



ING Bank Śląski S.A.

Business and Financial Results for Q1 2021

Warsaw, 6 May 2021





Table of contents

1. Introduction to financial results and the Bank's market position
2. Business development
3. Q1 2021 financial results
4. Appendixes

A scenic photograph of a person in a wooden canoe on a river. The person is wearing a light blue shirt and dark pants, and is holding a camera up to their eye. The river is surrounded by dense trees with green and yellow foliage, suggesting an autumn setting. The water is calm, reflecting the surrounding trees and sky. In the background, another canoe is visible on the river.

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

Key Facts - Q1 2021

Client base

- The total number of clients increased by 155 thousand y/y to nearly 4.8 million
- The number of retail clients increased by 134 thousand y/y to nearly 4.3 million
- The number of corporate clients increased by 21 thousand y/y up to 494 thousand



Business activity

- We sold PLN 4.5 billion worth of mortgage loans (+23% y/y)
- The corporate receivables portfolio increased by 3% q/q
- Retail clients' off-balance sheet savings increased by 55% y/y
- Commercial balance increased by PLN 24 billion y/y (+9% y/y)

Financial results

- Net profit amounted to PLN 385.6 million (+44% y/y)
- Regulatory costs amounted to PLN 179.5 million (+ 2% y/y)
- Cumulative ROE adjusted for MCFH is 9.9%





Achieving business goals for 2021

- **Increase in client activity and digitisation**
 - The number of primary customers is 2.1 million, an increase by 89 thousand y/y
 - The number of active users of the mobile application (Moje ING) exceeded 2.0 million (+19% y/y, +5% q/q)
 - Over 40% of the purchase of FIO units in Q1 2021 was carried out in mobile banking
- **Compliance with regulatory requirements**
 - Total capital ratio is 7.8 pp higher than the regulatory requirement
 - We made further investments in transaction monitoring systems, implementation of the new CDD procedures control system
 - We are working on building an interbank AML center
- **Motivating and empowering employees**
 - We prepared the assumptions for the Regulations of hybrid work
 - We launched a new group insurance offer for employees
 - We held a financial conference for employees under the motto "Finance under the magnifying glass 2.0"
- **Stability, availability and security of IT systems**
 - We conducted a webinar to share our knowledge in the field of cybersecurity
 - We are implementing the Tech infrastructure transformation program as planned
- **Operational efficiency, AI and data management**
 - We have observed a marked acceleration of self-service among customers of all segments
 - We continue to optimize the network of distribution points
 - We use remote client communication technologies as planned
- **Sustainable development priorities**
 - We are working on updating our ESG strategy to reflect new regulatory requirements
 - We continue to implement the programmes in line with our existing policy
 - We have observed that the programmes develop faster as the economic environment changes its attitude

Selected financial data

| <i>PLN million</i> | Q1 2020 | Q4 2020 | Q1 2021 | Change y/y | % change y/y |
|---------------------------------------------------------------|--------------|--------------|--------------|---------------|--------------|
| Total income | 1,562.7 | 1,603.8 | 1,601.7 | +39.0 | +2% |
| Total expenses | 775.0 | 682.3 | 820.8 | +45.8 | +6% |
| Result before risk costs | 787.7 | 921.5 | 780.9 | -6.8 | - 1% |
| Risk costs including legal cost of risk for FX mortgage loans | 294.7 | 322.5 | 128.8 | -165.9 | - 56% |
| Bank levy | 116.0 | 122.5 | 125.9 | +9.9 | +9% |
| Profit before tax | 377.0 | 476.5 | 526.2 | +149.2 | +40% |
| Income tax | 109.7 | 162.6 | 140.6 | +30.9 | +28% |
| Net profit | 267.3 | 313.9 | 385.6 | +118.3 | +44% |
| Total capital ratio | 15.76% | 19.52% | 18.80% | +3.04 p.p. | - |
| Tier 1 | 13.25% | 16.91% | 16.28% | +3.03 p.p. | - |
| ROE* (%) | 10.6% | 7.6% | 8.1% | -2.6 p.p. | - |
| ROE* adjusted for MCFH (%) | 12.2% | 9.4% | 9.9% | -2.3 p.p. | - |
| C/I ratio (%) | 49.6% | 42.5% | 51.2% | +1.7 p.p. | - |

*ROE = total net profit for 4 subsequent quarters / average equity for 5 subsequent quarters

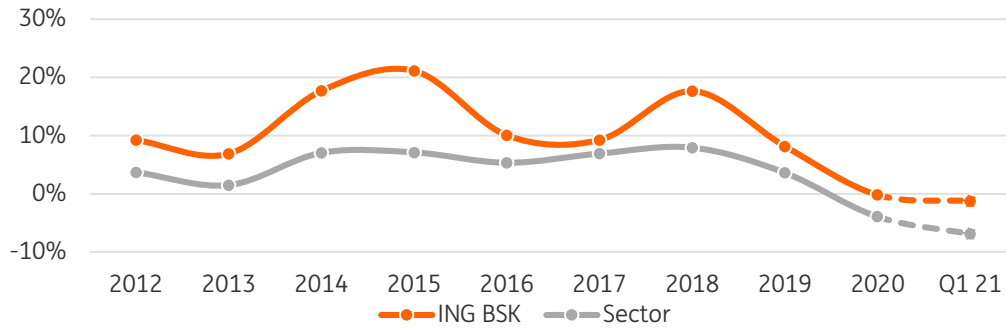
Major business accomplishments

Business volumes

| <i>PLN million</i> | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | % change y/y | change y/y |
|---------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|--------------|------------|
| Total deposits | 128,800 | 137,489 | 149,301 | 152,724 | 149,270 | 154,960 | + 13% | +17,470 |
| Corporate clients' deposits | 49,848 | 52,497 | 61,911 | 65,293 | 58,755 | 60,605 | + 15% | +8,108 |
| Retail clients' deposits | 78,952 | 84,992 | 87,390 | 87,431 | 90,515 | 94,355 | + 11% | +9,363 |
| Total funds entrusted by retail clients | 93,254 | 96,609 | 101,096 | 102,764 | 106,757 | 112,314 | + 16% | +15,706 |
| Mutual funds assets (TFI) + other off-BS products distributed by the Bank | 14,302 | 11,617 | 13,706 | 15,333 | 16,243 | 17,960 | + 55% | +6,343 |
| Total loans | 118,437 | 124,018 | 121,600 | 123,867 | 126,099 | 131,005 | + 6% | +6,987 |
| Loans to corporate clients incl. leasing and factoring | 70,077 | 73,078 | 68,991 | 70,103 | 70,266 | 72,399 | - 1% | -678 |
| Loans to retail clients | 48,360 | 50,940 | 52,609 | 53,764 | 55,833 | 58,605 | + 15% | +7,665 |
| Mortgage loans | 40,772 | 43,179 | 44,933 | 45,924 | 47,901 | 50,406 | + 17% | +7,227 |
| Cash loans | 6,469 | 6,662 | 6,581 | 6,676 | 6,774 | 7,053 | + 6% | +391 |

Market shares of ING Bank Śląski S.A.

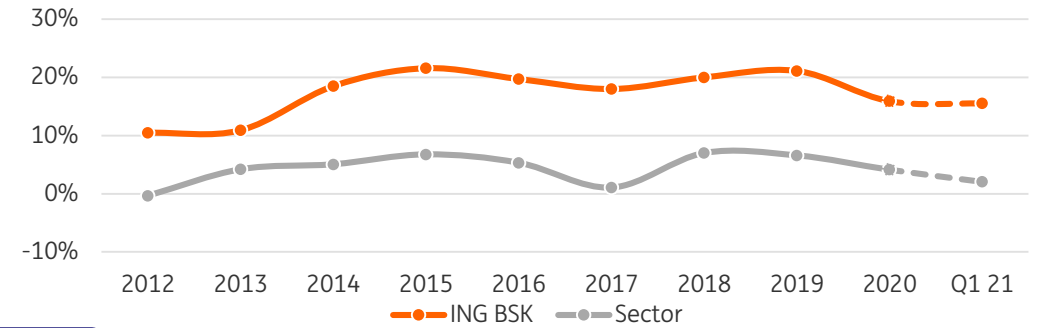
Corporate loans* (change y/y)



Market share (%)



Individuals' loans** (change y/y)



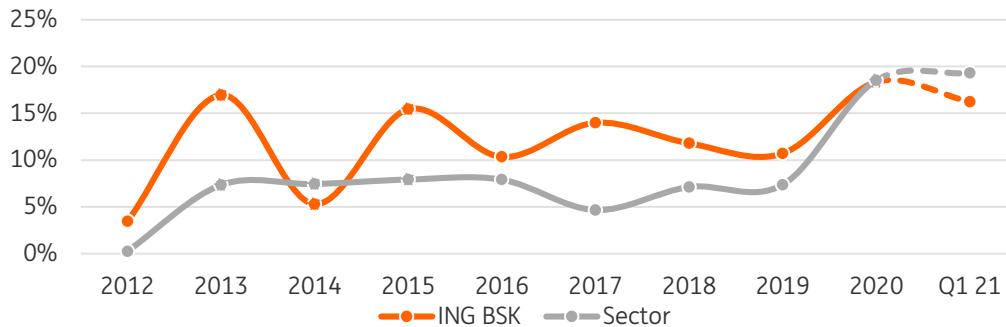
Market share (%)



Market share excl. FX*** (%)



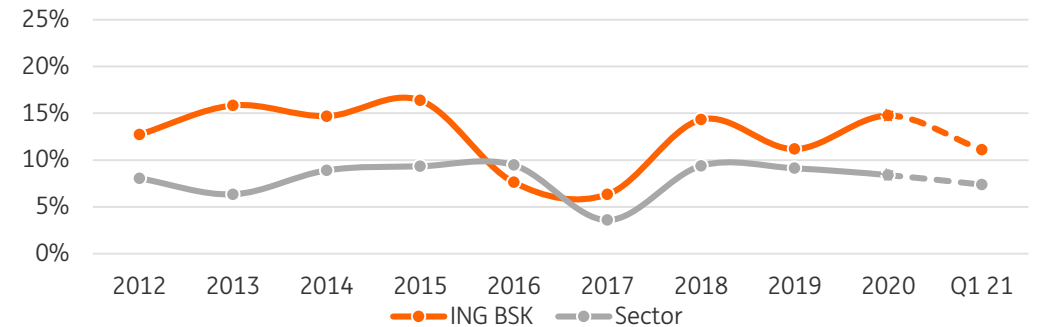
Corporate deposits* (change y/y)



Market share (%)



Individuals' deposits (change y/y)



Market share (%)



Note: Market data – monetary financial institutions data of the National Bank of Poland (Monrep, WEBIS); ING BSK – total unit data of ING BSK and ING Bank Hipoteczny, as per NBP segmentation (Monrep, WEBIS). *Including individual entrepreneurs; **Including individual farmers; ***Excluding FX mortgage loans.

A fluffy brown and white cat is sitting on a cat tree. The cat has long, thick fur and is looking towards the camera with green eyes. The cat tree is covered in a soft, brownish-grey material. In the background, there is a white wall with a light switch and a window with blinds. An orange text box is overlaid on the left side of the image.

Business development

We support our clients

Support in the face of the COVID-19 pandemic

- We act as an intermediary in the distribution of funds from the PFR 2.0 Financial Shield
- We offer loans with a guarantee from the BGK Credit Guarantee Fund (PLG FGP)
- We offer credit moratoria (statutory for retail clients and non-statutory for corporate clients)

New products in the offer

- We make it easier for entrepreneurs to open an account (selfie account for entrepreneurs)
- We have rebuilt our offer for affluent clients
- We introduced real-time transaction processing (ING Business and Moje ING)
- We introduced IKZE Inwestycyjne to the pension offer

We share knowledge

- We have conducted a number of webinars :
 - China We Don't Know: Watch It Or Die
 - Cyber attack on your company?
 - ABC of logistics in e-commerce
 - Machines and devices in the age of modern technologies
 - The waning impact of the pandemic on the economy



Retail banking

Customer transactions

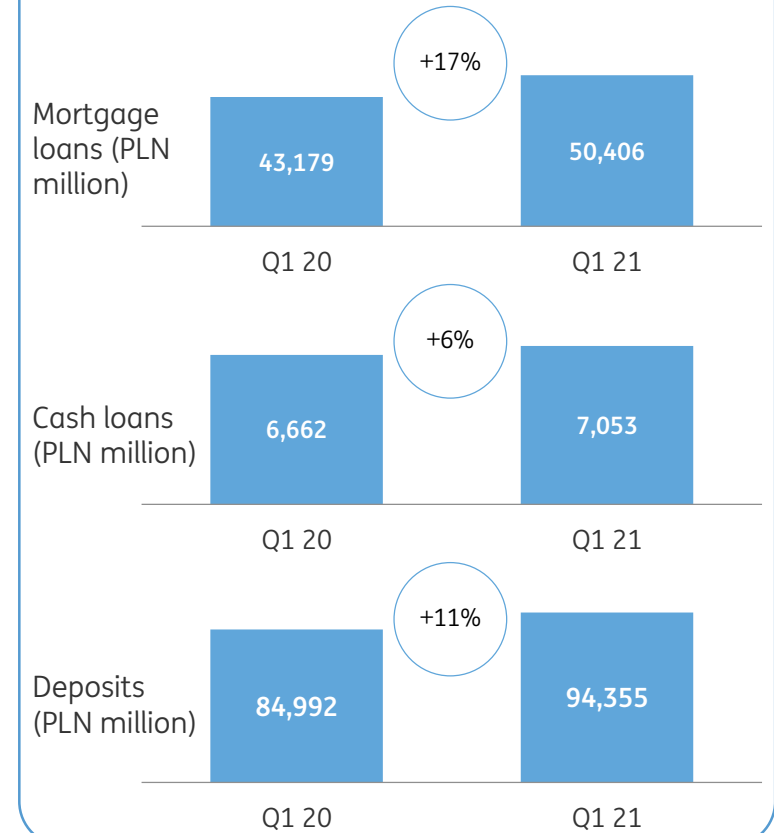
- We operate 3.4 million current accounts for individual clients
- In Q1 2021, our individual clients made +12% y/y more transfers, a total of 110.0 million (99.96% electronically), of which 35.7 million transfers were made in mobile banking (+30% y/y) ...
- ... +82% y/y more BLIK transactions (18.8 million in total) ...
- ... +4% y/y more number of debit card transactions (183.9 million in total) ...
- ... -21% y/y fewer transactions at ATMs (10.2 million) ...
- ... and -60% y/y fewer cash transactions in the branch (251 thousand in total).

