



Executive Summary of ING Bank Śląski S.A. Strategy for the years 2022 - 2024

ING Bank Śląski S.A.
11 March 2022



Think forward – Our business strategy

We want to be perceived as a bank of the future for the enterprising. One that delivers practical solutions to its clients – the solutions they need and will be willing to use. We want people to be able to pursue their goals with our support.



Orange Code – Our values

The Orange Code – our behaviours

You take it on and make it happen

You take responsibility for getting it done, for keeping your promises, for the consequences of your actions

You delegate to motivate others, maintain momentum and create impact

You ask actively for help and feedback. Your colleagues will help you succeed if you let them

You speak up – crediting good work and having the courage to confront poor performance

- Be an energetic source of progress, change and improvement
- Treat others as you wish to be treated
- Be generous with compliments
- Be clear with others on what you intend to achieve
- Invite suggestion: to be challenged is not to be criticised

You help others to be successful

You collaborate – putting personal agendas aside to achieve the goals that matter to ING

You listen – investing in others, irrespective of status, background or opinion

You contribute across business lines and bring in people from outside your area

You trust the intention and expertise of others

- Seek what's best for ING – not for you or your group
- Be open and actively share information and expertise
- Invest time in people
- Celebrate achievements as a team
- Expose others to new opportunities
- Dare to disagree – while respecting the ideas, thoughts and feelings of others

You are always a step ahead

You challenge conventions, complexity and your own assumptions, but only when you are prepared to be part of the solution

You bring change by adapting quickly when the situation calls for a new approach

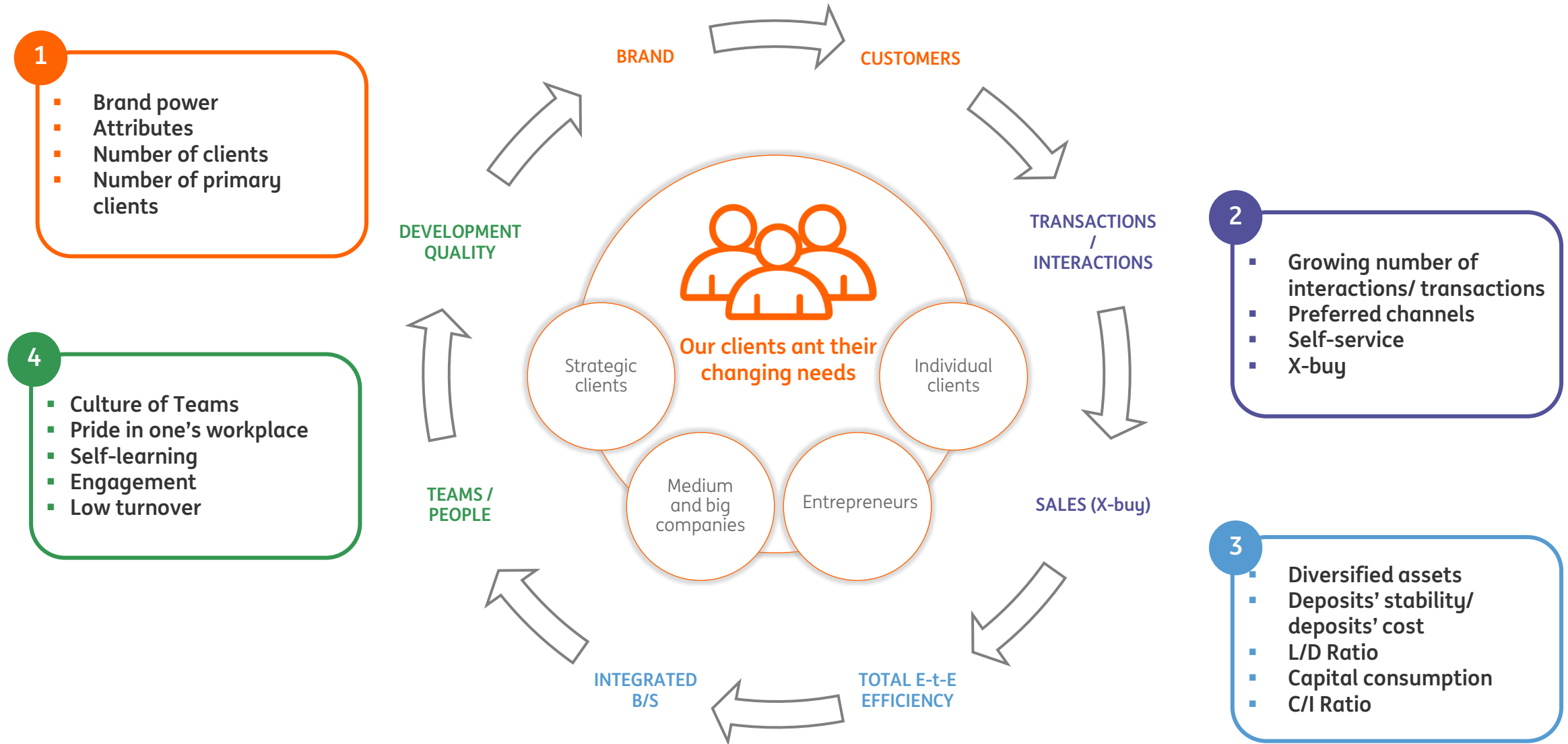
You invent and simplify – if it doesn't work, you reinvent it. If it does work, you make it better

