

# ING Bank Śląski S.A.

Business and Financial Results  
for Q1 2019

Warsaw, 8 May 2019

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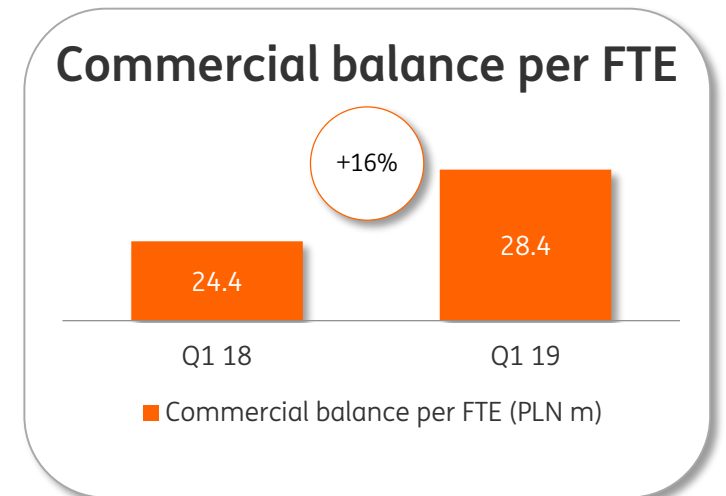
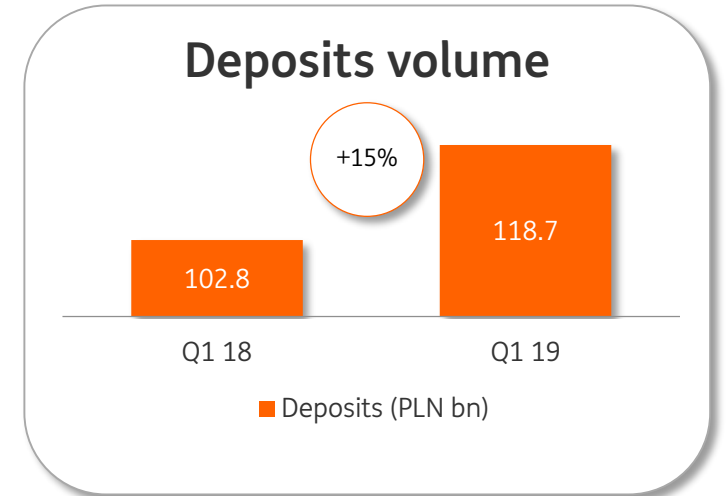
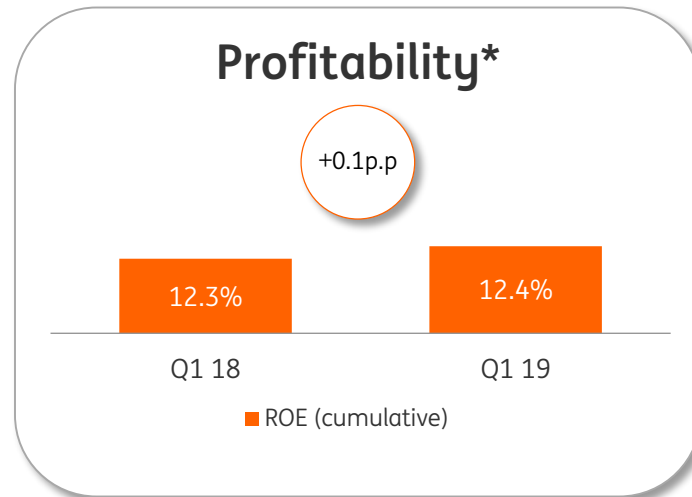
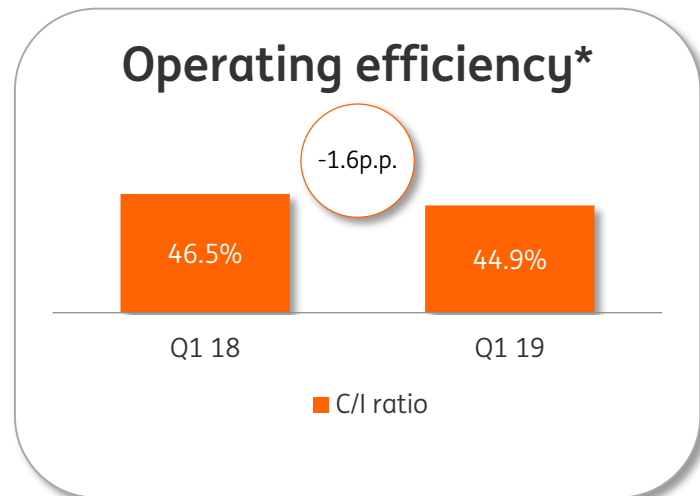
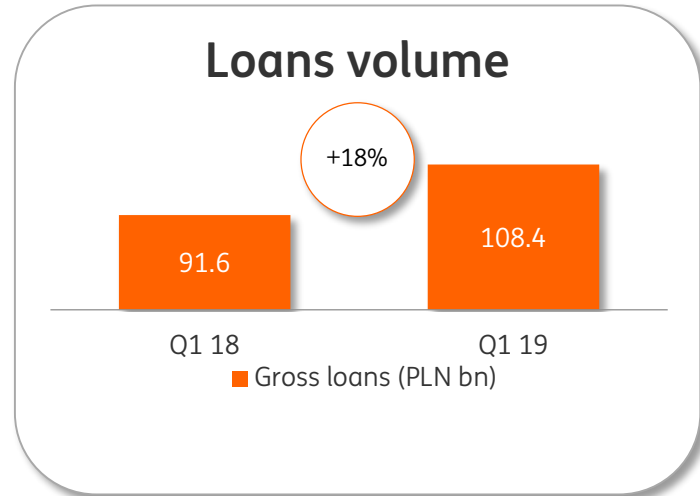
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# Introduction to financial results and the Bank's market position



# Q1 2019 – Eco is business supportive



# Elements shaping income statement

<b>Income</b>	<b>Total income</b> Q1 2019: +10% y/y	<b>NIM 2.94%</b> Q1 2018: 2.91%	<b>Net fees and commissions income</b> Q1 2019: +3% y/y
<b>Operating costs and risk costs</b>	<b>Total costs</b> Q1 2019: +15% y/y	<b>Adjusted* cost/income ratio 44.9%</b> Q1 2018: 46.5%	<b>Risk costs at 53bps</b> Q1 2018: 51bps
<b>Asset quality, profitability and capital position</b>	<b>Asset quality</b> share of loans in Stage 3 at 2.8% in Q1 2019 and 3.0% in Q1 2018	<b>Adjusted* ROE 12.4%</b> Q1 2018: 12.3%	<b>Capital position</b> Tier 1 – 14.49%; TCR – 15.82%

We have been awarded the title of "Institution of the Year 2018" seven times



We are among the best employers in Poland



We are the "Service Quality Star 2019"



# Selected financial data

<i>PLN million</i>	Q1 2018	Q4 2018	Q1 2019	Change q/q	Change y/y
Total income	1,256.9	1,359.4	1,386.3	+ 2%	+ 10%
Total expenses	628.3	566.3	721.1	+ 27%	+ 15%
Result before risk costs	628.6	793.1	665.2	- 16%	+ 6%
Risk costs	94.8	98.5	125.0	+ 27%	+ 32%
Bank levy	87.5	98.9	101.3	+ 2%	+ 16%
Profit before tax	446.3	595.7	438.9	- 26%	- 2%
Income tax	124.1	143.5	113.5	- 21%	- 9%
Net profit	322.2	452.2	325.4	- 28%	+ 1%
Total capital ratio	16.05%	15.60%	15.82%	+ 0.22 p.p.	- 0.23 p.p.
Tier 1	15.12%	14.75%	14.49%	- 0,6 p.p.	- 0.63 p.p.
ROE (%)	12.4%	12.5%	12.2%	- 0.3 p.p.	- 0.3 p.p.
C/I ratio (%)	50.0%	41.7%	52.0%	+ 10.4 p.p.	+ 2.0 p.p.

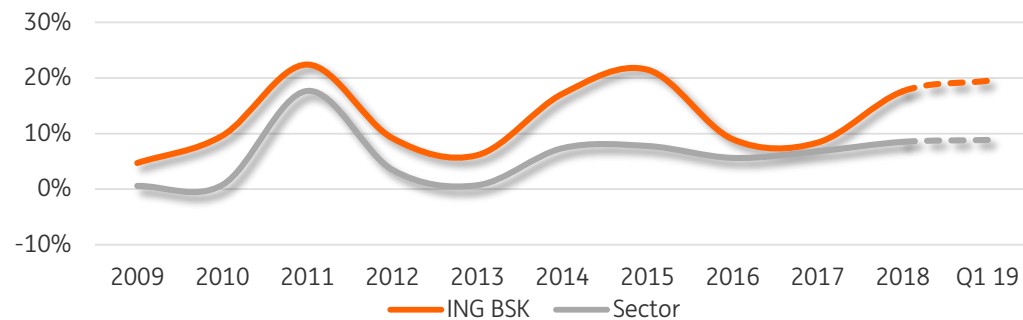
# Major business accomplishments

## Business volumes

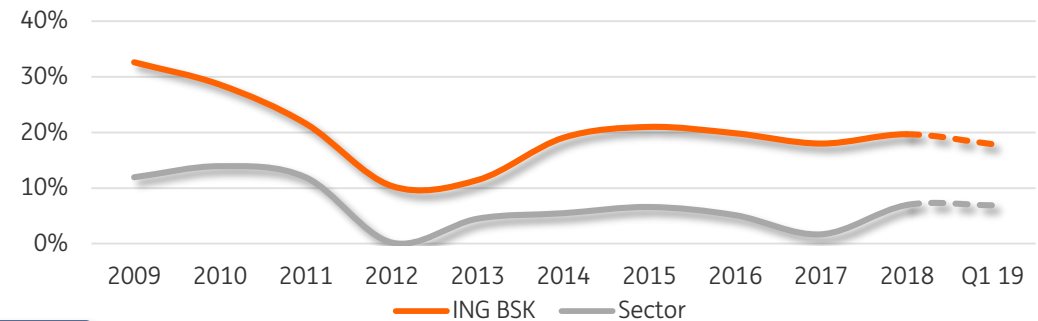
<i>PLN million</i>	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	change % q/q	change % y/y	change q/q	change y/y
Total deposits	102,782	107,468	108,531	115,908	118,653	+ 2%	+ 15%	2,745	15,871
Corporate clients' deposits	31,671	35,119	34,161	37,590	37,840	+ 1%	+ 19%	250	6,169
Retail clients' deposits	71,112	72,349	74,369	78,318	80,814	+ 3%	+ 14%	2,495	9,702
Total funds entrusted by retail clients	83,763	85,105	86,557	90,032	93,325	+ 4%	+ 11%	3,293	9,562
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	12,651	12,756	12,188	11,714	12,512	+ 7%	- 1%	798	-140
Total loans	91,630	96,151	100,637	104,445	108,445	+ 4%	+ 18%	4,000	16,815
Loans to corporate clients incl. leasing and factoring	52,205	54,428	57,097	59,082	61,124	+ 3%	+ 17%	2,042	8,919
Loans to retail clients	39,425	41,723	43,540	45,363	47,321	+ 4%	+ 20%	1,958	7,897
Mortgage loans	28,892	30,541	31,989	33,372	34,590	+ 4%	+ 20%	1,218	5,697

# Market position of ING Bank Śląski S.A.

## Corporate loans (change y/y)



## Household loans (change y/y)



Market share (%)

6.09 6.34 6.90 7.18 7.58 7.98 8.71 9.82 10.14 10.28 11.15 11.41

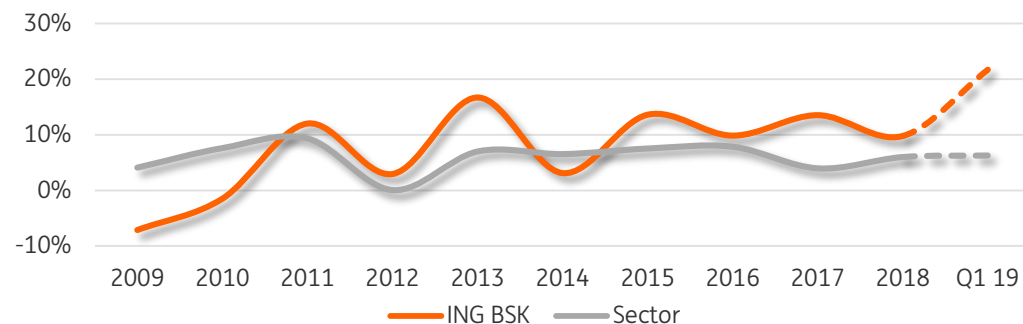
Market share (%)

1.96 2.32 2.62 2.84 3.13 3.34 3.77 4.28 4.87 5.65 6.33 6.44

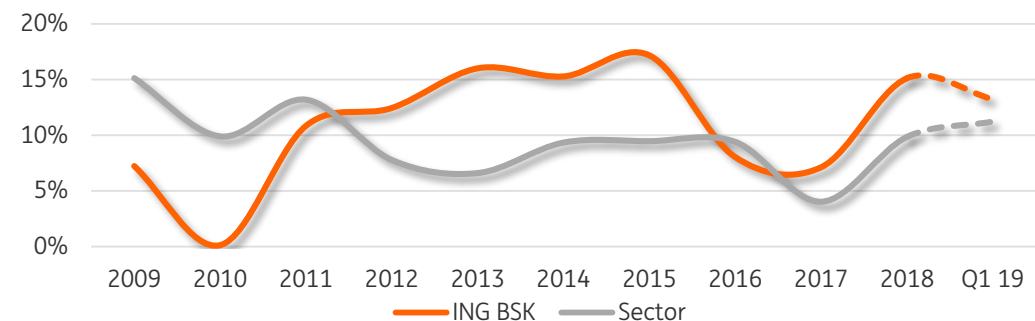
Market share excl. FX\* (%)

2.52 2.96 3.51 3.96 4.24 4.39 4.88 5.50 6.18 6.82 7.52 7.62

## Corporate deposits (change y/y)



## Household deposits (change y/y)



Market share (%)

7.81 6.97 6.38 6.53 6.72 7.33 7.09 7.49 7.63 8.33 8.63 9.04

Market share (%)

8.18 7.62 6.94 6.80 7.10 7.72 8.15 8.72 8.61 8.87 9.30 9.31

8 Note: Market data - monetary financial institutions data of the National Bank of Poland (Monrep, WEBIS); ING BSK data - separate data as in the segmentation of the NBP (Monrep, WEBIS). \*Excluding FX mortgage loans.



# Sustainable development of ING Bank Śląski



# Sustainable development strategy of ING Bank Śląski

Four priorities of our shared responsibility:

Bank for the enterprising



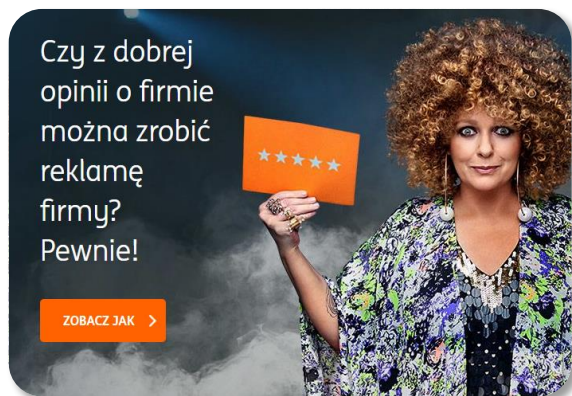
Bank of equal opportunities



Bank of green investments



Ecologically aware Bank



# Our ecological declaration

- In 2015, we stopped financing new projects related to the thermal coal.
- **In 2017, we adopted the Green Statement.** It is an important component of the strategy of supporting our clients in energy transformation and in reducing emissions.
- By 2025, we will finalize the financing of customers whose operations depend on thermal coal.



