



# ING Bank Śląski S.A.

Business and Financial Results  
for Q3 2019

Warsaw, 31 October 2019

# Table of contents

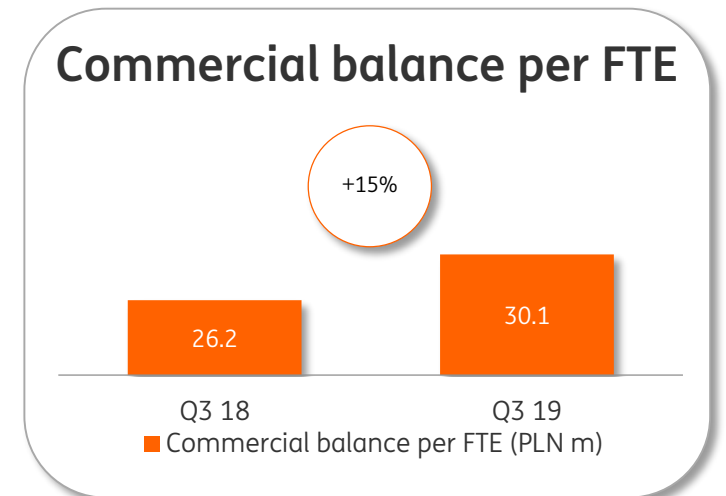
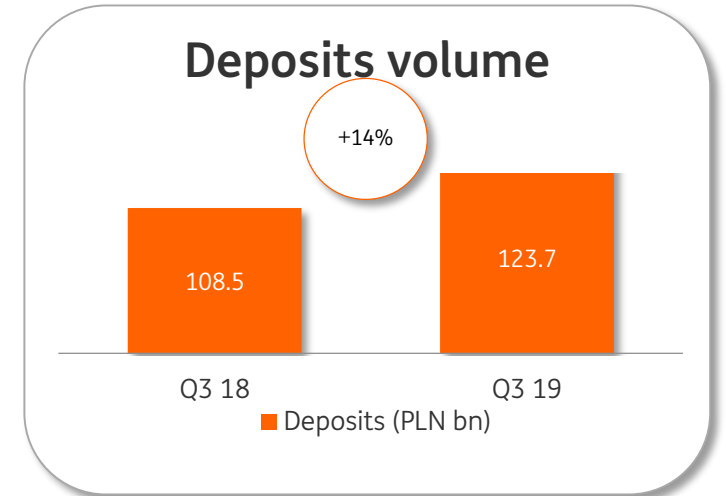
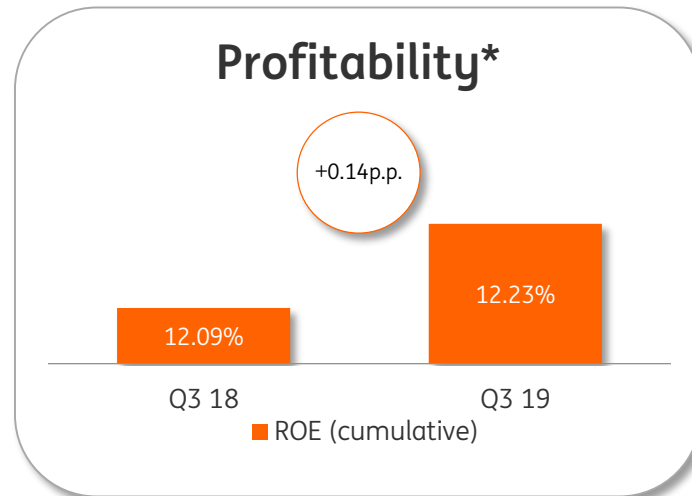
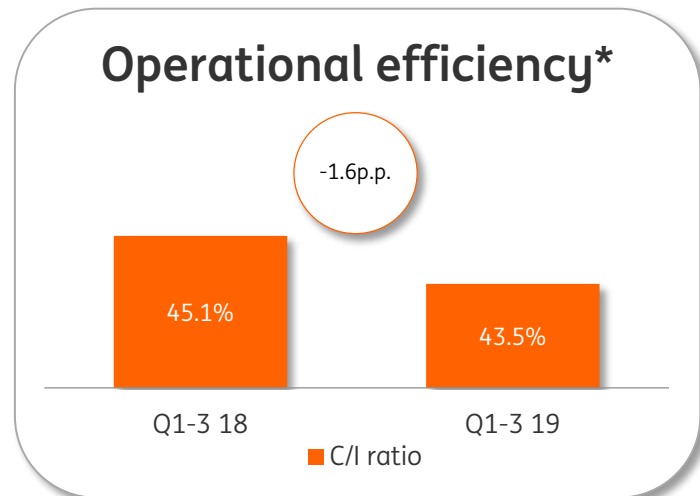
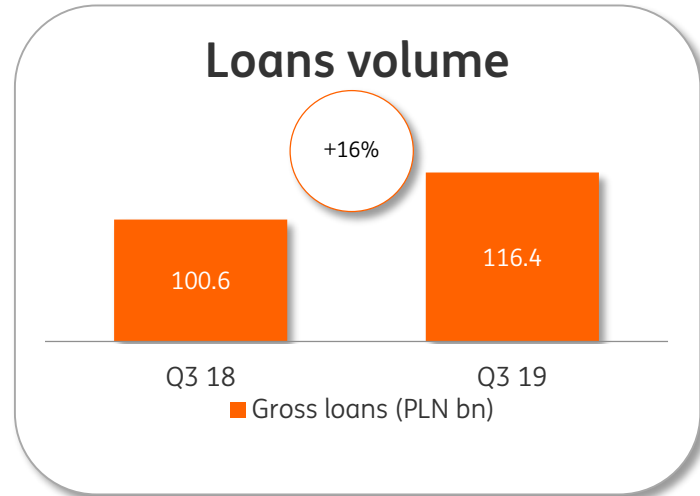
1. Introduction to financial results and the Bank's market position
2. Business development
3. Q3 2019 financial results
4. Appendixes



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



# ING maintains high dynamic of financing the economy



# Elements shaping income statement

<b>Income</b>	<b>Total income</b> Q3 2019: +13% y/y <small>Including PLN 17.1m worth of provision for reimbursement of prepaid loans</small>	Quarterly <b>NIM</b> at 3.02% Q3 2018: 2.97%	<b>Net fees and commissions income</b> Q3 2019: +8% y/y
<b>Operating costs and risk costs</b>	<b>Total costs</b> Q3 2019: +5% y/y	<b>Adjusted* cost/income ratio</b> 43.5% Q1-3 2018: 45.1%	<b>Cumulative cost of risk at 50bps</b> Q3 2018: 55bps
<b>Asset quality, profitability and capital position</b>	<b>Asset quality</b> share of loans in Stage 3 at 2.9% in Q3 2019 and 2.8% in Q3 2018	<b>Adjusted* ROE</b> at 12.2% Q3 2018: 12.1%	<b>Capital position</b> Tier 1 – 14.19%; TCR – 15.46%

We received a distinction in the 20<sup>th</sup> edition of the Best Digital Bank competition

We won two awards in the Digital Communication Awards competition

We were appreciated by UN Global Compact Network Poland

# Selected financial data

Including  
PLN 17.1m worth  
of provision for  
reimbursement  
of prepaid loans  
(other income  
line)

<i>PLN million</i>	Q3 2018	Q2 2019	Q3 2019	Change q/q	Change y/y	Q1-3 2018	Q1-3 2019	Change y/y
Total income	1,305.9	1,451.2	1,472.1	+ 1%	+ 13%	3,873.0	4,309.6	+ 11%
Total expenses	577.2	581.1	604.4	+ 4%	+ 5%	1,760.5	1,906.6	+ 8%
Result before risk costs	728.7	870.1	867.7	- 0%	+ 19%	2,112.5	2,403.0	+ 14%
Risk costs	133.9	135.9	180.2	+ 33%	+ 35%	402.4	441.1	+ 10%
Bank levy	94.7	108.4	111.5	+ 3%	+ 18%	274.3	322.1	+ 17%
Profit before tax	500.1	625.8	576.0	- 8%	+ 15%	1,435.8	1,639.8	+ 14%
Income tax	121.8	156.7	161.2	+ 3%	+ 32%	363.6	431.4	+ 19%
Net profit	378.3	469.1	414.8	- 12%	+ 10%	1,072.2	1,208.4	+ 13%
Total capital ratio	15.24%	15.03%	15.46%	+ 0.43 p.p.	+ 0.22 p.p.	15.24%	15.46%	+ 0.22 p.p.
Tier 1	14.41%	13.78%	14.19%	+ 0.41 p.p.	- 0.22 p.p.	14.41%	14.19%	- 0.22 p.p.
ROE (%)	12.1%	12.5%	12.1%	- 0.4 p.p.	+ 0.0 p.p.	12.1%	12.1%	+ 0.0 p.p.
C/I ratio (%)	44.2%	40.0%	41.1%	+ 1.0 p.p.	- 3.1 p.p.	45.5%	44.2%	- 1.2 p.p.

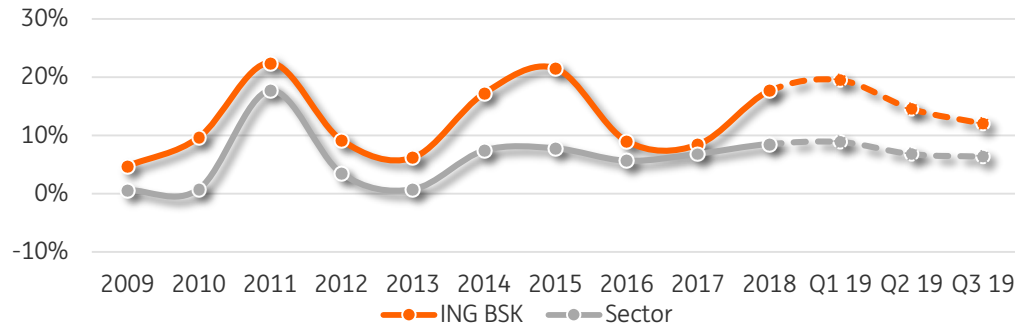
# Major business accomplishments

## Business volumes

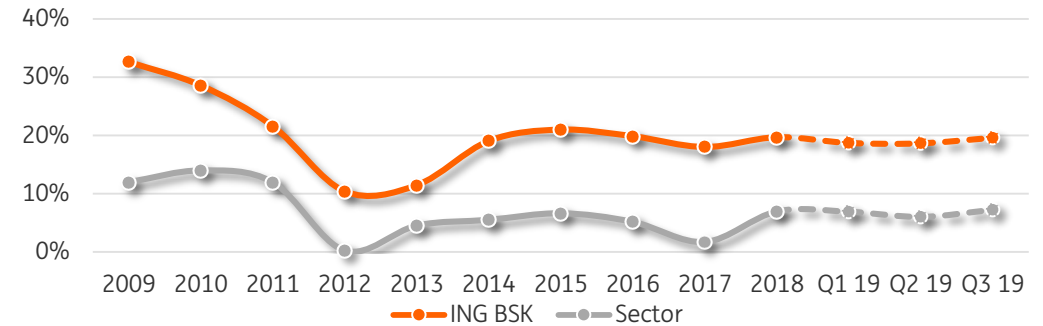
<i>PLN million</i>	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Change % q/q	Change % YTD	Change % y/y	Change q/q	Change YTD	Change y/y
Total deposits	102,782	107,468	108,531	115,908	118,653	121,131	123,716	+ 2%	+ 7%	+ 14%	2,585	7,808	15,185
Corporate clients' deposits	31,671	35,119	34,161	37,590	37,840	39,134	39,366	+ 1%	+ 5%	+ 15%	232	1,776	5,205
Retail clients' deposits	71,112	72,349	74,369	78,318	80,814	81,997	84,350	+ 3%	+ 8%	+ 13%	2,353	6,032	9,980
Total funds entrusted by retail clients	83,763	85,105	86,557	90,032	93,325	95,043	97,993	+ 3%	+ 9%	+ 13%	2,950	7,961	11,436
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	12,651	12,756	12,188	11,714	12,512	13,046	13,644	+ 5%	+ 16%	+ 12%	597	1,930	1,456
Total loans	91,630	96,151	100,637	104,445	108,445	111,474	116,383	+ 4%	+ 11%	+ 16%	4,910	11,938	15,747
Loans to corporate clients incl. leasing and factoring	52,205	54,428	57,097	59,082	61,124	61,485	63,637	+ 3%	+ 8%	+ 11%	2,152	4,555	6,540
Loans to retail clients	39,425	41,723	43,540	45,363	47,321	49,988	52,746	+ 6%	+ 16%	+ 21%	2,758	7,383	9,207
Mortgage loans	28,892	30,541	31,989	33,372	34,590	36,465	38,618	+ 6%	+ 16%	+ 21%	2,154	5,247	6,629

# Market shares of ING Bank Śląski S.A.

## Corporate loans (change y/y)



## Household loans (change y/y)



Market share (%)



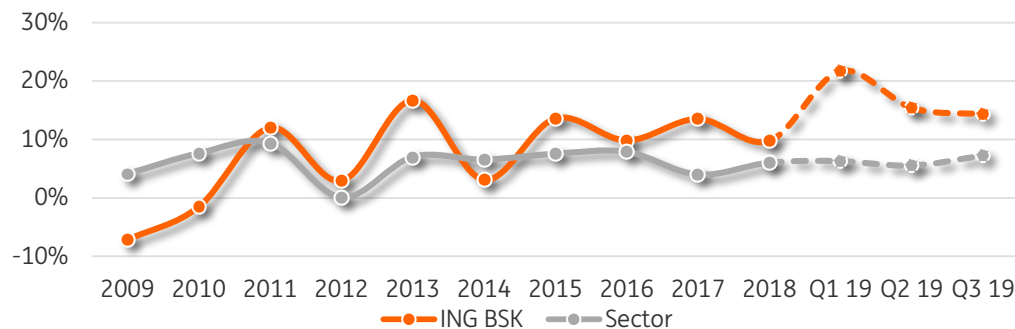
Market share (%)



Market share excl. FX\* (%)



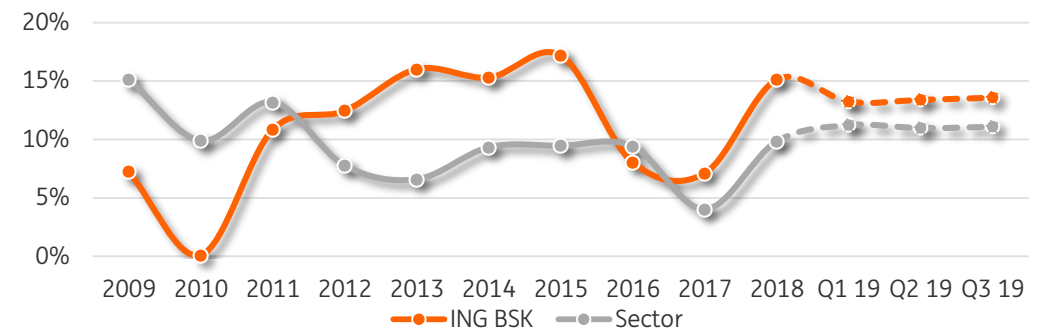
## Corporate deposits (change y/y)



Market share (%)



## Household deposits (change y/y)



Market share (%)



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.