You are courageous – admitting and learning from mistakes by being open about them

- Always think of the customer first
- Lead by example
- Evaluate carefully, then act quickly
- Be relentlessly curious: try to learn something new every week
- Replicate good practices: copying ideas is encouraged so long as the originator is credited
- Seek solutions, not problems
- Be an optimist

Integrated Business Model – customer needs as a focal point

Bank strategy is to operate as a stable financial services provider. That is leading to concept of diversified universal bank with strongly integrated by values and balance sheet set of segments (creating homogeneous business models).



Organisational scheme – segment driven end-to-end optimisation

CEO

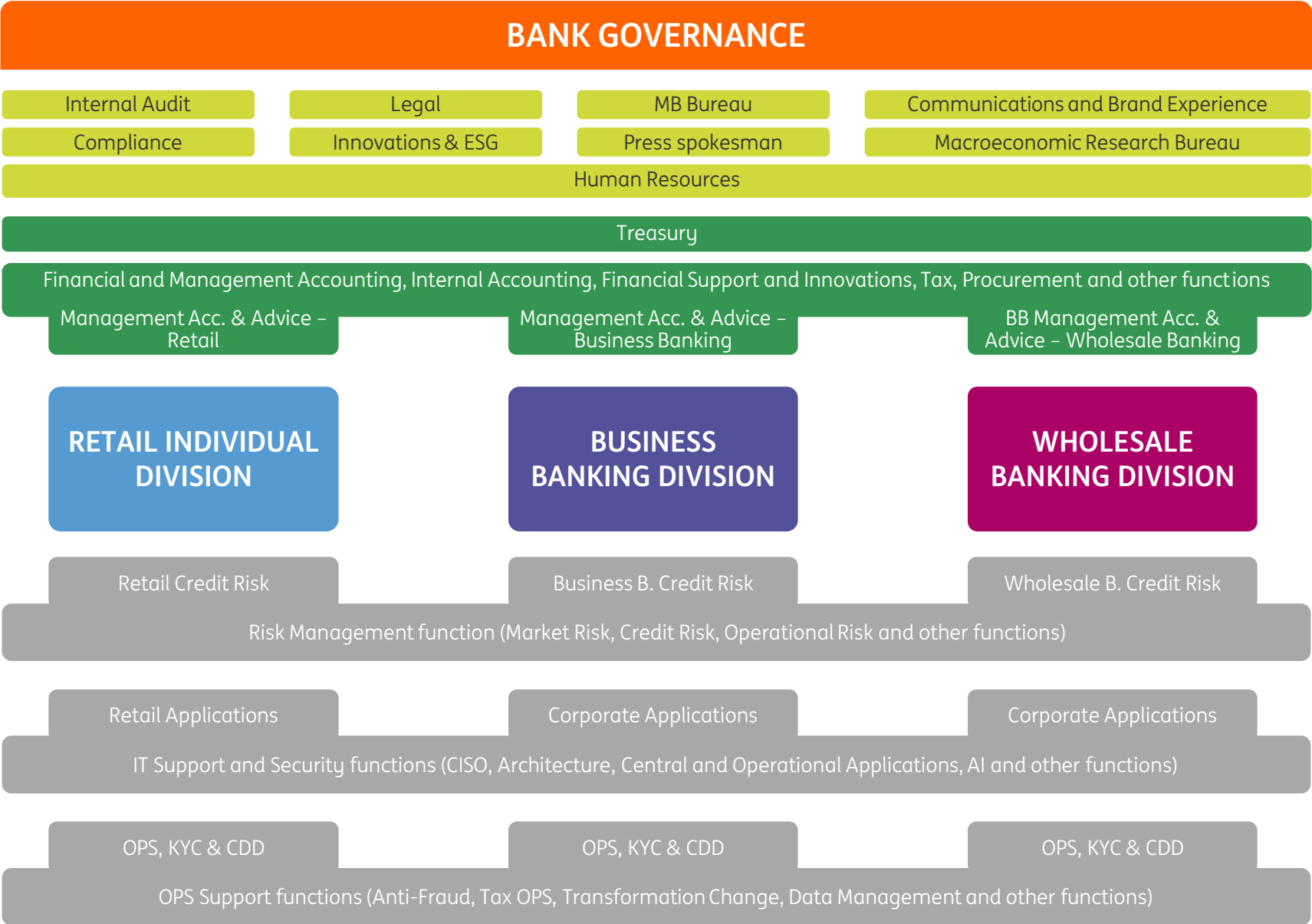
CFO

Business lines

CRO

CIO

COO

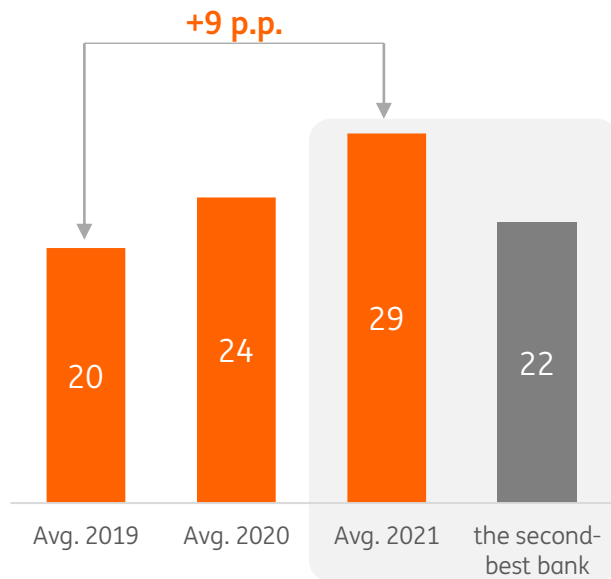


Strong brand attracts clients

Thanks to putting clients in the centre and addressing their needs, the image and brand power of ING is constantly improving. This serves well as an engine for the acquisition of new clients.

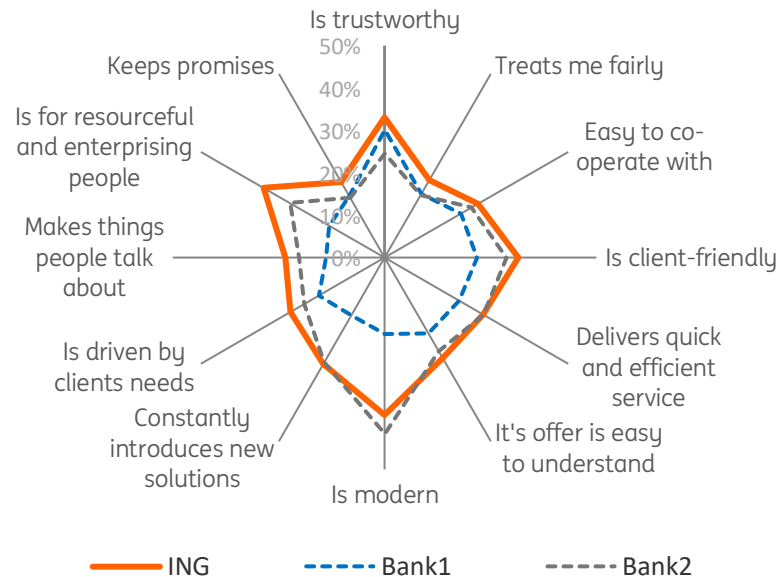
1

The strength of the ING brand – retail clients NPS relationship

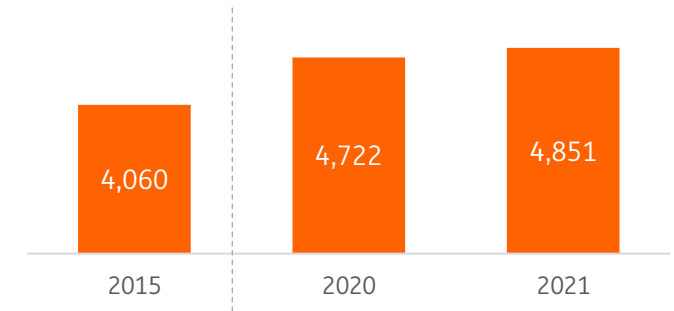


! the most recommended bank in Poland (among the 12 largest surveyed banks).

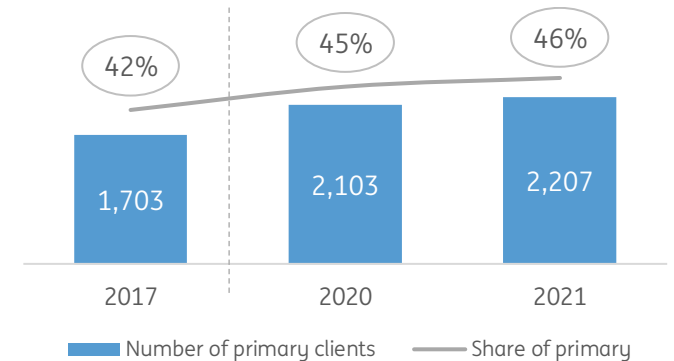
ING's image compared to its largest competitors (2021)



Number of clients (th.)



Number of primary*clients (th.)



