

Information on preliminary and unaudited consolidated financial results of the ING Bank Śląski S.A. Group for the fourth quarter of 2018

- **The most important financial and business data of the ING Bank Śląski S.A. Group in the fourth quarter of 2018**

During the four quarters of 2018 the consolidated net profit of the ING Bank Śląski S.A. amounted to PLN 1,525.9 million and increased by 9% in comparison to the same period last year. Group recorded the increase of basic commercial volumes – loans by 18% and deposits by 13%.

Key financial data of the ING Bank Śląski Group for 4 quarters of 2018 in comparison to the corresponding period of the previous year:

- net income on basic activities increased by 10% to PLN 5,232.7 million, including:
 - net interest income increased by 11% to PLN 3,759.3 million,
 - net commission income increased by 9% to PLN 1,304.9 million,
- general and administrative expenses increased by 9% to PLN 2,326.8 million,
- result before the risk costs increased by 10% to PLN 2,905.9 million,
- impairment for expected losses increased by 19% to PLN 500.9 million,
- gross profit increased by 8% to PLN 2,033.0 million,
- net profit increased by 9% to PLN 1,525.9 million,
- return on equity (ROE) reached 12.5% compared to 12.6% in the previous year,
- cost to income ratio (C/I) reached 44.5% compared to 44.8% in the previous year,
- net interest margin reached 2.93% compared to 2.88% in the previous year,
- total capital ratio was 15.60% compared to 16.71% last year.

Key business results of the ING Bank Śląski Group for 4 quarters of 2018 in comparison to the corresponding period of the previous year:

- increase in the value of loans by 18% to PLN 104.4 billion, including:
 - loans for retail clients - increase by 21% to PLN 45.4 billion,
 - loans for corporate clients - increase by 16% to PLN 59.1 billion,
- increase in deposits value by 13% to PLN 115.9 billion.

Key business results of the ING Bank Śląski for 4 quarters of 2018 in comparison to the corresponding period of the previous year:

- net profit increased by 9% to PLN 1,525.9 million,
- total assets increased by 12.6% to PLN 137.7 billion,
- total equity increased by 13.1% to PLN 13.3 billion,
- total capital ratio was 17.19% compared to 18.39% last year.

• Selected financial data and key effectiveness ratios

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD	change 4Q/4Q	change y/y
Net interest income	995.1	3 759.3	895.2	3 389.4	11.2%	10.9%
Net commission income	330.7	1 304.9	302.2	1 196.0	9.4%	9.1%
Result on basic activities	1 359.5	5 232.7	1 227.3	4 769.1	10.8%	9.7%
Result before tax	595.7	2 033.0	500.0	1 882.0	19.1%	8.0%
Net profit attributable to shareholders of ING Bank Śląski S.A.	452.2	1 525.9	366.8	1 403.1	23.3%	8.8%
Earnings per ordinary share (PLN)	3.48	11.73	2.82	10.78	23.3%	8.8%

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017	change 4Q/4Q	change y/y
Loans and other receivables to customers (net)	103 125.8	99 223.8	91 108.1	3.9%	13.2%
Liabilities to customers	117 682.5	110 205.0	104 503.3	6.8%	12.6%
Total assets	141 603.0	134 098.2	126 013.9	5.6%	12.4%
Equity attributable to shareholders of ING Bank Śląski S.A.	13 336.3	12 161.9	11 794.8	9.7%	13.1%

C/I - Cost/Income ratio (%)	44.5	45.5	44.8		
ROA - Return on assets (%)	1.2	1.1	1.2		
ROE - Return on equity (%)	12.5	12.1	12.6		
NIM - net interest margin (%)	2.93	2.94	2.88		
L/D - Loans-to-deposits ratio (%)	87.6	90.0	83.8		
Total Group's capital ratio (%)	15.6	15.2	16.7		
Total Bank's capital ratio (%)	17.2	16.7	18.4		

Explanations:

C/I - Cost to Income ratio – total costs to income from operating activity per type.

ROA - Return on assets – net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average assets for 5 subsequent quarters.

ROE - Return on equity - net profit attributable to shareholders of ING Bank Śląski S.A. for 4 subsequent quarters to average equity for 5 subsequent quarters.

NIM - total net interest income for 4 consecutive quarters to average interest assets for 5 consecutive quarters.

L/D - Loans-to-deposits ratio – loans and receivables to customers (net) excluding Eurobonds to liabilities due to customers.

Total capital ratio – equity to risk weighted assets and off-balance sheet liabilities.

• Consolidated income statement

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD	change 4Q/4Q	change y/y
	[IFRS 9]		[IAS 39 non-transformed data]			
Interest income, including:	1 230.8	4 673.8	1 111.0	4 237.5	10.8%	10.3%
Interest income on assets measured at amortised cost	1 229.5	4 668.5	n/a	n/a	-	-
Other interest income	1.3	5.3	n/a	n/a	-	-
Interest expenses	235.7	914.5	215.8	848.1	9.2%	7.8%
Net interest income (note 1)	995.1	3 759.3	895.2	3 389.4	11.2%	10.9%
Commission income	372.6	1 460.2	348.9	1 343.1	6.8%	8.7%
Commission expenses	41.9	155.3	46.7	147.1	-10.3%	5.6%
Net commission income (note 2)	330.7	1 304.9	302.2	1 196.0	9.4%	9.1%
Net income on financial instruments at fair value through profit or loss and FX result (note 3)	21.4	90.9	23.2	118.8	-7.8%	-23.5%
Net income on the sale of securities measured at amortised cost (note 4)	0.0	1.0	n/a	n/a	-	-
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income (note 4)	3.8	54.3	n/a	n/a	-	-
Net income on investments (note 4)	n/a	n/a	0.0	46.6	-	-
Net income on hedge accounting	4.4	7.9	3.7	15.3	18.9%	-48.4%
Net income on other basic activities	4.1	14.4	3.0	3.0	36.7%	380.0%
Net income on basic activities	1 359.5	5 232.7	1 227.3	4 769.1	10.8%	9.7%
General and administrative expenses (note 5)	566.3	2 326.8	528.5	2 135.8	7.2%	8.9%
Impairment for expected losses, including: (note 7)	98.5	500.9	n/a	n/a	-	-
result on the sale of receivables	0.0	26.7	n/a	n/a	-	-
Impairment losses and provisions for off-balance sheet liabilities (note 7)	n/a	n/a	112.6	421.2	-	-
Tax on certain financial institutions	98.9	371.7	86.2	330.1	-	-
Share in net profits of associates accounted for using the equity method	-0.1	-0.3	0.0	0.0	-	-
Gross profit (note 8)	595.7	2 033.0	500.0	1 882.0	19.1%	8.0%
Income tax	143.5	507.1	133.2	478.9	7.7%	5.9%
Net profit (loss)	452.2	1 525.9	366.8	1 403.1	23.3%	8.8%
- attributable to shareholders of ING Bank Śląski S.A.	452.2	1 525.9	366.8	1 403.1	23.3%	8.8%

- Consolidated statement of comprehensive income

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD	change 4Q/4Q	change y/y
	[IFRS 9]		[IAS 39 non-transformed data]			
Net profit for the period	452.2	1 525.9	366.8	1 403.1	23.3%	8.8%
Total other comprehensive income, including:	722.1	679.4	-58.3	-84.0	-1.338.6%	-908.8%
Items which can be reclassified to income statement:	717.4	674.0	-51.5	-77.2	-1 493.0%	-973.1%
debt instruments measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-3.4	12.1	n/a	n/a	-	-
debt instruments measured at fair value through other comprehensive income - reclassification to the financial result in connection with the sale	-3.1	-31.8	n/a	n/a	-	-
gains/losses on revaluation of available-for-sale financial assets carried through equity	n/a	n/a	53.4	192.8	-	-
reclassification to the financial result due to sale of available-for-sale financial assets	n/a	n/a	0.1	-31.7	-	-
cash flow hedging - revaluation gains / losses on equity	817.7	1 033.1	n/a	n/a	-	-
cash flow hedging – reclassification to profit or loss	-93.8	-339.4	n/a	n/a	-	-
effective part of cash flow hedging relationship	n/a	n/a	-96.8	-206.0	-	-
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	n/a	n/a	-0.2	-0.2	-	-
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	n/a	n/a	-8.0	-32.1	-	-
Items which will not be reclassified to income statement:	4.7	5.4	-6.8	-6.8	-169.1%	-179.4%
equity financial instruments measured at fair value through other comprehensive income - revaluation gains / losses on equity	5.6	6.3	n/a	n/a	-	-
actuarial gains / losses	-0.9	-0.9	-6.8	-6.8	-	-
Net comprehensive income for the reporting period	1 174.3	2 205.3	308.5	1 319.1	113.9%	67.2%
- attributable to owners of ING Bank Śląski S.A.	1 174.3	2 205.3	308.5	1 319.1	113.9%	67.2%

