

ING BANK ŚLĄSKI S.A. SUPERVISORY BOARD AUDIT COMMITTEE BYLAW

§1

1. The Audit Committee of the Supervisory Board of ING Bank Śląski S.A., hereinafter referred to as the Audit Committee or the Committee, shall perform consultation and advisory functions for the Supervisory Board, and also delivers on other tasks under the law, instructions and recommendations of the regulator.
2. While performing its tasks, the Audit Committee shall, in particular, be guided by the provisions hereof, the provisions of the *Best practices for public interest entities concerning the rules of appointment, composition and operation of the audit committee* issued by the Polish Financial Supervision Authority, the requirements under the law, including but not limited to the Act on Statutory Auditors, Auditing Firms and Public Supervision of 11 May 2017 and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014.

§2

1. The Audit Committee shall consist of at least three Members, including the Chair, appointed by the Supervisory Board from among the Board Members for the entire term of the Supervisory Board.
2. There shall be at least two Independent Members of the Supervisory Board on the Committee, and at least one of them should have adequate knowledge of and skills in accounting or financial statements auditing. The majority of the Audit Committee Members should be Independent Members.
3. The Committee Chair should be an Independent Member of the Supervisory Board.
4. The Committee Chair has organisational and communication skills enabling him/her to ensure that sessions and meetings are conducted effectively and recommendations are formulated.
5. The Audit Committee Chair shall not be the Chair of the Supervisory Board at the same time.
6. Members of the Audit Committee have banking sector knowledge and skills. This condition is deemed met if at least one Member of the Audit Committee has knowledge of and skills in that sector or individual Members in specific scopes have knowledge of and skills in that sector.
7. Satisfaction of the criteria of independence and of knowledge and skills is verified during the suitability assessment of the candidates for the Supervisory Board Members. Detailed verification criteria have been laid down in the *Policy for the Assessment of the Suitability of the Members of Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.* Save for the



- powers resting with the General Meeting, the Supervisory Board Remuneration and Nomination Committee shall be responsible for conducting the assessment.
8. The Supervisory Board shall elect the Committee Members at their first meeting in a given term.
 9. If the mandate of a Supervisory Board Member who is also a Member of the Audit Committee expires before the expiry of the term of the entire Supervisory Board, then the Board shall supplement the Committee composition by appointing a new Committee Member for the remaining period until the expiry of the Supervisory Board term. The Committee Chair shall ensure that the new Committee Member is able to assume his/ her duties as the Committee Member in a smooth manner, in particular by providing him/ her with the Committee works documents, and introducing him/ her to the way of working and plan of works of the Committee. The terms of induction of a new Committee Member into the duties of the Audit Committee Member have been laid down in the *Induction and Training Policy for ING Bank Śląski S.A. Supervisory Board and Management Board Members*.
 10. Notwithstanding section 9, a Member of the Audit Committee may be recalled from the Committee at any time pursuant to a relevant resolution of the Supervisory Board.
 11. The Committee may select experts, other than the Supervisory Board Members, for assistance. Experts shall submit to the Committee Chair a statement containing commitment to observe the secrecy of information received in connection with or while performing their function.
 12. The experts referred to in section 11 may receive remuneration. In such a case, the provisions of §39 of the Supervisory Board Bylaw shall apply accordingly.
 13. The Committee Member shall continuously upgrade his/ her knowledge of and skills in accounting or review of the financial statements. The Bank ensures relevant specialist training options for Committee Members.

§3

1. The basic purpose of the Audit Committee shall be to support the Supervisory Board as a statutory authority of the Bank in their auditory and supervisory activities, including especially:
 - 1) monitoring the financial reporting process,
 - 2) monitoring the effectiveness of internal control, internal audit, risk management systems, including financial reporting, as well as estimation of allowances for expected credit losses,
 - 3) monitoring execution of financial review activities, including but not limited to an audit by the auditing firm taking account of all conclusions and findings of the Polish Agency for Audit Oversight following the inspection in the auditing firm,
 - 4) controlling and monitoring the independence of the statutory auditor and auditing firm,



inclusive of providing by the auditing firm services other than the audit.

2. The Audit Committee tasks also encompass:

- 1) supervision over Bank relations with related entities, by monitoring the agreements concluded by the Bank with the said entities,
- 2) performance of other supervisory activities within the areas defined separately by the Supervisory Board or activities under internal regulations approved thereby,
- 3) assessment and presentation of recommendations on the dividend policy,
- 4) development and presentation of recommendations to the Supervisory Board concerning the implementation of the policy on selection of the auditing firm to audit the financial statements and the policy concerning provision of permitted services other than audit by entities related with that auditing firm and by the member of the auditing firm network,
- 5) definition and adoption of the procedure for the selection of an auditing firm.

