

2023-03-17 Report No. 6/2023: Decision of the Bank Management Board on the proposed distribution of 2022 profit.

The Management Board of ING Bank Śląski ("Bank") communicate that on 17 March 2023 a decision was taken to submit to the General Meeting a draft resolution on distribution of 2022 profit, as per the following:

- the amount of PLN 513.9 million – to increase the reserve capital earmarked for the dividend payout, including interim dividend payments; this amount represents 30% of the separate and consolidated profit of ING Bank Śląski S.A. for 2022,
- the amount of PLN 1 200.5 million – to increase the general reserve capital.

In the individual dividend recommendation received on 16 March 2023, the Polish Financial Supervision Authority ("PFSA") communicated that as at 31 December 2022 the Bank satisfied the requirements for the payment of up to 100% of dividend from the Bank's 2022 profit. The PFSA recommended that the Bank mitigate the inherent risk of operations by not taking, without prior consultation with the supervision authority, actions in particular being beyond the ordinary business and operational activity which may result in a reduction in own funds, including possible dividend payments from undivided profit from previous years as well as repurchase or redemption of own shares. At the same time, the PFSA expects the Management Board, while taking the decisions, to take into account both the PFSA stance on the dividend policy as well as the dynamic developments in the banking sector environment and the risks the Bank is exposed to, including first and foremost the risk related to the decision of the CJEU for case no. C-520/21 and potential deterioration of the credit quality due to increased inflation, limited economic growth as well as high costs of debt service by borrowers. The PFSA also points out to the fact that it is necessary to comply with regulatory requirements, including those concerning limits for large exposures, whose risk of breach grows when own funds are being reduced, and that the Bank fulfils the effective regulatory requirements after the payout of the potential dividend from the earned profit, also should adverse but predictable developments in the Bank's environment occur.

Having regard to the above, despite the fact that the dividend payout criteria for 2022 have been met, the Management Board recommend dividend payout holdback. The Management Board are of the opinion that there are sector-specific uncertainties, the effects of which may materialise throughout 2023, such as indirect impact on the Bank of the CJEU decision for case no. C-520/21 and uncertainties in the regulatory environment, macroeconomic and market situation. The aim of the Management Board recommendation on distribution of 2022 profit is to retain the capital security by the time the scale of impact of the above listed potential risks on the Bank has been confirmed. If these risks do not materialise significantly and the Bank's capital situation remains sound, in the course of 2023 the Management Board will consider the option of the interim dividend payout for 2023. It would be funded from the reserve capital earmarked for the dividend payout (including interim payments), which would be formed partially of the 2022 profit and partially of the 2019 profit. The interim dividend payout would be conditional on the Supervisory Board approval and prior decision of the PFSA.

Legal grounds: Article 17.1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR).