• Consolidated statement of financial position

	as of 31 Dec 2018 [IFRS 9]	as of 30 Sep 2018	as of 31 Dec 2017 [IAS 39 non- transformed data]	change 4Q/4Q	change y/y
Assets					
Cash in hand and balances with the Central Bank	1 237.4	1 529.8	2 815.2	-19.1%	-56.0%
Loans and other receivables to other banks (note 9)	776.5	621.8	2 234.5	24.9%	-65.2%
Financial assets held for trading (note 10)	1 711.6	1 270.7	1 314.8	34.7%	30.2%
Derivative hedge instruments (note 11)	909.6	836.5	967.2	8.7%	-6.0%
Investment securities (note 12)	31 937.3	28 823.4	n/a	10.8%	-
Investments (note 12)	n/a	n/a	25 907.4	-	-
Loans and other receivables to customers (note 13)	103 125.8	99 223.8	91 108.1	3.9%	13.2%
Investments in associates measured at equity method	1.0	1.1	1.3	-9.1%	-23.1%
Property, plant and equipment	556.1	539.2	549.0	3.1%	1.3%
Intangible assets	439.2	434.8	431.0	1.0%	1.9%
Assets held for sale	10.9	16.2	11.1	-32.7%	-1.8%
Deferred tax assets	398.2	356.3	257.1	11.8%	54.9%
Other assets	499.4	444.6	417.2	14.8%	22.3%
Total assets	141 603.0	134 098.2	126 013.9	5.6%	12.4%
Liabilities					
Liabilities to other banks (note 14)	5 195.8	6 882.2	4 109.0	-24.5%	26.4%
Financial liabilities at fair value through profit or loss (note 15)	1 464.3	1 216.2	1 714.3	20.4%	-14.6%
Derivative hedge instruments (note 11)	611.8	574.0	699.2	6.6%	-12.5%
Liabilities to customers (note 16)	117 682.5	110 205.0	104 503.3	6.8%	12.6%
Liabilities under issue of debt securities	300.3	302.2	300.3	-0.6%	0.0%
Subordinated liabilities	1 076.9	641.9	626.9	67.8%	71.8%
Provisions (note 17)	152.4	164.9	91.9	-7.6%	65.8%
Current income tax liabilities	280.3	53.8	232.9	421.0%	20.4%
Other liabilities	1 502.4	1 896.1	1 941.3	-20.2%	-22.1%
Total liabilities	128 266.7	121 936.3	114 219.1	5.2%	12.3%
Equity					
Share capital	130.1	130.1	130.1	0.0%	0.0%
Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3	0.0%	0.0%
Accumulated other comprehensive income	1 169.7	450.6	493.2	159.6%	137.2%
Retained earnings	11 080.2	10 624.9	10 215.2	4.3%	8.5%
Equity attributable to shareholders of ING Bank Śląski S.A.	13 336.3	12 161.9	11 794.8	9.7%	13.1%
Total equity	13 336.3	12 161.9	11 794.8	9.7%	13.1%
Total equity and liabilities	141 603.0	134 098.2	126 013.9	5.6%	12.4%

• Consolidated statement of changes in equity

4Q 2018 [IFRS 9]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	493.2	10 215.2	0.0	11 794.8
The impact of changes to the accounting principles in connection with the implementation of IFRS 9*	0.0	0.0	1.1	-249.0	0.0	-247.9
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	494.3	9 966.2	0.0	11 546.9
Net result for the current period	-	-	-	1 525.9	-	1 525.9
Other net comprehensive income, including:	0.0	0.0	675.4	4.0	0.0	679.4
financial assets measured at fair value through other comprehensive income - gains/losses on revaluation carried through equity	-	-	18.4	-	-	18.4
financial assets measured at fair value through other comprehensive income - reclassification to profit or loss due to sale	-	-	-31.8	-	-	-31.8
cash flow hedging - gains/losses on revaluation carried through equity	-	-	1 033.1	-	-	1 033.1
cash flow hedging - reclassification to profit or loss	-	-	-339.4	-	-	-339.4
disposal of non-current assets	-	-	-4.0	4.0	-	0.0
actuarial gains/losses	-	-	-0.9	-	-	-0.9
Other changes in equity, including:	0.0	0.0	0.0	-415.9	0.0	-415.9
valuation of share-based payments	-	-	-	0.3	-	0.3
dividends paid	-	-	-	-416.2	-	-416.2
Closing balance of equity	130.1	956.3	1 169.7	11 080.2	0.0	13 336.3

4Q 2017 [IAS 39 - non-transformed data]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Opening balance of equity	130.1	956.3	577.5	8 811.0	2.3	10 477.2
Net result for the current period	-	-	-	1 403.1	0.0	1 403.1
Other net comprehensive income, including:	0.0	0.0	-84.3	0.3	0.0	-84.0
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	192.8	-	-	192.8
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.7	-	-	-31.7
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the loans and receivables portfolio	-	-	-0.2	-	-	-0.2
amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the held-to-maturity financial assets	-	-	-32.1	-	-	-32.1
effective part of cash flow hedging relationship	-	-	-206.0	-	-	-206.0
disposal of non-current assets	-	-	-0.3	0.3	-	0.0
actuarial gains/losses	-	-	-6.8	-	-	-6.8
Transaction with shareholders, including:	0.0	0.0	0.0	0.8	-2.3	-1.5
valuation of share-based payments	-	-	-	1.0	-	1.0
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-2.1	-2.3
dividends paid	-	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	493.2	10 215.2	0.0	11 794.8

• Consolidated cash flow statement

	4Q 2018 YTD	4Q 2017 YTD
	[IFRS 9]	[IAS 39 non-transformed data]
Net profit	1 525.9	1 403.1
Adjustments, including:	-4 751.8	4 175.1
Share in profits and losses of associates accounted for using the equity method	0.3	0.0
Depreciation and amortisation	193.5	182.3
Interest accrued (from the income statement)	-3 759.3	-3 389.4
Interest paid	-891.6	-819.5
Interest received	4 516.9	4 021.3
Dividends received	-6.3	-6.3
Gains (losses) on investing activities	-1.0	-1.0
Income tax (from the income statement)	507.1	478.9
Income tax paid from the income statement	-548.0	-386.9
Change in provisions	43.6	31.6
Change in loans and other receivables to other banks	387.4	-269.4
Change in financial assets held for trading	-396.1	2 629.2
Change in available-for-sale financial assets	n/a	3 070.3
Change in debt instruments measured at fair value through other comprehensive income	-6 363.1	n/a
Change in hedge derivatives	663.9	-603.5
Change in loans and other receivables from customers	-12 297.9	-9 063.6
Change in other assets	-79.7	-65.3
Change in liabilities to other banks	772.3	-977.7
Change in liabilities at fair value through profit or loss	-249.2	122.2
Change in liabilities to customers	13 178.2	8 684.5
Change in other liabilities	-422.8	537.4
Net cash flow from operating activities	-3 225.9	5 578.2
Purchase of property plant and equipment	-132.2	-83.3
Disposal of property plant and equipment	1.0	0.8
Purchase of intangible assets	-98.4	-85.7
Purchase of shares in associates	0.0	-1.3
Disposal of assets held for sale	11.5	8.1
Purchase of equity instruments measured at fair value through other comprehensive income	-1.2	n/a
Purchase of debt instruments measured at amortized cost	-567.6	n/a
Disposal of debt instruments measured at amortized cost	1 055.8	n/a
Purchase of held-to-maturity financial assets	n/a	-3211.3
Interest received from held-to-maturity financial assets	n/a	186.7
Dividends received	6.3	6.3
Net cash flow from investing activities	275.2	-3 179.7
Long-term loans received	1 746.2	1 154.1
Long-term loans repaid	-991.9	-1 096.5
Interest on long-term loans repaid	-21.6	-26.1
Interests from issued debt securities	-7.6	-23.0
Redemption of debt securities	0.0	-565.0
Dividends paid	-416.2	-0.2
Acquisition of own shares	0.0	-2.3
Net cash flow from financing activities	308.9	-559.0
Effect of exchange rate changes on cash and cash equivalents	73.6	-359.1
Net increase/decrease in cash and cash equivalents	-2 641.8	1 839.5
Opening balance of cash and cash equivalents	4 598.2	2 758.7
Closing balance of cash and cash equivalents	1 956.4	4 598.2

• **Additional information**

In the fourth quarter of 2018, the impact of IFRS 9 on the financial statements of the Bank and the consolidated financial statements of the Bank's Capital Group remained unchanged. Information on the impact of the application of IFRS 9 was presented in the consolidated and individual financial statements for the first half of 2018.

In the fourth quarter of 2018, the Group did not introduce changes to the applied accounting principles and the presentation of data, in relation to the changes described in the previously published interim reports for 2018, was not changed.

