

A photograph of a person watering plants in a greenhouse. The person is holding a silver watering can and pouring water onto a plant. The greenhouse has a green metal frame and a white fabric covering. There are various green plants and white flowers visible.

ING Bank Śląski S.A.

General Meeting

Katowice, 7 April 2022



Summary of 2021

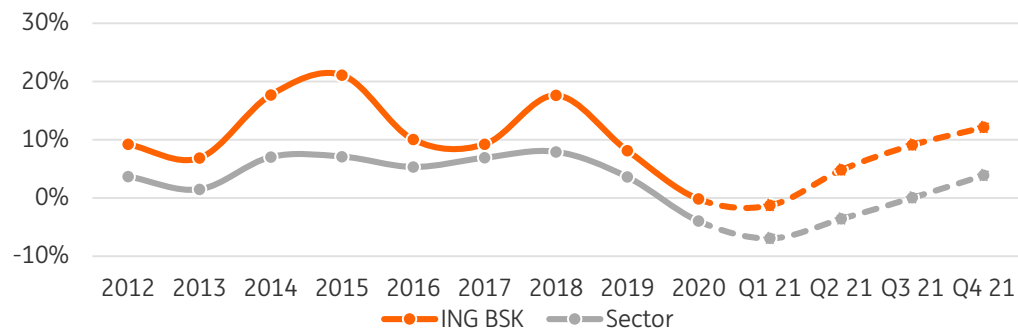


2021 strategy delivery review

Objective	Ambition for 2021	Implementation in 2021
Increase in client activity and digitization	<ul style="list-style-type: none"> ■ We want to have over 2 million primary clients in the retail banking segment and over 160 thousand primary clients in the corporate banking segment. 	<ul style="list-style-type: none"> ■ As at 2021 yearend, we had 2.2 million primary clients, of which more than 2.0 in the retail segment and 158,000 in the corporate segment. ■ Relational NPS averaged 29 in the retail segment in 2021, 51 for entrepreneurs, 45 for medium and large businesses and 69 for strategic clients. ■ The average daily number of electronic transactions increased by 16% y/y in the retail segment, by 10% y/y in the entrepreneurs, medium and large companies and by 13% y/y in strategic clients.
Compliance with regulatory requirements	<ul style="list-style-type: none"> ■ The stated level of non-financial risk appetite is below 2.5. 	<ul style="list-style-type: none"> ■ The non-financial risk ratio was 2.5 as at 2021 yearend. ■ We have aligned banking regulations with the provisions of Recommendations R and Z.
Employee motivation and empowerment	<ul style="list-style-type: none"> ■ Development of the benefit offer (including development of the cafeteria). ■ Continue to simplify the job structure. ■ Developing a new approach to working conditions for the post-pandemic period. ■ A series of health conferences for employees. ■ Development of activities aimed at Talents. 	<ul style="list-style-type: none"> ■ We have completed preparations for the implementation of the hybrid working model, which will be implemented once the pandemic is over. ■ We have launched a new group insurance offer for employees. ■ We have conducted a number of well-being initiatives for our employees, including a focus on mental health. ■ We have paid special benefits to employees in connection with the pandemic..
Stability, availability and security of IT systems	<ul style="list-style-type: none"> ■ Availability of Front-End systems at a level not worse than in 2020. ■ Reducing negative events felt by clients by 15% y/y. 	<ul style="list-style-type: none"> ■ The average availability of Moje ING in 2021 is 99.93% and ING Business 99.92% (99.91% and 100.00% in 2020 respectively). ■ We have run two banking applications in the public cloud on a test environment. ■ We have implemented a state-of-the-art Vault central system from Thought Machine. ■ We have carried out a number of initiatives to educate clients and employees on cyber security.
Operational efficiency, AI and data management	<ul style="list-style-type: none"> ■ Continuing the reduction in the number of meeting places in line with the trend of previous years. 	<ul style="list-style-type: none"> ■ The number of meeting places decreased by 33 during 2021 (-27 in 2020). ■ We have reorganised the cash withdrawal process at cash service points. ■ We have introduced an automatic onboarding system for entrepreneurs and medium and large companies using video verification.
Sustainable development priorities	<ul style="list-style-type: none"> ■ We have developed and implemented a sustainable funding strategy. ■ We have implemented a risk management approach. 	<ul style="list-style-type: none"> ■ Publication of a new Green Statement. ■ Implementation of the definition and indication of ESG risk factors in internal regulations. ■ Implementing the ESG risk heatmap in the corporate segment - identification of high, medium and low risk sectors. ■ Including ESG risk in the credit process, credit analysis standards and in management reports within the corporate segment.