Funding

- We granted PLN 4.5bn in mortgage loans in Q1 2021 (+25% y/y), including PLN 668m at a fixed rate (+7% y/y)
- We granted PLN 1.1bn in cash loans in Q1 2021 (+7% y/y) ...
- ... of which 80% were sold via online channels



Growing volumes



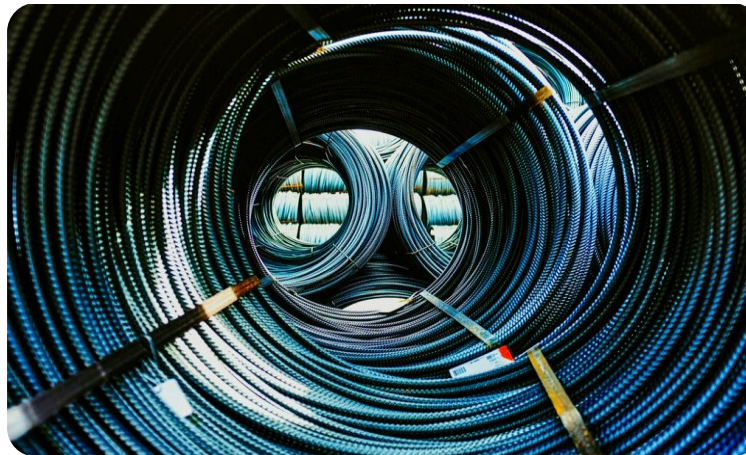
Corporate banking

Customer transactions

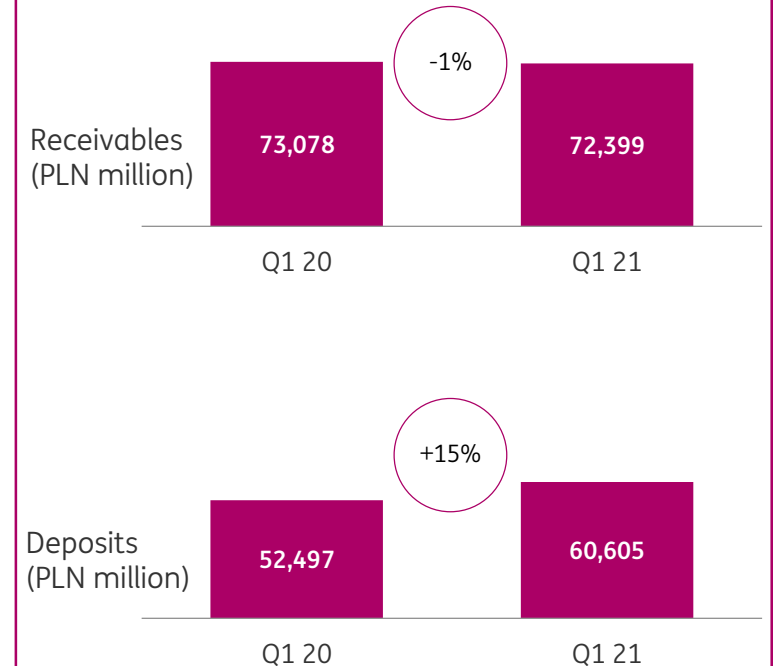
- We service 494.2 thousand corporate clients, of which 415.4 thousand are entrepreneurs, 75.4 thousand are SME and mid-corporates and 3.5 thousand are strategic clients
- In Q1 2021, our corporate clients using ING Business made 21.1 million transfers (+1% y/y), of which 1.6 million were made in mobile banking (+38% y/y)
- We installed a total of 27.1 thousand payment terminals; We processed 7.7 million transactions in Q1 2021 (+24% y/y)
- 3,060 stores with an active imoje payment gateway (+374 from the beginning of the year), of which 542 stores with Twisto payments (+38 from the beginning of the year)

Funding

- The portfolio of receivables from entrepreneurs increased by PLN 86 million y/y (+1% y/y) to the level of PLN 6.9 billion
- The portfolio of receivables from SME and mid-corporates increased by PLN 450 million y/y (+1% y/y) to the level of PLN 40.2 billion
- The portfolio of receivables from strategic customers decreased by PLN 1.2 billion y/y (-4% y/y) to the level of PLN 25.1 billion



Growing volumes





Q1 2021

financial results

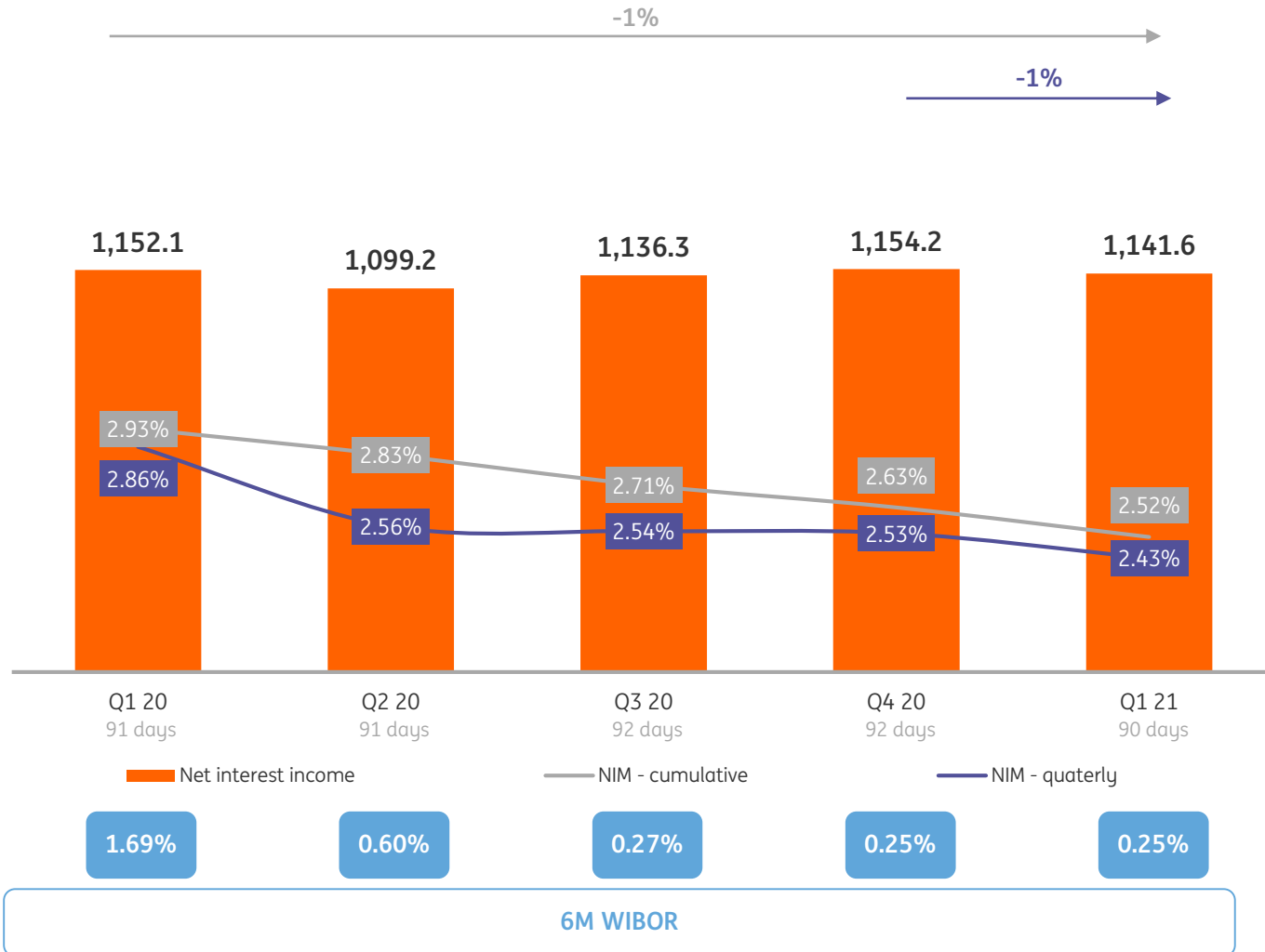
Financial results of ING Bank Śląski S.A.

| <i>PLN million</i> | Q1 2020 | Q4 2020 | Q1 2021 | change y/y | % change y/y |
|---------------------------------------------------------------|----------------|----------------|----------------|---------------|--------------|
| Net interest income | 1,152.1 | 1,154.2 | 1,141.6 | -10.5 | -1% |
| Net commission income | 359.1 | 431.7 | 428.3 | +69.2 | +19% |
| Other income | 51.5 | 17.9 | 31.8 | -19.7 | -38% |
| Total income | 1,562.7 | 1,603.8 | 1,601.7 | +39.0 | +2% |
| Total expenses | 775.0 | 682.3 | 820.8 | +45.8 | +6% |
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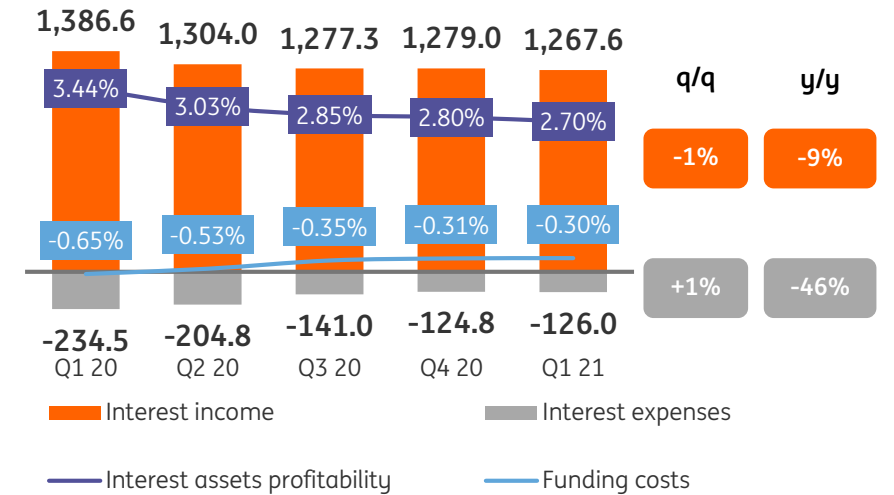
*ROE = total net profit for 4 consecutive quarters / average equity for 5 subsequent quarters

Net interest income

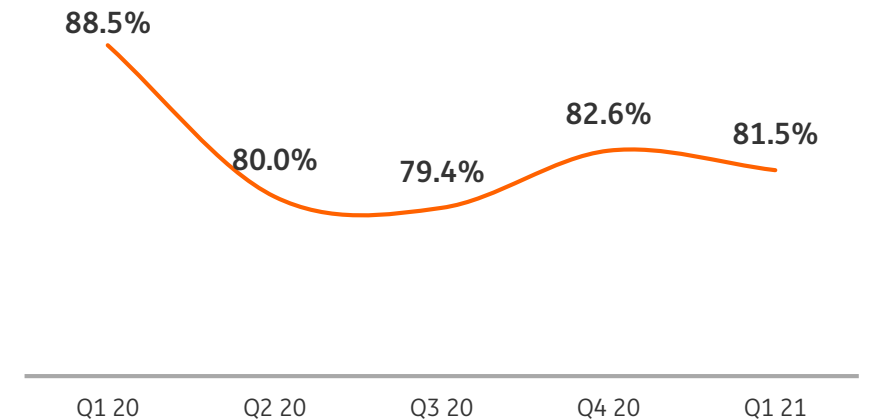
Net interest income (PLN million) and net interest margin



Interest income and expenses (PLN million)

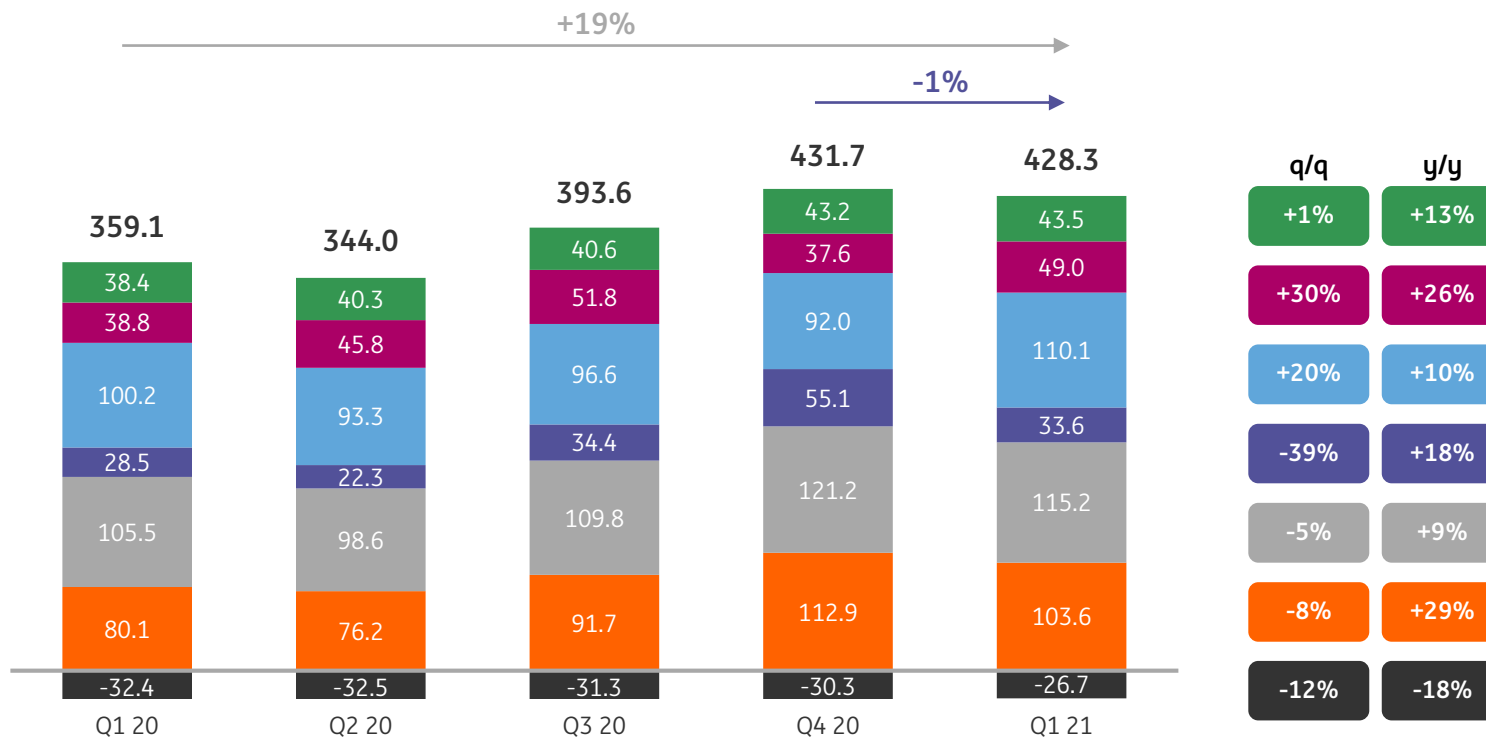


Loan to deposit ratio



Fee and commission income

Fee and commission income per category (PLN million)

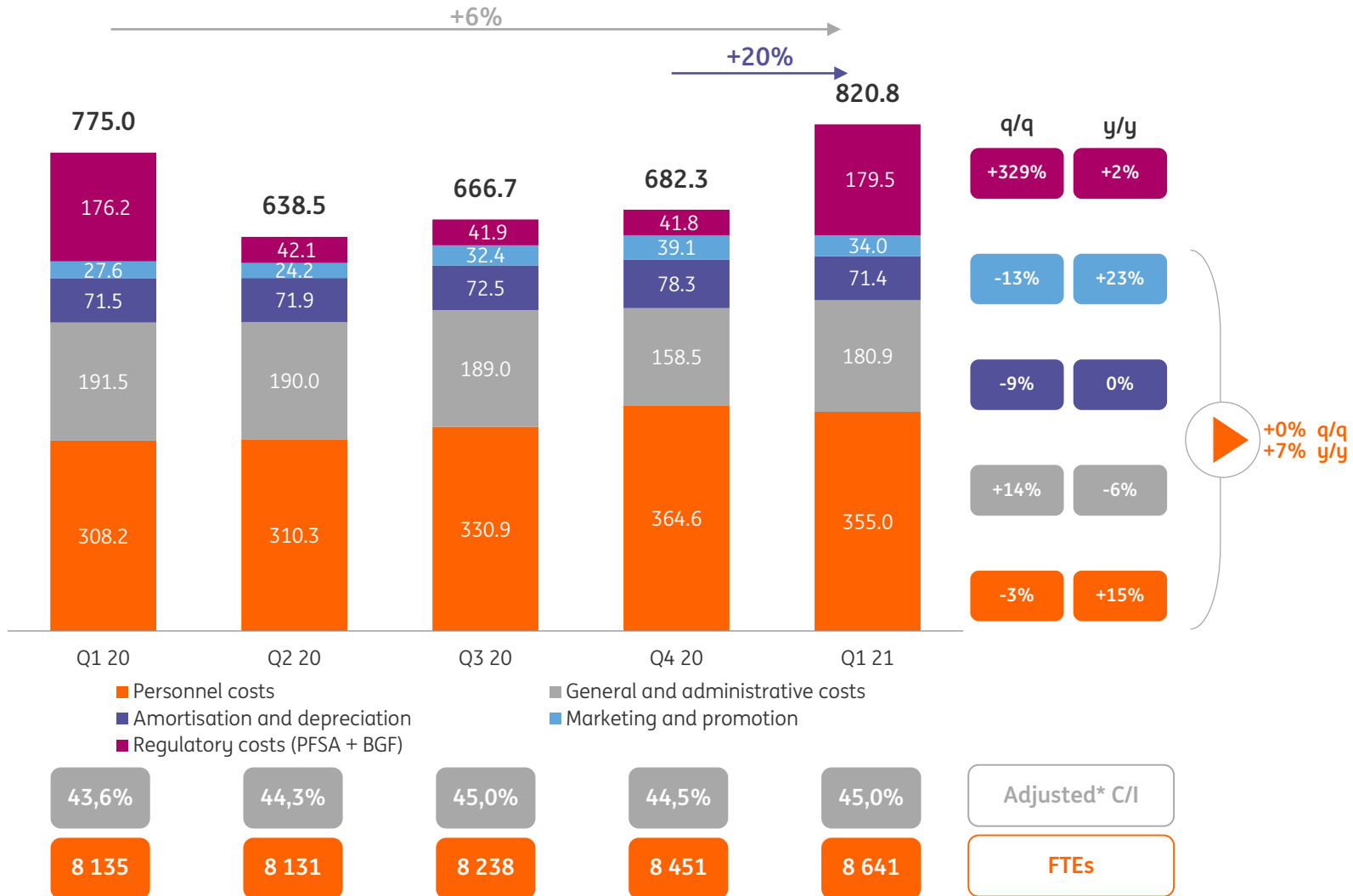


- Bancassurance
- Distribution of participation units, brokerage and custody services
- Financing (loans, leasing, factoring)
- Payment and credit cards, net
- FX transactions
- Client account maintenance
- Other commission income and costs, net

- Quarterly changes in the results on financing and account maintenance are the result of seasonality in the corporate segment.
- The strong result on payment and credit cards in Q4 2020 is the result of one-off settlements with partners.
- The low results on brokerage activities in Q4 2020 resulted from the compensation of the inconvenience related to the failure of ING Makler in December.