Source: ATP, Kantar

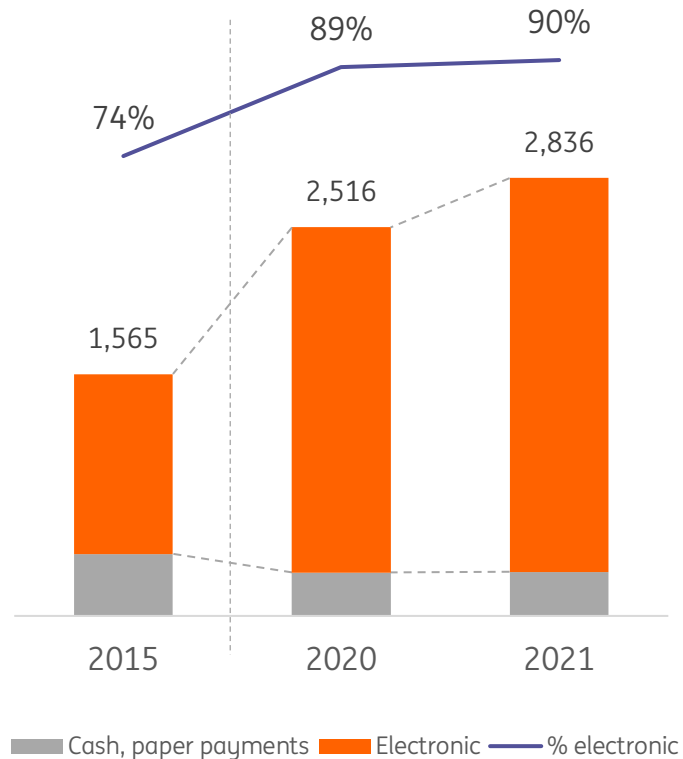
*Primary client – client who has an account with a transfer of salary/social security contributions or taxes and a second active product.

Interactions, transactions, preferred channels, x-buy

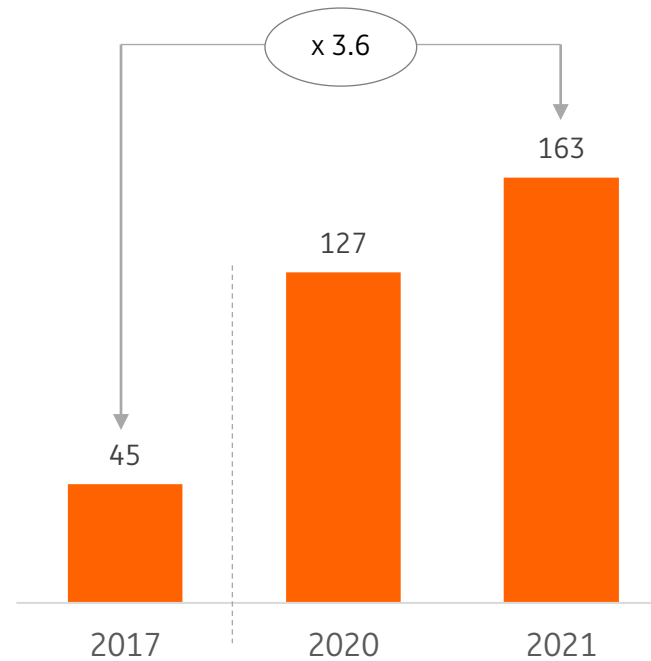
Listening to customer feedback, constantly tailoring the offer to fit needs and new trends. The shift from the traditional to an easy self-service model. This is the backbone of the successful business model.

2

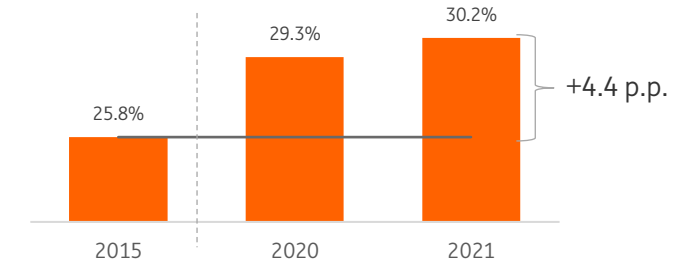
Number of transactions
(All segments, daily average, #thousands)



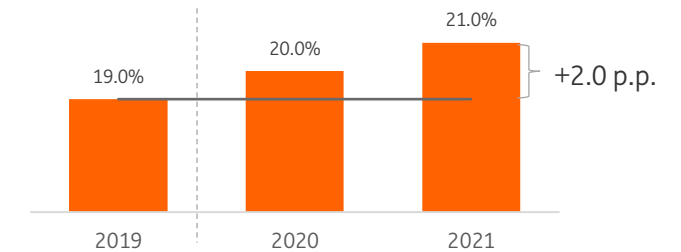
Number of mobile transactions – in line with the mobile first strategy
(all segment, #millions)



Retail clients – the number of clients using three or more products (3+)



Entrepreneurs/SME/MC – the number of clients using three or more products (3+)