Market shares

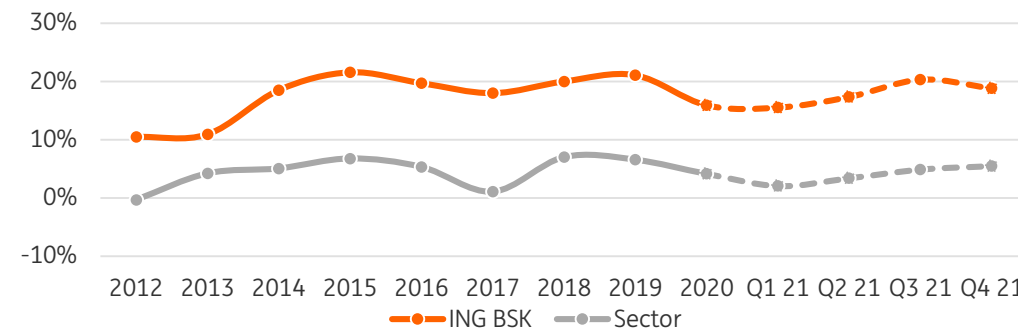
Corporate loans* (change y/y)



Market share (%)



Individual loans** (change y/y)



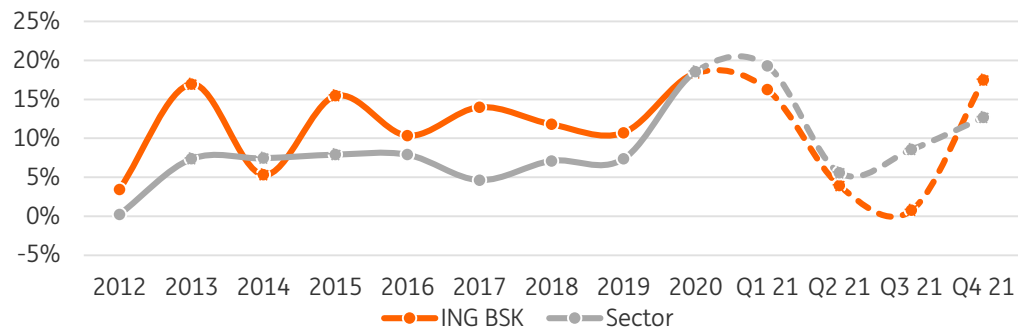
Market share (%)



Market share excl. FX*** (%)



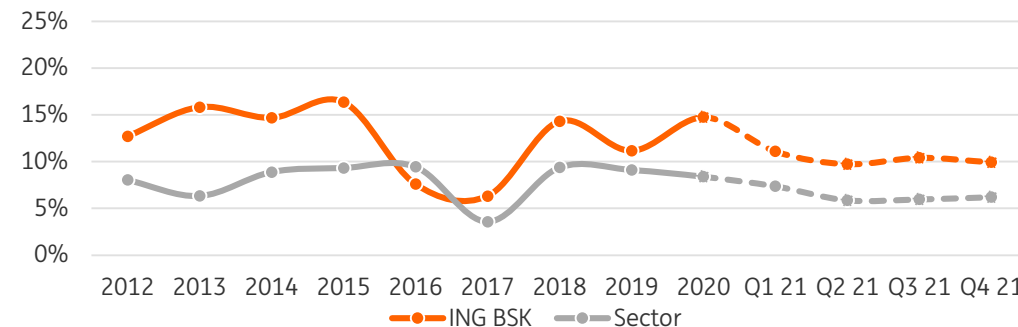
Corporate deposits* (change y/y)



Market share (%)



Individual deposits** (change y/y)



Market share (%)



Note: Market data – monetary financial institutions data of the National Bank of Poland (Monrep, WEBIS); ING BSK data – 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.