Total expenses

Total expenses (PLN million)

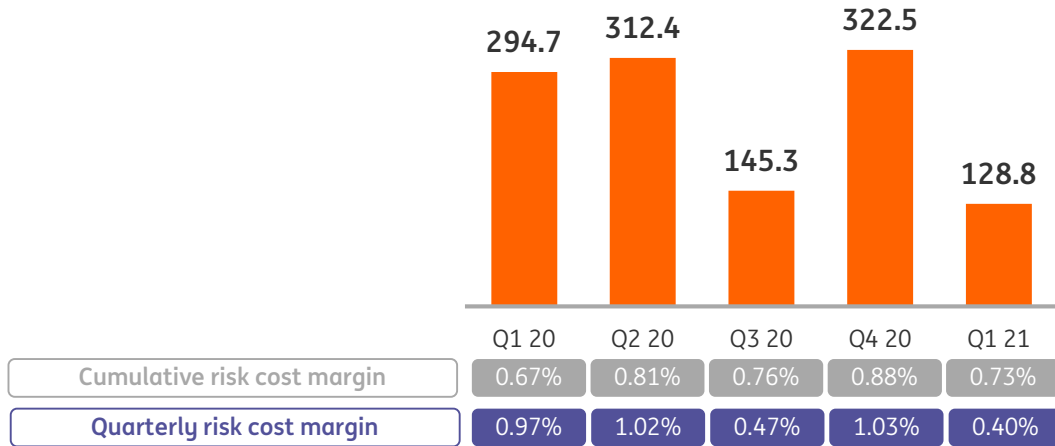


- The annual contribution to the resolution fund amounted to PLN 132.6 million in Q1 2021 (vs. PLN 125.4 million the year before).
- The annual PFSA costs incurred in Q1 2021 amounted to PLN 19.2 million (vs. PLN 13.3 million the year before).

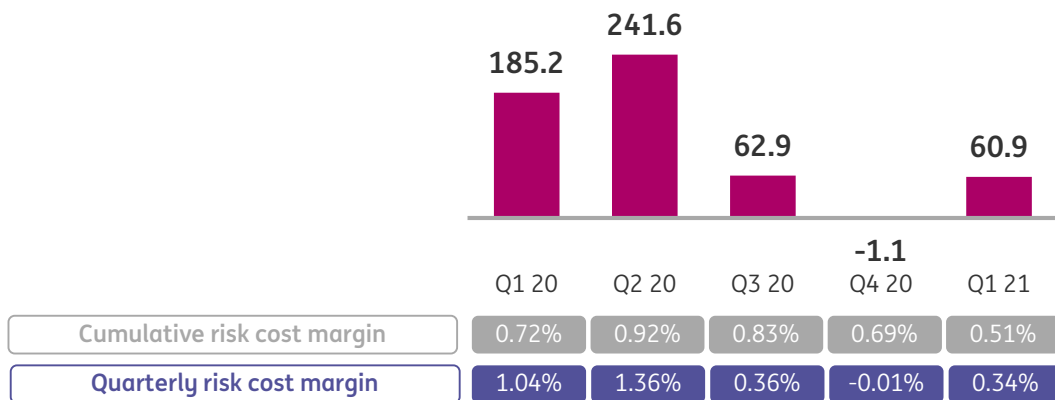
*Adjusted for the contribution to the Resolution Fund to be paid over 4 quarters

Cost of risk, including legal risk costs

Consolidated data for ING BSK (PLN million)

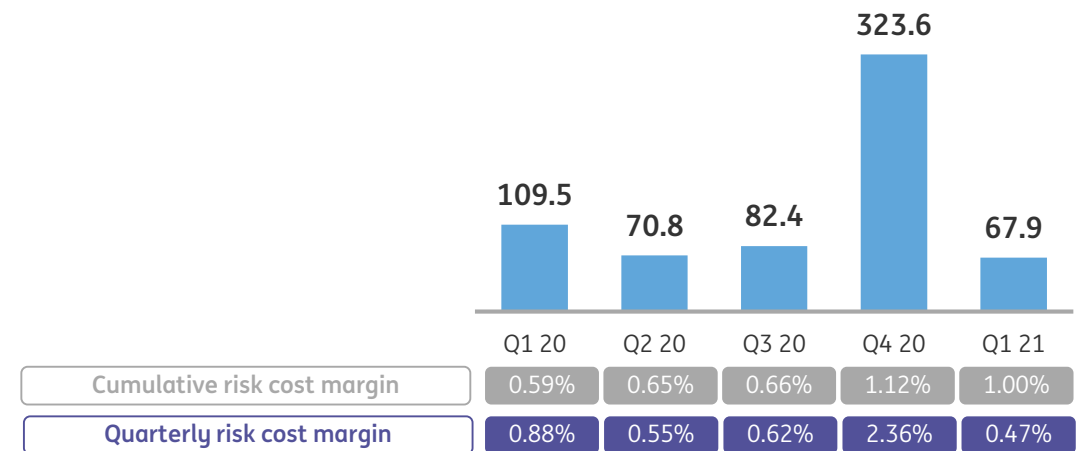


Corporate banking (PLN million)



| PLN million | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|------------------------------------------------------|--------------|--------------|-------------|--------------|-------------|
| Impact of macroeconomic parameters on net provisions | | | | | |
| Retail segment | 49.5 | -24.1 | 30.5 | -4.0 | 0.0 |
| Corporate segment | 97.2 | 173.8 | 12.3 | -92.7 | 21.7 |
| Total | 146.7 | 149.7 | 42.8 | -96.6 | 21.7 |
| Legal risk costs of FX mortgage loans | | | | | |
| Retail segment | 0.0 | 10.2 | 20.2 | 239.9 | 0.0 |

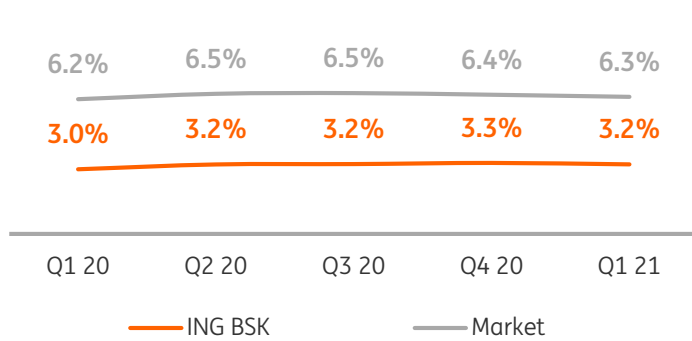
Retail banking (PLN million)



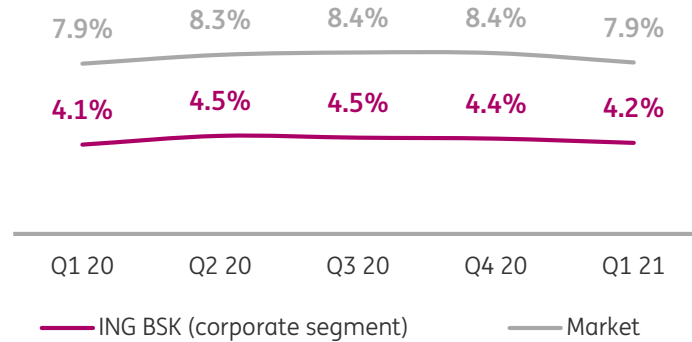
Portfolio quality and provisioning

Share of non-performing portfolio in the total loan portfolio

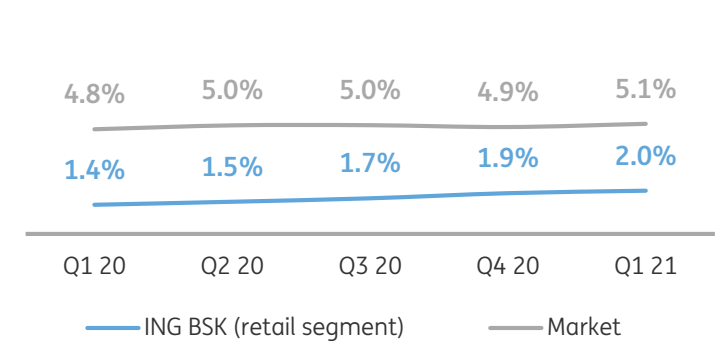
Consolidated data for ING BSK



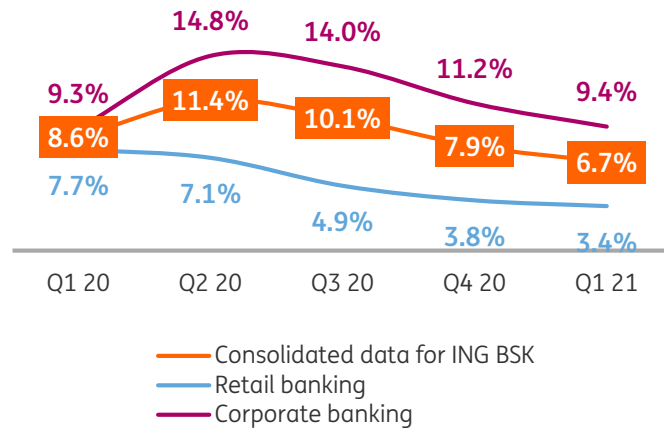
Corporate banking



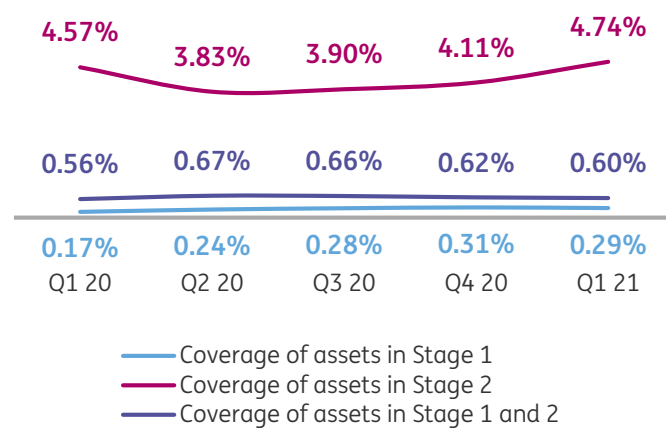
Retail banking



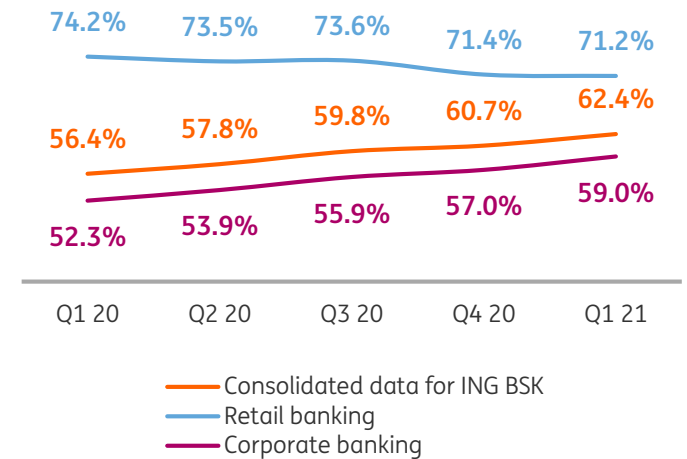
Share of Stage 2 in gross portfolio



Provisioning ratio – Stages 1 and 2



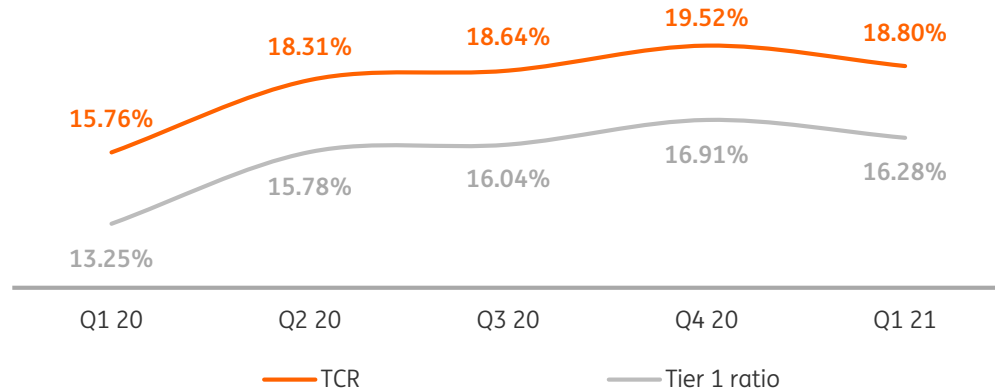
Provisioning ratio – Stage 3



Note: market ratios – estimates based on PFSA data; NPL= Stage 3 + POCl; February 2021 data for market's Q1 2021

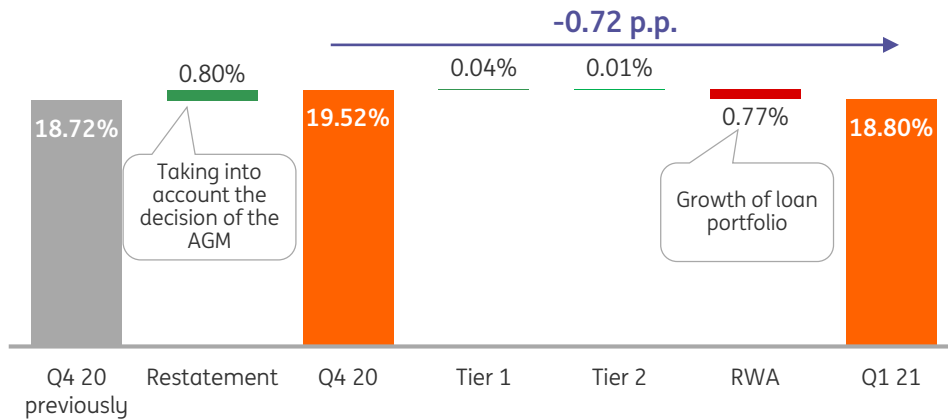
Capital adequacy

Consolidated total capital ratio and capital requirements

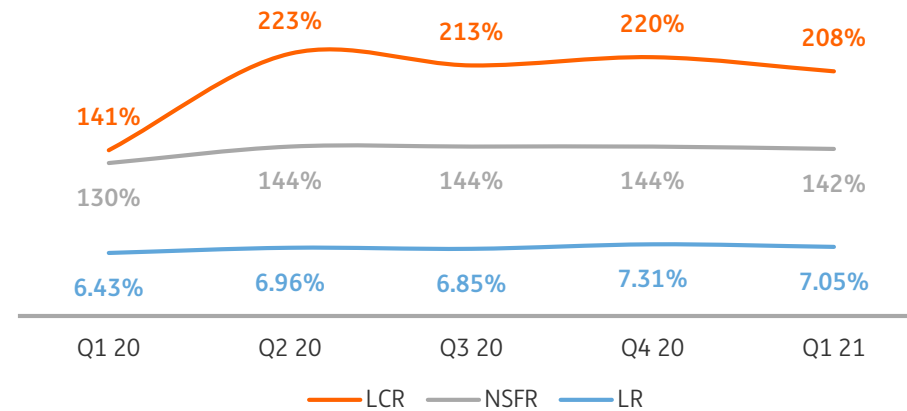


- Total capital ratio and Tier 1 ratio are, respectively, 7.80p.p., and 7.28p.p. above the minimum capital requirements for ING BSK, which are 11.002% and 9.002% respectively.
- The total capital ratio and tier 1 ratio would be 18.63% and 16.01%, respectively, if ING BSK did not apply a transition period for the implementation of IFRS 9.