# We promote electromobility

Car sharing with Innogy – 500 cars...



... with Tauron, another 20 cars...



... 1.1th cars will be replaced with hybrids and electric cars...



... but we do not think just about cars





## Selected pro-ecological projects in our bank

- We were a member of the consortium organizing the issue of **Green bonds** of the State Treasury worth EUR 2 billion



- We finance projects in the field of wind energy, photovoltaics, biogas plants



# Business development



# Retail banking

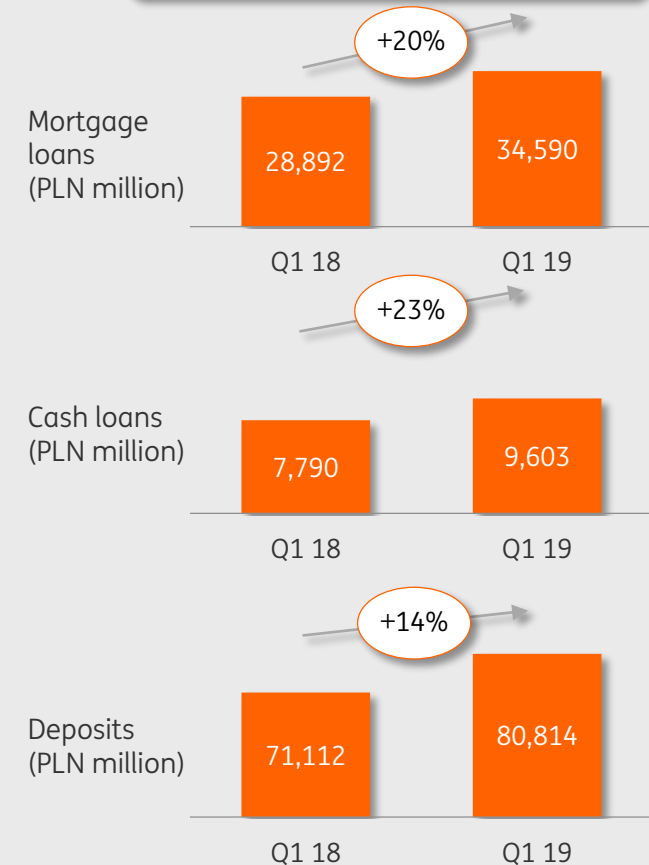
## Development of client base

- We serve 4.87 million retail clients
- We run over 3.6 million current accounts
- In Q1 2019, retail clients made 99 million of transfers (+12% y/y; +121% vs. Q1 2014)
- In Q1 2019, retail clients made 153 million debit and credit card transactions (+20% y/y; +254% vs. Q1 2014)
- In Q1 2019, the number of cash transactions at the branches dropped by 20% y/y and by 42% from Q1 2014

## Funding

- The portfolio of retail receivables increased by PLN 7.9 billion y/y and PLN 2.0 billion to PLN 47.3 billion, out of which PLN 41.4 billion are receivables from private individuals and PLN 5.9 billion are receivables from entrepreneurs
- We granted PLN 2.1 billion mortgage loans in Q1 2019 (-3% y/y), which translates into 15.8% market share
- 10.4% market share in the volume of PLN mortgage loans
- Volume of mortgage loans at the fixed interest rate was PLN 303 million
- We granted PLN 1.5 billion cash loans in Q1 2019 (+27% y/y)
- 78% of cash loans were granted online

## Growing volumes



# Corporate banking

## Development of client base

- We serve 67 thousand corporate clients

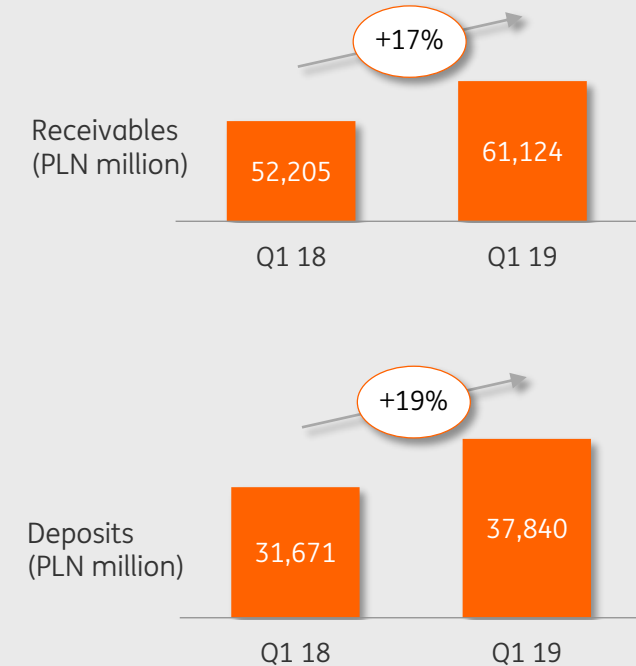
## Digitalisation

- We installed 15.0 thousand POS (out of which 2.4 thousand in 2019); we processed 3.5 million transactions in Q1 2019
- 549 stores with the active imoje payment gate, of which 142 shops with Twisto payments

## Funding

- The corporate receivables portfolio (including leasing and factoring) is PLN 61.1 billion, or PLN 8.9 billion more y/y (+17% y/y)
- The portfolio of receivables from SME and mid-corporate increased by PLN 4.5 billion y/y (+13% y/y) to PLN 38.1 billion
- The portfolio of receivables from strategic clients increased by PLN 4.4 billion y/y (+24% y/y) to PLN 23.0 billion
- In Q1 2019, the factoring sales increased by +11% y/y, #3 on the market
- In Q1 2019, leasing sales increased by 42% y/y
- 95% of credit applications were submitted online

## Growing volumes





# Q1 2019 financial results



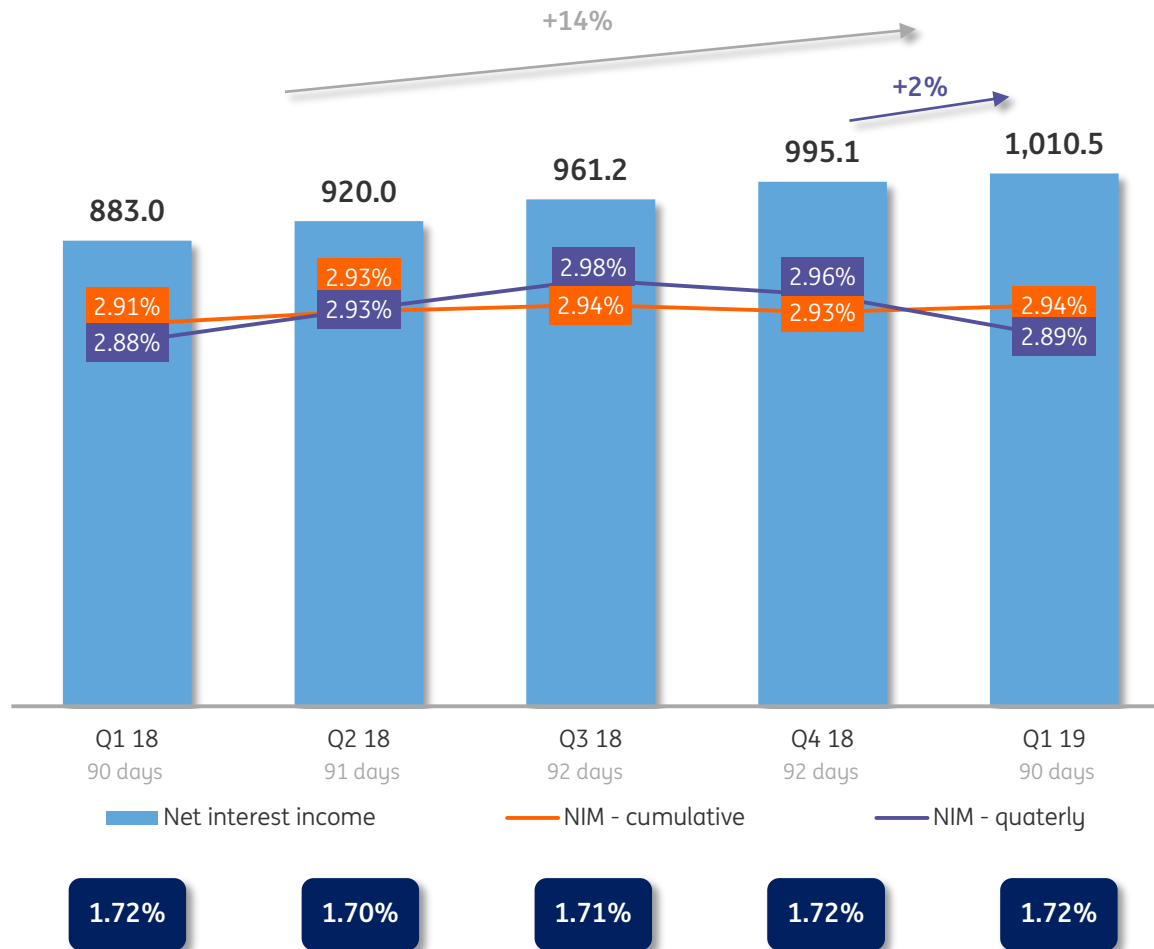
# Financial results of ING Bank Śląski S.A.

PLN million	Q1 2018	Q4 2018	Q1 2019	change q/q	change y/y
Net interest income	883.0	995.1	1,010.5	+ 2%	+ 14%
Net commission income	318.1	330.7	327.5	- 1%	+ 3%
Other income	55.8	33.6	48.3	+ 44%	- 13%
<b>Total income</b>	<b>1,256.9</b>	<b>1,359.4</b>	<b>1,386.3</b>	<b>+ 2%</b>	<b>+ 10%</b>
<b>Total expenses</b>	<b>628.3</b>	<b>566.3</b>	<b>721.1</b>	<b>+ 27%</b>	<b>+ 15%</b>
<b>Result before risk costs</b>	<b>628.6</b>	<b>793.1</b>	<b>665.2</b>	<b>- 16%</b>	<b>+ 6%</b>
Risk costs	94.8	98.5	125.0	+ 27%	+ 32%
Bank levy	87.5	98.9	101.3	+ 2%	+ 16%
Profit before tax	446.3	595.7	438.9	- 26%	- 2%
Income tax	124.1	143.5	113.5	- 21%	- 9%
<b>Net profit</b>	<b>322.2</b>	<b>452.2</b>	<b>325.4</b>	<b>- 28%</b>	<b>+ 1%</b>
Total capital ratio	16.05%	15.60%	15.82%	+ 0.22 p.p.	- 0.23 p.p.
Tier 1	15.12%	14.75%	14.49%	- 0.26 p.p.	- 0.63 p.p.
ROE (%)	12.4%	12.5%	12.2%	- 0.3 p.p.	- 0.3 p.p.
C/I ratio (%)	50.0%	41.7%	52.0%	+ 10.4 p.p.	+ 2.0 p.p.
<b>Adjusted data*</b>					
Total income*	1,256.9	1,359.4	1,386.3	+ 2%	+ 10%
Total expenses*	584.7	580.9	622.7	+ 7%	+ 7%
Profit before tax*	490.0	581.1	537.2	- 8%	+ 10%
Net profit*	365.9	437.6	398.3	- 9%	+ 9%
ROE (%)*	12.3%	12.5%	12.4%	- 0.1 p.p.	+ 0.1 p.p.
C/I ratio (%)*	46.5%	42.7%	44.9%	+ 2.2 p.p.	- 1.6 p.p.

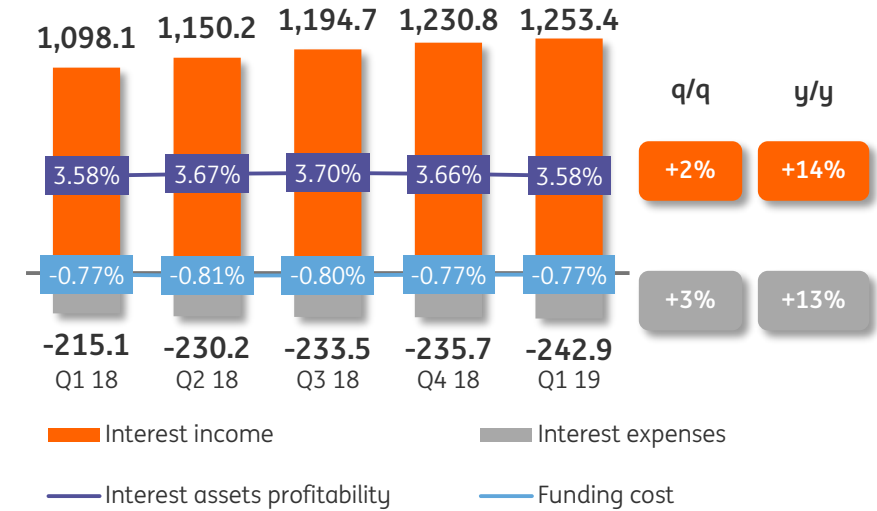
- Total expenses increased by PLN 92.8 million y/y out of which 70% is attributable to the increase in BGF costs (+77% y/y)
- Other expenses (other than BGF) increased by 5% y/y

# Net interest income

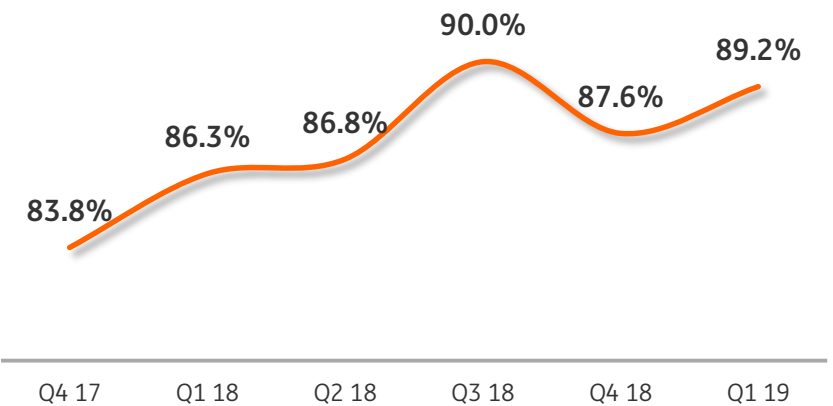
Net interest income (PLN million) and net interest margin



Interest income and expenses (PLN million)