Main business achievements

Business volumes

<i>PLN million</i>	2017	2018	2019	2020	2021	% change 2021 vs. 2020	Change 2021 vs. 2020	% change 2021 vs. 2017	Change 2021 vs. 2017
Total deposits	102,849	115,908	128,800	149,270	168,459	+ 13%	19 189	+ 64%	65 609
Corporate clients' deposits	40,842	44,957	49,848	58,755	69,030	+ 17%	10 275	+ 69%	28 188
Retail clients' deposits	62,008	70,952	78,952	90,515	99,429	+ 10%	8 914	+ 60%	37 421
Total funds entrusted by retail clients	74,273	82,665	93,254	106,757	116,736	+ 9%	9 978	+ 57%	42 463
Mutual funds assets (TFI) + other off-BS products distributed by the Bank	12,266	11,714	14,302	16,243	17,307	+ 7%	1 064	+ 41%	5 042
Total loans	88,223	104,445	118,437	126,099	146,478	+ 16%	20 380	+ 66%	58 255
Loans to corporate clients incl. leasing and factoring	55,195	64,604	70,077	70,266	79,992	+ 14%	9 726	+ 45%	24 798
Loans to retail clients	33,028	39,841	48,360	55,833	66,486	+ 19%	10 653	+ 101%	33 457
Mortgage loans	27,540	33,372	40,772	47,901	57,410	+ 20%	9 509	+ 108%	29 870

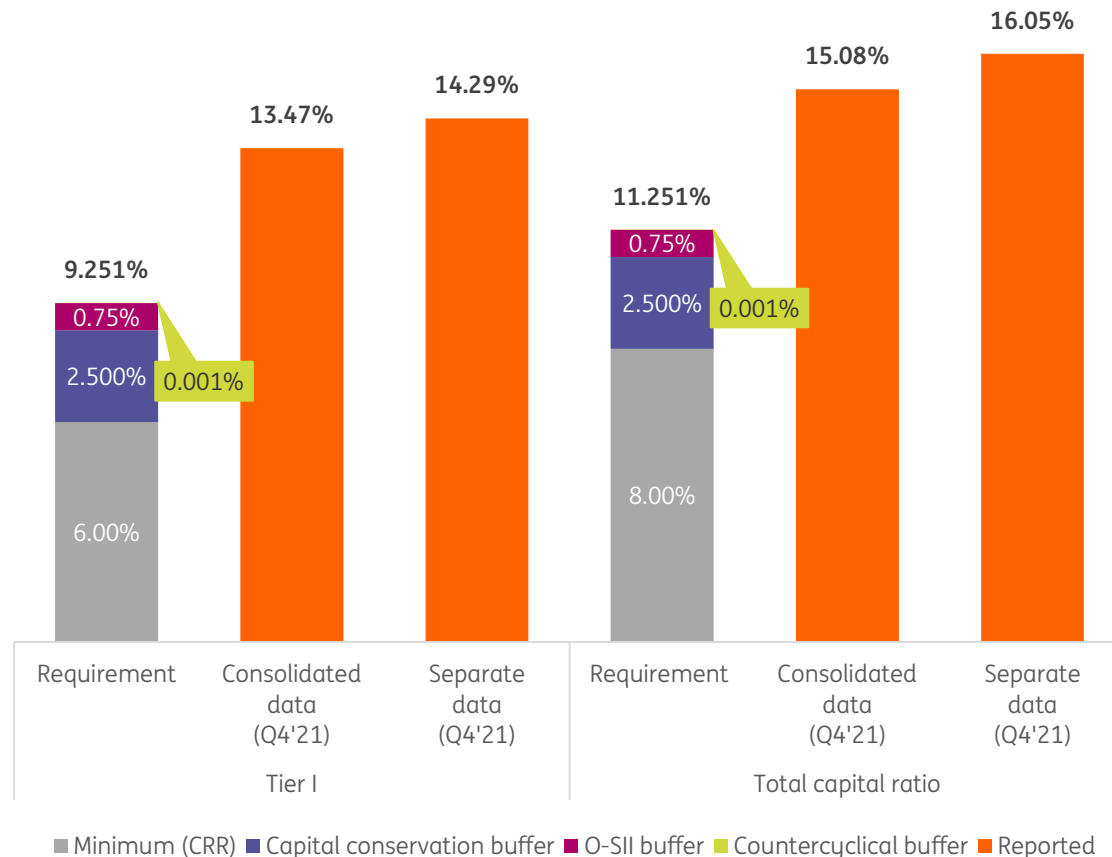
ING Bank Śląski S.A. Group financial results