Consolidated total capital ratio – decomposition of change on a q/q basis



Other capital and liquidity ratios



Appendixes

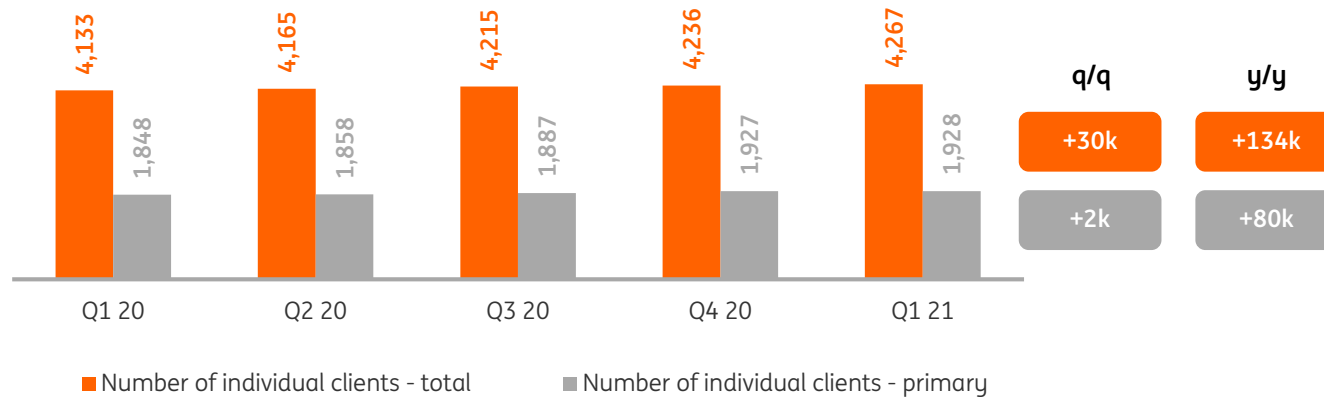


Retail banking

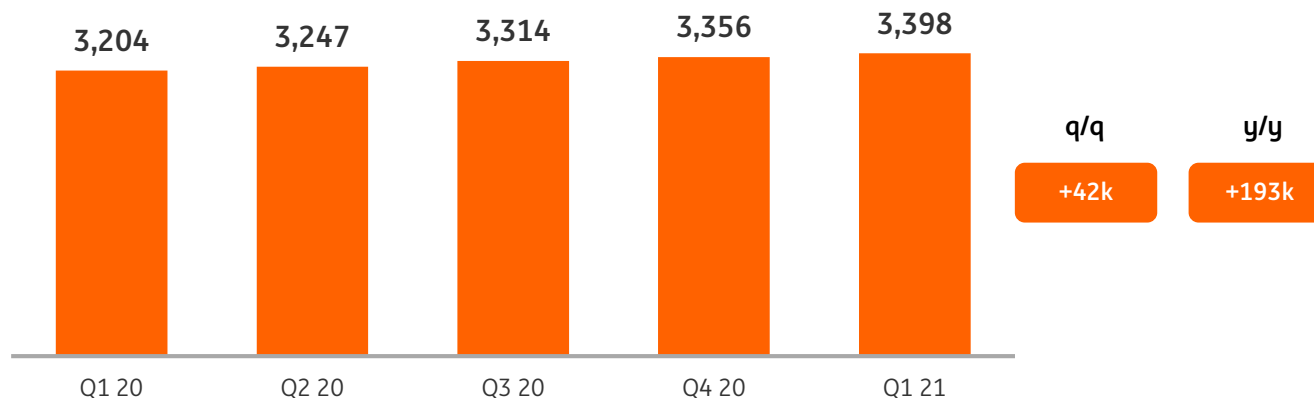
Retail client base

4.3 million individual clients

Number of individual clients (thousand)



Number of individual clients' current accounts (thousand)



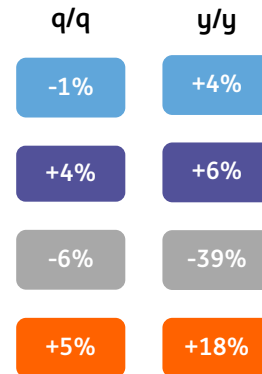
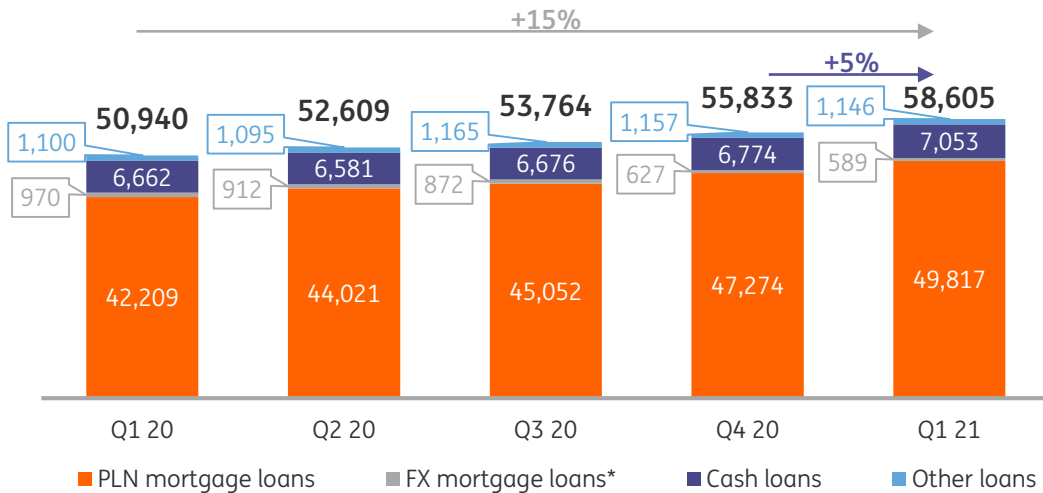
Note: current accounts in PLN

Primary clients - clients who have a current account with a balance higher than PLN 100 (salary inflows) and who also have another active product

- 85% of current accounts are Direct Accounts
- In Q1 2021, clients established **226.3 thousand trusted profiles** - there are already **1.8 million of them in total**. In Q1 2021, clients **signed 1.1 million documents** using the trusted profiles.
- In Q1 2021, our clients submitted **354.7 thousand applications for 500+ child subsidy** via our bank

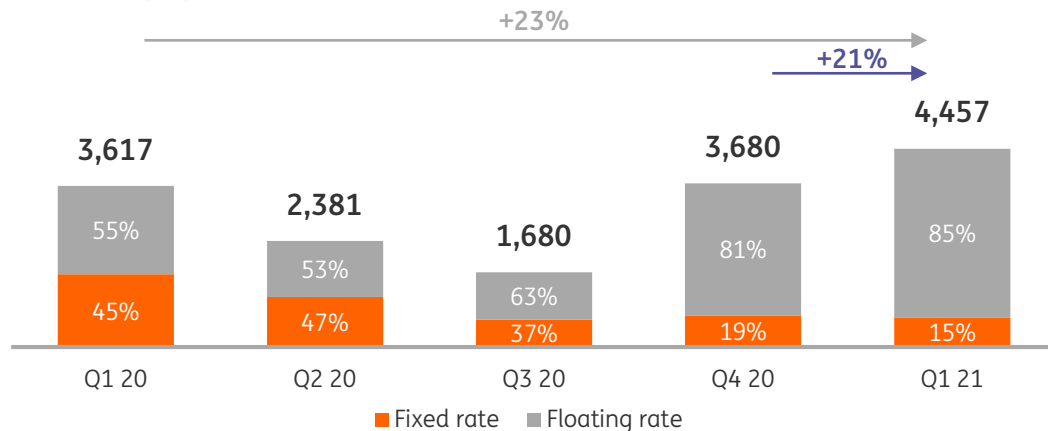
Retail lending

Loan portfolio of retail clients (gross; PLN million)

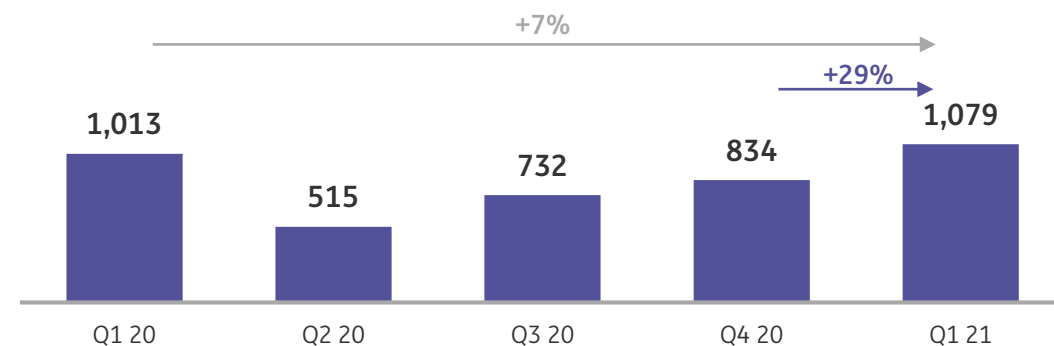


- PLN 1.1 billion worth of cash loans granted to retail clients in Q1 2021 (+7% y/y)
- PLN 4.5 billion worth of mortgage loans granted in Q1 2021 (+23% y/y), which translates into a **25.4%** market share
 - Including PLN 0.7 billion worth of fixed interest rate mortgage loans (PLN 7.9 billion since the product launch)
- A **13.0%** market share in terms of PLN mortgage loans; **10.0%** in total mortgage loans (Q1 2021)

Mortgage loans production (PLN million)



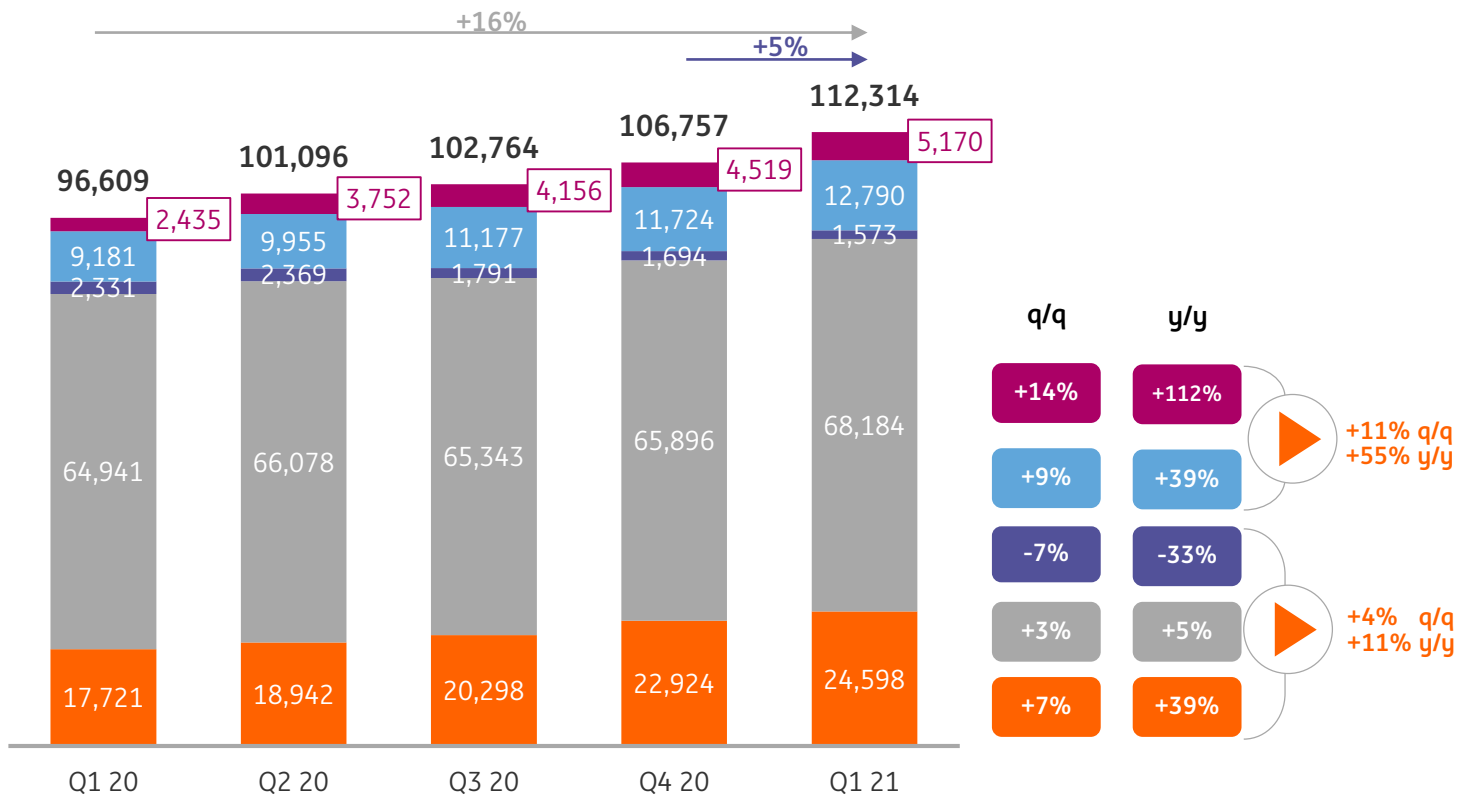
Cash loans production (PLN million)



*FX mortgage loans after adjusting the gross carrying amount for legal risk provisions, which amounted to PLN 35.3 million in Q1 2020, PLN 42.4 million in Q2 2020, PLN 62.3 million in Q3 2020, 300.0 PLN million in 4Q 2020 and PLN 305.1 in Q1 2021

Savings and investments

Portfolio of funds entrusted by retail clients (PLN million)



- Financial instruments accumulated in brokerage accounts
- Mutual funds
- Term deposits and structured products
- Savings accounts
- Current accounts

- **114.6 thousand** bank clients invest on a regular basis
- In Q1 2021, **41.9%** of open investment fund units were purchased via mobile banking
- At the end of Q1 2021, we operated **141.6 thousand brokerage accounts** (+36.5 thousand or 35% y/y); in Q1 2021 alone, the increase was 8.0 thousand accounts
- Our **brokerage office's turnover** on the stock market in Q1 2021 amounted to **PLN 8.5 billion**, 151% more y/y



Progressive evolution of banking

ING is becoming more and more digital



Average rating of Moje ING mobile application in APP stores

Google Play ★ ★ ★ ★ ★ 4.8

App Store ★ ★ ★ ★ ★ 4.9

Electronic banking

We have a total of **777.2 thousand mobile cards** (+8% q/q, +54% y/y)

2,232 thousand individual clients with active BLIK, of which 923 thousand completed transactions in Q1 2021 (+9% q/q, +51% y/y)

18.8 million BLIK transactions in Q1 2021 (+8% q/q, +82% y/y) made by individual clients, of which **15.6 million transactions were made on the Internet** (+8% q/q, +90% y/y)

2,020 thousand active users of the mobile application (+5% q/q, +19% y/y)

1,260 thousand "mobile only" users (-3% q/q, +17% y/y)

35.7 million transfers in mobile banking in Q1 2021 (+8.3 million y/y, +30% y/y)

In Q1 2021, we sold **80% of cash loans** for individual clients **via internet channels** (79% in Q1 2020).