1. Net interest income

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
	[IFRS 9]		[IAS 39 non-transformed data]	
Interest income, including:	1 230.8	4 673.8	1 111.0	4 237.5
Interest income on assets measured at amortised cost, including:	1 229.5	4 668.5	n/a	n/a
Interest on loans and receivables to other banks measured at amortised cost	8.9	36.4	16.1	56.2
Interest on loans and receivables to customers measured at amortised cost	1 059.9	3 955.7	935.7	3 537.1
Interest on securities measured at amortised cost	60.6	280.6	n/a	n/a
Interest on securities measured at fair value through other comprehensive income	100.1	395.8	n/a	n/a
Interest on financial assets available-for-sale	n/a	n/a	103.8	436.7
Interest on financial assets held-to-maturity	n/a	n/a	55.4	207.5
Other interest income, including:	1.3	5.3	n/a	n/a
Interest on loans and receivables to other banks measured at fair value through profit or loss	1.3	5.3	n/a	n/a
Interest expense, including:	235.7	914.5	215.8	848.1
Interest on deposits from other banks	14.1	58.3	12.2	60.9
Interest on deposits from customers	215.8	835.5	195.7	752.8
Interest on issue of debt securities	1.9	7.6	4.7	21.9
Interest on subordinated liabilities	3.9	13.1	3.2	12.5
Net interest income	995.1	3 759.3	895.2	3 389.4
NIM -net interest margin- cumulative (annualized) *	2.93%		2.88%	
NIM -net interest margin- quarterly **	2.96%		2.98%	

*) NIM -net interest margin - cumulative (annualized) was calculated as the quotient of the total net interest income of 4 consecutive quarters to average interest assets of 5 consecutive quarters.

**) NIM -net interest margin - quarterly was calculated as the quotient of the quarterly net interest income x4 to average interest earning assets of a quarter.

Interest assets used for the calculations include the total of assets under the consolidated statement of financial position less cash in hand and balances with the central bank, non-financial assets, held-for-sale assets, tax assets, and other assets.

2. Net commission income

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
Commission income, including:	372.6	1 460.2	348.9	1 343.1
transaction margin on currency exchange transactions	96.5	363.2	90.6	343.1
account maintenance fees	71.9	286.9	72.0	277.9
lending commissions	73.0	297.5	66.4	263.4
payment and credit cards fees	23.9	116.0	25.2	113.3
participation units distribution fees	20.1	99.6	27.1	101.4
insurance product offering commissions	25.6	91.5	17.8	67.7
factoring and lease agreements commissions	14.6	57.5	13.2	49.1
foreign commercial business	9.3	35.1	8.1	29.7
fiduciary and custodian fees	8.2	29.3	7.0	28.5
brokerage activity fees	5.3	21.4	5.0	24.0
other	24.2	62.2	16.5	45.0
Total commission expenses	41.9	155.3	46.7	147.1
Net commission income	330.7	1 304.9	302.2	1 196.0
Share of the net commission income in Group revenue*	24.3%	24.9%	24.6%	25.1%

*) Net income on core operations is treated as the Group's income.

3. Net income on financial instruments at fair value through profit or loss and FX result

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
FX result and net income on interest rate derivatives, including:	11.3	35.7	16.0	78.9
FX result	-12.3	114.6	56.4	57.9
currency derivatives	23.6	-78.9	-40.4	21.0
Net income on interest rate derivatives	5.0	36.1	2.4	3.4
Net income on debt instruments held for trading	5.1	19.0	4.8	36.5
Result on measurement of loans to customers which are measured at fair value through profit or loss	0.0	0.1	n/a	n/a
Net income on financial instruments at fair value through profit or loss and FX result	21.4	90.9	23.2	118.8

4. Net income on the sale of securities and dividend income / Net income on investments

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
Net income on the sale of securities measured at amortised cost	0.0	1.0	n/a	n/a
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income, including:	3.8	54.3	n/a	n/a
the sale of debt instruments	3.8	48.0	n/a	n/a
dividend income	0.0	6.3	n/a	n/a
Net income on the investments	n/a	n/a	0.0	46.6
the sale of debt instruments	n/a	n/a	0.0	28.0
the sale of equity instruments	n/a	n/a	0.0	12.3
dividend income	n/a	n/a	0.0	6.3

5. General and administrative expenses

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
Personnel expenses	259.0	1 104.7	263.5	1 035.7
Other general and administrative expenses, including:	307.3	1 222.1	265.0	1 100.1
cost of marketing and promotion	31.3	118.1	29.3	106.9
depreciation and amortisation	59.3	193.5	46.8	182.3
Bank Guarantee Fund payments	27.0	165.2	19.0	145.7
others	189.7	745.3	169.9	665.2
Total	566.3	2 326.8	528.5	2 135.8

6. Headcount in the ING Bank Śląski S.A. Group

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
FTEs	8 033.6	8 033.6	7 979.3
Individuals	8 086	8 080	8 032

7. Impairment for expected losses / Impairment losses and provisions for off-balance sheet liabilities

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
	[IFRS 9]		[IAS 39 non-transformed data]	
Corporate banking	10.0	229.9	78.7	260.9
Retail banking	88.5	271.0	33.9	160.3
Total	98.5	500.9	112.6	421.2

8. Effective tax rate

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
Profit (loss) before tax	595.7	2 033.0	500.0	1 882.0
Income tax	143.5	507.1	133.2	478.9
Profit (loss) net	452.2	1 525.9	366.8	1 403.1
Effective tax rate	24.1%	24.9%	26.6%	25.4%

*) The effective tax rate deviated in 2018 above 19% due to the tax on certain financial institutions of PLN 371.7 million (PLN 330.1 million in 2017) and payments to the BFG (contribution to the guarantee fund of banks and contribution to the forced restructuring fund) of PLN 165.2 million (PLN 145.7 million in 2017).

9. Loans and other receivables to other banks

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
	[IFRS 9]	[IFRS 9]	[IAS 39 non-transformed data]
Current accounts	378.4	235.4	331.9
Interbank deposits	5.0	5.0	997.7
Loans and advances	52.6	64.1	451.6
Placed call deposits	340.6	317.3	453.5
Total (gross)	776.6	621.8	2 234.7
Impairment losses, including:			
concerning loans and advances	-0.1	0.0	-0.2
Total (net)	776.5	621.8	2 234.5

10. Financial assets held for trading

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Valuation of derivatives	509.7	528.7	784.8
Other Financial assets held for trading, including:	1 201.9	742.0	530.0
debt securities, including:			
Treasury bonds	1 183.0	715.3	422.6
European Investment Bank bonds	18.9	26.7	46.9
transactions with the buy-back commitment	0.0	0.0	60.5
Total	1 711.6	1 270.7	1 314.8

11. Derivative hedge instruments

	as of 31 Dec 2018		as of 31 Dec 2017	
	Assets	Liabilities	Assets	Liabilities
Instruments hedging the fair value of securities	0.0	191.6	4.1	254.4
Cash flow hedging instruments	909.6	420.2	963.1	444.8
Total	909.6	611.8	967.2	699.2

12. Investment securities / Investment

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
	[IFRS 9]	[IFRS 9]	[IAS 39 non-transformed data]
Measured at fair value through other comprehensive income, including:	20 077.3	16 725.2	n/a
debt instruments, including:			
treasury bonds	19 994.0	16 647.9	n/a
treasury bonds in EUR	17 670.4	14 553.6	n/a
European Investment Bank bonds	903.0	714.9	n/a
Austrian government bonds	985.6	954.4	n/a
Austrian government bonds	435.0	425.0	n/a
equity instruments	83.3	77.3	n/a
Measured at amortised cost, including:	11 860.0	12 098.2	n/a
debt instruments, including:			
treasury bonds	11 860.0	12 098.2	n/a
treasury bonds in EUR	5 936.7	5 901.9	n/a
BGK bonds	3 143.7	3 056.4	n/a
European Investment Bank bonds	512.9	1 540.7	n/a
European Investment Bank bonds	2 266.7	1 599.2	n/a
Available-for-sale, including:	n/a	n/a	17 556.9
debt instruments, including:			
treasury bonds	n/a	n/a	17 551.6
Austrian government bonds	n/a	n/a	16 347.3
European Investment Bank bonds	n/a	n/a	415.0
European Investment Bank bonds	n/a	n/a	789.3
equity instruments	n/a	n/a	5.3
Held to maturity, including:	n/a	n/a	8 350.5
debt instruments, including:			
treasury bonds	n/a	n/a	8 350.5
BGK bonds	n/a	n/a	6 796.3
BGK bonds	n/a	n/a	1 554.2
Total	31 937.3	28 823.4	25 907.4