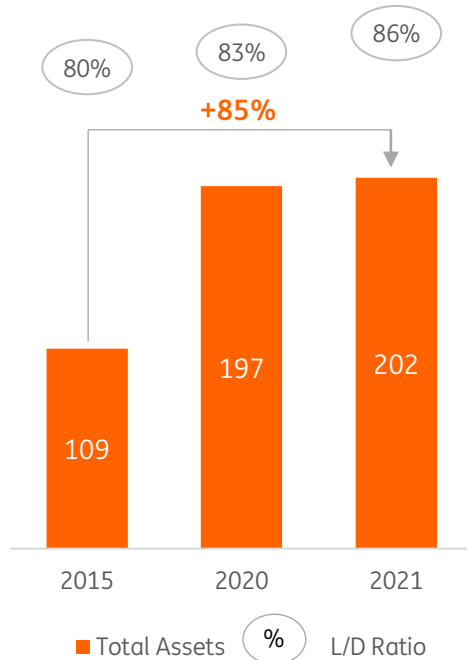


Diversified B/S, stable deposit base, growing efficiency

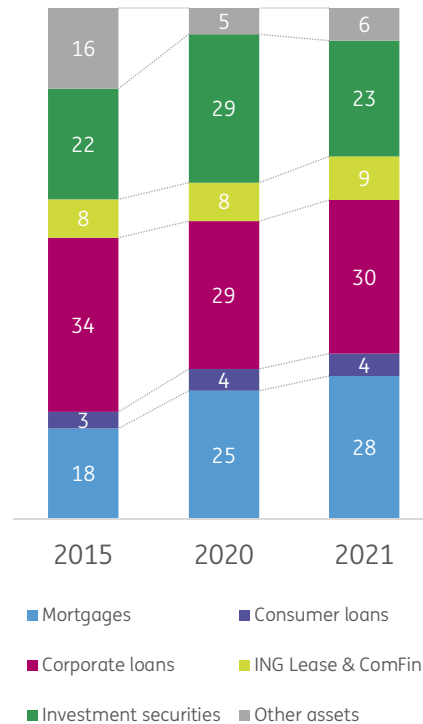
Stable structure of liabilities based on current and saving accounts combined with well-diversified assets provides sound returns.

3

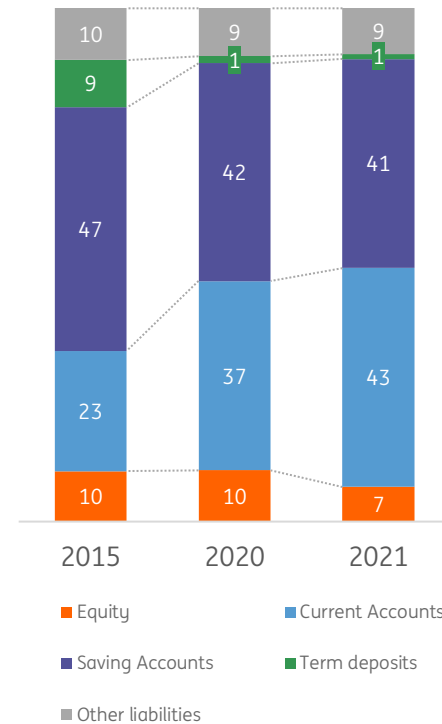
B/S development
(PLN bn)



Structure of assets (%)



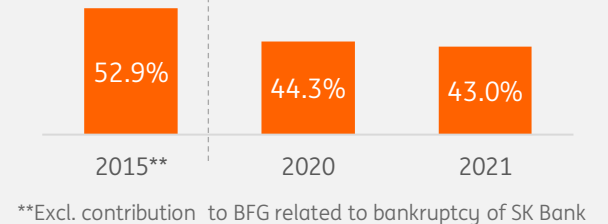
Structure of liabilities and equity (%)



Total Income* (PLN m)



C/I ratio (%)
(excl. bank tax)



Return on Equity (%)
excl. Cash Flow Hedge Effect



Assets with diversified growth engines.
Gradual increase in share of lending in assets.
Growing share of current and saving account in liabilities.

People & Teams

4

Employees as entrepreneurs – employees seeking new solutions, striving for continuous improvement, to introduce changes and to learn, coping with life, able to make decisions based on facts.

Employees as citizens – employees co-responsible for the communities in which we operate, devoting their own time to things important for communities and the country, engaged in activities for the benefit of the planet, community and economy, employees open to diversity and inclusion; integration of people with disabilities.


Happy employees – holistic implementation of development needs – developing, motivated, prepared for change and willing to change, employees with a high level of resilience.

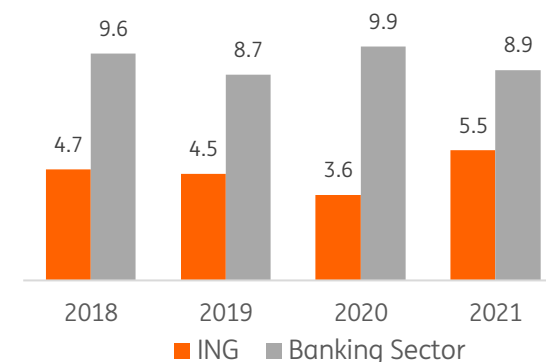
Teamwork and mutual cooperation – an organisation that focuses on creation of team solutions as part of the narrative management structure, constant change of organisational solutions to ensure the effectiveness of collective self-organisation.

Motivational system – system based on team and individual tasks; a system based on KPI, with sales tasks not exceeding 30% of scale; a system that determines the individual value of variable remuneration within the scope assigned to each group of employees; in remuneration of people with an impact on the level of risk, taken into account and supported by payment delay.


Remuneration strategy – tailored to market challenges; remuneration determined by taking into account the market benchmark.