# Business development



# New solutions for our clients

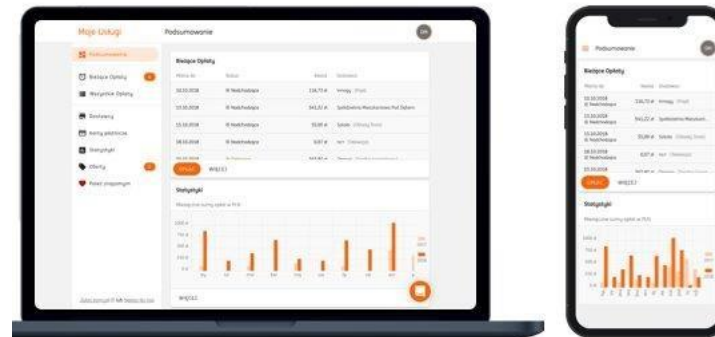
Preview of customer accounts with other banks in My ING



My Services for bills aggregation

Moje Usługi

płać online  
**imoje**



All bills in one place  
Pay bills with one click

Apple Pay for corporate clients



# Retail banking

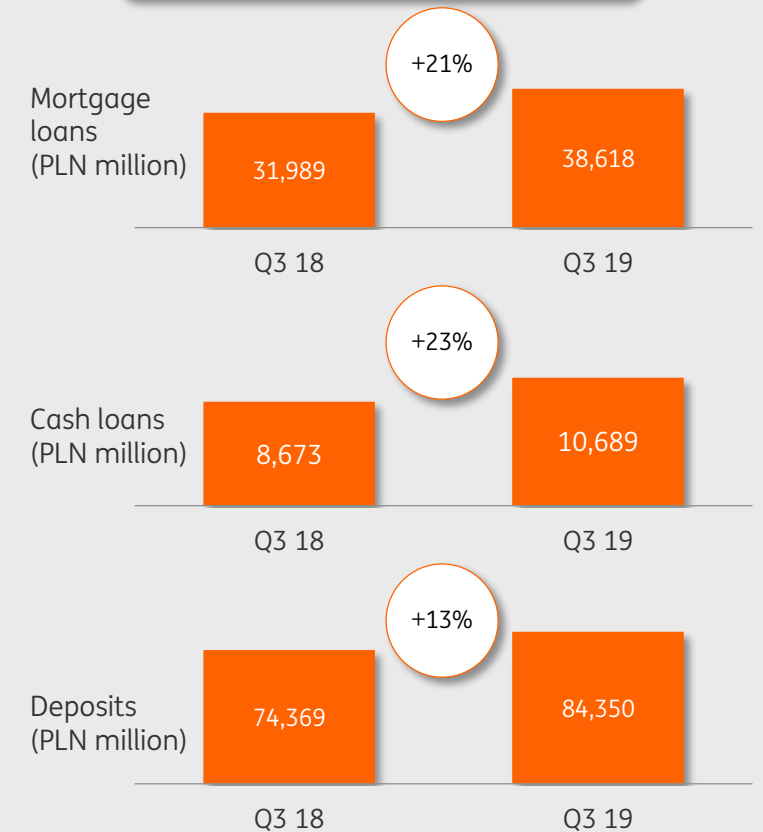
## Customer transactions

- We operate 3.6 million current accounts, including 3.2 million for individual clients and 377 thousand for entrepreneurs
- In 2019, our clients carried out 2.4 million transactions in the branches (-29% y/y), of which 779 thousand deposits (-26% y/y) and 1.7 million withdrawals (-30% y/y)...
- ...64.3 million transactions in cash devices (+1% y/y), of which 9.2 million deposits (+16% y/y) and 55.0 million withdrawals (-1% y/y)...
- ...20.6 million BLIK transactions (+137% y/y)...
- ...313.5 million transfers (99.6% electronically; +31% y/y), of which 64.2 million in mobile banking (+42% y/y), and...
- 573.7 million debit card transactions (+23% y/y).

## Funding

- The portfolio of retail receivables increased by PLN 9.2 billion y/y and PLN 2.5 billion q/q to PLN 52.8 billion, out of which PLN 46.2 billion are receivables from private individuals and PLN 6.6 billion are receivables from entrepreneurs
- We granted PLN 3.1 billion worth of mortgage loans in Q3 2019 (+49% y/y; of which PLN 607 million at fixed rate), which translates into a 19.0% market share
- An 11.2% market share in the volume of PLN mortgage loans
- We granted PLN 1.5 billion worth of cash loans in Q3 2019 (+18% y/y)
- In October 2019, ING Bank Hipoteczny issued the first round of green covered bonds at PLN 400 million (WIBOR 6M + 0.53%)

## Growing volumes



# Corporate banking

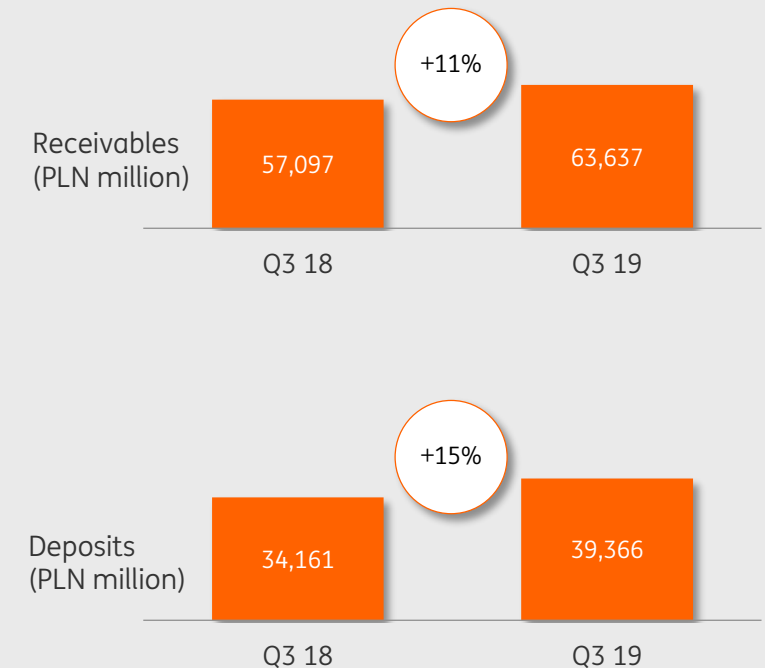
## Customer transactions

- In 2019, our corporate clients completed 251 thousand cash transactions in branches (-27% y/y)...
- ...1.5 million transactions in cash devices (+24% y/y) and...
- 56.7 million transfers (+11% y/y), including 2.3 million in mobile banking (+43% y/y)
- We installed 19.7 thousand POS (out of which 6.3 thousand in 2019); we processed 5.9 million transactions in Q3 2019 (+17% q/q)
- 977 stores with the active imoje payment gate (+676 YTD), including 238 shops with Twisto payments (+158 YTD)

## Funding

- The corporate receivables portfolio (including leasing and factoring) is PLN 63.6 billion, up by PLN 6.5 billion y/y (+11% y/y)
- The portfolio of receivables from SME and mid-corporate increased by PLN 3.8 billion y/y (+11% y/y) to PLN 39.8 billion
- The portfolio of receivables from strategic clients increased by PLN 2.7 billion y/y (+13% y/y) to PLN 23.8 billion
- In Q3 2019, leasing sales increased by 8% y/y
- In Q3 2019, the factoring sales increased by +21% y/y, #3 on the market
- 96% of credit applications were submitted online

## Growing volumes



# Q3 2019 financial results

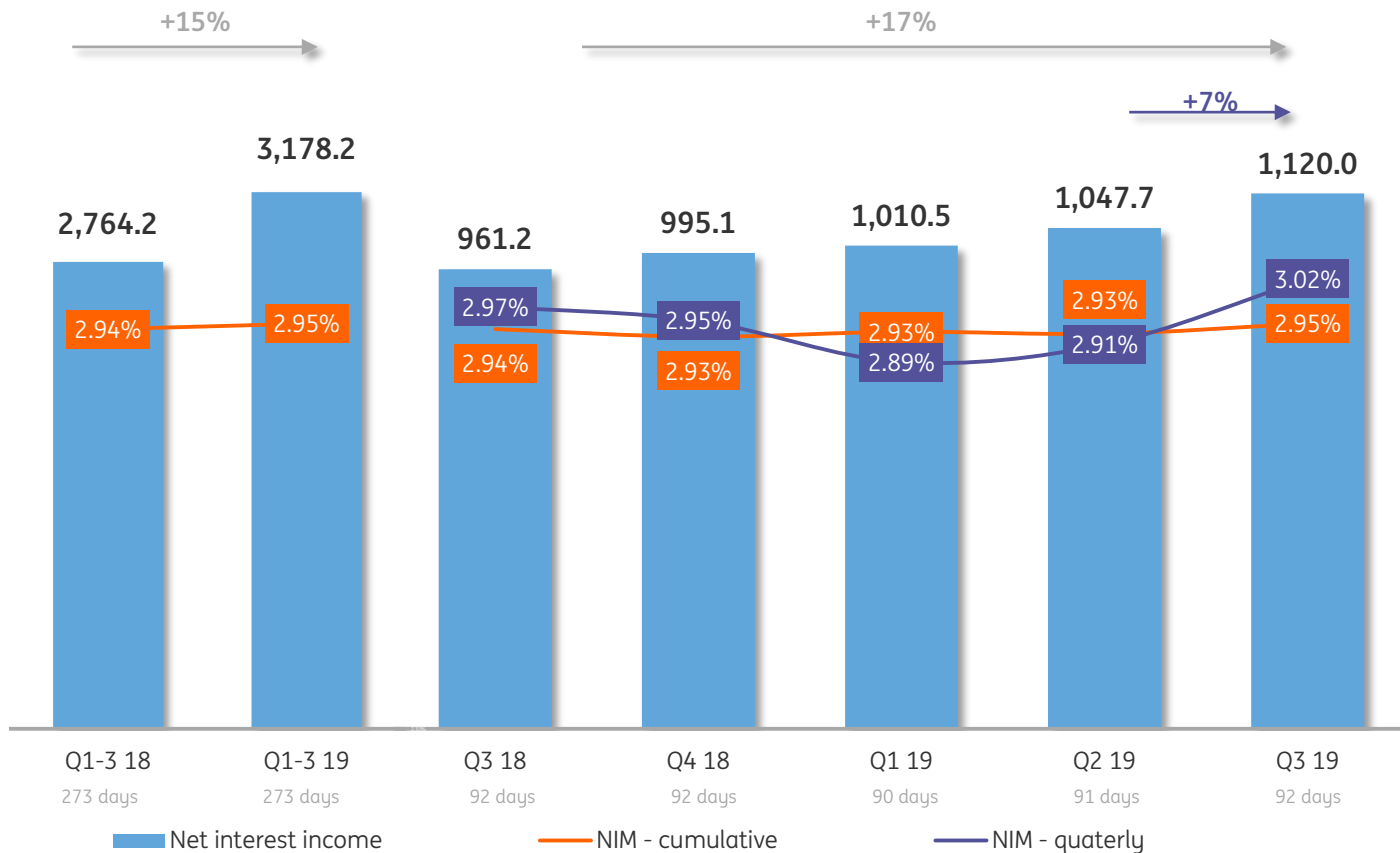


# Financial results of ING Bank Śląski S.A.

PLN million	Q3 2018	Q2 2019	Q3 2019	Change q/q	Change y/y	Q1-3 2018	Q1-3 2019	Change y/y
Net interest income	961.2	1,047.7	1,120.0	+ 7%	+ 17%	2,764.2	3,178.2	+ 15%
Net commission income	316.5	359.2	340.4	- 5%	+ 8%	974.2	1,027.1	+ 5%
Other income	28.2	44.3	11.7	- 74%	- 59%	134.6	104.3	- 23%
<b>Total income</b>	<b>1,305.9</b>	<b>1,451.2</b>	<b>1,472.1</b>	<b>+ 1%</b>	<b>+ 13%</b>	<b>3,873.0</b>	<b>4,309.6</b>	<b>+ 11%</b>
<b>Total expenses</b>	<b>577.2</b>	<b>581.1</b>	<b>604.4</b>	<b>+ 4%</b>	<b>+ 5%</b>	<b>1,760.5</b>	<b>1,906.6</b>	<b>+ 8%</b>
<b>Result before risk costs</b>	<b>728.7</b>	<b>870.1</b>	<b>867.7</b>	<b>- 0%</b>	<b>+ 19%</b>	<b>2,112.5</b>	<b>2,403.0</b>	<b>+ 14%</b>
Risk costs	133.9	135.9	180.2	+ 33%	+ 35%	402.4	441.1	+ 10%
Bank levy	94.7	108.4	111.5	+ 3%	+ 18%	274.3	322.1	+ 17%
Profit before tax	500.1	625.8	576.0	- 8%	+ 15%	1,435.8	1,639.8	+ 14%
Income tax	121.8	156.7	161.2	+ 3%	+ 32%	363.6	431.4	+ 19%
<b>Net profit</b>	<b>378.3</b>	<b>469.1</b>	<b>414.8</b>	<b>- 12%</b>	<b>+ 10%</b>	<b>1,072.2</b>	<b>1,208.4</b>	<b>+ 13%</b>
<b>Total capital ratio</b>	<b>15.24%</b>	<b>15.03%</b>	<b>15.46%</b>	<b>+ 0.43 p.p.</b>	<b>+ 0.22 p.p.</b>	<b>15.24%</b>	<b>15.46%</b>	<b>+ 0.22 p.p.</b>
Tier 1	14.41%	13.78%	14.19%	+ 0.41 p.p.	- 0.22 p.p.	14.41%	14.19%	- 0.22 p.p.
ROE (%)	12.1%	12.5%	12.1%	- 0.4 p.p.	+ 0.0 p.p.	12.1%	12.1%	+ 0.0 p.p.
C/I ratio (%)	44.2%	40.0%	41.1%	+ 1.0 p.p.	- 3.1 p.p.	45.5%	44.2%	- 1.2 p.p.
<b>Adjusted data*</b>			<b>Adjusted data*</b>			<b>Adjusted data*</b>		
Total income*	1,305.9	1,451.2	1,472.1	+ 1%	+ 13%	3,873.0	4,309.6	+ 11%
Total expenses*	591.8	613.9	637.2	+ 4%	+ 8%	1,746.0	1,873.8	+ 7%
Profit before tax*	485.4	592.9	546.0	- 8%	+ 12%	1,450.2	1,675.2	+ 16%
Net profit*	363.6	444.4	394.0	- 11%	+ 8%	1,086.6	1,235.7	+ 14%
ROE (%)*	12.1%	12.6%	12.2%	- 0.4 p.p.	+ 0.1 p.p.	12.1%	12.2%	+ 0.1 p.p.
C/I ratio (%)*	45.3%	42.3%	43.2%	+ 0.9 p.p.	- 2.1 p.p.	45.1%	43.5%	- 1.6 p.p.

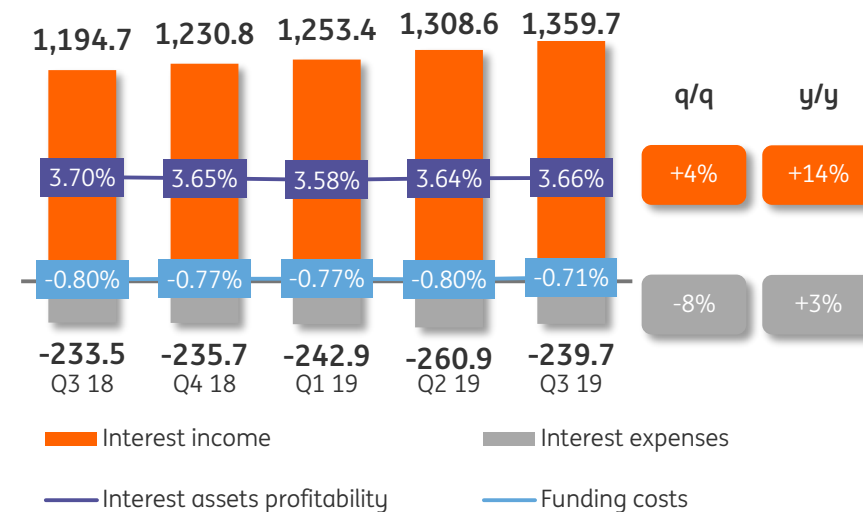
# Net interest income

Net interest income (PLN million) and net interest margin

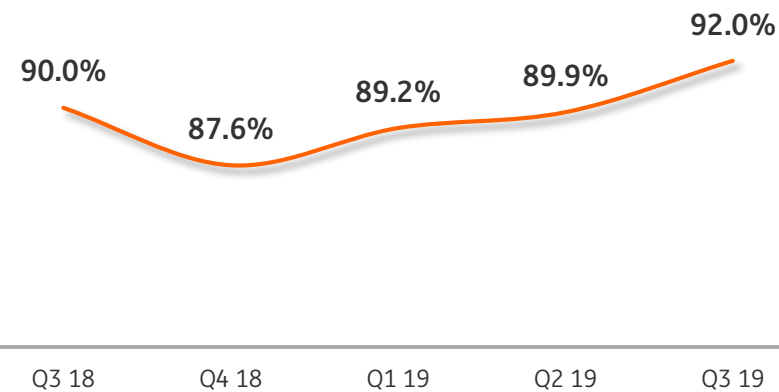


3M WIBOR

Interest income and expenses (PLN million)