PLN million	2017	2018	2019	2020	2021	% change 2021 vs. 2020	Change 2021 vs. 2020	% change 2021 vs. 2017	Change 2021 vs. 2017
Net interest income	3,389.4	3,759.3	4,325.1	4,541.8	4,969.7	+ 9%	+ 427.9	+ 47%	+ 1,580.3
Net commission income	1,196.0	1,304.9	1,340.5	1,528.4	1,844.8	+ 21%	+ 316.4	+ 54%	+ 648.8
Other income	183.7	168.2	130.8	160.5	82.4	- 49%	- 78.1	- 55%	- 101.3
Total income	4,769.1	5,232.4	5,796.4	6,230.7	6,896.9	+ 11%	+ 666.2	+ 45%	+ 2,127.8
Total expenses	2,135.8	2,326.8	2,497.4	2,762.5	2,964.5	+ 7%	+ 202.0	+ 39%	+ 828.7
Result before risk costs	2,633.3	2,905.6	3,299.0	3,468.2	3,932.4	+ 13%	+ 464.2	+ 49%	+ 1,299.1
Risk costs including cost of legal risk for FX mortgage loans	421.2	500.9	605.5	1,074.9	372.4	- 65%	- 702.5	- 12%	- 48.8
Bank levy	330.1	373.8	435.7	481.6	544.7	+ 13%	+ 63.1	+ 65%	+ 214.6
Profit before tax	1,882.0	2,030.9	2,257.8	1,911.7	3,015.3	+ 58%	+ 1,103.6	+ 60%	+ 1,133.3
Income tax	478.9	507.1	599.1	574.1	707.0	+ 23%	+ 132.9	+ 48%	+ 228.1
Net profit	1,403.1	1,523.8	1,658.7	1,337.6	2,308.3	+ 73%	+ 970.7	+ 65%	+ 905.2
Total capital ratio	16.71%	15.58%	16.87%	19.52%	15.08%	- 4.44 p.p.	-	- 1.63 p.p.	-
Tier 1	15.77%	14.74%	14.41%	16.91%	13.47%	- 3.44 p.p.	-	- 2.30 p.p.	-
ROE (%)*	12.7%	12.5%	11.6%	7.6%	13.6%	+ 6.0 p.p.	-	+ 0.9 p.p.	-
ROE* adjusted for MCFH (%)	13.0%	12.8%	12.8%	9.4%	14.4%	+ 5.0 p.p.	-	+ 1.4 p.p.	-
C/I ratio (%)	44.8%	44.5%	43.1%	44.3%	43.0%	- 1.35 p.p.	-	- 1.80 p.p.	-

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

Proposed distribution of the net profit for 2021

Capital requirement for ING BSK



The Management Board of ING Bank Śląski S.A. propose dividing the Bank's net profit for 2021 (PLN 2,308.3 million) as follows:

- Allocate to general reserve capital: PLN 1,418.8 million,
- Allocate to the reserve capital related to the incentive program: PLN 200.0 million,
- Allocate for the dividend payout: PLN 689.53 million (PLN 5.30 gross per share).