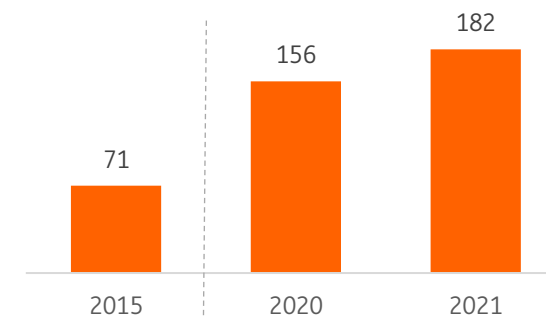


 **Turnover – voluntary loss (%)**
ING vs. Benchmark



Source: Korn Ferry Hay Group report

 **Number of disabled employees**



We support our customers in making important life decisions

Strategic priorities for 2022 – 2024

Clients' activities
and digitalisation



Full regulatory
compliance



Employee
motivation and
empowerment



System stability,
availability and
security



Operational
efficiency, AI & Data
Management



ESG



Clients' activities and digitalisation



Digitalisation & Innovations

- Deep and proactive understanding of customer needs to offer innovative, modern, intelligent, digital and seamless technology solutions.
- Focus on mobile first design, real-time API driven integrations, preventing manual operations, and offering banking services via available multiple channels with 360-degree customer view.
- Ensure the bank offers innovative and emerging products and technologies to customers by establishing partnership ecosystem, PoC factory and start-ups accelerator setup.

Retail Banking

- Continue **Primary growth** & become the **CX leader** -> **Stretch NPS#1**.
- Increase **digital interactions** -> to enhance sales potential in preferred channels.
- **Enhance customer self-service**.
- Maintain most **differentiating brand position & empowerment score leader**.

Corporate Banking

- Maintain high level of **customer satisfaction**.
- Maintain high level of **customer acquisition** of entrepreneurs, SME & Mid-corporates.
 - Continue Active and Primary Client growth; strengthening of remote channels.
 - OneOnboarding – a consistent on-boarding process for all clients.
 - Increase number of products held by customers.
- Continuous development of green lending proposition.
- Enhance product offering through debt capital markets.
- **Universe 2030 Program** -> further automation of end-to-end product processes. Self-service – full remote sales and service in ING Business / Mobile App.
- **#NajlepszyBankDlaFirm** -> further development and adaptation of ING Business products offer for entrepreneurs; increase in sales via remote channels; strengthening the image of the Best Bank for Business.
- Further development of **Beyond Banking platform** (imoje, Aleo, ING Accounting).

Target	2021	2024P
Strengthening cooperation with clients		
Number of retail primary clients (m)	2.0	~2.3
Number of corporate primary clients (th.)	193	~215
Digitalisation		
Retail Primary Mobile, %	82%	95%
Retail personalisation, %	40	> 45
Retail mobile sales per 1k active clients, #	216	~250
Migration of entrepreneurs from Moje ING to ING Business		<input checked="" type="checkbox"/>
Customer satisfaction (NPS)		
Retail clients	29	~ 29
Entrepreneurs	45	~ 45
SME and mid-corporates	45	~ 45
Strategic clients	69	~ 69
Innovations		
Tech partnership reviews and PoCs	50	150



Full regulatory compliance



Top priority for regulatory requirements

- Top priority for all regulatory requirements in business activities and IT development.
- Maintain high discipline regarding timely closure of recommendations, including recommendations from FIU (Financial Intelligence Units), PFSA and CAS (Corporate Audit Services).
- Non-financial risk within the Risk Appetite Statement (RAS) limit (2.4).

Maintain healthy organisation

- Maintain healthy customer acquisition and closing issue-generating customers.
- Collaboration between all involved units on efficient, intelligent automation which will allow for sustainable regulatory compliance embedded in applications and processes.
- High standard kept in Market Conduct and Personal Data Protection and Bank Secrecy.
- Maintain regulatory compliance and increasing efficiency within data protection area.

AML & resiliency

- Meeting compliance targets with local and global regulations and standards allows the bank to remain secure, resilient and stable to both internal and external threats and risks.
- Actions to reduce e-banking fraud:
 - Increasing customer awareness about fraud in digital channels,
 - Cooperation with other banks in antifraud areas.
- Cooperation with other banks in AML enhancing Transaction Monitoring processes.

Target	2021	2024P
Non-financial risk level for the Capital Group of ING Bank Śląski	2.5	<2.4
Compliance risk level	3.0	<2.4
Overdue recommendations issued by regulators	0	0
Overdue Critical recommendations	0	0
Percentage of High recommendations	0	< 5%
CDD quality level	< 95%	min. 98%
Timely execution of all post-control recommendations (both internal and external)	☑	☑

Employee motivation and empowerment



An environment where people feel safe

- **Well-being – continuation of activities promoting a healthy lifestyle** – health at the centre of attention; work style – work life balance; work environment – flex office, ergonomics of a place to rest; biological and hereditary factors – promoting and developing a preventive health check, including oncological prophylaxis, promoting mental health, mobilising physical activity through competitions on the Active ING platform.
- **Comprehensive review of benefits** – adjusting the benefit offer to the hybrid work model, in line with market trends, giving a sense of security in terms of finance, physical and mental health.
- **Hybrid model of work – preparing the organisation to work in a hybrid model** – equipping managers with tools supporting employee management in hybrid work conditions; launching programmes structuring the transition to a hybrid work model.
- **Remuneration strategy tailored to market challenges** – ongoing review of benchmarks.