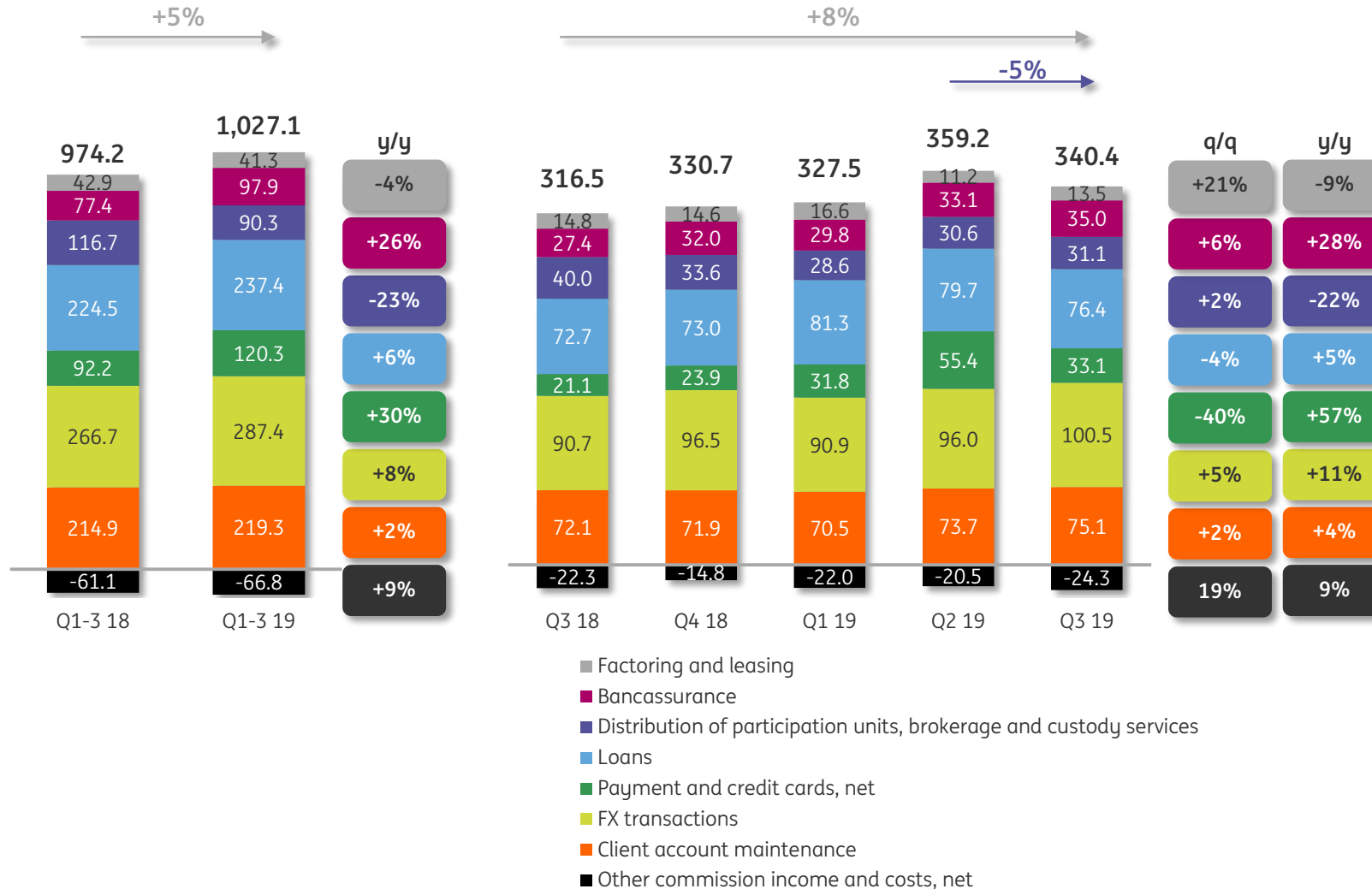


Loan to deposit ratio



# Fee and commission income

Fee and commission income per category (PLN million)

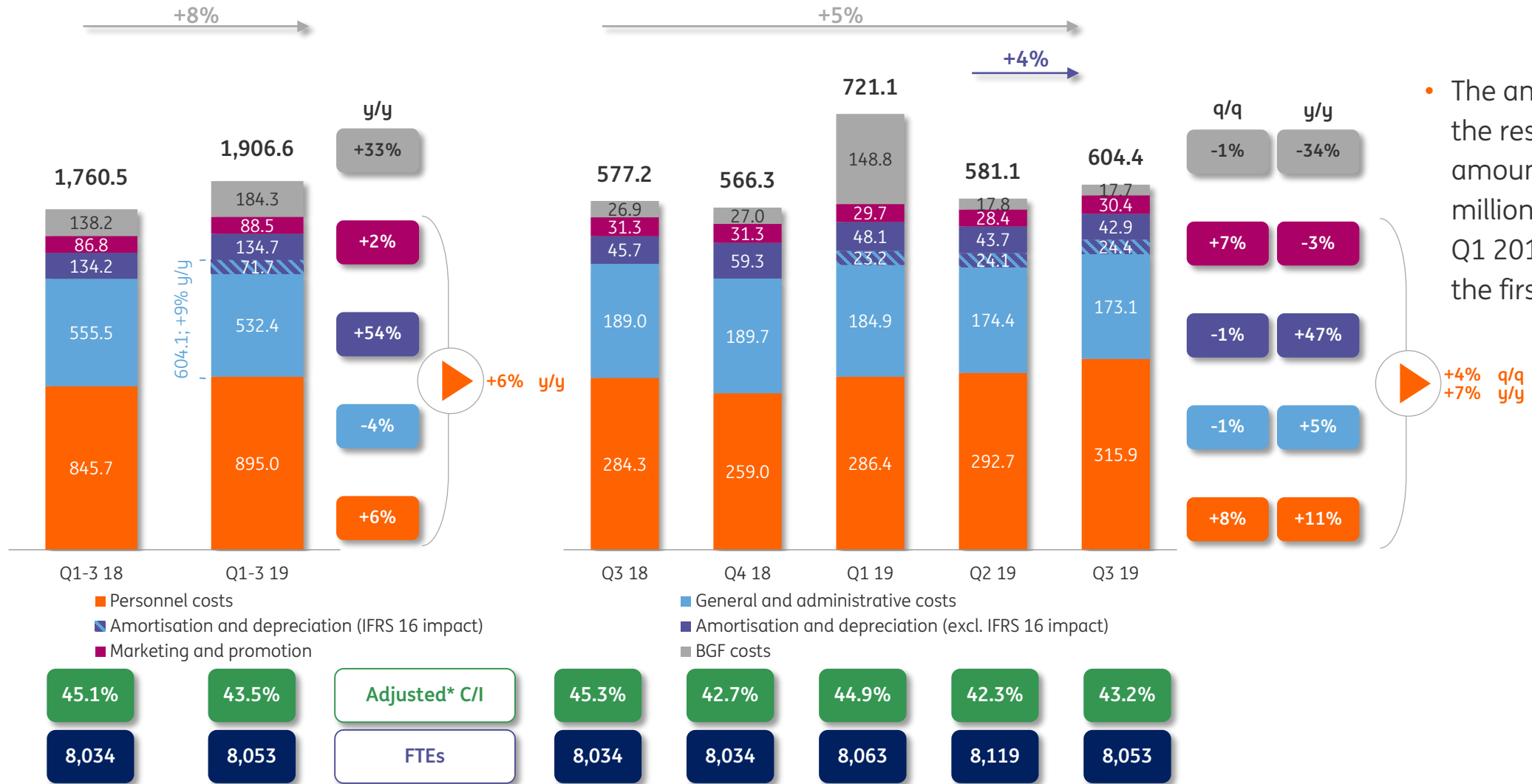


- Payment- and credit card fees under the impact of the annual settlements with partners in Q2 2019
- High customer activity in the area of currency exchange contributes to the commission result
- Result on distribution of participation units under the regulatory pressure



# Total expenses

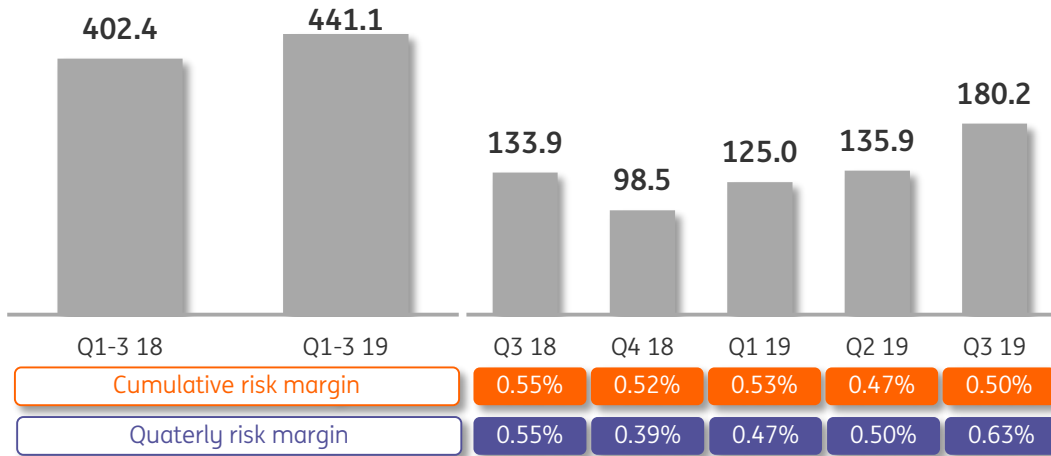
Total expenses (PLN million)



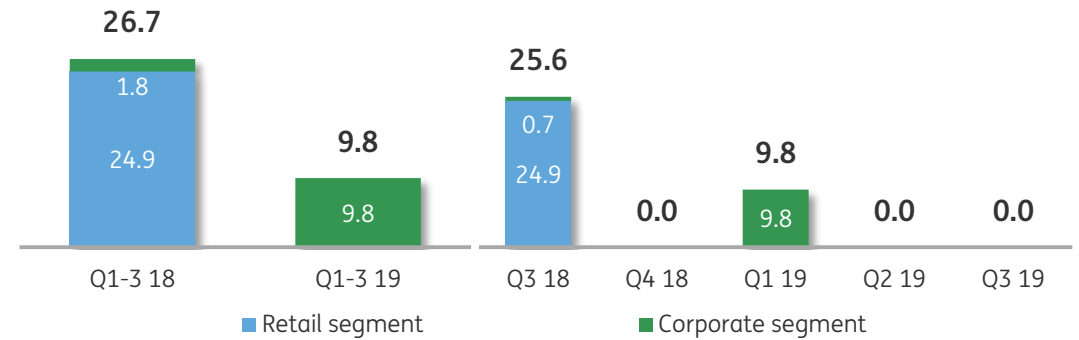
- The annual contribution for the resolution fund amounted to PLN 131.2 million (PLN 58.2 million in Q1 2018) – fully booked in the first quarter costs

# Cost of risk

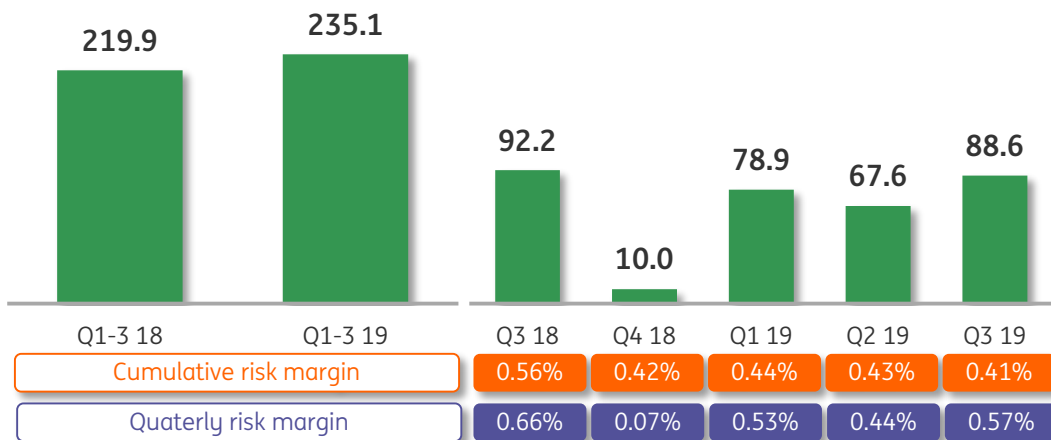
Group (PLN million)



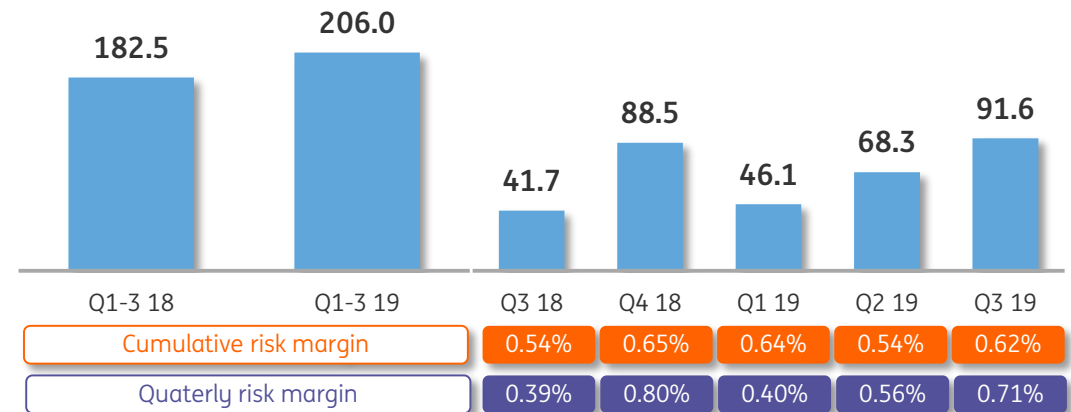
Impact of sales of non-performing portfolios on the cost of risk (PLN million)



Corporate banking (PLN million)



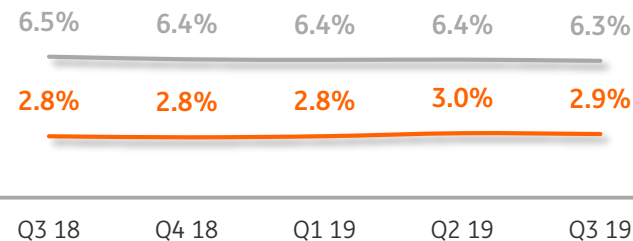
Retail banking (PLN million)



# Portfolio quality and provisioning

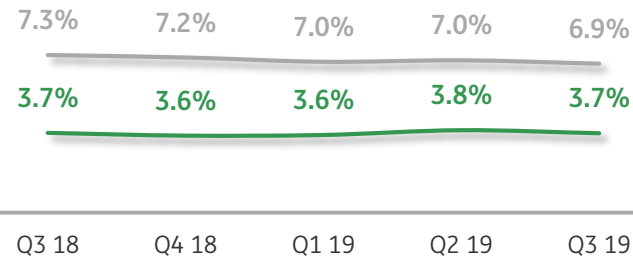
## Share of non-performing portfolio in the total portfolio

Group



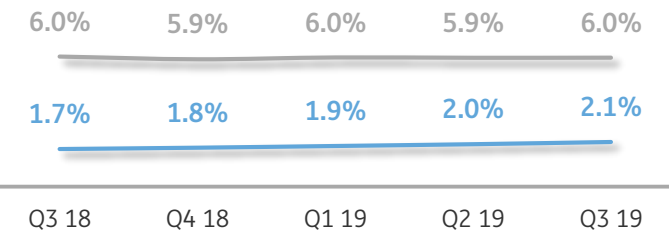
— ING BSK — Market

Corporate banking



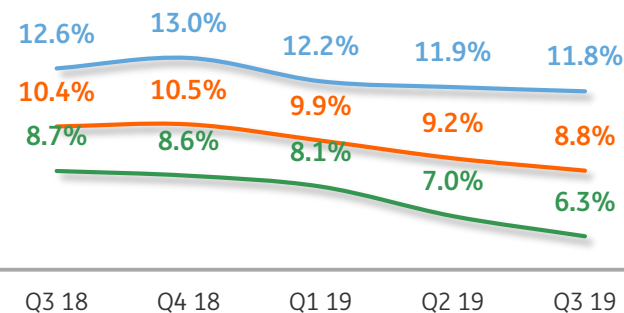
— ING BSK (corporate segment) — Market (institutional clients)

Retail banking



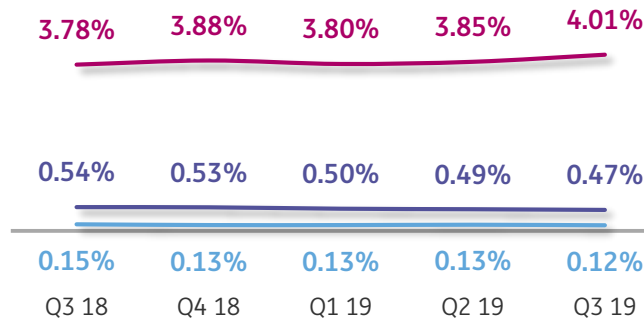
— ING BSK (retail segment) — Market (households)