13. Loans and other receivables to customers

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Measured at amortised cost	102 907.4	98 986.0	91 108.1
Measured at fair value through profit or loss	218.4	237.8	-
Total (net)	103 125.8	99 223.8	91 108.1

Loans and other receivables measured at amortised cost

	as of 31 Dec 2018			as of 31 Sep 2018			as of 31 Dec 2017		
	[IFRS 9]			[IFRS 9]			[IAS 39 non-transformed data]		
	gross	impairment for expected losses	net	gross	impairment for expected losses	net	gross	impairment for expected losses	net
Loans and other receivables measured at amortised cost, including:	105 177.4	-2 270.0	102 907.4	101 189.9	-2 203.9	98 986.0	92 775.6	-1 667.5	91 108.1
Portfolio of loans, including:	104 226.8	-2 270.0	101 956.8	100 398.8	-2 203.9	98 194.9	88 483.8	-1 666.8	86 817.0
Households	48 631.3	-1 105.6	47 525.7	46 785.7	-1 021.7	45 764.0	39 755.4	-695.6	39 059.8
Business entities	52 388.2	-1 164.3	51 223.9	50 952.3	-1 181.8	49 770.5	45 879.9	-970.0	44 909.9
The government and self-government institutions' sector	3 207.3	-0.1	3 207.2	2 660.8	-0.4	2 660.4	2 848.5	-1.2	2 847.3
Total, including:	104 226.8	-2 270.0	101 956.8	100 398.8	-2 203.9	98 194.9	88 483.8	-1 666.8	86 817.0
Corporate banking segment	58 863.5	-1 261.5	57 602.0	56 859.0	-1 275.8	55 583.2	50 974.8	-1 039.0	49 935.8
loans in the current account	10 782.9	-460.1	10 322.8	11 222.6	-423.0	10 799.6	9 230.7	-310.6	8 920.1
term loans and advances	33 243.9	-726.6	32 517.3	31 819.8	-782.2	31 037.6	28 673.8	-650.6	28 023.2
leasing receivables	7 165.0	-46.9	7 118.1	6 782.6	-43.5	6 739.1	5 902.3	-30.9	5 871.4
factoring receivables	4 861.9	-27.4	4 834.5	4 793.3	-26.3	4 767.0	4 619.8	-30.8	4 589.0
corporate and municipal securities	2 809.8	-0.5	2 809.3	2 240.7	-0.8	2 239.9	2 548.2	-16.1	2 532.1
Retail banking segment	45 363.3	-1 008.5	44 354.8	43 539.8	-928.1	42 611.7	37 509.0	-627.8	36 881.2
mortgages	33 371.7	-224.9	33 146.8	31 988.9	-232.4	31 756.5	27 539.8	-170.4	27 369.4
loans in the current account	1 329.2	-105.8	1 223.4	1 376.8	-71.9	1 304.9	1 315.0	-75.2	1 239.8
leasing receivables	979.1	-3.6	975.5	872.9	-3.7	869.2	690.7	-2.0	688.7
other loans and advances	9 683.3	-674.2	9 009.1	9 301.2	-620.1	8 681.1	7 963.5	-380.2	7 583.3
Other receivables, including:	950.6	0.0	950.6	791.1	0.0	791.1	4 291.8	-0.7	4 291.1
Eurobonds (T-bonds)*	n/a	n/a	n/a	n/a	n/a	n/a	3 564.8	-0.7	3 564.1
complex call deposits	733.0	0.0	733.0	612.0	0.0	612.0	540.1	0.0	540.1
receivables under repo transactions	0.0	0.0	0.0	0.0	0.0	0.0	19.8	0.0	19.8
other receivables	217.6	0.0	217.6	179.1	0.0	179.1	167.1	0.0	167.1

*) The eurobonds that until 31 Dec 2017 were classified as 'Loans and other receivables', as of 01 Jan 2018, are presented in item 'Investment securities'.

13.1. Quality of loan portfolio

	as of 31 Dec 2018			as of 31 Sep 2018			as of 31 Dec 2017			
	[IFRS 9]			[IFRS 9]			[IAS 39 non-transformed data]			
	gross	impairment for expected losses	net	gross	impairment for expected losses	net		gross	impairment for expected losses	net
Corporate banking segment	58 863.5	-1 261.5	57 602.0	56 859.0	-1 275.8	55 583.2		50 974.8	-1 039.0	49 935.8
assets in stage 1	51 733.2	-56.0	51 677.2	49 796.8	-61.9	49 734.9	unimpaired portfolio	49 178.0	-78.3	49 099.7
assets in stage 2	5 038.9	-62.8	4 976.1	4 969.9	-66.6	4 903.3				
assets in stage 3	2 091.4	-1 142.7	948.7	2 092.3	-1 147.3	945.0	impaired portfolio	1 796.8	-960.7	836.1
Retail banking segment	45 363.3	-1 008.5	44 354.8	43 539.8	-928.1	42 611.7		37 509.0	-627.8	36 881.2
assets in stage 1	38 633.0	-58.2	38 574.8	37 281.2	-65.2	37 216.0	unimpaired portfolio	36 809.0	-163.8	36 645.2
assets in stage 2	5 916.7	-362.0	5 554.7	5 505.3	-331.4	5 173.9				
assets in stage 3	813.6	-588.3	225.3	753.3	-531.5	221.8	impaired portfolio	700.0	-464.0	236.0
Total	104 226.8	-2 270.0	101 956.8	100 398.8	-2 203.9	98 194.9		88 483.8	-1 666.8	86 817.0

Additionally, the Group identifies POCI financial assets whose fair value as at 01 Jan 2018 and carrying amount as at 30 Dec 2018 are 0. This group covers exposures under impaired receivables purchased in connection with the takeover of Bieszczadzka SKOK in 2017.

	2018				2017	
	[IFRS 9]				[IAS 39 - non-transformed data]	
	Stage 1	Stage 2	Stage 3	Total		
Opening balance of impairment	242.2	0.0	1 424.6	1 666.8	1 467.0	
The impact of changes to the accounting principles in connection with the implementation of IFRS 9	-119.7	350.0	147.8	378.1	-	
Impairment loss at the beginning of the period adjusted for changes to the accounting principles	122.5	350.0	1 572.4	2 044.9	1 467.0	
Changes in the period, including:	-8.4	75.1	158.4	225.1	199.8	
impairments for granted loans during the period	62.8	0.0	0.0	62.8	n/a	
transfer to stage 1	5.1	-60.5	-8.6	-64.0	n/a	
transfer to stage 2	-25.3	237.6	-31.1	181.2	n/a	
transfer to stage 3	-6.5	-50.7	497.6	440.4	n/a	
changed provisioning under expected losses	-44.5	-52.5	-38.5	-135.5	n/a	
derecognition from the balance sheet (write-downs, sale)	0.0	0.0	-294.6	-294.6	n/a	
calculation and write-off of effective interest	0.0	0.0	13.3	13.3	n/a	
establishment and release in the period	n/a	n/a	n/a	n/a	401.1	
write-offs and decreases under sale of debt claims	n/a	n/a	n/a	n/a	-201.3	
other	0.0	1.2	20.3	21.5	0.0	
Closing balance of impairment	114.1	425.1	1 730.8	2 270.0	1 666.8	

14. Liabilities to other banks

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Current accounts	324.0	335.0	257.7
Interbank deposits	876.1	532.9	102.3
Loans received	3 388.2	3 285.8	3 064.9
Repo transactions	0.0	2 172.8	0.0
Received call deposits	592.1	521.2	665.7
Other liabilities	15.4	34.5	18.4
Total	5 195.8	6 882.2	4 109.0

15. Financial liabilities at fair value through profit or loss

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Valuation of derivatives	578.1	646.5	979.2
Other financial liabilities at fair value through profit or loss, including:	886.2	569.7	735.1
book short position in trading securities	886.2	569.7	735.1
Total	1 464.3	1 216.2	1 714.3

16. Liabilities to customers

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Liabilities to customers, including:	117 682.5	110 205.0	104 503.3
Deposits, including:	115 908.0	108 530.5	102 849.1
Households	78 255.5	73 998.9	67 918.6
Business entities	35 735.0	32 719.8	33 156.6
The government and self-government institutions' sector	1 917.5	1 811.8	1 773.9
Total (gross), including:	115 908.0	108 530.5	102 849.1
Corporate banking segment	37 589.9	34 161.1	34 799.5
current deposits	25 478.6	21 993.3	23 605.0
savings deposits	9 969.3	9 274.1	8 553.8
term deposits	2 142.0	2 893.7	2 640.7
Retail banking segment	78 318.1	74 369.4	68 049.6
current deposits	18 051.2	17 080.1	14 792.0
savings deposits	57 948.1	54 848.9	49 935.0
term deposits	2 318.8	2 440.4	3 322.6
Other liabilities, including:	1 774.5	1 674.5	1 654.2
liabilities for cash security	329.5	339.4	274.0
received call deposits	8.6	67.3	1.4
other liabilities	1 436.4	1 267.8	1 378.8