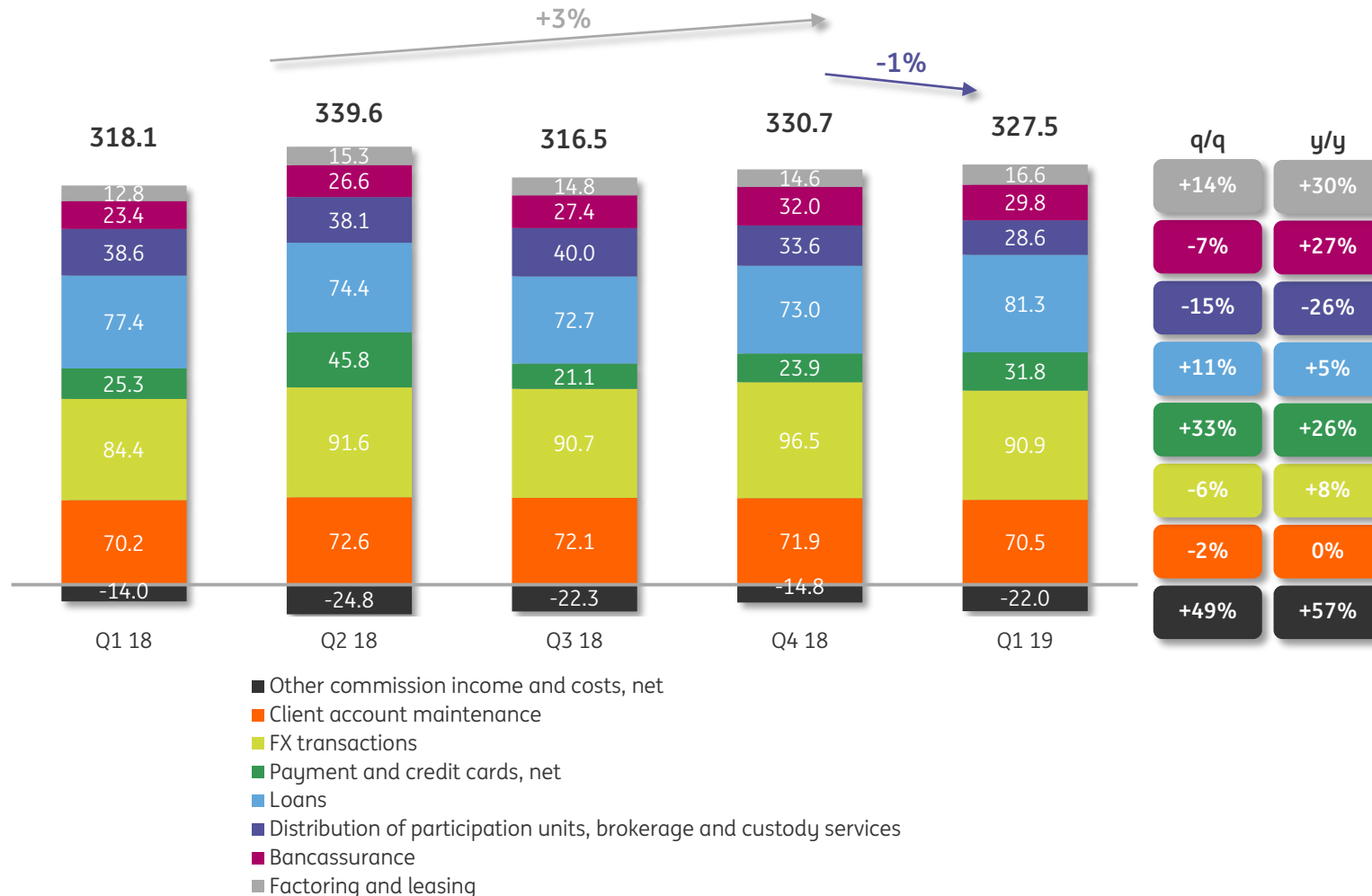


Loan to deposit ratio



# Fee and commission income

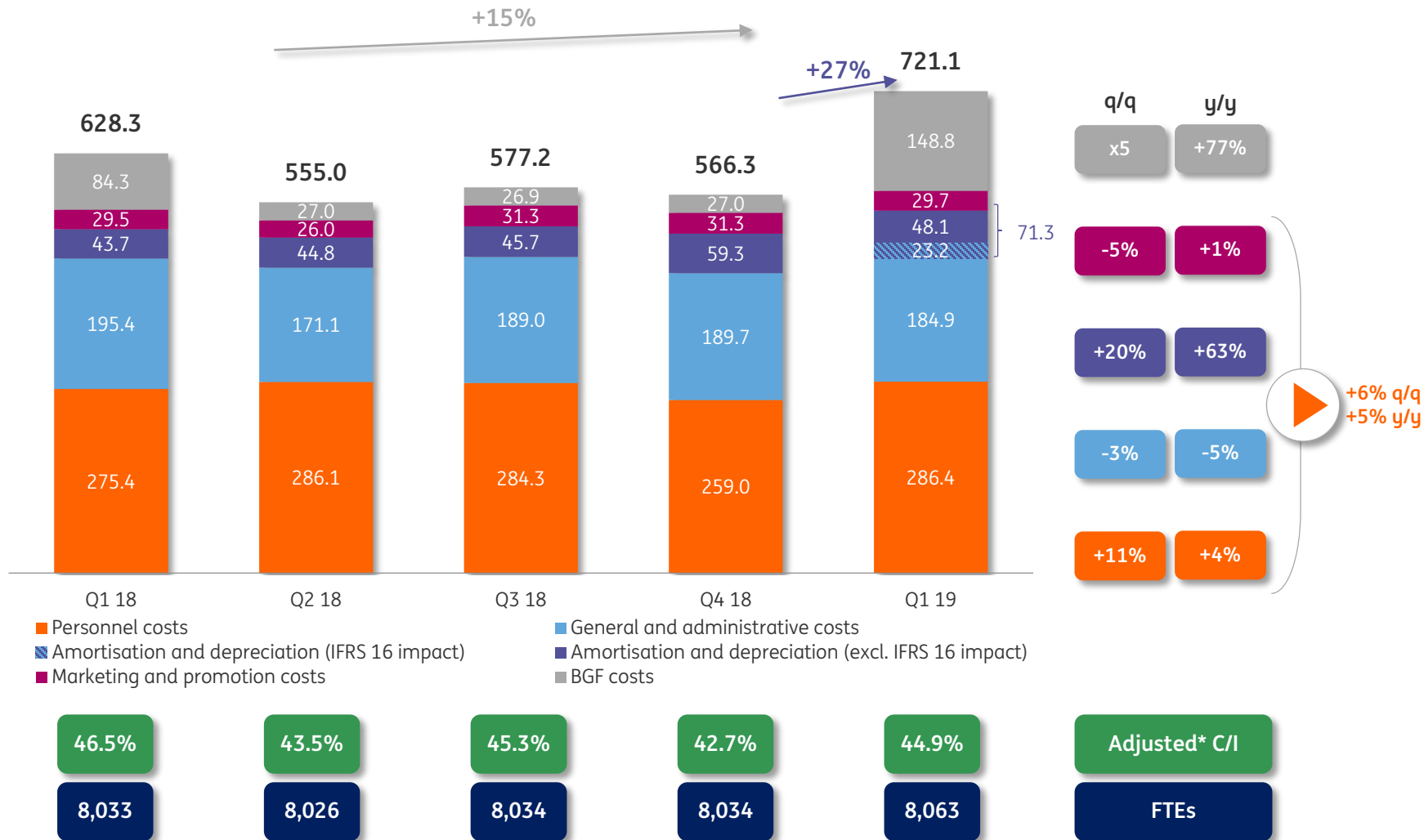
Fee and commission income per category (PLN million)



- Higher q/q result is driven by higher number of clients' transactions
- Quarterly changes (loans and FX transactions) affected by usual seasonality
- Result on distribution of participation units under the market and regulatory pressure

# Total expenses

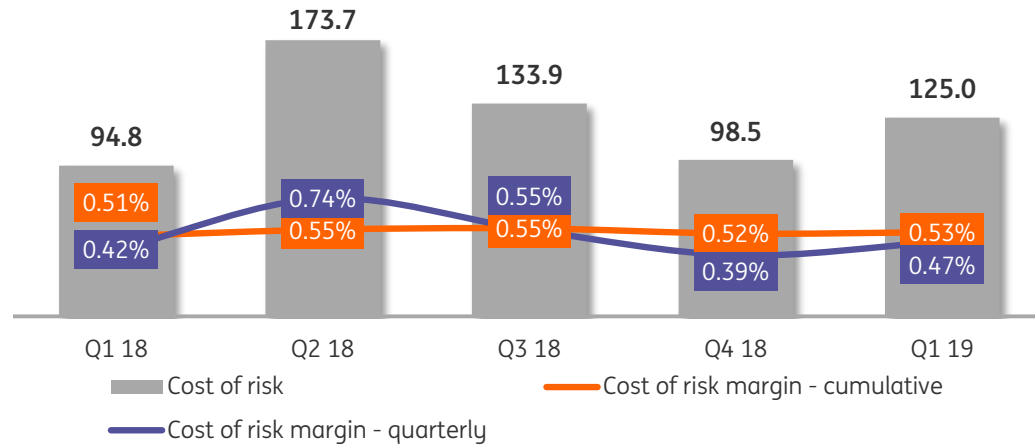
Total expenses (PLN million)



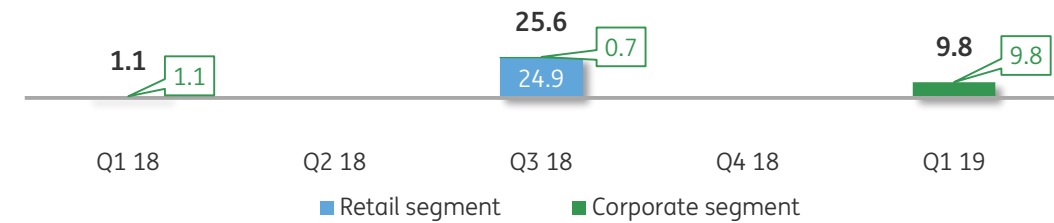
- Annual cost of PFSA was PLN 16.1 million (fully booked in the first quarter costs) vs. PLN 11.1 million in 2018
- The annual contribution for the resolution fund amounted to PLN 131.2 million (PLN 58.2 million in Q1 2018) – fully booked in the first quarter costs

# Cost of risk

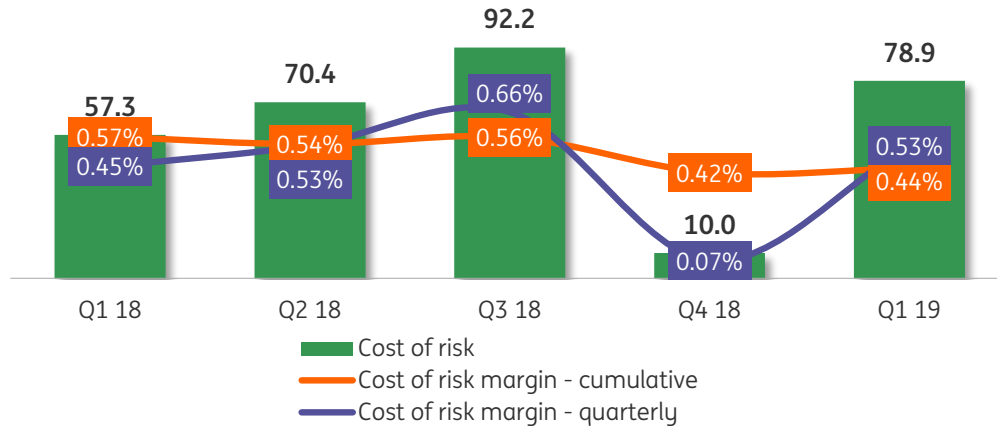
Group (PLN million)



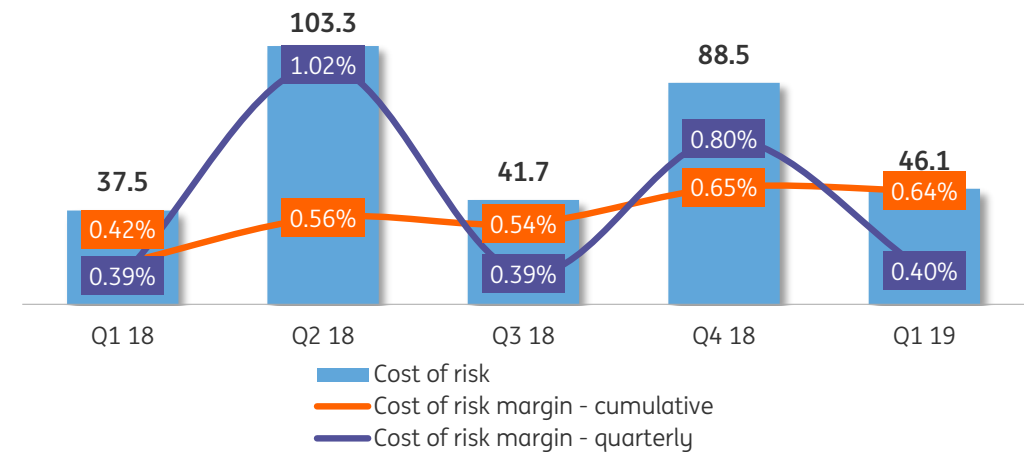
Impact of sales of non-performing portfolios on the cost of risk (PLN million)



Corporate banking (PLN million)



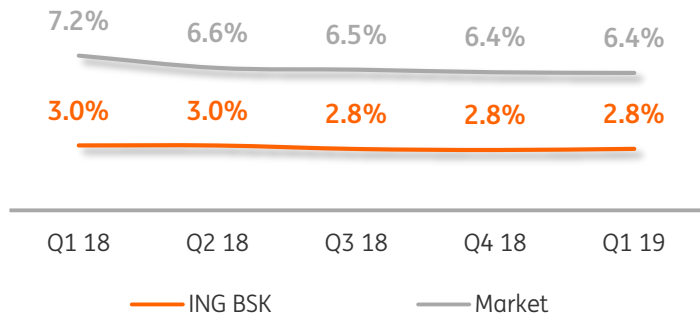
Retail banking (PLN million)



