

Report of the Supervisory Board

In the opinion of the Supervisory Board, 2009 was yet another year of good co-operation between the Supervisory Board and the Management Board, both at regular meetings and throughout the year. All issues important for functioning of the Bank were discussed at the Supervisory Board meetings. Committees of the Supervisory Board: Audit Committee and Remuneration and Nomination Committee handled a range of subjects which had to be advised upon by the full Supervisory Board, the main ones being: financial results, work plans and reports of the internal audit, risk management, human resources, as well as changes to the Management Board.

General Issues

The Supervisory Board met eight times during the year 2009, adopted forty three resolutions in total, including four adopted by circulation. The majority of Members attended all of the meetings. Attendance at the Committees' meetings remained at a high level, as well. The Audit Committee held six meetings, while the Nomination and Remuneration Committee met five times.

Supervisory Board Meetings

During the first meeting the Supervisory Board discussed the financial results of the Bank for 2008, approved MTP for 2009-2011 as well as the resignation of Vice-President Michał Szczurek due to his transfer to another position within ING structures. During the next meeting in February the Supervisory Board approved the financial reports including the opinion of external auditor – Ernst & Young. The date and agenda of the General Meeting were specified and drafts of resolutions of the General Meeting were accepted. The Supervisory Board also approved the Report on observance of the “Best Practices in Public Companies” at the Bank.

In March the Supervisory Board set bonus tasks for the Members of the Management Board for the year 2009, acknowledged the information of the Management Board in the field of Retail Banking regarding, among others, performance of the mortgage loans portfolio in CHF and with high LTV; and also the offer of structured products

On 3 April 2009, the General Meeting appointed Members of the Supervisory Board for the next five-year term of office. Due to this fact at the meeting held in May the Supervisory Board was constituted and elected Members of the Audit Committee as well as Members of the Nomination and Remuneration Committee. The Supervisory Board introduced changes in the Management Board by electing Mr. Evert Derks Drok for Vice-President of the Management Board of ING Bank Śląski S.A., effective as of 1 June 2009.

In June 2009 the Supervisory Board discussed financial results for the first quarter of 2009 in comparison with the peer group. The Supervisory Board also approved the Management Board information regarding cost-containment activity as well as the information concerning FX options. The Supervisory Board approved amendments to the Organisational By-Law.



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During the meeting held in September the Supervisory Board became acquainted with the financial results for the first half of 2009 and the Management Board's information on sector analysis. The Supervisory Board gave their consent to introduce amendments in the Management Board By-Law and also approved the Bank's internal procedures regarding the internal procedures for internal capital measurement, capital management and capital planning processes.

In November, the financial results for the third quarter of 2009 were reviewed. The plan of work of the Supervisory Board and Committees for the following year as well as further organisational changes in Bank structure were discussed.

On 26 October 2009, Mr. Brunon Bartkiewicz, the President of the Management Board, submitted his resignation to the Chair of the Supervisory Board in view of his appointment to a new position at ING Headquarters, as of 1 January 2010. At the meeting held in December, the Supervisory Board elected Ms. Małgorzata Kołakowska for the position of the President of the Management Board on condition that Polish Financial Supervision Authority gives their consent as well.

Supporting positive opinions of the Audit Committee throughout the year, the Supervisory Board approved the following documents of the Internal Audit Department: audit plan and reports on the department activities. Risk report – the document covering issues of retail risk management, wholesale risk management and market risk management- was also a regular item on the agenda.

Audit Committee Meetings

At the first meeting held in 2009, the Audit Committee became acquainted with the Report of the Credit and Market Risk Division, Management Board's information regarding credit risk on derivatives as well as Management Board's information regarding evaluation of portfolio of Polish Government securities denominated in EUR. The Committee acknowledged external auditor's information concerning examination of financial statements for the purpose of their consolidation with ING Group and the status of auditing actions for financial reports and SOX. The Committee acknowledged the presentation on operational incidents for the fourth quarter of the year 2008 and Management Board's information of the highest exposures. The Committee Members gave their positive opinion to the Internal Control System Bylaw and recommended its approval to the Supervisory Board.

During the next meeting held in February the Committee focused their attention on the Annual Report – Financial Report for the operating year 2008 with the opinion of Ernst & Young. Management Board's Report for 2008 was also approved.

In March, the Committee approved the Compliance Report for January and February 2009 and Management Board's information regarding FX options. The following documents of Internal Audit Department received positive opinion: Internal Audit Department Report for the second half of 2008 and updated Audit Plan for the year 2009. The Committee also became familiar with the draft of the Management Letter.



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In June, the Audit Committee became familiar with the Management Board's information regarding liquidity situation and SOX. The final version of Management Letter was approved. The Committee gave their positive opinion on the document "Rules of ING Bank Śląski – Internal Control System" and recommended its approval to the Supervisory Board.

During the meeting held in September Audit Committee discussed the financial results of the first quarter with the external auditor's report of review. The Committee gave positive opinion on the Bank's internal procedures regarding processes of evaluating internal capital, capital management and capital planning. They also agreed to update the internal audit plan for the year 2009.