17. Provisions

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
	[IFRS 9]	[IFRS 9]	[IAS 39 non-transformed data]
Provision for off-balance sheet liabilities	78.5	82.9	45.9
Provision for retirement benefits	41.4	39.7	39.0
Provision for issues in dispute	32.5	29.2	7.0
Other provisions	0.0	13.1	0.0
Total	152.4	164.9	91.9

18. Off-balance sheet items

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Off-balance sheet liabilities granted	34 284.1	33 663.8	29 953.3
Off-balance sheet liabilities received	93 219.1	94 482.1	82 850.1
Off-balance sheet financial instruments	532 491.0	525 458.8	500 985.8
Total off-balance sheet items	659 994.2	653 604.7	613 789.2

19. Fair value

Financial assets and liabilities at fair value in statement of financial position

as of 31 Dec 2018

	Level 1	Level 2	Level 3	TOTAL
Financial assets, including:	21 195.9	1 419.3	301.7	22 916.9
Valuation of derivatives	0.0	509.7	0.0	509.7
Other financial assets held for trading, including:	1 201.9	0.0	0.0	1 201.9
debt securities, including:	1 201.9	0.0	0.0	1 201.9
treasury bonds	1 183.0	0.0	0.0	1 183.0
European Investment Bank bonds	18.9	0.0	0.0	18.9
Derivative hedge instruments	0.0	909.6	0.0	909.6
Securities measured at fair value through other comprehensive income, including:	19 994.0	0.0	83.3	20 077.3
debt securities, including:	19 994.0	0.0	0.0	19 994.0
treasury bonds	17 670.4	0.0	0.0	17 670.4
treasury bonds in EUR	903.0	0.0	0.0	903.0
European Investment Bank bonds	985.6	0.0	0.0	985.6
Austrian government bonds	435.0	0.0	0.0	435.0
equity instruments	0.0	0.0	83.3	83.3
Loans and other liabilities measured at fair value through profit or loss	0.0	0.0	218.4	218.4
Financial liabilities, including:	886.2	1 189.9	0.0	2 076.1
Valuation of derivatives	0.0	578.1	0.0	578.1
Other financial liabilities measured at fair value through profit or loss, including:	886.2	0.0	0.0	886.2
book short position in trading securities	886.2	0.0	0.0	886.2
Derivative hedge instruments	0.0	611.8	0.0	611.8

as of 31 Dec 2017

	Level 1	Level 2	Level 3	TOTAL
Financial assets, including:	18 021.1	1 812.5	5.3	19 838.9
Valuation of derivatives	0.0	784.8	0.0	784.8
Other financial assets held for trading, including:	469.5	60.5	0.0	530.0
debt securities, including:	469.5	0.0	0.0	469.5
treasury bonds	422.6	0.0	0.0	422.6
European Investment Bank bonds	46.9	0.0	0.0	46.9
repo transactions	0.0	60.5	0.0	60.5
Derivative hedge instruments	0.0	967.2	0.0	967.2
Financial assets available-for sale, including:	17 551.6	0.0	5.3	17 556.9
debt securities, including:	17 551.6	0.0	0.0	17 551.6
treasury bonds	16 347.3	0.0	0.0	16 347.3
Austrian government bonds	415.0	0.0	0.0	415.0
European Investment Bank bonds	789.3	0.0	0.0	789.3
equity instruments	0.0	0.0	5.3	5.3
Financial liabilities, including:	735.1	1 678.4	0.0	2 413.5
Valuation of derivatives	0.0	979.2	0.0	979.2
Other financial liabilities measured at fair value through profit or loss, including:	735.1	0.0	0.0	735.1
book short position in trading securities	735.1	0.0	0.0	735.1
Derivative hedge instruments	0.0	699.2	0.0	699.2

Financial assets and liabilities not carried at fair value in statement of financial position

as of 31 Dec 2018

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	1 237.4	-	1 237.4	-	1 237.4
Loans and receivables to other banks	776.5	-	776.5	-	776.5
Investments securities measured at amortised cost	11 860.0	-	11 976.0	-	11 976.0
Loans and receivables to customers measured at amortised cost	102 907.4	-	-	102 974.1	102 974.1
Investments in associates	1.0	-	-	1.0	1.0
Other assets	360.1	-	-	360.1	360.1
Liabilities					
Liabilities due to other banks	5 195.8	-	5 195.8	-	5 195.8
Liabilities due to customers	117 682.5	-	-	117 685.6	117 685.6
Liabilities under issue of debt securities	300.3	-	300.7	-	300.7
Subordinated liabilities	1 076.9	-	-	1 118.3	1 118.3

as of 31 Dec 2017

	Carrying amount	Fair value			TOTAL
		Level 1	Level 2	Level 3	
Assets					
Cash in hand and balances with the Central Bank	2 815.2	-	2 815.2	-	2 815.2
Loans and receivables to other banks	2 234.5	-	2 234.5	-	2 234.5
Financial assets held to maturity	8 350.5	8 339.6	-	-	8 339.6
Loans and receivables to customers	91 108.1	-	3 570.4	87 209.8	90 780.2
Investments in associates	1.3	-	-	1.3	1.3
Other assets					
Liabilities					
Liabilities due to other banks	104 503.3	-	-	104 506.9	104 506.9
Liabilities due to customers	300.3	-	301.1	-	301.1
Liabilities under issue of debt securities	626.9	-	-	626.9	626.9
Subordinated liabilities	2 815.2	-	2 815.2	-	2 815.2

20. Transactions with related entities

Transactions between related entities (PLN million)

	ING Bank NV	other ING Group entities	associated entities	ING Bank NV	other ING Group entities
	as of 31 Dec 2018			as of 31 Dec 2017	
Receivables					
Nostro accounts	1.9	37.6	-	907.0	1.0
Loans	34.8	44.0	-	51.0	57.1
Positive valuation of derivatives	48.5	48.3	-	181.2	76.7
Other receivables	5.4	2.4	-	11.4	2.0
Liabilities					
Deposits received	48.7	33.1	4.3	11.9	20.4
Loans received	3 135.4	-	-	2 726.5	-
Subordinated loan	1 076.9	-	-	626.9	-
Loro accounts	21.4	23.9	-	11.7	55.8
Negative valuation of derivatives	45.0	45.8	-	185.8	71.8
Other liabilities	64.7	1.5	-	62.8	1.4
Off-balance-sheet operations					
Off-balance sheet liabilities granted	535.1	538.3	-	486.0	281.2
Off-balance sheet liabilities received	1 184.3	483.9	-	1 448.8	246.9
FX transactions	7 210.2	140.9	-	10 110.3	40.7
Forward transactions	116.1	-	-	535.1	-
IRS	2 768.7	2 575.8	-	3 151.1	2 410.3
Options	1 732.8	37.6	-	3 591.8	43.4
Income and expenses					
	2018 YTD the period from 01 Jan 2018 to 31 Dec 2018			2017 YTD the period from 01 Jan 2017 to 31 Dec 2017	
Income, including:	70.3	0.6	-0.1	44.8	8.7
interest and commission income/expenses	26.3	1.1	-0.1	-23.7	6.3
income on financial instruments	41.2	-7.3	-	55.9	0.9
income on investments	0.0	0.0	-	11.9	-
net income on other basic activities	2.8	6.8	-	0.7	1.5
General and administrative expenses	67.0	6.7	-	67.0	6.0
Outlays for non-current assets					
Outlays for property, plant and equipment	-	-	-	-	-
Outlays for intangible assets	-	6.1	-	-	0.1

21. Total capital ratio

	as of 31 Dec 2018	as of 30 Sep 2018	as of 31 Dec 2017
Own funds			
A. Own equity in the statement of financial position, including:	13 336.3	12 161.9	11 794.8
A.I. Own equity included in the own funds calculation	11 710.3	11 450.2	10 843.4
A.II. Own equity excluded from own funds calculation	1 626.0	711.7	951.4
B. Other elements of own funds (decreases and increases), including:	236.2	291.4	67.8
subordinated debt	645.0	640.7	625.6
goodwill and other intangible assets	-435.0	-424.0	-422.8
AIRB shortfall/surplus of credit risk adjustments to expected losses	-185.5	-126.2	-134.9
adjustment in the transitional period due to adaptation to IFRS 9 requirements	215.0	201.4	n/a
value adjustments due to the requirements for prudent valuation	-3.3	-0.5	-0.1
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	11 946.5	11 741.6	10 911.2
Core Tier I capital	11 301.5	11 100.9	10 299.1
Tier II capital	645.0	640.7	612.1
Risk weighted assets	76 604.5	77 057.6	65 287.3
for credit risk	67 135.7	67 929.2	56 910.0
for operational risk	7 836.0	7 836.0	7 089.6
other	1 632.8	1 292.4	1 287.7
Total capital requirements	6 128.3	6 164.6	5 222.9
Total capital ratio (TCR)	15.60%	15.24%	16.71%
Minimum required level	13.342%	13.339%	13.75%
Surplus TCR ratio (p.p)	2.26	1.90	2.96
Tier I ratio (T1)	14.75%	14.41%	15.78%
Minimum required level	11.342%	11.339%	10.75%
Surplus T1 ratio (p.p)	3.41	3.07	5.03