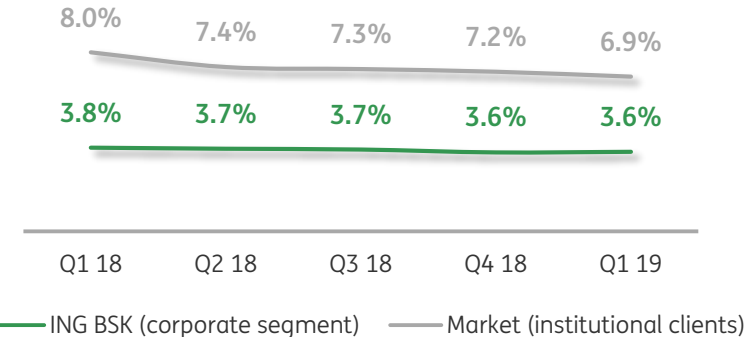
# Portfolio quality and provisioning

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

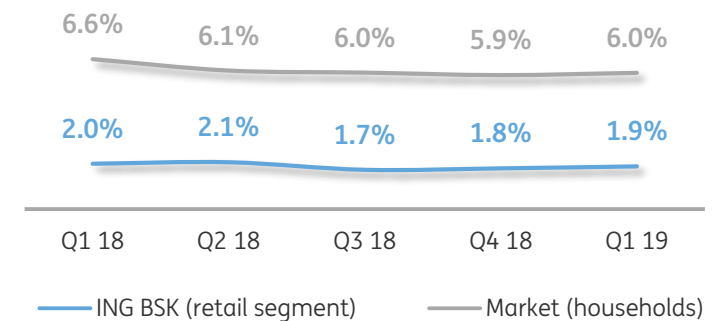
### Group



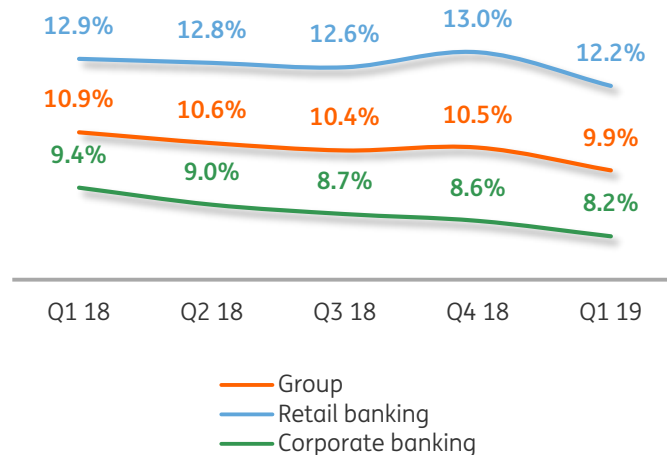
### Corporate banking



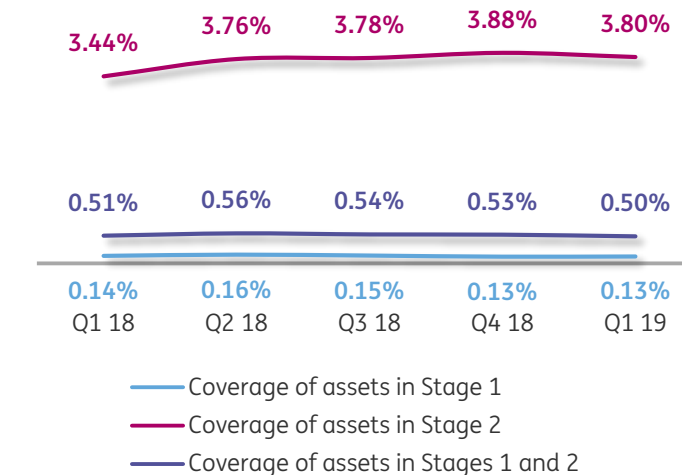
### Retail banking



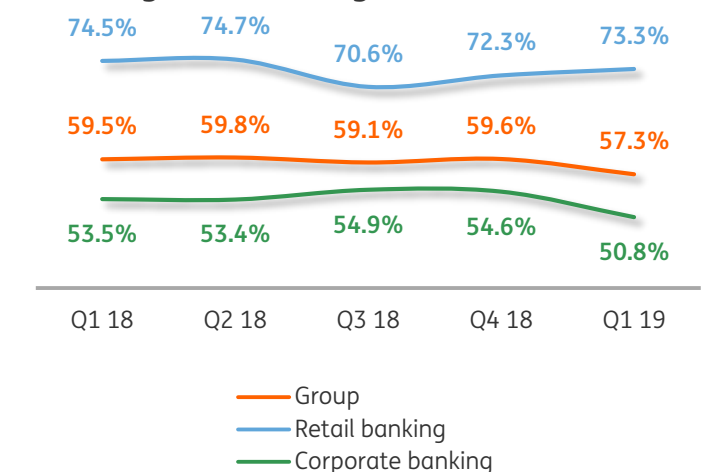
## Share of Stage 2 in gross portfolio



## Coverage ratio – Stages 1 and 2

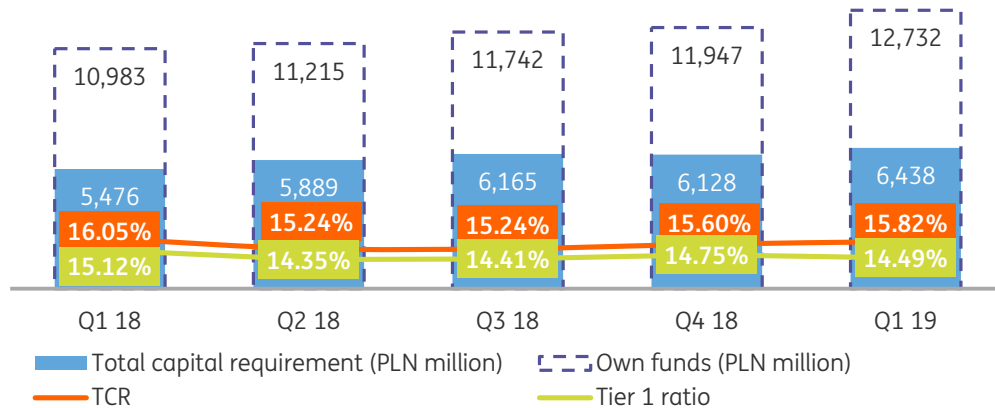


## Coverage ratio – Stage 3

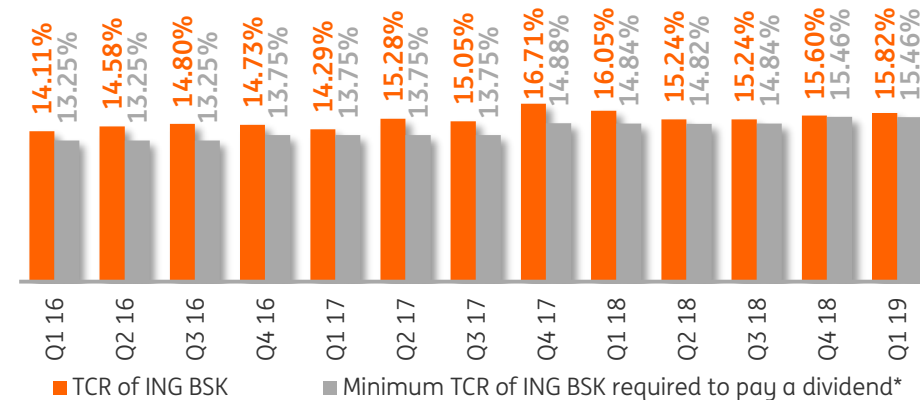


# Capital adequacy

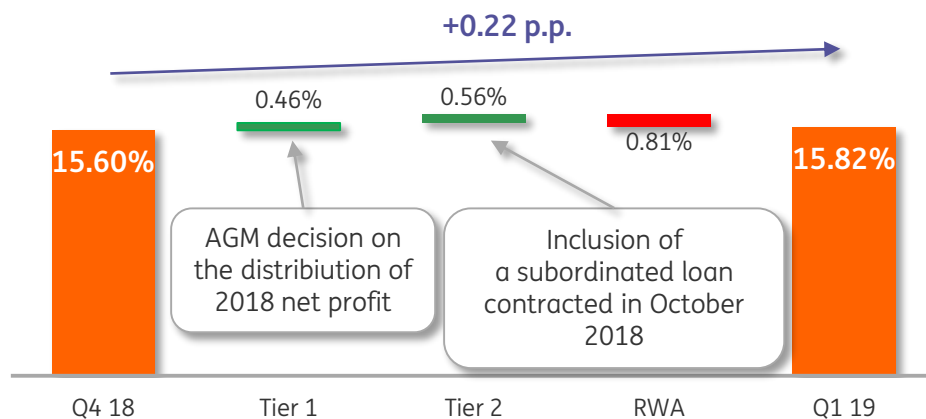
## Consolidated total capital ratio and capital requirements



## TCR vs. level required to pay a dividend



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



- TCR and Tier 1 ratio are 1.9 p.p. and 2.5 p.p. above the minimum capital requirements for ING BSK which are 13.963% and 11.963%, respectively.
- TCR and Tier 1 ratio would be 15.50% and 14.16%, if ING BSK had not phased in IFRS 9 implementation.
- Other liquidity and capital ratios – Q1 2019 roku:
  - LR – 7.37% (-0.05p.p. q/q and -0.24p.p. y/y)
  - LCR – 125% (-8p.p. q/q and -10p.p. y/y)
  - NSFR – 128% (-3p.p. q/q and +9p.p. y/y)



# Appendixes

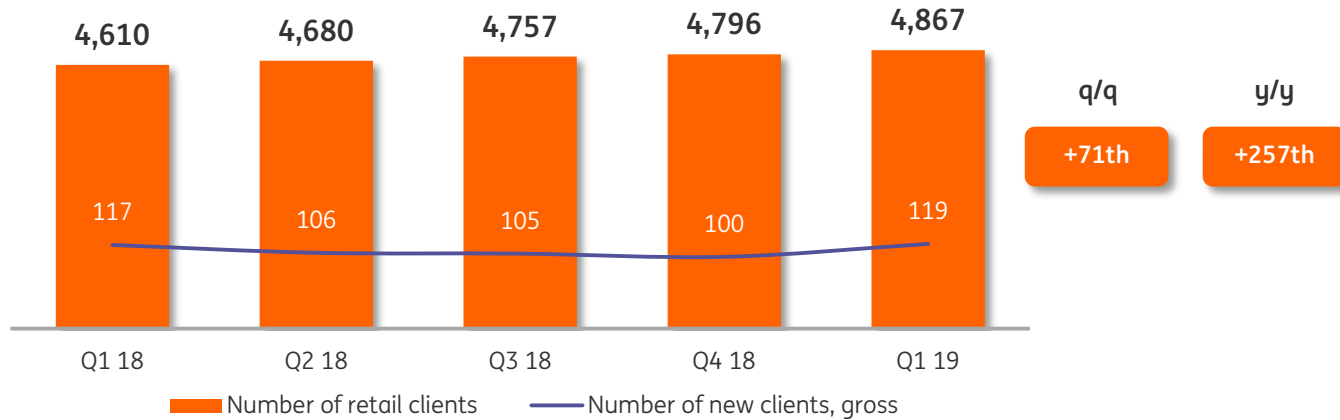


# Retail banking

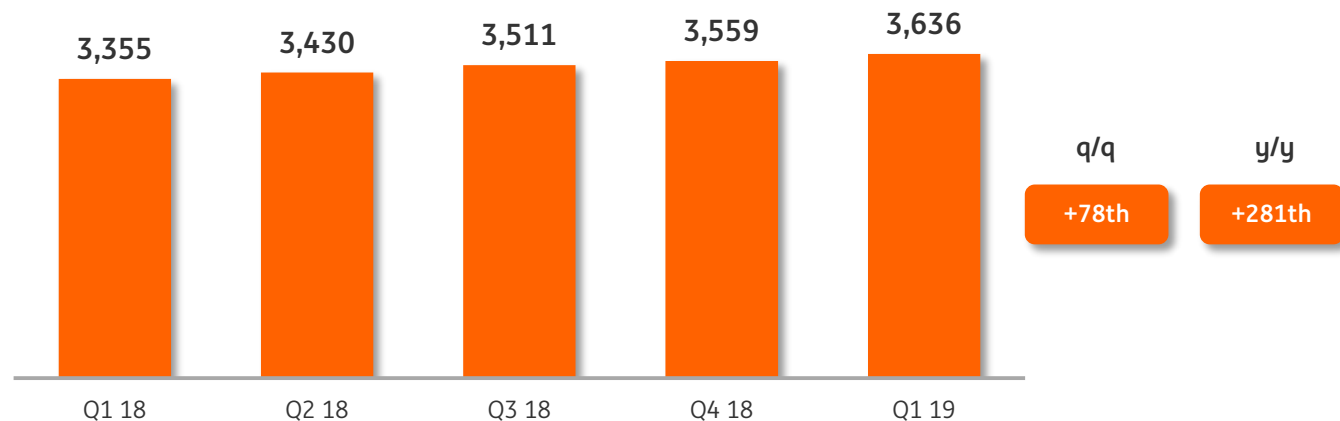
# Client base

## Nearly 4.9 million retail clients

Number of retail clients (thousand)



Number of retail clients' current accounts (thousand)



Note: PLN denominated current accounts

**#NAJLEPIEJROBICSWOJE**

W podróży płać BLIKIEM z aplikacją Moje ING<sup>1</sup> i Kontem Mobi

SPRAWDŹ >

ING

<sup>1</sup> „Moje ING” jest nazwą handlową wersji systemu bankowości internetowej, który jest usługą bankowości elektronicznej w rozumieniu przepisów prawa.

ING BANK ŚLĄSKI

- 84% of accounts are Direct Accounts
- We have **454 thousand users of Trusted Profile** who have used it 1.2 million times
- In Q1 2019, our clients filed, through our agency, **4.6 thousand applications under the Family 500+ Programme.**

**#NAJLEPIEJROBICSWOJE**

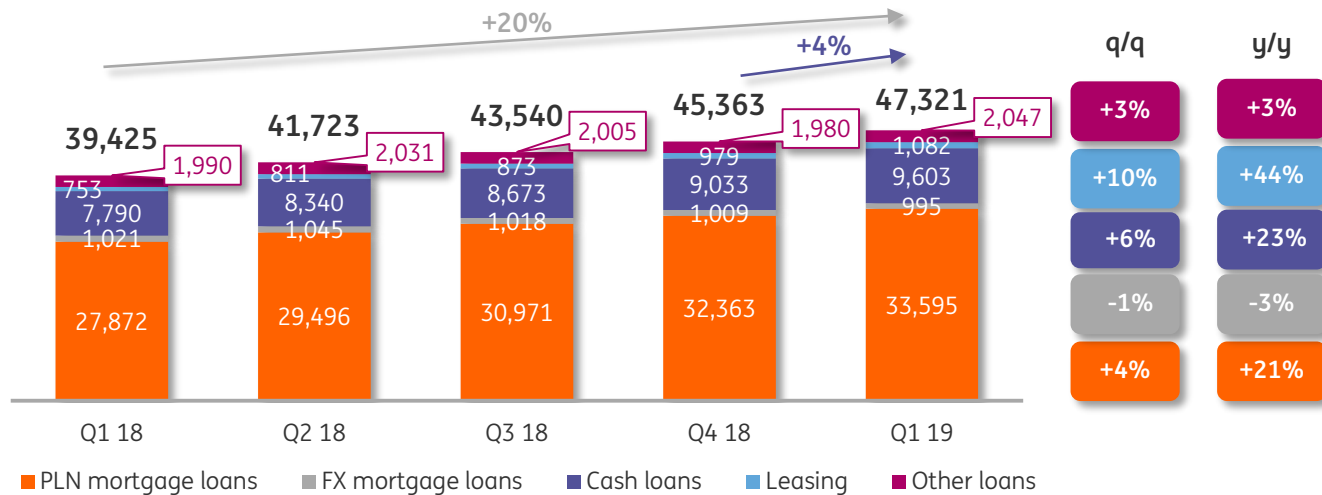
Doładowanie muzyki ogarniaj z aplikacją Moje ING i Kontem Mobi

ING

ING BANK ŚLĄSKI

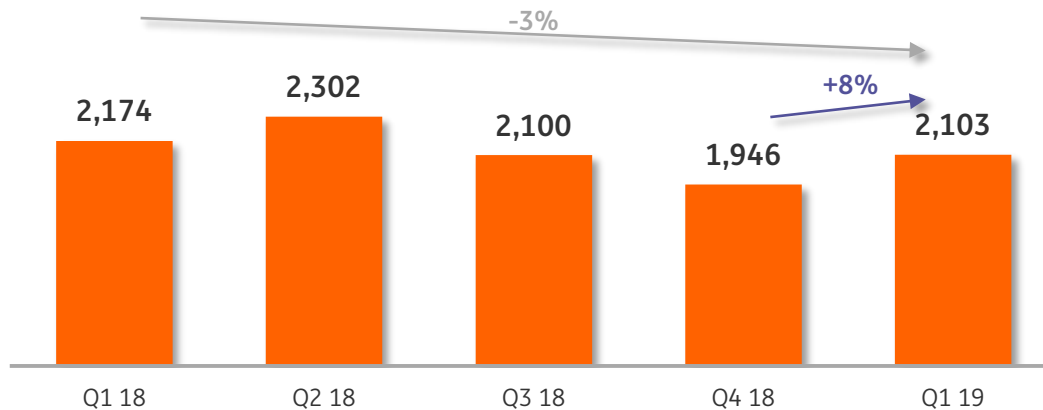
# Retail lending

Loan portfolio of retail clients (gross; PLN million)

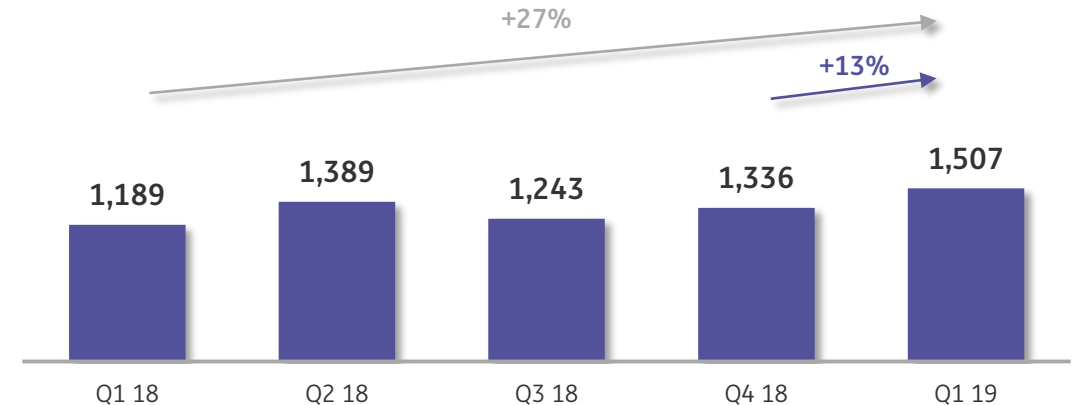


- **PLN 1.5 billion** cash loans granted in Q1 2019 (+27% y/y)
- **PLN 2.1 billion** mortgage loans granted in Q1 2019 (-3% y/y), which translates into **15.8%** market share
  - out of which PLN 256 million fixed interest rate mortgage loans
- **10.4%** market share in PLN mortgage loans; **7.5%** in total mortgage loans (Q1 2019)

