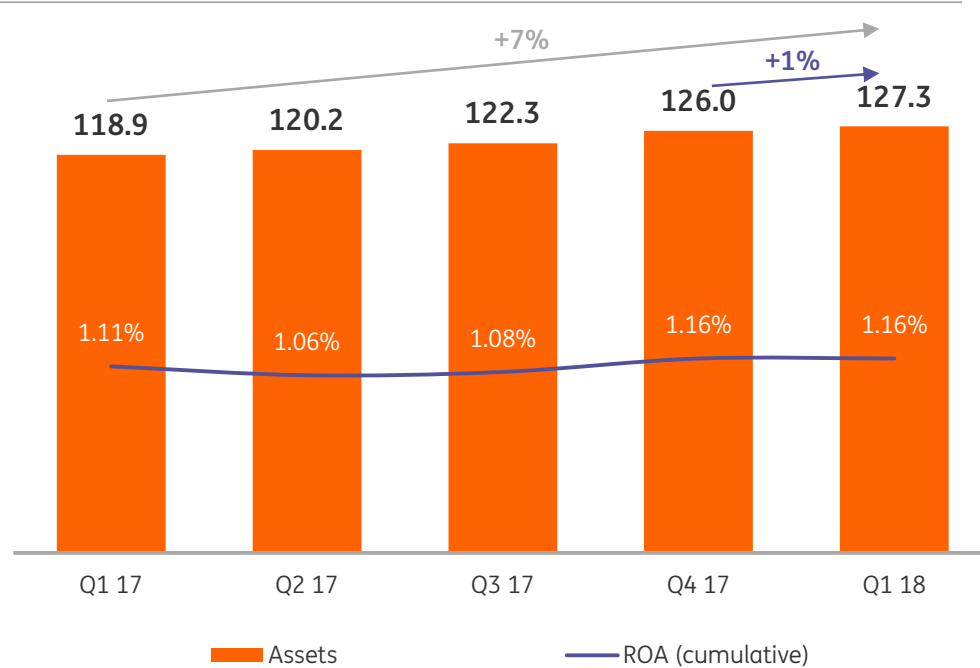
■ Equity ■ Subordinated debt ■ Deposits and other liabilities to clients ■ Liabilities to banks ■ Other

Deposits and other liabilities to customers (PLN billion)