2.4m
active mobile banking clients

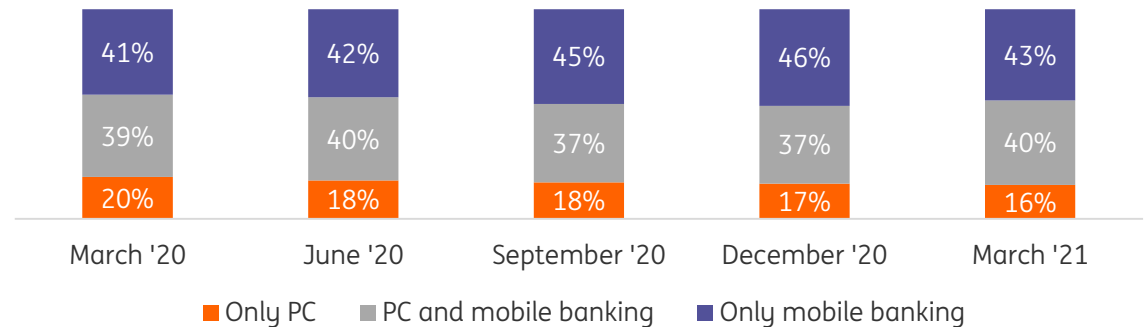
Physical distribution network

281 meeting places with self-service zones (290 as at the end of 2020), including 165 without a traditional cash service (155 as at the end of 2020)

983 machines for cash self-service (including 810 cash recycling automated teller safes), out of which 813 are contactless ATMs/Recyclers

61 ING Express sales points at shopping malls

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

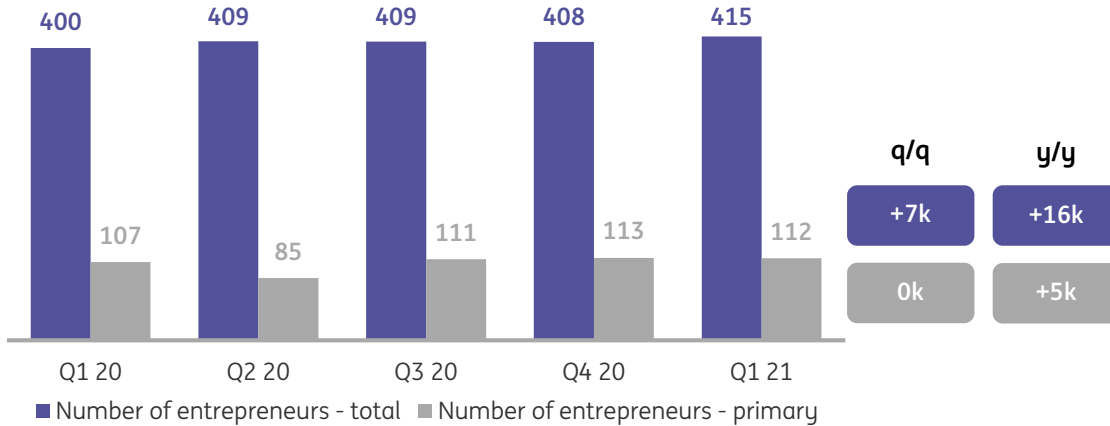


Corporate banking

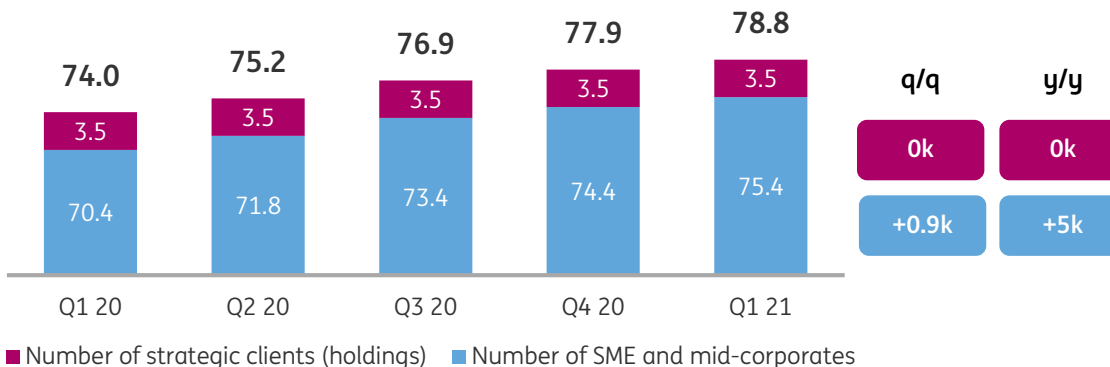
Corporate client base

494 thousand companies

Number of entrepreneurs (thousand)



Number of SME, mid-corporates and strategic clients (thousand)



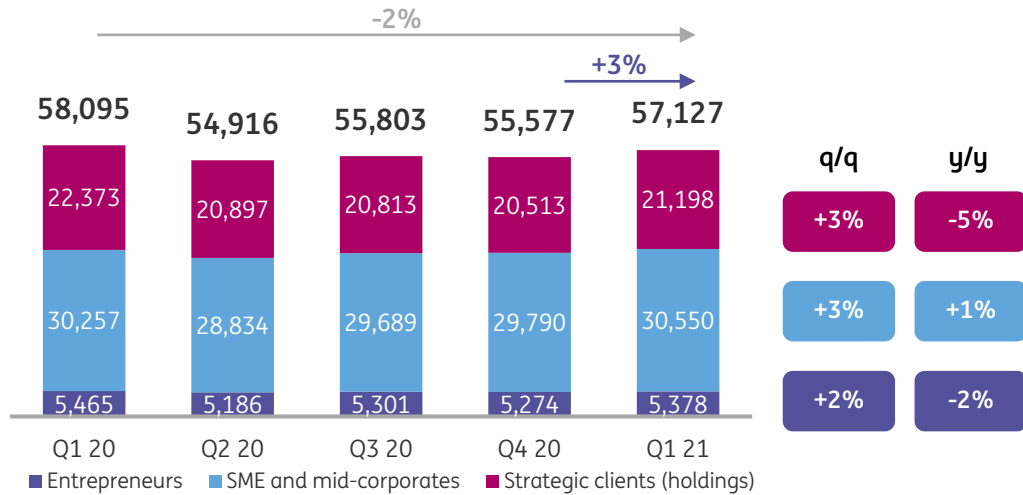
We maintain **425 thousand current accounts** for **415 thousand entrepreneurs**, of which **98% are Direct accounts**



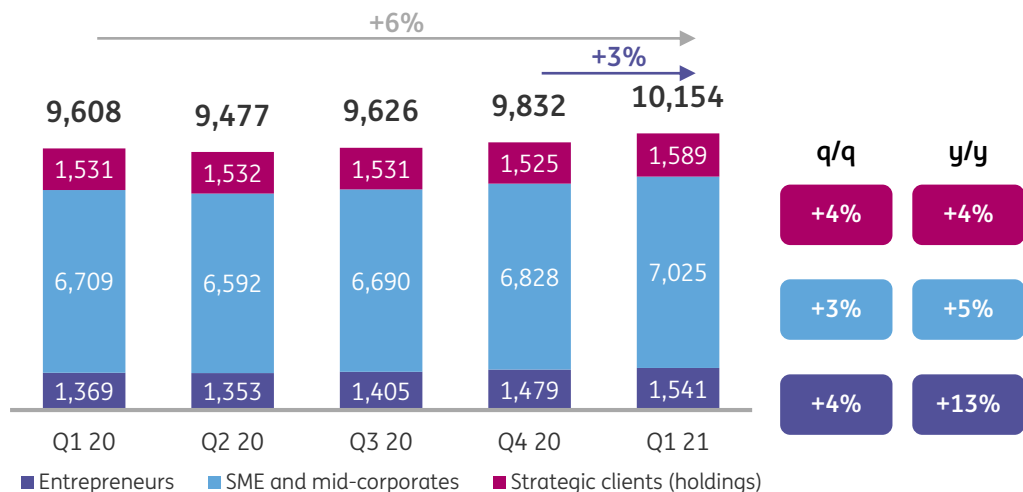
Primary clients - clients with a current account with a balance higher than PLN 100, which were charged with a transaction to the Social Insurance Institution / Tax Office and who had another active product

Corporate receivables

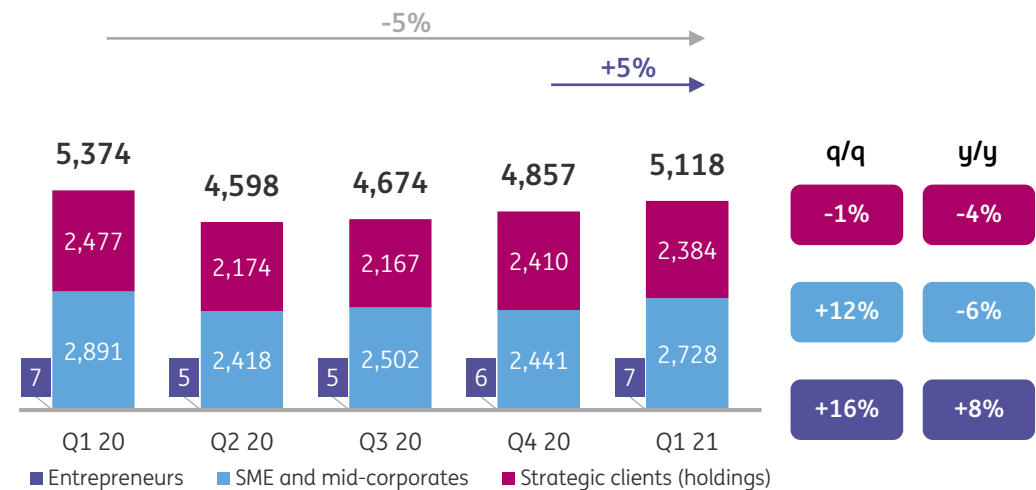
Loans volume (gross; PLN million)



Leasing receivables volume* (gross; PLN million)



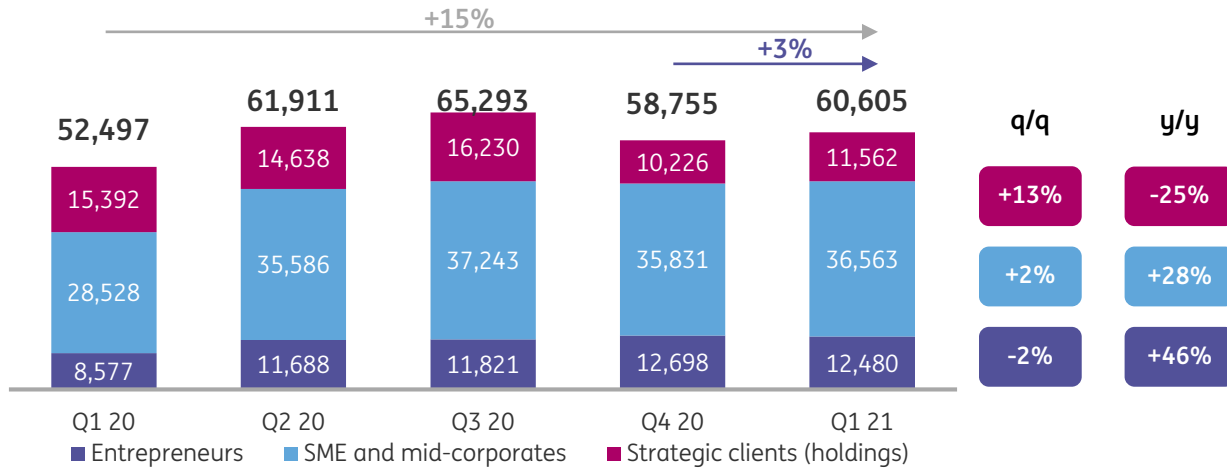
Factoring receivables volume (gross; PLN million)



*Leasing loans excluded

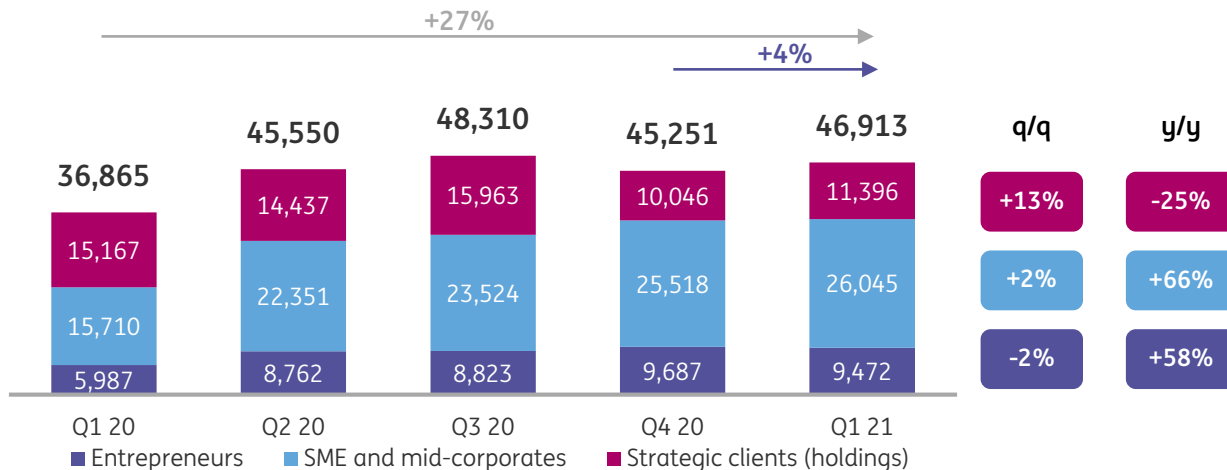
Cash management

Corporate deposit volume (PLN million)



+3,400
new SME and mid-corporate clients acquired in Q1 2021

Corporate current accounts volume (PLN million)



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

- 138 depositories,
- 140 depositories in customer locations,
- 164 CDMs in customer locations,
- 12 fee collection machines in customer locations.

Number of mobile transfers in ING Business increased by +38% y/y

Selected initiatives

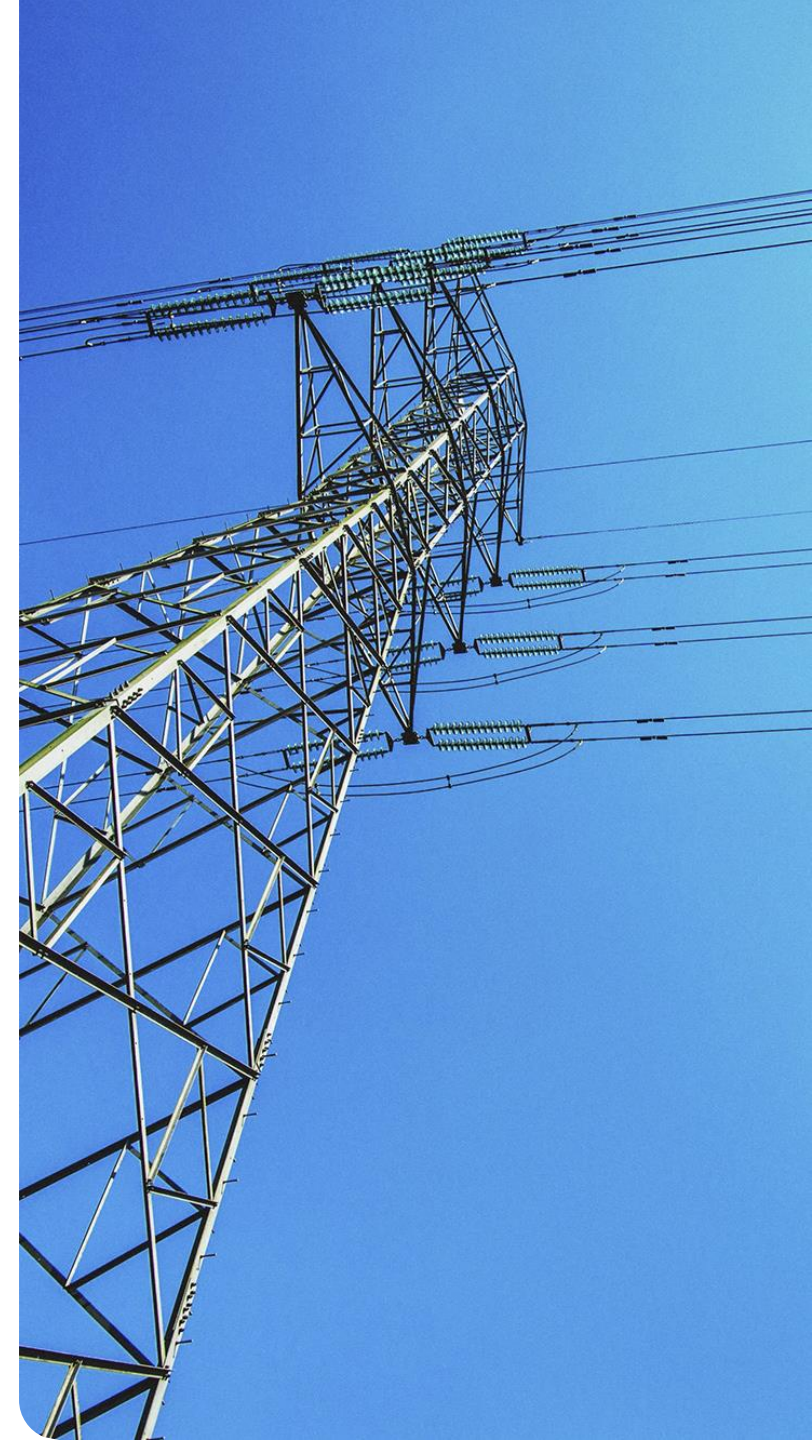
ING in the consortium financing the purchase of 130 solar farms

ING Bank Śląski and funds managed by Aberdeen Standard Investments signed a loan agreement to finance the purchase of a portfolio of 130 new photovoltaic farms with a total capacity of 122 MW. The planned annual electricity production is estimated at approximately 134 GWh. The loan agreement was signed in a consortium with BNP Paribas Bank Polska S.A.