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1. As part of monitoring the financial reporting process, the Audit Committee shall:

- 1) analyse information provided by the Management Board on changes to the accounting or financial reporting as well as approximate data or assessments that may be of significance for the Bank's financial reporting; in particular, the Audit Committee give their opinion on the material changes to accounting principles and terms of presentation of periodic financial statements
- 2) analyse the applied accounting methods adopted by the Bank and its Capital Group,
- 3) review the management accounting system,
- 4) monitor the financial situation of the Bank; in particular, the Committee analyse, on a cyclical basis, together with the Management Board and the statutory auditor, the financial statements and the results of their examination, including analysis and verification of all material items, with focus placed on any and all estimates, and also risk areas and impact of the said risk on the financial result of the financial statements prior to their approval,
- 5) inform the Supervisory Board about the audit results and explain how that audit contributes to the reliability of financial reporting at the Bank and the role of the Audit Committee in the audit process,
- 6) present to the Supervisory Board recommendations for assessing the annual financial statements and the report on operations,
- 7) provide recommendations to ensure reliability of the financial reporting process,
- 8) familiarise themselves with the current reports published by the Bank which may be of impact



- on the financial statements,
- 9) hold periodical meetings (in the first and second halves of the year respectively) with the Vice-President of the Management Board supervising the CFO Division.
2. As part of monitoring the effectiveness of the internal control and internal audit systems, the Audit Committee shall:
- 1) recommend the Supervisory Board to approve the Internal Audit Plan for the subsequent year, and analyse the potential exceptions to the determined Internal Audit Plan,
 - 2) verify the adequacy of the internal control systems to ensure compliance with law and internal regulations and to mitigate the threats to the Bank operations, and in particular present the Supervisory Board with recommendations on the policies regarding the internal control system, including compliance risk management and internal audit,
 - 3) monitor the effectiveness of internal audit, as well as availability of relevant sources of information and expertise, to ensure the proper response to guidelines and recommendations of the statutory auditor,
 - 4) review the results of the functioning of internal control and internal audit systems,
 - 5) hold periodical meetings (in the first and second halves of the year respectively) with the Chief Audit Executive,
 - 6) present the Supervisory Board with recommendations/ letters of advice/opinions on the assessment of the adequacy and effectiveness of the internal control system, including the assessment of the adequacy and effectiveness of the control functions, Centre of Expertise – Compliance and the Internal Audit Department,
 - 7) analyse the reports compiled by the Internal Audit Department and the Centre of Expertise – Compliance,
 - 8) monitor the independence of the Internal Audit Department employees and of the Centre of Expertise Compliance employees in line with mechanisms specified in the *Detailed Rules of Remuneration Level Control and Protection against Unjustified Employment Relationship Termination as regards Internal Audit- and Compliance Employees*.
 - 9) present the Supervisory Board with recommendations as to the change to the position of the Internal Audit Department Director as well as the amount of his/her remuneration should such a person be appointed to the said position,
 - 10) assess and present recommendations as to the quality of compliance risk management,
 - 11) present the Supervisory Board with recommendations as to the change to the position of the person managing the Centre of Expertise – Compliance as well as their remuneration in the event of appointment to that position,

- 12) present the Supervisory Board with recommendations on approval of the annual plan of tasks of the Centre of Expertise – Compliance.
3. As part of monitoring the effectiveness of risk management the Audit Committee shall:
 - 1) assess the effectiveness of the measures applied in order to mitigate the risk,
 - 2) monitor and supervise outsourcing of processes covering the activities of material importance to proper performance of the duties arising from regulations by the Bank and the financial situation of the Bank.
4. As part of monitoring the internal control system and the risk management system as to estimation of allowances for expected credit losses, the Audit Committee analyse effectiveness of functioning of the internal control system and credit risk management system as to correct quantification of allowances for expected credit losses and present relevant recommendations.
5. As part of monitoring the internal control system and the risk management system, the Audit Committee analyse effectiveness of functioning of the internal control system and credit risk management system as to correct settlement of bancassurance income and costs.
6. As part of controlling and monitoring the independence of the statutory auditor and the auditing firm and performing financial review activities, the Audit Committee shall:
 - 1) make to the Supervisory Board recommendations on selection of the auditing firm to perform the audit, and also recommendations on change of the statutory auditor, appraisal of the statutory auditor's performance, especially in view of the statutory auditor independence, with proper consideration of the principles deriving from the ING Group Policy pertaining to the Statutory Auditor Independence as well as Corporate Governance Rules adopted by the Bank in this regard,
 - 2) take decisions as to the approval of performance by the statutory auditor of non-audit permitted services,
 - 3) monitor the independence of the statutory auditor and assess his/her independence, objectivity and proper quality in regard to audits performed,
 - 4) review the effectiveness of the external audit process and the Management Board response to recommendations made by the statutory auditor in the Management Letter,
 - 5) analyse information on key issues identified in the audit and presented by the statutory auditor in a written additional report, in particular on the substantial irregularities in the unit's internal control system with reference to the financial reporting process. The Committee may request a discussion on these issues with a statutory auditor and the Management Board at the Committee meeting,
 - 6) develop the rules of *conduct in the process of disclosure and exchange of data and information*

between participants of the financial statement audit and supervision process applied at ING Bank Śląski S.A. and present them for approval by the Supervisory Board.