A attentive leader that inspires and supports

- **Succession quality** – further development of the process of identifying successors with a simultaneous emphasis on balance in terms of diversity.
- **Digital learning and a strong learning culture** – sharing knowledge and experience using My Learning platform which, thanks to the AI technology, allows hundreds of different knowledge resources gathered in one place to be used in real time; strengthening self-learning based on social learning mechanisms, during work; to continue to be a digital leader – providing up-skilling wide-organisation programmes in Coding, AI and Cloud Computing.

Matching people who want to make an impact

- **Talent acquisition** – launching a multi-channel recruitment process, dedicated Employer Branding campaigns, development of internship programmes, employees as company ambassadors on social media.
- **Diversity, Equality and Inclusion** – activities to promote diversity and inclusion; diversity in terms of gender, age, culture – bank of equal opportunities, Gender Pay Gap at the level of the entire organization: ≤ 1%.
- **Building the organization's critical competences and abilities** – identifying critical competences based on an advanced data analysis model – Supply Model, building reskilling programmes for critical competences using conclusions from data analysis.

Target	2021	2024P
Creation of efficient hybrid work model		☑
Increase in the number of people using a preventive health check	1,100	1,500
Increase in the number of people using the Active ING platform	600	1,000
OHI – overall health score	85	~85
eNPS – employee Net Promoter Score	57	~60
Improving the effectiveness of cooperation – incl. decrease in multitasking, limiting the time of meetings, time for deep work (work smart index)*	13	≤5
% of internal recruitment for managerial positions	65%	80%
Completion of all compulsory training	☑	☑
Increase in educational activities, beyond the category of compulsory training, provided on the My Learning platform	45%	60%
Time to hire (days)	56	45

*Work smart index: the work smart range compares the average employee's experience to the basic conditions of working across high performing remote or hybrid teams. It shows how many areas describing a company's way of working are within, and outside the range.

System stability and availability, security



Stability and Availability

- Continue to re-design all banking applications with the objective of making them agnostic to any events.
- Deliver NextGen Core Banking platform with major architecture uplift to offer platforms with resiliency, stability and elasticity to ensure customer ability to leverage banking services at scale, at any time and place.
- Apply cloud-first principle, multi-cloud and native approach to bank's applications, platforms and services.
- Be enabler of our hybrid model by migration of all our workplace services to virtual desktop infrastructure.
- Continuous validation of our technology stack in order to invest into new, modern, market leading technologies and reduce old and legacy systems.

Security and Risk Management

- Continue to further strengthen our cybersecurity and risk management practices with focus on preventive controls and controls automations.
- Full adoption of auto-discovery of assets and their ownership in relation to the evolving organisational structure and needs.
- Continue to apply the 'at-least' and segregation of duties rules as well as simplified IAM and authentication services to maintain the bank's holistic security.



Target	2021	2024P
Availability Moje ING (%)	99.93	99.94
Availability ING Business (%)	99.92	99.94
Percent of applications migrated to cloud	0	50%
Number of employees on VDI (%)	14	80
Controls Automations (%)	20	90
Auto-discovery control mechanisms (%)	70	100

Operational Efficiency, AI and Data Management



Efficiency initiatives

- Focus on efficiency – “from Branches to Meeting points”.
- Reduction in volumes and costs of cash transactions.
- E2E process automation.
- Review of processes in subsidiaries in order to reveal potential synergies within the bank.

Intelligent automation

- Intelligent automation with added advantage of Artificial Intelligence, Machine Learning & Cognitive Robotics.
- Development of low code platform aimed at a coherent interface for operational service.
- Constant increase of STP (straight-through-processing) level in all applicable areas.
- Data driven organisation thanks to development of advanced analytics competences.

Data management & usage

- Efficient management and use of data.
- Attention to data quality, ethical data usage & data protection regulations.
- Keep data warehouse up-to-date as the main data repository.
- Increasing the popularisation of available data tools.

Tech operational excellence

- Continued effort to simplify technology, operational management to improve technology time to market by rationalisation of platforms, tools, providers and external services.
- Simplification of all tech processes with focus on automation and improvement of user experience – reduction of bureaucracy and our employees’ cognitive load.
- Work across all the bank’s organisational divisions to further improve our build-the-bank vs run-the-bank expenses ratio. Continue to work on technology platforms integration by leveraging API/Service architecture.

Target	2021	2024P
Number of meeting points (branches)	257	200
Number of cash points	65	50
ING DIGI60 Index* (Top 5 customer journeys)	18%	+20 pp
Total #customers/OPS FTE	2 700	+15%
General and administrative expenses/ Average commercial balances**	100	-10 vs. 2021
Technology Platforms Diversity	40%	20%
KPI Reduction of Tech Cognitive Load	30%	20%
Build- vs Run-the-bank Ratio	55/45	60/40

*ING DIGI Index – digitalisation rate is the percentage of volume of a customer journey that is handled without any manual intervention. DIGI Index covers customer journeys that amount to 80% of all interactions. DIGI60 index covers top 5 customer journeys.