In November, the Audit Committee approved the Annex to the Cooperation Agreement with ING Group NV and ING Bank NV for the year 2009 and acknowledged the information regarding IT security and DRP test results. The Committee issued a positive opinion on the internal audit plan for the year 2010 and recommended adopting a suitable Resolution to the Supervisory Board.

Regular issues debated during all Audit Committees include:

- "Non – Financial Risk Dashboard" document submitted by the Bank Executive Director responsible for the Department of Operational Risk Management, Compliance Department and Anti – Fraud Department
- Monthly Risk Report – document covering issues concerning retail and wholesale credit risk management and market risk management
- List of agreements with related entities approved by the Committee upon confirmation that the agreements are concluded on an arm's length basis.

Remuneration and Nomination Committee Meetings

During the first meeting of the Remuneration and Nomination Committee held in February the President of the Management Board put forward the proposal to freeze base pays of Management Board Members in 2009. The Committee approved this suggestion and decided to recommend the Supervisory Board adopting a suitable resolution.

In March, the Committee focused on bonus tasks (KPI) of the Management Board Members. The information regarding staff turnover and LEO incentive programme for the year 2009 was approved.

In June, the Committee acknowledged the information regarding annual appraisals and became acquainted with the HR priorities in 2009.

In September, the Committee discussed the Management Board information on electing a new HR director, became acquainted with reasons for employees' exits in the first quarter of 2009, paths of development in Bank as well as succession plans. The Committee also reviewed the payroll and compared it with market data and became acquainted with the document called "Discussion of regulators regarding remuneration of Management Board Members". Also the information concerning initiation of the WPC (Winning Performance Culture) program execution was discussed.

First results of this survey were presented during the meeting held in October. The Committee



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also accepted the report on autumn payroll review and assumptions of the Bank's payroll policy for 2010 as well as the information regarding planned changes in the bonus tasks (KPIs) system and the presentation of Talent Management program.

Self-assessment of the Supervisory Board of ING Bank Śląski

The Supervisory Board exercise an ongoing supervision over the Bank's activity in all fields. In 2009, the following persons were Members of the Supervisory Board:

Anna Fornalczyk	–	Chair	(Independent Member)
Cornelis Leenaars	–	Vice-Chairman	
Wojciech Popiołek	–	Secretary	(Independent Member)
Ralph Hamers	–	Member	
Jerzy Hausner	–	Member	(Independent Member)
Nicolaas Cornelis Jue	-	Member	
Mirosław Kośmider	–	Member	(Independent Member)
Tom Kliphuis	-	Member	

All the Supervisory Board Members represent a very high level of professional qualifications. The Supervisory Board Members connected with ING Group are highly placed therein and have considerable professional qualifications. All the Supervisory Board Members hold university degrees. Three Members are professors, two of which are heads of university departments in Poland. Two Members of the Supervisory Board held significant functions in the government.

Half of the Supervisory Board Members meet the criteria of Independent Supervisory Board Members defined in the Company's Charter. The remaining Supervisory Board Members are connected with the strategic Shareholder of the Bank - ING Bank N.V.

In order to assist the Board in exercising of their rights and duties, and in particular in performing control functions, the Supervisory Board appointed from among its Members the Audit Committee as well as Remuneration and Nomination Committee.

The Audit Committee support the Supervisory Board with regard to monitoring and supervising the internal and external audit and management system at the Bank and its subsidiaries, including in particular the adequacy and effectiveness of the internal control system, risk management system, including compliance risk, relations between the Bank and related entities as well as between the Bank and the entity auditing Bank's financial statements.

In 2009, the Audit Committee operated in the following composition:

Mirosław Kośmider	–	Chair
Ralph Hamers	–	Member
Jerzy Hausner	–	Member
Tom Kliphuis	–	Member

The Remuneration and Nomination Committee support the Supervisory Board with regard to



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monitoring and supervising HR and pay area, including in particular successions plans, the process of employees' turnover, examining the satisfaction of employees and the policy of remuneration and bonuses.

In 2009, the Remuneration and Nomination Committee operated in the following composition:

Anna Fornalczyk	– Chair
Cornelis Leenaars	– Member
Wojciech Popiołek	– Member
Nicolaas Cornelis Jue	– Member

There are two independent Members of the Supervisory Board in each Committee.

In compliance with the provisions of the Charter and By-laws, the Supervisory Board holds meetings at least 5 times a year, while the Audit Committee as well as Remuneration and Nomination Committee meet at least once a quarter.

All key matters connected with functioning of the Bank are discussed at the Supervisory Board meetings. The agenda items are set forth in such a way that all issues the Supervisory Board should deal with according to the law in force are covered. More detailed information on subjects handled by the Supervisory Board has been presented in the first part of this Report.

Taking the above statements into account, in the Supervisory Board's opinion, the Supervisory Board are well prepared to exercise all statutory and Charter-defined rights and duties and perform their tasks in an appropriate manner, ensuring proper supervision over the Bank in all material aspects of its operation.