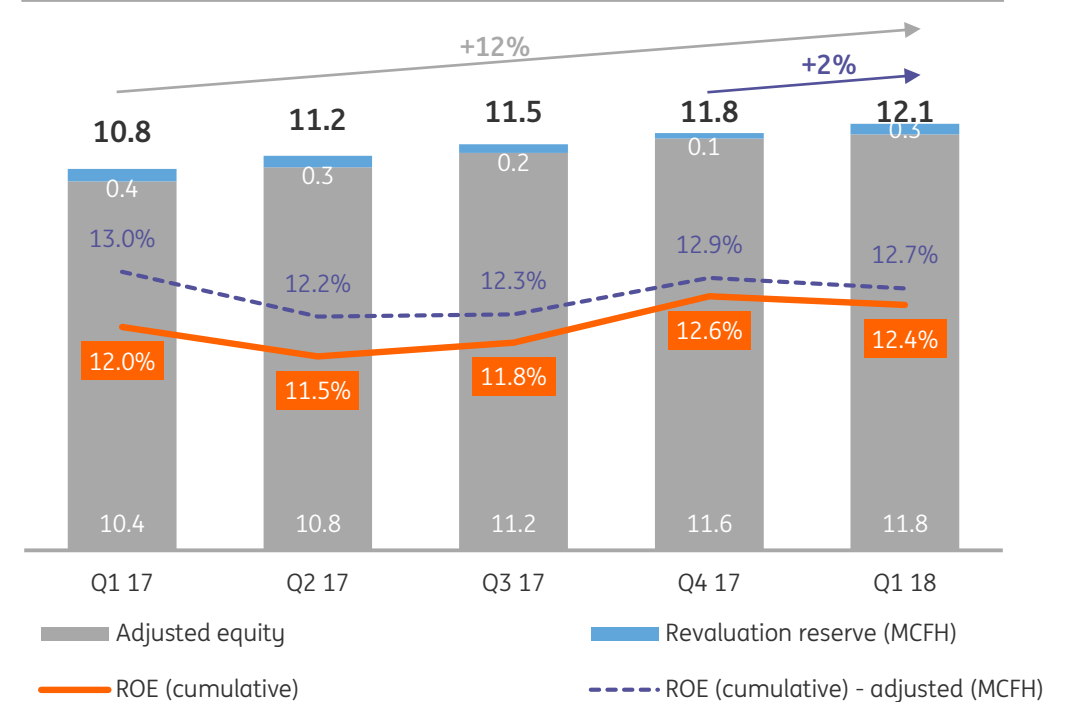


Assets, equity and profitability ratios

Assets (PLN billion) / ROA



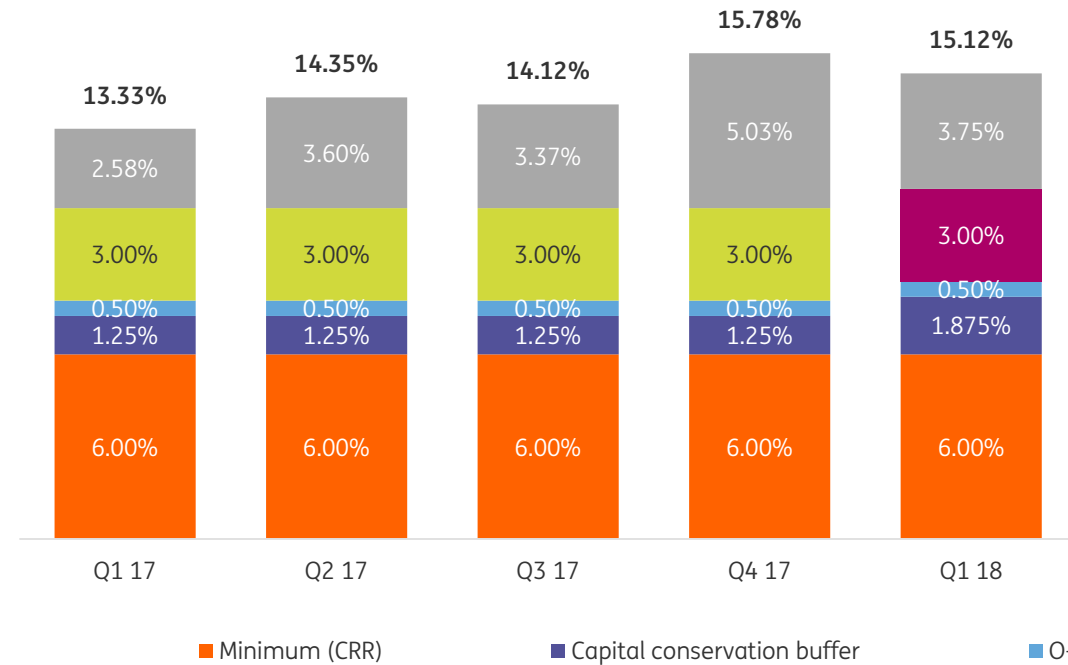
Equity (PLN billion) / ROE



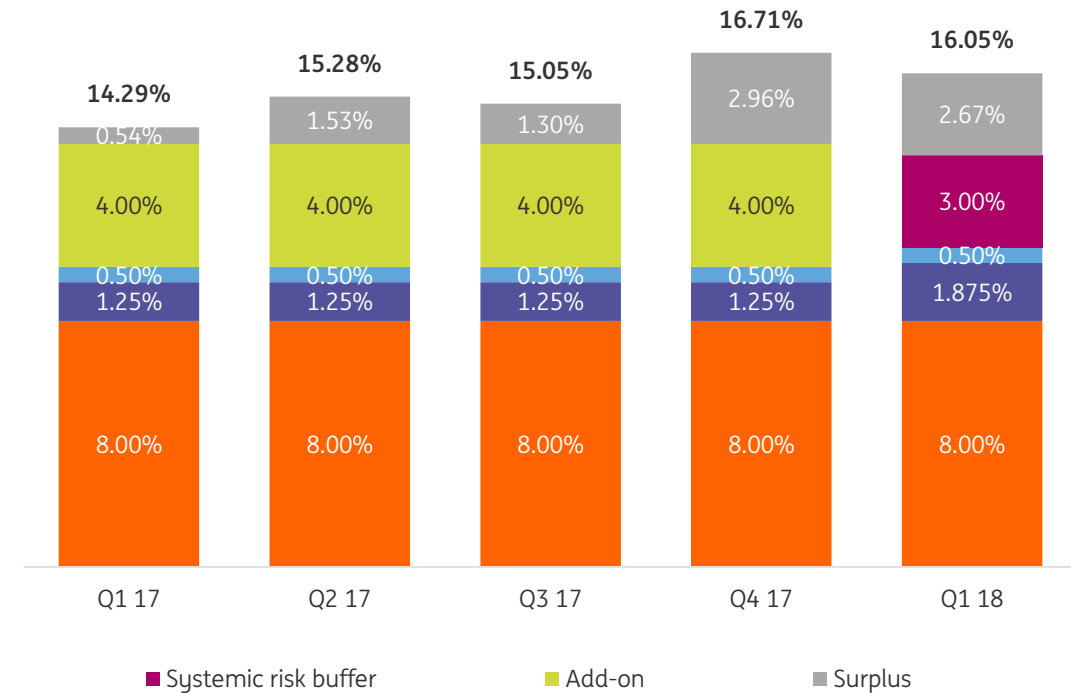
39 **Definitions:** ROA – return on assets = total of net profit for 4 subsequent quarters/ average assets for 5 subsequent quarters; ROE – return on equity = total of net profit for 4 subsequent quarters/ average equity for 5 subsequent quarters; ROE – adjusted = return on equity excluding the revaluation 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)