## Share of Stage 2 in gross portfolio



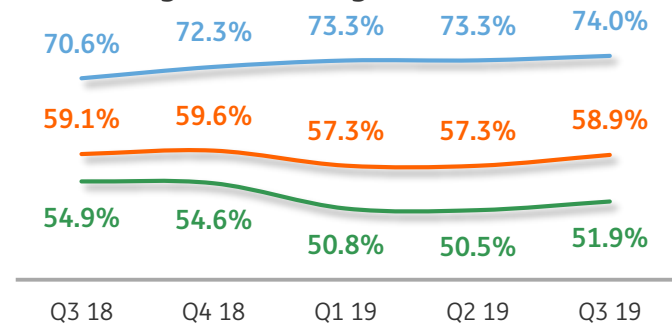
— Group  
— Retail banking  
— Corporate banking

## Provisioning ratio – Stages 1 and 2



— Coverage of assets in Stage 1  
— Coverage of assets in Stage 2  
— Coverage of assets in Stage 1 and 2

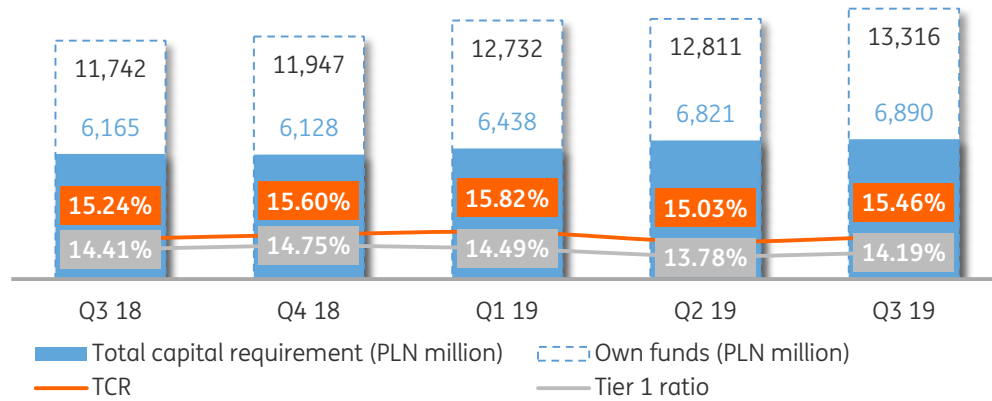
## Provisioning ratio – Stage 3



— Group  
— Retail banking  
— Corporate banking

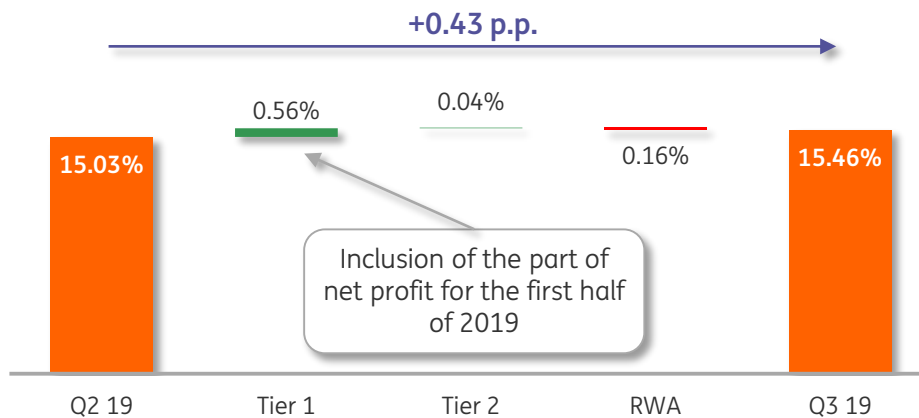
# Capital adequacy

## Consolidated total capital ratio and capital requirements

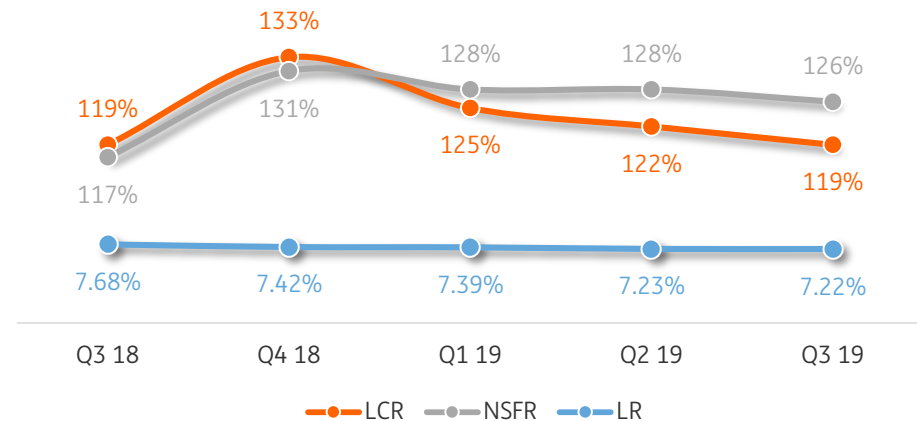


- TCR and Tier 1 ratio are, respectively 1.5 p.p. and 2.2 p.p. above the minimum capital requirements for ING BSK which are 13.966% and 11.966%, respectively.
- TCR and Tier 1 ratio would be 15.17% and 13.90%, if ING BSK had not phased in IFRS 9 implementation.
- In September 2019, we concluded a subordinated loan agreement with ING Bank N.V. worth EUR 250 million. We await the consent of the PFSA's regarding the recognition of this subordinated loan in capital.

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



## Other capital and liquidity ratios



# Appendixes

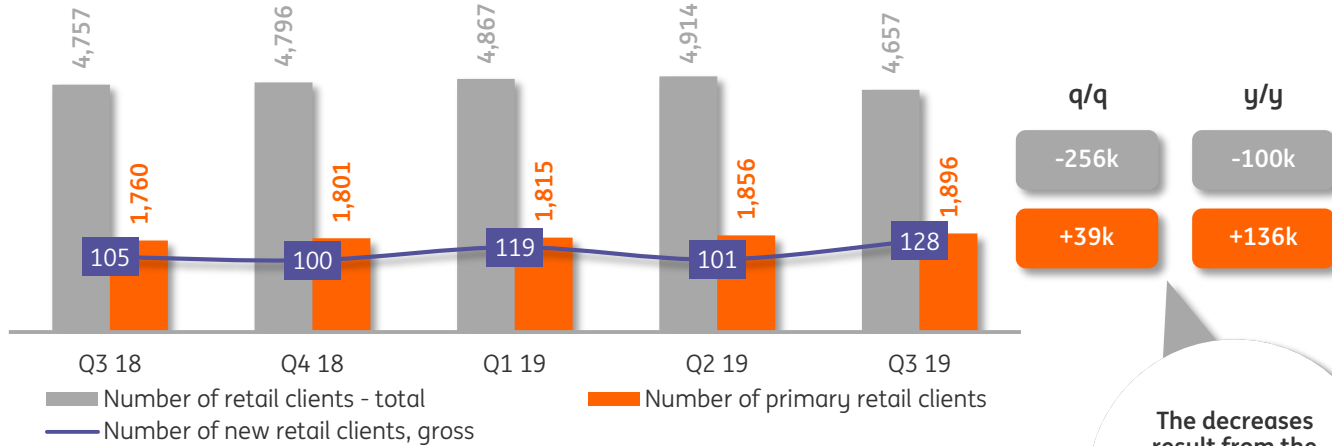


# Retail banking

# Client base

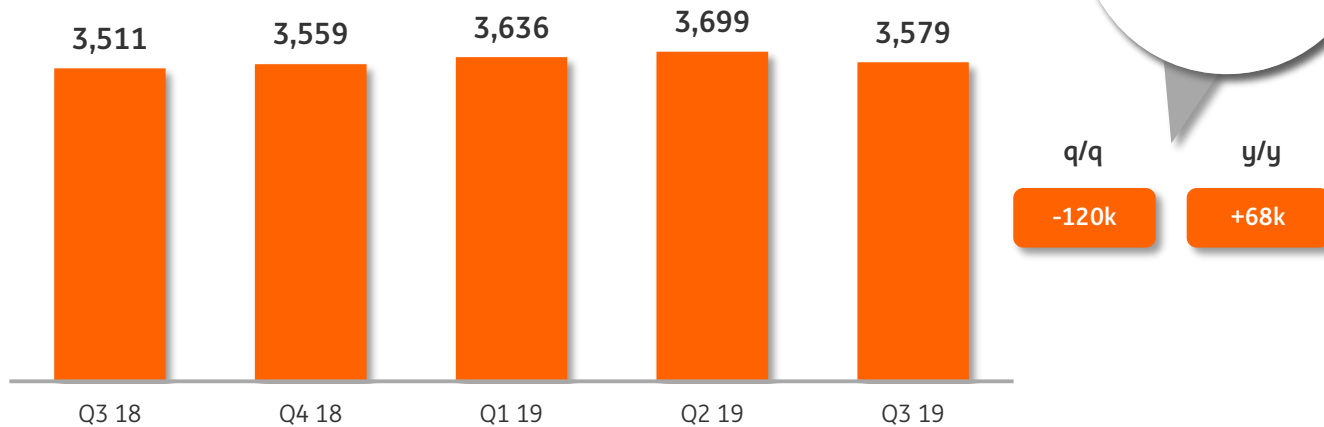
## 4.7 million retail clients

Number of retail clients (thousand)



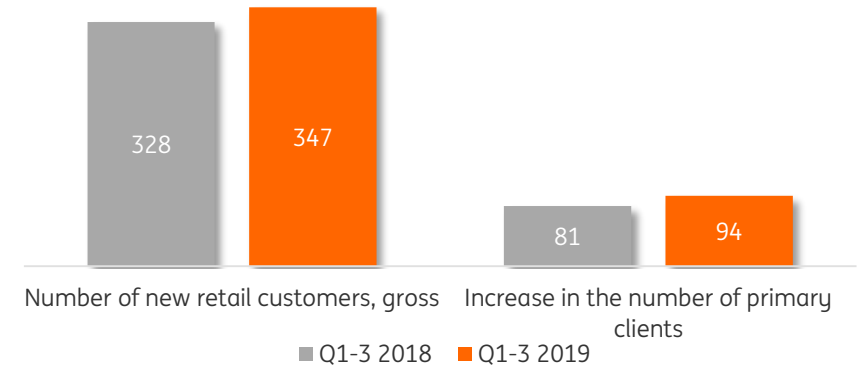
The decreases result from the cleaning of the customer base due to regulatory considerations

Number of retail clients' current accounts (thousand)



Note: current accounts in PLN

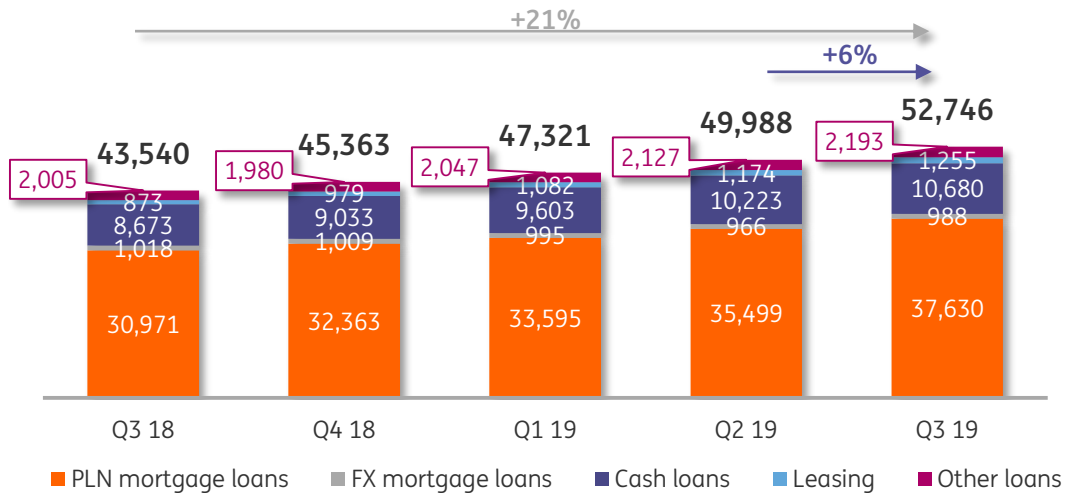
Acquisition of retail clients (thousand)



- 85% of accounts are Direct Accounts
- In Q3 2019, our clients set up **86.5k Trusted Profiles** – there are already **644.9k** such profiles. Clients used them to **sign 344.6k documents** in Q3 2019
- In Q3 2019, our clients filed, through our agency, **361.8k applications for the 500+ child benefit** and **246.5k for the +300 school start benefit**

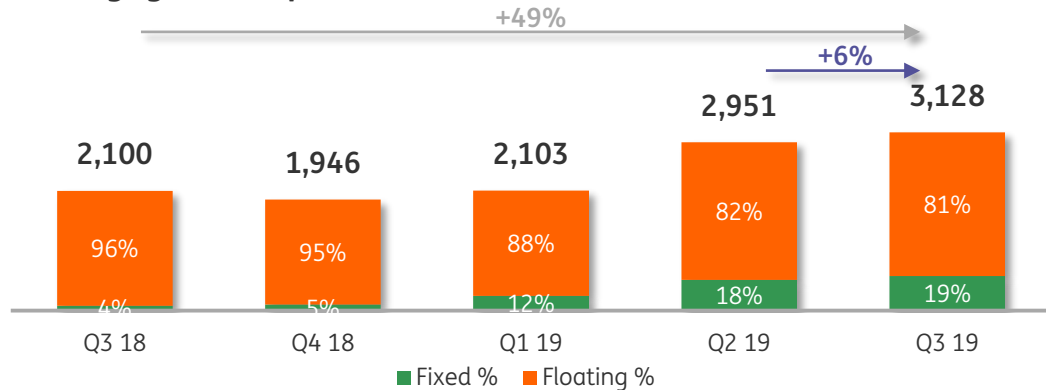
# Retail lending

Loan portfolio of retail clients (gross; PLN million)

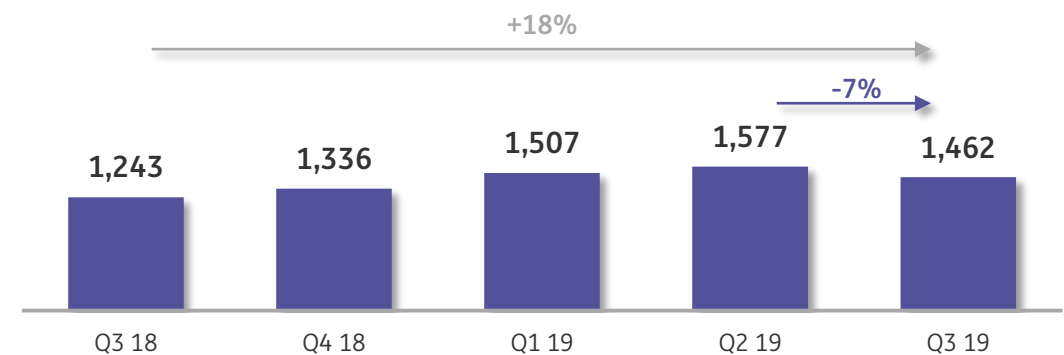


- **PLN 1.5 billion** worth of cash loans granted to retail clients in Q3 2019 (+18% y/y)
- **PLN 3.1 billion** worth of mortgage loans granted in Q3 2019 (+49% y/y), which translates into a **19.0%** market share
  - out of which PLN 607 million worth of fixed interest rate mortgage loans (PLN 1.6bn since the product launch)
- An **11.2%** market share in terms of in PLN mortgage loans; **8.2%** in total mortgage loans (Q3 2019)

Mortgage loans production (PLN million)



Cash loans production (PLN million)