**Commercial balances – sum of loans and other receivables to customers and liabilities due to customers.



Environment (E)



- We run sustainable internal administration
- We digitalise processes considering their environmental footprint
- We consider climate factors in our business decisions

Entrepreneurship and equal chances (S)



- We create a work environment where we care for our employees' well-being (health, energy, activity and finance)
- We support our employees in being enterprising
- We care about diversity and inclusion among the bank's employees

Ethics and compliance with regulations (G)



- We build ESG awareness and culture among the employees, we develop ESG competences
- We include ESG in the Bank's strategy, its organisational structure, product development processes, risk management, procurement policy and corporate governance
- We adapt to regulations – risk, finance, compliance and client portfolio

WE

we act by setting an example

Key goals:

Achieving emission neutrality within scope 1 and 2 by 2030.

Keeping the Gender Pay Gap at 1% by 2024.

Setting at least 1 ESG-related goal for 100% of managers and 50% of employees by 2024.

CLIENTS

we inspire and support

- We develop a pro-climate product offer for our clients
- We finance sustainable projects
- We support clients in their environmental transformation and in assessment of their business sustainability

- We support clients in managing their finances and we educate them how to be enterprising
- We facilitate technological and digital transformation to our business clients
- We facilitate banking to groups at risk of exclusion

- We build awareness and understanding of ESG business and regulatory issues among the clients
- We care for our clients' security

Key goals:

Providing PLN 4.5 billion to financing of renewable energy sources and pro-ecological projects in the corporate area, in line with the Green Statement, by the end of 2023.

Full adaptation of Moje ING mobile application, Moje ING online banking system and the Bank's website to the WCAG 2.1 guidelines by 2024.

Achieving a level of client satisfaction with educational activities of 4/5 by 2024.

SOCIETY

we build a better world together

- We support innovations for climate (grants for start-ups and scientists)
- We support local environmental activities

- We support local social activities

- We share good practices and knowledge as part of our industry cooperation and with our stakeholders. We develop joint solutions.





Key goals:

Organising 6 editions of the grant programme and providing PLN 6 million by 2024.

150 voluntary activities, as part of the Good Idea program, carried out with the ING for Children Foundation, 40 Smile Camps in Wisła organised by the Foundation by 2024.

Perception of ING as an active ecosystem facilitator, by organizing cyclical events, including 10 all-Poland conferences in cooperation with NGOs and industry organisations by 2024.

Our financial goals for 2024

 Growth	 Efficiency	 Stability	 Profitability
<div>Loans (gross) CAGR 2021-2024:</div> <div>~ 9%</div>	<div>C/I ratio excl. bank tax</div> <div><40%</div>	<div>TCR</div> <div>~ 15%</div>	<div>ROE*</div> <div>~ 13%*</div>
<div>Net F&C CAGR 2021-2024:</div> <div>>7%</div>	<div>CoR</div> <div>< 50 bps</div>	<div>L/D ratio</div> <div>90 - 95%</div>	<div>Dividend pay-out ratio</div> <div>30 - 50%</div>

*Adjusted for MCFH effect

Risks and opportunities for the implementation of the strategy in 2022

Risk	
COVID-19 pandemic	<ul style="list-style-type: none"> • Risk of further pandemic restrictions in the wake of low vaccination levels and new variants of the coronavirus.
Macroeconomy	<ul style="list-style-type: none"> • Geopolitical risks, in particular the conflict between Russia and Ukraine. Reduced effectiveness of forecasts due to a sharp increase in inflation (which may lead to measures such as interest rate increases, anti-inflation shields).
Labor market limitations	<ul style="list-style-type: none"> • Competition for talents on the labour market. The ambiguity of the new tax system increases wage pressure. Low level of unemployment.
Regulations	<ul style="list-style-type: none"> • Growing burden on the banking sector. Continuation of mediation processes in the area of FX-mortgage loans. Ongoing discussions and implementation of ESG guidelines. Implementation of new, pro-consumer regulations (MIFID, personal data protection). Anti-Money Laundering Requirements.
Technology regulations	<ul style="list-style-type: none"> • New rules for resilience, vendor management and cloud technology.
Cybersecurity / fraud	<ul style="list-style-type: none"> • High dependence on the security and stability of IT systems.
Opportunity	
Clients	<ul style="list-style-type: none"> • Acquisition of new clients. • An increase of the share of primary clients in the overall number of clients. • Use of the potential of electronic banking.
Sustainable development	<ul style="list-style-type: none"> • Increased environmental awareness of the society. • Increased access to green energy sources. • EU climate neutrality. • Access to new technologies. • Recovery plan for Europe and distribution of its funds.
Financial results	<ul style="list-style-type: none"> • Growing business volumes. • The impact of interest rate increases on the net interest income. • Increased importance of the result on fees and commissions in revenues. • Cost effectiveness.