Moreover, the undistributed profit from previous years (PLN 506.7 million), the Management Board propose:

- Allocating to the reserve capital related to the incentive program: PLN 494.38 million,
- Allocating to general reserve capital: PLN 12.3 million.

The proposed record date is 15 April 2022 and the proposed dividend payout date is 4 May 2022.

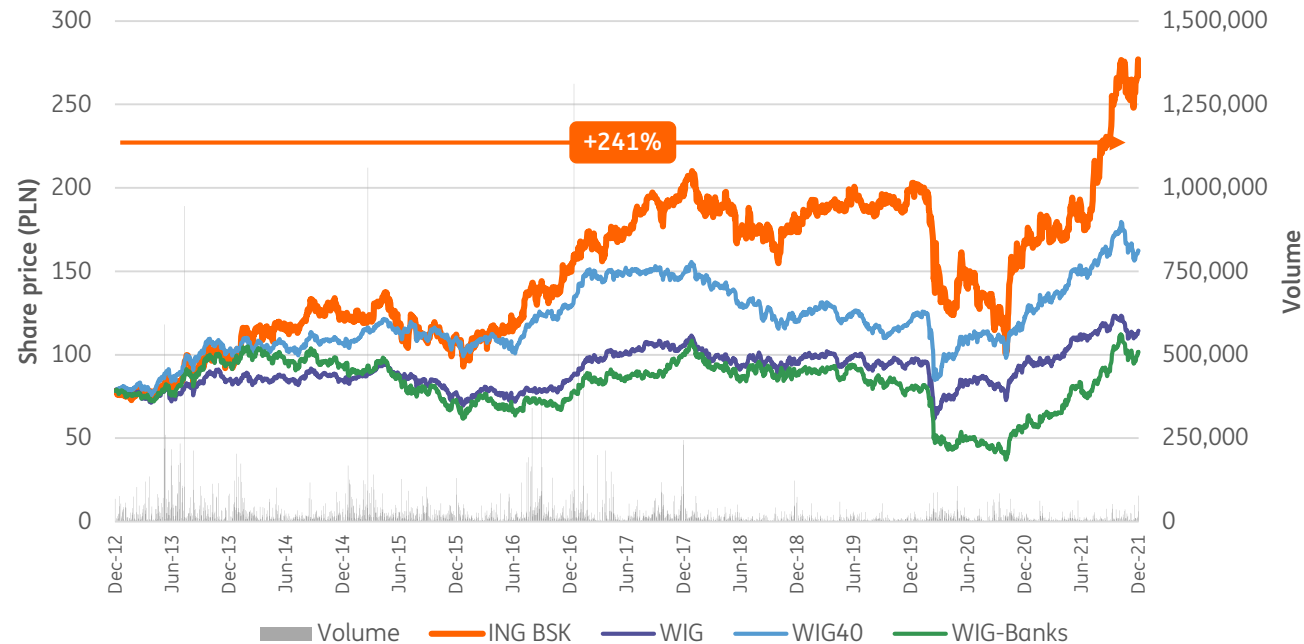
ING Bank Śląski S.A. shares

ING BSK share price:
PLN 267.0 (as at 31 December 2021)

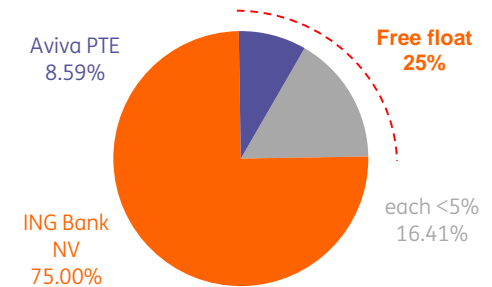
Capitalisation: **PLN 34.7 billion** (EUR 7.5 billion)
Free float: **PLN 8.7 billion** (EUR 1.9 billion)