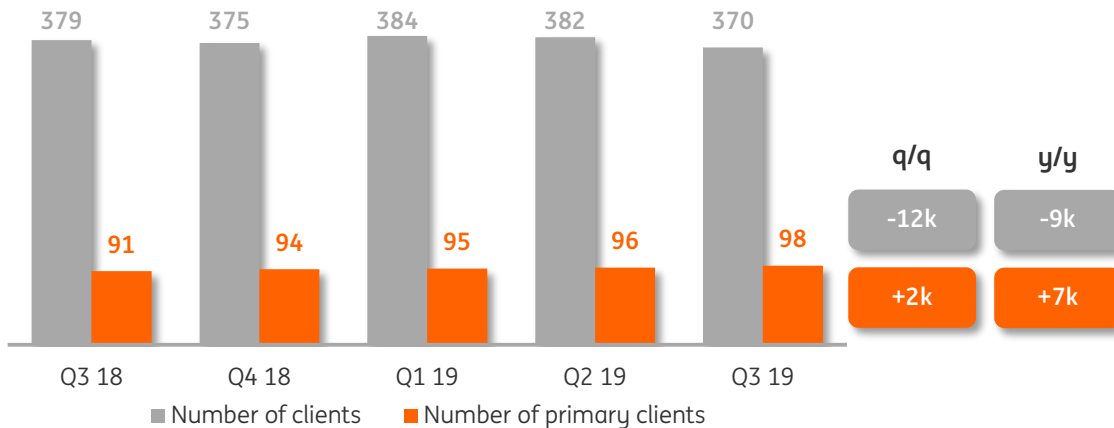




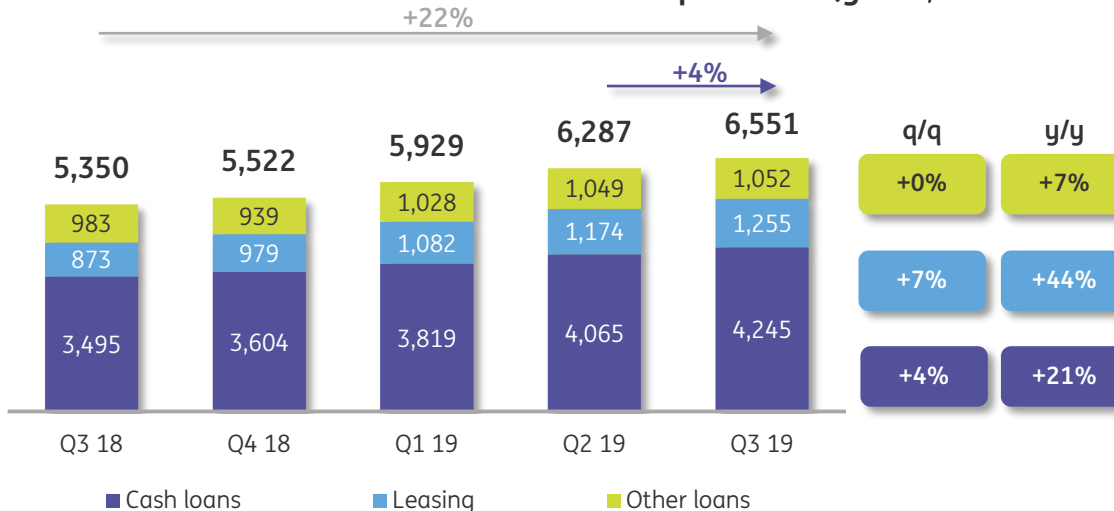
# ING supports entrepreneurs

## 370 thousand entrepreneurs

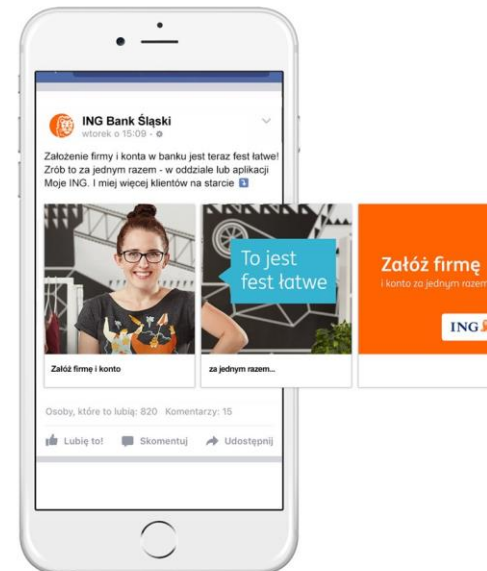
Number of entrepreneurs (thousand)



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

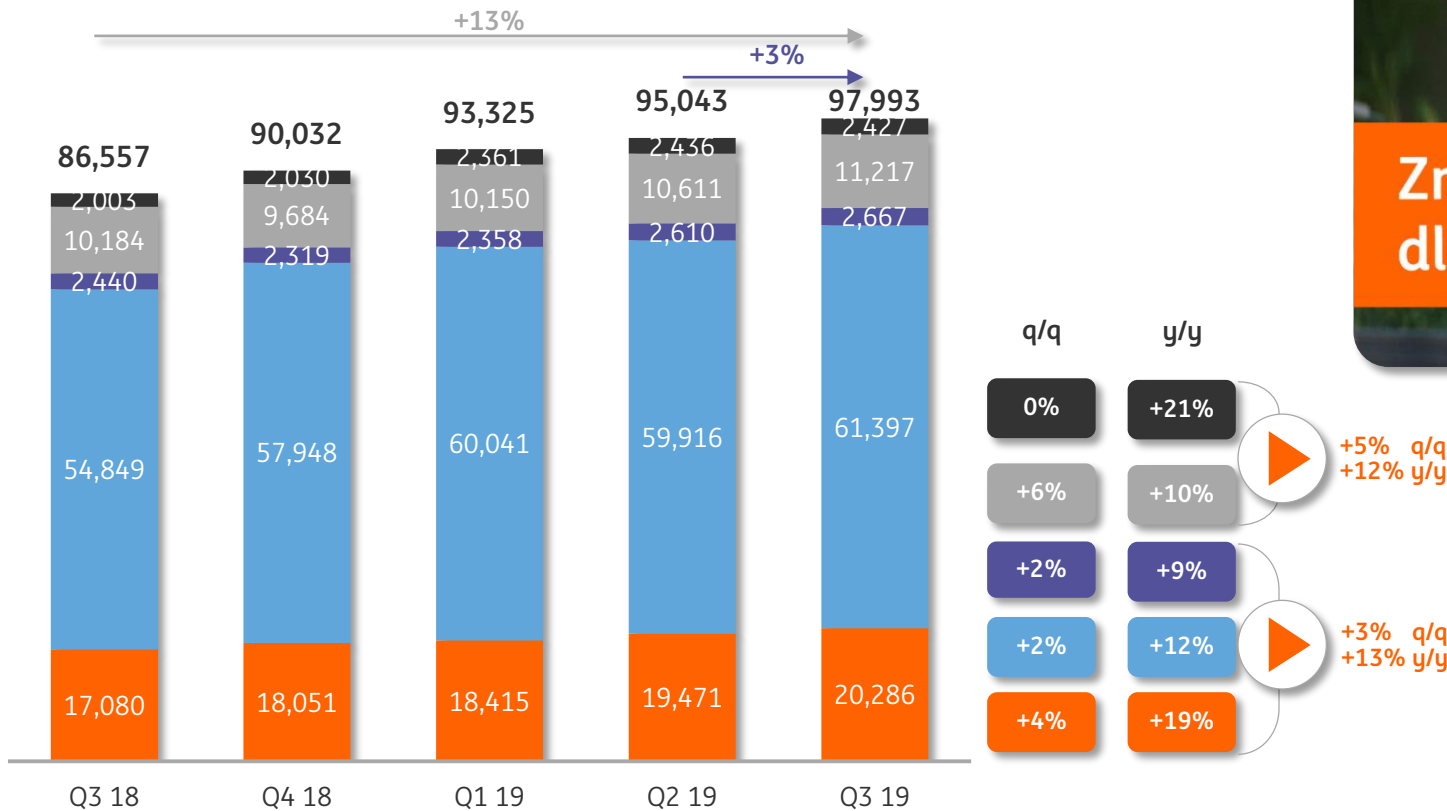


- We maintain **377 thousand current accounts** for **370 thousand entrepreneurs** out of which **96% are Direct Accounts**



# 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
- Savings accounts
- Current accounts



Zmieńmy coś dla nich

- We maintain **87.0 thousand brokerage accounts**
- The number of brokerage accounts increased in Q3 2019 by **2.4 thousand** (#1 in the market); **all accounts were opened via Moje ING**
- In Q3 2019, **36% of brokerage fees** were generated using **mobile applications / devices**
- **102.1 thousand bank clients invest regularly**
- In Q3 2019, **22% of the purchases** of open-end funds' participation units were carried out in **mobile banking**

# Progressive evolution of banking

ING is becoming more and more digital



## Electronic banking

We were the first in Poland to introduce a preview of customer accounts with other banks that was compliant with PSD 2

We have **375.8 thousand mobile cards**

~ **1,689 thousand clients with active BLIK** (+7% q/q, +34% y/y), including 664 thousand made a transaction in Q3 2019 (+13% q/q, +76% y/y)

~ **8.1 million BLIK transactions in Q3 2019** (~2x y/y), including **5.9 million e-commerce transactions** (~2x y/y)

~ **23.3 million transfers** in mobile banking in Q3 2019 (+7.2 million y/y, +44% y/y)

In Q3 2019, **online sales of cash loans represented 78% of cash loans** to individual clients and **76% of cash loans sold** to entrepreneurs

**2.0m**  
active mobile  
banking clients

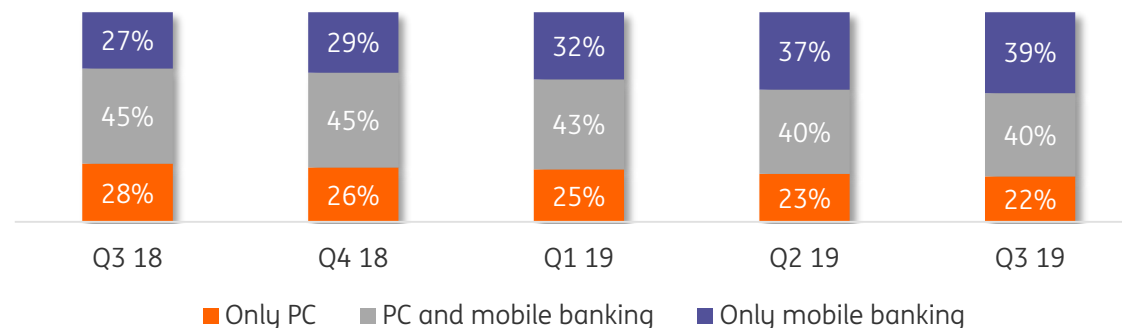
## Physical distribution network

330 branches with self-service zones

1,042 machines for cash self-service, including 861 cash recycling automated teller safes, out of which 860 are contactless ATMs/Recyclers

65 ING Express sales points at shopping malls

How our clients use our clients use internet banking (as per number of users)



# Corporate banking

# Selected initiatives



## We share our experience in robotization

We have many years of experience in the use of Robotics technology in internal processes. We decided to use that experience to help our clients enter the world of Robotics using the RoboPlatform application. It allows companies to improve their internal processes, e.g. in the area of finance or procurement.

We are working on solutions supporting clients in the implementation of new obligations imposed on entrepreneurs. One of the solutions we offer is verification of contractors' bank accounts (the so-called "white list").

See more at <https://roboplatform.com/>

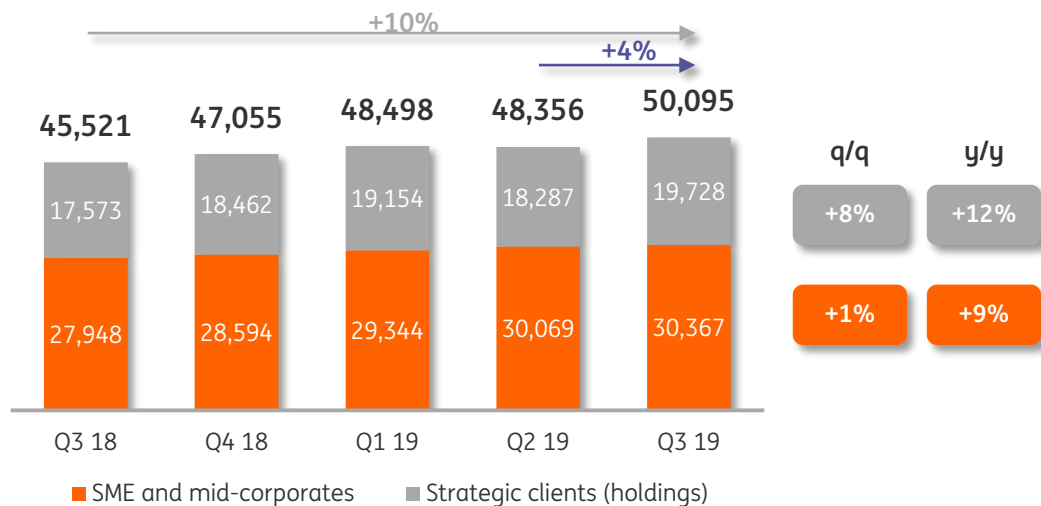
## Apple Pay for corporate clients

In July, we were the first in Poland and Europe to make Apple Pay available to entrepreneurs and corporate clients.

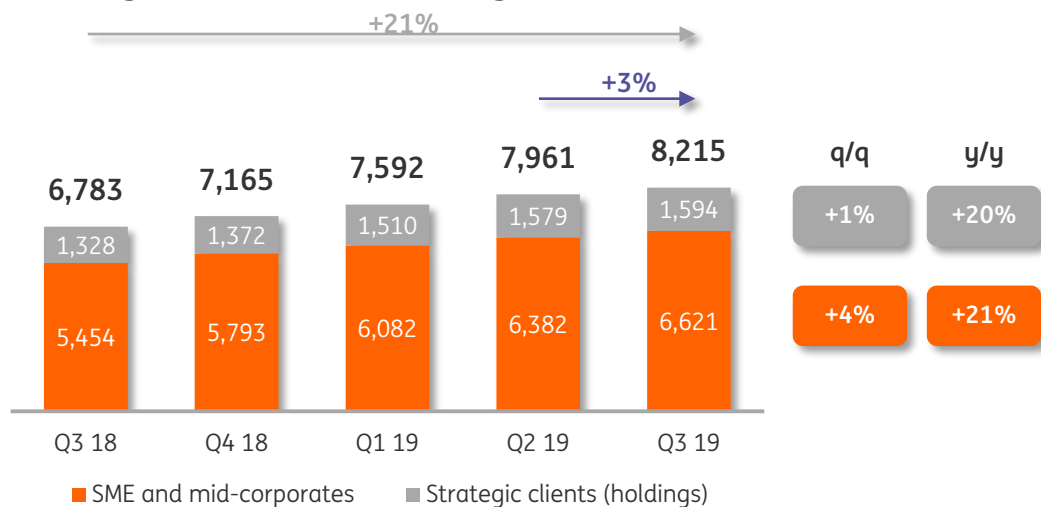


# Receivables

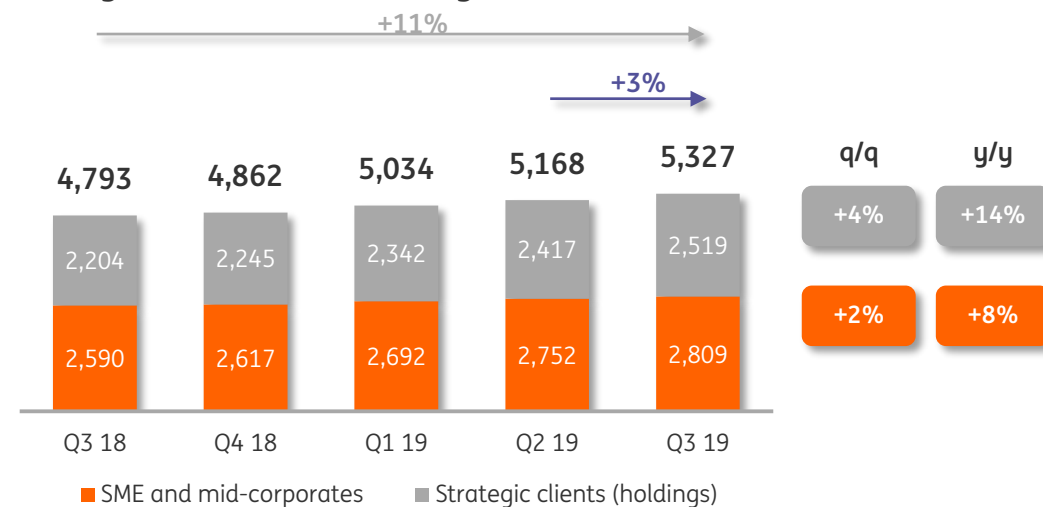
## Loans volume (gross; PLN million)