§5

The Audit Committee may obligate the management to give information and explanations as well as provide documents needed to deliver on the tasks of the Committee set out herein.

§6

In order to complete on behalf of the Supervisory Board the activities referred to in §3, the Audit Committee Chair shall have the right to:

- 1) supervise, within the Committee's responsibilities, the Bank operations according to the stipulations of §6 section 3 of the Supervisory Board Bylaw,
- 2) invite to sessions the third parties who have adequate experience to examine certain matters.

§7

The execution of activities defined herein by the Audit Committee shall not replace statutory rights and duties of the Supervisory Board. It shall not release the Members of the Supervisory Board from their responsibilities in relation to the Bank, either.

§8

1. The Audit Committee shall meet at least once per quarter on the basis of the work schedule of the Supervisory Board and its Committees, approved by the Supervisory Board for the given calendar year.
2. Additional Committee meetings may be summoned if necessary by their Chair at the initiative of a Committee Member or another Member of the Supervisory Board, as well as at the request of the Management Board or an internal auditor or the statutory auditor of the Bank.
3. The Committee Chair is responsible for preparing the agenda for each Committee meeting. The Chair may request a competent Member of the Bank Management Board to prepare relevant materials.
4. The agenda for each meeting shall be provided to each Committee Member, including necessary materials, at least 1 week before the date set for the Committee meeting.
5. The Committee may debate with at least half of its Members attending the meeting (quorum).
6. The following individuals may participate in the Committee meeting, without the right of vote: Members of the Risk Committee, Members of the Remuneration and Nomination Committee, President of the Management Board; Vice-Presidents in charge of the CFO Division and of the CRO



Division; and Division representatives designated by them; Centre of Expertise Lead II – Accounting Policy and Financial Reporting – Chief Accountant; Operational Risk Management Department Director, a representative of the auditing firm and other invited guests. Whenever needed, the Committee Chair may summon the Committee meeting without the participation of all or some of the abovementioned individuals. However, at least once a year the Committee should hold a session during which a meeting of Committee Members with the representatives of the auditing firm and internal auditor only will take place.

7. Irrespective of the right, as referred to in section 6, the persons managing the Internal Audit Department and the Centre of Expertise – Compliance or their deputies participate, without a voting right, in the Audit Committee meetings.
8. Furthermore, the mode of summoning and the course of Committee meetings shall be regulated by provisions of the Bylaw of the Supervisory Board concerning the Supervisory Board meetings.

§9

1. The minutes shall be drawn up at each meeting of the Audit Committee, to be signed by the Committee Chair.
2. The minutes of the Committee meetings, and also the Committee's motions, instructions, letters of advice, decisions as well as recommendations (including those adopted outside the meeting), shall be submitted to the Supervisory Board at the nearest Board meeting and to the Management Board as well. The issues raised during the Audit Committee meetings shall be discussed at the nearest meeting of the Supervisory Board.
3. Subject to section 4, the motions, instructions, letters of advice, decisions and recommendations shall be adopted during the meeting.
4. Where necessary, the documents referred to in section 3 may also be adopted in writing, without convening a meeting or using means of direct distance communication, including in particular the telephone, audio-visual and electronic means of communication.
5. The documents referred to in section 3 shall be adopted by the absolute majority of votes. The contents of the adopted documents together with the voting results shall be included in the minutes.
6. Relevant stipulations of the Supervisory Board Bylaw shall apply to the procedure for the submission of documents to the Committee Members, the voting procedure and the minutes-taking.

§10

1. The Audit Committee shall submit to the Supervisory Board a report on their operations in a given financial year with the assessment of the processes' risk and areas under supervision of the Audit



Committee, as well as taken actions and effects thereof in reasonable advance so that the Supervisory Board is able to take account of its content in its annual evaluation of the Bank's standing.

2. The Audit Committee report is rendered available to the statutory auditor of the Bank.
3. The Audit Committee present the Supervisory Board with recommendations regarding the representations on the business of the Committee and selection of the auditing firm as far as necessary for the annual reporting by the Bank.

§11

1. This Bylaw shall be approved by the Supervisory Board.
2. This Bylaw shall be subject to review and assessment by the Audit Committee in terms of its adequacy at least once a year. Should the necessity to introduce amendments to the arise, the Chair of the Committee submits a relevant motion within the said scope to the Supervisory Board.