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

ING BSK shares vs. WSE indices recalculated for comparability



Shareholding structure



Market ratios (Q4 2021)

P/E 15.0x

P/BV 2.6x

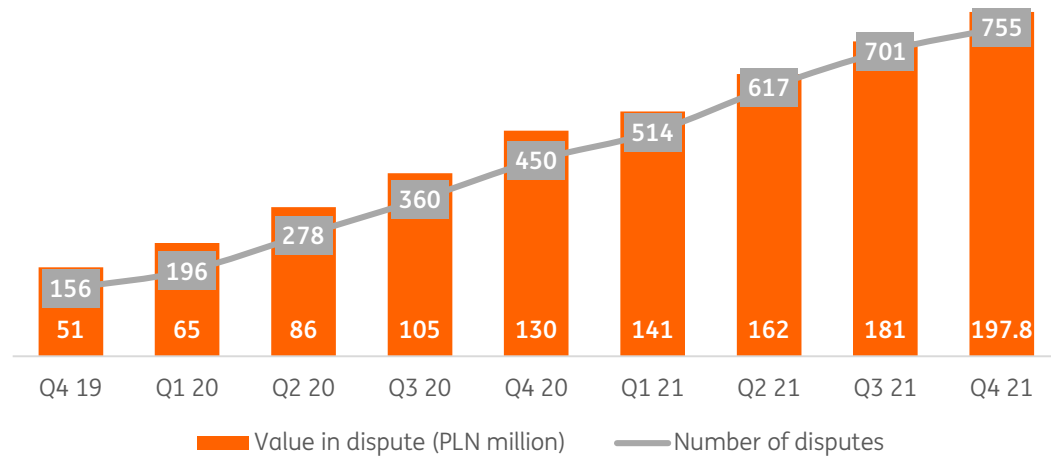
Share capital of ING Bank Śląski S.A. is divided into 130,100,000 shares with a nominal value of PLN 1 each. The Bank's shares are ordinary bearer shares. [See more](#)