Mortgage loans production (PLN million)



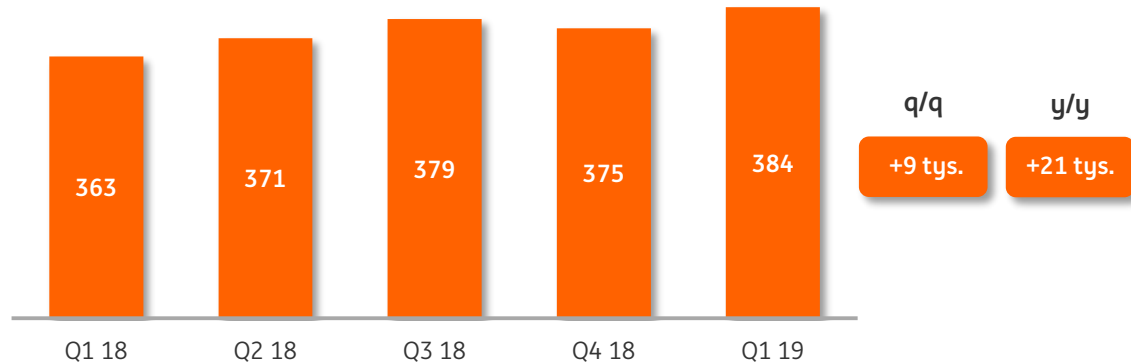
Cash loans production (PLN million)



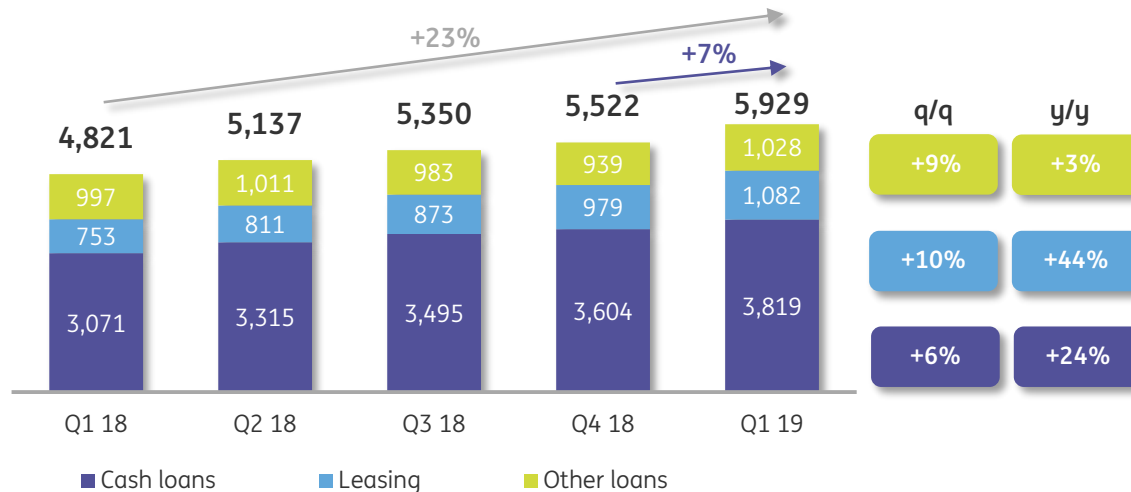
# ING supports entrepreneurs

## 384 thousand entrepreneurs

Number of entrepreneurs (thousand)



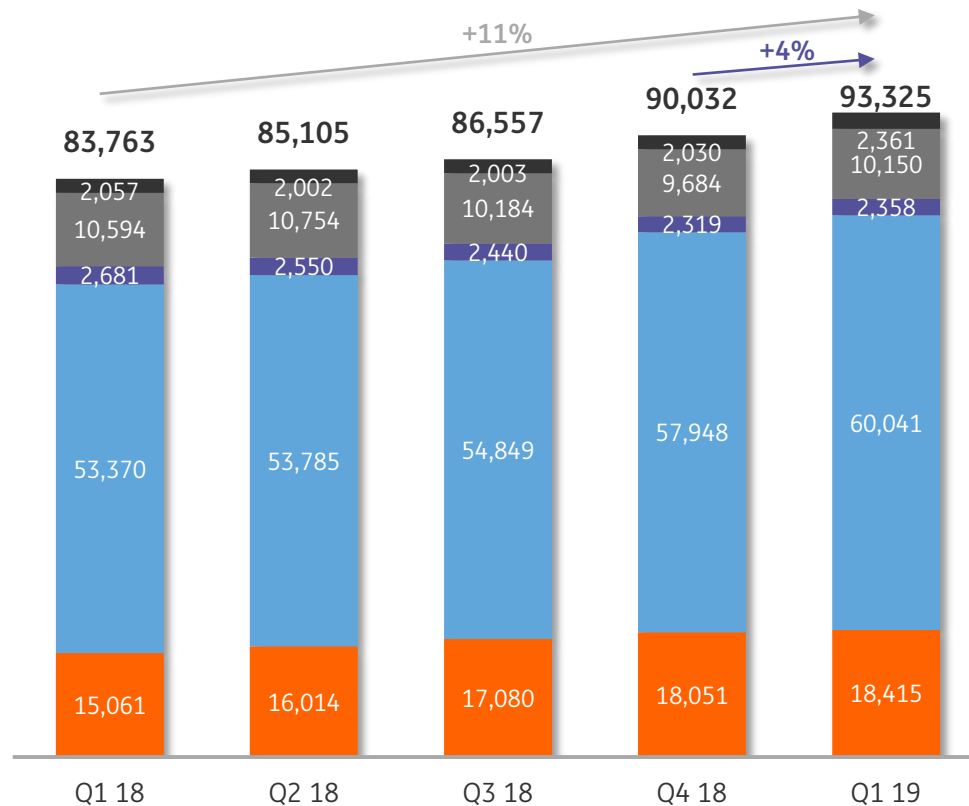
Loans and other receivables from entrepreneurs (gross; PLN million)



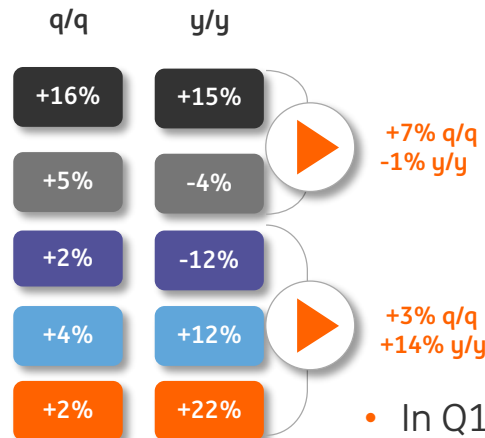
- We run **391 thousand current accounts** for **384 thousand entrepreneurs** out of which **96% are Direct Accounts**

# Savings and investments

Portfolio of funds entrusted by retail clients (PLN million)



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



- We run 85.8 thousand brokerage accounts
- Number of brokerage accounts increased in Q1 2019 by **2.1 thousand** (#1 in the market), out of which **98% via Moje ING**
- In Q1 2019 **35% of brokerage fees** were generated using **mobile applications / devices**



- In Q1 2019, we took the **second place** in terms of turnover on the **bond market**, reaching a **13% market share**
- **88.7 thousand clients** invest regularly
- In Q1 2019 **19% of the purchases of open-end funds' participation units** were carried out in mobile banking

# Progressive evolution of banking

## More and more digital ING



### Electronic banking

We have 235.7 thousand HCE cards and Google Pay / Apple Pay users

In Q1 2019 online sales of cash loans represented 78% of cash loans to individual clients and 74% of cash loans sold to entrepreneurs

~ 1,468 thousand clients with active BLIK (+9% q/q, +44% y/y), out of which 508 thousand made a transaction in Q1 2019 (+13% q/q, +99% y/y)

~ 5.5 million BLIK transactions in Q1 2019 (~3x y/y), out of which 4.3 million e-commerce transactions (~3x y/y)

~ 19.2 million transfers in mobile banking in Q1 2019 (+5.4 million y/y, +40% y/y), which accounted for 28% of all transfers

1.8m  
active mobile  
banking clients

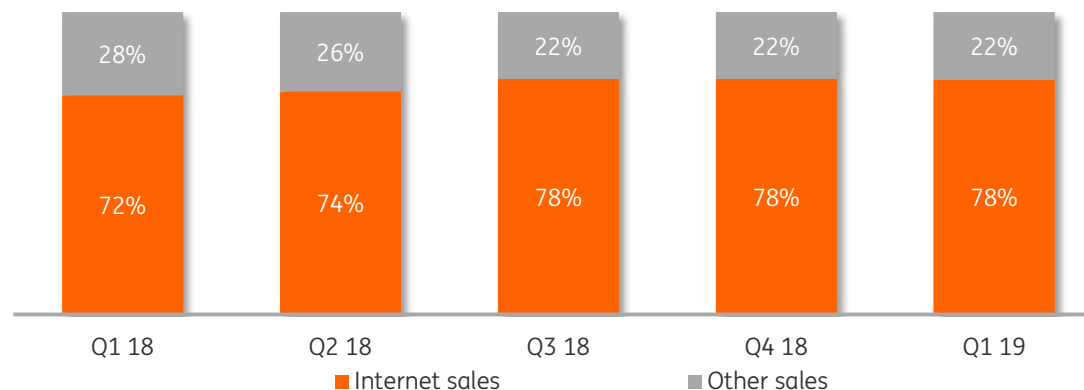
### Physical distribution network

334 branches with self-service zones

1 044 machines for cash self-service, including 861 recyclers, out of which 854 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



# Selected initiatives

## Financing for Bank of China

In January 2019, we signed a loan agreement with the branch of Bank of China (Luxembourg) Branch in Poland worth PLN 200 million. This is the first external financing for the Polish branch of Bank of China.



## My bills



It is a separate platform from the banking system, thanks to which the user can view all his bills and invoices, both those paid and those that are waiting for payment. My services platform helps in monitoring and controlling your bills and cyclical expenses for individual services: electricity, gas, school, fitness.

## Robots for strategic clients



We have many years of experience in Robotics technology. Using our practice, we want to help clients enter the world of robotics using the RoboPlatform application - a new software of RPA-class, created entirely by ING. RoboPlatform combines more than ten years of experience and insight into the Robotics market.

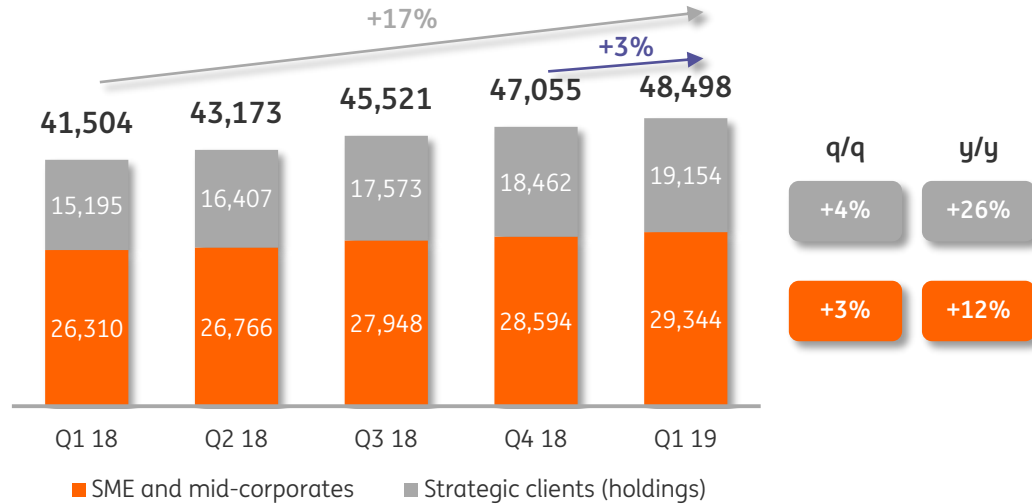
## Invoice financing at ING Księgowość

We integrated ING Księgowość and ING Invoice Financing. Now clients using our account can quickly and easily - through accounting services - get cash for their sales invoices without waiting for the contractor's payment.

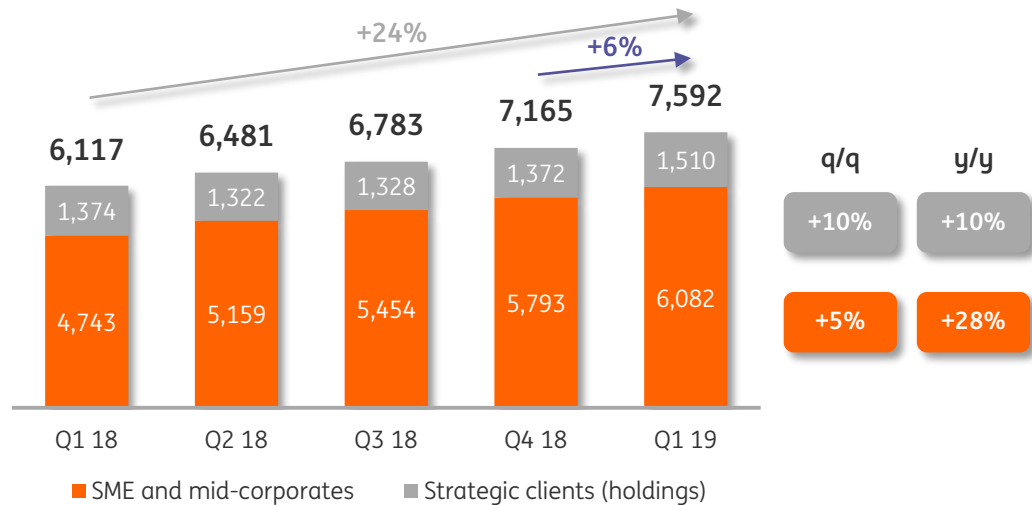


# Receivables

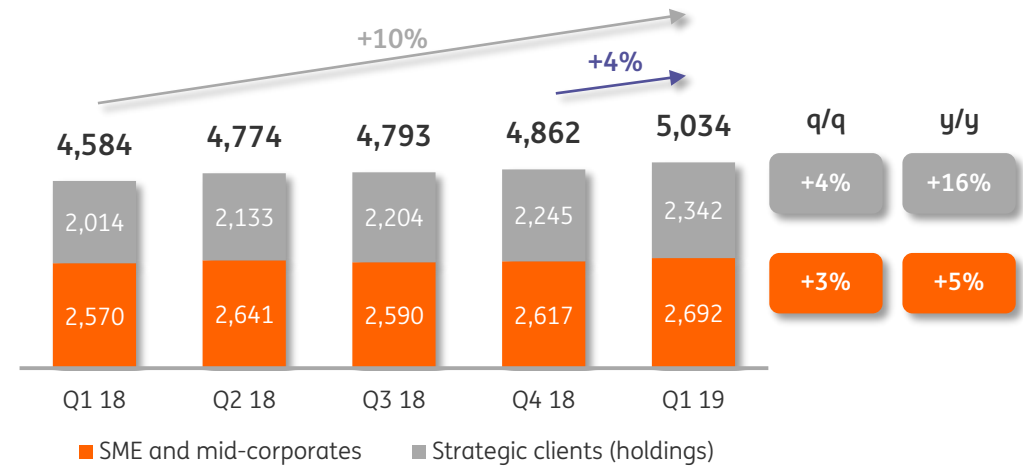
Volume of loans (gross; PLN million)