## Leasing receivables volume\* (gross; PLN million)

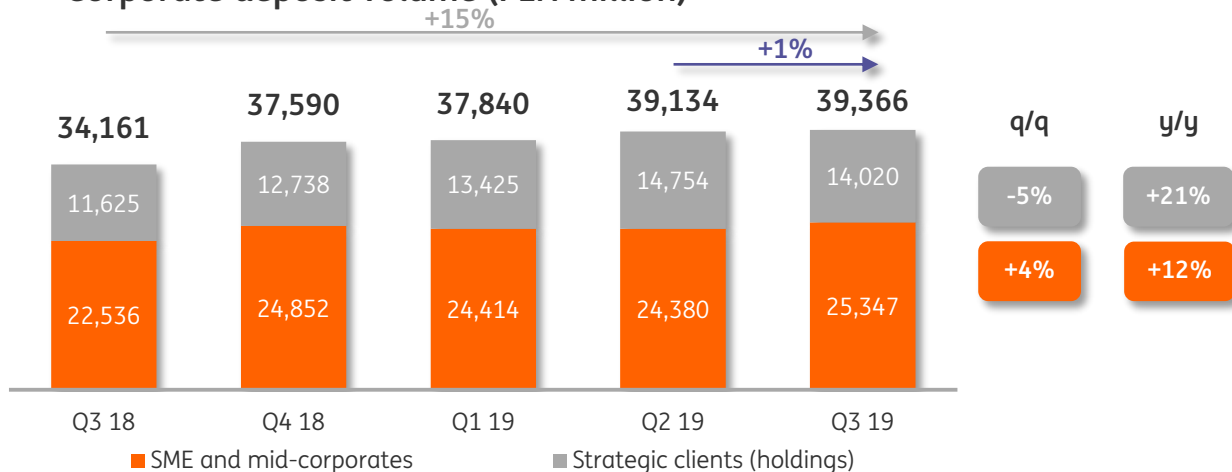


## Factoring receivables volume (gross; PLN million)

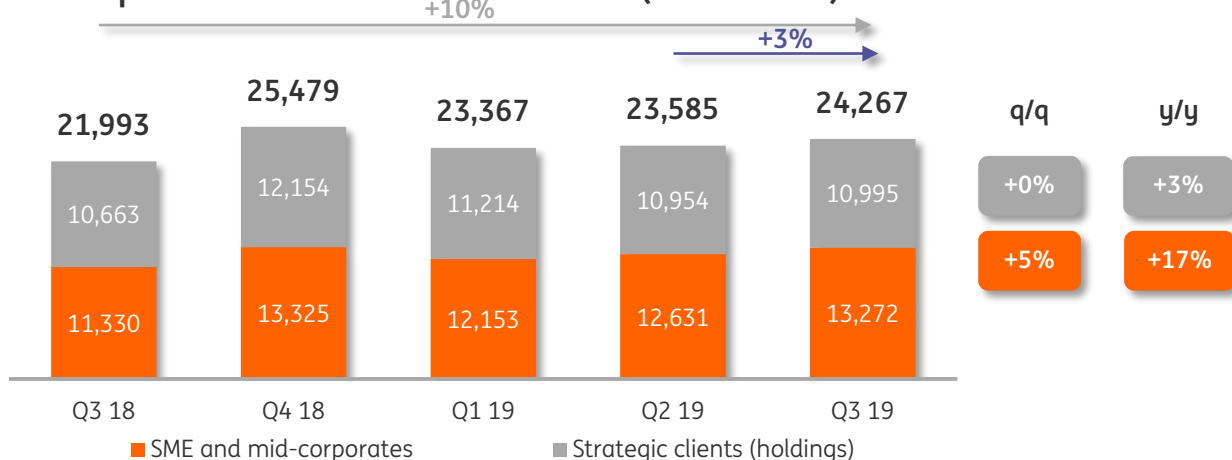


# Cash management

Corporate deposit volume (PLN million)



Corporate current accounts volume (PLN million)



**+3,300**

new SME and mid-corporate clients acquired in Q3 2019

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

- 140 depositories,
- 117 depositories in customer locations,
- 145 mini CDMs in customer locations,
- 17 micro CDMs in customer locations,
- 16 fee collection machines in customer locations.

Number of mobile transfers increased by +61% y/y

# Financial results and other information



# Income statement

Consolidated financial income statement (PLN m)															
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	q/q		y/y		Q1-3 2018	Q1-3 2019	y/y	
								Δ	%	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>1,047.7</b>	<b>1,120.0</b>	<b>72.3</b>	<b>6.9%</b>	<b>158.8</b>	<b>16.5%</b>	<b>2,764.2</b>	<b>3,178.2</b>	<b>414.0</b>	<b>15.0%</b>
Interest income	1,098.1	1,150.2	1,194.7	1,230.8	1,253.4	1,308.6	1,359.7	51.1	3.9%	165.0	13.8%	3,443.0	3,921.7	478.7	13.9%
Interest expenses	215.1	230.2	233.5	235.7	242.9	260.9	239.7	-21.2	-8.1%	6.2	2.7%	678.8	743.5	64.7	9.5%
<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>359.2</b>	<b>340.4</b>	<b>-18.8</b>	<b>-5.2%</b>	<b>23.9</b>	<b>7.6%</b>	<b>974.2</b>	<b>1,027.1</b>	<b>52.9</b>	<b>5.4%</b>
<b>Result on trade operations and revaluation</b>	<b>53.5</b>	<b>44.6</b>	<b>26.4</b>	<b>29.6</b>	<b>46.0</b>	<b>40.6</b>	<b>23.5</b>	<b>-17.1</b>	<b>-42.1%</b>	<b>-2.9</b>	<b>-11.0%</b>	<b>124.5</b>	<b>110.1</b>	<b>-14.4</b>	<b>-11.6%</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	25.1	26.6	1.5	6.0%	-0.5	-1.8%	69.5	83.1	13.6	19.6%
- The result on the sale of securities measured at amortized cost	1.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	1.0	0.0	-1.0	-
- 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	16.4	3.6	-12.8	-78.0%	3.6	-	50.5	35.8	-14.7	-29.1%
- Net income on hedge accounting	2.2	2.0	-0.7	4.4	-1.2	-0.9	-6.7	-5.8	644.4%	-6.0	857.1%	3.5	-8.8	-12.3	-
<b>Net income on other core activities</b>	<b>2.3</b>	<b>6.0</b>	<b>2.0</b>	<b>4.1</b>	<b>2.4</b>	<b>3.8</b>	<b>-14.6</b>	<b>-18.4</b>	<b>-</b>	<b>-16.6</b>	<b>-</b>	<b>10.3</b>	<b>-8.4</b>	<b>-18.7</b>	<b>-</b>
Share in net profit (loss) of associated entities recognised under the equity method	0.0	0.0	-0.2	-0.1	-0.1	-0.1	2.8	2.9	-	3.0	-	-0.2	2.6	2.8	-
<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>1,451.2</b>	<b>1,472.1</b>	<b>20.9</b>	<b>1.4%</b>	<b>166.2</b>	<b>12.7%</b>	<b>3,873.0</b>	<b>4,309.6</b>	<b>436.6</b>	<b>11.3%</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>581.1</b>	<b>604.4</b>	<b>23.3</b>	<b>4.0%</b>	<b>27.2</b>	<b>4.7%</b>	<b>1,760.5</b>	<b>1,906.6</b>	<b>146.1</b>	<b>8.3%</b>
- personnel expenses	275.4	286.1	284.3	259.0	286.4	292.7	315.9	23.2	7.9%	31.6	11.1%	845.7	895.0	49.3	5.8%
- other expenses	309.2	224.1	247.2	248.0	363.4	220.6	221.2	0.6	0.3%	-26.0	-10.5%	780.5	805.2	24.7	3.2%
- depreciation and amortisation	43.7	44.8	45.7	59.3	71.3	67.8	67.3	-0.5	-0.7%	21.6	47.3%	134.2	206.4	72.2	53.8%
<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>870.1</b>	<b>867.7</b>	<b>-2.4</b>	<b>-0.3%</b>	<b>139.0</b>	<b>19.1%</b>	<b>2,112.5</b>	<b>2,403.0</b>	<b>290.5</b>	<b>13.8%</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>135.9</b>	<b>180.2</b>	<b>44.3</b>	<b>32.6%</b>	<b>46.3</b>	<b>34.6%</b>	<b>402.4</b>	<b>441.1</b>	<b>38.7</b>	<b>9.6%</b>
- retail	37.5	103.3	41.7	88.5	46.1	68.3	91.6	23.3	34.1%	49.9	119.7%	182.5	206.0	23.5	12.9%
- corporate	57.3	70.4	92.2	10.0	78.9	67.6	88.6	21.0	31.1%	-3.6	-3.9%	219.9	235.1	15.2	6.9%
<b>Tax on certain financial institutions</b>	<b>87.5</b>	<b>92.1</b>	<b>94.7</b>	<b>99.5</b>	<b>102.2</b>	<b>108.4</b>	<b>111.5</b>	<b>3.1</b>	<b>2.9%</b>	<b>16.8</b>	<b>17.7%</b>	<b>274.3</b>	<b>322.1</b>	<b>47.8</b>	<b>17.4%</b>
<b>Profit (loss) before tax</b>	<b>446.3</b>	<b>489.4</b>	<b>500.1</b>	<b>595.1</b>	<b>438.0</b>	<b>625.8</b>	<b>576.0</b>	<b>-49.8</b>	<b>-8.0%</b>	<b>75.9</b>	<b>15.2%</b>	<b>1,435.8</b>	<b>1,639.8</b>	<b>204.0</b>	<b>14.2%</b>
Income tax	124.1	117.7	121.8	143.5	113.5	156.7	161.2	4.5	2.9%	39.4	32.3%	363.6	431.4	67.8	18.6%
<b>Net profit (loss), of which:</b>	<b>322.2</b>	<b>371.7</b>	<b>378.3</b>	<b>451.6</b>	<b>324.5</b>	<b>469.1</b>	<b>414.8</b>	<b>-54.3</b>	<b>-11.6%</b>	<b>36.5</b>	<b>9.6%</b>	<b>1,072.2</b>	<b>1,208.4</b>	<b>136.2</b>	<b>12.7%</b>
Net profit (loss) attributable to the shareholders of ING BSK	322.2	371.7	378.3	451.6	324.5	469.1	414.8	-54.3	-11.6%	36.5	9.6%	1,072.2	1,208.4	136.2	12.7%
Number of shares issued (m)	130.1	130.1	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%	130.1	130.1	0.0	0.0%
Earnings per share (PLN) - annualised	9.91	11.43	11.63	13.88	9.98	14.42	12.75	-1.67	-11.6%	1.12	9.6%	10.99	12.38	1.40	12.7%