22. Financial result divided into operating segments

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
Retail banking segment				
Income total	772.2	2 979.6	687.2	2 678.6
net interest income	623.1	2 383.8	564.6	2 133.3
net commission income	107.6	455.1	103.2	426.9
other income/expenses	41.5	140.7	19.4	118.4
Expenses total	337.5	1 385.2	302.4	1 272.7
Segment result	434.7	1 594.4	384.8	1 405.9
Impairment for expected losses	88.5	271.0	33.9	160.3
Tax on certain financial institutions	41.7	154.9	33.7	126.5
Share in net profits (losses) of associated companies valued using the equity method	0.0	0.0	0.0	0.0
The gross financial result of the retail banking segment	304.5	1 168.5	317.2	1 119.1
Corporate banking segment				
Income total	587.3	2 253.1	540.0	2 090.5
net interest income	371.7	1 375.5	330.5	1 256.1
net commission income	223.1	849.8	199.0	769.1
other income/expenses	-7.5	27.8	10.5	65.3
Expenses total	228.8	941.6	226.1	863.1
Segment result	358.5	1 311.5	313.9	1 227.4
Impairment for expected losses	10.0	229.9	78.7	260.9
Tax on certain financial institutions	57.2	216.8	52.4	203.6
Share in net profits (losses) of associated companies valued using the equity method	-0.1	-0.3	0.0	0.0
The gross financial result of the corporate banking segment	291.2	864,5	182.8	762.9

- Selected numerical information about credit risk

Credit exposure portfolio

as of 31. Dec 2018

	on-balance*	off-balance
Credit exposure to corporate clients, including:	58 863.5	28 430.9
credit exposure in stage 1	51 733.2	27 768.1
credit exposure in stage 2	5 038.9	628.5
credit exposure in stage 3	2 091.4	34.3
Credit exposure to retail clients, including:	45 363.3	4 308.4
credit exposure in stage 1	38 633.0	3 946.7
credit exposure in stage 2	5 916.7	358.9
credit exposure in stage 3	813.6	2.8
Total credit exposure (gross)	104 226.8	32 739.3
impairment for expected losses	-2 270.0	0.0
Total credit exposure (net)	101 956.8	32 739.3

*) The on-balance exposures taken for analysis include the outstanding principal, the interest accrued and adjustments under the effective interest rate method.

as of 31 Dec 2017

	on-balance	off-balance
Gross credit exposure to corporate clients, including, including:	50 974.8	24 926.9
exposures with no impairment triggers	48 673.6	24 809.5
exposures with impairment triggers but with no actual impairment declared	504.4	85.2
impaired exposures, including:	1 796.8	32.2
- exposures measured individually	1 432.7	29.3
- exposures measured as per portfolio	364.1	2.9
Gross credit exposure to retail clients, including:	37 509.0	3 939.8
exposures with no impairment triggers	36 809.0	3 937.0
impaired exposures	700.0	2.8
Total credit exposure	88 483.8	28 866.7

Concentration of exposures to corporate clients in national economy sectors

industry	exposure (on-balance and off-balance)			
	as of 31 Dec 2018		as of 31 Dec 2017	
	exposure in PLN million	share in total exposure (%)	exposure in PLN million	share in total exposure (%)
wholesale trade	12 008.1	13.8%	11 376.4	15.0%
real estate service	8 175.4	9.4%	7 063.8	9.3%
financial intermediation	5 363.8	6.1%	3 718.6	4.9%
foodstuff and beverage production	4 473.5	5.1%	4 018.9	5.3%
constructions industry	4 320.0	4.9%	3 926.1	5.2%
retail trade	4 217.8	4.8%	3 876.5	5.1%
ready-made metal goods productions	3 785.8	4.3%	2 624.8	3.5%
power industry	3 723.8	4.3%	3 799.9	5.0%
public administration and national defence	3 604.5	4.1%	3 038.5	4.0%
remaining business activities interests	3 537.9	4.1%	2 442.2	3.2%
rubber industry	2 911.6	3.3%	2 254.3	3.0%
land and pipeline transportation	2 666.5	3.1%	2 335.5	3.1%
equipment rent	2 290.8	2.6%	1 754.0	2.3%
wood and paper industry	2 194.6	2.5%	1 835.4	2.4%
post and telecommunications	1 834.9	2.1%	1 325.3	1.7%
remaining non-metal raw materials industries	1 757.0	2.0%	1 759.8	2.3%
sale, repair and service of motor vehicles	1 750.0	2.0%	1 263.9	1.7%
agriculture, forestry, fishery	1 717.6	2.0%	1 809.7	2.4%
machine industry	1 530.3	1.8%	1 312.4	1.7%
other	15 430.5	17.7%	14 365.7	18.9%
Total	87 294.4	100.0%	75 901.7	100.0%

Group's greatest exposures

Client	exposure in PLN million	
	as of 31 Dec 2018	as of 31 Dec 2017
	Group 1	1 797.1
Group 2 (banking)	1 413.0	1 212.5
Group 3 (banking)	1 227.0	1 842.5
Group 4	1 049.0	681.0
Group 5	913.6	1 095.8
Group 6	904.5	878.4
Group 7	874.9	510.6
Group 8	861.9	863.5
Group 9	858.6	725.0
Group 10	792.6	504.3
Group 11	786.0	719.6
Group 12	779.8	757.1
Group 13	705.3	665.0
Group 14	622.3	1 124.6
Group 15	602.3	302.2
Group 16	584.7	348.5
Group 17	550.2	301.9
Group 18	521.1	-
Group 19	503.9	403.5
Group 20	493.1	467.8

Regulatory Capital Requirements

	RWA amounts				Minimum capital requirements			
	as of 31 Dec 2018	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Mar 2018	as of 31 Dec 2018	as of 30 Sep 2018	as of 30 Jun 2018	as of 31 Mar 2018
Credit risk (excluding CCR)	65 647.1	66 538.8	62 786.9	57 922.9	5 251.8	5 323.1	5 023.0	4 633.8
of which: the standardised approach (SA)	33 295.9	32 965.3	30 549.0	29 865.3	2 663.7	2 637.2	2 443.9	2 389.2
of which: the advanced IRB (AIRB) approach	31 949.5	33 179.9	31 847.4	27 651.3	2 556.0	2 654.4	2 547.8	2 212.1
of which: equity IRB under the simple risk-weighted approach or the IMA	401.7	393.6	390.5	406.3	32.1	31.5	31.2	32.5
CCR	534.7	497.5	571.1	630.7	42.7	39.8	45.7	50.5
of which mark to market	275.4	254.9	304.8	301.2	22.0	20.4	24.4	24.1
of which risk exposure amount for contributions to the default fund of a CCP	201.8	175.2	201.5	191.5	16.1	14.0	16.1	15.3
of which CVA	57.5	67.4	64.8	138.0	4.6	5.4	5.2	11.0
Market risk	1 632.8	1 292.4	1 574.8	1 374.4	130.6	103.4	126.0	110.0
Of which the standardised approach	1 632.8	1 292.4	1 574.8	1 374.4	130.6	103.4	126.0	110.0
Operational risk	7 836.0	7 836.0	7 836.0	7 836.0	626.9	626.9	626.9	626.9
of which basic indicator approach	7 836.0	7 836.0	7 836.0	7 836.0	626.9	626.9	626.9	626.9
Amounts below the thresholds for deduction (subject to 250% risk weight)	953.9	892.9	841.5	679.3	76.3	71.4	67.3	54.3
Total	76 604.5	77 057.6	73 610.3	68 443.3	6 128.3	6 164.6	5 888.8	5 475.5