Volume of leasing receivables\* (gross; PLN million)

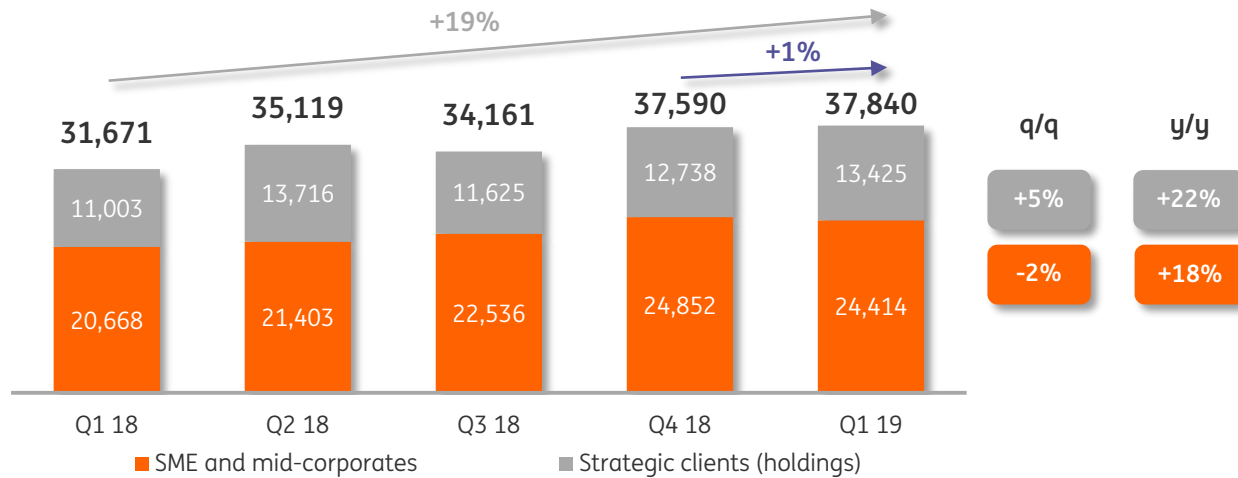


Volume of factoring receivables (gross; PLN million)

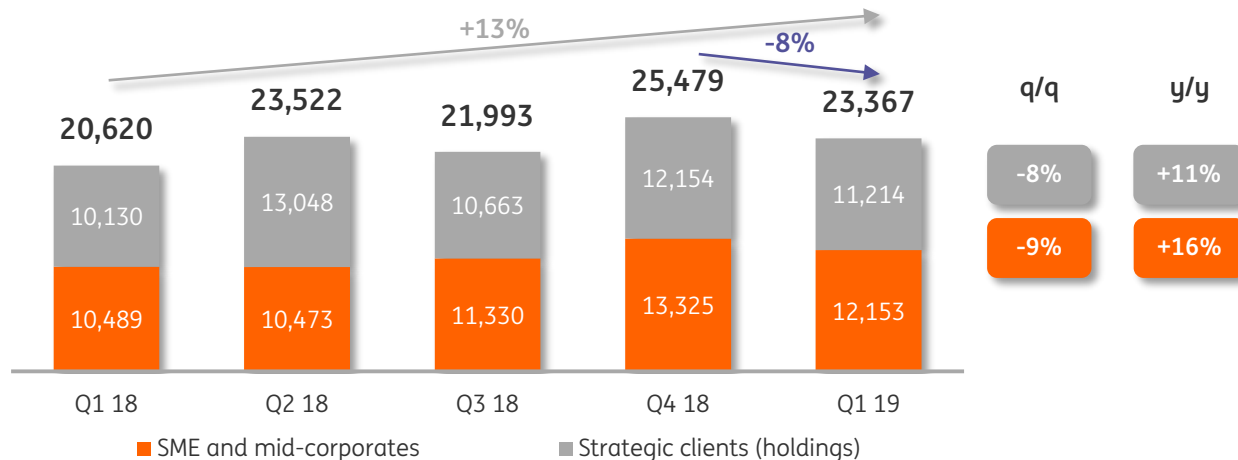


# Cash management

Volume of corporate deposits (PLN million)



Volume of corporate current accounts (PLN million)



**+3,600**

new SME and mid-corporate clients  
acquired in Q1 2019

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

- 140 depositories,
- 116 depositories in customer locations,
- 143 mini CDMs in customer locations,
- 17 micro CDMs in customer locations,
- 18 fee collection machines in customer locations.

**Number of mobile transfers  
increased by +27% y/y**

# Financial results and other

# Income statement

Consolidated financial income statements (PLN m)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	q/q		y/y	
						Δ	%	Δ	%
<b>Net interest income, of which:</b>	<b>883.0</b>	<b>920.0</b>	<b>961.2</b>	<b>995.1</b>	<b>1,010.5</b>	<b>15.4</b>	<b>1.5%</b>	<b>127.5</b>	<b>14.4%</b>
Interest income	1,098.1	1,150.2	1,194.7	1,230.8	1,253.4	22.6	1.8%	155.3	14.1%
Interest expenses	215.1	230.2	233.5	235.7	242.9	7.2	3.1%	27.8	12.9%
<b>Net commission income</b>	<b>318.1</b>	<b>339.6</b>	<b>316.5</b>	<b>330.7</b>	<b>327.5</b>	<b>-3.2</b>	<b>-1.0%</b>	<b>9.4</b>	<b>3.0%</b>
<b>Result on trade operations and revaluation (incl. investments and HA)</b>	<b>53.5</b>	<b>44.6</b>	<b>26.4</b>	<b>29.6</b>	<b>46.0</b>	<b>16.4</b>	<b>55.4%</b>	<b>-7.5</b>	<b>-14.0%</b>
- Net income on instruments measured at fair value through profit or loss and FX result	18.0	24.4	27.1	21.4	31.4	10.0	46.7%	13.4	74.4%
- The result on the sale of securities valued at amortized cost	1.1	-0.1	0.0	0.0	0.0	0.0	-	-1.1	-100.0%
- Net income on the sale of securities measured at fair value through other comprehensive income and dividend income	32.2	18.3	0.0	3.8	15.8	12.0	315.8%	-16.4	-50.9%
- Net income on hedge accounting	2.2	2.0	-0.7	4.4	-1.2	-5.6	-	-3.4	-
<b>Net income on other basic activities</b>	<b>2.3</b>	<b>6.0</b>	<b>2.0</b>	<b>4.1</b>	<b>2.4</b>	<b>-1.7</b>	<b>-41.5%</b>	<b>0.1</b>	<b>4.3%</b>
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	-0.2	-0.1	-0.1	0.0	0.0%	-0.1	-
<b>Income</b>	<b>1,256.9</b>	<b>1,310.2</b>	<b>1,305.9</b>	<b>1,359.4</b>	<b>1,386.3</b>	<b>26.9</b>	<b>2.0%</b>	<b>129.4</b>	<b>10.3%</b>
<b>Expenses</b>	<b>628.3</b>	<b>555.0</b>	<b>577.2</b>	<b>566.3</b>	<b>721.1</b>	<b>154.8</b>	<b>27.3%</b>	<b>92.8</b>	<b>14.8%</b>
- personnel expenses	275.4	286.1	284.3	259.0	286.4	27.4	10.6%	11.0	4.0%
- other expenses	309.2	224.1	247.2	248.0	363.4	115.4	46.5%	54.2	17.5%
- D&A	43.7	44.8	45.7	59.3	71.3	12.0	20.2%	27.6	63.0%
<b>Profit before risk costs</b>	<b>628.6</b>	<b>755.2</b>	<b>728.7</b>	<b>793.1</b>	<b>665.2</b>	<b>-127.9</b>	<b>-16.1%</b>	<b>36.6</b>	<b>5.8%</b>
<b>Risk costs</b>	<b>94.8</b>	<b>173.7</b>	<b>133.9</b>	<b>98.5</b>	<b>125.0</b>	<b>26.5</b>	<b>26.9%</b>	<b>30.2</b>	<b>31.9%</b>
- retail	37.5	103.3	41.7	88.5	46.1	-42.4	-47.9%	8.6	22.9%
- corporate	57.3	70.4	92.2	10.0	78.9	68.9	689.0%	21.6	37.7%
<b>Tax on certain financial institutions</b>	<b>87.5</b>	<b>91.1</b>	<b>94.2</b>	<b>98.9</b>	<b>101.3</b>	<b>2.4</b>	<b>2.4%</b>	<b>13.8</b>	<b>15.8%</b>
<b>Profit (loss) before tax</b>	<b>446.3</b>	<b>490.4</b>	<b>500.6</b>	<b>595.7</b>	<b>438.9</b>	<b>-156.8</b>	<b>-26.3%</b>	<b>-7.4</b>	<b>-1.7%</b>
Income tax	124.1	117.7	121.8	143.5	113.5	-30.0	-20.9%	-10.6	-8.5%
<b>Net profit (loss), of which:</b>	<b>322.2</b>	<b>372.7</b>	<b>378.8</b>	<b>452.2</b>	<b>325.4</b>	<b>-126.8</b>	<b>-28.0%</b>	<b>3.2</b>	<b>1.0%</b>
Net profit (loss) attributable to the shareholders of ING BSK	322.2	372.7	378.8	452.2	325.4	-126.8	-28.0%	3.2	1.0%
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) - annualised	9.91	11.46	11.65	13.90	10.00	-3.90	-28.0%	0.10	1.0%