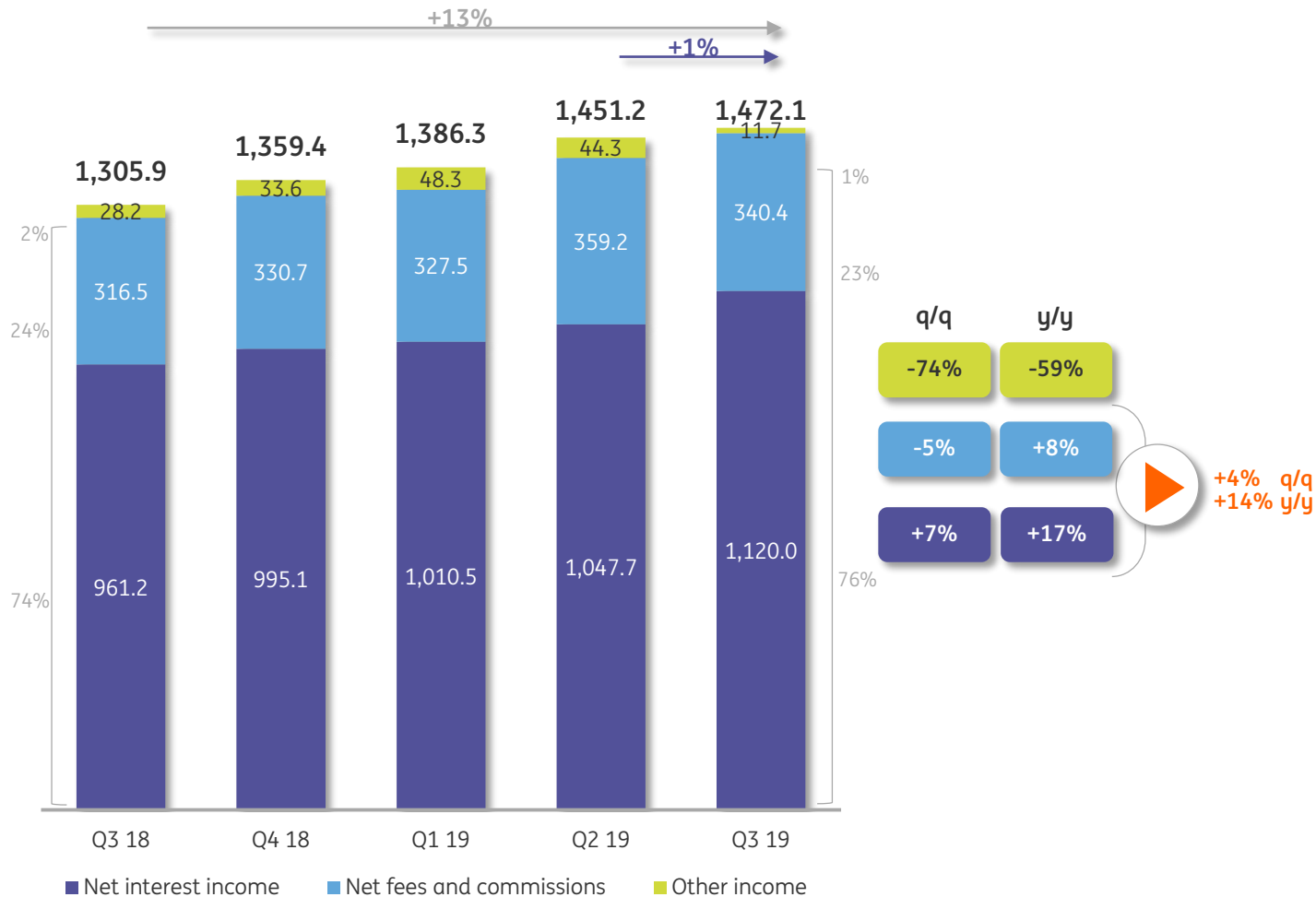
# Statement of financial position

## Consolidated statement of financial position (PLN m)

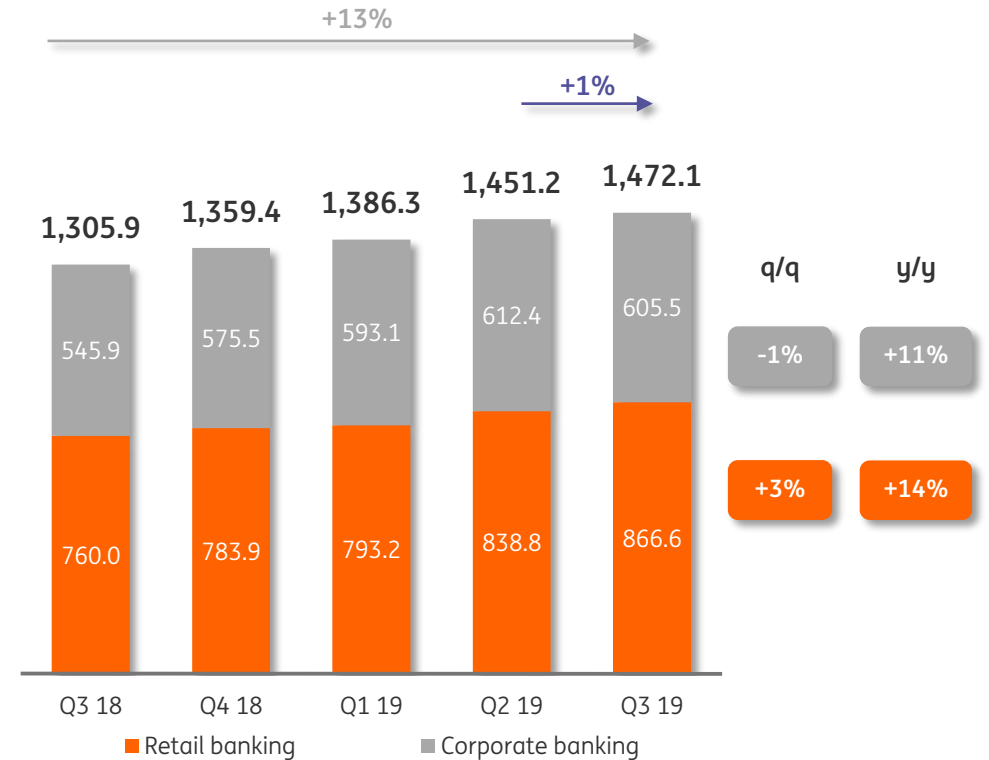
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	q/q		y/y	
									Δ	%	Δ	%
<b>ASSETS</b>												
- Cash in hand and balances with the Central Bank	2,815.2	2,042.4	1,781.5	1,529.8	1,237.4	1,760.3	2,293.5	2,792.5	499.0	21.8%	1,262.7	82.5%
- Loans and receivables to other banks	2,234.5	2,017.4	951.8	621.8	776.5	987.9	694.3	804.7	110.4	15.9%	182.9	29.4%
- Financial assets held for trading	1,314.8	1,263.6	2,317.9	1,556.8	1,934.9	2,234.3	2,796.9	1,243.7	-1,553.2	-55.5%	-313.1	-20.1%
- Investments	29,471.5	29,135.7	28,677.0	28,823.4	31,937.3	29,977.3	31,315.3	32,063.4	748.1	2.4%	3,240.0	11.2%
- Derivative hedge instruments	967.2	960.6	880.2	836.5	909.6	929.3	869.0	883.6	14.6	1.7%	47.1	5.6%
- Loans and receivables to customers	87,544.0	90,290.5	94,724.3	99,223.8	103,125.8	107,387.4	110,509.9	115,728.9	5,219.0	4.7%	16,505.1	16.6%
- Non-financial assets	980.0	965.6	956.8	974.0	995.3	1,437.8	1,358.5	1,346.4	-12.1	-0.9%	372.4	38.2%
- Property, plant and equipment held for sale	11.1	10.9	16.2	16.2	10.9	12.1	20.7	2.8	-17.9	-86.5%	-13.4	-82.7%
- Tax assets	257.1	276.4	335.2	356.3	398.2	431.7	419.8	399.2	-20.6	-4.9%	42.9	12.0%
- Other assets	418.5	347.2	401.6	445.7	487.0	559.3	631.2	748.6	117.4	18.6%	302.9	68.0%
<b>Total assets</b>	<b>126,013.9</b>	<b>127,310.3</b>	<b>131,042.5</b>	<b>134,384.3</b>	<b>141,812.9</b>	<b>145,717.4</b>	<b>150,909.1</b>	<b>156,013.8</b>	<b>5,104.7</b>	<b>3.4%</b>	<b>21,629.5</b>	<b>16.1%</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	7,359.2	7,593.1	233.9	3.2%	710.9	10.3%
- Financial liabilities measured at fair value through profit and loss	735.1	225.9	748.3	855.8	1,109.5	618.5	947.4	266.7	-680.7	-71.8%	-589.1	-68.8%
- Valuation of derivatives	979.2	819.0	817.3	646.5	578.1	711.4	613.1	724.8	111.7	18.2%	78.3	12.1%
- Derivative hedge instruments	699.2	622.6	677.7	574.0	611.8	727.4	505.1	569.7	64.6	12.8%	-4.3	-0.7%
- Liabilities due to customers	104,503.3	104,662.1	109,174.1	110,205.0	117,682.5	120,414.0	122,992.0	125,786.3	2,794.3	2.3%	15,581.3	14.1%
- Liabilities under issue of debt securities	300.3	302.2	300.2	302.2	300.3	302.2	300.2	302.2	2.0	0.7%	0.0	0.0%
- Subordinated liabilities	626.9	632.4	655.6	641.9	1,076.9	1,077.2	1,065.0	2,188.7	1,123.7	105.5%	1,546.8	241.0%
- Provisions	91.9	115.6	125.1	164.9	152.4	152.2	158.7	227.9	69.2	43.6%	63.0	38.2%
- Tax liabilities	232.9	244.8	68.3	53.8	280.3	345.4	212.3	389.0	176.7	83.2%	335.2	623.0%
- Other liabilities	1,941.3	1,338.0	1,718.0	1,910.2	1,503.7	2,951.5	2,536.3	2,702.7	166.4	6.6%	792.5	41.5%
<b>Total liabilities</b>	<b>114,219.1</b>	<b>115,251.4</b>	<b>119,166.6</b>	<b>122,236.5</b>	<b>128,491.3</b>	<b>132,304.1</b>	<b>136,689.3</b>	<b>140,751.1</b>	<b>4,061.8</b>	<b>3.0%</b>	<b>18,514.6</b>	<b>15.1%</b>
<b>EQUITY</b>												
- Share capital	130.1	130.1	130.1	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%
- Supplementary capital – share premium account	956.3	956.3	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	1,729.2	2,357.3	628.1	36.3%	1,906.7	423.1%
- Retained earnings	10,215.2	10,288.5	10,232.5	10,610.8	11,065.5	10,934.7	11,404.2	11,819.0	414.8	3.6%	1,208.2	11.4%
<b>Equity attributable to shareholders of ING BSK</b>	<b>11,794.8</b>	<b>12,058.9</b>	<b>11,875.9</b>	<b>12,147.8</b>	<b>13,321.6</b>	<b>13,413.3</b>	<b>14,219.8</b>	<b>15,262.7</b>	<b>1,042.9</b>	<b>7.3%</b>	<b>3,114.9</b>	<b>25.6%</b>
- Non-controlling interests	0.0	0.0	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>11,875.9</b>	<b>12,147.8</b>	<b>13,321.6</b>	<b>13,413.3</b>	<b>14,219.8</b>	<b>15,262.7</b>	<b>1,042.9</b>	<b>7.3%</b>	<b>3,114.9</b>	<b>25.6%</b>
<b>Total equity and liabilities</b>	<b>126,013.9</b>	<b>127,310.3</b>	<b>131,042.5</b>	<b>134,384.3</b>	<b>141,812.9</b>	<b>145,717.4</b>	<b>150,909.1</b>	<b>156,013.8</b>	<b>5,104.7</b>	<b>3.4%</b>	<b>21,629.5</b>	<b>16.1%</b>
Number of shares issued (m)	130.1	130.1	130.1	130.1	130.1	130.1	130.1	130.1	0.0	0.0%	0.0	0.0%
Book value per share (PLN)	90.66	92.69	91.28	93.37	102.40	103.10	109.30	117.32	8.02	7.3%	23.94	25.6%

# Income per category

Income per P&L line (PLN million)

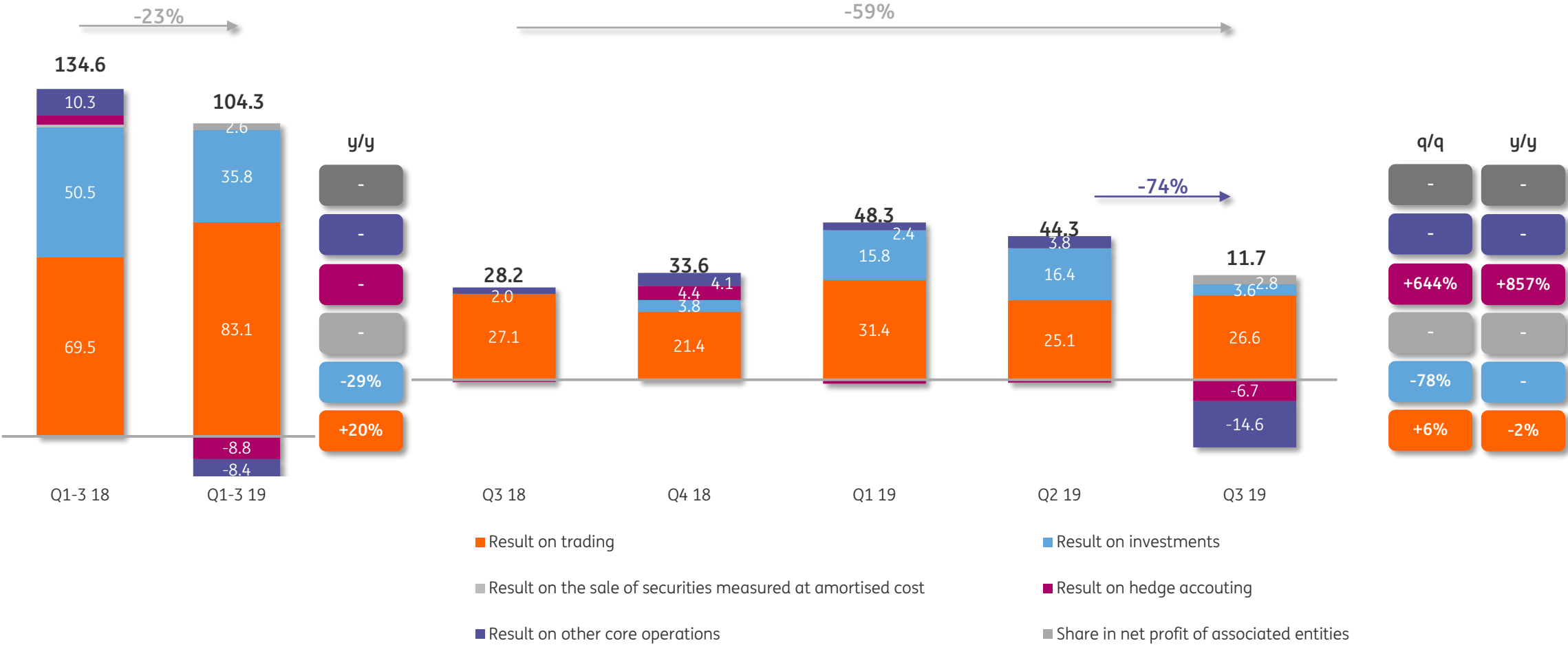


Income per business line (PLN million)



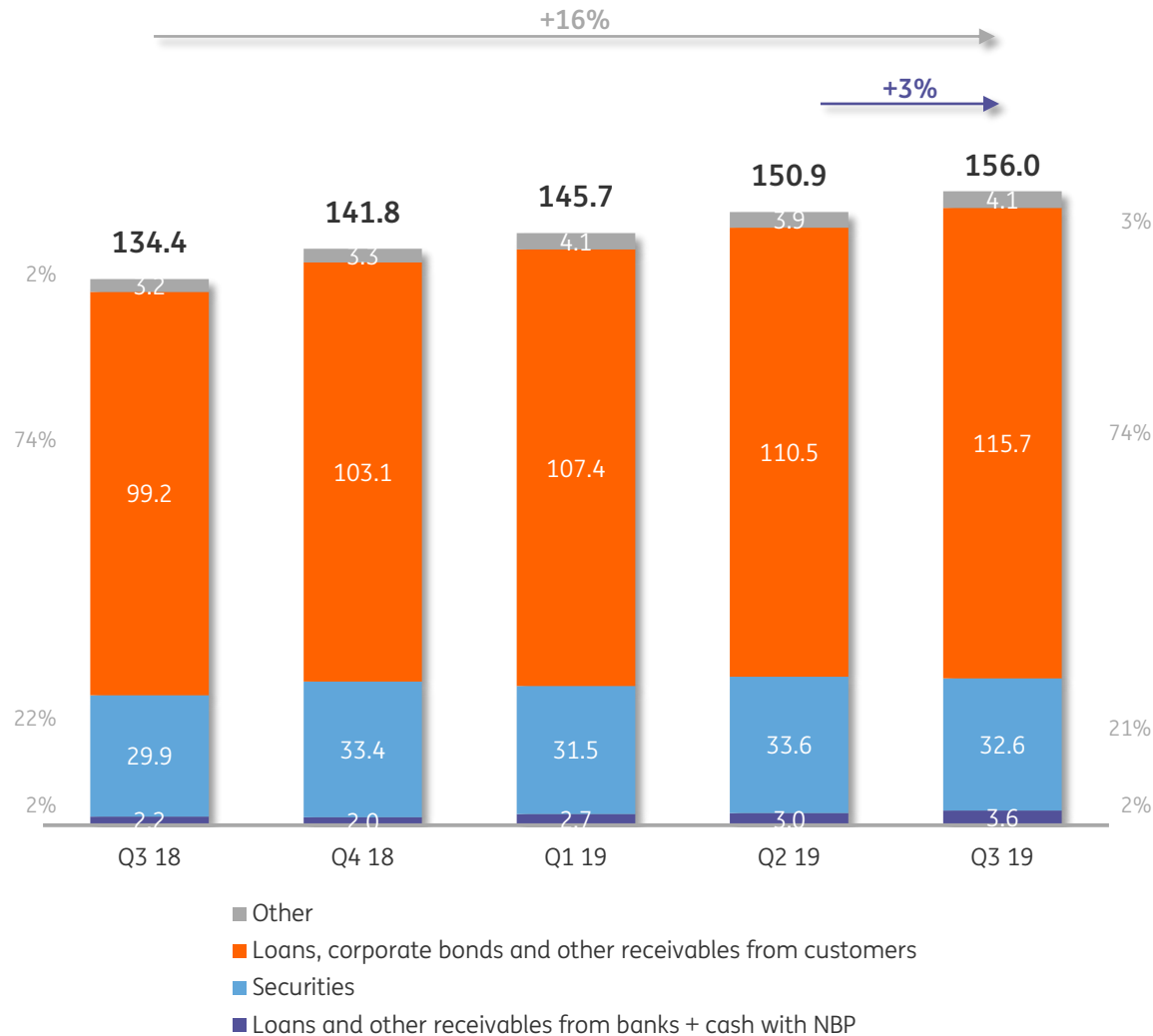
# Other income

Other income (PLN million)

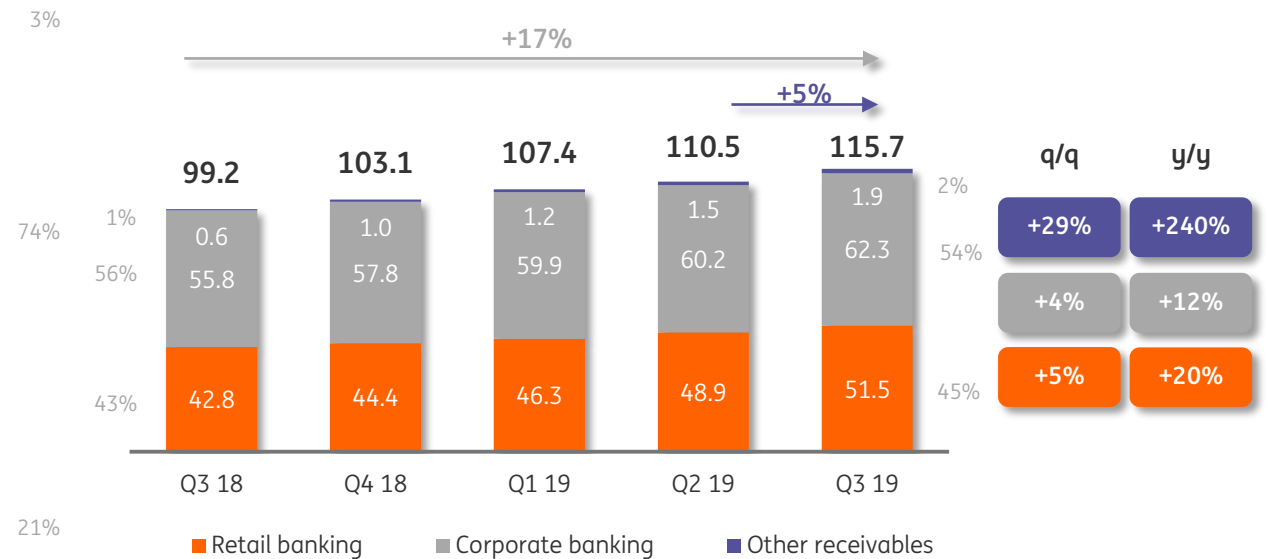


# Bank assets

Assets structure (PLN billion; %)