Exposures by class according to the AIRB and SA methods

- The advanced AIRB approach

	PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Institutions	0.00 to <0.15	3 427.8	1 939.4	0.4	4 192.4	0.0	1 555.0	0.3	2.2	573.8	0.1	1.4	-0.2
	0.15 to <0.25	218.5	155.9	0.1	236.3	0.0	283.0	0.2	1.4	82.2	0.3	0.2	0.0
	0.25 to <0.50	1 595.5	301.1	0.6	1 767.9	0.0	245.0	0.3	2.0	614.3	0.3	2.2	-0.4
	0.50 to <0.75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.75 to <2.50	41.0	186.0	0.2	80.4	0.0	93.0	0.0	1.2	107.9	1.3	0.7	-0.1
	2.50 to <10.00	933.7	5.0	0.1	934.2	0.1	31.0	0.4	0.0	66.1	0.1	0.0	0.0
	10.00 to <100.00	25.4	1.0	0.9	26.3	0.2	151.0	0.0	0.3	55.1	2.1	1.6	-0.1
	100.00 (Default)	0.0	22.5	0.0	0.0	1.0	68.0	0.4	1.0	0.1	0.0	0.0	0.0
Subtotal	6 241.9	2 610.9	0.4	7 237.5	0.0	2 426.0	0.3	1.9	1 499.5	0.2	6.1	-0.8	
Corporates Specialised Lending	0.00 to <0.15	1 146.4	26.6	1.0	1 173.0	0.0	71.0	0.3	4.1	322.1	0.3	0.4	-0.2
	0.15 to <0.25	496.7	5.8	1.0	502.5	0.0	159.0	0.1	3.1	86.7	0.2	0.1	-0.1
	0.25 to <0.50	3 852.8	77.3	0.9	3 925.6	0.0	741.0	0.1	2.9	904.1	0.2	2.1	-1.6
	0.50 to <0.75	3.7	0.0	0.0	3.7	0.0	2.0	0.0	1.0	0.0	0.0	0.0	0.0
	0.75 to <2.50	1 856.6	263.7	0.9	2 092.9	0.0	634.0	0.2	3.2	1 115.1	0.5	5.0	-2.1
	2.50 to <10.00	179.0	0.1	1.0	179.0	0.0	18.0	0.2	1.9	109.4	0.6	1.6	-1.6
	10.00 to <100.00	52.4	1.3	0.5	53.2	0.2	62.0	0.1	1.6	39.7	0.7	1.8	-0.5
	100.00 (Default)	350.8	0.5	0.0	350.8	1.0	24.0	0.4	2.2	145.8	0.4	141.2	-140.8
Subtotal	7 938.4	375.3	0.9	8 280.7	0.0	1 711.0	0.2	3.1	2 722.9	0.3	152.2	-146.9	
Corporates SME	0.00 to <0.15	98.6	24.1	0.2	103.4	0.0	777.0	0.3	1.0	10.7	0.1	0.0	0.0
	0.15 to <0.25	804.3	424.3	0.8	1 163.3	0.0	3 325.0	0.3	2.7	274.2	0.2	0.6	-0.2
	0.25 to <0.50	1 650.4	585.1	0.9	2 168.0	0.0	7 435.0	0.3	2.6	638.9	0.3	2.2	-0.8
	0.50 to <0.75	2 745.5	652.6	0.8	3 286.4	0.0	11 556.0	0.3	2.4	1 269.2	0.4	5.6	-2.2
	0.75 to <2.50	5 662.5	981.3	0.8	6 426.8	0.0	24 175.0	0.3	2.2	3 074.6	0.5	28.2	-10.7
	2.50 to <10.00	2 755.9	510.1	0.8	3 158.0	0.1	14 304.0	0.3	2.0	1 947.9	0.6	40.5	-21.6
	10.00 to <100.00	388.1	32.9	0.7	411.5	0.2	4 609.0	0.2	2.0	352.9	0.9	20.8	-11.2
	100.00 (Default)	623.8	2 199.6	0.0	635.5	1.0	9 925.0	0.4	1.9	422.1	0.7	304.0	-292.1
Subtotal	14 729.1	5 410.0	0.5	17 352.9	0.1	76 106.0	0.3	2.3	7 990.5	0.5	401.9	-338.8	
Corporates Other	0.00 to <0.15	3 859.9	2 883.4	0.4	5 072.8	0.0	531.0	0.3	1.9	1 096.1	0.2	1.8	-0.9
	0.15 to <0.25	2 237.2	2 070.6	0.5	3 239.4	0.0	2 516.0	0.3	2.1	986.8	0.3	1.9	-0.8
	0.25 to <0.50	4 096.0	3 111.8	0.4	5 404.1	0.0	4 629.0	0.3	2.5	2 346.9	0.4	6.0	-3.3
	0.50 to <0.75	2 710.2	421.6	0.9	3 071.8	0.0	5 572.0	0.3	2.5	1 744.0	0.6	5.8	-6.8
	0.75 to <2.50	9 097.4	4 091.5	0.6	11 410.3	0.0	14 382.0	0.3	2.3	8 208.6	0.7	48.5	-28.3
	2.50 to <10.00	2 505.6	577.2	0.7	2 891.2	0.1	7 022.0	0.3	2.3	2 600.4	0.9	38.5	-24.7
	10.00 to <100.00	899.7	329.9	0.3	1 016.0	0.2	30 467.0	0.3	2.1	1 377.9	1.4	47.7	-23.7
	100.00 (Default)	1 133.1	3 709.2	0.0	1 192.2	1.0	7 980.0	0.5	1.4	1 651.4	1.4	693.5	-643.5
Subtotal	26 539.1	17 195.2	0.4	33 297.8	0.1	73 099.0	0.3	2.2	20 012.1	0.6	843.7	-732.0	
Total (all portfolios)	55 448.5	25 591.4	0.4	66 168.9	0.0	153 342.0	0.3	2.3	32 225.0	0.5	1 403.9	-1 218.5	

- **The standardised approach (SA)**

Exposure classes	Risk weight									Total
	0%	4%	20%	35%	75%	100%	150%	250%	Others	
Central governments or central banks	24 219.8	4 506.8	0.0	0.0	0.0	0.0	0.0	381.6	0.0	29 108.2
Regional government or local authorities	0.0	0.0	3 466.9	0.0	0.0	0.0	0.0	0.0	0.0	3 466.9
Multilateral development banks	2 371.8	881.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3 253.1
Corporates	0.0	0.0	0.0	0.0	0.0	5 038.7	3.3	0.0	0.0	5 042.0
Retail	0.0	0.0	0.0	0.0	20 793.8	0.0	0.0	0.0	0.0	20 793.8
Secured by mortgages on immovable property	0.0	0.0	0.0	23 235.8	0.7	214.6	969.4	0.0	0.0	24 420.5
Exposures in default	0.0	0.0	0.0	0.0	0.0	386.5	32.3	0.0	0.0	418.8
Other items	1 117.6	0.0	0.0	0.0	0.0	1 317.6	0.0	0.0	34.4	2 469.6
Total	27 709.2	5 388.1	3 466.9	23 235.8	20 794.5	6 957.4	1 005.0	381.6	34.4	88 972.9

Income statement of ING Bank Śląski S.A.

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
	[IFRS 9]		[IAS 39 non-transformed data]	
Interest income, including:	1 198.6	4 526.8	1 073.0	4 089.9
Interest income on assets measured at amortised cost	1 197.3	4 521.5	n/a	n/a
Other interest income	1.3	5.3	n/a	n/a
Interest expenses	234.2	907.7	213.2	835.6
Net interest income	964.4	3 619.1	859.8	3 254.3
Commission income	352.8	1 393.5	335.4	1 290.2
Commission expenses	43.8	156.9	45.8	144.3
Net commission income	309.0	1 236.6	289.6	1 145.9
Net income on financial instruments at fair value through profit or loss and FX result	21.1	90.6	23.7	119.0
Net income on the sale of securities measured at amortised cost	0.0	1.0	n/a	n/a
Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	3.8	54.3	n/a	n/a
Net income on investments	n/a	n/a	0.1	54.0
Net income on hedge accounting	4.4	7.9	3.7	15.3
Net income on other basic activities	1.1	4.1	0.5	-5.8
Net income on basic activities	1 303.8	5 013.6	1 177.4	4 582.7
General and administrative expenses	528.6	2 212.9	504.5	2 048.6
Impairment for expected losses, including:	87.2	476.6	n/a	n/a
result on the sale of receivables	0.0	26.7	n/a	n/a
Impairment losses and provisions for off-balance sheet liabilities	n/a	n/a	97.1	399.6
Tax on certain financial institutions	98.9	371.7	86.2	330.1
Share in net profits of associates accounted for using the equity method	3.2	59.3	5.5	54.6
Gross profit	592.3	2 011.7	495.1	1 859.0
Income tax	140.1	485.8	128.3	455.9
Net profit (loss)	452.2	1 525.9	366.8	1 403.1

• Statement of comprehensive income of ING Bank Śląski S.A.