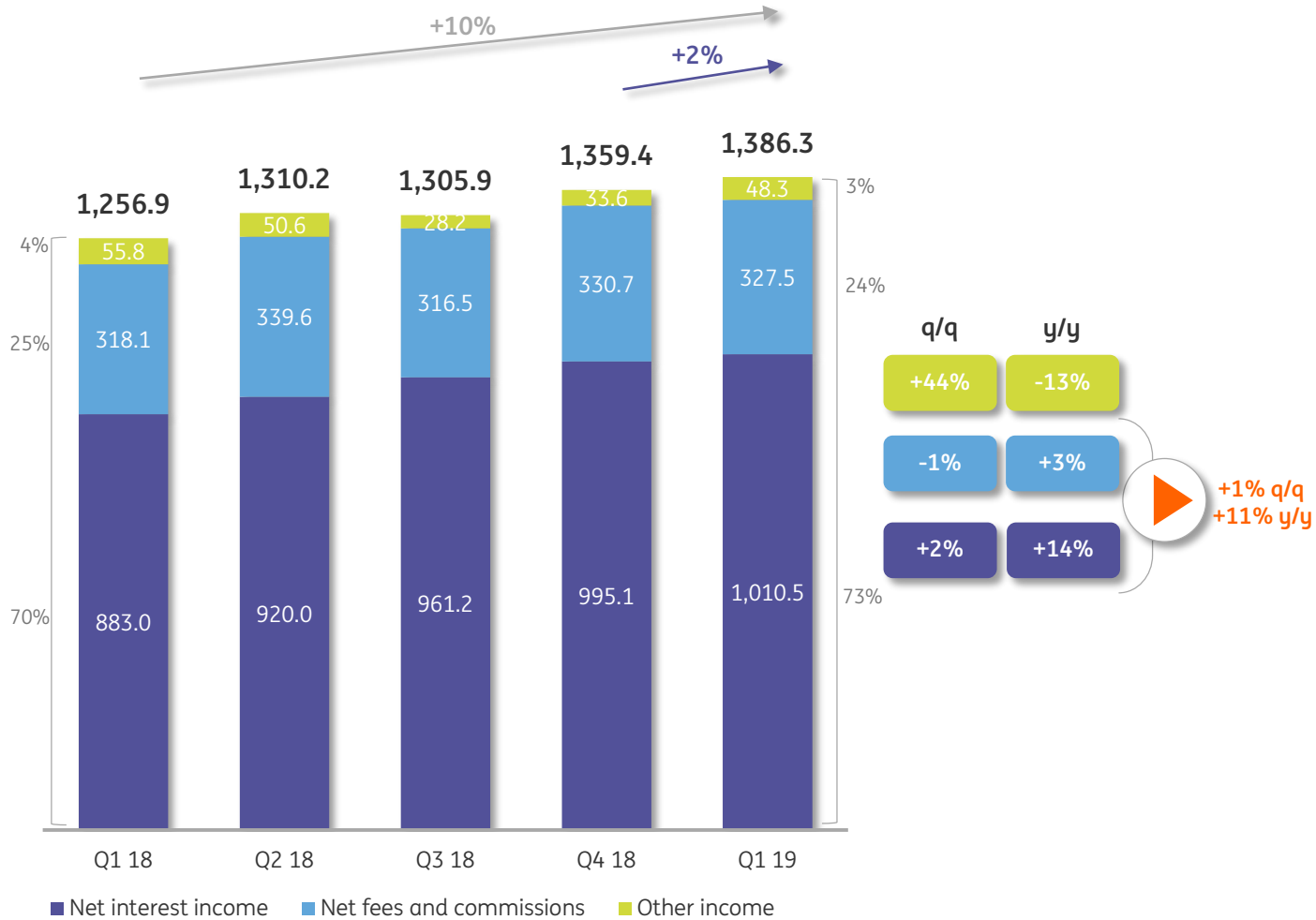
# Statement of financial position

## Consolidated statement of financial position (PLN m)

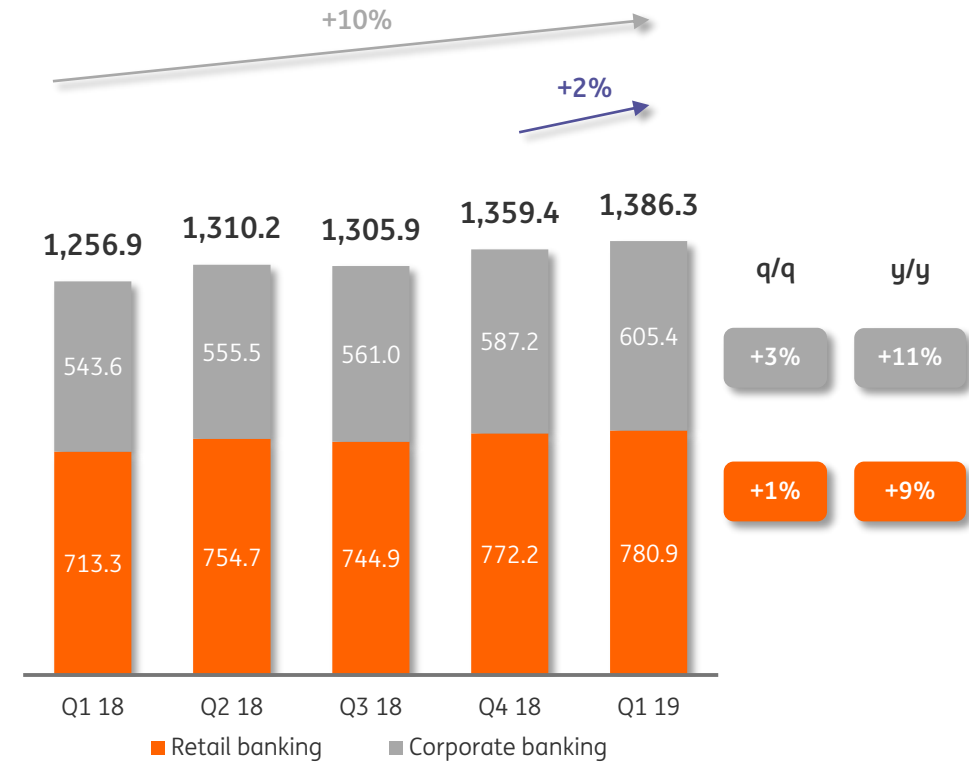
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	q/q		y/y	
							Δ	%	Δ	%
<b>ASSETS</b>										
- Cash in hand and balances with the Central Bank	2,815.2	2,042.4	1,781.5	1,529.8	1,237.4	1,760.3	522.9	42.3%	-282.1	-13.8%
- Loans and receivables to other banks	2,234.5	2,017.4	951.8	621.8	776.5	987.9	211.4	27.2%	-1,029.5	-51.0%
- Financial assets held for trading	1,314.8	1,263.6	2,034.0	1,270.7	1,711.6	2,203.9	492.3	28.8%	940.3	74.4%
- Investments	29,471.5	29,135.7	28,677.0	28,823.4	31,937.3	29,977.3	-1,960.0	-6.1%	841.6	2.9%
- Derivative hedge instruments	967.2	960.6	880.2	836.5	909.6	929.3	19.7	2.2%	-31.3	-3.3%
- Loans and receivables to customers	87,544.0	90,290.5	94,724.3	99,223.8	103,125.8	107,387.4	4,261.6	4.1%	17,096.9	18.9%
- Non-financial assets	980.0	965.6	956.8	974.0	995.3	1,437.8	442.5	44.5%	472.2	48.9%
- Property, plant and equipment held for sale	11.1	10.9	16.2	16.2	10.9	12.1	1.2	11.0%	1.2	11.0%
- Tax assets	257.1	276.4	335.2	356.3	398.2	431.7	33.5	8.4%	155.3	56.2%
- Other assets	418.5	347.2	401.6	445.7	487.0	559.3	72.3	14.8%	212.1	61.1%
<b>Total assets</b>	<b>126,013.9</b>	<b>127,310.3</b>	<b>130,758.6</b>	<b>134,098.2</b>	<b>141,589.6</b>	<b>145,687.0</b>	<b>4,097.4</b>	<b>2.9%</b>	<b>18,376.7</b>	<b>14.4%</b>
<b>EQUITY AND LIABILITIES</b>										
<b>LIABILITIES</b>										
- Liabilities due to other banks	4,109.0	6,288.8	4,882.0	6,882.2	5,195.8	5,004.3	-191.5	-3.7%	-1,284.5	-20.4%
- Financial liabilities measured at fair value through profit and loss	735.1	225.9	464.4	569.7	886.2	588.1	-298.1	-33.6%	362.2	160.3%
- Valuation of derivatives	979.2	819.0	817.3	646.5	578.1	711.4	133.3	23.1%	-107.6	-13.1%
- Derivative hedge instruments	699.2	622.6	677.7	574.0	611.8	727.4	115.6	18.9%	104.8	16.8%
- Liabilities due to customers	104,503.3	104,662.1	109,174.1	110,205.0	117,682.5	120,414.0	2,731.5	2.3%	15,751.9	15.1%
- Liabilities under issue of debt securities	300.3	302.2	300.2	302.2	300.3	302.2	1.9	0.6%	0.0	0.0%
- Subordinated liabilities	626.9	632.4	655.6	641.9	1,076.9	1,077.2	0.3	0.0%	444.8	70.3%
- Provisions	91.9	115.6	125.1	164.9	152.4	152.2	-0.2	-0.1%	36.6	31.7%
- Tax liabilities	232.9	244.8	68.3	53.8	280.3	345.4	65.1	23.2%	100.6	41.1%
- Other liabilities	1,941.3	1,338.0	1,704.4	1,896.1	1,489.0	2,935.9	1,446.9	97.2%	1,597.9	119.4%
<b>Total liabilities</b>	<b>114,219.1</b>	<b>115,251.4</b>	<b>118,869.1</b>	<b>121,936.3</b>	<b>128,253.3</b>	<b>132,258.1</b>	<b>4,004.8</b>	<b>3.1%</b>	<b>17,006.7</b>	<b>14.8%</b>
<b>EQUITY</b>										
- 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	493.2	684.0	557.0	450.6	1,169.7	1,392.2	222.5	19.0%	708.2	103.5%
- Retained earnings	10,215.2	10,288.5	10,246.1	10,624.9	11,080.2	10,950.3	-129.9	-1.2%	661.8	6.4%
<b>Equity attributable to shareholders of ING BSK</b>	<b>11,794.8</b>	<b>12,058.9</b>	<b>11,889.5</b>	<b>12,161.9</b>	<b>13,336.3</b>	<b>13,428.9</b>	<b>92.6</b>	<b>0.7%</b>	<b>1,370.0</b>	<b>11.4%</b>
- Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
<b>Total equity</b>	<b>11,794.8</b>	<b>12,058.9</b>	<b>11,889.5</b>	<b>12,161.9</b>	<b>13,336.3</b>	<b>13,428.9</b>	<b>92.6</b>	<b>0.7%</b>	<b>1,370.0</b>	<b>11.4%</b>
<b>Total equity and liabilities</b>	<b>126,013.9</b>	<b>127,310.3</b>	<b>130,758.6</b>	<b>134,098.2</b>	<b>141,589.6</b>	<b>145,687.0</b>	<b>4,097.4</b>	<b>2.9%</b>	<b>18,376.7</b>	<b>14.4%</b>
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)	90.66	92.69	91.39	93.48	102.51	103.22	0.71	0.7%	10.53	11.4%

# Income per category

Income per P&L line (PLN million)

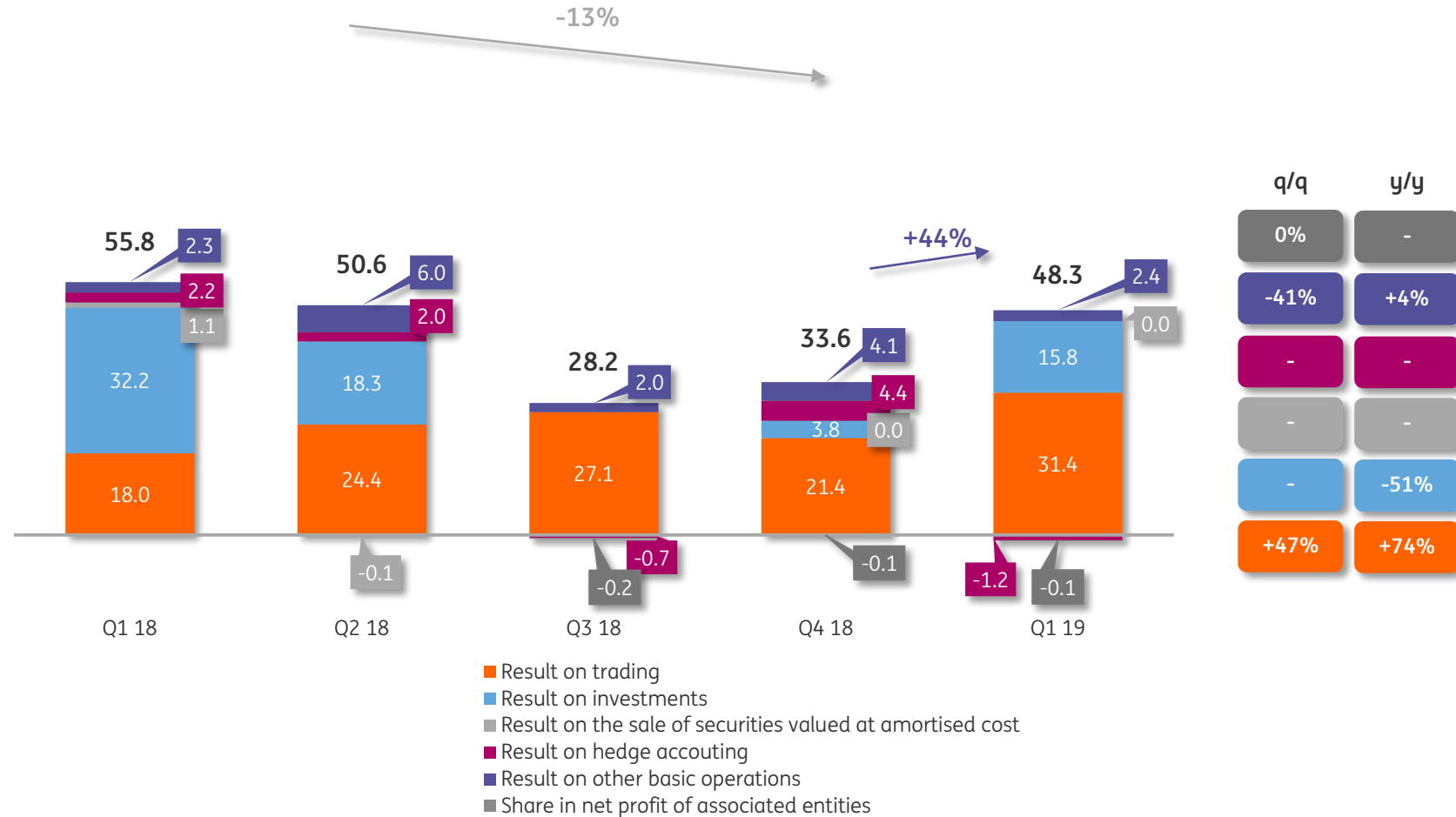


Income per business line (PLN million)



# Other income

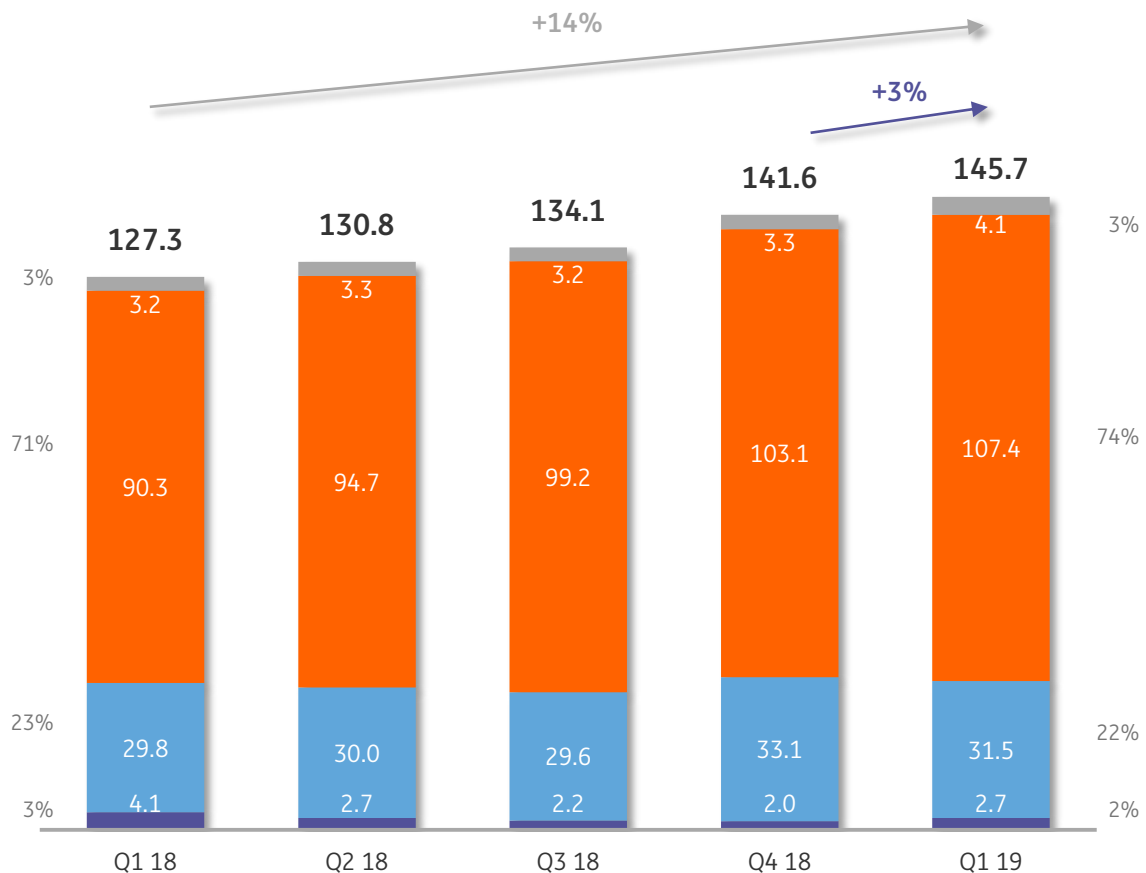
Other income (PLN million)





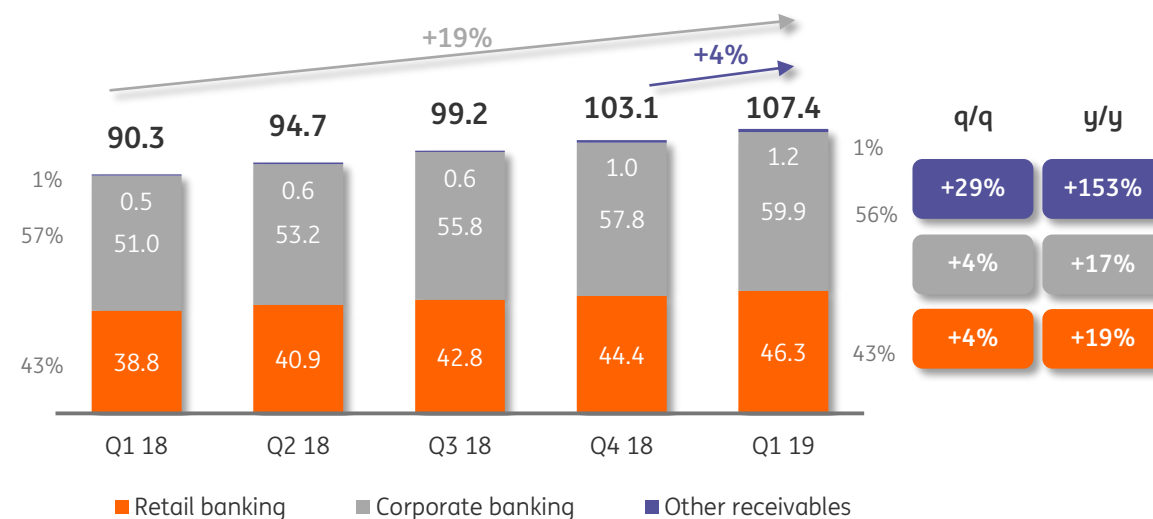
# Bank assets

Assets structure (PLN bilion; %)



