

Report of the Supervisory Board

2008 was yet another year of good co-operation between the Supervisory Board and the Management Board, both at regular meetings and throughout the year. At the Supervisory Board meetings, all issues important for functioning of the Bank were discussed. Committees of the Supervisory Board handled a range of subjects which had to be advised upon by the full Supervisory Board, the main ones being: financial results, risk, human resources and management principles.

General

The Supervisory Board met seven times during the year 2008. The majority of Members attended all of the meetings. Attendance at the Supervisory Board committee meetings was at the same high level. The Audit Committee held four meetings, while the Nomination and Remuneration Committee met five times.

Supervisory Board meetings

In January, the preliminary results for 2007, MTP for 2008-2010 and draft changes in the Bank Charter were discussed. Moreover, the date and agenda of the General Meeting were specified.

In March, the complete and final annual results were discussed, including reports by external auditors and proposal for payment of dividend. The Management Board presented draft Best Practice Declaration. The draft resolutions of the General Meeting were approved.

In April, changes in the composition of the Supervisory Board Committees were introduced and preparation to the change in the composition of the Management Board was discussed.

In May, the composition of the Bank Management Board was changed.

In June, the Supervisory Board focused on changes in the Supervisory Board's and Committees' By-Laws and introduced the last change in the composition of the Management Board in 2008.

In September, the Supervisory Board discussed the Bank's results for 1H/2008, compared with the peer group, positively acknowledged the information concerning the largest exposures and approved internal capital adequacy assessment process (ICAAP) as well as organizational changes in the Bank structure.

In November, current situation in financial markets and Bank's financial results for 3Q/2008 were discussed. Moreover, the Supervisory Board worked on a schedule of work for the Board and Committees for 2009 and discussed further organizational changes in the Bank.

Audit Committee meetings

In March, the Audit Committee focused on the Annual Report – financial statements for 2007 together with external auditor's opinion. The Management Board's report for 2007 and the Management Letter were approved. Questions related to *Audit Issues Memorandum* were discussed and Risk Division Report, Compliance Report, Operational Risk Report and

Internal Audit Department Report were approved. Moreover, proposed changes in Audit Committee By-law were discussed and information concerning comprehensive inspection by the Banking Supervision was acknowledged. The Committee acknowledged the information concerning solvency ratio.

In June, the Audit Committee handled *Review Issues Memorandum* for 1Q, information concerning operational risk management, including monthly information pack and monthly Risk Report. Issues related to internal audit schedule were discussed, the final version of Audit Committee By-law was agreed upon and Compliance Report for 1Q/2008 was approved.

In September, the external auditor's information was approved concerning review of reporting to the Group and to the Warsaw Stock Exchange (WSE) after 2Q/2008. The largest credit exposures were reviewed and positive acknowledgment of such information was recommended to the Supervisory Board. Monthly Risk Division Report was discussed. Moreover, the Management Board presented *Non-financial Dashboard* document and Compliance Report for 2Q/2008. The Committee acknowledged the information concerning agreements with related entities and recommended that the Supervisory Board approve the internal capital adequacy assessment process (ICAAP).

In November, the Risk Division Report and Management Board's presentation concerning the Bank's liquidity situation were approved. Work schedule of the Internal Audit Department was updated and the work schedule for 2009 was approved by recommending the Supervisory Board to approve it officially. The *Non-financial Dashboard* document, presentation of operational incidents for 2Q and 3Q/2008 and list of agreements with related entities were discussed.

Remuneration and Nomination Committee meeting

In February, the Committee focused on bonus tasks (KPIs) of Management Board Members, periodical information on agreements with related entities (later in the year taken over as task to be completed by the Audit Committee), and assumptions of remuneration policy for 2008. The remunerations of the Supervisory Board Members were also reviewed.

In March, the Committee handled bonus tasks and compensation packages for the Management Board Members and recommended to the Supervisory Board to approve the proposals. Moreover, information concerning succession plan, Winning Performance Culture and Employees' Satisfaction and staff turnover was approved.

In June, the Committee discussed the remunerations of Supervisory Board and Management Board Members of listed banks, annex to cooperation agreement between ING Group N.V., ING Bank N.V. and ING Bank Śląski S.A., and periodical information on agreements with related entities. The final version of Remuneration and Nomination Committee By-law was approved and the Supervisory Board was recommended to approve it as well.

In September, the Committee discussed the Management Board's information on appointing the HR director, approved the new director's presentation of new HR structure and future plans, and the Management Board's information on Hay job review and WPC scan scheduled for the Fall.

November was the closing month for the Committee's works. The Members discussed another information on WPC, approved the information on succession plans and discussed the survey on reasons behind employees' resignations (fluctuation). The Committee Members familiarized themselves with supplementary information on position review scheduled for the Fall and with HR structure and plans.

Self-assessment of the Supervisory Board of ING Bank Śląski

The Supervisory board exercises an ongoing supervision over the Bank's activity in all fields. In 2008, the following persons were Members of the Supervisory Board:

| | | | |
|---------------------|---|--|----------------------|
| Anna Fornalczyk | – | Chair | (Independent Member) |
| Eli Leenaars | – | Vice-Chairman | |
| Wojciech Popiołek | – | Secretary | (Independent Member) |
| Ralph Hamers | – | Member | |
| Jerzy Hausner | – | Member | (Independent Member) |
| Mirosław Kośmider | – | Member | (Independent Member) |
| Marc van der Ploeg | – | Member (through 24 th April 2008) | |
| Igno van Waesberghe | – | Member (through 24 th April 2008) | |
| Nicolas Jue | - | Member (since 24 th April 2008) | |
| Tom Kliphuis | - | Member (since 24 th April 2008) | |

All the Supervisory Board Members represent 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 State functions.

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 evaluation of adequacy and effectiveness of management system, including risk management and Bank's internal audit system as well as supervision of relationship between the Bank and the entity auditing Bank's financial statements.

In 2008 the Audit Committee operated in the following composition:

| | | | |
|---------------------|---|--|--|
| Mirosław Kośmider | – | Chairman | |
| Ralph Hamers | – | Member | |
| Jerzy Hausner | – | Member | |
| Igno van Waesberghe | – | Member (through 24 th April 2008) | |
| Tom Kliphuis | – | Member (since 24 th April 2008) | |

The Remuneration and Nomination Committee support the Supervisory Board with regard to monitoring compliance of Bank's operations with ethical requirements and supervising the Bank's policy with regard to remuneration and bonuses as well as nominations.

In 2008 the Remuneration and Nomination Committee operated in the following composition:

| | |
|---------------------|------------------------------------|
| Anna Fornalczyk | – Chair |
| Eli Leenaars | – Member |
| Wojciech Popiołek | – Member |
| Igno van Waesberghe | – Member (through 24th April 2008) |
| Nick Jue | – Member (since 24th April 2008) |

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 hold meetings at least 5 times a year, while the Audit Committee as well as Compliance and Remuneration Committee 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. For more detailed information on subjects handled by the Supervisory Board please see above.

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.