As part of cooperation with Aberdeen Standard Investments, ING Bank Śląski acts as the Loan Agent, Security Agent and Hedging Transaction Counterparty. It is an investment project carried out according to the “project finance” formula, i.e. financing directed at a specific project of a partner. The transaction is largely based on the state-guaranteed support system for renewable energy sources in the form of a contract for difference. It ensures a stable level of selling prices of generated electricity in the 15-year support period.

Hyperautomation conference

On 24 February 2021, the third edition of the Hyperautomation conference was held, organized by the Robonomika portal, which is led by Professor Andrzej Sobczak from the Institute of Computer Science and Digital Economy at the Warsaw School of Economics. The latest edition of the conference was addressed to potential buyers of robotic technologies. The speakers were mainly representatives, partners and distributors of domestic and foreign software producers. Once again, the invited speakers also included our representatives: Przemysław Lewicki, Leader of the Operational Digital Transformation Tribe at ING Bank Śląski S.A., and Kamil Czerniak, Business Development Manager of the Operational Digital Transformation Center, representing ING Usługi dla Biznesu S.A.



Financial results

and other information

Income statement

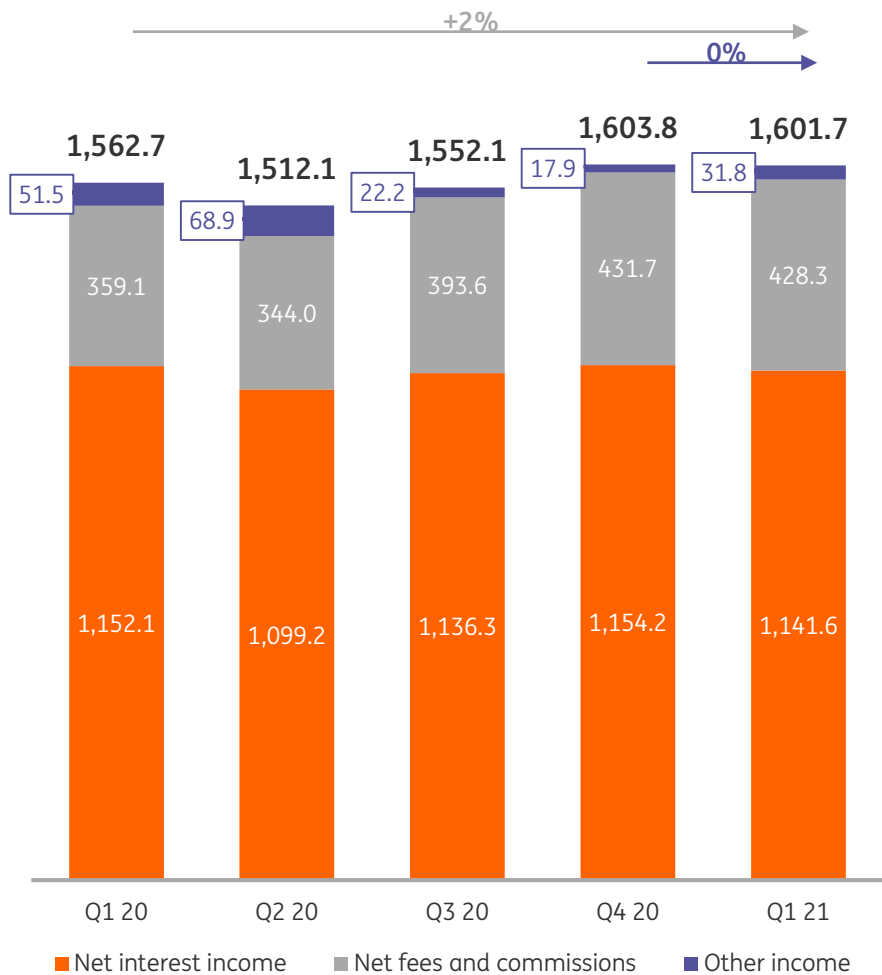
| Consolidated income statement (PLN m) | | | | | Q1 | Q2 | Q3 | Q4 | Q1 | q/q | y/y | | |
|----------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|------|------|------|------|---------------|---------------|---------------|---------------|
| | | | | | 2020 | 2020 | 2020 | 2020 | 2021 | Δ | % | Δ | % |
| Net interest income, of which: | 1,152.1 | 1,099.2 | 1,136.3 | 1,154.2 | 1,141.6 | | | | | -12.6 | -1.1% | -10.5 | -0.9% |
| Interest income | 1,386.6 | 1,304.0 | 1,277.3 | 1,279.0 | 1,267.6 | | | | | -11.4 | -0.9% | -119.0 | -8.6% |
| Interest expenses | 234.5 | 204.8 | 141.0 | 124.8 | 126.0 | | | | | 1.2 | 1.0% | -108.5 | -46.3% |
| Net commission income | 359.1 | 344.0 | 393.6 | 431.7 | 428.3 | | | | | -3.4 | -0.8% | 69.2 | 19.3% |
| Result on trade operations and revaluation | 46.7 | 68.0 | 15.7 | 23.0 | 23.4 | | | | | 0.4 | 1.7% | -23.3 | -49.9% |
| - Net income on instruments measured at fair value through profit or loss and FX result | 13.9 | 44.3 | 24.4 | 20.9 | 34.3 | | | | | 13.4 | 64.1% | 20.4 | 146.8% |
| - The result on the sale of securities measured at amortized cost | 7.3 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | 0.0 | - | -7.3 | -100.0% |
| - Net income on the sale of securities measured at fair value through other comprehensive income and dividend income | 1.8 | 18.8 | 5.4 | 5.1 | 0.0 | | | | | -5.1 | -100.0% | -1.8 | -100.0% |
| - Net income on hedge accounting | 23.7 | 4.9 | -14.1 | -3.0 | -10.9 | | | | | -7.9 | 263.3% | -34.6 | - |
| Net income on other core activities | 0.4 | -3.1 | 2.8 | -9.1 | 2.3 | | | | | 11.4 | - | 1.9 | 475.0% |
| Share in net profit (loss) of associated entities recognised under the equity method | 4.4 | 4.0 | 3.7 | 4.0 | 6.1 | | | | | 2.1 | 52.5% | 1.7 | 38.6% |
| Income | 1,562.7 | 1,512.1 | 1,552.1 | 1,603.8 | 1,601.7 | | | | | -2.1 | -0.1% | 39.0 | 2.5% |
| Expenses | 775.0 | 638.5 | 666.7 | 682.3 | 820.8 | | | | | 138.5 | 20.3% | 45.8 | 5.9% |
| - personnel expenses | 308.2 | 310.3 | 330.9 | 364.6 | 355.0 | | | | | -9.6 | -2.6% | 46.8 | 15.2% |
| - depreciation and amortisation | 71.5 | 71.9 | 72.5 | 78.3 | 71.4 | | | | | -6.9 | -8.8% | -0.1 | -0.1% |
| - regulatory expenses | 176.2 | 42.1 | 41.9 | 41.8 | 179.5 | | | | | 137.7 | 329.4% | 3.3 | 1.9% |
| - other expenses | 219.1 | 214.2 | 221.4 | 197.6 | 214.9 | | | | | 17.3 | 8.8% | -4.2 | -1.9% |
| Profit before risk costs | 787.7 | 873.6 | 885.4 | 921.5 | 780.9 | | | | | -140.6 | -15.3% | -6.8 | -0.9% |
| Risk costs including legal cost of risk for FX mortgage loans | 294.7 | 312.4 | 145.3 | 322.5 | 128.8 | | | | | -193.7 | -60.1% | -165.9 | -56.3% |
| - retail | 109.5 | 70.8 | 82.4 | 323.6 | 67.9 | | | | | -255.7 | -79.0% | -41.6 | -38.0% |
| - corporate | 185.2 | 241.6 | 62.9 | -1.1 | 60.9 | | | | | 62.0 | - | -124.3 | -67.1% |
| Tax on certain financial institutions | 116.0 | 121.1 | 122.0 | 122.5 | 125.9 | | | | | 3.4 | 2.8% | 9.9 | 8.5% |
| Profit (loss) before tax | 377.0 | 440.1 | 618.1 | 476.5 | 526.2 | | | | | 49.7 | 10.4% | 149.2 | 39.6% |
| Income tax | 109.7 | 123.9 | 177.9 | 162.6 | 140.6 | | | | | -22.0 | -13.5% | 30.9 | 28.2% |
| Net profit (loss), of which: | 267.3 | 316.2 | 440.2 | 313.9 | 385.6 | | | | | 71.7 | 22.8% | 118.3 | 44.3% |
| Net profit (loss) attributable to the shareholders of ING BSK | 267.3 | 316.2 | 440.2 | 313.9 | 385.6 | | | | | 71.7 | 22.8% | 118.3 | 44.3% |
| Number of shares issued (m) | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 | | | | | 0.0 | 0.0% | 0.0 | 0.0% |
| Earnings per share (PLN) - annualised | 8.22 | 9.72 | 13.53 | 9.65 | 11.86 | | | | | 2.20 | 22.8% | 3.64 | 44.3% |

Statement of financial position

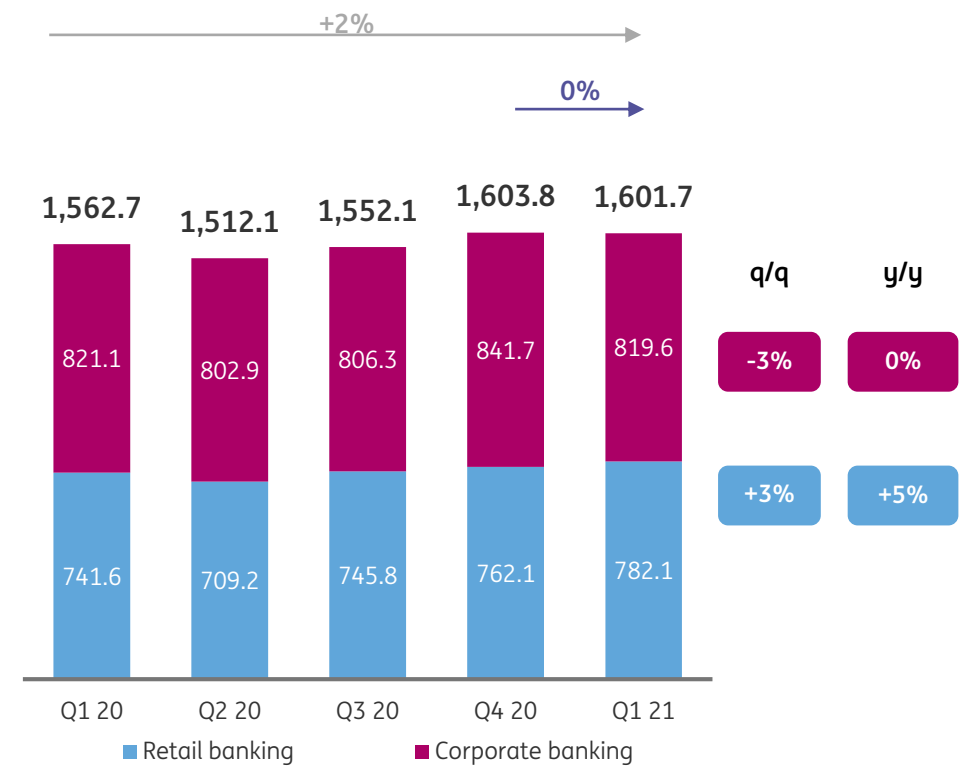
| Consolidated statement of financial position (PLN m) | | | | | | | q/q | | y/y | |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|--------------|-----------------|--------------|
| | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Δ | % | Δ | % |
| ASSETS | | | | | | | | | | |
| - Cash in hand and balances with the Central Bank | 1,402.9 | 1,740.5 | 1,910.3 | 1,193.6 | 867.3 | 899.8 | 32.5 | 3.7% | -840.7 | -48.3% |
| - Loans and receivables to other banks | 798.5 | 1,082.3 | 744.4 | 731.3 | 704.6 | 1,336.4 | 631.8 | 89.7% | 254.1 | 23.5% |
| - Financial assets measured at fair value through profit or loss | 1,384.6 | 1,511.7 | 1,111.5 | 1,259.2 | 2,017.7 | 1,610.1 | -407.6 | -20.2% | 98.4 | 6.5% |
| - Investments | 33,824.4 | 40,196.1 | 53,077.6 | 56,084.1 | 54,933.5 | 58,314.3 | 3,380.8 | 6.2% | 18,118.2 | 45.1% |
| - Derivative hedge instruments | 851.6 | 1,075.8 | 1,095.9 | 1,054.1 | 1,194.8 | 873.6 | -321.2 | -26.9% | -202.2 | -18.8% |
| - Loans and receivables to customers at amortised costs | 118,127.8 | 123,459.7 | 120,598.1 | 122,382.0 | 124,655.3 | 129,453.2 | 4,797.9 | 3.8% | 5,993.5 | 4.9% |
| - Non-financial assets | 1,385.9 | 1,374.9 | 1,348.4 | 1,341.7 | 1,339.7 | 1,300.6 | -39.1 | -2.9% | -74.3 | -5.4% |
| - Property, plant and equipment held for sale | 3.6 | 2.2 | 3.4 | 3.4 | 3.6 | 5.4 | 1.8 | 50.0% | 3.2 | 145.5% |
| - Tax assets | 445.6 | 377.7 | 380.1 | 409.7 | 425.9 | 560.3 | 134.4 | 31.6% | 182.6 | 48.3% |
| - Other assets | 385.8 | 420.7 | 369.6 | 400.4 | 453.3 | 467.6 | 14.3 | 3.2% | 46.9 | 11.1% |
| Total assets | 158,610.7 | 171,241.6 | 180,639.3 | 184,859.5 | 186,595.7 | 194,821.3 | 8,225.6 | 4.4% | 23,579.7 | 13.8% |
| EQUITY AND LIABILITIES | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| - Liabilities due to other banks | 6,256.1 | 6,624.3 | 4,594.6 | 4,883.1 | 8,228.0 | 10,333.8 | 2,105.8 | 25.6% | 3,709.5 | 56.0% |
| - Financial liabilities measured at fair value through profit or loss | 915.1 | 1,027.6 | 617.2 | 696.9 | 1,530.8 | 1,194.3 | -336.5 | -22.0% | 166.7 | 16.2% |
| - Derivative hedge instruments | 546.0 | 510.4 | 480.9 | 449.7 | 558.5 | 549.6 | -8.9 | -1.6% | 39.2 | 7.7% |
| - Liabilities due to customers | 130,473.5 | 139,648.7 | 150,979.3 | 154,399.8 | 151,028.5 | 158,931.1 | 7,902.6 | 5.2% | 19,282.4 | 13.8% |
| - Liabilities under issue of debt securities | 399.7 | 397.6 | 395.4 | 397.3 | 1,370.5 | 596.5 | -774.0 | -56.5% | 198.9 | 50.0% |
| - Subordinated liabilities | 2,131.1 | 2,278.1 | 2,235.1 | 2,265.2 | 2,309.2 | 2,331.9 | 22.7 | 1.0% | 53.8 | 2.4% |
| - Provisions | 205.7 | 186.3 | 203.0 | 196.1 | 256.3 | 240.1 | -16.2 | -6.3% | 53.8 | 28.9% |
| - Tax liabilities | 381.3 | 705.5 | 431.5 | 450.5 | 389.6 | 200.0 | -189.6 | -48.7% | -505.5 | -71.7% |
| - Other liabilities | 2,078.9 | 2,522.1 | 2,466.8 | 2,525.1 | 2,306.0 | 2,883.7 | 577.7 | 25.1% | 361.6 | 14.3% |
| Total liabilities | 143,387.4 | 153,900.6 | 162,403.8 | 166,263.7 | 167,977.4 | 177,261.0 | 9,283.6 | 5.5% | 23,360.4 | 15.2% |
| EQUITY | | | | | | | | | | |
| - Share capital | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 | 130.1 | 0.0 | 0.0% | 0.0 | 0.0% |
| - Supplementary capital - share premium account | 956.3 | 956.3 | 956.3 | 956.3 | 956.3 | 956.3 | 0.0 | 0.0% | 0.0 | 0.0% |
| - Revaluation reserve | 1,867.3 | 3,717.7 | 4,296.0 | 4,216.1 | 3,923.4 | 2,479.8 | -1,443.6 | -36.8% | -1,237.9 | -33.3% |
| - Retained earnings | 12,269.6 | 12,536.9 | 12,853.1 | 13,293.3 | 13,608.5 | 13,994.1 | 385.6 | 2.8% | 1,457.2 | 11.6% |
| Equity attributable to shareholders of ING BSK | 15,223.3 | 17,341.0 | 18,235.5 | 18,595.8 | 18,618.3 | 17,560.3 | -1,058.0 | -5.7% | 219.3 | 1.3% |
| - Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 0.0 | - |
| Total equity | 15,223.3 | 17,341.0 | 18,235.5 | 18,595.8 | 18,618.3 | 17,560.3 | -1,058.0 | -5.7% | 219.3 | 1.3% |
| Total equity and liabilities | 158,610.7 | 171,241.6 | 180,639.3 | 184,859.5 | 186,595.7 | 194,821.3 | 8,225.6 | 4.4% | 23,579.7 | 13.8% |
| 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) | 117.01 | 133.29 | 140.17 | 142.93 | 143.11 | 134.98 | -8.13 | -5.7% | 1.69 | 1.3% |