Capital requirement structure

Consolidated capital requirement – Tier 1



Consolidated capital requirement – TCR



- From 1 January 2018 capital conservation buffer went up from 1.250% to 1.875%; as of the beginning of 2019 it will settle at 2.5%.
- Add-on (3% for Tier 1 and 4% for TCR) as at 1 January 2018 was replaced with systemic risk buffer (3% both for Tier 1 and TCR).
- Countercyclical capital buffer equals 0%; requirement for Pillar 2 (FX buffer) does not apply to ING BSK.

Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as of 31.03.2018	%
1	Wholesale trade	7,493	14.4%
2	Real estate service	6,648	12.8%
3	Foodstuff and beverage production	3,098	6.0%
4	Financial intermediation	2,648	5.1%
5	Public administration and national defense	2,620	5.0%
6	Retail trade	2,415	4.6%
7	Land and pipeline transportation	1,990	3.8%
8	Ready-made metal goods productions	1,910	3.7%
9	Rubber industry	1,734	3.3%
10	Power industry	1,672	3.2%
11	Remaining services connected with running business	1,594	3.1%
12	Agriculture, forestry, fishery	1,542	3.0%
13	Construction industry	1,541	3.0%
14	Equipment rent	1,489	2.9%
15	Wood and paper industry	1,411	2.7%
16	Post office and telecommunications	1,148	2.2%
17	Mechanical vehicles sale, repair and service	994	1.9%
18	Remaining non-metal raw materials industries	981	1.9%
19	Means of transport industry	810	1.6%
20	Other	8,204	15.8%
Total exposure		51,943	100.0%

Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as of 31.03.2018	%
1	Wholesale trade	11,261	14.8%
2	Real estate service	7,114	9.3%
3	Foodstuff and beverage production	4,087	5.4%
4	Retail trade	4,007	5.3%
5	Construction industry	4,007	5.3%
6	Financial intermediation	3,661	4.8%
7	Power industry	3,524	4.6%
8	Public administration and national defense	2,961	3.9%
9	Ready-made metal goods productions	2,750	3.6%
10	Remaining services connected with running business	2,676	3.5%
11	Land and pipeline transportation	2,451	3.2%
12	Rubber industry	2,353	3.1%
13	Equipment rent	1,899	2.5%
14	Wood and paper industry	1,871	2.5%
15	Remaining non-metal raw materials industries	1,823	2.4%
16	Agriculture, forestry, fishery	1,652	2.2%
17	Post office and telecommunications	1,393	1.8%
18	Auxiliary service for transportation	1,382	1.8%
19	Mechanical vehicles sale, repair and service	1,297	1.7%
20	Other	14,151	18.5%
Total exposure		76,320	100.0%

ING Bank Śląski S.A. shares

ING BSK share price:
PLN 197.00 (30 March 2018)

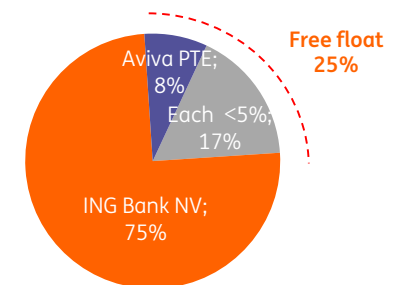
Capitalisation: PLN **25.6bn** (EUR 6.1bn)
Free float: PLN **6.4bn** (EUR 1.5bn)

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

ING BSK shares vs. WSE indices recalculated for comparability



Shareholder structure



Market ratios (Q1 2018)

P/E 19.0x

P/B 2.3x

Dictionary

Simplified definitions of presentation terms :

- **LCR** - Liquidity Coverage Ratio. Computed as a ratio of very liquid assets to short-term liabilities. It is introduced in stages. The minimum value is: 60% in 2014 and 2015, 70% in 2016, 80% in 2017 and ultimately 100% starting from 2018.
- **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) as the end of given quarters in a given period (five quarters for cumulative margin and two quarters for quarterly margin).
- **NSFR** - Net Stable Funding Ratio. It is computed as the ratio of available stable funding to required stable funding. In keeping with Regulation of the European Parliament and of the Council (EU) No. 575/2013, the target net stable funding ratio (NSFR) was not defined.
- **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 loans in Stage 3.
- **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.

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