	IV quarter 2018	4Q 2018 YTD	IV quarter 2017	4Q 2017 YTD
	[IFRS 9]		[IAS 39 non-transformed data]	
Net profit for the period	452.2	1 525.9	366.8	1 403.1
Total other comprehensive income, including:	722.1	679.4	-58.3	-84.0
Items which can be reclassified to income statement:	717.4	674.0	-51.5	-77.2
debt instruments measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-3.4	12.1	n/a	n/a
debt instruments measured at fair value through other comprehensive income - reclassification to the financial result in connection with the sale	-3.1	-31.8	n/a	n/a
gains/losses on revaluation of available-for-sale financial assets carried through equity	n/a	n/a	53.4	192.8
reclassification to the financial result due to sale of available-for-sale financial assets	n/a	n/a	0.1	-31.7
cash flow hedging - revaluation gains / losses on equity	817.7	1 033.1	n/a	n/a
cash flow hedging – reclassification to profit or loss	-93.8	-339.4	n/a	n/a
effective part of cash flow hedging relationship	n/a	n/a	-96.8	-206.0
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	n/a	n/a	-0.2	-0.2
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	n/a	n/a	-8.0	-32.1
Items which will not be reclassified to income statement:	4.7	5.4	-6.8	-6.8
equity financial instruments measured at fair value through other comprehensive income - revaluation gains / losses on equity	5.6	6.3	n/a	n/a
actuarial gains / losses	-0.9	-0.9	-6.8	-6.8
Net comprehensive income for the reporting period	1 174.3	2 205.3	308.5	1 319.1

• **Statement of financial position of ING Bank Śląski S.A.**

	as of 31 Dec 2018 [IFRS 9]	as of 30 Sep 2018	as of 31 Dec 2017 [IAS 39 non- transformed data]
Assets			
Cash in hand and balances with the Central Bank	1 237.4	1 529.8	2 815.1
Loans and other receivables to other banks	776.5	621.8	2 234.5
Financial assets held for trading	1 711.6	1 270.7	1 314.8
Derivative hedge instruments	909.6	836.5	967.2
Investment securities	31 937.3	28 823.4	n/a
Investments	n/a	n/a	25 907.4
Loans and other receivables to customers	99 125.8	95 410.0	87 358.7
Investments in associates measured at equity method	634.6	631.6	474.3
Property, plant and equipment	550.4	533.3	542.8
Intangible assets	425.0	415.6	418.5
Assets held for sale	10.9	16.2	11.1
Deferred tax assets	209.0	192.2	130.9
Other assets	196.8	193.7	163.7
Total assets	137 724.9	130 474.8	122 339.0
Liabilities			
Liabilities to other banks	1 807.7	3 596.4	1 044.6
Financial liabilities at fair value through profit or loss	1 464.3	1 216.2	1 714.3
Derivative hedge instruments	611.8	574.0	699.2
Liabilities to customers	117 293.8	109 952.1	104 075.8
Liabilities under issue of debt securities	300.3	302.2	300.3
Subordinated liabilities	1 076.9	641.9	626.9
Provisions	149.5	162.6	89.9
Current income tax liabilities	264.5	50.2	220.2
Other liabilities	1 419.8	1 817.3	1 773.0
Total liabilities	124 388.6	118 312.9	110 544.2
Equity			
Share capital	130.1	130.1	130.1
Supplementary capital - issuance of shares over nominal value	956.3	956.3	956.3
Accumulated other comprehensive income	1 169.7	450.6	493.2
Retained earnings	11 080.2	10 624.9	10 215.2
Total equity	13 336.3	12 161.9	11 794.8
Total equity and liabilities	137 724.9	130 474.8	122 339.0

• Statement of changes in equity of ING Bank Śląski S.A.

4Q 2018 [MSSF 9]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	493.2	10 215.2	11 794.8
effect of changes in accounting policy from the implementation of IFRS 9	0.0	0.0	1.1	-249.0	-247.9
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	494.3	9 966.2	11 546.9
Net result for the current period	-	-	-	1 525.9	1 525.9
Other net comprehensive income. including:	0.0	0.0	675.4	4.0	679.4
financial assets measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity	-	-	18.4	-	18.4
financial assets measured at fair value through other comprehensive income – reclassification to profit or loss due to sale	-	-	-31.8	-	-31.8
cash flow hedging – gains/losses on revaluation carried through equity	-	-	1 033.1	-	1 033.1
cash flow hedging – reclassification to profit or loss	-	-	-339.4	-	-339.4
disposal of non-current assets	-	-	-4.0	4.0	0.0
actuarial gains/losses	-	-	-0.9	-	-0.9
Other changes in equity. including:	0.0	0.0	0.0	-415.9	-415.9
valuation of share-based payments	-	-	-	0.3	0.3
dividend paid	-	-	-	-416.2	-416.2
Closing balance of equity	130.1	956.3	1 169.7	11 080.2	13 336.3

4Q 2017 [MSR 39 – non-transformed data]

	Share capital	Supplementary capital - issuance of shares over nominal value	Cumulative other comprehensive income	Retained earnings	Total equity
Opening balance of equity	130.1	956.3	576.8	8 631.7	10 294.9
effect of changes in accounting policy from the implementation the equity method for valuation controlled entities	-	-	0.6	179.4	180.0
Opening balance of equity adjusted for changes to the accounting principles	130.1	956.3	577.4	8 811.1	10 474.9
Net result for the current period	-	-	-	1 403.1	1 403.1
Other net comprehensive income. including:	0.0	0.0	-84.2	0.2	-84.0
gains/losses on revaluation of available-for-sale financial assets carried through equity	-	-	192.9	-	192.9
reclassification to the financial result due to sale of available-for-sale financial assets	-	-	-31.7	-	-31.7
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of loans and receivables	-	-	-0.2	-	-0.2
settlement of the valuation of securities reclassified from the portfolio available for sale to the portfolio of financial assets held to maturity	-	-	-32.1	-	-32.1
effective part of cash flow hedging relationship	-	-	-206.0	-	-206.0
disposal of non-current assets	-	-	-0.3	0.2	-0.1
actuarial gains/losses	-	-	-6.8	-	-6.8
Other changes in equity. including:	0.0	0.0	0.0	0.8	0.8
valuation of share-based payments	-	-	-	1.0	1.0
settlement of the purchase of shares in subsidiary	-	-	-	-0.2	-0.2
Closing balance of equity	130.1	956.3	493.2	10 215.2	11 794.8

• **Cash flow statement of ING Bank Śląski S.A.**

	4Q 2018 YTD	4Q 2017 YTD
	[IFRS 9]	[IAS 39 non- transformed data]
Net profit	1 525.9	1 403.1
Adjustments, including:	-4 337.3	4 194.9
Share in gains or losses of controlled entities recognised on an equity basis	-59.3	-54.6
Depreciation and amortisation	190.0	181.3
Interest accrued (from the income statement)	-3 619.1	-3 254.3
Interest paid	-884.5	-806.8
Interest received	4 370.6	3 878.2
Dividends received	-6.3	-14.1
Gains (losses) on investing activities	-0.8	-0.9
Income tax (from the income statement)	485.8	455.9
Income tax paid from the income statement	-467.8	-332.0
Change in provisions	42.7	30.9
Change in loans and other receivables to other banks	387.4	-269.3
Change in financial assets held for trading	-396.1	2 629.2
Change in available-for-sale financial assets	n/a	3 070.4
Change in debt instruments measured at fair value through other comprehensive income	-6 363.1	n/a
Change in hedge derivatives	663.9	-603.5
Change in loans and other receivables to customers	-12 039.0	-9 260.2
Change in other assets	-33.3	31.2
Change in liabilities to other banks	761.0	-975.3
Change in liabilities at fair value through profit or loss	-249.2	122.2
Change in liabilities to customers	13 216.9	8 914.0
Change in other liabilities	-337.1	452.6
Net cash flow from operating activities	-2 811.4	5 598.0
Purchase of property plant and equipment	-131.5	-82.0
Disposal of property plant and equipment	0.7	0.7
Purchase of intangible assets	-80.7	-73.1
Purchase of shares in controlled entities	-120.0	-1.3
Disposal of assets held for sale	11.5	8.1
Purchase of equity instruments measured at fair value through other comprehensive income	-1.2	n/a
Purchase of equity instruments measured at amortized cost	-567.6	n/a
Disposal of instruments measured at amortised cost	1 055.8	n/a
Purchase of held-to-maturity financial assets	n/a	-3 211.3
Interest received from held-to-maturity financial assets	n/a	186.7
Dividends received	6.3	14.1
Net cash flow from investing activities	173.3	-3 158.1
Long-term loans received	432.6	0.0
Payment of interest on long-term loans	-12.5	-12.4
Interest on issued debt securities	-7.6	-23.0
Redemption of debt securities	0.0	-565.0
Dividends paid	-416.2	0.0
Net cash flow from financing activities	-3.7	-600.4
Effect of exchange rate changes on cash and cash equivalents	73.6	-359.1
Net increase/decrease in cash and cash equivalents	-2 641.8	1839.5
Opening balance of cash and cash equivalents	4 598.2	2 758.7
Closing balance of cash and cash equivalents	1 956.4	4 598.2