Additional information

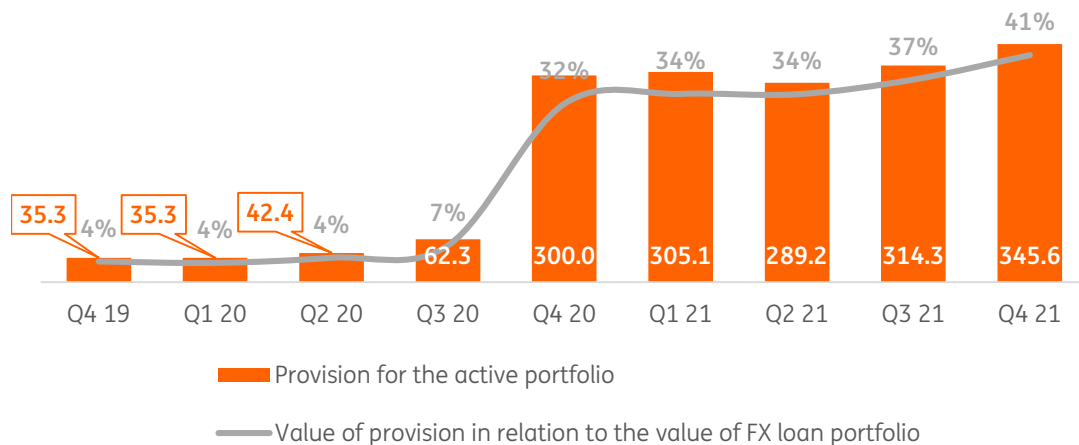


Legal risk of FX mortgage loans

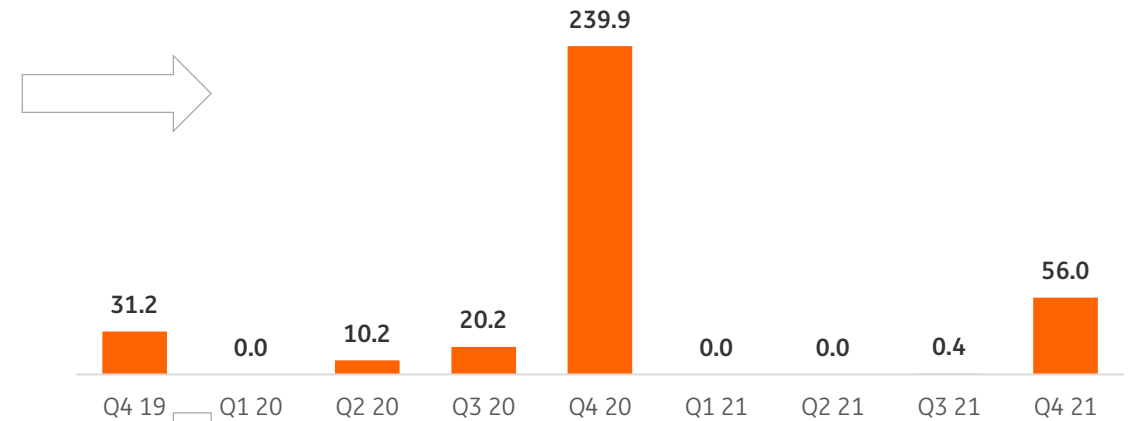
Number and value of disputes concerning FX mortgage loans



Value of provisions for the active FX mortgage portfolio (in PLN million) and the provision level in relation to the gross value of the portfolio



Costs of legal risk of FX mortgage loans (in PLN million)



Mediation with clients

On 25 October 2021, we launched a settlement program based on the assumptions of the Chairman of the Polish Financial Supervision Authority. From 25 October to 31 December 2021, our clients filed **522 settlement applications** and we concluded **147 settlement agreements** under the program (834 and 245 as at the end of March 2022, respectively). As at the end of 2021, we had 3.9 thousand active CHF-indexed mortgage loans.

1) The portfolio provisioning ratio is calculated as: $\text{Provision} / (\text{gross portfolio} + \text{provision})$, where: the provision – the provision for legal risk of FX mortgage loans, and the gross portfolio – gross value of FX mortgages portfolio

2) The provision for legal risk of FX mortgage loans is an adjustment of the gross carrying amount of that portfolio

Impact of the war in Ukraine

Macroeconomic risks

- Restrictions on trade with Ukraine, Russia and Belarus
- Weakening of the investment sentiment in Poland
- Increase in inflationary pressure (internal and external)
- Increase in the target NBP interest rate
- Temporary depreciation of the Polish currency and increased volatility of the PLN exchange rate

Credit risk

- Minor direct exposure to the markets of Ukraine, Belarus and Russia.
- The indirect exposure of corporate segment amounts to PLN 3.8 billion, of which PLN 2.1 billion are balance sheet exposures. These are mainly strategic companies of the State Treasury.

Consolidated balance sheet and off-balance sheet exposure in Ukraine, Russia and Belarus – 31.12.2021

<i>PLN million</i>	Balance sheet exposures	Off-balance sheet exposures	Total exposure
Direct exposures	8.3	10.0	18.3
Indirect exposures*	2,105.5	1,729.8	3,835.3
of which strategic companies of the State Treasury	1,867.0	1,632.3	3,499.3

- The retail loan portfolio of Ukrainian, Russian and Belarusian citizens is limited and its share in the retail portfolio does not exceed 1%.

Other aspects

- Adjusting activities to the sanctions implemented on Russia and Belarus.
- Making it easier for refugees to access banking services.
- We are observing a stable liquidity situation.

*Clients whose share of revenues or costs exceeds 25% in relation to the Ukrainian, Russian and/or Belarusian markets

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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.

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 Bank 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 acquisition 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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