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

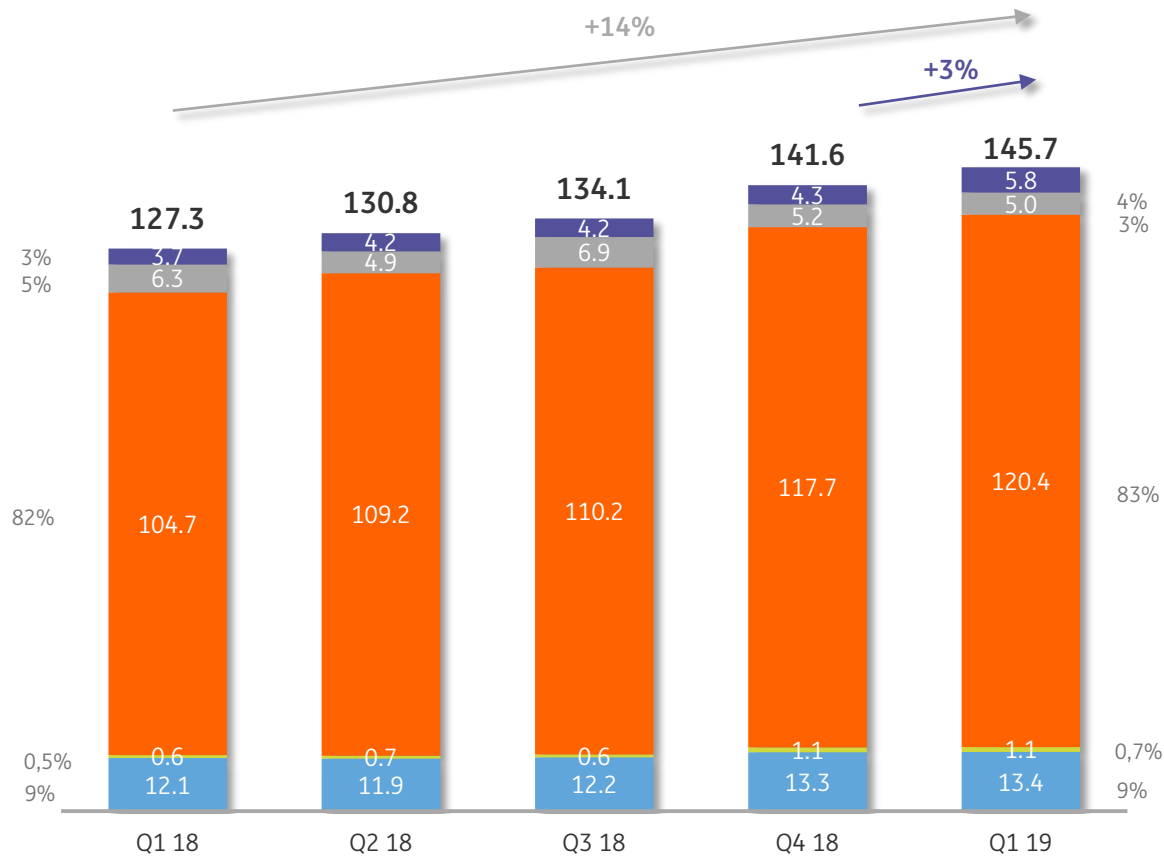
Loans and other receivables from customers\* (net; PLN billion)



	q/q	y/y
Other receivables	+29%	+153%
Corporate banking	+4%	+17%
Retail banking	+4%	+19%

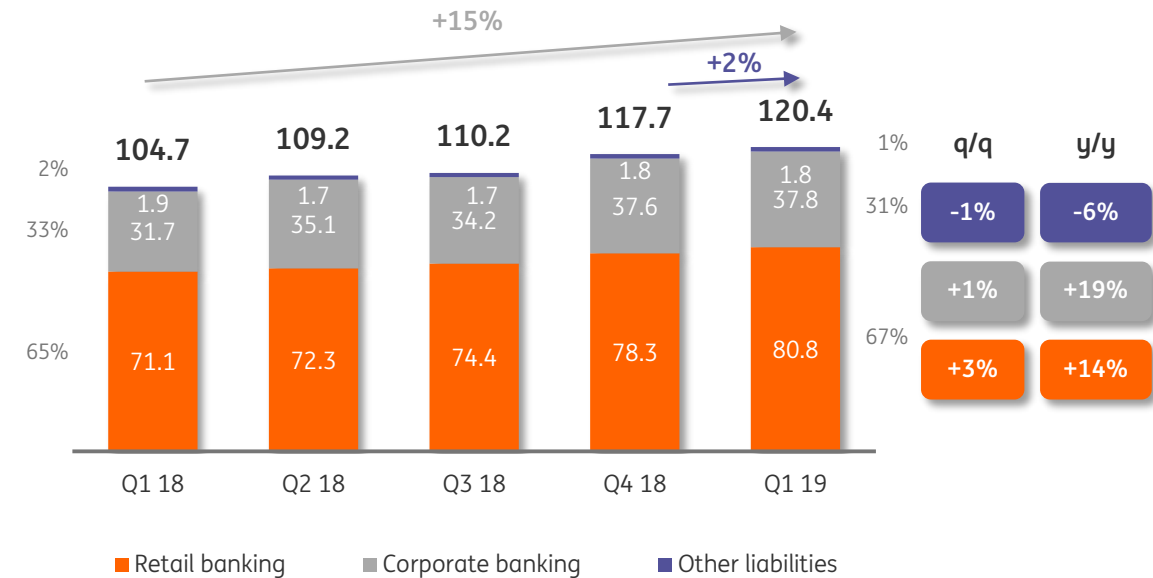
# Bank equity and liabilities

Structure of equity and liabilities (PLN billion; %)



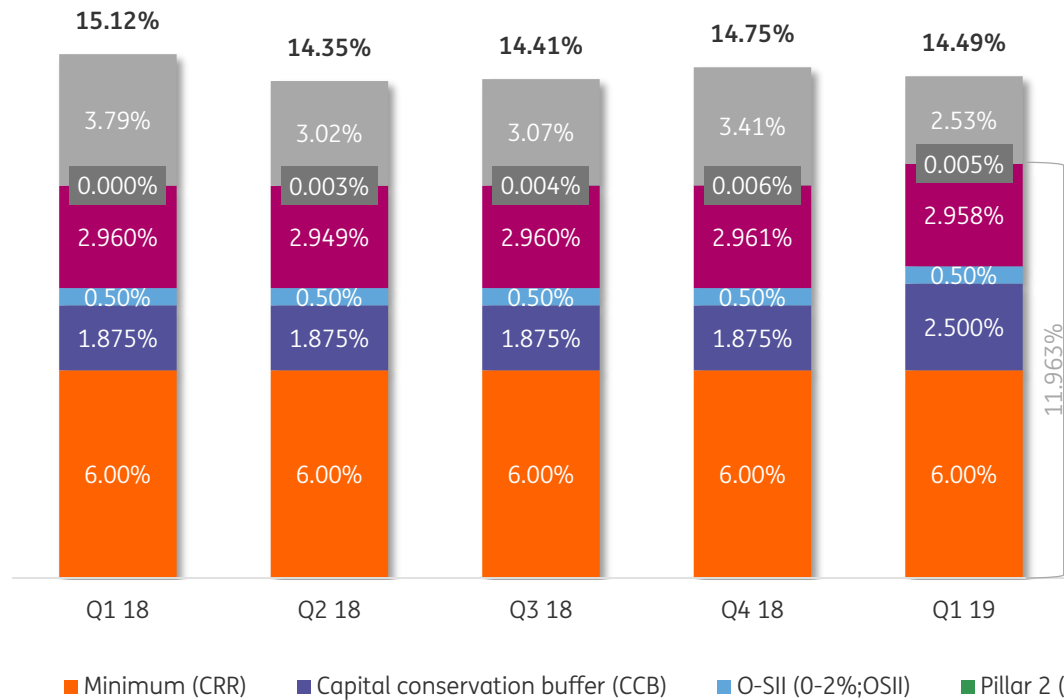
■ Equity ■ Subordinated debt ■ Deposits and other liabilities to clients ■ Liabilities to banks ■ Other

Deposits and other liabilities to customers (PLN billion)

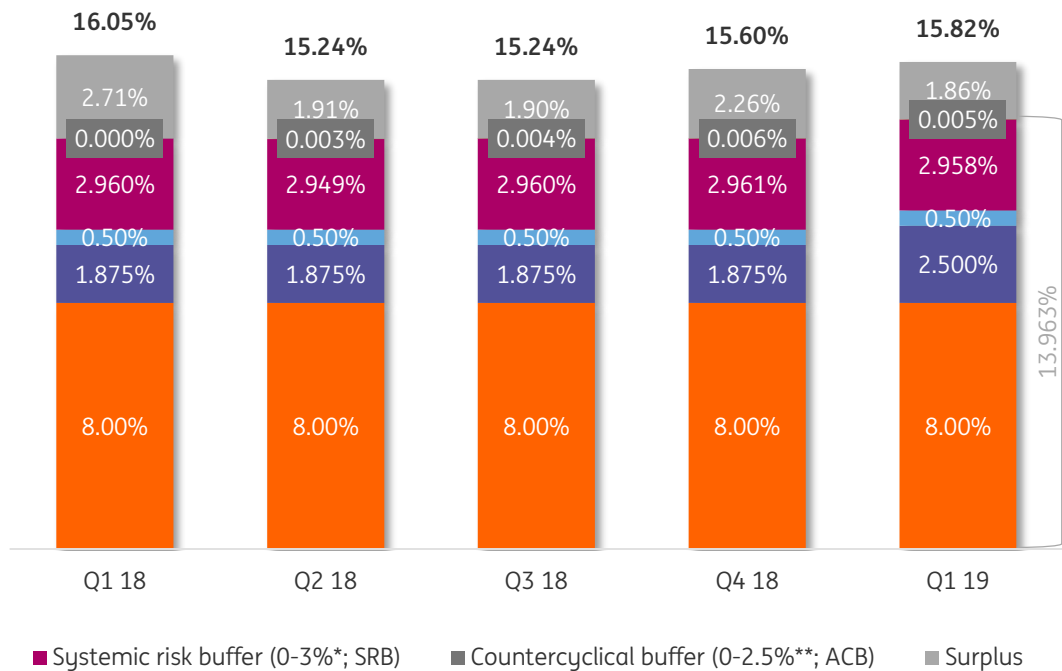


# Capital requirement structure

## Consolidated capital requirement – Tier 1



## Consolidated capital requirement – TCR



- From 1 January 2019 capital conservation buffer went up to target 2.5% from 1.875% required during 2018.
- Estimated MREL requirement according to actual BGF methodology, bail-in strategy (as % of RWA):  
 $(CRR_{TCR} + FXB + OSII) + [1 - (CRR_{TCR} + FXB + OSII)] * (CRR_{TCR} + FXB + OSII + CCB + SRB + CB) = 21.3\%$  (Q1 2019 estimates)

# Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as at 31.03.2019	%
1	Wholesale trade	8,254	13.5%
2	Real estate service	7,856	12.9%
3	Financial intermediation	3,927	6.4%
4	Foodstuff and beverage production	3,248	5.3%
5	Public administration and national defense	3,215	5.3%
6	Retail trade	2,707	4.4%
7	Land and pipeline transportation	2,491	4.1%
8	Remaining services connected with running business	2,435	4.0%
9	Ready-made metal goods productions	2,405	3.9%
10	Rubber industry	2,078	3.4%
11	Equipment rent	1,843	3.0%
12	Wood and paper industry	1,735	2.8%
13	Constructions industry	1,700	2.8%
14	Agriculture, forestry, fishery	1,610	2.6%
15	Power industry	1,577	2.6%
16	Post office and telecommunications	1,482	2.4%
17	Mechanical vehicles sale, repair and service	1,212	2.0%
18	Remaining non-metal raw materials industries	1,050	1.7%
19	Chemicals and chemical goods production	1,006	1.7%
20	Other	9,086	14.9%
<b>Total exposure</b>		<b>60,918</b>	<b>100.0%</b>

# Lending exposure by industry

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

Consolidated approach

No	Industry	Exposure as at 31.03.2019	%
1	Wholesale trade	12,226	14.1%
2	Real estate service	8,293	9.6%
3	Foodstuff and beverage production	4,322	5.0%
4	Constructions industry	4,319	5.0%
5	Retail trade	4,258	4.9%
6	Ready-made metal goods productions	3,952	4.6%
7	Public administration and national defense	3,708	4.3%
8	Power industry	3,583	4.1%
9	Remaining services connected with running business	3,522	4.1%
10	Financial intermediation	3,260	3.8%
11	Land and pipeline transportation	3,134	3.6%
12	Rubber industry	3,061	3.5%
13	Wood and paper industry	2,312	2.7%
14	Equipment rent	2,175	2.5%
15	Post office and telecommunications	1,807	2.1%
16	Mechanical vehicles sale, repair and service	1,785	2.1%
17	Remaining non-metal raw materials industries	1,750	2.0%
18	Agriculture, forestry, fishery	1,739	2.0%
19	Auxiliary service for transportation	1,675	1.9%
20	Other	15,923	18.3%
<b>Total exposure</b>		<b>86,802</b>	<b>100.0%</b>

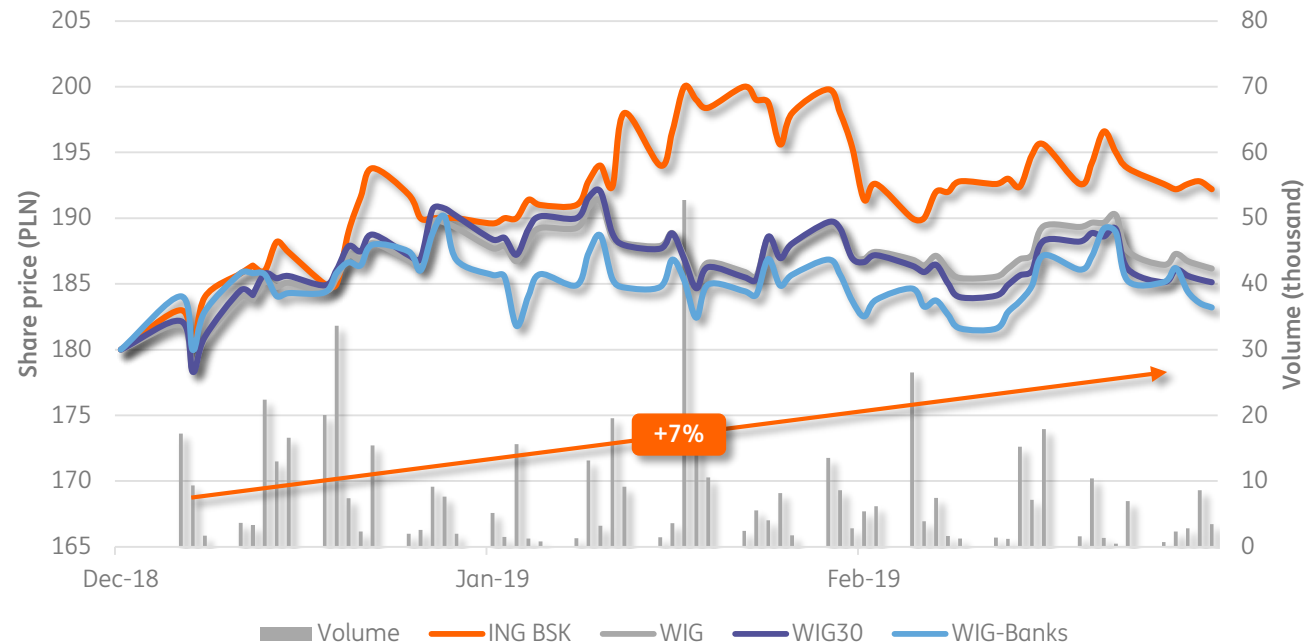
# ING Bank Śląski S.A. shares

**ING BSK share price:**  
**PLN 192.02** (29 March 2019)

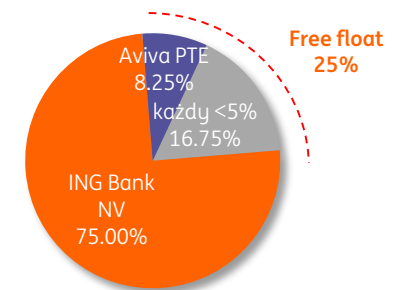
Capitalisation: PLN **25.0bn** (EUR 5.8bn)  
Free float: PLN **6.3bn** (EUR 1.5bn)

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

ING BSK shares vs. WSE indices recalculated for comparability



ING Bank Śląski S.A. shares



Market ratios (Q1 2019)

P/E 163x      P/BV 1.9x

# 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).
  - SME - corporates of annual turnover of up to EUR 10m.
  - Mid-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 (including 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.

Certain statements contained herein are not historical facts; some of them in particular are forecasts and future expectations that are based on current views and assumptions of the Management Board and that involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from data contained or implied in such statements due to the following: (1) changes in general economic conditions, (2) changes in performance of financial markets, (3) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (4) changes affecting interest rate levels, (5) changes affecting currency exchange rates, (6) changes in general competitive factors, (7) changes in laws and regulations, (8) changes in the policies of governments and/or regulatory authorities, (9) conclusions with regard to purchase accounting assumptions and methodologies. ING Bank Śląski S.A. assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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