Income per category

Income per P&L line (PLN million)

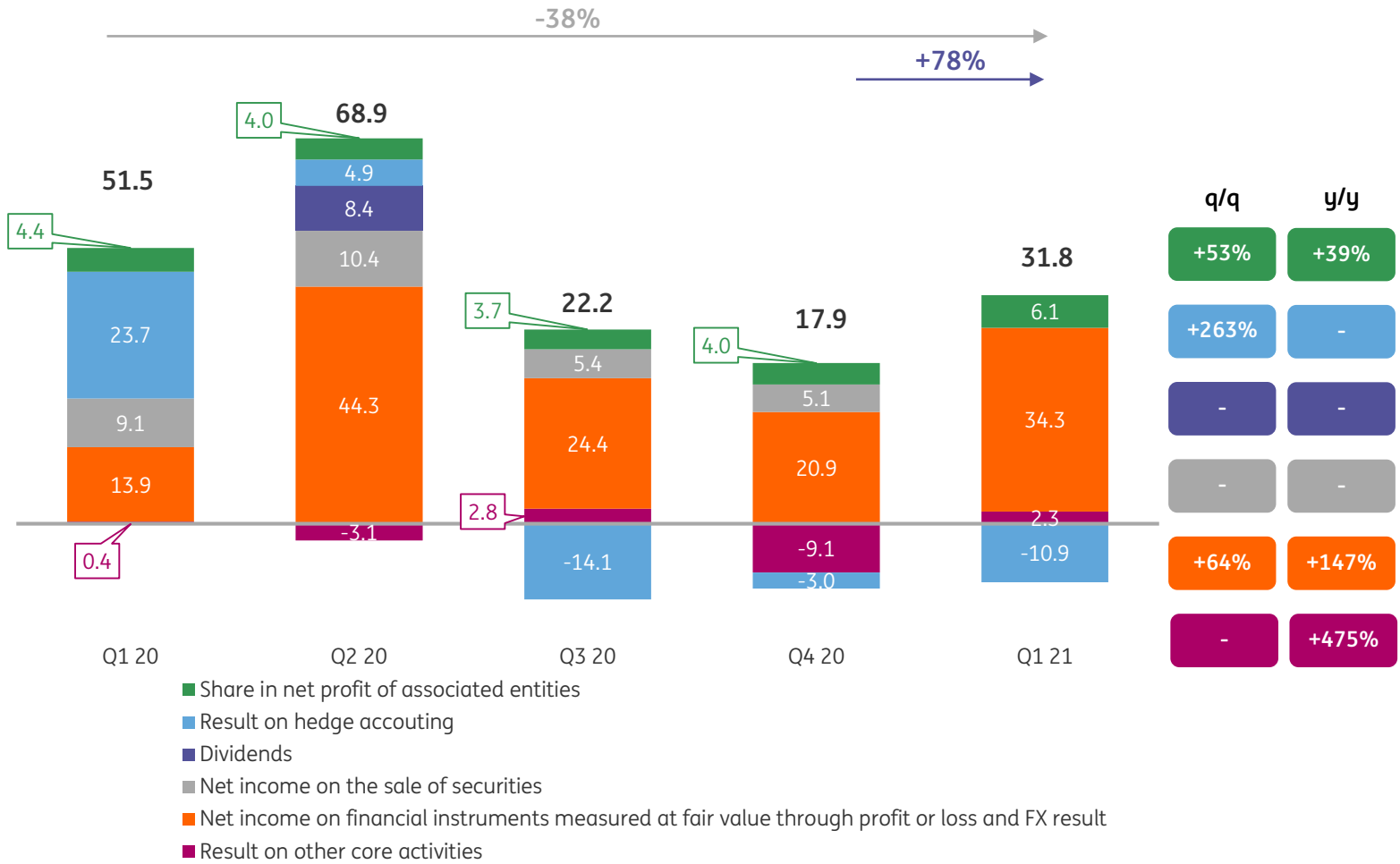


Income per business line (PLN million)



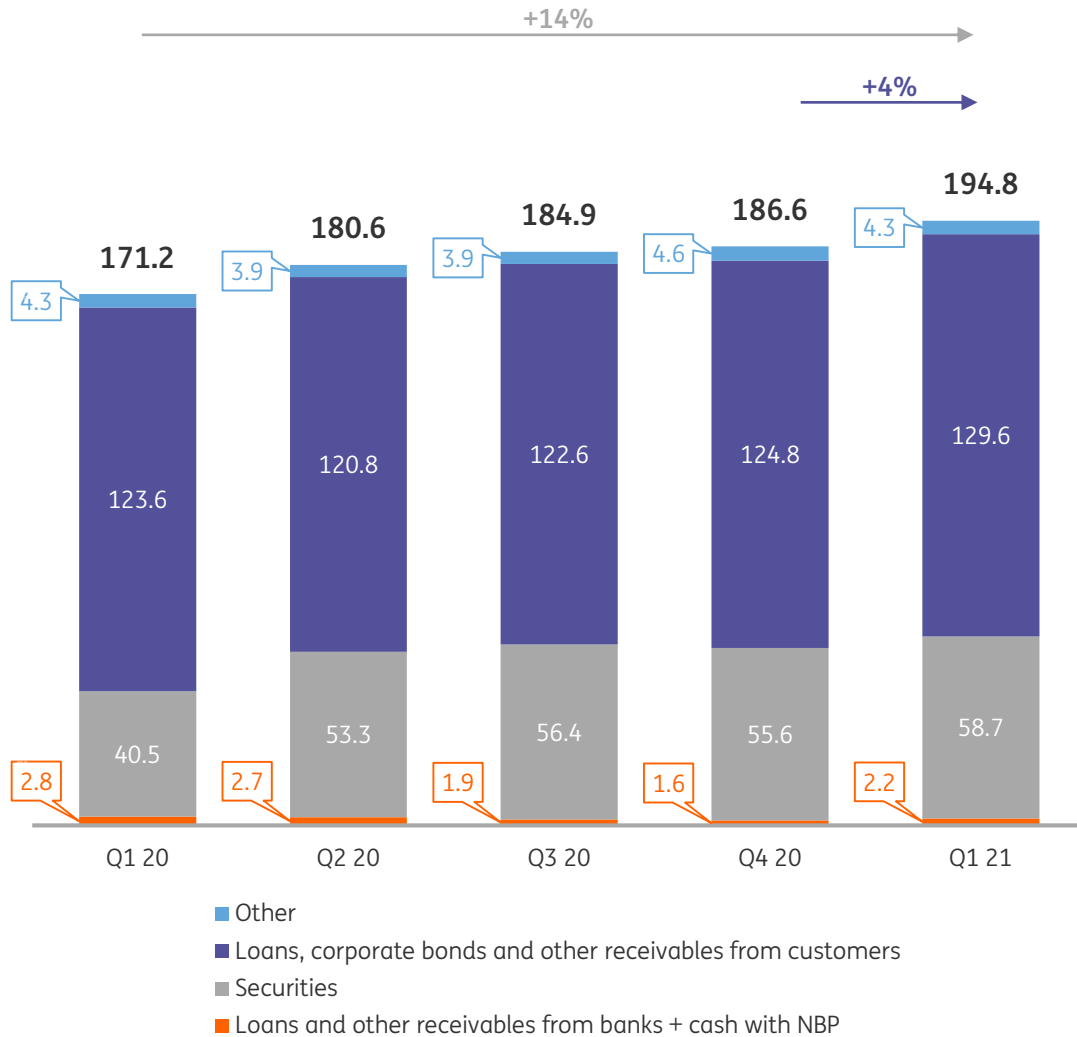
Other income

Other income (PLN million)

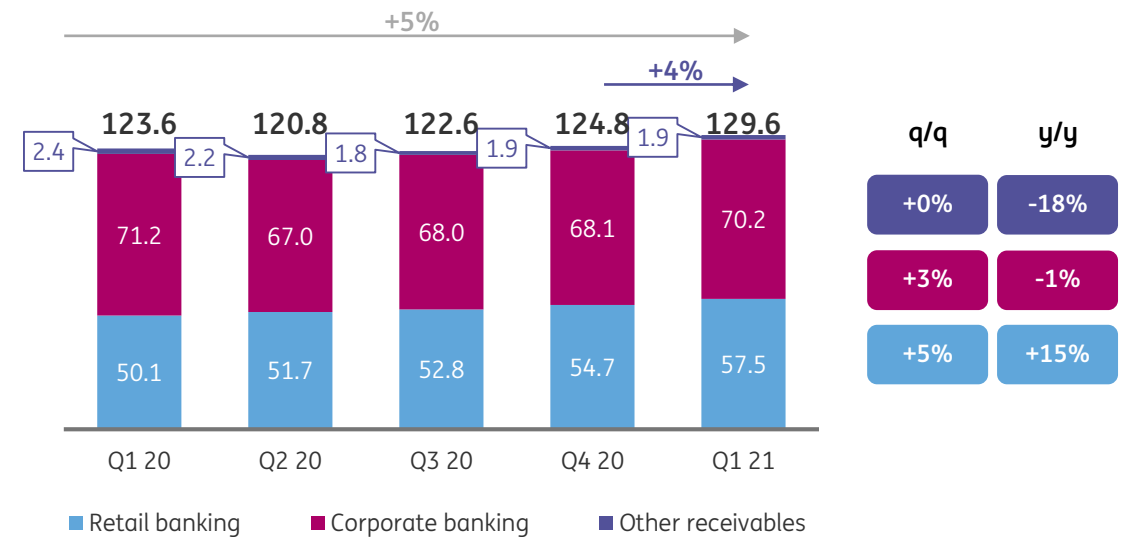


Bank assets

Assets structure (PLN billion)

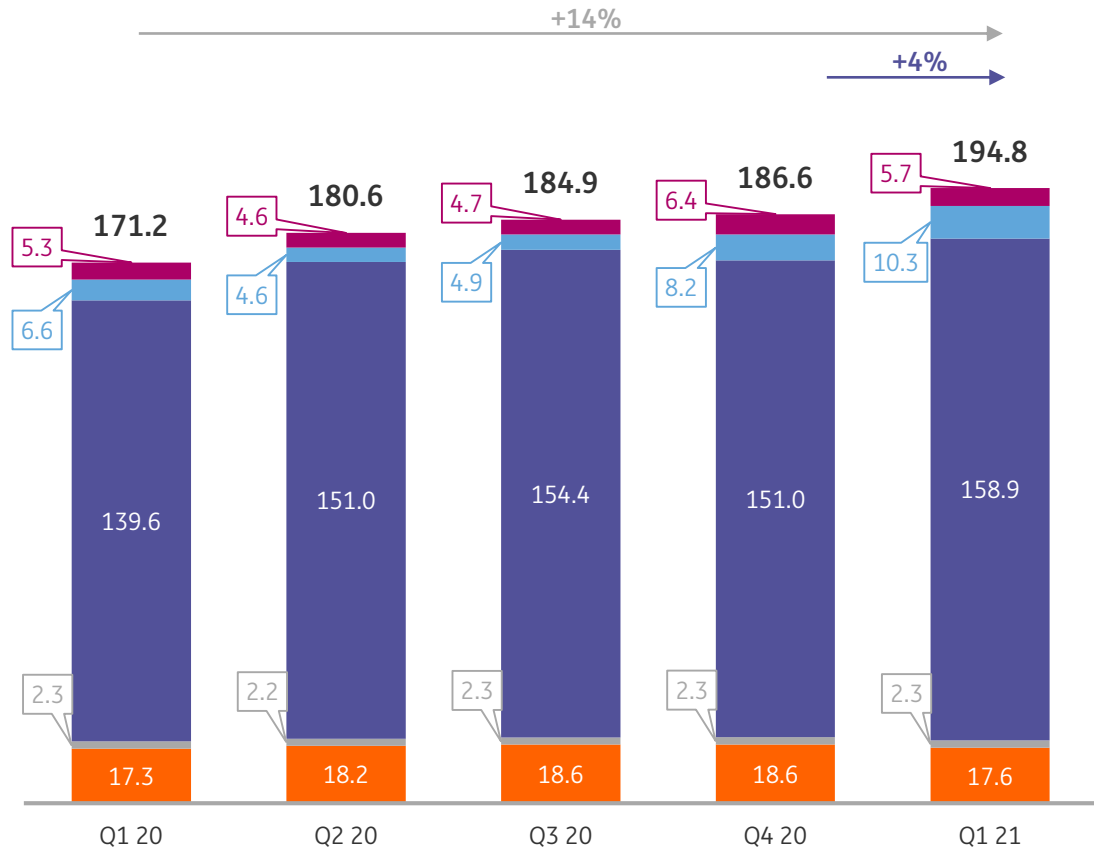


Loans and other receivables from customers (net; PLN billion)



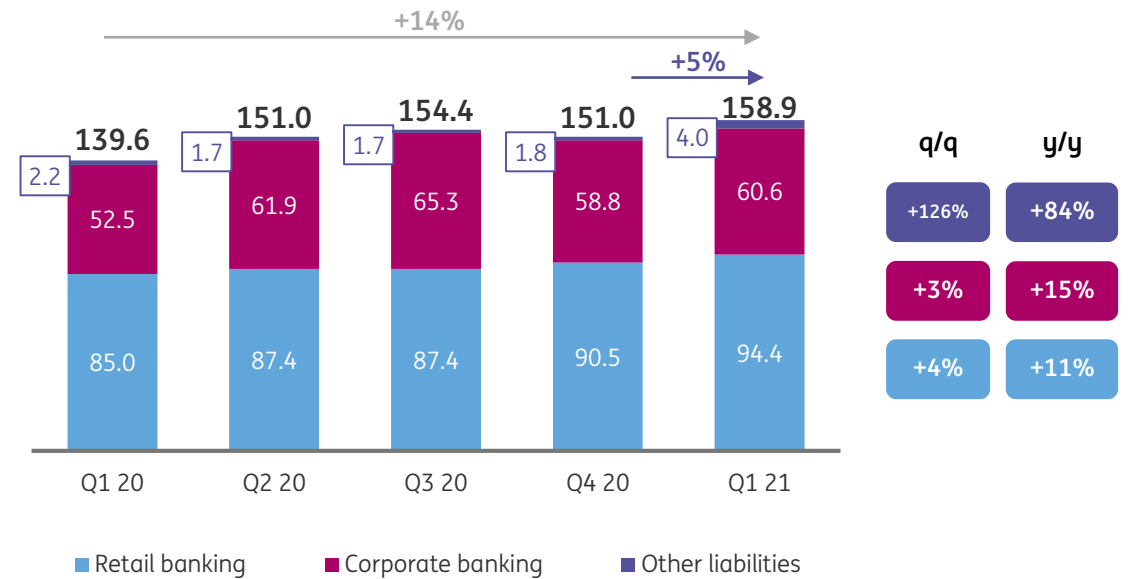
Bank equity and liabilities

Structure of equity and liabilities (PLN billion)