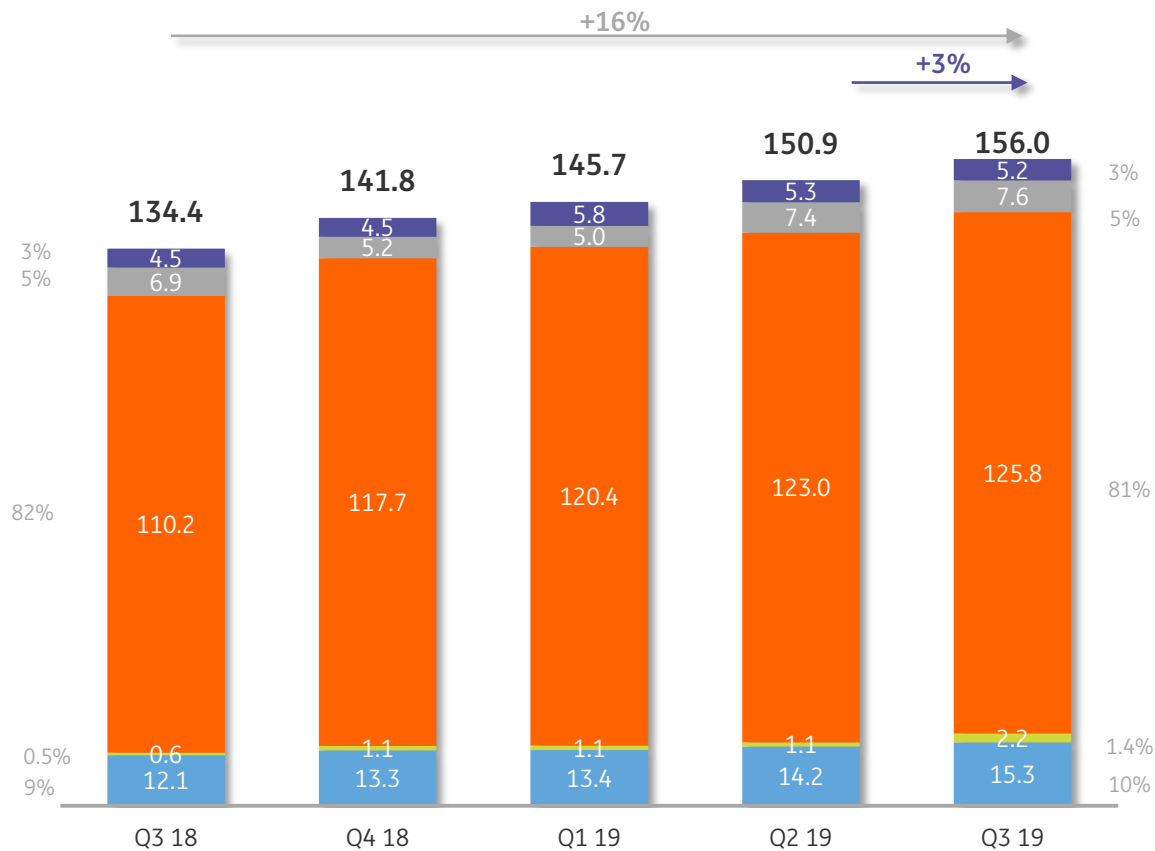


Loans and other receivables from customers (net; PLN billion)

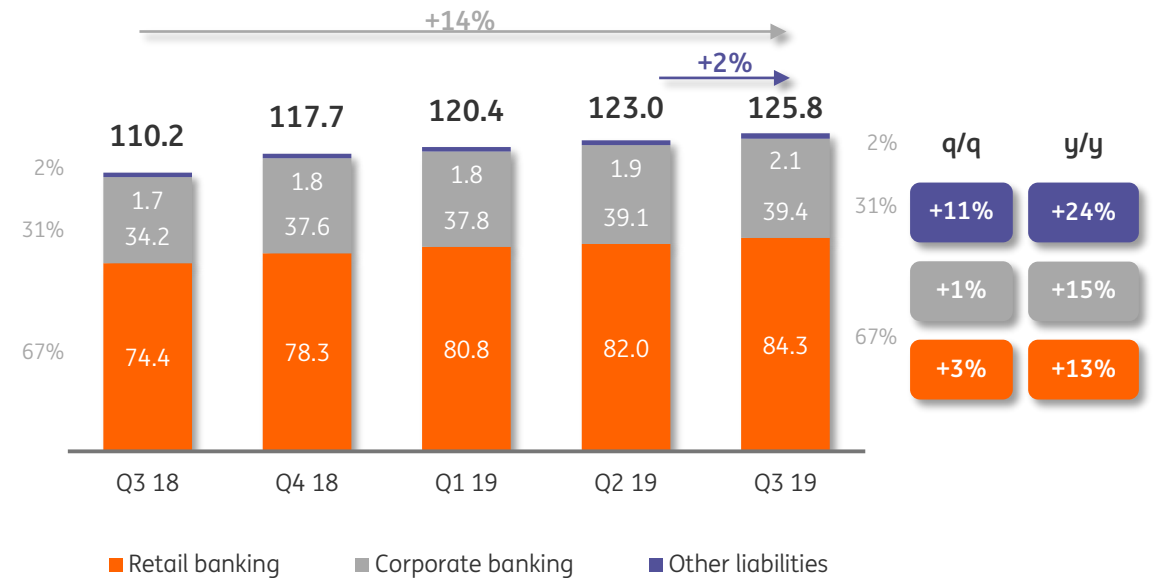


# Bank equity and liabilities

Structure of equity and liabilities (PLN billion; %)



Deposits and other liabilities to customers (PLN billion)

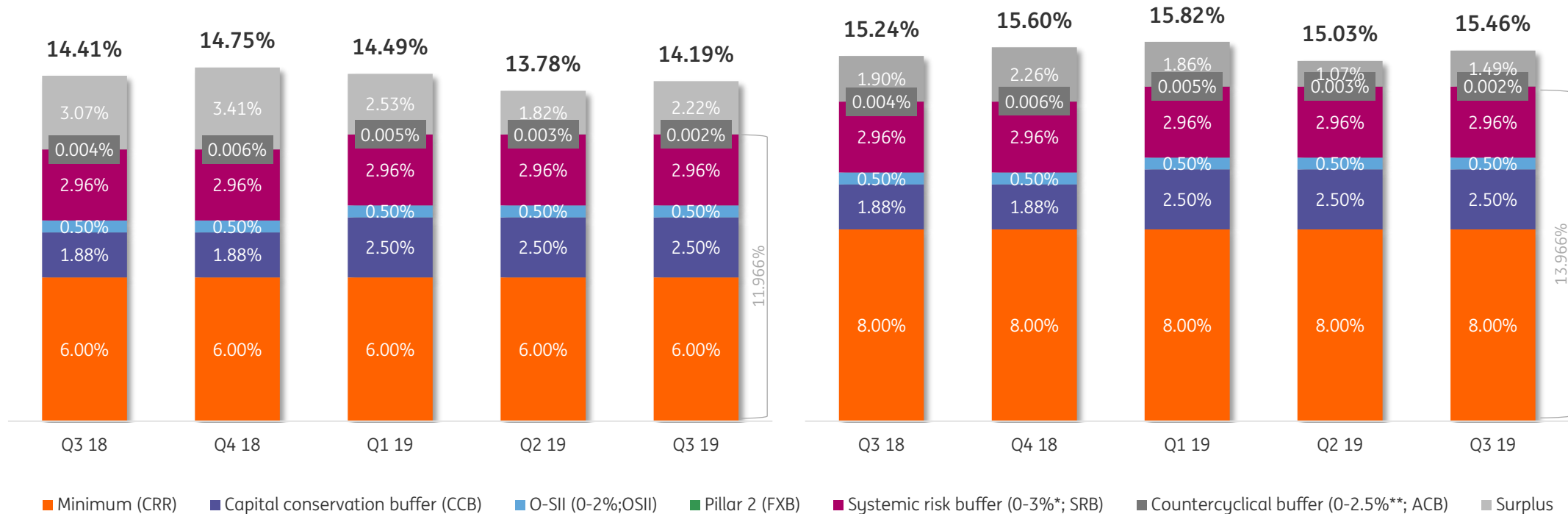


■ Equity ■ Subordinated debt ■ Deposits and other liabilities to clients ■ Liabilities to banks ■ Other

# Capital requirement structure

Consolidated capital requirement structure – Tier 1

Consolidated capital requirement structure – TCR



- As of 1 January 2019, the capital conservation buffer has increased to the target level of 2.5% from 1.875% required during 2018.

- The estimated MREL requirement according to current BGF methodology, bail-in strategy (as % of RWA):

$$(CRR_{TCR} + FXB + OSII) + [1 - (CRR_{TCR} + FXB + OSII)] * (CRR_{TCR} + FXB + OSII + CCB + SRB + CB) = 21.3\% \text{ (Q3 2019 estimates)}$$

39 \*It may reach the level of 3%-5% after the decisions of i) the European Commission, ii) the European Commission and the European Systemic Risk Board and iii) the European Banking Authority; the 5% level may be exceeded after the consent of the European Commission; \*\*In justified cases, it may exceed 2.5%



# Lending exposure by industry

Non-bank corporate banking portfolio – balance sheet exposure (PLN m)

Consolidated approach

No	Industry	Exposure as at 30.09.2019	%
1	Real estate service	8,626	13.6%
2	Wholesale trade	8,247	13.0%
3	Foodstuff and beverage production	3,539	5.6%
4	Financial intermediation	3,509	5.5%
5	Public administration and national defence	3,258	5.1%
6	Retail trade	2,665	4.2%
7	Land and pipeline transportation	2,651	4.2%
8	Manufacture of fabricated metal products	2,558	4.0%
9	Remaining services connected with running business	2,534	4.0%
10	Rubber industry	2,256	3.6%
11	Equipment rent	1,967	3.1%
12	Constructions industry	1,901	3.0%
13	Wood and paper industry	1,758	2.8%
14	Agriculture, forestry, fishery	1,613	2.5%
15	Post office and telecommunications	1,556	2.5%
16	Power industry	1,504	2.4%
17	Mechanical vehicles sale, repair and service	1,315	2.1%
18	Other non-metalic mineral products	1,087	1.7%
19	Chemicals and chemical goods production	985	1.6%
20	Other	9,926	15.6%
<b>Total exposure</b>		<b>63,459</b>	<b>100.0%</b>



# Lending exposure by industry

Non-bank corporate banking portfolio – balance sheet and off-balance sheet exposure (PLN m)

Consolidated approach

No	Industry	Exposure as at 30.09.2019	%
1	Wholesale trade	12,479	13.5%
2	Real estate service	8,931	9.7%
3	Financial intermediation	5,315	5.8%
4	Foodstuff and beverage production	4,662	5.0%
5	Constructions industry	4,595	5.0%
6	Retail trade	4,582	5.0%
7	Manufacture of fabricated metal products	4,324	4.7%
8	Remaining services connected with running business	3,740	4.0%
9	Public administration and national defence	3,707	4.0%
10	Power industry	3,639	3.9%
11	Land and pipeline transportation	3,302	3.6%
12	Rubber industry	3,169	3.4%
13	Wood and paper industry	2,464	2.7%
14	Equipment rent	2,246	2.4%
15	Mechanical vehicles sale, repair and service	1,967	2.1%
16	Post office and telecommunications	1,865	2.0%
17	Other non-metallic mineral products	1,763	1.9%
18	Agriculture, forestry, fishery	1,716	1.9%
19	Chemicals and chemical goods production	1,500	1.6%
20	Other	16,446	17.8%
<b>Total exposure</b>		<b>92,412</b>	<b>100.0%</b>

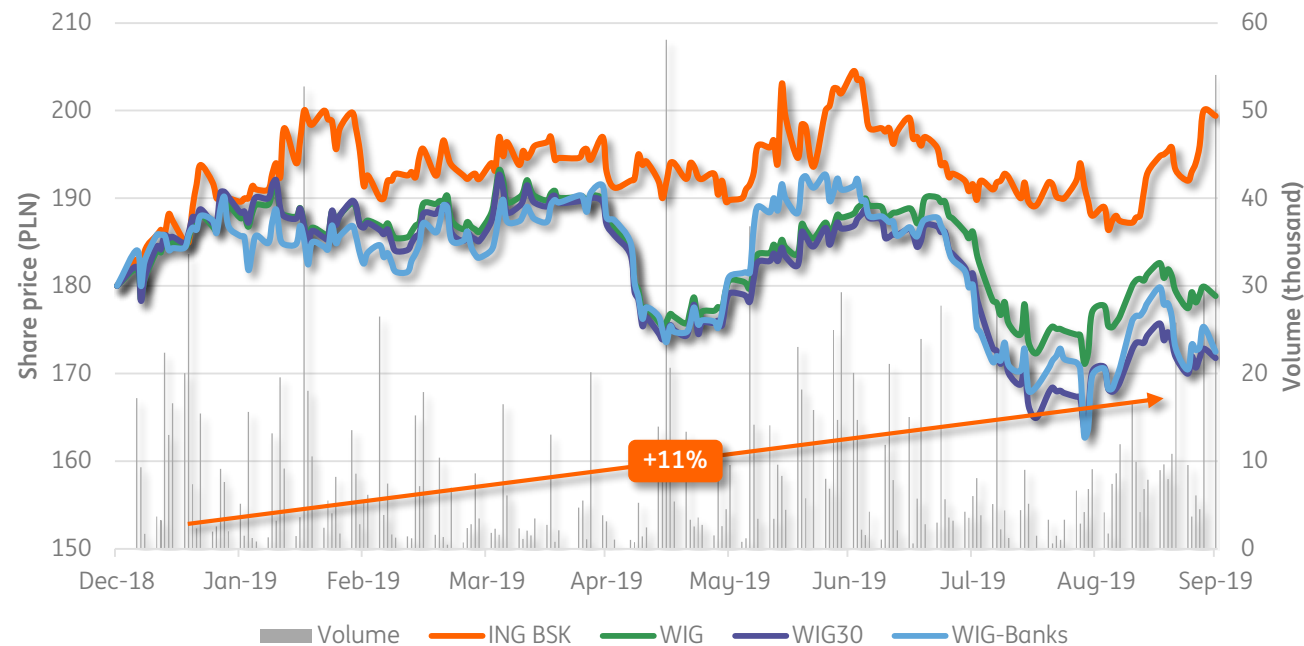
# ING Bank Śląski S.A. shares

**ING BSK share price:**  
**PLN 199.4** (30 September 2019)

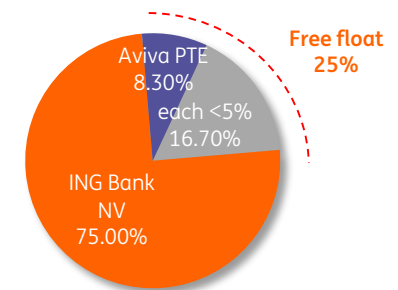
Capitalisation: **PLN 25.9bn** (EUR 5.9bn)  
 Free float: **PLN 6.5bn** (EUR 1.5bn)

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 (Q3 2019)

P/E 15.6x

P/BV 1.7x

# Glossary

## Simplified definitions of presentation terms :

- **LCR** - Liquidity Coverage Ratio. Computed as a ratio of high-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** - SME, mid-corporates and strategic clients (holdings).
  - SME - corporates with annual turnover of up to EUR 10m.
  - Mid-corporates - corporates with annual turnover between EUR 10m and EUR 125m.
  - Strategic clients - holdings with 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 at the end of individual 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) has not been 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).
- **Cost of risk** - the net result of created and released provisions due to the deterioration in value/quality of the bank's financial assets (e.g. loans) to the average value of gross loans.
- **Provisioning ratio** - the ratio of provisions established to impaired loans as part of Stage 3 loans.
- **Bank levy** - tax from certain financial institutions; in the case of banks it is paid monthly on the surplus of assets over own funds, treasury bonds and fixed level of PLN 4 billion; the tax rate is 0.0366% monthly (0.44% annually).
- **ROA** - the ratio of net profit to the average assets in a given period.
- **ROE** - the ratio of net profit to the average equity in a given period.
- **L/D ratio** - loan to deposit ratio; the ratio describing what portion of deposits was used to fund lending.
- **MCFH** - Macro Cash Flow Hedge; revaluation reserve from measurement of cash flow hedging instruments.
- **Risk weighted assets (RWA)** - the sum of assets multiplied by the risk weights of a given asset category.
- **Tier 1 ratio** - the ratio of Tier 1 capital (the capital of the highest quality) to the bank's risk weighted assets.
- **Total capital ratio (TCR)** - 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. prepares 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. Minor 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, and (9) conclusions with regard to purchase accounting assumptions and methodologies. ING Bank Śląski S.A. assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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

# IR contact details

**ING Bank Śląski S.A.**  
Puławska 2,  
02-566 Warsaw  
Investor Relations Bureau  
E [investor@ingbank.pl](mailto:investor@ingbank.pl)  
F +48 32 602 09 97

**Iza Rokicka**  
Head of IR  
P +48 22 820 44 16  
E [iza.rokicka@ingbank.pl](mailto:iza.rokicka@ingbank.pl)

**Maciej Kałowski**  
IR Senior Specialist  
P +48 22 820 44 43  
E [maciej.kalowski@ingbank.pl](mailto:maciej.kalowski@ingbank.pl)