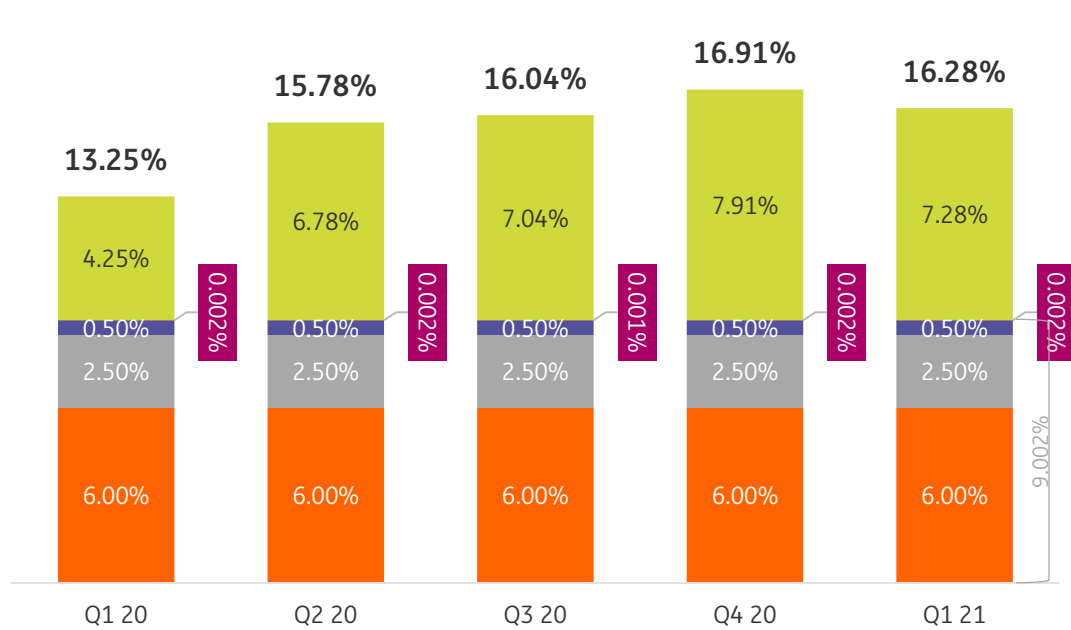
Equity Subordinated debt Deposits and other liabilities to clients Liabilities to banks Other

Deposits and other liabilities to customers (PLN billion)

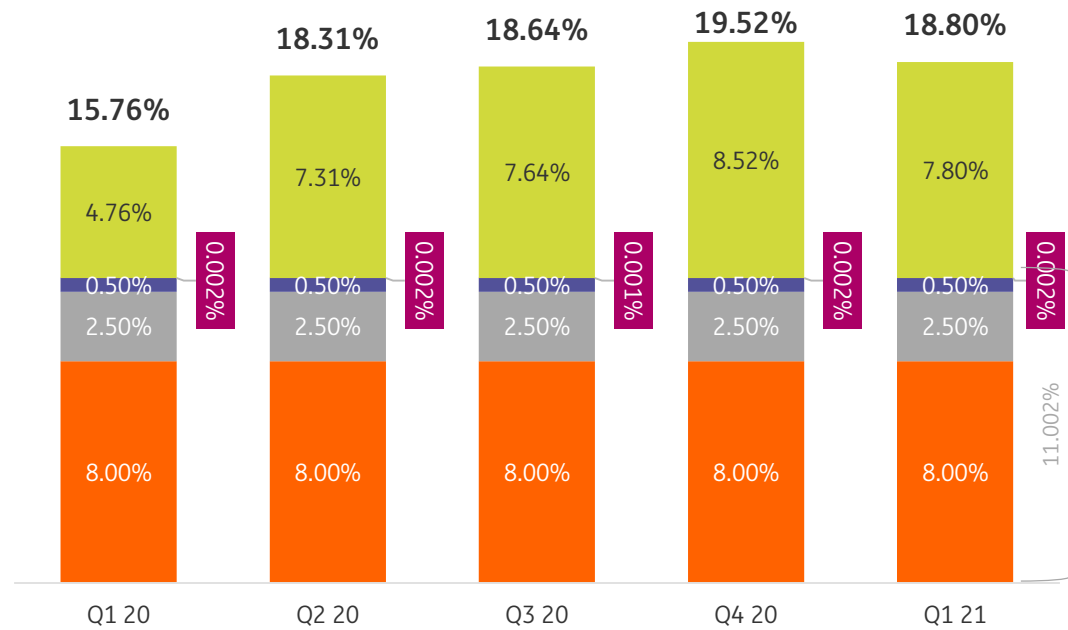


Capital requirement structure

Consolidated capital requirement structure – Tier 1



Consolidated capital requirement structure – TCR



■ Minimum (CRR)
 ■ Capital conservation buffer (CCB)
 ■ O-SII buffer (0-2%; OSII)
 ■ Pillar 2 (FXB)
 ■ Systemic risk buffer (0-3%; SRB)
 ■ Countercyclical buffer (0-2.5%; ACB)
 ■ Surplus

- Target MREL requirement (31 December 2022) communicated by BGF in February 2020: 21.28% of risk-weighted assets
- BGF methodology according to BRRD 1: $(CRR_{TCR} + FXB + OSII) + [1 - (CRR_{TCR} + FXB + OSII)] * (CRR_{TCR} + FXB + OSII + CCB + SRB + ACB)$

*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-banking portfolio of corporate banking clients – balance sheet exposure (PLN m)

Consolidated approach

| No | Industry | Exposure as at 31.03.2021 | % |
|----|------------------------------------------------|---------------------------|---------------|
| 1 | Real estate service | 9,590 | 13.3% |
| 2 | Wholesale trade | 8,529 | 11.8% |
| 3 | Other activity related to business running | 4,422 | 6.1% |
| 4 | Financial intermediation | 3,505 | 4.8% |
| 5 | Foodstuff and beverage production | 3,408 | 4.7% |
| 6 | Land transport and transport via pipelines | 3,314 | 4.6% |
| 7 | Public administration and national defense | 3,243 | 4.5% |
| 8 | Retail trade | 3,218 | 4.5% |
| 9 | Ready-made metal goods productions | 2,878 | 4.0% |
| 10 | Construction | 2,646 | 3.7% |
| 11 | Rubber industry | 2,608 | 3.6% |
| 12 | Wood and paper industry | 1,968 | 2.7% |
| 13 | Renting of equipment | 1,931 | 2.7% |
| 14 | Agriculture, forestry, fishery | 1,786 | 2.5% |
| 15 | Power industry | 1,649 | 2.3% |
| 16 | Sale, repair and maintenance of motor vehicles | 1,524 | 2.1% |
| 17 | Post office and telecommunications | 1,383 | 1.9% |
| 18 | Other non-metallic mineral products industries | 1,039 | 1.4% |
| 19 | Machine industry | 929 | 1.3% |
| 20 | Other | 12,731 | 17.6% |
| | Total | 72,299 | 100.0% |

Note: gross credit exposure at amortised cost covering loans, corporate bonds and leasing and factoring receivables

Lending exposure by industry

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

Consolidated approach

| No | Industry | Exposure as at 31.03.2021 | % |
|----|------------------------------------------------|---------------------------|---------------|
| 1 | Wholesale trade | 13,564 | 12.3% |
| 2 | Real estate service | 10,043 | 9.1% |
| 3 | Other activity related to business running | 6,373 | 5.8% |
| 4 | Construction | 6,360 | 5.8% |
| 5 | Retail trade | 5,658 | 5.1% |
| 6 | Foodstuff and beverage production | 5,231 | 4.8% |
| 7 | Ready-made metal goods productions | 5,188 | 4.7% |
| 8 | Financial intermediation | 5,170 | 4.7% |
| 9 | Land transport and transport via pipelines | 4,299 | 3.9% |
| 10 | Rubber industry | 3,750 | 3.4% |
| 11 | Power industry | 3,701 | 3.4% |
| 12 | Public administration and national defense | 3,674 | 3.3% |
| 13 | Wood and paper industry | 2,902 | 2.6% |
| 14 | Sale, repair and maintenance of motor vehicles | 2,531 | 2.3% |
| 15 | Renting of equipment | 2,476 | 2.2% |
| 16 | Agriculture, forestry, fishery | 1,995 | 1.8% |
| 17 | Other non-metallic mineral products industries | 1,923 | 1.7% |
| 18 | Engineering industry | 1,906 | 1.7% |
| 19 | Information technology and related activities | 1,876 | 1.7% |
| 20 | Other | 21,489 | 19.5% |
| | Total | 110,108 | 100.0% |

Note: gross credit exposure at amortised cost covering loans, corporate bonds and leasing and factoring receivables plus off-balance sheet exposures

About us

ING Bank Śląski - who we are

4th largest bank in Poland

Key facts

- We are a universal bank established in 1989
- We provide comprehensive financial services for individual and corporate clients in all segments
- We serve clients through remote channels (including internet and mobile banking) and a network of branches fully equipped with self-service zones
- We have 4.3 million individual clients and 494 thousand corporate clients
- We employ 8.7 thousand employees
- We are number four in Poland in terms of the number of customers, total assets and commercial balance (total deposits and customer loans) as at the end of Q1 2021

Credit ratings of ING Bank Śląski

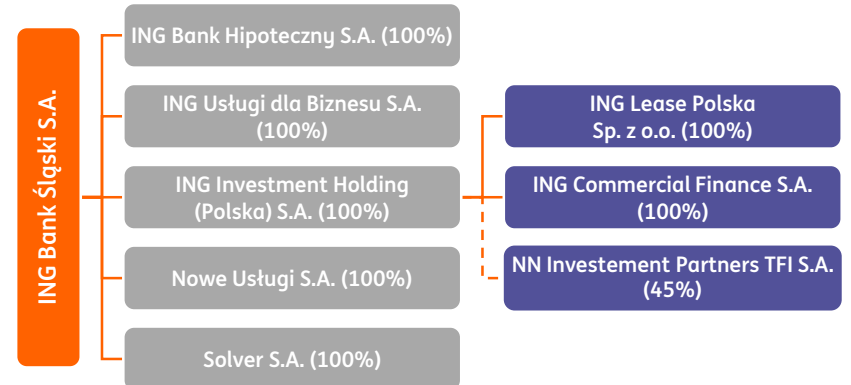
Fitch

- Entity Rating / Outlook: A + / Negative
- Short-term rating: F1 +
- Viability rating: bbb +
- Support Rating: 1
- Long-term rating on a national scale / outlook: AAA (pol) / Stable
- Short-term rating on a national scale: F1 + (pol)

Moody's

- Long / short term deposit rating: A2 / P-1; outlook: Stable
- Individual BCA Assessment: baa2
- Adjusted BCA Score: baa1
- Counterparty risk assessment long / short term: A1 (cr) / P-1 (cr)

Structure of the ING Bank Śląski Group



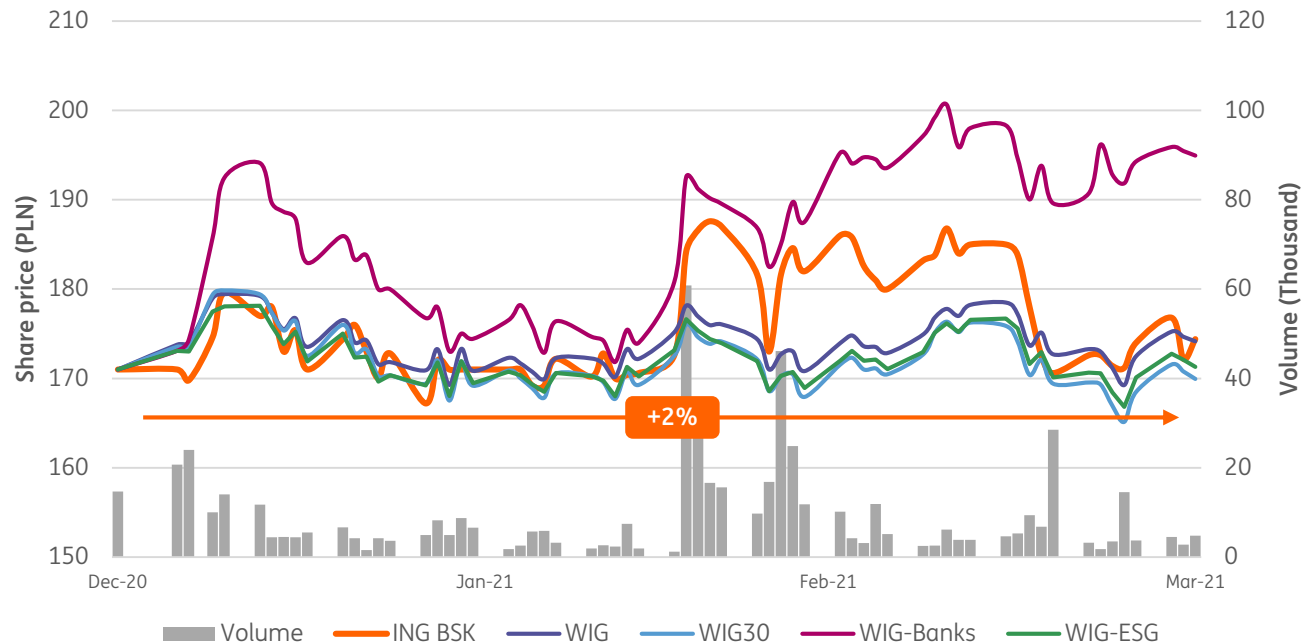
ING Bank Śląski S.A. shares

ING BSK share price:
PLN 174.4 (as at 31 March 2021)

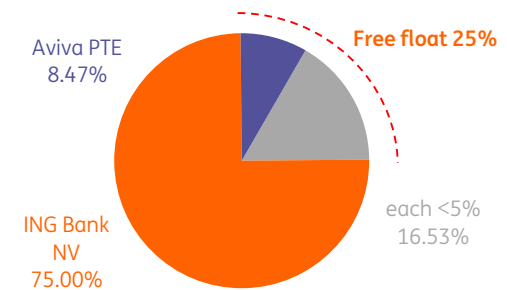
Capitalisation: **PLN 22.7bn** (EUR 4.9bn)
 Free float: **PLN 5.6bn** (EUR 1.2bn)

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

ING BSK shares vs. WSE indices recalculated for comparability



Shareholding structure



Market ratios (Q1 2021)

P/E 15.6x

P/BV 1.2x

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 100% starting from 2018.
- **Retail clients** – individuals.
- **Corporate clients** – entrepreneurs, SME, mid-corporates and strategic clients (holdings).
 - Entrepreneurs – individuals running their own business activity
 - 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.
- **NIM - 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. The minimum value (effective from the end of June 2021) is 100%.
- **C/I ratio – Cost / Income ratio** – the ratio of costs (excluding risk costs and bank levy) to bank's income (including the share in the net profit of associated entities).
- **Cost of risk** – the balance of provisions created and released due to the deterioration in value/quality of the bank's financial assets (e.g. loans) including legal cost of risk for FX mortgage 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 – Return on Assets** – the ratio of net profit to the average assets in a given period.
- **ROE – Return on Equity** – 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.
- **RWA - Risk weighted assets** – 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.
- **TCR - Total capital ratio** – the ratio of total own funds (including subordinated debt (so-called Tier 2)) to the bank's risk weighted assets.

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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.

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